

BON SECOURS REDSKINS

ECONOMIC AND FISCAL IMPACT
OF TRAINING CAMP AND
ASSOCIATED DEVELOPMENT



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Center for Urban and Regional Analysis
L. Douglas Wilder School of Government and Public Affairs



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REDSKINS BON SECOURS

ECONOMIC AND FISCAL IMPACT OF TRAINING
CAMP AND ASSOCIATED DEVELOPMENT

Prepared for:

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**L. DOUGLAS WILDER SCHOOL OF
GOVERNMENT AND PUBLIC AFFAIRS**

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EXECUTIVE SUMMARY

This report provides analyses of the economic activity related to the Washington Redskins Training Center and associated Bon Secours investments in the East End and Westhampton areas of Richmond, Virginia. The study is comprised of two analyses:

- An economic impact analysis, estimating the economic impact to the City of Richmond of spending associated with the 2013 to 2020 team agreement period.
- A fiscal impact analysis to estimate the return on investment for the city through the life of financing (2013-2033).
 - This section considers expenses compared against sources of revenue generated by the team, visitors, sponsor, and the city itself.

It should be noted as the scope of this project was strictly to document both the economic and investment impact, a cost-opportunity analysis was not conducted. All dollar values in this report are in the form of 2018 dollars unless otherwise stated.

ECONOMIC IMPACT KEY FINDINGS

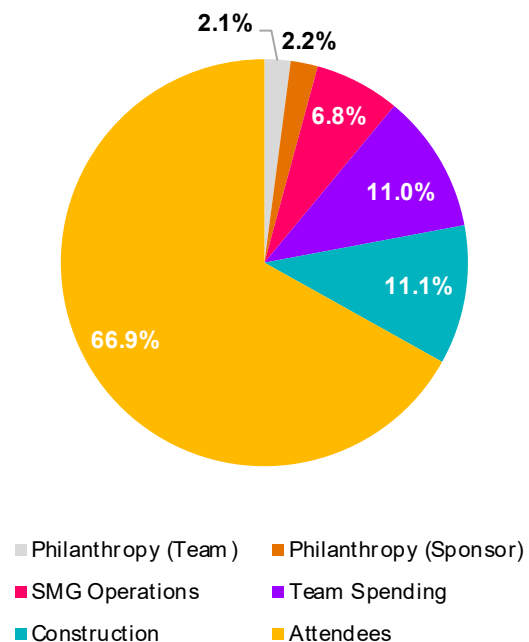
The economic impact analysis was conducted to understand the direct, indirect, and induced impact on the Richmond economy. Economic impact analyses focus on project-related spending and the interconnected nature of businesses. Spending considered in this analysis included:

- Leigh Street Site construction spending
- Training camp attendee spending
- Training camp team spending
- Leigh Street Site year-round operations
- Team and sponsor philanthropy

A summary of inputs and outputs follow (all dollar figures are standardized to 2018 dollar values):

- CURA researchers estimate the total spending in Richmond related to the training center from 2013 to 2020¹ to be approximately \$41,806,087. The breakdown of spending input share can be seen in Figure ES.1 to the right.
- The total estimated economic impact of the project from 2013 to 2020 is

FIGURE ES.1: SHARE OF SPENDING BY CATEGORY



1 Results for 2019-2020 are based on historic projections.

\$47,181,642. Given this value, hosting the Redskins training camp from 2013 to 2020 exhibits a 1.13 economic multiplier for the City of Richmond. This means that for every \$1 spent in the City of Richmond, the city economy saw an overall impact of \$1.13. For a full accounting of summary results, please refer to table ES.2 below.

TABLE ES.1: ESTIMATED ECONOMIC IMPACTS OF THE TRAINING CAMP TEAM AGREEMENTS 2013-2020

IMPACT TYPE	SUPPORTED EMPLOYMENT	ASSOCIATED LABOR INCOME	ECONOMIC IMPACT
Direct Effect	489	14,990,910	\$31,352,678
Indirect Effect	55	\$3,245,875	\$9,061,770
Induced Effect	44	\$2,376,806	\$6,767,194
Total Effect	578	\$20,613,591	\$47,181,642

SOURCE: IMPLAN Pro™, VCU Center for Sport Leadership, Washington Redskins, City of Richmond, Bon Secours, SMG, CURA

FISCAL IMPACT KEY FINDINGS

The fiscal impact analysis focuses on costs and benefits in terms of revenue to the city rather than the spending considered in the economic impact analysis. The analysis covers three distinct time periods due to the structure of the economic development project:

- The period of the agreement with the Team (2013-2020)
- The remaining period of the life of the Leigh Street loan (2021-2033)
- Potential benefits and opportunities for Richmond beyond 2033

A summary of the key findings includes:

- Assuming an up-front cost of the Leigh Street Site financing, the initial period of the study, 2013 through 2020, is negative—that is, the costs of the project outweigh the benefits through 2020.
- The second portion of the analysis (focused on the sponsor development activities more than the team) will provide additional benefits.
- The project is projected to be net positive beginning in 2023.
- *The return on investment (ROI) of the project from 2013 through 2033 is 102.4 percent. The annualized ROI of the project is 3.4 percent over the 21-year observed period.*

Beyond 2033 there are additional continuing benefits which add up to nearly \$1,000,000 per year. In addition to these benefits, the city is and will continue to be in possession of an asset recently appraised at \$17,050,000. This asset, the Leigh Street Site, is located in a rapidly developing area of Richmond, and its sale or redevelopment for other uses could drive the ROI of the project higher.

