

Executive Summary for ARPA Proposal by Chapel Hill Pickleball

Introduction to Pickleball

Pickleball is a unique sport in that it was **intentionally designed to be inclusive, accessible, welcoming, and easy to learn**. It encourages and facilitates play by participants of all ages and all abilities, all together at the same time. We have a very diverse community of players, and they come from all walks of life. Players can just show up to play, where they take turns playing games, and rotating off the courts, to wait their turn to play again after a court frees up. Players visit and make friends while waiting to play. This uniquely social sport brings people together, not just for physical exercise, but for their mental health and social well-being.

Growth of Pickleball

For the past 8 years Pickleball has been the fastest growing sport in the US. Here in Chapel Hill, we started in 2012 with a handful of players. In 2014 we had over 200 registered players (and many more than that, who play but haven't registered). In 2019 before COVID we had 1200 registered players. During COVID we gained over 500 new players! Why did Pickleball grow so rapidly during COVID? Because Pickleball is primarily played outside, and it's naturally socially distanced. So it is a very safe sport during COVID. **And** because it's so accessible, inclusive and welcoming, new players take to the sport immediately.

Before COVID we had the most players of any sport supported by Parks and Recreation. Bigger than **basketball** in NC, if you can believe that! However, we still have only one dedicated town facility for pickleball, despite it being the most played sport at P&R facilities for the past 4 years.

Need for Courts

Since the addition of our only dedicated pickleball courts in 2016 (Ephesus Park), we have worked tirelessly with P&R and the town to try to identify additional courts. P&R was able to provide additional gym time for indoor pickleball (pre COVID). While we have not had any new courts developed in conjunction with P&R we have started a shared use project at Southern Community Park utilizing the roller hockey rink. We were able to add 5 courts there with portable nets. This has been very successful with multiple sports timesharing the facility. Just like with Ephesus, before the end of the first year participants filled those courts, and we have people waiting to play every available pickleball session at Southern Community Park, just like at Ephesus.

The Timing is Right

There have always been two challenges to developing new courts

- Available land for court development
- Money for development and construction of new courts

We have been very fortunate that opportunities on both of the two fronts have presented themselves in the first few months of 2022. P&R in cooperation with CHPB has been able to identify 3 possible sites for a large multi-court facility. The Federal APRA funds have presented the town with money to do something innovative and transformative to inclusively serve the mental and physical health of their community.

There are many proposals being submitted to receive ARPA funding. P&R is slated to receive some of these funds. We believe the attached pickleball proposal for development of new courts should be funded with ARPA funding. P&R has indicated it is now one of their top priorities (5/17/2022) .

[Chapel Hill Pickleball ARPA Funding Proposal](#) (Supported by Parks and Recreation and Visitors Bureau).

Why this proposal deserves funding

- Meets most all Chapel Hill ARPA Fund priorities
 - Helps meet **longtime outstanding need** (since 2016 CHPB, P&R and town have been searching for additional courts).

- This proposal supports an activity that is extremely **inclusive, accessible, welcoming and supportive of diverse communities and participants.**
- It supports the **physical health, mental health, and social well being of participants.**
- Not business as usual, but **Transformative** project (recognized and recommended by Visitors Bureau outside consultants). This project doesn't just meet the outstanding need for more pickleball courts, but by building a proper facility with sufficient courts to hold programmed activities, it can support tournaments, leagues, and clinics. We become a regional level facility.
- Would bring **new energy** to town
- Serves the most participants. We have over 1700 registered participants and many more who play but have not registered with us, with over 200 unique participants playing every day. And unlike many other activities, pickleball is played every day, all day, year round.
- Least expensive of proposed P&R projects (\$400K)
- Brings in matching funding (\$400K) from organization fundraising.
- Building the larger facility will allow us to run tournaments, leagues, clinics, and has been projected to bring in \$100K annual revenue to town (Consultants Report to Visitors Bureau). Thus, the investment of \$400K would pay the town back in revenue in just four years.
- This project is easily defined and completed on time
 - This project will be completed successfully. We have a reasonable timeline with full expectation of completing almost a year before the spending deadline, so that the money will be used and spent.
 - This project will be successful, even with adverse situations like COVID, high construction costs, because this project has the advantage of scalability: we can guarantee we can build courts. In the worst case we might build only part of the projected courts due to higher costs or construction delays, but with the easy ability to complete the remaining courts in future.



ARPA Community Project Letter of Intent

The Town of Chapel Hill is accepting Letters of Intent (LOI) from interested community partners who want American Rescue Plan Act (ARPA) funds to carry out meaningful services in our community. Your LOI will help us refine our priorities for ARPA funds in line with Town goals and community needs. Please read the guidelines on the following website before completing your LOI to make sure your project meets ARPA guidelines and Town goals:

www.townofchapelhill.org/arpa

Step 1: Complete this LOI form.

- Responses for all questions are required.
- Complete one LOI per project.
- Your answers are limited to the space provided.
- Signatures are required on page 4

Step 2: Submit this form to Sarah Poulton by **May 13, 2022 at 5pm.**

Email to:

arpa@townofchapelhill.org

Mail to:

Sarah Poulton
Town of Chapel Hill
405 MLK Blvd
Chapel Hill, NC 27514

Need help or have questions? Email or call Sarah at arpa@townofchapelhill.org or 919-969-5009.

