

SCOPE OF SERVICES

PHASE I: HISTORIC PERFORMANCE ANALYSIS, MARKET ASSESSMENT, BENCHMARKING, AND PRELIMINARY FACILITY RECOMMENDATIONS

Project Kick-Off Meeting and Ongoing Project Updates

To initiate the project, SFC (the Advisory Team) will set up an initial virtual kick-off meeting with the City of Madison team and any key partners you wish to include (the Client Team) to cover six topics that allows the Advisory Team to begin its work. Those topics are:

- Introductions
- History and key insights
- Existing data
- Existing and potential partners and stakeholders
- Key dates for the project
- Other questions & answers

Throughout the project, the Advisory Team will provide weekly update emails to ensure full transparency in the process and to provide the Client Team with details related to progress, work performed and work ahead. Additionally, the Advisory Team will work with the Client Team to schedule and facilitate virtual progress meetings to provide updates, solicit feedback, make and follow-up on requests, and coordinate future trips, meetings, and presentations.

Existing Data Review

Following the kick-off meeting, the Advisory Team will request and review any existing data, documentation, and/or resources related to the existing facility. The Advisory Team expects the existing data will include information related to:

- Historic Financial Performance Data
- An Overview of Assets and Conditions
- Existing Field Use Agreements
- Pricing Policies
- Facility Schedule
- Historic Tournament Information (Organizer, Size, Dates, Number of Teams, Number of Visitors, Fees and Fee Structure, Economic Impact Generation, Etc.)
- Program Partner Information (Program Descriptions, Schedules, Registration Information, Etc.)
- Planned and Potential Capital Improvements
- Current and Expected Organizational Structure
- Past Studies
- Economic Tools that Could be Deployed to Fund Improvement and/or Expansion Projects

Demographic, Socioeconomic, Participation, and Trends Analysis

The Advisory Team will conduct an analysis of current and future-facing demographics and socioeconomics in the local, subregional, and regional market areas. Additionally, the Advisory Team will evaluate activity participation rates and trends in sports, recreation, and sports tourism.

Local & Regional Inventory Assessment

The Advisory Team will research existing local sports and recreation facility inventory and conduct an analysis of outside service providers (competition) to identify factors that influence recommendations and projections. The evaluation of local assets will inform opportunities to leverage existing assets and infrastructure to attract and host larger tournaments. The evaluation of regional competing facilities – which may include public, private, and non-profit sports complexes that could compete for tournaments and events – will inform the requirements and opportunities to attract tournaments that are not currently held in the area. To inform the regional competition analysis, the Advisory Team will evaluate location,

distance from the facility, site and facility layout/assets/capacity, tournaments and events, and any additional available data that informs the study.

Benchmarking and Visitor Profiles Using Mobile Analytics

The Advisory Team will analyze historic visitation data from the facility and compare that data to up to five regional competitors and/or comparable national sports complexes to establish a set of benchmarks and visitor profiles that are relevant to the assessment. To perform this work, the Advisory Team uses cutting-edge mobile analytics technology that demonstrates key visitation volume, origin (by zip code, county, and state), and consumer profiles for sports tourism tournaments/events.

The benchmark analysis will result in an evaluation of how tournaments held at the facility have been able to draw out-of-town visits and the type of visitors they attract, how regional and national complexes have performed comparatively in terms of non-local visitation, and to set targets and expectations for the benefit of enhancing tournament opportunities at the facility.

Using the data gathered through our mobile analytics platform, the Advisory Team will create a set of visitor profiles for previous and potential future guests traveling to the area for tournaments at the facility. This data will demonstrate the value of sports tourism based on the type of people who travel for sports events, who are typically among the most desirable type of visitors because of household income, household makeup, and other consumer behaviors and psychographic factors.

Preliminary Facility Recommendations

Building upon the data, analyses, and results of the preceding steps, the Advisory Team will create a preliminary set of recommendations for facility improvements to meet the City of Madison's goals related to improving the quality of the complex, enhancing the guest experience, and attracting/hosting/retaining tournaments and events that will generate non-local visitation and create meaningful economic impact opportunities.

PHASE II: SITE VISIT, STAKEHOLDER MEETINGS, FULL FACILITY RECOMMENDATIONS AND OPINION OF COST, FINANCIAL FORECAST, ECONOMIC IMPACT FORECAST, AND OPTIMIZATION REPORT

Site Visit with Development Planning Session, Tours, and Meetings/Interviews

Prior to traveling to market, the Advisory Team will work with the Client Team to develop a schedule of meetings, events, and tours. Working together, we will create an agenda and schedule that maximizes the opportunity to gain alignment, engage project stakeholders, and develop a deep familiarity with the community and the factors that will support a successful optimization initiative.

The Advisory Team will travel to market to facilitate a Development Planning Session (DPS), which is a half-day session designed to create alignment, identify the parameters of the initiative, and create the most likely path forward for the project. The DPS will encompass discussions related to existing programs and events, project goals, and plans for facility improvements, as well as topics such as the business model, the program plan, design/space considerations, alliances with sports and other user groups, utilization, funding/financing, competition analysis and market share, the management and staffing plan, and much more. This step also assists the Advisory Team in learning about potential contributions from user groups and/or partners.

