



MEMORANDUM

Date: August 11, 2017

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

From: C.H. Huckelberry
County Administrator 

Re: **Kino Sports and Entertainment Complex Update Report and Planned First Phase Improvements**

Site Background

In 2014, Pima County purchased 167 acres of vacant land for development of a regional tournament facility for a variety of long-field sports and other sport uses. The site is adjacent to the existing Kino Sports Complex, south of Interstate 10 (I-10) between Benson Highway and I-10 at Kino Boulevard. Pima County purchased the property for \$8.75 million under a term purchase agreement. Last year, the County fully paid for the property.

Sales and Tax Revenue Generation of Sports Facilities

Regional and national sports competitions generate millions of dollars in sales and tax revenues. However, large tournaments are rare in Pima County. Local soccer teams routinely travel to Maricopa County to compete in various soccer tournaments due to the lack of local fields for these types of competitions. The Reach 11 Sports Complex in Phoenix 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. This is another reason Pima County needs a sales tax to diversify our revenues.

During Arizona's economic recovery, the June 2012 US Youth Soccer Far West Regional soccer tournament brought 4,600 players, coaches, families and tournament officials to the Phoenix area. This tournament generated an estimated \$10 million in spending at hotels, restaurants and local businesses in Phoenix.

Sport and Recreational Field Needs in Pima County

Although regional long-field sports tournaments are underrepresented locally, Pima County is fast becoming an international baseball-training hub with teams from Mexico and Asia. Dozens of other sports teams fill every available inch of turf in Pima County. These sports include lacrosse, rugby, American football and field hockey.

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During meetings last year regarding the future use of Rillito Regional Park, soccer organizers asserted there is an unmet demand for "... *80 additional soccer fields in the region.*" Currently, there are 62 soccer fields among all jurisdictions in Pima County. Rillito Regional Park has 11 fields, which is the largest number of long fields in one location in Pima County. Eighteen fields are generally required for tournaments. Horseracing, special events and a weekly farmers market also share the Rillito Regional Park fields. Those uses, as well as the adjacency of nearby neighbors and limited parking, make Rillito Regional Park inadequate for most regional or large-scale tournaments. The Kino Sports Complex is ideally suited for such tournaments due to its location along I-10.

Economic Benefits of Regional Tournament Facilities

Studies conducted throughout the United States show that regional tournaments for amateur and youth participants generate millions of dollars per tournament. The University of Arizona Eller College of Management analyzed a variety of tournaments for the Pima County Sports and Tourism Authority Facilities Assessment completed in 2013. Our present inability to host regional soccer tournaments resulted in the use of only one tournament included in the economic impact analysis: the Coldwell Banker Shootout, commonly known as the Fort Lowell Shootout. Despite the limited size of the tournament, the event brought in 358 youth soccer teams and an accompanying 6,600 tournament participants and attendees, generating an estimated \$3.1 million in direct spending in Pima County in 2013.

The Desert Diamond Cup is the largest professional soccer event currently held at the Kino Sports Complex. It brings in \$1.3 million in direct consumer spending annually. A recent lacrosse tournament (held on similar-sized fields throughout the region) reported an economic impact of over \$7 million.

Tens of thousands of local families travel to Phoenix and other western US cities to participate in sports tournaments each year. These cities experience significant economic impact when attracting regional tournaments. One such tournament is the West Regional competition that attracts over 4,500 players and 15,000 spectators. Over the past several years, West Regional Tournaments have been held at Reach 11 Sports Complex in Phoenix, Arizona; Bernalillo Soccer Complex in Albuquerque, New Mexico; Simplot Sports Complex in Boise, Idaho and Waipio Soccer Complex in Waipahu, Oahu, Hawaii. These sites currently have 18, 22, 24 and 21 regulation-sized fields respectively.

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The City of Phoenix prepared an economic impact study for the Reach 11 Sports Complex, host to a recent West Region Tournament. Although prepared in 2009, near the peak of the Great Recession, the study reported over \$149 million in direct and induced sales, as well as \$3.8 million in collected sales tax. These results are typical of soccer tournament facilities around the country.

An analysis prepared by The Sports Facilities Advisory (SFA) for our proposed tournament site shows a 2:1 return on investment of \$56 million based on their recommended combination of uses. Visitor days are estimated at more than 239,000 annually and hotel rooms at more than 52,000.

