

# **Economic Analysis for a Proposed New Outdoor Sports Field Complex in Worcester County, Maryland**



**Presented to:**

**Maryland Stadium Authority and Worcester County**

**Presented by:**



**Final Report  
August 2017**



August 2017

Mr. Al Tyler, Assistant Vice President, Capital Projects  
Maryland Stadium Authority  
The Warehouse at Camden Yards - South Warehouse  
351 West Camden St., Ste. 500  
Baltimore, MD 21201

Dear Mr. Tyler:

Crossroads Consulting Services LLC has completed its economic analysis for a proposed new outdoor sports field complex in Worcester County. The report presented herein includes the summary of findings, conclusions, and recommendations from our research.

This report was prepared for the Maryland Stadium Authority and Worcester County for their decisions regarding the above referenced project. The information contained in the report reflects analysis of data obtained from primary and secondary sources including, but not limited to, Worcester County. We have utilized sources that are deemed to be reliable but cannot guarantee their accuracy. All information provided to us by others was not audited or verified and was assumed to be correct. We have no obligation, unless subsequently engaged, to update this report or revise this analysis as presented due to events or conditions occurring after the date of this report.

In accordance with the terms of our engagement letter, the accompanying report is restricted to internal use by the Maryland Stadium Authority and Worcester County and may not be relied upon by any party for any purpose including financing. Notwithstanding these limitations, it is understood that this document may be subject to public information laws and, as such, can be made available to the public upon request.

Although you have authorized reports to be sent electronically for your convenience, only the final hard copy report should be viewed as our work product.

We have enjoyed serving you on this engagement and look forward to the opportunity to provide you with continued service.

Sincerely,

*Crossroads Consulting Services LLC*

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## EXECUTIVE SUMMARY

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### Project Background

In 2016, Worcester County (County) and the Maryland Stadium Authority (MSA) engaged Crossroads Consulting Services LLC (Crossroads) to conduct a market analysis that assessed the merits of a new outdoor sports field complex that would serve as a catalyst for sports tourism in the County while also meeting the recreational needs of residents. The market analysis included potential strengths, challenges/threats, and opportunities associated with the construction and operations of the complex.

The following research tasks were conducted as part of the Phase 1 Market Analysis:

- Conducted interviews and/or work sessions with stakeholders including: representatives from the MSA; Worcester County Economic Development; Worcester County Parks and Recreation; Worcester County Tourism; Town of Ocean City; Maryland Sports; Maryland State Senate; and Maryland House of Delegates.
- Analyzed select market attributes including demographic/economic data, area employment, accessibility, hotel statistics, tourism/visitor statistics, attractions, and climate.
- Profiled attributes of existing and planned facilities locally and in the surrounding area to assess how the proposed new outdoor sports field complex may compete with or complement these facilities.
- Reviewed available information from secondary sources regarding historical sports activity occurring at existing facilities in Worcester County.
- Researched key trends in the sports, entertainment, and recreation industries.
- Surveyed/interviewed potential users of the proposed new outdoor sports field complex including: area scholastic and collegiate programs; State, regional and national youth, and amateur sports organizations; and promoters of youth and adult amateur sports tournaments.
- Analyzed usage and operating data from a select number of competitive/comparable facilities for the outdoor sports field complex.
- Developed a competitive market assessment that identified market-related strengths, challenges, opportunities, and threats associated with the proposed new outdoor sports field complex.

Research conducted in the Phase 1 Market Analysis, including direct feedback from event promoters/producers, suggested that demand exists for a new outdoor sports complex that offers a critical mass of multi-purpose, rectangular fields with associated patron amenities and supporting infrastructure. This increase in supply would allow the County to better accommodate and grow its existing, local-based recreational programs as well as to attract incremental new sports competitions/tournaments that generate economic and fiscal impacts to

the community. The proposed new outdoor sports field complex could serve a diverse set of demand generators at varying levels of competitions/tournaments. Offering multi-purpose fields will allow the facility to host multiple sports such as lacrosse, soccer, rugby, and ultimate Frisbee which mitigates the reliance on any one sport.

While representatives of multiple sports at all levels expressed interest in hosting tournaments at the proposed new outdoor sports field complex, some tournament promoters/producers expressed a concern regarding the potential of oversaturation of the Mid-Atlantic market, particularly as the competitive supply of facilities continues to change. It is our understanding through primary and secondary sources that potential plans exist for additional fields to be developed by the private sector in Worcester County, Wicomico County and in White Marsh. In addition, the DE Turf Sports Complex in Frederica opened in April 2017 with multiple fields that will further increase the supply for tournament activity in the region.

The County and MSA jointly determined that the findings in the Phase 1 Market Analysis supported moving forward with the next phase of the research for a proposed new outdoor sports field complex. Consequently, the County and MSA requested that Crossroads proceed with the Phase 2 of the study effort. As with the Phase 1 Market Analysis, the Phase 2 Economic Analysis is non-site specific other than being in the County.

## **Work Plan**

Research tasks completed as part of the economic analysis related to the proposed new outdoor sports field complex included, but were not limited to, the following:

- Refined the building program and recommended site parameters.
- Developed a financial pro forma and related assumptions regarding potential usage/event activity and facility operations in terms of operating revenues and operating expenses.
- Estimated the economic impacts in terms of spending, employment, and earnings associated with on-going facility operations.
- Estimated the tax revenues associated with on-going facility operations.
- Summarized findings.

The remainder of this report summarizes the key findings from the Economic Analysis.

## **Executive Summary**

Sports tourism is a growing niche regionally and nationally. As more communities realize the economic value of this visitor segment, new facilities have been developed to accommodate competitive sporting events designed and operated to primarily attract out-of-town visitors while having the additional benefit of hosting recreational and club programs in support of residents. Several of the County's market characteristics including its accessibility, supply of overnight accommodations, destination as a beach community, and visitor amenities are compatible with attracting sporting events that generate economic and fiscal impacts.

In addition, Worcester County, the Town of Ocean City, and Wicomico County are members of the Mid-Atlantic Amateur Sports Alliance (MAASA). These three entities work closely with Maryland Sports to jointly market and leverage their combined assets to attract, retain and build sports marketing events to establish a national reputation in amateur athletics and increase economic impact to the region.

The remainder of this section provides a summary of the recommended building program as well as the estimated event activity, financial operations, and economic and fiscal impacts associated with the on-going operations of the proposed new outdoor sports field complex in Worcester County.

### **Program**

Based on the Phase 1 Market Analysis, the following summarizes the recommended programmatic elements for the proposed new outdoor sports field complex:

- A minimum of eight (8) tournament-quality, multi-purpose fields to accommodate competitive field sport events such as soccer, lacrosse, rugby, etc.
- Field surface is artificial turf to maximize tournament opportunities which will:
  - Allow play during inclement weather
  - Extend the season for use of the facility
  - Mitigate wear and tear from extensive use particularly with the sport of lacrosse
- All fields are lighted
- Strategic space planning to accommodate future expansion, as warranted
- Well-designed layout to accommodate tournament activity
- Concessions, restrooms, and Wi-Fi access throughout the complex
- Support space including administrative office space for staff and tournament promoters, a maintenance building, and on-site storage for promoters and equipment
- Designated space designed for a 'tournament central' area
- Open space for team gathering and warm-up areas for players

- Sufficient on-site parking and traffic management that identifies appropriate ingress/egress to and from the site that can accommodate tournament traffic and flow
- Supporting infrastructure including electrical connectivity at each field and in the sponsor activation area, etc.

The above program would require approximately 32 acres to accommodate the fields and supporting infrastructure (e.g., drainage areas, restrooms, concession stands, office space, maintenance buildings, playgrounds, walking trails, etc.). In addition, approximately eight (8) acres is recommended to accommodate parking requirements based on 100 cars per field and one acre per 100 cars. In aggregate, a total site area of approximately 40 acres should be able to accommodate the recommended building program. This general approximation assumes no wetlands or other environmental issues at the site. While the eight (8) proposed fields could be accommodated on 40 acres of land, any expansion plans would likely require additional acreage.

### Event Activity

The following table summarizes the estimated total event activity and hotel room nights associated with operations of the proposed new outdoor sports field complex for a stabilized year of operations. The estimate of event activity only includes tournament activity, no league activity is programmed into the financial pro forma.

<b>Proposed New Outdoor Sports Field Complex in Worcester County Estimate of Annual Event Activity (Stabilized Year)</b>			
<b>Category</b>	<b>Range</b>		
<b>Season</b>	March 1 - November 30		
<b>Tournament Activity</b>			
Total Events	17	-	21
Total Event Days	43	-	53
Number of Participants	25,500	-	31,500
Number of Spectators	63,750	-	78,750
Average Length of Stay (Days)	2.5	-	2.5
<b>Total Attendee Days</b>	<b>225,750</b>	-	<b>278,250</b>
<b>Total Hotel Room Nights</b>	<b>50,575</b>	-	<b>62,475</b>

Based on market research, it is estimated that approximately 90% of this event activity would be incremental new to the County and 75% would be incremental new to the State. This incremental activity reflects new events as well as increased attendance at events currently taking place in other locations throughout Maryland. The estimate of the economic and fiscal impacts associated with the on-going operations of the proposed new outdoor sports field complex is based on the incremental new activity (not the total activity shown above).

## Financial Operations

Based on the assumptions outlined in this report and as summarized in the following table, it is estimated that the proposed new outdoor sports field complex will realize an operating loss before taxes, debt service, and depreciation in a stabilized year of operations. In addition, it is recommended that the County plan for an annual payment specifically designated as a reserve for replacement fund to safeguard the investment and cover any extraordinary annual/future capital repairs or improvements to the complex.

<b>Proposed New Outdoor Sports Field Complex in Worcester County Estimate of Annual Financial Operations (Stabilized Year)</b>		
<b>Category</b>	<b>Range</b>	
Net Operating Revenues	\$379,000	\$460,000
Net Operating Expenses	515,000	615,000
Net Operating Loss Before Taxes, Debt Service and Depreciation	(\$136,000)	(\$155,000)
Expense Coverage Ratio	74%	75%

Note: Expense coverage ratio equals operating revenues divided by operating expenses.

It is assumed that the proposed new outdoor sports field complex will be owned by the County and operated by the County's Recreation and Parks Department. It is further assumed that incremental new staff will be added to assist in operating the proposed new outdoor sports field complex which will be augmented by other marketing assets such as Worcester County Tourism, MAASA, and Maryland Sports. Other key assumptions are outlined in Section 3.

## Incremental New Economic and Fiscal Impacts

The following table summarizes the estimated annual incremental economic impacts generated from on-going operations of the proposed new outdoor sports field complex in terms of direct, indirect/induced, and total spending, total jobs, and total earnings.

