

Recreation Facility Best Use, Management, and  
Market Analysis – FINAL  
September 19, 2018

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## Situation Analysis

The City of Morehead seeks to evaluate the highest and best use of the Laughlin Health Building, which is located on the campus of Morehead State University in Morehead, Kentucky. If feasible, the City may enter into a lease with the University to operate the building. The goal is to maximize the usefulness and potential of the facility as the Laughlin Health Building Community Center.

Potential purposes of the Laughlin Health Building could include one or more of the following community uses:

- Senior Citizen activities,
- Sports tournaments,
- City Parks & Recreation,
- Local community uses,
- Bowling,
- Concessions.

Constraints include funding and as-determined market conditions. HSP understands that the potential budget for a renovation project is quite limited. With greater funds, more options exist.

## Key Questions

- What is the condition of the Laughlin Health Building? What are the existing strengths, weaknesses, and opportunities?
- How do the conditions allow for local and non-local use?
- Is Wetherby a factor and if so, under what conditions?
- What is the existing supply of regional facilities able to host tournaments? Is there a gap?
- What is the market demand for a facility that is able to host tournaments? What do potential tournament users think about the possibilities for tournaments in Morehead at a renovated facility?
- What is the hotel package and how does that influence opportunity?
- What is the local desire for senior activity spaces, bowling, multi-purpose rooms and community uses?
- What renovations would be needed to make the facility (or facilities) attractive for more sports uses?
- What renovations would be needed to make the other parts of the facility usable for other community uses?
- Is the repurposing of the building recommended? If so, what amenities and spaces should the facility feature and how should it be operated?



## Headlines

**Opportunity For Tournaments Exists.** There are several regional tournaments, for both volleyball and basketball, that could be accommodated at the Laughlin Health Building if improved. These tournaments would generally be younger age groups based on court sizing. However, Morehead could pursue larger events if the Laughlin Health Building were paired with other local assets, expanding the number of courts offered. Tournaments typically require six or more courts but four at minimum. The Wetherby Gymnasium is one option, as is the Recreation and Wellness Center. Improvements could be costly, relative to impact, however.

**There is a Gap in Supply For Regional Facilities.** There are no tournament-quality venues within 60 miles of Morehead. There is an opportunity for tournaments. The opportunity is larger if Laughlin can be combined with other facilities locally. With a new hotel (proposed), the capacity of local hotels will fit the kinds of tournaments that could fit in a 3 or 4-court basketball or 6 or 8-court volleyball facility.

**The Laughlin Health Building is Usable for Local Needs, but Requires Minor Improvements to Attract More Tournaments.** The building has many assets including bowling, four size-constrained basketball courts and classroom space. Many of these could be maximized with improvements. Roof repairs and air conditioning throughout the building would also increase desirability for use. Existing small rooms are usable for many classes and birthday parties. The court sizing is a potential issue for older age kids and so restriping to allow for three full-sized basketball courts is recommended. However, four smaller courts for younger kids still works. The facility will need to be flexible depending on the tournament situation.

## Headlines

**The Building Business Model is Feasible based on HSP's Recommendations and Assumptions, but with upfront support for the first few years.** Any building has ongoing operating costs, no matter how judicious the management is. Personnel and utilities, as well as maintenance, especially for an older building, will persist and be the largest expenses for Laughlin. However, based on the numerous types of rentable spaces and courts, HSP's model shows that the building could break even after several ramp up years, if staffing is kept to an absolute minimum, and the manager is able to attract tournaments, rentals and interior signage (including certain types of naming rights).

**The Model Assumes an General Manager and one ongoing part-time Assistant GM.** All other staff will be contracted as needed and supported by the rental or concession revenue that is generated.

**A revenue sharing model could be devised with the GM to incentive success.** While HSP's model includes an assumption of a straight contract amount of \$60k per year for the GM, HSP does recommend that the city or entity that controls the lease negotiate a bonus structure with the GM to incentivize higher revenue, lower expense and overall net profit that can be shared by the building and staff.

## Recommended Restriping

### Gymnasium:

#### Current Dimensions:

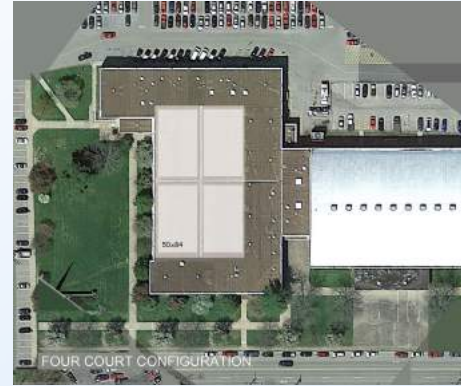
- Courts – 48x74' (Not high school regulation)
- Boundaries – 4 feet in between each outer sideline and wall, 8 feet between each end line and wall.
- Court Spacing – Side-by-side courts are separated by 7 feet, the interior ends of each court are separated between 10 feet.

After speaking with local and regional tournament directors and facility operators, it became apparent that a facility of which didn't have high school regulation sized courts wouldn't be able to host tournament play past a certain age group.

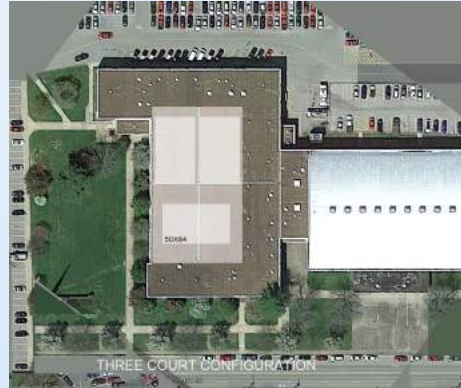
Seating for anyone other than team and game personnel is not plausible with the current setup. The use of portable bleachers is a possibility, however this would reduce the number of courts available for simultaneous play.

### Solution:

Our recommendation would be to re-stripe the gym with three standard (50x84') courts, shown adjacently. This is a cost effective solution that accommodates all age groups. The reconfiguration also provides adequate space throughout the gym to utilize portable stands that doesn't hinder play on other courts. Pairing portable stands and the upper level skywalk as seating provides sufficient occupancy for spectators.



Four standard (50x84') courts: insufficiently spaced to be usable for some tournaments



Gym could be restriped for three standard (50x84') courts with (mostly) adequate clearances

Modified  
(4 courts)

Modified  
(3 courts)

## Recommended Adjustments

### Repurpose Racquetball Courts:

Racquetball/handball courts are underutilized as storage and a combined pair for instructional (self-defense, etc.) purposes. We recommend converting some or all of these court spaces to multipurpose movement rooms that could be used for aerobics, yoga, dance, martial arts, and a variety of smaller-scale activities that don't require a full court in the main gym. After analyzing the community recreation survey and speaking with stakeholders, another option would be to turn a couple of these courts into a fitness/exercise/weight room as 46 percent of individuals to take the survey expressed interest in a concept such as this.



### Lounge/Social Space & Meeting Rooms:

Repurpose a significant ground floor space as a lounge area/social space with views to activity areas. The building as it currently exists is all business, and could use a large area with casual seating, chairs and tables, and vending machines or staffed concession area. This would be especially useful for tournaments, when parents and competitors have considerable time between events.

Repurpose some of the classrooms as multipurpose meeting rooms. This could be accomplished very inexpensively with modest changes in finishes, furnishing and lighting.





## Usage Recommendations

- Maximizing usage and revenue/impact generation is key. All elements of the building can be used throughout the week for tournaments, classes, rentals, parties, banquets and other events. All rooms should be promoted and rented or programmed.
- A contractor and rental model is most efficient. The facility will not support an ongoing staff, other than a general manager and part-time assistant manager. Others will need to be contracted on an as-needed basis for larger events. For the most part, the facility will want to rent out rooms for parties, classes and rent out the gyms for tournaments on weekends and for practices during the week.
- While putting on their own tournaments can be profitable, it is also time and staff intensive, potentially. The general manager should be aggressive, yet smart, about their approach to this.
- All rooms can generate rental revenue throughout the week and should.

## Governance Recommendations

- The authority/public non-profit model is recommended with hired management. It can be simply a public non-profit.
- Appointees to the board come from mayor and council, typically 3 each, plus one member appointed by the local tourism entity. This can vary depending on the situation.
- The entity should have a dedicated revenue stream to fund operations at the facility for the first 3-5 years while it is ramping up.
- The entity should hire a experienced general manager to manage the facility and attract tournaments, who can then hire part-time staff as need to assist in running the facility for concessions and other items. The cost of any additional talent would be expected to be paid for by onsite revenues from concessions, advertising, parking, rent and others.
- The Authority should likely have an arrangement with the city to provide maintenance services inside and outside the facility for a nominal charge, as the operation will run on a very tight budget.

## Summary of Projected Events

Indoor Sports Facility: Projected Schedule of Events by Category and Year										
Category	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Volleyball Tournaments	7	8	9	9	9	9	9	9	9	9
Basketball Tournaments	7	8	9	9	9	9	9	9	9	9
Wrestling Meets	1	2	3	4	4	4	4	4	4	4
Classes	208	416	632	1,264	1,264	1,264	1,264	1,264	1,264	1,264
Other Sporting Events	5	6	6	7	7	7	7	7	7	7
Meetings	36	72	84	96	108	108	108	108	108	108
Banquets/Special Events	12	16	24	36	48	48	48	48	48	48
Birthday Parties and Similar	36	64	88	104	104	104	104	104	104	104
<b>Total</b>	<b>314</b>	<b>595</b>	<b>859</b>	<b>1,533</b>	<b>1,558</b>	<b>1,558</b>	<b>1,558</b>	<b>1,558</b>	<b>1,558</b>	<b>1,558</b>
<b>Rental Hours</b>	<b>2,880</b>	<b>2,952</b>	<b>3,026</b>	<b>3,101</b>	<b>3,179</b>	<b>3,258</b>	<b>3,340</b>	<b>3,423</b>	<b>3,509</b>	<b>3,597</b>
Source: Hunden Strategic Partners										

As is typical in such facilities, the largest events occur the least often, and classes, rentals for sports practice and meetings occur most often. The Classes line item shows the number of rental hours for classes in the various rooms in the building. Rental hours at the bottom show the sports court rental hours during the week.

## Summary of Projected Attendance

Indoor Sports Facility: Projected Attendance by Category and Year											
Category	Avg. Event Attendance	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Volleyball Tournaments	720	12,600	14,400	16,200	16,200	16,200	16,200	16,200	16,200	16,200	16,200
Basketball Tournaments	480	8,400	9,600	10,800	10,800	10,800	10,800	10,800	10,800	10,800	10,800
Wrestling Meets	180	500	900	1,400	1,800	1,800	1,800	1,800	1,800	1,800	1,800
Classes	400	2,000	2,400	2,400	2,800	2,800	2,800	2,800	2,800	2,800	2,800
Other Sporting Events	400	2,000	2,400	2,400	2,800	2,800	2,800	2,800	2,800	2,800	2,800
Meetings	25	900	1,800	2,100	2,400	2,700	2,700	2,700	2,700	2,700	2,700
Banquets/Special Events	30	400	500	700	1,100	1,400	1,400	1,400	1,400	1,400	1,400
Birthday Parties and Similar	18	600	1,200	1,600	1,900	1,900	1,900	1,900	1,900	1,900	1,900
<b>Total</b>		<b>30,700</b>	<b>39,000</b>	<b>45,900</b>	<b>48,100</b>	<b>49,500</b>	<b>49,500</b>	<b>49,500</b>	<b>49,500</b>	<b>49,500</b>	<b>49,500</b>

Source: Hunden Strategic Partners

HSP's assumptions are for average event attendance and participation, however, the actual figures will vary considerably depending on the size of the event. In total, HSP expects nearly 50,000 annual users to the facility. Most will likely be from out of town, yet those taking classes, renting rooms for birthday parties and hosting banquets will likely be local.



## Summary of Projected Performance

HSP's budget projection for the facility shows a ramp-up period that will likely require some support for the first three years, but then the facility should be able to be breakeven or better. Such a feat will require a very lean staff, as noted and a robust rental schedule.