Section 1: Organization information

Organization name	Chapel Hill Pickleball
Organization's mission, vision and/or goals	To promote, develop and support the sport of pickleball in Chapel Hill. To provide as inclusive as possible of an opportunity to all citizens to participate in a sport that promotes physical, mental and social health at little or no cost.
Organization's website or Facebook page	http://www.chapelhillpickleball.org/
Type of organization	<input type="checkbox"/> 501c3 <input type="checkbox"/> For-profit business <input type="checkbox"/> 501c4 <input type="checkbox"/> Other, please specify: <u>Not for profit social organization</u>
Your name	Sandy Douglass
Your title	Chapel Hill Pickleball Steering Committee Member / Volunteer
Your email	SDougDC@gmail.com
Your phone number	202-360-7505

Section 2: Project information

1. Project name: Improve Community Health through construction of Pickleball Courts
2. Please describe your project in 2-3 sentences:

The sport of Pickleball is unique in how easy it is to learn, how accessible it is to players of any age and skill level, and that it has been demonstrated to help the physical, mental and social health of participants. The Town Council and Parks and Recreation have helped provide Pickleball playing opportunities for its citizens, but demand has always outstripped available courts. During COVID over 500 new players started the sport, adding to the existing user base of over 1200 players. This proposal seeks to fund unfunded planned development of additional Pickleball courts to meet this increased demand.

3. Please confirm that your project can be completed by December 31, 2024: Yes No
4. What is the anticipated funding request from the Town's ARPA funds for this project? \$400,000

5. Are you considering applying or have you applied to other agencies (ie Orange County) to fund this project? If so, please provide the agency and amounts below: Chapel Hill Parks and Recreation has provided a letter of support for this project (attached).

Agency	Amount
Parks & Recreation	\$400,000

6. Which ARPA category best fits your project?

Support public health (medical expenses, behavioral healthcare, and certain public health and safety staff)

Address negative economic impacts (relieve economic harm to workers, households, small businesses, affected industries, and the public sector)

General government services (affordable housing, roads, streets and sidewalks)

Invest in water, stormwater and broadband infrastructure

7. Do you plan to collaborate with another community partner(s) on this project? If so, who?

This plan is in conjunction with Chapel Hill Parks and Recreation to develop needed courts, for which planning and discussion have taken place, but funds are not currently available. It is also supported by the Visitor's Bureau as the result of an external consultant's study in 2017 (attached), which lead to recommendation to build 32 pickleball courts in Chapel Hill to increase visitors and revenue to the town.

8. Please summarize your proposal, briefly but with specific information including:

- overview of your request (the purpose, the problem to be addressed, and overall change expected)
- how it will work and/or how will the problem be addressed
- who it will serve (ie a [Qualified Census Tract \[QCT\]](#), historically marginalized communities, businesses that rely on student or visitor spending, those in need of affordable housing, those making 60% or less of area median income [AMI – for 2021, 60% of AMI for a family of 4 was \$51,840])
- what disparities will this project decrease or what equity outcomes will this project increase,
- a general timetable for implementation of the project.

Your project summary must not exceed 2,000 characters in length.

Project: Development of Pickleball Courts for Chapel Hill

Purpose/Need: Insufficient facilities to meet demand for a sport that improves physical and mental health

Overall change: provide courts to meet current and near future recreational needs of Chapel Hill residents, provide physical and mental health activity for participants, and generate economic development through hosting programs and events which bring in out-of-town spending to area businesses, restaurants, and lodging.

While this may sound simply like the construction of additional sports facility, it is far more than that. It resonates with almost all the themes the Chapel Hill Town Council put forward for use the ARPA funds. This project has been in discussion since the construction of the first and only dedicated pickleball courts in Chapel Hill (Ephesus Park 2016). Soon after completion of the Ephesus courts, they became completely fully utilized, with many people waiting to play at all times of the day. It was apparent that the demand far outstripped our supply of courts (see attached spreadsheet for recent numbers). The Town has actively discussed creating new courts since then, and it is something **Parks and Recreation** has **been supportive of doing for a long time** (since 2016), but has not had the funding to do, especially recently with financial shortages caused by COVID. This is **not just business as usual**, but a **transformational project** and was recognized as such by the Visitor's Bureau and the expert consultant's report that recommended the town construct 32 new Pickleball courts in Chapel Hill to not just meet expected demand, but to bring players and their families to Chapel Hill. Revenue projections from building such a facility estimate bringing in upwards of \$100,000 annually from clinics, tournaments and leagues (including program fee revenue and hotel and restaurants sales from participants). The consultant's report is attached. It would also bring **new energy to the town**, making it a recognized leader of the fastest growing sport in America for the past 7 years. Building a new sports complex can bring many of these advantages, but Pickleball is unique. It is the easiest racket sport to learn (in less than 20 minutes one can have fun playing a game). The true benefit is the physical, mental and social health it brings to players. Players can just show up anytime to play, and are always welcome. Players take turns playing and while waiting for a court to become available, make new friends, or catch up with old friends, constantly making social connections.

Diversity, equity and inclusion are very important in pickleball, and a critical part of this proposal. COVID made the advantages of Pickleball even more clearly evident. It is played primarily outside. It is naturally socially distanced. When people looked for safe physical and social activities, and ones they could easily learn, they turned to Pickleball. We gained 500 players the first two years of COVID. Pickleball is played by all ages, it is common to see families playing together, or players of ages from 8-80 on the same court. It is truly inclusive of everyone, with players in Chapel Hill being very diverse, even more so since COVID. It is also accessible because of the ease of learning and immediate ability to play. You can play for free through our organization, and it only costs a few tens of dollars to buy your own equipment. Introductory clinics are offered free of charge throughout the year, and with the construction of a large new facility, additional free clinics and programming will be supported by Chapel Hill Pickleball and Parks and Recreation. Outreach about new programs will occur in conjunction with the Town which could include promotion and programming within existing Public Housing communities and newly constructed affordable housing developments. Also, through collaboration with the Orange County Dept. of Aging. Additionally, through partnering with Parks and Recreation this project could be examined through the Town's Equity Lab.

