

Executive Summary

The City of Morgan Hill has requested a proposal from the Morgan Hill Youth Sports Alliance, Inc. (MHYSA) to operate and manage the Morgan Hill Outdoor Sports Complex (Complex) at 16500 Condit Road in Morgan Hill. Their three priorities are:

- Operate at no cost to the city
- Demonstrate balance of local and regional usage
- Ensure diverse mix of use by sports type

Meeting these priorities is part of a larger plan that MHYSA has for the facility. Regarding the first priority, however, our plan is to not only operate the Complex at no cost to the city, but to transform it into a direct revenue source for the City of Morgan Hill, while bringing incremental revenue to merchants and businesses.

To balance local and regional use, we will meet local sports group needs, as well as develop a comprehensive regional marketing plan to bring out-of-town tournaments, events and games to the facility. We will create a community-based team to operate the Complex to ensure the success of this priority.

Ensuring a diverse use of the facility requires acknowledging which sports we are looking for. In its current format, the Complex only accommodates rectangular sports users. MHYSA plans to bring in a more diverse group of users, but initially will accommodate only those that play on a rectangular field.

The best method to achieve these goals is to build a sustainable revenue source from field rentals, along with a complete set of services that will provide everything that a tournament host or event company will want.

The Morgan Hill Youth Sports Alliance is a California 501c4 non-profit organization, committed to increasing the opportunity and experience of children in the Morgan Hill Area who participate or want to participate in sports. Sports facilities development and operation are one way we achieve this. To manage the Complex, MHYSA will move to 501c3 status and install additional board members.

MHYSA believes we are ideal to operate and manage the Complex. We can organize community resources to offer our city the full benefit of its investment. Direct revenue streams to the city, grass field access for community organizations, and an integrated community-based organization representing local interests are the first steps.

As a non-profit organization, we will ensure remaining funds go back into the community in the form of financial assistance, program development and community support. No other proponents can offer the full measure of benefit to the City of Morgan Hill.

The transition for the current operation to the MHYSA will require a property inspection, process and/or equipment handoffs from CYSA and city staff, as well as meeting with each of the existing permit holders as of July 1, 2010.

March 19, 2010

Operate at no Cost to the City

Our objective is to do more than operate without city subsidy. Our objective is to provide a growing revenue stream directly to the city from operating the Complex. The exact trend is outlined in our pro forma and extends over the first three years. A quick summary is as follows:

- \$50,000 revenue to the City of Morgan Hill in the first year paid in quarterly segments.
- Move to a percentage of gross revenue plan by Year 3
- Jointly develop a 5 year plan with city staff for capital equipment replacement and improvements for the Complex.

First year payments should come in a sliding scale to allow for the absorption of existing field rental permits over the first six months of operation. We assume all revenue received for the first six months of rentals would be paid to MHYSA—either by the city or registered field users. The quarterly payments to the city by MHYSA would be made on the 10th day of the month, following the quarter in the amounts of:

- \$5,000 first quarter
- \$5,000 second quarter
- \$15,000 third quarter
- \$25,000 fourth quarter

The second year would have a mixture of percentage of gross revenue with fixed minimum payments by quarter. Total payment for the year will be a minimum of \$60,000 with a potential of up to \$75,000. In the third year, we will move completely into a percentage of gross revenue that will be determined after the first full year of operations.

Per contract terms, MHYSA will immediately assume responsibility for all operational costs:

- Grass field maintenance and repair
- Corporation yard maintenance and operation
- Turf field maintenance and repair
- Parking lot shrubbery and grass maintenance
- Janitorial maintenance of concession building, front parking lot, turf and grass fields
- Equipment maintenance and repair
- Field scheduling and inquiries
- Security
- Insurance
- Utilities (Gas, Electricity, Water and Trash)

Demonstrate a balance of local and regional use

Past expectations for achieving a balance of local and regional use have been portrayed as 60% local and 40% field usage, but it is much more complex than this. Looking at the field usage needs for local and regional sports organizations shows us that regional groups have shown little or no interest in week-day use and both groups covet the quality game times that weekends provide. The true achievement in meeting goals will be offering all groups the best mix of use for their mutual needs. Adhering strictly to the 60/40 split means virtually all weekend hours will need to go to regional groups. This means that the benefit of the \$17 million capital investment made by the community is used by people who don't live here. Our approach will be to meet the overall 60/40 goal, while giving the community full benefit of their investment.

The cornerstones of our proposal to achieve this objective are:

- Create a Home Field Program for local sports leagues
- Change the scheduling to allow for simultaneous use of the facility by multiple organizations
- Develop aggressive marketing and sales programs directed to both local and regional users with the goal to increase both week-day and weekend use.

The approach to achieve this objective is to understand local needs first. MHYSA would reach agreement with local sports leagues, clubs and schools to give them primary access to the facility. Primary access does not, however, mean exclusive access. They will need to work with MHYSA to assure appropriate availability for regional users.

The Complex will be their home field. **Home Field** means that they store their equipment at the facility, as well as hold their meetings there. They will operate the snack bar and parking concessions during their events to help raise revenue for their program. They will pay the going rental rates, but their fees will be offset by in-kind labor support for operational needs of the facility such as:

- Field striping
- Concession stand shifts (Outside their league's operation of the Complex)
- Parking lot shifts (Outside their league's operation of the Complex)
- Field clean up
- Parking lot clean up
- In-kind trade from members in the landscaping, electrical and construction trades

The second part of our strategy is to move away from the current practice of using the entire Complex for a single organization or event. This will entail negotiating with Home Field groups, as well as CYSA as a priority customer to schedule games so that not every field is required for their rentals. This will allow for the use of the facility by multiple organizations at the same time and will help balance local and regional use. Our regional and local use target ratio is 60% local and 40% regional on a field—not facility basis. This practice will continue with future facility users as well.

Ensure diverse mix of use by sports type

To achieve this objective, MHYSA will reach out to local and regional sports organizations, including:

- Soccer (Youth and Adult)
- Tackle Football (Youth)
- Flag Football (Youth and Adult)
- Corporate leagues (Any sport/Adult)
- Field Hockey
- Lacrosse
- Rugby

Community groups, clubs and schools will be invited to participate in the **Home Field** program, thus giving them top priority. Conflict would be resolved using a priority season system that allows each league to designate a Primary Season. An example of how this would look is:

<u>Sport</u>	<u>Primary Season</u>
Football	Fall
Soccer	Spring
Flag Football	Winter

Leagues would be given top priority during their primary season and lower priority during other parts of the year. Another determining factor will be if the time requested is to be used for games, practices or fundraising events. Scheduling processes need to be capable of managing multiple considerations when achieving this objective.

