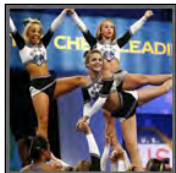
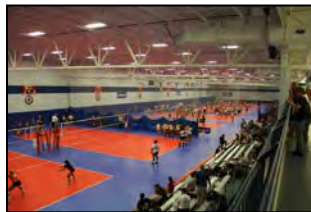


Community Recreation and Sports Tourism Needs and Facility Feasibility Study



Presented to:

Escambia County

Presented by:



**Final Report
February 2016**



February 2016

Mr. Ray Palmer, CSEE
Executive Director
Pensacola Sports Association
101 W. Main Street
Pensacola, FL 32502

Dear Mr. Palmer:

Crossroads Consulting Services LLC, in association with Convergence Design, has completed the Community Recreation and Sports Tourism Needs and Facility Feasibility Study for Escambia County. The report presented herein includes the summary of findings, conclusions, and recommendations from our research.

This report was prepared for Escambia County for its decisions regarding the above referenced project. The findings and assumptions contained in the report reflect analysis of primary and secondary sources. 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. Furthermore, estimates and analysis regarding this project are based on trends and assumptions and, therefore, there will usually be differences between projected and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. 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. The accompanying report is restricted to internal use by Escambia 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 working on this engagement and look forward to the opportunity to provide you with continued service in the future.

Sincerely,

Crossroads Consulting Services LLC

Table of Contents

1	Introduction and Executive Summary	1
2	Local Market Overview	10
3	Supply of Area Sports Facilities	23
4	Key Industry Trends	33
5	Potential Demand Generators	44
6	Market Demand Assessment and Facility Recommendations	60
7	Comparable Facility Case Studies	68
8	Program, Cost Estimate and Site Analysis	87
9	Financial Pro Forma	102
10	Economic and Fiscal Impact Analysis	111
11	Limiting Conditions and Assumptions	122

Introduction

Project Background

Municipalities and states throughout the U.S. have recognized the economic benefits associated with operating various public assembly facilities. In recent years, several indoor and outdoor sports complexes have been developed throughout the country with the use of public funds due, in part, to the ability of these venues to generate economic activity at area businesses and tax revenues for local and State entities. In order to maximize resources, communities are increasingly seeking projects that better respond to the anticipated long-term needs of area residents and attract out-of-town visitors. As such, some communities choose to pursue sports complexes in order to capitalize on existing assets and enhance market opportunities by targeting a diverse set of demand generators.

Pensacola is currently home to two professional sports teams, the Pensacola Blue Wahoos, a Double-A affiliate of Major League Baseball's Cincinnati Reds and the Southern Professional Hockey League's Pensacola Ice Flyers. Existing sports facilities in Escambia County include, but are not limited to, Community Maritime Park, Escambia County Equestrian Center, Exchange Park Softball Complex, Five Flags Speedway, Pensacola Bay Center (Bay Center), and the Southwest Escambia Sports Complex, among others. There are also a variety of golf courses and tennis clubs.

Pensacola Sports Association (now known as Pensacola Sports) was established as a not-for-profit in 1955 with the mission of working with international, national, state and local governments and other public and private entities in the development, organization, bidding, advertising, promotion, encouragement, hosting and the operation of amateur and professional sports in Northwest Florida for the purpose of regional economic development. Pensacola Sports has significantly increased the number of sporting events coming to the area, organizing and assisting with more than 50 events per year that bring thousands of individuals to the area and attract millions of dollars into the local economy.

Escambia County's proximity to other southeastern states, location along Interstate 10, position along the Gulf Coast, extensive visitor service industry, and family-friendly environment makes it marketable for a variety of regional sports tournaments and events. These destination characteristics have contributed to its ability to host several golf, tennis, sailing, and fishing events annually. In addition, Pensacola Sports' efforts allow the community to expand into multiple niche markets.

Purpose of the Study

Given this backdrop, the purpose of this study is to assist Escambia County in assessing the viability of enhancing existing assets and/or developing new sports facilities to meet the current and future demands of the local citizens and organizations as well as evaluating opportunities to enhance the sports tourism product with the objective of generating new activity and related economic and fiscal impacts. This study focuses on enhanced/new facilities that could accommodate both outdoor sports such as baseball, softball, soccer, lacrosse, football, rugby, extreme sports and water sports as well as indoor sports such as basketball, volleyball, gymnastics, cheerleading, dance, wrestling, martial arts and swimming. One aspect of the study is to identify potential opportunities that generate incremental new demand for sports tourism without competing with existing facilities in the market. This report can serve as a tool to assist Escambia County and other stakeholders in evaluating potential market demand, physical programmatic considerations and cost/benefit attributes associated with their future decision-making related to enhanced/new facilities in Escambia County.

Work Plan

Research tasks completed as part of this study effort included, but were not limited to, the following:

- Conducted interviews and/or work sessions with stakeholders including, but not limited to, representatives from Pensacola Sports, Escambia County, City of Pensacola, Visit Pensacola, Tourist Development Council, area hoteliers, existing facility operators, local sports organizations, as well as other area groups/individuals involved in the sports industry.
- Analyzed local market attributes including demographic/economic data, area employment, accessibility, hotel statistics, climate, attractions and tourism statistics.
- Compiled an inventory of existing and planned sports facilities locally and in the surrounding area.
- Analyzed key trends in the sports and recreation industry including participation and sports tourism.
- Assessed the amount and type of activity at existing facilities in Escambia County.
- Analyzed data from sports facilities throughout the region and the U.S. in terms of ownership, management, programmatic elements, event activity, financial operations, and funding sources.
- Surveyed and/or interviewed existing and potential users of enhanced/new sports facilities.
- Identified market-related strengths, challenges, opportunities, and threats associated with enhanced/new sports facilities including gaps in supply.
- Developed a relative prioritization by facility type based on Escambia County's existing facilities, historical sports event activity occurring in the market, input from representatives of State, regional and national sports organizations and governing bodies, visitor support amenities, seasonality, competitive environment, and economic generating potential including the ability to enhance Escambia County's shoulder season visitation.
- Recommended preliminary program elements for enhanced/new facilities that increase sports tourism based on market research.
- Conducted an architectural site analysis for the recommended development concept.
- Prepared a preliminary project cost estimate for the recommended development concept.
- Developed an estimate of usage/event activity, financial operations, as well as economic and fiscal impacts for the recommended development concept.

The remainder of this report summarizes the key findings from our research and 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 local elite level practices and competitions. Several of Escambia County's market characteristics including its accessibility, supply of overnight accommodations, year-round temperate climate, and visitor amenities are compatible with attracting sports tourism.

Escambia County, Pensacola Sports, and Visit Pensacola have a solid track record of recruiting, creating, and servicing sports events in the market. Given Escambia County's current supply of facilities, historical competitive sporting event activity has been weighted towards outdoor sports. Escambia County and nearby regional destinations offer an extensive supply of baseball/softball diamonds and rectangular multi-purpose fields. In addition, Escambia County offers the only baseball stadiums and one of a few rectangular field stadiums among surrounding destinations giving it a competitive advantage for hosting championship games for outdoor tournaments. The State of Florida offers numerous existing outdoor sports complexes particularly those that host baseball.

On the other hand, Escambia County and nearby destinations lack an indoor facility with a critical mass of courts to accommodate competitive indoor sporting events such as basketball, volleyball, cheerleading/dance, wrestling, martial arts, etc. Existing indoor facilities are not designed to accommodate indoor tournaments with a significant number of participating teams or athletes and are primarily dedicated to collegiate athletics which limits date availability. Local leagues are challenged to find sufficient indoor court space to accommodate their needs. The cities of Foley, Alabama and Panama City Beach, Florida are both contemplating development of a multi-court indoor sports facility further indicating a gap in regional supply.

A survey of indoor and outdoor sporting event promoters indicates that while some currently host league/recreational activity at local venues, their ability to host competitive sports tournaments and/or larger level competitions in Escambia County is sometimes limited by its supply of facilities. Approximately 36% of outdoor sports respondents and 50% of indoor sports respondents indicated their organization would not continue to host their sports competitions/events in Escambia County unless changes are made to the current supply of facilities. Respondents were also asked the likelihood of hosting events at enhanced/new sports facilities in Escambia County if they met their facility/program needs. The majority of survey respondents, 94% representing outdoor sports and 81% representing indoor sports, answered "Definitely Yes" or "Likely" to hosting their event at enhanced/new sports facilities.

Interviews were conducted with representatives of various groups including National Governing Bodies (NGB), sanctioning and leadership organizations for individual sports in the U.S. Several responding organizations expressed an interest in hosting event activity in Escambia County including National Wheelchair Basketball, U.S. Fencing, U.S. Futsal, USA Basketball, USA Judo, USA Taekwondo, USA Team Handball, USA Baseball, USA Wrestling and USA Racquetball. Several organizations indicated that Escambia County's relatively limited air access hinders its ability to attract international events. However, the community was considered a good location for regional and occasional national events given its climate, hotel supply, affordability, highway accessibility and family-friendly environment.

Research conducted for this study suggests that specific market opportunities exist to grow and diversify sports tourism efforts in Escambia County with enhanced/new facilities. The following table outlines facility recommendations along with their priority. High priority is generally defined as within one to three years and moderate is within three to five years.

Facility Recommendation	Priority
Indoor Sports Facility	High
8-12 Diamond Baseball/Softball Tournament Complex	Moderate
Enhance Existing Multi-Purpose Fields	Moderate
Convert or Add Artificial Turf Multi-Purpose Fields	Moderate

These potential projects would allow Escambia County to better accommodate local sports participants' needs as well as expand existing tournaments and attract incremental new competitive sporting events. These events will draw out-of-town visitors who generate room nights and provide other economic/fiscal benefits to Escambia County.

Market research indicates that a new indoor sports facility appears to be the highest priority given the gap in local/regional supply as well as the ability to attract attendees during Escambia County's shoulder seasons. An indoor facility could provide versatile space to accommodate a variety of sports that can mitigate the reliance on one particular sports segment. Input from potential demand generators suggests that in addition to basketball and volleyball, the venue could be utilized for regional/national competitive events involving futsal, judo, cheerleading, dance, gymnastics and wrestling, among others.

The general program for the recommended new indoor sports facility includes eight (8) tournament quality, full-size basketball courts that can also accommodate 16 tournament quality, full-size volleyball courts along with spectator seating and supporting amenities fully outlined later in this report. Preliminary project cost estimates associated with the potential new indoor sports facility are approximately \$36.2 million for a comprehensive program. These preliminary total project cost estimates include building and construction costs as well as allowances for construction contingency, design fees and furniture, fixtures and equipment (FF&E).

Several viable potential site locations were identified for a new indoor sports facility. A comparative analysis matrix of five potential site locations was developed which rated the candidate sites on various criteria including urban issues, transportation, site factors, cost factors, and acquisition/timing. The two highest rated sites are those located closest to downtown Pensacola: the West Main Street site (Emerald Coast Utilities Authority (ECUA)/Studer property), immediately west of the Central Business District; and the Port site on the southeast corner of downtown. Both sites offer unique opportunities for integration into larger, more long-range developments in downtown Pensacola.

The following table summarizes the estimated usage/event activity for the potential new indoor sports facility for a stabilized year of operations.

Potential New Indoor Sports Facility in Escambia County			
Estimate of Annual Usage (Stabilized Year)			
Category	Range		
Tournament Activity			
Total Events	34	-	41
Total Event Days	85	-	103
Total Number of Participants	26,700	-	30,600
Total Number of Spectators	62,250	-	71,550
Average Length of Stay (Days)	2.5	-	2.5
Total Attendee Days	222,375	-	255,375
Leagues & Camps/Clinics			
Total Participant Days	111,400	-	130,500
Grand Total Attendee Days	333,775	-	385,875

Based on the estimate of usage, the annual number of hotel room nights generated from activities at the potential new indoor sports facility is estimated to range from 44,500 to 51,100 in a stabilized year of operation based on the assumption that 75% of potential tournament attendees stay overnight and average 3.0 people per hotel room. In addition, Escambia County's location and amenities provide it with an opportunity to capture additional overnight stays either from attendees extending their stay or returning for a separate vacation.

In many instances, governmental initiatives for community assets such as parks and libraries require a significant capital investment by the public as well as on-going funding for maintenance. With respect to financial performance, it is important to understand that similar indoor sports facilities can realize an operating deficit. However, communities choose to construct similar sports facilities to serve local needs, create a sense of community, and/or generate economic activity by drawing attendees from outside of the immediate market area who spend money on hotels, restaurants and other related services. As such, this type of project is one of the few that allows local government the opportunity to positively impact the economy through its investment. 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 assumptions outlined in this report and as summarized in the following table, it is estimated the potential new indoor sports facility can operate near break-even in terms of operating revenues and operating expenses before taxes, debt service and depreciation in a stabilized year of operation. In addition, it is recommended that the facility owner and operator plan for an annual payment specifically designated as a reserve for replacement fund in order to safeguard the investment and cover any extraordinary annual/future capital repairs or improvements to the facility.

Potential New Indoor Sports Facility in Escambia County			
Estimate of Annual Financial Operations (Stabilized Year)			
Category	Range		
Net Operating Revenues	\$1,073,000	-	\$1,269,000
Net Operating Expenses	1,119,000	-	1,208,000
Estimate of Net Operating Revenues Over Net Operating Expenses	(46,000)	-	61,000
Reserve for Replacement	54,000	-	63,000
Net Operating Loss Before Taxes, Debt Service and Depreciation	(\$100,000)	-	(\$2,000)
Expense Coverage Ratio	96%	-	105%

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

The following table summarizes the estimated annual economic impacts generated from on-going operations of the potential new indoor sports facility in terms of direct, indirect/induced and total spending, total jobs and total earnings.

Potential New Indoor Sports Facility in Escambia County						
Estimate of Annual Economic Impacts Generated from On-Going Operations (Stabilized Year)						
Category	Escambia County			State of Florida		
	Range			Range		
Spending						
Direct Spending	\$24,834,000	-	\$28,454,000	\$26,245,000	-	\$30,069,000
Indirect/Induced Spending	12,951,000	-	14,835,000	13,694,000	-	15,685,000
Total Spending	\$37,785,000	-	\$43,289,000	\$39,939,000	-	\$45,754,000
Total Jobs	450	-	520	480	-	550
Total Earnings	\$12,694,000	-	\$14,551,000	\$13,422,000	-	\$15,383,000

Note: State amounts include local amounts.

Other qualitative economic benefits associated with developing a potential new indoor sports facility include, but are not limited to: enhancing the quality of life to area residents; fostering the development of elite-level sport participants in the area; offering an attractive venue to residents and visitors that hosts diverse event activity; enhancing the area's image as a destination by increasing its amenities; broadening market reach to new visitors; attracting visitors during off-peak months; receiving increased State, regional and national exposure through hosting regional and national event activity; and serving as a catalyst for future development in the area.

In addition, annual fiscal impacts (or tax revenues) generated from on-going operations of the potential new indoor sports facility are estimated to range from approximately \$802,000 to \$921,000 in Escambia County and \$1.8 million to \$2.0 million at the State level.

Potential New Indoor Sports Facility in Escambia County			
Estimate of Annual Fiscal Impacts Generated from On-Going Operations (Stabilized Year)			
Municipality/Tax	Range		
Escambia County			
Discretionary Sales and Use Tax ¹	\$444,000	-	\$510,000
Tourist Development Tax	168,000	-	193,000
Half-Cent Sales Tax Sharing	148,000	-	171,000
State Revenue Sharing	42,000	-	47,000
Subtotal	\$802,000	-	\$921,000
State of Florida			
Sales and Use Tax	\$1,681,000	-	\$1,933,000
Corporate Income Tax	96,000	-	110,000
Subtotal	\$1,777,000	-	\$2,043,000
Grand Total	\$2,579,000	-	\$2,964,000

Note: ¹Also referred to as Local Option Sales Tax.

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

Other communities contemplating similar development projects have cited the importance of harnessing multiple, regional partners, leveraging federal/state monies and private capital to create a funding plan that is viable for construction, necessary infrastructure, on-going operations and maintenance. Several public/private partnerships exist to fund the development, on-going operations, and capital improvements of sports facilities. As the long-term development and funding plan progresses, it will be important to consider both the advantages and potential restrictions of various funding partnerships.

Potential public funding alternatives for the potential new indoor sports facility may include, but not be limited to, tourist development tax, discretionary sales and use tax (also referred to as local option sales tax), tax increment financing, or BP Oil funds. Based on the project costs and estimated event activity associated with the potential new indoor sports facility, a financing plan predicated on the use of incremental operating revenues will not be sufficient. As such, planning efforts should seek to maximize private sector investment to minimize public sector risk, where possible. There are several potential opportunities that may assist in mitigating the construction and/or on-going operating/maintenance costs from non-governmental sources such as selling naming rights, long-term sponsorships, and/or retail lease(s).

A market/site/economic assessment is an initial step in any planning process. Based on the findings and analyses included in this study, if Escambia County chooses to move forward with this project, potential next steps in the development process include the following:

- Approving the proposed general development concept.
- Forming an entity which will lead the development process and formulate a strategy to convey on-going planning efforts to appropriate stakeholders as well as keep them informed and engaged throughout the process.
- Acquiring additional funding sources and realistic goals and timelines to continue to move the project forward.
- Assessing requirements associated with opportunities related to establishing NGB's headquarters, regional training centers, and/or regional/national event activity at the potential new indoor sports facility.
- Refining the recommended program elements into a more detailed spatial program and site plan.
- Selecting and acquiring a definitive site.
- Revising preliminary order-of-magnitude construction cost estimates to reflect site and programmatic refinements.
- Deciding on a marketing and operating strategy for the potential new indoor sports facility including identifying any potential shared resources that may result in on-going operational cost savings.
- Selecting a third party management company that specializes in operating similar types of sports facilities and potentially incorporating a radius clause into the operating agreement that contractually prohibits the management company from managing competitive venues within a certain mileage radius.
- Refining the financial pro forma based on the chosen operating strategy.
- Approaching potential public and private sector funding partners for support.
- Identifying potential financing strategy and related timeline.
- Managing the design, construction and operating phases of the project.

While this section presents a summary of the research conducted, this information is extracted from a more detailed analysis. It is important for the reader to review the report in its entirety in order to gain a better understanding of the research, resulting recommendations, and the assumptions used.

Table of Contents

1	Introduction and Executive Summary	1
2	Local Market Overview	10
3	Supply of Area Sports Facilities	23
4	Key Industry Trends	33
5	Potential Demand Generators	44
6	Market Demand Assessment and Facility Recommendations	60
7	Comparable Facility Case Studies	68
8	Program, Cost Estimate and Site Analysis	87
9	Financial Pro Forma	102
11	Economic and Fiscal Impact Analysis	122

Local Market Overview

Because general market conditions impact the operations of sports facilities, this section of the report profiles select market characteristics including demographic/economic data, area employment, accessibility, hotel supply and demand, climate, attractions and tourism statistics.

Demographic and Economic Statistics

Demographic and economic indicators are pertinent to estimating demand for participant and spectator-oriented sports activities for several reasons. Event activity at any enhanced/new sports facilities is anticipated to be diverse. Depending on the scope and nature of the event, sports facilities draw from both area residents and out-of-town attendees. Tournament producers typically consider market characteristics as well as facility/complex elements when deciding where to host their events. Having active local youth/amateur sports clubs that regularly participate in tournaments as well as other factors such as population, age distribution and income characteristics can be important when selecting markets to host their events.

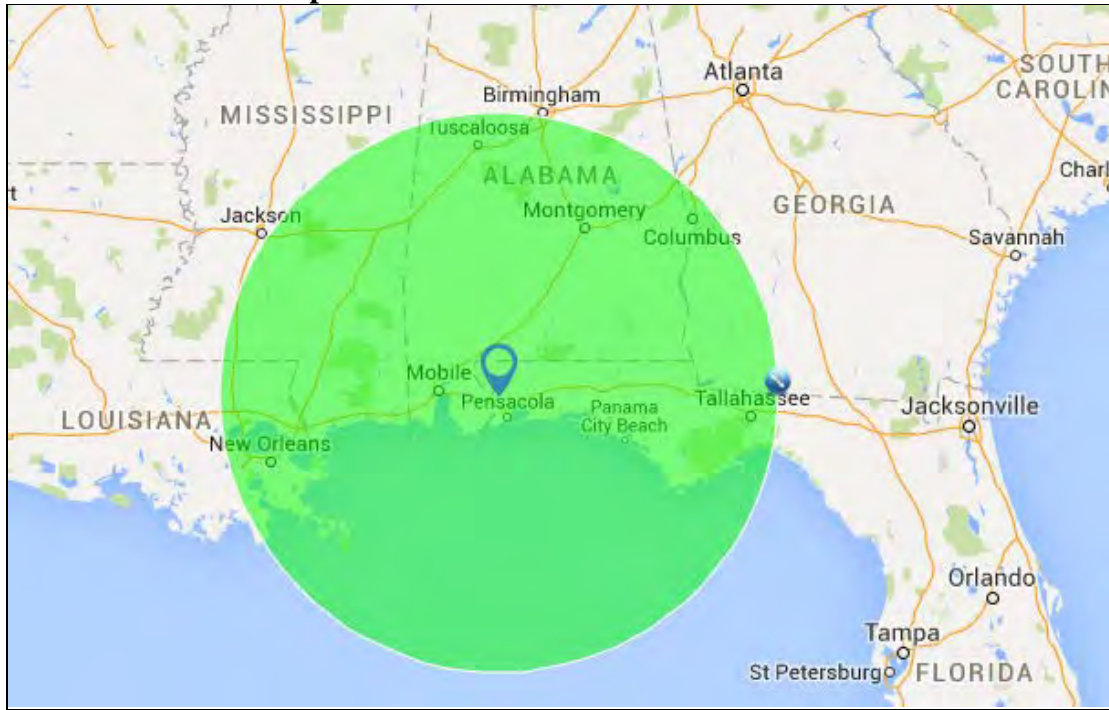
The majority of recreational and elite level sports participants that are potential users of any enhanced/new facilities likely reside in Escambia County. As such, and for purposes of this analysis, Escambia County is defined as the primary market.

For purposes of this analysis, the secondary market is defined as the Pensacola Core Based Statistical Area (CBSA), or Pensacola Metro Area, which includes Escambia and Santa Rosa Counties. According to the U.S. Census Bureau, the term CBSA is a collective term for both metro and micro areas. A metro area contains a core urban area of 50,000 or more population and a micro area contains an urban core of at least 10,000 (but less than 50,000) population. Each metro or micro area consists of one or more counties and includes the counties containing the core urban area, as well as any adjacent counties that have a high degree of social and economic integration (as measured by commuting to work) with the urban core.

Industry research, including surveys conducted with sports competition organizers as part of this study effort, indicate that sports participants are willing to drive up to 200 miles, on average, to compete in regional and national tournaments. As such, demographic statistics for a 200-mile radius are profiled to illustrate the breadth of the potential broader sports market. Demographic statistics are provided by Claritas, a Nielsen company that provides current and projected U.S. demographics based on U.S. census figures.

The following map illustrates the 200-mile radius.

Map of the 200-mile Radius from Pensacola



Source: Freemaptools.com.

Population

Population serves as a base from which any enhanced/new sports facilities could draw attendance and other forms of support. In 2015, the population of the primary market area is estimated to be 309,500 and the population of the secondary market is estimated to be 474,200. The 200-mile radius provides an incremental population of approximately 6.4 million people over the primary market from which to draw participants and spectators. The population within the primary and secondary markets is projected to increase by 4.8% and 5.8%, respectively, between 2015 and 2020. These growth rates are relatively consistent with that projected for the State of Florida (5.9%) during the same period. The broader 200-mile radius is projected to grow by 3.3% over the next five years, which is slightly lower than that projected for the U.S. (3.5%).

Age Distribution

Analysis by age group is helpful since sporting events target participants who fall within specific age categories. Approximately 22% of the population in the primary market is under 18 years old. The age distribution and median age is generally the same in the Metro Area and the 200-mile radius.

Income

Income offers a broad measurement of spending potential for a specific population because it indicates the general ability of individuals or households to purchase a variety of goods and services including participation in, or attendance at, competitive sporting events. The median household income for the primary market (\$45,500) is lower than that for the secondary market (\$50,600) and slightly higher than that for the broader 200-mile radius (\$43,400).

For comparative purposes, the table below summarizes the key demographic/economic characteristics for the three profiled geographic areas as well as for the State of Florida and the U.S. Statistics related to market size, age distribution and income levels for the primary and secondary markets as well as the broader 200-mile radius will be compared to national sports participation rates later in this report.

Summary of Key Demographic/Economic Characteristics						
Category	Geographic Area					
	Escambia County (Primary Market)	Metro Area (Secondary Market)	200-mile radius	State of Florida	U.S.	
Population						
2000 Population	294,400	412,200	6,232,300	15,982,400	281,421,900	
2010 Population	297,600	449,000	6,466,000	18,801,300	308,745,500	
2015 Population	309,500	474,200	6,685,400	19,897,500	319,460,000	
2020 Projection	324,400	501,700	6,903,500	21,068,300	330,689,400	
Growth 2000 - 2010	1.1%	8.9%	3.8%	17.6%	9.7%	
Growth 2010 - 2015	4.0%	5.6%	3.4%	5.8%	3.5%	
Growth 2015 - 2020	4.8%	5.8%	3.3%	5.9%	3.5%	
Age Distribution						
Under 9 Years Old	12%	12%	13%	11%	13%	
10 - 14 Years Old	6%	6%	6%	6%	6%	
15 - 17 Years Old	4%	4%	4%	4%	4%	
18 - 24 Years Old	12%	11%	11%	9%	10%	
25 - 34 Years Old	14%	14%	14%	12%	13%	
35 - 44 Years Old	11%	12%	12%	12%	13%	
45 - 54 Years Old	13%	14%	13%	14%	14%	
55+ Years Old	29%	29%	28%	32%	27%	
Median Age	37.6	38.3	37.3	41.7	37.9	
Household Income Distribution						
Less than \$25,000	27%	24%	31%	27%	24%	
\$25,000 to \$49,999	27%	26%	26%	27%	24%	
\$50,000 to \$74,999	19%	20%	17%	18%	18%	
\$75,000 to \$99,999	12%	13%	11%	11%	12%	
\$100,000 to \$149,999	9%	11%	10%	10%	13%	
\$150,000 or more	5%	6%	6%	7%	10%	
Median Household Income	\$45,500	\$50,600	\$43,400	\$46,200	\$53,700	
Average Household Income	\$58,500	\$65,300	\$59,600	\$64,700	\$74,200	

Source: Claritas.

Area Employment

A broad workforce distribution helps lessen a community's dependence on support from any single industry segment. Employment diversification also helps a local economy withstand economic downturns; should one industry fail, there are others upon which the local economy can rely. The Pensacola Metro Area has a diverse economy that is led by trade/transportation/utilities, government, education/health services, professional/business services and leisure/hospitality. Enhanced/new sports facilities that draw visitors to the area create demand for area businesses and could support its existing leisure/hospitality industry.

Metro Area - Non-Farm Employment by Industry as of December 2015		
Industry	Total Jobs	% of Total
Trade, Transportation & Utilities	32,700	19%
Government	28,400	17%
Education & Health Services	28,000	17%
Professional & Business Services	22,700	13%
Leisure & Hospitality	21,400	13%
Financial Activities	11,900	7%
Mining, Logging, & Construction	10,100	6%
Manufacturing	6,100	4%
Other Services	5,800	3%
Information	2,300	1%
Total	169,400	100%

Note: Sorted in descending order by total jobs as of December 2015.

Source: U.S. Bureau of Labor Statistics.

Area employers provide a target market for sponsorship/advertising opportunities at sports venues. In 2014, government entities were the three largest employers in the Pensacola Metro Area and Baptist Health Care, Navy Federal Credit Union and Sacred Heart Health Systems were the three largest private employers.

Major Employers in the Metro Area (2015)	
Employer	Number of Employees
Local Government	16,200
Federal Government	6,500
State of Florida	6,400
Baptist Health Care	5,570
Navy Federal Credit Union	4,865
Sacred Heart Health Systems	4,820
Gulf Power Company	1,774
University of West Florida	1,230
West Florida Healthcare	1,200
Ascend Performance Materials	830
West Corporation	800

Note: Sorted in descending order by total employees.

Source: Greater Pensacola Chamber of Commerce.

The military is also a major contributor to the area’s economy. Navy installations include Pensacola Naval Air Station, Saufley Field and Corry Station. Whiting Field is located in Milton, Florida, about 30 miles northeast of Pensacola. Eglin Air Force Base and Hurlburt Field, which are located in Okaloosa County, also have an impact on the local economy.

The Metro Area also offers several higher education institutions with a combined enrollment of approximately 43,000, the largest of which is Pensacola State College (PSC). As discussed in the following section of this report, these institutions currently offer several athletic facilities; however, they are constrained by date availability due to their focus on collegiate-related activities. Any enhanced/new sports facilities in Escambia County could serve to augment athletic facilities offered by these universities and, combined, could allow the community to attract larger competitive sporting events.

Area Higher Education Institutions	
Institution	Total Enrollment
Pensacola State College	26,000
University of West Florida	12,000
Pensacola Christian College	5,000
Total	43,000

Note: Sorted in descending order by total enrollment.

Sources: Greater Pensacola Chamber; secondary research.

According to the U.S. Bureau of Labor Statistics, the unemployment rate for the Metro Area was 4.8% in December 2015, which was slightly lower than that for the State of Florida (5.1%) and for the U.S. (5.0%). Enhanced/new sports facilities could provide jobs directly for staffing at the facility as well as indirectly by attracting out-of-town attendees who purchase goods and services from local businesses.

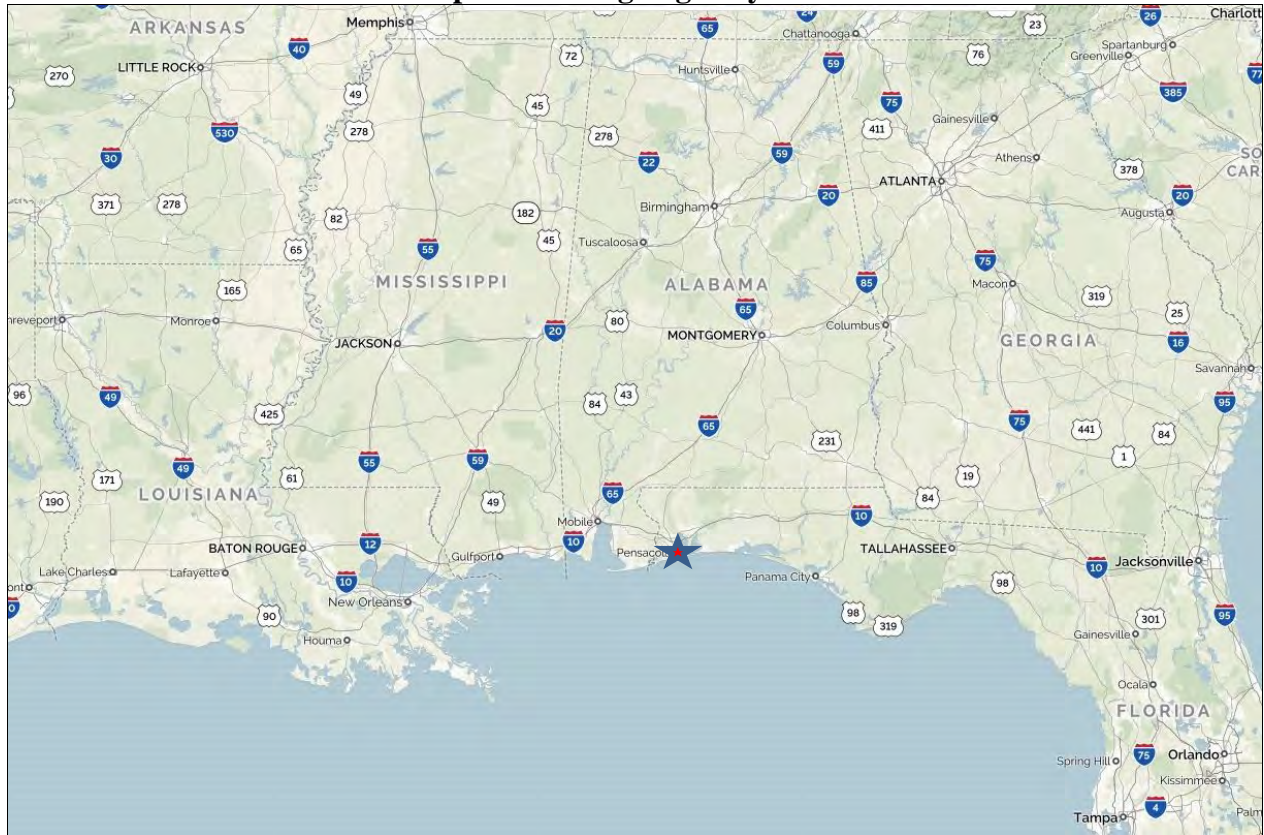
Accessibility

The method that competitive sporting event promoters/producers use to select venues to host their event is partially based on ease of access to a market for attendees. In addition, the location and accessibility of a facility relative to the population base can impact its marketability for certain events. Escambia County is located just off of Interstate 10, via Interstate 110, which runs east/west and provides direct access to several major metropolitan markets. Interstate 10 connects with other major highways such as Interstate 65 and Interstate 75.

As a point of reference, Pensacola is within 200 miles of Mobile, Panama City, Gulfport, Hattiesburg, Montgomery, New Orleans, Tallahassee and Columbus (GA), respectively. In addition, Birmingham, Jackson, Baton Rouge, Macon and Atlanta are located between 200 and 300 miles of Pensacola.

The following map illustrates highway access serving Escambia County.

Map Illustrating Highway Access



Source: Mapquest.

Commercial air access is provided by the Pensacola International Airport. Major air carriers at this airport include American, Delta, Silver Airways, Southwest, and United. In 2014, there were approximately 758,000 passenger enplanements, which ranked 98th among 550 airports in the U.S. The Federal Aviation Administration defines as domestic, territorial and international passengers who board an aircraft in scheduled and non-scheduled service of aircraft. As a point of reference, the Northwest Florida Beaches International Airport in Panama City ranked 130th with approximately 395,000 passenger enplanements. Providing adequate air access in terms of direct flights to/from major U.S. and international cities is an important consideration for some sports tournament organizers, particularly those representing national and international competitions.

Hotel Statistics

As stated earlier, one of the primary objectives of enhanced/new facilities is to increase the sports tourism product and attract events that generate economic activity. As such, the diversity, supply, and availability of hotel rooms proximate to sports facilities can play a role in attracting competitions that draw out-of-town attendees. Research suggests that participants/spectators tend to travel further and stay longer when their choice of hotel property is readily available.

