



FINAL REPORT: MARKET DEMAND STUDY
& SPORTS OPPORTUNITY ASSESSMENT
FOR A NEW OUTDOOR SPORTS FIELDS
PARK IN CHRISTIANSBURG, VIRGINIA

Submitted to Town Council: October 29, 2020





TABLE OF CONTENTS



<u>SECTION</u>	<u>PAGE</u>
Executive Summary	3
1. Introduction	13
2. Demographic & Socioeconomic Analysis	19
3. Local & Regional Indoor Sports Facility Inventory & Analysis	35
4. Sports User Group & Tournament Interviews	56
5. Sports Tourism SWOT Analysis	66
6. Operating & Marketing Recommendations	75
7. Usage Estimates, Operating Pro Forma & Capital Needs	96
8. Visitor Impact Projections	109
9. Long-Term Funding Analysis	120

Please Note: this report relies on a variety of information and assumptions to develop market, financial, and economic projections. Sources of information and assumptions include, but may not be limited to, information provided by Faulconer, the Town, input and opinions provided by relevant third parties, Victus Advisors' industry experience and previous studies, and publicly available data from various industry sources. Any such information collected by Victus Advisors has not been audited or verified and has been assumed to be correct. There will be differences between actual events and the projections contained herein, and we express no assurances of any kind related to any projected information. Differences between projections and actual events may be material.



EXECUTIVE SUMMARY



INTRODUCTION



Project Background - Victus Advisors LLC (“Victus Advisors” or “Victus”) was engaged by the Town of Christiansburg (“Town” or “Client”) via Falconer Construction Company (“Falconer”) to conduct a Market Analysis, Strategic Plan, and Financial & Economic Analysis for a new outdoor sports fields park, including:

- 1) Determine market demand and market opportunity for a new outdoor sports park, for both local and regional use.
- 2) Analyze the strengths, weaknesses, opportunities, and threats for the Town in the sports tourism and sports events market.
- 3) Develop a series of operating and marketing recommendations for the Town of Christiansburg.
- 4) Estimate annual usage, revenues, and expenses for the park.
- 5) Estimate visitor impacts generated by the sports fields park.
- 6) Analyze long-term funding options for capital and operations.

Project Site - The project site under consideration in this report is located near New River Valley Mall. It is off Peppers Ferry Rd NW.

Project Understanding - The Town and Falconer envision that the new park will have the following Phase I amenities and features according to the 80% GMP approved plan set:

- Four (4) lighted, multi-use, artificial turf sports fields
- Green spaces for lounging and leisure
- Concession space for food service
- Three (3) pavilions
- Splash pad
- Walking trail
- All-inclusive destination playground
- Bathrooms
- Dog park
- Parking spaces

Notes Regarding COVID-19 - It should be noted that the majority of the market research and demand analysis for this report was completed in the first quarter of 2020, prior to the spread of the novel Coronavirus (COVID-19) in the United States. Therefore, we have identified the following key assumptions and relevant data points regarding the impact of the pandemic on our projections:

- Our usage estimates and financial projections (as shown in Section 7) represent a stabilized year of operations occurring by Year 3. We also developed a scenario analysis which shows potential impacts of reduced tournament activity if the pandemic is still present in the initial years of the sports park’s operations.
- An 8-week study analyzing the safety of outdoor youth soccer in Southern California found that across 143,000 soccer sessions only 15 (.01%) confirmed COVID cases were found, all of which were transmitted outside of the soccer sessions.
- According to a recent poll by Pew Research Center, 83% of US adults expect an effective treatment or cure for COVID-19 will definitely or probably be available by summer 2021.
- In a recent New York Times poll of 511 epidemiologists, 85% of epidemiologists expected to send their children to school, camp, or day care by the end of 2020.
- In recent surveys conducted by Victus with youth sports leaders, many have indicated that outdoor sports have already resumed with health protocols in place. There is a general perception within the youth sports community that outdoor sports are a significantly safer option during the pandemic for athletes, parents, and coaches than indoor sports. Overall, most youth sports leaders feel that once a vaccine is developed things will return to normal on a more accelerated timeline.



DEMOGRAPHIC & SOCIOECONOMIC ANALYSIS



Demographic & Socioeconomic Analysis - The Town of Christiansburg has a population of 22,285. The Town of Christiansburg is also part of the Blacksburg-Christiansburg-Radford MSA ("Blacksburg MSA") as designated by the U.S. Office of Management & Budget. The Blacksburg MSA is comprised of four counties (Giles, Montgomery, Pulaski, and Floyd) and the independent city of Radford. The MSA has a current population of 186,750 people.

Since 2000, the Town of Christiansburg's population has grown at a significantly higher rate than both the Blacksburg MSA as a whole and the nationwide U.S. average. The Town of Christiansburg's median age is lower than the national average. A lower median age tends to represent a large presence of working-age populations, which can be a positive indicator for youth/amateur sports and community recreation demand.

The Town of Christiansburg has about 22% of its population under the age of 18, which is about the same as the national average, and bodes well for sports and recreation demand.

When adjusted for cost of living, the median household income in the Town of Christiansburg is much higher than both the MSA and the U.S. median income. Higher household income levels can often indicate an ability for a household to spend disposable income on both youth sports and adult recreation.

Tourism Drive Time Zones - There are 10 markets with a population of more than 200,000 people each within a 2.5-hour drive of Christiansburg. An additional 11 larger markets (over 500,000 people each) are within a 5-hour drive (overnight trip). Overall, there is a total population within a 5-hour drive of Christiansburg of over 33.3 million people.

2019 Hotel Data - Nationwide, the Average Daily Rate (ADR) of hotels in 2019 was more than \$129 per night with 66% overall annual occupancy, whereas Montgomery County hotel ADR ranged from \$82 to \$125 per night throughout the calendar year, with occupancy rates ranging from approximately 38% to 76%. Occupancy peaks between July and October. ADR peaks in September and May. It should also be noted that hotels specifically in the Town of Christiansburg had an overall average ADR of \$90 and annual occupancy of 58% in 2019. Affordable, family-friendly hotels are a positive factor that is often considered by sports tournament organizers when booking events.

Hotel Inventory - Convenient, affordable, family-friendly lodging (preferably within a 5- to 10-minute drive from an event venue, if not located on-site) is an important component of attracting and hosting multi-day sports tournament activity. Victus found five (5) lodging options (minimum 2-star hotel class) in the immediate vicinity of the project site off Peppers Ferry Rd NW and N Franklin St: Holiday Inn Christiansburg, Super 8 by Wyndham Christiansburg, Hampton Inn Christiansburg, Microtel Inn & Suites by Wyndham Christiansburg, and Affordable Corporate Suites.



LOCAL & REGIONAL SPORTS FACILITIES



Town Sports Facility Inventory - Victus Advisors analyzed existing sports and recreation facilities in the Town of Christiansburg that have high usage in the community and have hosted tournament activity.

- 1) **Christiansburg Recreation Center** - The Christiansburg Recreation Center is one of the Town's most utilized facilities and either runs or hosts parks and rec programs, non-sports community events, educational classes, and health screenings. The facility has recently hosted several AAU basketball tournaments and a large gymnastics meet.

- 2) **Christiansburg Aquatic Center** - The Christiansburg Aquatic Center will host 17 competitive swim and dive meets in 2020 between February and July. According to the Town of Christiansburg, the aquatic center hosted 34 events and generated over \$4.5 million in economic impact to Christiansburg and the New River Valley in the 2018-2019 fiscal year. Lastly, the facility generated \$171,000 in rental revenue in the same fiscal year.

- 3) **Harkrader Sports Complex** - The Christiansburg Parks and Recreation department reported 25 events/tournaments for the 2018-2019 fiscal year with over 55,000 participants and spectators. Furthermore over 1,700 rooms were booked in the New River Valley area due to sports event held at Harkrader.

Regional Sports Facility Inventory - Victus Advisors also analyzed outdoor sports facilities that are comparable or potentially competitive to a new sports fields park in Christiansburg. Facilities were identified by stakeholders and local/regional users during interviews conducted by Victus Advisors as places they have visited in the past for regional sports tournaments and practices/games.

As shown below, each sport facility profiled has a minimum of two (2) multi-purpose fields. It should be noted that Glover Park will have additional fields built during phase II of construction which is planned for 2021.

Facility	City, State	Driving Distance (Miles) from Christiansburg	Multi-Purpose Fields
Virginia Tech Fields	Blacksburg, VA	8	14
Radford University Fields	Radford, VA	9	4
Smith River Sports Complex	Axton, VA	71	6
Abingdon Sports Complex	Abingdon, VA	99	2.5
Comporium Athletic Park	Fort Mill, SC	181	4
Glover Park	Glen Allen, VA	206	4
Buncombe County Sports Park	Asheville, NC	215	7
Dorey Park	Henrico, VA	220	6
AVERAGE		126	6
MEDIAN		140	5



SPORTS USER GROUP & TOURNAMENT INTERVIEWS



Interviews - In January and February of 2020, Victus Advisors held telephone interviews with operators, promoters and influencers of sports events and competitions locally, regionally, and nationally. The topics included ideal amenities, potential events that could be held at the new outdoor sports park, and other feedback related to the new facility in Christiansburg.

Key Takeaways -

- The Christiansburg Parks & Recreation department indicated that their goal would be to have three (3) sports fields utilized Monday through Thursday with some type of programming, whether via programs operated by Christiansburg Parks & Recreation or via private third-party renters. Ideally that would leave at least one (1) open field on these weeknights for free play and residential use. On weekends (Friday, Saturday, and Sunday) usage of all four (4) of the sports fields would ideally be focused on tournament usage.
- Several interviewees cited the Smith River Sports Complex near Martinsville (Axton) as the most comparable multi-use field facility to the planned outdoor sports park in Christiansburg and most likely competitor for regional sports events.
- Artificial turf with lights on every field was a consensus recommendation among all interviewees, to ensure maximized usage year-round, including the winter months. Although most interviewees prefer well-maintained natural grass surfaces, all acknowledged that artificial turf is ultimately the most realistic option for maximizing daily usage, as well as limiting cancellations of practices, games, and tournaments due to weather.

Summary of Potential User Groups - Several groups that were interviewed expressed interest in using a new sports fields park in Christiansburg. Groups' usage ranged from weekday use for games and practices to weekend tournament usage. Overall, the indicated potential usage from groups illustrates the demand for a multi-field sports park. It should also be noted that scheduling conflicts may exist between outside groups and Parks and Recreation programming, especially during weekday use, however the overall operating plan should be designed to maximize usage by all groups to the fullest extent possible.

User Group	Type of Usage	Days	Times	Projected Number of Annual Events	Seasons
Blacksburg Rugby Football Club	Local & Tournament	All	Evenings	12+	Spring, Summer, Fall
Capital Rugby Union	Tournament	Weekends	All Day	2	Spring, Fall
Charlottesville Ultimate Disc Organization	Tournament	Weekends	All Day	2	Spring, Fall
Christiansburg Parks & Recreation	Local	Weekdays	Evenings	12+	Year Round
Christiansburg Soccer Association	Tournament	Weekends	All Day	2	Fall
Club Champions League	Tournament	Weekends	All Day	2	Summer, Fall
Mid-Atlantic Conference	Tournament	Weekends	All Day	1	Fall
NRUSA - Soccer	Local & Tournament	All	Evenings	12+	Year Round
NRV Lacrosse	Tournament	Weekends	All Day	3	Spring, Summer
Rugby Virginia	Tournament	Weekends	All Day	1	Spring
Southwest Virginia Rush Soccer Club	Tournament	Weekends	All Day	3	Spring, Fall
ULAX	Local & Tournament	All	Evenings	12+	Summer, Fall, Winter
US Quidditch	Tournament	Weekends	All Day	1	Fall
Valley Select	Tournament	Weekends	All Day	6	Spring, Fall

Sources: Victus research
Note: Sorted by User Group in alphabetical order

Note re: NCAA Championships - Minimum seating requirements for NCAA championship events for soccer and lacrosse start at 750 (D-3) and go upwards of 20,000 for D-1. Additionally, there are minimum on-site requirements of at least four (4) locker rooms for teams/officials, as well as: a press box area, access to wireless internet access, audio/visual capabilities, public address systems, designated hospitality areas for NCAA officials and corporate partners, and indoor meeting rooms for NCAA officials. Lastly, it should also be noted that that the NCAA's competitive bidding process also requires significant financial guarantees.



SWOT ANALYSIS SUMMARY: CHRISTIANSBURG SPORTS TOURISM



Strengths

1. Location - Southwest Virginia is close to several surrounding states (NC, TN, KY, WV)
2. Outdoor Recreational Amenities - Several outdoor family-friendly activities, trails, etc.
3. Commercial "hub" of the New River Valley
4. Christiansburg has successfully hosted sports events (baseball, softball, aquatics)
5. Affordable, Family-Friendly Hotels

Weaknesses

1. Current Lack of Outdoor Multi-Use Fields Complex with 4 or More Fields
2. Lack of a Major Airport for National Events
3. Small Population Base Within a 30-Minute Drive



Opportunities

1. Leverage Established Sports Tourism Success
2. Draw from 33 million People Within 5-hrs
3. Tap Into Regional Sports Fields Demand
4. First-Mover Advantage / Long-Term Relationships & Reputation

Threats

1. Larger Markets Within a 5-Hour Drive
2. Competition From Future Regional Facilities
3. Economic Downturns
4. Funding for Sports Marketing to Events



OPERATING & MARKETING RECOMMENDATIONS



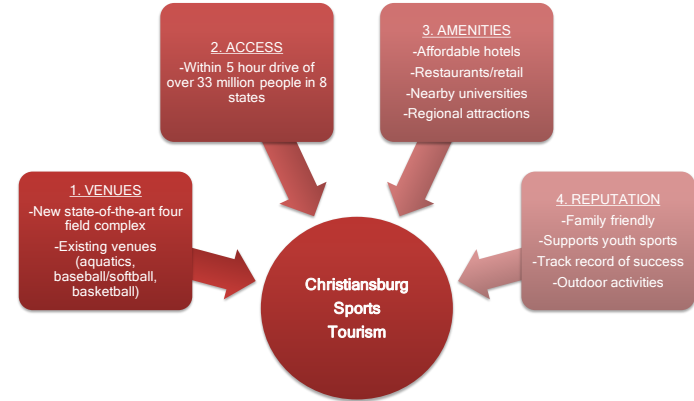
Public Operations of Sports Complex - Based on our initial conversations with the Christiansburg Parks & Recreation department, they have an initial vision for operations of the new sports fields park that potentially includes:

- Weekday use (Monday through Thursday) by local user groups, via a mixture of third-party programming and Town programming (depending on sport), as well as free play on one field
- Weekend use (Friday through Sunday) primarily focused on 3rd-party rentals and tournament activity
- Field rental rate structures that are based upon a range of rates, including local/non-profit rates vs. third-party rental rates
- Additional revenue generation on the site via rentals of event pavilions and picnic facilities

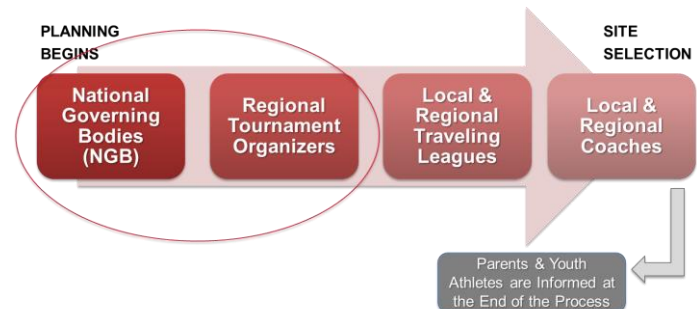
We believe this initial vision is sound. However, additional key revenue factors to consider include, but are not limited to:

- Victus Advisors believes that the new sports fields complex in Christiansburg could have standard field rental rates (often called “rack rates”) of \$50 to \$100, depending on need for lights, peak times, etc.
- Victus Advisors believes that long-term field usage agreements at the new sports field complex could range from \$10,000 to up to \$60,000 per year for regular weekday usage/times.
- Multi-day tournament usage could potentially be rented for \$400 to \$500 per day per field, or \$1,500 per day or more for the entire complex.

Marketing of the Sports Complex - The following messages are the most important to sports tournament organizers when considering site selection, and should be incorporated into any outbound marketing efforts for a new Christiansburg sports fields complex:



When marketing sports tourism opportunities, the messaging should be targeted towards the key decision makers during their tournament planning process. This is generally not the parents and coaches who participate in the tournaments, as shown below, but rather the national/regional governing bodies and regional tournament organizers who are responsible for setting the tournament schedules and booking the venues.





OPERATING PRO FORMA & TOTAL CAPITAL NEEDS



Estimated Annual Sports Field Utilization - In a stabilized year of operations (assumed to occur by year three) It is estimated that the sports fields park could host approximately 25 annual sports tournaments of varying sizes, primarily weekend events during the spring, summer, and fall, accounting for 34% of the facility's usage. It should be noted that local use (practices/leagues) and Parks and Recreation programs would primarily be local residents (typically Monday through Thursday), while sports tournaments would draw athletes and spectators from outside of Town (Friday to Sunday).

Estimated Field Demand & Usage Calendar - Estimated usage of fields should peak during the spring and fall. It is assumed that consistent usage would be from a local soccer group (via long-term usage agreement) and the Parks and Recreation department.

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

Operating Pro Forma - In a stabilized year of operations (assumed to occur by year 3), it is estimated that the operations of the new sports fields park could generate annual operating cost recovery (prior to consideration of debt service or capital reserve) of roughly 73%, as shown in the operating pro forma at right. Please note, given the current COVID-19 pandemic and the associated economic and public health ramifications, we have also developed a scenario analysis to assess the annual impacts to cost recovery of a prolonged pandemic, which is presented in Section 7.

Projected Annual Park Operations - Five Year Model

	Year 1	Year 2	Year 3	Year 4	Year 5
Operating Revenues:					
Field Rental & Usage Agreements	\$181,700	\$242,300	\$302,900	\$312,000	\$321,400
Pavilion Rentals	\$7,300	\$9,700	\$12,100	\$12,500	\$12,900
Program Revenue	\$49,000	\$65,300	\$81,600	\$84,000	\$86,500
Concessions (Net of COGS)	\$38,000	\$50,700	\$63,400	\$65,300	\$67,300
Advertising & Sponsorship	\$27,000	\$36,000	\$45,000	\$46,400	\$47,800
Total Revenues:	\$303,000	\$404,000	\$505,000	\$520,200	\$535,900
Operating Expenses:					
Salaries & Wages	\$332,800	\$374,400	\$416,000	\$428,500	\$441,400
Program Expenses	\$34,300	\$45,700	\$57,100	\$58,800	\$60,600
Utilities	\$30,100	\$40,200	\$50,200	\$51,700	\$53,300
Marketing	\$50,000	\$50,000	\$50,000	\$51,500	\$53,000
Maintenance/Repair	\$30,000	\$40,000	\$50,000	\$51,500	\$53,000
Materials/Supplies	\$17,300	\$23,000	\$28,800	\$29,700	\$30,600
General & Administrative	\$26,500	\$35,300	\$44,100	\$45,400	\$46,800
Total Expenses:	\$521,000	\$608,600	\$696,200	\$717,100	\$738,700
EBIDA	(\$218,000)	(\$204,600)	(\$191,200)	(\$196,900)	(\$202,800)
OPERATING COST RECOVERY	58%	66%	73%	73%	73%

Notes: Year 3 represents stabilized year of operations. EBIDA = earnings before interest, depreciation, and amortization

Total Annual Capital Funding Needs - Five Year Model

	Year 1	Year 2	Year 3	Year 4	Year 5
Projected Annual Operating Deficit	\$218,000	\$204,600	\$191,200	\$196,900	\$202,800
Estimated Annual Reserve Funding for Turf Replacement	\$266,890	\$274,897	\$283,144	\$291,638	\$300,387
Estimated Annual Debt Service Payment	\$608,500	\$608,500	\$608,500	\$608,500	\$608,500
Total - Estimated Annual Funding Requirement	\$1,093,390	\$1,087,997	\$1,082,844	\$1,097,038	\$1,111,687

Notes: Reserve funding assumes artificial turf replacement every 8 years. Debt service payment assumes the net cost the Town would finance is about \$9.1 million at a 3% interest rate for 20 years.

Long-Term Capital Funding Needs - As shown above, in addition to the annual funding needed to cover the operating deficits of the proposed outdoor sports fields park, the Town will also need to plan for annual debt service, as well as fund a reserve for replacement of the artificial turf fields every 8 to 10 years. Over a 20-year period, it is estimated that a minimum of nearly \$16.2 million (net present value) in capital funding will be required to cover the annual operating deficits, long-term field replacement, and annual debt service related to the new sports fields park.



VISITOR IMPACT PROJECTIONS



Estimated Annual Impacts - After adjusting estimates of gross direct spending for displacement, it is estimated that approximately 85% of all spending associated with the annual operations of the new outdoor sports park would have a net impact on the Town of Christiansburg. Furthermore, it is estimated that the Food & Beverage industry in the Town of Christiansburg would benefit the most from the annual tourism impacts of a new outdoor sports fields park (36% of incremental direct spending), followed by Lodging (29%). Given that meals tax and lodging tax are two of the Town's primary revenue sources, this spending pattern bodes well for positive fiscal impacts.

Estimated Fiscal Impacts - It is estimated that a new outdoor sports fields park in Christiansburg could generate \$312,000 annually in incremental meals tax revenue for the Town and \$262,000 in transient lodging tax. As previously noted, meals tax and lodging tax are uniquely positioned to capitalize on increased visitation associated with a new outdoor sports fields park.

Tax Type	Assessor	Tax Rate	Est. Tax Revenue
Meals Tax	Town	7.50%	\$312,000
Transient Lodging Tax	Town	9.00%	\$262,000
Total Tax Revenue:			\$574,000

Other Lodging Impacts - Victus Advisors estimates that a new outdoor sports fields park could generate nearly 36,000 incremental annual lodging nights in Christiansburg, as shown below.

Estimated Incremental Annual Hotel Impacts - Christiansburg	
Total Visitors Staying in Hotel/Motel:	71,885
Estimated People Per Room	3.0
Total Rooms Utilized	23,962
Average Nights per Room:	1.5
Total - Incremental Annual Room Nights	35,942

Summary of Net Impacts Over Time - Over a 20-year period, a new outdoor sports fields park is estimated to have a cumulative net impact of nearly \$280 million in direct spending, \$6.5 million in transient lodging taxes, and \$7.7 million in meals tax.

In today's dollars, the 20-year projected lodging tax and meals tax revenues represent a combined Net Present Value (NPV) of more than \$9.2 million.



LONG-TERM FUNDING ANALYSIS



The purpose of our long-term funding analysis is to provide an overview of the various funding vehicles and revenue sources that may be available to fund development of a new outdoor sports fields park in Christiansburg. This analysis is based upon a review of comparable venues and unique funding financing vehicles that may be available within the Commonwealth of Virginia. A selection of the potential key funding vehicles and cash/revenue sources we analyzed are presented here:

General Funds - If the Town has available general funds that may be dedicated to this project, general funds could be considered as a component of the overall project funding plan, added together with other debt-funded sources to increase project feasibility.

Sale of Out Parcels - The Town should consider the sale of out parcels on the site as a component of the overall project funding plan, added together with other debt-funded sources to increase project feasibility.

General Obligation (GO) Bonds - Depending on the current priorities of the Town's citizens, a GO bond issue for the outdoor sports fields park may be difficult for Town Council to pass if it is perceived as taking away funds that could be allocated to other uses that the public favors, such as other capital projects, improvements to services or infrastructure, public health, etc.

Bank Financing - Bank financing for the Town of Christiansburg can be done in cooperation with VML/VACo Finance, a program that pools the resources of local governments in order to provide financial services at a lower cost than may otherwise be available via separate individual transactions. Total debt from all sources drawn by the Town for the year must remain under \$10 million. Therefore, bank financing could be a viable and likely alternative to general obligation (GO) bonds for the Town, provided that: a) the net cost that the Town would need to finance construction of the sports field park does not exceed \$10 million, and b) the Town is not borrowing any other significant funds in that calendar year.

Meals Tax - Christiansburg already has the highest meals tax rate in the Blacksburg MSA. As a result, it is assumed that increasing the meals tax rate further is unlikely. That said, as shown in the visitor impact section of this report, it is estimated that a new outdoor sports fields park could generate more than \$300,000 annually in incremental meals tax collections, even without a meals tax increase.

Transient Lodging Taxes - Christiansburg already has the highest transient lodging tax rate in the Blacksburg MSA, therefore it is assumed that increasing the TLT rate further is unlikely. However, even without an increase to the tax rate, it is estimated that the new sports fields park could generate approximately \$262,000 annually in incremental transient lodging taxes.



1. INTRODUCTION



PROJECT BACKGROUND



Victus Advisors LLC (“Victus Advisors” or “Victus”) was engaged by the **Town of Christiansburg** (“Town” or “Client”) via **Falconer Construction Company** (“Falconer”) to conduct a Market Analysis, Strategic Plan, and Financial & Economic Analysis for a new outdoor sports fields park. Victus Advisors’ primary project goals for this project include, but are not limited to:

- 1) **Market & Demand Analysis** - Determine market demand and market opportunity for a new outdoor sports park, for both local and regional use.
- 2) **SWOT Analysis** - Analyze the strengths, weaknesses, opportunities, and threats for the Town of Christiansburg in the sports tourism and sports events market.
- 3) **Operating & Marketing Analysis** - Develop a series of operating and marketing recommendations for the Town of Christiansburg.
- 4) **Operating Pro Forma** - Estimate annual usage, revenues, and expenses for the park.
- 5) **Visitor Impact Analysis** - Estimate visitor impacts generated by the sports fields park.
- 6) **Funding Options Analysis** - Analyze long-term funding options for capital and operations.