### Indoor Sports Facility: Financial Projection (thousands of inflated dollars)

Item	Fiscal Year									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Operating Revenue</b>										
Rent	\$192	\$225	\$258	\$301	\$322	\$330	\$338	\$347	\$355	\$364
Concessions	\$42	\$53	\$63	\$68	\$72	\$73	\$75	\$77	\$79	\$81
Novelties	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Parking	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Advertising and Sponsorship	\$2	\$3	\$3	\$3	\$3	\$3	\$3	\$4	\$4	\$4
Other Revenue	\$14	\$28	\$42	\$79	\$82	\$84	\$86	\$89	\$91	\$93
<b>Total Revenue</b>	<b>\$251</b>	<b>\$308</b>	<b>\$366</b>	<b>\$451</b>	<b>\$479</b>	<b>\$491</b>	<b>\$503</b>	<b>\$516</b>	<b>\$529</b>	<b>\$542</b>
<b>Operating Expense</b>										
Fixed										
General Manager (Contractor)	\$58	\$59	\$61	\$62	\$64	\$66	\$67	\$69	\$71	\$72
Wages - Part-Time Staff	\$17	\$17	\$18	\$18	\$19	\$19	\$19	\$20	\$20	\$21
General and Administrative	\$21	\$22	\$22	\$23	\$23	\$24	\$25	\$25	\$26	\$26
Utilities/Lease to University	\$225	\$231	\$236	\$242	\$248	\$255	\$261	\$267	\$274	\$281
Repairs and Maintenance	\$14	\$14	\$15	\$15	\$15	\$16	\$16	\$17	\$17	\$17
Insurance	\$20	\$21	\$21	\$22	\$22	\$23	\$23	\$24	\$24	\$25
Communications	\$4	\$4	\$4	\$5	\$5	\$5	\$5	\$5	\$5	\$5
Advertising	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2
Misc.	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2
<b>Total Expenses</b>	<b>\$363</b>	<b>\$372</b>	<b>\$381</b>	<b>\$390</b>	<b>\$400</b>	<b>\$410</b>	<b>\$420</b>	<b>\$431</b>	<b>\$442</b>	<b>\$453</b>
Deposit to Maintenance Reserve	\$5	\$6	\$7	\$9	\$10	\$10	\$10	\$10	\$11	\$11
<b>Net Operating Income (Deficit)</b>	<b>(\$117)</b>	<b>(\$69)</b>	<b>(\$22)</b>	<b>\$52</b>	<b>\$69</b>	<b>\$71</b>	<b>\$73</b>	<b>\$75</b>	<b>\$77</b>	<b>\$79</b>

Source: Hunden Strategic Partners

## Chapter 1

# Profile of Current Facility

## Overview

- The adjacent map shows the Laughlin Health Building in relation to the Morehead University campus



## Overview

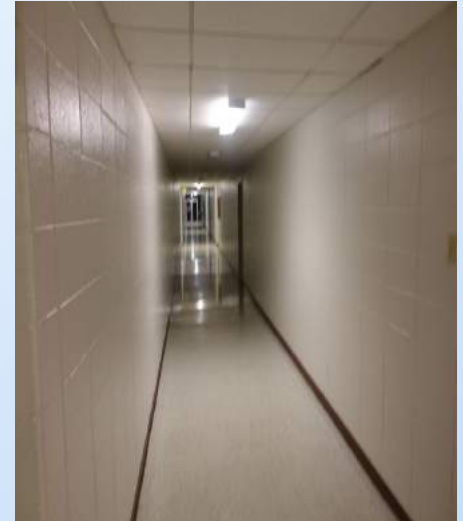
- Laughlin Health is a large, two-story brick and precast concrete building opened in 1967, featuring durable exterior and interior materials that have for the most part held up well in over 50 years of use.
- Laughlin is a multifunctional HPER facility on the campus of Morehead State University which the university leases to The City of Morehead.
- The facility features a 4 court gymnasium, roughly 15-20 classrooms (many are currently in use for office space), 8 offices, 3 storage areas (old racquetball courts), 2 functional racquetball courts, dance/movement studio, locker rooms and a bowling alley with 6 lanes.





## Condition (General)

- The building appears to be in good condition, with little evidence of water penetration. Suspended acoustical ceiling tile is warped, indicating that humidity control in the building has been a problem.
- Plastic glazing has been added to semi-enclose the stairwells, the glazing is not weathertight and the stairwells are unconditioned.
- The determinations regarding hazardous materials has not been made and should be made by a qualified professional prior to finalizing any lease arrangement



## Condition (Exterior)

- Building exterior appears to be in excellent condition overall

### Parking

- Available parking include a 79-car lot across main street, along with 15 spaces along the west side of the building, a total of 94 spaces. This parking allotment would be sufficient for daily use, however insufficient for tournaments that are held during the weekend (Friday-Sunday).

### Accessibility

- Accessibility is limited to one entrance at the inside corner of the building. Other entrances to the building are not accessible. There is no elevator which means spaces on the second floor are inaccessible to persons with mobility issues. Door hardware is typically doorknobs, not lever handles as required by the Americans with Disabilities Act (ADA). Restrooms also appear to be designed in the 1960's, with few or no accommodations to comply with the 1992 ADA. The City of Morehead will need to evaluate whether it can legally occupy this facility without making “reasonable accommodations” to persons with disabilities.



Proposed parking area across Main Street



## Condition (Interior)

### Main Space/Gymnasium

- The flooring appeared to be in good condition. Operable partitions allow the space to be divided into two-court gymnasiums. The primary issue is the relatively low ceiling (approximately 20 feet), which is lower than ideal for volleyball. 4x4-foot ceiling panels show evidence of sagging due to uncontrolled humidity, subject to frequent replacement from ball impact. This ceiling finish is not recommended for active use areas like the gymnasium, especially at such a low height. Lighting is high-bay HID fixtures, which are being replaced by LED systems generally.

### Accessory Spaces

- Several spaces around the main gym would be included in the proposed lease, locker rooms and a number of classrooms and offices. The locker rooms are in good condition, but has similar issues as the rest of the building (low ceilings and sagging acoustical tile). Plumbing appeared to be in generally good condition.
- Classrooms are very usable multi-purpose spaces that could be repurposed for a wide variety of functions, limited only by their fixed dimensions. The dance/movement studio also has very low ceiling for use as a movement studio.





## Condition (Mechanical-Electrical)

Most of the rooms in the Laughlin Health Building have occupancy sensors, which help to manage electricity use by turning off lights automatically when rooms are unoccupied. Lighting is primarily fluorescent troffers, but newer LED lighting can provide similar light levels at a more efficient level.

Heat is supplied by a central campus steam loop, the cost of heating would be factored into the terms of the lease

The current chiller was installed in 2001. It uses R-22 refrigerant which is no longer commercially available. The chiller is not at the end of its useful life, but future consideration should be given to the potential cost of replacing it if it were to fail during the term of the lease.



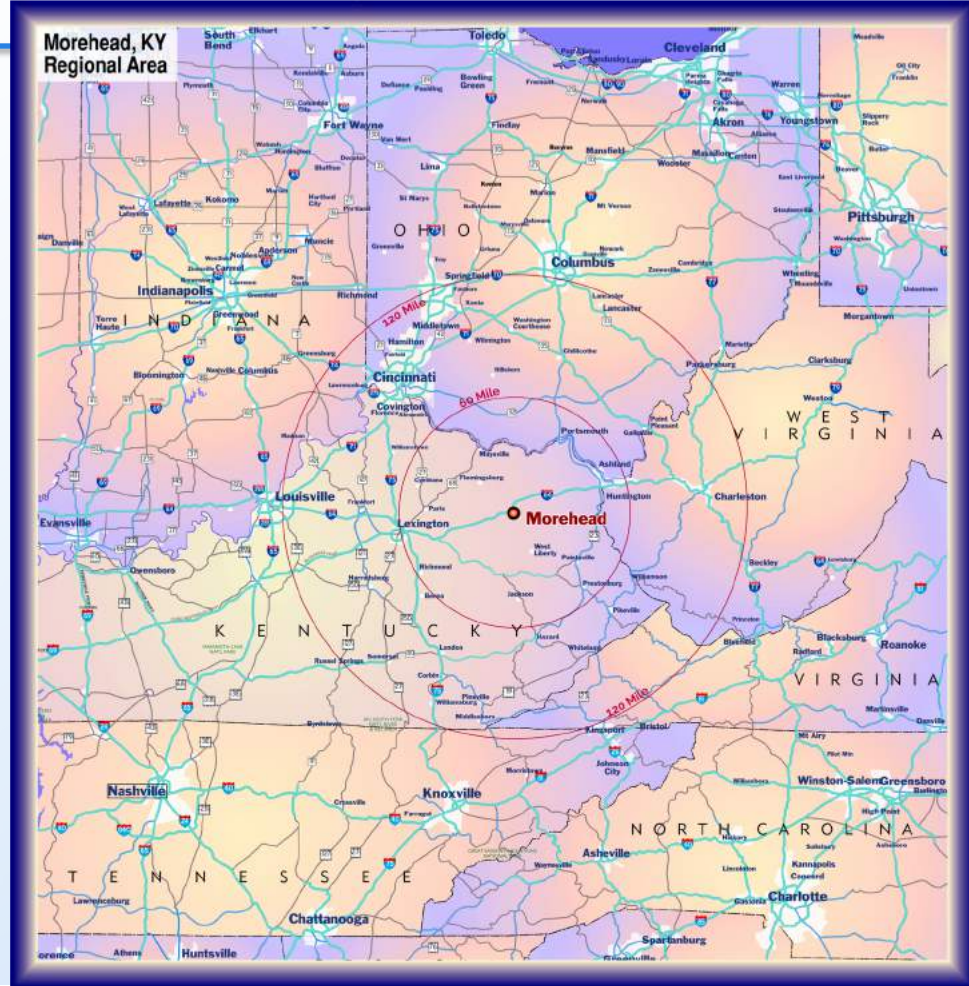


## Chapter 2

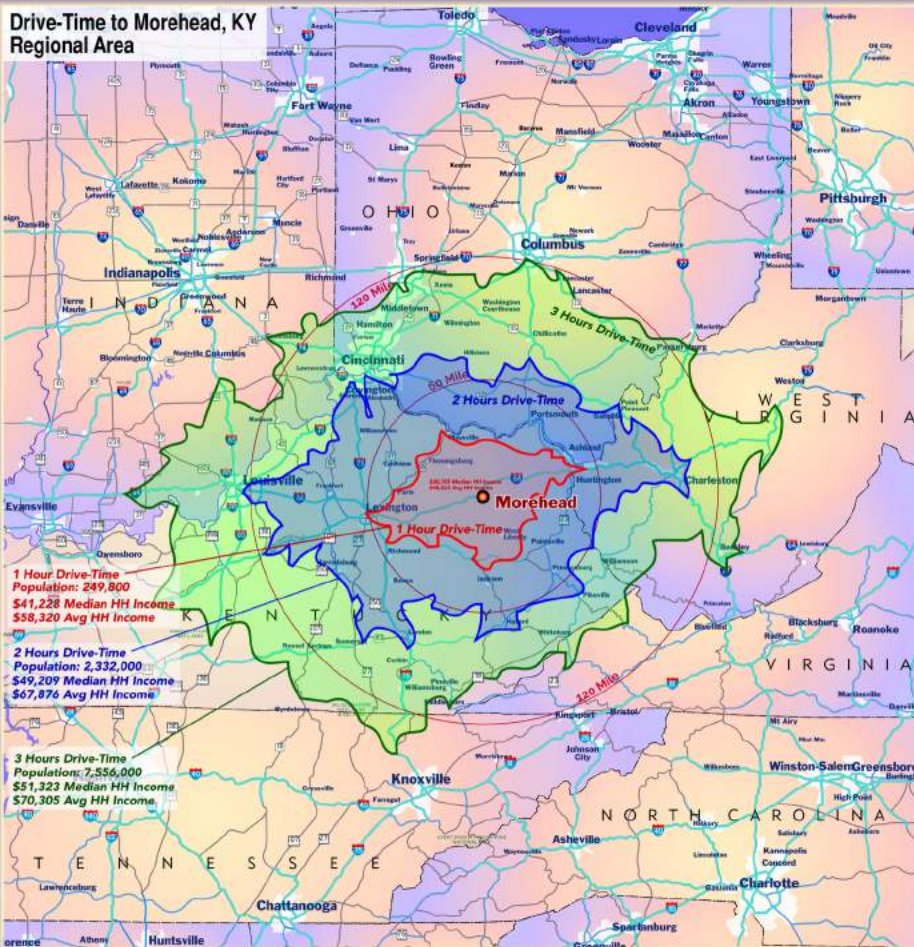
# Economic and Demographic Analysis

## Overview

- The regional overview of Morehead is shown with rings for a 60- and 120-mile radius



