



MONTGOMERY COUNTY DEPARTMENT OF PARKS
THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

MCPB
Agenda Item #7
December 16, 2010

MEMORANDUM

DATE: December 9, 2010

TO: Montgomery County Planning Board

VIA: Mary R. Bradford, Director of Parks *Mary R. Bradford*
Mike Riley, Deputy Director of Parks *M*

FROM: Kate Stookey, Chief, Public Affairs & Community Partnerships *Kate Stookey*

SUBJECT: Maryland Soccer Foundation, Inc. (MSF) SoccerPlex 2010 Annual Report

Staff Recommendation: Accept the MSF Year End Report as submitted.

Please note: The MSF 2001-2011 Income Statement contained in the attached Year End Report contains confidential financial information. This statement is considered proprietary and will not be distributed to the public. **Staff recommends any discussion of proprietary financial information be conducted in closed session.**

Background

The MSF has a forty year lease with the M-NCPPC to manage and maintain the SoccerPlex, located in South Germantown Recreational Park. The SoccerPlex is a 162-acre soccer facility consisting of 21 outdoor soccer fields, one championship tournament stadium field with stadium seating, one indoor multi-purpose facility, and three artificial turf fields with lights. The SoccerPlex is one of the M-NCPPC's Public-Private Partnership projects, originally developed in 2000 with a total initial project development cost of \$28,081,000 (of which 39% was public funding and 61% private funding).

As part of the MSF's amended lease agreement terms, and per the M-NCPPC's adopted 2007 Public Private Partnership policy guidelines, the MSF is required, on or before December 20 of each year, to provide the Montgomery County Planning Board with an annual report consisting of: the programmatic benefits and services offered to the public during the year; a financial statement describing their operating and capital budget expenditures, income and reserve funding management during the year; the identification of any new initiatives; any updates to their business plan; information on the Soccer Association of Montgomery County (SAM); and community outreach and events.



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Staff Assessment of SoccerPlex Activity During 2010

The SoccerPlex celebrated its ten year anniversary this year, and continues to be a successful example of the benefits public private partnerships can provide to the community. The MSF's business acumen, innovative programming, and ongoing commitment to growing the sport of soccer have created a world class soccer venue that draws more than 1.5 million visitors every year. We continue to enjoy a strong collaborative relationship with MSF and look forward to working with them on new initiatives in the future.

FY2010-2011 Activity Report

Attached is the Executive Summary from the MSF's submitted 2010 End-of-Year Report. This summary provides more detailed information on the opportunities and challenges faced by MSF over the past year.

Executive Summary FY 2010 and 2011

2010 was a banner year for the Maryland Soccer Foundation (MSF) as we celebrated ten years of providing sports and recreation opportunities to players and families in Montgomery County. The Maryland SoccerPlex opened on October 6, 2000 and shortly thereafter on December 2, 2000 the Discovery Sports Center began operation.

The public-private partnership our organizations developed more than ten years ago has proven to be a model of how two entities can leverage their strengths to develop a lasting community asset. South Germantown Recreational Park is an extraordinary venture attracting more than 1.5 million visitors every year. It has truly become a "destination" park. The Park's design, infrastructure and management have made it the envy of our out of town visitors who constantly ask, "How do I build one of these in my community?"

MSF's mission is to provide soccer players and sports enthusiasts the opportunity to experience their sport in a positive world-class environment. To achieve our mission we must be sustainable. We are proud to say we have achieved both.

2010 presented some major challenges and opportunities in the following areas:

- Debt Refinancing
- Renewal of Use Agreements
- Green Initiatives
- Water Subsidy
- Water Restrictions
- Weather Impacts
- Field conversions
- Board of Directors
- Economic Impact
- Growth and Stability

Debt Refinancing

In order to develop Phase 1 of the SoccerPlex which included 19 fields and the Discovery Sports Center, MSF financed the \$14.1 million development with tax exempt bonds supported by a letter of credit (LC). At the time the LC was the only financial instrument available for this type of financing. The LC expired at the end of May 2010. In 2010 there was an alternative to the LC, the Bank Qualified (BQ) loan. 2010 offered a very favorable interest rate environment that enabled MSF to refinance the remaining debt with a fixed rate, five year BQ loan through TD Bank thereby reducing our annual debt service.

Use Agreement Renewals

MSF has field use agreements with nine local soccer clubs for their spring and fall soccer league games. Collectively these clubs play just shy of 3,000 matches at the SoccerPlex each year. The five year term for the current Use Agreements expired in November. We are pleased to report that eight of the nine clubs signed new five year agreements and one signed a three year agreement. The annual fee per game is set for the five year term.

Going Green

For the past six months MSF has been exploring options for two projects that will positively impact energy efficiency and reduce our carbon footprint: solar energy to supplement power to the Discovery Sports Center and energy efficient lighting in the arena of the Discovery Sports Center. We are hoping to install both by for Summer 2011. We continue to encourage recycling of plastic bottles at our fields. We are making progress.

