

Developing a Multipurpose Indoor Sports Complex for Wake County

RFP #19-087

January 16, 2020

Submitted by **TOWN of CARY**
NORTH CAROLINA





OFFICE OF THE MAYOR

TOWN *Of* CARY

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January 15, 2020

Dear Members of the Joint Evaluation Team:

On behalf of the Cary Town Council and the more than 170,000 people from all over the world who call Cary home, please find our proposal to add a multiuse indoor sports complex to the portfolio of venues and attractions that help ensure the economic vitality of Wake County.

Our submittal is consistent with the recommendations of the Wake County Destination Strategic Plan and comes with the full and robust support of the Town Council and our staff.

Cary has been blessed with a unique, celebrated, and unmatched track record for building, maintaining, programming, and promoting three outstanding outdoor sports venues, and we believe our people, reputation, partnerships, location, and resources combine to create the ideal project for this interlocal funding opportunity.

The bottom line is that you and the citizens of Wake County can count on Cary to be an effective partner and to deliver as we always have.

We appreciate your consideration of our proposal and look forward to presenting our ideas to you in person next week.

Best regards,

A handwritten signature in black ink, reading "Harold Weinbrecht, Jr.", written in a cursive style.

Harold Weinbrecht, Jr.
Mayor

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1.0 Executive Summary



The Town of Cary (Cary) has been a regional leader in the development and management of recreational venues for more than two decades. Through these efforts, Cary has helped attract regional and national level youth, collegiate, and amateur sports events that drive overnight visitation to Wake County.

Given this track-record of success and its competitiveness as a destination for sports tourism, Cary proposes to finance, construct, operate and maintain a multipurpose indoor sports complex with the primary purpose of attracting and hosting new youth, collegiate, and amateur sports events to Wake County. The facility would be programmed to serve as one of the venues within the countywide sports complex recommended in the Wake County Destination Strategic Plan (DSP) and contribute to the area's strong quality of place.

Why Cary

The following response describes why Cary believes it is the strongest candidate to take on this initiative. The response articulates our plans to make the necessary capital investments with support from Interlocal Funds to create a facility that will help increase overnight visitation and extend the area's brand as a hub for youth and amateur sports.

Our value proposition to partner with Wake County on the facility is three-fold:

- **Fiduciary Stewardship**

Cary has maintained a AAA bond rating since 2001, reflecting Cary's commitment to using public dollars wisely and for the highest and best use. The Town's stewardship of countywide sports assets such as the Cary Tennis Park, USA Baseball National Training Center and WakeMed Soccer Park are additional examples of its ability to maintain and grow facilities and provide uses that touch both the local community and visitors.

- **Operational Management**

Cary was named the 2016 Gold Medal Award winner for Excellence in Park and Recreation Management by the American Academy for Park and Recreation Administration. In partnership with the National Recreation and Park Association, the award program honors communities that "demonstrate excellence in parks and recreation through long-range planning, resource management, volunteerism, environmental stewardship, program development, professional development, and agency recognition." Cary is committed to continuing this excellence in the approach that we take to build, manage and market the proposed facility.

Coupled with high-quality facilities, Cary prides itself on the superior service it offers visitors. Cary has managed over 60 major sports championships and consistently delivers the highest level of customer support to create an exceptional user experience.

- **Contributing Partner**

Cary understands that the primary goal of the facility and the impetus for support from the Interlocal Fund is for the planned facility to fill gaps in the county's sports tourism product identified in the DSP. We have developed the proposed programming for the facility to meet the minimum requirements of the RFP and to allow the Greater Raleigh Sports Alliance (GRSA) and partners in Wake County to bid for tournaments and activities that do not fit easily into existing venues. The intent is for the facility to be *complementary* to the existing inventory of venues. The end-result will be to increase the number of *new* sports tourism events that drive overnight visitation to the County rather than merely transferring existing activity from another location within the County.

Experienced Team

Cary Parks, Recreation & Cultural Resources Department would be the lead team in constructing, operating, and maintaining the facility. As evidenced by its management of the numerous sports and recreation focused facilities and its partnership in numerous successful bids with the GRSA to bring sports tourism to Wake County, Cary’s project team is well-trained and experienced with successfully managing large projects of this character and scale.

The project team will oversee planning and design and will serve as the project manager for construction and completion of the project. Cary will manage the facility and work in partnership with GRSA to attract sports events and tournaments of the scale to drive overnight visitation.

Doug McRaine, Director of the Cary Parks, Recreation & Cultural Resources Department will be the primary engagement contact for the project. Doug can be reached at doug.mcrainey@townofcary.org or 919.469.4066.

Figure 1: Rendering of Facility (Option 1) within Cary Towne Center Mall Redevelopment Site



Facility Summary

Cary proposes to finance, build and operate a unique and dynamic indoor sports facility that would fill this product gap and allow the GRSA and partners within the region to target tournaments of a size and caliber that would extend the region’s brand as hub for youth sports and increase overnight visitation to Wake County.

The facility would feature court space to accommodate 12 basketball courts (20 volleyball courts). It is designed for maximum flexibility, with half of the court space convertible to an arena with a 4,000 seat capacity.

In addition to competitive space, the facility will feature best-in-class amenities with both the athletes and spectators in mind.

Total Facility Size	239,000 SF
Projected Construction Cost	\$ 72.3 million
Total Project Cost	\$ 193.0 million

Year 5 Visitor Projections

Out-of Market Tournament Use	67 tournaments
Projected Overnight Visitors	161,400
Projected Day Visitors	47,500

Other Amenities

- | | |
|----------------------|----------------------|
| • On-site Restaurant | • Elevated Mezzanine |
| • Gathering Space | • Ample Parking |

2.0 Scope of Project



Sports tournaments and events have the potential to create a sizable positive economic impact on the community. Like meeting and conference attendees, when athletes and spectators travel to Wake County for a sporting event, they will need lodging and food which drives spending at local hotels and restaurants and contributes to the area's room occupancy and prepared food and beverage taxes.

In the last ten years, the number and size of indoor sports venues that have come on-line have increased dramatically, following the exponential growth of the youth sports economy in general. (Wintergreen Research estimates that the current industry is roughly \$15 billion a year.) To be competitive in attracting activities that will drive substantial numbers of overnight visitation, facilities catering to this competitive market must differentiate themselves and provide a host of ancillary amenities that will draw the attention of sports organizers.

As discussed in the DSP, while Wake County has a strong brand as a host for amateur and youth sports competitions and tournaments, it is not currently competitive in attracting tournaments for indoor sports given the lack of a suitable venue. Several smaller venues exist within the County, however, none have the appropriate size and flexibility to host the types of high-level national and regional tournaments that have substantial impact on drawing overnight visitors and producing visitor spend.

While the Raleigh Convention Center successfully hosts "mega" tournaments such as the City of Oaks Challenge, the region is not as competitive in attracting smaller, yet still impactful tournaments requiring less of a footprint and/or specialized programming that would be cost-prohibitive in a convention center or arena setting.

Filling the Gap

Cary proposes to finance, build and operate a unique and dynamic indoor sports facility that would fill this product gap and allow the GRSA and partners within the region to target tournaments of a size and caliber that would extend the region's brand as hub for youth sports and increase overnight visitation to Wake County.

In keeping with Wake County's brand of providing high-quality sporting facilities that offer an excellent user experience and Cary's focus on being a strong fiscal steward, the proposed facility aims to be best-in-class with the type and mix of programming to draw highly competitive out-of-market tournaments and activities that will provide increased visitation and visitor spending to the County. Figure 6 (page7) and Appendix B summarize the two potential options for the proposed facility elements and floor plan.

The level of flexibility and differentiation envisioned to make the facility competitive for regional and national level youth, collegiate, and amateur sports events that drive overnight visitation to Wake County will come at substantial, added capital costs. Hence, Cary is submitting this proposal to be awarded Interlocal funds to help support the overall financing for the new venue.

As described in Section 5, Cary has developed a high-level operating plan for the facility to ensure that it can meet the dual purpose of attracting and hosting out-of-market tournament play and addressing community needs. The projections that are presented in the operating plan are supported by market research involving one-on-one interviews with tournament organizers to validate the level of demand reflected in the financial reporting.

The plan envisions that activity in the facility will greatly contribute to the costs to operate the facility over time. Within this operating plan, Cary will be responsible for the operations, financial requirement and on-going maintenance of the facility.

Cary acknowledges and supports the Wake County Room Occupancy and Prepared Food and Beverage Operating Principles. This facility demonstrates consistency with the principles, for example this well planned facility would drive measurable, regular overnight visitation to fill a known gap in facility capacity and be operated by a proven organization with expertise in event management. The facility would complement existing facilities and fulfill economic development goals and enhance quality of life experiences for both

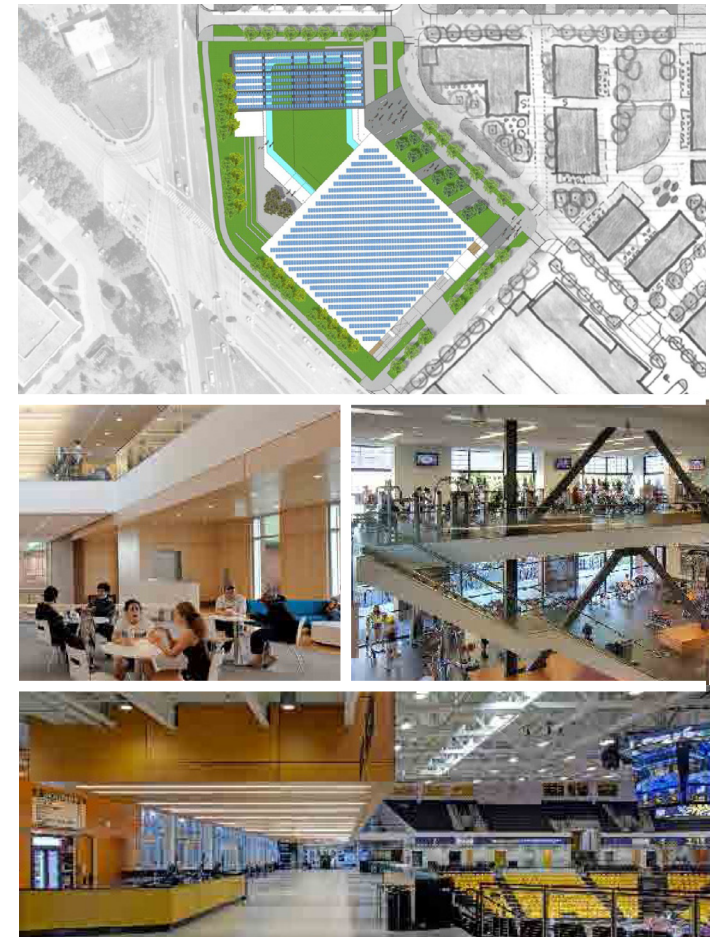
visitors and citizens. The partnership designed to build, operate and market the facility leverages the strength in skill-sets across the stakeholders in the County. These principles are consistent with Cary's mission statement and statement of values that apply to all of our work to serve our citizens directly and indirectly. Cary's mission statement and statement of values are included as Appendix A.

With the support provided by the Interlocal funds and in partnership with the GRSA to help market and sell the facility, Cary is confident the proposed facility will achieve the goal of increasing overnight visitation to the County and also offer a new quality of place amenity for the County's residents during non-tournament times.

Figure 2: Facility Elements

Programming has been designed to include all facility requirements requested by Wake County.

- 100,000 square feet for central competition space
- 12 full-sized basketball courts (convertible to 20 full-sized volleyball courts)
- Capability of transforming portion of central competition space into a small arena with seating for at least 4,000 for championship games, non-sports performances, or other uses
- 25,000 square feet of multipurpose space for event support, tournament meetings, exhibit space, walk-throughs, etc.
- Dedicated room/meeting space for E-sports practice that is wired and equipped to meet all E-sports technical requirements.
- 4 full-sized team locker rooms with showers; separate locker rooms for officials
- Full-service restaurant and concession capability on site
- Commercial kitchen space for events and catering
- Dedicated space for box office/ticketing
- Dedicated office space for facility operations
- 25,000 square feet of storage space for all sports equipment and supplies.
- Sufficient open space and outdoor space for family and team gathering and ancillary activities between games and sessions
- Elevated mezzanine/walkway space for viewing competitions
- Load-in/Load-out access doors; separate team/participant entrance & check in area
- Sports trainer/medical room
- Plan for sufficient parking and parking flow
- Child Care space
- Weight room / workout facilities
- Walking track



Top: Site plan; Middle: Lobby, foyer; Bottom: Street level entry

Facility Location

Town Council approved the rezoning of Cary Towne Center Mall in December of 2019. The site is located at the intersections of Cary Towne Boulevard, SE Maynard Road and Walnut Street. The proposed mixed-use development project includes up to a 1.2 million square feet of office, 360,000 square feet of commercial, 1,800 residential units and 450 hotel rooms on approximately 87 acres (Figure 3)

The rezoning proposes to create a grid street network that will accommodate various modes of travel including vehicles, pedestrians, bicycles and transit. The street network will redevelop the centrally located mall building and surrounding surface parking into development blocks which will connect office, commercial, civic and residential uses in a walkable format.

