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## Feasibility Analysis of the World of Oz Theme Park

Harrison Price Company

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**FEASIBILITY ANALYSIS OF THE  
WORLD OF OZ THEME PARK  
Kansas City, Kansas**

**Prepared for  
OZ RESORTS & ENTERTAINMENT, INC.  
September 1992**

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"How dear to my heart are the  
scenes of my childhood,

When fond recollection presents  
them to view!"

--Samuel Wordsworth [1785-1842]  
*The Old Oaken Bucket*

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## Section 1

### INTRODUCTION

L. Frank Baum, author of the timeless story of a young Kansas farm girl who journeys "over the rainbow" to the fabulous Land of Oz, is one of the luminaries of children's literature. Baum chronicled Dorothy's adventures in Oz in a series of books produced from 1900 until his death in 1919, books which have enchanted millions of children and equally impressed parents with the traditional values and homespun wisdom so artfully conveyed. The story is perhaps best remembered as adapted for the movie screen in the 1939 Judy Garland classic "The Wizard of Oz." Superbly cast and endowed with an unforgettable musical score, this film created the visual images of the Land of Oz as well as of Dorothy and her companions in adventure--her little dog Toto, the Scarecrow, the Tin Man, the Cowardly Lion and, of course, the Wizard himself--that have endured for more than 50 years. Every Christmas holiday season, the movie has wide television exposure, bringing to new generations the story's reassuring message that "there's no place like home."

Recognizing the wide popularity and durability of the Oz fable, a Kansas City-based consortium known as Oz Resorts & Entertainment, Inc. has proposed the development of a major themed amusement park called the Wonderful World of Oz, to be fittingly located in Kansas where the story takes place. The company has acquired the rights to use the characters and images from the film in articulating the park's physical and entertainment content, and an endorsement has also been secured from The Baum Trust to draw on additional material in the Oz books. Landmark Entertainment Group has been retained to design the park on a site in Wyandotte County just to the west of downtown Kansas City, where it will be the focal point of a resort complex that will ultimately also include overnight accommodations and a golf course surrounding a large manmade lake. To determine the potential attendance and financial outlook for the central theme park element and to assist the park's designers in sizing basic entertainment and visitor service facilities, Oz Resorts & Entertainment retained Harrison Price Company (HPC) to conduct a feasibility and planning analysis, the findings of which are presented in this report.

Following this introduction, **Section 2** contains a brief summary of major conclusions and recommendations resulting from the research. The World of Oz concept and an evaluation of its site environment are the subject of **Section 3**, while **Section 4** addresses the market available to the project, including resident and tourist support. **Section 5** then develops illustrative attendance models and translates these models into physical sizing guidelines for major project components. The report concludes with an assessment of potential economic performance in **Section 6**.

The conclusions delineated in this report are based on HPC's research of the Kansas City area marketplace, knowledge of the recreation industry, and meetings with the client group during which certain information was presented to HPC that is integral to the outlook for the World of Oz theme park. HPC has no responsibility to update this analysis for events or circumstances occurring after the submittal of this report. As in all studies of this type, projected results are contingent on estimates and assumptions developed in conjunction with the market analysis. Some of these assumptions inevitably will not materialize, and unanticipated events and circumstances may occur. Other data or assumptions are inherently subject to interpretation with varying degrees of reliability and confidence, particularly at this early stage of planning. Therefore, actual results achieved during the period covered by this analysis will vary from the estimates contained herein, and these variations may be material. Further, HPC has not been engaged to evaluate the effectiveness of management and is not responsible for future marketing efforts and other management actions on which actual results will depend. The study presumes no significant change in competitive position from that set forth here and makes no allowance for possible government restrictions on the development or the possible effect of changes in the national economy. This report is intended for the internal use of the client group and presentations to lending institutions or potential management companies. Without HPC's prior written consent, the report, its contents, or reference to HPC may not be included in any press release, registration statement, prospectus, loan, appraisal, or other agreement or document.

HPC wishes to express its appreciation to the many organizations and individuals contacted during the course of this assignment who provided data or commentary about various aspects of the analysis.

## Section 2

### EXECUTIVE SUMMARY

Major conclusions of HPC's analysis of the proposed World of Oz theme park are briefly highlighted in this section of the report. Other than specifying certain critical assumptions, no attempt is made here to describe findings or rationale in detail or to present supporting documentation, which are fully contained in the main body of the report.

- The Oz theme and the conceptual plan for the park developed by Landmark Entertainment will appeal to a broad market base. Given a well-orchestrated marketing campaign including wide media advertising in conjunction with television presentations of the "Wizard of Oz" movie, an enthusiastic public response can be expected. The proposed concept should be capable of generating visitor stay times of five to seven hours, or six hours on average.
- The site proposed for the attraction is well suited to major theme park development. It has excellent accessibility via Interstates 70 and 435, and surrounding land uses are compatible. Weather conditions indicate that the World of Oz will necessarily be a seasonal operation, but there is an opportunity for short-term operation outside the core Memorial Day to Labor Day period, including weekends during the spring and fall "shoulder" months and during the Christmas holidays.
- The World of Oz will be complementary to the bulk of the existing attractions inventory in the Kansas City area. There is competition from Worlds of Fun but, by virtue of its appealing concept and envisioned scope, the subject park will be well positioned to have an appreciable impact on the available market.
- By 1995, the total market available to the project will approximate 7.6 million persons, including some 2.6 million people residing within 100 miles of the site and an estimated Kansas City tourist market of 5 million overnight visitors. The market has no qualitative deficiencies.

- The aforementioned overnight visitor market represents "normal" tourism that does not encompass induced visitation that may occur as a result of the World of Oz. In this regard, it is significant that Kansas City is strategically located in the central United States where a very large population base of some 54 million is available within 500 miles, or 50 percent more than live within a comparable radius of Disneyland in Southern California and almost twice as many as reside within 500 miles of the Disney World complex in Orlando. Heavy marketing in this area should greatly assist in generating tourist support for the attraction.
- Among key assumptions underlying attendance models for the World of Oz are that it will be developed to the highest standards of construction, entertainment programming, and aesthetic amenities; that adequate public funds and institutional sponsorships will be available to supplement conventional financing as needed to develop the attraction to the quality standard required to have a major impact on the market; that the park will be aggressively promoted on a national scale, most importantly including direct tie-ins with the "Wizard of Oz" movie; that the entertainment program of the attraction will incorporate periodic change sufficient to stimulate an ongoing cycle of repeat visitation; and that the execution of the attraction and the effectiveness of the marketing and promotion program will enable the park to induce substantial tourist visitation above and beyond the normal overnight base.
- Based on the foregoing assumptions, the experience of comparable attractions, and other considerations delineated in this report, the assumed gross market capture rate of the World of Oz is between 29 and 35 percent of combined resident and tourist support, including induced tourism on the order of 1 million to 1.25 million visitors. These figures are well in excess of industry norms and are very close to the Disney experience, underscoring the imperativeness of expert management, aggressive marketing, and high-quality development standards.
- Capture rates of this magnitude translate into a total absolute volume at stabilization (third of fourth full year of operation) of between 2.5 million and 3.1 million. The mid-range attendance model calls for an attendance of 2.8 million. Tourists, whether part of the normal overnight base or the induced increment, comprise some 80 percent of total visitation and are crucial to the success of the park.

- An operating schedule totaling 165 days has been assumed in this analysis. Expected patterns of attendance suggest that the average maximum number of people in the park at the peak hour of operation (a typical weekend afternoon in August) will amount to 22,100 visitors under the mid-range model. This figure represents the simultaneous holding capacity requirement of the attraction -- the sum of all entertainment and visitor service facilities, general circulation, and other spaces open to the public.
- Application of typical planning factors reveals a need for 32,000 hourly entertainment units -- aggregate hourly capacity of all rides, shows, and other featured attractions -- as a first-phase program.
- On the mid-range attendance model, food service area requirements are on the order of 60,000 square feet, while required merchandise sales space amounts to 57,000 square feet. Some 7,750 auto parking spaces (including employee parking) and 100 bus spaces will also be needed to accommodate this level of attendance. Total land area required for the initial development comes to roughly 155 acres; an expansion reserve, however, should be considered in the master development plan for the site.
- An adult admission fee of \$23.95 (1992 dollars) is a reasonable planning target, with scaled-down prices for children and senior citizens. Allowing for the probable mix of attendance, group and promotional discounts, and a certain incidence of complimentary admissions, net admissions revenue is estimated at \$16.75 per capita.
- An average visitor expenditure of \$6.50 per capita should be an achievable goal for food sales given the envisioned six-hour mean visitor stay time and a high level of operating efficiency. Merchandise spending is aggressively targeted at \$7.00 per capita predicated on a Disney-quality retail component that makes full use of the Oz theme and characters as well as the historical popularity of these characters. The spending model for games and other miscellaneous outlays is \$2.00 per capita. A \$4.00 per car parking fee has further been assumed, which translates into per capita parking revenue of \$1.05.

- Based on the preceding itemization, the aggregate average per capita expenditure would amount to \$33.30 in 1992 dollars, roughly half of which will derive from ticket sales. Accordingly, total gross revenue on the 2.8 million attendance model is approximately \$93 million per year. Deducting the cost of food, merchandise, and miscellaneous goods sold, net revenue comes to \$76 million.
- An annual operating budget on the order of \$52 million is preliminarily estimated as a mid-range goal. When combined with the cost of goods sold, overall operating expenses would amount to about \$69 million, or \$24.80 per visitor, equivalent to 75 percent of assumed total gross revenue. An expense ratio of this general description is consistent with experience at well-managed successful theme parks.
- A net operating income of slightly less than \$24 million in constant dollars at stabilization is thus potentially attainable by the World of Oz. Assuming that 45 percent of total operating expense is fixed and 55 percent varies with attendance volume, the theoretical breakeven point in operations occurs at an annual patronage of approximately 1.6 million visitors.
- If net operating income, or EBDIT (earnings before depreciation, interest, and income taxes) is capitalized at 10 percent, a sum of \$238 million would represent private debt and equity financing. HPC understands that the Landmark concept for the park is geared to a minimum capital cost, including construction and all "soft" costs, of \$275 million for the first phase of development and may exceed \$300 million with a more elaborate execution. To meet this investment level, this analysis has further assumed that the project will obtain an economic development grant in the amount of \$50 million and will also be able to attract institutional sponsorships totaling another \$12 million. In total, then, some \$300 million in overall investment is the indicated initial, mid-range model.
- Application of a 50 percent debt ratio on private financing together with an 11.6 percent debt service constant (fully amortized rate) results in an annual loan payment of roughly \$14 million. The implied coverage ratio on this sum vis-a-vis EBDIT is 1.72.

- A ten-year income and expense demonstration on a current-dollar basis reveals that potential annual net operating income, after adjusting for inflation, will rise from an initial \$21 million to more than \$44 million by the tenth year of operation. Cumulative net operating income will grow to \$104 million by 1999, \$207 million by 2002, and \$330 million by 2005. Adequate funds should accordingly be generated to support debt service and required reinvestment.
- In conclusion, the World of Oz can meet acceptable standards of economic feasibility given adherence to the critical assumptions on attendance volume and other aspects of the project that have been described in this report.



## **Section 3**

### **CONCEPT AND SITE EVALUATION**

Major influences on the attendance potential of the World of Oz theme park are the general scope and content of the attraction--its "critical mass"--and the characteristics of the locational environment. To provide an overall context for the market and financial analysis to follow, therefore, this section of the report describes the facility and program components envisioned for the project. The proposed site location is then evaluated from the standpoint of suitability for the type of development planned.

#### **CONCEPT OF THE WORLD OF OZ**

Subsequent paragraphs highlight the market orientation and general conceptual parameters of the World of Oz project. It is recognized that the exact content of the attraction is still evolving and may ultimately differ in major or minor respects from the guidelines presented here.

#### **Market Orientation**

As noted in the introduction to this report, the thematic content of the World of Oz theme park will be based on the characters and situations encountered by the heroine Dorothy during her mythical travels in the Land of Oz. These story elements have a solid family orientation that will appeal to a broad market base--children, certainly, who are just now beginning to read and enjoy the Oz books and movie, along with adults for whom the story is a familiar part of their own childhood. The high recognition factor of the Oz name and the sustained popularity of the movie suggests that, given high-quality development in tandem with a concerted marketing campaign, an enthusiastic public response to the concept can be expected from residents and tourists alike. Annual television presentations of the classic film meanwhile furnish a ready vehicle for advertising on a national scale, which is imperative to generating the level of attendance necessary to support the project.

In this context, it is pertinent to consider the Branson phenomenon. The Branson area of southwestern Missouri, approximately 175 miles from Kansas City, or within a three- to four-hour drive, has been catapulted into a major tourist destination by a huge music show business featuring entertainers of national or international reputation. The boom began in the 1980s and significantly gathered steam during the past three years. Tourist visitation to this area is currently estimated at between 4 and 5 million, 70 percent of which originates within about a 300-mile radius, and projections call for as many as 11 million by the year 2000 on the basis of announced plans to expand the music show offering. Branson is accordingly drawing heavily from throughout the central Midwest region, and the World of Oz will have exposure to at least some--and perhaps an appreciable share--of this traffic as it passes through or within negotiable distance of Kansas City enroute to the music palaces. Because a substantial portion of this traffic is family-oriented (families comprise an estimated 40 percent of Branson patronage), another promising opportunity is presented to market the World of Oz as a second destination providing a different kind of entertainment experience within this general region.

### **Principal Entertainment Components**

Conceptual plans for the World of Oz prepared by Landmark Entertainment Group call for a total of six interrelated theme areas, highlighted in **Table 1**. These areas are briefly described below:

- **Old Time Kansas** offers a nostalgic journey back to the turn-of-the-century era. Several rides and other attractions will be grouped in two clusters, one on the farm of Dorothy's Uncle Henry and Aunt Em and the second on a country fairgrounds. A festive atmosphere of vibrant colors and lively musical and novelty acts will be the keynote of this area. Numerous shops and eating places will line a busy "Main Street" concourse.
- **Munchkinland** re-creates the miniature world of the Munchkins in the Oz books. The park's major concentration of children's rides will be found in this area, along with themed play apparatus and other activities for energetic youngsters. The scene of these activities will be a Munchkin village, which will also serve as headquarters for some of the park's support services (security, first aid, information, and the like).

**Table 1**

**ENVISIONED ENTERTAINMENT COMPONENTS  
FOR THE WORLD OF OZ  
Phase 1**

<b>Theme Area</b>	<b>Name of Attraction</b>	<b>Description</b>
<b>OLD TIME KANSAS</b>	Professor Marvel's House of Illusion	Walk-through hall of mirrors
	Wheel of Fortune	Ferris wheel
	Swings of Fate	Suspended swing ride
	Tilt-O-Whirl	Ride
	All-Electric Horseless Buggies	Bumper cars
	Aunt Em's House	Simulated tornado
	Uncle Henry's Petting Zoo	Petting zoo
	Iron Round Ride	Carousel
	The Baum Story	Biographical film
	Professor Marvel's Magic Show	Magic show
	Aunt Em's Country Kitchen	Dinner show
	Toto's Trained Menagerie	Animal show
	Park Bandstand	Band concerts
	Barbershop Quartet	Singers
	Professor Marvel's Aerial Feats	Hot air balloon one-man show
Actor's Alley	Novelty acts	
<b>MUNCHKINLAND</b>	Dorothy's Adventures in Oz	Dark ride
	Munchkinland Express	Children's train ride
	Munchkin Launches	Miniature boat ride
	Munchy-Go-Round	Children's carousel
	Wittle Winny	Miniature horse rides
	Twirling Tulips	Children's ride
	Munchkinette Theater	Puppet show
	Gazoobo	Outdoor animal bandstand
	World of Oz Parade	Character parade
	Treetop Village	Walking and climbing activities
	Singing Swings	Children's swings
	Switchback Slides	Children's slides
	Munchkin Squnchkin	Children's ball crawl
	<b>ENCHANTED LAND OF THE EAST</b>	Saw Horse Derby
Crop-Dusters		Children's airplane ride
Haystack Hoedown		Ride
Great Corn Maze		Walk-through maze
Ye Olde Sawmill		Log flume ride

**Table 1**  
**(Continued)**

<b>Theme Area</b>	<b>Name of Attraction</b>	<b>Description</b>
	Cowardly's Show of Courage	Dark ride
	Pumpkin Patch Picnic	Spinning barrel ride
	Metal Mouth Revue	Animatronic show
	Corn Row Theater	Children's musical show
	Oz Zoo	Animated character show
<b>EMERALD CITY</b>	Key to the City	Mine train ride
	Grand Oz Carousel	Double-deck carousel
	Aerial Adventure of Oz	Simulated balloon ride
	Imperial Wonder Show	Magic and illusion show
	City Gates Live Stage	Musical show
	GEMS	Dance pavilion
	Fountain and Topiary Show	Dancing waters show
	World of Oz Parade	Character parade
	Emerald Nights	Fireworks show
	Magnificent Wizard Works	Games and video arcade
<b>WICKED LAND OF THE WEST</b>	Winged Monkeys	Suspended roller coaster
	Caverns of Doom	Water rapids ride
	Torture Chamber	Barrel ride
	Dungeon of Forbidden Magic	Magic show
	Haunted Forest	Pathway to castle
	Changing of the Winkie Guards	Live show
<b>GLINDA'S KINGDOM OF THE NORTH</b>	Blizzard	Toboggan roller coaster
	Glinda's Fairytale Ride	Children's boat ride
	Shoot the Chutes	Boat ride
	Wizard on Ice	Ice skating show
	Santa's Workshop	Animatronic show
	Winter Carnival	Year-round festival
	Christmas Parade	Seasonal parade

Source: Landmark Entertainment Group.

- **Enchanted Land of the East** is a fantasy environment of whimsy and make-believe. Several rides and animatronic shows would be presented in this area, which is divided into three sections--an Enchanted Forest, a Fantasy Farmland, and the Tinsmith's Village.
- **Emerald City**, the park's central theme area, is dominated by the resplendent Towers of Oz, home of the Wizard. Three major rides will be located in this area, which will also be the principal venue for major shows, parades, and a nightly fireworks spectacular. Emerald City will also contain a games and video arcade, together with the park's main concentration of gift shops. A banquet and meeting hall and an upscale Tower Restaurant will also be provided here.
- **Wicked Land of the West**, surrounding the castle of the Wicked Witch, features the park's major thrill rides in a lighthearted treatment of Gothic villainy. A Dungeon Magic Show, a Haunted Forest, and a twice-daily Changing of the Winkie Guards will also be presented in this area.
- **Glinda's Kingdom of the North**, the home of the "good witch," evokes the atmosphere of a permanent winter carnival with an Ice Palace skating show, Santa's Village and Workshop, and another major concentration of retail facilities, including a year-round Christmas store. An elaborate Christmas parade would be staged in this area each year.

A variety of themed food and merchandise facilities will be dispersed throughout all of the park areas described above. Internal transportation systems providing access within or between these areas encompass a park-wide train, an aerial tram, a monorail, trolley cars, and horse-drawn carriages. Meanwhile, the "Yellow Brick Road" will lead from the highway to the park entrance. The foregoing represents a Phase I program estimated to require a total capital investment on the order of \$250 to \$300 million. Conceptual sketches and supporting documents prepared by Landmark Entertainment provide a full description of the envisioned content of the World of Oz, but the preceding is representative of the basic design program. The various entertainment activities at the site should in the aggregate generate visitor stay times ranging from five to seven hours, with the overall average estimated at approximately six hours.

## EVALUATION OF THE SITE ENVIRONMENT

Location is a fundamental and critical ingredient in the success of any recreation attraction. Key locational characteristics of the World of Oz project are consequently examined in subsequent paragraphs, including accessibility, weather conditions, and the existing inventory of complementary and competitive facilities.