<b>Proposed New Outdoor Sports Field Complex in Worcester County Estimate of Annual Incremental New Economic Impacts From On-Going Operations (Stabilized Year)</b>						
<b>Category</b>	<b>Worcester County</b>			<b>State of Maryland</b>		
	<b>Range</b>			<b>Range</b>		
<b>Spending</b>						
Direct Spending	\$21,311,000	-	\$26,264,000	\$18,873,000	-	\$23,254,000
Indirect/Induced Spending	\$9,041,000	-	\$11,139,000	\$13,845,000	-	\$17,056,000
Total Spending	<u>\$30,352,000</u>	-	<u>\$37,403,000</u>	<u>\$32,718,000</u>	-	<u>\$40,310,000</u>
<b>Total Jobs</b>	360	-	440	320	-	400
<b>Total Earnings</b>	\$10,516,000	-	\$12,960,000	\$12,038,000	-	\$14,835,000



As previously noted, this analysis takes into account that some of the events programmed at the proposed new outdoor sports field complex in Worcester County are currently occurring elsewhere in the State. As such, these events will have a positive impact at the County level but will not result in any new economic benefits to the State.

Direct spending related to facility operations and attendee spending outside of the facility is the driving factor in estimating economic impact. Total spending, total jobs and total earnings are calculated based on the IMPLAN multiplier model. As such, although the direct spending is estimated to be higher in Worcester County than in the State, the multiplier effect yields higher amounts for total spending and earnings at the State level.

Other qualitative economic benefits associated with developing a new outdoor sports field complex include, but are not limited to: enhancing the quality of life to area residents; fostering the development of sport participants in the area; broadening market reach to new visitors; attracting visitors during non-peak months; receiving media exposure through hosting regional and national event activity; and serving as a catalyst for future development in the area.

As shown below, annual fiscal impacts (or tax revenues) generated from on-going operations of the proposed new outdoor sports field complex are estimated to range from approximately \$446,000 to \$551,000 in Worcester County and \$1.9 million to \$2.4 million at the State level.

<b>Proposed New Outdoor Sports Field Complex in Worcester County</b>			
<b>Estimate of Annual Incremental New Tax Revenues From On-Going Operations (Stabilized Year)</b>			
<b>Municipality/Tax</b>	<b>Range</b>		
<b>Worcester County</b>			
Hotel/Motel Tax	\$238,000	-	\$294,000
Admissions & Amusement Tax	120,000	-	148,000
Local Personal Income Tax	52,000	-	64,000
Food & Beverage Tax	36,000	-	45,000
Total	<u>\$446,000</u>	-	<u>\$551,000</u>
<b>State of Maryland</b>			
Sales and Use Tax	\$1,371,000	-	\$1,691,000
Personal Income Tax	459,000	-	565,000
Corporate Income Tax	88,000	-	109,000
Motor Vehicle Rental Tax	29,000	-	35,000
Total	<u>\$1,947,000</u>	-	<u>\$2,400,000</u>
<b>GRAND TOTAL</b>	<b>\$2,393,000</b>	-	<b>\$2,951,000</b>

Although not quantified in this analysis, construction costs associated with development of a new sports field complex would provide additional economic and fiscal impacts to the County and the State during the construction period.

Because the information presented in the executive summary is extracted from the more detailed report, it is important for the reader to review the report in its entirety to gain a better understanding of the research, methodology and assumptions used.

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## **COMPARABLE OUTDOOR SPORTS COMPLEX CASE STUDIES**

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This section provides case studies on select outdoor sports facilities in terms of ownership/management structure, building program elements, event activity, financial operations, and operating strategies obtained from conversations with management as well as secondary sources. The following facilities were chosen based on their similarity in terms of facility type/market focus to the proposed new outdoor sports field complex in Worcester County.

The following facilities and complexes were profiled as part of the competitive set.

- Ashton Brosnahan Soccer Complex – Pensacola, Florida
- Aurora Sports Park – Aurora, Colorado
- Georgia Sports Park – East Point, Georgia
- Hampton Roads Soccer Complex – Virginia Beach, Virginia
- Jack Allen Recreation Complex – Decatur, Alabama
- Kirkwood Soccer Complex – New Castle, Delaware
- Manchester Meadows – Rock Hill, South Carolina
- Maryland SoccerPlex – Germantown, Maryland
- Mesa Soccer Complex – Greer, South Carolina
- Mike Rose Soccer Complex – Memphis, Tennessee
- Overland Park Soccer Complex – Overland Park, Kansas
- Reach 11 Sports Complex – Phoenix, Arizona
- Rocky Top Sports World – Gatlinburg, Tennessee
- Siegel Soccer Complex – Murfreesboro, Tennessee
- Striker Park – Glen Allen, Virginia

While comparable case studies can provide significant data, they still only serve as a guide. Factors such as number and configuration of fields, market conditions and competitive environment vary among venues and impact operations making it difficult to find a perfect comparable facility. However, these facilities offer a frame of reference in terms of common programmatic elements and certain areas of operation.

## **Ashton Brosnaham Soccer Complex – Pensacola, Florida**

The 10-field complex is owned by Escambia County and operated and maintained by the Gulf Coast Texans Soccer Club through a lease agreement. All 10 fields are lighted and have natural grass. One of the fields is a stadium field and includes seating for 2,500, a press box, and adjacent restroom and concession facilities.

The complex is primarily utilized by the Gulf Coast Texans Soccer Club and its travel and recreational youth and adult soccer clubs and leagues. Tournaments are regularly programmed and the facility hosted the NCAA Division II Men's and Women's Soccer National Championships in 2006.

### **Site Plan**



### **Program Summary**

- 10 lighted natural grass fields
- Stadium field - 2,500-seating capacity
- Concession facilities (2)
- Restroom facilities (2)
- Picnic pavilion (1)
- Playground (1)

## **Aurora Sports Park – Aurora, Colorado**

The 27 soccer/multi-use fields are part of a larger development that is owned, operated, and maintained by the City of Aurora. The complex includes the 23 natural grass multi-use fields, four new synthetic turf fields and 12 baseball/softball fields. The multi-use fields are utilized for soccer, lacrosse, rugby, and football. The complex is open from March through November.

The park has a booking priority system with the following groups having priority on field space:

1. Independent youth sports organizations that the City recognizes as having a certain percentage of Aurora residents. The sport must be considered “in season” when requesting field space.
2. City-run youth and adult recreational programs.
3. Tournament promoters. Weekends from May through July are reserved specifically for tournaments with league play scheduled around tournaments if available.

The complex hosts approximately 350,000 users annually. There are five major tournaments and between 55 and 65 events hosted annually at Aurora Sports Park.

There are 11 full-time employees at the complex - 10 for maintenance and one for booking/operations management.

### **Site Plan**



### **Program Summary**

- 27 soccer/multi-use fields
  - 23 natural grass fields
  - Four (4) synthetic turf fields
- Championship field with berm seating for 500
- Parking capacity: 2,800 + additional 300 unpaved
- Restroom / concession facilities (2)
- Picnic shelters (3)
- Walking trail

## **Georgia Sports Park – East Point, Georgia**

The six-field complex is owned, operated, and maintained by the Georgia Soccer Development Foundation (GSDF). Five of the fields were opened in 2006 and the sixth was developed in 2009. All six fields are natural grass and none are lighted. The GSDF is a non-profit organization that was originally comprised of two sports groups: Georgia Soccer Park, LLC; and Concorde Fire Soccer Club.

The Concorde Fire Soccer Club, the Atlanta Flying Disc Club, and the Atlanta District Amateur Soccer League each have booking priority of the complex. The complex is by reservation only and is also used by Soccer in the Streets, Liga de el Sueno, The Luke Project Sports, USA Ultimate, Clan Na NGael Gaelic Football, America Scores/Atlanta, and Woodward Academy Athletics.

There is one full-time manager, one contract full-time labor position, and one part-time maintenance employee. The manager is responsible for the field condition, budget, scheduling of fields, event management, and fundraising for planned future development. There is a nine-member Board of Directors that is comprised of regional business leaders and a representative of the Concorde Fire Soccer Club.

The complex hosts 100,000 users annually and 24 weekends of tournament activity in 2015. The complex has paved parking sufficient to accommodate their player and participant needs. There are limited on-site amenities with portable restrooms used and no bricks and mortar facilities. The goal of the GSDF is to become a 16-field complex that includes permanent restrooms and concessions, an office building, and a small capacity stadium.

### **Site Plan**



Note: The above site plan is prior to the addition of the sixth field.

### **Program Summary**

- Six (6) natural grass fields
- Paved parking
- Portable restrooms
- Portable concessions

## **Hampton Roads Soccer Complex – Virginia Beach, Virginia**

The 21-field complex is located on land owned by the City of Virginia Beach. The Hampton Roads Soccer Council (HRSC), a non-profit organization, leases the land at the cost of \$1.00 per year and is responsible for operating and maintenance. The site includes seven small-sized fields, 12 full-size fields, and two full-size artificial turf fields. There is a 2,500 square foot Headquarters Building with offices, restrooms, concessions, meeting room, and trainers/first aid room as well as a second restroom/concession facility on site. There are two picnic pavilions that serve as tournament centers.

The HRSC was privately developed. Fundraising was accomplished through corporate donations, foundation grants, and fundraising events. The North American Sand Soccer Championships, which are promoted by HRSC, is the primary fundraising event with all proceeds specifically directed to capital development at the complex. The complex has nine staff and a reported operating budget of \$700,000 annually.

Created in 1991, the HRSC consists of three soccer clubs including Beach FC, Virginia Rush, and Southeastern VA Women's Soccer Association. There is a 24-member Board of Directors with 12 representatives from the three soccer clubs and 12 at-large community members.

The complex generally averages seven (7) regional tournaments annually that attract approximately 60,000 out-of-town visitors.

### **Site Plan**



### **Program Summary**

- 21 fields
  - Seven (7) small-sized, natural grass, irrigated fields
  - 12 full-size, Bermuda grass, irrigated fields
  - Two (2) full-size artificial turf fields
- Headquarters building – 2,500 square feet with restrooms, concessions, meeting room, trainers/First Aid room, and staff offices
- Restroom / concession facility (2)
- Picnic pavilions (4)
- Playground (1)

## **Jack Allen Recreation Complex – Decatur, Alabama**

The Jack Allen Recreation Complex is situated on 77 acres and offers 10 international sized, natural grass soccer fields. One field is a championship stadium with 2,500 seats, full press box, wireless electronic scoreboard, and covered team benches. Other amenities include concessions, meeting space, and on-site parking. The complex opened in 2005 and is owned and operated by the City of Decatur with four full-time staff. In 2015, the facility received an upgrade with more than \$300,000 in locker room additions.

The complex is home to the Decatur Youth Soccer Association and the local club teams, River City United, that combined have 500 registered athletes. In addition, the complex hosts approximately eight tournaments per year ranging from 80 to 120 teams each. It has hosted the Alabama State Cup Championships, Region III Presidents Cup, NAIA Women's Soccer Championship and college exhibition games. Aside from soccer, the complex also hosts long drive golf competitions, ultimate Frisbee tournaments, and flag football tournaments. Management prefers not to rent the complex for football given its wear and tear on the fields.

Booking priority is given to Decatur Parks and Recreation, Decatur Youth Soccer Association, Decatur Soccer Council, North Alabama Soccer League, Alabama Youth Soccer Association, and the Decatur Board of Education. All priority users may book the complex up to one year in advance and must belong to an affiliated state or national organization such as the Alabama Soccer Association. Second priority users may schedule events three months in advance. Since its opening the complex has been closed two days per week to allow the fields to rest and typically operates ten months a year.

