



Market and Economic Analysis for a Proposed New Tennis Complex at Troy Park in Howard County, Maryland



**Final Report
March 2012**



March 23, 2012

Mr. Gary McGuigan
Project Executive
Maryland Stadium Authority
333 W. Camden St., Suite 500
Baltimore, MD 21201

Dear Mr. McGuigan:

Crossroads Consulting Services LLC (Crossroads Consulting) is pleased to present this market and economic analysis to the Maryland Stadium Authority (MSA) regarding a proposed new tennis complex at Troy Park in Howard County, Maryland (County). In accordance with our agreement, this report summarizes our research and analysis which is intended to assist the MSA and the County with their decisions regarding the potential development of the proposed new tennis complex.

The information contained in the report is based on estimates, assumptions, and information developed from market research, industry knowledge, input from potential demand generators, as well as other factors including data provided by the MSA, the County, and other secondary sources. 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. Because the procedures were limited, we express no opinion or assurances of any kind on the achievability of any projected information contained herein and this report should not be relied upon for that purpose. Furthermore, there will be differences between projected and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances that occur after the date of this report. The accompanying report is restricted to internal use by the MSA and the County and may not be relied upon by any third 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 providing you with continued service in the future.

Sincerely,

Crossroads Consulting Services LLC

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Introduction and Executive Summary

Introduction

Howard County is centrally located in one of the nation's largest and wealthiest metro areas. The County had the fifth highest median household income in the U.S. in 2009. Situated in the Baltimore-Washington Corridor, the County is accessible to interstates I-95 and I-70 and has a reputation as an ideal place to live, work, play and raise children. Howard County's Columbia/Ellicott City area has been recognized by *MONEY* magazine as one of "America's Best Places to Live" and by *Forbes* magazine and one of the "Best Places to Raise a Family". Howard County has also been recognized as "Best Educated" (adults over 25) according to the U.S. Census Bureau. Relative to leisure activities, there are six regional parks, 24 community parks, seven golf courses, five lakes, and over 200 miles of walking, hiking, and biking trails.

As Howard County's population base continues to grow and diversify, its leadership continues to evaluate opportunities that best meet the community's short and long-term needs. Relative to recreational facilities, Howard County has planned to build a regional park on a 106-acre site located near the intersection of Maryland Route 100 and Interstate 95 and allocated approximately \$1.6 million in capital funding for predevelopment of the park. The park would be operated by the Howard County Recreation and Parks Department (HCRP) whose mission is to provide opportunities to pursue safe and enjoyable leisure activities in balance with the protection and conservation of natural resources.

Studies have suggested that parks and recreation can have positive impacts on the physical, mental, and social health of individuals and their communities. Social benefits of recreation include strengthening communities, promoting social bonds, and supporting youth. In addition to offering an outlet for physical activity, parks can also provide qualitative and quantitative benefits to residents and municipal governments. For instance, research indicates that parks can have a positive impact on the value of nearby property. Many communities view recreation facilities as real estate assets that increase the overall quality of life for both residents and businesses.

The original concept of developing a world-class tennis facility in Howard County was proposed by the Howard County Tennis Patrons, Inc. (HCTP), a nonprofit corporation formed in 2004 to promote the growth of tennis in Howard County. A primary objective of the HCTP is to create a premier tennis facility with a full menu of quality programming for children and adults and for hosting United States Tennis Association (USTA) events. The HCTP's vision for the project was to create a "green" facility for residents of Howard County and surrounding communities that cultivates tennis, fitness, health, education, and a spirit of community, while bringing economic benefit to the County. As such, the Troy Park tennis complex was envisioned to be more than a place to play tennis. In many ways, the original concept mirrored that of a private, membership-based tennis club.

The current program under consideration for the tennis complex includes 30 professional quality tennis courts (12 indoor and 18 outdoor), an 8,000-seat multi-use stadium, a community plaza and other associated amenities such as a pro shop. The indoor tennis court area could also be converted into 30,000 square feet of multi-purpose space. A membership health/fitness club is not assumed to be part of the tennis complex.

Site Location Map



Program Map



Representatives from HCTP have been working with various agencies for approximately five years to fulfill the group's vision for a world-class tennis facility. During this time, HCTP allocated significant human and financial resources to the project including several study efforts. Development of the proposed tennis complex was anticipated to be a private-public partnership between the HCTP and the HCRP. To date, HCTP has not been able to secure the necessary private funding to design, develop and construct the project and, as such, recognizes that any future initiatives related to the proposed tennis complex will be led solely by the County.

Prior to committing any public funds to this specific project and/or moving forward with the broader development of the Troy Regional Park, Howard County asked the MSA to conduct a market and economic study to assist in evaluating the merits of the proposed new tennis complex. County representatives indicated that their primary objectives for the proposed project are to accommodate the needs of local residents and attract out-of-town attendees that generate economic activity for area businesses.

As such, Crossroads Consulting was retained to assess specific market and economic issues associated with developing and operating the proposed new tennis complex in Elkrige. This study is intended to serve as a resource for the County and the MSA to make its decisions going forward.

The work plan included qualitative and quantitative analyses that focused on the unique attributes of Howard County, market supply relative to demand for the proposed new tennis complex, operating strategies, and project economics. Specific research tasks completed include, but were not limited to:

- Reviewed previous studies related to the project to obtain a thorough background of the project.
- Surveyed/interviewed stakeholders such as area governments and related agencies, educational institutions, the convention/visitor industry, the business community and others to obtain their input on the project.
- Summarized historical and projected industry trends to provide perspective on the growth and changes in tennis as well as an overview of its participants and their preferences.

- Analyzed market attributes such as trends and projections in population, age distribution and income; employment base; accessibility; hotel supply; climate; and area facilities to assist in assessing the market in which the proposed facility would operate relative to potential usage.
- Surveyed/interviewed representatives from area scholastic and collegiate programs; State, regional and national tennis organizations; event producers of various special athletic events; concert promoters; and others to assess potential demand for the proposed tennis complex and required program elements.
- Analyzed data from a select number of competitive/comparable facilities to provide context for estimates of usage and operations.
- Commented on the proposed tennis complex's building program and its ability to address the needs of potential target markets.
- Estimated potential usage/event activity, operating revenues/expenses, and economic/fiscal impacts to assess overall project economics.

The remainder of this report summarizes our key findings related to the market and economic analysis.

Executive Summary

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

The market analysis assessed various supply and demand factors that may influence the type and amount of event activity at the proposed new Troy Park tennis complex including select demographic and economic characteristics, accessibility, hotel supply, attractions, the competitive supply of area facilities and input from potential demand generators.

Market strengths associated with the proposed new tennis complex include the high density of courts at one location, site location, overall accessibility, a growing population base with strong income characteristics and support for the project concept from potential demand generators at multiple levels. In addition, tennis is a growing sport and the Women's Tennis Association (WTA) has expressed strong interest in hosting a tournament at the proposed new Troy Park tennis complex which would provide instant recognition.

Potential market challenges include the limited on-site parking availability, lack of nearby hotels to accommodate larger events, the ability to balance programming priorities between residents and tournament/non-resident users, the general appeal of tennis to a relatively small portion of the population compared to other sports and the competitive supply of sports/entertainment facilities in the area.

Market research did suggest that diverse demand generators exist for the tennis complex. Two common usage measures at tennis facilities are the number of court usage hours and the overall occupancy rate. The number of court usage hours is estimated to range from 101,000 to 111,000 in a stabilized year yielding an occupancy rate ranging from 65% to 73% for the indoor courts and 60% to 65% for the outdoor courts. It is assumed that the courts are open 15 hours per day, with the exception of major holidays.

Programming includes a WTA tournament, other scholastic/collegiate/competitive tournaments, classes/programs/lessons, league play, camps and court rental. Other non-tennis related activities such as entertainment acts, banquets/socials, and civic/community events are assumed to occur in the community center component and, as such, event activity and related revenues and expenses are not reflected in this analysis. An ATP tournament is not programmed into the estimate of usage.

Given the size and scope of the proposed event base as well as the existing supply of hotel rooms in the County, relatively limited incremental new hotel room nights are estimated to be generated from activities at the proposed tennis complex. While hosting more regional and national tournaments will positively impact economic and fiscal impacts, the County will still be limited by its supply of hotel rooms.

From a programming perspective, providing a critical mass of outdoor courts appears to be a solid plan and was supported by identified demand at local recreational, instructional and competitive levels as well as for tournament activities. Quality, lighted, well-maintained courts are very marketable and typically dictate a higher price although all outdoor tennis courts operated by the County are currently free of charge. Outdoor courts also appear consistent with other envisioned uses/programming of the regional park. There appears to be relatively limited opportunities for tournaments requiring indoor courts. However, this element would differentiate the proposed new tennis complex from other facilities in the County and the State which offer a relatively limited number of indoor courts and allow it to grow other indoor recreational programs. In addition, indoor courts are strongly desired as a back-up for inclement weather at outdoor tournaments. Although not quantified in this analysis, there also appears to be diverse demand generators for the multi-use space.

One of the major challenges is that the proposed stadium, which represents a significant capital construction cost, will only be used a limited number of times throughout the year and capacity needs are driven by a finite number of tournaments. The driving force of the stadium is to attract and obtain a long-term commitment for an ATP event and eventually an ATP/WTA combined event which event promoters/producers said may take several years to mature in a new location. Even if the County is able to secure an ATP tournament, the event promoters/producers typically retain the majority of tournament related revenues, particularly those related to tickets and advertising/sponsorship in order to pay the players for appearance fees and prize money. Research indicated that the agreements between tournament promoters and facilities varied significantly. Most operators indicated that hosting a tournament tends to be revenue neutral to the facility from an operating standpoint and that the benefit occurs from attendees spending money in the community at hotel, restaurants, retail outlets, etc.

The level of ATP tournament envisioned to be held at the proposed new Troy Park tennis complex is a World Tour 500 series, the third tier of men's tennis. As such, the tournament is not guaranteed to attract the top players each year. Although many tournament promoters/producers have a business entity that represents top tennis players which can potentially help attract players to the event, there is still no guarantee regarding the number of top players that will participate in any given tournament making it challenging to market to spectators and secure advertising/sponsorship opportunities. In addition, tournament promoters/producers indicated that the majority of fans originate from within a 50-mile radius. As such, unless a venue hosts one of the tournaments with a top draw and/or is located in a unique destination package that is an attraction itself (e.g., Indian Wells, California or Key Biscayne, Florida), it is difficult to maximize economic impact.

There are several potential operating models that could be utilized at the proposed tennis complex under the County's oversight. Given the preliminary nature of this study, no specific operating strategy is recommended as part of this analysis. The County can evaluate potential operating models as the building program and other operating characteristics continue to evolve.

Regardless of the final program and operating model, it is critical that the County manages the proposed new tennis complex with personnel that specializes in marketing/management/programming of similar facilities and has established contacts and strong relationships with State/regional/national tennis event promoters/producers from organizations such as the United States Tennis Association (USTA), the USTA Mid-Atlantic Section (USTA MAS), the USTA Maryland, the WTA, and the Intercollegiate Tennis Association (ITA) as well as area collegiate/scholastic/recreational sports entities in order to maximize marketability and usage.

Most municipally run tennis complexes realize an operating deficit. From a cash flow perspective, the proposed new tennis complex is estimated to realize an annual operating loss ranging from \$162,000 to \$209,000 before any capital reserve or taxes, debt service and depreciation in a stabilized year of operations. As mentioned previously, this proposed project is currently being assessed as a County initiative and, as such, a major assumption of the analysis is that the County will own and operate the proposed tennis complex if it is constructed. As such, the County would need to identify a specific source to fund the operating subsidy.

From an economic impact perspective, activity at the proposed new tennis complex is estimated to generate between \$3.7 million and \$4.3 million in annual direct spending – approximately 21% to 24% of which is generated by tournament organizers/sponsors/exhibitors/vendors associated with the WTA tournament. This direct spending is estimated to support between 70 and 80 total jobs and create between \$2.2 million and \$2.5 million in personal earnings in a stabilized year of operations. Total spending (including direct, indirect, and induced spending) is estimated to range from \$5.7 million to \$6.6 million in a stabilized year. Annual tax revenues related to on-going operations of the proposed new Troy Park tennis complex are estimated to range from \$88,000 to \$105,000 at the County level and \$320,000 to \$374,000 at the State level.

Should the State be approached for future funding of the project, it is important to recognize that many of the events estimated to be held at the proposed tennis complex represent a transfer of existing activity already occurring in the State and therefore generate relatively minimal incremental new economic and fiscal impacts at the State level.

Although this analysis does not include an ATP tournament as part of the usage/event activity at the proposed new Troy Park tennis complex, event promoters indicated that this level tournament could potentially draw 70,000 attendees over a nine-day period in a stabilized year after it has matured in the market. Based on this attendance, preliminary estimates suggest that hosting this type of major event could generate approximately \$10.8 million in direct spending that could yield \$16.3 million in total spending, 200 total jobs, and \$6.3 million in personal earnings. Annual tax revenues related to hosting an ATP tournament at the proposed new tennis complex are estimated to be \$275,000 at the County level and \$915,000 at the State level.

In addition to generating the economic and fiscal benefits previously quantified, qualitative benefits associated with the proposed new tennis complex include enhancing the County's appeal as a sports, tourist and entertainment destination; receiving regional, national and international exposure through media coverage; providing a first-class recreation/entertainment venue for residents; increasing the overall quality of life in the area; capitalizing on local and State tourism efforts; providing a catalyst for other potential development initiatives; fostering relationships with area educational institutions; and providing venues for the expansion of existing educational/sports programs and/or the development of new programs.

Although market demand exists for the proposed new Troy Park tennis complex, the direct financial benefits do not appear sufficient to support on-going financial operations or debt service on the project. Despite favorable market characteristics, the current concept appears to present public risk relative to the potential financial return on the estimated \$40 million cost, particularly since operations of the proposed new tennis stadium cannot support the associated debt service. The fact that the private sector was unable to develop and fund the proposed new tennis complex also suggests a cautious approach to pursuing the project. The County may want to consider pursuing a more moderate program that includes a smaller, first-class outdoor competitive court with relative limited spectator seating that could accommodate tournament activity as well as other uses.

Should the County decide to move forward with the project, typical next steps in the development planning process would include refining the program elements and development schedule; refining development cost estimates; identifying an operating strategy including any potential shared resources that may result in cost savings; and approaching potential public and private sector funding partners.

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Overview of Industry Trends

This section provides an overview of governing bodies of tennis as well as U.S. industry trends.

Governing Bodies of Tennis

The following provides a brief description of the governing bodies of tennis, both worldwide and in the U.S.

International Tennis Federation (ITF)

Based in Roehampton, south-west London, the ITF, the world governing body of tennis, oversees administration and regulation, organizing international competition, structuring the game, developing the game and promoting the game. The ITF is responsible for the rules of tennis, including the technical specifications for courts and equipment, controls the major international team events for all age groups including the Davis Cup for men and Fed Cup for women, and sanctions six international circuits and events.

Association of Tennis Professionals (ATP)

The ATP is the principal organizing body for the men's professional tennis tour worldwide. The ATP has its ATP Americas office in Ponte Vedra, Florida, ATP International in Sydney, Australia, ATP Europe in Monaco, and two offices in London including media operations. The ATP is an affiliate organization with the International Tennis Federation (ITF).

The ATP holds 63 tournaments in 32 countries on six continents. The ATP calendar of men's professional tournaments include: Barclays ATP World Tour Finals; nine ATP World Tour Masters 1000 events; 11 ATP World Tour 500 events; 41 ATP World Tour 250 events and the Dusseldorf World Team Cup. There is \$78 million in prize money awarded at these tournaments, 12 of which are held in the U.S.

Women's Tennis Association (WTA)

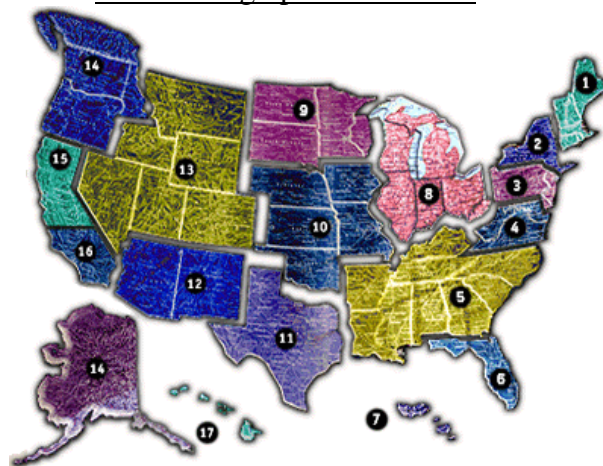
The WTA is the principal organizing body for the women's professional tennis tour worldwide. Headquartered in St. Petersburg, Florida with offices in Beijing, China and London, England, the WTA is responsible for 53 WTA tour events worldwide and four Grand Slam events with over \$87 million in prize money. The WTA Tour has over 2,400 players representing 99 nations. In 2010, more than five million people attended women's tennis events. The WTA is a member association of ITF.

The WTA recently celebrated the 40th anniversary of women's professional tennis. Prize money in those 40 years has grown from \$309,100 to \$87 million. Major sponsors of the WTA include Sony Ericsson, Oriflame cosmetics, Jetstar airlines and Peak tennis apparel provider.

United States Tennis Association (USTA)

Established in 1881, the USTA is the official governing body for tennis in the U.S. and is responsible for promoting and developing the sport's growth in every level. A non-profit organization, the USTA is the largest tennis organization in the world with 17 geographical sections, more than 700,000 individual members, and 7,000 organizational members. The USTA's mission statement is to promote and develop the growth of tennis.

USTA Geographical Sections



Its five major focus areas are Community Tennis, Professional Tennis, USTA Player Development, USTA Pro Circuit, and Diversity.

- *Community Tennis* strives to grow tennis at every level with a goal of making the game accessible to everyone. This program works closely with the USTA sections to help people learn and play the game with a focus on health/fitness and social benefits.
- *Professional Tennis* manages all aspects of the USTA's involvement in the professional sport including the US Open and the Olympus US Open Series. The US Open is the World's largest attended annual sporting event and one of four Grand Slam events. The Olympus US Open Series links the nine summer tournaments into the US Open.
- *USTA Player Development* facilitates the development of world-class American champions by providing promising players with access to the best training, coaches, and competition. The mission is facilitated through enhanced coaching education programs, top supplemental coaching in men's and women's tennis and junior competition programs on the national and international level.
- The *USTA Pro Circuit* is the world's largest professional tour for tennis development, provides American professional players the opportunity to play against world-class competition without having to travel abroad.
- *Diversity, inclusion and multicultural outreach efforts* are essential to achieving the USTA mission to grow the sport of tennis. The USTA is committed to fostering a tennis environment that is more inclusive and inviting to all people. In working to expand the image of tennis, the USTA is focused on broadening and increasing multicultural participation in the sport and serving as a model for all organizations that aspire to successful growth and an inclusive environment.

Trends Analysis

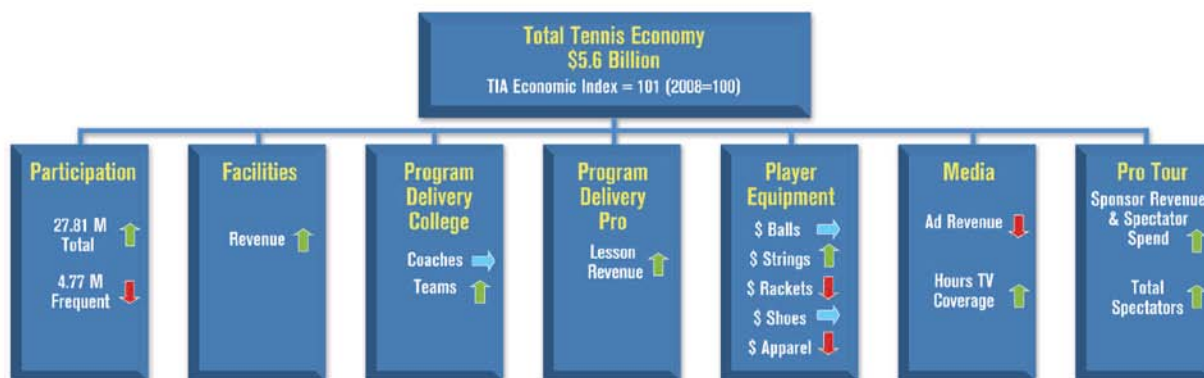
The Tennis Industry Association (TIA) is the not-for-profit trade association for tennis formerly known as the American Tennis Industry Federation (ATIF). The TIA traces its history to 1974 as an affiliated organization within the Sporting Goods Manufacturers Association (SGMA). In 1993, the ATIF was renamed the TIA. The TIA works closely with the USTA, industry partners, and various sectors of the sport focusing on common goals to help unify the industry and promote the growth of tennis and the tennis economy. The TIA's aim is to educate the marketplace, fund research and market intelligence, and supply reliable industry data to its member companies. The TIA produces more than 70 research reports annually including consumer and trade research and quarterly census reports.