Table ES.2, on the following page, outlines detailed findings of CURA's estimates.



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INTRODUCTION

In 2017 the Center for Urban and Regional Analysis (CURA) was contracted by the City of Richmond Department of Economic Development (DED) to provide consulting services that objectively analyze the fiscal and economic impacts of the City of Richmond's Washington Redskins pre-season training camp and of the associated Bon Secours investments.

The goal of this report is twofold:

- To provide a detailed look at the economic impact of the series of agreements that brought the Washington Redskins' training camp to Richmond, Virginia. This economic impact considers money spent by the EDA to construct the facility, financial and development agreements with the Naming Sponsor, spending by the overall team in the city, spending by training camp attendees within the geographic confines of Richmond, VA, and team and sponsor philanthropy through the length of the initial training camp agreement with the team.
- To provide a fiscal return on investment (ROI) analysis for the city's administration and the community at large. The ROI will provide the financial net loss or gain to Richmond's that was and will be realized by hosting to the Washington Redskins' training camp.

The nature of the relationships that brought the Richmond Redskins' training camp to Richmond is complex. There are multiple partners and numerous legal agreements that outline their relationships. For these reasons, prior to the fiscal impact and economic impact estimates, CURA has created a Background and History section of this report that outlines the history, relationships, and legal and financial agreements that have brought us to this point.

Note: All dollar values in this report are in 2018 dollar values unless otherwise stated.

BACKGROUND AND HISTORY

There are multiple organizations involved in the operation of the Washington Redskins' training camp. These organizations and their roles are identified as:

- Richmond Economic Development Authority (EDA) - enters commercial arrangements on behalf of the City of Richmond, leveraging its powers to incentivize commercial investment for job creation, community well-being, and economic growth. They work in partnership with City Council, the Mayor's Administration, and state officials to align strategic investments in key industry clusters.
- Richmond Department of Economic Development (DED) – The Department of Economic Development (DED) is responsible for and dedicated to building the Richmond economy through traditional economic development programs with the goals of encouraging the long-term growth and development of the City of Richmond and maximizing the city's assets and advantages without compromising the health of its neighborhoods and residents.

- Washington Redskins Football Franchise (The Team) – A franchise of the National Football League (NFL) which, prior to 2013, held its training camp in Loudon County, Virginia before agreeing to move training camp to Richmond, Virginia.
- Bon Secours Health System (BSHS) – A not-for-profit Catholic health system based in Richmond, VA, sponsored by Bon Secours Ministries. Bon Secours is the Naming Sponsor and year-round tenant of the Washington Redskins training camp, and, as the Naming Sponsor, has agreed to additional development projects in Richmond’s Westhampton and East End neighborhoods.
- SMG World (SMG) – A venue management, marketing, and development firm that is contracted as the managing partner of the training camp site.

STAKEHOLDER ORGANIZATIONS’ AGREEMENTS

The previously summarized organizations’ relationships are legally defined by numerous agreements with EDA and DED. The legal agreements of the relationships are outlined here. These outlines attempt to succinctly summarize complex legal documents in order to provide context for the methodology in following sections. In no way are they representative of the entire scope of the agreements. Instead, they strive to highlight the nature of the organizational relationships which informed CURA’s analysis process.

EDA AND THE REDSKINS’ AGREEMENTS

The primary agreement between the EDA and the Washington Redskins Football Franchise is set forth by a legal document between the Economic Development Authority of the City of Richmond, Virginia (“the Authority” in this report referred to as “EDA”) and Pro-Football, Inc. (“the Company” in this report referred to as “the Team”) entered into on the 14th of February, 2013. The stipulations of the agreement are summarized as follows:

- For a term of 8 years the Washington Redskins will host training camp in Richmond, VA. For this 8-year term the city will *pay \$500,000 per year* to the Redskins Team to cover the costs of training camp. The payments can be made in cash or in goods and services (lodging, meals, transportation, security, etc.) as long as both parties agree to the credit. The agreement also outlines the terms of sponsorship into Crediting Company Sponsorships for which 10% of the value of the annual sponsorship fee shall be credited to the EDA. Additionally the agreement outlines Authority Sponsorships for which there is no obligation, monetary or otherwise, to the Redskins.