### Locational Characteristics

As shown in **Figure 1**, Kansas City is situated at the confluence of the Missouri and Kansas Rivers on the eastern border of the state of Kansas. It lies near the exact geographic center of the coterminous 48 states (located at a point two miles northwest of Lebanon in north central Kansas), and is also near the population center of the Lower 48 (as of the 1990 Census, located 10 miles northwest of Steelville in east central Missouri). Several major metropolitan areas are found within 500 miles of Kansas City, including the following:

<b>Metropolitan Area</b>	<b>Distance in Highway Miles</b>
<b>Des Moines</b>	<b>200</b>
<b>Omaha</b>	<b>200</b>
<b>Wichita</b>	<b>200</b>
<b>St. Louis</b>	<b>250</b>
<b>Tulsa</b>	<b>250</b>
<b>Memphis</b>	<b>450</b>
<b>Minneapolis</b>	<b>450</b>
<b>Dallas</b>	<b>490</b>
<b>Chicago</b>	<b>500</b>

Strategically positioned, Kansas City enjoyed a thriving economy based on outfitting travelers rolling west along the Oregon and Santa Fe Trails prior to the Civil War. When the first railroad reached the area in 1869, things began to change as the city became an important transcontinental rail hub and the nation's most important cattle-trading center. It soon became a center for trade in grain as well, and considerable industrial development followed. Today, Kansas City is a major distributing point for the vast midwestern agricultural region.

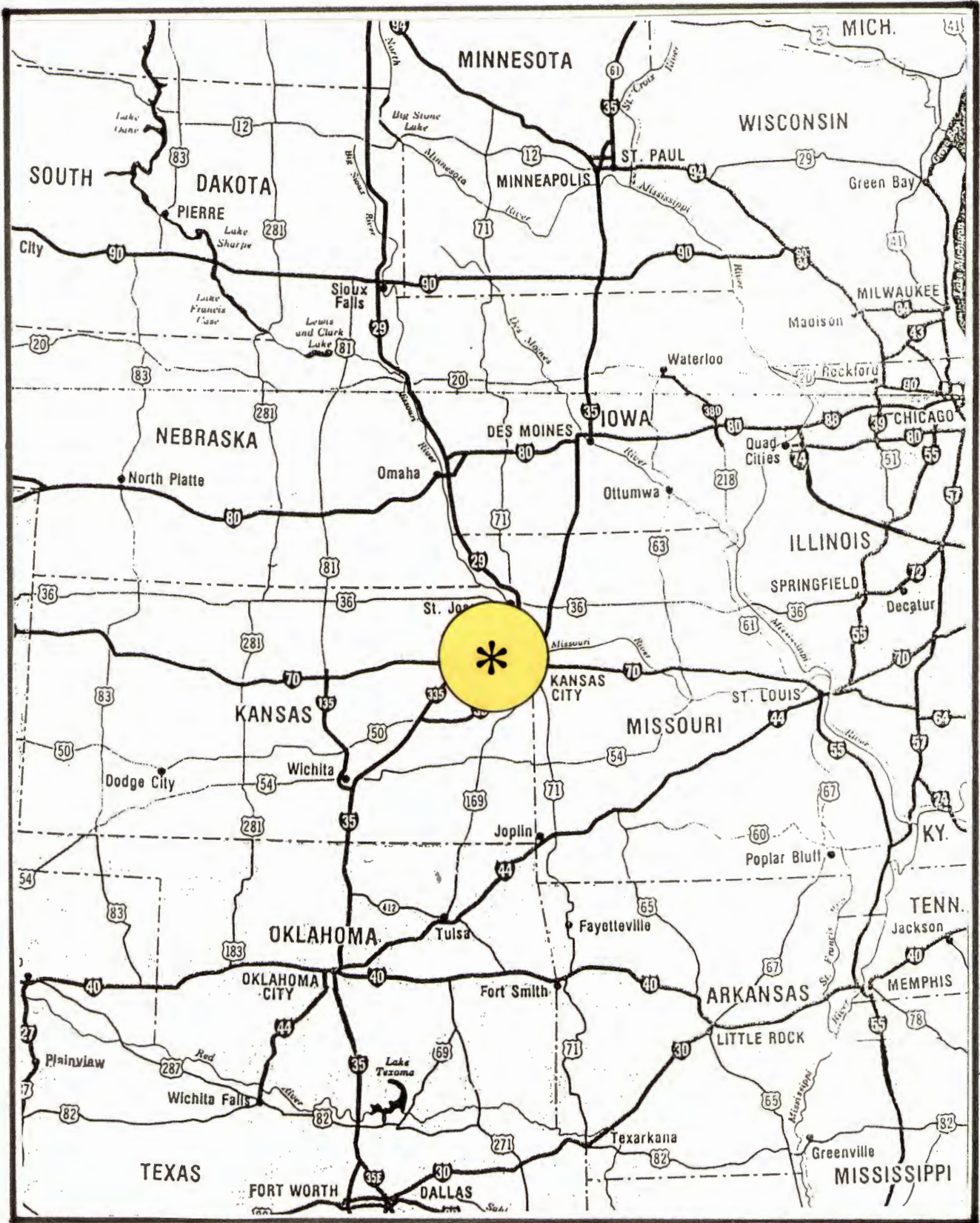


Figure 1

**REGIONAL ORIENTATION MAP  
FOR THE WORLD OF OZ**

The proposed site for the World of Oz, depicted in **Figure 2**, is a short drive to the west of downtown Kansas City near the suburbs of Bonner Springs and Edwardsville. To date, approximately 900 acres in this vicinity have been optioned or acquired by the client group for development of the theme park and associated resort facilities. Access conditions are excellent--the site area encompasses the interchange of Interstate 70 (Kansas Turnpike) and Interstate 435, which afford convenient and rapid connections to the national interstate system. It is HPC's understanding that the World of Oz will be able to obtain a dedicated interchange off I-70 providing a direct link to the park via the "Yellow Brick Road" and will also be cited on a number of highway directional signs. Several major surface arterials are also found in the site area and provide alternative local access. The site is furthermore characterized by flat or gently rolling terrain, and no unusual development conditions are known to exist. Presently varying in nature from suburban to semi-rural, surrounding land uses are compatible with a major theme park; two prominent complementary recreation facilities--the Woodlands Race Track and the Sandstone Amphitheater--are located within this general area.

### **Weather Conditions**

Weather characteristics of the Kansas City region will have an impact on the performance of the World of Oz to the extent that they influence the pattern of recreational activity and are particularly important in the context of their effect on the seasonal distribution of tourist visitation to the region. In **Table 2**, temperature and precipitation norms for Kansas City are indicated. Average maximum temperature, as shown, ranges from a low of about 36 degrees in January to a high of 88 degrees in July, while average (nighttime) minimums vary from roughly 18 degrees in winter to the moderate high-60s in summer. As a general rule, temperatures from December through February tend to be very cold, sometimes falling below zero for several consecutive days. Snowfalls are a regular occurrence at this time, with discomfort often intensified by high wind speeds contributing to a significant wind chill factor. Though summer daytime temperatures are not extremely high, the amount of rainfall recorded at this time of year leads to sometimes oppressive humidity.

Kansas City weather conditions are best set in perspective by comparisons with other theme park locations. **Table 3** shows that the Kansas City climate is on a par with St. Louis (site of Six Flags Over Mid-America) and considerably more amenable than



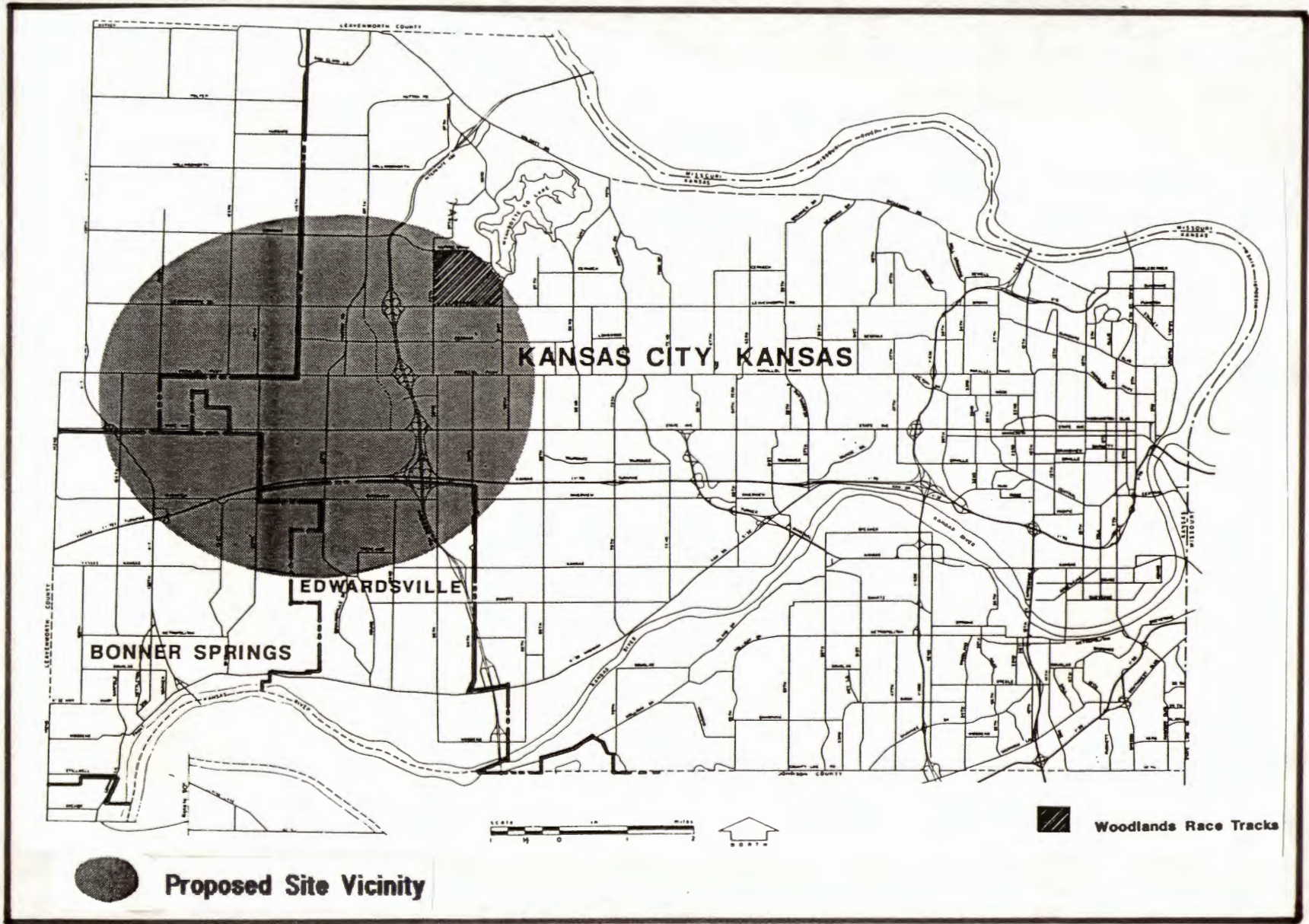


Figure 2

PROPOSED SITE FOR  
THE WORLD OF OZ

Table 2

**WEATHER CHARACTERISTICS OF  
THE KANSAS CITY AREA  
(30-Year Average)**

<u>Month</u>	<u>Temperature (°F)</u>		<u>Precipitation (Inches)</u>		<u>Average Wind Speed (mph)</u>
	<u>Average Maximum</u>	<u>Average Minimum</u>	<u>Rain</u>	<u>Snow/ Ice Pellets</u>	
January	35.7	18.4	1.3	5.7	10.9
February	41.4	23.1	1.3	5.9	11.9
March	50.7	30.6	2.6	3.8	12.4
April	64.7	43.7	3.5	0.7	11.9
May	74.2	53.9	4.3	T	9.7
June	82.8	63.2	5.6	0	9.5
July	88.1	66.9	4.4	0	8.4
August	87.2	65.8	3.8	0	8.9
September	78.8	57.1	4.2	0	8.6
October	68.2	46.9	3.2	T	9.7
November	51.4	33.1	1.5	1.1	11.1
December	<u>39.3</u>	<u>23.3</u>	<u>1.5</u>	<u>4.4</u>	<u>10.9</u>
Annual	63.5	43.8	37.2	21.6	10.3

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T means trace.

Source: National Oceanic and Atmospheric Administration.

Table 3

**COMPARATIVE WEATHER CHARACTERISTICS  
FOR SELECTED THEME PARK LOCATIONS  
(30-Year Averages)**

	<u>Kansas City</u>	<u>St. Louis</u>	<u>Nashville</u>	<u>Minneapolis</u>	<u>Atlanta</u>	<u>Dallas</u>	<u>Orlando</u>	<u>Los Angeles</u>
Temperature (°F)								
Average Annual Maximum	64	66	70	54	70	77	81	74
Average Annual Minimum	44	46	49	34	51	54	62	55
Range of Summer Maximum	83-88	85-88	88-90	77-82	85-87	91-96	89-90	77-84
Range of Winter Maximum	36-41	40-44	48-51	21-27	51-55	56-60	71-72	67-68
Record High	107	106	103	101	103	109	102	110
Record Low	-13	-14	-6	-34	-3	4	20	28
Mean Number of Days With Maximum Temperature <32°	34	27	8	83	2	0	0	0
Precipitation (inches)								
Average Annual Rainfall	37	36	46	26	48	32	51	14
Average Annual Snowfall	22	18	11	46	2	3	T	T
Mean Number of Days With >0.01 Inches	102	109	119	113	116	78	117	34
Mean Annual Windspeed (mph)	10.3	9.5	7.9	10.6	9.1	10.9	8.7	6.2

3-11

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T means trace.

Source: National Oceanic and Atmospheric Administration.

Minneapolis (site of Valleyfair). On the other hand, it is substantially less agreeable than other locations shown (notably the Disney park sites in Orlando and Los Angeles), especially during winter months. These data suggest that the World of Oz will necessarily be a seasonal operation; as will be discussed later in this report, however, there are opportunities for short-term operation outside the core Memorial Day to Labor Day season, provided that the park design includes facilities affording visitor protection from the elements during inclement weather. HPC understands that the Landmark concept has taken the weather factor into account and will incorporate indoor or otherwise sheltered entertainment venues capable of ensuring visitor comfort as needed.

### **Local Attractions Inventory**

The inventory of leisure-oriented attractions in the Kansas City area presently embraces a major theme park, a large (and soon to be redeveloped) zoo, and a number of cultural attractions and historic sites. The characteristics of existing attractions with an attendance volume exceeding 50,000 per year are summarized in **Table 4**. Currently the most heavily attended leisure destination is the Worlds of Fun theme park and its companion water park Oceans of Fun, which together record some 1.4 million visitors per year. Other significant attendance generators include the Kansas City Zoo, with an attendance volume of about 535,000, the Nelson-Atkins Museum of Art, with 412,000 visitors currently, and the Liberty Memorial Museum, with 208,000 visitors at the present time. Other attractions listed in the table fall below 200,000 in annual attendance.

The proposed World of Oz theme park will be complementary to the bulk of the existing attractions inventory, most of which can be expected to benefit from the spin-off recreational traffic generated by a major theme park destination. The chief potential exception is Worlds of Fun/Oceans of Fun, which caters to the same market and offers similar entertainment experiences. This well-managed operation, which has expanded and improved over the years in recognition of the ongoing need to provide fresh content encouraging repeat visitation, has enjoyed a loyal following for two decades and must be acknowledged as a competitive factor in the marketplace. The cumulative capital value of the Worlds of Fun complex is probably on the order of \$100 million, not an inconsequential figure. Two factors, however, suggest that the relationship of Worlds of Fun with the World of Oz may be at least partially synergistic

Table 4

EXISTING INVENTORY OF VISITOR ATTRACTIONS  
IN THE KANSAS CITY AREA  
1992

<u>Attraction</u>	<u>Year Opened</u>	<u>Governing Authority</u>	<u>Adult Admission Price</u>	<u>1990 Attendance</u>	<u>Description</u>
Worlds of Fun (Kansas City, MO)	1973	Commercial	\$21.95	1,171,000	Themed amusement park
Kansas City Zoo (Kansas City, MO)	1909	City	3.00	535,000	Zoological park
Nelson-Atkins Museum of Art (Kansas City, MO)	1933	Private nonprofit	4.00	412,000	Art museum
Kansas City Museum (Kansas City, MO)	1939	Private nonprofit	3.50	304,000	History and science museum
Oceans of Fun (Kansas City, MO)	1982	Commercial	14.95	265,000	Water park
Liberty Memorial Museum (Kansas City, MO)	1926	City	1.00	208,000	World War I museum
Harry S. Truman Library (Independence, MO)	1957	Federal	2.00	155,000	Presidential library

**Table 4**  
**(Continued)**

<u>Attraction</u>	<u>Year Opened</u>	<u>Governing Authority</u>	<u>Adult Admission Price</u>	<u>1990 Attendance</u>	<u>Description</u>
Hallmark Visitor Center (Kansas City, MO)	1985	Commercial	Free	150,000	Corporate visitor center
Kemper Museum of Art (Kansas City, MO)	1990	College	Free	150,000	Contemporary art museum
Benjamin Ranch (Kansas City, MO)	1885	Commercial	Varies	142,000	Equestrian center, rodeo shows
Harry S. Truman Historic Site (Independence, MO)	1982	Federal	\$1.00	120,000	Former home and office of President Truman
Frontier Army Museum (Fort Leavenworth, KS)	1938	Federal	Free	90,000	Military museum
Watkins Woolen Mill Historic Site (Larson, MO)	1964	State	1.25	70,000	Industry and agriculture museum
Missouri Town 1855 (Lee's Summit, MO)	1963	County	2.00	65,000	Restored historic town

Source: Harrison Price Company field survey.

as opposed to competitive: 1) the fact that Worlds of Fun is more of a "thrill ride" park than the Landmark concept for the World of Oz, which will emphasize live shows, animatronics, and other "soft" entertainment programming; and 2) a fundamental thematic difference, whereby Worlds of Fun deals with simulated international environments having no emotional association for most people, while the World of Oz will be based on an author and characterizations that are personally remembered and admired.

While two obvious parallels exist in the recreation industry -- Los Angeles and Orlando -- Kansas City will be the first moderately sized market to attempt support of multiple theme parks. In the large markets, synergism among attractions of appreciably different content and investment levels is observable, which is not to say that these parks do not compete with one another. A certain level of synergy is maintained only because competing parks are enough dissimilar in entertainment approach and, more importantly, tend to match each other in adding new attractions, thereby constantly enlarging the overall magnet that constitutes the incentive to visit a given destination area. In short, while the proposed project will unavoidably compete with the existing Worlds of Fun to an indeterminate extent, the potential exists to foster a complementary relationship that capitalizes on the market niche each attraction occupies.

## Section 4

### MARKET SUPPORT ANALYSIS

An examination of the magnitude and quality of available market support is a necessary prerequisite to a determination of attendance volume at the World of Oz. The two components of the market available to the project are the regional resident population and the nonresident tourist population, the size and characteristics of which are analyzed in this section of the report.

#### AVAILABLE RESIDENT MARKET

In the recreation industry, a standard definition of the effective resident market for a major theme park is a 100-mile radius of the site, or about two hours in driving time given typical urban traffic conditions, with attendees originating beyond this limit classed as tourists (including excursionists within a day's drive and long-distance travelers usually remaining overnight or longer). This definition, while somewhat arbitrary, has been utilized in this analysis. Because industry experience not surprisingly reveals a strong inverse relationship between propensity to attend and travel distance, this market has been further subdivided into two parts: a local, or primary, segment extending up to about 50 miles, and a regional, or secondary, segment comprising the balance of the 100-mile area. The paragraphs to follow describe the principal characteristics of this market.

#### Population

Regional resident population within 100 miles of Kansas City, an area embracing the 10-county, bi-state Kansas City metropolitan area plus the Lawrence and Topeka metro areas in Kansas, the St. Joseph metro area in Missouri, and contiguous counties in both states, amounted to some 2.3 million in 1980 and increased modestly to 2.5 million as of the 1990 Census, as shown in **Table 5**. The near-term projection to 1995 reveals that this population base is expected to remain essentially stable at about 2.6 million; tentative longer-term forecasts by the U.S. Bureau of Economic Analysis suggest a total population of 2.7 million by 2010. The primary market segment (0-50 miles), which extends through Kansas City, Lawrence, and St. Joseph,



Table 5

POPULATION TRENDS IN THE  
KANSAS CITY RESIDENT MARKET AREA  
1980-1995

	Total Population (thousands)			Average Annual Rate of Increase	
	<u>1980</u>	<u>1990</u>	Projected <u>1995</u>	<u>1980-1990</u>	<u>1990-1995</u>
Primary Market (0-50 miles)	1,648	1,804	1,868	0.9%	0.7%
4-2 Secondary Market (50-100 miles)	<u>690</u>	<u>691</u>	<u>691</u>	<u>n/c</u>	<u>n/c</u>
Subtotal	2,338	2,495	2,559	0.7%	0.5%
Tertiary Market (100-200 miles) 1/	<u>4,485</u>	<u>4,688</u>	<u>4,781</u>	<u>0.4</u>	<u>0.4</u>
Total	6,823	7,183	7,340	0.5%	0.4%

n/c means no change.

