

ATTACHMENT C:
Sports Facility Demand



DRAFT MEMORANDUM

To: Alexi Wordell and Elizabeth Boyd,
City of Sacramento

From: Tom Martens and Amy Lapin

Subject: Meadowview 102 Sports Facility Demand Review;
EPS #222163

Date: November 1, 2023

The Economics of Land Use



As part of the Meadowview 102 market analysis conducted for the City of Sacramento (City), Economic & Planning Systems, Inc. (EPS) has reviewed the November 2021 sports facility demand analysis, completed by Huddle Up Group (Huddle Up), on behalf of the Visit Sac Sports Commission (VSSC), along with supporting documentation supplied by the City. This memorandum summarizes regional and local demand for flat fields at a potential sports facility complex at the Meadowview 102 site. In addition, the City requested EPS assess demand for an indoor sports facility also located at the potential complex, although specific uses have not yet been defined. Finally, this memorandum summarizes research and analysis conducted thus far that will serve as inputs into the forthcoming financial feasibility analysis on potential land uses at the site.

Overview

The Huddle Up report assesses existing sports facilities in the City and the surrounding area, lists the key competitive destination sports complexes across the United States, includes a discussion of threats and opportunities, and provides a recommendation for a new flat field complex in the City.

Supporting documentation provided by the City (from VSSC/Huddle Up) included key data points for each of the local/regional tournaments that Sacramento would compete to host, as well as a culled listing of those national tournaments that Huddle Up determined Sacramento could potentially attract to a sports complex. Data for each tournament includes the number of teams, players, visitor days, and hotel room nights associated with each tournament.

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The supporting documentation also included estimates of daily visitor hotel room rates and overall visitor spending for overnight and day visitors, along with potential tax revenues under scenarios equating to tournament capture rates of 25 percent, 35 percent, and 50 percent.

While the Huddle Up report and supporting documentation do not provide sufficient data for other large sports complexes in the region to allow for extrapolation of demand in Sacramento, as requested by the City, the supporting tournament data was adjusted to test alternative capture scenarios and the resulting estimated City tax revenues and potential supportable hotel rooms.

Hardwood courts have been identified as an indoor facility type of strong interest for the Meadowview 102-acre site, as discussed below. As such, EPS conducted primary research to identify as many such comparable facilities in the region as possible, given the constraints of the overall Meadowview 102 project timeline. Additionally, an indoor ice facility has been discussed as a candidate use. For ice facility data, EPS was able to leverage and adapt data the firm recently compiled for a detailed ice facility demand analysis.

Indoor aquatics facilities were omitted from further consideration due to the combination of local weather and the presence of new outdoor aquatics facilities in Natomas as well as an existing facility in Elk Grove. An indoor tennis complex was also omitted from further consideration at this time because of a lack of available data combined with no indication of need by either City Youth, Parks & Community Enrichment (YPCE) Department staff or the previously completed Huddle Up demand analysis. EPS understands VSSC has commissioned an additional study to further analyze indoor sports complex demand.

The remainder of this memorandum describes estimated local and regional demand for flat fields as well as tournament demand and impacts related to flat fields, provides a high-level assessment of indoor sports facilities, and summarizes overall sports facility findings.

Flat Field Local and Regional Demand

A flat field complex has been identified as the most desired sports complex use for the Meadowview 102 site. Flat fields can accommodate a variety of sports but are most commonly used for soccer.

The Greater Sacramento Region includes several flat field sports complexes, with the largest local complex providing 10 fields. While most of the regional facilities are smaller than would be needed to attract many of the larger tournaments, which generally require 12 fields at a minimum, they appear to be mostly adequate to meet the needs of regional league play.

The largest local complex is the Cherry Island Sports Park, operated by Sacramento County in Elverta, with 10 fields. The Woodland Sports Park and Davis Legacy Soccer Complex each include 8 fields, providing good regional-level tournament venues. The City’s Granite Regional Park, with 7 fields, rounds out the larger flat field complexes in the local area. Several complexes with 11 or 12 fields have been identified elsewhere in the larger region.

Table 1 lists the competitive flat field sports complexes in the Sacramento region, plus the major flat field sports complexes identified in the larger Sacramento-Central Valley-Bay Area region.