Participating sports could be expanded in the future to include cricket and disc golf if facility development provides the space for the equipment needed to run these sports.

Development of additional facilities would be directed toward outdoor—not indoor sports. Creating and operating a recreational indoor sport facility would lead to competition with the Centennial Recreation Center and other privately operated businesses already in the community and would be counter-productive to the goals of the organization and community.

Outdoor sports development would need to be done in conjunction with city planning and business development. The city strategy is to build a separate facility for diamond sports instead of completing Phase 2 and 3 of the plan for the Complex. The plans for development of the Southeast Quadrant of Morgan Hill would need to be considered as part of any additional development at the Complex.

Working with the city and MHUSD to achieve this goal city-wide would be the most logical way to ensure use of all city sports facilities to support this objective. The Complex would be an integral part of this approach and MHYSA would participate in the planning.

Business Plan - Table of Contents	Page
<i>a. Detailed Narrative</i>	6
<i>b. Business Plan Components</i>	
<i>i. Management structure</i>	12
<i>ii. Community access and regional use philosophy</i>	13
<i>iii. Market Strategy</i>	15
<i>iv. Risk Management</i>	17
<i>v. Revenue Sources and Pricing System</i>	19
<i>vi. Itemized Expenses</i>	22
<i>vii. Three Year Pro Forma</i>	23
<i>viii. Summary</i>	24
<i>ix. Attachments</i>	
<i>Attachment A: MHYSA Board of Directors</i>	25
<i>Attachment B: MH PW Raider' Requirements</i>	27
<i>Attachment C: MHYSA Organization Charts</i>	28

March 19, 2010

a. *Provide a detailed narrative description of your proposed plan.*

Our proposal is to transform the Complex from a simple field rental revenue source into a facility that the city of Morgan Hill realizes full value for. We plan to do this by:

1. Forming a professional community-based team, paid workers and volunteers to operate the facility
2. Integrating community sports organizations into operation of the Complex.
3. Increasing community pride and participation in the success of the Complex
4. Developing a sustainable revenue stream by attracting premier regional sports field users to complement increased local use.

In its current operation, both stakeholders—City of Morgan Hill and CYSA—run their operations in a “Status quo” mode; meaning as a simple field or plot of grass asset as opposed to the dynamic community asset it can be. The Complex should be the sports focal point in our city and our region.

Having a local company as opposed to one not residing in Morgan Hill operate the Complex will ensure that the revenue and income realized by the presence of the Complex will be retained in Morgan Hill, rather than going to organizations and businesses outside our community.

The plan calls for operating the Complex as an independent business unit using an annual revenue model versus one that is just rental revenue for field use, parking lot or snack bar concession services. Here are the four major elements to MHYSA’s plan to achieve these goals:

1. Form a professional community-based team comprised of local community, business and sports leaders. This will be accomplished by expanding the current MHYSA Board of Directors from its current level of three up to potentially seven to bring in Morgan Hill professionals with experience in:

- Sports Marketing and Sales
- Event Planning and Management
- Business Finance and Investment
- Facility Operations and Management

This board would provide direction to the management team of the Complex, with each having a different role:

- Facility Maintenance
- Facility Scheduling
- Facility Operations
- Promotion and Sales

March 19, 2010

Facility Maintenance: We will manage the different local contractors providing facility maintenance, landscape, janitorial, repair and field maintenance services. These contractors will be all Morgan Hill businesses. Some portion of this labor will be offset by volunteers from local sports leagues provided through the Home Field Program.

Facility Scheduling: We would process all field applications and manage changes as they occur. MHYSA would like to have user access and an ID to the city's CLASS Field Reservation system so field rentals of the Complex can be seamlessly incorporated into the overall city field management process. With that capability, the Field Scheduler for the Complex would enter field and facility rental reservations in the same manner as done today, responding to inquiries and availability, as well as coordinating usage with operations.

Facility Operations: We would coordinate all activities from field usage to field maintenance, rotation and access. Snack Bar and Parking Lot concession would be another part of our responsibilities, as well as coordination of security and vendors providing retail services.

Promotion and Sales: We would have three major objectives:

- Maximize usage of available field hours by bringing in a diverse mix of sport leagues, camps, tournaments and events to complement expanded local use. Current field usage is roughly 40% of available hours. This number can be doubled by a comprehensive scheduling policy and program that matches available time slots with specific users. Allowing more than one organization to use the facility at a time is critical to achieving this goal. Gaining access to the grass fields will also enable local leagues to consolidate their practices and games into one facility. This will drive week-day use.
- Conduct an aggressive advertising, sponsorship and field naming campaign to fill the available signage space at the facility. The facility venue as an advertising tool is an untapped opportunity. Given the high rate of foot traffic through the Complex on an annual basis, this can be a valuable commodity for local, regional and national companies to get their messages out to the sporting community. Facility names rights for tournaments, even the facility itself, banners and signs on fences and at the fields, announcements made during games, and ads in event programs are all tools for driving advertising revenue.
- Work closely with community businesses to develop promotion packages for organizations holding events at the Complex. **Despite all the tournaments currently held at the Complex, Morgan Hill businesses see only a limited benefit from them.** The hotels and businesses along the 101 corridor realize some revenues, but remaining city businesses probably do not. Promotional packages can be developed with downtown merchants, businesses north and south along Monterey Road, as well as local wineries and restaurants. City facilities such as the Aquatic Center could be partners in weekend specials to bring in additional revenue to city programs. Programs, fliers and brochures can be

March 19, 2010

distributed during events at the Complex, helping Morgan Hill businesses get their messages out.

The key point to our approach is that it will be a **community-based focus** that helps Morgan Hill residents realize full benefit from the city money invested in the Complex—not just from field rentals and a few hotel nights. Potentially keeping most, if not all of the money in town, also benefits the city in terms of tax revenue.

2. Integrate community sports organizations into operations of the Complex. This will make it more of a local asset than it is today. An important part of integrating community organizations into operations of the Complex will be to honor the pricing and reservation commitments made for the first half of the first year by city staff prior to MHYSA operation.

Besides the obvious move to open grass fields to local sports organizations during the week, the key benefit to integrating community sports organizations into operation of the Complex is community pride-of-ownership. Clearly, operations would need to be controlled by MYHSA with an eye on profitability. Making the Complex the “Home of the Morgan Hill Raiders”, “Home of Orchard Valley Youth Soccer League”, or “Home of the Morgan Hill Maverick Lacrosse Club” creates a sense of community pride that simple field rentals cannot do.

