Sports Market Business Strategy

SUBMITTED TO
City of Morgan Hill

SUBMITTED BY
Johnson Consulting

DATE
February 9, 2017

DRAFT

JOHNSON CONSULTING
Experts in Convention, Hospitality, Sport and Real Estate Consulting.

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SECTION I

TRANSMITTAL LETTER

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February 9, 2017

Chris Ghione
Community Services Director
City of Morgan Hill
Morgan Hill, CA 95037
Via email: chris.ghione@morganhill.ca.gov
cc: ellief@migcom.com

Re: Sports Market Business Strategy – DRAFT

Dear Mr. Ghione:

Johnson Consulting is pleased to submit this DRAFT report to the City of Morgan Hill detailing our market analysis related to the sports tourism and management of facilities in Morgan Hill. Our report includes a historical overview of existing facilities, an economic and demographic overview, regional facility audit, comparable case studies, industry trends and strategic recommendations.

Johnson Consulting has no responsibility to update this report for events and circumstances occurring after the date of this report. The findings presented herein reflect analyses of primary and secondary sources of information. Johnson Consulting used sources deemed to be reliable, but cannot guarantee their accuracy. Moreover, some of the estimates and analyses presented in this study are based on trends and assumptions which can result in differences between the projected results and the actual results. Because events and circumstances frequently do not occur as expected, those differences may be material. This report is intended for the client's internal use and cannot be used for project underwriting without Johnson Consulting's written consent.

We have enjoyed serving you on this engagement thus far.

Sincerely yours,

DRAFT
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SECTION II

INTRODUCTION AND EXECUTIVE SUMMARY

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INTRODUCTION

The City of Morgan Hill, California ("City") was seeking a qualified consultant to conduct an all-encompassing market assessment, and facility audit of regional sports and recreation venues to include: competitive facility assessments to evaluate improvements versus additions as well as a strategic planning process for such venues and tourism development economic strategies for these sectors. The results of our subsequent analysis will empower the City to make the most informed decisions about potential future development or renovation of facilities, how to operate such facilities, where to place them to optimize return on investment, while enhancing the marketability of year round culture, sports tourism and unique events.

OBJECTIVES OF THE STUDY

Johnson Consulting has undertaken a program of services designed to accomplish the following major objectives:

- **Historical Operations Review:** Provide a review of event demand and attendance at the Morgan Hill Outdoor Sports Center and Morgan Hill Aquatics Center. As part of the review we projected the current economic and fiscal impacts at each facility.

- **Market Study and Strategic Plan:** Review the market conditions in Morgan Hill, meet with stakeholders of the Outdoor Sports Center and Aquatic Center, and conduct a regional facility audit within a 200-mile radius of Morgan Hill to understand any facility gaps in Morgan Hill. Part of this objective will include a strategic plan with respect to sports and recreation facilities so the City can determine if new facility development should be considered, or if the existing facilities can be updated to improve the economic and fiscal impacts of each facility.

In addition to this introduction and methodology review, the report contains the following sections:

- **Section 3:** Presents an economic and demographic overview of Morgan Hill and the regional market. The information in this section is an essential component in understanding the economic and market framework that supports the existing facilities and any new developments.

- **Section 4:** Provides an overview of the Morgan Hill Aquatics Center and Outdoor Sports Center. The overview includes demand and attendance figures from data provided by each facility, and a projection of economic and fiscal impacts resulting from operations. Also included in this section are the results from four intercept surveys conducted at the Outdoor Sports Center and Aquatics Center.

- **Section 5:** This section includes a regional inventory of similar facilities within a 200-mile radius to show the facilities that Morgan Hill competes with for events. Also included in this section is a selection of national case study facilities.

- **Section 6:** Includes current industry trends within the sports industry, including current participation rates for youth and adult sports throughout the United States. Also included in this section are the results of our focus group interviews with stakeholders from the Outdoor Sports Center and Aquatics Center.

- **Section 7:** Presents strategic recommendations and strategies for the City of Morgan Hill.

METHODOLOGY

In order to accomplish these objectives, the program of analysis conducted by Johnson Consulting has undertaken the following research tasks:

- Interviewed stakeholders to gather information, obtain work performed to date, and understand the expectations and objectives of this development.

- Examined regional economic and demographic data and projected regional economic trends relevant to supporting the proposed development.

- Conducted an assessment of programming and utilization of peer sports and entertainment facilities.

- Reviewed the current operating agreement between the City of Morgan Hill and the Outdoor Sports Center.

ABOUT THE CONSULTING TEAM

Johnson Consulting, Inc. was founded in 1996 in Chicago, Illinois and has conducted hundreds of engagements in the U.S., Canada, Central and South America, Asia, Africa, and Europe with a focus on the development of urban renewal districts, public assembly facilities, hotels and surrounding districts, and the broader real estate markets.

Our staff at Johnson Consulting has worked in the real estate planning, hospitality, and sports consulting fields for over 35 years. The majority of this work is focused on planning, market and feasibility studies, economic and fiscal impact assessments, economic development, strategy development, tax analysis and projections, site selection, development consulting, developer and investor recruitment, as well as downtown and suburban development and redevelopment planning. These engagements involve a variety of land uses, including mixed use development districts, retail, office, industrial, housing, and special uses such as hotels, arenas, sports facilities, entertainment and tourism, and specialized development, including university facilities. We perform studies for cities and counties, as well as private developers and quasi-governmental organizations, such as universities and, convention and visitors bureaus and authorities. With both our public and private sector clients, we deliver high-quality work in a timely manner. Numerous repeat engagements with several clients are evidence of our reputation for quality and client satisfaction.

TERMS OF THE ASSIGNMENT

This report is based on estimates, assumptions, actual operating data and other information obtained from our research, our prior experience with similar assignments, and information received from the Management Team and other sources. The sources of information and basis of estimates and assumptions are stated herein. Projections of facility demand, attendance presented within this report are based on Johnson Consulting's assessment of various data, market characteristics, discussions with project stakeholders, and documented assumptions. We cannot represent our projections as results that will actually be achieved.

In accordance with our engagement letter, Johnson Consulting did not ascertain the legal or regulatory requirements applicable to this project, including zoning or other state and local government regulations, permits, and licenses. Furthermore, no effort has been made to determine the possible effect on this project of present or future federal, state, or local legislation, including those related to jurisdictional, environmental, or ecological matters or interpretations thereof.

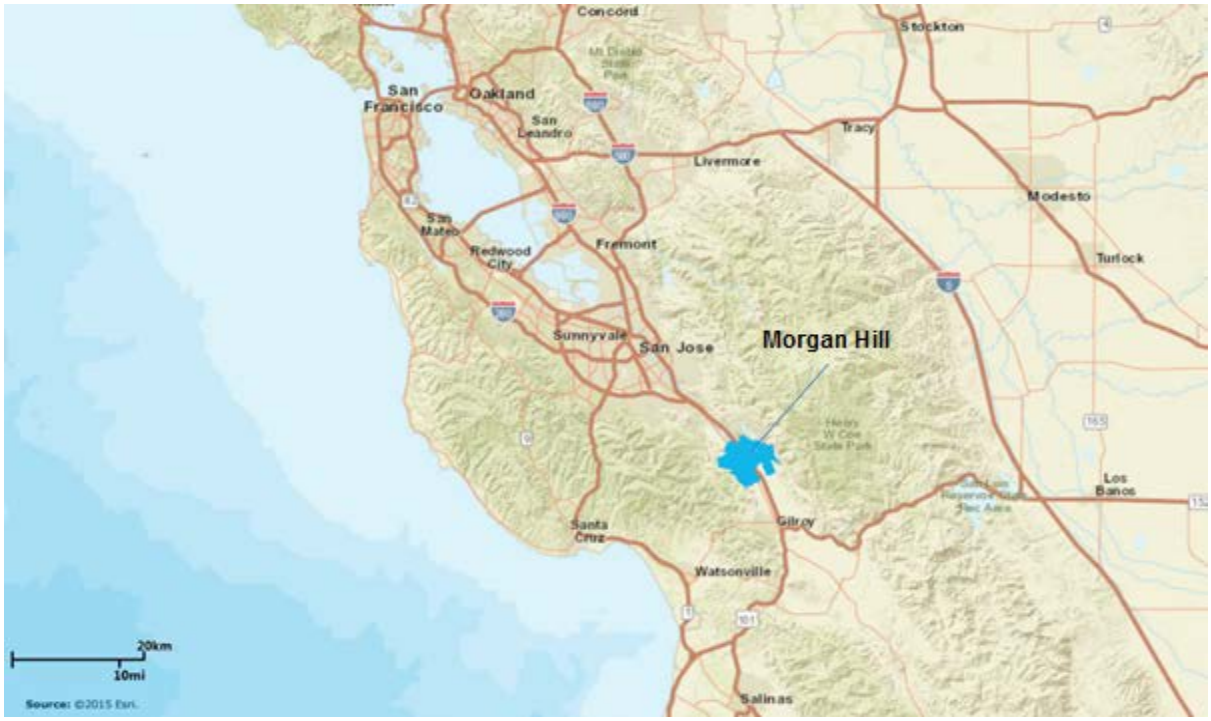
EXECUTIVE SUMMARY

MARKET OVERVIEW

Johnson Consulting examined the current market conditions of Morgan Hill in relation to economic indicators of Santa Clara County, the State of California and the United States. The key objective of this research was to identify structural factors, opportunities and weaknesses that may affect the market's ongoing competitive situation. While characteristics such as population, employment and income are not strict predictors of the success and impact of multi-purpose sports complexes, these factors can provide insight into the capacity of a market to yield ongoing support for the infrastructure associated with a facility, such as potential corporate partners and users of the facility.

Morgan Hill is located off U.S. Route 101 in North-Central California, southeast of San Jose. The growing technology industry in nearby Silicon Valley (30 miles northwest) has had a strong influence on the entire region. Leading companies in the technology sector that are based in Santa Clara County, are providing high-paying and high-skilled employment opportunities in a vacation-type climate, which has driven upward the area's total cost of living. The following map displays Morgan Hill's location in relation to major cities in the surrounding area. In Figure 2-1, Morgan Hill is denoted in light blue in the map below.

Figure 2-1



A strong local population base is important to provide demand for youth sports complex. Most attendees for recurring events, such as local sporting events, will live within a relatively short distance of the facility.

The 2016 population of Morgan Hill was 43,296 residents. This represents a 28% increase from 2000 when the City of Morgan Hill had an estimated resident population of 33,733 persons. Since 2000, the population of Morgan Hill has grown by 28.3 percent to 43,296 residents in 2016. Healthy growth was also observed through the Santa Clara County market and the State of California, during this time.

Table 2-1

Historic & Current Population - Morgan Hill, CA (2000-2016)						
	2000	2010	2016	% Growth 2000-2016	CAGR* 2000-2010	CAGR* 2010-2016
United States	281,421,906	308,745,538	323,580,626	15.0%	0.93%	0.79%
California	33,871,648	37,253,956	38,986,171	15.1%	0.96%	0.76%
Santa Clara County, CA	1,682,585	1,781,642	1,911,024	13.6%	0.57%	1.18%
Morgan Hill, CA	**33,733**	**37,882**	**43,296**	**28.3%**	**1.17%**	**2.25%**

**Compounded Annual Growth Rate*

Sources: Johnson Consulting, Esri ArcGIS BAO

The strength of a market's income level and employment opportunities can also indicate its ability to support a sports complex. Higher income levels typically suggest greater amounts of disposable income, which can be spent on non-essential items such as recreation and entertainment. Wealthy markets will have more income available to spend on team, league, and tournament fees for a sports complex. More importantly, a healthy and diversified economy helps to insulate a region from economic downturns that could affect facility demand.

In 2016, the median household income in Morgan Hill was $96,808 per annum, which was significantly higher than the median household income observed across California ($62,554), and the U.S. ($54,149). The above-average median household income has likely been influenced by the corporate presence – specifically, San Jose, Santa Clara, and Silicon Valley – and reflects a healthy market with disposable income. Looking forward, median household income in California is expected to continue to grow, reaching approximately $107,754 in 2021.

Table 2–2

Median Household Income - Morgan Hill, CA (2016-2021)

	2016	2021	CAGR* 2016-2021
United States	$54,149	$59,476	1.9%
California	$62,554	$71,566	2.7%
Santa Clara County, CA	$94,301	$104,424	2.1%
Morgan Hill, CA	**$96,808**	**$107,754**	**2.2%**

**Compounded Annual Growth Rate*

Sources: Esri ArcGIS BAO, Johnson Consulting

Despite its relatively small population, the City of Morgan Hill is a thriving and successful community whose location in Silicon Valley with proximity to the Bay Area makes it an accessible and highly attractive place to visit. The relatively young and affluent community offers residents several recreational facilities and parks to accommodate the health and wellness needs of its residents. There are also several existing infrastructure resources – from hotels to highways – to accommodate its residents and visitors. Additionally, several outdoor festivals, including Mushroom Mardi Gras, Taste of Morgan Hill and Freedom Fest, are held each year and draw large crowds from outside Morgan Hill.

EXISTING FACILITIES

To provide the City of Morgan Hill with a strategic plan in support of its sports tourism goals, Johnson Consulting conducted a comprehensive market assessment and competitive facility audit. Part of the market assessment consisted of a review of the Outdoor Sports Center (OSC) and Aquatics Center (AC) to understand how they are utilized, the events held at each facility and the economic impacts of each facility.

The review consists of the past two years for the Aquatics Center (2015-2016) and is based on data provided by the Aquatics Center staff. The Outdoor Sports Center review is based on projected events and attendance for 2016 as provided by facility management. Official records were not kept for attendance figures. As a result our economic and fiscal impacts for the OSC are based on projected attendance.

OUTDOOR SPORTS CENTER

FACILITIES: The facility opened in 1994 and received $10 million in upgrades in 2007, including the installation of turf fields and bleachers. The facility is owned by the City of Morgan Hill but is managed by the Morgan Hill Youth Sports Alliance. The Outdoor Sports Center has eleven fields available for play. Nine are traditional grass fields and two are turf fields with lights. These fields accommodate the needs for football, soccer, ultimate frisbee, cricket, and rugby.

DEMAND SCHEDULE: The complex has partnered to be the home facility for the local youth football program the Morgan Hill Raiders, the Orchard Valley Youth Soccer League, South County Outlaws Youth Lacrosse, and the Silicon Valley Stallions Cricket Club.

Aside from this local demand, during the last Fiscal Year (July 2015-June 2016), the Sports Center hosted 33 events attracting approximately 140,000 attendees. The facility is projected to hold a similar number of events during FY 2016-2017.

Table 2-3

Morgan Hill Outdoor Sports Center Outdoor Events (2015-2017)				
	Events	Event Days	Total Attendance*	Attendance/ Day
2015-2016	33	62	229,153	3,696
2016-2017**	31	67	-	-

**Estimated attendance.*
***Projected.*
Sources: Morgan Hill Youth Sports Alliance

PRICING: The prices for renting the facility vary based on field surface and renter type. These costs are provided in the table below.

Table 2-4

Field Rental Rates Morgan Hill Outdoor Sports Center		
Renter Type	Surface Price /Hr	
	Turf	Grass
Home Field Program	$30	$18
Morgan Hill Non-Profit	$35	$25
Morgan Hill Resident	$45	$35
Visitor Non Profit	$60	$45
Visitor	$80	$55
$35/hr for lights		
Sources: MHYSA, MHOSC		

OBSERVATIONS: Overall, the Outdoor Sports Center is in fair condition. The field turf will likely need extended maintenance or replacement, as it is approaching the end of its useful life. Upkeep of the grass fields was the biggest need noticed on our tour of the facility. The facility has permanent lighting for the two turf fields, temporary lighting for the grass fields, and a designated food vendor location. The grass fields are utilized for a variety of events, and most recently were being transitioned to Cricket fields.

MORGAN HILL AQUATICS CENTER

FACILITIES: The Morgan Hill Aquatics Center is an outdoor swimming complex, which opened in 2004. The facility was designed by ELS Architecture and Urban design and is LEED Silver certified. Other amenities include:

- 50 Meter Competition Pool (seventeen-25m lanes)
- 5,000 square-foot Recreation Pool
- Waterslides
- Splash pads
- Community Picnic Arena
- Locker Rooms
- Family Changing Rooms

DEMAND SCHEDULE: The Center was originally developed with the intention of hosting regional and national swim events that would attract visitors to the Morgan Hill Community, but it is also heavily utilized by residents and visitors for recreational swimming. Over the last two years, the Center has held 21 Swim meets over 41 days, attracting almost 37,000 visitors. A breakdown of these events is provided in the table below.

Table 4-1

Morgan Hill Aquatics Center Swim Meets Held				
	Events	Event Days	Total Attendance*	Attendance/ Day
2015	10	20	16,870	844
2016	11	21	19,994	952

**Estimated attendance.*
Sources: Morgan Hill Aquatics Center

OBSERVATIONS: The overall facility is in good shape from an appearance perspective. The 50-meter pool is also utilized as a short-course pool that allows for approximately 17 lanes. The facility is located adjacent to the Outdoor Sports Center and has a shared parking lot. Parking is the biggest issue facing the Aquatics Center. There is also a need for additional deck space to host additional swimmers during large meets. The recreational offerings at the pool are adequate and include recently added cabanas for private parties or gathering spaces for recreational users. The facility was a state-of-the-art development, costing approximately $14 million in 2007.

ECONOMIC AND FISCAL IMPACTS

The economic and fiscal impacts analysis is based on event demand, attendance, and activities at the existing Aquatics Center and Outdoor Sports Center as provided by the City of Morgan Hill and Morgan Hill Youth Sports Alliance. The economic and fiscal impacts are measured by the estimated spending by visitors to the facilities. It should be noted that official attendance figures for events at the OSC were not available. Instead, our projections relied upon projected attendance figures for events held in 2016 provided to us by OSC management.

Economic impact is defined as added spending in an economy that is the direct result of certain activities, facilities, or events. The economic impact analysis associated with the operation of the existing Aquatics Center and Outdoor Sports Center considers all added spending (direct, indirect, and induced) that is generated by the visitation to the facilities, as well as the increase in personal income (or increased earnings), and the number of jobs supported by this spending.

In the analysis, these levels of economic impact are measured:

- **Direct Spending** – are an expression of the spending that occurs as a direct result of the events and activities that occur in the subject facilities. For example, a visitor's expenditures on hotel rooms and meals are a direct economic impact.

- **Indirect Spending** – consist of re-spending of the initial or direct expenditures, or, the supply of goods and services resulting from the initial direct spending in the facilities. For example, a visitor's direct expenditure on a restaurant meal causes the restaurant to purchase food and other items from suppliers. The portion of these restaurant purchases that are within the local, regional, or state economies is counted as an indirect economic impact.

- **Induced Spending** – represent changes in local consumption due to the personal spending by employees whose incomes are affected by direct and indirect spending. For example, a waiter at the restaurant may have more personal income as a result of the trade show attendee's visit. The amount of the increased income the waiter spends in the local economy is considered an induced impact.

- **Increased Earnings/ Personal Income** – measures increased employee and worker compensation related to the events and activities at the facility being analyzed. This figure represents increased payroll expenditures, including benefits paid to workers locally. It also expressed how the employees of local businesses share in the increased outputs.

- **Employment Impact** – measures the number of jobs supported in the study area related to the spending generated as a result of the activities occurring in the facility. Employment impact is stated in a number of full-time equivalent jobs.

Table 2-6 summarizes the estimated economic and fiscal impact of the summer recreation swimming use and Swim Meets activities at the Aquatics Center, combined, annually.

Table 2-6

Morgan Hill Aquatics Center Summer Recreation Swimming Use and Swim Meets, Combined Economic and Fiscal Impact				
Economic Impact ($000)*	**Multiplier**	**Resident Impact**	**Visitor Impact**	**Total***
Direct Spending		$528	$3,368	$3,897
Indirect Spending	0.4500	238	1,516	1,754
Induced Spending	0.3570	189	1,203	1,391
Total Spending		**$955**	**$6,087**	**$7,042**
Increased Earnings	0.5550	293	1,870	$2,163
Employment (FTE Jobs)	12.6057	7	42	49
Fiscal Impact ($000)*	**Tax Rate**	**Resident Impact**	**Visitor Impact**	**Total***
Sales Tax **	8.75%	$46	$284	$330
Transient Occupancy Tax	10.00%	0	23	23
Total Tax Revenue		**$46**	**$307**	**$353**

**Figures are rounded to the nearest thousand*

*** Total sales tax is 8.75%. City of Morgan Hill receives 1% of gross sales, or $38,000.*

Source: Johnson Consulting

As shown in the table, activities at the Aquatics Center are estimated to have generated $7.0 million in total spending, $2.2 million in increased earnings, 49 FTE jobs, and $353,000 in tax revenues, annually. Visitor impact resulting from out-of-town visitors to Morgan Hill is estimated to have included $6.1 million in total spending, $1.9 million in increased earnings, 42 FTE jobs, and $307,000 in tax revenues. Morgan Hill would receive approximately $38,000 in sales tax revenues, $32,000 of which is through visitor impacts.

Table 2-7 summarizes the estimated economic and fiscal impact of the soccer and non-soccer tournaments at the Outdoor Sports Center, combined, annually.

Table 2-7

Morgan Hill Outdoor Sports Center Soccer and Non-Soccer Tournaments (2016) Economic and Fiscal Impact				
Economic Impact ($000)*	**Multiplier**	**Resident Impact**	**Visitor Impact**	**Total**
Direct Spending		$1,134	$5,424	$6,557
Indirect Spending	0.4500	510	2,441	2,951
Induced Spending	0.3570	405	1,936	2,341
Total Spending		**$2,049**	**$9,801**	**$11,849**
Increased Earnings	0.5550	$629	$3,010	$3,640
Employment (FTE Jobs)	12.6057	14	68	83
Fiscal Impact ($000)*	**Tax Rate**	**Resident Impact**	**Visitor Impact**	**Total**
Sales Tax **	8.75%	$90	$432	$522
Transient Occupancy Tax	10.00%	0	42	42
Total Tax Revenue		**$90**	**$474**	**$564**

**Figures are rounded to the nearest thousand*

*** Total sales tax is 8.75%. City of Morgan Hill receives 1% of gross sales, or $60,000.*
Source: Johnson Consulting

As shown in the table, activities at the Outdoor Sports Center are estimated to have generated $11.8 million in total spending, $3.6 million in increased earnings, 83 FTE jobs, and $564,000 in tax revenues, annually. Visitor impact resulting from out-of-town visitors to Morgan Hill is estimated to have included $9.8 million in total spending, $3.0 million in increased earnings, 68 FTE jobs, and $474,000 in tax revenues. Morgan Hill would receive $60,000 of the sales tax revenues, $49,000 of which is through visitor impacts.

The table below provides a summary of the combined projected economic and fiscal impacts of the Aquatics Center and Outdoor Sports Center.

Table 2-8

Aquatics Center and Outdoor Sports Center Economic and Fiscal Impact			
Economic Impact ($000)*	**Aquatics Center**	**Outdoor Sports Center**	**Combined**
Direct Spending	$3,897	$6,557	$10,454
Indirect Spending	$1,754	$2,951	$4,704
Induced Spending	$1,391	$2,341	$3,733
Total Spending	**$7,042**	**$11,849**	**$18,891**
Increased Earnings	$2,163	$3,640	$5,803
Employment (FTE Jobs)	49	83	132
Fiscal Impact ($000)*	**Aquatics Center**	**Outdoor Sports Center**	**Combined**
Sales Tax **	$330	$522	$852
Transient Occupancy Tax	$23	$42	$66
Total Tax Revenue	**$353**	**$564**	**$917**

**Figures are rounded to the nearest thousand*

*** Total sales tax is 8.75%. City of Morgan Hill receives 1% of gross sales, or $97,000.*

Source: Johnson Consulting

Events held at both facilities are estimated to have generated $18.9 million in total spending, $5.8 million in increased earnings, 132 FTE jobs, and $917,000 in tax revenues, annually. Morgan Hill would receive $97,000 of the sales tax revenues, $60,000 of which is through visitor impacts.

