CITY OF WEST DES MOINES
CITY COUNCIL MEETING COMMUNICATION

ITEM: Approval of Catch Des Moines 28E Community Sponsorship Program Agreement

DATE: July 15, 2019

FINANCIAL IMPACT: Total payment under this Agreement is not to exceed 2% of the total project cost and will not exceed 5% of the city's annual hotel/motel tax contribution to Catch Des Moines. The percentage of hotel/motel tax will be calculated based on the previous fiscal year hotel/motel tax payments. Payment will be divided into equal payments over five years and distributed during the first quarter of each fiscal year. Final determination for renewal is in the sole discretion of Catch Des Moines Board of Directors.

BACKGROUND: City of West Des Moines worked with Catch Des Moines Board of Directors and member communities to create the Community Sponsorship Program wherein qualifying member communities may apply for a percentage of NTE 5% of their hotel/motel tax contribution to be re-invested in qualifying projects.

In June of 2019 CMO staff completed the necessary application and the Catch Des Moines Board approved West Des Moines' application for funds to be applied to the Mid American Rec Plex.

OUTSTANDING ISSUES (if any): None.

RECOMMENDATION: Approval of the Catch Des Moines 28E Community Sponsorship Program Agreement

Lead Staff Member: Tom Hadden / Jamie Letzring

STAFF REVIEWS

Department Director	Jamie Letzring
Appropriations/Finance	
Legal	
Agenda Acceptance	

PUBLICATION(S) (if applicable)

Published In	
Dates(s) Published	

SUBCOMMITTEE REVIEW (if applicable)

Committee			
Date Reviewed			
Recommendation	Yes	No	

RESOLUTION APPROVING AND AUTHORIZING THE EXECUTION OF A CHAPTER 28E AGREEMENT BY AND BETWEEN THE CITY OF WEST DES MOINES AND THE GREATER DES MOINES CONVENTION AND VISITORS BUREAU

WHEREAS, the City of West Des Moines is a member of the Greater Des Moines Convention and Visitors Bureau (also known as "Catch Des Moines"); and,

WHEREAS, the City of West Des Moines applied for and received a Catch Des Moines Community Sponsorship Program grant award for the MidAmerican Energy RecPlex, in an amount not to exceed two percent of the total project cost nor to exceed five percent of the city's annual hotel/motel tax contribution to Catch Des Moines. The percentage of hotel/motel tax will be calculated based on the previous fiscal year hotel/motel tax payments. Payment will be divided into equal payments over five years and distributed during the first quarter of each fiscal year; and,

WHEREAS, the terms of the program are five years with an option to extend an additional five years with final determination for renewal at the sole discretion of the Catch Des Moines Board of Directors; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WEST DES MOINES, IOWA,

1. The 28E Agreement for the Catch Des Moines Community Sponsorship Program is hereby approved.

2. The Mayor is authorized to sign the 28E Agreement.

PASSED AND APPROVED this 15th day of July, 2019.

_____
Steven K. Gaer, Mayor

ATTEST:

_____
Ryan T. Jacobson
City Clerk

Catch Des Moines
28E Community Sponsorship Program Agreement

The sponsorship is awarded to the City of West Des Moines subject to the following terms and conditions:

1. The Greater Des Moines Convention and Visitors Bureau, d/b/a Catch Des Moines, will award a 28E Community Sponsorship in the amount of $58,292.00 to the City of West Des Moines. These funds are designated for the Mid American Energy Company RecPlex project as outlined in the 28E Community Sponsorship Application. This sponsorship must be used for the project identified in the Application and may not be expended for any other purpose. The City accepts responsibility for complying with this Agreement's terms and conditions and will exercise full control over the Sponsorship and expenditure of the Sponsorship funds.

2. **Payment:** Total payment under this Agreement is not to exceed 2% of the total project cost and will not exceed 5% of the city's annual hotel/motel tax contribution to Catch Des Moines. The percentage of hotel/motel tax will be calculated based on the previous fiscal year hotel/motel tax payments. Payment will be divided into equal payments over five years and distributed during the first quarter of each fiscal year. Final determination for renewal is in the sole discretion of Catch Des Moines Board of Directors.

