

# **Economic Impact Analysis**

## **Proposed Sports Complex**

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City of Williamsburg, VA  
Draft Findings – March 2021



# Firm Overview



HVS Convention, Sports & Entertainment Founded in 2001

- ❖ Focused on feasibility and impact analysis of public assembly venues and tourism assets
- ❖ First-hand knowledge of public sector and public-policy issues
- ❖ Expertise in financial analysis, economic and fiscal impact analysis, and operational strategies

# Project Team



## **Tom Hazinski, MPP, Managing Director**

- Managing Director, HVS Convention, Sports, & Entertainment
- Over 30+ years experience in public policy
- Public-sector experience in municipal finance
- Worked on over 450 assignments that involve public assembly facilities
- MA in Public Policy Studies from the University of Chicago
- Serves as adjunct professor at University of Chicago Harris School of Public Policy



## **Joseph Hansel, MPP, Project Manager**

- Associate, HVS Convention, Sports, & Entertainment
- MPP from the University of Chicago
- Project Manager for sports facility assignments across the United States
- Project Manager for HVS Lodging Tax Study

# Economic Impact Analysis Scope of Services

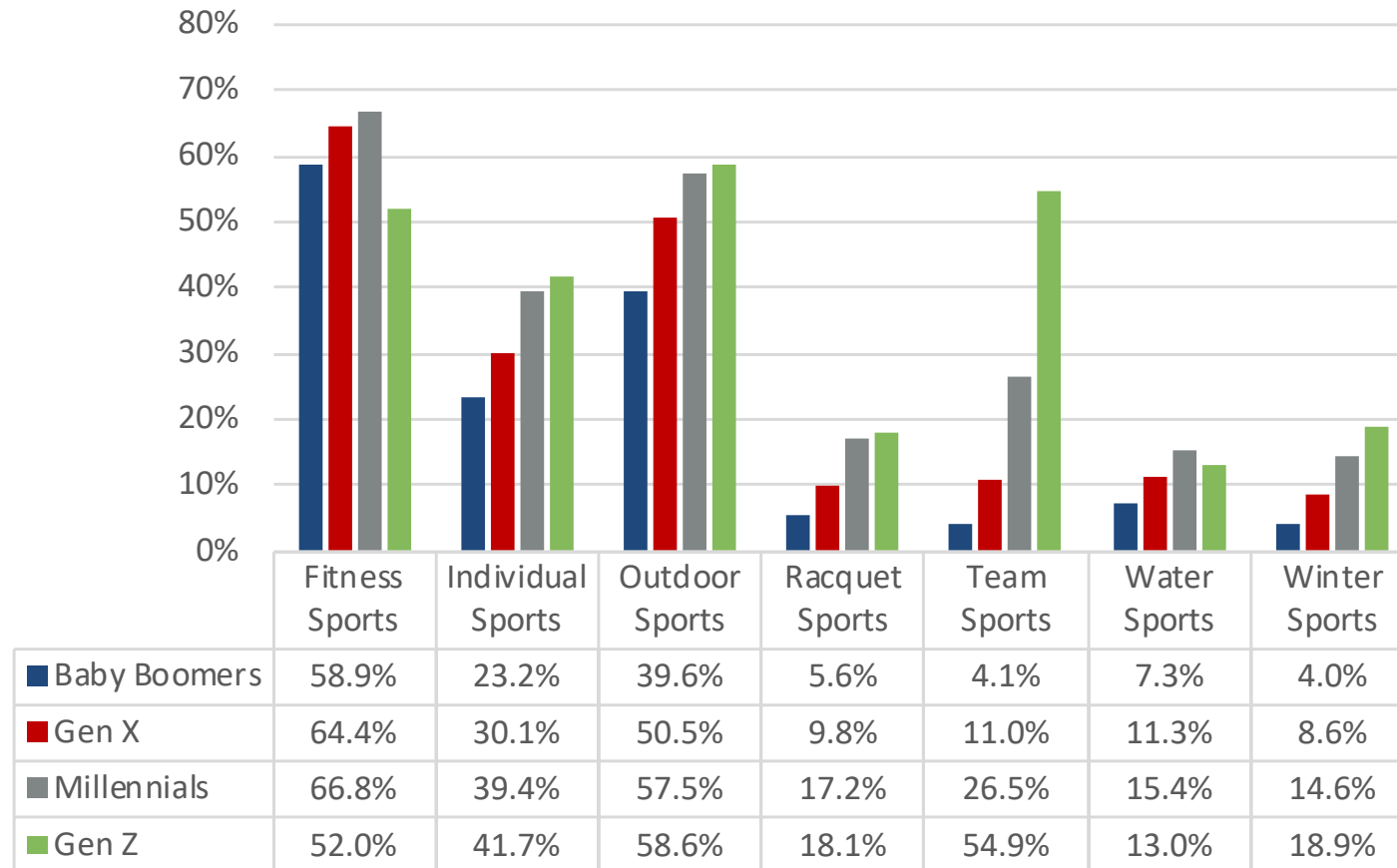
- ❖ Project Orientation & Data Gathering
- ❖ **Participation Trends**
- ❖ Interviews
- ❖ Evaluation of Sports Tourism Study
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- ❖ Identification of Intangible Benefits