Cary has worked closely with the developers of Cary Towne Center during the past two years to secure a site for the facility. Cary is proposing two options for the location of the multipurpose indoor sports complex:

- Option 1 - at the intersection S.E. Maynard and Walnut Streets (Figure 4; see Figure 6 for proposed floor plans)
- Option 2 is at along Walnut Street (Figure 5, see Appendix B for proposed floor plans)

Figure 3: Cary Towne Center Mall Redevelopment Plan

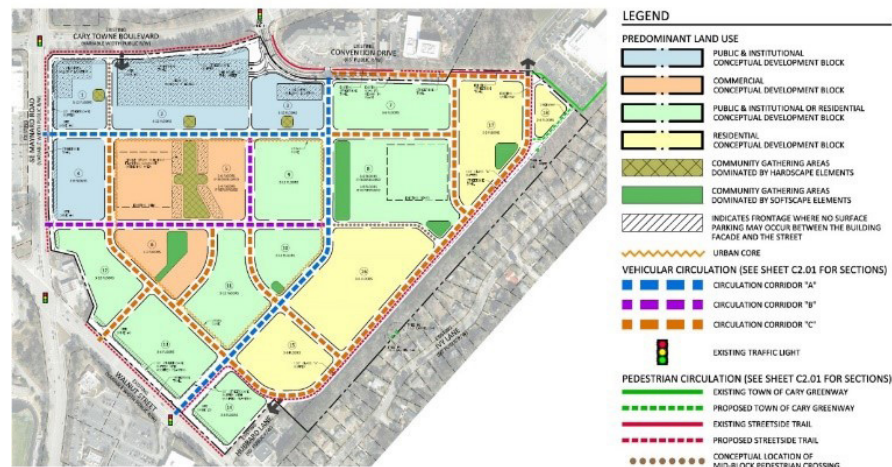
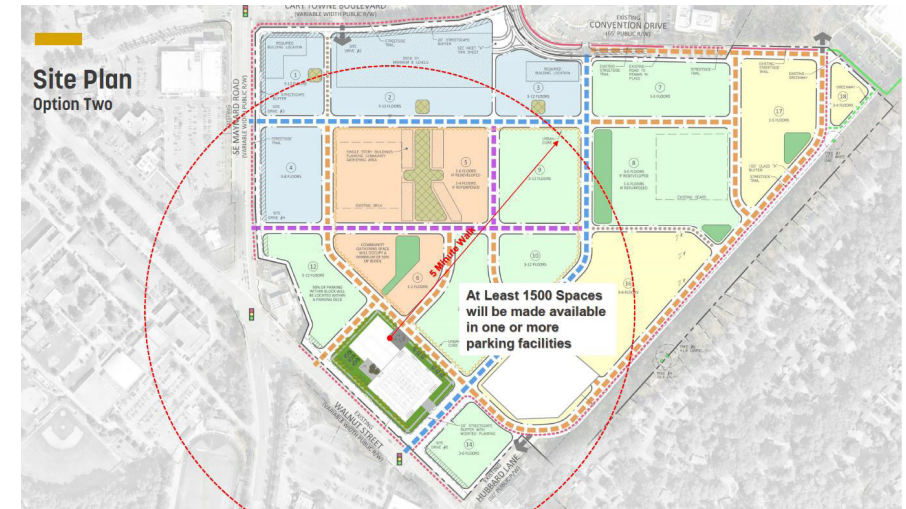


Figure 4: Option 1



Figure 5: Option 2



Programming for Success

Building on the assessment of the County's existing inventory of sports facilities provided in the DSP, Cary funded a market demand analysis in the fall of 2018 to identify indoor sports tournaments and activities for which Wake County would be most competitive in attracting if it had the product/venue to host such events. The analysis was built on past tournament bookings, current tournaments open for bid, an assessment of current and future trends in youth and amateur sports and sports tourism, and interviews with sports organizers to test their interest in hosting a tournament in the potential facility in Wake County.

The analysis considered the existing inventory of facilities in the County currently used or with the potential to host such tournaments. It also considered the complementarity of uses of the main competition space and whether the programming needs of a given sport or activity would also be conducive to non-tournament and local use. Tournament organizers were contacted directly to validate interest in the proposed facility and give input on design and features.

Lastly, the market demand analysis took into account future trends in amateur sports to ensure the facility's programming would be adaptable to meet the needs of up-and-coming sports uses and could leverage local interest or the area's overall brand. For example, the potential for E-sports was a focus of the analysis given the continued growth in the industry and participation in large scale competitions, as well as the concentration of leading E-sports companies in the County.

Anticipating the County's Sports Tourism Needs

The key finding of the market demand analysis was that a best-in-class facility focused on the user experience and with the flexibility to accommodate multiple uses would be a competitive asset in the countywide sports complex model. The facility would allow Wake County to attract national and regional sports tournaments that would translate to increased overnight visitation to the area.

From this analysis and with input from the GRSA, Cary has begun planning for a roughly 200,000 SF (Gross) facility to be located at the existing Cary Towne Center Mall. The site is strategically located off of I-40, in the central part of the County, with active redevelopment plans proposing high intensity mixed-use development.

The facility elements (Figure 2, page 4) were chosen to meet the minimum requirements of targeted national and regional tournament activity of court-based and other indoor sports. Given the level of competition nationally of such facilities as noted above, the facility is planned to provide an optimal mix of sports uses (with athlete and organizers in mind), as well as design and ancillary uses to position it to be competitive in bidding for and winning such business. The plan is in keeping with Cary's and the region's commitment to providing quality sports opportunities and experiences that attract visitors to the area.

As Section 6.0 details, the facility is projected to be able to bid for and win 40 additional out-of-market tournaments in year 1 and increase activity to host 80 out-of-market tournaments in year 10. This equates to inducing more than 111,000 non-local visitors to the area in year 1 and more than 240,000 non-local visitors in year 10.

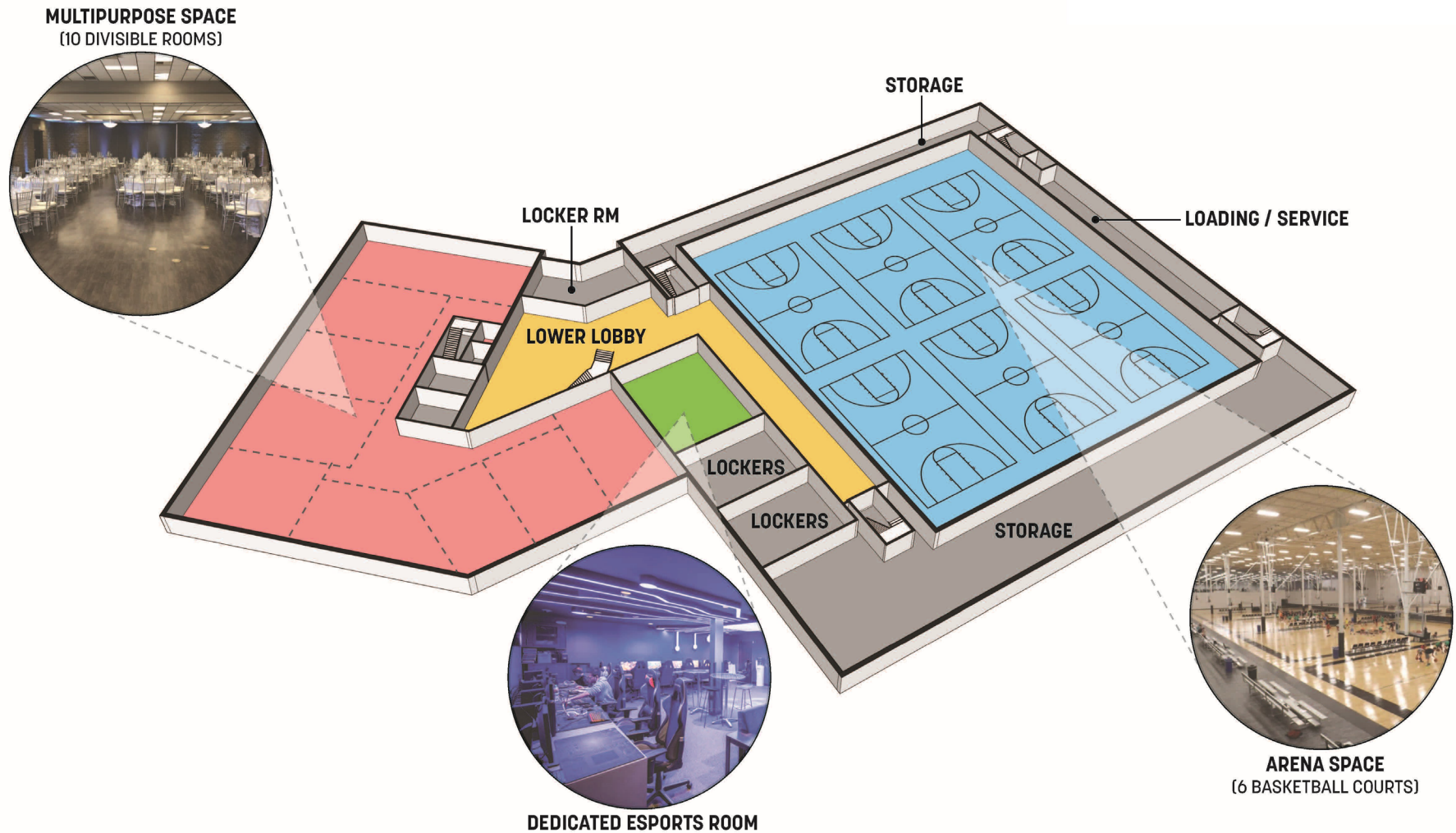
The programming also envisions the facility being available for local usage during non-tournament times. This complementary use will ensure year-round utility and make the most of the County, Town, and other investments in this amenity.

Section 6.0 of the response will describe the projected use of each element in attracting out-of-market tournament play.

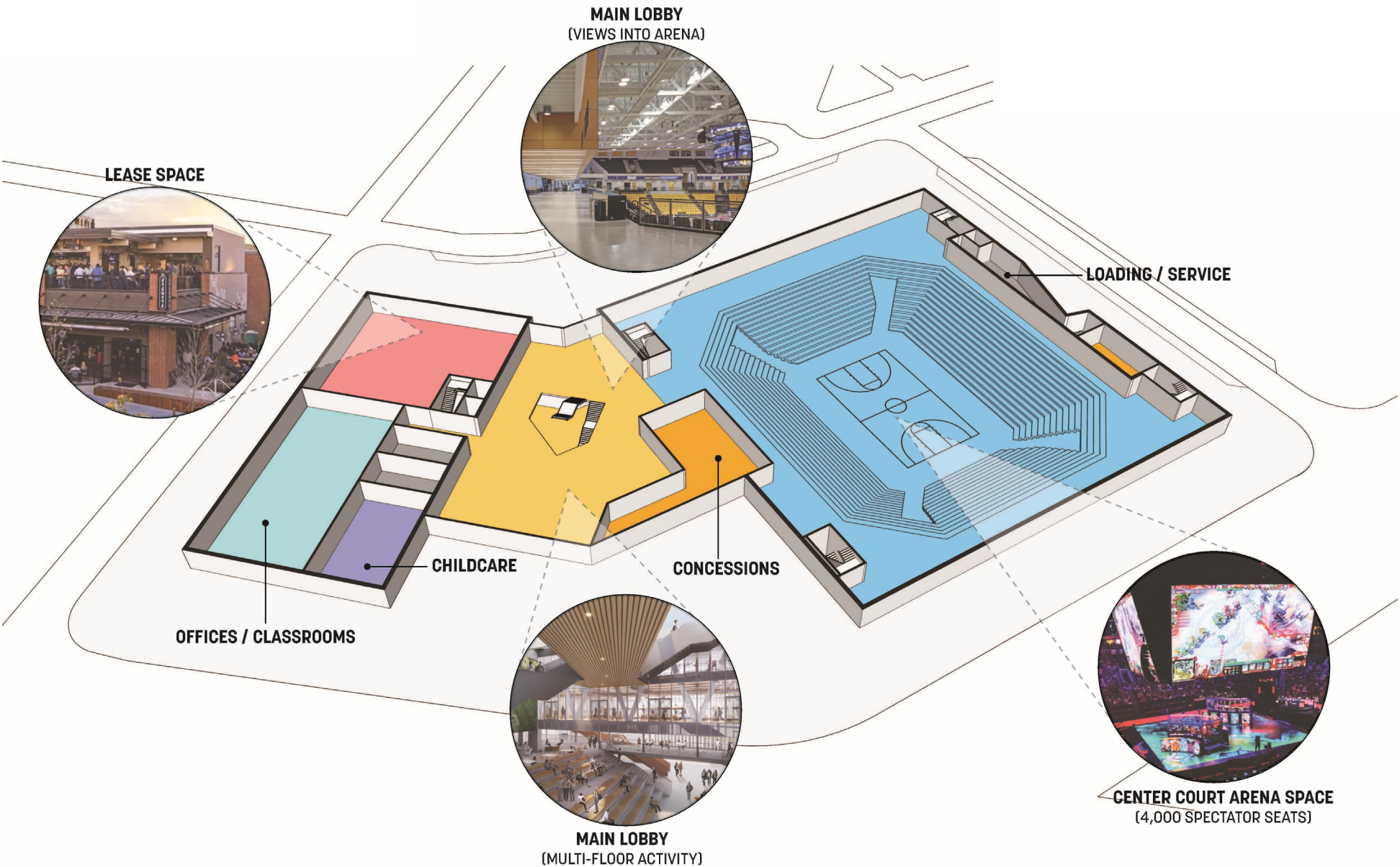
Figure 6: Proposed Floor Plans - Option 1

The facility has been designed with the participant and spectators in mind. Visitors enter on the street level with views of the court/tournament area and access to gathering spaces, the restaurant, and concessions. The lower, court level contains athlete amenities and multipurpose rooms. Level two contains more multipurpose space and a weight room. Level three contains additional court space and an indoor-outdoor track. (Please see Appendix for floor plan renderings of Option 2).