Clearly, developing a large regional sports tournament complex at Kino is a tourism economic development driver.

Existing Kino Sports Complex Fully Utilized

Today, the Kino Sports Complex attracts dozens of large-scale events and tournaments. The complex is home to FC Tucson, a minor league soccer team, and provides spring training facilities for several national and international baseball teams. The site can transition from event space to baseball diamonds to long fields, accommodating various users. Kino Sports Complex revenues have fully recovered and now exceed those of the spring training era. The 2015 audit of the facility by the SFA identified several operational adjustments that might benefit the bottom line. Stadium District staff has successfully implemented the majority of these adjustments, which are already paying dividends.

Despite the flexibility provided at the Kino Sports Complex, the existing facilities are inadequate to host regional long-field tournaments. The County purchased the 167-acre site south of the existing Kino Sports Complex to develop such additional facilities to address this gap. The SFA has continued to work with the data collected from region sports teams, managers, owners and promoters to develop a pro forma and economic impact analysis of the future facility to determine viability and identify the mix of uses with the greatest potential to produce revenues. That information guided the concept development of the site completed by The Planning Center last year. These planning efforts also showed the centralization of long-field sports in the Kino Sports South Complex would allow additional expansion opportunities for baseball, as well as for regional softball in the northern complex.

I recently provided the Board with information regarding complex use during 2016. That data shows the facilities essentially fully utilized.

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Master Sports Development Plan for South Complex

The 2015 bond program was intended to finance the initial development of the \$55 million proposed complex with an investment of \$25 million. Since the failure of this financing mechanism, Pima County has been working with Visit Tucson and several prominent sports promoters to generate interest in this opportunity and to attract qualified sports facility developers. Pima Prospers, the County's Comprehensive Plan, lists goals and policies to further position the Kino Sports Complex as a tool for economic development, including master planning the site to include tournament level facilities and tourism accommodations.

The Master Plan concept is shown in Attachment 1A. It includes 37 different facilities, all of which are annotated in the Master Plan. A significant portion of the property along Kino Parkway is dedicated to supportive retail facilities, including restaurants and hotels. Other major components of the Master Plan are a waterpark; a tournament field and a stadium with a seating capacity of 8,000 to 10,000; an indoor complex similar to the County's Sporting Chance Center; and 21 long fields.

Of significant importance are the I-10 improvements anticipated within the next several years, including the development of a new interchange at Country Club Road. In addition, modifications to improve the operational aspects of the Kino/I-10 interchange, as well as a vehicle/pedestrian/bicycle underpass under I-10 and on the Forgeus alignment, will be constructed to integrate the north/south elements of the Kino Sports and Entertainment Complex.

The estimated total cost to develop all components of the Master Plan not related to commercial development is approximately \$56 million. Various renderings associated with the Master Plan are included as Attachments 1B, 1C and 1D.

A number of implementation alternatives have been considered; from the issuance of a Request for Proposals for private partnerships where the improvements would be financed by others and leased by the County to those who constructed the facilities for operation and maintenance. While such may be a future option, it is not presently advantageous to the County from the perspective of facility control and access fee establishment. In addition, certain elements, such as the open athletic fields, need to be accessible to the public without significant fees or charges.

Certain elements of the Master Plan lend themselves well to public/private partnership, such as the waterpark, commercial development and the tournament stadium. While the concept of public/private partnerships will be retained for the future, the initial phase of development,

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which is discussed in the next section of this memorandum, should be undertaken by the County to facilitate early development of large-scale sports tournaments, as well as access for public use to satisfy soccer and other long-field demands within the community and regionally.

First Phase – Sports Development on the South Element of the Kino Sports and Entertainment Complex

As the Board of Supervisors is aware from previous communications, utilization of the Kino Sports Complex is near maximum capacity. Without additional facilities and sports fields, future revenue growth of the Kino Sports Complex will be limited. I believe it is appropriate to begin planning for a first phase expansion on the recently acquired south element of the complex. This first phase improvement will concentrate on developing a regional soccer tournament complex with 12 fields and access from Benson Highway. A future Forgeus Avenue connection will be assured with the reconstruction of I-10, linking the north and south elements of the complex. This first phase series of improvements will augment soccer activities that already occur on the north complex north of Ajo Highway. In total, on both the north and south elements, 20 long fields or soccer fields will be available for tournament play, more than on Reach 11 in Phoenix.

