

#190632



BUSINESS PLANNING, OPERATIONS ANALYSIS &
ECONOMIC IMPACT ANALYSIS FOR A NEW SPORTS
EVENTS CENTER AT CELEBRATION POINTE

Submitted to Alachua County - September 18, 2019





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EXECUTIVE SUMMARY



STUDY BACKGROUND



Prior Market Study & Site Analysis - In January 2019, Victus Advisors completed a Market Demand Study identifying demand for a new sports events center in Alachua County with:

- At least eight (8) indoor hardwood basketball/volleyball courts,
- An indoor banked track (hydraulic or removable),
- Retractable/portable seating with upwards of 3,000 seats for championship track events, and
- Parking for up to 1,150 vehicles.

In addition, in June 2019, Victus Advisors also completed a Site Options Analysis which identified Celebration Pointe as the recommended location for a new sports events center in Alachua County. Celebration Pointe is located on the Celebration Pointe site is located on the northwest quadrant of the Interstate 75 and Archer Road (SR 24) interchange in Alachua County. The Celebration Pointe site was scored as “highly recommended” due to its easy access to hotels, retail, and dining, as well as convenient highway access, all of which could maximize tourism benefits, drive visitor satisfaction and return usage, and provide the greatest opportunity for the long-term success of the proposed sports events center.

Public-Private Partnership - Since the completion of our market and site studies, Alachua County staff has begun preliminary public-private partnership discussions with the developer of Celebration Pointe (Viking Companies) and representatives of the Celebration Pointe Community Development District (CPCDD), a special district established by Alachua County to levy a public user fee within the CPCDD to help pay for infrastructure improvements.

Additional Victus Advisors Analysis for the County - In June 2019, Victus Advisors was engaged again by Alachua County to conduct a business planning, operations analysis, and economic impact analysis for a new sports events center at Celebration Pointe. This study is intended to be a first step in analyzing the public-private partnership opportunity at Celebration Pointe, confirming the operational validity of the site, and analyzing the net benefits of the project; and thus facilitating additional conversations between the potential project partners (i.e. Alachua County, CPCDD, and Viking Companies).

In this additional study, Victus Advisors conducted the following services and analysis, specific to the proposed Celebration Pointe site and public-private partnership opportunity:

- Meetings in Alachua County with Viking Companies and CPCDD to discuss potential parameters and information needs for a public-private partnership to develop a new sports events center,
- SWOT Analysis for a new sports events center at Celebration Pointe,
- Management Options Analysis for a public-private sports events center,
- Usage Projections and Operating Pro Forma under the recommended management model, and
- Economic and Fiscal Impact Analysis, incorporating Celebration Pointe development plans both with and without a new sports events center.



SWOT ANALYSIS FOR A NEW SPORTS EVENTS CENTER AT CELEBRATION POINTE

Internal Factors -

• Strengths

- Location - Convenient I-75 Access
- Retail/Dining/Lodging - The site is located within the Celebration Pointe development, which has numerous current and planned amenities that would be attractive to out-of-town visitors, including lodging, retail shops, and restaurants, in addition to office and residential units.
- CPCDD - The presence of the CPCDD, which was created under the provisions of Florida Statutes and established and adopted by Alachua County, could allow for a public-public partnership between the County and the CPCDD to both fund and operate the proposed sports events center within the privately-owned Celebration Pointe development.

• Weaknesses

- Ownership/Structure - The site is currently privately owned, which could require complex public-private negotiations and legal structuring.
- Parking - Development of a new sports events center would likely require additional parking to meet peak demand.
- Urban Development - The proposed Celebration Pointe site would limit opportunities for a new sports events center to serve as part of redevelopment efforts in the Gainesville downtown core or east side.

External Factors -

• Opportunities

- Leverage Established Sports Commission - There will be significant opportunity for the operator of the proposed sports events center to partner with the Commission to attract multi-team youth and amateur sports events.
- Draw from 15 million People Within 5-hrs - There are 11 markets within a 5-hour drive (overnight trip).
- Tap Into Local/Regional Sports & Event Facility Demand - A multi-purpose event center would capture lost and future events that are not able to use the O'Connell Center.

• Threats

- Larger Markets Within a 5-Hour Drive - The proximity to other large markets within North Florida and Central Florida could potentially draw events away from Alachua County.
- Lack of a Major Airport for National Events - The lack of a major airport limits the number of direct flights to the Gainesville/Alachua County area.
- Competition From Future Regional Facilities - The future development of another sports events center within a 3-hour drive range (daytrip) could lead to increased competition for regional events.
- Economic Downturns - A negative shift in economic conditions could lead to less disposable income of potential attendees, as well as less access to capital for paying debt service on a new sports events center.



MANAGEMENT OPTIONS ANALYSIS



Comparative Ownership & Funding Models -

Facility	City, State	Open	Owner	Funding	Operator
Hoover Sports Complex	Hoover, AL	2017	Public	Public	Private
Myrtle Beach Sports Center	Myrtle Beach, SC	2015	Public	Public	Private
Pasco Sports Complex	Pasco Co, FL	2019	Public	Private	Private
Rocky Mount Event Center	Rocky Mount, NC	2018	Public	Public	Private
Rocky Top Sports World	Gatlinburg, TN	2014	Public	Public	Private
The Big House	Tavares, FL	2013	Private	Private	Private
Virginia Beach Sports Center	Virginia Beach, VA	2020	Public	Public	Private
		% Public	86%	71%	0%
		% Private	14%	29%	100%

Public Ownership - 86% of the comparable sports tourism venues above are publicly-owned. The primary factor driving public ownership is that sports facility operations rarely generate operating income capable of supporting construction debt service, thus a separate dedicated public funding source is often required. Privately-owned facilities can also be subject to additional ownership costs, such as property tax and long-term capital maintenance, which introduces significant risk of annual cash losses for a private owner.

Private Operating Model - All of the comparable sports tourism facilities above are privately operated by a third-party management firm with established relationships in the sports industry. Private operators of public sports facilities typically operate on a management fee model (as discussed in detail later in this section).

Management Options Summary for Alachua County-

For this analysis, we have assumed that a new sports events center in Alachua County should be owned by a valid public entity, specifically the CPCDD, which would be the vehicle most beneficial for facilitating the public-private development of the facility. As such, it should be noted that a public facility can either be operated publicly (typically by employees of the public ownership entity) or privately (often by a third-party operator that is contracted by the public facility owner).

Our recommendations for the ownership and operations of a new sports events center in Alachua County are summarized below:

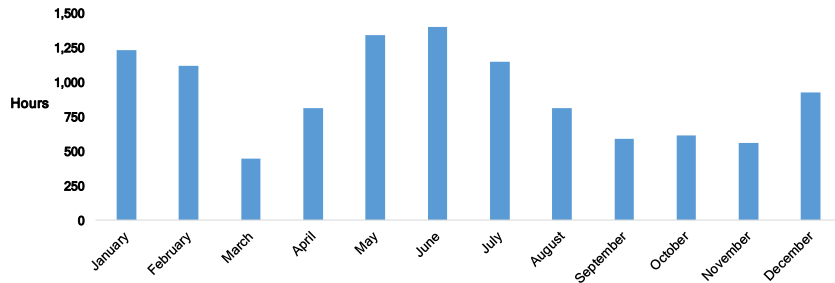
- **Public Ownership:** Private ownership of the facility is not recommended, as public funds are needed to construct the facility, and the high costs of private ownership introduces significant annual operating risk. Therefore, it is recommended that CPCDD should be the primary vehicle for constructing and owning the facility in order to facilitate an effective public-private partnership between Alachua County and Viking Companies.
- **Private Management:** It is a possibility that the new facility could be operated by a dedicated staff hired by CPCDD, however a private third-party management firm hired under a management fee structure (with incentive bonuses for achieving positive annual net operating income generation) is likely to provide a more efficient and experienced option for maximizing the usage and operations of the facility.



USAGE PROJECTIONS & OPERATING PRO FORMA



Estimated Annual Usage By Month -



Victus Advisors estimates that usage at a new sports events center in Alachua County would peak during the summer months with basketball and volleyball tournaments. Usage at the facility is also estimated to be relatively high from December to February with indoor track usage.

Estimated Annual Attendance By Event Type -

<u>Sport</u>	<u>Projected Attendance</u>
Basketball	284,088
Volleyball	288,420
Track & Field	125,201
Other	54,541
TOTAL	752,250

Victus Advisors estimates annual attendance of approximately 752,000 visits. It is estimated that basketball and volleyball would account for the majority (76%) of the annual attendance at the new sports events center in Alachua County.

Financial Operating Pro Forma -

In a stabilized year of operations, it is estimated that the operations of the new sports events center could generate a positive estimated operating margin of approximately 10%.

	Stabilized Year
Operating Revenues:	
Rental Income (Tournaments, Other Events, etc.)	\$1,179,000
Programming (Leagues, Camps, Clinics)	\$280,000
Concessions & Merchandise (Gross Sales)	\$1,650,000
Advertising & Sponsorship	\$96,000
Total Revenues:	\$3,205,000
Operating Expenses:	
Salaries, Wages, & Benefits	\$672,000
Cost of Goods Sold (Concessions & Merchandise)	\$1,245,000
Program Expenses	\$112,000
Utilities	\$252,916
Advertising, Marketing, & Promotion	\$100,000
General, Administrative, & Other	\$168,000
Maintenance/Repair	\$108,000
Materials/Supplies	\$72,000
Management Fee	\$150,000
Total Expenses:	\$2,879,916
EBITDA	\$325,084
ESTIMATED OPERATING MARGIN	10%

Notes:

- (1) Presented in 2019 dollars. Stabilized year of operations typically occurs by Year 3.
- (2) EBITDA represents Earnings before Interest, Taxes, Depreciation, and Amortization.