Proposal: to Develop 18 courts at existing site with parking, lights, restrooms to serve the demand for Pickleball in Chapel Hill and provide a healthy sport to keep citizens physically fit, mentally healthy, and socially connected.

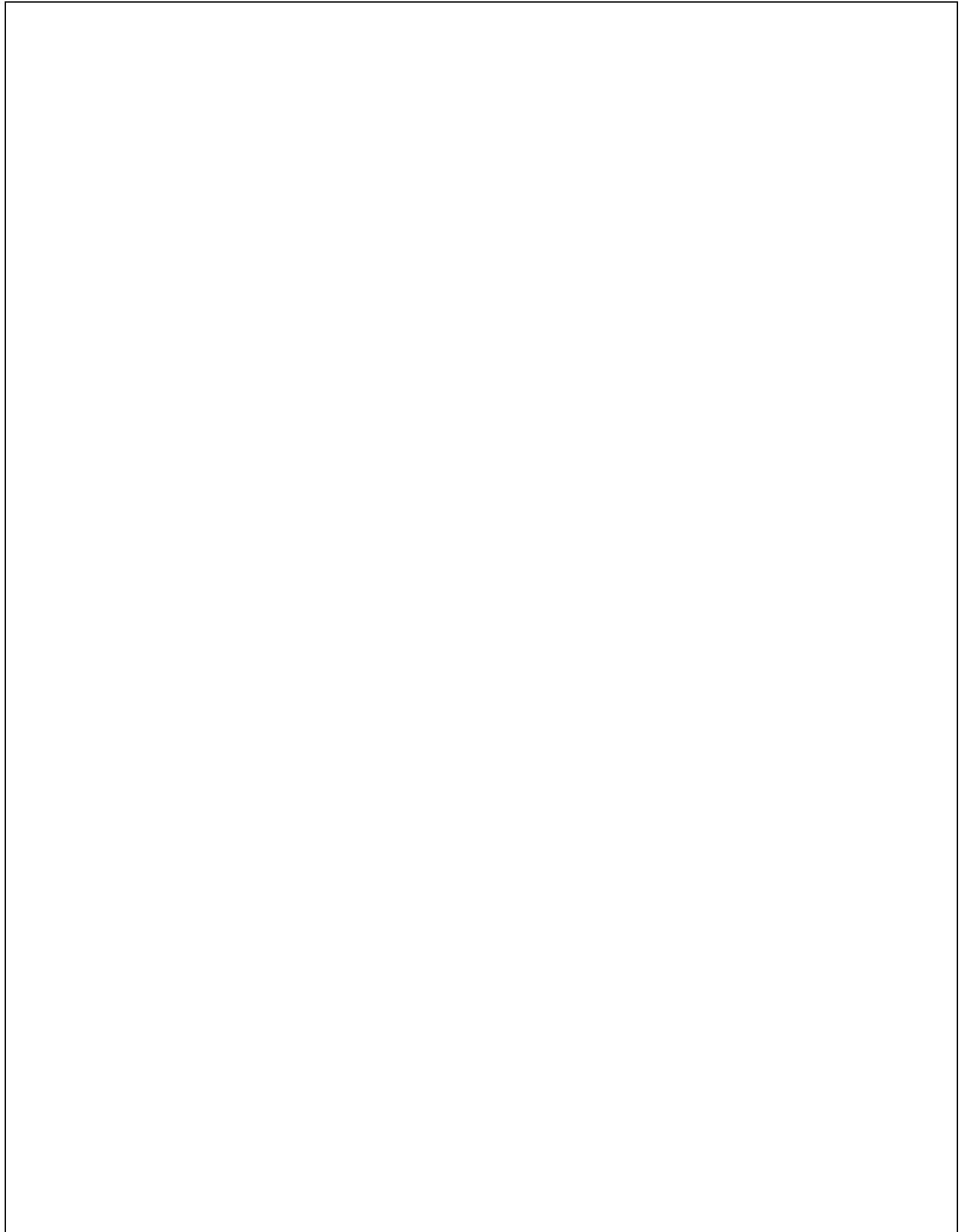
Funding: The APRA funds will be matched by fundraising by Chapel Hill Pickleball community organization to construct courts on already existing town property determined in collaboration with Parks and Recreation and the Town. This proposal is jointly supported by Parks & Recreation and the Visitor's Bureau (letters of support from both are attached).

The new Pickleball facility will benefit all citizens of Chapel Hill in providing an inclusive place to play. The facility will allow Chapel Hill to host clinics, leagues and large tournaments, which will help business hurt by COVID (particularly hotels and restaurants).

Timeline: APRA fund committed in summer 2022. Planning for facility from fall 2022 through spring 2023. Construction in summer and fall of 2023. Facility expected to be open to public the end of 2023, with full benefits to the community beginning in 2024 with programming, leagues, clinics, and tournaments.

While this proposal is unique and transformative to Chapel Hill, this idea is not new. We have spoken with over 20 communities nationwide who submitted ARPA/Cares proposals and been funded by their communities to develop new Pickleball courts in exactly the same way we propose, for the same reasons.

We sincerely believe this will make a significant positive impact on the physical and mental health of our citizens and our community.



Are any of the Board Members or employees of your agency or members of their immediate families or business associates one or more of the following:

YES **NO**

- a) Employees of or closely related to employees of the Town of Chapel Hill?
- b) Members of or closely related to members of the governing bodies of the Town of Chapel Hill?
- c) Current beneficiaries of the program for which funds are being requested?
- d) Paid providers of goods or services to the program or having other financial interest in the program?

