



Institute for Senior Professionals
Northwest Florida State College

CITY of CRESTVIEW SPORTS COMPLEX FEASIBILITY STUDY

February 19, 2013

**Institute for Senior Professionals
Northwest Florida State College
100 College Boulevard
Niceville, FL 32578**

CITY OF CRESTVIEW SPORTS COMPLEX

TABLE OF CONTENTS

Section	Page
1. Introduction and Executive Summary	1
2. Market Analysis.	5
3. Site Analysis and Cost Estimate	12
4. Financial Analysis.	17
5. Economic/Fiscal Impact Analysis.	21
6. Appendices.	
7. Appendices.	
A. City of Crestview Request Letter, September 17, 2012	A-1
B. Crestview Sports Complex Demographic Info Collection Sheet, January 21, 2013	B-1
C. Climate Comparison for June – August, www.sercc.com/climateinfo/historical_fl.html	C-1
D. Minimum Advertised Rates in Crestview Area Hotels, January 29, 2013.	D-1
E. Okaloosa County Property Appraiser Parcel Map for 585 Brookmead Dr. January 7, 2013.	E-1

INTRODUCTION

Project origin. The Institute for Senior Professionals (ISP) was contacted through an intermediary by City of Crestview City Council President, Mr. Benjamin Iannucci with a request to consider a study of a proposed Sports Complex. Mr. Michael Flynt and Mr. Darrell James met with Mr. Iannucci and Mayor David Cadle to discuss the possible project and Mr. Iannucci sent a project request letter to the ISP (Appendix A).

Objective. The City request was for a feasibility study and outline business plan. If feasible, a plan would be fleshed out by the City for implementation. This report does not provide a business plan. A sports complex would be expected to generate jobs, new business, plus tax revenue for the City. It will also be available for residents use.

Method – The ISP Project Team discovered that the Walton County Tourist Development Council (WTDC) has commissioned just such a feasibility study for a sports center in South Walton County. It was prepared by Crossroads Consulting Services LLC of Tampa, Florida, and was delivered in September 2011. The study report can be viewed by going to www.visitsouthwalton.org/sports-study and clicking on the *Download: SportsComplexFeasibilityStudy Sep 6 2011* icon.

The Project Team has organized its study using the WTDC study format as a model. The heart of the study consists of these elements: 1) A Market Analysis to determine whether there is a demand for a sports complex in Crestview, 2) A site Analysis and Cost Estimate to set basic parameters for feasibility, 3) A Financial Pro Forma to organize calculations regarding feasibility, and 4) an Economic/Fiscal Impact Analysis to calculate the bottom line of feasibility. The team discovered along the way that factors other than bottom line finances also affect feasibility of the project.

Report - This study was done by these ISP Project Team members:

Michael Flynt
Darrell James
Don Litke
Pat Hollarn
Phil Hoge

The report was drafted by Michael Flynt assisted by team members. In the opinion of the team, this report accurately reflects the factors regarding feasibility of the proposed complex.

Actions taken by the Team.

A. Gaged City Council interest and expectations in interviews with Mayor Cadle, Mr. Iannucci, Council members Grandberry, Baugh, Helt, and Gordon.

B. Obtained Okaloosa TDC insight through personal contact with Mr. Daniel O'Byrne, Director of the Okaloosa Tourist Development Department (TDD) and other TDD personnel.

C. Assessed potential bed tax collector interest support indirectly in interviews with Chamber of Commerce members.

D. Assessed similar facilities in site visits and telephone interviews with Bay County TDC and City of Panama City Beach officials, City of Niceville officials, independent tournament event producers, and Chamber of Commerce officials.

E. Studied the WTDC Feasibility Study and Crestview Sports Center concept plans.

F. Estimated demand for a sports complex.

G. Estimated construction costs for the facilities that would reasonably fit on the available site.

H. Estimated economic impact of the facilities that would reasonably fit on the available site.

I. Assessed potential financing arrangements.

J. Prepared written report.

K. Coordinated the report with the ISP Directors to receive their approval, and

L. Delivered the Report to the City Council President.

EXECUTIVE SUMMARY

The City is to be commended for looking for innovative ways to provide top notch quality of life services and facilities for its residents. The idea of a sports complex that can help pay its way by hosting sports tournament play is a popular one around the region, and is being done successfully in some but not all cases. The Institute for Senior Professionals has researched operating sports complexes, interviewed field operators and event producers, read and applied lessons from nearby sports complex feasibility studies and looked carefully at the site the City has available for development at 585 Brookmead Drive. Our observations can be described by the realtor's description of the three most important characteristics of a proposed sale: Location, Location, and Location. Our findings involve location issues and fiscal feasibility.

Location Issue #1. The 17.92 acres site available at 585 Brookmead Drive is too small for successful development of any more than four softball fields. There is insufficient room for the number of other uses identified in interviews with City officials. The ball fields would be for softball and too small for adult baseball play. Not providing a venue for baseball will limit usefulness of the fields for tournament play and consequently reduce potential revenues. A number of larger softball venues are available in the region and are located near the beautiful beaches of the Emerald Coast. Competing to draw traveling teams 45-50 miles away to the north would be a major marketing challenge.

Location Issue #2. The site at 585 Brookmead Drive appears to have been used as a borrow pit and currently is used for dumping refuse. These uses present three problems. First, the site topography varies from 177' to about 210' in elevation. Ball fields must of course be level. Working with a Certified General Contractor and a site work contractor we think dirt onsite could be moved and additional dirt brought in at considerable expense to the city to achieve a playing surface of 200' elevation. Unfortunately, the sloped retaining walls on the low (south) property line would restrict the area available for playing fields and access outside the outfield fence, thus making the field too small for regulation play. Second, there is a possibility that refuse dumped on the site might contain hazardous material. A thorough inspection for environmental hazards must be conducted to avoid giving our children a contaminated play area and to successfully satisfy permitting requirements. Third, the site already has stormwater retention areas serving paved areas on site and apparently nearby. Adequate stormwater retention for new paved areas will be necessary on the property.

Location Issue #3. A successful sports complex will involve night play during the busiest season for tournaments – June through August. Success will also involve

crowds of family, friends and fans. The combination may be expected to be a problem for neighbors on the east property line whose rear fences would be under the field lights and whose back doors and windows would be only a few hundred feet from play. Legitimate complaints about noise and lights from those 8 homeowners immediately adjacent, and many more on Steeplechase Drive, Seattle Slew Court, Secretariat Drive and Courtney Lane can be expected. Mitigation of the noise and light nuisances would require moving the fields west into an area that would need significantly more cut and fill to be level, and would probably impinge on existing stormwater facilities. The cost will be significant and moving fields to the center of the site reduces the area available for concessions, team facilities (restrooms and changing areas), and most importantly, convenient parking.

Fiscal Feasibility. The location issues above all bear on the bottom line fiscal feasibility of the proposed complex. The data reviewed and contained in this report suggest that at best the proposed complex would be only marginally sustainable in normal operations after growing to a certain level of consistent annual use. Achieving that level and the requirement for a substantial influx of outside capital for construction appear to our team to be insurmountable obstacles at this time.