1/ Represents outlying market support contributing to the pool of potential induced visitation.

Source: Urban Decision Systems, Inc. and Harrison Price Company.

contains roughly 1.8 million residents currently. A comparatively small population base of some 690,000 is found in the secondary market segment (50-100 miles), which encompasses low-density suburbs on the fringe of metropolitan Kansas City as well as many rural counties. No increase has taken place in the secondary market area population since 1980 and none of consequence is expected through 1995.

The table also shows a tertiary market segment reaching out to a 200-mile radius. This area takes in major sections of eastern Kansas (including Wichita) and western Missouri together with portions of Iowa (including Des Moines) and Nebraska (including Omaha and Lincoln), and reaches almost to St. Louis and Tulsa. A relatively large population of 4.7 million currently resides in this outer ring. People living in the tertiary market area, however, undoubtedly generate a substantial share of tourist visitation to Kansas City (to be discussed subsequently), thus raising a serious risk of double-counting if treated as a source of resident support. This analysis has accordingly not addressed a tertiary market per se, but rather has taken this base into account in estimates of Kansas City tourism, including that potentially induced by the subject attraction. In the latter regard, it is worth noting that excellent access is available from this outlying area via Interstates 29, 35 and 70 (refer to Figure 1).

### **Age and Income Characteristics**

Age characteristics of the Kansas City market, set forth in **Table 6**, reveal a current overall median of about 33 years, with the primary segment somewhat younger on average (median of 32 years) than the secondary segment (median of 36 years). Roughly 20 percent of the total population is comprised of children under 14 years of age, and an approximately equal percentage is represented by persons over 55 years of age. A current household income profile for the area is presented in **Table 7** and reveals an overall median of some \$28,500 annually, with the primary segment reporting nearly \$31,000 per year in contrast to a modest \$23,000 per year in the secondary segment.

In **Table 8**, a comparison has been made of age and income medians in the Kansas City primary resident market with those of other theme park locations. Figures in this table, it should be noted, refer to the metropolitan area and thus vary slightly from the primary market data in Tables 6 and 7, which were based on a 50-mile radius. Median age in Kansas City, as indicated, is just slightly below the national average and does not differ significantly from other cities. Median household income in Kansas City,

Table 6

**AGE CHARACTERISTICS OF THE  
KANSAS CITY RESIDENT MARKET AREA  
1990**

	<u>Resident Market Segment</u>		<u>Total</u>
	<u>Primary (0-50 miles)</u>	<u>Secondary (50-100 miles)</u>	
Total Population (thousands)	1,804	691	2,495
Percent Distribution by Age Group:			
Less Than 14 Years	20.6%	19.8%	20.4%
14-20 Years	9.3	9.4	9.3
21-34 Years	24.9	20.1	23.5
35-54 Years	25.3	23.9	25.0
55 Years or More	<u>19.9</u>	<u>26.8</u>	<u>21.8</u>
Total	100.0%	100.0%	100.0%
Median Age (years)	32.4	35.6	32.7

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Source: Urban Decision Systems, Inc. and Harrison Price Company.

Table 7

**INCOME CHARACTERISTICS OF THE  
KANSAS CITY RESIDENT MARKET AREA  
1990**

	<u>Resident Market Segment</u>		<u>Total</u>
	<u>Primary (0-50 miles)</u>	<u>Secondary (50-100 miles)</u>	
Number of Households (thousands)	692	269	961
Percent Distribution by Income Category:			
Less Than \$15,000	23.3%	32.1%	25.7%
\$15,000-\$24,999	17.5	21.8	18.7
\$25,000-\$34,999	15.6	16.1	15.8
\$35,000-\$49,999	19.1	15.6	18.0
\$50,000-\$74,999	16.4	10.2	14.8
\$75,000 or More	<u>8.1</u>	<u>4.2</u>	<u>7.0</u>
Total	100.0%	100.0%	100.0%
Median Household Income	\$30,872	\$23,121	\$28,544

Source: Urban Decision Systems, Inc. and Harrison Price Company.

Table 8

COMPARATIVE AGE AND INCOME CHARACTERISTICS  
OF SELECTED U.S. METRO AREAS  
1990

<u>Metro Area</u>	<u>Median Age (years)</u>	<u>Median Household Income</u>
San Francisco Bay Area	33.6	\$39,032
Los Angeles-Anaheim	30.9	34,135
Chicago-Gary	32.5	34,122
Minneapolis-St. Paul	31.8	33,773
Atlanta	31.6	32,838
KANSAS CITY	32.9 1/	31,212 1/
St. Louis	33.2	31,099
Dallas-Ft. Worth	30.7	31,078
Houston-Galveston	30.4	30,581
Cincinnati	32.3	29,086
Nashville	32.5	28,687
Orlando	32.3	28,067
U.S. Average	33.1	\$27,912

1/ Figures refer to metropolitan area and thus differ from those in Tables 6 and 7, which refer to a 50-mile radius.

Source: Sales Management, "1991 Survey of Buying Power;" and Harrison Price Company.

meanwhile, is above the national average, although below several of the other cities listed. The subject market may hence be described as moderately young and moderately affluent--nothing exceptional but, on the other hand, nothing suggesting weakness in the qualitative sense.

## **AVAILABLE TOURIST MARKET**

Endowed with an impressive inventory of historic sites, fine cultural institutions, several commercial entertainment attractions, excellent shopping, and a jazz tradition rivaling that of New Orleans, Kansas City is a popular tourist destination. Subsequent paragraphs describe key aspects of the regional visitor industry, including estimated total volume and salient visitor characteristics.

### **Estimated Market Size**

No official estimates of visitation to the Kansas City area are available. Measurement of tourist activity in any area is an imprecise exercise at best owing to varying definitions of who constitutes a "tourist," gaps or inconsistencies in the data base needed to derive visitor numbers, and other factors that hamper and sometimes prevent a confident estimate. It is possible, however, to determine the general magnitude of the market through an extrapolation from hotel capacity, which is presented in **Table 9**. As shown, a total of some 18,000 hotel/motel rooms were available in the area as of 1990. Applying factors relative to average annual occupancy, number of persons per room, and mean length of hotel/motel stay as evidenced by various tourist surveys and interviews with local visitor industry authorities, the table calculates hotel-based visitation at approximately 2.5 million people. Data from the Convention and Visitors Bureau of Greater Kansas City suggests that hotel visitors comprise slightly more than half of the total overnight base, yielding an aggregate overnight market (including visitors staying in other types of accommodations) on the order of 4.5 million people.

There is considerable uncertainty as to the size of the day-visit and pass-through or transient market--surveys from different tourist agencies in the region report a wide variance, from as little as 10 or 15 percent of the overall market to as much as 50 percent. Visitor origin data to be described momentarily, however, attest to the sizable number of arrivals from nearby points in the central United States. Given the fact that

Table 9

**ESTIMATION OF THE KANSAS CITY TOURIST MARKET  
1990**

	<b><u>Number or Factor</u></b>
Number of Hotel/Motel Rooms in Metro Area 1/	18,055
Average Annual Occupancy Rate	61%
Number of Occupied Rooms	11,086
Annual Occupied Room-Nights (at 365 days)	4,046,306
Average Number of Persons Per Room	1.4
Annual Person-Nights	5,664,828
Average Hotel/Motel Length of Stay (nights)	2.3
Annual Number of Hotel/Motel Visitors	2,462,969
Estimated Percent of Overnight Visitors in Hotels/Motels	55%
Annual Number of Overnight Visitors	4,478,125
Rounded to	<b>4,500,000</b>
Overnight Visitors as Percent of Total	71%
Total Annual Number of Visitors	6,338,028
Rounded to	<b>6,300,000</b>

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1/ Five-county Kansas-Missouri area.

Source: Kansas Travel and Tourism Development Division,  
Convention & Visitors Bureau of Greater Kansas City, Hotel-  
Motel Association of Greater Kansas City, Pannell Kerr Forster,  
and Harrison Price Company.

many of these visitors (such as those residing in the "tertiary" market 100 to 200 miles away) can fairly easily undertake a day-trip, HPC suspects that a proportionately large day-visit market is the reality. Assuming that day-trippers account for about 30 percent of total tourist visitation, the magnitude of the overall market appears to be in the neighborhood of 6.3 million, as Table 9 concludes. This estimate may be conservative and is intended only as an order-of-magnitude figure viewed as reasonable for attendance planning purposes. Day-trippers, it should be recognized, are not ordinarily a strong source of support for a major theme park entailing an average length of stay of more than one-half day, especially if they are simply passing through enroute to another destination. Instead, the day segment should be regarded as part of the available base from which to induce expanded overnight visitation, whereby stay times in Kansas City are commensurate with the time required to enjoy a major attraction.

Review of long-term trends in travel to the central United States as revealed by U.S. Travel Data Center studies indicates sustained moderate growth in the neighborhood of 2 percent annually. Tourism in most areas of the country has been on a downslide since 1989 given the persistent national recession, the Persian Gulf War, and other factors. There are signs that conditions have begun to improve, which should produce a turnaround in the recreational travel market this year and thereafter. Based on a 2 percent annual growth rate, total overnight visitation to the Kansas City area should reach about 5 million by 1995 and about 6.7 million within 15 years. These projections represent "normal" growth and exclude consideration of appreciable inducements that may occur as a result of enhanced destination infrastructure, including the World of Oz, the Branson music show complex, and other as-yet unidentified developments in this general region.

### **Visitor Characteristics**

Tourist promotion agencies in the state of Kansas have to date undertaken only limited studies detailing the demographic and trip characteristics of Kansas visitors. A comprehensive survey effort, however, was recently undertaken in neighboring Missouri, which in part reflects travel to the greater Kansas City area and thus furnishes useful data. **Table 10** contains a summary of this 1991 survey's findings. With respect to main purpose of trip, the table reveals that vacation or pleasure was the most common reason for visiting Missouri, representing 47 percent of total



Table 10

**SELECTED CHARACTERISTICS OF  
TRAVELERS TO MISSOURI  
1991**

	Percent of Total Responses 1/		
	<u>Missouri Residents</u>	<u>Out-of-State Visitors</u>	<u>Weighted Average</u>
<b>Main Purpose of Visit</b>			
Vacation/Pleasure	44.4%	49.4%	47.0%
Business/Convention	14.3	14.2	14.2
Visit Friends/Relatives	11.8	15.8	13.9
Passing Through	5.6	10.0	7.9
Bus Tour	2.1	3.2	2.7
Other	21.8	7.6	14.3
<b>Average Length of Stay</b>			
Day Only	43.0%	16.4%	29.4%
1-3 Nights	42.5	52.5	47.6
4-5 Nights	8.8	17.5	13.2
6 or More Nights	5.7	13.6	9.8
Average (nights)	1.73	2.92	2.34
<b>Travel Party Size</b>			
1 Person	14.3%	9.3%	11.8%
2 Persons	37.9	41.9	39.9
3 Persons	14.9	14.2	14.6
4 Persons	17.0	18.9	17.9
5 or More Persons	15.9	15.7	15.8
Average (persons)	2.82	2.90	2.86
<b>Travel Party Composition</b>			
Individual	23.4%	15.8%	19.6%
Family (Couple Under 50 Years of Age With Children)	35.2	34.6	34.9
Couple Under 50 Years of Age, No Children)	30.8	31.7	31.2
Couple Over 50 Years of Age	10.6	17.9	14.3

**Table 10**

**(Continued)**

	<b>Percent of Total Responses 1/</b>		
	<b><u>Missouri Residents</u></b>	<b><u>Out-of-State Visitors</u></b>	<b><u>Weighted Average</u></b>
<b>Accommodations Used by Overnight or Longer Visitors</b>			
Hotel/Motel	45.3%	60.7%	54.7%
Campground/RV Park	27.4	14.4	19.5
Homes of Friends/Relatives	13.1	16.2	15.0
Other	14.2	8.7	10.8
<b>Leading Visitor Origin Areas</b>			
Missouri	n/a	n/a	48.5%
Illinois	n/a	n/a	10.2
Kansas	n/a	n/a	6.0
Iowa	n/a	n/a	2.8
Texas	n/a	n/a	2.8
Oklahoma	n/a	n/a	2.5
Arkansas	n/a	n/a	2.2
Nebraska	n/a	n/a	1.9
<b>Activities Enjoyed</b>			
Outdoor Recreation/Sports	35.0%	22.9%	28.0%
Cultural/Historical Attractions	17.6	24.5	21.7
Shopping	13.4	13.2	13.3
General Sightseeing	12.2	12.6	12.4
Concerts/Nightclubs	5.4	7.8	6.8
Theme Parks	5.6	6.7	6.3
Spectator Sports	1.7	2.5	2.2
Other	9.1	9.8	9.3

n/a means not applicable.

1/ Based on a survey of approximately 18,000 tourists during the periods May 24-27, July 26-29, and September 27-30, 1991, conducted by the Missouri Division of Tourism.

Source: Missouri Division of Tourism, "Traveler Intercept Study, 3 Waves, 1991;" and Harrison Price Company.

responses. Business and visits to friends or relatives were next in significance, each at some 14 percent of the total. Tourist length of stay averages roughly 2.3 nights, while travel party size has a mean of approximately 2.9 persons. Slightly more than one-third of all travel parties are family groups, and a similar proportion are comprised of young couples without accompanying children. Some 55 percent of all visitors stay in commercial accommodations; campgrounds are also popular at 20 percent of the market. Missouri residents vacationing within the state account for nearly half of total visitation, with other significant origin points including nearby Illinois, Kansas, Iowa, Texas, Oklahoma, Arkansas, and Nebraska. Missouri and the latter states together contribute more than three-fourths of all visitor arrivals.

Outdoor recreation and participant sports is the chief type of activity enjoyed by Missouri visitors, mentioned by 28 percent of all respondents, followed by visits to cultural and historical sites, at 22 percent, shopping at 13 percent, and general sightseeing at 12 percent. Some 6 percent of all respondents cited visits to theme parks as a preferred activity. Greater detail on activity preferences is presented in **Table 11**, which distinguishes responses by day-trippers from those of longer-stay visitors. Differences are not radical, but shopping nevertheless ranks higher among day-visitors than overnighters and outdoor recreation conversely ranks higher among the overnight contingent. More out-of-state visitors go to theme parks, it will be noted, than do Missouri residents.

A distribution of median daily per capita expenditures by travelers to Missouri is shown in **Table 12**. Total expenditures by Missouri residents amount to some \$119 per person daily, whereas out-of-state tourists spend about \$178 daily per capita, both of which are appreciable figures suggesting a generally affluent tourist market. Food and beverage spending represents the highest outlay among Missourians, accounting for 25 percent of the total, while lodging represents the largest share of the travel dollar for out-of-staters at 28 percent of total spending. Expenditures on transportation are comparatively high for both visitor groups; however, these data include the cost of travel to and within the state, which encompasses airfares and other relatively high-cost items such as taxi fares.

**Table 11**

**ACTIVITIES ENJOYED BY MISSOURI TOURISTS  
BY LENGTH OF STAY  
1991**

	<b>Percent of Total Responses 1/</b>		
	<b><u>Missouri Residents</u></b>	<b><u>Out-of-State Visitors</u></b>	<b><u>Weighted Average</u></b>
<b>Activities Enjoyed On Day Trips</b>			
Cultural/Historical Attractions	23. 2%	29. 1%	24. 6%
Outdoor Recreation/Sports	23. 1	15. 3	21. 1
Shopping	18. 4	16. 2	17. 8
General Sightseeing	12. 5	13. 0	12. 6
Theme Parks	6. 6	8. 7	7. 1
Concerts/Nightclubs	3. 8	3. 7	3. 8
Spectator Sports	1. 6	2. 7	1. 9
Other	10. 8	11. 3	11. 1
<b>Activities Enjoyed On Overnight or Longer Trips</b>			
Outdoor Recreation/Sports	38. 7%	22. 4%	28. 1%
Cultural/Historical Attractions	14. 5	23. 5	20. 4
General Sightseeing	12. 4	12. 2	12. 2
Shopping	10. 5	12. 9	12. 0
Concerts/Nightclubs	6. 2	8. 5	7. 7
Theme Parks	5. 5	7. 0	6. 5
Spectator Sports	1. 5	2. 4	2. 1
Other	10. 7	11. 1	11. 0

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1/ Based on a survey of approximately 18,000 tourists during the periods May 24-27, July 26-29, and September 27-30, 1991, conducted by the Missouri Division of Tourism.

Source: Missouri Division of Tourism, "Traveler Intercept Study, 3 Waves, 1991;" and Harrison Price Company.

Table 12

**DISTRIBUTION OF EXPENDITURES BY  
TRAVELERS TO MISSOURI  
1991**

<u>Expenditure Category</u>	<b>Median Daily Per Capita Expenditure 1/</b>	
	<b><u>Missouri Residents</u></b>	<b><u>Out-of-State Visitors</u></b>
Lodging	\$29.59	\$49.69
Food and Beverages	31.89	44.21
Admissions	17.17	27.14
Transportation 2/	17.67	22.89
Retail Goods and Other	<u>22.30</u>	<u>33.86</u>
Total	\$118.62	\$177.79

1/ Based on a survey of approximately 18,000 tourists during the periods May 24-27, July 26-29, and September 27-30, 1991, conducted by the Missouri Division of Tourism.

2/ Includes airfares and local transportation.

Source: Missouri Division of Tourism, "Traveler Intercept Study, 3 Waves, 1991;" and Harrison Price Company.

## Convention Activity

Of interest to this analysis in the context of the overall tourist market is convention trade in greater Kansas City, which is among the nation's top convention venues. Because convention delegates are usually a reliable source of support for the entertainment offerings of any city they visit, especially in light of recent industry studies revealing that more and more delegates are bringing along their spouses, this submarket warrants attention in the present analysis. Recent convention experience in Kansas City, Missouri, is highlighted in **Table 13**. As of 1991, the delegate count stood at some 437,000 people spread over nearly 700 separate events. It is noteworthy that meeting activity exhibited a trend counter to that of the national tourist market during the past few years, with noticeable growth occurring in 1989 and 1990; only in 1991 did the market experience a small downturn. **Table 14** summarizes recent convention trade in Kansas City, Kansas. Due to a limited hotel/motel plant (only about 1,000 rooms out of the 18,000 metropolitan total) and a modest assembly facility inventory, delegate volume on the Kansas side of the river is much smaller, totaling 80,000 delegates in 1990 at 200 different events and 74,000 in 1991 at 255 events. Most of these meetings--44 percent of the total--are district (western Kansas/eastern Missouri) gatherings, indicating that the Kansas side of the city caters to a more locally oriented convention trade than does the Missouri side, where roughly half of all meetings are national or international in scope.

Combined convention activity in the metropolitan area as a whole amounts to a 1991 total of more than 900 events and in excess of 500,000 delegates. Conservatively estimating that 40 percent of all delegates are accompanied by a spouse (the average for large cities now being on the order of 60 percent), overall convention-related visitation amounts to at least 700,000 people and represents yet another marketing opportunity for the World of Oz. HPC understands, moreover, that plans have recently been approved to expand Kansas City's (Missouri) main convention center, Bartle Hall. Available exhibit space in the center will more than double to a total of some 410,000 square feet. An analysis prepared by students in the Graduate Program in Urban Planning at the University of Kansas (April 1991) suggests that an incremental increase in delegate volume of roughly 150,000 to 190,000 may result from the expansion project coupled with associated hotel development, thus strengthening Kansas City's position as an important convention venue.

**Table 13**

**CONVENTION ACTIVITY IN  
KANSAS CITY, MISSOURI  
1982-1991**

<u>Year</u>	<u>Number of Events</u>	<u>Number of Delegates</u>	<u>Estimated Expenditures (thousands)</u>
1982	415	507,635	n/a
1983	567	543,105	n/a
1984	457	542,007	n/a
1985	435	378,583	n/a
1986	445	353,747	n/a
1987	531	326,068	\$128,965
1988	570	384,862	142,065
1989	662	414,552	151,970
1990	666	470,340	182,785
1991	676	437,464	172,422

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n/a means not available.

Source: Convention and Visitors Bureau of Greater  
Kansas City.