EDA AND BSHS’ AGREEMENTS

The agreements between the EDA and BSHS are primarily governed by four contracts which commenced on the 8th of July, 2013. They include: Naming Rights Agreement, Performance Agreement, the Deed of Ground Lease (5800 Patterson Avenue), and the Deed of Ground Lease (Bon Secours Washington Redskins Training Center). The agreements in the scope of these contracts go beyond requirements exclusively for the site of training camp and have impacts across the city. The stipulations of the agreements are summarized as follows:

- The Naming Rights Agreement is a sponsorship agreement between EDA and BSHS. It stipulates that BSHS will be the naming sponsor, with all associated opportunities for the total amount of *\$3,325,000 which will be paid in four payments of \$831,250 on March 15 of 2013 through 2016*. The agreement outlines the designation of the building name, logos, use of the fields when training camp is not operating, intellectual property rights, and sign specifications.
- The Performance Agreement outlines the commitments of EDA and BSHS to develop the Richmond Community Hospital (RCH) Project as well as the Westhampton School Project. According to the agreement BSHS will expand their East End hospital site by a minimum of 25,000 square feet with an associated minimum cost of \$8,500,000. This expansion must create 75 new full time equivalent (FTE) jobs with a minimum of \$6,700,000 in annual payroll. This agreement also outlines the requirements of the Westhampton School Project on land that is currently owned by the city. BSHS is required to construct a minimum of 75,000 square feet, at a minimum cost of \$24,000,000, which will create approximately 120 FTEs at a minimum of \$10,800,000 in payroll. In September 2018, BSHS announced that the Westhampton project will have a cost of \$53,000,000, more than double the minimum cost required by the Performance Agreement. This agreement also outlines an annual \$100,000 payment to Richmond Public School for a ten-year period.
- The Deed of Ground Lease (5800 Patterson Avenue) is a landlord/tenant agreement between EDA and BSHS that rents the land of the Westhampton School Site to BSHS. The *rent is \$5,000 per year for the first sixty years* with two renewal terms of 20 years each with increases in rent included in the renewal terms. BSHS is also required to pay *\$28,000 annually* for the maintenance of the playing field on the leased site. These maintenance payments will cease after the initial period.
- The Deed of Ground Lease (Bon Secours Washington Redskins Training Center) outlines the landlord/tenant agreement between the EDA and BSHS. The initial term of the lease is for 10 years with a *base monthly rent of \$22,916.67*. There are additionally two five-year renewal terms which will include a 3% annual rent increase.

EDA AND SMG'S AGREEMENTS

The agreements between EDA and SMG outlines the management services provided by SMG to EDA for the Redskins training camp site. SMG does not directly manage the training camp itself, but other activities on the site when training camp is not in sessions. The agreement was signed on August 13th, 2013. The stipulations of the agreement are summarized as follows:

- The initial term of the management agreement is for 5 years. The initial annual cost of the management services shall be \$85,000 for the first year and will increase 1% each subsequent year of the initial term. EDA, at its sole discretion may renew the agreement for another 5 years with the same terms including the 1% service fee increase. SMG is also entitled to 20% of the net revenues of non-fundraising events under incentive fee agreements.

FACILITY CONSTRUCTION AND FUNDING OF THE LEIGH STREET SITE

The training facility, located at 2401 West Leigh Street, is comprised of a 15-acre sports medicine and training facility which includes two practice fields, one drill field, and a field house designed to accommodate the needs of BSHS and the Team. The development of the site was funded by the EDA on land that was previously owned by the Commonwealth of Virginia. The development was contracted to Richmond's Hourigan Construction, at a total cost of \$9,489,223 (CY).

In order to fund construction, the city took out a \$10 million PNC Variable Rate Loan (Series 2013C GO Bond) in November 2013 which was due in full in September 2018. The city made regular payments on the interest of this loan totaling \$445,324. Additionally, principal curtailment payments were made for \$500,000 (CY) each in 2015, 2016, 2017, and 2018¹ totaling \$2,000,000 (CY). Cumulatively, the city has paid \$1,945,324 (CY) on the initial loan.

In February 2018 the loan was refinanced. With \$8.6 million in debt, Richmond City Council voted to refinance the initial loan committing to payments between \$536,539 (CY) and \$737,050 (CY) annually for 15 years. Together, total payments will amount to \$10,945,403 in 2018 adjusted dollars.

¹ This payment was made by the EDA to city near the end of the 2018 calendar year. Given the date of this report the payment has not been placed towards the loan. Total payments from the DED on the loan in the near future will amount to \$ 2,445,324 (CY).



SECTION 1: ECONOMIC IMPACT OF THE TEAM PERIOD (2013-2020)

The agreements set forth allowing the Team to host a training camp in Richmond outlined future sponsor developments with the intent of positively impacting Richmond's economy. The purpose of this section of the report is to estimate the impact of these activities through the team agreement period (2020) on the City of Richmond's economy.

CURA identified two previous studies on the economic impact of the training camp: one by Chmura Economic & Analytics in 2012 which projected economic impact for 2013 and one by the Center for Sport Leadership at Virginia Commonwealth University. These reports projected and estimated a total impact of \$8.5 million dollars and \$10.5 million dollars, respectively, in the Richmond region.

