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City of Lawrence

Economic and Fiscal Impact Analysis for the Proposed Lawrence Sports Village



August 2, 2012



August 2, 2012

Ms. Britt Crum-Cano
Economic Development Coordinator
City of Lawrence
P.O. Box 708
Lawrence, KS 66044

Dear Ms. Crum-Cano:

Conventions, Sports & Leisure International (“CSLI”) is pleased to present this draft report regarding the quantifiable impacts that could be generated to the City of Lawrence by the construction and on-going annual operations of the proposed Lawrence Sports Village. The attached report summarizes our research and analyses and is intended to assist the City of Lawrence and other community leaders with decisions regarding the proposed Lawrence Sports Village.

The information contained in this report is based on estimates, assumptions and other information developed from research of the market, knowledge of sports complexes and other factors, including certain information the City of Lawrence and others have provided. All information provided to us by the City of Lawrence, the University of Kansas, facility management at competitive/comparable facilities, event promoters, demographic providers and other sources was not audited or verified and was assumed to be correct. Because procedures were limited, we express no opinion or assurances of any kind on the achievability of any projected information contained herein and this report should not be relied upon for that purpose. Furthermore, there will be differences between projected and actual results. This is because events and circumstances frequently do not occur as expected, and those differences may be material.

Ms. Britt Crum-Cano
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We sincerely appreciate the opportunity to assist you with this project and would be pleased to be of further assistance in the interpretation and application of the study's findings.

Very truly yours,

CSL International

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Executive Summary

In an effort to capitalize on the demand for an indoor recreation center, as well as generating economic benefits to the community, improving the quality of life of residents, and serving as a destination for grassroots development for the University of Kansas, the City, in conjunction with the University, is currently planning construction of the Lawrence Sports Village.

The sports village is envisioned to include a **181,000 square foot indoor multi-purpose recreation center** offering **16 basketball/volleyball courts (8 full-size basketball courts, 16 half-size basketball courts, and 16 volleyball courts)**, and a variety of other **multi-use spaces**, as well as an **outdoor competition soccer field** and a **10,000-seat competition track and field stadium** for University of Kansas Athletics. Project representatives have estimated that the proposed Lawrence Sports Village could **cost approximately \$52.5 million to construct (\$25 million indoor recreation center and \$27.5 million outdoor complex)**. The City of Lawrence will own the sports village and will operate the indoor facility and lease the track and field/soccer stadiums to the University of Kansas.

This Executive Summary outlines the key highlights of an economic and fiscal impact analysis related to the proposed Lawrence Sports Village. The full report should be read in its entirety to obtain the background, methods and assumptions underlying the findings.

Key Highlights

- Project architects have estimated that the proposed Lawrence Sports Village could **cost approximately \$52.5 million to construct (\$25 million indoor recreation center and \$27.5 million outdoor complex)**.
- It is anticipated that the Lawrence Sports Village would **host tournaments, camps, league games** and **practices** for a variety of sports including **basketball, volleyball, indoor soccer, gymnastics, wrestling, outdoor soccer, and track and field, among others**.
- Overall, it is estimated the Lawrence Sports Village **could attract nearly 354,000 attendees annually (294,000 from indoor recreation center and 60,000 from outdoor complex)** based on the building program and preliminary market research.
- **During construction**, it is estimated the proposed Lawrence Sports Village will generate approximately **\$29.1 million in new direct spending, \$40.8 million in total new economic output, generate approximately \$84,000 in new taxes and support 340 new full and part-time jobs** that generate **\$13.5 million in new personal earnings** during construction within the City of Lawrence. These

Executive Summary

impacts **represent one-time impacts** generated in the City. (Refer to table on page 31).

- **During operations**, it is estimated the proposed Lawrence Sports Village will generate approximately **\$6.4 million in new direct spending, \$9.2 million in total new economic output, \$196,000 in new taxes each year** and **support 170 new full and part-time jobs** that generate **\$3.0 million in personal earnings** in the City of Lawrence each year. These impacts **represent recurring, or permanent, impacts** generated annually to the City of Lawrence area during operations. (Refer to table on page 32).
- The **cumulative net economic and fiscal impacts** of both **construction and operations** over a **one-year construction period** and a **30-year operating period in today's dollars** is estimated to be approximately **\$164 million in new direct spending, \$235 million in total new economic output, \$4.2 million in new taxes, 170 new full and part-time jobs** and **\$76 million in personal earnings** generated in the City of Lawrence. (Refer to table on page 33).
- It is anticipated that the Lawrence Sports Village will generate an **incremental 9,500 room nights** in the City **annually**. For purposes of this analysis, it has been assumed that 20 percent of all attendees (70,000 in total) will require overnight accommodations; there will be an average of 2.5 people per room, and the average number of nights ranges from 0.5 to 3.0 depending on event type.

The full report should be read in its entirety to obtain the background, methods, and assumptions underlying these findings.

I. Introduction

The City of Lawrence (“City”) serves as the county seat of Douglas County and is located in northeast Kansas, approximately 30 miles southeast of the state capital of Topeka, and approximately 40 miles southwest of Kansas City. The University of Kansas, the state’s largest university, has served as a pillar in the community since 1866, and offers several nationally ranked academic programs including business, law, engineering, journalism and mass communications, and medicine. In addition to its academic endeavors, the University has a long history of athletic success, most notably due to its men’s basketball program which has won five NCAA national championships and was once coached by Dr. James Naismith who created the sport of basketball in 1891.

In conjunction with the success of the University’s athletic program, public demand for additional recreation facilities has continued to grow. The Lawrence Parks and Recreation Advisory Board held a series of public forums in the fall of 2009 to discuss community parks and recreation needs, and a priorities assessment survey was conducted at the forums and online to gather further input from the community regarding future facility development. Results of the priorities assessment survey indicated that a recreation center was the most preferred indoor recreation facility identified by respondents.

In an effort to capitalize on the demand for an indoor recreation center, as well as generating economic benefits to the community, improving the quality of life of residents, and serving as a destination for grassroots development for the University of Kansas, the City, in conjunction with the University, is currently planning construction of the Lawrence Sports Village, a multi-purpose sports complex that would include a 181,000 square foot, \$25.0 million indoor recreation center, and a \$27.5 million outdoor complex that would include a competition soccer field and a competition 10,000-seat track and field stadium for the University of Kansas.

Proposed Lawrence Sports Village



Source: Gould Evans, Paul Werner Architects

I. Introduction

It is envisioned that the indoor recreation center component of the proposed Lawrence Sports Village will be managed by the City and will be utilized to host events and tournaments that draw participants/visitors from the local, regional, and national areas in order to generate economic benefits to the community and improve the quality of life of residents. It should be noted that the outdoor competition soccer field and competition 10,000-seat track and field stadium will be operated by the University of Kansas and will be used primarily to accommodate the needs of the University of Kansas' women's soccer and track and field programs, while hosting a limited number of outside events on an annual basis.

As a part of the continued planning process, Conventions, Sports, & Leisure International ("CSL") was retained to provide an independent assessment of the quantifiable impacts that could be generated to the City of Lawrence by the construction and ongoing annual operations of the proposed Lawrence Sports Village.

The study's findings are presented in the following sections:

- I. Introduction
- II. Local and Regional Market Characteristics
- III. Comparable Facilities
- IV. Potential User Groups
- V. Economic & Fiscal Impact Analysis

This study is designed to assist the City in understanding the economic and fiscal impacts that the construction and annual operations of the proposed Lawrence Sports Village could have on the local economy and should not be used for any other purposes. This report should be read in its entirety to obtain the background, methods and assumptions underlying the findings.

II. Local & Regional Market Characteristics

It is envisioned that the proposed Lawrence Sports Village will consist (at full build-out) of state-of-the-art indoor multi-purpose sports and recreation facilities, as well as competition soccer and track and field facilities for the University, that will be utilized to host events and tournaments that draw participants/visitors from the local, regional, and national areas in order to improve the quality of life of residents and generate economic benefits to the community.

As a result, the viability of the proposed Lawrence Sports Village is dependent, in large part, on local market demographic and socioeconomic characteristics and the marketability of the community to potential visiting event participants/visitors. The analysis of existing local and regional market characteristics is presented in the following sections:

- Location;
- Demographic and Socioeconomic Characteristics; and,
- Competition.

Location

Located in northeast Kansas, Lawrence is situated along Interstate 70, approximately 30 miles southeast of Topeka, and approximately 40 miles southwest of Kansas City. The following map illustrates Lawrence's location relative to other regional market areas.



Source: Microsoft MapPoint

II. Local & Regional Market Characteristics

As shown above, the location of Lawrence in northeast Kansas provides a central location from which to access portions of a number of states, including Missouri, northwest Arkansas, northeast Oklahoma, southeast Nebraska, and southwest Iowa.

Transportation access is vital to the success of any sports complex. Ease of access is not only important from the perspective of attracting participants/visitors, but also factors into the venue selection process of organizations with tournaments/events which may rotate among various communities within a defined region. The following table summarizes the driving distance in road miles and estimated drive time to select regional markets from Lawrence.

Driving Distance to Regional Markets

<u>City, State</u>	<u>Metro Area Population</u>	<u>Miles From Lawrence</u>	<u>Drive Time (Hours)</u>
Topeka, KS	235,465	30	0.5
Kansas City, MO	2,067,995	40	0.7
St. Joseph, MO	127,961	80	1.3
Emporia, KS	36,581	80	1.3
Manhattan, KS	130,181	85	1.4
Wichita, KS	630,721	160	2.7
Columbia, MO	177,363	165	2.8
Lincoln, NE	308,123	190	3.2
Jefferson City, MO	151,798	190	3.2
Springfield, MO	447,858	195	3.3
Omaha, NE	881,929	210	3.5
Tulsa, OK	951,718	220	3.7
Des Moines, IA	583,989	230	3.8
Springdale, AR	482,480	250	4.2
Ames, IA	91,288	270	4.5
Stillwater, OK	79,001	280	4.7
St. Louis, MO	2,832,920	290	4.8
Springfield, IL	211,725	350	5.8
Iowa City, IA	155,904	350	5.8

Source: Claritas

As shown in the table above, Lawrence is within a six hour drive of 19 metropolitan areas, 16 of which contain populations over 100,000. Given the nature of traveling youth sports and interviews with organizations that would consider utilizing the proposed Lawrence Sports Village, it is anticipated that the majority of event participants/visitors will come from within 200 miles.