## Drive-Time to Morehead, KY Regional Area

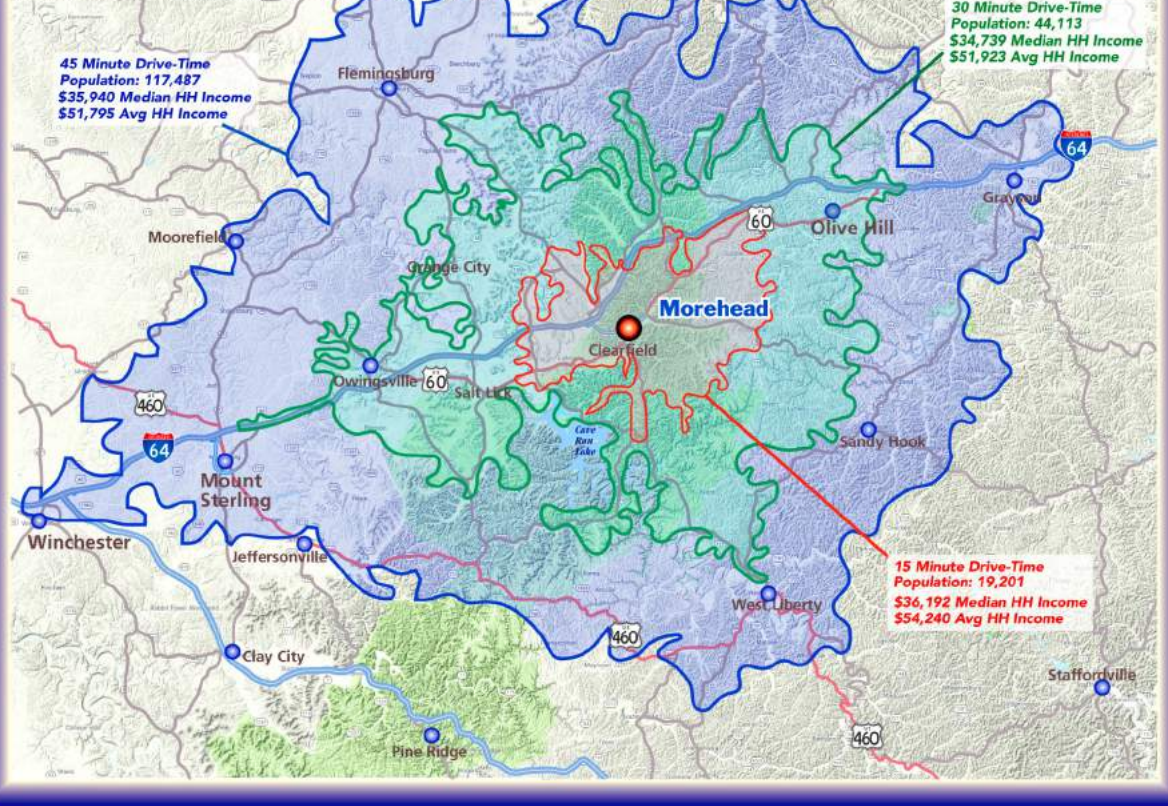


## Drive Time Population

- Drive times are shown for one, two and three hours from Morehead
- Population for a two-hour drive time is roughly 2.3 million, which is a reasonable range for potential tournament participants



## Local Drive-Times from Morehead, KY



## Drive Time Population

- This local drive time map focuses on local non-tournament users
- There is a population of over 19,000 residents within 15 minutes of Morehead and over 44,000 within 30 minutes



## Population

The population of Morehead saw a relatively significant decrease in its population from 2000 to 2010. However, between 2010 and 2017 the population saw growth and reached population levels similar to 2000.

Rowan County has experienced a steady growth rate of around 10 percent in the past two decades.

Population Growth Rates					Percent Change	Percent Change
	2000	2010	2017	2025 Estimate	2000-2010	2010-2017
United States	281,421,906	308,745,538	327,514,334	345,084,551	9.7%	6.1%
Kentucky	4,041,769	4,339,340	4,454,189	4,634,414	7.4%	2.6%
Rowan County	22,070	23,333	24,517	25,809	5.7%	5.1%
<b>Morehead</b>	<b>7,644</b>	<b>6,845</b>	<b>7,736</b>	<b>-</b>	<b>-10.5%</b>	<b>13.0%</b>

Source: US Census Bureau

## Employment

The top employment industry for Rowan County is retail trade at 12.5 percent of the total employment followed by manufacturing at 8 percent. Morehead University and SRG Global employ the largest number of employees at 715 and 594, respectively.

Rowan County Major Employers			
Company	Location	Product(s)/Service(s)	Number Of Employees
Morehead State University	Morehead	University	715
SRG Global	Morehead	Plastic Exterior Trim	594
St. Claire Regional Medical Center	Morehead	Hospitals	344
Family Dollar Stores	Morehead	Retail Distribution Center	300
Regal Beloit America	Morehead	Ball & Roller Bearings	200
American Stave Company	Morehead	Sawmill Production	110
Fannin Industries Inc	Morehead	Lumber	48
Harold White Lumber	Morehead	Hardwoods	47
Harold White Millworks	Morehead	Millwork	45
Diamond Forest Resources	Morehead	Pallet Manufacturer	43
Hamilton Inc	Morehead	Bread and Pastry Distribution	40
Valley View Hardwoods	Morehead	Lumber Producer and Product Distributor	40

Source: Morehead-Rowan County Economic Development

## Rowan County Employment by Industry - 2016

Description	Percentage of	
	Employees	Total
Total employment	13,248	100%
By industry	-	-
Farm employment	351	2.6%
Nonfarm employment	1,777	13.4%
<b>Private nonfarm employment</b>	<b>9,650</b>	<b>72.8%</b>
Retail trade	1,654	12.5%
Manufacturing	1,115	8.4%
Other services (except public administration)	521	3.9%
Transportation and warehousing	483	3.6%
Administrative and support and waste management and remediation services	388	2.9%
Finance and insurance	349	2.6%
Real estate and rental and leasing	335	2.5%
Professional, scientific, and technical services	225	1.7%
Information	86	0.6%
Management of companies and enterprises	0	0.0%
<b>Government and government enterprises</b>	<b>3,247</b>	<b>24.5%</b>
State and local	3,093	23.3%
Local government	922	-
State government	2,171	-
Federal, civilian	87	0.7%
Military	67	0.5%

Source: Bureau of Economic Analysis, Hunden Strategic Partners

## Education

The adjacent table shows all colleges and universities within a 40-mile radius of the Laughlin Health Building. Morehead University, Kentucky Christian University and Maysville Community and Technical College combine for a total enrollment of 14,823.

There are more students enrolled at Morehead State University than counted in the census locally.

### Colleges & Universities

Institution	Location	Distance from 40351	Enrollment
		(miles)	
Morehead State University	Morehead	0.0	10,746
Kentucky Christian University	Grayson	29.0	556
Maysville Community and Technical College	Maysville	35.4	3,521
<b>Total Enrollment</b>			<b>14,823</b>

Source: Various Sources; Hunden Strategic Partners

## Income

Morehead's homeownership rate and median household income is lower than the state and country. However, retail sales per capita is triple that of county, state, and national levels. This highlights how the area is a regional center of retail and as such, likely attracts people from many miles for other activities as well. It also suggests the influence of the university on the local market. Morehead's Walmart is one example of a retail center that significantly outperforms national averages.

### Income, Spending and Other Demographic Data

Category	United States	Kentucky	Rowan County	Morehead
Homeownership rate, 2012-2016	63.6%	66.8%	61.5%	35.9%
Median value of owner-occupied housing units, 2012-2016	\$184,700	\$126,100	\$117,300	\$167,100
Persons per household, 2012-2016	2.64	2.49	2.52	2.15
Median household income, 2012-2016	\$55,322	\$44,811	\$36,216	\$36,250
Persons below poverty level, percent	12.7%	18.5%	25.4%	29.2%
Total employment, 2016	126,752,238	1,603,173	242,072	–
Total employment, percent change, 2015-2016	2.1%	1.5%	9.3%	–
Retail sales per capita, 2012	\$13,443	\$12,526	\$14,458	\$45,990

Source: U.S. Census Bureau



## Attractions

Key attractions in the region include:

- **Cave Run Lake:** located in the northern portion of the Daniel Boone Nation Forest. Cave Run Lake is a 8,270-acre reservoir popular for fishing, boating and swimming.
- **Ziplo:** Ziplo is a large campground on Cave Run Lake. It is a scenic campground offering cabin rental, tent camping, RV and lakefront sites.
- **Twin Knobs:** Twin Knobs is a 700-acre campground that offers 200 campsites that can host RV and tent camping. There are amphitheater programs, volleyball courts, basketball goals and horseshoe pits.
- **Morehead State University Space Science Center:** The Space Science Center is a \$15.6 million two-story state-of-the-art building that encompasses 45,000 square feet. It has become an important center for research in nanosatellite technologies.
- **Kentucky Folk Art Center:** Located on the Morehead State campus, established in 1985 the art center holds close to 1,500 pieces specific to the history of Kentucky. The center has drawn visitors from 30 states to witness annual events including folk art fairs.
- **Railroad Museum:** Established in 2016, the museum is a combination railroad and general history museum of Morehead, Rowan County and Kentucky.
- **Rowan County Art Center:** The art center is home to eight studio artists, a gallery featuring monthly exhibits and an auditorium suited for plays, concerts and weddings.
- **Splash Pad:** CMW, Inc. was chosen by the Morehead City Council to develop the master plan for the city park expansion on the recently acquired Perkins property. The Splash Pad is expected to be completed in September.

### Morehead Attractions

Attraction	Category
Cave Run Lake	Outdoor
Ziplo	Camping
Twin Knobs	Camping
Morehead State University's Space Science Center	Space Center/Theater
Kentucky Folk Art Center	Art Showcase
Morehead Railroad and Historical Museum	Museum
Rowan County Art Center	Art Center
Splash Pad	Park

Source: Morehead-Rowan County Chamber of Commerce

Analysis of the existing tourism and attraction assets of Morehead indicated that the area offers a variety of destinations ranging from parks and trails to museums and art galleries. While many of the attractions can be used year-round, the majority of parks and trails see significantly less traffic during winter months.

## Events & Festivals

**A Day in the Country Folk Art Show** – A day in the Country Art Show is held at the Morehead Conference Center. At the show visitors see 50 self taught artists and their work as well as purchase select pieces.

**Cave Run Storytelling Festival** – Talented artists come from all over to take attendees to other times and places through the art of storytelling. Stories from a variety of regions and cultures are told in large tents on the shore of Cave Run Lake. The first festival was in 1999 and it has evolved into one of the top storytelling festivals in the country.

**Morehead Arts & Eats Fest** – Downtown Morehead host a variety of food trucks and other food options from all over Rowan County. There is also a wide selection of local arts and crafts that attendees can experience.

**Poppy Mountain Bluegrass Festival** – Poppy Mountain Bluegrass Festival is one of the largest bluegrass festivals in the world. Over 100 bands travel to the 1400 acre grounds to share a variety of bluegrass styled music. The lineups typically draw around 20,000 guests per year.