ECONOMIC & FISCAL IMPACT ANALYSIS



Key Assumptions - In order to complete this comparative analysis, Viking Companies provided us with preliminary estimates of the potential future development plans that could occur at Celebration Pointe, both with and without the proposed sports events center, as shown below:

Current Plan for Additional Celebration Pointe Development: <i>Without the Sports Events Center</i>		Potential Plan for Additional Celebration Pointe Development: <i>With the Sports Events Center</i>	
Type	Estimated Sq. Ft.	Type	Estimated Sq. Ft.
Retail	99,400	Sports Events Center	120,000
Restaurant	3,000	Retail	76,500
Residential	272,050	Restaurant	8,000
Total:	374,450	Residential	65,400
		Office	40,000
		Hotel (179 rooms)	116,800
		Total:	426,700

Source: Viking Companies

Note: These are preliminary estimates only, subject to changes in market conditions and demand. These estimates in no way reflect any commitments from Viking Companies.

Annual Economic Impact Analysis - County-Wide -

- Without Sports Events Center** - It is estimated that current planned development at Celebration Pointe (retail, residential, and restaurant only) could generate more than \$5 million in annual net direct spending within the County, approximately \$8.5 million in total economic output, 150 incremental annual jobs, and nearly \$3.5 million in net annual wages.

	GROSS	NET NEW
Direct Spending	\$50,037,000	\$5,004,000
Total Output	\$85,394,000	\$8,539,000
Full- & Part-time Jobs	1,540	154
Wages	\$34,551,000	\$3,455,000

- With Sports Events Center** - It is estimated that potential development at Celebration Pointe that includes the proposed sports events center (as well as ancillary retail, residential, restaurant, office, and hotel) could generate significantly greater County-wide impacts due to the increased visitation associated with sports tourism event activity. It is estimated that a new sports events center could generate nearly \$77 million per year in net total output, 1,150 incremental annual jobs, and approximately \$25.9 million in net annual wages.

	GROSS	NET NEW
Direct Spending	\$109,923,000	\$47,931,000
Total Output	\$179,530,000	\$76,707,000
Full- & Part-time Jobs	2,860	1,150
Wages	\$64,417,000	\$25,854,000

Annual Fiscal Impact Analysis -

- Without Sports Events Center** - It is estimated that current planned development at Celebration Pointe (retail, residential, and restaurant only) could generate net annual fiscal impacts of approximately \$57,000 per year, via Alachua County sales tax.

	GROSS	NET NEW
Alachua County Sales Tax (1.0%)	\$574,000	\$57,000
TOTAL:	\$574,000	\$57,000



ECONOMIC & FISCAL IMPACT ANALYSIS (CONT.)



- **With Sports Events Center** - It is estimated that potential development at Celebration Pointe that includes the proposed sports events center (as well as ancillary retail, residential, restaurant, office, and hotel) could generate significantly greater fiscal impacts due to the increased visitation associated with sports tourism event activity. We estimate net annual fiscal impacts over \$1.1 million dollars per year, including County sales tax, and County tourist development tax.

	GROSS	NET NEW
Alachua County Sales Tax (1.0%)	\$1,215,000	\$525,000
County Tourist Development Tax (5.0%)	\$611,000	\$611,000
TOTAL:	\$1,826,000	\$1,136,000

Hotel/Motel Impacts - Victus Advisors estimates that a new sports events center could generate over 116,000 annual hotel nights in Alachua County.

Estimated Annual Hotel Impacts - Alachua County	
Total Visitors Staying in Hotel/Motel:	233,520
Estimated People Per Room	3.0
Total Rooms Utilized	77,840
Average Nights per Room:	1.5
Total - Annual Room Nights	116,760
Average Daily Room Rate (ADR):	\$104.65
Total - Hotel Room Spending:	\$12,218,950

- Notes:*
- (1) *Overnight Visitors estimate developed by Victus Advisors as part of our Utilization & Attendance Estimates*
 - (2) *Total Hotel Room Spending represents direct hotel room spending only in 2019 dollars, and does not include indirect or induced impacts*

30-year Impacts of Sports Events Center at Celebration Pointe - It is estimated that a new sports events center and ancillary development at Celebration Pointe could generate net impacts over a period of 30 years with a net present value (NPV) of approximately \$1.2 billion in total economic output, \$392 million in wages, and nearly \$24 million in County sales tax revenues, and County tourist development taxes. In addition, it is estimated that up to 1,150 incremental annual jobs could be supported by this new economic activity.

	Cumulative	Net Present Value
Direct Spending:	\$2,280,337,000	\$727,387,000
Total Output:	\$3,649,367,000	\$1,164,083,000
Annual Jobs:	1,150	n/a
Wages:	\$1,230,015,000	\$392,353,000
Taxes:	\$76,076,000	\$23,980,000

Notes: Assumes 3% annual inflation. NPV was calculated based upon a 4% discount rate.

Next Steps- This study was completed as an initial step in potentially establishing a public-private partnership between Alachua County and Celebration Pointe to develop a new sports events center. In order to continue this process, Victus Advisors recommends these next steps be taken in the following order:

- 1) Determine public funding sources/amounts for the project.
- 2) Develop architectural designs and construction cost estimates.
- 3) Conduct a Celebration Pointe parking demand study and determine cost and funding sources for additional parking stalls.
- 4) Establish legal parameters for venue funding and ownership.



1. INTRODUCTION



STUDY BACKGROUND



PRIOR MARKET STUDY - In January 2019, Victus Advisors completed a Market Demand Study identifying demand for a new sports events center in Alachua County with:

- At least eight (8) indoor hardwood basketball/volleyball courts,
- An indoor banked track (hydraulic or removable),
- Retractable/portable seating with upwards of 3,000 seats for championship track events, and
- Parking for up to 1,150 vehicles (including 150 adjacent spots for customers with disabilities, VIP customers, and preferred guests; and 1,000 parking spots distributed nearby for other attendees).

PRIOR SITE ANALYSIS - In June 2019, Victus Advisors also completed a Site Options Analysis which identified Celebration Pointe as the recommended location for a new sports events center in Alachua County. Celebration Pointe is located on the northwest quadrant of the Interstate 75 and Archer Road (SR 24) interchange in Alachua County. The Celebration Pointe site was scored as “highly recommended” due to its easy access to hotels, retail, and dining, as well as convenient highway access, all of which could maximize tourism benefits, drive visitor satisfaction and return usage, and provide the greatest opportunity for the long-term success of the proposed sports events center.

PUBLIC-PRIVATE PARTNERSHIP - Since the completion of our market study, Alachua County staff has begun preliminary public-private partnership discussions with the developer of Celebration Pointe (Viking Companies) and representatives of the Celebration Pointe Community Development District (CPCDD), a special district established by Alachua County to levy a special public user fee within the CPCDD to help pay for construction and on-going maintenance of on-site infrastructure such as bridges, garages, roads, bike lanes, and sidewalks. As part of these discussions, Viking Companies has developed preliminary site plans and concepts for a new sports events center, as shown in this section.



STUDY BACKGROUND (CONT.)



ADDITIONAL VICTUS ANALYSIS - In June 2019, Victus Advisors was engaged again by Alachua County to conduct a business planning, operations analysis, and economic impact analysis for a new sports events center at Celebration Pointe. This study is intended to be a first step in analyzing the public-private partnership opportunity at Celebration Pointe, confirming the operational validity of the site, and analyzing the net benefits of the project; and thus facilitating additional conversations between the potential project partners (i.e. Alachua County, CPCDD, and Viking Companies).

In this additional study, Victus Advisors conducted the following services and analysis, specific to the proposed Celebration Pointe site and public-private partnership opportunity:

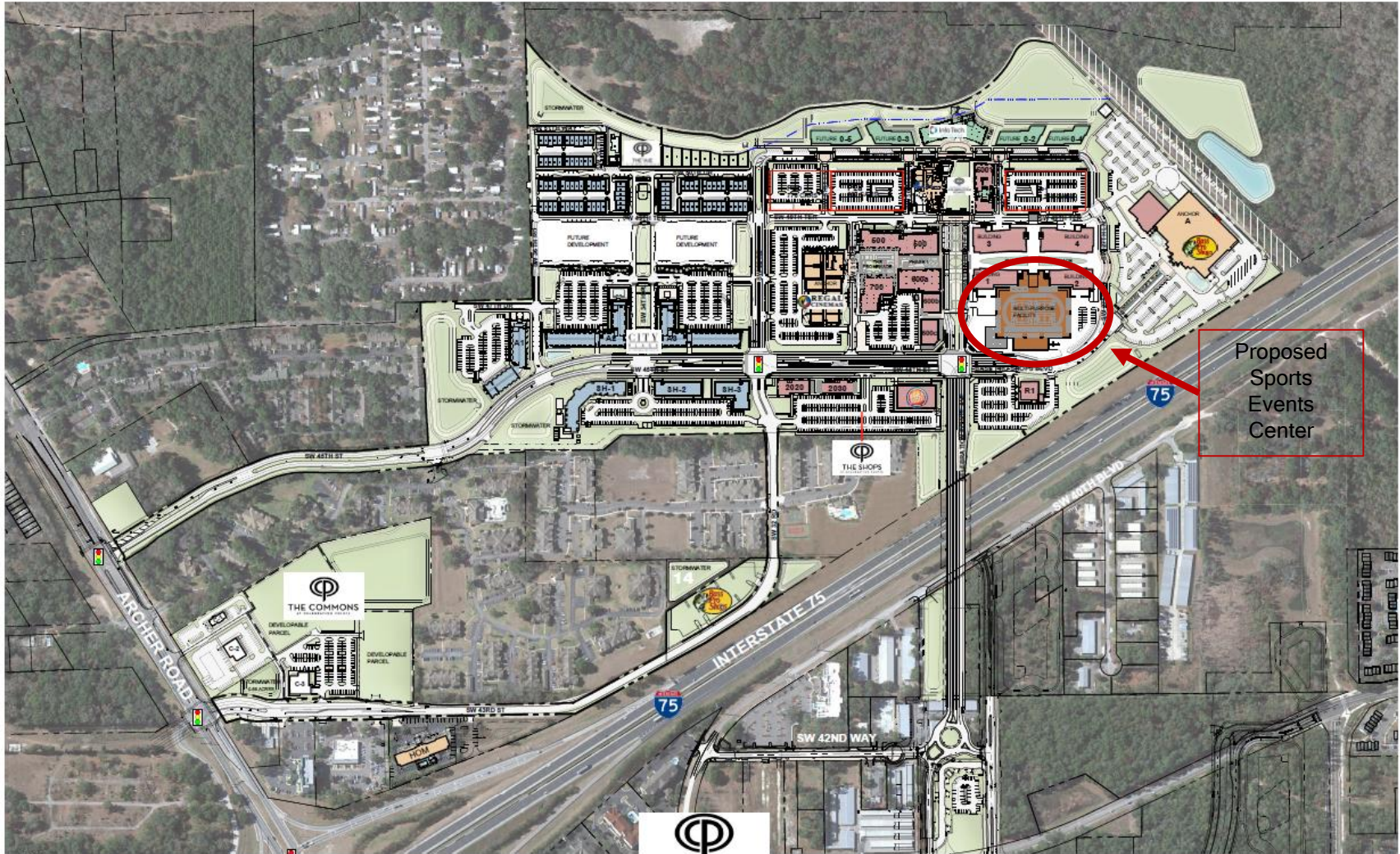
- Meetings in Alachua County with Viking Companies and CPCDD to discuss potential parameters and information needs for a public-private partnership to develop a new sports events center,
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- Economic and Fiscal Impact Analysis, incorporating Celebration Pointe development plans both with and without a new sports events center.