The elements of the Master Plan to be initially constructed in this first phase of improvements is shown in Attachment 2. By making available the facilities for regional soccer tournaments and other soccer-related activities, the County will become a major competitor for youth soccer tournaments throughout Arizona and the Southwest. Activating this significant element of soccer capacity will facilitate future public/private partnerships and commercial investments on County lands that will be long-term leased or sold for commercial hospitality purposes. This increased activity will add to Stadium District revenues and the attraction of the KSC as a multiple-sports and entertainment venue.

The initial conceptual estimated cost of this first phase of improvements is approximately \$18 million. Several options are being reviewed to determine the best possible combination of investments to make the regional soccer tournament complex competitive with other venues in Arizona. The project cost estimate is shown in Attachment 3.

Proposed Financing in the First Phase of Improvements

There are numerous options available to finance the first phase improvements. These range from pay-as-you-go financing to a combination of debt and pay-as-you-go financing. As you may know from previous budget savings, we were able to make a lump sum payment to pay off the term debt of this land acquisition. It is likely, through continued budget monitoring

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savings, an additional amount could be made available for a pay-as-you-go payment for these improvements.

In addition, as I have previously stated, the Stadium District debt for facilities constructed for Major League Baseball two-team Spring Training will be fully repaid in December 2017. This will free up approximately \$2.9 million dedicated to retire this debt.

If we were to simply take this annual payment and turn it into an annuity to pay initial capital investments related to this first phase of improvements, it could easily finance the estimated \$18 million of the first phase improvements.

Pima County staff is developing a comprehensive review of tourism revenues and expenditures, and it is likely these improvements can be financed with those funds that have been previously earmarked for specific programmatic tourism-related expenditures, increased revenues from the Stadium District, as well as savings in debt-related payments associated with retirement of Stadium debt.

Next Steps

Staff will continue to refine planning for first phase improvement, refining the cost estimates and the conceptual design of the facilities. We will then issue an appropriate Request for Proposals for design services and begin design of improvements for the Regional Soccer Tournament Complex this fall. It is likely design will take us into spring 2018, at which time, an appropriate bid process for construction will occur. Prior to the selection of a consultant for the design of the first phase of improvements, I will present to the Board for consideration and direction a detailed financing plan for these improvements.

CHH/mjk

Attachments

c: Jan Leshar, Chief Deputy County Administrator
Tom Burke, Deputy County Administrator for Administration
Carmine DeBonis, Jr., Deputy County Administrator for Public Works
Nanette Slusser, Assistant County Administrator for Public Works
Reenie Ochoa, Director, Stadium District
Nicole Fyffe, Executive Assistant to the County Administrator

ATTACHMENT 1



- LEGEND**
- PROJECT BOUNDARY
 - THE LOOP MULTI-USE PATH
 - OWNERSHIP BOUNDARY

- KEY**
- 1 RETAIL/RESTAURANT: 12,000 SF
 - 2 RETAIL/RESTAURANT: 8,000 SF
 - 3 RETAIL/RESTAURANT: 20,000 SF
 - 4 DRIVE-THRU RESTAURANT: 5,000 SF
 - 5 RETAIL/RESTAURANT: 5,000 SF
 - 6 RETAIL/RESTAURANT: 16,000 SF
 - 7 RETAIL/RESTAURANT: 5,000 SF
 - 8 RETAIL/RESTAURANT: 5,000 SF
 - 9 RETAIL/RESTAURANT: 5,000 SF
 - 10 RETAIL/RESTAURANT: 5,000 SF
 - 11 DRIVE-THRU RESTAURANT: 5,000 SF
 - 12 RETAIL/RESTAURANT: 16,000 SF
 - 13 RETAIL/RESTAURANT: 24,000 SF
 - 14 RETAIL/RESTAURANT: 12,000 SF
 - 15 HOSPITALITY: 80,000 SF (110 ROOMS, 4 STORIES)
 - 16 HOSPITALITY: 70,000 SF (130 ROOMS, 6 STORIES)
 - 17 HOSPITALITY: 165,000 SF (260 ROOMS, 7 STORIES)
 - 18 WATER PARK: APPROX 10 ACRES
 - 19 SCOREBOARD TERRACE AND JUMBOTRON
 - 20 STADIUM: 10,000 SEATS
 - 21 STADIUM PLAZA
 - 22 EVENT DAY VENDER KIOSKS
 - 23 EVENT PROMENADE
 - 24 TAILGATING LAWN
 - 25 INDOOR SPORTS CENTER: 50,000 SF
 - 26 COMMUNITY PARK (SPLASH PAD AND PLAY GROUNDS)
 - 27 PARK RAMADA
 - 28 PARK BATHROOM
 - 29 COMMUNITY ATHLETIC FIELDS (ARTIFICIAL TURF)
 - 30 TOURNAMENT ATHLETIC FIELDS (NATURAL TURF)
 - 31 PASEO DEPORTIVO
 - 32 TOURNAMENT BATHROOMS AND PATIOS
 - 33 COMMUNITY CENTER (FLEX SPACE AND LOCKER ROOMS)
 - 34 AWARDS PLAZA
 - 35 EVENT AMPHITHEATER: 5,000 CAPACITY
 - 36 THE LOOP (MULT-USE PATH)
 - 37 MAINTENANCE FACILITY AND YARD: 1 ACRE