**Table 14**  
**CONVENTION ACTIVITY IN**  
**KANSAS CITY, KANSAS**  
**1990 and 1991**

	<u>1990</u>	<u>1991</u>
Number of Events		
Citywide	34	49
District	69	112
State	16	19
Regional	65	51
National	<u>18</u>	<u>24</u>
Total	202	255
Number of Delegates	80,126	73,871

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Source: Kansas City Area Convention and  
Visitors Bureau.



Table 15

**PASSENGER TRAFFIC THROUGH  
KANSAS CITY INTERNATIONAL AIRPORT  
1981-1990**

<u>Year</u>	<u>Total Passengers (thousands)</u>	
	<u>Enplaned and Deplaned</u>	<u>Origin and Destination 1/</u>
1981	4,530	3,252
1982	5,005	3,607
1983	5,011	3,817
1984	6,458	4,578
1985	7,239	4,984
1986	8,299	5,237
1987	9,433	5,723
1988	9,481	6,007
1989	9,351	6,026
1990 2/	6,944	6,143
1991	6,947	5,958
Average Annual Rate of Increase		
1981-1989	9. 5%	8. 0%
1981-1991	4. 4	6. 2

1/ Passengers beginning or ending their trip in Kansas City; excludes connecting passengers.

2/ Braniff Airlines, an important traffic generator in Kansas City, ceased operations in 1990.

Source: Kansas City Aviation Department and Harrison Price Company.

## **Airport Traffic Volume**

Another subset of the overall Kansas City tourist market consists of air arrivals through Kansas City International Airport. In **Table 15**, it can be seen that total passenger volume amounted to 4.5 million in 1981, reached a peak of 9.5 million in 1988, and has more recently declined--with the demise in 1990 of the important regional carrier Braniff Airlines--to 6.9 million currently. Airport officials note that origin and destination figures, as opposed to gross passenger volume as just cited, provide a more accurate reflection of the traffic growth pattern at this airport, since these data factor out connecting passengers who are merely passing through and presumably do not leave the airport between planes. Total origin and destination traffic has grown from about 3.3 million in 1981 to roughly 6 million currently, representing a robust growth rate of more than 6 percent annually over the past 10 years as compared to a 4 percent average annual increase in overall passenger volume including transients.

Airport passenger volume largely reflects travel in and out of Kansas City by local residents, together with a nonlocal air component that is presumably heavily oriented to business visitors given the city's prominence as an agricultural, wholesale/retail trade, and manufacturing center. This suggestion is confirmed by the monthly distribution of passenger arrivals presented in **Table 16**, where only moderate seasonal variation is apparent--the mild summer peak is as much a barometer of outgoing vacation travel by Kansas City residents as it is a measure of in-bound tourist traffic. The high rate of growth in origin and destination volume is thus not extendible to air tourist arrivals as a discernible market segment. Moreover, somewhat dated, but probably still valid studies concerning usual tourist mode of arrival in the Kansas City area reveal that more than 90 percent of all visitors arrive by auto. Airport volume, accordingly, is significant mainly as evidence of the fact that Kansas City is an established regional hub that offers convenient connections with metropolitan areas throughout the country, thus underscoring the area's eligibility to support potential increases in air arrivals that may result from a national advertising campaign for the World of Oz.

## **Highway Traffic Volume on I-70**

As a basis for determining the extent of tourist usage of the key Interstate 70/Kansas Turnpike arterial, **Table 17** presents average annual daily traffic volumes since 1980

Table 16

**MONTHLY DISTRIBUTION OF PASSENGER TRAFFIC  
THROUGH KANSAS CITY INTERNATIONAL AIRPORT  
1989-1991**

<u>Month</u>	<u>Total Passengers Enplaned and Deplaned (thousands)</u>			<u>Three-Year Total</u>	<u>Average Percent of Total</u>
	<u>1989</u>	<u>1990</u>	<u>1991</u>		
January	726	489	478	1,693	7.3%
February	694	473	456	1,623	7.0
March	869	609	558	2,036	8.7
April	815	547	531	1,893	8.1
May	880	621	611	2,112	9.1
June	953	653	644	2,250	9.7
July	949	645	633	2,227	9.6
August	948	669	674	2,291	9.9
September	752	539	570	1,861	8.0
October	657	575	625	1,857	8.0
November	561	567	568	1,696	7.3
December	<u>547</u>	<u>558</u>	<u>600</u>	<u>1,705</u>	<u>7.3</u>
Total	9,351	6,945	6,948	23,244	100.0%

Source: Kansas City Aviation Department and Harrison Price Company.

Table 17

**AVERAGE DAILY TRAFFIC VOLUME ON I-70  
NEAR THE SUBJECT SITE  
1980-1990**

<u>Year</u>	<u>Average Daily Traffic 1/ (Both Directions)</u>	<u>Percent Change From Prior Year</u>
1980	12,013	n/a
1981	11,988	(0.2)%
1982	12,251	2.2
1983	12,106	(1.2)
1984	12,942	6.9
1985	13,012	0.5
1986	12,546	(3.6)
1987	13,885	10.7
1988	14,996	8.0
1989	16,047	7.0
1990	17,230	7.4
Average Annual Rate of Increase		3.7%

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n/a means not available.

1/ Based on counts taken at a point between the  
Bonner Springs and I-435 interchanges.

Source: Kansas Department of Transportation and  
Harrison Price Company.

for a point near the site for the World of Oz (an official counter located on I-70 between the Bonner Springs and I-435 interchanges). Figures shown in the table refer to combined eastbound and westbound traffic. As of 1990, total average daily volume amounted to roughly 17,000 vehicles, up from some 12,000 vehicles in 1980. The average annual rate of increase over the decade amounted to a substantial 3.7 percent. Year-to-year variations may reflect a number of factors, including weather (and hence driving) conditions at different times of the year, temporary lane or road closures for repairs or construction, gasoline prices (which can affect discretionary travel), and so on.

**Table 18** highlights the seasonal pattern of highway traffic in this vicinity. Volume can be seen to vary from a low of 13,000 vehicles daily in January to a high of nearly 21,000 vehicles daily in August. From the indicated monthly means, HPC developed the seasonal index shown in the table, which expresses average daily volume in each month as a function of the annual average. In the low month of January, for example, average daily traffic volume amounts to 77 percent of the overall annual average. Conversely, in the high month of August, average daily traffic exceeds the overall annual average by 21 percent, illustrating the seasonal surge in recreational travel during the summer, including tourist vehicles as well as recreational trips by local residents.

In **Table 19**, the aforementioned monthly variations have been used to estimate the total volume of recreational traffic recorded at this location. In this analysis, it has been assumed that the low month of January represents the baseline--primarily commuter and other local traffic and only nominal tourist traffic. HPC first adjusted average daily traffic counts to exclude commercial vehicles (trucks and other heavy vehicles with more than two axles), which state transportation authorities estimate at approximately 19 percent of total traffic in this vicinity. Deducting the 19 percent commercial component from each monthly figure leaves a balance representing noncommercial traffic--from the previous Table 18, for example, the total monthly count of 13,196 vehicles in January less 19 percent equals 10,689 noncommercial vehicles daily.

The baseline January figure was then subtracted from average daily volume in each subsequent month to yield a net daily increment assumed to be attributable to recreational traffic. In June, for instance, total calculated average daily traffic of 16,291 noncommercial vehicles less the 10,689 January baseline results in an increment of

Table 18

SEASONAL INDEX OF TRAFFIC VOLUME ON I-70  
NEAR THE SUBJECT SITE  
1990

<u>Month</u>	<u>Average Daily Traffic 1/ (Both Directions)</u>	<u>Seasonal Index (Annual Average ADT = 100)</u>
January	13,196	77
February	13,493	78
March	15,657	91
April	16,113	94
May	17,868	104
June	20,112	117
July	20,306	118
August	20,767	121
September	18,422	107
October	17,044	99
November	16,636	97
December	<u>16,857</u>	<u>98</u>
Annual	17,230	100

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1/ Based on counts taken at a point between the  
Bonner Springs and I-435 interchanges.

Source: Kansas Department of Transportation and  
Harrison Price Company.

Table 19

**ESTIMATED RECREATIONAL TRAFFIC ON I-70  
NEAR THE SUBJECT SITE  
1990**

<b>Month</b>	<b>Average Daily Noncommercial Traffic by Month 1/</b>	<b>Average Daily Increment Over Base 2/</b>	<b>Number of Days</b>	<b>Total Recreational Traffic Per Month</b>
January	10,689	0	31	0
February	10,929	240	28	6,720
March	12,682	1,993	31	61,783
April	13,068	2,379	30	71,370
May	14,473	3,784	31	117,304
June	16,291	5,602	30	168,060
July	16,448	5,759	31	178,529
August	16,821	6,132	31	190,092
September	14,922	4,233	30	126,990
October	13,806	3,117	31	96,627
November	13,475	2,786	30	83,580
December	13,654	2,965	31	<u>91,915</u>
<b>Total Annual Recreational Traffic</b>				<b>1,192,970</b>

1/ Monthly average daily traffic as shown in Table 18 less estimated 19 percent commercial traffic.

2/ Average daily increase in traffic volume over base (low) month of January.

Source: Kansas Department of Transportation and Harrison Price Company.

5,602 daily recreational traffic. Finally, multiplying by the number of days in the month, the total monthly recreational volume was estimated--5,602 vehicles times 30 days equals a total increment of 168,060 vehicles for the month of June. The table thus shows that for the year as a whole, recreational traffic in the site vicinity is on the order of 1.2 million vehicles, including tourists and recreational traffic generated by local residents.

A reasonable average car occupancy factor for recreational trips would be on the order of three persons. On this basis, approximately 3.6 million leisure-motivated people pass through the World of Oz vicinity annually. Visits to theme parks are not ordinarily impulse decisions; rather, most people tend to plan such trips well in advance and do not simply pull off the highway when passing a destination of interest. However, these data offer evidence that the proposed attraction will have exposure to a large volume of leisure travelers circulating through the area who, on seeing the park, may be inspired to return another day.

#### **AGGREGATE MARKET SUPPORT**

A summary of aggregate resident and tourist market support available to the World of Oz is contained in **Table 20**. Overall market size, as shown, will approximate 7.6 million persons by 1995, with longer-term forecasts calling for about 9.4 million by 2010. Given a basically static resident population base, tourists comprise more than two-thirds of the total available market and can be expected to contribute substantially to the attendance mix at the subject attraction. The Kansas City market is compared to that of other theme park cities in **Table 21**. As indicated, Kansas City is the smallest of the 12 markets listed. Paralleling the situation in Kansas City, both Dallas and Houston have small secondary (50-100 miles) market segments; however, in the Texas examples, these low secondary market totals are offset by a primary (0-50 miles) resident market that is roughly twice as populated as that of Kansas City.

Relatively small market size under the definition employed in this analysis is mitigated by the fact that Kansas City is strategically positioned in the center of the country and on the edge of densely populated areas to the east of the Mississippi River. To illustrate, **Figure 3** and **Table 22** indicate the geographic expanse and population containment, respectively, of the area within 500 miles of Kansas City versus that of the two Disney park sites in Southern California and Florida. Roughly 54 million



Table 20

**AGGREGATE MARKET SUPPORT  
AVAILABLE TO THE WORLD OF OZ  
1990-2010  
(thousands)**

<u>Market Segment</u>	<b>Actual</b>	<b>Projected</b>	
	<u>1990</u>	<u>1995</u>	<u>2010</u>
Resident Market			
Primary (0-50 miles)	1,804	1,868	1,983
Secondary (50-100 miles)	<u>691</u>	<u>691</u>	<u>712</u>
Subtotal	2,495	2,559	2,695
Tourist Market (Overnight Base)	<u>4,500</u>	<u>5,000</u>	<u>6,700</u>
Total	6,995	7,559	9,395

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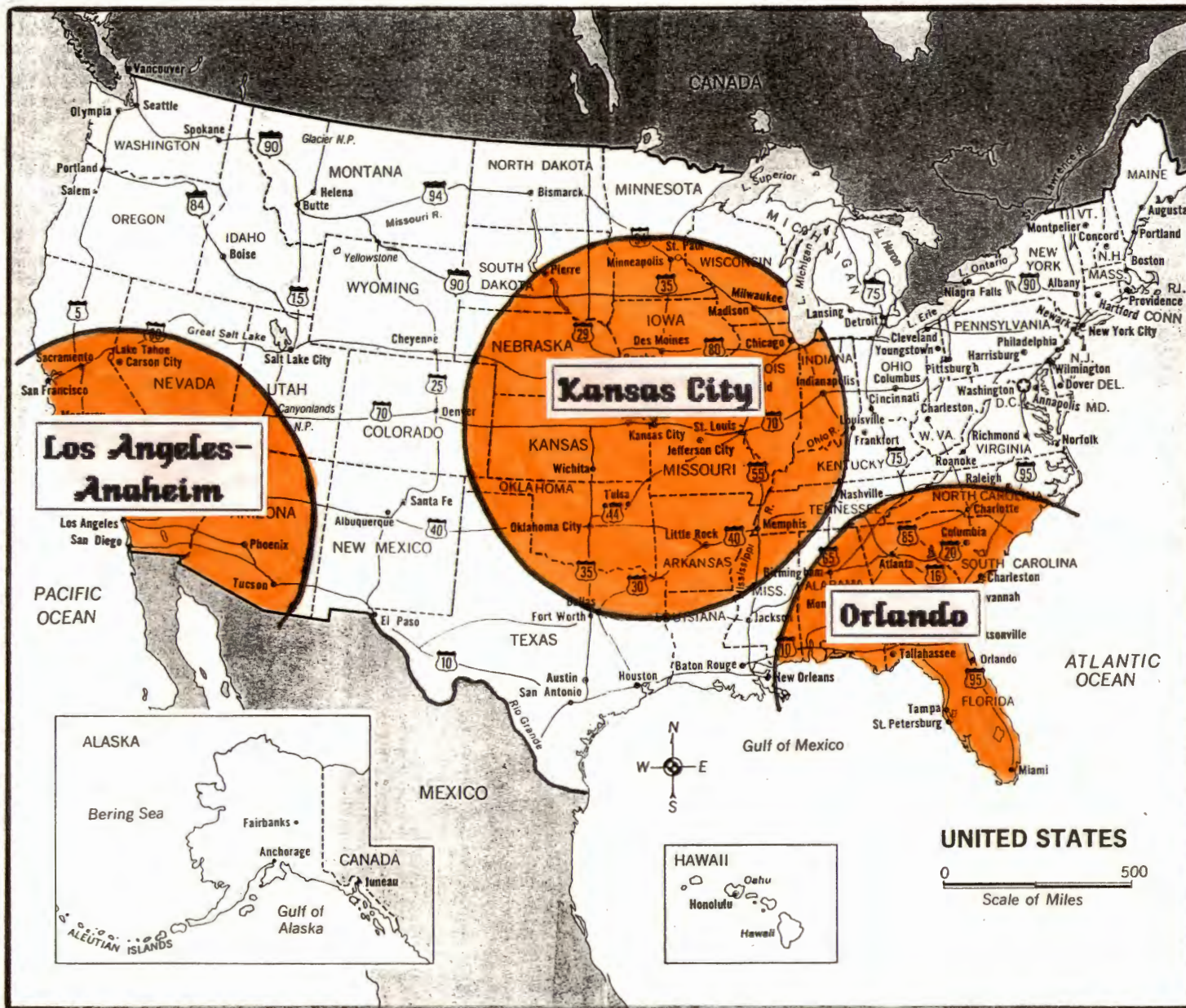
Source: Urban Decision Systems, Inc., University of Kansas Institute for Public Policy and Business Research, University of Missouri College of Business and Public Administration Research Center, and Harrison Price Company.

**Table 21**

**COMPARATIVE SIZE OF SELECTED  
U.S. METRO AREA MARKETS  
1990  
(thousands)**

<u>Metro Area</u>	<u>Resident Market</u>			<u>Estimated Overnight Visitors</u>	<u>Total Market</u>
	<u>0-50 Miles</u>	<u>50-100 Miles</u>	<u>Total</u>		
Los Angeles-Anaheim	13,321	3,902	17,223	19,000	36,223
Orlando	2,494	3,408	5,902	24,500	30,402
San Francisco Bay Area	7,693	3,229	10,922	12,000	22,922
Chicago-Gary	7,221	4,383	11,604	11,000	22,604
Dallas-Ft. Worth	4,056	820	4,876	12,000	16,876
Atlanta	3,233	2,057	5,290	10,200	15,490
Houston-Galveston	3,762	809	4,571	8,800	13,371
Minneapolis-St. Paul	2,782	1,054	3,836	9,200	13,036
Cleveland-Akron	3,950	3,738	7,688	3,600	11,288
St. Louis	2,457	1,291	3,748	7,000	10,748
Nashville	1,247	1,162	2,409	6,000	8,409
KANSAS CITY	1,804	691	2,495	4,500	6,995

Source: Sales Management, "1991 Survey of Buying Power;" Urban Decision Systems, Inc.; and Harrison Price Company.



**Figure 3**  
**COMPARATIVE 500-MILE MARKET AREAS**

Table 22

COMPARATIVE POPULATION WITHIN 500 MILES  
OF MAJOR THEME PARKS  
1990

<u>Market Area</u>	<u>Total Population (thousands)</u>
<b>KANSAS CITY</b>	
Alabama (part)	242
Arkansas	2,358
Colorado (part)	122
Illinois	11,449
Indiana (part)	4,571
Iowa	2,770
Kentucky (part)	1,682
Kansas	2,491
Louisiana (part)	833
Minnesota (part)	3,708
Mississippi (part)	883
Missouri	5,145
Nebraska (part)	1,528
Oklahoma	3,143
Tennessee (part)	2,682
South Dakota (part)	495
Texas (part)	5,814
Wisconsin (part)	4,023
Total	53,939
<b>LOS ANGELES-ANAHEIM</b>	
Arizona (part)	3,571
California (part)	29,962
Nevada (part)	1,196
Utah (part)	115
Total	34,844
<b>ORLANDO</b>	
Alabama (part)	3,106
Florida	13,219
Georgia	6,587
Mississippi (part)	381
North Carolina (part)	3,359
South Carolina	3,521
Total	30,173

Source: U.S. Bureau of the Census and Harrison Price Company.

people--more than one-fifth of the national total--reside within 500 miles of Kansas City, or 50 percent more than live within a comparable radius of Los Angeles and 80 percent more than reside within 500 miles of Orlando.

This differential is important and highly favorable to the World of Oz because it signals a much larger market available within a reasonable travel distance. Studies by the U.S. Travel Data Center and others reveal that in the United States, there is an emerging trend among Americans to take shorter, more frequent trips rather than a single annual vacation of two or three weeks--instead, trips of four days to one week are becoming more common, undertaken several times per year. Shorter trips generally mean shorter distances given the cost of long-range travel and the desire to maximize leisure dollars available at the destination rather than spend them disproportionately on the means of getting there. The present national recession has been a major influence in this trend, but there are other, sociological factors suggesting that it will likely persist--the substantial number of two-career households, for example, for whom it is often difficult to synchronize extended vacations, and the pervasive stress of modern lifestyles, which create a desire for more frequent periods of rest and relaxation. Intensive marketing of the World of Oz within the 500-mile zone as a convenient and relatively inexpensive destination should greatly assist in generating tourist support.

## **Section 5**

### **ATTENDANCE ANALYSIS AND PHYSICAL PLANNING GUIDELINES**

Preceding sections of this report have described the site and competitive environment for the World of Oz and evaluated available market support. Findings with respect to these factors can now be combined with an examination of comparable market capture experience to arrive at a potential range of attendance for the subject attraction. This section accordingly contains the attendance analysis, followed by a determination of associated sizing guidelines for major project elements.

#### **POTENTIAL MARKET CAPTURE AND ATTENDANCE**

Attendance volume achieved by a recreation attraction is a function of several interrelated variables, including market size and socioeconomic characteristics, the quality and scope of development, location, the length of the operating season, pricing policy vis-a-vis entertainment value offered, extent of direct competition in the marketplace, management efficiency, and the aggressiveness of the marketing and promotion effort. As noted earlier in this report, the Kansas City market is of limited size compared to other major destination areas in the United States, although it lies within reasonable distance of a very large population base from which additional tourist support can be induced. In HPC's opinion, the strength of the Oz theme and the quality and scope of the Landmark conceptual plan suggest a park with outstanding drawing power. The proposed site, meanwhile, is well suited to development of the type and scale proposed. Weather will be a factor in the operating schedule, and it is likely that the park will be closed during the coldest months of the year, with the exception of the Christmas holiday period. Finally, there is competition from Worlds of Fun, but by virtue of its appealing concept and envisioned scope, the World of Oz will be well positioned to have an appreciable impact on the available market. On the basis of these considerations and other assumptions to be set forth momentarily, subsequent paragraphs develop appropriate attendance targets for the World of Oz.