The *State of the Tennis Industry Report* was developed to provide a synthesis of the various studies and surveys conducted by the TIA. The report is segregated into four primary segments: the economy and tennis; demand; supply and service; and media/pro events. The following summarizes major findings in the 2010 report:



Segment: Economy and Tennis

The TIA's Economic Index, developed in 2009, measures the overall "worth" of the tennis industry. The updated model based on 2010 data shows an index of 101 and an estimated worth of \$5.6 billion. Index components that increased (from the base of 2008) are: overall participation, facility revenue, active college teams, lesson revenue, the sale of wholesale strings, and TV coverage.



Finding

Sluggish economic conditions lead to caution among tennis consumers and a relatively 'flat' economy for tennis.

Opportunity	Challenge
Consumers are still looking to make tennis related purchases but are seeking more value.	Consumers remain cautious with current economic conditions.



Segment: Demand – Tennis Consumers

Finding	Tennis-playing habits of players are strongly dictated by partner availability, court access, and time commitments.
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Opportunity	Challenge
New technology developments for player matching, services, and finding courts.	Non-sports related common issues for increased work/school/family/time commitments.

Segment: Demand – Demographics of Participants

Findings	<p>Key demographics of tennis players have remained relatively stable compared to previous years.</p> <p>Males comprise approximately 55% of tennis players and females 45%.</p> <p>Tennis-playing habits of players strongly dictated by partner availability, court access, and time commitments.</p> <p>In 2010, the age distribution of tennis players was fairly evenly distributed. Between 2009 and 2010, participation dropped in all age groups except age 40-49. However, participation in 2010 among youths (age 6-17) remained higher than in 2003-2008.</p>
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Findings (cont'd)

Participation Rates by Age		
Age Range	2009	2010
6-11	16.25%	14.34%
12-17	20.51%	18.25%
18-24	18.44%	16.81%
25-39	10.99%	9.78%
40-49	8.79%	10.77%
50 and Over	4.02%	3.30%

Note: % is based on total tennis participants

Source: 2010 USTA/TIA Participation Study;

Taylor Research & Consulting.

Tennis participation decreased between 2009 and 2010 in all three profiled income categories which is not surprising since overall participation rates were down in the sport.

Participation Rates by Household Income		
Household Income	2009	2010
< \$50,000	6.77%	5.82%
\$50,000 - \$100,000	10.89%	10.29%
\$100,000 and Above	17.28%	16.82%

Note: % is based on total tennis participants

Source: 2010 USTA/TIA Participation Study;

Taylor Research & Consulting.

Cities and suburbs account for over 60% of where tennis players live. Between 2009 and 2010, participation held steady in cities and suburbs but declined in small towns and rural areas.

Despite the decline in overall participation, play among African Americans, Hispanics and, Asians has increased since 2008.

Participation Rates by Ethnicity		
Ethnicity	2009	2010
White	10.52%	9.39%
African American	6.65%	8.32%
Hispanic	8.80%	12.02%
Asian	19.74%	21.06%

Note: % is based on total tennis participants

Source: 2010 USTA/TIA Participation Study;

Taylor Research & Consulting.

The overall profile of the average tennis player is a white person between the ages 35-49 who lives in the city or suburbs and has a household income of \$75,000 a year or more.

Opportunity	Challenge
Continuing to expand the diversity of tennis players. Sponsoring promotions to make the game more accessible for all ages and ethnicities	Increasing and retaining the frequent player base, which is the key economic driver of the sport.

Segment: Demand – Spending Patterns

Findings

Tennis players exercised caution with their 2010 equipment expenditures – delaying purchases and spending considerably less on equipment compared to the overall population.

The tennis industry appears to have a consumer market that is more cautious than the overall U.S. market.

Consumers planned to increase their spending in 2011.

Category	What did you put off purchasing in 2010?		What do you plan to increase spending on in 2011?	
	Tennis	USA	Tennis	USA
	Players Only	Overall	Players Only	Overall
Equipment Purchase	54.5%	50.2%	39.1%	35.5%
Travel To Take Part in Sports/Recreation	48.5%	38.7%	34.9%	31.5%
Pay to Play Fees	33.9%	29.8%	25.9%	25.8%
Dues for a Health Club	26.1%	26.9%	25.0%	21.4%
Lessons/Instruction	21.4%	20.8%	21.1%	18.5%
Dues for a Country Club	13.6%	13.1%	4.6%	4.2%

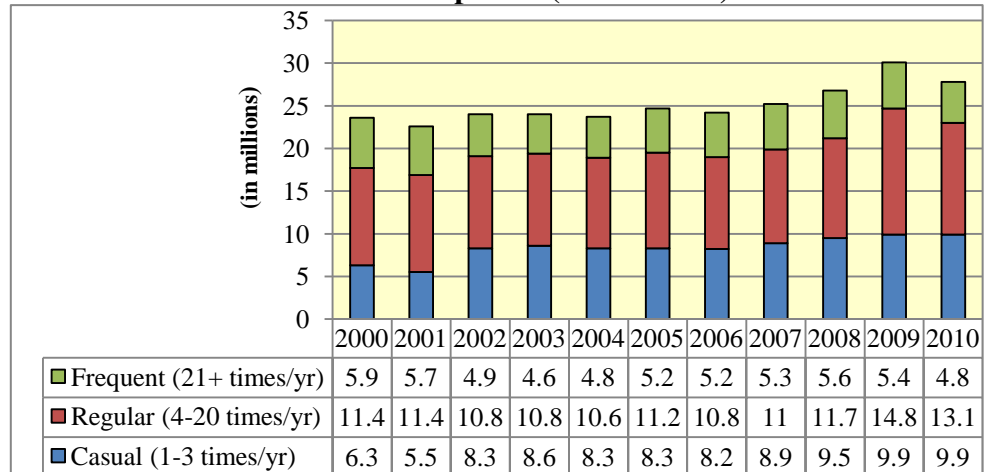
Opportunity	Challenge
Understanding how the notion of ‘value’ is changing for players.	Creating profitability in a value-oriented market.

Segment: Demand – Frequency of Play

Findings

Although participation shows positive linear growth over the long-term, short-term challenges remain. Frequent players have become a smaller proportion of all players over time.

Tennis Participation (2000 – 2010)



Frequent tennis players are key revenue drivers for the industry – creating more frequent players is crucial for long-term success. In 2010, frequent tennis players (those that play 21+ times per year) accounted for 72% of total tennis spending. The profile of a frequent tennis player is as follows:

- Gender: 52% male, 48% female
- Average age: 33 years old
- Place of residence: 43% cities, 29% suburbs
- Ethnicity: 79% White
- Median Household Income: \$98,000

Opportunity

Embracing frequent players and seeking ways to recognize their importance.

Challenge

Keeping the current frequent players engaged, expanding the base beyond five million, and attracting greater diversity.

Segment: Demand – Geographic Breakdown of Tennis Play

Findings

The Mid-Atlantic is a popular region for tennis.

Geographic Breakdown of Tennis Play (2010)				
Region	All Tennis Players		Frequent Tennis Players	
	Segment %	Participation Rate	Segment %	Participation Rate
New England	6.50%	8.90%	6.00%	2.50%
Middle Atlantic	14.20%	6.90%	12.50%	1.80%
East North Central	14.70%	6.30%	12.10%	1.60%
West North Central	7.60%	7.50%	4.80%	1.40%
South Atlantic	20.60%	6.90%	24.70%	2.50%
East South Central	4.10%	4.50%	4.60%	0.02%
West South Central	9.10%	5.30%	11.40%	2.00%
Mountain	5.80%	5.30%	4.30%	1.20%
Pacific	17.50%	7.30%	19.50%	2.50%

Note: % is based on total tennis participants.

Source: 2010 PAC Tennis Participation Report.

Opportunity	Challenge
Relatively strong base of tennis players in the Mid-Atlantic region.	Converting interested tennis players to frequent users.

Segment: Demand - Playing Habits

Findings

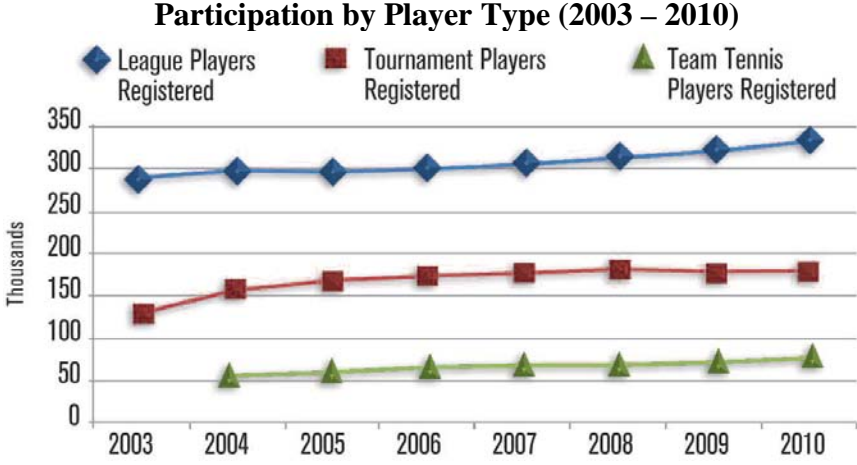
The number of continuing players (those that have played tennis for more than one year), new players (those that have played tennis for the first time in past year) and rejoiners (those that started playing tennis again in past year) are down from 2009.

Participation by Player Type (2003 – 2010)

	2003	2004	2005	2006	2007	2008	2009	2010
Rejoining	5.24	5.29	5.3	4.97	5.48	5.88	6.94	6.32
New Players	5.9	5.74	5.8	6.04	5.73	5.91	7.11	6.55
Continuing Players	12.48	12.61	13.7	13.18	13.92	15.13	16.08	14.94

Opportunity	Challenge
The number of new, continuing, and rejoining players was higher in 2010 than any prior year to 2008.	To expand the total player base in terms of new, continuing, and rejoining players.

Segment: Demand – Leagues, Teams and Tournaments

<p>Findings</p>	<p>Organized competition continues to grow and remains a catalyst for frequent player growth. In 2010, participation in USTA Leagues, Tournaments, and Jr. Team Tennis remained strong despite the slight decline in overall participation.</p> <p style="text-align: center;">Participation by Player Type (2003 – 2010)</p>  <p>From 2004 to 2010, USTA's Tennis on Campus program, which was designed to promote and develop the growth of tennis on college campuses throughout the U.S., has grown 182% to 527 colleges and over 31,600 players.</p> <p>At the recreational level, World Team Tennis (WTT) has experienced sustained positive competitive tennis participation growth since 2003 with a 106% increase in league participation and a 118% increase in national qualifier participants from 2003 to 2010.</p>
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Opportunity	Challenge
Increased tournaments with mandated 2012 rule changes and potential future league growth.	Costs associated with tournament and league play; aging profile of competitive players.



Segment: Supply – Teaching Pros

Finding	Teaching pros indicate steady business and positive outlook for tennis teaching – most expected 2011 to be the same or better.
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Opportunity	Challenge
Significant USTA investment in 10 and Under tennis provides expanded instructional and structured programming income.	Reduced frequent player participation numbers and lowered discretionary spending.

Segment: Supply – Facilities

Findings	<p>According to the TIA national database, there are approximately 270,000 tennis courts in the U.S., the vast majority of which are outdoor courts.</p> <p>Activity at tennis facilities remained stable, despite the sluggish economy and dips in frequent players.</p> <p>According to the <i>Late Season Court Activity Monitor Study</i>, a national facility audit that supplements participation and census reports and measures tennis activity across the country, 54% of facilities indicated they saw an increase in new players, 44% indicated an increase in total courts used/booked, 45% indicated an increase in league play, and 24% indicated an increase in tournament play. However, there is a trend that the increase in new players is leveling off.</p>
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Opportunity	Challenge
Industry initiatives to increase play; USTA facility line grants.	Membership decline and court fee revenues resulting from frequent player drop.

Segment: Supply – Court Contractors

Finding	Court constructors struggled through recession – signs of turnaround at start of 2011 – early indicator of increased player demand.
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Opportunity	Challenge
Mandated rule change for 10 and Under Tennis puts focus on court building and lining.	Economy and limited budgets find many electing to “make-do” with current infrastructure.

Segment: Supply - Retailers

Finding	Tennis retailers, a crucial distribution channel for the industry, face a variety of challenges including a shift in buying habits. Tennis consumer point-of-purchase trends continue to shift from the traditional “over-the-counter” (OTC) market to the internet.
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Opportunity	Challenge
Potential for new customer generation in youth market and future consumers of tennis.	Unsteady economic factors affecting all sectors of spending; reduced margins; internet growth.

Segment: Supply - Manufacturers

Finding	New initiatives present opportunities for manufacturers to convert short-term declines into long-term growth.
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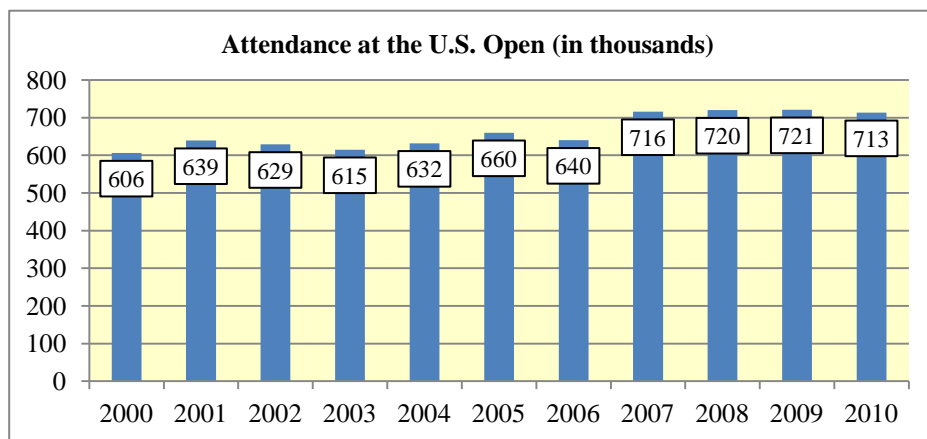
Opportunity	Challenge
Industry initiatives to increase product demand and consumer awareness.	Grounded consumer market; increased manufacturing costs, retailers reducing inventory levels.



Segment: Media/Pro Events

Finding

Despite current economic conditions, fans continue to show strong interest in attending the US Open.



Although 81.5 million unique viewers watched tennis on NBC, CBS, and ESPN 2 in 2010, this number was down by 11%. However, the growth of the Tennis Channel audience may potentially offset all or part of this decline.

Opportunity	Challenge
Tennis has mainstream appeal with positive pro player role models; health and fitness benefits.	Competing sports activities - both traditional and non-traditional, changing consumer viewing habits.

Overall tennis has exhibited long-term stability and its governing bodies continue to actively explore ways to enhance and grow the sport in terms of participation, spectatorship, number/quality of facilities, and financial/economic performance. The next section discusses factors that impact the viability of the proposed new tennis complex in Howard County from a market perspective.

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Market Analysis

Market Overview

It is important to understand the market in which the proposed new tennis complex would operate. As such, this section of the report profiles select market characteristics including demographic/economic data, area employment, accessibility, area lodging supply, and area attractions.

Demographic/Economic Data

Demographic and economic indicators are pertinent to estimating future demand for several reasons. The potential event base is anticipated to be diverse and may include youth and adult recreational/instructional and competitive activities at all levels as well as various civic/community events. Depending on the scope (e.g., local, State, regional, national) and nature of the event (e.g., recreational league play, instructional lessons, competitive tournaments), the facility is anticipated to draw both area residents and out-of-town attendees. Event promoters/producers for certain events focus on population, age, ethnicity and income characteristics when selecting markets to host their events while others place more emphasis on accessibility, the type and quality of facilities provided, and surrounding infrastructure (e.g., hotels, restaurants, attractions, retail, etc.). Typically all event promoters/producers consider the cost to utilize the facility as an important factor in their decision-making. Key demographic statistics were analyzed for Howard County, the Baltimore Metro Area, and the State of Maryland.

Population

Population serves as a base from which events at the proposed new tennis complex can draw attendance and other forms of support. While many local, civic based events tend to attract attendees from a relatively close primary market area (e.g., Howard County), larger sports and entertainment events typically draw attendance from a broader area (e.g., Baltimore Metro Area). Certain events that may be regional, national, and international in scope can draw participants and spectators from an even larger market area.

As a point of reference, the USTA cites that tennis facilities should be planned based on the number of players within six miles or a 15-20 minute drive-time from the site. As such, demographics within a five mile radius of the site location for the proposed tennis complex are also profiled.

Five Mile Radius from Site Location



The Office of Management and Budget (OMB) defines a Core Based Statistical Area (CBSA) as a geographic region that is defined by a significant population center plus its surrounding communities that exhibits a high degree of social and economic assimilation with that center. Metropolitan CBSAs have an urban core of at least 50,000.

The primary market is defined as Howard County and the secondary market is defined as the Baltimore-Towson CBSA (Baltimore Metro Area) which consists of Baltimore City and Anne Arundel, Baltimore, Carroll, Harford, Howard, and Queen Anne's counties.

As shown in the following table, there are approximately 290,000 people in Howard County and more than 2.7 million in the Baltimore Metro Area. In addition, the population within a five mile radius of the site location for the proposed tennis complex is more than 201,000 people or nearly 70% of Howard County's population. Although the population in each of the profiled areas has experienced growth in the last 11 years and is projected to continue to grow through 2016, Howard County has and is expected to continue to grow at a higher rate than the Baltimore Metro Area and the State.

Trends in Population				
Data	Five Mile Radius	Howard County	Baltimore Metro Area	State of Maryland
2000 Census	179,919	247,842	2,552,994	5,296,486
2011 Estimate	201,395	290,000	2,734,093	5,805,777
2016 Projection	209,104	305,612	2,782,112	5,960,097
Average Annual Growth 2000-2011	1.1%	1.5%	0.6%	0.9%
Average Annual Growth 2011-2016	0.8%	1.1%	0.4%	0.5%

Source: Claritas.

Age Distribution

Analysis by age group is helpful since certain events and programs are targeted toward participants and spectators who fall within specific age categories. For instance, 10 and Under Tennis using the QuickStart tennis play format is an important USTA initiative to introduce kids to the game of tennis and hopefully grow both the base and frequency of play over the long-term. Jr. Team Tennis is a recreational tennis league for ages 6-18 year old.

As shown in the following table, the age distribution for the estimated 2011 population figures is relatively consistent among the profiled geographic areas. Approximately 13% of the population in each of the profiled areas is under the age of 10 years old and one-quarter of the population is under the age of 18 years old.

2011 Estimated Population by Age								
Age Category	Five Mile Radius		Howard County		Baltimore Metro Area		State of Maryland	
	Number	%	Number	%	Number	%	Number	%
Under 10 Years Old	26,240	13.0%	38,356	13.2%	350,093	12.8%	763,885	13.2%
10 - 17 Years Old	23,384	11.6%	36,247	12.5%	286,664	10.5%	620,469	10.7%
18 - 34 Years Old	42,882	21.3%	57,797	19.9%	631,482	23.1%	1,305,956	22.5%
35 - 54 Years Old	61,382	30.5%	90,832	31.3%	780,676	28.6%	1,680,113	28.9%
55+ Years Old	47,508	23.6%	66,768	23.0%	685,178	25.1%	1,435,354	24.7%
2011 Estimated Median Age	37.8		38.0		37.7		37.7	

Source: Claritas.

Ethnicity

As shown in the table that follows, approximately 61% of the population in both Howard County and the Baltimore Metro area is White. Approximately 17.5% of the population in Howard County is Black/African American compared to 28.6% in both the Baltimore Metro area and the State. The remaining population is distributed among other classifications such as Asian, Hispanic/Latino, American Indian or Alaska Native, Native Hawaiian or Other Pacific Islander, or multiple races. Twenty-three percent (23%) of the population base within a five mile radius of the site is Black/African American. As mentioned in the trends analysis, the USTA places strong emphasis to incorporate diversity and inclusion at all levels including tennis program participation as well as the recruitment and retention of staff and volunteers.