* * *

The remainder of this section presents initial site plans and preliminary design concepts developed by Viking Companies, based upon Victus Advisors' prior Market Demand Study for a new sports events center in Alachua County. Please note, these concepts are preliminary in nature, and intended only as sample test fits for a basic sports events center concept at Celebration Pointe.

PRELIMINARY SITE PLAN

The image below shows an overall site plan for Celebration Pointe, including a sports events center.



Proposed
Sports
Events
Center

0 300 400 600
FEET
DISCLAIMER:
FOR ILLUSTRATIVE PURPOSES ONLY. PLAN MAY NOT REPRESENT FINAL CONFIGURATION.


CELEBRATION
POINTE

OVERALL SITE PLAN
APRIL 4, 2019  architecture llc

PRELIMINARY CONCEPT - VIEW 1

The image below is a perspective of the proposed sports events center from the north.



MULTI-PURPOSE FACILITY

Design information herein is property
of CUPKOVIC architecture, llc
Architect

APRIL 15, 2019
11-028-01



CUPKOVIC architecture llc

Source: Viking Companies 14

PRELIMINARY CONCEPT - VIEW 2

The image below is a perspective of the proposed sports events center from the south.



MULTI-PURPOSE FACILITY

Design information herein is property
of CUPKOVIC architecture, llc
Architect

APRIL 15, 2019
11-028-01



2. SWOT ANALYSIS



SWOT ANALYSIS - STRENGTHS



KEY STRENGTHS OF A NEW SPORTS & EVENTS CENTER AT CELEBRATION POINTE:

- **LOCATION** - The site is immediately off I-75 which gives easy access for attendees within the County and beyond.
- **ON-SITE VISITOR AMENITIES** - The site is located within the Celebration Pointe development, which has numerous current and planned amenities that would be attractive to out-of-town visitors, including lodging, retail shops, and restaurants, in addition to office and residential units.
- **RETAIL** - Shopping within a 5-minute radius of the Celebration Pointe site is highlighted by Bass Pro Shops, Nike, Walmart Supercenter, Target, and Sam's Club, among others.
- **DINING** - Dining within a 5-minute radius of the Celebration Pointe site is highlighted by Miller's Ale House, MidiCi Neapolitan Pizza, Cracker Barrel, Olive Garden, McDonald's, and Chick-fil-A.
- **LODGING** - There are 19 hotels within a 5-minute drive-time radius of the Celebration Pointe Site. Furthermore, several of the hotels are within walking distance of the site.
- **CPCDD** - As discussed later in the report, the proposed Celebration Pointe site is contained within Celebration Pointe Community Development District (CPCDD). The presence of the CPCDD, which was created under the provisions of Florida Statutes and established and adopted by Alachua County, could allow for a public-public partnership between the County and the CPCDD to both fund and operate the proposed sports events center within the privately-owned Celebration Pointe development.



SWOT ANALYSIS - WEAKNESSES



KEY WEAKNESSES OF A NEW SPORTS & EVENTS CENTER AT CELEBRATION POINTE:

- **OWNERSHIP** - The site is currently privately owned, which could require complex public-private negotiations and legal structuring. However, as previously noted, the presence of the CPCDD could help facilitate this process.
- **PARKING** - The site currently has parking for the existing uses (retail, restaurants, residential, and office), however development of a new sports events center would likely require additional parking to meet peak demand. A preliminary parking needs estimate is presented later in this report.
- **URBAN REDEVELOPMENT GOALS** - The proposed Celebration Pointe site is located on the West side of I-75, which would limit opportunities for a new sports events center to serve as part of redevelopment efforts in Gainesville's downtown core or east side.



SWOT ANALYSIS - OPPORTUNITIES



KEY OPPORTUNITIES FOR A NEW SPORTS & EVENTS CENTER AT CELEBRATION POINTE:

- **LEVERAGE ESTABLISHED SPORTS COMMISSION** - The Gainesville Sports Commission was founded in 1988, and over the past 30+ years it has established a great reputation with regional and national event organizers. Local groups have worked with the Commission to bring in events in the past, and there will be significant opportunity for the operator of the proposed sports events center to partner with the Commission to attract multi-team youth and amateur sports events.
- **ATTRACT VISITORS FROM REGIONAL DRIVE MARKETS** - There are five large markets (with a population of more than 500,000 people each) within a 2.5-hour drive of Alachua County. An additional six large markets are within a 5-hour drive (overnight trip), with a total population within a 5-hour drive of Alachua County of nearly 15 million people. It is noted that other small cities (such as Tallahassee) are also located within these drive-time windows
- **TAP INTO LOCAL/REGIONAL SPORTS & EVENT FACILITY DEMAND** - In our prior market study, Victus found that large multi-court facilities and indoor track facilities are significantly lacking in Alachua County relative to the demand that exists both locally and regionally. A multi-purpose event center would capture lost and future events that are not able to use the O'Connell Center, as well as larger sports and trade/expo events that current venues in the County can't accommodate.



SWOT ANALYSIS - THREATS

KEY THREATS FOR A NEW SPORTS & EVENTS CENTER AT CELEBRATION POINTE:

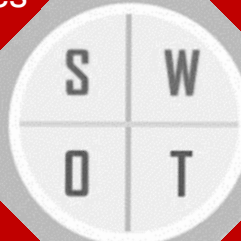
- **REGIONAL MARKET COMPETITION** - The proximity to other large markets within North Florida and Central Florida, such as Jacksonville and Orlando, could potentially draw events away from Alachua County. All things being equal from a facility standpoint, larger markets have the potential to be more attractive to national events and attendees due to their larger airports and wider range of tourism and entertainment options. However it should be noted that regional youth/amateur sports tournament organizers typically prioritize facility size, rental rates, date availability, and driving access over larger market size.
- **REGIONAL AIRPORT LIMITS NATIONAL EVENTS** - The lack of a major airport limits direct flights to the Gainesville/Alachua County area, and thus could limit the number of events and visitors from outside of a regional driving range distance (beyond a 5-to-6-hour drive for overnight stays).
- **COMPETITION FROM FUTURE SPORTS & EVENTS FACILITIES** - The future development of another sports events center within a 3-hour drive range (daytrip) could lead to increased competition for regional events. However, Alachua County could develop a first-mover advantage by being the first to market within the region and establishing a satisfied repeat client base.
- **ECONOMIC DOWNTURNS** - A recession or a negative shift in economic conditions could lead to less disposable income of potential attendees, as well as less access to capital (via public funding mechanisms) for paying debt service on a new sports events center. It should be noted though, that sports tourism spending grew nationally following the financial crisis of 2007-2008 and subsequent recession, due in large part to families cutting their overall travel/tourism budgets but continuing sports tournament travel for their children as their primary tourism spending focus.

Strengths

1. Location Convenient I 75 Access
2. Retail On Site/Nearby Shopping Options
3. Dining On Site/Nearby Restaurant Options
4. Lodging On Site/Nearby Hotel Opt
5. CPCDD Facilitation of P3 Opportunities

Weaknesses

1. Ownership/Structure Privately Owned Site
2. Parking Parking Could Need Expansion
3. Urban Development Reduced opportunities ntown or east side redevelopment



Opportunities

1. Leverage Established Sports Commission
2. Draw from 15 million People Within 5 hrs
3. Tap Into Local/Regional Sports & Event Facility Demand

Threats

1. Larger Markets Within a 5 Hour Drive
2. Lack of a Major Airport for National Events
3. Competition From Future Regional Facilities
4. Economic Downturns



3. MANAGEMENT OPTIONS ANALYSIS



OVERVIEW



The purpose of this section is to present an overview of various options regarding the ownership, management and operations of the proposed multi-purpose sports events center at Celebration Pointe in Alachua County.

Each management structure for the proposed facility has its own unique advantages and disadvantages, which should be considered when making decisions regarding the management of the venue. The following section provides an overview of each potential facility ownership and management structure.

- **Facility Ownership Options:**
 - **Public**
 - **Private**

- **Facility Management Options:**
 - **Public**
 - **Private**
 - **Other (Agency/Bureau, Non-Profit)**



COMPARATIVE OWNERSHIP & FUNDING MODELS FOR SPORTS TOURISM VENUES



The table below shows a selection of comparable sports tourism facilities that meet the following criteria:

- Sports events centers built since 2010 in the Southeast United States
- At least 75,000 sq. ft. with at least eight (8) indoor basketball courts
- Primary weekend utilization by sports tournaments and regional destination events

<u>Facility</u>	<u>City, State</u>	<u>Open</u>	<u>Owner</u>	<u>Funding</u>	<u>Operator</u>	
Hoover Sports Complex	Hoover, AL	2017	Public	Public	Private	
Myrtle Beach Sports Center	Myrtle Beach, SC	2015	Public	Public	Private	
Pasco Sports Complex	Pasco Co, FL	2019	Public	Private	Private	
Rocky Mount Event Center	Rocky Mount, NC	2018	Public	Public	Private	
Rocky Top Sports World	Gatlinburg, TN	2014	Public	Public	Private	
The Big House	Tavares, FL	2013	Private	Private	Private	
Virginia Beach Sports Center	Virginia Beach, VA	2020	Public	Public	Private	
			% Public	86%	71%	0%
			% Private	14%	29%	100%

Source: Victus Advisors research
 Note: Sorted by Facility in alphabetical order

OWNERSHIP & OPERATIONS NOTES

Public Ownership - 86% of the comparable sports tourism venues above are publicly-owned. The primary factor driving public ownership is that sports facility operations rarely generate operating income capable of supporting construction debt service, thus a separate dedicated public funding source is often required. Privately-owned facilities can also be subject to additional ownership costs, such as property tax and long-term capital maintenance, which introduces significant risk of annual cash losses for a private owner.