### **Site Plan**



### **Program Summary**

- 10 natural grass fields
  - One (1) stadium with 2,500 seats
- Controlled entry for admission
- Concession stand
- 635 parking space
- Restrooms
- Meeting space
- Disc golf course
- Playground (1)

## **Kirkwood Soccer Complex – New Castle, Delaware**

Owned by the County of New Castle and leased to the Kirkwood Soccer Club (KSC), Kirkwood Soccer Complex opened in 1992. The complex offers 14 outdoor fields as well as an indoor field surface. These facilities are home to the 3,000 member Kirkwood Soccer Club's programs, high school soccer, collegiate soccer, tournaments, camps, and clinics.

KSC has a 50-year lease with the County to operate and maintain the complex. KSC pays the County \$1.00 annually. KSC developed the original 13 natural grass fields and indoor field arena through US Soccer Federation grants and private fundraising. In 2005, the complex added the 14<sup>th</sup> artificial turf field and paved the parking lots. Kirkwood Soccer Complex does not have permanent lighting on any fields, when required, the complex utilizes portable lighting.

The KSC, through its arrangement with the County, is home to county soccer leagues after KSC practices have finished and grants rights to the County for the use of the indoor arena. There are six high schools that utilize the complex for games.

The complex hosts approximately eight annual tournaments with KSC hosting four and the others being held by outside promoters.

There are five full-time employees that manage both the complex and soccer programs and four seasonal part-time grounds crew staff. KSC is a non-profit and has a break-even annual budget of \$1 million.

### **Site Plan**



### **Program Summary**

- 14 fields
  - 13 natural grass fields
  - One (1) artificial turf field
- Indoor field surface (1)
- Field House – 10,000 square foot with indoor field surface, bleacher seating, offices, concessions, restrooms
- Picnic pavilions (2)

## **Manchester Meadows – Rock Hill, South Carolina**

The eight-field complex is owned by the City of Rock Hill and operated by the City's Parks, Recreation & Tourism Department. The complex opened in 2006 and has six natural grass fields and two artificial fields, all of which are lighted and have scoreboards. Both artificial turf fields have seating for 750.

The City of Rock Hill recreation programs and Discoveries Soccer Club are the main users of the complex on weekdays, and weekends are reserved for tournament play. Discoveries Soccer Club pays an annual fee to have reservation rights. The Discoveries Soccer Club is required to pay all bid fees for tournaments and exclusively utilizes two fields on weekdays, is entitled to two complimentary weekends to host tournaments, and is not charged for conference room/pavilion usage or to host camps. In addition to these uses, the facility hosts approximately 20 major tournaments, five to eight minor tournaments and various camps throughout the year.

There are seven full-time staff dedicated to the complex and three part-time equivalents. Additionally, there are two sports programmers that work at Manchester Meadows as well as at other City facilities. The annual budget is approximately \$500,000 in expenses and \$100,000 in revenue. The City sells sponsorships for the fields and scoreboards and generates additional revenue through field usage fees, pavilion rentals, and concessions.

There is an established booking priority system: 1) City of Rock Hill youth programs; 2) tournaments that drive economic activity to the City; and 3) Discoveries Soccer Club related activities. Each year there are between 400,000 and 450,000 users of the complex which are estimated to generate \$10 million in economic impact.

### **Site Plan**



### **Program Summary**

- Eight (8) lighted fields
  - Six (6) natural grass fields
  - Two (2) artificial turf fields
- Seating for 750 at each artificial turf field
- Field house – 9,000 square foot with restrooms, concessions, 150-capacity meeting room
- Parking capacity: 720
- Restroom/concessions in Field House
- Picnic pavilions (3)
- Playground

## **Maryland SoccerPlex – Germantown, Maryland**

The Maryland SoccerPlex/Discovery Sports Center is owned by the Maryland-National Capital Park and Planning Commission, a bi-county agency. The indoor/outdoor sports complex was built by the private, non-profit Maryland Soccer Foundation (MSF) on approximately 162 acres of County-owned land. The MSF has a 40-year lease agreement with the County and is responsible for operating and maintaining the complex at the MSF's sole expense. The 24-field outdoor complex is used primarily for soccer and lacrosse and includes a 4,000-seat championship stadium. The stadium is home to the Washington Spirit of the National Women's Soccer League. Opened in 2000, the broader complex includes a 64,000 square-foot indoor venue (Discovery Sports Center) with office space, restrooms, concessions, meeting rooms, and eight convertible basketball/volleyball courts that are also able to accommodate indoor futsal, lacrosse, and rugby as well as trade shows and special events.

The complex was funded via tax exempt bonds issued for approximately \$14.1 million (approximately \$8.1 million for the soccer fields and \$6.0 million for the indoor facility). The MSF is responsible for the debt service on the bonds which amounts to approximately \$1.0 million per year. The MSF annual operating expenses are approximately \$4.7 million. The MSF's revenue streams include, but are not limited to, field rental charges, rentals of the indoor venue, hotel rebates, and a portion of concessions from the contracted vendor. The facility is operated by 14 full-time staff and 12 part-time staff.

Primary uses for the outdoor fields are soccer league games (practices are not allowed) and tournament play, each accounting for 50% of an estimated 320 event days annually. Sixteen (16) soccer and lacrosse tournaments were held in 2015-2016, most of which draw teams from outside of Maryland. Per management, approximately 650,000 attendees (including participants and spectators) utilize the complex each year.

The MSF has a booking priority that gives preference to organizations that support children from Maryland. Most games are allocated to Montgomery County children. The complex commissioned a study in 2014 to estimate the economic impact of 12 major outdoor tournaments. These events were estimated to draw more than 50,000 visitors from more than 50 miles. Per the study, these tournaments generated approximately \$24.9 million in economic impact to the area.

### **Site Plan**



### **Program Summary**

- 24 fields and indoor venue
  - 21 natural grass fields
  - Three (3) lighted, artificial turf fields
  - One (1) indoor playing surface
- Parking capacity: 2,000
- Concessions and restrooms at indoor venue

## **Mesa Soccer Complex – Greer, South Carolina**

The 16-field complex is owned by the Carolina Elite Soccer Academy (CESA) and the Greenville County Recreational District (GCRD) and operated by CESA. Ten of the fields were constructed by the CESA in 1995 and the GCRD developed the six additional fields, field lighting, additional parking, bathroom and concession area, and a playground in 2007. The Mesa Soccer Complex is primarily focused on soccer but recently began hosting lacrosse and ultimate Frisbee events.

CESA is the largest soccer club in the area with over 4,000 participants. CESA has four full-time and 10 part-time staff that manages the soccer operations of the club, schedules the fields, and manages the tournaments. GCRD is responsible for maintenance at the complex. CESA promotes four tournaments annually and one regional tournament every two years with additional tournaments added on an occasional basis.

### **Site Plan**



### **Program Summary**

- 16 Bermuda grass fields
- Parking capacity: 1,250
- Restroom/concessions facilities (2)
- Picnic shelter (1)
- Playgrounds (2)
- Walking trail

## **Mike Rose Soccer Complex – Memphis, Tennessee**

The 17-field complex is owned by Shelby County and is operated by a for-profit company, Soccer Management, who does business as OS Memphis. There are 16 natural grass fields that were constructed in 1999 and a 2,500-seat stadium field was added in 2001. All fields are lighted, have scoreboards, and are natural grass with irrigation and drainage systems. Each of the 16 fields has a total seating capacity of 80. The stadium has television compatible lighting, showers and locker rooms, food court, corporate skybox, media services, administrative offices, and a conference room. The complex was privately funded through revenue from private donors and corporate supporters.

The complex is home to many local youth soccer clubs and leagues, adult leagues, Hispanic leagues, summer camps, and tournaments. Through an agreement with Shelby County, youth programs have a priority when booking fields. The parking lots are used for car shows, road races, and other miscellaneous events on a regular basis.

The fields are closed from mid-December through mid-February and only four fields are used in the summer so that the other fields can be maintained. The complex has 10 full-time employees. There are approximately 600,000 users at the complex annually.

### **Site Plan**



### **Program Summary**

- 17 lighted, Bermuda natural grass fields
- Stadium with 2,500-seat capacity
- Seating for 80 at each field
- Paved parking
- Restroom facilities (3)
- Concession facility (1)
- Walking trail

## **Overland Park Soccer Complex – Overland Park, Kansas**

The 12-field complex is owned and operated by the City of Overland Park. All fields are lighted, offer artificial turf and have cooling systems installed on the field and at each team bench. Opened in 2009, the complex was constructed to be a tournament facility on weekends and support local youth sports on weekdays and open weekends. Although the complex primarily hosts soccer, it also holds lacrosse and ultimate Frisbee events.

Sporting Blue Valley Soccer Club (SBV), the largest soccer club in the region, signed a long-term lease agreement for office space in the field house and for the use of ten fields, Monday through Thursday. In FY 2016, the complex hosted 24 tournaments that accounted for approximately 31,000 room nights and 1.1 million visitors, including 380,000 associated with tournaments and 590,000 associated with league play. The complex had operating revenues of \$1.5 million and expenses of \$1.2 million in 2015. There are four full-time staff members and seven to eight part-time staff.

During FY 2016, the soccer complex secured a multi-year naming rights agreement with SCHEELS All Sport. The deal is for five years and will result in \$125,000 in revenue each year. The complex also has sponsorship agreements with Sporting KC and Heartland Soccer Association that generated nearly \$200,000 in revenue in FY 2016.

Management can move SBV League play on weekends if there is a tournament with substantial economic impact requesting that weekend. However, management cited that its approximately 20 tournaments annually provide sufficient positive budgetary and economic impact and allows local play to be accommodated.

### **Site Plan**



### **Program Summary**

- 12 lighted, artificial turf fields
- Seating for 40 at 11 fields and 800 at the Championship Field
- Scoreboards at every field
- Field house – 16,000 square feet with office space for staff, SBV, referees and tournaments; referees' showers and restrooms; permanent First Aid area; lobby; and storage
- Parking capacity: 1,100
- Restroom/concession facilities (3)
- Shade shelters throughout complex
- Wi-Fi throughout complex
- Playgrounds (3)
- Skateboard Park and Basketball Court on-site

## **Reach 11 Sports Complex – Phoenix, Arizona**

The 18-field complex was constructed by the City of Phoenix on land owned by the Federal Bureau of Reclamation. The City of Phoenix Parks and Recreation operates and maintains the complex. One of the fields is artificial turf while the other 17 fields are natural grass. All 18 fields are lighted. Phase I was completed in 2007 with 10 fields and Phase II was completed in 2009 with an additional eight (8) fields. The complex hosts soccer, lacrosse, field hockey, rugby, flag football, and road races. Phase III is in the planning stages and will potentially include additional fields and/or a championship quality 10,000-seat stadium with a press box and locker rooms.

The complex was created with the primary objective of attracting tournament play and allows limited local play on the one artificial turf field. There are approximately one million annual users of which 70% are estimated to be from out-of-State.