Figure 1 includes the major identified flat field sports parks in the larger Sacramento-Central Valley-Bay Area region, while **Figure 2** focuses on each of the identified competitive flat field sports parks in the Sacramento region. The mapped circles surrounding each location indicate the relative sizing and therefore potential regional “pull” of each of the locations. However, individual facility characteristics such as turf quality, lighting, seating, restroom/locker room facilities, or concessions can also affect the attractiveness (and user cost) of each location for hosting leagues and tournaments. In addition to the existing field complexes shown below, the City of Roseville is currently developing a 10-field soccer complex.

Table 1 Regional Sports Parks with Flat Fields

Map No.	Complex	City	Flat Fields	Owned By
1	Cherry Island Sports Park	Elverta	10	Sacramento County
2	Granite Regional Park	Sacramento, CA	7	City of Sacramento
3	Hal Bartholomew Sports Park	Elk Grove, CA	4	Consumnes Community Service Dist
4	Davis Legacy Soccer Complex	Davis, CA	8	Davis Legacy Soccer Club
5	Woodland Sports Park	Woodland, CA	8	City of Woodland
6	San Juan Soccer Field Complex	Rancho Cordova, CA	3	San Juan Soccer Club
7	Mather Sports Complex	Mather, CA	3	Cordova Recreation & Park Dist
8	Maidu Regional Park	Roseville, CA	5	City of Roseville
9	Foskett Regional Park	Lincoln, CA	4	City of Lincoln
10	Stockton Regional Sports Complex	Stockton, CA	11	San Joaquin County
11	Legacy Fields Sports Complex	Tracy, CA	8	City of Tracy
12	Mary Grogan Community Park	Modesto, CA	8	City of Modesto
13	Mistlin Sports Park	Ripon, CA	12	City of Ripon
14	Turlock Regional Sports Complex	Turlock, CA	9	The City of Turlock
15	Ken Mercer Sports Park	Pleasanton, CA	12	City of Pleasanton
16	Patelco Sports Complex	Pleasanton, CA	3	City of Pleasanton
17	Central Park Sports Complex	Fremont, CA	10	City of Fremont
18	Twin Creek Sports Complex	Sunnyvale, CA	12	Global Sports Inc
19	Morgan Hill Outdoor Sports Center	Morgan Hill, CA	11	City of Morgan Hill

Source: EPS.

