



MEMORANDUM

Date: August 1, 2014

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

From: C.H. Huckelberry
County Administrator

A handwritten signature in black ink, appearing to read "CHH", is written over the printed name "C.H. Huckelberry".

Re: **Kino Sports Complex Revenue Report**

I requested a summary of the Stadium District's revenue report regarding activities for Fiscal Year 2013/14. The report is attached for your information.

This report reflects the growing diversity and use of the Kino Sports Complex. It is estimated that last year, over 400,000 people used the Sports Complex facilities. More importantly, actual business revenue from activities was \$1,168,292. This is equivalent to the maximum revenue received at the Sports Complex when two-team Major League Baseball (MLB) Spring Training was conducted by the Chicago White Sox and Arizona Diamondbacks. In essence, we have recovered all revenues lost by the relocation of these MLB Spring Training teams to the Maricopa metropolitan area.

In addition, baseball continues to be the primary revenue producer among revenue activities.

The Kino Sports Complex is a growing success, and the staff will continue to concentrate on increasing sports business reservations, expanding concert events and retail/trade activities associated with the Gem and Mineral Show. The diversity of utilization in amateur, semi-professional and professional sports demonstrates the demand and need for these facilities. While the original investment at Kino Sports Complex was for MLB Spring Training, the Complex now supports a rapidly growing regional sports and recreational demand.

CHH/anc

Attachment

c: Hank Atha, Deputy County Administrator for Community and Economic Development
Chris Bartos, Director, Stadium District



Pima County Stadium District

Date: July 29, 2014

To: C. H. Huckelberry, County Administrator

Via: Hank Atha, Deputy County Administrator

To: Chris Bartos, Director, Stadium District

Subject: **Pima County Stadium District/Kino Sports Complex**
FY 13-14 Year End Revenue Report

This fiscal year has brought about a number of positive changes for Kino Sports Complex. Our primary focus is to manage the Stadium District resources, as a multi-use venue, to provide athletic activities and other entertainment events that encourage community participation, promote economic growth, and help sustain a viable future for team sports in Pima County.

Looking back on this year's accomplishments, we are most proud of the continued progress with the increase of our manageable revenues year over year from the resources and services we provide. Other areas that deserve mention include our facility improvements and our strengthened relationships between our partners and customers.

SUMMARY OF SCHEDULED EVENTS:

Baseball – Baseball business at the Complex included professional, semi-professional, college, high school, and adult groups using the facilities for leagues, games, practices, and tournament use. The Tucson Padres finished out their 2013 season, but returned as the El Paso Chihuahuas and played one home stand in April 2014, before the team officially relocated to El Paso. Kino Stadium hosted the Mexican Baseball Fiesta a four-day baseball event that brings Mexican and USA teams together to compete. In addition, a youth tournament is part of that event and several of the Mexican teams use the facility for training camp the week prior to the event. KT Wiz, a professional Korean baseball team, occupied the south complex fields and clubhouse for over 90 days using the Complex for its winter training camp for the club's 82 players. KT Wiz arranged several games in Kino Stadium and played against the N. C. Dinos during their stay. Kino Baseball hosted two state regional baseball tournaments at Kino besides holding their regular summer and winter leagues. The league has expanded considerably since a year ago and includes the American Legion Division. Tucson Invitational Games (TIG) hosted its month-long event bringing 68 teams to play over 300 games at the Complex. The 5th Annual Cowboy Up Tournament included 22 high school teams on its roster. Other baseball business includes the Under Armour All-American Tournament, the LA Dodgers Fantasy Baseball Camp, Pima Community College and several high schools use the facility for games and practice.

Soccer – We have a number of long-time annual users who continue to use the south soccer fields for practice and games. The Pima County Junior Soccer League, Alta Vista High School, and Tucson Mountain are frequent users. The new soccer stadium and fields are home to FC Tucson and the Desert Diamond Cup and Friendly matches. FC Tucson plays its PDL season at the North Stadium and partners with Tucson Soccer Academy Women’s Premier League who play their games ahead of the FC Tucson. In addition, this will be the second year that Pima Community College Men’s and Women’s soccer clubs will host their home games at the Complex. Other large soccer tournaments include the Tucson Association of Realtors Soccer Shootout, The Presidents Cup and The State Cup games sponsored by AYSA. Canyon Del Oro Soccer Club hosted the CDO Challenge Cup, which included the use of all the soccer fields in addition to the south quad baseball fields.