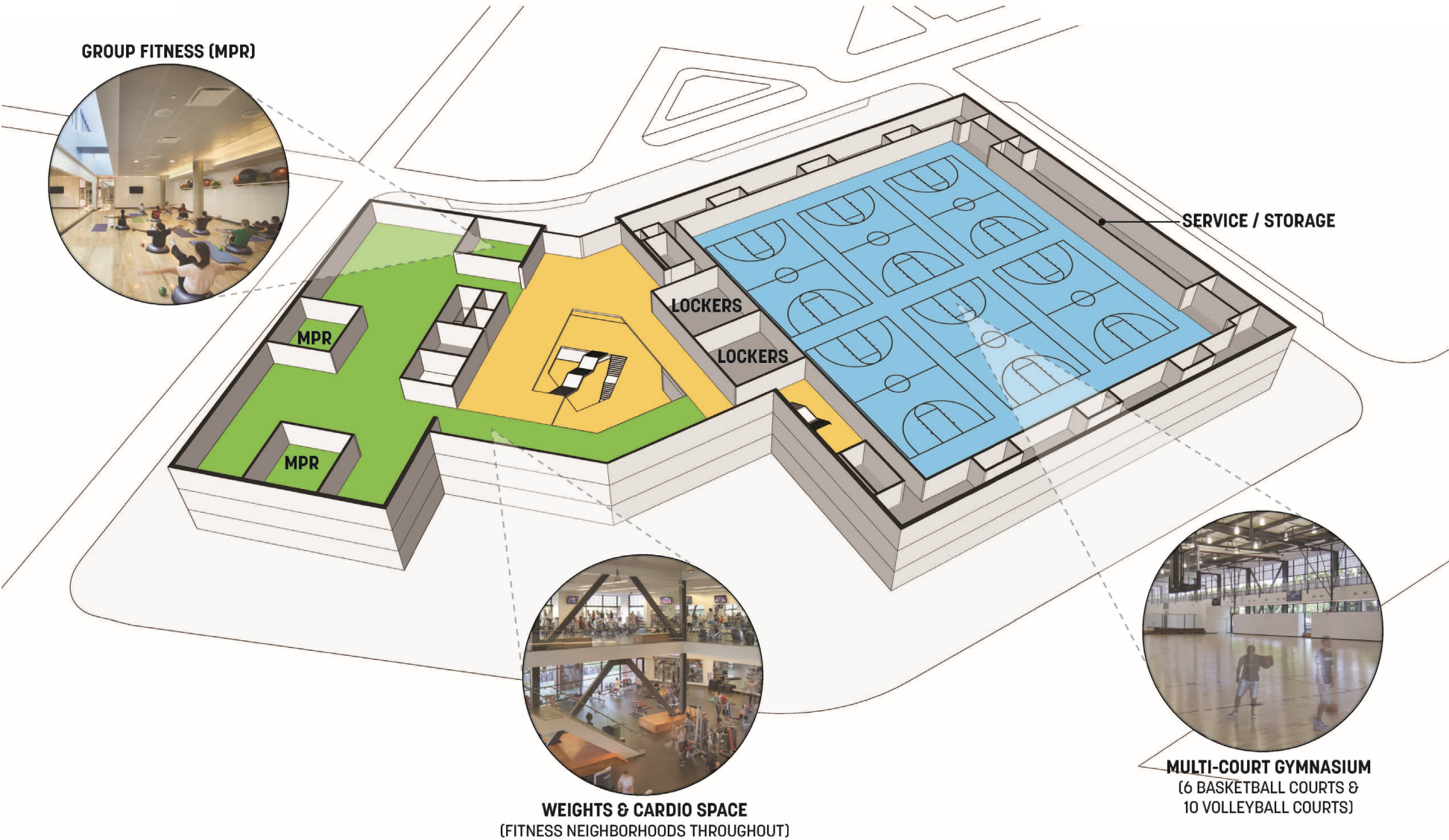
Lower Level



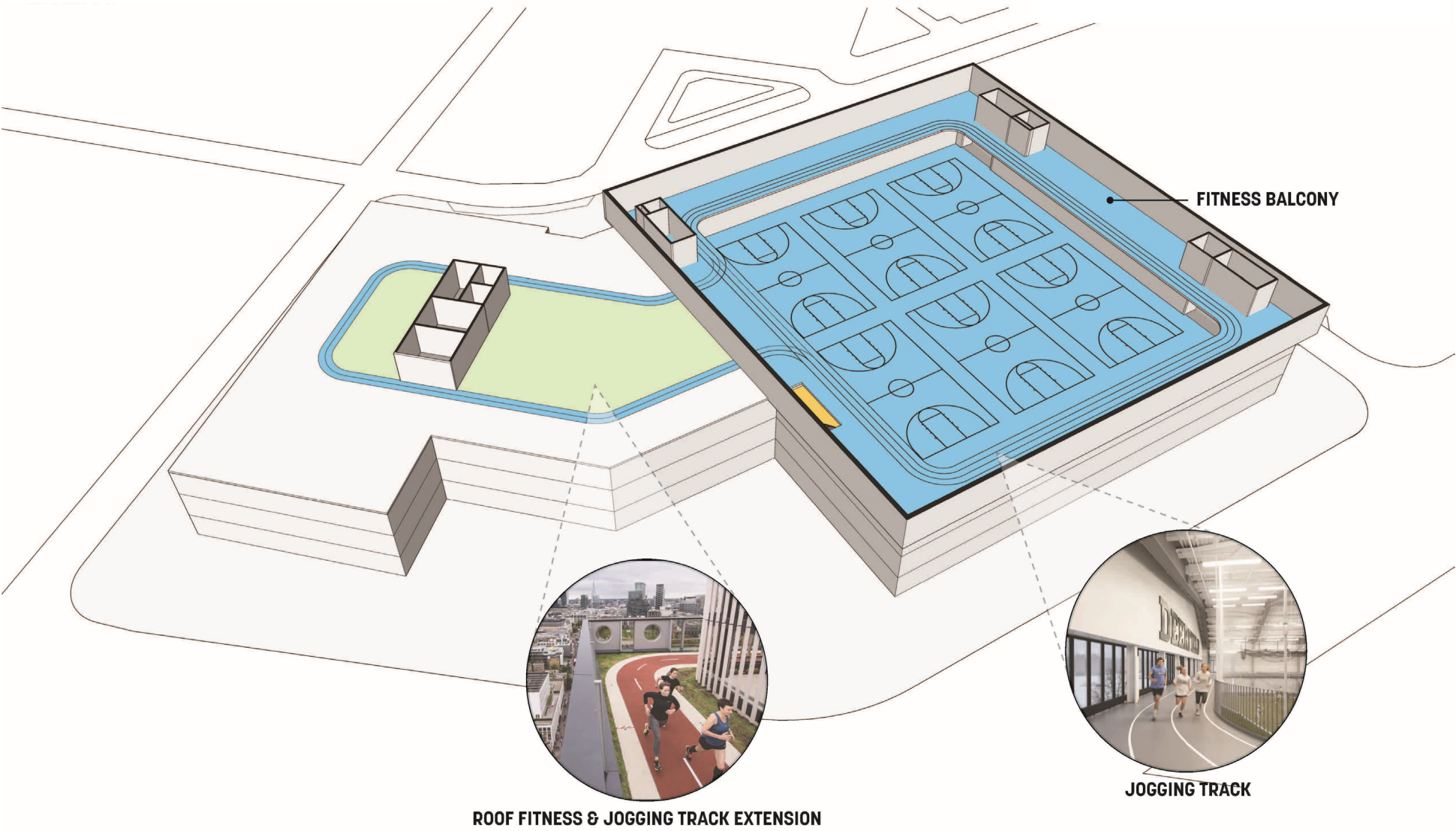
Entry (Street) Level



Level 2



Level 3



Complementing Existing Facilities

As noted above, Cary’s intent in embarking on this capital project is to create a facility that is complementary to the existing inventory of sports venues in Wake County and that can be an anchor of the proposed countywide sports complex model suggested in the DSP. The above programming was determined to create a space for the indoor sports tournaments that are too small to fit in either the Raleigh Convention Center and for which the access and booking policies of PNC Arena or Reynolds Coliseum is prohibitive. Likewise, the programming is targeted to state, national and regional level play that will drive substantial out-of-market travel that cannot be accommodated at smaller facilities and whose preference is to hold all competitions under one roof.

In keeping with the strong partnership between Cary and the GRSA in working to attract sports tournaments and activities for outside play, Cary intends to follow the same model when working to market the proposed facility to high-level national and regional tournaments, i.e. leveraging the GRSA’s relationship and direct sales effort with and credibility among indoor sports tournament organizers to put together a compelling and competitive bid for hosting tournament business in the new facility. As it has done in promoting the use of the WakeMed Soccer Park, Cary will take the lead in conjunction with GRSA on bidding for and attracting some business but will readily be a key element of any GRSA-initiated bid.

Figure 7: Wake County Indoor Athletic Facility Supply

Item	2018 Inventory	New Planned/ Proposed Supply
Basketball Courts	58*	16
Volleyball Courts (Indoor)	41	8
Hockey Rinks	8	2
Table Tennis Tables	30	0

* Includes local schools, Source: Destination Strategic Plan

Local Use

While Cary anticipates that at build-out the facility will accommodate a level of out-of-market tournament activity that will sustain operations (see Section 6.0), it also recognizes that there will periods of time that the facility will not be used by tournaments. As such, Cary has programmed the facility in such a way to provide an amenity for use by Wake County residents.

Local uses could include accommodating local youth and adult recreational leagues, availability for rent by private groups needing practice space (e.g., local travel teams), use of the E-sports practice space for computer-related training or classes, or drop-in use of the workout facilities or walking track.

Comparable Facilities Benchmarking

The market analysis benchmarked the programming for the facility against existing venues in the United States, including Rocky Top Sports World (Gatlinburg, TN), Myrtle Beach Sports Complex (Myrtle Beach, SC), the Rocky Mount Event Center (Rocky Mount, NC), and Spooky Nook (Manheim, PA). The benchmarks were chosen based on their target markets (similar to those envisioned for the new facility), uses, and in the latter case, proximity to Wake County.

While each example exhibits best practices that are integrated into the planned programming for the new facility, none offer a location adjacent to a dense corridor of urban activity.

The final report of the Market Demand Analysis is included in Appendix E.

Anchoring a Dynamic Corridor

As part of the ongoing redevelopment plan for the Cary Towne Center Mall, the facility is situated within the Eastern Cary Gateway Special Planning Area (SPA) of the Imagine Cary Community Plan which documents citizen and leaders' joint vision for Cary's short term and long term future.

In addition to the redevelopment of the Cary Towne Center Mall, the SPA is undertaking other projects mixed-use and redevelopment efforts. Notable among these are:

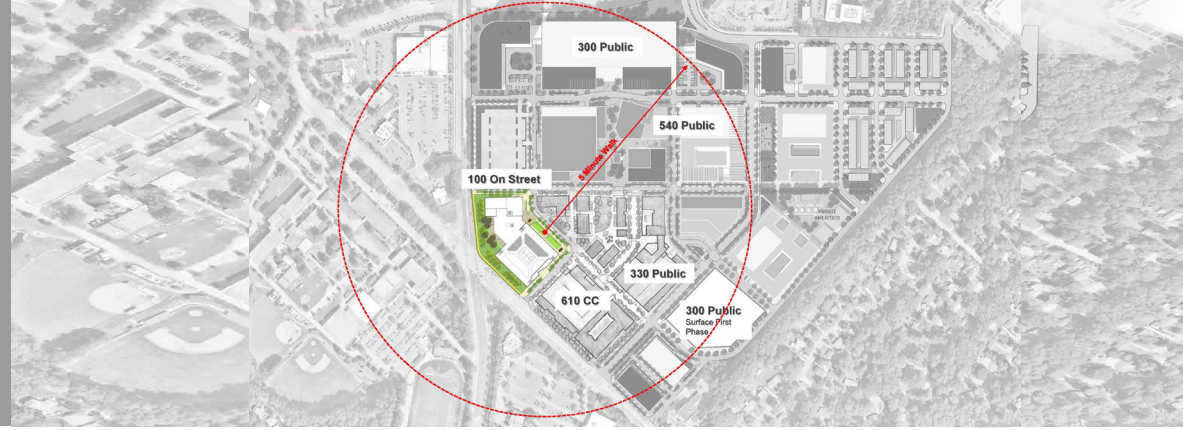
- Fenton Development - a new development featuring 1.2 million SF of office, 575,000 SF of retail, 450 hotel rooms, and 920 residential units.
- Triangle Aquatic Center Expansion - having received rezoning approval in 2018, the Center is slated for a 100,000 SF expansion
- Cary Towne Boulevard Bus Rapid Transit - one of the three study corridors for corridor; the corridor will be selected in 2020.

