Market Analysis for a Proposed New Arena and Outdoor Sports Field Complex in Worcester County, Maryland

Presented to:

Maryland Stadium Authority and Worcester County

Presented by:

Crossroads Consulting Services

Final Report
February 2017

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Mr. Al Tyler, Assistant Vice President, Capital Projects
Maryland Stadium Authority
The Warehouse at Camden Yards - South Warehouse
351 West Camden St., Ste. 500
Baltimore, MD 21201

Dear Mr. Tyler:

Crossroads Consulting Services LLC has completed its market analysis for a proposed new arena and adjacent secondary ice sheet along with a proximate outdoor sports field complex in Worcester County. The report presented herein includes the summary of findings, conclusions, and recommendations from our research.

This report was prepared for the Maryland Stadium Authority and Worcester County for their decisions regarding the above referenced project. The information contained in the report reflects analysis of data obtained from primary and secondary sources including, but not limited to, Worcester County. We have utilized sources that are deemed to be reliable but cannot guarantee their accuracy. All information provided to us by others was not audited or verified and was assumed to be correct. We have no obligation, unless subsequently engaged, to update this report or revise this analysis as presented due to events or conditions occurring after the date of this report.

In accordance with the terms of our engagement letter, the accompanying report is restricted to internal use by the Maryland Stadium Authority and Worcester County and may not be relied upon by any party for any purpose including financing. Notwithstanding these limitations, it is understood that this document may be subject to public information laws and, as such, can be made available to the public upon request.

Although you have authorized reports to be sent electronically for your convenience, only the final hard copy report should be viewed as our work product.

We have enjoyed serving you on this engagement and look forward to the opportunity to provide you with continued service.

Sincerely,

Crossroads Consulting Services LLC

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EXECUTIVE SUMMARY

Project Background

Located in southeastern Maryland, Worcester County (County) has a population of approximately 52,000 people. The County is home to Ocean City, which is one of Maryland's largest vacation resort areas. The County seat is Snow Hill.

Worcester County was approached by Hat Trick Consultants, LLC, of Grapevine, Texas regarding its interest in developing a new arena to attract a professional minor league hockey franchise to the area. The proposed facility plan calls for 6,200 permanent seats and a total capacity that can accommodate up to 8,000 spectators. In addition to a professional minor league hockey tenant, it is anticipated that the proposed new arena could host a variety of other events such as concerts, family shows, entertainment/ comedy acts, collegiate/scholastic competitions, graduations, etc. The current concept under consideration also includes an adjacent sheet of ice that could serve as a practice facility for the professional minor league hockey team and accommodate various other recreational and competitive needs. However, the merits of a stand-alone practice ice rink are not evaluated as part of this analysis as it is considered supporting infrastructure to the proposed new arena.

A report prepared by Hat Trick Consultants, LLC in 2013 cited that the overall development strategy seeks to integrate the proposed new arena into a mixed-use project. However, at the time of this report, a master developer has not been named nor have any details been provided regarding the amount or type of specific elements that would be part of the mixed-use development project (e.g., hotel, restaurants, family entertainment center, etc.).

As part of its overall planning efforts, and particularly those related to economic development initiatives, it is our understanding that Worcester County would like to evaluate the merits of developing a proposed new arena/practice ice rink as well as a proximate outdoor sports field complex that is envisioned to accommodate weekend tournament activity that generates out-of-town attendees and related spending as well as support local recreational needs on weekdays.

Purpose of the Study

Given this backdrop, the Maryland Stadium Authority (MSA) and Worcester County retained Crossroads Consulting Services LLC (Crossroads) to conduct a market analysis to assist in identifying potential strengths, challenges/threats, and opportunities associated with construction and operations of a new arena/practice ice rink and outdoor sports field complex.

In addition, this study considers the potential impact that these proposed new facilities may have on usage and economic performance at other existing and planned State-owned assets in the area including the Ocean City Convention Center (OCCC) and the Wicomico Youth & Civic Center (WYCC).

Although these projects are assumed to be located proximate to each other, this analysis is non-site specific (other than being located within Worcester County). Further, although several research tasks were conducted simultaneously, the market opportunities associated with each project were evaluated separately.

Work Plan

Research tasks completed as part of this study effort included, but were not limited to, the following:

- Conducted interviews and/or work sessions with stakeholders including: representatives from the MSA; Worcester County Economic Development; Worcester County Parks and Recreation; Worcester County Tourism; Town of Ocean City; Maryland Sports; Maryland State Senate; and Maryland House of Delegates.
- Analyzed select market attributes including demographic/economic data, area employment, accessibility, hotel statistics, tourism/visitor statistics, attractions, and climate.
- Profiled attributes of existing and planned facilities locally and in the surrounding area to assess how the proposed new arena and outdoor sports field complex may compete with or complement these facilities.
- Reviewed available information from secondary sources regarding historical sports activity occurring at existing facilities in Worcester County.
- Researched key trends in the sports, entertainment, and recreation industries.
- Surveyed/interviewed potential users of the proposed new arena and outdoor sports field complex including: professional sports leagues; area scholastic and collegiate programs; State, regional and national youth, and amateur sports organizations; event producers of various special athletic events; and concert/ family show promoters.
- Analyzed usage and operating data from a select number of competitive/ comparable facilities for both the proposed new arena and outdoor sports field complex.
- Developed a competitive market assessment that identified market-related strengths, challenges, opportunities, and threats associated with the proposed new arena and outdoor sports field complex under consideration.

Overall Summary of Market Findings

Although the market opportunities associated with each project were evaluated separately, it was assumed that the proposed new arena and/or outdoor sports field complex would be owned by Worcester County; constructed in a first-class manner and provide a high-level patron experience in terms of amenities; located on a site that is adequate in terms of visibility, ingress/egress, parking, safety, etc.; and situated proximate to supporting infrastructure such as hotels, restaurants, retail, entertainment, etc. and attractions such as the beach. It was further assumed that, if constructed, the new arena would be operated by a professional management company that specializes in similar public assembly facilities and the new outdoor sports field complex would be managed by an entity experienced in attracting/managing tournament activity.

It is our understanding that the County's primary objectives for the proposed project are to better accommodate and enhance sports and entertainment activities, attract incremental new programming, be financially self-sustaining, be developed through some form of public-private partnership, and serve as an economic catalyst. These objectives would require strong programming to maximize attendance, revenue generation, and ancillary economic impact.

Proposed New Arena

Market research suggests that while the proposed new arena may potentially be able to attract a professional minor league hockey team, and potentially a second tenant team such as a soccer, football or basketball team, overall demand for other event activity such as concerts, family shows, and other sporting events is moderate at best. In addition, the amount and type of programming combined with market and industry dynamics may not support the desired long-term economics associated with the proposed new arena.

Based on factors such as the market size, the limited corporate base, the lack of strong interest by concert promoters, the instability of some professional minor league sports leagues and teams, and direct competition with the WYCC and the OCCC within a 30-mile radius, the proposed new arena would face multiple market-driven challenges. Although a cost benefit analysis has not yet been conducted, market research suggests an extremely cautious approach to pursuing the proposed new arena in Worcester County at this time.

This conclusion is reflective of several challenges/threats that exist which negatively influence the proposed new indoor arena's ability to attract significant commercial entertainment market opportunities which would directly impact financial profitability and self-sustainability. Research suggests that additional funding from third parties in the form of a public subsidy, private sector investment, etc. would likely be required for both capital construction costs as well as some portion of on-going operating costs.

Proposed New Outdoor Sports Field Complex

Market research, including direct feedback from event promoters/producers, suggests that demand exists for a new outdoor sports complex that offers a critical mass of multi-purpose, rectangular fields with associated patron amenities and supporting infrastructure. This increase in supply would allow the County to better accommodate and grow its existing, local-based recreational programs as well as to attract incremental new sports competitions/tournaments that generate economic and fiscal impacts to the community. The proposed new outdoor sports field complex could serve a diverse set of demand generators at varying levels of competitions/tournaments. Offering multi-purpose fields will allow the facility to host multiple sports such as lacrosse, soccer, rugby, and ultimate Frisbee that mitigates the reliance on any particular sport.

The competitive supply of facilities is continuing to change. It is our understanding through primary and secondary sources that there are potential plans for additional fields to be developed by the private sector in Worcester County, Wicomico County and in White Marsh. In addition, the Delaware Sports Complex in Middletown and the DE Turf Sports Complex in Frederica are currently constructing multiple fields that will further increase the supply for tournament activity in the region. Tournament promoters/producers did express a concern regarding the potential of oversaturation of the Mid-Atlantic market. As such, the County and the MSA may want to consider a phased approach to the development of a new outdoor sports field complex.

Based on market research, including input from potential demand generators and interviews with management at comparable complexes, the following summarizes preliminary programmatic elements for the proposed new outdoor sports field complex:

- A minimum of 8 to 10 tournament-quality, multi-purpose fields to accommodate competitive field sport events such as soccer, lacrosse, rugby, etc.
- Strategic space planning to accommodate future expansion, as warranted
- Well-designed layout to accommodate tournament activity
- Concessions, restrooms, and Wi-Fi access throughout the complex
- Support space to meet office, maintenance and on-site storage needs
- Designated space designed for a ‘tournament central’ area
- Open space for team gathering and warm-up areas for players
- Sufficient on-site parking and traffic management plan for ingress/egress to and from the site
- Supporting infrastructure including electrical connectivity at each field and in the sponsor activation area, etc.

Next Steps

Crossroads has received direction from the MSA and the County to proceed with the Phase 2 for the outdoor sports field complex which includes the following tasks:

- Refine the building program and recommended site parameters
- Develop a financial pro forma and related assumptions regarding potential usage/event activity by major event type and facility operations in terms of operating revenues and operating expenses
- Estimate the economic impacts in terms of spending, employment, and earnings as well as tax revenues associated with on-going facility operations
- Summarize findings

Because the information presented in the executive summary is extracted from the more detailed report, it is important for the reader to review the report in its entirety to gain a better understanding of the research, methodology and assumptions used.

The remainder of this report summarizes the key findings from our research and analysis.

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LOCAL MARKET CONDITIONS

Because general market conditions impact the operations of sports/entertainment facilities, this section of the report profiles select market characteristics including demographic/economic statistics, area employment, accessibility, hotel statistics, tourism statistics, attractions, and climate.

Demographic and Economic Statistics

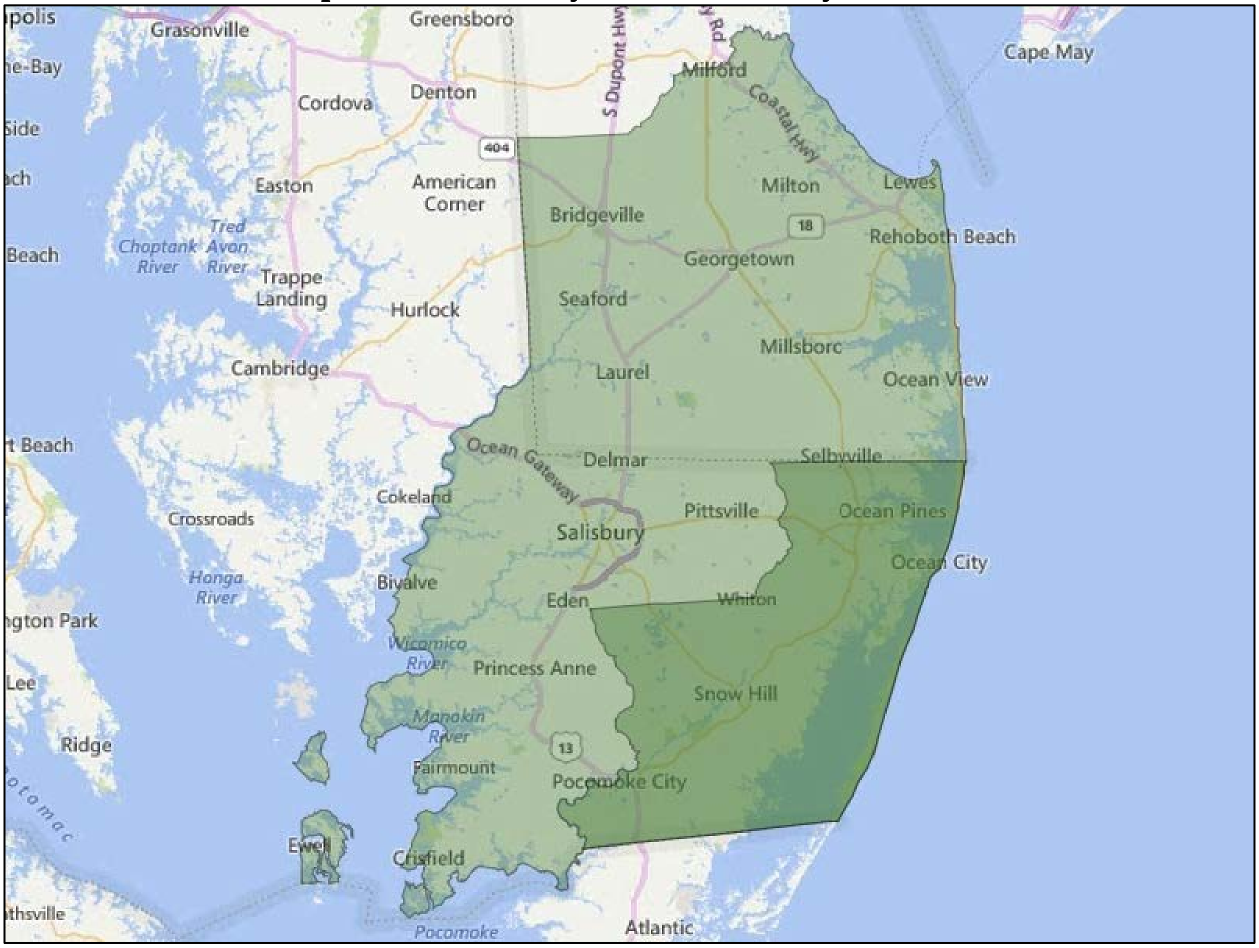
It is important to understand the market in which the proposed new facilities would operate. Demographic and economic indicators are pertinent to estimating demand for sports facilities for several reasons. Factors such as demographic/economic conditions, the vibrancy of the area immediately surrounding a facility, and overall destination appeal to both event planners/promoters and attendees can all impact a facility's overall competitiveness within the broader marketplace.

Activity at the proposed new arena and outdoor sports field complex is anticipated to be diverse. Depending on the scope and nature of the event, these types of facilities can draw both area residents and out-of-town attendees. Local events such as recreational sports activities and civic/community events tend to draw from a relatively close geographic area while larger events/competitions draw from a broader radius defined here as the secondary market. Special events such as music festivals and regional/national competitions can attract patrons from an even more expansive market area.

In addition, event promoters/producers typically consider factors such as population, age distribution and income characteristics, accessibility to the population base, as well as the facility building program and supporting infrastructure when deciding where to host their events. The importance that event promoters/producers place on each of these factors differs depending on the type of event. Market dynamics will also impact the amount, type, and success of planned ancillary development near the proposed new arena and outdoor sports field complex.

For purposes of this analysis, the primary market is defined as Worcester County. The secondary market is defined as the Salisbury Core Based Statistical Area (CBSA), or Salisbury Metro Area, which includes Somerset, Wicomico, and Worcester counties in Maryland and Sussex County in Delaware. Per the U.S. Census Bureau, the term CBSA is a collective term for both metro and micro areas. A metro area contains a core urban area of 50,000 or more population and a micro area contains an urban core of at least 10,000 (but less than 50,000) population. Each metro or micro area consists of one or more counties and includes the counties containing the core urban area, as well as any adjacent counties that have a high degree of social and economic integration (as measured by commuting to work) with the urban core. The following map illustrates the primary and secondary markets.

Map of the Primary and Secondary Markets



Source: Claritas.

As previously mentioned, certain events such as popular entertainment acts, special events or regional/national sports competitions can attract patrons from an even broader market area. Although not profiled as part of this analysis, industry research indicates that many sports participants are willing to drive up to 200 miles, on average, to compete in regional and national tournaments.

The following summarizes key demographic statistics for the primary and secondary markets based on data supplied by Claritas, a Nielsen company that provides current and projected U.S. demographics based on U.S. Census figures.

Population

Population serves as a base from which events at the proposed new arena and outdoor sports field complex could draw attendance and other forms of support. In 2016, the population of the primary market is estimated to be approximately 51,800 and the population of the secondary market is estimated to be 396,200. As such, the secondary market provides an incremental population of approximately 344,400. Population within the primary and secondary markets is projected to increase by 1.7% and 5.0%, respectively, from 2016 to 2021. The projected growth rate for the primary market is lower than that for the State (3.9%) and the U.S. (3.7%).

Age Distribution

Analysis by age group is useful since certain events are targeted toward consumers who fall within specific age categories. Approximately one-third of the primary and secondary markets are within the ages of 25 and 54, a demographic that typically has disposable income to spend on sports and entertainment events. Approximately 18% of the primary market and 20% of the secondary market is under 18 years old, a popular age range for participating in sports tournaments/competitions. The median age in the primary market is 49.1 years old which is significantly older than that for the secondary market (43.9 years old), the State (38.7 years old) and the U.S. (38.0 years old).

Income

Income offers a broad measurement of spending potential for a specific population because it indicates the general ability of individuals or households to purchase a variety of goods and services including admission to spectator events (e.g., concerts, family shows, sporting events, etc.) as well as participation in, or attendance at, competitive sporting events. The median household income is $60,800 in the primary market and $53,000 in the secondary market. Both figures are significantly lower than that for the State of Maryland ($74,100). Approximately 40% of the households in the primary market and 33% in the secondary market have income levels of at least $75,000 compared to 49% in the State of Maryland.

Ethnicity

In 2016, approximately 79% of the population in the primary market is classified as White followed by 14% that is classified as Black/African American. Approximately 71% of the population in the secondary market is classified as White and 17% is classified as Black/African American.

For comparative purposes, the table below summarizes key demographic/economic characteristics for the primary and secondary markets as well as for the State and the U.S. Statistics related to market size and age distribution for the primary and secondary markets will be compared to national sports participation rates later in this report.

Summary of Key Demographic/Economic Characteristics				
	Geographic Area			
Category	Primary Market (Worcester County)	Secondary Market (Salisbury CBSA)	State of Maryland	U.S.
Population				
2000 Population	46,500	312,600	5,296,500	281,421,900
2010 Population	51,500	373,800	5,773,600	308,745,500
2016 Population	51,800	396,200	6,041,100	322,431,100
2021 Projection	52,700	415,900	6,276,900	334,342,000
Growth Rate (2000-2010)	10.6%	19.6%	9.0%	9.7%
Growth Rate (2010-2016)	0.6%	6.0%	4.6%	4.4%
Projected Growth Rate (2016-2021)	1.7%	5.0%	3.9%	3.7%
Age Distribution				
Under 18 Years Old	18%	20%	22%	23%
18 - 24 Years Old	7%	10%	9%	10%
25 - 34 Years Old	10%	11%	13%	13%
35 - 44 Years Old	10%	10%	13%	13%
45 - 54 Years Old	13%	13%	14%	13%
55+ Years Old	42%	36%	28%	28%
Median Age	49.1	43.9	38.7	38.0
Household Income Distribution				
Less than $25,000	19%	23%	16%	23%
$25,000 to $49,999	24%	25%	18%	23%
$50,000 to $74,999	18%	19%	17%	18%
$75,000 to $99,999	13%	13%	13%	12%
$100,000 to $149,999	15%	13%	18%	13%
$150,000 or more	12%	8%	18%	11%
2016 Median Household Income	$60,800	$53,000	$74,100	$55,600
2016 Average Household Income	$82,300	$69,200	$99,000	$77,100
Population by Single Race Classification				
White	79%	71%	52%	61%
Black/African American	14%	17%	29%	12%
Hispanic/Latino	4%	8%	10%	18%
Other Races	3%	4%	9%	9%

Source: Claritas.

Area Employment

The employment base of an area provides a potential target market for events and financial support for the proposed facilities, particularly the arena. Area employers may utilize the facility for various events. In addition, advertising/sponsorship opportunities, premium seating sales and ticket sales at the proposed new arena are typically dependent on the size and composition of the area employment base. A broad workforce distribution helps lessen a community's dependency on support from any single industry segment. Employment diversification helps a local economy withstand economic downturns due to dependency upon one industry; should one industry fail, there are others upon which the local economy can rely.

In 2015, the Salisbury Metro Area had approximately 154,100 employees. While the Salisbury Metro Area offers employment in various industries, employment data shown in the following table indicates that the workforce is concentrated in trade/ transportation/utilities, leisure/hospitality, government, and education/health services. In aggregate, these industries comprise approximately 68% of the Metro Area's jobs. The leisure/hospitality industry, which is typically indicative of an established visitor market, accounts for 17% of area jobs. Sports facilities that draw incremental new visitors to an area increase demand for services at area businesses.

Salisbury Metro Area - Employment by Industry - 2015		
Industry	**Total Jobs**	**% of Total**
Trade, Transportation & Utilities	31,200	20%
Leisure & Hospitality	26,600	17%
Government	24,200	16%
Education & Health Services	23,600	15%
Manufacturing	14,100	9%
Professional & Business Services	12,400	8%
Mining, Logging, & Construction	8,000	5%
Financial Activities	6,500	4%
Other Services	6,300	4%
Information	1,200	1%
Total	**154,100**	**100%**

Note: Sorted in descending order by total jobs.

Source: Maryland Office of Workforce Information & Performance.

With approximately 1,170 employees, the Harrison Group and the Worcester County Board of Education are the largest employers in Worcester County. As shown in the following table, other major employers include Atlantic General Hospital, Worcester County, Wal-Mart Super Center, and Ocean City.

Major Employers in Worcester County - 2016	
Employer	Total Employees
Harrison Group	1,170
Worcester County Board of Education	1,170
Atlantic General Hospital	860
Worcester County Government	660
Wal-Mart Super Center	580
Town of Ocean City	530
Bayshore Development	520
O.C. Seacrets	470
Dough Roller	360
Clarion Fountainebleu Hotel	340
Total of Top 10	**6,660**

Note: Sorted in descending order by total employees.
Source: Worcester County Economic Development.

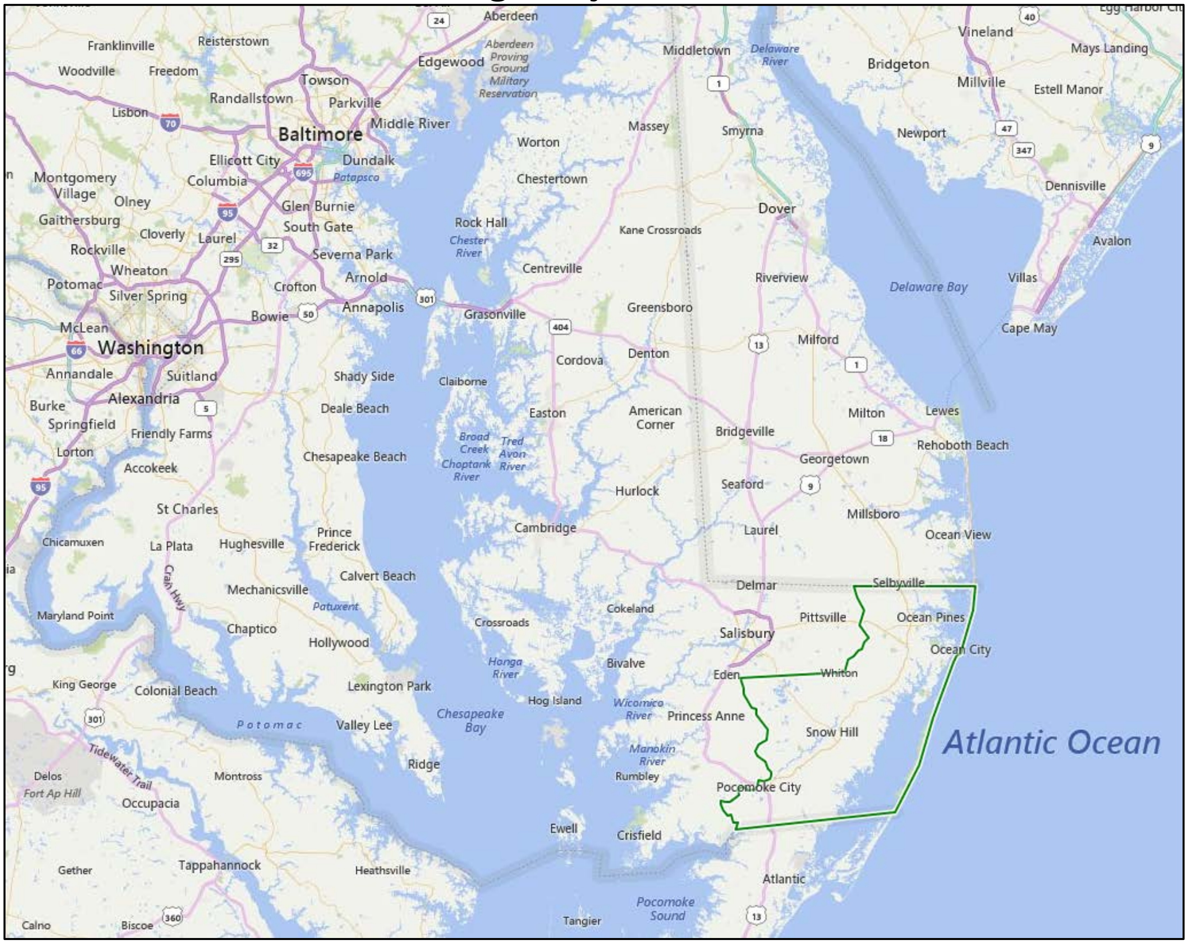
Per the U.S. Bureau of Labor Statistics, the non-seasonally adjusted unemployment rate for Worcester County was 6.7% in October 2016, which was significantly higher than that for the Salisbury Metro Area (5.1%), the State of Maryland (4.2%) and the U.S. (4.7%) during the same month.

Accessibility

Accessibility, particularly via highway, is typically an important factor to the overall success of arenas and sports complexes. The method that event promoters/producers use to select venues to host their event is partially based on ease of access to a market for attendees. In addition, the location and accessibility of a facility relative to the population base can impact its marketability for certain types of events.

Worcester County is located along the eastern shore of Maryland. As shown in the following map, this region of the State is separated by the Chesapeake Bay and does not have direct interstate access. The Maryland Peninsula is accessible via U.S. Route 301 which provides connection to Washington D.C. and Baltimore. U.S. Routes 13 & 113 provide north-south access and U.S. Route 50 provides east-west access to and from Worcester County.

Highway Access



Source: bing.com

The Salisbury-Ocean City-Wicomico Regional Airport is the only Federal Aviation Administration (FAA) certificated air carrier airport on the entire Delmarva (i.e., Delaware-Maryland-Virginia) Peninsula. In 2015, there were approximately 61,800 passenger enplanements at this airport. The FAA defines enplanements as domestic, territorial, and international passengers who board an aircraft in scheduled and non-scheduled service of aircraft.

Worcester County is also serviced by the Baltimore-Washington International Airport and the Philadelphia International Airport, which had approximately 11.7 million and 15.1 million passenger enplanements, respectively, in 2015. The drive time to these two airports is approximately 2.5 hours.

Proximate, convenient air access can be advantageous in accommodating the needs of event promoters/producers and VIPs that require fly-in service.

Hotel Market

The diversity, supply, and availability of hotel rooms proximate to sports/entertainment facilities can play a role in attracting competitions that draw overnight attendees. Research suggests that participants/spectators tend to travel further and stay longer when their choice of hotel property is readily available.