3. **Terms:** The term of the Sponsorship is five years, with an option for renewal of an additional five years, if all parties agree the project is achieving the economic impact forecasted in the original study. Catch Des Moines will use the Event Impact Calculator to evaluate the economic impact of the project and determine if the project is generating the required ROI of 20:1. The maximum length of any sponsorship is ten years.

4. **Compliance:** The City of West Des Moines will comply with the provisions of federal, state, and local laws, rules and executive order, as well as the 28E Community Sponsorship Program that was approved for existence by the Catch Des Moines Board of Directors on April 24, 2019. A breach of this provision shall be considered a material breach of this Agreement.

5. **Termination:** Catch Des Moines reserves the right to discontinue, modify or withhold any payments to be made under this Sponsorship Agreement or to require a total or partial refund of any sponsorship funds, if, in Catch Des Moines' sole discretion, such action is necessary: (a) because the City has not fully complied with the terms and conditions of this sponsorship; (b) to protect the purpose and objectives of the sponsorship which is to promote tourism in greater Des Moines; (c) the City withdraws from the 28E Agreement; (d) there is a change in ownership of the facility; (e) changes in the economy adversely impact the funding levels provided to Catch Des Moines; or (f) to

comply with any law or regulation applicable to the City, Catch Des Moines, or this sponsorship.

6. Sponsorship/recognition benefits will be received upon completion of the project. Catch Des Moines will be recognized in marketing and/or promotional materials.

7. **Assignment:** This Agreement and any of the rights or obligations under the Agreement may not be assigned without the written consent of Catch Des Moines. An assignment includes any transfer of the project to ownership other than the City of West Des Moines.

8. **Law and Jurisdiction**: This Sponsorship Agreement shall be interpreted, construed and enforced in accordance with the laws of the State of Iowa.

9. **Indemnification:** The City of West Des Moines shall jointly and severally defend, indemnify and hold Catch Des Moines harmless from and against any liability, loss, damage or expense, including reasonable counsel fees, which Catch Des Moines may incur or sustain by reason of (a) the failure of the City to fully perform and comply with the terms and obligations of this Agreement or (b) the City's performance or attempted performance of this Agreement.

10. **Final Authority:** The decision of the Catch Des Moines shall be binding on the City of West Des Moines. Catch Des Moines shall have the final authority to assess whether the City has complied with the terms of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed, effective as of the date shown below.

FOR CITY:

_____ _____
Signature Title

_____
Date

FOR CATCH DES MOINES:

_____ _____
Greg Edwards Title

_____
Date

APPLICATION
28E COMMUNITY DEVELOPMENT SPONSORSHIP PROGRAM

Please submit one (1) original and one (1) copy of the application with attachments to:

28E Community Development Sponsorship Program
c/o Catch Des Moines
400 Locust, Suite 265
Des Moines, IA 50309
or by email to Greg Edwards at greg@catchdesmoines.com

Applications for funding will be reviewed by a 28E Community Development Sponsorship Program committee and approved by the Catch Des Moines Board of Directors. Funds will be granted within the first quarter of the fiscal year. Completed application must be received no later than **March 1.**

Name of Municipality: City of West Des Moines

Contact Name: Tom Hadden, City Manager

Address: 4200 Mills Civic Parkway

City: West Des Moines State: Iowa Zip: 50265

Phone: 515-222-3612 Email: tom.hadden@wdm.iowa.gov

Project Name: MidAmerican Energy Company RecPlex

Project Start Date: Spring 2019

Project Estimated Completion Date: Fall 2020

Location of Project: Grand Ave and Jordan Creek Parkway, West Des Moines, IA 50266

Amount Requested: $58,292, annually for the initial 5-year investment

Term of Request (i.e. five years) 5 Years, plus considered for an additional 5 years per the program guidelines

Total Cost of Project: $34,652,000

Previous funding received by Catch Des Moines (include any other projects that Catch Des Moines might be currently sponsoring):

Complete the following using additional pages.