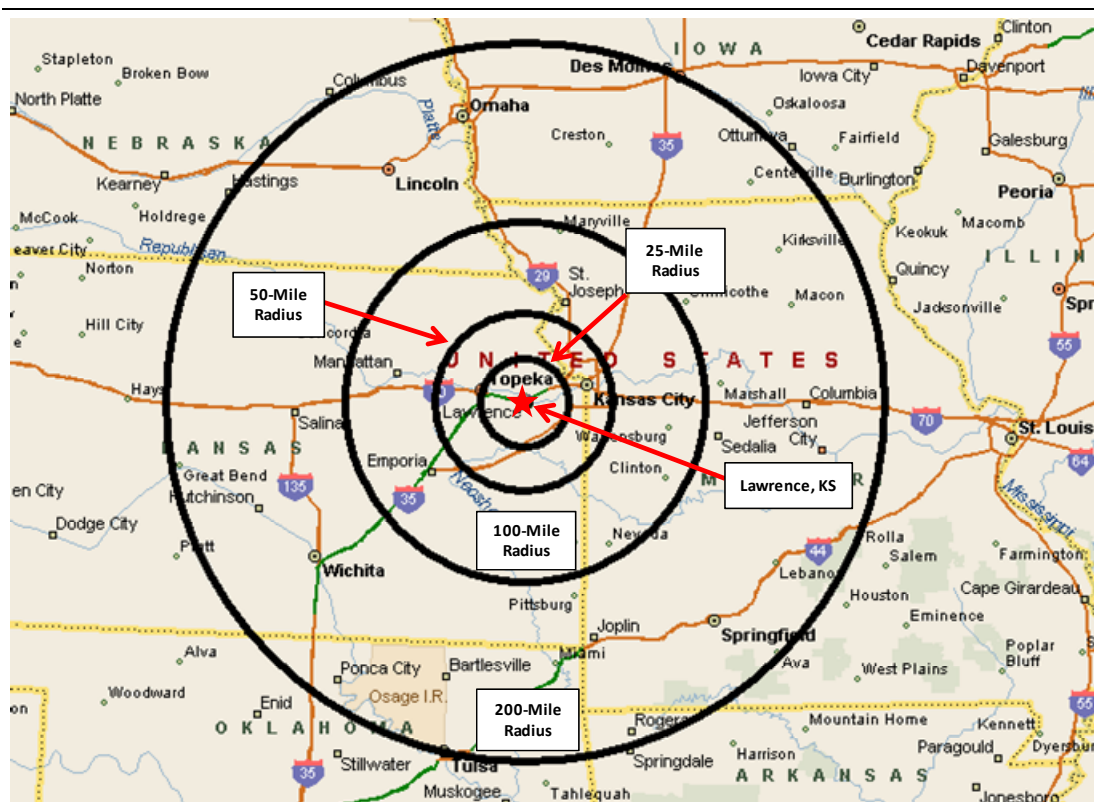
II. Local & Regional Market Characteristics

Demographic and Socioeconomic Characteristics

An important component in assessing the potential success of the proposed Lawrence Sports Village is the demographic and socioeconomic profile of the local and regional market. Specific demographic and socioeconomic information that can provide an indication of the ability of a market to support a sports complex includes population, age, household income, ethnicity, and corporate base.

The following map illustrates the markets and land area captured within 25-, 50-, 100-, and 200-mile concentric rings around the proposed Lawrence Sports Village. These areas are utilized throughout the report, in addition to the City of Lawrence and Douglas County, while analyzing and comparing demographic and socioeconomic variables. Given the nature of travelling youth sports, it is anticipated that a significant number of participants/attendees will be derived from within 200 miles of the proposed Lawrence Sports Village.

Lawrence Market Analysis



Source: Microsoft MapPoint

As shown above, there are a number of larger metropolitan areas located within 200 miles of the proposed Lawrence Sports Village, including Des Moines (IA), Kansas City (MO), Lincoln (NE), Omaha (NE), Springfield (MO), Topeka (KS), Tulsa (OK), and Wichita (KS).

II. Local & Regional Market Characteristics

The following table summarizes the key demographic and socioeconomic variables, including population, age, income, and corporate base for the City of Lawrence and Douglas County, as well as a 25-, 50-, 100- and 200-mile radii surrounding the proposed Lawrence Sports Village.

Lawrence Local & Regional Market Demographic Summary

Demographic Variable	City of Lawrence	Douglas County	25-Mile Radius	50-Mile Radius	100-Mile Radius	200-Mile Radius
Population:						
2000 Population	80,098	99,962	327,025	1,902,221	2,718,696	7,666,571
2012 Population	95,127	114,618	402,375	2,115,139	2,997,103	8,506,068
2017 Population	101,127	122,983	427,929	2,198,640	3,108,578	8,852,933
Historical annual growth rate (2000 to 2012)	1.4%	1.1%	1.7%	0.9%	0.8%	0.9%
Projected annual growth rate (2012 to 2017)	1.2%	1.4%	1.2%	0.8%	0.7%	0.8%
Age:						
Median Age	30.4	31.8	35.0	36.1	35.9	36.2
Age Distribution:						
0 to 9	10.3%	10.9%	13.9%	14.2%	14.0%	14.0%
10 to 17	7.8%	8.6%	10.4%	10.7%	10.7%	10.8%
18 to 24	23.8%	20.9%	11.9%	9.0%	10.2%	10.2%
25 to 44	29.1%	27.9%	27.6%	28.3%	27.1%	26.1%
45 to 64	20.6%	22.4%	25.4%	26.1%	25.9%	25.7%
65 & Over	8.4%	9.4%	10.8%	11.7%	12.2%	13.2%
Household Income:						
Median Household Income	\$39,220	\$43,859	\$50,939	\$51,783	\$49,465	\$45,748
Income Distribution:						
\$0 to \$24,999	32.4%	28.4%	22.3%	20.8%	22.3%	24.9%
\$25,000 to \$49,999	29.3%	28.2%	26.9%	27.7%	28.3%	30.0%
\$50,000 to \$74,999	17.3%	18.7%	21.0%	20.9%	20.9%	20.6%
\$75,000 to \$99,999	9.0%	10.9%	13.4%	12.9%	12.5%	11.2%
\$100,000 to \$149,999	7.3%	8.9%	11.3%	11.6%	10.8%	9.1%
\$150,000 and over	4.7%	4.9%	5.1%	6.1%	5.3%	4.2%
Ethnicity:						
White	77.0%	79.9%	77.7%	70.2%	74.9%	77.5%
African-American	4.3%	3.7%	5.1%	11.7%	9.4%	6.2%
Hispanic / Latino	5.7%	5.1%	7.8%	8.5%	7.4%	7.1%
Asian-American	4.4%	3.6%	2.0%	2.3%	2.0%	1.8%
Other	8.7%	7.7%	7.4%	7.2%	6.4%	7.5%
Corporate Base: ⁽¹⁾						
Total Corporate Base	4,161	4,830	18,829	97,825	158,228	517,901
Corporate Base Distribution:						
Under \$1.0 MM	3,856	4,509	17,607	90,133	147,600	485,262
\$1.0 MM to \$2.4 MM	191	198	676	3,866	5,493	16,764
\$2.5 MM to \$4.9 MM	56	64	234	1,582	2,197	6,828
\$5.0 MM to \$9.9 MM	24	25	152	941	1,269	3,979
\$10.0 MM to \$24.9 MM	21	21	101	727	958	2,966
\$25.0 MM to \$49.9 MM	6	6	28	290	380	1,073
Over \$50.0 MM	7	7	31	286	331	1,029

(1) Includes all corporations in each defined area.

Excludes certain industries such as government entities, membership organizations, religious organizations, non-profit organizations, and private household.

Source: Claritas, Hoovers, City of Lawrence Planning Department

II. Local & Regional Market Characteristics

Population

The level of population from which to draw has a direct impact on the potential viability of the proposed Lawrence Sports Village. The following information presents a summary of the population within the City of Lawrence, Douglas County, as well as within a 25-, 50-, 100-, and 200-mile radius of the proposed Lawrence Sports Village.

- There are approximately 95,000 residents living within the City of Lawrence and approximately 115,000 residents living within Douglas County, while there are approximately 402,000, 2.1 million, 3.0 million, and 8.5 million residents living within 25, 50, 100, and 200 miles of the proposed Lawrence Sports Village, respectively.
- The expected annual population growth over the next five years in the City of Lawrence (1.2 percent), Douglas County (1.4 percent), and within 25 miles of the proposed Lawrence Sports Village (1.2 percent) are greater than the anticipated population growth of the United States (0.8 percent) over the same time period. The estimated population growth within 50 miles (0.8 percent) and 100 miles (0.8 percent) of the proposed Lawrence Sports Village is equal to that of the United States over the next five years, while the anticipated population growth within 100 miles of the proposed Lawrence Sports Village over the next five years is slightly lower than the United States as a whole.

Age

Another demographic characteristic that is important to the overall viability of the proposed Lawrence Sports Village is the age of the local population. It is anticipated that the majority of participants utilizing the proposed Lawrence Sports Village for practices, games, and tournaments will be under the age of 17. As a result, the age distribution of the local populace will impact the type and amount of utilization at the proposed Lawrence Sports Village. The following presents a summary of the age of residents living within Douglas County, as well as within 25-, 50-, 100-, and 200-miles of the proposed Lawrence Sports Village.