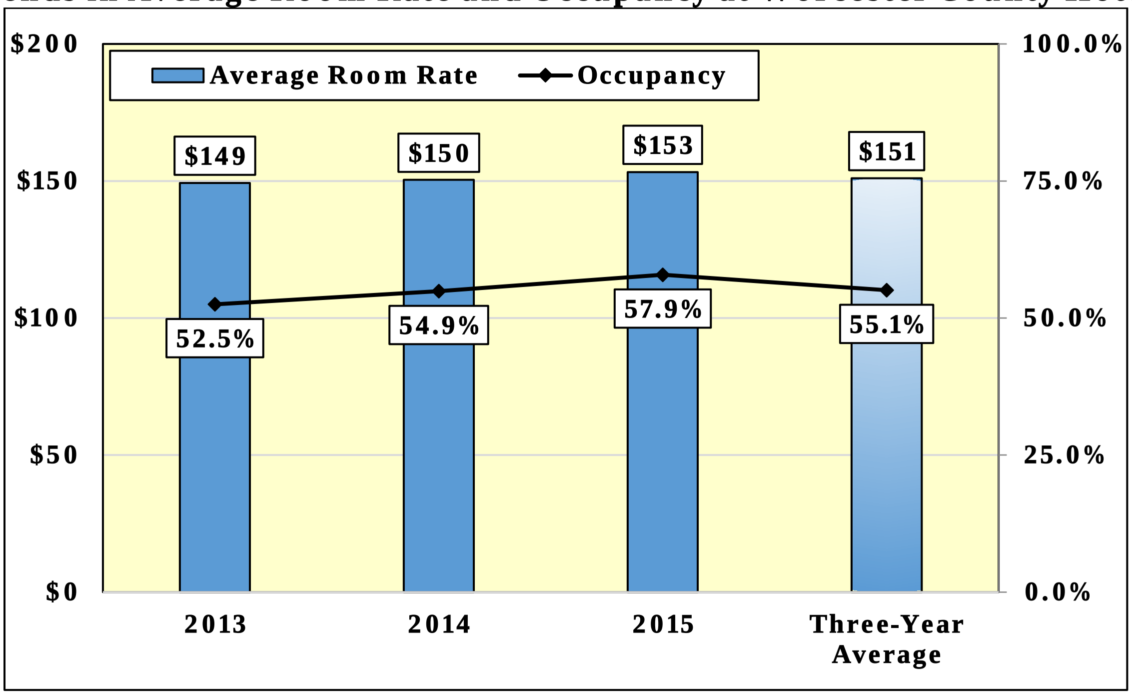
Hotel Supply

There are approximately 9,300 hotel rooms in Ocean City, which is the highest concentration within Worcester County. With the recent opening of the Microtel Inn and Suites, West Ocean City has approximately 520 hotel rooms. This supply is augmented by approximately 215 hotel rooms in Pocomoke City. In addition to hotel rooms, there are approximately 21,000 condominiums or rental accommodations in Ocean City and other accommodations such as bed and breakfast properties throughout Worcester County. Research indicates that most participants/spectators consider 10 miles or less from the host site an acceptable distance to drive to amenities such as hotels.

Hotel Demand

The following graph illustrates recent trends in average room rate and occupancy at Worcester County hotels. Both annual average room rate and occupancy have steadily increased during the profiled period. Between 2013 and 2015, the average room rate was $151 and occupancy rates averaged 55.1%. Because the Town of Ocean City's peak visitation season occurs in the summer, many independent properties close for the winter months which negatively impacts annual occupancy rates.

Trends in Average Room Rate and Occupancy at Worcester County Hotels

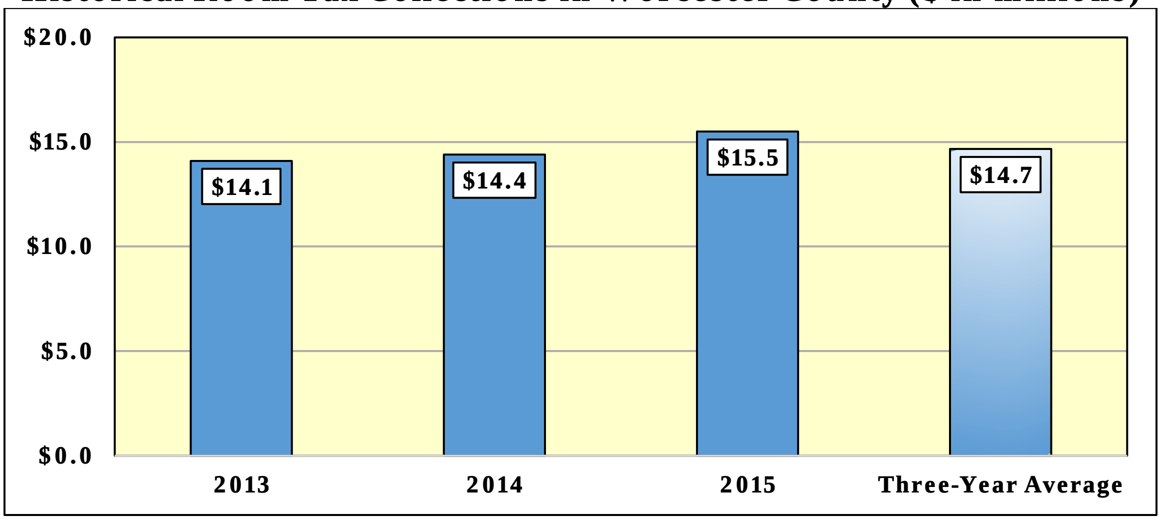


Sources: Smith Travel Research Inc.; Maryland Lodging Monitor.

Room Tax Collections

Rental of hotel or motel rooms, apartments, rooms, condominiums, cottages, mobile homes, or any other sleeping accommodation shorter than four months and one day, in Worcester County is subject to a 4.5% room tax. This room tax combined with the State's sales and use tax of 6% yields a total tax of 10.5% on hotel rooms. Overall, collections from room taxes have increased since 2013, including an 8% increase in 2015. Room tax collections averaged $14.7 million between 2013 and 2015.

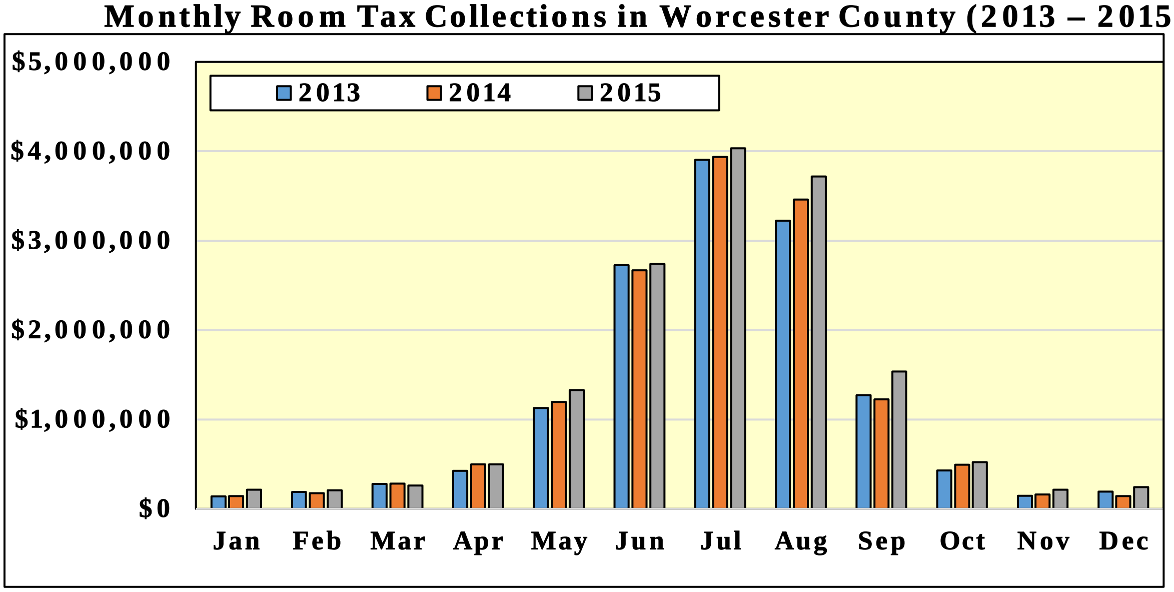
Historical Room Tax Collections in Worcester County ($ in millions)



Source: Worcester County Department of Tourism.

During the profiled period, room tax collections were significantly higher from June through August with shoulder months in May and September.

Monthly Room Tax Collections in Worcester County (2013 – 2015)



Source: Worcester County Department of Tourism.

Tourism Statistics

Tourism is a significant economic generator for Worcester County. Visitor spending on items such as lodging, retail, eating/drinking and entertainment/recreation supplements resident spending at area businesses and increases tax revenues for both local and State governments.

The total number of visitors to Worcester County declined in 2010 and 2011, likely a delayed result of the economic downturn in the late 2000's. In 2012 and 2013, the most recent years for which data was available, there was an increase in total visitors. As a point of reference, visitors to Ocean City make up approximately 90% of the total visitors to Worcester County.

Visitors to Worcester County (000s)				
Year	**Overnight**	**Day**	**Total**	**Growth Rate**
2009	1,008.4	870.6	1,879.1	
2010	937.6	876.6	1,814.2	-3.5%
2011	824.0	931.9	1,755.9	-3.2%
2012	867.8	964.6	1,832.4	4.4%
2013	902.4	1,065.9	1,968.3	7.4%

Source: The Economic Impact of Tourism in Maryland.

Attractions

Relative to the proposed outdoor sports field complex, another factor that event promoters/producers consider when selecting a destination for their event is the availability of nearby cultural, recreational, retail and entertainment options. These activities are important for times when attendees are not at sporting event-related functions. This can also factor into an attendee's decision whether to bring family and friends as well as how long they will stay at the destination.

The Salisbury Metro Area offers several attractions, many of which are family-oriented. As one would expect, a large concentration of attractions is in Ocean City including the Boardwalk, 10 miles of beaches along the Atlantic Ocean and several family amusement parks. Throughout the remainder of the Salisbury Metro Area there are multiple parks that offer hunting, fishing, boating and animal watching as well as multiple golf courses. The Salisbury Zoo is another attraction along with Delmarva Shorebirds baseball games, the single "A" affiliate for the Baltimore Orioles. Furthermore, horse/equine related activities, which include race tracks, show grounds and stables as well as various riding trails, are popular in the Salisbury Metro Area.

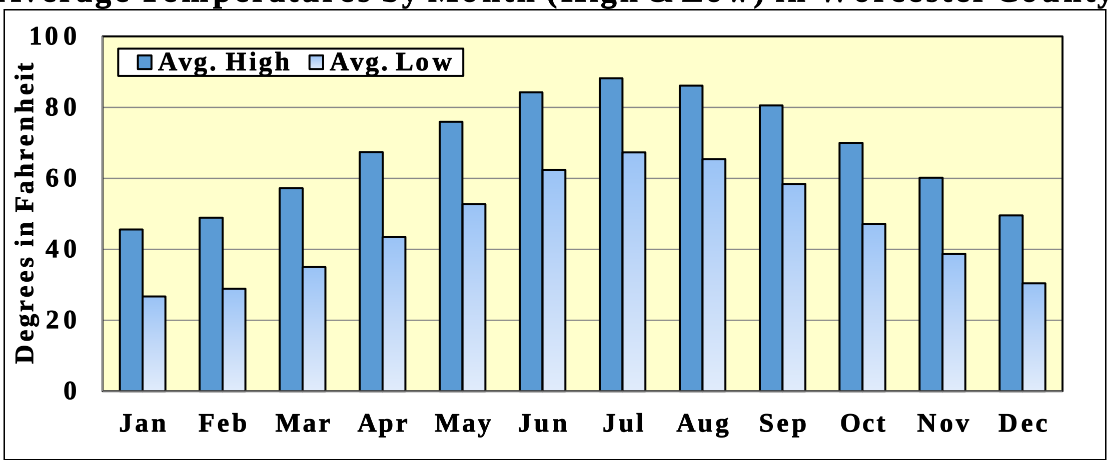
This supply of family-friendly attractions as well as the abundance of beaches makes the Salisbury Metro Area an appealing visitor destination for many groups such as sports organizations.

Climate

Climate is a factor in site selection for outdoor competitive sporting events as it impacts seasonality, usage levels and economics of sports facilities. For instance, climate can impact the type of playing surface (i.e., natural grass versus artificial turf) selected for outdoor facilities affecting both capital needs and on-going operating costs.

As shown in the graph that follows, Worcester County has five months per year where the average low temperature is above 50 degrees. Generally, outdoor facilities are more utilized during warmer months and sustained months of cooler temperatures can be an unappealing factor to outdoor event organizers and potential attendees during the winter months. Average high temperatures range from the 40s during the winter to the 80s during the summer.

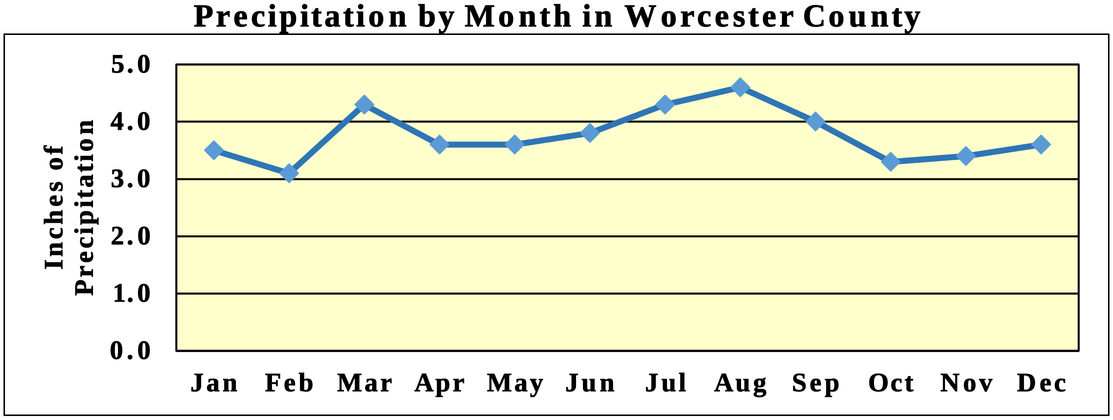
Average Temperatures by Month (High & Low) in Worcester County



Source: USA.com.

Worcester County's peak precipitation generally occurs in March and from July through September which can impact outdoor tournaments during this season, particularly on natural grass fields which can sustain damage from persistent precipitation.

Precipitation by Month in Worcester County



Source: USA.com.

The next section of the report profiles the supply of area facilities.

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COMPETITIVE SUPPLY OF AREA FACILITIES

It is our understanding that one objective of the proposed new sports facilities is to host a diverse set of events that augments existing community recreational facilities and attracts overnight visitors. The degree to which existing facilities adequately meet the needs of the market is an important aspect to consider when evaluating the potential demand for new sports facilities. Facility size, program elements, configuration, age, market focus, and date availability impact how competitive or complementary area facilities are to the proposed new arena and outdoor sports field complex. While this section provides an overview of select venues, it is not meant to be an all-inclusive inventory of facilities.

Worcester County, the Town of Ocean City and Wicomico County are members of the Mid-Atlantic Amateur Sports Alliance (MAASA). These three entities work closely with Maryland Sports to jointly market and leverage their combined assets to attract, retain and build sports marketing events to establish a national reputation in amateur athletics and increase economic impact to the region. As such, tournaments may utilize facilities at one site or multiple sites in these geographic areas.

Supply of Area Indoor Sports/Entertainment Facilities

The pages that follow provide a summary of local and regional indoor facilities.

Local Indoor Facilities

The table below profiles attributes of local indoor facilities, defined as those located within the Salisbury Metro Area, that focus on hosting similar events that could potentially compete with or complement the proposed new arena. As such, collegiate facilities, such as Hytche Arena at University of Maryland Eastern Shore and Maggs Center at Salisbury University, are not profiled as they primarily serve the institution's needs and do not traditionally host a significant amount of commercial sports and entertainment events. However, as a point of reference, Salisbury University is currently in the planning process of a Facilities Master Plan. Elements identified in the Facilities Master Plan include, but are not limited to, a field house, a performing arts center, outdoor competition fields/stadiums and updates to the Maggs Center.

Attributes of Local Indoor Facilities

Facility	Location	Fixed Seats	Owner/Operator	Primary Uses
Wicomico Youth & Civic Center	Salisbury	5,600	Wicomico County	Concerts, sporting events, meetings, special events
Crown Sports Center	Eden	None	Private	Outdoor/indoor soccer, indoor lacrosse, outdoor/indoor field hockey
Ocean City Convention Center	Ocean City	None	Town of Ocean City	Conventions, tradeshows, consumer shows, sports tournaments

Sources: Individual Facilities; Secondary Research.

The pages that follow provide a brief description of these facilities.

Wicomico Youth & Civic Center (WYCC)

Originally constructed in 1959 as a war memorial, the WYCC was rebuilt in 1980 after being destroyed by fire. The WYCC is a multi-purpose facility that is owned by Wicomico County and operated by the Wicomico Department of Recreation, Parks and Tourism. The building program elements include multiple spaces that can host a wide variety of event types.

Normandy Arena offers 30,000 square feet (SF) of column-free, multi-use space as well as a 5,400 SF lobby. The arena offers a portable stage, full theatrical sound and lighting capabilities, telescopic seating as well as flexible seating configurations that can accommodate approximately 2,500 people for banquets, a seating bowl for 5,400 people or up to 180- 10' x 10' booths. Given its flexibility, Normandy Arena hosts a variety of events including, but not limited to, concerts, sporting events, family shows, consumer/trade shows, symposiums, banquets, and other community events.

The Midway Room offers 10,000 SF of column-free, multi-use space as well as an auditorium style stage with a hardwood floor. This space is generally used for weddings, trade shows, class reunions, craft shows, theatrical performances, business meetings, and high school proms/dances. Equipped with full theatrical sound and lighting capabilities, the Midway Room can accommodate up to 600 people for banquets and 1,000 people for theater-style events.

The Flanders Rooms offer 5,900 SF of column-free, multi-use space which can accommodate a maximum of 300 people for banquets and 430 people in a theater configuration. These rooms can be subdivided into seven breakout rooms which can accommodate between 30 and 70 people depending on the layout. The Flanders Rooms are primarily used for pre- or post-event activities, meetings, seminars, banquets, receptions, and other social events.

The Da Nang Rooms total 4,000 SF of column-free, multi-use space that are divisible into three breakout rooms with varying capacities ranging from 60 to 90 people depending on the configuration. These rooms are used for similar functions as the Flanders Rooms.

Based on information from facility management, the WYCC has averaged 329 events, 511 event days and approximately 225,500 in total attendance during the profiled three-year period. In fiscal year (FY) 2015, the facility held 349 events that attracted approximately 210,600 people including 25 sporting events.

WYCC Historical Utilization			
	Events	**Event Days**	**Attendance**
FY 2013	327	459	235,800
FY 2014	310	481	230,100
FY 2015	349	594	210,600
Average	**329**	**511**	**225,500**

Source: Wicomico County Recreation, Parks & Tourism.

Recent legislation now allows the WYCC to sell alcoholic beverages. The WYCC had a long history of not offering alcoholic beverages in the facility. This fundamental policy change is anticipated to result in expanded and diversified programming at the facility and increased revenues.

The WYCC is also pursuing possible tenant sports franchises including a professional minor league hockey team. It is currently unclear if or when a team would play at the WYCC. However, if the WYCC does obtain a professional minor league hockey team, it would potentially negatively impact the proposed new arena's ability to attract a professional minor league hockey team.

The WYCC is currently undergoing renovations including, but not limited to, a new arena scoreboard, new speaker systems, new arena flooring, roof replacements/repairs and the ongoing replacement of seats. These renovations to the WYCC will improve its overall marketability to event promoters as well as the patron experience.

The WYCC poses the most significant, direct competition to the proposed new arena in Worcester County from a geographic and event programming perspective. The WYCC's historical event activity provides a good base of business to expand on given the recent investment in the facility's infrastructure and the policy shift to offer alcoholic beverages along with facility management's solid relationships with event promoters.

Crown Sports Center

Crown Sports Center consists of 10.5 acres of outdoor Bermuda grass fields and offers both indoor and outdoor programming specializing in soccer, lacrosse, and field hockey. The complex can be configured for three full-sized, natural grass soccer or lacrosse fields or four smaller-sized soccer/lacrosse fields. The 82,000 square-foot climate-controlled indoor facility has five turf fields, a multi-surface court, batting cages, and two volleyball courts. Crown Sports Center offers multiple special event options including premier level youth and adult tournaments, community events, family friendly fundraisers, and dog agility trials. Crown Sports Center also offers social leagues in kickball, dodgeball, flag football, and table tennis.

In addition to the sports programming, the facility includes an Early Learning Center, the Crown Family Entertainment Center, and various after school programs and summer camps. There are plans to double the current capacity of the Early Learning Center to better meet the needs of the community. The Crown Family Entertainment Center offers a two-story laser tag maze, rock climbing wall, roller skating rink, party rooms and an arcade.

Crown Family Entertainment Center brands itself as a "state-of-the art, top-notch premier sport complex featuring indoor and outdoor sports" and is active in the sports tourism business. Crown Sports Center is one of the largest facilities of its kind in the region and appears adequately suited to meet both the athletic and entertainment needs of its clientele.

Ocean City Convention Center (OCCC)

The OCCC serves as the primary venue in the area for conventions, tradeshows, public shows, meetings, and sports competitions and currently offers approximately 60,000 square feet of exhibit space in three halls; 19,126 square feet of ballroom space; and 23 fully divisible meeting rooms. The OCCC also has a 1,200-seat Performing Arts Center which opened in January 2015 and hosts a variety of concert/entertainment events.

Of the 75 events held at the OCCC in FY 2015, sports competitions accounted for 11 events, 38 event days and approximately 96,800 in total attendance. Although hosting sports competitions is not the primary booking focus of the OCCC, these event types have been a consistent part of its event activity.

The Town of Ocean City is currently in the planning stages of an expansion which is anticipated to add approximately 30,000 square feet of contiguous exhibit space. This additional space combined with Ocean City's strengths including its geographic location on the Atlantic Ocean, extensive supply of hotels/condominiums and multiple family-friendly attractions will further enhance the OCCC's marketability for attracting new business including sports competitions.

Regional Arenas

In addition to the profiled local indoor facilities, there are other arenas in the region that could potentially impact the proposed new arena in Worcester County. The table below profiles attributes of select arenas that are located within close geographic proximity, are similar in size, and/or host event activity similar to that anticipated at the proposed new arena.

Attributes of Select Regional Arenas

Facility	Location	Capacity	Owner	Operator	Primary Uses
Verizon Center	Washington, D.C.	20,500	Monumental Sports & Entertainment	Monumental Sports & Entertainment	NBA, WNBA, NHL, NCAA Athletics, AFL (2017), concerts, family shows
Royal Farms Arena	Baltimore, MD	14,400	City of Baltimore	SMG	Concerts, family shows, MASL soccer, AFL (2017)
Hampton Coliseum	Hampton, VA	13,800	City of Hampton	City of Hampton	Concerts, family shows
Norfolk Scope	Norfolk, VA	13,000	City of Norfolk	City of Norfolk	ECHL, concerts, family shows
EagleBank Arena at George Mason University	Fairfax, VA	10,200	George Mason University	Monumental Sports & Entertainment	University Athletics, concerts, family shows
Ted Constant Convocation Center at Old Dominion University	Norfolk, VA	9,100	Old Dominion University	Spectra	University Athletics, concerts, family shows

Note: Sorted in descending order by capacity.
Sources: PollstarPro; Secondary Research.

Although facilities such as the Verizon Center, Royal Farms Arena, Hampton Coliseum, and Norfolk Scope have larger seating capacities and/or are in larger markets than Worcester County, they focus on hosting similar event activity (e.g., concerts/ entertainment acts, family shows, sporting events, etc.) that could potentially compete with the proposed new arena in Worcester County for both event programming and for the discretionary income of prospective ticket buyers.

EagleBank Arena and Ted Constant Convocation Center are profiled because they host concerts, family shows and other commercial activity in addition to their respective collegiate institution's sports team. By contrast, facilities such as SECU Arena at Towson University and the Bob Carpenter Center at the University of Delaware are not profiled because they primarily focus on serving the athletic programs and student activities of their respective institution and hosting commercial events is not a primary market niche or focus.

The impact that these facilities could have on potential demand at the proposed new arena in Worcester County is also discussed later in this report in both key industry trends and potential demand generators.

The pages that follow provide a brief description of these select regional arenas.

Verizon Center – Washington, D.C.

The 20,500-seat Verizon Center (formerly the MCI Center) opened in 1997. The facility is owned and operated by Monumental Sports & Entertainment (MSE). MSE also operates EagleBank Arena and the Kettler Capitals Iceplex, the practice facility for the Washington Capitals.

Verizon Center is home to the MSE-owned NBA Washington Wizards, WNBA Washington Mystics, NHL Washington Capitals as well as the Georgetown University men's basketball team. The facility also hosts a variety of concerts, family shows and other sporting events each year. MSE recently announced that an Arena Football League (AFL) team will begin play in 2017.

Royal Farms Arena – Baltimore, Maryland

Royal Farms Arena (formerly the Baltimore Arena, 1st Mariner Arena, and Baltimore Civic Center) opened in 1962. This facility offers 11,000 permanent seats and a total capacity of 14,400, depending on the event. Royal Farms Arena is owned by the City of Baltimore and privately managed by SMG. Typical event activity held at Royal Farms Arena includes concerts, sporting events, and family shows. During its history, the facility has hosted several professional sports franchises, including the Major Arena Soccer League's Baltimore Blast, which has played its home indoor soccer games at the facility since 1980. In addition, a new AFL team will be a tenant in Royal Farms Arena beginning in 2017.

Although Royal Farms Arena has undergone renovations and upgrades over the years, its age, design, and overall lack of amenities are on-going challenges for the facility. The current maximum seating capacity of 14,400 limits the arena's ability to host a major professional league sports tenant. There have been several initiatives related to constructing a new, larger replacement facility in downtown Baltimore – either as a stand-alone facility or as part of a broader development project adjacent to the Baltimore Convention Center. Discussions continue in the City and State as to the direction of a possible new or renovated arena in Baltimore.

Representatives from concert and family show promoters indicated that they have a strong relationship with the management team at Royal Farms Arena. These long-term, established relationships and successful history in hosting events is advantageous for the facility in this highly competitive marketplace. In addition, given the relatively limited number of home games that the Baltimore Blast and the new AFL team will play, Royal Farms Arena has more date availability than other facilities that host professional or collegiate sports tenants. This available inventory of dates, particularly on weekends, allows more opportunities to host events such as concerts that can positively impact a facility's financial performance. Given these market dynamics, Royal Farms Arena would be a direct competitor with the proposed new arena in Worcester County.

Hampton Coliseum – Hampton, Virginia

Opened in 1970, Hampton Coliseum (Coliseum) is owned and operated by the City of Hampton. The Coliseum has operated as a multi-purpose facility hosting a wide range of entertainment, sports, cultural and civic events. This facility seats 13,800 for general admission and is one of the most accessible and recognized landmarks in Hampton Roads. The Coliseum is located adjacent to the Hampton Convention Center and Embassy Suites Hotel which opened in 2005. Although the facility has hosted professional sports tenants, it does not currently do so. As such, and like Royal Farms Arena, Hampton Coliseum has more date flexibility and availability for entertainment events than arenas that host professional sports tenants.

Norfolk Scope – Norfolk, Virginia

Norfolk Scope Arena (Scope) opened in 1971 and is part of The Seven Venues which also includes the Prism Theatre, Chrysler Hall, Attucks Theatre, Wells Theatre, Harrison Opera House, and Harbor Park Baseball Stadium. All seven venues are owned by the City of Norfolk and operated by the City's Cultural Facilities, Arts & Entertainment Department. The 13,000-seat capacity can be reduced to a smaller theater configuration called the Prism Theatre which ranges between 3,600 and 5,000 seats.

The Scope serves as the home of the ECHL's Norfolk Admirals and has historically hosted the Mid-Eastern Athletic Conference men's and women's basketball tournament. Previously, the Major Indoor Soccer League's Norfolk SharX played its 2011-2012 season at the Scope before the team disbanded due to economic hardship after only one season of operation. The venue also serves as home to family shows such as Ringling Bros. and

Barnum & Bailey Circus, Cirque du Soleil, and World Wrestling Entertainment as well as trade shows, community events and concerts including Bob Seger & The Silver Bullet Band and Josh Groban.

EagleBank Arena – Fairfax, Virginia

EagleBank Arena is located on the campus of George Mason University and serves as the home of the University's athletic programs. In addition, MSE, the same management team as at the Verizon Center, aggressively markets to commercial events such as concerts and family shows. The 31-year old facility regularly hosts national touring family shows such as Cirque du Soleil and Disney on Ice and has also hosted Bob Dylan, Blake Shelton, and Demi Lovato.

Ted Constant Convocation Center – Norfolk, Virginia

Located in Norfolk on the campus of Old Dominion University (ODU), the Ted Constant Convocation Center, commonly referred to as "the Ted" by locals, opened in October of 2002 at a cost of approximately $46 million. The Ted is owned by Old Dominion University and is operated by Spectra. The facility has a total capacity of 10,000 and serves as the home to ODU men's and women's basketball, wrestling, and commencement activities. It also hosts an active concert and family show schedule in addition to ODU and other community events.

The Ted is the cornerstone of the 75-acre University Village project. University Village is a mixed-use development that incorporates restaurants, shopping, offices, research labs and residences.

In addition to hosting ODU Athletics and NCAA basketball tournament events, the Ted hosts concerts including past performers B.B. King, Eric Church, The Black Keys, Martina McBride, and Imagine Dragons. Past family shows have included Cirque du Soleil, The Harlem Globetrotters, Disney Junior Live and TNA Wrestling.

Proposed New Arena – Washington, D.C.

The District of Columbia and Events DC, the official convention and sports authority for the District of Columbia, are currently developing a new sports and entertainment facility in Southeast D.C. on the site of the former St. Elizabeth's Hospital. The facility is scheduled to open in the fall of 2018. Events DC is anticipated to own and operate the facility. It is reported that MSE is making a reported 8% to 10% investment in the facility and a separate contribution to the surrounding community with the remainder being paid by the District of Columbia and Events DC.