# CORE Participation Annual Growth Rates

Sport	CORE Participation (000s)		5-year Average Annual Growth
	2013	2018	
Lacrosse	899	1,061	3.7%
Cheerleading	1,566	1,802	2.9%
Football (Flag)	2,797	2,999	1.5%
Ice Hockey	1,300	1,342	0.6%
Baseball	9,083	9,314	0.5%
Marital Arts for Competition	3,781	3,830	0.3%
Gymnastics	1,763	1,723	-0.2%
Soccer (Indoor)	2,836	2,782	-0.3%
Volleyball (Court)	3,718	3,450	-1.4%
Swimming on a Team	1,485	1,367	-1.5%
Ice skating	1,656	1,521	-1.6%
Track & Field	2,263	2,072	-1.7%
Basketball	16,671	14,890	-2.2%
Softball (Fast-pitch)	1,381	1,219	-2.4%
Wrestling	881	748	-2.9%
Football (Tackle)	3,564	2,898	-4.0%
Soccer (Outdoor)	6,194	4,975	-4.3%
Badminton	2,316	1,782	-5.0%

Source: 2019 SFIA Topline Participation Report

# Activity Participation Segmented by Generation



Source: 2019 SFIA Topline Participation Report

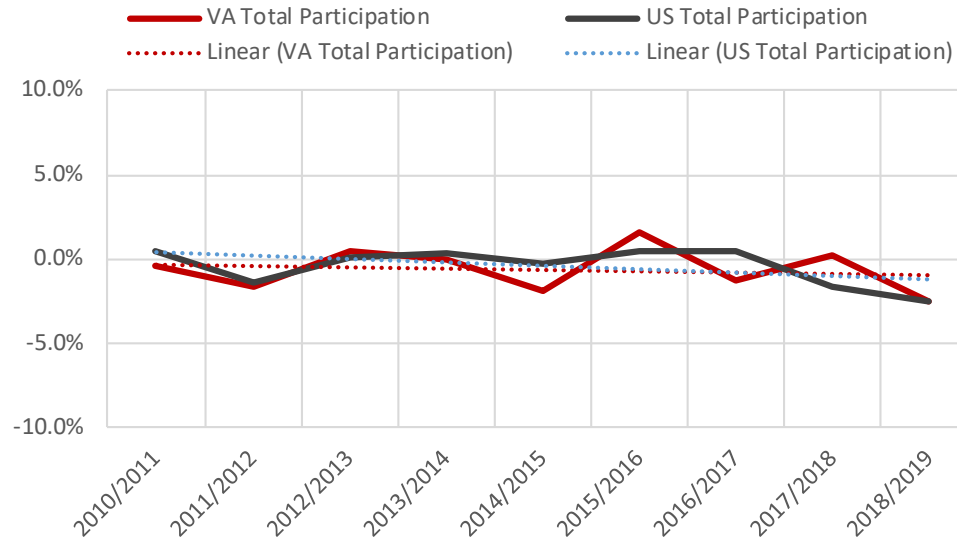
# Youth Population Growth (2010-2018)

	2010	2018	Percent Change
<b>Population (000s)</b>			
Total	309,350	327,167	5.76%
Under 18	74,165	73,352	-1.10%

