

Retain. Regain. Grow.

RECLAIMING FIRST

An Economic
Development
Case & Master
Plan for Sports
Tourism in the
Rockford Region

Real. Original.
ROCKFORD[™]
ILLINOIS, USA

December 14, 2011

Dear Citizens, Partners and Customers,

More than thirty years ago, agencies such as the Rockford Area Convention & Visitors Bureau, Rockford Park District, City of Rockford, Winnebago County and others envisioned a day when the Rockford Region would be a leader in the delivery and hosting of youth sports competitions and services.

Keep in mind; a youth sports industry worthy of attracting visitors did not exist at that time. Our leaders creatively, willfully and strategically got about the business of launching what has become an extremely lucrative part of our overall visitor business. And the entire Rockford Region has reaped the benefits for decades.

Not only does our economy benefit from a nearly constant influx of visiting athletes and their families and friends, but our own quality of life has improved thanks to the resources that have been built to support those efforts. While visitor spending supports jobs at hotels, restaurants, and shops, local sports teams and clubs practice and play at Sportscore One and Two and other facilities.

Recently, other communities have replicated our success by building new, bigger sports facilities. They have offered our customers reasons to consider their communities as viable, and in some cases, better alternatives to what we offer. Flooding at Sportscore One and the downturn in the economy has also eroded our position.

To address these issues, the Rockford Park District and the Rockford Area Convention & Visitors Bureau have partnered to develop a new vision for amateur sports success in the Rockford Region. Our report, *Reclaiming First*, outlines a bold new vision for Retaining, Regaining and Growing our sports tourism industry, while providing new recreational and sports opportunities for local citizens.

We hope you like what you see in this plan, and that you will support this vision. We invite your feedback and participation!

Best regards,

Tim Dimke
Executive Director
Rockford Park District

John Groh
President/CEO
Rockford Area Convention & Visitors Bureau

Peer Review/ Master Plan



Prologue

Economic development is a core function of municipal government.¹ In years past, Winnebago County (the “Region”) thrived on a manufacturing and industrial base that saw its manufactured products sold nationally and internationally, bringing income derived from non-local sources into the Region. This non-local income was invested locally which spurred additional business growth and the creation of numerous well-paying jobs that in turn lead to the rise of the Region’s service industry and enabled home construction and ownership, all of which produced revenue streams for the Region’s governments from increased property and sales taxes. Although times have changed and require a more proactive role in economic development from the Region’s governments, the historical importance of positive economic impacts resulting from non-local income sources is undeniable. It is this same principle of non-local income upon which this Report evaluates the Region’s amateur sports tourism industry and its amateur sports tournament facilities (“ASTFs”).

The Region’s ASTFs are an economic development asset that has quietly introduced hundreds of millions of dollars of non-local income into the Region’s economy over the past 30 years. Throughout the Nation, cash-strapped governments are looking to find new revenue streams and many communities have come to realize that, no matter the state of the economy, amateur sports recreation activities can generally weather economic hardships while continuing to inject non-local spending into their economies. As such, communities are investing in ASTFs with new and improved facilities technology because of the positive economic impacts those facilities have on local businesses and the revenue generation they produce in excess of the expenditures for their construction. This Report has found that the Region’s amateur sports tourism industry is currently threatened by the existence of competing localities offering more modern ASTFs.

This Report² details an assessment of the Region’s amateur sports tourism industry, and has been prepared in collaboration with Sportsimpacts, a nationally recognized sports economy firm that evaluates localized economic impacts of sports tourism.³ Including the accompanying regional economic impacts report from Sportsimpacts, this Report is the first phase in helping the Region protect its amateur sports tourism industry and the revenues derived there from. It includes a “current-state” assessment of the Region’s ASTFs, provides recommendations on the improvements required for the Region to remain competitive and regain amateur sports tournaments (“ASTs”) lost to competing ASTFs, and it supplies master planning for achieving defined goals. This Report sets

¹ “Cities are not only the engines of their local communities; they are also the backbone of their regional economies, where investments in infrastructure and services provide a platform for private sector investment and growth. And cities are the wealth of nations. We are where economic recovery must take place... we are where jobs are increased, or more commonly lately, are lost. We must change that equation.” Ron Loveridge, President, National League of Cities.

² The study was undertaken by the Rockford Park District and the Rockford Area Convention & Visitors Bureau.

³ An initial draft of this Report was used to provide Sportsimpacts with baseline information on the Region’s ASTFs and the historical income generated by the Region’s hosting of ASTs. In turn the final version of this Report was prepared with the economic impacts analysis and recommendations from the Sportsimpacts report.

out the Regional investment needed and, more importantly, provides a credible economic impact analysis to provide a rational basis for expending revenue to create revenue – “Spending a dollar to earn a dollar.” In the end, there are two goals addressed by the Master Plan for the Region’s ASTFs: *(1) Retain, Regain and Grow the economic impacts from hosting ASTs; and (2) provide premier ASTFs for the use of the Region’s local citizens.*

Part 1: Background, Vision, Mission

Background: For nearly three decades the Region’s ASTFs have held the national reputation of being a leading destination venue for amateur sports tournaments (“ASTs”). With the help of the Region’s local governments, the Rockford Park District (“RPD”) and the Rockford Area Convention & Visitors Bureau (“RACVB”) (collectively the “Team”) have built, grown, and been the steward of this reputation. The Region’s ASTFs and programs have acted as an important stimulus to the Region’s economy⁴ by providing nationally recognized ASTFs that drive sports tourism to the Region. This has enabled the Team to fulfill their respective core missions of providing increased tourism for the Region and premier ASTFs for the use and enjoyment of the Region’s local citizens. In recent years, the favorable economic impact of sports tourism has become better understood which has led to a growing trend throughout the Country for local governments to develop and invest in ASTFs. While the Region remains a recognized leader for hosting ASTs, new more modern ASTFs have been and continue to be built, resulting in increased competition for events which threatens the Region’s reputation as the leading destination for hosting ASTs.

To *Retain* existing events, *Regain* lost events, and *Grow* new events in the Region, the Team has embarked on an evaluation of the Region’s facilities and an analysis of the competition to assess what is necessary for the Region to remain competitive within the amateur sports tourism industry. As a result of this research, the Team has developed a set of recommended improvements that will serve to protect and expand the Region’s reputation as a leading AST venue for many decades to come (“Master Plan”). Through the process, two goals have remained unwavering: (1) provide local residents with premier ASTFs at low cost; and (2) preserve the Region’s economic benefits from hosting ASTs as a vital economic engine that provides sustainable revenue and creates jobs throughout the Region.

The Team concludes that to achieve these goals the Region must compete in today’s AST hosting marketplace. To effectively compete, the Region needs to collaboratively invest in upgrading its existing ASTFs and adding indoor capacity to capture a significant AST market segment that does not currently consider the Region because it lacks an indoor ASTF that can adequately serve that particular market’s needs. This challenge cannot be met by any one local organization/government within the Region. The investment required mandates Regional collaboration. As Sportsimpacts

⁴ The Region received \$61 million from hosting ASTs between 2007-2010. Sportsimpacts Report p. 35.

predicts,⁵ failing to invest will result in a continued loss of ASTs to competing more modern ASTFs, continued losses of amateur sports tourism revenue for the Region, and ultimately the loss of the long-standing Regional reputation as a premier destination for ASTs.

Project Vision: Preserve and enhance the Region’s reputation as a premier AST destination in ways that serve the Region’s residents and builds the Region’s local economy.

Project Mission: Understand the need, assess the competition, and create a Master Plan allowing the Region to *Retain, Regain, and Grow* its AST hosting reputation while enhancing the Region’s economic development through amateur sports tourism.

Part 2: Brief History:

In 2009 the Region received an inquiry requesting input on the development of an overnight dorm-style basketball camp facility providing instructional programs and training. In response the RPD formed a Regional Advisory Committee⁶ to consider the proposal. In the summer of 2010, the Region lost two major ASTs that it had hosted for many years: Olympic Development Program and Wildcat Basketball.⁷ The combination of the inquiry and the losses of the two events positively affected the Region by stimulating community awareness of the importance of the Region’s AST reputation and the developing competition for the Region’s amateur sports tourism revenue. Realizing that preservation of this revenue was of paramount importance, the Team began to consider the types of regional investments that would be necessary to “*Retain, Regain and Grow*” the Region’s reputation as a leading AST destination. From there, the Team set out to assess its competition, evaluate its existing ASTFs, and to create a strategic Master Plan that would allow the Region to Retain, Regain and Grow its reputation as a destination of choice for AST operators.

Interviews with the Olympic Development Program and the Wildcats showed that their main reason for leaving the Region was that they found better, more modern and accommodating facilities to host their events. These AST operators confirmed the Team’s preliminary belief that the market had come to expect outdoor artificial turf fields with lighting and consolidated indoor ASTFs with hard court and/or artificial turf surfaces. In its research, the Team also came to better understand how the increased incidents of flooding at the Region’s Sportscore I complex impede the Region’s ability to provide a reliable ASTF for softball tournaments. All of these have negatively affected the economic impact of sports tourism for the Region, and if not addressed will continue to do so.⁸

⁵ See Sportsimpacts Report, p. 38.

⁶ Rockford Mayor Larry Morrissey; Loves Park Mayor Darryl Lindberg; Rockford City Administrator Jim Ryan; John Groh, Executive Director of the Rockford Area Convention and Visitors Bureau; and Janyce Fadden, Executive Director of the Rockford Area Economic Development Council.

⁷ “Rockford Losing Grip on Youth Sports”, Rockford Register Star, July 17, 2010.

⁸ See the Sportsimpacts report: “Regional Economic Impacts from Sports Tournaments.”

This report sets-out the Team’s findings from the system-wide evaluation process in which it looked more broadly at hosting ASTs as an economic development tool for the Region. The Team also used this Report to create a recommended Master Plan for the Region to **Retain** its current events, **Regain** the lost tournaments, and provide additional ASTF amenities needed to **Grow** the sports programs and the economic benefits the Region receives from hosting ASTs. As more clearly set out later in this Report, the Team identified the need for additional indoor soccer space at the Indoor Sports Center (“ISC”), adding softball and additional soccer fields at Sportscore II (“SC II”) through the incorporation of artificial turf multi-sport lighted fields, and the creation of a consolidated hard court space at a new indoor ASTF.⁹ This has led to the development of an overall Master Plan that maximizes the usable space within the Region, including preliminary talks with the Villages of Rockton and Roscoe for use and development of additional ASTFs that will further benefit the Region. Collectively and collaboratively, the improvements recommended in this Report’s Master Plan will serve to Retain, Regain and Grow the Region’s economic benefits from hosting ASTs.

Part 3: The Impact of Amateur Sport on the Community

Why invest in the Region’s Sports Tourism Reputation?

The Team’s focus is on providing the “optimal” facilities and opportunities to attract AST operators while at the same time benefitting the Region’s residents. Premier facilities, however, often come at a high capital cost that cannot be supported by operational revenues. The RPD has historically looked to provide premier ASTFs without overburdening its local residents through prudent planning and by bringing non-local income into the Region through the hosting of ASTs. It is a plan that has served the Region well for over three decades, but as competition for amateur sports tourism revenue has increased and AST operators’ criteria for ASTFs have risen to very costly levels, the Region is facing an economic development crossroads at which investment is required to maintain status quo, or risk an erosion of the amateur sports tourism industry in the Region.

Bringing visitors to the Region, by way of hosting ASTs, has a substantially favorable economic impact on the Region.¹⁰ “Sports Tourism” is quantified in an economic nature by measuring the amount of money non-local sports participants and their families leave behind in hotel, retail and restaurant spending.¹¹ This is a meaningful economic development catalyst that boosts the Region’s

⁹ During the course of evaluating potential locations for an indoor hard court facility it was learned that the City of Rockford received River’s Edge funding for development along the Rock River. The former Ingersoll building along the Rock River was identified and targeted as a possible location for a “New Indoor Sports Tournament Facility”. The building is low cost and eligible for River’s Edge funding which will help to defray costs by as much as \$3 million, and its repurposing to a sporting venue may become an added economic development catalyst for downtown Rockford.

¹⁰ Currently the Region receives more than \$15 million annually in sports tourism income. With the investments set out in this Report’s recommended Master Plan, the annual value-added income (See footnote 9 below) is projected to be increased by an additional \$8.7-\$16 million depending on the increased number of tournaments brought in by the ASTF upgrades. (Sportsimpacts report p.35; see also “Prospective Regional Economics” chart on p. 15.)

¹¹ As described more fully in the Sportsimpacts Report (p. 57), the true measure of ASTs economic impact is **value-added income** that accounts for some of the non-local spending that does not stay in the Region. In this document,

overall economy. Amateur sports tourism spending benefits the Region’s local commercial and retail establishments and provides added tax revenue from non-local sources to the local governments within the Region. Additionally, by hosting ASTs, events and other programming over the last several decades, the Region has been able to provide a higher level of amenities to its local residents than it otherwise would have been able to had there not been the influx of non-local revenue.

The Team, in collaboration with the Advisory Committee, continues the core mission of providing premier ASTFs to the Region’s residents, but recognizes that the economic impact of amateur sports tourism is shared at many different levels in both the public and private sectors, and that it has become a vital component of the Region’s overall economy. Spending on amateur sports tourism generated by the Region’s ASTFs flows through local merchants to employees whose spending further stimulates the Region’s economy.¹² The recommendations and Master Plan within this Report detail the Team’s determination of how best to protect the economic development asset and non-local income production derived from the amateur sports tourism industry within the Region.

Part 4: Research & Evaluation

The Team began its work with an introspective review of the Region’s existing ASTFs followed by a comparative “Peer Group” analysis of the Region’s competition.

Review of Regional ASTFs

The Region intuitively knows that hosting ASTs is a significant driver of tourism revenue in the Region. It also seems to appreciate that, absent an investment in upgrading and adding to the Region’s ASTFs, there is a real risk of continuing to lose revenue from hosting ASTs to competition developing throughout the Country, including several large direct-threat competitors in the Midwest. There are four major deficiencies the Team has identified in the Region’s existing ASTFs: (1) the lack of an adequately sized indoor facility (“New Indoor Sports Tournament Facility”) that can accommodate multi-court hard surface sports; (2) a lack of artificial turf and lighting on multi-sport outdoor fields (“Turf Upgrades”); (3) the flooding at Sportscore I; and, (4) the need for additional indoor soccer space at the ISC.

terms such as “spending” and “income” when used in relation to the positive economic effects of AST shall be defined as synonymous with “*value-added income*.”

¹² As explained more fully in the Sportsimpacts Report (p. 57), there are three main components in assessing the result of sports tourism spending: Direct, Indirect, and Induced spending. Generally, these measure the effects caused by the initial spending taken in by the first retailer which is then reintroduced into the economy from their additional spending – all of which would not occur but for the non-local tourism revenue.

New Indoor Sports Tournament Facility

One of the most significant findings of the Team is that the Region lacks an adequately sized indoor facility capable of hosting large-scale hard court tournaments.¹³ Two of the most popular amateur sports, basketball and volleyball, represent a significant amateur sports tourism market segment for which the Region simply does not have an adequate indoor ASTF that is competitively capable of hosting large-scale ASTs. The development of a New Indoor Sports Tournament Facility that is a climatically controlled¹⁴ hard surface multi-sport and multi-court facility enables the Region to enter the hard-surface amateur sports tourism market and is projected at a 75% confidence level to dramatically increase sports tourism income by as much as 60% in the Region.¹⁵

Turf Upgrades

The Peer Group analysis of the Region's competition shows that current industry standards for outdoor ASTFs require the flexibility of multi-sport fields that have artificial turf and lighting. The Region currently does not meet this demand. Artificial turf provides a more reliable playing surface that is less affected by weather and does not require the rotational resting periods that natural turf fields must have to remain viable. Unlike natural turf fields, artificial turf does not have an extended recovery time for playability after rain and it attains playability earlier in the spring and remains playable later into the fall, increasing AST capacity. When implemented, all of these factors will have a dramatic impact on the Region's AST reputation and ability to compete for hosting ASTs and the non-local revenue they bring.

Lighting

Lighting is another significant attribute sought after by AST operators. It expands capacity without having to expand the physical footprint of the ASTF. Daylight is a limiting factor of AST size in relation to the number of fields available. Lighting extends playtime for outdoor sports¹⁶ into the dusk and darkness of evening, accommodating larger ASTs. It also lessens the chance of game cancellations due to weather conditions because if rain or lightning delay tournament play during the daytime, the tournament can be extended into the evening with lighted fields. Additionally, playable weather is extending farther into the fall, but without lights, the early sunsets of the season limit play time. Adding lighting to the outdoor fields will expand the Region's AST hosting capacity into the evening hours and well into the fall season when temperatures still permit comfortable outdoor play.

¹³ Traditionally thought of as basketball and volleyball, hard court also includes cheer, dance, wrestling, gymnastics, etc.

¹⁴ Predominantly air conditioning to control surface moisture and facility temperature for improved safety and player/spectator comfort.

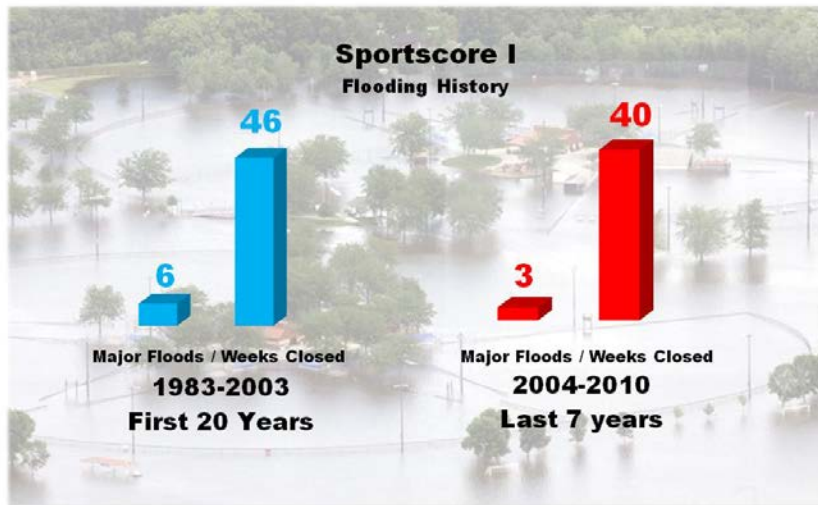
¹⁵ The Sportsimpacts Report indicates a 75% probability of an additional \$9 million of value-added income from the New Indoor Sports Tournament Facility alone, which is 60% of the current \$15 million annual AST income amount. (Sportsimpacts Report; chart p.15)

¹⁶ Although identifying softball and soccer as the major users of the multisport fields, additional sports such as lacrosse, field hockey and rugby, as examples, are included in the theory for providing lighting and artificial turf to the facility.

Sportscore I

As part of this study, the Team examined in detail the growing concern that the past several years have shown an increase in the incidents and duration of flooding at Sportscore I (“SC I”) the Region’s bellwether softball and soccer complex. Reducing the playing time available, decreasing revenues, and adversely affecting the Region’s otherwise strong reputation as a host venue for ASTs, the instances of flooding at SC I have increased in frequency over the last ten years by 102% and in duration by 75%. The flooding has resulted in not only added annual repair costs, but has also affected the Regional economic impacts from actual loss of ASTs which, in fact, have declined by 11% annually in the last four years alone.¹⁷ The decrease in venue reliability also threatens future economic impacts as event coordinators remain hesitant to commit to an ASTF known to have a significant potential of being non-operational at any time throughout the tournament season.