2011 Estimated Population by Single Race Classification								
Category	Five Mile Radius		Howard County		Baltimore Metro Area		State of Maryland	
	Number	%	Number	%	Number	%	Number	%
White	111,209	55.2%	177,247	61.1%	1,676,514	61.3%	3,266,392	56.3%
Black/African American	46,340	23.0%	50,735	17.5%	780,849	28.6%	1,661,359	28.6%
Asian	25,695	12.8%	36,525	12.6%	109,228	4.0%	300,250	5.2%
Hispanic or Latino	11,731	5.8%	16,224	5.6%	103,910	3.8%	434,008	7.5%
Multiple Races	5,401	2.7%	7,721	2.7%	50,682	1.9%	115,824	2.0%
American Indian and Alaska Native	407	0.2%	668	0.2%	7,515	0.3%	14,920	0.3%
Other Race	519	0.3%	747	0.3%	4,101	0.1%	9,847	0.2%
Native Hawaiian and Other Pacific Islander	94	0.0%	133	0.0%	1,294	0.0%	3,177	0.1%
Total	201,396	100.0%	290,000	100.0%	2,734,093	100.0%	5,805,777	100.2%

Source: Claritas

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 participation in, travel to, and admission to sports, cultural and entertainment events.

As shown in the table below, the estimated 2011 median household income in Howard County (\$95,800) is significantly higher than both the Baltimore Metro Area (\$63,200) and the State of Maryland (\$67,100). In addition, approximately 47% of the households in Howard County have income levels of at least \$100,000 compared to 39% within a five mile radius of the site.

2011 Estimated Households by Household Income								
Income Category	Five Mile Radius		Howard County		Baltimore Metro Area		State of Maryland	
	Number	%	Number	%	Number	%	Number	%
Less than \$25,000	7,036	9.3%	7,166	6.8%	187,477	17.8%	339,362	15.5%
\$25,000 to \$34,999	4,864	6.4%	4,914	4.7%	91,652	8.7%	178,145	8.1%
\$35,000 to \$49,999	8,309	11.0%	9,147	8.7%	139,769	13.3%	283,915	13.0%
\$50,000 to \$74,999	14,256	18.8%	17,337	16.5%	203,349	19.3%	427,485	19.6%
\$75,000 to \$99,999	11,996	15.8%	16,868	16.0%	151,913	14.4%	324,601	14.8%
\$100,000 to \$149,999	16,339	21.6%	24,907	23.7%	169,092	16.1%	373,603	17.1%
\$150,000 or more	12,993	17.1%	24,874	23.6%	109,061	10.4%	259,502	11.9%
2011 Estimated Median Household Income	\$82,200		\$95,800		\$63,200		\$67,100	
2011 Estimated Average Household Income	\$101,400		\$118,700		\$81,000		\$86,200	
2011 Estimated Per Capita Income	\$38,600		\$43,400		\$31,500		\$32,800	

Source: Claritas.

Area Employment Base

A broad workforce distribution helps lessen a community's dependency on support from any one single industry segment. Industry diversification also 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. While Howard County offers employment in various industries, employment data shown in the table below indicates that 46% of the workforce is concentrated in two main industries: professional/business services and trade, transportation and utilities.

Employment by Industry for Howard County (2009, By Place of Work)		
Industry	Total Jobs	% of Total
Professional & Business Services	34,274	24%
Trade, Transportation and Utilities	31,668	22%
Government	17,836	12%
Education & Health Services	14,695	10%
Leisure & Hospitality	12,225	9%
Construction	10,079	7%
Financial Activities	8,271	6%
Manufacturing	6,018	4%
Other Services	4,384	3%
Information	3,662	3%
Natural Resources and Mining	468	0%
Total	143,580	100%

Notes: Sorted in descending order by total jobs.

Includes civilian employment only.

Source: Maryland Department of Business and Economic Development (DBED).

According to DBED, total jobs in the table above exclude those who are self employed, involved in agriculture, armed forces, elected officials, and student workers.

The U.S. Bureau of Labor Statistics (BLS) reported that the preliminary unemployment rate for Howard County was 5.4% in September 2011 which was significantly lower than that for the entire State of Maryland (7.2%) and the U.S. (8.8%).

As shown in the adjacent table, Howard County Public Schools, Johns Hopkins, and Howard County Government are the major employers in the County.

Principal Employers in Howard County (2010)	
Employer	Employees
Howard County Public Schools	7,427
Johns Hopkins Applied Physics Laboratory	4,600
Howard County Government	2,857
Howard County Community College	2,375
Verizon Wireless	2,028
Lorien Health Systems	2,000
Giant Food, Inc.	1,950
Howard County General Hospital	1,806
U.S. Government	1,600
Columbia Association	1,600
Northrop Grumman	1,200
SAIC	1,060
Total	30,503

Source: Maryland Department of Business and Economic Development.

This local business environment is further augmented by the presence of major employers throughout the Baltimore Metro Area. For instance, although Fort Meade is located in Anne Arundel County, approximately 22% of Howard County residents work at Fort Meade, making it the largest single employer of residents. The Howard County BRAC (Base Realignment and Closure) Task Force reports that BRAC will add 42,000 jobs between 2007 and 2015. Given its geographic proximity, strong school system, and overall quality of life, Howard County is well-positioned to benefit from the overall planned growth at Fort Meade in terms of jobs, economic growth, and population growth.

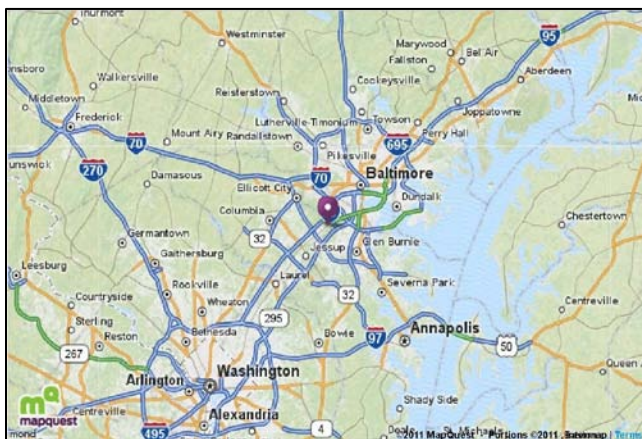
Although the broader region represents additional businesses that could potentially purchase tickets, premium seating, advertising and/or sponsorships at the proposed new tennis complex, this support will likely be relatively sporadic and dependent on a specific event such as a WTA International level event like the Citi Open or an ATP World Tour 500 level event such as the Legg Mason Tennis Classic.

Accessibility

Accessibility, particularly via highway, is typically an important factor to the overall success of sports complexes, particularly in suburban settings. In addition, the location and accessibility of a facility relative to the population base can impact its marketability for certain types of events such as competitive tournaments.

As shown in the maps that follow, Howard County is located along the I-95 corridor and has excellent accessibility to other State and regional locations. Howard County is located proximate to Baltimore and Washington, D.C. and within 200 miles of New York, Philadelphia, and Richmond. In addition, the site for the proposed tennis complex is adjacent to I-95 and Route 100 which is a prime location.

Area Highway Accessibility



Regional Highway Accessibility



Air access can be a consideration for attracting certain regional and national events to the proposed new tennis complex. Although Howard County is serviced by three major airports, the Baltimore Washington International Airport (BWI) is approximately 10 miles from the proposed tennis complex's site location.

The Federal Aviation Administration (FAA) defines enplanements as domestic, territorial and international passengers who board an aircraft in scheduled and non-scheduled service of aircraft. The adjacent table shows that the number of passenger enplanements at BWI has increased each of the last two years.

Passenger Enplanements at the Baltimore Washington International Airport		
Year	Enplanements	% Change
2006	10,297,600	4.8%
2007	10,487,800	1.8%
2008	10,215,200	-2.6%
2009	10,339,000	1.2%
2010	10,848,600	4.9%
Average	10,438,000	
5-Year Change	5.4%	

Source: Federal Aviation Administration.

Hotel Supply

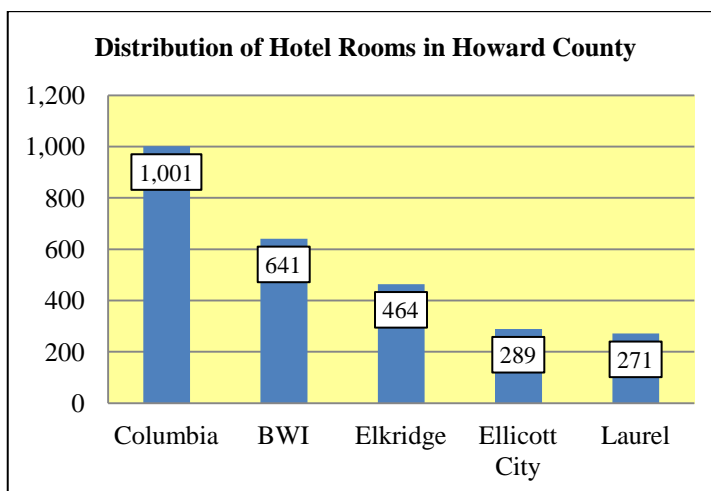
The diversity and supply of available hotel rooms proximate to the proposed new tennis complex can be an important factor in attracting certain events, accommodating participants and spectators, generating room nights, and increasing hotel/motel tax collections. According to the *Howard County Meeting Planner Guide* and as shown in the table that follows, there are nearly 2,700 hotel rooms in the area, not all of which are located in the County.

Area Hotel Supply	
Hotel Property	Rooms
Sheraton Columbia Town Center Hotel	290
Hilton Baltimore/BWI Airport	280
Conference Center at the Maritime Institute	232
Holiday Inn Columbia	175
Turf Valley	171
Homewood Suites by Hilton, Columbia	150
Courtyard by Marriott Columbia	140
Best Western Plus	133
Doubletree Columbia	133
Wingate by Wyndham BWI Airport	129
Staybridge Suites	118
Springhill Suites by Marriott, Columbia	117
Residence Inn by Marriott	108
Hilton Garden Inn	98
Holiday Inn Express Hotel & Suites	98
Quality Inn & Suites	96
Hampton Inn Columbia	85
Comfort Suites Columbia Gateway	83
Columbia Inn at Peralynna	20
The Wayside Inn	6
The Obladi	4
Total	2,666

Note: Sorted in descending order by number of rooms.

Source: Howard County Meeting Planner Guide.

Relative to geographic location, approximately 38% of the hotel supply is located in Columbia and 24% near the BWI Airport. Less than 500 rooms are located in Elkridge.



Area Attractions

When attendees are not at event-related functions, the available cultural and entertainment options are another factor event producers consider when selecting a destination for their event. In addition, event attendees consider attractions when deciding whether to bring the family and/or friends along to their event as well as in determining their length of stay.

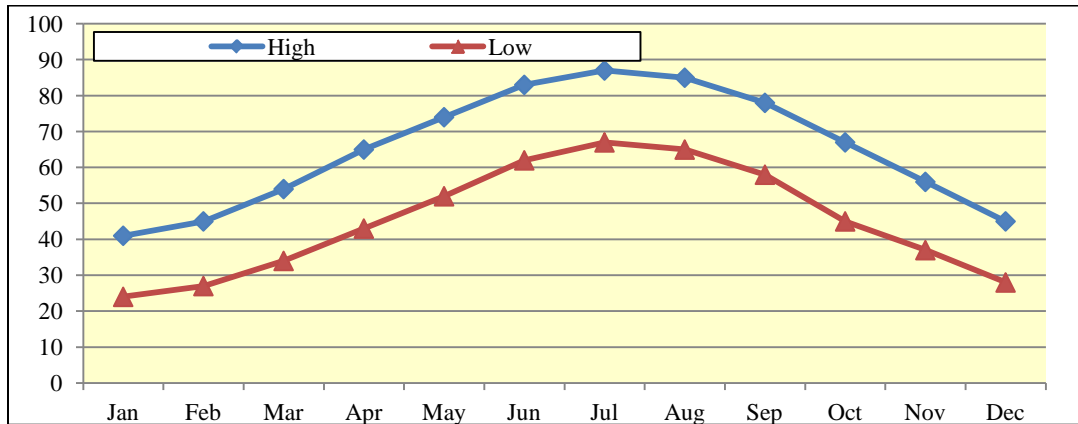
Howard County offers a variety of leisure-time options for both participants and spectators including, but not limited to, the B & O Railroad Museum: Ellicott City Station, Bollman Truss Bridge, Columbia Archives, Columbia Art Center, Historic Savage Mill Howard County Historical Society Museum, Maryland Civil War Trails and Patapsco Valley State Park.

Other area attractions include, but are not limited to, Howard County Center for the Arts, Columbia Festival of the Arts, Benjamin Banneker Historical Park & Museum, Lake Elkhorn, Lake Kittamaqundi, Columbia Horse Center, Columbia Ice Rink as well as several County and Regional parks and recreation facilities. In addition, Howard County offers a variety of shopping options ranging from small boutiques to antique stores to large retail stores.

Climate

Climate can play a factor in the marketability of outdoor venues such as tennis complexes. As shown in the following graph, weather in Baltimore is relatively moderate approximately nine months of the year which makes it attractive for outdoor events. Offering indoor courts will mitigate potential bad weather and increase the facility's overall marketability.

Average Monthly Temperature in Fahrenheit



Source: rssWeather.com.

Area Facilities

Understanding the supply of existing and planned facilities in the area and the degree to which they meet the needs of target market segments are important considerations when evaluating potential demand opportunities for the proposed new tennis complex. Program elements (e.g., the number of indoor/outdoor courts, lighting, playing surface, etc.), configuration, age, market focus, and date availability are factors that impact how competitive area facilities may be to the proposed new tennis complex in Howard County.

As mentioned previously, the USTA cites that tennis facilities should be planned based on the number of players within six miles or a 15-20 minute drive-time from the site. The USTA suggests that a good “rule of thumb” is that most markets can support one court for every 10,000 people. Using this formula, approximately 20 and 30 courts would be required within a five mile radius and within the County, respectively.

Other factors to consider when evaluating the number of tennis courts to build at a new facility are the number of other tennis courts available to the population base, the popularity of tennis in the community, as well as tennis programming planned to take place on the courts including the amount and length of play by tennis players.

Research indicates there are more than 160 tennis courts in Howard County which are summarized in the table below. As shown, the only indoor courts in the County are located at private/membership facilities.

Inventory of Existing Tennis Facilities in Howard County											
Howard County Schools	Number of Courts			Private/Membership	Number of Courts			HCRP	Number of Courts		
	Outdoor	Indoor	Total		Outdoor	Indoor	Total		Outdoor	Indoor	Total
River Hill High School	8	0	8	Owen Brown Tennis Club (CA)	12	0	12	Centennial Park West	5	0	5
Howard High School	7	0	7	Wilde Lake (CA)	11	0	11	Cedar Lane Park	4	0	4
Atholton High School	5	0	5	Circle D Farm	6	4	10	Hammond Park	4	0	4
Glenelg High School	5	0	5	Forest Hills Swim & Tennis Club	10	0	10	Rockburn Branch Park	4	0	4
Centennial High School	4	0	4	The Racquet Club at Hobbit's Glen (CA)	6	0	6	Savage Park	4	0	4
Hammond High School	4	0	4	Glenelg Country School	5	0	5	Schooley Mill Park	4	0	4
Long Reach High School	4	0	4	Owen Brown Tennis Bubble (CA)	0	5	5	Alpha Ridge Park	2	0	2
Marriott's Ridge High School	4	0	4	Cattail Creek Country Club	5	0	5	Centennial Park North	2	0	2
Mount Hebron High School	4	0	4	Athletic Club (CA)	0	4	4	Cypressmede Park	2	0	2
Oakland Mills High School	4	0	4	Turf Valley Resort	3	0	3	Guildford Park	2	0	2
Reservoir High School	4	0	4	Atholton Swim Club	2	0	2	Meadowbrook Park	2	0	2
Wilde Lake High School	4	0	4					Waterloo Park	2	0	2
Dayton Oaks Elementary School	2	0	2					Centennial Park East	2	0	2
Thunder Hill Elementary School	2	0	2					Vantage Point Park	2	0	2
Total	61	0	61	Total	60	13	73	Total	41	0	41
Average	4.4	0.0	4.4	Average	5.5	1.2	6.6	Average	2.9	0.0	2.9

Notes: Sorted in descending order by total number of courts.

CA denotes Columbia Association.

Sources: Howard County Recreation & Parks, Maryland Office of Sports Marketing.

Public School Courts - There are 61 school tennis courts at 14 different school sites in Howard County. The number of courts range from two at Dayton Oaks Elementary School and Thunder Hill Elementary School to eight at River Hill High School. Eight of 14 schools have four courts and the average number of courts per school is 4.4. None of the 61 school courts are lighted which limits their marketability. These courts are reserved for the exclusive use of the schools but can be used for walk-on play if available. They are not typically reserved in advance for tournament-type play.

Private Courts – The following summarizes attributes of select private courts in Howard County that offer a larger number of total courts and/or indoor tennis courts.

- Columbia Association (CA) a planned community with over 97,000 residents and 10 self-contained villages. The CA offers diverse recreational, cultural and community services. Tennis is one of the most popular sports in Columbia which offers the following three tennis clubs:
 - Owen Brown Tennis Club with 12 hard-surface lighted courts and five indoor courts covered by a bubble structure
 - Wilde Lake Tennis Club with 11 hard-surface lighted courts
 - Racquet Club at Hobbit's Glen with six Hard-Tru courts

The tennis membership program offers year-round lessons, programs and leagues for adults and children. In addition, the Columbia Athletic Club has four indoor courts which are available to members of the Columbia Athletic Club or one of the package plans. There are also outdoor courts located throughout village in the CA. While anyone can purchase a CA membership, people residing or working full-time on property protected by CA covenants can receive a discount on membership prices which vary by type.

- Forest Hills Swim & Tennis Club is a private membership club in Ellicott City that offers 10 outdoor courts (eight hard courts and two clay courts). Eight of the ten courts are lighted. The tennis program offers instructional, social and, competitive activities at different levels for all ages including lessons, camps, round robins, and social and interclub events.
- Circle D Farm is a privately held tennis, fitness, and banquet center in Woodbine. There are 10 hard courts – four are indoor courts and six are outdoor courts. Yearly tennis memberships are available but non-members can also reserve indoor court time. Non-members are not permitted to utilize the outdoor courts.
- Glenelg Country School is a private school with 800 students which has five outdoor courts on its campus. The school has programs beginning at pre-k through grade 12. The girls' tennis program plays in the Fall season and the boys' tennis program play in the Spring.

Howard County Recreation and Parks Department - HCRP oversees 41 courts at 14 locations. The number of courts ranges from two at multiple locations to including Alpha Ridge Park and Waterloo Park to five courts at Centennial Park West. The average number of courts per location is 2.9. Thirteen (13) or 32% of the 41 courts have lights. Lessons are held in the spring, summer and fall for adults and children which are booked by HCRP, a local teaching professional, and Baltimore Tennis Patrons. Children's camps are available during Spring Break and Summer.

Other Select Area Tennis Facilities

The table below summarizes select area tennis facilities, all but two of which offers indoor courts. Most of these facilities also host some events that would potentially be a target for the proposed new Troy Park tennis complex. As shown, six of the 10 profiled facilities are private, membership clubs and three are operated by the Maryland-National Capital Park and Planning Commission (M-NCPPC).

Profile of Other Select Area Tennis Facilities					
Facility	Location	Operator	Number of Courts		
			Outdoor	Indoor	Total
Tennis Center at College Park	College Park	University	15	12	27
McDonough School	Owings Mill	Private	20	0	20
Olney Manor Recreational Park	Olney	M-NCPPC	18	0	18
Green Spring Racquet Club	Lutherville	Private	0	14	14
API Club (formerly Severn Valley Tennis & Fitness Club)	Gambrills	Private	3	9	12
Pauline Betz Addie Tennis Center	Bethesda	M-NCPPC	0	6	6
Wheaton Regional Park	Wheaton	M-NCPPC	0	6	6
Tuscarora Tennis Barn	Frederick	Private	2	4	6
Forty West Racquet Club	Catonsville	Private	0	4	4
Twin Lakes Racquet Club	Baltimore	Private	0	3	3
Total			58	58	116
Average			5.8	5.8	11.6

Note: Sorted in descending order by total number of courts.

Source: Primary and secondary research.

The following provides a brief description of each facility.

Tennis Center at College Park

Opened in 1999, the Tennis Center at College Park (TCCP) has 27 tennis courts, a running track, fitness center, clubhouse with retail shop, locker rooms, lounge, classrooms, and administrative offices. There are 12 indoor tennis courts - eight are hard courts and four are Har-Tru clay courts. There are 15 outdoor courts with nine being hard courts, four are Har-Tru clay courts and two French-style red clay courts. It also features a Pro Shop and lounge area for players. The TCCP has two distinct sections: 1) a private, membership-based operation that is privately owned; and 2) the Junior Tennis Champions Center (JTCC). There are approximately 350 club members and over 100 participants in the JTCC.

The TCCP was constructed through a non-profit organization led by a private citizen, Ken Brody. The JTCC leases court time to the for-profit, private member-based club. The JTCC's goal is to identify talented and highly motivated young people and teach them to excel on the tennis court and in the classroom.

