

Market and Economic Study Ocean City Convention Center Expansion



**Final Report - Appendices
November 2008**

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Site Option 1 building footprint

This option locates a new exhibition hall in the existing parking lot in front of the OCCC. The existing drop-off drive and front façade of the OCCC are maintained by creating a courtyard entrance off of Convention Center Drive. The new building would be serviced from 41st Street, as Halls A and B are now. A new parking structure would be located in the surface lot to the south.



Site Option 1 plan diagram

- Exhibition Space
- Prefunction
- Back of House/Loading
- Mechanical/Electrical/Shop
- Concessions/Toilets
- Cultural/Visitor Center
- Structured Parking
- Meeting Rooms
- Administration
- Storage



Pros:

- Minimal interface with existing easels construction and coordination
- Preserves existing drop off and façade
- Space for expansion

Cons:

- Midblock site limits garage options

Total Exhibit Space:
121,200 SF (including Hall C)
104,200 SF (excluding Hall C)



Site Option 2a building footprint

Option 2a locates a new exhibition hall in the existing parking lot in front of the OCCC. Keeping the major expansion closely connected to the existing building will help to reduce construction cost and building area, but will increase the complexity of building operations during construction. The new building would be serviced from 41st Street, as Halls A and B are now. A parking structure could be located in front of the expansion, leaving the south parking lot open for future development.



Site Option 2a plan diagram

- Exhibition Space
- Prefunction
- Back of House/Loading
- Mechanical/Electrical/Shop
- Concessions/Toilets
- Cultural/Visitor Center
- Structured Parking
- Meeting Rooms
- Administration
- Storage



- Pros:**
- Minimized building footprint lowers cost
 - New front door presence on Coastal Hwy.
 - Preserves South parking lot for future use
 - Space for expansion

- Cons:**
- Maximized interface will heighten complexity of construction
 - Cost of extending circulation to garage

Total Exhibit Space:
 121,200 SF (including Hall C)
 104,200 SF (excluding Hall C)

HOK

PROJECT NORTH

SCALE

100 0 100 200 300 400 500 Feet

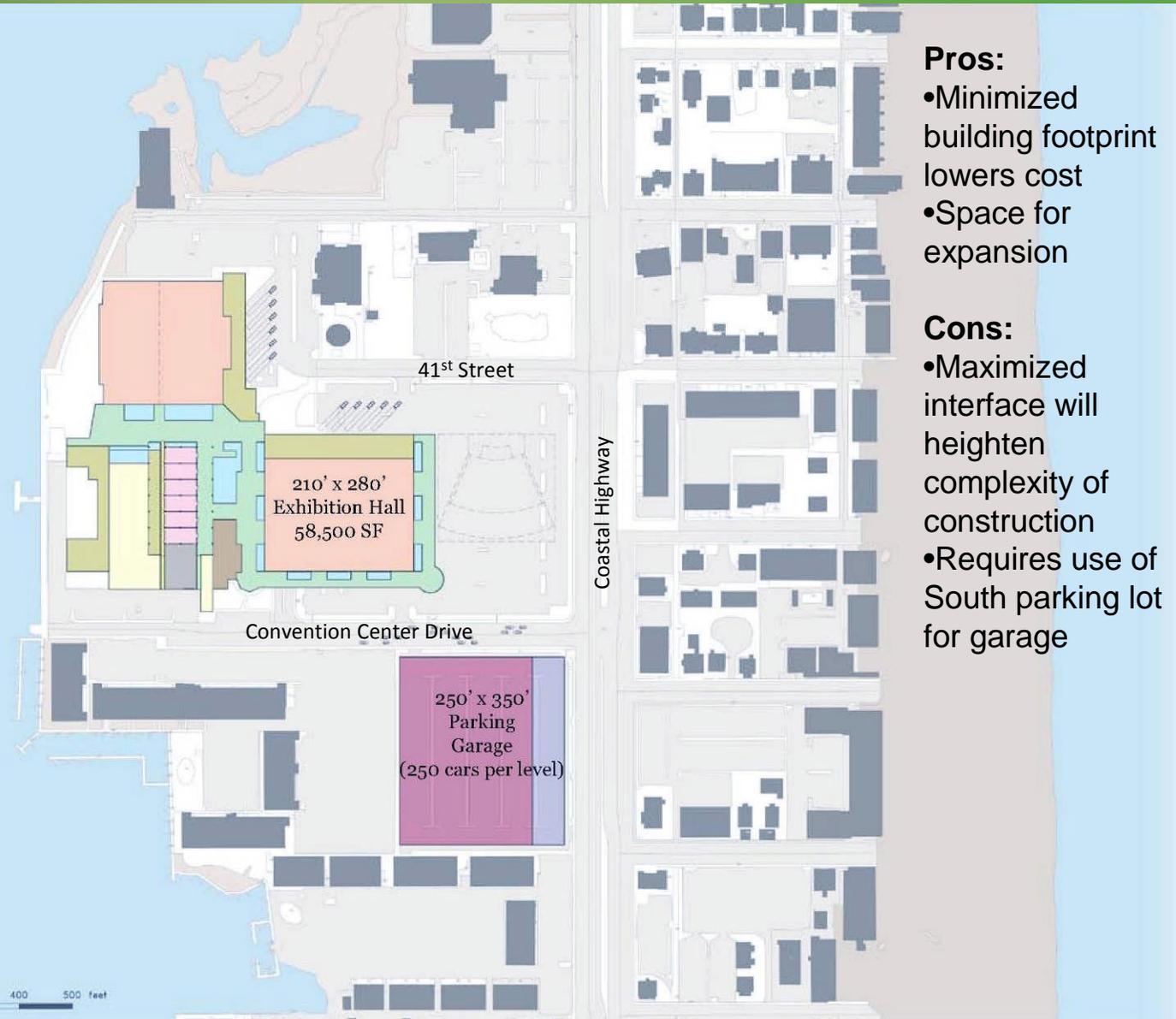
Site Option 2b building footprint

Option 2b locates a new exhibition hall in the existing parking lot in front of the OCCC, tightly connected to the existing building, but at a 90 degree angle to the current facility. The existing drop-off drive and front façade of the OCCC are eliminated, creating a new front door presence along Convention Center Boulevard. The new building would be serviced from 41st Street, as Halls A and B are now. A new parking structure would be located in the south surface parking lot.



Site Option 2b plan diagram

- Exhibition Space
- Prefunction
- Back of House/Loading
- Mechanical/Electrical/Shop
- Concessions/Toilets
- Cultural/Visitor Center
- Structured Parking
- Meeting Rooms
- Administration
- Storage



Pros:

- Minimized building footprint lowers cost
- Space for expansion

Cons:

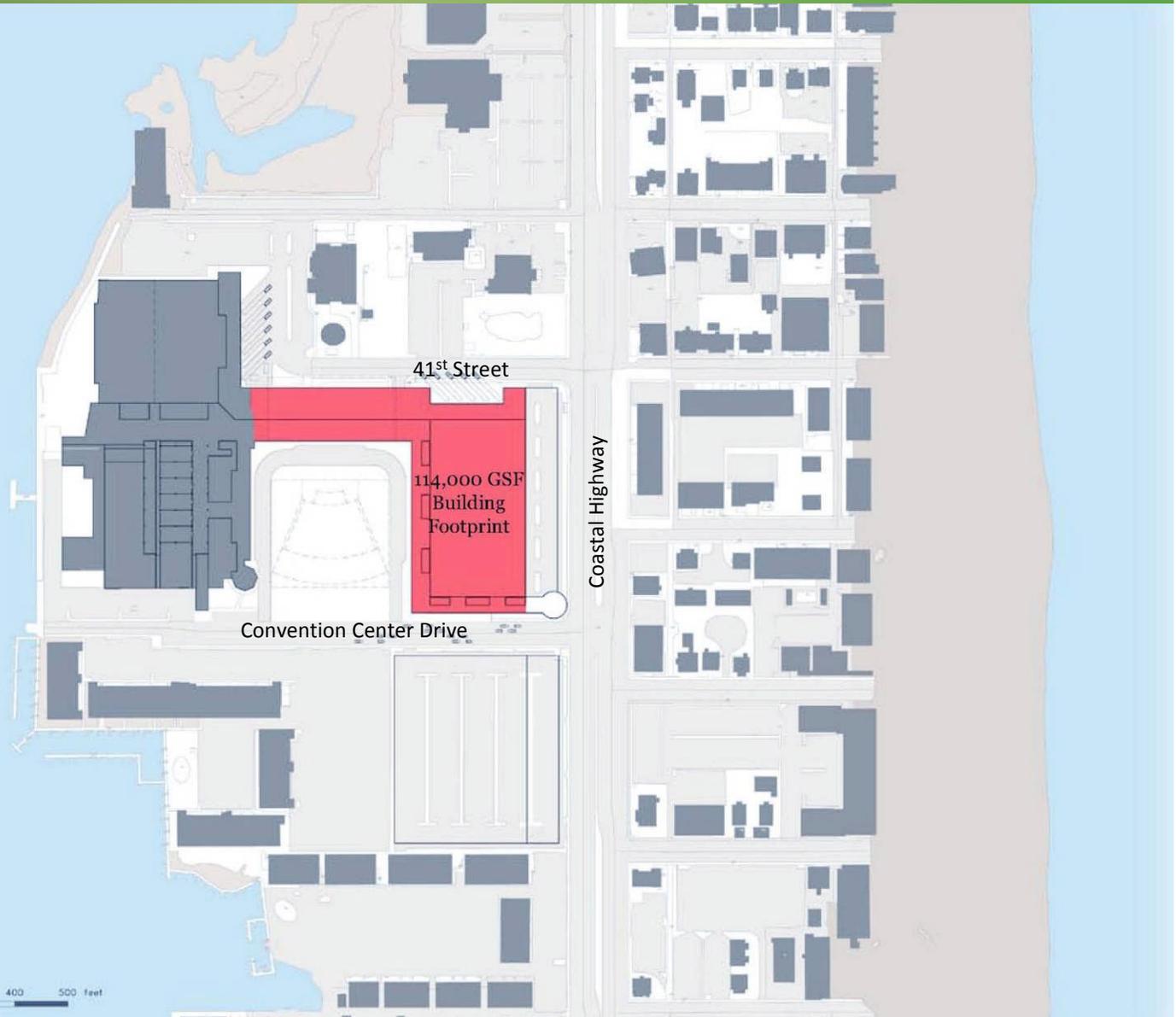
- Maximized interface will heighten complexity of construction
- Requires use of South parking lot for garage

