



BOISE SPORTS PARK

MARKET FEASIBILITY STUDY

October 3, 2017





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In 2014, Agon Sports & Entertainment (“Agon”) purchased the Boise Hawks (“Hawks” or “Team”), with the vision of establishing the City of Boise as a premier minor league sports market. One of the first steps in this process was the development of a plan to replace Memorial Stadium with a world class stadium. In July 2017, Greenstone Properties, a real estate development company managed by Hawks co-owner Chris Schoen, reached an agreement with St. Luke’s Health System to acquire an 11-acre property in downtown Boise that would serve as the site of the new multi-use stadium (“Boise Sports Park”) and mixed-use development. The project is envisioned to be developed in public-private partnership and to cost a total of approximately \$100 million, comprised of approximately \$36 million in stadium costs, \$4 million in public infrastructure, and \$60 million in ancillary private development.

In addition to minor league baseball and a variety of athletic, entertainment, and civic events, Agon is working to secure an expansion United Soccer League (“USL”) team to serve as an additional tenant in the stadium. It is also envisioned that the Boise Sports Park would serve as the home of the Boise State University (“BSU”) baseball program, which was recently reinstated to varsity status.

As part of this planning process, Conventions, Sports & Leisure International (“CSL”) was retained by the City of Boise (“City”) to update a previous market study completed in 2011 and prepare a detailed financial and economic impact analysis related to the potential downtown Boise Sports Park. This Executive Summary highlights the key findings of the study’s research and analyses and is designed to assist community leaders in making informed decisions regarding the potential development of the downtown Boise Sports Park. The full report should be read in its entirety to obtain the background, methods and assumptions underlying the findings.

Current Boise Hawks / Memorial Stadium Current Conditions

The Hawks have operated in Boise since 1987, and while the team is viable in Boise, there are several shortcomings with the Hawks playing in Memorial Stadium:

- Minimal investment in Memorial Stadium has occurred in the 29 years since opening;
- Memorial Stadium is removed from the downtown business core;

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- Current lack of revenue-generating capabilities for the team, including:
 - No premium seating
 - Limited group sales areas
 - Lack of a naming rights partner
 - Inability to generate revenue from on-site parking
 - Dated technology and poor fan amenities
- Third base seating area has significant exposure to the sun; and,
- Insufficient player and team facilities.

Despite a lack of a modern stadium and related fan amenities, Agon Sports & Entertainment has increased attendance by 26 percent and turned an annual six-figure loss into a nominal annual operating profit since purchasing the team.

Boise Market

In order to determine the feasibility of a downtown Boise Sports Park that would become the new home of the Hawks, a USL team, and BSU baseball, the demographic and socioeconomic characteristics of the Boise marketplace and the areas immediately surrounding the proposed ballpark were analyzed. The following are key market research findings:

- A 30-mile radius surrounding the proposed location of the downtown Boise Sports Park was identified as the geographic area from which the large majority of the stadium attendees would originate based on Hawks' historical drawing power;
- Overall, the Boise market is characterized as having a young, growing population;

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- The Boise market has lower than average median household income, albeit with a lower cost of living;
- Minor league baseball and USL soccer are marketed as affordable, family-friendly entertainment that is accessible to the masses;
- The proposed downtown site of the downtown Boise Sports Park would have the benefit of being located within a 10 minute walk of the central business district and accessible to a core weekday population of people working in the downtown area; and,
- The Boise market has embraced minor league baseball for over 30 years, and it is anticipated that its growing economy and population base will provide support for both minor league baseball and the USL for the foreseeable future.

Stadium Utilization

CSL analyzed historical minor league baseball and USL attendance levels, interviewed local and regional event organizers, and evaluated the third-party event levels at comparable stadiums in order to estimate potential event mix and attendance levels at the Boise Sports Park. The table to the right presents a summary of the estimated annual events and attendance at the Boise Sports Park.

- As shown, it is estimated that the downtown Boise Sports Park could host 212 events and 259,300 attendees in the first year of operations.
- In a stabilized year of operations, it is estimated that the event load would remain constant, while Boise Hawks and USL soccer attendance would decrease slightly following the anticipated “honeymoon period” associated with most new stadiums.