Conclusion. For the reasons stated here, we believe the concept of a Sports Complex has merit, but ***the available site is inadequate and we have discovered no source of construction funding***. We would recommend the City consider a long term project of procuring a much larger, more level, undeveloped, site for a Sports Complex. In some areas large landowners have donated land in hopes that the community will benefit and provide additional business. For financing, there is a possibility the Okaloosa County Tourist Development Department might be able to assist if there is a clear connection between the Sports Complex and the visitor industry. However, in our opinion additional funding is mandatory.

Finally, we have seen that successful sports complex development has often involved a community leader, a “champion” for the project who will rally support from all stakeholders and bring the project to fruition. Stakeholders are in the County, the City and sports organizations. The champion will persist until a feasible way to build the center is found. In this case, the problems with a City owned site would lead to a search for another site and another until the right one is found.

MARKET ANALYSIS

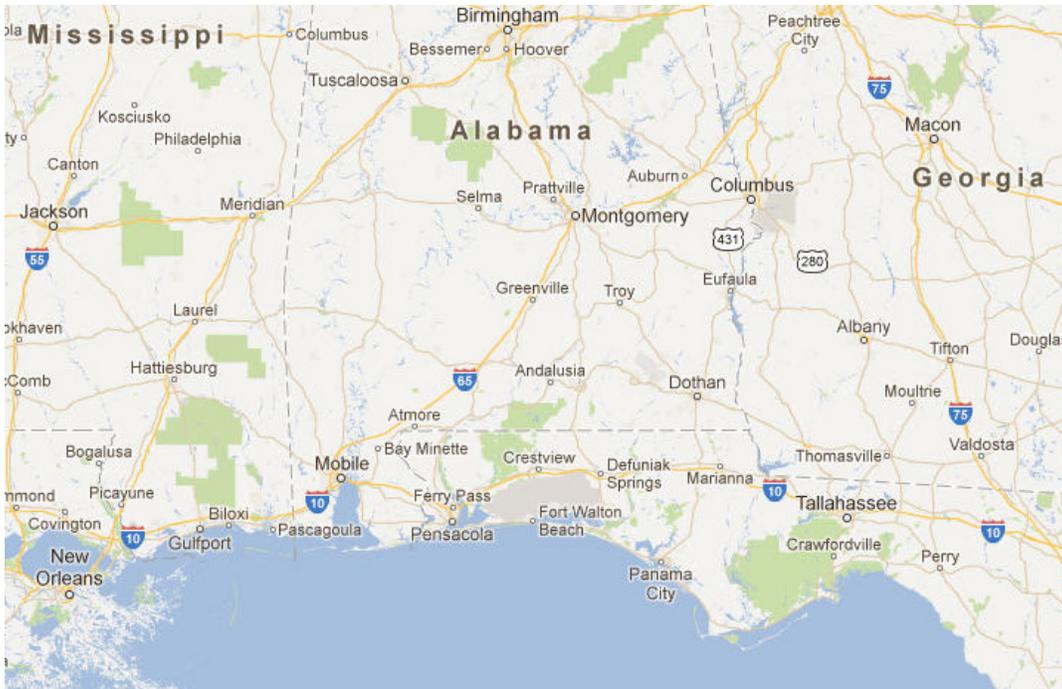
The City of Crestview is nicknamed “The Hub City” because of its location on the major east-west corridors of Interstate 10 and the CSX railroad and it is on a major north-south corridor connecting it with the beaches of Okaloosa County, communities and the numerous military facilities there. Crestview is the largest city in Okaloosa County and has experienced a 24.5% growth between 2000 and 2010. A 6% population growth is predicted for 2010 to 2014. There are nearby cities and beach communities with retail, recreation and job opportunities complementing its desirability as a place for living and raising families.

Market Overview.

The sports complex project will exist in a specific market that can be characterized by how far potential users are from Crestview. The number of potential users and the distance they must travel bear on the desirability of the proposed complex. Using a format found in a Sports Complex Study executed by Crossroads LLC for the Walton County Tourist Development Council in September 2011 (Walton County Study), this analysis will examine demographic/economic data, accessibility, availability of lodging, tourism statistics, climate, and area attractions.

Demographic/Economic Data

Examination of demographics is done on the assumption that a sufficient population of individuals who will use youth and amateur athletic facilities is necessary. Successful tournament sites will draw from an entire region within a day’s travel, so local population is relatively unimportant. The Crossroads report notes “tournament producers typically place more emphasis on accessibility, the type and quality of facilities provided and surrounding infrastructure (e.g., hotels, restaurants, attractions, retail, etc.) rather than local population, age, and income characteristics”. The Crossroads report looks at the population within 50 miles, 100 miles and 250 miles of the proposed site. This report will look at counties a major portion of their area within 50 and 100 miles of Crestview, and will use the Crossroads data for the 250 mile radius.



The key questions are:

- q Is the population sufficiently large to support a sports complex?
- q Is the targeted population growing enough to sustain a sports complex?

This section addresses those questions. Much of the analysis is based directly on the results of the Walton County TDC Sports Complex report delivered in September 2011. Demographic information of areas 50 and 100 miles from Crestview are the result of a AAA map exercise and compilation of state information sources in Florida and Alabama.

CRESTVIEW SPORTS COMPLEX DEMOGRAPHIC INFORMATION

Alabama Info: <http://cber/cba/ua.edu/asdc>

Florida Info: www.bebr.ufl.edu

Trends in Population			
	50 Miles	100 Miles	250 Miles*
2000 Census	527,958	1,917,226	9,989,606
2010 Census	599,110	2,081,310	10,788,904
2015 Projection			11,289,365
Growth 2000-2010	13.5%	8.6%	8.0%
Growth 2010-2015			4.6%

* Walton County TDC Study, Sep 2011

2010 Estimated Population by Age Calculated by County Listing						
Age Category	50 Miles		100 Miles		250 Miles*	
	Number	%	Number	%	Number	%
Under 20 Years	151,099	25%	546,693	26.2%	2,618,207	24.3%
20 – 34 Years	114,004	19%	405,133	19.4%	2,557,211	23.7%
35 – 54 Years	170,048	28%	574,040	27.5%	2,917,388	27.0%
55+ Years	162,969	27%	557,513	26.7%	2,696,098	25.0%
Total	598,120		2,083,379		2010 Est. Median Age	36.6

* Walton County TDC Study, Sep 2011

NOTE: In the AAA map exercise, any county with a significant portion within 50 and 100 miles of Crestview is listed, even if much of the county is farther than 50 or 100 miles from Crestview. (See Appendix B)

Population Growth Population growth figures for Crestview are substantially the same as in the Walton County Study. Within 100 miles of Crestview total population is growing more slowly than in Walton County. The smaller growth is probably due to a number of Crestview’s neighboring counties in Alabama having diminished in population while the Walton figures emphasize the rapid growth there. Regionally, Crestview will serve the same market so the tabulated figures are substantially the same.

Age Distribution. Interviews with sports complex producers and managers indicate that certain age groups are most likely to sustain a sports complex. Those are young people in school, and young adults up to about 35 years of age. While total population is not growing as fast as coastal areas, growth in the important sector up to 20 years old compares well regionally. Population growth figures indicate there will be a sufficient market in the future.