Total Exhibit Space:
 121,200 SF (including Hall C)
 104,200 SF (excluding Hall C)



Site Option 3 building footprint

Option 3 locates a new exhibition hall in the existing parking lot in front of the OCCC. The addition is located close to Coastal Highway, creating a new front door for the facility along Coastal Highway. A large arrival court is created on Convention Center Drive which could provide space for future development. The new building would be serviced from 41st Street, as Halls A and B are now. A parking structure would be located in the south parking lot to replace lost parking and supplement parking for the facility.



Site Option 3 plan diagram

- Exhibition Space
- Prefunction
- Back of House/Loading
- Mechanical/Electrical/Shop
- Concessions/Toilets
- Cultural/Visitor Center
- Structured Parking
- Meeting Rooms
- Administration
- Storage



Pros:

- Minimized interface with existing simplifies construction coordination
- New front door presence on Coastal Hwy.
- Space for expansion in courtyard

Cons:

- Maximized building footprint = highest cost
- Cost of extending circulation to Coastal Hwy.
- Architectural design challenge of Coastal Hwy façade

Total Exhibit Space:
 122,100 SF (including Hall C)
 105,100 SF (excluding Hall C)

HOK

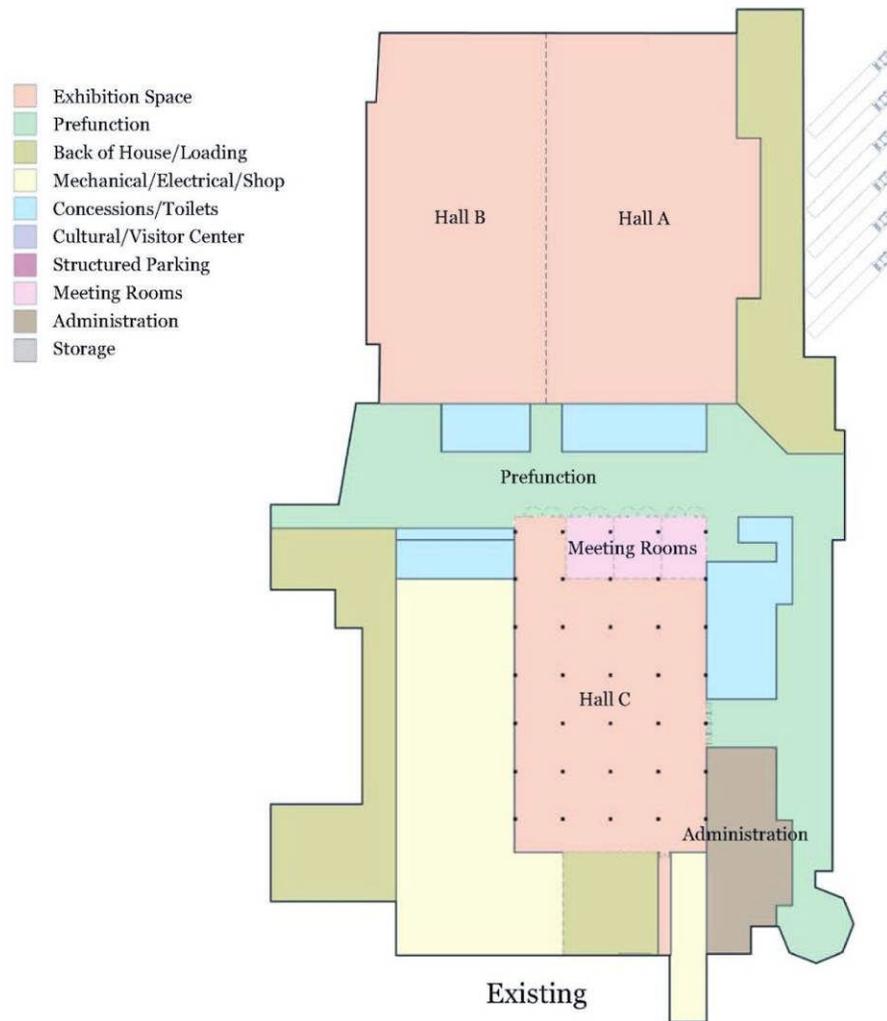
PROJECT NORTH

SCALE

100 0 100 200 300 400 500 feet

Low ceiling height and dense column grid make Hall C a substandard exhibit space compared to Halls A and B

This diagram illustrates Hall C in its existing configuration. Separation from Halls A and B as well as a lower ceiling and pervasive column grid make this space much less desirable for exhibits than Halls A and B.



An alternative use for Hall C: added meeting room and storage space could relate usefully to new exhibition space located to the east of the existing building

This diagram illustrates a proposed renovation to Hall C. This renovation would create approximately 10,800 square feet of new meeting space, with the balance of Hall C given over to support and building storage. The new meeting rooms would be accessed from a new prefunction corridor developed in the easternmost structural bay of Hall C.

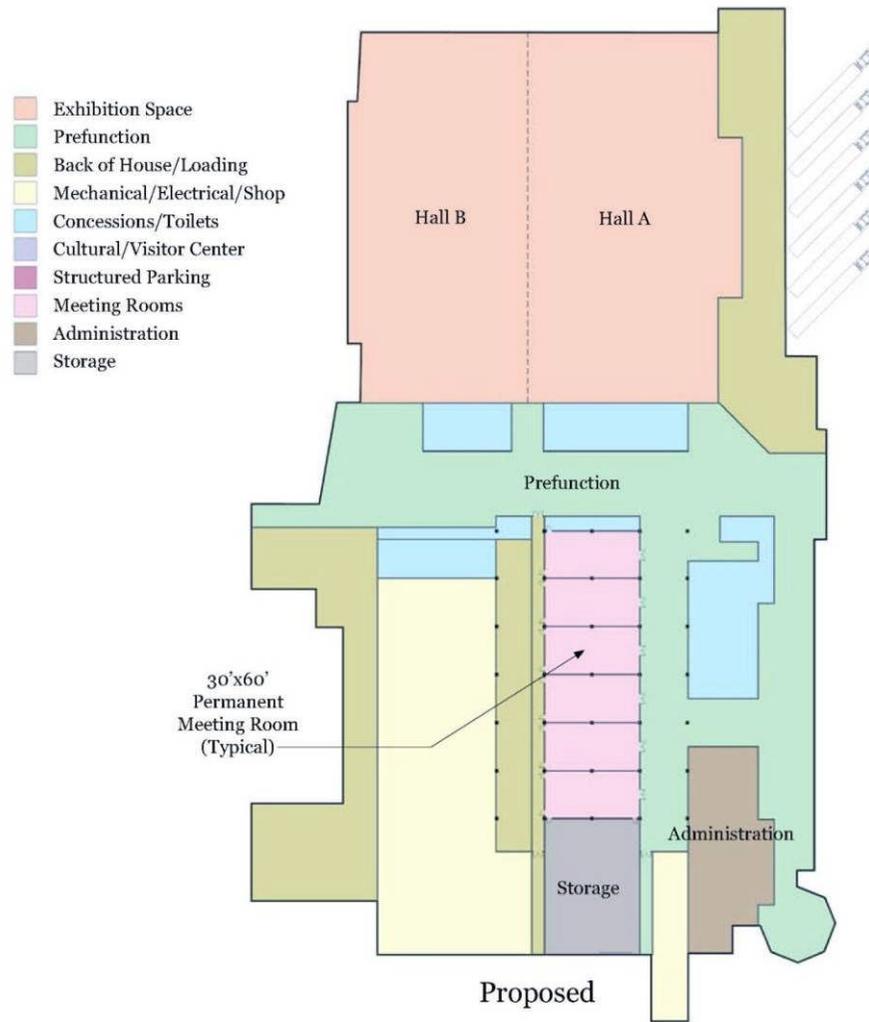


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Cost estimate

The table below reflects probable construction costs for an expansion to the OCCC provided by Hardin Construction. An allowance has been included for soft costs and a design contingency and all amounts are escalated to 2011 dollars to give a better picture of the overall project cost involved in undertaking an expansion to the OCCC.