RECOMMENDATIONS

Johnson Consulting's recommendations and strategies are presented in three steps that will, through a sustained strategy, contribute to the overall strengthening of the sports tourism marketing and activities in Morgan Hill. The recommendations will also impact local residents through improved facilities and attracting more visitor dollars to the City. The recommendations are detailed below.

STEP ONE – Create Tourism/Destination Management Organization (DMO)

The City of Morgan Hill is well-positioned to grow its tourism marketing efforts to transform into a destination, but Morgan Hill cannot yet compete with more established tournament venues nationally, as these facilities typically benefit from a unified marketing effort from local tourism stakeholders. Hotels, restaurants, entertainment and recreation venues will all collaborate with sports complexes to create travel packages for event owners and participants. Often, this effort is led by a Destination Management Organization (DMO) such as a Convention and Visitors Bureau (CVB) and/or regional sports commission. Morgan Hill lacks a cohesive effort from the tourism resources in town, including hotels, and should benefit

from a more unified effort to generate sports tourism and fully leverage its existing assets.

As an initial step, Johnson Consulting recommends the implementation of a DMO and it should include a specific focus on attracting and creating various sports events for existing and future facilities in Morgan Hill. Without a designated office coordinating tourism and/or sports tourism efforts it is difficult to generate unity within in the marketplace. For example, some of the hotels in Morgan Hill do not seem interested in working with events holders to provide room blocks or hotel rebates for sports tournaments. A sports commission, which could be established under the umbrella of a DMO, could work with all parties to put on the event, attract participants, and get hotels and restaurants on board so that the full economic benefits of an event can be captured in Morgan Hill.

Nationally, such DMO's are also able to secure regional and state tourism grants that will help with marketing efforts to attract events to the marketplace. Additionally, a regional director of special events/ festivals should be appointed who would centralize event scheduling and prepare a monthly event calendar. This effort would help minimize any doubling up of events on particular days and create a common event marketing strategy, allowing for greater attendance at each event.

DMO's are typically setup as not-for profit organizations funded through a variety of sources. Often the funding will come from sales tax, hotel room night tax, or food and beverage tax. Revenues generated by a funding source should be dedicated to tourism marketing efforts, incentives to attract events and tourism product development projects. The organizational structure of a DMO should consist of an advisory board and a smaller executive board.

Partnerships and collaborations with the State, other regional tourism organizations will all be helpful in moving the destination and the DMO forward. Primary partnerships could be established with the Chamber of Commerce (and other business associations), Downtown Organizations, Wineries and economic development groups. The new DMO should have a concentrated focus on the leisure market, SMERFE (Societal, Military, Educational, Religious Fraternal and Ethnic) market, social event market, convention/meeting market and sporting event market to bring a multi-purpose inventory of events in Morgan Hill (This will help protect against becoming too highly leveraged in one particular event market). The future development of tourism products in Morgan Hill should be a major priority for the new DMO. Lastly, the DMO and associated stakeholders should prepare a destination master plan, which determines activity centers, development areas, potential product development, timelines, cost projections, etc.

STEP TWO – Update Existing Facilities

Similar to Step One, the City should continue down the same path of capitalizing and fully leveraging existing assets within the City. The Outdoor Sports Center and Aquatics Center generate the most visitors for sporting events in the City.

1. AQUATICS CENTER

The Aquatics Center is well-positioned for the future and recent upgrades to the facility have made it a suitable venue for everything from recreational swimming to large swim meets sanctioned by USA Swimming. We also observed solid leadership from an operations and management perspective. At this time we feel the Aquatics Center is well-managed and successfully attracts several large swim meets each season. If the City wishes to expand the reach or calendar of events at the Aquatics Center it should be able to do so through the creation of a DMO that can increase marketing efforts of the Aquatics Center.

2. OUTDOOR SPORTS CENTER

Alternatively, the Outdoor Sports Center is in fair condition, and could benefit from several investment updates aimed at maintaining the current event portfolio and potentially attracting new events. The inventory of multipurpose fields in the region is significant and Morgan Hill risks losing events if the facility does not receive routine maintenance and some investment in the following:

- Replace existing FieldTurf
- Install FieldTurf at all multipurpose fields
- Add lighting for each surface
- Consider additional parking
- Improve maintenance and day-to-day operations

The recommendations listed above will improve utilization of the facility at the local and regional level. It will also allow the facility to maintain its current inventory of events and also potentially attract new ones. As more outdoor sports complexes are built, athletes have more options to consider when selecting a complex and will typically choose the complex with the best amenities. The last bullet point above is important and requires further explanation. The facility does a very good job of securing events and thinking outside the box to fill the calendar with events. The use of the grass fields for Cricket is just one example of identifying a non-traditional use for the grass fields. During stakeholder meetings, however, we heard several comments regarding the operations and maintenance at the Outdoor Sports Center, including overall appearance of the facility and condition of the grass fields. For example, multiple stakeholders informed us that some teams had withdrawn from past soccer events due to poor/unsafe field conditions. It is possible, however, that the appearance of the grass fields was due, in part, to the most recent drought experienced through much of California.

Other areas of improvement should include more frequent routine maintenance, prompt event cleanup and proper data collection, including attendance figures for events. The competition for hosting events and attracting users of the facility will grow as more sports complexes are built in the region. Because of the increased competition, it is important to maintain the facility and operate it in a way that gives users a reason

to return for future events. If event hosts or participants are unsatisfied with the quality of a facility they have the ability to select a different sports complex in the future. Proper data collection will help a facility like the OSC understand how it is performing on a year-to-year basis so that if the facility experiences a drop-off in events or attendance they can identify the issue early on and take necessary steps to correct the decline in demand.

STEP THREE – New Facility Development

1. SAND VOLLEYBALL

The City of Morgan Hill should consider a feasibility study to further investigate constructing a dedicated sand volleyball facility. This facility should be capable of hosting large tournaments and the City should consider all or some of the following components:

- 20 sand courts
- Berm seating for spectators
- Shade structures
- Lighting
- Quality sand
- Fencing to block wind and keep out animals

The development of the proposed sand volleyball facility would require approximately 3 acres of land. Sand volleyball facilities do not require a large investment, typically $10,000 - $15,000 per court and also have very low maintenance costs.

Sand Volleyball facilities are scarce throughout the United States. There is a need for Sand Volleyball facilities throughout the country, as demand for large sand volleyball complexes far exceeds existing supply. As the sport grows in popularity, so too will the demand for this type of sports complex. For example, there is demand for a sand volleyball complex from the following groups in California: USA Volleyball, AAU/Club programs, NCAA programs, Jr. College teams, Northern California Volleyball Association (NCVA), and California Beach Volleyball Association (CBVA). Any one of these groups could not only look to use the facility for practice, clinics and tournaments but could also represent a potential partner for Morgan Hill to develop the complex or become an anchor tenant. A facility in Morgan Hill could also be used by teams in cold-weather climates looking to train in the winter months for week-long trips.

When developing sports facilities, however, it is critical to develop multi-purpose facilities to meet the increase or decrease in long-term demand. Sports that are popular today will not necessarily be popular in 10-15 years and the City of Morgan Hill should consider this when choosing the program of facilities. Sand Volleyball courts, for example, can also be used for Beach Rugby – a new sport that requires two sand volleyball courts per match and should be considered for this facility given the popularity of rugby in the Bay

Area. Also, if the surfaces are part of a larger, multipurpose facility that offers other surfaces, like outdoor fields, it could become a large multipurpose complex that is capable of hosting a variety of sporting and non-sporting events, thereby increasing the chances for long-term success and viability of the facility.

2. MULTIPURPOSE INDOOR FACILITY

We recommend the City also consider a feasibility study on the development of a multipurpose indoor facility. Focus group and stakeholder conversations made it clear that there is local demand for indoor space for sports and non-sporting events, particularly during the winter months. The facility could also be attractive for athletes and teams from cold-weather climates that are looking for winter training locations.

Initially, the facility will cater to local use for practice, camps, clinics and local tournaments. Once the market has time to mature and a DMO can be developed the City can begin to consider expansion of the facility to accommodate larger events. The space should be flexible to accommodate as many uses as possible. A new facility should include some or all of the following base amenities:

- Indoor turf field (200' x 85')
- 4-6 hardcourts surfaces
- Retail space
- Locker rooms
- Meeting Rooms/Community space

A facility with this type of program will be approximately 85,000 square feet and would require approximately three acres of land (including parking). The cost of such a facility will depend on a number of factors, including land acquisition, new-build versus renovation of an existing structure, building materials and facility amenities. As such, it is difficult to provide a price estimate, however a feasibility study could include potential cost estimates.

3. BASEBALL AND SOFTBALL COMPLEX

Lastly, the City of Morgan Hill should consider an investment in local baseball and softball fields. Given the inventory of existing baseball complexes regionally, the new fields should focus on an investment at the local level since the regional tournament market is saturated with baseball and softball complexes. As shown in Section 5, the regional baseball and softball market is saturated with facilities with four competitive baseball facilities located within a 50-mile radius of Morgan Hill. Therefore, it would be more practical for the City to focus on local baseball and softball needs in the short term, including practice, leagues and potentially local tournaments. If the goal is to attract sports tourism through large tournaments, it would make more sense for Morgan Hill to invest in a different facility type – one that is not common throughout the region.

The City has purchased land in the South East Quadrant that would be ideal for baseball/softball fields. Local

participation is strong at the youth level, but there is a shortage of local fields in both sports, particularly for practice. The inventory of local fields includes those at Britton School, Burnett School and El Toro School. We met with representatives of both sports who have resorted to hosting practices on the properties of local residents, essentially in their backyards. Adding new fields to the Morgan Hill market would allow for an inventory of practice fields and quality game fields for local games and tournaments. Additionally, if new fields are built with Field Turf they can be lined for other sports such as soccer, rugby, or lacrosse to allow for multipurpose use like Twin Creeks Sports Complex in Sunnyvale. This could allow for additional fields to be used in conjunction with the OSC for larger tournaments.

A new facility in Morgan Hill should consider some or all of the following components:

- Four baseball/softball fields with lights (wheel configuration)
- Field Turf surface with outlines for soccer/lacrosse fields
- Concession stand with two points of sale
- Temporary fencing to accommodate different field dimensions
- Restrooms
- Batting cages/ throwing tunnels

The cost of such a facility will depend on a number of factors, including building materials, field dimensions and amenities. As such, a price estimate cannot be provided at this time. Further investigation into the viability of such a complex should be conducted and should include a cost estimate.

4. PARKING & POTENTIAL ADJACENT REAL ESTATE DEVELOPMENT

There will have to be parking considerations depending on the location of these new facilities, especially if any of them are located at the OSC/AC site. With parking already a challenge at the site, adding any additional facilities or events will require expanded parking inventory.

The City of Morgan Hill may also want to consider non-sports facility development in some strategic locations near the existing athletic facilities. There could be areas of opportunity for other new real estate uses as the City looks to grow its sports facilities and attract more visitors. For example, additional hotels, gas stations, restaurants and specialty retail could be ways to capture additional visitor dollars. Any new real estate development should be preceded by further studies as the scope of this study did not consider other real estate uses.

SECTION III

ECONOMIC & DEMOGRAPHIC OVERVIEW

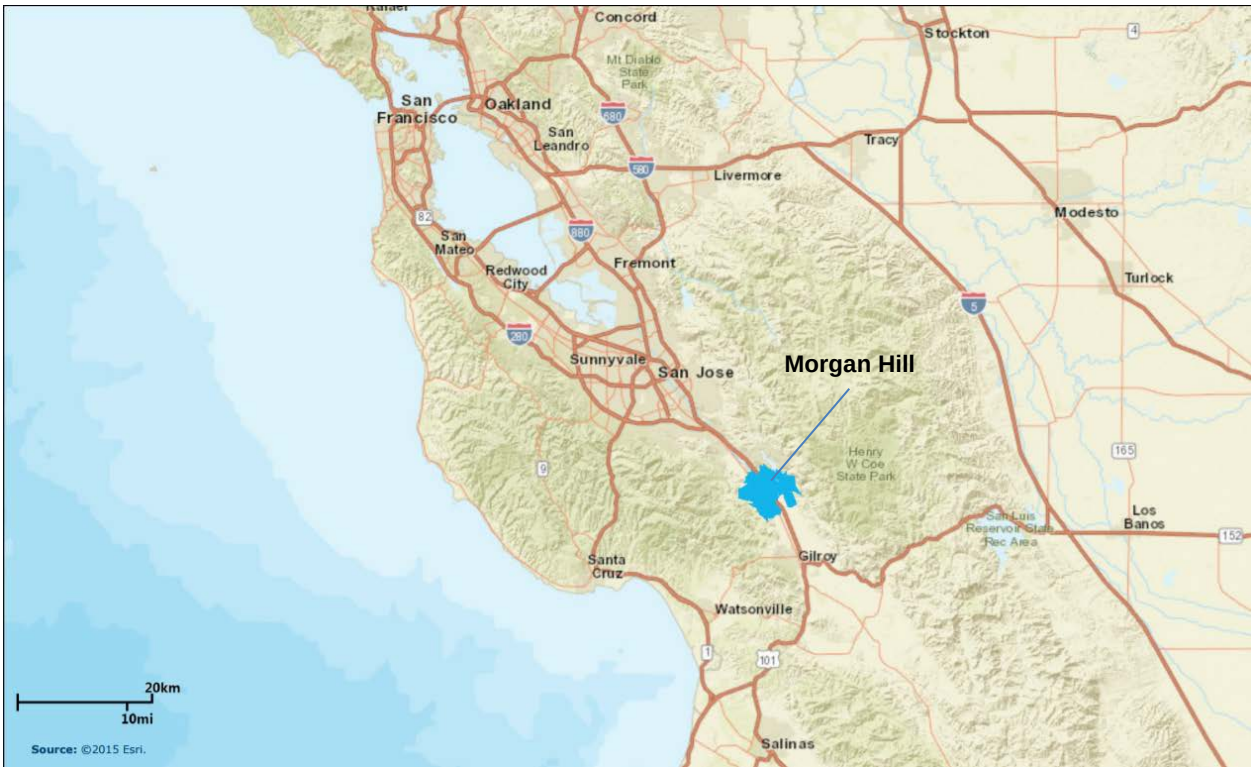
MARKET ANALYSIS

Johnson Consulting examined the current market conditions of Morgan Hill in relation to economic indicators of Santa Clara County, the State of California and the United States. The key objective of this research was to identify structural factors, opportunities and weaknesses that may affect the market's ongoing competitive situation. While characteristics such as population, employment and income are not strict predictors of the success and impact of indoor multi-purpose sports complexes, these factors can provide insight into the capacity of a market to yield ongoing support for the infrastructure associated with a facility, such as potential corporate partners and users of the facility.

MARKET OVERVIEW

Morgan Hill is located off U.S. Route 101 in North-Central California, southeast of San Jose. The growing technology industry in nearby Silicon Valley (30 miles northwest) has had a strong influence on Santa Clara County. Leading companies in the technology sector that are based in Santa Clara County, are providing high-paying and high-skilled employment opportunities in a vacation-type climate, which has driven upward the area's total cost of living. The following map displays Morgan Hill's location in relation to major cities in the surrounding area. In Figure 3-1, Morgan Hill is denoted in light blue in the map below.

Figure 3-1



POPULATION CHARACTERISTICS

Population figures were gathered through ERSI Online Business Analyst database. The population data gathered is the most current information available and the City and County data is consistent with the population statistics found in the City of Morgan Hill 2035 General Plan.

TOTAL POPULATION

A strong local population base is important to provide demand for youth sports complex. Most attendees for recurring events, such as local sporting events, will live within a relatively short distance of the facility.

The 2016 population of Morgan Hill was 43,296 residents. This represents a 28% increase from 2000 when the City of Morgan Hill had an estimated resident population of 33,733 persons. Since 2000, the population of Morgan Hill has grown by 28.3 percent to 43,296 residents in 2016. Healthy growth was also observed through the Santa Clara County market and the State of California, during this time.

Table 3-1

Historic & Current Population - Morgan Hill, CA (2000-2016)

	2000	2010	2016	% Growth 2000-2016	CAGR* 2000-2010	CAGR* 2010-2016
United States	281,421,906	308,745,538	323,580,626	15.0%	0.93%	0.79%
California	33,871,648	37,253,956	38,986,171	15.1%	0.96%	0.76%
Santa Clara County, CA	1,682,585	1,781,642	1,911,024	13.6%	0.57%	1.18%
Morgan Hill City, CA	**33,733**	**37,882**	**43,296**	**28.3%**	**1.17%**	**2.25%**

**Compounded Annual Growth Rate*
Sources: Johnson Consulting, Esri ArcGIS BAO

PROJECTED POPULATION GROWTH

The population forecasts displayed in the following table were sourced from the City of Morgan Hill's 2035 General Plan. This report contains the projected populations for the Bay Area (a nine-county area including; San Francisco, Oakland, and San Jose), Santa Clara County, and Morgan Hill through 2035. The populations we examined are projected to grow approximately 20 percent by 2035. Morgan Hill is expected to grow by 21 percent to 48,400 residents in 2035. This represents an average annual growth of over 0.97 percent, which is like that of the projected annual growth rate in the County (1.03 percent).

Table 3-2

Projected Population Growth - Morgan Hill, CA (2015-2035)							
	2015	2020	2025	2030	2035	% Growth 2015-2035	CAGR* 2016-2021
Bay Area, CA	7,461,400	7,786,800	8,134,000	8,496,800	8,889,000	19.13%	0.88%
Santa Clara County, CA	1,877,700	1,977,900	2,080,600	2,188,500	2,303,500	22.68%	1.03%
Morgan Hill City, CA	**39,900**	**41,900**	**43,900**	**46,100**	**48,400**	**21.30%**	**0.97%**

*Compounded Annual Growth Rate
Sources: Morgan Hill 2035 General Plan, Johnson Consulting

AGE CHARACTERISTICS

AGE DISTRIBUTION

The success of a multi-purpose sports complex will lie in its ability to develop a program that appeals to a broad cross-section of the marketplace. A market's age composition can be a decisive factor in determining potential event demand, as certain types of events appeal to specific age groups. Sports are unique as they can target a wide range of attendees, from youth to senior citizens. Age characteristics can also determine the likelihood of an area to develop into a possible sports tourist location, from having enough workers to support the industry, to influencing what types of tourists are attracted to the area.

Table 3-3 summarizes the age distribution of the Morgan Hill market, County, State, and Country. The table shows a strong youth population (27.3 percent between ages 5-19) as well as a strong senior adult population (28 percent ages 55 and older). These are two critical age groups for Morgan Hill to consider when understanding the potential demand for sports facilities.

The age distribution of Morgan Hill primarily differs from that of the U.S. because of its higher concentration of residents ages 14 and younger. As of 2016, 20.6 percent of the City of Morgan Hill's residents were 14 and younger, the greatest portion of this segment being residents between the ages of 10 and 14, which made up 7.3 percent. The proportion of residents under the age of 14 is larger than that of Santa Clara County (18.9 percent), California (19.1 percent), and the U.S. (19.0 percent).

Table 3- 3

Age Distribution - Morgan Hill, CA (2016)				
Age Group	**Morgan Hill City, CA**	**Santa Clara County**	**California**	**United States**
0-4	**6.6%**	6.3%	6.5%	6.2%
5-9	**6.7%**	6.2%	6.2%	6.3%
10-14	**7.3%**	6.4%	6.4%	6.5%
15-19	**6.6%**	6.1%	6.3%	6.6%
20-24	**5.5%**	6.0%	6.6%	7.1%
25-29	**6.5%**	7.2%	7.7%	6.9%
30-34	**6.5%**	7.5%	7.8%	6.7%
35-39	**6.5%**	7.3%	7.2%	6.3%
40-44	**6.5%**	6.9%	6.4%	6.3%
45-49	**6.5%**	6.7%	6.0%	6.4%
50-54	**6.8%**	6.7%	6.1%	6.9%
55-59	**7.0%**	6.4%	6.1%	6.8%
60-64	**6.3%**	5.8%	5.8%	6.0%
65-69	**5.0%**	4.7%	4.9%	5.1%
70-74	**4.0%**	3.8%	3.9%	3.7%
75-79	**2.6%**	2.6%	2.6%	2.6%
80-84	**1.6%**	1.7%	1.7%	1.8%
85+	**1.5%**	1.7%	1.8%	1.9%
Youth Sport Participants				

Sources: Johnson Consulting, Ersi ArcGIS BAO

MEDIAN AGE

In 2016, the median age of Morgan Hill residents was 37.3 years, which was higher than the median age in California (35.8 years) and Santa Clara County (37.1 years). The median age statistics confirms that Morgan Hill has a relatively high concentration of children residents (ages 0-14) that is balanced out by the lack of its young adult population (ages 20-34). These figures suggest that there will be a high supply of young children who are potentially in need of sports facilities now and soon, but this concentration could be an anomaly within the Morgan Hill's population's age distribution, which is corrected in the next generation.

Table 3-4

Median Age- Morgan Hill, CA (2010-2021)					
	2010	2016	2021	Growth 2010-2016	Growth 2016-2021
United States	37.1	38.0	38.7	0.9	0.7
California	35.2	35.8	36.7	0.6	0.9
Santa Clara County, CA	36.2	37.1	37.9	0.9	0.8
Morgan Hill City, CA	**36.6**	**37.3**	**38.3**	**0.7**	**1.0**

Sources: Johnson Consulting, Ersi ArcGIS BAO

INCOME AND EMPLOYMENT

The strength of a market's income level and employment opportunities can also indicate its ability to support a sports complex. Higher income levels typically suggest greater amounts of disposable income, which can be spent on non-essential items such as recreation and entertainment. Wealthy markets will have more income available to spend on team, league, and tournament fees for a sports complex. More importantly, a healthy and diversified economy helps to insulate a region from economic downturns that could affect facility demand.

MEDIAN HOUSEHOLD INCOME

In 2016, the median household income in Morgan Hill was $96,808 per annum, which was significantly higher than the median household income observed across California ($62,554), and the U.S. ($54,149). The above-average median household income has likely been influenced by the corporate presence – specifically, San Jose, Santa Clara, and Silicon Valley – and reflects a healthy market with disposable income. Looking forward, median household income in California is expected to continue to grow, reaching approximately $107,754 in 2021.

Table 3–5

Median Household Income - Morgan Hill, CA (2016-2021)			
	2016	2021	CAGR* 2016-2021
United States	$54,149	$59,476	1.9%
California	$62,554	$71,566	2.7%
Santa Clara County, CA	$94,301	$104,424	2.1%
Morgan Hill City, CA	**$96,808**	**$107,754**	**2.2%**

**Compounded Annual Growth Rate*
Sources: Esri ArcGIS BAO, Johnson Consulting

UNEMPLOYMENT

Table 3-7 shows labor force data and annual unemployment rates from 2000-2016 for Santa Clara County, San Jose-Sunnyvale-Santa Clara MSA, state of California and the U.S. This information helps show the economic health and stability of a community such as Morgan Hill. Unemployment rates also show the ability of a community to attract visitors and, potentially, new residents.

