

# Potential New Home for Royal

Kansas City plans for a new agricultural events center for American Royal.

by *Kasey Miller*

The American Royal (AR) Association and the Kemper family announced recently their plan to replace Kemper Arena with a new agricultural events center. The new state-of-the-art center for livestock, equine, rodeo and agricultural events will include approximately 5,000 seats. It will cater to “dirt” events, and will be able to house the American Royal’s barbecue contest; animal stalls; and a covered, open-sided showing. The American Royal Complex will also be updated.

## Project beginnings

The project was first part of the 2005 Master Plan. At that point, the Sprint Center and the Kansas City Power and Light district were becoming a reality, says Bob Petersen, president and CEO of the AR Association. The project was projected to cost \$100 million.

“Everybody agreed that it was a very worthwhile and a noble idea, but there was no money for something of that magnitude,” says Petersen. “The economy was starting to slip a little bit, so [the project] just didn’t get any traction.”

Petersen said that when the rodeo was moved to the Sprint Center, Association members visited R.

Crosby Kemper Jr., who donated the land and the initial funding for Kemper Arena in 1972, to ask for his approval and blessing, which he readily gave. A lot of nostalgia came with moving the event, though. Kemper’s son, Mariner, the current chairman and CEO of UMB Financial, suggested turning the negative of an aging, deteriorating facility into a forward-looking positive. He suggested building a new ag facility — not something that would compete with the Sprint Center, but something that would serve Kemper Arena’s original purpose.

The new project’s proposed cost would be \$60 million. Most of that, \$50 million, would be used for the new ag events center; \$5 million to demolish Kemper Arena; and \$5 million to upgrade the AR Complex, says Petersen. The upgrades will include a new complementing facade, air handling, etc.



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## Project benefits

There are economic benefits to building the new facility now. According to the AR Association, Kansas City is contractually obligated to provide Kemper Arena and other facilities to the AR for 35 more years after 2011. Based on past figures, operating costs during that time could exceed \$40 million, plus Kansas City’s obligation to upgrade and maintain Kemper Arena is estimated at another \$20 million.

The city is not allowed to transfer the facilities used by the Royal to another owner without giving the AR Association a credit of \$12.5 million, which represents the total of all private funds invested in the construction of Kemper Arena and the other facilities by the AR Association and its supporters. This allows Kansas City to convert the more than \$70 million in liabilities to keep Kemper Arena and its other facilities into a positive with the new ag events center.

The Royal itself contributes more than \$70 million to Kansas City’s economy, generating \$4.4 million in local tax revenue and supporting 450 jobs. More than a quarter of a million people attend the events each year, which has been a tradition since 1899.

To pay for the new facility, the Kemper family has already committed to support the plan and contribute financially. In keeping with the original construction of the Kemper

Arena and AR Complex, the AR Association will conduct a fundraising campaign to contribute additionally.

This new ag event facility will serve the Royal’s future needs and will not compete with the Sprint Center, Petersen says, because it is difficult for a city of Kansas City’s size to successfully maintain two large arenas.

The AR will still be the principal user and tenant of the facilities, but that season is three months. To justify a new facility, it needs to be used all 12 months of the year.

“We have a good track record here of doing dirt events, livestock and equine events,” says Petersen, adding that four different national junior shows and the World Paint Congress used the facility last year. They are hoping to host the 2013 National Junior Angus Show (NJAS).

There is a market out there to justify the facility, Petersen says. “Our challenge is that we need to do the economic analysis to make that case,” he says. “We’re confident that will be the case, but we need to do our homework.”

Petersen said construction will not affect the AR show season, but scheduling is up in the air at the moment. He says there are, at best, six months of negotiating with the city, and then construction will have to be planned so that shows will continue as scheduled. Also, the Royal takes place in the AR Complex, so the show can still take place during the new events center’s construction.

The new center, Petersen says, will allow the Royal to uphold the tradition of livestock excellence for years to come.

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