ATTACHMENT 1B

ILLUSTRATIVE IMAGE #1



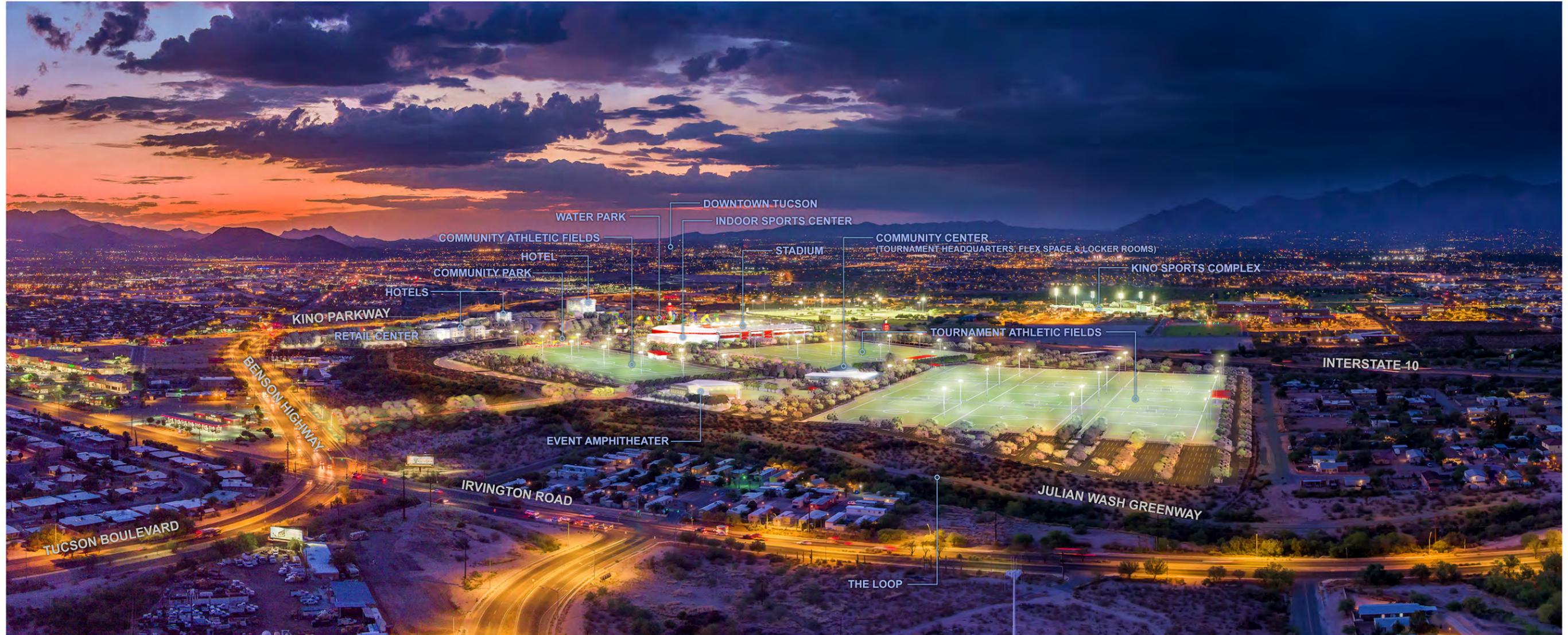
KINO SOUTH

ATTACHMENT 1C



ATTACHMENT 1D

ILLUSTRATIVE IMAGE #3



KINO SOUTH

ATTACHMENT 2



ATTACHMENT 3

Kino Phase 1 - Full 12

12 lit fields, one Concessions/Locker room building, 2588 parking spaces, ancillary support

8/10/2017

Construction Assemblies	unit cost	unit	Cost	Comments
Mob/site prep	\$ 200,000.00	LS	\$ 200,000.00	
Main road	\$ 514,000.00	LS	\$ 514,000.00	3,325 LF, (4" asphalt, 8"AB) no bridge costs
Parking A	\$ 665,000.00	LS	\$ 650,000.00	256x775 area to NE (3" asphalt, 6" AB) 608 space
Parking B	\$ 390,000.00	LS	\$ 380,000.00	128x1000 area Mid (3" asphalt, 6" AB) 400 space
Parking C	\$ 275,000.00	LS	\$ 275,000.00	128x700 area w central (3" asphalt, 6" AB) 280
Parking D	\$ 265,000.00	LS	\$ 260,000.00	192x450 area w north (3" asphalt, 6" AB) 225
Parking E	\$ 682,000.00	LS	\$ 680,000.00	256x950 area SE (3" asphalt, 6" AB) 825 space
Parking F	\$ 182,000.00	LS	\$ 170,000.00	64x1275 area to east (3" asphalt, 6" AB) 250 space
Parking Lot lighting	\$ 400,000.00	LS	\$ 400,000.00	parking lot area lighting
Soccer field grass	\$ 300,000.00	field	\$ 3,600,000.00	grass turf, 12 fields 4 groups of three, 825x425'
Sports lighting	\$ 200,000.00	field	\$ 2,400,000.00	12 lit for tournament site
fencing (sports netting)	\$ 125.00	LF	\$ 125,000.00	1000' as needed along I-10.
Fencing (chain link)	\$ 40.00	LF	\$ 302,000.00	assumes fencing around soccer fields, two pods (of six) 10' high