The TCCP is a USTA Certified Regional Training Center, home to men's and women's University of Maryland Tennis teams, and was the host site for the inaugural 2011 Citi Open WTA professional tournament.

McDonough School

Located in Owings Mill, McDonogh is a coeducational day and boarding college preparatory school. The school has 20 outdoor tennis courts that support their girls and boys tennis programs. None of the courts have lighting. Both the girls and boys tennis programs have middle school, junior varsity and varsity programs. The girls compete in the IAAM league and the boys compete in the MIAA league. The school has a long history of hosting USTA, USTA Maryland, IAAM, and MIAA events as well as summer tennis camps. Current tournaments hosted by the McDonogh School include:

- Baltimore Wheelchair Tennis Classic
- IAAM Championships
- MIAAM Individual Championships
- Maryland State Junior Outdoor Championships
- McDonogh Junior Open
- The New England – Mid-Atlantic Invitational
- USTA BG12 National Open

As discussed later in more detail, this facility would be a primary competitor for tournament activity with the proposed new Troy Park tennis complex. However, offering first-class, lighted courts would likely place the proposed Troy Park tennis complex in a favorable position for attracting certain events.

Olney Manor Recreational Park

Located in Montgomery County and operated by the M-NCPPC, Olney Manor Recreational Park features a variety of ball fields, basketball, handball, a skate park, dog park, playground, and an indoor swim center. There are 18 outdoor tennis courts which are actively programmed through the M-NCPPC. USTA Maryland play a portion of their Adult League Championship at Olney Park. Although Olney Manor Recreational Park offers the third highest number of courts, none are indoor.

Green Spring Racquet Club

The Green Spring Racquet Club in Lutherville is the largest indoor tennis facility in the Mid-Atlantic Region with 14 tennis courts. This facility is a private, membership club that hosts various tennis activities including USTA League play, junior tennis academy, and Quick Start programs.

API Club

Located in Gambrills, the API Club was formerly known as the Severn Valley Tennis & Fitness Club. The private, membership club has nine indoor courts (three of which are Har-Tru courts) and three outdoor courts. There is a group fitness studio, free weights, circuit training, and a cardio and aerobics center. As of November 1, 2011 the owners of Severn Valley leased the club and the business to Athletic Performance, Inc., a fitness training focused group. There are discussions that some of the indoor courts may be converted to fitness training facilities.



Pauline Betz Addie Tennis Center at Cabin John Regional Park

Pauline Betz Addie Tennis Center features six indoor tennis courts, a lounge area, and two locker rooms with showers. It is located in Bethesda, Montgomery County and operated by M-NCPPC. There are many tennis programs offered for adults and children by the M-NCPPC tennis staff. Seasonal court time at Pauline Betz Addie Tennis Center runs from early September through mid-April and requires a lottery for the majority of court times.

Wheaton Regional Park

Wheaton Regional Park features six indoor tennis courts with central air and heating, new lighting and locker rooms with showers. It is located in Wheaton, Montgomery County and is operated by M-NCPPC. There are many tennis programs offered for adults and children by the M-NCPPC tennis staff. Similar to Pauline Betz Addie Tennis Center, seasonal court time at the Wheaton Indoor Tennis Center runs from early September through mid-April and requires a lottery for the majority of court times.

Tuscarora Tennis Barn

The Tuscarora Tennis Club is a private, membership based club located in Frederick. It has four indoor courts and two outdoor courts. It features private lessons, league play, a Pro Shop, locker rooms with showers, observation deck, and a childcare area.

Forty West Racquet Club

Located in Catonsville, Forty West Racquet Club is a private, membership based club with four indoor tennis courts.

Twin Lakes Racquet Club

Located in Baltimore, Twin Lakes features “tennis and hoops” with three indoor tennis courts, a basketball / tennis interchangeable court, two full-size basketball courts, and three mini-courts. This is a private, membership based club that features league play, tournaments, junior development programs, summer camps, and private lessons. Non-member hourly court rates are available.

Proposed Facility in Montgomery County

In addition to the existing tennis facilities profiled above, it is our understanding that the M-NCPPC has entered into an agreement with Jack Schore Tennis, LLC (JST) to develop, finance, construct, operate, and maintain a tennis complex on nine acres in the South Germantown Regional Park (SGRP) in Montgomery County. Phase one of the construction is anticipated to offer eight indoor courts permanently covered by a “bubble” structure; four new outdoor lighted courts (in addition to the two existing on-site courts); 1,600 square foot clubhouse; and 42 parking spaces. The approximate cost is anticipated to be \$3.2 million. The project will be privately financed with Montgomery County providing the land. Based on mutual agreement between JST and the M-NCPPC, Phase II is anticipated to include four additional indoor courts, two additional lit outdoor courts and a fitness center.

Area Meeting and Entertainment Facilities

As currently envisioned, the indoor tennis court area at the proposed tennis complex can also be converted into 30,000 square feet of multi-purpose space. Other non-tennis related activities such as entertainment acts, banquets/socials, and civic/community events are assumed to occur in the community center component and, as such, event activity and related revenues and expenses are not reflected in this analysis. As a point of reference, the following profiles select event facilities in Howard County and the immediate area that currently accommodate these types of events.

Turf Valley is a 1,000-acre resort that has 171 guest rooms, including over 70 suites. The facility's 27 meeting and event rooms offer over 40,000 square feet of space, with versatile floor plans that can accommodate up to 800 people. The Grand Ballroom has nearly 9,500 square feet of function space which is divisible into three separate conference rooms and the Waterford Ballroom offers over 3,300 square feet of space with an adjoining reception area. The facility also has an amphitheatre which can hold up to 75 people. The resort features two championship 18-hole golf courses, two swimming pools, three tennis courts, and a luxurious spa.

Hebron House is an historic event facility situated on eight acres. The first floor of the house features five large rooms which open up and allow seating for 50 people or 115 for a non-seated event. The facility also features an outdoor amphitheater.

The Conference Center at the Maritime Institute, located in nearby Anne Arundel County, is an 80-acre campus featuring over 230 guest rooms and 300,000 square feet of meeting space. The facility offers 55 meeting rooms, a 350-seat auditorium, 50-seat planetarium, an onsite computer lab, and a 500-seat dining room.

Merriweather Post Pavilion is located in Columbia within 40 preserved acres known as Symphony Woods. The natural, outdoor concert setting gives it a unique marketability. Opened in 1967, maximum capacity at the Pavilion is approximately 19,000 through a combination of fixed seats and a large lawn area. The facility is managed by the owners of IMP Productions, the independent concert promotion company that runs the popular 9:30 Club in Washington, D.C.

Although the broader Baltimore Metro Area offers a diverse supply of sports/entertainment and exhibit/meeting facilities, Howard County offers relatively limited event space.

Potential Demand Generators

In order to assist the MSA and the County assess demand for the proposed new tennis complex, input was obtained from potential users. Based on the County's objectives for the facility and the current building program under consideration, usage is anticipated to be diverse and include the following type of tennis-related activities:

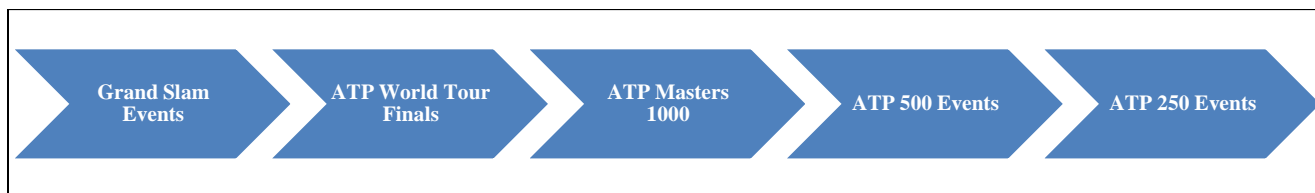
- USTA/ATP/WTB tournaments
- USTA league play
- Local league play
- 10 Year & Under QuickStart
- USTA Junior Team Tennis
- Scholastic/collegiate tennis
- Tournaments/events
- Wheelchair tennis
- Challenge ladders
- Instructional tennis
- Clinics/camps
- Open court time

Interviews were conducted with more than 60 potential users to gauge their interest in hosting events at the proposed new tennis complex as well as to understand their program requirements and event characteristics. 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 Troy Park tennis complex.

The Legg Mason Tennis Classic – ATP

The Legg Mason Tennis Classic (LMTTC) is an ATP World Tour 500 event that is held annually at the William H.G. Fitzgerald Tennis Center in Rock Creek Park. Rock Creek Park and the Tennis Center are part of the National Park Service (NPS) and the property is managed by the NPS. The nine-day tournament is held in early August. The tournament has been held since 1969 and benefits the Washington Trust & Education Foundation (WTEF) which is an organization designed to help disadvantaged youth through tennis. Lagardere Unlimited is the event promoter and handles all financial and operational details of the tournament through the WTEF which holds the sanction. Lagardere Unlimited is also the player representative for many athletes including tennis players Andy Roddick and Caroline Wozniacki. There are additional events associated with the tournament including Dream for Kids Tennis Clinic, National Parks Recreation Family Day, Military Appreciation Day, USTA Member Appreciation Day, WTEF Pro-Am, Chef's Challenge, Robert Mondavi Wine Tasting event, and a Corona Alumni Night event.

The following graphic depicts ATP World Tour Event Designations:



Below the ATP World Tour events, there are ATP Challenger Tour events and Futures tournaments.

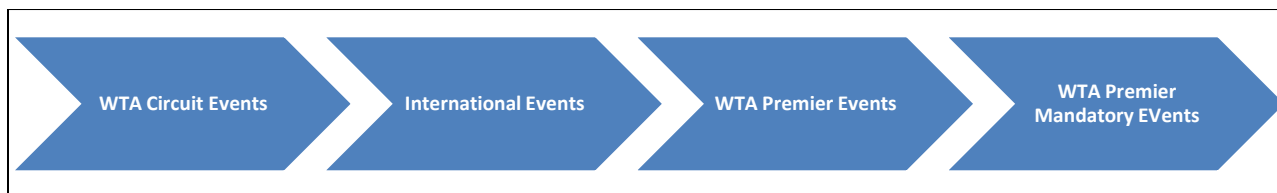
The LMTC, one of 11 ATP World Tour 500 level events, has nearly \$1.2 million in prize money. Memphis is the only other U.S. city hosting an ATP World Tour 500 level event which is a combined event with the WTA. Prize money at that event is also more than \$1.2 million. As an ATP World Tour 500 level event, the LMTC is considered one of the top 20 men's tournaments worldwide. These tournaments have a top player commitment, offer high point totals for the champion that count toward rankings, and significant prize money. The LMTC is part of the Olympus US Open Series which links nine summer tournaments over the course of six weeks and culminates with the US Open in Flushing Meadows, New York.

The event promoter has indicated interest in potentially relocating this tournament to the proposed new Troy Park tennis complex in the future if the program met the tournament's needs and if certain logistical issues could be resolved. In addition, the event promoter indicated that it would take time to grow the event at a new venue so the complete desired program of 8,000 seats would not be required immediately. With an appropriate facility, the event could be hosted at the proposed new Troy Park tennis complex with a minimum of four to six months lead time.

Citi Open – WTA

The Citi Open had its inaugural year in 2011. The nine-day event was held at the Tennis Center at College Park in late July. Based on the U.S. professional tournament summer schedule, the Citi Open's date positions players for the US Open in September. As with the LMTC, the tournament promoter is Lagardere Unlimited. The sanction is owned by Octagon and is leased to Lagardere on a long-term basis.

The following graphic depicts the general structure of WTA tennis tournaments:



The WTA has 20 Premier Level events, four of which are Premier Mandatory events requiring all Top 10 ranked players to participate in the tournament. BNP Paribas Open in Indian Wells and Sony Ericsson Open are two of the four Premier Mandatory events and they each offer a minimum of \$4.5 million in prize money. The Family Circle Cup in Charleston (\$721,000), Bank of the West Classic at Stanford University (\$721,000), the Mercury Insurance Open at Carlsbad (\$721,000) and the New Haven Open (\$618,000) are also Premier events.

The Citi Open at College Park is one of the WTA's 31 International level events, each of which offers a minimum prize level of \$220,000. Other U.S. cities hosting International level events include Memphis (combined event with an ATP event) and Dallas.

WTA expressed definitive interest in relocating this event to the proposed new Troy Park tennis complex and would need relatively limited lead time to do so. A seating capacity of 5,000 is desired in order to grow the event and meet anticipated long-term demand.

USTA

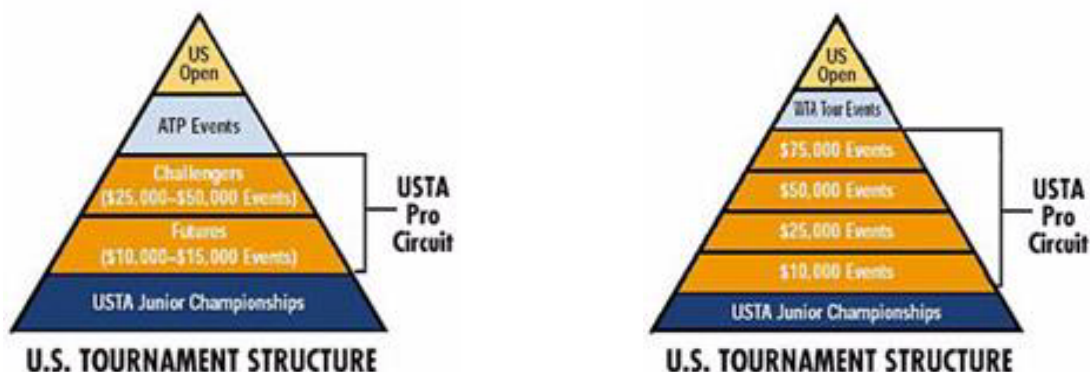
The USTA has multiple events that represent potential demand generators for the proposed Troy Park tennis complex. These events utilize multiple outdoor courts and require the availability of indoor courts as potential back-up in the case of inclement weather. Some of these events require more courts than that proposed tennis complex currently plans to offer which would require a partnership with a nearby facility with quality courts that are accessible during tournament dates.

The USTA League is changing its structure and format for the 2013 National Championships. Under the new structure, the USTA League National Championships will be broken into new age group categories which is expected to bring greater participation in league play. Although some tournaments may undergo name changes, no change is anticipated relative to how tournaments will be staged.

USTA Pro Circuit Events

The USTA stages 90 Pro Circuit events annually. These professional developmental events are avenues for apprentice-level professionals into the larger international game. There are 40 women's events and 50 men's events with players from more than 17 different countries. The men's circuit has two types of events – the Futures and the Challengers. Futures tournaments are professional tournaments offering \$10,000 to \$15,000 in prize money and are typically for top-ranked juniors, college players and professionals at the beginning of their careers. Challenger tournaments offer \$25,000 to \$50,000 in prize money and serve as a bridge between the Futures and the ATP tour. The Women's circuit consists of \$10,000, \$25,000, \$50,000 and \$75,000 tournaments.

Pro Circuit events run 10 days over the course of two weekends. The number of required courts is based on the level of tournament and number of players and typically ranges from six to 13. These events represent moderate potential to be hosted at the proposed new Troy Park tennis complex.



USTA League National Championships

Each year the USTA sanctions five different types of national tournaments designed for not only the top level juniors in the country, but also those who have achieved some success in their Sectional Association and desire to enter tournaments where they can play juniors from other parts of the country. Tournaments are held for boys and girls in the 12-and-under, 14-and-under, 16-and-under, and 18-and-under age divisions. Competitions include:

- USTA National Championships – the highest level of national junior competition which ranges from draws of 128 to 192 depending on the championship and/or age group
- USTA National Opens - the second highest level of national junior competition with a singles draw size of 32
- USTA Team Championships – two levels of national competitions that give players the experience of representing their Section and playing on a team with other junior players
- USTA Regional Tournaments - the third level of national junior competition with draws of 64 or 32 players
- USTA International Tournaments

In general, USTA League national championship requirements include:

- 25 hard courts – the majority of which should be lit courts and the total number of courts should not be located at more than two facilities
- Seating for spectators, appropriate bathroom facilities and an area for the tournament desk including wi-fi
- Courts must be within close proximity (defined as within two miles) to reasonably priced full-service hotels (e.g., \$100-\$130 per night)
- Hotel must offer a ballroom or outdoor party space that can accommodate player parties of 400+; storage space for numerous supplies and boxes; and conference rooms for registration and meetings

USTA League National Championships may be difficult to attract to the proposed new tennis complex given the program and hotel requirements. The National Open events three-day tournaments that are held four times a year - February, May, July and November. Currently, two of the National Open events held in May play in Maryland - the McDonough School in Owings Mills hosts a Boys' and Girls' 12-and-under National Open and the Tennis Center at College Park hosts a Boys' and Girls' 14-and-under National Open. Several levels of these tournaments represent potential events for the proposed new Troy Park tennis complex on some type of rotational basis.

USTA Mid-Atlantic Section (USTA MAS)

The USTA Mid-Atlantic Section (USTA MAS) is one of 17 sections of the USTA. It has been a part of the official governing body for tennis in America since 1923. The USTA MAS serves almost 40,000 members in the District of Columbia, Maryland, Virginia, and eastern and southern West Virginia. It is a not-for-profit that focuses on promoting tennis by offering recreational and competitive programs for people of all ages and abilities.

As shown in the following table, membership in the USTA MAS has steadily increased between 2007 and 2010. On average, one-half of members are league players.

USTA Mid-Atlantic				
Year	Members		League Players	
	Number	% Change	Number	% Change
2007	35,927		17,708	
2008	36,483	2%	18,432	4%
2009	37,913	4%	19,135	4%
2010	38,242	1%	19,507	2%
2011	39,903	4%	17,508	-10%
Total	188,468		92,290	
Average	37,694		18,458	

The following table illustrates the breakdown of league participation for USTA-Mid-Atlantic for Howard County and four surrounding counties. While Montgomery County had a higher number of registered participants, Howard County had a higher market penetration rate.

2010 League Participation Numbers for USTA/Mid-Atlantic						
County	Montgomery	Howard	Anne Arundel	Baltimore	Prince George's	Total
Registered Participants	6,416	3,583	2,652	1,735	664	15,050
County Population	971,777	287,085	537,656	805,029	863,420	3,464,967
Median Household Income	\$93,774	\$101,417	\$79,843	\$64,629	\$69,545	
Market Penetration Rate	0.66%	1.25%	0.49%	0.22%	0.08%	0.43%

Note: Market penetration rate = registered participants/county population.

USTA MAS Tennis on Campus Championships

Tennis on Campus is a USTA initiative is designed to provide college students with opportunities for team camaraderie, social networking, and rivaled competition through tennis without the rigors of a varsity program. The program is currently offered on over 500 college campuses and services over 30,000 students with four teams in Maryland, 11 in Virginia, three in Washington, D.C., and one in West Virginia.

The USTA MAS Tennis on Campus Championship is a two-day event held annually in February. In 2012, it will be held at the Green Spring Racquet Club in Lutherville, Maryland. This indoor event represents strong potential to be hosted at the proposed Troy Park tennis complex on a two year rotation with other facilities in the USTA MAS region. Tennis on Campus utilizes the WTT playing format.

USTA MAS Mixed Doubles League Section Championships

This two-day event is currently held at the University of Mary Washington in Fredericksburg, Virginia. It is held annually in July and requires nine outdoor courts. This event represents strong potential to be hosted at the proposed Troy Park tennis complex, most likely on a two year rotation with other facilities in the USTA MAS region.

USTA MAS Junior Team Tennis Sectionals

The Junior Team Tennis Sectionals is an annual tournament held in August. This three-day event is currently held at the University of Mary Washington and utilizes 24 outdoor courts. This event represents strong potential to be hosted at the proposed Troy Park tennis complex on a rotational basis with other facilities in the USTA MAS region.

USTA MAS Super Senior League Championships

The Super Senior League Championships is annual three-day tournament held in late September. The event is currently held in Norfolk, Virginia at Old Dominion University and utilizes 12 outdoor courts. This event represents strong potential to be hosted at the proposed Troy Park tennis complex on a rotational basis.

USTA MAS Senior League Championships

The USTA MAS Senior League Championships is an annual tournament currently held in September at Huntington Park in Newport News, Virginia. This three-day tournament utilizes 20 courts. If the demand for the courts could be met, this event could potentially be hosted at the proposed Troy Park tennis complex on a rotational basis with other facilities in the USTA MAS region.

USTA MAS Adult League Section Championships

The USTA MAS Adult League Section Championships is four-day event held in August. Huntington Park currently hosts the event which utilizes 26 courts. Given the amount of courts required, it is unlikely that this event would be hosted at the proposed Troy Park tennis complex unless management could partner with a nearby facility with the amount and quality courts required.