The basis for this approach will be our **Home Field Program**. Home Field Program organizations will be able to meet their field and operational needs, while working through a cooperative process that saves them time and money. We have developed a test case of this program with the Pop Warner Raiders. It includes a sample of Pop Warner’s needs and an outline of the services they will receive as part of the Home Field Program. The overview of their needs is shown in Attachment A. They have committed to paying \$11,000 per year as an annual charge. Their membership in the Home Field program will give them the ability to:

- Conduct all practices and home games at the Complex
- Hold board and coaches meetings and team parties, as well as weigh-ins and walk-in registrations at the Complex
- Store all their equipment at the Complex
- Operate a snack bar and parking concessions to raise revenue for their operations
- Use barter or in-kind system to lower actual dollar amount paid for usage of the Complex
- Participate in Advisory Council to MHYSA leadership

Though this amount is higher than their existing field costs, the ability to trade labor for dollars along with additional fundraising opportunities will save them program money on an annual basis. Using this process with each organization, our objectives will be to

March 19, 2010

provide leagues with an increased value for their investment and also to reduce their annual costs while doing so.

The second part of our community integration will be through our Advisory Council. The MHYSA Advisory Council will be run by a President who will have one of the expanded seats on the proposed expanded MHYSA Board. That vote, as voted on by the Advisory Council, will enable the local sports organizations to have input into the development and implementation of MHYSA Board policies and processes.

The final element of community integration will be to reach out to local sports-oriented businesses through sponsorships to bring revenue to operations of the Complex and increased messaging to businesses. Train-For-Life, Little Gym, Champions Gymnastics Academy and sports medicine practitioners are just a sample of the organizations that will benefit by supporting the Complex. More about these relationships is detailed in our Business Plan.

3. Create community pride in the Complex and involve the community in its success.

Doing so will develop a strong operating team. All employees and contractors will be from Morgan Hill. They will not only be professionals in their work, but will have a vested interest in how they perform the job since their friends, neighbors and possibly families use the facility. With a community-based organization operating the Complex, management will be familiar with local business needs, attend city council and commission meetings, participate in local initiatives, and probably even know many of the people going through the facility.

All of this will take the Complex to the next level. For example, in the current facility, we have two half stadiums and neither meets our community needs. Morgan Hill residents would welcome the plan to install grandstands on the east side of the two turf fields. That installation, together with reorganizing the soccer fields so that we still have ten fields, will enable us to hold the annual EL Toro Bowl football game between Sobrato and Live Oak High Schools at the Complex without any impact to soccer field availability.

Additional opportunities to bring capital improvements to the facility include:

- Adding irrigation to the grass field section
- Moving the corporate yard to a more central location with a smaller footprint
- Adding playgrounds, volleyball pits and larger picnic facilities
- Providing multiple access points through the fence to the sports fields
- Adding a media tower to the turf fields

As these capital improvements take place, the overall value of the Complex increases. With that, potential revenue potential and support to local organizations is improved. The city will gain in reputation not only as a regional destination, but as a desirable community to live in. Positioned appropriately, these two elements can be used to bring more business into the city, thus providing a positive effect on city revenues.

The final component to community integration would be to understand and support the city’s 2030 General Plan. In the near term, the Complex will support city revenue objectives by generating income to the city directly with lease revenues and indirectly through tax revenues. Managed properly, it could bring support for long-term city goals such as the development of the Southeast Quadrant. In this way, the operator of the Complex can contribute to the city’s future not only in the short term, but in the long term as well. This makes the selection of an operator committed to local issues more critical.

4. Develop sustainable revenue sources. This objective will drive business strategy and operations. Our programs will require sustainable revenue to survive. Our first step is to ensure profitability in 2010. A challenge to this will be honoring commitments made by the city for field reservations starting July 1, 2010 and going through December 31, 2010. A new pricing structure will go in effect on July 1st, but previous committed rate and dates will be honored. MHYSA expects that it will receive payment for all field use during this period from the field users or the City of Morgan Hill.

Sustainable revenue must come from more than just field rentals. Our plan calls for an evolution from simple field use to a community-based operation running a “Destination” for sports enthusiasts around the region, state and country. We see the transition taking no more than three years. As the transition takes place, the contribution each revenue source makes evolves into a more sustainable whole. Here are our projections for revenue percentage by type over the first three years:

Revenue Type	2010/11	2011/12	2012/13
Field Rental Fees	39%	41%	26%
Parking Concession	29%	26%	15%
Snack Bar Concession	24%	22%	12%
Advertising	1%	2%	9%
Sponsorship	1%	3%	18%
Camps and Clinics	2%	3%	18%
Grants	4%	3%	2%

With Field Rental revenue playing such a large part in the first two years, we have studied the historical turf field usage data provided by the city to understand usage by revenue and sports type. This report shows that the primary users of the turf fields are CYSA, OVYSL, Pop Warner and local schools, along with a couple of other sports leagues and clubs. CYSA has the majority of the weekend hours and OVYSL has the majority of the week day hours. Together, they represent 72% of the current turf field usage. Current turf field usage by all groups was approximately 58% of available hours.

We plan to retain these users at these levels at a minimum so this revenue remains consistent from last year. This will be the first priority. With the financial jumpstart from the first six months of rentals, MHYSA will be able to begin building additional revenue

sources during the first half of 2010/11. In the second half of 2010/11, we will begin soliciting advertising, sponsor and service revenue sources. This will begin to bring the operation to more profitable levels.

Another important component to field use revenue is opening up the grass fields to local use during the week. Our plan is to open the grass fields for weekly use effective July 1, 2010. Field rental rates will be established to support 2010/11 financial objectives.

Opening the grass fields during the week will not only increase revenue to the Complex, but will support the diverse mixed use objective and Home Field Program as well. The ten grass fields on site will allow local leagues to consolidate their team practices into a single facility. Additional customers such as adult soccer can be found to use the fields once the **Home Field Program** members' requirements are met. We are reaching out to MHUSD and other local organizations looking for week day field space.

A third major element to our field user revenue component is to implement a Market Pricing Policy. Current rates around the area and regional for facilities like the Complex are:

<u>Field Type</u>	<u>MH Rate</u>	<u>Market Rate</u>	<u>% Increase</u>	<u>Source</u>
Turf Field	\$10 or \$42/hr	\$60/hr	500/20%	CSJ Sports Field Study
Grass Field	\$5 or \$6/hr	\$25/hr	400/350%	CSJ Sports Field Study

Please note that a resident/non-resident rate structure will need to be maintained. For planning purposes, we will use a 50% discount rate for residents.

Bringing the field rental price in-line over the next three years will not only increase revenue, but profitability as well. It must be done gradually, however, to allow current customers to develop strategies to pay for the higher price. MHYSA will look for ways to help them.

