Market Analysis & Feasibility Study
For a Multi-Sport / Event Complex

Presentation of Findings | June 30, 2015

BRAILSFORD & DUNLAVEY

programmanagers.com
Welcome
Strategic Vision for Facility
Summary of Key Findings
Discussion of Detailed Findings
  - Competitive Position
  - Potential Economic Impact of Facility
  - Financial Operating Assessment
  - Community Survey Analysis
  - Site Capacity (O.T. Sloan)
Next Steps
Wrap-up
Sanford – Lee Multi-sport Complex Feasibility Study

PLANNING PROCESS
SANFORD/LEE COUNTY MULTI-SPORT COMPLEX

- Strategic Visioning
- Tour of Recreation Assets
- Focus Groups
- Community Survey
  - 974 respondents
  - 3.14% margin of error at 95% interval
- Local Area Resource Analysis
- Peer Benchmarking
- Market Analysis
- Detailed Demand
- Economic Impact Modeling
- Financial Operating Assessment
- Site Analysis (Woolpert)
- Presentation of Findings
- Final Memorandum

Interviews Conducted

North Carolina USA Gymnastics:
  State Chair
North Carolina AAU Basketball:
  District Director
National Travel Basketball:
  President
U.S. Youth Soccer:
  Director of Operations
North Carolina Youth Soccer:
  Executive Director
Top Gun Baseball:
  President and CEO
North Carolina USSSA Softball:
  Director
US Lacrosse, Eastern NC Chapter:
  President
STRATEGIC PRIORITIES

STRA TEGIC VISION

- Elevate the athletics experience to recruit and retain businesses and families
- Generate economic activity by drawing visitors to the community
- Deliver a first-class facility in terms of quality
- Maximize value of community investment
KEY QUESTIONS BASED ON VISION
SANFORD/LEE COUNTY MULTI-SPORT COMPLEX

1) Are the community’s needs and preferences aligned with the vision?
2) Is there an external market opportunity?
3) What will be the economic impact?
4) Will the facility be financially self-supporting?
5) Can the vision-driven solution be realized at O.T. Sloan?
SUMMARY OF KEY FINDINGS
SANFORD/LEE COUNTY MULTI-SPORT COMPLEX

1) The community supports the City/County’s vision and quality-of-life goals
2) The external market is highly competitive
3) An opportunity exists to create significant economic activity through a sports facility
4) Additional resources will be required to operate as a stand-alone facility
5) The O.T. Sloan site has limited ability to achieve the City/County vision
# SUMMARY OF FINDINGS

**Sanford/Lee County Multi-Sport Complex**

<table>
<thead>
<tr>
<th>Vision-Based Program</th>
<th>Rectangles</th>
<th>Diamonds</th>
<th>Indoor</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6 natural grass</td>
<td>5 natural grass</td>
<td>4-court with Multi-purpose Room</td>
</tr>
<tr>
<td></td>
<td>2 synthetic</td>
<td>300', Skinned</td>
<td></td>
</tr>
<tr>
<td>Local Community Need</td>
<td>1st</td>
<td>3rd</td>
<td>2nd</td>
</tr>
<tr>
<td>Market Opportunity</td>
<td>3rd</td>
<td>1st</td>
<td>2nd</td>
</tr>
<tr>
<td>Total Cost (2018 dollars)</td>
<td>$10,410,000</td>
<td>$4,550,000</td>
<td>$12,230,000</td>
</tr>
<tr>
<td>Minimum Land Requirement</td>
<td>60 acres</td>
<td>15 acres</td>
<td>5 acres</td>
</tr>
<tr>
<td>Land Cost</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Tournaments</td>
<td>8</td>
<td>28</td>
<td>20</td>
</tr>
<tr>
<td>Total Visitors</td>
<td>12,670</td>
<td>9,430</td>
<td>14,690</td>
</tr>
<tr>
<td>Hotel Room Nights</td>
<td>5,070</td>
<td>2,580</td>
<td>4,010</td>
</tr>
<tr>
<td>Recurring Economic Activity</td>
<td>$1,353,000</td>
<td>$732,000</td>
<td>$1,109,000</td>
</tr>
<tr>
<td>Potential Annual Revenues</td>
<td>$205,000</td>
<td>$121,000</td>
<td>$161,000</td>
</tr>
<tr>
<td>Annual Operating Expenses</td>
<td>$387,400</td>
<td>$244,680</td>
<td>$369,880</td>
</tr>
<tr>
<td>Operational Deficit</td>
<td>-$182,400</td>
<td>-$123,680</td>
<td>-$208,880</td>
</tr>
</tbody>
</table>