The facility is anticipated to feature a state-of-the-art training facility for the NBA Washington Wizards and WNBA Washington Mystics as well as a 4,200-seat multi-purpose arena which will serve as the new home to the WNBA Washington Mystics which currently play at Verizon Center. It is reported that a MSE-affiliated NBA D-League team may also be a potential tenant at the facility. In addition to sporting events, the proposed new facility is expected to attract family shows, concerts, special events, and community events.

Other Area Outdoor Entertainment Venues

In addition to the profiled arenas, there are several outdoor venues in the region that are competing on a macro level for available touring product and consumers' disposable income. Typically, spectators will drive longer distances for special entertainment acts. The available outdoor facility supply includes, but is not limited to: Jiffy Lube Live in Bristow, Virginia; Merriweather Post Pavilion in Columbia, Maryland; Pier Six in Baltimore; Dover International Speedway in Delaware; Freeman Stage at Bayside in Selbyville, Delaware; and Caroline Street Stage in Ocean City.

As demonstrated in this section, event promoters/producers have multiple options in the region with varying amounts of capacity and amenities.

Supply of Area Outdoor Sports Facilities

The pages that follow provide a summary of local and regional outdoor sports facilities.

Local Outdoor Sports Facilities

This section profiles attributes of local outdoor sports facilities located within the Salisbury Metro Area which, as cited earlier, includes Worcester, Wicomico, and Somerset counties in Maryland as well as Sussex County, Delaware.

For purposes of this analysis, only facilities with at least four fields of the same type (i.e., diamond, rectangular) are considered to be tournament quality and are profiled. Using this minimum number of fields as the criterion, there are no tournament quality facilities in Somerset County.

Worcester County

The following table lists the three outdoor sports field complexes in Worcester County that are deemed to be tournament quality. In aggregate, these facilities offer a total of 19 diamonds and 12 rectangular fields. These facilities are all owned and operated by Worcester County Department of Recreation & Parks (WCRP). All three complexes offer four or more diamonds and rectangular fields except for Newtown Park which only has three rectangular fields.

Worcester County - Attributes of Outdoor Tournament Quality Complexes											
		Diamonds					Rectangular Fields				
Complex	Location	Baseball	Softball	Youth	Total	Lighted	Grass	Turf	Total	Lighted
Newtown Park	Pocomoke	1	2	3	6	3	3	0	3	2
John Walter Smith Park	Snow Hill	1	2	4	7	0	4	0	4	4
Northern Worcester Athletic Complex	Berlin	2	0	4	6	1	5	0	5	2
Total		**4**	**4**	**11**	**19**	**4**	**12**	**0**	**12**	**8**

Note: Only includes complexes that offer a minimum of four of the same type of field (e.g., diamonds, rectangular fields).

Sources: Maryland Sports; Secondary Research.

It has also been reported that a new, privately-owned outdoor field complex may potentially be developed on a 12-acre site in Worcester County. This size parcel would likely accommodate four or five full-sized fields. These fields would be considered complementary to a new outdoor sports field complex in Worcester County rather than competitive for tournament activity based on the number of fields in one location.

The tables on the next several pages summarize historical outdoor sports activity in Worcester County from 2013 through 2015 which is grouped as follows:

- *Non-County Affiliated Organizations* are not affiliated with Worcester County and host league play for sports such as lacrosse, baseball, softball, football, and Ultimate Frisbee.
- *Tournaments* are generally multi-day competitions that attract teams from outside of Worcester County. These activities use multiple fields and sometimes use several locations. During the profiled period, various baseball, softball, and lacrosse tournaments have been held in Worcester County which typically occurred between March and November.
- *County Programs* are organized by Worcester County and include softball, soccer, and flag football. These leagues typically last approximately two to three months and many use multiple locations.

Worcester County Department of Recreation & Parks					
2013 Athletic Field Usage Information					
Non-County Affiliated Organizations	**Date**	**Sport**	**Fields/ Season**	**Estimated Participants**	**Location**
Beach Lacrosse	March 1 - June 15, 2013	Lacrosse	4	400	NWAC
Coastal Lacrosse	March 1 - June 15, 2013	Lacrosse	4	100	NWAC
Berlin Little League	March 1 - August 30, 2013	Baseball/Softball	6	400	NWAC
Pocomoke Little League	March 1 - August 30, 2013	Baseball/Softball	4	125	Newtown
Snow Hill Little League	March 1 - August 30, 2013	Baseball/Softball	7	125	JWS
Pocomoke High School	March 1 - June 15, 2013	Baseball/Softball	2	60	Newtown
Pop Warner Football	August 1 - November 30, 2013	Football	4	200	NWAC
Salvation Army Football	September 9 - November 20, 2013	Football	1	50	Showell
Ultimate Frisbee	October 7 - November 18, 2013	Frisbee	1	30	NWAC
Tournaments	**Date**	**Sport**	**Fields/Day**	**Estimated Participants**	**Location**
Mid-Atlantic Baseball Tournaments, Inc.	March 23 & 24, 2013	Baseball	1	180	Showell
Mid-Atlantic Baseball Tournaments, Inc.	March 23 & 24, 2013	Baseball	5	900	NWAC
Mid-Atlantic Baseball Tournaments, Inc.	April 27 & 28, 2013	Baseball	1	180	Showell
Mid-Atlantic Baseball Tournaments, Inc.	April 27 & 28, 2013	Baseball	5	900	NWAC
North Atlantic Sports	May 25 & 26, 2013	Softball	2	360	Showell
Aloha Tournaments	June 8 & 9, 2013	Lacrosse	5	900	NWAC
North Atlantic Sports	June 14 - 16, 2013	Softball	3	540	Showell
North Atlantic Sports	June 14 & 15, 2013	Softball	4	720	NWAC
North Atlantic Sports	June 22 & 23, 2013	Softball	2	360	Showell
Mid-Atlantic Baseball Tournaments, Inc.	June 22 & 23, 2013	Baseball	3	540	NWAC
Mid-Atlantic Baseball Tournaments, Inc.	June 22 & 23, 2013	Baseball	2	360	JWS
USSSA World Series	July 18, 2013	Softball	3	540	Showell
USSSA World Series	July 18, 2013	Softball	6	1080	JWS
Mid-Atlantic Baseball Tournaments, Inc.	July 19 - 21, 2013	Baseball	4	720	NWAC
USSSA World Series	July 19, 2013	Softball	5	900	JWS
USSSA World Series	July 20, 2013	Softball	4	720	JWS
USSSA World Series	July 25, 2013	Softball	2	360	Showell
USSSA World Series	July 25, 2013	Softball	5	900	JWS
Devin Pinket Lacrosse Tournament	July 27 & 28, 2013	Lacrosse	5	900	NWAC
USSSA World Series	July 30, 2013	Softball	4	720	JWS
USSSA World Series	August 1, 2013	Softball	4	720	JWS
USSSA World Series	August 2, 2013	Softball	3	540	Showell
USSSA World Series	August 2, 2013	Softball	5	900	JWS
North Atlantic Sports	August 3, 2013	Softball	3	540	Showell
North Atlantic Sports	August 10 & 11, 2013	Softball	2	360	Showell
Ocean City Lacrosse - Bob Musitano	August 15 - 17, 2013	Lacrosse	4	720	NWAC
North Atlantic Sports	August 17 & 18, 2013	Softball	2	360	Showell
North Atlantic Sports	August 24, 2013	Softball	2	360	Showell
North Atlantic Sports	August 31 & September 1, 2013	Softball	2	360	Showell
North Atlantic Sports	September 2, 2013	Softball	2	360	Showell
North Atlantic Sports	September 28 & 29, 2013	Softball	2	360	Showell
Mid-Atlantic Baseball Tournaments, Inc.	October 5 & 6, 2013	Baseball	2	360	NWAC
North Atlantic Sports	November 23 & 24, 2013	Softball	2	360	Showell
North Atlantic Sports	November 23 & 24, 2013	Softball	2	360	JWS
County Programs	**Date**	**Sport**	**Fields/ Season**	**Estimated Participants**	**Location**
Pig Tails	March 12 - June 1, 2013	Softball	6	36	JWS, Showell, Newtown
Pony Tails	March 13 - June 2, 2013	Softball	6	49	JWS, Showell, Newtown
Spring Soccer	April 7 - June 9, 2013	Soccer	4	247	JWS
Church League	April 16 - July 16, 2013	Softball	2	133	Showell
Outdoor Soccer - Fall	September 7 - November 9, 2013	Soccer	3	291	NWAC
Outdoor Soccer - Fall	September 7 - November 9, 2013	Soccer	6		JWS
Outdoor Soccer - Fall	September 7 - November 9, 2013	Soccer	2		Newtown
Flag Football	September 17 - November 19, 2013	Football	1	37	JWS

Note: Sorted by date.

Source: Worcester County Department of Recreation & Parks.

Worcester County Department of Recreation & Parks 2014 Athletic Field Usage Information					
Non-County Affiliated Organizations	**Date**	**Sport**	**Fields/ Season**	**Estimated Participants**	**Location**
Beach Lacrosse	March 1 - June 15, 2014	Lacrosse	4	400	NWAC
Coastal Lacrosse	March 1 - June 15, 2014	Lacrosse	4	100	NWAC
Berlin Little League	March 1 - August 30, 2014	Baseball/Softball	6	400	NWAC
Pocomoke Little League	March 1 - August 30, 2014	Baseball/Softball	4	125	Newtown
Snow Hill Little League	March 1 - August 30, 2014	Baseball/Softball	7	125	JWS
Snow Hill High School	March 1 - June 15, 2014	Baseball/Softball	2	60	JWS
Pop Warner Football	August 1 - November 30, 2014	Football	4	200	NWAC
Ultimate Frisbee	September 15 - November 18, 2014	Frisbee	1	30	NWAC
Tournaments	**Date**	**Sport**	**Fields/Day**	**Estimated Participants**	**Location**
Mid-Atlantic Baseball Tournaments, Inc.	April 26 & 27, 2014	Baseball	4	720	NWAC
Mid-Atlantic Baseball Tournaments, Inc.	April 26 & 27, 2014	Baseball	1	180	JWS
Mid-Atlantic Baseball Tournaments, Inc.	May 10 & 11, 2014	Baseball	2	360	NWAC
North Atlantic Sports	May 24 & 25, 2014	Softball	2	360	Showell
Aloha Tournaments	June 7 & 8, 2014	Lacrosse	4	720	NWAC
Mid-Atlantic Baseball Tournaments, Inc.	June 7 & 8, 2014	Baseball	1	180	NWAC
Mid-Atlantic Baseball Tournaments, Inc.	June 7 & 8, 2014	Baseball	1	180	JWS
North Atlantic Sports	June 13 - 14, 2014	Softball	3	540	Showell
North Atlantic Sports	June 14, 2014	Softball	3	540	NWAC
North Atlantic Sports	June 21 & 22, 2014	Softball	2	360	Showell
North Atlantic Sports	June 21 & 22, 2014	Softball	2	360	JWS
Mid-Atlantic Baseball Tournaments, Inc.	June 28 & 29, 2014	Baseball	2	360	NWAC
Mid-Atlantic Baseball Tournaments, Inc.	June 28 & 29, 2014	Baseball	1	180	JWS
USSSA World Series	July 17, 2014	Softball	3	540	Showell
USSSA World Series	July 17, 2014	Softball	6	1080	JWS
USSSA World Series	July 18, 2014	Softball	6	1080	JWS
Mid-Atlantic Baseball Tournaments, Inc.	July 18 - 20, 2014	Baseball	5	900	NWAC
Mid-Atlantic Baseball Tournaments, Inc.	July 18 - 20, 2014	Baseball	2	360	JWS
USSSA World Series	July 23, 2014	Softball	5	900	JWS
Devin Pinket Lacrosse Tournament	July 26 & 27, 2014	Lacrosse	4	720	NWAC
North Atlantic Sports	August 9 & 10, 2014	Softball	2	360	Showell
Ocean City Lacrosse - Bob Musitano	August 14 - 16, 2014	Lacrosse	4	720	NWAC
North Atlantic Sports	August 23, 2014	Softball	2	360	Showell
North Atlantic Sports	August 31, 2014	Softball	2	360	Showell
North Atlantic Sports	October 4 & 5, 2014	Baseball	2	360	Showell
North Atlantic Sports	November 8, 2014	Softball	2	360	Showell
North Atlantic Sports	November 22 & 23, 2014	Softball	2	360	JWS
North Atlantic Sports	November 22 & 23, 2014	Softball	2	360	Showell
County Programs	**Date**	**Sport**	**Fields/ Season**	**Estimated Participants**	**Location**
Pig Tails	April 1 - June 14, 2014	Softball	6	13	JWS, Showell, Newtown
Pony Tails	April 2 - June 14, 2014	Softball	6	25	JWS, Showell, Newtown
Spring Soccer	April 6 - June 15, 2014	Soccer	4	235	JWS
Church League	April 15 - July 8, 2014	Softball	2	112	Showell
Outdoor Soccer - Fall	September 6 - October 25, 2014	Soccer	3	290	NWAC
Outdoor Soccer - Fall	September 6 - October 25, 2014	Soccer	6		JWS
Outdoor Soccer - Fall	September 6 - October 25, 2014	Soccer	2		Newtown

Note: Sorted by date.

Source: Worcester County Department of Recreation & Parks.

Worcester County Department of Recreation & Parks 2015 Athletic Field Usage Information					
Non-County Affiliated Organizations	**Date**	**Sport**	**Fields/ Season**	**Estimated Participants**	**Location**
Beach Lacrosse	March 1 - June 15, 2015	Lacrosse	4	400	NWAC
Berlin Little League	March 1 - August 30, 2015	Baseball/Softball	6	400	NWAC
Pocomoke Little League	March 1 - August 30, 2015	Baseball/Softball	4	125	Newtown
Snow Hill Little League	March 1 - August 30, 2015	Baseball/Softball	7	125	JWS
Snow Hill High School	March 1 - June 15, 2015	Baseball/Softball	2	60	JWS
American Legion	April 19 - July 15, 2015	Baseball	1	30	NWAC
Pop Warner Football	August 1 - November 30, 2015	Football	4	200	NWAC
Ultimate Frisbee	September 28 - November 9, 2015	Frisbee	1	30	NWAC
Tournaments	**Date**	**Sport**	**Fields/Day**	**Estimated Participants**	**Location**
Mid-Atlantic Baseball Tournaments, Inc.	March, 28, 2015	Baseball	2	360	NWAC
Mid-Atlantic Baseball Tournaments, Inc.	April 25 & 26, 2015	Baseball	1	180	JWS
Mid-Atlantic Baseball Tournaments, Inc.	April 25 & 26, 2015	Baseball	5	900	NWAC
Mid-Atlantic Baseball Tournaments, Inc.	May 9 & 10, 2015	Baseball	5	900	NWAC
North Atlantic Sports	May 23 & 24, 2015	Softball	2	360	Showell
Aloha Tournaments	June 6 & 7, 2015	Lacrosse	4	720	NWAC
North Atlantic Sports	June 19 - 21, 2015	Softball	3	540	Showell
North Atlantic Sports	June 19 - 21, 2015	Softball	4	720	NWAC
North Atlantic Sports	June 27 & 28, 2015	Softball	2	360	Showell
North Atlantic Sports	June 27 & 28, 2015	Softball	2	360	JWS
USSSA World Series	July 16, 2015	Softball	3	540	Showell
USSSA World Series	July 16, 2015	Softball	6	1080	JWS
USSSA World Series	July 17, 2015	Softball	6	1080	JWS
Mid-Atlantic Baseball Tournaments, Inc.	July 18 & 19, 2015	Baseball	5	900	NWAC
Mid-Atlantic Baseball Tournaments, Inc.	July 18 & 19, 2015	Baseball	1	180	JWS
North Atlantic Sports	July 18 & 19, 2015	Softball	2	360	Showell
USSSA World Series	July 22, 2015	Softball	2	360	Showell
USSSA World Series	July 22, 2015	Softball	5	900	JWS
USSSA World Series	July 23, 2015	Softball	3	540	Showell
USSSA World Series	July 23, 2015	Softball	5	900	JWS
USSSA World Series	July 28, 2015	Softball	5	900	JWS
USSSA World Series	July 29, 2015	Softball	5	900	JWS
North Atlantic Sports	August 1 & 2, 2015	Softball	2	360	Showell
North Atlantic Sports	August 8 & 9, 2015	Softball	2	360	Showell
Ocean City Lacrosse - Bob Musitano	August 13 - 15, 2015	Lacrosse	4	720	NWAC
North Atlantic Sports	August 22 & 23, 2015	Softball	2	360	Showell
Scott Brinsfield	September 26 & 27, 2015	Baseball	4	720	NWAC
North Atlantic Sports	November 21 & 22, 2015	Softball	2	360	JWS
North Atlantic Sports	November 21 & 22, 2015	Softball	2	360	Showell
County Programs	**Date**	**Sport**	**Fields/ Season**	**Estimated Participants**	**Location**
Flag Football League	April 8 - June 10, 2015	Football	1	61	JWS
Spring Soccer	April 12 - June 15, 2015	Soccer	4	238	JWS
Church League	April 14 - July 8, 2015	Softball	2	93	Showell
High School Soccer League	June 16 - August 6, 2015	Soccer	1	80	JWS
Outdoor Soccer - Fall	September 12 - October 31, 2015	Soccer	3		NWAC
Outdoor Soccer - Fall	September 12 - October 31, 2015	Soccer	6	317	JWS
Outdoor Soccer - Fall	September 12 - October 31, 2015	Soccer	2		Newtown

Note: Sorted by date.

Source: Worcester County Department of Recreation & Parks.

The table below summarizes outdoor tournament activity held in Worcester County from 2013 through 2015.

Summary of Outdoor Tournament Activity				
Sport/Characteristics	**2013**	**2014**	**2015**	**Average**
Baseball				
Number of Tournaments	5	6	5	5
Total Event Days	11	13	9	11
Average Event Length	2.2	2.2	1.8	2.1
Total Number of Participants	4,140	3,780	4,860	4,260
Average Participants/Tournament	830	630	970	810
Softball				
Number of Tournaments	15	10	11	12
Total Event Days	27	16	23	22
Average Event Length	1.8	1.6	2.1	1.8
Total Number of Participants	12,780	7,920	14,220	11,640
Average Participants/Tournament	850	790	1,290	980
Lacrosse				
Number of Tournaments	3	3	2	3
Total Event Days	7	7	5	6
Average Event Length	2.3	2.3	2.5	2.4
Total Number of Participants	2,520	2,160	2,880	2,520
Average Participants/Tournament	840	720	1,440	1,000
Total Tournaments	**23**	**19**	**18**	**20**
Total Event Days	**45**	**36**	**37**	**39**
Total Participants	**19,440**	**13,860**	**21,960**	**18,420**

As shown, the County hosted significantly more softball tournaments during the profiled three-year period as compared to baseball and lacrosse tournaments. In addition, no soccer tournaments were held at WCRP facilities. Tournament activity is impacted by the number, type, and availability of existing outdoor facilities in the area as well as the overall programming focus (e.g., recreational versus competitive elite).

Over the profiled three-year period, WCRP facilities hosted an average of 12 softball tournaments and 11,640 total participants. On average, lacrosse tournaments accounted for 13% of the tournaments and 14% of total participants. Lacrosse tournaments also averaged the longest event length (2.4 days) among the three sports.

WCRP representatives indicated they would be able to attract more, larger scale tournaments if a larger number of fields existed at one location. In addition, offering a critical mass of rectangular fields at a single location would allow Worcester County to host more lacrosse tournaments as well as attract other sports such as soccer, rugby, flag football and field hockey that have not historically held tournaments in Worcester County due to the existing supply of facilities.

Wicomico County

The following is an inventory of tournament quality sports facilities in Wicomico County. There are five facilities in Wicomico County that offer at least four outdoor rectangular fields including Crown Sports Center which also has indoor turf fields. Only Henry S. Parker Athletic Complex and Fruitland Recreational Park and Annex offer a minimum of four diamonds and rectangular fields. Henry S. Parker Athletic Complex is currently under consideration for expansion with a proposal to increase both field types to a total of eight fields. Two of the additional diamonds are expected to be lighted and the four new rectangular fields will be non-lighted. Profiled outdoor sports field complexes in Wicomico County offer a total of 36 diamonds of which only eight are lighted, and 25 rectangular fields of which only four are lighted.

Wicomico County - Attributes of Outdoor Tournament Quality Complexes

		Diamonds					Rectangular Fields			
Complex	**Location**	**Baseball**	**Softball**	**Youth**	**Total**	**Lighted**	**Grass**	**Turf**	**Total**	**Lighted**
Crown Sports Center	Eden	0	0	0	0	0	4	0	4	0
Fruitland Recreational Park and Annex	Fruitland	0	3	5	8	0	3	1	4	1
Fruitland Falcons Sports Complex	Fruitland	0	0	0	0	0	6	0	6	1
Henry S. Parker Athletic Complex*	Salisbury	1	4	0	5	4	4	0	4	2
Gordy Park	Delmar	2	0	2	4	0	0	0	0	0
Mason Dixon Sports Complex	Delmar	4	0	0	4	4	0	0	0	0
East Wicomico Little League Park/Winter Place Park	Salisbury	4	2	0	6	0	2	0	2	0
Salisbury University	Salisbury	1	4	0	5	0	4	0	4	0
Eastside Sports Complex and Willards Park	Willards	4	0	0	4	0	1	0	1	0
Total		**16**	**13**	**7**	**36**	**8**	**24**	**1**	**25**	**4**

Notes: Only includes complexes that offer a minimum of four of the same type of field (e.g., diamonds, rectangular fields).
* denotes this complex is under consideration for expansion.

Sources: Maryland Sports; Secondary Research.

Salisbury University currently offers a variety of outdoor sports fields and, as previously noted, is in the process of implementing a 10-year Facilities Master Plan which is slated to include a competition soccer field, sports stadium, baseball field, softball field, a tennis center, as well as multiple practice and intramural fields. Given that the primary focus of the sports facilities at Salisbury University is to serve its athletic programs and student activity needs, these facilities are not considered direct competition with the proposed new outdoor sports field complex in Worcester County.

The owners of Fruitland Falcons Sports Complex recently acquired land adjacent to their existing fields and are considering the construction of 10 additional fields. The new fields would likely support Falcon Sports programming, however, depending on the approach to programming, these fields could either be complementary or competitive to the proposed new outdoor sports field complex in Worcester County for tournament activity.

Sussex County

Sussex County, Delaware, which is located directly north of Worcester County, offers three tournament quality sports field complexes: Sports at the Beach, Lower Sussex Little League Complex, and the River Soccer Club Complex. Sports at the Beach and Lower Sussex Little League Complex both offer multiple diamonds and focus on attracting tournament activity. However, neither of these complexes offer any rectangular fields.

The 96-acre Sports at the Beach Complex, which is in Rehoboth Beach, has 16 grass baseball fields, three of which are lighted. The complex hosts approximately 30 tournaments from March through October. Sports at the Beach also offers dormitories and various on-site entertainment options.

Located in Roxana, Delaware the Lower Sussex Little League Complex has nine fields that are used for baseball, softball, and T-ball. The complex hosts USSSA Delaware State championships as well as the Little League Senior Softball World Series.

The River Soccer Club Complex has six grass fields, no lighting and sufficient parking for tournaments. Located on 45-acres of farmland, there are plans to increase to seven full-size fields, four small-sided fields and an indoor soccer arena. Aloha Tournaments currently utilizes this complex as a secondary field location for their summer Beach Lax tournament in Ocean City.

Regional Outdoor Sports Facilities

The table below profiles attributes of existing outdoor sports facilities in the immediate region that host competitive sporting events similar in nature to those anticipated to be held at the proposed outdoor sports field complex in Worcester County. Facilities were chosen based on discussions with various stakeholders as well as with competitive sporting event organizers.

Attributes of Select Regional Outdoor Sports Complexes

			Diamonds		Rectangular		
Facility	Location	Operator	Total Fields	Lighted	Total Fields	Lighted	Stadium Seating
Delaware Sports Complex *	Middletown, DE	Private	16	n/a	20	14	3,500
Maryland SoccerPlex	Germantown, MD	Private	0	0	22	6	3,200
Kirkwood Soccer Complex	New Castle, DE	Private	0	0	14	0	n/a
Cedar Lane Regional Park	Bel Air, MD	Private	1	0	13	0	900
Carsins Run	Aberdeen, MD	Private	0	0	12	0	n/a
DE Turf Sports Complex**	Frederica, DE	Private	0	0	12	12	1,500
The Harford Polo Grounds	Jarrettsville, MD	Private	0	0	9	0	n/a
Bob Lucido Fields at Covenant Park	Ellicott, MD	Private	0	0	9	9	n/a
The Ripken Experience	Aberdeen, MD	Private	9	2	0	0	1,000
43 Fields***	White Marsh, MD	n/a	0	0	6	n/a	n/a

Notes: Complexes sorted by total number of fields.
n/a denotes data not available.
* Facility is currently under construction.
** Scheduled to open in Spring 2017.
*** Scheduled for completion in Spring 2017.
Sources: Maryland Sports; Individual Facilities; Secondary Research.

In addition, several colleges/universities such as Towson University, Goucher College, U.S. Naval Academy, University of Maryland Baltimore County, University of Maryland College Park, Loyola University, Stevenson University, and Johns Hopkins, offer outdoor sports fields/complexes that can be used for tournament activity. Because the primary market focus of these facilities is to host the athletic programs and student activities at their respective institution, they are not profiled as part of this analysis. However, it is important to note that they do provide an additional supply that may be competitive for certain events such as NCAA tournaments/competitions.

Within Maryland, the profiled facilities that currently offer the largest critical mass of diamonds and rectangular facilities are the Ripken Experience Aberdeen and the Maryland SoccerPlex, respectively.

The Ripken Experience Aberdeen has nine total baseball and softball fields and is the home to Cal Ripken Stadium which has 6,300 seats. This facility currently offers the largest critical mass of diamonds and previously hosted the Cal Ripken World Series.

The Maryland SoccerPlex has 22 outdoor fields that are primarily used for soccer and lacrosse including a 3,200-seat championship stadium. The broader complex includes a 64,000 square-foot indoor venue (Discovery Sports Center) with eight convertible basketball/volleyball courts that are also able to accommodate indoor futsal, lacrosse, and rugby as well as trade shows and special events. Sixteen (16) soccer and lacrosse tournaments were scheduled for 2015-2016, most of which draw teams from outside of Maryland. Per management, approximately 650,000 attendees (including participants and spectators) utilize the complex each year.

In addition to the existing supply of outdoor sports field complexes, several facilities are currently under construction or adding fields that will create more supply in the region for tournament promoters/producers.

Pinkard Properties is the developer for the 43 Fields complex which is currently under construction in White Marsh, Maryland. Upon completion, which is slated for 2017, this complex is anticipated to offer six artificial turf fields, one practice field and an indoor ice rink.

The Delaware Sports Complex is an indoor and outdoor athletic complex developed by the owners of the indoor MTown Sports Complex which is also located in Middletown. Upon completion, the Delaware Sports Complex is anticipated to offer 20 multi-purpose, rectangular fields and 16 diamonds of various sizes. In addition, there will be two indoor facilities, one with hard floors and one with turf.

The DE Turf Sports Complex in Frederica, Delaware is also currently under construction and is scheduled to open in Spring 2017. Upon completion, current plans call for the $24 million DE Turf Sports Complex to have 10 synthetic turf and two natural grass fields in addition to a 1,500-seat championship stadium and an indoor field house complex.

The following section discusses pertinent industry trends as they relate to both the proposed new arena and proposed new outdoor sports field complex.

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KEY INDUSTRY TRENDS

Any development project is somewhat dependent on the attributes of the industry(s) that it is anticipated to serve. This section profiles key trends in the live entertainment industry as well as in sports participation and sports tourism that could affect the proposed new arena and proposed new outdoor sports field complex in Worcester County.

Trends in Live Entertainment

The proposed new arena in Worcester County could be used to accommodate a variety of events such as concerts, family shows, entertainment/comedy acts, sporting events, special events, and local community/civic activities. Because commercial touring acts can represent a major source of revenue for these facilities, it is useful to understand national trends associated with the live music industry.

Live Music Industry Overview

Live music is a primary component in the programming of entertainment venues such as indoor arenas and event centers. The concert and event promotion industry consists of music events, theatrical performances (e.g., plays, musicals and operas), and specific sporting events (e.g., boxing, wrestling, and rodeos). The success of a promoter depends on the willingness of consumers to pay for and attend live events. Through economic fluctuations, Americans have continued to support live entertainment. This has helped maintain generally stable industry revenue growth at a projected annualized rate of 5.1% to $25.5 billion over the five years to 2016 according to *IBISWorld*, a leading publisher of business intelligence, specializing in industry research and procurement research.