- The median age of residents living in the City of Lawrence (30.4 years) and Douglas County (31.8 years), as well as within 25 miles (35.0 years), 50 miles (36.1), 100 miles (35.9 years) and 200 miles (36.2 years) of the proposed Lawrence Sports Village is younger than the median age of U.S. residents (36.7 years) as a whole.
- In terms of age distribution, the percentage of residents under the age of 17 within the City of Lawrence (18.1 percent) and Douglas County (19.4 percent) are

II. Local & Regional Market Characteristics

slightly lower than the U.S. median (24.5 percent), while the percentage of residents under the age of 17 within 25 miles (24.3 percent), 50 miles (24.9 percent), 100 miles (24.7 percent) and 200 miles (24.8 percent) of the proposed Lawrence Sports Village are comparable with that of the U.S. median (24.5 percent).

Income

Household income can provide insight into the ability of a market's residents to allocate discretionary income to various participatory sports activities. The following presents a summary of the income levels of households within the City of Lawrence and Douglas County, as well as within 25, 50, 100, and 200 miles of the proposed Lawrence Sports Village.

- Median household income levels within the City of Lawrence (\$39,220), Douglas County (\$43,859), and within 200 miles of the proposed Lawrence Sports Village are below the national median of \$49,581. The median household income within 100 miles of the proposed Lawrence Sports Village (\$49,465) is equal to the U.S. median, while median household income levels within 25 miles (\$50,939) and 50 miles (\$51,783) of the proposed Lawrence Sports Village are higher than the U.S. median.
- Any discussion of household income should consider the cost of living characteristic of an area. The cost of living indicates how expensive or inexpensive a city is, relative to the nation as a whole. The national average is 100 and the City of Lawrence is 95.5, indicating that cost of living in the City of Lawrence is approximately four percent less expensive than the nation as a whole (*Source: ACCRA Cost of Living Index*). Such statistics indicate that the Lawrence area could be a more affordable destination for out-of-town visitors relative to other destinations.

Ethnicity

The ethnic make-up of an area can impact demand for various sports activities at the proposed Lawrence Sports Village. The following presents a summary of the ethnic composition within the City of Lawrence and Douglas County, as well as within 25, 50, 100, and 200 miles of the proposed Lawrence Sports Village.

- All areas identified as part of this analysis are less diverse than the United States as a whole. Specifically, the City of Lawrence (77.0 percent), Douglas County (79.9 percent), and within 25 miles (77.7 percent), 50 miles (70.2 percent), 100 miles (74.9 percent), and 200 miles (77.5 percent) of the proposed Lawrence

II. Local & Regional Market Characteristics

Sports Village have a higher percentage of white residents than the United States (61.4 percent).

- Approximately 11.7 percent of the residents within 50 miles of the proposed Lawrence Sports Village are African-American, which is higher than the percentage of African-Americans comprising the United States (10.8 percent) as a whole.
- Compared to the national averages, the local and regional market areas have a significantly lower percentage of Hispanic/Latino residents than the United States as a whole.

Corporate Base

Local corporations will play an important role in supporting the proposed Lawrence Sports Village through the purchase of advertising/sponsorship opportunities for the facility and individual games, tournaments, and other such events. The following presents a summary of the corporate base of the City of Lawrence, Douglas County, as well as that within 25, 50, 100, and 200 miles of the proposed Lawrence Sports Village.

- There are 4,161 companies within the City of Lawrence, 4,830 companies within Douglas County, 18,829 companies within 25 miles, 97,825 companies within 50 miles, 158,228 companies within 100 miles, and 517,901 companies within 200 miles of the proposed Lawrence Sports Village.
- Given that the majority of advertising/sponsorship opportunities at the proposed Lawrence Sports Village will be small-in-scale, a larger portion of corporations could have an opportunity to support the facility.

Visitor Industry Characteristics

The proposed Lawrence Sports Village is envisioned to offer state-of-the-art, tournament quality facilities, making the complex a potential destination for various national, regional, state, and local sports tournaments and events. The ability to attract these tournaments and events will depend, in part, on the visitor amenities offered by the Lawrence market.

Lawrence is located along Interstate 70 in northeast Kansas, approximately 40 miles southwest of Kansas City and approximately 50 miles southwest of the Kansas City International Airport. The City's location also provides access to approximately 8.5 million people within a 200-mile radius, including residents of a number of larger

II. Local & Regional Market Characteristics

metropolitan areas such as Des Moines (IA), Lincoln (NE), Omaha (NE), Springfield (MO), Topeka (KS), Tulsa (OK), and Wichita (KS).

Although Lawrence is located in relative proximity to a major metropolitan area, the City offers a variety of shopping, cultural, and entertainment destinations. Visitors to the area can experience the spectacle of a University of Kansas basketball game at Allen Fieldhouse or the march of the Jayhawks at a football game at Memorial Stadium, as well as the cultural experience derived from attending an exhibit at the University of Kansas Natural History Museum or the Spencer Museum of Art. The City's vibrant downtown area offers a variety of specialty shops and restaurants that are harmoniously integrated into the campus community, all the while providing a small town feel that is authentically Midwestern.

As a means of accommodating the influx of visitors anticipated from the various events hosted at the proposed Lawrence Sports Village, the Lawrence Convention and Visitors Bureau, in conjunction with private developers, has envisioned the potential to develop hotel properties on-site that could include upwards of 300 rooms. These additional hotel rooms, combined with the approximately 1,300 existing rooms spread over 16 hotels, could serve to accommodate out-of-town visitors and keep them in the local community.

Competition

An important consideration in evaluating the potential operations of the proposed Lawrence Sports Village is the number and type of existing and planned sports complexes in the local area. The Lawrence Parks & Recreation Department currently oversees the day-to-day operations of the following recreation centers:

- **Community Building** – A recreation and fitness facility that opened in 1940 and serves the needs of City residents. The facility features locker/shower facilities, a full-size gymnasium, a wellness/weight room with cardiovascular equipment, a dance studio, and meeting rooms with access to a kitchenette.
- **East Lawrence Recreation Center** – Opened in 1979, the 18,500 square foot facility underwent a \$2.0 million renovation that was completed in 1997. The facility includes a full-size gymnasium, locker/shower facilities, a multi-purpose room that serves as the home of the Lawrence Parks & Recreation Department's gymnastics program, a game area, a wellness/weight room with cardiovascular equipment, and a meeting room equipped with a full-size kitchen. The facility is open daily to the public, free of charge, as is available to rent for private events.

II. Local & Regional Market Characteristics

- **Holcom Park Recreation Center** – An indoor recreation facility that includes a full-size gymnasium, combination racquetball/handball court, locker/shower facilities, a game room, a wellness/weight room with cardiovascular equipment, and a meeting room with a kitchenette.

As shown above, there are three indoor recreation facilities in Lawrence. While all current indoor recreation facilities offer space for wellness, weights, and other fitness activities for local residents, the ability of these facilities to host tournaments and other large-scale games, camps, and practices is very limited.

Based on guidelines developed by the National Recreation and Parks Association (NRPA), it is estimated that an inventory of one basketball/volleyball court for every 5,000 residents may be required to accommodate demand in the market. Based on this guideline, the following table evaluates the potential capacity for additional basketball/volleyball courts in Lawrence.

**Estimated Basketball and Volleyball Court Demand
City of Lawrence**

	<u>2012</u>	<u>2017</u> ⁽¹⁾
City of Lawrence Population	95,127	101,127
Residents Per Court Guidelines ⁽²⁾	5,000	5,000
Estimated Court Demand	19	20
Less: Current Inventory	<u>(9)</u> ⁽³⁾	<u>(17)</u> ⁽⁴⁾
Estimated Court Deficit	<u>10</u>	<u>3</u>

(1) Projected 2017 population by City of Lawrence Planning Department.

(2) Based on National Recreation and Park Association (NRPA) guidelines of one basketball/volleyball court per 5,000 residents.

(3) Assumes three courts currently available for public consumption at Parks & Recreation facilities, as well as 6 courts at the University of Kansas.

Does NOT include other City and University outdoor and non-airconditioned courts.

(4) Assumes 8 full-size basketball/volleyball courts at the proposed facility,

Note: The size of basketball/volleyball courts will depend on the age distribution characteristics of the local population, and sports participation levels at each age group.

Source: Claritas, NRPA, City of Lawrence Parks & Recreation Department

As shown, based on the City's 2012 population, it is estimated that approximately 19 basketball/volleyball courts may be appropriate to meet demand, compared to the actual inventory of nine courts currently offered at the City's indoor recreation centers and at the University of Kansas. Factoring projected population growth and the potential development of eight new basketball/volleyball courts at the proposed Lawrence Sports Village, the City would still face an estimated shortfall of three

II. Local & Regional Market Characteristics

basketball/volleyball courts in 2017. It should be noted that the necessary size and number of basketball/volleyball courts will also depend, to some level, on the age distribution characteristics of the local population, as well as the various sports participation rates in the local community.

Based on the data presented above, as well as other information obtained as part of this analysis, it appears that the planned inventory of courts at the proposed Lawrence Sports Village would satisfy the needs of local users. It should also be noted that the planned inventory of courts at the proposed Lawrence Sports Village would accommodate the needs of the majority of tournaments, and could present opportunities to host local and tournament users simultaneously.