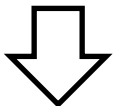
The chart on the next page shows a more detailed visualization of our study methodology and approach.

PHASES:

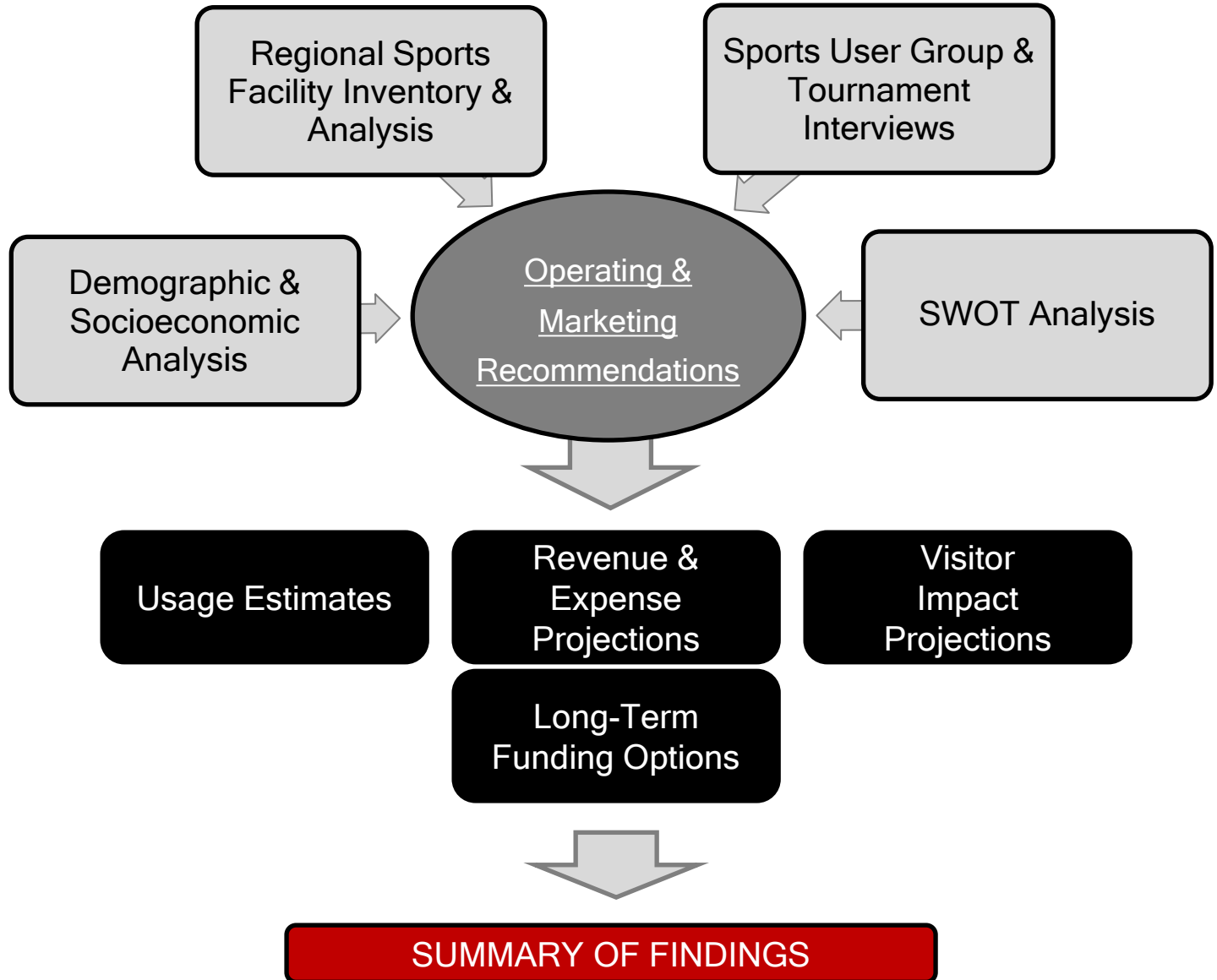
1. MARKET ANALYSIS & STRATEGIC PLAN



2. FINANCIAL & ECONOMIC ANALYSIS



3. FINAL REPORT





PROJECT UNDERSTANDING



Victus Advisors understands that Town of Christiansburg seeks to construct a multi-field outdoor sports park that will be operated by the Town's Parks & Recreation department to both serve the needs of local residents and attract new sports tournament visitors to the Town. As such, the project should be capable of meeting local needs for outdoor sports, recreation, and community events, while also hosting tournaments and other competitive sports activity that will attract significant new sports tourism visitors.

Based on initial discussions with project representatives, and prior to conducting this study, it is planned by the Town that the new park will include the following Phase I amenities and features according to the 80% GMP approved plan set:

- Four (4) lighted, multi-use, artificial turf sports fields
- Green spaces for lounging and leisure
- Concession space for food service
- Three (3) pavilions
- Splash pad
- Walking trail
- All-inclusive destination playground
- Bathrooms
- Dog park
- Parking spaces

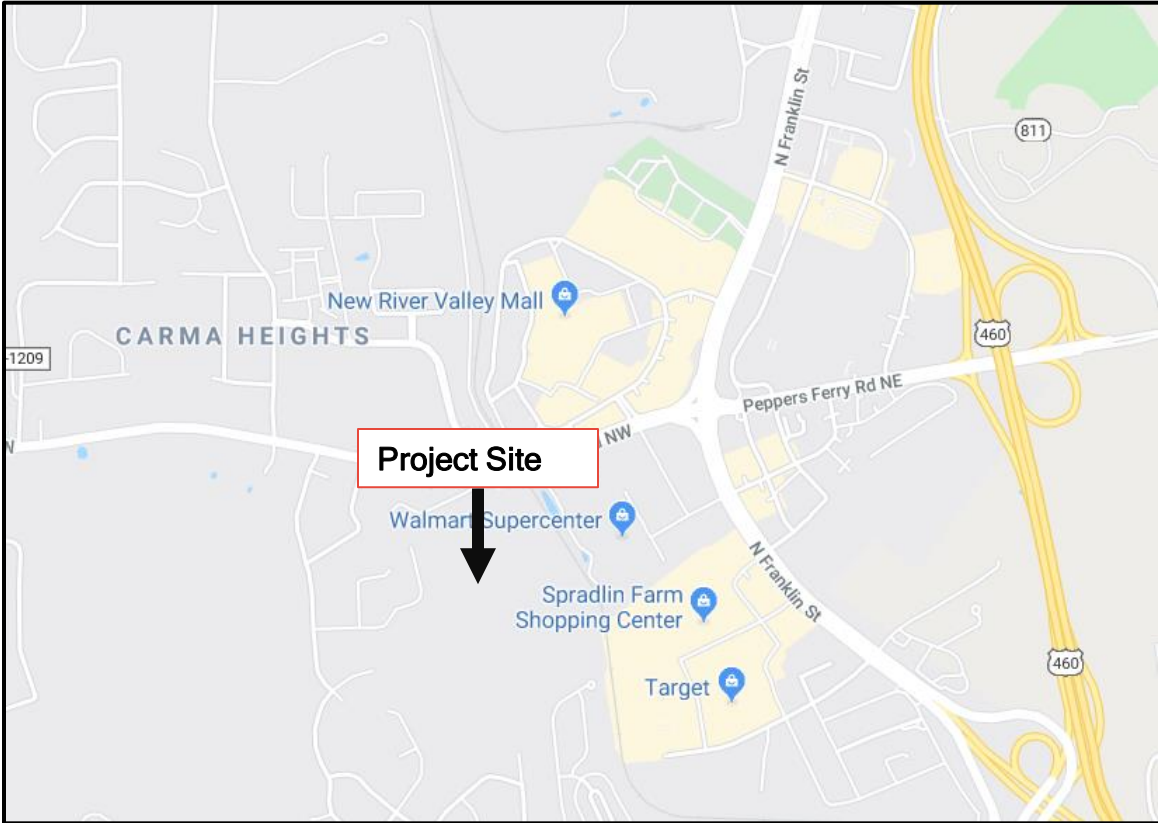
The site identified for development of a new outdoor sports park is located near the New River Valley Mall, as shown on the next page.



PROJECT SITE



As shown at right, the project site that is under consideration in this report is located near the New River Valley Mall. It is off Peppers Ferry Rd NW.



Source: Google Maps



NOTES REGARDING COVID-19

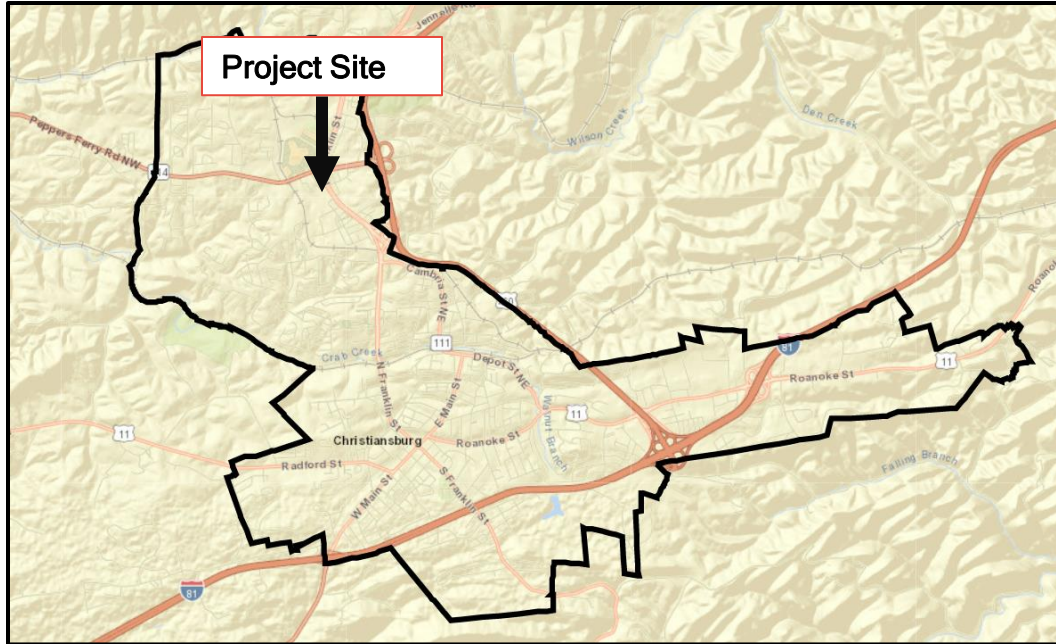


It should be noted that the majority of the market research and demand analysis for this report was completed in the first quarter of 2020, prior to the spread of the novel Coronavirus (COVID-19) in the United States. Therefore, we have made the following key assumptions and identified several relevant data points regarding the impact of the COVID-19 pandemic on our projections:

- Our usage estimates and financial projections (as shown in Section 7) represent a stabilized year of operations, which is expected to occur by the 3rd year of operations. We have also presented a scenario analysis in Section 7 which shows the potential financial impacts of reduced tournament activity if the pandemic is still present in the first few years of the sports fields park's operations.
- Surf Cup Sports recently announced the results of an eight-week study analyzing the safety of outdoor youth soccer in San Diego County, California. 6,560 players and 263 coaches from six soccer clubs located across the County participated in the study. Over the course of eight weeks, 143,000 soccer sessions were analyzed and only 15 (.01%) confirmed cases were found, all of which were found to have been transmitted outside of the soccer sessions.
- According to a recent poll by Pew Research Center, 83% of US adults expect an effective treatment or cure for COVID-19 will definitely or probably be available by summer 2021.
- In a recent New York Times poll of 511 epidemiologists, 85% of epidemiologists expected to send their children to school, camp, or day care by the end of 2020.
- In interviews and surveys conducted by Victus Advisors in recent months on similar outdoor sports field projects, many youth sports leaders have indicated that outdoor sports have already resumed, with social distancing rules and mask requirements common for spectators in many locations. There is a general perception within the youth sports community that outdoor youth sports are a significantly safer option during the pandemic for athletes, parents, and coaches than indoor sports. Overall, most youth sports leaders feel that once a vaccine is developed things will return to normal on a more accelerated timeline. In the meantime, increased hygiene, hand sanitizer stations, spectators wearing masks, and social distancing guidelines will be the norm.



2. DEMOGRAPHIC & SOCIOECONOMIC ANALYSIS



Source: Esri

The Town of Christiansburg has a population of 22,285.



METROPOLITAN STATISTICAL AREA (MSA)

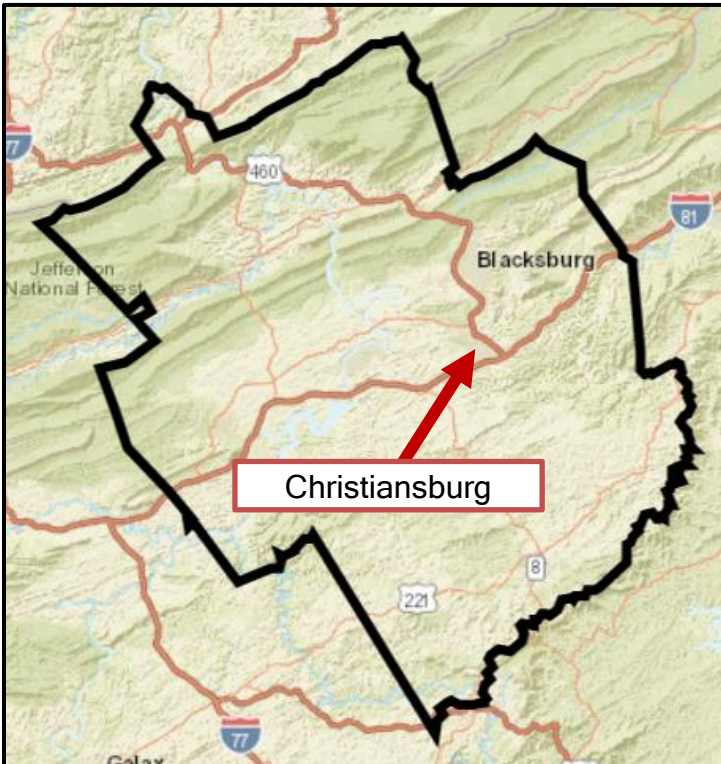


Metro. Statistical Areas

Blacksburg MSA

- Metropolitan Statistical Areas (MSA) are defined by the U.S. Office of Management & Budget.
- They are defined by adjacent counties with a high degree of social/economic integration and an urban core of 50,000 people or more.

- The Town of Christiansburg is part of the Blacksburg-Christiansburg-Radford MSA (“Blacksburg MSA”).
- The Blacksburg MSA is comprised of four counties (Giles, Montgomery, Pulaski, and Floyd) and the independent city of Radford.
- The MSA, shown below, has a current population of 186,750 people.



Source: Esri



POPULATION DATA



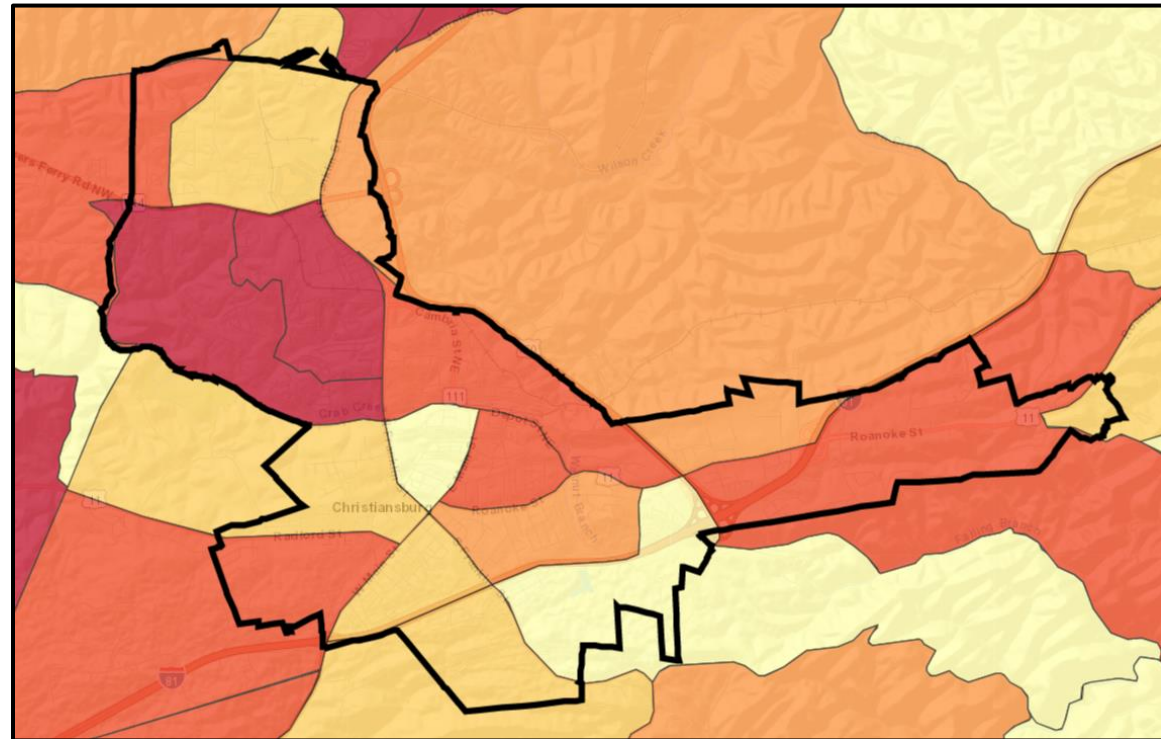
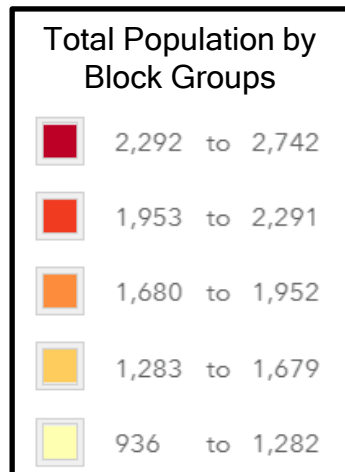
	Town of Christiansburg	Blacksburg MSA	United States
Population	22,345	186,750	332,417,793
Population Under 18	4,898	30,033	73,272,691
Percentage of Population Under 18	21.9%	16.1%	22.0%
Population Growth:			
Annual Pop. Growth (2000 to 2019)	1.4%	0.6%	0.9%
Annual Pop. Growth (5-year Projection)	0.8%	0.4%	0.8%
Projected Population (2024)	23,285	190,264	345,487,602
Median Age	37.6	34.1	38.5

Source: Esri

Since 2000, the Town of Christiansburg’s population has grown at a significantly higher rate than both the Blacksburg MSA as a whole and the nationwide U.S. average.

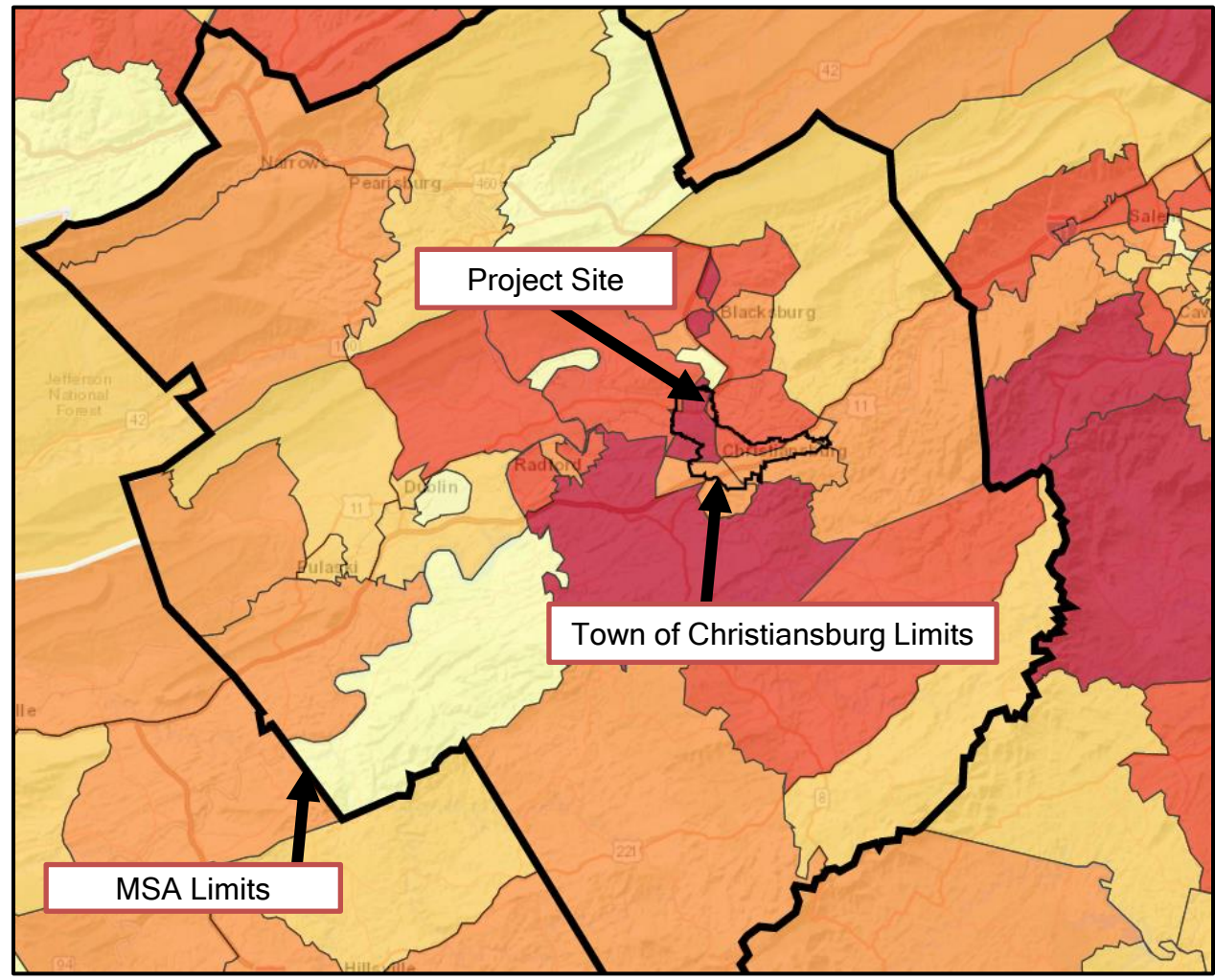
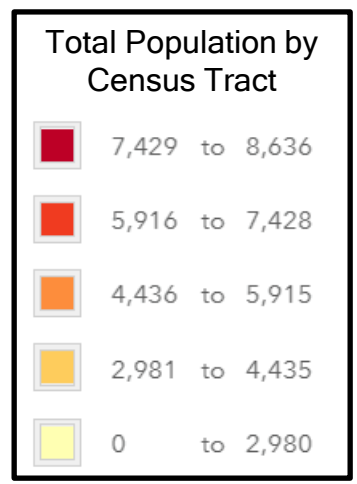
The Town of Christiansburg’s median age is lower than the national average. A lower median age tends to represent a large presence of working-age populations, which can be a positive indicator for youth/amateur sports and community recreation demand.

The Town of Christiansburg has about 22% of it’s population under the age of 18, which is about the same as the national average, and bodes well for sports and recreation demand.



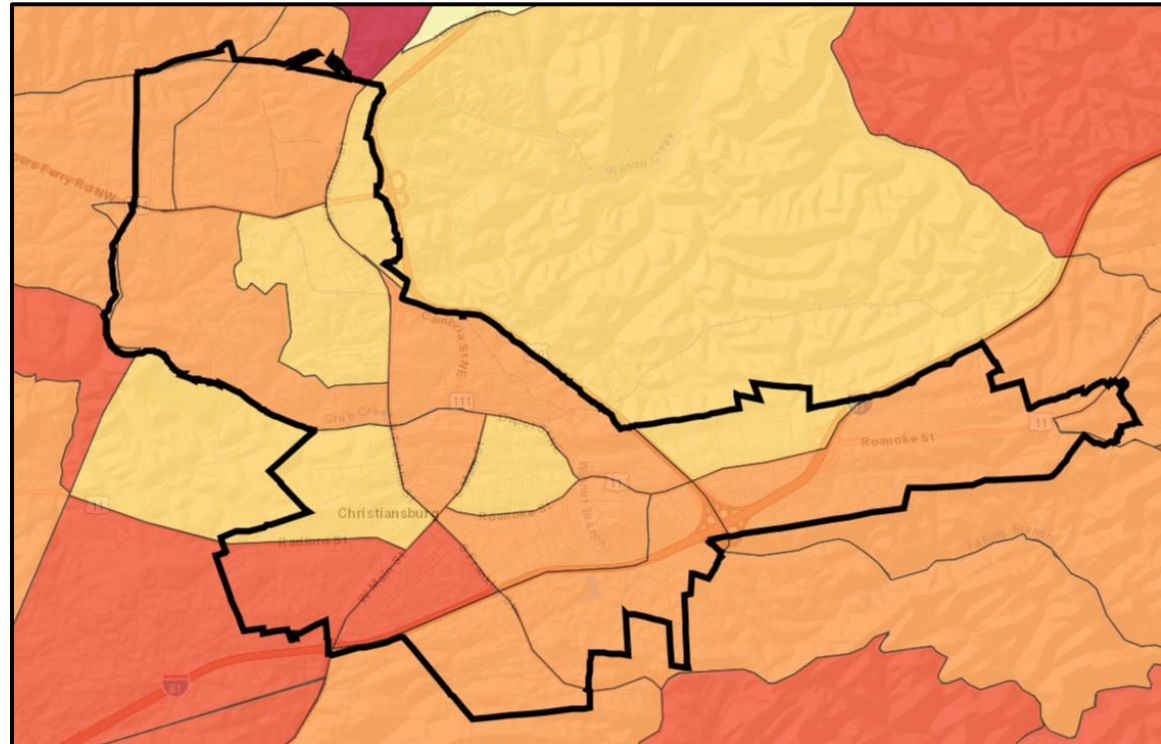
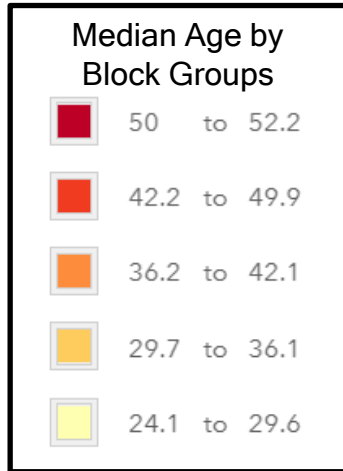
Source: Esri

The Town's population density is highest in the northwest part of Christiansburg, near the proposed project site.