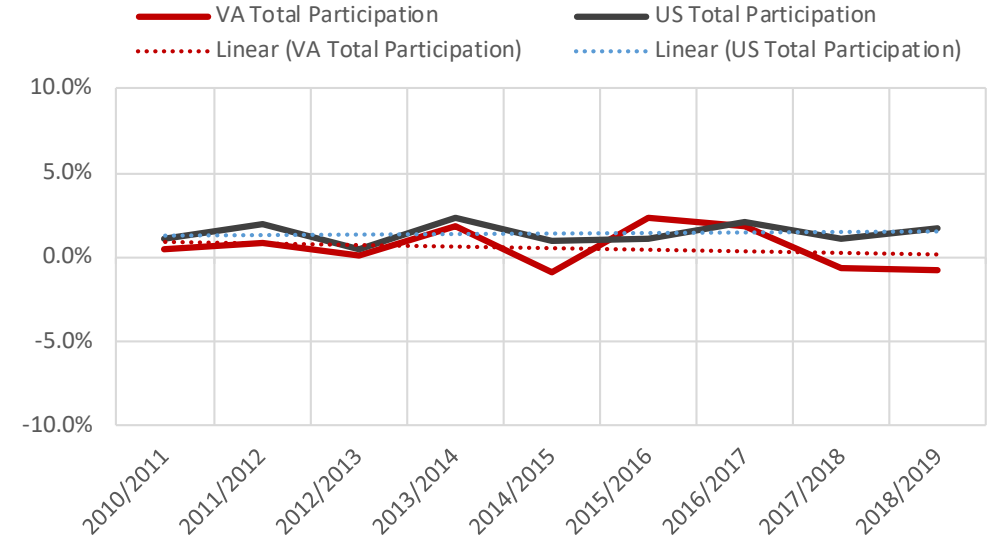
Source: United States Census Bureau

# Virginia Participation Growth Rates versus U.S. Total

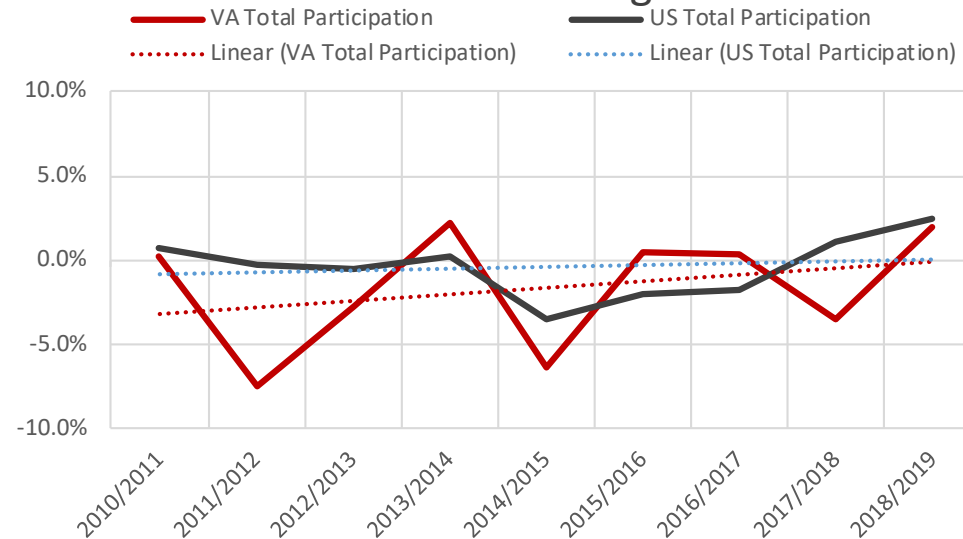
## Basketball



## Volleyball



## Wrestling



Source: NFHS Participation Survey



# Sports Participation Trends Implications

- Team Sports participation is highest amongst Generation Z.
- Sports facilities should tailor their operations to serve youth sports leagues.
- Basketball—most popular sport for frequent participation.
  - National participation decline over the past five years.
  - Virginia participation decline over the past five years.
- Virginia ranks:
  - **22<sup>nd</sup>** in basketball participation.
  - **21<sup>st</sup>** in volleyball participation.
  - **18<sup>th</sup>** in wrestling participation.
- While participation has declined, spending on youth sports should increase post-COVID-19.

# Economic Impact Analysis Scope of Services

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# Interview Participants

- Jeremey Martin (William & Mary Athletics)
- Sean Hughes (William & Mary Real Estate Foundation)
- Ron Kirkland (Williamsburg Hotel & Motel Association)
- Lisa Pacheco (Formerly of Sports Williamsburg)
- Rick Overy and Robby Willey (Williamsburg Economic Development Authority)
- Cliff Fleet (Colonial Williamsburg)
- Brian Fuller, Jim Noel, and Kristi Olsen (York County Economic Development)
- Von Gilbreath (Greater Williamsburg Partnership)
- Victoria Cimino (Visit Williamsburg)
- Victus Advisors

# Goals of Sports Complex Development

- ❖ Generate hotel room night stays during off-peak seasons (“heads-in-beds”).
- ❖ Maximize economic impact.
- ❖ Leverage sports visitation to increase length of stay, benefiting:
  - Busch Gardens and Colonial Williamsburg.
  - Restaurants and lodging.
  - Other tourism amenities
- ❖ Serve community recreational program needs.
- ❖ Minimize the public costs of development and operations.

# Economic Impact Analysis Scope of Services

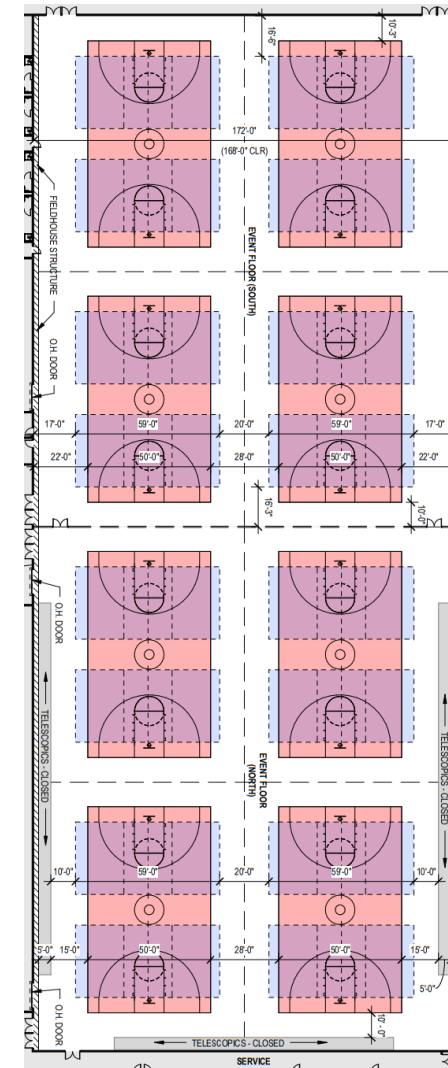
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# Victus Advisors Study Review: Assumptions

- ❖ Estimated venue utilization by local teams and clubs
- ❖ The projected level of tournament activity
- ❖ The capacity of the sports complex to accommodate the projected demand
- ❖ Venue rental rates
- ❖ Concession revenue parameters
- ❖ Advertising, sponsorships, naming rights, and other sources of revenues
- ❖ Operating expense parameters (salaries, temporary labor, operations and maintenance, marketing and sales, administration, utilities, etc.)
- ❖ Non-operating expenses such as insurance and management fees
- ❖ The adequacy of projected capital maintenance reserves
- ❖ Tourism visitation and room night estimates

# Victus Advisors Building Program Review

- ❖ Features
  - Twelve court areas (twelve basketball courts or 24 volleyball courts).
  - Portable bleacher seating for tournaments and other events.
  - Administrative and meeting space.
  - Concession areas.
- ❖ Reasonable estimates of construction costs.
- ❖ More detailed concept planning required on the proposed site.
- ❖ Need for refined costs estimates based on the program plan.



# Victus Demand Projections

- ❖ Recommended program matches capacity and potential user needs
  - Would accommodate tournament demand.
  - Allows for expansion of recreational programs .
- ❖ Victus Demand Forecasts:
  - Grounded on the performance of comparable venues.
  - Reasonable expectation of occupancy.
  - Matches HVS estimates of Attendee Days.