The approach taken by CURA differs considerably from these previous economic impact reports. While previous reports have sought to determine the economic impact of spending associated with training camp in the Richmond region, this report takes a broader view of the process while focusing on impacts to the City of Richmond.

The following categories were considered in our economic impact estimates:

- Leigh Street Site construction spending
- Training camp attendee spending
- Training camp team spending
- Leigh Street Site year-round operations
- Team and sponsor philanthropy

ECONOMIC IMPACT 101

This section of the report uses economic input-output analysis to illustrate the impact generated by activities to date and in the future associated with the training camp and associated development agreements through 2020. An input-output model measures the economic impact of an activity or entity by looking at the spending that goes into the activity, modeling the resultant economic output in dollars, and feeding those dollars into the model as an input for economically linked business sectors.

These economic linkages may be best described as an interconnected network, including suppliers manufacturers, retailers, and customers. When one part of the network increases or decreases production, it sends a pulse that is felt in other parts of the network, forwards and backwards. To better understand this concept, let's consider a relatively simple example: a cup of coffee. Consider the sourcing of those beans, which then go to a roaster, which then must be marketed, sold, stored, transported, prepared, and sold. Along this process there are numerous governments, industries, and employees involved. Even a cup of coffee is complex when it comes to calculating its economic impact.

Using a software tool called IMPLAN Pro™, which is based on an input-output (I-O) model describing production linkages of the economy, researchers can see what happens to the economy (local, regional, or national) when different inputs are considered. These inputs can be in the form of new jobs, adjustments in industry spending, government policies, and more. These inputs, after appropriate modeling and assumptions, are then processed through socio-economic matrices of relationships to provide economic output.

I-O outputs tables like those modeled in IMPLAN Pro™ generate a variety of economic outcomes at multiple levels (direct, indirect, and induced) which create the total economic impact of an output. However, for the sake of simplicity and clarity, this report will be focused on the total impact of the activities connected with the development of the Washington Redskins Training Camp and associated development in the East End and Westhampton areas of the city.

The results are presented in terms of:

- **Economic Output** – The entire value of goods and services produced as a result of inputs
- **Supported Jobs** – The total number of full-time equivalent employees whose income relies on these inputs
- **Labor Income (Wages)** – The combined pay of employees whose income relies on these inputs

THE ECONOMIC IMPACT MODEL

The model used to determine the economic impact of the training camp agreements is comprised of three main pillars:

- The Region
- The Activity Type
- The Input

THE REGION

The region defines the relevant, or most appropriate, geography for the analysis. I-O can be performed at various scales from a ZIP code to a metropolitan statistical area (MSA), state, or country. In this analysis we are specifically interested in the impacts to the City of Richmond. For this report, the region was defined to include solely the City of Richmond.

Due to the complexity of industry linkages, which often cross geo-political boundaries, there may be economic impacts from the selected inputs that occur outside of the region (economic leakages). However, for the sake of this analysis we are only interested in the impact to the City of Richmond.

THE ACTIVITY TYPE

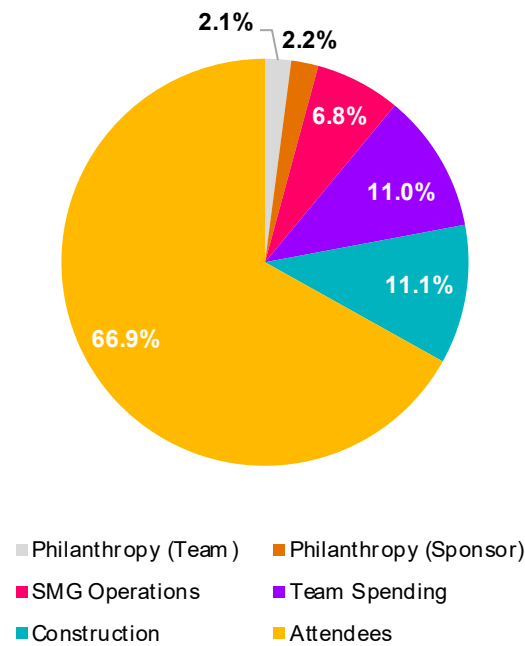
I-O models can include a wide variety of changes in economic activity. Activity types can include changes in industry spending, variations in the price of commodities, or differences in institutional spending patterns. This model's focus is on the impacts of industry spending estimated by the training camp agreements. For this reason, the model utilizes an Industry Change activity type.

THE INPUT

Having defined our region and our activity type we now turn to the input. In the case of the training camp model, the input is money spent by the city, camp attendees, the Team, and the sponsor from 2013 through 2020. All inputs that occurred or are anticipated to occur within the years 2013 to 2020 are specific to the City of Richmond (i.e. all spending happening outside the city is considered economic leakage, and therefore not included in our economic model). An important note about these inputs is that all values are standardized to 2018 dollars in this report, for the purposes of normalizing the inputs for IMPLAN Pro™.

The total estimated spending from 2013 through 2020 associated with the training camp activities is \$49,978,789. A breakdown of the percentage of each category can be seen in Figure 1.1.