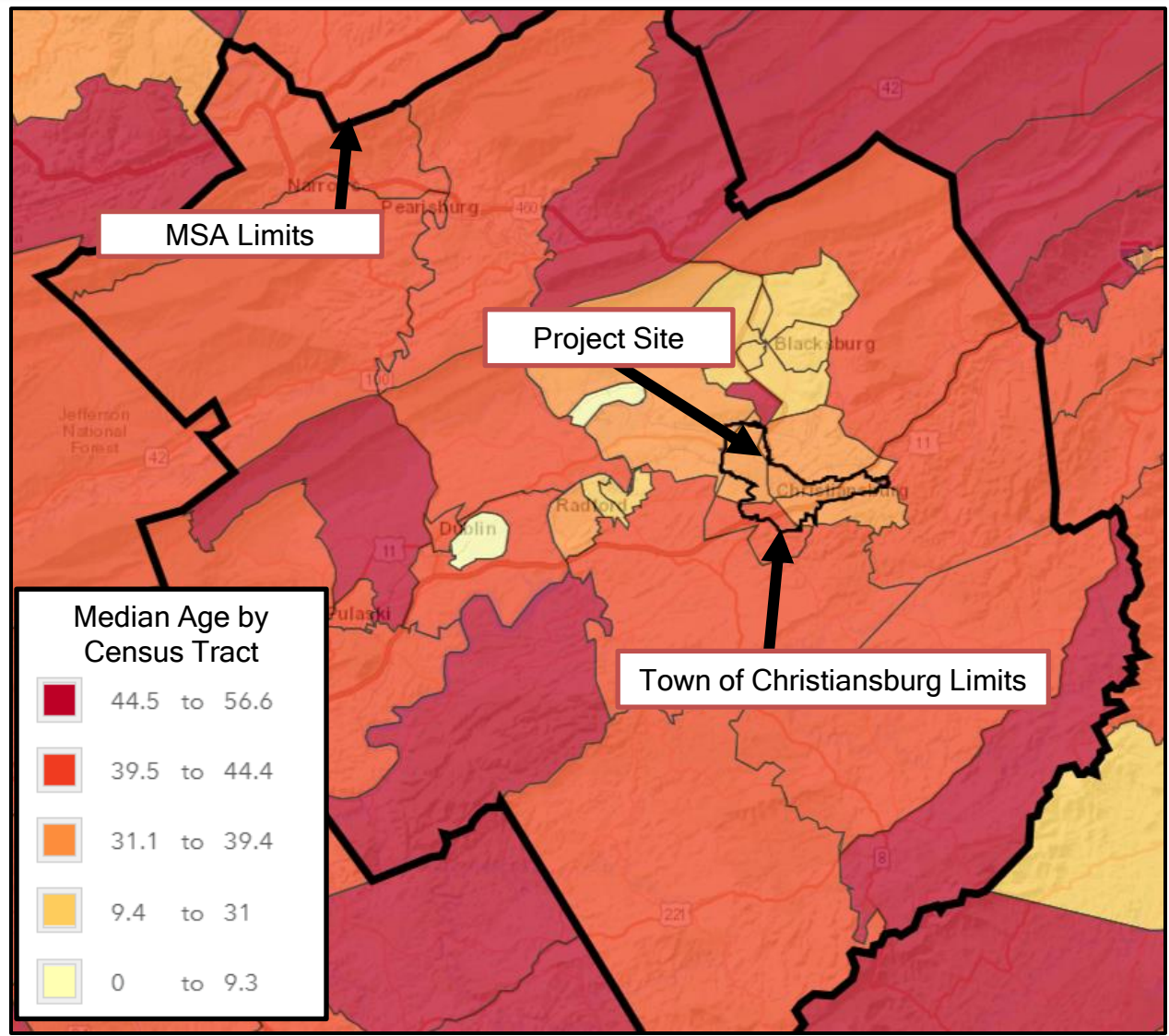
Source: Esri

The MSA's greatest population density is between Radford and Blacksburg, an area which includes Christiansburg.



Source: Esri

A lower median age tends to be a positive indicator for amateur sports due to the presence of a large working age population and young families. In the Town of Christiansburg, younger age groups tend to be clustered near the center of the Town.



A lower median age tends to be a positive indicator for amateur sports venues due to the presence of a large working age population and young families. Younger age groups tend to be clustered near Radford, Christiansburg, and Blacksburg.

Source: Esri



HOUSEHOLD DATA



	Town of Christiansburg	Blacksburg MSA	United States
Total Households	9,382	73,137	125,168,557
Households With Children Under 18	4,898	30,033	73,272,691
Percentage of Households With Children	52.2%	41.1%	58.5%

Source: Esri

	Town of Christiansburg	Blacksburg MSA	United States
Median Household Income	\$67,668	\$53,676	\$60,548
Adjusted Median Household Income (1)	\$78,229	\$59,376	

Sources: Esri, city-data.com

Note: (1) Adjusted for cost of living according to city-data.com

The Town of Christiansburg has a higher percentage of households with children than the Blacksburg MSA as a whole, but it is lower than the national average. A high percentage of households with children is a positive indicator for youth sports demand in the region.

When adjusted for cost of living, the median household income in the Town of Christiansburg is much higher than both the MSA and the U.S. median income. Higher household income levels can often indicate an ability for a household to spend disposable income on both youth sports and adult recreation.

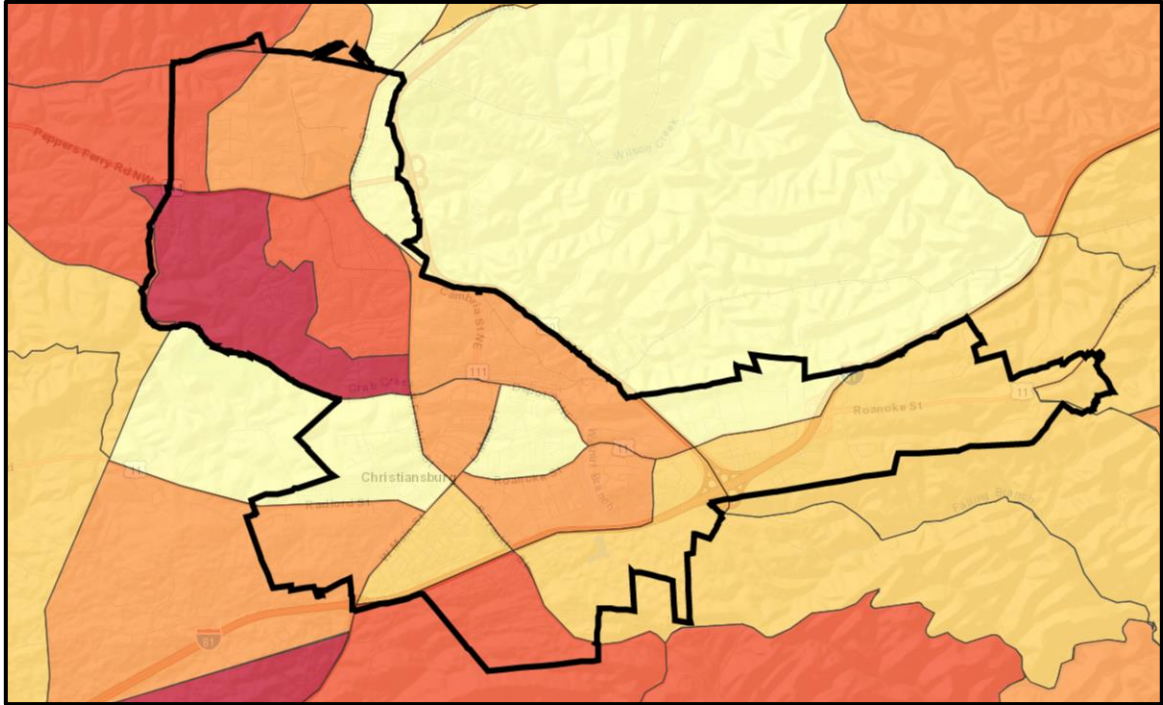


INCOME DISTRIBUTION - CHRISTIANSBURG



Median Household Income by Zip Code

	\$87,201 to \$100,050
	\$73,007 to \$87,200
	\$61,475 to \$73,006
	\$49,318 to \$61,474
	\$38,078 to \$49,317

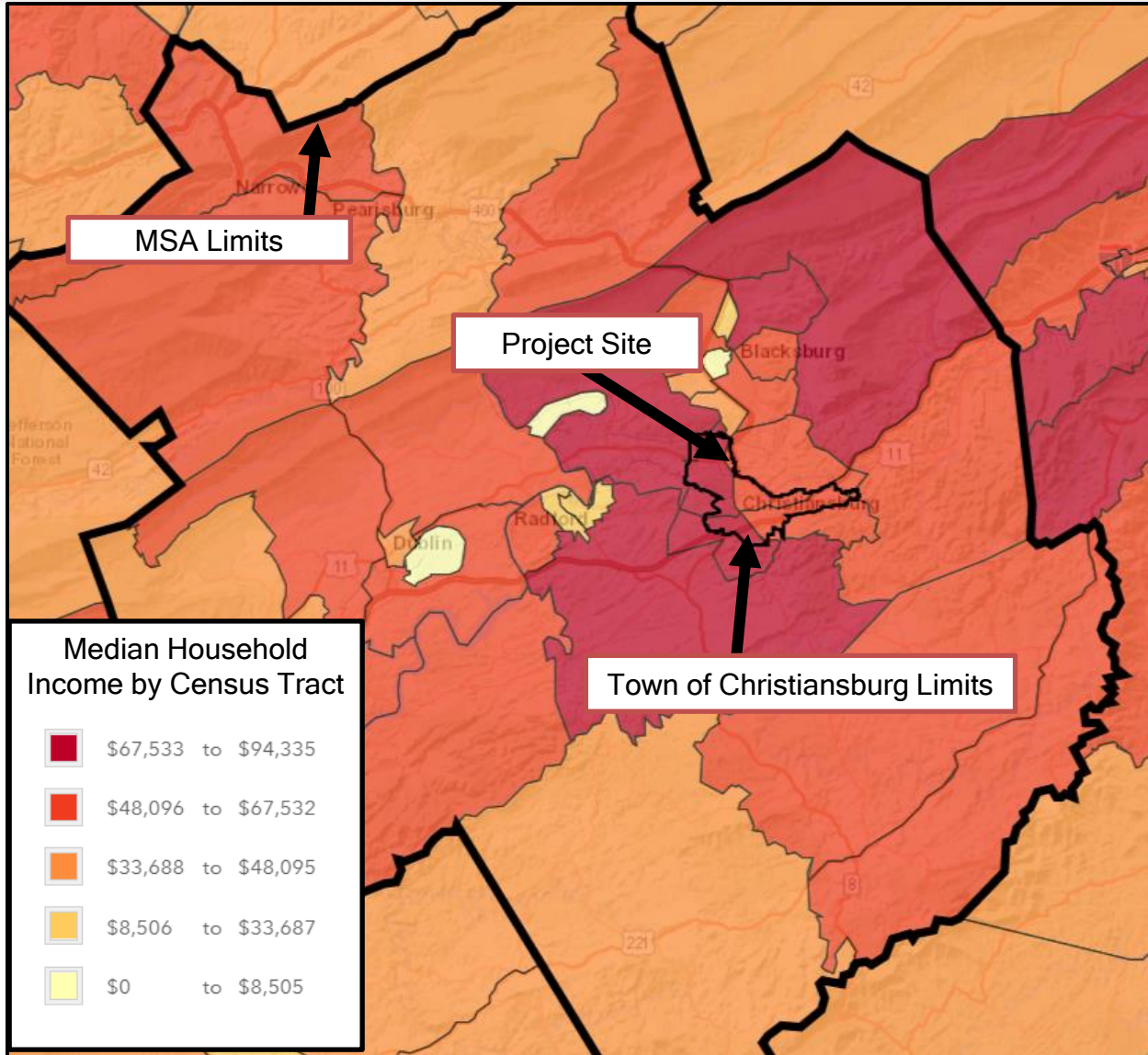


Source: Esri

Median Household Income within the Town of Christiansburg tends to be highest north of Crab Creek in the Windmill Hills area.



INCOME DISTRIBUTION - MSA

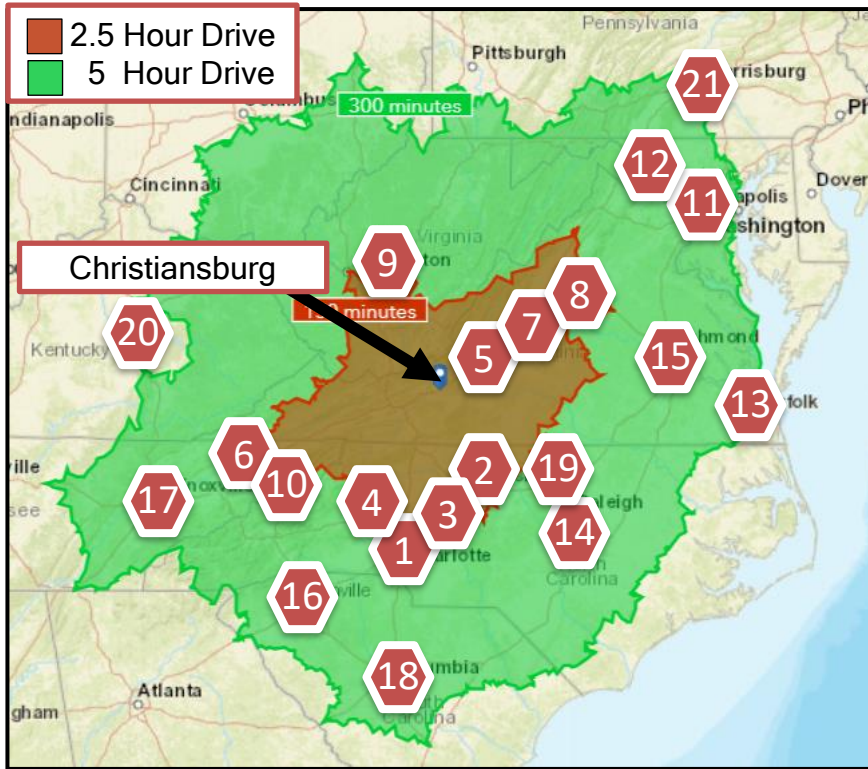


Median Household Income within the MSA tend to be highest between Radford and Christiansburg and east of Blacksburg.

Source: Esri



TOURISM DRIVE TIME ZONES



Source: Esri

There are 10 markets with a population of more than 200,000 people each within a 2.5-hour drive of Christiansburg. An additional 11 larger markets (over 500,000 people each) are within a 5-hour drive (overnight trip). Overall, there is a total population within a 5-hour drive of Christiansburg of over 33.3 million people.

MSA's with 200,000+ Population Within a 2.5-hour Drive

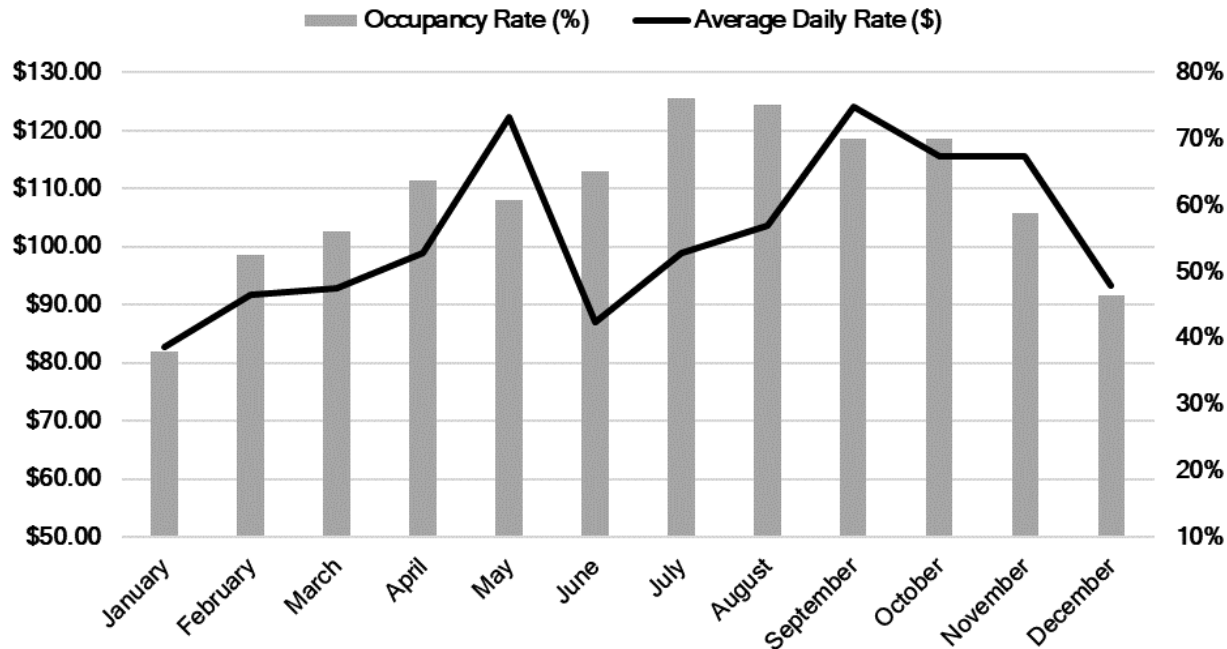
- 1 Charlotte MSA
2,616,243
- 2 Greensboro MSA
772,515
- 3 Winston-Salem MSA
684,211
- 4 Hickory-Lenoir MSA
375,705
- 5 Roanoke MSA
319,688
- 6 Kingsport MSA
314,876
- 7 Lynchburg MSA
266,870
- 8 Charlottesville MSA
240,271
- 9 Charleston MSA
220,534
- 10 Johnson City MSA
205,191

MSA's with 500,000+ Population Within a 5-hour Drive

- 11 Washington DC MSA
6,249,043
- 12 Baltimore MSA
2,844,291
- 13 Virginia Beach MSA
1,771,432
- 14 Raleigh MSA
1,388,381
- 15 Richmond MSA
1,320,715
- 16 Greenville MSA
923,689
- 17 Knoxville MSA
895,244
- 18 Columbia MSA
851,711
- 19 Durham-Chapel Hill MSA
584,696
- 20 Lexington MSA
522,484
- 21 Harrisburg MSA
522,484



2019 HOTEL DATA - MONTGOMERY COUNTY

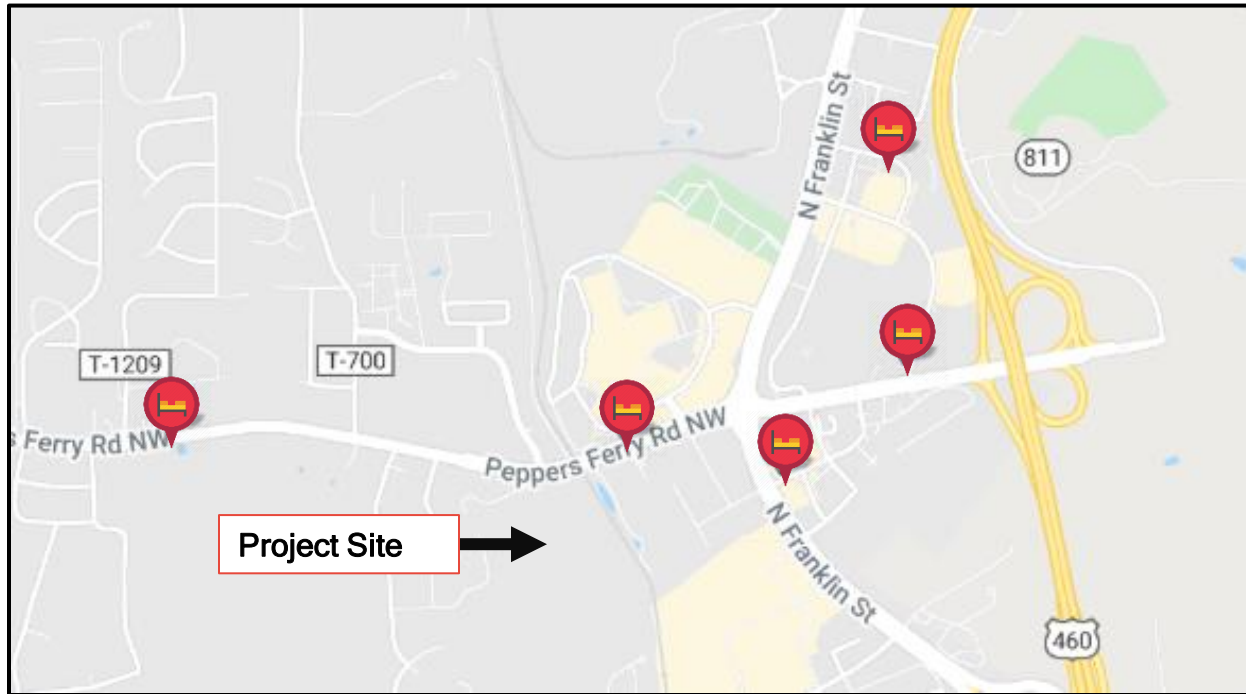


Source: Montgomery County Regional Tourism Office

Nationwide, the Average Daily Rate (ADR) of hotels in 2019 was more than \$129 per night with 66% overall annual occupancy, whereas Montgomery County hotel ADR ranged from \$82 to \$125 per night throughout the calendar year, with occupancy rates ranging from approximately 38% to 76%.

Occupancy peaks between July and October. ADR peaks in September and May.

It should also be noted that hotels specifically in the Town of Christiansburg had an overall average ADR of \$90 and annual occupancy of 58% in 2019. Affordable, family-friendly hotels are a positive factor that is often considered by sports tournament organizers when booking events.

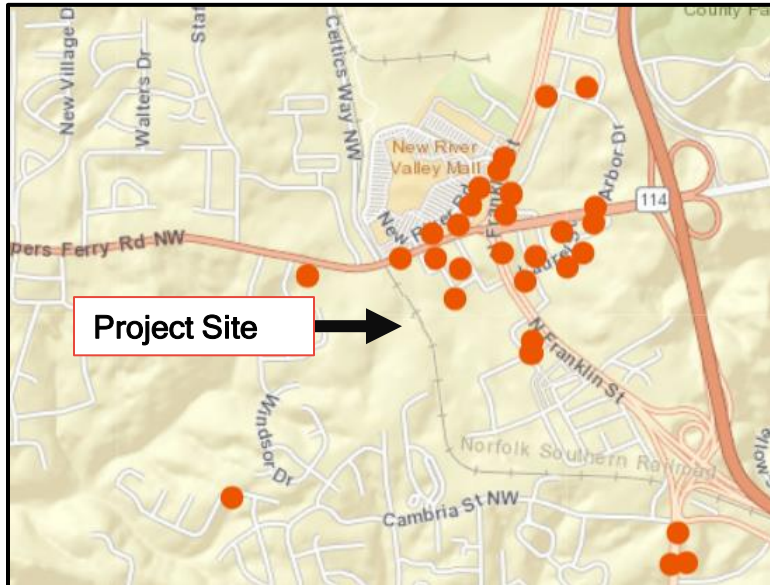


Sources: Hotels.com, Google Maps
Note: Minimum 2-star hotel class

Convenient, affordable, family-friendly lodging (preferably within a 5- to 10-minute drive from an event venue, if not located on-site) is an important component of attracting and hosting multi-day sports tournament activity.

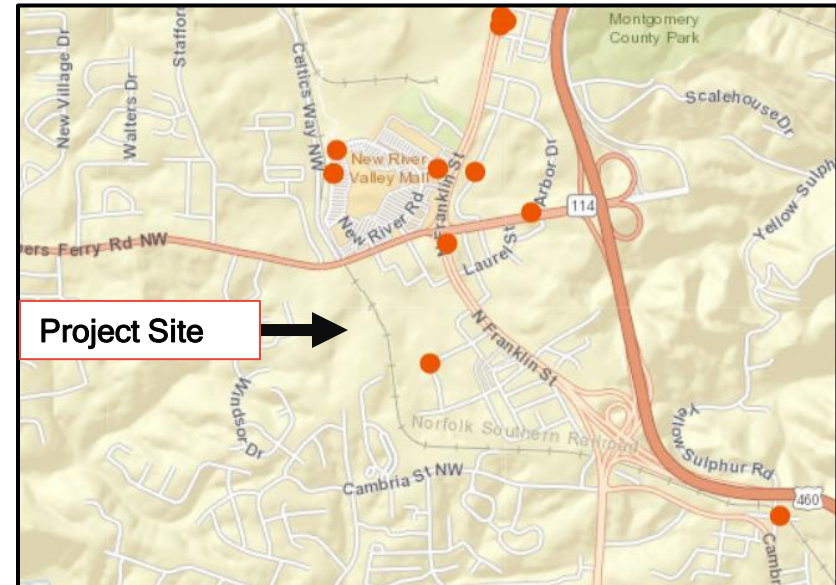
Victus found five (5) lodging options (minimum 2-star hotel class) in the immediate vicinity of the project site off Peppers Ferry Rd NW and N Franklin St: Holiday Inn Christiansburg, Super 8 by Wyndham Christiansburg, Hampton Inn Christiansburg, Microtel Inn & Suites by Wyndham Christiansburg, and Affordable Corporate Suites.