If you have answered YES to any question, **please provide a full explanation below:**

One of the steering committee members of the organization is Brad Hemminger, who is the spouse of the current Mayor of Chapel Hill, Pam Hemminger.

To the best of my knowledge and belief all of the above information is true and current.

Signature: Sandy Douglass 5/10/2022
Executive Director or Authorized Signer Date

Signature: _____
Applicant (if different from above) Date



PARKS AND RECREATION
Town of Chapel Hill
200 Plant Road
Chapel Hill, NC 27514

phone (919) 968-2784 fax (919) 932-2923
www.townofchapelhill.org
www.chapelhillparks.org

May 9, 2022

American Rescue Plan Act (ARPA) Review Panel
Town of Chapel Hill

Dear Review Panel:

Since 2016, the Town of Chapel Hill has provided six dedicated pickleball courts at Ephesus Park. Since then, the Town has added "shared use" options for pickleball during scheduled times on the in-line hockey rink at Southern Community Park and indoors at the two community centers. The rapidly growing interest in the sport and ever-increasing demand for courts have resulted in insufficient play options due to the current facility inventory not being able to accommodate the level of expansion.

During COVID-19, pickleball was a safe activity for those of all ages as it is typically played outdoors while being physically distanced. While data on other sports is not readily available, one could make the case that during the pandemic pickleball experienced higher growth than most sports as Chapel Hill Pickleball reported that nearly 500 individuals began playing the sport here. The rise in participation here reflects a similar growth pattern nationwide for the sport of pickleball. This explosive growth has called more attention to the court access issue.

Chapel Hill Parks and Recreation supports the local pickleball community's desire to construct a dedicated pickleball complex and will continue to work with stakeholders to explore feasible locations and designs. In addition to serving the growing number of local players noted above, a dedicated complex will position our agency to better serve our community by attracting tournaments and special events which will generate out-of-town spending at local hotels and restaurants. A public-private partnership for facility development, as proposed by Chapel Hill Pickleball through this Community Project application, would be desirable to reduce the public financial burden of building such a complex and to ensure player buy-in during the design and construction phases. Understanding that Chapel Hill Pickleball intends to initiate and lead a fundraising campaign which would provide needed resources for the project, our staff team supports including new pickleball courts for priority consideration within Town funding processes.

Sincerely,

Handwritten signature of Phil Fleischmann in black ink.

Phil Fleischmann, CPRE
Director

Handwritten signature of Atuya O. Cornwell in black ink.

Atuya O. Cornwell, CPRP
Assistant Director



May 12, 2022

To: American Rescue Plan Review Panel, Town of Chapel

From: Laurie Paolicelli, Director, Chapel Hill/Orange County Visitor's Bureau

Re: Visitor's Bureau support for additional Pickleball courts in Chapel Hill

Please accept this letter of support for the grant request in front of you requesting funding for Pickleball Courts in Chapel Hill.

Pickleball is the fastest growing sport in America. The Chapel Hill/Orange County Visitors Bureau has recognized this potential economic boon for Chapel Hill for many years prompting this agency to commission a sports and recreation study in 2017 to show potential tourism opportunities for our community.

The Visitors Bureau remains an enthusiastic supporter of adding more Pickleball Courts in Chapel Hill, knowing this would create an economic potential to host tournaments and generate revenue through retail, entertainment, hotel, and food and beverage spending from outside visitors. (See study commissioned from Conventions Sports Leisure in 2017.)

Based on recent statistics, we are convinced this study still merits attention.

Consider:

Pickleball grew in 2021 to 4.8 million players in the US, according to the 2022 Sports & Fitness Industry Association (SFIA) Single Sport Report on Pickleball. SFIA is the premier trade association for top brands, manufacturers, retailers and marketers in the American sporting goods and fitness industry.

This 14.8% growth from 2020 to 2021 follows on the heels of 21.3% growth the previous year and contributes to an 11.5% average annual growth rate over the past 5 years.

- Of the 4.8 million Total participants, 3.5 million were “Casual” players who play 1-7 times a year
- 4 million were “Core” players who play 8 or more times a year
- While the number of Core participants did not grow from 2020 to 2021, Casual players grew by 22%
- 60% of total participants are men and 40% are women; with a slightly faster rate of growth among women
- The average age for all players continues to drop, to 38.1 years old in 2021, a decrease of 2.9 years from 2020
- The average age of Core players is 47.9 and Casual players 34.3 years old
- 52% of Core players are 55 or older while 79% of Casual players are 54 or younger
- Growth of total participants from 2020 to 2021 was the fastest among players under 24 years of age (21%)
- Annual growth among players 55 and older was a more modest 10%

Our North Carolina neighbors are heeding this call and adding more facilities.

1. Durham parks and recreation has approved construction of a **14-court pickleball facility in piney wood park**, which will be Durham’s first facility dedicated exclusively to the sport.
2. A multi-racket sports facility in **Raleigh which includes 29 pickleball courts** could soon sit beside 34 tennis courts, a 10,000 square foot gymnasium, and a 30,000 square-foot fitness facility.

The sport has gained in popularity because all ages, body-types, weights/heights, regardless of past sports experience, can play this game. The only real requirement is to have basic eye/hand coordination. At a time when public health experts encourage more physical movement by adults of all ages, Pickleball has become a sport of many in 2022.

Right now, most pickleball players share the same court as tennis players. However, there are not enough courts to accommodate the demand for tennis and pickleball players in Chapel Hill.