As evidenced above, Cary is an important partner in the ongoing regional plans to improve citizen connectivity and manage traffic in Wake County. This site is expected to be a bus transfer center that is fed by multiple bus routes and consideration of the new bus rapid transit service. These transit plans will provide sports complex visitors easy connections to other parts of the County.

Figure 8: Eastern Cary Gateway



3.0 Project Capital Budget and Funding



Cary prides itself on having maintained a AAA rating by the three major national rating agencies since 2001. To finance the construction of the facility, Cary plans to issue bonds and look to private-sector partners to help offset some of the costs. Support from the Interlocal funds will be crucial in supporting debt service for a portion of the construction costs and to lessen the financial burden on Cary taxpayers for a regional facility.

The financing plan includes the use of taxable limited obligation bonds to maximize flexibility in facility use and timing of bond issuance. Project funds and resources would be committed as arrangements with the County progress.

Recognizing the strong corporate presence in Cary and the willingness of those players to support efforts to augment Cary's strong quality of place, Cary is in initial discussions with corporate entities that have expressed interest in supporting the project in the form of naming rights or other contributions. Once Cary finalizes these arrangements, the funds from the relationship will be used to defray the capital costs of the facility.

By locating the proposed facility at the existing mall site, Cary anticipates that some of the infrastructure to support the facility is in place (e.g., existing sewer and water lines, road infrastructure, and broadband connections). However, given the anticipated construction and the increased traffic and activity the proposed facility will generate, enhancements to the ingress and egress of the site and additional parking options are included in the cost projections.

Figure 9: Project Expenditures

Category	Projected Expense+ (\$ Million)	% for which Cary will be responsible
Planning and Design	\$ 20.3	100%
Land Acquisition/Right of Way	5.0	100%
Site Enhancements, et al	30.0	100%
Construction*	72.3	Town of Cary and Interlocal Support
Equipment/ Furnishings	6.1	
Other	2.1	
Parking Land and Construction	30.0	
Contingency	27.2	100%
Total	\$ 193.0	

A more detailed breakdown of anticipated construction costs based on the planned facility programming is available upon request.

+ Order-of-magnitude cost projections were derived from Cary estimates, design consultant estimates (Sasaki), and market demand consultant estimates (JLL).

4.0 Project Timeline



With more than 30 public parks/natural areas, an 80-mile greenway system, seven special use facilities, four sports venues, and nine staffed facilities, Cary has proven itself adept at managing resident and visitor-facing activities on the size and caliber of activities envisioned for the facility.

Many of Cary's multiple sport and entertainment venues host a wide variety of local, regional and national events, including:

- Koka Booth Amphitheatre which seats 7,000;
- WakeMed Soccer Park with a 10,000-seat stadium, national-caliber cross-country course and six additional fields;
- USA Baseball National Training Complex with 1,800 seat stadium and three additional fields;
- Cary Tennis Park which includes a stadium court, 7 covered courts, 24 hard surface courts and 4 QuickStart courts.

In 2016, Cary was honored as a National Gold Medal Community, a prestigious award that recognizes excellence in parks and recreation management, top-notch programs, and world-class facilities.

Cary will bring this expertise to the project to finance, construct, operate, market, and manage the proposed facility. GRSA will also be providing a pro-active sales effort to support the activity level of the facility.

A high-level feasibility assessment was included within the market analysis referenced in Section 2.0. Section 6.0 refines it and provides the plan in place to ensure the proposed facility will be sustainable over the long-term.

Sequence of Project Activities

If granted the support of the Interlocal funds to provide the last dollars for the proposed facility, Cary anticipates the below timeline (Figure 10) to complete planning for constructing, marketing and operating the facility.

Figure 10: Project Timeline

Project Action	Start Date	Finish Date
Initial study/project analysis	August 2018	December 2018
Site Identification	Fall 2019	Winter 2020
Procurement of Entitlements	Fall 2020	Summer 2021
Land/Site Acquisition	Winter 2020	Winter 2021
Architectural/Engineering Studies	Fall 2019	Summer 2022
Development Plan Approval	Summer 2021	Summer 2022
Facility Construction	Summer 2022	Summer 2024
Furniture/Fixture/Equipment Purchases	Fall 2023	Summer 2024
Marketing Campaign	Spring 2021	Ongoing

5.0 Project Plans for Operation, Maintenance and Marketing



Cary recognizes and appreciates that the potential support for the capital investment in the proposed facility through Interlocal Funds represents a public investment. Cary will demonstrate its ability to be a steward of that investment and resources by executing operating, maintenance and marketing plans that will optimize the use of the facility by events that spark increased overnight visits to the County, as well as providing a state-of-the-art, professionally run facility for local use.

Operations

Cary will operate the proposed facility under a similar model to the one it uses to operate and maintain the WakeMed Soccer Park and Cary Tennis Park. Under this model, designated staff within the Parks, Recreation & Cultural Resources Department will be responsible for specific operational roles and responsibilities. Cary will outsource roles that make financial sense or for which Cary already maintains a vendor relationship (e.g., cleaning). It is anticipated that additional staff will be hired to accommodate larger tournaments or as increased activity in the facility warrants.

Marketing

Marketing of the facility for out-of-market tournament use will be a joint endeavor with the GRSA. Cary will look to the GRSA to include the facility in its bids for appropriate tournaments. Cary may also market the facility directly to out-of-market tournaments and activities it believes would be a good fit or suggest opportunities to the GRSA for their support.

Cary as owner and operator of the facility will take the lead in marketing and booking the facility. Cary will deploy a variety of marketing and sales strategies that meet or exceed industry marketing standards for a national-level facility of this stature.

The GRSA, as it does with all of its primary partners, will play a key support role in helping to market the venue—identifying events that would be a good fit for the facility and helping to secure those events. All GRSA marketing and sales activities will be done in full cooperation and conjunction with Cary, so that events meet all of Cary's requirements and objectives, as well as GRSA objectives. GRSA will support Cary with bid development, bid presentations, site visits and scouting trips to observe potential events that may represent a future opportunity for the facility.

Marketing of the facility for county resident use will be done in conjunction with the Wake County Parks, Recreation and Open Space Department.

Booking Process

In keeping with the commitment to make the facility available for use by outside tournaments and events for the purpose of visitor-based economic development/sports tourism, Cary will work with the GRSA to develop a booking process that gives priority to out-of-market visitor usage and size of the out-of-market use. The process will also allow Cary and the GRSA to track potential business and the effectiveness of the marketing/sales efforts.

As initially envisioned, the booking process will hold the central competition space for end-of-week and weekend-use for an agreed period of time (e.g., 12-24 months) before the space is released to Cary to book smaller events or release the space for local/county resident use.

Following the booking process will support the effort to ensure the out-of-market use is optimized, as well as generate maximum economic impact into the surrounding community by ensuring overnight room-generating events are the priority in the facility.

Maintenance and Renovations

Cary is committed to being fully responsible for the maintenance and periodic renovation of the facility over its 25+-year lifespan. Cary recognizes that a large part of the competitiveness of the facility to attract out-of-market, high-caliber tournaments will be the quality of the facility, playing surfaces and equipment, and ancillary amenities offered to athletes and spectators. To keep up with market trends and expected competition from other facilities targeting similar users, it is expected that maintenance and renovation/improvement of the facility will be higher than a facility programmed for only local use.

Figure 11 illustrates a projected operating budget for the first ten years of the facility's programming. It assumes that there will be a build-up of out-of-market tournament activity as the facility comes on-line and holds the local usage constant.

The operating plan anticipates that revenue from facilities rental, programming, and concessions and Food and Beverage (F&B) margins will cover an average 89% of yearly facility expenses.

Leveraging Area Partnerships

As noted above, Cary and the GRSA have built a strong partnership to attract out-of-market sporting events to the various facilities in Cary. GRSA staff will promote the proposed facility through traditional advertising, e-marketing, promotional materials, social media and attendance at national sports tradeshows. The GRSA staff will also promote the facility throughout the year in many one-on-one meetings with event owners and rights-holders at national events such as TEAMS, Connect and the Sports ETA Symposium, and more.

The GRSA will work closely with Cary to target priority sports and events (and secondary sports and events) that would be excellent fits in the new facility. The GRSA will coordinate with other facilities in the County (e.g., the Convention Center) and then reach out as appropriate directly to those event owners to begin the sales and recruitment process.

Figure 11: Ten-year Operating Budget

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
OPERATING REVENUE										
Court Rental Revenue	\$240,000	\$278,400	\$326,400	\$384,000	\$422,400	\$451,200	\$480,000	\$494,400	\$499,200	\$499,200
Concessions Revenue	245,472	292,272	348,432	410,664	451,056	478,968	506,880	524,040	528,720	528,720
Retail Revenue	153,420	182,670	217,770	256,665	281,910	299,355	316,800	327,525	330,450	330,450
Local Day Pass/Program Revenue	1,070,000	1,102,100	1,135,163	1,138,027	1,140,978	1,144,017	1,147,147	1,150,371	1,153,691	1,157,112
Sponsorships	200,000	200,000	200,000	200,000	200,000	250,000	250,000	250,000	250,000	250,000
TOTAL OPERATING REVENUE	\$1,908,892	\$2,055,442	\$2,227,765	\$2,389,356	\$2,496,344	\$2,623,540	\$2,700,827	\$2,746,336	\$2,762,061	\$2,765,482
OPERATING EXPENSES										
Personnel Services	\$1,670,847	\$1,720,972	\$1,772,602	\$1,825,780	\$1,880,553	\$1,936,970	\$1,995,079	\$2,054,931	\$2,116,579	\$2,180,076
Operations and Maintenance	508,454	518,623	528,996	539,575	550,367	561,374	572,602	584,054	595,735	607,650
Public Works	264,357	268,322	272,347	276,432	280,579	284,788	289,059	293,395	297,796	302,263
TOTAL OPERATING EXPENSES	\$2,443,658	\$2,507,918	\$2,573,944	\$2,641,787	\$2,711,499	\$2,783,131	\$2,856,740	\$2,932,380	\$3,010,110	\$3,089,989
NET	(\$534,766)	(\$452,476)	(\$346,179)	(\$252,431)	(\$215,155)	(\$159,592)	(\$155,913)	(\$186,045)	(\$248,049)	(\$324,508)

Cary Financial Management

As a municipality, Cary does not file federal or state tax returns. Cary's Comprehensive Annual Financial Report ("CAFR") has been submitted with this application. The report includes a "clean" opinion from the Town's independent external audit firm of certified public accountants to demonstrate that the report fairly represents the financial position and results in accordance with generally accepted accounting principles. Cary has not received a management letter in many years. In addition to the CAFR which is also available on Cary's website, www.townofcary.org, Cary publishes budget documents to demonstrate more detail about Cary's budget process, financial plans and Council adopted plans.

As noted in this proposal Cary has earned the best possible bond ratings from the top three credit rating agencies since 2001. These ratings demonstrate strong financial management, fiscal prudence and responsible preparation for future financial obligations. Cary's operating budget has the capacity to absorb the projected net costs of the facility.

6.0 Estimates on Visitors, ROI, and Performance Targets



With the primary purpose of creating a unique and dynamic indoor sports facility that would fill the current product gap in Wake County's indoor sports facilities, Cary envisions marketing and operating the facility to encourage new sports tourism activity in the County.

Figure 12 illustrates the initial projection of out-of-market tournaments to be held in the facility and the corresponding number of overnight visitors and day visitors. It is projected that the facility will host approximately 161,400 overnight visitors and 47,500 day visitors by year 5.

The projections are based on the operating model that assumes that there will be a ramp up in use of the facility over the first five years. The model suggests that with marketing help from the GRSA, the facility will host 63 out-of-market tournaments by year 5.

For sake of illustration, the model assumes that the facility will be used for:

- Large regional and national tournaments that occupy the majority of the facility and have a substantial number of participants who will need lodging;
- Smaller regional or high-recognition tournaments that do not occupy the entire facility and could potentially be partnered with another smaller tournament/use; and
- Other tournament/competition uses: competitions that occupy a smaller footprint within the facility, could be partnered with other smaller events, and occur over a longer period of time.

Figure 12: Visitor Projections

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Large tournament	10	13	16	19	21	22	23	24	24	24
Smaller tournament	18	20	24	28	30	32	34	35	36	36
Other tournament uses	12	12	12	14	16	18	20	20	20	20
Total Events non local/year	40	45	52	61	67	72	77	79	80	80
Total Attendees/year										
Overnight Visitors	85,495	103,513	124,573	146,999	161,392	170,792	180,192	186,705	188,226	188,226
Day Visitors	26,369	31,049	36,665	43,192	47,534	50,629	53,724	55,440	55,908	55,908
Total non local attendees/year	111,864	134,562	161,238	190,191	208,926	221,421	233,916	242,145	244,134	244,134

Hospitality Tax Impact

Based on the duration and size of the tournaments (number of participants and spectators per participants) projected above, Cary estimates an approximate annual impact of more than \$17.8 million by year 5, with a projected \$757,847 in hospitality tax collected in that year. Figure 13 below projects the visitor impact following the guidelines set by Attachment 4 of the RFP.

Measuring Success

Cary will consider the facility a success by meeting or exceeding the below projections of more new overnight visitors to the area. Within five years, Cary looks to drive the type of overnight visits that will have a considerable impact on hotel lodging taxes and F&B taxes in the County.

Further, our goal is to be a strong steward of the public investments made by the town's residents and the County's Interlocal funding for the facility and work with the GRSA and their partners to win out-of-tournament business that has been heretofore lost due to our lack of appropriate facilities.