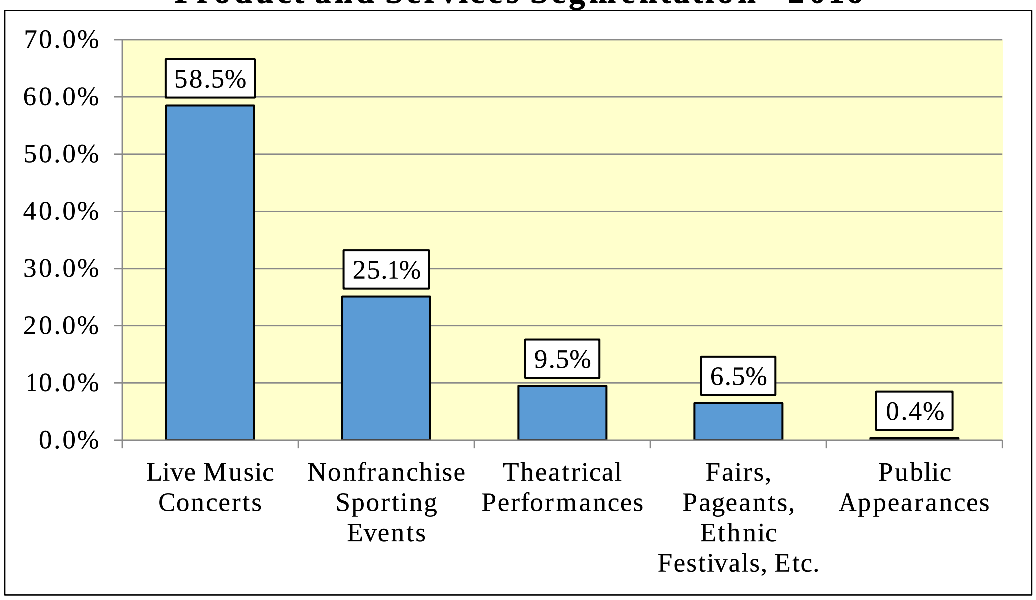
In general, the industry's outlook appears positive. The growing popularity of live musical performances and musical festivals should support continued growth, despite a projected revenue increase of only 0.9% in 2016. Over the five years to 2021, industry revenue is forecast to climb an annualized 1.0% to 26.7 billion.

IBISWorld reports that despite the industry's steady growth, there has been some concern that the increasing number of music festivals may be creating market saturation. Summer music festivals in particular have rapidly expanded, and many of these multiday events have recruited legacy acts as headliners, since many currently popular acts already have festival obligations in other parts of the globe. In 2016, for example, Coachella offered a weekend event featuring Bob Dylan, Paul McCartney, the Rolling Stones, Neil Young, the Who and Roger Waters on a single billing. In addition, the industry's largest players have also scaled back large amphitheater shows and focused on filling smaller venues. Despite minimal projected revenue growth in 2016, the industry has been mostly strong since 2011. Operators implemented a more strategic approach to event planning and pricing and have increased emphasis on sponsorships, ancillary sales, artist management services and other non-traditional revenue streams.

In addition, steady growth in the theater and club-level event segment and increasing per-head ancillary spending have benefited the industry during the past five years. Music theaters (which typically have a capacity of 1,000 to 6,500 people) and clubs (less than 1,000-person capacity) have become increasingly popular over the last several years. On average, events held at these venues are considerably more affordable to attend than their arena and amphitheater counterparts, making them attractive to consumers who find attending larger events too expensive. Additionally, more theater and club-level acts are successfully touring, with the internet helping the public discover new music and artists. In addition, *IBISWorld* reports that food and beverage, merchandise and upgrade purchases have increased over the last five years, particularly for amphitheater and festival events.

Per *IBISWorld*, live music concerts at clubs, music theaters, arenas, and amphitheaters, as well as local and regional music festivals generated approximately 58.5% of the $25.5 billion industry revenue. These events have been the fastest growing and most profitable events over the last five years. Nonfranchise sporting events accounted for 25.1% followed by theatrical performances (9.5%) and fairs, pageants, and ethnic festivals (6.5%).

Product and Services Segmentation - 2016



Source: *IBISWorld.com*.

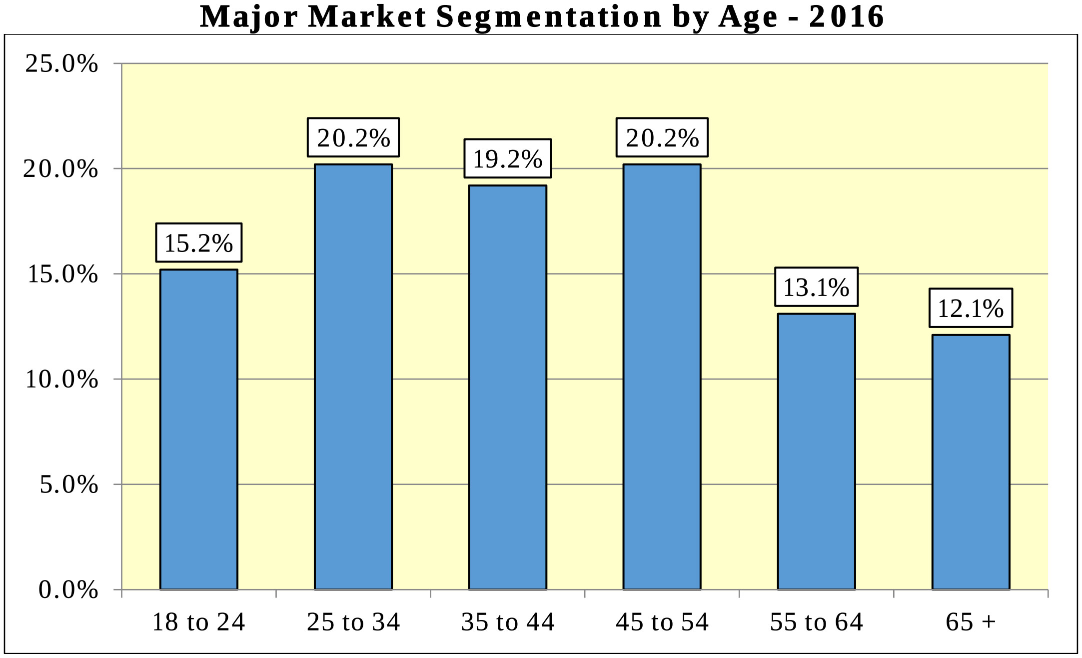
Key External Drivers

IBISWorld reports that there are several primary external drivers in the concert and event promotion industry which include: per capita disposable income; corporate profit; time spent on leisure and sports; and federal funding for creative arts.

Given the discretionary nature of the industry, higher per capita disposable income usually results in stronger demand. As previously mentioned, large companies are a target market for purchasing corporate or premium seating at entertainment events. Thus, as corporate profit rises, so does corporate spending on industry services. Further, IBISWorld reports that an increase in the availability of leisure time has a positive impact on consumer demand for entertainment events held by this industry. The more free time people have, the more likely they are to attend concerts and events. In addition, many nonprofit establishments in this industry rely on some level of federal funding such as grants. More funding can result in the ability to host more shows and, in some instances, an increase in performance quality.

Due to the wide range of events that are held at live venues, such as music concerts, theatrical performances, sporting events, fairs, festivals, public appearances and other events, the concert and event promotion industry generates revenue relatively evenly across all demographic groups. The industry targets different audiences depending on the scale and type of event. Many events (i.e., live music concerts and sporting events) typically target ages 25 to 54. Nationally this age demographic captures 39% of the population. These consumers tend to spend more discretionary income on live events than any other demographic and are the most likely to make additional purchases inside the venue. As a point of reference, 33% of the population in the Salisbury Metro Area (considered the secondary market for the proposed new arena in Worcester County) falls within the target market age group of 25 to 54 for live music.

Major Market Segmentation by Age - 2016



Source: *IBISWorld.com*.

Live Music Business Economics

In many instances, the extensive supply of nationwide venues positively impacts the financial deal for the artist rather than the venue. This dynamic increases a facility's dependence on ancillary revenues such as concessions, sponsorships, VIP/hospitality areas and parking.

Typically, to initiate a live entertainment event, the progression is as follows:

Booking agents receive fixed or percentage fees from performers for their services. Promoters earn revenue primarily from the sale of tickets as well as percentages of revenue from concessions and ancillary services. Promoters pay the performers under one of several different formulas, which may include fixed guarantees, percentages of ticket sales or the greater of guaranteed amounts or profit sharing payments based on total ticket revenue. In some instances, promoters may reimburse performers for certain production costs. If a fixed guarantee is negotiated, the promoter assumes the risk of unprofitable events. Promoters can reduce their risk by negotiating global or national touring agreements with artists that allow them to offset shows with lower ticket revenues with higher performing shows.

Promoters, in conjunction with performers, managers, and agents, set ticket prices. Factors affecting ticket prices include, but are not limited to, the artist's contract fee, the price of staging the event, the popularity of the headline attraction and the uniqueness of the event.

Venue operators typically derive their income from a fixed fee amount or percentage of ticket sales, a percentage of concession and merchandise sales, ticket selling fees from third party ticketing agencies, facility fees, as well as parking revenues.

Business Locations

Per *IBISWorld*, the geographic distribution of establishments in the concert and event promotion industry is highly correlated with the overall population distribution in the U.S. Event promoters are primarily in the most populated and high-profile states, since more densely populated areas have a greater pool from which a large audience can be drawn. Major performing artists and sports events are most likely to be held in major cities due to these factors as well as the convenience major transportation hubs offer. While some major performers with extensive tours may also visit medium-sized cities, the preference towards densely populated areas to hold shows places Worcester County at a competitive disadvantage based on its limited population base.

A target for the live events industry comes in the form of corporate support. This can occur in multiple ways, such as advertising/sponsorship opportunities at facilities or partnerships for event production. Corporations also often purchase premium seating packages at venues and events. Areas of the country with a high number of corporate headquarters, high employment rates, and high average salaries are desirable features for a market to attract events and ticket buyers for sponsorships as well as all levels of seating, particularly for the increasingly important premium packages. Based on the demographic/economic statistics previously presented, Worcester County may be in a challenging position to attract concerts on a regular basis.

Consolidation of the Industry

Consolidation of the live music industry has impacted the operations of live entertainment venues throughout the country, especially with respect to the concert market. In 2010, Ticketmaster merged with Live Nation and became a wholly-owned subsidiary of Live Nation, Inc. Effective with the merger, Live Nation, Inc. changed its name to Live Nation Entertainment, Inc. (Live Nation). Live Nation and AEG Live (AEG), a subsidiary of Anschutz Entertainment Group, are the dominant promoters in the U.S. Per *IBISWorld*, Live Nation is estimated to hold a 19.0% market share in 2016 compared to AEG which is estimated to hold a 4.8% market share. AEG sold nearly 15 million tickets around the world in 2015. As a point of reference, Live Nation sold over 465 million tickets in 2015.

In many instances, Live Nation and AEG control the touring product and the venue. Despite capital outlay and ongoing maintenance expenditures, this operating structure can yield significantly higher profit margins than stand-alone programming, particularly when a promoter owns multiple venues. As such, it is common for facility operators to have formalized relationships with regional and/or national promoters with the objective of maximizing concert bookings. As a point of reference relative to Worcester County, Live Nation owns and operates Jiffy Lube Live in Bristow, VA and has a booking relationship with the new MGM Grand Theater at National Harbor. Additionally, the Maryland/D.C. area has other nationally known promoters including Monument Sports & Entertainment and I.M.P. that manage multiple venues.

Festivals

The single biggest change to the concert industry has been the increasing number of large multi-day festivals. According to *Pollstar's* 2016 Global Festival Events Calendar, there are nearly 1,900 confirmed events for 2016, spanning 74 countries around the world. This represents an increase of more than 300 events over the previous year. Many festivals are willing to pay large sums of money to attract the best headliners and this has changed the landscape of booking tours. Many artists now book a few festivals and then schedule dates in-between to fill their tour.

In addition, many artists sign clauses that protect the festival promoter by limiting their ability to play concerts within a certain mileage radius, date range, or media market. These protection clauses apply to all venues across the country. Consequently, a large-scale festival such as the Firefly Festival, which is held annually at the Dover Motor Speedway, has the potential to impact concert programming at facilities in the Mid-Atlantic region including nearby Worcester County.

Technology in Music

According to data compiled by Eventbrite, the world's largest self-service ticketing platform, streaming will drive artists to rethink revenue sources. In 2015, on-demand music streaming in the U.S. rose 93%. Live shows are increasingly a primary income source for artists. While consumer spending on CDs and digital downloads is down nearly 50% over the past four years, live music spending is up 66%.

Other anticipated trends outlined in the research conducted by Eventbrite include the following:

- Virtual reality will provide new opportunities for monetization. For remote fans, streaming shows could become the ‘norm’. Some experts predict that virtual reality will drive more attendance at live shows – not less.
- Live music will be more about the event’s experience than its lineup and event promoters will seek to increase/maximize creative activations with technology.
- RFID (radio frequency identification) in the form of wearable wristbands will become common at festivals and expand to more shows.
- Cashless payments will be demanded by fans and embraced by organizers.
- Both online and offline marketing will become more targeted.
- Growing competition will push niche festivals to center stage.
- Live music will shift to smaller metros and broader demographics. Some experts predict that regional and localized festivals will continue to grow.
- Real-time data will redefine how the industry does business.

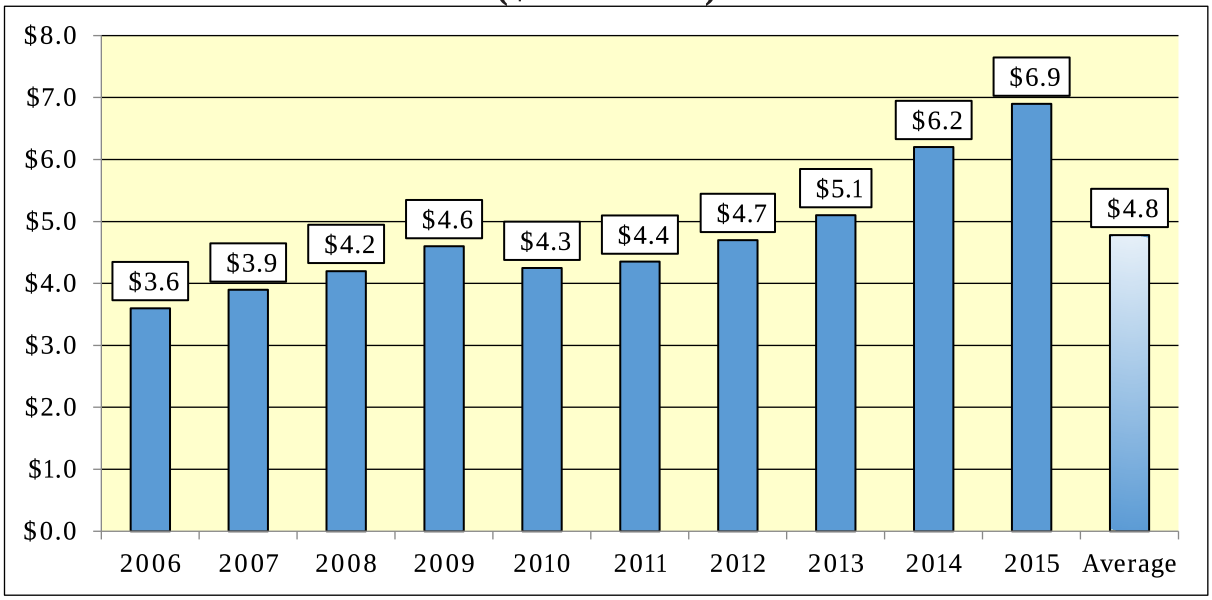
The above trends seek to enhance revenue generation for artists and promoters as well as enhance the fan experience.

Trends in Ticket Sales

Per *Pollstar*, a trade publication covering the worldwide concert industry that obtains information primarily from the agents, managers and promoters who are producing concerts and other entertainment acts, there was a slight decrease in ticket sales for all major concerts in 2010. Because the entertainment industry often falls behind broader economic trends, the decrease in 2010 was likely the effect of the U.S. recession.

Since then, there have been five years of growth and *Pollstar* estimates that the total size of the North American concert industry hit a record high of $6.9 billion in 2015.

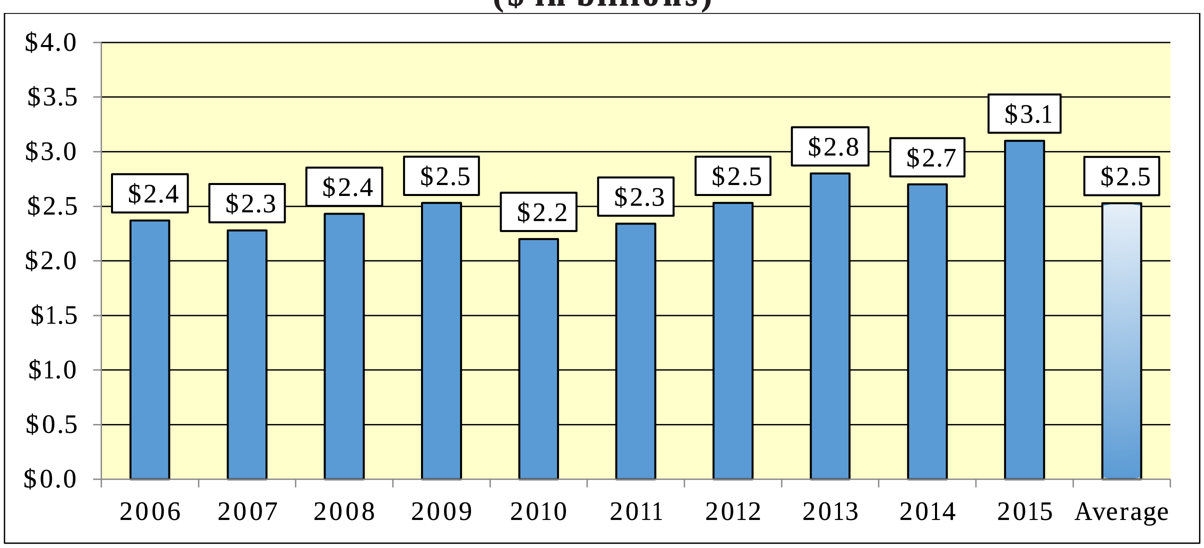
North American Concert Industry Ticket Sales – All Major Concerts ($ in billions)



Source: *Pollstar*.

Pollstar reported that the total gross for the year's Top 100 North American Concert Tours increased by 15% from 2014 to reach $3.1 billion in 2015.

Total Gross Ticket Sales – Top 100 North American Concert Tours ($ in billions)

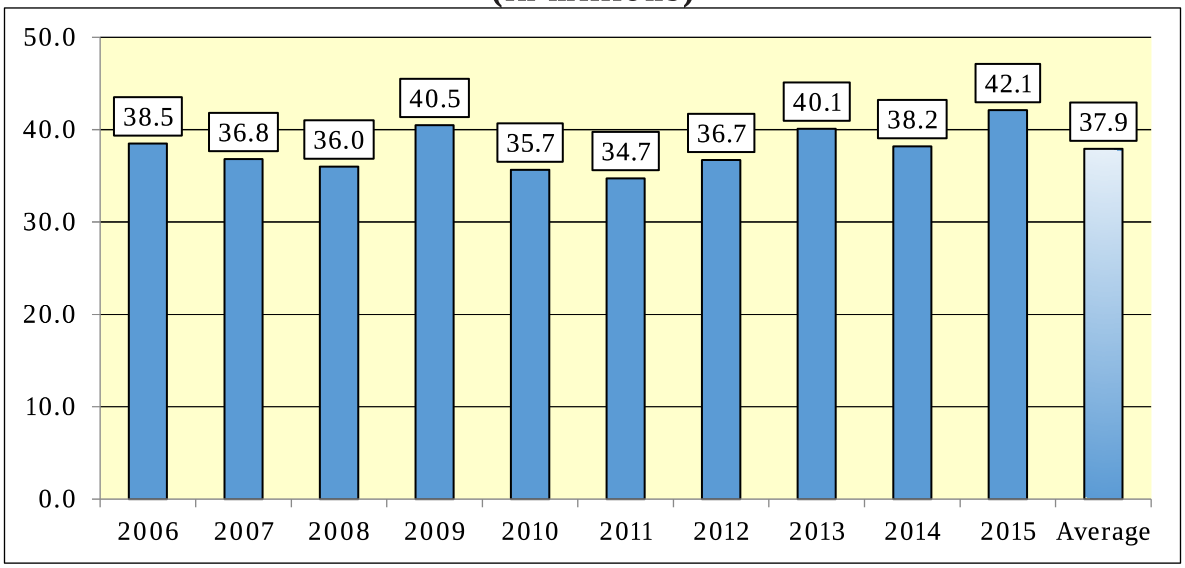


Source: *Pollstar*.

Trends in Total Tickets Sold

The 42.1 million tickets sold by the Top 100 North American Concert Tours in 2015 was a record high; up 10% from 2014.

Total Tickets Sold – Top 100 North American Concert Tours (in millions)

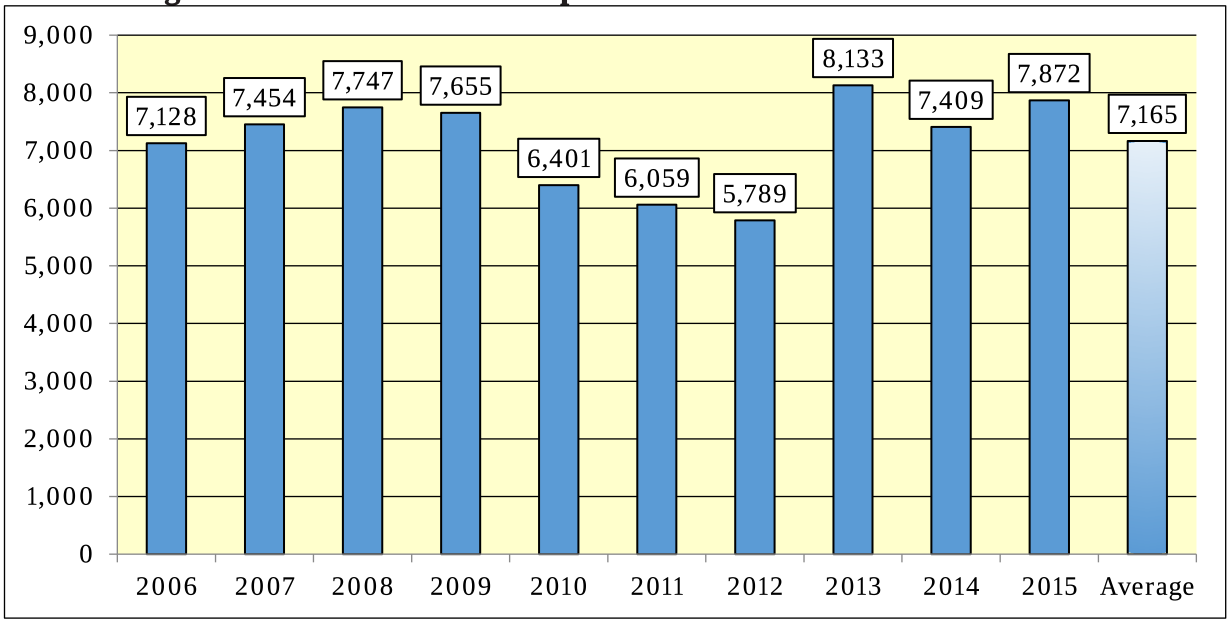


Source: *Pollstar*.

Trends in Average Paid Attendance

Likely a result of the U.S. recession, beginning in 2009, average paid attendance decreased four consecutive years before experiencing an increase of 41% in 2013. This significant increase was impacted by the number of large and unique tours including, but not limited to, Taylor Swift, Bon Jovi, the Rolling Stones, the Eagles, Jay Z/Justin Timberlake, Pink, Paul McCartney, and Andrea Bocelli. After the spike in 2013, average paid attendance decreased by 9% in 2014 before increasing by 6% in 2015. While 2013 appears to be an anomaly, average paid attendance in 2014 and 2015 was higher than the 10-year average (7,165).

Average Paid Attendance – Top 100 North American Concert Tours



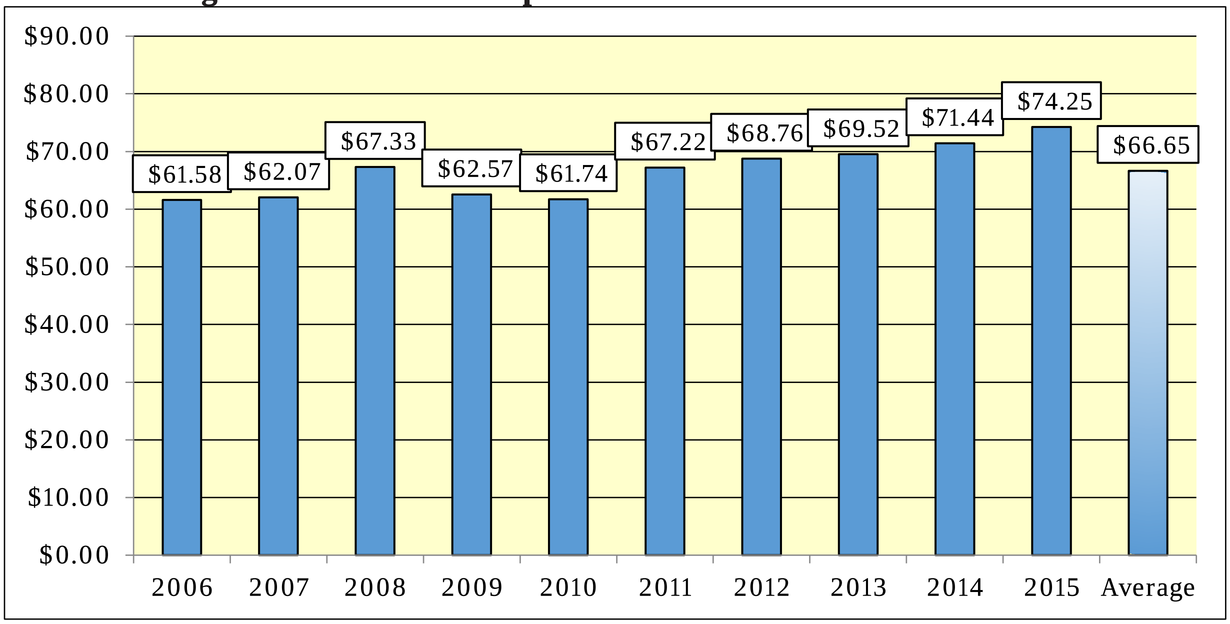
Source: *Pollstar*.

The seating capacity currently under consideration for the proposed new arena in Worcester County is 6,200 fixed seats and up to 8,000 total. As a point of reference, the planned total seating capacity could have accommodated approximately 32% of those North American concert tours that ranked in the top 100 in 2015 and 85% of those that ranked between 101 and 200.

Trends in Average Ticket Price

A likely result of the U.S. recession, 2009 and 2010 saw a decrease in average ticket price, but similar to the overall concert market, there were five consecutive years of growth that followed. The average ticket price for the Top 100 North American Tours reached a high of $74.25 in 2015. *IBISWorld* reports that while this represents a 4.0% increase from 2014, the price of the average ticket is largely driven by the increasing availability of major festivals that sell all-inclusive, multiday, or premium tickets at prices greater than $100.00. Nonetheless, a rise in ticket prices reflects greater demand from consumers for major shows and an increased willingness to spend on concerts and events. As a point of reference, the highest average ticket price of the Top 100 in 2015 was $202.95 for Andrea Bocelli followed by $174.50 for the Rolling Stones. Research also indicates that there is a notable decrease in average ticket price between the top 100 grossing artists and the 101 to 200 top grossing artists.

Average Ticket Price – Top 100 North American Concert Tours

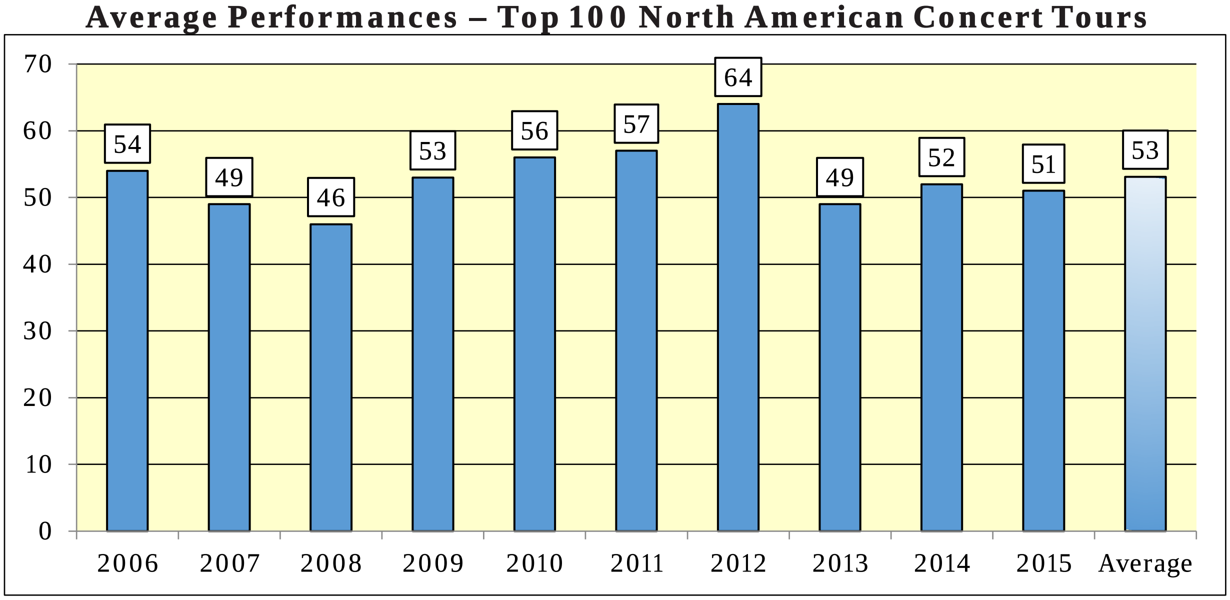


Note: Average ticket price does not include additional charges such as convenience/handling fees, facility fees, parking charges or taxes which can represent a significant amount per ticket.
Source: *Pollstar*.