As part of the site visit, the Advisory Team will work with the Client Team to schedule tours of the existing facility and existing sports tourism-capable facilities in the area. These tours will enable the Advisory Team to evaluate the opportunity to leverage existing sports infrastructure to expand the current and future sports tourism program. While in market, the Advisory Team will independently tour the local market to gain a clear understanding of existing tourism

infrastructure (hotels, restaurants, retail, and entertainment facilities) that should be considered when evaluating the opportunity to optimize the facility.

Additionally, the Advisory Team will independently assess leading sports tourism facilities near the area to develop a detailed understanding of the competition and opportunities to improve the performance of the existing facility.

During the visit, the Advisory Team will facilitate meetings with key stakeholders and user groups to share information about the study, gain insights, and generate support for the project. The Advisory Team will work with the Client Team to develop the schedule and invitation for these important meetings. For clarity, the Advisory Team classifies “key stakeholders” as potential project supporters; these are typically a combination of elected officials, tourism-focused organizations, hotel/motel association members, and more. The Advisory Team classifies “user groups” as potential facility users; these are typically tournament and events rights holders, local sports clubs, parks and recreation professionals, schools/colleges/universities, and more.

Recommended Facility Program & Opinion of Capital Costs

Based on real-time data and reflective of the Client Team’s desired direction for the complex, the Advisory Team will develop a detailed facility program and opinion of cost for recommended improvements to the facility.

The Advisory Team’s recommendations for the facility will be detailed in a facility program that includes all recommended asset types (program areas and support areas such as parking, food & beverage, club rooms, event spaces, offices, restrooms, leased space, etc.), the number and size of recommended assets, and size requirements.

The Advisory Team’s opinion of capital costs will be based on current industry construction costs for comparable facilities and an analysis of the local/regional construction climate. The opinion of cost will have details related to:

- Construction hard costs (hard structure costs, parking, etc.)
- Sports equipment and surfaces (playing surfaces, lights, fencing, scoreboards, etc.)
- Furniture, fixtures, and equipment (food & beverage equipment, building and site furnishings, hardware, maintenance equipment, etc.)
- Soft costs of construction (architecture, engineering, and construction management fees, permits, inspections, etc.)
- Soft costs of operations (grand re-opening marketing allowance, pre-reopening (construction period) staff salaries, pre-funded operational account, etc.)
- Note: soft costs of operations will include some “to be determined” line items that will be added once the full financial forecast is developed.

All facility enhancement recommendations and cost estimates will be based on the Advisory Team’s real-time, real-world insights from best-in-class facilities around the country.

Detailed Financial Forecast (Pro Forma)

Based upon the findings and recommendations detailed in previous steps, the Advisory Team will complete more in-depth research/analysis to produce a financial feasibility analysis focused on a five-year cash flow and economic impact forecast for the facility. The Advisory Team’s financial forecast documents are detailed, institutional-grade documents used to better understand cost/benefit and support decision-making and financing. The results of this portion of the study will be incorporated into the final product, which is an Optimization Report.

The pro forma will provide details related to the financial potential of the improved complex and will include projections related to tournaments, programs, pricing, utilization, revenues/expenses by product/program, overhead expenses, management structure, net operating income, and more.

The pro forma will provide the Client Team with detailed financial projections related to and based on:

- The Ideal Business Model
- Right-Sized Program Spaces and Land/Space Requirements
- Revenue by Product/Program
- Direct/Variable Costs (Cost of Goods Sold)
- Facility and Operating Expenses
- Management and Staffing Model

Projection of Average Daily Expenditure

The Advisory Team will utilize its proprietary algorithm to determine the average amount of money spent per day by non-local visitors who travel to the area from out of town. SFA's algorithm is based off of data from thousands of youth and amateur sports tourism events held around the country and include average daily expenditures in these six categories:

- Lodging
- Dining
- Retail
- Entertainment
- Transportation
- Miscellaneous/other

This detailed breakdown of expenditure by category will be used to project economic impact based on direct spending and can also be used to project net new tax revenue generation for municipal partners at the City, County, and State levels.

Economic Impact Forecast

Building upon the tournament and event projections included in the pro forma, the Advisory Team will project the economic impact of the improved complex. Economic impact is defined as new off-site spending that will occur in the market as a result of tournaments and events held at the facility. This information is used to project economic activity from out-of-town visitors who would not be in the market but for the offerings and events at the complex, and the results are used to understand the impact that the improved complex will have on the lodging, dining, retail, entertainment, and transportation industries as well as on the tax base.

The Advisory Team's projections are reflective of several key components of economic impact, including:

- Number of Events
- Number of Guests (Participants and Spectators)
- Percent of Guests from Out of Town
- Length of Stay
- Number of Non-Local Days in Market
- Number of Room Nights Generated
- Average Daily Rate (ADR)
- Average Daily Expenditures (ADE)
- Direct Spending
- Impact on the Tax Base

Optimization Report

The Advisory Team will package findings into a formal Optimization Report that will serve as a summary of findings that address the market, facilities, and financial outcomes for the project. The report will include:

- Executive Summary
- Market Overview
- Demographic and Socioeconomic Overview
- Participation Analysis
- Competition Analysis
- Events Analysis
- Industry Data and Trends
- Recommendations for Improvements
- Facility Program and Opinion of Cost for Recommended Improvements
- Overview of Programs, Products, and Revenue Streams
- Summary of Financial and Economic Impact Performance (the Detailed Projections Will be Included in the Appendix of the Optimization Report)
- Conclusion with Key Findings, Recommendations, and Next Steps