

Morgan Hill

Sports Market Business Strategy

Prepared by:
C.H. Johnson Consulting, Inc.

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



- 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

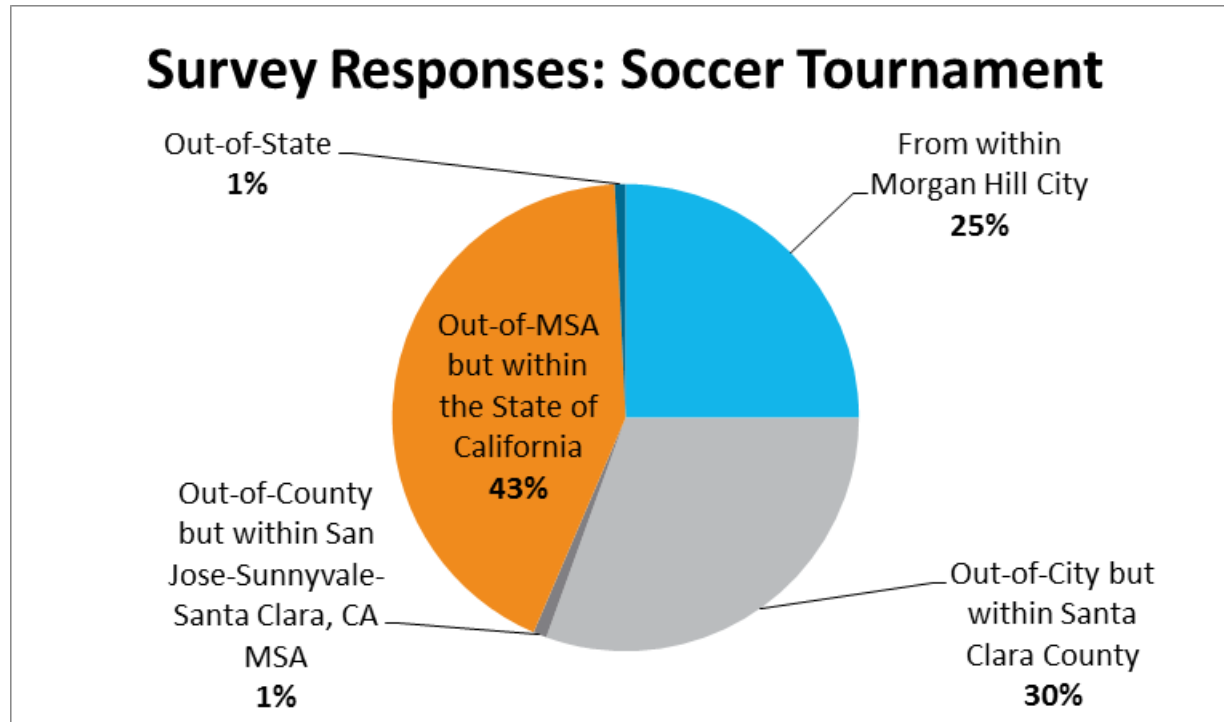
Four Surveyed Events:

- 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:

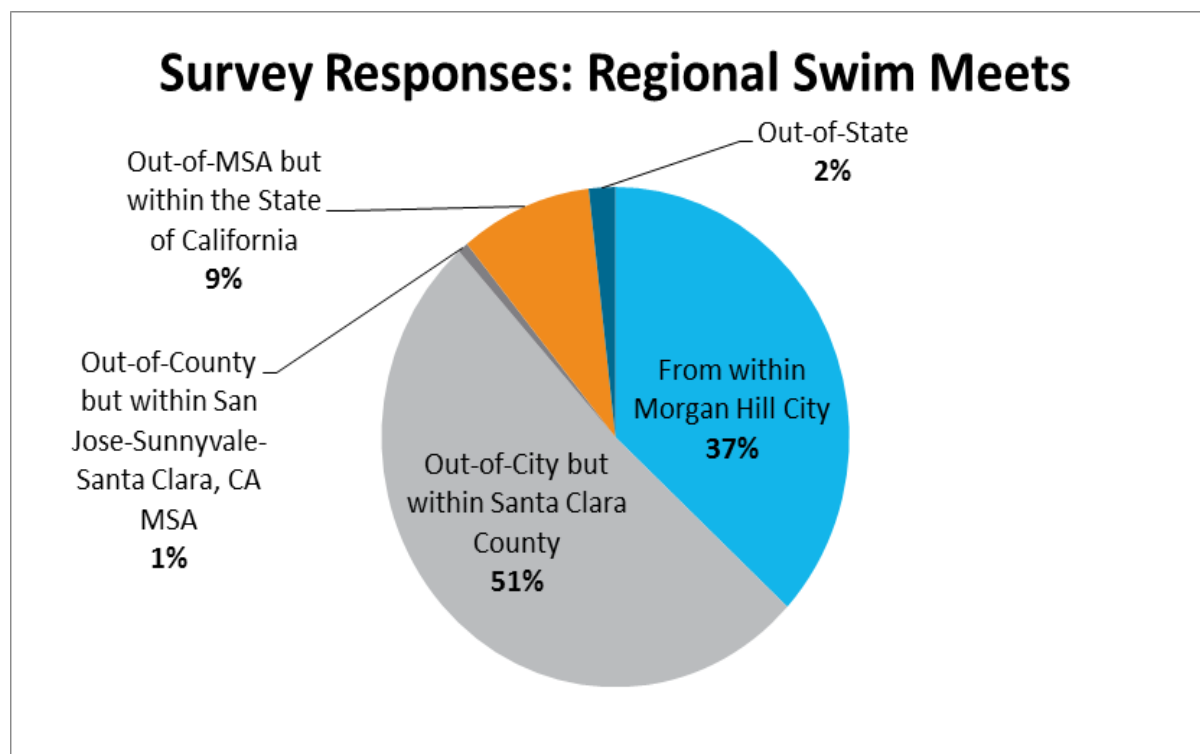
- Lodging: \$62.81
- F&B: \$7.58
- Shopping/Merchandise: \$6.20
- Entertainment: \$4.28



Aquatics Center: Survey Results

Average Daily Spend per Visitor:

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



A wide-angle photograph of a sports field, likely a soccer or football field, with a green grass pitch. In the background, there are green hills under a clear blue sky. A tall stadium light pole stands on the right side. In the foreground, several people are visible on the field, some in red uniforms, and others in casual clothing. A blue barrel and some equipment are on the grass. A chain-link fence separates the field from the bleachers. The bleachers are blue and have several people sitting on them. There are green and white awnings over the bleachers.

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

A wide-angle photograph of a sports field, likely a soccer or football field, with a green grass pitch. In the background, there are green hills under a clear blue sky. A tall stadium light pole stands on the right. In the foreground, several people, some in red uniforms, are on the field. A chain-link fence separates the field from the bleachers. The bleachers are blue and have green awnings. The text "Strategic Recommendations" is overlaid on the right side of the image in a large, blue, sans-serif font.

Strategic Recommendations

Strategic Recommendations

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