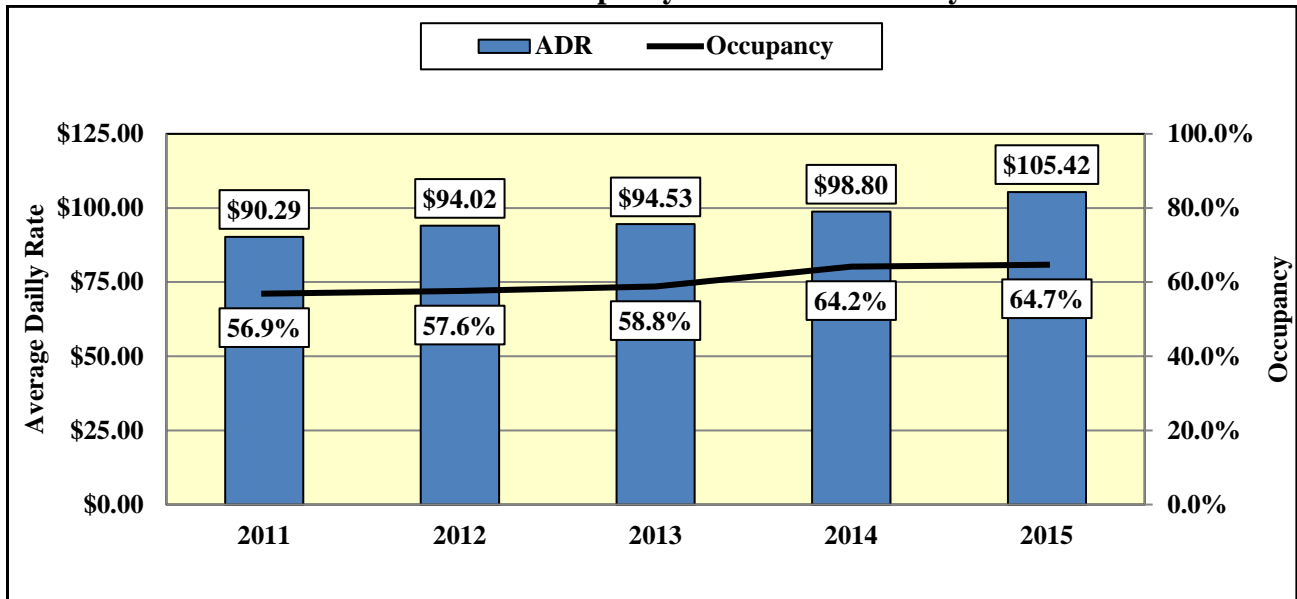
Hotel Supply

There are more than 7,400 hotel rooms and approximately 2,500 condominium units dispersed throughout the market area. The location of accommodations allows the flexibility of holding qualifying rounds at multiple area sports facilities instead of requiring participants to stay in one congregated area. Research indicates that most participants/spectators consider 10 miles or less from the host site an acceptable distance to drive to amenities such as hotels.

Hotel Demand

The following graph illustrates recent trends in average daily rate (ADR) and occupancy at Escambia County hotels. As shown, both annual ADR and occupancy has steadily increased each of the past four years. Surveys of tournament organizers indicate that the average maximum hotel room rate participants would likely be willing to pay at Escambia County hotels is higher than the annual ADR which could be advantageous in booking new tournament activity.

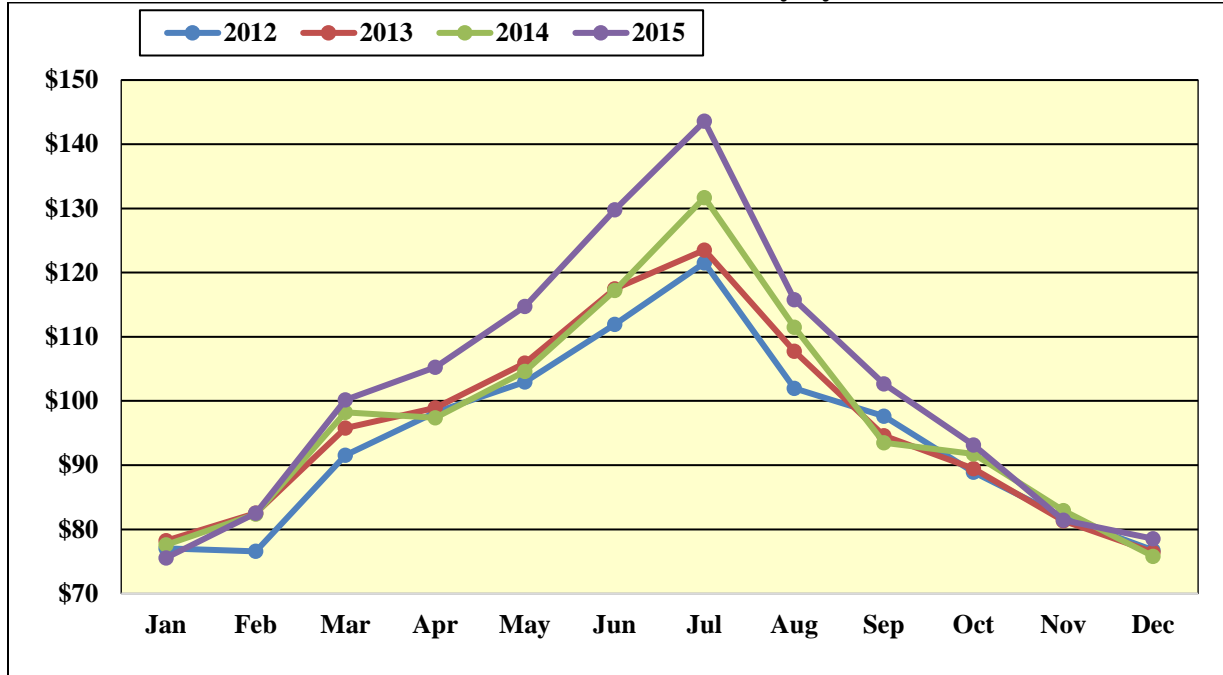
Trends in ADR and Occupancy at Escambia County Hotels



Sources: Smith Travel Research.

The following graphs summarize the ADR and occupancy by month at Escambia County hotels for the last four years. As shown, the ADR typically begins to steadily increase in February before peaking in July. The summer is traditionally the busiest time of year in West Florida due to the influx of tourism.

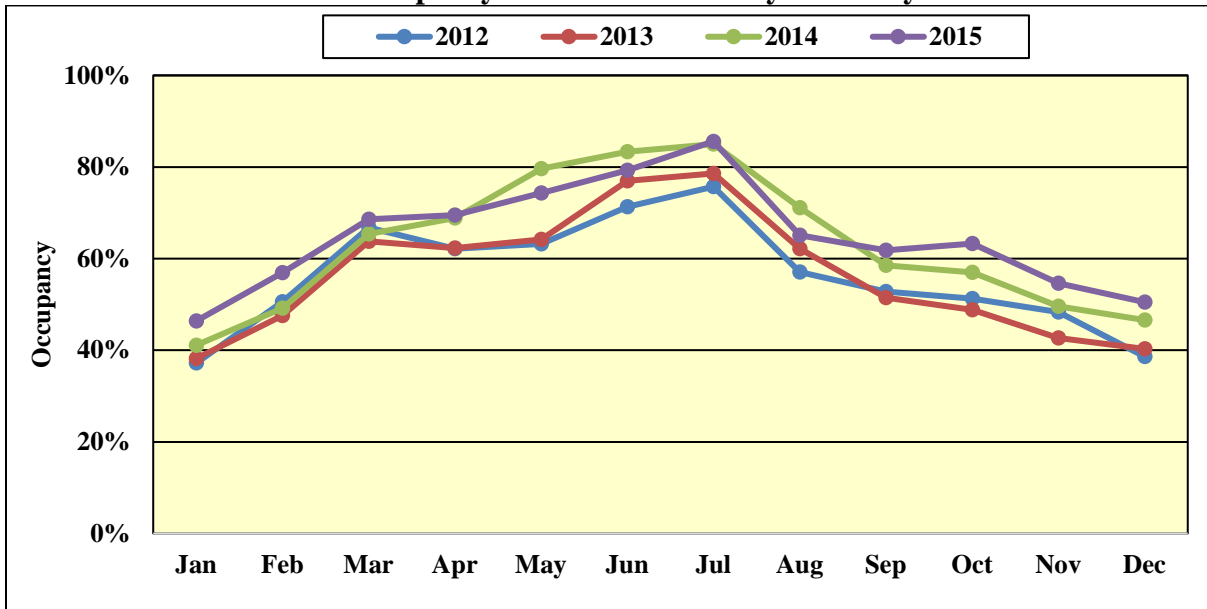
Trends in ADR at Escambia County by Month



Source: Smith Travel Research.

One stated objective of any enhanced/new sports facilities is to attract incremental new business and related hotel room nights during the shoulder months. Occupancy rates at area hotels peak in June and July. As such, summer is not a desired time of year to attract additional business to the community which may impact Escambia County’s decision relative to the type of sports facilities it may want to enhance/construct based on the seasonality of various sports.

Trends in Occupancy at Escambia County Hotels by Month



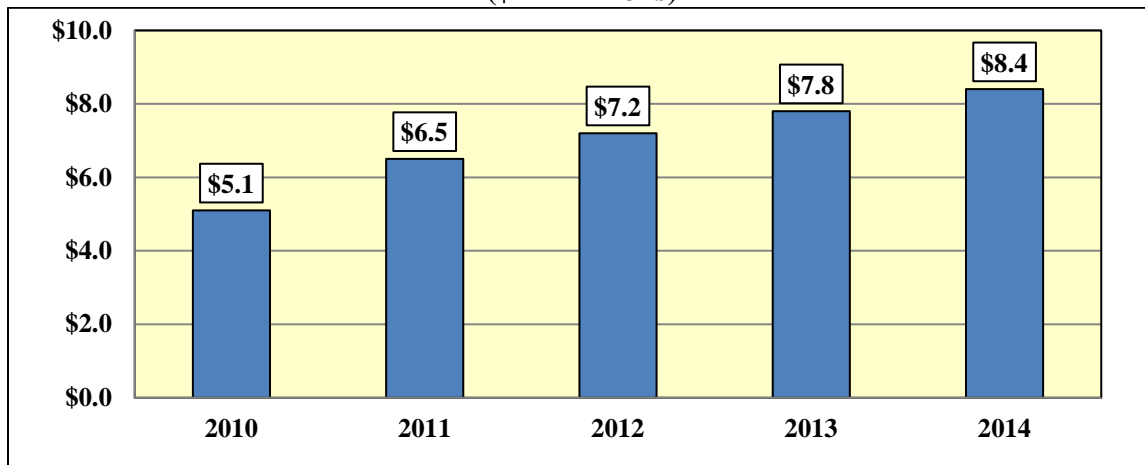
Source: Smith Travel Research.

Tourist Development Tax Collections

The Tourist Development Tax is a “heads-in-beds” tax charged on transient rentals such as hotels, motels and other short-term rentals. It is used to fund debt service on the 2002 Tourist Development Refunding Revenue Bonds which were issued to subsidize the operations and renewal and replacement of the Bay Center and to provide funding for various tourist promotion activities recommended by the Tourist Development Council and the Board of County Commissioners.

Escambia County imposes three of the five separate tourist development taxes authorized by the State Legislature. These are imposed by Escambia County and are part of the Tourist Development Tax. They total 4% and include the Original Tax (2%), the Additional Tax (1%), and the Professional Sports Franchise Facility Tax (1%). The revenues less the costs of administration are paid monthly to Escambia County. The British Petroleum (BP) Deepwater Horizon oil spill that occurred in 2010 negatively impacted tourism and related tourist development tax collections. BP provided approximately \$4.4 million for tourism activities in Escambia County during FY 2011 due to the disaster. The resulting ripple effect created consistent increases in this revenue stream.

Trends in Tourist Development Tax Collections in Escambia County
(\$ in Millions)



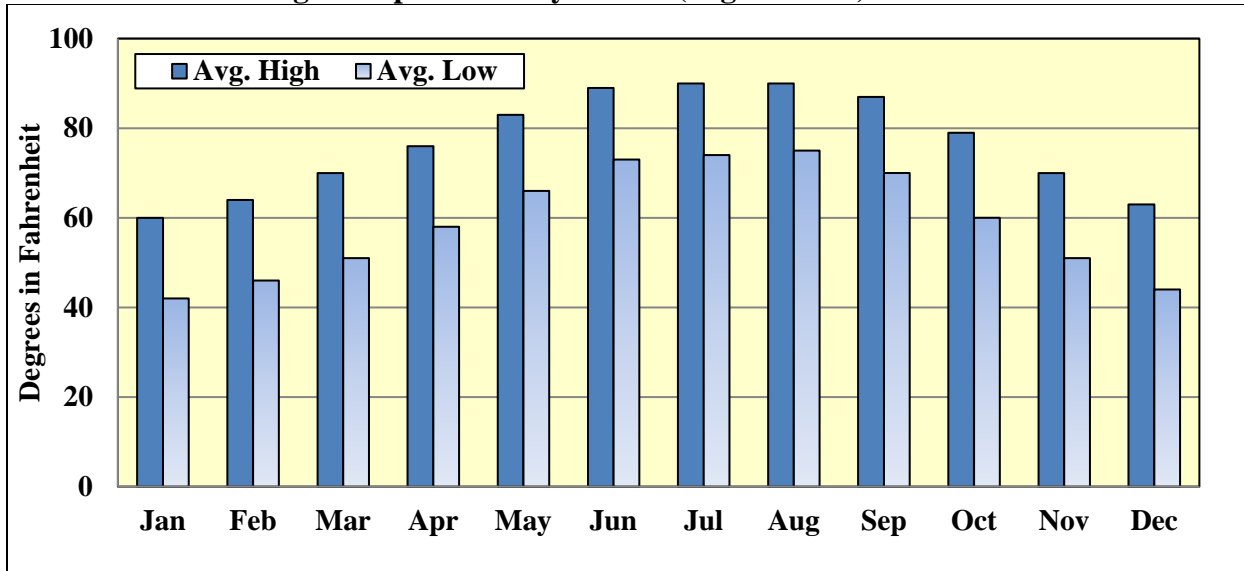
Source: Escambia County 2014 Comprehensive Annual Financial Report.

Climate

Climate is a factor in site selection for outdoor competitive sporting events as it impacts seasonality, usage levels and economics of sports facilities. For instance, climate can impact the type of playing surface (i.e., grass versus turf) selected for outdoor facilities affecting both capital needs and on-going operating costs.

As shown in the graph that follows, Pensacola generally has nine months per year where the average low temperature is above 50 degrees which can be appealing to a large portion of the population during the winter months. Average high temperatures range from the 60s during the winter months to the 90s during summer.

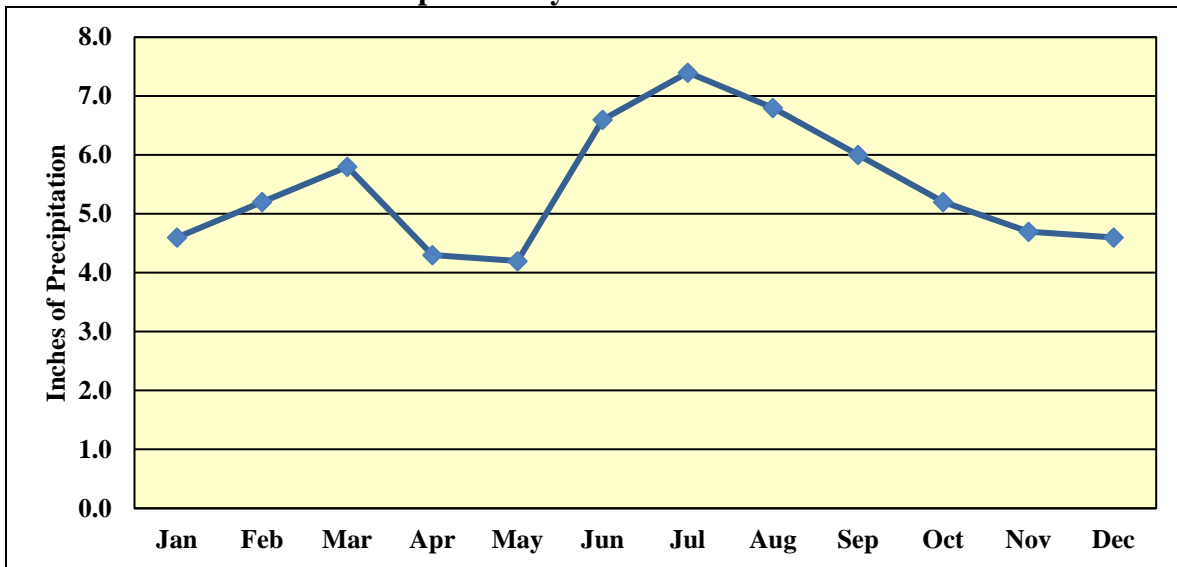
Average Temperatures by Month (High & Low) in Pensacola



Source: The Weather Channel.

Pensacola’s peak precipitation generally occurs from June through September which can impact outdoor tournaments during this season, particularly on natural grass fields which can sustain damage from persistent precipitation.

Precipitation by Month in Pensacola



Source: The Weather Channel.

Attractions

Another factor that sporting event producers take into account when selecting a destination for their event is the availability of cultural, recreational, retail and entertainment options. These activities are important for times when attendees are not at sports event-related functions. This can also factor into an attendee's decision to bring family and friends as well as how long they will stay at their destination.

The Metro Area offers a number of attractions that are family-oriented as well as those that can be enjoyed by all. Popular attractions include, but are not limited to, the following:

- Big Lagoon State Park
- Historic Pensacola Village
- The Pensacola Children's Museum
- Center for Fine and Performing Arts
- Gulf Breeze Zoo
- Pensacola Lighthouse
- Various fishing charters
- Various golf courses
- Various city tours
- National Naval Aviation Museum
- Pensacola Interstate Fairground

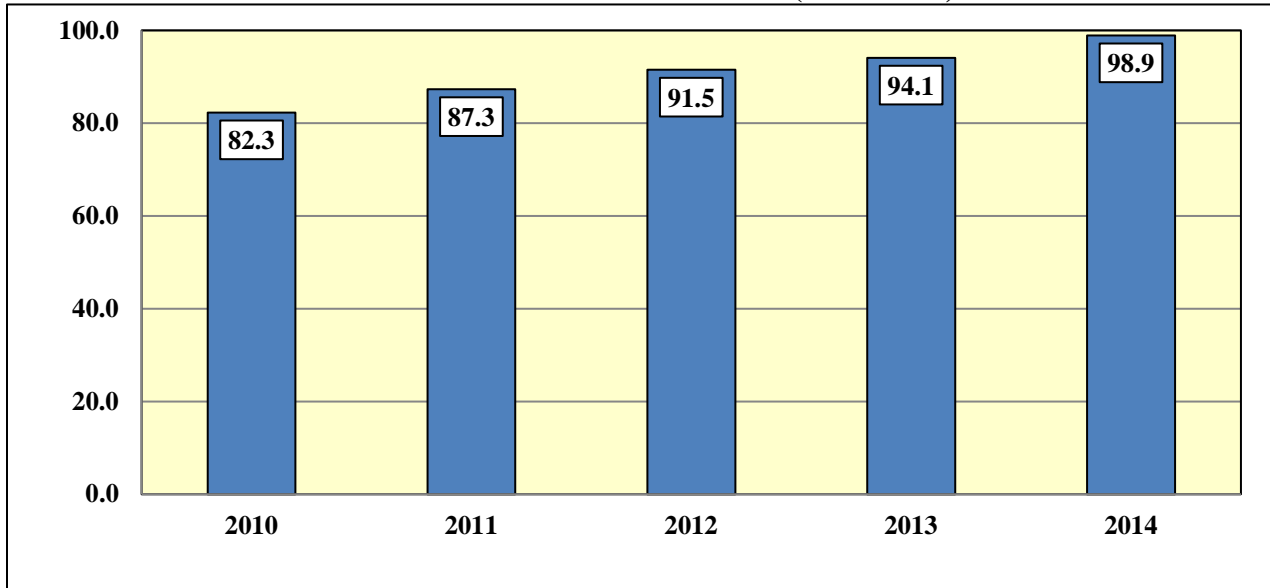
This supply of family-friendly attractions as well as the abundance of beaches makes the Metro Area an appealing visitor destination which was reiterated by representatives of sports organizations.

Tourism Statistics

Tourism is a significant economic generator for both the Metro Area and the State of Florida. Visitor spending on items such as lodging, retail, eating/drinking and entertainment/recreational establishments supplements local resident spending at area businesses and increases tax revenues to both local and State governments.

Based on information provided by Visit Florida and as illustrated in the following graph, the number of visitors to Florida has increased each of the last four years. Domestic travel to Florida was up 5.6% in 2014, with an estimated 83.2 million domestic visits to Florida. Domestic visitation represented 84.2% of the total visitation to the State in 2014. The top origin states for domestic visitors to Florida in 2014 were New York (10.3%), Georgia (8.2%), and Texas (6.3%). The most popular activities for domestic visitors in 2014 were beach or waterfront activities (41%), culinary/dining experience (34%), and shopping (33%).

Trends in Florida Visitor Volume (in millions)



Note: Visitor volume includes both domestic and international visitors.
Source: Visit Florida.

Based on data from Visit Pensacola, total direct visitor spending in Escambia County in 2014 was approximately \$700 million which generated approximately \$61.1 million in sales tax revenue. Approximately 88% of visitors indicated that leisure was the primary purpose for their visit to Escambia County, compared to 10% for business and only 2% for sports. In 2014, visitors to Escambia County had an average household income of nearly \$82,000. The average party size was 2.7 and the average length of lodging stay was seven days. On average, visitors to Escambia County spent more than \$1,100 per trip. Nearly three quarters (74%) of visitors drive to Escambia County and 87% of visitors indicated Pensacola is their primary destination during their trip. Approximately one-quarter (24%) of visitors travel with children and approximately 66% stay in a paid accommodation when they visit Escambia County. The top origin markets for visitors are Mobile, Atlanta and New Orleans, all of which are connected by major highways that provide direct access to Escambia County. The most common season for travel to Escambia County is summer followed by fall, spring and winter, respectively. Increasing the sports tourism product and related activities provides an opportunity to further penetrate the visitor market, particularly during non-summer months.

Table of Contents

1	Introduction and Executive Summary	1
2	Local Market Overview	10
3	Supply of Area Sports Facilities	23
4	Key Industry Trends	33
5	Potential Demand Generators	44
6	Market Demand Assessment and Facility Recommendations	60
7	Comparable Facility Case Studies	68
8	Program, Cost Estimate and Site Analysis	87
9	Financial Pro Forma	102
10	Economic and Fiscal Impact Analysis	111
11	Limiting Conditions and Assumptions	122

Supply of Area Sports Facilities

As stated earlier, one objective of any enhanced/new sports facilities is to host a diverse set of events that augments existing community recreational facilities and appeals to out-of-town visitors. The degree to which existing local and regional facilities adequately meet the needs of target markets is an important aspect to consider when evaluating the potential demand for any enhanced/new sports venues. Facility size, program elements, geographic location, configuration, age, market focus, and date availability are factors considered when assessing demand for any enhanced/new sports facilities in Escambia County. While this section provides an overview of select local and regional venues, it is not meant to be an all-inclusive inventory of facilities.

Local Facilities

Escambia County offers a variety of sports facilities that include baseball/softball diamonds, multi-purpose outdoor fields (for football, soccer, lacrosse, etc.), tennis centers, aquatic centers, and indoor sports venues (for basketball, volleyball, wrestling, cheerleading, gymnastics, etc.).

Baseball/Softball Facilities

There are 22 existing baseball/softball facilities in Escambia County. Although 10 are owned by Escambia County, all but Escambia County Softball at John R. Jones Park are operated by a local sports association. The City of Pensacola and collegiate institutions own and operate their respective facilities. Community Maritime Park is operated by the Pensacola Blue Wahoos. Cantonment, which is owned by Escambia County, did not have an operator at the time of this report but is anticipated to be operated by a youth sports association.

As shown in the following table, Escambia County offers a total of 106 baseball/softball diamonds, nearly all of which are lighted. Most of the complexes offer both baseball and softball diamonds in order to maximize recreational needs/opportunities. John R. Jones Sports Complex offers the most fields at one centralized location followed by Cantonment and the Southwest Sports Complex. Eight facilities offer only one field including several collegiate stadiums and Community Maritime Park. Only Jim Spooner Field (2,500 seats) and Community Maritime Park (5,000 seats) offer significant stadium seating. In addition to the supply listed in the table that follows, all seven high schools in the Escambia County School District have baseball/softball diamonds which are primarily utilized for scholastic needs.

Attributes of Local Baseball/Softball Facilities					
Facility	Owner	Operator	Number of Diamonds	Number of Lighted Diamonds	Type of Diamonds
John R. Jones Sports Complex	Escambia County	Youth Association of Northeast Pensacola	16	14	Baseball and Softball
Cantonment	Escambia County	None at this time	12	12	Baseball and Softball
Southwest Sports Complex	Escambia County	Perdido Bay Youth Sports Association	10	10	Baseball and Softball
Brent Athletic Park ¹	Escambia County	Brent Youth Sports Association	9	9	Baseball and Softball
Bellview Youth Athletic Park	Escambia County	Bellview Baseball Association	8	8	Baseball and Softball
Myrtle Grove	Escambia County	Myrtle Grove Athletic Association	8	8	Baseball and Softball
Don Sutton	Escambia County	Molino Recreation Association	7	7	Baseball and Softball
Bradberry Park	Escambia County	Northwest Escambia Bradberry Park	5	5	Baseball and Softball
Raymond Riddles Athletic Park	Escambia County	West Pensacola Youth Association	5	5	Baseball and Softball
Roger Scott Athletic Complex	City of Pensacola	City of Pensacola	5	5	Baseball and Softball
Escambia County Softball at John R. Jones Park	Escambia County	County Parks & Recreation	4	4	Softball
Exchange Park	City of Pensacola	City of Pensacola	4	4	Baseball and Softball
Bill Gregory Athletic Park	City of Pensacola	City of Pensacola	3	3	2 Baseball, 1 T-Ball
Magee Field Park	City of Pensacola	City of Pensacola	2	2	Baseball and Softball
Gull Point Field	City of Pensacola	City of Pensacola	1	1	Baseball and Softball
Jim Spooner Field	University of West Florida	University of West Florida	1	1	Collegiate Baseball Stadium
Lady Pirate Field	Pensacola State College	Pensacola State College	1	1	Collegiate Softball Stadium
Lions Park	City of Pensacola	City of Pensacola	1	1	Baseball and Softball
Pirate Field	Pensacola State College	Pensacola State College	1	1	Collegiate Baseball Stadium
Terry Wayne Park	City of Pensacola	City of Pensacola	1	1	Baseball
UWF Softball Complex	University of West Florida	University of West Florida	1	1	Collegiate Softball Stadium
Vince J. Whibbs Sr. Community Maritime Park ²	Community Maritime Park Associates	Northwest Florida Professional Baseball	1	1	Professional Minor League Baseball
Total			106	104	

Notes: Sorted in descending order by the number of diamonds.

¹County is considering moving football into Brent Athletic Park which will result in a loss of two baseball/softball diamonds.

²UWF football will play at Vince J. Whibbs Sr. Community Maritime Park in 2016.

Sources: Individual facilities; secondary research.

Multi-Purpose Fields

Escambia County has 39 multi-purpose fields that can accommodate football, soccer, lacrosse, rugby, etc. Similar to its baseball/softball diamonds, Escambia County owns nine multi-purpose field facilities but only operates two of the 12 fields at the Ashton Brosnahan Soccer Complex. The remainder of the multi-purpose fields, including 10 of the 12 fields at the Ashton Brosnahan Soccer Complex, are operated by local sports organizations. As with their baseball/softball diamonds, the City of Pensacola and collegiate institutions own and operate their respective facilities. Six facilities offer limited seating that ranges from 100 to 400 seats. The University of West Florida (UWF) Soccer Complex has 1,000 seats and the Ashton Brosnahan Soccer Complex has 1,500 seats at their respective stadiums. Only two Escambia County owned complexes, the Ashton Brosnahan Soccer Complex (12) and the Southwest Sports Complex (6), offer a significant number of multi-purpose fields. In addition to the multi-purpose fields listed in the following table, all seven high schools in the Escambia School District have football stadiums and six of the seven have soccer fields which are primarily programmed for scholastic use.

Attributes of Local Multi-Purpose Fields				
Facility	Owner	Operator	Number of	
			Fields	Lighted Fields
Ashton Brosnahan Soccer Complex	Escambia County	Pensacola Futbol Club/Gulf Coast Texans	10	8
Southwest Sports Complex	Escambia County	Perdido Bay Futbol Club	6	2
IM Fields ¹	University of West Florida	University of West Florida	3	3
Bellview Park	Escambia County	Bellview Football Club	2	2
Cantonment	Escambia County	Cantonment Football Club	2	1
Escambia County Soccer at Ashton Brosnahan Soccer Complex	Escambia County	County Parks and Recreation	2	2
John R. Jones Sports Complex	Escambia County	Ensley Chiefs Football Association	2	2
Southwest Sports Complex	Escambia County	Perdido Bay Youth Sports	2	1
Brent Athletic Park	Escambia County	Brent Youth Sports Association	1	1
Hitzman-Optimist Park	City of Pensacola	City of Pensacola	1	1
Kiwanis Park	City of Pensacola	City of Pensacola	1	0
Legion Field Park	City of Pensacola	City of Pensacola	1	1
Lions Club Park	City of Pensacola	City of Pensacola	1	0
Magee Field Park	City of Pensacola	City of Pensacola	1	1
Myrtle Grove	Escambia County	Myrtle Grove Athletic Association	1	1
Pensacola State College	Pensacola State College	Pensacola State College	1	0
Roger Scott Athletic Complex	City of Pensacola	City of Pensacola	1	1
UWF Soccer Complex	University of West Florida	University of West Florida	1	1
Total			39	28

Notes: Sorted in descending order by the number of fields.

¹UWF added an artificial turf field in 2016.

Sources: Individual facilities; secondary research.

Tennis Centers

There are five tennis centers in Escambia County: three are owned by the City of Pensacola; one is owned by UWF; and one is owned by PSC. In aggregate, these five facilities offer a total of 55 courts in addition to privately owned facilities that are not shown in the table below. Bayview Park and Hollis T. Williams Park courts are lighted and used as tournament sites for qualifying rounds. The Ralph “Skeeter” Carson Tennis Complex at UWF offers a center court with seating for 350 as well as shade structures and a clubhouse. It is home to UWF recreation and athletic programs as well as collegiate tournaments. The Roger Scott Tennis Center offers the largest concentration of courts in Escambia County and a center court with seating for 400. Five of the seven high schools in the Escambia School District also offer outdoor tennis courts.

Attributes of Local Tennis Centers				
Facility	Owner	Operator	Number of Courts	Court Surface
Roger Scott Tennis Center	City of Pensacola	City of Pensacola	28	18 Hard/10 Clay
Ralph "Skeeter" Carson Tennis Complex	University of West Florida	University of West Florida	12	Hard
Bayview Park	City of Pensacola	City of Pensacola	6	Hard
Pensacola State College	Pensacola State College	Pensacola State College	6	Hard
Hollis T. Williams Park	City of Pensacola	City of Pensacola	3	Hard
Total			55	

Note: Sorted in descending order by the number of courts.

Sources: Individual facilities; secondary research.

Aquatic Centers

Escambia County has multiple indoor and outdoor pools that accommodate area learn-to-swim, recreation, and competitive swim programs. The largest of the pools is the UWF Natatorium, an indoor pool, which supports the UWF Women’s Swimming and Diving program, UWF recreation, Greater Pensacola Aquatics Club (GPAC), and various public school programs. In addition to the UWF pool, there are six other indoor pools and three outdoor pools. In addition, there is a new YMCA in the planning stages that has a 25-yard indoor pool included in the preliminary design.

Attributes of Local Aquatic Centers				
Facility	Owner	Operator	Indoor/ Outdoor	Size
Corry NAS *	U.S. Navy	U.S. Navy	Indoor	25 meter
Hunter Pool	City of Pensacola	YMCA	Outdoor	25 yard
Milestone Aquatic Center	Private	Private	Indoor	25 yard
Pensacola State College Aquatics Center	Pensacola State College	Pensacola State College	Indoor	25 yard
Roger Scott Park	City of Pensacola	YMCA	Outdoor	25 yard
Salvation Army	Salvation Army	Salvation Army	Indoor	25 yard
UWF Natatorium	University of West Florida	University of West Florida	Indoor	25 yard x 50 meter (Olympic)
Washington High School	Escambia County School District	Escambia County School District	Indoor	25 yard
YMCA	YMCA	YMCA	Indoor	20 yard
YMCA	YMCA	YMCA	Outdoor	25 yard

Note: *NAS also has one additional indoor and outdoor pool.

Sources: Individual facilities; secondary research.

Indoor Sports Facilities

Escambia County offers 10 indoor sports facilities including five resource centers that are owned and operated by the City of Pensacola. These five facilities offer one basketball/volleyball court each with limited seating and primarily serve as youth/community centers. UWF and PSC both own and operate their on-campus facilities. Four collegiate facilities, including the PSC Gymnastics Building, host cheerleading competitions and gymnastics meets annually. PSC also has Hartsell Arena that hosts its men’s and women’s basketball and women’s volleyball programs. The Hartsell Arena is also used for college fairs, meetings, and political rallies. UWF has two indoor sports facilities including the largest indoor facility in the community. These two facilities offer the greatest concentration of courts in Escambia County. UWF’s Health, Leisure and Sports Facility houses a four-court gymnasium (one court dedicated to UWF events only), racquetball courts, an indoor 1/8-mile track, and studio spaces. Bay Center, which is the only County-owned indoor facility, is privately operated by SMG. This facility is primarily used for ice hockey/figure skating, entertainment and limited other competitive sporting events. While the Bay Center’s arena floor space is capable of accommodating one basketball or two volleyball courts, the venue is rarely used for tournaments associated with these sports.

Attributes of Local Indoor Sports Facilities						
Facility	Owner	Court Facility SF	Seating Capacity	Number of		
				Basketball Courts	OR	Volleyball Courts
UWF Field House	University of West Florida	23,800	1,150	3		4
Health, Leisure, and Sports Facility	University of West Florida	20,000	100	3		3
Pensacola Bay Center	Escambia County	20,000	10,000	1		2
Gymnastics Building	Pensacola State College	15,000	50	0		0
Hartsell Arena at Lou Ross Center	Pensacola State College	11,000	1,000	1		1
Bayview Resource Center	City of Pensacola	7,000	300	1		1
Cobb Resource Center	City of Pensacola	7,000	300	1		1
Fricker Resource Center	City of Pensacola	7,000	300	1		1
Malcolm Yonge Resource Center	City of Pensacola	7,000	300	1		1
Vickrey Resource Center	City of Pensacola	7,000	300	1		2
Total				13	OR	16

Notes: Sorted in descending order by square footage.

The number of courts reflects the maximum for each sport and is not additive.

Sources: Individual facilities; secondary research.

In addition to the sports facilities outlined in the previous tables, there are several middle and high schools that offer gymnasiums which are primarily scheduled to serve scholastic needs. However, these can serve to augment Escambia County’s existing/future supply of sports facilities as qualifying round sites for tournament activity.

Pensacola Christian Academy (PCA) also has a variety of sports facilities, however, it is our understanding from Escambia County, City of Pensacola, and PSA officials that these facilities are not available for booking outside tournaments that are not specifically organized by PCA.