USTA – Maryland

The USTA Maryland District Inc. is a non-profit 501 (c) (3) organization that serves as the governing body for tennis in Maryland and is a District of the USTA MAS. The mission of the USTA Maryland is to promote the growth and development of tennis as a healthy and lifetime sport available to all regardless of age and ability. Incorporated in 1976, the organization currently has nearly 15,000

members and approximately 170 organizational members including clubs, community tennis associations, recreation and parks agencies and service organizations. USTA Maryland membership has steadily increased between 2007 and 2010. As with USTA MAS, approximately 50% of members are league players.

USTA-Maryland				
Year	Members		League Players	
	Number	% Change	Number	% Change
2007	13,286		6,434	
2008	13,501	2%	6,419	0%
2009	13,870	3%	7,036	10%
2010	14,064	1%	7,377	5%
2011	14,931	6%	6,764	-8%
Total	69,652		34,030	
Average	13,930		6,806	

USTA Maryland sanctions junior, adult, and senior level competitive tournaments, and promotes a junior and adult tournament points race. The Maryland Junior Points Race encourages players to accumulate points throughout the year by entering and playing in USTA Maryland sanctioned junior tournaments.

USTA Maryland also provides grants to support Maryland community tennis associations for new tennis program development, for tennis court renovation, and for adults and juniors competing in USTA national events.

USTA Maryland officials have identified three tournaments that would be a strong fit for the proposed new Troy Park tennis complex. All three of these events would require the booking of indoor court space as a backup in case of inclement weather.

USTA Maryland Adult League Championship

The USTA Maryland Adult League Championship is an annual tournament held in July. The three-day event utilizes 35 courts and is currently held at multiple courts – Olney Courts-Montgomery County, Wilde Lake Association, Owen Brown, and Wilde Lake High School. This event represents strong potential to be hosted at the proposed Troy Park tennis complex on an annual basis.

USTA Maryland Junior Team Tennis Championships

The USTA Maryland Junior Team Tennis Championships is a three-day tournament held in July. Currently held in Owings Mills, this event uses all 20 courts at the McDonogh School. However, representatives mentioned that it could fit into an 18 court scenario. This event represents strong potential to be hosted at the proposed Troy Park tennis complex on an annual basis but would overlap with a USTA MAS proposed event.

USTA Maryland Junior Outdoor Championships

The USTA Maryland Junior Outdoor Championships are currently held at the McDonogh School in August. The five day tournament utilizes all 20 courts available at the McDonogh School but like the

Junior Team Championships could fit into an 18 court scenario. All players and their families are local and no hotel rooms are utilized. This event represents strong potential to be hosted at the proposed Troy Park tennis complex on an annual basis but would overlap with a USTA MAS proposed event.

World Team Tennis (WTT)

WTT has a recreational league structure across the U.S. and a professional, nine-team league with some of the most recognizable players in the country.

The WTT Recreational League format features co-ed teams competing in men's and women's doubles, men's and women's singles, and mixed doubles. Players have the opportunity to qualify for WTT National Qualifiers and the National Championship. The league started in 1985 and currently has over 500,000 players. The WTT also has Corporate Leagues, Junior Nationals, and X Team Tennis for high schools.

Formed in 1974, the WTT Professional League has nine teams including the Washington Kastles. The league was founded by Billie Jean King who is still actively involved in the WTT. The teams play a summer schedule in July that includes 16 matches with seven home matches in 2011. The Washington Kastles play at a new 3,000-seat tennis stadium on D.C.'s waterfront area. The team is owned by Mark Ein and features Venus and Serena Williams as marquee players.

WTT officials indicated that it would be unlikely that the market could successfully support two professional WTT teams within the Greater Baltimore-Washington, D.C. market. However, there would be the opportunity to potentially create WTT recreational leagues at the proposed new facility.

Intercollegiate Tennis Association

The Intercollegiate Tennis Association (ITA) is the governing body of collegiate tennis in the U.S. There are 1,700 coach members, 15,000 collegiate tennis player members and 1,200 college tennis programs from all three NCAA Divisions and the NAIA and Junior and Community Colleges. Participation in NCAA tennis has remained relatively consistent over the last five years.

Participation Trends in NCAA Tennis					
Category	2006	2007	2008	2009	2010
Teams (Male)	754	745	754	749	752
Teams (Female)	888	895	898	900	912
Teams (Total)	1,642	1,640	1,652	1,649	1,664
Participants (Male)	7,599	7,625	7,85	7,960	7,940
Participants (Female)	8,534	8,784	9,721	8,719	8,895
Participants (Total)	16,133	16,409	9,729	16,679	16,835

The ITA administers 88 regional events (24 for Division I and 64 for small colleges) in September and October which culminate in the ITA National Intercollegiate Indoor Championships for NCAA Division I and the ITA National Small College Championships. They also sponsor nine national championships and sanction 150 collegiate tournaments for singles and doubles. The ITA Collegiate Summer Circuit, presented by the USTA, consists of seven regional circuits held across the country during the month of

July finishing in the ITA/USTA National Summer Championships held in August. Collegiate events must be sanctioned by the ITA for the results to count towards ITA rankings. The ITA is responsible for the college tennis rankings that are designed to track the top men's and women's teams and singles and doubles players in NCAA Division I, II, III, NAIA and Junior Colleges and California Junior Colleges.

Rights fees are paid to the ITA to be able to host an ITA sanctioned event and can range from \$25,000 to \$75,000 plus all tournament expenses. ITA promoters can vary from a university (allows an automatic bid into the tournament), a resort with tennis courts, or a club. The ITA Indoor Championship events utilize 12 courts. The two Indoor Championships are currently being held at the USTA's Flushing Meadow indoor facility and at the University of Virginia.

America East Conference

The America East Conference has nine member institutions, including the University of Maryland Baltimore County (UMBC) and competes in 20 sports. The America East Conference does not have a member institution with the necessary facilities to accommodate its tennis championships in the Spring. They typically play at Yale University in New Haven, Connecticut. However, in 2012 Yale University has other commitments and the conference is searching for a location. Yale University also designates their own programs as a priority so America East does not have unlimited access.

The America East Tennis Championships are held the last weekend in April for both the men's and women's programs. It is a three day tournament that utilizes 15 outdoor courts and requires indoor court back up in case of inclement weather. Representative from the America East Conference indicated they would very interested in finding a more permanent home for their championships with booking priority.

UMBC

UMBC, which has nearly 11,000 undergraduate and more than 2,600 graduate students, competes in 19 sports in the America East Conference and in the NCAA's Division I. UMBC has both a men's and women's varsity tennis program. Both programs compete during the Spring season for their America East competition but also play a competitive invitational schedule in the Fall.

UMBC has six outdoor courts with lighting. Although UMBC would like to add courts, no plans are currently in place to do so. UMBC runs its varsity program, physical education classes, club program, and a four-week Adidas tennis camp on their courts.

UMBC has indicated a strong interest in practicing at the proposed complex's indoor courts particularly during the early part of their spring season when the weather conditions are not conducive for outdoor play. They also indicated that they would consider utilizing the complex for physical education courses, one of their most popular programs, during the winter months and possibly their club tennis program. Additionally, UMBC is interested in possibly creating a Fall Invitational through the Intercollegiate Tennis Association with a weekend tournament for 6-10 teams that could be played outdoors or indoors depending on the scheduling.

Howard Community College (HCC)

Opened in 1970, HCC is one of 16 community colleges in Maryland. There are nearly 14,000 credit students enrolled. HCC has an athletics program with nine sports including men's and women's lacrosse, soccer, and basketball and women's volleyball, co-ed track and field and co-ed cross country.

HCC is part of the Maryland Junior Community College Athletic Conference (MDJUCO) which has 18 member schools. Of the eighteen schools there are four women's tennis teams and two men's tennis teams. HCC does not currently field a men's or women's tennis team.

HCC officials indicated that if the proposed tennis complex was built, they would conduct a market study to see if the demand for tennis programs for their students existed. HCC would review both the opportunity to offer non-credit courses and to add competitive tennis to their athletics program. If the demand were deemed to exist it would take less than a year for HCC officials to begin an athletics program and add non-credit classes to their programs.

Schedules of available hours would need to be carefully considered as 69% of HCC's male athletes work and 80% of their female athletes work. It is anticipated that for non-credit courses daytime hours would need to be made available as well as a carefully structured practice/match schedule for the athletic program. HCC would not need to offer non-credit courses if HCRP offered classes.

Maryland Public Secondary School Athletic Association (MPSSAA)

The MPSSAA is responsible for the promotion, direction, and regulation of interscholastic athletics of the public high schools. The MPSSAA was founded in 1946 and is comprised of 192 public high schools with over 112,000 student-athletes that participate in 24 sports.

The MPSSAA currently holds its girls' and boys' State Championships at the University of Maryland College Park. It is a two day tournament held over Memorial Day weekend with 16 outdoor courts being utilized. The MPSSAA expressed interest in the complex and in looking for a long term time commitment for hosting their Championships.

Maryland Interscholastic Athletic Association (MIAA) and Interscholastic Athletic Association of Maryland (IAAM)

The MIAA and the IAAM are independent organizations that govern athletics at private and parochial schools. The MIAA, representing boys' teams, is comprised of 28 private high schools with a combined enrollment of over 17,000. The IAAM, representing girls' athletic teams, consists of 31 private and parochial schools in and around the Baltimore Metro area. IAAM oversees over 400 varsity and junior varsity teams in 14 sports with over 8,000 girls being represented.

The MIAA and IAAM both have tennis programs and both play their tennis championships at the McDonogh School in Owings Mills. The McDonogh School is a member of the MIAA and IAAM athletic leagues. Representatives with both organizations indicated that The McDonogh Schools' courts are serving the needs of their member schools and they are not looking to move their tournaments.

HCRP

HCRP currently runs tennis programs for its residents. As shown in the following table, approximately 1,355 youth and 265 adults participated in HCRP tennis programs in 2010. Regular play tennis participants accounted for approximately 3% of the total participation.

HCRP Participation Levels in 2010									
Sport	Regular Play			Unique Play		Total - Regular Play		Total - All Play	
	HCRP Youth	HCRP Adult	Other Community	High School	Visitors/Tourists	Number	% of Total	Number	% of Total
Soccer	600	3,000	11,000	1,000	10,000	14,600	30%	25,600	23%
Softball	250	4,200	1,500	500	10,000	5,950	12%	16,450	15%
Volleyball	800	600	1,200	250	12,000	2,600	5%	14,850	13%
Football	3,000	800	600	1,000	8,000	4,400	9%	13,400	12%
Basketball	900	900	6,500	500	4,500	8,300	17%	13,300	12%
Lacrosse	3,000	1,600	-	1,200	3,750	4,600	9%	9,550	8%
Baseball	750	-	4,500	500	2,000	5,250	11%	7,750	7%
Wrestling	1,000	-	-	600	4,000	1,000	2%	5,600	5%
Field Hockey	400	150	200	500	3,000	750	2%	4,250	4%
Tennis	1,355	265	-	-	-	1,620	3%	1,620	1%
Total	12,055	11,515	25,500	6,050	57,250	49,070	100%	112,370	100%
% Total	11%	10%	23%	5%	51%	100%		44%	100%

HCRP currently runs a QuickStart program for children 10 and under, youth camps, and lessons through an approved professional. HCRP recently received a grant to re-line some of their courts to conduct the QuickStart programs. HCRP has not been able to expand its league play due to a lack of quality court space. HCRP identified team league play, reserved court time, drop-in court time, segmented tournaments, classes and clinics, QuickStart programs, badminton and volleyball as potential programming opportunities at the proposed new Troy Park tennis complex.

HCRP runs tournaments for its residents in many sports including football, baseball, and soccer. Any sanctioning fees are incorporated into the registration fees. However, HCRP representatives indicated they are not currently in a position from an operational or budgetary perspective to pay outright for a tournament to come to Howard County and use their facilities.

HCRP representatives are sensitive to the tennis programs currently offered by the Columbia Association and private clubs operating in Howard County. They are also aware that not all Howard County residents can be members of these clubs and want to provide tennis opportunities for those residents. HCRP currently works with many area youth and sports organizations to meet their programming needs.

Elkridge Youth Organization (EYO)

Established in 1957, EYO is an all-volunteer, non-profit organization that provides youth an opportunity to play organized sports. EYO has a tennis program that is in its third year. EYO's tennis programs include QuickStart programs for ages 7-8 and 9-10, regular tennis for ages 11-12 and 13-14, and intermediate team play. EYO Tennis currently plays at Rockburn Park and works closely with HCRP and the County tennis courts. The focus of EYO is for children to have fun at a reasonable cost. They have a summer and a winter program currently that utilize a maximum of four courts during one session. EYO Tennis could utilize the outdoor and indoor courts at the proposed new Troy Park tennis complex if available and affordable.

Summary of Potential Demand Generators

The following table summarizes the relative level of interest expressed by potential demand generators for the proposed new Troy Park tennis complex which was used to develop estimates of usage for tennis-related activities.

Event Producer	Event	Current Location	Month Held	Probability	Required Courts		
					Outdoor	Indoor	Total
ATP	Legg Mason Classic	Washington, D.C.	August	Moderate	16	0	16
WTA	Citi Open	College Park, MD	July	High	7	0	7
USTA	Pro Circuit	Various	Varies	Moderate	13	13	26
USTA - National	National Championships	Various	Varies	Low	25	0	25
USTA - National	National Opens	Various	Varies	Moderate		Varies	
USTA - National	Team Championships	Various	Varies	Moderate		Varies	
USTA - National	Regional Tournaments	Various	Varies	Moderate		Varies	
USTA - National	International Tournaments	Various	Varies	Low		Varies	
USTA MAS	Tennis on Campus Championships	Lutherville, MD	February	High	0	12	12
USTA MAS	Mixed Doubles League Section Championships	Fredericksburg, VA	July	High	9	0	9
USTA MAS	Junior Team Tennis Sectionals	Fredericksburg, VA	August	High	12	0	12
USTA MAS	Super Senior League Championships	Norfolk, VA	September	High	12	0	12
USTA MAS	Senior League Championships	Newport News, VA	September	Moderate	18	0	18
USTA MAS	Adult League Section Championships	Newport News, VA	August	Low	18	0	18
USTA - MD	Adult League Championship	Montgomery/Howard Counties, MD	July	High	18	0	18
USTA - MD	Junior Team Tennis Championships	Owings Mills, MD	July	High	18	0	18
USTA - MD	Junior Outdoor Championships	Owings Mills, MD	August	High	18	0	18
WTT	Professional League	Washington, D.C.	July	Low	1	0	1
WTT	Recreational League	Various	Varies	Moderate		Varies	
ITA	National Team Indoor Championships	Charlottesville, VA	February	Moderate	0	12	12
ITA	National Intercollegiate Indoor Championships	Flushing Meadows, NY	November	Low	0	12	12
America East	America East Tennis Championships	New Haven, CT	April	Moderate	15	0	15
UMBC	Practices/Tournaments	UMBC	Varies	Moderate		Varies	
HCRP	Summer Tournaments (4)	currently does not exist	Summer	High	16	0	16
HCRP	Winter Tournament	currently does not exist	Winter	High	0	12	12
MPSSAA	State Championships	College Park, MD (UMD)	May	Moderate	16	0	16

Non-Tennis Events

There are several non-tennis related activities that could potentially occur at the proposed new tennis complex including concerts/festivals, banquets/socials/receptions, meetings, graduations/commencements, and other civic/community events. The following summarizes input from potential non-tennis event promoter/producers.

Nationally recognized promoters in the concert and special events business expressed a range of responses relative to the opportunity to promote events at the proposed tennis center. None of the promoters/producers expressed interest in hosting events at the outdoor tennis stadium. Primary reasons included the configuration of tennis stadiums (which does not generally allow for a concert sized stage and sufficient floor seating), lack of concert-level infrastructure, artists' reluctance to play in a tennis facility, and proximity to Merriweather Post Pavilion. However, promoters did indicate that festivals, without major artists, are a way to effectively create events with local appeal. BBQ Fests, local radio supported events with smaller level artists, local interest festivals, etc, were mentioned as potential outdoor activities that could be hosted at the proposed new Troy Park tennis complex.

Promoters/producers did express interest in utilizing the indoor multi-purpose space. One promoter indicated a short-term need for a facility with a capacity of between 2,000 and 2,500 which could host six to 12 concerts annually. However, there are plans for a similar sized venue in the Washington D.C. area to open within the next three years which would negatively impact demand at the proposed Troy Park tennis complex. Other promoters indicated that the indoor venue could potentially host one to two events per year. However, concert promoters indicated a preference for a larger indoor facility with a capacity of between 4,000 and 5,000 seats in order to maximize marketability and financial performance.

Two national promoters commented on the overall competitiveness of the Baltimore/Washington, D.C. market for concert/festival/entertainment events including the Fillmore, the Hippodrome Theatre, the Wolf Trap Theater, Pier Six Pavilion, Merriweather Post Pavilion and Jiffy Lube Live.

All promoters/event producers indicated that the key success factor for attracting concerts and special event activity to the indoor venue is offering the proper infrastructure. This would include roof design capable of handling the weight of concert equipment, the ability to easily rig sound and lighting equipment, access for equipment and proper layout and design for concert activity. Sufficient parking for attendees was also mentioned as a necessary element to support concert and special event activity.

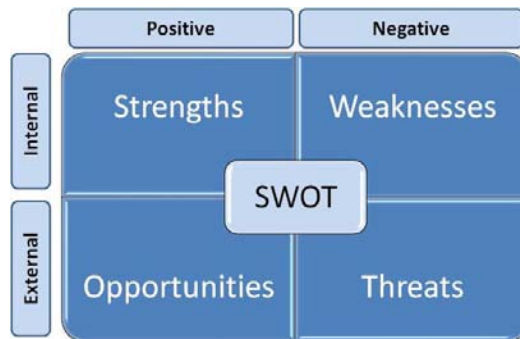
Lagardere Unlimited, promoters of the Legg Mason Classic and Citi Open, has an Experiential Division that promotes outdoor, field-type events. The Experiential Division owns the properties: Hoop It Up (3 on 3 basketball); Let It Fly (flag football); and Kick It (3 on 3 soccer). All three properties stage amateur sports tournaments across the country. While these events represent potential opportunities for the proposed new tennis complex, several facilities within the region that can also accommodate this type of event activity.

Representatives at area marketing and business organizations expressed the need for a larger indoor facility in Howard County that could host a variety of convention, meeting, civic and community events.

As stated previously, certain non-tennis related activities such as entertainment acts, banquets/socials, and civic/community events are assumed to occur in the community center component and, as such, event activity and related revenues and expenses are not reflected in this analysis.

Summary of Market Findings

SWOT analysis outlines the key internal and external factors, both positive and negative, impacting a project or concept.



Given these success factors as well as the primary and secondary research conducted for this analysis, the following graphic summarizes market related strengths, weaknesses, opportunities and threats associated with the proposed new Troy Park tennis complex.

SWOT ANALYSIS

Strengths

- High density of quality courts at one location
- County-owned land reduces project costs
- Site location near I-95 offers proximity/accessibility to hotels, restaurants, shopping, BWI, etc.
- Population base and income characteristics
- Central location within the State and region
- Support from potential demand generators at multiple levels
- Resident base provides a solid base of activity level
- Strong advocates for the project including HCTP and USTA-Maryland
- Established local and State marketing agencies
- Enhances quality of life for residents and area businesses

Weaknesses

- Limited on-site parking availability
- Lack of nearby hotels to accommodate larger events
- Challenges associated with balancing programming priorities between residents and tournament/non-resident users
- Skepticism in the market, particularly by tennis organizers, that the project will be developed
- Cold weather climate can be a deterrent for tournaments
- Tennis appeals to a relatively small portion of the population compared to other sports
- Stadium will only be used a limited number of times throughout the year and capacity needs are driven by a finite number of tournaments
- Larger tournaments require additional courts than currently planned and partnership with nearby tennis facilities
- Outdoor courts are currently free to play
- Court surface needs vary among user groups
- Certain deed restrictions on land use depending on the operating structure utilized
- Many events represent a transfer of existing activity already occurring in the State generating minimal incremental new economic and fiscal impacts

Opportunities

- WTA has expressed strong interest in hosting a tournament which would provide instant recognition
- Fosters a sense of community identity, spirit, pride, and culture
- Relatively limited supply of indoor courts in the area
- Opportunity to build a 'green' facility
- Tennis is still a growing sport - participation is up 46% between 2000 and 2010
- Retention rate of introductory programming participants remains high at tennis facilities
- Create an experienced, customer-driven tennis management/teaching team in the County
- Ability to capitalize on facility assistance and grants from USTA and other sources
- Media coverage generated from hosting larger tournaments
- Relatively limited supply of facilities in the County to host exhibit/meeting/ballroom events

Threats

- Expectations/priorities may conflict between residents and other users
- Local tennis programs may view the complex as a threat to their existing programs
- Experienced tennis management must be in place for effective tennis programming
- Competition from State and regional facilities
- Successful integration of tennis complex with other elements of the regional park
- Cost of doing business - admissions/ amusement taxes in Maryland
- Relatively limited demand for indoor courts by tournaments
- Maintaining 'tournament' quality of facility when using it for recreational, instructional, and competitive uses
- Established competitive sports/entertainment facilities in the Baltimore-Washington metro area
- Tournament promoters typically retain the bulk of event revenues
- Ability to generate private funds for advertising, sponsorship, etc.
- Economic conditions

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Case Studies

This section of the report summarizes input on select tennis facilities that host ATP and/or WTA events as well as select facilities that are municipally operated in a manner similar to that proposed at the proposed new Troy Park tennis complex.