Irrigation Water Subsidy

When developing the SoccerPlex, MSF sought to use groundwater for irrigating the fields. The neighbors closest to the Park who also used wells for their water raised concerns about this use. It was determined that MSF would be required to utilize public water (WSSC) for 100% of its water use including irrigation. However, the Commission offered to pay the cost for the irrigation water for the first ten year. That subsidy expires on January 1, 2011 at which time MSF will begin paying that expense. This is good news for the Commission which will have a significant reduction in expense estimated at \$100,000 in 2011.

Water Restrictions

On July 1 a 40" water main broke in the Potomac area and all users of public water in Montgomery County were required to curtail all outdoor watering. There were no exceptions. These watering restrictions were unprecedented. Previously drought-related restrictions required users to reduce water use to 30, 40 even 50%. At the same time, outdoor temperatures rose to more than 100 degrees during the six days the restrictions were in place. This presented a potentially dire situation for our facility. Our greatest assets, our fields, were dying.

We could not save all the fields but we had to find a way to water the stadium field as it is home to a women's professional soccer team. With the help of Dean Turbull, Park Manager, our staff ran 1,600 feet of hose from the Central Park pond to the stadium. We then found out that we needed a permit to 'withdraw' water from the pond. We had a permit to add water to the pond. It was the Friday of the July 4th holiday and Dean worked tirelessly to find the right person at MDE to issue the permit. Due to a lack of pressure our staff had to hand water the field. It took twelve hours overnight.

It is our belief that with an aging infrastructure, we will face this situation again in the future. We are working with Park management to find a solution that enables us to withdraw groundwater when necessary. Most of the golf courses in Montgomery County use groundwater as their primary source of water and WSSC as their backup. As a result the water restrictions did not pose as great a threat to their facilities.

Weather Impacts

2010 was a year of weather extremes. Record snow followed by too much spring rain and record summer heat. Our synthetic turf fields were buried under four feet of snow but they were in great demand. Our sports turf management staff spent 200 man hours plowing the parking lot and fields to make them available for several college lacrosse teams to practice and play. The bright green turf was surrounded by an eight foot snow bank that surrounded the field. It was an amazing sight.

Field Conversions

In June 2010 MSF converted two of its fields and one of the Commission fields from bluegrass to Bermuda fields. These fields thrive in the summer and are drought and disease resistant and provide an excellent playing surface. From an environmental standpoint they require far less water, fertilizer and fungicides. Due to our sports turf staff expertise with developing these fields the cost to convert was minimal. With more summertime tournaments and camps these fields will wear better and cost less to maintain. In 2011 MSF will convert three additional fields and the remaining Commission field to Bermuda. We are also exploring the potential for lighting four additional fields at the back of the Park.

Board of Directors

Effective December 31 and after ten years Ken Salomon, stepped down as President of the MSF Board. He will remain on the Board as a Director. Brent Hanson, Treasurer, is the newly elected President and John DiNardo the newly elected Treasurer. Dan Finn continues as Secretary. The MSF Board has nine Directors.

Economic Impact

Sports tourism is an economic engine. When 75,000 fans filled Ravens Stadium to watch AC Milan battle it out against Chelsea in soccer, it was eye opening. But those are one-time events. The last time the World Cup was in the US was 1994. The earliest it will be back is 2030. It will have an extraordinary economic impact but it will not be back in my lifetime.

In this year's annual report I have included a brief look at the positive economic impact that the youth soccer and lacrosse tournaments held at the SoccerPlex have on the local economy. We plan to do a more comprehensive study in 2011.

Growth and Stability

Ten years ago the vision was to develop a world-class soccer venue in a beautiful park setting. We wanted it to be the finest and most unique soccer venue in the country, with the highest quality fields. We wanted the youth players of Montgomery County to enjoy playing soccer on good fields and hopefully play the sport longer. We wanted the youngest players to be on a field next to those in high school and learn from the experience.

Like most start ups, our earliest years were filled with ups and downs. Since 2005 we have experienced steady positive growth. The development of the three lighted synthetic turf fields provided more and diverse playing opportunities including a robust adult soccer league, men's and women's lacrosse, soccer practices, rugby and flag football. In addition we added two significant girl's lacrosse and three boy's lacrosse summertime tournaments.

As a non-profit we recognize that to achieve our mission we must be sustainable. Since 2009 we have been able to set aside excess revenue in three reserves to be funded as follows: an operating reserve with six to nine months of operations funded; a synthetic turf replacement reserve that will be funded with approximately \$1.2 million by 2016 and the capital reserve required in our lease with the Commission. In addition we will continue to improve, update and repair the facility as needed each year.

With ten years of experience and an outstanding seasoned staff, we are well positioned for a strong and stable future.