# Modifications to Victus Advisors Projections

- ❖ **Add a multi-year forecast – 2023 to 2025**

Ramp up of demand from the base year to a stabilized year of operation

- ❖ **Adjust Tournament Participation Assumptions**

Based on comparable operations, utilized team count, size, spectator, and event staffing assumptions for attendee estimation.

- ❖ **Increase the Number of Pickleball Daily Sessions**

Increased the daily pickleball sessions from 200 sessions to 250 sessions.

- ❖ **Increase the number of Participants in Youth Volleyball Leagues**

Growth in Youth Volleyball Participation could reach 650 per session rather than 550 per session.

# Approach to Ownership and Operations

A newly formed **Authority** could self-operate or hire a third-party operator—two models of operation:

## Program Model

- Prioritizes delivery of community services.
- Partial cost recovery from program fees.
- Weekend tournament activity generates significant income.
- Affordable recreation opportunities.
- Expect subsidization of operations.

## Rental Model

- Prioritizes profitability.
- High-revenue producing tournaments given priority
- Local recreational program use essential component.
- Monetize technology
  - Registration fees
  - Hotel rebates
  - On-line advertising
  - Tournament play broadcasts
- Potential positive net operating income.

# Economic Impact Analysis Scope of Services

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# Comparison of Operating Scenarios

	Victus Projections Program Model	HVS Projections Program Model	HVS Projections Rental Model
<b>Attendees</b>			
Basketball Tournaments		39,200	47,900
Volleyball Tournaments		21,800	26,100
Other Sports Tournaments		6,100	9,800
Non-Sports Events		3,800	7,500
Internal Programming Hours		324,000	15,700
Basketball Court Rental Hours		32,200	178,000
Volleyball Court Rental Hours		26,600	147,000
Other Sport Rental Hours		14,000	77,400
<b>Total</b>	NA	467,700	509,400
<b>Attendee Days</b>			
Basketball Tournaments		98,000	119,800
Volleyball Tournaments		43,600	52,200
Other Sports Tournaments		9,200	14,700
Non-Sports Events		3,800	7,500
Internal Programming Hours		324,000	15,700
Basketball Court Rental Hours		32,200	178,000
Volleyball Court Rental Hours		26,600	147,000
Other Sport Rental Hours		14,000	77,400
<b>Total</b>	557,000	551,400	612,300

# Occupied Room Night Estimates

	Victus Projections Program Model	HVS Projections Program Model	HVS Projections Rental Model
<b>Occupied Room Nights</b>			
Basketball Tournaments		17,400	26,600
Volleyball Tournaments		9,700	14,500
Other Sports Tournaments		1,000	900
Non-Sports Events		400	600
<b>Total</b>	NA	28,500	42,600

Sources: HVS, Victus Advisors

# Economic Impact Analysis

## Scope of Services

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# Pro Forma Comparison

	Victus Program Model		HVS Program Model		HVS Rental Model	
	CY 2025		CY 2025		CY 2025	
	Amount	% Total	Amount	% Total	Amount	% Total
<b>Revenue</b>						
Program Fees	\$346	21%	\$362	22%	\$40	2%
Concessions (Net)	390	23%	451	27%	733	30%
Advertising & Sponsorships	68	4%	68	4%	135	6%
Facility Rental (Tournament)	NA		429	26%	540	22%
Facility Rental (Non-Sports Event)	NA		34	2%	68	3%
Facility Rental (Basketball)	NA		207	12%	210	9%
Facility Rental (Volleyball)	NA		107	6%	108	4%
Rental Income	860	52%	NA		NA	
Online Event Program Fees (Net)	NA		NA		490	20%
Streaming Revenue (Net)	NA		NA		131	5%
Other	23	1%	NA		NA	
<b>Total Revenue</b>	\$1,663	100%	\$1,657	100%	\$2,454	100%
<b>Operating Expense</b>						
Salaries & Benefits	\$1,071	64%	\$972	59%	\$1,147	47%
Temporary Labor	NA		247	15%	275	11%
Program Costs	138	8%	138	8%	15	1%
Utilities	225	14%	260	16%	289	12%
Advertising & Marketing	169	10%	83	5%	123	5%
Repair & Maintenance	169	10%	75	5%	110	5%
Supplies & Equipment	118	7%	75	5%	74	3%
Administrative & General	338	20%	99	6%	123	5%
<b>Total Operating Expense</b>	\$2,228	134%	\$1,949	118%	\$2,156	88%
<b>Net Operating Income</b>	(\$565)	-34%	(\$291)	-18%	\$298	12%
<b>Non Operating Revenue</b>						
Naming Rights & Sponsorships	NA		NA		\$68	3%
<b>Total Non Operating Revenue</b>	0	0%	0	0%	\$68	3%
<b>Non-Operating Expense</b>						
Capital Maintenance Reserve	NA		50	0%	74	3%
Insurance	NA		50	3%	74	3%
Management Fees	NA		NA		84	3%
Incentive Fees	NA		NA		49	2%
<b>Total Non-Operating Expense</b>	NA		\$99	3%	\$281	11%
<b>TOTAL NET INCOME (LOSS)</b>	(\$565)	-34%	(\$391)	-35%	\$85	3%

## Cost Recovery at Comparable Venues

Facilities	Cost Recovery
Facility A	88.77%
Facility B	45.81%
Facility C	64.56%
Facility D	71.00%
Facility E	68.00%
Facility F	71.18%
Facility G	78.40%
<b>Average</b>	69.68%
<b>Proposed Sports Complex (HVS Projections)</b>	80.93%
<b>Proposed Sports Complex (Victus Projections)</b>	74.65%