The Chapel Hill/Orange County Visitors Bureau encourages the Town of Chapel Hill to add more recreational facilities for racquet sports to its current facility options to accommodate residents and the potential for economic growth through tournament play.

Thank you.



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FEASIBILITY STUDY OF POTENTIAL NEW VISITOR-ORIENTED FACILITY DEVELOPMENT IN ORANGE COUNTY, NORTH CAROLINA

Summary of Phase 2 Findings

September 20, 2017



ORANGE COUNTY VISITORS BUREAU



Study Background and Purpose

To analyze the feasibility of developing a potential new convention center, public assembly facility or other visitor-oriented development in Orange County.

Purpose of driving new tourism, hotel room nights and economic impact to Orange County.

Facility types investigated include:

- Convention facilities
- Hotel/conference facilities
- Multipurpose event facilities
- Outdoor sports facilities
- Indoor sports facilities
- Other assembly/event facilities



Study Components

Phase One: Market Demand Analysis

1. Local market conditions analysis
2. Competitive facilities
3. Comparable facilities
4. Industry trends
5. Market surveys
6. Facility development opportunities
7. Discussion of findings

Phase Two: Cost/Benefit & Strategic Planning

1. Refinement of scenarios
2. Utilization modeling
3. Development cost estimates
4. Development/partnership strategies
5. Cost/benefit comparisons
6. Economic impacts
7. Reports / presentations

Market Demand Conclusions

- **Conventions, conferences, meetings**
 - Moderate unmet demand
 - Relatively high facility/destination competition in state/region
 - Appropriate headquarters hotel required
 - Competitiveness depends on a compelling, walkable visitor amenity base
- **Indoor court sports tournaments/competitions**
 - Moderate to high unmet demand (nonlocal and local), broad variety of sports/rec
 - Opportunity to leverage visibility and brand of UNC athletics
 - Could alleviate pressure on area school gyms with a centralized facility to accommodate community demand and nonlocal tournaments
- **Triangle field tournaments**
 - Moderate nonlocal unmet demand, low local unmet demand
 - Established competition in state and region
- **Rectangle field tournaments**
 - Moderate nonlocal unmet demand, low local unmet demand
 - High and established competition locally and within state and region
- **Other events**

Development Scenarios

Identified Scenarios for Cost/Benefit Analysis

- **Scenario 1:**
Indoor Amateur Sports Facility
- **Scenario 2:**
Hotel + Conference Center

Scenario 1: Indoor Am. Sports Facility

Facility Model Assumptions

CONCEPT:

- Multi-component indoor amateur sports facility positioned to compete for non-local tournaments + local uses.
- Assumed publicly-owned, privately-managed.
- Fits well within the “brand” and amenity infrastructure that exists in Chapel Hill/Orange County.
- High economic impact opportunity.
- Opportunity to leverage private sector investment.
- Opportunity to be operationally self-supportive.
- Presence of existing tournament activity presents low risk opportunity to develop and grow brand.
- Opportunity to alleviate pressure on area school gymnasiums with one centralized facility to accommodate community demand.
- Presence of nearby hotel and other visitor industry infrastructure may make location more appealing to non-local event/tournament organizers.

PROGRAM:

- 8 hardwood courts (8 basketball or 16 volleyball) + indoor turf component.
- Bleachers, netting, equipment, scoreboards, and other standard amenities.
- Retail, pro shop, concessions.
- 140,000 GSF.

SITE/LOCATION:

- 3.5 acres (building) + 6.5 acres (surface parking) = 10.0 acres.
- Preferred location would be near UNC campus.

Scenario 1: Indoor Am. Sports Facility

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Estimated Utilization (stabilized year)

Tournaments

Annual Tournaments	42
Average Teams per Tournament	28
Total Annual Teams	1,176
Players Per Team	12
Spectators Per Player	2.0
Average Days Per Tournament	2.1
Total Annual Attendance	88,906
Percent Orange County Teams/Residents	25%
Percent Non-Resident Day Trippers	20%
Percent Non-Residents Overnight Stay	55%
Total Orange County Resident Attendance	22,226
Total Day Trippers	17,781
Total Overnight Guests	48,898

Lessons/Clinics/Misc.

Number of Hours	6,000
Avg. Participants & Spectators Per Hour	15
Total Annual Attendance	90,000
Percent Orange County Residents	55%
Percent Non-Resident Day Trippers	30%
Percent Non-Residents Overnight Stay	15%
Total Orange County Resident Attendance	49,500
Total Day Trippers	27,000
Total Overnight Guests	13,500

Leagues

Number of League Sessions	34
Avg. Number of Teams per Session	24
Total Annual Teams	816
Games Per Session	10
Total Annual Team Games	8,160
Players Per Team	12
Spectators Per Player	0.5
Total Annual Attendance	146,880
Number of League Hours	--
Avg. Participants & Spectators Per Hour	--
Total Annual Attendance	--
Percent Orange County Residents	65%
Percent Non-Resident Day Trippers	35%
Percent Non-Residents Overnight Stay	0%
Total Orange County Resident Attendance	95,472
Total Day Trippers	51,408
Total Overnight Guests	0

Estimated Attendance

Local:	
Orange County Residents	167,198
Non-Local:	
Non-Resident Day Trippers (Tournaments)	17,781
Non-Resident Day Trippers (Other)	78,408
Non-Resident Overnight Stay	62,398
Total Attendance	325,786
Total Hotel Room Nights	24,959

Feasibility Study of Potential New Visitor-Oriented
 Facility Development in Orange County, North Carolina
COST/BENEFIT ANALYSIS



