



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

MCPB
Item # 9
May 1, 2008

MEMORANDUM:

TO: Montgomery County Planning Board

VIA: Mary R. Bradford, Director

FROM: Terry H. Brooks, Chairman
Public/Private Partnership Committee

SUBJECT: Maryland Soccer Foundation, Inc. – SoccerPlex 2007 - Annual Report

Staff Recommendation: Approval.

Background:

The Maryland Soccer Foundation, Inc. (MSF) has a forty year lease with the Commission to manage the SoccerPlex located in South Germantown Recreational Park in Germantown, Maryland. The SoccerPlex is a 162 acre soccer facility consisting of 22 soccer fields (21 outdoor fields, one championship tournament stadium field with 3,200 bleacher-type seats), one indoor multi-purpose facility and three (3) new, artificial turf fields with lights. The SoccerPlex is one of the Commission's Public/Private Partnership projects and was originally developed in 2000 with a total initial project development cost of \$28,081,000 (\$17,110,000 in private funding and \$10,971,000 in public funding).

As part of the MSF's amended lease agreement terms and as part of the Commission's recently adopted 2007 Public/Private Partnership policy guidelines, the MSF is required on or before December 20 each year to provide the Planning Board with an annual report consisting of an assessment of their: (a) programmatic benefits and services offered to the public during the year; (b) a financial statement describing their operating and capital budget expenditures, income, and reserve funding management during the year; (c) new initiatives; (d) a new strategic plan; (e) their development of a new business plan, their fee structure; (f) guidelines and criteria for permitting SoccerPlex Fields; and (g) improved operations.

Staff Review and Evaluation of the MSF Annual Report:

The MSF Board reviews their annual report every year in December. (*See Maryland Soccer Foundation Year End Report – 2007 - Attachment #1.*)

In December 2007 the Department presented a preliminary assessment of the Maryland Soccer Foundation's 2007 Annual Report to the Planning Board and found the report to be acceptable and in compliance with the terms and conditions of the lease agreement.

In January 2008 the Public/Private Partnership Committee of the Department's staff reviewed the recreation programs special events and community outreach offered by MSF. Staff found the athletic and community events very well received by both the ballfield user public as well as the local community Soccerplex facility users.

A preliminary financial report provided by MSF was found to be acceptable.

In March 2008 the MSF submitted their annual audited financial report for the Commission's review and consideration. A detailed assessment of the MSF's audited financial report will be presented by the Commission's Secretary-Treasurer via a separate memorandum. The Secretary-Treasurer reported favorably on the financial structure, management, and stability of the MSF's financial administration.

Community Outreach & Comments:

Staff contacted the Montgomery County Recreation Advisory Board (MCRAB) and requested they comment on the performance of the MSF during the past year. Attached, MCRAB evaluated the activities of the MSF during 2007 and supports the MSF's efforts in providing greatly needed recreational opportunities and special event programs in the South Germantown Community. (See Attachment #2.)

Executive Summary FY 2007 and 2008

2007 was a dynamic future year that included:

- **The development of three lit synthetic turf fields,**
- **New programs, initiatives and partnerships,**
- **Development of a strategic plan for the future**
- **Exploring refinancing options**
- **Potential reduction in expenses**

Field Development

Construction on three lit synthetic turf fields began in July 2007. Field 20 opened on October 22; field 19 on November 7 and field 18 on December 12. We had hoped to have these fields playable for the entire fall 2008 season. Due to the delay, MSF did not realize approximately \$260,000 in projected income.

The results of two customer surveys have been very positive particularly regarding the quality of the fields, the playability, drainage and the overall experience. In fact one Saturday in November due to significant rain all natural grass fields in the county and SoccerPlex were closed however, field 20 was the only field in Montgomery County hosting a full day of matches!

As anticipated the turf fields are a significant enhancement for the SoccerPlex and they have enabled us to add activities and programs some of which we could not offer on grass including:

- adult 7v7 leagues,
- youth training sessions,
- youth league and tournament matches,
- ODP soccer training,
- girls and boys lacrosse matches,
- high school field hockey practice,
- MLS youth academy tournament
- and most recently a new adult flag football league.

The goal is to program these three fields to run year round with a diversity of sports and activities.

New Programs and Initiatives

Through the strategic planning process staff determined that to increase revenue and profitability we must:

- move from being strictly a "wholesaler" to a "wholesaler/retailer"
- diversify our revenue streams
- seek partnerships with organizations to create new initiatives
- continue to grow MSF leagues and programs
- remember we are a business

SAM

In fall 2006 the SAM recreation league was born with 941 registered players. In spring 2007, registrations grew to 1,034 and in fall 2007 they increased again to 1,201. In 2008 we have projected to grow SAM to 1,200 in the spring and 1,400 in

the fall. 92 percent of the players in the SAM recreation league are residents of Germantown or Boyds. The Challenge league (the skill level above recreation) did not attract enough teams and we disbanded the league in fall 07 in favor of concentrating our efforts on the recreation league.