Private Operating Model - All of the comparable sports tourism facilities above are privately operated by a third-party management firm with established relationships in the sports industry. Private operators of public sports facilities typically operate on a management fee model (as discussed in detail later in this section).

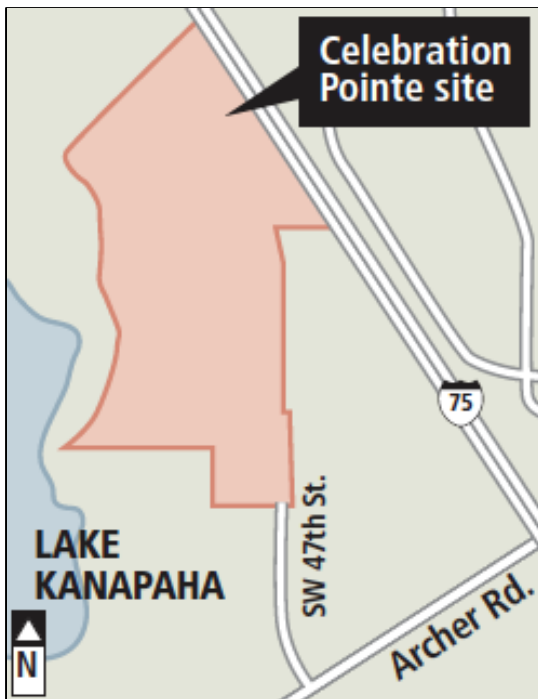


CELEBRATION POINTE COMMUNITY DEVELOPMENT DISTRICT



CELEBRATION POINTE COMMUNITY DEVELOPMENT DISTRICT:

The Celebration Pointe Community Development District (CPCDD) was approved by Alachua County in 2012 and includes approximately 237 acres in the County. The District allows for the sale of district bonds to help pay for public infrastructure, such as roads, bridges, garages, bike lanes, and sidewalks within Celebration Pointe. A 1% Public User Fee (CP PUF) is added to all retail transactions (excluding charitable and government transactions) within the CPCDD. The CP PUF is collected to help Celebration Pointe pay off the State of Florida Infrastructure Bank Loans (SIB) that it used to advance construction of Celebration Pointe Avenue bridge, the multimodal transportation center parking garage, and other roads, bike lanes, sidewalks, etc., within the CPCDD. Upon repayment of the SIB Loans, future CP PUF revenues will be used to pay for the ongoing maintenance of infrastructure in Celebration Pointe.



POTENTIAL BENEFITS FOR A SPORTS & EVENTS CENTER :

- As a special district established by the County, CPCDD could serve as the conduit for capital project funding for the sports events center via County bonds or other County funds.
- CPCDD could serve as owner of the site/facility, thus eliminating property tax burden on the facility operations.
- CPCDD could hire a dedicated public operating staff for the venue and/or subcontract to a qualified third-party management firm.
- Note: CPCDD cannot be burdened with any cost overruns to operate the venue, as CP PUF funds are dedicated for infrastructure.



MANAGEMENT OPTIONS BASED ON OWNERSHIP



OWNERSHIP IMPACT ON OPERATING OPTIONS

		OWNER	
		Public	Private
OPERATOR	Public	✓	✗
	Private	✓	✓

It should be noted that the ownership of the proposed facility will determine what operation options are available. The matrix at left summarizes the different combinations available for ownership and operation of the proposed new sports events center.

For this analysis, we have assumed that a new proposed multi-purpose sports events center in Alachua County should be owned by a valid public entity, specifically the CPCDD, which would be the vehicle most beneficial for facilitating the public-private development of the facility. As such, it should be noted that a public facility can either be operated publicly (typically by employees of the public ownership entity) or privately (often by a third-party operator that is contracted by the public facility owner).

The following pages detail the different potential public and private operating models that could be available to a sports events center owned by CPCDD.



PUBLIC OPERATIONS

Publicly-owned facilities have the option of being operated by the staff of the public entity that owns the facility. Public management of sports and event facilities was the typical model prior to the early 1990's. Facility operational control within a governmental is typically done either by creating a separate department and hiring departmental staff that is responsible for facility management, or by designating responsibility to an existing department within the governmental agency. In many cases a governmental agency, such as a Community Facilities District or a Public Facilities Authority, will already have other existing public assembly facilities such as arenas, auditoriums, expo centers, or theaters under their control prior to the development of a new venue, and in these cases the governmental departments currently overseeing the other public assembly facilities could control new venues as well. However, it should be noted that in the case of a new sports events center in Alachua County, the CPCDD does not currently have staff or a departmental structure capable of easily incorporating these new responsibilities. Significant hiring of new specialized staff (both full-time and part-time) would be necessary, which could require significant public processes and approvals for budget increases, etc.

Advantages of public management can include owner control, public financial support, and sharing of staff and support functions from other public departments, among other factors. Within this structure, the management's primary responsibility is typically to support the needs/desires of the constituents of the public entity. The ability to combine the purchase of goods and services with other governmental departments can also provides a distinct advantage in maximizing purchasing power and rate structures. The ability to use governmental employees from other departments can also be advantageous. Lastly, if a public management staff is hired, there is no need to pay management fees to a private contractor.



PUBLIC MANAGEMENT (CONT.)

Disadvantages of public management can include lack of private sector support, civic service constraints, and changing political policies. The primary disadvantages relate to the additional burden placed on governmental departments and the additional level of bureaucracy sometimes required to facilitate building operating decisions. Public operating staff may also have limits related to their pay structures, most notably with incentive commissions for sales/marketing staff, which can harm the facility's ability to hire top sales/marketing talent. Lastly, the decisions made regarding the operation of a facility may also be slowed due to the nature of the particular governmental department in terms of requirements for approvals and other regulations and procedures.

A summary of key advantages and disadvantages associated with public management is shown below:

ADVANTAGES	DISADVANTAGES
<ul style="list-style-type: none">• Owner control• Public financial support• Coordinating/sharing of staff/support functions• Bulk-price purchasing• No management fees	<ul style="list-style-type: none">• Lack of outside/private sector financial support• Civic service constraints• Contract approval requirements• Changing political policies• Lack of commission incentives• Limited decision-making flexibility• Possible lack of expertise and access in sports and event industry



PRIVATE MANAGEMENT



PRIVATE OPERATIONS

Facilities that are publicly-owned also have the option to engage a private facility operator.

Intense and increasing levels of competition among facilities, coupled with increased pressure from governmental entities for facilities to at least break-even operationally, has forced many governments to consider changes in the fundamental process of managing sports and event venues. As a result, numerous venues across the country have contracted day-to-day operations to a private management company. Currently, private management companies such as SMG, AEG, Spectra (formerly Global Spectrum), VenuWorks, Sports Facilities Management, American Sports Centers, Sports Force, and other such firms operate numerous sports and event venues across the country, typically under fee-based management agreements with public facility owners.

Under typical private management, the facility owner retains all of the rights and privileges of ownership while the private management firm performs assigned management functions. The public owner sets policies while the private management firm establishes procedures in order to implement the policies. The private management firm is often compensated with a flat annual management fee, plus incentive payments designed to reward the contractor for producing desired operational results. Incentives could be based on achieving specific revenue goals, attendance, events, room night generation, or other such targets. Operating contracts usually stipulate that operating budgets must be submitted by the management company to the public owner of the facility for approval. The public owner is responsible for providing any funds necessary to operate the facility, as well as long-term capital maintenance funds.



PRIVATE MANAGEMENT (CONT.)

Private management firms are typically responsible for various key operational and fiscal factors such as policies and directives, organizational structure, leadership, job classifications, competition, scheduling and booking, finance and accounting, and routine maintenance/repairs. In addition to the day-to-day operations of the venue, a number of private management firms also offer project services such as pre-opening management services, operational audit services, and marketing support as alternatives to full facility management.

A summary of key advantages and disadvantages associated with private management is shown below:

ADVANTAGES

- Incentives for efficiency or performance
- Network of relationships to leverage event bookings
- Internal network of facility knowledge/experience
- More independence in negotiations
- Greater staffing resources
- More objective criteria for accountability
- More efficient procurement process
- Design and pre-opening services
- Less financial risk for owner

DISADVANTAGES

- Potential loss of direct control by owner
- Profit motive versus community benefit motive
- Misaligned purpose and goals between owner and management firm
- Facility management fees
- Management personnel turnover
- Corporate resources spread among several facilities
- Less access for affordable or free public use



PRIVATE MANAGEMENT FEE STRUCTURES



The following fee arrangements are typical for sports events centers that are publicly-owned and privately-operated.

Fixed Annual Fee:

At a minimum, the private operator is typically compensated with a flat annual management fee. Based upon our experience the minimum annual third-party operating fee for a sports facility is typically \$100,000 to \$150,000, but can go upwards from there depending on the size, scale, and profitability of the venue.

Incentive Bonuses (in addition to Fixed Annual Fee):

Fixed fee management agreements are often accompanied by incentive payments designed to reward the operator for producing desired results. Incentives could be based on achieving specific revenue or income goals, attendance, events, room night generation, or other targets. Incentive payments based upon financial operating targets such as gross revenue or net operating income are the most common.

In a fixed annual fee operating scenario, the facility owner (public sector) is typically entitled to any remaining profits after facility costs and management fees. However, facility owners often provide additional incentive compensation via a revenue or income share once the operator achieves pre-set annual financial operating goals. A hypothetical example is shown on the following page.