Due in part to the flooding issues at SC I and in part to the new and more modern competition, the Region has lost significant AST hosting revenue due to event cancellations or event sponsors relocating to competitors’ more modern and reliable facilities. The Olympic Development Program and Wildcat Basketball¹⁸ are two prominent programs the Team is aware of that have been lost as a result of the Region’s less reliable facilities. Should the flooding issues and the new market demands not be addressed, the Region will likely forego the opportunity of growing its income from hosting ASTs, and it will likely continue to see a further erosion of the \$15 million of value-added income hosting ASTs currently provides to the Region’s economy.¹⁹



¹⁷ According to statistics provided by the RPD to Sportsimpacts and included in their report.

¹⁸ The Olympic Development Program moved to a modernized soccer facility venue in Overland Park, Kansas which has 12 artificial turf fields that have lighting. After using a scattering of the Region’s school gymnasiums, Region-based Wildcats Basketball moved tournaments to consolidated multi-court indoor ASTF’s outside of the Region, allowing for expedited tournament action and minimizing travel between venues.

¹⁹ As identified in the Sportsimpacts Report, p. 39.

Competing Facilities. Following the Teams ...

As part of identifying which upgrades are most appropriate for the Region's facilities, the Team conducted a review of the competition and noted new marketplace trends that are rapidly becoming ASTF industry standards. In this process the Team has determined that there are key factors that are enabling other region's ASTFs to attract tournaments once exclusively hosted by the Region.

The following OUTDOOR facilities were researched:

- Commerce City, Colorado
- Overland Park, Kansas
- Elgin Sports Complex
- National Sports Center, Blaine, Minnesota
- Waukegan SportsPark
- Grand Park, Indiana
- Woodside Sports Complex, Mauston, Wisconsin
- ESPN Wide Worlds of Sports @ Disney, Orlando, Florida

Multi-Purpose Fields						
Location	Total Fields (Including Lighted Fields)			Lighted Fields		
	Artificial	Natural	Total	Artificial	Natural	Total
Mauston, WI (Planned)	22	0	22	?	?	?
Grand Park, IN (Planned)	16	42	58	16	0	16
Rockford, IL (SCII - Recommended)	13	15	28	13	0	13
Rockford, IL (SCI - no new fields)	0	33	33	0	8	8
Overland Park, KS	12	0	12	12	0	12
Commerce City, CO	2	22	24	2	0	2
Waukegan, IL	1	17	18	1	4	5
Blaine, MN	0	52	52	?	?	?
Rockford, IL (SCII - Existing)	0	25	25	0	1	1
Rockford, IL (SCI - Existing)	0	33	33	0	8	8
Elgin, IL	0	20	20	0	10	10
Disney/ESPN	0	18	18	0	4	4

Commerce City, Colorado²⁰

Commerce City's Prairie Gateway represents the new market trend of public-private partnerships to encourage tourism and economic development activity. The 917 acre area was purchased by Commerce City to develop a Dick's Sporting Goods Park that hosts Major League Soccer's Colorado Rapids and which holds 20,000 spectators. The partnership also includes Kroenke Sports Enterprises, who will acquire up to 200 acres of land for commercial and retail development.

Kroenke Sports and the City are splitting the \$131M cost nearly evenly. The City portion is being funded via sales tax revenue bonds and possessory interest tax revenue bonds (similar to Illinois' Tax Increment Financing), while Kroenke is contributing \$20M in capital and \$45M in bonds through the Prairie Gateway Urban Renewal District. The Stadium will be owned by the City and operated by Kroenke.



Overland Park, Kansas

The Overland Park facility provided 12 lighted, artificial turf soccer fields with bench and field cooling systems. The 96 acre park is available for use from 7 a.m. to 11 p.m., seven days a week with little loss from adverse weather thanks to its artificial turf fields and lighting system. In addition, the park offers outdoor basketball and tennis courts, an on-site restaurant, on-site parking, 1,100 square feet of meeting space and a skate park. Over 35 hotels, 200 restaurants and other attractions, including a water park and a zoo, are located in close proximity to the park.

²⁰ While not a director competitor nor completely analogous to our Region's AST hosting, this facility is reflective of the market improvements and general competition.

RECLAIMING FIRST

This new park attracted the Olympic Development Program away from the Region, resulting in the loss for our Region of nearly 2,000 players over a two-week period.

The facility was funded through General Obligation Bonds issued by Overland Park. The sources of repayment are facility revenue, a recreation fund that is created through a liquor tax and an increase in the hotel/motel tax from 6% to 9%.



National Sports Center, Blaine, Minnesota

The National Sports Center (“NSC”) in Blaine, Minnesota, was built in 1990 by the State of Minnesota as part of a statewide infrastructure program designed to enhance its ASTFs. Located on 600 acres, the complex contains an 8,500 seat stadium, one of the Midwest’s only velodromes,²¹ a meeting and events building, the world’s largest ice skating facility with 8 sheets of ice, an 18-hole golf course, a residence hall, and indoor artificial turf field, and 52 outdoor natural turf fields. According to their website, the facilities as a whole host 300 events with 4 million visitors annually, with an economic impact generation of \$37 million dollars a year.

State funds of \$14.7 million were used to initially build the facility²² with the State’s total investment at \$20 million. The facility is currently operated by a non-profit corporation, the National Sports Center Foundation (“NSCF”), without any subsidy from the State. The NSCF has been instrumental in obtaining private financing and intergovernmental cooperation to fund projects, including securing the cooperation of eleven (11) different governmental bodies in the development of the Schwan Super Rink ice skating facility.

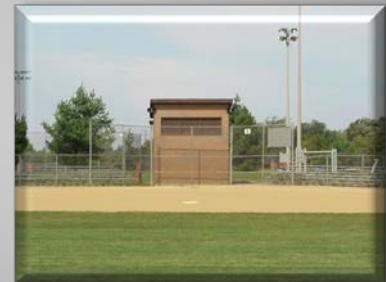
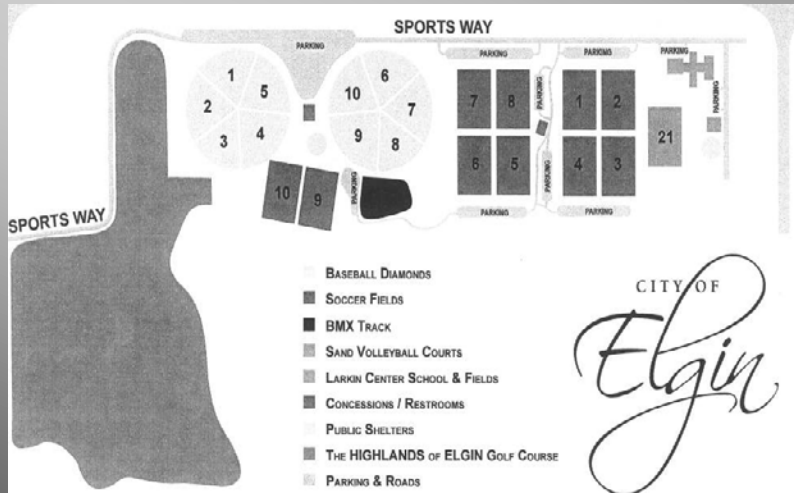
The National Sports Center incorporates the exact same goals that our Team is proposing in this Report, albeit on more of a statewide level. Those goals are to: Generate out-of-state (non-local) economic impacts and provide AST opportunities to the residents of Minnesota.²³





Elgin Sports Complex

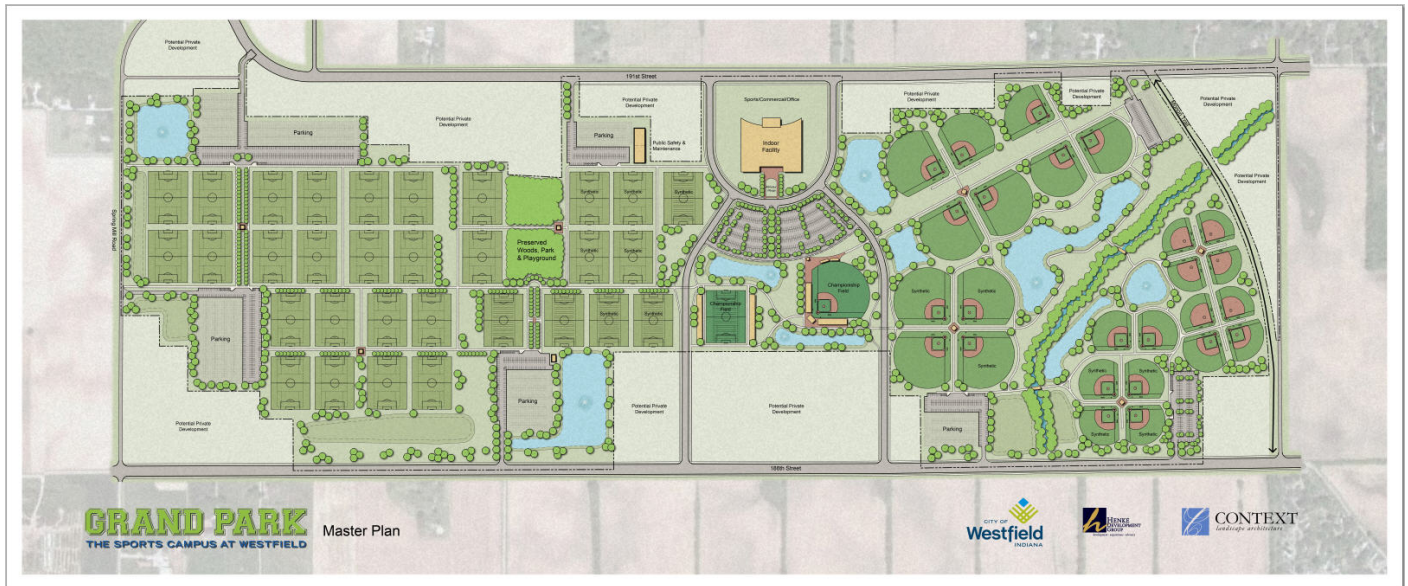
The Elgin Sports Complex has 10 lighted natural turf softball fields, 10 full-sized natural turf soccer fields, a BMX track and two sand volleyball courts.



Waukegan

Waukegan SportsPark includes four lighted natural surface softball/baseball fields, 13 natural turf fields for soccer, lacrosse, and football as well as one additional artificial turf lighted championship field. This is a 138 acre facility costing \$22.5 million, funded by General Obligation Alternate Revenue Source bonds.





http://www.grandpark.org/wp-content/uploads/2011/09/Grand-Park-200-Scale_Sept11compressed.jpg

Grand Park, Indiana (Proposed – nearing construction phase)

The planned Grand Park facility, which is to be located just outside of Indianapolis in the town of Westfield, is a complex that will have 26 outdoor baseball/softball fields and 32 fields for other sports such as soccer, football and lacrosse. Eight baseball and eight soccer fields are budgeted to be constructed with artificial turf. Two major Indiana State athletic organizations for baseball and soccer have committed to the planned ASTF. It will contain 52 miles of trails connecting the complex to surrounding park and recreation areas. The campus itself will occupy approximately 370 acres, with 1,400 adjacent acres available for commercial and retail use. Its preliminarily budgeted cost is \$45 million, including \$10.5 million for the land costs, but no information is yet available on funding mechanisms. Grand Park is anticipated to draw over \$2.3B in private investment to the region over the next twenty years.

Woodside Sports Complex (Proposed – working towards public/private financing)

The land owner of the proposed Woodside Sports Complex is currently negotiating with Juneau County officials to back a \$7 million bond that would be combined with private financing to begin the first \$27 million phase of the project. A few minutes from the tourist destination of Wisconsin Dells, the Woodside Sports Complex is planned to have 14 artificial turf baseball/softball fields, 8

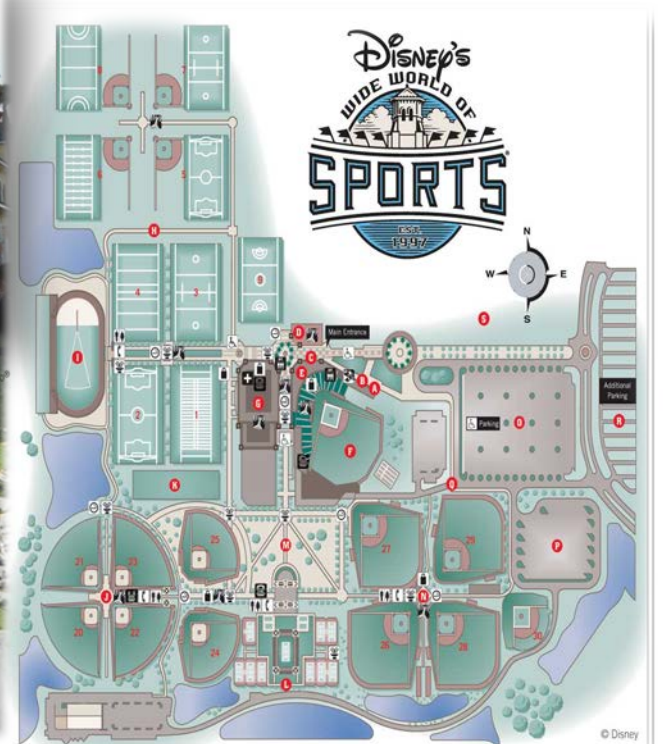
artificial turf soccer fields, dormitory housing, and an indoor ASTF for basketball and volleyball.²⁴ The group of private investors anticipates 600 to 1,000 youth sports amateurs a week, most likely over the summer months. The project is credited with hastening the Wisconsin Department of Transportation's plans at improving the interchange off of I90/94 to the area.

ESPN Wide World of Sports Complex @ Disney – Orlando, FL

The ESPN Wide World of Sports Complex in Orlando, Florida is a multi-faceted sports facility hosting amateur, collegiate, and professional competitions. There are eight multi-sport natural turf fields, at least two of which are lighted, for soccer,²⁵ rugby, lacrosse and football. There are four baseball fields and six smaller softball and little-league baseball diamonds, several of which have lights. Additionally, there is a pro-baseball stadium that seats 9,500 spectators and hosts the Atlanta Braves spring training games.



There is a field house and the Josten's Sport Center which allow indoor play as well, including six full sized basketball courts, interchangeable to twelve volleyball courts. The HP Field House hosted the Old Spice NCAA Division I men's basketball Thanksgiving Holiday tournament, November 24-27, 2011.



The following INDOOR facilities were researched:

- Libertyville, Illinois
- Naperville, Illinois
- Waukegan, Illinois
- Crystal Lake, Illinois
- Aurora, Illinois
- Chula Vista, Wisconsin Dells, Wisconsin
- ESPN Wide World of Sports @ Disney, Orlando, Florida

Indoor Soccer & Hard Court*			
Location	Fields/Courts		
	Soccer	Basketball	Volleyball
Wisconsin Dells, WI	4	14	14
Rockford, IL (ISC/Ingersoll - Recommended)	2	8	14
Disney/ESPN	0	6	12
Libertyville, IL	2	8	8
Aurora, IL	0	0	8
Waukegan, IL ¹	3	6	6
Rockford, IL (ISC - Existing)	1	1	4
Crystal Lake, IL	2	2	2
Naperville, IL	3	0	0

* Ranked by Volleyball ¹ Private entity - soccer; Waukegan Park District - volleyball & basketball

Libertyville, Illinois

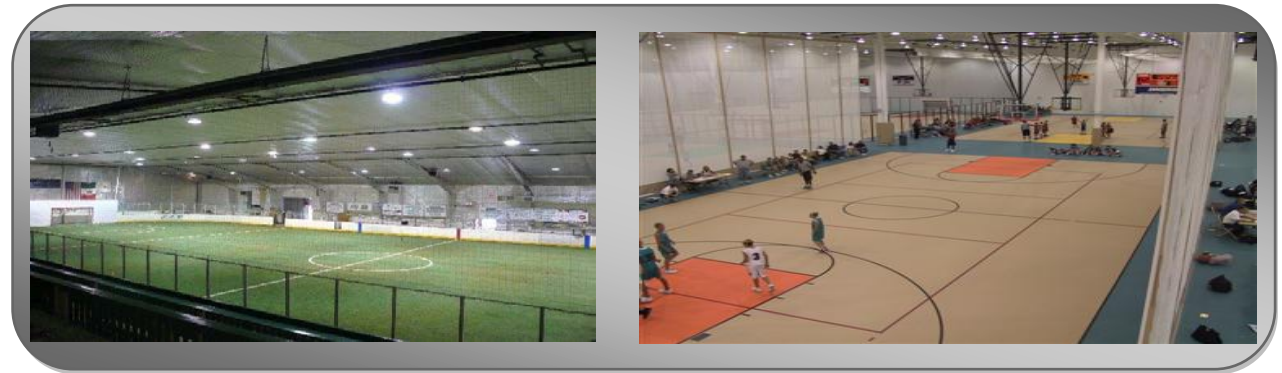
The Libertyville Sports Complex is run by the Village of Libertyville. It was built on 48 acres of land acquired in 2000 for \$5 million with general obligation alternate bonds, and the facility was built with \$20 million of the same type bonds in 2001. In 2004, another \$2.4 million in general obligation alternate bonds were issued to refund the taxable portion of the \$20 million construction.

The facility opened in 2002 with a 160,000 square foot indoor recreation facility, including a fitness center, and an 80 station golf learning center and clubhouse. The indoor facility is capable of an 8 court configuration, either volleyball or basketball.

Actual revenues in 2010 included an \$8.7 million dollar influx from the Village refunding the balance of the outstanding bonds from the general revenue fund. Revenue from the use of the indoor center was slightly over \$2 million with an additional \$336,000 from the golf learning center. Expenditures in 2010 included a debt payment of \$2.2 million for a total of \$4.7 million. The estimate in 2011 is

that the debt payment will only be \$944,000, but expenditures are continued to be between \$2.7 million and \$3.1 million over the next three (3) years.

(Libertyville Sports Complex)



Players Indoor Sports Center, Naperville, Illinois

This 98,000 square foot private establishment opened in 2008 and has three (3) artificial turf indoor fields measuring 100' x 200' with an additional 50' x 80' training field.



The Field House Sports and Fitness Center, Waukegan, Illinois **Lake County Sports Center, Waukegan, Illinois**

The Field House Sports and Fitness Center at Hinkston Park (“Field House”) is an 80,000 square foot facility with 40,000 square feet of an additional athletic or exposition area. This facility features 6 full-sized hardwood courts for basketball and volleyball. It is run by the Waukegan Park District (“WPD”). Individual financial statements on the Field House were not readily available, but the entire WPD has net assets of \$78 million dollars with outstanding bond debt of \$28 million. Debt services for fiscal year 2011-2012 are expected to be \$4.8 million dollars.

The Lake County Sports Center in Waukegan is a privately owned facility consisting of three (3) indoor soccer fields²⁶ with artificial turf.

The Field House Sports & Fitness Center



Regional Sports Center, Crystal Lake, Illinois

The Regional Sports Center in Crystal Lake is a privately owned facility featuring two (2) indoor artificial turf and two (2) outdoor natural turf soccer fields as well as two (2) indoor hard courts surfaces for volleyball or basketball.



