



Rocky Mount, North Carolina Downtown Community Facility Overview

Background

In 2012, the city of Rocky Mount engaged AECOM to produce a market feasibility and economic analysis for an Event Center in Downtown Rocky Mount. The AECOM feasibility study identified strong opportunities for an Event Center in Rocky Mount due to the ease of access into the city and with consideration for regional competitors.

In 2014, the city continued to further evaluate the opportunity of building an Event Center by taking a deeper look at the sports tourism options. This direction was inspired by the success that Rocky Mount has had in attracting youth and amateur sporting events, as well as a recognition that sports tourism opportunities would increase overnight visits at a greater rate than concerts and regional events.

About SFA

Sports Facilities Advisory (SFA) is widely known as the most conservative feasibility and most accurate financial forecasting firm in the sports and events facility planning business. The firm was founded in 2003 and has served the U.S. National Parks Service, the cities of Myrtle Beach, S.C. and Gatlinburg, TN, and over 400 small to mid-sized communities.

In other recent site selection processes, SFA projects have spawned new hotel developments, new restaurant openings, and development in areas that were in need of revitalization. They are highly regarded on Wall Street and among the finance industry because SFA analysis are conservative. In fact, more than 70% of SFA clients are advised to make significant changes to their original concepts to meet feasibility criteria, and 20% or more of planning projects do not meet feasibility criteria.

SFA's Analysis

SFA analyzed the Downtown Community Facility at the request of the city because the effort is intended to provide revitalization to Downtown. Within its evaluation process, SFA completed an extensive market study, competition study, drive time analysis and a review of the overall regional opportunities to create and host youth and amateur level sporting events. SFA also analyzed corporate and special events and accounted for potential future competition.

Additionally, the SFA study included stakeholder interviews, population density and events capacity within a five-hour drive time, a competition study, a pricing study, a pro forma/financial analysis and an analysis of the management model.

The SFA pro forma is an institutional grade cash-flow forecast that is backed up by real-world results in other markets.

Findings

The SFA pro forma demonstrates Rocky Mount can develop a \$30M-\$35M Event Center located Downtown, and the center, under proper management, will produce a 10-year total economic impact of \$220 million in new spending. This \$220M does not account for the new hotels, restaurants and other businesses that these centers have spawned in other markets where SFA has planned new venues.

The operation becomes cash-flow positive in year four, and with the combination of operational revenue and new spending into the community, the sales tax collections are forecasted to exceed expenditures on debt service over the first 10 years.

SFA credits the city's location and ease of access as key factors that contribute to the project's ability to serve as a true destination location. The other factors that contribute are the room rates and access to regional recreation.

Worth Noting

Rocky Mount has already established itself as a sports tourism destination. SFA reviewed the history of these types of events in Rocky Mount. It found that in 2013, Rocky Mount hosted 85,000 tournament visitors with an additional 20,000 spectators for a total of 115,000 visitors. These individuals spent and contributed to a total economic impact of over \$9 million in the community. This is new spending in Rocky Mount that would not have occurred were it not for these sporting events.

According to the U.S. Travel Association, the sports tourism industry is the fastest growing segment of the travel industry. It is also the only segment within the travel industry to never decline in a single quarter throughout the recession. In fact, and also according to the U.S. Travel Association, 27% of all trips taken inside the U.S. in 2012 were directly related to an organized sporting event. These factors, combined with the city's successful history with such events and SFA's research, are the background to the SFA financial forecast.

The full pro forma will soon be available on the city of Rocky Mount website at www.rockymountnc.gov.