

MINUTES OF THE STUDY SESSION OF THE SHOW LOW CITY COUNCIL HELD ON TUESDAY, MARCH, 30, 2021 AT 6:00 P.M. IN THE CITY COUNCIL CHAMBERS, 181 NORTH 9TH STREET, SHOW LOW, NAVAJO COUNTY, ARIZONA

1. Call to Order.

Mayor Leech called the meeting to order at 6:00 p.m.

2. Roll Call.

COUNCIL MEMBERS PRESENT: Mayor Leech, Vice Mayor Kakavas, Councilman Adams, Councilman Clark, Councilman Hatch, and Councilwoman Wilson.

COUNCIL MEMBERS ABSENT: Councilman Allsop.

STAFF MEMBERS PRESENT: Ed Muder, City Manager; F. Morgan Brown, City Attorney; Justin Johnson, Deputy City Manager; Steve North, Business Development Coordinator; and Rachael Hall, City Clerk.

GUESTS: Sharon Stone, Diana North, Paul Watson, Bruce Ironside, and others.

3. Discussion of Report from Sports Facilities Advisory.

Mr. North introduced Evan Eleff, from Sports Facilities Advisory, who was here to present recommendations regarding a sports and events center in Show Low and present funding and development support proposal overview.

Mr. Eleff gave an overview of his companies, Sports Facilities Advisory (SFA) Sports Facility Development (SFD), and Sports Facilities Management (SFM) which were separate entities with a different focus. He said the mission of the Sport Facilities Companies was to improve the health and economic vitality of the communities they served. They were founded in 2003 and served over 2,000 clients. Between the three companies, they offered a concept to concrete process and the next step for the City would be the funding and partnership development.

Mr. Eleff said the definitions of success were to create a hub for high-quality programming that would enhance the local community, achieve operational sustainability, establish a premiere tournament and event venue, and attract non-local visitors to Show Low.

Mr. Eleff said the projections created a 111,000 square-foot facility with six basketball/volleyball courts, a 3,600 square-foot family entertainment center, flex/support spaces, a 15,000 square-foot leased space for sports performances and medical purposes, an elevated track/mezzanine, and 445 parking spaces.

Mr. Eleff said the projected cost would be \$27,293,647. In terms of operations, projections showed the facility would be self-sustainable by the third year and could have an economic impact of about \$6.9 million by the fifth year of operation. He said they used very conservative projections.

Mr. Eleff said the drivers of success would be the facility, impact per event, tournaments/events, partnerships, and community benefits. He said a six-court facility was competitive for sports tourism events in the region. Fewer events could drive greater economic impact than other parts of the country. Events rights holders would need to be incentivized to host tournaments in Show Low given its geographic positioning compared to other markets. The facility would need to formalize partnerships with tenants to prove and improve performance of the model. The facility would serve as a hub for sports, recreation, wellness, entertainment, and events that were currently lacking in the market.

Mr. Eleff said the challenges for the center would be local programming/revenue, accessibility, hotel inventory, and competition. There was limited opportunity to generate revenue during non-tournament weekends and weekdays due to the demographics and socioeconomics in the community. A primary driver of this project was to create visitor spending during the off-peak season, weather and access could threaten events and if there were consistent access issues it could create a barrier to booking future events. While most of the events could be supported by the hotels in the Show Low area, Show Low itself did not have the number of hotel rooms required to keep spending within city limits. The Phoenix Metropolitan Area had a high number of current and potential future developments that would compete with this facility.

Mr. Eleff shared facility examples from other communities that Sports Facilities Companies were involved with and their potential earnings.

Mr. Eleff gave an overview of funding and development support services. The purpose of funding was to create a diverse set of funding mechanisms that would limit risks for the City and its partners. The purpose for partnerships was to secure commitments from partners that could contribute to capital and operations. The purpose to forecast was to prove and improve upon the projections in the pro forma. Key elements for the first three months during the funding and development support services phase would be to form a core team, assess the development opportunities, develop visual representation, develop the “baseline” pitch deck, identify and research funding partners, identify and research operating partners, make the first round of pitches, gauge interest and opportunity, and establish the go-forward plan.

Mr. Eleff gave an overview of the fees for the first three months during the funding and development support services phase. SFA would require a \$60,000

plus reimbursable travel for one trip to market, if it took longer than three months the fee would remain the same. The conceptual design fee would be up to \$15,000, dependent on relationships and SFA would support and advise on selecting a design team. Future funding and development support services would be based on a go-forward plan and progress.