In addition to local existing and planned sports complexes, it is also important to examine the number of existing and planned facilities in the regional market that could compete with the proposed Lawrence Sports Village to host tournaments, camps, games, practices, and other such events. Regional existing and planned sports complexes that could compete with the proposed Lawrence Sports Village to host events include, but are not limited to, the following:

- **New Century Fieldhouse** (*Gardner, KS*) – Opened in 2011 at a cost of \$6.0 million, the 88,000 square foot New Century Fieldhouse is located in Johnson County near Gardner, Kansas. The complex includes a 100' x 190' artificial turf field, four full-length basketball courts, eight volleyball courts, four futsal courts, a 78' x 29' multi-purpose room, four upper level party suites with court and field views, and an upper level lounge area with court and field views. The complex is owned by Johnson County and operated by the Johnson County Parks & Recreation Department. New Century Fieldhouse was the first public recreation center in the Kansas City metropolitan area to receive LEED certification.
- **Okun Fieldhouse** (*Shawnee, KS*) – The Okun Fieldhouse opened in 1999 in Shawnee, Kansas, approximately 10 miles southwest of Kansas City. The 56,500 square foot facility includes eight volleyball courts, four basketball courts, and is part of the Mid-America West Sports Complex, which covers 100 acres and includes 12 baseball/softball fields. The facility is owned by Johnson County and operated by the Johnson County Parks & Recreation Department. Approximately 140,000 people use the facility on an annual basis, including approximately 50,000 tournament participants. On an annual basis, the facility generates approximately \$900,000 in operating revenues and incurs approximately \$1.0 million in operating expenses, resulting in an annual operating loss of approximately \$100,000 which is subsidized by the County.

II. Local & Regional Market Characteristics

- **Farha Sport Center (Wichita, KS)** – The Farha Sport Center is a 55,000 square foot indoor recreation facility located in Wichita, Kansas. The facility is part of the Greater Wichita YMCA, a 501 (c) 3 non-profit organization that aims to provide a safe, positive place where community youth can live healthy and build character through quality sport programs which emphasize skill and development and YMCA’s core values of caring, honesty, respect, and responsibility. On an annual basis, the facility hosts youth and adult competitive basketball leagues, club and competitive volleyball programs, indoor futsal soccer leagues, and summer camps for competitive athletes. The facility includes eight hardwood, multi-use courts with spectator seating, a sport performance and training center, and concession area.
- **Sport Zone (Topeka, KS)** – Sport Zone is a multi-purpose youth and adult sports complex located in Topeka. The facility offers four multi-use basketball/volleyball courts, a separate area with two additional volleyball courts, and indoor batting cages. The facility hosts tournaments, camps, and other such activities for sports such as basketball, volleyball, indoor soccer, football, and baseball.
- **Heart of America Volleyball Facility (Kansas City, MO)** – The Heart of America Volleyball facility is located in Kansas City, Missouri, and serves as the headquarters of The Heart of America Region Volleyball, an independent incorporated member of USA Volleyball that covers club volleyball in Kansas and the western half of Missouri. The facility offers eight volleyball courts, as well as outdoor sand volleyball courts, that are used for tournaments, matches, camps, and practices throughout the year.

In addition to the regional competitive facilities discussed herein, the 388,800 square foot Bartle Hall, the main exhibition hall of the Kansas City Convention Center, has hosted large-scale basketball and volleyball tournaments that can accommodate 60 courts and approximately 10,000 participants. There are also various YMCAs and other community recreation centers located throughout the Kansas City, Topeka, and Wichita areas that have the potential to host an occasional small-scale basketball or volleyball tournament.

The local and regional market characteristics of the proposed Lawrence Sports Village are considered together with an assessment of the historical operations of comparable facilities and interviews with potential facility users to estimate demand.

III. Comparable Facilities

The purpose of this section is to present an overview of comparable sports complexes to provide a benchmark from which to assess the potential for the proposed Lawrence Sports Village. For purposes of this study, the physical, operational, financial, and other characteristics of sports complexes with at least 100,000 square feet of indoor space were analysed. The following table presents a summary of comparable facilities identified for this analysis.

Comparable Indoor Multi-Purpose Recreation Centers

Facility	Location	Year Opened	Total Cost (\$MM)	Total Square Feet	Full-Size Basketball Courts	Full-Size Volleyball Courts
Fieldhouse USA	Frisco, TX	2009	\$17.5	145,000	12	12
SPIRE Institute	Geneva, OH	2009	\$100.0	215,000 ⁽¹⁾	6	12
Boo Williams Sportsplex	Hampton, VA	2008	\$13.5	135,000	8	12
PSA StarCenter ⁽²⁾	Plano, TX	2002	\$10.8	143,000	14	14
Spiece Fieldhouse	Ft. Wayne, IN	1999	n/a	150,000	8	8
Greensboro Sportsplex	Greensboro, NC	n/a	n/a	106,000	8	8
Average		2005	\$35.5	149,000	9	11
Median		2008	\$15.5	144,000	8	12

(1) Reflects only the indoor recreation portion of the 750,000 square foot facility.

(2) The Plano Sports Authority opened an additional, 95,000 square foot StarCenter in 2008 that has eight basketball/volleyball courts.

Note: Sorted by year opened.

Source: CSL International research

The remainder of this section presents the physical and operational characteristics of each of the selected comparable facilities.

Fieldhouse USA

Frisco, TX



Fieldhouse USA is a 145,000 square foot indoor multi-purpose sports and recreation facility that opened in 2009 in Frisco, Texas, approximately 25 miles north of downtown Dallas. The facility includes 12 full-size hardwood basketball/volleyball courts, an indoor turf field designed for soccer, football, and lacrosse, a fitness center, the 10,000 square foot Athletes' Performance training center, 13,200 square feet of retail space, a food and beverage court, and corporate meeting rooms. In 2011, the facility hosted 34 tournaments and had over 270,000 visitors from 42 states. The facility is part of the 62-acre SportsVillageUSA, a mixed-use development that includes

III. Comparable Facilities

entertainment, shopping, and residential space. The facility is owned by the City of Frisco and operated by Sports Village Holdings, LLC.

In 2011, Sports Village Holdings, LLC renegotiated its lease agreement with the City of Frisco in order to settle issues of past due rent. In 2012, Sports Village Holdings, LLC will pay the city \$110,000 per quarter (\$440,000 per year), increasing to \$260,150 (\$1.04 million per year) per quarter by 2016 and beyond. Lease payments to the City are expected to total \$25.8 million by 2033. The amended lease agreement includes an option for a five-year credit of up to \$150,000 per year off the annual lease payment for the development of a nationally branded hotel with at least 90 rooms by 2013.

Construction of the facility cost \$17.5 million. The City of Frisco funded \$12.5 million in construction costs, while Sports Village Holdings, LLC donated 14 acres of land and investment costs totaling approximately \$5.0 million.

SPIRE Institute

Geneva, OH



Opened in 2009 in Geneva, Ohio, the SPIRE Institute is a 750,000 square foot multi-purpose sports complex that is owned and operated by the Geneva Area Recreation, Education, and Athletic Trust, a 501(c)(3) non-profit organization founded by climate control magnate and philanthropist Ron Clutter.

The facility includes a 215,000 square foot indoor multi-purpose area that offers a multi-sport court surface capable of accommodating six full-size basketball courts, 12 full-size volleyball courts or nine tennis courts, a full-size synthetic turf soccer field, locker rooms, bleacher seating, a meeting area, and a café. In 2010, a 240,000 square foot clear-span indoor track and field complex opened, and included a 300 meter eight lane track, separate throwing, long and high jump, and pole vault areas, a 70,670 square foot infield synthetic turf surface, and a 25,000 square foot glass-encased banquet, hospitality, and meeting space. Also in 2010, a 10,000-seat multi-sport stadium opened, and includes a synthetic turf field, a 400 meter eight lane polyurethane international track, and multiple field event areas.

In 2011, a 293,000 square foot aquatic center opened, and included a 10 lane, 50 meter Olympic-size pool with two moveable bulkheads, a one and three meter diving area, an additional 25-yard pool, four therapeutic pools, a rehabilitation and medical center, the Michael Johnson Performance and Training Center, the SPIRE Fitness Club, locker rooms,

III. Comparable Facilities

and a food court. Plans also exist for additional developments that include an additional outdoor multi-sport complex, a tennis complex, a cross country course, an academic campus with dormitories, a hotel and conference center, restaurants, a spa and wellness center, and other commercial spaces.

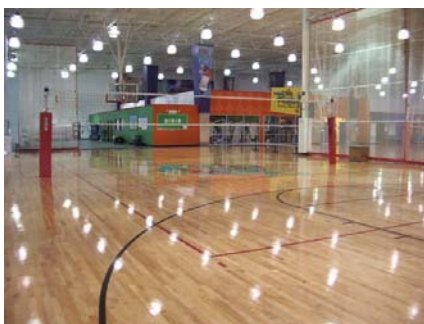
The facility hosts a variety of events on an annual basis, including large-scale events such as the NAIA Track & Field National Championships, NCAA Division I Track & Field Invitational, Horizon League Track & Field Championships, USATF Junior Olympic Zonal Meets, Mid-American Conference Volleyball Championships, USA Volleyball Junior Men's Team Training, and a Penn State vs. Ohio State men's volleyball match, among others.

In 2010, the Geneva Area Recreation, Education, and Athletic Trust reported total revenues of approximately \$20.1 million, consisting of approximately \$19.1 million in private contributions and grants, \$729,000 from sports and recreation programming, and \$286,000 in concessions. Operating expenses totaled approximately \$4.8 million in 2010, including \$2.6 million in management and general expenses, and \$2.2 million in sports and recreation programming expenses.

Originally constructed at a cost of approximately \$60 million, expansion over the past several years has pushed the total facility construction costs over \$100 million. There is currently no bank debt on the facility.

Greensboro Sportsplex

Greensboro, NC



Located in Greensboro, North Carolina, the 106,000 square foot Greensboro Sportsplex is a multi-purpose sports facility owned and operated by the City of Greensboro Parks and Recreation Department. The facility includes eight full-size basketball/volleyball courts, four state-of-the-art indoor soccer fields, an inline roller hockey rink, a weight room, a fitness center, concession area, two locker rooms and a conference room.