Area Employment Base. Diversity of the local employment base may reduce vulnerability of the local economy (including participation in a sports complex) in an economic downturn. The economic troubles of 2008 have hurt opportunity and raised unemployment rates nationally. The counties of Northwest Florida have fared better than elsewhere because our economies are based on a steady military presence, resilience of the visitor trade and diversification of businesses, especially in Crestview with it’s growing technical services based at Bob Sikes Airport. Crestview should be able to ride out future downturns based on the local economy and employment base.

Accessibility. Participants in sports events often travel as teams in private vehicles. Road accessibility is important to making a sports venue attractive. The map

above shows that Crestview is located on the main east-west Interstate highway serving North Florida, and the southern portions of Louisiana, Mississippi, Alabama and Georgia. And while there is no north-south Interstate highway running through Crestview, there are a number of good, multilane state roads serving the city and nearby points on I-10. Accessibility should be a major factor in favor of a sports complex here.

Lodging Supply. Diversity and supply of lodging facilities can be an attractant or disincentive for event participation at a sports complex. The ISP Project Team noted that the Frank Brown Park experience is that teams prefer condominium accommodations because the cost per participant can be reduced relative to a hotel or motel. We discovered only nine hotels within 15 miles of Crestview and no short term tourist condominiums. There are a number of apartments in the area, but they were not included because short visits associated with traveling teams would discourage those rentals.

Getting occupancy rate information proved very difficult. It is handled as proprietary information by the hotel owners and is not even reported to the TDC. The average occupancy number in the table below is based on a sheer estimate from a business person. Occupancy varies by month and with the seasons, so the 34.5% figure may be high or low. In absence of information from the business owners, we can use the estimated number of visitor nights from the Room Night Calculation of the Estimate of Event Activity in a later section to get an idea of how a sports complex might affect the available lodging stock. Dividing the number of additional Room Nights estimated for the four ball field complex by the total number of room nights available yields an increase in business of about 5% on average throughout the year. Barring an existing high occupancy rate from other visitors during the anticipated heavy tournament period, there should be sufficient rooms to accommodate a four field complex.

Hotel Lodging 15 Miles of Proposed Crestview Sports Complex			
Accommodation Type	Number of Establishments	Number of Rooms	Average Occupancy*
Hotels/Motels	9	Approx. 700	50 - 60%

*Haas Center, University of West Florida, telephone inquiry.

Tourism Statistics. Crestview is not known as a tourist destination. Nonetheless, to compete with other regional complexes it must offer a positive visitor experience. These elements are germane:

A. Climate. Crestview shares a relatively good climate for sports activity most of the year. It compares favorably with cities having successful sports complexes. Those cities are Panama City and Niceville. For the most active tournament period, June through August, there is a 2° F total range in average maximum temperature with Crestview the highest at 91.5° F. The average total rainfall for the same period ranges from 6.86” to 7.37” and Crestview is between those at 7.13”. There is one caution however. The Crestview site is in a depression of some 10-20 feet below the surrounding surface. Summer doldrums with little or no breeze could become quite hot, perhaps to the point of being unsafe for children, and others. (See Appendix C)

B. Area Attractions. Most attractions for young summer visitors are to the south near the Emerald Coast beaches. Visitors staying in Crestview would have a drive of 35-45 minutes to access those attractions. Visitors participating in tournaments in Crestview but staying near the beach would have the same length of trip to play.

Survey Results. The study conducted for the Walton County TDC by Crossroads LLC included their survey of potential sports complex users. It produced these findings that are relevant to this study.

A. Interest in a New Venue. Only about 50% of respondents indicated interest in using a new facility, and only when the facility fit their needs. The need for an attractive, strong identity in the relevant sport(s) would appear to be an important element in causing an organization to try a new venue.

B. Positives and Negatives. Comments of those interested in a new venue included ease of access, proximity to the beach, lodging supply, and a family friendly environment. Comments of those not interested included lack of a participant base in the area and lack of interest in the area.

National Association of Sports Commissions (NASC) – National Survey. The Walton County TDC study summarizes the results of a NASC national survey in this way:

“From a macro level, the NASC conducted a national survey in 2009 seeking input from amateur sporting event participants. On average, respondents make two overnight trips per year to participate in a sporting event. Baseball, basketball, soccer and golf were the most common sports involving overnight stays. Respondents indicated traveling to attend sporting events sponsored by individual/family public events (41%), club/travel team (39%) and school (20%).

Typical household travel parties include 3.0 people staying an average of 3.0 days and 2.4 nights in the destination. The most commonly used accommodations for overnight stays included budget hotel/motel (35%) and business hotel (35%).

Respondents indicated they travel an average of 340 miles one-way to participate in amateur sporting events. The 340 mile radius for travel is larger than in the Walton County TDC study. Nonetheless, the NASC study showed that the decision to travel to the host destination was impacted by the following attributes in order of importance: 1) significance/popularity of the event, 2) previous positive experience at destination and 3) quality of sport facility.”

Facility Requirements. Interviews, reference to the Walton County TDC study, and internet searches indicate the following characteristics are necessary for success:

A. Large Site. Sports complexes that attract league play and are fiscally sustainable are large. Frank Brown Park for example, is more than 200 acres with 11 ball fields of various types. Interviews with tournament producers and complex managers told us that the minimum viable size just for baseball or softball is 5 fields. In our opinion, the 585 Brookmead Drive site can accommodate no more than 4 softball fields.

B. Facility elements. Excellent playing surfaces, spectator seating with protection from foul balls, clean restrooms, convenient parking, protection from sun and rain, and concessions were identified as necessary. Batting cages are needed for the players, and lighting is necessary for night play. Night play is needed for entertaining the volume of teams in a typical tournament so field lighting is necessary.

Destination Attributes. Traveling sports organizations have their preferred accommodations for comfort and affordability. For outdoor sports teams in the NASC study, hotels of all kinds are preferred, with rental condominiums second. We learned that condominiums are popular on our beaches because a larger number of occupants are possible, edging out hotels/motels for affordability although rates in Crestview hotels are competitive. (See Appendix D)

Local Recreational Sports Needs. Our interviews disclosed that availability of facilities may add to opportunities for city and county residents, but traveling groups expect facilities in excellent condition. Consequently, it may be necessary to limit use to protect the quality of field conditions. Obviously, this may inconvenience local sports organizations.