FIGURE 1.1: SHARE OF SPENDING BY CATEGORY



ECONOMIC IMPACT RESULTS

The estimated overall economic impact of the training camp from 2013 through 2020 is \$47,181,642. It is estimated that 578 FTE jobs are supported in the city by this activity with a total associated labor income of \$20,613,591. The estimated results of the economic impact analysis are reported in Table 1.1 below.

TABLE 1.1: ESTIMATED ECONOMIC IMPACTS OF THE TRAINING CAMP AGREEMENTS 2013-2020

IMPACT TYPE	SUPPORTED FTE EMPLOYMENT	ASSOCIATED LABOR INCOME	ECONOMIC IMPACT
Direct Effect	489	14,990,910	\$31,352,678
Indirect Effect	55	\$3,245,875	\$9,061,770
Induced Effect	44	\$2,376,806	\$6,767,194
Total Effect	578	\$20,613,591	\$47,181,642

SOURCE: IMPLAN Pro™, VCU Center for Sport Leadership, Washington Redskins, City of Richmond, Bon Secours, CURA

Given the calculated input value of \$41,806,087 and an estimated total economic impact of \$47,181,642, this analysis concludes that the project has a 1.13 economic impact multiplier. This means that for every \$1 spent in the City of Richmond, the city economy saw an overall impact of \$1.13.

Based on the nature of spending and their estimated impacts, most of the jobs supported by training camp spending occurs in the service industry. For aggregated results of supported jobs, please see Table 1.2.

TABLE 1.2: JOB SUPPORT BY AGGREGATED INDUSTRY

DESCRIPTION	DIRECT	INDIRECT	INDUCED	TOTAL
Total	489.2	44.9	44.0	578.1
Service	368.3	32.2	33.8	434.3
Trade	108.6	3.7	7.6	119.9
Construction	10.6	1.1	0.5	12.2
TIPU*	0.6	5.6	1.5	7.7
Government	0.0	1.8	0.5	2.4
Manufacturing	1.0	0.5	0.1	1.6

SOURCE: IMPLAN Pro™, VCU Center for Sport Leadership, Washington Redskins, City of Richmond, Bon Secours, CURA

*TIPU - Transportation, information, and public utilities



SECTION 2: FISCAL IMPACT ANALYSIS/ROI

This section of the report will detail the estimated fiscal impact to the city in three distinct time periods:

- The period of the agreement with the Team (2013-2020)
- The remaining period of the Leigh Street development financing (2021-2033)
- Potential opportunities for Richmond beyond 2033

The fiscal impact analysis aims to answer whether the agreements that brought the Team training camp to Richmond and associated development agreements with BSHS were or will be beneficial to the city financially on a net basis.

To answer this question, researchers at CURA performed a fiscal impact analysis that examines city expenses to construct the site and payments to the Team in the form of cash or in-kind goods and services. This negative value (cost) is then compared to the total city tax, rent, direct, and other revenues (benefits) attestable to the Team training camp and associated BSHS development activities outlined in the agreements.

PART 1: COSTS

1.1 CONSTRUCTION

Based on the data provided by DED, Richmond City Finance Staff, and Hourigan Construction, it was determined that the total cost for financing the Leigh Street development amounts to \$12,076,452. While this amount is paid periodically over the initial construction loan and the subsequent refinancing through 2033, for the purpose of this analysis, it is treated as a one-time cost. This will allow our analysis to provide a 'break-even year' in which the total cost is surmounted by the total benefit.

TABLE 2.1 – COST OF CONSTRUCTION LOAN DEBT SERVICE (UP-FRONT DEBT)

TEAM AGREEMENT PERIOD (2013-2020)
\$10,945,403

SOURCE: City of Richmond, CURA

The entire cost of the loans from 2013-2033 are both included in the Team Agreement Period (2013-2020) period. This value includes actual values for payments made to date and the assumption that regular payments will be made annually.

1.2 CONTRIBUTIONS TO THE TEAM

Contributions to the Team in the amount of \$500,000 (CY) annually for 2013-2020 were stipulated in the aforementioned agreements. These payments include cash, in-kind, and sponsorship credit payments. As the sponsorship credit payments come at no cost to the city, they were removed from calculations of city payments.

For years 2013-2017, cash, in-kind, and sponsorship payments were calculated using actual values provided by DED in the Leigh Street Development Project Audit (City Auditor’s Office, 2018). Additional future payments (2018-2020) were calculated based on averages derived from previous real values with consideration given for deferred payments. The results of costs to the city paid to the team can be viewed in Table 2.3 below. The final row, ‘Total Without Sponsorship Credit’ reflects the total cost of goods and services paid from the city to the Team.

TABLE 2.3 – COST OF CONTRIBUTIONS TO THE TEAM

CONTRIBUTION CATEGORY	TEAM AGREEMENT PERIOD (2013-2020)
Cash	\$(1,972,880)
In-Kind	\$(953,452)
Sponsorship Credit	\$1,154,513
Total with Sponsorship Credit	\$(4,080,845)
Total without Sponsorship Credit	\$(2,926,332)

SOURCE: City of Richmond

TOTAL COSTS

These two sub-categories, construction loan debt service and payments to team, include the costs associated with the agreements for the city. While there are additional costs associated with SMG’s management of the site, when aggregated they are net positive (more on this in a later section). The total costs of the agreements can be seen in Table 2.4.