### Morehead Area Events

Event	Month
College Sports	August-May
A Day in the County Folk Art Show	June
Cave Run Storytelling Festival	September
Morehead Arts & Eats Fest	Space Center/Theater
Poppy Mountain Bluegrass Festival	Art Showcase

Source: Various Sources

## Hotel Overview

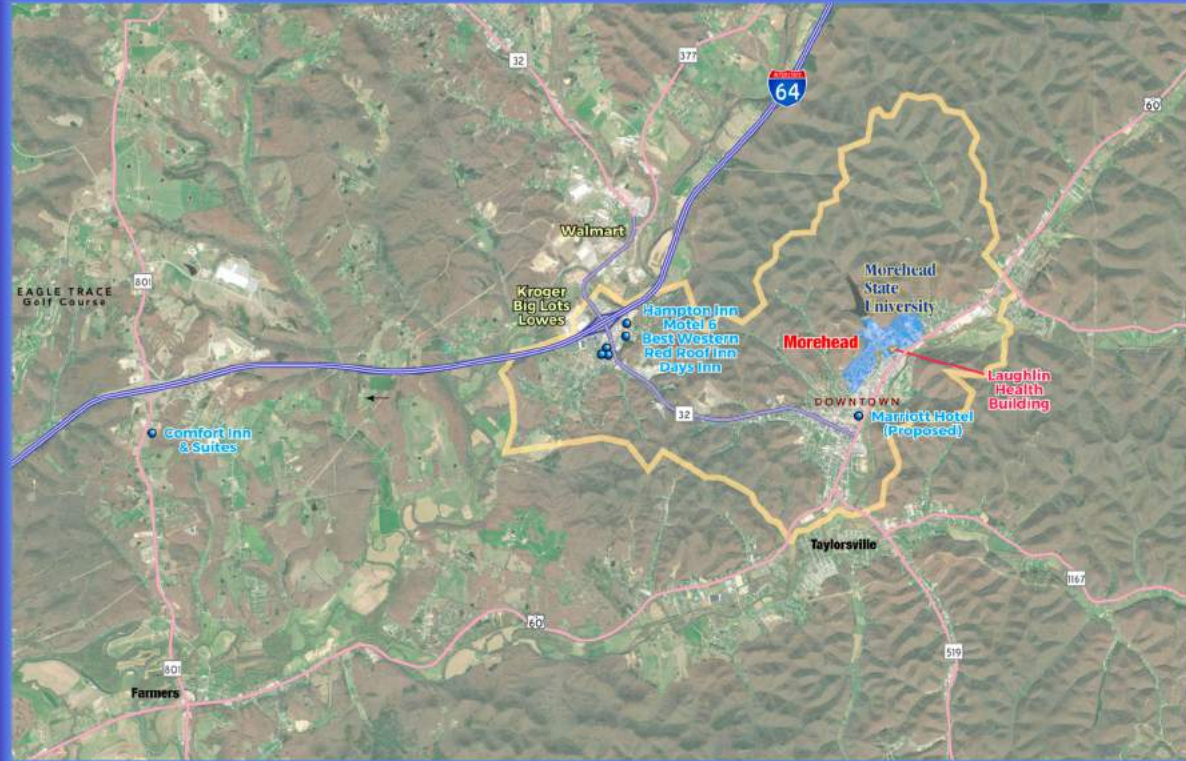
- The adjacent table shows the five hotel properties located in Morehead, totaling 322 rooms
- The type of branded hotel available is generally acceptable to traveling tournament families.
- The *current* total room count in Morehead may create an issue for potential overnight tournament stays, however...
- Progress has been made on the Downtown Morehead Redevelopment Project that would potentially include a hotel of approximately 100 rooms, which will help accommodate tournaments that would be attracted to the facility.

Morehead Hotel Supply				
Property	Distance from Laughlin (mi.)	Chain Scale	Rooms	Open Date
Motel 6 Morehead	2.3	Economy	50	Aug-98
Hampton Inn Morehead	2.4	Upper Midscale	64	Oct-08
Best Western Eagles Inn*	2.4	Midscale	49	Sep-96
Days Inn Morehead	2.5	Economy	48	Jul-90
Red Roof Inn Morehead	2.5	Economy	46	Feb-97
Comfort Inn & Suites Morehead	6.8	Upper Midscale	65	Apr-02
<b>Total/Average</b>	<b>3.2</b>	<b>–</b>	<b>322</b>	<b>Dec-98</b>

\*Formerly Holiday Inn Express  
Source: STR, Hunden Strategic Partners

## Hotel Map

- The majority of hotels in Morehead are clustered roughly 2.5 miles from the Laughlin Health Building near Interstate 64. The Comfort Inn & Suites adds 65 rooms and a *new* downtown hotel is projected to add over 100 rooms.