PRIVATE MANAGEMENT (CONT.)



Incentive Bonuses (Cont.):

As an example, the hypothetical below shows potential additional incentive pay to an operator based upon escalating incentive payments after \$150,000 in annual NOI has been achieved:

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Monthly Net Operating Income:	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$300,000
Annual Cumulative NOI:	\$25,000	\$50,000	\$75,000	\$100,000	\$125,000	\$150,000	\$175,000	\$200,000	\$225,000	\$250,000	\$275,000	\$300,000	
Incentive %:	-	-	-	-	-	-	20%	20%	30%	30%	40%	40%	
Incentive Pay Amount:	-	-	-	-	-	-	(\$5,000)	(\$5,000)	(\$7,500)	(\$7,500)	(\$10,000)	(\$10,000)	(\$45,000)
Income after Incentive Payments:													\$255,000

In the hypothetical model shown above, incentive payments include 20% of the first \$50,000 in annual net operating income above \$150,000, 30% of the next \$50,000, and 40% of annual net operating income above \$250,000. In the above hypothetical, the facility earns annual net operating income of \$300,000, and pays out incentive bonuses of \$45,000, leaving \$255,000 in net operating income after incentive payments.

Alternative Scenario - Full Operating Rights via Lease:

An occasional alternative scenario, instead of management fee/incentive structures, is for the facility owner to lease (or license) the operating rights to a private operator. The annual lease payment amount can be fixed (with annual adjustments for inflation) or an annual percentage payment based upon positive net operating income, or some combination of the two. It should be noted that in this scenario:

- A) The private operator would be solely responsible for profit and loss, which introduces much higher risk. However, capital improvements would typically still be the responsibility of the public owner.
- B) This operating approach is much more rare than the fixed fee/incentive structure, which most experienced sports facility operators prefer. In fact, many qualified 3rd-party sports operators will not operate a facility in smaller markets (such as Alachua County) under a lease agreement.



OTHER MANAGEMENT OPTIONS



OTHER POTENTIAL MANAGEMENT OPTIONS

In some cases, a public owner will outsource the management of a facility to a third-party via a tourism promotion agency or a non-profit organization:

- **TOURISM PROMOTION AGENCY (TPA)**

Tourism promotion agencies (such as CVB's or sports commissions) are created to attract local, regional, and national events to generate incremental tourism-related spending and revenue in the local economy. The agency's priorities typically include, but are not limited to (in order): visitor spending, marketing the region, representing the tourism industry in the community, supporting local tourism and hospitality-related businesses, and tourism advocacy. Many tourism promotion agencies are quasi-public agencies that are formed by local or state government entities. Much like a non-profit, these agencies or bureaus are typically governed by a Board of Directors with board members consisting of a mixture of elected officials and local stakeholders. Although it is operationally independent, a tourism promotion agency is typically funded (in part or in whole) by a dedicated public revenue source, usually tourism-related taxes such as hotel occupancy tax.

Due to their public (or quasi-public) status, TPA's are often capable of managing public assembly venues, especially when it is a tourism-focused venue such as the proposed sports events center. Regardless, TPA's can enhance the successful operations of a new sports/event venue even if they are not the facility operator, due to their established relationships in the tourism industry and ability to market the region and attract room night-generating events.



OTHER MANAGEMENT (CONT.)



- **NON-PROFIT MANAGEMENT**

Under this form of management, the organization is typically run under the guidance and supervision of a non-profit Board of Directors. Members of the board tend to be local community leaders and stakeholders. This can serve as an advantage if the board members have the broader community's best interests in mind. However, a lack of diversity on the Board in terms of sports and event interests can often skew programming and uses to heavily favor particular events and activities desired by the Board, sometimes to the detriment of other potential community user groups. Non-profit facilities also typically favor local and community programs, and provide affordable rates to such programs, and so this non-profit management structure typically requires active and continued support both in labor and funding from the local community. The non-profit organization would likely need to depend in part on donations and grants (in most cases donations would be tax deductible) from individuals, companies, and government entities, in addition to volunteer labor hours, to be sustainable in both the short- and long-term. Key advantages/disadvantages associated with agency/bureau or non-profit management may include:

ADVANTAGES

- Community's best interest at heart (All)
- Aligned vision with City (public sports commission/agency/bureau)
- Limited use of public funds to maintain operations (non-profit)

DISADVANTAGES

- Risks alienating groups in community (non-profit)
- Lack of diverse interest groups (non-profit)
- Would need dedicated revenue source to sustain operations (sports commission/agency/bureau)



MANAGEMENT SUMMARY



The primary facility ownership and management options identified by Victus Advisors for a new sports events center in Alachua County include:

- **Public Ownership:** Private ownership of the facility is not recommended, as public funds are needed to construct the facility, and the high costs of private ownership introduces significant annual operating risk. Therefore, it is recommended that CPCDD should be the primary vehicle for constructing and owning the facility in order to facilitate an effective public-private partnership between Alachua County and Viking Companies.
- **Private Management:** It is a possibility that the new facility could be operated by a dedicated staff hired by CPCDD, however a private third-party management firm hired under a management fee structure (with incentive bonuses for achieving positive annual net operating income generation) is likely to provide a more efficient and experienced option for maximizing the usage and operations of the facility.



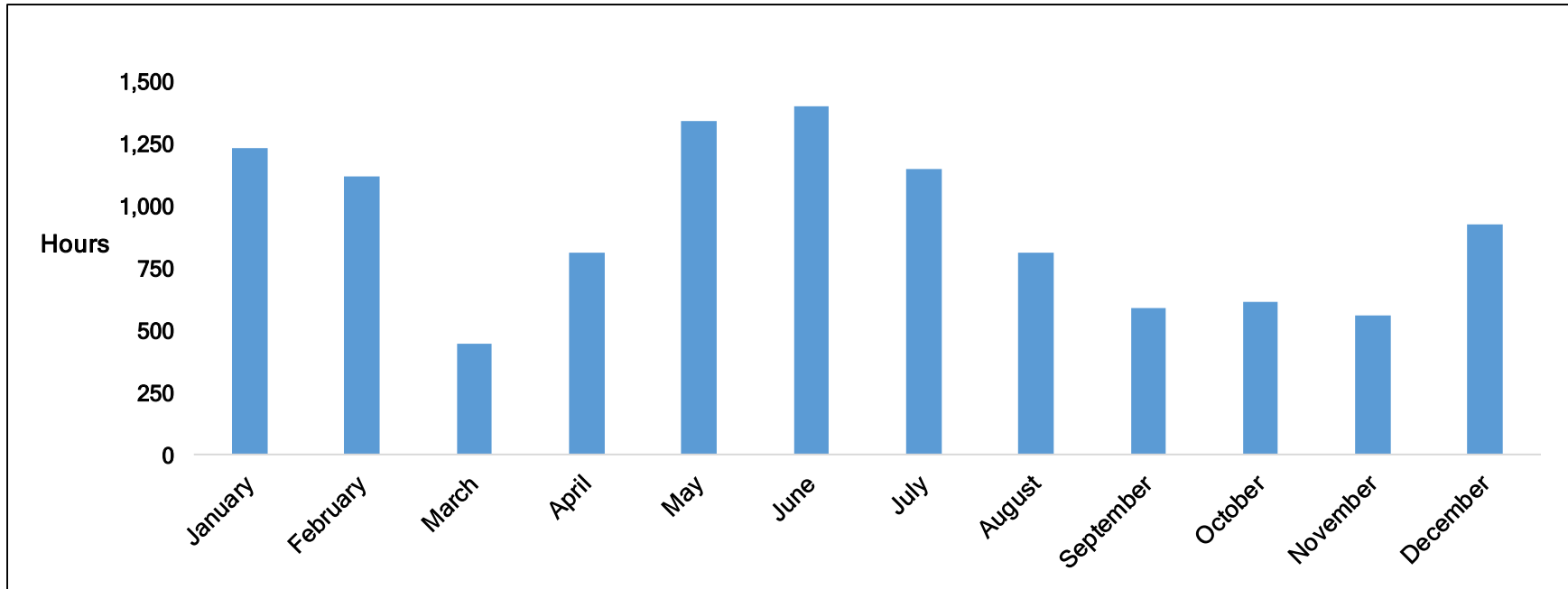
4. USAGE PROJECTIONS & OPERATING PRO FORMA



The following key assumptions were utilized by Victus Advisors in order to develop usage estimates and financial operating projections for a new sports events center in Alachua County:

- The facility will be publicly-owned and privately-operated by a third-party management firm with proven experience in the youth/amateur sports industry.
- The financial projections herein are for facility operations only, and thus do not include assumptions for debt service, tax obligations, or long-term capital improvements.
- Operating revenue and expense projections are based upon the recommended building program presented earlier in this report and the estimated usage presented in this section.
- The facility will host indoor track and field events, including championships, meets, and practices. The indoor track will remain in place for at least three months, from approximately December to March.
- During the remaining calendar year, the facility will:
 - Offer competitive rental rates and aggressively market both locally (for teams, leagues, camps, and clinics) and regionally/nationally for indoor sports tournaments and championships.
 - Market and operate local-use programming such as sports leagues, camps, and clinics, such as basketball, volleyball, etc., in order to enhance the revenues of the facility.
- The estimates and projections in this section are based on current market circumstances and assume there will be no other major changes to the available indoor sports facility inventory within the region.
- The estimates and projections displayed in this section utilize a variety of additional assumptions, including data gathered from third-party sources, information provided by Alachua County and Viking Companies, and Victus Advisors' sports facility industry experience. There will be differences between these projections and actual events, and these differences may be material.

ESTIMATED ANNUAL USAGE BY MONTH



Victus Advisors estimates that usage at a new sports events center in Alachua County would peak during the summer months with basketball and volleyball tournaments. Usage at the facility is also estimated to be relatively high from December to February with indoor track usage.