Trends in Number of Performances

In 2014 and 2015, the average number of performances rebounded closer to the 10-year average of 53 performances.

Average Performances – Top 100 North American Concert Tours



Source: *Pollstar*.

The trend in the number of performances for the top 100 tours is important to note. When combined with the trend of promoters siting their concerts in highly-populated markets and the trend of ticket sales being targeted to the 25-54 age group, this creates a highly competitive market in which an area must have compatible market conditions to attract major shows.

Trends in Sports Participation

The competitive youth and adult amateur sports industry has continued to be a significant market opportunity with multiple sports, age groups and demand segments. Demand for sports tourism events is typically less impacted by economic fluctuations as participants and family/friends are willing to travel significant distances for their preferred sport. As such, more communities are developing specialized sports facilities, similar to the proposed outdoor sports field complex in Worcester County, to accommodate multiple games/competitions due to their value as a tourism generator. Research indicates that it is important for successful destinations to have a strong volunteer base and elite level leagues to support and promote tournament activity that generates overnight stays.

This section profiles trends in the annual number of participants in various sports/recreational activities as well as the frequency of participation. It also includes data for individual sports or activities by market size as well as a distribution by age and household income as sports participation trends vary by these factors as well as geographic region. For purposes of this analysis, this section focuses on statistics related to sports that are the likeliest users of the proposed outdoor sports field complex. Profiled outdoor sports include lacrosse, soccer, baseball, softball, and tackle football.

The source of this data is the *2015 Sports Participation in the United States* study which is a research program designed to measure the number of individuals seven years of age or older who participated in different sports/recreational activities each year. This study measures the annual number of participants in each sport/activity and the frequency of participation (number of days of participation). To ensure responses were representative of the U.S., the data was weighted to represent the demographic composition of the U.S. based on the following characteristics: state of residence, household income, and population density.

Total and Frequent Participation Rates

For the profiled sports in this analysis, a participant is defined as an individual seven years of age or older who participates in a sport/activity at least two days in a given year. The definition of “Frequent” participants varies for each sport/activity and is noted by sport/activity in the following tables.

As shown in the following table, soccer, baseball, and softball, respectively, had the highest total participation rates in 2015. Tackle football and soccer had the highest frequency participation rates in 2015 while softball had the lowest among the profiled outdoor sports.

Summary of Total and Frequent Participation - Outdoor Sports and Recreation (000s)					
Sport	**2011**	**2012**	**2013**	**2014**	**2015**
Soccer - Total	13,941	13,690	12,850	13,444	14,112
Soccer - Frequent	4,324	4,018	3,885	4,106	3,571
% Frequent (40+ days/year)	31%	29%	30%	31%	25%
Baseball - Total	12,292	12,073	11,675	11,335	11,786
Baseball - Frequent	2,896	2,389	2,826	2,951	2,079
% Frequent (50+ days/year)	24%	20%	24%	26%	18%
Softball - Total	10,383	10,487	9,974	9,501	9,751
Softball - Frequent	2,182	2,803	2,511	2,204	1,375
% Frequent (40+ days/year)	21%	27%	25%	23%	14%
Football (Tackle) - Total	9,034	7,889	7,514	7,530	7,830
Football (Tackle) - Frequent	2,496	2,210	2,205	2,702	2,126
% Frequent (50+ days/year)	28%	28%	29%	36%	27%
Lacrosse - Total	2,717	2,749	2,786	2,791	2,940
Lacrosse - Frequent	659	926	362	480	522
% Frequent (60+ days/year)	24%	34%	13%	17%	18%
Total	**48,367**	**46,888**	**44,799**	**44,601**	**46,419**
Frequent	**12,557**	**12,346**	**11,789**	**12,443**	**9,673**
% Frequent	**26%**	**26%**	**26%**	**28%**	**21%**

Note: Sorted in descending order by 2015 total participation.

Source: Sports Business Research Network.

Participation Rates by Market Size

Relative to the profiled outdoor sports, markets similar in size to the secondary market, the Salisbury Metro Area, have the highest portion of their population participating in tackle football, baseball, softball, soccer, and lacrosse, respectively.

2015 Outdoor Sport Participation by Market Size (% of Participants)					
Market Size	**Baseball**	**Lacrosse**	**Soccer**	**Softball**	**Tackle Football**
Non-MSA & MSA < 100,000	12.1%	10.1%	10.6%	10.7%	10.0%
100,000 - 499,999	17.1%	11.6%	14.8%	16.6%	21.0%
500,000 - 1,999,999	20.9%	19.2%	21.0%	18.7%	20.9%
2,000,000 +	50.0%	59.1%	53.6%	54.0%	48.1%

Notes: Shading represents the market size of the Salisbury Metro Area.
Baseball statistics are reflective of 2014 data.

Source: Sports Business Research Network.

Participation Rates by Age

For profiled outdoor sports, soccer has the greatest percentage of players in the 7-11 age group while tackle football and lacrosse have their greatest percentage of players in the 12-17 age group.

2015 Outdoor Sport Participation by Total Age Group (% of Participants)					
Age Group	**Baseball**	**Lacrosse**	**Soccer**	**Softball**	**Tackle Football**
7-11	24.2%	19.0%	30.3%	17.0%	17.3%
12-17	24.4%	32.7%	21.9%	23.7%	38.7%
18-24	9.7%	21.3%	13.7%	10.3%	13.0%
25-34	17.4%	11.6%	16.4%	14.9%	15.8%
35-44	12.6%	8.0%	12.0%	14.6%	10.4%
45-54	7.5%	6.1%	4.1%	11.9%	4.1%
55-64	3.3%	1.2%	1.3%	6.6%	0.7%
65-74	0.8%	0.0%	0.3%	1.0%	0.0%
75+	0.0%	0.0%	0.1%	0.0%	0.0%
Total Under 18 Years Old	**48.6%**	**51.7%**	**52.2%**	**40.7%**	**56.0%**

Source: Sports Business Research Network.

One measure to estimate potential demand for a new sports facility is to extrapolate the national sports participation rates to the previously presented population statistics for the primary market (Worcester County), the secondary market (Salisbury Metro Area), as well as a broader area (200 miles) by age group. As previously mentioned, industry research suggests that sports participants are willing to drive up to 200 miles, on average, to compete in regional and national tournaments. However, the supply of tournament quality facilities within a specific geographic area is also a consideration. The following table illustrates the estimated sports league participants by age group using the above methodology.

2015 Estimated Sports League Participants									
	Worcester County	**Salisbury Metro Area**	**200 Miles**	**Worcester County**	**Salisbury Metro Area**	**200 Miles**	**Worcester County**	**Salisbury Metro Area**	**200 Miles**
Sport	**Ages 7 - 11**			**Ages 12-17**			**Age 18+**		
Baseball	463	3,542	383,299	467	3,571	386,467	983	7,522	814,114
Lacrosse	89	683	73,959	154	1,176	127,288	227	1,737	188,012
Soccer	693	5,299	573,459	501	3,830	414,480	1,093	8,359	904,664
Softball	270	2,066	223,622	377	2,881	311,756	942	7,207	780,048
Tackle Football	219	1,674	181,126	489	3,744	405,178	556	4,256	460,668
Total	**1,734**	**13,263**	**1,435,465**	**1,987**	**15,201**	**1,645,168**	**3,802**	**29,082**	**3,147,505**

Source: Sports Business Research Network.

These statistics will be further augmented by direct input from potential demand generators as well as other market research as there is not one single industry source that can provide a measure of the universe of demand.

Trends in Sports Tourism Marketing Efforts

The National Association of Sports Commissions (NASC) conducts an annual survey of sports marketing organizations, titled Sports Tourism: A State of the Industry Report, conducted by Ohio University. Per the most recent survey published in 2016 which reported 2015 statistics, the average number of events held per organization increased from the prior year to 45. The survey also reported the average number of events was projected to increase to 53 in 2016. Survey results indicated sporting event visitor-related spending increased by 5% between 2014 and 2015 to $9.45 billion. This is an indicator of the strength of the sport tourism industry with growth occurring the past three years. However, sport tourism organizations' priorities have shifted within the past year. While visitor spending remains the most common top priority of these organizations, it decreased from 60% in 2014 to only 30% in 2015. Health and fitness as well as sports philanthropy (each of which were 19%) tied as the second highest priority to organizations.

Sponsorship dollars to support sports tourism organizations, marketing and event acquisition have diversified from 2014 to 2015. While most organizations still secure sponsors through personal connections (47%), the number of organizations using a dedicated sales staff has increased to more than 35% in 2015. In the same year, more than half of NASC members that rely on public funding reported a positive impact from changes. These groups also experienced increases in popularity of events, knowledge of and support for organizations, and budget and revenues.

Organizations still use personal selling and trade shows as the top marketing strategies; however, social media and digital advertising are becoming increasing popular. There has also been a recent increase in the use of social media by responding organizations. Sixty-five percent of sport tourism organizations have dedicated staff handling their communications. Facebook and Twitter are used by more than 90% of organizations while Instagram, a relatively new tool, is used by more than two thirds and LinkedIn by more than half of responding organizations.

The importance of networking and developing relationships were ranked as the most important strategies for organizations prospecting new events, closely followed by attending conferences. The number of organizations that pay bid fees for events has increased from 69% in 2014 to 73% in 2015. Approximately 34% of respondents indicated bid fees have increased while 55% indicated that bid fees remained constant. These results, according to NASC, reflect a competitive market place.

Seventy-five percent (75%) of respondents indicated that they have expanded or modified their facilities in the last year. Approximately 40% of respondents stated that they built completely new facilities as compared to 27% in 2014. For those renovating, the most common improvements were artificial turf, restrooms, guest amenities, and concession stands. These statistics suggest more destinations understand the value of sporting events from an economic perspective.

From a macro level, destination marketing organizations (DMOs) continue to deploy a staffing strategy that focuses on targeted marketing, business development and visitor servicing efforts for their respective destinations. A recent study conducted by Destination Marketing Association International (DMAI) which protects and advances the success of official DMOs worldwide, cited that DMOs are increasingly dedicating more specialized staff to the sport/event market. The sport/event market now joins destination-level marketing and communications, convention sales, visitor servicing and travel trade support as a core visitor market development activity specifically assigned to DMO staff.

On an individual basis, DMO respondents reported a variety of marketing/promotions efforts that directly reflect their destination profile as a leisure destination, a business market destination, or a combination of both. Among all DMOs reporting, on average, the largest program spending is generally focused on the leisure (direct consumer) market, followed by the meetings and conventions sector, the sport/event market, and the travel trade sector, respectively.

As previously stated, Worcester County seeks to leverage its physical assets and maximize both human and financial resources through its membership in MAASA, which focuses on attracting, retaining and growing sports marketing events, with a focus on amateur athletics, to establish a national reputation and grow the region's economic impact.

Critical Success Factors for Sports Tourism Destinations

As the industry of sports tourism continues to grow, there is increasing competition for tourism dollars as evidenced by the industry data and by the number of communities with sports tourism-focused organizations such as Maryland Sports and MAASA. The spending generated by athletes, coaches, family, and friends can augment other visitor streams such as corporate, convention/meeting and leisure travelers. Research indicates that competitive sporting events are less impacted by economic downturns as families are committed to their children's athletic activity. Sports-related tourism can be developed based on a community's strengths, the presence of elite level athletes, leagues, and/or collegiate teams in particular sports. Further, a strategic plan for sports tourism can serve to expand visitor seasons beyond a community's typical peak. This section outlines the critical success factors common in sports tourism destinations based on conversations with DMOs and sports commissions across the U.S. as well as our work with other communities. As shown in the following graphic, a successful sports tourism destination requires certain destination attributes, physical facilities, as well as other intangible factors.

Stakeholder Political Support

Successful destinations have political support from a variety of public and private stakeholders that prioritize sports tourism as an economic generator. These include municipal governments, local leagues, collegiate athletic departments, destination marketing organizations, economic development agencies, hospitality industry professionals, facility management and event organizers. Input from other communities reiterated the necessity to have the support of local stakeholders. Without the understanding from each of these organizations regarding the value of competitive sporting events, it can be an uphill battle to effectively attract and service such events. Typically, one organization spearheads the effort to educate local stakeholders on the value such as a DMO or sports commission. In addition to marketing and branding, this organization serves as a liaison within the community between sports organizations, facilities, visitor amenities and funding partners. Developing regular communication to these groups outlining the economic value of sporting events within the local area serves to elevate this visitor segment and helps to harness their on-going support.

Funding

Much like other visitor streams, sports tourism requires funding at the local level for marketing, facility development/on-going operations, event development and incentives. While a DMO or sports commission is typically the primary marketing agency, funding for facility development and operations often requires public and private partners. Communities have used a variety of means to develop venues designed to accommodate tournaments and other competitions. Municipalities, local sports organizations, private benefactors, and corporate sponsors are all potential funding partners for facility and/or event development/incentives. Successful sports tourism destinations are able to garner funding from a broad variety of sources. Examples include sales tax revenues, hotel/motel tax revenues, hotel room rebates for sports-related overnight stays, volunteer hours for event labor from local leagues and corporate sponsorships. Providing a measure of the return on investment (e.g., the number of room nights generated, economic impact, etc.) from sports tourism helps justify on-going funding requirements.

Marketing and Branding

As an increasing number of communities realize the value of sports tourism and invest in quality facilities, there is greater competition for these events. Destinations that create a sports marketing brand are more recognizable by the event organizers as well as the participants and spectators and, as a result, can serve to draw a greater number of visitors. A brand should include differentiating factors such as a beach, historical attractions, or unique outdoor activities. Establishing a brand and reputation for well-executed events includes providing appropriate facilities as well as visitor amenities and event services such as a reliable, knowledgeable volunteer base. This can mean providing appropriate security and traffic control, as well as coordinating with event organizers to highlight area attractions, restaurants, or shopping. Creating a strong brand and executing an aggressive marketing strategy will be particularly important with the addition of new competitive sports facilities in the immediate region.

Quality Facilities

Given the variety of sports and respective facility requirements, it is difficult for a single destination to be successful at attracting all sports. Rather, destinations that offer high-quality facilities in one or a few sports can better serve these target market segments. However, just having a physical asset does not ensure success in sports tourism. For instance, management at other facilities stress the importance of establishing a facility's mission at the outset. The goal of primarily serving as an economic generator rather than meeting local sports and recreational needs requires different marketing, booking, staffing, and maintenance procedures. If a facility is primarily focused on generating economic impact, it may choose to limit local league play to weekdays and reserve weekends for high-end tournaments that draw out-of-town participants and spectators. Increasingly, local parks and recreation departments accommodate league play while special purpose facilities are reserved for league games (not practices) and tournament/ showcase events to limit wear and tear and establish the venue as an attraction.

Balancing the booking of a facility between tournament play and local league/recreational use is a critical factor in its marketability. Local leagues can be a significant revenue generator as well as important partners in attracting regional/national tournaments and staffing these events with a volunteer pool. As such, continuing cooperative relationships with local leagues is imperative to a venue's ability to serve as a sports tourism generator. However, management at comparable facilities indicate that allowing too much league play can increase maintenance expense and potentially hinder marketability for out-of-town tournaments.

Destination Attributes

Consistent with input obtained from potential indoor and outdoor sporting event organizers, input from sports tourism organizations indicates that successful destinations require supporting infrastructure elements such as hotels, restaurants, retail, and entertainment/recreation establishments. Unlike convention/meeting attendees, competitive sporting event organizers are accustomed to driving five to ten miles to these amenities from the host facility(s). These elements are important and can impact the overall marketability, financial success, and the resulting economic impact of sports facilities. Providing convenient access to shopping, dining and entertainment can create a vibrancy that differentiates one destination from the others.

Worcester County, and particularly Ocean City, is a popular destination resort community that encompasses multiple types of lodging, restaurants, and attractions. The infrastructure is established and, in fact, must be a consideration when it comes to peak visitor times in the market which creates higher lodging prices, restaurants at capacity, and congestion on local highways and roads.

Relationships with Event Organizers

Successful sports tourism destinations have sports marketing agencies and facilities managed by staff with a network of contacts in relevant sports industries. These include local, state, regional and national sports organizations that compete in or hold tournaments/competitions. Fostering these relationships by attending industry conferences, attending major tournaments in other cities and hosting familiarization tours to highlight a destination's facilities and visitor amenities is important to set a destination apart. Communities with strong relationships are often able to secure multi-year contracts for significant annual events or an agreement to host numerous competitions sponsored by one organization. Utilizing local stakeholder connections with state, regional and national event organizers can broaden these relationships. For instance, a local elite league that participates in an annual, national tournament or a college athletic department with connections to a NCAA showcase or tournament could be effective networking connections. Being a member of MAASA and working directly with Maryland Sports is an advantageous for Worcester County in networking with event organizers.

Event Incentives

Attracting events that generate sports tourism spending has traditionally been done by paying bid fees to target events. As more communities have realized the value of this visitor niche and invested in facilities to accommodate them, bid fees have increased. In response, sports marketing organizations are more commonly creating their own events and/or offsetting event costs rather than paying bid fees directly to event organizers.

The benefits of creating tournaments include harnessing local elite level teams and their regional/national connections to promote participation, controlling the event date during a community's shoulder visitation season and the lack of competition from other host cities through strategic scheduling. The trade-off to creating tournaments is the need to provide all event services and staff which requires a strong organizing committee with an active volunteer base and good working relationships with sports venue management teams, hoteliers, local police for traffic/security, etc. According to sports marketing representatives, this works best for sports in which the community has a strong niche and quality venues.

Sports marketing organizations also offset specific costs associated with hosting an event in their community such as sponsoring a catered function, utilities associated with lighted fields, facility rental, event security, parking staff, etc. In doing so, the organization helps to ensure that their investment is retained within the local community.

The most common funding source for event incentives is the local hotel tax. Other funding partners can include local benefactors or interested parties with whom the sports marketing organization has a close relationship. These types of relationships do not necessarily produce on-going funding for attracting events but can offer annual grants for certain events. Budgets for event subsidies can vary significantly. In each case, subsidies are granted on an event-by-event basis and are based on the potential to generate overnight stays. A best practice is to regularly measure the return on these investments which may include requiring participating teams to report their hotel room registrations.

Sports commissions and associations indicate that the methodology for tracking the success of sports tourism efforts should be agreed upon by all agencies involved. Organizations can be evaluated by hotel room generation specific to sporting events and/or based upon an agreed economic impact model of events. These models help guide decisions regarding whether bid fees and/or event incentives are financially reasonable for that particular event.

These factors are important for Worcester County to consider while evaluating the merits of developing a new outdoor sports field complex. The sports tournament/tourism business is highly competitive and, as discussed above, many factors can positively or negatively impact the success of a sports field complex from a funding, management, and overall community approach to its operation.

The next section summarizes feedback obtained from potential demand generators for the proposed new arena.

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POTENTIAL DEMAND GENERATORS – PROPOSED NEW ARENA

As previously mentioned, Worcester County was approached by Hat Trick Consultants, LLC, regarding its interest in attracting a professional minor league hockey franchise, specifically an ECHL team, to a proposed new arena. In addition to a professional minor league hockey tenant, it is anticipated that the proposed new arena could host other sporting events, concerts, family shows, entertainment/comedy acts, collegiate/ scholastic competitions, and local community/civic events. If the proposed new arena is constructed, it is assumed that an adjacent sheet of ice would be constructed that could serve as a practice facility for the professional minor league hockey team and accommodate various other recreational and competitive needs. However, the merits of a stand-alone practice ice rink are not evaluated as part of this analysis as it is considered supporting infrastructure to the proposed new arena.

Hosting sports/event activity can appeal to a broad demographic audience that is primarily resident-based and can serve to better position the proposed new arena as a vibrant community center. The following is a brief description of events that could potentially be accommodated at the proposed new arena:

Professional Sports, such as an ECHL team, could serve as the primary sports tenant(s) as well as any related tournaments that the proposed new facility can attract.

Other Sporting Events include youth, scholastic, collegiate, and/or amateur competitions/tournaments for sports such as ice hockey, figure skating, volleyball, gymnastics, cheerleading, martial arts, wrestling, and basketball. This category may also include camps and clinics.

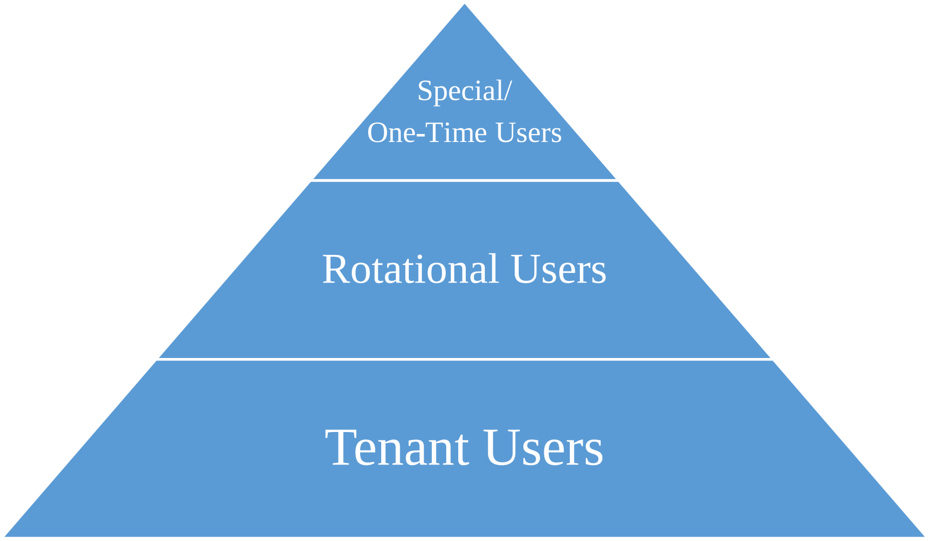
Concerts/Festivals are public, ticketed events featuring touring musical performances by rock, pop, middle-of-the-road, country & western, folk, religious/gospel and various other artists.

Family Shows are entertainment events that are primarily oriented toward youth or appeal to the family atmosphere such as the circus (e.g. Ringling Bros. and Barnum & Bailey or Shrine), Sesame Street Live, and Harlem Globetrotters.

Civic/Community Events include, but are not limited to, high school and collegiate graduations/commencements, meetings/seminars, political rallies, educational/training sessions, lectures, corporate functions, banquets/receptions, and other special events that typically include general assembly seating and/or a flat floor space.

Community Ice Events include adult/youth hockey leagues, lessons, camps, clinics, local tournaments, figure skating, birthday parties, public ice skating and general hourly ice rental.

The diagram below illustrates the typical structure of users at a sports/entertainment facility.



Tenant users represent a solid base for the facility that can provide steady and contractually obligated income. Tenant users are generally sports teams, such as an ECHL team. Rotational users are shows or events that return to the facility on a regular basis, usually during a designated time of year, and may have a long-term contract to do so. Examples of rotational users are annual athletic tournaments, family shows, consumer shows and festivals. Special/one-time users are irregular in nature such as one-time sports events and tournaments (e.g. ECHL Kelly Cup). Although these events can represent revenue generating opportunities, they are not guaranteed and the number of these events will vary from year to year. Special/one-time users are important to the success of the venue, but are the least predictable and can sometimes be labor/marketing intensive.

As such, a key aspect of the market analysis is to assist the County and MSA in assessing potential market opportunities that the proposed new arena could host. As previously discussed, the region offers multiple arenas and other public assembly facilities that can host various sports/entertainment activities making it a highly competitive market from a supply perspective.

Direct input was obtained from representatives of events that traditionally use arenas to present their events including professional sports leagues, scholastic/collegiate institutions, sports and athletic associations/organizations, concert and family show promoters, as well as various other special event producers in order to gauge their interest in hosting events at the proposed new arena in Worcester County as well as to understand their building program requirements, event attributes and destination requirements.

Professional Sports

One factor that can impact the potential success of the proposed new arena is the presence of one or more tenant sports teams. Based on the current building program under consideration, several minor league sports such as hockey, indoor football, basketball, and/or indoor soccer represent potential tenant teams. Tenant sports teams and their respective leagues typically have requirements regarding the facility (e.g., capacity) and the market (e.g., geographic location, market size) in which they play.

This section summarizes attributes of the following professional minor leagues that could provide a potential tenant sports team for the proposed new arena in Worcester County based on factors such as geographic/regional location, market size where current teams play, facility/venue types of current franchises, and the history/stability of the league:

- East Coast Hockey League
- Southern Professional Hockey League
- NBA Development League (D-League)
- Major Arena Soccer League

The above list does not include all professional minor leagues. For example, the probability for Worcester County to obtain a franchise through expansion or relocation does not appear to be high for leagues such as the American Hockey League, Federal Hockey League, Arena Football League, Indoor Football League, and National League Lacrosse due to geographic location, market size, and/or economic considerations.

While minor league sports tenants can generally provide a guaranteed number of event dates to a facility, this event activity does not always translate into positive financial performance for a facility. As part of their lease agreement, many minor league teams will request weekend or other prime dates to play their games at the facility in an attempt to positively influence attendance and financial performance. Holding quality dates for a minor league team which does not operate successfully can be a risk for the facility. For instance, in the case where the minor league team is not financially successful, date availability may not allow a facility to host a more profitable event such as a concert. Attendance and the contractual agreement between the facility and the team also influences this impact to the facility.

Over the past decade, many leagues and teams have organized and failed for various reasons. For instance, the American Indoor Football League folded after the 2016 season. As such, there is always a possibility that a team might move or cease operations at any time. Discussions with league and team representatives indicated some of the reasons that minor league teams fail include, but are not limited to, lack of operator experience, poor initial capitalization, poorly executed business models and absentee ownership. As such, the overall stability of a league and a team's ownership and management approach are important considerations when considering/selecting tenant sports franchises.

East Coast Hockey League (ECHL)

In the North American hockey structure, the National Hockey League (NHL) serves as the major professional league. The American Hockey League (AHL), being a direct feed into the NHL, is considered "AAA" in the structure of professional hockey. The ECHL is considered the "AA" level of hockey. The Federal Hockey League, Southern Professional Hockey League and Ligue Nord-Américaine de Hockey are the "A" level of hockey.

Based on discussions with representatives from Worcester County Economic Development, the MSA and Hat Trick Consultants, LLC and for purposes of this analysis, it is assumed that an ECHL team would be pursued as the primary minor league professional sports team for the proposed new arena in Worcester County.

The ECHL was formed in 1988 and originally had five teams. During the 2015-16 season, the ECHL had 28 teams from 21 states across the U.S. and one team in Canada.

Map of ECHL Teams – 2016-17 Season

The following table compares statistics for the teams that played in the ECHL during the 2015-16 season and their respective markets. Each team plays 36 regular season home games from October through April.