Figure 13: Projected Impact

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Wake County Resident Use	55,872	56,574	57,978	60,141	61,602	63,063	64,524	64,875	65,226	65,226
Meal Spend										
Day Visitors Meal Spend	\$ 835,891	\$ 984,247	\$ 1,162,274	\$ 1,369,174	\$ 1,506,840	\$ 1,604,946	\$ 1,703,051	\$ 1,757,448	\$ 1,772,284	\$ 1,772,284
Overnight Visitors Meal Spend	\$ 2,470,811	\$ 2,991,531	\$ 3,600,165	\$ 4,248,283	\$ 4,664,217	\$ 4,935,883	\$ 5,207,549	\$ 5,395,775	\$ 5,439,731	\$ 5,439,731
Total Meal Spend	\$ 3,306,702	\$ 3,975,778	\$ 4,762,440	\$ 5,617,456	\$ 6,171,058	\$ 6,540,829	\$ 6,910,600	\$ 7,153,223	\$ 7,212,015	\$ 7,212,015
Food & Bev Tax	\$ 33,067	\$ 39,758	\$ 47,624	\$ 56,175	\$ 61,711	\$ 65,408	\$ 69,106	\$ 71,532	\$ 72,120	\$ 72,120
Lodging										
Larger Tournament Rooms needed	29,538	38,400	47,262	56,123	62,031	64,985	67,938	70,892	70,892	70,892
Total Room Nights needed	29,538	38,400	47,262	56,123	62,031	64,985	67,938	70,892	70,892	70,892
Smaller Tournament Rooms needed	16,200	18,000	21,600	25,200	27,000	28,800	30,600	31,500	32,400	32,400
Total Room Nights needed	16,200	18,000	21,600	25,200	27,000	28,800	30,600	31,500	32,400	32,400
Other Tournament Rooms needed	4,850	4,850	4,850	5,659	6,467	7,276	8,084	8,084	8,084	8,084
Total Room Nights needed	14,551	14,551	14,551	16,976	19,402	21,827	24,252	24,252	24,252	24,252
Total All Rooms Needed	60,290	70,951	83,413	98,300	108,432	115,611	122,791	126,644	127,544	127,544
Total Room Revenue	\$ 6,450,998	\$ 7,591,783	\$ 8,925,168	\$ 10,518,049	\$ 11,602,270	\$ 12,370,428	\$ 13,138,587	\$ 13,550,949	\$ 13,647,249	\$ 13,647,249
Occupancy Tax	\$ 387,060	\$ 455,507	\$ 535,510	\$ 631,083	\$ 696,136	\$ 742,226	\$ 788,315	\$ 813,057	\$ 818,835	\$ 818,835
Total Spending	\$ 9,757,701	\$ 11,567,561	\$ 13,687,607	\$ 16,135,506	\$ 17,773,327	\$ 18,911,257	\$ 20,049,187	\$ 20,704,171	\$ 20,859,264	\$ 20,859,264
Total Hospitality Tax Collected	\$ 420,127	\$ 495,265	\$ 583,134	\$ 687,258	\$ 757,847	\$ 807,634	\$ 857,421	\$ 884,589	\$ 890,955	\$ 890,955

7.0 Organizational Information



Cary was incorporated in 1871, and currently boasts a population of nearly 170,000. Money Magazine recently named Cary as one of the Best Small Cities in America and ranked it fifth on one of the magazine's annual lists of Best Places to Live.

Over the last thirty years, Cary has attracted Fortune 500 companies, a series of high quality attractive residential developments, commercial growth, and community amenities that put it on the map as the place “where better living begins.” Today, Cary is known as one of the best mid-sized communities in the nation to live and work, to find a home or start a business, and to raise a family or retire.

Elected Officials & Management Team

Under its council-manager form of administration, the citizens of Cary elect a seven-member Town Council, including the mayor. Four of the seven Council members are district representatives chosen by voters within each geographic district. Two council members and the mayor are at-large representatives elected Town-wide. Cary elections are held in odd-numbered years. The council members' four-year terms are staggered so that voters fill three or four of the seats every two years.

The members of the Town Council are listed below and reflect almost 100 years of cumulative experience in Cary's municipal leadership:

- Mayor Harold Weinbrecht
- Mayor Pro Tem and District B Representative Don Frantz
- At Large Council Member Lori Bush
- At Large Council Member Ed Yerha
- District A Representative Jennifer Robinson
- District C Representative Jack Smith
- District D Representative Ya Liu

The elected Town Council creates a vision for the community by setting the policies, goals, and direction of the government including adopting necessary laws. The Council also appoints three staff members: the Town attorney, Chris Simpson, the Town clerk, Virginia Johnson and the Town manager, Sean Stegall.

As the chief executive officer for the government, Sean Stegall implements Council's policies and oversees all government operations, including fourteen departments and 1,286 employees. Mr. Stegall advises the Council on all issues, proposes the annual budget, and coordinates the work of all municipal staff not appointed by the Council.

The Town Manager has an executive team to support the execution of the vision, mission and values of the Cary council. In partnership with the Town Attorney, members of the team that will have primary leadership duties in the successful construction and operation of the facility are experienced, proven municipal professionals and include:

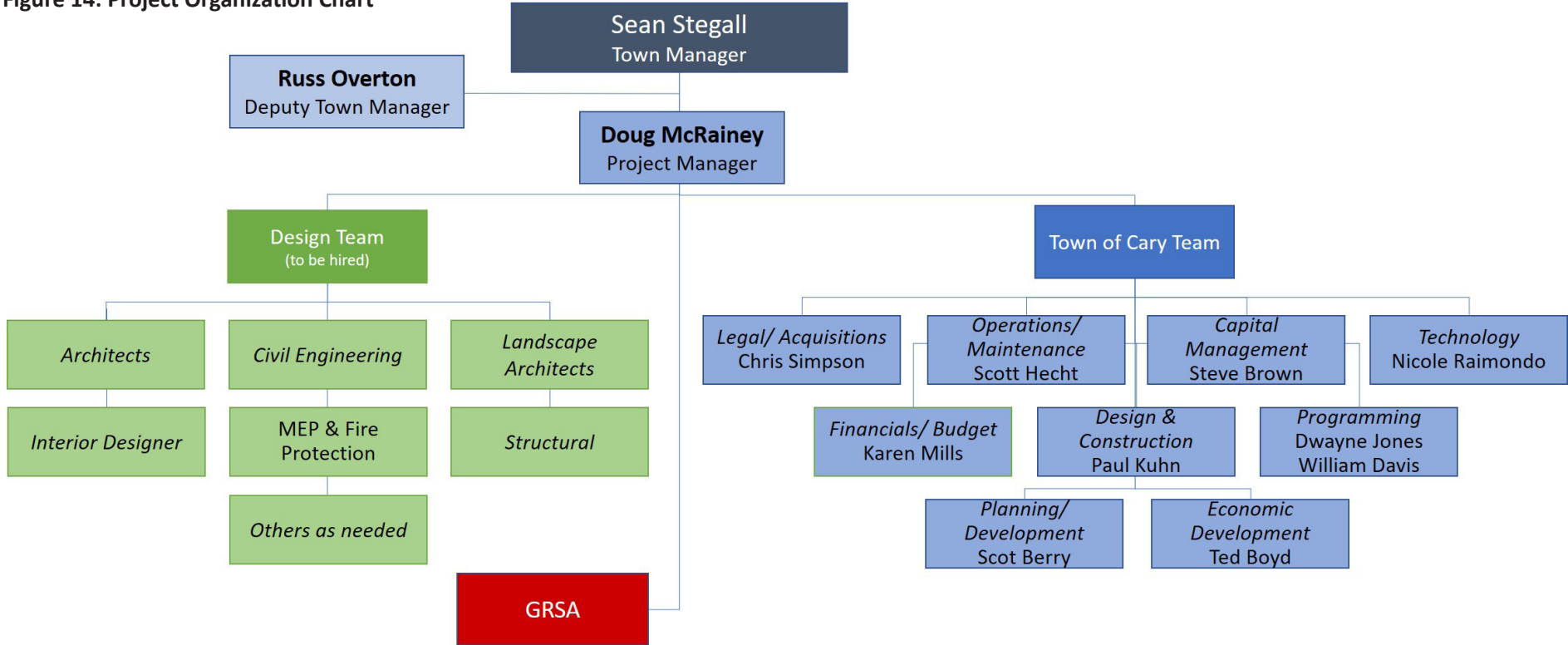
- Russ Overton, Deputy Town Manager and Chief Development Officer
- Dan Ault, Assistant Town Manager and Chief Innovation Officer
- Susan Moran, Chief Strategy Officer
- Ted Boyd, Director of Economic Development
- Doug McRaney, Director of Parks Recreation and Cultural Resources
- Steve Brown, Director of Capital Projects
- Danna Widmar, Director of Special Projects
- Karen Mills, Chief Financial Officer
- Scott Hecht, Director of Public Works
- Nicole Coughlin Raimundo, Chief Information Officer

Leveraging Cary’s Technology Expertise

Cary citizens and businesses include some of the country’s most esteemed technology experts. Cary leaders recognize these strengths and expectations and have fostered positive relationships to imagine the possibilities for now and in the future. Cary is a proven leader in smart city technology. Cary understands and meets the high technology service expectations of citizens, event managers and visitors as proven by successful event management at WakeMed Soccer Park and the Cary Tennis Center.

With Cary’s expanding experience and partnerships, this facility would be designed and built with a strong technology plan for current and future capacity to ensure the visitor experience is efficient and engaging and that the capacity requirements for E-sports are integrated at the onset.

Figure 14: Project Organization Chart



Testimonials/Support

Cary conducts a statistically valid citizen survey every other year to gauge citizen satisfaction. Cary consistently earns great marks and the continued support of its citizenry. An executive summary and historical detailed results going back to 2000 are online at <https://www.townofcary.org/services-publications/plans-publications-reports/surveys-and-research>

Testimonials from Former Cary Sports Facility Users

"I can say being here in Cary is like heaven. It's coming home. I'm not a big social media guy, but my post on Friday when we got here was 'We're back where we belong, where people know your name and care about this event.'"

— Mark Clements, Chairman - NCAA Division II Baseball Committee

"Our entire program can't stop saying positive things about their experience [at the NCAA DII Baseball Championship] this year. Every time I visit the Raleigh and Cary area, I realize more and more that the attitude and demeanor of everyone there rises above and beyond any expectations that an outsider could possibly have. Thank you for your incredible amount of hard work and dedication to not only Division II Baseball, but to the institution of sport in general!"

— Tyler Madsen, Asst Director for Athletic Communications - Truman State University

"First I want to thank you and your entire staff for yet another stellar championship. It has truly evolved into a championship event and not just another tournament. There is no doubt this is due to your organization's commitment to the NCAA and the championship. For the past five years I have continued to be amazed at how efficient, organized and hospitable you have all been. It is quite obvious this is an important event for the entire area and the growing support from the local communities is solid evidence. I have heard only positive comments which in today's society is rare. You should be very proud of the event and most importantly your people involved."

— Jim Givens, Executive Director, Chairman - Division II Baseball Committee

"Thanks for all you do to make this championship great. I love telling other hosts that Cary is the 'template for success.' You guys just really know how to come together and put on a great show for student-athletes, fans and us."

— Paula Buckhaultner, Asst Director - Championships Marketing, National Collegiate Athletic Association

"I have been involved in many great events throughout my career in athletics, at all levels. Very few compare to the NCAA Division II Baseball National Championships held at the National Training Complex in Cary, North Carolina. As an active committee member for 5 years, I had the opportunity to assist in many of the logistics for this event. It became very clear to me early in my tenure this was a special place and a special event due to the people. The vast experience of the Town of Cary and the Greater Raleigh Sports Alliance provided a true championship experience for the fans, community, families of the participants and most importantly the student-athletes. Their attention to every detail was evident each and every day. It has become a true destination for the NCAA and Division II Baseball!"

— Jim Givens, Former Division II Baseball Committee Chair

Team Experience.

Cary Parks, Recreation and Cultural Resources will be the project lead in constructing, marketing and operating the new facility. Currently, the department boasts 77 full time employees and 445 part-time employees.

The Parks, Recreation and Cultural Resources Department is a four-time nationally accredited agency featuring an impressive 82 miles of greenways and an expansive network of over 2,600 acres of parks and open space. In 2016, Cary was named the Gold Medal Award winner for Excellence in Park and Recreation Management. The American Academy for Park and Recreation Administration, in partnership with the National Recreation and Park Association, through the Gold Medal Awards program, honors communities that demonstrate excellence in parks and recreation through long-range planning, resource management, volunteerism, environmental stewardship, program development, professional development, and agency recognition. (Appendix D lists Cary's current facility directory.)

Beyond parks and other recreation facilities, Cary has excellent experience managing large-scale capital construction projects.

Figure 15: Case Study Venues



Case Studies

Cary has over thirty years of experience designing, constructing, operating and maintaining major sports and entertainment facilities.