Great Lakes Center, Aurora, Illinois

²⁶ Field sizes range from 55' x 120' to 85' x 200'.

This facility, privately owned by Great Lakes Volleyball, Inc. (“GLV”) was originally opened in 1990. In 2003 GLV purchased five (5) acres and constructed a 60,000 square foot facility exclusively for volleyball use. The facility consists of eight (8) courts and a full-service weight training facility.

(No photos available)

Wisconsin Dells Center, Chula Vista Resort, Wisconsin Dells, Wisconsin

The 90,000 square feet indoor sports dome at the Chula Vista Resort is configurable to handle 16 volleyball courts, 10 basketball courts, 4 indoor soccer fields, 2 softball fields, an indoor track, an indoor golf driving range or 32 wrestling mats. Privately owned, the entire complex includes 160,000 square feet of total space available to trade shows, meetings and conventions.



Part 5: Recommended System Improvements to the Region's ASTFs

What Investment is required to prevent the loss of the Region's Sports Tourism Dollars?

As evidenced by the research, there are a few key demands that are prevalent throughout the Region's competitors. The main improvements identified and recommended below are intended to keep the Region ahead of its AST hosting competition.

Indoor Facilities

- Develop an adequately sized multi-court hard surface air conditioned ASTF to host volleyball, basketball, wrestling and other hard surface sports events such as cheerleading and gymnastics (New Indoor Sports Tournament Facility)
- Retrofit the ISC for additional artificial turf sports capacity to serve as an indoor ASTF

Outdoor Facilities

- Addition of multi-sport lighted artificial turf fields at SC II for soccer, baseball, softball, lacrosse, rugby, and other field sports (Turf Upgrades)
- Lease or purchase of the Road Ranger stadium parking lot for tournament use²⁷

These recommend improvements will allow the Region to compete for hard surface sporting events, extend tourism impacts throughout the Winter Season, expand capacity through lighting and field upgrades, and shore up the Region's reputation by alleviating flooding concerns by way of increased facility and field reliability.

Outdoor Venue - Sportscore II	Cost
Extended Play Investment	\$16,068,000
Parking Lot (Inc. Road Ranger Stadium parking) & Internal Circulation	\$3,980,000
Sub-Total	\$20,048,000
Indoor Venues - New Indoor Facility & ISC	
Conversion of Ingersoll to hard court Sports	\$9,312,000
Parking enhancement	\$475,000
ISC Artificial Turf	\$117,000
Sub-Total	\$9,904,000
Total Regional Investment Required	\$29,952,000

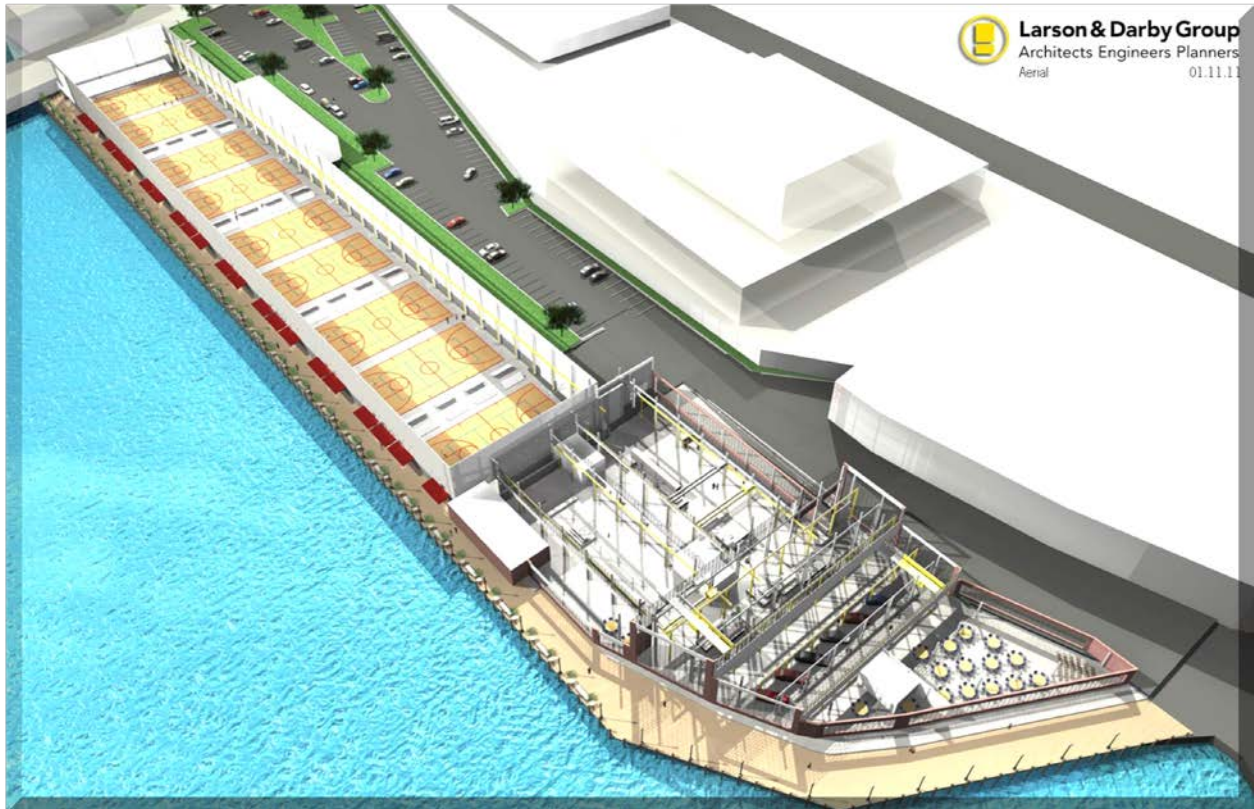
²⁷ Preliminary discussions pursuing such a lease/purchase indicate a willingness to pursue this solution.

Indoor Venue

Conceptualized Ingersoll Retrofit



RECLAIMING FIRST



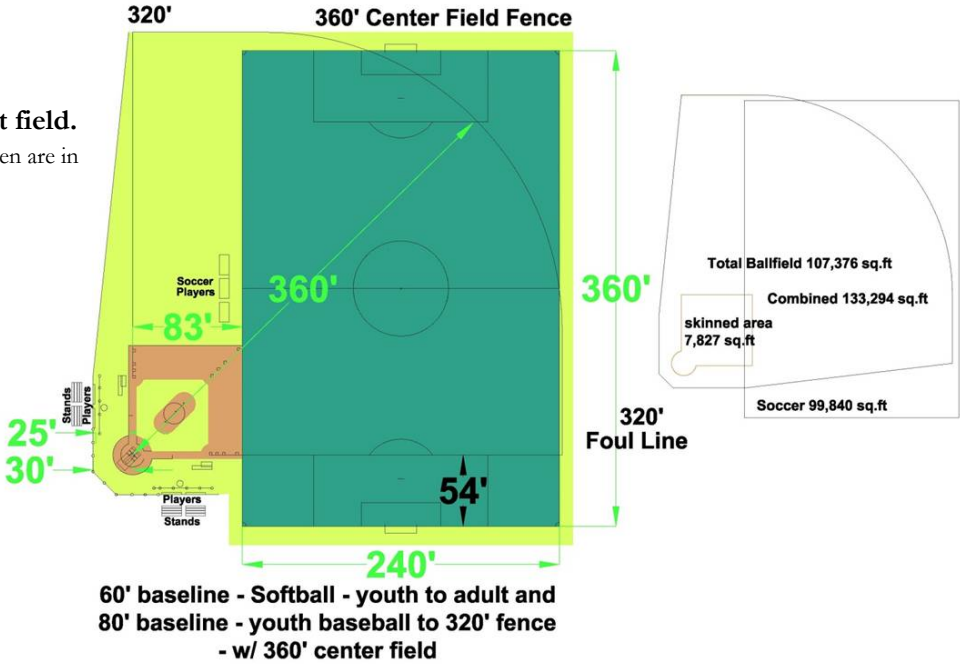
Larson & Darby Group
Architects Engineers Planners
Aerial 01.11.11



Sportscore II



Artificial turf multi-sport field.
 (All areas in dark and yellow-green are in artificial turf.)



Part 6: What will it cost?

Ensuring the costs of the new facilities does not overburden the Region's residents

The direct revenue from hosting ASTs at the Region's ASTFs generally covers operating expenses. The expense of debt service incurred for the proposed facility improvements will create an annual gap ("Annual Gap") between the debt-service expense and break-even operating income.²⁸

Estimated Bond Gap

Sportscore II - Operating Activities	
Annual Revenues	\$1,582,325
Annual Operating Expenses	(\$1,448,279)
Ingersoll Estimate - Operating Activities	
Annual Revenues	\$600,000
Annual Operating Expenses	(\$750,000)
Operating Expenses/Revenues	
Total Revenues	\$2,182,325
Total Expenses	(\$2,198,279)
Annual Gap	
Annual Operational EBITDA	(\$15,954) ²⁹
Annual Debt Service (after grants)	(\$1,918,214)
Annual GAP	<u>(\$1,934,168)</u>

As shown in the chart above, an Annual Gap of approximately \$2 million is expected to exist after the payment of operating expenses and debt service, based on current - and projected - operational revenues. As this project will be a benefit to the entire Region, this total Annual Gap must be bridged by utilizing alternative revenue sources that will be enhanced through increases in amateur sports tourism that would not occur but for the improvements in the Region's ASTFs.³⁰

The income and increased tax revenue represents an influx of wealth into the Region's economy as a result of the increased activity anticipated by making the recommended facility improvements. The identification of specific methods by which the Region can obtain the funding necessary to bridge the Annual Gap is of significant importance to the protection and enhancement of AST hosting impact to the Region. As such, the Region will need to collaborate on the best plan of action towards bridging the Annual Gap.

²⁸ Ongoing studies have indicated there may be potential ways of increasing the Region's revenues from the ASTF, a portion of which could be used to offset the overall GAP.

²⁹ The RPD expects that as the ASTF upgrades become more well-known that operations will become break-even.

³⁰ An increase in tournaments will lead to an increase in local tax revenues that the Region would not get if the sports tournaments did not occur here.



Part 7: What will it bring?

How would the investments benefit the Region?

There is no method which can precisely predict the number of teams, tournaments, or events that will come to the Region after the facility improvements are made. All estimations are based, in part, on the interviews with tournament directors and sports organizations to gauge their interest, and on how aggressively the Region markets itself. The report by Sportsimpacts' Dr. Rishe,³¹ as well as our own interviews in the preparation of this report, indicates a strong interest in bringing teams into the Region, should the Region decide to invest in improvements to its ASTFs.

The addition of a New Indoor Sports Tournament Facility is perhaps the most important part of the Team's recommendations. It provides the opportunity and capacity to operate large volleyball and basketball tournaments, and fills an infrastructural void that exists in the hosting of indoor hard surface-oriented ASTs. The popularity of volleyball and basketball are the indoor sporting equivalents to soccer and softball's outside reign. The facilities to handle these types of sports in a multi-court tournament friendly facility are few and far between. The Region is in a prime position to fill this void.

A tournament operator familiar with the ASTFs of the Peer Group was excited to learn of the project and said that he believes that an indoor hard surface multi-court venue of adequate size in the Region would be filled 40 weekends a year, especially from November thru April. Assuming there is a similar interest in basketball, the New Indoor Sports Tournament Facility is likely to become a sought-after ASTF location in the Midwest, especially considering the Region is geographically centralized and has convenient access for amateur sports tourists travelling to the Region for ASTs. All industry indications point towards a large market demand for multi-court multi-sport indoor ASTFs, but the supply of such facilities is currently limited. The New Indoor Sports Tournament Facility has the potential of becoming a game changer for the Region and the Midwest, providing sought-after indoor ASTFs for hard court sports.

Dr. Rishe estimated economic impacts of \$300,450 for each 100-team volleyball tournament which, when going with the aforementioned 40 weekend demand estimation, results in increases of over \$12 million a year in additional economic impacts. Keep in mind that this estimation is for just one sport at the Indoor Venue. It does not take into account basketball tournaments and increased capacity at SCII. (See a chart from the Sportsimpacts Report on next page.)

Additionally, outdoor artificial turf lighted fields and an additional indoor artificial turf soccer field at the ISC will all serve to provide opportunities for other up-and-coming sports such as rugby and lacrosse. As these sports become more popular, they will require tournament facilities capable of winter and evening play under lights and hosting multiple events on durable playing surfaces. Cheerleading, dance competitions, gymnastics, wrestling, and other indoor sports are also in need of

³¹ A draft of this Report was provided to Sportsimpacts, and has been amended to include findings from that report.

indoor ASTFs to host their events and are also expected to be new entrants into the Region as a result of the proposed New Indoor Sports Tournament Facility, which will be able to extend the sports tourism season throughout the Winter Season when many of the Region's hotels have low occupancy rates. Additionally, carrying out these recommendations will improve the Region's current ASTFs and expand opportunities for the local residents which fulfill the RPD's core function of providing premier facilities for its citizens.

Prospective Regional Economic Impacts		
IMPLAN Per-Team Data		
Team Classification	Total Value-added Income	New Tax Revenue
Outdoor (Tier 1)	\$7,852	\$954
Indoor (Tier 2)	\$4,745	\$576
DCT ³² -Outdoor	\$2,615	\$318
DCT-Indoor	\$1,580	\$192
AST Team Composition:	50% Non-local	40% Day-commuting

Projections of Value-added & Tax Income Increases due to Upgraded ASTFs			
	Break Even Scenario (99%)	Likely Future Scenario (90%)	Feasible Future Scenario (75%)
Outdoor (Tier 1)			
Number of Tournaments	2	10	18
Softball	n/a	6	10
Soccer	n/a	4	8
Number of Teams Per	100	100	100
Income	\$994,400	\$4,972,000	\$8,949,600
Tax Revenue	\$120,840	\$604,200	\$1,087,560
Indoor (Tier 2)			
Number of Tournaments	2	15	30
Volleyball	n/a	8	16
Basketball	n/a	2	6
Soccer (ISC)	n/a	5	8
Number of Teams Per	100	100 ³³	100
Income	\$600,900	\$3,304,950	\$7,090,620
Tax Revenue	\$72,960	\$401,280	\$860,928
Aggregate Totals			
Income	\$1,595,300	\$8,277,950	\$16,040,220
add Stop-loss	\$500,000	\$500,000	\$500,000
Value-added Income (Regional Total - Annual)	\$2,095,300	\$8,776,950	\$16,540,200

³² Day-commuting Team

³³ ISC Indoor soccer has 20 teams per tournament; this fact is included in the income computation.

New Tax Revenue (To Region's local Governments - Annual)	\$193,800	\$1,005,480	\$1,948,488
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Part 8: The Case for Proceeding

Preserving & Enhancing the Region's Economy through Sports Tourism

The core function of the RPD is to provide the best sports and recreation facilities that it can to its constituents with the resources it has.³⁴ As previously stated, a core function of local governments³⁵ is to stimulate or otherwise provide the means to enhance economic growth. These core functions are not mutually exclusive. As has been shown, amateur sports tourism currently accounts for more than a \$15 million annual influx of value-added income for the Region that would not otherwise happen without the existence and use of the Region's ASTFs to host tournaments.

The concept of this proposed project which calls for the upgrade of the Region's ASTFs is simplified in one word: "Investment". The concerns of any investment center on the return upon that investment, and this project is no different. The Team suggests two things that are certain: Over the past 4 years there has been a steady decline in the Region's hosting of ASTs that directly correlate to an economic loss for the Region, and there is significant competition developing that directly threatens a further diminution of amateur sports tourism spending in the Region. The Sportsimpacts study concludes that this erosion will continue and escalate to a loss of approximately \$500,000 annually³⁶ if not checked by making the investment in the ASTFs that is required to remain competitive in the AST hosting market.

The Sportsimpacts report also indicates, in three levels of probability, its estimation of additional value-added income that would be brought into the Region by making the ASTF investment.³⁷ Those estimations indicate a:

- 99% probability that the Region would receive \$2,095,300 in value-added income;
- 90% probability that the Region would receive \$8,776,950 in value-added income;
- 75% probability that the Region would receive \$16,540,488 in value-added income.

Of these value-added income increases from making the investment to upgrade the Region's ASTFs, the Region's local governments receive between \$190,000 and \$1.95 million in *additional* tax revenue at currently assessed tax rates.

³⁴ "Recreation opportunities are an essential aspect of the quality of life and must be available, affordable, and accessible to all citizens." *2011 National Municipal Policy & Resolutions*, National League of Cities, §3.08(A), p. 104. (2010)

³⁵ Including tourism development spearheaded locally by the RACVB.

³⁶ Sportsimpacts Report, p. 44.

³⁷ See "Prospective Regional Economic Impacts" chart, p. 15 of the Sportsimpacts Report.

The facility enhancements recommended by the Team in this Report are designed to prevent further erosion of amateur sports tourism revenues and to stimulate economic growth by investing in the Region's ASTFs. Field and lighting improvements at the existing ASTFs and development of an indoor ASTF capable of capturing a share of the hard-court surface AST market segment will significantly enhance the Region's competitive position for hosting ASTs.

Part 9: Job Creation Estimations

Assisting economic development and recovery by putting people back to work.

The new injection of millions of dollars into the Region's economy by visitors attracted to the upgraded ASTFs and the resulting increase in new ASTs is expected to produce a significant number of full-time equivalent³⁸ jobs. These new jobs will be in addition to the approximate 225 jobs that are currently attributed to the existence of the Region's sports tourism industry.

While not commissioning a full employment analysis, the Team worked with Scott Moore of Moore Data LLC to assist in the use of IMPLAN data to arrive at a reasonable projection of the jobs created in the Region if the recommended investment to the Region's ASTFs is made and the ASTs increase as indicated in the Sportsimpacts report. (See chart on Page 25 of this Report). Although the value-added income is the important number to the Region for economic benefit income, the IMPLAN model utilizes the actual raw spending to calculate jobs creation. Jobs are related to consumer demand based on the volume increase of services provided or amount of goods sold, and their estimation does not require the adjustments used to arrive at value-added income.

Unlike the building and opening of a new warehouse which creates a need for workers to occupy and run the business, an increase in tourism spending does not necessarily translate wholly into jobs creation. One of the largest assumptions of the IMPLAN model, according to Mr. Moore, is that it uses the entire amount of new spending to calculate employment increases. Intuitively, it is broadly agreed this will not happen. Businesses will likely, especially in these tough economic times, attempt to increase margins with these new revenues without adding to their existing workforce. Also, IMPLAN does not take into account that the majority of the influx of tourism spending will occur on Fridays and Saturdays, and that is the majority of the time when there will be an increase in jobs directly related to sports tourism. Therefore, Mr. Moore and the Team felt that the IMPLAN employment data must be tempered by reasonable assumptions pertaining to the specific industry and an estimation of the customary practices of local businesses.

With the above in mind, our employment analysis began with identifying employment increases generated by IMPLAN based on the estimated gross spending from the new additional sports tourism in the Region related to the increase of ASTs and ASTF upgrades. This data was then

³⁸ Full-time equivalent (FTE) is a single-unit measure of comparability that equates employees who work differing scheduled hours.

adjusted by 50% to recognize anticipated proprietor capture and account for the majority of jobs being created as weekend jobs in lockstep with the increased AST's. This adjustment yielded the following results:

Estimated Job Creation Impacts from Recommended Facility Upgrades		
	90%	75%
Construction Jobs (1-2 Year Period)	210	210
Non-Construction FTE Jobs	140	250

Part 10: Financing Options

A collaborative approach to solutions.

