

Morgan Hill

Sports Market Business Strategy

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February 22, 2017



Scope of Work

Task 1 – Estimate Economic and Fiscal Impacts at Aquatics Center and Outdoor Sports Center

Task 2 – Evaluate facility utilization (market assessment) and tournament/meet programming opportunities (gap analysis) for both the Aquatics Center and Outdoor Sports Center



Process

- Market Assessment
- Regional Facility Audit
- Existing Facility Review
- Event Surveys
- Economic Impact Analysis
- Strategic Recommendations



Market Assessment

Key Stakeholder Interviews

Focus Groups with local stakeholders:

- Morgan Hill Youth Sports Alliance
- Morgan Hill Aquatics Center
- Chamber of Commerce
- Downtown Association
- Wineries
- Hoteliers
- City Economic Development
- Local Sports Clubs



Key Stakeholder Interviews

Comments:

- Lack of available parking at OSC & AC.
- Sports are important in Morgan Hill. Highly active youth and adult populations.
- Grass fields at OSC have deteriorated recently. Some fields are in poor condition and have led to teams withdrawing from events.
- Lack of commitment from local hotels to provide room blocks or rebates for sports tournaments.
- Need for local organization to lead tourism efforts.

Economic & Demographic Highlights



Historic & Current Population - Morgan Hill, CA (2000-2016)						
	2000	2010	2016	% Growth 2000-2016	CAGR* 2000-2010	CAGR* 2010-2016
United States	281,421,906	308,745,538	323,580,626	15.0%	0.93%	0.79%
California	33,871,648	37,253,956	38,986,171	15.1%	0.96%	0.76%
Santa Clara County, CA	1,682,585	1,781,642	1,911,024	13.6%	0.57%	1.18%
Morgan Hill, CA	33,733	37,882	43,296	28.3%	1.17%	2.25%

*Compounded Annual Growth Rate

Sources: Johnson Consulting, Esri ArcGIS BAO

Market Observations:

- Consistent City population growth
- Large County population
- High Median Household Income

Median Household Income - Morgan Hill, CA (2016-2021)			
	2016	2021	CAGR* 2016-2021
United States	\$54,149	\$59,476	1.9%
California	\$62,554	\$71,566	2.7%
Santa Clara County, CA	\$94,301	\$104,424	2.1%
Morgan Hill, CA	\$96,808	\$107,754	2.2%

*Compounded Annual Growth Rate

Sources: Esri ArcGIS BAO, Johnson Consulting

Market Assessment Observations

Positives of Market

- Existing demand generators
- Destination location
- Residential population
- Health & Wellness/ recreation facilities
- Transportation access
- Downtown district with quality restaurants

Challenges of Market

- Fractured tourism effort
- Not speaking with one voice
- No sports tourism buy-in from hotels
- No large convention, meeting, conference or Exhibit facility



Existing Facility Overview

Outdoor Sports Center



Outdoor Sports Center - Existing Operations

Morgan Hill Outdoor Sports Center Outdoor Events (2015-2017)				
	Events	Event Days	Total Attendance*	Attendance/Day
2015-2016	33	62	229,153	3,696
2016-2017**	31	67	-	-

**Estimated attendance.*
***Projected.*
Sources: Morgan Hill Youth Sports Alliance

- Attendance estimated due to lack of record-keeping at facility
- 10 events with over 5,000 estimated attendance
 - Freedom Fest attendance = 24,000
 - Poppy Jasper attendance = 9,500
- Slight decline in events projected for 2016-2017

Aquatics Center



Aquatic Center - Existing Operations

Morgan Hill Aquatics Center Swim Meets Held				
	Events	Event Days	Total Attendance	Attendance/ Day
2015	10	20	16,870	844
2016	11	21	19,994	952

Sources: Morgan Hill Aquatics Center

- Consistent demand at facility in 2015 and 2016
- Combination of local and regional swim events
- 5 events with over 2,000 estimated attendance in 2016
- 3 events with over 2,000 estimated attendance in 2015
 - Far Westerns Meet drew over 5,000 attendees per day



Regional Facility Audit

Regional Facility Audit

200-mile radius from Morgan Hill

- Industry standard to attract regional teams for tournaments

Facilities Audited:

- Outdoor Sports Complex (multipurpose fields)
- Indoor Sports Complex (courts and indoor turf)
- Aquatic Center
- Baseball/Softball Complex
- Sand Volleyball Complex

Regional Facility Audit: Observations

1. Outdoor Fields

- OSC one of the largest outdoor facilities within 200 miles
- Only one competitive soccer facility within 100 miles
 - Twin Creeks Sports Complex (33 miles)

2. Indoor Complex

- Focus group interviews revealed need for indoor space in Morgan Hill
- One existing facility in San Jose (Silver Creek Sportsplex)
- Morgan Hill can also absorb some overflow events from Silver Creek

3. Baseball/Softball

- Focus group interviews revealed need for baseball and softball fields
- Facility should serve local needs
- Ken Mercer (47 miles) and Twin Creeks facilities (33 miles) within 50 miles
- Fields should be striped for soccer, lacrosse, etc.

Regional Facility Audit: Observations



4. Outdoor Sand Volleyball

- Lack of dedicated sand volleyball complexes in the region
 - Area of opportunity for Morgan Hill to fill void in market
- Sport is now sanctioned by NCAA
 - Should grow youth participation

5. Aquatic Centers

- High inventory of competitive aquatic centers in 200-mile radius
- Morgan Hill Aquatics Center should focus on continuing current programming

Regional Facility Audit: Twin Creeks



- Located in Sunnyvale, CA (33 miles from Morgan Hill)
- 10 lighted fields with multipurpose striping
 - Baseball, softball, soccer and lacrosse
 - NCAA Softball World Series, ASA Soccer National Championships

Regional Facility Audit: Silver Creek Sportsplex



- San Jose, CA (15 miles from Morgan Hill)
- 240,000 square feet
 - Two turf fields
 - Inline hockey rink
 - Restaurant
- Lack of courts could be opportunity for Morgan Hill

Regional Facility Audit: George F. Haines International Swim Center



- Santa Clara, CA (27 miles from Morgan Hill)
- Competition pool, training pool, diving well
- Hosts international competition

Regional Facility Audit: Fresno Regional Sports Complex



- Fresno, CA
- 110 acres
 - Six baseball fields
 - Nine Multipurpose fields
- Publicly owned by City of Fresno

Regional Facility Audit: West Valley College



- Saratoga, CA (25 miles from Morgan Hill)
- Community college (enrollment: 12,500)
- Six courts for school volleyball program
- Open to public
 - \$25 per hour rental fee



Survey Results

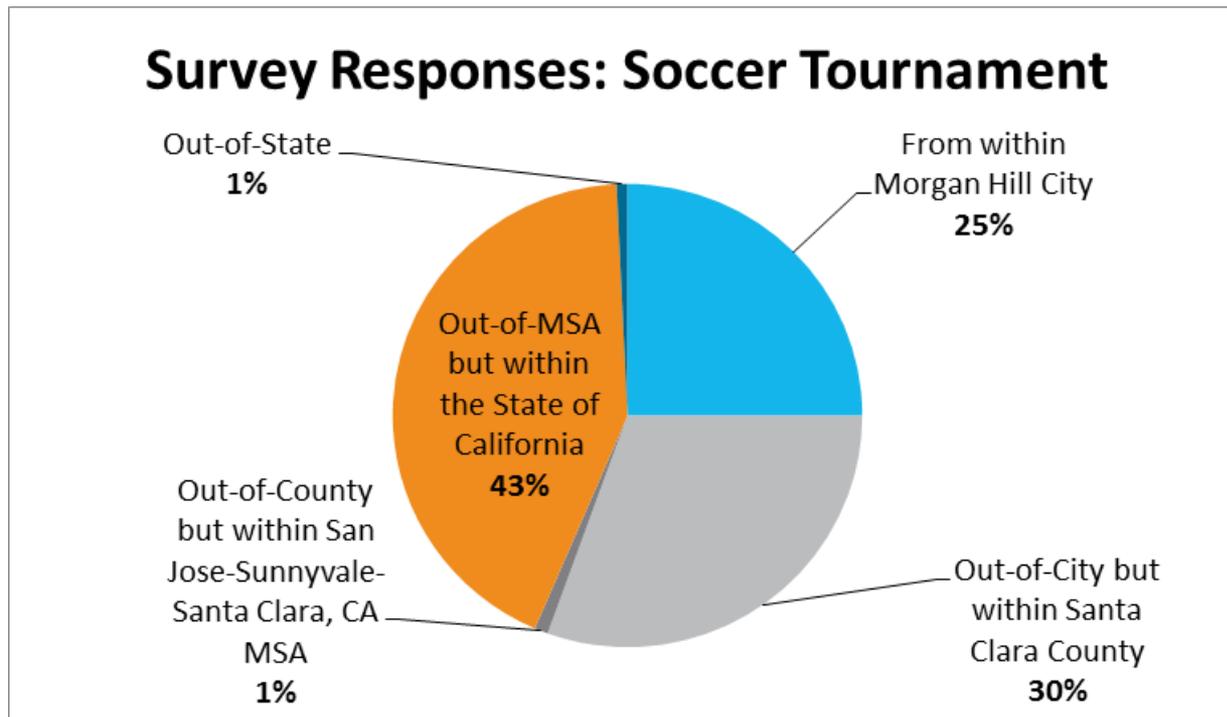
Four Surveyed Events:

