

# The Virginian-Pilot

## Rhinos 101

### On the Eve of Hampton Roads' Pitch to the NHL, Here's Everything You Need to Know

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After months of planning and negotiation, Hampton Roads' bid for an NHL team will kick into high gear Tuesday when prospective owner George Shinn and area officials travel to New York City to make a presentation to the NHL's owners and commissioner. Shinn's effort officially began on Nov. 1, when he announced he was applying for an expansion franchise in Hampton Roads. Four days later, the team launched a season-ticket drive and began selling luxury boxes. Now, Shinn and company must convince the league that the area belongs in the big leagues. An answer is expected by early summer.

#### THE ARENA

If Hampton Roads was to have any chance of landing an NHL expansion team, it first had to have an agreement for an arena. An 11th-hour deal last Thursday between George Shinn and the Hampton Roads Partnership kept the area's bid for a franchise alive. Some of the arena-deal details:

**Size:** The arena would seat around 20,000 people for most events, and about 18,500 for hockey games.

**Location:** The new leading site location is the lot now occupied by Howard Johnson hotel just north of Scope. The site, known as the "golden triangle," is bounded by St. Paul's Boulevard and Monticello and Brambleton avenues. Norfolk would have to buy and tear down the hotel.

**Who would own it:** The arena would be owned by the Hampton Roads Sports Facility Authority, chaired by Brad Face. The group likely would hire a professional firm to run the building.

**Cost:** An estimated \$ 143 million. The arena would be constructed with 30-year bonds issued by the Hampton Roads Sports Facility Authority.

**Debt payoff:** The estimated \$ 8.8 million annual debt would be paid off by four sources of revenue: taxes generated at the arena (estimated at \$ 4.8 million), contributions from area cities (\$ 2.3 million), rent from the Rhinos (\$ 1 million) and naming rights and other arena revenues (\$ 700,000).

**Taxpayers' share:** Residents in 15 regional jurisdictions would be asked to pay \$ 1.50 per year over the life of the 30-year bond.

The 15 jurisdictions: the cities of Virginia Beach, Norfolk, Chesapeake, Portsmouth, Suffolk, Newport News, Hampton, Poquoson, Williamsburg and Franklin, and Isle of Wight, York, Gloucester, Southampton and James City counties.

Shinn's revenue: During hockey games, Shinn would receive all luxury-suite revenue, all parking from lots adjacent to the arena and a share of concessions to be negotiated - probably about 40 percent.

Parking: Norfolk officials admit parking would be a challenge. Experts say a 20,000-seat arena would generate about 6,000 cars on a good night. Some existing lots would be utilized, but more would have to be built. The \$ 143 million arena pricetag includes a 1,000-car parking garage to be build adjacent to the coliseum.

Tickets: If Hampton Roads does wind up getting the Rhinos, what will it cost to see them?

Ticket prices: Team officials have said tickets would range between \$ 10-\$ 70. Season tickets probably would be around \$ 430-\$ 3010, based on the NHL's current 82-game schedule. That would mean 41 home games and at least two preseason games; most teams require season-ticket holders to purchase tickets for exhibitions.

NHL average: Now up to \$ 38, the NHL's average ticket is the highest of all the major sports. The cheapest ticket in the league is an \$ 8.75 seat in Phoenix, the most expensive is a \$ 200 seat, also in Phoenix.

By comparison: The Hampton Roads Admirals minor-league team charges \$ 8 a ticket and \$ 225 for a 35-game season ticket.

Sales so far: Rhinos officials said Friday they had deposits for 5,160 season tickets, and that another 500 season tickets accompany the 25 luxury suites that have been sold. The Rhinos had a goal of 10,000 season tickets by Friday, when sales were cut off so numbers could be included in Tuesday's New York presentation.

Season-ticket deposits: The Rhinos are requiring deposits of \$ 100 for each season ticket. If the bid for an expansion franchise fails, deposits will be refunded. If the bid succeeds, deposits will not be returned, but will be applied toward the cost of Rhinos season tickets. luxury boxes Just about any discussion of a new Norfolk arena includes some mention of "luxury suites."

## A LOOK AT THE LUXURY-SUITE ISSUE

Their importance: Suites are cash cows for team owners, providing the second-highest revenue source for sports franchises behind television. No new major-league arenas are built without them. Bill Dorsey, executive director of the Association of Luxury Suite Directors, said: "Luxury suites are the driving force for arenas and stadiums in the '90s. They're what get the things built."

How many: Rhinos officials say 50 to 60 suites would be needed in a new arena.

Prices: The Rhinos, who are requiring \$ 10,000 deposits for suites, are marketing suites at six price levels. The annual rents: \$ 65,000, \$ 75,000, \$ 85,000, \$ 95,000, \$ 105,000 and \$ 115,000. The most expensive suites in an NHL arena are in Boston's Fleet Center, and go for \$ 258,000 a year.

Location: The \$ 95,000-\$ 115,000 suites each would have 16-20 seats located 20-25 rows from the ice. The \$ 65,000-\$ 85,000 suites each would have 10-14 seats located 30-40 rows from the ice.

Lease terms: Suite leases would be for 5-, 7- or 10-year terms. The price of renewal increases 6% per year for five-year leases, 4.5% for seven-year leases and 3% for 10-year leases.

Sale so far: Rhinos officials said Friday they have deposits for 25 suites. The Rhinos had a goal of 40 suite commitments before their Tuesday presentation in New York.

The concern: It's questionable that there is enough corporate depth in Hampton Roads to support the suites. Chris Dunlavey of Brailsford and Dunlavey, who helped draft a 1995 arena feasibility study for the Sports Authority of Hampton Roads, said suite support "was the one area of possible weakness we found in the Hampton Roads market compared to other markets."

Other area suites: Harbor Park has 20 skyboxes ranging from \$ 14,400-\$ 28,800. The Hampton Roads Admirals have 20 boxes at Scope at about \$ 2,000 each. The GTE-Virginia Beach Amphitheater has 60 corporate boxes ranging from \$ 9,900-\$ 19,800.

#### NHL'S EXPANSION CRITERIA

By early summer, the NHL is expected to expand by two to four teams. The NHL will look at many factors before deciding which of the 11 ownership groups in nine regions will be awarded franchises. A look at the league's criteria and how Hampton Roads stacks up:

Market size: At 1.6 million people, Hampton Roads' greater metropolitan area ranks fourth among the expansion applicants.

TV market: Ranked 38th in the country, Hampton Roads is seventh among the applicants.

Ownership group: A strength for Hampton Roads, whose bid is backed by Charlotte Hornets owner George Shinn.

Sports competition: Hampton Roads, the nation's largest metropolitan area without a major-league sports franchise, has no serious competition for the sports dollar. The closest major league teams are 190 miles away in Washington.

Demographics: A negative for Hampton Roads, which has a per-capita income of \$ 19,007, 193rd in the country and eighth among applicants.

Corporate support: Potentially a negative. Hampton Roads has just one Fortune 500 company, and there is concern that the business community isn't large enough to support the luxury suites necessary for an arena to succeed.

Arena: Not a plus, but not a minus. Hampton Roads and Shinn went down to the wire before reaching an agreement last Thursday. The deal still needs approval from several governing bodies.

Hockey interest: A mixed factor. Several minor-league franchises failed earlier in Hampton Roads, but the Admirals have drawn exceptionally well since their arrival in 1989.