



MEMORANDUM

Date: June 11, 2014

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator 

Re: **Property Acquisition for Future Soccer Sites – Responses to Additional Board Questions**

Introduction

As discussed in my June 4, 2014 memorandum regarding the Southwest Regional Soccer Complex at the Kino Sports Complex, Pima County has an opportunity to purchase the 167-acre parcel adjacent to the Kino Sports Complex to develop a regional soccer tournament facility. Soccer facilities are in significant demand in Pima County by youth and amateur players, and waiting lists exist for each of this region's 62 soccer fields.

The National Recreation and Parks Association standards allocate one soccer field per 1,000 residents. Identifying adequate undeveloped land in underserved areas for field development is increasingly difficult as our region continues to grow. Most parcels can accommodate a maximum of one or two fields. Establishing the number of sites necessary to meet the region's demand for fields is costly. Additionally, single or double field sites are more costly to maintain than larger, multi-field sites.

Regional and national soccer competitions bring in millions of dollars in sales and tax revenues

The 2013 Tucson Association of Realtors Shootout, also known as the Fort Lowell Shootout, brought in 358 teams with an accompanying 6,600 tournament participants and attendees, generating an estimated \$3.1 million in direct spending in Pima County. However, larger tournaments are rare in Pima County. Local soccer teams routinely drive to Maricopa County to compete in various soccer tournaments because of the lack of local fields for these types of competitions. The Reach 11 Sports Complex in the Phoenix area is one facility where our local soccer clubs travel to compete. Owned by the City of Phoenix, this complex alone generated nearly \$116 million in sales and tax revenues and accounts for 77 percent of the field sports tournament revenues in the Phoenix area. The June 2012 US Youth Soccer Far West Regionals tournament brought in 4,600 players, coaches, families, and tournament officials, which generated an estimated \$10 million in spending at hotels, restaurants, and local businesses in Phoenix.

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The following are responses to a recent request from the District 1 Office for additional information regarding the proposed Regional Soccer Complex.

What are the normal operations and maintenance costs associated with soccer fields?

Normal operations and maintenance are based on a myriad of decisions made during design. These decisions impact the construction cost and the ongoing maintenance and operations budgets. Issues such as base material, regular or artificial turf, winter grass over seeding, harvested stormwater potential or potable water are just a few of the elements determined during design development. Turf irrigation costs alone using current rates could range on an order of magnitude from \$350 per acre to about \$3,500 per year per acre.

In recent budget discussions, the City of Phoenix projected a cost for maintaining Reach 11, an 18-field complex, at approximately \$750,000 annually. With most of our other sports fields, Pima County would develop agreements with users to recover electricity costs for lighting. Additionally, a facility of this type can be monetized to allow for a gate charge (stadium and fields), concessions revenues, and advertising/sponsorships to bring in additional revenues. Incorporating field management with the adjacent Kino Sports Complex provides efficiencies and economies of scale that will further reduce the average per field operating cost.

How much does it cost to get a soccer field up and running?

The cost to develop an 18-field soccer tournament complex as proposed in the earlier design concept is approximately \$25 to \$35 million. Once construction is complete, the fields become operational. Staff is developing the appropriate project information for presentation to the Pima County Bond Advisory Committee (BAC) this fall. This includes a scope of work for development of the entire site and a more accurate cost estimate. The BAC will determine whether to include, modify or reject the project as it deliberates on the next bond package.

How many full-time employees would serve the soccer complex?

Six to eight additional employees would be needed at the new complex.

What is the largest soccer tournament in Pima County currently?

The Desert Diamond Cup is the largest professional soccer event currently held at the Kino Sports Complex. The attached VisitTucson analysis of this event shows consumer's direct spending at \$1.3 million. This amount results in a \$5.50 return for every \$1 invested by Pima County. Also, see the previous information regarding the Fort Lowell Shootout event.

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How much revenue does this generate for Pima County?