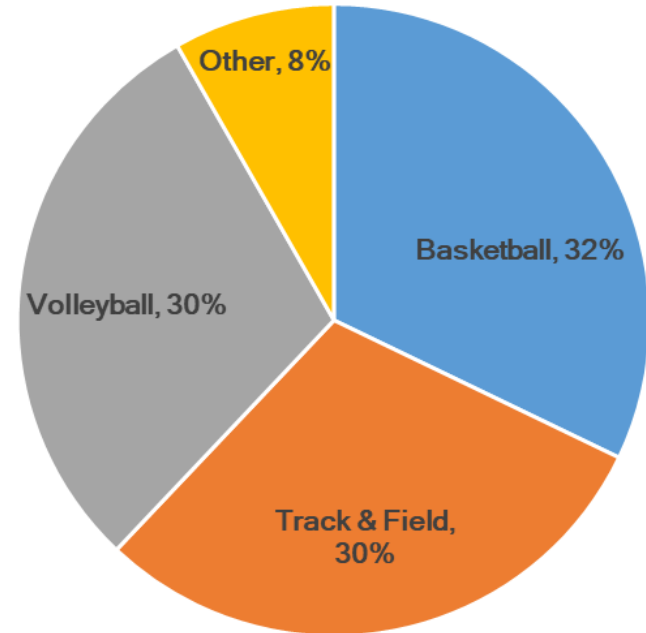


ESTIMATED ANNUAL FACILITY HOURS BY SPORT



It is estimated that basketball, volleyball, and track & field usage would account for the majority of facility utilization during the year. Overall, we have estimated more than 21,000 annual facility usage hours.

<u>Sport</u>	<u>Facility Hours</u>
Basketball	6,892
Track & Field	6,412
Volleyball	6,364
Other	1,768
TOTAL	21,436



Notes:

- (1) Sorted by Facility Hours in descending order
- (2) Other Sports include wrestling, dance, cheer, gymnastics, etc.

Estimated Annual Sports Tourism Events (Weekend Tournaments & Championships): 35

Total Estimated Annual Visits: 752,250*

**Notes:*

- (1) Includes estimated athletes, officials, coaches, parents/family, spectators, vendors etc.
- (2) Represents unique daily visits for local users. For example, if an athlete participated in practices on a Tuesday and a Thursday one week, that would count as two unique visits that week.



ESTIMATED ANNUAL ATTENDANCE BY EVENT TYPE



Victus Advisors estimates annual attendance of approximately 752,000 visits. It is estimated that basketball and volleyball would account for the majority (76%) of the annual attendance at the new sports events center in Alachua County.

<u>Sport</u>	<u>Projected Attendance</u>
Basketball	284,088
Volleyball	288,420
Track & Field	125,201
Other	54,541
TOTAL	752,250

Notes: (1) Sorted by Projected Attendance in descending order

(2) includes estimated athletes, officials, coaches, parents/family, spectators, vendors etc.

(3) Represents unique out-of-town visitors and local visits. For example, if an athlete participated in practices on a Tuesday and a Thursday one week, that would count as two unique visits that week.



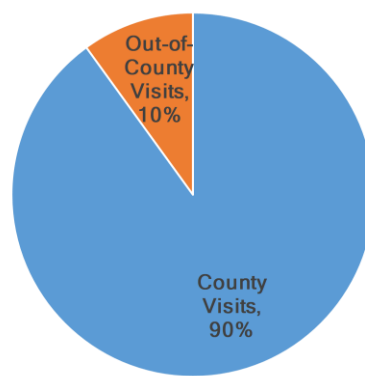
ESTIMATED OUT-OF-COUNTY VISITATION



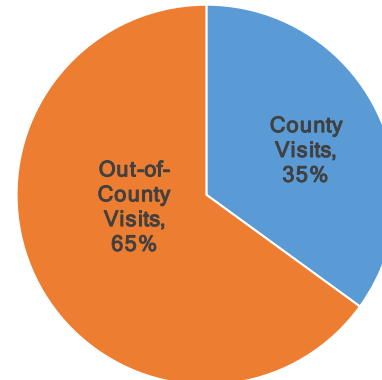
It is estimated that out-of-county visitors could account for at least 54% of annual attendance at the new sports events center in Alachua County. The majority of overall attendance and out-of-town visitation would be driven by weekend events (tournaments and championship events).

It is assumed that weekday usage would primarily be local programming, such as youth practices, youth leagues, and adult sports and recreation programs. Whereas weekend use would primarily be dedicated to youth/amateur sports tournaments and track & field championships.

	<u>Weekday</u>	<u>Weekend</u>	<u>TOTAL</u>
County Visits	138,132	209,570	347,702
Out-of-County Visits	15,348	389,201	404,549
TOTAL VISITORS	153,480	598,770	752,250



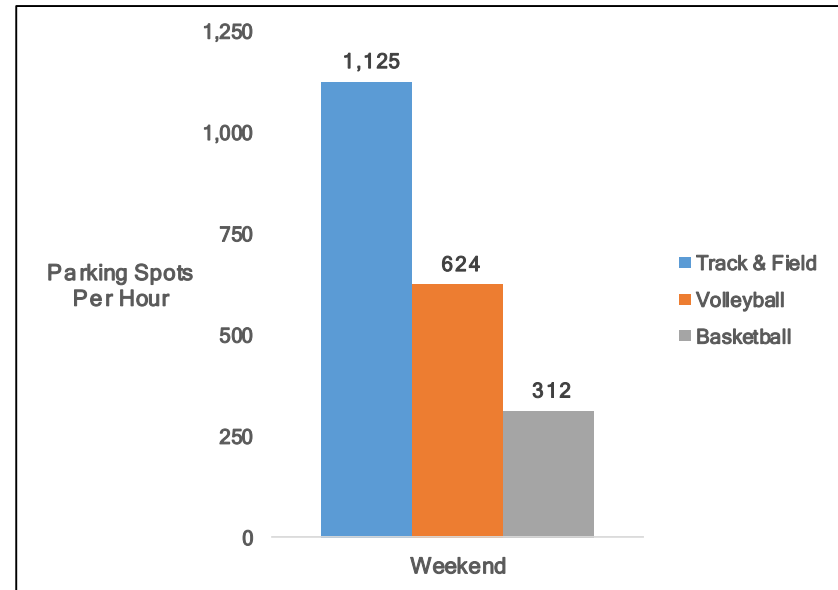
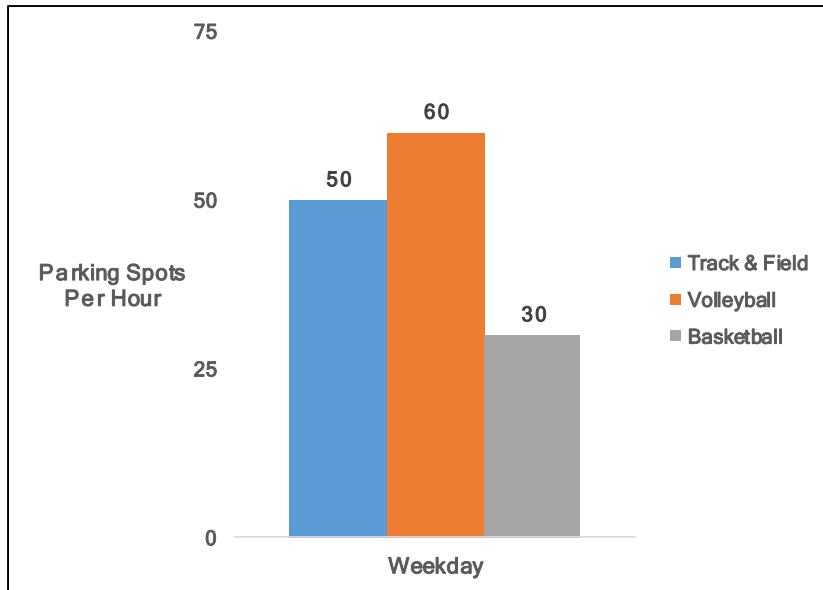
Weekday



Weekend



PARKING DEMAND ESTIMATES



Note: Parking estimates are not cumulative and represent hourly demand estimates for various types of sports uses/events.

Parking needs were estimated based on facility attendance by sport, broken down by weekday (local sports/recreation) versus weekend (tournaments/championships) events. Victus estimates that a minimum of 30 to 60 parking spots per hour would be needed on a typical weekday to accommodate local usage of the sports events center. Minimum weekend parking needs vary significantly by sport, and we estimate a range from approximately 300 to 1,125 spots per hour. Track & Field championships that utilize the facility's full seating bowl capacity would have the greatest need for weekend parking spots needing nearly 1,250 per hour. Basketball, volleyball, and other tournament events need less parking spots per hour, because games/competitions are conducted across multiple courts, as opposed to a single event held at the track that requires seated spectators to remain in the venue for a set period of time.



ADDITIONAL PARKING OPTIONS

It should be noted that the highest demand for parking is likely to occur during track and field championship events that seat the sports events center's full seating bowl (approximately 3,000 seats) with spectators. In our model, we have assumed that these types of large track & field championship events would occur no more than three (3) to five (5) weekends per year. During all other weekends, it is estimated that no more than 625 spots (for a large volleyball tournament) could be needed.

It should also be noted that these parking demand estimates assume that all parking needs would be accommodated on-site. However, it is common for sports event centers to provide on-site parking that meets the demand for the majority of events (such as local weekday use and weekend tournament activity for typical volleyball/basketball tournaments). During the larger special events/championships that occur less often, many facilities will utilize other strategies to reduce the need for additional on-site parking, such as:

- Sports Commissions and/or Visitors Bureaus often partner with events and facilities to establish discounted room blocks at nearby hotels for event attendees. As part of this arrangement, they also often provide shuttle buses from the room block hotels to the event venue on a regular basis throughout the day during tournaments and championship events. Ideally, these hotels should be located no more than a five (5) to ten (10) minute drive from the facility.
- Additional off-site parking for large events can also be provided at nearby satellite parking lots. Shuttle buses could be run between the satellite lots and the facility on a regular basis (typically no longer than every 30 minutes). As with partner hotels, any satellite parking lots should be located no more than five (5) to ten (10) minutes away from the facility.



FINANCIAL OPERATING PRO FORMA



In a stabilized year of operations, it is estimated that the operations of the new sports events center could generate a positive estimated operating margin of approximately 10%.