Annually, the facility attracts approximately 135,000 visitors. Many of these visitors are non-local, particularly for tournaments, which often draw teams from throughout the state and beyond. In 2009, an economic impact study prepared by the Greensboro Convention and Visitors Bureau estimated the economic impact of the facility at approximately \$24 million per year.

III. Comparable Facilities

On an annual basis, the facility generates operating revenues of approximately \$770,000, while incurring operating expenses of \$925,000, resulting in an annual operating loss of approximately \$155,000. Total operating losses typically range between \$100,000 and \$200,000 per year. Annual operating losses incurred by the facility are subsidized by City tax revenues.

Boo Williams Sportsplex

Hampton, VA



The 135,000 square foot Boo Williams Sportsplex opened in 2008 in Hampton, Virginia, approximately 30 miles northwest of Virginia Beach. The \$13.5 million facility was funded via a public-private partnership between the City of Hampton and the Boo Williams Summer League AAU program, a private non-profit organization that is one of the most successful AAU basketball programs in the country.

The facility includes eight tournament play basketball courts, 12 competition volleyball courts, eight competition indoor hockey fields, a 200 meter six-lane indoor track with separate field event areas, a 64,000 square foot playing pavilion, a 31,000 square foot playing pavilion, retractable bleacher seating for up to 4,000, two meeting/banquet rooms, two training rooms, and a 4,238 square foot concession area.

The facility hosts a variety of competitive and recreational sports activities. On an annual basis, the facility hosts approximately 40 AAU boys and girls basketball tournaments. The majority of basketball tournaments last for three days, with some of the state and national AAU championships drawing a significant number of non-local teams.

In addition to basketball, the facility hosts approximately 40 high school indoor track meets, and serves as the home of the Virginia Rush Soccer Club which operates local youth and adult leagues and tournaments. The facility also hosts various volleyball, gymnastics, wrestling and weightlifting competitions throughout the year.

III. Comparable Facilities

Plano Sports Authority Star Center

Plano, TX



The Plano Sports Authority (PSA) was formed in 1970 as an independent non-profit organization to provide management of youth sports in Plano, Texas, a suburb of Dallas located approximately 20 miles northeast of downtown. In 2002, the PSA opened the \$10.8 million, 143,000 square foot Plano StarCenter, which includes 14 full-size hardwood basketball/volleyball courts, a multi-purpose turf arena, and an ice rink that draws more than 2.5 million people annually. In order to accommodate the area's growing population, the PSA opened a second StarCenter in 2008, a 95,000 square foot complex that includes eight hardwood basketball/volleyball courts, a multi-purpose turf arena, and a full-service café.

Overall, the PSA serves over 60,000 youths living within the Plano Independent School District and surrounding areas on an annual basis. Programming at the StarCenters includes year-round recreational leagues for sports such as basketball, volleyball, football, soccer, track and field, cheerleading, and other such activities.

In 2010, the PSA generated total operating revenues of approximately \$7.53 million and incurred approximately \$7.35 million in total operating expenses (including \$1.7 million in salaries and benefits), resulting in a total operating profit of approximately \$180,000. Annual operating profits generated by the PSA are considered for investment projects the following year. It should be noted that the financial operating data presented herein is inclusive of all PSA programming and fundraising at all event sites.

Spiece Fieldhouse

Fort Wayne, IN



Spiece Fieldhouse opened in 1999 in Fort Wayne, Indiana, and is a 150,000-square foot, multi-purpose facility that includes eight full-size hardwood basketball/volleyball courts, a 70,000 square foot fitness center, which includes cardio and strength training machines, 1/9 mile track, two saunas, two full-service locker rooms, a 25-yard, five-lane indoor pool, warm water pool, two group exercise studios, child care facilities, youth gym, deli, and family locker rooms. The facility is located on a three-acre site that also includes a full-service day spa, a pro shop and a 560-bed dormitory. Spiece Fieldhouse is privately owned and operated by Gym Rats, Inc., a for-profit youth basketball association

III. Comparable Facilities

founded in 1992 that was previously part of the United States Specialty Sports Association (USSSA).

Gym Rats, Inc., hosts approximately 30 basketball tournaments on an annual basis, including the Indiana Basketball Association State Championship and the USSSA National Championship. The facility has developed a strong reputation throughout the Upper Midwest and Great Lakes regions, often drawing elite travel teams from areas such as Indianapolis, Chicago and Detroit. In addition to basketball tournaments, the facility also conducts boys and girls shooting and skills camps, and volleyball leagues organized by Fair Play Volleyball.

The following is a summary of the key findings of the analysis of comparable facilities:

- Comparable facilities have an average of 149,000 square feet of space, ranging from a low of 106,000 square feet to a high of 215,000 square feet.
- All comparable facilities offer at least six multi-use full-size basketball/volleyball courts, with the average facility offering nine basketball courts and 11 volleyball courts.
- The majority of comparable facilities offer additional program spaces that include indoor turf fields, aquatic facilities, performance training facilities, track and field facilities, wellness centers, banquet and meeting rooms, and other such spaces.
- Of the six comparable facilities, half (3) are owned by a public entity, while the remaining three facilities are owned privately.
- All but one comparable facility (Greensboro Sportsplex) is managed by a private entity.
- The cost to construct comparable facilities ranged from a low of \$10.8 million to a high of approximately \$100 million, resulting in an average total construction cost of approximately \$35.5 million. The median total cost of construction of comparable facilities was approximately \$15.5 million.

IV. Potential User Groups

The purpose of this section is to obtain information from various local, regional, and national sports organizations in order to gauge their potential interest in utilizing the proposed Lawrence Sports Village for their events. In order to obtain feedback, interviews were conducted with promoters and organizations representing key event segments that could utilize the proposed Lawrence Sports Village. Based on these discussions, discussions with representatives of the City of Lawrence, the University of Kansas, various other community leaders and an assessment of comparable facilities in similar markets, events comprising seven potential sports that could be accommodated at the proposed Lawrence Sports Village have been identified, including:

- Basketball;
- Volleyball;
- Wrestling;
- Gymnastics;
- Cheerleading;
- Soccer; and,
- Track & Field.

To assess potential demand for events specific to the proposed Lawrence Sports Village, event promoters representing local, regional and national organizations were contacted. Promoters from the following local, regional and national organizations were contacted to assess their potential interest in booking events in the proposed venue:

- Amateur Athletic Union (AAU)
- City of Lawrence Parks & Recreation
- Greater Kansas City Basketball Coaches Association
- Haskell Indian Nations University
- Heart of America Volleyball
- Kansas City Wrestling Association
- Kansas State High School Activities Association
- Kansas Wrestling Coaches Association
- Mid-America Youth Basketball
- Missouri Youth Soccer Association
- National Association of Basketball Coaches
- Roger Morningstar's Jayhawk Invitational
- United States Specialty Sports Association (USSSA)
- USA Track & Field
- USA Volleyball
- US Youth Soccer
- Universal Cheerleaders Association
- University of Kansas Athletics
- Youth Basketball of America

IV. Potential User Groups

Overall, perceptions of the Lawrence area as a potential host for youth sports camps, tournaments, and events were generally positive. The majority of respondents indicated that the location of the facility could be a major selling point given its proximity to Kansas City and Topeka, and the larger numbers of youth sports organizations in those areas. Several organizations also indicated that the proposed facility could present opportunities to grow their membership in the Lawrence area; however, there were a few sports organizations that do not have a large enough membership to warrant a facility the size of the proposed Lawrence Sports Village.

In terms of the potential building program, several local sports organizations indicated a high level of interest in utilizing the facility, citing the need to be able to host their events in one large facility rather than having to lease multiple smaller facilities. Other organizations representing sports such as wrestling and gymnastics indicated that it is hard to find suitable facilities to host their events, and the proposed Lawrence Sports Village would be an ideal fit. There were several organizations that indicated that the potential facility building program would not be suitable for their events. Commonly cited reasons for an unsuitable building program included not enough spectator seating in the indoor portion, the size of the indoor portion does not accommodate their events, and the desire to host all games/matches at the same facility rather than hosting the championship game at a separate facility, among others. Several other organizations indicated that the cost to rent the facility would be out of their budget or they were currently contractually obligated to utilize another facility.

Overall, it is anticipated that basketball and volleyball tournaments, camps, and leagues would comprise a large portion of indoor programming at the proposed Lawrence Sports Village. In addition, the potential exists to host a limited number of wrestling and gymnastics tournaments, meets and camps.

Based on discussions with potential users, it is anticipated that the vast majority of programming at the competition soccer field and track and field stadium would consist of University of Kansas athletic events such as soccer games, the Kansas Relays, and other university invitational track and field meets. The potential exists to host a limited number of high school championship soccer matches, as well as major collegiate and high school track and field championship events.

In addition, it should be noted that the most successful sports complexes have the ability to generate their own level of programming as well as attracting outside tournaments and other events. Based on conversations with City officials, the potential exists to expand current youth and adult league play, as well as develop new areas of competitive and recreational programming.

V. Economic & Fiscal Impact Analysis

Many of the perceived benefits of sports complexes can be intangible, including regional and national media exposure, entertainment and recreation opportunities for local residents, and enhanced community pride. However, the operations of such facilities can also provide quantifiable benefits to an area. These quantifiable benefits often serve as the “return on investment” of public dollars that are contributed to develop these facilities. Quantifiable measurements of the effects that sports complexes have on an economy are typically characterized in terms of *economic impacts* and *fiscal impacts*.