## National Trends in the Theme Park Industry

To establish a broad perspective on the outlook for the World of Oz, it is instructive to review theme park attendance trends on a national scale. As a first step in this process, **Table 23** summarizes the principal characteristics of a representative sample of existing theme parks, including the preeminent Disney attractions and other popular parks throughout the country. Among the sample, the Disney facilities in Southern California and Florida, the two Universal Studios attractions, and Knott's Berry Farm are currently the only daily year-round operations; Six Flags Magic Mountain near Los Angeles is open on a weekend-only basis outside its daily summer schedule but should be regarded, for practical purposes, as an all-year park since it does not completely shut down for the winter.

The information in Table 23 is provided mainly as a general measure of the scope of physical development and entertainment programming, with specific reference to the admission prices commanded in the various instances. The locations of the parks listed in the table along with other parks drawing more than 1 million visitors per year, coded by attendance volume, are depicted in **Figure 4**; the following page provides a key to the individual attractions. Five theme parks in the 1 million-plus category are found within a 500-mile radius of Kansas City--Worlds of Fun locally, plus Six Flags Over Mid-America near St. Louis, Silver Dollar City in southwestern Missouri, Valleyfair near Minneapolis, and Six Flags Great America near Chicago. Combined attendance volume of these five attractions amounted to some 8.3 million in 1990, up from 7 million in 1985, equivalent to a total gain over the five-year period of 19 percent and an aggregate annual increase of about 3.5 percent. It is noteworthy, however, that 80 percent of the absolute attendance growth recorded by this group of five attractions is accounted for by Silver Dollar City, which is within the impact area of the Branson "explosion." Excluding Silver Dollar City, the average annual attendance increase for the remaining four attractions amounts to 1.7 percent.

Attendance trends for a larger theme park sample encompassing facilities now recording more than 500,000 visits per year are delineated in **Table 24**. These data indicate that there has been a steady increase in the combined capture rate of the 50-odd attractions included in this demonstration. In the aggregate, attendance at these parks has grown from 106 million in 1985 to 136 million in 1990, while the combined capture rate has risen from 43 percent of the total U.S. market in 1985 to 51 percent in 1990.

Table 23

**CHARACTERISTICS OF SELECTED U.S. THEME PARKS  
1992**

<u>Attraction</u>	<u>Year Opened</u>	<u>Developed Area (acres)</u>	<u>Number of Major Attractions 1/</u>	<u>Adult Admission Price</u>	<u>Operating Schedule</u>
Disney World Complex 2/	1971	650	100+	\$35.90 3/	Daily year-round
Disneyland	1955	80	35	28.75	Daily year-round
5-3 Universal Studios Florida	1990	440	15	33.00 4/	Daily year-round
Universal Studios Hollywood	1965	420	11	26.00	Daily year-round
Knott's Berry Farm	1920	150	19	22.95	Daily year-round
Six Flags Magic Mountain	1971	260	29	25.00	Daily Mem Day to Lab Day Weekends rest of year
Six Flags Over Texas	1961	205	30	23.95	Daily May thru Oct Weekends Apr and Nov Closed rest of year
Six Flags Great America (Illinois)	1976	200	34	24.00	Daily mid-May thru Aug Weekends early May, Sep, Oct Closed rest of year



**Table 23**

**(Continued)**

<u>Attraction</u>	<u>Year Opened</u>	<u>Developed Area (acres)</u>	<u>Number of Major Attractions 1/</u>	<u>Adult Admission Price</u>	<u>Operating Schedule</u>
Six Flags Over Georgia	1967	330	30	\$24.00	Daily Mem Day thru Aug Weekends Mar, May, Sep, Oct Closed rest of year
Great America (Santa Clara)	1976	100	27	22.95	Daily Mem Day to Lab Day Weekends Mar, Apr, Sep, Oct Closed rest of year
Opryland	1972	120	24	22.95	Daily Mem Day to Lab Day Weekends Apr, May, Sep, Oct Closed rest of year
AstroWorld	1968	n/a	20	23.75	Daily Mem Day to Lab Day Weekends Mar, Apr, May Closed rest of year
Six Flags Over Mid-America	1971	200	20	21.95	Daily mid-May to Lab Day Weekends Apr, Sep, Oct Closed rest of year
Worlds of Fun	1973	170	19	21.95	Daily Mem Day to Lab Day Weekends Apr, Sep Oct Closed rest of year

**Table 23**  
**(Continued)**

<u>Attraction</u>	<u>Year Opened</u>	<u>Developed Area (acres)</u>	<u>Number of Major Attractions 1/</u>	<u>Adult Admission Price</u>	<u>Operating Schedule</u>
Valley Fair	1976	70	21	\$17.50	Daily Mem Day thru Aug Weekends Sep Closed rest of year
Geauga Lake	1888	n/a	31	15.95	Daily Mem Day to Lab Day Weekends May, Sep Closed rest of year

5-5

n/a means not available.

1/ Includes major rides, shows, and other featured attractions.

2/ Includes Magic Kingdom, EPCOT, MGM Studios, Typhoon Lagoon, and Pleasure Island.

3/ Single-day, one-park price.

4/ Single-day price.

Source: American Automobile Association, "Guide to North America's Theme Parks;" Amusement Business, "1991 Funparks Directory;" and Harrison Price Company.

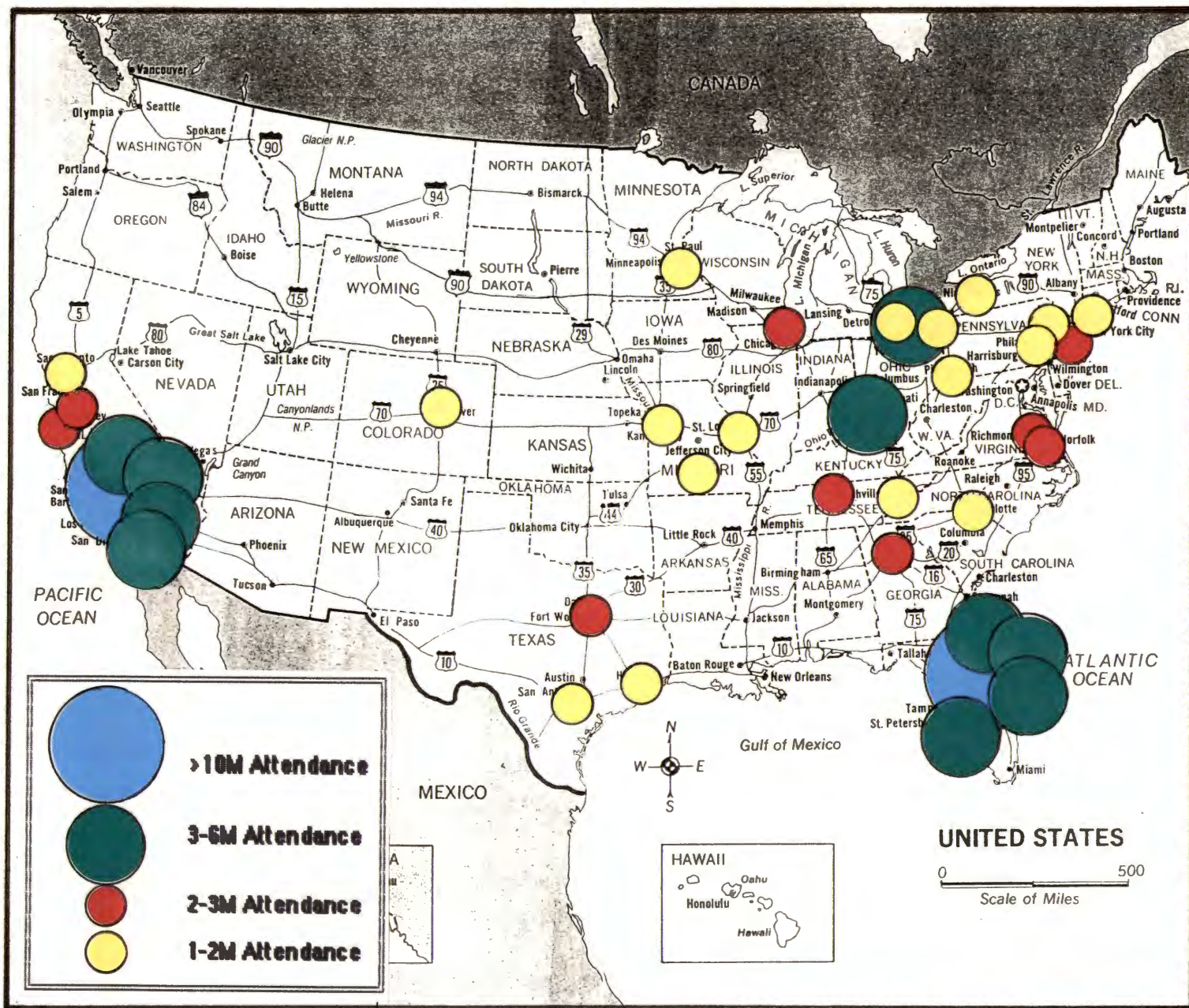


Figure 4

U.S. THEME PARKS WITH ATTENDANCE OF 1 MILLION OR MORE

## KEY TO FIGURE 4

### **Mega-Parks (> 10 Million Attendance)**

Disneyland (Anaheim, CA)

Disney World/EPCOT/MGM Studios (Orlando, FL)

### **Other Large Parks (3-6 Million Attendance)**

Busch Gardens Dark Continent (Tampa, FL)

Cedar Point (Sandusky, OH)

King's Island (Cincinnati, OH)

Knott's Berry Farm (Buena Park, CA)

Sea World of California (San Diego, CA)

Sea World of Florida (Orlando, FL)

Six Flags Magic Mountain (Valencia, CA)

Spaceport USA (Cape Canaveral, FL)

Universal Studios Florida (Orlando, FL)

Universal Studios Hollywood (Universal City, CA)

### **Middle Tier Parks (2-3 Million Attendance)**

Busch Gardens Old Country (Williamsburg, VA)

Great America (Santa Clara, CA)

King's Dominion (Doswell, VA)

Opryland (Nashville, TN)

Santa Cruz Beach Boardwalk (Santa Cruz, CA)

Six Flags Great Adventure (Jackson, NJ)

Six Flags Great America (Gurnee, IL)

Six Flags Over Georgia (Atlanta, GA)

Six Flags Over Texas (Arlington, TX)

**KEY TO FIGURE 4**

**(Continued)**

**Smaller Parks (1-2 Million Attendance)**

Carowinds (Charlotte, NC)  
Darien Lake Theme Park (Darien Center, NY)  
Dollywood (Pigeon Forge, TN)  
Dorney Park (Allentown, PA)  
Elitch Gardens (Denver, CO)  
Geauga Lake (Aurora, OH)  
Hersheypark (Hershey, PA)  
Kennywood Park (West Mifflin, PA)  
Marine World/Africa USA (Vallejo, CA)  
Playland (Rye, NY)  
Sea World of Ohio (Aurora, OH)  
Sea World of Texas (San Antonio, TX)  
Silver Dollar City (Branson, MO)  
Six Flags AstroWorld (Houston, TX)  
Six Flags Over Mid-America (Eureka, MO)  
Valleyfair (Shakopee, MN)  
Worlds of Fun (Kansas City, MO)

Table 24

NATIONAL TRENDS IN THEME PARK ATTENDANCE  
1985-1990

<u>Year</u>	<u>U.S. Market Size (thousands)</u>			<u>Total Theme Park Attendance (thousands)</u>	<u>Total Theme Park Market Capture</u>
	<u>Total Population</u>	<u>Foreign Visitor Arrivals 1/</u>	<u>Total</u>		
1985	238,741	8,903	247,644	106,201	42.9%
1986	241,107	10,265	251,372	109,813	43.7
1987	243,419	11,639	255,058	118,346	46.4
1988	244,534	13,804	258,338	121,327	47.0
1989	246,820	15,099	261,919	127,983	48.9
1990	249,466	16,908	266,374	135,783	51.0

1/ Excludes day visitation across Canada and Mexico borders.

Source: U.S. Bureau of Economic Analysis and Harrison Price Company.

A more detailed stratification of these gross figures, however, leads to some important observations. **Figure 5**, for example, plots aggregated attendance for the universe of 50 attractions recording a volume of one-half million or more between 1985 and 1991 in graphic form. The top line on the chart shows the composite attendance trend for all parks. The second line down subtracts the leading Florida attractions from the total, including the Disney World complex, Universal Studios Florida, Sea World of Florida, Spaceport USA at Cape Canaveral, Busch Gardens in Tampa, Circus World/Boardwalk & Baseball (now defunct), and Cypress Gardens. The third line further deducts Disneyland in Southern California, while the bottom line excludes the remaining year-round parks, including Universal Studios Hollywood, Knott's Berry Farm, and Six Flags Magic Mountain. The bottom line, accordingly, represents the composite experience of the many seasonal parks in this country. The chart clearly reveals that almost all recent attendance growth in the national theme park industry has taken place in Florida, principally at the Disney and Universal attractions. Conversely, attendance growth at the seasonal parks has been minimal, increasing by just 2 percent annually since 1985.

Cumulative attendance data for the same groupings of parks, expressed as an aggregate rate of capture of the national resident and tourist market, is charted in **Figure 6**. Again, the only appreciable growth in market capture has occurred in Florida, with the theme park industry in the rest of the country essentially mature and stable. These data also reveal the dominant position of the Disney parks and, to a lesser extent, the Universal Studios attractions, in the national theme park market. **Figure 7** compares relative changes in the combined market shares of the Florida group with those of other year-round parks and seasonal parks. Florida's share has expanded, as indicated, at the expense of both other year-round and seasonally operated attractions.

Florida's prominence on the national recreation scene has been driven by climate and massive theme park investments over the years, which have fueled a huge inflow of out-of-state tourists, currently numbering more than 40 million overnight or longer visits per year statewide and almost 25 million in the Orlando area alone. Major parks in Florida derive upwards of 80 percent of their patronage from out-of-state markets, most particularly long-distance arrivals coming down from the upper East Coast and the