Source: HVS, Victus Advisors, Respective Venues



# Sensitivity Analysis: Program Model

	Worst Case	Expected Case	Best Case
<b>Revenue</b>			
Program Fees	\$362	\$362	\$362
Concessions (Net)	368	451	533
Advertising & Sponsorships	68	68	68
Facility Rental (Tournament)	343	429	515
Facility Rental (Non-Sports Event)	27	34	41
Facility Rental (Basketball)	166	207	249
Facility Rental (Volleyball)	86	107	128
Online Event Program Fees (Net)	NA	NA	NA
Streaming Revenue (Net)	NA	NA	NA
<b>Total Revenue</b>	<b>\$1,419</b>	<b>\$1,657</b>	<b>\$1,895</b>
<b>Operating Expense</b>			
Salaries & Benefits	\$972	\$972	\$972
Temporary Labor	219	247	273
Program Costs	138	138	138
Utilities	231	260	287
Advertising & Marketing	71	83	95
Repair & Maintenance	64	75	85
Supplies & Equipment	64	75	85
Administrative & General	85	99	114
<b>Total Operating Expense</b>	<b>\$1,844</b>	<b>\$1,949</b>	<b>\$2,049</b>
<b>Net Operating Income</b>	<b>(\$425)</b>	<b>(\$291)</b>	<b>(\$154)</b>
<b>Non-Operating Revenue</b>			
Naming Rights & Sponsorship	NA	NA	NA
<b>Total Non Operating Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Non-Operating Expense</b>			
Capital Maintenance Reserve	\$43	\$50	\$57
Insurance	43	50	57
Management Fees	NA	NA	NA
Incentive Fees	NA	NA	NA
<b>Total Non-Operating Expense</b>	<b>\$85</b>	<b>\$99</b>	<b>\$114</b>
<b>TOTAL NET INCOME (LOSS)</b>	<b>(\$510)</b>	<b>(\$391)</b>	<b>(\$268)</b>