As this Report suggests, the Region will need to fund an annual Maximum Regional Commitment (“MRC”) of approximately \$2 million to cover the Annual Gap required to make the recommended improvements to the Region’s ASTFs. These funds will not likely be obtained from a single source, and like other communities who have invested in ASTFs, the Region will need to collaborate on developing diversified sources of revenue to fund this investment.

Throughout this Report, the Team has referred to the costs associated with the recommended ASTF additions and upgrades as an “investment”. It is the belief of the Team that, based on the information obtained locally and corroborated by the sports economists and subject matter experts at Sportsimpacts, Smith Travel³⁹, and Moore Data LLC, the improvements made to the Region’s ASTFs will not only preserve the current level of positive economic impacts associated with hosting amateur sports tournaments, but it will also likely increase them as well. The addition of an indoor facility capable of hosting volleyball and basketball tournaments will stimulate millions of dollars of positive economic impacts in addition to what the Region currently receives, including raising hotel occupancy during the winter when it currently lags.

Optimally, this investment will generate direct **new** local government tax revenue, based on current rates, above and beyond the MRC. It is believed that any taxes committed to the ASTF upgrades will likely produce an equitable amount of local government general tax revenue as part of the positive economic impacts, which becomes a “wash” in terms of bridging the Annual Gap. But what the investment to the ASTFs may also do is support economic development that will stimulate **additional** tax revenue that will go to the Region’s local governments.⁴⁰ One thing we do know, unfortunately, is that if the Region does not invest in the additions and upgrades to its ASTFs, there will likely be a fall in local taxing revenues as the amateur sports tourism industry continues to dwindle.⁴¹

³⁹ Provided hotel data used in assessing the economic impacts to the Region’s hotel operators.

⁴⁰ Sportsimpacts Report, p. 46, item 1 & 2.

⁴¹ Sportsimpacts Report, p.46, item 3.

Where will these funds come from? In these times of high unemployment, unprecedented home foreclosures and a reeling economy, local taxpayer support is understandably cautious. The Region's municipalities themselves struggle to provide basic services and private investment benevolence is not as forthcoming as in year's past. As such, a thoughtful revenue source must be carefully crafted.

This investment however, has, at its core, a very important and crucial element: economic development via sports tourism. As discussed in the Prologue of this Report, the importance of spending by visitors to the Region is the attractive influx of non-local income that not all communities are lucky enough to enjoy, but several are trying to emulate. Visitors to the Region create a best-case scenario for the Region's local governments in that those visitors, as non-residents, can pick up a majority of the cost for the ASTF improvements, help stimulate Regional jobs growth, and do so in a manner that does not place a burden on the local taxpayers. As such, the Team advocates developing a funding approach aimed at visitors to the Region.

Part 11: Conclusion

Reclaiming First: Retain, Regain & Grow for the future.

This Report, along with the sports economist report from Sportsimpacts and the assistance of subject matter experts at Smith Travel and Moore Data LLC, has set out significant findings from the research conducted to evaluate both the Region's ASTFs in comparison to current industry standards, as evidenced by the Peer Group study, and the economic impacts of the amateur sports tourism industry on the Region's economy. Armed with the facts compiled during this research, the Team and the independent assemblage of subject matter experts have made predictions of highly likely outcomes for the Region's amateur sports tourism industry and economic impacts to the Region if the recommended investment in ASTF additions and upgrades is made.

The effect to the economic impact of amateur sports tourism in the Region by acting on these recommendations – or not acting on them – has been explained within these reports. In sum, if the Region invests in the creation of a hard surface multi-court multi-sport indoor venue and upgrades the outdoor ASTFs and the ISC, the Region will likely **Retain** its existing positive economic impacts derived from sports tourism; it will likely **Regain** positive economic impacts from hosting ASTs recently lost to competitors; and it will likely **Grow** its positive economic impacts not only from upgraded outdoor venues, but from capturing a new market share through the addition of a consolidated indoor ASTF. Conversely, we are told by our subject matter experts that if the Region does nothing, the economic impacts from revenue-producing ASTs will likely continue to be lost to competing communities who have chosen to invest in ASTFs as a method of gaining positive economic impact and stimulating job creation.

The expected Annual Gap to preserve and enhance the Region's positive economic impacts derived from amateur sports tourism is projected to be approximately \$2 million a year, and it is the

recommendation of the Team that the cost of this investment be paid for by non-local users of the ASTFs.

As this Report began, economic development was referred to as a core function of municipal government. Unlike those communities who are just now recognizing the importance of sports tourism and hosting ASTs, the Region already has a well established three-decade reputation as a leader in this industry. Preserving and protecting this leadership role through prudent investment in additions and upgrades to the Region's ASTFs is a strategic move towards preserving and enhancing economic development and creating jobs for the Region.

Taxing Information

Location	State Sales Tax on Hotels	City Hotel Tax	Other Tax (Cumulative)	Description of Other Taxes/Comments	Total Hotel Room Tax
Overland Park, KS	6.300%	9.000%	2.350%	Hotel Taxes:2% tourism promotion; 4% convention funding; 3% to pay off soccer complex bonds	17.650%
San Antonio, TX	6.250%	N/A	10.500%	No specific Hotel Tax; Sales divided between City, State and County	16.750%
Chicago, IL	6.170%	4.580%	4.640%	Sports facilities; State tourism; McPier	15.390%
Orlando, FL	6.500%	6.000%	0.000%	Hotel divided between County & State	12.500%
Commerce City, CO	2.900%	4.000%	5.450%	City, County, Cultural, INVESCO Stadium, RTD	12.350%
Las Vegas, NV	0.000%	12.000%	0.000%	-	12.000%
Rockford, IL (Existing)	6.000%	5.000%	1.000%	Redevelopment Tax	12.000%
Wisconsin Dells, WI	5.500%	5.000%	1.000%	1% premier resort area tax	11.500%
Blaine, MN	6.875%	2.000%	0.250%	County lite rail tax	9.125%

**Projected Hotel Occupancy
Increase**

Hotel Occupancy	Confidence	
	90%	75%
Existing (Per RACVB, August 2011)		
Existing Annual Occupancy Stays	628,075	628,075
Additional Room Nights Projected from Increased ASTs (50% of non-local teams stay overnight)		
Outdoor (37.5 nights per team)	18,750	33,750
Indoor (22.5 nights per team)	12,375	26,550
Total Added Room Nights	31,125	60,300
Occupancy Increase	4.96%	9.60%

Annual Hotel Revenue

Projected Hotel Revenue from Increased ASTs	Confidence Ratio	
	90%	75%
Outdoor (Softball, Soccer) April - October		
Projected number of Tournaments	10	18
Teams per Tournament	100	100
Room Nights per Team	37.5	37.5
Non-local Ratio	50%	50%
Average Room Cost	\$79.78	\$79.78
Hotel Revenue from Increased ASTs	\$1,495,875	\$2,692,575
Indoor (Volleyball, Basketball) November - March		
Projected number of Tournaments	15	30
Teams per Tournament	100	100
Room Nights per Team	22.5	22.5
Non-local Ratio	50%	50%
Average Room Cost	\$79.78	\$79.78
Hotel Revenue from Increased ASTs	\$987,278	\$2,118,159
Estimated New Hotel Revenue from Increased ASTs	\$2,483,153	\$4,810,734

SPORT\$IMPACTS

Because Sports Impact Communities, People, & Industry

Regional Economic Impact from Hosting Sports Tournaments

Examining Amateur Sports Facility Upgrades for the
Rockford Convention and Visitor's Bureau and the Rockford Park District

By Dr. Patrick James Rishe

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Sportsimpacts Bio

Sportsimpacts is a consulting firm that specializes in conducting economic impact and market research studies for sporting events, teams, leagues, and athletic departments. Past clients include local/regional sports commissions, convention and visitor bureaus, city councils, law firms, professional sports teams and leagues, and college athletic departments.

Founded in 2000, Sportsimpacts has conducted over 70 studies. Some of the more prominent projects/clients have included Super Bowls XL (2006) and XLV (2011), Men's and Women's Final Four, Major League Baseball All-Star Game, the Ryder Cup, the Cotton Bowl, Ohio State athletics, University of Texas athletics, and over 20 Division I NCAA Championships.

Dr. Patrick James Rishe is the Director of Sportsimpacts as well as an Associate Professor of Economics at Webster University in St Louis, MO and a Sports Business writer for Forbes.com. He is frequently quoted in various national media outlets (e.g. Wall Street Journal, New York Times, USA Today, CNBC) on marketing, finance, and economic issues pertaining to the sports industry. He has also appeared as an expert witness providing testimony in sports-themed cases involving 'lost earnings'.

With numerous academic publications to his credit, Dr. Rishe was a guest speaker in 2011 at both Harvard University and the University of British Columbia on topics relating to the sports business industry. Since writing for Forbes.com, Dr. Rishe averages 35,000 unique readers monthly of his Sports Business articles.

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BACKGROUND

Over the last several decades, the Rockford Park District (“RPD”) in collaboration with the Rockford Area Convention and Visitors Bureau (“RACVB”) (collectively “Team”) has developed programs and facilities that have earned the Region¹ they serve a national reputation as a leading amateur sports tournament venue operator. Over these same decades there has been a dramatic increase in the demand for such amateur sports tournament venues. Together these two realities have created substantial economic benefits for the Region. However, as other communities across the country have come to understand the favorable economic impacts that come from hosting amateur sport tournaments, the Region’s competition has steadily grown. Much of this competition has invested in modern facilities and amenities including outdoor multi-sport lighted artificial turf fields and large indoor multi-sport hard surface² facilities, both of which are able to provide tournament operators more reliable play-time and provide better comfort for players and spectators of these tournaments.

As the Region’s competition has continued to grow, the Region has experienced a decline in bookings for both outdoor and indoor tournaments. The Region’s Team of local amateur sports and tourism officials believe that there are three fundamental weaknesses impairing the Region’s ability to effectively compete for the hosting of amateur sports tournaments. First, the Region lacks an adequately sized indoor hard-surface multi-sport venue that many of the Region’s competitors now offer. Second, neither of the Region’s outdoor venues (Sportscore I & II) offer artificial turf or lighted

¹ For purposes of this report the “Region” benefited by the favorable economic impacts that come from hosting of amateur sport tournaments includes all of the local governments within Winnebago County.

² Hard surface facilities are those whose flooring is appropriate for such sports as Basketball and Volleyball. Indoor sports facilities may also have artificial turf surfaces for field sports such as soccer, lacrosse, football or rugby.

fields³ and third, Sportscore I has experienced increased incidents of flooding that have caused last minute cancelation of tournaments which have lead to the decline of the Region's reputation as a reliable host community for softball tournaments.

In response to this decline and these challenges, the Team formed an intergovernmental advisory committee⁴ to create a measured and appropriate response. This collaboration began with a peer group analysis to better understand what the competition for amateur sports tournaments is providing. Armed with this peer group analysis, the Team entered a master planning process to help determine the best method and location within the Region for the Region to provide more competitive facilities.

Our role at Sportsimpacts is to help the Region better understand the economic impacts it currently receives from hosting amateur sports tournaments and, through reasonable assumptions and industry standards, to provide the Region with the likely economic benefits from implementing the improvements recommended by the Team.

³ As the body of the report more fully sets out, lighted fields with artificial turf minimize loss of tournament games from rain and provide extended playing time into the evenings. They are, therefore, venue attributes sought after by tournament operators.

⁴ Committee members include the cities of Rockford & Loves Park, the county of Winnebago, and the Rockford Area Economic Development Counsel along with the RPD and RACVB.

EXECUTIVE SUMMARY

How are the economic benefits from hosting sport tournaments determined?

The standard 2-step methodology consistent with industry and academic standards is to (1) gauge the amount of direct spending by out-of-region visitors and other monies that originate from outside the local region (i.e. the regional impact on spending) and then determine (2) how much of that incremental spending is retained locally as either household, business, or tax income (i.e. the regional impact on income or “value-added”). While the *value-added impact estimate* results in a lower absolute dollar amount than the *spending impact estimate*, we believe that it is more reflective of real community benefit for the hosting of these events.

To be clear, the *value-added income model* takes into consideration important factors which affect the local governments’ true economic impacts. Most important among these factors is the recognition that not all gross spending created by visitors coming to the Region for these events remains in the local Region’s economy.⁵ The *value-added income model* adjusts for this, and other factors.⁶ (See Appendix A on page 57 for a more in-depth explanation of *value-added income*.)

⁵ Certain spending by visitors in the Region will be redirected out of the Region in various ways such as employee wages paid to those who do not live or spend in the Region and businesses that have to share a percentage of operations income with corporate headquarters not located within the Region.

⁶ The body of the Report more fully details other factors that affect the computation of value-added income.

How much income does the Region receive as a direct result of the existing amateur sports tournament facilities?

Hosting amateur sports tournaments has proven to have significant benefits to the Region's economy. From historical data provided to us by the Team, we estimate that, based on the *value-added income model*, the Region currently enjoys \$15 million of annual income from the hosting of amateur sport tournaments. Local governments, themselves, annually receive an estimated \$1.8 million in the form of direct additional tax revenue attributable to the Region's hosting of amateur sports tournaments.⁷ In addition to these direct economic benefits, the Region's local citizens are able to use the facilities at very low or no cost.

Why does the Region need to upgrade its existing amateur sports tournament facilities?

For nearly three decades the Region has been nationally recognized as a premiere amateur sports tournament destination. Its reputation, however, has been and continues to be challenged by competition from communities who have newer and more accommodating facilities. Furthermore, the flooding that persists at the Region's Sportscore I venue continues to erode the Region's reputation as being a reliable host venue. As the amateur sports tournament hosting industry has

⁷ Of note is that the \$15 million is a four-year aggregate average that includes a time period in which the Region experienced a decline in these tournaments. Essentially, the favorable economic impact to the Region is \$15 million after this deterioration.

expanded, the tournament operators, their teams and their spectators have all come to expect venues that are reliable, comfortable and convenient.⁸

From a high level it is clear that during the period from 2007 – 2010, the Region has experienced an 11% decline in hosting soccer tournaments and a 12% decline in hosting softball tournaments. In fact, the entire 2008 softball tournament schedule was canceled as a result of flooding at the Region's Sportscore I venue.

Some specific examples of lost tournaments include:

- The Region lost the Wildcats' basketball tournament that had, up until last year, used the Region to host its annual week long tournament. Historically, the Region accommodated this tournament by using a number of the Region's local school gyms. In 2010, however, the Region was not able to get access to an adequate number of local school gyms. As a result, the Wildcats held their tournament, for the first time in nearly 10 years, at a Chicago suburban community's consolidated venue that was air conditioned and allowed the Wildcats to have more games in a single location than the Region has been able to provide through its use of widely scattered local school gyms. The Wildcats have, however, indicated that they would return to the Region, but they now have higher expectations.

⁸ Enhanced accommodations for outdoor tournaments include a concentration of playing fields, artificial turf and lighted fields. For indoor hard-surface tournaments these enhanced accommodations include a concentration of courts, adequate and proximate parking, and fully climatically conditioned environments.

- An Olympic soccer training program that the Region hosted for many years left the Region for a soccer complex in Overland Park, Kansas. This new facility offers 12 lighted artificial turf soccer fields (the Region currently has no lighted artificial turf soccer fields).

The Region's ability to retain amateur sport tournaments requires the Region to invest to mitigate the threat of flooding at its flagship softball complex at Sportscore I. While flooding at this venue is not new, the incidents and duration of the flooding events have increased and tournament organizers are now less enthusiastic about committing to large-scale tournaments at this venue. Additionally, the Sportscore I facility is encumbered by a Court Order from the early 1980's placing limitations on lighting the fields past 10 p.m. local time. This restriction has resulted in an actual loss of tournaments and the economic benefits to the Region that went with them. It also, along with the persistent flooding concerns, has hampered marketing efforts of the Region for this venue.

From the above, we conclude that without an investment in amateur sports tournament facilities the Region's reputation and economic benefits from amateur sports tournament hosting are at risk.

What are the proposed improvements to the Region's amateur sports tournament venues and will they make the Region more competitive?

While Sportsimpacts has had no role in the identification and selection of the recommended improvements, the Team has asked us to consider the economic effects on the Region's economy if the Region were to invest in the creation of a modern indoor high volume hard surface facility ("New Indoor Sports Tournament Facility") and a concentration of multi-sport artificial turf and lighted fields at its Sportscore II venue. These artificial turf upgrades at Sportscore II include both artificial turf for outdoor fields and within the existing Indoor Sports Center ("ISC") (Collectively, "SC II Upgrades").⁹

Because the Region does not currently have an indoor venue that can host an adequate concentration of simultaneously played events, the addition of a modern indoor tournament facility will have a substantially favorable economic impact for the Region's economy. The New Indoor Sports Tournament Facility, described in the Team's report, will add an entirely new venue for the Region to offer amateur sports tournament operators and will result in an increase in the Region's economic benefit from hosting amateur sport tournaments. Adding the New Indoor Tournament Sports Facility will also result in an increase in spending during the winter months of November thru April ("Winter Season"). This seasonal increase in tournament activity for the Region will allow for a more even utilization of the Region's support tourism assets (hotels and restaurants) throughout the year.

⁹ The SC II Upgrades take into account a relocation of existing volleyball tournaments to the New Indoor Sports Tournament Facility.

The SCII Upgrades will provide more capacity, more reliability and be more accommodating than the Region's current venues. We believe that the Region's investment in the SCII Upgrades will also have a positive impact on the Region's amateur sports tournament reputation in that they will reverse the Region's trend of losing turf tournaments to competitors whose venues offer artificial turf and lighted fields. In our opinion, the installation of lighted artificial turf multi-sport fields greatly improves the Region's marketability by providing more reliability and longer tournament playing times. This coupled with the addition of a second indoor turf (soccer) field at ISC allows for more intensive all-weather play and increases reliability and tournament operator appeal. The addition of a second indoor artificial turf multi-sport field at ISC will allow field sports to be played throughout the Winter Season, and create indoor field sports tournament hosting opportunities that do not currently exist in the Region.

How much additional spending is the Region likely to receive as a result of making the proposed investment?

The body of this report provides a more detailed analysis on the related issues that help answer this question. In particular, it provides a more complete description of the metrics used to ascertain per-team economic impacts. Essentially, not all tournaments have the same economic impact. Tournament impacts are influenced by the number of teams, the number of participants per team, and whether the teams in the tournament commute home during the evenings or require overnight lodging.¹⁰

¹⁰ "Non-Local" for purposes of this report are those teams that require and overnight stay in the Region while attending a tournament. A "day commuting" team is one originating outside the Region, but is close enough to go home at the end of the day's tournament play and does not require an overnight stay.

Some basic conclusions we drew from our analysis were as follows:

- We estimated that each non-local team that participates in an outdoor tournament and fits the assumptions depicted on page 25 generates an estimated \$7,852 in value-added income to the Region, of which \$954 is new taxes to the Region's local governments.
- Each non-local team that participates in an indoor tournament and fits the assumptions depicted on page 60 generates an estimated \$4,745 in value-added income to the Region, of which \$576 is new taxes to the Region's local governments.