Option	Gross SF	Parking (PS)	Building Hard Cost	Parking Hard Cost	Visitors Center	Total Hard Cost	Soft Costs	2008 \$s Total Project Cost	Range of Project Cost (2011 \$s)	
1	113,243	1,500	\$33,521,149	\$20,838,945	\$0	\$54,360,094	\$5,164,209	\$59,524,303	\$68,452,948	\$73,214,893
2a	97,980	1,050	\$29,365,229	\$14,960,267	\$909,104	\$45,234,600	\$4,297,286	\$49,531,886	\$56,961,659	\$60,924,209
2b	93,939	1,500	\$31,460,047	\$20,590,236	\$908,742	\$52,959,025	\$5,031,108	\$57,990,133	\$66,688,653	\$71,327,864
2c	93,939	1,050	\$31,460,047	\$14,990,236	\$908,742	\$47,359,025	\$4,405,550	\$51,764,575	\$58,396,728	\$62,459,109
3	126,610	1,500	\$35,786,894	\$20,589,284	\$0	\$56,376,178	\$5,355,736	\$61,731,914	\$70,991,702	\$75,930,255
Hall C Renovation	30,679	n/a	\$1,473,875	n/a	n/a	\$1,473,875	\$140,018	\$1,613,893	\$1,855,977	\$1,985,089

Notes:

Soft costs include design fee and furniture, fixtures & equipment.

Range of project cost includes a design contingency of 7% to 10% and escalation of 8% to 13%.

Source: Hardin Construction

Design contingency	7%	10%
Escalation	8%	13%



Ocean City Convention Center, Option 1

Exhibition Hall C	113,243 gsf	Prorated \$	\$/gsf	\$/Car
General Conditions	\$ 2,391,080	\$ 2,633,631	\$ 23.26	\$ 309.84
Sitework	\$ 3,248,356	\$ 3,577,869	\$ 31.59	\$ 1,895.97
Concrete	\$ 1,905,301	\$ 2,098,575	\$ 18.53	\$ 8,534.95
Masonry	\$ 635,169	\$ 699,600	\$ 6.18	\$ 36.19
Metals	\$ 6,932,428	\$ 7,635,653	\$ 67.43	\$ 175.85
Wood &Plastics	\$ 493,995	\$ 544,106	\$ 4.80	\$ 17.58
Thermal and Moisture Protection	\$ 3,675,266	\$ 4,048,085	\$ 35.75	\$ 710.36
Doors	\$ 45,350	\$ 49,950	\$ 0.44	\$ 15.07
Glass and Glazing	\$ 373,288	\$ 411,154	\$ 3.63	\$ 126.97
Finishes	\$ 3,194,618	\$ 3,518,680	\$ 31.07	\$ 10.55
Specialties	\$ 560,606	\$ 617,474	\$ 5.45	\$ 43.31
Equipment	\$ 224,520	\$ 247,295	\$ 2.18	\$ 398.72
Furnishings	\$ 14,000	\$ 15,420	\$ 0.14	\$ 773.48
Mechanical	\$ 3,809,495	\$ 4,195,930	\$ 37.05	\$ 843.79
Electric	\$ 2,930,462	\$ 3,227,728	\$ 28.50	\$ 2.65
SubTotal	<u>\$ 30,433,934</u>	<u>\$ 33,521,149</u>	<u>\$ 296.01</u>	<u>\$ 43.60</u>

Parking Deck	478,000 gsf	1,500	Cars	\$	\$/Car
General Conditions	\$ 421,956	\$ 464,759	\$ 0.97	\$ 309.84	
Sitework	\$ 2,582,040	\$ 2,843,962	\$ 5.95	\$ 1,895.97	
Concrete	\$ 11,623,360	\$ 12,802,432	\$ 26.78	\$ 8,534.95	
Masonry	\$ 49,290	\$ 54,290	\$ 0.11	\$ 36.19	
Metals	\$ 239,480	\$ 263,773	\$ 0.55	\$ 175.85	
Wood &Plastics	\$ 23,940	\$ 26,368	\$ 0.06	\$ 17.58	
Thermal and Moisture Protection	\$ 967,400	\$ 1,065,533	\$ 2.23	\$ 710.36	
Doors	\$ 20,520	\$ 22,602	\$ 0.05	\$ 15.07	
Finishes	\$ 172,920	\$ 190,461	\$ 0.40	\$ 126.97	
Specialties	\$ 14,364	\$ 15,821	\$ 0.03	\$ 10.55	
Equipment	\$ 58,980	\$ 64,963	\$ 0.14	\$ 43.31	
Mechanical	\$ 543,000	\$ 598,082	\$ 1.25	\$ 398.72	
Electric	\$ 1,053,360	\$ 1,160,213	\$ 2.43	\$ 773.48	
SubTotal	<u>\$ 18,919,730</u>	<u>\$ 1,265,687</u>	<u>\$ 2.65</u>	<u>\$ 843.79</u>	
		<u>\$ 20,838,945</u>	<u>\$ 43.60</u>	<u>\$ 13.893</u>	

Visitors Center Allowance \$ - gsf \$ - Reuse Existing

Project Subtotal	<u>\$ 49,353,664</u>	<u>\$ 54,360,094</u>
Builders Risk Insurance	\$ 744,055	1.25%
Permits NIC	\$ -	-
General Liability Insurance	\$ 744,055	1.25%
P&P Bond	\$ 535,720	0.90%
Construction Contingency	\$ 1,284,437	2.50%
Preconstruction Services	\$ 114,859	Is
Fee	\$ 1,583,304	3.00%
Below the Line Subtotals	\$ 5,006,430	-
Project Total (September, 2008)	<u>\$ 54,360,094</u>	↙

Design Fee \$ 3,805,207 7.00%
 FF&E \$ 1,359,002 2.50%
 Owner Construction Budget \$ 59,524,303 ← Estimate Total

Design Contingency Range 7% to 10%	\$ 4,166,701	7.00%	\$ 5,952,430	10%
Escalation Range 8% to 13%	\$ 4,761,944	8.00%	\$ 7,738,159	13.00%
Totals Range	<u>\$ 68,452,948</u>	TO	<u>\$ 73,214,893</u>	} Subjective Multipliers



Ocean City Convention Center, Option 2a

	97,980 gsf		Prorated \$		\$/gsf		\$/Car
Exhibition Hall C							
General Conditions	2,127,690	\$	2,344,596	\$	23.93		\$ 446.58
Stitework	2,609,849	\$	2,875,909	\$	29.35		\$ 2,048.95
Concrete	1,750,721	\$	1,929,198	\$	19.69		\$ 8,307.61
Masonry	495,590	\$	546,113	\$	5.57		\$ 43.51
Metals	5,868,397	\$	6,466,648	\$	66.00		\$ 192.96
Wood &Plastics	463,256	\$	510,482	\$	5.21		\$ 16.91
Thermal and Moisture Protection	3,171,696	\$	3,495,033	\$	35.67		\$ 848.52
Doors	45,350	\$	49,973	\$	0.51		\$ 21.54
Glass and Glazing	465,613	\$	513,080	\$	5.24		\$ 10.14
Finishes	2,988,028	\$	3,292,641	\$	33.61		\$ 61.90
Specialties	558,601	\$	615,547	\$	6.28		\$ 569.86
Equipment	224,520	\$	247,409	\$	2.53		\$ 743.91
Furnishings	14,000	\$	15,427	\$	0.16		\$ 811.53
Mechanical	3,296,047	\$	3,632,061	\$	37.07		\$ 2.64
Electric	2,569,187	\$	2,831,102	\$	28.89		\$ 46.43
SubTotal	<u>26,648,545</u>	\$	<u>29,365,220</u>	\$	<u>299.71</u>		<u>14,248</u>

	322,200 gsf		1,050 Cars		\$/Car
Parking Deck					
General Conditions	425,532	\$	468,913	\$	1.46
Stitework	1,952,364	\$	2,151,397	\$	6.68
Concrete	7,916,000	\$	8,722,993	\$	27.07
Masonry	41,460	\$	45,687	\$	0.14
Metals	183,860	\$	202,604	\$	0.63
Wood &Plastics	16,110	\$	17,752	\$	0.06
Thermal and Moisture Protection	808,520	\$	890,944	\$	2.77
Doors	20,520	\$	22,612	\$	0.07
Finishes	118,110	\$	130,151	\$	0.40
Specialties	9,666	\$	10,651	\$	0.03
Equipment	58,980	\$	64,993	\$	0.20
Conveying	543,000	\$	598,356	\$	1.86
Mechanical	708,840	\$	781,102	\$	2.42
Electric	773,280	\$	852,112	\$	2.64
SubTotal	<u>13,576,242</u>	\$	<u>14,960,267</u>	\$	<u>46.43</u>