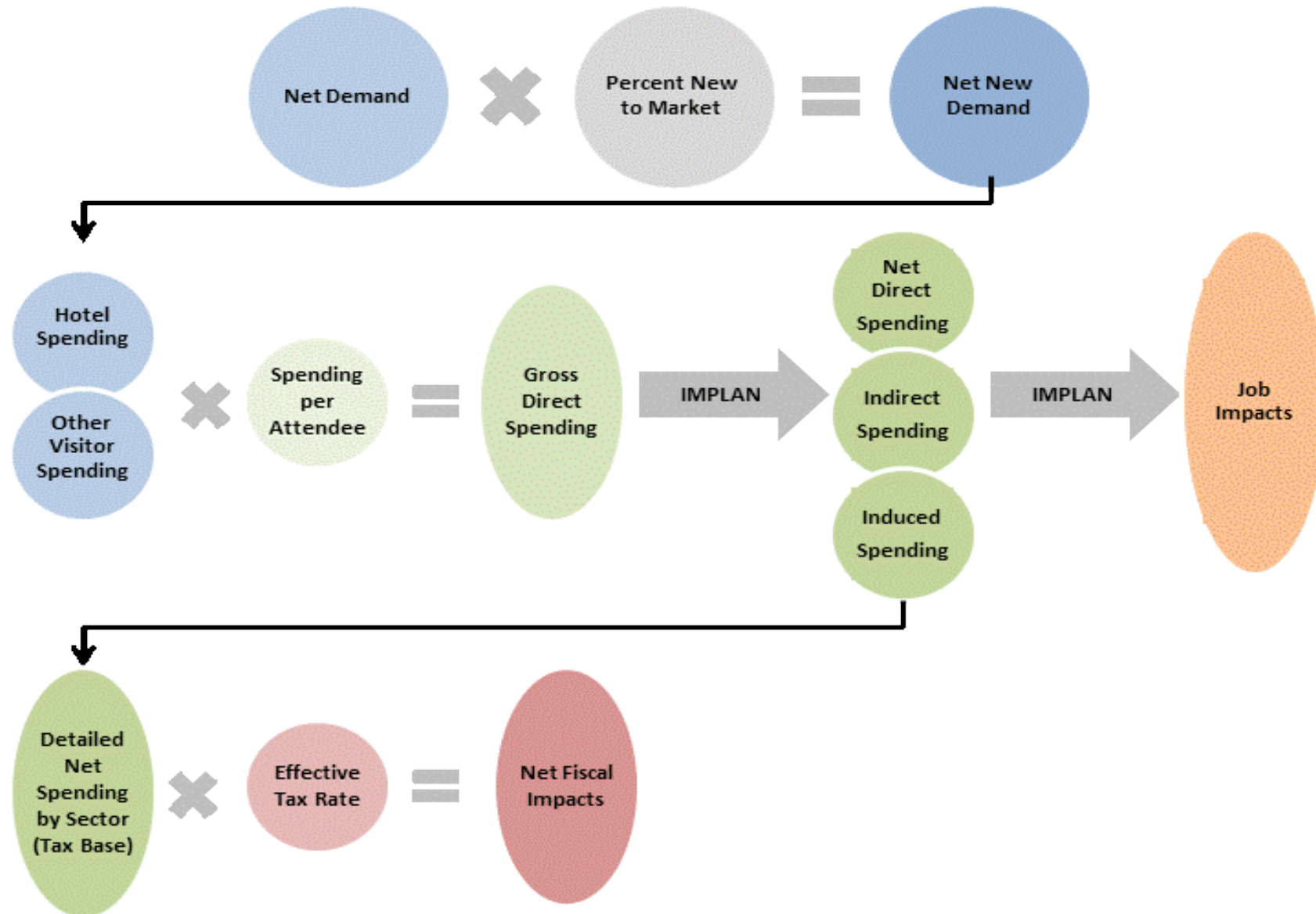
# Sensitivity Analysis: Rental Model

	Worst Case	Expected Case	Best Case
<b>Revenue</b>			
Concessions (Net)	\$586	\$733	\$878
Advertising & Event Sponsorships	135	135	135
Facility Rental (Tournament)	432	540	649
Facility Rental (Non-Sports Event)	54	68	81
Facility Rental (Basketball)	168	210	252
Facility Rental (Volleyball)	87	108	130
Online Event Program Fees (Net)	405	490	591
Streaming Revenue (Net)	108	131	158
Pickleball Fees	40	40	40
<b>Total Revenue</b>	<b>\$2,016</b>	<b>\$2,454</b>	<b>\$2,913</b>
<b>Operating Expense</b>			
Salaries & Benefits	\$1,147	\$1,147	\$1,147
Temporary Labor	221	275	328
Program Costs	15	15	15
Utilities	233	289	346
Advertising & Marketing	101	123	146
Repair & Maintenance	91	110	131
Supplies & Equipment	60	74	87
Administrative & General	101	123	146
<b>Total Operating Expense</b>	<b>\$1,970</b>	<b>\$2,156</b>	<b>\$2,346</b>
<b>NET OPERATING INCOME (LOSS)</b>	<b>\$46</b>	<b>\$298</b>	<b>\$567</b>
<b>Non Operating Revenue</b>			
Naming Rights & Sponsorships	\$68	\$68	\$68
<b>Total Non Operating Revenue</b>	<b>\$68</b>	<b>\$68</b>	<b>\$68</b>
<b>Non-Operating Expense</b>			
Capital Maintenance Reserve	\$60	\$74	\$87
Insurance	\$60	\$74	\$87
Management Fees	84	84	84
Incentive Fees	40	49	58
<b>Total Non-Operating Expense</b>	<b>\$246</b>	<b>\$281</b>	<b>\$317</b>
<b>TOTAL NET INCOME (LOSS)</b>	<b>(\$132)</b>	<b>\$85</b>	<b>\$317</b>

# Economic Impact Analysis Scope of Services

- ❖ Project Orientation & Data Gathering
- ❖ Participation Trends
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# Economic and Fiscal Impact Methodology