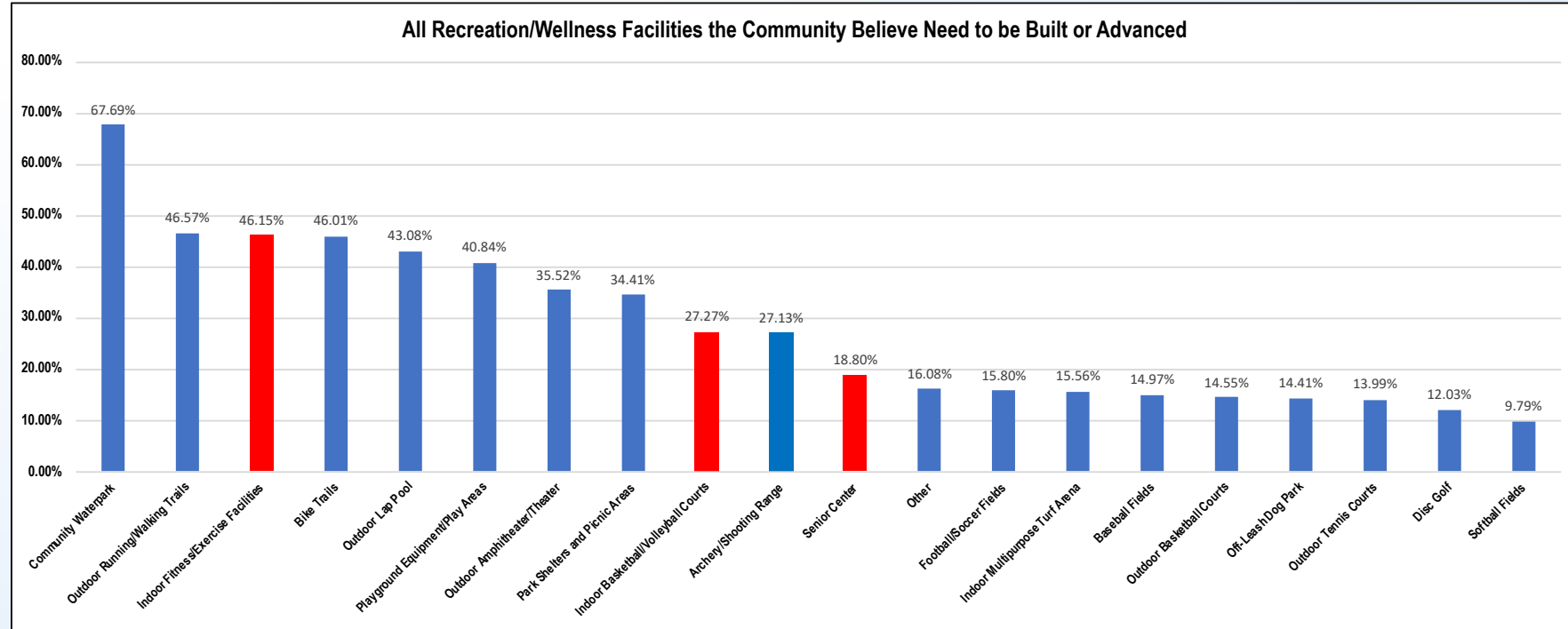




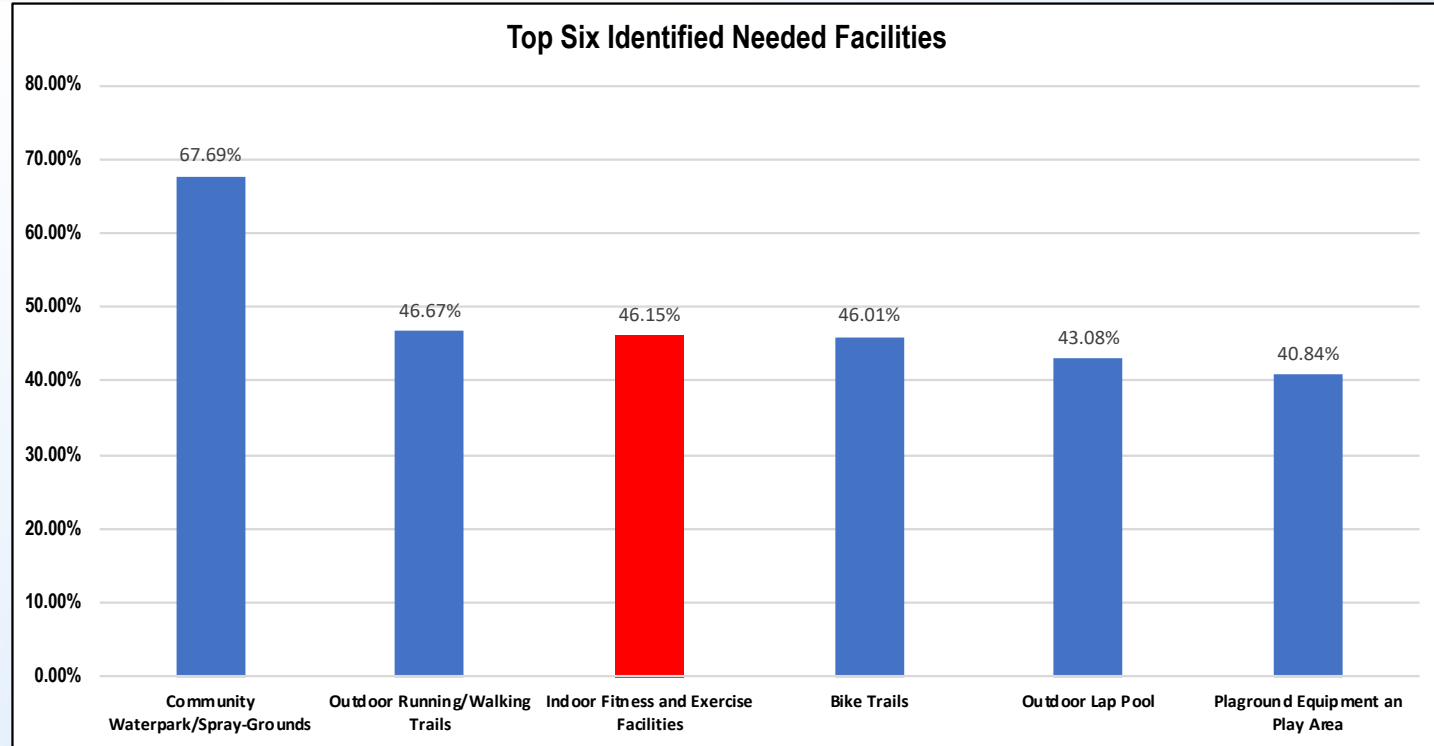
## Chapter 3

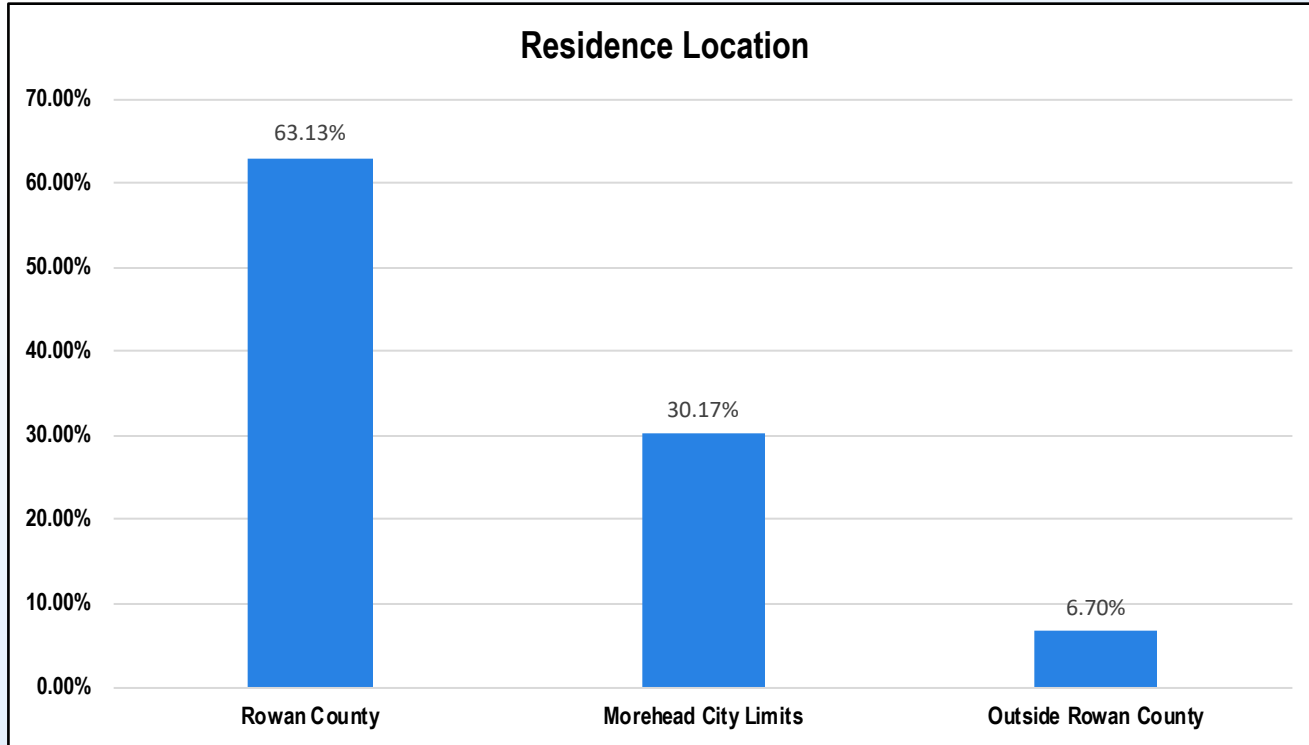
# Community Survey, Local Supply & Demand

# Community Survey



## Community Survey







### Survey Implications

- The Laughlin Health Building has the ability to address almost all indoor community desires between available space, and possible repurposing
- While a new facility could cost between \$15 and \$30 million, a renovation of a few million dollars is a cost effective option that could address several community needs

## Wetherby Gymnasium

- Wetherby Gymnasium is connected to the Laughlin Health Building
- 4,000-seat multipurpose arena that host men's and women's volleyball
- Men's and women's basketball formerly occupied the space prior to moving to Ellis Johnson Arena
- Will remain in the ownership of the University
  - Is not planned to be renovated, but
  - Could be a potential partner and utilized for larger tournaments
  - Should be strongly considered as a partner facility if it can be maintained without too much cost.



## MSU Recreation and Wellness Center

- Located within walking distance from the Laughlin Health Building, The facility's amenities include a fitness center, swimming pool, group fitness studio, gymnasium, walking track and outdoor intramural field
- While the facility is primarily for student use, three full-sized basketball courts could be leveraged with the Laughlin Health Building to potentially attract larger tournaments
- Conversations with University representatives indicated that the rental fee would be \$16/hour/court if not already in use from MSU
- Would most likely only be available for six weeks during the summer



## Local Basketball Feedback

- The perception from local teams is that the Laughlin Health Building charges too much
- Would not host a tournament at Laughlin in its current state
- In order to attract teams, courts would need to be extended, otherwise potential is capped at the 5<sup>th</sup> grade level for many tournaments
- Seating would need to be addressed – typically 30 to 70 fans attend tournament games



## Local Volleyball Feedback

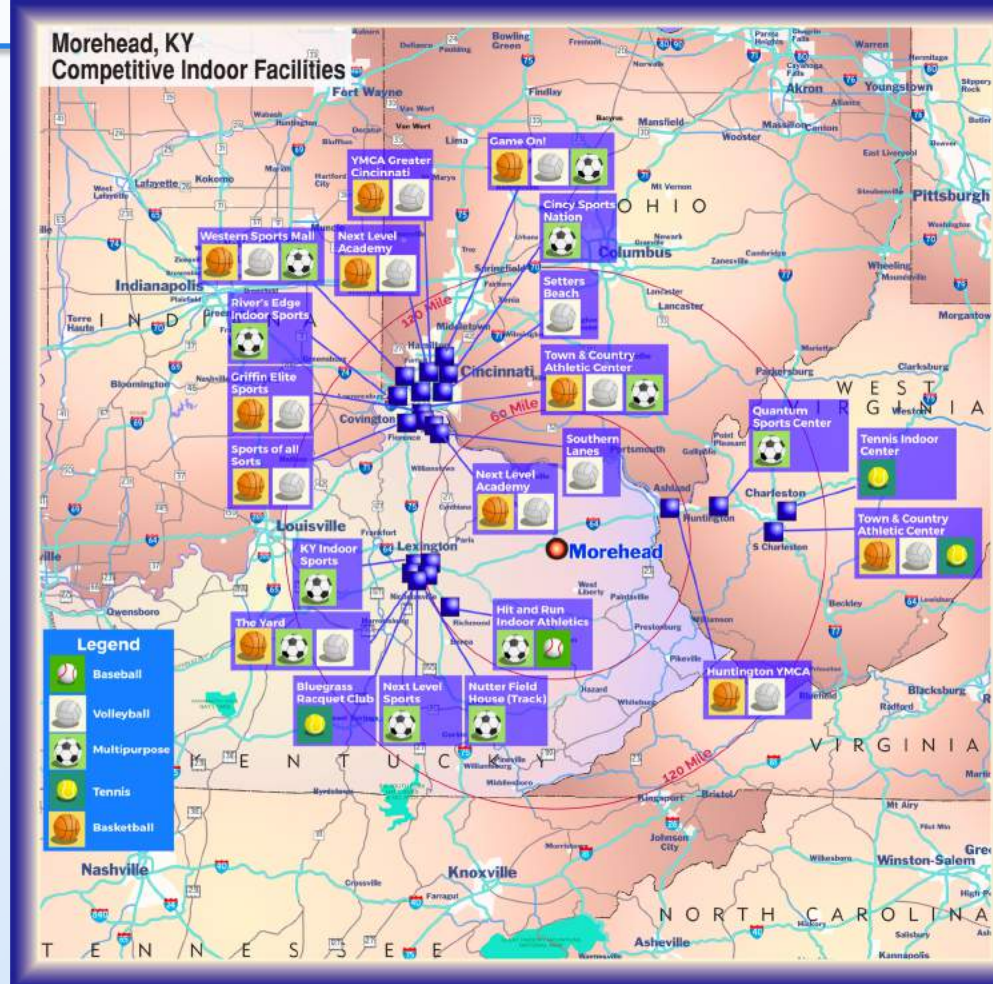
- Currently traveling to Lexington, Cincinnati and Charleston to compete in tournaments with sufficient court space
- Confident in their ability to fill court time and use the Laughlin Health Building as a home
- In-ground poles would be necessary to attract tournaments, but stand-alone poles are sufficient for practices
- Seating for tournaments at the Laughlin Health Building would be an issue given the current set-up
- Ideal ceiling height for volleyball is 23 feet, while the Laughlin Health Building has 20-foot ceilings. However, many facilities have similar ceiling heights and tournaments use them without issue.

## Chapter 4

# Regional Sports Analysis

## Competitive Regional Supply

- As shown, the majority of large tournament quality venues are outside of a 60-mile radius from Morehead
- The major clusters of facilities are located to the northwest near Cincinnati and to the west in Lexington
- While basketball and volleyball facilities are well represented, the proximity from Morehead creates a gap and potential opportunity to attract events, especially from the south and southeast
- The population within a 60-mile radius is over 1 million
- The Kentucky Basketball Association is seeking a new facility, as they left their Lexington facility



## Competitive Regional Supply by Location

The following table shows the regional competitive indoor facilities surrounding Morehead.

Competitive Indoor Facilities								
Facility	Location	Miles from LHB	Multipurpose	Baseball/Softball	Basketball	Tennis	Volleyball	Other
Next Level Sports	Lexington, KY	64.6						
Nutter Field House	Lexington, KY	66.6	1					6-lane track, weight room
Huntington YMCA	Huntington, WV	67.7			2		4	Pool, 2 tracks, racquetball courts
Lexington Baseball School	Lexington, KY	68.5		✓				
The Yard	Lexington, KY	68.8	1		1		3	8 batting cages
Hit and Run Indoor Athletics	Richmond, KY	69.1		✓				
Kentucky Indoor Soccer and Sports	Lexington, KY	70.7	2					
Bluegrass Racquet Club	Nicholasville, KY	71.8				5		
Southern Lanes Sports Center	Cincinnati, OH	90.3					1	16 bowling lanes
Quantum Sports Center	Hurricane, WV	93.6	2					
Town & Country Athletic Center	Wilder, KY	95.8	✓		5		10	Swimming pool, fitness center
Setters Beach Volleyball & Outdoor Lounge	Cincinnati, OH	96.2					✓	Indoor/Outdoor Volleyball
Next Level Academy	Wilder, KY	98.3			2		3	Weight room, golf simulator
Nothin but Net Sports Complex	Cincinnati, OH	98.4			5		10	
YMCA of Greater Cincinnati	Cincinnati, OH	105			1		2	Swimming pool, fitness center
Cincy Sports Nation, LLC	Mulberry, OH	107	2					
Griffin Elite Sports & Wellness	Erlanger, KY	108			3		5	
Action Sports Complex	St. Albans, WV	108			1		2	Wrestling, weight room
Clear Creek Park Family Activity Center	Shelbville, KY	109			1		2	Track, fitness center, pool, conference room
Sports of All Sorts	Florence, KY	110			3		6	8 bowling lanes, arcade, weight room
City of South Charleston Community Center	South Charleston, WV	112			1	2	2	2 racquetball courts, swimming pool, weight room
Game On! Sports Complex	Cincinnati, OH	113	1		4		6	
Western Sports Mall	Cincinnati, OH	114	2		2		4	Fitness center
Tennis Indoor Center	Charleston, WV	119				4		
River's Edge Indoor Sports	Cleves, OH	126	✓					
Average			2		2	4	4	
Total			11		31	11	60	
Source: Various Facilities, Hunden Strategic Partners								

Source: Various Facilities, Hunden Strategic Partners



## Competitive Regional Supply by Location

- There are no competitive indoor facilities within 60 miles of Morehead.
- The regional average for basketball courts is two. The Laughlin Health Building currently has four basketball courts, and even considering a possible rearranging of three larger courts, Morehead would be above the regional average.
- There is a gap and therefore suggested opportunity for tournament activity in Morehead.