TABLE 2.4 – TOTAL COSTS

TEAM AGREEMENT PERIOD (2013-2020)
\$(13,871,735)



2.3 TAX REVENUE GENERATED BY TRAINING CAMP ATTENDEES

Visitors to the Team’s training camp spend money in Richmond, generating additional tax revenues for the city. Training camp attendee taxes were calculated in a multi-step process for sales, meals, lodging, and admissions tax. To calculate taxes for attendees CURA followed several methodological steps:

- A. Total number of visitors attending training camp by year

Based on data provided by the Team, the total attendance to the camp from 2013 through 2018 is displayed in Table 2.7, below. 2019 and 2020 have an assumed projections that attendance will remain at 2018 levels as formulaic projection methods that take into account all completed years of attendance project negative attendance in 2019.

TABLE 2.7 – TEAM TRAINING CAMP ANNUAL TOTAL ATTENDEES (NON-UNIQUE)

YEAR	TOTAL ATTENDEES (NON-UNIQUE)
2013	165,571
2014	167,749
2015	80,888
2016	45,100
2017	30,430
2018	33,759
2019*	33,759
2020*	33,759
Total	591,015

SOURCE: Washington Redskins, VCU Center for Sport Leadership, CURA
 * - Projected

- B. Total number of attendees that were unique adult visitors annually

Due to the temporal nature of this project and delays in data provision, an updated survey of attendees was not feasible. As a proxy, data was collected from the VCU Center for Sport Leadership’s Economic Impact Report – Washington Redskins Training Camp. Included in the report was a survey measuring the amount and types of attendees to the training camp in 2013. This survey determined that 24.9 percent of the total attendance were unique attendees (individual persons who attended). Applying this coefficient to the Total Attendees (Non-Unique) provides us with the total unique attendees annually and is displayed in Table 2.8.



TABLE 2.8 – TEAM TRAINING CAMP ANNUAL TOTAL UNIQUE ATTENDEES

YEAR	TOTAL ATTENDEES (UNIQUE)
2013	41,258
2014	41,801
2015	20,156
2016	11,238
2017	7,583
2018	8,412
2019*	8,412
2020*	8,412
Total	147,273

SOURCE: Washington Redskins, VCU Center for Sport Leadership, CURA

* Projected

C. The total number of local, non-local, and overnight visitors

Different categories of visitors produce different spending patterns, so CURA estimated the total number of visitors within each category. According to the VCU Center for Sport Leadership 2013 survey, of all unique adult visitors, 10.5 percent were adult overnight visitors, 36.7 percent were adult day visitors, and 29.4 percent were adult local visitors. The remaining 23.5 percent were unique children visitors¹.

Feedback from a number of professionals associated with the economic development deal indicated that the shares of attendees by type in 2013 are no longer representative. CURA adjusted the shares in consideration of falling overall attendance and a reduction in out of town visitors to ensure a conservative estimate of attendee impacts as a share of visitors.

The adjustment is based on the assumption that by 2020, overnight and day attendees (those from outside of the MSA) will have dropped 75 percent from their 2013 levels. This loss in out of town attendance share is replaced by local attendees. For example, overnight attendees accounted for 13.7 percent of all attendance in 2013, but were estimated to account for 6.3 percent of all visitors in 2018 and 3.4 percent of all attendees in 2020.

Although this may seem like a major assumption, the nature of limited attendance in recent years means that these share shifts have a relatively small impact when compared with earlier training camps (i.e., 2013-2015).

The totals by category of visitor annually are displayed in Table 2.9 on the following page.

¹ Unique children’s visitor’s spending was not considered directly as survey data spending was collected for adults whose spending included children.

TABLE 2.9 – TEAM TRAINING CAMP ANNUAL TOTAL UNIQUE ATTENDEES

YEAR	TOTAL UNIQUE ATTENDEES	UNIQUE OVER-NIGHT ATTENDEES	UNIQUE DAY ATTENDEES	UNIQUE LOCAL ATTENDEES
2013	41,258	5,642	19,773	15,843
2014	41,801	5,101	17,889	18,810
2015	20,156	2,163	7,592	10,401
2016	11,238	1,041	3,657	6,541
2017	7,583	591	2,079	4,914
2018	8,412	531	1,874	6,006
2019*	8,412	408	1,443	6,562
2020*	8,412	286	1,009	7,117
Total	147,273	15,763	55,317	76,193

SOURCE: Washington Redskins, VCU Center for Sport Leadership, CURA

* - Projected

D. Amount spent by unique adult visitors annually by attendee category

With total adult attendees by category calculated, we now turn to the spending patterns of these unique adult attendees. Spending patterns are displayed in Table 2.10 below.