Please note: this pro forma assumes that concessions stands (and/or a food court) within (or directly attached to) the facility would be under the operations of the sports events center manager. Without the ability to sell concessions within the facility, it is likely that the facility could suffer annual operating losses.

	Stabilized Year
Operating Revenues:	
Rental Income (Tournaments, Other Events, etc.)	\$1,179,000
Programming (Leagues, Camps, Clinics)	\$280,000
Concessions & Merchandise (Gross Sales)	\$1,650,000
Advertising & Sponsorship	\$96,000
Total Revenues:	\$3,205,000
Operating Expenses:	
Salaries, Wages, & Benefits	\$672,000
Cost of Goods Sold (Concessions & Merchandise)	\$1,245,000
Program Expenses	\$112,000
Utilities	\$252,916
Advertising, Marketing, & Promotion	\$100,000
General, Administrative, & Other	\$168,000
Maintenance/Repair	\$108,000
Materials/Supplies	\$72,000
Management Fee	\$150,000
Total Expenses:	\$2,879,916
EBITDA	\$325,084
ESTIMATED OPERATING MARGIN	10%

Notes:

- (1) Presented in 2019 dollars. Stabilized year of operations typically occurs by Year 3.
- (2) EBITDA represents Earnings before Interest, Taxes, Depreciation, and Amortization.



OPERATING REVENUES



Revenue generated by a new sports events center is expected to consist primarily of rental income, concessions, and advertising/sponsorship. A brief description of each potential revenue source is provided below.

Rental Income

Facility rent typically accounts for the largest income source for a sports events center. Rentals typically occur for practices and league play (primarily local-use within Alachua County) and tournaments/championships (regional and national usage). We have conservatively assumed, based on competitive rental rates within the County and comparable markets, that average rental rates for courts would be approximately \$55 per court per hour at a new facility, and the average rental rate for the full facility on a per day basis would be approximately \$5,000 per day. It is expected that “rack” rates could be higher, however average rental rates are often lower than rack rates due to discounts associated with multi-day or longer-term usage agreements with user groups.

Programming

Programming revenue consists of an estimate of revenue from local-use sports/recreation programs and leagues that could be conducted by facility management, primarily during weeknights at the new sports events center. These estimates are based on our past experience with programming at similar facilities.

Concessions

Concessions revenue consists of sales of various food and beverage items at the center. Revenue assumptions are based on estimated usage and attendance, and comparable per capita spending from facilities across the country (approximately \$1 to \$3 per visitor per day, depending on user type). Concessions revenue is shown as gross sales, and then off-set by cost of goods sold as an expense.



OPERATING REVENUES (CONT.)



Advertising & Sponsorship

Advertising and sponsorship revenues are assumed to be derived from the sale of interior wall banners (\$500 per banner) and scoreboard signage (\$2,000 per scoreboard). Given the relatively small size of the corporate base in Alachua County, we have conservatively assumed there would be total interior advertising sales of less than \$100,000 annually (\$96,000 per year). It should be noted that we have not assumed that the facility would have a primary corporate naming rights partner, however this could be an opportunity for a private facility operator to generate additional operating income if they are able to sell the overall facility naming rights to a corporate partner.

Other Potential Revenue Options

Based upon the mutually agreed preferences of the facility operator, Viking Companies, CPCDD, and the County, a new sports events center could also potentially drive additional revenue from a gate/entrance fee charged at the door during tournament/championship attendees (or a parking fee charged per car during tournaments/championships). We have not currently included any gate fees or parking fees in our operating model, however these types of fees (typically in the \$5 to \$10 range per entrant or car) have become more common in recent years during youth/amateur tournaments held across the country.



OPERATING EXPENSES



Operating expenses expected to be generated by the new sports events center include salaries, wages, and benefits, utilities, program expenses, and other administrative expenses. A brief description of each potential major source of expense is provided below.

Salaries, Wages & Benefits

We have assumed that the facility would hire eight (8) full-time-equivalent employees, including a General Manager, administrative staff, and additional maintenance and custodial needs. Lastly, we have assumed approximately \$100,000 per year in additional part-time and seasonal labor, primarily associated with tournament weekends.

Programming

Programming expense estimates are estimated from Victus' past experiences. This expense includes all costs associated with running community recreation programs and typically is 70% of total programming revenue.

Utilities

Utilities often represent one of the largest expenses incurred by facility operators. Our cost estimates for utilities include use of electricity, gas, water, and steam, and are based on cost-per-square-foot rates at comparable facilities nationwide. Please note, since the Alachua County market tends to have utility costs at nearly 20% higher than the national average according to the ACCRA Cost of Living Index, we have increased these rates to reflect the higher utility costs in the Alachua County market.



EXPENSES (CONT.)



Other Expenses

Other expenses expected to be incurred by the new sports events center include general and administrative expenses, repairs and maintenance, materials and supplies, marketing/advertising costs, insurance, and other such expenses, as described below:

- Maintenance and repairs for structures, equipment, grounds, etc.
- Materials and supplies for administration and operations of the facility
- General liability insurance to cover the courts, track, grounds, restrooms, and other such areas
- Office and administrative expenses, including but not limited to marketing and advertising, telecommunications, travel costs, permits, service fees, and other such operating expenses
- Management fee paid to a third-party operator of the facility

These expenses have been estimated based upon expenses at comparable venues.



5. ECONOMIC & FISCAL IMPACT ANALYSIS



KEY ASSUMPTIONS



The purpose of this analysis is to estimate the County-wide economic and fiscal impacts that could be generated by a new sports events center at Celebration Pointe in Alachua County. As such, we have developed two alternative models: 1) the impacts of prior development plans at Celebration Pointe without a new sports events center, versus 2) the impacts of new development plans at the same proposed Celebration Pointe site with the new sports events center. We can then compare and contrast the expected County-wide economic/fiscal impacts of each Celebration Pointe development alternative.

In order to complete this comparative analysis, Viking Companies provided us with preliminary estimates of the potential future development plans that could occur at Celebration Pointe, both with and without the proposed sports events center, as shown below:

Current Plan for Additional Celebration Pointe Development: <i>Without the Sports Events Center</i>		Potential Plan for Additional Celebration Pointe Development: <i>With the Sports Events Center</i>	
Type	Estimated Sq. Ft.	Type	Estimated Sq. Ft.
Retail	99,400	Sports Events Center	120,000
Restaurant	3,000	Retail	76,500
Residential	272,050	Restaurant	8,000
Total:	374,450	Residential	65,400
		Office	40,000
		Hotel (179 rooms)	116,800
		Total:	426,700

Source: Viking Companies

Note: These are preliminary estimates only, subject to changes in market conditions and demand.

These estimates in no way reflect any commitments from Viking Companies.



In order to estimate the potential economic and fiscal impacts of each alternative development option (as shown on the previous page), Victus Advisors utilized the following four (4) step process:

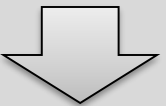
1. Estimate the Gross Direct Spending Associated with Annual Facility Operations



2. Identify the Relevant Economic Area for Net Impact Analysis



3. Estimate the Net Direct Spending Occurring within the Defined Economic Area by Outside Visitors



4. Utilize the Multiplier Effect to Estimate Total Economic & Fiscal Impacts (including Direct, Indirect & Induced Spending)



1. ESTIMATE GROSS DIRECT SPENDING



The first step in projecting the potential economic and fiscal impacts of a new sports events center in Alachua County is estimating the Gross Direct Spending activity that could occur throughout the County due to the ongoing annual operations of the facility.

Gross Direct Spending represents all of the annual direct spending that could be associated with the facility, regardless of income source or spending location within the County.

Primary Sources of Direct Spending from a New Sports Events Center

Ongoing Facility Operations

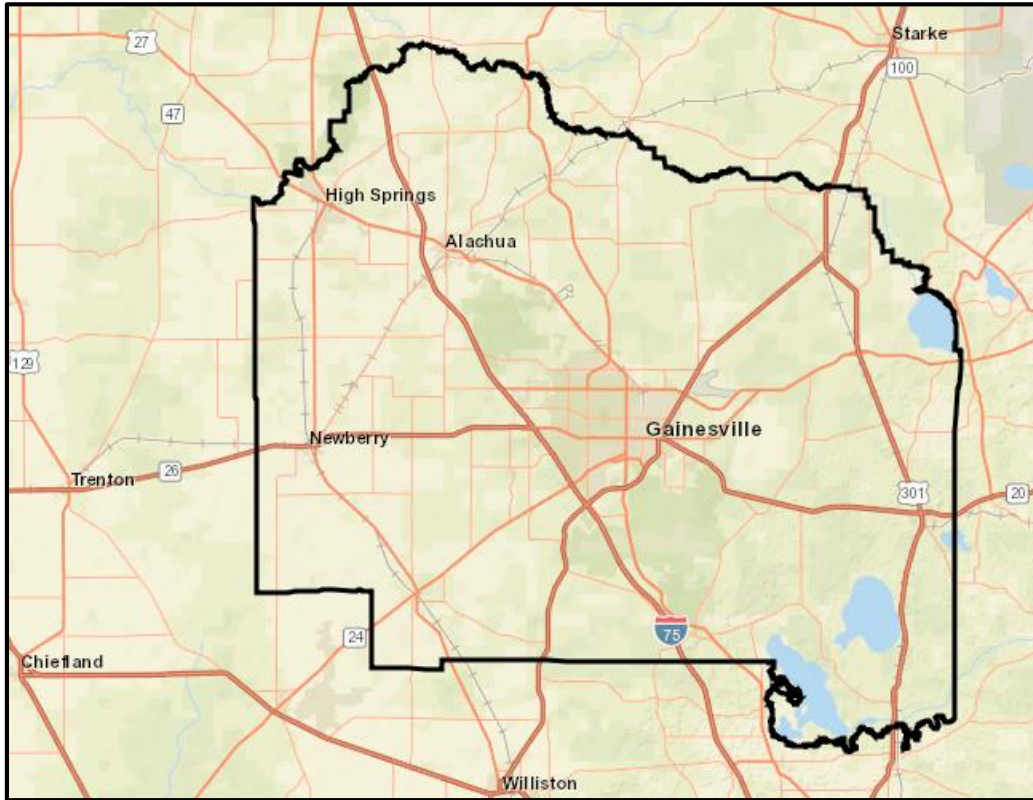
In-Facility Revenues:

- Facility Rental Fees
- Programming Revenue
- Concessions Sales
- Merchandise Sales
- Sponsorships/Advertising

County-Wide Visitor Spending:

- Lodging
- Restaurants
- Entertainment
- Retail
- Transportation

2. IDENTIFY “LOCAL” ECONOMY



Source: Esri

For purposes of this study, Victus Advisors has been tasked with identifying the potential economic and fiscal impacts within Alachua County. Therefore, the local economy studied in this analysis is the physical area solely within Alachua County (as highlighted at left).