Discovery Cup

The Discovery Cup, the first premier-level tournament run by MSF, had a very successful debut on Columbus Day weekend. The tournament generated 170 teams with 50% of the teams from out of town. Most significantly, the tournament generated \$115,000 in net revenue compared to the \$78,000 earned in fee income when we rented the SoccerPlex for a tournament.

Flag Football

With the advent of the turf fields we started an adult winter flag football league. We have eight teams in the Men's Open league and nine teams in the Co-ed league. We plan to expand to youth leagues in the spring and fall and continue to grow the adult leagues.

Lacrosse

In 2007, we initiated a partnership with two lacrosse organizations, Champions of Tomorrow and the United States Training Center (USTC), to host two girl's lacrosse tournaments in summer 2008. Champions of Tomorrow is a local organization that has been running winter lacrosse leagues in the Discovery Sports Center for four years and the USTC is in PA and is a member of the National Sports Complex Consortium of which MSF is a member. Both events will be college showcase tournaments and each has nearly 90 teams currently registered.

Soccer Tournaments

With the development of the synthetic turf fields, our staff will develop:

- a winter adult soccer tournament
- two new weekend youth soccer tournaments in early March

In addition, we are partnering with MSYSA (Maryland State Youth Soccer Association) to expand our recreation level youth tournament in mid-June.

Washington Freedom

In 2008 the Washington Freedom will move their offices to the Discovery Sports Center. The team will train and host their matches at the SoccerPlex. In 2009 the Women's Professional Soccer League will re-launch and the Freedom will continue to have their home base at the SoccerPlex most likely until the new DC soccer stadium is built.

Real Maryland

Real Maryland is a men's professional soccer team playing in the United Soccer League. They were looking for a site to host their matches and training. They met with Terry Brooks who set up a meeting with the SoccerPlex to explore the opportunities. As a result of this referral, Real Maryland and MSF agreed to terms of usage on December 10.

This is currently a one year agreement however we hope that the experience will be favorable and they will want to be at the SoccerPlex long term. Real MD's primary concern is lack of public transportation to the SoccerPlex. Their core fan support comes from the Silver Spring, Wheaton, Rockville area. Many of their patrons use

public transportation. There is no Ride-On bus to the SoccerPlex. This will be an issue we address in 2008.

Community Initiatives

We continue to be active in community organizations including:

- Germantown Alliance
- Germantown Chamber of Commerce Economic Development Task Force
- Montgomery County Conference and Visitors Bureau
- Germantown Youth Initiative
- Germantown Walk for the Homeless
- South Germantown Park Community Advisory Committee.

Strategic Plan

The process for the strategic plan development covered approximately four months with weekly staff sessions that produced the following:

- New mission and vision statements
- A commitment to "enhance the customer experience."
- A commitment to develop programs that generate net new revenue.
- An analysis of staff strengths and weaknesses and how we more effectively work together.
- An initiative to develop systems for training, operations, marketing and scheduling.

The process was enlightening and intense. One of the benefits is that everyone on staff has a greater understanding of the future direction of the organization, management expectations of staff, and greater participation of all staff in problem solving and streamlining systems and operations.

The Strategic Framework Summary, a result of the planning process is at the end of this summary.

Business Plan

Developing a strategic direction was the first step in the development of a business plan. The MSF Board reviewed and approved the strategic direction including the updated mission and vision statements in late October, 2007. The MSF Board has requested staff to present a draft business plan with three-year projections at the March MSF Board meeting.

Refinancing

Debt service has accounted for as high as 41% of our expense. As we continue to generate more revenue, debt service in 2008 will account for just over 20% however the expense is more than \$1 million per year.

After exploring refinancing with two banks in 2007, it became apparent that refinancing of the entire debt does not appear to be feasible at this time. The banks did inquire about the potential of a guarantee by Montgomery County of the outstanding debt that would reduce debt service expense. After exploring this option, it also did not appear to be feasible. However with the current rate environment, we are exploring with Bank of America reducing the rate on the fixed rate SWAP. The result could be a substantial reduction in interest expense.

Operational Expense Reduction

In 2006 when the energy industry in Maryland was deregulated we faced a 78% increase in our utility expense which in 2007 was approximately \$240,000. We now purchase a portion of our energy from a consortium and we project this expense to experience an annual reduction of \$15,000. November was the first month the purchasing program was in effect so we will update the Board in 2008 on our savings. We will also explore alternative energy sources such as solar power in 2008.

Expenses in 2007 remained flat over 2006. The primary reason was that in 2006 we had significant legal expense for the lease renewal, field development agreement and restructuring of the MSF Board. In addition we hired a public relations firm and added the position of COO. Although those expenses did not reoccur in 2007, they were replaced with other initiatives such as the strategic planning process, legal expenses from review of financing options and additional marketing and sales staff.

Fee Structure

Due to a grant from a major donor, the fee structure for games played at the SoccerPlex by most of the existing soccer field users is set at a maximum of \$237.50 until 2010. The clubs may raise additional funds to reduce the fee further.