TABLE 2.10 – TEAM TRAINING CAMP ATTENDEE AVERAGE TRIP SPENDING

SPENDING CATEGORY	OVERNIGHT ATTENDEE SPENDING	DAY ATTENDEE SPENDING	LOCAL ATTENDEE SPENDING
Lodging	\$360.52	-	-
Full Service Restaurants	\$122.42	\$32.11	\$17.11
Fast Food Restaurants	\$48.71	\$26.18	\$15.09
Grocery	\$25.23	\$7.25	\$9.83
Entertainment	\$22.43	\$2.99	\$7.24
Training Camp Merchandise	\$116.26	\$71.18	\$73.06
Shopping	\$90.47	\$11.94	\$16.12
Training Camp Food/Concessions	\$29.20	\$20.74	\$22.02
Gasoline	\$57.32	\$33.09	\$26.46
Rental Car	\$21.87	\$5.73	\$0.36
Bars & Nightlife	\$28.31	\$2.92	\$9.83
Other Expenditures	\$16.09	\$2.77	\$1.66
Parking	\$16.87	\$9.64	\$9.78
Total	\$955.69	\$226.53	\$208.57

SOURCE: VCU Center for Sport Leadership



E. Discounting out-of-study area purchases

Table 2.11, on the previous page, represents the total spending of unique adult visitors. Not all of this spending can be considered in the model because not all of it occurs within Richmond. For example:

- Rental car spending of overnight unique adult attendees occurs at their origin, so this category is discounted entirely;
- Gas purchases for day unique adult attendees do not occur entirely in Richmond, so this value is halved;
- Not all overnight visitors stay in city lodging. Utilizing 2013 attendee survey data, it was determined that 72 percent of overnight attendees stayed at hotels in Richmond. This 72 percent figure also reduced associated expenses, including dining, shopping, and more;
- Training camp merchandise and food/concessions occur entirely within Richmond, so their entire value is considered.

These discount percentages create coefficients for spending that ensure conservative estimates of revenue to the city.

F. Application of individual tax rates to total spending in Richmond by year

With coefficients for local purchases made by category of attendees, we can now apply a variety of city-collected taxes to total spending values by category. Calculating total spending by category is simply a matter of multiplying the annual total unique adult attendee type by their corresponding spending patterns. This provides the total spending by attendees by type per year. Once the total spending is calculated, individual tax rates can be applied by category where deemed appropriate (e.g., Lodging Tax is applied only to lodging expenses for overnight attendees while Meal Tax is applied for all attendee categories for full service restaurant, fast-food restaurant, and training camp food/concessions). Considered city collected taxes and their rates can be viewed in Table 2.11. Their results, the annual and combined tax generation by attendee category, can be seen on the following page in Table 2.12.

TABLE 2.11 – CITY TAX RATES FOR TRAINING CAMP ATTENDEE SPENDING

CITY TAX CATEGORY	VALUE
Sales Tax	1%
Meal Tax*	6/7.5%
Lodging Tax	8%
Admissions Tax	7%

SOURCE: City of Richmond

* The City Meal Tax was increased in 2018 well prior to the initiation of training camp. All Meal Tax values through 2017 were calculated utilizing the 6 percent value, while 2018 and after were calculated utilizing the 7.5 percent value.

TABLE 2.12 – TRAINING CAMP ATTENDEE TAX GENERATION BY CATEGORY

YEAR	ATTENDEE SALES TAX	ATTENDEE MEALS TAX	ATTENDEE LODGING TAX	ATTENDEE ADMISSIONS TAX
2013	\$109,415	\$181,868	\$126,109	\$16,301
2014	\$105,526	\$174,819	\$112,248	\$16,247
2015	\$49,190	\$81,199	\$47,642	\$7,835
2016	\$26,098	\$42,914	\$22,611	\$4,306
2017	\$16,549	\$27,100	\$12,519	\$2,833
2018	\$17,303	\$35,257	\$11,036	\$3,076
2019*	\$16,364	\$33,181	\$8,337	\$3,027
2020*	\$15,457	\$31,166	\$5,758	\$2,980
Subtotal	\$355,903	\$607,503	\$346,260	\$56,606
Grand Total				\$1,366,272

SOURCE: Washington Redskins, VCU Center for Sport Leadership, City of Richmond, CURA

* - Projected

The summary of total city tax revenue generation by training camp attendee spending can be viewed in Table 2.13.

TABLE 2.13 – TAX REVENUE GENERATED BY TRAINING CAMP ATTENDEES

TEAM AGREEMENT PERIOD (2013-2020)
\$1,366,272

2.4 TAX REVENUE GENERATED BY TEAM SPENDING

The Team, in staying for an extended period of time in the City of Richmond, spends money locally on purchases. These purchases generate additional tax revenue for the city. Based on data provided by the Team for 2013 through 2016, taxes were calculated and aggregated into three categories which are detailed in Table 2.14 on the following page. For years where data requests were not fulfilled and for the years of the Team’s term yet to be completed, linear projection was utilized to forecast tax revenues.



