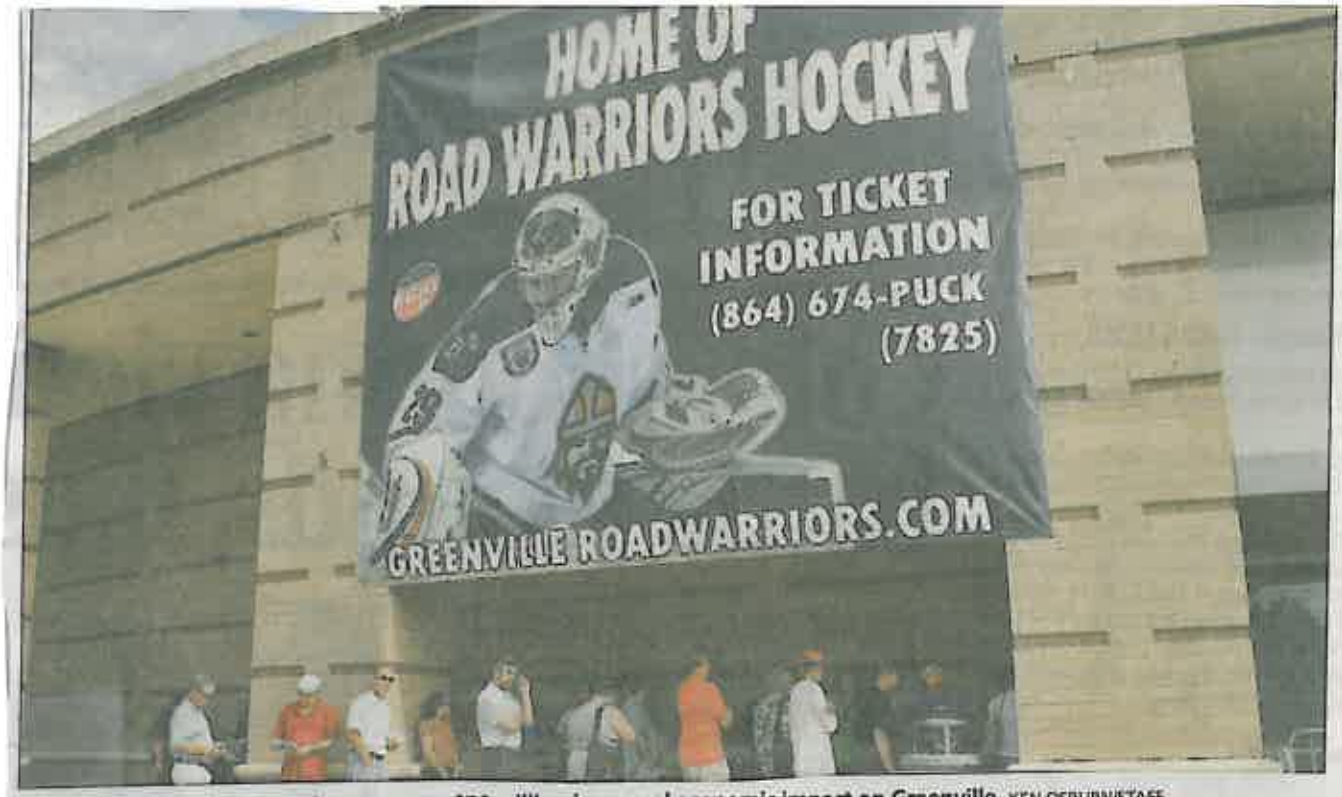


The BI-LO center is estimated to generate $56 million in annual economic impact on Greenville. KEN OSBURN/STAFF

STRONG PERFORMANCE

DOWNTOWN

Solid financials have BI-LO Center looking to the future

By David Dykes
Staff writer
ddykes@greenvilleonline.com



Jeff Gilstrap, chairman of the arena district board, and Roger Newton, BI-LO Center president and general manager, say they're pleased by the center's latest financial performance. KEN OSBURN/STAFF

On a recent, warm July morning, Ron Romano and Jeff Walls waited in line outside the BI-LO Center to buy tickets to the Nov. 8 concert by The Who.

They were joined by others, in their 20s, 40s and 50s, from different parts of the country and varied occupations, including teachers and students who had an interest in the legendary rock group.

They are part of the microcosm of a growing Greenville. But concert goers also are part of the underpinning of the 15,000-seat sports and entertainment arena that remains a downtown fixture.

The center is an integral part of the local economy that generates an estimated $56 million in annual economic impact.

Roger Newton, the arena's president and general manager, said that approximately 425,000 people attended 105 BI-LO Center events last fiscal year, with the arena generating an operating profit of more than $1.4 million.

The latest financial performance was "a very, very positive thing for the BI-LO Center this year and a sign of what the future can be," Jeff Gilstrap, chairman of the arena district board, told GreenvilleOnline.com.

A consultant's study last year said a major concert at the BI-LO Center in downtown Greenville created $1.4 million in the local economy from spending to taxes to jobs.

Company executives who re-

See BI-LO, Page 3A

$1.00
Daily

BI-LO

Continued from Page 1A

view sites for investments and job creation look not only at potential profits but also "are sensitive to the kind of community they're coming into," said Butch Kirven, chairman of Greenville County Council. "They've got a lot to choose from. It's a very competitive market.

"Everything that has been done in downtown Greenville is certainly a selling point there. And the BI-LO Center is a component of that."