Between 2009 and 2012 the state of California had a double-digit unemployment rate, but it has trended downward steadily since then to a more manageable 8.5 percent. The recession in 2009 and the crash of the housing markets were main factors in the surge in unemployment throughout California and the United States. Since 2009, the unemployment rates among Santa Clara County and the San Jose-Sunnyvale-Santa Clara MSA have trended downwards, reaching 3.8 percent and 3.4 percent respectively in 2016.

Table 3-7

Unemployment Rate* - United States, California, & Santa Clara County (2000-2016)			
Year	**United States**	**California**	**Santa Clara County**
2000	4.0%	4.9%	3.1%
2001	4.7%	5.4%	5.1%
2002	5.8%	6.7%	8.3%
2003	6.0%	6.7%	8.3%
2004	5.5%	6.2%	6.4%
2005	5.1%	5.4%	5.3%
2006	4.6%	4.9%	4.5%
2007	4.6%	5.4%	4.7%
2008	5.8%	7.3%	6.0%
2009	9.3%	11.2%	10.6%
2010	9.6%	12.2%	10.4%
2011	8.9%	11.7%	9.3%
2012	8.1%	10.4%	7.9%
2013	7.4%	8.9%	6.5%
2014	6.2%	7.5%	5.1%
2015	6.4%	6.2%	4.2%
2016*	4.9% (P)	5.5% (P)	3.8% (P)

Average Annual Rate (seasonally unadjusted)*
Sources: U.S. Bureau of Labor Statistics, Ersi BAO, Johnson Consulting

CORPORATE PRESENCE

A strong business presence can be an important factor in the success of a youth sports facility, because local businesses can attract residents to an area, provide disposable income, and support facilities through donations, advertising, and their requirement for event space. The following table shows the largest public and private employers in Morgan Hill.

Table 3-8

Largest Employers in Morgan Hill (2016)		
Employer	**Industry**	**Number of Employees**
Morgan Hill School District	Education	-
Anritsu Company	Equipment Testing	529
Specialized Bicycle Components	Bicycle & Parts Manufacturer	400
Flextronics International USA, Inc.	Business Solutions	357
Paramit Corporation	Electronics Contract Manufacturer	310
Lusamerica Foods, Inc	Seafood Distributor	240
Safeway Inc.	Grocery Store	240
Mission Bell Mfg., Inc.	Cabinet Manufacturers	193

Sources: Johnson Consulting, Morgan Hill

Notable Companies based in the Greater Silicon Valley Area include the following:

- Apple Inc., (Cupertino)
- Advance Micro Devices (Sunnyvale)
- Hewlett Packard (Palo Alto)
- Electronic Arts (Redwood City)
- Cisco (San Jose)
- Google (Mountain View)
- Facebook (Menlo Park)
- TESLA Motors (Palo Alto)

TOURISM INFRASTRUCTURE

To attract sports and special event tourists to the market it is necessary to have a sufficient infrastructure of hotels, restaurants and entertainment. A strong tourism infrastructure will allow a market to experience the full economic benefits of this type of facility.

ACCESSIBILITY

Morgan Hill is in the center of Santa Clara County on the southeast outskirts of Metropolitan San Jose. There are several options when traveling to, from, and around Morgan Hill.

- **AIRPORT:** Mineta San Jose International Airport is located 25 miles northwest of Morgan Hill with service from fourteen airlines, including Delta, United, Southwest, and American Airlines.
- **ROAD:** U.S. Route 101 runs (northwest to southeast) through Morgan Hill, connecting it with San Jose and San Francisco to the north and Los Angeles to the south.
- **PUBLIC TRANSIT:** The local rail system, Caltrain, provides limited service to Morgan Hill, during traditional commuter hours. Currently, there is no public transit service to the Outdoor Sports Center and Aquatics Center.

HOTEL INVENTORY

Table 3-10 below shows that Morgan Hill has over 650 rooms offered by hotels with at least 50 rooms. This is a standard number of hotels rooms for a market of this size and could be sufficient for hosting some regional events. Many of these hotels are approaching the end of their useful life and the City should continue to update the hotel infrastructure.

Table 3-10

Local Hotel Inventory: Morgan Hill	
Hotels*	**Rooms**
Hampton Inn Morgan Hill	106
La Quinta Inn & Suites	104
Courtyard San Jose South / Morgan Hill	90
Residence Inn San Jose/Morgan Hill	90
Holiday Inn Express & Suites San Jose-Morgan Hill	85
Quality Inn, Morgan Hill	83
Microtel Inn & Suites by Wyndham Morgan Hill	60
Comfort Inn & Suites Morgan Hill	51
Total Rooms	**669**

**Hotels with 50 or more rooms within a 30-minute drive-time*

Sources: Mpoint, Hotel Websites, Mapquest and Johnson Consulting

PORTFOLIO OF SPECIAL EVENTS / POINTS OF INTEREST

The City of Morgan Hill plays host to several special events and festivals throughout the year that provide social and entertainment activities to both residents and regional visitors. Points of interest in Morgan Hill include the following events and attractions:

- Mushroom Mardi Gras
- Taste of Morgan Hill
- Freedom Fest
- Morgan Hill Marathon
- Tierra Bella Bicycle Tour
- Coyote Creek Trail

- Henry W. Coe State Park
- Coyote-Lake Harvey Bear Ranch Park
- Anderson Lake County Park
- Downtown Morgan Hill
- Year-round Farmers' Market
- Dozens of award winning wineries
- Santa Clara Valley Wine Trail

OBSERVATIONS

Despite its relatively small population, the City of Morgan Hill is a thriving and successful community. Its location in Silicon Valley with proximity to the Bay Area makes it an accessible and highly attractive place to visit. The relatively young and affluent community offers residents several recreational facilities and parks to accommodate the health and wellness needs of its residents. There are also several existing infrastructure resources – from hotels to highways – to accommodate its residents and visitors. Additionally, several outdoor festivals, including Mushroom Mardi Gras, Taste of Morgan Hill and Freedom Fest, are held each year and draw large crowds from outside Morgan Hill.

SECTION IV

EXISTING FACILITIES OVERVIEW AND IMPACTS

EXISTING FACILITIES REVIEW

To provide the City of Morgan Hill with a strategic plan in support of its sports tourism goals, Johnson Consulting conducted a comprehensive market assessment and competitive facility audit. Part of the market assessment consisted of a review of the Outdoor Sports Center (OSC) and Aquatics Center (AC) to understand how they are utilized, the events held at each facility and the economic impacts of each facility. The review consists of the past two years for the Aquatics Center (2015-2016) and is based on data provided by the Aquatics Center staff. The Outdoor Sports Center review is based on projected events and attendance for 2016 as provided by facility management. Official records were not kept for attendance figures. As a result our economic and fiscal impacts for the OSC are based on projected attendance.

OUTDOOR SPORTS CENTER

FACILITIES: The facility opened in 1994 and received $10 million in upgrades in 2007, including the installation of turf fields and bleachers. The facility is owned by the City of Morgan Hill but is managed by the Morgan Hill Youth Sports Alliance. The Outdoor Sports Center has eleven fields available for play. Nine are traditional grass fields and two are turf fields with lights. These fields accommodate the needs for football, soccer, ultimate frisbee, cricket, and rugby.

DEMAND SCHEDULE: The complex has partnered to be the home facility for the local youth football program the Morgan Hill Raiders, the Orchard Valley Youth Soccer League, South County Outlaws Youth Lacrosse, and the Silicon Valley Stallions Cricket Club.

Aside from this local demand, during the last Fiscal Year (July 2015-June 2016), the Sports Center hosted 33 events attracting approximately 140,000 attendees. The facility is projected to hold a similar number of events during FY 2016-2017.

Table 4-1

Morgan Hill Outdoor Sports Center Outdoor Events (2015-2017)				
	Events	Event Days	Total Attendance*	Attendance/ Day
2015-2016	33	62	229,153	3,696
2016-2017**	31	67	-	-

**Estimated attendance.*
***Projected.*
Sources: Morgan Hill Youth Sports Alliance

PRICING: The prices for renting the facility vary based on field surface and renter type. These costs are provided in the table below.

Table 4-2

Field Rental Rates Morgan Hill Outdoor Sports Center		
Renter Type	Surface Price /Hr	
	Turf	Grass
Home Field Program	$30	$18
Morgan Hill Non-Profit	$35	$25
Morgan Hill Resident	$45	$35
Visitor Non Profit	$60	$45
Visitor	$80	$55
$35/hr for lights		
Sources: MHYSA, MHOSC		

OBSERVATIONS: Overall, the Outdoor Sports Center is in fair condition. The field turf will likely need extended maintenance or replacement, as it is approaching the end of its useful life. Upkeep of the grass fields was the biggest need noticed on our tour of the facility. The facility has permanent lighting for the two turf fields, temporary lighting for the grass fields, and a designated food vendor location. The grass fields are utilized for a variety of events, and most recently were being transitioned to Cricket fields.

MORGAN HILL AQUATICS CENTER

FACILITIES: The Morgan Hill Aquatics Center is an outdoor swimming complex, which opened in 2004. The facility was designed by ELS Architecture and Urban design and is LEED Silver certified. Other amenities include:

- 50 Meter Competition Pool (seventeen-25m lanes)
- 5,000 square-foot Recreation Pool
- Waterslides
- Splash pads
- Community Picnic Arena
- Locker Rooms
- Family Changing Rooms

DEMAND SCHEDULE: The Center was originally developed with the intention of hosting regional and national swim events that would attract visitors to the Morgan Hill Community, but it is also heavily utilized by residents and visitors for recreational swimming. Over the last two years, the Center has held 21 Swim meets over 41 days, attracting almost 37,000 visitors. A breakdown of these events is provided in the table below.

Table 4-3

Morgan Hill Aquatics Center Swim Meets Held				
	Events	Event Days	Total Attendance*	Attendance/ Day
2015	10	20	16,870	844
2016	11	21	19,994	952

**Estimated attendance.*
Sources: Morgan Hill Aquatics Center

OBSERVATIONS: The overall facility is in good shape from an appearance perspective. The 50-meter pool is also utilized as a short-course pool that allows for approximately 17 lanes. The facility is located adjacent to the Outdoor Sports Center and has a shared parking lot. Parking is the biggest issue facing the Aquatics Center. There is also a need for additional deck space to host additional swimmers during large meets. The recreational offerings at the pool are adequate and include recently added cabanas for private parties or gathering spaces for recreational users. The facility was a state-of-the-art development, costing approximately $14 million in 2007.

SURVEY RESULTS

As part of our research to understand the demand profile for the Outdoor Sports Center and Aquatics Center a total of four surveys were conducted during special events at the facilities, as well as one weekend day without an event at the AC. This information is important to understand where users of each facility are coming from, the number of days they are spending at the facilities and the spending that occurs while attending each facility. The survey results, along with our industry knowledge and expertise from previous studies, were used to guide our assumptions for our economic and fiscal impact projections later in this section.

The tables below break down the results of the surveys.

Figure 4-1

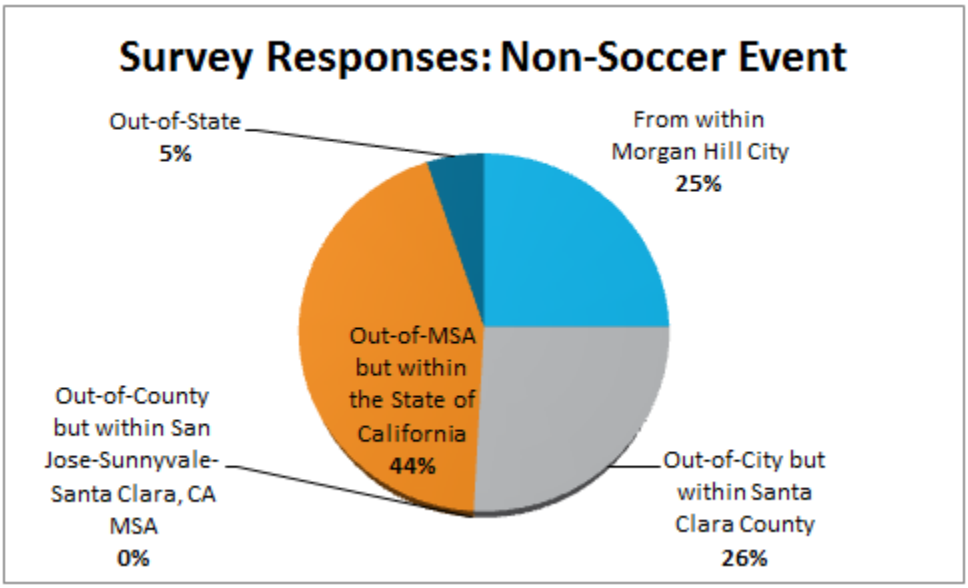


Figure 4-2

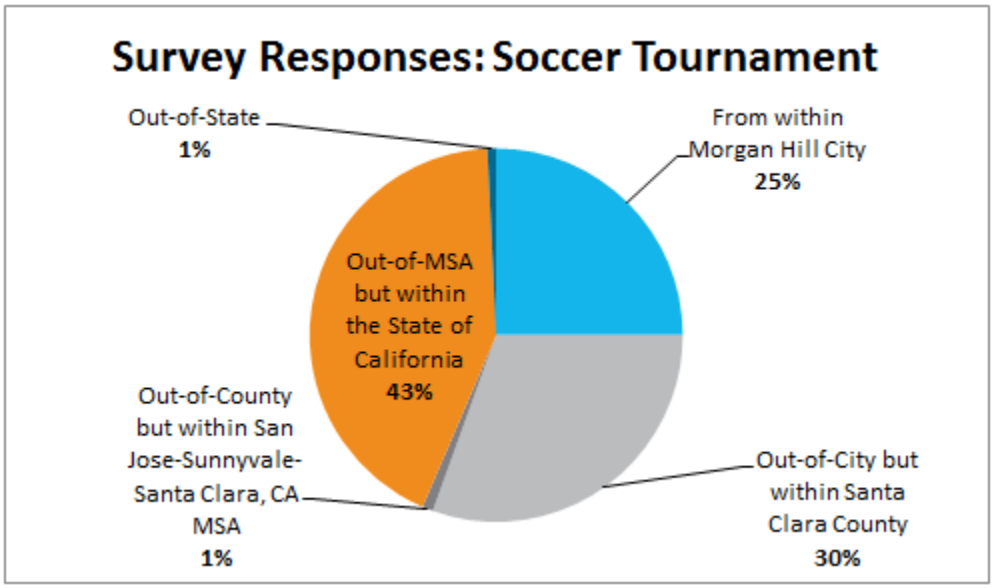


Table 4-4

Morgan Hill Outdoor Sports Center
Non-Soccer Sports Tournament (December 2016)
Event Statistics

Attendee Origin	%
From within Morgan Hill	25%
Out-of-City but within Santa Clara County	26%
Out-of-County but within San Jose-Sunnyvale-Santa Clara, CA MSA	0%
Out-of-MSA but within the State of California	44%
Out-of-State	5%
Total	**100%**

Average Length of Stay	# of Days
All Attendees (on average)	1.0

	Residents		Visitors	
Daily Spending per Person	At Center	Outside Center	At Center	Outside Center
Lodging	na	na	na	$31.37
Food and Beverage	$0.61	$2.80	$1.82	8.39
Shopping/ Merchandise	0.12	1.62	0.37	4.87
Entertainment	na	0.83	na	2.48
Parking	na	0.46	na	1.39
Other	na	0.22	0.00	0.65
Total	**$0.73**	**$5.93**	**$2.18**	**$49.16**

Source: Outdoor Sports Center Event Survey

Morgan Hill Outdoor Sports Center
Regional Soccer Tournament (November 12-13, 2016)
Event Statistics

Attendee Origin	%
From within Morgan Hill	25%
Out-of-City but within Santa Clara County	31%
Out-of-County but within San Jose-Sunnyvale-Santa Clara, CA MSA	1%
Out-of-MSA but within the State of California	43%
Out-of-State	1%
Total	**100%**

Average Length of Stay	# of Days
All Attendees (on average)	1.6

	Residents		Visitors	
Daily Spending per Person	At Center	Outside Center	At Center	Outside Center
Lodging	na	na	na	$62.81
Food and Beverage	$0.61	$2.53	$1.82	7.58
Shopping/ Merchandise	0.12	2.07	0.37	6.20
Entertainment	na	1.43	na	4.28
Parking	na	0.85	na	2.56
Other	na	0.97	0.00	2.92
Total	**$0.73**	**$7.84**	**$2.18**	**$86.34**

Source: Outdoor Sports Center Event Survey

The survey results for the Outdoor Sports Center were broken down by soccer and non-soccer events. As the results in the previous table show, for non-soccer events 25 percent of respondents were residents of Morgan Hill, while 26 percent of respondents are residents of Santa Clara County and 44 percent of respondents are from within the state of California, but outside of the San Jose-Sunnyvale-Santa Clara MSA. Most, if not all, of the respondents are likely day-trippers for each event. The likely overnight attendees for events are those coming from out-of-state, which represented approximately 5 percent of non-soccer attendees.

For soccer events, 25 percent of respondents were Morgan Hill residents, while 32 percent of respondents were either residents of the County or MSA. Approximately 43 percent of respondents for soccer events come from the state of California, but outside the MSA and 1 percent of soccer event respondents were from out-of-state.

Figure 4-3

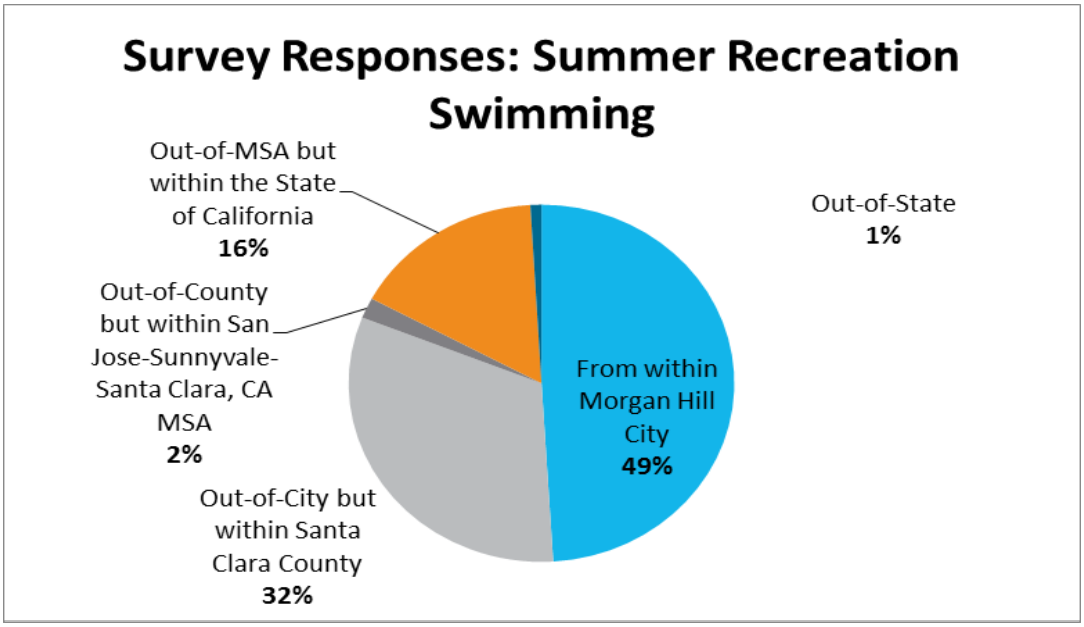


Figure 4-4

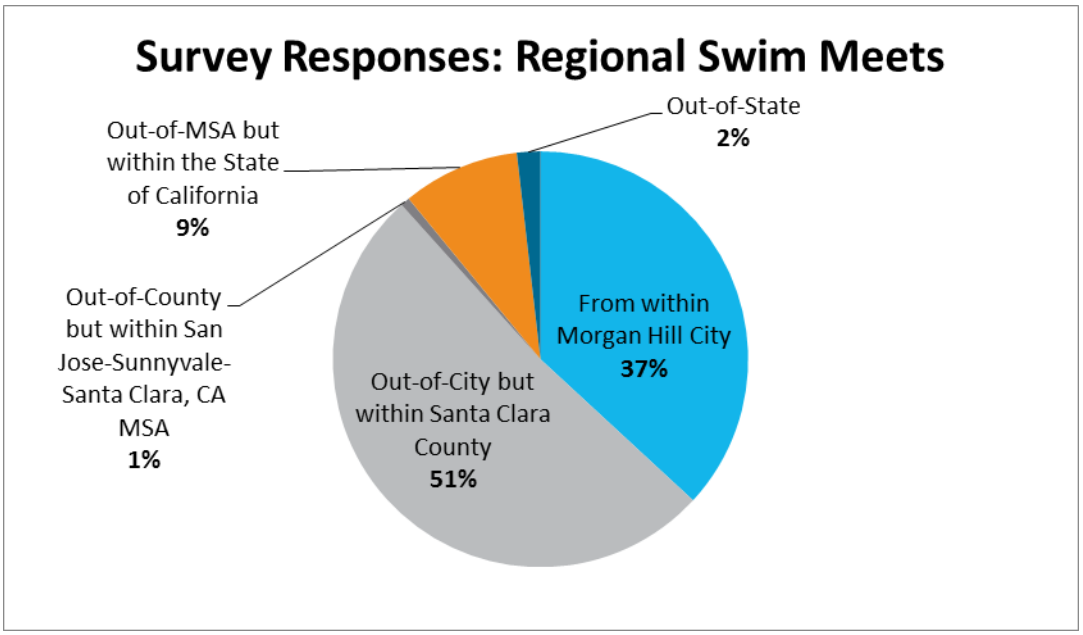


Table 4-5

Morgan Hill Aquatics Center
Summer Recreation Swim (August/September 2016)
Event Statistics

Attendee Origin	%*
From within Morgan Hill	49%
Out-of-City but within Santa Clara County	32%
Out-of-County but within San Jose-Sunnyvale-Santa Clara, CA MSA	2%
Out-of-MSA but within the State of California	16%
Out-of-State	1%
Total	**100%**

Average Length of Stay	# of Days
Residents	1.0
Visitors	1.1

	Residents		Visitors	
Daily Spending per Person	At Center	Outside Center	At Center	Outside Center
Lodging	na	na	na	na
Food and Beverage	$2.50	$3.33**	$3.70	$3.99
Shopping/ Merchandise	na	0.67	0.70	8.75
Admission/ Entertainment	6.20	na	6.50	6.00
Transportation	na	3.37	na	3.83
Parking	na	na	na	na
Other	na	na	na	na
Total	**$8.70**	**$7.37**	**$10.90**	**$22.58**

**Adjusted to reflect actual visitation statistics.*
***Actual survey result is $100, which may be unrealistic.*
Source: Aquatics Center Event Survey

Morgan Hill Aquatics Center
Regional Swim Meet (October 2016)
Event Statistics

Attendee Origin	%
From within Morgan Hill	37%
Out-of-City but within Santa Clara County	51%
Out-of-County but within San Jose-Sunnyvale-Santa Clara, CA MSA	1%
Out-of-MSA but within the State of California	9%
Out-of-State	2%
Total	**100%**

Average Length of Stay	
Residents	1.0
Visitors	1.6

	Residents		Visitors	
Daily Spending per Person	At Center	Outside Center	At Center	Outside Center
Lodging	na	na	na	$73.33
Food and Beverage	$3.33*	$16.67	$10.66	20.84
Shopping/ Merchandise	na	na	12.04	26.11
Admission/ Entertainment	1.22**	na	5.01	22.19
Transportation	na	na	na	5.31
Parking	na	na	na	6.25
Other	na	na	na	5.00
Total	**$4.56**	**$16.67**	**$27.71**	**$159.04**

Source: Aquatics Center Event Survey

The survey results for the Aquatics Center were broken down by Summer Recreational Swim and Regional Swim Meets. As the results in the previous table show, for summer recreation events 49 percent of respondents were residents of Morgan Hill, while 34 percent of respondents are residents of Santa Clara County and the MSA. Approximately 16 percent of respondents are from within the state of California, but outside of the San Jose-Sunnyvale-Santa Clara MSA. Most, if not all, of the respondents are likely day-trippers for each event. The likely overnight attendees for events are those coming from out-of-state, which represented approximately 1 percent of Summer Recreation Swim Event attendees.