As mentioned above, of the \$1.3 million in direct spending, approximately one-half is room revenue, which generates approximately \$65,000 in hotel “bed” taxes, half of which goes to the State of Arizona and half to Pima County. The concession revenues for the tournament equaled \$52,858 in total gross sales, and \$13,215 (25 percent) went to Pima County.

How would this proposed complex affect the proposed plans with the Rillito Race Track conversion?

The additional fields from this complex will help close the gap in needed fields region-wide. However, the issue with Rillito Regional Park is two-fold. First, there are limited opportunities in the region for multiple field events. Rillito Regional Park will house the largest number of fields in one location in the region, allowing the opportunity to attract some regional tournaments. Second, the current configuration of the Rillito Racetrack and its average six weeks of racing limit the use of the property for the remaining 46 weeks of the year. The County’s history with past racing operations shows the track does not cover its costs and prevents the site from being fully utilized for most of the year. It does not make good business sense to continue this practice. However, concentrating first on developing a new regional facility in the Kino Sports Complex could delay by a few years the final Rillito Regional Park conversion.

Summary

Pima County has only 20 dedicated soccer fields for amateur and youth players. These are fields solely used for football-type sports (soccer, rugby, American football, lacrosse). Until the recent redistricting, all 20 of these fields were located in District 1 (see the attached map). The proposed soccer tournament site at Kino Sports Complex expands recreational opportunities for all residents and, specifically, for our underserved population. This facility will also be the region’s first complex that can actively compete with Maricopa County for Western Regional Tournaments in the United States. Finally, these quality of life improvements will help keep Pima County residents healthy; attract and retain young talent, which in turn attracts new business; and draw tourists to our region. All of these are key elements of economic development.

CHH/mjk
Attachments

- c: Hank Atha, Deputy County Administrator for Community and Economic Development
Nanette Slusser, Assistant County Administrator for Public Works Policy
Chris Bartos, Director, Stadium District
Chris Cawein, Director, Natural Resources, Parks and Recreation

TO: Hank Atha, Deputy County Administrator, Pima County
 Tom Moulton, Director of Economic Development & Tourism, Pima County
 Chris Bartos, Director, Pima County Stadium District

FROM: Brent DeRaad, Visit Tucson

RE: Major League Soccer's Room-Night & Marketing Performance

DATE: May 7, 2014

Following is the room-night and marketing performance of Major League Soccer and its teams that attempted to qualify for a maximum \$20,000 per team incentive related to their participation in 2014 MLS preseason training camps and the Desert Diamond Cup.

Per the agreement entered into by Pima County, Visit Tucson, FC Tucson and MLS in November 2013, Visit Tucson agreed to pay MLS \$20,000, up to a maximum of \$200,000, for each MLS team that adhered to the following requirements. Pima County agreed to reimburse Visit Tucson for its payment to MLS.

1. Participates in the 2014 MLS preseason training camps (PTC) or Desert Diamond Cup for a minimum of two weeks;
2. Stays for a minimum of two weeks in a hotel or resort that remits bed-tax revenue to Pima County as part of their participation;
3. Engages in a marketing plan to encourage teams' fans to travel to Tucson to experience the MLS PTC activities or Desert Diamond Cup;
4. Provides backup of Tucson expenses and a recap of the fan marketing plan to Visit Tucson prior to March 15