*Operating Expenses category does not include a debt service payment*
### Outdoor Facility Profile

#### Sanford/Lee County Multi-Sport Complex

<table>
<thead>
<tr>
<th>Vision-Based Program</th>
<th>Rectangles</th>
<th>Diamonds</th>
<th>Outdoor Phase</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6 natural grass</td>
<td>5 natural grass</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>2 synthetic</td>
<td>300', Skinned</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Local Community Need</th>
<th>1st</th>
<th>3rd</th>
<th>1st</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Opportunity</td>
<td>3rd</td>
<td>1st</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Cost (2018 dollars)</th>
<th>$10,410,000</th>
<th>$4,550,000</th>
<th>$14,700,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum Land Requirement</td>
<td>60 acres</td>
<td>15 acres</td>
<td>75 acres</td>
</tr>
<tr>
<td>Land Cost</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tournaments</th>
<th>8</th>
<th>28</th>
<th>36</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Visitors</td>
<td>12,670</td>
<td>9,430</td>
<td>22,100</td>
</tr>
<tr>
<td>Hotel Room Nights</td>
<td>5,070</td>
<td>2,580</td>
<td>7,650</td>
</tr>
<tr>
<td>Recurring Economic Activity</td>
<td>$1,353,000</td>
<td>$732,000</td>
<td>$2,051,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Potential Annual Revenues</th>
<th>$205,000</th>
<th>$121,000</th>
<th>$297,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Operating Expenses</td>
<td>$387,400</td>
<td>$244,680</td>
<td>$607,160</td>
</tr>
<tr>
<td>Operational Deficit</td>
<td>-$182,400</td>
<td>-$123,680</td>
<td>-$310,160</td>
</tr>
</tbody>
</table>

*Operating Expenses category does not include a debt service payment.
DETAILED FINDINGS
SUMMARY OF KEY FINDINGS
SANFORD/LEE COUNTY MULTI-SPORT COMPLEX

1) The community supports the City/County’s vision and quality-of-life goals

2) The market is highly competitive

3) An opportunity exists to create significant economic activity through a sports facility

4) Additional resources will be required to operate as a stand-alone facility

5) The O.T. Sloan site has limited ability to achieve the community’s vision
Perceptions of Current Facilities:

A substantial gap exists between City/County vision for facilities and perceptions of current users.
**Perceptions of Current Facilities Compared With Other Communities:**

- **Football:** 78%
- **Basketball:** 46%
- **Baseball:** 35%
- **Volleyball:** 33%
- **Soccer:** 22%
The community views improved facilities as a priority regardless of their level of involvement.
SUMMARY OF KEY FINDINGS

SANFORD/LEE COUNTY MULTI-SPORT COMPLEX

1) The community supports the City/County’s vision and quality-of-life goals

2) The market is highly competitive

3) An opportunity exists to create significant economic activity through a sports facility

4) Additional resources will be required to operate as a stand-alone facility

5) The O.T. Sloan site has limited ability to achieve the community’s vision
MARKET POSITION

SANFORD/LEE COUNTY MULTI-SPORT COMPLEX

Outdoor Tournament Venue
Planned Outdoor Facility
Indoor Facility
A minimum of 2,000 hotel rooms are required to compete for regional and national tournaments.
Sanford’s current hotel capacity is at a competitive disadvantage relative to core competition.