Additional revenue sources will be developed over the first three years. A big first year component will be parking and snack bar concessions. Parking alone can provide almost \$250K in revenue. Some revenue will be offset by a parking pass system that we will implement for Home Field members. Years 2 and 3 involve bringing our advertising and sponsorship programs online, reaching full stride in Year 3 when those revenues reach \$600k. This is the year the payments to Morgan Hill become a percentage of gross revenue as opposed to flat rate or a mix of the two. Additional plans included running camps and clinics, selling advertising at games and tournaments and bringing in championship tournaments.

The final component is one that only a non-profit can bring—namely grants and donations. As a non-profit, MHYSA can apply for and receive grants from regional and national philanthropic organizations. MHYSA has identified 40 potential local, regional, national and corporate grant sources. A complete list is included in the revenue sources and pricing policy section of our business plan. Examples of each type include:

- Local
 - Morgan Hill Community Foundation
- Regional
 - Bay Area Hall Of Fame – Youth Sports Grants
- National
 - National Alliance for Youth Sports
- Corporate
 - General Mills Foundation
 - Professional sports franchises
 - San Francisco 49ers Foundation

b. Provide a business plan with the following information

i. Management structure

Morgan Hill Youth Sports Alliance is currently run by a three member board of directors. This will be increased to create additional leadership for operation of the Complex. The roles of the new members will be defined and appropriate community leaders found to fulfill these roles.

The board of directors will manage and run the business with separate and distinct responsibilities. Their roles will reflect areas of responsibilities:

- President/Executive Director
- Vice-President/Secretary
- Director of Finance
- Director of Marketing and Fundraising
- Director of Business Development
- Advisory Council President

The Advisory Council consisting of members of various local sports organizations, city departments and MHUSD staff will provide input as to best practices and communicate community needs to the board. This council reviews policies and activities of the board, develops joint programs with MHYSA leadership, and provides feedback on programs and services.

MHYSA will have two distinct independent operations if awarded the contract for management and operation of the Complex. Both will report to the President/Executive Director. The first and primary operational group will be the Outdoor Sports Complex Operation and Management team. The second team will handle the continued operation of the South Valley Flag Football League and creation of the South Valley BMX/Skate Club. The board itself will continue running financial aid and cooperative programs for local sports leagues and will work together with the Advisory Council.

March 19, 2010

Within the Management team of the Complex, responsibilities will be handled by a Site Director, Facilities Manager and Service Manager. General duties include, but are not limited to:

Site Director

- Business development of the Complex
- Operational Performance to Budget
- Manage all personnel
- Field User Contracts
- Home Field Program
- Long term rentals (CYSA)
- Site Development
- Interact with MHYSA Board of Directors
- Report to the MHYSA President/Executive Director

Facilities Manager

- Operations – Customer facility usage
- Locks and Security
- Janitorial Contractor Management
- Field Maintenance Contractor Management

Services Manager

- Manage field schedule
- Process Field reservations
- Run Concessions
- Reporting and administration

ii. Community access and regional use philosophy

Community access and regional use need not conflict. With ten grass fields and two turf fields, there is plenty of room for all groups. The scheduling approach will need to change. With the flexibility that lights provide, there are plenty of hours available to meet everyone's needs—straight-forward tasks for an organization with good resource utilization management skills.

Community use will primarily take place during the week. Depending on the number of daylight hours, grass fields can be used for practice, while turf fields are used for afternoon and evening games. Regional use will be more targeted towards weekends when families and teams can travel. Regional activities can be easily accommodated, while allowing local use during the same time. Putting together destination packages with local hotels, stores and restaurants will enhance the tournament event experience and help direct spending by out-of-town consumers, thus complementing and enabling partnerships that will develop a thriving community.

The mixed use field marking strategy employed on the turf fields can be expanded to the grass fields. Tournament hosts will work with MHYSA staff to determine the optional number of fields needed for their events. With the extended day provided by field lights, organizations will have the flexibility of scheduling that allows them to use fewer fields during community use and to expand into the available space when local leagues finish.

Using the “simultaneous multiple user model” ensures a diverse sports mix, while maintaining a good balance between regional and local users. The new challenge becomes a field balancing process, instead of a facility balancing process. There is more flexibility toward meeting everyone’s needs, while generating sustainable revenue growth.

With that in mind, a sample of what a typical week of field usage might look like is below:

Field	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
1	PW	PW	PW	PW	PREP	OVYSL	PW
2	PW	PW	PW	PW	PREP	OVYSL	CYSA
3	OVYSL	OVYSL	OVYSL	OVYSL	PREP	OVYSL	CYSA
4	OVYSL	OVYSL	OVYSL	OVYSL	PREP	OVYSL	CYSA
5	OVYSL	OVYSL	OVYSL	OVYSL	PREP	CYSA	CYSA
6	MHUSD	MHUSD	MHUSD	MHUSD	PREP	CYSA	CYSA
7	MHUSD	MHUSD	MHUSD	MHUSD	PREP	CYSA	CYSA
8	OVYSL	OVYSL	OVYSL	OVYSL	PREP	CYSA	CYSA
9	OVYSL	OVYSL	OVYSL	OVYSL	PREP	CYSA	CYSA
10	MHM	MHM	MHM	MHM	PREP	CYSA	CYSA
11 (TF)	MIXED	MIXED	CMH	CMH	LO/AS	CYSA	PW
12 (TS)	OVYSL	OVYSL	OVYSL	OVYSL	LO/AS	CYSA	CYSA

Legend: PW = Pop Warner Raiders, OVYSL = Orchard Valley Youth Soccer League, MHUSD = High school teams, Charter School of Morgan Hill, Oakwood, MHM = Morgan Hill Mavericks Lacrosse Club, CMH = City of Morgan Hill, MIXED = Corporate leagues, local groups, city programs, LO/AS = Live Oak and Ann Sobrato

Please note that this chart is for demonstration purposes and shows only one user per field when in fact all fields will probably have more than one user throughout the course of any given day. With lights, the (TF) Turf Football and (TS) Turf Soccer fields can be used for longer hours. Actual schedules will display time slots throughout the day and the number of hours for each group. There will be hours set aside each day for maintenance and repair as well.

iii. Market Strategy

The Market Strategy is to utilize the facility and community resources to develop service offerings for a variety of sports organizations. The market consists of drastically different types of customers:

- Field and facility users
- Sports-related businesses
- Camps and clinics
- National championship events
- Corporate advertisers
- Sponsorship and naming

As such, separate strategies are needed for each customer type. Field and/or Facility Users are the primary market for the organization. Their use of the facility brings value to the other two target markets.