For Regional Swim events, 37 percent of respondents were Morgan Hill residents, while 52 percent of respondents were either residents of the County or MSA. Approximately 9 percent of respondents for Regional Swim events come from the state of California, but outside the MSA and 2 percent of Regional Swim event respondents were from out-of-state.

ECONOMIC AND FISCAL IMPACT ANALYSIS OF EXISTING FACILITIES

This section analyzes the projected economic and fiscal impacts that are generated by event activities at the existing Aquatics Center and Outdoor Sports Center in Morgan Hill, California. Economic impact is defined as incremental new spending in an economy that is the direct result of certain activities, facilities, or events at the subject facilities. Fiscal impacts are tax revenues that would be generated from that spending. The estimates are based on Johnson Consulting's prior development of economic analyses for other similar facilities, primary research, user surveys, and specific knowledge of the local marketplace.

The impact analysis is based on event demand, attendance, and activities at the existing Aquatics Center and Outdoor Sports Center as provided by the City of Morgan Hill and Morgan Hill Youth Sports Alliance. The economic and fiscal impacts are measured by the estimated spending by visitors to the facilities. It should be noted that official attendance figures for events at the OSC were not available. Instead, our projections relied upon projected attendance figures for events held in 2016 provided to us by OSC management.

DEFINITION AND RATES

ECONOMIC IMPACT

Economic impact is defined as added spending in an economy that is the direct result of certain activities, facilities, or events. The economic impact analysis associated with the operation of the existing Aquatics Center and Outdoor Sports Center considers all added spending (direct, indirect, and induced) that is generated by the visitation to the facilities, as well as the increase in personal income (or increased earnings), and the number of jobs supported by this spending.

In the analysis, these levels of economic impact are measured:

- **Direct Spending** – are an expression of the spending that occurs as a direct result of the events and activities that occur in the subject facilities. For example, a visitor's expenditures on hotel rooms and meals are a direct economic impact.

- **Indirect Spending** – consist of re-spending of the initial or direct expenditures, or, the supply of goods and services resulting from the initial direct spending in the facilities. For example, a visitor's direct expenditure on a restaurant meal causes the restaurant to purchase food and other items from suppliers. The portion of these restaurant purchases that are within the local, regional, or state economies is counted as an indirect economic impact.

- **Induced Spending** – represent changes in local consumption due to the personal spending by employees whose incomes are affected by direct and indirect spending. For example, a waiter at the restaurant may have more personal income as a result of the trade show attendee's visit. The amount of the increased income the waiter spends in the local economy is considered an induced impact.

- **Increased Earnings/ Personal Income** – measures increased employee and worker compensation related to the events and activities at the facility being analyzed. This figure represents increased payroll expenditures, including benefits paid to workers locally. It also expressed how the employees of local businesses share in the increased outputs.

- **Employment Impact** – measures the number of jobs supported in the study area related to the spending generated as a result of the activities occurring in the facility. Employment impact is stated in a number of full-time equivalent jobs.

Direct spending associated with the existing Aquatics Center and Outdoor Sports Center is estimated by multiplying the visitation volume with the average daily spending per person. Information on overall visitation volume is provided by the City of Morgan Hill and Morgan Hill Youth Sports Alliance, while other attributes such as attendee origin, length of stay, and daily spending per person are obtained through intercept surveys conducted at four representative events: Summer Recreation Swim and Regional Swim Meet at the Aquatics Center, and a non-soccer sports tournament and a Regional Soccer Tournament at the Outdoor Sports Center. These will be detailed later in this section.

Indirect spending, induced spending, increased earnings, and employment are then estimated using a set of multiplier rates unique to Santa Clara County that are applied to the amount of direct spending. Table 4-6 shows the multiplier rates utilized for this impact analysis.

Table 4-6

Morgan Hill Aquatics Center and Outdoor Sports Center Economic Impact Multipliers

Impact	Multiplier*	Base
Indirect Spending	0.4500	of direct spending
Induced Spending	0.3570	of direct spending
Increased Earnings	0.5550	of direct spending
Increased Employment (FTE)	12.6057	per $1 million of direct spending

**Basis for multipliers is Santa Clara County*

Source: Implan, Johnson Consulting

The multipliers mean that for every $1 million of direct spending, there will be $450,000 of indirect spending, $357,000 of induced spending, $555,000 in increased earnings, and 12.6 full-time equivalent (FTE) jobs supported in the economy.

FISCAL IMPACT

Fiscal impacts are tax revenues that result from the spending and income related to the activities at the existing Aquatics Center and Outdoor Sports Center. This analysis estimates fiscal impacts for the governmental units that levy taxes in the jurisdiction.

The fiscal impacts are the public sector's return on investment. Fiscal impacts provide a partial offset to the capital and operating expenditures required to support the facility. Although the incremental tax revenues cannot be expected to pay for a publicly-funded project in full, fiscal impacts are important because they improve the ability of the public sector to pay for the project. The overall economic impacts, including the fiscal impacts, provide a rationale for public participation in a project.

Based on the spending estimates, Johnson Consulting projected the fiscal impacts from major categories of tax revenues that are directly affected by a visitor's activities: general sales tax and hotel tax, as shown in Table 4-7. Note that while the total sales tax is 8.75 percent, the City of Morgan Hill will receive 1 percent of gross sales.

Table 4-7

Morgan Hill Aquatics Center and Outdoor Sports Center Applicable Tax Rates

	Rate
Sales Tax*	8.75%
Transient Occupancy Tax	10.00%

**Total Sales Tax is 8.75%. City of Morgan Hill receives 1% of gross sales*

Source: City of Morgan Hill

The fiscal impacts represent only a fraction of the overall spending impact to the economy, as they are only the public sector's increase in tax revenue resulting from the overall increased spending in the economy. Additionally, not included in the analysis are property tax estimates. Spending inside and outside the existing Aquatics Center and Outdoor Sports Center would increase some of the values of commercial establishments in the City of Morgan Hill, which result in increased property tax supported by the project.

VISITOR vs RESIDENT SPENDING

This analysis differentiates impacts from spending by people coming from out-of-town and by Morgan Hill residents, as defined below:

- **Visitor Spending** – represents spending by non-residents and visitors to Morgan Hill. Their spending represents the amount of "new dollars" that flow into the City economies.

- **Resident Spending** – In strict economic terms, spending by residents of Morgan Hill, or those who live in the market area, represents "transfer" spending. For example, a resident of Morgan Hill who visits the Aquatics Center and Outdoor Sports Center would transfer income from one sector of the City's economy to another, and therefore is not bringing new dollars into the City economy. Nevertheless, they are part of the economic activities attributable to the Aquatics Center and Outdoor Sports Center.

In this report, economic and fiscal impacts are presented in two manners. (i) Total spending – by visitors as well as by local residents – is shown in order to demonstrate the total impact of event activities at the Aquatics Center and Outdoor Sports Center. This is because all of this event-related spending would be lost from Morgan Hill should the activities relocate to another market. (ii) Out-of-town visitors' and local residents' spending is then separated out, to demonstrate the level of "visitor" and "resident" economic and fiscal impacts.

RECURRING ECONOMIC AND FISCAL IMPACT OF THE AQUATICS CENTER

The economic and fiscal impact of the existing Aquatics Center is based on its visitation volume and activities, which largely consist of two types: (i) summer recreation swimming use, in which the Center is open for public, and (ii) Swim Meets, during which the pools are unavailable for public use. The average daily spend numbers were generated by conducting surveys of users at the facility, and were presented in Table 4-5.

SUMMER RECREATION SWIMMING USE

Table 4-8 summarizes visitation volume for recreation swimming use in the most recent summer season.

Table 4-8

Morgan Hill Aquatics Center Summer Recreation Swimming Use (2015-2016*)			
Daily Admissions	**Resident**	**Non-Resident**	**Totals**
Day Passes			
Infant (under 2 yrs)	34	69	103
Child (2-11 yrs)	6,201	8,527	14,728
Youth (12-17 yrs)	1,193	1,712	2,905
General (18+)	5,558	7,995	13,553
Free	67	-	67
AC Free Day	630	-	630
Subtotal	**13,683**	**18,303**	**31,986**
%	43%	57%	
Groups and Parties			
Group	1,133	1,502	2,635
Swim Meet	-	44	44
YMCA Camps	1,029	4,297	5,326
School Days	1,420	1,883	3,303
Parties	1,312	1,739	3,050
Subtotal	**4,894**	**9,464**	**14,358**
Total Daily Admissions	**18,577**	**27,767**	**46,344**
Member Use	**Resident**	**Non-Resident**	**Totals**
Member Attendance	**10,711**	**2,678**	**13,389**
Total Summer Recreation Swim Use	**29,288**	**30,445**	**59,733**

**September 2015 to September 2016.*
Sources: Morgan Hill Aquatics Center

As shown in the table, over 59,700 visitors enjoyed the Aquatics Center from September 2015 thru September 2016, including over 29,200 Morgan Hill residents and over 30,400 out-of-town visitors.

Table 4-9 summarizes the estimated economic and fiscal impact of summer recreation swim use at the Aquatics Center using the survey data provided in Table 4-5. In addition to those statistics, the visitors surveyed indicated no spending on lodging, suggesting that no hotel room nights were generated specifically by a non-residents' visit to the Aquatics Center alone, e.g., they did daytrips, or stayed with friends/ relatives.

Table 4-9

Morgan Hill Aquatics Center Summer Recreation Swimming Use (2015-2016*) Economic and Fiscal Impact				
Visitation Volume		**Residents**	**Visitors**	**Total**
Visitation		29,288	30,445	59,733
Average Length of Stay		1.0	1.1	-
# of Person-Days		29,288	33,489	62,777
Direct Spending ($000)* **		**Residents**	**Visitors**	**Total**
At Center				
Food and Beverage		$73	$124	$197
Shopping/ Merchandise		0	23	23
Admission		182	218	399
Subtotal		**$255**	**$365**	**$620**
Outside Center				
Food and Beverage		$98	$134	$231
Shopping/ Merchandise		20	293	313
Admission		0	201	201
Subtotal		**$117**	**$628**	**$745**
Total Direct Spending		**$372**	**$993**	**$1,365**
Economic Impact ($000)* **	**Multiplier**	**Resident Impact**	**Visitor Impact**	**Total**
Direct Spending		$372	$993	$1,365
Indirect Spending	0.4500	167	447	614
Induced Spending	0.3570	133	354	487
Total Spending		**$672**	**$1,794**	**$2,466**
Increased Earnings	0.5550	206	551	$757
Employment (FTE Jobs)	12.6057	5	13	17
Fiscal Impact ($000)* **	**Tax Rate**	**Resident Impact**	**Visitor Impact**	**Total**
Sales Tax **	8.75%	$33	$87	$119
Transient Occupancy Tax	10.00%	0	0	0
Total Tax Revenue		**$33**	**$87**	**$119**

**September 2015 to September 2016.*

*** Total sales tax is 8.75%. City of Morgan Hill receives 1% of gross sales, or $14,000.*

**** Figures rounded to the nearest thousand.*

Source: Johnson Consulting

As shown in the table, summer recreation swim use at the existing Aquatics Center is estimated to have generated $2.5 million in total spending, $757,000 in increased earnings, 17 full-time equivalent (FTE) jobs, and $119,000 in sales tax revenues, annually. Visitor impact to the City of Morgan Hill, generated by out-of-town visitation, is estimated to have included $1.8 million in total spending, $551,000 in increased earnings,

13 FTE jobs, and $87,000 in sales tax revenues, annually. Morgan Hill would receive $14,000 of the sales tax revenues, $10,000 of which is through visitor impacts.

SWIM MEETS

Table 4-10 summarizes visitation volume for Swim Meets in the most recent summer season.

Table 4-10

Morgan Hill Aquatics Center Swim Meets Held				
	Events	Event Days	Total Attendance*	Attendance/Day
2015	10	20	16,870	844
2016	11	21	19,994	952

**Estimated attendance.*
Sources: Morgan Hill Youth Sports Alliance

As shown in the table, Swim Meets generated 16,870 visitors and 19,994 visitors in 2015 and 2016, respectively.

Table 4-11 summarizes the estimated economic and fiscal impact of Swim Meets at the Aquatics Center, based on the 2016 attendance of 19,994 visitors. Similar to the recreational swim use, a user survey was conducted on a sample of the visitors/ participants to Swim Meets. The survey reveals the visitor origin, length of stay, and average daily spending at Center and outside Center for both residents and non-residents as summarized in Table 4-5.

Table 4-11

Morgan Hill Aquatics Center Regional Swim Meets Economic and Fiscal Impact				
Visitation Volume		**Residents**	**Visitors**	**Total**
Visitation		7,370	12,624	19,994
Average Length of Stay		1.0	1.6	-
# of Person-Days		7,370	19,838	27,208
# of Room Nights		0	3,156*	3,156
Direct Spending ($000)* **		**Residents**	**Visitors**	**Total**
At Center				
Food and Beverage		$25	$211	$236
Shopping/ Merchandise		0	239	239
Admission		9	99	108
Subtotal		**$34**	**$550**	**$583**
Outside Center				
Lodging		$0	$231	$231
Food and Beverage		123	413	536
Shopping/ Merchandise		0	518	518
Admission		0	440	440
Parking		0	124	124
Other		0	99	99
Subtotal		**$123**	**$1,826**	**$1,949**
Total Direct Spending		**$156**	**$2,376**	**$2,532**
Economic Impact ($000)* **	**Multiplier**	**Resident Impact**	**Visitor Impact**	**Total**
Direct Spending		$156	$2,376	$2,532
Indirect Spending	0.4500	70	1,069	1,139
Induced Spending	0.3570	56	848	904
Total Spending		**$283**	**$4,293**	**$4,576**
Increased Earnings	0.5550	87	1,319	$1,406
Employment (FTE Jobs)	12.6057	2	30	32
Fiscal Impact ($000)* **	**Tax Rate**	**Resident Impact**	**Visitor Impact**	**Total**
Sales Tax **	8.75%	$14	$197	$211
Transient Occupancy Tax	10.00%	0	23	23
Total Tax Revenue		**$14**	**$220**	**$234**

**Assuming that half of out-of-town visitors require lodging at double occupancy on average, based on survey results.*

*** Total sales tax is 8.75%. City of Morgan Hill receives 1% of gross sales, or $24,000.*

**** Figures rounded to the nearest thousand.*

Source: Johnson Consulting

As shown in the table, currently, Swim Meets at the existing Aquatics Center are estimated to have generated $4.6 million in total spending, $1.4 million in increased earnings, 32 FTE jobs, and $234,000 in sales tax

revenues, annually. Visitor impact to the City of Morgan Hill, generated by out-of-town visitation, is estimated to have included $4.3 million in total spending, $1.3 million in increased earnings, 30 FTE jobs, and $220,000 in sales tax revenues, annually. Morgan Hill would receive $24,000 in sales tax revenues, $23,000 of which is through visitor impacts.

IMPACT OF THE AQUATICS CENTER

Table 4-12 summarizes the estimated economic and fiscal impact of the summer recreation swimming use and Swim Meets activities at the Aquatics Center, combined, annually.

Table 4-12

Morgan Hill Aquatics Center
Summer Recreation Swimming Use and Swim Meets, Combined
Economic and Fiscal Impact

Economic Impact ($000)*	Multiplier	Resident Impact	Visitor Impact	Total*
Direct Spending		$528	$3,368	$3,897
Indirect Spending	0.4500	238	1,516	1,754
Induced Spending	0.3570	189	1,203	1,391
Total Spending		**$955**	**$6,087**	**$7,042**
Increased Earnings	0.5550	293	1,870	$2,163
Employment (FTE Jobs)	12.6057	7	42	49
Fiscal Impact ($000)*	**Tax Rate**	**Resident Impact**	**Visitor Impact**	**Total***
Sales Tax **	8.75%	$46	$284	$330
Transient Occupancy Tax	10.00%	0	23	23
Total Tax Revenue		**$46**	**$307**	**$353**

**Figures are rounded to the nearest thousand*

*** Total sales tax is 8.75%. City of Morgan Hill receives 1% of gross sales, or $38,000.*

Source: Johnson Consulting

As shown in the table, activities at the Aquatics Center are estimated to have generated $7.0 million in total spending, $2.2 million in increased earnings, 49 FTE jobs, and $353,000 in tax revenues, annually. Visitor impact resulting from out-of-town visitors to Morgan Hill is estimated to have included $6.1 million in total spending, $1.9 million in increased earnings, 42 FTE jobs, and $307,000 in tax revenues. Morgan Hill would receive $38,000 in sales tax revenues, $32,000 of which is through visitor impacts.

RECURRING ECONOMIC AND FISCAL IMPACT OF THE OUTDOOR SPORTS CENTER

The economic and fiscal impact of the existing Outdoor Sports Center is based on its visitation volume and activities, which largely are grouped into regional soccer tournaments and non-soccer tournaments. The average daily spend numbers were generated by conducting surveys of users at the facility, and were presented in Table 4-4. Table 4-13 summarizes number of events and attendance at the facility in the past fiscal year.

Table 4-13

Morgan Hill Outdoor Sports Center Outdoor Tournament Events (2016)

	Events	Event Days	Total Attendance*	Average Attendance
Soccer Tournaments	22	na	106,049	4,820
Non-Soccer Tournaments	11	na	33,800	3,073
Total	**33**	**62**	**139,849**	**4,238**

**Estimated attendance.*
Sources: Morgan Hill Youth Sports Alliance

In 2016, there were 33 events, generating 139,849 attendees. 22 of the events are soccer tournaments, generating 106,049 attendees; while 11 are non-soccer events, generating 33,800 attendees. In this analysis, for practicality purposes the attendance figures are assumed to have included tournament participants, coaches and support persons, and tournament spectators.

REGIONAL SOCCER TOURNAMENTS

Table 4-14 shows the estimated economic and fiscal impact of one full year of regional soccer tournaments at the Outdoor Sports Center, consisting of 22 such tournaments, generating 106,049 attendees.

Table 4-14

Morgan Hill Outdoor Sports Center 22 Regional Soccer Tournaments (2016) Economic and Fiscal Impact				
Visitation Volume		**Residents**	**Visitors**	**Total**
Visitation		26,512	79,537	106,049
Average Length of Stay		1.0	1.6	-
# of Person-Days		26,512	129,706	156,218
# of Room Nights		0	6,628*	6,628
Direct Spending ($000)* **		**Residents**	**Visitors**	**Total**
At Center				
Food and Beverage		$64	$192	$257
Shopping/ Merchandise		13	64	77
Subtotal		**$77**	**$256**	**$333**
Outside Center				
Lodging		$0	$416	$416
Food and Beverage		268	1,310	1,578
Shopping/ Merchandise		219	1,071	1,290
Admission/ Entertainment		151	741	892
Parking		90	442	532
Other		103	504	608
Subtotal		**$832**	**$4,485**	**$5,317**
Total Direct Spending		**$909**	**$4,741**	**$5,650**
Economic Impact ($000)* **	**Multiplier**	**Resident Impact**	**Visitor Impact**	**Total**
Direct Spending		$909	$4,741	$5,650
Indirect Spending	0.4500	409	2,133	2,542
Induced Spending	0.3570	324	1,693	2,017
Total Spending		**$1,642**	**$8,567**	**$10,209**
Increased Earnings	0.5550	504	2,631	$3,136
Employment (FTE Jobs)	12.6057	11	60	71
Fiscal Impact ($000)* **	**Tax Rate**	**Resident Impact**	**Visitor Impact**	**Total**
Sales Tax **	8.75%	$72	$376	$448
Transient Occupancy Tax	10.00%	0	42	42
Total Tax Revenue		**$72**	**$418**	**$489**

**Assuming that 25% of out-of-town visitors require lodging at three-person occupancy on average, based on survey results.*

*** Total sales tax is 8.75%. City of Morgan Hill receives 1% of gross sales, or $51,000.*

**** Figures rounded to the nearsest thousand.*

Source: Johnson Consulting

As shown in the table, all 22 regional soccer tournaments are estimated to have generated $10.2 million in total spending, $3.1 million in increased earnings, 71 FTE jobs, and $489,000 in tax revenues. Visitor impact from out-of-town visitors is estimated to have included $8.6 million in total spending, $2.6 million in

increased earnings, 60 FTE jobs, and $418,000 in tax revenues. Morgan Hill would receive $51,000 of the sales tax revenues, $43,000 of which is through visitor impacts.

NON-SOCCER TOURNAMENTS

Table 4-15 shows the estimated economic and fiscal impact of 11 non-soccer tournaments at the Outdoor Sports Center. The impacts of non-soccer tournaments were estimated as an aggregate, based on 11 such tournaments, generating 33,800 attendees, combined. User surveys were conducted to a sample of attendees to various non-soccer tournaments as shown in Table 4-4.

Table 4-15

Morgan Hill Outdoor Sports Center Non-Soccer Sports Tournaments (2016) Economic and Fiscal Impact				
Visitation Volume		**Residents**	**Visitors**	**Total**
Visitation		8,450	25,350	33,800
Average Length of Stay		1.0	1.0	-
# of Person-Days		8,450	25,350	33,800
# of Room Nights		0	254*	254
Direct Spending ($000)* **		**Residents**	**Visitors**	**Total**
At Center				
Food and Beverage		$20	$61	$82
Shopping/ Merchandise		4	12	17
Subtotal		**$25**	**$74**	**$98**
Outside Center				
Lodging		$0	$8	$8
Food and Beverage		95	284	378
Shopping/ Merchandise		55	165	220
Admission/ Entertainment		28	84	112
Transportation		0	0	0
Parking		16	47	63
Other		7	22	29
Subtotal		**$200**	**$609**	**$809**
Total Direct Spending		**$225**	**$683**	**$908**
Economic Impact ($000)* **	**Multiplier**	**Resident Impact**	**Visitor Impact**	**Total**
Direct Spending		$225	$683	$908
Indirect Spending	0.4500	101	307	408
Induced Spending	0.3570	80	244	324
Total Spending		**$406**	**$1,234**	**$1,640**
Increased Earnings	0.5550	125	379	$504
Employment (FTE Jobs)	12.6057	3	9	11
Fiscal Impact ($000)* **	**Tax Rate**	**Resident Impact**	**Visitor Impact**	**Total**
Sales Tax **	8.75%	$18	$56	$74
Transient Occupancy Tax	10.00%	0	1	1
Total Tax Revenue		**$18**	**$56**	**$75**

**Assuming that 3% of out-of-town visitors require lodging at three-person occupancy on average, based on survey results.*

*** Total sales tax is 8.75%. City of Morgan Hill receives 1% of gross sales, or $8,000.*

**** Figures rounded to the nearest thousand.*

Source: Johnson Consulting

As shown in the table, 11 non-soccer tournaments are estimated to have generated $1.6 million in total spending, $504,000 in increased earnings, 11 FTE jobs, and $75,000 in tax revenues. Visitor impact from out-of-town visitors is estimated to have included $1.2 million in total spending, $379,000 in increased earnings, 9

FTE jobs, and $56,000 in tax revenues. Morgan Hill would receive $8,000 of the sales tax revenues, $6,000 of which is through visitor impacts.