RESTAURANTS



Source: Esri

RETAIL



Source: Esri

RESTAURANTS: Dining within a 5-minute drive-time radius of the project site is highlighted by numerous local and national chains northwest of the site near the New River Valley Mall.

RETAIL: Shopping within a 5-minute drive-time radius of the project site is highlighted by a Walmart Supercenter and New River Valley Mall, in addition to various other retail stores.



ATTRACTIONS , RECREATION & ENTERTAINMENT



Convenient access to additional entertainment amenities such as parks, museums, theaters, and trails can enhance a sports destination by providing families with additional activity options. The list below includes selected family-friendly attractions found in both Christiansburg and Montgomery County:

CHRISTIANSBURG

- Future park amenities (all-inclusive playgrounds, dog parks, walking trails, etc.)
- Christiansburg Aquatic Center
- Christiansburg Recreation Center
- Harkrader Sports Complex
- Huckleberry Trail
- Falls Ridge Nature Preserve
- Movie theaters (Starlite, Regal, etc.)
- NRV Superbowl
- Sinkland Farms

MONTGOMERY COUNTY

- Historic Smithfield Plantation
- Jefferson National Forest
- Mary Draper Ingles Trail
- Moss Arts Center
- New River Junction (Campground and recreational park)
- Radford University
- Virginia Tech University

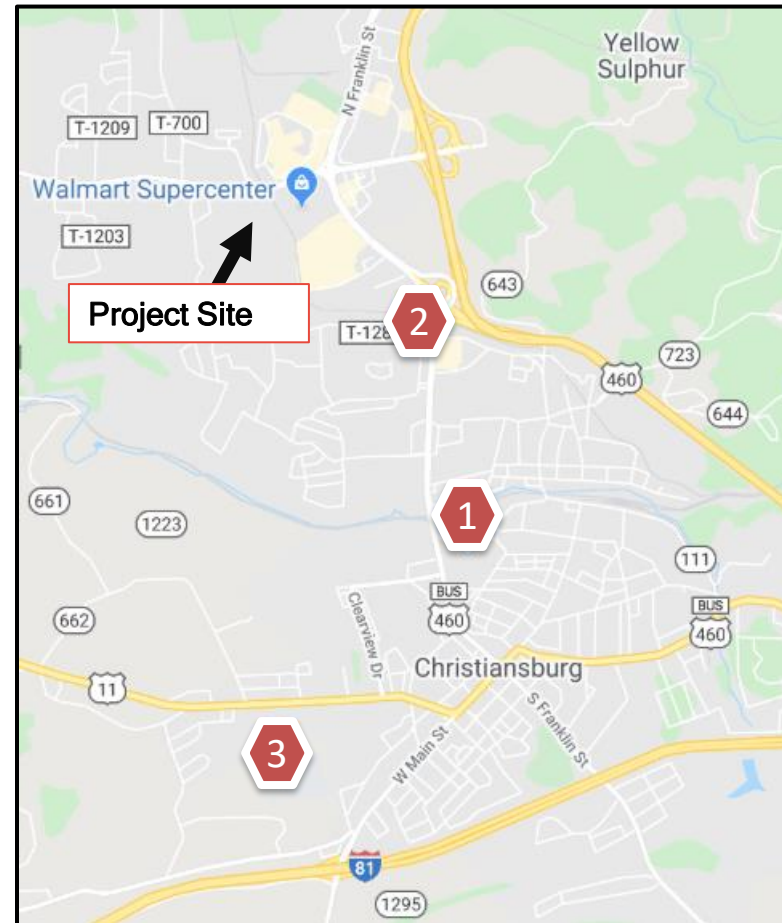


3. LOCAL & REGIONAL SPORTS FACILITY INVENTORY & ANALYSIS

Victus Advisors analyzed existing sports and recreation facilities in the Town of Christiansburg that have high usage in the community and have hosted tournament activity. These three facilities are profiled in greater detail on the following pages.

LOCAL FACILITIES (ALPHABETICAL ORDER)

- 1** Christiansburg Aquatic Center
- 2** Christiansburg Recreation Center
- 3** Harkrader Sports Complex



Source: Google Maps



CHRISTIANSBURG RECREATION CENTER



- Opened: 1997
- Owner: Town of Christiansburg
- Operator: Christiansburg Parks and Recreation
- Features:
 - 4 full-sized basketball courts
 - Walking/jogging track
 - Weight and cardio rooms
 - Internet café/study lounge
 - Senior center
 - Multi-purpose rooms
- Sample Events: Parks and rec programming and community events



THE PLACE TO PLAY.
CHRISTIANSBURG VA
PARKS AND RECREATION



The Christiansburg Recreation Center is one of the Town's most utilized facilities and either runs or hosts parks and rec programs, non-sports community events, educational classes, and health screenings. The facility has recently hosted several AAU basketball tournaments and a large gymnastics meet.

SPORTS COURT RENTAL RATES:

- \$20 per court per hour without scoreboard
- \$25 per court per hour with scoreboard



CHRISTIANSBURG AQUATIC CENTER



- Opened: 2010
- Owner/Operator: Town of Christiansburg
- Features:
 - 1 leisure pool
 - 1 competition pool (divided in 2 sections)
 - 4 springboards
 - 1 diving tower
 - Cardio fitness rooms
 - Multi-purpose rooms
 - Locker rooms
- Sample Events: Youth, high school, and collegiate swim and dive meets, classes, camps, and clinics



The Christiansburg Aquatic Center will host 17 competitive swim and dive meets in 2020 between February and July. According to the Town of Christiansburg, the aquatic center hosted 34 events and generated over \$4.5 million in economic impact to Christiansburg and the New River Valley in the 2018-2019 fiscal year. Lastly, the facility generated \$171,000 in rental revenue in the same fiscal year.

AQUATIC CENTER ADMISSION FEES:

- Monthly rate: Adult Christiansburg residents \$10; Youth (under 17) residents \$5
 - Daily rate: All Christiansburg residents \$5



HARKRADER SPORTS COMPLEX



- Opened: 2006
- Owner: Town of Christiansburg
- Operator: Christiansburg Parks and Recreation
- Features:
 - 2 baseball fields (convertible to multi-use fields)
 - 1 softball field
 - Bleacher seating
 - Walking track
 - Batting cage
 - Concessions stand
- Sample Events: Youth and high school softball



THE PLACE TO PLAY.
CHRISTIANSBURG VA
PARKS AND RECREATION



The Christiansburg Parks and Recreation department reported 25 events/tournaments for the 2018-2019 fiscal year with over 55,000 participants and spectators. Furthermore over 1,700 rooms were booked in the New River Valley area due to sports events held at Harkrader.

SPORTS FIELD RENTAL RATES:

- Baseball/Softball Field (without lights): \$10/hour
- Baseball/Softball Field (with lights): \$35/hour
 - Picnic Shelter: \$10/hour
 - Batting Cage : \$10/hour



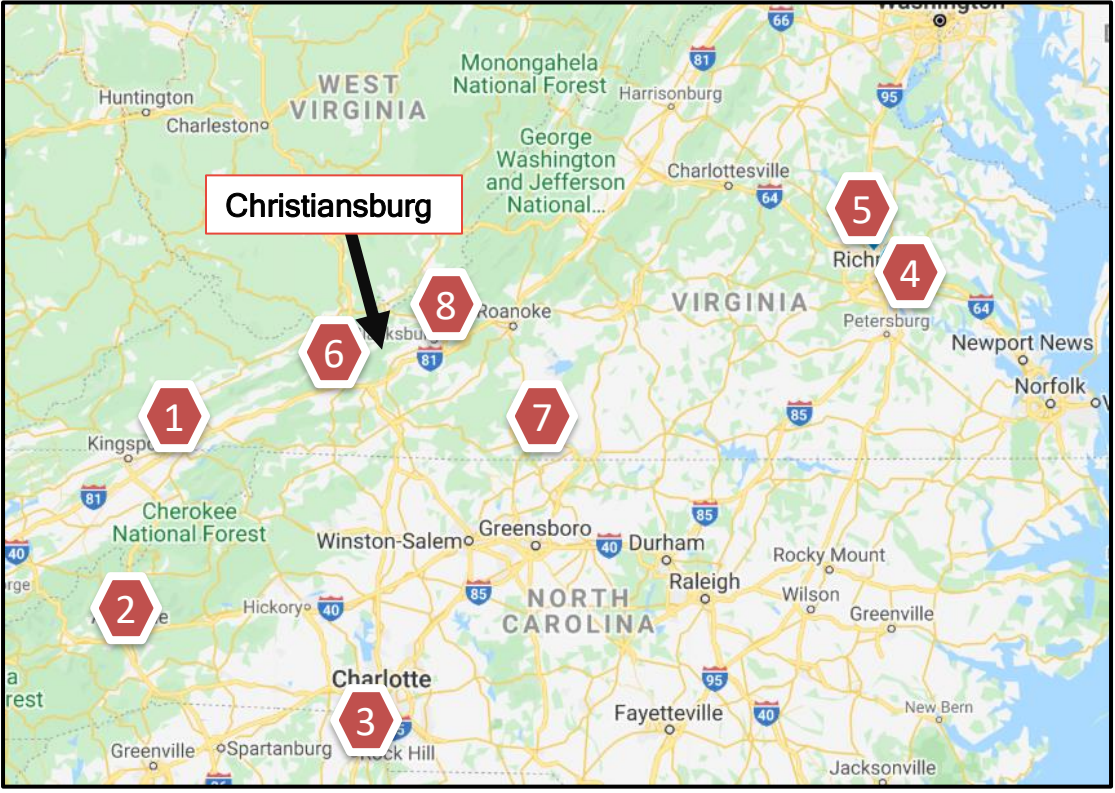
REGIONAL SPORTS FACILITY INVENTORY



Victus Advisors also analyzed outdoor sports facilities that are comparable or potentially competitive to a new sports fields park in Christiansburg. Facilities were identified by stakeholders and local/regional users during interviews conducted by Victus Advisors (described in more detail in the next section) as places they have visited in the past for regional sports tournaments and practices/games.

REGIONAL FACILITIES (ALPHABETICAL ORDER)

- 1 Abingdon Sports Complex (Abingdon, VA)
- 2 Buncombe County Sports Park (Asheville, NC)
- 3 Comporium Athletic Park (Fort Mill, SC)
- 4 Dorey Park (Henrico, VA)
- 5 Glover Park (Glen Allen, VA)
- 6 Radford University Fields (Radford, VA)
- 7 Smith River Sports Complex (Axton, VA)
- 8 Virginia Tech Fields (Blacksburg, VA)



Source: Google Maps



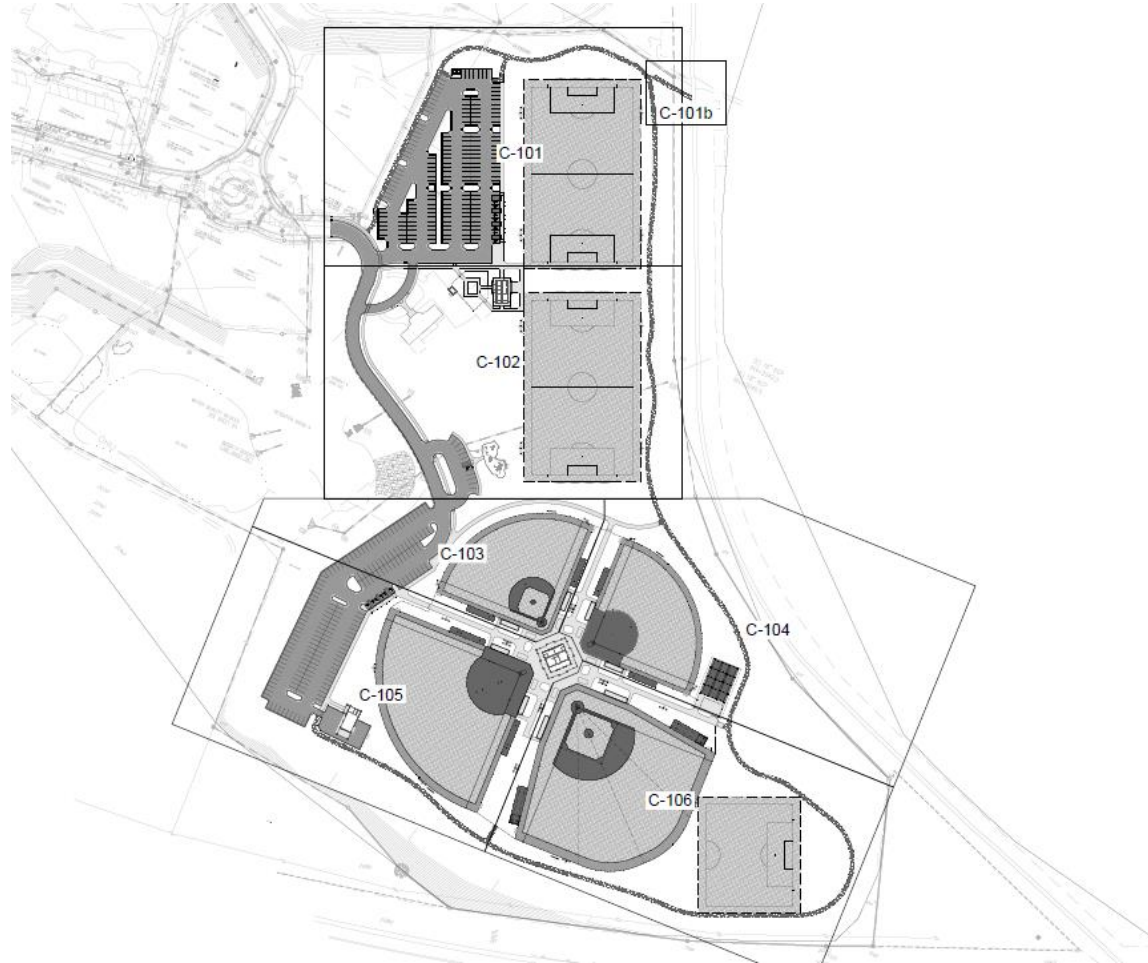
ABINGDON SPORTS COMPLEX



- Location: Abingdon, VA
- Expected Completion: Under Construction - Completion TBD
- Estimated Construction Cost: \$12M
- Owner/Operator: Town of Abingdon
- Footprint: 40 acres
- Features:
 - 2 full-sized multi-purpose fields (natural grass) with lights
 - 1 half-sized multi-purpose field (natural grass)
 - 1 adult baseball field with lights
 - 1 adult softball field with lights
 - 1 youth baseball field with lights
 - 1 youth softball field with lights
 - Walking trail, playground, and splash pad
- Planned Events: Adult and youth games and tournaments for soccer, baseball, and softball.
- Additional Notes: The Town initially issued \$10 million in bonds to fund construction of the facility, initial site work and preparation has been completed, and in July the Town issued an invitation to bid for construction of the facility. Town Council has also identified that an additional \$2 million in development costs will be needed, raising the total project cost to \$12 million.



Facility Layout



The Abingdon Sports Complex will feature (2) full-sized multi-purpose fields, one (1) half-sized multi-purpose field, baseball and softball fields for youth and adults, and other park amenities.



BUNCOMBE COUNTY SPORTS PARK



- Location: Asheville, NC
- Owner: Buncombe County
- Operator: Asheville Buncombe Youth Soccer Association (ABYSA)
- Footprint: 50 acres
- Features:
 - 7 multi-purpose fields (natural grass)
 - Disc golf course
 - Sand volleyball court
 - Bocce ball courts
 - Walking trail
 - Concession stand
 - Playground
- Sample Events: Adult and youth soccer games, and tournaments, adult league volleyball, disc golf tournaments, rugby tournaments, and lacrosse tournaments
- Additional Notes: The ABYSA has an annual operating agreement with the County, and they sublease to event organizers for weekend tournaments. The facility hosted 10 tournaments in 2019 (including other fields in the County) that filled over 11,000 hotel room nights. Lastly three of the seven fields will be converted to artificial turf fields during the summer of 2020.



Facility Layout



Source: Buncombe County

The Buncombe County Sports Park has seven (7) multi-purpose fields, a sand volleyball court, a playground, on-site parking, and other park amenities.

- Location: Fort Mill, SC
- Opened: 2017
- Owner/Operator: Fort Mill School District
- Features:
 - 4 multi-purpose artificial turf fields
 - Concession stand



- Sample Events: Soccer, lacrosse and football games and tournaments
- Additional Notes: The Fort Mill School District reports that the facility generated more than 75,000 annual visitors from 2017 to 2020, producing over \$8 million in local economic impact during that same three-year period.

DOREY PARK

- Location: Henrico, VA
- Owner/Operator: Henrico County
- Footprint: 400 acres
- Features:
 - 6 multi-purpose fields
 - 8 baseball/softball fields (various sizes)
 - 3 tennis courts
 - Disc golf course
- Sample Events: Games and tournaments for soccer, field hockey, lacrosse, flag football, football, quidditch, rugby, ultimate frisbee, and archery.
- Additional Notes: According to Henrico County, Dorey Park and other sports facilities in the County hosted 186 tournaments in 2019 with an economic impact of \$66.2M. There is no rental fee for using the fields at Dorey Park.



Facility Layout



Source: Henrico County

Dorey Park has six (6) multi-purpose fields, eight (8) baseball/softball fields (various sizes), three (3) tennis courts, and a disc golf course.

- Location: Glen Allen, VA
- Opened: 2019
- Phase I Construction Cost: \$14M
- Owner/Operator: Henrico County
- Footprint: 197 acres (Both Phase I and Phase II)
- Phase I Features:
 - 4 artificial multi-purpose fields
 - 8 sand volleyball courts
- Phase II (2021) Features:
 - Additional fields
 - Playground
 - Other park features
- Sample Events: Games and tournaments for soccer, field hockey, lacrosse, flag football, football, quidditch, rugby, ultimate frisbee, and archery.
- Additional Notes: According to Henrico County, Glover Park and other sports facilities in the County hosted 186 tournaments in 2019 with an economic impact of \$66.2M. There is no rental fee for using the fields at Glover Park.



Facility Layout



Source: Henrico County

Phase I of Glover Park has four (4) multi-purpose fields and eight (8) sand volleyball courts.

- Location: Radford, VA
- Owner/Operator: Radford University
- Features:
 - 1 multi-purpose artificial field (Outdoor Recreation Complex)
 - Field can also be adapted for 3 intramural-sized soccer fields, 4 intramural flag football fields, or several youth level soccer fields
 - 3 multi-purpose fields (Dedmon Athletic Complex)
- Users: Radford University intramural programming, Southwest Virginia Rush Soccer Club



SPORTS FIELD RENTAL RATES:

- Competition Field: \$100 per hour
- Non-Competition Field: \$70 per hour



SMITH RIVER SPORTS COMPLEX



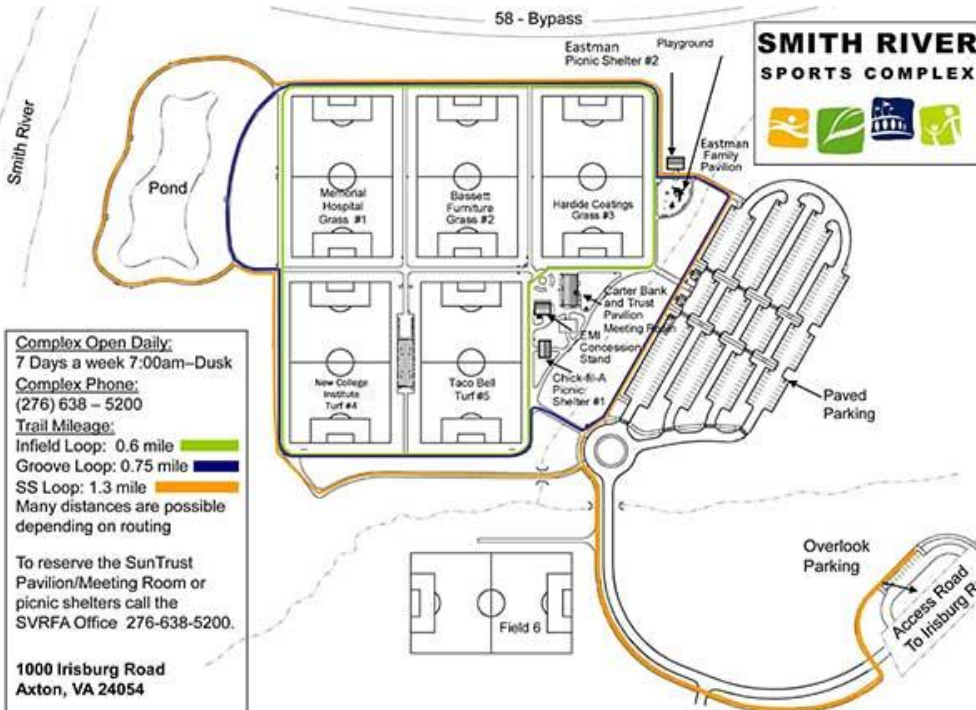
- Location: Axton, VA
- Opened: 2009
- Construction Cost: \$9M (estimated \$12.7M in 2019 dollars*)
- Owners: City of Martinsville and Henry County
- Operator: Southern Virginia Recreation Facilities Authority (SVRFA)
- Footprint: 90 acres
- Features:
 - 6 multi-purpose fields (2 artificial, 4 natural grass)
 - Concessions stand
 - Cross country course
 - Playground
- Sample Events: Games and tournaments for soccer, lacrosse, football, rugby, and ultimate frisbee
- Additional Notes: It is estimated that about 27,000 people come to the complex each year. Additionally it is estimated that the complex generates about \$4.5 million in annual economic impact. Despite this, the facility is typically not at full capacity during the week (for local rentals and usage) due in large part to the facility's location and a population in Henry County of just over 55,500 people.
- Complex Financials: The 2018-2019 fiscal year operating budget for the complex was about \$482,000. The facility receives annual operating subsidies from the Harvest Foundation of approximately \$200,000. Furthermore this foundation provided the funding to build the facility in 2009.



** Estimated according to the Q4 2019 Turner Building Cost Index. 2020 Index is not yet available.*

FIELD RENTAL RATES:

- Turf field w/out lights: \$75 per hour per field
- Turf field w/ lights: \$100 per hour per field
- Grass field w/out lights: \$50 per hour per field
- Grass field w/ lights: \$75 per hour per field
 - Complex: \$2,400 maximum daily fee



The Smith River Sports Complex has six (6) multi-purpose fields, concessions stand, cross country course, a playground, and paved parking.

Source: SVRFA

- Location: Blacksburg, VA
- Owner/Operator: Virginia Tech
- Features:
 - 14 total fields (9 grass and 5 artificial)
 - 3 multi-purpose grass fields (Sports Clubs Fields)
 - 6 multi-purpose grass fields (Intramural Fields)
 - 4 multi-purpose artificial fields (Lower South Recreation Area Fields)
 - 1 multi-purpose artificial field (Marching Virginian's Field)
- Users: Virginia Tech clubs and intramural programming, ULAX, New River United, and New River Valley Lacrosse



FIELD RENTAL RATES:

- Sports Clubs Fields: \$25 per hour per field (VA Tech User); \$45 per hour per field (Non- VA Tech User)
- Intramural Fields (Individual Field): \$25 per hour per field (VA Tech User); \$50 per hour per field (Non- VA Tech User)
- Intramural Fields (Half Complex or 3 Fields): Half Day - \$250/Full Day - \$500 (VA Tech User); Half Day - \$500/Full Day - \$1,000 (Non- VA Tech User)
- Intramural Fields (Full Complex or 6 Fields): Half Day - \$500/Full Day - \$1,000 (VA Tech User); Half Day - \$800/Full Day - \$1,800 (Non- VA Tech User)
- Marching Virginian's Fields (Individual Field): \$30 per hour per field (VA Tech User); \$60 per hour per field (Non- VA Tech User)



FIELD INVENTORY



<u>Facility</u>	<u>City, State</u>	<u>Driving Distance (Miles) from Christiansburg</u>	<u>Multi-Purpose Fields</u>
Virginia Tech Fields	Blacksburg, VA	8	14
Radford University Fields	Radford, VA	9	4
Smith River Sports Complex	Axton, VA	71	6
Abingdon Sports Complex	Abingdon, VA	99	2.5
Comporium Athletic Park	Fort Mill, SC	181	4
Glover Park	Glen Allen, VA	206	4
Buncombe County Sports Park	Asheville, NC	215	7
Dorey Park	Henrico, VA	220	6
AVERAGE		126	6
MEDIAN		140	5

Source: Victus Advisors research
Note: Sorted by Driving Distance (Miles) from Christiansburg in ascending order

As shown above, each sport facility profiled has a minimum of two (2) multi-purpose fields. It should be noted that Glover Park will have additional fields built during phase II of construction which is planned for 2021.