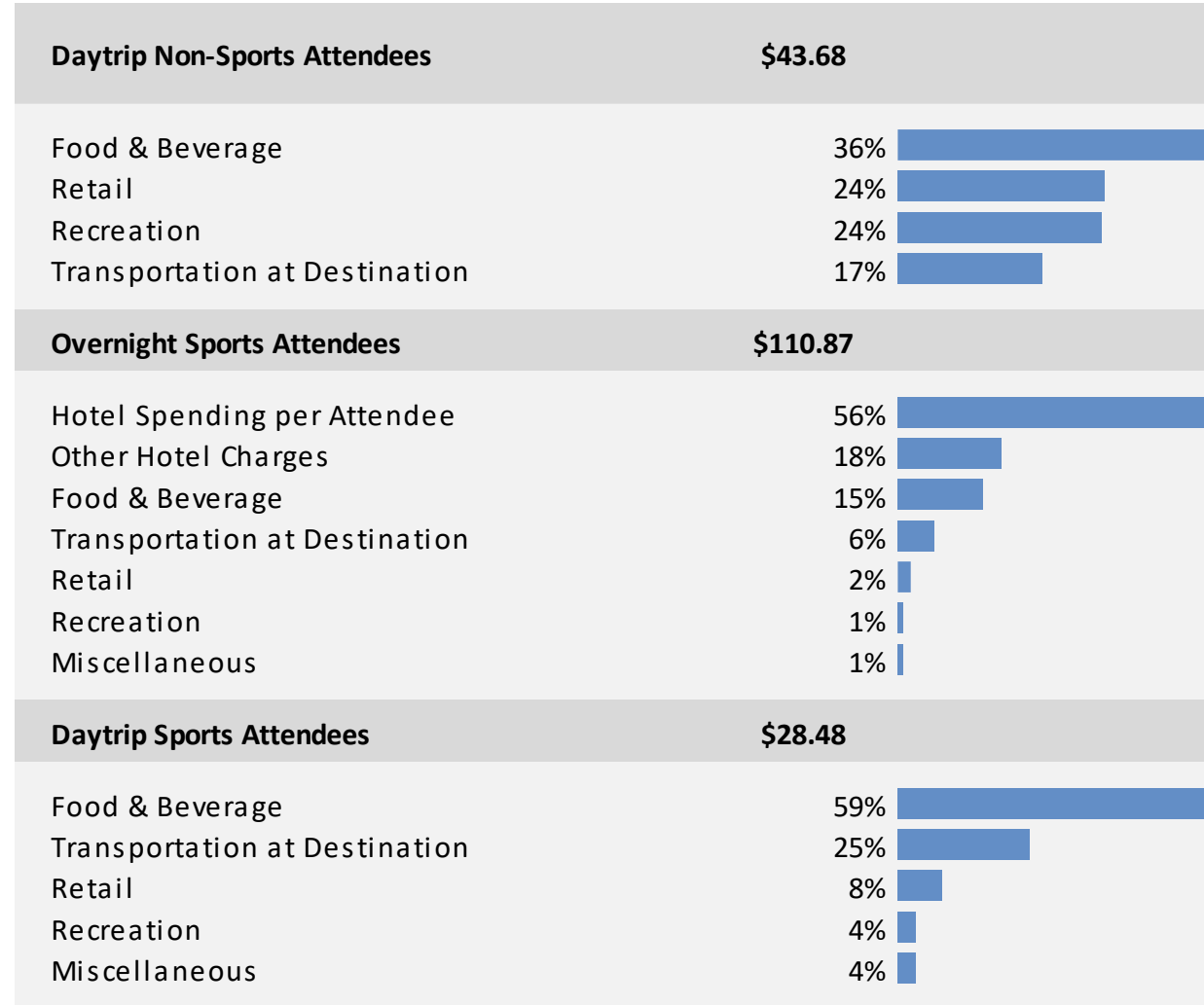
# Sources of Direct Spending

- ❖ Overnight Sports Attendees
- ❖ Daytrip Sports Attendees
- ❖ Tournament Organizers
- ❖ Overnight Non-Sports Attendees

Demand Type	Non-Sports Daytrip	Non-Sports Attendee Days	All Event Attendee Days	Sports Overnight	Sports Daytrip
<b>Program Model</b>					
Basketball Tournaments	0	0	49,000	44,688	980
Volleyball Tournaments	0	0	21,800	24,852	545
Other Sports Tournaments	0	0	4,600	1,995	230
Non-Sports Events	170	950	0	0	0
Internal Programming Hours	0	0	0	0	8,100
Basketball Court Rental Hours	0	0	0	0	805
Volleyball Court Rental Hours	0	0	0	0	665
Other Sport Rental Hours	0	0	0	0	350
<b>Total</b>	<b>170</b>	<b>950</b>	<b>75,400</b>	<b>71,535</b>	<b>11,675</b>
<b>Rental Model</b>					
Basketball Tournaments	0	0	59,900	68,400	1,195
Volleyball Tournaments	0	0	26,100	37,335	650
Other Sports Tournaments	0	0	7,350	1,900	440
Non-Sports Events	355	1,875	0	0	0
Internal Programming Hours	0	0	0	0	393
Basketball Court Rental Hours	0	0	0	0	4,450
Volleyball Court Rental Hours	0	0	0	0	3,675
Other Sport Rental Hours	0	0	0	0	1,935
<b>Total</b>	<b>355</b>	<b>1,875</b>	<b>93,350</b>	<b>107,635</b>	<b>12,738</b>

# Spending Parameters

- ❖ All spending parameters stated in 2021 dollars.



Source: Longwoods International, STR, CTI, Sportsimpacts Study

# Gross Direct Spending

Visitor Type	Number of New Visitors		Daily Spending	Total Spending (Millions)
<b>Program Model</b>				
<b>Non-Sports Daytrip Spending</b> =	200	daytrip visitors	x 43.68 =	0.01
<b>Overnight Sports Attendees</b> =	71,500	overnight visitors	x 110.87 =	7.93
<b>Daytrip Sports Attendees</b> =	11,700	daytrip visitors	x 28.48 =	0.33
			<b>Facility Revenue</b> =	<u>1.54</u>
			<b>Total Gross Direct Spending</b> =	<b>\$9.81</b>
<b>Rental Model</b>				
<b>Non-Sports Daytrip Spending</b> =	400	daytrip visitors	x 43.68 =	0.02
<b>Overnight Sports Attendees</b>	107,600	overnight visitors	x 110.87	11.93
<b>Daytrip Sports Attendees</b>	12,700	daytrip visitors	x 28.48	0.36
			<b>Facility Revenue</b> =	<u>2.28</u>
			<b>Total Gross Direct Spending</b> =	<b>\$14.59</b>

\*For the stabilized year of 2025 and stated in 2021 dollars.

# Economic Impacts

Impact (\$ millions)	Program Model	Rental Model
<b>Spending Estimates</b>		
Net Direct	\$9.7	\$14.4
Indirect	3.2	4.8
Induced	1.2	1.8
<b>Total</b>	<b>\$14.1</b>	<b>\$21.0</b>

Full-Time Equivalent Jobs	Program Model	Rental Model
Direct	137	202
Indirect	20	31
Induced	8	12
<b>Total Permanent Jobs</b>	<b>165</b>	<b>244</b>



# Fiscal Impacts

## Program Model

Tax Category	Tax Base	Effective Tax Rate	Estimated Tax Revenue
Local Sales & Use Tax	\$9,090,389	7.00%	\$636,300
Lodging Tax	\$4,431,145	5.00%	\$221,600
Additional Transient Tax	\$2 Per Room Night		\$57,000
		<b>Total</b>	<b>\$914,900</b>

## Rental Model

Tax Category	Tax Base	Effective Tax Rate	Estimated Tax Revenue
Local Sales & Use Tax	\$13,488,962	7.00%	\$944,200
Lodging Tax	\$6,667,315	5.00%	\$333,400
Additional Transient Tax	\$2 Per Room Night		\$85,200
		<b>Total</b>	<b>\$1,362,800</b>

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# Identification of Possible Fiscal Burdens

- ❖ Possible ongoing subsidy for operation.
- ❖ Additional parking infrastructure on visitor center campus.
- ❖ Public safety overtime hours for:
  - ❖ Traffic management at events.
  - ❖ Safety and security at inter-locality events.