The Parks and Recreation management team utilizes a booking priority system. Tournament applications are rated based on how many teams will be participating in the tournament, how many hotel rooms are being utilized, how many fields will be utilized, and the ability to sign a multi-year contract. If there is a booking conflict, the Parks and Recreation Director decides which tournament will be allocated the dates based on the estimated economic impact.

Because most the fields are natural grass, the complex is offline for almost four months of the year for maintenance. If there is the opportunity to host a major tournament, the maintenance schedule is adjusted. There are eight full-time and two part-time staff at the complex. The complex is estimated to generate operating revenues ranging from \$90,000 to \$120,000 and operating expenses of approximately \$1 million annually. Per the City of Phoenix's agreement with the Bureau of Reclamation all revenues must go directly back into the complex via a designated reserve fund.

### **Site Plan**



- **Program Summary**
- 18 lighted fields
  - 17 natural grass fields
  - One (1) artificial turf field
- Seating for 800 and permanent scoreboard at artificial turf field
- Parking capacity: 2,200
- Field house with management office space
- Restroom facilities (2) – one facility also contains storage, concessions, and office space
- Shaded picnic areas
- Playground

## **Rocky Top Sports World – Gatlinburg, Tennessee**

The 80-acre Rocky Top Sports World (Complex) opened in 2014 and is a joint development of the City of Gatlinburg and Sevier County. The City contributed approximately 70% of the development cost by issuing bonds and the County contributed the balance utilizing bonds and grants. The \$20 million facility was planned and is now managed by Sports Facilities Advisory/Sports Facilities Management. The Complex has a staff of approximately 30 full and part-time positions.

The Complex includes seven outdoor fields with one being a championship stadium and an indoor court complex referred to as “The Rock”. The Rock has 53,000 square feet of hardwood court space in an 86,000 square-foot facility. The configuration allows for six basketball courts or 12 volleyball courts in addition to team rooms, referee locker rooms, a full-service indoor/outdoor café, office space for coaches, and a balcony viewing area. There is a separate facility in an adjacent location that can accommodate an additional four basketball or five volleyball courts. Any teams that are based in Sevier County or affiliated with a Sevier County School qualify for the opportunity to use the Rocky Top facilities for free. Specific times are allocated during the week for this free use.

The Complex was created to encourage sports tourism in the City and County. Local officials indicate that having a booking policy clearly outlining the objectives of the complex is important for long-term success. Marketing of the Complex is part of the private management team’s annual budget but is significantly augmented by the City’s overall tourism marketing budget. The Complex management team works closely with the City, State, Gatlinburg CVB, school officials and hoteliers to maximize bookings particularly during the slower winter months when tourism surrounding the Smoky Mountains is not as robust.

During its first full year, the complex hosted 44 multi-day tournaments.

### **Site Plan**



### **Program Summary**

- Seven (7) multi-purpose fields
  - Six (6) artificial turf
  - One (1) natural grass championship field with seating for 1,500 and press box
  - Six (6) fields are lighted
- Parking capacity: 1,200
- 86,000 SF multi-sport indoor facility
- Picnic areas and playground

## **Siegel Soccer Complex - Murfreesboro, Tennessee**

The 130-acre Richard Siegel Park is owned by the City of Murfreesboro and operated by the Athletics division of the City's Parks and Recreation Department. The complex offers 15 natural grass fields, nine of which are lighted. Included in these is a championship field that has seating for 1,000. The land for the facility was donated to the City and the complex was constructed for approximately \$13 million.

The complex hosts recreational play throughout the year as well as various camps, clinics, and tournaments. Siegel Park has consistently hosted the Tennessee Soccer State Championships and the Tennessee Secondary School Athletic Association State Soccer Championships, as well as the U.S. Youth Soccer Southern Regional in 2011. The Tennessee State Cup attracts over 200 teams annually. Through a partnership with the City, recreational and competitive soccer is provided through the Murfreesboro Soccer Club which offers both spring and fall programs for more than 60 teams which accounts for approximately 2,000 participants of all ages.

The City's Parks and Recreation Department books events for the Siegel Soccer Complex and other local facilities. There are four full-time maintenance workers as well as four to seven part-time staff over the summer when tournament volume is high.

### **Site Plan**



### **Program Summary**

- 15 natural grass, multi-purpose fields
  - Nine (9) fields are lighted
  - One (1) championship field with seating for 1,000
- On-site parking
- Restroom facilities
- Picnic areas
- Playground
- Walking trails

## **Striker Park – Glen Allen, Virginia**

The 11-field complex is owned, operated, and maintained by the Richmond Strikers Soccer Club (RSSC). There are 10 natural grass fields and one lighted, artificial turf field. Striker Park opened in the early 1980's and was privately funded. The RSSC has 4,000 youth and adult members.

Striker Park is used exclusively by the RSSC for its soccer programs. Due to its large member base and significant demand for fields, the RSSC also has exclusive rights to utilize a 10-field park and a five-field park in the area. Additionally, RSSC is the largest user of River City Sports, a 12-field artificial turf complex which is in Midlothian, Virginia.

There are seven full-time staff focused on fields programming and maintenance. There are six additional full-time staff that are concentrated on the soccer coaching aspect of the RSSC. The RSSC is a non-profit organization with an approximate annual budget of \$3.3 million and achieves a break-even goal.

The RSSC hosts three major tournaments annually with the Jefferson Cup being its largest. The Jefferson Cup attracts 1,000 participating teams with an estimated 98% coming from outside of a 50-mile radius. This tournament has an estimated economic impact of \$15 million and is held over the course of multiple weekends in March. The RSSC's other two tournaments, the Capital Fall Classic and Jefferson Open, are estimated to have an economic impact of \$2 million each and 65% of participants are estimated to be from outside a 50-mile radius. In addition to their own tournaments, the RSSC also contracts with other soccer club programs in the Richmond area to manage their tournaments.

### **Site Plan**



### **Program Summary**

- 11 fields
  - 10 natural grass fields and
  - One (1) artificial turf, lighted field
- Seating for 400 at one 'stadium field'
- Scoreboard at 'stadium field'
- Parking capacity: 850
- Restroom facility (1)
- Concession facilities (2)
- Picnic pavilions (1) plus two open air areas

## Best Practices Identified from Comparable Facilities

To assist the County with various operational and funding decisions associated with on-going planning efforts for the proposed new outdoor sports field complex, this section summarizes best practices from conversations with management at comparable facilities, our experience in the industry, and other secondary research.

### Program

As shown in the table below, most of the profiled facilities have a large concentration of grass fields. Profiled facilities average 14 fields with a maximum of 27 fields at the recently upgraded Aurora Sports Park. All but four of the facilities in the profiled set offer a championship field or stadium.

Summary of Program Elements at Profiled Outdoor Sports Complexes					
Complex	Number of Full-Size Multi-Use Fields				Championship Field/Stadium
	Synthetic Turf	Grass	Total	Lighted	
Ashton Brosnahan Soccer Complex	0	10	10	10	Yes
Aurora Sports Park	4	23	27	4	Yes
Georgia Soccer Park	0	6	6	0	No
Hampton Roads Soccer Complex	2	12	14	2	No
Jack Allen Recreation Complex	0	10	10	10	Yes
Kirkwood Soccer Complex	1	13	14	0	No
Manchester Meadows	2	6	8	8	Yes
Maryland SoccerPlex	3	21	24	6	Yes
Mesa Soccer Complex	0	16	16	9	No
Mike Rose Soccer Complex	0	17	17	17	Yes
Overland Park Soccer Complex	12	0	12	12	Yes
Reach 11 Sports Complex	1	17	18	18	Yes
Rocky Top Sports World	6	1	7	6	Yes
Siegel Soccer Complex	0	15	15	9	Yes
Striker Park	1	10	11	1	Yes
<b>Average</b>	<b>2</b>	<b>12</b>	<b>14</b>	<b>7</b>	
<b>Median</b>	<b>1</b>	<b>12</b>	<b>14</b>	<b>8</b>	

Notes: Number of fields excludes baseball/softball fields and indoor playing surfaces.  
Complexes are sorted alphabetically by facility name.

Sources: Facility management; secondary research.

### Owner/Operator

The table that follows illustrates the owner and operating structure of the profiled facilities. As shown, 12 of the 15 profiled facilities (or 80%) are publicly owned and the remaining three are owned by non-profit organizations. Seven of the 15 profiled facilities (or 47%) are publicly operated and six (or 40%) are operated by a non-profit entity while the remaining two facilities are privately operated.

<b>Ownership/Operating Structure at Profiled Outdoor Sports Complexes</b>			
<b>Sports Complex</b>	<b>Location</b>	<b>Owner</b>	<b>Operator</b>
Ashton Brosnaham Soccer Complex	Pensacola, FL	County	County
Aurora Sports Park	Aurora, CO	City	City
Georgia Soccer Park	East Point, GA	Non-Profit	Non-Profit
Hampton Roads Soccer Complex	Hampton Roads, VA	Non-Profit	Non-Profit
Jack Allen Recreation Complex	Decatur, AL	City	City
Kirkwood Soccer Complex	New Castle, DE	County	Non-Profit
Manchester Meadows	Rock Hill, SC	City	City
Maryland SoccerPlex	Germantown, MD	Bi-County Agency	Non-Profit
Mesa Soccer Complex	Greer, SC	County/Non-Profit	Non-Profit
Mike Rose Soccer Complex	Memphis, TN	County	Private
Overland Park Soccer Complex	Overland Park, KS	City	City
Reach 11 Sports Complex	Phoenix, AZ	City	City
Rocky Top Sports World	Gatlinburg, TN	City/County	Private
Siegel Soccer Complex	Murfreesboro, TN	City	City
Striker Park	Glen Allen, VA	Non-Profit	Non-Profit

Note: Complexes are sorted alphabetically by facility name.

Sources: Facility management; secondary research.

Comparable outdoor sports facilities are typically owned and operated under one of several models including, but not limited to, the following:

### *Public Model*

The land and the complex are owned, maintained, and operated by a public entity such as a city or county. In many instances, publicly owned complexes are operated as a division within a municipal department. Advantages of this method include shared human and financial resources among the jurisdiction's various facilities as well as economies of scale in terms of utilities, insurance, and maintenance expenses. This management approach is most common where the complex(es) are primarily operated as a residential amenity, much like a library or public park and, as such, a greater portion of attendance is typically locally based. However, if the complex is envisioned to attract sports tourism, disadvantages of traditional governmental management include balancing local recreational/scholastic usage needs with those of events that generate overnight visitors which can be politically challenging, requirements associated with staff work hours, and limited staff connections in the broader industry. Examples of traditional governmental management include the Aurora Sports Park and Overland Park Soccer Complex.

### *Private Model*

In some cases, outdoor sports field complexes are constructed, maintained, and operated by private entities. Rates are typically charged at market value to create a profitable operating scenario. As such, complexes operating under this approach are operated as for-profit businesses with missions and operating objectives in place that limit low-cost activities such as developmental or recreational leagues. In some instances, these types of complexes focus on niche sports and cater to elite level athletes where the private owners/managers can leverage their reputation and professional network outside the community to develop and attract tournaments. Although none of the profiled comparable facilities are operated in this manner, both the Crown Sports Center in Eden and the Fruitland Falcons Sports Complex utilize this operating model.