SAMPLE FIELD RENTAL RATES



<u>Facility</u>	<u>City, State</u>	<u>HOURLY RATE</u>	
		<u>LOW</u>	<u>HIGH</u>
Radford University Fields	Radford, VA	\$70	\$100
Smith River Sports Complex	Axton, VA	\$50	\$100
Virginia Tech Fields	Blacksburg, VA	\$25	\$60
AVERAGE		\$48	\$87
MEDIAN		\$50	\$100

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

As shown above hourly rental rates for facilities that we profiled ranged between \$25 and \$100. Exact rates largely depend on user group (university vs. non-university), event type (competition vs. non-competition), and use of lights.



4. SPORTS USER GROUP & TOURNAMENT INTERVIEWS



INTERVIEWS



In January and February of 2020, Victus Advisors held telephone interviews with operators, promoters and influencers of sports events and competitions locally, regionally, and nationally. The topics included ideal amenities, potential events that could be held at the new outdoor sports park, and other feedback related to the new facility in Christiansburg.

Victus Advisors conducted telephone interviews with various representatives from the following 21 groups:

- Blacksburg Rugby Football Club
- Capital Rugby Union
- Charlottesville Ultimate Disc Organization
- Christiansburg Parks & Recreation
- Christiansburg Soccer Association
- Club Champions League
- Mid-Atlantic Conference (Rugby)
- National Small College Rugby Organization
- New River United Soccer Association
- New River Valley Lacrosse
- Roanoke Rugby Football Club
- Roanoke Ultimate
- Rugby Virginia
- Southwest Virginia Rush Soccer Club
- ULAX
- US Quidditch
- USA Rugby
- USA Ultimate
- VA Tech Lacrosse
- VA Tech Rugby Club
- Valley Select Lacrosse



INTERVIEW SUMMARIES



CHRISTIANSBURG PARKS & RECREATION

- The Christiansburg Parks & Recreation department will be the day-to-day operator of the new four (4) field sports park, responsible for all rentals, programming, operations, and maintenance of the fields and park amenities.
- The Christiansburg Parks & Recreation department indicated that their goal would be to have three (3) sports fields utilized Monday through Thursday with some type of programming, whether via programs operated by Christiansburg Parks & Recreation or via private third-party renters. Ideally that would leave at least one (1) open field on these weeknights for free play and residential use. On weekends (Friday, Saturday, and Sunday) usage of all four (4) of the sports fields would ideally be focused on tournament usage.
- It is envisioned that youth soccer and lacrosse programming could be handled via partnerships with established local clubs that have significant time and experience in the marketplace operating programs specific to their sports. Whereas the Christiansburg Parks & Recreation department expects to develop their own youth football (tackle, flag, 7-on-7), adult flag football, adult soccer leagues, and other such sports and recreation programming.



INTERVIEW SUMMARIES (CONT.)



CURRENT OUTDOOR FACILITIES IN CHRISTIANSBURG/BLACKSBURG AREA

- The majority of groups indicated that the Christiansburg/Blacksburg area was lacking in field space for their respective sports.
- Soccer groups indicated that they primarily use school fields (high school, middle, and elementary) throughout Montgomery County. One group also uses various fields at Virginia Tech where they have an annual usage agreement, in addition to an annual usage agreement with the Town of Blacksburg for priority access. Ultimately, using school fields has been a challenge for the soccer groups because they are second in line for access after school programs/athletics.
- One lacrosse group has used an old middle school in Christiansburg and fields at Virginia Tech for practices and games. They indicated that they will soon lose access to the middle school as the field will be turned into a parking lot. Lastly, the lacrosse group expressed frustration at getting access to any other fields in the region due to the prominence of soccer.
- A rugby club based in Blacksburg is currently without a dedicated practice space. In previous years the group used to practice and play home games on an open field behind a grocery store. They had an agreement with the developer to maintain the field for free usage. That field is no longer available, as that land will now be used for additional development.



INTERVIEW SUMMARIES (CONT.)



RENTAL RATES FOR FIELD SPACE IN CHRISTIANSBURG/BLACKSBURG AREA

- One local soccer group uses various schools (high school, middle, and elementary) in Christiansburg, and they do not pay rent for use of those fields.
- Another soccer group in Blacksburg uses fields operated by the Town of Blacksburg and on the Virginia Tech Campus. This group pays the Town of Blacksburg about \$10,000 for priority access to the Town's fields. Although there is no minimum and maximum hours allotted, the soccer group has first right of refusal and priority access to these fields. Additionally, the soccer group pays between \$50,000 and \$60,000 to Virginia Tech for priority access to fields on campus after university programming.
- A soccer group based in Radford pays \$50 per hour for use of a field at Radford University.
- The Virginia Tech sports clubs we interviewed (lacrosse and rugby) do not pay for field access on their campus.
- A local lacrosse group has not had to pay rent for using the old Christiansburg Middle School field and fields on Virginia Tech's campus, citing their non-profit status.



INTERVIEW SUMMARIES (CONT.)



COMPARABLE MULTI-USE FIELD FACILITIES

- Several interviewees cited the Smith River Sports Complex near Martinsville (Axton) as the most comparable multi-use field facility to the planned outdoor sports park in Christiansburg and most likely competitor for regional sports events.
- In all, the following outdoor facilities (with less than eight multi-use fields at each) mentioned by interviewees include:
 - Buncombe Sports Park (Asheville, NC)
 - Comporium Athletic Park (Fort Mill, SC)
 - Dorey Park (Henrico, VA)
 - Glover Park (Glen Allen, VA)
 - James S. Long Regional Park (Haymarket, VA)
- The consensus among most interviewees was that Christiansburg is in a good geographical location in southwest Virginia, and that the facility could draw teams and events from northern Virginia and the surrounding states of Tennessee, North Carolina, and South Carolina.



INTERVIEW SUMMARIES (CONT.)



IDEAL AMENITIES FOR A NEW OUTDOOR SPORTS PARK

- Artificial turf with lights on every field was a consensus recommendation among all interviewees, to ensure maximized usage year-round, including the winter months. Although most interviewees prefer well-maintained natural grass surfaces, all acknowledged that artificial turf is ultimately the most realistic option for maximizing daily usage, as well as limiting cancellations of practices, games, and tournaments due to weather.
- Most interviewees stated that the complex should feature a concession stand. Another interviewee suggested that having space for food trucks and other vendors could help event organizers drive additional revenue for their events.
- Several rugby interviewees expressed a desire for ground sleeves for goal posts to be installed rather than having portable rugby goal posts. It should be noted that this may not be feasible due to the fact that ground sleeves leave wide holes in the grass that are typically located on the end zone lines (football) and near goal lines (soccer) that could potentially create trip hazards for players. One rugby interviewee stated that in other facilities this risk is minimized with caps or turf covers that go over the holes.
- Minimal bleacher seating (for a few hundred people) for at least one field at the facility was mentioned by some interviewees, but is generally not considered a deal breaker for bringing in events.



SUMMARY OF POTENTIAL USER GROUPS



<u>User Group</u>	<u>Type of Usage</u>	<u>Days</u>	<u>Times</u>	<u>Projected Number of Annual Events</u>	<u>Seasons</u>
Blacksburg Rugby Football Club	Local & Tournament	All	Evenings	12+	Spring, Summer, Fall
Capital Rugby Union	Tournament	Weekends	All Day	2	Spring, Fall
Charlottesville Ultimate Disc Organization	Tournament	Weekends	All Day	2	Spring, Fall
Christiansburg Parks & Recreation	Local	Weekdays	Evenings	12+	Year Round
Christiansburg Soccer Association	Tournament	Weekends	All Day	2	Fall
Club Champions League	Tournament	Weekends	All Day	2	Summer, Fall
Mid-Atlantic Conference	Tournament	Weekends	All Day	1	Fall
NRUSA - Soccer	Local & Tournament	All	Evenings	12+	Year Round
NRV Lacrosse	Tournament	Weekends	All Day	3	Spring, Summer
Rugby Virginia	Tournament	Weekends	All Day	1	Spring
Southwest Virginia Rush Soccer Club	Tournament	Weekends	All Day	3	Spring, Fall
ULAX	Local & Tournament	All	Evenings	12+	Summer, Fall, Winter
US Quidditch	Tournament	Weekends	All Day	1	Fall
Valley Select	Tournament	Weekends	All Day	6	Spring, Fall

Source: Victus research

Note: Sorted by User Group in alphabetical order

SUMMARY OF POTENTIAL USERS

Several groups that were interviewed expressed interest in using a new sports fields park in Christiansburg. Groups' usage ranged from weekday use for games and practices to weekend tournament usage. Overall, the indicated potential usage from groups illustrates the demand for a multi-field sports park.

It should also be noted that scheduling conflicts may exist between outside groups and Parks and Recreation programming, especially during weekday use, however the overall operating plan should be designed to maximize usage by all groups to the fullest extent possible.



OTHER EVENTS - NCAA CHAMPIONSHIPS



Additionally, project stakeholders have expressed preliminary interest in the possibility of hosting National Collegiate Athletic Association (NCAA) championship events for soccer and lacrosse at the proposed sports fields park.

The NCAA typically has strict competitive bid requirements that a potential host city/venue must adhere to in order to be considered for hosting championship events. It should be noted that the NCAA bid process for championship events to be held between 2021 and 2026 (5-year window) has already closed, and the NCAA will officially award those events in October 2020. The following select bid requirements (which govern 86 of the 90 NCAA championships, including lacrosse and soccer) are worth considering for the Town of Christiansburg:

- NCAA member institutions (e.g. Radford University, Virginia Tech, etc.) and/or the conference they participate in are required to be part of the formal bid process.
- The NCAA requires each bidding host/venue to submit a proposal that includes significant financial guarantees. Typical guarantees may include ticket sales revenue, free venue rental, marketing expenses, entertainment budgets, game management personnel costs, and other such financial guarantees that position the host more strongly in the competitive bidding process.
- The NCAA also requires that all bidders provide a comprehensive marketing plan, ticketing program, security plan, ambush marketing protections, trademark enforcement, fire and medical plan, tax exemptions, and insurance requirements.
- Lastly, the NCAA also has specific facility requirements for each championship, which must be met in order to bid for an event. The table on the following page shows specific venue requirements for various soccer and lacrosse championships based on various NCAA levels (Division I, II, and III).

OTHER EVENTS - NCAA CHAMPIONSHIPS (CONT.)



<u>Event</u>	<u>NCAA Division</u>	<u>Minimum Seating Capacity</u>	<u>Locker Rooms</u>
Men's Lacrosse Championship	I,II,III	20,000	5
Women's Soccer Championship	I	10,000	6
Men's Soccer Championship	I	8,000	5
Women's Lacrosse Championships	I	8,000	5
Men's/Women's Soccer Championships	II	1,000	4
Men's/Women's Soccer Championships	III	750	5
Women's Lacrosse Championships	II, III	750	6

Source: NCAA

Note: Sorted by Minimum Seating Capacity in descending order

As shown above, the minimum seating requirement for a NCAA championships for soccer and lacrosse is 750 and can go up to 20,000. Additionally there is a minimum requirement of four (4) on-site locker rooms that would be for teams and officials.

In addition, the following facility requirements, all of which must be on-site, apply to all NCAA levels:

- Press box area
 - Access to wireless internet access
 - Audio/Visual capabilities including public address systems
- Designated hospitality areas for NCAA officials and corporate partners
 - Indoor meeting rooms for NCAA officials



5. SPORTS TOURISM SWOT ANALYSIS

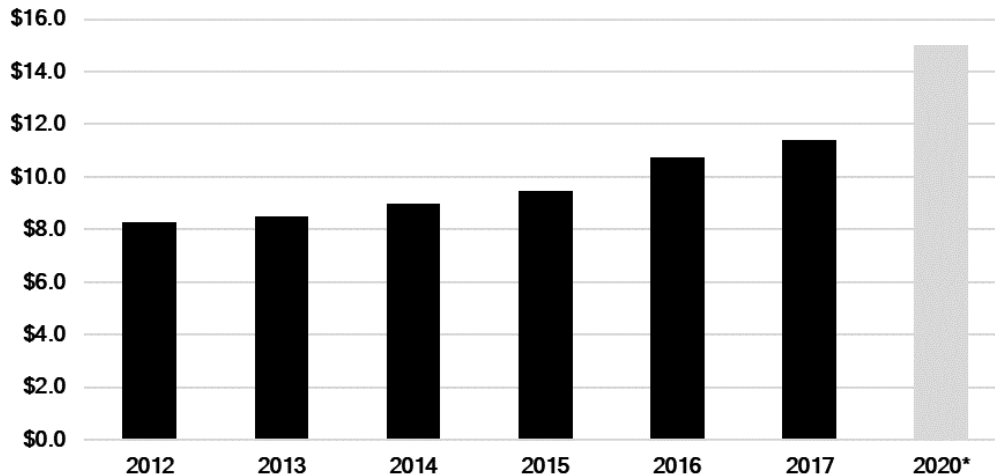


SPORTS TOURISM SPENDING



- “Sports Tourism” is regional or national travel to observe or participate in a sporting event.
- The typical sports tourism traveler is a family traveling via car within a 3 to 6-hour drive range for youth/amateur sports tournaments.
- Visitor spending via sports tourism is typically captured via room nights/hotel spending, restaurants, retail, and local entertainment and cultural attractions.
- In 2017, US sports tourism exceeded \$11.4 billion in annual visitor spending, and some preliminary estimates for 2019 and 2020 are as high as \$15 billion, as shown below:

Annual Sports Tourism Spending in the U.S. (billions)



Visitor spending related to sports events reached \$11.4 billion in 2017, a 9% increase from 2016 and 37% increase since 2012.

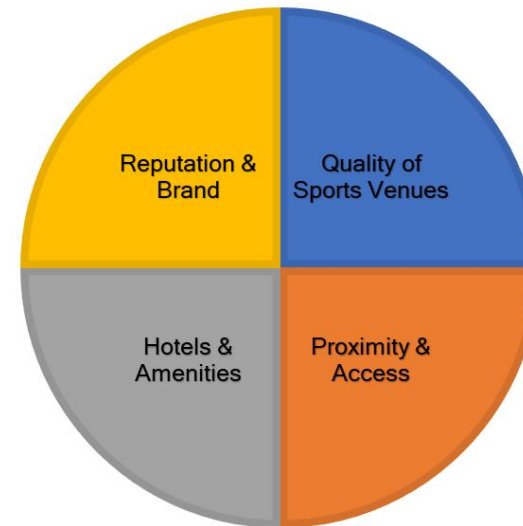
Preliminary projections for 2019-20 are as high as \$15 billion.

Source: Sports Events & Tourism Association
*Projected

Sports Tourism Site Selection Factors

According to SportsETA*, tournament organizers focus on four (4) key factors when making their site selections:

- #1 ... Quality of Sports Venues
- #2 ... Proximity and Access
- #3 ... Hotels and Amenities
- #4 ... Reputation and Brand



Regarding these factors it should be noted that most tournament operators will not even consider a location that does not have the venues with the capacity they require (#1). Furthermore, locating a new sports venue on a site with convenient highway access (#2) and nearby hospitality amenities (#3) is also attractive for sports events and sports tourism visitors. Lastly, the facility's reputation and brand (#4) within the sports tourism industry is an important factor to tournament organizers, and a track record of attracting and servicing successful sports events must be fostered over time.

* Sports Events & Tourism Association



HOW DO MARKETS RETAIN SPORTS TOURISM?



Reason for Choosing Best Sports Community	Percent Chosen
Quality of Sports Facilities	73%
Community Interest/Support for Amateur Sports Events	8%
Accessibility (Ease of Travel/Transportation Access)	6%
Nearby Family Entertainment Options	6%
Nearby Hotel/Lodging Options	2%
Nearby Restaurant/Dining Options	2%
Climate/Weather	1%

Victus Advisors has collected thousands of online survey responses in various communities across the country regarding sports tourism participation.

Primary Consideration: Generally speaking, about 73% of online survey respondents cited **Quality of sports facilities** as the primary reason in determining the best overall job as an amateur host.

Secondary Considerations: Respondents also cited **Community Interest/Support for Sports, Travel Accessibility, and Nearby Entertainment/Hotels/Restaurants** as critical factors in not only choosing the best sports community, but also the reasons why they would come back again in future years.



SWOT ANALYSIS - STRENGTHS



KEY STRENGTHS OF CHRISTIANSBURG AS A SPORTS TOURISM DESTINATION:

- **LOCATION** - The consensus among most interviewees was that Christiansburg is in a good geographical location in southwest Virginia that the outdoor sports park could draw teams and events from northern Virginia and the surrounding states of Tennessee, North Carolina, and South Carolina. Christiansburg is about 30 miles away from the Roanoke Regional Airport.
- **OUTDOOR RECREATIONAL AMENITIES** - There are several outdoor family-friendly activities available in Christiansburg including the Blue Ridge Mountains, parks, New River, and the Huckleberry Trail which connects Christiansburg and Blacksburg.
- **OTHER AMENITIES** - Many refer to Christiansburg as the commercial “hub” of the New River Valley. There are numerous options for lodging, dining, and retail shops all within a short driving distance within Christiansburg.
- **SUCCESSFUL SPORTS TOURISM EVENTS** - As discussed previously in the report, the town of Christiansburg has been able to successfully host sports tourism events. Christiansburg Parks and Recreation department reported 25 events/tournaments for the 2018-2019 fiscal year with over 55,000 participants and spectators. Furthermore over 1,700 rooms were booked in the New River Valley area. Lastly, the aquatic center generated over \$4.5 million in economic impact to Christiansburg and the New River Valley in the 2018-2019 fiscal year.
- **AFFORDABLE, FAMILY-FRIENDLY HOTELS** - Nationwide, the Average Daily Rate (ADR) of hotels in 2019 was more than \$129 per night, whereas Montgomery County hotel ADRs ranged from \$82 to \$125 per night. It should also be noted that hotels in Christiansburg had an overall average ADR of \$90 in 2019.



SWOT ANALYSIS - WEAKNESSES



KEY WEAKNESSES OF CHRISTIANSBURG AS A SPORTS TOURISM DESTINATION:

- **CURRENT LACK OF OUTDOOR FIELDS** - The majority of sports groups that were interviewed indicated that the Christiansburg/Blacksburg area was lacking in field space for their respective sports. Most groups are secondary tenants to local school or university programming.
- **REGIONAL AIRPORT LIMITS NATIONAL EVENTS** - The lack of a major airport limits direct flights to the Christiansburg area (via Roanoke Regional Airport), and thus could limit the number of events and visitors from outside of a regional driving range distance (beyond a 5-to-6-hour drive for overnight stays).
- **SMALLER COMMUNITY** - There are approximately 144,000 people within a 30-minute drive of Christiansburg. To maximize economic impact, the Town would have to depend greatly from visitors beyond the communities surrounding Christiansburg.



SWOT ANALYSIS - OPPORTUNITIES



KEY OPPORTUNITIES FOR CHRISTIANSBURG AS A SPORTS TOURISM DESTINATION:

- **LEVERAGE ESTABLISHED SPORTS TOURISM SUCCESS** - The Christiansburg Parks and recreation department has successfully hosted events for baseball and softball, generating significant economic impact for the community. Additionally, the Montgomery County Tourism Development Council has expressed great interest and would like to market the new outdoor sports park and help promote more sports tourism events.
- **ATTRACT VISITORS FROM REGIONAL DRIVE MARKETS** - There are 10 large markets (with a population of more than 200,000 people each) within a 2.5-hour drive of Christiansburg. An additional 11 large markets (over 500,00 people each) are within a 5-hour drive (overnight trip), with a total population within a 5-hour drive of Christiansburg of over 33.3 million people.
- **TAP INTO LOCAL/REGIONAL SPORTS & EVENT FACILITY DEMAND** - Victus found that outdoor, multi-purpose field facilities are significantly lacking in the Christiansburg area relative to the demand that exists both locally and regionally. An outdoor sports park would capture lost and future events.
- **FIRST-MOVER ADVANTAGE / ESTABLISH RELATIONSHIPS & REPUTATION** - By building a new outdoor sports fields park with at least four (4) artificial fields in Christiansburg, the Town could be a first-mover in the Christiansburg/Blacksburg area and establish relationships with numerous sports user groups that could provide significant opportunity for long-term stability of the facility.



SWOT ANALYSIS - THREATS



KEY THREATS FOR CHRISTIANSBURG AS A SPORTS TOURISM DESTINATION:

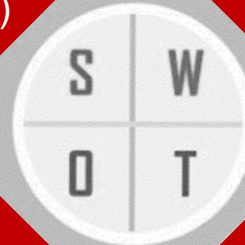
- **REGIONAL FACILITY COMPETITION** - The proximity to other similarly-sized facilities within Virginia, such as Martinsville/Axton (Smith River Sports Complex), could potentially draw events away from Christiansburg. Additionally, larger markets (within a 3-hour drive) such as Greensboro and Charlotte could prevent other events from coming in. All things being equal from a facility standpoint, larger markets have the potential to be more attractive to national events and attendees due to their larger airports and wider range of tourism and entertainment options. However it should be noted that regional youth/amateur sports tournament organizers typically prioritize facility size, rental rates, date availability, and driving access over larger market size.
- **COMPETITION FROM FUTURE SPORTS & EVENTS FACILITIES** - The future development of another outdoor sports park within a 3-hour drive range (daytrip) could lead to increased competition for regional events. However, Christiansburg could develop a first-mover advantage by being one of the first to market within the region and establishing a satisfied repeat client base.
- **ECONOMIC DOWNTURNS** - A recession or a negative shift in economic conditions could lead to less disposable income of potential attendees, as well as less access to capital (via public funding mechanisms) for paying debt service on a new outdoor sports park.
- **FUNDING FOR SPORTS MARKETING & EVENT INCENTIVES** - Based on conversations with the Town of Christiansburg and the Montgomery County Regional Tourism Office, significant budgets to do not currently exist to market the Town or the region to sports tournaments and sports destination professionals. It is recommended that the Town explore regional cooperative opportunities to promote the area, including the new outdoor sports fields park in Christiansburg, for sports events.

Strengths

1. Location - Southwest Virginia is close to several surrounding states (NC, TN, KY, WV)
2. Outdoor Recreational Amenities - Several outdoor family-friendly activities, trails, etc.
3. Commercial “hub” of the New River Valley
4. Christiansburg has successfully hosted sports events (baseball, softball, aquatics)
5. Affordable, Family-Friendly Hotels

Weaknesses

1. Current Lack of Outdoor Multi-Use Fields Complex with 4 or More Fields
2. Lack of a Major Airport for National Events
3. Small Population Base Within a 30-Minute Drive



Opportunities

1. Leverage Established Sports Tourism Success
2. Draw from 33 million People Within 5-hrs
3. Tap Into Regional Sports Fields Demand
4. First-Mover Advantage / Long-Term Relationships & Reputation

Threats

1. Larger Markets Within a 5-Hour Drive
2. Competition From Future Regional Facilities
3. Economic Downturns
4. Funding for Sports Marketing to Events



6. OPERATING & MARKETING RECOMMENDATIONS



INTRODUCTION



In past years, sports tourism marketing in Montgomery County has been relatively minimal. According to discussions with the Montgomery County Regional Tourism Office, they have not focused on sports marketing in large part because they lack an outdoor multi-field sports complex such as the one Christiansburg is planning to build. Instead, the Regional Tourism Office has generally focused on traditional tourism markets where existing facilities, attractions, and relationships already exist within the County, unlike the sports tourism market. With the addition of a new outdoor sports fields park, it will be worth considering how partnerships can be established by the Town with groups such as the Regional Tourism Office and/or other key regional stakeholders to help promote the facility regionally without necessarily tasking the annual operating budget of the sports complex itself to do so.

That said, the Town of Christiansburg does have significant experience operating venues that are used for sports tourism and competitive tournament activity, which could be a significant asset for the potential long-term success of the new sports fields complex. Many municipalities the size of Christiansburg that build new multi-field sports complexes are entering the sports tourism market for the first time, and these facilities can often suffer through “growing pains” associated with learning to operate such a facility. Whereas Christiansburg Parks & Recreation already has the following relevant experience:

- Christiansburg Recreation Center has hosted AAU basketball tournaments and a gymnastics meet.
- Christiansburg Aquatic Center hosted 34 swimming/diving events and generated over \$4.5 million in economic impact within the New River Valley in the 2018-2019 fiscal year.
- Harkrader Sports Complex hosted 25 softball and baseball events/tournaments in the 2018-2019 fiscal year with over 55,000 participants and spectators, and over 1,700 associated hotel nights.

The recommendations that follow are intended to guide efforts by the Town of Christiansburg to successfully operate and market a new sports fields park. These recommendations are primarily based on Victus Advisors’ experience and knowledge of best practices within the youth/amateur sports industry.



PUBLIC OPERATIONS OF THE SPORTS COMPLEX



Public management of youth and amateur sports facilities is commonplace within the industry. Facility operational control within a governmental entity is typically accomplished either by creating a separate department that is responsible for facility management, or by designating responsibility to a department that already exists within the government (such as Christiansburg Parks & Recreation).

- **ADVANTAGES:** The typical advantages of public sports facility management include owner control (and ability to operate the venue to achieve community goals rather than private profit incentives), financial operating support and long-term capital funding via public funding sources, potential sharing of public sector staff and support functions (such as security, waste management, grounds keeping, maintenance, etc.), and governmental purchase power that can help reduce the costs of goods and services.
- **DISADVANTAGES:** Some disadvantages of public management could include a lack of private sector financial support, decision-making and contracting constraints due to public sector processes, or a potential lack of expertise and relationships in the sports industry among public staff.

That said, it should be noted that the Christiansburg Parks & Recreation already has a significant track record of operating sports/recreation complexes that are utilized for sports tournament activity, therefore Victus Advisors believes that the potential disadvantages associated with public operations of this facility in Christiansburg are limited.