The key values of this primary target market are:

- Price/value
- Flexibility of service offerings
- Easy of use

This market can be broken into the following segments:

- Community Sports Leagues
- Local Schools
- Local Competitions and Tournaments
- Regional Leagues and Tournaments
- Special interest groups such as seniors and adult leagues, youth and travel teams
- National Tournament Tours
- Event Companies – Car Shows, Festivals

Each group has specific needs that can be addressed through service offerings with packages that include the base rental fee plus options such as:

- Field Equipment Storage
- Field Lights
- Parking
- Concession Stand
- Sport Specific Equipment Rental
- Referee/Director tents
- Photo/Video Services

March 19, 2010

Another way to further refine our strategy is to put each of the groups in time slots that match customer needs with the capacity of the Complex:

Weekday opportunity:

- Before 11am
- 11am to 1pm
- 1pm to 3pm
- 3pm to 6pm
- 6pm-8pm
- 8pm-10pm

Weekend opportunity (In specific time and field slots to meet their needs):

- 8am to 6pm
- 6pm to 10pm

By matching program components such as time of use, services and sports type to target markets and developing specific plans for each one, a comprehensive marketing package can be created to sell our services both locally and regionally. Coupling service offerings with the facility/field rental opens the way to attracting non-traditional customers to the Complex. Examples of how this approach will reach potential customers are:

- Establish the Complex Turf Stadium as a premier “Big Game” field
- Promote facility for corporate sports league use at lunch and after 8pm
- Provide snack bar services to all tournaments and non-Home Field leagues
- Identify Senior leagues for pre-11am weekday use
- Promote packages that include hotel, restaurant, tourist services such as Aquatic Center discounts to national sports tours

All of this makes the Complex the “Destination” facility it was designed to be. During the year, local companies reserve it to hold corporate events, national tours for regional and national championship tournament and event companies to host charity events. As a destination, the Complex is packaged with other attractions around the area such as wineries, parks and lakes to bring more tourist business into the community.

The “Destination” marketing strategy necessitates a vigorous program to ensure community access. This is why the **Home Field Program** has a major strategic importance. By ensuring access protection for local sports leagues, it can also ensure their participation by allowing them to use labor and in-kind services to reduce their annual program costs. Our strategy is dependent on a willingness to share for the greater good. Organizations that do not participate fully will be assigned to the general access pool.

March 19, 2010

With field use revenue flowing, other components of our market strategy can be brought to bear:

- Sponsorship
- Naming Rights
- Advertising
- Regional/National Events Schedule
- Rental of Facility for pro Training Camps

iv. Risk Management

Risk comes in four ways to the Complex operations:

- City
- Financial
- Customer
- Assets

City

In the relationship between the City of Morgan Hill and MHYSA as a General Contractor/Operator of the Complex, each party has to ensure their organization is protected. As a contractor to the City of Morgan Hill, MHYSA will need to meet City of Morgan Hill contractor guidelines and regulations, provide the city with general liability insurance, as well as demonstrate compliance with state laws and regulations with Workman's Compensation, Health and Environmental statutes. MHYSA will comply with all city requirements for background and tuberculosis testing.

MHYSA will need to ensure that all users of the facility are properly insured with the city and MHYSA named as an additional insured. Users will also have to comply with all city, state and national regulations and laws when using the Complex.

Both parties will have to ensure compliance to the terms and conditions of the contract. In terms of risk, the city is only at risk if MHYSA fails to successfully operate the Complex. Terms will need to be included in the contract to provide adequate audit and contract termination controls to minimize each party's risk.

Financial

This risk comes primarily in terms of revenue achievement and cost management. Upon award of the contract, MHYSA would move to obtain community financial support for the cost of the first year of operations. These funds, coupled with the pre-existing field reservation revenue, will provide start-up funding that will enable MHYSA to bring the second half of the first year revenue in as targeted.

March 19, 2010

Using the initial investment as a starting point, the operation of the Complex should maintain a favorable revenue pipeline throughout its fiscal plan. Response measures if the revenue pipeline began to empty would include modifying field use policies and rates, participating in community fundraising, as well as applying for national and corporate grants.

Cost management will be supported primarily by good business practices on the part of the staff of the Complex. Setting an accurate budget and operating to plan help keep operational costs under control. Asset management and care represent the remaining majority of cost management. If there is a need to reduce costs, the service contract for janitorial and field maintenance may be reviewed. Staff level may need to be reduced and business processes analyzed. A final option, of course, would be to discuss renegotiating contract terms with the City of Morgan Hill.

Customer

Customer damage to property or personal injury risk is primarily handled through the use of liability insurance, damage waivers and rental deposits. Customer interaction with the major assets of the Complex can be monitored to insure that possible damages are avoided. Staffing will need to be adequate to ensure customer behavior is appropriate.

The intangible risk is one of customer satisfaction. Meeting or exceeding customer expectations is the best way to maintain satisfaction. Benchmarking other facilities, finding and adopting best-of-breed practices and position pricing competitively should be sufficient to ensure the Complex remains competitive in its market. The community involvement in operations of the Complex provides an excellent base to operate from.

Assets

The major assets of the Complex are its turf and grass fields, fixtures and buildings. Fixtures include goals and nets, lights, fencing, grandstands, scoreboard, security gates and tables. Buildings include the main concession/restrooms, equipment sheds and storage sheds.

After hours security will come in the form of an alarm company and inspection visits by MHYSA staff.

Capital reserves will need to be established between the city and MHYSA for the turf fields, fixtures and buildings. Grass fields generally stay in operating shape if usage is monitored and field quality levels are maintained. This typically involves good field care practices, field use rotation and a “rain out” policy. “Rain out” premiums can also be utilized in the case of customer cancellation clauses as might be the case in scheduling a national tournament or event. Insurance may need to be considered for disaster mitigation and recovery.

v. Revenue Sources and Pricing System

Revenue Sources

Our revenue sources come from field use rentals, service offerings such as parking and snack bar concessions, advertising, sponsorship, national and regional events, professional training camps and grants. Given the short start-up cycle, the first two quarters of operation will be limited by field rentals committed to by the city of Morgan Hill prior to MHYSA operations and the first year to building up usage. Years 2 and 3 will see the introduction of the sponsorship, advertising and events revenue sources. Grants will take at least 18 months to bring online due to their long processing times.