### *Public/Private Model*

In this approach, a public entity such as a city or county may own the land and/or the complex and lease operations and maintenance of the asset to a third party private entity. This model is often utilized when the complex is developed with objectives to generate economic activity as well as to address residential needs. The public entity's priorities for the complex should be clearly articulated in the lease or management agreement along with a supporting mission statement, booking policy, rental rates, and other operating policies. Examples of this structure include the Mike Rose Soccer Complex and Rocky Top Sports World.

### *Public/Non-Profit Model*

Like the public/private structure, the land is generally owned by a public entity and the facility is leased to and operated by a non-profit organization. An example of this structure is the Kirkwood Soccer Complex. Operating entities under this structure often represent local sports associations that offer leagues from the developmental level up to elite travel teams. These organizations can be operated by parents and other area stakeholders with connections to their respective sport's regional and national offices and can facilitate the development or attraction of tournaments.

### Mission Statement/Booking Policy

The mission statement is a critical element in any facility's operation because it dictates the booking policy, utilization and financial performance of that facility. Many of the profiled complexes focus on generating economic impact for their respective communities by hosting tournaments that attract out-of-town participants and spectators. As with any publicly owned facility, the goals and objectives may change with each political cycle. For instance, the number and diversity of events may be the primary objective of one political official and financial performance may be the priority of another. These changes in facility objectives can be counter-productive if not managed effectively. Clearly defining a mission statement that reflects community consensus and primary goals can allow a facility to set forth an operating and marketing strategy that is consistent and long-term in implementation.

Discussions with management at comparable outdoor sports complexes stressed the importance of establishing the proposed new outdoor sports field complex's mission at the outset. The mission and purpose of the complex should be understood by elected officials, business community, residents, and user groups (i.e., tournament organizers/promoters).

A primary goal of serving as an economic generator rather than focusing on local sports and recreational needs will dictate different marketing, booking, staffing and maintenance procedures. For instance, if the sports complex is primarily focused on generating economic impact, it may choose to limit local play and reserve fields for large-scale tournaments. Balancing the objectives of serving as a catalyst for economic impact generation from tournaments and another goal of serving residents can be challenging. Meeting the goals of these two types of activity requires an established mission and an operator capable of managing such a balance.

A sports field complex's booking policy should appropriately support and implement the mission statement through its prioritization of events. A well-defined mission statement and booking policy can help reduce the potential for perceived differences in the complex's role by various stakeholders. In some markets, such as Overland Park, Kansas, it is considered a best practice to have a formal booking policy allowing weekday commitments for local elite level clubs/leagues and reserving weekends for tournaments. For other markets, residents may utilize the fields during the week through recreation department-sponsored programming and other youth/adult sports organizations may utilize weekend dates that are reserved for tournaments that generate economic impact.

### Facility Operations/Maintenance

One common theme among management at profiled facilities was that booking priorities, operating strategies, and funding sources reflect their primary objective to drive sport tourism and related economic impact. Once the mission of the complex has been clearly defined and conveyed to both potential competitive event users and the community and a supporting booking priority system is in place, it will be important to allocate the appropriate human and financial resources necessary to operate and maintain the facility. Best practices learned from comparable facilities include utilizing a full-time dedicated staff of experienced professionals to manage and market the complex who understand the unique needs of tournament promoters and local sports organizations. In addition, the management team at the proposed new outdoor sports field complex should leverage its marketing assets through sports and tourism agencies (e.g., Worcester County Tourism, MAASA, and Maryland Sports). Community support will also be needed from the business community, hotel and restaurant industry, and area governmental officials to assist in attracting and servicing tournament activity.

In addition, maintaining high-quality, tournament-level fields and providing first-class customer service should be operating priorities. As such, it is important that financial support for the complex be consistent and long-term in nature with an initial capital contribution, on-going financial commitment, and associated risk with respect to operations and capital improvements.



## Marketing/Branding

Comparable facilities have significant interaction and coordination with their local sports commission, Destination Marketing Organization (DMO), and hoteliers. To balance the need for revenue generation with economic generating events, management often shares booking responsibility with an outside marketing agency. Most commonly, facility management is focused on opportunities to maximize weekday usage with area residents through either in-house created leagues or rentals to established clubs or leagues. Long-term booking responsibilities are often shared among the venue, DMO and/or sports commission to maximize shoulder season visitation, thereby creating incremental new visitor spending. As more communities develop facilities, it will be important to create a distinct sports tourism brand for the proposed new outdoor sports field complex.

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## ECONOMIC ANALYSIS

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One of the primary reasons that some communities develop these types of facilities is the economic activity that they can generate in terms of spending, employment, earnings, as well as tax revenues to local and state governments. These facilities typically attract events that draw patrons from outside of the immediate market area who spend money on hotels, restaurants, and other related services. Consequently, when evaluating the merits of these types of projects, all aspects of the costs and benefits including operating requirements, debt service as well as economic/fiscal benefits should be considered.

Based on the market research conducted in Phase 1, Crossroads assisted the County in developing a hypothetical, order-of-magnitude estimate of incremental new operating revenues and operating expenses before taxes, depreciation, and debt service for the proposed new outdoor sports field complex for a stabilized year of operations. This analysis is based on certain assumptions pertaining to the ownership/operating structure, building program, usage levels and other related operating strategies. The estimates of operating revenues and operating expenses are based on the anticipated size, location, quality, and efficiency of the proposed new outdoor sports field complex. An order-of-magnitude estimate of the potential economic/fiscal benefits associated with on-going operations of the proposed new outdoor sports field complex is also provided in this section of the report.

### Financial Pro Forma

As shown in the table below, it is estimated that the outdoor sports field complex will realize an operating loss before taxes, debt service, and depreciation in a stabilized year of operations.

<b>Proposed New Outdoor Sports Field Complex in Worcester County Estimate of Annual Financial Operations (Stabilized Year)</b>		
<b>Category</b>	<b>Range</b>	
Net Operating Revenues	\$379,000	- \$460,000
Net Operating Expenses	515,000	- 615,000
Net Operating Loss Before Taxes, Debt Service and Depreciation	<b>(\$136,000)</b>	<b>-\$155,000</b>
Expense Coverage Ratio	74%	- 75%

Note: Expense coverage ratio equals operating revenues divided by operating expenses.

In addition to the findings outlined in the Phase 1 Market Analysis, this estimate is based on information from primary and secondary sources including, but not limited to: general market data; existing and planned facilities in the region; input from area stakeholders including the County; input from potential demand generators; the recommended building program; information on competitive/comparable facilities.

This analysis represents an incremental net revenue and expense assessment and is subject to change depending on the actual building program, contractual agreements with service providers, and further refinements regarding operating strategies for the proposed new outdoor sports field complex.

### General Assumptions

Based on input from County representatives, several assumptions were used to develop estimates of event activity, financial operations, and economic/fiscal impacts for the proposed new outdoor sports field complex. It should be noted that these assumptions are preliminary and will continue to be refined as decisions related to the building program and other operating characteristics evolve. These assumptions include:

#### *Programmatic*

- A minimum of eight (8) tournament-quality, multi-purpose fields to accommodate competitive field sport events such as soccer, lacrosse, rugby, etc.
- Field surface is artificial turf to maximize tournament opportunities which will:
  - Allow play during inclement weather
  - Extend the season for use of the facility
  - Mitigate wear and tear from extensive use particularly with the sport of lacrosse
- All fields are lighted
- Strategic space planning to accommodate future expansion, as warranted
- Well-designed layout to accommodate tournament activity
- Concessions, restrooms, and Wi-Fi access throughout the complex
- Support space including administrative office space for staff and tournament promoters, a maintenance building, and on-site storage for promoters and equipment
- Designated space designed for a ‘tournament central’ area
- Open space for team gathering and warm-up areas for players
- Sufficient on-site parking and traffic management that identifies appropriate ingress/egress to and from the site that can accommodate tournament traffic and flow
- Supporting infrastructure including electrical connectivity at each field and in the sponsor activation area, etc.

### *Operational*

- The proposed new outdoor sports field complex will be owned by the County and operated by County's Recreation and Parks Department.
- Incremental new staff will be added to assist in operating the proposed new outdoor sports field complex which will be augmented by other marketing assets such as Worcester County Tourism, MAASA, and Maryland Sports who specialize in marketing/management of events and have established contacts and strong relationships with regional/national sporting event promoters and producers.
- The mission statement and booking policy will appropriately support the County's operating objectives for the proposed new outdoor sports field complex.
- The proposed new outdoor sports field complex will focus on hosting events that generate room nights and economic impact to the County and the State (primary) as well as those that serve the recreational needs of the community (secondary).
- The facility will be aggressively marketed.
- A high level of quality customer service will be provided.
- The proposed new outdoor sports field complex will be adequate in terms of visibility, ingress and egress, parking, safety, and other similar issues.
- Sufficient supporting infrastructure nearby continues to be enhanced (i.e., hotel rooms, restaurants, retail, entertainment, vehicular access, etc.).
- No other similar, competitive facilities are built in the region.
- Hotels will actively support sports tourism initiatives and potentially modify some existing policies as appropriate such as:
  - Providing access to room blocks to support participants year-round including summer months
  - Adjusting the required minimum stay lengths to accommodate tournament participant needs
  - Working with promoters that utilize a stay-to-play model
- No major economic fluctuations or acts of nature occur that could adversely impact the dynamics of the project.
- This analysis does not include an estimate for tax liabilities, debt service or depreciation.
- Amounts are presented in current dollars and reflect a stabilized year of operations.

## Usage Assumptions

Event activity at new complexes typically experience a “ramp up” period to a stabilized level of activity which occurs for several reasons. For instance, some groups that book their event years in advance may not want to risk that a complex’s construction is delayed and not completed in time for their event. In addition, some groups may choose to let management “fine tune” its operations before hosting an event at the proposed new outdoor sports field complex. The length of time for new complexes to reach stabilized operations varies but typically ranges from three to five years.

Overall utilization at any complex is typically dependent on multiple factors (e.g., market size; accessibility; nearby amenities; size, configuration and quality of the facilities offered; effectiveness of the management team in booking the facility; date availability; cost, etc.) and is rarely consistent. For instance, one year the complex may attract a greater number of soccer tournaments whereas another year it may attract more lacrosse tournaments.

The following table summarizes the total estimated usage/event activity for the proposed new outdoor sports field complex. The complex’s operating strategy, building program elements, location as well as the supply/availability of existing sports complexes in the market will impact the type and amount of tournament event usage.