Non-local teams are projected as making up 50% of the teams in a tournament, with day-commuting teams comprising another 40%.¹¹ Therefore, based on the per-team estimates above, a 100-team outdoor tournament would generate an estimated \$497,200 in value-added income, of which \$60,420 is new taxes to the Region's local governments. Likewise, a 100-team indoor tournament would generate \$300,450 in value-added income, of which \$36,480 is new taxes to the Region's local governments.

Based on the per-team impacts above, the Region can cover the \$2 million Bond Gap¹² that is projected in the Team's final report by hosting either 255 new non-local outdoor teams or 422 new non-local indoor teams (recall that "non-local" implies that lodging is required).

¹¹ Although contributing less to the Region's income because they do not require an occupancy night, the day commuting teams still have a positive impact to the value-added income in the Region.

¹² The majority of the value-added income does not actually go towards the payment of debt service. Approximately 12% of the value-added income is new tax revenue that could. The Operating Gap is the difference between debt service and income from operations of the sports facilities. As used in this example, it is a reference point at which the debt service payment equals the amount of economic stimulus provided by the facility upgrades.

Separately, based on the 100-team tournament impact estimates set out in earlier parts of this report, the Region would need to host 2 new outdoor tournaments *and* 2 new indoor tournaments to create value-added economic impacts that cover the projected Operating Gap.¹³

Projecting further out, if the SC II upgrades create 10 new outdoor tournaments and 15 new indoor tournaments annually (which we believe is attainable and sustainable...though perhaps not to be expected in *year one* of the facility upgrades), then this would yield nearly \$10 million in value-added income and over \$1.1 million in new taxes.

Lastly, and under the best of scenarios which would require at minimum (a) successful rebranding efforts by the Region's amateur sports and tourism officials after upgrades are made, (b) an improved national economy, and (c) aggressive event rights holders with an affinity for and vested interest in attracting new tournaments to the Region's new facilities, we believe it possible for the facility upgrades to attract 18 new outdoor and 30 new indoor tournaments (again, more likely to be realized a few years after the upgrades are completed). Tournament increases of this magnitude would yield nearly \$18.5 million in value-added income and nearly \$2.2 million in new taxes to the Region's local governments.

¹³ There is a "stop-loss" amount to be included in the economic analysis. Facility upgrades will prevent further income loss; a portion of which should be included when measuring the true impacts the upgrades would provide.

Conclusion

The Team's expressed goal for this project is two-fold: to stabilize and enhance the economic income derived from sports tourism through improving the sports facilities within the Region and to provide the local citizens with low cost premiere amateur sporting facilities that help enhance the quality of life within the Region. In short, we believe that with the proposed facility upgrades the Region will be able to attract a varied cross-section of new tournaments that will prove the facility upgrades to be economically worthwhile to pursue.

Prospective Regional Economic Impacts			
IMPLAN Per-Team Data			
Team Classification	Total Value-added Income	New Tax Revenue	
Outdoor (Tier 1)	\$7,852	\$954	
Indoor (Tier 2)	\$4,745	\$576	
DCT ¹⁴ -Outdoor	\$2,615	\$318	
DCT-Indoor	\$1,580	\$192	
Estimated Tournament Team Split			
Non-Local	50%		
Day commute	40%		
Projections of Tournament Increases due to Upgrades			
	Break Even Scenario (99%)	Likely Future Scenario (90%)	Feasible Future Scenario (75%)
Outdoor (Tier 1)			
Number of Tournaments	2	10	18
Softball	n/a	6	10
Soccer	n/a	4	8
Number of Teams Per	100	100	100
Income	\$994,400	\$4,972,000	\$8,949,600
Tax Revenue	\$120,840	\$604,200	\$1,087,560
Indoor (Tier 2)			
Number of Tournaments	2	15	30
Volleyball	n/a	10	16
Basketball	n/a	0	6
Soccer (ISC)	n/a	5	8
Number of Teams Per	100	100 ¹⁵	100
Income	\$600,900	\$3,304,950	\$7,090,620
Tax Revenue	\$72,960	\$401,280	\$860,928
Aggregate Totals			
Income	\$1,595,300	\$8,276,950	\$16,040,220
add Stop-loss	\$500,000	\$500,000	\$500,000
Value-added Income (Regional Total - Annual)	\$2,095,300	\$8,776,950	\$16,540,220
New Tax Revenue (To Region's local Governments - Annual)	\$193,800	\$1,005,480	\$1,948,488

¹⁴ Day-commuting Team

¹⁵ ISC Indoor soccer has 20 teams per tournament; this fact is included in the income computation.

I. INTRODUCTION

The Region hosts numerous amateur sports tournaments annually at its Sportscore complexes. Predominantly, these sports tournaments have been soccer, softball, and baseball tournaments. Based on data provided to Sportsimpacts by the Region:

- As it relates to soccer:
 - o 2,878 teams participating in 19 tournaments in 2007...averaging 151 teams¹⁶ per tournament or a median of 128 teams per tournament;
 - o 2,497 teams participating in 20 tournaments in 2008...averaging 125 teams per tournament or a median of 127 teams per tournament;
 - o 2,412 teams participating in 21 tournaments in 2009...averaging 115 teams per tournament or a median of 106 teams per tournament;
 - o 2,053 teams participating in 19 tournaments in 2010...averaging 108 teams per tournament or a median of 92 teams per tournament;

- As it relates to baseball and softball (with 2008 excluded due to severe flooding):
 - o 293 teams participating in 12 tournaments in 2007...averaging 24 teams per tournament or a median of 26 teams per tournament;
 - o 386 teams participating in 18 tournaments in 2009...averaging 21 teams per tournament or a median of 14 teams per tournament;
 - o 259 teams participating in 14 tournaments in 2010...averaging 19 teams per tournament or a median of 16 teams per tournament.

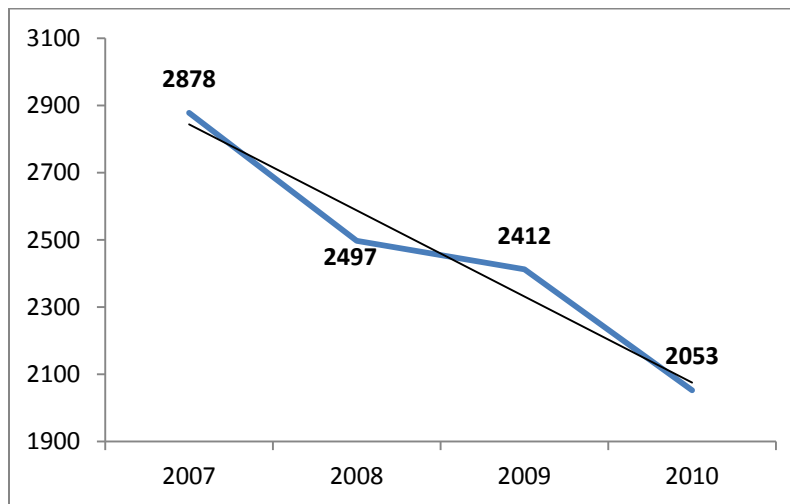
¹⁶ Remember, we only need 255 new Tier 1 teams to justify the \$2 million annual investment by the Region.

As the graphs and growth rate data below reveal, there has been an overall decline in soccer, softball, and baseball tournaments (hereafter referred to as the Region's *Tier 1 Sports*).

SOCCER

<u>Annual Participation</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>Mean</u>	<u>Median</u>
Soccer Teams	2878	2497	2412	2053	2460	2454.5
Growth Rate	*****	-13%	-3%	-15%	-11%	-13%
2-Yr Moving Avg	*****	2688	2455	2233	*****	*****

TOTAL SOCCER TEAMS USING SPORTSCORE (2007-2010)



SOFTBALL AND BASEBALL JOINTLY¹⁷

<u>Annual Participation</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>Mean</u>
Softball/Baseball Teams	293	Flood	386	259	313
Growth Rate	*****	Flood	32%	-33%	-1%
2-Yr Moving Average	*****	Flood	340	323	*****

Part of the overall decline may be, in part, caused by the recession that occurred from December 2007 through June 2009. During the recession, it is likely that some teams (in particular, “non-local” teams) may have opted to play in tournaments closer to their home towns to minimize the expense of traveling and participating in “non-local” events.

However, part of this decline is also likely to be as a result of a perception that the Region’s facilities are falling out of favor with amateur sports teams and/or tournament organizers. To the extent this is true; this should be a major cause of concern for Region’s leaders because amateur sports tournaments generate a significant amount of its tourism and economic impact activity.

Along the same lines, local civic and community leaders from the Region’s tourism and amateur sports industries are considering the possibility of upgrading existing sports tournament facilities (e.g. Sportscore and ISC) as well as converting existing vacant structures (e.g. Ingersoll building) into Class “A” sports tournament facilities for the Region as well as retain current teams which use the Region’s facilities but may soon choose to compete elsewhere without facility upgrades.

¹⁷ The 2008 softball/baseball season was omitted from the above analysis due to severe flooding that cancelled the majority of tournaments for the year. This alone gives pause for the need to seriously consider facility upgrades to avoid future flooding issues and subsequent team depletions.

In a PowerPoint report presented on June 13th, 2011 for the Rockford Park District Advisory Board, slides 4-9 of the presentation¹⁸ indicate:

- The importance of meeting current sports facility standards by having artificial turf fields, lights, indoor air-conditioned hard court surfaces, and consolidated hard court venues;
- Competing outdoor facilities in Overland Park (KS), Waukegan (IL), and Commerce City (CO) are more updated and more consistent with industry demands than the region's existing sport tournament facilities;
- Competing indoor facilities in Wisconsin Dells, Aurora (IL), and Waukegan (IL) are more updated and more consistent with industry demands than are the Region's existing indoor facilities.

In short, there is a legitimate concern that the Region's current outdoor and indoor facilities are below "industry standards". This puts the Region at a competitive disadvantage as it relates to attracting new "non-local" teams, events, and tournaments. It also increases the likelihood that existing teams may eventually take their amateur sports business elsewhere if differences in perceived quality between the Region's and the competing facilities is allowed to continue.

The assumed cost of the facility upgrade project is \$30,255,000 over 20 years with an annual debt service payment estimated at \$2,005,452.¹⁹

¹⁸ The presentation has since been updated.

¹⁹ Estimated total for Turf Upgrades and the New Indoor Tournament Sports Facility; costs and interest rates subject to change.

The analytical query posed to Sportsimpacts is to critically examine the economic justification of the region's potential \$2 million annual investment in its sports tournament facilities. Specifically, whether the economic benefits associated with the proposed facility upgrades would be adequate to justify an annual investment of as much as \$2 million by the Region.

Subsequently, the rest of the report focuses on assessing the economic impact of the proposed facility upgrades. This assessment will include:

- A general discussion of economic impact methodology;
- Estimating various economic impacts per "non-local team party", which is comprised of participants and spectators alike;
- Extrapolating impacts per team to annual impacts based on historical data, as well as impact projections based on facility upgrades;
- Assessing the likelihood that such impact projections will be materialized.

II. *Economic Impact Analysis*

A. Economic Impact Methodology

1. The Meaning of the Phrase “Economic Impact”

The phrase ‘*economic impact*’ is itself widely misunderstood, yet it has a very specific meaning when conducting studies like the one herein. A simplified discussion of *what constitutes “economic impact”* would argue the following:

“The net economic impact of an event upon a local community measures the net flow of dollars into that community that otherwise would not have flowed into that community had it not been for the event in question.”

Several phrases to highlight:

- *“Net flow of dollars”;*
 - o Inflows;
 - Out-of-town sports participants and spectators spend money at restaurants, hotels, and retail;
 - (When applicable), media and various other operating and infrastructural expenditures generate monetary inflows into a host community;

- Outflows;
 - Monetary leakages occur in a variety of ways, and represent a flow of money out of the region which must be subtracted from “inflows” to gauge economic impact;
 - E.g. Any local franchise part of a national chain (hotel, restaurant, retail) that must funnel a portion of their revenues/profits to out-of-town national headquarters;
 - Some suppliers during the event are not based in the host community, and thus, their income exits the host community as quickly as it is spent;
- Displacement;
 - Because the Region hosts numerous sporting events, other events or visitor travel may be *displaced* as a result of the sporting events;
 - E.g. concerts, conventions, etc...may opt for a different city to host their event if Rockford’s amateur sports events ‘crowd out’ competing events that would also attract visitors;
 - Adjusting for displacement determines how much a community economically benefits from some event, entity, or phenomena above and beyond the “normal flow” of visitor, tourist, sporting, or convention activity that occurs within that community;
 - That said, displacement effects are usually quite small the smaller the impact region under study;
 - Herein, it is perceived that amateur sporting events in the Region likely yield a very negligible displacement effect;

- "...into that community..."
 - o The "defined impact region" will generally include those communities where the largest percentage of local economic activity took place in conjunction with events in question;
 - Subsequently for this analysis of amateur sports facilities, the previously described Region is the "impact region"..

In sum, here is how the economic impact analyst goes from A to Z when assessing the economic impact of a project like the one herein:

- Step 1: Estimate Direct Spending Estimates by Participants and Spectators;
 - o Preferably using data obtained from on-site survey research;
 - o If not available, use spending estimates from comparable studies or reasonable assumptions;
- Step 2: Total Spending Impact = Direct Spending * Multipliers;
 - o Multipliers account for indirect and induced spending locally;
- Step 3: Gross Impact on Income = Total Spending Impact Minus Leakage;
 - o Leakage was discussed on page 22;
- Step 4: Net Impact on Income = Gross Impact on Income Minus Displacement;
 - o Displacement was discussed on page 22;
 - o Net impact on income likely to be close to gross impact on income herein due to expectedly small displacement effects.

Finally, it is important to note that throughout the analysis herein, when referring to the phrase “economic impact”, we are reporting the *total impact on local income* (also called value-added). There are 3 main components of total income as defined and broken down by IMPLAN²⁰:

- Employee compensation;
- Tax revenues;
- Proprietor Income and Other Property-Type Income.

Reporting “spending impacts” as the best measure of economic impact would inflate and overstate the true economic impact of any event. Economic impact is about how much non-local money is retained as local income. “Spending impacts” only account for the amount of money spent by visitors locally...not the portion of their spending which is retained locally.

For more discussion on the nuts and bolts of economic impact methodology, please refer to Appendix A on page 57.

²⁰ IMPLAN, short for “**IM** impact analysis for **PLAN**ning” is a product from MIG, Inc., the widely respected company which is based in Hudson, Wisconsin. IMPLAN functions as an economic impacts modeling system. An explanation of the methods and assumptions used by IMPLAN are beyond the scope of this report. For more information visit: www.implan.com.

B. Economic Impact Estimates

Tier 1 Sports

Sportscore I & II have historically catered to soccer, softball, and baseball events. Since these complexes are where the majority of the Region's amateur sports business occurs, we will begin the analysis by examining the economic impact of these Tier 1 sports.

Our initial goal is to assess the economic impact of a typical "non-local Tier 1" team upon the Region. The "per team" impacts will serve quite useful in projecting past as well as future impacts.

Because teams from these 3 sports are similar in roster size, we will assume for simplicity that they have identical travel sizes and spending habits.

To estimate the typical economic impact of what we categorize as "non-local Tier 1" teams, we use the following assumptions:

- 20 people in the "team party" (i.e. players, coaches, trainers);
- Each person in the "team party" is accompanied by an average of 2 other people (i.e. parents, siblings, spouses, significant others, friends, etc...);
- This implies that there are 60 people per "non-local Tier 1" team;
- Average length of stay is 1.5 days;
- Average number of nights where lodging is required is 1.5 nights;
- Assume that "participants" sleep 4 people per room whereas spectators sleep 2 people per room;
 - o This implies 25 rooms per team or roughly 37.5 "room nights" per team during their visit;
- Average team pays \$100 in facility usage fees.

These, along with itemized spending assumptions, yield the following:

DIRECT SPENDING ESTIMATES PER NON-LOCAL TIER 1 TEAM

<u>Itemized Spending</u>	<u>Per Person Per Day</u>	<u>Per Non-Local Team</u>
Food and Beverage	\$40	\$3,600
Retail	\$15	\$1,350
Entertainment	\$12	\$1,080
Miscellaneous	\$10	\$900
<u>Itemized Spending</u>	<u>Per Group Per Day</u>	<u>Per Non-Local Team</u>
Lodging	\$80	\$3,000
Gasoline	\$17	\$510
<u>Parking</u>	<u>\$10</u>	\$300
<u>Itemized Spending</u>		<u>Per Non-Local Team</u>
Field Usage Fees		<u>\$100</u>
Direct Spending		\$10,840
per Non-Local Team		
<i>(Soccer/Baseball/Softball)</i>		

Hence, the average “non-local Tier 1” team directly spends \$10,840.

After entering these itemized spending amounts into IMPLAN using 2009 multiplier data for Winnebago County²¹, we obtain the results below. Note that the direct spending amount below slightly differs from the amount stated above. This is because IMPLAN adjusts for differences in wholesale and retail prices for select retail spending categories.

²¹ The IMPLAN data is specific to Winnebago County, therefore, when discussing the data figures from IMPLAN I will continue to use the defined term “Region”.

ECONOMIC IMPACT ESTIMATES PER NON-LOCAL TIER 1 TEAM²²

<u>Overall</u>	<u>Direct</u>	<u>Indirect</u>	<u>Induced</u>	<u>Total</u>
<i>Spending</i>	\$9,204	\$2,636	\$2,612	\$14,452
<i>Value Added</i>	\$4,793	\$1,505	\$1,554	\$7,852
<i>Employee Compensation</i>	\$2,509	\$768	\$787	\$4,065
<i>Tax Revenue</i>	\$658	\$129	\$166	\$954
<i>Proprietor and other</i>	\$1,626	\$608	\$601	\$2,835
<i>Property-Type Income</i>				

- Thus, the average “non-local Tier 1” team injects \$7,852 of economic impact into the Region:
 - o \$4,065 accrues as local employee compensation;
 - o \$954 is new tax revenue for the region;
 - o \$2,835 accrues as proprietor and other property-type income.

Breaking this down by the lodging, food/beverage, and retail industries yields the following:

(chart continued on next page)

²² Insignificant rounding errors may be present throughout the charts in this document. In the “Total” column, the Employee Compensation, Tax Revenue, and Proprietor line items add up to \$7,854; a 0.00025% margin of error in this instance.

INDUSTRY-SPECIFIC IMPACTS PER NON-LOCAL TIER 1 TEAM

<u>Lodging</u>	<u>Direct</u>	<u>Indirect</u>	<u>Induced</u>	<u>Total</u>
<i>Spending</i>	\$3,000	\$2	\$1	\$3,002
<i>Value Added</i>	\$1,804	\$1	\$0	\$1,805
<i>Employee Compensation</i>	\$762	\$0	\$0	\$763
<i>Tax Revenue</i>	\$267	\$0	\$0	\$267
<i>Proprietor and other</i>	\$775	\$1	\$0	\$775
<i>Property-Type Income</i>				
Food/Bev				
<u>Food/Bev</u>	<u>Direct</u>	<u>Indirect</u>	<u>Induced</u>	<u>Total</u>
<i>Spending</i>	\$3,600	\$123	\$151	\$3,874
<i>Value Added</i>	\$1,672	\$57	\$70	\$1,800
<i>Employee Compensation</i>	\$1,121	\$38	\$47	\$1,206
<i>Tax Revenue</i>	\$180	\$6	\$8	\$194
<i>Proprietor and other</i>	\$371	\$13	\$15	\$400
<i>Property-Type Income</i>				
Retail				
<u>Retail</u>	<u>Direct</u>	<u>Indirect</u>	<u>Induced</u>	<u>Total</u>
<i>Spending</i>	\$1,125	\$31	\$333	\$1,491
<i>Value Added</i>	\$766	\$23	\$224	\$1,012
<i>Employee Compensation</i>	\$347	\$14	\$129	\$490
<i>Tax Revenue</i>	\$161	\$3	\$48	\$214
<i>Proprietor and other</i>	\$258	\$6	\$47	\$308
<i>Property-Type Income</i>				

These results suggest that the average “non-local Tier 1” team injects:

- \$1,805 of economic impact to the local lodging industry;
- \$1,800 of economic impact to the local food and beverage industry;
- \$1,012 of economic impact to the local retail industry.