## Nothin' But Net Sports Complex

**Location:** Cincinnati, OH (98 miles from Morehead)

- 36,000 Square Feet
- 5 hardwood courts
  - Basketball, volleyball, futsal
  - Hoops can be adjusted from 6 to 10 feet
- Rental Rates:
  - \$75 per court per hour
  - \$60 discounted rate
- Admissions:
  - 18 and older: \$3
  - 17 and under: \$1
  - Family of up to four: \$7



# Town & Country Athletic Center

**Location:** Wilder, KY (96 miles from Morehead)

- 40,000 square feet
- Multi-sport facility
- Youth and adult leagues
- Youth basketball:
  - \$250/team
  - 3<sup>rd</sup> – 8<sup>th</sup> grade
  - Tuesdays and Thursdays from 5 – 9 pm
- Additional amenities at Town & Country include a pool and fitness center
- Birthday parties for between \$175 and \$200
- Daytime senior programming (yoga, special events, pickleball)



# Griffin Elite Sports & Wellness

**Location:** Erlanger, KY (108 miles from Morehead)

- 52,000 square feet
- 3 hardwood basketball courts
- 5 volleyball courts
- Group fitness classes, personal training, sports leagues, tournaments and camps



## Sports Complex Industry Background

In the United States, several types of sports facilities and complexes exist for youth and adults, for recreational, competitive, interscholastic and intercollegiate sports and fitness activities. High schools, colleges and universities have facilities for the students of their schools, and these facilities often allow non-students to use the sports and recreational facilities for a fee. Municipalities and other local government entities own and operate recreational facilities with a wide range of services. Private sports and fitness facilities provide the public with fee-based sports and recreation opportunities. The advent of large, multi-sports youth and recreation complexes has been driven by several factors: the increase in travel sports programs and the recognition by communities that such relatively inexpensive complexes can generate significant economic impacts in the form of room nights related travel spending.



## Travel Teams

A major and growing trend in youth sports is the growth of elite or travel teams throughout the United States. What started as a way for high school team sports participants to play a chosen sport in the summer months, the trend has increasingly become less tied to high school programs and has included younger players. In some sports, such as basketball and baseball, independent travel teams have become the most important forum for college recruiting and scouting. This has placed more and more emphasis on travel team sports for those players seeking scholarships to major Division I colleges, and even in a few instances going directly to professional sports after high school.

Throughout the last three decades, youth team sports have gone through a transformation in structure and emphasis, and travel teams are the result, and sometimes even part of the reason for that change. Junior high schools became middle schools, with younger students, but with budgets that often did not permit a large team sports emphasis. Therefore, youth that wanted to continue in a sport beyond the recreational level needed another venue to play. Also, as competition became more intense, especially for college scholarships and the dream of professional sports, more and more players began choosing one sport and training in the off-season, instead of playing the sport of the season.

Travel teams began to form to give youth the ability to play sports at a higher level against better competition, and also to train in the traditional off-season for that sport. While each team sport has travel teams throughout the United States, the most organized and one of the earliest to become popular was the national governing body of non-scholastic youth basketball, the Amateur Athletic Union, or AAU.

## Travel Teams

One major trend in youth sports is the rise of travel teams that participate in regional, statewide or multi-state tournaments. This trend has led to more youth being involved as a single-sport participant, especially as the participant grows up and moves into higher skill levels above age 12 or 13. The result of this trend is that municipalities have begun to understand the economic benefits of hosting such tournaments. Therefore, more municipalities are developing athletic complexes with the intention of not only providing the local community with athletic opportunities, but also reaping other economic benefits such as hotel room nights and restaurant spending. The athletic complexes are built with the intention to encourage regional, multi-day tournaments that will bring participants and families to the area to stay overnight and contribute to the local economy.

The demand for new multi-facility complexes is increasing due to increased competition between facilities and communities. To attract tournaments, athletic complexes are adding amenities such as championship-quality fields, stadium or arena-type field/court for playoffs and finals, higher levels of quality in restrooms, concessions and other facilities. This drives up the cost of the facilities.

Municipalities that construct such multi-field/court facilities can benefit from travel teams, such as soccer, baseball, basketball and volleyball. However, at some point specific areas could become saturated with multi-use fields. Supply will overtake demand, and to remain competitive, facilities will have to provide more services and a lower cost, which could cause operating losses. The convention center industry is a recent victim of oversupply, due to communities attempting to race to the top in terms of larger facilities and amenities beyond what the economics of the industry could support. The industry as a whole now struggles due to oversupply.

## Travel Teams Continued

Youth sport travel is one of the fastest growing segments of the travel industry, outpacing leisure travel overall, and growing numbers of families are finding their summer weekends filled with trips to tournaments and competitions. Although tournaments are being held year-round, there are a limited number of top-tier travel weekends families regularly travel long distances on.

The primary tournament weekends nationally are over extended holiday weekends. The month of August has very few events because travel seasons are ending and youth are returning back to school.

The trend of having travel teams and tournaments may be peaking, due to several factors. The criticism of some aspects of travel teams, along with the growing cost and time commitment, may grow to force a slowdown of youth sports travel teams. However, presently travel teams are a large part of the existing youth sports culture, and those teams will continue to be a major aspect of youth team sports in the near future.

### Primary Travel Weekends

Weekend	Month
Labor Day	September
Columbus Day	October
Thanksgiving	November
Xmas/New Years	December
MLK Weekend	January
Presidents Day	February
Easter	March
Memorial Day	May
Independence Day	July
Mothers Day	May

Source: Clancy's Sports, HSP

## State Basketball & Volleyball Associations

HSP interviewed basketball and volleyball representatives for prominent tournament hosting venues, regional volleyball and basketball district representatives and tournament directors in Kentucky. HSP determined what would be the specific tournament minimums at the Laughlin Health Building.

### Advertising

- Call local and regional schools
- Call local recreational, travel and AAU teams
- Contact tournament promotion platforms (Ex: InfoSports.com)
- Social

### Tournament Design

- Minimum 4 teams per age group (3<sup>rd</sup>-8<sup>th</sup>)
- Ex: 24-team weekend tournament, 8 teams per court (If gym is re-striped)
- \$120-\$200 Team Fee
- Minimum 3 games per team not including playoff games

### Officials/Concessions

- \$20-\$25 dollars a game per official (\$50 per game, 2 officials needed depending on age group)
- Concessions: Pay a local high school/Morehead St student \$5 per game to work the stand

### Sponsorships

- Obtain local sponsor
- Ex: Local McDonald's would provide \$1000 dollars in sponsorships to get their name on the tournament t-shirt
- Sponsorship money will fund officials, concession food & beverage and general upkeep

# Tournament Supply Basketball

## Tournament List Basketball

Facility	Location	Tournament/League	Age Group	Team Fee	Number of Courts
MidAmerican Sports Complex	Louisville, KY	21st Annual Battle of the Bridges	2nd-11th	\$240	5
		Monday Night Men's League	35+	\$390	5
The Kentucky Exposition Center	Louisville, KY	The Classic	12U-17U	\$450	10
		Battle In The Boro		\$250	
		Run for the Roses	13U-17U	\$250	
		Roses Rising		\$250	
		Apache Paschall	12U-17U	\$325	
Nothin but Net Sports Complex	Cincinnati, OH	Beat the Heat	1st-10th	\$135	5
		Fall Tip Off	1st-10th	\$135	5
		HoopFest	1st-10th	\$135	5
		Hoop It Up	1st-10th	\$135	5
Griffin Elite Sports & Wellness	Erlanger, KY	Griffin Elite Summer Classic	6th-8th	\$250	3
	Cox's Creek, KY	WB Countertops Sweet Supper 16	13U-15U	\$150	
Good Shepard School	Frankfort, KY	Elite Development League (9 games)	4th-10th	\$425	2
		Elite Development Jr Pros	3rd-10th	\$180	2
		Elite Development Ball or Fall	4th-1th	\$180	2
Clay County Middle School	Manchester, KY	Clay County Middle School Panorama	7th & 8th	\$25	
Taylor County Middle School	Campbellsville, KY	TriState Rumble at the Rim	3rd-8th	\$200	
	Campbellsville, KY	Central KY School Jamboree	2nd-5th	\$60	
		Central KY School Jamboree	2nd-5th	\$60	
Elkhorn Middle School	Frankfort, KY	2nd Annual Holiday Classic	6th-8th	\$75	
The Next Level (Closing)	Owensboro, KY	Battle In The Boro	2nd-12th	\$240	
Michael Buchanon Park/Ephram Park/South Warren High School	Bowling Green, KY	Vette City Shootout	2nd-9th	\$125	10

Source: Info Sports, Various Sources



# Tournament Supply Volleyball

**Tournament List Volleyball**

Facility	Location	Tournament/League	Sport	Age Group	Team Fee	Number of Courts
MidAmerican Sports Complex	Louisville, KY	MAVA Winter Classic	Volleyball	All Ages	\$425	9
		MAVA Club Challenge	Volleyball	12U-18U	\$425	
		MAVA Fireworks Classic	Volleyball	10U-18U	\$425	
		Mava Kick-Off Classic	Volleyball	All Ages	\$425	
Duke Energy Center	Cincinnati, OH	JVA Buckeye Battle	Volleyball	12U-18U	\$475	Convention Center
Sports Express Volleyball Center	Cincinnati, OH	Cincinnati Volleyball Classic	Volleyball	All Ages	\$425	6
Kentucky Exposition Center	Louisville, KY	JVA World Challenge	Volleyball	12U-18U	\$695	20
		Ultra Ankle Bluegrass Tournament	Volleyball	All Ages	\$550	
Kiva Sports Center	Louisville, KY	Icebreaker Tournament	Volleyball	All Ages	\$425	5
		Ultra Ankle LIVT	Volleyball	12U-18U	\$225	
		Easter Egg Classic	Volleyball	11U-14U	\$225	
		Ultra Ankle KIVA Memorial Day Classic	Volleyball	12U-18U	\$425	
Town & Country Athletic Center	Wilders, KY	Pioneer Bid Tournament	Volleyball	12U-18U	\$225	10
Pioneer Regional Tournaments	Columbia, KY	Winter Warm-Up	Volleyball	12U-18U	\$100	
	Louisville, KY	Union Classic	Volleyball	All Ages	\$425	
	Louisville, KY	Derby City Power League	Volleyball	10U-18U	\$190	
	Louisville, KY	Bluegrass Power League	Volleyball	10U-16U	\$225	
	Paducah, KY	Cupid Classic	Volleyball	12U-18U	\$295	
	Louisville, KY	Legacy Super Slam	Volleyball	12U-18U	\$425	
	Louisville, KY	Union Heartbreaker Tournament	Volleyball	All Ages	\$225	
	Louisville, KY	Prodigy Classic	Volleyball	12U-18U	\$425	
	Louisville, KY	Springbreak Blast	Volleyball	All Ages	\$425	
	Louisville, KY	Easter Egg Classic	Volleyball	10U-14U	\$225	

Source: Info Sports, Various Sources

## Tournament Organizer Feedback

### Kentucky AAU Basketball/Volleyball

- Three courts would be sufficient for a tournament with 15 teams
- Weekend tournaments will typically have 32 teams and require four courts
- Louisville and Lexington are the most popular regional tournament destinations
- With an adequate number of courts (4+) and hotel rooms (300+), Morehead could draw tournaments
- A challenge is if Morehead is a perception of a lack of activity/tourism attractions for families while their teams are not playing
- Keys to success:
  - Need to have a person willing to step up and be the point of contact
  - Performance is key. People will not come back if the first time is a poor experience
  - Additional hotel rooms are necessary

## Tournament Organizer Feedback

- Most revenue will come from targeting 3<sup>rd</sup> – 5<sup>th</sup> grade.
  - Traditionally, more family members will attend games for the younger age groups
  - There are typically more members on the team for younger age groups as well
- Smaller markets such as Morehead should not try to attract the biggest name organizations, as these groups believe they should receive perks for playing in the tournament
- Formula that has worked:
  - 25-30 teams per tournament
  - Select a handful of smaller sponsors
  - Concessions and admissions fees

## Regional Sports Implications

- While Morehead is surrounded by several larger cities capable of hosting tournaments, they can benefit from being the only quality facility within a 60-mile radius
- Focusing on specific younger age groups can help Morehead to attract higher revenue generating teams and events
- Lack of hotel rooms is currently an issue and limits the amount of overnight stays for teams outside of the immediate area

## Chapter 5

# Recommendations



## Building Recommendations (Short Term)

Assuming that the City of Morehead wishes to proceed with leasing Laughlin Health Building for use as a community center/youth sports venue, these recommendations should be considered in the near future.

### **Parking**

Recognize that the parking discussed in the lease terms (85 spaces) will be sufficient for daily use but insufficient for tournament use. A minimum of 200 spaces will be required for tournament use on the weekends. Ensure that agreements with the University include the ability for tournament guests to park on existing MSU parking lots for evening and weekend events when University parking demand is lower for those spaces.