Figure 1 Regional Sports Parks with Flat Fields

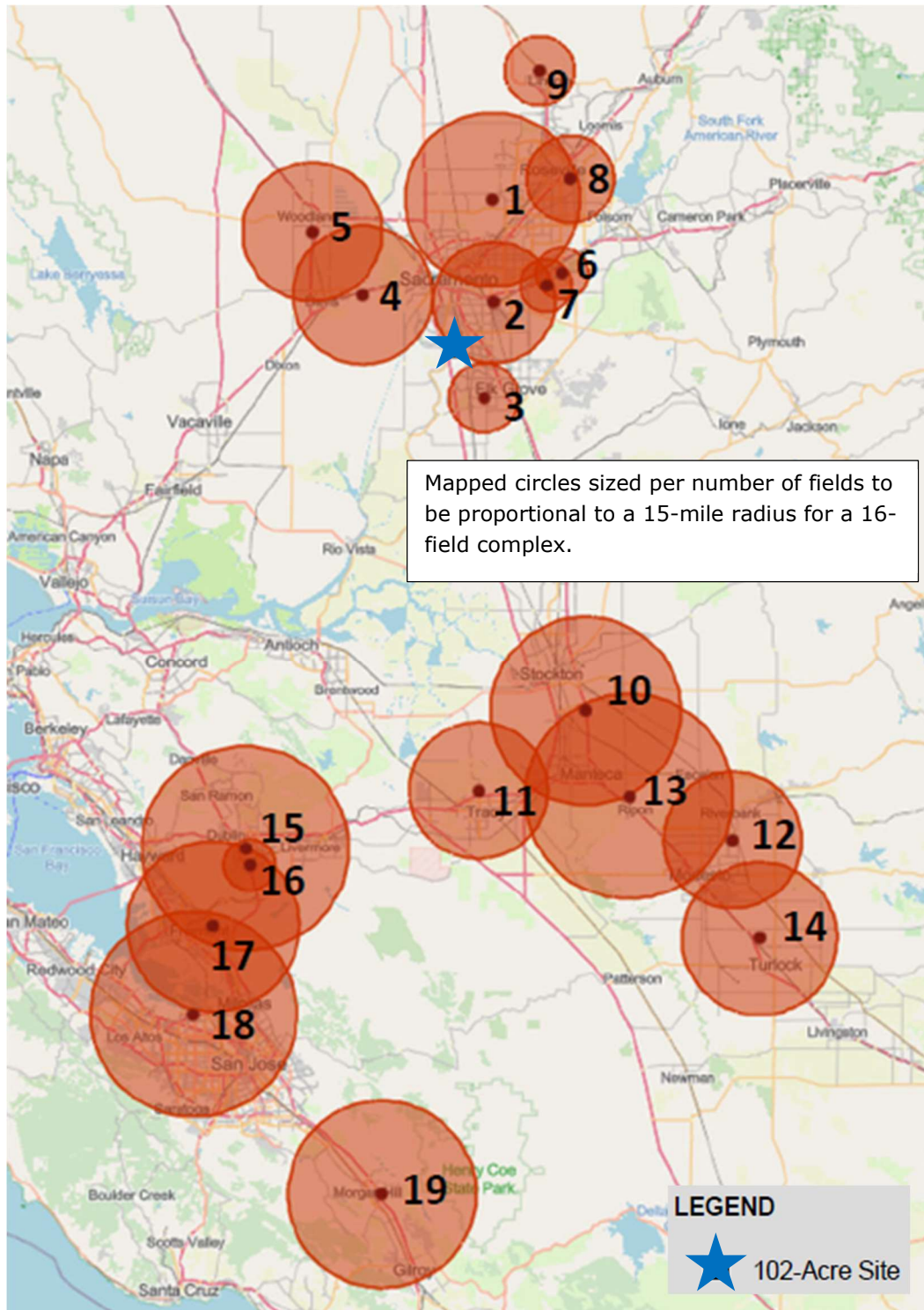
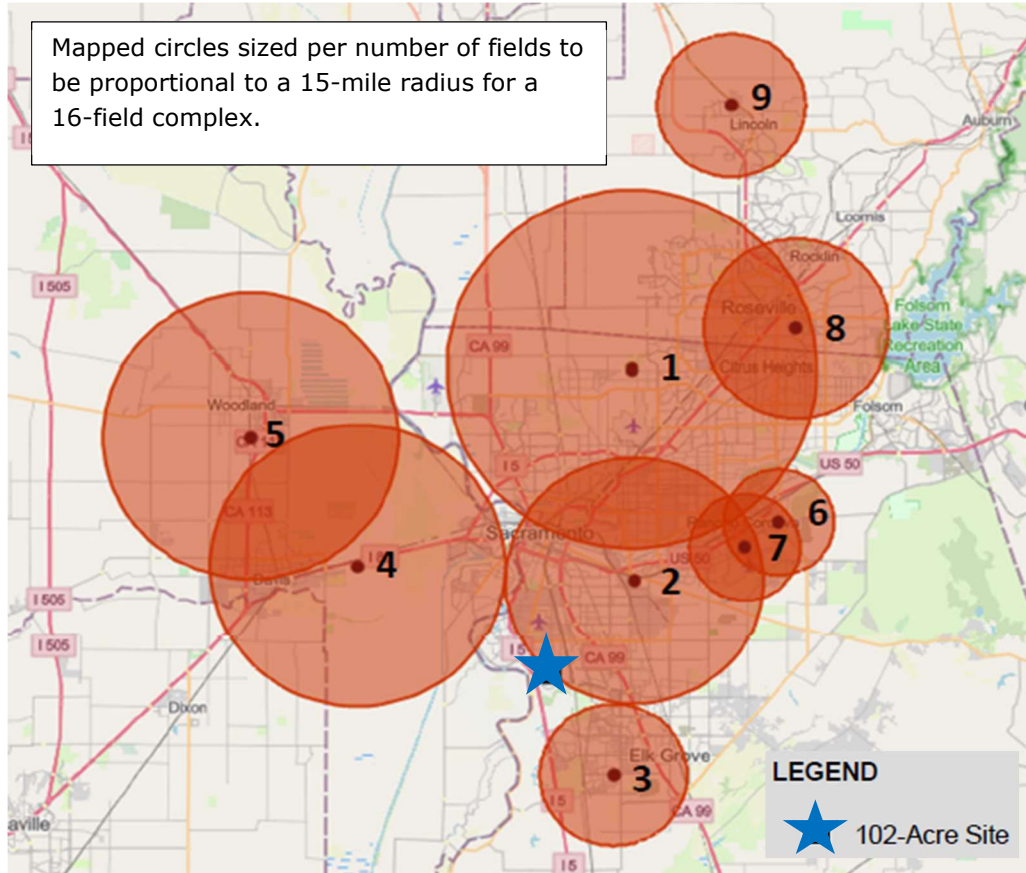