- **Field Use Revenue (Including lights)**
- **Parking Concessions**
 - Resident Pass for all Home Field Program
 - \$5 tournament fees
 - Free access for practices and casual users
- **Snack Bar Concessions**
 - Revenue share with Home Field Programs – Home Field partner operates concession as a fundraiser with minor share to MHYSA to cover administrative expense.
 - Tournament hosting – Operate snack bar to sell food and drink to tournament participants and guests
 - Vendor machine contract for casual users
- **Sponsorship**
 - Title Sponsorship (Seasonal)
 - Field Sponsorship (Yearly)
 - Concessions Sponsor – Example: Gatorade
 - Per Event/Day Sponsorship
- **Naming Rights**
 - Scoreboard
 - Field
 - Parking Area
 - Stadium/Complex
 - Major Events
 - Seasonal Schedules

- **Advertising**
 - Banner and Signage Packages
 - Radio Commercials
 - Game Day Commercials (Played during games)
 - Banners and Signage Packages
 - Title Sponsors per Event per day

- **Regional and National Events**
 - National/Regional Training Camps hosted in Our Sports Corridor
 - National/Regional competitions held in our venue

- **Rental of Facility to Professional Training Camps**
 - Professional Soccer
 - Professional Football (Multiple Divisions)

- **Grants**

MHYSA's initial grant research has identified the following existing grant opportunities which will be engaged upon award of the contract:

- President's Council on Physical Fitness
- US Department of Education – various programs
- US Department of State “Sports United” Grants
- California Department of Education Grants
- California After School Network
- National Association for Sport and Physical Education -Carol M. White Physical Education Program
- National Alliance for Youth Sports – “Start Smart” Sports Development Programs
- After School Alliance/MetLife
- Gilroy Grant Foundation
- Morgan Hill Community Foundation
- Olympic Club Foundation – City Fields Program
- Change Makers – Team up for Youth
- Liberty Mutual
- Earthquakes
- Finish Line Youth Foundation
- SF Giants Community Fund
- Warriors Foundation
- 49ers Foundations
- NFL Players Foundation
- BAYS Foundation – Bay Area Youth Lacrosse Grants
- Bay Area Hall of Fame – Youth Sports Grants
- Motorola Foundation
- General Mills Foundation “Champions for Healthy Kids”

- Annenberg Foundation Youth Organization Funding
- Albertson’s In the Community
- Herbalife “Improving the Lives of Children Grant”
- Office Depot “Helping Kids and Schools Grants”
- Liberty Mutual responsible Sports Program
- Tony Hawk Foundation
- The Christopher and Dana Reeve Foundation “Quality of Life Grants” Program
- Bird’s Eye Food “Health, Education and Youth grant”
- WAL*MART Corporate Donations & Sponsorships
- Sports Authority Corporate Donations & Sponsorships
- Target Community Grants
- Nike Product Donations
- United States Soccer Foundations
- US Youth Soccer Grants
- Soccer Across America
- Women Win Foundation
- Gatorade’s “GoGirlGo! Ambassador Awards”

Pricing System

Field Rentals

Field rental rates will need to be increased, but in a gradual way to allow existing customers to adapt their operations to the increased price. The plan is to honor the rate and field use commitments made for July 1st to December 31st, 2010. Rates will increase July 1st for all new reservations. Agreements will be made with existing users to prepare their organizations for new rates in the 2011 calendar years. Rates will continue to be adjusted gradually until they are inline with market rates. Local organizations will be intimately involved in the development of rate pricing.

Proposed rental rate schedule:

Hourly Rates	6 Months			Base Year 1 & 2			Year 3 & 4		
User Type	Turf	Lights	Grass	Turf	Lights	Grass	Turf	Lights	Grass
Local NP	\$10	\$8	\$5	\$20	\$8	\$12	\$20	\$12	\$12
Resident	\$21	\$8	\$6	\$30	\$8	\$25	\$30	\$12	\$25
Visitor NP	\$42	\$8	\$5	\$42	\$8	\$30	\$50	\$12	\$30
Visitor	\$42	\$8	\$6	\$60	\$8	\$45	\$60	\$12	\$45
Corporate	\$84	\$8	\$30	\$84	\$8	\$60	\$92	\$12	\$60

This schedule brings the field rates of the Complex inline with marketing pricing by Year 3. Rates will change as market rates change. Annual studies will be conducted to ensure fair value.

Sponsorship Levels

Levels will be set at local, regional, state and national levels. Naming rights will carry the higher amounts.

Advertising

Advertising rates will be set based on media, labor and frequency.

Regional and National Events

Regional and national events will be based at tournament or corporate field rental rates, but coupled with service offerings into packages designed to meet each event's needs.

Rental of Facility to Professional Training Camps

Rental rates will be developed based on market rates for similar facilities. Service packages will augment the field rental fees.

vi. Itemized Expenses

Operations Expenses		Year 1
		7/1/2010 to 6/30/2011
Facility Lease		\$50,000
Facility Revenue Sharing		\$0
Utilities		\$41,174
Water and Sewer (CoMH)		11,211.43
Pacific Gas and Electric		21,059.00
Janitorial		\$6,000
Communications (Verizon cell and internet access)		\$1,360
Bay Area Alarm		\$1,544
Repair & Maintenance		\$173,463
Electrical		\$122
Plumbing and gas		\$122
Equipment repair (movable - eg (soccer goals and nets))		\$122
Infrastructure repair (immovable (eg fences))		\$122
Security and Locks (Fences and Gates)		\$200
Sign and Facility Directions		\$500
Turf Field Sanitation and Rubber Replacement		
Audio System and Scoreboard		\$100
Field Maintenance (mowing and watering)		\$172,000
Pest Control		\$175
Event preparations and clean up		\$244,201
Open/close, Client support		\$300
Signage		\$250
Parking Concession Operations		\$109,792
Snack Bar Concession Operations		\$133,859
City Liaison		
Inspections		270.00
Insurance		\$6,500
General Liability		\$5,000
Workman's Compensation		\$1,500
Staff		\$153,000
Exempt Salaries		\$100,000
Tax Burden		\$20,000
Benefits (33% burden rate)		\$33,000
TAXES		\$0
G&A		\$30,600
TOTAL EXPENSE		\$699,208