- **WakeMed Soccer Park**
WakeMed Soccer Park was completed in 2002. Cary took over management of the park in 2004. It is a 158-acre multi-use complex that is host to professional soccer matches, college and high school tournaments and other events throughout the year. In addition, a world-class cross-country course encircles the park. In 2012, Cary managed a major renovation to the stadium, expanding the stadium from 7,000 to 10,000 seats and adding amenities such as locker rooms and luxury suites at a cost of \$7 million.
- **USA Baseball National Training Complex**
Cary dedicated the USA Baseball National Training Complex in 2007. It is home to USA Baseball. It is located within Tom Brooks Park in western Cary. Its facilities include a signature stadium field and three training fields to designed to Major Baseball League standards including entry plaza/retail area, concessions area and maintenance facility at a cost of \$10.9 million. The design and construction of the facility was overseen by Cary staff.
- **Cary Tennis Park**
The Cary Tennis Park was completed in 2002. This unique tennis complex includes 28 courts, 1 exhibition court, 1 teaching court, 1 practice court with wall, restrooms, clubhouse with pro shop, offices, meeting space, locker rooms, and concessions at a cost of \$4,873,700. The design and construction of the facility was overseen by Cary staff. In 2017, Cary completed a major addition including the construction of 7 covered courts at a cost of \$8 million.
- **Koka Booth Amphitheater**
In 2000, Cary dedicated the Koka Booth Amphitheatre. Located in Regency Park, the facility includes a stage/pavilion, crescent, & buildings for concessions, restrooms & ticketing. Capacity of the Amphitheatre is 7,000. The design and construction of the facility was overseen by Cary staff at a cost of \$12 million.
- **Western Wake Regional Wastewater Management Facility**
Cary lead a partnership of three municipalities to plan, permit and construct the Western Wake Regional Wastewater Management Facilities, a complex system of infrastructure that is successfully managing the wastewater collection and treatment needs of the fast-growing communities in western Wake County. Over fifteen years and \$300 million in the making, including an innovative state-of-the-art treatment facility and many miles of large pipelines, Cary provided the key leadership that built regional partnerships to ensures our communities are poised for decades of strong growth while protecting the environment from here to the coast.

Conflict of Interest Statement

There are no conflicts of interest or appearance of conflicts of interest in the proposed partnership with the County.

Litigation

Litigation and governmental or regulatory actions pending against the Town of Cary are listed below and do not pose a risk to Cary's ability to meet the goals of this proposal. (This list does not include possible workers compensation claims or employment related charges that may have been filed with the EEOC.)

- Dennis Abels Jr. v. TOC and PMA Companies, Inc. - a petition for waiver or reduction of a workers' compensation lien.
- DOT v. Town of Cary – an eminent domain action for Town owned land needed in connection with the 540 Project.
- Mohammad N. Jilani v. Wake County District Attorney's Office, et al. – a pro se prisoner civil rights action (§1983) in federal court against a Cary police officer in his individual and official capacity, the Wake County DA and a number of other agencies and individuals. The Town has filed a motion for summary judgment.
- James Gile v. Town of Cary – a personal injury action seeking damages in negligence for injuries allegedly sustained in a trip and fall on a Town sidewalk.
- Tradition at Stonewater v. Town of Cary – an action brought by Tradition as an intervenor in the finally resolved Amward Homes, et. al v. TOC case related to 'school impact fees.' The Tradition matter was stayed pending an Amward appeal. Amward was resolved and Tradition has failed to

Appendices

A. Town of Cary Mission Statement and Statement of Values

B. Option 2 Proposed Floor Plans

C. 25-Year Pro Forma

D. List of Cary Facilities

E. Market Demand Analysis

Appendix A: Town of Cary Mission Statement and Statement of Values

At the Town of Cary we focus every day on enriching the lives of our citizens by creating an exceptional environment and providing exemplary services that enable our community to thrive and prosper.

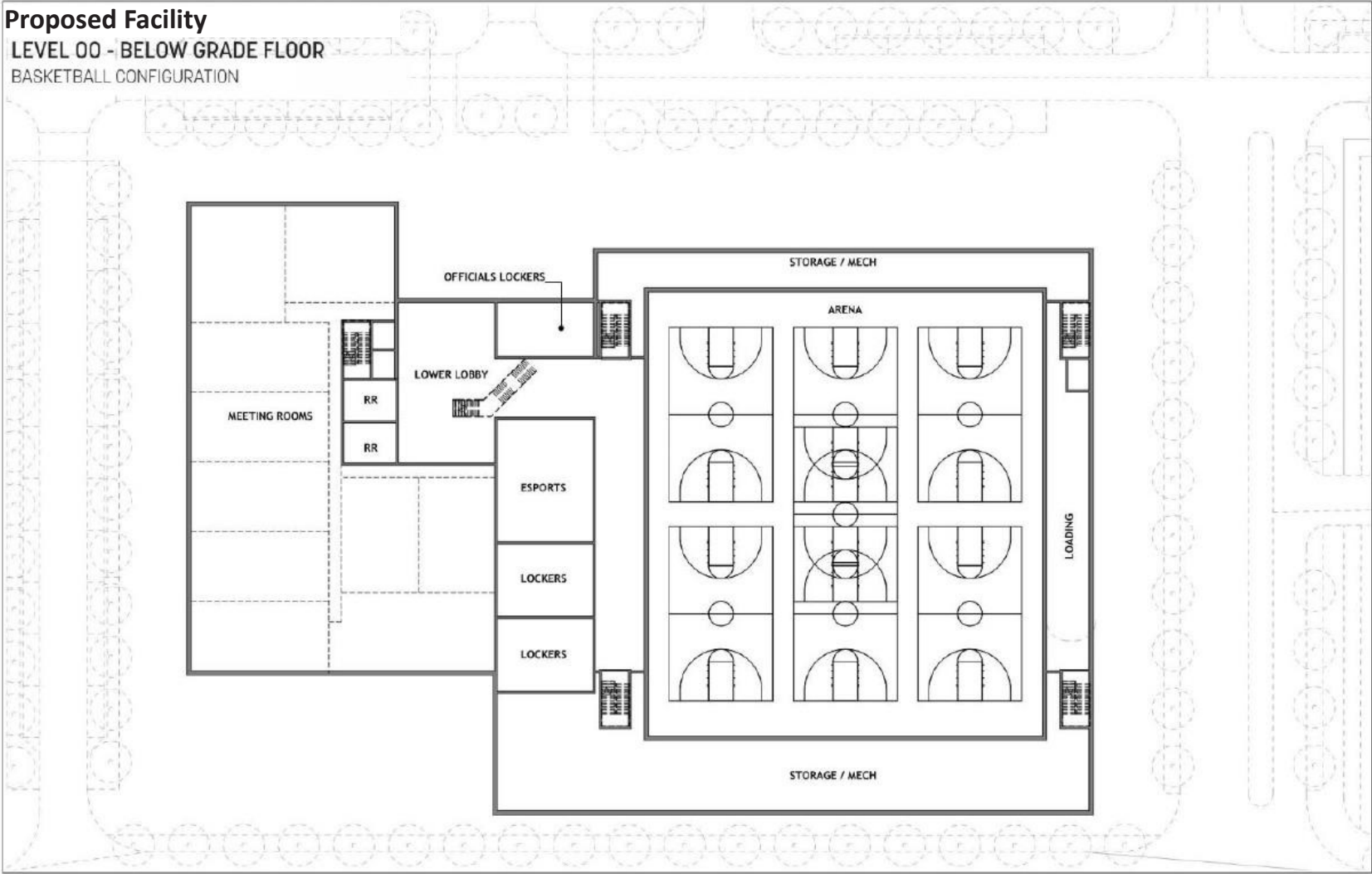
Statement of Values

To achieve our mission, we will uphold the following values:

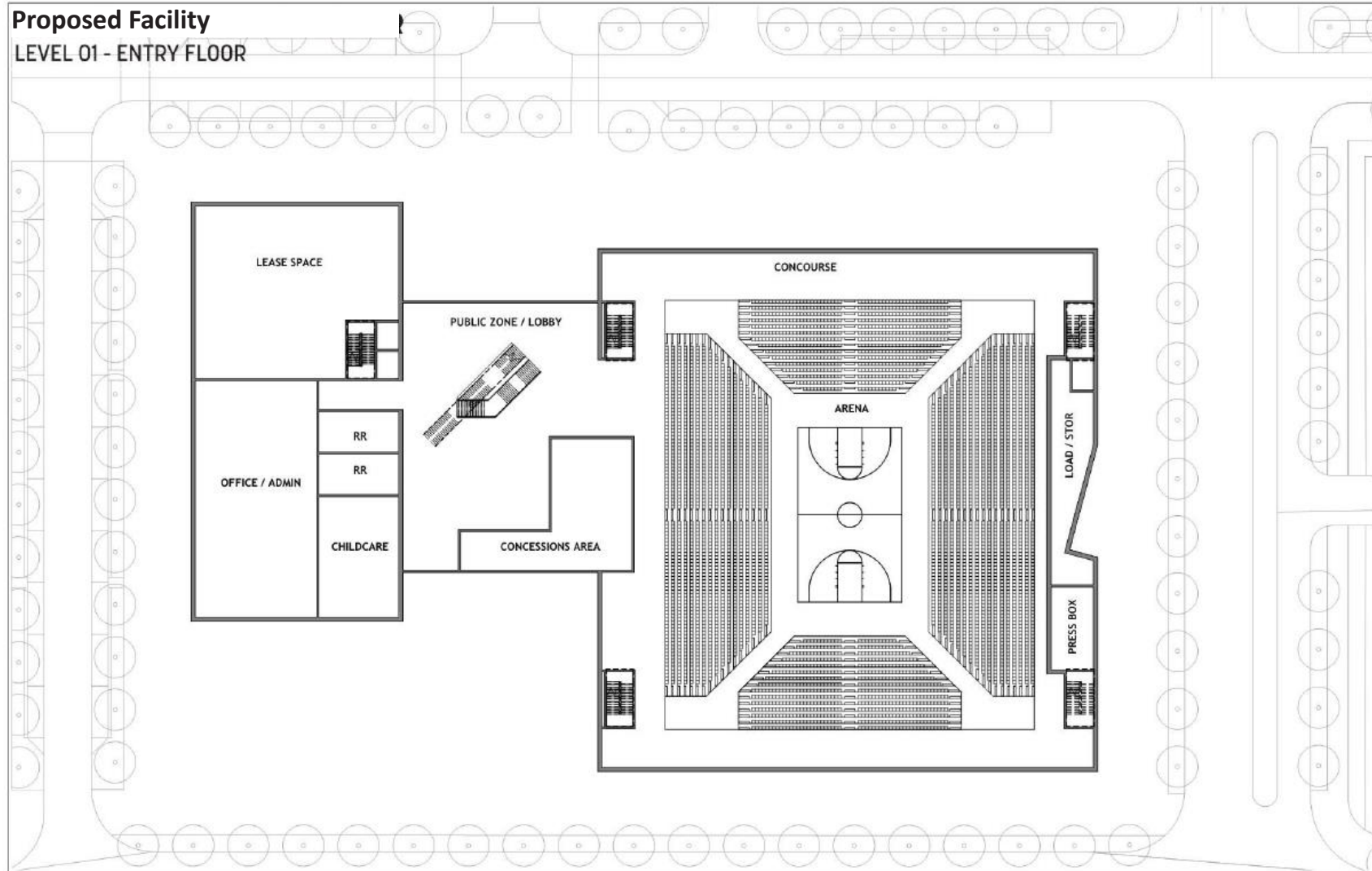
- Our organization exists to serve our citizens. We will be open, ensure access, encourage involvement and be accountable to our citizens.
- Employees are our most important resource. We will attract and retain the best employees possible and invest in their personal and professional growth.
- We will be honest, ethical and diligent. Our actions will comply with local, state and federal laws.
- We will treat everyone with dignity, respect and fairness.
- We will achieve the best results through effective teamwork, strategic partnerships and community participation.
- We will provide outstanding customer service that is polite, friendly and responsive.
- We value creative thinking and innovation. We will continue to be nationally recognized for excellence in local government.
- We value growth that balances desired service levels, economic benefits and continued stability for our community.
- We are cost conscious. We spend public funds responsibly and effectively to ensure the Town's short- and long-term financial strength.
- We are committed to proactive, comprehensive planning to guide the future of our community.
- We will preserve and protect our environment. We will be good stewards of our finite natural resources.