Summary of Findings

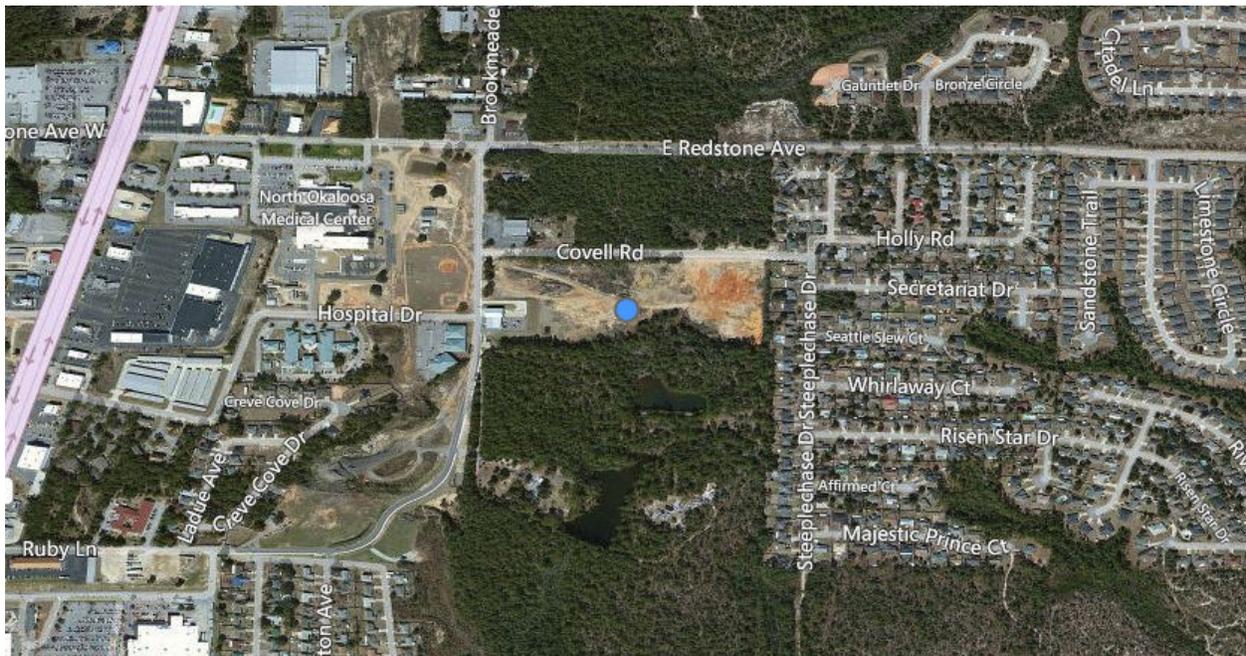
This summarizes our findings regarding the market for a sports complex:

1. Successful sports complexes have a full time producer who puts together all of the elements of events and markets them regionally.
2. Regional demographics should support a sports complex in Crestview if all other positive attributes are present.
3. The proposed city site is too small to successfully host tournament play that can generate sufficient revenue to offset operating deficits.
4. A sports complex in Crestview must offer a clear advantage for visitors in order to attract teams. Distance from the iconic Emerald Coast beaches and all of the attractions there would be a challenge to breaking even on complex operations.
5. It appears that lack of an identified source of funding for construction that does not include new taxes in the City presents an insurmountable challenge. Support from the Okaloosa Tourist Development Department has been discussed with the ISP Team, but current events have prevented pursuing that possibility at this time.
6. The limited size of the available city-owned site does not provide sufficient playing fields to successfully host tournament play.
7. The city-owned site is off the main thoroughfare (N. Ferdon Ave/SR 85) by several blocks, and it is accessed by a two lane road (Brookmead Drive). Street parking would probably cause congestion for local traffic. The danger of a youth player running into the street between parked cars presents a safety hazard. Parking on-site will involve leveling and shoring to deal with site topography.
8. Having only softball fields that may also be used for youth baseball limits the number teams that might find a Crestview site useable.
9. Lodging and dining in Crestview will probably accommodate tournament play.

SITE ANALYSIS AND COST ESTIMATE

Introduction.

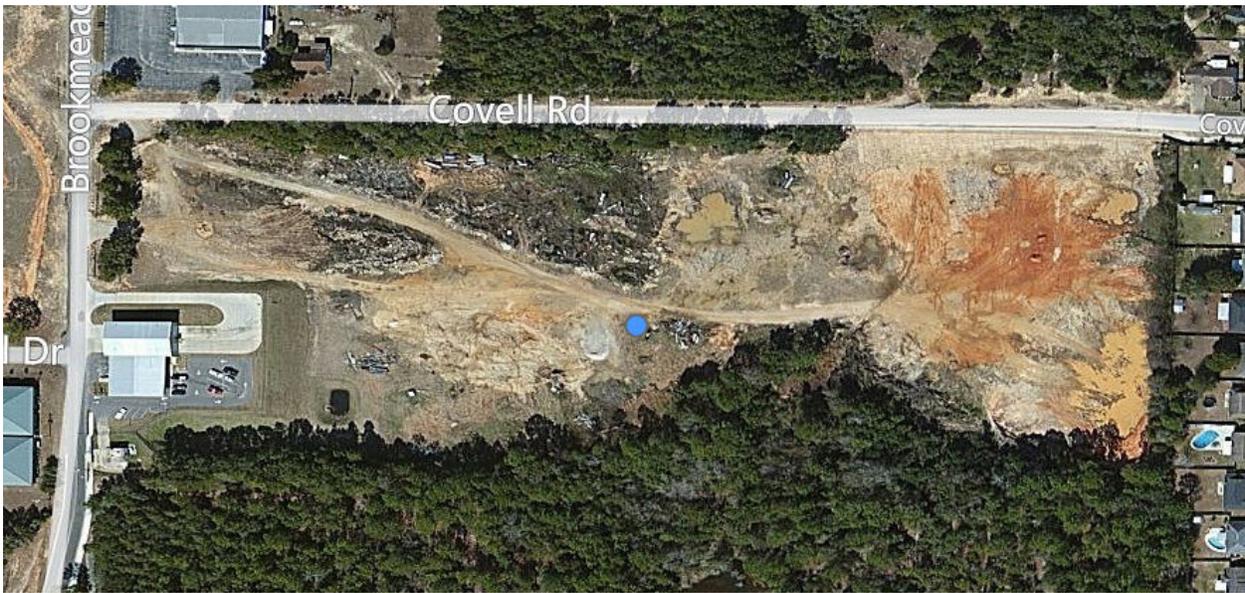
1. 585 Brookmead Drive. The City of Crestview owns the 17.92 acres at 585 Brookmead Drive. It is in use for refuse dumping, but could be developed by leveling and paving. Nonetheless, the 2.5 acres of a Public Safety building with parking leaves little more than 15 acres for a complex. This is a high level aerial view of the site.



The photograph shows proximity to SR 85 by Ruby Lane or E. Redstone Avenue both intersecting Brookmead. Access is also possible from Covell Road. Nearby uses include the North Okaloosa Medical Center between Redstone and Hospital Drive, the single-family dwelling neighborhood beginning on Steeplechase Drive, a small business and undeveloped land north of Covell Drive and the Frantangelo *et al* property on the south side with its substantial pond.

A low altitude aerial photograph is on the next page. It shows the Public Safety building on the southwest corner. That building is built on a filled parcel of approximately 2.5 acres. Slopes on its east and south sides show the area needed to make a level site at street level on Brookmead Drive. A topographic drawing provided by the City shows that the building is at about 220 feet elevation and just to its east the property line is at 177 feet. Elevations on the north and east sides average about 210 feet. With considerable filling and grading a level playing surface at 200 feet elevation on the eastern two thirds

of the whole parcel might be achieved. Note the proximity of homes on Steeplechase to the probable location of fields and night lighting.



These photographs show topography and current uses at the site.



Photographs looking west show refuse stored on site and the slopes of the fill used to raise the Public Safety building to street level at 220 feet elevation.

Site Evaluation and Ranking.

Criteria for evaluation. Comments for the 12 site evaluation criteria follow.

A. Configuration: Dimension of the site are approximately 609 X 1291 feet measured from the Property Appraisers parcel map. The 609' north-south dimension and presence of the Public Safety building and water well on the southwest corner will make getting four ball fields on site problematic because of minimum field sizes for tournament play. Here is a depiction of four ball fields superimposed on this site. It emphasizes the potential problem of fitting adequately sized fields on the narrow parcel with a fairly steep drop-off to 177 feet elevation on the south side.