Direct Spending

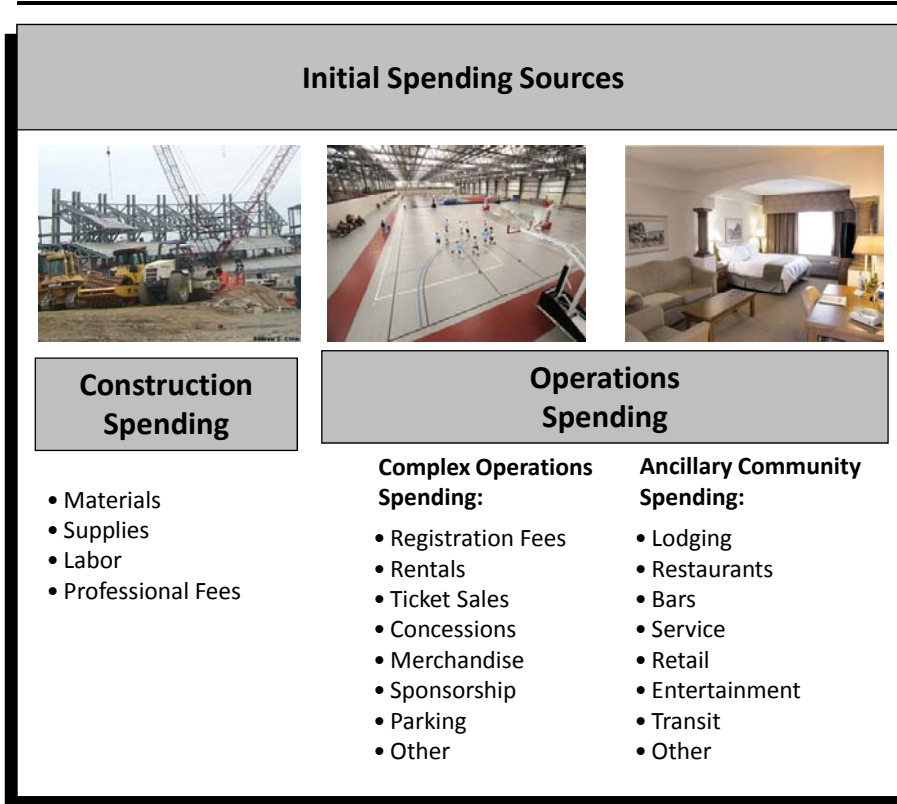
Direct spending represents the primary spending that would occur as a result of the construction and operations of the proposed Lawrence Sports Village. Direct spending occurs in three ways:

- *Construction Spending* – Construction materials, labor, design and professional fees, and other soft cost spending are generated during the planning and construction of a new sports complex. For purposes of this study, preliminary construction cost estimates were provided by Gould Evans.
- *Sports Complex Operations Spending* – Direct spending is generated by patrons during events hosted at the sports complex on items such as registration fees, tickets, concessions, merchandise and parking. Sports complex operations would also generate direct spending through naming rights, advertising/sponsorships, and other avenues.
- *Ancillary Community Spending* - Outside the sports complex, direct spending is generated by participants, spectators, event staff, and visiting team/facility users on lodging, food and beverages, retail, entertainment, transportation, etc. in connection with their visit to the sports complex.

The graphic on the following page illustrates the primary sources of direct spending anticipated to be associated with the construction and operations of the proposed Lawrence Sports Village.

V. Economic & Fiscal Impact Analysis

Direct Spending



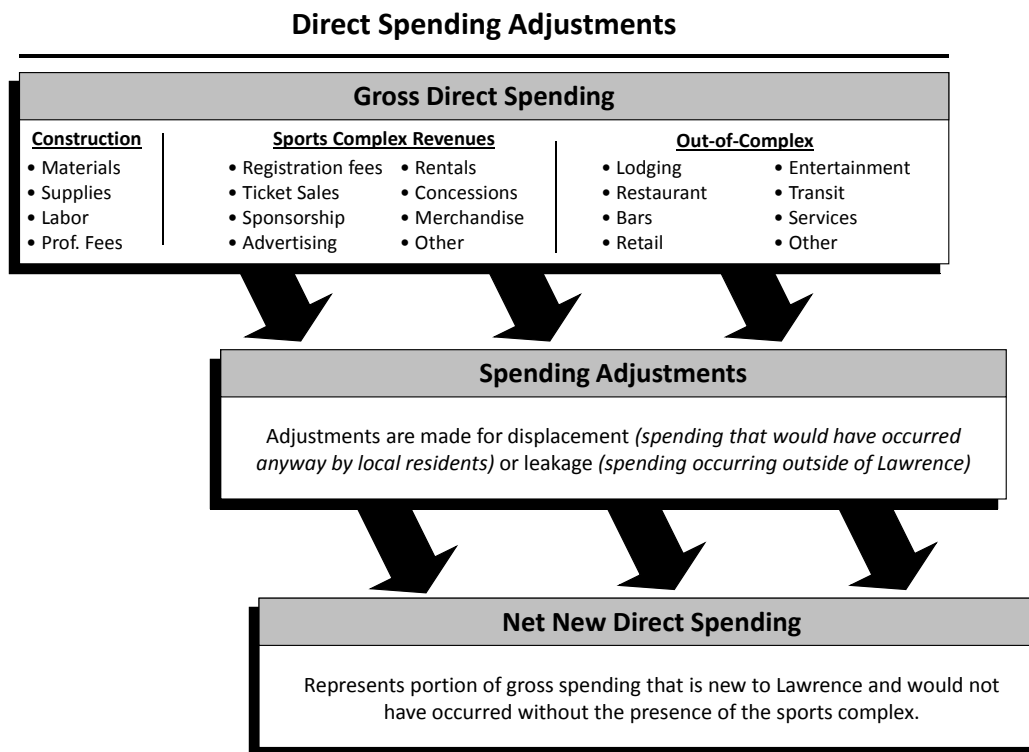
Gross direct spending would flow to various economic entities, including the sports complex service providers, restaurants, hotel operators, retail businesses and other such entities. However, some of the spending that occurs in connection with the ongoing operations of the sports complex would not fully impact the local area. As such, reductions must be made to gross direct spending to reflect the amount of direct spending associated with the sports complex that is considered *net new* to the local economy. These adjustments include:

- *Leakage* – Leakage represents the portion of gross spending estimated to occur outside the defined geographic area of the local economy, which is the City in this analysis. Immediate leakage occurs when initial direct expenditures occur outside the area, such as an out-of-town fan that patronizes a hotel or restaurant located outside the city limits of Lawrence (i.e. Kansas City, Topkea, etc.). Leakage also occurs when initial local spending is used immediately to pay for non-local goods, services, etc. Examples of this type of secondary leakage include salaries paid to employees who live outside of the City or concessionaire profits retained by companies based outside of the City.

V. Economic & Fiscal Impact Analysis

- Displacement** – Displacement refers to spending that would have likely occurred anyway in the local market without the presence of the sports complex. Examples of displaced spending would include spending by City residents in connection with their participation/attendance at a sports complex (registration fees, tickets, food and beverage, merchandise, etc.) that would have been spent within the City anyway on other items (movies, restaurants, shopping, etc.) if they did not attend events at the sports complex. Another example of displaced spending would include out-of-facility spending by fans visiting from outside of the City whose primary purpose for visiting was something other than attending an event at the sports complex and who would have spent their money in some other form in the City. The concept of displacement is oftentimes referred to as the substitution effect.

As illustrated in the graphic below, the flow of *gross* direct spending is adjusted to reflect only the spending that is considered *net new* to the local economy.



The resulting spending after all adjustments, as summarized above, is referred to throughout the remainder of this analysis as *net new* direct spending.

V. Economic & Fiscal Impact Analysis

Multiplier Effects

Economic impacts are further increased through re-spending of the *direct spending*. The total impact is estimated by applying an economic multiplier to initial direct spending to account for the total economic impact. The total output multiplier is used to estimate the aggregate total spending that takes place beginning with *direct spending* and continuing through each successive round of re-spending. Successive rounds of re-spending are generally discussed in terms of their indirect and induced effects on the area economy. Each is discussed in more detail as follows:

Indirect effects consist of the re-spending of the initial or direct expenditures. These indirect impacts extend further as the dollars constituting the direct expenditures continue to change hands. This process, in principle, could continue indefinitely. However, recipients of these expenditures may spend all or part of it on goods and services outside the market area, put part of these earnings into savings, or pay taxes. This spending halts the process of subsequent expenditure flows and does not generate additional spending or impact within the community after a period of time. This progression is termed *leakage* and reduces the overall economic impact.

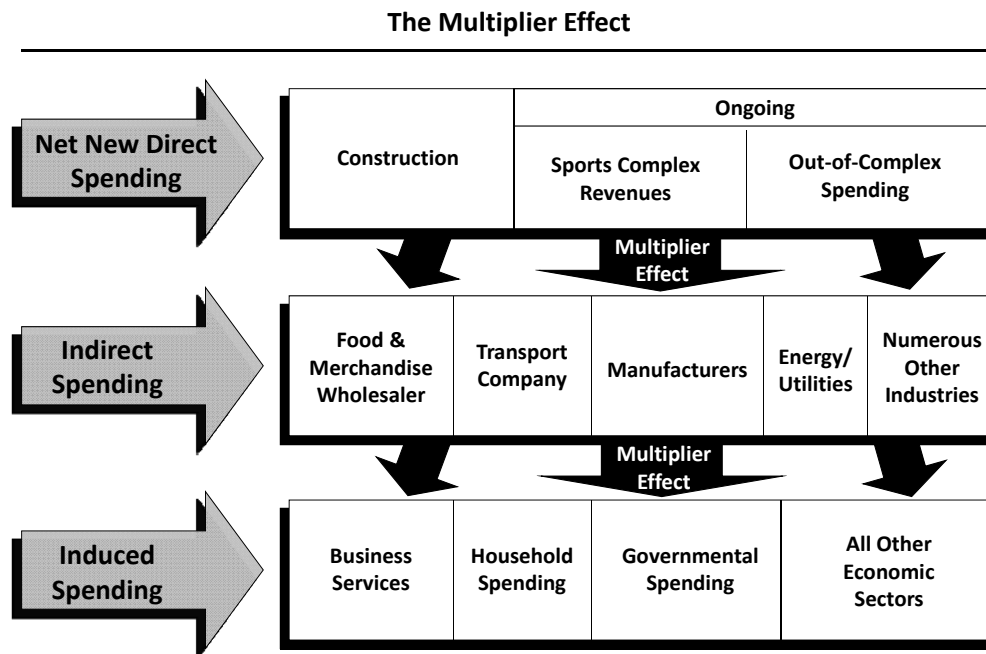
Indirect impacts occur in a number of areas including the following:

- wholesale industry as purchases of food and merchandise products are made;
- transportation industry as the products are shipped from purchaser to buyer;
- manufacturing industry as products used to service complex vendors and others are produced;
- utility industry as the power to produce goods and services is consumed; and,
- other such industries.