The direct costs to run a game at the SoccerPlex is estimated at \$390 in 2006; \$367 in 2007 and \$309 in 2008. In 2008 while expenses are increasing, the number of games is also increasing substantially thereby decreasing the per unit cost. See attached graphs and detail cost description.

The Foundation's expenses to manage and maintain the SoccerPlex, in particular debt service, insurance, employee benefits, utilities and field maintenance will continue to increase over the next five years however the revenue generated from the majority of the soccer league games at the SoccerPlex will remain constant.

The Foundation charges \$300 per game for tournaments hosted at the SoccerPlex. However, it is anticipated that this fee will increase over the same period of time.

Guidelines and Criteria for Permitting SoccerPlex Fields (Guidelines)

The Guidelines were drafted by the Foundation, reviewed and agreed to by the Foundation's Board of Directors and Advisory Board and approved by the Planning Board on November 9, 2006.

The Guidelines outline the criteria for permitting and allocating games played at the SoccerPlex.

The accompanying documents demonstrate adherence to the Guidelines.

There are no requested revisions to the Guidelines.

FY 2008

The primary objectives in 2008 are:

- to generate increased revenue through programs, partnerships and initiatives
- to enhance the customer experience and
- to develop more efficient and cost effective operating systems and initiatives.

The following demonstrate support these objectives:

Revenue and Expenses

- Revenue is projected to increase by \$828,000 or 23%. Primary sources of new revenue are:
 - > MSF outdoor and indoor leagues, including SAM
 - > Tournaments
 - > Allocated outdoor league games and
 - > Outdoor field rental
- In addition, MSF has initiated discussions with the Montgomery County Recreation Department to jointly offer programs at the SoccerPlex at times where capacity utilization is low, particularly during the day/during the week.
- Expenses were flat from 2006 to 2007 and are projected to increase by 9% in 2008. Expenses related to increased revenue including referee fess, credit card processing fees, advertising, and program expense.

Customer Experience

One of the top four initiatives identified by the staff during the strategic planning process was ***to ensure that anyone who has contact with the SoccerPlex has a remarkable experience.*** The following will help reach this objective:

- Employ mature, friendly, well trained staff at the front desk.
- Respond to inquiries within 24 hours
- Enhance the product offering in the café by partnering with local restaurants.
- Make information on programs and activities more easily accessible.
- Perform regular customer satisfaction surveys.

Improved Operations

As program offerings expand and new staff is employed, the need for defined systems and procedures becomes more critical. In 2008, the following systems will be developed:

- Critical analysis of program and facility utilization
- Job descriptions for all positions
- Personnel policy manual
- Operations manual
- Scheduling software system
- Customer "carding" system

Staffing

For the past seven years the organization of the SoccerPlex has been near term operations driven. However, our future will be long term revenue and sales driven. To meet the above objectives, our organizational structure must be adjusted.

The MD Soccerplex's Strategic Framework Summary

I. Our Mission Statement is . . .

To provide opportunities for soccer players and other sports enthusiasts to develop, train, compete and experience their sport in a positive world-class environment.

II. Our Vision Statement is . . .

To be the acknowledged leader among multi-sport complexes in the nation, while providing unparalleled experiences for those who visit our facilities.

III. Our Core Values are . . .

1. Excellence
2. Professionalism
3. Integrity
4. Commitment
5. Inclusivity

IV. Our Driving Force is . . . we're an experience-driven organization

V. Our Position/Competitive Advantage is . . .

1. The quality (and number) of our fields and facilities.
2. The experience plus advantage (amenities, packages, customer service, flexibility, etc.)
3. We're a multi-sport venue

VI. Our Target Markets are . . .

1. Children/youth and youth organizations
2. Weekend warriors/adult athletes
3. Events/Event attenders

VII. Our Growth Opportunities are . . .

1. Other sports (primarily leagues like basketball, lacrosse, fencing, dodgeball, kickball, etc.)
2. Children's developmental opportunities during the week
3. Outside events and tournaments (like boxing, wrestling, etc.)
4. Packages and add ons.
5. Soccer options outside of our traditional leagues.



COUNTY-WIDE RECREATION ADVISORY BOARD

MEMORANDUM

February 29, 2008

**TO: Terry H. Brooks, Division Chief
Special Programs Coordinator, MNCPPC**

**FROM: Donna Bartko, Chair
County Wide Recreation Advisory Board**

SUBJECT: Executive Summary for Maryland Soccer Foundation

Thank you for the opportunity to review the Executive Summary for the Maryland Soccer Foundation (Soccerplex). It appears that the Soccerplex continues to be the community business model for public private partnerships. They have developed a successful business and strategic plan while working in unison with not for profit community organizations to provide a full range of recreational opportunities for Montgomery County residents. Their vision to host soccer tournaments may provide a revenue stream not only for the Soccerplex, but also for the surrounding community businesses. The delicate balance of hosting large scale countywide events such as the Independence Day Celebration ultimately provides a sense of community pride that is to be commended. We look forward to their continued success.



Department of Recreation

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