Select ATP/WT A Facilities

Connecticut Tennis Center at Yale University – New Haven, Connecticut

Yale University owns and operates the 22 outdoor courts and the eight indoor courts at the Cullman-Heyman Tennis Center. The 13,500-seat stadium court is owned and operated by the Tennis Foundation of Connecticut. The tournament promoter is Connecticut Tennis Professionals, Inc.

The stadium was constructed in 1991 for \$18 million using State funds. Yale University leased the site to the Tennis Foundation of Connecticut for 99 years and the City of New Haven exempted it from property taxes. The State is compensated through a sales tax on tickets and concessions and the City assesses a ticket surcharge.

The New Haven Open drew 55,500 fans its first year as a women's only WTA event. The event was a combined WTA and ATP event from 2005 to 2010. Tournament dates are in August and are one week before the US Open which provides a challenging timeframe for attracting the top players. One of the primary reasons that the ATP men's event was not as successful was due to the timeframe. Men's players have sponsor obligations to fulfill the week before the US Open as well as practice and warm up considerations. There are also mandatory men's events immediately before the New Haven dates. With the inability to draw top men's players, simply, the expenses of hosting the tournament outweighed the revenues, according to tournament officials.

The stadium is large for a WTA event and tournament officials indicate that a more ideal size is 7,500 or less. Only one other event uses the stadium - graduation ceremonies of South Connecticut State University. The stadium is a shell of a facility with seating and locker rooms. All other amenities are constructed in the three months prior to the tournament including temporary hospitality suites, kitchens, food courts, concessions and a restaurant.

A study completed in 2008 on the combined men's and women's event estimated economic impact to be \$26 million to the region. Tournament organizers create many additional events to enhance the tournament including the US Open National Playoffs tournament that feeds into the US Open, Kids Day, BBQ Bash, Junior Team Day, USTA League Day, Girl Scout Night, High Tea featuring Steffi Graf, Luncheon and Fashion Show, Fit Zone, and Afternoon Chats & Nightly Music at a sound stage.

Taube Family Tennis Center at Stanford University – Palo Alto, California

The Taube Family Tennis Center is home to the Bank of the West Classic as well as Stanford University's men's and women's varsity tennis programs and the USTA Tennis on Campus club team. The facility offers 17 lighted outdoor courts and one indoor court along with a clubhouse, players' lounge, video center and scoreboard system. The stadium seats 2,800 with the ability to expand to 4,500. Stanford University owns and operates the Center.

The tennis facility at Stanford was originally constructed in 1926 with multiple renovations and additions over the years. PSLs were sold in the 1980's to finance a stadium addition to the Stanford tennis facilities. The estimated current cost of the original stadium with subsequent renovations is \$12 million. The Center has hosted three NCAA Championships and the Fed Cup Finals.

The Bank of the West Classic is the longest running women's-only tennis tournament in the world with 41 years of existence. It is the first women's stop on the road to the US Open and is a part of the US Open Series. Bank of the West has been the title sponsor since 1992. The tournament is a WTA Premier event that runs for seven days in late July. IMG is the tournament promoter. IMG also has an athlete management arm, IMG Tennis, which manages the careers of tennis players such as Venus Williams and Maria Sharapova. IMG retains all of the tournament's revenue streams including ticket sales, food/beverage, merchandise, parking and sponsorships.

IMG is also the tournament promoter for the Sony Ericsson Open in Miami, Florida. They maintain their main offices in Miami and run both tournaments out of their Florida office. IMG leases the courts for 10 days and creates the tournament environment that is necessary with the construction of temporary fencing, concessions, and hospitality areas.

La Costa Resort – Carlsbad, California

The La Costa Resort is a luxury spa and vacation resort located in southern California that is owned by a group of private investors. The resort has 17 outdoor courts which are refinished annually. Octagon, a sport management and consulting company, has a contract to run the WTA Mercury Insurance Open on the resort's property for 10 days. The tournament is played in early August and is the second stop in the US Open Series. A professional tournament played at La Costa from 1991-2007 but with the economic downturn the rights were sold internationally. Octagon purchased the sanction from the Home Depot Center event in Los Angeles and moved the tournament to La Costa in 2010. They have the rights through 2012.

It takes approximately one month to build out the 5,000 seat stadium court and a smaller grandstand court as well as the television towers and temporary suites. Octagon retains all rights to ticket sales, merchandise, and sponsorships. The resort handles all concessions and parking, which is all on-site.

The resort has a small tennis membership base. Those members are not able to use the courts for approximately two weeks while the tournament is occurring. The tournament utilizes the resort's men's and women's tennis and golf locker rooms for the players and their coaches. There is a staff of over 650 volunteers that support the tournament.

Octagon strives to create an event that is larger than the tennis tournament. There are many fundraising benefit events including a fashion show, wine tasting and more. With La Costa being a resort destination the ability to market the region, the weather, and the resort are positives. The location is unique in that the players stay on site in the hotel property.

Winston-Salem Tennis Center - Wake Forest University - Winston-Salem, North Carolina

Opened in 2011, the Tennis Center was built in 12 months. The Tennis Center offers 13 outdoor courts on the campus of Wake Forest University adjacent to the existing indoor Wake Forest Indoor Tennis Center that houses eight courts. The construction cost was approximately \$2 million dollars which was privately funded. The tournament utilized the indoor courts for a players' lounge, concessions, access to air-conditioning, and locker rooms.

The ATP tournament moved from New Haven, Connecticut to Winston-Salem in 2011. The courts are owned and operated by Wake Forest University, a private university. The center is home to the Wake Forest University men's and women's varsity tennis teams. The tournament is promoted by Winston-Salem Professional Tennis, Inc., a 501©4. The tournament director for the Winston-Salem Open is also the Assistant Athletic Director for Tennis at Wake Forest University.

Tournament officials had to construct a temporary stadium court, seating for secondary courts, and television towers. The stadium court had a capacity of 3,800 and four secondary courts had capacities of 1,000, 750, and 250 (2) respectively. Future plans for the tennis center include the construction of a permanent stadium court. All courts have lighting designed to meet ATP standards. Parking is accommodated on site and no shuttling is required.

Family Circle Tennis Center - Charleston, South Carolina

The Family Circle Cup, a WTA event, had a 28-year history in Hilton Head before making a move to a new facility in Charleston in 2001. The City of Charleston, Daniel Island, the State of South Carolina, and the counties of Charleston and Berkeley, along with the Meredith Corporation, publishers of Family Circle Magazine, collaborated on the construction of the \$15 million Family Circle Tennis Center (FCTC). Opened in 2001, the FCTC has 17 lighted tennis courts - 13 are green clay and four are hard courts. There is also a clubhouse, pro shop, and locker room facilities. The stadium court has a capacity of 10,200. The club court has a seating capacity of 2,500. There are three other courts – two of which have a capacity of 850 and one which seats 150. The Meredith Corporation Event Management Group has a 25-year lease with the City of Charleston to operate the FCTC.

The FCTC is a public tennis facility that offers a variety of year-round activities including tennis programming for the public, membership opportunities, a past Davis Cup semifinal between the United States and Belarus, and it has served as the host venue for the USA League Tennis South Sectional Championships in 2005 and 2006 with over 4,500 participants from seventeen states. The stadium court has had concert activity with John Mayer, Don Henley, B.B. King, and the Zac Brown Band.

Indian Wells Tennis Garden – Indian Wells, California

The Indian Wells Tennis Garden (IWTG) has 24 hard surface, outdoor courts, 18 of which have lighting. The 89-acre complex has locker rooms, a fitness area, and a pro shop. The stadium court has a capacity of 16,100 including 30 second level suites, 12 broadcast booths, interview room, press room, box office, player locker rooms, commissary, player and media dining room, and a lounge. There are seven paved and two landscaped acres for exhibition space and 7,000 parking spaces.

IWTG was constructed in 2000 with \$78 million in private funding and was the result of the vision of Charlie Pasarell, Raymond Moore, Mark McCormack of IMG, and other partners. IWTG officials commented that the site is unique in that it was specifically constructed to host this event which is an unusual approach for most tennis complexes. The financial model was based on the tournament only. The tournament can sustain the facility without the need for another event on the property.

The property has hosted an occasional one-time special event such as Tom Petty, the Eagles and an NBA pre-season game but IWGT's business model does not support the need to compete with area casinos. There is membership play and multiple USTA events between October and May when the weather is conducive for outdoor play. The site does not have a tennis clubhouse, bar or social area but does have a small fitness center. IWTG officials indicated that they do not want to compete with the private country club market and are a "players club" only.

The BNP Paribas Open is the largest combined ATP men's and WTA women's event in the world next to the four Grand Slam tournaments. It is a two-week tournament held in March. There is a total of \$9 million awarded with an equal split between the men's and women's events. Both the BNP Paribas Open and the IWTG are owned by Larry Ellison, co-founder and CEO of Oracle Corporation, and his company Tennis Ventures, LLC with his Garden of Champions owning the land and assets and Desert Champions owning the tournament sanction.

The Tennis Center at Crandon Park – Miami, Florida

Crandon Park is owned and operated by Miami-Dade County. The Tennis Center at Crandon Park is located on a 30-acre parcel and has 26 courts, nine of which are lit. Eighteen (18) of the courts are hard courts, two are red clay, two are green clay, and two are grass courts. There is a full-service pro shop and a clubhouse that is available for rental for tennis-related socials and events. The stadium court has a seating capacity of 13,800 and 24 luxury suites. The stadium opened in 1994 and was constructed at a cost of \$20 million which was funded by the County. The clubhouse was built in 1989 at a cost of \$1 million which was also funded by the County.

The Sony Ericsson Open is held at The Tennis Center at Crandon Park in late March. It is a combined ATP men's and WTA women's event that began in 1985 in Delray Beach, Florida then moved to Key Biscayne and ultimately to Crandon Park in 1994. The tournament is held over the course of 14 days with 24 sessions and awards a total of \$9 million.

The tournament is owned and operated by IMG. IMG leases the site for a 10 day period but has the right to start building out the tournament needs one month ahead of the tournament. As stated previously, IMG also owns and operates the WTA's Bank of the West Classic at Stanford University.



The Sony Ericsson Open has become a ‘complete entertainment experience’ according to tournament officials. During the tournament non-tennis programming includes live music performances by major artists, fashion shows, celebrity chef demonstrations and on-court celebrity appearances.

In addition to the Sony Ericsson Open, Crandon Park hosts 14 USTA-sanctioned Junior Tournaments and two USTA adult tournaments. There are tennis programs for all levels of play as well as private lessons and summer camps. The County manages the courts but contracts for lessons.

Summary

The following table summarizes data for the select facilities that host ATP/WTa events. As discussed, several facilities are either privately owned/operated and/or are part of a university setting. In addition, several of these facilities are located in resorts or resort destinations making them appealing to both participants and spectators.

Summary of Select Facilities that Host ATP/WTa Tournaments											
Facility	Tournament	Tournament Type	Location	Owner	Operator	Tournament Promoter	Stadium Capacity	Number of Courts			Attendance
								Outdoor	Indoor	Total	
Tennis Center at Yale University	New Haven Open	WTA	New Haven, CT	Yale University / Tennis Foundation of Connecticut (stadium only)	Yale University	Connecticut Professional Tennis, LLC	13,500	27	8	35	55,500
Taube Family Tennis Center	Bank of the West Classic	WTA	Palo Alto, CA	Stanford University	Stanford University	IMG	4,500	17	1	18	31,000
La Costa Resort	Mercury Insurance Open	WTA	Carlsbad, CA	La Costa Resort	La Costa Resort	Octagon	5,000	17	0	17	46,000
Tennis Center at Wake Forest University	Winston-Salem Open	ATP	Winston-Salem, NC	Wake Forest University	Wake Forest University	Winston-Salem Professional Tennis, Inc.	3,800	13	8	21	40,000
Family Circle Tennis Center	Family Circle Cup	WTA	Charleston, SC	City of Charleston	Meredith Corporation Event Management Group	Meredith Corporation	10,200	17	0	17	94,241
Tennis Center at Crandon Park	Sony Ericsson Open	ATP /WTA Combined	Miami, FL	Miami-Dade County	Miami-Dade County	IMG	13,800	26	0	26	316,267
Indian Wells Tennis Garden	BNP Paribas Open	ATP /WTA Combined	Indian Wells, CA	Garden of Champions LLC	Garden of Champions LLC	Desert Champions LLC	16,100	24	0	24	350,086
Tennis Center at College Park	Citi Open	WTA	College Park, MD	Ken Brody	Ken Brody	Lagardere Unlimited	2,500	15	12	27	10,000
William H.G. Fitzgerald Tennis Center	Legg Mason Classic	ATP	Washington, DC	National Park Service	National Park Service	Lagardere Unlimited	7,500	25	5	30	67,200

Select Municipally Owned Tennis Complexes

Arlington Tennis Center - Arlington, Texas

Opened in January 1995, the Arlington Tennis Center (ATC) is owned and operated by the City of Arlington through its Parks and Recreation Department. The ATC offers 20 lighted outdoor, hard-surface courts, a 3,000 square foot pro shop with stringing services, a concessions area and locker rooms with showers.

The majority of clubs in the Dallas-Fort Worth area are private with limited and expensive access for the general public. Local tennis supporters lobbied the City Council to construct a tennis facility for the citizens of Arlington and the surrounding region. Through bond funds the City of Arlington purchased the land and constructed Phase I of the Arlington Tennis Center. The bonding for the ATC comes through the City of Arlington General Tax Fund and was approved through a special bond election for the ATC and other Parks and Recreation projects. Phase I was constructed at a cost of \$3.5 million and took one and a half years to construct. This phase included a Pro Shop, staff room/meeting room, storage closets, men's and women's locker rooms and 12 courts.

Phase II was constructed in 2002 for \$2.2 million dollars and included eight additional courts with speaker systems and lighting and an additional 60 parking spaces. The ATC Master Plan's Phase III is anticipated to include additional restrooms and a tournament gazebo, an expansion to the main building with additional storage, parking, and either four full-size courts or two full-size courts and 6 to 8 QuickStart courts.

Because the focus of the ATC is to provide tennis opportunities to the public, there are no membership programs. The facility is a 'pay to play' but fully accessible to the public facility for a reasonable cost. Court fees are \$3.50 per person per 1.5 hour time period. If a citizen does not want to pay to play at the ATC, there are over 40 lighted courts in Arlington that are on a first come, first serve basis.

The ATC is operated in a similar manner to how the other sports in the Arlington Parks and Recreation Department are operated in terms of cost recovery. Each sport program is not expected to make money given the City's desire to make the facility reasonable for the general public. Although the department's goal is to recover approximately 65% of operating expenses, it has consistently done better. The ATC attained cost recovery of 76% in 2010 and 83% in 2011.

The ATC offers many programs by their USPTA certified tennis professionals including classes for all age groups, QuickStart programs for 10 & Under, and leagues for men, women, and juniors. Adult drill classes and private instruction are also offered.

ATC organizes a variety of tournaments throughout the year including local and USTA sanctioned events. In addition to the seven sanctioned tournaments, a National Open Championship, a USTA Intersectional event, and several non-sanctioned tournaments, the ATC hosts over 40 additional tournaments and events annually. Tournaments include: ATC Spring Mid Cities; ATC Junior Singles Open; USTA National Open Championship Girls' 14s, Texas Public Parks State Championship, US Open Sectional Qualifying Tournament, USTA Zone Team Championship Boys & Girls 14s, and ATC Fall-A-Palooza Adult Doubles Open.

The facility hosted a professional tennis tournament which it self-promoted. However, it was determined that professional tournaments did not fit the vision for the facility. ATC officials decided that while the tournament made a minimal amount of money, the relatively small profit did not justify the time and effort invested. The ATC does continue to promote local and regional tournaments rather than professional tournaments.

The ATC works closely with local and regional tennis organizations to promote tennis and provide programming. Partner organizations include the Arlington Tennis Association, Fort Worth League Tennis, Fort Worth Professional Tennis, National Recreation and Park Association and USTA Texas. The Arlington Tennis Association runs programs for disadvantaged youth with volunteers. The ATC provides court time and equipment to the Arlington Tennis Association and supports their mission and volunteer efforts.

From a programming perspective, ATC court time usage varies based on many factors including weather and the economy. Annual programmed hours for recreational leagues, USTA/competitive leagues, private lessons and special events ranges between 36,000 and 43,000 hours.

There are four full-time staff members at the ATC including the Facility Coordinator (Manager), Assistant Facility Coordinator, Head Tennis Professional, and Pro Shop Attendant. There are 17 part-time and seasonal employees including part-time customer service representatives, league coordinator, and facility maintenance and seasonal tennis professionals and instructors and ranger.

The City considered utilizing a private contractor to manage tennis programs but decided to remain as a City-operated facility since it would ultimately be responsible for maintenance, repair and capital improvement costs.

Cary Tennis Park – Cary, North Carolina

Owned and operated by the Town of Cary, the Cary Tennis Park (CTP) has 29 outdoor, lighted full-size courts and four QuickStart courts on 24 acres. CTP was constructed in two phases: Phase I included eight outdoor tennis courts and a comfort station and was completed in 2000 at a cost of \$818,000. Phase II added 22 courts, a main building, second comfort station, practice wall and parking lots and was completed in 2002 at a cost of \$5.4 million.

CTP was created in a joint use venture with the Wake County Public School System at Green Hope High School. The Phase I courts and comfort station were constructed on Wake County School System property but construction costs were covered by the Town of Cary. The Town assumed management and maintenance of the facility and Green Hope High School was given priority use of Phase I courts for their Physical Education classes and the boys' and girls' varsity tennis team practices and matches.

Prior to construction completion, the Town of Cary solicited bids for the management and operation of the CTP. NY Tennis was awarded an initial three-year contract. Halfway through the contract, the Town and NY Tennis mutually agreed to terminate the agreement. NY Tennis paid the Town of Cary a lease payment of \$2,000 per month. The Town paid all utility bills and maintained the grounds outside the tennis courts including landscaping and irrigation. In late 2004, the Town assumed management of

the facility and the Town Council adopted goals for the CTP which guided the operations and programming for the facility.

The CTP has 10 full-time employees and between 16 and 32 part-time employees based on programming and calendar needs. Employees are part of the Town Parks and Recreation Department. Positions include the Tennis Supervisor (Facility and Tennis Manager), Head Professional, Customer Service Representative (2 full-time), Junior Coordinator, Tennis Professional III (five full-time), and part-time teaching staff and aides.

The CTP's cost recovery has ranged between 78% and 82% over the last three years. The CTP is unique from many public departments in that it is responsible for their own center budget including any public works expenses attributed to the facility.

The Town of Cary and CTP managers have worked closely on developing job descriptions, hiring procedures, and compensation guidelines to recruit and retain the best possible tennis staff possible to serve the community. CTP officials indicated that it has been a challenging process but the Town was committed to fulfilling the CTP unique hiring and staffing needs. CTP uses contracted services for the management and operation of the snack bar, umpires and referees for all sanctioned tournaments, athletic training services for tournaments, and trash collection.

The CTP has managers with strong management histories in the tennis industry. The Town and CTP developed a long range business plan with well-defined goals that guides the programming of the center. There is a need to have balanced programming to service the community and maximize court usage and revenue opportunities. CTP has identified three distinct market segments: individual tennis players; tennis leagues; and tournaments/events. Each market segments has unique characteristics and needs but are also interdependent.

To service the needs of the three market segments the CTP provides many varied programs and opportunities including wheelchair clinics, youth developmental instruction, junior academy, adult developmental instruction, adult team coaching, private instruction, junior team tennis, USTA league play, local league play, challenge ladders, Pro Shop, tournaments/events, ball machine rentals, non-teaching staff related services (customer service representatives to assist players), court reservations and rentals, annual and 40-hour passes, socials, free court time, fundraisers, concessions, Western Wake Tennis Association support, and a practice wall.

Strong partnerships have been forged with a variety of tennis organizations to promote participation at all levels, tournaments, and marketing efforts. The CTP works closely with the USTA, Southern Tennis Association, North Carolina Tennis Association and the Western Wake Tennis Association.

