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City of Greeley

H&LA Study Council Talking Points

Council Talking Points

Response to GDB / Newmark Study & H&LA Review

One Sentence Council Can Rely On

"While the independent review raises questions worth considering, it does not invalidate the City's studies, which show the project is operationally viable and consistent with how public arenas and mixed-use developments are evaluated nationwide."

1. On claims that the project is "not financially feasible"

- The H&LA study did **not** conclude that the project lacks market demand or operational viability.
- H&LA found the hotel, waterpark and arena are operationally viable and capable of generating strong operating revenue.
- What H&LA identified was a funding gap during early years under a fully public financing structure, something that is common for large public facilities.
- Identifying a funding gap is not a declaration of failure; it is standard practice to inform financing and policy decisions.

Bottom line:

The findings indicate that the project is financially feasible for the city with careful phased financing.

2. On debt service and "the project can't pay for itself"

- H&LA never stated that operating revenue alone would fully service long-term public debt.
- The Newmark review ignores substantial tax revenues generated by the project that the City receives and can dedicate to debt service.
- H&LA's own economic impact study projects **nearly $463 million in tax revenue over 30 years**, which is part of the City's broader financial evaluation.

Bottom line:

Public projects are not evaluated solely on facility cash flow; tax revenue and economic impact matter.

3. On arena revenue being "overstated"

- H&LA did not rely solely on operator projections.
- Their analysis used:
  - Finalized operating agreements with Oak View Group and the Colorado Eagles
  - Independent benchmarking of comparable arenas
  - Regional demand drivers
  - A stable AHL tenant, which significantly differentiates this arena from many peers
- Comparisons to older, lower-tier ECHL arenas materially understate revenue potential.

Bottom line:
The arena analysis reflects a higher-quality tenant and modern facility, not inflated assumptions.

4. On comparisons to other arenas (Blue Arena, Maverik Center)

- The Newmark analysis relies heavily on facilities that:
  - Are older
  - Serve smaller or different markets
  - Are anchored by lower-tier ECHL teams
- The Colorado Eagles play in the AHL, the NHL's primary feeder league, and have strong attendance and performance.
- League quality directly affects ticket pricing, sponsorships, premium seating and media exposure.

Bottom line:
Not all arenas are comparable — tenant quality and facility design are important to consider.

5. On development cost discrepancies

- H&LA's development costs reflect **actual construction and site costs** for the facilities.
- Higher totals cited elsewhere include:
  - Capitalized interest
  - Debt service reserves
  - Financing and contingency items
- These costs are typically excluded from operating feasibility analysis and were not misrepresented.

Bottom line:
Different numbers reflect different purposes, not hidden costs.

6. On reserve assumptions being "too low"

- H&LA used reserve assumptions consistent with industry practice for new construction.
- Their assumptions are conservative when compared to national hospitality benchmarks.
- Suggestions of a 9% replacement reserve for a new facility are **well outside normal industry standards**.

Bottom line:
Reserve assumptions are reasonable and aligned with comparable projects.

7. On public financing being "unprecedented"

- Public participation is common for arenas and indoor waterpark resorts because of their economic and community benefits.
- Across the U.S., arenas are rarely developed as standalone private investments.
- Municipal ownership with professional management is the norm, not the exception.

Bottom line:
Public involvement in arenas is standard nationwide.

8. On the Mattel licensing option

- Mattel is a potential enhancement, not a financing solution.
- The base financial analysis does not rely on Mattel to make the project viable.

- **Brand partnerships can strengthen demand, visibility and long-term performance, but they are evaluated as additive, not essential.**

Bottom line:
Mattel may strengthen the project, but the project is not dependent on it.

9. On economic impact being "overstated"

- Economic impact studies commissioned by public agencies typically report gross impacts, consistent with industry practice.
- Net impact assumptions require speculative judgments that are not reliably quantifiable.
- Even Newmark acknowledges additional surrounding development will generate further tax revenue not fully captured.

Bottom line:
The economic impact analysis follows standard, accepted methodology.

10. How Council should frame all of this together

- The Newmark review is one input among many.
- It does not invalidate the core findings of the City's commissioned studies.
- Public arenas and mixed-use developments are evaluated based on:
  - Long-term fiscal sustainability
  - Community benefit
  - Economic development impact
  - Risk management and financing structure

Bottom line:
Council is evaluating the full picture, not isolated excerpts.