ESTIMATED DEMAND & ATTENDANCE NEW MULTI-USE STADIUM IN DOWNTOWN BOISE						
Event Type	Year 1 - Inaugural Year			Year 5 - Stabilized Year		
	Events	Average Paid Attendance	Annual Paid Attendance	Events	Average Paid Attendance	Annual Paid Attendance
Boise Hawks	38	3,250	123,500	38	2,850	108,300
USL	15	5,000	75,000	15	4,400	66,000
College Baseball	30	1,000	30,000	30	1,000	30,000
College Soccer	8	350	2,800	8	350	2,800
Other Sports	8	500	4,000	8	500	4,000
Festivals	1	4,000	4,000	1	4,000	4,000
Concerts	2	5,000	10,000	2	5,000	10,000
Community Events	10	500	5,000	10	500	5,000
Other	100	50	5,000	100	50	5,000
TOTAL	212	1,223	259,300	212	1,109	235,100

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Cost Estimate

In order to estimate potential ballpark construction costs, CSL analyzed the cost to construct select minor league stadiums throughout the country and adjusted the costs for the Boise market in 2020 dollars. Comparable stadiums include:

- BB&T Ballpark (Charlotte, NC);
 - Huntington Park (Columbus, OH);
 - Fifth-Third Field (Toledo, OH);
 - Louisville Slugger Field (Louisville, KY);
 - Boomers Stadium (Schaumburg, IL);
 - MCU Park (Brooklyn, NY);
 - Classic Park (Eastlake, OH); and,
 - Baseball Grounds of Jacksonville (Jacksonville, FL).
- The table to the right presents the estimated costs to construct the proposed downtown Boise Sports Park based on the overall square feet per seat and cost per square foot of comparable minor league stadiums.
 - It is estimated that the total cost (hard and soft costs) to construct the proposed downtown Boise Sports Park could range between approximately \$33.4 million and approximately \$45.3 million.

ESTIMATED STADIUM COSTS NEW MULTI-USE STADIUM IN DOWNTOWN BOISE 2020 DOLLARS			
	Based on Comparable Average	Based on Comparable Median	Based on Comparable High
Fixed Seating Capacity ⁽¹⁾	5,000	5,000	5,000
Square Feet per Seat ⁽²⁾	22.4	22.7	25.7
Estimated Building Square Footage	111,903	113,325	128,518
Estimated Cost per Square Foot ⁽³⁾	\$221	\$238	\$261
Estimated Hard Construction Costs	\$24,703,000	\$26,934,000	\$33,561,000
Soft Cost Allowance 30% ⁽⁴⁾	\$7,410,000	\$8,080,000	\$10,070,000
Contingency 5%	\$1,240,000	\$1,350,000	\$1,680,000
TOTAL STADIUM COSTS ⁽⁵⁾	\$33,353,000	\$36,364,000	\$45,311,000

(1) Per Boise Hawks.

(2) Based on comparable ballpark average and median.

(3) Based on comparable ballpark average and median adjusted to 2020 dollars and Boise marketplace.

(4) Includes architectural and engineering fees, permitting and other costs.

(5) Total stadium costs excludes the cost of land, which will be donated to the city.

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Stadium Ownership & Operator

- Agon has extensive experience operating minor league stadiums throughout the U.S. Since its first season as owner of the Hawks and operator of Memorial Stadium (2015), Agon has transformed the operations of the team from an annual six-figure loss into an annual operating profit by maximizing its limited opportunities at the 29 year-old facility.
- In addition to Memorial Stadium, Agon currently operates the 4,822-seat Lake Olmstead Stadium, which is located in Augusta, Georgia, and serves as the home of the Class A Augusta GreenJackets of the South Atlantic League and is currently in the process of constructing a new \$40 million ballpark in North Augusta, South Carolina. Prior to acquiring the GreenJackets in 2013, Agon co-owner Jeff Eisman was an executive with Ripken Baseball, which owned and operated the Aberdeen IronBirds of the New York-Penn League and reportedly sold out each home game during his tenure. In addition, Eisman also led the successful launch of the Class A Charlotte Stone Crabs of the Florida State League in 2009.
- It is recommended that the Boise Sports Park would be owned by a public entity (i.e. City, CCDC, GBAD, etc.) and operated by Agon Sports & Entertainment.
- Relying on Agon's operational expertise would virtually eliminate the need for public sector funds towards the operations and maintenance of the stadium, with the potential exception of event day costs associated with traffic/crowd control, and would allow Agon the freedom to aggressively market the facility to maximize revenues and event utilization that generate economic and fiscal benefits to the local and regional area.