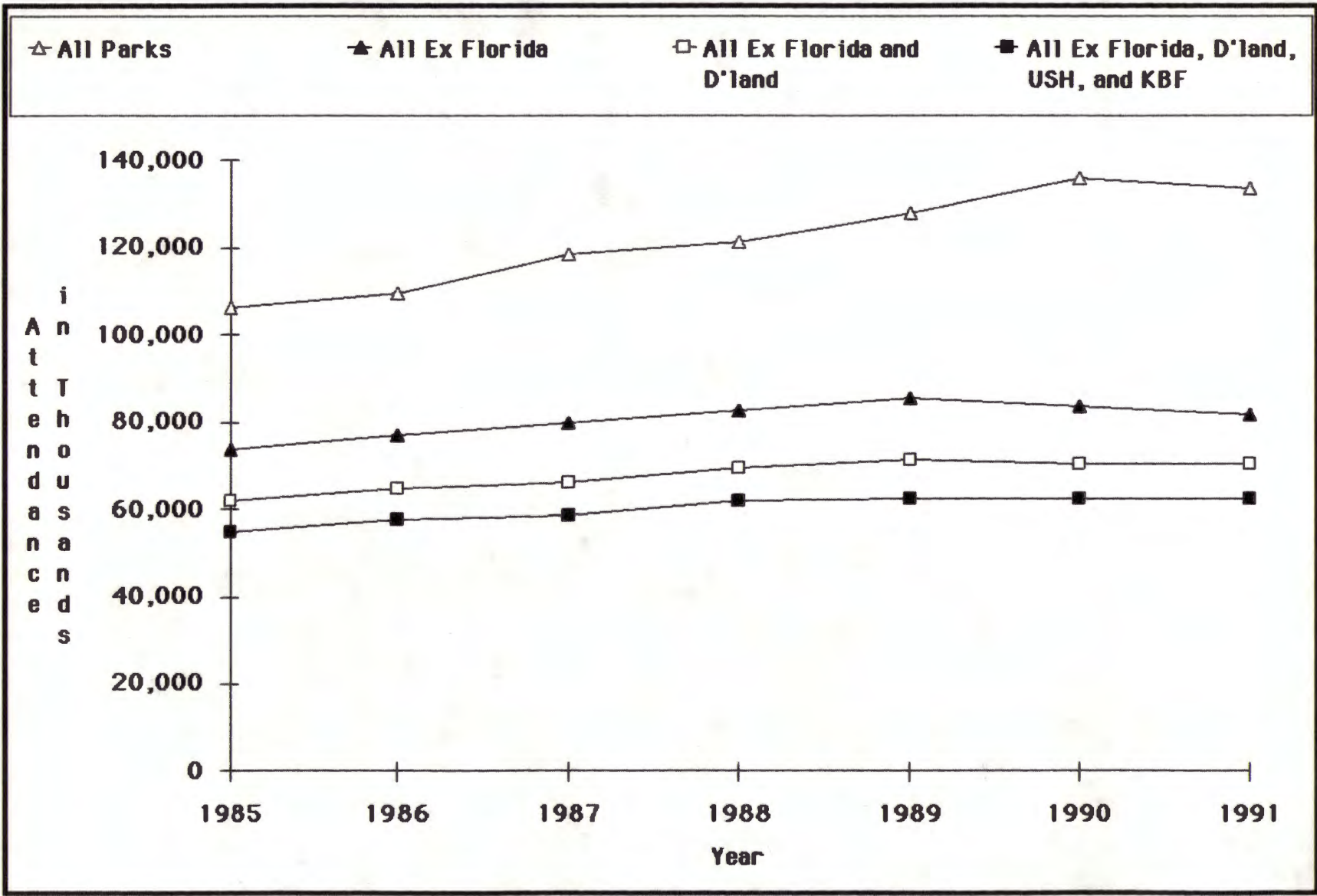


Figure 5

U.S. THEME PARK ATTENDANCE TRENDS



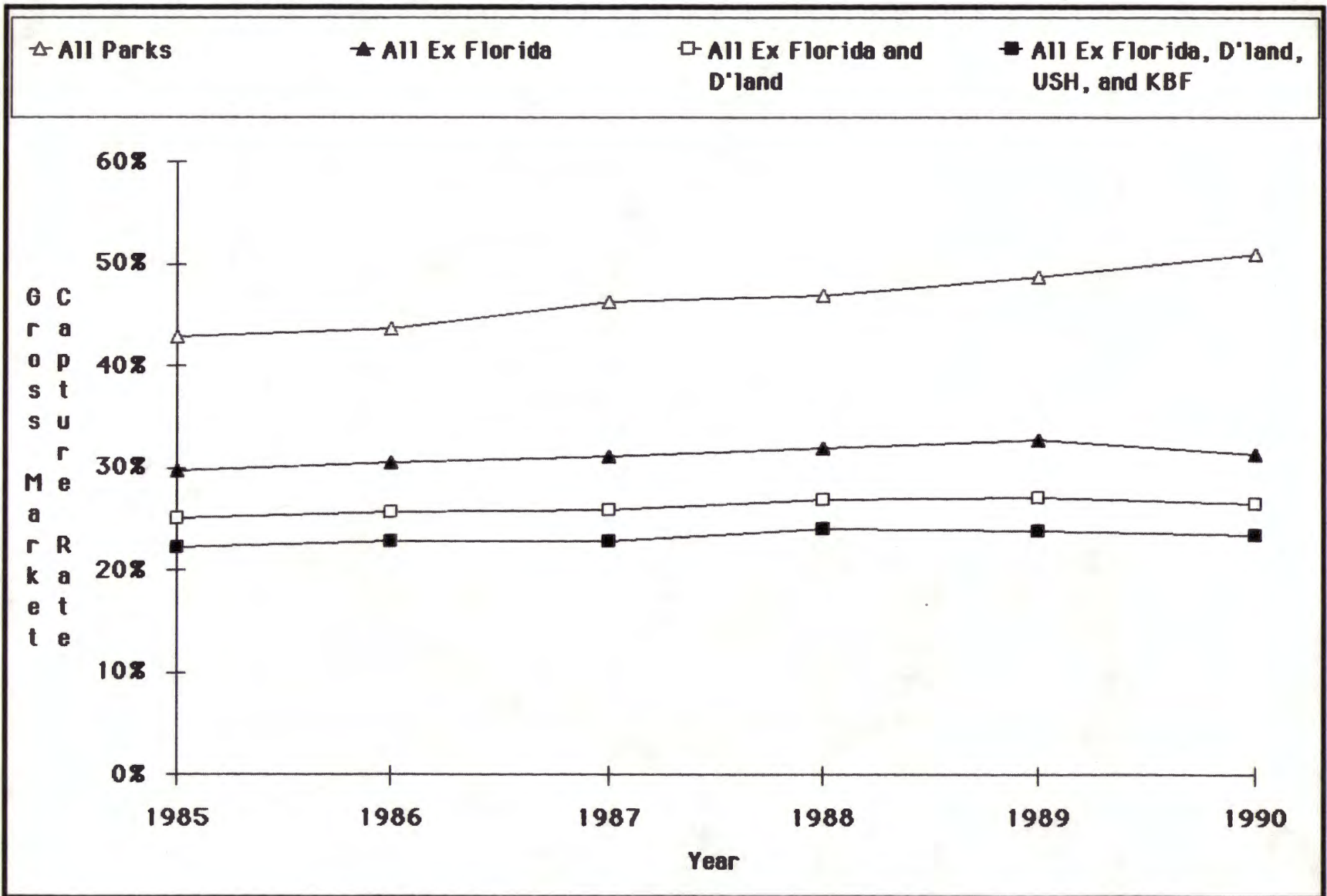
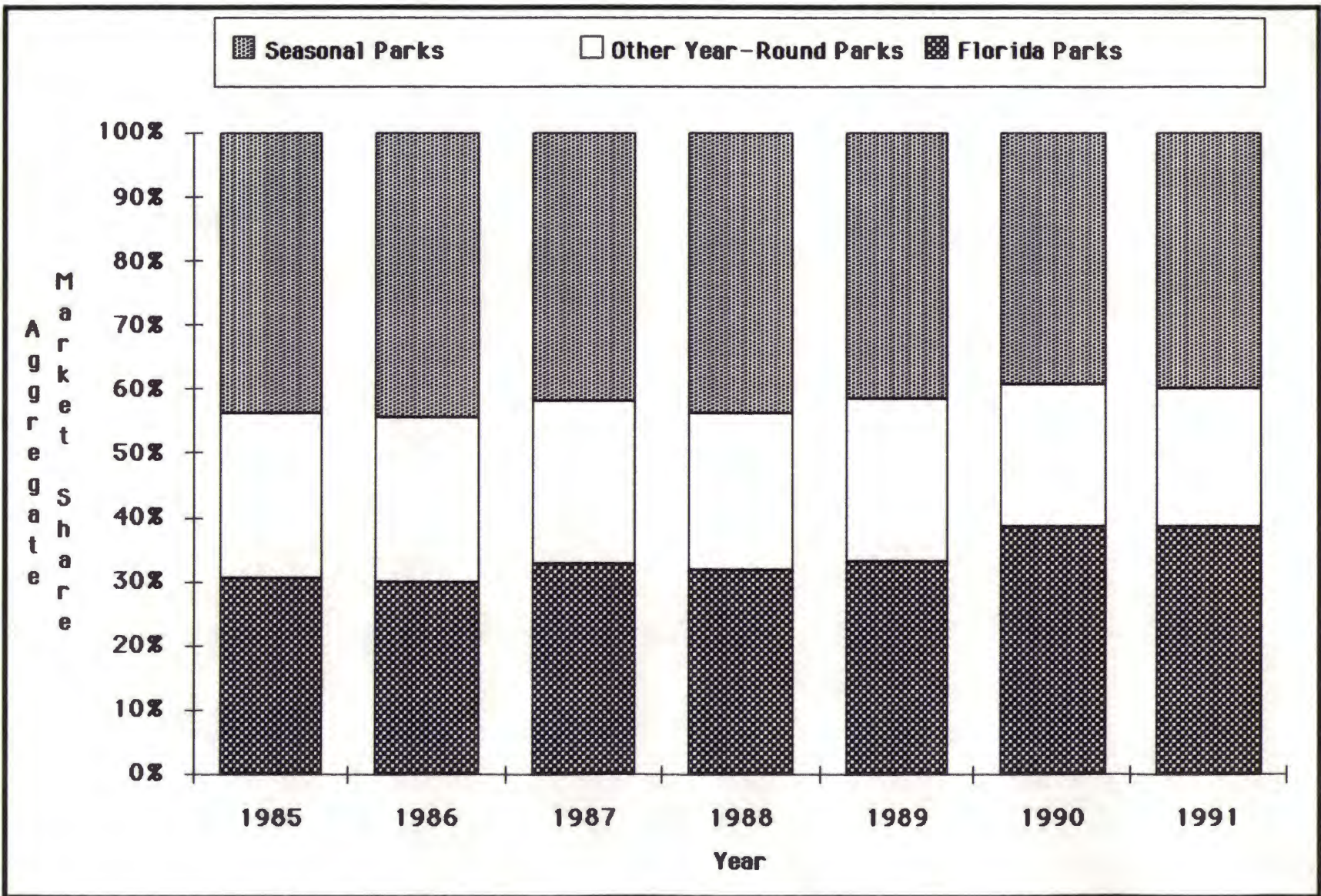


Figure 6

U.S. THEME PARK MARKET CAPTURE TRENDS



**Figure 7**  
**MARKET SHARES OF U.S. THEME PARKS**

Midwest. As a result, however, Florida is highly vulnerable to increases in travel costs and, in concert, is also susceptible to previously noted changes in American travel patterns now apparently trending toward shorter, less ambitious trips.

Florida and Southern California will persevere as the nation's leading tourist destinations owing to the accumulated size of the visitor magnet in these areas and an amenable climate that encourages visitation during times of the year when most destinations languish. However, a "window" of sorts may be opening for attractions in other areas with the marketing expertise to capitalize on the emerging preference for high-quality entertainment experiences closer to home. When coupled with significant investments in entertainment facilities and supporting tourist infrastructure--the Branson phenomenon being a sterling case in point--the World of Oz has at least the opportunity of providing an alternative destination of great appeal to a large regional market in the central United States.

### **Experience of Comparable Attractions**

A more specific treatment of comparable experience is delineated in **Table 25**. Excluding the anomalous Disney parks, the range of market penetration extends from a low of 9 percent of the combined resident and tourist markets available (at Magic Mountain and Valleyfair) to a high of 25 percent at Opryland; the average for the non-Disney sample is 14 percent. As to the Disney attractions, the Disney World complex (referring to the three major components--Magic Kingdom, EPCOT, and MGM Studios) achieves a singular 127 percent gross capture of an enormous available market; adjusting for cross-visitation between the three parks, the mean capture rate for each of the three component parks is on the order of 39 percent. In Southern California, meanwhile, Disneyland also reports a very high capture of 36 percent of the largest metropolitan recreation market in the country.

### **Attendance Models for the World of Oz**

Based on the foregoing review of industry trends and the experience of comparable attractions, an illustrative range of market capture and attendance volume for the World Oz is presented in **Table 26**. The following specific assumptions are integral to these models:

Table 25

**MARKET CAPTURE RATES OF  
SELECTED U.S. THEME PARKS  
1990**

Attraction	1990 Attendance (thousands)	Market Size (thousands)			Gross Market Capture Rate
		Resident (0-100 miles)	Overnight Visitors	Total	
<b>Mega-Parks</b>					
5-15 Disney World Complex 1/	38,500	5,902	24,500	30,402	127%
Disneyland	12,900	17,223	19,000	36,223	36
<b>Other Large Parks</b>					
Universal Studios Florida	5,900 2/	5,902	24,500	30,420	19%
Universal Studios Hollywood	4,625	17,223	19,000	36,223	13
Knott's Berry Farm	3,447	17,223	19,000	36,223	10
Six Flags Magic Mountain	3,214	17,223	19,000	36,223	9
<b>Middle Tier Parks</b>					
Opryland	2,125	2,409	6,000	8,409	25%
Six Flags Over Texas	2,821	4,876	12,000	16,876	17
Six Flags Over Georgia	2,435	5,290	10,200	15,490	16
Six Flags Great America (Illinois)	2,624	11,604	11,000	22,604	12
Great America (Santa Clara)	2,271	10,922	12,000	22,922	10

Table 25  
(Continued)

Attraction	1990 Attendance (thousands)	Market Size (thousands)			Gross Market Capture Rate
		Resident (0-100 miles)	Overnight Visitors	Total	
Smaller Parks					
Worlds of Fun	1,171	2,495	4,500	6,995	17%
Six Flags Over Mid-America	1,610	3,748	7,000	10,748	15
Six Flags AstroWorld	2,000	4,571	8,800	13,371	15
Geauga Lake	1,120	7,688	3,600	11,288	10
Valley Fair	1,127	3,836	9,200	13,036	9

Excluding Disney Parks:

Low

Average

High

9%

14

25

1/ Includes Magic Kingdom, EPCOT, and MGM Studios; attendance estimate is three-park total.

2/ Estimated 1991 (first full year) attendance.

Source: Harrison Price Company.

Table 26

**ILLUSTRATIVE ATTENDANCE MODELS  
FOR THE WORLD OF OZ  
Stabilized Year**

	Range		Mid-Range Estimate
	<u>Low</u>	<u>High</u>	
Assumed Market Capture Rate			
Resident Market			
Primary (0-50 miles)	25%	30%	27%
Secondary (50-100 miles)	8%	10%	9%
Tourist Market (Overnight Base)	20%	25%	23%
Estimated Annual Attendance 1/ (thousands)			
Resident Market			
Primary (0-50 miles)	467	560	504
Secondary (50-100 miles)	<u>55</u>	<u>69</u>	<u>62</u>
Subtotal	522	630	567
Tourist Market			
Overnight Base	1,000	1,250	1,150
Induced Increment 2/	<u>1,000</u>	<u>1,250</u>	<u>1,125</u>
Subtotal	<u>2,000</u>	<u>2,500</u>	<u>2,275</u>
Total	2,522	3,130	2,842
Rounded to	2,500	3,100	2,800
Implied Gross Market Capture 3/	29%	35%	32%

1/ Based on market size estimates for 1995 contained in Table 20.

2/ Assumes an induced increment equal to 20 to 25 percent of the normal overnight market base.

3/ Calculated on the basis of total market size in 1995 plus induced tourism.

Source: Harrison Price Company.

- That the World of Oz represents a multi-million dollar capital investment and will be developed to the highest standards of construction, entertainment programming, and aesthetic amenities.
- That sufficient public funds and/or private sponsorships will be available to supplement conventional financing as needed to develop the attraction to the quality standard required to have a major impact on the market.
- That the park will be aggressively promoted on a national scale, most importantly including heavy use of mass media and, specifically, direct tie-ins with television presentations of the "Wizard of Oz" movie.
- That the entertainment program of the attraction will incorporate periodic change sufficient to stimulate an ongoing cycle of repeat visitation--experience of other attractions plainly demonstrates that it is relatively easy to draw visitors the first time around but very difficult to keep them coming back without regular injections of fresh program content (and related capital investment).
- That the execution of the attraction and the effectiveness of the marketing and promotion program will enable the park to induce substantial tourist visitation above and beyond the normal overnight base.

Given the above assumptions and other considerations noted earlier in this report, Table 26 indicates that capture of the primary resident market (0-50 miles) has been modeled on a range of 25 to 30 percent, while secondary market penetration (50-100 miles) is assumed at 8 to 10 percent. Capture of the available overnight tourist base may range from 20 to 25 percent. Based on market size estimates for 1995 previously presented in Table 20 and adding an allowance for induced tourism, these capture rates translate into a potential absolute attendance volume of 2.5 million to 3.1 million, with a mid-range target of 2.8 million. These goals refer to a stabilized year, usually meaning the third or fourth full year of operation.

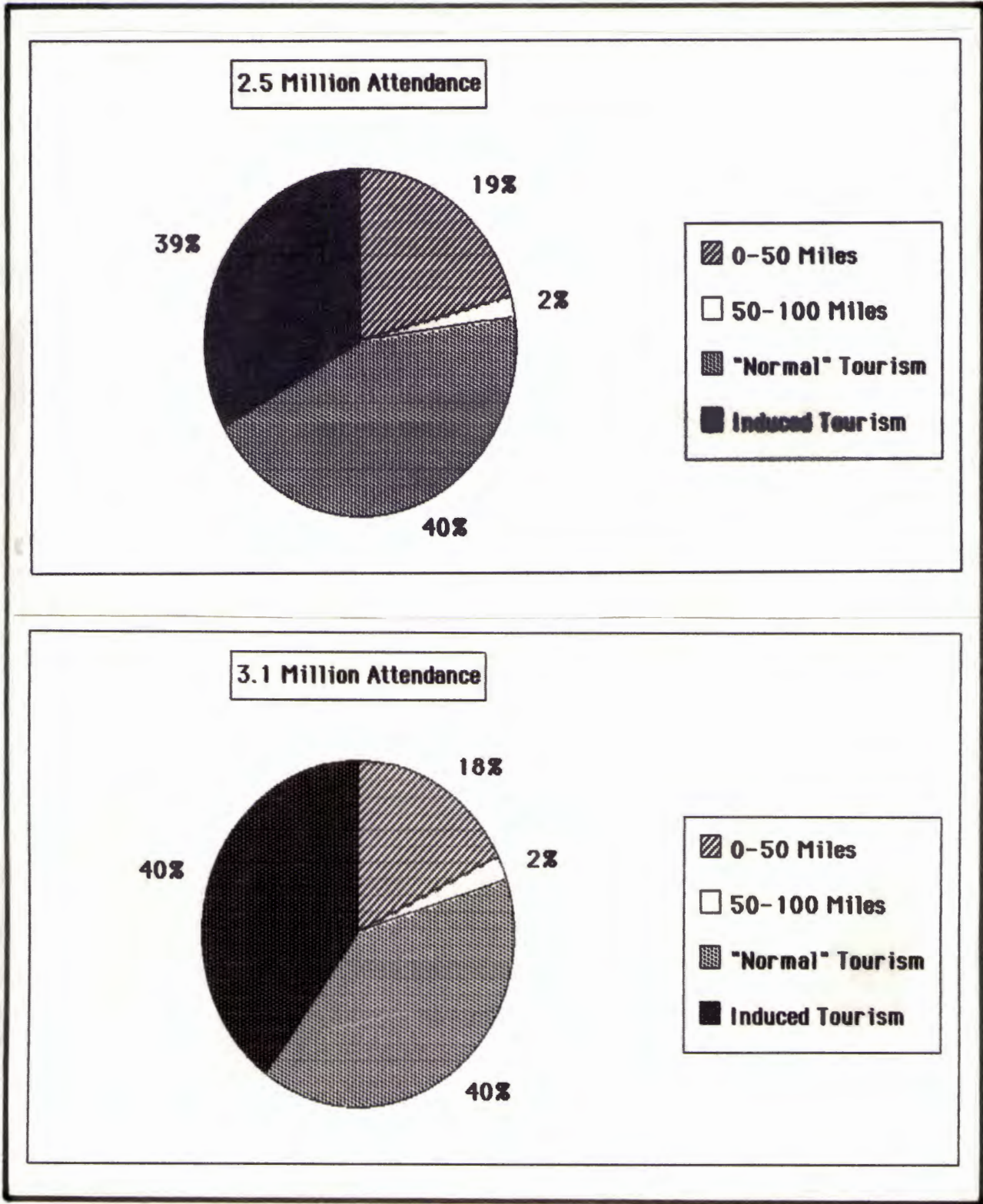
Included within these attendance models, it will be noted, are substantial allowances for induced tourism equal to 20 to 25 percent of the estimated "normal" overnight visitor base, or between 1 million and 1.25 million persons, an assumption directly linked to the expected power of the World of Oz theme and concept in tandem with aggressive advertising. As a point of reference, the 1982 opening of the EPCOT component of the Disney World complex in Orlando induced a short-term increment of roughly 850,000 visits, albeit against a very large existing destination base. Overall gross market capture, including induced tourism, amounts to between 29 and 35 percent of the available market, well in excess of industry norms and very close to the Disney park experience. Achievement of capture rates of this magnitude presumes superior execution, regular reinvestment in facilities and entertainment content to encourage repeat business, and a well-orchestrated marketing and promotion program. Tourists, whether part of the normal overnight base or the induced increment, will comprise some 80 percent of World of Oz visitation, as depicted in **Figure 8**.

It should be noted that attendance during the initial year or two of operation could exceed these stabilized targets. Publicity generated by the project, the novelty of the attraction in the marketplace, and civic pride in the development of a major tourist destination will bring local residents to the site in large numbers, along with curious tourists taking advantage of the opportunity to visit a high-caliber theme park. The size of this so-called "first-year bump" is difficult to predict, especially in the present instance due to the high expectation implicit in the attendance range and the time required to build the strong tourist support required to meet this goal. Accordingly, a more likely scenario is that World of Oz attendance will start somewhere below the stabilized target and grow over the first three to five years as tour and travel programs mature and positive word-of-mouth reputation brings new visitors into the marketplace. Thereafter, patronage should increase more or less in conformity with overall market expansion.

## **ILLUSTRATIVE PHYSICAL PLANNING GUIDELINES**

An analysis of probable patterns of attendance is necessary to derive physical sizing guidelines for the subject attraction. The following paragraphs convert the mid-range attendance model just developed into demand for basic visitor facilities and services.





**Figure 8**

**ESTIMATED ATTENDANCE ORIGIN  
FOR THE WORLD OF OZ**

## **Operating Schedule**

The typical schedule for seasonal parks in the United States (refer to Table 23) is daily operation from Memorial Day through Labor Day, with weekend operation in the "shoulder" months of April, May, September, and October. A schedule of this description results in approximately 120 operating days per year depending on holiday placement and other factors. A number of parks have been successful in increasing the number of operating days by opening on a limited basis during the Christmas holidays, thereby adding 12 to 18 days to the schedule. It has been noted that the World of Oz is expected to have broad market appeal and hence the ability to attract tourists during the spring and fall shoulder seasons, particularly senior citizens and other "empty-nesters;" it should also have strong appeal during the Christmas holidays when the movie is a television tradition. Accordingly, HPC developed a preliminary operating schedule for the park, presented in **Table 27**, which provides for 165 operating days, including 73 weekends and holidays and 92 weekdays.

## **Design Day**

Except for parking, it is neither economical nor necessary to plan a physical plant to accommodate absolute peaks in attendance; rather, a good balance is achieved if facilities are planned for the "design day," a term referring to the average of attendance on the top 15 to 20 days of the year. The result is a facility large enough to handle the heavy volume of visitors on the three or four highest days, albeit with some crowding, but at the same time, the facility is not so large as to appear empty during the slack periods that inevitably occur. As a first step in calculating design day requirements, **Table 28** presents the monthly distribution of attendance at selected theme parks in the central United States. A summer peak is characteristic of all of these operations, due not only to weather and the schedule observed by the park, but also to the typical concentration of tourism and family leisure activity in summer months. The indicated July or August peak for these attractions ranges from 20 to 38 percent of the annual total.

HPC expects that the World of Oz will experience less peaking than highly seasonal parks such as Opryland and Valleyfair due primarily to the longer operating schedule envisioned and the surmised ability to generate substantial shoulder-month patronage. For planning purposes, it is assumed that the peak month, which will

**Table 27**

**ILLUSTRATIVE OPERATING SCHEDULE  
FOR THE WORLD OF OZ**

<b><u>Month</u></b>	<b><u>Number of Operating Days</u></b>		
	<b><u>Weekends/ Holidays</u></b>	<b><u>Weekdays</u></b>	<b><u>Total</u></b>
January	3	2	5
February	Closed	Closed	0
March	Closed	Closed	0
April	8	Closed	8
May	10	10	20
June	8	22	30
July	9	22	31
August	10	21	31
September	9	8	17
October	9	Closed	9
November	Closed	Closed	0
December	7	7	14
Annual	73	92	165

Source: Harrison Price Company.