IMPACT OF THE OUTDOOR SPORTS CENTER

Table 4-16 summarizes the estimated economic and fiscal impact of the soccer and non-soccer tournaments at the Outdoor Sports Center, combined, annually.

Table 4-16

Morgan Hill Outdoor Sports Center
Soccer and Non-Soccer Tournaments (2016)
Economic and Fiscal Impact

Economic Impact ($000)*	Multiplier	Resident Impact	Visitor Impact	Total
Direct Spending		$1,134	$5,424	$6,557
Indirect Spending	0.4500	510	2,441	2,951
Induced Spending	0.3570	405	1,936	2,341
Total Spending		**$2,049**	**$9,801**	**$11,849**
Increased Earnings	0.5550	$629	$3,010	$3,640
Employment (FTE Jobs)	12.6057	14	68	83
Fiscal Impact ($000)*	**Tax Rate**	**Resident Impact**	**Visitor Impact**	**Total**
Sales Tax**	8.75%	$90	$432	$522
Transient Occupancy Tax	10.00%	0	42	42
Total Tax Revenue		**$90**	**$474**	**$564**

**Figures are rounded to the nearest thousand*

*** Total sales tax is 8.75%. City of Morgan Hill receives 1% of gross sales, or $60,000.*
Source: Johnson Consulting

As shown in the table, activities at the Outdoor Sports Center are estimated to have generated $11.8 million in total spending, $3.6 million in increased earnings, 83 FTE jobs, and $564,000 in tax revenues, annually. Visitor impact resulting from out-of-town visitors to Morgan Hill is estimated to have included $9.8 million in total spending, $3.0 million in increased earnings, 68 FTE jobs, and $474,000 in tax revenues. Morgan Hill would receive $60,000 of the sales tax revenues, $49,000 of which is through visitor impacts.

COMBINED IMPACTS OF THE AQUATICS CENTER AND OUTDOOR SPORTS CENTER

The table below provides a summary of the combined projected economic and fiscal impacts of the Aquatics Center and Outdoor Sports Center.

Table 4-17

Aquatics Center and Outdoor Sports Center Economic and Fiscal Impact			
Economic Impact ($000)*	**Aquatics Center**	**Outdoor Sports Center**	**Combined**
Direct Spending	$3,897	$6,557	$10,454
Indirect Spending	$1,754	$2,951	$4,704
Induced Spending	$1,391	$2,341	$3,733
Total Spending	**$7,042**	**$11,849**	**$18,891**
Increased Earnings	$2,163	$3,640	$5,803
Employment (FTE Jobs)	49	83	132
Fiscal Impact ($000)*	**Aquatics Center**	**Outdoor Sports Center**	**Combined**
Sales Tax **	$330	$522	$852
Transient Occupancy Tax	$23	$42	$66
Total Tax Revenue	**$353**	**$564**	**$917**

**Figures are rounded to the nearest thousand*

*** Total sales tax is 8.75%. City of Morgan Hill receives 1% of gross sales, or $97,000.*

Source: Johnson Consulting

Events held at both facilities are estimated to have generated $18.9 million in total spending, $5.8 million in increased earnings, 132 FTE jobs, and $917,000 in tax revenues, annually. Morgan Hill would receive $97,000 of the sales tax revenues, $60,000 of which is through visitor impacts.

SECTION V

REGIONAL OVERVIEW & CASE STUDIES

LOCAL & REGIONAL FACILITY OVERVIEW

Johnson Consulting undertook a comprehensive review of the existing inventory of sports complexes that can be viewed as potential competitors to Morgan Hill's current facilities. The section below displays the findings of a Johnson Consulting audit of sports facilities within a 200-mile radius of Morgan Hill – a likely distance for teams to travel for regional competition. This distance helps determine the current supply of potential competitors in the region and is necessary to assess the demand that Morgan Hill's facilities currently capture and project any future change.

Within a 200-mile radius of Morgan Hill, Johnson Consulting identified approximately 100 sports complexes. These complexes are owned by municipalities, universities, and private entities and have been categorized into five groups: outdoor field complexes, Indoor field and court complexes, aquatic centers, baseball/softball complexes and outdoor sand volleyball complexes. Each sports facility group breakdown includes a map showing the location of the identified facilities and a table listing each facility and their distance from Morgan Hill. For some categories, there will also be a table listing rental costs and profiles of the more notable facilities in each category.

OUTDOOR FIELD COMPLEXES

Outdoor field complexes typically consist of five or more multi-purpose sports fields, which are traditionally intended for soccer, football, and lacrosse. These fields can also be utilized for rugby, field hockey, Ultimate Frisbee, and practice functions for baseball and softball. The marketability of these facilities is based on the number and type (natural grass or turf) of surfaces that are available, the lighting capabilities at the complexes, the capacity for attendees (parking and seating), and the cost to rent the complex.

Within 200 miles of Morgan Hill there are 28 outdoor sport complexes with roughly 186 multipurpose fields, six of which are within 50 miles of Morgan Hill. Clusters of the outdoor complexes can be found in the San Francisco, Sacramento, Modesto, and Fremont markets as shown in the figure below. It should be noted that nearby San Jose offers 43 total fields across various parks within its Parks District.

Figure 5-1

Chico
Carson City
Sacramento
Santa Rosa
Napa
Vacaville
Fairfield
Antioch
San Francisco
Concord
Stockton
Livermore
Modesto
Fremont
Morgan Hill, California, United States
San Jose
Salinas
Fresno
California
Visalia
50 miles
100 miles
200 miles
San Luis Obispo
Bakersfield
Santa Maria
Lompoc
Santa Clarita
Santa Barbara
Oxnard

Table 5-1

Outdoor Sports Complexes Within 200 miles of Morgan Hill				
Facility	**City**	**Fields**	**Private/Publicly Owned**	**Distance from Morgan Hill (miles)**
Twin Creeks Sports Complex	Sunnyvale	10	Private	33
Shoreline Athletic Fields	Mountain View	2	Public	34
Constitution Soccer Complex	Salinas	8	Public	38
Central Park Facility	Fremont	4	Public	38
Ken Mercer Sports Park	Pleasanton	9	Public	46
Rancho San Ramon	San Ramon	4	Public	55
Beach Chalet Soccer Fields	San Francisco	4	Public	69
Crocker Amazon Soccer Fields	San Francisco	4	Public	69
Rumrill Sports Park	Richmond	3	Public	73
Tom Bates Regional Sports Complex	Berkeley	4	Public	76
Tracy Sports Complex	Tracy	4	Public	77
Turlock Regional Sports Complex	Turlock	10	Public	90
Woodward Community Park	Manteca	13	Public	91
Mistlin Sports Complex	Ripon	16	Public	96
Octo Inn Soccer Complex	Fairfield	7	Public	96
Mary Grogan Community Park	Modesto	7	Public	99
Petaluma Community Sports Fields	Petaluma	4	Public	104
Ceres River Bluff Regional Park	Ceres	6	Public	110
Ohana Fields	Oakdale	4	Private	119
A Place to Play	Santa Rosa	6	Public	120
Pilibos Soccer Park	Fresno	4	Public	131
Fresno Regional Sports Complex	Fresno	9	Public	131
Multi-Sport Park Complex	Elk Grove	16	Public	133
Bartholomew Sports Park	Elk Grove	4	Public	133
Howard Park	Ione	5	Public	134
Cherry Island Soccer Complex	Elverta	10	Public	151
Damon-Garcia Sports Complex	San Luis Obispo	4	Public	164
Elk Bayou Soccer Complex	Tulare	5	Public	173
Total		**186**		
Privately-Owned Facility				

Sources: Facility Websites, Johnson Consulting

The table below provides an average rental costs for facilities. The last row in this table provides an average number of fields, rental rates, and distance from Morgan Hill of the selected facilities. The table shows there is premium cost for renting turf fields as opposed to natural grass. As a comparison, Morgan Hill charges on average $37 for grass fields per hour and $55 for turf fields with an additional cost of $35 per hour for lights. The rental fees at the Morgan Hill Outdoor Sports Center are currently lower when compared to local facilities, such as Twin Creeks and Central Park Soccer Complex. When examining facilities further away from Morgan Hill, two new facilities, Mary Grogan Park and Ceres River Bluff Regional Park, offer lower rental fees for fields. These facilities are located north of San Jose and are a greater distance from Silicon Valley.

Table 5-2

Outdoor Field Pricing Matrix
Complexes within 200 miles of Morgan Hill

Business	Location	Fields	Surface Type	Publicly/Privately Owned	Field Rental/(HR) *	Lights Rental/(HR)*	Gate Fee	Parking Fee	Distance from Morgan Hill (miles)
Twin Creeks Sports Complex	Sunnyvale	10	Multipurpose turf fields	Private	$88	$65	$6		33
Central Park Soccer Complex	Fremont	10	Grass Fields Synthetic Fields	Public	$25 $92	$18 $90	-	-	38
Ken Mercer Sports Park	Pleasanton	9	Multipurpose fields	Public	$20	$15	-	-	46
Rancho San Ramon	San Ramon	4	Grass Fields	Public	$79	$33	-	-	55
Mary Grogan Park - Soccer Complex	Modesto	7	Grass Fields Synthetic Fields	Public	$25 $32	$15	-	$5	99
Ceres River Bluff Regional Park	Ceres	6	Soccer Fields	Public	$24 $200-400 per tournament	-	-	-	110
Fresno Regional Sports Complex	Fresno	9	Soccer Fields	Public	$25	$35	-	$4	131
Bartholomew Sports Park	Elk Grove	4	Synthetic Turf Fields	Public	$75	$23			133
Elk Bayou Soccer Complex	Tulare	5	Multipurpose fields (4 lighted)	Public	$12	$25	-	-	173
Morgan Hill Outdoor Sports Center	**Morgan Hill**	**11**	**Grass Fields** **Turf Fields**		**$37** **$55**	**$35**	**-**	**-**	**-**
Soccer Complex Average	**-**	**8**	**Grass Fields** **Syntehtic/Turf Fields**	**Public**	**$22** **$61**	**$35**	**$6**	**$5**	**-**

Privately-Owned Faciltiy

*Average Hourly Rate

Sources: Relevant Facilities, Johnson Consulting

TWIN CREEK SPORTS COMPLEX

Located 33 miles northwest of Morgan Hill in Sunnyvale, California, Twin Creek Sports Complex hosts local recreational leagues and national tournaments for baseball, softball, soccer and lacrosse. The complex is made up of a 14,000-square foot fieldhouse and ten lighted baseball/softball diamonds that can be converted to multipurpose sports fields. The fieldhouse consists of meeting rooms, office space, a restaurant, a bar and a banquet facility. These amenities have allowed for the facility to host large-scale events in the past such as the ASA Soccer National Championship and the NCAA Softball World Series. A significant portion of the events at the facility are local and social programming, including recreational soccer, softball, kickball, and flag football. Hourly rates for fields/diamonds at the facility range from $75-$165.

CERES RIVER BLUFF REGIONAL PARK

Ceres River Bluff Regional Park is an outdoor field complex located 110 miles northeast of Morgan Hill. In 2015 the park received $2.3 million in upgrades, including the addition of fields and expansion of parking capacity. The original design of the park consisted of five multipurpose fields, but none were considered "championship quality." The City of Ceres felt the lack of tournament-quality fields disqualified them for hosting soccer tournaments in comparison to other local facilities in Modesto and Turlock and decided to renovate the park. The upgrades included the removal of one field and addition of two youth fields and two championship soccer fields. The park now offers eight fields (two youth-sized). The expansion also doubled the number of parking spaces from 245 to 471.

INDOOR FIELD & COURT COMPLEXES

Indoor field & court complexes typically consist of at least one turf surface, and hard courts. The turf surface can be used for soccer, lacrosse, football, rugby, field hockey, baseball, softball and training. The courts can be either hardwood or "sports court" and used for sports such as basketball, volleyball, and futsal, among others. Hardcourt surfaces are also able to be used for non-sports events such as trade shows, marketplaces and entertainment events. The marketability of these facilities is based on the number of surfaces that are available, the capacity for attendees, amenities within the facility (restaurants, pro-shops, locker rooms, etc.), and the cost to rent the complex.

Within 200 miles of Morgan Hill there are 25 indoor field and court facilities. Most of these facilities are located north of Morgan Hill with several clusters being found in the Bay Area as shown in the map below.

Figure 5-2

Chico
Carson City
6
Sacramento
Santa Rosa
Vacaville
7
2
Antioch
Concord
Stockton
San Francisco
3
Livermore
2
California, United States
2
Fresno
Salinas
50 miles
California
100 miles
San Luis Obispo
Santa Maria
200 miles
Lompoc
Santa Clarita
Santa Barbara
Oxnard

Table 5-3

Indoor Sports Complexes Within 200 miles of Morgan Hill			
Facility	**City**	**Publicly/Privately Owned**	**Distance from Morgan Hill (miles)**
Silver Creek Sportsplex	San Jose	Private	23
Off the Wall Soccer	Santa Clara	Private	28
SportsHouse	Redwood City	Private	48
East Bay Sports Center - Livermore	Livermore	Private	50
East Bay Sports Center - San Ramon	San Ramon	Private	55
JAMTOWN	Oakland	Private	61
NorCal Courts	Martinez	Private	77
Universal Sports Academy	Martinez	Private	77
Mare Island Sports Complex	Vallejo	Public	86
Antioch Indoor Sports Complex	Antioch	Private	87
Turlock Indoor Soccer	Turlock	Private	91
Merced Indoor Sports Center	Merced	Private	95
We Play Soccer	Stockton	Private	97
Stockton Indoor Sports Complex	Stockton	Private	97
Vacaville Indoor Sports	Vacaville	Private	104
Epicenter Sports	Santa Rosa	Private	120
Fresno Indoor Soccer	Fresno	Private	131
NorCal Indoor Sports	Woodland	Private	132
Soccer Planet	Sacramento	Private	137
Olympus Sports Coliseum	Sacramento	Private	137
Estadio Azteca Soccer Arena	Sacramento	Private	137
Clovis Victory Indoor Soccer	Clovis	Private	138
Folsom Sports Complex	Folsom	Public	157
Courtside Basketball Center	Rocklin	Private	158
McDermont Field House	Lindsay	Private	188
Publicly-Owned Facility			

Sources: Facility Websites, Johnson Consulting

The table below provides a range of rental costs for facilities. Note that the low end of the price range is a special rate provided to local and non-profit organizations, while rental rates at the higher-end of the spectrum are charged to non-local and private organizations.

Table 5-4

Indoor Surface Pricing Matrix Facilities within 200 miles of Morgan Hill					
Facility	**Location**	**Surface Types**	**Publicly/Privately Owned**	**Hourly Rate***	**Distance from Morgan Hill (miles)**
Silver Creek Sportsplex	San Jose	84' x 50' turf arena	Private	$160	23
		185' x 85' turf arena		$215	
		Inline Hockey Rink		$215	
Off the Wall Soccer	Santa Clara	162' x 80' turf surface	Private	$145	28
		112' x 75' turf surface		$130	
		98' x 30' turf surface		$105	
Sports House	Redwood City	Turf Field 1	Private	$175	48
		Turf Field 2		$150	
		Basketball Court		$95	
		Indoor Volleyball		$48	
		Outdoor Volleyball		$48	
East Bay Sports	Livermore	Medium Soccer Field	Private	$150	50
		Large Soccer Field		$175	
		Baseball turf infield		$90	
JAMTOWN	Oakland	Court (3 hoops)	Private	$65	61
		Court (6 hoops)		$95	
		Full facility (4 courts)		$500	
Universal Sports Academy	Martinez	Half turf field	Private	$110	77
		Full turf field		$235	
		Batting Cages		$45	
NorCal Courts	Martinez	Full Court	Private	$55	77
Mare Island Sports Complex	Vallejo	Soccer Field	Public	$85	86
		Basketball Courts		$58	
		Volleyball Courts		$45	
We Play Soccer	Stockton	38' x 50' turf surface	Private	$45	97
		40' x 73' turf surface		$55	
		80' x 120' turf surface		$100	
Epicenter/Sports City	Santa Rosa	Arenas 1 & 2	Private	$133	120
		Arena 3		$103	
		Half Sport Court		$50	
		Full Sport Court		$93	
Olympus Sports Coliseum	Sacramento	Indoor Soccer Field	Private	$100	137
		Sport Court / Infield / Studio		$75	
Estadio Azteca Soccer Arena	Sacramento	Indoor Soccer Arena	Private	$100	137
Courtside Basketball Center	Rocklin	Full Court	Private	$65	158
		Whole Facility (5 courts)		$300	
Average Indoor Turf & Court Complex	**-**	**Turf**	**Private**	**$122**	
		Court		**$68**	

Publicly-Owned Facility

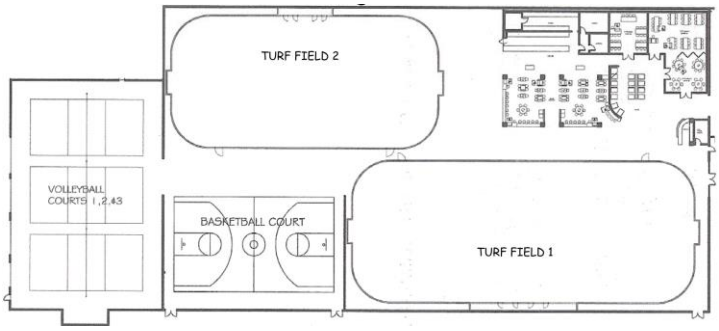
*Average Hourly Rate

Sources: Relevant Facilities, Johnson Consulting

SILVER CREEK SPORTSPLEX

The Silver Creek Sportsplex is in San Jose, approximately 23 miles from Morgan Hill. The 240,000-square foot Sportsplex offers the following: two boarded turf arenas for soccer and flag football, a full-regulation sized inline hockey rink, and a restaurant. The inline rink is used for roller hockey, futsal, martial arts, and badminton. The facility hosts classes, camps, open field and rink time, party packages, and gear rental as part of their program, and it can be accessed through a membership plan for $115 annually. Members receive discounted prices on facility rentals, camps and class registrations. The turf fields rent for $145-$230 per hour and the inline rink rents for $200-$230 per hour.

THE SPORTS HOUSE



The Sports House is in Redwood City, California, approximately 48 miles northwest of Morgan Hill. The complex is a converted distribution warehouse that offers two turf arenas for soccer, lacrosse, and flag football, one full-size basketball court, three volleyball courts, a bar and restaurant, and one outdoor sand volleyball court.

The Sports House offers annual memberships for $70 and hosts travel soccer, lacrosse, and volleyball events, recreation flag football games, private events, and youth sports camps. Rental fees for the facility range from $100-$230 per hour for the turf fields, $70-$120 per hour for the basketball courts, and $35-$60 per hour for the volleyball courts.

AQUATIC CENTERS

Aquatic Centers typically consist of a 25-meter or 50-meter pool with capacity for six or more lanes. In California and other warm climates, many of these competitive pools are located outdoors and can host swim meets, water polo matches, and diving competitions. The marketability of these facilities is based on the size of the pool (length and lane capacity), the seating for attendees, whether the complex has diving wells, and the cost to rent the complex.

Within 200 miles of Morgan Hill there are 29 Aquatic Centers, eight of which are within 50 miles of Morgan Hill. Most of these facilities are located north of Morgan Hill with several clusters being found in the Bay Area. Most these Aquatic Centers are associated with a local high schools, junior colleges, or universities.

Figure 5-3

Table 5-5

Aquatic Centers Within 200 miles of Morgan Hill		
Facility	**City**	**Distance from Morgan Hill (miles)**
Frank Fiscalini Swim Center - Independence HS	San Jose	23
George F. Haines International Swim Center	Santa Clara	28
De Anza Junior College - Cupertino	Cupertino	29
California Sports Center - Swim Complex	Sunnyvale	33
Salinas Municipal Pool	Salinas	38
Stanford University - Avery Aquatic Center	Stanford	41
Delores Bengsten Aquatic Center - Pleasanton	Pleasanton	46
Chabot College Pool	Hayward	48
College of San Mateo - Aquatics Center	San Mateo	51
Burlingame Aquatic Club	Burlingame	54
San Ramon Olympic Pool & Aquatic Park	San Ramon	55
East Oakland Sports Center	Oakland	61
Diablo Valley College - Pleasant Hill	Pleasant Hill	69
Albany Aquatic Center	Albany	69
Concord Community Park Pool	Concord	73
UC- Berkeley - Spieker Aquatics Center	Berkeley	76
Soda Aquatic Center	Moraga	77
James Lemos Pool	Benicia	80
Cunningam Aquatic Complex	Vallejo	86
Indian Valley College - Novato	Novato	94
College of the Pacific's Chris Kjeldsen Pool	Stockton	97
Gora Aquatic Center	Galt	121
Schaal Aquatics Center	Davis	123
Airways Pool - Fresno	Fresno	131
Clovis West HS Complex	Fresno	131
Cordova Community Pool	Rancho Cordova	148
Folsom Aquatic Center	Folsom	157
Anderson Aquatic Center California State Polytech College - San Luis Obispo	San Luis Obispo	164
SLO Swim Center	San Luis Obispo	164

Sources: Relevant Facilities, USA Swimming, Johnson Consulting

FRANK FISCALINI SWIM CENTER

Located in San Jose, The Frank Fiscalini International Swim Center is the main aquatic facility for Independence High School. The center hosts programming for the high school's swim, diving, and water polo teams, as well as private club events for USA Swimming & Diving and West Coast Aquatics. The complex has two outdoor pools, one a 25-yard length, seven-lane pool and the other a 50-yard length, eight-lane pool. The facility is only accessible to those participating on a high school team or private programming.

GEORGE F. HAINES INTERNATIONAL SWIM CENTER

Originally named the Santa Clara International Swim Center, the Haines International Swim Center was built by the City of Santa Clara and opened in 1966. The Center is an outdoor complex and has a training pool (75 ft. x 42 ft.), a racing pool (75 ft. x 165 ft.), and a diving well (17 ft. depth). These amenities are host to the center's main tenant, the internationally renowned Santa Clara Swim Club.

Annually, the Swim Center host the Santa Clara International Grand Prix, a popular event that invites 500 of the best international swimmers to compete in one of the largest swim meets in the United States. Olympian Michael Phelps, is one of the many well-known former participants at the Grand Prix. Along with serving the private needs of the Santa Clara Swim County, the Haines Swim Center also is open to the public. The average daily fee for the public is $5, with discounts provided to residents and visitors over 50 years of age.

BASEBALL/SOFTBALL DIAMOND COMPLEXES

Baseball/Softball diamond complexes typically consist of four or more diamond fields. The main surface can be grass with a dirt infield or turf. These diamonds are specifically designed to meet the requirements of baseball/softball, but can hold most traditional field sports. The marketability of these facilities is based on the number of surfaces that are available, the capacity for attendees, amenities within the facility (restrooms, concessions, dugouts, etc.), and the cost to rent the fields.

Currently, Morgan Hill hosts its baseball programming, including the local youth Pony leagues at several community parks. These parks include Britton Fields, Burnett Fields, and El Toro Fields, which are all a part of an elementary School parks.

Within 200 miles of Morgan Hill there are eight baseball/softball facilities. Most of these facilities are located north of Morgan Hill as shown in the map below.