Scenario 1: Indoor Am. Sports Facility

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Estimated Financial Operations & Economic Impacts (stabilized year, 2017\$)

Estimated Financial Operations (Annual)

Operating Revenues

League, Practice, Rec Rentals	\$1,139,000
Tournament Rental Income	\$366,000
Camps and Clinics	\$271,000
Sponsorship	\$281,000
Concessions (Net)	\$388,000
Other Revenue	\$70,000
Total Operating Revenues	\$2,515,000

Operating Expenses

Salaries & Wages	\$571,000
League Operations/Programming	\$380,000
Utilities	\$344,000
Repairs & Maintenance	\$173,000
Materials and Supplies	\$141,000
Insurance	\$305,000
General & Administrative	\$117,000
Management Fee (net)	\$225,000
Total Operating Expenses	\$2,256,000

Net Operating Profit/(Loss) \$259,000

Estimated Economic Impacts

Construction (one-time)

Direct Spending	
Materials	\$4,791,000
Labor	\$9,582,000
Total Direct Spending	\$14,373,000
Indirect/Induced Spending	\$9,868,763
Total Output	\$24,241,763
Personal Income	\$8,163,469
Employment (full & part time jobs)	172

Operations (annual)

Direct Spending	
Hotel	\$3,504,777
Restaurant/Meals	\$7,009,554
Entertainment/Leisure	\$943,594
Retail/Shopping	\$1,617,589
Other	\$404,397
Total Direct Spending	\$13,479,912
Indirect/Induced Spending	\$8,357,545
Total Output	\$21,837,457
Personal Income	\$10,918,729
Employment (full & part time jobs)	281

Scenario 2: Hotel + Conference Ctr.

Facility Model Assumptions

CONCEPT:

- Conference center + hotel under a P3 model (goal = conference center funded publicly, hotel funded privately).
- Conference center is operated by hotel partner via management agreement or lease.
- Would ideally leverage existing walkable visitor amenities.
- Moderate to high economic impact opportunity.
- Nationally-branded, upper-upscale chain scale, full-service hotel would provide benefits beyond event activity.
- No ongoing public-sector operating subsidy, may require additional incentive for hotel transaction.
- Continued growth of downtown Houston destination appeal will increase demand for other proximate, complementary event facilities and destinations.

PROGRAM:

- 225-room full-service, upper upscale chain scale headquarters hotel.
- 30,000 SF sellable carpeted conference space.
- Largest continuous room 20,000 SF, subdividable, 30-foot ceiling height.
- 60,000 GSF conference center (50,000 SF min footprint), 220,000 GSF hotel (50,000 SF min footprint).

SITE/LOCATION:

- 1.5 acres (hotel) + 1.5 acres (conf ctr) + 4.0 acres (surface parking) = 7.0 acres.
- Preferred locations would be within walking distance of one or more existing quality hotel products; however, private hotel partner preferences/requirements with regard to site/location will like drive ultimate location.

Hotel Development Issues

- A typical hotel investor would normally be looking for both specific property and comp set evidence of hotel performance levels approximating the following:

Full service hotels:

Occupancy: 70% or higher

ADR: \$150 or higher

RevPAR: \$105 or higher

Select/focused service hotels:

Occupancy: 70% or higher

ADR: \$115 or higher

RevPAR: \$80 or higher

- Full service hotels are typically significantly more difficult to finance and, therefore, the barriers to entry are much more substantial than for limited and select/focused service projects.
- Full service hotels typically have to be 200 rooms or larger for the model to function correctly and generally cost more than \$250,000 per key to construct.
- Select/focused service hotels normally integrate 100-150 rooms, with a typical project coming in around \$125,000 per key for construction.
- Industry-wide, hotel performance continues to grow and improve. The constrained lending environment coming out of the recession circa 2010 has largely lifted, resulting in pent up demand for hotel development in many markets. Therefore, much of the new hotel investment capital is flowing into high return project opportunities in the strongest markets (oftentimes, large cities).
- As such, the ROI expectations of many investors could equate to a set of baseline hotel performance statistics that exceed the aforementioned hotel performance benchmarks for any potential new hotel project to be contemplated in Chapel Hill / Orange County.

Benefits of Hotel/CC P3 Model

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Public/Private
Example

Hotel Chain Scale:

Upper-Midscale

Upscale

Upper-Upscale

Upper-Upscale

Brand Examples:

Holiday Inn Express,
Comfort,
Hampton,
Fairfield,
Best Western

Holiday Inn,
Springhill Suites,
Courtyard Marriott,
Hilton Garden Inn,
DoubleTree

Embassy Suites,
Hilton, Marriott,
Renaissance,
Westin,
Hyatt

Embassy Suites,
Hilton, Marriott,
Renaissance,
Westin,
Hyatt

Number of Guestrooms:

125

150

200

200

Food and Beverage:

Limited to
None

Limited to
Full Restaurant

Full Rest/
Room Service

Full Rest/
Room Service

Meeting Space (SF):

Exhibit

0

0

0

0

Ballroom - Grand

0

3,000

7,000

25,000

Ballroom - Junior

0

0

3,000

5,000

Meeting

1,500

2,000

5,000

10,000

Sellable

1,500

5,000

15,000

40,000

Scenario 2: Hotel + Conference Ctr.