Visitors Center Allowance
 Visitors Center \$ 825,000 \$ 909,104 **\$ 165.29**

Project Subtotal	<u>\$ 41,049,787</u>	<u>\$ 45,234,591</u>
Builders Risk Insurance	\$ 619,149	1.25%
Permits NIC	\$ -	-
General Liability Insurance	\$ 619,149	1.25%
P&P Bond	\$ 445,788	0.90%
Construction Contingency	\$ 1,068,347	2.50%
Preconstruction Services Fee	\$ 114,859	ls
Below the Line Subtotals	\$ 1,317,512	3.00%
	\$ 4,184,804	
Project Total	<u>\$ 45,234,591</u>	

Design Fee \$ 3,166,421 7.00%
 FF&E \$ 1,130,865 2.50%
Owner Construction Budget \$ 49,531,877 ← Estimate Total

Design Contingency Range 7% to 10% \$ 3,467,231 7.00%
 Escalation Range 8% to 13% \$ 3,962,550 8.00%
Totals Range \$ 56,961,659 TO **\$ 60,924,209** 10%
 } Subjective Multipliers



Ocean City Convention Center, Option 2b

	93,939 gsf	Prorated \$	\$/gsf	
Exhibition Hall C				
General Conditions	\$ 2,265,840	\$ 2,495,836	\$ 26.57	\$ 312.48
Stitework	\$ 3,702,172	\$ 4,077,965	\$ 43.41	\$ 1,726.82
Concrete	\$ 2,314,351	\$ 2,549,271	\$ 27.14	\$ 8,535.47
Masonry	\$ 535,803	\$ 590,190	\$ 6.28	\$ 36.20
Metals	\$ 6,005,621	\$ 6,615,227	\$ 70.42	\$ 175.86
Wood &Plastics	\$ 467,355	\$ 514,794	\$ 5.48	\$ 17.58
Thermal and Moisture Protection	\$ 3,366,579	\$ 3,708,307	\$ 39.48	\$ 710.40
Doors	\$ 45,350	\$ 49,953	\$ 0.53	\$ 15.07
Glass and Glazing	\$ 452,288	\$ 498,198	\$ 5.30	\$ 10.55
Finishes	\$ 3,222,549	\$ 3,549,657	\$ 37.79	\$ 126.98
Specialties	\$ 558,869	\$ 615,598	\$ 6.55	\$ 10.55
Equipment	\$ 224,520	\$ 247,310	\$ 2.63	\$ 43.31
Furnishings	\$ 14,000	\$ 15,421	\$ 0.16	\$ 398.75
Mechanical	\$ 3,160,108	\$ 3,480,878	\$ 37.05	\$ 773.52
Electric	\$ 2,225,536	\$ 2,451,441	\$ 26.10	\$ 843.84
SubTotal	\$ 28,560,941	\$ 31,460,047	\$ 334.90	\$ 13,727

	478,000 gsf	1,500 Cars		\$/Car
Parking Deck				
General Conditions	\$ 425,532	\$ 468,726	\$ 0.98	\$ 312.48
Stitework	\$ 2,351,539	\$ 2,590,234	\$ 5.42	\$ 1,726.82
Concrete	\$ 11,623,360	\$ 12,803,200	\$ 26.78	\$ 8,535.47
Masonry	\$ 49,290	\$ 54,293	\$ 0.11	\$ 36.20
Metals	\$ 239,480	\$ 263,789	\$ 0.55	\$ 175.86
Wood &Plastics	\$ 23,940	\$ 26,370	\$ 0.06	\$ 17.58
Thermal and Moisture Protection	\$ 967,400	\$ 1,065,597	\$ 2.23	\$ 710.40
Doors	\$ 20,520	\$ 22,603	\$ 0.05	\$ 15.07
Finishes	\$ 172,920	\$ 190,472	\$ 0.40	\$ 126.98
Specialties	\$ 14,364	\$ 15,822	\$ 0.03	\$ 10.55
Equipment	\$ 58,980	\$ 64,967	\$ 0.14	\$ 43.31
Conveying	\$ 543,000	\$ 598,118	\$ 1.25	\$ 398.75
Mechanical	\$ 1,053,360	\$ 1,160,282	\$ 2.43	\$ 773.52
Electric	\$ 1,149,120	\$ 1,265,763	\$ 2.65	\$ 843.84
SubTotal	\$ 18,692,805	\$ 20,590,236	\$ 43.08	\$ 13,727

Visitors Center Allowance
 Visitors Center \$ 825,000 \$ 908,742 \$ 165.23

Project Subtotal	\$ 48,078,746	\$ 52,959,026
Builders Risk Insurance	\$ 724,877	1.25%
Permits NIC	\$ -	1.25%
General Liability Insurance	\$ 724,877	1.25%
P&P Bond	\$ 521,911	0.90%
Construction Contingency	\$ 1,251,260	2.50%
Preconstruction Services Fee	\$ 114,859	ls
Below the Line Subtotals	\$ 1,542,496	3.00%
	\$ 4,880,280	
Project Total	\$ 52,959,026	



Design Fee \$ 3,707,132 7.00%
 FF&E \$ 1,323,976 2.50%
Owner Construction Budget \$ 57,990,133 ← Estimate Total

Design Contingency Range 7% to 10% \$ 4,059,309 7.00%
 Escalation Range 8% to 13% \$ 4,639,211 8.00%
Totals Range \$ 66,688,653 TO **\$ 71,327,864** 10%
 } Subjective Multipliers

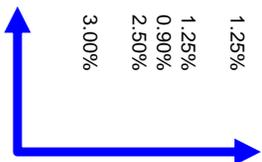


Ocean City Convention Center, Option 3

	126,610 gsf		Prorated \$	\$/gsf	
Exhibition Hall C					
General Conditions	\$ 2,391,080		\$ 2,633,417	\$ 20.80	
Sitework	\$ 2,908,419		\$ 3,203,188	\$ 25.30	
Concrete	\$ 2,530,587		\$ 2,787,063	\$ 22.01	
Masonry	\$ 479,249		\$ 527,821	\$ 4.17	
Metals	\$ 7,565,895		\$ 8,332,701	\$ 65.81	
Wood &Plastics	\$ 499,753		\$ 550,403	\$ 4.35	
Thermal and Moisture Protection	\$ 3,994,112		\$ 4,398,917	\$ 34.74	
Doors	\$ 45,350		\$ 49,946	\$ 0.39	
Glass and Glazing	\$ 500,003		\$ 550,678	\$ 4.35	
Finishes	\$ 3,558,354		\$ 3,918,995	\$ 30.95	
Specialties	\$ 561,809		\$ 618,749	\$ 4.89	
Equipment	\$ 187,020		\$ 205,975	\$ 1.63	
Furnishings	\$ 14,000		\$ 15,419	\$ 0.12	
Mechanical	\$ 4,259,160		\$ 4,690,828	\$ 37.05	
Electric	\$ 2,998,859		\$ 3,302,795	\$ 26.09	
SubTotal	<u>\$ 32,493,650</u>		<u>\$ 35,786,894</u>	<u>\$ 282.65</u>	
Parking Deck					
General Conditions	\$ 421,956	478,000 gsf	\$ 464,721	\$ 0.97	\$ 309.81
Sitework	\$ 2,356,891		\$ 2,595,763	\$ 5.43	\$ 1,730.51
Concrete	\$ 11,623,360		\$ 12,801,392	\$ 26.78	\$ 8,534.26
Masonry	\$ 49,290		\$ 54,286	\$ 0.11	\$ 36.19
Metals	\$ 239,480		\$ 263,751	\$ 0.55	\$ 175.83
Wood &Plastics	\$ 23,940		\$ 26,366	\$ 0.06	\$ 17.58
Thermal and Moisture Protection	\$ 967,400		\$ 1,065,446	\$ 2.23	\$ 710.30
Doors	\$ 20,520		\$ 22,600	\$ 0.05	\$ 15.07
Finishes	\$ 172,920		\$ 190,446	\$ 0.40	\$ 126.96
Specialties	\$ 14,364		\$ 15,820	\$ 0.03	\$ 10.55
Equipment	\$ 58,980		\$ 64,958	\$ 0.14	\$ 43.31
Conveying	\$ 543,000		\$ 598,033	\$ 1.25	\$ 398.69
Mechanical	\$ 1,053,360		\$ 1,160,118	\$ 2.43	\$ 773.41
Electric	\$ 1,149,120		\$ 1,265,584	\$ 2.65	\$ 843.72
SubTotal	<u>\$ 18,694,581</u>		<u>\$ 20,589,284</u>	<u>\$ 43.07</u>	<u>\$ 13,726</u>
Visitors Center Allowance					
Visitors Center	\$ -	- gsf	\$ -	\$ -	
Project Subtotal	<u>\$ 51,188,231</u>		<u>\$ 56,376,178</u>		