Escambia County Equestrian Center

The Escambia County Equestrian Center (Center) is owned and operated by the County. The Center features five outdoor rings, a covered arena with seating for 4,500, 300 stalls, recreational vehicle (RV) sites and a cross country trail. The Center hosts a wide variety of events including equine competitions, dog training, motorbike racing, ultramarathons, and circuses. In general, the Center hosts 30 to 40 annual events. The cross country trail is a first-class course and hosted the 2006 NCAA Division II Men's and Women's Cross Country Championships.

Other Facilities

Given its natural resources, Escambia County also offers a variety of places suitable for beach/water related sporting events such as sand volleyball, fishing, sailing, rowing, etc.

Observations Regarding Supply of Local Facilities

The City of Pensacola offers youth and adult programming for a variety of outdoor sports. Youth sports offerings include T-ball, baseball, cheerleading, football, soccer and softball while adult offerings include flag football, kickball and softball. T-ball programs utilize Roger Scott Athletic Complex through the City's partnership with Bill Bond Baseball and Theophalis May Resource Center for its Southern Youth Sports Association-organized program. Baseball has multiple program offerings with Recreation League and Competitive League being held at Fricker Resource Center while Bill Bond Baseball is held at Roger Scott Athletic Complex. Cheerleading and football programs utilize Magee Field, Roger Scott Athletic Complex and Legion Field. Soccer programs are held at the Roger Scott Athletic Complex while softball is held at Exchange Park. Other adult programming which includes flag football, kickball and softball occurs at Exchange Park.

As noted previously, Escambia County partners with local youth sports associations to provide programming for a variety of sports but the youth sports associations control scheduling of the fields. However, Escambia County operates the Adult Softball Complex, the four-diamond softball facility, within John R. Jones Park. At this complex, Escambia County runs year-round adult leagues including a co-ed league, men's church league, and men's competitive league, in addition to controlling the scheduling of the facility. The Adult Softball Complex is home to a variety of tournaments throughout the year that Escambia County manages.

The City of Pensacola offers basketball youth programs at both Fricker and Vickrey Resource Centers and volleyball is held exclusively at Vickrey. The County does not offer indoor sports programming as it does not have an indoor facility to host these types of events.

In addition to the new YMCA that is planned in downtown Pensacola, UWF has an athletics facilities master plan that was completed in 2010. The plan includes a new football stadium, a renovated and expanded field house, a renovated and expanded natatorium and an events center in the University Park area as well as an outdoor tennis complex, additional intramural fields and the relocation of some existing fields, among other recommended improvements. This master plan will continue to evolve based on UWF's future priorities and available funding. One of the goals of the athletics master plan is to host more intercollegiate events as well as NCAA championships.

In general, the existing outdoor facilities in Escambia County meet the community's recreational needs. However, the current gap in supply relates to developing new indoor sports programs.

Regional Facilities

This section focuses on existing sports facilities in the immediate region that host competitive sporting events similar in nature to those anticipated to be held at any enhanced/new sports facilities in Escambia County. Facilities were chosen based on discussions with representatives from Pensacola Sports as well as results of our survey of competitive sporting event organizers. In each of the tables that follow, the shading denotes existing facilities in Escambia County as a point of comparison to other regional facilities.

Baseball/Softball Facilities

The Florida/Alabama Gulf coast includes a total of 166 baseball/softball diamonds, nearly all of which are lighted. Facilities located in Escambia County with eight or more diamonds are highlighted for comparative purposes. Regional venues offer an average of 10 diamonds per complex. Escambia County offers a competitive inventory of baseball/softball facilities. While some of Escambia County's facilities listed below are not necessarily considered tournament quality, they can augment larger competitive events by providing qualifying round sites. None of the regional facilities offer a stadium. Community Maritime Park as well as collegiate stadiums can provide a competitive advantage for Escambia County for tournaments that require stadium seating for their championship games.

Attributes of Regional Baseball/Softball Facilities					
Facility	Location	Owner	Operator	Number of	
				Diamonds	Lighted Diamonds
John R. Jones Sports Complex	Pensacola, FL	County	Non-Profit	16	14
Santa Rosa Sports Plex	Pace, FL	County	Non-Profit	16	16
Cantonment	Pensacola, FL	County	None	12	12
Tiger Point Park	Gulf Breeze, FL	County	Non-Profit	12	12
Navarre Sports Complex	Navarre, FL	County	Non-Profit	11	11
East Milton Park	Milton, FL	County	Non-Profit	11	11
Southwest Sports Complex	Pensacola, FL	County	Non-Profit	10	10
Orange Beach Sportsplex	Orange Beach, AL	City	City	10	10
Frank Brown Park	Panama Beach City, FL	City	City	9	9
Brent Athletic Park ¹	Pensacola, FL	County	Non-Profit	9	9
Shoreline Park	Gulf Breeze, FL	City	Non-Profit	9	9
Bellview Youth Athletic Park	Pensacola, FL	County	Non-Profit	8	8
Myrtle Grove	Pensacola, FL	County	Non-Profit	8	8
Gulf Shores Sportsplex	Gulf Shores, AL	City	City	7	7
Fort Walton Beach Recreation Center	Fort Walton Beach, FL	City	City	7	7
Morgan Sports Center	Destin, FL	City	City	6	6
Christensen Memorial 5-Plex ²	Foley, AL	City	City	5	5
Total				166	164
Average				10	10

Notes: Sorted in descending order by number of diamonds.

¹County is considering moving football into Brent Athletic Park which will result in a loss of two baseball/softball diamonds.

²Adding five fields in 2016.

Sources: Individual facilities; secondary research.

Multi-Purpose Fields

The region currently includes seven complexes offering a total of 48 multi-purpose fields. All of the profiled facilities have natural grass fields and 42 of the 48 fields are lighted. The Ashton Brosnham Soccer Complex includes the fields operated by the Pensacola Futbol Club/Gulf Coast Texans as well as the two Escambia County-run fields. The Foley Sports Tourism Complex, which is scheduled to open in 2016, is slated to offer the largest concentration of fields at one site (16). As its name suggests, the community plans to use the facility to schedule tournament activity to foster sports tourism. The Orange Beach Sportsplex and Escambia County Stadium at Ashton Brosnham Soccer Complex are the only two facilities that have a stadium. The new Foley Sports Complex is anticipated to offer a stadium with 2,000 seats. Orange Beach is also exploring the potential construction of a multi-purpose field complex. In addition, Panama City Beach is reported to be developing an eight-field soccer complex that will be owned by the Tourist Development Council.

Attributes of Regional Multi-Purpose Fields					
Facility	Location	Owner	Operator	Number of	
				Fields	Lighted Fields
Foley Sports Tourism Complex ¹	Foley, AL	City	City	16	16
Santa Rosa Soccer and Horse Park	Pace, FL	County	Non-Profit	10	10
Ashton Brosnham Soccer Complex	Pensacola, FL	County	Non-Profit/County	12	10
Tiger Point Park	Gulf Breeze, FL	County	Non-Profit	7	7
Southwest Sports Complex	Pensacola, FL	County	Non-Profit	6	2
Ralph Schumacher Soccer Complex	Foley, AL	City	City	5	5
Navarre Soccer Park	Navarre, FL	County	Non-Profit	5	5
Orange Beach Sportsplex	Orange Beach, AL	City	City	3	3
Total				64	58
Average				8	7

Notes: Sorted in descending order by number of fields.

¹ Scheduled to open in Spring 2016.

Sources: Individual facilities; secondary research.

Tennis Centers

The region offers a total of 85 tennis courts, 40 of which are located in Escambia County. All of the profiled outdoor tennis centers offer hard courts and two offer both hard and clay courts. UWF's Tennis Complex and Roger Scott Tennis Center are the only regional centers with seating for a championship match. Pensacola's Roger Scott Tennis Center offers the largest concentration of courts at one center and, when combined with the UWF Tennis Complex, Escambia County offers a competitive supply of tennis courts for large-scale tournaments.

Attributes of Regional Tennis Centers					
Facility	Location	Owner	Operator	Outdoor Courts	
				Number	Surface
Roger Scott Tennis Center	Pensacola, FL	City	City	28	18 Hard/10 Clay
Fort Walton Beach Tennis Center	Fort Walton Beach, FL	City	City	19	Hard
George C. Meyer Tennis Center	Gulf Shores, AL	City	City	18	12 Hard/6 Clay
Ralph "Skeeter" Carson Tennis Complex	Pensacola, FL	UWF	UWF	12	Hard
Orange Beach Tennis Center	Orange Beach, AL	City	City	8	Hard
Total				85	
Average				17	

Note: Sorted in descending order by number of courts.

Sources: Individual facilities; secondary research.

Indoor Sports Facilities

Similar to Escambia County, the broader region offers limited indoor space for competitive sporting events. Currently, there is no dedicated facility to host this market niche in the region. The Emerald Coast Convention Center in Destin offers 21,000 square feet of flat floor space and the Orange Beach Event Center has 18,000 square feet of flat floor space that can accommodate wrestling, cheerleading, dance, gymnastics, martial arts, etc. However, these two facilities cannot be configured to host basketball or volleyball courts. As stated earlier, although the Bay Center's arena floor can be configured to accommodate one basketball or two volleyball courts, the facility rarely hosts tournaments involving these sports.

The City of Foley has preliminary plans to build a 104,000 square-foot indoor event center with six basketball courts or 12 volleyball courts. If built, this facility would offer the largest concentration of basketball/volleyball courts in the region. Plans also include the ability to host concerts, receptions, banquets and exhibit/trade shows. The site for the proposed facility is adjacent to a mixed-use entertainment complex. It is our understanding that funding for this project has not been finalized.

In addition, the City of Panama City Beach recently completed a feasibility study for a potential indoor multi-use events center. The study recommends that the facility offer flexible seating in order to maximize event opportunities and premium seating opportunities for revenue generation. The report outlines three possible building options for the facility. The first option includes an attached exhibit hall, the second option has a smaller exhibit hall and the third option does not include an exhibit hall. The full program option includes: eight basketball courts with four courts in the arena and four courts in the exhibit hall; 16 volleyball courts; 16 wrestling mats; two sets of gymnastics competition areas; and one primary cheerleading stage with three practice courts. The second option has a reduced exhibit hall that would have the ability to program two basketball courts (rather than the full program option of four) allowing for a total maximum of six basketball courts and 12 volleyball courts. The third option does not include an exhibit hall which allows for a maximum of four basketball courts and eight volleyball courts. Projected construction costs, excluding cost of land acquisition, creation of on-site parking, and off-site infrastructure range from \$49 million to \$77 million based on the programmatic elements/development option. The report indicates an anticipated design and construction timeline of up to three years.

Observations Regarding Supply of Regional Facilities

In terms of supply, Escambia County has several tournament quality facilities, generally defined as those that have multiple playing surfaces (e.g., diamonds/fields/courts) and are of a quality to attract out-of-town teams. As a point of reference, facilities in Escambia County have hosted multiple tournaments including, but not limited to: the NCAA Men's and Women's Division II Soccer Championships; NCAA South Regional Baseball Tournament; USTA Pro Futures Annual Tennis Tournament; and the International Tennis Federation-sanctioned Pensacola Open Wheelchair Tennis Championships. Although this section focused on facilities in the immediate region, the State of Florida offers numerous existing outdoor complexes, particularly those that host baseball. From a supply perspective, the largest gap in Escambia County, as well as in the immediate region, is for a tournament quality indoor sports facility. This type of facility could meet the overall goals to increase sports tourism with incremental attendees and related economic impact as well as augment the needs of area residents. This gap is further supported by the fact that both the City of Foley and Panama City Beach are contemplating the merits of constructing new indoor sports facilities.

Table of Contents

1	Introduction and Executive Summary	1
2	Local Market Overview	10
3	Supply of Area Sports Facilities	23
4	Key Industry Trends	33
5	Potential Demand Generators	44
6	Market Demand Assessment and Facility Recommendations	60
7	Comparable Facility Case Studies	68
8	Program, Cost Estimate and Site Analysis	87
9	Financial Pro Forma	102
10	Economic and Fiscal Impact Analysis	111
11	Limiting Conditions and Assumptions	122

Key Industry Trends

Potential demand associated with any sports facility is somewhat dependent on the attributes of the industry as a whole as well as specific target market segments. The competitive youth and adult amateur sports industry has continued to be a significant market opportunity with multiple sports, age groups and demand segments. Demand for sports tourism events is typically less impacted by economic fluctuations as participants and family/friends are willing to travel significant distances for their preferred sport. As such, more communities are developing specialized indoor and/or outdoor sports facilities to accommodate multiple games/competitions due to their value as a tourism generator. It is important for successful destinations to have a strong volunteer base and elite level leagues to support and promote tournament activity that generates overnight stays.

This section discusses trends in sports participation, trends in national sports tourism marketing efforts, and critical success factors for sports tourism destinations.

Trends in Sports Participation

This section of the report profiles trends in the annual number of participants in various sports/recreational activities as well as the frequency of participation. It also includes data for individual sports or activities by market size as well as a distribution by age and household income as sports participation trends vary by these factors as well as geographic region. For purposes of this analysis, this section focuses on statistics related to more traditional indoor and outdoor sports, not extreme/alternative sports which have less trend data available. Profiled indoor sports include basketball, cheerleading, gymnastics, ice hockey, martial arts, swimming, volleyball and wrestling. Profiled outdoor sports include baseball, lacrosse, soccer, softball and tackle football.

The source of this data is the *2015 Sports Participation in the United States* study which is a research program designed to measure the number of individuals seven years of age or older who participated in each of a number of different sports/recreational activities each year. This study measures the annual number of participants in each sport/activity and the frequency of participation (number of days of participation). In order to ensure responses were representative of the U.S., the data was weighted to represent the demographic composition of the U.S. based on the following characteristics: state of residence, household income, and population density.

Total and Frequent Participation Rates

For the profiled sports in this analysis, a participant is defined as an individual seven years of age or older who participates in a sport/activity at least two days in a given year. The definition of “Frequent” participants varies for each sport/activity and is noted by sport/activity in the following tables.

The table below illustrates total participation rates for profiled indoor sports along with the frequency of participation which varies by event. As shown, swimming, basketball and volleyball, respectively, had the highest total participation rates in 2014. However, between 2010 and 2014, total participation in these three sports declined by 12%, 12% and 4%, respectively. During this same period, gymnastics experienced a 15% increase in total participation. In 2014, volleyball, martial arts, and gymnastics, respectively, had the highest frequency participation rates while swimming had the lowest among the profiled indoor sports.

Summary of Total and Frequent Participation - Indoor Sports and Recreation (000s)					
Sport	2010	2011	2012	2013	2014
Swimming - Total	51,943	46,028	48,621	45,505	45,921
Swimming - Frequent	3,307	2,561	3,058	2,669	3,546
% Frequent (110+ days/year)	n/a	6%	6%	6%	8%
Basketball - Total	26,875	26,095	25,579	25,545	23,709
Basketball - Frequent	6,077	5,628	4,915	5,708	5,289
% Frequent (50+ days/year)	23%	22%	19%	22%	22%
Volleyball - Total	10,621	10,075	10,250	10,121	10,171
Volleyball - Frequent	4,153	3,615	3,427	3,346	3,897
% Frequent (20+ days/year)	39%	36%	33%	33%	38%
Martial Arts - Total	n/a	n/a	n/a	n/a	6,268
Martial Arts - Frequent	n/a	n/a	n/a	n/a	2,267
% Frequent (80+ days/year)	n/a	n/a	n/a	n/a	36%
Gymnastics - Total	4,756	5,117	5,669	5,119	5,448
Gymnastics - Frequent	1,806	1,962	2,127	1,487	1,900
% Frequent (40+ days/year)	38%	38%	38%	29%	35%
Cheerleading - Total	n/a	3,053	3,329	3,539	3,647
Cheerleading - Frequent	n/a	719	633	728	710
% Frequent (70+ days/year)	n/a	24%	19%	21%	19%
Ice Hockey - Total	3,299	2,996	2,900	3,471	3,359
Ice Hockey - Frequent	1,245	951	1,030	937	943
% Frequent (30+ days/year)	38%	32%	36%	27%	28%
Wrestling - Total	2,940	3,217	2,841	3,113	2,864
Wrestling - Frequent	919	649	669	880	605
% Frequent (50+ days/year)	31%	20%	24%	28%	21%
Total	100,434	96,581	99,189	96,413	101,387
Frequent	17,507	16,085	15,859	15,755	19,157
% Frequent	17%	17%	16%	16%	19%

Notes: n/a denotes not available.

Martial Arts includes MMA and Tae Kwon Do.

Sorted in descending order by 2014 total participation.

Source: Sports Business Research Network.

As shown in the following table, soccer, baseball, and softball, respectively, had the highest total participation rates in 2014. However, between 2010 and 2014, total participation in tackle football, softball, and baseball declined by 19%, 12% and 10%, respectively. In 2014, tackle football, soccer and baseball had the highest frequency participation rates while lacrosse had the lowest among the profiled outdoor sports.

Summary of Total and Frequent Participation - Outdoor Sports and Recreation (000s)					
Sport	2010	2011	2012	2013	2014
Soccer - Total	13,534	13,941	13,690	12,850	13,444
Soccer - Frequent	4,380	4,324	4,018	3,885	4,106
% Frequent (40+ days/year)	n/a	31%	29%	30%	31%
Baseball - Total	12,533	12,292	12,073	11,675	11,335
Baseball - Frequent	2,987	2,896	2,389	2,826	2,951
% Frequent (50+ days/year)	24%	24%	20%	24%	26%
Softball - Total	10,841	10,383	10,487	9,974	9,501
Softball - Frequent	2,068	2,182	2,803	2,511	2,204
% Frequent (40+ days/year)	19%	21%	27%	25%	23%
Football (Tackle) - Total	9,318	9,034	7,889	7,514	7,530
Football (Tackle) - Frequent	2,633	2,496	2,210	2,205	2,702
% Frequent (50+ days/year)	28%	28%	28%	29%	36%
Lacrosse - Total	2,625	2,717	2,749	2,786	2,791
Lacrosse - Frequent	87	659	926	362	480
% Frequent (60+ days/year)	3%	24%	34%	13%	17%
Total	48,851	48,367	46,888	44,799	44,601
Frequent	12,155	12,557	12,346	11,789	12,443
% Frequent	25%	26%	26%	26%	28%

Notes: n/a denotes not available.

Sorted in descending order by 2014 total participation.

Source: Sports Business Research Network.

Participation Rates by Market Size

The following table summarizes indoor sport participation by market size. As shown, swimming, cheerleading and volleyball, respectively, had the highest participation rates in 2014 in markets similar in size to the Pensacola Metro Area.

2014 Indoor Sport Participation by Market Size (% of Participants)								
Market Size	Basketball	Cheerleading	Ice Hockey	Gymnastics	Martial Arts	Volleyball	Swimming	Wrestling
Non-MSA & MSA < 100,000	15.6%	12.2%	5.1%	8.6%	5.7%	15.2%	10.9%	7.7%
100,000 - 499,999	14.8%	17.1%	13.7%	13.5%	15.8%	16.0%	18.0%	15.8%
500,000 - 1,999,999	22.0%	22.9%	20.4%	28.6%	20.2%	22.7%	21.8%	20.1%
2,000,000 +	47.6%	47.8%	60.8%	49.4%	58.3%	46.1%	49.4%	56.4%

Note: Shading represents the market size of the Pensacola Metro Area.

Source: Sports Business Research Network.

Relative to profiled outdoor sports, markets similar in size to the Pensacola Metro Area have the highest portion of their population participating in tackle football, baseball and softball, respectively.

2014 Outdoor Sport Participation by Market Size (% of Participants)					
Market Size	Baseball	Lacrosse	Soccer	Softball	Tackle Football
Non-MSA & MSA < 100,000	12.1%	6.9%	11.2%	13.0%	17.2%
100,000 - 499,999	17.1%	13.1%	15.1%	16.9%	21.4%
500,000 - 1,999,999	20.9%	20.1%	20.4%	22.0%	21.7%
2,000,000 +	50.0%	60.0%	53.3%	48.1%	39.6%

Note: Shading represents the market size of the Pensacola Metro Area.

Source: Sports Business Research Network.

Participation Rates by Age

The following table summarizes indoor sport participation by age. Gymnastics, cheerleading, basketball, martial arts and volleyball, respectively, had the highest participation rates between the ages of 7 and 17.

2014 Indoor Sport Participation by Total Age Group (% of Participants)								
Age Group	Basketball	Cheerleading	Gymnastics	Ice Hockey	Martial Arts	Swimming	Volleyball	Wrestling
7-11	18.2%	31.0%	39.4%	11.6%	25.5%	16.0%	10.5%	14.4%
12-17	23.9%	31.7%	24.2%	16.2%	15.0%	13.2%	28.7%	22.1%
18-24	15.9%	8.9%	9.2%	22.2%	14.5%	9.4%	16.6%	20.1%
25-34	16.4%	13.3%	11.3%	20.8%	18.7%	13.6%	16.4%	19.5%
35-44	14.0%	10.3%	7.3%	15.7%	16.5%	14.7%	12.8%	15.4%
45-54	7.7%	4.9%	3.4%	11.5%	6.3%	13.1%	9.0%	7.8%
55-64	3.3%	0.0%	1.9%	2.1%	2.4%	10.3%	4.2%	0.7%
65-74	0.6%	0.0%	1.8%	0.0%	1.0%	6.5%	1.0%	0.0%
75+	0.0%	0.0%	1.5%	0.0%	0.0%	3.0%	0.8%	0.0%
Total Under 18 Years Old	42.1%	62.7%	63.6%	27.8%	40.5%	29.2%	39.2%	36.5%

Source: Sports Business Research Network.

For profiled outdoor sports, tackle football, baseball and soccer, respectively, had the highest participation rates between the ages of 7 and 17.

2014 Outdoor Sport Participation by Total Age Group (% of Participants)					
Age Group	Baseball	Lacrosse	Soccer	Softball	Tackle Football
7-11	30.3%	17.4%	31.5%	13.7%	15.2%
12-17	22.7%	21.9%	21.3%	20.3%	45.6%
18-24	7.2%	14.2%	14.2%	9.6%	13.1%
25-34	13.3%	19.9%	15.2%	18.0%	10.0%
35-44	13.4%	17.9%	10.8%	16.5%	10.6%
45-54	8.7%	7.1%	4.8%	11.3%	4.3%
55-64	2.1%	1.6%	1.7%	7.1%	1.1%
65-74	1.1%	0.0%	0.1%	2.8%	0.0%
75+	0.0%	0.0%	0.4%	0.7%	0.0%
Total Under 18 Years Old	53.0%	39.3%	52.8%	34.0%	60.8%

Source: Sports Business Research Network.



One measure to estimate potential demand for enhanced/new sports facilities is to extrapolate the national sports participation rates to the previously presented population statistics for the primary market (Escambia County), the secondary market (Pensacola Metro Area), and the broader area (200 miles) by age group. The following table illustrates the estimated sports league participants by age group using the above methodology.

Estimated Sports League Participants									
Sport	Escambia County	Metro Area	200 Miles	Escambia County	Metro Area	200 Miles	Escambia County	Metro Area	200 Miles
	Ages 7 - 11			Ages 12-17			Age 18+		
Indoor Sport									
Basketball	4,179	6,403	90,267	5,488	8,408	118,538	13,294	20,369	287,169
Cheerleading	1,081	1,657	23,355	1,106	1,694	23,882	1,301	1,993	28,101
Gymnastics	2,061	3,158	44,525	1,266	1,940	27,348	1,904	2,918	41,134
Ice Hockey	382	585	8,254	534	818	11,527	2,378	3,644	51,372
Martial Arts	1,556	2,385	33,620	916	1,403	19,776	3,632	5,564	78,446
Swimming	7,115	10,901	153,689	5,870	8,994	126,794	31,484	48,238	680,075
Volleyball	1,038	1,590	22,413	2,836	4,345	61,262	6,008	9,206	129,782
Wrestling	405	620	8,739	621	951	13,412	1,784	2,733	38,537
Subtotal	17,817	27,298	384,861	18,635	28,552	402,539	61,786	94,665	1,334,617
Outdoor Sport									
Baseball	3,317	5,082	71,653	2,485	3,808	53,680	5,145	7,884	111,144
Lacrosse	472	723	10,196	594	910	12,833	1,647	2,523	35,568
Soccer	4,089	6,266	88,334	2,765	4,237	59,730	6,128	9,388	132,360
Softball	1,261	1,932	27,237	1,868	2,863	40,358	6,075	9,307	131,213
Tackle Football	1,104	1,692	23,857	3,313	5,077	71,571	2,848	4,364	61,526
Subtotal	10,244	15,695	221,276	11,026	16,894	238,172	21,842	33,466	471,812
Grand Total	28,061	42,994	606,137	29,662	45,446	640,711	83,628	128,131	1,806,429

Source: Sports Business Research Network.

These statistics will be further augmented by direct input from potential demand generators as well as other market research as there is not one single industry source that can provide a measure of the universe of demand.

Trends in National Sports Tourism Marketing Efforts

In its *2014-15 Florida Sports Directory & Facilities Guide*, the Florida Sports Foundation reports that Florida sports and recreation spending was responsible for \$41.4 billion in total economic output. This accounts for approximately 3.25% of Florida’s 2012 Gross State Product. Over 399,000 jobs were supported by sports and recreation activities contributing more than \$14.9 billion in labor income. More than 12.5 million out-of-State visitors traveled to Florida in 2012 to participate in sports and recreation activities. Florida Sports Commissions hosted 2,521 events in 2012 and attracted over 3.1 million sports tourists.

The National Association of Sports Commissions (NASC) conducts an annual survey of sports marketing organizations, titled *Sports Tourism: A State of the Industry Report*, conducted by George Washington University. According to the most recent survey published in 2015 which reported 2014 statistics, the average number of events held per organization remained stable from the prior year at 25. The same survey reported the average number of events was projected to increase to 28 in 2015. Survey results indicated sporting event visitor-related spending increased by 3% between 2013 and 2014 to \$8.96 billion. Estimates for 2015 are anticipated to reflect a positive trend.

Sponsorship dollars to support sports tourism organizations, marketing and event acquisition have remained fairly steady from 2013 to 2014. Most organizations secure sponsors through personal connections (63%) with utilizing board members (35%) and a dedicated sales staff (31%). The percent of organizations that hire outside sales consultants increased significantly from 5.7% in 2013 to 11% in 2014.

The majority (90%) of industry organizations utilize conferences for prospecting potential event opportunities and 88% network with individuals to develop relationships. The number of organizations that pay bid fees for events has remained steady from 2013 to 2014 with 69% doing so. Approximately 33% of respondents indicated bid fees have increased while 64% indicated that bid fees remained constant. These results, according to NASC, reflect a competitive market place.

Sixty percent (60%) of respondents indicate that they have expanded, grown, or modified their facilities in the last year. While this reflects a 7% decrease from 2013, over one-quarter of the respondents (27%) stated that they built completely new facilities as compared to 20% in 2013. For those renovating, the most common improvements were concession stands, restrooms and guest amenities.

These statistics suggest more destinations understand the value of sporting events from an economic perspective, with 60% investing in infrastructure and 27% building new facilities, as well as paying bid fees to encourage event activity in their communities.

From a macro level, destination marketing organizations (DMOs) continue to deploy a staffing strategy that focuses on targeted marketing, business development and visitor servicing efforts for their respective destinations. A recent study conducted by Destination Marketing Association International (DMAI) which protects and advances the success of official DMOs worldwide, cited that DMOs are increasingly dedicating more specialized staff to the sport/event market. The sport/event market now joins destination-level marketing and communications, convention sales, visitor servicing and travel trade support as a core visitor market development activity specifically assigned to DMO staff.

On an individual basis, DMO respondents reported a variety of marketing/promotions efforts that directly reflect their destination profile as a leisure destination, a business market destination, or a combination of both. Among all DMOs reporting, on average, the largest program spending is generally focused on the leisure (direct consumer) market, followed by the meetings and conventions sector, the sport/event market and then the travel trade sector.

Critical Success Factors for Sports Tourism Destinations

As the industry of sports tourism continues to grow, there is increasing competition for tourism dollars as evidenced by the industry data and by the number of communities with sports tourism-focused organizations. The spending generated by athletes, coaches, family and friends can augment other visitor streams such as corporate, convention/meeting and leisure travelers. Research indicates that competitive sporting events are less impacted by economic downturns as families are committed to their children's athletic activity. Sports-related tourism can be developed based on a community's strengths, the presence of elite level athletes, leagues, and/or collegiate teams in particular sports. Further, a strategic plan for sports tourism can serve to expand visitor seasons beyond a community's typical peak. This section outlines the critical success factors common in sports tourism destinations based on conversations with DMOs and sports commissions across the U.S. as well as our work with other communities. As shown in the following graphic, a successful sports tourism destination requires certain destination attributes, physical facilities, as well as other intangible factors.



Stakeholder Political Support

Successful destinations have political support from a variety of public and private stakeholders that prioritize sports tourism as an economic generator. These include municipal governments, local leagues, collegiate athletic departments, destination marketing organizations, economic development agencies, hospitality industry professionals, facility management and event organizers. Input from other communities reiterated the necessity to have the support of local stakeholders. Without the understanding from each of these organizations regarding the value of competitive sporting events, it can be an uphill battle to effectively attract and service them. Typically one organization spearheads the effort to educate local stakeholders on the value such as a DMO or sports commission. In addition to marketing and branding, this organization serves as a liaison within the community between sports organizations, facilities, visitor amenities and funding partners. Developing regular communication to these groups outlining the economic value of sporting events within the local area serves to elevate this visitor segment and helps to harness their on-going support.

Funding

Much like other visitor streams, sports tourism requires funding at the local level for marketing, facility development/on-going operations, event development and incentives. While a DMO or sports commission is typically the primary marketing agency, funding for facility development and operations often requires public and private partners. As outlined in the comparable facility case studies later in this report, communities have used a variety of means to develop venues designed to accommodate tournaments and other competitions. Municipalities, local sports organizations, private benefactors and corporate sponsors are all potential funding partners for facility and/or event development/incentives. Successful sports tourism destinations are able to garner funding from a broad variety of sources. Examples include sales tax revenues, hotel/motel tax revenues, hotel room rebates for sports-related overnight stays, volunteer hours for event labor from local leagues and corporate sponsorships. Providing a measure of the return on investment (e.g., the number of room nights generated, economic impact, etc.) from sports tourism helps justify on-going funding requirements.

Marketing and Branding

As more and more communities realize the value of sports tourism and invest in quality facilities, there is greater competition for these events. Destinations that create a sports marketing brand are more recognizable by the event organizers as well as the participants and spectators and, as a result, can serve to draw a greater amount of visitors. A brand should include differentiating factors such as a beach, historical attractions or unique outdoor activities. Establishing a brand and reputation for well-executed events includes providing appropriate facilities as well as visitor amenities and event services such as a reliable, knowledgeable volunteer base. This can mean providing appropriate security, traffic control, as well as coordinating with event organizers to showcase area attractions, restaurants or shopping.

Quality Facilities

Given the variety of sports and respective facility requirements, it is difficult for a single destination to be successful at attracting all sports. Rather, destinations that offer high-quality facilities in one or a few sports can better serve these target market segments. However, just having a physical asset does not ensure success in sports tourism. For instance, management at other facilities stressed the importance of establishing a facility's mission at the outset. The goal of primarily serving as an economic generator rather than meeting local sports and recreational needs requires different marketing, booking, staffing, and maintenance procedures. If a facility is primarily focused on generating economic impact, it may choose to limit local play and reserve fields/courts for high-end tournaments that draw out-of-town participants and spectators. Increasingly, local parks and recreation departments accommodate league play while special purpose facilities are reserved for league games (not practices) and tournament/showcase events in order to limit wear and tear and establish the venue as an attraction. Some "tournament-quality" facilities choose to limit league play to weekdays, reserving weekends for competitions that draw out-of-town visitors.

Balancing the booking of a facility between tournament play and local league use is a critical factor in its marketability. Local leagues can be a significant revenue generator as well as important partners in attracting regional/national tournaments and staffing these events with a volunteer pool. As such, continuing cooperative relationships with local leagues is imperative to a venue's ability to serve as a sports tourism generator. However, management at comparable facilities indicated that allowing too much league play can increase maintenance expense and potentially hinder marketability for out-of-town tournaments.

Destination Attributes

Consistent with input obtained from potential indoor and outdoor sporting event organizers, input from sports tourism organizations indicates that successful destinations require supporting infrastructure elements such as hotels, restaurants, retail, and entertainment/recreation establishments. Unlike convention/meeting attendees, competitive sporting event organizers are accustomed to driving five to ten miles to these amenities from the host facility(s). These elements are important and can impact the overall marketability, resulting financial success, and the economic impact of sports facilities. Providing convenient access to shopping, dining and entertainment can create a vibrancy that differentiates one destination from the others.

Relationships with Event Organizers

Successful sports tourism destinations have sports marketing agencies and facilities managed by staff with a network of contacts in relevant sports industries. These include local, state, regional and national sports organizations that compete in or hold tournaments/competitions. Fostering these relationships by attending industry conferences, attending major tournaments in other cities and hosting familiarization tours to showcase a destination's facilities and visitor amenities is important to set a destination apart. Communities with strong relationships are often able to secure multi-year contracts for significant annual events or an agreement to host numerous competitions sponsored by one organization. Utilizing local stakeholder connections with state/regional/national event organizers can broaden these relationships. For instance, a local elite league that participates in a national annual tournament or a college athletic department with connections to a NCAA showcase or tournament.



Event Incentives

Attracting events that generate sports tourism spending has traditionally been done by paying bid fees to target events. As more communities have realized the value of this visitor niche and invested in facilities to accommodate them, bid fees have increased. In response, sports marketing organizations are more commonly creating their own events and/or offsetting event costs rather than paying bid fees directly to event organizers.

The benefits of creating tournaments include harnessing local elite level teams and their regional/national connections to promote participation, controlling the event date during a community's shoulder visitation season and the lack of competition from other host cities through strategic scheduling. The trade-off to creating tournaments is the need to provide all event services and staff which requires a strong organizing committee with an active volunteer base and good working relationships with sports venue management teams, hoteliers, local police for traffic/security, etc. According to sports marketing representatives, this works best for sports in which the community has a strong niche and quality venues.

Sports marketing organizations also offset specific costs associated with hosting an event in their community such as sponsoring a catered function, utilities associated with lighted fields, facility rental, event security, parking staff, etc. In doing so, the organization helps to ensure that their investment is retained within the local community.

The most common funding source for event incentives is the local hotel tax. Other funding partners can include local benefactors or interested parties with whom the sports marketing organization has a close relationship. These types of relationships do not necessarily produce on-going funding for attracting events but can offer annual grants for certain events. Budgets for event subsidies can vary significantly. In each case, subsidies are granted on an event-by-event basis and are based on the potential to generate overnight stays. A best practice is to regularly measure the return on these investments which may include requiring participating teams to report their hotel room registrations.

Sports commissions and associations indicate that the methodology for tracking the success of sports tourism efforts should be agreed upon by all agencies involved. Organizations can be evaluated by hotel room generation specific to sporting events and/or based upon an agreed economic impact model of events. These models help guide decisions regarding whether bid fees and/or event incentives are financially reasonable for that particular event.