Football – Pima Community College has used the Kino facility since 2008 for their football program. The Aztec’s will play their 2014 season games at the North Stadium. PCC also conducted its annual Football Passing Tournament. Twenty-four college teams from around the state participated. The event continues to show good growth from year to year. A Kick-off Classic youth football scrimmage, a daylong event hosted by Tucson Youth Football, drew over 800 youth to the competition.

Retail Events – The Gem and Mineral Show and The Bead Show are our largest customers. The Tucson Association of Realtors conducts its annual Realtor seminar using the Stadium Suites and concourse. The Southern Arizona Procurement Fair brought hundreds of local businesses together for its annual fair which is open to the public. Lazydays RV Center hosted several retail sales events in the parking lot. GEICO, eegee’s and Tierra Antiqua Realtors all hosted employee outings here at the Complex.

Concerts – Our concert business segment is growing. We added two new customers this year, The Bacon Fest and MexTalent USA. We continue to host KFMA Day, FALL BALL, Pride in The Desert, The Great Tucson Beer Festival and others.

Community Events – The majority of the customers in this business segment consist of nonprofit organizations raising funds to support their organization. This business segment continues to expand year after year. Due to its vast, open floor plan the stadium makes a prime location for these types of events. Even first-time events have been able to increase attendance which improves their bottom-line. This business segment is one of our fastest growing segments. One barrier we face with this business segment is the timing of the events competes with concerts and trade shows that are excellent revenue generators for the Stadium. Making Strides Against Cancer, Southern AZ Kidney Walk, Hunger Walk, NAMSIA, HOPEFEST, Chicanos Por la Causa, the Autism Society, and the National Kidney Foundation all host events here at the Complex. Most of the groups are long-time customers who use the Kino Stadium yearly for their event.

ATTENDANCE:

During FY 13-14, the Stadium District estimates that more than 400,000 people attended scheduled events at Kino Sports Complex.

Because the Stadium District does not provide ticketing services for scheduled events, we must rely on post-event data collection from our customers. Furthermore, the reported numbers are very subjective because most events do not require an admission fee so attendance data is not a priority. However, the Stadium District recognizes the value and potential of the data as it relates to the advertising and marketing of Kino Sports Complex and continues to identify better ways to improve attendance data collection.

MARKETING AND ADVERTISING:

In July 2013, the District launched a revised Kino Sports Complex website which included online registration capabilities, a detailed events calendar, and social media tools, along with improved graphics to market the Complex. The site features floor plans of our different rental resources, detailed Complex maps of the fields, along with our policies and fee schedule to assist customers with determining which venue is the most cost-effective resource for their event.

Another marketing project completed in FY 13-14 was the installation of new advertising signage at both the North and South Complex. This new signage will provide additional revenue sources for the Stadium District. An official Advertising Manual and a rate schedule for advertising are being developed for the purposes of selling this advertising space. The manual should be completed by August 2014.

We continue to work with Visit Tucson on a co-op advertising plan. The print advertising ads target potential baseball and soccer decision makers who are looking for a large complex with multiple fields for hosting tournament play. Ads are scheduled for *Baseball America*, *Collegiate Baseball*, and the *Soccer Journal* starting in November 2014.

ADMINISTRATION:

Two pending staff management retirements, scheduled for August and September 2014, will result in key position openings within the department. While these individuals will be missed for their knowledge and experience, it will also provide an opportunity to realign the Stadium District staff to address the operational requirements necessary to meet the demands for procurement, finance, contracts, facilities and grounds, and most importantly, improve customer service. We will also continue to look for ways to automate and streamline our business processes.