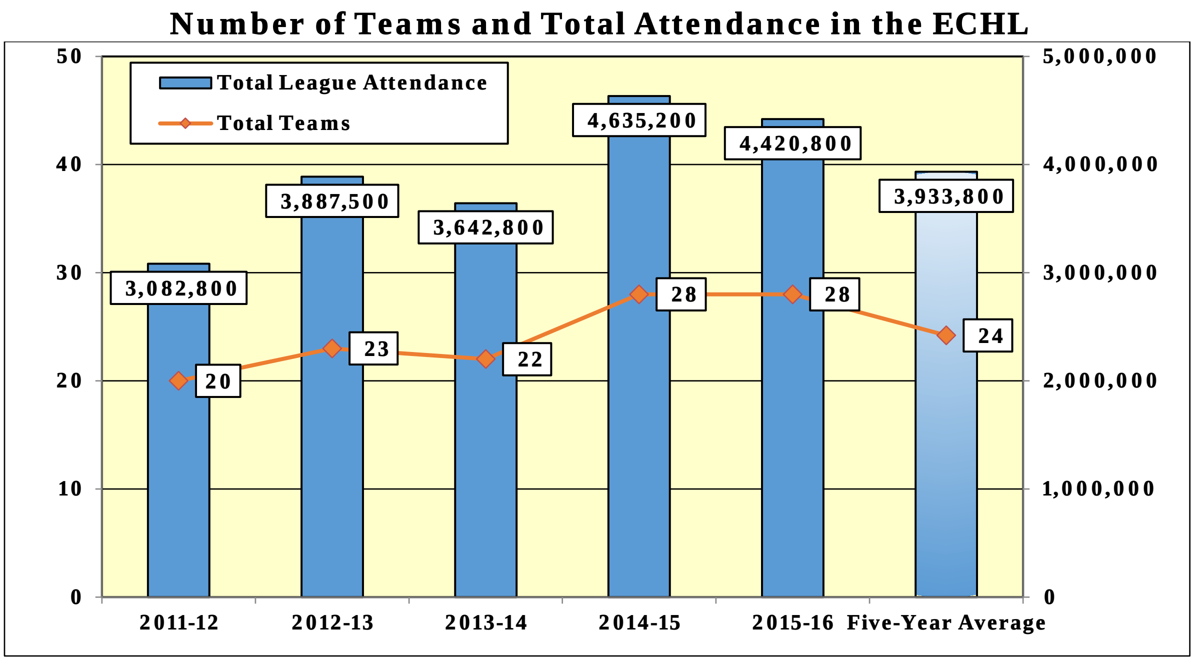
The average arena capacity for the 2015-16 season was approximately 8,800 and average attendance per game was approximately 4,400. In terms of market size, the average population for ECHL was 1,198,000 and the median population was 660,750, both of which were significantly larger than the Salisbury Metro Area (395,300).

Summary of Key Attributes for the ECHL in 2015-16

Team	Location	Facility	Seating Capacity	Total Attendance	Average Attendance	Percent Capacity	Market Size	Market Penetration Rate
Fort Wayne Komets	Fort Wayne, IN	Memorial Coliseum	8,000	269,400	7,500	94%	429,800	63%
Toledo Walleye	Toledo, OH	Huntington Center	7,700	251,400	7,000	91%	606,000	41%
Orlando Solar Bears	Orlando, FL	Amway Center	17,300	224,100	6,200	36%	2,387,100	9%
Tulsa Oilers	Tulsa, OK	BOK Center	17,100	219,200	6,100	36%	981,000	22%
Florida Everblades	Estero, FL	Germain Arena	7,100	187,700	5,200	73%	702,000	27%
Missouri Mavericks	Independence, MO	Silverstein Eye Centers	5,800	185,500	5,200	90%	2,087,500	9%
Utah Grizzlies	West Valley City, UT	Maverik Center	10,500	183,400	5,100	49%	1,170,300	16%
Atlanta Gladiators	Duluth, GA	Infinite Energy Arena	11,400	177,900	4,900	43%	5,710,800	3%
Colorado Eagles	Windsor, CO	Budweiser Events Center	5,200	176,600	4,900	94%	333,600	53%
Wichita Thunder	Wichita, KS	Intrust Bank Arena	15,000	168,600	4,700	31%	644,600	26%
Manchester Monarchs	Manchester, NH	Verizon Wireless Arena	10,000	166,400	4,600	46%	406,700	41%
Allen Americans	Allen, TX	Allen Event Center	8,600	164,600	4,600	53%	4,707,200	3%
Cincinnati Cyclones	Cincinnati, OH	U.S. Bank Arena	12,800	164,300	4,600	36%	2,157,700	8%
Quad City Mallards	Moline, IL	iWireless Center	9,600	157,300	4,400	46%	383,600	41%
Idaho Steelheads	Boise, ID	CenturyLink Arena	5,200	151,100	4,200	81%	676,900	22%
Evansville IceMen	Evansville, IN	Ford Center	9,400	145,500	4,000	43%	315,700	46%
South Carolina Stingrays	North Charleston, SC	North Charleston Coliseum	10,500	142,400	4,000	38%	744,500	19%
Indy Fuel	Indianapolis, IN	Indiana Farmers Coliseum	8,200	138,800	3,900	48%	1,988,800	7%
Alaska Aces	Anchorage, AK	Sullivan Arena	6,500	137,900	3,800	58%	399,800	34%
Norfolk Admirals	Norfolk, VA	Norfolk Scope	8,800	135,600	3,800	43%	1,724,900	8%
Reading Royals	Reading, PA	Santander Arena	7,200	135,000	3,800	53%	415,300	33%
Rapid City Rush	Rapid City, SD	Rushmore Plaza Civic Center	5,000	133,800	3,700	74%	144,100	93%
Greenville Swamp Rabbits	Greenville, SC	Bon Secours Wellness	16,000	131,700	3,700	23%	874,900	15%
Wheeling Nailers	Wheeling, WV	WesBanco Arena	5,400	100,600	2,800	52%	144,200	70%
Elmira Jackals	Elmira, NY	First Arena	4,000	100,300	2,800	70%	87,100	115%
Brampton Beast	Brampton, ON	Powerade Centre	5,000	100,200	2,800	56%	2,856,700	4%
Adirondack Thunder	Glens Falls, NY	Glens Falls Civic Center	4,800	88,600	2,500	52%	126,900	70%
Kalamazoo Wings	Kalamazoo, MI	Wings Event Center	5,600	82,700	2,300	41%	335,300	25%
Average			**8,800**	**157,900**	**4,400**	**50%**	**1,198,000**	**13%**
Median			**8,100**	**154,200**	**4,300**	**50%**	**660,750**	**25%**

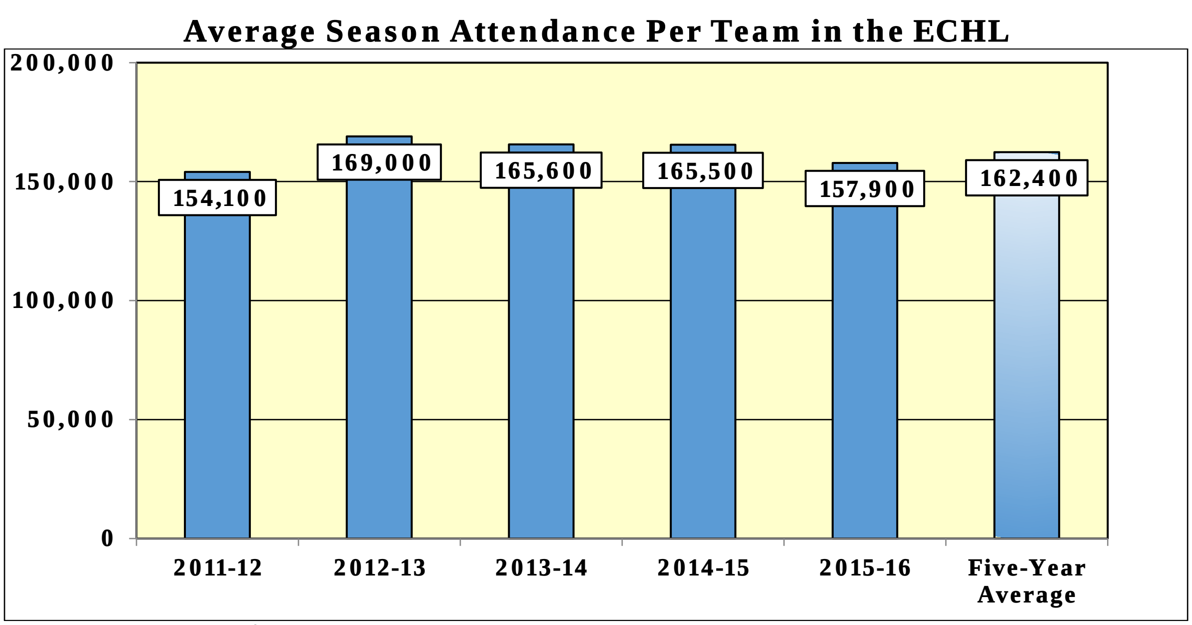
Notes: Sorted in descending order by total attendance.
Seating capacity, attendance, and market size are rounded to the nearest hundred.
Market Size is reflective of 2015 Metropolitan Statistical Area Population.
Percent Capacity = Average Attendance/Seating Capacity and Market Penetration Rate = Total Attendance/Market Size.
Sources: ECHL; U.S. Census Bureau; RSV database; Secondary Research.

Over the last five years, total attendance for the ECHL averaged 3.93 million people. Total attendance increased in 2014-15 which was primarily attributable to the increase in the number of teams from 22 to 28. However, total attendance decreased by 5% between 2014-15 and 2015-16.

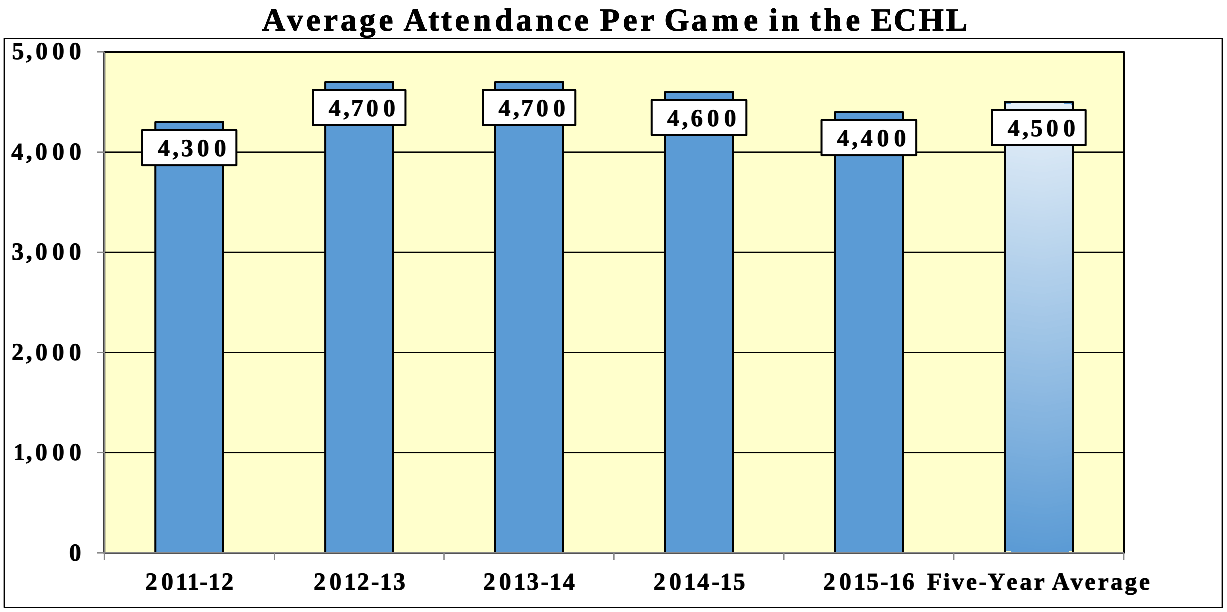


Note: Attendance is for the regular season only.
Source: ECHL.

As shown in the graphs that follow, total season attendance per team and average attendance per game have remained relatively consistent for the last five seasons.



Note: Attendance is for the regular season only.
Source: ECHL.



Note: Attendance is for the regular season only.
Source: ECHL.

The ECHL has 28 active teams and will add a 29th team in Worcester, Massachusetts that will begin play in the 2017-18 season. The Commissioner indicated that the ECHL is seeking to expand to a 30 or 31-team league to mirror the number of teams in the NHL (31) and the AHL (30). When assessing the merits of a location for an expansion or relocation team, the ECHL focuses on three primary criteria: quality of the market; quality of the facility; quality of the ownership group.

As part of the ECHL's evaluation, one consideration of a quality market that can lead to success in attracting fans is the population base. As noted in the previous table, the population base of ECHL markets that hosted a team during the 2015-16 season ranged from a low of 87,100 in Elmira, New York and a high of 5.7 million people in Duluth, Georgia and averaged nearly 1.2 million people.

The ECHL indicated that the ideal marketplace has a population between 250,000 and 750,000 within a 30-mile radius. In general, ECHL representatives said that fans travel a maximum of 20 miles to attend games. As a point of reference, the population within a 30-mile radius of Worcester County is 283,400 which is on the lower end of the desired range.

The quality of a building is determined by the ECHL to have amenities that fans expect in a facility including modern audio-visual elements with a video scoreboard and ribbon boards, diverse food and beverage options throughout the facility that offer multiple price points, the sale of alcoholic beverages, well-lit and safe parking, and premium seat programs at various price points with high levels of customer service. An ideal seating capacity is in the range of 6,000 to 7,000 which is consistent with current plans for the proposed new arena in Worcester County.

Having an ownership group or individual owner that lives in the market where the team plays is a key success factor from the ECHL's perspective. ECHL officials also mentioned that it is important for an ECHL team to be integrated into the community through its owners.

The relocation of ECHL teams occurs occasionally. Reasons for the relocation of a team generally fall into the areas previously cited as keys to a successful ECHL franchise: quality of market; quality of facility; and the ownership group. A market that is too small to sustain the needs of a team in terms of ticket buyers and advertising/sponsorships; an antiquated facility that does not provide expected fan amenities; and/or an ownership group that may lose interest or cannot find a sustainable business model for success were identified as reasons for a team folding or relocated to a new market.

ECHL representatives indicated that having an attached secondary ice sheet is not mandatory to attract an ECHL franchise. However, the ECHL recognizes that for an arena to attract other types of event programming such as concerts and family shows, team practices likely need to be held at another ice facility.

As one would expect, the ECHL conducts its own due diligence relative to decisions made to add an expansion team or relocate a team to another market. In general, Worcester County's population base is considered small in comparison to other markets where ECHL teams currently play. Over 10 years ago, ECHL officials conducted a tour of the Wicomico Youth & Civic Center as a potential site for an ECHL team. However, conversations were not further pursued for various reasons including the lack of alcohol sales at the facility which was considered a major constraint both in terms of the impact to team's financial success and from a fan enjoyment perspective. Conversations have also been conducted with both Dover and Wilmington, Delaware regarding a potential ECHL franchise. As previously mentioned, the ECHL is seeking to expand to 30 or 31 teams, however, once that level is attained, the ECHL will likely not expand beyond that point for an undetermined timeframe.

Southern Professional Hockey League (SPHL)

The SPHL is one of three leagues in the single "A" professional minor-league hockey system and is considered a feeder league into the ECHL. The SPHL represents a potential tenant sports team for the proposed new arena in Worcester County if an ECHL team is not secured. Founded in 2004, the SPHL is based in Huntersville, North Carolina. During the 2015-16 season, the SPHL had nine teams. However, the Louisiana Ice Gators suspended play for the 2016-17 due to the renovation of the team's home arena. The Evansville Thunderbolts are new to the league for the 2016-17 season and the Roanoke Rail Yard Dogs, formerly the Mississippi Surge, will be competing for the first time since the 2014-15 season. Given these changes, the SPHL is expected to have 10 teams during the 2016-17 season. Each team plays 28 regular season home games which runs from October through April.

Map of SPHL Teams – 2016-17 Season

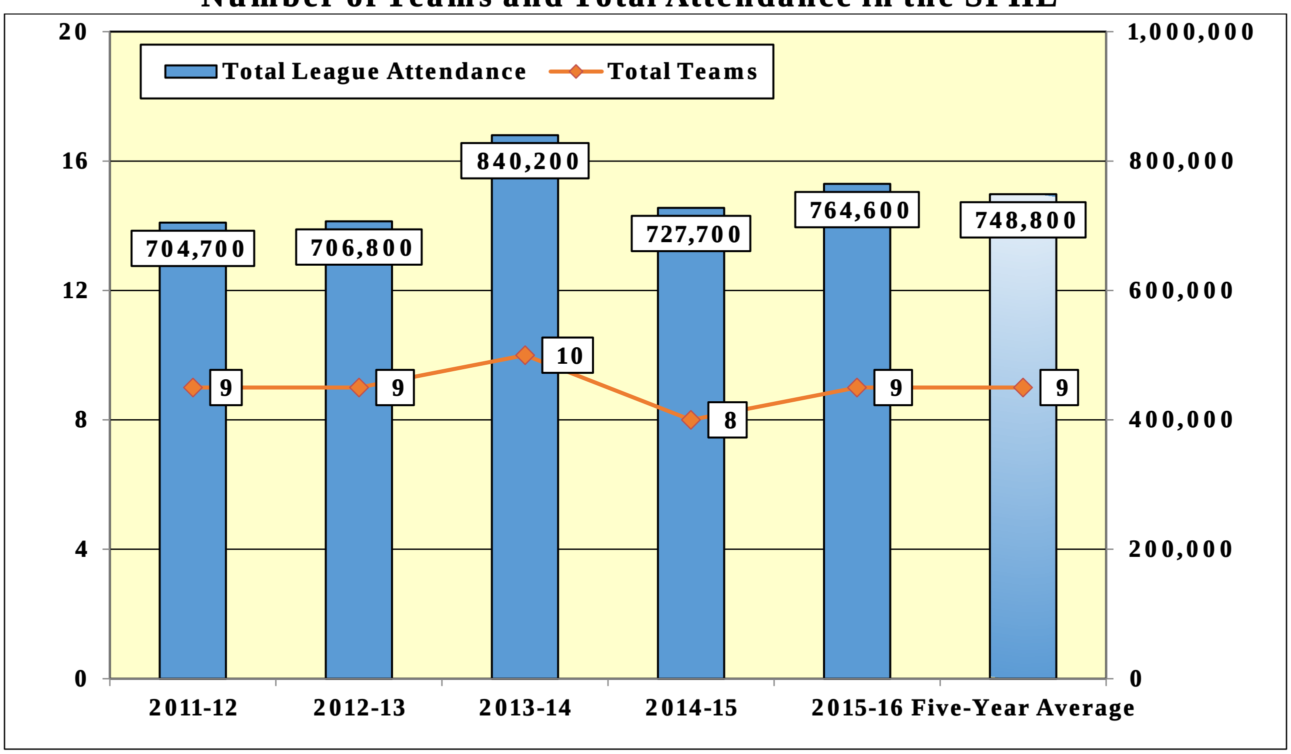
The table below compares statistics for the SPHL teams that played during the 2015-16 season and their respective markets. The average arena capacity was approximately 8,400 and average attendance per game was approximately 3,000. The average market size for SPHL teams was 545,400, which was 38% larger than that of the Salisbury Metro Area.

Summary of Key Attributes for the SPHL in 2015-16								
Team	Location	Facility	Seating Capacity	Total Attendance	Average Attendance	Percent Capacity	Market Size	Market Penetration Rate
Huntsville Havoc	Huntsville, AL	Von Braun Center	6,600	117,300	4,200	64%	441,100	27%
Peoria Rivermen	Peoria, IL	Carver Arena	9,900	109,500	3,900	39%	380,000	29%
Pensacola Ice Flyers	Pensacola, FL	Pensacola Bay Center	8,200	107,500	3,800	46%	474,100	23%
Knoxville Ice Bears	Knoxville, TN	Knoxville Civic Coliseum	5,900	91,900	3,300	56%	857,600	11%
Fayetteville Fireantz	Fayetteville, NC	Crown Coliseum	8,900	78,500	2,800	31%	377,900	21%
Columbus Cottonmouths	Columbus, GA	Columbus Civic Center	7,500	77,000	2,800	37%	314,000	25%
Mississippi RiverKings	Southaven, MI	Landers Center	8,400	65,200	2,300	27%	1,343,200	5%
Louisiana IceGators	Lafayette, LA	Cajundome	13,000	59,100	2,100	16%	490,500	12%
Macon Mayhem	Macon, GA	Macon Coliseum	7,200	58,700	2,100	29%	230,500	25%
Average			**8,400**	**85,000**	**3,000**	**36%**	**545,400**	**16%**
Median			**8,200**	**78,500**	**2,800**	**37%**	**441,100**	**23%**

Notes: Sorted in descending order by total attendance.
Seating capacity, attendance, and market size are rounded to the nearest hundred.
Market Size is reflective of 2015 Metropolitan Statistical Area Population.
Percent Capacity = Average Attendance/Seating Capacity and Market Penetration Rate = Total Attendance/Market Size.
Sources: SPHL; U.S. Census Bureau; PollstarPro; Secondary Research.

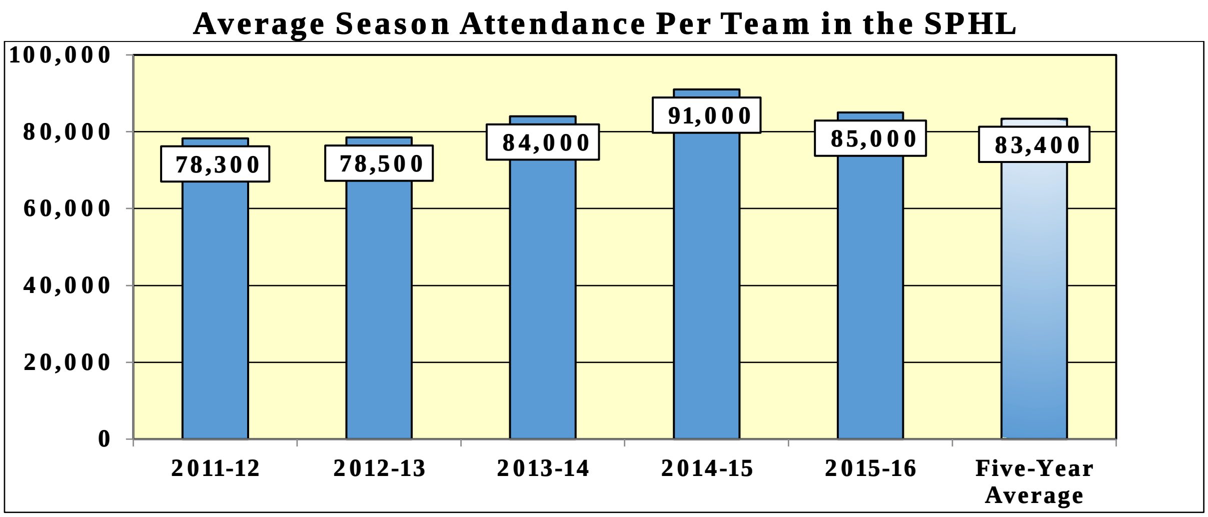
Over the last five years, total attendance in the SPHL averaged 748,800 people. Total attendance increased in 2015-16 which was primarily attributable to the addition of one team.

Number of Teams and Total Attendance in the SPHL



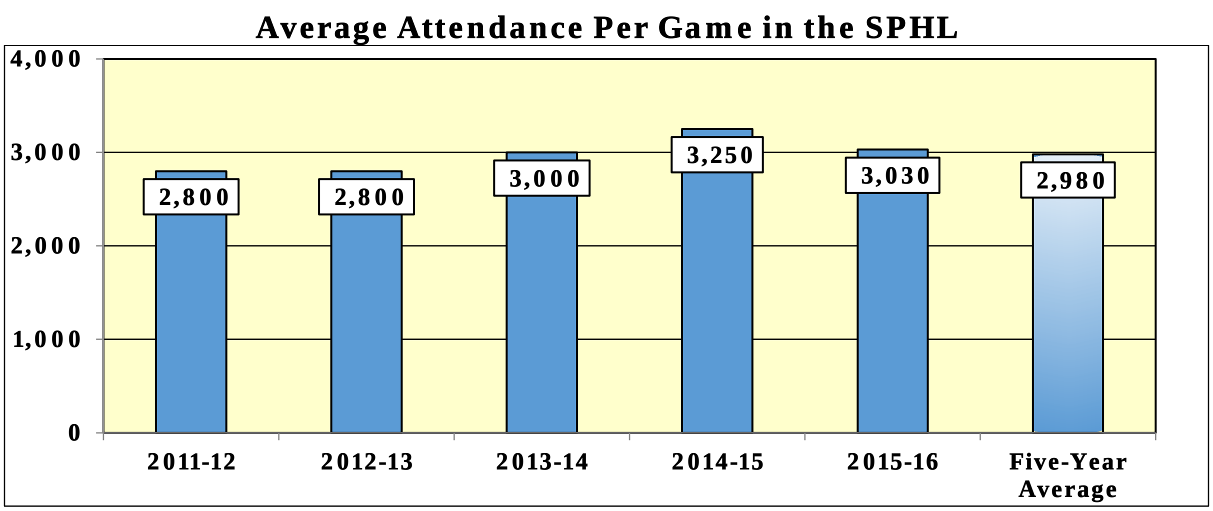
Note: Attendance is for the regular season only and rounded to the nearest hundred.
Source: SPHL.

Average season attendance per team peaked in 2014-15 (91,000) and averaged 83,400 during the profiled period.



Note: Attendance is for the regular season only.
Source: SPHL.

The average attendance per game in the SPHL was approximately 2,980 during the profiled period.



Note: Attendance is for the regular season only.
Source: SPHL.

SPHL officials noted that the economics of a team, its ownership, its financial relationship with the facility, and facility amenities are factors that the SPHL considers when evaluating potential expansion markets. On average, an SPHL team's expenses are reportedly approximately 50% less those for an ECHL team. The revenues directly correlate to the primary revenue streams of sponsorship sales, ticket sales and ticket prices. A major expense line item relates to facility rent. As such, it is important to have a facility agreement that allows a team to be financially viable. As with the ECHL, the league seeks ownership groups that are invested in the community.

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Representatives from the SPHL indicated that the league has plans to expand at some point. However, with a recent shift of AHL teams to the West Coast and the folding of the Central Hockey League in 2014, there is no definite timeline for when and if expansion will occur. At some point, the SPHL may expand to between 12 and 14 teams and the Mid-Atlantic is identified as a geographic area of potential interest. As such, a proposed new arena in Worcester County could serve as the home to an SPHL team. As with the ECHL, the SPHL conducts its own due diligence when considering the relocation or expansion of teams.

NBA D-League

The NBA D-League is a minor league system for the National Basketball Association (NBA). The league launched with eight teams in 2001-02 and currently has 22 teams, each of which is affiliated with an NBA team. NBA D-League markets itself as offering elite professional basketball at an affordable price in a fun, family-friendly atmosphere.

Map of NBA D-League Teams – 2017 Season

As shown in the following table, D-League teams play in a variety of venues which have an average seating capacity of approximately 7,500. The median market size is approximately 929,400.

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Summary of Key Attributes for the NBA D-League in 2016-17				
Team	**Location**	**Facility**	**Seating Capacity**	**Market Size**
Long Island Nets	New York City, NY	Barclays Center	19,000	14,327,100
Iowa Energy	Des Moines, IA	Wells Fargo Arena	17,100	611,500
Oklahoma City Blue	Oklahoma City, OK	Cox Convention Center	14,400	1,336,800
Fort Wayne Mad Ants	Fort Wayne, IN	Allen County War Memorial Coliseum	13,000	427,200
Windy City Bulls	Hoffman Estates, IL	Sears Centre	12,000	9,554,600
Erie Bay Hawks	Erie, PA	Erie Insurance Arena	9,000	278,400
Austin Spurs	Cedar Park, TX	H-E-B Center at Cedar Park	8,700	1,943,300
Rio Grande Valley Vipers	Hidalgo, TX	State Farm Arena	7,500	831,100
Reno Bighorns	Reno, NV	Reno Events Center	7,500	444,000
Texas Legends	Frisco, TX	Dr Pepper Arena	6,600	6,954,300
Grand Rapids Drive	Walker, MI	DeltaPlex Arena	6,500	1,027,700
Raptors 905	Mississauga, ON	Hershey Centre	6,000	2,856,700
Northern Arizona Suns	Prescott Valley, AZ	Prescott Valley Event Center	6,000	218,800
Delaware 87ers	Newark, DE	Bob Carpenter Center	5,000	6,051,200
Salt Lake City Stars	Salt Lake City, UT	Lifetime Activities Center-Bruin Arena	5,000	1,153,300
Canton Charge	Canton, OH	Canton Memorial Civic Center	5,000	403,900
Westchester Knicks	White Plains, NY	Westchester County Center	4,400	14,327,100
Sioux Falls Skyforce	Sioux Falls, SD	Sanford Pentagon	3,300	168,800
Maine Red Claws	Portland, ME	Portland Exposition Building	3,100	523,600
Greensboro Swarm	Greensboro, NC	Greensboro Coliseum Pavilion	2,500	746,600
Santa Cruz Warriors	Santa Cruz, CA	Kaiser Permanente Arena	2,500	271,800
Los Angeles D-Fenders	El Segundo, CA	Toyota Sports Center*	300	13,262,200
Average			**7,500**	**3,532,700**
Median			**6,250**	**929,400**

Notes: Sorted in descending order by seating capacity.
Seating capacity and market size are rounded to the nearest hundred.
Market Size is reflective of 2015 Metropolitan Statistical Area Population.
* Denotes facility was originally built as a practice facility and thus has limited spectator seating.

Sources: NBA D-League; U.S. Census Bureau; PollstarPro; Secondary Research.