Figure 5-4

Table 5-6

Baseball/Softball Complexes Within 200 miles of Morgan Hill				
Facility	**City**	**Diamonds**	**Private/Publicly Owned**	**Distance from Morgan Hill (miles)**
Twin Creeks Sports Complex	Sunnyvale	10	Private	33
Ken Mercer Sports Park	Pleasanton	23	Public	46
Sunset Park Athletic Complex	Brentwood	6	Public	80
Big League Dreams Sports Parks	Manteca	6	Public	91
Irving H. Lambrecht Sports Complex	Suisun City	8	Public	97
Rainbow Sports Complex	Modesto	6	Private	99
George Costa Ball Field Complex	Ceres	5	Public	110
Regional Sports Complex	Fresno	6	Public	131

Privately-Owned Facility

Sources: Facility Websites, Northern California Travel Baseball, Johnson Consulting

The table below provides a range of rental costs at baseball complex. Note that the rates are an average of rates provided to local and non-profit organizations and those charged to non-local and private organizations. Based on the information gathered, most complexes are publicly-owned and the hourly cost to rent a single diamond is $39, with an average additional cost of $31 for lights.

Table 5-7

Outdoor Field Pricing Matrix Complexes within 200 miles of Morgan Hill								
Business	**Location**	**Diamonds**	**Publicly/Privately Owned**	**Diamond Rental/(HR) ***	**Lights Rental/(HR)***	**Gate Fee**	**Parking Fee**	**Distance from Morgan Hill (miles)**
Twin Creeks Sports Complex	Sunnyvale	10	Private	$88	$65	$6	-	33
Ken Mercer Sports Park	Pleasanton	23	Public	$20	$15	-	-	46
Irving H. Lambrecht Sports Complex	Suisun City	8	Public	$30	$35	-	-	97
George Costa Ball Field Complex	Ceres	5	Public	$34	$5	-	-	110
Fresno Regional Sports Complex	Fresno	6	Public	$25	$35	-	$4	131
Baseball Complex Average	**-**	**10**	**Public**	**$39**	**$31**	**$6**	**$4**	**-**

Privately-Owned Faciltiy

*Average Hourly Rate

Sources: Relevant Facilities, Johnson Consulting

KEN MERCER SPORTS PARK

Located in the City of Pleasanton, the Ken Mercer Sports Park is one of the leading sports complexes in the Tri-Valley Area, north of San Jose. The Complex has 23 diamonds and nine grass soccer fields, all of which include lighting as well as a running track, hockey rink, and skate park. The complex hosts regional tournaments, local, leagues, camps and programs and community events, such as the Tri-Valley Turkey Burn 5/10K run. The flat hourly rate to rent a field at the complex is $20. This does not include lighting, which is an additional $15 an hour or other services needed for hosting a tournament (field preparation, staff, etc.). The complex is owned by the City of Pleasanton. Ken Mercer Sports Park's success can be attributed to its flexibility, being able to host several types of sport events, on its fields. This not only makes it one of the top facilities in the Tri-Valley Area, but throughout Central and Northern California.

FRESNO REGIONAL SPORTS COMPLEX

The Fresno Regional Sports Complex is a 110-acre facility that caters to baseball, softball, and soccer events. The complex has nine multipurpose fields, six baseball diamonds, a fishing pond, and a paintball field. The facility has been popular for hosting tournaments, adult softball leagues, local festivals, and concerts. To prevent an overflow of parking at the facility, an average daily fee of $4 is charged per vehicle. The complex is publicly-owned by the City of Fresno.

OUTDOOR SAND VOLLEYBALL COMPLEXES

Sand volleyball is a fast-growing sport due to the recent sanctioning by the International Olympic Committee and NCAA. Participation, especially at the youth levels, has increased steadily over the past several years and should continue given the opportunity to earn a college scholarship. In 2016, three college teams from the state of California – USC, UCLA, and Pepperdine – qualified for the NCAA Championships. The early success of college teams in the state along with the warm climate should promote growth in participation levels over the next several years.

Outdoor sand volleyball complexes can consist of four or more courts. Within 200 miles of Morgan Hill there are four sand volleyball Complexes, three of which are within 50 miles of Morgan Hill. The lack of sand volleyball complexes is not unique to Silicon Valley and Northern California, as few dedicated facilities have been developed across the country. As the popularity of the sport grows, so too should the number of dedicated facilities capable of hosting large tournaments.

Figure 5-5

Table 5-8

Outdoor Sand Volleyball Complexes within 200 miles of Morgan Hill			
Facility	**City**	**Number of Courts**	**Distance from Morgan Hill (miles)**
West Valley College Sand Courts	Saratoga	6	26
Stanford University's Sand Volleyball Stadium	Stanford	4	41
Main Beach Complex	Santa Cruz	16	46

Sources: Relevant Facilities, California Beach Volleyball Association, Northern California Volleyball Association, Johnson Consulting

WEST VALLEY COLLEGE

Located in Saratoga, California, 25 miles north of Morgan Hill, West Valley College is a community college with a student population of approximately 12,500. West Valley College has 11 collegiate sports programs, including beach volleyball. To field a team the school developed a six-court, sand volleyball complex on campus. Renting the facility is available to the public, but potential users must apply and be approved in advance. The current average rental rate at the sand volleyball complex is $25 per hour.

LOCAL AND REGIONAL FACILITY AUDIT OBSERVATIONS

Understanding the local and regional marketplace is important when trying to determine a strategy for new facility development. Knowing if the market is underserved by a particular facility type, or if the market is saturated with a certain type of facility will help protect the City of Morgan Hill. It is also important to understand how the facilities we profiled balance local demand and regional demand. Most often, local use will be most prevalent during the week days and on weekends, while regional use of facilities would mostly occur only on weekends.

Our audit of local and regional facilities uncovered several important considerations with respect to the five facility groups we examined:

1. **Outdoor Fields:** Excluding Twin Creeks Sports complex, which is approximately 33 miles from Morgan Hill, many of the competitive soccer facilities equipped to host regional tournaments are approximately 100 miles away. Additionally, compared to other soccer facilities within 200 miles the OSC is one of the largest soccer facilities and the current rental rates at the OSC are in line with the average rental rates found at similar facilities. The OSC compares favorably to other regional facilities and is an important asset for the City of Morgan Hill.

2. **Indoor Complex:** The Silver Creek Sportsplex in San Jose offers indoor surfaces for a variety of traditional sports as well as unique ones such as roller hockey and badminton. Despite its proximity to Morgan Hill, an indoor facility in Morgan Hill could make sense given the local demand for indoor space (both sports and non-sports) during the winter months, or periods of extreme heat. Morgan

Hill could also position an indoor facility to absorb overflow demand that cannot be accommodated at Silver Creek.

3. **Baseball/Softball:** With respect to baseball/softball, both Twin Creeks Sports Complex and Ken Mercer offer two prominent baseball/softball facilities that host tournaments. Conversations with stakeholders in the region suggest these facilities satisfy the demand for regional tournaments. This does not, however, preclude the OSC from investing in new baseball/softball fields to accommodate local demand – especially if the fields are designed similar to those at Twin Creek Sports Complex where the baseball fields are also striped for soccer and lacrosse. This approach would not only boost the inventory of local baseball/softball fields in Morgan Hill, but could add to the inventory of multipurpose outdoor fields when combined with the offerings at the OSC.

4. **Outdoor Sand Volleyball:** The lack of dedicated sand volleyball complexes in the region is an area of opportunity for Morgan Hill. Now that the sport is sanctioned by the NCAA, the popularity at the youth level will increase and demand for facilities with 20+ courts will follow. With such a low supply in the regional market, Morgan Hill should strongly consider the benefits that could come with being one of the few facilities in the region. The complexes can be used for tournaments, local recreational leagues and winter training for teams located in cold weather climates.

5. **Aquatic Centers:** There is high inventory of competitive aquatic centers within a 200-mile radius of Morgan Hill. The Morgan Hill Aquatics Center is well-positioned to continue to serve the local recreation and competitive swim needs, while also hosting multiple regional competitive swim events. While the regional market is quite saturated with aquatic centers, the Morgan Hill Aquatics Center compares favorably and is successful due to strong management and a quality facility.

COMPARABLE MARKET INVENTORY

To effectively penetrate the sports market, a cross section of facilities is needed, along with an effective marketing program/strategy. If the City wishes to establish itself as a sports tourism destination, then it must upgrade to facilities worthy of attracting top tournaments. To attract tournament teams there needs to be a parallel strategic marketing effort, as well as support from the local hotel and retail community. Any wavering by the City could result in tournament teams and organizations looking at other complexes.

The tipping point in deciding regarding investment in facilities is the broader economic development strategy of the City. Morgan Hill will battle for attracting new tournaments and sports tourists with other cities in the region. Good facilities help attract sports tourists, but facilities alone will not be sufficient. There must be support from the sports marketing side of the convention and visitors bureau (CVB), as well as local hotels that may need to lower their average daily rate (ADR) to meet the expectations of sports tourists.

NATIONAL FACILITY CASE STUDIES

It is also important to consider the national sports market when deciding on a sports tourism strategy. Each of the case study facilities detailed below utilizes different business models to generate revenue and experience different levels of demand.

As part of our analysis, a list of national facilities was compiled to understand potential competition for any newly constructed/renovated facilities in Morgan Hill. In addition, certain comparable facilities were identified and profiled as case studies to better understand design and demand trends that could be applicable at a facility in Morgan Hill. The facilities profiled below should not be considered an exact blueprint for a program or new facility in Morgan Hill. While some of the profiled facilities are larger than what can be offered in Morgan Hill, each facility can offer a glimpse of some opportunities and challenges for a regional sports facility and provides some examples of competitive facilities for Morgan Hill. Some of the case studies also provide examples of how to successfully phase development of large facilities to allow the market to develop over time.

These facilities and their markets are listed in the table below.

Table 5-9

Key Characteristics of Nationall Complexes

	Morgan Hill Outdoor Sports Facilities	Premier Sports Campus at Lakewood Ranch	Elizabethtown Sports Park	Sportscore One & Two	Starfire Sports Complex	Reach 11	Epi-Center	Hickory Point Beach	Skyline Aquatic Center
Location, Distance, & Type									
Location	Morgan Hill, CA*	Sarasota, FL	Elizabethtown, KY	Rockford, IL	Tukwila, WA	Phoenix, AZ	Santa Rosa, CA	Tavares, FL	Mesa, AZ
Distance from proposed site (miles)	-	2,900	2,300	2,100	850	1,300	700	2,800	700
Indoor/Outdoor	Both	Both	Outdoor	Both	Both	Outdoor	Indoor	Outdoor	Outdoor
Demographic Characteristics (2016)									
Population	43,926	54,769	30,686	150,848	20,419	1,555,635	175,105	15,510	475,274
25 mile radius population	1,665,475	751,901	213,412	505,482	3,082,193	3,114,202	536,635	1,046,524	1,953,720
50 mile radius population	4,441,435	3,391,659	1,502,403	1,911,156	4,296,693	4,398,247	2,044,805	3,730,783	4,442,381
75 mile radius population	8,694,192	5,239,443	2,418,762	8,605,200	4,700,234	4,776,054	6,526,215	6,818,424	466,206
Total Housholds	13,913	24,331	12,702	59,311	7,442	550,257	65,616	6,799	177,960
Median Household Income	$96,808	$40,280	$43,078	$38,844	$45,569	$48,842	$58,729	$40,282	$49,453

*Outdoor Sports Center was used as the center point.

Sources: Esri BAO, MPoint, Johnson Consulting, Facility websites, TripAdvisor, and Mapquest

PREMIER SPORTS CAMPUS AT LAKEWOOD RANCH SARASOTA, FLORIDA

FACILITIES: The Premier Sports Campus opened in April of 2011 and offers 22 mixed-use fields sitting on 75 acres. Each field features natural grass and underground irrigation. The campus is capable of hosting soccer, lacrosse, rugby and football. The Facility also offers 30 acres of parking. The facility is privately owned and operated. In 2016, the complex replaced one of its standard glass fields with a 3,000-seat stadium, a restroom building, and a box office/concession stand.

DEMAND SCHEDULE: The campus is available for large tournaments and special events and has hosted several nationally and internationally known events like the Ultimate Frisbee Championships, Florida Youth Soccer Association tournaments, 3D Lacrosse Blue Chip training camps, the Nike International Friendlies Soccer tournament, coaches' clinics and more. It also serves the local community with events being held every night of the week. Recently, the Nike International Friendlies Soccer Tournament attracted approximately 6,300 people while the Labor Day Soccer Tournament attracted 3,500 people. In 2016, the complex held roughly 46 events, attracting approximately 75,000 attendees.

ELIZABETHTOWN SPORTS PARK ELIZABETHTOWN, KENTUCKY

LOCATION: The Elizabethtown Sports Park is located at the crossroads of I-65 and the Bluegrass Parkway in Elizabethtown, Kentucky, a city with a population of 28,946.

OWNERSHIP/MANAGEMENT: The Sports Park was built and is operated by the City of Elizabethtown. The facility opened in 2012.

Elizabethtown Sports Park	
Location	Elizabethtown, Kentucky
Acres	150 acres
Diamonds	12
Grass Fields	15
Hotels	19
Total Cost	$29 million
Ownership	City of Elizabethtown

source: facility, Johnson Consulting

FACILITIES: The facilities at the Sports Park cover 158 acres and include the following:

- 13 soccer/lacrosse/field hockey natural turf fields

- 2 Championship Fields with Synthetic Turf
- 3 Quads of baseball/softball diamonds (12 fields total)
- Each field has lighting, computerized irrigation and drainage systems
- 3 miles of walking/running trails
- 3 pavilions for ceremonies, events and meeting space
- Event officials meeting rooms
- Officials locker rooms
- Stadium lawn seating
- Wi-Fi for streaming games
- On-site parking

DEMAND SCHEDULE: In its first year of operations, the complex hosted 21 events. Operations are expected to increase in year two once the marketing efforts of the facility begin to pay off. Additionally, due to concerns about overuse of the new natural grass fields, the number of events were limited in year one to protect the new grass.

FUNDING: The total construction cost was $29 million and was publicly finance through a restaurant sales tax.

SPORTSCORE ONE & TWO ROCKFORD/LOVES PARK, ILLINOIS

SportsCore One in northwest Rockford and SportsCore Two in Loves Park combine to form one of the finest amateur sports facilities in the Midwest. Both facilities are owned and operated by the Rockford Park District, which is the second largest park district in Illinois.

SportsCore One & Two	
Location	Rockford/Loves Park, IL
Acres	303
Diamonds	9
Grass Fields	50
Indoor Sq. Ft.	60,000
Hotels	26
Ownership	Rockford Park District
Source: facility, Johnson Consulting	

SportsCore One was built in 1983 and covers 105 acres. Recreational activities at SportsCore One include soccer, softball, boating and fishing. Facilities at Sports Core Once include:

- Eight lighted softball diamonds
- Eight regulation soccer fields
- Attwood Soccer Center - nine soccer fields, plus concessions and locker facilities
- Two permanent concessions on the softball side with restrooms
- Two playgrounds
- Boat ramps
- Recreation path

SportsCore Two relates to a 124-acre site developed in 2001. Recreation activities at SportsCore Two include soccer, rugby, football, volleyball, golf, softball, basketball, dodgeball, ultimate Frisbee, and adapted and wheelchair sports. Facilities include:

- Nineteen regulation soccer fields,
- Fourteen practice soccer fields (outdoor),
- Five sand volleyball courts,
- Wedgbury Stadium – seating capacity for 2,000 guests,

- Wedgbury Indoor Sports Center – three multi-sport indoor fields, primarily for indoor soccer, five volleyball / basketball courts, locker rooms, sports equipment store, and SkyBox, a family-friendly casual restaurant and sports bar. The 60,000-square foot venue can also host a variety of non-sporting events including receptions, conventions and parties.

In 2005, SportsCore Two was names 'Sports Complex of the Year' by the Sports Turf Managers Association.

TOURNAMENTS & FACILITY RENTAL: Local, regional and national tournaments attract over a million visitors to Sports Core One annually, and it is consistently rated as the area's number one tourist destination. Sports Core Two is also a major tourist destination on the weekends, with local clubs hosting tournaments. On weekdays, Sports Core Two is utilized primarily by local teams for practice, training and matches. Events hosted at Wedgbury Stadium include IHSA State High School Soccer Finals, pro football matches, National Rugby Finals, college rugby championships, professional soccer games with international teams, and the USSL W. League Soccer Finals.

Several leagues are offered at Sports Core Two for all ages, including:

- **Soccer** – American Youth Soccer Organization (children of all ages), Raptor Youth Soccer League, Rockford United S.C. (boys and girls), Rock Run S.C. (boys and girls), Hononegah Lions Soccer Club (boys and girls), Adult Outdoor (men's and women's), Fall Indoor (under 15s), Winter Indoor (under 15s), Summer / Pre-Season Indoor (adults).

- **Softball** - Slo-pitch (adults, Indoor (adults).

- **Volleyball** – several adult and youth leagues.

Other adult leagues offered at the facility include baseball, kickball, various social sports, dodge ball and basketball.

STARFIRE SPORTS COMPLEX TUKWILA, WASHINGTON

LOCATION: The Starfire Sports Complex is in Tukwila, Washington, 10 miles south of downtown Seattle. The Complex is accessible by either Interstate Highways 5 or 405 and is 5 miles east of the Seattle-Tacoma International Airport. The City has a population of 20,098 and home to Boeing Field and Museum of Flight.

Starfire Sports Complex	
Location	Tukwila, WA
Fields*	12/2
Indoor Sq. Ft.	80,000
Total Cost	Approx. $10 million
Main Tenat	Seattle Sounders
Ownership	Starfire Sports
25-mile rad. Pop.	3,004,433

**Indoor/Outdoor*
Sources: Facility website and employees, Johnson Consulting

FACILITIES: Starfire was built in 2004 and originally possessed a 4,500-seat stadium, which was then home to the United Soccer League's Seattle Sounders, and 4 Baseball/Softball fields for league and tournament play. When the Sounders were promoted to Major League Soccer in 2009, the organization collaborated with the private owners to develop a new permanent training complex for the team and its developmental clubs. Since making Starfire its official practice facility, the Sounders have won four U.S. Open Cups. After the facility was renovated it was the largest synthetic turf complex in the United States. The Starfire Complex contains the following:

- **12 outdoor fields**
  - 5 -Full turf fields
  - 4-Full grass fields
  - 2 Modified synthetic turf surfaces
  - 1 4,500 seat grass field stadium
- **1 – 80,000 Sq. ft. Indoor Facility**
  - 2 -Full synthetic fields
  - 3 -Meeting Rooms
  - A connected commercial retail space that includes a Pizzeria/Bar, Café, and Pro Shop
- **1 – One Recreational Park**
  - Maintained by the City of Tukwila
- **1 – Outdoor parking lot with approximately 550 spots**

DEMAND SCHEDULE: Due to its partnership with the Seattle Sounders, most Starfire sports' event schedule is made of soccer based events. The indoor facility hosts adult and youth leagues six nights a week, which are offered in multiple sessions during the year. Each session attracts 155 teams with 2,250 participants during the summer and 250 teams and 3,500 participants from fall through the spring. Adult leagues are offered year-round and attract up to 250 teams each session. Youth leagues are not offered during the summer to avoid competition with other local leagues and Clubs. Aside from these leagues the complex hosts a plethora of soccer and other sport-specific events including:

- 7 Regional 2-day Soccer tournaments (averaging 135 teams each)
- 20 multiple day instructional soccer camps
- 12 single day clinics and showcases

These events are the main core of Starfire's operations and provide a steady demand for the facility. A unique make-up of special events supplements this consistent demand. In the last year, these events have included:

- Seattle Sounders U.S. Open games
- Seattle Sounders 2 home games (United Soccer League)
- United States National Lacrosse team games
- Russell Wilson's Quarterback Camp
- Regional Rugby tournaments
- Regional Frisbee tournaments
- US Quidditch NW Regional Championships

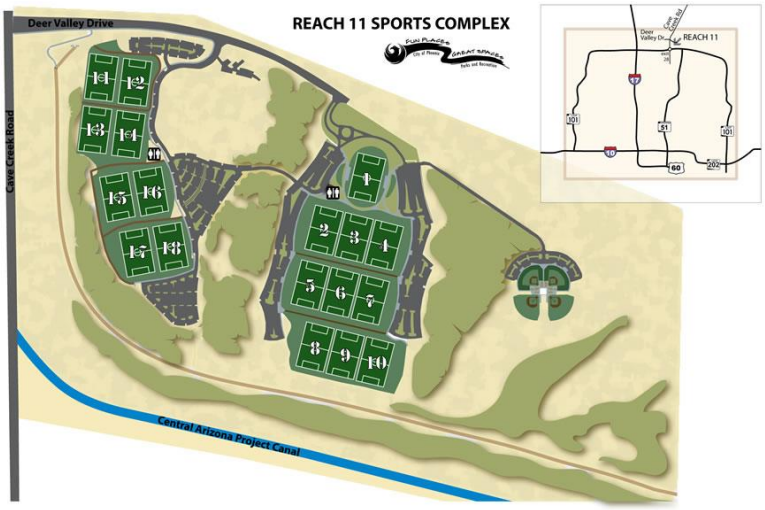
The Sounders and United States National Lacrosse host games at the 4,500 seat Starfire Sport Stadium on the complex. These events are consistently sold out and additional seating is often needed.

OPERATIONS: Starfire Sports is managed and operated by a non-for-profit organization and governed by a board of directors. There are 11 full-time employees that work at the complex. Starfire has a partnership with the Seattle Sounders that does allow the Sounders the option of certain fields at any given time.

FUNDING: Starfire was privately funded with approximately $10 million in debt financing. As of 2015, over 50 percent of the outstanding debt has been paid and Starfire is ahead of schedule in repaying the full amount.

REACH 11 SPORTS COMPLEX PHOENIX, ARIZONA

LOCATION: The Reach 11 Sports Complex is located on the North outskirts of Phoenix, Arizona, near Interstate 17 and US Highways 101 and 51. Phoenix has a total residential population of 1,513,274. The complex was a phased-development with the East side portion of 10 fields being completed in 2007 and the remaining 8 fields on the West side of the complex finished in 2009.



FACILITIES: Reach 11 has the following make up of field sport surfaces:

- 17-Full size natural turf fields
- 1 - Full championship field with seats
- 2-Parking lots with capacity for 2,300 vehicles total

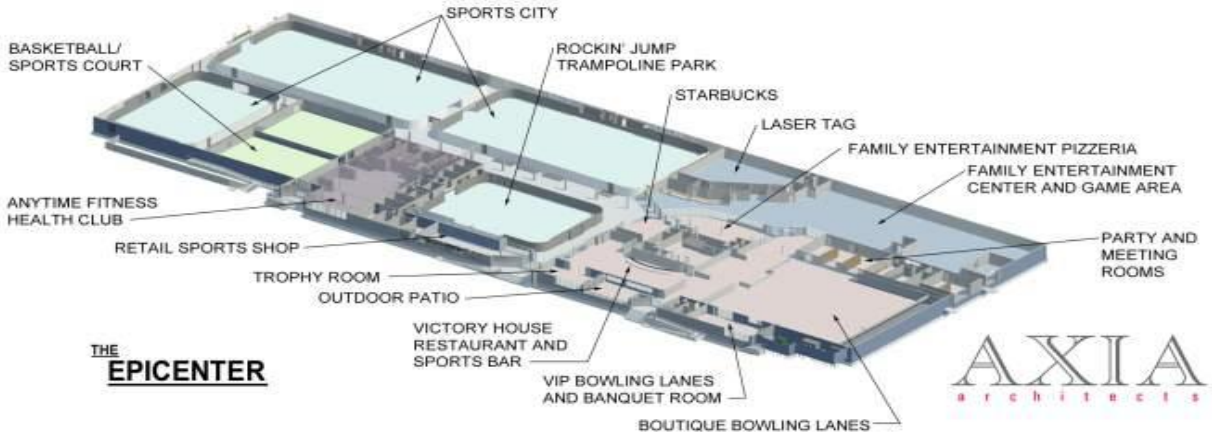
The entire Reach 11 Complex as whole also includes 21 miles of biking and hiking trails and 2 baseball fields sponsored by the Arizona Diamondbacks.