B. Topography: Leveling the playing surface at 200 foot elevation will require considerable sloping on the south side to accommodate the 23' difference ($200' - 177' = 23'$). There are sizeable stormwater retention features on the east and south sides of the Public Safety building. Presumably they must be maintained while providing more stormwater storage on site.

C. Location: The site is near Interstate Highway 10 and State Road 85, but it is accessed on two lane streets Ruby Lane and E. Redstone Avenue coming off of SR 85. Those roads both intersect Brookmead Dr. that touches the parcel on the west side. Heavy traffic for tournament events can be expected to cause congestion, particularly when departing visitors are met by arriving visitors between games.

D. Zoning: Appropriate category?.

E. Conservation: The property is completely disturbed and developed. There are no Conservation lands on site.

F. Environmental issues: The south property line is shared with the Fratangelo Property that has a pond within a few feet of the line. A determination of hydric soils on the south property line is needed. In addition, the possible presence of hazardous wastes in areas used for debris and equipment storage must be addressed. A competent survey is needed, and if hazardous waste is found the waste must be removed. Both the survey and any waste removal will add to the total construction cost.

G. Appropriate adjacent land uses (Compatibility): Presence of residential properties on the east property line raises concern for nuisance noise and field lighting.

H. Parking: On street parking on two-land roads is a concern for adequate amount and the safety of visitors walking to and from the playing fields. There is undeveloped property on the north and west sides whose owners might be approached with a request for a lease for parking. However, future development of those properties would adversely affect parking adequacy.

I. Visibility: The site is well off SR 85. Construction of a high visibility Sports Complex that would provide advertising visible from main thoroughfares would be impractical.

J. Proximity to related uses (hotels, restaurants, retail, etc.). Most of Crestviews hotels and many of its dining opportunities are nearby associated with the intersection of I-10 and SR 85. Those facilities are readily accessible.

K. Potential for additional development. The available site is “land-locked” It has almost no additional space for the many amenities identified by City officials in our interviews. Adjoining parcels would have to be purchased from private owners to offer the hope of additional development.

L. Potential to enhance existing neighborhoods. It is unlikely that the four ball fields contemplated here will appreciably enhance the surrounding neighborhoods unless additional land for more amenities is obtained.

Construction Cost Estimate.

Construction. The team consulted with operators of other sports complexes to obtain a rather rough construction estimate of \$1 million to \$3 million. Fortunately, the city already owns the land so that would not be a factor. But filling and leveling a useable surface would cost at least \$250,000 according to an estimate obtained from consultation with a Certified General Contractor and a “dirt” specialist working in Okaloosa and Walton Counties. Considering the condition of the site construction cost would likely be closer to \$2 million - \$3 million.

Here is a listing of cost elements for building the Sports Complex contemplated.

A. *Planning and Permitting.* Engineering, Surveying, marking site and Permits (City of Crestview Development Order (D.O.), Department of Transportation, Department of Environmental Protection, etc.

B. *Site work.* Level site, Fill dirt, mark elevations for construction, Install utilities (water, sewer, power, communications) pave roadways and parking.

C. *Sports fields.* Layout and marking of fields to national standards, Installation of sod and irrigation system, Installation of field facilities (Fencing, dugouts, lighting, batting cages, viewing stands, etc.).

D. *Buildings.* Administration offices, meeting rooms, etc., Concession buildings and visitor rest areas and toilets, Athletes facilities (Locker/changing rooms, showers, toilets).

E. *Accoutrements.* Administration furniture and equipment, Concession building equipment (food preparation and storage, retail sales equipment, tables and seating for concession customers, Solid waste collection and recycling.

FINANCIAL ANALYSIS

FINANCIAL PRO FORMA

Local government Sports Complexes operate at a deficit. That is the strong consensus of the tournament producers and managers interviewed in this project. Their net benefit comes from new tax revenue they generate by increasing accommodation occupancy, retail and food sales, and use of local attractions. Large, intensely used complexes such as Frank Brown Park in Bay County generate sufficient tax revenues to give the City of Panama City Beach sufficient funds to cover the operating deficit. Smaller complexes such as those operated by the City of Niceville generate use fees, field rentals and concession sales that help defray the cost of operations. The city operates the complex at a deficit as a service to resident taxpayers.

Local governments and businesses other than those in the City of Crestview will benefit as much or more than the City from increased business. The City will need to reach an agreement with Okaloosa County to benefit from new commercial activity generated by a City Sports Complex. That agreement should include proceeds from the Tourist Development Department Tourist Development Tax. In Bay County their TDC collects the Bed Tax and provides sports complex operating funds as well as regular revenue to Panama City Beach. It is a significant amount because Panama City Beach depends on the sales tax paid by residents and its many visitors. It has no *ad valorem* tax.

The following presents an estimate based on the computations in the Walton County TDC Sports Complex Study by Crossroads, Inc. in 2011. The estimate here and in subsequent sections is based on the relative size of facilities proposed for Walton County and the City of Crestview. It uses figures for revenues and expenses calculated in subsequent sections. This is strictly an estimate based on a proportion of the Walton County calculations presented here to offer a reasonable estimate based on a comprehensive study made in our region.

ESTIMATE OF ANNUAL FINANCIAL OPERATIONS

Proposed City of Crestview Sports Complex Estimate of Annual Financial Operations		
Category	Range	
Net Operating Revenues	\$129,200	\$144,800
Net Operating Expenses	272,800	308,400
Net Operating Revenue over Net Operating Expenses	(143,600)	(163,600)
Reserve for Replacement	(7,752)	(8,688)
Net Operating Profit or Loss Before Taxes, Debt Service and Depreciation	(\$151,352)	(\$172,288)
Expense Coverage Ratio	47%	47%

*This format and figures extrapolated from the Walton County TDC Feasibility Study for a Sports Complex in South Walton County, September 2011.

For the complex to avoid losses for the City, business growth and tax revenues from business growth must exceed the losses shown.

NET OPERATING REVENUES*

Proposed City of Crestview Sports Complex		
Net Operating Revenue	Range	
Field Rental	\$47,600	\$53,600
Concessions	73,600	82,400
Advertising/Sponsorship	8,000	8,800
TOTAL	\$129,200	\$144,800

*This format and figures extrapolated from the Walton County TDC Feasibility Study for a Sports Complex in South Walton County.

Field Rental: Revenues generated from rental of playing fields. They may be charged per tournament, per day, per game or per hour. Different rental fees may be charged for commercial users and amateur users. Lighting, maintenance, set-up and other fees may be added depending on circumstances.

Concessions: Concessions may be handled under contract with an operator, or by personnel hired by the City. Sales will vary based on many factors including participants bringing in their own food and drink. As a rule of thumb participants may be expected to spend \$1.00 per attendee day.

Advertising and Sponsorship: Signage on the playing fields will likely be available for advertising by local business or any organization targeting the sports complex users. Businesses, civic groups, and leagues may sponsor events by defraying some amount of the field rental and other fees.