Figure 2 Sacramento Area Sports Parks with Flat Fields



Based on conversations with City YPCE Department staff, existing facilities appear to be sufficient in meeting local demand for flat fields. Supporting qualitative information from YPCE is provided below:

- Requests for soccer fields are rarely denied in City Council District 8 (the district in which the Meadowview 102 site is located), suggesting a sufficient level to meet local District 8 needs.
- The majority of field requests in District 8 are for youth football and rugby.
- One soccer group uses the fields at Steve Jones Park, Sam and Bonnie Pannell Community Center, and Shasta Park in District 8.
- Over the years, fewer soccer fields have been booked and remain available in District 8.

- Jacinto Creek, North Laguna Creek Park, and Valley Hi in District 8 have each been used for soccer in the past and remain available for use; however, demand for these fields has declined over the years. Fields are allocated in September for the following year; according to YPCE staff, there is no indication of a shortage of available fields.

Flat Field Tournament Demand and Impacts

As noted above, 12 fields is the minimum number of fields for a facility to be able to function as a tournament venue. However, based on discussions with sports marketing professionals contacted as part of this study, the ability to capture many of the larger tournaments will be limited for a facility with fewer than 16 fields, and the ability to capture the largest tournaments will be limited for a facility with fewer than 20 fields.

As a point of comparison, the San Diego region includes two 30-field complexes less than 30 minutes apart that can be used jointly to allow the region to host major national tournaments. The size of the complexes combined with San Diego's myriad visitor attractions and amenities make the region a top national competitor for attracting sporting competition events.

VSSC hired Huddle Up to complete an assessment of the potential for a sports complex in Sacramento. Along with their recommendation for a flat field complex, Huddle Up provided a detailed matrix of the universe of potential sports tournaments, and related participant and visitor numbers and spending, that could potentially be captured by a flat field complex in Sacramento.

Using the Huddle Up potential tournament data, EPS developed a Base Case/Optimistic scenario that applies a 30 percent capture rate to the universe of potential tournaments to estimate the number of players and visitors that could be attracted to Sacramento. The 30 percent capture was derived from conversations with Huddle Up, during which it was noted that a general rule is that a facility will tend to land about 1 out of 3 potential tournaments it is capable of hosting. The 30 percent capture rate also roughly corresponds with the midpoint between Huddle Up's moderate and conservative scenarios.

To test the impact of a greater capture rate for regional tournaments but lower capture rates for national tournaments, EPS developed 2 alternative conservative scenarios, each with a higher capture of regional tournaments (40 percent) but a much lower capture of national tournaments (10 percent and 5 percent). EPS assumed an estimated 80 percent of the room nights and visitor spending brought to the region would occur within the city limits of Sacramento.

Under the Base Case/Optimistic scenario, the estimated tournament capture and City visitor capture results in 303,000 visitor days and 65,000 room nights annually. The more conservative scenarios result in estimated annual City visitation numbers ranging from 173,000 to 223,000, with City room nights ranging from 36,000 to 46,000, as shown in **Table 2**.

Also summarized in **Table 2** are the estimated Transient Occupancy Tax (TOT) and Bradley-Burns local 1.0 percent sales tax and 1.0 percent Measure U revenues resulting from the potential visitor spending and room night data provided by Huddle Up.¹ Note, EPS adjusted the estimated share of visitor spending that would be subject to sales tax and limited the tax to the combined local 2.0 percent tax revenue that would accrue to the City's General Fund only, resulting in significantly lower sales tax estimates than the initial Huddle Up estimate, which included the full 8.75 percent sales tax rate in Sacramento, applied to 100 percent of visitor spending.²

¹ In 2018, Sacramento voters approved a new version of the City's Measure U sales tax, extending it and raising it from a half-cent to a full cent. The original Measure U was approved by voters in 2012 as a temporary tax. Its revenues have been used to restore essential City services that had been cut or scaled back since 2008, including those provided by Sacramento fire, police, parks and libraries. Measure U is a general tax and accrues to the City's General Fund.