<table>
<thead>
<tr>
<th>Complex</th>
<th>City</th>
<th>Acreage</th>
<th>Total Rectangles</th>
<th>Synthetic Rectangles</th>
<th>Diamonds</th>
<th>Local Hotel Rooms (20 mile radius)</th>
</tr>
</thead>
<tbody>
<tr>
<td>WakeMed Soccer Park</td>
<td>Cary, NC</td>
<td>150</td>
<td>8</td>
<td>3</td>
<td>0</td>
<td>14,601</td>
</tr>
<tr>
<td>WRAL Soccer Center</td>
<td>Raleigh, NC</td>
<td>94</td>
<td>25</td>
<td>2</td>
<td>0</td>
<td>11,160</td>
</tr>
<tr>
<td>Bryan Park Soccer Complex</td>
<td>Summit, NC</td>
<td>68</td>
<td>17</td>
<td>0</td>
<td>0</td>
<td>7,161</td>
</tr>
<tr>
<td>BB&amp;T Soccer Park</td>
<td>Advance, NC</td>
<td>69</td>
<td>13</td>
<td>0</td>
<td>0</td>
<td>4,013</td>
</tr>
<tr>
<td>Jordan Athletic Complex</td>
<td>Fayetteville, NC</td>
<td>39</td>
<td>8</td>
<td>0</td>
<td>0</td>
<td>3,999</td>
</tr>
<tr>
<td>Rocky Mount Sports Complex</td>
<td>Rocky Mount, NC</td>
<td>143</td>
<td>8</td>
<td>0</td>
<td>6</td>
<td>2,976</td>
</tr>
<tr>
<td>Gillette Park</td>
<td>Wilson, NC</td>
<td>113</td>
<td>8</td>
<td>0</td>
<td>2</td>
<td>2,325</td>
</tr>
<tr>
<td>Aberdeen (potential)</td>
<td>Aberdeen, NC</td>
<td>60</td>
<td>6</td>
<td>2</td>
<td>4</td>
<td>1,209</td>
</tr>
<tr>
<td>Cameron (potential)</td>
<td>Cameron, NC</td>
<td>-</td>
<td>14</td>
<td>3</td>
<td>5</td>
<td>279</td>
</tr>
<tr>
<td>Sanford/Lee (potential)</td>
<td>Sanford, NC</td>
<td>8</td>
<td>2</td>
<td>5</td>
<td></td>
<td>585</td>
</tr>
</tbody>
</table>
Sanford’s proximity to major metros provides excellent mid-range access to target population.
SUMMARY OF KEY FINDINGS

1) The community supports the City/County’s vision and quality-of-life goals

2) The market is highly competitive

3) An opportunity exists to create significant economic activity through a sports facility

4) Additional resources will be required to operate as a stand-alone facility

5) The O.T. Sloan site has limited ability to achieve the community’s vision
**Projected Annual Tournament Demand**

<table>
<thead>
<tr>
<th>Number of Tournaments</th>
<th>Conservative</th>
<th>Moderate</th>
<th>Aggressive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rectangles (multi-day)</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Rectangles (single-day)</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Diamonds</td>
<td>26</td>
<td>28</td>
<td>30</td>
</tr>
<tr>
<td>Indoor</td>
<td>18</td>
<td>20</td>
<td>22</td>
</tr>
</tbody>
</table>

An outdoor multi-sport facility is projected to draw ~35 state-level tournaments based on moderate assumptions.
**RIMS II Introduction:**

Bureau of Economic Analysis (BEA) of the U.S. Department of Commerce has developed the Regional Input-Output Modeling System, Version II (RIMS II), which is intended to calculate the total regional effects on industrial output, personal earnings, and employment for particular regions in the United States resulting from specific enterprise or industry activities. In using preliminary project and operating cost assumptions, the following are estimated non-recurring and recurring economic impacts within Lee County.
## PROJECTED ECONOMIC IMPACT

### Non-Recurring Economic Impact (One-Year Period)

<table>
<thead>
<tr>
<th>Construction Impacts</th>
<th>Outdoor Phase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Cost Assumption</td>
<td>$14,700,000</td>
</tr>
<tr>
<td>Economic Activity</td>
<td>$2,371,360</td>
</tr>
<tr>
<td>Total Associated Earnings</td>
<td>$1,858,786</td>
</tr>
<tr>
<td>Jobs Supported</td>
<td>54</td>
</tr>
<tr>
<td>Annual Salary (per FTE)</td>
<td>$34,452</td>
</tr>
</tbody>
</table>