NET OPERATING EXPENSES

Proposed City of Crestview Sports Complex		
Net Operating Expenses	Range	
Salaries and Wages	\$68,800	\$80,800
Benefits	24,000	28,400
Utilities	64,000	70,000
Repairs and Maintenance	50,000	54,000
General, Administrative and Other	46,000	53,200
Marketing	20,000	22,000
TOTAL	\$272,800	\$308,400

*This format and figures extrapolated from the Walton County TDC Feasibility Study for a Sports Complex in South Walton County.

Salaries and Wages: This figure may vary quite a bit. Use of full-time employees (FTE) or part-time employees can affect the amount paid. The Crestview complex will require a minimum of three full time equivalent employees during tournament season, fewer in the “shoulder seasons”. Salaries and wages may be significantly higher when the City hires a professional event promoter who will assure maximum usage of the facility.

Benefits: Healthcare and retirement contributions generally add about 35% of the salaries and wages paid.

Utilities: Utilities include water, sewer, and electricity.

Repairs and Maintenance: This includes outside labor, equipment and materials to keep the field and grounds in top shape. Condition of the complex is key to building return customers.

General, Administrative and Other: This item includes office supplies, equipment replacements, insurance, travel, communications services, technology, postage, memberships, etc.

Marketing: Establishing a new venue as a desired destination will require advertising and personal contacts to sign up the various sports leagues that conduct regional sports events. Marketing must be maintained to replace customers that move on to new venues.

Other Expenses Not Tabulated:

- *Reserve for replacements and improvements.* Reserves are needed to replace unusable items and to make improvements. Typically 6% of operating revenues should be put in reserve.
- *Taxes, Grounds Lease, Debt Service, and Depreciation.* This study assumes the land and facilities are paid in full and are not subject to *ad valorem* taxes.

ECONOMIC/FISCAL IMPACT ANALYSIS

Benefits Expectations.

Initial interviews with City officials identified these potential benefits to the City of a regional sports complex: 1) Increase total City amenities to become a regional destination for visitors, 2) Attract visitors during slack periods of the year, 3) Increase quality of life for residents by providing new sports and entertainment opportunities, 4) Increase local business activity to the benefit of business owners, and 5) Increase city tax receipts based on increased business activity.

Methodology.

The analysis consists of 1) calculations to quantify direct spending generated by the Sports Complex, 2) an estimate of indirect and induced economic impact of the Sports Complex, and 3) addition of direct, indirect and induced impacts to reach a Total Economic Impact.

Implementation of the Method.

1. *Direct Spending.* This is the initial change in spending that happens as a direct result of operations of the proposed sports complex. Direct spending is associated with facility expenses such as salaries and wages, utilities, facility operations and marketing. It also accounts for the direct spending of complex attendees, families and fans.

2. *Indirect and Induced Impacts.* Indirect impacts are created by increased demand for goods and services across the local economy related to the increase in direct spending generated by the new complex. Indirect impacts can result in an increase in local jobs. Induced effects are increases in household income produced by new direct and indirect spending, they describe the effects of the spending changes.

3. *Multiplier Effect.* This is a method of estimating additional impact of changes in spending in a local economy. It is based on studies of business segments such as utilities, entertainment, eating out, transportation, new construction and services in general. The Minnesota IMPLAN Group (MIG) has calculated multipliers that are used across the business sector to estimate a grand total of the economic impact of new (or disappearing) business. IMPLAN stands for **I**mpact Analysis for **P**lanning. The MIG standards were used in the WCTDC study and are reflected here as well. The multiplier is applied to new direct spending.

4. *Total Economic Impact.* The MIG model was applied to the WCTDC data and reported by Crossroads. This report uses a proportion of the Walton County numbers to estimate total impact of on-going operation. The same kind of estimates can be made for sports complex construction, although it is not done in this report.

Fiscal Impact Analysis.

Annual Economic Impacts Generated by On-Going Operations. The result of calculation of factors identified above are reflected here:

City of Crestview Proposed Sports Complex ESTIMATED ECONOMIC IMPACTS FROM ON-GOING OPERATIONS*		
Spending Category	Range	
Direct Spending	\$4,432,000	\$4,810,000
Indirect/Induced Spending	1,862,800	2,020,800
Total Spending	\$6,294,800	\$6,830,800
Total Jobs	68	72
Total Earnings	\$2,179,200	\$2,366,000

*This format and figures extrapolated from the Walton County TDC Feasibility Study for a Sports Complex in South Walton County.

NOTE: The impacts here cover Okaloosa County inside of and outside of the City of Crestview. Calculation of direct benefit to tax revenues in the city are not attempted in this study because we have no way to break them out from County revenues. Use of the Bed Tax to develop the complex was proposed to the City, so it will be addressed.

Estimated Annual Fiscal Impacts (Tax Revenues).

Tourist Development Tax. Okaloosa County imposes a 5% Tourist Development Tax on residential rentals of less than 6 months. A Mr. Wing spoke to a Workshop Meeting of the Crestview City Council on March 5, 2012. In discussions he stated that after some research a Bed Tax of 2% in a special district in the City of Crestview would generate about \$230,000 annually. A 1% tax would generate half of that (\$115,000). The rate would not exceed the 2%, but could be less as set by the Board of County Commissioners. The March 5, 2012 meeting transcript indicated an extra 2% or 1% tax would be added to tourist rentals in the Crestview area. A 2% price increase might be

considered unreasonable by Crestview area hotel owners. This is a detail that must be addressed by the City before a project funded by the Tourist Tax could go forward.

Covering Operating Deficits. The Estimate of Annual Financial Operations above showed a loss range of about \$151,000 to \$172,000. At 1% the Bed Tax would not cover the operating deficit and it would only barely cover it at 2%. The tenuous nature of the figures used in this study, and the importance of not operating at a loss would necessitate a professional financial study. It would better predict whether the bed tax could cover operating deficits. Additionally, operation of the TDC and TDD requires annual investment, so there is no concrete assurance the entire benefit from the Bed Tax would accrue to Crestview. Indeed, some of the tax would be collected outside of city limits and might not accrue to the City of Crestview at all. Paying off on a \$2 million construction bill might take many years, and might not be possible.

Bottom Line. Without construction costs being covered by an outside source it appears that the Sports Complex is not fiscally possible in present circumstances. Unfortunately, the Project Team could find no private company that would build and operate a sports complex at no expense to the local government. Companies we found that offered sports complex development services asked the local government to identify their financing institution. A small site such as 585 Brookmead Dr. offers no realistic opportunity for expansion based on success of initial operations. Such a site must be subsidized by local taxpayers as in other cities in the region.

APPENDICES.

- A. City of Crestview Project Request Letter to ISP, September 17, 2012.
- B. City of Crestview Sports Complex Demographic Info Collection Sheet. January 21, 2013.
- C. Climate Comparison for June – August.
- D. Minimum Advertised Rates in Crestview Area Hotels, January 29, 2013.
- E. Okaloosa County Property Appraiser Parcel Map for 585 Brookmead Dr. January 17, 2013.