Adopted by Town Council August 22, 2006

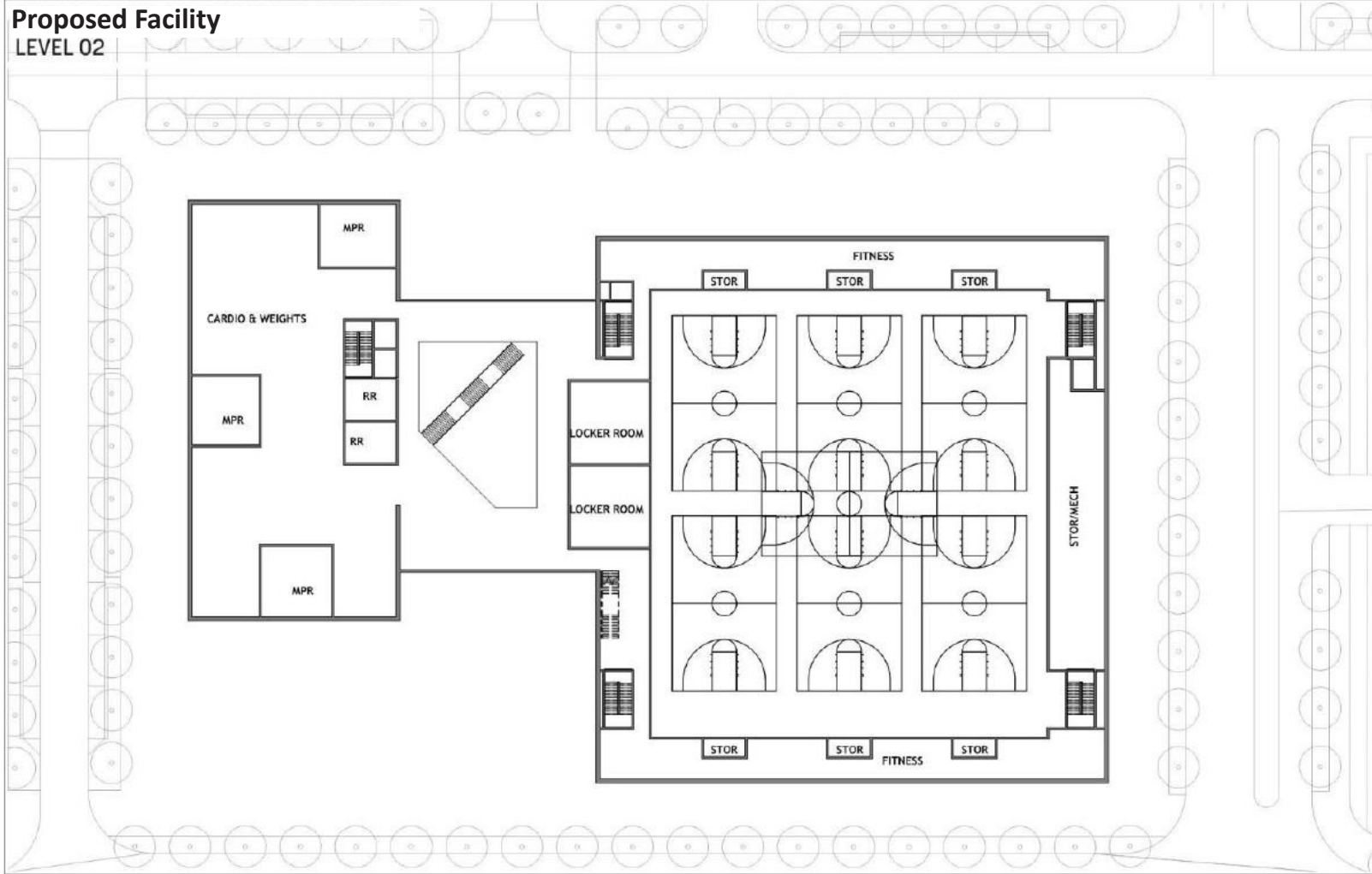
Appendix B: Proposed Floor Plan - Option 2



Proposed Facility
LEVEL 01 - ENTRY FLOOR

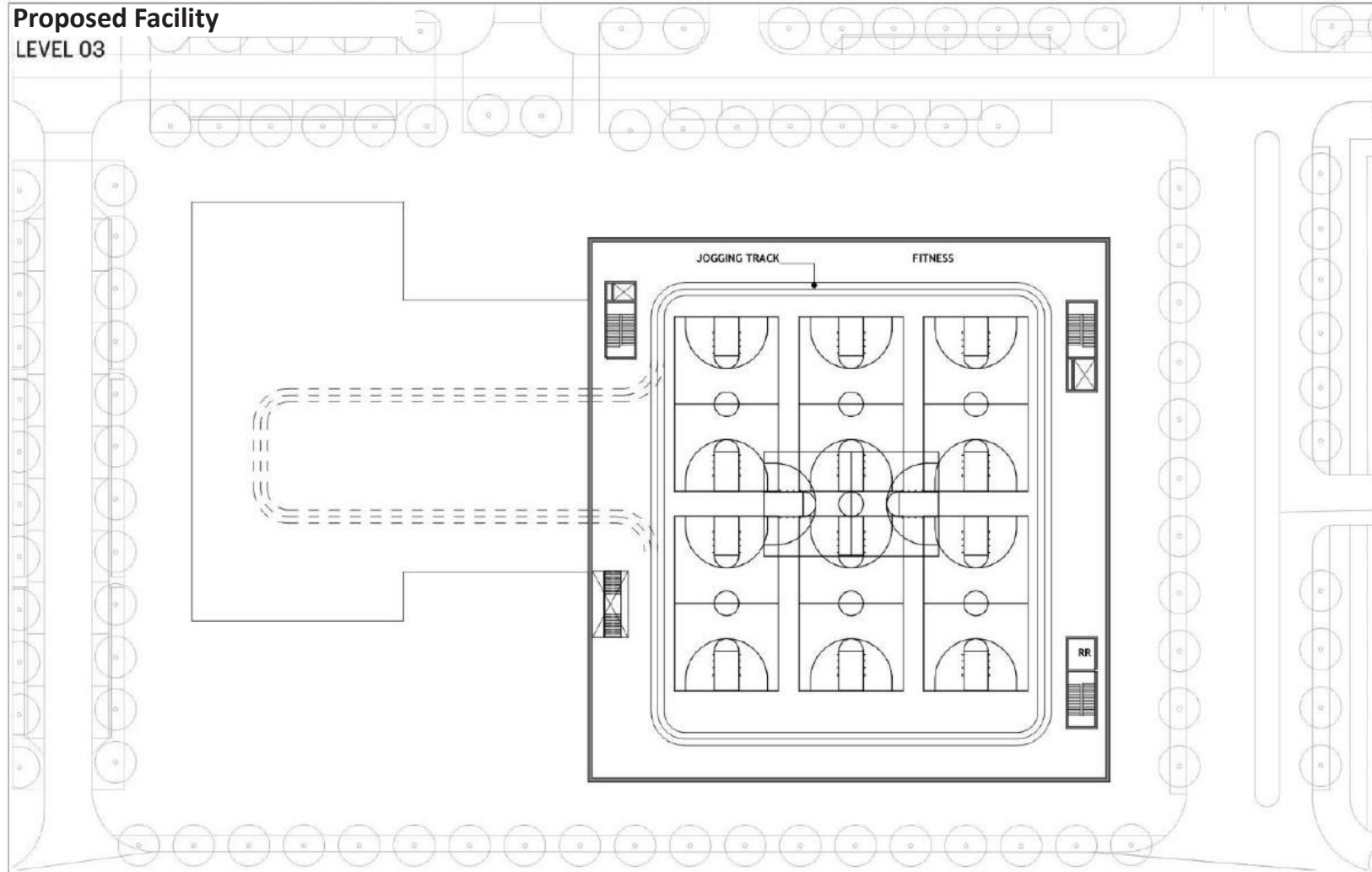


Proposed Facility
LEVEL 02



Proposed Facility

LEVEL 03



Appendix C: Twenty-five Proforma

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
OPERATING REVENUE	\$1,908,892	\$2,055,442	\$2,227,765	\$2,389,356	\$2,496,344	\$2,623,540	\$2,700,827	\$2,746,336	\$2,762,061	\$2,765,482
OPERATING EXPENSES	2,443,658	2,507,918	2,573,944	2,641,787	2,711,499	2,783,131	2,856,740	2,932,380	3,010,110	3,089,989
NET OPERTATING INCOME	(\$534,766)	(\$452,476)	(\$346,179)	(\$252,431)	(\$215,155)	(\$159,592)	(\$155,913)	(\$186,045)	(\$248,049)	(\$324,508)
	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
OPERATING REVENUE	\$2,820,791	\$2,877,207	\$2,934,751	\$2,993,446	\$3,053,315	\$3,114,381	\$3,176,669	\$3,240,202	\$3,305,006	\$3,371,107
OPERATING EXPENSES	3,151,789	3,214,825	3,279,121	3,344,704	3,411,598	3,479,830	3,549,426	3,620,415	3,692,823	3,766,679
NET OPERTATING INCOME	(\$330,998)	(\$337,618)	(\$344,370)	(\$351,257)	(\$358,283)	(\$365,448)	(\$372,757)	(\$380,212)	(\$387,817)	(\$395,573)
	Year 21	Year 22	Year 23	Year 24	Year 25					
OPERATING REVENUE	\$3,438,529	\$3,507,299	\$3,577,445	\$3,648,994	\$3,721,974					
OPERATING EXPENSES	3,842,013	3,918,853	3,997,230	4,077,175	4,158,718					
NET OPERTATING INCOME	(\$403,484)	(\$411,554)	(\$419,785)	(\$428,181)	(\$436,744)					

FACILITY DIRECTORY

**Administrative Office
at Town Hall Campus**
316 N. Academy Street
(919) 469-4061

Bond Park Community Center
150 Metro Park Drive
(919) 462-3970

**Herbert C. Young
Community Center**
101 Wilkinson Avenue
(919) 460-4965

Middle Creek Community Center
123 Middle Creek Park Avenue
(919) 771-1295

Cary Senior Center
120 Maury O'Dell Place
(919) 469-4081

Page-Walker Arts & History Center
119 Ambassador Loop
(919) 460-4963

Cary Arts Center
101 Dry Avenue
(919) 469-4069

The Cary Theater
122 E. Chatham Street
(919) 462-2054

Koka Booth Amphitheatre
8003 Regency Parkway
(919) 462-2025

Fred G. Bond Metro Park Boathouse
801 High House Road
(919) 469-4100

**Sertoma Amphitheatre at Bond
Park**
801 High House Road
(919) 462-3970

**Stevens Nature Center at Hemlock
Bluffs Nature Preserve**
2616 Kildaire Farm Road
(919) 387-5980

WakeMed Soccer Park
950 E. Chatham Street
(919) 858-0464

**USA Baseball
National Training Complex**
7445 Green Hope School Road
(919) 387-5844

Cary Tennis Park
2727 Louis Stephens Drive
(919) 462-2061

Sk8-Cary
2040 N.W. Maynard Road
(919) 380-2970



*Achieve
Ambitions*

Multi-use Sports Facility Market Demand Study

Summary of Project Results

January 2019



Table of Contents

1. Overview
2. Project Methodology
3. Market Demand Findings
4. External Use: Optimal Needs
5. Potential Programming
6. Estimated Costs
7. Estimated Usage and Impact

JLL assisted the Town of Cary in assessing the market demand for a planned multiuse indoor sports facility. The facility will be used for both visitor-facing and local use.



Overview



The Town of Cary has been a regional leader in the development and management of recreational venues for more than two decades. Cary is a valued partner with the Greater Raleigh Sports Alliance (GRSA) in attracting and hosting regional and national level youth, collegiate, and amateur sports events.

As a leader in Wake County's efforts to increase sports tourism and the Town's leadership's desire to continue to provide quality of place amenities for its residents, Cary wanted to explore the market demand for a multiuse, indoor sports facility. In addition to fulfilling a need identified in the recently developed Wake County Destination Strategic Plan and recommendations for the creation of a countywide sports complex model, the facility would serve as an additional facility for use by the Cary community.

To help Cary understand the potential use of such a facility by both overnight visitors and local residents, JLL undertook a series of interviews, space assessments, and best-practice research to project programming and use for the facility.

The Town will use the projection and overall findings to inform its next steps in deciding whether to build such a facility.

The following pages summarize the result of the market demand analysis and resulting recommended programming.



FACILITY ASSUMPTIONS

- Project Cary's desire to think big and reflect the town's high-tech and environmentally conscious brand.
- Be used for both external/tournament use and local use, with an emphasis on external/tournament use and economic development.
- Facility should be integral part of countywide sports complex model.
- Initial footprint should serve as anchor and/or have expansion capacity.

Project Methodology

JLL approached this assignment by first engaging potential users of the facility to understand their perceptions of Wake County and Cary as a location for regional or national-level tournaments, as well as soliciting feedback on the needed elements or programming of the facility to cause them to host their events in Cary. The team also collected examples of other “best-practice” facilities to help understand the current competition and the types of spectator and participant amenities provided.

Concurrently, JLL worked with Cary’s Department of Parks and Recreation staff to ensure that the proposed uses from a tournament/visitor stand point are aligned with and complementary to the Town’s desire for a level of residential use.

Once the potential uses for the facility were narrowed, JLL then worked to project the potential number of tournaments the facility could host and a rough overview of the operational expenses and other economic impact of such activity.

Discover & Validation

- Compile precedent set
- Obtain input/perspectives from sports planners and sports complex operators (demand, uses, amenities)
- Obtain input/perspectives from Town leadership on residential use (local use, positioning)
- Obtain input/perspectives from GRCVB/GRSA on countywide sports complex fit (demand, interlocal funding)
- Determine potential size/space for sites
- Assess merits of different uses/configurations

Market Testing

- Determine demand/annual usage given identified focus/use and amenity package
- Determine optimal mix of visitor-facing use versus local use

Narrowing Options

Assessment & Recommendations

- Provide recommendation on use/configuration that would best serve project goals
- Provide summary of market demand for visitor-facing activities and projected use

Market Testing

Recommendations

Market Demand Findings

Cary and Wake County have a strong reputation among youth and amateur sports organizers. However, feedback from the interviews and best-practice research suggests that as more product comes online and competition increases for sports-related tourism dollars, facilities looking to capture a share of the national and regional sports tournament market must remain at the forefront of industry trends. Facilities must be more than merely a repurposed court or indoor space; they must provide visitors (athletes, spectators, and organizers) a high-quality **experience** and provide **ancillary amenities** desired by the visitors.

Additionally, feedback from organizers expressed the preference for facilities to provide ease of use—in other words, providing the booking flexibility, equipment and participant experience required of their event to make their job of “running” tournaments easier.