Builders Risk Insurance	\$ 771,649	1.25%
Permits NIC	\$ -	
General Liability Insurance	\$ 771,649	1.25%
P&P Bond	\$ 555,587	0.90%
Construction Contingency	\$ 1,332,178	2.50%
Preconstruction Services Fee	\$ 114,859	ls
Below the Line Subtotals	<u>\$ 1,642,025</u>	3.00%
	\$ 5,187,947	

Project Total \$ 56,376,178



Design Fee	\$ 3,946,332	7.00%
FF&E	<u>\$ 1,409,404</u>	2.50%
Owner Construction Budget	<u>\$ 61,731,915</u>	← Estimate Total

Design Contingency Range 7% to 10%	\$ 4,321,234	7.00%	
Escalation Range 8% to 13%	\$ 4,938,553	8.00%	
Totals Range	<u>\$ 70,991,702</u>		
	TO		\$ 6,173,191
			<u>\$ 8,025,149</u>
			<u>\$ 75,930,255</u>
		13.00%	10%

} Subjective Multipliers



Ocean City Convention Center

	30,679 gsf	Prorated \$	\$/gsf
Meeting Rooms, Perfunction, BOH			
General Conditions-In Previous Estimates	\$ -	\$ -	\$ -
Demolition (Sitework)	\$ 25,000	\$ 26,819	\$ 0.87
Wood & Plastics	\$ 46,658	\$ 50,052	\$ 1.63
Doors	\$ 25,595	\$ 27,457	\$ 0.89
Finishes	\$ 620,878	\$ 666,046	\$ 21.71
Specialties	\$ 18,570	\$ 19,921	\$ 0.65
Equipment	\$ 65,000	\$ 69,729	\$ 2.27
Mechanical	\$ 245,432	\$ 263,287	\$ 8.58
Electric	\$ 326,790	\$ 350,564	\$ 11.43
Project Subtotal	\$ 1,373,923	\$ 1,473,875	
Builders Risk Insurance	\$ 18,423	1.25%	
Permits NIC	\$ -		
General Liability Insurance	\$ 18,423	1.25%	
P&P Bond	\$ 13,265	0.90%	
Fee	\$ 49,841	3.00%	
Below the Line Subtotals	\$ 99,952		
Project Total	\$ 1,473,875		

Design Fee	103,171	7.00%		
FF&E	<u>36,847</u>	2.50%		
Owner Construction Budget	\$ 1,613,893		Estimate Total	
Design Contingency Range 7% to 10%	\$ 112,973	7.00%	\$ 161,389	10%
Escalation Range 8% to 13%	\$ 129,111	8.00%	\$ 209,806	13.00%
Totals Range	\$ 1,855,977		TO \$ 1,985,089	

} Subjective Multipliers

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Proposed performing arts center in Ocean City

A local group of interested parties has proposed development of three performing arts venues in the region: one in Ocean City, a smaller one in Berlin and a third at another site to be determined. Objectives of the group are to broaden the marketability of Ocean City and create a cultural identity for both visitors and residents. The group's proposed venue adjacent to the OCCC would ideally include 1,500 to 1,800 seats in a full-service performing arts center that could accommodate musical and theatrical performances as well as conferences, lectures, seminars, receptions and other special events.

This group has approached the Town of Ocean City, among other jurisdictions, to pursue potential opportunities to develop the three venues. As part of the expansion analysis for the OCCC, the Town of Ocean City asked Crossroads Consulting and HOK Venue to provide input regarding incorporating a 1,000 to 2,000 seat performing arts center either attached to, or separate from, the OCCC.

Specifically, this section of the report presents a brief synopsis of local resident performing arts organizations; general operating characteristics of performing arts venues; the general ability of the OCCC site to accommodate this type of facility; and an order of magnitude range of construction costs for performing arts facilities. It is important to recognize that this analysis is preliminary in nature. Our observations are based on our collective experience with similar projects, not on primary market research. As such, the purpose of this analysis is not to assess the market demand for a new performing arts center in the community but rather to provide a summary of potential challenges and opportunities associated with constructing a new performing arts center at the OCCC complex.

Local performing arts organizations

When exploring the issues associated with a proposed new performing arts center at the OCCC site, it is useful to understand the resident performing arts organizations in the area. The Mid-Atlantic Symphony Orchestra (MSO), established in 1997, is the only professional symphony orchestra on the Eastern Shore. It is a traveling orchestra serving the Eastern Shore region which encompasses portions of Maryland and Delaware.

Currently the MSO performs at multiple venues throughout the Eastern Shore including the Avalon Theater, St. Joseph Church, Eagle's Nest Fellowship Church, Mariner's Bethel United Methodist Church and Community Church at Ocean Pines. Each weekend during their season they play three venues throughout the region averaging approximately 300 attendees per performance. According to MSO representatives, seating capacities at their current venues limit sales. Other challenges presented by their current situation include date availability and less than ideal amenities (e.g. lack of dressing rooms, rehearsal areas, lack of reserved seating, etc.). MSO subscription sales are approximately 350 for the most recent year with anticipated sales for the 2008-09 season likely to reach 400.

In addition, there are other special events that the MSO would like to perform (e.g., holiday concerts) but is challenged by the lack of available acoustically-sound venues. As demand for MSO events has increased and continues to in the future, they would prefer a venue that would accommodate a larger audience.

Local performing arts organizations (cont'd)

According to MSO representatives, an ideal venue would include the following components:

- An auditorium with a minimum capacity of between 450 to 600 permanent seats
- A stage that can adequately accommodate approximately 55 instrumentalists plus percussion space
- A minimum of four dressing rooms
- Two practice rooms
- Excellent acoustics

The MSO is a “per service” symphony defined as one where each member is paid for every performance and rehearsal. According to MSO representatives, they would like to move to being a “core” orchestra where a percentage of the members would be salaried which would likely require an endowment of nearly \$1.0 million. It appears that some level of public funding would be required to construct and operate the proposed performing arts center.

Select Maryland/Delaware performing arts venues

When evaluating the merits of a new performing arts center, it is important to consider the competitive regional market in which the proposed facility would operate in terms of number of facilities, location, seating capacity, supporting program elements, market focus, operating strategy and financial commitments required for ongoing operations.

The table below summarizes the seating capacities and ownership/operating structure of select existing performing arts venues in Maryland and Delaware.

Summary of Select Regional Performing Arts Venues

Venue	Location	Owner/Operator	Maximum Seating Capacity
Lyric Opera House	Baltimore, MD	Lyric Foundation	2,564
France-Merrick Performing Arts Center	Baltimore, MD	Hippodrome Foundation/Private Operator	2,280
Strathmore	North Bethesda, MD	Montgomery Co./Strathmore Hall Foundation	1,976
Ella Fitzgerald Center for the Performing Arts	Princess Anne, MD	University of MD Eastern Shore	1,200
Todd Performing Arts Center	Wye Mills, MD	Chesapeake College	904
Chesapeake Arts Center	Brooklyn Park, MD	Anne Arundel Co. BOE	904
Holloway Auditorium	Salisbury, MD	Salisbury University	750
Roselle Center for the Arts	Newark, DE	University of DE	450
Avalon Theater	Easton, MD	Town/Non-Profit	400
McManis Theatre	Baltimore, MD	Loyola University	300
Average			1,200

Sources: Individual facility management; other secondary research.

Select Maryland/Delaware performing arts venues (cont'd)