² The remainder of the 8.75 percent sales tax revenue goes to the State of California and Sacramento County. Visitor spending on groceries/food not prepared for immediate consumption, entertainment admissions, and lodging is not subject to sales tax.

Table 2 Sports Facility Demand and Impact Extrapolation

Category	Scenarios		
	Base/Optimistic	Conservative 1	Conservative 2
Tournament Capture Potential [1]			
Capture of Identified Local/Regional Tournaments	30%	40%	35%
Capture of Identified National Tournaments	30%	10%	5%
Visitation (To Greater Sacramento)			
Local/Regional Tournament Visitor Days	153,000	204,000	179,000
National Tournament Visitor Days	225,000	75,000	38,000
Total Tournament Visitor Days	378,000	279,000	217,000
Local/Regional Attendee Taxable Spending/Day	\$59	\$59	\$59
National Attendee Taxable Spending/Day	\$74	\$74	\$74
Total Attendee Taxable Spending	\$25,750,000	\$17,656,000	\$13,364,000
Total Number of Roomnights	81,000	58,000	44,000
Assumed Hotel Nightly Rate	\$134.91	\$134.91	\$134.91
City of Sacramento Spending and Hotel Stay Capture			
City of Sac Capture of Roomnights and Spending	80%	80%	80%
Total Number of Visitor Days	303,000	223,000	173,000
City of Sacramento Taxable Visitor Spending	\$20,600,000	\$14,125,000	\$10,691,000
Total Captured Roomnights	65,000	46,000	35,000
City of Sacramento Hotel Room Spending	\$8,817,000	\$6,242,000	\$4,775,000
Tax Revenue			
Bradley Burns 1.0% Sales Tax	\$206,000	\$141,000	\$107,000
Measure U 1.0% Sales Tax	\$206,000	\$141,000	\$107,000
Total Local Sales Tax	\$412,000	\$282,000	\$214,000
Transient Occupancy Tax (12.0%)	\$1,058,000	\$749,000	\$573,000
Sacramento Tourism Marketing District (2.5%)	\$220,000	\$156,000	\$119,000
Sacramento Tourism Infrastructure District (1.0%)	\$88,000	\$62,000	\$48,000
Total Hotel Tax	\$1,366,000	\$967,000	\$740,000

Source: Huddle Up Group; Visit Sac; EPS.

[1] The Huddle Up impact analysis included "slippage adjustments" instead of capture rates to reflect the range of potential tournament activity captured by proposed facility. The Huddle Up slippage adjustments of 50%, 65%, and 75% correspond with capture rates of 50%, 35%, and 25%, respectively. The 30% capture used for the base/optimistic scenario corresponds to the midpoint between Huddle Up's moderate and conservative estimates. The roomnights and visitor spending estimates were further adjusted to reflect 80% capture of hotel stays and spending within City limits.

[2] The Huddle Up impact analysis assumed national tournament visitor spending of \$143.60 per person per day; and local/regional tournament visitor spending of \$79 per person per day, based on Sports ETA 2019. To estimate the portion of daily spending subject to sales tax, the national tournament daily spending per person amount was adjusted downward by 1/3 of the daily hotel room rate of \$134.91 (Zone 3/Natomas per Sacramento CVB), then 75% of the remaining daily spending was assumed taxable. The 75% taxable assumption was also applied to the local/regional daily spending per person.

Note: This analysis relies upon estimates of the total pool of potential tournament-related visitors, length of stay, and roomnights provided by Huddle Up/Visit Sac. Any changes to the total pool would result in proportional changes to potential captured visitation, spending, and tax revenue.

Table 3 translates the estimated captured room nights for each scenario into the number of hotel rooms potentially supported by tournaments in Sacramento. It should be noted that the supported number of hotel rooms would likely be spread across several hotel properties throughout the City, supported by a variety of demand sources throughout the year.

As noted in the larger Meadowview 102 market study, the site’s location 1 mile from the Interstate 5/Cosumnes River Boulevard interchange and without major thoroughfare frontage appears unlikely to attract development interest from hotel operators/developers. The seasonal and weekend nature of demand generated by a sports complex on its own would likely not provide sufficient occupancy throughout the year. However, a sports complex could provide supplemental demand to support a hotel near the Interstate 5/Cosumnes River Boulevard interchange, which would be a significantly more viable location for a hotel that could serve families attending a proposed sports complex but also serve a wider customer base during weekdays and throughout the year.