CITY OF CRESTVIEW

OFFICE OF COUNCIL PRESIDENT

BENJAMIN J. IANNUCCI, III

P.O. Drawer 1209, Crestview, Florida 32536

Phone (850) 683-0987 Fax (850) 689-4575

September 17, 2012

Dear Members of the Institute for Senior Professionals:

I am submitting this letter of Request for Service regarding a concept for economic growth for the City of Crestview and the County of Okaloosa. In an attempt to develop tourism in the City of Crestview, and to increase quality of life for our patrons as well as those in Okaloosa County, I am proposing the development of a Sports Complex within the City Limits of Crestview. This development would house our park and recreation department and sustain travel leagues from all around the state and neighboring states in sports such as softball, baseball, football, soccer, etc. This Sports Complex will have baseball fields, softball fields, basketball courts, football and soccer fields, a public swimming pool, an amphitheater, and other fine arts amenities for all ages, youth and adult.

Due to the lack of such facilities in the surrounding area and within Okaloosa County this complex would be an icon for the entire Northwest Florida Panhandle and would generate revenue for our hotel industry, restaurant industry and parks and recreation capabilities for the City of Crestview. The revenue generated from this complex would be felt by small business owners, the municipality, and tourism and hotel chains alike while increasing jobs in the City of Crestview at the complex and surrounding business due to the increase in customers it would support.

What I ask of the ISP is to assist the City of Crestview with developing a feasibility study of such a complex and developing a business plan as well. This is a large project, but one that I believe will be beneficial to all parties and will bring economic growth to the tri-county area. We want this done right, and that's where we need your help. If the ISP should agree to assist us in this manner, please provide a brief description as to the level of assistance you may be able to provide. Once received, I will take the proposal to the City Council for approval to move forward. Thank you for your time and your willingness to accept our proposal.

Sincerely,

 Invalid signature

X Benjamin j. Iannucci III

Benjamin J. Iannucci, III
President

CRESTVIEW SPORTS COMPLEX DEMOGRAPHIC INFO COLLECTION SHEET

21JAN13

Alabama Info: <http://cber/cba/ua.edu/asdc>

Florida Info: www.bebr.ufl.edu

Trends in Population			
	50 Miles	100 Miles	250 Miles*
2000 Census	527,958	1,917,226	9,989,606
2010 Census	599,110	2,081,310	10,788,904
2015 Projection			11,289,365
Growth 2000-2010	13.5%	8.6%	8.0%
Growth 2010-2015			4.6%

* Walton County TDC Study, Sep 2011

Alabama – 50 Mi.	2000	2010	U-19	19-34	35-54	55+
Coffee	43,615	49,948	13,317	9,972	13,415	13,244
Conecuh	14,089	13,228	3,421	1,971	3,509	4,327
Covington	37,671	37,765	9,502	6,071	10,169	12,023
Escambia	38,440	39,319	9,708	7,246	10,825	10,540
Geneva	25,764	26,790	6,684	4,359	7,368	8,379
Total 50 Mi.	159,579	167,050	42,632	29,619	45,286	48,513

Alabama – 100 Mi.	2000	2010	U-19	19-34	35-54	55+
Baldwin	140,415	182,265	46,283	30,405	50,474	55,103
Barbour	29,038	27,457	6,674	5,612	7,646	7,525
Bullock	11,714	10,914	2,713	2,266	3,059	5,935
Butler	21,399	20,947	5,579	3,697	5,357	6,314
Clarke	27,867	25,833	7,111	4,138	7,174	7,410
Crenshaw	13,665	13,906	3,685	2,229	3,909	4,083
Dale	49,129	50,251	13,749	10,709	13,121	12,672
Dallas	46,365	43,820	12,908	7,694	11,535	11,683
Henry	16,310	17,302	4,290	2,691	4,629	5,692
Houston	88,784	101,547	27,408	18,852	27,981	27,306
Lowndes	13,473	11,299	3,082	1,876	3,177	3,164
Mobile	399,843	412,992	115,728	82,761	111,392	103,111
Monroe	24,324	23,068	6,517	3,590	6,264	6,697
Montgomery	223,510	229,363	63,460	51,589	61,099	53,215
Pike	29,605	32,899	8,836	8,802	7,430	7,831
Washington	18,097	17,581	4,972	2,844	4,854	4,911
Wilcox	13,183	11,670	3,488	1,846	3,014	3,322
Total 50 + 100 Mi.	1,166,721	1,233,114	336,483	241,601	332,115	325,974

Florida – 50 Mi.	2000	2010	0-19	20-34	35-54	55+
Okaloosa	170,498	180,822	45,105	38,673	50,423	46,621
Holmes	18,564	19,927	4,762	3,626	5,483	6,056
Santa Rosa	117,743	151,372	40,137	27,466	45,728	38,041
Walton	40,601	55,043	12,554	9,883	15,834	16,776
Washington	20,973	24,896	5,909	4,737	7,294	6,962
Total 50 Mi.	368,379	432,060	108,467	84,385	124,762	114,456

Florida – 100 Mi.	2000	2010	0-19	20-34	35-54	55+
Bay	148,217	168,852	41,529	33,774	48,089	45,460
Calhoun	13,017	14,625	3,478	2,887	4,225	4,035
Gulf	14,560	15,863	2,858	3,286	4,939	4,780
Jackson	46,755	49,746	11,246	9,581	14,624	14,295
Total	222,549	249,086	59,111	49,528	71,877	68,570

2010 Estimated Population by Age Calculated by County Listing						
Age Category	50 Miles		100 Miles		250 Miles*	
	Number	%	Number	%	Number	%
Under 20 Years	151,099	25%	546,693		2,618,207	24.3%
20 – 34 Years	114,004	19%	405,133		2,557,211	23.7%
35 – 54 Years	170,048	28%	574,040		2,917,388	27.0%
55+ Years	162,969	27%	557,513		2,696,098	25.0%
Total	598,120		2,083,379		2010 Est. Median Age	36.6

* Walton County TDC Study, Sep 2011

NOTE: County selection procedure was an AAA map exercise. Any portion of a county within 50 and 100 miles of Crestview is listed, even if a significant portion of the county is farther than 50 or 100 miles from Crestview.

50 Mile Radius				
	0-19	20-34	35-54	55+
AL	42,632	29,619	45,286	48,513
FL	108,467	84,385	124,762	114,456
50 Mile Total	151,099	114,004	170,048	162,969
100 Mile Radius				
	0-19	20-34	35-54	55+
AL	312,758	224,124	309,868	301,719
FL	59,111	49,528	71,877	68,570
50 Mile Total	151,099	114,004	170,048	162,969
100 Mile Total	522,968	387,656	551,793	533,258

Climate Comparison for June – August

	Average Maximum Temperature	Average Total Rainfall
Crestview	91.5° F	7.13"
Panama City	89.5° F	6.86"
Niceville	90.1° F	7.37"

Source: The Southeast Regional Climate Center, University of North Carolina, Chapel Hill, NC.

www.sercc.com/climateinfo/historical_fl.html

CRESTVIEW FAA AIRPORT, FLORIDA (081986) 1971-2000 Monthly Climate Summary

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
Average Max. Temperature (F)	60.6	66.0	72.5	79.2	85.3	90.3	92.3	91.8	88.3	79.8	69.0	63.8	78.5
Average Min. Temperature (F)	37.4	41.8	47.1	53.0	60.3	67.4	70.8	70.3	66.1	54.4	44.1	40.1	54.6
Average Total Precipitation (in.)	6.44	5.95	6.66	5.11	5.43	7.42	7.71	6.25	4.77	3.38	4.02	4.35	67.48