DEMAND SCHEDULE: The fields at Reach 11 host multiple sports such as Lacrosse and Field Hockey, but the complex is heavily focused on hosting youth and adult soccer tournaments. The complex facilitates 26-28 tournaments a year with roughly 60 percent being locally based and the remaining events on a regional and national level. An average tournament attracts anywhere from 100-200 teams, whereas the larger tournaments, such as the tournament held annually on President's Day weekend, can attract nearly 400 teams in total. The facility has a brief off-peak season from September-October, then a seven-month peak period, before closing operations from June-August.

OPERATIONS: The complex is owned by the City of Phoenix and operated by its Parks and Recreation department. The complex has two full-time and ten part-time employees that manage the recreational and administrative aspects of the facility and ten full-time employees that address the maintenance of the fields.

EPI-CENTER SPORTS & ENTERTAINMENT COMPLEX SANTA ROSA, CALIFORNIA

FACILITIES: The Epi-Center is a 130,000-square foot complex that is currently being developed in Northern California. The Center has been designed with the purpose of being a family entertainment center. The facility will include indoor soccer fields, a hardwood basketball court, a health club, a trampoline park, a pro shop, bowling lanes, a sports lounge, and a laser tag arena. The first phase of the project was completed and opened in Fall of 2016.



OPERATIONS: The Epi-Center is privately owned and managed.

FURTHER BACKGROUND: The facility is still under construction and is being converted from a former wine warehouse. When the entire complex is completed it is projected to employ over 250 people. The facility offers both sports performance and entertainment under one roof. Total cost of the development of the Epi-Center included the $10 million purchase of the land and existing warehouse by Epi-Center LLC and an $8 million investment for renovating the site.

HICKORY POINT BEACH **TARVARES, FLORIDA**

FACILITIES: Hickory Point is Florida's largest permanent sand volleyball complex. The facility is built on a 68-acre site next to Lake Harris and has 21 professional courts. Other amenities of the complex include:

- free parking
- restrooms
- picnic tables
- playground area
- outdoor showers
- stadium quality lighting
- pavilion with BBQ grills
- Intercom System

DEMAND SCHEDULE: The complex hosts player showcases, training camps, and several featured championship events each year, with some attracting over 75 teams. For 2017, the facility is forecasted to host 11 events over 14 days, including the American Beach Tour National Championship for Adults and Juniors.

PRICING: Rental rates for courts at Hickory Point are $40 for non-profit organizations and $55 for for-profit organizations per day. The cost of lights is an additional $25 per hour, per each court.

ADDITIONAL BACKGROUND: Lake County, where Hickory Point is located, is one of the top tourist locations in the world. Its central location within the state of Florida, proximity to hospitality structures and major attractions such as Disney World, and ideal weather are all reasons why Tavares was selected as a site for a sand volleyball complex. Since opening in 2014, the facility has developed a reputation as the premier sand volleyball throughout the United States. The facility has been praised for the quality and quantity of courts available and its accessibility.

SKYLINE AQUATIC CENTER MESA, AZ

FACILITIES: Skyline Aquatic Center is owned and operated by the City of Mesa. It was built in 2011 at a cost of $8.4 million. The facility offers the following features:

- 28- Lane Olympic-size state-of-the-art competition pool
- 25-yard warm-up pool/diving well
- Two 1-meter diving boards
- Two 3-meter diving boar Zero-depth entry splash park
- Fast looping water slide
- Tumble Bucket water feature
- Shade structures and turf area
- Grandstand seating for 1,200

- Event staging area for 1,000 participants
- Moveable bulkhead to accommodate two water polo courts
- Located adjacent to Mesa High School
- Exterior lighting
- Restrooms, classroom, and locker room facilities

DEMAND SCHEDULE: The Skyline Aquatic Center serves both competitive swimmers and recreational swimmers. The project was also aimed at promoting sports tourism in Mesa. After the pool opened the facility was selected to host the 2011 national U.S. Masters Swimming short-course competition and 2011 U.S. Synchronized Swimming Junior Nationals. The facility also submitted bids for the 2012 NAIA Swimming and Diving National Championships, and the 2011 and 2012 Mountain West Conference Swimming and Diving Championships – events that the city could not previously bid to host. The facility was also selected as one of six stops on the Arena Grand Prix tour. In 2013, the three-day event attracted 300 swimmers, including 52 Olympians, and attracted over 4,000 spectators who generated a direct spend of $300,000.

OBSERVATIONS: Skyline Aquatic Center was funded through the Aquatics Capital Program and Wastewater Bonds. The project was a joint-venture between the City of Mesa and Mesa Public Schools who contributed $4.6 million to the project. Schools can use the pool for swim programs, water polo, and competitive swim and diving. Additionally, recreational swimmers can utilize the splash park and can purchase seasonal or daily swim passes. The facility represents a successful public-private venture that met the demands of numerous interest groups while promoting Mesa as a sports tourism destination.

SECTION VI

PARTICIPATORY SPORTS TRENDS

PARTICIPATORY SPORTS TRENDS

OVERVIEW

Over the last two decades, sports facilities have become destination tourism generators. The trend can continue if marketing strategies are targeted that way. Whereas two decades ago the common tactic was to develop single-purpose facilities with the intent to serve as a local community resource, today's facilities are often developed to attract a variety of visitors to an area. As a result, they are portrayed based on their ability to induce economic activity through an increasingly diversified demand. As this has occurred, society has also become more mobile and time constraints for families much greater, which has translated to the rise of short duration, purpose-driven trips that coincide with tournament and competition lengths.

For communities, the entertainment and sports market has led to changes in development strategies and the emergence of facilities and attractions that offer either niche-focused venues or multi-purpose multi-sport venues, and fee-for-service amenities that appeal to everyone. In addition to the factors mentioned above, the following characteristics have also contributed to this evolution:

- Heightened expectations that facilities or programs demonstrate some degree of "return." Historically, facilities were built by parks and recreation and other municipal departments for civic and social service. For sports facilities that are typically not self-supporting, the rationale for development is often infused with discussion of the value it creates for the community through increased visitation, and thus, fiscal return based on increased lodging, restaurants, or retail spending. In this instance, sports facilities are positioned or portrayed as an economic development vehicle, rather than a community resource.

- Increasing expectation by elected officials that selected public sector functions can be operated as enterprise accounts (e.g., use fees to minimize operating support). This trend is most notable in sports facility operations where recent fiscal constraints have led to increased reliance on revenue self-generation for programs ranging from leagues to tournaments to skills training sessions and camps.

- The changing dynamics of the sectors that use these facilities, as well as the changed expectations of participants. Tournament and league organizers are looking to maximize the yield for staging events and, as such, look for the facility that offers the best mix of concessions, rental rates, capacity, hotel packages, and nearby entertainment options.

- A more competitive environment has been fueled by an increased range of facility types. As the development of private recreation offerings has increased so to have the range of options available to the users. In the instance of sports, the community recreation center, local school and college facilities, or YMCA were once the only options, today there may be numerous options. As such, each

facility works hard to distinguish itself in a region, and often relies on the continual addition (or subtraction) of amenities such as multiple fields and courts, high-end locker rooms, increased seating or concessions to maintain appeal.

An increase in sport specialization and the need for sophisticated training have influenced the design and makeup of the facilities. Facilities are now designed with the specific mission of the building in mind and create an atmosphere with amenities that drive the specialized business of the facility, such as "Championship Stadiums" that target national and regional tournament play. Johnson Consulting is of the opinion this specialization has caused the trending decline in participants per sports (-7.3% from 2009 to 2014).

- Rapid growth of participation in niche sports, which include Roller & Ice Hockey, Rugby, Lacrosse, and Field Hockey. These sports have seen consistent growth, upwards of 76 percent in participants, since 2009 and typically require expensive equipment and coaching that may not be available at the local level.

- An increasing trend of inactivity across the United States. In 2015, over 83 million Americans age 6 and older did not participate in a sport. The development of new state-of-the-art complexes is an attempt not only to provide proper facilities to current athletes, but to attract interest from this growing segment of inactive participants new to the sport or those who have recently retired.

When analyzing the potential for a multi-purpose facility, the following framework questions should be considered:

1. Is there sufficient market demand to support these uses?

2. What are the demand trends associated with youth sports?

3. What physical program will the facility be able to support?

4. Is there a baseline venue starting point that can be developed over time?

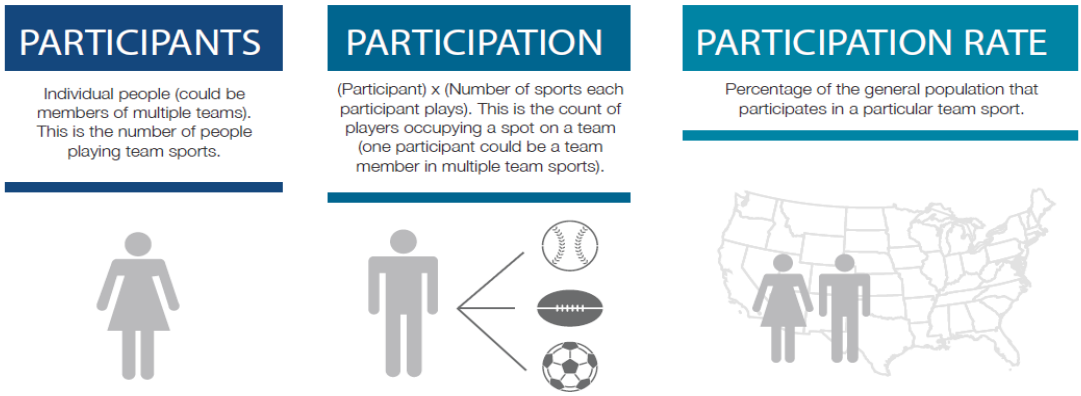
This section of our report, along with Section 3, addresses questions 1 and 2, while questions 3 and 4 will be addressed in the later sections.

TEAM SPORTS PARTICIPATION

TEAM SPORTS OVERVIEW

The following analysis of team sports participation is based upon data presented in the 2015 Sports and Fitness Industry Association (SFIA) Trends in Team Sports report (the most recent issue available) and the 2016 SFIA Topline Participation Report. The analysis defines participants, participation, and participation rates as follows:

Figure 6-1



Over the last five years, there has been a consistent decline in total team sports participants. Since 2009, total individual participants have decreased approximately 1.8 percent. The number of sports each participant plays has also decreased overall (-7.3% percent), contributing towards a decline of 8.4 percent in total team sports participation. Figure 6-2 and Table 6-1 display this trend.

Figure 6-2

Team Sports Total Participation (2009-2014) - U.S.

	2009	Change	2014
Participants	63.7 million	-1.2%	62.9 million
Sports per Participant	2.2	-7.3%	2.06
Total Participation	141.4 million	-8.4%	129.5 million

Sources: SFIA, Johnson Consulting

Team sports with the largest growth in participants during these years were Rugby (11.0 percent annually), Lacrosse (10.3 percent annually), Field Hockey (6.2 percent annually), and Roller Hockey (5.0 percent annually). Other sports that showed increases in participation during this time include Ice Hockey (3.9 percent annually), Swimming on a team (5.2 percent annually) and Sand Volleyball (10.7 percent annually). The largest declines in total participants were recorded in Wrestling (-7.6 percent annually), followed by Touch Football (-7.2 percent annually), Paintball (-5.3 percent annually), and Slow-pitch Softball (-4.2 percent annually).

Table 6 - 1

Team Sports Participation Growth (millions)

Sports	2009 Participants	2015 Participants	Total Growth (2009-2015)	Average Annual Growth (2009-2015)
Rugby	0.7	1.3	87.4%	11.0%
Lacrosse	1.2	2.1	80.2%	10.3%
Field Hockey	1.1	1.6	43.3%	6.2%
Roller Hockey	1.4	1.9	33.6%	5.0%
Ice Hockey	2.0	2.5	26.2%	3.9%
Swimming on a Team *	2.4	2.9	22.4%	5.2%
Gymnastics	4.0	4.7	18.4%	2.9%
Cheerleading	3.1	3.6	17.5%	2.7%
Volleyball (Sand/Beach)	4.3	4.8	10.7%	1.7%
Soccer (Indoor)	4.8	4.8	-0.2%	0.0%
Softball (Fast Pitch)	2.5	2.5	-0.6%	-0.1%
Ultimate Frisbee	4.6	4.4	-4.9%	-0.8%
Baseball	14.4	13.7	-5.0%	-0.8%
Track & Field	4.5	4.2	-5.8%	-1.0%
Basketball	25.1	23.4	-6.8%	-1.2%
Soccer (Outdoor)	14.0	12.6	-9.4%	-1.6%
Football (Tackle)	7.2	6.5	-10.4%	-1.8%
Flag Football	6.9	5.8	-15.9%	-2.8%
Volleyball (Court)	7.7	6.4	-17.0%	-3.1%
Volleyball (Grass)	5.0	3.9	-21.8%	-4.0%
Softball (Slow Pitch)	9.2	7.1	-22.5%	-4.2%
Paintball	4.7	3.4	-28.1%	-5.3%
Football (Touch)	9.7	6.2	-36.0%	-7.2%
Wrestling	3.2	2.0	-37.6%	-7.6%
Total	**141.4**	**126.6**	**-8.4%**	**-1.7%**

*No data collected until 2011
Source: SFIA 2016 Topline Report, Johnson Consulting

YOUTH PARTICIPATION

In 2009, participants between the ages of 6 and 17 represented over 40 percent of the individual participants in team sports with nearly 28 million youth participants. Similar to the overall team sports participation market, the number of individual and total youth participants in team sports has decreased over the past five

years. From 2009 to 2014, team sports lost a net of 1 million youth participants or 3.7 percent, with the number of sports played by each youth participant also declining 5.9 percent. The overall summary of the team sport youth participants is displayed in the Figure 6-3 below.

Figure 6-3

Team Sports Participation Rate Ages 6-17 - U.S.

	2009	Change	2014
Participants	27.6 million	-3.7%	26.6 million
Sports per Participant	2.14	-5.9%	2.01
Total Participants	58.9 million	-9.3%	53.2 million

Sources: SFIA, Johnson Consulting

TOP SPORTS BY VENUE & CIRCUMSTANCE

Team sports are held at a plethora of venues and participated in under various circumstances. Due to this variance, participants are grouped within three categories based on the level of formality and organization of their team. The description of these categories is as follows:

- **CASUAL/PICK-UP PLAY:** Informal participation that can be attributed to a casual, social, community-driven atmosphere.
- **SCHOOL/COLLEGE PLAY:** Formal participation, involving student-athletes competing for an extracurricular, scholastic organization.
- **LEAGUE PLAY:** Semi-formal participation in organized leagues that are offered prior to school, during school years, and post-graduation. These leagues are recreational competition that is not affiliated with a school or university.

The following table breaks down the ten sports with the highest participation rate for each venue & circumstance category.

Table 6-2

Top Team Sport Participation Rate by Venue and Circumstance (2014)					
Casual/Pick-Up Play		**School/College Play**		**League Play**	
Sport	**Participation**	**Sport**	**Participation**	**Sport**	**Participation**
Football (Touch)	71.2%	Track & Field	78.4%	Softball (Slow-pitch)	66.8%
Volleyball (Grass)	67.0%	Cheerleading	75.5%	Soccer (Outdoor)	58.9%
Volleyball (Beach)	56.6%	Lacrosse	56.6%	Baseball	55.8%
Field Hockey	53.5%	Volleyball (Court)	51.4%	Ice Hockey	54.9%
Rugby	52.2%	Football (Tackle)	39.4%	Softball (Fast-pitch)	53.7%
Basketball	47.6%	Swimming on a Team	38.6%	Soccer (Indoor)	51.1%
Football (Flag)	43.4%	Rugby	36.3%	Swimming on a Team	38.9%
Baseball	26.2%	Basketball	29.6%	Football (Tackle)	38.6%
Ice Hockey	25.6%	Softball (Fast-pitch)	28.0%	Volleyball (Beach)	34.4%
Soccer (Indoor)	22.7%	Field Hockey	26.5%	Football (Flag)	29.2%

Source: SFIA, Johnson Consulting

Team sports that can be played at public parks and community centers, such as Basketball, Volleyball, Baseball, and Touch Football have a large participation rate by casual and pick-up participants. In some cases, schools are the only opportunity for athletes to participate in certain sports, including Track & Field, Cheerleading, Lacrosse, Volleyball (Court) and Tackle Football. These sports are a significant part of the United States schools system and local communities and account for a large portion of the School/College Play category. Team sports that are sometimes not offered by schools yet require an official or referee – Slow-pitch Softball, Ice Hockey, Soccer, and Swimming – have a high participation rate of within the League Play category.

TOP SPORTS BY INCOME LEVEL

The expenses required to participate in a sport include venue rentals and cost of the proper equipment, among others. These costs associated with each team sport could create a barrier to entry and, therefore, could determine which sports someone chooses to pick-up or continue to play. Table 6-3 displays the top five team sport participation rates by income level.

Table 6-3

Top 5 U.S. Team Sports Participant Rates by Income Bracket (2014)		
Income Bracket	**Core Sport**	**Percentage of Participants**
Less than $25,000	Paintball	22.6%
	Volleyball (Grass)	21.0%
	Football (Touch)	20.9%
	Field Hockey	20.8%
	Ultimate Frisbee	19.4%
$25,000-$49,999	Wrestling	24.4%
	Football (Tackle)	23.2%
	Paintball	22.9%
	Football (Touch)	22.4%
	Track & Field	21.4%
$50,000-$74,999	Rugby	21.2%
	Volleyball (Sand/Beach)	20.9%
	Football (Touch)	20.3%
	Football (Flag)	20.0%
	Baseball	19.5%
$75,0000-$99,999	Roller Hockey	20.4%
	Softball (Slow-Pitch)	19.4%
	Softball (Fast-Pitch)	18.5%
	Baseball	18.3%
	Soccer (Outdoor)	17.7%
Greater than $100,000	Roller Hockey	41.2%
	Lacrosse	40.0%
	Gymnastics	39.8%
	Ice Hockey	39.5%
	Track & Field	38.1%

Source: SFIA, Johnson Consulting

TEAM SPORT PARTICIPATION BY GENDER

Examining the breakdown between male and female participants provides opportunities to identify trends and room for growth within certain sports. Table 6-4 compares the percentage of male and female participants across team sports from 2009-2014.

A number of team sports saw a substantial increase in female participation during the five year observation period. Specifically, Ice Hockey (10 percent increase), Ultimate Frisbee (8 percent increase), Paintball (8 percent increase), Roller Hockey (8 percent increase), and Beach Volleyball (6 percent increase). The highest rate of growth for male participation occurred in Cheerleading (12 percent increase) and Swimming (6 percent increase).

Table 6-4

Team Sport Participation Rate by Gender (2009 vs. 2014)

Sport	2009		2014	
	Male	Female	Male	Female
Ice Hockey	85%	15%	75%	25%
Ultimate Frisbee	73%	27%	65%	35%
Paintball	81%	19%	73%	27%
Roller Hockey	78%	22%	71%	29%
Field Hockey	63%	37%	57%	44%
Football (Flag)	84%	16%	78%	22%
Football (Tackle)	94%	6%	88%	12%
Volleyball (Beach)	61%	40%	55%	45%
Lacrosse	71%	29%	66%	34%
Softball (Fast Pitch)	45%	55%	40%	60%
Volleyball (Grass)	55%	45%	50%	50%
Wrestling	84%	16%	80%	20%
Basketball	77%	23%	73%	27%
Footall (Touch)	87%	13%	83%	17%
Baseball	84%	16%	81%	19%
Volleyball (Court)	43%	57%	41%	60%
Soccer (Indoor)	63%	37%	62%	39%
Softball (Slow Pitch)	62%	38%	61%	39%
Rugby	71%	29%	70%	30%
Gymnastics	28%	72%	29%	71%
Soccer (Outdoor)	63%	37%	64%	36%
Track & Field	60%	40%	61%	39%
Swimming on a Team *	41%	60%	46%	54%
Cheerleading	13%	87%	25%	75%

Source: SFIA, Johnson Consulting

TOP CORE SPORTS BY AGE GROUP

Team sport participants can also be categorized as either Casual or Core based on the frequency with which the athlete participates in the particular sport over the course of a year. On average, a Casual Participant of a sport takes part in that certain sport fewer than 12 times over the course of a year. A Core Participant, on the other hand, participates in a certain sport more than 12 times per year. Table 6-5 below provides the five sports with the highest core participation rates for several age groups.

Table 6-5

Top 5 Rates of Core Participants in a Team Sport by Age Bracket (2014)

Age Group	Core Sport	Percent of Core Participants
6-12	Gymnastics	51.6%
	Soccer (Outdoor)	44.5%
	Baseball	42.6%
	Swimming on a Team	32.8%
	Soccer (Indoor)	30.7%
13-17	Track & Field	55.8%
	Football (Tackle)	48.1%
	Swimming on a Team	46.5%
	Cheerleading	41.6%
	Lacrosse	39.1%
18-24	Ultimate Frisbee	42.6%
	Field Hockey	34.4%
	Paintball	24.2%
	Rugby	24.0%
	Lacrosse	23.5%
25-34	Field Hockey	33.4%
	Rugby	31.3%
	Volleyball (Sand/Beach)	23.6%
	Volleyball (Grass)	19.3%
	Football (Flag)	19.1%
35-44	Roller Hockey	25.9%
	Softball (Slow-Pitch)	21.1%
	Volleyball (Sand/Beach)	18.7%
	Football (Flag)	15.0%
	Volleyball (Grass)	14.6%
45-54	Volleyball (Sand/Beach)	16.5%
	Softball (Slow-Pitch)	15.4%
	Rugby	14.6%
	Volleyball (Grass)	13.9%
	Ice Hockey	9.2%
55-64	Ultimate Frisbee	11.1%
	Ice Hockey	9.7%
	Softball (Slow-Pitch)	8.5%
	Volleyball (Sand/Beach)	7.1%
	Volleyball (Grass)	6.9%
65+	Gymnastics	3.6%
	Volleyball (Grass)	2.8%
	Softball (Slow-Pitch)	2.7%
	Softball (Fast-Pitch)	1.6%
	Track & Field	1.2%

Source: SFIA, Johnson Consulting

MORGAN HILL FOCUS GROUP OBSERVATIONS

Johnson Consulting was asked to focus on two existing Morgan Hill venues: the Aquatics Center and the Outdoor Sports Center. As part of our analysis, we spoke with several local stakeholders to better understand the overall sports market in Morgan Hill and any needs or potential opportunities for new facilities. The conversations with coaches, facility operators and league/event operators help us to identify the needs that are currently met, but more importantly the needs that are un-met within the market. After touring the city and the existing facilities we met with the following groups and/or individuals, either in person or over the telephone:

- Morgan Hill Youth Sports Alliance
- Morgan Hill Aquatics Center Team
- Youth Soccer coaches
- Chamber of Commerce and Downtown Association
- Wineries Association
- Local Hoteliers
- City Economic Development
- Volleyball coaches
- Baseball coaches

Outlined below is a summary of the comments we heard during our stakeholder interviews.

- There is a lack of available parking at the two facilities. This causes a problem for attendees who end up parking on the street, and anyone who is able to get a parking spot for a large event is unlikely to leave the complex to visit a local restaurant because they know they will lose their spot. As a result, many people spend the entire day at the complex. Also, due to the lack of parking there are attendees using street parking in areas surrounding the complex.