PUBLIC OPERATIONS OF SPORTS COMPLEX (CONT.)



Based on our initial conversations with the Christiansburg Parks & Recreation department, they have an initial vision for operations of the new sports fields park that potentially includes:

- Weekday use (Monday through Thursday) by local user groups, via a mixture of third-party programming and Town programming (depending on sport), as well as free play on one field
- Weekend use (Friday through Sunday) primarily focused on 3rd-party rentals and tournament activity
- Field rental rate structures that are based upon a range of rates, including local/non-profit rates vs. third-party rental rates
- Additional revenue generation on the site via rentals of event pavilions and picnic facilities

We believe this initial vision is sound. However, we would like to emphasize a few key revenue factors:

- 1) It will be important that the Town charges rent (typically) for usage of these fields by third-parties, whether that is programming usage, practice/game usage, or tournament usage. Without an established rental rate policy, it is likely that the facility could require significant on-going subsidization from public funding sources in order to support the operations. A reasonable rental rate structure could help reduce (or potentially eliminate) this on-going operating burden.
- 2) Current rental rates for sports fields within the Christiansburg/Blacksburg region generally range from \$60 to \$100 per hour for an artificial turf field, or \$45 to \$70 for a grass field. Please note these rates are for non-university user groups. Other regional facilities, such as Smith River Sports Complex, typically charge \$50 to \$100 per hour for field usage.



PUBLIC OPERATIONS OF SPORTS COMPLEX (CONT.)



- 3) Based on our initial analysis of regional sports fields marketplace, Victus Advisors believes that the new sports fields complex in Christiansburg could have standard field rental rates (often called “rack rates”) of \$50 to \$100, depending on need for lights, peak times, etc.
- 4) That said, discounts could be offered for factors such as: a) long-term programming agreements, such as weekday programming offerings operated by local soccer or lacrosse clubs, b) long-term rental agreements for organizations that wish to frequently rent fields for practices/games, or c) full-day and/or multi-day rentals for tournament uses. Discounts (off the hourly rack rates) can be justified in these cases as long-term and multi-day agreements offer the facility significant long-term stability and can provide high usage levels that benefit the Christiansburg community. Victus Advisors believes that:
 - A long-term field usage agreement at the new sports field complex could range from \$10,000 to up to \$60,000 per year for regular weekday usage, based on similar agreements at comparable venues in the region.
 - Multi-day tournament usage could potentially be rented for \$400 to \$500 per day per field, or \$1,500 per day or more for the entire complex.
- 5) For weekday programming operated by the Parks & Recreation programming, Victus Advisors recommends a fee structure similar to current programming offered by the department, such as:
 - Adult: \$400 to \$500 per team registration fee for flag football, adult soccer, etc.
 - Youth: \$300 to \$400 per team registration for tackle and flag football, etc.



PUBLIC OPERATIONS OF SPORTS COMPLEX (CONT.)



- 6) If the Parks & Recreation department wishes to offer additional discounted rental rates for local groups that may not be able to afford the rack rates, then it is important that a policy be established to clearly define what types of groups are eligible for these discounts. Some facilities choose to have local vs. non-local rates, whereas other venues offer different rates for non-profit vs. commercial use (however, as many tournament organizers are technically non-profits, it's important to delineate whether the usage for which the fields are being rented is for revenue-generating or non revenue-generating purposes). A sample discounted rental structure for local and/or non-commercial use could include:
- \$25 to \$45 per hour per field for local and/or non-profit groups, depending on size/length of rental commitment
- 7) In addition to field rentals, additional revenue to support the operations of the new complex could be generated by rentals of pavilions and picnic areas for private parties, weddings, and events. Based on rate structure for existing park facilities and wedding/banquet sites in the Christiansburg/Blacksburg area, sample rate structures for these types of rentals might include:
- \$10 to \$20 per hour for pavilions/picnic areas
 - \$1,500 to \$3,000 per event for weddings, parties, etc. *(note: assumes hilltop garden pavilion remains in the program)*



MARKETING OF THE SPORTS COMPLEX



Most municipalities across the country rely on public (or quasi-public) agencies such as Convention & Visitor Bureaus, Sports Commissions, Regional Tourism Offices, and other such tourism promotion agencies to handle the bulk of their external youth/amateur sports marketing efforts. These efforts may typically include regionally-branded efforts such as:

- Dedicated sports event specialist who can obtain, sell, and sometimes produce events
- Website detailing the available sports facilities and opportunities
- Sports-focused collateral materials (brochures, magazines, etc.)
- Social media marketing (Facebook, Instagram, Twitter, YouTube, etc.)
- Personal contact and relationship marketing (trade shows, phone calls, etc.)

The balance of sports tourism advertising for each individual facility is then conducted by the local venue operators and the individual tournament/event organizers. But it should be noted that the most successful models tend to include a mix of regional marketing efforts (via tourism promotion agencies) and facility-specific and event-specific marketing efforts (via facility operators and event operators), and therefore establishing strong working relationships and clear lines of communication between the Christiansburg Parks & Recreation department and the Montgomery County Regional Tourism Office (as well as other relevant regional groups with a potential interest in sports tourism benefits) will be of the utmost importance for the long-term success of the new sports fields complex in Christiansburg.

The remainder of this section will cover the following items, potentially led by the Town and/or partners:

- The major selection factors for marketing youth sporting events
- Best practices for Christiansburg to follow
- Immediate marketing and partnership opportunities for consideration

As previously noted in this report, the following messages are the most important to sports tournament organizers when considering site selection, and should be incorporated into any outbound marketing efforts for a new sports fields complex:



However, as shown on the next page, it is also important that these messages are directed to the right people and organizations, to ensure that marketing budgets are allocated efficiently to achieve maximum return on investment (ROI).

When marketing sports tourism opportunities, the messaging should be targeted towards the key decision makers during their tournament planning process. This is generally not the parents and coaches who participate in the tournaments, as shown below, but rather the national/regional governing bodies and regional tournament organizers who are responsible for setting the tournament schedules and booking the venues. By focusing on this core audience early in the planning process (often ten months or more ahead of the event date) targeted marketing efforts can be implemented on a cost-effective basis.

**PLANNING
BEGINS**

**SITE
SELECTION**

**National
Governing
Bodies
(NGB)**

**Regional
Tournament
Organizers**

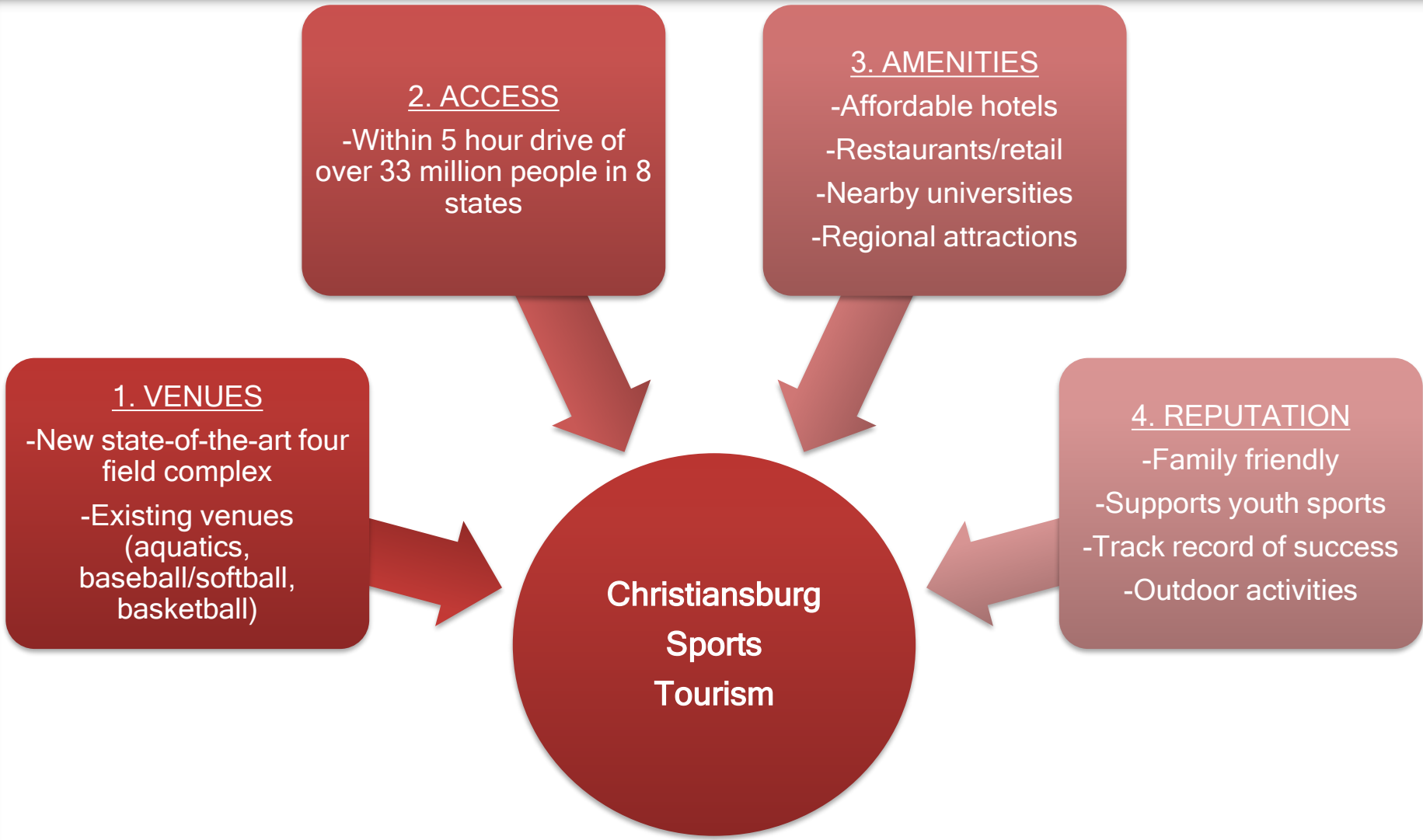
**Local &
Regional
Traveling
Leagues**

**Local &
Regional
Coaches**

Parents & Youth
Athletes are Informed at
the End of the Process



WHAT MAKES CHRISTIANSBURG DISTINCT?





MARKETING OPPORTUNITIES

• **BRANDING:**

- Use a strong brand to identify Christiansburg as the “Premier Youth Sports Destination in Southwest Virginia”
- Determine who to communicate with outside of Christiansburg (e.g. Teams, Leagues, Sanctioning Bodies, National Governing Boards) for each type of usage (weekday usage vs. weekend tournament usage), as well as who will lead each type of communication

• **VENUE PROMOTION:**

- Emphasize the quality of the sports complex in advertising/marketing efforts, especially the fact that all four fields are artificial turf, on-site food/beverage and restrooms, all-inclusive playground, on-site parking
- Speak to the location of the venue, including New River Valley Mall, affordable hotels, etc.
- Show visual representation of the convenient access for people from Virginia, Tennessee, North Carolina, etc.
- Promote “things to do” in Christiansburg and Montgomery County, such as outdoor activities, historical landmarks, family attractions, etc.
- Reference Christiansburg’s established reputation for hosting successful sports events (swim/dive, softball/baseball, basketball, etc.)
- Look to develop co-marketing partnership opportunities among the sports complex and local business community (hotels, restaurants, retail, attractions, etc.)



MARKETING OPPORTUNITIES (CONT.)

- **SPORTS TOURISM INDUSTRY CONFERENCES:**

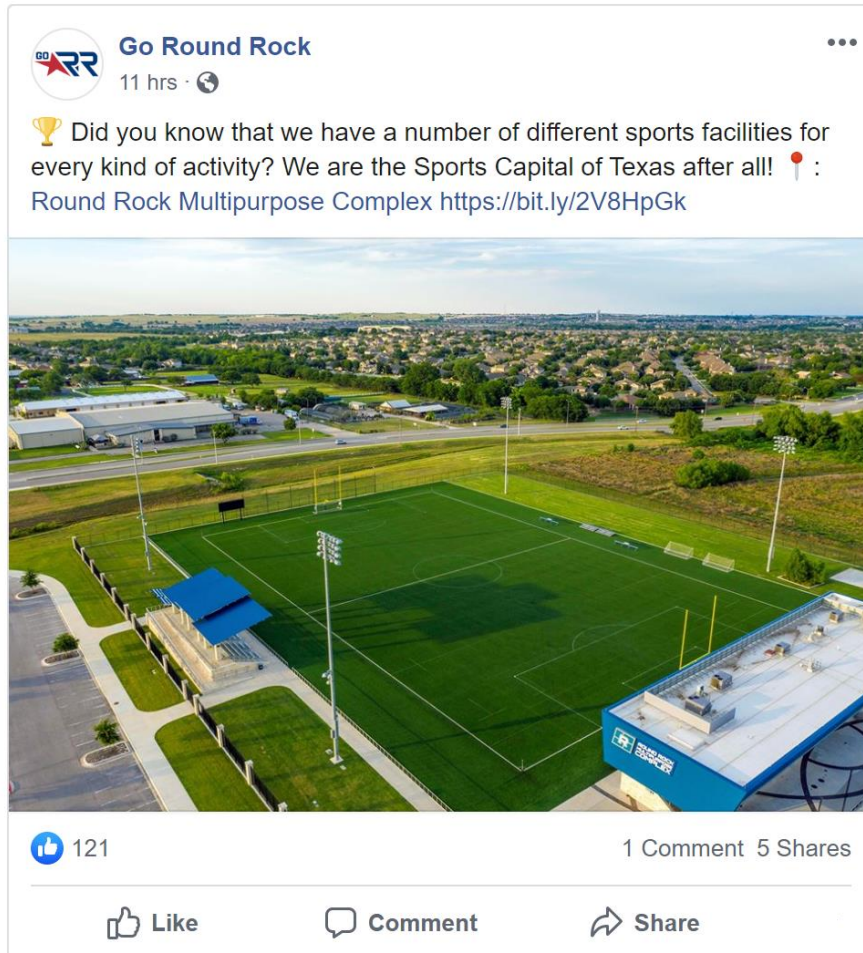
- Attend sports tourism industry conferences such as Connect Sports, TEAMS, Sports ETA Symposium, etc. to connect with regional and national event organizers about hosting sports events in Christiansburg.
- These conferences also allow marketing staff from the venue to learn best practices from other facilities via networking, seminars, and workshops.

- **SOCIAL/DIGITAL MEDIA:**

- Develop a website and associated social media channels focused on youth/amateur sports in Christiansburg
- Frequently share multi-media content focused on youth sports in Christiansburg (upcoming events, success stories from recent events, co-marketing with local businesses, etc.)
- In addition, you can also increase awareness of the venue as events are happening. This is often done on social media by encouraging event participants and participants to tag the venue on social media channels such as Facebook, Instagram, etc.


SPORTS-FOCUSED BRAND:

Round Rock, Texas - "Sports Capital of Texas"



Go Round Rock 11 hrs · 🌐

🏆 Did you know that we have a number of different sports facilities for every kind of activity? We are the Sports Capital of Texas after all! 📍 : Round Rock Multipurpose Complex <https://bit.ly/2V8HpGk>



👍 121 1 Comment 5 Shares

👍 Like 💬 Comment ➦ Share



Click or Drag to Zoom



GoRoundRock.com

VENUE-FOCUSED MARKETING:

Virginia Beach, Virginia

Virginia Beach Sports Center



WHERE LEGENDS RISE

**VIRGINIA BEACH SPORTS CENTER
OPENING NOVEMBER 2020**

- 285,000 SQUARE FOOT FACILITY
- 12 BASKETBALL COURTS CONVERTIBLE TO 24 VOLLEYBALL COURTS
- 200 METER, STATE-OF-THE-ART INDOOR HYDRAULICALLY BANKED TRACK
- SEATING FOR 5,000 SPECTATORS

...AND MUCH MORE!



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TRANSPORTATION ACCESS: Visit Fort Wayne

Big City. Bigger Heart.

Just a few hours away, a heartwarming getaway awaits in Fort Wayne! Indiana's second-largest city offers the **big city attractions** and **events** that you're looking for in a friendly, affordable city that welcomes all! We are a three-time **All America City Award winner**, and are consistently sited for our high quality of life and warm Hoosier Hospitality.



City	Distance (miles)
Milwaukee	251
Grand Rapids	158
Detroit	160
Chicago	148
Toledo	104
Cleveland	197
Columbus	152
Cincinnati	153
Indianapolis	120
Louisville	244

AMENITIES & ATTRACTIONS:

Mississippi Gulf Coast



**GAME TIME
OR DOWNTIME—
A GUARANTEED WIN**

coastal
MISSISSIPPI
The Secret Coast

The secret is out—this is the perfect place to put on your game face. Coastal Mississippi offers dozens of venues to accommodate any type of sporting event with easy access to hotels, restaurants and attractions. And when the tournament is over, the variety of fun family activities along our beautiful coast lets you keep playing!

Discover more at coastalmississippi.com
conventions@coastalmississippi.com
(228) 896-6699





SAMPLE MARKETING CAMPAIGNS (CONT.)



REPUTATION & EXPERIENCE: Sports Pittsburgh

SportsPITTSBURGH

Pittsburgh

Iconic Experiences

SportsPITTSBURGH is proud of the city's thriving sports community. From hosting 1,845 NCAA student-athletes over the last 12 months, to partnering with the always popular Pittsburgh Vintage Grand Prix, to hoisting another World Championship banner, there's never been a better time to witness and enjoy authentic, iconic and legendary sports moments in Pittsburgh.

legendary, iconic experiences.

THE MOMENT I MET THE STAFF AT PITTSBURGH, I KNEW WE WERE IN GREAT HANDS. REALLY, FROM TOP TO BOTTOM, **THE SUPPORT WE'VE GOTTEN FROM SPORTSPITTSBURGH HAS BEEN OUTSTANDING.** MY EXPECTATIONS WERE HIGH, AND I'M NOT ALONE IN SAYING THEY'VE EXCEEDED MY EXPECTATIONS.

- Molly Simons, Assistant Director, Championships and Alliances at NCAA

NCAA *in Pittsburgh*

10 OVER **12** MONTHS
HOSTED NCAA EVENTS

22 NCAA CHAMPIONSHIP EVENTS IN 1 BID CYCLE
AWARDED

9 HOST INSTITUTIONS
9 VENUES
2 ATHLETIC CONFERENCES
LOCAL HOST COMMITTEE INCLUDED

1,845 STUDENT-ATHLETES OVER 12 MONTHS
WELCOMED

175 MILLION MEDIA IMPRESSIONS
GENERATED IN 2018



PARTNERSHIPS

The operator of the new sports complex should work closely with the Regional Tourism Office and other potential public/private partners to:

- Develop a targeted marketing plan designed to reach event organizers in selected sports who require up to four (4) tournament-ready multi-use fields (e.g. soccer, lacrosse, flag football, 7-on-7 football, rugby, etc.). This plan should include:
 - Establish objectives, goals, strategies, and corresponding marketing budgets for each partner, as well as success metrics for each partner's efforts.
 - Be realistic about marketing goals. As a new facility, the initial goal should be to set meetings, and eventually you will book events.
 - Adjust marketing approach to reflect best practices discussed earlier in this section:
 - Focus on speaking specifically to sports tourism venues, access, amenities, and reputation.
 - Wherever possible, integrate existing Christiansburg and Montgomery County tourism brand/messages with sports marketing messaging to build a cohesive case.
 - Develop a social media strategy that targets sports tourism via newly created, sports-specific, Facebook/Twitter/Instagram channels.



PARTNERSHIPS (CONT.)

- The Town of Christiansburg should formalize its commitment to invest time and money in the New River Valley Sport Tourism Advisory Committee. This committee was established to foster collaboration among the various localities and universities in the area to pool venues, resources, and staffing to attract and host large-scale regional and national sports events. The committee also established and maintains an event calendar so that hotels and restaurants are prepared for large events that will bring visitors to the area for overnight stays and meals. This volunteer committee is comprised of leaders of area organizations within the tourism, sports facility, sports programming, parks and recreation, university, public high school, and hotel/restaurant industries. As Victus Advisors has learned in similar projects across the country, honest communication between the municipality, private sector businesses, and local sports leaders in a region is essential for everyone's success in the sports tourism industry. Key recommendations for the committee include:
 - Formalize the committee so as to both encourage additional private sector participation as well as more personal time and financial effort from each committee member.
 - Emphasis should be placed on appointing Advisory Board members that have immediate community influence, as well as long-term willingness to support Christiansburg with both their personal time/effort and financial means.
 - Require annual financial donations to a Sports Marketing Fund by each member organization, which can be used to promote the area to the regional/national sports tourism community.
 - Require not just attendance at regular meetings, but also for committee members to provide their time, talent, and energy to support sports tourism efforts.



PARTNERSHIPS (CONT.)

- It is also recommended that the Montgomery County Regional Tourism office should consider (if possible) establishing a budget and role (full- or part-time) for marketing regional sports tourism. Based on our experience in comparable markets, a staff member whose duties include sports marketing could potentially have some or all of the following responsibilities, among others:
 - Develop goals and objectives (both short and long term) and implement a strategic plan to achieve them, along with the municipalities and universities in the area, the regional sports tourism committee, and local/regional sports tourism stakeholders
 - Proactively identify, seek, and attract new sports tourism opportunities
 - Cultivate and maintain close working relationships with local, regional and national sports organizations
 - Represent the region at local, regional, and national events
 - Facilitate the bid process for larger sporting events - from inception to booking, event planning and coordination, event management, and engagement of key partners
 - Develop strategies and implement revenue plans to support sports marketing efforts, such as:
 - Private donations and/or individual/business memberships
 - Creative revenue opportunities (golf tournament, speaker series, annual banquet, etc.)
 - Define the value proposition and generate ROI for any business partners
 - Work with regional facilities to identify schedules and available dates for events
 - Work with existing events to grow, retain, or sustain their current levels
 - Provide local organizations with assistance hosting larger events



OTHER RELEVANT SPORTS COMPLEX TRENDS



- **DESIGN:**

- Due to potential comparable facility/market competition, design professionals must strongly consider facility amenities and features that could differentiate the destination with a focus on customer satisfaction for athletes, spectators and administrators. Such differentiators could include field lights, accessibility of parking to fields, proximity of fields to bathrooms, concession stands and food truck areas, and attractive park amenities (such as the all-inclusive playground). The ultimate design should also provide maximum flexibility for a wide variety of sports and age groups (dimensions that can accommodate various usage needs, small-sided field layouts, etc.).

- **PROGRAMMING:**

- Prior to capital funding, we recommend that the Town of Christiansburg should begin discussions with potential anchor clients/events in order to protect the Town's financial investment. It is also important to ensure that the facility's event calendar balances sports tourism with local sports usage and provides park space for citizens with active lifestyles.

- **TECHNOLOGY:**

- Another core component to competitive positioning in the sports tourism marketplace is venue technology. It is important that facilities be kept up-to-date in terms of technological features that make the facilities more attractive to event organizers, participants, and families, including free WiFi access at all facilities, modern sound systems and video displays, plug and play live streaming solutions, and digital marketing interactivity via Facebook, Instagram, etc.
- Regarding streaming offerings in particular, it should be noted that some services offer to install and maintain the camera systems for free. In return, they will provide fee-based streaming access to participants/parents, and then they will share a portion of that revenue with the venue.



7. USAGE ESTIMATES, OPERATING PRO FORMA & CAPITAL NEEDS



KEY ASSUMPTIONS FOR OUR PROJECTIONS



The following key assumptions were utilized by Victus Advisors in order to develop operating and financial projections for a new outdoor sports fields park in Christiansburg:

- Financial projections have been developed for a new 4-field sports park based on estimated programs, practice, league, and tournament usage developed via the market research presented in this report.
- Please note that these projections (with the exception of the scenario analysis) were developed prior the COVID-19 pandemic. However, our projections represent a stabilized year of operations which is expected occur by the third year of operations, at which point the pandemic is assumed to be over.
- These projections are based on the Phase I amenities and features in the 80% GMP approved plan set, which includes four (4) artificial turf fields, lights on all fields, sufficient on-site parking to accommodate regional sports tournaments, a concessions stand serving primarily packaged food/beverages, and at least three (3) pavilions available to rent for picnics, weddings, etc.
- The property will be publicly owned by the Town of Christiansburg and exempt from property taxes.
- The complex will be operated and maintained by the Town of Christiansburg, and it is assumed that the fields would be rented at relatively affordable rates to maximize access, similar to current field rates in the New River Valley.
- The sports fields park will offer affordable rental rates and market to both local teams and regional tournaments. Additionally, the facility will be designed to compete against other regional sports complexes in attracting tournament usage and sports tourism.
- These projections are based on current market circumstances, and thus assume that there will be no other major changes to the available sports field inventory within the Blacksburg MSA.
- The financial projections displayed on the following pages utilize a variety of additional assumptions, including data gathered from third-party sources, information provided by the Town of Christiansburg, and Victus Advisors' industry experience. There will be differences between these projections and actual events, and these differences may be significant.