As a point of reference, Pensacola Sports utilizes a number of industry best practices including, but not limited to, attending industry conferences, establishing relationships with sports organizations and leadership teams at all levels as well as providing bid fees and event incentives.

Table of Contents

1	Introduction and Executive Summary	1
2	Local Market Overview	10
3	Supply of Area Sports Facilities	23
4	Key Industry Trends	33
5	Potential Demand Generators	44
6	Market Demand Assessment and Facility Recommendations	60
7	Comparable Facility Case Studies	68
8	Program, Cost Estimate and Site Analysis	87
9	Financial Pro Forma	102
10	Economic and Fiscal Impact Analysis	111
11	Limiting Conditions and Assumptions	122

Potential Demand Generators

In addition to the input obtained from local stakeholders, input regarding the potential need/demand for enhanced/new sports facilities was sought from a variety of sports organizations that host regional, national and international tournament activity. As a point of reference, a summary of the historical sports activity tracked by Pensacola Sports is also provided.

Historical Sports Activity in Escambia County

Pensacola Sports tracks sporting events held in Escambia County to estimate their economic value on the area. These events include those sponsored by Pensacola Sports as well as others who report figures to the organization. It is not an all-inclusive inventory of events but reflects an order-of-magnitude estimate of the value of these sporting events in terms of room night generation and attendee spending. The number of visitors and associated estimated economic impact only reflects out-of-town participants and spectators.

As shown in the following table, Escambia County has hosted an average of 47 sporting events annually over the past four calendar years. On average, visitors (defined as out-of-town attendees) generated approximately 31,600 room nights and \$16.7 million in economic impact annually during the profiled period.

Economic Impact from Out-of-Town Attendees					
Year	Number of		Room		Economic Impact
	Events	Visitors	Room Nights	Nights/Event	
2012	59	44,500	34,900	590	\$15,650,000
2013	46	40,100	33,800	730	\$16,740,000
2014	44	40,400	30,500	690	\$16,692,000
2015	40	40,100	27,250	680	\$17,858,000
Four-Year Average	47	41,300	31,600	670	\$16,735,000

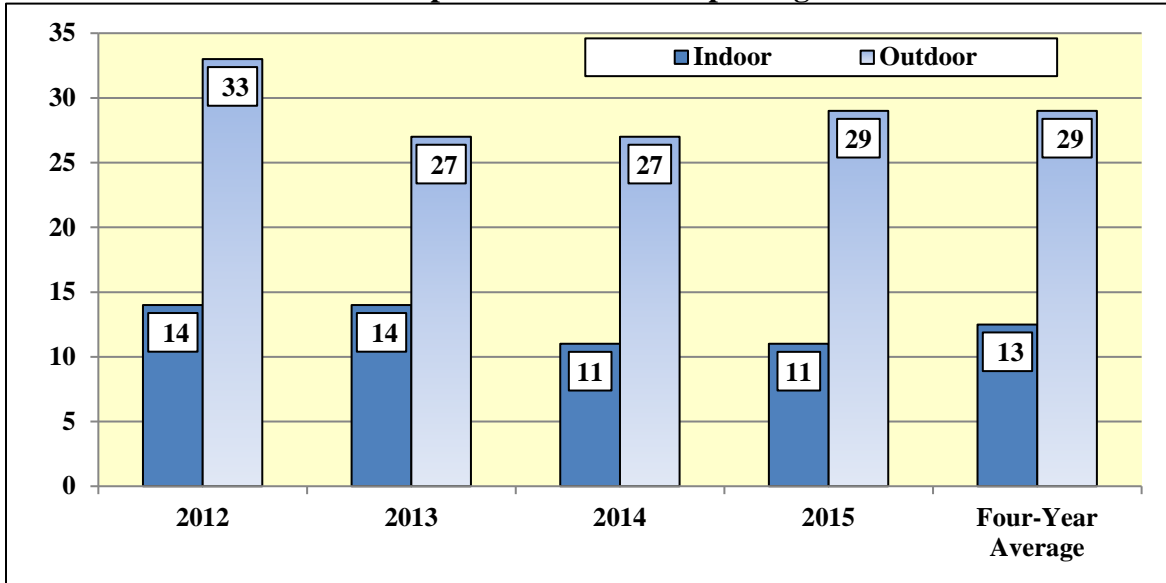
Source: Pensacola Sports.

The number of events reported by Pensacola Sports has been steadily decreasing since 2012 which results in a lower number of room nights and economic impact associated with these events. During the profiled three-year period, sporting events generated an average of 670 room nights per event.

Enhanced/new sports facilities could improve Escambia County's ability to attract more room-night generating sporting events as well as accommodate higher quality and larger scale events to the area which will increase the number of visitors and room nights.

For purposes of this study, Pensacola Sports separated indoor and outdoor sporting events to provide an understanding of the distribution of activity. Some of the events reflected in the table above are not accounted for in this breakout. As shown in the following graph, Escambia County hosted approximately twice as many outdoor sporting events as indoor sporting events which is reflective of the existing supply of facilities in the market.

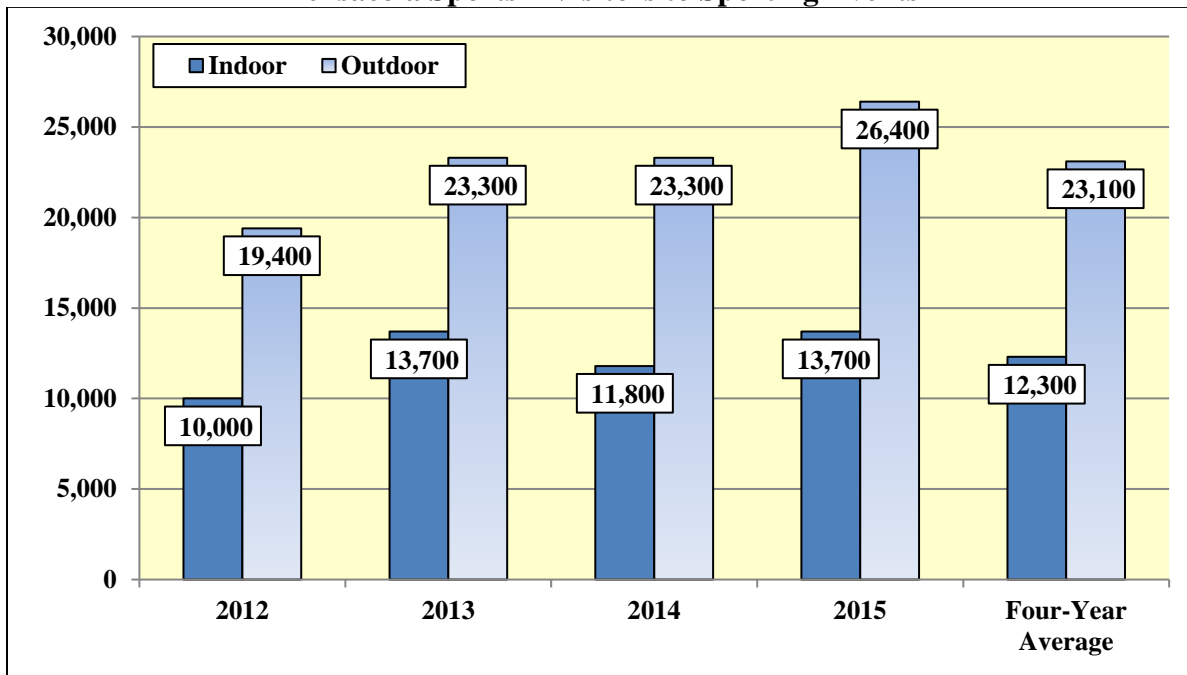
Pensacola Sports – Number of Sporting Events



Source: Pensacola Sports.

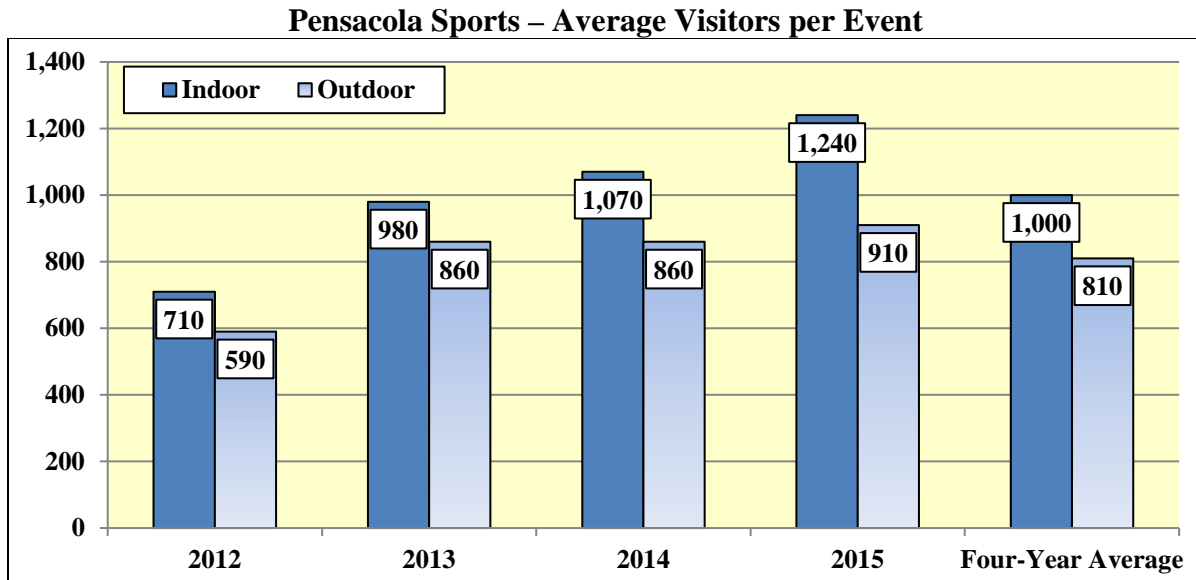
The following graph illustrates the total visitors for indoor and outdoor sporting events for the past four years. As shown, outdoor sporting events averaged 23,100 visitors per year compared to 12,300 visitors for indoor sports.

Pensacola Sports – Visitors to Sporting Events



Source: Pensacola Sports.

During the profiled four-year period, indoor sporting events averaged approximately 190 more visitors per event (or 23%) compared to outdoor sporting events.



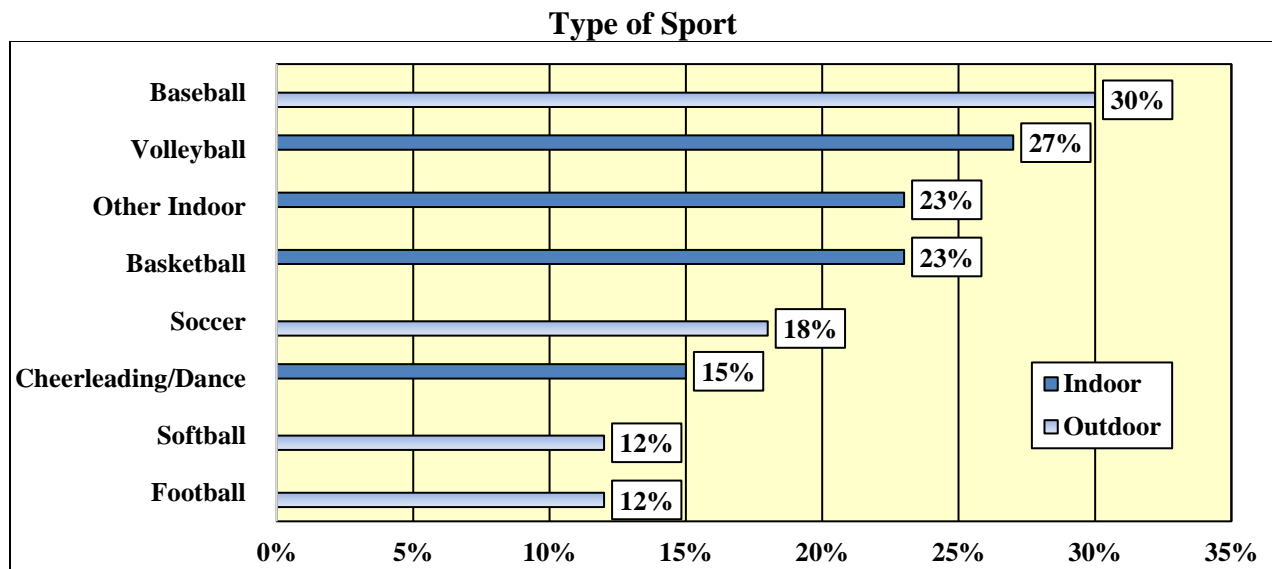
Source: Pensacola Sports.

Event Promoter Survey Results

This section focuses on results of a web-based survey that sought to explore potential demand for sports activity in Escambia County with and without enhanced/new facilities. We contacted a total of 157 individuals, 72 associated with indoor events and 85 with outdoor, who organize local, State, regional, and national sporting events and asked them to complete a survey regarding proposed enhanced/new facilities in Escambia County. Of those 157 individuals, representatives from a total of 47 organizations completed 51 surveys (each representing a different potential event). For groups indicating interest in utilizing enhanced/new sports facilities in Escambia County, an effort was made to understand key facility and destination attributes important to attracting their event(s) as well as specific event characteristics such as the sport, typical attendance, seasonality, age group, etc. The survey effort sought to receive direct input from representatives of a variety of sports including, but not limited to, the following: basketball, volleyball, baseball, softball, wrestling, cheerleading/dance, tennis, archery, table tennis, soccer, football, gymnastics and judo. The input obtained is not intended to be statistically valid but rather reflective of a representative sample of potential user groups.

Approximately 48% of indoor sports respondents and 59% of outdoor sports respondents have held events at existing facilities in Escambia County. Although some survey respondents currently host league/recreational activity at area venues, their ability to host competitive sports tournaments and/or larger level competitions in Escambia County is sometimes limited due to the supply of facilities and/or date availability.

Survey responses represent a diverse set of sports. Outdoor sports survey responses were led by baseball, soccer, softball and football while indoor sports responses were led by volleyball, other indoor sports (e.g., badminton, body building and fencing), basketball and cheerleading/dance.

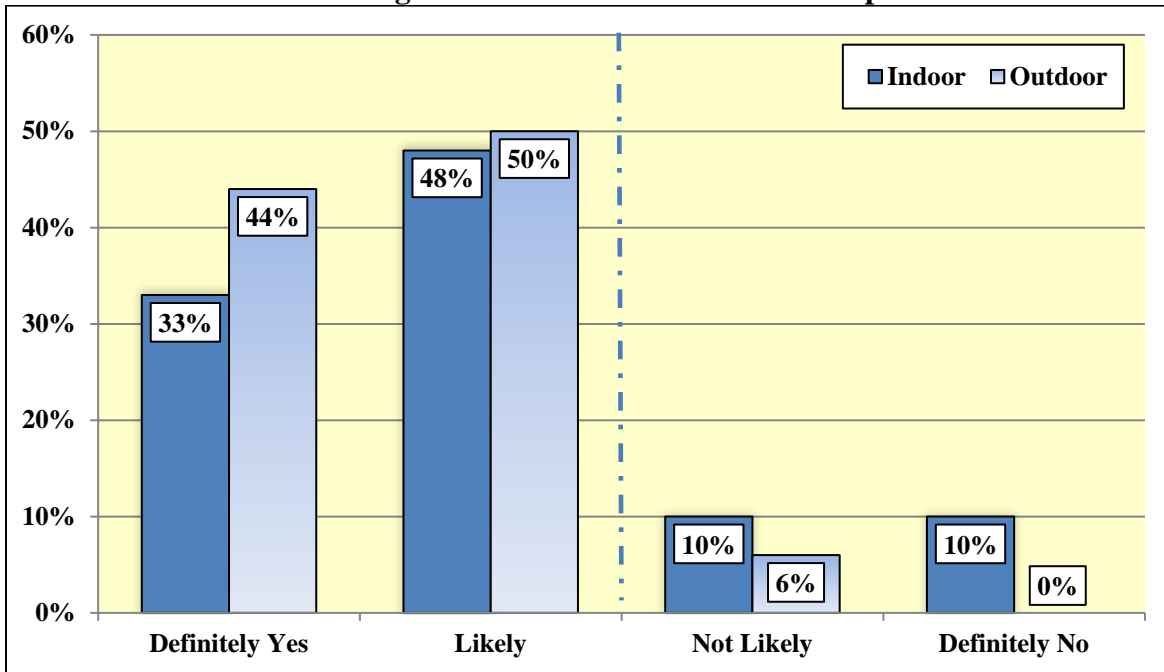


Note: Percentages above refer to the number of survey respondents segregated by indoor and outdoor sports.

Approximately 36% of outdoor sports respondents and 50% of indoor sports respondents indicated their organization would not continue to host their sports competitions/events in Escambia County unless changes are made to the current supply of facilities. The primary reasons cited for not continuing to host events in Escambia County were that existing facilities are not capable of hosting their events and that current facilities are too small. Outdoor sports survey respondents also cited date availability as a reason. According to those surveyed, required improvements that would better meet their needs included more competition areas, better amenities at existing facilities, more warm-up areas and more locker rooms.

Respondents were asked the likelihood of hosting events at enhanced/new sports facilities in Escambia County if they met their facility/program needs. The majority of survey respondents, 94% representing outdoor sports and 81% representing indoor sports, answered “Definitely Yes” or “Likely” to host their event at enhanced/new sports facilities. Those survey respondents who responded “Not Likely” or “Definitely No” cited factors such as the supply of facilities, the lack of participant base in the area and Escambia County’s geographic location in the State as challenges in hosting their event.

Likelihood of Hosting Events at an Enhanced or New Sports Facilities



Survey respondents cited outdoor amenities, location/accessibility, climate, hotel supply/location and price/value as Escambia County’s strengths in attracting their event.

Groups were asked for further detail regarding their facility requirements, destination attributes and event characteristics which are summarized in the sections that follow.

Facility Requirements – Indoor Sports

On average, survey respondents indicated that their events require a minimum of five (5) courts or approximately 29,100 square feet for competition areas. Approximately 56% of indoor sports survey respondents indicated they are willing to use multiple facilities within close proximity. Of those willing to use multiple locations, the maximum distance between competition sites averaged 10 miles. Although 50% of total respondents indicated a willingness to use either hardwood or sport court surface, 38% responded they require hardwood flooring which is an important consideration as the respondents requiring this type of flooring represent some of the largest potential users.

Nearly all (93%) survey respondents require spectator seating which ranged from a low of 500 to a high of 5,000. Of those events that require spectator seating, 43% require 1,000 seats or less and 50% require between 1,000 and 3,000 seats.

Respondents were asked to rank a variety of facility support elements by level of importance relative to attracting their events. Concessions and Wi-Fi access throughout the facility ranked as the most important amenities followed by meeting/breakout rooms.



Groups interested in hosting their event at a new indoor sports facility require an average ceiling height of 30 feet with a maximum of 50 feet. The majority (73%) of respondents require a warm-up space. Forty-four percent (44%) of respondents require one to four locker rooms and 44% do not require locker rooms.

Facility Requirements – Outdoor Sports

On average, survey respondents indicated that their events require a minimum of 11 fields, 12 baseball/softball diamonds and 22 tennis courts. More than one-half (52%) indicated they are willing to use multiple locations. Of those willing to use multiple locations, the maximum distance between competition sites averaged 12 miles. Although 41% of total respondents indicated a willingness to use either natural grass or artificial turf, 50% responded they require natural grass. With regards to tennis facilities, 60% of respondents indicated they could use hard or clay courts and 40% of respondents indicated they prefer to utilize hard courts.

The majority (67%) of respondents require spectator seating. Of those events that require spectator seating, 60% require 500 seats and 27% require 1,000 seats. The maximum required seating was 3,000.

Respondents ranked on-site parking, concessions and lighted fields as the most important amenities relative to attracting their event.

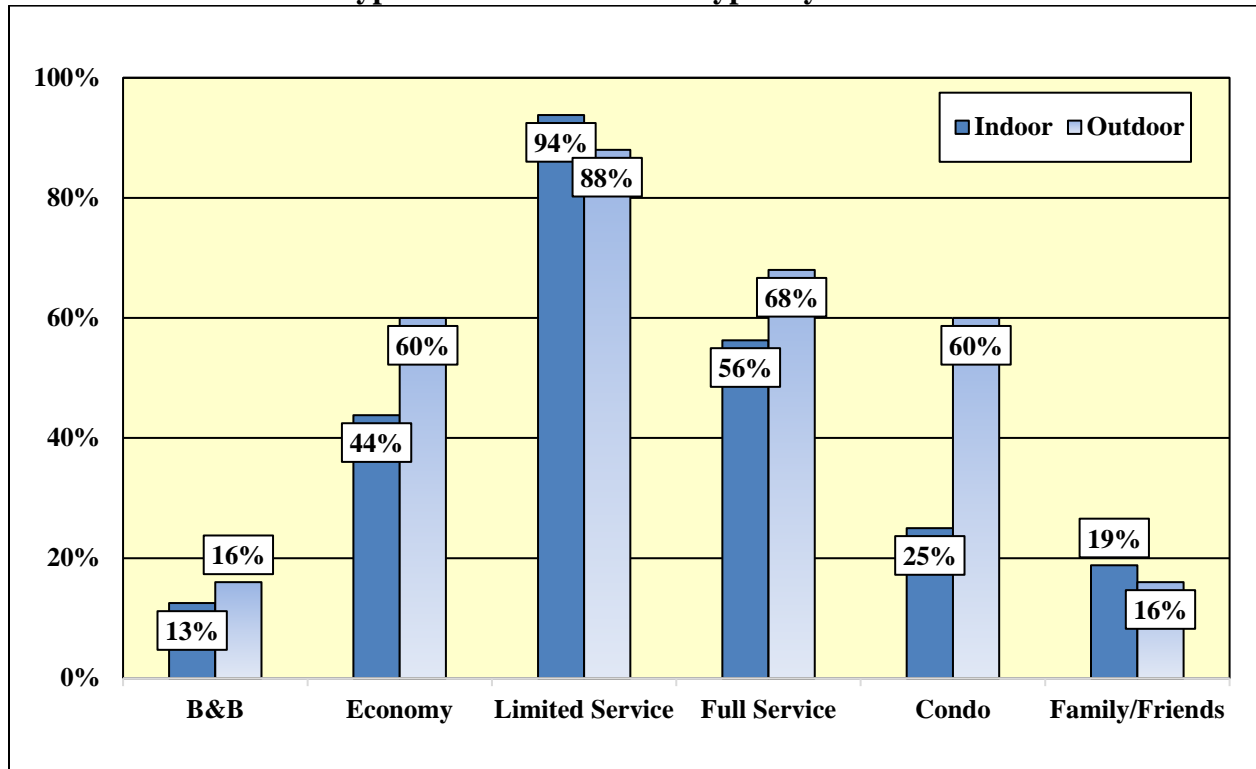
The majority (67%) of respondents require a warm-up area for participants. Fifty-six percent (56%) of survey respondents indicated that they do not require locker rooms and 40% require one to four locker rooms.

Destination Attributes

Event organizers indicated that a destination's proximity to hotels, a family-friendly environment and overall cost/value, respectively, are important attributes they consider when selecting a location. Escambia County's market attributes make it well-suited to attract these events and were noted as strengths by survey respondents.

As shown in the following graph, participants primarily use limited service and full-service hotels. In addition, 98% of survey respondents indicated that they would utilize multiple accommodations to house their participants.

Type of Accommodations Typically Utilized

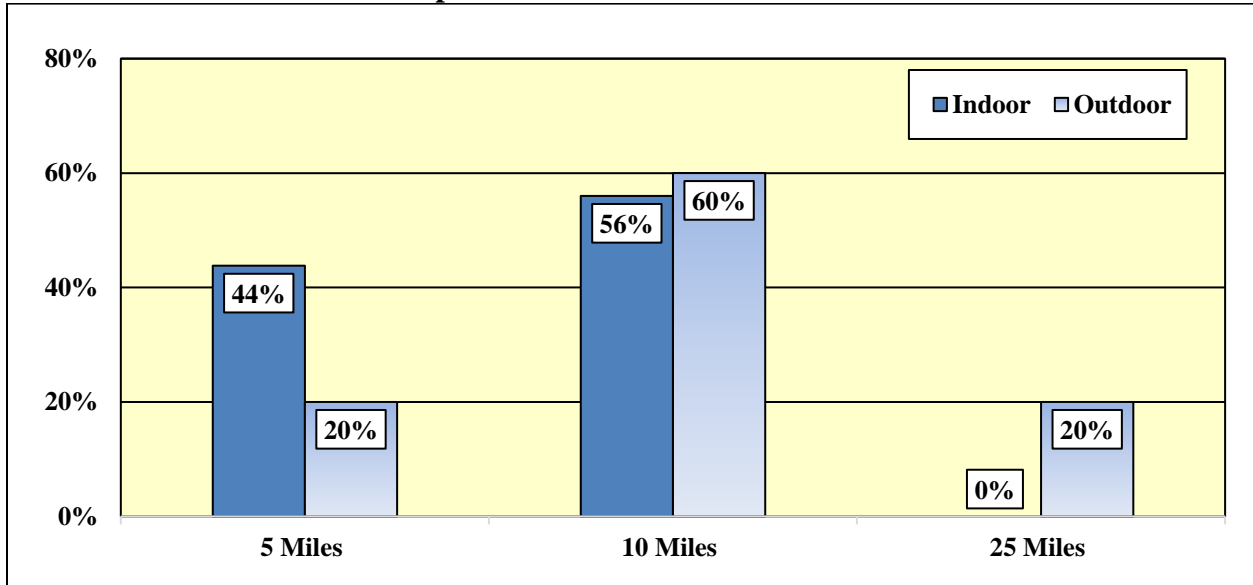


Note: Organizations were able to choose more than one accommodation type so totals will not equal 100%.

When asked the maximum price per room attendees would likely pay for accommodations near enhanced/new sports facilities in Escambia County, indoor sports respondents indicated an average of \$120 while outdoor respondents were slightly higher at \$139. As a point of reference, Escambia County hotels had an ADR of approximately \$105 in 2015. Consequently, the diversity and affordability of Escambia County’s hotel supply could be a competitive advantage for attracting certain user groups and positively impacting hotel rates during non-summer months.

The majority of event organizers indicated that offering amenities such as hotels, restaurants, etc. within 10 miles of the host site was considered acceptable; however, 44% of indoor sports respondents preferred amenities be located within five miles of the host site. This should be a major primary consideration when deciding the potential location of enhanced/new sports facilities in Escambia County.

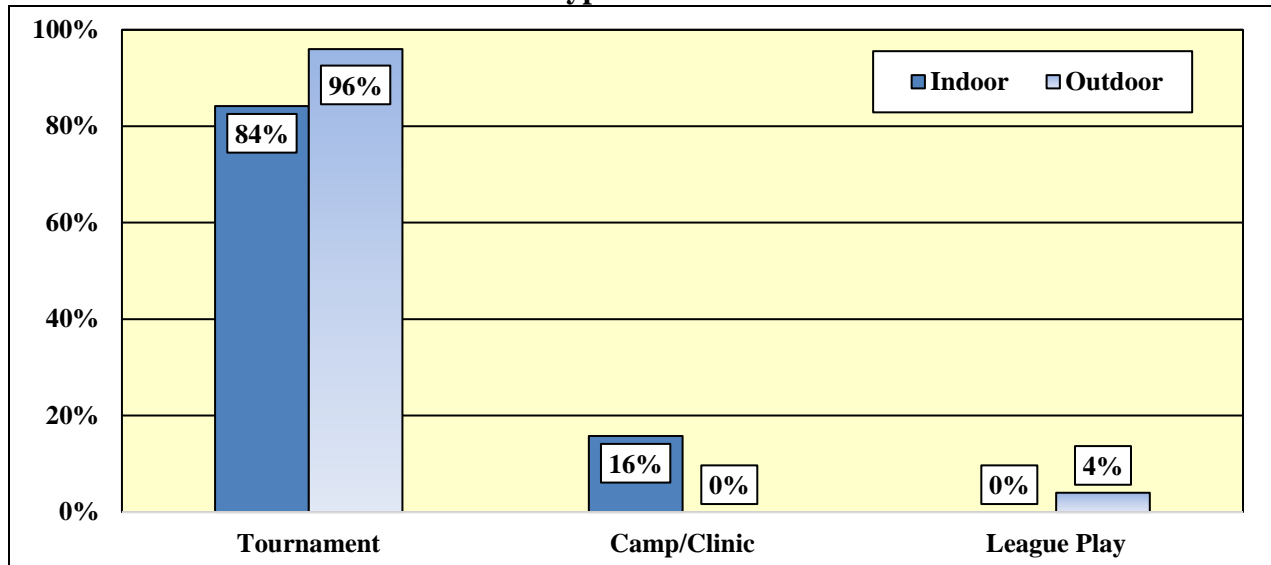
Maximum Acceptable Distance to Amenities From Host Site



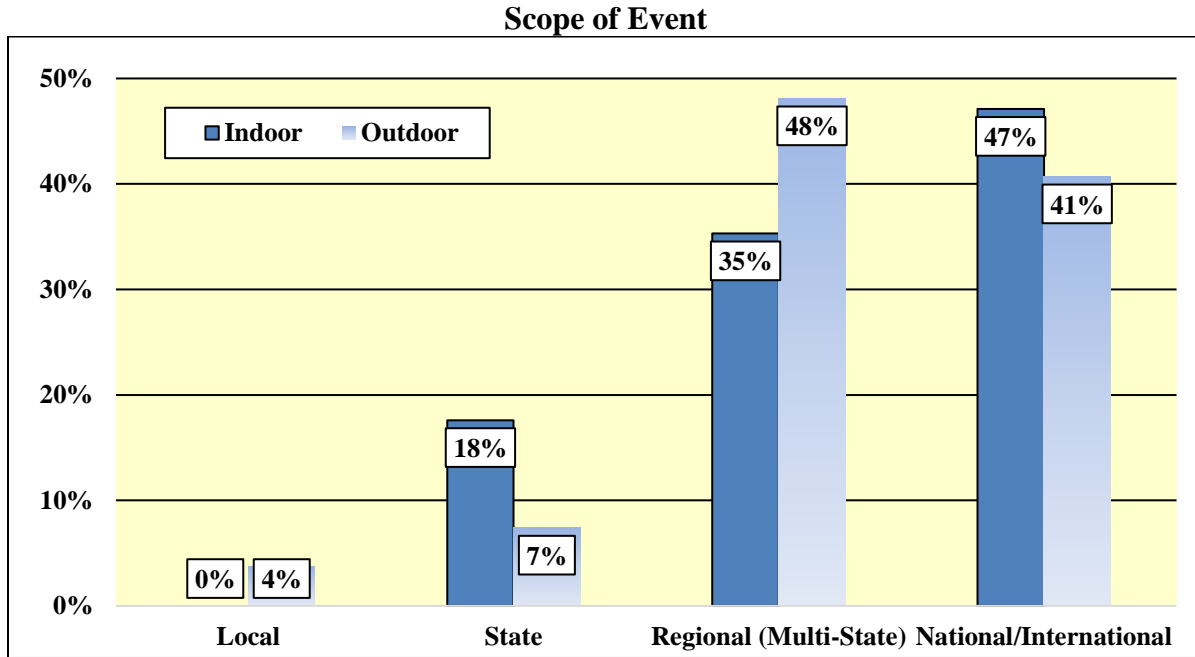
Event Characteristics

The majority of respondents represent tournaments which typically attract the greatest number of participants and spectators, in turn generating significant economic impact. Other organizers also host league play and camps/clinics. Approximately 80% of outdoor sports respondents and 70% of indoor sports respondents hold these events annually.

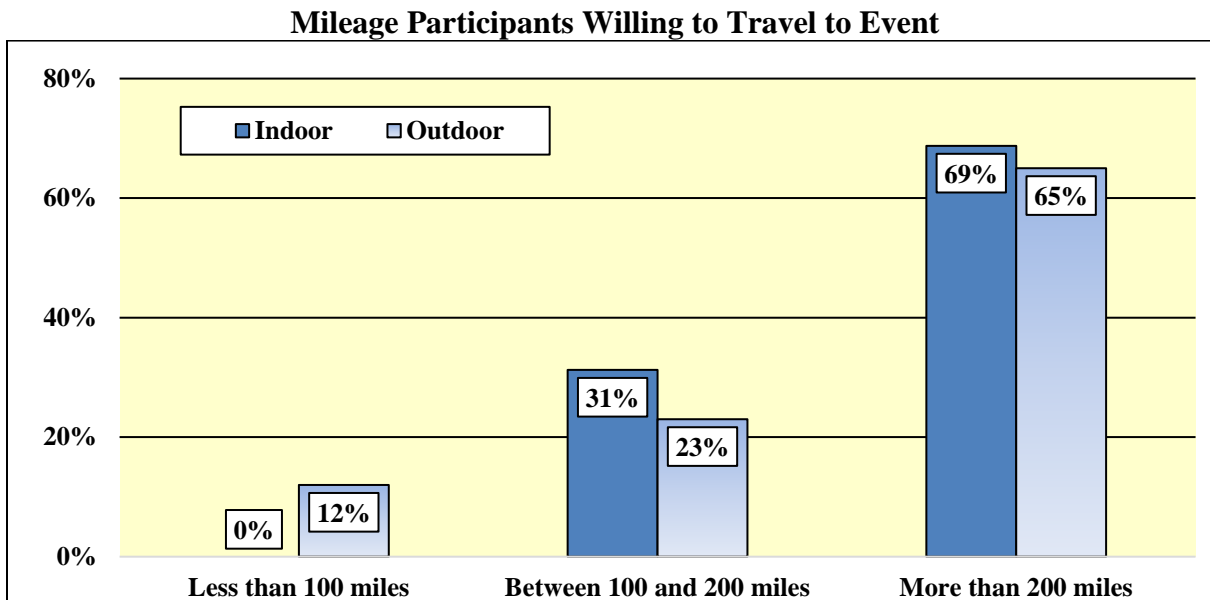
Type of Event



As shown in the following graph, the majority of survey respondents host multi-state regional or national/international competitive sporting events which are target markets for enhanced/new sports facilities in Escambia County.