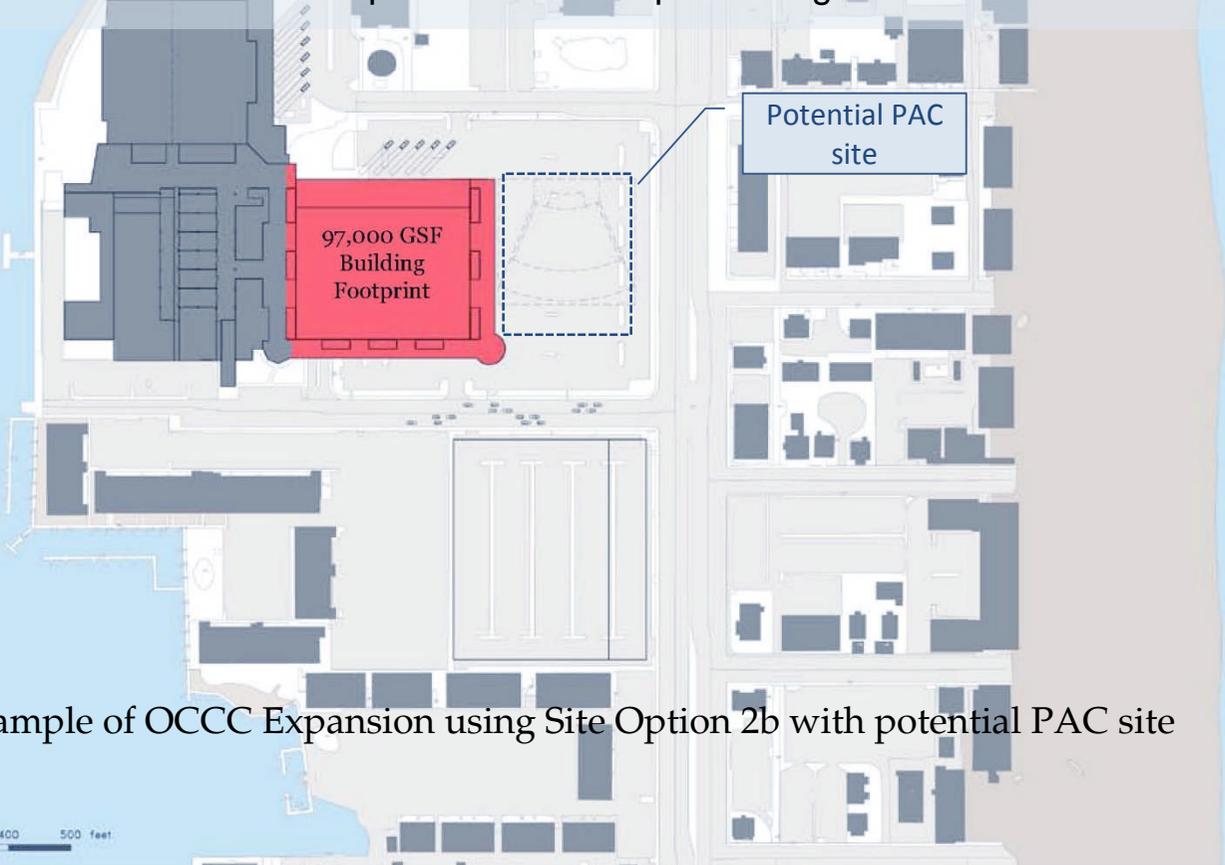
As shown in the table, there are several performing arts venues throughout Maryland and Delaware with a maximum seating capacity averaging approximately 1,200 seats. The proposed performing arts center would compete with larger regional venues for touring Broadway shows. As a point of reference, the Lyric Opera House and France-Merrick Performing Arts Center at the Hippodrome in Baltimore both offer a seating capacity greater than 2,200. In addition, performing arts facilities generally have adjustable acoustics to accommodate a range of events from music ensembles to speech; acoustical separation to enable all spaces to be used simultaneously; and isolation from ambient noise (i.e., cars, aircraft). As part of the overall structure, many traditional performing arts centers offer at least one smaller stage and/or a black box studio to host smaller performances.

The majority of profiled venues host at least one resident company such as a symphony, ballet and/or opera in addition to Broadway, concerts, children's activities, lectures and comedy events. Five of the profiled venues are located on collegiate campuses and, as such, are primarily dedicated to meeting the institution's fine arts needs. In some cases, venues also offer educational components that draw students for various performing arts disciplines.

Most of the profiled venues are owned by a University or a private non-profit foundation. Annual operating budgets for the profiled facilities for which data was available ranged from approximately \$200,000 to \$6.0 million. With respect to financial performance, the majority of stand-alone performing arts centers typically realize an operating deficit. Many of these facilities are able to supplement operating revenues with funding sources such as endowments, private donations and naming rights. In some cases, when the theater is part of a larger complex the financial performance of other components (i.e., arena) can offset the operating deficit of the theater component.

There is room at the OCCC site to accommodate a medium-sized performing arts facility along with convention center expansion

HOK Venue’s exploration of expansion options for the OCCC has shown that in addition to land for facility expansion, there is space, in most configurations, for a medium-sized performing arts facility of 1,000 to 2,000 seats. In some cases, this space would preclude further expansion of the OCCC, which is a strategic consideration to bear in mind. In every case, a parking structure is assumed as the device which frees up additional land for both center expansion and/or a performing arts center.