MANAGEABLE REVENUES BY BUSINESS SEGMENT:

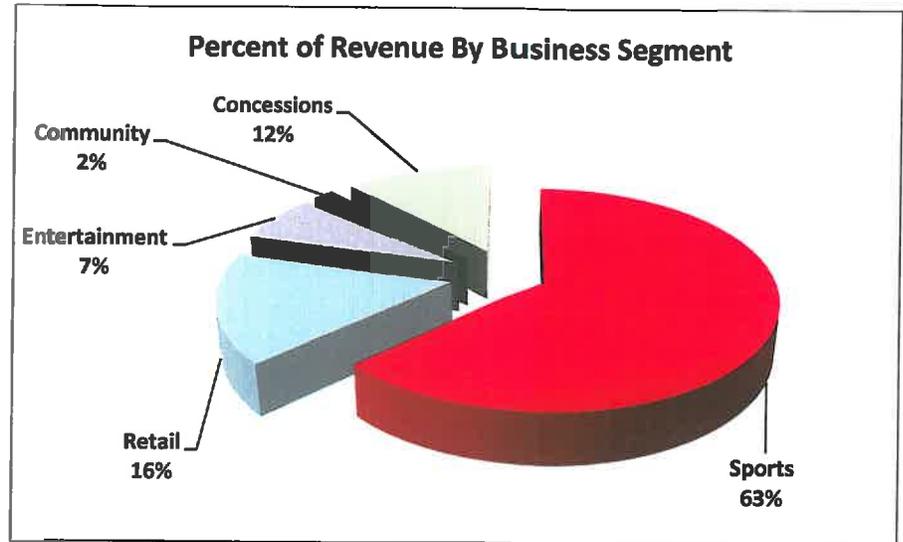
Total manageable revenue for FY 13-14 was \$1,168,292. For the purposes of this report, manageable revenues include any resource rental usage, concessions, and other services at the Complex, but exclude tax-based revenues that the Stadium District receives during the fiscal year.

In an effort to improve our bottom line, we have identified each of our major business segments then analyzed how each business segment impacts our total manageable revenues. Our business segments

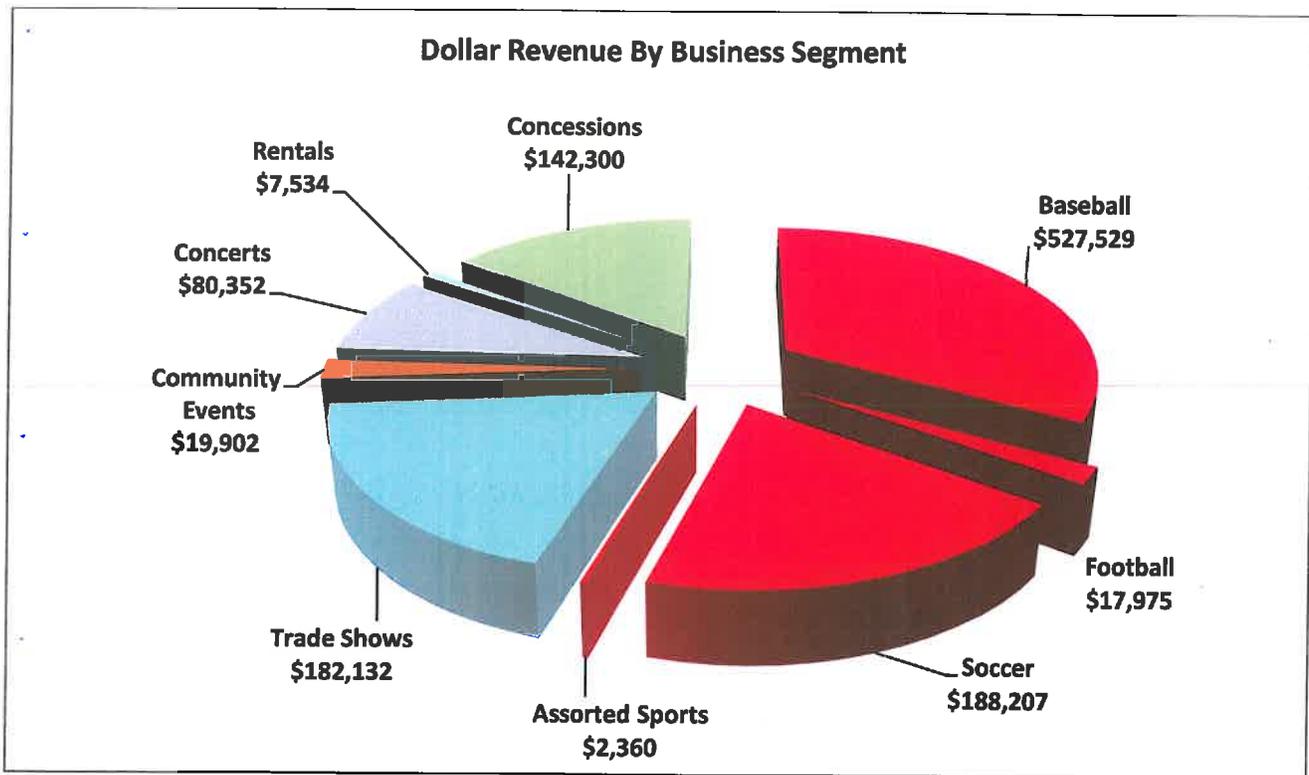
are defined as: Sports Events; Retail Events; Entertainment Events; Community Events; and Concessions.