<b>Proposed New Outdoor Sports Field Complex in Worcester County</b>			
<b>Estimate of Annual Event Activity (Stabilized Year)</b>			
<b>Category</b>	<b>Range</b>		
<b>Season</b>	March 1 - November 30		
<b>Tournament Activity</b>			
Total Events	17	-	21
Total Event Days	43	-	53
Number of Participants	25,500	-	31,500
Number of Spectators	63,750	-	78,750
Average Length of Stay (Days)	2.5	-	2.5
<b>Total Attendee Days</b>	<b>225,750</b>	-	<b>278,250</b>
<b>Total Hotel Room Nights</b>	<b>50,575</b>	-	<b>62,475</b>

Worcester County currently has non-recreation club programs utilizing its Northern Worcester Athletic Complex. However, per Recreation and Parks Department officials, these groups are charged \$1.00/year for the use of the fields. As such, and for purposes of this analysis, league activity is not reflected in the financial model - only tournament activity is included.

For tournament activity, an attendee day is defined as total attendance multiplied by the event length. For example, a three-day tournament with 200 attendees equates to 600 attendee days which reflects that the same attendees return to the event each of the three days. The average tournament length is estimated to be 2.5 days. Total attendee days related to tournament activity at the proposed new outdoor sports field complex is estimated to range from 225,750 to 278,250.

While the average tournament length is estimated to be 2.5 days, the average length of stay for overnight attendees is estimated to be 2.0 nights. Based on these assumptions, the number of hotel room nights generated from activities at the proposed new outdoor sports field complex is estimated to range from 50,575 to 62,475 in a stabilized year of operation based on the assumption that 85% of potential tournament attendees stay overnight and average 3.0 people per hotel room. Although not accounted for in this analysis, the proposed new outdoor sports field complex’s geographic location, specifically the proximity to the beach and related attractions, provides an opportunity to capture additional overnight stays either from attendees extending their stay or returning for a separate vacation.

Based on market research, it is estimated that approximately 90% of this event activity would be incremental new to the County and 75% would be incremental new to the State. This incremental activity reflects new events as well as increased attendance at events currently taking place in other locations throughout Maryland. The estimate of the economic and fiscal impacts associated with the on-going operations of the proposed new outdoor sports field complex is based on the incremental new activity (not the total activity shown in the previous table).

Net Operating Revenue Assumptions

The following table shows the estimated net operating revenues for the proposed new outdoor sports field complex in a stabilized year of operation.

<b>Proposed New Outdoor Sports Field Complex in Worcester County</b>			
<b>Estimate of Net Operating Revenue (Stabilized Year)</b>			
<b>Category</b>	<b>Range</b>		
Field Rental	\$103,000	-	\$127,000
Concessions	226,000	-	278,000
Advertising/Sponsorship	50,000	-	55,000
<b>Total</b>	<b>\$379,000</b>	<b>-</b>	<b>\$460,000</b>

The following describes net operating revenue assumptions by line item.

*Field Rental* – The revenue generated from multi-field complexes is typically derived from field rental that can be charged per tournament, per day, per game or per hour based on the user, number of fields utilized and the services provided. Management will likely negotiate rental terms for events such as tournaments based on factors such as potential economic impact and/or the ability to execute multi-year contracts. Field rental can represent a significant revenue source. Based on comparable facility data, field rental revenue is largely dependent on the mix of business (e.g., tournament vs league play), mission of the complex (e.g. generate economic impact), and management operating strategy (e.g. turnkey or full-service). All estimated field rental shown in this analysis only includes tournament activity.

*Concessions* – The operation and management of food and beverage sales are generally handled by one of two methods. The first method allows an independent concessionaire exclusive rights to facility events with the facility taking either a percentage of gross sales or a flat fee per month. The second method allows for the facility owner to own and operate the concession service. Under this method, the facility owner captures all food and beverage sales but also incurs

expense items related to the purchase and maintenance of equipment, labor costs and costs of goods sold. It has not yet been decided whether the proposed new complex will contract with a third party for concession operations or perform this function in-house. Based on experience at comparable complexes, concessions revenue potential can be impacted by the type of event activity, the profit margin associated with food/beverage sales, and the common practice/desire of league attendees to bring their own food and beverages. For purposes of this analysis, a net concession amount is estimated and, as such, the method of food and beverage operations is not required.

*Advertising/Sponsorship* – Advertising and sponsorship opportunities are diverse and can range from temporary signage at a single tournament to permanent signage on scoreboards or billboards located throughout one or more fields to advertising in a program to sponsoring team uniforms to sponsoring an entire event/tournament. Typically, events sponsored by outside organizations do not share revenues with the facility owner/operator. However, advertising and sponsorship revenue generated from events that are organized/sponsored by the facility operator is usually retained by the facility and is a function of the number/type of tournaments held, total attendees, and the aggressiveness of the approach taken by management in terms of the amount and type of advertising and sponsorships sold.

#### Potential Non-Operating Revenues

As the project development plan continues to evolve, other potential revenue sources that the County may want to consider include, but are not limited to, the following:

- *Parking* – Comparable facilities in the region do not generally charge for parking and, as such, no parking is estimated in this analysis. In other parts of the country, parking is charged at some complexes for certain large spectator events/tournaments or special events.
- *Naming Rights* – Through a combination of naming rights, preferential advertising treatment and event sponsorship inducements, one or more private parties may be solicited for up-front or recurring annual commitments. However, as with advertising and sponsorship, the revenue generated from naming rights is generally based on several factors, including but not limited to, the amount and type of event activity (e.g., sports tenants, regional/national/international tournaments), the local corporate base and management's philosophy on the amount and type of naming rights sold (e.g., selling the facility as a whole, selling individual fields, etc.). Naming rights deals are not as common among outdoor sports field complexes and, as such, financial information is difficult to obtain. Given these and other factors, naming rights revenue is excluded from this financial estimate; however, as the development planning process for the facility continues and program elements are finalized, this is a potential revenue opportunity that should be considered. Conducting focus groups is one method to ascertain the potential revenue that could be generated from naming rights.
- *Service Fees* – To support tournament activity and the daily impact of participants and spectators in a complex, service fees may be charged to tournament promoters. These are dependent on the items that a complex may own and have available for promoters and may include trash removal, golf cart rental, fence rental, vendor fees for bringing in outside service providers or the sale of products, etc. Many complexes also refer promoters to preferred outside vendors to provide these services.

## Net Operating Expense Assumptions

The following table shows the estimated net operating expenses for the proposed new outdoor sports field complex in a stabilized year of operation.

<b>Proposed New Outdoor Sports Field Complex in Worcester County Estimate of Net Operating Expenses (Stabilized Year)</b>			
<b>Category</b>	<b>Range</b>		
Personnel Costs	\$208,000	-	\$254,000
Repairs & Maintenance	120,000	-	140,000
Utilities	105,000	-	125,000
General Administrative & Other	82,000	-	96,000
<b>Total</b>	<b>\$515,000</b>	<b>-</b>	<b>\$615,000</b>

The following describes net operating expense assumptions by line item.

*Personnel Costs* – Staffing requirements and subsequent personnel costs can represent a significant expense and permanent full-time staffing plans can vary. This variance in staffing levels is generally attributed to multiple factors. One factor relates to the management philosophy of maintaining event-related personnel as full-time or part-time staff. Another factor relates to the management and physical relationship the complex might have to other facilities. Ownership/management structure also plays a role in the staffing plan. For instance, complexes that are operated by a local parks and recreation department can often share administrative and maintenance costs with the broader municipal department. The number and type of fields, the overall mission of the complex, the level of competition and primary uses can also impact staffing levels. In addition, the extent that contracted services and/or organized labor are used also impacts staffing at a complex. For purposes of this analysis, the facility is assumed to employ between four and five additional full-time staff related to event coordination and operations/maintenance.

*Repairs & Maintenance* – This line item includes labor, equipment and materials associated with maintaining the facility and the general grounds. Depending on management/ownership philosophy, some comparable complexes provide repairs and maintenance internally while others contract this service to a third party. In addition, management at comparable complexes stressed the importance of appropriate funding for this line item to maintain quality field surfaces and be marketable for large regional/national tournament level play. Although natural grass fields are less expensive to construct relative to synthetic turf fields, they typically have higher ongoing maintenance costs. Having said that, synthetic turf fields also have ongoing maintenance costs including irrigation to alleviate high temperatures on-field, chemical disinfectants, sprays to reduce static, and removal of organic matter accumulation.

*Utilities* – This line item, which includes water, sewer and electric, can represent one of the highest expense items for these types of facilities and can be variable depending upon the level of utilization, the type of fields, the number of lighted fields, and decisions concerning energy systems and management. Multi-purpose field complexes with the ability to meter individual fields are better able to pass associated utilities costs along to users that require lighting.

*General Administrative & Other* – This line item includes various general expenses used in the day-to-day management of the proposed new outdoor sports field complex that may include office supplies, travel, communications, technology, postage, membership dues, etc. This analysis assumes that property, casualty, and liability insurance needs associated with the proposed new outdoor sports field complex will be covered under the County’s umbrella insurance policy and as such, no amount is estimated.

Providing a new facility alone will not bring events to the venue. In addition to utilizing the efforts and resources of Worcester County Tourism, MAASA, and Maryland Sports, an aggressive, targeted marketing strategy will need to be developed to better allow the proposed new outdoor sports field complex to diversify and enhance its event base, particularly for large tournaments. In addition, it is recommended and assumed that a strategic plan is developed and an annual dedicated marketing budget is established for event development that can be used to attract, develop, host and/or sponsor large sporting events/tournaments to the proposed new outdoor sports field complex. This approach is consistent with industry practices and are considered critical to help establish the new complex’s reputation as a premiere tournament facility and enhance its on-going marketability.

*Reserve for Replacement* – Although no dollar amount is included in this analysis, it is recommended that the County plan for an annual payment specifically designated as a reserve for replacement fund to safeguard this investment. This fund is intended to cover any extraordinary annual/future capital repairs or improvements to the facility. For instance, the useful life of an artificial turf field can range anywhere from 8 to 15 years depending on the amount and type of usage. At a minimum, the County should proactively implement a capital planning strategy to replace the fields at the end of their useful life.

## **Economic and Fiscal Impact Analysis**

As discussed in the market analysis, it is our understanding that a primary objective of the proposed new outdoor sports field complex is to draw out-of-town visitors and produce economic impact from tourism. As such, this section of the report outlines the potential benefits that could be generated by activity at the proposed new outdoor sports field complex.

Worcester County, and the State of Maryland, would benefit from operations of the proposed new outdoor sports field complex in many ways including such tangible and intangible benefits as:

- Enhancing the quality of life to area residents
- Fostering the development of sport participants in the area
- Enhancing the County’s image as a destination by increasing its amenities
- Broadening market reach to new visitors
- Attracting visitors during non-peak months
- Receiving media exposure through hosting regional and national event activity
- Increasing economic and fiscal impacts for County and State governments
- Serving as a catalyst for future development in the area

Each of these benefits is important in assessing the impacts that the proposed new outdoor sports field complex may have on the area. While the value of many of these benefits is difficult to measure, the economic activity generated can be quantified. As such, this analysis estimates the economic and fiscal impacts associated with the on-going operations of the proposed new outdoor sports field complex.

### General Methodology Overview

An assessment of the economic benefits that could occur in the County and the State because of the proposed new outdoor sports field complex can be approached in several ways. The approach used in this analysis considers expenditures generated from on-going operations at the complex from items such as personnel costs, utilities, repairs and maintenance, general administrative and other expenses as well as spending by participants and spectators outside the complex on items such as hotels/lodging, restaurants, retail, entertainment/recreation, and transportation as the initial measure of economic activity in the marketplace.