sidewalk / path (interior pod)	\$ 5.00	SF	\$ 125,000.00	2,500 LF of 10' concrete walks
sidewalk / path (pkg lot)	\$ 5.00	SF	\$ 216,250.00	8,650 LF of 5' concrete walks
restroom	\$ 225,000.00	LS	\$ 450,000.00	restroom facilities (two)
site furnishings	\$ 50,000.00	ls	\$ 50,000.00	trash cans, benches, bike racks, etc
Misc landscape/irrigation	\$ 200,000.00	LS	\$ 200,000.00	picnic, trees, etc
Utility improvements	\$ 500,000.00	LS	\$ 500,000.00	new services and distribution across site, 75% of orig
bridges, veh	\$ 6,000.00	LF	\$ 600,000.00	1 crossing, two lanes + bikes 40' width assumed
maintenance compound	\$ 175,000.00	EA	\$ 175,000.00	
building			\$ -	below
			\$ 12,272,250.00	
			\$ 613,612.50	5% Contingency

Project Budget	Base price	W/ Soft Costs & Escalation	
Building	\$ -	\$ 3,000,000.00	vertical - locker room/concessions/offices - value from FM as a place holder
Planning	\$ -	\$ -	(master plan completed)
Design*	\$ 1,227,225.00	\$ 1,349,947.50	10% design costs; 1% admin
Construction	\$ 12,272,250.00	\$ 13,499,475.00	10% construction labor costs, testing etc
public art	\$ 148,494.23	\$ 148,494.23	1% public art
contingency	\$ 613,612.50	\$ 613,612.50	5% contingency
		\$ 18,611,529.23	

\$ 2,815,000.00 parking + lighting
 \$ 1,114,000.00 road plus single bridge

\$ 6,000,000.00 12 fields + lights all turf

\$ 2,343,250.00 other site - fencing, walks, restrooms, landscaping, maintenance, utilities