1. **Describe the project in detail, including the time frame for completion of the project. Attach a copy of the project budget.**

The City of West Des Moines is planning, through public/private partnership, construction of a $34 million sports complex containing ice, court, and turf. It will be named the MidAmerican Energy Company RecPlex (MidAmerican RecPlex) and is being designed as a regional sports destination. Studies estimate that the direct economic impact of this project will be over $3.7 million annually. The study is very conservative and considers only increased hotel motel stays and related direct spending based on a schedule of hosting only 28 tournaments per year.

West Des Moines is a unique city where the day time population increases to over 100,000 residents due to international corporate hubs like Wells Fargo and Athene in addition to amenities such as shopping, entertainment, and food establishments. The MidAmerican RecPlex will be city owned and operated with a focus on youth events, offering soccer, ice hockey, basketball and a wide range of other recreational and educational programs. The $34 million project includes two ice hockey rinks with total seating for 2,000 people, nearly 100,000 square feet of artificial turf that converts into indoor netted fields with mezzanine seating for spectators, four indoor basketball courts with availability for six volleyball courts, indoor baseball and softball, locker rooms and multi-purpose space classrooms. Support activities include concessions, staff offices, and an on-site physical therapy center. The site amenities include 5 full-sized outdoor soccer, lacrosse, and football fields. On-site parking can manage over 1,000 vehicles.

The entirety of the facility will require an 18-month construction build-out. In 2018, the City contracted an architect for the design and planning aspect of the project, as well as Sports Facilities Advisory, LLC, to help with the programming and management of the facility. Construction will begin on the facility in spring 2019, with the hope of opening the facility in fall 2020.

The specific site for the project was chosen and purchased by the City of West Des Moines in October 2018; the 60-acre site is located adjacent to existing infrastructure and is at the southeast corner of the intersection of Grand Avenue and Jordan Creek Parkway, in the Dallas County portion of the city. This location is conveniently situated only 2.3 miles south of Jordan Creek Town Center and 1 mile west of the Grand Avenue interchange with Interstate 35.

Over the past decade the West Des Moines community and the Des Moines metro as a whole have seen an increased need for indoor hard-court space and practice turf. Additionally, interest in both youth and adult ice hockey leagues has increased significantly across the metro. Currently within Central Iowa there are 4,000 hockey players, both youth and adults. In Des Moines specifically, there are roughly 700 youth and 450 adult players. This is anticipated to grow with the increased access to ice provided by the MidAmerican RecPlex. Currently the sport is maxed out due to only having access to three existing ice rinks in the metro area.

Youth soccer has over 17,000 youth members within a one-hour radius of Central Iowa. There are roughly 2,000 adult league members, 3,000 coaches and 50 clubs. The Iowa Soccer Association is the largest soccer organization in Iowa, offering the sport for all ages and levels of play. Current Iowa Soccer club membership, state-wide, shows 34,000 youth, 2,500 adult

and 5,100 coaches. There is a tremendous need in Central Iowa for a facility that would allow for year-round (i.e. indoor) soccer training.

While clearly the soccer and hockey communities would benefit from the facility greatly, there are thousands of others who will benefit from other hosted events as well as recreational programming provided by West Des Moines Parks and Recreation Department. Programming for people of all ages and abilities through the Department will provide offerings for two year olds through senior citizens. One of the main priorities for this facility is to be inviting to residents and provide opportunities for all. Indoor walking for seniors, recreational programming, concerts, events and conferences will all be opportunities for residents and travelers to the metro.

The West Des Moines Parks and Recreation Department will also be partnering with a local non-profit, Courage League Sports, to offer additional programs and leagues for both youth and adults who have physical, mental and cognitive challenges.