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Estimated Utilization (stabilized year)

Conference Center

Event Types	Number of Events	Event Days	Attendee Days	Local Attendee Days	Daytrip Attendee Days	Overnight Attendee Days	Hotel Room Nights
Conventions/Tradeshows (w exhibits)	14	35	19,250	1,925	4,331	12,994	11,813
Conventions/Conferences (no exhibits)	23	58	25,875	3,881	5,498	16,495	14,996
Public/Consumer Shows	10	30	25,500	19,125	5,419	956	435
Meetings	150	150	22,500	18,000	3,375	1,125	938
Banquets/Receptions	100	100	30,000	24,000	4,500	1,500	1,071
Miscellaneous/Other	<u>15</u>	<u>23</u>	<u>11,250</u>	<u>5,625</u>	<u>2,813</u>	<u>2,813</u>	<u>1,875</u>
Total	312	395	134,375	72,556	25,936	35,883	31,127

Hotel

Hotel Rooms	225
Total Available Room Nights	82,125
Estimated Occupancy	70%
Hotel Room Nights	57,488
% of Conf Ctr Rm Nights Captured	60%
Conf Ctr Rm Nights Captured	18,676
Conf Ctr Rm Nights Compressed	12,451
Non-Conf Ctr Rm Nights	38,811
% New Induced to Orange County	25%
Non-Conf Ctr Induced Rm Nights	9,703

Scenario 2: Hotel + Conference Ctr.

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Estimated Financial Operations & Economic Impacts (stabilized year, 2017\$)

Estimated Financial Operations (Annual)

Operating Revenues	n/a
Operating Expenses	n/a
Net Operating Profit/(Loss)	n/a

Estimated Economic Impacts

Construction (one-time)	
Direct Spending	
Materials	\$10,410,000
Labor	\$20,820,000
Total Direct Spending	\$31,230,000
Indirect/Induced Spending	\$21,443,085
Total Output	\$52,673,085
Personal Income	\$17,737,782
Employment (full & part time jobs)	374

Operations (annual)

Operations (annual)	
Direct Spending	
Hotel	\$3,128,380
Restaurant/Meals	\$3,148,659
Entertainment/Leisure	\$449,193
Retail/Shopping	\$1,455,567
Other	\$1,248,209
Total Direct Spending	\$9,430,008
Indirect/Induced Spending	\$6,533,597
Total Output	\$15,963,605
Personal Income	\$6,609,963
Employment (full & part time jobs)	193

Hypothetical Capital Costs

Estimated Order-of-Magnitude (2017\$)

Feasibility Study of Potential New Visitor-Oriented
Facility Development in Orange County, North Carolina

COST/BENEFIT ANALYSIS

Scenario 1: Indoor Amateur Sports Facility	
Gross Square Feet	140,000
Cost per GSF	\$170
Soft Cost Rate	30%
Hard Costs	\$23,800,000
Soft Costs	\$7,140,000
Total Construction	\$30,940,000
Site/Infrastructure Costs	\$1,000,000
Private Contribution	\$0
Total Public Capital Costs	\$31,940,000

Scenario 2: Hotel + Conference Center	
Hotel:	
Hotel Rooms	225
Cost Per Key	\$200,000
Total	\$45,000,000
Conference Center:	
Gross Square Feet	60,000
Cost per GSF	\$300
Soft Cost Rate	30%
Total	\$23,400,000
Total Construction	\$68,400,000
Site/Infrastructure Costs	\$1,000,000
Private Contribution	(\$40,000,000)
Total Public Capital Costs	\$29,400,000

Cost/Benefit Summary Comparison

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Feasibility Study of Potential New Visitor-Oriented
 Facility Development in Orange County, North Carolina
COST/BENEFIT ANALYSIS

ESTIMATED COSTS	Scenario 1: Indoor Am. Sports Facility		Scenario 2: Hotel + Conference Ctr.	
	Stabilized Year	10-year Total	Stabilized Year	10-year Total
One-time Costs:				
Hard Construction Costs	--	\$23,800,000	--	\$47,880,000
Soft Construction Costs	--	7,140,000	--	20,520,000
Site / Infrastructure Costs	--	1,000,000	--	1,000,000
Private Contribution	--	0	--	(40,000,000)
Total Public Sector Cost	--	\$31,940,000	--	\$29,400,000
Ongoing Operations:				
Operating Revenues	\$2,515,000	\$25,150,000	--	--
Operating Expenses	2,256,000	22,560,000	--	--
Operating Profit/(Loss)	\$259,000	\$2,590,000	--	--
Ongoing Costs:				
Debt Service	\$1,847,000	\$18,470,000	\$1,700,000	\$17,000,000
Operations	(259,000)	(2,590,000)	--	--
Capital Reserve Funding	119,000	1,190,000	90,000	900,000
Private Contribution	0	0	0	0
Total Annual Costs	\$1,707,000	\$17,070,000	\$1,790,000	\$17,900,000

ESTIMATED BENEFITS	Scenario 1: Indoor Am. Sports Facility		Scenario 2: Hotel + Conference Ctr.	
	Stabilized Year	10-year Total	Stabilized Year	10-year Total
Attendance:				
Total Attendee Days	325,786	3,257,856	145,552	1,455,515
Total Non-Local Visitor Days	158,587	1,585,872	72,995	729,953
Total Hotel Room Nights	24,959	249,592	31,127	311,268
Ongoing Quantifiable Benefits:				
Direct Spending	\$13,479,912	\$149,172,120	\$9,430,008	\$125,530,078
Indirect/Induced Spending	8,357,545	93,444,217	6,533,597	86,779,058
Total Output	\$21,837,457	\$242,616,337	\$15,963,605	\$212,309,136
Personal Income (earnings)	\$10,918,729	\$117,350,756	\$6,609,963	\$83,837,416
Employment (full & part-time jobs)	281	2,986	193	2,308