The table below summarizes the key economic impact estimates per “non-local Tier 1” team:

SUMMARY OF IMPACT ESTIMATES PER NON-LOCAL TIER 1 TEAM

IMPACT PER TIER 1 TEAM	<u>Value-Added</u>		<u>Value-Added</u>
<u>Category</u>	<u>by Income Type</u>		<u>by Industry</u>
Total	\$7,852		Total
Employee Compensation	\$4,065		Lodging
Tax Revenue	\$954		Food/Beverage
Proprietor Income	\$2,835		Retail

==

Tier 2 Sports

Sports such as volleyball, basketball, and indoor soccer may be additional sports to target going forward²³. These sports (called Tier 2 sports hereafter) are assumed to have smaller economic impacts simply because their travel parties are assumed to be smaller than for Tier 1 sports. Specifically, their impact per team is estimated to be roughly 60% of the impact per Tier 1 team. A summary of Tier 2 impacts is below, and a full explanation and detailed impact estimates for Tier 2 teams can be found in Appendix B on page 60. The typical “non-local Tier 2” team injects \$4,745 of new income into the Region.

²³ The Region does not currently have the types of facilities necessary to host larger tournaments for these sports.

SUMMARY OF IMPACT ESTIMATES PER NON-LOCAL TIER 2 TEAM

IMPACT PER TIER 2 TEAM	<u>Value-Added</u>		<u>Value-Added</u>
<u>Category</u>	<u>by Income Type</u>		<u>by Industry</u>
Total	\$4,745		Total
Employee Compensation	\$2,456		Lodging
Tax Revenue	\$576		Food/Beverage
Proprietor Income	\$1,713		Retail
			\$612

Aside from non-local teams that spend at least one night in the Region, there are other teams that originate from outside of the Region, travel in for the day to compete in events, but don't stay the night. These are called "day-commuting" teams. They can still have a positive economic impact upon the region by spending visitor money at local restaurants and shops in between competition and on their way in and out of town. But their impact on local income will be considerably less than it is for "non-local" teams who are spending at least one night at a local hotel.

We estimate that "day-commuting" teams (be they Tier 1 or Tier 2 sports) will only spend *one-third* of what their "non-local" counterparts would spend. Thus, we project that Tier 1 "day-commuting" teams generate one-third the economic impact of Tier 1 "non-local" teams. Similar projections apply for the Tier 2 teams.

SUMMARY OF IMPACT ESTIMATES PER DAY-COMMUTING TEAM

IMPACT PER DCT1 TEAM		<u>Value-Added</u>			<u>Value-Added</u>
<u>Category</u>		<u>by Income Type</u>	<u>Category</u>		<u>by Industry</u>
Total		\$2,615	Total		\$2,615
Employee Compensation		\$1,354	Lodging		\$0
Tax Revenue		\$318	Food/Beverage		\$599
Proprietor Income		\$944	Retail		\$337
<hr/>					
IMPACT PER DCT2 TEAM		<u>Value-Added</u>			<u>Value-Added</u>
<u>Category</u>		<u>by Income Type</u>	<u>Category</u>		<u>by Industry</u>
Total		\$1,580	Total		\$1,580
Employee Compensation		\$818	Lodging		\$0
Tax Revenue		\$192	Food/Beverage		\$362
Proprietor Income		\$570	Retail		\$204

Day-commuting Tier 1 teams generate \$2,615 in economic impact per team for the Region, while Tier 2 day-commuting teams generate \$1,580 per team.

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Annual Economic Impact Estimates for Sportscore (2007-2010)

With *per team* impact estimates for “non-local” and “day-commuting” Tier 1 and Tier 2 teams, we can provide some recent historical perspective regarding the economic impact that Tier 1 and Tier 2 sports teams have had upon the Region.

The table below contains annual data submitted in June 2011 by the RPD which reflects the number of Tier 1 and Tier 2 teams that utilized either Sportscore or the ISC from 2007 through 2010.

<u>Number of Teams</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>Mean</u>	<u>Median</u>
Soccer	2878	2497	2412	2053	2460	2454.5
Softball/Baseball	293	43	386	259	245	245
Volleyball	423	464	464	420	443	443
TOTAL	3594	3004	3262	2732	****	****

Furthermore, anecdotal information provided by the RPD suggests that the typical composition of a given tournament would involve 50% non-local teams, 40% commuter teams, and 10% local teams (“local” meaning teams originating from within the Region).

Note that we do not have access to on-site survey research to corroborate these percentages. It is strongly suggested that future research is undertaken by the Region’s leaders to gain greater clarity regarding the allocation of team origins. The forecasts below may be drastically different if the true ratio of non-local to day-commuting to local teams is significantly different than what’s presumed herein.

Applying our per team impact estimates with the number of teams and the presumed 50/40/10 allocation of non-local, day-commuting, and local teams, we find these impacts for total value-added (i.e. total income) and its 3 primary components.

Regional Economic Impact from Sports Tournaments | 2011

Prepared for The Rockford Area Convention & Visitors Bureau and the Rockford Park District

PROJECTED ECONOMIC IMPACTS FOR TIER 1 AND TIER 2 SPORTS BY VALUE-ADDED (2007 – 2010)

AGGREGATE

<u>Category</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<i>Aggregate Impact: 2007 through 2010</i>
Value-Added	\$17,575,232	\$14,465,883	\$15,789,176	\$13,160,088	\$60,990,379
Employee Comp	\$9,098,901	\$7,489,120	\$8,174,214	\$6,813,099	\$31,575,334
Tax Revenue	\$2,135,604	\$1,757,744	\$1,918,550	\$1,599,078	\$7,410,976
Proprietor Income	\$6,655,369	\$5,562,807	\$6,040,572	\$5,059,118	\$23,317,866

SOCCER

<u>Category</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<i>Aggregate Impact: 2007 through 2010</i>
Value-Added	\$14,761,377	\$12,807,213	\$12,371,244	\$10,529,919	\$50,469,754
Employee Comp	\$7,642,241	\$6,630,534	\$6,404,825	\$5,451,536	\$26,129,136
Tax Revenue	\$1,793,800	\$1,556,330	\$1,503,351	\$1,279,594	\$6,133,075
Proprietor Income	\$5,329,480	\$4,623,945	\$4,466,542	\$3,801,745	\$18,221,712

BASEBALL/SOFTBALL

<u>Category</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<i>Aggregate Impact: 2007 through 2010</i>
Value-Added	\$1,502,809	\$220,549	\$1,979,809	\$1,328,421	\$5,031,588
Employee Comp	\$778,032	\$114,182	\$1,024,984	\$687,749	\$2,604,947
Tax Revenue	\$182,621	\$26,801	\$240,586	\$161,430	\$611,438
Proprietor Income	\$542,577	\$79,627	\$714,795	\$479,616	\$1,816,616

VOLLEYBALL

<u>Category</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<i>Aggregate Impact: 2007 through 2010</i>
Value-Added	\$1,311,046	\$1,438,122	\$1,438,122	\$1,301,748	\$5,489,037
Employee Comp	\$678,627	\$744,404	\$744,404	\$673,814	\$2,841,251
Tax Revenue	\$159,183	\$174,612	\$174,612	\$158,054	\$666,463
Proprietor Income	\$783,311	\$859,235	\$859,235	\$777,756	\$3,279,538

Regional Economic Impact from Sports Tournaments **2011**

Prepared for The Rockford Area Convention & Visitors Bureau and the Rockford Park District

Broken down by industry:

PROJECTED ECONOMIC IMPACTS FOR TIER 1 AND TIER 2 SPORTS BY INDUSTRY (2007 – 2010)

AGGREGATE

<u>Category</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<i>Aggregate Impact: 2007 through 2010</i>
Overall	\$17,575,232	\$14,465,883	\$15,789,176	\$13,160,088	\$60,990,379
Lodging	\$3,216,277	\$2,647,280	\$2,889,439	\$2,408,318	\$11,161,314
Food/Beverage	\$4,028,175	\$3,315,483	\$3,618,787	\$3,016,204	\$13,978,648
Retail	\$2,375,778	\$1,985,764	\$2,156,312	\$1,805,961	\$8,323,816

SOCCER

<u>Category</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<i>Aggregate Impact: 2007 through 2010</i>
Overall	\$14,761,377	\$12,807,213	\$12,371,244	\$10,529,919	\$50,469,754
Lodging	\$2,701,291	\$2,343,684	\$2,263,903	\$1,926,946	\$9,235,824
Food/Beverage	\$3,383,377	\$2,935,473	\$2,835,547	\$2,413,507	\$11,567,904
Retail	\$1,902,473	\$1,650,617	\$1,594,428	\$1,357,115	\$6,504,634

BASEBALL/SOFTBALL

<u>Category</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<i>Aggregate Impact: 2007 through 2010</i>
Overall	\$1,502,809	\$220,549	\$1,979,809	\$1,328,421	\$5,031,588
Lodging	\$275,010	\$40,360	\$362,300	\$243,097	\$920,767
Food/Beverage	\$344,451	\$50,551	\$453,782	\$304,480	\$1,153,264
Retail	\$193,685	\$28,425	\$255,161	\$171,209	\$648,480

VOLLEYBALL

<u>Category</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<i>Aggregate Impact: 2007 through 2010</i>
Overall	\$1,311,046	\$1,438,122	\$1,438,122	\$1,301,748	\$5,489,037
Lodging	\$239,976	\$263,236	\$263,236	\$238,274	\$1,004,724
Food/Beverage	\$300,347	\$329,459	\$329,459	\$298,217	\$1,257,481
Retail	\$279,620	\$306,723	\$306,723	\$277,637	\$1,170,702

ECONOMIC IMPACT SUMMARY OF ROCKFORD FACILITIES (2007 through 2010)

AGGREGATE

<u>Category</u>	<u>Aggregate Impact: 2007 through 2010</u>	<u>Average Annual Impact</u>
Value-Added	\$60,990,379	\$15,247,595
Employee Comp	\$31,575,334	\$7,893,834
Tax Revenue	\$7,410,976	\$1,852,744
Proprietor Income	\$23,317,866	\$5,829,466

AGGREGATE

<u>Category</u>	<u>Aggregate Impact: 2007 through 2010</u>	<u>Average Annual Impact</u>
Value-Added	\$60,990,379	\$15,247,595
Lodging	\$11,161,314	\$2,790,329
Food/Beverage	\$13,978,648	\$3,494,662
Retail	\$8,323,816	\$2,080,954

To summarize:

- Amateur sporting events in the Region between 2007 and 2010 generated nearly \$61 million in new income for Winnebago County;
 - o Or an annual impact of \$15.2 million;
- Broken down by 'income type':
 - o \$7.9 million annually in employee compensation;
 - o \$1.8 million annually in new tax revenue;
 - o \$5.8 million annually in proprietor income and other property-type income;

- Broken down by select industries:
 - o \$2.8 million annually in new income to the county's lodging industry;
 - o \$3.5 million annually in new income to the county's food and beverage industry;
 - o \$2.1 million annually in new income to the county's retail industry.

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Assessing the Economic Feasibility of the Proposed Facility Upgrades

The proposed facility upgrades require an investment of approximately \$2 million annually. The question herein is whether these upgrades will sufficiently boost the Region's incomes by a sufficient amount to justify the annual investment.

To answer this question, let's simplify by putting everything in terms of "non-local Tier 1" teams. We use this standard because these teams have been the most prevalent at the Region's amateur sports facilities (according to the RPD), and generate the most economic impact per team (as opposed to Tier 2 teams or day-commuting teams).

Attracting New “Non-Local Tier 1” Teams

Earlier we estimated that the typical “non-local Tier 1” team generates \$7,852 in new income for the Region. Therefore:

$$\$2,000,000 \text{ annually in investment} / \$7,852 \text{ per non-local Tier 1 team} = 255 \text{ teams}$$

This implies that the Region would have to attract the equivalent of 255 “non-local Tier 1” teams *above and beyond* the current flow of such teams to economically justify the proposed tax investments and facility upgrades. If we assume a tournament size of 100-teams, then this would require roughly 2.5 new Outdoor tournaments per year to cover the Operating Gap.

That said, the burden to attract this “team target” is lessened when we account for (a) the ability to retain existing teams that might otherwise flee the Region to other communities with better, modernized amateur sports tournament facilities and (b) the ability to attract other “team types” (e.g. Tier 2 teams and “day-commuting” teams).

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Team Retention

The 255 *non-local Tier 1 team target* does not entirely have to be “new teams” but may include “current teams” that may soon stop using the Region’s amateur sports tournament facilities in the near future without the proposed facility upgrades.

We presume that facility upgrades have the potential of preventing further teams from leaving the Region to compete at alternative amateur sports tournament facilities elsewhere. This applies to “non-local” teams/events that still come to the Region now but may soon choose not to without facility upgrades. It also applies to “local” teams who may opt to compete at alternate amateur sports tournament facilities outside of the Region.

Normally in economic impact studies, spending by locals is excluded from economic impact consideration because – as the standard argument goes – locals would simply re-spend their money elsewhere in the community. As such, their dollars are not a new infusion of income.

However, if a local team or tournament organizer chooses to stay in the Region because they feel the facility upgrades have brought the quality of the Region’s facilities up to par, then this has the effect of “blocking” local money from leaving the community, hence satisfying the “**Retain**” goal of the project. Using the “money saved is money earned” principle, blockage of local money leaving the Region has an economic impact similar to non-local money flowing into the community.

That said it would be egregious to count a large portion of local money towards economic impact. Only a small fraction of local money is counted towards economic impact.

Two reasons for committing to Invest: Stop steady decline & Increase participating volume.

It is clear from the data below that the number of teams participating at the Region's facilities has decreased since 2007.

SOCCKER

<u>Annual Participation</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>Mean</u>	<u>Median</u>
Soccer Teams	2878	2497	2412	2053	2460	2454.5
Growth Rate	*****	-13%	-3%	-15%	-11%	-13%
2-Yr Moving Avg	*****	2688	2455	2233	*****	*****

SOFTBALL AND BASEBALL JOINTLY

<u>Annual Participation</u>	<u>2007</u>	<u>2009</u>	<u>2010</u>	<u>Mean</u>	<u>Median</u>
Softball/Baseball Teams	293	386	259	313	293
Growth Rate	*****	32%	-33%	-1%	-1%
2-Yr Moving Average	*****	340	323	*****	*****

The number of soccer teams has diminished by 11% annually over the last 3 years, while the number of softball and baseball teams saw a 33% reduction between 2009 and 2010 (as well as a 12% reduction from 2007 to 2010).

For baseball and softball, the 2008 season was largely lost due to flooding issues at SCI. That year is omitted from the table above, but should not be omitted from the recognition that – from a practical standpoint – the flooding issue needs to be seriously addressed to prevent a further reduction in teams competing at the Region's sports tournament facilities.

It would be inappropriate to presume that the entire reduction in teams is due to the erosion of the Region's sports tournament facilities. That said, what factors can be used to explain the diminishment in teams over the last several years?

- Great Recession (December 2007 through June 2009);
 - o Non-local teams less likely to travel during recessionary times given the expense associated with travel (lodging, gas);
- Newer and/or better facilities elsewhere;
 - o As more communities build new or update their existing amateur sports facilities, the competition to attract traveling amateur sports teams and tournaments becomes more fierce;
 - A community that lets their facilities grow inferior and/or outdated stands to lose business to these competing facilities;
- Reduced absolute quality of existing Regional sports tournament facilities.

To gauge how *team depletion* at the Region's amateur sports tournament facilities have had a negative economic impact on the Region, consider the following comparison of the 2 years that act as endpoints for our data set. The analysis is below:

COMPARING 2007 AND 2010: GAUGING THE SIZE OF IMPACT LOSS DUE TO TEAM DEPLETION

AGGREGATE

<u>Category</u>	<u>2007</u>	<u>2010</u>	<u>Total Difference</u>	<u>Annualized Difference</u>	<u>Fraction of Tax Investment</u>
Value-Added	\$17,575,232	\$13,160,088	\$4,415,144	\$1,471,715	73.6%
Employee Comp	\$9,098,901	\$6,813,099	\$2,285,802	\$761,934	38.1%
Tax Revenue	\$2,135,604	\$1,599,078	\$536,526	\$178,842	8.9%
Proprietor Income	\$6,655,369	\$5,059,118	\$1,596,252	\$532,084	26.6%

In short, when comparing the economic impact of the 2007 and 2010 seasons only:

- The Region lost \$4.4 million in new income;
 - o Or an annualized loss of \$1.47 million;
 - o This annualized loss is nearly 74% of the projected \$2 million annual investment that would finance the proposed facility upgrades discussed herein.

As stated on the previous page, it is likely that the Great Recession had a significant hand in the reduction of teams participating at Region's amateur sports tournament facilities. As might other factors that we haven't considered other than absolute and relative facility quality issues.

But even if just *one-fourth* of these "lost teams" left due to facility issues, this would imply an annual income loss of roughly \$368,000. That's 18.4% of the proposed \$2 million investment required to finance the facility upgrades.

Again, with on-site survey research, one could better ascertain why teams left and why they stay. In the absence of that corroborative data, it seems fairly conservative to assert that approximately 25% of “team depletion” could be restored if Rockford upgraded its amateur sports tournament facilities, satisfying the RPD’s “**Regain**” goal. And in so doing, generate 18.4% of the \$2 million required annually in investments to finance the upgrades.

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Another way to forecast the potential future effects of *team depletion* if facility upgrades are not forthcoming is to use participation data from 2010 and project forward using a forecasted depletion rate.

Let’s first focus on soccer. The average depletion rate from 2007 through 2010 was 11%. It’s not unreasonable to assume a portion of that depletion (3 percentage points out of 11) was due to a perceived loss in quality of the Region’s sports tournament facilities. Again, this is done to recognize that perhaps the recession or some other non-facility factors caused this shifting demand.

The chart below tracks future depletions through 2015, increasing the depletion rate by 0.5 percentage points each year as the Region’s sports tournament facilities worsen in both absolute and relative stature over time. This yields the follow table:

PROJECTED LOSS OF ECONOMIC IMPACT FROM NON-LOCAL SOCCER TEAMS

<u>Year</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	
Projected Teams	2053	1991	1922	1845	1762	1674	
Annual Loss Rate	****	3.0%	3.5%	4.0%	4.5%	5.0%	
Loss of Teams	****	62	70	77	83	88	
							<u>Averages</u>
Impact Loss	****	\$315,898	\$357,491	\$394,261	\$425,802	\$451,823	\$389,055
% of Proposed Investment	****	15.8%	17.9%	19.7%	21.3%	22.6%	19.5%

Based on these projections, and presuming the same 50/40/10 ratio of non-local, day-commuting, and local teams used earlier, the Region would lose \$389,055 per year if they fail to refurbish their amateur soccer facilities. Preventing these team defections through facility upgrades would likely retain this amount, which is nearly 20% of the \$2 million investment required annually to finance the upgrades.