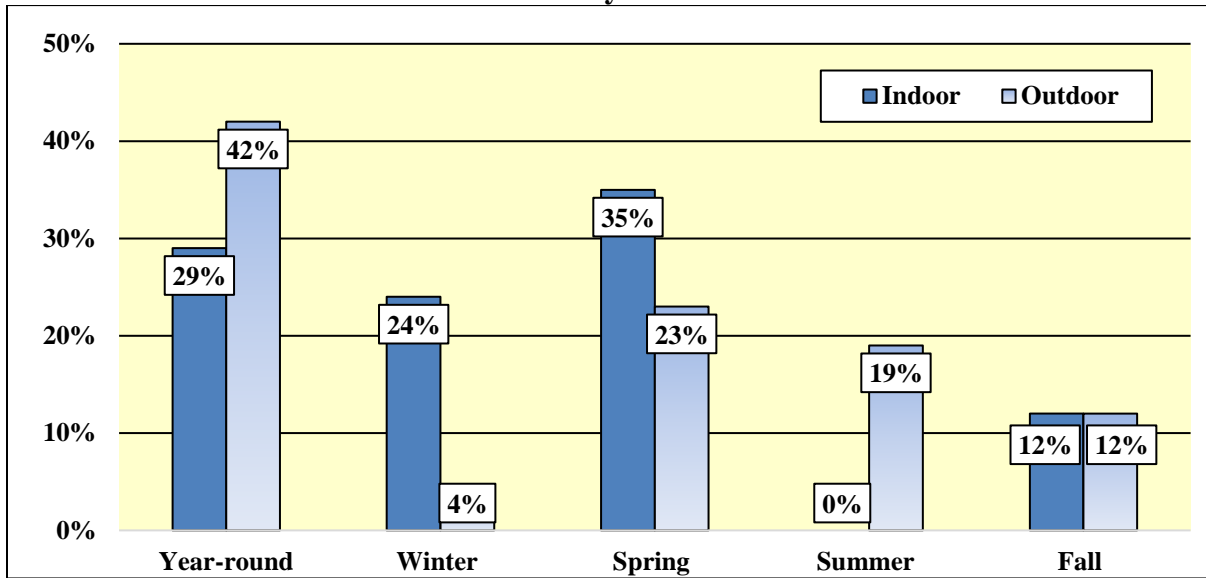


Approximately 69% of indoor sports respondents and 65% of outdoor sports respondents indicated they would draw attendees greater than 200 miles from the host destination. The farther an event can draw attendees, the greater its potential participation pool and economic impact.



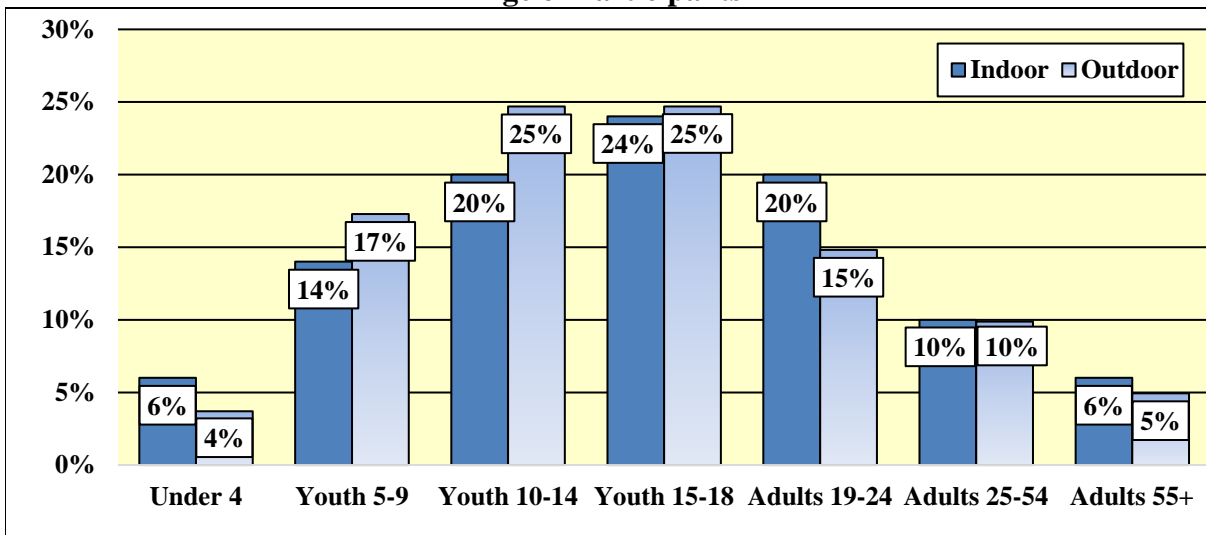
Indoor sports respondents indicated they typically host their events in the spring or year-round. None of the indoor sports respondents indicated that they host their event only in the summer. Survey respondents indicated that outdoor sports events are most commonly held year-round followed by spring and summer. As noted previously, Escambia County hotel occupancy peaks in the summer. Consequently, survey responses indicate an opportunity to favorably impact hotel occupancy during non-summer months.

Seasonality of Events



The most popular age groups of event participants represented by both indoor and outdoor sports respondents were ages 15 - 18 and ages 10 - 14. Generally, the average travel party size tends to be larger for youth sports.

Age of Participants



Note: Organizations were able to choose more than one age group if they represent multiple events or events with competition for multiple age groups.

The following table summarizes average event statistics for responding groups. As shown, the average event length is more than three days for both indoor and outdoor events. Indoor sports respondents indicated that their events attract an average of 1,100 participants and 2,000 spectators with 63% of attendees originating from outside of Florida. Outdoor sports events attract an average of 1,300 participants and 1,800 spectators with 58% of attendees originating from outside of Florida.

Average Event Characteristics		
Event Statistic	Indoor	Outdoor
Event Days	3.4	3.3
Participants	1,100	1,300
Spectators	2,000	1,800
Spectators Per Participant	1.8	1.4
Percent of Attendees from Outside Florida	63%	58%

Note: Participants include players, coaches, and other team staff.

All of the organizers indicated that their attendees stay in the host city for at least one night. Survey respondents estimated more than 75% of event attendees stay overnight in a hotel/motel or condo. Attendees stay between 2.3 and 3.3 nights with an average household travel party size of three people. A household travel party is defined as the participant and any friends/family members, excluding teammates, coaches or other team-related staff.

Average Attendee Travel Characteristics		
Event Statistic	Indoor	Outdoor
Percent Staying in Hotel/Motel or Condo	76%	80%
Days in Host City	2.8	3.8
Nights in Host City	2.3	3.3
People in Household Travel Party	3.1	3.0
People Per Hotel Room	2.9	3.0

These event and attendee travel characteristics are consistent with the objective for any enhanced/new sports facilities to draw overnight visitors to Escambia County.

Other Specialty Sports

The geographic location and climate of Escambia County offers the unique opportunity to host specialty sports such as open water swimming, sailing, running, triathlons, fishing, sand volleyball, beach handball and jet skiing events. These types of activities, among others, represent opportunities for growth in sports tourism. This section summarizes input from these event organizers.

Open Water Swimming

With its location on the Gulf of Mexico, Escambia County offers a unique opportunity for open water swimming competitions. The 3 Mile Bridge Swim is an annual event that starts in Pensacola and ends in Gulf Breeze. The Gulf provides a unique portion of water to host more competitions in the sport of open water swimming.



Jet Ski and Power Boat Racing

As mentioned previously, Escambia County's coastal location provides an opportunity to host water sports that may not be possible in many parts of the U.S. Jet Ski racing is one type of open water sports event that currently has a stake in the market but provides opportunity for expansion. Pensacola Beach is currently on the Pro Watercross Tour seven round racing schedule that leads to the World Championships in Naples. These events consist of both professional and amateur athletes and the tour occurs primarily in the summer months. The ThunderRun Super Boat Grand Prix event was hosted in Pensacola in 2014 and offers a unique use of the Escambia County water assets in the category of power boat racing.

Sailing and Rowing Events

Escambia County has multiple, well-established yacht clubs that support recreational and competitive sailing events including the Pensacola Yacht Club, Pensacola Beach Yacht Club and the Navy Yacht Club Pensacola. These clubs provide the base for many sailing competitions throughout the year including the West Florida Ocean Racing, USODA Southeast Championships, Ultimate 20's and Junior Olympic Sailing.

U.S. Rowing has expressed a strong interest in developing its new coastal rowing sport in the Escambia County area. Officials cited the interest and presence of the Pensacola Rowing Club along with the unique access to Gulf waters and the sound waters as Escambia County's primary strengths. As the sport continues to evolve, coastal rowing may provide opportunities that other communities may not be able to capture as effectively as Escambia County.

Paddle Events

The sport of Stand Up Paddling or Paddleboarding is becoming increasingly popular world-wide. There are races as part of the Friday Night One Design SUP Sprints, Waterman's Paddle for Humanity race and the Flora-Bama Gulf Coast Paddle Championships. There are several national and international event producers including the International Surfing Association, World Paddle Association and the industry advocacy organization Stand Up Paddle Industry Association. There is a strong local presence from which to draw upon for these races including the Pensacola Beach Yacht Club, Fitness Onboard and Coastal Paddle Company.

Running and Triathlons

Road races and triathlons are able to be staged throughout the year in Escambia County. Escambia County is home to Tri Gulf Coast, the triathlon club for greater Pensacola, which has over 500 members and the Pensacola Runners Association. The area is home to many road, beach and marathon races and competitions including the Pensacola Marathon, Pensacola Beach Run Half Marathon & 10K/5K, Fiesta of Five Flags 10k & 5k, Double Bridge Run, the Tri Gulf Coast's children's races Sea Turtle Triathlon and the Maritime de Luna Duathlon. The Escambia County Equestrian Center, UWF and area high schools also offer race quality cross country trails.



BMX Racing and Extreme Sports

USA BMX is the governing body for BMX racing events. USA BMX, originally known as Bicycle Motorcross, hosts 32 events annually as part of their National Series and state events throughout the year. National Series events occur in either existing arenas, such as the Silver Spurs Arena in Osceola, Florida or at existing BMX tracks such as those in Port Charlotte and Tampa. Currently, there is not a local BMX racing club in the Pensacola area. However, USA BMX officials indicated a desire to potentially locate an event in Escambia County. Their events can be held in an existing arena with a floor size of 250' x 115'.

AGA Nation represents outdoor extreme sports with their Bikes, Boards n Beach Series that is held annually throughout the country, primarily in the Midwest. Officials indicated an interest in potentially hosting an event in the Pensacola area citing its location, climate, downtown environment in Pensacola and/or Pensacola Beach and the opportunity to partner with a sports association. The target demographic for this Series is the 18-34 year old millennial age group that enjoys outdoor extreme sports and a festive downtown environment as music is also part of their event.

Equestrian Events

The Escambia County Equestrian Center is an active facility that hosts between 35 and 40 events annually. In conversations with existing users, the Center is well positioned to continue to attract events including the Pensacola Winter Series produced by the Gulf Coast Classic Company annually in January. Although the Center could utilize additional barns, one additional larger outside ring, restroom facilities, and better office space, the Center is an ideal location for their event. The timing of their three-week event works well around the other regional and national events. The amenities of Escambia County become particularly important considering the length of the event. The beach and other water amenities along with shopping and entertainment are important location attributes that contribute to the success of their Winter Circuit Horse Show.

Bowling

Escambia County has two professional-quality bowling centers including Cordova Lanes and DeLuna Lanes as well as smaller entertainment-focused centers. These facilities are privately owned and produce large scale tournaments which have a significant impact on sports tourism. The DeLuna Open and the Miracle Strip Tournament are two of the larger tournaments in Escambia County. The 2014 Miracle Strip Tournament at Cordova Lanes is in its 55th year. As a point of reference, Pensacola Sports estimated that the 2014 Miracle Strip Tournament generated approximately \$316,000 in economic impact and that the 2014 DeLuna Open generated approximately \$104,000 in economic impact.

Cordova Lanes is working with Florida A&M University to potentially bring a 24-team regional collegiate bowling event to Escambia County. With 24 lanes and a ProShop, along with a full-time marketing and events position, Cordova Lanes is seeking to attract events such as the collegiate bowling competition, when possible.



National Governing Bodies

Representatives from the following NGBs and sanctioning and leadership organizations for individual sports in the U.S. were contacted to gauge their interest in utilizing enhanced/new sports facilities in Escambia County for hosting national/international events, having a year-round national or regional training center, and/or relocating their national headquarters. Input was obtained from more than one-half of the NGBs contacted.

Governing Body	Headquarters Location	Governing Body	Headquarters Location
Amateur Softball Association	Oklahoma City OK	USA Deaf Basketball	Lexington KY
American Wallyball Association	Calabasas CA	USA Gymnastics	Indianapolis IN
National Wheelchair Basketball Association	Colorado Springs CO	USA Judo	Colorado Springs CO
U.S. Bowling Congress	Arlington TX	USA National Karate-Do Federation	Colorado Springs CO
USA Diving	Indianapolis IN	USA Racquetball	Colorado Springs CO
U.S. Fencing Association	Colorado Springs CO	USA Roller Sports	Lincoln NE
U.S. Futsal	Berkeley CA	USA Softball	Oklahoma City OK
U.S. Rowing	Princeton NJ	USA Swimming	Colorado Springs CO
U.S. Sailing	Portsmouth RI	U.S. Synchronized Swimming	Indianapolis IN
U.S. Squash	New York NY	USA Table Tennis	Colorado Springs CO
United States Specialty Sports Association	Kissimmee FL	USA Taekwondo	Colorado Springs CO
USA Badminton	Colorado Springs CO	USA Team Handball	Salt Lake City UT
USA Baseball	Durham NC	USA Volleyball	Colorado Springs CO
USA Basketball	Colorado Springs CO	USA Weightlifting	Colorado Springs CO
USA Boxing	Colorado Springs CO	USA Wrestling	Colorado Springs CO
USA Canoe/Kayak	Oklahoma City OK		

As a matter of background, the United States Olympic Committee (USOC) serves as both the National Olympic Committee and National Paralympic Committee. As such, the USOC is responsible for the training, entering and funding of U.S. teams for the Olympic, Paralympic, Youth Olympic, Pan American and Parapan American Games, while serving as a steward of the Olympic Movement throughout the country.

The USOC has established three Olympic Training Centers in Colorado Springs, Colorado, Chula Vista, California, and Lake Placid, New York and 17 Olympic Training Sites located in 15 states throughout the U.S to train their elite level athletes. According to the USOC, those training centers and sites that have received the U.S. Olympic Training Site designation have invested millions in their facility, operations, staffing, equipment and athlete training costs. The mission of the U.S. Olympic Training Sites is to access additional resources, services and facilities for athletes and NGBs while providing an elite athlete training environment that positively impacts performance.

Colorado Springs is the home of the U.S. Olympic Complex which is the flagship training center for the USOC and the Olympic training programs. As shown, 45% of the NGBs surveyed are headquartered in Colorado Springs. Many of the NGBs moved to Colorado Springs in the 1980's due to funding provided by the City of Colorado Springs and the El Pomar Foundation, a Colorado-based philanthropic organization. Currently, a key component of remaining in Colorado Springs is athlete access to the USOC Training Center as well as proximity to other NGBs and the USOC. Other NGBs are located in areas of the country where there is a significant participant base, elite level University programs and/or communities that have invested in dedicated facilities for their unique training needs.

Conversations with representatives from these sports organizations sought to obtain feedback regarding Escambia County's strengths and challenges, their organization's minimum facility requirements, and, if interested, details regarding the types of events they would consider bringing to Escambia County.



USA Judo would consider relocating their headquarters to Escambia County in exchange for a building sufficient to house their eight full-time staff in addition to a national training center with two to three courts, a weight training facility and locker rooms. The national training center would require local universities to provide scholarships for athletes to entice participants to relocate, attend school and train in Escambia County.

Organizations that would not consider moving their headquarters to Escambia County primarily cited reasons including having an established relationship with their current host city and, for those located in Colorado Springs, as previously mentioned, access to the USOC training center for their elite athletes, proximity to the headquarters of the USOC, and the proximity to a network of other NGBs.

U.S. Futsal would consider establishing a regional training center in Escambia County. Their Region 3 includes the Carolinas, south to Florida and west to Arkansas. Escambia County's location and accessibility within the region are considered strengths. Program requirements include two to three courts, a weight training facility, two to three offices and equipment storage space. The organization would prefer in-kind contributions from Escambia County such as date protection for their major annual tournaments and discounted rent in order to consider establishing a regional training center. In exchange, U.S. Futsal would make a commitment to host all eight of their regional tournaments at the venue.

Organizations who would not consider moving their training center to Escambia County noted they have established centers elsewhere in the country/region, long-term commitments with existing communities, and/or relatively limited participant base in the region.

NGBs commonly receive funding support from their headquarters/training center host communities. This support can take a number of forms including development and/or on-going operations for venues, rent abatement for office/training/storage space and reimbursement for coaches' salaries, participants' living expenses, and/or hotel room rebates for players' short-term stays. In addition to these direct contributions, host communities also partner with NGBs to develop the respective sport locally and regionally by fostering relationships with local youth organizations and university athletics. When headquartering or housing a training center in a particular city, local marketing organizations (e.g., DMO, sports commission, etc.) also work with NGBs to bring other tournaments to the community that are smaller in geographic scope (e.g., State) or are created by the local organization (e.g., the Pensacola National).

Several responding organizations expressed an interest in hosting event activity in Escambia County including National Wheelchair Basketball, U.S. Fencing, U.S. Futsal, USA Basketball, USA Judo, USA Taekwondo, USA Team Handball, USA Baseball, USA Wrestling, USA Swimming, USA Diving, U.S. Synchronized Swimming and USA Racquetball. Several organizations indicated that Escambia County's relatively limited air access hinders its ability to attract international events; however, the community was considered a good location for regional and occasional national events given its climate, hotel supply, affordability, highway accessibility and family-friendly environment. Additional considerations for hosting their events in Escambia County include community support and local club or participant membership numbers.

Table of Contents

1	Introduction and Executive Summary	1
2	Local Market Overview	10
3	Supply of Area Sports Facilities	23
4	Key Industry Trends	33
5	Potential Demand Generators	44
6	Market Demand Assessment and Facility Recommendations	60
7	Comparable Facility Case Studies	68
8	Program, Cost Estimate and Site Analysis	87
9	Financial Pro Forma	102
10	Economic and Fiscal Impact Analysis	111
11	Limiting Conditions and Assumptions	122

Market Demand Assessment and Facility Recommendations

Based on feedback from existing and potential users, management at competitive and comparable facilities as well as other research, several common factors appear to impact the success of indoor/outdoor facilities developed to foster sports tourism including, but not limited to, the following:

- Demographic/economic attributes.
- Accessibility to/from the facility.
- Focused short and long-term operating objectives of the facility.
- Management team with experience and relationships with sports organizers/event producers in various target market segments.
- Strong recognizable brand identity within the competitive sports industry.
- Proactive and strategic marketing efforts from multiple partners including facility management, the local DMO and sports commission.
- Importance of providing a well-designed facility for participants and spectators with convenient access throughout the facility.
- Building program elements, patron amenities and supporting infrastructure that appropriately accommodate the desired target market(s) and provide a unique guest experience.
- Flexibility to efficiently accommodate simultaneous events.
- Modern technology such as Wi-Fi access throughout the facility.
- Inventory of, and proximity to, supporting amenities such as accommodations, restaurants, retail and entertainment establishments.
- Type/amount of activity and related revenue streams.
- Seasonality of target markets versus seasonality of the destination.
- Ability to attract capital investment.

Previous sections of this report discussed various supply and demand factors that may influence the type and amount of event activity at enhanced/new sports facilities in Escambia County including select demographic and economic characteristics, area employment, accessibility, hotel supply/demand, climate, attractions, tourism statistics, supply of local/regional facilities, industry trends and input from potential demand generators. Based on the primary and secondary research conducted for this study, the table that follows summarizes relative strengths, challenges, opportunities and threats associated with enhanced/new sports facilities in Escambia County.

Market research suggests several sports represent core target markets for Escambia County in terms of sports tourism. As such, the balance of this report focuses on sports that have the opportunity to provide a greater potential return in terms of event activity and economic and fiscal impacts, particularly in the short-term.

SWOT Analysis

Strengths	Challenges
<ul style="list-style-type: none"> • Strong accessibility to the market • Hotel/vacation rental supply • Year-round temperate climate • Strong tourism amenities including the beach and water related activities • Supply of existing outdoor sports facilities • Three local baseball stadiums with championship seating • Area scholastic needs appear to be met with existing facilities • Existing base of repeat sports tourism business • Active local recreational/elite level leagues in a variety of sports • Established marketing agencies such as Pensacola Sports and Visit Pensacola dedicated to enhancing tourism • Established leisure/hospitality industry to accommodate visitors 	<ul style="list-style-type: none"> • Lack of available tournament quality indoor space for court, mat, and other flat floor sports competitions • Existing tournament venues somewhat underdeveloped relative to competition (e.g., parking, amenities, seating, etc.) • Date availability at existing facilities • Existing venues owned by multiple jurisdictions/entities and operated by various organizations • Limited hotel availability and higher rates during summer months
Opportunities	Threats
<ul style="list-style-type: none"> • Ability to address growing residential need for indoor and outdoor sports facilities to meet recreational/local elite level leagues in a variety of sports • Higher educational institutions with athletic programs that provide a target market for enhanced/new sports facilities and a competitive advantage in attracting tournaments, showcases, clinics and camps • Large population base within 200 miles from which to attract attendees • Positive interest from organizations representing diverse competitive sporting events that occur outside the summer months • Support from ownership at existing facilities to work together to attract events • Ability to retain and grow existing tournaments and attract new tournament activity • Positive response from National Governing Bodies for regional/national event activity 	<ul style="list-style-type: none"> • Plans to develop indoor field houses in Foley, Alabama and Panama City Beach, Florida • Oversaturation of outdoor sports complexes in Florida • Regional supply of competitive outdoor sports facilities • Potential changes in general macro-economic conditions

Market research indicates that demand exists for both new construction and/or enhancements to existing facilities including: a new indoor sports facility, additional baseball/softball diamonds, enhancements to existing multi-purpose field facilities, and the conversion of existing fields or additional multi-purpose fields with artificial turf. These potential projects would allow Escambia County to better accommodate local sports participants' needs as well as expand existing tournaments and attract incremental new competitive sporting events. These events will draw out-of-town visitors who generate room nights and provide other economic/fiscal benefits to Escambia County. Recommendations related to enhanced/new sports facilities as well as the related rationale, relative development priority and minimum program requirements are on the pages that follow.

Preliminary Program Recommendations

The following general evaluation criteria were used to prioritize enhanced/new sports facilities:

- Market niche opportunities based on input from event producers/users and area sports specialists.
- Complementary use with existing sports facility assets.
- Ability to serve multiple demand segments.
- Potential to generate economic/fiscal impact.
- Potential for diverse funding partnership opportunities.

Using this evaluation criteria, market research suggests the following prioritization for enhanced/new sports facilities in order to generate additional economic/fiscal benefits in Escambia County:

Facility Recommendation	Priority	Rationale
Indoor Sports Facility	High	Attract incremental new multi-day competitive events for multiple sports Create new market niche for Escambia County in sports currently unable to attract due to existing supply of facilities Expand current volleyball tournaments, camps
8-12 Diamond Baseball/Softball Tournament Complex	Moderate	Attract new or expand current baseball/softball tournaments Meet demand for travel baseball and softball teams Provide tournament quality facilities that are aggressively managed with a booking priority focused on sports tourism activity Offer flexible field configurations to accommodate all levels of play
Enhance Existing Multi-Purpose Fields	Moderate	Attract new or expand current multi-purpose field tournaments Continue to foster area recreational/travel teams by extending availability for practices/games Meet demands of event producers/organizers by adding lighting to all fields at Ashton Brosnaham and Southwest Sports Complex Provide tournament quality facilities at Ashton Brosnaham and Southwest Sports Complex that are aggressively managed with a booking priority focused on sports tourism activity
Convert or Add Artificial Turf Multi-Purpose Fields	Moderate	Meet increasing demand for various levels of lacrosse Expand competition/tournament opportunities for lacrosse, soccer, and other field sports Sustain heavier use in varied weather conditions

Note: Short-term is generally defined as within one to three years and mid-term within three to five years.

This analysis included the research and evaluation of the market potential associated with other alternative/niche sports. Although several new facility development options exist that could address these market segments, it does not appear that these options should be a priority for Escambia County based on their anticipated return on investment in terms of both accommodating unmet market demand for local residents and generating new economic impact to the area. Escambia County should develop a strategic plan that prioritizes its current and future human and financial resources and focuses on specific niche markets that best meet the community's stated objectives to serve local residents and attract out-of-town attendees that can help offset local programming needs. The following pages describe each of these recommendations in more detail.

Recommendations for a New Indoor Sports Facility

This finding was based on the current lack of indoor facilities in Escambia County and the region as well as positive input from potential demand generators. Indoor sports are also more consistent with the seasonality of the local hotel market and tournament activity could serve to generate room nights during the community's shoulder seasons. General program elements that will be necessary to improve Escambia County's marketability for attracting indoor competitive sporting events include, but are not limited to, the following:

- Eight (8) tournament quality basketball courts (or 16 volleyball courts) that provide a critical mass of competitive floor space that can accommodate a wide variety of additional sports activity under one roof.
- Flexible design that allows space to be divided and can adequately accommodate multiple, simultaneous events.
- Dividers for courts.
- Bleacher seating that is expandable with retractable or portable seating for a minimum capacity of 2,000 for a championship setting.
- Hardwood court, which is preferred by the majority of event producers.
- A floor covering system to maximize usage of the facility for events not utilizing courts such as marital arts, cheerleading/dance, etc.
- Minimum ceiling height of 30 feet.
- Open space for warm-ups and team gathering area.
- Minimum of four locker rooms that can accommodate officials and teams.
- Concessions/snack area.
- Meeting/breakout rooms, registration area, and administrative offices.
- Scoreboards with timing systems on each court.
- Restrooms to accommodate a large number of attendees during peak facility usage.
- Adequate on-site storage space for possible floor covering, chairs, concessions inventory, backboards, nets, and other support equipment for major event users.
- Appropriate lighting, public address system, and Wi-Fi access throughout the complex.
- Adequate on-site parking.

Careful consideration should be given to the site location, accessibility, and proximity to visitor amenities should a new indoor sports facility be developed in Escambia County in order to maximize its marketability. Based on input from event producers, the proposed new indoor sports facility should be located within five to 10 miles of visitor support elements such as hotels, restaurants and entertainment establishments. Attention should also be given to the potential management and operating structure of any new facility as well as the facility's role as a sports tourism vehicle. A recommended management structure for the proposed new indoor sports facility is discussed later in this report.

Recommendations for Additional Baseball/Softball Diamonds

The Florida Sports Foundation, Inc. study recommended a 4 to 5 diamond complex in close proximity to Pensacola Bayfront Stadium (what is now known as Community Maritime Park). Travel ball has grown in the area since the study, creating the need for more field space that can be accommodated in a larger complex (at one site).

A tournament-focused baseball/softball complex offering 8 to 12 diamonds at a single site location would provide a critical mass of fields to accommodate growing local travel team needs and increase baseball/softball tournament activity in Escambia County. This programmatic recommendation could potentially be achieved by expanding an existing complex or developing a new complex. The additional diamonds would complement existing fields at John R. Jones Park and Exchange Park that are currently focused on sports tourism needs. Other local complexes that host tournaments including Myrtle Grove, John R. Jones Sports Complex, Roger Scott Athletic Complex and Southwest Sports Complex are scheduled by youth sports associations or there is a priority of booking local youth league play and are not operated specifically to attract sports tourism tournaments.

Based on input from potential demand generators, interviews with stakeholders, and our experience in the industry, the following summarizes key programmatic factors to be considered at an enhanced/new baseball/softball complex:

- Eight (8) to 12 tournament-quality fields at the same location in a wheel configuration with proximate supporting infrastructure.
- Flexible fields with temporary fencing to accommodate multiple levels of baseball and softball with experienced staff to convert fields, as required – the more immediate need is for softball/youth baseball fields but flexibility is the key component in terms of portable mounds and adjustable base lengths and fences in order to maximize demand.
- Bleacher seating to accommodate spectator viewing expandable with retractable or portable seating for a minimum capacity of 1,000 for a championship setting.
- Minimum of four locker rooms that can accommodate officials and teams.
- Batting cages and warm-up areas.
- Provide patron amenities including restrooms, concession areas, and Wi-Fi access throughout the complex.
- Administrative offices for staff and tournament organizers.
- Scoreboards for each diamond.
- Restrooms to accommodate a large number of attendees during peak facility usage.
- Adequate storage for facility and tournament organizer needs such as concessions inventory and support equipment for major event users.
- Appropriate lighting and a public address system.
- Adequate on-site parking.

These elements should be evaluated as part of any potential development in order to maximize marketability and functionality. It is also recommended that Escambia County consider modifying the existing facilities usage agreements with the sports organizations that manage the baseball/softball diamonds to ensure that qualified tournaments/competitions are a priority from a scheduling perspective and that diamonds are appropriately maintained.

Recommendations to Enhance Existing Rectangular Multi-Purpose Fields

Currently, Ashton Brosnaham Soccer Complex and Southwest Sports Complex serve as the primary tournament locations for soccer in Escambia County. New competition sites are scheduled to open in Foley, Alabama (16 fields), Fairhope, Alabama (9 fields), and Panama City Beach (8 fields). In addition, it is reported that Orange Beach, Alabama is exploring a new field complex although specific details are not available at the time of this report.

Ashton Brosnaham Soccer Complex currently has a total of 12 fields, 10 of which are lighted. The Southwest Sports Complex has six soccer fields, only two of which are lighted. In order to place Escambia County in a better competitive position to retain/grow existing soccer tournaments and attract new soccer tournaments, it is recommended that all existing fields at these two complexes be augmented with lighting and maintained as tournament-quality. In addition, it is recommended to upgrade supporting infrastructure at these facilities in terms of restrooms, offices, concessions, etc. to make them more in line with other competitive event sites. These recommended improvements could be completed in the short-term through on-going repairs/maintenance or capital appropriation.

As with the baseball/softball diamonds, it is recommended that Escambia County consider modifying the existing facilities usage agreements with the sports organizations that manage the multi-purpose fields so that qualified tournaments/competitions are a priority from a scheduling perspective and that fields are appropriately maintained.

Recommendations for the Conversion or Addition of Artificial Turf Multi-Purpose Fields

With the addition of scholastic lacrosse in Escambia County schools and the growth of lacrosse nationally, it is recommended that a select number of fields be converted to artificial turf to support local needs and possibly create and/or attract lacrosse tournaments. In addition to lacrosse, artificial turf fields can also accommodate soccer, ultimate frisbee, and other field sports.

Bay Center

Given the financial investment by the community to date, a natural question is how does the existing Bay Center fit into the community's future efforts to increase sports tourism?

Opened in 1985, the Bay Center is a 10,000-seat multi-purpose arena. The facility offers 20,000 square feet of exhibition space on the arena floor as well as 13,000 square feet of meeting space. The Bay Center serves as the home for the Pensacola Ice Flyers of the Southern Professional Hockey League. Aside from its tenant team, the Bay Center also hosts concerts, family shows, community hockey/ice skating programs and large-scale community events such as area high school and collegiate graduations.

In FY 2014, the facility hosted approximately 500 performances and 336,700 attendees. The Ice Flyers accounted for 44 dates including 28 home games and 97,700 attendees (or an average of 3,500 attendees per game). The Bay Center also hosted five non-tenant sporting events primarily cheerleading and dance competitions that attracted approximately 11,000 attendees. The venue reported a net loss of \$1.2 million in FY 2014 after operating expenses, capital contributions, insurance, and management/incentive fees paid to SMG.

Given the facility's age and financial operating deficit, Escambia County retained C.H. Johnson Consulting, Inc. to conduct a needs assessment in 2011. This study identified challenges with the Bay Center including limited revenue streams and date availability. Several factors contribute to these challenges including the lack of a mid-sized exhibit hall elsewhere in the community which requires that the arena floor serve as the primary flat floor venue limiting availability for more profitable sports/entertainment events.

Additionally, as is common with tenant team contracts, many weekend dates (typically preferred by entertainment and sports competitions event promoters) are not available for non-tenant use. The Ice Flyers' contract terms also limit the revenue streams retained by Escambia County including those associated with public skating. The arena's use by local hockey and skating programs further limits date availability.

Existing users indicated that the facility is dated and lacks overall aesthetic appeal for both participants and attendees. From a sports tourism perspective, the Bay Center lacks the floor size to accommodate a critical mass of courts, modern amenities and adaptability to host indoor sports tournaments on a large scale such as volleyball and basketball. Its limited date availability, particularly on weekends, makes it difficult to host other common indoor sports competitions such as wrestling, martial arts, table tennis, etc.

Based on findings in the 2011 study, ice-related sports are not a natural fit in Escambia County from a demand perspective. The Bay Center is the only ice sheet along the North Florida/Alabama Gulf coast. Ice facilities often operate at a deficit given the expenses associated with maintaining the ice and related equipment.

It is our understanding that a local group is contemplating the merits of adding at least one new sheet of ice in Pensacola that is open year-round to potentially accommodate the Junior Ice Flyers program, the Pensacola Figure Skating Club and other community-related ice events.

Based on our observations, the existing Bay Center has a number of issues that, while not directly within the scope of this study, were apparent to the consulting team. Based on the facility's age, configuration, physical condition, lack of patron amenities as well as the competitive landscape, industry trends and the increasing operating deficit, it is recommended that Escambia County consider re-evaluating future market opportunities for the Bay Center in order to best meet the long-term needs of the community both from a marketability and economic perspective. An important component of this re-evaluation should be understanding Escambia County's long-term operating objectives for the facility, the competitive supply of regional facilities, as well as the impact of industry related trends in target markets. A cost benefit analysis of various levels of financial investment relative to potential changes in usage/event activity and financial performance should be considered and compared to the benefits of constructing a new facility. Based on our experience, Section 8 of this report provides a speculative plan for a new hybrid facility that is smaller in nature and can serve as a more effective convention facility; however, it is important to understand that this concept was not evaluated from a market and economic perspective.

Table of Contents

1	Introduction and Executive Summary	1
2	Local Market Overview	10
3	Supply of Area Sports Facilities	23
4	Key Industry Trends	33
5	Potential Demand Generators	44
6	Market Demand Assessment and Facility Recommendations	60
7	Comparable Facility Case Studies	68
8	Program, Cost Estimate and Site Analysis	87
9	Financial Pro Forma	102
10	Economic and Fiscal Impact Analysis	111
11	Limiting Conditions and Assumptions	122

Comparable Facility Case Studies

Based on the market research and program recommendations which indicate a more immediate need for an indoor sports facility in Escambia County, this section of the report provides case studies on select indoor sports facilities in terms of ownership/management structure, building program elements, event activity, financial operations, and operating strategies obtained from direct interviews with management as well as secondary sources. The following facilities were chosen based on their similarity in terms of facility type/market focus to that being recommended:

- Boo Williams Sportsplex in Hampton, Virginia
- Fieldhouse USA in Frisco, Texas
- Foley Sports Tourism Complex in Alabama
- Greensboro Sportsplex in North Carolina
- LakePoint Sports Village in Cartersville, Georgia
- Maryland SoccerPlex/Discovery Sports Center in Germantown, Maryland
- Myrtle Beach Sports Center in South Carolina
- Orlando Sports Center in Florida
- Rocky Top Sports World in Gatlinburg, Tennessee
- Round Rock Sports Center in Texas
- The Big House in Tavares, Florida

While comparable case studies can provide significant data, they still only serve as a guide. Factors such as building program/configuration, 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.

Boo Williams Sportsplex in Hampton, Virginia

Boo Williams Sportsplex (BWSP) is a full-service 135,000 square-foot, multi-sport indoor facility that was developed by a prominent local athlete, coach and youth sports advocate, Boo Williams, in partnership with a group of private investors and in conjunction with the City of Hampton, Virginia. Boo Williams Sportsplex LLC was established in 2006 and its ownership consists of seven equal share partners. The BWSP was developed on land owned by the City of Hampton under a long-term (100 year) Ground Lease Agreement. Construction cost for the facility was approximately \$13.5 million. The private partners paid \$3.5 million of the construction cost upfront and financed the balance. The City paid for the infrastructure, parking lot, parking lot lighting, and utilities installation. The City continues to maintain the parking lot. The business officially opened in March 2008.