### Recurring Economic Impact (Annual)

<table>
<thead>
<tr>
<th>Recurring Impacts</th>
<th>Outdoor Phase</th>
</tr>
</thead>
<tbody>
<tr>
<td>From Facility Operations</td>
<td>$341,000</td>
</tr>
<tr>
<td>From Hotel Spending</td>
<td>$847,000</td>
</tr>
<tr>
<td>From Food &amp; Beverage Spending</td>
<td>$863,000</td>
</tr>
<tr>
<td>Total Recurring Economic Activity</td>
<td>$2,051,000</td>
</tr>
<tr>
<td>Jobs Supported</td>
<td>11</td>
</tr>
</tbody>
</table>
# PROJECTED ECONOMIC IMPACT

## Economic Impact Analysis

### Non-Recurring Economic Impact (One-Year Period)

<table>
<thead>
<tr>
<th>Construction Impacts</th>
<th>Outdoor Phase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Cost Assumption</td>
<td>$14,700,000</td>
</tr>
<tr>
<td>Economic Activity</td>
<td>$2,371,360</td>
</tr>
<tr>
<td>Total Associated Earnings</td>
<td>$1,858,786</td>
</tr>
<tr>
<td>Jobs Supported</td>
<td>54</td>
</tr>
<tr>
<td>Annual Salary (per FTE)</td>
<td>$34,452</td>
</tr>
</tbody>
</table>

### Recurring Economic Impact (Annual)

<table>
<thead>
<tr>
<th>Recurring Impacts</th>
<th>Outdoor Phase</th>
</tr>
</thead>
<tbody>
<tr>
<td>From Facility Operations</td>
<td>$341,000</td>
</tr>
<tr>
<td>From Hotel Spending</td>
<td>$847,000</td>
</tr>
<tr>
<td>From Food &amp; Beverage Spending</td>
<td>$863,000</td>
</tr>
<tr>
<td>Total Recurring Economic Activity</td>
<td>$2,051,000</td>
</tr>
<tr>
<td>Jobs Supported</td>
<td>11</td>
</tr>
</tbody>
</table>
SUMMARY OF KEY FINDINGS
SANFORD/LEE COUNTY MULTI-SPORT COMPLEX

1) The community supports the City/County’s vision and quality-of-life goals
2) The market is highly competitive
3) An opportunity exists to create significant economic activity through a sports facility
4) Additional resources will be required to operate as a stand-alone facility
5) The O.T. Sloan site has limited ability to achieve the community’s vision
Personnel and Field Maintenance costs are projected to comprise ~75% of operating costs.
Tournament Revenue = $59,400
Concession Income = $24,800
Revenue from Tournaments = $84,200
Less Annual Expenses = $607,160
Initial Funding Gap = $522,960

Revenues from rental fees and concessions will have a limited impact on closing the initial funding gap.
Local employers and potential donors should be targeted early in planning process.
Lee County registration fees are $23 lower per person than benchmark set of nearby communities*

Families surveyed expressed strong willingness to pay higher registration fees with improved facilities

Model assumes $10 increase for all users, plus additional $15 increase for potential users of new facility

*Includes Wilson, Rocky Mount, Cary, and Holly Springs
Synthetic fields should be marketed on a per-hour basis to local groups:
- Club teams (e.g., SASL)
- Competitive teams
- Skill camps

Conservative rate assumptions should be applied:
- ~1,000 rental hours assumed annually

### Synthetic Rent Rates vs. Sanford/Lee

<table>
<thead>
<tr>
<th>Facility</th>
<th>Location</th>
<th>Synthetic Rate (per field per hour)</th>
<th>Night Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Smith River Sports Complex</td>
<td>Martinsville, VA</td>
<td>$75</td>
<td>$100</td>
</tr>
<tr>
<td>Manchester Meadows</td>
<td>Rock Hill, SC</td>
<td>$150</td>
<td>$150</td>
</tr>
<tr>
<td>WakeMed Soccer Park</td>
<td>Cary, NC</td>
<td>$125</td>
<td>$165</td>
</tr>
<tr>
<td>Hampton Roads Complex</td>
<td>Virginia Beach, VA</td>
<td>$200</td>
<td>$212</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td></td>
<td><strong>$138</strong></td>
<td><strong>$157</strong></td>
</tr>
<tr>
<td>Sanford/Lee (proposed)</td>
<td>Sanford, NC</td>
<td><strong>$75</strong></td>
<td><strong>$100</strong></td>
</tr>
</tbody>
</table>
Funding Gap (tournament rev only) = $522,960