Once the amount for direct spending is quantified, a calculated multiplier is applied to generate the indirect and induced effects. The sum of direct, indirect, and induced effects equals total economic impact which is expressed in terms of spending (output), employment (jobs), and personal earnings. This analysis also estimates the fiscal impacts (i.e. tax revenues) generated from on-going operations of the proposed new outdoor sports field complex.

The number of events and attendance, event mix, origin of attendees (e.g., local versus out-of-town), facility financial operations, industry trends, economic conditions, direct spending categories used, per person spending amounts, distribution of spending, multipliers, and specific taxes quantified are all variables that influence the economic and fiscal impact estimates.

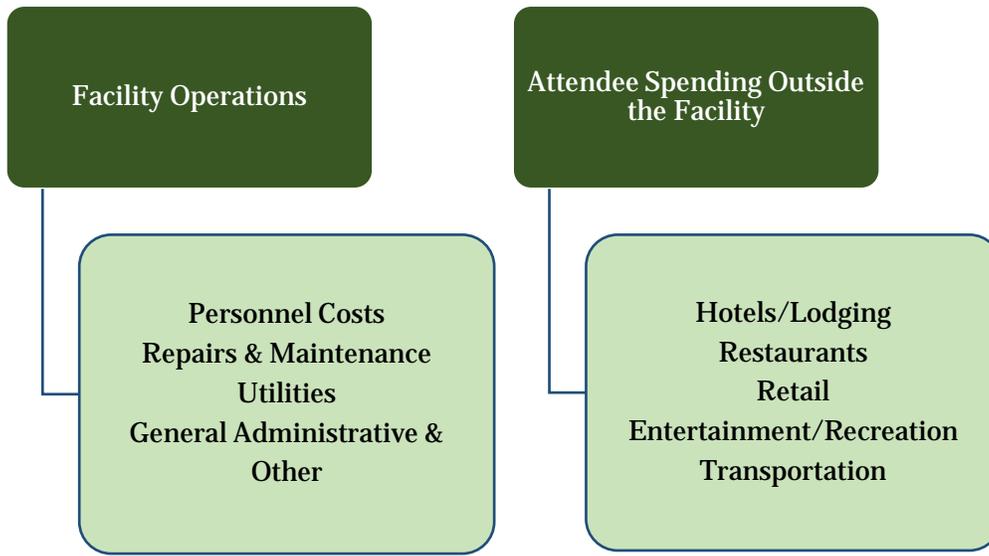
Amounts depicted in this analysis are presented in current dollars, reflect a stabilized year of operations, and assume taxes continue at the current rates.

### Economic Impact Analysis Methodology

Regional input-output models are typically used by economists as a tool to understand the flow of goods and services among regions and measure the complex interactions among them given an initial spending estimate.

#### *Direct Spending*

Estimating direct spending is the first step in calculating economic impact. Direct spending represents the initial change in spending that occurs as a direct result of operations of the proposed new outdoor sports field complex. As graphically depicted, direct spending occurs both inside and outside of the complex.



### *Indirect/Induced Impacts*

The economic activity generated by operations of the proposed new outdoor sports field complex affects more than just the facility. In preparation for new spending in the economy, several other economic sectors are impacted and jobs are created. Indirect effects reflect the re-spending of the initial or direct expenditures or the business-to-business transactions required to satisfy the direct effect. Induced effects reflect changes in local spending on goods and services that result from income changes in the directly and indirectly affected industry sectors. The model generates estimates of these impacts through a series of relationships using local-level average wages, prices and transportation data, considering commute patterns and the relative interdependence of the economy on outside regions for goods and services.

### *Multiplier Effect*

To quantify the inputs needed to produce the total output, economists have developed multiplier models. The estimation of multipliers relies on input-output models, a technique for quantifying interactions between firms, industries, and social institutions within a local economy. This analysis uses IMPLAN software and databases which are developed under exclusive rights by the Minnesota IMPLAN Group, Inc. IMPLAN, which stands for Impact Analysis for Planning, is a computer software package that consists of procedures for estimating local input-output models and associated databases. The IMPLAN software package allows the estimation of the multiplier effects of changes in final demand for one industry on all other industries within a defined economic area. Its proprietary methodology includes a matrix of production and distribution data among all counties in the U.S. As such, the advantages of this model are that it is sensitive to both location and type of spending and can provide indirect/induced spending, employment and earnings information by specific industry category while considering the leakages associated with the purchase of certain goods and services outside the economy under consideration.

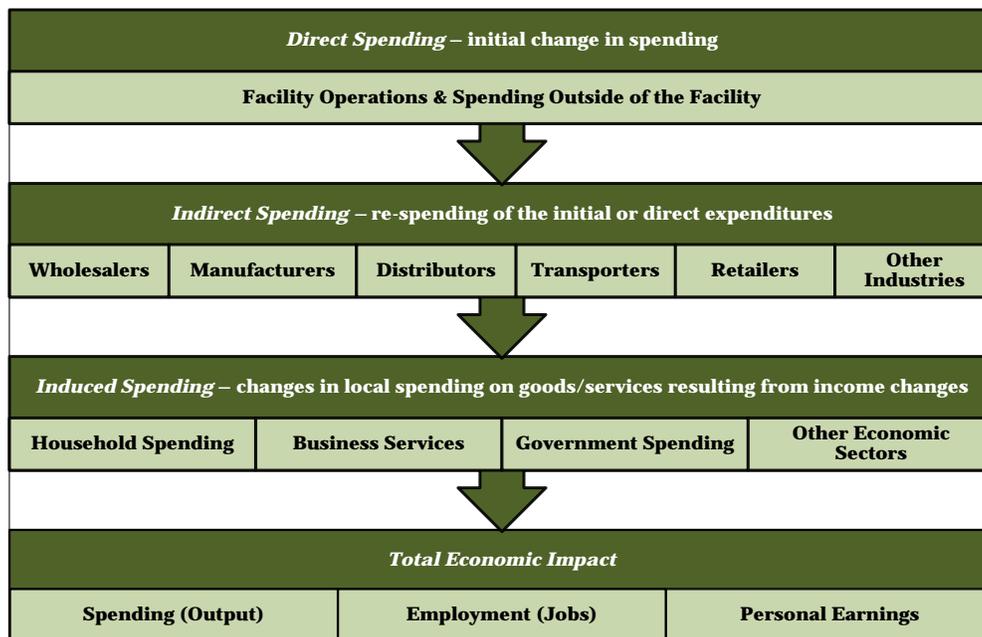
Once the direct spending amounts are assigned to a logical category, the IMPLAN model estimates the economic multiplier effects for each type of direct new spending attracted to or retained in the area resulting from operations of the proposed new outdoor sports field complex. The multipliers used in this analysis reflect IMPLAN’s latest available economic data for transactions and the complex interactions among regions.

*Total Economic Impact*

The calculated multiplier effect is then added to the direct impact to quantify the total economic impact in terms of spending, employment and earnings which are defined below:

- *Spending* (output) represents the total direct and indirect/induced spending effects generated by on-going operations of the proposed new outdoor sports field complex. This calculation measures the total dollar change in spending (output) that occurs in the local economy for each dollar of output delivered to final demand.
- *Employment* (jobs) represents the number of full and part-time jobs supported by on-going operations of the proposed new outdoor sports field complex. The employment multiplier measures the total change in the number of jobs supported in the local economy for each additional \$1.0 million of output delivered to final demand.
- *Personal Earnings* represent the wages and salaries earned by employees of businesses associated with or impacted by on-going operations of the proposed new outdoor sports field complex. In other words, the multiplier measures the total dollar change in earnings of households employed by the affected industries for each additional dollar of output delivered to final demand.

The following graphic illustrates the multiplier effects for calculating total economic impact.



## Methodology – Fiscal Impact Analysis

The estimated spending generated by operations of the proposed new outdoor sports field complex creates tax revenues for Worcester County and the State. Although experience in other markets suggests that a significant portion of the direct spending would occur near the facility, spending also occurs in other areas within the State, particularly such spending as business services and the everyday expenditures of residents. Major tax sources impacted by facility operations were identified and taxable amounts to apply to each respective tax rate were estimated. Although other taxes, such as property taxes, may also be positively impacted by on-going facility operations, this analysis estimates revenues generated from State sales/use tax, corporate income tax, as well as sales and use tax and tourist development tax at the County level.

### **Annual Incremental New Economic Impacts From On-Going Operations**

The following table summarizes the estimated annual incremental economic impacts generated from on-going operations of the proposed new outdoor sports field complex in terms of direct, indirect/induced, and total spending, total jobs, and total earnings.

<b>Proposed New Outdoor Sports Field Complex in Worcester County</b>						
<b>Estimate of Annual Incremental New Economic Impacts From On-Going Operations (Stabilized Year)</b>						
<b>Category</b>	<b>Worcester County</b>			<b>State of Maryland</b>		
	<b>Range</b>			<b>Range</b>		
<b>Spending</b>						
Direct Spending	\$21,311,000	-	\$26,264,000	\$18,873,000	-	\$23,254,000
Indirect/Induced Spending	\$9,041,000	-	\$11,139,000	\$13,845,000	-	\$17,056,000
Total Spending	<u>\$30,352,000</u>	-	<u>\$37,403,000</u>	<u>\$32,718,000</u>	-	<u>\$40,310,000</u>
<b>Total Jobs</b>	360	-	440	320	-	400
<b>Total Earnings</b>	\$10,516,000	-	\$12,960,000	\$12,038,000	-	\$14,835,000

As previously noted, this analysis takes into account that some of the events programmed at the proposed new outdoor sports field complex in Worcester County are currently occurring elsewhere in the State. As such, these events will have a positive impact at the County level but will not result in any new economic benefits to the State.

Direct spending related to facility operations and attendee spending outside of the facility is the driving factor in estimating economic impact. Total spending, total jobs and total earnings are calculated based on the IMPLAN multiplier model. As such, although the direct spending is estimated to be higher in Worcester County than in the State, the multiplier effect yields higher amounts for total spending and earnings at the State level.

## Direct Spending

As mentioned previously, the first step in calculating economic impact is estimating the direct spending generated in the local and State economies. Direct spending relates to expenses generated from on-going operations of the proposed new outdoor sports field complex as well as attendee spending outside of the facility. Adjustments were made to account for leakage and displacement to better reflect the direct spending that would occur in the County and the State.

*Budgetary Spending* – Based on estimated financial operations for the proposed new outdoor sports field complex presented previously, incremental new direct spending from operating expenses is estimated to range from approximately \$463,000 to \$552,000 in the State, of which approximately \$382,000 to \$454,000 is estimated to be incremental new in the County. This spending amount reflects adjustments to take into account that a portion of salaries, wages and benefits will be spent outside the economy on items such as health insurance, taxes, mortgage payments, etc.