The program elements include eight basketball courts or 12 volleyball courts, a regulation size indoor track and field setup, seating for 4,000 spectators, a concession area, meeting/banquet space, two training rooms, a merchandise area and rental space (15,000 square feet) that is currently occupied by a medical group. Wi-Fi is available throughout the complex. Historically, the venue has hosted approximately 30 basketball tournaments annually with paid admissions averaging approximately 45,000 people per year. In addition, the BWSP hosts an average of 1,840 basketball teams annually, of which approximately 65% are from out-of-State. The BWSP also hosts a number of track meets and competitions involving other indoor sports such as volleyball, martial arts, cheerleading, gymnastics, etc.

The success of the BWSP business model is based on management's ability to attract events and host them in a first-class manner that generates both repeat and new business annually. The primary revenue streams are ticket sales for admission, court and space rental fees, concession sales, merchandise sales, sponsorships and commissions on sales. The primary activities are youth sports and the peak season typically occurs between December and July which encompasses indoor track & field and the Amateur Athletic Union (AAU) basketball season.

BWSP owners/management team have a strong working relationship with the Hampton Convention and Visitors Bureau (CVB) which includes a Sports Commission under its umbrella organization. Representatives from both the venue and the Hampton CVB meet bi-weekly to review their upcoming events, potential bid opportunities, and how they can best position the BWSP and Hampton for potential economic generating events. The venue considers their relationship with the Hampton CVB a critical success factor in terms of long-term planning, marketing for events, and promoting Hampton's visitor amenities to BWSP attendees. The Hampton CVB offers assistance with the preparation of RFP responses and supplemental funding for event related costs such as rent on a case-by-case basis. There is no formal agreement between the two organizations with regard to event subsidies but consideration is typically given for events that generate economic impact for the City and have not previously been held there.

According to BWSP representatives, having a management team with connections in the sports industry as well as a marketing partner such as a DMO or sports commission are best practices. Other lessons learned include choosing events wisely because some are not profitable for a venue or a City due to limited attendance or limited potential overnight stays. Having a leadership team well-versed in the industry can serve to avoid costly mistakes in the initial operation of a new venue.



Sources: virginia.org, Hampton Roads Sports Commission.

Fieldhouse USA in Frisco, Texas

Fieldhouse USA is an indoor sports facility located in Frisco which is a suburb located approximately 30 miles north of Dallas. The Fieldhouse was developed for a construction cost of \$17.0 million and opened in 2009. The facility has 144,620 square feet and includes 11 full-size hardwood basketball or volleyball courts. The Fieldhouse also offers a multi-purpose turf field, a meeting room, training center, concessions, and food kiosks.

Sports Village Holdings (SVH) donated the ten acres of land for the project with the City of Frisco investing \$12.5 million for construction costs. The construction cost overages were the responsibility of SVH. The City of Frisco owns the facility while Fieldhouse USA manages and operates it as a public-private partnership. Sports Village, LLC leases the facility at a rate equal to debt service, according to City officials.

The complex is home to a variety of sports organizations including the NTA Taekwondo, Cheer Athletics – Frisco, and EXOS performance training. However, the facility creates much of its own programming with recreational and competitive leagues, camps and academies for sports including basketball, volleyball, dodgeball, sand volleyball, lacrosse, indoor football and soccer. Cheerleading and taekwondo programs are created through partnerships with area organizations. Additional programming created in-house includes All-Day Sports Camp, pre-school programs, birthday parties, martial arts, group outings and corporate events. Camps are offered usually in partnership with a recognized coach or coaching organization. In addition to working with outside promoters, the facility creates their own tournament series.

The Center reports that during 2014 the complex hosted 29 tournaments for a total of 64 tournament days. The tournaments drew 3,148 teams, 29,608 participants, 74,020 spectators and an economic impact of approximately \$17.2 million.



Sources: flickr; actionfloors.com.

Foley Sports Tourism Complex in Foley, Alabama

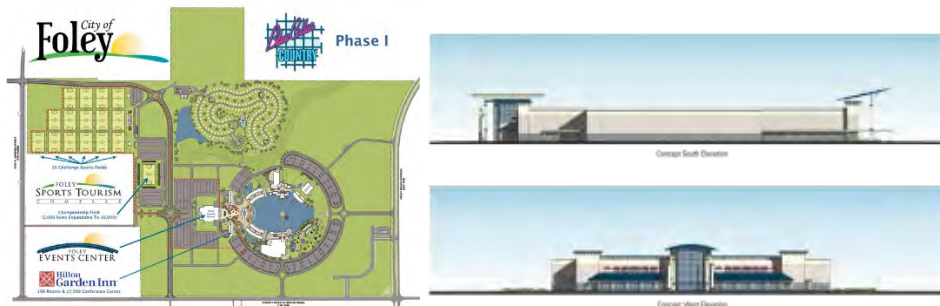
The Foley Sports Tourism Complex (Complex) is a new complex in Alabama that is slated to have 16 multi-purpose fields and a multi-purpose Events Center. The field complex is scheduled to open in 2016 and the Events Center has an anticipated 14-month construction period once funding is acquired. The 89-acre Complex is owned and operated by the City of Foley and their Public Cultural and Entertainment Facilities Cooperative District. Funding for the Events Center is anticipated to be approved by the City in 2016.

The Complex is being constructed adjacent to a proposed \$200 million entertainment complex, a 520-acre development which is anticipated to include four hotels, retail space, restaurants, a water park, amusement park, and an RV park. Additionally, the South Baldwin Regional Medical Center is expected to build a sports medicine clinic and wellness center in close proximity to the Complex.

The 16 fields are designed to accommodate soccer, lacrosse, football and other field sports. All fields will be lighted using a custom designed Musco lighting system. One of the 16 fields will be a championship setting with 2,000 seats, expandable to 10,000 with portable seating, television-quality lighting, and a 3,500 square-foot restroom facility under the grandstands. Fifteen (15) of the fields will be serviced by a 2,500 square-foot field house with bathrooms and tournament support space. Concessions will be provided by either a temporary pod system with an in-house or contracted food and beverage provider or through food trucks.

Most pertinent to the recommended new indoor sports facility in Escambia County, the proposed 104,000 square-foot Foley Events Center is designed for six basketball courts or 12 volleyball courts and will be capable of holding flat-surface events such as cheerleading, dance, and gymnastic competitions. It will accommodate 7,000 for concerts, 4,500 for banquets, receptions for 6,600 and exhibit/trade show space for 288 booths. It is anticipated that the hotels will work closely with the City to maximize bookings at the Events Center. The Complex will also feature approximately 560 parking spaces and 12 bus spaces. The master plan for the Complex also envisions the future construction of 16 sand volleyball courts.

The Complex is anticipated to cost approximately \$27 million with \$16 million earmarked for the athletic fields and amenities. The City purchased the land from the entertainment complex for the athletic complex for a reported \$2.6 million. Bonds were issued to pay for the project and bond payments will be covered by an increase in the municipal lodging tax from 4% to 7%. The State is completing a \$10 million highway road project that will support the Complex. There are currently two full-time staff members with an expected six full-time staff members once the athletic fields are fully functional. Operational budgets are in the process of being finalized.



Source: Foley Sports Tourism.

Greensboro Sportsplex in North Carolina

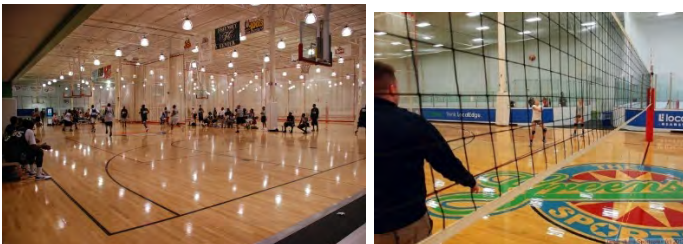
The Greensboro Sportsplex (Sportsplex) is a 106,000 square-foot indoor, multi-sport complex that consists of eight hardwood basketball courts, five sport courts, one inline roller hockey rink, four indoor soccer fields, and a 5,000 square-foot fitness center. The Sportsplex was originally developed by a private developer in 2001. The City of Greensboro purchased the complex in 2003 for \$6.0 million. The eight basketball courts and five sport courts allow for 11 total volleyball courts.

In an effort to reduce operational costs and become a break-even operation, the City has privatized many of its sports offerings, concessions, and fitness centers with a focus on reducing City staff positions and expenditures. In 2003, the City started to consolidate its publicly offered youth and adult recreation programs with private programs. Soccer and basketball programs were merged with club-managed programs. For fiscal year 2015, the Sportsplex had a total expenditure budget of approximately \$422,500 and projected revenues of \$350,000. The Sportsplex is operated through the Parks and Recreation Department and funded by the City's general fund. There are three full-time staff and three operations assistants that are permanent part-time employees. Additionally, there are part-time, seasonal employees used on an as-needed basis. Other City departments handle outdoor maintenance and landscaping responsibilities and this does not impact the Sportsplex's budget.

Most recently, the City engaged in a competitive bid process to solicit proposals from organizations interested in offering sports programming at the Sportsplex. Through this process, the department has selected and begun contract negotiations with the Piedmont Volleyball Club. Piedmont Volleyball Club is expected to offer all volleyball programming which has previously been offered at the Sportsplex such as camps, clinics, leagues and Junior Olympic Club operations while adding new volleyball programming as well. The Piedmont Volleyball Club was the result of two club programs merging together to form one lead club for the area.

The clubs lease the Sportsplex and have three-year agreements with two optional one-year renewal terms. The City is guaranteed annual revenue for their operation through these agreements and does not absorb the costs associated with managing and operating sports programs. The facility offers programming through third-party event promoters including the North Carolina Basketball Academy Camps which also offers one-on-one classes and group classes. The Sportsplex hosts tournament activity such as the NCAA-USSSA Showcase Tournament, USSSA Girls Tournaments, and 3-on-3 Summer Round Ball Tournament.

In 2013, the City revised its vision for the Sportsplex by focusing on tournament play and special events. Volleyball and basketball are the primary revenue generators followed by camps and special events. The Sportsplex is programmed with tournaments 40 to 45 weekends per year. Of those weekend tournaments, 50% are one day events and 50% are two or three day events. Peak tournament season occurs December through July.



Source: Greensboro Sportsplex.

LakePoint Sports Village in Cartersville, Georgia

Construction of the 1,275-acre mixed-use sporting/retail development began in November 2012. Long-term plans include venues for more than 20 sports and 5 million square feet of commercial, retail, and entertainment space, as well as more than 2,500 hotel rooms on-site. The development, which is located 40 miles north of Atlanta off of Interstate 75, is owned by LakePoint Land LLC with minority partners including former Atlanta Braves manager Bobby Cox and current manager Fredi Gonzalez. Management will be provided by Sports Parks of Georgia LLC. LakePoint Land LLC purchased two large tracts of land for \$17.1 million to comprise the site and has negotiated agreements with the City of Emerson and Bartow County for the use of long-term U.S. Army Corps of Engineers-leased lakefront property totaling more than 250 acres along Lake Allatoona.

The property has more than three miles of frontage along Interstate 75 including two full interchanges. The ownership anticipates taking a number of national sports competitions from Florida destinations given LakePoint's highway accessibility and proximity to Atlanta's airport.

The LakePoint Sports Village is a 240-acre anchor of the overall development and will feature significant indoor and outdoor program elements. The complex will be home to three major tenants including: Perfect Game USA, a baseball scouting/recruiting organization; LB3 Lacrosse, an organizer of lacrosse camps, clinics, and tournament travel teams; and the North Atlanta Soccer Association. Activity is anticipated to include showcases, camps, and tournaments for some of the highest level sports competitions. Eight baseball diamonds, three multi-purpose rectangular fields, 10 sand volleyball courts, and a wakeboarding park are currently open with an anticipated completion date for the Sports Village by the end of 2017.

Most applicable to the proposed project in Escambia County, the 170,000 square-foot indoor facility is anticipated to have 12 hardwood basketball courts or 24 volleyball courts, spectator seating for each court, nine flexible meeting rooms, locker rooms, and a food court.

The indoor venue is anticipated to open in 2016. The Bartow County Development Authority issued \$37 million in 20-year revenue bonds to finance construction of the indoor facility. Bartow County entered into a management agreement with LakePoint Sports who will be responsible for payment of the debt service, on-going operations, and maintenance from estimated revenues generated by the facility's operations. The official statement indicates that Bartow County will be responsible for any debt service payment should facility revenues be insufficient.

Site Plan



Source: LakePoint Sports.

Maryland SoccerPlex/Discovery Sports Center in Germantown, Maryland

The Maryland SoccerPlex/Discovery Sports Center is owned by the Maryland-National Capital Park and Planning Commission (M-NCPPC), 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 22-field outdoor complex is used primarily for soccer and lacrosse and includes a 3,200-seat championship stadium. 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's development was driven by growing residential demand for amateur and youth sports venues. The MSF was established and the complex was funded via tax exempt bonds issued for approximately \$14.1 million (approximately \$8.0 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 \$3.7 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 are scheduled for 2015-2016, the majority of which draw teams from outside of Maryland. The primary use of the indoor venue is 90% local leagues in indoor soccer, lacrosse, field hockey, basketball and volleyball. The indoor venue does not offer spectator seating which, according to management, has hindered its ability to host many tournaments. The indoor venue is scheduled to host a total of 8 basketball and indoor soccer tournaments in 2015-2016, three consumer shows and 12 clinics/camps representing 147 event days. According to 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 with a majority of games allocated to Montgomery County children specifically those living in Upper County. The complex recently commissioned a study to estimate the economic impact of 12 outdoor tournaments. These events are estimated to draw more than 50,000 visitors from more than 50 miles. According to the study, these tournaments generated approximately \$15.5 million in direct economic impact to the area.



Source: Maryland SoccerPlex.

Myrtle Beach Sports Center in Myrtle Beach, South Carolina

The Myrtle Beach Sports Center (Sports Center) is located adjacent to the Myrtle Beach Convention Center. Opened in March, 2015, the 100,000 square-foot indoor sports facility includes 8 basketball courts and 16 volleyball courts spread over 72,000 square feet of column-free hardwood space. The venue was designed to host court sports, wrestling, gymnastics, table tennis, pickleball and other sports events as well as trade shows. To service the event space, there are seven team rooms, telescopic bleachers, a private mezzanine for elevated viewing and a café with indoor/outdoor seating. The \$12.4 million Sports Center was publicly funded by the City of Myrtle of Beach who also owns the facility. The City contracts with a third party to manage the venue.

The Sports Center was designed to attract sports competitions that draw out-of-town visitors and does not regularly host local league play. The venue is operated as part of the City's broader sports tourism division that includes a \$1.2 million operating budget for the Sports Center and approximately \$875,000 in funds for the destination's overall sports marketing that includes event subsidies and services to foster this market segment. The community markets the many tourist amenities Myrtle Beach has to offer for sporting event participants and their friends/family including its beach, golf and other family-friendly attractions.

Secondary sources indicate that the Sports Center has generated over \$12 million of economic impact to Myrtle Beach and the Grand Strand Area. This number has surpassed the first year goal of \$10 million of economic impact in the first five months of operation. The Sports Center has attracted approximately 27,600 participants (coaches and players) and has sold 62,500 event day tickets (a combination of event passes and one-day tickets to spectators).



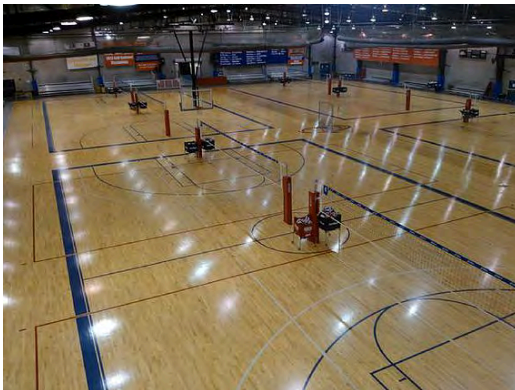
Source: City of Myrtle Beach.

Orlando Sports Center in Florida

The Orlando Sports Center (OSC) is a \$6.5 million court complex that is privately owned and operated. The 92,000 square-foot facility is primarily a volleyball and basketball-focused facility. The facility has six basketball courts or twelve volleyball courts, an 18,000 square-foot indoor multi-purpose room, a performance training facility, meeting rooms, conference space and an on-site cafe. There are also 10 outdoor sand volleyball courts. The facility is owned and operated by the recently combined volleyball clubs of Orlando Volleyball Academy and Tampa Bay Volleyball Academy (OVA/TBVA).

The merger of OVA/TBVA created the largest club volleyball program in the U.S. with 1,000 athletes and 70 teams playing out of four facilities with the OSC being one of them. The OSC primarily supports its volleyball program, however, it is a multi-purpose space that also hosts basketball, gymnastics, badminton, boxing, and martial arts events. Additionally, it serves as convention and exhibit space. Events that the OSC hosts include: AAU Super Regional Basketball Tournament; Florida State Association of the Deaf Southeast Basketball Tournament, AAU Girls' Volleyball Regionals, and Junior and Adult Beach Volleyball Tournaments.

Titus Performance Training operates out of the OSC, offering training for athletes ranging in age from eight years old through adults. Speed, resistance, and strength/power training are available for all levels from introductory to the elite athlete.



Source: Orlando Sports Center.

Rocky Top Sports World in 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.

The 2015 budget projections, for its first full year of operation, as reported by the Economic Development Council of Sevier County, project event-related revenues of \$2.9 million and event-related expenses of \$1.2 million. Facility expenses were projected at approximately \$229,500 and operating expenses of \$1.4 million for total operating expenses of \$1.6 million. Annual debt service is approximately \$1.5 million. During its first full year, the complex had 44 separate multi-day tournaments.



Source: tnsjournal.com.

Round Rock Sports Center in Texas

The City of Round Rock owns and operates the Round Rock Sports Center (Center) which opened in January 2014. The Center is an indoor sports facility with six basketball courts or 12 volleyball courts and a seating capacity of 1,200. The facility sits on 24 acres, offers total court space of 47,000 square feet and a gross building area of 82,800 square feet.

The construction cost of the facility was \$17.6 million and the total project cost (including contingency, FF&E, and design fees) was \$22.0 million. The facility was primarily funded through the City's hotel occupancy tax. The primary purpose of the Center is to draw tournaments and events as part of the City's sports tourism program. The Center is not a walk-in facility but services the community by hosting club sports team practices during the week and tournaments on the weekends.

The Center is designed with the courts on a lower level and all seating is on the mezzanine level. All courts have LED scoreboards. There is a concession stand, operated by the City, on the mezzanine level. Originally, seating was designed into the court level, however, if the seating is in place, it does not allow enough space around the courts for an adequate competition surface for volleyball. The court level spectator bleachers that can accommodate up to 500 spectators are brought in for wrestling as the sport has a smaller competition area. The facility hosts college showcase tournaments and the layout was designed to accommodate NCAA rules governing college coaches' access.

There are locker rooms to support club programs during the week, however, these are not utilized during weekend tournaments. There is a referee's lounge, referee's locker rooms, a training room, and three multi-purpose rooms. There are approximately 500 paved parking spots and an additional 110 parking spaces on grass which will be paved in the future to maximize parking. The facility created a climate-controlled, 4,600 square-foot outdoor storage space, post-initial construction, to accommodate their floor coverings and concession supplies.

Peak usage occurs in January through July. Representatives indicated that the facility is booked at 95% usage rate during peak weekday periods between 5:30pm and 10:00pm. In 2014, the facility's first year of operation, there were 28 weekend tournaments and in 2015 there were 36 tournaments including 14 basketball, 12 volleyball, two wrestling, and eight others including table tennis and fencing. The average tournament had 50 teams comprised of 10 participants with two coaches and 750 spectators. The facility creates little programming outside of a limited number of camps and clinics. The majority of its daily usage coming from established club programming and leagues.

There are 12 full-time equivalent positions including four custodial positions. The balance is comprised of a manager, administrative assistant, assistant operations coordinator, concessions coordinator, events coordinator, event and marketing assistant, maintenance technician, and operations coordinator. The budget for its second year of operation included revenues of approximately \$2.1 million and expenditures of \$2.0 million for a projected net operating revenue of \$100,000.

The Hotel Occupancy Tax was increased by 2% to specifically fund the Center's operating budget. A flat fee of \$365,000 also generated by the Hotel Occupancy Tax is dedicated for 20 years to the Center's debt service. Net revenues are being earmarked for a construction and operating fund to cover long-term maintenance projects and the potential for future construction of a second facility. The Center is a department within the City of Round Rock and the Round Rock CVB is a separate department within the City; however, the Hotel Occupancy Tax is distributed to the Center via the Round Rock CVB.

The Round Rock CVB books the Center for weekend business six months out while Center management books within six months. The Round Rock CVB is responsible for marketing the Center at conferences and meeting opportunities. The Center's operating budget has a \$70,000 line item for event bid fees.



Sources: Round Rock Sports Center, sportsplanningguide.com.

The Big House in Tavares, Florida

The Big House in Tavares, Florida is a privately owned and operated community center and sports training complex that opened in 2013. The \$16 million complex features nine basketball courts or 16 volleyball courts, ¼ mile indoor track, health/wellness center, daycare, kitchen, 100-seat auditorium, computer room, pro shop and concessions along with 12 batting cages and a major league infield. The 162,000 square-foot, three-story facility is owned by former Major League Baseball player Chet Lemon and his wife, Gigi.

The Lemons are heavily involved in the Florida AAU where Chet serves as a district sport director. The Lemons also run a youth-sports organization, Sunshine Athletics. Tournament programming in the facility involves many AAU volleyball and basketball tournaments as well as all of the Juice Volleyball tournaments which are part of the Big House Volleyball Club program.

Tournament activity at The Big House includes tournaments created in-house as well as those promoted by third party sports organizers. In-house tournaments include one and two-day volleyball events such as the Big House Volleyball Kickoff Tournament, the Big House Volleyball Series, the AAU College Showcase and AAU Super Regional Volleyball Tournament. Basketball tournaments include the Big House Holiday Hoop Classic, Lineage of Champions Showcase and Florida AAU Boys and Girls State Championships in multiple age groups.



Source: www.bighouseusa.com.

Best Practices Identified from Comparable Facilities

In order to assist Escambia County with various operational and funding decisions associated with on-going planning efforts for the proposed new indoor sports facility, this section summarizes lessons learned from conversations with management at comparable facilities, our experience in the industry, and other secondary research.

Ownership/Management Approach

The table below outlines the ownership and management structures of the profiled indoor sports facilities. As shown, six of the 10 facilities are publicly owned but only two are publicly operated.

Summary of Owner/Operator at Profiled Indoor Sports Facilities			
Facility	Location	Owner	Operator
Boo Williams Sportsplex	Hampton, VA	Private	Private
Fieldhouse USA	Frisco, TX	City	Private
Greensboro Sportsplex	Greensboro, NC	City	City
LakePoint Sports Village	Cartersville, GA	Private	Private
Discovery Sports Center	Germantown, MD	Bi-County Agency	Non-Profit
Myrtle Beach Sports Center	Myrtle Beach, SC	City	Private
Orlando Sports Center	Orlando, FL	Private	Private
Rocky Top Sports World	Gatlinburg, TN	County	Private
Round Rock Sports Center	Round Rock, TX	City	City
The Big House	Tavares, FL	Private	Private

Sources: Individual facilities; secondary research.

Comparable indoor sports facilities are typically owned and operated under one of several models. These include:

Public Model

The land and the facility are owned, maintained and operated by a public entity such as a city or county. In many instances, publicly owned facilities 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 facility(s) 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 venue 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 Greensboro Sportsplex and the Round Rock Sports Center.

Private Model

In some cases, indoor sports facilities are constructed, maintained and operated by private entities. Rates are typically charged at market value in order to create a profitable operating scenario. As such, facilities 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 leagues. In some instances, these types of facilities 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. Examples of this approach include the Boo Williams Sportsplex, the Orlando Sports Center and The Big House.

Public/Private Model

In this approach, a public entity such as a city or county may own the land and/or the venue and lease operations and maintenance of the asset to a third party private entity. This model is often utilized when the venue is developed with objectives to generate economic activity as well as to address residential needs. The public entity's priorities for the venue 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 Fieldhouse USA, the Myrtle Beach Sports Center, and Rocky Top Sports World.

Public/Non-Profit Model

Similar to 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 Maryland SoccerPlex/Discovery Sports Center. 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. All of the profiled facilities 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.

A facility'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 facility's role by various stakeholders. 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.

Physical Program

Facility design is formatted to maximize the density of courts/competition areas with flexibility in mind for multiple user types. Seating is generally retractable or portable to allow for a range of capacities as well as completely open space for other events such as trade/consumer shows. Amenities are designed to enhance the spectator and participant experience while also generating revenue streams, these include training/medical rooms, locker rooms for officials, concessions, spectator viewing areas, adequate parking and Wi-Fi. Tournament support space is an essential part of the design including office space for promoters, storage, on-site management and scoreboards.

Marketing/Branding

Comparable facilities have significant interaction and coordination with their local sports commission, DMOs, and hoteliers. In order 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 local 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.

Venues that leverage a local relationship with a former athlete or a well-known elite level club can be more successful at drawing tournaments in that particular sport and creating a brand for their community as a "center" for that sport. As more communities develop facilities, it will be important for Escambia County to create a distinct sports tourism brand. This should include coordinated efforts with Visit Pensacola, Pensacola Sports, elite level clubs, and area collegiate athletic departments to jointly market the community.

Funding

Public assembly facilities such as indoor sports facilities have been traditionally financed with a variety of public and private funds. In some instances, the potential revenue generation at sports facilities has resulted in more public/private partnership model. However, in many instances, the primary source of underwriting for debt service on all or a part of construction is derived from public funding sources. Common funding mechanisms include general obligation (GO) bonds, revenue bonds, and certificates of participation (COPs). Typical funding sources include general fund revenues, tourist development taxes, sales and use taxes, food and beverage taxes, admission/ticket taxes and tax increment funds, among others. Grants also represent a potential funding source for both planning and project execution/implementation of sports facilities. This section summarizes the construction costs and source of funding for the profiled comparable facilities.

As illustrated in the table that follows, four of profiled facilities were funded entirely by public sources. Facilities in Hampton, Virginia and Germantown, Maryland were developed by private entities but have long-term leases with municipalities for the land where the facilities sit. Five facilities were developed privately and one by a non-profit. Each funding agreement is dependent on a variety of factors including the driving force/entity behind the development, the overall cost, related infrastructure associated with the facility (e.g., roadways, utilities, on-site amenities, etc.) and the anticipated use of the building.

Development Summary for Profiled Indoor Sports Facilities						
Facility	Location	Construction Cost (in millions \$)	Public		Private	
			Source	Portion	Source	Portion
LakePoint Sports Village	Cartersville, GA	\$37.0	n/a	n/a	Private	100%
Round Rock Sports Center	Round Rock, TX	\$22.0	City	100%	n/a	n/a
Rocky Top Sports World	Gatlinburg, TN	\$20.0	City/County	100%	n/a	n/a
Fieldhouse USA ¹	Frisco, TX	\$17.0	City	73%	Private	27%
The Big House	Tavares, FL	\$16.0	n/a	n/a	Private	100%
Boo Williams Sportsplex ²	Hampton, VA	\$13.5	n/a	n/a	Private	100%
Myrtle Beach Sports Center	Myrtle Beach, SC	\$12.4	City	100%	n/a	n/a
Orlando Sports Center	Orlando, FL	\$6.5	n/a	n/a	Private	100%
Greensboro Sportsplex ³	Greensboro, NC	\$6.0	City	100%	n/a	n/a
Discovery Sports Center	Germantown, MD	\$6.0	n/a	n/a	Non-Profit	100%

Notes: ¹Sports Village Holdings donated the land for Fieldhouse USA.

²The City of Hampton contributed infrastructure improvements to the BWSP development.

³The City of Greensboro purchased the Sportsplex from a private developer.

n/a denotes not applicable.

Sorted in descending order by construction cost.

Sources: Individual facilities; secondary research.

Representatives noted that capital improvement planning and appropriate funding of projects is an important aspect of developing and maintaining public assembly facilities' competitiveness in the marketplace. Because these types of facilities typically experience a great deal of use, these assets can physically deteriorate quicker than many other publicly-owned assets. Throughout the U.S., it is not uncommon for local governments to struggle to adequately maintain and improve their public assembly facilities at a level that allows them to maximize functionality and competitiveness.

Regardless of the management of the facility, governmental entities are generally engaged in the process of facility development by either granting of land or contributions toward construction costs. Best practices include communities that are able to solicit private partners for development of facilities designed to attract sports tourism either via direct funding, sponsorships or intangible partnerships that leverage their relationships with regional/national sports organizations.

Operational Recommendations for the Potential New Indoor Sports Facility

Based on the competitive market assessment and best practices learned from comparable facilities, the following section outlines operational recommendations for the proposed new indoor sports facility in Escambia County.

Management Approach

Sports facilities are one of the few public assets that operate in a semi-business atmosphere requiring contractual agreements, frequent short-term lease/use of facilities by customer, management of part-time and temporary staff resources for numerous events, and partnership with third party vendors and tenants. These operating conditions are unique within the public services provided by the government whose natural inclination is to apply one set of guidelines to all municipal departments.

Unlike many municipal services where citizens do not have a choice, sporting event promoters/producers have a variety of facilities to choose from when deciding where to host their event. In addition, attendees have multiple options where they can spend their discretionary income. Given the competitiveness among venues, indoor sports facilities need to operate in a manner that is consistent with well-established industry practices.

Regardless of the development method chosen, the proposed new indoor sports facility in Escambia County should have a private operating entity that is objective and non-sport specific, with representation from local recreational organizations to foster joint efforts in marketing and servicing competitive sports events at the facility. The venue should have a full-time, dedicated staff of experienced professionals that manage and market the facility and understand the unique needs of tournament promoters and local sports organizations. The management team should have relationships with regional and national sports organizations and leverage those to create Escambia County-specific tournaments and attract events sponsored by other entities.

Mission/Booking Policy

The proposed new indoor sports facility should have a mission statement and formalized booking policy that reflects its primary objective to drive sports tourism and related economic impact. For instance, weekends should be reserved for tournament activity.

Marketing and Branding

In order to effectively compete for events that generate economic impact, facility management should have established partnerships with a limited number of primary users (e.g., local sports organizations) that exclusively book the majority of court time outside of tournament activity in order to maximize weekday usage and revenue. These primary users additionally provide tournament programming as they host organization-sponsored tournaments.

Management should leverage relationships with these primary users as well as Visit Pensacola, Pensacola Sports, area collegiate athletic departments, the hospitality community and area governmental agencies to book the venue for sports competitions and foster elite level play in the local community. A unified brand should be established that clearly articulates Escambia County's sports tourism image.

Funding

Other communities contemplating similar development projects have cited the importance of harnessing multiple, regional partners, leveraging federal/state monies and private capital to create a funding plan that is viable for construction, necessary infrastructure, on-going operations and maintenance. As mentioned previously, several public/private partnerships exist to fund the development, on-going operations, and capital improvements of sports facilities. As the long-term development and funding plan progresses, it will be important to consider both the advantages and potential restrictions of various funding partnerships.

Potential public funding alternatives for the proposed new indoor sports facility may include, but not be limited to, the following:

- *Tourist Development Tax* – potentially increase current Escambia County tax rate. Based on estimates provided by the Florida Department of Revenue, a one point increase could generate approximately \$2.2 million annually Countywide.
- *Discretionary Sales and Use Tax (or Local Option Sales Tax)* – potential to dedicate a portion of collections from the recently extended 10-year tax that begins in 2017 for reinvestment in tourism and hospitality driven projects. Projections estimate the tax will generate approximately \$700 million over the 10-year term with approximately 30% of revenues anticipated to be generated by visitors to Escambia County.
- *Tax Increment Financing District* – create a TIF district surrounding the proposed new facility to foster private investment and increased property taxes that could be dedicated to some improvements.
- *BP Oil Funds* – a one-time grant for economic development projects.

Based on the project costs and estimated event activity associated with the proposed new indoor sports facility, a financing plan predicated solely on the use of operating revenues will not be sufficient. As such, planning efforts should seek to maximize private sector investment to minimize public sector risk, where possible. There are several potential opportunities that may assist in mitigating the construction costs from non-governmental sources including the following:

- *Naming Rights* - where one or more parties can be solicited for up-front or annually recurring commitments. Naming rights could be associated with specific program elements (e.g., locker rooms, individual courts, meeting rooms, etc.) or the entire building.
- *Long-Term Sponsorships* – include the sale of advertising for particular “zones” within or outside the facility such as a lobby or private area to gather prior to and after events, or an entry drop-off named for a sponsor.
- *Retail Lease* – where a portion of the building could potentially be leased for a compatible use such as a sports medicine facility.

However, it should be recognized that each of these options are highly market-driven and their viability at the proposed new indoor sports facility would need to be tested through an extensive pre-development marketing initiative. Given the preliminary nature of the recommended building program, potential revenues from these sources are not estimated as part of this analysis. To the extent that certain specific revenues such as those noted above can be identified, they can be considered as a supplemental revenue stream to the core finance plan which will still likely need to be primarily based on traditional public financing with the use of governmental tax sources.

Table of Contents

1	Introduction and Executive Summary	1
2	Local Market Overview	10
3	Supply of Area Sports Facilities	23
4	Key Industry Trends	33
5	Potential Demand Generators	44
6	Market Demand Assessment and Facility Recommendations	60
7	Comparable Facility Case Studies	68
8	Program, Cost Estimate and Site Analysis	87
9	Financial Pro Forma	102
10	Economic and Fiscal Impact Analysis	111
11	Limiting Conditions and Assumptions	122

Program, Cost Estimate and Site Analysis

Program

The primary purpose of the proposed new indoor sports facility is to provide a number of tournament quality courts for indoor sports competitions involving elite and travel teams from around the region. The program as envisioned includes eight (8) basketball courts, which in turn would yield 16 volleyball courts. The courts, which are proposed to be hardwood floors, could also accommodate cheer, gymnastics, dance/drill teams and other competitive activities compatible with hardwood flooring. Sufficient space between courts should be provided to allow for participant flow, player equipment and overrun.

The proposed indoor sports facility for Escambia County is a relatively new building type. The primary space is assumed to be a large, column-free, high-ceiling space with a permanent hardwood floor intended for use for indoor sports such as basketball and volleyball, but also pickleball, futsal, cheer, competitive dance and mat sports. Meeting and other ancillary space is primarily designed to support the sports activities in the main space.

A brief description of the proposed main categories of space follows.

Main Space

The main space is conceived for the purposes of this study as 8 full size basketball courts or 16 full size volleyball courts with minimum 10-foot runoff areas for volleyball. Each of 8 modules would be striped for one basketball and two volleyball courts, with approximately 200 seats for spectator seating, either fixed, retractable or portable. A championship court would offer up to 1,600 retractable seats within the same space. Depending on the site selected, the number of courts could vary from 8 modules to 12. Each court would have a minimum 37-foot clear ceiling height, high quality sports lighting and a system of divider nets to keep balls from entering other courts. This main space would be approximately 86,000 square feet in a single, column-free space. With appropriate floor protection, it could be used for other activities such as light flat floor exhibits, concerts or banquets.