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Agon Sports & Entertainment Financial Pro Forma & Assumptions

- For purposes of this study, it was assumed that a downtown multi-purpose stadium would be owned by a public entity and operated by Agon through a lease agreement. The following general lease provisions were assumed but are subject to negotiation:
 - Agon would retain all revenues and pay all expenses associated with stadium operations (with the exception of a capital reserve, which would be funded equally by the City and Agon).
 - Agon would pay annual rent in the amount of \$1 million, adjusted annually for changes in the Consumer Price Index, with the potential for additional revenue sharing.
 - It is assumed Boise State University will utilize the Boise Sports Park for baseball practices and all home games, as well as women's soccer home games, and pay annual rent to Agon Sports & Entertainment.
- Based on the lease terms and results of the market analysis, the table on the following page presents a summary of the projected financial operations of the proposed Boise Sports Park and its tenant sports franchises (Boise Hawks, USL, BSU baseball) in the first five years of operations.
- It should be noted that the achievability of the financial projections presented herein are predicated on Agon Sports & Entertainment utilizing its extensive experience managing minor league baseball facilities and teams to aggressively market the stadium to generate the requisite event and attendance levels.
- A number of revenue streams, including parking, premium seating, and naming rights, are not currently generated by ownership at Memorial Stadium due to the age of the facility, existing agreements, and other such factors. These additional revenue sources present ownership with opportunities to enhance its operating performance in the new stadium.

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- The operating margins presented to the right are consistent with other recently constructed minor league stadiums in similar-sized markets. Operating margins are higher in the initial years of operations due to elevated attendance levels experienced at minor league baseball and soccer games due to the new facility's "honeymoon effect." As the novelty of the stadium wears off after the first few years, operations will stabilize moving forward.
- As shown, in the first year of operations, it is estimated that the Boise Sports Park could generate approximately \$7.1 million in revenue and incur \$6.1 million in expenses, resulting in total operating income of approximately \$1.0 million. In the fifth year of operations (stabilized year), the Boise Sports Park is estimated to generate \$7.6 million in revenue and incur \$6.8 million in expenses, resulting in total operating income of approximately \$749,000.
- Under this model, it is assumed that Agon Sports & Entertainment will split the cost (\$250,000) of funding a capital reserve equally with the stadium owner.

FINANCIAL PRO FORMA					
	Inaugural Year 2020	→			Stabilized Year 2024
	2020	2021	2022	2023	2024
REVENUES:					
Ticket Sales, net	\$2,914,000	\$2,921,000	\$2,925,000	\$2,927,000	\$2,927,000
Non-tenant event rent, net	453,000	467,000	481,000	495,000	510,000
Food and Beverage, net	937,000	940,000	942,000	943,000	943,000
Merchandise, net	45,000	45,000	45,000	45,000	45,000
Parking, net	239,000	246,000	254,000	261,000	269,000
Premium Seating, net	789,000	813,000	837,000	862,000	888,000
Sponsorships, net	1,350,000	1,463,000	1,506,000	1,552,000	1,598,000
Naming Rights, net	360,000	367,000	375,000	382,000	390,000
Total Revenues	\$7,088,000	\$7,261,000	\$7,365,000	\$7,467,000	\$7,570,000
EXPENSES:					
Team & Stadium Operating Expenses	\$4,935,000	\$5,083,000	\$5,236,000	\$5,393,000	\$5,554,000
Rent	1,000,000	1,030,000	1,061,000	1,093,000	1,126,000
Capital Reserve	125,000	129,000	133,000	137,000	141,000
Total Expenses	\$6,060,000	\$6,242,000	\$6,430,000	\$6,623,000	\$6,821,000
INCOME FROM OPERATIONS ⁽¹⁾	\$1,028,000	\$1,019,000	\$935,000	\$844,000	\$749,000
OPERATING MARGIN	15%	14%	13%	11%	10%

(1) Income before taxes.

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Economic Impacts

The Boise Sports Park and ancillary private development could have a significant impact on downtown Boise and would generate new spending, create jobs, and generate tax revenues to the City. These benefits would serve as a return on investment for public dollars that are contributed toward the public-private partnership. The table to the right summarizes the anticipated annual, cumulative, and net present value of economic and fiscal impacts that could be generated by a new multi-used stadium and ancillary development in downtown Boise over 20 years of operations.

- The Boise Sports Park and ancillary private development are estimated to generate approximately \$981 million in net present value of direct, indirect, and induced spending within the City of Boise, creating an average of 1,240 jobs that generate approximately \$442 million in personal earnings over a 22 year period (2 years construction period and 20 years of operations).
- Overall, it is estimated that the net present value of the cumulative net new tax revenues that could be generated to the City during construction and operations of the stadium and mixed use development could total approximately \$15.0 million.

This Executive Summary highlights the key findings from a report assessing the feasibility of the development of a downtown Boise Sports Park. The study is designed to assist community leaders in making informed decisions regarding the potential development of the downtown Boise Sports Park and the full report should be read in its entirety to obtain the background, methods and assumptions underlying the findings.