Experiential

- The “production of events” or the “experience” are the new distinguishing aspect of a facility.
- The participant and spectator experience in the facility must be a priority.
- Successful facilities leverage interests and/or areas of strength of their region to differentiate themselves.



“Customized”

- The flow, layout, and equipment of the facility should seem tailored to the sport.
- Planning around uses should be flexible when possible; however, space for “permanent” or specific use should be defined and taken into account (e.g., dedicated space for e-sports or high-bandwidth users).



Ancillary Needs

- Amenities such as higher-scale concessions, parking, visitor flow, and spectator seating add value to a venue
- Storage is increasingly important as organizers would prefer to source equipment, staging, etc. directly from the facility.
- A range of hotels proximate to the facility is also important

External Use: Optimal Needs

During the interviews with tournament organizers and sports experts throughout the country, JLL solicited perceptions of Wake County as a destination/host for their events, the space needs and types of amenities they seek in choosing venues, and organizers' willingness to bring new events to the market if a new facility were built. The below summarizes the interview feedback.

Priority Uses	Minimum space	Rationale
Basketball	12 courts	Strong demand; Wake County reputation/brand; lack of large enough/available facility in county
Volleyball	8 courts	Strong demand; Wake County reputation/brand
E-sports	28 pods (permanent)	Tie to local industry; opportunity to create partnership

Second Tier	Minimum space	Rationale
Dance/Cheer	4,700 sq ft (raised stage)	Track record in Wake County; primarily one-day competitions; could make use of stage/arena; build brand to host national, multi-day
Pickleball	8 courts	Demand extends past school age; dual local use
Wrestling/ Gymnastics	Apprx 25,000 sq ft	Demand; primarily one-day competitions; floor, equipment storage needs

Third Tier	Minimum space	Rationale
Martial arts	Min 4-5,000 sq ft	Demand extends past school age; most are one-day competitions; dual local use
Fencing	57 runs (roughly 65,000 sq ft)	High-growth, emerging; higher-spend; still emerging

Programming & Key Elements

To assist Cary in envisioning how the facility could marry both tournament/visitor-facing events and some local use, JLL looked for areas where programming could have a dual use, while also keeping in mind that the separation of the uses is also important.

Recommended programming for tournament s/visitor-facing events was established first given the key elements for the facility identified in interview feedback and best-practice research. Desired local uses were then added, as well as planning for common areas where both groups could use the space.

Recommended programming is based on the goals for the facility and strategies for meeting those goals:

Goals for Facility

Experience

Focus w
Adaptability

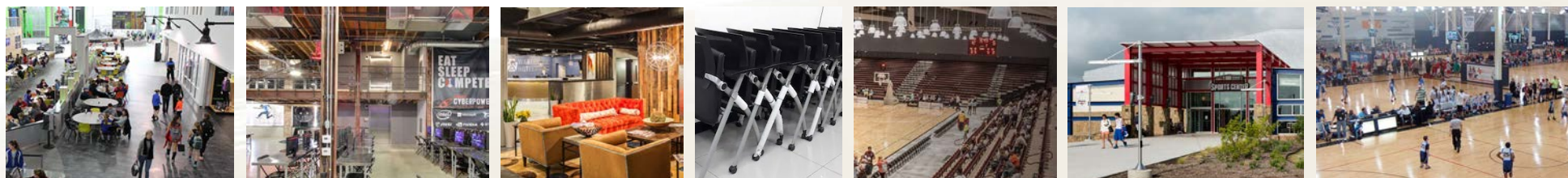
Brand

Destination

Programming Strategies to meet goals

- Create perception of separation between tournament and local use (experience)
- Reserve needed space for tournament use (fulfill countywide sports complex needs)
- Use booking policy to maximize dual use (maintain scheduling flexibility)
- Include meeting room/special events center for conference use
- Provide “one-stop” shop for organizers
- Distinguish and market facility as a national leader
- Locate facility proximate to amenities and hotel package
- Leverage existing county brand for sports

Key programming elements include higher-end spectator amenities, ample storage, permanent installations, free span courts, and adequate ceiling height.



Potential Layout

While a site for the proposed facility has not been determined, for the purposes of recommending programming for the facility, JLL assumed a potential 252,000 square foot (sq ft) 3 story-building (based on the current, most probably site for the facility).

Given that space, the minimum space requirements of the projected tournament and local uses, and the overarching goal of creating a facility be in keeping with the Town's high-tech and environmentally conscious brand, JLL proposed a multi-level facility. The different levels allow for the desired separation of uses, as well as maximizing the use of the potential site.

Upper Level: Community Center/meeting space

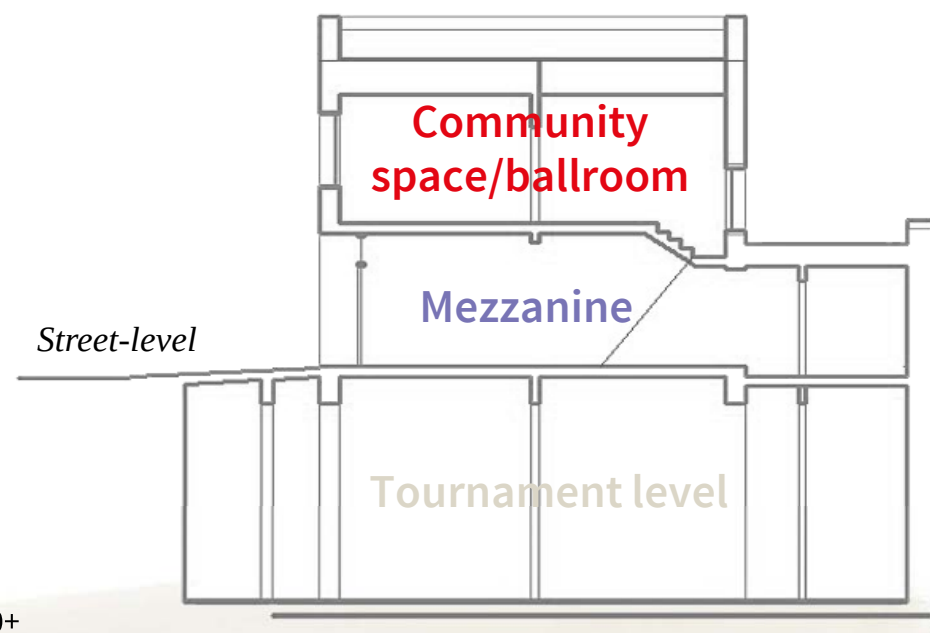
- Walking track
- Workout facility
- Smaller court area reserved for local use
- Ballroom space/meeting space/classrooms

Mezzanine: Entry-level/amenities (street level)

- Ticket office/information
- Lobby area
- Concessions and/or restaurant
- Meeting space
- Computer classroom/E-sports practice space
- Commercial kitchen space

First Level: Tournament (below ground level)

- Free span courts (12 basketball courts; divisible – ½ convertible to 4,000+ seat arena/center court)
- Meeting space
- Locker rooms



Estimated Costs

Using the parameters and uses of the potential layout, JLL estimated the space needs and range of costs for the facility*.

	Sq ft Needed	Proposed Programming
First floor	51,500	Open expanse for 6 basket ball courts
	51,500	Open expanse for 6 basket ball courts or a small arena
	2,250	6 8 stall restrooms (not adjacent)
	4,800	4 1,500 sq ft team locker rooms
	5,000	Circulation
	9,000	Storage for equipment
subtotal	124,050	

Mezzanine/ground-level entrance

	150	Ticket office
	6,500	Concession Space, kitchen area
	5,400	6 meeting/classrooms
	2,700	IT (E-sports) room (divisible)
	26,300	Ballroom and meeting space
	5,000	Weight room
	2,000	Childcare area
	5,000	Lobby (can be used for exhibits or gathering)
	9,000	Storage
	1,500	4 8 stall restrooms (not adjacent)
	5,200	Circulation, stairs
subtotal	68,750	

Upper floor

	5,000	Indoor track
	20,000	Fitness facility
	2,700	3 multipurpose rooms
	750	2 8 stall restrooms (not adjacent)
	5,000	Circulation, stairs
	5,000	Storage
Subtotal	38,450	

Total 231,250

Construction Costs only:

GSF of 209,200 x \$350/sf = \$80.9 m

GSF of 209,200 x \$400/sf = \$92.5m

Soft costs:

30% total

FF&E:

Non-court = \$645,000

Court and sports equipment = \$ 3,050,000

Project Costs Range:

\$109.0 m - \$124.0 m

Rental Revenue (year 1):

Tournament rental revenue = \$297,600

Total concessions revenue = \$283,248

Total retail revenue = \$177,030

Operating Expenses (year 1):

Operations and maintenance (\$2.25/sq ft) = \$248,738

Utilities (\$1.50 sq ft) = \$165,825

Supplies (estimated) = \$15,000

Salaries (for tournament facing use) = \$197,600

Benefits = \$59,280

General and Administrative expenses = \$80,625

**Preliminary, based on initial programming goals and need for separation between uses; expenses assume visitor-facing aspects of facility are use for tournament play 75% of time.*

Estimated Usage and Impact

As noted, the resulting facility is meant to be part of the countywide sports complex model recommended in the Wake County Destination Strategic Plan. To demonstrate the value the facility brings to the countywide sports complex model, it will be helpful for Cary to track the use of the facility for tournament play and the impact of that visitation in terms of room nights generated and direct spending.

JLL built a simple model to guide Cary's thoughts in projecting this use and impact. The model assumes that there will be a ramp up in use of the facility over the first five years. The model is somewhat aggressive, suggesting a healthy 62 tournaments hosted by year 5. For sake of illustration, the model assumes that the facility will be used in three ways:

- Large regional and national tournaments that occupy the majority of the facility and have a substantial number of participants who will need lodging;
- Smaller regional or high-recognition tournaments that do not occupy the entire facility and could potentially be partnered with another smaller tournament/use; and
- Other tournament/competition uses: competitions that occupy a smaller footprint within the facility, could be partnered with other smaller events, and occur over a longer period of time.

Based on the duration and size of the tournaments (number of participants and spectators per participants), the model estimates the potential room nights generated and direct spending incurred. Details on the assumptions taken are included in the appendix.

Number of Events Per Year

	Year 1	Year 2	Year 3	Year 4	Year 5
Large tournament	14	16	18	20	20
Smaller tournament	18	20	24	28	30
Other tournament uses	8	8	8	10	12
Total Events/year	40	44	50	58	62

Economic Impact

	Year 1	Year 2	Year 3	Year 4	Year 5
Number of attendees	141,624	158,784	180,624	205,500	213,216
Room nights generated	35,393	39,401	44,345	50,655	52,957
Direct Spending	\$9,644,244	\$10,718,364	\$12,021,804	\$13,741,935	\$14,387,946

Appendix

Model Methodology



JLL used the below assumptions and calculations to derive the estimated room nights and direct spending impact presented on page 10:

	# teams	# players/ team	# spectators/ player	% of non-local participants	Tournamen t duration	# night stays (total)	Avg room rate	Avg daily spend/per family (includes local)
Large tournament (Regional volleyball championship)	192	10	2.25	80%	2 days	1	\$125	\$75
Smaller tournament (Showcase basketball tournament)	72	10	2.25	65%	2 days	1	\$125	\$60
Other tournaments (Regional gymnastics meet)	22	23	2.0	45%	4 days	3	\$125	\$60

Operating Model

JLL used the below assumptions and calculations to derive the estimated operating costs for the building. The model assumes that the visitor-facing portion of the facility (147,400 sq ft) will be programmed for tournament play 75% of the time.

	Year 1	Year 2	Year 3	Year 4	Year 5	Notes
Operating Revenue						
Court Rental Revenue	\$297,600	\$326,400	\$364,800	\$422,400	\$451,200	Assumes \$400/court rental/day
Concessions Revenue	\$283,248	\$317,568	\$361,248	\$411,000	\$426,432	Assumes \$8/attendee spend @ 25% margin
Retail Revenue	\$177,030	\$198,480	\$225,780	\$256,875	\$266,520	Assumes \$5/attendee spend @ 25% margin
Total Revenue	\$757,878	\$842,448	\$951,828	\$1,090,275	\$1,144,152	
Operating Expenses						
Operations and Maintenance	248,738	256,200	263,886	271,802	279,956	\$2.25/sq ft @ 75% use
Utilities	165,825	170,800	175,924	181,201	186,637	\$1.50/sq ft @ 75% use
Supplies	15,000	15,450	15,914	16,391	16,883	Office supplies, uniforms, etc
Total Operating Expenses	\$429,563	\$442,449	\$455,723	\$469,395	\$483,476	
Non-operating Expenses						
Salaries	\$197,600	\$203,528	\$209,634	\$215,923	\$222,401	Director @ 75% FTE; 3 Facilities Mangers @ 75% FTE; Sales/events coordinator @ 100% FTE
Benefits	\$59,280	\$61,058	\$62,890	\$64,777	\$66,720	30% of salary
General and Administrative	80,625	\$83,044	\$85,535	\$88,101	\$90,744	70% of legal, insurance,
Total Non-operating Expenses	\$337,505	\$347,630	\$358,059	\$368,801	\$379,865	
Operating Profit	(\$9,190)	\$52,368	\$138,046	\$252,080	\$280,811	
Number of Events	40	44	50	58	62	
Number of Attendees	102,124	115,150	131,218	148,500	152,756	





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