Ancillary Space

Supporting the main activity space would be ancillary areas consisting of meeting rooms and other supporting areas. A block of meeting room space of approximately 5,000 square feet can perform multiple roles as sign-up areas, hospitality lounges, event administration and press areas, and pre- or post-event dining or banquet areas. Access to a catering kitchen and chair and table storage will be important for flexibility, as will the use of operable partitions to subdivide the space into a minimum of three smaller rooms. Versatile lighting should accommodate activities ranging from paperwork to formal dining.

Concession stands and small retail (pro shop) spaces will help to support the planned activities in the building. A registration area external to the meeting space serves as a prefunction area and will allow the meeting rooms to perform a variety of other roles for events.



It is important to the success of the facility that technology capability be robust, with available Wi-Fi suitable for handling large numbers of simultaneous users. A number of large monitors or LED boards for updating tournament information as well as general wayfinding, advertising and promotional use should be included in the project.

Ancillary space totals approximately 8,500 net square feet of the proposed building program.

Support Space

In addition to the spaces described above, a variety of support space is required for participants, officials and spectators. These spaces include locker and training rooms, offices, storage and restrooms. In addition, basic building support such as HVAC and janitorial rooms, general storage and IT rooms, and administration offices are included in this category, which includes approximately 11,000 net square feet in the proposed building program.

Approximately 16,000 square feet of space is included in the program for unaccounted circulation, structure and mechanical space, for a total area of approximately 121,000 square feet, equivalent to almost three acres for what is essentially a one-story building.

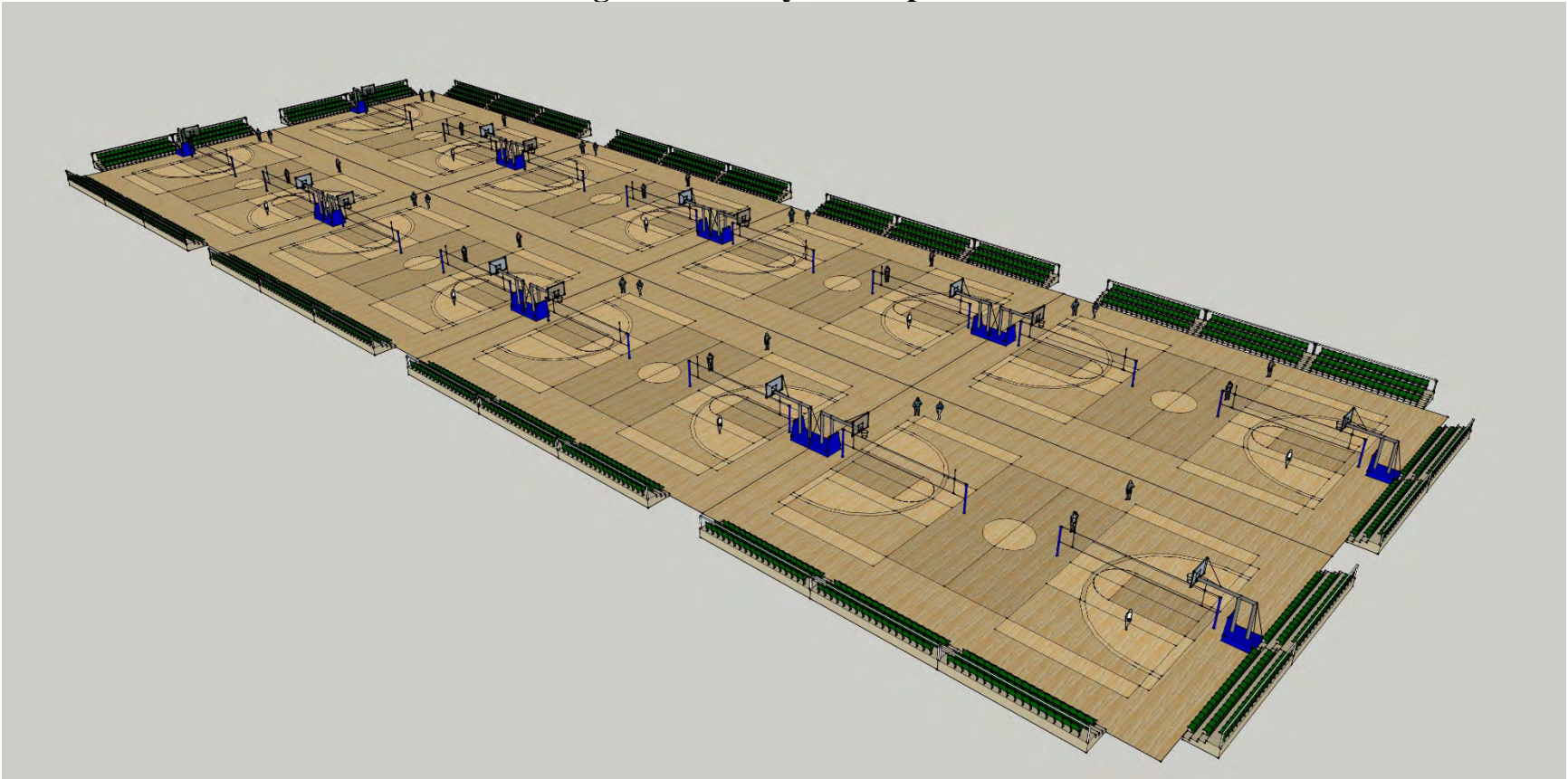
Storage areas are important because of the large amount of sports equipment (portable basketball goals and volleyball nets, floor covering, etc.) that will need to be stored on-site. Temporary storage for team bags is included as an amenity, accessible from public areas.

Site Amenities

Based on the assumed occupant load, a projected 540 car parking area is used for planning purposes, with loading and drop off areas fronting a main arrival plaza. Space for loading and service is provided on the opposite side of the building, away from the main entry. Allowances for landscaping, detention and unusable area raise the total site area required for this hypothetical program to approximately 14 acres. As stated previously, depending on the site under consideration, more or fewer court modules could change the total site area requirement.

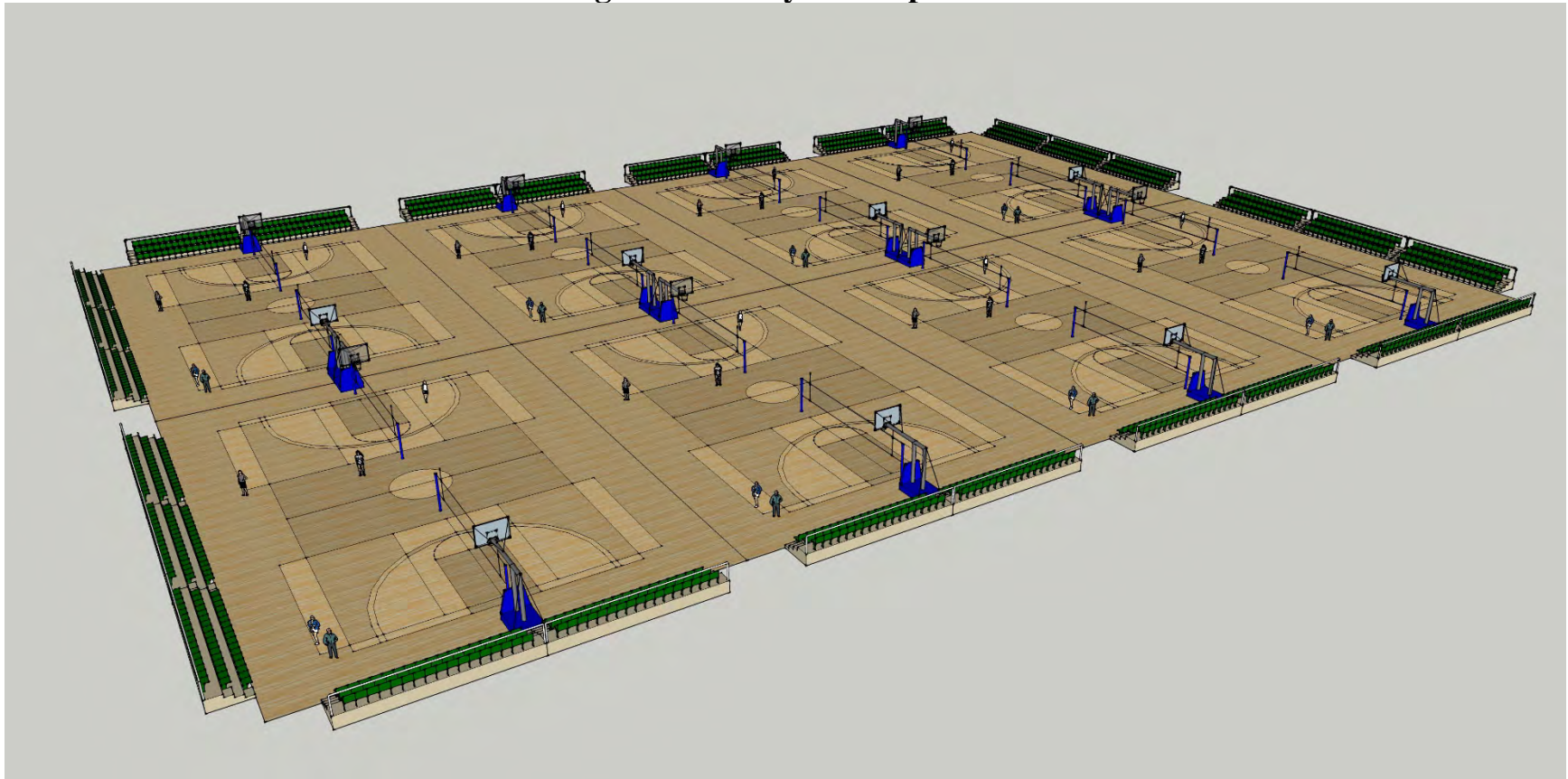
The pages that follow illustrate two potential layouts for an 8 court basketball configuration.

Eight Court Layout – Option 1



Source: Convergence Design.

Eight Court Layout – Option 2



Source: Convergence Design.



Cost Estimate

The following table outlines the program and estimated order-of-magnitude cost estimate (OMCE) and total project cost for the proposed new indoor sports facility. Based on the assumed program discussed previously, the estimated construction cost of the proposed new indoor sports facility is approximately \$29.3 million. Other project costs, which include design fees, furnishings and equipment, plus a design and construction contingency, total an additional \$6.9 million, bringing the total project commitment to approximately \$36.2 million.

Estimated costs are based on industry research, not on detailed construction cost estimates for this particular project. Costs are in current dollars, and construction cost escalation would need to be factored in for construction that occurs in years subsequent to this report.

Proposed New Indoor Sports Facility in Escambia County		
Order-of-Magnitude Enclosed Square Footage and Cost Estimate		
Category Space	Square Footage	OMCE
Enclosed Building Areas	121,318	\$ 27,600,000
Main Activity Area	86,240	
Ancillary Space	8,500	
Support Space	10,754	
Circulation, Structure	15,824	
Category Item		OMCE
Site Work		\$ 1,700,000
Parking		
Disabled Parking		
Entry Plaza		
Loading		
Trash Compactor		
Landscaping		
Building Footprint		
Detention/BMP		
PROJECT SUMMARY		
Category Space		OMCE
Building Construction		\$ 27,600,000
Site Construction		\$ 1,700,000
Subtotal Construction		\$ 29,300,000
Project Costs		\$ 6,930,000
Construction Contingency		
Design Fees		
Fixtures, Furnishings & Equipment		
TOTAL ORDER OF MAGNITUDE PROJECT COST		\$ 36,200,000
REQUIRED SITE AREA		14 Acres

Notes: OMCE denotes Order-of-Magnitude Cost Estimate.

Does not include land acquisition costs.

Source: Convergence Design.

The information provided represents order-of-magnitude cost estimates for building construction. Estimates also include project soft costs, such as design fees, administrative costs, permits and testing, survey and geotechnical reports and furnishings, fixtures and equipment. Depending on the project, project soft costs can add approximately 20% to 30% to total construction costs. In addition, land costs are not reflected in the estimates. Typical site development costs are included; however, for certain particular sites, development costs could be higher due to the need for infrastructure improvements, environmental remediation, regrading, or other factors unique to that site that have not been taken into account in these preliminary project cost estimates.

Site Options

The consulting team identified several potential site locations in Escambia County for a new indoor sports facility. The primary site characteristic is adequate size that can accommodate a building footprint of more than 100,000 square feet and potential parking for a minimum of 540 cars up to 1,000 cars. Based on this criterion, a site with 14 to 18 acres is desirable. Given these parameters, sites of that size are not plentiful in the urbanized areas of Escambia County.

Another key criterion for a sports facility site is access to sports tourism infrastructure, generally defined as hotels, dining and shopping, along with amenities such as entertainment and cultural opportunities. Not surprisingly, access to such infrastructure does not always correlate to finding large undeveloped parcels of land. Generally speaking, the larger the parcel, the farther it tends to be from the sports tourism infrastructure that would lend itself to a successful economic development project.

There are some exceptions to this general rule and these exceptions tend to be the strongest candidate sites. A brief description of each site follows, along with an illustrative site plan showing how a hypothetical indoor sports facility could fit on each potential site.

Candidate Sites

The following sites were identified as having some potential for development of an indoor sports facility. As shown in the matrix that follows, each site (which are numbered from west to east in terms of geographic location within the County) was rated on a 26 point scale for suitability for future development.



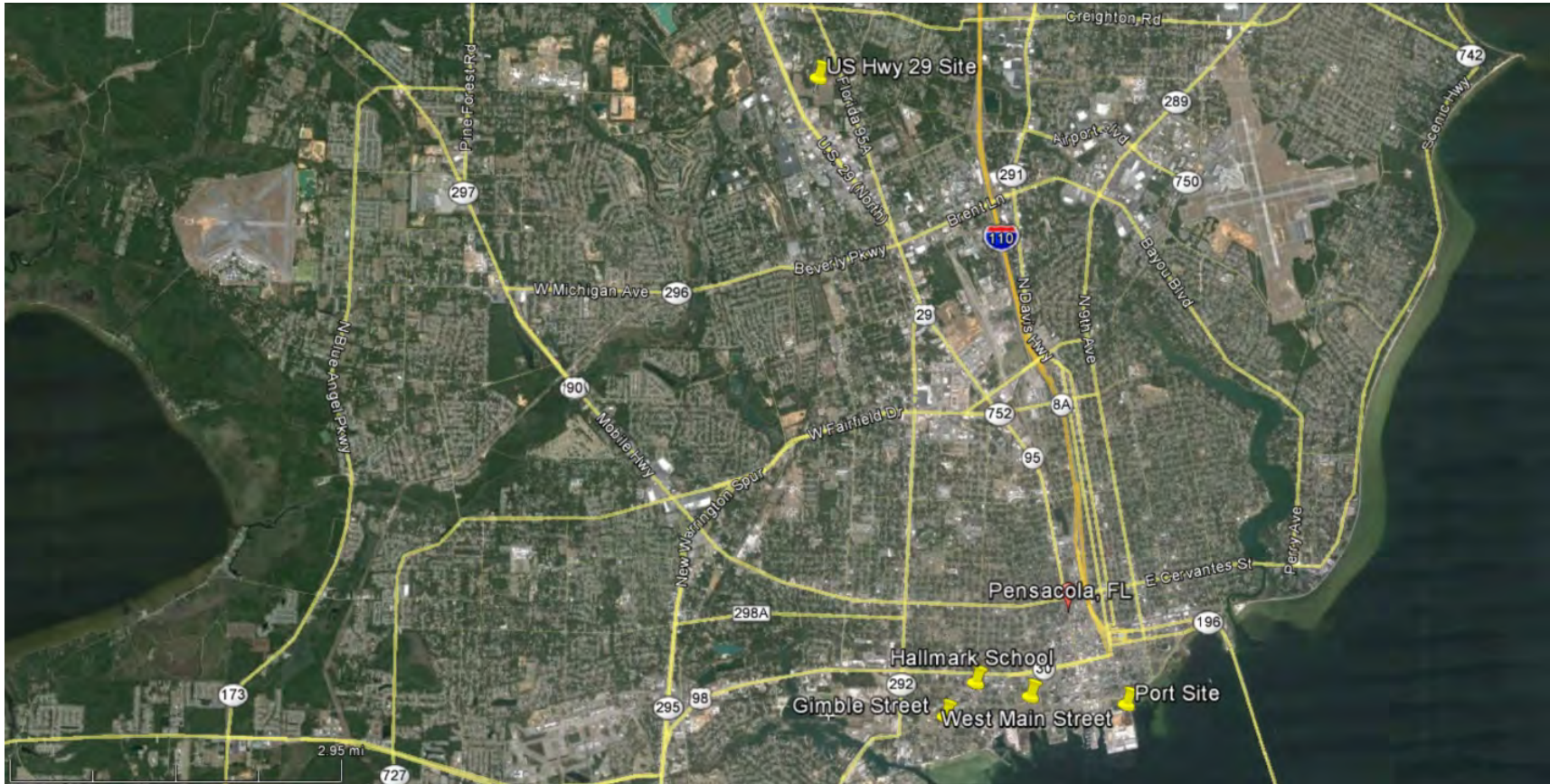
Site Evaluation for the Proposed New Indoor Sports Facility in Escambia County

		SITE 1		SITE 2		SITE 3	SITE 4	SITE 5
		U.S. Highway 29		Gimble Street		Hallmark School	West Main Street	Port
Category	Evaluation Criteria	Weight						
URBAN ISSUES	Compatible with Adjacent Land Uses	1	4	2	2	5	4	
	Facility Image/Visibility	1	4	3	4	5	5	
	Quality of User Experience	1	3	2	3	4	5	
	Proximity to Existing Hotels	1	4	2	2	3	4	
	Proximity to Dining/Retail/Entertainment	1	3	2	2	5	4	
	Proximity to Existing Parking Resources	1	3	2	1	4	3	
	Business Development Potential (new/existing)	1	5	3	2	5	4	
TRANSPORTATION	Vehicular Access (cars/trucks/buses)	1	5	3	2	5	3	
	Adequacy of Proposed Parking Strategy	1	4	4	1	4	4	
	Pedestrian Access	1	1	3	4	5	4	
	Adequacy of Infrastructure	1	3	3	3	4	4	
	Public/Alternative Transit	1	4	4	2	4	3	
SITE FACTORS	Site Size; Configuration, Shape	1	5	2	2	4	4	
	Potential Views from Site	1	2	2	2	4	5	
	Topography/Slope	1	5	5	5	5	5	
	Geologic or Water Table Issues	1	3	3	3	3	2	
	Archeological Resource Issues	1	3	3	3	3	3	
	Demolition: Extent, Historic	1	3	5	2	4	4	
	Environmental Issues/Remediation	1	3	2	3	3	3	
	Zoning/Regulatory Issues	1	4	3	2	4	3	
	Potential for Expansion	1	5	3	1	2	4	
COST FACTORS	Land Acquisition Cost	1	2	3	2	2	4	
	Building Construction Cost	1	4	3	2	2	2	
	Site Development Cost	1	4	4	2	3	2	
ACQUISITION/TIMING	Time Required for Acquisition & Development	1	4	1	3	4	3	
TOTAL	125 Maximum		90	72	60	96	91	
RANK			3	4	5	1	2	

Scoring: 0: Unacceptable; 1: Poor; 2: Less Satisfactory; 3 Satisfactory; 4: Superior; 5: Outstanding

Source: Convergence Design.

The image below shows the approximate locations of the five candidate sites within Escambia County.



Source: Convergence Design.

Site 1 – U.S. Highway 29

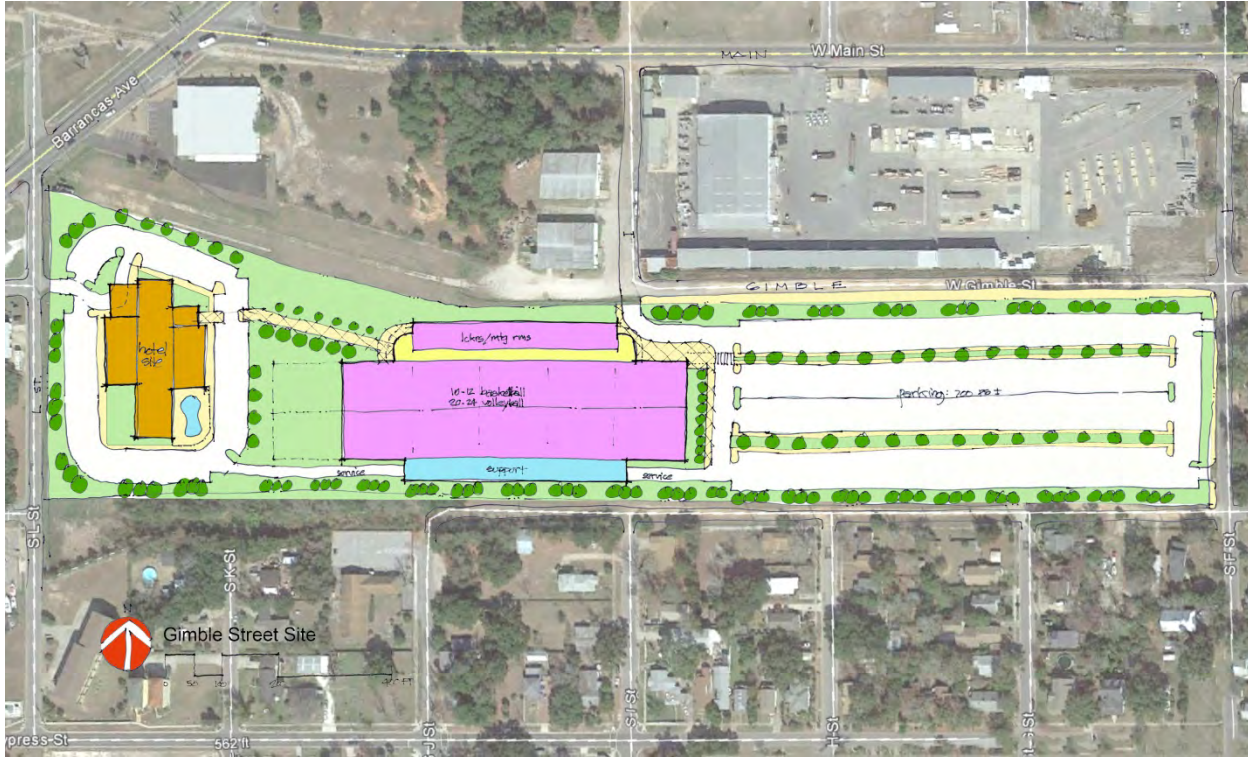
Rank: 3



This site, located on the east side of U.S. Highway 29 at North W Street in north central Pensacola, was previously a privately-run soccer park. Encompassing approximately 60 acres, the site is larger than necessary for the proposed indoor sports facility. The plan sketch shows how the site could accommodate both indoor and outdoor sports facilities. The owner reports that the site is available and will soon be listed with a broker.

Site 2 – Gimble Street (American Creosote)

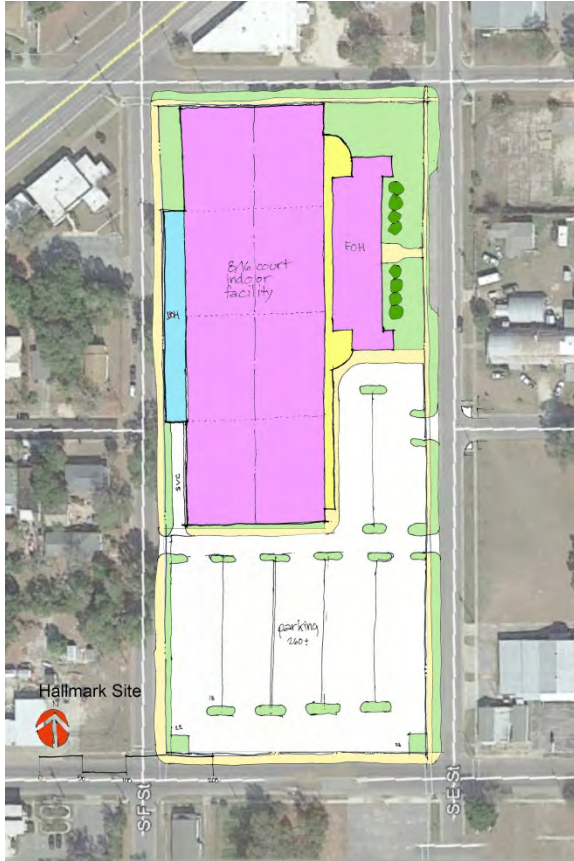
Rank: 4



Located near (but not at) the waterfront, this location is a former industrial site in south central Pensacola, one block south of Main Street at Barrancas Avenue. Approximately 17 acres in size, this site is long and narrow, which limits the possible arrangements of an indoor sports facility and parking. There would be acreage for potential expansion of the facility, along with a possible development site for an adjacent hotel. This site is currently undergoing remediation by the Environment Protection Agency (EPA), which will delay its availability for development for several years.

Site 3 – Hallmark School

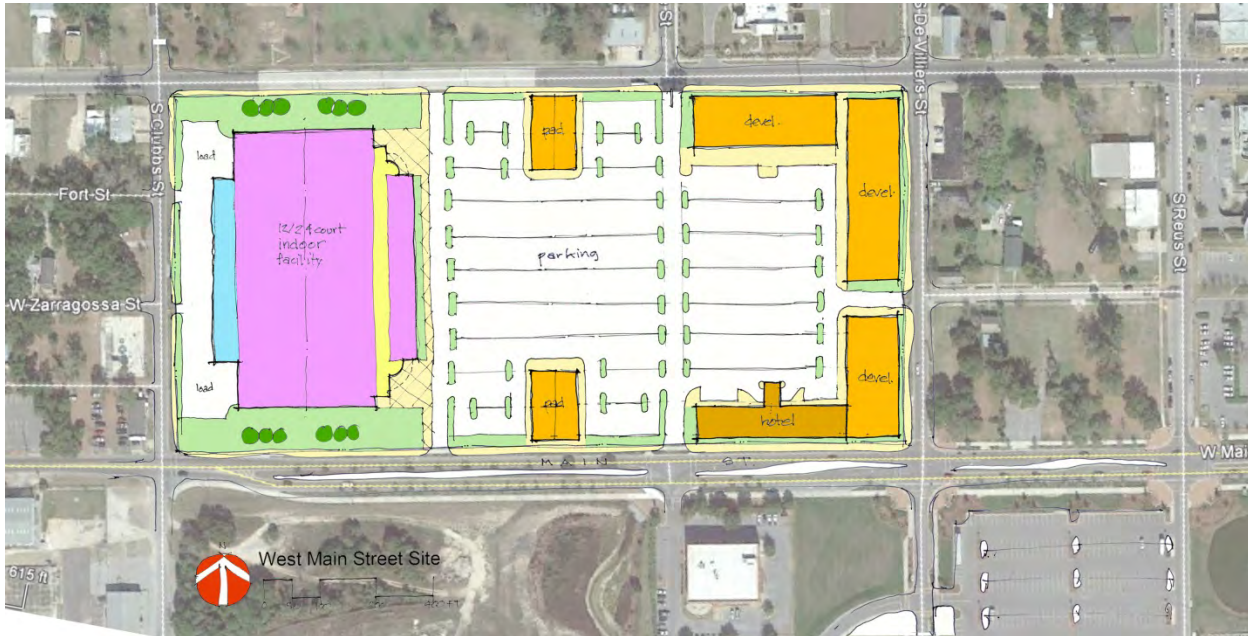
Rank: 5



The Hallmark School property is located three blocks north of the Gimble Street site between E and F Streets, with Barrancas Avenue glancing off the northwest corner of the site. The site of the former Hallmark School is approximately 5 acres, the smallest of any of the candidate sites. Despite its small size, an indoor sports facility with 8 basketball/16 volleyball courts could be conceived fitting (tightly) on the property, with a surface parking facility of approximately 300 spaces. The existing school building is assumed to be renovated for support space such as locker rooms, meeting rooms and administrative space. Structured parking could increase the amount of on-site parking, but could potentially be seen as incompatible with the largely residential surrounding land uses.

Site 4 – West Main Street (ECUA/Studer Property)

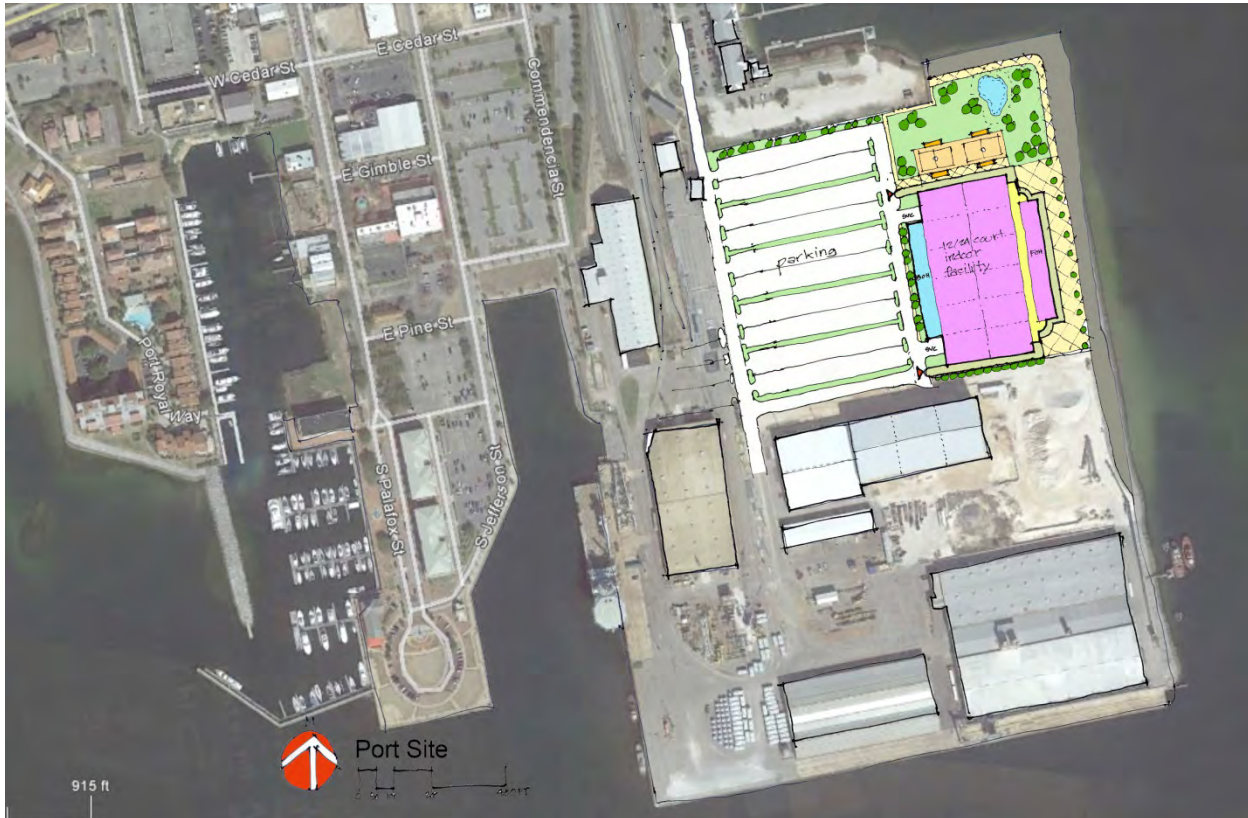
Rank: 1



A large vacant parcel located just to the northwest of Community Maritime Park, this site location provides excellent proximity to downtown attractions, dining and shops. Approximately 18 acres, this site lends itself to a more aggressive planning approach that includes mixed-use development such as restaurants, shops and offices or housing in mid-rise buildings lining the perimeter. Shared parking resources in the center of the site could be surface or structured, depending on the desired density of development. A hotel on the site could serve the ballpark district as well as the proposed new indoor sports facility.

Site 5 – Port Area

Rank: 2



This site is a large area of undeveloped land within the Port of Pensacola. Although not currently planned for a public use like an indoor sports facility, this site offers some unique benefits that make it worth considering. Apart from its good proximity to downtown, the primary benefit of this site is its unique waterfront location, a potential difference-maker in a competitive marketplace for indoor sports tournaments. At the very least, a waterfront promenade would afford pleasant views for parents and siblings between events. At best, the waterfront itself could become an active amenity that would make this a unique offering in the marketplace. The plan sketch shows a pair of additional outdoor courts for warm-up, recreational or casual use that could increase the unique appeal of this location.

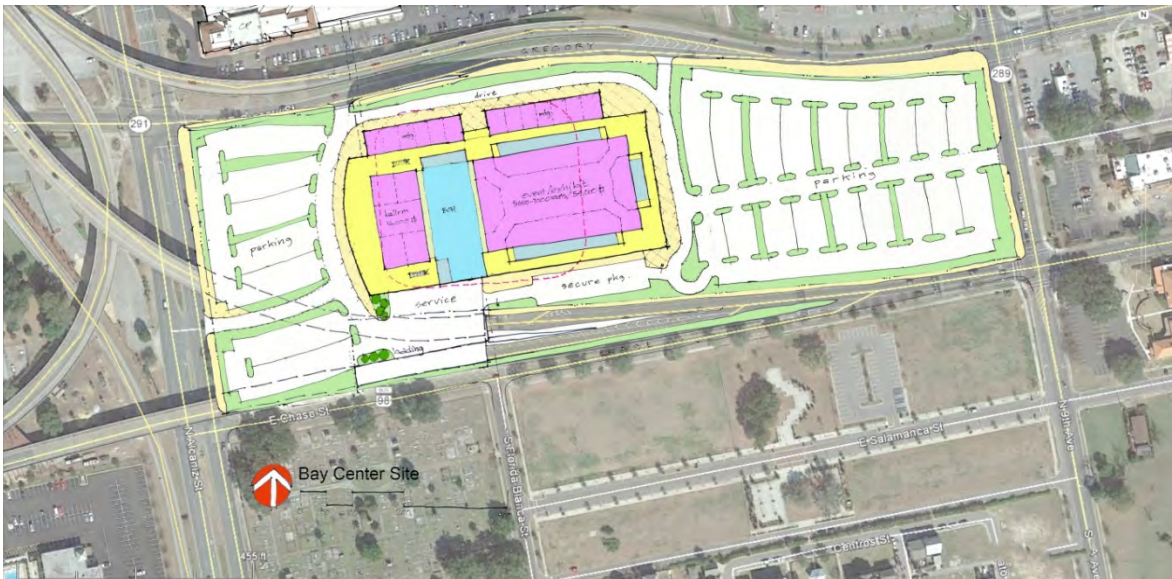
Site Options Conclusion

The Hallmark School site ranked lowest among the five potential sites considered for an indoor sports facility. The Gimble and U.S. Highway 29 sites offer ample size, but less in the way of nearby amenities for sports tournaments. The two highest ranked sites are those located closest to downtown Pensacola: the West Main site, immediately west of the Central Business District, and the Port site on the southeast corner of downtown. Both sites offer unique opportunities for integration into larger, more long-range developments in downtown Pensacola.

Bay Center Site

Though not considered for an indoor sports facility, the consulting team took a speculative look at the current Bay Center site, asking the question, what would be the best use of this site for public facilities in the community?