This chart identifies the breakdown of the business segments and the percent of revenue each business segment represents.

Business Segments	
Sports Events	\$736,072
Retail Events	\$189,666
Entertainment Events	\$ 80,352
Community Events	\$ 19,902
Concessions	<u>\$142,300</u>
TOTAL	\$1,168,292



This chart identifies the dollar revenue generated from each of our business segments.

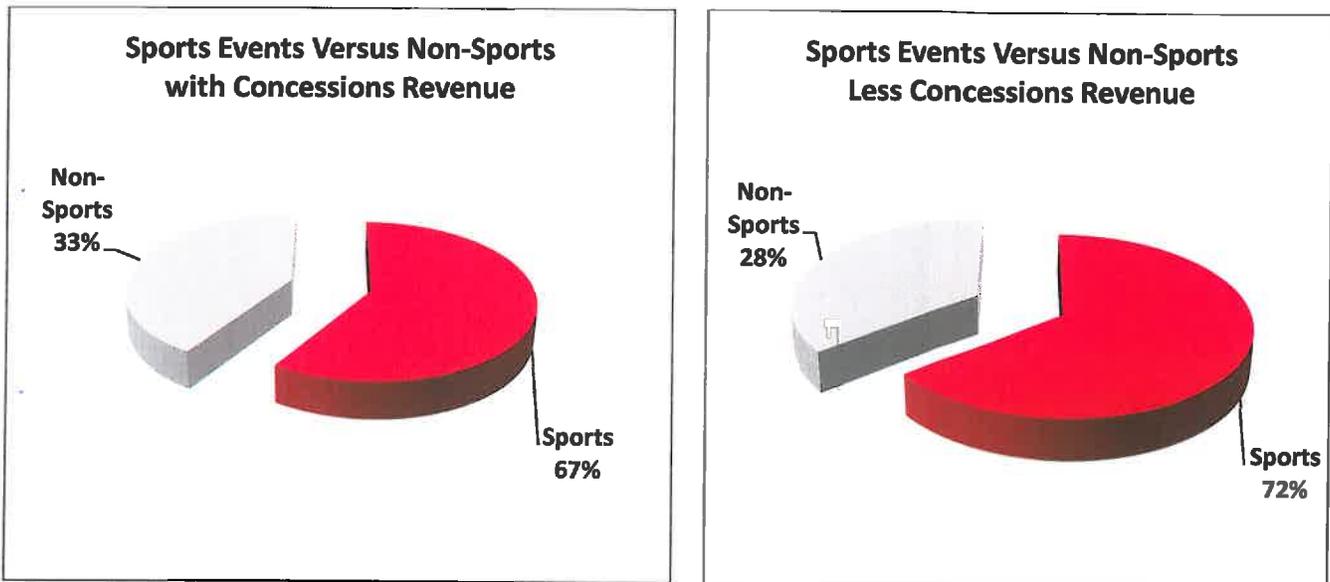


SPORTS EVENTS VERSUS NON-SPORTS EVENTS:

The Sports Events business segment (Baseball; Soccer; Football; and other Assorted Sports) including concessions revenue generated \$777,108 in FY 13-14. Baseball was the top producer with revenues of \$550,297. Soccer represents the second highest revenue source at \$206,476, and football a distant third with revenues of \$17,975.

The Non-sports Events business segment (Trade Shows, Community Events, Concerts, and Rentals) generated \$391,183, including concessions. Trade Shows account for the largest share with \$225,363; Concerts generated \$138,385, Community Events and Other Rental made up the balance.