### **Access Control**

Consideration should be given to how access to Laughlin will be managed. The building lobby (in the inside corner of the L-shaped building footprint is both accessible and large enough to serve as a public check-in area. A check-in counter should be created so that staff can greet and register users (and collect user fees, as appropriate). The south door, facing Main Street, is closer to the main parking resource, but that entrance to the building is not accessible, and does not afford enough room for a check-in area to be created.

### **Accessibility**

The City needs to consider whether it can beneficially occupy Laughlin Health with its current level of accessibility. As a place of public accommodation, the building should be accessible to persons with disabilities under the Americans with Disabilities Act (ADA). As such, attention should be given to the following areas prior to occupying the building for public use:

- Provision of accessible parking spaces
- Accessible route from parking to building entry
- Accessibility of restrooms
- Accessibility of locker rooms
- Door Hardware
- Room signage
- In lieu of adding an elevator, any activity offered on the second floor should be able to be relocated to the ground floor to accommodate persons with disabilities

## Building Recommendations (Short Term)

### Efficiency

Ongoing operating costs would be lowered from replacement of existing fluorescent lighting with LED light fixtures (specific amount of payback is in the project scope). Adding large fans to the main gymnasium was suggested on the kickoff. However, owing to the already low ceiling height, this strategy is not recommended. Instead, designing high-velocity ventilation units that use existing return-air shafts at the corners of the gym to rapidly ventilate the gym on days when the outdoor air temperature permits ventilation.

### Finishes

Wall finishes are generally in good condition. The appearance of the facility could be improved by removing sagging acoustical ceiling tile, by replacing it with new sag-tile resistant tiles or leaving the grid exposed and painting the plenum above the grid.

Floor finishes show a wide range of repairs with not quite-matching materials over the years. Adding carpet to corridors could help to reduce noise (especially if ceiling tile is removed), and would prevent the need to address the materials used in the flooring.

### Wetherby Gymnasium

The city needs to consider whether the cost of Wetherby can be beneficially returned via episodic use for overflow tournament use. After speaking with community and Morehead State University officials, it is recommended that the use of Wetherby Gymnasium be only considered as an optional portion of the Laughlin Health Building complex due to several variables that would require significant investment:

- Complete replacement or immediate repairs should be made to the roof decking in water-damaged areas along with the roof being made sound. A cost we believe could reach anywhere between \$300,000-\$450,000.
- The lack of air condition should be addressed.
- All the same issues identified in Laughlin would potentially need to be addressed in Wetherby, for example the public accommodation with its current level of accessibility.

## Potential Upgrades/Repurposing

### Gymnasium:

#### Current Dimensions:

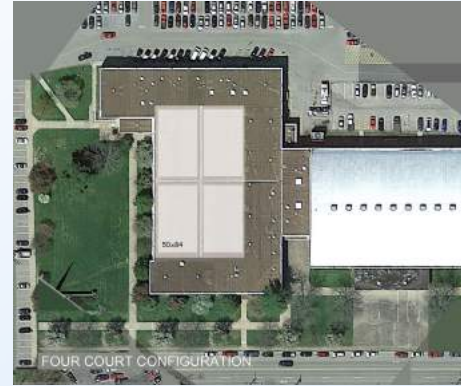
- Courts – 48x74' (Not high school regulation)
- Boundaries – 4 feet in between each outer sideline and wall, 8 feet between each end line and wall.
- Court Spacing – Side-by-side courts are separated by 7 feet, the interior ends of each court are separated between 10 feet.

After speaking with local and regional tournament directors and facility operators, it became apparent that a facility of which didn't have high school regulation sized courts wouldn't be able to host tournament play past a certain age group.

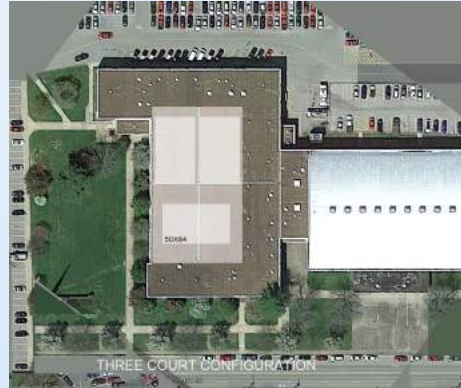
Seating for anyone other than team and game personnel is not plausible with the current setup. The use of portable bleachers is a possibility, however this would reduce the number of courts available for simultaneous play.

### Solution:

Our recommendation would be to re-stripe the gym with three standard (50x84') courts, shown adjacently. This is a cost effective solution that accommodates all age groups. The reconfiguration also provides adequate space throughout the gym to utilize portable stands that doesn't hinder play on other courts. Pairing portable stands and the upper level skywalk as seating provides sufficient occupancy for spectators.



Four standard (50x84') courts: insufficiently spaced to be usable for some tournaments



Gym could be restriped for three standard (50x84') courts with (mostly) adequate clearances

Modified  
(4 courts)

Modified  
(3 courts)

## Potential Upgrades/Repurposing

### Repurpose Racquetball Courts:

Racquetball/handball courts are underutilized as storage and a combined pair for instructional (self-defense, etc.) purposes. We recommend converting some or all of these court spaces to multipurpose movement rooms that could be used for aerobics, yoga, dance, martial arts, and a variety of smaller-scale activities that don't require a full court in the main gym. After analyzing the community recreation survey and speaking with stakeholders, another option would be to turn a couple of these courts into a fitness/exercise/weight room as 46 percent of individuals to take the survey expressed interest in a concept such as this.



### Lounge/Social Space & Meeting Rooms:

Repurpose a significant ground floor space as a lounge area/social space with views to activity areas. The building as it currently exists is all business, and could use a large area with casual seating, chairs and tables, and vending machines or staffed concession area. This would be especially useful for tournaments, when parents and competitors have considerable time between events.

Repurpose some of the classrooms as multipurpose meeting rooms. This could be accomplished very inexpensively with modest changes in finishes, furnishing and lighting.





## Potential Upgrades/Repurposing

### Walking Track:

The addition of an internal corridor on the west side of the main gym at the second level (suspended from the structure above) could allow for the creation of a walking track of approximately 1/10th mile. This would be a good additional amenity for the building, and would afford additional viewing space for tournament events below. However, the addition of a walking track could have negative implications for the gymnasium due to overhang. Also, the cost of a track would be additional and would not generate much revenue opportunity.

### Daylight:

Add windows to classrooms. Consider adding premanufactured skylights to the main gym to reduce lighting required during the day. For recreational use, a well-designed skylight system can eliminate the need for artificial lighting during daytime operation. However, given the proposed deal structure, utilities may not be a primary concern, but upfront capital spending would be an issue.

### Main Entry:

Reconfigure the Main Street entry to be accessible if this is to be the main public entrance to the building. If this is the main public entry to the building for community use, elaborating this entry with a canopy, lighting and landscaping would be appropriate.





## Chapter 6

# Governance and Marketing Strategies

## Governance Options

The following pages show examples of how other youth sports tournament facilities are operated, including:

- Third-party private management
  - Company
  - Individual Contractor/Contracted Position
- Authority owned and managed
- Anchor tenant-operated (Sport Association, KBA or similar)
- Parks & Recreation Department
- Public-Private Partnership

## Private Management – Pro's

- Private management companies operate approximately 18% of all small civic sports and entertainment venues.

### Pro's of Private Management

- Third party management companies have the advantage of strength in numbers in terms of their access to talent in their network, relationships with vendors, sponsors and others.
- Access to a network of venues means more leverage and more events. Third-party management tends to have networks of national and regional event promoters, planners and other facility users for bringing in new events.
- Some third-party management companies provide capital investment, especially if the contract is for a long term.
- Competition drives improvements as several primary management companies compete for contracts.
- Third party management can handle management issues such as discipline, pay, human resources and others and can hire/fire to meet the mission of the enterprise.
- Management companies generally know how to maximize revenue and minimize expenses without negatively impacting the quality of service. They also have the ability and experience to appropriately staff the facility which can save issues and expenses that are the result of overstaffing and understaffing.

## Private Management – Pro's

- Third party management can maintain continuity in the case of turnover because other equally experienced parties can be brought in to assist with operations.
- Third party management is a way to separate an organization from the tough decisions that need to be made.
- Third-party managers are experienced in negotiating food and beverage contracts, advertising and sponsorship deals and other related deals for the facility.
- Performance-based compensation is often standard. This means that the third-party management company will be aggressive and comprehensive in their sales and marketing programming.

## Private Management – Con's

- Cities can feel they are losing control of their processes and day-to-day management.
- Learning curve can be an issue for someone new to the city.
- Third-party managers can sometimes use smaller venues as a “training ground” for their own staff and have a revolving door of staff that they move in and out of facilities.
- Management fees can be high and the professional manager may concentrate only on their own bottom line without necessarily considering the larger community as a whole.
- Private management companies do charge fees above and beyond the cost of their general manager. The management fee is typically a flat amount with a bonus that can be achieved by meeting certain goals annually. These deal points are critical to the success of the facility and should be reviewed carefully as deal negotiation is key. Ultimately, the efficiency, customer service, and financial results produced via the management company should more than make up for their fee.
- The management fee for private companies is relative to the size of the facility, but at minimum for a facility like Morehead's, would be \$75,000+ per year. Most youth sports facilities with private management pay them \$125k -\$175k per year on top of normal staffing and other expenses. As such, this approach does not fit the Morehead situation.



## Private Management Example: (SFA/SFM)

- Based in Florida, Sports Facilities Advisory/Sports Facility Management (SFA/SFM) helps to open and manage youth and amateur sports facilities throughout the U.S.
- SFA has experience in several comparable facilities throughout the country, with a specialty focus on “court sports.” Some of these top facilities include Round Rock Sports Center (Round Rock, TX), Rocky Top Sports World (Gatlinburg, TN) and Myrtle Beach Sports Center (Myrtle Beach, SC), among others.



Round Rock  
Sports Center



Rocky Top  
Sports World



Myrtle Beach  
Sports Center

## Private Management (SFA/SFM)

- Nationwide marketing reach is one of the key selling points
- Open and willing to work with local partners – not a lot of clarity on what that would look like
- Convention Center model – charge between \$100k - \$200k per year
  - Typically work with a large number of courts/fields
  - Room night generation is the key
- Have relationships with major sponsors across professional sports
- Value add:
  - Typically hire a general manager with outside experience to relocate
  - All other employees are hired within the local community
- Detailed marketing strategies:
  - Digital assets
  - Grass roots
  - Social media
  - Digital presence
  - Grand opening marketing

## Authority Model

- The authority model combines the best elements of public and private ownership and management
- The model is often used for major public venues like convention centers, arenas, youth sports complexes and others
- A public, non-profit authority is set up to take ownership of the asset (or lease in Morehead's case)
- Appointees to the authority board come from mayor and council, typically 3 each, plus one member appointed by the local tourism entity. This can vary depending on the situation.
- The Authority has a revenue stream to fund operations at the facility they are charged with. Typically a portion of the hotel or meals tax.
- The Authority hired a general manager OR a management company to run the facility. In Morehead's case, it should hire an experienced individual to manage the facility and attract tournaments, who can then hire part-time staff as need to assist in running the facility.
- The Authority can have an arrangement with the city to provide maintenance services inside and outside the facility for a nominal charge.