Table 28

**MONTHLY DISTRIBUTION OF ATTENDANCE  
FOR THEME PARKS IN THE CENTRAL UNITED STATES  
1990-1991 Average**

**Distribution of Attendance by Month**

<u>Month</u>	<u>Worlds of Fun (Kansas City)</u>	<u>Six Flags Over Mid-America (St. Louis)</u>	<u>Silver Dollar City (Branson)</u>	<u>Opryland (Nashville)</u>	<u>Valley Fair (Minneapolis)</u>	<u>King's Island (Cincinnati)</u>
January	n/o	n/o	n/o	n/o	n/o	n/o
February	n/o	n/o	n/o	n/o	n/o	n/o
March	n/o	n/o	n/o	n/o	n/o	n/o
April	7%	4%	3%	2%	n/o	4%
May	10	11	9	6	7%	9
June	25	25	20	22	16	19
July	22	22	18	26	30	29
August	23	23	18	32	38	22
September	9	8	11	6	9	8
October	4	7	12	6	n/o	2
November	n/o	n/o	3	n/o	n/o	n/o
December	<u>n/o</u>	<u>n/o</u>	<u>6</u>	<u>n/o</u>	<u>n/o</u>	<u>7</u>
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

5-23

n/o means not open.

Source: Above attractions and Harrison Price Company.

probably be August, will account for 25 percent of annual volume. On this basis, **Table 29** shows that average weekly volume during the peak month would amount to some 158,000 visitors on the mid-range attendance model of 2.8 million. Experience at existing theme parks further suggests that the average high day (design day, or the typical weekend day in August) will be equivalent to 20 percent of the peak week, which in turn implies a design day capacity requirement of 31,600 persons as a mid-range target.

It was mentioned earlier in this report that the concept of the World of Oz should generate visitor stay times ranging from five to seven hours, with six hours considered to be a reasonable average. Further assuming that an 11-hour daily operating schedule is established during peak attendance periods, **Table 30** contains illustrative arrival and departure patterns for design day; these are presented graphically in **Figure 9**. As indicated, the on-site crowd typically increases quite rapidly during the first several hours of operation and, with a six-hour average stay, would reach a peak of about 70 percent of the day's total between 2 and 3 pm. Since most visitors already have arrived at this hour (81 percent) and relatively few have departed (11 percent), the mid-afternoon hours are the period of greatest strain on facilities. Based on a peak on-site factor equal to 70 percent, the average maximum number of people on site at the highest hour would amount to approximately 22,100 persons under the mid-range model. This represents the simultaneous holding capacity requirement of the attraction--the sum of all entertainment and visitor service facilities, general circulation, and other spaces open to the public. A longer average stay time, it should be recognized, would increase the on-site count, whereas extended operating hours would marginally reduce the on-site crowd (many large theme parks remain open for as long as 15 or 16 hours on peak days).

### **Entertainment Capacity Requirements**

All rides, shows, and other attractions within a theme park may be rated in terms of the number of visitors they are theoretically able to handle per hour. This theoretical hourly capacity is referred to as "entertainment units." It is HPC's observation that parks of the size and program scope of the World of Oz should be planned to offer an average of between 1.3 and 1.5 guest experiences per hour. These factors have been applied to the on-site crowd estimate in **Table 29** and indicate a total entertainment capacity requirement ranging from 29,000 to 33,000 hourly entertainment units. The

Table 29

**DESIGN DAY PLANNING PARAMETERS FOR  
THE WORLD OF OZ  
Stabilized Year**

	<b><u>Mid-Range Attendance Model</u></b>
Estimated Annual Attendance 1/	2,800,000
Estimated Peak Month Attendance 2/ (at 25 percent)	700,000
Average Weekly Attendance During Peak Month (at 4.43 weeks)	158,014
Estimated Design Day Attendance 3/ (at 20 percent of peak week)	31,603
Estimated On-Site Crowd 4/ (at 70 percent of design day)	22,122
Rounded to	22,100
Entertainment Capacity Requirements 5/ At 1.3 Entertainment Units Per Person	28,730
At 1.4 Entertainment Units Per Person	30,940
At 1.5 Entertainment Units Per Person	33,150
Suggested Phase I Capacity	32,000

1/ From Table 26.

2/ Based on data contained in Table 28.

3/ Average of the top 15 to 20 attendance days; corresponds to a typical weekend day in August.

4/ Assumes an 11-hour daily operating schedule and an average visitor length of stay of six to seven hours.

5/ Entertainment units refer to the hourly capacity of all rides, shows, and other recreation experiences available to park visitors.

Source: Harrison Price Company.

Table 30

ILLUSTRATIVE HOURLY ARRIVAL AND DEPARTURE PATTERNS  
FOR THE WORLD OF OZ ON DESIGN DAY 1/

<u>Time of Day</u>	<u>Percent of Design Day Attendance 2/</u>				
	<u>Hourly Arrivals</u>	<u>Cumulative Arrivals</u>	<u>Hourly Departures</u>	<u>Cumulative Departures</u>	<u>On-Site Crowd 3/</u>
Opening	4	4	0	0	4
10-11 am	20	24	0	0	24
11-12 Noon	23	47	0	0	47
12-1 pm	15	62	1	1	61
1-2 pm	11	73	4	5	68
2-3 pm	8	81	6	11	70
3-4 pm	7	88	11	22	66
4-5 pm	5	93	14	36	57
5-6 pm	4	97	20	56	41
6-7 pm	2	99	17	73	26
7-8 pm	1	100	13	86	14
8-9 pm	0	100	9	95	5
Closing	0	100	5	100	0

1/ Corresponds to a typical weekend in August.

2/ Assumes a 10 am to 9 pm operating schedule during peak periods and an average visitor length of stay of approximately six hours.

3/ Cumulative arrivals less cumulative departures.

Source: Harrison Price Company.

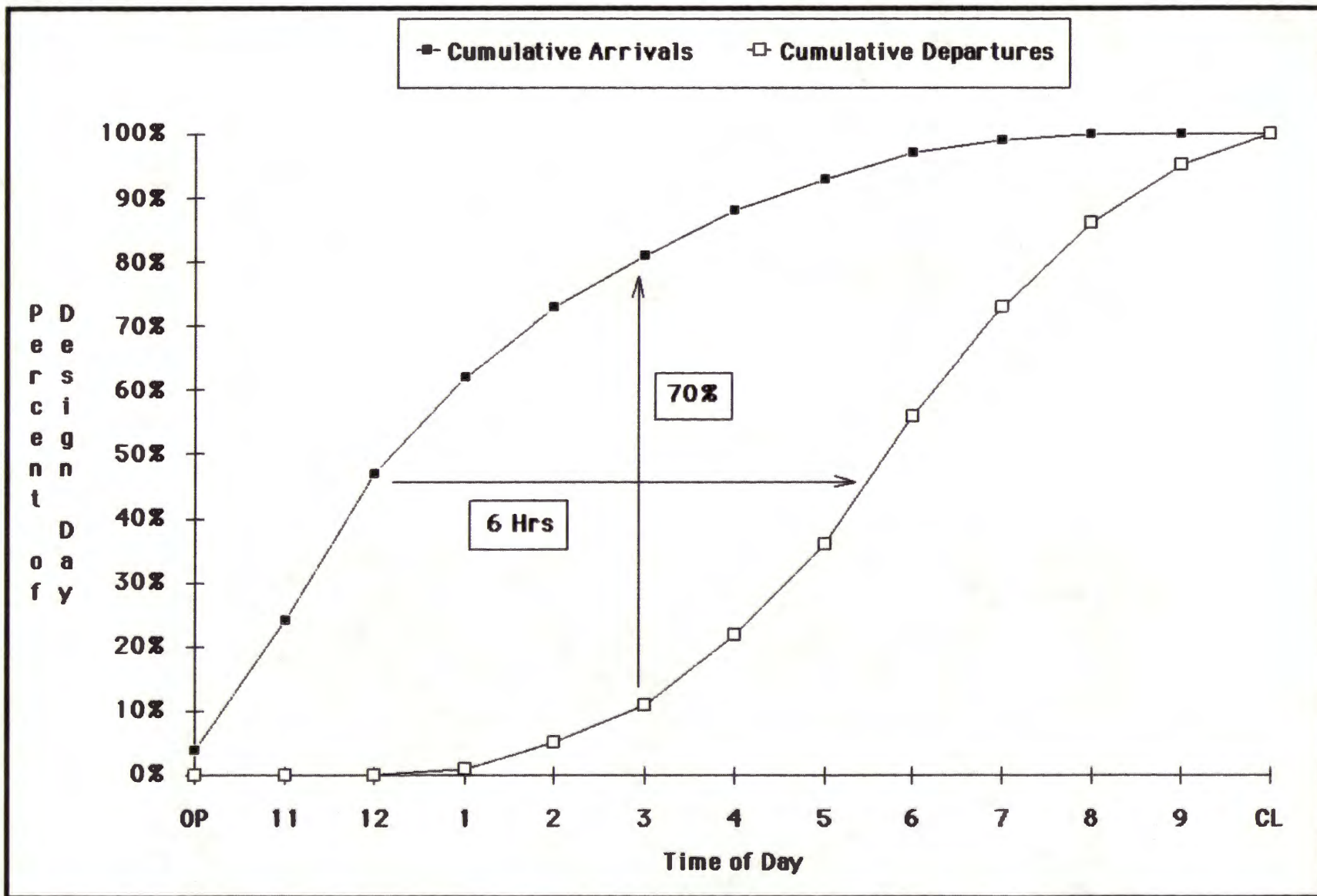


Figure 9

DESIGN DAY ARRIVAL AND DEPARTURE PATTERNS FOR THE WORLD OF OZ



recommended opening-year capacity target is 32,000 capacity units, which should ensure adequate entertainment value that will be perceived as commensurate with the price of admission.

### **Food Service Requirements**

Design day planning parameters indicate demand for food service facilities at the World of Oz as delineated in **Table 31**. Highest demand for food service will logically occur between about 11 am and 2 pm. Assuming that 75 percent of all visitors on-site during these hours wish to eat at the park and, further, that this demand will be more or less evenly spread over the three-hour period, maximum hourly demand would be equivalent to 25 percent of the on-site population at midday (75 percent divided by three hours equals 25 percent), or some 5,500 meals or snacks each hour under the mid-range attendance model. It has also been assumed that this demand will be allocated between three basic types of food service facilities--full-service restaurants (15 percent of total), self-service cafeteria or convenience food facilities (55 percent of total), and various snack stands dispensing beverages, ice cream, hot dogs, and other minimal-preparation items (30 percent of total). This distribution is subject to fine-tuning as park plans are finalized, but will suffice for preliminary planning purposes.

Using seat turnover ratios of one turn per hour for restaurants, two turns per hour for convenience food operations, and 3.5 turns per hour for snack stands as consistent with industry experience, restaurant capacity required is estimated at about 830 seats, while roughly 1,520 cafeteria seats will be required along with around 475 snack stand seats. These seating requirements translate into building area of roughly 21,000 square feet for restaurants, 32,000 square feet for convenience food facilities, and about 7,100 square feet for snack stands. Rounded total requirements are on the order of 60,000 square feet.

### **Merchandise Sales Space Requirements**

**Table 32** estimates merchandise sales space requirements for the World of Oz at the mid-range attendance target. The financial analysis in the next section of this report will establish that potential visitor spending on retail items at the subject attraction are expected to average some \$7.00 per capita (constant 1992 dollars). Given the 2.8 million annual attendance model, total gross merchandise sales will accordingly come

Table 31

**ESTIMATED FOOD SERVICE REQUIREMENTS  
FOR THE WORLD OF OZ  
Stabilized Year**

	<b><u>Mid-Range Attendance Model</u></b>	
Estimated Design Day, Peak On-Site Attendance 1/	22,100	
Maximum Hourly Demand for Food Service (at 25 percent) 2/	5,525	
Estimated Distribution of Hourly Demand by Type of Service		
Restaurant (at 15 percent)	829	
Cafeteria (at 55 percent)	3,039	
Snack Stands (at 30 percent)	1,658	
Seating Capacity Required		
Restaurant (at 1 turn per hour)	829	
Cafeteria (at 2 turns per hour)	1,519	
Snack Stands (at 3.5 turns per hour)	474	
Food Service Area Required (square feet)		
Restaurant (at 25 square feet per seat)	20,719	
Cafeteria (at 21 square feet per seat)	31,907	
Snack Stands (at 15 square feet per seat)	<u>7,104</u>	
Total	59,729	
Rounded to	<table border="1"><tr><td style="text-align: center;">60,000</td></tr></table>	60,000
60,000		

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1/ From Table 29.

2/ Based on 75 percent of the on-site crowd desiring food service over a three-hour period from 11 am to 2 pm (75% + 3 hours = 25%).

Source: Harrison Price Company.

Table 32

**ESTIMATED MERCHANDISE SPACE REQUIREMENTS  
FOR THE WORLD OF OZ  
Stabilized Year**

	<b><u>Mid-Range Attendance Model</u></b>
Estimated Annual Attendance 1/ (thousands)	2,800
Estimated Average Per Capita Expenditure on Merchandise 2/	\$7.00
Total Gross Merchandise Sales 2/ (thousands)	\$19,600
Supportable Merchandise Sales Area (square feet)	
At \$300 Sales Per Square Foot	65,000
At \$350 Sales Per Square Foot	56,000
At \$400 Sales Per Square Foot	49,000
Suggested Sales Area	57,000

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1/ From Table 29.

2/ In constant 1992 dollars.

Source: Harrison Price Company.

to \$19.6 million annually. The minimum sales objective for operations of this type would be \$300 per square foot, yielding demand for 65,000 square feet of sales area. The table also shows requirements at higher sales turnover per square foot--56,000 square feet would be required at a ratio of \$350 per square foot, while 49,000 square feet represents the requirement at \$400 per square foot. As a preliminary planning average, HPC suggests an allocation of 57,000 square feet, which will comfortably accommodate the indicated attendance volume and meet typical financial objectives.

### **Estimated Parking Requirements**

The one component in a recreation enterprise that must be planned for absolute peaks in visitor volume is parking, since availability of a place to park is a prerequisite to attendance. A preliminary estimate of parking spaces needed at the World of Oz is shown in **Table 33**. It can be seen that a 20 percent increment (representing the difference between design day and absolute peak attendance) has been added, which yields a probable peak in-grounds crowd of approximately 26,500 persons. Assuming that a majority of these visitors arrive by private auto in parties averaging 3.2 persons in size as suggested by comparable experience, auto capacity required amounts to roughly 7,000 spaces. It is estimated that the remaining 15 percent of all park guests will arrive via tour or group charter bus which, at an average of 40 persons per vehicle, translates into a need for about 100 bus spaces. Added to visitor parking area are employee parking spaces. While a staffing plan is yet to be developed for the World of Oz, comparable experience indicates that this requirement will be in the neighborhood of 10 percent of the visitor auto requirement, or some 700 spaces. Combined visitor and staff requirements thus total 7,750 auto spaces and 100 bus spaces.

### **Total Land Area Requirements**

Based on sizing parameters for major component facilities of the World of Oz as just described, **Table 34** contains a summary of total land area required for the attraction. As shown, an appropriate crowd density for a major theme park would be 400 peak on-site attendees per acre, for a basic requirement of roughly 55 acres of core entertainment area, including buildings and outdoor entertainment venues. A figure of this general description is comparable to experience at existing theme parks and will ensure adequate space for high-quality development and ease of visitor circulation.

Table 33

**ESTIMATED PARKING REQUIREMENTS  
FOR THE WORLD OF OZ  
Stabilized Year**

	<b><u>Mid-Range Attendance Model</u></b>
Estimated Design Day, Peak On-Site Attendance 1/	22,100
Add: Allowance for Absolute Peak in Attendance (at 20 percent)	26,520
Estimated Distribution by Mode of Arrival	
Auto (at 85 percent)	22,542
Tour Bus (at 15 percent)	3,978
Number of Parking Spaces Required	
Auto (at 3.2 persons per car)	7,044
Tour Bus (at 40 persons per bus)	99
Add: Employee Parking (at 10 percent of visitor auto spaces)	704
Rounded Total Requirements	
Auto Spaces	7,750
Bus Spaces	100

---

1/ From Table 29.

Source: Harrison Price Company.

**Table 34**

**ESTIMATED LAND AREA REQUIREMENTS  
FOR THE WORLD OF OZ  
Stabilized Year**

	<b><u>Mid-Range Attendance Model</u></b>
Estimated Design Day, Peak On-Site Attendance 1/	22,100
Land Area Requirements (acres)	
Basic Entertainment and Visitor Service Facilities (at 400 persons per acre)	55.25
Administration, Maintenance, and Other Support Facilities (at 60 percent of entertainment area requirement)	33.15
Auto Parking Area (at 125 cars per acre) 2/	62.00
Bus Parking Area (at 25 buses per acre) 2/	<u>4.00</u>
Total	154.40
Rounded to	155

---

1/ From Table 29.

2/ Based on parking requirements estimated in Table 33.

Source: Harrison Price Company.

An area equivalent to about 60 percent of the entertainment core, or some 33 acres, will provide for necessary support functions, including administration, maintenance, storage, and other park service facilities. Finally, addition of parking area based on space requirements shown in Table 33, estimated at 66 acres, brings the overall attraction total to 155 acres of land area. This estimate, it should be noted, is a first-phase target and makes no allowance for future expansion of the World of Oz. An expansion reserve, however, should be considered in the master development plan for the site.

## Section 6

### PRELIMINARY FINANCIAL ANALYSIS

The financial implications of the World of Oz project are assessed in this section of the report, incorporating the mid-range attendance model set forth in the preceding section. Except where indicated, all amounts, are expressed in constant 1992 dollars and do not take into account inflation. While every effort has been made to ensure a conservative, realistic appraisal of the project's economic performance, certain independent assumptions have nevertheless been made that influence financial results. These assumptions, described where applicable as the analysis unfolds, are subject to change and/or refinement as planning reaches successively more definitive stages.

#### POTENTIAL OPERATING REVENUE

Operating revenues at the World of Oz will be generated primarily from visitor expenditures at the site. There may be opportunities for certain kinds of ancillary revenue, such as rental of the park for convention or other group events or as a film or television location. However, these supplementary sources of operating income will be far less significant than visitor-derived revenues, and it is in any case premature to attempt an estimate of the possible contribution of these extra-curricular activities. Accordingly, this analysis will be concerned only with spending by World of Oz attendees on admissions, food and beverages, merchandise, parking, and miscellaneous items.

#### Admissions Revenue

Admission tickets represent the largest single source of revenue at the subject attraction. To provide a frame of reference on an appropriate pricing structure, **Table 35** shows the current admission price schedule at major theme parks in the United States. In light of these data and the conceptual plan for the World of Oz, HPC considers an adult admission fee of \$23.95 (exclusive of applicable sales tax) to be a reasonable planning target that will be acceptable in the marketplace and commensurate with the entertainment value that the park is presumed to deliver.



**Table 35**

**ADMISSION PRICE SCHEDULE FOR  
SELECTED MAJOR THEME PARKS  
Summer 1992**

<u>Theme Park</u>	<u>Admission Price 1/</u>			<u>Parking (Per Car)</u>
	<u>Adult</u>	<u>Child (Age Range)</u>	<u>Senior Citizen</u>	
Disney World Complex 2/ (Orlando, Florida)	\$35.90	\$28.50 (3-9)	n/o	\$4.00
Universal Studios Florida 3/ (Orlando, Florida)	33.00	26.00 (3-9)	n/o	4.00
Disneyland 3/ (Anaheim, California)	28.75	23.00 (3-11)	\$23.00	5.00
Universal Studios Hollywood (Los Angeles, California)	26.00	20.00 (3-11)	20.00	5.00
Six Flags Magic Mountain (Valencia, California)	25.00	14.00 (<48 inches tall)	16.00	5.00
Six Flags Great America (Gurnee, Illinois)	24.00	20.00 (4-10)	14.00	4.00
Six Flags Over Georgia (Atlanta, Georgia)	24.00	18.00 (3-9)	12.00	4.00
Six Flags Over Texas (Arlington, Texas)	23.95	17.95 (<48 inches tall)	17.95	4.00
King's Dominion (Doswell, Virginia)	23.95	15.95 (3-6)	18.95	3.00
AstroWorld (Houston, Texas)	23.75	17.25 (<54 inches tall)	12.90	4.00
Opryland (Nashville, Tennessee)	22.95	12.95 (4-11)	n/o	3.00

**Table 35**  
**(Continued)**

<u>Theme Park</u>	<u>Admission Price 1/</u>			<u>Parking (Per Car)</u>
	<u>Adult</u>	<u>Child (Age Range)</u>	<u>Senior Citizen</u>	
Great America (Santa Clara, California)	\$22.95	\$11.45 (3-6)	\$15.95	\$4.00
King's Island (Cincinnati, Ohio)	22.95	11.45 (3-6)	11.45	4.00
Knott's Berry Farm (Buena Park, California)	22.95	9.95 (3-11)	15.95	3.00
Cedar Point (Sandusky, Ohio)	22.95	4.95 (< 48 inches tall)	12.50	3.50
Six Flags Over Mid-America (Eureka, Missouri)	21.95	16.95 (3-11)	10.95	4.00
Worlds of Fun (Kansas City, Missouri)	21.95	14.95 (4-11)	14.95	3.00
Valley Fair (Shakopee, Minnesota)	17.50	9.95 (<48 inches tall)	9.95	3.00
Geauga Lake (Aurora, Ohio)	15.95	15.95 (<42 inches tall admitted free)	9.50	3.00

n/o means not offered.