Councilman Hatch asked if there was a cookie-cutter plan that could be used to build this facility. Mr. Eleff said there were design concepts that the City could potentially use but would need to go to an architect for actual planning and designing for this area.

Councilman Adams asked if the facility had meeting spaces designed for use. Mr. Eleff said yes, there were spaces designed for meetings, consumer and trade shows, and the facility would not be used just for sporting events. Councilman Adams asked if outdoor fields could be added at a later time. Mr. Eleff said yes, outdoor fields could be added at a later date if the space provided for additional field space.

Vice Mayor Kakavas asked how many people could be accommodated in the designed meeting spaces. Mr. Eleff said the space would depend on final design but on average it would be calculated at 15 square foot per person. He said there was potential for large capacity depending on the type of meeting or show that was being staged. He said the space would not be a black-tie event style but the City could create the atmosphere it desired with certain finishes.

Mayor Leech asked for clarification of meeting space sizes and if they could be changed. Mr. Eleff said that during the design phase the City could build out the meeting spaces in different ways than what was first introduced. All designs could be changed to fit the City's needs.

Vice Mayor Kakavas asked for clarification on the projected needs for leased medical space. Mr. Eleff said during initial conversations for a projected events center, the local hospital had said there was a need for leased space for medical purposes. He believed it was for services outside of the hospital spectrum such as rehabilitation and other different types of medical needs.

Paul Watson, Events and Sports Center Committee member, said the new facility that Summit Healthcare built had anticipated growth but had already occupied all the space in that building and there was not space for future growth. He also believed that this projected facility would help attract and attain health providers to the area.

Councilwoman Wilson asked what percentage of projected facilities did not make it to the development stage. Mr. Eleff said SFA received on average 50 inbound requests a week and only took on one-to-two requests while eliminating all the

rest. He said of the one-to-two requests, 30% of those projects were not feasible, 20% were feasible, and the remaining 50% were feasible but with stipulations (what they called “Yes,if”.)

Councilwoman Wilson asked if soft costs for construction, operating costs, ongoing management fees, and fees for future studies would be an additional cost added to the projected \$27 million. Mr. Eleff said no, the soft costs, operating and managing fees were built into the projected \$27 million.

Mayor Leech asked if the facilities that were mentioned during the presentation had another company managing the facility. Mr. Eleff said the mentioned facilities used SFM to manage their facilities.

Councilman Hatch asked if SFA had studied the interest for traveling to a remote area such as Show Low. Mr. Eleff said yes, SFA had taken into consideration the remote area during the initial study phases for feasibility. Key points, surveys, and indicators showed interest for visitors to travel to this area.

Councilman Hatch asked if SFA had studied the need and interest for high-altitude training for athletes. Mr. Eleff said yes, SFA studied the need and interest for high-altitude training and this area would be a desirable destination for such training.

Mr. Muder said the Events and Sports Committee had met and read through SFA’s feasibility reports and recommended moving forward with the next phase, funding and development support services.

Bruce Ironside said this facility could be a tremendous opportunity to improve the community and provide more well-rounded demographics to the area. He believed it would form a more healthy community.

Jennifer Brimhall said people were looking for reasons to come to this area and this facility would provide a reason. She recently bought Camp Grace, located outside of city limits, and was already booked through the summer for activities from visitors. This facility could create a stronger and healthier community and bring economic development to the area.

Councilman Clark said building a facility that could be self-sustaining in three years and provide \$6.9 million into the community within five years would be a good business opportunity for the community. He said this facility could provide healthy opportunity for citizens and help the City for future economic opportunities especially during the winter season. The facility could provide the opportunity to capture tourism by having activities, events, and tournaments year-round.

Staff was directed to add an agenda item to the next regular meeting for the Council to vote for the next phase of funding and development support services from SFA.

4. Adjournment.

There being no further discussion, **MAYOR LEECH ADJOURNED THE STUDY SESSION OF THE SHOW LOW CITY COUNCIL OF MARCH 30, 2021 AT 7:22 P.M.**

ATTEST:

APPROVED:

Rachael Hall, City Clerk

John Leech, Jr., Mayor

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CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the **STUDY SESSION** of the City Council of Show Low held on March 30, 2021. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this _____ day of _____, 20____.

(SEAL)

Rachael Hall, City Clerk