Induced effects consist of the positive changes in spending, employment, earnings and tax collections generated by personal income associated with the operations of the sports complex. Specifically, as the economic impact process continues, wages and salaries are earned, increased employment and population are generated, and spending occurs in virtually all business, household and governmental sectors. This represents the induced spending impacts generated by direct expenditures.

V. Economic & Fiscal Impact Analysis

Indirect and induced effects are calculated by applying the appropriate multipliers to the net new direct spending estimates. The appropriate multipliers to be used are dependent upon certain regional characteristics and also the nature of the expenditure. Generally, an area which is capable of producing a wide range of goods and services within its borders will have high multipliers, a positive correlation existing between the self-sufficiency of an area's economy and the higher probability of re-spending occurring within the region. If a high proportion of the expenditures must be imported from another geographical region, lower multipliers will result. The following graphic illustrates the flow of direct spending through the successive rounds of re-spending including indirect and induced effects.



The multiplier estimates used in this analysis are based on the IMPLAN system. IMPLAN, which stands for *Impact Analyses and Planning*, is a computer software package that consists of procedures for estimating local input-output models and associated databases. Input-output models are a technique for quantifying interactions between firms, industries and social institutions within a local economy.

IMPLAN was originally developed by the U.S. Forest Service in cooperation with the Federal Emergency Management Agency and the U.S. Department of the Interior's Bureau of Land Management to assist in land and resource management planning. Since 1993, the IMPLAN system has been developed under exclusive rights by the Minnesota Implan Group, Inc. which licenses and distributes the software to users. Currently, there are thousands of licensed users in the United States including universities, government agencies, and private companies.

V. Economic & Fiscal Impact Analysis

The economic data for IMPLAN comes from the system of national accounts for the United States based on data collected by the U. S. Department of Commerce, the U.S. Bureau of Labor Statistics, and other federal and state government agencies. Data are collected for 440 distinct producing industry sectors of the national economy corresponding to the Standard Industrial Categories (SICs).

Industry sectors are classified on the basis of the primary commodity or service produced. Corresponding data sets are also produced for each county and zip code in the United States, allowing analyses at both the city and county level and for geographic aggregations such as clusters of contiguous cities, counties, individual states, or groups of states. For purposes of this analysis, economic multipliers specific to the City of Lawrence were used.

Data provided for each industry sector include outputs and inputs from other sectors; value added, employment, wages and business taxes paid; imports and exports; final demand by households and government; capital investment; business inventories; marketing margins and inflation factors (deflators). These data are provided both for the 440 producing sectors at the national level and for the corresponding sectors at the local level. Data on the technological mix of inputs and levels of transactions between producing sectors are taken from detailed input-output tables of the national economy. National and local level data are the basis for IMPLAN calculations of input-output tables and multipliers for geographic areas. The IMPLAN software package allows the estimation of the multiplier effects of changes in final demand for one industry on all other industries within a local economic area.

The economic multipliers specific to Lawrence for those industries that would be directly impacted by sports complex construction and operations are presented in the following table.

**Economic Multipliers
City of Lawrence**

Industry	Total Output Multiplier	Personal Earnings Multiplier	Employment Multiplier
Construction	1.401925325	0.465794861	12.24537086
Complex Operations	1.501265764	0.433457226	41.27313614
Hotels	1.452069521	0.373761952	19.07445526
Food and Beverage	1.397904873	0.409353048	24.57671738
Shopping	1.473254681	0.521138728	33.35311890
Entertainment	1.423253775	0.518882453	24.27170563
Transportation	1.398737907	0.714942038	29.19729042

Notes:

- Total output and personal earnings are applied to direct spending within each industry.
- Employment multiplier is divided by 1 million and applied to direct spending within each industry.

Source: IMPLAN

V. Economic & Fiscal Impact Analysis

The multiplier effects estimated in this analysis include:

- **Total Output** represents the total direct, indirect, and induced spending effects generated by the sports complex. Total output is calculated by multiplying the appropriate total output multiplier by the estimated direct spending within each industry.
- **Personal Earnings** represent the wages and salaries earned by employees of businesses impacted by the sports complex. Personal earnings are calculated by multiplying the appropriate personal earnings multiplier by the estimated direct spending within each industry.
- **Employment** is expressed in terms of total jobs and includes both full and part-time jobs. Employment is calculated by dividing the appropriate employment multiplier by one million, and then multiplying by the estimated direct spending within each industry.

Fiscal Impacts

In addition to the economic impacts generated by sports complexes, the public sector benefits from increased tax revenues. In preparing estimates of fiscal impacts, total tax revenues attributable to the *direct spending* were estimated, as well as, estimates of the effect of total output and earnings on the tax collections. Tax revenues estimated herein include local sales taxes and hotel taxes. Other taxes may apply, but have not been included in this section of the report.

Key Assumptions

The following is a list of key assumptions used in order to estimate the economic and fiscal impacts associated with the construction and operations of the proposed Lawrence Sports Village.

Construction:

- Lawrence Sports Village project costs will be \$52.5 million (\$25 million indoor recreation center and \$27.5 million outdoor complex), excluding the cost of land which will be donated;
- Roughly 50 percent of project costs are assumed to be spent on materials, supplies and soft costs and 50 percent are assumed to be spent on labor;

V. Economic & Fiscal Impact Analysis

- Materials and supply purchases will NOT be subject to sales taxes due to City ownership of the facilities;
- Approximately 75 percent of labor expenditures and 33 percent of materials, supplies and soft costs are assumed to be spent within the City of Lawrence.

Operations:

- The Lawrence Sports Village is anticipated to host a variety of activities including all KU women's soccer games, Kansas Relays, youth and adult tournaments, camps/clinics, league games, practices and drop-in play for basketball, volleyball, soccer, track and field, wrestling, gymnastics, martial arts, and other uses;
- It is estimated that the proposed Lawrence Sports Village could host a total of 34 tournaments, 25 ticketed events, and 22 camps/clinics in a stabilized year of operations. The following presents a breakdown of the estimated indoor and outdoor utilization in a stabilized year of operations:

Indoor Recreation Center

- Basketball:
 - Tournaments: 18
 - Camps / Clinics: 6
- Volleyball:
 - Tournaments: 12
 - Camps / Clinics: 4
- Indoor Soccer:
 - Tournaments: 2
 - Camps / Clinics: 2
- Other Sports:
 - Tournaments: 2
 - Camps / Clinics: 4

Outdoor Complex

- Soccer
 - Ticketed Events: 18
 - Camps / Clinics: 4
- Track & Field
 - Ticketed Events: 7
 - Camps / Clinics: 2

V. Economic & Fiscal Impact Analysis

- The Lawrence Sports Village is assumed to attract approximately 354,000 attendee days annually, of which 83 percent (294,000) are estimated to be associated with the indoor sports center and 17 percent (60,000) are estimate to be associated with the track & field/soccer stadiums.
- Overall, approximately 42 percent of attendee days are estimated to live outside the City of Lawrence, consisting of approximately 80,000 day-tripper attendee days and 70,000 overnight visitor attendee days;
- Day-trippers are estimated to spend about \$12.50 per person and overnight visitors are estimated to spend nearly \$80.00 per person per day during their visit to Lawrence on hotels, restaurants, shopping, gas, transit, services and other expenditures (excluding spending at the Sports Village on registrations, concessions, equipment and other expenditures).
- It is anticipated that the Lawrence Sports Village will generate an incremental 9,500 room nights in the City annually. For purposes of this analysis, it has been assumed that 20 percent of all attendees (70,000 in total) will require overnight accommodations; there will be an average of 2.5 people per room, and the average number of nights ranges from 0.5 to 3.0 depending on event type.
- The annual operating budget of the Lawrence Sports Village (both the indoor and outdoor components) is estimated to approximate nearly \$2.2 million annually, and is anticipated to operate at or near break-even levels before debt.

V. Economic & Fiscal Impact Analysis

Summary of Estimated Impacts

The following table summarizes the net new one-time construction impact estimates to be associated with the Lawrence Sports Village.

City of Lawrence
Estimated Net New Economic and Fiscal Impacts
Construction - One-Time Impacts
2013 Dollars

	Indoor Sports Center	Soccer/ Track & Field Stadiums	Total
Net New Spending:			
Direct	\$14,192,000	\$14,896,000	\$29,088,000
Indirect	\$2,503,000	\$2,628,000	\$5,131,000
Induced	\$3,201,000	\$3,359,000	\$6,560,000
Total Spending	\$19,896,000	\$20,883,000	\$40,779,000
Jobs: ⁽¹⁾			
Direct	114	120	234
Indirect	20	21	41
Induced	33	34	67
Total Employment	167	175	342
Personal Earnings:			
Direct	\$4,752,000	\$4,988,000	\$9,740,000
Indirect	\$938,000	\$984,000	\$1,922,000
Induced	\$920,000	\$966,000	\$1,886,000
Total Personal Earnings	\$6,610,000	\$6,938,000	\$13,548,000
Local Tax Revenues: ⁽²⁾			
Sales			
Direct	\$0	\$0	\$0
Indirect	\$18,000	\$19,000	\$37,000
Induced	\$23,000	\$24,000	\$47,000
Hotel			
Direct	\$0	\$0	\$0
Indirect	\$0	\$0	\$0
Induced	\$0	\$0	\$0
Total Local Tax Revenues	\$41,000	\$43,000	\$84,000

(1) Includes full and part-time jobs.