As described on the next page, “Net” Direct Spending only occurs when the spending source originates outside of the County and occurs within the County’s limits, which most often occurs when regional/national event activity is held (such as tournaments, championships, etc.).



3. CALCULATE NET IMPACTS

After estimating the “Gross” economic activity associated with sports events center development, Victus Advisors estimated the portion of Gross Direct Spending that could represent incremental (or “Net”) spending within the County’s economy. Net Direct Spending accounts for the phenomenon of “displacement”, as described below.

DISPLACEMENT is the economic principle that assumes a household’s sports/recreation budget would be spent within the local economy with or without development of a new sports events center. For purposes of this study, we have assumed that local event spending would be displaced (i.e. spent elsewhere within the Alachua County economy) without the presence of a new sports events center at Celebration Pointe. Therefore...

NET IMPACTS estimated by Victus Advisors will only include the estimated dollars spent within County limits by non-resident visitors who come to Alachua County for regional/national sports event activity, thus injecting new incremental dollars into the County’s economy.

4. THE MULTIPLIER EFFECT

Net Direct Spending from outside visitors that is captured in Alachua County is subsequently re-spent, both inside and outside the local economy. The cumulative impact of the re-spending cycles that occur within Alachua County is called the “Multiplier Effect”.





4. THE MULTIPLIER EFFECT (CONT.)



Victus Advisors utilized IMPLAN Multipliers specific to Alachua County (as shown below) to estimate the following County-wide Net Economic Impacts:

- **TOTAL OUTPUT** (direct, indirect & induced spending in Alachua County)
- **EMPLOYMENT** (full-time & part-time jobs in Alachua County)
- **LABOR INCOME** (salaries & wages associated with Alachua County jobs)
- **TAX REVENUES** (local taxes associated with the total output)

IMPLAN MULTIPLIERS - ALACHUA COUNTY

Industry	Total Output Multiplier	Employment Multiplier	Labor Income Multiplier
Amusement & Recreation (Entertainment)	Multipliers range from 1.52 to 1.86 per industry	Multipliers range from 1.6679×10^{-5} per industry	Multipliers range from 0.41 to 1.02 per industry
Retail Stores			
Transit & Ground Passenger Transportation			
Fitness & Recreational Sports Centers			
Hotels & Motels, Including Casino Hotels			
Food Service & Drinking Places			
Other Personal Services			



ANNUAL COUNTY-WIDE ECONOMIC IMPACTS



ESTIMATED ANNUAL ECONOMIC IMPACTS - RETAIL/RESIDENTIAL/RESTAURANT ONLY

	GROSS	NET NEW
Direct Spending	\$50,037,000	\$5,004,000
Total Output	\$85,394,000	\$8,539,000
Full- & Part-time Jobs	1,540	154
Wages	\$34,551,000	\$3,455,000

WITHOUT SPORTS EVENTS CENTER - It is estimated that current planned development at Celebration Pointe (retail, residential, and restaurant only) could generate more than \$5 million in annual net direct spending within the County, approximately \$8.5 million in total economic output, 154 incremental annual jobs, and nearly \$3.5 million in net annual wages.

ESTIMATED ANNUAL ECONOMIC IMPACTS - SPORTS CENTER & ANCILLARY DEVELOPMENT

	GROSS	NET NEW
Direct Spending	\$109,923,000	\$47,931,000
Total Output	\$179,530,000	\$76,707,000
Full- & Part-time Jobs	2,860	1,150
Wages	\$64,417,000	\$25,854,000

WITH SPORTS EVENTS CENTER - It is estimated that potential development at Celebration Pointe that includes the proposed sports events center (as well as ancillary retail, residential, restaurant, office, and hotel) could generate significantly greater County-wide impacts due to the increased visitation associated with sports tourism event activity. It is estimated that a new sports events center could generate nearly \$77 million per year in net total output within the County, 1,150 incremental annual jobs, and approximately \$25.9 million in net annual wages.

Note: Represents annual impacts. Presented in 2019 dollars.



ANNUAL COUNTY-WIDE IMPACTS BY ECONOMIC SECTOR



**Current Plan for Additional
Celebration Pointe Development:
Without the Sports Events Center**

TOTAL OUTPUT:		
Sports (In-Facility)	\$0	0%
Lodging	\$32,000	0%
Food & Beverage	\$160,000	2%
Shopping	\$8,315,000	97%
Entertainment	\$21,000	0%
Transportation	\$11,000	0%
TOTAL:	\$8,539,000	100%

EMPLOYMENT:		
Sports (In-Facility)	0	0%
Lodging	1	0%
Food & Beverage	3	2%
Shopping	150	97%
Entertainment	0	0%
Transportation	0	0%
TOTAL:	154	100%

LABOR INCOME:		
Sports (In-Facility)	\$0	0%
Lodging	\$13,000	0%
Food & Beverage	\$65,000	2%
Shopping	\$3,364,000	97%
Entertainment	\$9,000	0%
Transportation	\$4,000	0%
TOTAL:	\$3,455,000	100%

**Current Plan for Additional
Celebration Pointe Development:
With the Sports Events Center**

TOTAL OUTPUT:		
Sports (In-Facility)	\$3,416,000	4%
Lodging	\$21,991,000	29%
Food & Beverage	\$24,779,000	32%
Shopping	\$13,508,000	18%
Entertainment	\$6,400,000	8%
Transportation	\$6,613,000	9%
TOTAL:	\$76,707,000	100%

EMPLOYMENT:		
Sports (In-Facility)	58	5%
Lodging	211	18%
Food & Beverage	398	35%
Shopping	243	21%
Entertainment	110	10%
Transportation	129	11%
TOTAL:	1,150	100%

LABOR INCOME:		
Sports (In-Facility)	\$1,062,000	4%
Lodging	\$5,931,000	23%
Food & Beverage	\$9,562,000	37%
Shopping	\$5,465,000	21%
Entertainment	\$1,992,000	8%
Transportation	\$1,842,000	7%
TOTAL:	\$25,854,000	100%

WITH SPORTS EVENTS CENTER - It is estimated that with a potential development at Celebration Pointe that includes the proposed sports events center (as well as ancillary retail, residential, restaurant, office, and hotel) the Food & Beverage industry and Lodging industry within the County would benefit the most (approximately 32% and 29% of incremental output, respectively). Conversely, Shopping/Retail would be the only significant beneficiary in a development without the sports events center.



ANNUAL FISCAL IMPACTS



ESTIMATED ANNUAL FISCAL IMPACTS - RETAIL/RESIDENTIAL/RESTAURANT ONLY

	GROSS	NET NEW
Alachua County Sales Tax (1.0%)	\$574,000	\$57,000
TOTAL:	\$574,000	\$57,000

WITHOUT SPORTS EVENTS CENTER - It is estimated that current planned development at Celebration Pointe (retail, residential, and restaurant only) could generate net annual fiscal impacts of approximately \$57,000 per year, via Alachua County sales tax.

ESTIMATED ANNUAL FISCAL IMPACTS - SPORTS CENTER & ANCILLARY DEVELOPMENT

	GROSS	NET NEW
Alachua County Sales Tax (1.0%)	\$1,215,000	\$525,000
County Tourist Development Tax (5.0%)	\$611,000	\$611,000
TOTAL:	\$1,826,000	\$1,136,000

WITH SPORTS EVENTS CENTER - It is estimated that potential development at Celebration Pointe that includes the proposed sports events center (as well as ancillary retail, residential, restaurant, office, and hotel) could generate significantly greater fiscal impacts due to the increased visitation associated with sports tourism event activity. We estimate net annual fiscal impacts over \$1.1 million dollars per year, including County sales tax, and County tourist development tax.



HOTEL/MOTEL IMPACTS: SPORTS EVENTS CENTER ONLY



As shown on the previous page, the impacts of future development at Celebration Pointe would only generate significant incremental hotel nights (and associated tourist development tax collections) if a new sports events center was built. Victus Advisors estimates that a new sports events center could generate over 116,000 annual hotel nights within Alachua County, as shown below.

Estimated Annual Hotel Impacts - Alachua County	
Total Visitors Staying in Hotel/Motel:	233,520
Estimated People Per Room	3.0
Total Rooms Utilized	77,840
Average Nights per Room:	1.5
Total - Annual Room Nights	116,760
Average Daily Room Rate (ADR):	\$104.65
Total - Hotel Room Spending:	\$12,218,950

Notes:

(1) *Overnight Visitors estimate developed by Victus Advisors as part of our Utilization & Attendance Estimates*

(2) *Total Hotel Room Spending represents direct hotel room spending only in 2019 dollars, and does not include indirect or induced impacts*



CUMULATIVE 30-YEAR IMPACTS OF SPORTS EVENTS CENTER AT CELEBRATION POINTE



As shown below, it is estimated that a new sports events center and ancillary development at Celebration Pointe could generate net impacts over a period of 30 years with a net present value (NPV) of approximately \$1.2 billion in total economic output, \$392 million in wages, and nearly \$24 million in County sales tax revenues, and County tourist development taxes. In addition, it is estimated that up to 1,150 incremental annual jobs could be supported by this new economic activity.

NET IMPACT

	Cumulative	Net Present Value
Direct Spending:	\$2,280,337,000	\$727,387,000
Total Output:	\$3,649,367,000	\$1,164,083,000
Annual Jobs:	1,150	n/a
Wages:	\$1,230,015,000	\$392,353,000
Taxes:	\$76,076,000	\$23,980,000

Notes: Assumes 3% annual inflation. NPV was calculated based upon a 4% discount rate.



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