Table 3 City of Sacramento Tournament Supportable Hotel Rooms

Category	Scenarios		
	Base/Optimistic	Conservative 1	Conservative 2
Total Roomnights	81,000	58,000	44,000
Estimated City of Sacramento Capture Rate	80%	80%	80%
City of Sacramento Roomnights	65,000	46,000	35,000
City of Sacramento Supportable Rooms [1]	220	160	120

Source: Huddle Up Group; Visit Sac; EPS.

[1] Assumes limited service with target occupancy rates of 80%.

Note: This analysis relies upon estimates of the total pool of potential tournament-related visitors, length of stay, and roomnights provided by Huddle Up/Visit Sac. Any changes to the total pool would result in proportional changes to potential captured roomnights and supportable rooms.

Indoor Sports Facility Assessment

Indoor sports facilities generally include:³

- Hardwood facilities, which often can be converted between basketball, volleyball, or other indoor sports using hardwood courts.
- Ice facilities.
- Aquatics facilities.

Given the weather in Sacramento and the recently constructed aquatics center in North Natomas, as well as the existing aquatics center in Elk Grove, the research in this study focused on hardwood facilities and ice facilities.

Hardwood facilities have a wide range of uses and diverse appeal. In addition, based on a query with City YPCE staff, the greatest demand for indoor facilities is for hardwood courts. The most common indoor facility requests include volleyball, pickleball, and basketball courts for all abilities including wheelchair sports.

Ice facilities are often very popular in their host communities and can generate annual positive net operating revenues. However, they will typically require a larger upfront investment. In addition, most successful ice facilities in California are managed by operators that are affiliated with local/regional professional hockey teams, such as the San Jose Sharks, LA Kings, or other teams. Many are developed in conjunction with the team-affiliated operators.

The existing sports complex study and supporting documentation do not provide sufficient data to extrapolate demand for indoor uses. However, EPS has collected data on existing comparable indoor sports complexes, using internet searches and reaching out to various jurisdictions. In addition, EPS accessed indoor ice facility data compiled for a previously completed detailed ice facility market analysis from 2021.

Table 4 provides a summary of identified large hardwood and ice complexes. The hardwood complexes focus more on comparable facilities within the region, while the ice facilities include a greater number of venues in Southern California, where many such facilities exist because of population density and local hockey fan bases, which are key drivers of their success.⁴ Currently, there are no municipally owned ice facilities located in the Sacramento region, with the closest facility located in Stockton. A privately-owned ice-skating facility in Roseville includes an indoor ice sheet capable of accommodating hockey play.

³ Indoor tracks can also be included, often combined with other uses.

⁴ At least 13 hockey team-affiliated ice centers exist in Southern California.

Table 4 Indoor Sports Complex Comparative Examples

Complex	City	Sq Ft	Courts/Facilities		Owner/Operator
			<u>Basketball</u>	<u>Volleyball</u>	
Hardwood Facilities					
Andy Morin Sports Complex	Folsom	63,000	2	3*	Part of the Folsom Parks & Recreation Department.
Dignity Health Sports Complex	Bakersfield	55,000	5	5*	Partnership between Dignity Health, Basketball Universe Academy, ShePower Leadership Academy and Gameday Sports Academy. Managed by Gameday Sports Academy.
Courtside Sports Manteca	Manteca	25,714	3	3*	Privately owned/operated.
Hardwood Palace	Rocklin	70,000	8	8*	Privately owned/operated.
Courtside Basketball Center	Rocklin	38,000	5	-	Privately owned/operated.
Alameda Point Gym	Alameda	64,298	4	4*	Former Alameda NAS gym acquired by the city. Currently available for private and league rentals, community use, adult open gym.
Ice Facilities					
<u>Sheets/Rinks</u>					
Oak Park Ice Rink	Stockton	30,000	1		Owned by City of Stockton; operated by ASM Global.
Skatetown	Roseville	60,000	1		Privately owned and operated. Includes outdoor ice rink and indoor roller rink.
Great Park Ice & Fivepoint Arena	Irvine	282,000	4		Private foundation affiliated with the Ducks owns building on land leased from City. Ducks training facility.
The Cube	Santa Clarita	93,000	3		City purchased and renovated private ice facility that was closing (likely for redevelopment); contracts facility management to ASEC (affiliated with LA Kings).
Solar4America Ice San Jose	San Jose	400,000	6		Owned by City of San Jose; operated by Sharks Ice. Sharks training facility.
Solar4America Ice Fremont	Fremont	44,000	1		Privately owned and operated by Sharks Ice.
Oakland Ice Center	Oakland	87,000	2		Private developer-built rink with City-backed loan defaulted to the City. City contracted with Sharks Ice to manage.
Valley Children's Ice Center	Bakersfield	43,000	1		City contracts with AEG to manage the Ice Center along with municipally owned Arena, Theater, Convention Center, and Amphitheatre under one contract.
* Dual-use courts convert to volleyball or other hardwood courts.					