"The BI-LO Center is vitally important to Greenville. It's part of the social fabric of the community," said Joe Erwin, a Greenville advertising executive and part of a business group that tried unsuccessfully to rescue the Greenville Grrrowl professional hockey team, which played its home games in the arena.

Erwin, whose firm handles sports sponsorships for Verizon at the Staples Center in Los Angeles and other large venues, said the BI-LO Center is "a good size" for this market.

"Could it have been built a little larger? Perhaps," Erwin said. "But there are a lot of people that will tell you that when you're in markets smaller than Atlanta or Raleigh or Washington that you're better off building something that is more to scale to your market potential.

"From that standpoint, I don't think the building is too small. I think it's right-sized for most things — not everything. It might cost us some mega-concert opportunity. It might cost us a few special things. But not many."

Erwin also said, "It's really important that those of us in Greenville in any kind of leadership position do what we can, when the time is there for us to do it, to make sure that that is a vibrant, well-maintained building so that we can compete on a regional basis."



Concertgoers, such as those who bought tickets to The Who, are a crucial underpinning of the BI-LO. KEN OSBURN/STAFF

'Positive' impact on local businesses

C.H. Johnson Consulting conducted an independent economic and financial impact analysis of the BI-LO Center for fiscal 2010-2011 and measured the arena's direct, indirect and induced impacts along with the employment impact on the local economy from the 410,392 people who came to the 104 events for the fiscal year.

Among the key findings:

* BI-LO Center events created approximately 33,000 hotel room nights.

* Events held at the center generated an estimated $14.4 million net new spending to the state.

* In addition to the total amount of impacts, the center was projected to create approximately $25.5 million in increased earnings and 540 full-time equivalent jobs.

The consultant said those results were based on fiscal 2011 during a downturn in the concert industry. Thirteen concerts were held at the center during that period, much lower than its historical average of 22 concert events, the consultant said.

A typical year's impact is even greater than reflected in the report, the consultant said.

"When this venue is added to the positive contribution of the Peace Center, Fluor Field and the TD Convention Center, it creates a positive entertainment and activity concentration for the downtown business volume," the report said.

"If the BI-LO Center were not in Greenville, residents from Greenville would have gone to Charlotte or Atlanta to see such entertainment," the consultant's study said.

The BI-LO Center's operating profit last fiscal year was slightly less than budgeted but 45 percent higher than a year earlier, arena district officials were told recently.

Newton said that the cancellation of four events, including three in May and June, kept the sports and entertainment facility from exceeding its budgeted profit for the year ended June 30.

Newton said 422,600 people attended 105 BI-LO Center events, from family entertainment and concerts to hockey games and other sporting activities such as the Upper State high school basketball finals.

Good news in center's financials

The latest financial figures were good news for the BI-LO Center, which has faced stiff challenges since its opening in 1998. The hurdles have included loss of sports franchises and related home-game revenue and a competitive mid-sized market in which the BI-LO Center competes with newer venues for entertainment and musical acts.

After construction bonds paid by arena revenues went into default, officials three years ago unveiled a sweeping package to refinance the arena's debt that also pledged taxpayer dollars in what the officials said was the unlikely event the Greenville Arena District and the county couldn't cover the payments.

"What they (arena officials) are faced with now, however, in the future is building up reserves to cover the capital improvements that will need to be made as components wear out as the building ages, such as the roof and the mechanical systems," Kirven said. "We're all aware of that and we're working on that right now, and making some progress in that direction."

The BI-LO Center is "an asset that has had problems, but we're working through all that and, I think, doing a pretty good job with it."

Auditors have said the arena district management's team has developed a strategic plan that focuses on increasing earned revenue at the BI-LO Center and Charter amphitheater in Simpsonville, specifically suites, sponsorships and event income and decreasing expenses when possible to improve the district's operating results and cash flows.

Newton said event revenue last year totaled nearly $2.2 million, about even with the amount budgeted but 9 percent more than a year earlier.

He said operating expenses dropped 10 percent, or $288,000, due to a full year without an outside management fee expense, reduced utilities and lower facility maintenance costs.

Operating expenses were 7 percent, or $218,000, less than budgeted, primarily due to personnel savings from not hiring for budgeted

positions and deferring some facility maintenance projects, Newton said.

Newton said arena officials last year installed a new informational technology server, upgraded lighting control software and put in a new hot water heater and emergency strand lighting.

Facility expenses included in the 2012 operating budget but deferred include recoating the cooling tower and purchasing replacement stage decks and hockey glass, he said.

Newton said the BI-LO Center's net profit after debt service of $1.3 million last year was $124,000, compared to a budgeted profit of $168,000 and a loss of $334,000 a year earlier.

Who's in the future

The future includes The Who, whose founding members Roger Daltrey and Pete Townshend will play at the BI-LO Center.

"It's the band I always wanted to see but never had the chance to," said Romano, 52, who originally is from Chicago but has lived in Greenville since 1972.

He was buying tickets for himself and his wife — "a birthday present for her" — and said the BI-LO Center is a good venue, especially compared with the old Memorial Auditorium, fondly referred to by many residents as the "brown box."

"It seems like the sound's a lot better," Romano said. "Certainly, it's a bigger venue. It's, to me, just the right size for a show to go see and not feel like you're in some seats where you've got an obstructed view."

Walls, his friend, agreed.

"I wish they could bring a few more rock acts in," said Walls, 50, a lifelong Greenville resident. "But I never thought I'd see The Who here in my backyard."