Each NBA D-League team plays 25 regular season home games which runs from November to April. Attendance statistics were unavailable for the NBA D-League and therefore were not profiled as part of this analysis. As previously mentioned, MSE is reportedly exploring the possibility of acquiring an NBA D-League team that could potentially play at the new arena in Southeast D.C. This team would be affiliated with MSE's NBA Washington Wizards.

Major Arena Soccer League (MASL)

Originally formed in 2008 as the Professional Arena Soccer League (PASL), the MASL is an indoor professional soccer league with teams in the U.S. and Mexico. In 2014, six teams from the Major Indoor Soccer League (MISL) including the Baltimore Blast, Milwaukee Wave, Missouri Comets, Rochester Lancers, St. Louis Ambush, and Syracuse Silver Knights joined the PASL for the 2014-15 season. In general, MISL teams played in larger facilities and averaged more total attendance than the PASL teams. The league announced its change in name from the PASL to the MASL in May 2014 which represented a merging of the MISL and PASL names.

The MASL featured 20 teams during the 2015–16 season. The MASL plays a 20-game schedule that runs from October through March. The league is contemplating expanding to a two-division structure with 28 teams in Division I and 36 teams in Division II.

In 2016, Ed Hale, owner of the reigning champion Baltimore Blast, announced his intentions to leave the MASL and form a new league, the Indoor Professional League (IPL). The Baltimore Blast, along with the St. Louis Ambush and Harrisburg Heat stated their intentions to leave the MASL to join the IPL. However, in August 2016, the MASL announced that the Blast, Heat, and Ambush would return to the MASL for the 2016-17 season along with two expansion teams: the El Paso Coyotes and the Florida Tropics SC. However, MASL officials indicated that the number of teams that will play in the 2016-17 season has not yet been finalized.

The table below compares statistics for the MASL teams that played during the 2015-16 season and their respective markets.

Summary of Key Attributes for the MASL in 2015-16

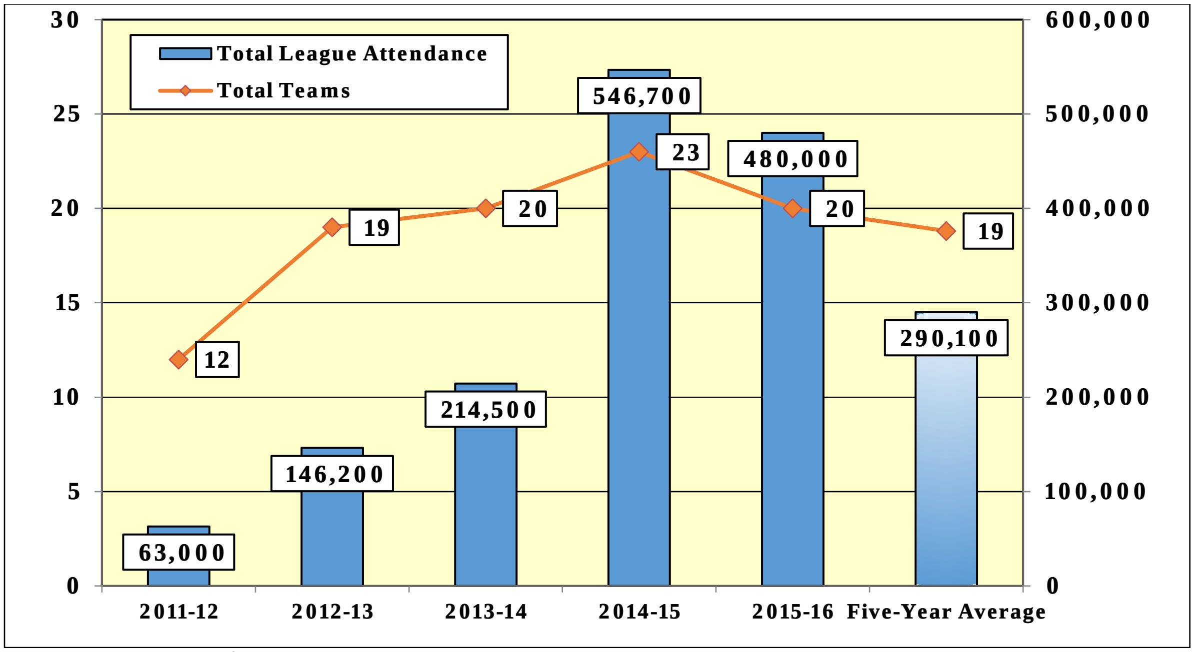
Team	Location	Facility	Seating Capacity	Total Attendance	Average Attendance	Percent Capacity	Market Size
Baltimore Blast	Baltimore, MD	Royal Farms Arena	14,400	61,000	6,100	42%	2,797,400
Soles de Sonora	Sonora, MX	Centro de Usos Multiples	n/a	54,300	5,400	n/a	n/a
St. Louis Ambush	St. Charles, MO	Family Arena	9,800	53,000	5,300	54%	2,811,600
Missouri Comets	Independence, MO	Silverstein Eye Centers Arena	5,800	38,900	3,900	67%	2,087,500
Milwaukee Wave	Milwaukee, WI	UW-Milwaukee Panthers Arena	12,700	35,000	3,500	28%	1,575,800
San Diego Sockers	Carlsbad, CA	Valley View Casino Center	14,000	31,600	3,200	23%	3,299,500
Ontario Fury	Ontario, CA	Citizens Business Bank Arena	11,000	30,800	3,100	28%	4,489,200
Cedar Rapids Rampage	Cedar Rapids, IA	U.S. Cellular Center	9,000	27,700	2,800	31%	266,000
Chicago Mustangs	Hoffman Estates, IL	Sears Centre Arena	11,500	25,100	2,500	22%	7,340,500
Tacoma Stars	Tacoma, WA	ShoWare Center	7,800	24,600	2,500	32%	844,000
Dallas Sidekicks	Allen, TX	Allen Event Center	8,600	22,100	2,200	26%	4,707,200
Syracuse Silver Knights	Syracuse, NY	War Memorial Arena	6,500	20,800	2,100	32%	660,500
Harrisburg Heat	Harrisburg, PA	Farm Show Complex	7,300	20,300	2,000	27%	565,000
Waza Flo*	Flint, MI	Dort Federal Credit Union Event Center	6,500	7,700	1,000	15%	1,759,300
Brownsville Barracudas	Brownsville, TX	Barracudas Sports Complex	1,200	6,700	700	58%	422,200
Las Vegas Legends	Las Vegas, NV	Orleans Arena	9,000	5,000	500	6%	2,114,800
Atletico Baja	Tijuana, MX	Unidad Deportiva Tijuana	n/a	4,600	500	n/a	n/a
Sacramento Surge	Sacramento, CA	Estadio Azteca	n/a	4,500	500	n/a	2,274,200
Turlock Express	Turlock, CA	Turlock Indoor Soccer	n/a	4,200	400	n/a	538,400
Rancho Seco Saltillo	Coahuila, MX	Deportivo Rancho-Seco Saltillo	n/a	1,800	200	n/a	n/a
Average			**9,000**	**24,000**	**2,400**	**33%**	**2,267,800**
Median			**9,000**	**23,350**	**2,350**	**28%**	**2,087,500**

Notes: Sorted in descending order by total attendance.
Seating capacity, attendance, and market size are rounded to the nearest hundred.
Market Size is reflective of 2015 Metropolitan Statistical Area Population.
Percent Capacity = Average Attendance/Seating Capacity.
* team only played 8 home games during the 2015-16 season.
n/a denotes not available.
Sources: MASL; PollstarPro; U.S. Census Bureau; Secondary Research.

Although the MASL's optimal capacity is 5,000, most of the MASL facilities are considerably larger, with an average capacity of 9,000. In addition, the average market size for MASL teams was approximately 2.3 million which is significantly higher than that for the Salisbury Metro Area. Only Cedar Rapids (266,000) has a similar market size to the Salisbury Metro Area (395,300).

During the profiled period, the number of MASL teams increased from 12 teams in the 2011-12 season to 23 teams in 2014-15 season before decreasing to 20 teams in the 2015-16 season. The MASL experienced a significant increase in total attendance the 2014-15 season which was attributable to an increase in the number of regular season home games from 8 to 10 as well as the addition of teams from the MISL (e.g., Baltimore, Rochester, Missouri) that performed very well in terms of attendance. However, total MASL attendance decreased by 14% during the 2015-16 season which was partially due to hosting three less teams.

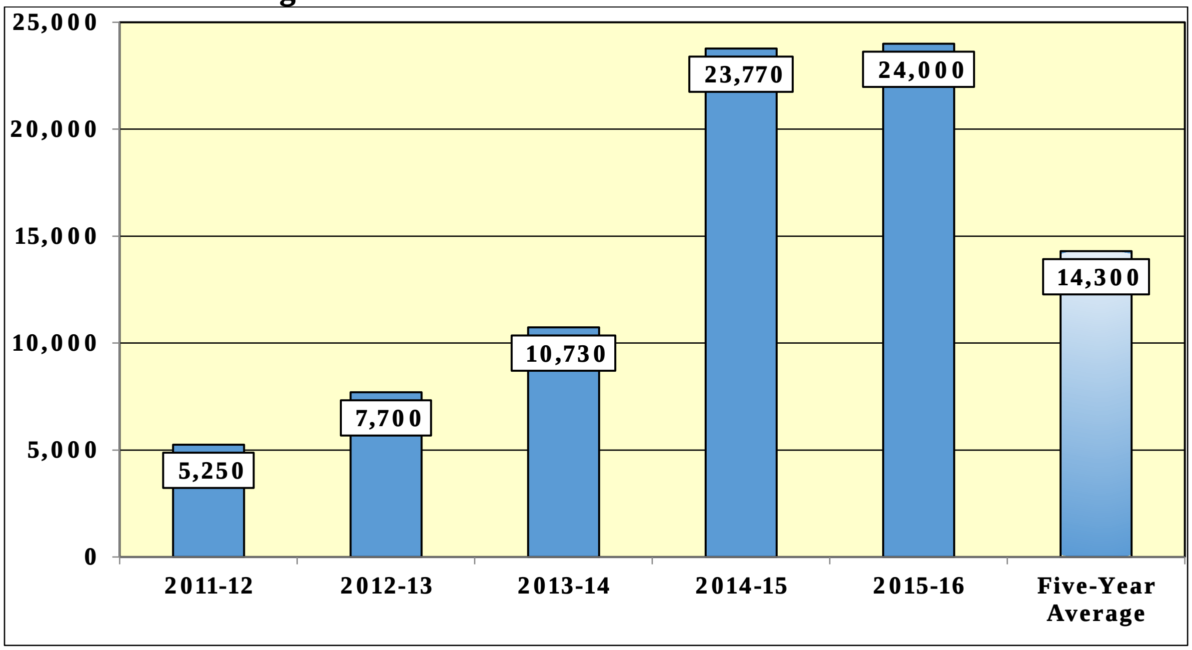
Number of Teams and Total Attendance in the MASL



Note: Attendance is for the regular season only.
Source: MASL.

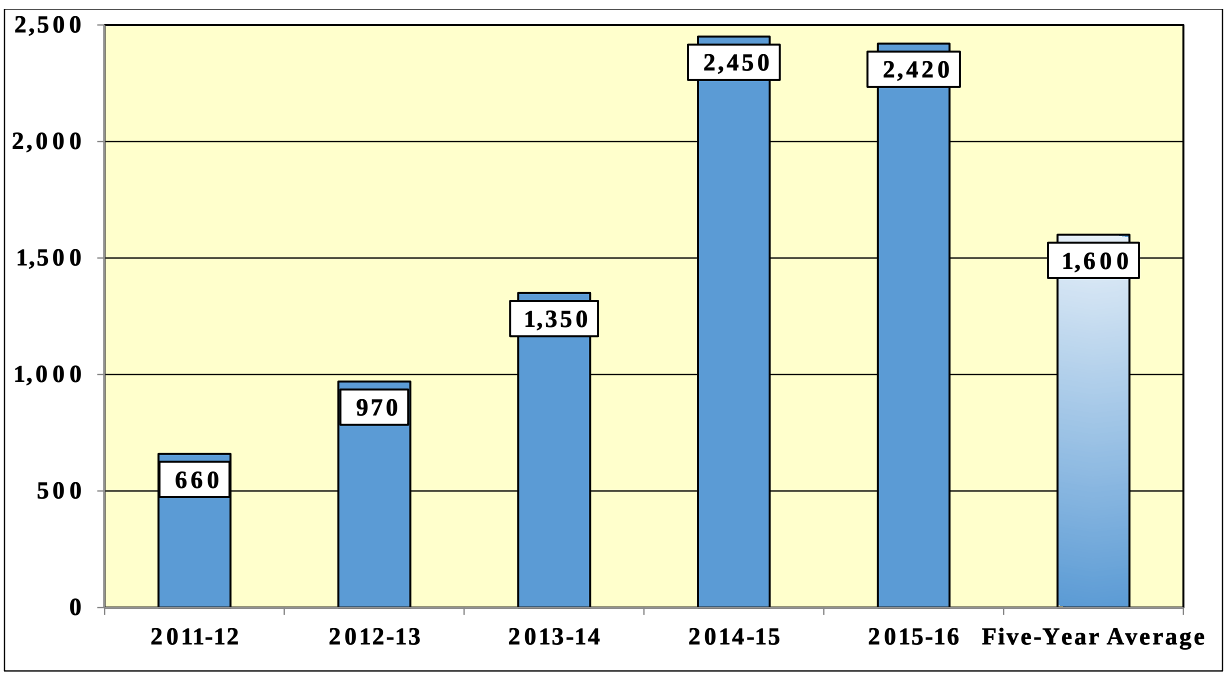
As shown in the graphs that follow, and for the reasons previously discussed, both average season attendance per team and average attendance per game increased significantly during the 2014-15 season and remained relatively consistent during the 2015-16 season.

Average Season Attendance Per Team in the MASL



Note: Attendance is for the regular season only.
Source: MASL.

Average Attendance Per Game in the MASL



Note: Attendance is for the regular season only.
Source: MASL.

Representatives from the MASL indicated that they look for a facility that has a minimum seating capacity of 2,000 and an optimal capacity of 5,000. Video boards, ribbon boards, and suites are desired amenities, however, if the fees to utilize these amenities are prohibitive then a team may forgo the use of them. A key factor in the financial viability of a team is the financial arrangement with the facility. Many teams in the MASL have a 35 to 50-mile territory protection clause that prohibits another team from playing within that radius. The closest team, the Baltimore Blast, has a 35-mile territory protection clause which would not include Worcester County.

The MASL responded positively to the anticipated building program of the potential new arena in Worcester County. The teams that are near Worcester County (i.e., Baltimore, Harrisburg, Syracuse, and Flint) all play in the Eastern Division. The potential for an in-State rivalry with the Baltimore Blast was also seen as advantageous. By contrast, population size, income characteristics, smaller corporate base from which to draw sponsorships, and limited air accessibility were identified as potential weaknesses of Worcester County. A franchise in Worcester County would likely need a favorable rental agreement with the home arena in order to offset the anticipated lower number of sponsorships, compared to those available in larger markets.

Collegiate/Scholastic/Youth Athletics

<u>Collegiate Athletics</u>

Most area college/universities including Salisbury University and the University of Maryland Eastern Shore have their own on-campus facilities that host their athletic programs. As discussed earlier, Salisbury University has a long-term plan to construct a larger, on-site arena to better accommodate the needs of the athletic department and the broader campus.

The American Collegiate Hockey Association (ACHA) is a chartered non-profit corporation that is the national governing body of club or varsity college ice hockey in the United States. The organization provides structure, regulations, promotes the quality of play, and sponsors national awards and national tournaments. There are five divisions in the ACHA with a Division I, II and III for men's programs and a Division I and II for women's programs. Salisbury University's men's hockey program participates in the ACHA's Division III. The ACHA season runs from late August through late February.

Salisbury University's home ice is in Harrington, Delaware at the Centre Ice Rink which is approximately 40 miles from the campus. The team practices twice weekly and played 10 home games in the 2015-16 season. The proposed new arena in Worcester County could potentially host Salisbury University's men's hockey program. If constructed, an adjacent ice rink could also accommodate the hockey team's practices. However, research suggests that the revenue that would be generated from these activities would be relatively limited.

The ACHA structure provides for team, conference, regional and national tournaments throughout the country. The national tournament will be hosted in Columbus, Ohio in 2017 through a relationship with the Columbus Blue Jackets. The relationship with an NHL team that is assisting in hosting the ACHA national tournament is a new approach for the ACHA and aligns with the organization's desire to elevate the quality and stature of its tournament. The ACHA appears to provide a relatively limited opportunity for consistent programming at the proposed new arena for tournament activity, however, if Salisbury University was to play its home games at the proposed new arena there may be opportunity for conference and regional tournaments on an occasional basis.

Scholastic/Youth Athletics

Interviews were conducted with representatives from the Maryland Public Secondary Schools Athletic Association (MPSSAA), Maryland Interscholastic Athletic Association (MIAA), and Interscholastic Athletics Association of Maryland (IAAM) to ascertain their interest in using the proposed new arena in Worcester County.

The MPSSAA is responsible for the promotion, direction, and regulation of interscholastic athletics of the public high schools as well as ensuring a safe and educationally balanced program. The MPSSAA was founded in 1946 and is comprised of 200 public high schools with over 114,000 student-athletes that participate in 24 sports.

The MPSSAA indicated that they represent a membership that is State-wide. Based on the need to service their schools and create parity in driving distances, there is limited opportunity for a facility located in the eastern part of Maryland to host State championships.

The MIAA is an independent organization comprised of 29 private high schools located in Maryland. Founded in 1994, MIAA schools have a combined enrollment of over 17,000 students. The MIAA's membership base has a core nucleus in the Baltimore Metro Area. The gate receipts for the MIAA championship events are important to the financial performance of their championships. The driving distance, outside of the core base of member schools' campuses, would likely result in a reduced gate and attendance. As such, it is unlikely that the MIAA would host tournament activity at the proposed new arena in Worcester County.

Formed in 1999, IAAM is the independent organization that governs girls' athletics at private and parochial schools. The IAAM consists of 31 private and parochial schools, most of which are in the Baltimore area. Mirroring the MIAA's geographical location of its member base, it is unlikely that the IAAM will host championships at a new arena in Worcester County.

The OCCC has an established history of hosting multiple cheerleading and dance events each year. The facility's floor plan (e.g., amount of contiguous flat floor space) makes it conducive to hosting this type of activity which will only increase once the exhibit space expansion is completed.

This combined with proximity to a significant supply of hotel rooms/condominiums and family-friendly attractions (e.g., the beach, the Boardwalk) make it an appealing destination for cheerleading/dance competitions of all levels. Cheerleading and dance events would likely continue to be held at the OCCC even if a new arena is built in Worcester County.

As mentioned, high school championships do not appear to represent a strong programming opportunity for the proposed new arena in Worcester County due its location within the State and proximity to the member base. However, preseason, holiday, and/or invitational tournaments with various scholastic/collegiate and other amateur sports teams provide a programming opportunity for the proposed new arena. In addition to a facility's ability to meet the event's programmatic needs, event organizers also consider destination factors such as overall cost/value, proximity to supporting amenities (e.g., hotels, restaurants, and entertainment establishments), and accessibility when selecting a location for these events. The Eastern Shore area, with access to Ocean City and its beach and Boardwalk amenities, may provide opportunity to attract these types of sporting events during the pre-season or holiday timeframe.

As mentioned in the industry trends section, the competitive youth and adult amateur sports industry has continued to be a significant market opportunity with multiple sports, age groups and demand segments. Consequently, an increasing number of public and private entities are developing specialized indoor and outdoor sports to accommodate multiple games/competitions which makes this market niche highly competitive, particularly for regional and national tournaments. As such, it will be important for the management team to implement an aggressive approach to recruiting, creating, and servicing this type of activity.

Concerts/Festivals

Interviews were conducted with representatives of AEG, Live Nation, Madison Square Garden Entertainment, The Knitting Factory, Jam Theatrical, Apregan Entertainment, Bowery Presents, Spectra Entertainment, and SMG to gauge interest in a proposed new arena for concert activity. These promoters represent many of the top regional, national, and international promoters in the industry.

The music industry is constantly evolving. As previously noted, live music performance has been an important part of the music business. Concerts generally provide a strong opportunity for a facility to capture rent, merchandise sales, food and beverage sales, facility fees, ticket surcharge commissions, and parking fees. Many markets, including the Greater Baltimore/Washington, D.C. area, are saturated with live performance options creating fierce competition.

Concert promoters expressed several concerns related to potentially hosting events at the proposed new arena in Worcester County. The first challenge cited by concert/festival promoters was the limited population base. While the number of summer visitors to Ocean City increases the potential base from which to draw, promoters indicated that it is often difficult to attract visitors to an indoor arena located away from the beach for a concert. In addition, visitors may already be spending a significant amount on hotel and other vacation related spending which limits their discretionary spending for entertainment such as concerts. Depending on the arena's location, traffic congestion was also mentioned as a potential concern to attract the visitor base.

From a geographic perspective, Worcester County is not an ideal location for routing concert productions. Many promoters prefer to stay proximate to major interstate routes and play markets with larger populations in order to provide more opportunity to generate revenue from ticket sales and other ancillary revenue streams. For instance, in many instances, promoters would prefer to play one or more events in Philadelphia, Washington, D.C., or Baltimore as opposed to a market like Worcester County. In addition, most fans will drive longer distances to see an artist/band they like which allows markets like Philadelphia, Washington, D.C., and Baltimore to attract fans from Worcester County to their markets rather than vice versa.

Promoters also noted that the density of entertainment facilities in the region creates strong competition to attract events. In addition, some promoters have a vested interest in specific entertainment facilities due to ownership and/or operating/booking agreements. The concert touring industry typically has a radius protection clause in artist contracts to protect the ability of a facility and/or promoter to maximize its financial opportunities and limit its risk when promoting a concert. As such, venues have protection clauses by which an artist is limited in their ability to play a market multiple times within a certain date window, mileage window and/or media market. For instance, an artist may not be able to play a market again in a window of 90 days before or after a show. That artist may not be able to play another facility on the same tour within a 50 or 100-mile radius. In some cases, an artist may not be able to play another concert in the same media market on a particular tour.
Lastly, promoters question whether the Eastern Shore can support two arenas in terms of event programming, particularly for concerts. Assuming equal date availability, two similar arenas in the immediate region would create a scenario where the promoter could leverage the financial deals and select the venue with the greatest revenue opportunities for both the promoter and the artist. Co-promotions and/or revenue sharing of ancillary revenue streams would be an expectation. However, this approach would not likely create a significant increase in the number of concerts playing the market.

The WYCC, with its ability to sell alcohol, facility improvements and strong leadership, will significantly impact and limit the ability of a new arena in Worcester County to attract entertainment events. Promoters indicated that if they play the market, they would only play one facility. Many promoters that were interviewed do not currently play the market on a regular basis but did mention that have a relationship with the WYCC. A new arena in Worcester County would not likely generate incremental new events in the market but rather dilute the touring product amongst the two buildings. If built, an arena in Worcester County would directly compete with the WYCC for programming. This competition along with the extensive supply of facilities both regionally and nationally combined with the cyclic nature of the touring product creates a challenging environment.

Family Shows

To evaluate the market opportunities associated with family show programming, interviews were conducted with representatives from VStar Entertainment, Feld Entertainment, Feld Motorsports, Monster X Tour, World Wrestling Entertainment, Harlem Globetrotters, Western Trails Rodeo, Star Sports/PRCA, and Cirque du Soleil. These promoters represent nationally touring events including Sesame Street Live, Hello Kitty, Disney on Ice, Disney Live, Ringling Brothers and Barnum & Bailey Circus, Harlem Globetrotter basketball, monster truck shows, freestyle motocross competitions, AMA Supercross racing, bull riding, and rodeos.

Family show promoters expressed interest in utilizing a new arena in Worcester County. They view the market as relatively strong for family shows. However, it is a market that many promoters would likely play every two years rather than annually. Like concert promoters, family show producers/promoters would only play either WYCC or the proposed new arena in Worcester County. The population base and geographic proximity does not warrant playing both facilities. Several promoters have successful runs with their events at the WYCC. As with concert promoters, ancillary revenue sharing and/or full co-promotion with the facility would be an expectation by family show promoters.

Family shows that do not have the same expense overhead as those that play in primary and secondary markets present a programming opportunity at the proposed new arena. Examples of these events may include a Shrine circus, motorsports show, or rodeo that is quality family entertainment but may have lower costs to market entry with a more regional promoter or a national promoter that has family shows specifically designed for smaller markets. These types of events typically represent a limited financial return to the facility as the ticket prices and attendance may be lower compared to more nationally known productions.
For events that require ice, a facility with a permanent ice floor would have an advantage over one that would need to utilize portable ice as the increased cost associated with bringing in portable ice changes the structure of the financial deal significantly.

The limited population base during winter months is a major concern for family show promoters as the fall/winter/early spring season is their prime touring season. As with concert promoters, family show promoters indicated that capitalizing on a destination location during peak times can be challenging. Attracting people to an event when they are there for a particular reason such as the beach, hiking, etc. can be difficult as there is competition for the visitor's time and money. Promoters also commented that in some instances they must increase their marketing budgets for shows in destination locations as it can be harder to garner attention for the show when competing with the beach and other competitive attractions.

Civic/Community Events

In addition to tenant, rotational and occasional users such as sports/entertainment events and consumer shows, the proposed new arena should be able to accommodate a variety of other civic/community activities. Depending on the facility program, potential booking opportunities include, but are not limited to, high school and collegiate graduations/ commencements, awards ceremonies, meetings/seminars, tradeshows, political rallies, educational/training sessions, lectures, corporate functions, banquets/ receptions, and other special events that typically include general assembly seating and/or a flat floor space. Inside the arena, premium areas such as a club lounge can be utilized for events that attract smaller groups. Fraternities, sororities, and military gatherings may find the space in the proposed new arena to be conducive for their events. In some instances, parking lots can provide opportunities for events such as automobile shows, motorcycle shows and carnivals. These types of events tend to be appealing to local residents and can also be financially profitable.

Community Ice Events

The addition of the secondary ice sheet provides opportunity for the creation of a youth hockey program, adult recreation leagues, learn-to-skate programs, figure skating club, and public open skating. These programs currently do not exist in the County or in a significant manner in the region. While these programs provide opportunity, there is a cost to entry with both hockey and figure skating requiring an outlay for equipment, instructors, and coaches. The introduction of these programs also may take years to develop. Additionally, youth learn-to-skate and related programs have an affordable price structure for the consumer which makes it challenging to realize a net revenue for the facility.

The next section summarizes feedback obtained from potential demand generators for the proposed new outdoor sports field complex.

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POTENTIAL DEMAND GENERATORS – OUTDOOR SPORTS COMPLEX

Based on the supply of area outdoor facilities and input from stakeholders including representatives from the County and the MSA, the gap in the immediate market area appears to be for rectangular fields rather than for baseball/softball diamonds. As previously mentioned, there were leagues for football, lacrosse, soccer, and ultimate Frisbee that were organized by both non-County affiliated organizations and the County in 2013, 2014 and 2015. However, only a few lacrosse tournaments (no soccer, football, or ultimate Frisbee tournaments) were held at County-owned facilities during the profiled three-year period. In general, the existing outdoor facilities lack a critical mass of fields to adequately accommodate tournament activity for lacrosse, soccer, rugby, and ultimate Frisbee. In addition, two facilities in Delaware are planning to develop complexes that offer 12 and 20 rectangular fields which further indicates a gap in regional supply.

Direct input was obtained from local stakeholders as well as various organizations including promoters, national governing bodies, national sports sanctioning groups, and scholastic/collegiate institutions that host State, regional, national and international tournaments for lacrosse, soccer, rugby and ultimate Frisbee to gauge their interest in hosting events at the proposed new outdoor sports field complex in Worcester County as well as to understand their program requirements and event attributes.

This section provides a brief description of the potential user groups that were surveyed as well as a summary of their relative interest in hosting events at the proposed new outdoor sports field complex in Worcester County. Input is segregated by sport although some tournament producers promote multiple sports.

Lacrosse

US Lacrosse

US Lacrosse is the national governing body for lacrosse in the U.S. The organization provides national leadership, structure, and resources to fuel the sport's growth and enrich the experience of participants. US Lacrosse is comprised of 450,000 members nationally with 68 chapters in 45 states. While it primarily serves the youth level, however, US Lacrosse, a 501(c)3 nonprofit organization, provides a leadership role in virtually every aspect of the game. The headquarters of US Lacrosse are based in Sparks, Maryland and there are 80 full-time staff.

US Lacrosse officials indicated that youth sports appear to be recession proof. A cluster of fields in one location is preferred by lacrosse teams, leagues, and tournaments. Based on their experience in Maryland including the Eastern Shore, the current supply of fields is dispersed throughout the market area which is less desirable for many groups. US Lacrosse promotes a minimal number of multi-field events such as the national tournament annually that utilizes 20+ fields in one location and the World Championships on an occasional basis. As such, US Lacrosse would not likely host tournaments at the proposed outdoor sports field complex.