The charts below identify the percent of our Sports Events and Non-sports Events business revenues and how concessions impact each business segment.

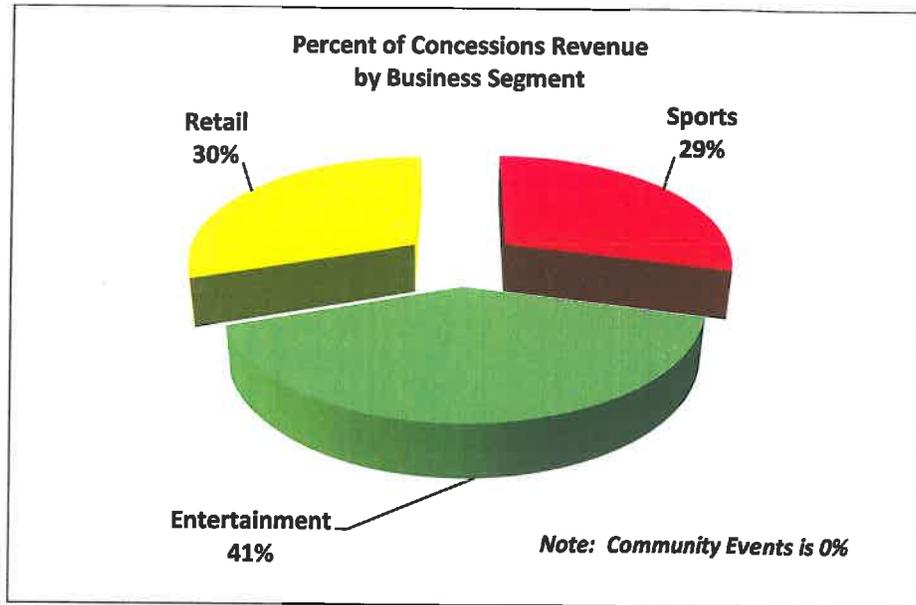


CONCESSIONS REVENUE:

Pima County Stadium District holds the liquor license for the Kino Sports Complex. When requested, the Stadium District will arrange for these services as well as other concessionaire services. Based on the customer's particular need, the District, working through its Approved Alcohol Managers and from its Approved Food and Beverage Vendor List, arranges for simple snack bar services up to and including full-service concessions and/or the sale of alcohol for the event. Of the concessions that we managed during FY 13-14, the District revenue was \$142,300. However, a number of customers still arrange and sell concessions (on their own) during events but are not required to report those sales to the District. Overall, we estimate that total concession sales were roughly \$635,000.

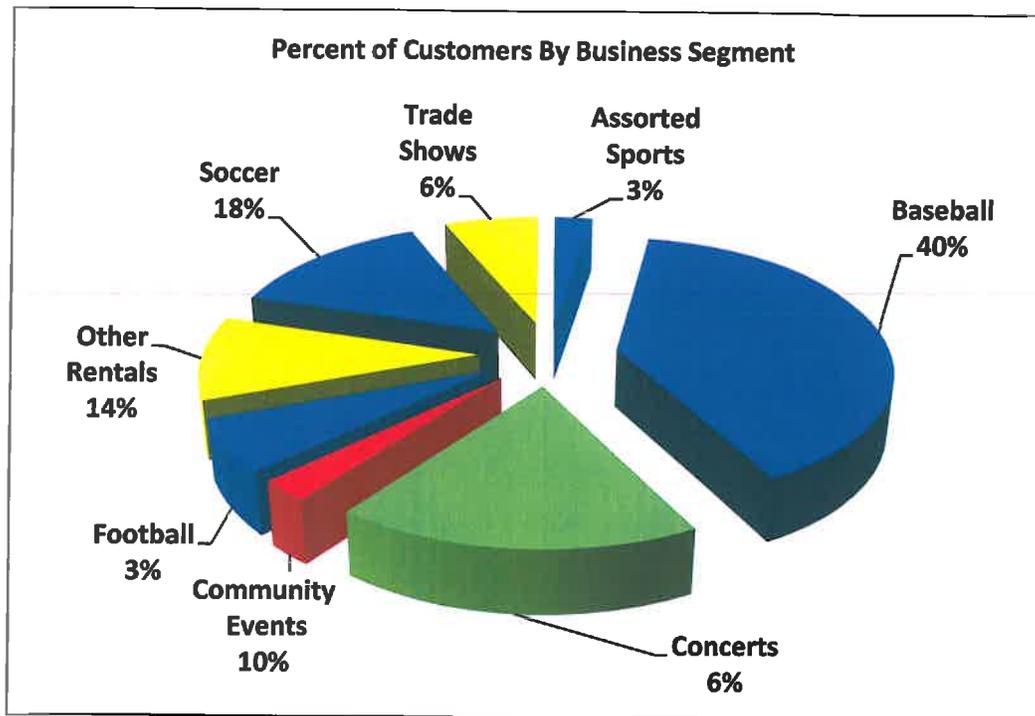
This partnership, which has been developed between the Stadium District and local companies within Pima County, provides unique opportunities for small business owners. Over 40 businesses have already applied and been approved to sell concessions at Kino Sports Complex. As the Stadium District expands its ability to host more large scale events at the Complex the need for these services will grow providing more business for local companies, their employees and increasing the revenue stream for the District and the customer.