1/ Regular daytime prices exclusive of sales tax; evening prices may vary.

2/ Includes Magic Kingdom, EPCOT, MGM Studios, Typhoon Lagoon,  
and Pleasure Island; single-day, one-park price.

3/ Single-day price.

Source: Harrison Price Company.

Scaled-down prices would be made available for children under 12 years of age and for senior citizens. Allowing for the probable mix of tickets between adult, child, and senior and further taking into account group and promotional discounts and a certain incidence of complimentary admissions, the effective yield on the adult price is estimated at 70 percent, or \$16.75 per capita, as presented in **Table 36**. A net revenue ratio of this magnitude is comfortably within the range for major commercial entertainment attractions. The estimate refers to the first-phase program; if the park is expanded in future years in a manner that the entertainment value is measurably enhanced, an increase in admission fees over and above cost-of-doing-business adjustments may be justified.

### **Food, Merchandise, and Miscellaneous Expenditures**

Visitor spending on food, beverages, and merchandise will be another major revenue source for the World of Oz. Prevailing rates of spending at theme parks drawing more than 2 million visitors per year are highlighted in **Table 37**. Typical food spending, as indicated, ranges from about \$4.50 per visitor to more than \$9.00, with an average of \$6.15. Parks reporting near the upper end of the range have long average visitor stay times and an excellent food service program. Merchandise quality and salesmanship play a part in the level of retail spending achieved. The indicated range for major parks is between \$3.00 and about \$6.00 per capita, and the average amounts to roughly \$4.50 per visitor. Finally, miscellaneous spending on games, vending, and rentals (strollers, wheelchairs, cameras, and so on) varies from a modest 40 cents per capita to nearly \$4.00 at major theme parks, with the average amounting to roughly \$2.25.

Based on a six-hour average visitor stay time on-site, the envisioned food service content of the World of Oz as set forth in conceptual plans by Landmark Entertainment, and further assuming a high level of operational efficiency, HPC considers an average visitor expenditure of \$6.50 to be an achievable goal for food service. Merchandise spending, meanwhile, is more aggressively targeted at \$7.00 per capita. Attainment of the latter average is predicated on a Disney-quality retail component that makes full use of the Oz theme and characters and implies substantial merchandising skill. The spending model for games and other miscellaneous outlays is \$2.00 per capita on the basis of arcade and games activities called for in the park concept together with a normal allowance for rentals.

Table 36

**ESTIMATED OPERATING REVENUE  
FOR THE WORLD OF OZ  
Stabilized Year; Constant 1992 Dollars**

	<b>Mid-Range <u>Attendance Model</u></b>
Estimated Annual Attendance 1/ (thousands)	2,800
Estimated Per Capita Revenue	
Admissions 2/	\$16.75
Food and Beverages	6.50
Merchandise	7.00
Games and Other 3/	2.00
Parking 4/	<u>1.05</u>
Total	<b>\$33.30</b>
Total Gross Revenue (thousands)	
Admissions	\$46,900
Food and Beverages	18,200
Merchandise	19,600
Games and Other	5,600
Parking	<u>2,940</u>
Total	<b>\$93,240</b>
Less: Cost of Goods Sold (thousands)	
Food and Beverages 5/	\$5,460
Merchandise 6/	9,800
Games and Other 7/	<u>1,960</u>
Total	\$17,220
Total Net Revenue (thousands)	<b>\$76,020</b>

1/ From Table 26.

2/ Based on an adult admission price of \$23.95 adjusted for attendance mix, discounts and complimentary admissions.

3/ Includes games, vending, and rentals (strollers, wheelchairs, cameras, and so on).

4/ Based on a parking fee of \$4.00 per car, 85 percent arrivals by car, and 3.2 persons per vehicle.

5/ At 30 percent of gross food sales.

6/ At 50 percent of gross merchandise sales.

7/ At 35 percent of games and other sales.

**Table 37**

**COMPOSITE FINANCIAL DATA FOR  
MAJOR THEME PARKS 1/  
1991**

	<u>Range</u>		<u>Average</u>
	<u>Low</u>	<u>High</u>	
Per Capita Revenue			
Admissions	\$12.57	\$17.81	\$14.55
Food and Beverages	4.52	9.11	6.15
Merchandise	3.28	6.25	4.62
Games and Other	0.43	3.85	2.28
Parking	<u>0.62</u>	<u>0.87</u>	<u>0.78</u>
Total	\$21.42	\$37.89	\$28.38
Cost of Goods Sold As Percent of Applicable Gross Sales			
Food and Beverages	27%	54%	35%
Merchandise	37	59	48
Games and Other	19	83	39
Operating Expenses As Percent of Total Operating Revenue			
Wages, Salaries, Benefits	22%	34%	30%
Advertising and Promotion	5	11	7
Repairs, Maintenance, and Supplies	5	10	7
Other	6	16	11
EBDIT As Percent of Total Operating Revenue 2/	20%	31%	26%

1/ Composite data for parks with 2 million or more annual attendance.

2/ EBDIT means earnings before depreciation, interest, and taxes.

Source: International Association of Amusement Parks and Aquariums  
and Harrison Price Company.

## **Parking Expenditures**

Parking fees at major theme parks currently range from \$3.00 to \$5.00 per car (refer to Table 35), and translate into average revenue on the order of 80 cents per capita (refer to Table 37). For planning purposes, HPC has used a parking charge of \$4.00 per car at the World of Oz (which compares to a prevailing fee of \$3.00 per car at the competing Worlds of Fun). Allowing for the previously estimated 85 percent visitor arrivals by car and 3.2 persons per vehicle, per capita parking revenue would amount to \$1.05. This figure has not been adjusted for free parking provided to certain VIP guests and parking discounts to groups and should thus be regarded as a maximum attainable objective.

## **Revenue Summary**

Based on the preceding itemization of visitor spending, the aggregate average per capita expenditure would amount to \$33.30, as indicated in Table 36, or within the \$21.00 to \$38.00 range for major theme parks (refer to Table 37). Roughly half of this total revenue will accrue from admission tickets. Table 36 also indicates that per capita spending of this magnitude translates into total gross revenue of slightly more than \$93 million on the mid-range, 2.8-million attendance model. To arrive at net revenues, the cost of food, merchandise, and miscellaneous goods sold must be deducted from this gross amount. Cost of sales ratios employed in this analysis--30 percent of food sales, 50 percent of merchandise sales, and 35 percent of games and other sales--are drawn from typical experience at commercial attractions. Total net operating revenues after subtraction of sales costs therefore amount to \$76 million.

## **PRO FORMA FINANCIAL ANALYSIS**

The paragraphs to follow address the expense side of the financial equation, including the potential size of the annual operating budget, net operating income, and the implied breakeven point in operations.

### **Illustrative Operating Expense Budget**

**Table 38** contains an illustrative operating budget for the World of Oz based on the composite experience of major theme parks. It is cautioned that actual operating costs

**Table 38**

**PRO FORMA FINANCIAL ANALYSIS  
FOR THE WORLD OF OZ  
Stabilized Year; Constant 1992 Dollars**

	<b><u>Mid-Range Attendance Model</u></b>	
Estimated Net Operating Revenue 1/ (thousands)	\$76,020	
Estimated Operating Expenses (thousands)		
Wages, Salaries, and Benefits 2/	\$27,972	
Marketing and Promotion 3/	9,324	
Repairs, Maintenance, and Supplies 4/	6,527	
Other 5/	<u>8,392</u>	
Total	\$52,214	
Total Net Operating Income/EBDIT 6/ (thousands)	<table border="1"><tr><td>\$23,806</td></tr></table>	\$23,806
\$23,806		
Ratio of EBDIT to Total Gross Revenue	25%	

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1/ From Table 36.

2/ At 30 percent of total gross revenue.

3/ At 10 percent of total gross revenue.

4/ At 7 percent of total gross revenue.

5/ At 9 percent of total gross revenue; includes insurance, utilities, real property taxes, miscellaneous operating expenses, and contingency.

6/ EBDIT means earnings before depreciation, interest, and income taxes.

Source: Harrison Price Company.

at the subject attraction may vary--perhaps substantially--from this pro forma analysis, which is intended only for financial planning purposes and should be updated once more is known about staffing requirements and other critical items in park operation. The sophisticated concept proposed for the park, which emphasizes state-of-the-art animatronics together with labor-intensive live entertainment productions, suggests a substantial operating budget requirement. Moreover, to achieve the induced tourism necessary to meet the attendance objective and the concomitant need for wide media exposure, the marketing budget alone will be a substantial item. With these factors in mind, HPC preliminarily estimates approximately \$52 million in direct operating expense on the 2.8 million attendance model. When combined with the cost of goods sold, overall operating expenses would amount to about \$69 million, or \$24.80 per visitor, equivalent to 75 percent of estimated total gross revenue. An expense ratio of this general description is consistent with experience at well-managed, successful theme parks.

### **Potential Net Operating Income**

Table 38 also indicates net operating income potentially attainable at the World of Oz. For the first-phase, mid-range scenario, a net income of approximately \$24 million per year is estimated. This sum represents "EBDIT," or earnings before depreciation, interest, and income taxes. The ratio of EBDIT to total gross revenue is accordingly 25 percent, which compares to a typical range of 20 to 40 percent at mature, successful existing attractions of this type.

### **Estimated Breakeven Point**

The World of Oz will have a fairly high incidence of fixed operating costs, although it is difficult to be precise at this stage of planning. General and administrative expenses (including basic marketing), an appreciable amount of operating labor, real property taxes, and essential building and grounds maintenance are among principal fixed costs. For demonstration purposes, HPC estimates that the distribution of the \$69 million in total operating expense will be approximately 45 percent fixed and 55 percent variable, the latter expenses encompassing cost of goods sold, the balance of operating payroll, insurance, most energy costs, and other items that are sensitive to volume. On this basis, **Figure 10** calculates the theoretical breakeven point for the operation, which is shown to occur at an annual attendance of about 1.6 million.



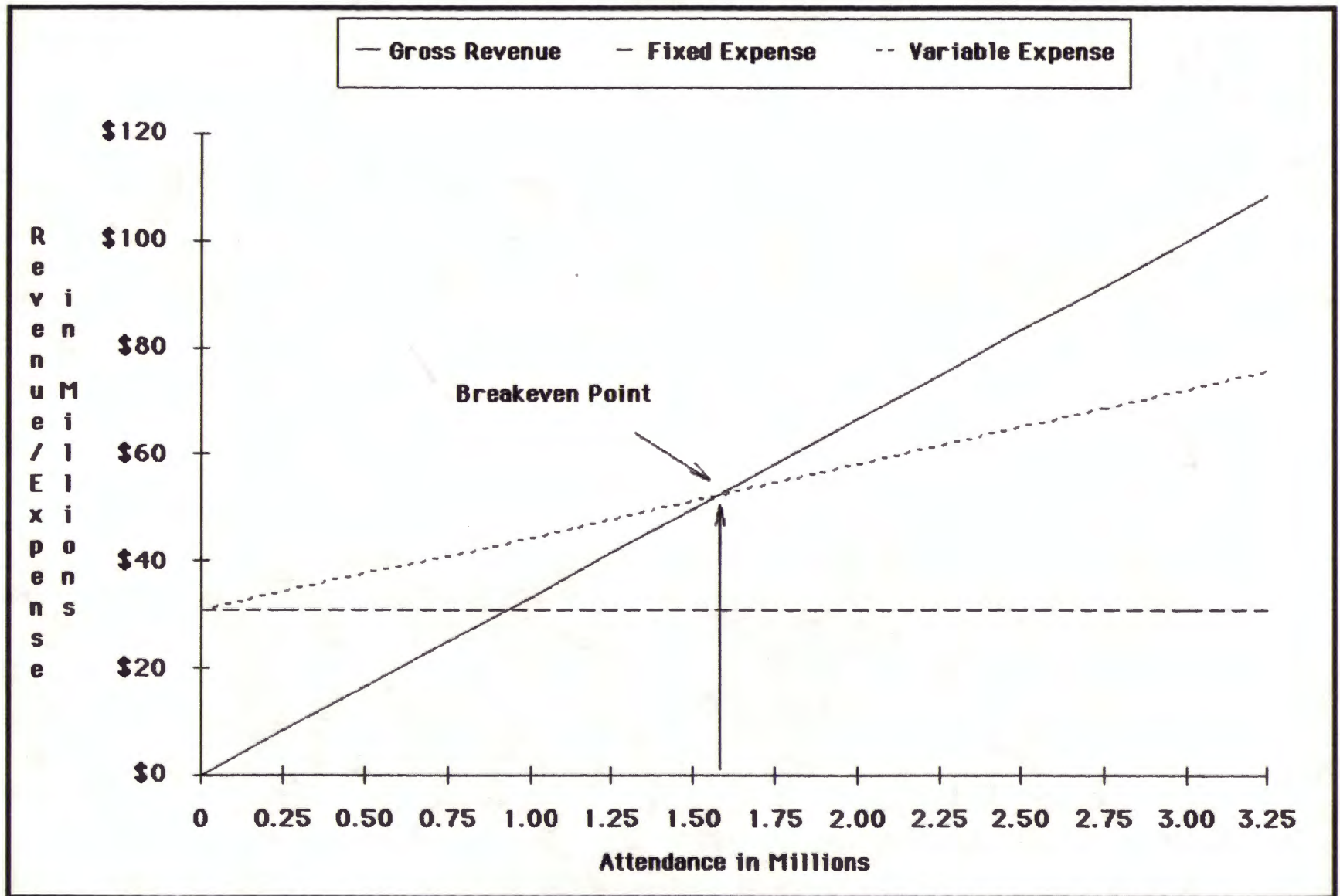


Figure 10

**THEORETICAL BREAKEVEN POINT  
FOR THE WORLD OF OZ  
(Constant 1992 Dollars)**

## **Ten-Year Revenue and Expense Statement**

As a further aid in financial planning, **Table 39** contains an illustrative ten-year income and expense statement for the subject attraction in constant dollars, showing the possible build-up in attendance from opening (assumed to take place in 1996) through and beyond the point of stabilization. Net operating income, as indicated, will rise from some \$18 million in the first operating year to slightly less than \$30 million by the tenth year. The demonstration assumes that regular reinvestments in facilities and attractions will be made to sustain the growth curve over time. As a rule of thumb, an amount equal to between 4 and 6 percent of initial capital investment--\$11 to \$17 million in this case given a \$275 million original project cost--should be set aside for these improvements, with major capital projects scheduled about every three years.

**Table 40** presents the same data in current dollars. Based on forecasts recently issued by the Economics-Policy Research Department of the Bank of America, overall price inflation in the United States is expected to subside from the current 4 percent-plus range to 3.4 percent in 1993 and 3.2 percent in 1994. HPC has further assumed a continued decrease to 3 percent per year thereafter and has held this rate constant from 1996 onward. On a current-dollar basis, therefore, annual net operating income is shown to increase from an initial \$21 million to more than \$44 million by the tenth year of operation. Depending on specific financing terms arranged, adequate funds should accordingly be generated to support debt service and required reinvestment. By 1999, for example, when the first reinvestment would presumably be made, cumulative net operating income will amount to \$104 million. Cumulative net income will rise to roughly \$207 million by 2002 and to \$330 million by 2005.

## **CAPITAL INVESTMENT PARAMETERS**

Estimated net operating income, or EBDIT, for the World of Oz provides a basis for setting realistic targets concerning the level of initial capital investment that the project can support. HPC understands that the Landmark concept for the park is geared to a minimum capital cost, including construction and all "soft costs," on the order of \$275 million for the first phase of development and may exceed \$300 million with a more elaborate execution. In **Table 41**, estimated EBDIT has been capitalized at 10 percent, or \$238 million, which is assumed to represent private debt and equity financing. To meet the investment level entailed in the concept plan, it is further

Table 39

**TEN-YEAR INCOME AND EXPENSE STATEMENT  
FOR THE WORLD OF OZ 1/  
1996-2005  
(Constant 1992 Dollars)**

<u>Year</u>	<u>Annual Attendance (thousands)</u>	<u>Total Gross Revenues (thousands)</u>	<u>Total Operating Expenses (thousands)</u>	<u>Net Operating Income (thousands)</u>
1996	2,500	\$83,250	\$65,100	\$18,150
1997	2,700	89,910	67,854	22,056
1998	2,800	93,240	69,434	23,806
1999	2,800	93,240	69,434	23,806
2000	2,900	96,570	70,596	25,974
2001	2,900	96,570	70,596	25,974
2002	2,900	96,570	70,596	25,974
2003	3,000	99,900	71,970	27,930
2004	3,000	99,900	71,970	27,930
2005	3,100	103,230	73,344	29,886

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1/ Based on data contained in Tables 36 and 38.

Source: Harrison Price Company.

Table 40

**TEN-YEAR INCOME AND EXPENSE STATEMENT  
FOR THE WORLD OF OZ 1/  
1996-2005  
(Current Dollars)**

<u>Year</u>	<u>Annual Attendance (thousands)</u>	<u>Annual Inflation Rate</u>	<u>Total Gross Revenues (thousands)</u>	<u>Total Operating Expenses (thousands)</u>	<u>Net Operating Income (thousands)</u>
1993	n/a	3.4%	n/a	n/a	n/a
1994	n/a	3.2	n/a	n/a	n/a
1995	n/a	3.1	n/a	n/a	n/a
1996	2,500	3.0	\$94,337	\$73,770	\$20,567
1997	2,700	3.0	104,940	79,197	25,743
1998	2,800	3.0	112,092	83,472	28,620
1999	2,800	3.0	115,454	85,977	29,477
2000	2,900	3.0	123,165	90,038	33,127
2001	2,900	3.0	126,860	92,739	34,121
2002	2,900	3.0	130,666	95,521	35,145
2003	3,000	3.0	139,227	100,302	38,925
2004	3,000	3.0	143,403	103,311	40,092
2005	3,100	3.0	152,629	108,442	44,187

n/a means not applicable.

1/ Based on data contained in Table 39.

Source: Harrison Price Company.

Table 41

**ILLUSTRATIVE CAPITAL INVESTMENT PARAMETERS  
FOR THE WORLD OF OZ  
Stabilized Year; Constant 1992 Dollars**

	<b><u>Mid-Range Attendance Model</u></b>
Estimated EBDIT 1/	\$23,806
Supportable Capital Investment (thousands)	
Private Financing 2/	\$238,060
Economic Development Grant	50,000
Institutional Sponsorships	<u>12,000</u>
Total	<b>\$300,060</b>
Memo: Financing Parameters	
Equity (thousands) 3/	\$119,030
Debt (thousands)	119,030
Annual Loan Payment 4/	\$13,807
Coverage Ratio 5/	1.72

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1/ From Table 38; EBDIT means earnings before depreciation, interest, and income taxes.

2/ EBDIT capitalized at 10 percent.

3/ At a 50 percent debt/equity ratio for private financing.

4/ Based on an 11.6 percent debt service constant.

5/ EBDIT divided by annual loan payment.

Source: Harrison Price Company.

assumed that the project will qualify for and be able to obtain an economic development grant in the amount of \$50 million from state government. Lastly, some \$12 million has been assumed in institutional sponsorships, which presumes a very aggressive effort to attract such support and a success rate comparable to that of the Disney operations. In total, then, some \$300 million in overall investment is the indicated initial, mid-range model.

Also shown in the table are illustrative financing assumptions, including a 50 percent debt ratio on private financing which, at an 11.6 percent debt service constant, (fully amortized rate) translates into an annual loan payment of roughly \$14 million. The implied coverage ratio on this sum vis-a-vis EBDIT is 1.72. In conclusion, the World of Oz can meet acceptable standards of economic feasibility given adherence to the critical assumptions on attendance volume and other factors that have been described in this report.