- Sports are very important in Morgan Hill and there is a high participation rate for sports such as soccer, football, swimming, volleyball, lacrosse, baseball and softball. Several large events are already held in Morgan Hill, either at the Aquatics Center or the Sports Center. This is not necessarily new information, but something we try to confirm during these meetings.

- There were several comments from the stakeholders we met with towards the overall quality of the facilities. The most common complaint was regarding the condition of the grass fields. For example, we were told of teams withdrawing from past soccer events due to poor/unsafe field conditions.

- The hotels have not made a commitment to work with events holders to provide room blocks or hotel rebates for sports tournaments, with the exception of the La Quinta. Much of the hotel inventory in Morgan Hill has outlived its useful life and some additional hotel inventory could be

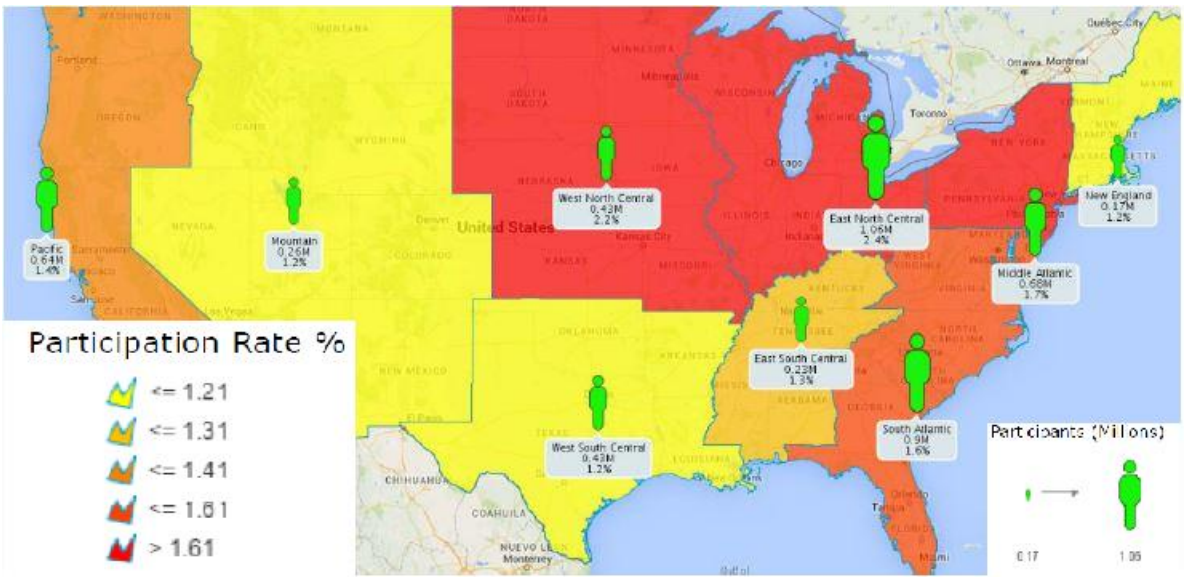
useful to accommodate large tourism-generating events. We are aware of at least two new hotel projects for the market.

- Several comments were made regarding the lack of cooperation among local stakeholders when past events were held. Some mentioned the need for a sports commission or tourism bureau. This agency could develop a long-term tourism strategy and coordinate tourism efforts to attract events.

During our conversations we were informed of an area of opportunity for the development of a Sand Volleyball facility. The sport of Sand Volleyball has always been a popular recreational activity for all ages, but it has recently seen significant growth at the youth level due to the sanctioning of the sport by the NCAA and the International Olympic Committee. With college scholarships now available, the sport is becoming more popular throughout the country and there is a lack of dedicated facilities – particularly on the west coast.

Figures 6-4 provides the participation rates for Sand Volleyball throughout different regions of the U.S. The highest number participants and participation rates are in the East North Central and West North Central regions, with above average participation rates in the South Atlantic and Pacific regions. The popularity of the sport in the Pacific region provides additional justification for the primary focus of a potential Sand Volleyball facility in Morgan Hill. Furthermore, the popularity of the sport in colder regions of the country – West North Central and East North Central, in particular – means that a dedicated facility in Morgan Hill could attract teams from those colder climates during the winter months for week-long practice trips, clinics and tournaments.

Figure 6 – 4



There was also a mention of a lack of indoor multipurpose facilities in the region, specifically hardcourts and indoor turf. Such a facility could host a variety of sports and non-sports events, including:

- Basketball
- Volleyball
- Football
- Lacrosse
- Rugby
- Soccer/Futsal
- Baseball/ Softball
- Cheer/dance/drill team
- Gymnastics/trampoline/tumbling
- Wrestling
- Fencing
- Ultimate Frisbee
- Archery
- Sports/Coaching clinics
- Martial arts
- Canine agility
- Corn hole/Bags tournament
- Horseshoes tournament
- Cross Fit games/fitness competitions
- Trade shows
- Expos
- Farmers Markets

This type of facility could also generate sports tourism opportunities by appealing to cold-weather climate teams that are looking to conduct winter training in warm climates, or simply attend a national tournament. These events are beneficial in generating revenues for the facility and also economic and fiscal impacts for the region through spending at local hotels, restaurants, wineries and other retail establishments.

OBSERVATIONS

When developing sports facilities it is critical to be as multipurpose as possible to meet the increase or decrease in long-term demand. Sports that are popular today may not necessarily be popular in 10-15 years and the City of Morgan Hill should keep this in mind when considering new athletic facilities. It is also important to consider the local demand for facilities, which may differ from regional or national participation rates.

The focus group discussions demonstrated the importance of sports and recreation in Morgan Hill. There is strong local demand for traditional sports like soccer, swimming, baseball and softball. But the focus groups also revealed a potential opportunity for Morgan Hill through Sand Volleyball. Section 5 of this report showed only a small number of dedicated facilities for Sand Volleyball within 200 miles of Morgan Hill. Conversations with local volleyball stakeholders demonstrated a need for a large facility dedicated to Sand Volleyball and Morgan Hill should consider building such a facility.

SECTION VII

RECOMMENDATIONS

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STRATEGIC PLAN AND RECOMMENDATIONS

It is intended that this report will serve as a tool for guiding the direction and resource allocations necessary to attract sports tourism to the marketplace. Our proposed strategy is based on the results of the preceding market analysis, which included current demographic and socioeconomic characteristics of the market area, an assessment of existing and planned sports and recreation facilities in the marketplace and the greater region, characteristics of comparable sports complex developments throughout the U.S., and local intercept event surveys. Although our primary emphasis was on sports tourism, we did investigate the merits of general tourism initiatives as well.

SUPPORTIVE MARKETS / STRATEGIC PARTNERSHIPS

The success of sports complexes across the nation is often reliant upon several key components. The most successful venues generally leverage one or more of the following components: 1) large local and regional population bases; 2) dedicated resources for significant investment in facility infrastructure; 3) support amenities and existing tourism attractions, which enhance the overall appeal of the sports complex.

Morgan Hill has the ability to enhance and leverage existing facilities and events that would assist with marketing and luring additional sports tournaments and events to the City. Many of the more successful sports complexes throughout the US have successfully leveraged and marketed existing assets within their location to create more of an experience rather just a host complex for a tournament. Morgan Hill is a destination for tourists due to its weather, accessibility, proximity to the Bay Area and unique entertainment resources like annual special events, wineries and the downtown. Families can come watch their older brother or sister play in a tournament in the morning and then as a family take part in extracurricular entertainment, like visiting downtown or attending an event such as the Taste of Morgan Hill. This type of experience works well with busy families who have transitioned their kids' travel tournaments into family vacations, thus destinations that offer more than just sports facilities prosper.

The current constraints of the parking at the Outdoor Sports Center has somewhat limited this exposure of the downtown area to participants at the facility due to the fear of losing their parking space at the OSC. Addressing this constraint will allow for more attendees to experience other areas of the City more frequently throughout the event they are attending at the OSC.

REGIONAL FACILITY OFFERINGS

Morgan Hill is in a unique position with virtually a blank tourism canvas upon which the tourism product can be painted. The existing tourism efforts have created the building blocks and sustained a viable visitor product with relatively little money. The main aspects that inhibit growth are a definitive strategic plan and a dedicated revenue source to fund efforts and address capital needs.

The positives aspects for the destination are:

- Existing major demand generators
- Destination location
- Residential population
- Population with disposable income
- Quality sporting, recreation and health & wellness facilities
- Great transportation access
- Quality restaurants and downtown district

The challenges, as we see them, for the destination are:

- Fractured tourism effort
- Not speaking with one voice
- No sports tourism buy-in from hotels
- No large convention, meeting, conference or exhibit facility

UNMET DEMAND

Stakeholder interviews indicated that there is a local need (within Morgan Hill) for quality outdoor fields, sand volleyball, baseball/softball and a multipurpose indoor venue capable of hosting an array of events from sports, meetings, conferences and trade shows. Based on the local need and regional inventory of facilities, there is justification for additional outdoor fields (soccer, football, lacrosse, rugby, etc.), a complex dedicated to sand volleyball and an indoor facility.

The Outdoor Sports Center draws events and visitors on a regional level. Soccer remains a popular sport locally, and regionally. Considering the cross-utilization of outdoor fields – whether it is soccer, football or lacrosse – it can be difficult for teams or groups looking to gain consistent access to outdoor fields. With the quality of the fields at the OSC being questioned by local users, it would be wise to upgrade the existing fields and consider installing Field Turf to eliminate the maintenance and dependence on water for a safe, and quality playing surface.

Adding a sand volleyball complex with a high quantity of courts would cater to the growing national and regional popularity of the sport on a competitive and recreational level. The recent certification of sand volleyball by the NCAA and International Olympic Committee has resulted in a steady year-over-year growth

for the sport. Currently, there are only a handful of large tournament quality venues, mostly located in Florida or on California's public beaches. A dedicated sand volleyball facility would fill a facility gap in California and also nationally for teams that seek warm weather venues for training and competition and result in an additional sports tourism niche for the City of Morgan Hill.

While indoor facilities may seem counter-intuitive for California, Morgan Hill could be a convenient and attractive location for colleges, high schools or AAU in the Pacific Northwest or Rocky Mountain region to practice for a week over winter break or spring break. When the teams aren't practicing, they typically will have team social events at local cultural or entertainment establishments. This winter training could take place at the indoor facility and it is also important to consider the local demand for sports such as volleyball, basketball, and indoor soccer – another sport that is growing in popularity. Finally, an indoor facility could be used to host non-sports events such as conferences, trade shows and conventions that can be used as a local facility or tourism draw on a year round basis.

The baseball/softball regional marketplace, however, is saturated with quality regional facilities. With four quality tournament facilities located within 50 miles of Morgan Hill, the City should consider addressing local baseball/softball needs at this time.

RECOMMENDED STRATEGY BASED ON UNMET DEMAND AND OPPORTUNITIES

Johnson Consulting's recommendations and strategies are presented in three steps that will, through a sustained strategy, contribute to the overall strengthening of the sports tourism marketing and activities in Morgan Hill. The recommendations will also impact local residents through improved facilities and attracting more visitor dollars to the City. The recommendations are detailed below.

STEP ONE – Create Tourism/Destination Management Organization (DMO)

The City of Morgan Hill is well-positioned to grow its tourism marketing efforts to transform into a destination, but Morgan Hill cannot yet compete with more established tournament venues nationally, as these facilities typically benefit from a unified marketing effort from local tourism stakeholders. Hotels, restaurants, entertainment and recreation venues will all collaborate with sports complexes to create travel packages for event owners and participants. Often, this effort is led by a Destination Management Organization (DMO) such as a Convention and Visitors Bureau (CVB) and/or regional sports commission. Morgan Hill lacks a cohesive effort from the tourism resources in town, including hotels, and should benefit from a more unified effort to generate sports tourism and fully leverage its existing assets.

As an initial step, Johnson Consulting recommends the implementation of a DMO and it should include a specific focus on attracting and creating various sports events for existing and future facilities in Morgan Hill. Without a designated office coordinating tourism and/or sports tourism efforts it is difficult to generate unity within in the marketplace. For example, some of the hotels in Morgan Hill do not seem interested in working with events holders to provide room blocks or hotel rebates for sports tournaments. A sports commission,

which could be established under the umbrella of a DMO, could work with all parties to put on the event, attract participants, and get hotels and restaurants on board so that the full economic benefits of an event can be captured in Morgan Hill.

Nationally, such DMO's are also able to secure regional and state tourism grants that will help with marketing efforts to attract events to the marketplace. Additionally, a regional director of special events/ festivals should be appointed who would centralize event scheduling and prepare a monthly event calendar. This effort would help minimize any doubling up of events on particular days and create a common event marketing strategy, allowing for greater attendance at each event.

DMO's are typically setup as not-for profit organizations funded through a variety of sources. Often the funding will come from sales tax, hotel room night tax, or food and beverage tax. Revenues generated by a funding source should be dedicated to tourism marketing efforts, incentives to attract events and tourism product development projects. The organizational structure of a DMO should consist of an advisory board and a smaller executive board.

Partnerships and collaborations with the State, other regional tourism organizations will all be helpful in moving the destination and the DMO forward. Primary partnerships could be established with the Chamber of Commerce (and other business associations), Downtown Organizations, Wineries and economic development groups. The new DMO should have a concentrated focus on the leisure market, SMERFE (Societal, Military, Educational, Religious Fraternal and Ethnic) market, social event market, convention/meeting market and sporting event market to bring a multi-purpose inventory of events in Morgan Hill (This will help protect against becoming too highly leveraged in one particular event market). The future development of tourism products in Morgan Hill should be a major priority for the new DMO. Lastly, the DMO and associated stakeholders should prepare a destination master plan, which determines activity centers, development areas, potential product development, timelines, cost projections, etc.

STEP TWO – Update Existing Facilities

Similar to Step One, the City should continue down the same path of capitalizing and fully leveraging existing assets within the City. The Outdoor Sports Center and Aquatics Center generate the most visitors for sporting events in the City.

1. AQUATICS CENTER

The Aquatics Center is well-positioned for the future and recent upgrades to the facility have made it a suitable venue for everything from recreational swimming to large swim meets sanctioned by USA Swimming. We also observed solid leadership from an operations and management perspective. At this time we feel the Aquatics Center is well-managed and successfully attracts several large swim meets each season. If

the City wishes to expand the reach or calendar of events at the Aquatics Center it should be able to do so through the creation of a DMO that can increase marketing efforts of the Aquatics Center.

2. OUTDOOR SPORTS CENTER

Alternatively, the Outdoor Sports Center is in fair condition, and could benefit from several investment updates aimed at maintaining the current event portfolio and potentially attracting new events. The inventory of multipurpose fields in the region is significant and Morgan Hill risks losing events if the facility does not receive routine maintenance and some investment in the following:

- Replace existing FieldTurf
- Install FieldTurf at all multipurpose fields
- Add lighting for each surface
- Consider additional parking
- Improve maintenance and day-to-day operations

The recommendations listed above will improve utilization of the facility at the local and regional level. It will also allow the facility to maintain its current inventory of events and also potentially attract new ones. As more outdoor sports complexes are built, athletes have more options to consider when selecting a complex and will typically choose the complex with the best amenities. The last bullet point above is important and requires further explanation. The facility does a very good job of securing events and thinking outside the box to fill the calendar with events. The use of the grass fields for Cricket is just one example of identifying a non-traditional use for the grass fields. During stakeholder meetings, however, we heard several comments regarding the operations and maintenance at the Outdoor Sports Center, including overall appearance of the facility and condition of the grass fields. For example, multiple stakeholders informed us that some teams had withdrawn from past soccer events due to poor/unsafe field conditions. It is possible, however, that the appearance of the grass fields was due, in part, to the most recent drought experienced through much of California.

Other areas of improvement should include more frequent routine maintenance, prompt event cleanup and proper data collection, including attendance figures for events. The competition for hosting events and attracting users of the facility will grow as more sports complexes are built in the region. Because of the increased competition, it is important to maintain the facility and operate it in a way that gives users a reason to return for future events. If event hosts or participants are unsatisfied with the quality of a facility they have the ability to select a different sports complex in the future. Proper data collection will help a facility like the OSC understand how it is performing on a year-to-year basis so that if the facility experiences a drop-off in events or attendance they can identify the issue early on and take necessary steps to correct the decline in demand.

STEP THREE – New Facility Development

1. SAND VOLLEYBALL

The City of Morgan Hill should consider a feasibility study to further investigate constructing a dedicated sand volleyball facility. This facility should be capable of hosting large tournaments and the City should consider all or some of the following components:

- 20 sand courts
- Berm seating for spectators
- Shade structures
- Lighting
- Quality sand
- Fencing to block wind and keep out animals

The development of the proposed sand volleyball facility would require approximately 3 acres of land. Sand volleyball facilities do not require a large investment, typically $10,000 - $15,000 per court and also have very low maintenance costs.

Sand Volleyball facilities are scarce throughout the United States. There is a need for Sand Volleyball facilities throughout the country, as demand for large sand volleyball complexes far exceeds existing supply. As the sport grows in popularity, so too will the demand for this type of sports complex. For example, there is demand for a sand volleyball complex from the following groups in California: USA Volleyball, AAU/Club programs, NCAA programs, Jr. College teams, Northern California Volleyball Association (NCVA), and California Beach Volleyball Association (CBVA). Any one of these groups could not only look to use the facility for practice, clinics and tournaments but could also represent a potential partner for Morgan Hill to develop the complex or become an anchor tenant. A facility in Morgan Hill could also be used by teams in cold-weather climates looking to train in the winter months for week-long trips.

When developing sports facilities, however, it is critical to develop multi-purpose facilities to meet the increase or decrease in long-term demand. Sports that are popular today will not necessarily be popular in 10-15 years and the City of Morgan Hill should consider this when choosing the program of facilities. Sand Volleyball courts, for example, can also be used for Beach Rugby – a new sport that requires two sand volleyball courts per match and should be considered for this facility given the popularity of rugby in the Bay Area. Also, if the surfaces are part of a larger, multipurpose facility that offers other surfaces, like outdoor fields, it could become a large multipurpose complex that is capable of hosting a variety of sporting and non-sporting events, thereby increasing the chances for long-term success and viability of the facility.

2. MULTIPURPOSE INDOOR FACILITY

We recommend the City also consider a feasibility study on the development of a multipurpose indoor facility. Focus group and stakeholder conversations made it clear that there is local demand for indoor space for sports and non-sporting events, particularly during the winter months. The facility could also be attractive for athletes and teams from cold-weather climates that are looking for winter training locations.

Initially, the facility will cater to local use for practice, camps, clinics and local tournaments. Once the market has time to mature and a DMO can be developed the City can begin to consider expansion of the facility to accommodate larger events. The space should be flexible to accommodate as many uses as possible. A new facility should include some or all of the following base amenities:

- Indoor turf field (200' x 85')
- 4-6 hardcourts surfaces
- Retail space
- Locker rooms
- Meeting Rooms/Community space

A facility with this type of program will be approximately 85,000 square feet and would require approximately three acres of land (including parking). The cost of such a facility will depend on a number of factors, including land acquisition, new-build versus renovation of an existing structure, building materials and facility amenities. As such, it is difficult to provide a price estimate, however a feasibility study could include potential cost estimates.

3. BASEBALL AND SOFTBALL COMPLEX

Lastly, the City of Morgan Hill should consider an investment in local baseball and softball fields. Given the inventory of existing baseball complexes regionally, the new fields should focus on an investment at the local level since the regional tournament market is saturated with baseball and softball complexes. As shown in Section 5, the regional baseball and softball market is saturated with facilities with four competitive baseball facilities located within a 50-mile radius of Morgan Hill. Therefore, it would be more practical for the City to focus on local baseball and softball needs in the short term, including practice, leagues and potentially local tournaments. If the goal is to attract sports tourism through large tournaments, it would make more sense for Morgan Hill to invest in a different facility type – one that is not common throughout the region.

The City has purchased land in the South East Quadrant that would be ideal for baseball/softball fields. Local participation is strong at the youth level, but there is a shortage of local fields in both sports, particularly for practice. The inventory of local fields includes those at Britton School, Burnett School and El Toro School. We met with representatives of both sports who have resorted to hosting practices on the properties of local residents, essentially in their backyards. Adding new fields to the Morgan Hill market would allow for an

inventory of practice fields and quality game fields for local games and tournaments. Additionally, if new fields are built with Field Turf they can be lined for other sports such as soccer, rugby, or lacrosse to allow for multipurpose use like Twin Creeks Sports Complex in Sunnyvale. This could allow for additional fields to be used in conjunction with the OSC for larger tournaments.

A new facility in Morgan Hill should consider some or all of the following components:

- Four baseball/softball fields with lights (wheel configuration)
- Field Turf surface with outlines for soccer/lacrosse fields
- Concession stand with two points of sale
- Temporary fencing to accommodate different field dimensions
- Restrooms
- Batting cages/ throwing tunnels

The cost of such a facility will depend on a number of factors, including building materials, field dimensions and amenities. As such, a price estimate cannot be provided at this time. Further investigation into the viability of such a complex should be conducted and should include a cost estimate.

4. PARKING & POTENTIAL ADJACENT REAL ESTATE DEVELOPMENT

There will have to be parking considerations depending on the location of these new facilities, especially if any of them are located at the OSC/AC site. With parking already a challenge at the site, adding any additional facilities or events will require expanded parking inventory.

The City of Morgan Hill may also want to consider non-sports facility development in some strategic locations near the existing athletic facilities. There could be areas of opportunity for other new real estate uses as the City looks to grow its sports facilities and attract more visitors. For example, additional hotels, gas stations, restaurants and specialty retail could be ways to capture additional visitor dollars. Any new real estate development should be preceded by further studies as the scope of this study did not consider other real estate uses.

CONCLUSION

Morgan Hill is in a unique position as it relates to a tourism marketing strategy because the overall plan is relatively new and untested. As a thriving community that benefits from Silicon Valley, Morgan Hill has the necessary resources to be a tourism destination. In summary, it would benefit from several important steps aimed at unifying the marketing effort.

The creation of a DMO will help strengthen and guide Morgan Hill's sports tourism efforts and marketing. The City is well-positioned to grow as a tourism destination, but a lack of cohesion has prevented such

growth. A regional director can help unify the marketing efforts of the City to attract larger events, including sports and non-sports.

Additionally, understanding the true viability of a sand volleyball complex by commissioning a feasibility study could lead to the development that could give Morgan Hill a competitive advantage that other sports tourism destinations in California cannot match. With the growing demand for sand volleyball facilities across the nation, Morgan Hill could position itself as the premier sand volleyball complex in the west, if not nationally. Likely users for such as complex could include USA volleyball, AAU teams, the NCAA and high schools. With low investment and maintenance costs for a sand volleyball complex, Morgan Hill could realize a return on the investment earlier that more expensive development projects.

Overall, national sports participation has been trending downward since 2007. The specialization of sports at the youth level has contributed to the decline in overall participation levels. Notwithstanding this, participation has stabilized somewhat since 2009. Of the sports we analyzed in *Section 6: Industry Trends*, traditional team sports such as soccer (1.6 percent average annual decline) and football (1.8 percent average annual decline) continue to decline slightly, but the decline is more gradual. Meanwhile, sports such as lacrosse (10.3 percent average annual growth) and rugby (11.0 percent average annual growth) continue to grow on a national level. These trends in overall participation, and the figures presented in Section 6, speak to the importance of a multipurpose facility. It is critical to design a facility that has the flexibility to adapt to new events or expand if the market calls for it. Too often, facility design focuses on short-term needs and once a particular fad goes away the facility is unable to attract enough users to remain successful. There must be a long-term, multipurpose vision when considering new facility development to protect against changes in participation levels and shifts in the popularity of particular sports.