vii. Three Year Pro Forma

OSC Three Year Pro Forma	Year 1	Year 2	Year 3
	7/1/2010 to 6/30/2011	7/1/2011 to 6/30/2012	7/1/2012 to 6/30/2013
Revenue sources			
Field Rentals	\$327,112	\$399,734	\$424,070
Concessions (Snack Bar, Parking, etc.)	\$453,457	\$453,457	\$453,457
Camps, Clinics and Events	\$14,000	\$25,000	\$300,000
Advertising Program	\$8,000	\$16,000	\$150,000
Naming Rights (Complex, Each Field, etc)	\$0	\$0	\$0
Sponsorship	\$5,000	\$30,000	\$300,000
Grants and donations	\$36,000	\$27,000	\$27,000
Gross Revenue	\$843,569	\$951,190	\$1,654,526
Operations Expenses			
Facility Lease	\$50,000	\$60,000	\$0
Facility Revenue Sharing	\$0	\$0	\$82,726
Utilities	\$41,174	\$43,088	\$46,037
Repair & Maintenance	\$173,463	\$173,073	\$175,584
Event preparations and clean up	\$244,201	\$250,894	\$261,621
Reservation services (non payroll)	\$0	\$0	\$0
Member management (non payroll)	\$0	\$0	\$0
City Liaison	\$0	\$0	\$0
Inspections	\$270	\$270	\$270
Service Operation Expenses	\$6,500	\$6,575	\$6,654
Staff	\$153,000	\$160,650	\$168,683
TAXES	\$0	\$0	\$0
G&A	\$30,600	\$32,130	\$33,737
Net Expense	\$699,208	\$726,680	\$775,311
Capital Needs			
Replacement and Additions	\$26,680	\$30,608	\$83,608
CYSA Transition	\$41,000	\$4,000	\$0
Capital Needs	\$20,000	\$40,000	\$60,000
Improvements	\$0	\$0	\$65,000
TOTAL Capital	\$87,680	\$74,608	\$208,608
Operational Variance	\$56,681	\$149,902	\$670,607

viii. Conclusion

The City of Morgan Hill needs the best partner possible to build the Complex into the facility that was envisioned years ago when it was developed. MHYSA is the best partner for the following reasons:

- We are a talented and committed **Morgan Hill** team of professionals dedicated to serving the city and residents of Morgan Hill
- We are supported by community leaders and organizations
- We will build a sustainable revenue flow for the City of Morgan Hill
- Our operations of the Complex will keep the revenue earned in the community serving local children
- We have a comprehensive plan for facility management and operation
- Our vision for the Complex fits best within the 2030 Morgan Hill General Plan

We have much to do to be operational by July 1, 2010. In the next 90 days, we will:

- Add four directors to our Board of Directors
- Prepare the necessary documents to move MHYSA to 501c3 non-profit status
- Qualify and select local landscape and janitorial contractors
- Gain commitment from local sports organizations to the **Home Field Program**
- Develop a 180-day plan to manage the rental transfer to MHYSA
- Develop a grass field renovation plan
- Secure long-term rental agreement with CYSA
- Develop a transition plan with the City of Morgan Hill and CYSA
- Develop a co-marketing plan with local hotels and retail merchants

Bringing the Complex back under community control is the best option for the City of Morgan Hill and its residents. The city needs an operator committed to our community who truly appreciates what a special place Morgan Hill is to live. Candidates from outside of our community do not understand the **Community Value** of the Complex. The financial and community effort put into the creation of the Complex deserves no less than our best. MHYSA is the optimal choice.

We thank the City of Morgan Hill staff and City Council for the opportunity to respond to this RFP. We understand this proposal to non-binding and understand that a contract will need to be negotiated and signed before operations can begin.

We look forward to working the City of Morgan Hill staff and City Council to bring the Outdoor Sports Complex back to community.

ix. Attachments

Attachment A

Morgan Hill Youth Sports Alliance, Inc. Board of Directors

Jeff Dixon, President

Jeff is a lifetime entrepreneur and long-time community service contributor with 35 years of professional experience in sports, high-tech and telecommunications industries.

Jeff's professional experience includes 14 years as a league owner and operator of adult and youth flag football leagues. He has hosted tournaments along with many community events and fundraisers. He consulted to the NFL FLAG and USA Football on rule sets and training, coordinated all officials for the NFL FLAG Regional Tournament Tour and managed the officials at the NFL FLAG 2008 National Championship Tournament.

Jeff previously spent 17 years at Rolm Corporation/IBM/Siemens. As their Northern California Materials Manager, he created and managed a 5 site distribution network and managed \$10 million in inventory. As the Western Regional Materials Manager, he was responsible for all materials related operations west of the Rockies. He was the creator and national program manager of the Siemens MAC Challenge, a sales incentive program that generated over \$92 million in incremental installed base sales.

As a community contributor, Jeff has participated in many community organizations:

- San Jose Mayor's Advisory Council on the Metcalf Energy Center
- City of San Jose's Sports Field Study
- Morgan Hill's Outdoor Sports Complex Advisory Committee
- California Amateur Athletic Association, Inc. – Founding President
- Morgan Hill Independence Day, Inc. – Currently Vice President
- Morgan Hill Gymnastics Parents' Club - Founding president
- Morgan Hill Aquatics Center Foundation – Event Director
- Leadership Morgan Hill Class of 2009
- Volunteer Morgan Hill – Currently Director of Operations

Jeff, along with his wife and daughter, enjoy the close knit and friendly community of Morgan Hill.

Dave Payne, Vice President

Dave is a veteran of the high-tech industry, with over 25 years of experience leading teams in the creation, development and operation of advanced systems, networks, and high tech startups. He runs a technology consulting and corporate management practice from his offices in Morgan Hill, where he has lived the past decade with his wife and four children.

March 19, 2010

Dave's customers range from the US Government (Defense, NASA, National Labs, Justice, and Homeland Security) to International clients (UN, Lockheed, and numerous Silicon Valley concerns). His practice focuses on high tech startups in consumer electronics, communications, security, RFID, as well as advanced space system design and integration. He has been a CEO/COO at multiple startups, and has been an executive director at such firms as Northrop Grumman, Lockheed Martin, Boeing, OPNET Technologies, and Bill Gates' Teledesic Corporation.

Dave is a graduate of UCLA with a Bachelor of Science in System Engineering and Economics. He and Christine have lived in Morgan Hill since the 90s raising their four children and enjoying the urban/rural/coastal mashup that is the South Valley. Dave enjoys home remodeling and jacuzzi maintenance, playing jazz piano, free lance web development, and coaching youth football, basketball, and soccer.

Rui Azevedo, Secretary/Treasurer

A recent arrival in Morgan Hill, Rui Azevedo was born and raised in Santa Clara, California. He attended Archbishop Mitty High School and then went on to graduate from Santa Clara University in 1994 with a Bachelor of Arts in Accounting.

He has worked in the accounting field in positions as the Vice President of Baytech Credit Union and Controller of Signals Wireless Communications. He has spent the past two years as the Director of Accounting for the Sisters of Mercy of the Americas in Burlingame. Rui has worked for other nonprofit credit unions and religious orders with a focus on mergers.

Rui has assisted amateur sports organizations providing guidance in the areas of financial management and accounting practices.

He is excited to move to Morgan Hill and contribute to his community. With his background in amateur sports and accounting expertise, Rui is looking forward to making a positive contribution to his new community.