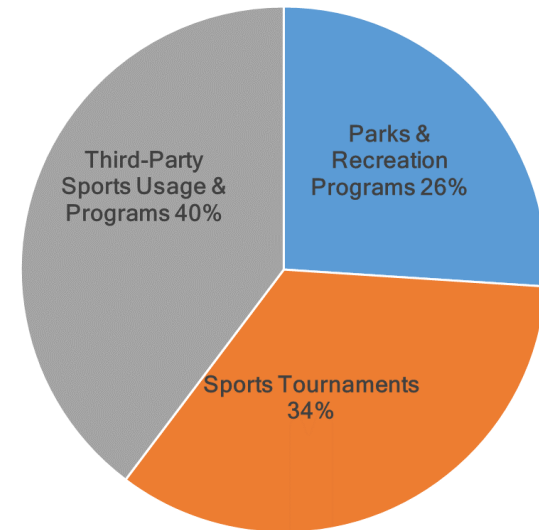


ESTIMATED ANNUAL SPORTS FIELD UTILIZATION



It is estimated that the sports fields park could host approximately 25 annual sports tournaments of varying sizes, primarily weekend events during the spring, summer, and fall, accounting for 34% of the facility’s usage. It should be noted that local use (practices/leagues) and Parks and Recreation programs would primarily be local residents (typically Monday through Thursday), while sports tournaments would draw athletes and spectators from outside of the Town (Friday through Sunday).

Event	Field Hours
Parks & Recreation Programs	1,900
Sports Tournaments	2,500
Third-Party Sports Usage & Programs	2,900
TOTAL	7,300



Notes: (1) Sorted by Facility Hours in descending order
 (2) Sports field utilization does not include wedding and picnic pavilion rentals

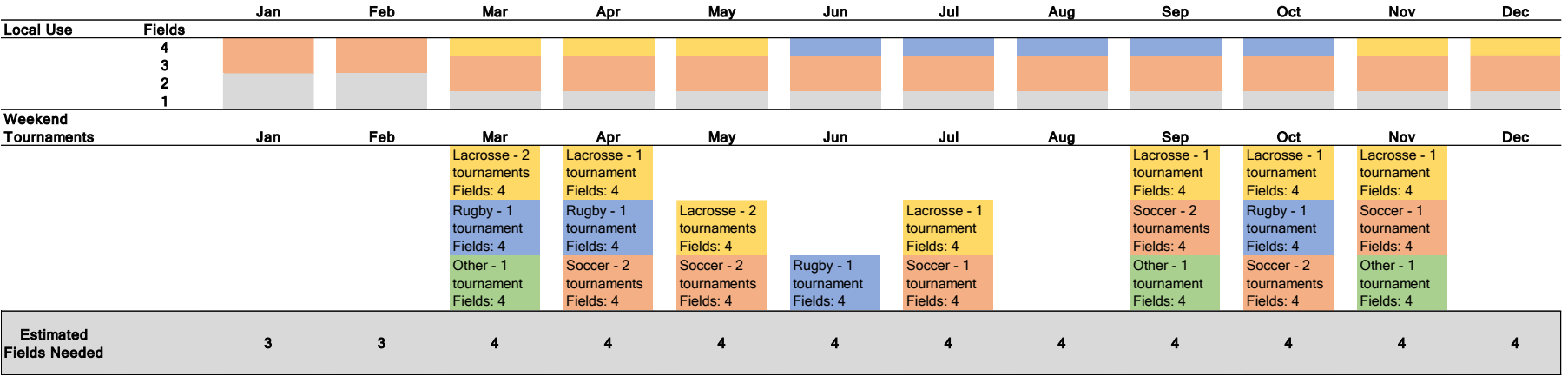
Estimated Annual Sports Tournaments/Competitions: 25
Total Estimated Annual Visits: 221,200*

***Notes:**

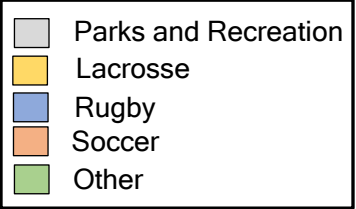
- (1) Includes estimated athletes, officials, coaches, parents/family, spectators, etc.
- (2) Represents unique daily visits. For example, if an athlete participated in practices on a Tuesday and a Thursday one week, that would count as two (2) unique visits that week.



ESTIMATED FIELD DEMAND & USAGE CALENDAR



Source: Victus research
 Note: Sorted by User Group in alphabetical order



ESTIMATED USAGE PATTERNS

Estimated usage of fields peaks during the spring and fall. It is assumed that consistent usage would be from a local soccer group (via long-term usage agreement) and the Parks and Recreation department.



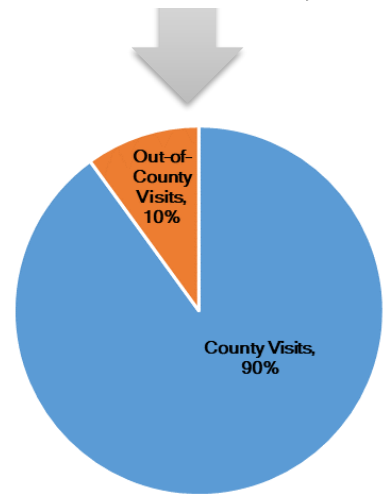
ESTIMATED OUT-OF-COUNTY VISITATION



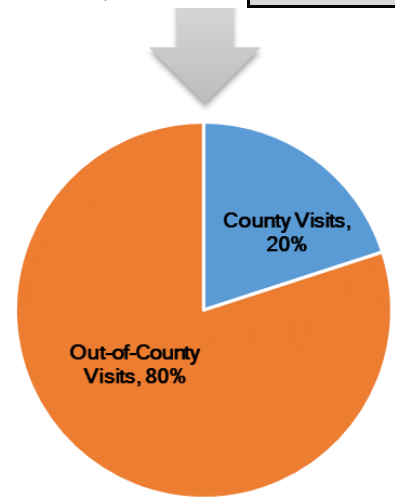
It is estimated that out-of-county visitors could account for at least 54% of annual attendance at the new sports fields park in Christiansburg. The majority of overall attendance and out-of-town visitation would be driven by weekend events (tournaments and championship events).

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

	<u>Weekday</u>	<u>Weekend</u>	TOTAL
County Visits	86,760	24,960	111,720
Out-of-County Visits	9,640	99,840	109,480
TOTAL VISITORS	96,400	124,800	221,200



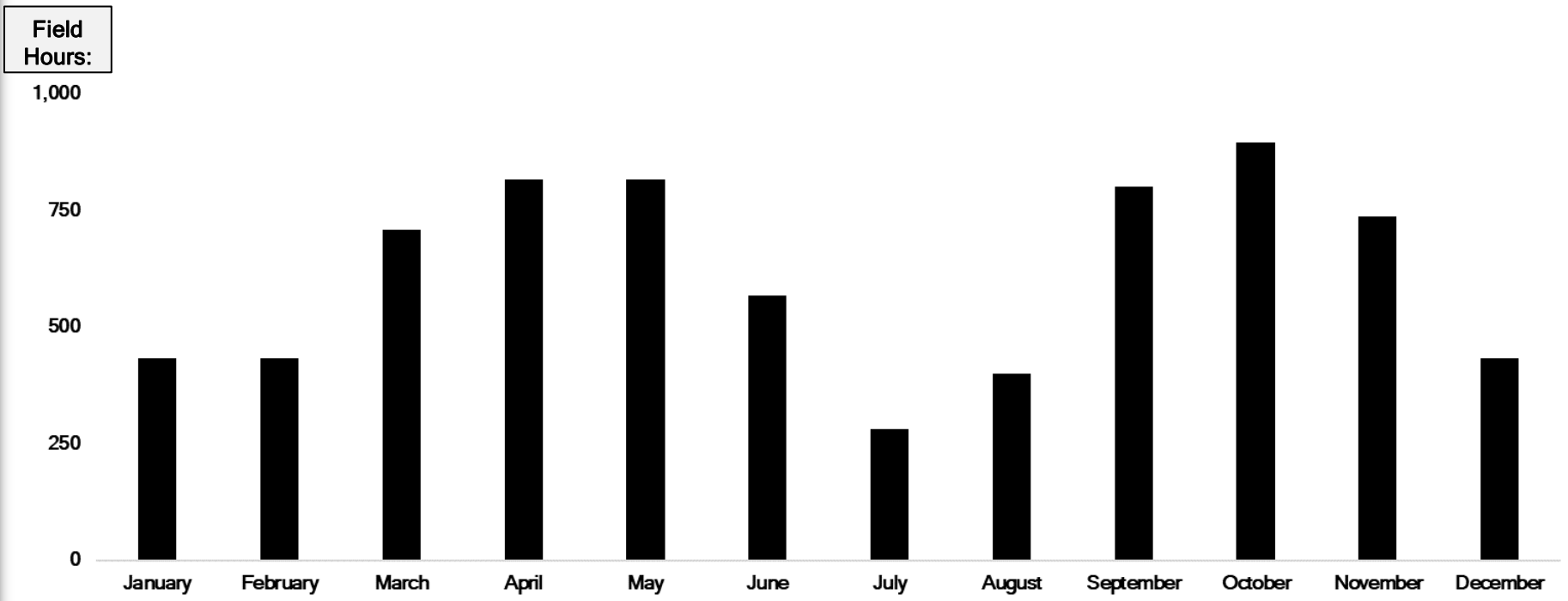
Weekday



Weekend



ESTIMATED ANNUAL FIELD USAGE BY MONTH



Victus Advisors estimates that sports usage at a new sports fields park in Christiansburg would peak during the spring and fall months with a mix of Parks & Recreation programming, third-party programs, and sports tournaments.



OPERATING PRO FORMA (PRIOR TO DEBT SERVICE & CAPITAL RESERVE)



	Year 1	Year 2	Year 3	Year 4	Year 5
Operating Revenues:					
Field Rental & Usage Agreements	\$181,700	\$242,300	\$302,900	\$312,000	\$321,400
Pavilion Rentals	\$7,300	\$9,700	\$12,100	\$12,500	\$12,900
Program Revenue	\$49,000	\$65,300	\$81,600	\$84,000	\$86,500
Concessions (Net of COGS)	\$38,000	\$50,700	\$63,400	\$65,300	\$67,300
Advertising & Sponsorship	\$27,000	\$36,000	\$45,000	\$46,400	\$47,800
Total Revenues:	\$303,000	\$404,000	\$505,000	\$520,200	\$535,900
Operating Expenses:					
Salaries & Wages	\$332,800	\$374,400	\$416,000	\$428,500	\$441,400
Program Expenses	\$34,300	\$45,700	\$57,100	\$58,800	\$60,600
Utilities	\$30,100	\$40,200	\$50,200	\$51,700	\$53,300
Marketing	\$50,000	\$50,000	\$50,000	\$51,500	\$53,000
Maintenance/Repair	\$30,000	\$40,000	\$50,000	\$51,500	\$53,000
Materials/Supplies	\$17,300	\$23,000	\$28,800	\$29,700	\$30,600
General & Administrative	\$26,500	\$35,300	\$44,100	\$45,400	\$46,800
Total Expenses:	\$521,000	\$608,600	\$696,200	\$717,100	\$738,700
EBIDA	(\$218,000)	(\$204,600)	(\$191,200)	(\$196,900)	(\$202,800)
OPERATING COST RECOVERY	58%	66%	73%	73%	73%

Notes:

(1) Presented in 2020 dollars. Stabilized year of operations typically occurs by Year 3.

(2) EBIDA is defined as Earnings Before Interest, Depreciation, and Amortization.

In a stabilized year of operations (typically occurs by year 3), it is estimated that the new sports fields park could operate at an estimated annual operating cost recovery of 75%, prior to any consideration of debt service requirements or capital reserve funding needs (which is shown on page 104).



OPERATING SCENARIO ANALYSIS



Potential Operating Impacts of Reduced Tournament Activity due to a Sustained Pandemic

Given the current COVID-19 pandemic and the associated economic and public health ramifications that could affect the number of tournaments held at a new outdoor sports fields park if the pandemic lasts longer than expected, we have developed the following scenario analysis to assess the annual impacts to cost recovery of a prolonged pandemic environment. Other factors can also impact overall tournament usage, either positively or negatively, such as overall participation trends in field sports, regional population growth trends, etc., however the impacts of COVID-19 could potentially be greater than any of these factors should our nation fail to contain and cure the virus. The table below shows potential operational impacts of three hypothetical scenarios where annual tournament activity could decrease by 20%, 40%, or even 60% (i.e. 20, 15, or 10 tournaments, instead of 25).

	Base Model	20% Decrease in Tournament Activity	40% Decrease in Tournament Activity	60% Decrease in Tournament Activity
Operating Revenues:	\$509,500	\$408,100	\$346,900	\$285,700
Operation Expenses:	\$696,200	\$696,200	\$696,200	\$696,200
EBIDA:	(\$186,700)	(\$288,100)	(\$349,300)	(\$410,500)
OPERATING COST RECOVERY:	73%	59%	50%	41%

Note: "EBIDA" represents earnings before interest, depreciation, and amortization. Base Model represents a stabilized year of operations presented in 2020 dollars. Local sports and recreation usage is assumed to be stable across all four scenarios.



LONG-TERM CAPITAL FUNDING NEEDS



In addition to the annual funding needed to subsidize the operations of the proposed outdoor sports fields park, the Town will also need to plan for annual debt service as well as fund a reserve for replacement of the artificial turf fields every 8 to 10 years*.

In the table below, in addition to annual operating subsidy requirements, it is shown that annual capital reserve funding necessary for field replacement could begin at more than \$266,000 annually (plus 3% annual inflation). In addition, we have estimated fixed annual debt service of approximately \$608,500.

Over a 20-year period, it is estimated that a minimum of nearly \$16.2 million (net present value) in capital funding will be required to cover the annual operating deficits, long-term field replacement, and annual debt service related to the new sports fields park.

<i>Operating Year:</i>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>⇨ 10</u>	<u>⇨ 15</u>	<u>⇨ 20</u>
Estimated Annual Facility Operating Deficit	\$218,000	\$204,600	\$191,200	\$196,900	\$202,800	\$234,900	\$272,400	\$315,800
Estimated Annual Reserve Funding for Field Replacement	\$266,890	\$274,897	\$283,144	\$291,638	\$300,387	\$348,231	\$403,695	\$467,993
Estimated Annual Debt Service Payment	\$608,500	\$608,500	\$608,500	\$608,500	\$608,500	\$608,500	\$608,500	\$608,500
Total - Estimated Annual Funding Requirement	\$1,093,390	\$1,087,997	\$1,082,844	\$1,097,038	\$1,111,687	\$1,191,631	\$1,284,595	\$1,392,293
Net Present Value of Annual Funding Requirements	\$16,178,379							

**This analysis is for the sports fields only, not including any artificial turf associated with the dog park. To be conservative, we have assumed replacement of the fields every 8 years.*

Other Notes:

- (1) Operating years 1 and 2 are assumed to be a "ramp up" period, with year 3 representing a stabilized year of operations.
- (2) Annual inflation is estimated at 3%.
- (3) Estimated Annual Reserve Funding for Field Replacement is calculated based on the funds required to zero-out the capital reserve fund balance every 8 years.
- (4) Replacement of Turf Fields is an inflation-adjusted replacement cost for four artificial turf fields based on current cost estimates provided by potential suppliers.
- (5) Estimated annual debt service payment is based upon the assumption that the Town could finance about \$9.1 million in project costs at a 3.0% interest rate over 20 years.
- (6) Net Present Value calculation assumes a 4% discount rate.



OPERATING REVENUES



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

Field Rental Income & Annual Usage Agreements

Facility rent typically accounts for the largest revenue source for a sports fields park. Rentals typically occur for practices and league play (primarily local-use within Christiansburg) and tournaments (regional/national usage). We have assumed, based on current field rental rates charged by comparative facilities, that average rental rates for fields at the new sports fields park would be approximately \$40 to \$60 per hour at a new facility. We have assumed a \$50 per field per hour average rental rate.

The Town of Christiansburg may also have the opportunity to negotiate long-term usage agreements with local sports clubs on an annual basis to have priority access to fields on certain nights and/or at particular times of the year. If the Town chooses to negotiate such agreements, we estimate that the Town could generate \$40,000 to \$60,000 per year in contractually-obligated rental income.

Pavilion Rental Income

Additional revenue to support the operations of the new complex could be generated by rentals of pavilions and picnic areas for private parties, weddings, and events primarily from May through September. For these projections we have assumed that the average rental rate for weddings and special events would be \$750 per event and that the complex would host about 8 weddings/special events per year. We have also assumed that the hourly rental rate for picnic pavilions would be \$15 and that the complex would average about three (3) picnic pavilion rentals per weekend per year.



OPERATING REVENUES (CONT.)



Programming

Programming revenue consists of an estimate of revenue from Parks and Recreation programs and leagues that would be conducted at the new sports fields park. These estimates are based upon the Town of Christiansburg's current fees for recreational programming and leagues.

Concessions

Concessions revenue consists of sales of various food and beverage items at the complex. Revenue assumptions are based on estimated usage and attendance, and comparable per capita spending from facilities across the country (approximately \$1 to \$3 per visitor per day, depending on user type). Concessions revenue is shown net of cost of goods sold. *(Please note: this concessions estimate does not include a potential dining pavilion that offers prepared meals and alcoholic beverages.)*

Advertising & Sponsorship

Advertising and sponsorship revenues are assumed to be derived from the sale of wall banners (\$500 per banner) and scoreboard signage (\$1,250 per scoreboard). Given the small size of the corporate base in the Christiansburg area, we have conservatively assumed there would be total advertising sales of up to \$45,000 per year.

Other Potential Revenue Sources

It should also be noted that several regional sports fields complexes, primarily those operated by private soccer clubs, charge as much as \$10 per car for parking on-site during weekend tournaments. Although we have not included any tournament parking charges in this pro forma, such fees would be an option for the Town to consider if they wish to generate additional operating revenues for the sports fields park.



OPERATING EXPENSES



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

Salaries, Wages & Benefits

<u>Staff Type</u>	<u>FTE</u>	<u>Annual Pay</u>	<u>Benefits (40%)</u>	<u>Total</u>
Facility Director	1	\$70,000	\$28,000	\$98,000
Marketing & Events Coordinator	1	\$50,000	\$20,000	\$70,000
Maintenance, Grounds & Janitorial	3	\$120,000	\$48,000	\$168,000
Other Hourly Event & Program Staff	2	\$80,000	-	\$80,000
TOTAL:	7			\$416,000

As shown at left, we have assumed that the Town would require about 7 incremental full-time equivalent (FTE) employee hours to operate the new sports fields park. Estimating staffing includes a facility director, marketing and events coordinator, additional maintenance, security, custodial, and event staffing.

Programming

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

Utilities

Utilities often represent one of the largest expenses incurred by facility operators. Cost estimates for utilities include use of electricity, gas, water, and steam, and are based upon comparable utility costs at similar facilities.



OPERATING EXPENSES (CONT.)



Other Expenses

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

- Maintenance and repairs for structures, equipment, grounds, etc.
- Materials and supplies for administration and operations of the facility
- General liability insurance to cover the sports fields, grounds, restrooms, and other such areas
- Office and administrative expenses, including but not limited to marketing and advertising, telecommunications, travel costs, permits, service fees, and other such operating expenses

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

Note Regarding Maintenance/Upkeep

It is important that a new sports fields park is maintained according to the higher standard of upkeep associated with sports tourism venues. If fields are not maintained in high-level condition by dedicated maintenance staff, it can negatively impact the facility's reputation and thus the ability to retain large tournaments as key users.



8. VISITOR IMPACT PROJECTIONS



1. ESTIMATE GROSS DIRECT SPENDING



The first step in projecting the potential economic and fiscal impacts of a new outdoor sports fields park in Christiansburg is estimating the Gross Direct Spending activity that could occur throughout the Town due to the ongoing annual operations of the facility.

Gross Direct Spending represents all of the annual direct spending that could be associated with the facility, regardless of income source (visitor or local) or spending location (inside or outside the Town).

Primary Sources of Direct Spending from a New Outdoor Sports Fields Park in Christiansburg

Ongoing Facility Operations

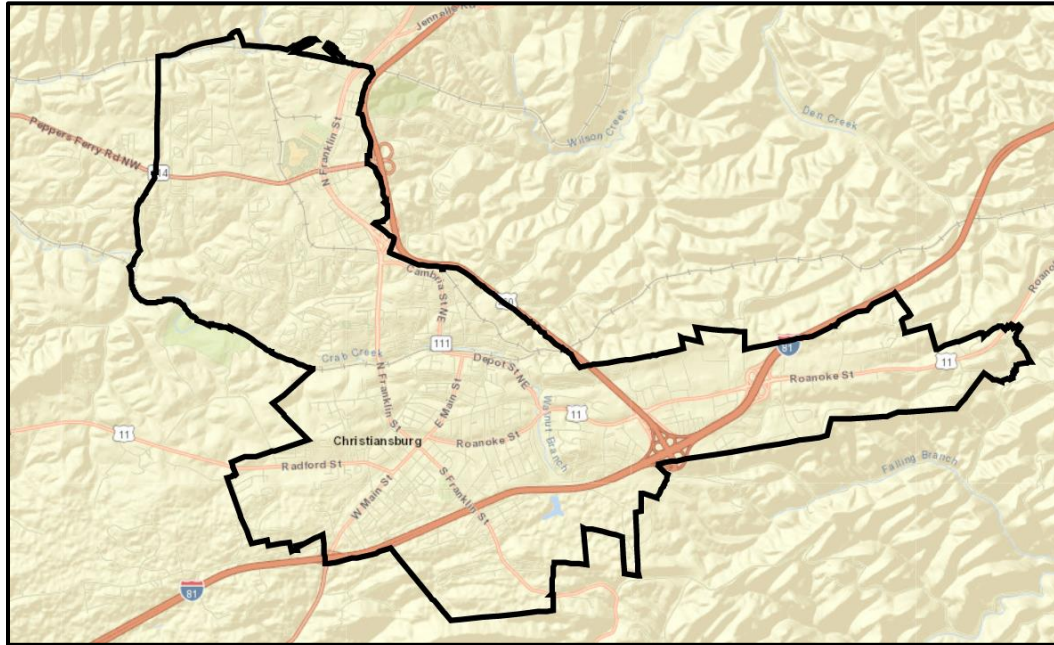
In-Facility Revenues:

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

Town-Wide Visitor Spending:

- Lodging
- Restaurants
- Entertainment
- Retail
- Transportation

2. IDENTIFY “LOCAL” ECONOMY



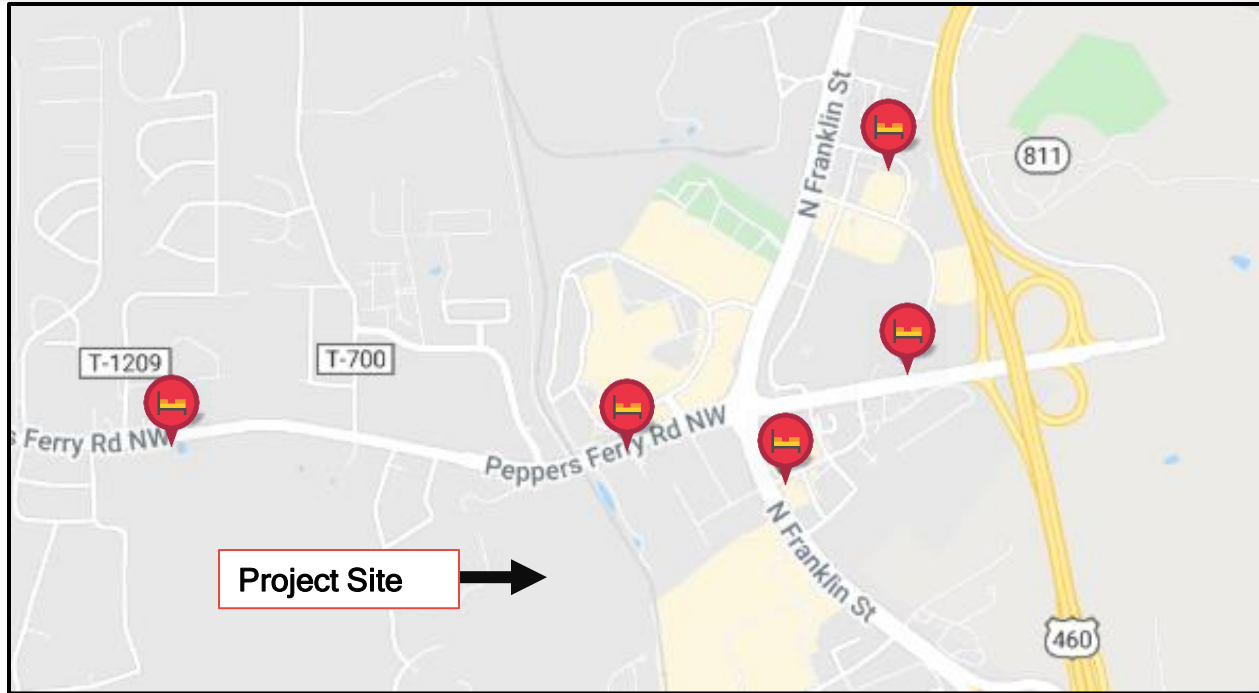
Source: Esri

For purposes of this study, Victus Advisors has been tasked with identifying the potential visitor impacts within the Town of Christiansburg. Therefore, the local economy studied in this analysis is the physical area solely within the Town of Christiansburg (as highlighted above).

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



2. IDENTIFY "LOCAL" ECONOMY (CONT.): HOTEL INVENTORY



Sources: Hotels.com, Google Maps
Note: Minimum 2-star hotel class

Victus found five (5) lodging options (minimum 2-star hotel class) in the immediate vicinity of the project site off Peppers Ferry Road NW and N Franklin Street, including Holiday Inn Christiansburg, Super 8 by Wyndham Christiansburg, Hampton Inn Christiansburg, Microtel Inn & Suites by Wyndham Christiansburg, and Affordable Corporate Suites.