Next consider softball and baseball. We start with a higher forecasted depletion rate of 8% given the flooding woes that are unpredictable and have negatively impacted the impressions of more than a few tournament directors. Furthermore, we presume a greater incremental increase in diminishment per year compared to soccer (1 percentage point per year). This yields the following:

PROJECTED LOSS OF ECONOMIC IMPACT FROM NON-LOCAL SOFTBALL/BASEBALL TEAMS

<u>Year</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	
Projected Teams	259	238	217	195	174	153	
Annual Loss Rate	****	8.0%	9.0%	10.0%	11.0%	12.0%	
Loss of Teams	****	21	21	22	21	21	
							<u>Averages</u>
Impact Loss	****	\$106,274	\$109,993	\$111,215	\$110,103	\$106,900	\$108,897
% of Proposed Tax Investment	****	5.8%	6.0%	6.1%	6.0%	5.8%	6.0%

Based on these projections, and presuming the same 50/40/10 ratio of non-local, day-commuting, and local teams used earlier, the Region could lose \$108,897 per year if they fail to refurbish their softball/baseball facilities. Preventing these team defections through facility upgrades could retain this amount, which is nearly 6% of the \$2 million investment required annually to finance the upgrades.

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Adding the depletion results from soccer to those above, the implication is that preventing the depletion of these “non-local Tier 1” teams would be tantamount to preventing approximately \$500,000 (or 25% of the Operating Gap) from leaking out of the Region. Upgrades to the Region’s sports tournament facilities could serve to block these “non-local” impacts from leaving the Region.

Re-visiting Earlier Projections

On page 37, we deduced that the Region would have to attract the equivalent of 255 “non-local Tier 1” teams *above and beyond* current levels to make the proposed facility upgrades economically feasible.

The analysis on team retention through facility upgrades on pages 37 through 44 suggest that these upgrades would likely generate income retention tantamount to 18-25% of the \$2 million investment required to finance these upgrades. This would minimize our previously stated team target from 255 to between 191 and 209 “non-local Tier 1” teams. The midpoint of this range is 200 teams.

Thus, even after allowing for the fact that facility upgrades will positively reverse a portion of the “team depletion effect” by keeping some current teams from leaving the region, the Region is still required to attract the equivalent of 200 “non-local Tier 1” teams to make the proposed facility upgrades economically feasible.

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What are the likely economic impacts associated with the proposed facility upgrades?

Three critical conclusions to this point are as follows:

- 1) Each non-local team requiring an overnight hotel stay that participates in an outdoor tournament and fits the assumptions depicted on page 33 generates an estimated \$7,852 in value-added income to the Region, of which \$954 is new taxes to the Region's local governments;
 - Implying that the \$2 million Operating Gap²⁴ could be covered by attracting 255 new non-local Tier 1 teams;

- 2) Each non-local team requiring an overnight hotel stay that participates in an indoor tournament and fits the assumptions depicted on page 37 generates an estimated \$4,745 in value-added income to the Region, of which \$576 is new taxes to the Region's local governments;
 - Implying that the \$2 million Operating Gap could be covered by attracting 422 new non-local Tier 2 teams;

- 3) Based on "stop-loss" estimates from pages 42-43, facility upgrades would have the impact of blocking an average of \$500,000 in value-added income from leaving the community annually, of which roughly \$60,000 would be taxes.

²⁴ The majority of the value-added income does not actually go towards the payment of debt service. Approximately 12% of the value-added income is new tax revenue that could. The Operating Gap is the difference between debt service and income from operations of the sports facilities. As used in this example, it is a reference point at which the debt service payment equals the amount of economic stimulus provided by the facility upgrades.

Using these conclusions, and presuming that 50% of teams in a tournament are non-local teams requiring an overnight stay while 40%²⁵ of the teams are day-commuting teams, then:

- a) A 100-team Outdoor tournament (i.e. Tier 1 teams) would generate an estimated \$497,200 in value-added income, of which \$60,420 is new taxes for the Region's local governments;
- b) Likewise, a 100-team Indoor tournament (i.e. Tier 2 teams) would generate \$300,450 in value-added income, of which \$36,480 is new taxes for the Region's local governments.

When factoring in the "stop-loss" estimate of approximately \$500,000, this implies that the Region would need to host 2 new outdoor tournaments and 2 new indoor tournaments to create and retain value-added economic impacts that cover the projected Operating Gap. This would be considered a "break-even" scenario, and we are 99% confident in the Region's ability to achieve this target...based on our review of the specifics herein, coupled with conversations we've conducted with industry experts familiar with both the Region's characteristics as well as the current climate of amateur youth sports tournaments in the Midwest and nationally.

²⁵ Although contributing less to the Region's income because they do not require an occupancy night, the day commuting teams still have a positive impact to the value-added income in the Region.

Projecting further out, if the SC II upgrades create 10 new outdoor tournaments and 15 new indoor tournaments annually (which we believe is both attainable and sustainable...though perhaps not to be expected in the very first year after the facility upgrades have been completed), then this would yield nearly \$10 million in value-added income and over \$1.1 million in new taxes. Under the right circumstances to be detailed in our summary, we are 90% confident that such a scenario as outlined above is likely within 2-3 years of the completion of the upgrades and then sustainable thereafter.

Lastly, and under the best of scenarios which would require at minimum (a) successful rebranding efforts by Regional amateur sports and tourism officials after upgrades are made, (b) an improved national economy, and (c) aggressive event rights holders with an affinity for and vested interest in attracting new tournaments to the Region's new facilities, we are 75% confident that the facility upgrades could attract 18 new outdoor and 30 new indoor tournaments (again, this scenario may take a few years to materialize after the upgrades are completed). Tournament increases of this magnitude would yield nearly \$18.5 million in value-added income and nearly \$2.2 million in new taxes to the Region's local governments.

The key to the proposed upgrades and economic impact projections is the New Indoor Sports Facility. If managed and marketed properly, this opens up tremendous potential for attracting economic activity and economic impact for the region. Having conducted economic impact studies for numerous AAU Junior Olympic Games where cities like Virginia Beach and Detroit have indoor facilities that can host a multitude of events (e.g. volleyball, basketball, indoor soccer, wrestling, gymnastics, tumbling, dance and cheer competitions), we have seen how such dynamic indoor facilities open up tremendous potential for tourist activity. Without such a facility, especially in a cold-weather climate with limited usability of outdoor facilities, a community fails to maximize returns on investment in amateur sporting events.

Prospective Regional Economic Impacts			
IMPLAN Per-Team Data			
Team Classification	Total Value-added Income	New Tax Revenue	
Outdoor (Tier 1)	\$7,852	\$954	
Indoor (Tier 2)	\$4,745	\$576	
DCT ²⁶ -Outdoor	\$2,615	\$318	
DCT-Indoor	\$1,580	\$192	
Estimated Tournament Team Split			
Non-Local	50%		
Day commute	40%		
Projections of Tournament Increases due to Upgrades			
	Break Even Scenario (99%)	Likely Future Scenario (90%)	Feasible Future Scenario (75%)
Outdoor (Tier 1)			
Number of Tournaments	2	10	18
Softball	n/a	6	10
Soccer	n/a	4	8
Number of Teams Per	100	100	100
Income	\$994,400	\$4,972,000	\$8,949,600
Tax Revenue	\$120,840	\$604,200	\$1,087,560
Indoor (Tier 2)			
Number of Tournaments	2	15	30
Volleyball	n/a	10	16
Basketball	n/a	0	6
Soccer (ISC)	n/a	5	8
Number of Teams Per	100	100 ²⁷	100
Income	\$600,900	\$3,304,950	\$7,090,620
Tax Revenue	\$72,960	\$401,280	\$860,928
Aggregate Totals			
Income	\$1,595,300	\$8,276,950	\$16,040,220
add Stop-loss	\$500,000	\$500,000	\$500,000
Value-added Income (Regional Total - Annual)	\$2,095,300	\$8,776,950	\$16,540,220
New Tax Revenue (To Region's local Governments - Annual)	\$193,800	\$1,005,480	\$1,948,488

²⁶ Day-commuting Team

²⁷ ISC Indoor soccer has 20 teams per tournament; this fact is included in the income computation.

Concluding Thoughts

Our subjective opinion regarding the economic justification of the proposed sports tournament facility upgrades is buttressed by our own industry experience as well as through recent and past feedback from amateur sports tournament professionals which is discussed in Appendix D (page 67).

In our professional opinion:

- It is probable, and under the right circumstances highly likely (call it 80-90% likely), that the proposed facility upgrades are economically advisable;
 - o Meaning that the upgrades will help the Region retain, regain, and grow a sufficient number of teams/events *above and beyond historical trends* to generate/retain enough local income to offset the Region's required annual investment of \$2 million;
 - o The *right circumstances* encompass many tangible and intangible factors, such as:
 - Whether the facility upgrades and amenities are in concert with industry expectations held by tournament directors and participating teams, which we believe the proposed upgrades are;
 - The development of the New Indoor Tournament Sports Facility to help mitigate any decline in tournament participation associated with the depressed economy as it adds hard court sports tournament capacity for a currently unmarketable segment of the industry;

- The aggressiveness of the Region's amateur sports organizations in marketing the region and the improved facilities and the level of collaboration they receive from the hotel operators in the Region;
- The degree to which the local government, local tourism experts, the hotel operators, and the local amateur sports tournament community can cohesively work together to brand manage the Region and its newly upgraded amateur sports tournament facilities.

That said, under the *wrong circumstances*, ensuring the economic feasibility of the proposed facility upgrades could prove considerably more challenging though still plausible (60% likely). For example:

- If the general economy remains in long-term malaise, then more "non-local" teams will opt to stay closer to home to minimize expense;
 - Thereby making it harder to attract new "non-local" teams no matter how nice the renovated facilities are;
- If the Region's leaders are not able to successfully "rebrand" their image as a superior destination for amateur sports tournaments;
 - At least a portion of the declining numbers at Sportscore between 2007 through 2010 is likely due to teams opting for alternate amateur sports facilities deemed as newer, nicer, or better;
 - As such, can the Region retain those teams and in the process erase memories of a negative experience teams may have had with the then-existing conditions/amenities associated with the Region's facilities?

- If regional organizations and hotel operators cannot get on the same page and work collaboratively to maximize marketing efforts, the efficiency of event logistics, and the like, then this will undermine the proposed facility upgrades designed to enhance the Region's economy;
- In our experience, those communities without cohesive and collaborative planning towards achieving the proper vision and direction for the provision and utilization of new/updated amateur sports facilities tend to suffer from a disheveled project approach that inhibits the goal of attracting new teams/events to the community.

Whether the Region reaches these targets is a function of many things, chief among them:

- How will the proposed facility upgrades enhance the relative attractiveness of the Region's sports facilities compared to regional competitors?
 - The more congruent the facility upgrades are with the demands and needs of tournament organizers and participants, the more teams will be attracted to play in the Region;
- How aggressively will the RPD, the RACVB and local Hotels pursue new tournaments?
 - The more aggressive and effective at attracting new tournaments and teams, the more likely the Region will reach these growth targets;

To this end, we believe that the proposed facility upgrades as currently presented are congruent with and will be attractive to industry end-users, and as such they are advisable and will succeed if:

- Care is taken to ensure that the facility upgrades reflect the current tenor and needs of tournament organizers;
- The Region's community leaders are aggressive in marketing themselves to regional and national amateur sports event rights holders and tournament directors/organizers;
- There is continued strong community support and collaboration for amateur sports and among those trying to promote amateur sports regionally;
 - o Meaning the RACVB maintains an active presence at events to encourage visiting teams to frequent the Region's area establishments;
 - o Meaning the RPD makes every effort to facilitate well-organized and well-managed events;
 - o Meaning the RPD and RACVB maintain its cohesive relationship with each other and event rights holders and tournament directors/organizers who ultimately decide which facilities to take their tournaments to;
 - o Meaning the local Hotels will cooperate with the Region – particularly the RPD and RACVB - in creating an environment conducive to attracting amateur sports tournament activities and be supportive of the Region's funding acquisition strategy as well as the measures implemented to pay for the necessary improvements that in turn benefit the Hotels.

Regarding the issues of “sustainability” and “highest and best use”, we believe – under the right circumstances – that it is highly likely that the proposed facility upgrades are economically feasible. That said, we caution the Region’s leaders to spend tax dollars wisely in terms of where to appropriate the majority of their investment.

As it relates to indoor sports, most of the analysis herein has focused on volleyball, indoor soccer, and basketball. Given our experience working at AAU Junior Olympic competitions, a quality indoor facility has the potential to attract numerous other amateur sporting events as detailed above. All of these various sporting events have the potential of expanding the economic impacts and benefits to the Region by attracting more non-local visitors to the Region.

Given that the Region currently lacks an indoor facility which can host the many events detailed above, we believe that a failure to build such a facility would greatly cripple the Region’s long-term ability to attract economic impact from amateur sporting events.

Indoor events are protected from weather elements which obviously enhance short-term usability and long-term sustainability. Lighted fields, artificial turf, and better sod/soil can enhance the usability of soccer/softball/baseball fields, but limitations may still exist during the cold of winter or extreme heat of summer which act to minimize the rate of return to those particular upgrades.

In short, we believe that with the proposed facility upgrades (in particular, the addition of a New Indoor Sports Facility) the Region's amateur sports professionals will be able to attract a varied cross-section of new tournaments to the Region which will maximize the return on investment in these proposed facility upgrades while ensuring the long-term sustainability of Sportscore, the ISC, and the newly proposed New Indoor Tournament Sports Facility.

How big of a return on investment? Though difficult to say with 100% certainty, we believe based on our analysis herein, our 15 years of experience conducting economic studies for amateur sporting events, and recent conversations with amateur sports professionals familiar with the Region's characteristics and national trends in the amateur sports industry that we are:

- 1) 99% confident that these facility upgrades will generate enough value-added income for the Region that when added with projected "stop-loss" income will cover all of the annual Operating Gap...and we believe this will occur as soon as the first year after the facility upgrades have been completed;
- 2) 90% confident that the facility upgrades would yield sustainable annual returns of nearly \$10 million in new value-added income and over \$1.1 million in new taxes, though returns of this magnitude may not begin until the second or third year after the facility upgrades have been completed;

- 3) 95% confident that the facility upgrades as set forth in this report would prevent further loss of the Region's amateur sports tournaments due to declining facilities, and this stop-loss is projected to save the Region approximately \$500,000 a year.

- 4) 75% confident that - under the best of scenarios – the proposed facility upgrades could yield annual returns of nearly \$18.5 million in new value-added income and nearly \$2.2 million in new taxes to the Region's local governments.

The feasibility of this last scenario would require at minimum:

- (a) Successful rebranding efforts by Regional amateur sports and tourism officials after upgrades are made;
- (b) An improved national economy; and
- (c) Aggressive event rights holders with an affinity for and vested interest in attracting new tournaments to the Region's new facilities.

As to this last point and for demonstrative purposes, if someone like Wayne King (owner of Club Fusion Volleyball) were able to replicate his previous successes in other communities of attracting numerous amateur volleyball tournaments to the Region, this alone would go a long way towards maximizing the rate of return on any New Indoor Sports Facility with the Region.

Appendix A: The Nuts and Bolts of Economic Impact Analysis – Definitions and Terminology

Below are a list of key definitions and terms used in the vernacular of economic impact analysis.

- Direct Impact on Spending;
 - o 1st point of contact between the spending by non-local visitors and local businesses (e.g. visitors spend money at local restaurants, hotels, etc...)
- Indirect Impact on Spending (also known as “supplier-chain spending”);
 - o 2nd round of spending comprised of local business-to-business activity (e.g. local hotel outsources a local catering and laundering service...as the hotel gets busier with tourist activity, some of the visitor spending associated with this business trickles into the hands of the catering and laundering services);
- Induced Impact on Spending;
 - o Employees of directly impacted firms (e.g. hotels, restaurants) and indirectly impacted firms (e.g. catering, laundering) spend a portion of their “take” of visitor spending elsewhere in the community (e.g. movies, mall, etc...);
- Total Impact on Spending;
 - o The sum of direct + indirect + induced impacts;

- Gross Impact on Income (or Value-Added);
 - o Total Impact on Spending minus “Monetary Leakages”;
 - Monetary leakages occur in every community for a variety of reasons;
 - Direct spending recipients must send a portion of their proceeds to out-of-town headquarters;
 - Some business-to-business indirect activity is with non-local suppliers;
 - Some employees either do not reside within the impact region or spend a portion of their new income outside of the impact region;
 - o In our opinion, to be clear, the impact upon income (i.e. value added) is the more relevant measure of “economic impact” because it measures how much visitor spending is actually retained within the impact region;
 - Value added is comprised of 3 parts:
 - Local household income;
 - New tax revenue generated;
 - Proprietor income as well as other property-type income;

-
- Net Impact on Income (or Value-Added);
 - o Gross Impact on Income minus “Displacement”;
 - Displacement measures the amount of economic activity that was “displaced” by the event in question (e.g. Because the Region hosts a major amateur soccer tournament in which all the local hotels fill up, it is no longer feasible for a convention to be held locally, so they move to another city.)
 - If the Soccer Event generates impact “X”, the convention generates impact “Y”, then we would say:
 - o “X” is the gross impact due to soccer;
 - o “Y” is the gross impact from the convention that’s been displaced by the soccer tournament;
 - o “X” minus “Y” would thus be the “net impact” of the soccer tournament;
 - “Blockage”;
 - o Typically, the study of economic impact focuses strictly on the impact from non-local visitors;
 - o However, if a particular event or phenomenon takes place that keeps local dollars within the impact area, then it may be justified to count a small portion of local spending towards economic impact;
 - For example, the Region has seen a small exodus of teams participating in its tournaments;
 - If facility upgrades not only attract new “non-local” teams but help prevent “local” teams from fleeing to non-local tournaments, then the facility upgrades can be said to “block local money” from leaving the local community.

Appendix B: Estimating the Economic Impact of “Non-Local Tier 2” Teams

To conserve on space in the body of the report, the detailed impacts of “non-local Tier 2’ teams is discussed here.

Regarding the characteristics of “non-local Tier 2” teams:

- 12 “participants” (i.e. players, coaches, trainers);
- Each person in the “team party” is accompanied by an average of 2 other people (i.e. parents, siblings, spouses, significant others, friends, etc...);
- This implies that there are 36 people per non-local travel party (i.e. 12 participants and 24 spectators);
- Average length of stay is 1.5 days;
- Average number of days where lodging is required is 1.5 nights;
- Assume “team party” sleeps 4 people per room whereas spectators average 2 people per room;
 - o This implies 15 rooms per team or roughly 22.5 “room nights” per team during their visit;
- Average team pays \$100 in facility usage fees.