Source: EPS.

One of the larger indoor sports complexes in the Sacramento area is Andy Morin Sports Complex operated by the Folsom Parks & Recreation Department. This multi-use facility includes 2 convertible basketball courts, an indoor soccer field, and batting cages to meet community needs. However, the limited number of hardwood courts limit the ability to host larger tournament events. Two large, privately owned and operated hardwood facilities in Rocklin indicate there is likely strong demand for such facilities in the area; however, the profit and loss statements for these facilities are unknown.

Most municipally owned indoor sports complexes appear to be operated by the local parks and recreation department. Indoor ice facilities, many of which are municipally owned, appear to be operated exclusively by contracted management companies. While many ice facility management entities are affiliated with regional hockey team, non-affiliated venue managers also operate ice facilities, as found in Stockton.

Summary of Findings

The key findings of the sports facility demand review include:

Flat Fields

- There does not appear to be a significant need for additional flat fields for use by local residents in District 8, according to YPCE staff. However, few existing facilities in the region provide lighting, all-weather turf, or amenities such as locker rooms, restrooms, and concessions space.
- The Huddle Up report recommends Sacramento develop a tournament-level flat field complex.
- While the Huddle Up report and backup data do not provide an estimate for the number of tournaments Sacramento would likely be able to capture, the backup data provide the basis for estimating an optimistic base case and testing more conservative scenarios, resulting in estimates ranging from 173,000 to 303,000 visitors and 35,000 to 65,000 room nights for the City of Sacramento.
- The potential City tax revenues from the visitation and room nights noted above range from about \$200,000 to \$400,000 in sales tax and about \$600,000 to \$1 million in City Transient Occupancy Tax annually.^{5 6}
- The estimated number of room nights captured within the City of Sacramento would support between 120 and 220 hotel rooms. However, these hotel rooms would be spread across several hotel properties around the City that are supported by a variety of demand sources throughout the year.

Indoor Facilities

- The specific type of usage associated with an indoor facility has not yet been identified. Further, the Huddle Up study did not provide sufficient data to extrapolate demand for indoor uses. However, EPS has conducted a high-level assessment of potential indoor facility uses as part of this study.

⁵ Reflects a 2.0 percent sales tax rate consisting of the local Bradley Burns 1.0 percent rate and the City's Measure U 1.0 percent rate which accrue to the City's General Fund, applied to taxable visitor spending captured in the City.

⁶ City 12.0 percent TOT only. See Table 2 for additional hotel taxes.

- Tournament data for hardwood facilities was unavailable for this assessment; however, VSSC is currently in discussion with Huddle Up regarding an analysis of hardwood facilities.
- Hardwood facilities, with a wide range of uses and diverse appeal, are the indoor facility type with the greatest demand from local residents, according to City YPCE staff.
- Municipally owned hardwood facilities are generally municipally operated.
- Ice facilities tend to be very popular, particularly for team-affiliated operations in areas with a strong hockey team following. It is unclear if the same level of support can be generated in areas without a strong team fan base.
- While ice facilities require significant capital expenditure and higher operating costs, they can generate positive net operating revenue.
- Management of municipally owned ice facilities is typically contracted, with many of the most successful facilities contracted to team-affiliated operators.
- An indoor aquatics facility would compete with the recently constructed outdoor aquatics center in North Natomas, as well as the existing aquatics center in Elk Grove. Additionally, Sacramento weather generally does not necessitate indoor aquatics (with the exception of smoke emergency days).
- Neither the Huddle Up study nor YPCE staff identified a need for a dedicated indoor racquet facility.