***Lodging**

<u>Team</u>	<u>Resort/Hotel</u>	<u>Stay</u>	<u>Room Nights</u>	<u>Resort Expenditures</u>	<u>Non-Resort Expenditures</u>	<u>Total Expenditures</u>
Seattle Sounders	Westin La Paloma	12 nights	396	\$104,785	\$74,455	\$179,240
Chivas USA	Embassy-Paloma	13 nights	326	\$84,982	\$18,382	\$103,364
Chicago Fire	Westin La Paloma	15 nights	442	\$153,462	\$38,840	\$192,302
New England Revolution	Loews Ventana	15 nights	418	\$212,089	\$33,154	\$245,243
Portland Timbers	Westin La Paloma	15 nights	462	**\$145,752	\$50,000	\$195,752
Houston Dynamo	Westward Look	6 nights	136	\$34,000	\$22,500	\$56,500
Colorado Rapids	Westin La Paloma	12 nights	258	\$67,739	\$20,112	\$87,851
San Jose Earthquakes	Westin La Paloma	6 nights	186	\$61,182	\$16,139	\$77,321
Sporting Kansas City	Loews Ventana	16 nights	384	\$130,605	\$50,000	\$180,605
#MLS employees	Westin La Paloma			<u>\$3,176</u>	<u>\$854</u>	<u>\$4,030</u>
Totals			3,008	\$997,772	\$324,436	\$1,322,208

*Source: FC Tucson & Major League Soccer, April 2014

**Includes \$39,752 in total Portland Timbers' expenditures on sponsor trips to Tucson

#Additional MLS employee expenditures still to be incorporated

Other teams that participated in MLS preseason training activities included the Indy Eleven from the North American Soccer League and the Chivas Rayadas. Chivas Rayadas is an 18-and-under professional soccer team from Guadalajara, Mexico that played the Chicago Fire in the final game of the Desert Diamond Cup. Both teams stayed at Desert Diamond Resort & Casino and the teams' expenditures are not included in this calculation. Additionally, Real Salt Lake trained in Tucson, but did not stay in a Pima County resort or hotel. Real Salt Lake did promote Tucson preseason activities, though, on its website.

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Lodging & Other Spending

Based on the enclosed data, teams, sponsors and MLS employees staying in Pima County properties spent in excess of \$1.3 million between late January and early March 2014.

While the majority of the teams' resort expenditures were for accommodations, they spent a considerable amount on food and beverage and other services within the resorts. Non-resort spending was approximately 30 percent of the amount spent in the resorts. The New England Revolution topped total team spending at \$245,243, followed by the Portland Timbers (\$195,752), Chicago Fire (\$192,302), Sporting Kansas City (\$180,605) and Seattle Sounders (\$179,240).

Based on visitor research, Visit Tucson has found lodging to represent only 29 percent of visitor expenditures. However, with the MLS teams spending considerable time at Kino Sports Complex practicing and competing, they weren't out in the community spending money as would typical visitors.

3,008 – room nights
x \$175 – rate per night
\$526,400 – MLS room revenue
+ \$63,431 – hotel taxes at 12.05%
\$589,831 – Total room expenditures

Of the \$63,431 in estimated hotel taxes collected above, \$31,847 went to the State of Arizona and \$31,584 went to Pima County.

Based on the calculation above, MLS teams, sponsors and staff spent approximately \$590,000 on lodging and \$408,000 on resort food, beverages and other services during their stays.

Fan Visits

The teams' training activities at Kino Sports Complex attracted a limited number of fans from those markets. No fan expenditures are included in the enclosed direct spending calculations.

National Marketing Plan

MLS's national marketing plan for Tucson preseason training activities, including geo-targeted banners on participating clubs' websites, national media on www.mlssoccer.com, Yahoo and www.GotSoccer.com, and MLS social media promotion, generated more than 13.6 million digital impressions and nearly 6,000 clicks.

Because the agreement among MLS, FC Tucson, Pima County and Visit Tucson wasn't executed until November 2013, promotion in the team markets was limited to the digital tactics listed above after the 2013 MLS playoffs concluded.

The value of the 13.6 million impressions is significant, however. Bill Rosenthal of Visibility & Conversions, which handles Visit Tucson's pay-per-click planning and buying, estimated the value of these impressions at \$8 per thousand, which equates to \$108,800. The retail value of these impressions is \$14 per thousand, which would push the retail value of MLS's media placements at \$190,400.