PANAMA CITY 2, FLORIDA (086841) Period of Record: 7/ 1/1948 to 12/31/1971

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
Average Max. Temperature (F)	64.3	66.3	71.4	78.6	85.5	89.9	90.7	90.9	87.9	80.8	71.1	65.2	78.6
Average Min. Temperature (F)	44.0	45.9	50.5	58.0	64.8	71.0	73.4	73.1	69.6	60.5	49.7	44.9	58.8
Average Total Precipitation (in.)	3.18	4.62	4.94	3.82	2.21	4.90	7.48	8.19	6.25	3.66	3.64	4.65	57.55

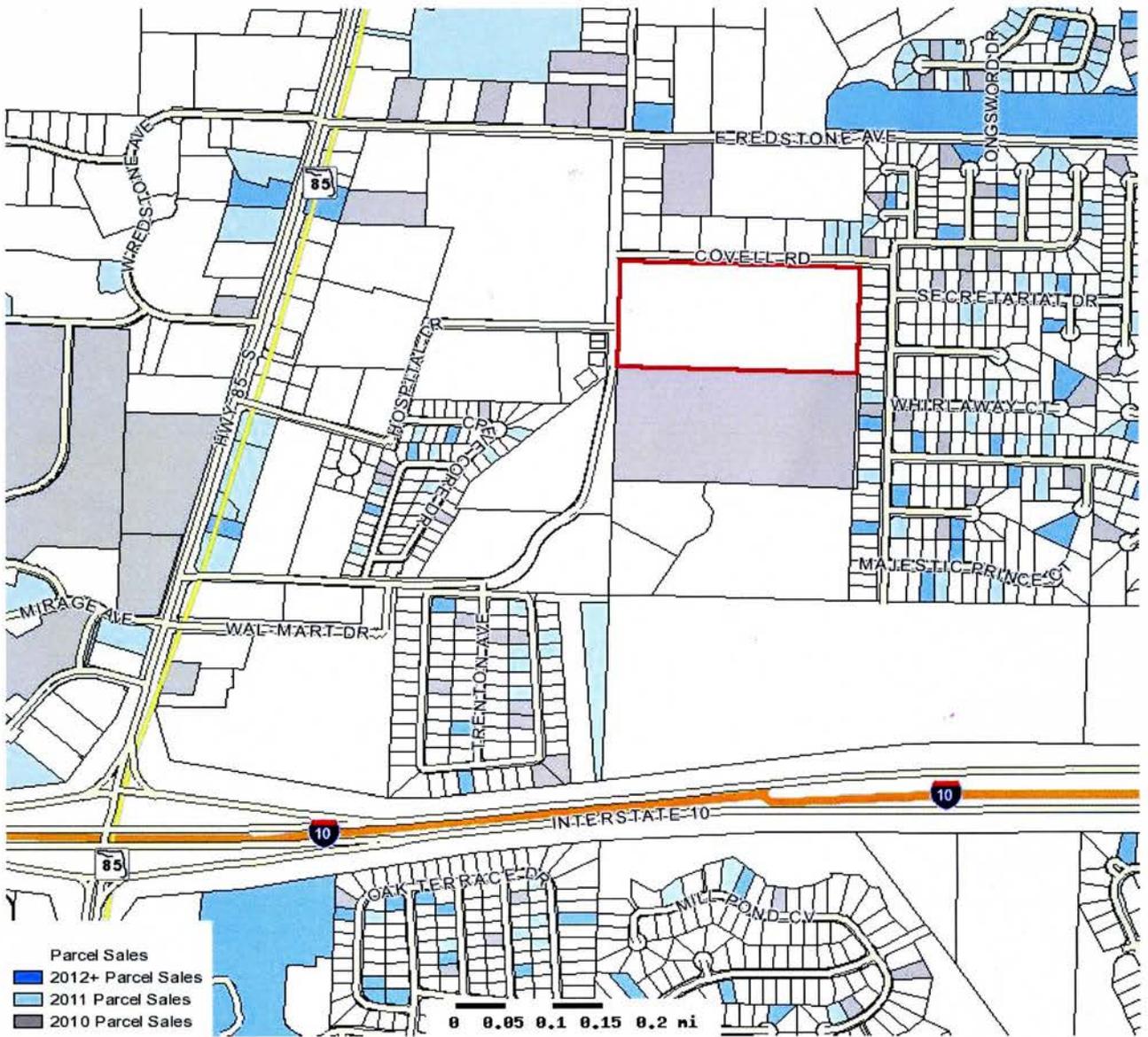
NICEVILLE, FLORIDA (086240) Period of Record: 2/ 1/1927 to 4/30/2012

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
Average Max. Temperature (F)	61.5	64.1	70.0	77.2	84.0	89.3	90.4	90.5	87.4	80.6	71.2	63.9	77.5
Average Min. Temperature (F)	38.0	40.0	46.0	53.3	61.0	68.4	71.1	70.8	66.7	55.2	45.7	40.0	54.7
Average Total Precipitation (in.)	4.64	4.89	5.47	4.66	3.86	6.11	8.78	7.21	6.78	3.94	3.81	4.74	64.88

Crestview Sports Complex Project
MINIMUM ADVERTISED RATES IN CRESTVIEW AREA HOTELS
January 29, 2013

Hotel	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Baymont*	\$79.95	\$84.95	\$84.95	\$84.95	\$94.95	\$89.95	\$135.29	\$79.95	\$79.95	\$79.95	\$79.95
Comfort Inn	74.99	89.99	89.99	89.99	109.99	109.99	89.99	89.99	89.99	74.99	74.99
Econo Lodge	64.95	64.95	64.95	64.95	69.95	69.95	69.95	69.95	69.95	69.95	69.95
Holiday Inn Express	94.84	100.31	100.31	100.31	100.31	100.31	99.40	99.40	99.40	99.40	99.40
Super 8*	64.95	64.95	64.95	64.95	64.95	64.95	64.95	64.95	64.95	64.95	64.95
AVERAGE	\$75.94	81.03	81.03	81.03	88.03	87.03	91.92	80.85	80.85	79.65	79.65

- *Advance purchase discount is 15%.
- Based on 2 adults and two children.
- Rates night of the second Saturday of the month.
- Annual average ranges from \$75.94 to \$91.92.



Okaloosa County Property Appraiser

Parcel: 28-3N-23-0000-0011-0000 Acres: 17.92

Name:	CITY OF CRESTVIEW	Land Value	224,722
Site:	585 BROOKMEAD DR	Building Value	294,329
Sale:	\$1,640 on 01-1977 Vacant=Y Qual=U	Misc Value	52,617
Mail:	198 WILSON N CRESTVIEW, FL 325360000	Just Value	571,668
		Assessed Value	571,668
		Exempt Value	571,668
		Taxable Value	0



The Okaloosa County Property Appraiser's Office makes every effort to produce the most accurate information possible. No warranties, expressed or implied, are provided for the data herein, its use or interpretation. The assessment information is from the last certified taxroll. All data is subject to change before the next certified taxroll. PLEASE NOTE THAT THE PROPERTY APPRAISER MAPS ARE FOR ASSESSMENT PURPOSES ONLY NEITHER OKALOOSA COUNTY NOR ITS EMPLOYEES ASSUME RESPONSIBILITY FOR ERRORS OR OMISSIONS —THIS IS NOT A SURVEY—
Date printed: 01/07/13 : 00:37:44