- Aquatic Center Summer Swim: September 10
- Aquatic Center Age Group Swim Meet: October 22
- OSC District 2 Soccer Tournament: November 5
- OSC Multiple Events: December 10

Outdoor Sports Center: Survey Results

Average Daily Spend per Visitor:

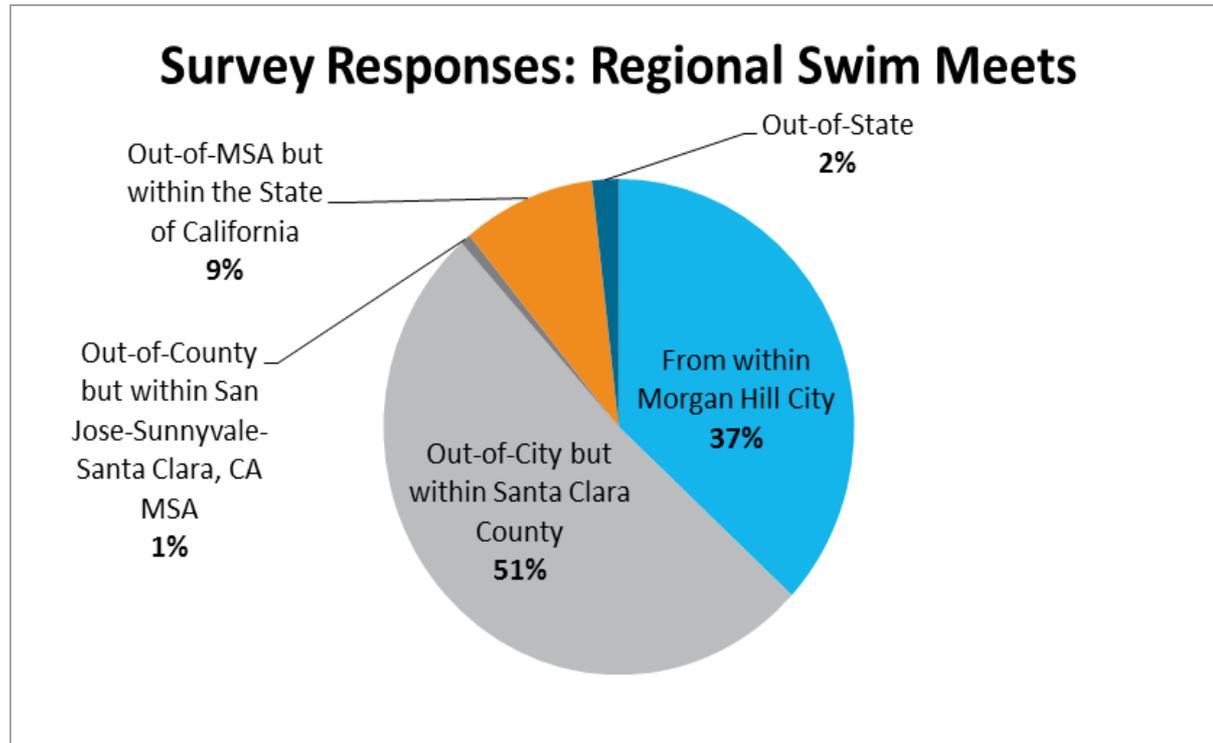
- Lodging: \$62.81
- F&B: \$7.58
- Shopping/Merchandise: \$6.20
- Entertainment: \$4.28