These, along with itemized spending assumptions, yield the following:

DIRECT SPENDING ESTIMATES PER NON-LOCAL TIER 2 TEAMS

<u>Itemized Spending</u>	<u>Per Person Per Day</u>	<u>Per Non-Local Team</u>
Food and Beverage	\$40	\$2,160
Retail	\$15	\$810
Entertainment	\$12	\$648
Miscellaneous	\$10	\$540
<u>Itemized Spending</u>	<u>Per Group Per Day</u>	<u>Per Non-Local Team</u>
Lodging	\$80	\$1,800
Gasoline	\$17	\$306
Parking	\$10	\$180
<u>Itemized Spending</u>		<u>Per Non-Local Team</u>
Field Usage Fees		\$100
Direct Spending		\$6,544
per Non-Local Team		
<i>(indoor soccer, volleyball, basketball)</i>		

Thus, the average “non-local Tier 2” team directly spends \$6,544 in Winnebago County.

After entering these itemized spending amounts into IMPLAN using 2009 multiplier data for Winnebago County, we obtain these results:

ECONOMIC IMPACT ESTIMATES PER NON-LOCAL TIER 2 TEAM

<u>Overall</u>	<u>Direct</u>	<u>Indirect</u>	<u>Induced</u>	<u>Total</u>
<i>Spending</i>	\$5,562	\$1,593	\$1,578	\$8,733
<i>Value Added</i>	\$2,896	\$909	\$939	\$4,745
<i>Labor Income</i>	\$1,516	\$464	\$476	\$2,456
<i>Tax Revenue</i>	\$398	\$78	\$100	\$576
<i>Proprietor and other</i>	\$983	\$367	\$363	\$1,713
<i>Property-Type Income</i>				

- The average “non-local Tier 2” team injects \$4,745 of economic impact within the Region;
 - o \$2,456 accrues as local employee compensation;
 - o \$576 is new tax revenue for the region;
 - o \$1,713 accrues as proprietor and other property-type income.

Breaking this down by the lodging, food/beverage, and retail industries yields the following:

INDUSTRY-SPECIFIC IMPACTS PER NON-LOCAL TIER 2 TEAM

<u>Lodging</u>	<u>Direct</u>	<u>Indirect</u>	<u>Induced</u>	<u>Total</u>
<i>Spending</i>	\$1,813	\$1	\$1	\$1,815
<i>Value Added</i>	\$1,090	\$1	\$0	\$1,091
<i>Employee Compensation</i>	\$460	\$0	\$0	\$460
<i>Tax Revenue</i>	\$161	\$0	\$0	\$161
<i>Proprietor and other</i>	\$468	\$1	\$0	\$469
<i>Property-Type Income</i>				
<u>Food/Bev</u>	<u>Direct</u>	<u>Indirect</u>	<u>Induced</u>	<u>Total</u>
<i>Spending</i>	\$2,175	\$74	\$91	\$2,341
<i>Value Added</i>	\$1,010	\$34	\$42	\$1,087
<i>Employee Compensation</i>	\$677	\$23	\$28	\$729
<i>Tax Revenue</i>	\$109	\$4	\$5	\$117
<i>Proprietor and other</i>	\$224	\$8	\$9	\$241
<i>Property-Type Income</i>				
<u>Retail</u>	<u>Direct</u>	<u>Indirect</u>	<u>Induced</u>	<u>Total</u>
<i>Spending</i>	\$680	\$19	\$201	\$900
<i>Value Added</i>	\$463	\$14	\$135	\$612
<i>Employee Compensation</i>	\$210	\$8	\$78	\$296
<i>Tax Revenue</i>	\$97	\$2	\$29	\$128
<i>Proprietor and other</i>	\$156	\$4	\$28	\$188
<i>Property-Type Income</i>				

These results suggest that the average “non-local Tier 2” team injects:

- \$1,091 of economic impact to the local lodging industry;
- \$1,087 of economic impact to the local food and beverage industry;
- \$612 of economic impact to the local retail industry.

Appendix C: Estimating “Team Impact Equivalencies” for Strategic Planning Purposes

The calculations below are aimed to help and the Region’s event planners better gauge how attracting a certain mix of teams (both in terms of ‘sport’ and ‘point of origin’) will achieve the *team targets* discussed herein necessary to make the proposed facility upgrades economically feasible.

Adjusting the initial 255 “non-local Tier 1” team target for the *team retention factor* (estimated between 18-25% of the \$2 million annual investment) yields an adjusted team target equivalent to between 191 and 209 “non-local Tier 1” teams.

Summarizing the calculations on pages 25-31, we can create “team impact equivalencies” in an effort to simplify strategic planning efforts as it relates to achieving the afore-mentioned *team target*.

The impact equivalencies are as follows:

1 Non-Local Tier 2 Team	=	0.60 Non-Local Tier 1 Team
1 Day-Commuting Tier 1 Team	=	0.33 Non-Local Tier 1 Team
1 Day-Commuting Tier 2 Team	=	0.20 Non-Local Tier 1 Team

This means that:

- One non-local Tier 2 team generates only 60% of the economic impact that a non-local Tier 1 team would generate;
- One day-commuting Tier 1 team generates only 33% of the economic impact that a non-local Tier 1 team would generate;
- One day-commuting Tier 2 team generates only 20% of the economic impact that a non-local Tier 1 team would generate;

With these equivalencies in place, one can project how a certain mix of teams (both by sport and 'travel type') could impact Winnebago County.

Suppose that one year after the facility upgrades are made, the Region is able to attract:

- 1 new soccer tournament with 100 teams, 50% are "non-local" and 40% are "day-commuting";
- 1 new volleyball tournament with 100 teams, 50% are "non-local" and 40% are "day-commuting";
- 2 new softball tournaments with 16 teams per tournament, where 40% are "non-local" and 25% are "day-commuting".

The equivalency table above offers a rough approximation for how many "non-local Tier 1 equivalents" the Region gains from this mix of events, and thus, how close they are in reaching the *team target* required to make the investment worthwhile.

The calculations would be as follows:

- Soccer;
 - o 63 “non-local Tier 1 equivalents”;
 - 50 true “non-local Tier 1’ teams;
 - 40 “day-commuting” Tier 1 * 0.33 = 13 non-local Tier 1 equivalents;
- Volleyball;
 - o 38 “non-local Tier 1 equivalents”;
 - 50 “non-local” Tier 2 * 0.6 = 30 non-local Tier 1 equivalents;
 - 40 “day-commuting” Tier 2 * 0.2 = 8 non-local Tier 1 equivalents;
- Softball;
 - o 21 “non-local Tier 1 equivalents”;
 - 13 true “non-local Tier 1’ teams;
 - 8 “day-commuting” Tier 1 * 0.33 = 3 non-local Tier 1 equivalents.

In short, this mix and composition of one new soccer tournament, one new volleyball tournament, and two new softball tournaments would collectively generate the equivalent of 122 “non-local Tier 1” teams.

Monetarily, using the “non-local Tier 1” per team impact estimate of \$7,852 derived earlier in the report, this implies that this mix and composition of events would generate \$957,944 in new income for the Region. Thus, even if we completely ignored the team retention effects, these 4 events alone (assume they would be retained once brought to the Region) would nearly cover 50% of the \$2 million required annually to offset the investment for the upgraded facilities.

Appendix D: Recent and Past Qualitative Feedback from Amateur Sports Professionals

RECENT FEEDBACK

During July 2011 we had the opportunity to speak with:

- Mr. Wayne King;
 - o Owner/Club Director of Club Fusion Volleyball;²⁸
- Ms. Brenda Paulson;
 - o USSSA²⁹ IL State Director;
- Ms. Fran Pope;
 - o State Cup and Tournament Administrator for Illinois Youth Soccer;
- Mr. Bob Suvada;
 - o Executive Director, Blue Chip Sports Network.

Mr. King and Mr. Suvada were very enthusiastic when speaking about the prospective amateur sporting events that the Region could attract if the New Indoor Tournament Sports Facility development came to fruition.

Mr. King's background is particularly noteworthy. As noted earlier in the report, the Wisconsin Dells is a rival facility within the larger upper Midwest region. Mr. King brought a 172-team volleyball tournament to the Dells in March 2011.

²⁸ Wayne King has coached three Club Fusion volleyball teams and two Kishwaukee Community College volleyball teams to National Championships. He is a three-time "Coach of the Year" by the National Junior College Athletic Association and is a member of that organization's Hall of Fame. Wayne is Vice President and Director of Sports at the Chula Vista Resort in the Wisconsin Dells, and has brought national events to the Dells such as the PrepVolleyball.com Classic and the Jimmy V Basketball tournament. In addition to volleyball and basketball, Wayne has also recruited gymnastics and wrestling events for Chula Vista, as well as trade shows and conventions.

²⁹ United States Specialty Sports Association.

By Mr. King's approximation, 90% of those teams were "non-local" teams. Using the economic impact estimates and team equivalencies developed herein (see Appendices B and C above), this would imply that a tournament of that size and composition would yield roughly \$734,526 to Winnebago County:

$$\$4745 \text{ per non-local volleyball team} * 172 \text{ total team} * 90\% \text{ non-local teams} = \$734,526$$

Hence, 3 new volleyball tournaments *above and beyond the current stock of events* would alone finance the annual investment required for the facility upgrades.

Mr. Suvada's organization caters specifically to girls' athletics, and it was clear from our conversation with him that he shares Mr. King's enthusiasm and optimism that the New Indoor Tournament Sports Facility would likely enhance the Region's ability to attract amateur events such as volleyball, cheerleading, dance, etc...

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Ms. Paulson and Ms. Pope both spoke in glowing terms regarding their historical experience in dealing with the Region's officials in terms of event operations and the like. That said, both acknowledged that Sportscore could be at a stage where refurbishments are required to ensure sustained success.

Ms. Paulson spoke with pride about the fact that over her numerous years of involvement with USSSA, the facility had thankfully not had too many cancellations over that span. She noted, however, that there have been increasing issues associated with flooding in recent years.

Similarly, Ms. Pope was both complementary but also cautionary. Complementary of the ease she's had in the past in working with the RPD. Cautionary because other regional competitors may soon catch or surpass Sportscore unless future alterations are forthcoming.

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PAST FEEDBACK – ELGIN REPORT (2008)

Our firm conducted a feasibility study for the city of Elgin in summer/fall of 2008. During that process we had a chance to reach out to several amateur sports professionals in order to get their feedback on the competitive landscape for amateur sports facilities in the Midwest.

Though calls/emails are still outstanding to reconnect with some of these individuals to gauge their perspective of the proposed upgrades to the Region's facilities, we can at least share some of the feedback from these individuals from just 3 summers ago.

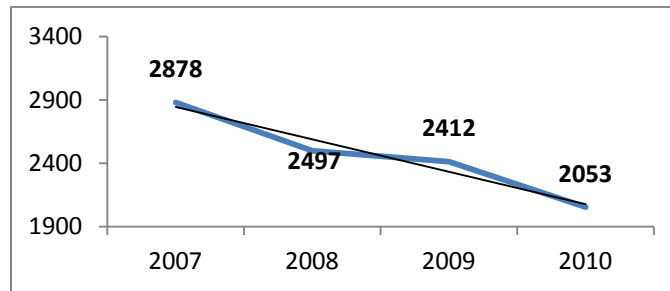
Both Mr. Bill Pilcher (National Baseball Franchise Coordinator for Triple Crown Sports) and Mr. Rob Martella (Director of Marketing for US Youth Soccer) were both highly complementary of the Region's sports facilities when we spoke with each in the summer of 2008. It will be interesting upon follow-up questioning some 3 years later if their experiences with the Region's facilities since that time have continued to be positive. Or, alternatively, whether their organizations have contributed to erosion of teams experienced in the Region over the last several years.

Appendix E: Summary of Key Empirical Findings

SOCCER

<u>Annual Participation</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>Mean</u>	<u>Median</u>
Soccer Teams	2878	2497	2412	2053	2460	2454.5
Growth Rate	*****	-13%	-3%	-15%	-11%	-13%
2-Yr Moving Avg	*****	2688	2455	2233	*****	*****

TOTAL SOCCER TEAMS USING SPORTSCORE (2007-2010)



SOFTBALL AND BASEBALL JOINTLY

<u>Annual Participation</u>	<u>2007</u>	<u>2009</u>	<u>2010</u>	<u>Mean</u>	<u>Median</u>
Softball/Baseball Teams	293	386	259	313	293
Growth Rate	*****	32%	-33%	-1%	-1%
2-Yr Moving Average	*****	340	323	*****	*****

Regional Economic Impact from Sports Tournaments

2011

Prepared for The Rockford Area Convention & Visitors Bureau and the Rockford Park District

ECONOMIC IMPACT ESTIMATES PER NON-LOCAL TIER 1 TEAM

<u>Overall</u>	<u>Direct</u>	<u>Indirect</u>	<u>Induced</u>	<u>Total</u>
<i>Spending</i>	\$9,204	\$2,636	\$2,612	\$14,452
<i>Value Added</i>	\$4,793	\$1,505	\$1,554	\$7,852
<i>Employee Compensation</i>	\$2,509	\$768	\$787	\$4,065
<i>Tax Revenue</i>	\$658	\$129	\$166	\$954
<i>Proprietor and other</i>	\$1,626	\$608	\$601	\$2,835
<i>Property-Type Income</i>				

INDUSTRY-SPECIFIC IMPACTS PER NON-LOCAL TIER 1 TEAM

<u>Lodging</u>	<u>Direct</u>	<u>Indirect</u>	<u>Induced</u>	<u>Total</u>
<i>Spending</i>	\$3,000	\$2	\$1	\$3,002
<i>Value Added</i>	\$1,804	\$1	\$0	\$1,805
<i>Employee Compensation</i>	\$762	\$0	\$0	\$763
<i>Tax Revenue</i>	\$267	\$0	\$0	\$267
<i>Proprietor and other</i>	\$775	\$1	\$0	\$775
<i>Property-Type Income</i>				

<u>Food/Bev</u>	<u>Direct</u>	<u>Indirect</u>	<u>Induced</u>	<u>Total</u>
<i>Spending</i>	\$3,600	\$123	\$151	\$3,874
<i>Value Added</i>	\$1,672	\$57	\$70	\$1,800
<i>Employee Compensation</i>	\$1,121	\$38	\$47	\$1,206
<i>Tax Revenue</i>	\$180	\$6	\$8	\$194
<i>Proprietor and other</i>	\$371	\$13	\$15	\$400
<i>Property-Type Income</i>				

<u>Retail</u>	<u>Direct</u>	<u>Indirect</u>	<u>Induced</u>	<u>Total</u>
<i>Spending</i>	\$1,125	\$31	\$333	\$1,491
<i>Value Added</i>	\$766	\$23	\$224	\$1,012
<i>Employee Compensation</i>	\$347	\$14	\$129	\$490
<i>Tax Revenue</i>	\$161	\$3	\$48	\$214
<i>Proprietor and other</i>	\$258	\$6	\$47	\$308
<i>Property-Type Income</i>				

SUMMARY OF IMPACT ESTIMATES PER NON-LOCAL TIER 2 TEAM

IMPACT PER TIER 1 TEAM	<u>Value-Added</u>		<u>Value-Added</u>
<u>Category</u>	<u>by Income Type</u>	<u>Category</u>	<u>by Industry</u>
Total	\$7,852	Total	\$7,852
Employee Compensation	\$4,065	Lodging	\$1,805
Tax Revenue	\$954	Food/Beverage	\$1,800
Proprietor Income	\$2,835	Retail	\$1,012

SUMMARY OF IMPACT ESTIMATES PER NON-LOCAL TIER 2 TEAM

IMPACT PER TIER 2 TEAM	<u>Value-Added</u>		<u>Value-Added</u>
<u>Category</u>	<u>by Income Type</u>	<u>Category</u>	<u>by Industry</u>
Total	\$4,745	Total	\$4,745
Employee Compensation	\$2,456	Lodging	\$1,091
Tax Revenue	\$576	Food/Beverage	\$1,087
Proprietor Income	\$1,713	Retail	\$612

SUMMARY OF IMPACT ESTIMATES PER NON-LOCAL and DAY-COMMUTING TEAMS

IMPACT PER DCT1 TEAM	<u>Value-Added</u>		<u>Value-Added</u>
<u>Category</u>	<u>by Income Type</u>	<u>Category</u>	<u>by Industry</u>
Total	\$2,615	Total	\$2,615
Employee Compensation	\$1,354	Lodging	\$0
Tax Revenue	\$318	Food/Beverage	\$599
Proprietor Income	\$944	Retail	\$337

IMPACT PER DCT2 TEAM	<u>Value-Added</u>		<u>Value-Added</u>
<u>Category</u>	<u>by Income Type</u>	<u>Category</u>	<u>by Industry</u>
Total	\$1,580	Total	\$1,580
Employee Compensation	\$818	Lodging	\$0
Tax Revenue	\$192	Food/Beverage	\$362
Proprietor Income	\$570	Retail	\$204

ECONOMIC IMPACT SUMMARY OF ROCKFORD FACILITIES (2007 through 2010)

AGGREGATE

<u>Category</u>	<u>Aggregate Impact: 2007 through 2010</u>	<u>Average Annual Impact</u>
Value-Added	\$60,990,379	\$15,247,595
Employee Comp	\$31,575,334	\$7,893,834
Tax Revenue	\$7,410,976	\$1,852,744
Proprietor Income	\$23,317,866	\$5,829,466

AGGREGATE

<u>Category</u>	<u>Aggregate Impact: 2007 through 2010</u>	<u>Average Annual Impact</u>
Value-Added	\$60,990,379	\$15,247,595
Lodging	\$11,161,314	\$2,790,329
Food/Beverage	\$13,978,648	\$3,494,662
Retail	\$8,323,816	\$2,080,954

COMPARING 2007 AND 2010: GAUGING THE SIZE OF IMPACT LOSS DUE TO TEAM DEPLETION

AGGREGATE

<u>Category</u>	<u>2007</u>	<u>2010</u>	<u>Total Difference</u>	<u>Annualized Difference</u>	<u>Fraction of Tax Investment</u>
Value-Added	\$17,575,232	\$13,160,088	\$4,415,144	\$1,471,715	73.6%
Employee Comp	\$9,098,901	\$6,813,099	\$2,285,802	\$761,934	38.1%
Tax Revenue	\$2,135,604	\$1,599,078	\$536,526	\$178,842	8.9%
Proprietor Income	\$6,655,369	\$5,059,118	\$1,596,252	\$532,084	26.6%

PROJECTED LOSS OF ECONOMIC IMPACT FROM NON-LOCAL SOCCER TEAMS

<u>Year</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	
Projected Teams	2053	1991	1922	1845	1762	1674	
Annual Loss Rate	****	3.0%	3.5%	4.0%	4.5%	5.0%	
Loss of Teams	****	62	70	77	83	88	
							<u>Averages</u>
Impact Loss	****	\$315,898	\$357,491	\$394,261	\$425,802	\$451,823	\$389,055
% of Proposed Tax Investment	****	15.8%	17.9%	19.7%	21.3%	22.6%	19.5%

PROJECTED LOSS OF ECONOMIC IMPACT FROM NON-LOCAL SOFTBALL/BASEBALL TEAMS

<u>Year</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	
Projected Teams	259	238	217	195	174	153	
Annual Loss Rate	****	8.0%	9.0%	10.0%	11.0%	12.0%	
Loss of Teams	****	21	21	22	21	21	
							<u>Averages</u>
Impact Loss	****	\$106,274	\$109,993	\$111,215	\$110,103	\$106,900	\$108,897
% of Proposed Tax Investment	****	5.8%	6.0%	6.1%	6.0%	5.8%	6.0%



Retain. Regain. Grow. Retain. Regain. Grow. Retain. Regain. Grow. Retain. Regain. Grow.