Example of OCCC Expansion using Site Option 2b with potential PAC site



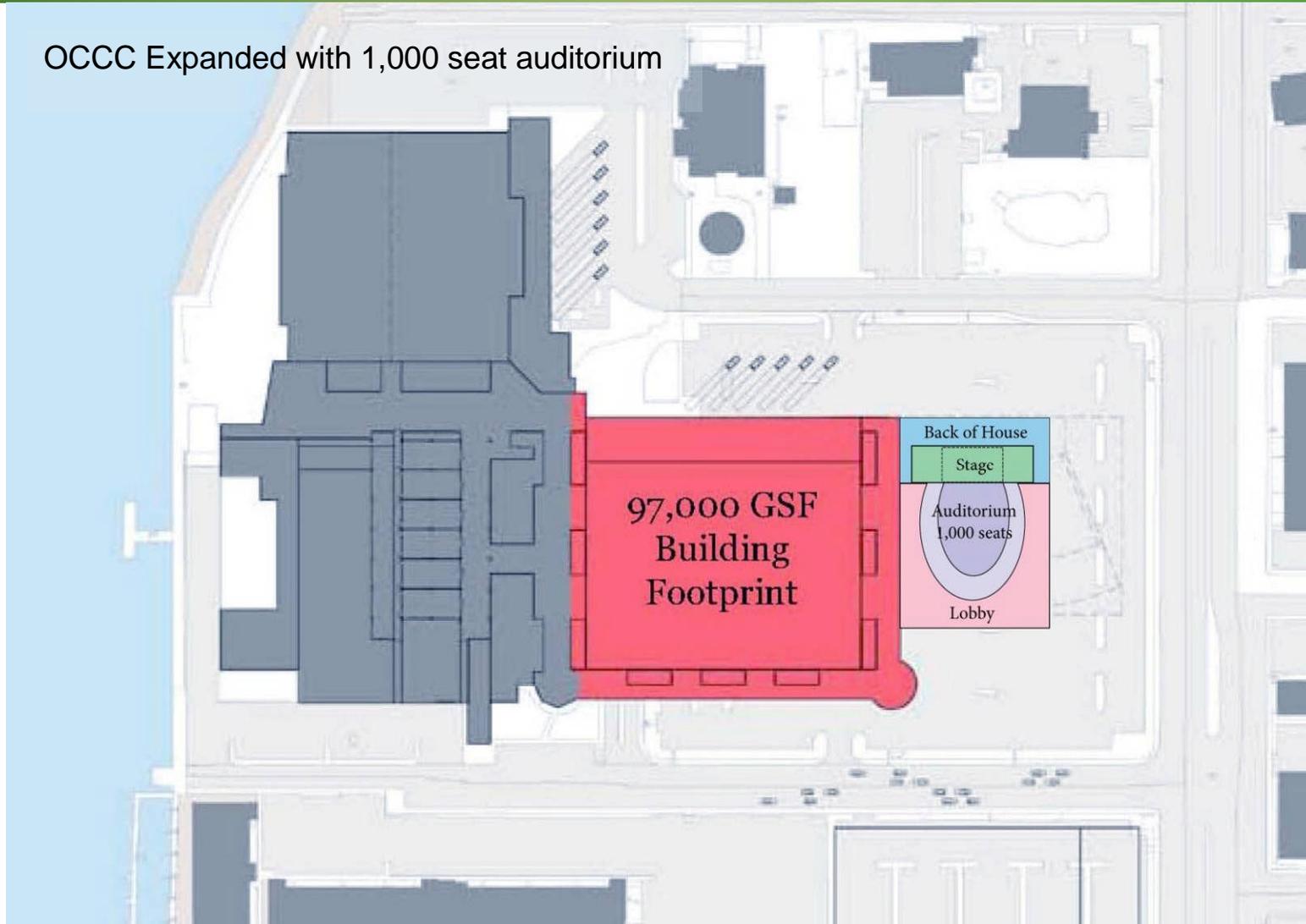
PROJECT NORTH

SCALE

100 0 100 200 300 400 500 feet

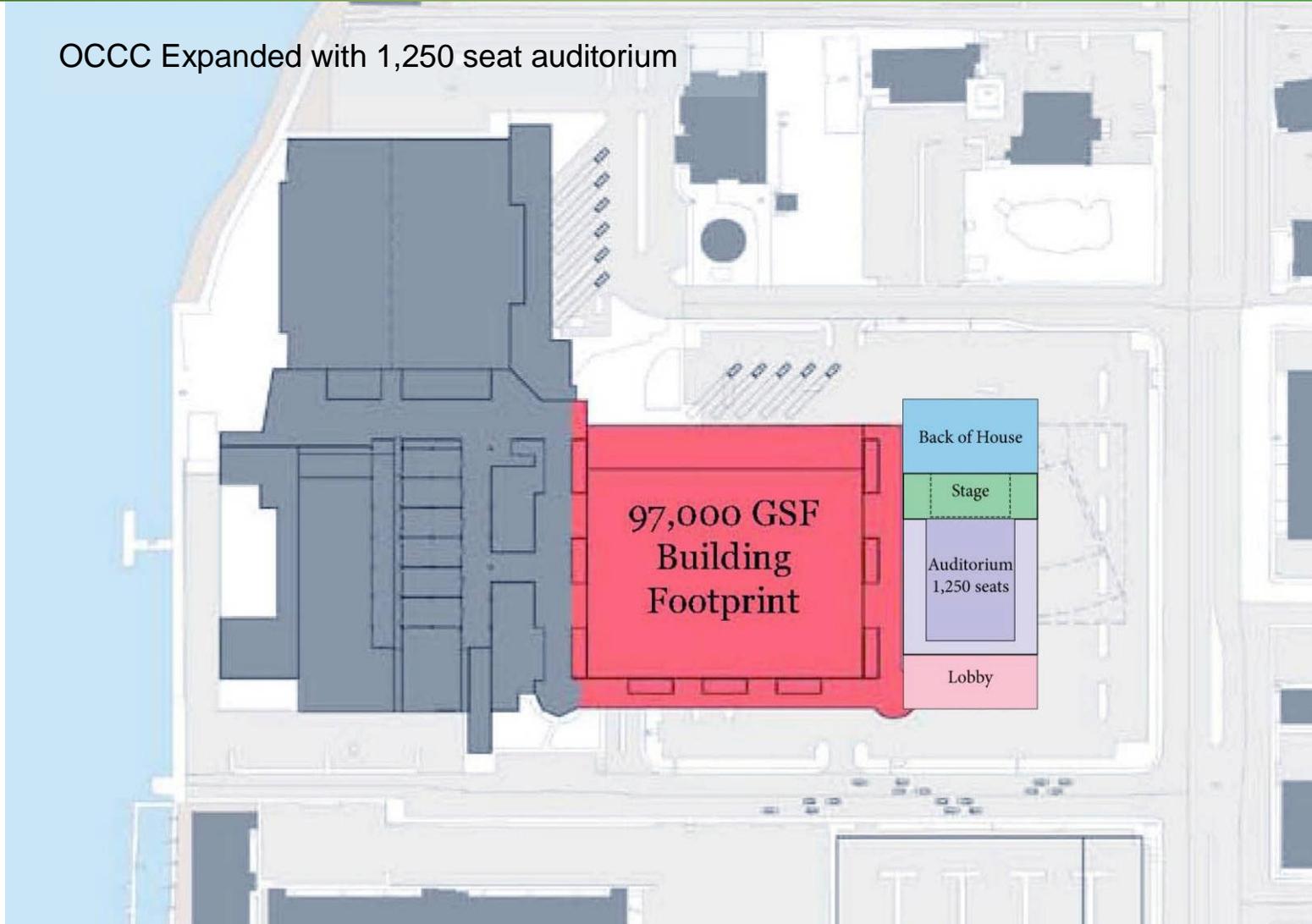
OCCC expansion option with potential performing arts facility from 1,000 to 2,000 seats

OCCC Expanded with 1,000 seat auditorium



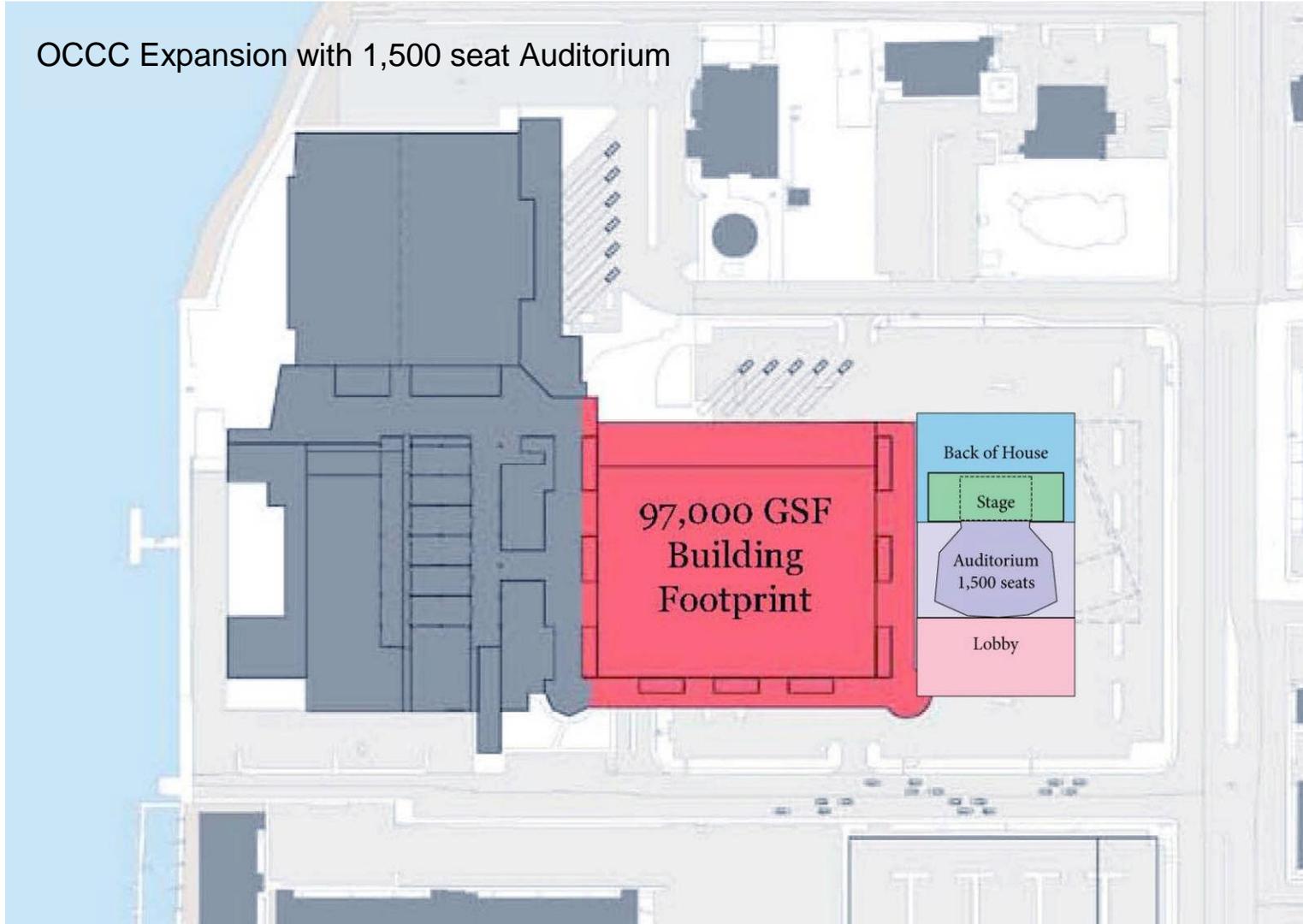
OCCC expansion option with potential performing arts facility from 1,000 to 2,000 seats (cont'd)

OCCC Expanded with 1,250 seat auditorium



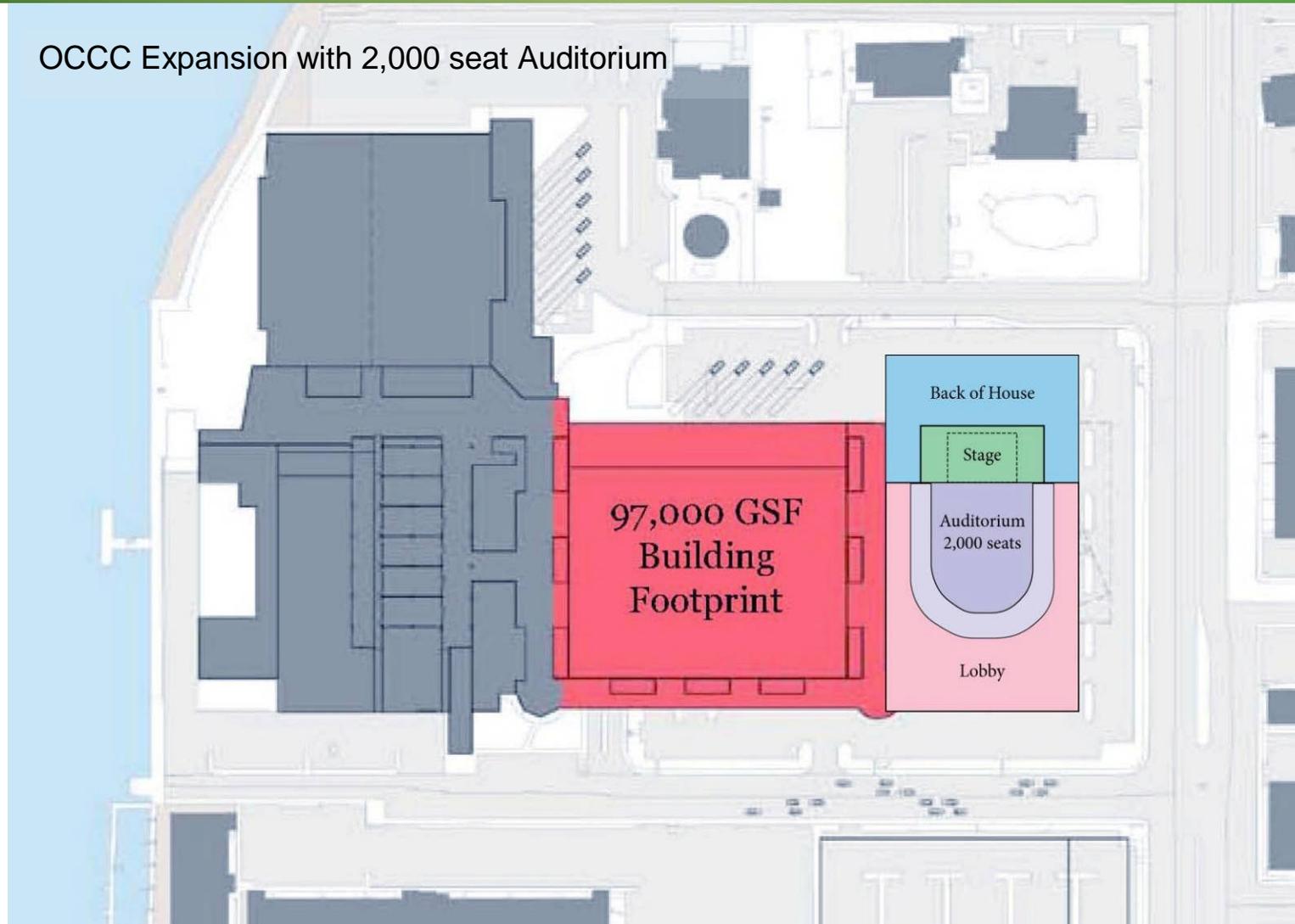
OCCC expansion option with potential performing arts facility from 1,000 to 2,000 seats (cont'd)