However, as the national governing body for lacrosse, along with an understanding of the Maryland market, leadership believes that an outdoor sports field complex would provide Worcester County the opportunity to expand its tournament activity in lacrosse. In order to do so, the facility would need to be designed to accommodate tournament activity and include a critical mass of fields in one location, food and beverage, and parking. US Lacrosse would recommend a minimum of six fields to support local and tournament activity, preferably with artificial turf. Other required destination amenities such as hotels and restaurants are already in place in the County.

Aloha Tournaments

Founded in 1999, Aloha Tournaments is a Maryland-based tournament promotion company that promotes over 30 lacrosse events annually which draw approximately 50,000 participants and 125,000 spectators. These events are held throughout the U.S. including Maryland, Texas, Georgia, Utah, Ohio, and North Carolina. Within Maryland, Aloha Tournaments hosts a total of 12 events during June, July, October and November in Baltimore, Potomac, Aberdeen, and Jarrettsville as well as annual events in Ocean City and Worcester County.

The Brine Girls Beach Lax Festival is held annually at Northside Park in Ocean City. The Boys Brine Beach Lax Festival is held annually at multiple area facilities including the North Worcester Sports Complex, Berlin Intermediate School, Buckingham Elementary School, Seaside Christian Academy, Most Blessed Sacrament School, and Stephen Decatur Middle School. Additionally, the River Soccer Club Complex in Frankford, Delaware is utilized. The Warrior Big Stick Classic is held in July and while touted as being in Ocean City, the fields are located at the River Soccer Club Complex in Delaware and hotel blocks for participants are in Ocean City.

Officials with Aloha Sports are very interested in continuing their events in the Ocean City/Worcester County market. The beach, hotel inventory, restaurants, and attractions are a draw for their teams. A density of 8 to 12 fields would meet their needs and provide a centralized location for their Boys Brine Beach Lax Festival rather than being spread out among multiple locations in Worcester County. It would also allow for potential growth of existing tournaments. Representatives from Aloha Tournaments indicated that a mix of natural grass fields and artificial turf fields would be a good model. This approach would accommodate event organizers/teams that prefer natural grass and provide the opportunity to play tournaments in inclement weather.

Representatives also indicated that they have been approached to bring their events to Delaware facilities. Delaware provides an attractive market given its existing and planned supply of facilities which will offer a density of fields in one location. The State works closely with the counties to have a coordinated approach to hotels and to provide a total package for promoters that makes operational and fiscal business sense.

Aloha Tournaments indicated that working with the hospitality industry in Ocean City can be challenging at times. Representatives mentioned that it can be difficult to negotiate both the inventory and pricing of hotel rooms during the summer months when the peak time for youth tournaments corresponds with the busiest visitor season for Ocean City. When these types of challenges arise, tournament promoters depend on local or State officials to assist them with the housing process. Given the aggressive approach that Delaware is taking to try and attract Aloha Tournaments' business, representatives from Aloha Tournaments mentioned that it would be beneficial to have assistance in booking hotel rooms in Ocean City, particularly during peak times.

It was also mentioned that fields in Salisbury are located too far from Ocean City to attract teams and participants to their tournaments. Therefore, a new multi-field sports complex in Worcester County, with support in addressing ongoing hotel concerns, is of interest. Additionally, the Spring and Fall tournament season is maturing so there may be opportunity to hold events in Worcester County during non-peak times when there are more hotel rooms available at more affordable hotel rates.

Top of the Bay Sports

Top of the Bay Sports, a Maryland-based girls' lacrosse tournament promoter, hosts several tournaments throughout the year in Maryland, Tennessee, Virginia, and Ohio. Many of the tournaments that Top of the Bay hosts are recruiting showcases that allow high school players exposure to collegiate coaches. Top of the Bay also hosts camps, clinics, and a summer league.

Additionally, Top of the Bay owns PlayAction Sports and Social Club which provides year-round sports leagues for adults 21 and over. All sports are coed and are recreational in nature. Currently, these events are held in Harford County but they are experimenting with new locations and areas in the region.

Top of the Bay expressed interest in utilizing the proposed new outdoor sports field complex in Worcester County as the organization continues to expand its existing tournaments and showcase events and create new events. The seasonality of their events is June and the end of October through November as these are the times of the year when college coaches recruit potential players via tournaments/showcases.

Of particular importance to Top of the Bay is the field layout. Because most of their events are college showcase events, the ability to create an ideal environment for coaches to view two fields from one location is important. Top of the Bay prefers artificial turf fields and a large number of fields in one location if possible. While a minimum of 10 fields would meet their needs, the ideal number of fields ranges from 10 to 20.

Corrigan Sports Enterprises

Based in Baltimore, Corrigan Sports Enterprises (CSE), was established in 1991 with the goal of creating, managing, and implementing sports and event marketing opportunities for the corporate community. CSE has a marketing relationship with the Oakland (California) Running Festival and a partnership with the IWLCA (Intercollegiate Women's Lacrosse Coaches Association). CSE-owned properties include, but are not limited to, Baltimore Marathon & Running Festival, Carefirst BlueCross BlueShield Frederick Running Festival, Under Armour All-America Lacrosse Classic, STX Paradise Shootout, Pro Beach East Volleyball Series, Baltimore Ten-Miler, the Baltimore Bike Jam.

The partnership with the IWLCA allows CSE to produce four of the largest girls' high school recruiting tournaments in the U.S. The Capital Cup and Champions Cup are recruiting showcase events that each host 250+ teams from across the U.S. The President's Cup in Florida typically attracts over 400 college coaches. In addition, CSE produces regional showcase events that include Western Cup, New England Cup, and the MidWest Cup. CSE also produces field hockey events.

Although CSE produces field sport events in Maryland at Western Regional Park in Woodbine and Towson University, many of their lacrosse events held in the region at the 12-field artificial turf complex in Midlothian, Virginia at the River City Sportsplex. For lacrosse, most CSE events are held between Memorial Day and late July and then again during the first three weeks of November. Per CSE representatives, these dates are the open window for college lacrosse player recruitment.

CSE representatives indicated that they are a proponent of large-scale field complexes to accommodate their tournaments with a minimum of 8 to 10 fields. An artificial turf surface is preferred as play can proceed during inclement weather. Lighting is important to extend the hours of play. Because many of CSE's events are sponsor-driven, the design of field complexes is important when choosing a site for their events. Additionally, since many of CSE's events are college showcase tournaments, accommodations for college coaches need to be planned for in the design. CSE requires a scoreboard on every field. The ideal design of a complex allows for ingress/egress that allows for a sponsor village with booths and tents for vendors that all participants and fans must pass through. This village, or sponsor activation area, would have a welcome area, large scoreboard, merchandise, and concessions as well as the required supporting infrastructure. Scorers tables, electrical connections to accommodate computers at each field and filming, and tents are desired at each field. Other needs include on-site storage, office space for tournament staff, permanent concession stands, permanent restroom facilities, sufficient parking and parking management, and Wi-Fi.

One concern mentioned by CSE is that there is not sufficient available hotel inventory in Ocean City and Worcester County during the peak summer months. From CSE's perspective, the high demand for hotels from leisure visitors during the summer leaves limited room for negotiation on hotel rates, room rebates, or complimentary rooms for staff.

CSE expressed interest in utilizing the proposed new complex in Worcester County. However, based on the available hotel inventory, CSE would likely only be interested in using the facility during their November timeframe unless a relationship with hotels can be developed to meet their needs for summer events.

Inside Lacrosse

Based in Baltimore, Inside Lacrosse (IL) is a media company that covers and promotes the sport of lacrosse with 11 issues of Inside Lacrosse produced annually as well as producing the annual comprehensive NCAA season preview and the Face-Off Yearbook. IL has also produced several college lacrosse events including the Konica Minolta Face-Off Classic, the Konica Minolta Big City Classic and the Smartlink Day of Rivals. IL began a program called Committed Academy for the summer between a lacrosse player's senior year in high school and the start of their freshman year in college. These programs are held at Goucher College and Cedar Lane Regional Park in Bel Air.

IL representatives indicated that their peak event season is during the months of June and July and the first three weeks of November. Again, this matches the open recruiting window for college lacrosse. IL representatives indicated that Ocean City is a market that draws great interest, however, the challenges associated with available hotel supply and pricing are a significant limiting factor during June and July. Hotels are at peak capacity, there is limited availability, and pricing is high based on demand. Additionally, air travel into Ocean City and Worcester County is extremely challenging.

IL representatives indicated an interest utilizing a new outdoor sports field complex in Worcester County if the obstacles with Ocean City hotel availability and pricing could be adequately addressed for the summer months. November provides opportunity but due to potential weather issues, an artificial turf surface is desired. From a program perspective, IL representatives would prefer 10 to 12 artificial turf fields. Per IL representatives, this supply of fields at one location would allow Worcester County to compete with facilities in both Virginia Beach and Richmond.

Soccer

US Club Soccer

US Club Soccer's mission statement is to "foster the growth and development of soccer clubs throughout the U.S. to create the best possible development environment for players of all ages in every club." US Club Soccer is affiliated with the United States Soccer Federation (USSF), the governing body for soccer in the U.S., and sanctions clubs, leagues and tournaments for youth and adults, with a focus on high-level competitive play.

US Club Soccer organizes and sanctions the Elite National Premier League, National Premier Leagues, Elite Clubs National League, Premier Leagues, U-23 and Adult Leagues and Rec and Community Programs. This organization also sanctions the US Club Soccer National Championship and State Championships as well as over 400 tournaments nationally. There are two US Club Soccer player identification programs: id2 and Player Development Programs. The id2 National Identification and Development Program provide an opportunity for the country's elite youth soccer players to be identified, developed, and scouted for inclusion in U.S. Soccer's National Team programs. Player Development Programs are regionally based identification and developmental programs conducted under the id2 Program umbrella.

US Club Soccer officials indicated that their National Premier League have playoff events in the month of June. These events may provide opportunity for programming at the proposed new outdoor sports field complex in Worcester County. These events are two to three day events that utilize four to six fields. US Club Soccer prefer high-quality natural grass fields, permanent restrooms, office space, and concessions. Other US Club Soccer events typically require larger field complexes with 15+ fields or, as with id2 camps, access to a major airport as teams/players fly in from all parts of the U.S. which may not be able to be adequately accommodated with the proposed new outdoor sports field complex in Worcester County.

Maryland State Youth Soccer Association

The Maryland State Youth Soccer Association (MSYSA) has 58,000 members and is the largest association for youth soccer in the State of Maryland. Membership is open for children as young as seven years old to a maximum of 19 years old.

MSYSA hosts many large-scale tournaments including the Maryland State Cup, the Region I Championship, and the President's Cup. In affiliation with US Youth Soccer, MSYSA also runs the Olympic Development Program (ODP) which is a national identification and development program for high-level players. In Maryland, there are 300 players that are accepted into the ODP. The MSYSA sanctions over 20 tournaments annually.

Officials with MSYSA indicated that hotel inventory and availability, airport access, as well as market amenities and attractions for players and their families during downtimes are important to the success of their event. MSYSA would potentially consider utilizing a potential complex in Eastern Maryland event if it has a density of 10 to 12 fields, ideally with a mix of natural grass and artificial turf field surfaces.

In addition, MSYSA is involved with multiple events through US Youth Soccer which requires a host city to bid on the event.

Elite Tournaments

Based in Columbia, Elite Tournaments is a leading promoter of soccer, lacrosse, and field hockey tournaments in the Mid-Atlantic region. Since its inception 15 years ago, Elite Tournaments has organized over 250 youth soccer events for numerous clubs, colleges, international and professional organizations. In addition to focusing in the Mid-Atlantic region, Elite Tournaments has expanded nationwide to organize events in 14 states and continues to expand. Elite Tournaments has partnerships with organizations such as the National Soccer Coaches Association of America, Under Armour, and the Tottenham Hotspurs. In 2016, Elite Tournaments expects to have organized over 50 tournaments in Maryland, Washington, Texas, Kansas, Arizona, Kentucky, North Carolina, Ohio, Pennsylvania, Delaware, and Virginia. Elite Tournaments organizes many large-scale soccer tournaments in Maryland including the Columbia Invitational which is held over Memorial Day Weekend. Elite Tournaments also produces the OBGC Capital Cup, SAC Columbus Day Tournament, Columbia Fall Classic Weekends, Baltimore College Showcase, and Southern Maryland Classic among others.

While representatives from Elite Tournaments are supportive of adding additional field options in Maryland, they noted several challenges in the local and State market. Locally, Worcester County has a small population that would likely utilize the proposed outdoor sports field complex on Mondays through Fridays, which is identified as a benefit to residents. The location of the County outside of the I-95 corridor was identified as a challenge. From a supply perspective, Elite Tournaments representatives believe that the regional market for tournaments is becoming saturated and this should be a concern for facility owners/operators as the tournament landscape becomes more competitive. Also, many club programs nationally are starting their own tournaments to cut down on travel.

Representatives from Elite Tournaments suggested that there is potential to attract soccer and lacrosse events outside of the summer season. They prefer fields with artificial turf for all of their events as it mitigates potential weather concerns, particularly in the spring and fall. A minimum of eight fields is recommended with sufficient parking and traffic management designed to accommodate the flow of tournament activity.

Elite Tournaments operates with a 'stay to play' business model and uses its own housing bureau, and, as such, needs to work cooperatively with the visitor industry and hoteliers on providing adequate hotel inventory at affordable price points for teams. This is of particular concern in the Ocean City market during summer months.

Rugby

Mid-Atlantic Conference - Rugby

The Mid-Atlantic Conference (MAC) oversees all divisions of rugby in Maryland, Virginia, and eastern Pennsylvania. The MAC is part of the organizational structure of USA Rugby and represents one of eight competitive regions in the U.S. There are 80 club level teams plus collegiate teams. The rugby season for MAC is from March through early May and from September through late November. Although there is a preference for natural grass, MAC teams will play on artificial turf fields. A minimum of four high-quality fields are desired for tournament activity. Due to the limited number of rugby teams currently playing in Worcester County and Eastern Maryland, significant marketing efforts will be required to attract rugby events such as collegiate championships or adult league neutral site games for Mid-Atlantic teams to the proposed new outdoor sports field complex. The opportunity exists to develop leagues for local teams to create a new market for field usage.

Capital Union Rugby

Capital Union Rugby (CGU) organizes, administers, controls, regulates, improves, teaches, and fosters the growth and maintains the standards of the game of Rugby Union Football for the clubs that are its members within the geographic area. It represents its members before other official administrative bodies of rugby on a regional, national, or international level (including the International Rugby Board and USA Rugby) and organizes, controls and administers rugby games between regional bodies and visiting clubs as necessary. With over 50 men’s, women’s and collegiate clubs, the CGU is part of the MAC.

Salisbury University

Salisbury University has a highly successful men’s rugby team that has won collegiate national championships in Division II in 1996, 1997, 2004, and 2013. In addition, the Salisbury University men’s rugby team has won multiple conference championships in the Potomac Rugby Conference and the Mid-Atlantic Rugby Football Union from 1994 to 2014. The Crown Center has hosted playoff games with Salisbury University for the USA College Men’s Rugby Division II championships. Women's Rugby has been a club sport at Salisbury University since 1993. They compete in the Division II collegiate division and against regional teams including UMBC, Georgetown University, and St. Mary's College.

CGU representatives indicated that the collegiate division that Salisbury University competes in may provide the opportunity to attract games, tournaments, and playoff games.

Ultimate Frisbee

USA Ultimate

USA Ultimate is the national governing body for what is known as Ultimate Frisbee™ or the sport of flying discs. USA Ultimate currently has 50,000 members in the divisions of youth, college, and adult. The greatest area of growth in recent years has been in the youth and college divisions. The East Coast, particularly the Metro D.C. and Maryland area, represents a large density of USA Ultimate's members.

USA Ultimate hosts championships in Division I College, Division III College, High School Regionals, High School States, US Open, Youth Club, Grand Masters and Women's Masters, and Adult Club. To host a national event, there must be a minimum of 12 fields with some events requiring 16 to 18 fields. While Ultimate can be played on artificial turf fields, it is highly preferred to site championship events on natural grass fields. Championship events require a football size field surface.

Salisbury University hosts two men's ultimate teams and one women's team. The Division III College national championship occurs the weekend before Memorial Day in May. USA Ultimate officials believe that the collegiate division provides opportunity for event programming at the proposed outdoor sports field complex potentially for hosting the Division III College national championship or developing new tournaments.

Collegiate/Scholastic Athletics

Collegiate Sports

As with indoor sports, most area colleges/universities including Salisbury University and the University of Maryland Eastern Shore have their own on-campus facilities that accommodate their athletic programs. As previously mentioned, Salisbury University has a master plan to accommodate their NCAA athletic programs on-campus. However, there is opportunity to work with both Salisbury University and University of Maryland Eastern Shore to determine if there are tournaments that can be developed that may provide programming opportunities for the proposed new outdoor sports field complex. There may be opportunity to work with both universities in determining possible bids on NCAA tournament activity, however, most events are preferably held on campus, per NCAA officials. Additionally, coaches may have field needs for their summer and camps and clinics.

Scholastic Sports

The MPSSAA hosts its State championships at a variety of venues including: M&T Bank Stadium; Cole Field House; Comcast Center; UMBC RAC Arena and Stadium; Washington College; UMCP's Ritchie Coliseum, Golf Course, Natatorium, and Softball Stadium; Hughes Stadium at Morgan State; Ripken Stadium; and PG Sports & Learning Complex.

The MPSSAA's girls' and boys' soccer championships are held at Loyola University's Ridley Athletic Complex. The girls' and boys' lacrosse championships are held at Stevenson University's Mustang Stadium. The MPSSAA is looking for the best available facility at the best value for their student-athletes, according to representatives. The MPSSAA focuses on championship events that require a stadium with a seating capacity of 2,000 or greater for soccer and lacrosse championships. MPSSAA representatives noted that Worcester County's geographic location would be difficult for many of their member schools since it is not centrally located in the State. However, it was recommended that Worcester County seek to create tournaments amongst local teams that could provide programming for the proposed new outdoor sports field complex.

The MIAA offers 17 sanctioned sports including football, soccer, and lacrosse. Similar to MPSSAA events, the MIAA's events would require a stadium environment for their championships. MIAA officials indicated that it is unlikely they would host events at a new outdoor sports field complex in Worcester County given that most of their member schools are based in the Baltimore area.

The IAAM oversees over 400 varsity and junior varsity teams in 14 sports including soccer and lacrosse, with over 8,000 girls participating in IAAM-sanctioned programs. As with the MIAA, the geographical location of the member in the IAAM would likely prohibit championship activity from being booked at the proposed sports field complex in Worcester County.

The next section provides a summary of market findings.

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SUMMARY OF MARKET FINDINGS

Based on feedback from potential demand generators, management at competitive and comparable facilities as well as other research, several common factors appear to impact the success of indoor and outdoor facilities including, but not limited to, the following:

- Demographic/economic attributes.
- Accessibility to/from the facility.
- Focused short and long-term operating objectives of the facility.
- Management team with experience and relationships with sports organizers/event producers in various target market segments.
- Strong recognizable brand identity within the competitive sports industry.
- Proactive and strategic marketing efforts from multiple partners including facility management, the local destination marketing organization and sports commission.
- Building program elements, amenities and supporting infrastructure that appropriately accommodate the desired target market(s) and provide a unique guest experience.
- Flexibility to efficiently accommodate simultaneous events.
- Modern technology such as Wi-Fi access throughout the facility/complex.
- Inventory of, and proximity, to supporting amenities such as hotels/ condominiums, restaurants, retail, and entertainment establishments.
- Type/amount of activity and related revenue streams.
- Seasonality of target markets versus seasonality of the destination.
- Relationship with hoteliers, particularly in a destination area, for housing blocks/rates.
- Ability to attract capital investment.

A primary objective of this study is to assess the competitive market within which the proposed new arena and the proposed new outdoor sports field complex would operate. Previous sections of this report discussed various supply and demand factors that may influence the type and amount of event activity at a new arena or new outdoor sports field complex in Worcester County including select demographic and economic characteristics, area employment, accessibility, hotel supply/demand, tourism statistics, attractions, climate, supply of local/regional facilities, industry trends and input from potential demand generators.

Based on the primary and secondary research conducted for this study, the following summarizes relative market-related strengths/opportunities and challenges/threats associated with each of the two proposed new facility concepts under consideration in Worcester County (some of which may overlap):

Competitive Market Assessment – Proposed New Arena

Strengths/Opportunities

- Multiple land parcels are available in the County for development
- Supports the County's overall economic growth initiatives
- Potential to generate incremental new economic and fiscal impacts to the County and State
- Established local, regional and State entities to assist with marketing the facility
- Addition of a new entertainment venue to the region that could expand year-round programming in a new, modern facility with desired patron amenities
- Based on current supply of facilities, the proposed new arena would offer the only full-sized sheet of permanent ice in the immediate region
- Potential to host a professional minor league hockey team as well as other sports and entertainment events, particularly those that are ice-based (e.g., Disney on Ice)
- Potential to develop new skating and hockey programs in the County such as public skating and learn-to-skate programs; youth and adult hockey leagues; and figure skating programs
- Potential to be part of a broader mixed-use development that utilizes private sector investments which would enhance overall marketability
- Proximity to beach/visitor amenities in Ocean City
- Increased visitor population in the summer creates additional target market
- Established and growing supply of hotels/vacation rental properties
- Well-developed, mature tourism and hospitality industry in place

Challenges/Threats

- Market size – particularly the population base during the winter months
- Geographic location within the State can be a limitation for attracting certain events that require a central location and/or proximity to their membership base
- Summer visitor market can be difficult to penetrate on a regular basis
- Lack of direct interstate access
- Regional airport can be a limiting factor, particularly for some team-related travel

- Traffic congestion, particularly during the summer months
- Limited corporate base to support premium seating and advertising/sponsorship opportunities which are typically major revenue generators at arenas
- Supply of existing and planned sports/entertainment facilities in the region that would compete for similar content/programming
- Limited interest from regional and national concert promoters as well as scholastic/collegiate tournament organizers
- Direct competition with area facilities such as the WYCC and the OCCC
- Challenge of supporting two proximate arenas with financially sustainable programming
- Relatively undeveloped ice hockey market at all levels resulting in the need to create a new user and ticket-buying base
- Timeline associated with developing hockey and figure skating programs
- Industry dynamics have created a highly competitive environment for attracting touring entertainment acts
- Potential routing limitations due to radius clauses (i.e. act will only play one venue within a certain radius within a certain timeframe)
- Increase in large scale music festivals can impact available supply of artist programming (e.g., Firefly Festival)
- Minor league sports' evolving business model trending toward proximity between major league team and affiliated minor league team
- Long-term stability of some professional minor league sports leagues and teams, some of which have resulted in work stoppages
- Potential changes in general macro-economic conditions

Competitive Market Assessment – Proposed New Outdoor Sports Field Complex

<u>Strengths/Opportunities</u>

- Multiple land parcels are available in the County for development
- Supports the County's overall economic growth initiatives
- Potential to generate incremental new economic and fiscal impacts to the County and State
- Youth sports have historically fared well during economic downturns
- A new outdoor sports complex with a critical mass of multi-purpose, rectangular fields at one location could address a supply gap in the County

- Demand generators representing multiple sports at all levels expressed interest in hosting tournaments at the proposed new outdoor sports field complex
- Increase ability to develop new and expand existing WCRP recreational programming
- Increase County's ability to host new multi-sport, multi-day State, regional and national tournaments/competitions that it cannot currently accommodated as well as expand existing activity
- Established local, regional, and State entities to assist with marketing the facility with significant experience attracting and hosting large-scale sports tournaments/competitions
- Support of facility concept from State sports agency as an asset in attracting/expanding sporting events in Maryland
- Ability to further enhance the area as a sports tournament destination
- Geographic location within the Mid-Atlantic provides a large pool of potential participants
- Proximity to the beach/visitor amenities in Ocean City is appealing to tournament promoters, participants, and spectators
- Established and growing supply of hotels/vacation rental properties
- Well-developed, mature tourism and hospitality industry in place
- Potential to capitalize on the Spring and Fall shoulder seasons for scheduling tournaments to increase demand for hotels during non-peak months

Challenges/Threats

- Geographic location within the State can be a limitation for attracting certain events that require a central location and/or proximity to their membership base
- Lack of direct interstate access
- Regional airport can be a limiting factor, particularly for some regional and national tournaments/competitions
- Traffic congestion, particularly during the summer months
- Lack of hotel availability and less affordable pricing during peak summer months
- Direct competition with existing area facilities such as Crown Sports and Falcon Sports as well as regional facilities
- Planned additions to supply both locally and regionally
- Population base does not create large numbers of youth/adult teams relative to other major markets
- Potential changes in general macro-economic conditions

Overall Summary

As stated in the introduction, Worcester County was approached by Hat Trick Consultants, LLC, of Grapevine, Texas regarding its interest in developing a new arena to attract a professional minor league hockey franchise to the area. As such, Worcester County retained Crossroads Consulting Services LLC (Crossroads) to conduct a market analysis to assist in identifying potential strengths, challenges/threats, and opportunities associated with construction and operations of a new arena/practice ice rink and outdoor sports field complex.

Although these projects were assumed to be located proximate to each other, this analysis is non-site specific (other than being located within Worcester County). Further, although several research tasks were conducted simultaneously, the market opportunities associated with each project were evaluated separately.

This analysis assumed that the proposed new arena and/or outdoor sports field complex would be owned by Worcester County; constructed in a first-class manner and provide a high-level patron experience in terms of amenities; located on a site that is adequate in terms of visibility, ingress/egress, parking, safety, etc.; and situated proximate to supporting infrastructure such as hotels, restaurants, retail, entertainment, etc. and attractions such as the beach. It was further assumed that, if constructed, the new arena would be operated by a professional management company that specializes in similar public assembly facilities and the new outdoor sports field complex would be managed by an entity experienced in attracting/managing tournament activity.

It is our understanding that the County's primary objectives for the proposed project are to better accommodate and enhance sports and entertainment activities, attract incremental new programming, be financially self-sustaining, be developed through some form of public-private partnership, and serve as an economic catalyst. These objectives would require strong programming to maximize attendance, revenue generation, and ancillary economic impact.

Proposed New Arena

Market research suggests that while the proposed new arena may potentially be able to attract a professional minor league hockey team, and potentially a second tenant team such as a soccer, football or basketball team, overall demand for other event activity such as concerts, family shows, and other sporting events is moderate at best. In addition, the amount and type of programming combined with market and industry dynamics may not support the desired long-term economics associated with the proposed new arena.

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Proposed New Outdoor Sports Field Complex

Market research, including direct feedback from event promoters/producers, suggests that demand exists for a new outdoor sports complex that offers a critical mass of multi-purpose, rectangular fields with associated patron amenities and supporting infrastructure. This increase in supply would allow the County to better accommodate and grow its existing, local-based recreational programs as well as to attract incremental new sports competitions/tournaments that generate economic and fiscal impacts to the community. The proposed new outdoor sports field complex could serve a diverse set of demand generators at varying levels of competitions/tournaments. Offering multi-purpose fields will allow the facility to host multiple sports such as lacrosse, soccer, rugby, and ultimate Frisbee that mitigates the reliance on a particular sport.

As previously noted, the competitive supply of facilities is continuing to change. It is our understanding through primary and secondary sources that there are potential plans for additional fields to be developed by the private sector in Worcester County, Wicomico County and in White Marsh. In addition, the Delaware Sports Complex in Middletown and the DE Turf Sports Complex in Frederica are currently constructing multiple fields that will further increase the supply for tournament activity in the region. Tournament promoters/producers did express a concern regarding the potential of oversaturation of the Mid-Atlantic market. As such, the County and the MSA may want to consider a phased approach to the development of a new outdoor sports field complex.

Based on market research, including input from potential demand generators and interviews with management at comparable complexes, the following summarizes preliminary programmatic elements for the proposed new outdoor sports field complex:

- A minimum of 8 to 10 tournament-quality, multi-purpose fields to accommodate competitive field sport events such as soccer, lacrosse, rugby, etc.
- Strategic space planning to accommodate future expansion, as warranted
- Well-designed layout to accommodate tournament activity
- Concessions, restrooms, and Wi-Fi access throughout the complex
- Support space including administrative office space for staff and tournament promoters, a maintenance building, and on-site storage for promoters and equipment
- Designated space designed for a ‘tournament central’ area
- Open space for team gathering and warm-up areas for players
- Sufficient on-site parking and traffic management that identifies appropriate ingress/egress to and from the site that can accommodate tournament traffic and flow
- Supporting infrastructure including electrical connectivity at each field and in the sponsor activation area, etc.

Next Steps

Crossroads has received direction from the MSA and the County to proceed with the Phase 2 for the outdoor sports field complex which includes the following tasks:

- Refine the building program and recommended site parameters
- Develop a financial pro forma and related assumptions regarding potential usage/event activity by major event type and facility operations in terms of operating revenues and operating expenses
- Estimate the economic impacts in terms of spending, employment, and earnings as well as tax revenues associated with on-going facility operations
- Summarize findings