The current Bay Center has a number of issues that, while not directly within the scope of this study, were apparent to the consulting team. The facility is old and out of date, making it difficult to attract events for which more modern facilities are in contention. Its plan configuration is far less than ideal, with disconnected concourses and meeting rooms scattered randomly on various levels, making it inconvenient for arena events and incomprehensible for conventions. The Bay Center also suffers from deferred maintenance issues that limit its appeal to attendees and event producers alike.



The speculative plan shown above proposes that the Bay Center site could better serve community needs by offering a new hybrid facility that is both a right-sized arena and a more effective convention facility. A flexible exhibition hall of 54,000 square feet converts to a smaller arena of 5,000 to 7,000 seats, depending on the event configuration. It is not anticipated that this facility would have ice. Attached to this exhibit hall/flexible event space is a new ballroom of 16,000 square feet and several blocks of meeting room space arranged logically on two levels near the exhibit and ballroom spaces, with a potential elevated walkway to the Crowne Plaza hotel across Gregory Street. Although the site still has parking areas on both east and west sides, these make more sense for separate events in the ballroom and event space, and are connected by an internal drive.

While a new facility similar to that depicted here would represent a significant capital expenditure, the consulting team believes it may potentially have a higher upside potential than spending a similar amount of money to renovate the existing Bay Center, the result of which would be a renovated older arena with many of its disadvantages still intact.

As mentioned earlier, it is recommended that Escambia County consider re-evaluating the future, long-term use of the Bay Center.

Table of Contents

1	Introduction and Executive Summary	1
2	Local Market Overview	10
3	Supply of Area Sports Facilities	23
4	Key Industry Trends	33
5	Potential Demand Generators	44
6	Market Demand Assessment and Facility Recommendations	60
7	Comparable Facility Case Studies	68
8	Program, Cost Estimate and Site Analysis	87
9	Financial Pro Forma	102
10	Economic and Fiscal Impact Analysis	111
11	Limiting Conditions and Assumptions	122

Financial Pro Forma

With respect to financial performance, it is important to understand that similar indoor multi-sport facilities often break even or realize an operating deficit. However, one of the primary reasons for developing 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. An order-of-magnitude estimate of the potential economic/fiscal benefits associated with on-going operations of the potential new indoor sports facility is provided in the next section of this report.

Crossroads assisted Escambia County in developing a hypothetical, order-of-magnitude estimate of operating revenues and expenses before taxes, depreciation and debt service for a proposed new indoor sports facility for a stabilized year of operations. This analysis is also based on certain hypothetical assumptions pertaining to operations of the facility, usage levels and other related financial assumptions agreed to by Escambia County. The accompanying analysis was prepared for internal use by Escambia County for its consideration of plans for a potential new indoor sports facility and should not be used or relied upon for any other purpose including financing of the project.

The analysis performed was limited in nature and, as such, Crossroads 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 estimates of revenues and expenses are based on the anticipated size, location, quality and efficiency of the potential new indoor sports facility. Since these estimates and assumptions are based on circumstances that have not yet transpired, they are subject to variation. Further, there will usually be differences between estimated and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

As shown in the table below, it is estimated that the potential new indoor sports facility will operate near break-even before taxes, debt service and depreciation in a stabilized year of operations.

Potential New Indoor Sports Facility in Escambia County			
Estimate of Annual Financial Operations (Stabilized Year)			
Category	Range		
Net Operating Revenues	\$1,073,000	-	\$1,269,000
Net Operating Expenses	1,119,000	-	1,208,000
Estimate of Net Operating Revenues Over Net Operating Expenses	(46,000)	-	61,000
Reserve for Replacement	54,000	-	63,000
Net Operating Loss Before Taxes, Debt Service and Depreciation	(\$100,000)	-	(\$2,000)
Expense Coverage Ratio	96%	-	105%

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

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, input from potential demand generators, the preliminary building program provided in the previous sections, information on comparable facilities as well as input from Escambia County. This analysis represents a 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 potential new indoor sports facility.

General Assumptions

Based on input from the client group, several assumptions were used to develop estimates of event activity, financial operations and economic/fiscal impacts for the potential new indoor sports facility. It should be noted that these assumptions are preliminary and will continue to be refined as decisions related to the building program, site location and other operating characteristics evolve.

These assumptions include:

- The building program outlined previously which generally consists of 8 basketball courts or 16 volleyball courts is constructed in Escambia County.
- The potential new indoor sports facility will be owned by Escambia County and operated by a professional management company and staffed with personnel that specializes in marketing/management of sporting events and has established contacts and strong relationships with regional/national sporting event promoters and producers.
- The potential new indoor sports facility will primarily focus on hosting events that generate room nights and economic impact to Escambia County.
- The facility will be aggressively marketed by established tourism agencies at the local and State levels.
- A high level of quality customer service will be provided.

- The selected site will be adequate in terms of visibility, ingress and egress, parking, safety and other similar issues.
- Sufficient supporting infrastructure is located nearby (i.e., hotel rooms, restaurants, retail, entertainment, vehicular access, etc.).
- No other similar, competitive facilities are built in the region.
- 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 taxes, debt service or depreciation.
- Amounts are presented in current dollars and reflect a stabilized year of operations.

Usage Assumptions

The financial and economic/fiscal impact analyses are based on several factors including a hypothetical estimate of usage/event activity that was developed from the research previously summarized in the market analysis including input from the client group, market characteristics, historical activity in the community, input from area stakeholders and other potential demand generators, information on comparable facilities as well as other research.

Event activity at new facilities typically experiences 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 facility’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 potential new indoor sports facility. The length of time for new venues to reach stabilized operations varies but typically ranges from three to five years. Overall utilization at any facility is typically dependent on a number of 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 facility may attract a greater number of basketball tournaments whereas another year it may attract more volleyball tournaments.

Event types used in the analysis are defined as follows:

- *Tournaments* include multi-day youth and amateur competitions in a variety of sports such as basketball, volleyball, gymnastics, cheerleading/dance, wrestling, martial arts and futsal. These events may include teams from throughout Florida, the surrounding region and/or national level competitions. Market research suggests that there is a shortage of indoor facilities in the region that can adequately accommodate regional and national tournaments at multiple levels (e.g., youth, scholastic, collegiate, and adult).
- *League activity* includes elite (or travel) club sport play (both games and practices) for youth and amateurs in various sports such as basketball, volleyball, gymnastics, cheerleading/dance, wrestling, martial arts and futsal. League activity will generally occur during the weekdays and augment league activities occurring at existing facilities. League activity at the proposed new indoor sports facility is not envisioned to include youth or adult recreational play on a regular basis.
- *Camps/clinics/lessons* include elite (or travel) club sport play for youth and amateurs in various sports such as basketball, volleyball, gymnastics, cheerleading/dance, wrestling, martial arts and futsal. This

type of activity is anticipated to occur during non-peak periods (e.g., summer) over multiple days and can serve to grow existing athletic programs in the area.

Although it is anticipated that the facility will be multi-purpose in nature and capable of hosting a variety of other activity such as trade shows, consumer shows, banquets/receptions, meetings and community events, none have been programmed into the estimated usage. Given the primary goal of attracting out-of-town attendees, this activity should be booked during non-peak periods in the short-term. The facility's operating strategy, building program elements, site location as well as the supply/availability of existing facilities in the market will impact the type and amount of non-sports usage.

The following table summarizes the estimated usage/event activity for the proposed new indoor sports facility.

Potential New Indoor Sports Facility in Escambia County Summary of Estimated Usage (Stabilized Year)			
Category	Range		
Tournament Activity			
Total Events	34	-	41
Total Event Days	85	-	103
Total Number of Participants	26,700	-	30,600
Total Number of Spectators	62,250	-	71,550
Average Length of Stay (Days)	2.5	-	2.5
Total Attendee Days	222,375	-	255,375
Leagues & Camps/Clinics			
Total Participant Days	111,400	-	130,500
Grand Total Attendee Days	333,775	-	385,875

Notes: Participants are defined as athletes, coaches, officials, trainers, organizers (i.e., anyone involved in the tournament).
Spectators are defined as friends, family and fans.

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. Conversely, attendee days associated with local league activity are assumed to be equal to attendance as these are primarily practices or games occurring on one day. The average tournament length is estimated to be 2.5 days. Total attendee days for the potential new indoor sports facility is estimated to range from 333,775 to 385,875 including both tournament and league activity.

While the average tournament length is estimated to be 2.5 days based on survey results, survey respondents noted their average length of stay is 2.0 nights. As shown in the following table, the number of hotel room nights generated from activities at the potential new indoor sports facility is estimated to range from 44,500 to 51,100 in a stabilized year of operation based on the assumption that 75% of potential tournament attendees stay overnight and average 3.0 people per hotel room. In addition, Escambia County's location and amenities provide it with an opportunity to capture additional overnight stays either from attendees extending their stay or returning for a separate vacation.

Potential New Indoor Sports Facility in Escambia County			
Room Night Calculation (Stabilized Year)			
Category	Range		
Total Events	34	-	41
Total Participants + Total Spectators	88,950	-	102,150
Average Length of Stay (Nights)	2.0	-	2.0
Total Potential Overnight Attendee Days	177,900	-	204,300
Percent Staying Overnight in Escambia County	75%	-	75%
People Per Hotel Room	3.0	-	3.0
Room Nights	44,500	-	51,100

All of these room nights are not assumed to be incremental given that some tournament activity is currently occurring in the area. Given this, a new facility will allow the market to maintain, grow and diversify its visitor market. A byproduct of the new facility would be that some sports business could be moved from other facilities such as UWF, PSC, area high schools and the Bay Center. This will allow existing venues to better accommodate their specific market segments. For instance, University facilities could have more date availability for collegiate level competitions and their respective athletic programs.

The frequency of use can impact the wear and tear of the courts and as such, relatively limited league play is estimated to occur at the potential new indoor sports facility in order to maintain tournament-quality conditions. However, since local leagues can be a revenue generator and important partners in attracting regional/national tournaments, the usage estimate includes some league play. As previously mentioned, it is anticipated that the league activity will accommodate elite-level participants such as youth and adult travel teams that regularly play other regional teams and are supportive of the facility's efforts to draw regional and national tournaments.

Net Operating Revenues

The following table shows the estimated net operating revenues for the potential new indoor sports facility in a stabilized year of operation:

Potential New Indoor Sports Facility in Escambia County			
Net Operating Revenues (Stabilized Year)			
Category	Range		
Facility Rental	\$679,000	-	\$816,000
Food/Beverage	334,000	-	386,000
Advertising/Sponsorship	50,000	-	55,000
Other	10,000	-	12,000
Total	\$1,073,000	-	\$1,269,000

The following describes individual revenue line items.

Net Operating Revenue Assumptions

Facility Rental – The revenue generated from multi-sport facilities are typically derived from facility rental that can be charged per tournament, per day, per game or per hour based on the user, number of courts/amount of space utilized and the services provided. Facility management will likely negotiate rental terms for events/tournaments based on factors such as potential economic impact and/or the ability to execute multi-year contracts. Based on comparable facility data, facility rentals typically represent a significant revenue source. Rental revenue is largely dependent on the mix of business (e.g., tournaments versus leagues), mission of the facility (local league use vs economic impact) and ownership/management operating strategy (e.g., turnkey or full-service). Rental includes fees charged for tournaments, leagues and camps/clinics. No rental is assumed for other events such as trade shows, consumer shows, banquets/receptions, meetings and community events as these activities were not programmed into the estimated usage.

Food/Beverage – The operation and management of concession 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 purchase and maintenance of equipment, labor costs and costs of goods sold. It has not yet been decided whether the proposed facility will contract with a third party for concession operations or perform this function in-house. For purposes of this analysis, a net concession amount is estimated. As such, an estimated net per capita amount per attendee day is used in this analysis.

Advertising/Sponsorship – Advertising and sponsorship opportunities are diverse and can range from temporary signage at a single event to permanent signage on scoreboards or billboards located throughout the facility 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 events held (e.g., large tournaments), total attendees, and the aggressiveness of the approach taken by management in terms of the amount and type of advertising and sponsorships sold.

Other Revenue – Given the recommended program elements of the potential indoor sports facility and the assumption that it is utilized by elite-level leagues, some revenue is assumed for private lessons and/or other training outside of league-related practices and games. These activities typically occur earlier in the morning such as before school and can be marketable to high level athletes.

Other Potential Revenues – As the project development plan continues to evolve, other potential revenue sources to consider include, but are not limited to, the following:

- *Parking* – Some comparable facilities charge a parking fee for large spectator events/tournaments and/or special events; however, user survey results indicate few events are accustomed to paying for parking.
- *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 courts, etc.). Naming rights deals are not as common among indoor multi-sport facilities 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, program elements are finalized and a specific site is chosen, 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.

- *User Fees* – Some indoor multi-sport facilities charge user fees to fund day-to-day operations, maintenance and capital improvements. There are several different types of fees that can be imposed with the most common being a facility membership fee.
- *Retail Lease* – A portion of the building could potentially be leased for a compatible use such as a sports medicine facility.

Net Operating Expenses

The table below shows the estimated net operating expenses for the potential new indoor sports facility in a stabilized year of operation:

Potential New Indoor Sports Facility in Escambia County			
Net Operating Expenses (Stabilized Year)			
Category	Range		
Salaries & Wages	\$410,000	-	\$450,000
Benefits	123,000	-	135,000
Utilities	206,000	-	218,000
Repairs & Maintenance	160,000	-	170,000
General, Administrative & Other	80,000	-	85,000
Insurance	85,000	-	90,000
Marketing	55,000	-	60,000
Total	\$1,119,000	-	\$1,208,000

Net Operating Expenses Assumptions

Salaries & Wages – Although the staffing requirements and subsequent salaries and wages can represent a significant expense, 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 facility might have to other facilities. Ownership/management structure also plays a role in the staffing plan. For instance, facilities that are operated by the local parks and recreation department can often share administrative and maintenance costs with the broader municipal department. The number and type of courts, the overall mission of the facility, 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 facility. For purposes of this analysis, the facility is assumed to employ 9 to 10 full-time staff including a general manager as well as event coordination, operations, marketing, concessions, and administrative personnel.

Benefits – Employee benefits include healthcare, retirement, and other employee related costs and are estimated to be 30% of the salaries and wages.

Utilities – This line item which includes water, sewer and electric, generally represents one of the highest expense items for these types of facilities and can be variable depending upon the level of utilization and decisions concerning energy systems and management.

Repairs & Maintenance – This line item includes labor, equipment and materials associated with maintaining the facility and the general grounds. Depending on their management/ownership philosophy, some comparable facilities provide repairs and maintenance internally while others contract this service to a third party. In addition, facility management at comparable facilities stressed the importance of appropriate funding for this line item in order to maintain quality courts and be marketable for large regional/national tournament level play.

General, Administrative & Other – This line item includes various general expenses used in the day-to-day management of the potential new indoor sports facility that may include office supplies, insurance, travel, communications, technology, postage, membership dues, etc.

Insurance – Due to factors such as utilization, facility program elements as well as the amount and type of coverage, insurance expenses vary among facilities. This analysis assumes that property, casualty, and liability insurance needs associated with the proposed new indoor sports facility are borne as part of facility operations.

Marketing – Providing a new indoor sports facility alone will not bring events to the venue. An aggressive, targeted marketing strategy will need to be developed in order to better allow the proposed new facility to diversify and enhance its event base, particularly for large regional and national tournaments. As mentioned previously, it is assumed that some marketing/sales responsibilities are absorbed by Visit Pensacola and Pensacola Sports personnel. 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 facility. These recommendations are consistent with industry practices and are considered critical in order to help establish the new venue's reputation as a premiere multi-sport tournament facility and enhance its on-going marketability.

Reserve for Replacement – It is recommended that the facility owner and operator plan for an annual payment specifically designated as a reserve for replacement fund in order to safeguard this investment. This fund is intended to cover any extraordinary annual/future capital repairs or improvements to the facility. For purposes of this analysis, the reserve for replacement fund is estimated to be 5% of operating revenues.

Table of Contents

1	Introduction and Executive Summary	1
2	Local Market Overview	10
3	Supply of Area Sports Facilities	23
4	Key Industry Trends	33
5	Potential Demand Generators	44
6	Market Demand Assessment and Facility Recommendations	60
7	Comparable Facility Case Studies	68
8	Program, Cost Estimate and Site Analysis	87
9	Financial Pro Forma	102
10	Economic and Fiscal Impact Analysis	111
11	Limiting Conditions and Assumptions	122

Economic and Fiscal Impact Analysis

As discussed in the market analysis, it is our understanding that the primary objectives of any enhanced/new sports facilities are to draw out-of-town visitors and enhance economic impact from tourism. As such, this section of the report outlines the potential benefits that could be generated by activity at the potential new indoor sports facility.


Escambia County and the State of Florida would benefit from operations of a potential new indoor sports facility in a number of ways including such tangible and intangible benefits as:

- Enhancing the quality of life to area residents.
- Fostering the development of elite-level sport participants in the area.
- Offering an attractive venue to residents and visitors that hosts diverse event activity.
- Enhancing the area's image as a destination by increasing its amenities.
- Broadening market reach to new visitors.
- Attracting visitors during off-peak months.
- Receiving increased State, regional and national exposure through hosting regional and national event activity.
- Increasing economic and fiscal impacts for local and State governments.
- Serving as a catalyst for future development in the region.

Each of these benefits is important in assessing the impacts that the proposed new indoor sports facility may have on the area. Although 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 impacts associated with the ongoing operations of the potential new indoor sports facility.


General Methodology Overview

An assessment of the economic benefits that could occur in the local area and the State as a result of the potential new indoor sports facility can be approached in several ways. The approach used in this analysis considers expenditures generated from on-going facility operations from items such as salaries and wages, benefits, utilities, repairs/maintenance, marketing, general/administrative and other expenses as well as spending by participants and spectators outside the facility on items such as 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 generated from on-going operations of the potential new indoor sports facility.



Estimate the Annual Economic and Fiscal Impacts Associated with the Potential New Indoor Sports Facility in Escambia County

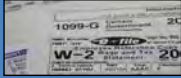
Spending (Output)
 Total direct, indirect, induced spending effects generated by the project




Employment (Jobs)
 Number of full and part-time jobs supported by the project



Personal Earnings
 Wages and salaries earned by employees of businesses associated with or impacted by the project



Tax Revenues (Fiscal)
 Sales and Use Tax
 Corporate Income Tax
 Tourist Development Tax



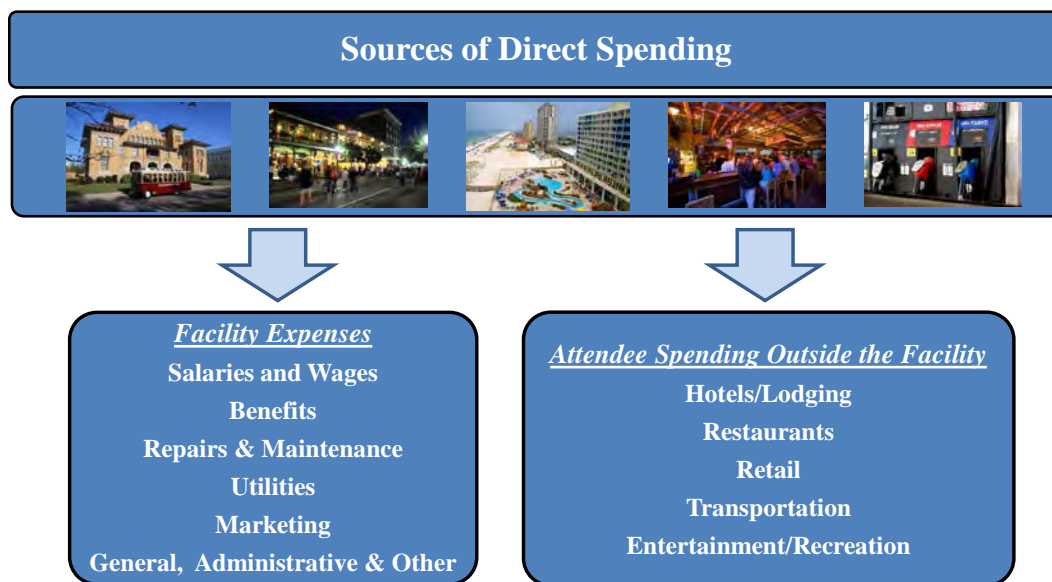
The number of events and attendance, event mix, estimate of overnight vs. non-overnight attendees, facility financial operations, industry trends, economic conditions, direct spending categories used, per person spending amounts, distribution of spending, multipliers, and specific taxes quantified are all variables that influence the economic and fiscal impact estimates. All amounts are presented in current dollars and rounded to the nearest thousand.

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 potential new indoor sports facility. As graphically depicted below, direct spending occurs both inside and outside of the facility.



Because all of this spending does not occur in the local area, adjustments are made to account for leakage (spending which occurs outside of the local economy) and displacement (spending which would have occurred elsewhere in the economy without the presence of the potential new indoor sports facility in Escambia County).

Indirect/Induced Impacts

The economic activity generated by operations of the potential new indoor sports facility affects more than just the venue. 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, taking into account commute patterns and the relative interdependence of the economy on outside regions for goods and services.

Multiplier Effect

In an effort 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 has the ability to provide indirect/induced spending, employment and earnings information by specific industry category while taking into account 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 potential new indoor sports facility.

For purposes of this analysis, the following industry multipliers were used:

Summary of Multipliers			
Category	Spending	Employment*	Earnings
Hotels	1.4795	15.6	0.4048
Eating & Drinking Places	1.4614	22.2	0.5100
Retail Trade	1.5296	20.1	0.5625
Entertainment/Recreation	1.5844	20.7	0.4013
Transportation	1.5953	12.1	0.6224
Utilities	1.3827	2.4	0.1491
Insurance	2.0625	10.8	0.5368
Business Services	1.5388	13.1	0.5273

Note: *indicates the number of jobs per \$1 million in spending.

Source: IMPLAN.

These multipliers reflect IMPLAN's latest available economic data reflecting 2014 transactions and the complex interactions among regions.

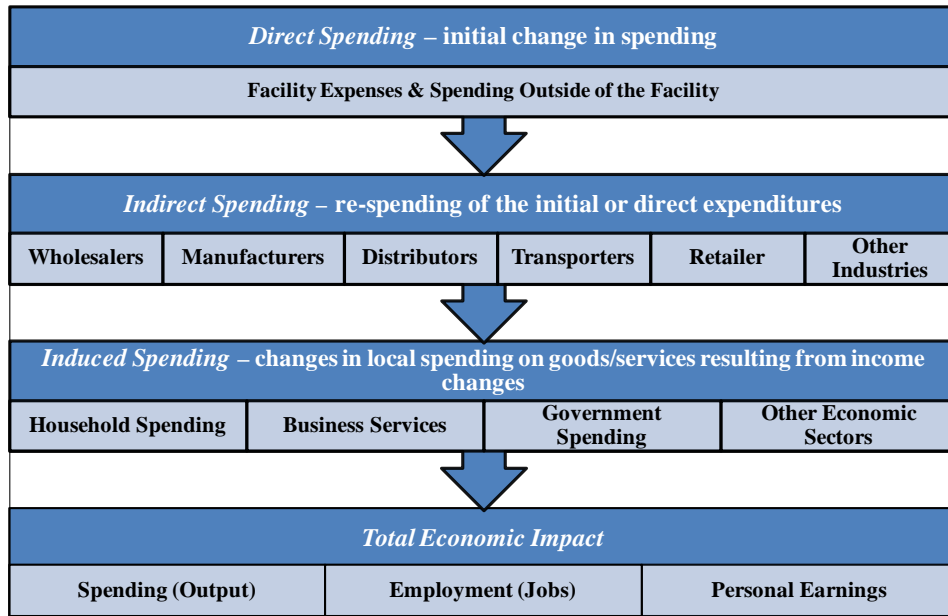
Total Economic Impact

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 the potential new indoor sports facility. 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 the potential new indoor sports facility. 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 the potential new indoor sports facility. 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 potential new indoor sports facility creates tax revenues for Escambia 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 and corporate income tax, as well as tourist development tax and professional sports franchise tax at the County level.

Annual Economic Impacts from On-Going Operations

The table below summarizes the estimated annual economic impacts generated from on-going operations of the potential new indoor sports facility in terms of direct, indirect/induced and total spending, total jobs and total earnings and is followed by a discussion of each component.

Potential New Indoor Sports Facility in Escambia County						
Estimate of Annual Economic Impacts Generated from On-Going Operations (Stabilized Year)						
Category	Escambia County			State of Florida		
	Range			Range		
Spending						
Direct Spending	\$24,834,000	-	\$28,454,000	\$26,245,000	-	\$30,069,000
Indirect/Induced Spending	12,951,000	-	14,835,000	13,694,000	-	15,685,000
Total Spending	\$37,785,000	-	\$43,289,000	\$39,939,000	-	\$45,754,000
Total Jobs	450	-	520	480	-	550
Total Earnings	\$12,694,000	-	\$14,551,000	\$13,422,000	-	\$15,383,000

Note: State amounts include local amounts.

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 potential new indoor sports facility as well as attendee spending outside of the facility. Adjustments were made in order to account for leakage and displacement and better reflect the direct spending that would occur in the local area and the State.

Budgetary Spending – Based on estimated financial operations for the potential new indoor sports facility presented previously, direct spending from operating expenses is estimated to range from approximately \$986,000 to \$1.1 million in the State, of which approximately \$906,000 to \$974,000 is estimated to occur in the local area. 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 of the Potential New Indoor Sports Facility - 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 tournament attendees (which generate hotel room nights) and low impact tournament attendees and assigned different spending amounts based on the survey of potential users and data provided by secondary sources. These spending amounts were then allocated among various categories including lodging, eating and drinking places, retail, entertainment/recreation and transportation. For purposes of this analysis, a spending amount of \$150 per day for high impact tournament attendees and \$50 per day for low impact tournament attendees were utilized. Based on these and other assumptions, direct event attendee spending outside of the potential new indoor sports facility is estimated to range from approximately \$25.3 million to \$29.0 million at the State level, of which approximately \$23.9 million to \$27.5 million is estimated to occur at the local level.



Given the anticipated level of play for the league activity at the potential new indoor sports facility, there may be additional direct spending that occurs in Escambia County from participants/spectators who come from outside the area which is not reflected in this analysis to provide a more conservative approach.

Summary of Direct Spending Inputs - Based on these assumptions, the direct spending related to on-going operations and attendee spending outside the potential new indoor sports facility is estimated to range from \$26.2 million to \$30.1 million in the State, of which \$24.8 million to \$28.5 million in estimated to occur in the local area.

Potential New Indoor Sports Facility in Escambia County						
Summary of Estimated Annual Direct Spending Generated From On-Going Operations (Stabilized Year)						
Category	Escambia County		State of Florida			
	Range		Range			
Budgetary Spending	\$906,000	-	\$974,000	\$986,000	-	\$1,062,000
Attendee Spending Outside the Facility	\$23,928,000	-	\$27,480,000	\$25,259,000	-	\$29,007,000
Total	\$24,834,000	-	\$28,454,000	\$26,245,000	-	\$30,069,000

Note: State amounts include local amounts.

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 in order 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. According to the IMPLAN model, indirect/induced spending spurred by the potential new indoor sports facility is estimated to generate between \$13.7 million to \$15.7 million in the State, of which approximately \$13.0 million to \$14.8 million is estimated to occur in the local area.

Total Spending

Outputs from the IMPLAN model indicate that total (i.e., direct, indirect and induced) spending is estimated to range from \$39.9 million to \$45.8 million in the State, of which approximately \$37.8 million to \$43.3 million is estimated to occur in the local area. Dividing the total impacts by the direct impacts yields an economic multiplier of approximately 1.52. Thus, every dollar of direct spending is estimated to generate \$1.52 in total economic activity.

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 potential new indoor sports facility is estimated to generate between 480 and 550 total jobs in the State, of which 450 to 520 are estimated to be generated in the local area. 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 total earnings generated from the on-going operations of the potential new indoor sports facility are estimated to range from \$13.4 million to \$15.4 million in the State, of which approximately \$12.7 million to \$14.6 million would be generated in the local area.

Annual Fiscal Impacts from On-Going Operations

As shown below, annual fiscal impacts (or tax revenues) generated from on-going operations of the potential new indoor sports facility are estimated to range from approximately \$802,000 to \$921,000 in Escambia County and \$1.8 million to \$2.0 million at the State level.

Potential New Indoor Sports Facility in Escambia County			
Estimate of Annual Fiscal Impacts Generated from On-Going Operations (Stabilized Year)			
Municipality/Tax	Range		
Escambia County			
Discretionary Sales and Use Tax ¹	\$444,000	-	\$510,000
Tourist Development Tax	168,000	-	193,000
Half-Cent Sales Tax Sharing	148,000	-	171,000
State Revenue Sharing	42,000	-	47,000
Subtotal	\$802,000	-	\$921,000
State of Florida			
Sales and Use Tax	\$1,681,000	-	\$1,933,000
Corporate Income Tax	96,000	-	110,000
Subtotal	\$1,777,000	-	\$2,043,000
Grand Total	\$2,579,000	-	\$2,964,000

Note: ¹Also referred to as Local Option Sales Tax.

The following pages outline significant assumptions utilized in this fiscal impact analysis.

Escambia County Taxes

Tourist Development Tax – Escambia County imposes several taxes on accommodations rented for less than six months at a combined rate of 4.0%. A Tourist Development Tax (TDT) of 2.0%, an additional TDT of 1.0% and a Professional Sports Franchise Facility Tax of 1.0% are all applied to short-term accommodation rentals. The statute allows proceeds from these tourist development taxes to be allocated to the acquisition and operation of convention centers, sport stadiums arenas, auditoriums and museums; the promotion and/or advertisement of tourism; and the funding of tourist and convention bureaus and tourist information centers. In Escambia County, proceeds from these taxes are allocated to various visitor amenities and marketing agencies including Visit Pensacola, Pensacola Sports, the Bay Center operations, various museums, marine resources, and other arts/culture/ entertainment. Total TDT tax collections for FY 2016 are estimated to be \$8.1 million. For purposes of this analysis, the 4.0% tourist development tax is applied to the estimate of County-level direct hotel spending.

Discretionary Sales and Use Tax – Escambia County applies a discretionary sales tax to the sale, rental, lease or license to use certain property or goods (tangible personal property) and certain services, unless the transaction is specifically exempt. The general tax rate is 1.5% and is approved by voter referendum in 10-year increments. The current tax was recently extended through 2027. Collections are approved to be used for various projects including transportation improvements, development of recreational facilities and economic development initiatives. For purposes of this analysis, the tax rate is applied to the estimated taxable amount of direct and indirect/induced spending generated from on-going operations of the potential new indoor sports facility.

Half-Cent Sales Tax Sharing – The Half-Cent Sales Tax Sharing is collected by the State and distributed monthly to local governments based on taxable sales within their counties. All participating municipalities and counties share the proceeds based on a population formula. The Half-Cent Sales Tax may be used for any lawful purpose; however, the portion of the county’s proceeds which is based on incorporated area population must only be used for countywide tax relief or countywide programs. Further, the proceeds may be used for the payment of principal and interest on any capital project. Based on Escambia County data provided by the Florida Department of Revenue an effective tax rate of 0.50% is multiplied by the estimated taxable amount of spending generated from on-going operations of the potential new indoor sports facility.

State Revenue Sharing – The State Revenue Sharing Act of 1972 established that funds for certain State-levied tax monies be shared with counties and municipalities. The major sources of these funds distributed are cigarette taxes and sales and use taxes. The State formula for distribution is based upon population and sales tax collections. This revenue source is divided into three parts: the guaranteed entitlement, the second guaranteed entitlement and the balance. The balance varies year-to-year and represents the county’s share of the revenues after deducting the guaranteed entitlements. Only the guaranteed entitlements may be pledged to pay principal and interest on bonds, tax anticipation certificates or any other form of indebtedness. Based on Escambia County data provided by the Florida Department of Revenue an effective tax rate of 0.14% is multiplied by the estimated taxable amount of spending generated from on-going operations of the potential new indoor sports facility.

State of Florida Taxes

Sales and Use Tax – Florida applies sales tax to the sale, rental, lease or license to use certain property or goods (tangible personal property) and certain services in Florida, unless the transaction is specifically exempt. The general tax rate is 6%. This tax source is the State’s largest source of general fund revenue. For purposes of this analysis, the tax rate is applied to the estimated taxable amount of spending generated from on-going operations of the potential new indoor sports facility. The Half-Cent Sales Tax Sharing and State Revenue Sharing estimates noted above are netted from this amount to avoid double counting.

Corporate Income Tax – Corporations and artificial entities that conduct business, or earn or receive income in Florida, including out-of-State corporations, must file a Florida corporate income tax return unless specifically exempt. Florida corporate income tax liability is computed using federal taxable income, modified by certain Florida adjustments, to determine adjusted federal income. Corporate income tax is computed by multiplying a company’s Florida net income by 5.5%. Based on data provided by the Florida Department of Revenue, the total tax liability for the State was approximately 0.24% of Florida’s Gross State Product, a measure of total output in the economy. For purposes of this analysis, this effective tax rate is multiplied by total State-level output.

Construction Impacts

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

Next Steps

A market/site/economic assessment is an initial step in any planning process. Based on the findings and analyses included in this study, if Escambia County chooses to move forward with this project, potential next steps in the development process include the following:

- Approving the proposed general development concept.
- Forming an entity which will lead the development process and develop a strategy to convey on-going planning efforts to appropriate stakeholders as well as keep stakeholders informed and engaged throughout the process.
- Acquiring additional funding sources and realistic goals and timelines to continue to move the project forward.
- Assessing requirements associated with opportunities related to establishing NGB's headquarters, regional training centers, and/or regional/national event activity at the potential new indoor sports facility.
- Refining the recommended program elements into a more detailed spatial program and site plan.
- Selecting and acquiring a definitive site.
- Revising preliminary order-of-magnitude construction cost estimates to reflect site and programmatic refinements.
- Deciding on a marketing and operating strategy for the potential new indoor sports facility including identifying any potential shared resources that may result in on-going operational cost savings.
- Selecting a third party management company that specializes in operating similar types of sports facilities and potentially incorporating a radius clause into the operating agreement that contractually prohibits the management company from managing competitive venues within a certain mileage radius.
- Refining the financial pro forma based on the chosen operating strategy.
- Approaching potential public and private sector funding partners for support.
- Identifying potential financing strategy and related timeline.
- Managing the design, construction and operating phases of the project.

Table of Contents

1	Introduction and Executive Summary	1
2	Local Market Overview	10
3	Supply of Area Sports Facilities	23
4	Key Industry Trends	33
5	Potential Demand Generators	44
6	Market Demand Assessment and Facility Recommendations	60
7	Comparable Facility Case Studies	68
8	Program, Cost Estimate and Site Analysis	87
9	Financial Pro Forma	102
10	Economic and Fiscal Impact Analysis	111
11	Limiting Conditions and Assumptions	122

Limiting Conditions and Assumptions

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

- This analysis has been prepared for Escambia County (Client) for its internal decision-making purposes associated with enhanced/new sports facilities 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 enhanced/new sports facilities 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 indoor sports facility 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.
- Current and anticipated market conditions are influenced by a large number of external factors. 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 indoor sports facility. 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.