OCCC Expansion with 1,500 seat Auditorium



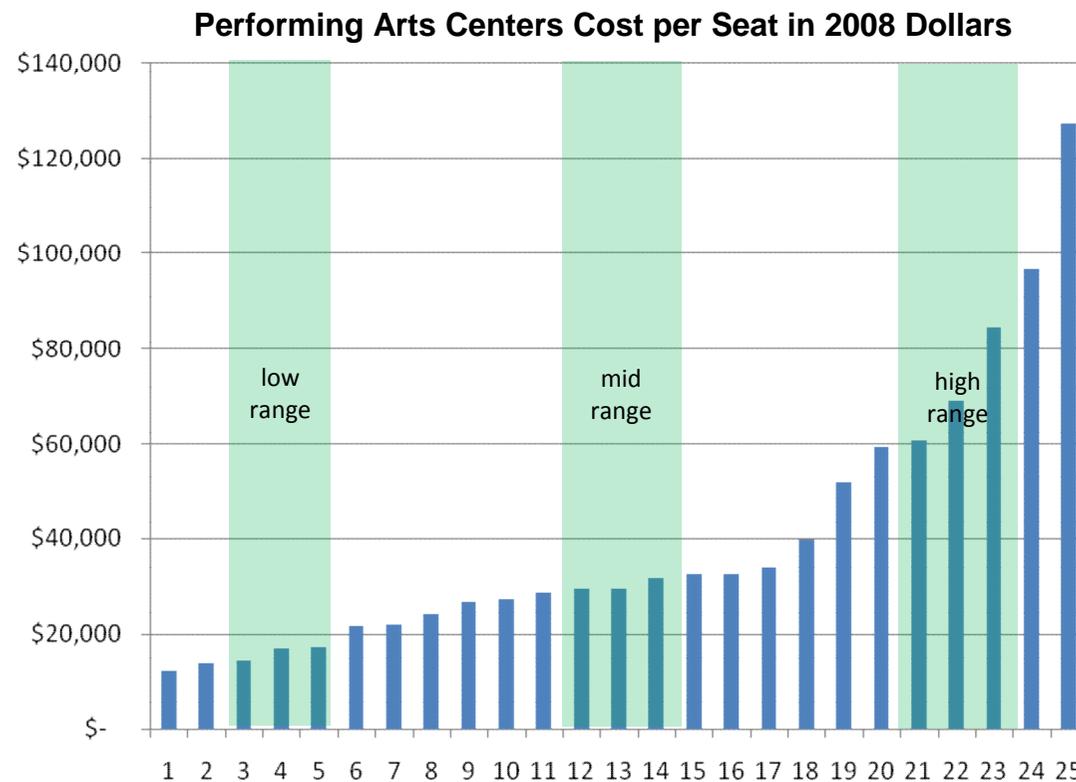
OCCC expansion option with potential performing arts facility from 1,000 to 2,000 seats (cont'd)

OCCC Expansion with 2,000 seat Auditorium



Costs of performing arts venues range widely depending on the level of finish and amount of ancillary program space provided

The cost of performing arts facilities on a per seat basis varies widely across North America. The primary variables are the total amount of space constructed (which in some cases includes rehearsal halls, administrative space, and meeting facilities), and the level of finish, which can vary from fairly modest to the outer limits of modern construction costs. The total range of cost per seat therefore can vary by a factor of more than ten from lowest to highest. The chart below illustrates a sample range of recently built performing arts projects and their cost per seat.



Source: HOK Venue research

Cost of a new performing arts facility in Ocean City would be highly dependent on the amount of ancillary space and level of finish

The table below shows a range of probable construction costs for the tested building footprints for performing arts space. The range of costs is large because performance halls are built with a wide range of finish levels from fairly spartan to quite opulent. Similarly, the amount of ancillary program space (rehearsal halls, dressing rooms, VIP lounges, etc.) can vary a great deal depending on the owner, the lead tenant(s), and the intended range of uses.

Seats	Cost: Low	Cost: Medium	Cost: High
1,000	\$17,000,000	\$29,500,000	\$69,000,000
1,200	\$20,400,000	\$35,400,000	\$82,800,000
1,500	\$25,500,000	\$44,300,000	\$103,500,000
2,000	\$34,000,000	\$59,000,000	\$138,000,000

The least expensive facilities are those with no resident company (and their attendant requirements for office, rehearsal and storage space), which are rented to performance groups on a per-event basis. The facility itself can be well equipped with lighting instruments and sound amplification systems, but can avoid the cost of creating permanent space for arts groups (whose ability to pay rent is very limited) at the high cost per square foot associated with performing arts facilities.

Summary of conclusions

The concept of developing the proposed performing arts center adjacent to the OCCC appears to be consistent with achieving the Town's objective of creating a vibrant core with entertainment options for residents and visitors alike. Although we did not conduct a separate market analysis for development of the proposed new performing arts center, the potential for this type of facility to complement activity at an expanded OCCC was considered.

Based on findings in the OCCC expansion market analysis, it appears that a multi-purpose auditorium would be more complementary to convention center uses than a high-end dedicated performing arts center. OCCC user surveys indicated that an auditorium with a seating capacity of 1,000 to 1,300 could accommodate a variety of event related activities such as general sessions, lectures, concerts, awards banquets, etc. In addition, Ocean City's attributes make it a popular destination to host social/military/educational/religious/fraternal groups that sometimes require an auditorium-type setting. The majority of profiled comparable convention centers do not offer a fixed seating component and, as such, developing an auditorium could place the OCCC at a competitive advantage over similar destinations for certain events.

The pages that follow summarize potential challenges and opportunities associated with a performing arts facility in Ocean City.

Summary of conclusions – potential challenges

Our limited research suggests that there may be several challenges associated with development and operation of a dedicated performing arts center including, but not limited to, the following:

- Ocean City's relatively limited full-time residential population, corporate base and distance from major population centers may negatively impact its marketability to attract touring shows
- Event producers would likely prefer to host touring Broadway shows at the two larger performing arts venues in Baltimore, particularly given its larger population base and better accessibility
- The MSO's season is not typically in the summer when the tourist base could provide an added market segment for attendance and other forms of support
- The lack of multiple resident arts organizations to occupy the proposed venue
- Construction and on-going operating costs would likely require a significant investment and as such a dedicated source of funding should be identified
- Additional parking requirements would likely be required
- Development of the proposed performing arts center and related support structures (e.g. black box) may limit future expansion opportunities for the OCCC

Summary of conclusions – potential opportunities

Given the challenges of developing a dedicated performing arts center, a more flexible and affordable option may be to build an auditorium with a seating capacity of 1,000 to 1,300 which may allow Ocean City to take advantage of the following opportunities:

- A 1,000 to 1,300 seat auditorium would better accommodate MSO activities and potentially other arts organizations
- Host general sessions for conventions/tradeshows and other activity at the OCCC
- Event activity could potentially be favorably impacted if some type of booking relationship can be developed with regional promoters
- Developing the largest non-University auditorium along the Eastern Shore could potentially attract visitors from outside Worcester County and the State of Maryland, given its proximity to Delaware, which would generate some additional incremental economic and fiscal impacts

Potential next steps

If the Town and the State want to further assess the merits of pursuing a dedicated performing arts center, recommended tasks to be conducted include, but are not limited to, the following:

- Conduct market research to assess demand generators by obtaining input from touring performing arts events, concerts and other potential users as part of an overall development plan
- Develop a detailed building program
- Assess potential site locations for the proposed facility based on specific criteria (e.g. accessibility, compatibility with surrounding uses, parking requirements, cost, marketability, etc.)
- Estimate construction costs
- Estimate financial characteristics of a market-driven venue including operating revenues and expenses as well as a necessary endowment to support programming and future capital improvements
- Establish a clear mission, operating objectives and booking priority policy for the proposed performance hall in order to accommodate the various user types (e.g. those that generate visitor spending versus those that accommodate local needs)