QUANTIFIABLE COST/BENEFIT RATIO	Scenario 1: Indoor Am. Sports Facility		Scenario 2: Hotel + Conference Ctr.	
	Stabilized Year	10-year Total	Stabilized Year	10-year Total
Benefit to Cost Ratio	12.79	14.21	8.92	11.86

Rationale for Public Investment

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Feasibility Study of Potential New Visitor-Oriented
Facility Development in Orange County, North Carolina

COST/BENEFIT ANALYSIS

- **Quantifiable economic impacts:**
 - Construction (one-time)
 - Operations (ongoing, in-facility + out-of-facility)
- **Unquantifiable/intangible benefits:**
 - Potential transformative and iconic effects
 - Positive effects on downtown/site commerce and activity
 - Quality of life for residents
 - New visitation
 - Spin-off development
 - Destination branding and marketing
 - Anchor for revitalization
 - Reduction in lost local impact
 - Community reputation and image

	Pickleball		# of Reports	Avg. PB
February	868		35	25
March	694		22	32
April	321		12	27
May MTD	120		4	30
Total Est. Usage	2003			

Note, this only captures a portion of play data, as we only have counts from some days, and often just once during the day while there is play going on all day long.

Overall daily average based on data we see

Morning **45**
Afternoons **30**
Evenings **65**

Players Per D **140**

Further Note that this is only for Ephesus.
It does NOT include Southern Community Park or indoor facilities.

DOW	Date	Time	Pickleball	Tennis
Tuesday	2/1/2022	2:56PM	16	0
Wednesday	2/2/2022		Weather	
Thursday	2/3/2022	4:34PM	14	0
Friday	2/4/2022		Weather	
Saturday	2/5/2022	8:50AM	8	0
Saturday	2/5/2022	12:01PM	24	4
Sunday	2/6/2022	2:51PM	48	4
Monday	2/7/2022		Weather	
Tuesday	2/8/2022	2:59PM	20	0
Wednesday	2/9/2022	10:28AM	16	0
Wednesday	2/9/2022	11:42AM	32	2
Wednesday	2/9/2022	6:48PM	33	12
Thursday	2/10/2022	11:11AM	44	4
Thursday	2/10/2022	7:20PM	30	9
Friday	2/11/2022	10:26AM	28	2
Friday	2/11/2022	3:33PM	20	0

Friday	2/11/2022	6:38PM	36	5
Saturday	2/12/2022	1:05PM	20	0
Sunday	2/13/2022	10:20AM	18	8
Monday	2/14/2022	10:41AM	5	0
Monday	2/14/2022	12:41PM	20	0
Tuesday	2/15/2022	11:35AM	24	4
Wednesday	2/16/2022	11:55AM	40	0
Thursday	2/17/2022	9:59AM	24	0
Thursday	2/17/2022	10:59AM	40	0
Friday	2/18/2022	12:17PM	14	0
Saturday	2/19/2022	3:37PM	24	2
Sunday	2/20/2022	1:21PM	34	7
Sunday	2/20/2022	2:31PM	40	0
Monday	2/21/2022	12:18PM	24	2
Monday	2/21/2022	6:14PM	33	2
Tuesday	2/22/2022		Weather	
Wednesday	2/23/2022		Weather	
Thursday	2/24/2022		Weather	
Friday	2/25/2022	4:12PM	30	0
Saturday	2/26/2022	10:33AM	37	0
Saturday	2/26/2022	12:30PM	30	2
Saturday	2/26/2022	4:00PM	16	4
Sunday	2/27/2022		Weather	
Monday	2/28/2022	10:39AM	26	0
Tuesday	3/1/2022	5:56PM	28	2
Thursday	3/3/2022	11:07AM	42	0
Friday	3/4/2022	9:15AM	9	0
Saturday	3/5/2022	3:58PM	16	2
Monday	3/7/2022	11:11AM	15	4
Tuesday	3/8/2022	10:54AM	44	0
Tuesday	3/8/2022	5:16PM	39	2
Friday	3/11/2022	5:50PM	54	2
Sunday	3/13/2022	3:29PM	40	10
Monday	3/14/2022	6:04PM	28	0
Tuesday	3/15/2022	10:43AM	34	4
Tuesday	3/15/2022	6:56PM	54	12
Wednesday	3/16/2022	10:37AM	38	0
Friday	3/18/2022	10:58AM	44	0
Sunday	3/20/2022	9:55AM	54	8
Monday	3/21/2022	6:27PM	38	7
Wednesday	3/23/2022	8:47AM	13	0
Friday	3/25/2022	1:50PM	44	4

Saturday	3/26/2022	5:41PM	11	6
Sunday	3/27/2022	10:46AM	26	0
Monday	3/28/2022	2:54PM	12	4
Thursday	3/31/2022	8:32AM	11	0
Friday	4/1/2022	9:51AM	27	2
Monday	4/4/2022	3:09PM	13	2
Tuesday	4/5/2022	3:20PM	22	1
Sunday	4/10/2022	4:29PM	17	0
Sunday	4/10/2022	3:08PM	16	2
Monday	4/11/2022	1:43PM	36	0
Wednesday	4/13/2022	9:43AM	25	0
Friday	4/15/2022	9:12AM	24	0
Wednesday	4/20/2022	7:06PM	54	4
Monday	4/25/2022	6:35PM	45	0
Wednesday	4/27/2022	9:09AM	12	0
Saturday	4/30/2022	9:53AM	30	4
Thursday	5/5/2022	10:00AM	32	2
Saturday	5/7/2022	9:121AM	20	0
Sunday	5/8/2022	11:24AM	16	2
Tuesday	5/10/2022	7:34PM	52	2

2003

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