The MidAmerican RecPlex will provide a much needed home for our young athletes to be able to play the sports they love all year-round and not have to travel outside of the community to do so. By building a facility dedicated to ice sports, figure skating, soccer, hard-court sports and educational activities for both youth and adults, Greater Des Moines will experience an improved quality of life. Students, athletes, and families throughout the Midwest will enjoy increased access to ice sports, exercise and entertainment

2. **Describe the economic impact of the project to Greater Des Moines. Attach supporting documentation and feasibility study.**

Recognizing the grant requirement of a 20:1 economic impact return, our estimates from Sports Facilities Advisory (SFA) meet and exceed this funding requirement. The City contracted with Sports Facilities Advisory (SFA) to complete a Facility Program Opinion, a Market Opportunity Report (Phase 1) and a Detailed Financial Forecast (Pro Forma) and Development Timeline (Phase 2), the following paragraphs are information pulled from these attached reports:

Research from SFA's reports show that the MidAmerican RecPlex will support the Greater Des Moines area by attracting visitors on a daily and weekly basis from around Central Iowa and also attracting tournaments and games from throughout the Midwest Region. This project is projected to increase the number of hotel stays in West Des Moines and the Metro, which positively impacts the annual Hotel/Motel tax collected.

SFA has defined "Non-Local Days in Market" as visitors traveling outside a 90-minute drive time.

Economic Impact - 5-Year Detail

Number of Events Per Year

	Year 1	Year 2	Year 3	Year 4	Year 5
Basketball Tournaments	7	8	9	9	9
Volleyball Tournaments	9	10	11	11	11
Other Court Events	6	6	6	6	6
Ice Hockey Tournaments	3	4	4	4	4
Other Ice Events	3	3	3	3	3
Total Events Per Year	**28**	**31**	**33**	**33**	**33**

Per Person Spending By Category

	Amount	% of Total
Lodging/Accommodations	$35.67	28.8%
Dining/Groceries	$44.25	35.8%
Transportation	$7.52	6.1%
Entertainment/Attractions	$3.54	2.9%
Retail	$20.80	16.8%
Miscellaneous	$11.95	9.7%
Total	**$123.72**	**100%**

Economic Impact Drivers

	Year 1	Year 2	Year 3	Year 4	Year 5
Non-Local Days in Market	30,084	36,726	40,560	40,560	40,560
Room Nights	10,065	12,189	13,408	13,408	13,408

Economic Impact

	Year 1	Year 2	Year 3	Year 4	Year 5
Total Direct Spending	$3,722,118	$4,543,894	$5,018,252	$5,018,252	$5,018,252
Total Indirect Spending	$0	$0	$0	$0	$0
Total Economic Impact	**$3,722,118**	**$4,543,894**	**$5,018,252**	**$5,018,252**	**$5,018,252**

The conditions in West Des Moines that support this project and the secondary developments that will likely occur because of this project (ex. hotels/restaurants near the site) include: a growing population; increasing median household income; a transportation network that is easily maneuverable; and a well-rounded environment with a healthy concentration of retail/hospitality options (reference Market Opportunity Report pages 6-7).

As you can see from our conservatively estimated 28 events annually, the MidAmerican RecPlex is still generating a direct economic impact of $3,722,118. This amount more than meets the 20:1 return requirement set forth in the funding guidelines.

Attached is the Facility Program Opinion & Cost, Market Opportunity Report and the 5-Year Pro Forma shown as a municipally operated facility. Both documents are currently in DRAFT form while West Des Moines staff reviews and approves SFA's work prior to accepting final drafts.

3. **Describe how the project will increase visitation to the Greater Des Moines region.**

According to SFA, "communities are able to draw hundreds of thousands of out-of-town visitors and create hundreds of millions of dollars in economic impact by properly planning and managing a tournament-quality sports destination. Such is the case for Rocky Mount, NC, where a new sports and events center has spurred new growth and downtown re-development (facility opened fall of 2018). A sports tourism facility also creates regional and national

visibility which can attract new residents. A sports complex is often viewed as a regional community asset to local quality of life and is a showpiece for the region in which it is located. And, of course, a facility should expand or enhance the existing local play opportunities for children and adults alike, creating a healthy, more active population."