Attachment B

Morgan Hill Pop Warner Raiders Requirements

Example Home Field Program: MHPW
Morgan Hill Pop Warner Raiders

ACCESSIBILITY

Storage Facility Area - requires full access 24/7 365 calendar days

PRACTICE AREA - 4 Total fields duration of season July - Dec 1

JULY-AUGUST (5 Weekdays Monday-Friday) 45 calendar days

SEPTEMBER - DECEMBER (5 Weekdays Monday-Friday) 82 calendar days

6 Football Teams = Approx. 200 football players
 (25 kids Tiny Mite 5-7 yrs old) (35 kids each MM, JP, PW, JM, M, 7-15 yrs old)
 3 Football Practice Fields ~ 50 sq yards per team

6 Cheer Teams = Approx. 100 cheerleaders
 (10 girls Tiny Mite 5-7 yrs old) (20 girls per squad each MM, JP, PW, JM, M, 7-15 yrs old)

~1 Football field sized Practice area (need not be a dedicated playing field but must be level no hazards)

Note: Duration of outdoor practice for Cheer approximately 1.5 months (August + 1/2 September, Cheer moves indoors)

PHYSICAL ASSETS - Reserved vehicle accessible space 50'X60' total footprint

- (1) 40'X8' Tractor Trailer - Container with wooden steps
- (2) 40'X8' Construction Container
- (2) 20'X8' Construction Container
- (1) 15'X8' 5 man blocking sled
- (2) 2-man blocking sleds
- (1) 25'X7' Trap Chute wheeled (large)
- (1) small flatbed trailer (single axle)
- (1) 24'X40' Equipment fitting area (included in total above)

PARKING

Parking for 300 families/kids & 80-100 volunteers - mitigates after August 31st to drop off & pick up of football players with cheer moving indoors Mid-September

CONCESSIONS

Agreement to allow MHPW to maintain a concession operation on the practice fields during the course of the season.

Possible rental of City Owned concession trailer as viable alternative to a hard structure.

Additional possible rental of Concession Building at front of complex for season.

TURF FIELDS

Access to lighted Turf Fields minimum one weekday per week July-August 5-9pm

Saturday or Sunday Day (one day only) use of both North & South late August 21st or 22nd

Jamboree Host - August 29th Sunday Day (one day only) use of both North & South turf fields + Concession Bldg

Weekdays Monday through Friday (Football Field only) October 18th-22nd, 25th-29th & November 1st -5th 5-9pm with lights

SCHEDULING

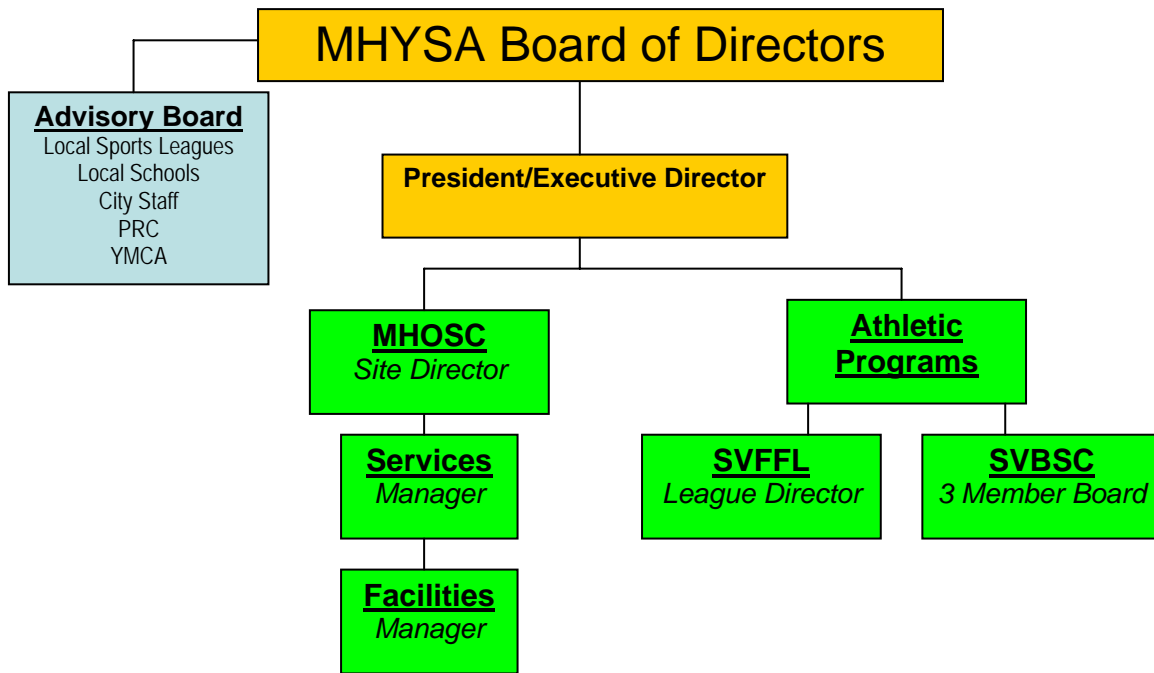
8 Saturdays (one day only) use of both North & South turf fields + Concession Bldg September-October

October 30 & 31st Round 1 Playoffs

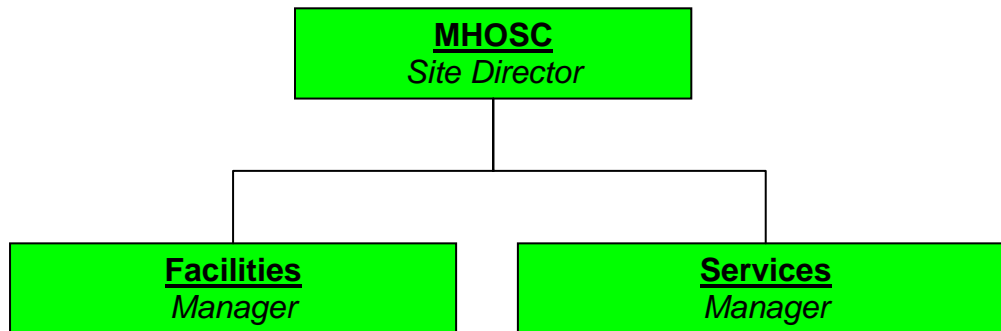
Both Days use of both North & South turf fields + Concession Bldg

Attachment C

MHYSA Organization Chart



Outdoor Sports Complex Operational Team



- Operations
- Locks and Security
- Janitorial
- Field Maintenance

- Manages All Sales
- Runs Ad Program
- Schedules Fields
- Run Concessions