## Anchor-Operated Model

- The anchor-operated model combines the best elements of private management and a built-in user and tournament organizer
- The model is used when there is a local or area sports organization, such as a basketball or volleyball league, that has a strong track record financially and organizationally, and can manage the facility on behalf of the city or an authority.
- The sports anchor may pay a lease or may have a free lease, so long as they take responsibility for all revenue and expenses at the facility and keep the city's financial operating loss risk to zero.
- Lease terms would need to ensure that the anchor tenant allowed for other teams and organizations to rent and use the facility.
- The focus should be on maximizing usage, revenue and tournament activity.
- This model has worked at Grand Park in Westfield, Indiana
- The KBA could be an option, but may not be willing to be based in Morehead versus a larger market



## Example; Grand Park (Westfield, IN)

- 100% owned by the city – anchor tenants are the managers and pay a lease take care of expenses
  - Indiana Soccer Association leases and manages the multi-purpose fields,
  - Indiana Bulls Baseball leases and manages the diamonds,
  - Anchor tenants receive majority of rental revenue, city shares in other revenue streams.
- The city receives 100% of parking, a portion of apparel, hotel rebates
- Encourages event ownership





## Parks and Recreation

### Pros:

- Community focus
- Programming for local population (classes, camps, etc.)
- Controlled by government
- Able to use government resources to do things that may not be affordable to private operators

### Cons:

- Controlled and bound by government rules, bureaucracy
- Not as nimble or flexible to demands, needs and opportunities of fast-moving enterprise
- Not focused on revenue maximization, expense minimization, per se
- Can be influenced by politics and city government
- Salary and benefit costs are much higher than private sector employment or contract
- Overall results expected to be less robust

## Klipsch-Card

- Klipsch-Card Athletic Facilities LLC, led by Andy Card, is an Indianapolis-based development group that was formed to develop and operate the “Fieldhouse” in Noblesville, Indiana. The funding group behind Klipsch-Card has over \$1 billion in assets. Mr. Card has also been involved in the basketball operations at Grand Park in Westfield, Indiana.
- Mr. Card’s approach implies control throughout the process where he would partner with Morehead and essentially take over the development, building and operations of the new facility.
- Similar deals in Westfield, Pendleton and Noblesville – Westfield is up and running, Noblesville is under construction.
- City often pays a monthly lease to Klipsch-Card to cover the portion of debt and operations expense that his private entity is not able to cover
- World of tournament directors is small – Mr. Card has relationships with Nike, Under Armour, Adidas. They have partnered with EYBL, USA Basketball, Jr. NBA and other youth organizations.
- This option is not likely for Morehead

## Implications/Recommendations

- The authority/public non-profit model is recommended with hired management. It can be simply a public non-profit.
- Appointees to the board come from mayor and council, typically 3 each, plus one member appointed by the local tourism entity. This can vary depending on the situation.
- The entity should have a dedicated revenue stream to fund operations at the facility for the first 3-5 years while it is ramping up.
- The entity should hire a experienced general manager to manage the facility and attract tournaments, who can then hire part-time staff as need to assist in running the facility for concessions and other items. The cost of any additional talent would be expected to be paid for by onsite revenues from concessions, advertising, parking, rent and others.
- The Authority should likely have an arrangement with the city to provide maintenance services inside and outside the facility for a nominal charge, as the operation will run on a very tight budget.

## Opening Process

The following timeline is a general guideline for the City to follow as they begin to build not just a successful business plan but also ultimately, a successful sports facility.



## Process

While every new facility faces challenges and opportunities that are unique to the type of facility and community it will serve, most new facilities will boil down to three standard phases: Planning, Construction/Development and After Opening.

**PLANNING:** These are the tasks that need to take place prior to any renovation. Tasks could include organization development, operational planning, budget development and business modeling, design work, and programmatic decision making. The City of Morehead has made great progress in this area.

**CONSTRUCTION/DEVELOPMENT:** These tasks include the myriad of tasks associated with the actual renovation of the facility and include FF&E procurement, program development, and as construction nears completion tasks will expand to include program development, marketing, accountability and reporting systems, facility operation development. Many of these tasks will continue to be important after opening (hiring, marketing, activities/users, etc.).

**AFTER OPENING:** Tasks in this phase include all performance monitoring (financial, operational, customer services, impact to the community, etc.), continual vision and strategy evaluation and adjustment, sharing the successes (and failures) with stakeholders and the community.



## Process

In order to create the most successful facility possible, there are several key tasks that must be undertaken in the management of the facility. The City should be able to answer the following strategic questions prior to beginning the process:

- What is our goal or mission? What does success look like?
- What can we expect to do financially?
- What will our impact be?
- How will our facility meet or exceed all of these goals and expectations?

Only once these answers are clear and a firm strategic plan is created that includes everything from the facility design and operations to personnel to marketing and so on, can the City actually begin to determine the timeline for the facility and begin to execute on the bigger plan.

The job isn't done there. The City must also understand what performance measures will support or feed back into the goals and expectations of the facility and the timeline should have created a solid plan that will include specific key performance indicators and measurements.

## Chapter 7

# Demand and Financial Projections

## Revenue Assumptions

Laughlin Health Building Revenue Assumptions		
	Facility Rental Rate	Gross Per Capita Rev Concessions
Volleyball Tournaments	\$2,500	\$5.00
Basketball Tournaments	\$2,500	\$5.00
Wrestling Meets	\$2,500	\$5.00
Classes	\$25	\$0.50
Other Sporting Events	\$2,500	\$5.00
Concerts	\$1,600	\$7.00
Conferences / Tradeshow	\$0	\$0.00
Public Shows	\$2,500	\$3.50
Meetings	\$50	\$2.00
Banquets/Special Events	\$800	\$0.00
Birthday Parties and Similar	\$130	\$1.50
Source: Hunden Strategic Partners		

## Rental Rate Assumptions

Rental Rates by Type of Event	
Event Type	Rate
Volleyball Tournaments	\$2,500
Basketball Tournaments	\$2,500
Wrestling Meets	\$2,500
Classes	\$25
Other Sporting Events	\$2,500
Meetings	\$50
Banquets/Special Events	\$800
Birthday Parties and Similar	\$130
Avg Hourly Court Rate	\$40
Source: Hunden Strategic Partners	

## Concessions Assumptions

Per Capita Concessions Assumptions		
Event Type	Gross Amount	Net Profit
Volleyball Tournaments	\$5.00	30%
Basketball Tournaments	\$5.00	30%
Wrestling Meets	\$5.00	30%
Classes	\$0.50	30%
Other Sporting Events	\$5.00	30%
Concerts	\$7.00	30%
Public Shows	\$3.50	30%
Meetings	\$2.00	30%
Banquets/Special Events	\$0.00	30%
Birthday Parties and Similar	\$1.50	30%
Source: Hunden Strategic Partners		



## Summary of Projected Events

Indoor Sports Facility: Projected Schedule of Events by Category and Year										
Category	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Volleyball Tournaments	7	8	9	9	9	9	9	9	9	9
Basketball Tournaments	7	8	9	9	9	9	9	9	9	9
Wrestling Meets	1	2	3	4	4	4	4	4	4	4
Classes	208	416	632	1,264	1,264	1,264	1,264	1,264	1,264	1,264
Other Sporting Events	5	6	6	7	7	7	7	7	7	7
Meetings	36	72	84	96	108	108	108	108	108	108
Banquets/Special Events	12	16	24	36	48	48	48	48	48	48
Birthday Parties and Similar	36	64	88	104	104	104	104	104	104	104
<b>Total</b>	<b>314</b>	<b>595</b>	<b>859</b>	<b>1,533</b>	<b>1,558</b>	<b>1,558</b>	<b>1,558</b>	<b>1,558</b>	<b>1,558</b>	<b>1,558</b>
Rental Hours	2,880	2,952	3,026	3,101	3,179	3,258	3,340	3,423	3,509	3,597

Source: Hunden Strategic Partners

As is typical in such facilities, the largest events occur the least often, and classes, rentals for sports practice and meetings occur most often. The Classes line item shows the number of rental hours for classes in the various rooms in the building. Rental hours at the bottom show the sports court rental hours during the week.

## Summary of Projected Attendance

Indoor Sports Facility: Projected Attendance by Category and Year											
Category	Avg. Event Attendance	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Volleyball Tournaments	720	12,600	14,400	16,200	16,200	16,200	16,200	16,200	16,200	16,200	16,200
Basketball Tournaments	480	8,400	9,600	10,800	10,800	10,800	10,800	10,800	10,800	10,800	10,800
Wrestling Meets	180	500	900	1,400	1,800	1,800	1,800	1,800	1,800	1,800	1,800
Classes	400	2,000	2,400	2,400	2,800	2,800	2,800	2,800	2,800	2,800	2,800
Other Sporting Events	400	2,000	2,400	2,400	2,800	2,800	2,800	2,800	2,800	2,800	2,800
Meetings	25	900	1,800	2,100	2,400	2,700	2,700	2,700	2,700	2,700	2,700
Banquets/Special Events	30	400	500	700	1,100	1,400	1,400	1,400	1,400	1,400	1,400
Birthday Parties and Similar	18	600	1,200	1,600	1,900	1,900	1,900	1,900	1,900	1,900	1,900
<b>Total</b>		<b>30,700</b>	<b>39,000</b>	<b>45,900</b>	<b>48,100</b>	<b>49,500</b>	<b>49,500</b>	<b>49,500</b>	<b>49,500</b>	<b>49,500</b>	<b>49,500</b>

Source: Hunden Strategic Partners

HSP's assumptions are for average event attendance and participation, however, the actual figures will vary considerably depending on the size of the event. In total, HSP expects nearly 50,000 annual users to the facility. Most will likely be from out of town, yet those taking classes, renting rooms for birthday parties and hosting banquets will likely be local.

## Summary of Projected Performance

HSP's budget projection for the facility shows a ramp-up period that will likely require some support for the first three years, but then the facility should be able to be breakeven or better. Such a feat will require a very lean staff, as noted and a robust rental schedule.

### Indoor Sports Facility: Financial Projection (thousands of inflated dollars)

Item	Fiscal Year									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Operating Revenue</b>										
Rent	\$192	\$225	\$258	\$301	\$322	\$330	\$338	\$347	\$355	\$364
Concessions	\$42	\$53	\$63	\$68	\$72	\$73	\$75	\$77	\$79	\$81
Novelties	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Parking	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Advertising and Sponsorship	\$2	\$3	\$3	\$3	\$3	\$3	\$3	\$4	\$4	\$4
Other Revenue	\$14	\$28	\$42	\$79	\$82	\$84	\$86	\$89	\$91	\$93
<b>Total Revenue</b>	<b>\$251</b>	<b>\$308</b>	<b>\$366</b>	<b>\$451</b>	<b>\$479</b>	<b>\$491</b>	<b>\$503</b>	<b>\$516</b>	<b>\$529</b>	<b>\$542</b>
<b>Operating Expense</b>										
Fixed										
General Manager (Contractor)	\$58	\$59	\$61	\$62	\$64	\$66	\$67	\$69	\$71	\$72
Wages - Part-Time Staff	\$17	\$17	\$18	\$18	\$19	\$19	\$19	\$20	\$20	\$21
General and Administrative	\$21	\$22	\$22	\$23	\$23	\$24	\$25	\$25	\$26	\$26
Utilities/Lease to University	\$225	\$231	\$236	\$242	\$248	\$255	\$261	\$267	\$274	\$281
Repairs and Maintenance	\$14	\$14	\$15	\$15	\$15	\$16	\$16	\$17	\$17	\$17
Insurance	\$20	\$21	\$21	\$22	\$22	\$23	\$23	\$24	\$24	\$25
Communications	\$4	\$4	\$4	\$5	\$5	\$5	\$5	\$5	\$5	\$5
Advertising	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2
Misc.	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2
<b>Total Expenses</b>	<b>\$363</b>	<b>\$372</b>	<b>\$381</b>	<b>\$390</b>	<b>\$400</b>	<b>\$410</b>	<b>\$420</b>	<b>\$431</b>	<b>\$442</b>	<b>\$453</b>
Deposit to Maintenance Reserve	\$5	\$6	\$7	\$9	\$10	\$10	\$10	\$10	\$11	\$11
<b>Net Operating Income (Deficit)</b>	<b>(\$117)</b>	<b>(\$69)</b>	<b>(\$22)</b>	<b>\$52</b>	<b>\$69</b>	<b>\$71</b>	<b>\$73</b>	<b>\$75</b>	<b>\$77</b>	<b>\$79</b>

Source: Hunden Strategic Partners

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