The U.S. youth-sports economy, which includes everything from travel to private coaching to apps that organize leagues and livestream games – is now a $15.3 billion market, according to WinterGreen Research, a private firm that tracks the industry. According to the figures that WinterGreen provided exclusively to TIME magazine, for an August 24, 2017, article by Sean Gregory, the nation's youth-sports industry overall, has grown by 55% since 2010. This translates to an unprecedented sports tourism boom over the past decade. According to the Charlotte Observer, referencing HBO's Real Sports special on this subject, it was reported that families spent more than $10 billion on the road in 2016 and that figure is growing by 20% annually.

Anecdotally, our own Catch Des Moines representative and Councilmember John Mickelson offers this first-hand experience:

> "Two weekends ago I took my 8U team to Kansas City (Olathe) for a baseball tournament. All 11 families went and all-in we spent around $1,000 per family. There were 700+ teams in the tournament. People who don't have kids this age don't understand how crazy youth sports is now (it definitely wasn't this crazy when I was active in youth sports)."

The regional attractions already located in West Des Moines, including shopping district, family-friendly entertainment and recreational experiences, access to popular restaurants, and plentiful hotel options will only serve to enhance the economic growth opportunities stemming from the MidAmerican RecPlex.

According to results from SFA, "The chart below shows some of the key demographic factors used in analyzing the utilization of facilities by the local population and sub-regional population, who will be most frequent users of a sports and recreation facility. While these statistics do not serve as strict predictors of a facility's opportunity to meet its objectives, SFA has developed a proprietary analytical process which considers these factors and several others as part of the financial forecast, sports participation projections, and other analyses required in SFA's study." *(SFA, Marketing Opportunity Report, page 6, Feb 2019)*

Key Demographic Factors				
Category	10 Minutes	15 Minutes	30 Minutes	60 Minutes
Total Population	63,410	207,915	607,148	881,155
Projected 5-Yr Population Growth	10.85%	10.20%	9.30%	7.50%
Median Age	36.8	36.7	36.2	36.2
Median Household Income	$87,351	$77,904	$68,618	$64,608
Fees for Recreational Lessons	$193	$175	$151	$136

Source: ESRI ArcGIS

"The market demonstrates characteristics that are favorable for MidAmerican RecPlex, based on income, age, growth, and local spending. A full demographic report can be found in the appendix at the end of this document. It includes additional demographic and socio-economic factors that influence participation and shows the data for the critical drive time radii of 10, 15, 30 and 60 minutes. Additionally, SFA has provided maps showing the distribution of population density and median household income." *(SFA, Marketing Opportunity Report, page 7, Feb 2019)*

Again, the Facility Program Opinion & Cost, Five-Year Operating Pro Forma and Market Opportunity Report are included for the Board's full review.

4. **Describe how you will evaluate the success of your project.**

Analytics will be an important factor when measuring the overall success of the project. To evaluate the overall impact and effectiveness of the project, increases in the following will be evident:

- Total number of people served, including underrepresented populations
- Number of people served from outside Iowa
- Number of teams
- Number of events hosted and team zip codes
- Economic benefit from tournaments
- Development of the area surrounding the facility

Additionally, the City expects to be self-supporting from an annual operations perspective, with debt service payments being serviced by existing Hotel-Motel Tax revenues. This operating model should provide a direct measure of success as well.

5. **What sponsorship/recognition benefits will be received with the award of this sponsorship? Will Catch Des Moines be recognized in any marketing or promotional materials for this project? If yes, please provide specifics.**

The City of West Des Moines looks forward to recognizing Catch Des Moines in the way of print recognition, marketing materials and special event invitations. There is also the opportunity to work together on being a host venue for future Catch Des Moines' events.

Catch Des Moines will be featured on the donor wall located in a prominent area of the facility (attached) and, if desired, your support can be shown on a dasher board within one of the rinks. If the Convention Bureau wishes to have a presence at the facility in terms of establishing an information kiosk or booth, that could be a welcome addition as well.

The City looks forward to partnering with Catch Des Moines on this one of kind project for the metro and continuing our historical partnership in hosting top-tier events in our community.

Jon Halden

Name of Authorized Representative

June 3, 2019

Date

City Manager, City of West Des Moines

Title