- Advertising Income = $52,000
- Facilities Improvement Revenue = $51,700
- Local Facility Rental = $108,800

Funding Gap Remaining = $310,460

Additional levers (e.g. donations, tax revenues) will be required to eliminate funding gap
SUMMARY OF KEY FINDINGS

SANFORD/LEE COUNTY MULTI-SPORT COMPLEX

1) The community supports the City/County’s vision and quality-of-life goals
2) The market is highly competitive
3) An opportunity exists to create significant economic activity through a sports facility
4) Additional resources will be required to operate as a stand-alone facility
5) The O.T. Sloan site has limited ability to achieve the community’s vision
- Excellent access from main thoroughfare
- ~42 acres of developable land
  - Phase I will not fit site
- Topography issues will add significant cost
- Removal of existing buildings, trees/woodlands
Vision-based program does not fit on O.T. Sloan site
SUMMARY OF KEY FINDINGS
SANFORD/LEE COUNTY MULTI-SPORT COMPLEX

1) The community supports the City/County’s vision and quality-of-life goals
2) The market is highly competitive
3) An opportunity exists to create significant economic activity through a sports facility
4) Additional resources will be required to operate as a stand-alone facility
5) The O.T. Sloan site has limited ability to achieve the community’s vision
RISK MITIGATION STRATEGIES
RISK MITIGATION STRATEGIES
SANFORD/LEE COUNTY MULTI-SPORT COMPLEX

- Leverage the facility to increase local participation and launch new sports
- Distinguish the facility to create a unique experience
- Identify an entrepreneurial and well-connected General Manager
- Pursue an onsite hotel development to increase marketability and as additional income source
  - *Hotel requires ~5 acres*
Sports Fitness & Industry Association Report

- 12,000 households surveyed
- Team sports participation rates by age, gender and activity
- Data for “core participation” representing frequent and regular users
- 5-year growth trends by sport
Latent demand for team sports exists in Lee County, especially with outdoor sports.
RISK MITIGATION STRATEGIES
SANFORD/LEE COUNTY MULTI-SPORT COMPLEX

- Leverage the facility to increase local participation and launch new sports
- Distinguish the facility to create a unique experience
- Identify an entrepreneurial and well-connected General Manager
- Pursue an onsite hotel development to increase marketability and provide additional income
  - Hotel requires ~5 acres
DISTINGUISHING FACILITY

RISK MITIGATION STRATEGIES

Tournament Experience

Spectator Experience
RISK MITIGATION STRATEGIES
SANFORD/LEE COUNTY MULTI-SPORT COMPLEX

- Leverage the facility to increase local participation and launch new sports
- Distinguish the facility to create a unique experience
- Identify an entrepreneurial and well-connected General Manager
- Pursue an onsite hotel development to increase marketability and provide additional income
  - Hotel requires ~5 acres
RISK MITIGATION STRATEGIES
SANFORD/LEE COUNTY MULTI-SPORT COMPLEX

- Leverage the facility to increase local participation and launch new sports
- Distinguish the facility to create a unique experience
- Identify an entrepreneurial and well-connected General Manager
- Pursue an onsite hotel development to increase marketability and provide additional income
  - Hotel requires ~5 acres
NEXT STEPS
NEXT STEPS
SANFORD/LEE COUNTY MULTI-SPORT COMPLEX

- Investigate site options for accommodating vision-based facility concept
  - Minimum 70 acres
  - Ideally 100+ acres for future expansion
- Evaluate and confirm potential revenue sources
  - Private donations and/or hotel occupancy tax
  - Anchor tenant for weekday rentals
  - Advertising interest in local business community
- Identify local stakeholders and take advantage of local/state resources for launching new sports
  - Example: Eastern NC Chapter of US Lacrosse
- Begin detailed pre-implementation planning for structuring, design, funding, operations, etc.
DISCUSSION
Market Analysis & Feasibility Study
For a Multi-Sport / Event Complex

Presentation of Findings | June 30, 2015

SANFORD NORTH CAROLINA
LEE COUNTY NORTH CAROLINA
Committed Today for a Better Tomorrow