Tournament play is important for residents to be able to participate but is also an economic generator for the Town and region. However, tournament play scheduling is carefully balanced with other programming needs and drop-in play. As such, the CTP targets the number of tournaments/events at approximately 18-22 per calendar year. Due to weather limitations, tournaments/events are scheduled primarily from March through October with one tournament in February and November. The goal is to limit multi-day events to approximately two per month and preferably not more than two weekends in a row.



The CTP tournament schedule includes WTA Polar Doubles Tournament, Cary Junior Championships, USTA Campus Championships, Nike Tour Boys and Girls 12s Southern Championships, NC State Junior Closed Championships, Girls' NCHSAA State Championships, the Cary Winter Championships and more.

Bush Tennis Center – Midland, Texas

The Bush Tennis Center (BTC) is anticipated to open in August of 2012 with 18 full-size, lighted outdoor courts and eight QuickStart courts. Phase 1 construction costs are estimated to be \$7 million. BTC is owned and operated by Midland Tennis Center, Inc., a 501(c)(3) non-profit organization.

Future phases are slated to include the addition of the Grand Slam Center with an expanded Pro Shop and locker rooms, additional restrooms, four additional full size covered courts or eight QuickStart courts depending on demand, and potentially four more full size covered courts. The general layout of the BTC was coordinated closely with the USTA Texas, the School District and the City.

The original plans called for the City of Midland to own and operate the tennis center. The tennis center was originally envisioned as a community outreach facility with six to eight courts. Based on community and regional needs, the concept grew to a complex with 35 courts. The economic downturn caused the City to place the plans on hold. The Midland Tennis Center, Inc. was formed in 2008 to continue to develop the concept.

Although privately owned, the BTC works with the City of Midland to try and serve the entire community and considered the facility a "community tennis center". While not public, it is accessible to anyone who wants to participate in tennis activities at an affordable price.

In the 1970's, the City of Midland chose to no longer support a Parks and Recreation Department. Area sports associations create the programming for the residents of Midland and the surrounding community. Although the City is not providing funding directly for the BTC, it does provide in-kind services including a portion of the land and installation of lighting. The majority of the 26-acre site was provided by a donor.

The Midland Tennis Center, Inc. merged with Trilogy Athletics, an existing tennis focused business owned by a tennis professional. The tennis professional, with a list of clients and a long history of involvement with tennis and teaching in the region, also became the executive director of the BTC. Though the BTC is not yet open, the entity is generating revenue through its Trilogy Athletics' arm with teaching professionals and lessons at area courts.

The BTC will host all levels of programming including Reach Out tennis, QuickStart tennis, and programs for grassroots, families, tiny tots, health and fitness, education, adults, junior development, and tournaments. It is anticipated that at least one high school will use the BTC for practices, matches and tournaments. The BTC is working with Hardin – Simmons University on summer camps and through their Reach Out they are establishing programming with area churches, YMCA, Campfire, etc. From a tournament hosting perspective they are forecasting to host five to six major amateur tournaments, a Pro Circuit satellite event, local School District events and Regionals, and benefit tournaments.

The BTC is anticipated to have a full-time Executive Director/Tennis Director, an administrative assistant/accountant, six coordinators that will be involved with teaching and administrative work including programming, working in the Pro Shop and racquet stringing, and 8 to 12 part time and/or contract instructors. The BTC is working with local colleges on recruiting students to become lower tier instructors for credit and community service work. Eventually, the BTC anticipates having 20 to 25 instructors.

In order to serve the unique needs of the tennis community, BTC officials are striving to provide balanced programming for the center and focusing on affordability, programming and service. They anticipate a multitude of participation options including memberships that are annual, quarterly, individual, family, couples, junior, corporate and through the First Serve program for underprivileged residents that can volunteer in exchange for playing opportunities. The BTC is currently in the process of forecasting their membership numbers, approximately 50-60% of which are anticipated to be annual.

The BTC has also focused on the underserved areas of tennis in their region. Management indicated that having a QuickStart center with permanent QuickStart courts, covered courts, lighted courts, an educational center and diverse programming will set them apart from other private clubs in the region. BTC is not trying to compete with other clubs but rather creating non-traditional programming and players.

Reffkin Tennis Center – Tucson, Arizona

The Reffkin Tennis Center (RTC) opened in 1961 and offers 25 lighted, outdoor courts. The RTC is owned by the City of Tucson and operated by Jim Reffkin Tennis Center, LLC. The City of Tucson had tennis facilities and had a relationship with Jim Reffkin, a former top level professional player and rules innovator, who was then a teaching professional. Approximately 30 years ago, the City hired Reffkin as their Tennis Director in a contractor agreement to operate the tennis programming at City owned tennis courts and their tennis center (later to be renamed Reffkin Tennis Center in 2009).

One of the courts is the Michael Landon Stadium Court that was created through funding provided through the Michael Landon Foundation. The RTC was originally constructed with 10 courts and continued to expand to its current capacity. Funding was provided by the City of Tucson and grants. The City of Tucson pays for the maintenance and upkeep for the majority of the property. The City of Tucson gauges the usage of the RTC on the number of people playing tennis per month. The City's goal is 10,000 people per month. The number of users in 2010 was nearly 100,000.

Creative and aggressive programming is a priority for the RTC. They created new tournament structures called Participation Pathways to encourage more play and operate multiple classes of QuickStart programming to introduce and develop new players to the game.

The RTC hosts the most number of tournaments in the Southwest including the USTA Southwest Section League Championships, USTA National League Championships, Tennis on Campus Spring Invitational, NJCAA Women's Tennis Championship, USTA National Winter Championships, as well as local league and regional tournaments.

Summary – Case Studies

The following summarizes common themes from the case studies:

- Publicly owned and operated venues typically realize an operating deficit.
- Cost recovery is generally targeted at approximately 65% to 70% of operating expenses and actual achieved results have been higher at some of the profiled centers.
- It is important to establish and articulate a vision/mission for the facility which drives and prioritizes programming. For instance, the goal of meeting local sports and recreational needs rather than serving as an economic generator will create different marketing, booking, staffing and maintenance procedures.
- Professional tournaments may not always be a fit for every complex though local and regional tournaments appear to be important programming for economic impact without the expense and major staff resource commitment.
- Publicly owned and operated venues have the ability to control their program so that it matches the community's needs.
- Publicly managed venues require strong support of government officials to properly hire and staff tennis professionals and pay them by traditional tennis industry standards.
- An experienced, professional tennis manager is imperative to success in programming and scheduling.
- QuickStart programs are a key program in all complexes relative to maintaining and increasing participation levels.
- Supporting the current tennis players while creating new players is a challenge for all tennis facilities.

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Economic Analysis

With respect to financial performance, it is important to understand that many similar tennis complexes realize an operating deficit. Depending on the mission and operating objectives of the facility, reasons for developing these types of facilities include providing recreational opportunities and enhancing the overall quality of life for area residents as well as generating economic activity and jobs. These facilities typically attract both residents and out of town attendees who spend money on hotels, restaurants and other related services. In many instances, these economic benefits can outweigh the operating costs. Consequently, when evaluating the merits of these types of projects, it is important to consider all aspects of the costs and benefits including operating requirements, debt service and economic/fiscal benefits. An order-of-magnitude estimate of the potential economic/fiscal benefits associated with the proposed new Troy Park tennis complex is provided later in this section of the report.

Crossroads assisted the MSA and the County in developing a hypothetical, order-of-magnitude estimate of operating revenues and expenses before taxes, depreciation and debt service for the proposed new Troy Park tennis complex for a stabilized year of operations. This analysis is also based on certain hypothetical assumptions pertaining to operations of the facility, usage levels and other related financial assumptions agreed to by the MSA and the County. The accompanying analysis was prepared for internal use by the MSA and the County for their consideration of plans for the proposed new Troy Park tennis complex and should not be used or relied upon for any other purpose including financing of the project.

The analysis performed was limited in nature and, as such, Crossroads does not express an opinion or any other form of assurance on the information presented in this report. As with all estimates of this type, we cannot guarantee the results nor is any warranty intended that they can be achieved. The estimates of revenues and expenses are based on the anticipated size, quality and efficiency of the proposed new Troy Park tennis complex. Since these estimates and assumptions are based on circumstances that have not yet transpired, they are subject to variation. Further, there will usually be differences between estimated and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

Estimate of Financial Operations

The table that follows estimates operating revenues over operating expenses before capital reserve, taxes, depreciation and debt service for a stabilized year of operations. These estimates are based on several hypothetical assumptions including to the proposed building program, estimated amount and mix of usage for the proposed new tennis complex, information on competitive/comparable facilities, as well as other primary and secondary sources including findings in the market analysis. This analysis represents a net revenue and expenses assessment and is subject to change depending on the actual building program, contractual agreements with service providers, and further refinements regarding operating strategies for the proposed new tennis complex.

As shown in the table below, the proposed new tennis complex is estimated to realize an annual operating loss ranging from \$162,000 to \$209,000 in a stabilized year of operations before capital reserve, taxes, debt service, and depreciation.

Estimate of Annual Financial Operations - Proposed Troy Park Tennis Complex			
Category		Range	
Operating Revenues			
Rental	\$1,121,000	-	\$1,257,000
Food & Beverage (net)	65,000	-	71,000
Merchandise/Pro Shop (net)	45,000	-	50,000
Sponsorships/Advertising	25,000	-	30,000
Total	\$1,256,000	-	\$1,408,000
Operating Expenses			
Personnel Services	\$800,000	-	\$850,000
Utilities	325,000	-	350,000
Operations/Maintenance	340,000	-	370,000
Total	\$1,465,000	-	\$1,570,000
Net Operating Income/(Loss) Before Capital Reserve, Taxes, Debt Service, and Depreciation			
	(\$209,000)	-	(\$162,000)

General Assumptions

Based on input from the client group, the following assumptions were used to develop estimates of event activity, financial operations and economic/fiscal impacts for the proposed new tennis complex. It should be noted that these assumptions are preliminary and will continue to be refined as decisions related to the building program and other operating characteristics evolve.

- The building program outlined previously which generally consists of 30 professional quality tennis courts (12 indoor and 18 outdoor), an 8,000-seat multi-use stadium, a community plaza and other associated amenities such as a pro shop. The indoor tennis court area can also be converted into 30,000 square feet of multi-purpose space. A membership health/fitness club is not assumed to be part of the tennis complex.
- Other non-tennis related activities such as entertainment acts, banquets/socials, and civic/community events are assumed to occur in the community center component and, as such, event activity and related revenues and expenses are not reflected in this analysis.
- There are several potential operating models that could be utilized at the proposed tennis complex under the County's oversight. Given the preliminary nature of this study, no specific operating strategy is recommended as part of this analysis. The County can evaluate potential operating models as the building program and other operating characteristics continue to evolve.

- The proposed tennis complex will be owned and operated by Howard County and managed by personnel that specializes marketing/management/programming of similar facilities and has established contacts and strong relationships with State/regional/national tennis event promoters/producers from organizations such as the United States Tennis Association (USTA), the USTA Mid-Atlantic Section (USTA MAS), the USTA Maryland, the WTA, and the Intercollegiate Tennis Association (ITA) as well as area collegiate/scholastic/recreational sports entities in order to maximize marketability and usage.
- The proposed tennis complex will seek to balance its programming to meet the needs of residents and host events that generate room nights and economic impact to the County.
- The facility will be aggressively marketed by established tourism agencies at the State and local level in addition to facility marketing efforts.
- A high level of quality customer service will be provided.
- No other similar, competitive/comparable facilities are built in the region.
- Amounts are presented in current dollars and reflect a stabilized year of operations.

Usage/Event Activity Assumptions

The financial and economic/fiscal impact analyses are based on several factors including a hypothetical estimate of utilization that was developed based on research previously summarized including input from the client group, market research, industry trends, event activity at area facilities, input from potential demand generators, information on competitive/comparable facilities as well as other research.

Event activity at new facilities typically experiences a “ramp up” period to a stabilized level of activity which occurs for several reasons. For instance, some groups that book their event several years in advance may not want to risk that a facility’s construction is delayed and not completed in time for their event. In addition, some groups may choose to let management “fine tune” its operations before meeting in a new facility. In addition, event promoters noted that attendance at many larger tournaments takes time to grow and mature in a new facility and geographic location. However, it is important to recognize that the overall utilization at any facility is typically dependent on a number of factors and is rarely consistent. As such, estimated utilization represents a stabilized year of operations.

Event activity consists of a WTA tournament, other scholastic/collegiate/competitive tournaments, classes/programs/lessons, league play, camps, and court rental. Based on market research, this analysis estimates that the proposed new tennis complex will host between seven and 11 tournaments that attract between 22,800 and 31,000 total attendees annually. USTA officials indicated that several tournaments will rotate every two to three years, some of which are currently held at other facilities in Maryland. For purposes of this analysis, an ATP tournament is not programmed at the proposed new tennis complex. If Howard County is able to attract an ATP tournament, it would typically occur over nine days and potentially draw approximately 70,000 attendees in a stabilized year after it has matured in the market according to event promoters.

Market research did suggest that diverse demand generators exist for the tennis complex. Two common usage measures at tennis facilities are the number of court usage hours and the overall occupancy rate. The number of court usage hours is estimated to range from 101,000 to 111,000 in a stabilized year yielding an occupancy rate ranging from 65% to 73% for the indoor courts and 60% to 65% for the outdoor courts. It is assumed that the courts are open 15 hours per day, with the exception of major holidays.

Event Type	Range of Estimated Court Usage Hours			
	Hours	% Total	Hours	% Total
Classes/Programs/Lessons	53,400	53%	59,000	53%
Court Rental	35,300	35%	35,500	32%
League Play	6,000	6%	6,900	6%
Tournaments	5,700	6%	8,900	8%
Camps	600	1%	700	1%
Total	101,000	101%	111,000	100%
% Occupancy - Indoor Courts	65%		73%	
% Occupancy - Outdoor Courts	60%		65%	

Operating Revenue Assumptions

Rental – Rental revenue is largely dependent on the number of programs, the number of participants, and available hours in addition to the rental rates charged. Major assumptions utilized in this analysis regarding tennis-related rental revenue include the following:

- *Classes/Programs/Lessons* include private, semi-private and group instruction and rates will vary by type of activity.
- *Court Rental* is estimated to be \$35/hour for prime time and \$25/hour for non-prime time for the indoor courts. No charge is assumed for the outdoor courts.
- *League Play* includes USTA and non-USTA sanctioned play and is estimated to generate an average of \$240/participant.
- *Tournaments* include the WTA tournament, USTA tournaments, as well as scholastic/collegiate tournaments. Facility management will likely negotiate rental terms for some tournaments based on factors such as potential economic impact and/or the ability to execute multi-year contracts. As such, rental rates vary by specific event type.
- *Camps* are weekly year-round camps which are estimated to generate an average of \$150/participant.

Based on these and other assumptions, rental revenue is estimated to range from \$1.1 million to \$1.3 million.

Summary of Rental Revenue by Event Type			
Event Type	Range		
Classes/Programs/Lessons	\$518,000	-	\$572,000
Court Rental	389,000	-	430,000
League Play	108,000	-	123,000
Tournaments	55,000	-	75,000
Camps	51,000	-	57,000
Total	\$ 1,121,000	-	\$ 1,257,000

Food/Beverage – The operation and management of concession sales are generally handled by one of two methods. The first method allows an independent concessionaire exclusive rights to facility events with the facility taking either a percentage of gross sales or a flat fee per month. The second method allows for the facility owner to own and operate the concessions service. Under this method, the facility owner captures all food and beverage sales but also incurs expense items related to purchase and maintenance of equipment, labor costs and costs of goods sold. Given the preliminary nature of the project, it has not yet been decided whether the proposed tennis complex will contract with a third party for concession operations or perform this function in-house.

Food/beverage revenue is generated by sales from concessions, catering and vending. Based on experience at comparable tennis complexes, food/beverage revenue potential for many event types is relatively limited given the nature of event activity, relatively low margin food/beverage sales and the common practice/desire of attendees to bring their own food and beverages. Per capita spending for tournaments can be more significant but is dependent on the financial terms of the deal with the event promoter. Net revenue associated with concession sales is estimated to range from \$65,000 to \$71,000.

Merchandise/Pro Shop – This line item consists of revenue generated from the sales of merchandise at events as well as services offered in a pro shop such equipment, clothing, racquet stringing and restringing etc. As with food and beverage, pro shop operations can either be run in-house or contracted out to a third party, both of which are common practice at tennis complexes. Net revenue associated with merchandise/pro shop operations is estimated to range from \$45,000 to \$50,000.

Sponsorship/Advertising – Sponsorship/advertising opportunities are diverse and can range from temporary signage at a single event to permanent signage on buildings or billboards located throughout a facility to advertising in a program to sponsoring an entire event/championship. Events sponsored by outside organizations do not typically share revenues with the facility owner/operator. However, advertising and sponsorship revenue generated from events that are organized/sponsored by the facility operator, or other local community groups is usually retained by the facility and is a function of the amount and type of event activity in terms of events and attendance (e.g., large national championships), the strength/breadth of the local corporate market, and the approach taken by management in terms of the amount and type of advertising and sponsorships it wants to sell. Sponsorship/advertising revenue is estimated to range from \$25,000 to \$30,000. A primary assumption is that the tournament operator will sell and retain the sponsorships/advertising related to the WTA events.

Although not included in this analysis, selling naming rights, where one or more parties can be solicited for up-front or annually recurring commitments, represent an opportunity for additional revenues that could be used toward construction and/or ongoing operating requirements. The decision to sell naming rights is a policy decision for the County. The potential amount of revenue that could be generated is dependent on many factors including estimated user base as well as the location and the ability to package naming rights and other advertising/sponsorship opportunities. The value of naming rights is market-driven and the viability in Howard County would need to be tested through an extensive pre-development marketing initiative.

Operating Expenses Assumptions

Personnel Services - Although the staffing requirements and subsequent salaries and wages can represent a significant expense, permanent full-time staffing plans can vary. This variance in staffing levels is generally attributed to multiple factors. One factor relates to the management philosophy of maintaining event-related personnel as full-time or part-time staff. Another factor relates to the management and physical relationship the facility might have to other public facilities. For example, the staffing plan for a complex only offering outdoor courts is different than that for an indoor/outdoor multi-purpose complex. Ownership/management structure also plays a role in the staffing plan where a complex operated by the local parks and recreation department can often share administrative and maintenance costs with the broader municipal department. The number and type of courts, the overall mission of the complex, the level of competition and primary uses can also impact staffing levels. In addition, the extent that contracted services and/or organized labor are used also impacts staffing at a facility. As mentioned previously, the proposed tennis complex is assumed to be operated by the County. As such, and for purposes of this analysis, personnel services reflect a stand-alone operation and are estimated to range from \$800,000 to \$850,000.

Utilities - Utilities generally represents one of the highest expense items for these types of facilities and can be variable depending upon the level of utilization, the type of facilities and climate. For purposes of this analysis, it is assumed that the operating entity passes through to the user, to the extent possible, utility costs related to a particular event. In many facilities, these costs are handled as an expense that is fully or partially reimbursed by the event at a later date or, for civic uses, a utilities charge is assessed. The utility cost shown in this analysis represents the total non-reimbursable costs. Utility costs are estimated to range from \$325,000 to \$350,000. It should be noted that actual utility expenses will depend on facility design and decisions concerning energy systems and management.

Operations/Maintenance – This line item, which includes expenses related to repairs/maintenance, materials/supplies, contracted services, general administrative cost, marketing/advertising, etc. necessary for the operation of the proposed new tennis complex, is estimated to range from \$340,000 to \$370,000.

Capital Reserve for Replacement Fund – It is recommended that the County as the facility owner and operator plan for an annual payment specifically designated as a reserve for replacement fund in order to safeguard its investment. However, no capital reserve for replacement fund is estimated in this analysis.

Taxes, Ground Lease, Debt Service and Depreciation - This analysis does not estimate any taxes, a ground lease payment for use of the property, debt service or depreciation.

Summary

It is estimated that the proposed new Troy Park tennis complex will be able to support between 86% and 90% of its operating expenses with operating revenues and yield an operating deficit ranging from \$162,000 to \$209,000.