This chart defines the percent of concessions revenue by business segment.



CUSTOMER BASE:

The Stadium District has a total customer base of 135 customers. During FY 13-14, 78 customers used the Complex. Of the 78 customers, 16 are annual users who frequently reserve resources throughout the year. Stadium District executed 152 customer agreements to manage the rental requirements for each scheduled event. This chart represents the percentage of customers by business segment.

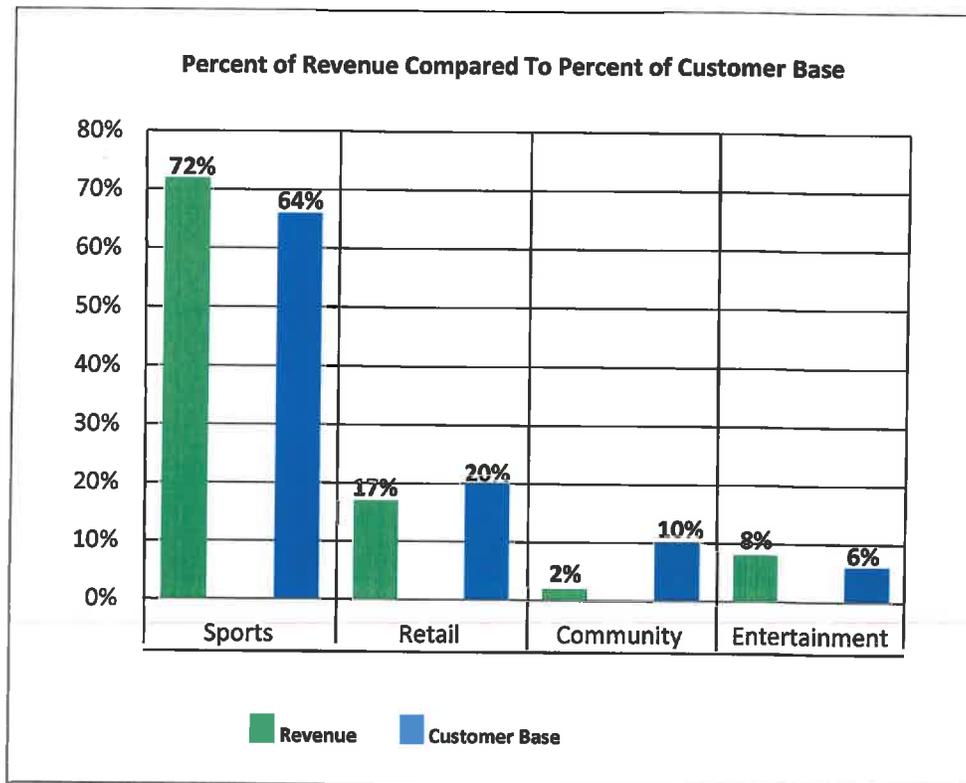


PERCENT OF REVENUE COMPARED TO CUSTOMER BASE:

The Stadium District continues to promote Kino Sports Complex and explore new customer relationships as they arise. During FY 13-14, we received 243 inquiries to use Resources at the Complex. Although some leads never materialized into events, they still deserve mention (Reunion Sports Group LLC, A11FL, and Freedom Baseball) due to the tremendous time and effort spent preparing quotes and negotiating pricing with these potential customers.