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National Marketing Plan (continued)

Additionally, six pre-tournament and nine Desert Diamond Cup matches were streamed on www.mlssoccer.com. These streams were viewed by a combined 216,111 viewers. We don't have the average amount of time viewers watched the webcasts, but matches were approximately two hours in duration. Tucson was identified as the site of the matches and field signs were visible, including Visit Tucson signage.

Because those who viewed these teams were interested enough to watch part or all of the matches, we will assign a value of 25 cents per view, which equates to \$54,028.

Significant investment and effort went into streaming the matches:

FC Tucson procured a "cow" to generate sufficient 4G bandwidth for streaming at Kino Sports Complex. Verizon provided the equipment for one month, valued at \$30,000, as part of its sponsorship of the event. FC Tucson purchased routers (\$2,457.81) to connect the streaming equipment to the 4G bandwidth provided by the cow, along with data bandwidth (\$2,000) from Verizon to enable live streaming. Additionally, MLS spent approximately \$10,000 to rent streaming equipment for its Desert Diamond Cup matches.

Attached to this memo is a marketing report generated by FC Tucson, which outlines Major League Soccer's digital marketing plan for Tucson preseason training activities, along with promotional proof of performance from the teams' websites.

FC Tucson Marketing

FC Tucson's website www.fctucson.com was the landing page for MLS digital advertising. There was substantial Visit Tucson advertising on the site due to Visit Tucson's sponsorship payment to FC Tucson in return for on field and website 2014 Desert Diamond Cup and preseason training camp marketing exposure.

FC Tucson targeted out-of-town visitors with numerous boosted Facebook posts that generated:

- Impressions: 4,837,088
- Likes/Comments/Shares: 8,357
- Post Clicks: 32,992

The marketing value of FC Tucson's website and promotion related to MLS preseason training camp activities is estimated at \$25,000. FC Tucson also reported that it spent \$31,000 on local advertising, including television, billboards, radio and digital advertising. Moving ahead, more local advertising and promotion is needed to generate higher attendance at Desert Diamond Cup matches.

Attendance

Desert Diamond Cup matches were held as tripleheader contests on Wednesdays (Feb. 19 & 26, 2014) and Saturdays (Feb. 22 & March 1, 2014) for a total of 12 matches. MLS preseason matches were also held on Saturday, Feb. 1 and 8. A total of 5,957 spectators attended these matches. It's essential to grow event attendance in coming years.

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Value to Pima County

Direct Spending

Pima County’s sponsorship agreement with MLS generated team, sponsor and MLS staff spending of \$1 million in Pima County resorts and hotels. Of that total, \$31,584 in bed-tax revenue went to Pima County. In addition, those entities spent an additional \$325,000 throughout the region during their stays.

Total Direct Spending: \$1,322,208

Marketing/Promotional Value

The digital marketing plan employed by MLS to promote preseason training activities in Tucson created 13.6 million impressions conservatively valued at \$108,800 (\$8 per thousand impressions). The 216,111 combined views of the 15 streamed games are valued, also conservatively, at \$54,028. FC Tucson’s marketing value toward the event is estimated at \$56,000.

Total Media Value: \$218,828

Total Value: \$1,541,036

Recommended Payment

Based on a review of the teams’ length of stay in metro Tucson, whether they stayed in resorts or hotels within unincorporated Pima County, marketing performance and timing of reports to Visit Tucson and Pima County, it is recommended that Visit Tucson, with full reimbursement from Pima County, pay Major League Soccer \$166,000 out of a possible \$200,000, per the contract among Pima County, MLS, FC Tucson and Visit Tucson. Details follow:

<u>Team</u>	<u>2 Weeks Event Participation</u>	<u>2 Weeks PC Resort/Hotel</u>	<u>Preseason Tucson Marketing</u>	<u>Reports to Visit Tucson by 3/15</u>	<u>Recommended Payment</u>
Seattle Sounders	yes	yes	yes + fan package	no	\$20,000
Chivas USA	yes	yes	yes	no	\$20,000
Chicago Fire	yes	yes	yes	no	\$20,000
New England Revolution	yes	yes	yes	no	\$20,000
Portland Timbers	yes	yes	yes	no	\$20,000
Houston Dynamo	half	40%	limited	no	\$8,000
Colorado Rapids	yes	yes	yes	no	\$20,000
San Jose Earthquakes	half	half	half	no	\$10,000
Sporting Kansas City	yes	yes	yes	no	\$20,000
Real Salt Lake	yes	no	yes, down by 1/27	no	<u>\$8,000</u>
Total:					\$166,000

As noted, MLS team spending and marketing information was delivered via FC Tucson to Visit Tucson on April 18, more than one month after the contractual deadline. Follow-up information was provided April 23. We still have not received information from MLS regarding room nights and expenditures for its staff. Because the preseason training camp concept and agreement were new and due to teams moving immediately from preseason training camps into the regular season, it is recommended to waive the missed reporting deadline in year one.

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Return on Investment

Should Pima County authorize the recommended \$166,000 payment to MLS, the combined \$240,000 cash invested in 2014 MLS preseason activities between Pima County and Visit Tucson will result in a return on investment of \$5.50 spent in Pima County for every \$1 invested.

The ROI for Pima County and Visit Tucson increases to \$6.41 for every \$1 invested when adding MLS's and FC Tucson's event media and marketing value to the direct spending.

\$166,000 – Recommended Payment from Pima County/Visit Tucson to MLS

\$24,376 – Payment made from Visit Tucson (to be reimbursed by Pima County) to Chivas Rayadas

\$50,000 – Visit Tucson sponsorship with FC Tucson

\$240,376 – Total Investment from Pima County & Visit Tucson

\$1,322,208 MLS direct spending / \$240,376 Pima County-Visit Tucson cash investment = \$5.50 ROI

\$1,541,036 MLS direct spending + media value / \$240,376 Pima County-VT cash investment = \$6.41 ROI

Next Year

It is recommended that Pima County proceed with this agreement again for 2015 preseason training camps, with some modifications.

Name Teams Now: We need commitments months in advance from MLS of which teams will be participating in Tucson preseason training camps and in the Desert Diamond Cup. This will allow for in-stadium promotion of 2015 Tucson preseason training camps during 2014 regular-season games, along with promotion on teams' websites for a longer time period.

Stage Maximum of Two Games Per Day: Consider staging doubleheaders, instead of tripleheaders, during the 2015 Desert Diamond Cup. There are likely operational efficiencies achieved by running three games per day, but it's difficult to keep fans in the stands and entertained for three consecutive games. Adding a third day per week to the game schedule could encourage fans to come and stay for additional days—much like the concept of spring training baseball where fans travel to Arizona and Florida for extended stays watching multiple teams play.

Incorporate Additional Marketing Components: While MLS relied solely on digital advertising on its website and the teams' websites to promote the Tucson preseason training camps, additional lead time would allow incorporation of Tucson video elements, inclusion of Tucson content into email blasts sent to teams fans and more. Visit Tucson would take the lead on these elements with input from FC Tucson.

FC Tucson also engaged in a strong social media campaign to its Tucson-area followers promoting the 2014 MLS preseason training activities and Desert Diamond Cup. Expanding those efforts to include more local television and/or print advertising—whether it's paid or created through sponsorships with local media—could drive additional attendance to games.

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Next Year (continued)

FanFest: Consider some sort of MLS FanFest in Tucson where selected players and officials from the participating teams are available on a night before the Desert Diamond Cup launches for autographs, kids' games, contests, food & beverage, etc... This would be an opportunity to promote the matches, sell tickets and engage the community and visitors in professional soccer.

Thank you for your consideration of this 2014 Desert Diamond Cup recap and recommendations for next year.

cc: Greg Foster, Managing Partner, FC Tucson, LLC
Angel Natal, Director, Visit Tucson Sports