Economic Impact Analysis

One objective of this study is to estimate the economic and fiscal impacts associated with operations of the proposed new Troy Park tennis complex to the local economy. The County would benefit from the facility's operations in a number of ways, including such tangible and intangible benefits as:

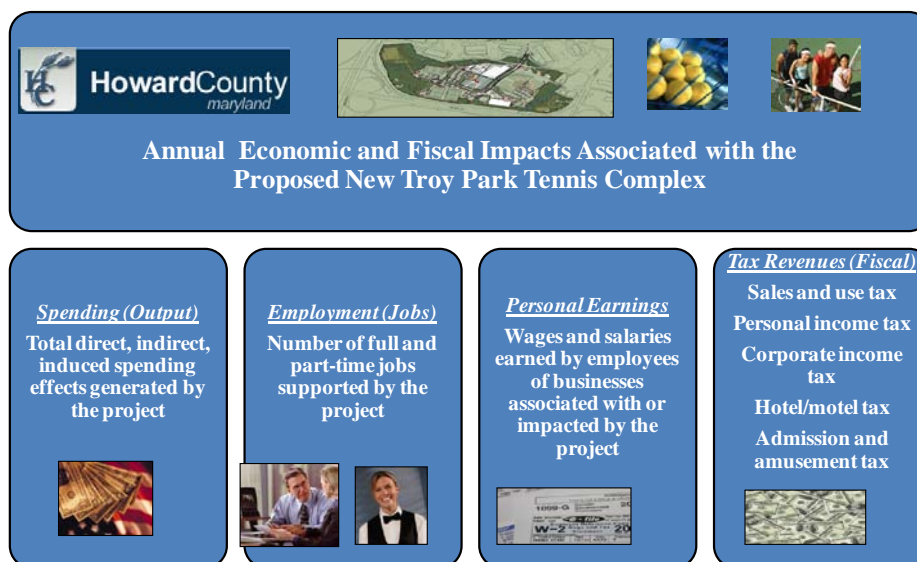
- Enhancing the County's appeal as a sports, tourist and entertainment destination
- Receiving regional, national and international exposure through media coverage, destination marketing and visitation
- Providing a first-class multi-purpose venue for area residents and out-of-town attendees
- Increasing the overall quality of life and livability of the area
- Capitalizing on existing and planned tourism efforts
- Providing a catalyst for other potential development initiatives including private sector investment
- Fostering relationships with area educational institutions
- Providing venues for the expansion of existing educational/sports programs and/or the development of new program
- Generating additional economic activity in terms of spending, jobs, and earnings
- Generating additional fiscal revenues for local and State governments

Each of these benefits is important in assessing the overall impact of the proposed new Troy Park tennis complex to the County. While the value of most of these benefits is difficult to measure, the estimated economic activity generated can be quantified. This analysis quantifies the direct, indirect and induced benefits associated with operations of the proposed new Troy Park tennis complex including the associated tax revenues.

General Methodology Overview

An assessment of the economic benefits that could potentially occur in the County as a result of operations of the proposed new Troy Park tennis complex can be approached in several ways. The approach used in this analysis considers estimated gross facility revenues, spending by tournament organizers, as well as estimated spending by attendees outside the facility on items such as lodging, food/beverage, retail, and transportation as an initial measure of economic activity in the marketplace. Once the amount for direct spending is quantified, a calculated multiplier is applied to generate the indirect and induced effects. The sum of direct, indirect and induced effects equals total economic impact which is expressed in terms of spending (output), employment (jobs), and personal earnings.

This analysis also estimates the new fiscal impacts to the County and the State generated from operations of the proposed new Troy Park tennis complex. Revenues generated from sales and use tax, personal income tax, corporate income tax, hotel/motel tax, and admissions and amusements tax were estimated.



Methodology – Economic Impact Analysis

Regional input-output models are typically used by economists as a tool to understand the flow of goods and services among regions and measure the complex interactions among them given an initial spending estimate.

Direct Spending

Estimating direct spending is the first step in calculating economic impact. Direct spending represents the initial change in spending that occurs as a direct result of operations of the proposed new Troy Park tennis complex. Direct spending occurs both inside and outside of the facility.

Indirect and Induced Impacts

The economic activity generated by operations of the proposed new Troy Park tennis complex affects more than just the facility. In preparation for new spending in the economy, several other economic sectors are impacted and jobs are created. Indirect effects reflect the re-spending of the initial or direct expenditures or the business-to-business transactions required to satisfy the direct effect. Induced effects reflect changes in local spending on goods and services that result from income changes in the directly and indirectly affected industry sectors. The model generates estimates of these impacts through a series of relationships using local-level average wages, prices and transportation data, taking into account commute patterns and the relative interdependence of the economy on outside regions for goods and services.

Multiplier Effect

In an effort to quantify the inputs needed to produce the total output, economists have developed multiplier models. The estimation of multipliers relies on input-output models, a technique for quantifying interactions between firms, industries and social institutions within a local economy. This analysis uses IMPLAN software and databases which are developed under exclusive rights by the Minnesota IMPLAN Group, Inc. IMPLAN, which stands for *Impact Analysis for Planning*, is a computer software package that consists of procedures for estimating local input-output models and associated databases. The IMPLAN software package allows the estimation of the multiplier effects of changes in final demand for one industry on all other industries within a defined economic area. Its proprietary methodology includes a matrix of production and distribution data among all counties in the U.S. As such, the advantages of this model are that it is sensitive to both location and type of spending and has the ability to provide indirect/induced spending, employment and earnings information by specific industry category while taking into account the leakages associated with the purchase of certain goods and services outside the economy under consideration.

Once the direct spending amounts are assigned to a logical category, the IMPLAN model estimates the economic multiplier effects for each type of direct new spending attracted to or retained in the area resulting from operations of the proposed new Troy Park tennis complex.

For purposes of this analysis, the following industry multipliers were used:

Summary of Multipliers - 2009			
Category	Howard County		
	Spending	Employment*	Earnings
Hotels	1.5168	11.7	0.4972
Eating & Drinking Places	1.4969	18.9	0.5439
Retail Trade	1.4049	18.8	0.6857
Entertainment	1.6060	27.7	0.6531
Transportation	1.5028	11.0	0.5353
Business Services	1.4684	7.1	0.4802

Note: *Indicates the number of jobs per \$1 million in spending.

Source: IMPLAN.

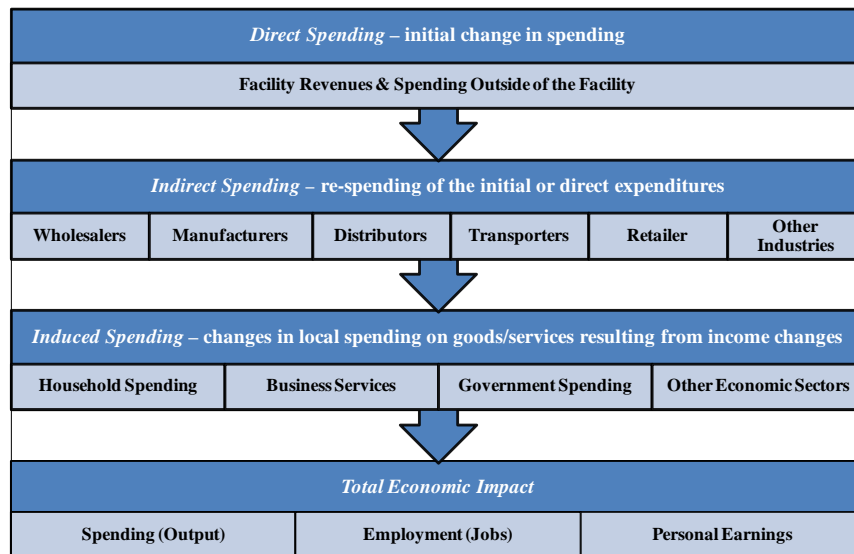
Total Economic Impact

The calculated multiplier effect is then added to the direct impact to quantify the total economic impact in terms of spending, employment and earnings which are defined below:

- *Spending (output)* represents the total direct, indirect and induced spending effects generated by the facility. This calculation measures the total dollar change in spending (output) that occurs in the local economy for each dollar of output delivered to final demand.

- *Employment (jobs)* represents the number of full and part-time jobs supported by the facility. The employment multiplier measures the total change in the number of jobs supported in the local economy for each additional \$1.0 million of output delivered to final demand.
- *Personal Earnings* represent the wages and salaries earned by employees of businesses associated with or impacted by the facility. In other words, the multiplier measures the total dollar change in earnings of households employed by the affected industries for each additional dollar of output delivered to final demand.

The following graphic illustrates the multiplier effects for calculating total economic impact.



Methodology - Fiscal Impact Analysis

The estimated spending generated from operations of the proposed new tennis complex also creates tax revenues for the County and the State. Experience in other markets suggests that while a significant portion of the direct spending likely occurs near the facility, additional spending occurs in other surrounding economies. Major tax sources impacted by facility operations were identified and taxable amounts to apply to each respective tax rate were estimated. Although other taxes may also be positively impacted, this analysis estimated the revenues generated from the following taxes based on the direct and indirect/induced spending amounts previously defined:

Howard County

- Admissions and amusements tax
- Local personal income tax
- Hotel/motel tax

State of Maryland

- Sales and use tax
- Corporate income tax
- Personal income tax

Summary of Estimated Annual Economic Benefits

The following table summarizes the estimated economic benefits from the on-going activities of the proposed Troy Park Tennis Complex as measured by spending, jobs and earnings. As shown, the total annual spending (i.e., direct/indirect/induced) associated with ongoing operations of the proposed new Troy Park tennis complex is estimated to range from \$5.7 million to \$6.6 million.

Summary of Economic Impacts Proposed Troy Park Tennis Complex		
Category	Range	
Spending		
Direct Spending	\$3,746,000	- \$4,342,000
Indirect/Induced Spending	1,992,000	- 2,307,000
Total Spending	\$5,738,000	- \$6,649,000
Total Jobs	70	- 80
Total Earnings	\$2,183,000	- \$2,535,000

The following section provides a detailed description of the assumptions used in this analysis.

Direct Spending

As mentioned previously, the first step in calculating economic impact is estimating the direct spending generated in the area. Direct spending relates to operating revenues generated from facility operations as well as attendee spending outside of the facility. Adjustments were made to account for leakage and displacement and therefore reflect net new spending and are explained in the following two subsections.

Operating Revenues

Gross operating revenues for the proposed new Troy Park tennis complex are estimated to range from \$1.9 million to \$2.2 million.

Attendee Spending Outside of the Facility

This category attempts to reflect the spending patterns of attendees outside of the facility before and after events. Based on the estimated mix of event activity, attendees are categorized as either high impact, defined as those generating hotel room nights, or low impact and are assigned different spending amounts. These spending amounts are allocated among various categories including hotel/lodging, food/beverage, transportation and retail. For purposes of this analysis, a spending amount of \$111 per day for high impact attendees and \$21 per day for low impact attendees was utilized for tournaments only. The estimated spending amounts and the allocation among specific categories are based on various primary and secondary sources including, but not limited to, the Maryland Office of Tourism Development. Based on these and other assumptions, direct event attendee spending outside the proposed Troy Park tennis complex is estimated to range from \$899,000 to \$1.3 million.

Tournament Organizers/Sponsors/Exhibitors/Vendors

Tournament organizers/sponsors/exhibitor/vendors and the like have substantial investments in the events that they host and participate in by purchasing goods and services from either the tennis complex or from outside sources. In addition, they often spend money outside of the facility to entertain existing and potential clients. For purposes of this analysis and based on data from secondary sources, spending generated from this category is estimated to be \$900,000.

Summary of Direct Spending

Based on this information, the direct spending related to the on-going operations and attendee spending outside of the proposed Troy Park Tennis Complex is estimated to range from \$3.7 million to \$4.3 million.

Estimate of Direct Spending - Proposed Troy Park Tennis Complex			
Category	Range		
Gross Facility Operating Revenues	\$1,947,000	-	\$2,163,000
Attendee Spending	\$899,000	-	1,279,000
Tournament Organizers, Sponsors, Exhibitors, etc.	900,000	-	900,000
Total	\$3,746,000	-	\$4,342,000

These spending estimates are considered direct output and serve as the basis for the multiplier analysis. Direct spending amounts were assigned logical industry categories and relevant multipliers were applied to these amounts in order to calculate estimates for total spending, jobs and earnings.

Indirect and Induced Impacts

The IMPLAN model is used to generate the indirect and induced impacts spawned from the estimated economic activities within the County. The indirect impacts represent inter-industry trade from business to business. Likewise, the induced impacts represent the economic activity spurred by the household trade that occurs when employees make consumer purchases with their incomes. According to the IMPLAN model, direct spending spurred by on-going operations of the proposed new Troy Park tennis complex is estimated to generate between \$2.0 million and \$2.3 million annually in indirect/induced spending.

Total Spending

Outputs from the IMPLAN model indicate that total (i.e., direct, indirect and induced) annual spending from activity at the proposed new Troy Park tennis complex is estimated to range from \$5.7 million to \$6.6 million. Dividing the total impacts by the direct impacts yields an economic multiplier of approximately 1.5. Thus, every dollar of direct spending generates \$1.50 in total economic activity.

Total Jobs

Based on the IMPLAN model, which calculates the number of jobs per \$1.0 million in direct spending, the economic activity associated with the on-going operations of the proposed new Troy Park tennis complex is estimated to generate between 70 and 80 total new jobs. These jobs are created in many sectors of the economy, which both directly and indirectly support the increased level of business activity in the area on an annual basis.

Total Earnings

Outputs from the IMPLAN model indicate that annual earnings generated from operations of the proposed new Troy Park tennis complex are estimated to range from \$2.2 million to \$2.5 million.

Summary of Estimated Annual Fiscal Benefits (Tax Revenues)

As shown in the table that follows, annual tax revenues related to on-going operations of the proposed new Troy Park tennis complex are estimated to range from \$88,000 to \$105,000 at the County level and \$320,000 to \$374,000 at the State level.

Summary of Fiscal Impacts Proposed Troy Park Tennis Complex			
Municipality/Tax	Range		
Howard County			
Admissions & Amusement Tax	\$50,000	-	\$56,000
Local Personal Income Tax	27,000	-	32,000
Hotel/Motel Tax	11,000	-	17,000
Subtotal	\$88,000	-	\$105,000
State of Maryland			
Sales & Use Tax	\$228,000	-	\$267,000
Personal Income Tax	75,000	-	87,000
Corporate Income Tax	17,000	-	20,000
Subtotal	\$320,000	-	\$374,000
GRAND TOTAL	\$408,000	-	\$479,000

The assumptions utilized in this analysis are described on the pages that follow.

Howard County Taxes

Admissions and Amusement Tax - The admissions and amusement tax is a local tax collected by the State Comptroller's Office for local municipalities. The entire amount of the tax collected, less administrative expenses, is returned to the municipalities and counties imposing the local tax. The tax is generally levied on the admission or amusement cost for activities such as movies, amusements, athletic events, concerts, golf and the sale of refreshments at a nightclub or other similar entertainment venue. The tax on admissions differs among local municipalities in Maryland. Howard County applies a 5% tax on concerts, operas, live theatre and athletic events and a 7.5% tax on the admission or amusement cost for all other activities. If the gross receipts from the activity is also subject to the sales and use tax, the admissions and amusement tax is limited to 5%. For purposes of this analysis, the amusement and admissions tax was based on applying the appropriate tax rate to estimated ticket/rental revenue.

Local Personal Income Tax – Howard County imposes a local personal income tax rate of 3.2% which is assessed against personal income earned in the County. For purposes of this analysis and based on information provided by the Comptroller of Maryland, an effective tax rate of 2.5% was calculated based on the federal adjusted gross income and the total personal income tax paid to the County in 2009 (the most recent year for which data was available). This effective tax rate was applied to total County-level earnings estimated to be generated from operations of the proposed new Troy Park tennis complex. Because local income tax is based on where you live, not where you work, this analysis assumed that approximately 50% of personal income taxes occur in the County.

Hotel/Motel Tax – The County taxes the furnishings of lodging within the County. The hotel/motel tax does not include State sales tax. The current hotel/motel tax rate is 7.0%. This rate was applied to 100% of the estimated direct hotel spending.

State of Maryland Taxes

Combined, the sales and use tax, personal income tax, and corporate income tax generate approximately 86% of the State's tax proceeds from all sources. While other taxes may be positively impacted by facility operations, they are not quantified in this analysis.

In general terms, all State tax proceeds with the exception of the corporate income tax are collected in the State's General Fund and then allocated to variety of program areas, such as education, transportation, public safety, and others. The revenues from Maryland's corporation income tax are allocated between the general fund and various transportation programs on the basis of a detailed formula. As such, individual revenue sources, such as sales and use tax, are not designated to fund specific programs. As a result of this process, municipalities and counties may benefit from a variety of State and locally administered programs. For purposes of this analysis, only collections have been quantified, without regard as to how these funds are ultimately spent through the individual State departments/funds.

The following describes the primary State-level taxes quantified in this analysis based on information obtained from the State of Maryland Comptroller.

Sales and Use Tax – The State of Maryland collects a sales and use tax from sales and leases of tangible personal property and services throughout the State. Sales and use tax is uniform throughout the State at 6.0%. This tax source is the State's second largest source of general fund revenue. For purposes of this analysis, the tax rate was applied to estimated taxable direct and indirect/induced spending at the State level generated from operations of the proposed new Troy Park tennis complex.

Personal Income Tax – The State of Maryland imposes a personal income tax assessed against personal income earned in the State. The State income tax is a graduated rate ranging from 2.0% to 6.25% of taxable income. Non-residents are subject to a special nonresident tax rate of 1.25% in addition to the State income tax rate. This tax source is the State's largest single source of general fund revenue. For purposes of this analysis and based on information provided by the Comptroller of Maryland, an effective tax rate of 3.44% was calculated based on the federal adjusted gross income and the total personal income tax paid to the State in 2009 (the most recent year for which data was available). This effective tax rate was applied to total State-level earnings estimated to be generated by operations of the proposed new Troy Park tennis complex.

Corporate Income Tax – A corporate income tax of 8.25% of corporate federal taxable income adjusted by State modifications is also levied by the State of Maryland on corporations. For purposes of this analysis and based on information provided by the Comptroller of Maryland, an effective tax rate of 0.30% was calculated based on the Gross State Product and the total corporate income tax paid to the State in 2010. This effective tax rate was applied to total State-level spending estimated to be generated by operations of the proposed new Troy Park tennis complex.

Summary

Market research suggests that diverse demand generators exist for the tennis complex including, but not limited to, a WTA tournament, other scholastic/collegiate/competitive tournaments, classes/programs/lessons, league play, camps and court rental. This analysis estimates that the proposed new tennis complex will host between seven and 11 tournaments that attract between 22,800 and 31,000 total attendees annually. The number of court usage hours is estimated to range from 101,000 to 111,000 in a stabilized year yielding an occupancy rate ranging from 65% to 73% for the indoor courts and 60% to 65% for the outdoor courts. Other non-tennis related activities such as entertainment acts, banquets/socials, and civic/community events are assumed to occur in the community center component and, as such, event activity and related revenues and expenses are not reflected in this analysis.

Most municipally run tennis complexes realize an operating deficit. From a cash flow perspective, the proposed new tennis complex is estimated to realize an annual operating loss ranging from \$162,000 to \$209,000 before any capital reserve or taxes, debt service and depreciation in a stabilized year of operations.

Activity at the proposed new tennis complex is estimated to generate between \$3.7 million and \$4.3 million in annual direct spending which could support between 70 and 80 total jobs and create between \$2.2 million and \$2.5 million in personal earnings in a stabilized year of operations. Total spending (including direct, indirect, and induced spending) is estimated to range from \$5.7 million to \$6.6 million in a stabilized year. Annual tax revenues related to on-going operations of the proposed new Troy Park tennis complex are estimated to range from \$88,000 to \$105,000 at the County level and \$320,000 to \$374,000 at the State level.

Should the State be approached for future funding of the project, it is important to recognize that many of the events estimated to be held at the proposed tennis complex represent a transfer of existing activity already occurring in the State and therefore generate relatively minimal incremental new economic and fiscal impacts at the State level.

Although this analysis does not include an ATP tournament as part of the usage/event activity at the proposed new Troy Park tennis complex, event promoters indicated that this level tournament could potentially draw 70,000 attendees over a nine-day period in a stabilized year after it has matured in the market. Based on this attendance, preliminary estimates suggest that hosting this type of major event could generate approximately \$10.8 million in direct spending that could yield \$16.3 million in total spending, 200 total jobs, and \$6.3 million in personal earnings. Annual tax revenues related to hosting an ATP tournament at the proposed new tennis complex are estimated to be \$275,000 at the County level and \$915,000 at the State level.

Although market demand exists for the proposed new Troy Park tennis complex, the direct financial benefits do not appear sufficient to support on-going financial operations or debt service on the estimated \$40 million project. The fact that the private sector was unable to develop and fund the proposed new tennis complex also suggests a cautious approach to pursuing the project. The County may want to consider pursuing a more moderate program that includes a smaller, first-class outdoor competitive court with relative limited spectator seating that could accommodate tournament activity as well as other uses.

Potential Next Steps

Should the County decide to move forward with the project, typical next steps in the development planning process would include refining the program elements and development schedule; refining development cost estimates; identifying an operating strategy including any potential shared resources that may result in cost savings; and approaching potential public and private sector funding partners.