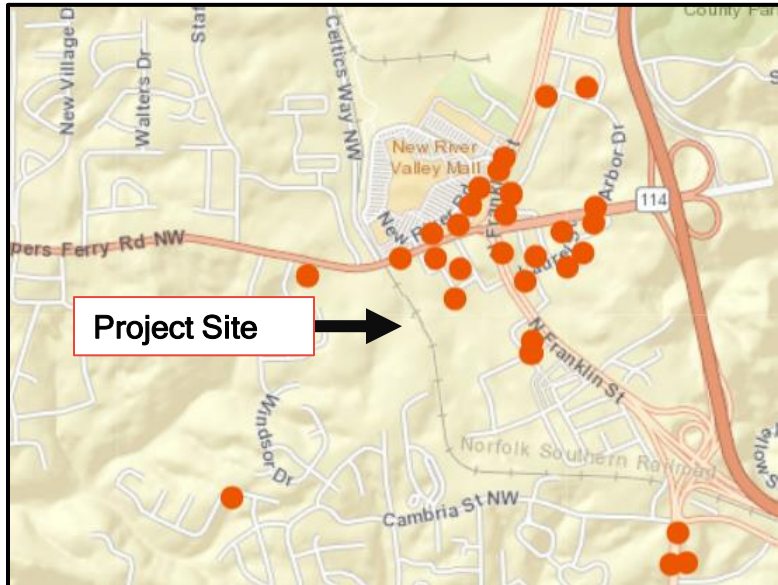
We have assumed that approximately 90% of the overnight visitors to the proposed outdoor sports fields park that stay in hotels would stay in Christiansburg hotels given the size/quality of the available inventory and their convenience to the site.



2. IDENTIFY "LOCAL" ECONOMY (CONT.): RESTAURANT/RETAIL INVENTORY

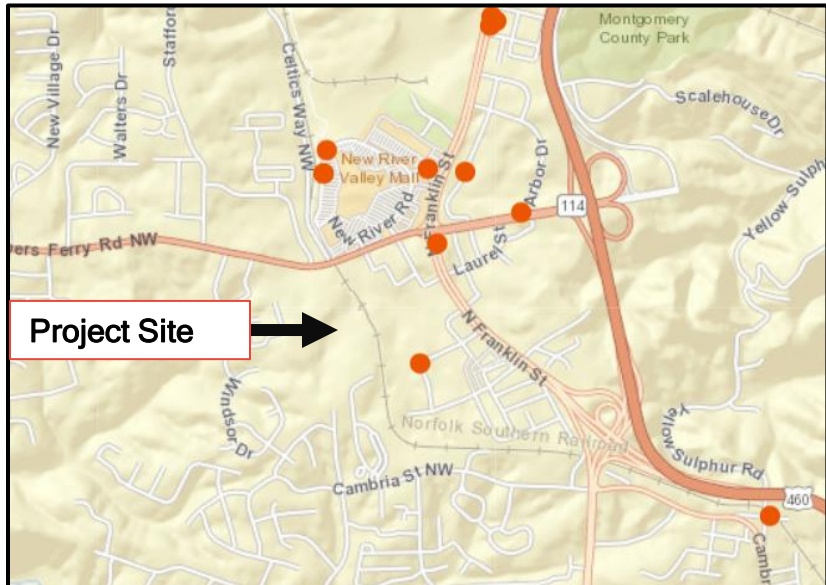


RESTAURANTS



Source: Esri

RETAIL



Source: Esri

RESTAURANTS: Dining within a 5-minute drive-time radius of the project site is highlighted by numerous local and national chains northwest of the site near the New River Valley Mall.

RETAIL: Shopping within a 5-minute drive-time radius of the project site is highlighted by a Walmart Supercenter and New River Valley Mall, in addition to various other retail stores.

We have assumed that 90% of out-of-town tournament visitors for the proposed outdoor sports fields park would spend money at Christiansburg restaurants and retail stores due to the size of the inventory and their convenience to the site.



3. CALCULATE NET IMPACTS



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

DISPLACEMENT is the economic principle that assumes a household’s sports, recreation, and entertainment budget would be spent within the local economy with or without development of a new outdoor sports park. For purposes of this study, we have assumed that local recreation spending would be displaced (i.e. spent elsewhere within the Christiansburg economy) without the presence of an outdoor sports fields park. Therefore...

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



ESTIMATED ANNUAL IMPACTS



ONGOING IMPACTS OF OPERATIONS - ANNUAL IMPACTS:

After adjusting estimates of gross direct spending for displacement, it is estimated that approximately 85% of all spending associated with the annual operations of the new outdoor sports park would have a net impact on the Town of Christiansburg.

ESTIMATED GROSS DIRECT SPENDING ASSOCIATED WITH SPORTS FIELDS PARK

\$13,252,220

DISPLACEMENT
ADJUSTMENT

NET DIRECT SPENDING IMPACTING CHRISTIANSBURG

Estimated In-Facility Direct Spending (Net)	\$525,920
Estimated Out-of-Facility Direct Spending (Net)	\$10,722,820
Total Estimated Direct Spending - Net:	\$11,248,740
Net Spending as % of Gross:	85%

Note: "Net" Direct Spending only accounts for spending occurring in Christiansburg by outside visitors to the Town.

* Note: Represents annual spending, presented in 2020 dollars.



ESTIMATED ANNUAL IMPACTS (CONT.)



It is estimated that the Food & Beverage industry in the Town of Christiansburg would benefit the most from the annual tourism impacts of a new outdoor sports fields park (36% of incremental direct spending), followed by Lodging (29%). Given that meals tax and lodging tax are two of the Town’s primary revenue sources, this spending pattern bodes well for positive fiscal impacts, as shown on the following page.

TOTAL NET DIRECT SPENDING IN BUSINESSES WITHIN THE COMMUNITY:

Sports	\$526,000	5%
Lodging	\$3,235,000	29%
Food & Beverage	\$3,994,000	36%
Shopping	\$1,498,000	13%
Entertainment	\$998,000	9%
Transportation	\$998,000	9%
TOTAL:	\$11,249,000	100%

Note: Represents annual impacts. Presented in 2020 dollars.



ESTIMATED FISCAL IMPACTS



It is estimated that a new outdoor sports fields park in Christiansburg could generate \$312,000 annually in incremental meals tax revenue for the Town (including concessions revenue from the facility) and \$262,000 in transient lodging tax. As previously noted, meals tax and lodging tax are uniquely positioned to capitalize on increased visitation associated with a new outdoor sports fields park.

FISCAL IMPACTS OF VISITATION:
NET ANNUAL TAX REVENUE

<u>Tax Type</u>	<u>Assessor</u>	<u>Tax Rate</u>	<u>Est. Tax Revenue</u>
Meals Tax	Town	7.50%	\$312,000
Transient Lodging Tax	Town	9.00%	\$262,000
Total Tax Revenue:			\$574,000

Notes:

- (1) Sorted by Est. Tax Revenue in descending order*
- (2) Meals Tax projections include concessions revenue from the proposed facility*
- (3) Assumes 90% of overnight visitors would stay in Christiansburg hotels*



OTHER LODGING IMPACTS



Victus Advisors estimates that a new outdoor sports fields park could generate nearly 36,000 incremental annual lodging nights in Christiansburg, as shown below.

Estimated Incremental Annual Hotel Impacts - Christiansburg	
Total Visitors Staying in Hotel/Motel:	71,885
Estimated People Per Room	3.0
Total Rooms Utilized	23,962
Average Nights per Room:	1.5
Total - Incremental Annual Room Nights	35,942
Average Daily Room Rate (ADR):	\$90.00
Total - Incremental Hotel Room Spending:	\$3,234,816

Notes:

- (1) Overnight Visitors estimate developed by Victus Advisors as part of our Utilization & Attendance Estimates*
- (2) ADR represents median monthly ADR for the Town of Christiansburg based on data from Montgomery County Regional Tourism Office*
- (3) Total Hotel Room Spending represents direct hotel room spending only in 2020 dollars, and does not include indirect or induced impacts*



SUMMARY OF NET IMPACTS OVER TIME



Year	Direct Spending in Businesses within the Community	Hotel Nights	Transient Lodging Tax Revenues	Meals Tax Revenues
1	6,749,244	21,565	157,212	187,319
2	8,998,992	28,754	209,616	249,758
3	11,248,740	35,942	262,020	312,198
4	11,586,202	35,942	269,881	321,564
5	11,933,788	35,942	277,977	331,211
6	12,291,802	35,942	286,316	341,147
7	12,660,556	35,942	294,906	351,382
8	13,040,373	35,942	303,753	361,923
9	13,431,584	35,942	312,866	372,781
10	13,834,531	35,942	322,252	383,964
11	14,249,567	35,942	331,919	395,483
12	14,677,054	35,942	341,877	407,348
13	15,117,366	35,942	352,133	419,568
14	15,570,887	35,942	362,697	432,155
15	16,038,014	35,942	373,578	445,120
16	16,519,154	35,942	384,785	458,473
17	17,014,729	35,942	396,329	472,227
18	17,525,170	35,942	408,219	486,394
19	18,050,926	35,942	420,465	500,986
20	18,592,453	35,942	433,079	516,016
Cumulative Total:	\$279,131,000	697,283	\$6,502,000	\$7,747,000
Net Present Value:	\$180,828,000	n/a	\$4,212,000	\$5,019,000

TOTAL IMPACTS (NET)

Over a 20-year period, a new outdoor sports fields park is estimated to have a cumulative net impact of nearly \$280 million in direct spending, \$6.5 million in transient lodging taxes, and \$7.7 million in meals tax.

In today's dollars, the projected lodging tax and meals tax revenues represent a combined Net Present Value (NPV) of more than \$9.2 million.

Notes: (1) Assumes 3% annual inflation. (2) NPV was calculated based upon a 4% discount rate. (3) Stabilized year of operations typically occurs by Year 3, hence there is a "ramp up period" in Years 1 and 2.



9. LONG-TERM FUNDING ANALYSIS



OVERVIEW



The purpose of this analysis is to provide an overview of the various cash, debt, and revenue sources that may be available to fund construction and development costs for the new outdoor sports fields park in Christiansburg. This analysis is based upon a review of comparable venues across the country, as well as unique funding opportunities and financing vehicles that may be available within the State of Virginia.

The analysis in this section is organized into three primary sections, with potential non-debt capital sources presented first, debt-related financing vehicles presented second, and lastly a summary of various revenue streams that are often used to pay sports and recreation venue debt service:

Potential Non-Debt Sources:

- General Funds
- Sale of Out Parcels

Debt Financing Tools:

- General Obligation Bonds
- Revenue Bonds
- Tax Increment Financing (TIF)
- Development Financing Program
- Bank Financing

Potential Revenue Streams to Pay Debt Service:

- Contractually Obligated Revenue Streams
- Parking Surcharges
- Restaurant Meals Tax
- Transient Lodging Taxes
- Dedicated Revenue Generating Fund
- Real Estate Taxes



NON-DEBT OPTIONS: GENERAL FUNDS



The Town of Christiansburg may choose to support the proposed sports fields park project with **General Funds** from the Town's budget. Allocation of general funds typically requires available funds (or an unexpected revenue windfall) that is free and clear of any other municipal obligation.

In most cases where general funds have been used to develop comparable complexes, general funds have not been used to pay for the entire capital project, but rather used to pay a portion of development costs and thus reduce the amount of debt that needs to be issued.

RECOMMENDATION FOR CHRISTIANSBURG

If the Town has available general funds that may be dedicated to this project, general funds could be considered as a component of the overall project funding plan, added together with other debt-funded sources to increase project feasibility.

As of June 30, 2019, according to the Town's CAFR, the Town had nearly \$25 million of unassigned general funds. However, the Town has a policy requiring the Town to keep an unassigned fund balance that is between 30% and 45% of all operating expenses. It is possible that a portion of available general funds may be applied towards project costs, and thus reducing the amount of debt that must be incurred, unless the Town is currently using general funds to support its operating budgets during the COVID-19 pandemic and associated economic downturn, or if the Town has policies regarding unassigned general funds that must be held in reserve.



NON-DEBT OPTIONS: SALE OF OUT PARCELS



Faulconer and the Town of Christiansburg have identified portions of the proposed site with frontage on Peppers Ferry Road as designated **Out Parcels** that may represent an opportunity for private commercial development that is compatible with the potential users of the sports fields park.

As with general funds, any sale of land parcels to private developers would generate cash that could be used to pay a portion of development costs and thus reduce the amount of debt that needs to be issued to construct the park.

RECOMMENDATION FOR CHRISTIANSBURG

The Town should consider the sale of out parcels on the site as a component of the overall project funding plan, added together with other debt-funded sources to increase project feasibility. It is recommended that the Town consult with qualified real estate appraisers and brokers to develop a professional estimate of land value and identify potential buyers.



DEBT OPTIONS: GENERAL OBLIGATION BONDS



The Town of Christiansburg may use the full faith and credit of the Town to issue **General Obligation (GO) Bonds** for all or part of the sports fields park. GO bonds are secured by the issuing government entity's pledge to use all legally available resources, including tax revenues, to pay debt service.

PROS AND CONS

The primary advantage of GO bonds is that they typically carry a lower interest rate, assuming the issuing government entity carries a strong credit rating. Generally speaking, the better the issuer's credit rating, the lower the interest rate. The primary disadvantage associated with GO bond financing is that the GO indebtedness reduces the available bonding capacity for other potential capital projects.

RECOMMENDATION FOR CHRISTIANSBURG

Depending on the current priorities of the Town's citizens, a GO bond issue for the outdoor sports fields park may be difficult for Town Council to pass if it is perceived as taking away funds that could be allocated to other uses that the public favors, such as other capital projects, improvements to services or infrastructure, public health, etc. That said, this project is expected to generate significant incremental meals tax and lodging tax, which could certainly help pay the debt service on new GO bonds.



DEBT OPTIONS: REVENUE BONDS



Revenue Bonds are payable solely from a dedicated revenue source, often: a) an available tax source, or b) from the revenues of the project that is being financed. Since debt service is tied to particular revenue streams, rather than the general obligation of the taxing authority, revenue bonds are considered to have a much higher risk of default than GO bonds and thus carry a higher interest rate.

As shown below, depending on the interest rate and debt coverage ratio, it is generally estimated that for every \$1 million of revenue that is applicable to debt service, 30-year revenue bonds could fund anywhere from approximately \$7.7 million to \$15.7 million in project costs:

<u>Interest Rate</u>	<u>Bond Term (Yr)</u>	<u>Funding Capacity per \$1M of Annual Incremental Income</u>			
		<u>1.25x</u>	<u>Debt Coverage Ratio:</u>		
			<u>1.5x</u>	<u>1.75x</u>	<u>2.0x</u>
3%	30	\$15,680,353	\$13,066,961	\$11,200,252	\$9,800,221
4%	30	\$13,833,627	\$11,528,022	\$9,881,162	\$8,646,017
5%	30	\$12,297,961	\$10,248,301	\$8,784,258	\$7,686,226



DEBT OPTIONS: REVENUE BONDS (CONT.)



PROS AND CONS

One advantage to revenue bonds is that they are project specific, and thus do not diminish the City's bonding capacity for future General Obligation bonds. One disadvantage to revenue bonds is that they typically carry a higher interest rate than GO bonds, and due to debt service reserve requirements and other credit enhancements, the bonds are usually larger with higher payment terms.

RECOMMENDATION FOR CHRISTIANSBURG

Given that the annual operations of the proposed outdoor sports fields park is expected to require annual financial support, operating revenues are not likely to be a viable funding source for debt service payments. Therefore, if revenue bonds are utilized to construct the new outdoor sports fields park, it is likely that they would need to be funded by a dedicated tax revenue source, such as meals and/or lodging tax.



DEBT OPTIONS: TAX INCREMENT FINANCING



Tax Increment Financing (TIF) involves capturing assessed valuation growth within a specific area (e.g. “TIF district”) related to a particular development. Tax increment financing often requires enactment of legislation by a State legislature. Typically, a redevelopment agency delineates a project area and declares a base year. The additional assessed valuation, added to the tax rolls over the base year, is taxed at the same rate as the base valuation. However, the incremental tax revenues attributed to the new valuation are remitted to the redevelopment agency and used to pay debt service.

PROS AND CONS

TIF districts can be a powerful tool for financing sports facilities using incremental tax revenues resulting from sports-anchored redevelopment, rather than raising tax rates. However, in order for TIF to be viable, the proposed outdoor sports fields park must be a component of a larger redevelopment area, and approvals typically must be obtained from the relevant taxing authorities within the defined district.

RECOMMENDATION FOR CHRISTIANSBURG

TIF could potentially be a viable option for Christiansburg if a new outdoor sports fields park is part of a larger redevelopment district, however the immediate area around the new sports fields park is already developed with a shopping mall and hotels, therefore generating significant growth relative to a new redevelopment zone may be difficult.



DEBT OPTIONS: DEVELOPMENT FINANCING PROGRAM



The Commonwealth of Virginia currently has a financing program (**Virginia Tourism Development Financing Program**) for qualifying Virginia tourism development projects. Its purpose is to provide a gap financing source (not to exceed 30% of total project cost) for projects that cannot secure 100% funding. There are two tiers: Tier 1 (projects less than \$100 million) and Tier 2 (projects greater than \$100 million). The program essentially places debt responsibility on the private developer, but receives assistance in paying debt service from the state and the locality. Debt service is divided amongst the three partners and paid quarterly once the project is completed and generating income. 1% of the identified, quarterly, sales and use tax on the revenue of the project is the amount each partner will contribute towards debt service on the project, until debt service is fully paid.

RECOMMENDATION FOR CHRISTIANSBURG

This development financing program is not likely to be utilized for this outdoor sports fields park project. Although the project is structured as a PPEA under Virginia's Public-Private Partnership Act, the private design-build partner is not expected to contribute to debt service.



DEBT OPTIONS: BANK FINANCING



Bank financing for the Town of Christiansburg can be done in cooperation with VML/VACo Finance. VML/VACo Finance was established in 2003 by the Virginia Municipal League (VML) and Virginia Association of Counties (VACo) to help address the financial needs of Cities, Counties, Towns, School Divisions, and Authorities in the Commonwealth of Virginia.

VML/VACo Finance pools the resources of local governments in order to provide financial services at a lower cost than may otherwise be available via separate individual transactions. As a result, this pooled lending structure helps reduce typical settlement costs and legal fees that are often associated with municipal borrowing.

RECOMMENDATION FOR CHRISTIANSBURG

As an alternative to issuing general obligation (GO) bonds, the Town could consider bank financing via the VML/VACo Finance program. According to discussions with Town staff, total debt from all sources drawn by the Town for the year must remain under \$10 million. Therefore, bank financing could be a viable and likely option for the Town, provided that: a) the net cost that the Town would need to finance construction of the sports field park does not exceed \$10 million, and b) the Town is not borrowing any other significant funds in that calendar year.



REVENUE TO PAY DEBT: CONTRACTUALLY OBLIGATED REVENUE STREAMS



Contractually Obligated Revenue is facility-related revenue that is typically generated by multi-year contracts on commercial leases and naming rights:

- **Commercial Leases:** If the project includes any commercial store, office and/or restaurant lease space, those spaces can provide lease income to go toward the payment of debt service, and/or cover maintenance and operations expenses.
- **Naming Rights:** Private sector corporations often purchase long-term naming rights on large public venues. However, it should be noted that any annual naming rights revenue is typically vital to the successful annual operations of the facility.

RECOMMENDATION FOR CHRISTIANSBURG

For this project, Contractually Obligated Revenue associated with the outdoor sports fields park is not likely to be a viable revenue source for paying debt service, as commercial lease space and corporate naming rights are not expected to be significant components of the project.



REVENUE TO PAY DEBT : PARKING SURCHARGES



Another revenue option would be to charge for parking at the sports fields park during competitive events.

The following table shows the projected capital project funding potential for different scenarios by adjusting the number of cars parked annually and parking charge per car. For example, if 60,000 cars were parked per year at \$5.00 per car, it is estimated that over \$3.4 million could be raised for construction costs (based on 30-year bonds, 1.5x coverage, 4% interest):

Annual Cars Parked	Estimated Funding Potential via Per Car Surcharge				
	\$1.00	\$2.00	\$3.00	\$4.00	\$5.00
60,000	\$691,680	\$1,383,360	\$2,075,040	\$2,766,730	\$3,458,410
70,000	\$806,960	\$1,613,920	\$2,420,880	\$3,227,850	\$4,034,810
80,000	\$922,240	\$1,844,480	\$2,766,730	\$3,688,970	\$4,611,210
90,000	\$1,037,520	\$2,075,040	\$3,112,570	\$4,150,090	\$5,187,610
100,000	\$1,152,800	\$2,305,600	\$3,458,410	\$4,611,210	\$5,764,010

RECOMMENDATION FOR CHRISTIANSBURG

Please note, as previously mentioned in Section 7, that parking charges for weekend tournament events could also potentially be utilized as an additional source of operating revenue for the outdoor sports fields park. Victus projects just over 70,000 annual cars parked (based on 221,200 annual visitors divided by an average of three visitors per car).



REVENUE TO PAY DEBT : MEALS TAX



The Town of Christiansburg currently maintains a 7.5% restaurant meals tax charged by restaurants to its patrons. The tax is one of the Town's largest sources of revenue and generated nearly \$7.3 million for the Town for the 2019 fiscal year.

RECOMMENDATION FOR CHRISTIANSBURG

Christiansburg already the highest rate in the Blacksburg MSA as shown below. As a result, it is assumed that increasing the meals tax rate further is unlikely.

<u>Entity</u>	<u>Rate</u>
Town of Christiansburg	7.5%
Pulaski County	7.0%
Town of Blacksburg	6.0%
Radford City	5.5%
Town of Dublin	5.5%
Town of Floyd	5.0%
Town of Pearisburg	4.0%

Note: Sorted by Rate in descending order

That said, as shown in the previous section of this report, it is estimated that a new outdoor sports fields park could generate more than \$300,000 annually in incremental meals tax collections. It is common for municipalities across the country to use incremental visitor taxes to help support the ongoing operations of a venue that specifically drives such tax revenues from visitors.



REVENUE TO PAY DEBT : TRANSIENT LODGING TAXES



The funding of sports facilities via **Transient Lodging Taxes (TLT)** is a growing trend across the country. Sports tourism via attendance at regional/national events can drive multi-day stays at nearby hotels, as well as incremental retail and restaurant spending within the local market, and local hotel groups are often supportive of using lodging tax dollars to build sports tourism facilities that will generate incremental room nights.

RECOMMENDATION FOR CHRISTIANSBURG

Currently Christiansburg maintains a 9% TLT on rent charged by the operator of a hotel/motel. As shown in the table below, Christiansburg already has the highest rate in the Blacksburg MSA, therefore it is assumed that increasing the transient lodging tax rate further is unlikely. However as detailed in the prior section of this report, a new outdoor sports fields park could generate more than \$260,000 annually in incremental TLT collections, even without an increase in the TLT rate.

<u>Entity</u>	<u>Rate</u>
Town of Christiansburg	9.0%
Radford City	8.0%
Town of Blacksburg	7.0%
Town of Pulaski	6.0%
Pulaski County	5.0%
Floyd County	5.0%
Town of Floyd	5.0%
Town of Pearisburg	5.0%

Note: Sorted by Rate in descending order



REVENUE TO PAY DEBT: DEDICATED REVENUE GENERATING FUND



Somewhat similar to tax increment financing districts, a **Dedicated Revenue Generating Fund** for an outdoor sports fields park could be created by the Town. Two recent examples in another community in Virginia (Virginia Beach) include the Tourism Investment Program (TIP) and the Tourism Advertising Program (TAP).

The TIP was created to fund tourism related capital projects and expenditures on the oceanfront. Funding is from 100% of the City's amusement tax, 63% of the lodging tax, and 20% of the meal tax. The TAP was created to fund revenue and expenses related to tourism advertising. Funding is from a mix of hotel room (one cent of lodging tax and one dollar of transient occupancy tax) and meal (one half cent) taxes.

RECOMMENDATION FOR CHRISTIANSBURG

The Town could explore whether it has the capacity to start a similar TIP or TAP program as in Virginia Beach to help fund the annual operations of a new outdoor sports fields park in Christiansburg.



REVENUE TO PAY DEBT: REAL ESTATE TAXES



Real Estate Taxes are collected on the value of real estate property. The current Christiansburg real estate tax is .16%.

RECOMMENDATION FOR CHRISTIANSBURG

If needed in the future, the Town could consider a ballot measure to increase the local real estate tax rate in order to develop new revenue streams to help pay the debt service on any type of bonds or loans, including project costs for a new outdoor sports fields park. Pursuing such a tax increase would be dependent on the Town’s assessment of voter interest in adding a real estate tax to support an outdoor sports fields park project.

For purposes of this study we have illustrated potential funding if the current real estate tax rate were increased. According to the analysis below, it is estimated that an additional increase to the real estate tax could support approximately \$2.8 million in debt* for every .01% real estate tax increase:

	Current Town of Christiansburg Real Estate Tax Collections	Scenario 1: 0.01% Increase	Scenario 2: 0.02% Increase	Scenario 3: 0.03% Increase
2019 Real Estate Tax Collections	\$4,566,835	\$4,852,262	\$5,137,689	\$5,423,117
Town Real Estate Tax Rate	0.16%	0.17%	0.18%	0.19%
2019 Est/ Total Taxable Real Estate in Town	\$2,854,271,875	\$2,854,271,875	\$2,854,271,875	\$2,854,271,875
Est. Annual Real Estate Tax Increment	-	\$285,427	\$570,854	\$856,282
Estimated Project Funding Potential of Tax Increment		\$2,831,000	\$5,662,000	\$8,493,000

Sources: Town of Christiansburg Comprehensive Annual Financial Report Year Ended June 30, 2019, Victus Research

*Note: Assumes 20-year bonds, 1.5x coverage ratio, 3% interest rate.



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