*Attendee Spending Outside the Proposed New Outdoor Sports Field Complex* - This category reflects the spending patterns of attendees outside the facility before and after the event. Based on the estimated mix of event activity, attendees were categorized as high impact attendees (which generate hotel room nights) and low impact attendees and assigned different spending amounts based on data provided by various secondary sources. These spending amounts were then allocated among various categories including lodging, eating and drinking places, retail, entertainment/recreation, and transportation. Based on these and other assumptions, incremental new direct event attendee spending outside of the proposed new outdoor sports field complex is estimated to range from approximately \$20.9 million to \$25.8 million in the County. The portion of this spending estimated to be incremental new to the State ranges from \$18.4 million to \$22.7 million.

*Summary of Direct Spending Inputs* - Based on these assumptions, the incremental new direct spending related to on-going operations and attendee spending outside the proposed new outdoor sports field complex is estimated to range from \$21.3 million to \$26.3 million in the County, of which \$18.9 million to \$23.3 million would be new to the State.

These spending amounts are considered direct spending and, therefore, serve as the basis for the multiplier analysis. Direct spending amounts were assigned logical industry categories and relevant multipliers were applied to these amounts to calculate estimates for total spending, jobs, and earnings.

## Indirect/Induced Spending

The IMPLAN model is used to generate the indirect and induced impacts spawned from the estimated economic activities within the area. The indirect impacts represent inter-industry trade from business to business. Likewise, the induced impacts represent the economic activity spurred by the household trade that occurs when employees make consumer purchases with their incomes.



Based on inputs from the IMPLAN model, the portion of indirect/induced spending spurred by the proposed new outdoor sports field complex that is estimated to be incremental new is between \$13.8 million to \$17.1 million in the State and between \$9.0 million and \$11.1 million in the County.

### Total Spending

Outputs from the IMPLAN model indicate that total (i.e., direct, indirect, and induced) incremental new spending is estimated to range from \$32.7 million to \$40.3 million in the State, of which approximately \$30.4 million to \$37.4 million is estimated to occur in the County. Dividing the total impacts by the direct impacts yields an economic multiplier of approximately 1.42 at the County level and 1.73 at the State level. Thus, every dollar of direct spending is estimated to generate \$1.42 in total economic activity at the County level and \$1.73 at the State level.

### Total Jobs

Based on the IMPLAN model, which calculates the number of jobs per \$1.0 million in direct spending, the economic activity associated with the on-going operations of the proposed new outdoor sports field complex is estimated to generate between 360 to 440 incremental new total jobs in the County, of which approximately 320 to 400 would be incremental new to the State. These jobs would be created in many sectors of the economy, which both directly and indirectly support the increased level of business activity in the area.

### Total Earnings

Outputs from the IMPLAN model indicate that incremental new earnings generated from the on-going operations of the proposed new outdoor sports field complex are estimated to range from \$12.0 million to \$14.8 million in the State, of which approximately \$10.5 million to \$13.0 million would be generated in the County.

### **Annual Incremental New Fiscal Impacts From On-Going Operations**

As shown in the following table, annual fiscal impacts (or tax revenues) generated from on-going operations of the proposed new outdoor sports field complex are estimated to range from approximately \$446,000 to \$551,000 in Worcester County and \$1.9 million to \$2.4 million at the State level.

<b>Proposed New Outdoor Sports Field Complex in Worcester County</b>		
<b>Estimate of Annual Incremental New Tax Revenues From On-Going Operations (Stabilized Year)</b>		
<b>Municipality/Tax</b>	<b>Range</b>	
<b>Worcester County</b>		
Hotel/Motel Tax	\$238,000	\$294,000
Admissions & Amusement Tax	120,000	148,000
Local Personal Income Tax	52,000	64,000
Food & Beverage Tax	36,000	45,000
Total	<u>\$446,000</u>	<u>\$551,000</u>
<b>State of Maryland</b>		
Sales and Use Tax	\$1,371,000	\$1,691,000
Personal Income Tax	459,000	565,000
Corporate Income Tax	88,000	109,000
Motor Vehicle Rental Tax	29,000	35,000
Total	<u>\$1,947,000</u>	<u>\$2,400,000</u>
<b>GRAND TOTAL</b>	<b>\$2,393,000</b>	<b>\$2,951,000</b>

The following outlines significant assumptions utilized in this analysis.

#### Worcester County Taxes

*Hotel/Motel Tax* – Worcester County imposes a tax on accommodations at a rate of 4.5%. For purposes of this analysis, the tax rate was applied to the estimated direct hotel spending in the County.

*Admissions and Amusement Tax* – The admissions and amusements tax is a local tax collected by the State Comptroller’s Office for local municipalities. Worcester County applies this tax to the admission or amusement cost for activities such as amusements, movies, athletic events, concerts, golf and the sale of refreshments at a nightclub or other similar entertainment venue. The tax on admissions differs among local municipalities in Maryland and is 3.0% in Worcester County. For purposes of this analysis, the tax rate was applied to the estimated direct spending on entertainment in the County.

*Local Personal Income Tax* – Worcester County imposes a personal income tax which is assessed against personal income earned in the County. For purposes of this analysis and based on information provided by the Comptroller of Maryland, an effective tax rate of 0.98% was calculated based on the state adjusted gross income and the total personal income tax paid to the County for 2015 (the most recent year for which data was available). This effective tax rate was applied to County-level earnings estimated to be generated from the proposed new outdoor sports field complex operations. Because local income tax is based on where you live, not where you work, this analysis assumed a portion of personal income taxes generated from the proposed new outdoor sports field complex operations occur in the County.



*Food and Beverage Tax* – A 0.5% local sales tax on food and beverages is imposed in Worcester County to pay the principal and interest on bonds issued to finance the construction, reconstruction, repair, renovation, and equipment of the Ocean City Convention Center. The tax is applicable to most food and beverage sales except those for consumption off premises or vending machine sales. For purposes of this analysis, the tax rate was applied to the County-level direct spending at eating/drinking establishments and estimated gross food and beverage revenue generated at the proposed new outdoor sports field complex.

### State of Maryland Taxes

This analysis estimates the amount of sales and use tax, personal income tax, corporate income tax and motor vehicle rental tax generated from proposed new outdoor sports field complex operations. While other taxes may be positively impacted by the proposed new outdoor sports field complex operations, they are not quantified in this analysis.

In general terms, all State tax proceeds are collected in the State's General Fund and then allocated to a variety of program areas, such as education, transportation, public safety, and others. As such, individual revenue sources, such as the sales and use tax, are not designated to fund specific programs. As a result of this process, municipalities and counties may benefit from a variety of State and locally administered programs. For purposes of this analysis, only collections have been quantified, without regard as to how these funds are ultimately spent through the individual State departments/funds.

The following describes the primary State-level taxes quantified in this analysis based on information obtained from the Comptroller of Maryland.

*Sales and Use Tax* – The State of Maryland collects 6% sales and use tax from sales and leases of tangible personal property and services throughout the State and a 9% tax on alcoholic beverage. For purposes of this analysis, the 6% tax rate is applied to estimate taxable direct and indirect/induced spending at the State level generated from the proposed new outdoor sports field complex operations.

*Personal Income Tax* – The State of Maryland imposes a personal income tax assessed against personal income earned in the State. The State income tax is a graduated rate ranging from 2.0% to 5.75% of taxable income. Non-residents are subject to a special nonresident tax rate of 1.75% in addition to the State income tax rate. For purposes of this analysis and based on information provided by the Comptroller of Maryland, an effective tax rate of 3.81% was calculated based on the state adjusted gross income and the total personal income tax paid to the State in 2015 (the most recent year for which data was available). This effective tax rate was applied to total State-level earnings estimated to be generated by the proposed new outdoor sports field complex operations.

*Corporate Income Tax* – A corporate income tax of 8.25% of corporate federal taxable income adjusted by State modifications is also levied by the State of Maryland on corporations. For purposes of this analysis and based on information provided by the Comptroller of Maryland, an effective tax rate of 0.27% was calculated based on the Gross State Product and the total corporate income tax paid to the State. This effective tax rate was applied to total State-level spending estimated to be generated by the proposed new outdoor sports field complex operations.

*Motor Vehicle Rental Tax* – The State imposes an 11.5% tax on short-term passenger car and recreational vehicle rentals. This tax rate was applied to a portion of direct transportation spending in the State.

### Construction Impacts

Although not quantified in this analysis, construction costs associated with development of the proposed new outdoor sports field complex would provide additional economic and fiscal impacts to Worcester County and the State during the construction period.

### **Potential Next Steps**

Should the County decide to move forward with the project, typical next steps in the development planning process would include: identifying available land in an optimal location; further refining the program elements and development schedule; estimating development costs; preparing a conceptual site plan; identifying an operating strategy for the proposed new outdoor sports field complex; and approaching potential public and private sector funding partners.

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## **LIMITING CONDITIONS AND ASSUMPTIONS**

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This analysis is subject to our contractual terms, as well as the following limiting conditions and assumptions:

- This analysis has been prepared for Worcester County (Client) for its internal decision-making purposes associated with a proposed new outdoor sports field complex, and should not be used for any other purposes without the prior written consent of Crossroads Consulting Services LLC.
- The findings and assumptions contained in the report reflect analysis of primary and secondary sources. We have utilized sources that are deemed to be accurate but cannot guarantee their accuracy. No information provided to us by others was audited or verified and was assumed to be correct.
- Although the analysis includes findings and recommendations, all decisions in connection with the implementation of such findings and recommendations shall be the Client's responsibility.
- Estimates and analysis regarding the proposed new outdoor sports field complex, are based on trends and assumptions and, therefore, there will usually be differences between the projected and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.
- This analysis does not constitute an audit, a projection of financial performance, or an opinion of value or appraisal in accordance with generally accepted audit standards. As such, we do not express an opinion or any other form of assurance. Any estimates or ranges of value were prepared to illustrate current and potential future market conditions.
- Although this analysis utilizes various mathematical calculations, the final estimates are subjective and may be influenced by our experience and other factors not specifically set forth in this report.
- We have no obligation, unless subsequently engaged, to update this report or revise this analysis as presented due to events or circumstances occurring after the date of this report.
- The quality of ownership and management of the proposed new outdoor sports field complex has a direct impact on its economic performance. This analysis assumes responsible and competent ownership and management. Any departure from this assumption may have a significant impact on the findings in this report.
- Multiple external factors influence current and anticipated market conditions. We have not knowingly withheld any pertinent facts, but we do not guarantee that we have knowledge of all factors which might influence the operating potential of the proposed new outdoor sports field complex. Due to quick changes in the external factors, the actual results may vary significantly from estimates presented in this report.
- The analysis performed was limited in nature and, as such, Crossroads Consulting Services LLC does not express an opinion or any other form of assurance on the information presented in this report. As with all estimates of this type, we cannot guarantee the results nor is any warranty intended that they can be achieved.
- The analysis is intended to be read and used in whole and not in part. Separation of any section or page from the main body of the report is expressly forbidden and invalidates the analysis.
- In accordance with the terms of our engagement letter, the accompanying report is restricted to internal use by the Client and may not be relied upon by any third party for any purpose including any matter pertaining to financing.
- Possession of the report does not carry with it the right of publication. It should be used for its intended purpose only and by the parties to whom it is addressed.