(2) Sales tax is based on 2.13% local sales tax. Although it is assumed that construction materials will be exempt from sales taxes, there will be indirect and induced sales tax impacts to the City.

During construction, it is estimated the proposed Lawrence Sports Village will generate approximately \$29.1 million in new direct spending, \$40.8 million in total new economic output, generate approximately \$84,000 in new taxes and support approximately 340 new full and part-time jobs that generate \$13.5 million in new personal earnings during construction within the City of Lawrence. These impacts represent one-time impacts generated in the City.

V. Economic & Fiscal Impact Analysis

The following table summarizes the net new annually recurring operations impact estimates to be associated with the Lawrence Sports Village.

City of Lawrence
Estimated Net New Economic and Fiscal Impacts
Operations - Annually Recurring Impacts
2014 Dollars

	Annually Recurring Impacts		Total
	Indoor Sports Center	Soccer/ Track & Field Stadiums	
Net New Spending:			
Direct	\$5,350,000	\$1,045,000	\$6,395,000
Indirect	\$1,150,000	\$236,000	\$1,386,000
Induced	\$1,198,000	\$231,000	\$1,429,000
Total Spending	\$7,698,000	\$1,512,000	\$9,210,000
Jobs: ⁽¹⁾			
Direct	116	25	141
Indirect	10	2	12
Induced	12	2	15
Total Employment	139	29	168
Personal Earnings:			
Direct	\$1,790,000	\$342,000	\$2,132,000
Indirect	\$343,000	\$70,000	\$413,000
Induced	\$345,000	\$67,000	\$412,000
Total Personal Earnings	\$2,478,000	\$479,000	\$2,957,000
Local Tax Revenues:			
Sales	\$125,000	\$26,000	\$151,000
Hotel	\$40,000	\$5,000	\$45,000
Total Local Tax Revenues	\$165,000	\$31,000	\$196,000

(1) Includes full and part-time jobs. Total number of estimated direct jobs includes those at the facility, as well as those created at area restaurants, bars, hotels, etc.

Note: Based on a City sales tax rate of 2.13% (includes City's share of County-wide sales tax) and a City hotel tax rate of 6%.

Note: Represents a stabilized year of operations.

During operations, it is estimated the proposed Lawrence Sports Village will generate approximately \$6.4 million in new direct spending, \$9.2 million in total new economic output, \$196,000 in new taxes each year and support 170 new full and part-time jobs that generate \$3.0 million in personal earnings in the City of Lawrence each year. These impacts represent recurring, or permanent, impacts generated annually to the City of Lawrence area during operations.

V. Economic & Fiscal Impact Analysis

The following table summarizes the net new annually recurring operations impact estimates to be associated with the Lawrence Sports Village.

Estimated Net New Economic Impacts Generated in City of Lawrence by Proposed Lawrence Sports Village over 30 Years

Year	Direct Spending	Total Output	Jobs	Personal Earnings	Sales Taxes	Occupancy Taxes	Total Taxes
2013	\$29,087,500	\$40,778,504	342	\$13,548,808	\$47,711	\$0	\$47,711
2014 *	\$6,394,713	\$9,210,389	168	\$2,955,703	\$150,566	\$45,575	\$196,141
2015	\$6,522,977	\$9,395,153	168	\$3,014,977	\$153,579	\$46,487	\$200,066
2016	\$6,653,716	\$9,583,477	168	\$3,075,398	\$156,651	\$47,417	\$204,067
2017	\$6,786,940	\$9,775,370	168	\$3,136,971	\$159,784	\$48,365	\$208,149
2018	\$6,922,755	\$9,970,989	168	\$3,199,743	\$162,980	\$49,332	\$212,313
2019	\$7,061,628	\$10,171,036	168	\$3,263,919	\$166,242	\$50,319	\$216,561
2020	\$7,202,763	\$10,374,311	168	\$3,329,155	\$169,567	\$51,325	\$220,892
2021	\$7,346,478	\$10,581,289	168	\$3,395,591	\$172,955	\$52,352	\$225,307
2022	\$7,493,626	\$10,793,241	168	\$3,463,597	\$176,416	\$53,399	\$229,815
2023	\$7,643,558	\$11,009,194	168	\$3,532,894	\$179,944	\$54,467	\$234,411
2024	\$7,796,889	\$11,230,071	168	\$3,603,752	\$183,546	\$55,556	\$239,102
2025	\$7,952,870	\$11,454,737	168	\$3,675,846	\$187,216	\$56,667	\$243,884
2026	\$8,111,843	\$11,683,703	168	\$3,749,326	\$190,960	\$57,801	\$248,761
2027	\$8,273,923	\$11,917,142	168	\$3,824,245	\$194,778	\$58,957	\$253,735
2028	\$8,439,344	\$12,155,397	168	\$3,900,704	\$198,676	\$60,136	\$258,811
2029	\$8,608,362	\$12,398,856	168	\$3,978,819	\$202,649	\$61,339	\$263,987
2030	\$8,780,176	\$12,646,300	168	\$4,058,242	\$206,700	\$62,565	\$269,265
2031	\$8,955,342	\$12,898,569	168	\$4,139,217	\$210,832	\$63,817	\$274,648
2032	\$9,134,443	\$13,156,533	168	\$4,221,999	\$215,049	\$65,093	\$280,142
2033	\$9,316,935	\$13,419,369	168	\$4,306,354	\$219,348	\$66,395	\$285,743
2034	\$9,503,412	\$13,687,963	168	\$4,392,541	\$223,737	\$67,723	\$291,459
2035	\$9,693,248	\$13,961,373	168	\$4,480,291	\$228,211	\$69,077	\$297,288
2036	\$9,886,764	\$14,240,078	168	\$4,569,746	\$232,774	\$70,459	\$303,232
2037	\$10,083,966	\$14,524,077	168	\$4,660,909	\$237,427	\$71,868	\$309,295
2038	\$10,285,895	\$14,814,933	168	\$4,754,235	\$242,178	\$73,305	\$315,483
2039	\$10,492,045	\$15,111,882	168	\$4,849,508	\$247,021	\$74,771	\$321,792
2040	\$10,702,303	\$15,414,745	168	\$4,946,679	\$251,963	\$76,267	\$328,230
2041	\$10,916,649	\$15,723,489	168	\$5,045,742	\$257,005	\$77,792	\$334,797
2042	\$11,135,075	\$16,038,101	168	\$5,146,698	\$262,144	\$79,348	\$341,492
2043	\$11,357,657	\$16,358,683	168	\$5,249,580	\$267,387	\$80,935	\$348,322
TOTAL	\$288,543,795	\$414,478,954	173	\$133,471,188	\$6,155,997	\$1,848,907	\$8,004,904
NPV	\$163,728,498	\$234,747,785	173	\$75,776,728	\$3,242,014	\$967,433	\$4,209,447

Notes - Includes both construction and operations impacts.

- Job estimates include both full and part-time jobs.

- Net present value calculation assumes a 4.0% discount rate.

- Assumes a 2% annual inflation rate.

- Assumes a City sales tax rate of 2.13% (includes City's share of County-wide sales tax) and a City occupancy tax rate of 6%.

- Economic and fiscal impacts described herein include only those associated with the recreational portion of the project.

- Additional impacts could be generated by ancillary development around the Sports Village, as well as from the sale of liquor at ar restaurants and bars.

* Assumes a stabilized year of operations.

V. Economic & Fiscal Impact Analysis

The cumulative net economic and fiscal impacts of both construction and operations over a one-year construction period and a 30-year operating period in today's dollars (NPV) is estimated to be approximately \$164 million in new direct spending, \$235 million in total new economic output, \$4.2 million in new taxes, 170 new full and part-time jobs and \$76 million in personal earnings generated in the City of Lawrence.

It should be noted that the economic and fiscal impacts described herein include only those associated with the recreational portion of the project. As such, additional economic and fiscal impacts could be generated to the City via potential ancillary development surrounding the proposed Lawrence Sports Village, as well as from the sale of liquor at area restaurants and bars, among various other potential impacts.

Non-Quantifiable Benefits

In addition to the quantifiable benefits generated from construction and operations of the proposed Lawrence Sports Village, some benefits cannot be quantitatively measured. Potential qualitative benefits for the local and regional market area could include:

- providing recreation and wellness opportunities for local residents;
- providing a positive environment for youths to learn about health, wellness, teamwork, fair play, etc.;
- serving as an additional attraction that could enhance tourism in the local and regional area;
- providing opportunities for non-profit organizations to partner with various youth sports organizations and the University of Kansas to raise funds for various causes;
- providing positive exposure to the University of Kansas academic and athletic programs;
- spurring economic growth and ancillary private sector development;
- providing new advertising and sponsorship opportunities for local businesses;
- enhancing community pride, self-image, exposure, and reputation; and,
- other such benefits.

V. Economic & Fiscal Impact Analysis

STUDY CONCLUSION

Based on the preliminary analysis conducted herein, including a review of the local and regional market characteristics, an examination of comparable facilities, and discussions with potential facility users, there appears to be sufficient demand in the marketplace for the proposed Lawrence Sports Village given the current building program. In addition, results of this analysis indicate that the facility would satisfy the needs of local users, would accommodate the needs of the majority of tournaments, and could present opportunities to host local and tournament users simultaneously.

It should also be noted that the economic and fiscal impacts described herein include only those associated with the recreational portion of the project. As such, additional economic and fiscal impacts could be generated to the City via potential ancillary development surrounding the proposed Lawrence Sports Village, as well as from additional tax revenue not subject to this analysis.