A comparison of revenue by customer base reveals that the non-sports business segments are less balanced than the sports segment. Sports Events are 64% of our Customer Base and generate 72% revenue compared to Community Events, which is 10% of our Customer Base, but only generates 2% revenue.

The chart below identifies each business segment and depicts the percent of revenue and the percent of customer base for each segment.



REVENUE MANAGEMENT:

Revenues generated from the rental of resources and services provided by the District are collected either as point-of-sale or as receivable transactions. All rentals require the customer to obtain a current use agreement and provide adequate insurance coverage before the facility is used, regardless of the type or size of event. Stadium District collects any revenue (point-of-sale transactions) that is payable prior to the scheduled event and works directly with the Revenue Management on the collection of revenue that requires a final settlement between the customer and the District.

Revenue Management creates a receivable in AMS and posts the deposit collected from the customer. Upon conclusion of the event, the District performs a final financial reconciliation and provides it to Revenue Management. Revenue Management reviews the agreement and the reconciliation, and then submits to the customer a final invoice for services rendered.

Revenue Management collects the revenues from the customer and monitors all outstanding invoices to prevent late payment or default of revenues owed the District. The District and Revenue Management work together to ensure that the revenues are collected according to the policies and terms established in the agreement. This process is critical to collecting, monitoring and reporting revenue for the District. Of the \$1.1 million of business generated in FY 13-14, there are no outstanding balances.

KINO SPORTS COMPLEX IMPROVEMENTS:

KINO NORTH STADIUM – The most significant facility improvement was the repurposing of the existing Arizona Diamondbacks practice fields located at the North Complex into a professional soccer stadium. Groundbreaking for the \$3 Million project took place April 25, 2013, under the direction of Pima County Facilities Management and the Stadium District. Canyon Construction was the General Contractor, and the Architect was Swaim Associates.

Kino North Stadium, a 2,900-seat professional soccer pitch, was part of a larger project that included construction of a covered grandstand located on the west sideline, a press box, scoreboard, and restrooms. Extra bleachers were erected on the east sideline of the field to increase seating capacity for the venue. South of the new stadium and professional field, four additional soccer practice fields were constructed. Including the existing North Grandstand field, which previously was the main soccer stadium, the North Complex is fully converted for soccer and offers a total of six full-size soccer fields in addition to an impressive West Entrance that features a bold, iconic soccer design to welcome fans as they approach the venue.

The new stadium, which is home to FC Tucson, was dedicated on October 30, 2013. Then, on November 15, 2013, Kino North Stadium hosted its first MLS game between FC Tucson and Chivas USA.

Phase II of the construction project is tentatively scheduled during Fiscal Year 2014-2015 and includes upgrades to the existing concession area, additional fencing requirements to secure the resources, and additional parking accommodations for the venue.

SAM LENA PARK – Major renovations were completed at Sam Lena Park also located at the North Complex. The park consists of two softball fields, a concessions building, a public restroom building, an outdoor basketball court and Ramadas.

The two natural turf softball fields were fully renovated by the Stadium District Grounds Crew. The renovations addressed improvements to the infield, warning tracks, field drainage, and fence improvements. The adjacent berm area behind the bleachers was sodded.

Field lights were converted to the Musco Lighting Control-Link System used throughout the Complex which supports automated, remote controlled light schedules to save labor costs and reduce energy. Roof repairs were made to the concessions building. Interior painting and new concessions equipment is planned for completion next fiscal year.

SOUTH COMPLEX BASEBALL FIELDS – The baseball fields continue to be in high demand. A number of improvements were made to the South Complex baseball fields to accommodate the tournament demand and to improve the fan experience at the games. Ten new shade structures were fabricated and installed over the existing bleacher seats increasing the shade capacity for guests watching the games. The structures are installed along the first and third baselines on five of the fields. In addition to the shade structures, five new solar-powered scoreboards were installed at each of the fields.

Other South Complex improvements include stuccoing the exterior building of the batting cages and installing new security lights on the walking path to accommodate the increased demand for evening use of the batting cages. The batting cages lights were converted to the Musco light system to manage after-hour light requirements and to help conserve energy.