Aquatics Center: Survey Results

Average Daily Spend per Visitor:

- Lodging: \$73.33
- F&B: \$10.66
- Shopping/Merchandise: \$12.04
- Entertainment: \$5.01



Economic Impacts



Outdoor Sports Center: Impacts

Morgan Hill Outdoor Sports Center Soccer and Non-Soccer Tournaments (2016) Economic and Fiscal Impact				
Economic Impact (\$000)*	Multiplier	Resident Impact	Visitor Impact	Total
Direct Spending		\$1,134	\$5,424	\$6,557
Indirect Spending	0.4500	510	2,441	2,951
Induced Spending	0.3570	405	1,936	2,341
Total Spending		\$2,049	\$9,801	\$11,849
Increased Earnings	0.5550	\$629	\$3,010	\$3,640
Employment (FTE Jobs)	12.6057	14	68	83
Fiscal Impact (\$000)*	Tax Rate	Resident Impact	Visitor Impact	Total
Sales Tax **	8.75%	\$90	\$432	\$522
Transient Occupancy Tax	10.00%	0	42	42
Total Tax Revenue		\$90	\$474	\$564

**Figures are rounded to the nearest thousand*

*** Total sales tax is 8.75%. City of Morgan Hill receives 1% of gross sales, or \$60,000.*

Source: Johnson Consulting

Aquatics Center: Impacts

Morgan Hill Aquatics Center Summer Recreation Swimming Use and Swim Meets, Combined Economic and Fiscal Impact				
Economic Impact (\$000)*	Multiplier	Resident Impact	Visitor Impact	Total*
Direct Spending		\$528	\$3,368	\$3,897
Indirect Spending	0.4500	238	1,516	1,754
Induced Spending	0.3570	189	1,203	1,391
Total Spending		\$955	\$6,087	\$7,042
Increased Earnings	0.5550	293	1,870	\$2,163
Employment (FTE Jobs)	12.6057	7	42	49
Fiscal Impact (\$000)*	Tax Rate	Resident Impact	Visitor Impact	Total*
Sales Tax**	8.75%	\$46	\$284	\$330
Transient Occupancy Tax	10.00%	0	23	23
Total Tax Revenue		\$46	\$307	\$353

**Figures are rounded to the nearest thousand*

*** Total sales tax is 8.75%. City of Morgan Hill receives 1% of gross sales, or \$38,000.*

Source: Johnson Consulting



Strategic Recommendations

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Step 1: Create Destination Management Organization (DMO)

- Morgan Hill well-positioned to become destination rather than ‘getaway.’
- Must be cohesion among facilities, hotels, restaurants, etc. to maximize opportunities.
- DMO should focus on sports tourism
- Typically setup as not-for-profit
- Funded through taxes (sales, hotel-motel, food & beverage, etc.)
- Organizational structure
 - Advisory Board
 - Executive Board

Strategic Recommendations

Step 2: Update Existing Facilities

- Aquatics Center
 - No updates recommended at this time

- Outdoor Sports Center
 - Replace existing FieldTurf surfaces
 - Install FieldTurf at all grass fields
 - Add lighting to each surface
 - Consider additional parking
 - Improve maintenance and day-to-day operations

Strategic Recommendations

Step 3: New Facility Recommendations

1. Sand Volleyball
2. Multipurpose Indoor Facility
3. Baseball and Softball Complex
4. Parking and adjacent real estate development

Next Steps & Discussion

- Consider creation of DMO
- Consider additional studies to understand viability of recommended new developments
- Questions