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# Identification of Intangible Benefits

- ❖ Improved recreation programming for the City of Williamsburg, James City County, and York County.
- ❖ Up-to-date recreation facilities for residents.
- ❖ Improved destination appeal.
- ❖ Diversified offerings beyond historic tourism.
- ❖ Increased historic tourism from pre- and post-tournament visits.
- ❖ Future developments supported surrounding site.
- ❖ Improved resident quality of life

# Assumptions and Limiting Conditions

1. This report is to be used in whole and not in part.
2. All information, financial operating statements, estimates, and opinions obtained from parties not employed by HVS are assumed to be true and correct. We can assume no liability resulting from misinformation.
3. Unless noted, we assume that there are no encroachments, zoning violations, or building violations encumbering the proposed subject property.
4. The proposed facility is assumed to be in full compliance with all applicable federal, state, local, and private codes, laws, consents, licenses, and regulations (including a liquor license where appropriate), and that all licenses, permits, certificates, franchises, and so forth can be freely renewed or transferred to a purchaser.
5. We are not required to give testimony or attendance in court by reason of this analysis without previous arrangements, and only when our standard per-diem fees and travel costs are paid prior to the appearance.
6. If the reader is making a fiduciary or individual investment decision and has any questions concerning the material presented in this report, it is recommended that the reader contact us.
7. We take no responsibility for any events or circumstances that take place subsequent to the date of our report.
8. The quality of a facility's on-site management has a direct effect on a property's economic performance. The demand and financial forecasts presented in this analysis assume responsible ownership and competent management. Any departure from this assumption may have a significant impact on the projected operating results.
9. We do not warrant that our estimates will be attained, but they have been developed on the basis of information obtained during the course of our market research and are intended to reflect reasonable expectations.
10. Many of the figures presented in this report were generated using sophisticated computer models that make calculations based on numbers carried out to three or more decimal places. In the interest of simplicity, most numbers have been rounded. Thus, these figures may be subject to small rounding errors.
11. It is agreed that our liability to the client is limited to the amount of the fee paid as liquidated damages. Our responsibility is limited to the client, and use of this report by third parties shall be solely at the risk of the client and/or third parties. The use of this report is also subject to the terms and conditions set forth in our engagement letter with the client.
12. Although this analysis employs various mathematical calculations, the final estimates are subjective and may be influenced by our experience and other factors not specifically set forth in this report.
13. HVS, is not a municipal advisor and HVS is not subject to the fiduciary duty set forth in section 15B(c)(1) of the Act (15 U.S.C. 78o-4(c)(1)) with respect to the municipal financial product or issuance of municipal securities. The reader is advised that any actual issuance of debt would be done under the advice of its bond counsel and financial advisors. Financial advisor would provide advice concerning the specific structure, timing, expected interest cost, and risk associated with any government loan or bond issue. Potential investors should not rely on representations made in this report with respect to the issuance of municipal debt.
14. This report was prepared by HVS Convention, Sports & Entertainment Facilities Consulting. All opinions, recommendations, and conclusions expressed during the course of this assignment are rendered by the staff of this organization, as employees, rather than as individuals.
15. This report is set forth as an impact study of the proposed subject project; this is not an appraisal report.

# Impact of the COVID-19 Pandemic

COVID-19, a strain of the coronavirus, was identified in China in December 2019. It has since spread to most countries around the globe. As of writing, the impact of the virus in the United States has been felt throughout the nation. Federal, state, and local governments, individual corporations, and other institutions have imposed travel restrictions and other safety measures. All 50 states have reported cases of COVID-19, with over half of states reporting over 100,000 cases, including over 300,000 in New York. In some regions of the country, the growth curve of infections, hospitalizations, and deaths has flattened or begun to decline. In contrast, in other regions, the daily reported number of infections has continued to grow.

Growth in testing, improved treatments, and ultimately, a widely available vaccine will be necessary before a return to normalcy. As of February 16th, 2021, approximately 11.5% of the total U.S. population has received a dose of the COVID-19 vaccine. It remains unclear as to when an acceptable level of vaccination will be achieved across the United States for a return to normal travel and play.

In addition to the cost of human life, the broader impact of the spread of COVID-19 and the response to it has triggered an unprecedented economic contraction, from which the negative effects are likely to be longer-lived than the virus itself. Health experts offer a wide range of opinions on how long restrictions on travel or on operations of public assembly venues should remain in place. Government responses have varied from state to state throughout the US. While the short-term impact on the economy is severe, it is difficult to assess the impact of COVID-19 on activity and spending, given the lack of understanding of the longer-term impacts of the pandemic.

In addition to economic and societal effects, COVID-19 could affect future sports participation and the role of indoor sports complexes. Guidance from the Centers for Disease Control and Prevention regarding youth sports recommends that youth sports organizations consider staying home when appropriate and “prioritize outdoor, as opposed to indoor, practice and play as much as possible.” Venues should defer to the recommendations of public health officials regarding this matter. The time-frame of the projections in this study are beyond the more immediate period of likely impact of the current crisis. Consequently, we have assumed a return to normal function of the markets by the time the proposed developments would take place.

# Certifications

The undersigned hereby certify that, to the best of our knowledge and belief:

1. the statements of fact presented in this report are true and correct;
2. the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions;
3. we have no present or prospective financial or personal interest with respect to the parties involved;
4. HVS is not a municipal advisor and is not subject to the fiduciary duty set forth in section 15B(c)(1) of the Act (15 U.S.C. 78o-4(c)(1)) with respect to the municipal financial product or issuance of municipal securities;
5. we have no bias with respect to the subject of this report or to the parties involved with this assignment;
6. our engagement in this assignment was not contingent upon developing or reporting predetermined results;
7. our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined result that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal;

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