TABLE 2.16 – TAX REVENUE GENERATED BY VISITING MEDIA

TEAM AGREEMENT PERIOD (2013-2020)
\$39,479

SOURCE: Washington Redskins, City of Richmond, CURA

2.6 TAX REVENUE GENERATED BY VISITING TEAMS AND ASSOCIATED MEDIA SPENDING

The Team holding training camp in Richmond attracted other teams for joint practices and scrimmages. These teams included the New York Jets in 2018, the Houston Texans in 2015, and the New England Patriots in 2014. Each of these teams spent three nights in Richmond along with their associated media members.

To calculate the tax impact from visiting teams, the average daily tax generation of the host team was used as a proxy. It was determined that the host team spends \$4,121 daily on a variety of taxes previously outlined. This daily tax generation was applied to each teams' total amount of nights spend in Richmond and totals \$37,090.

Visiting teams bring team staff and additional media members to Richmond. The host team's media analysis was used as a proxy to determine the daily impact of media members. The team was only able to confirm the total media members for one visiting team, the New York Jets in 2018, with 24 additional media. This value of 24 was used as a proxy for visits by the Texans and Patriots. Unlike the host team's media, visiting teams' media members were not discounted as they were assumed to all visit from out of town. The average tax generation calculated from business visitor spending data provided by Virginia Tourism Corporation of \$7.75 was used to calculate the total fiscal impact of visiting teams' media members. The total impact of visiting team media members was estimated to be \$1,673.

The total benefit of visiting teams and their associated media members is detailed in Table 2.17 below.

TABLE 2.17 – TAX REVENUE GENERATED BY VISITING TEAMS AND ASSOCIATED MEDIA SPENDING

TEAM AGREEMENT PERIOD (2013-2020)
\$38,763

SOURCE: Washington Redskins, City of Richmond, CURA

It is possible that additional visiting teams for the 2019 and 2020 training camps may increase this number, but future visiting teams are thus far unconfirmed.

2.7 REVENUE GENERATED BY NAMING/SPONSORSHIP RIGHT PAYMENTS

Bon Secours served as the Naming Sponsor of the city's hosting Team, according to the Naming Rights Agreement between EDA and Bon Secours. This included four payments totaling \$3,325,000 (CY) from 2013 through 2016. The total in 2018 dollars is presented in Table 2.18.



TABLE 2.18 – REVENUE GENERATED BY NAMING/SPONSORSHIP RIGHT PAYMENTS

TEAM AGREEMENT PERIOD (2013-2020)
\$3,526,844

SOURCE: City of Richmond, Bon Secours

2.8 REVENUE GENERATED BY NAMING/SPONSORSHIP RIGHT PAYMENTS TO RICHMOND PUBLIC SCHOOLS

Bon Secours, in addition to the previously listed naming/sponsorship payments, made additional payments to the Richmond City Public School System. These 10 payments of \$100,000 (CY) have occurred from 2013 through 2018 and are expected to be paid the additional 4 remaining years on the term. The total in 2018 dollars can be viewed in Table 2.19.

TABLE 2.19 – REVENUE GENERATED BY NAMING/SPONSORSHIP RIGHT PAYMENTS TO RICHMOND CITY PUBLIC SCHOOL

TEAM AGREEMENT PERIOD (2013-2020)	REMAINING LIFE OF LOAN PERIOD (2021-2033)
\$821,771	\$189,308

SOURCE: City of Richmond, Bon Secours, CURA

2.9 REVENUE GENERATED BY BSHS RENT PAYMENTS

The Leigh Street and Westhampton sites are owned by the city. Bon Secours Health System is the tenant occupying the specified spaces. Rents in each specified space where Bon Secours Health System is the tenant have been calculated. These rents were calculated utilizing the stipulations of the governing lease agreements. The summarized lease agreements are as follows:

- Leigh Street Site – Base monthly rent of \$22,917 (CY) for the initial term of 10 years with two additional five-year renewal terms that include an annual 3 percent increase (each of which, in CURA's models, are assumed to be renewed).
- Westhampton Site – Base annual rent of \$5,000 (CY) with the addition of \$28,000 (CY) annually for maintenance of the playing fields on the leased site.³

The total calculated data and projected rental incomes for the two time periods are shown in Table 2.20. It should be noted that there are renewal periods for these rent payments that can extend well beyond 2033.

TABLE 2.20 – BSHS RENTAL OF LEIGH STREET AND WESTHAMPTON SITES

TEAM AGREEMENT PERIOD (2013-2020)	REMAINING LIFE OF LOAN PERIOD (2021-2033)
\$2,237,215	\$4,522,752

SOURCE: City of Richmond, Bon Secours, CURA

³ There are two renewal periods outlined in the rental agreement with additional terms of 20 years. These renewal periods include the same \$5,000 annual rental amounts without the \$28,000 field maintenance payments. Due to the length of the initial rental period, these additional rental periods were not considered in CURA's model.

2.10 TAX REVENUE GENERATED BY BSHS CONSTRUCTION ACTIVITIES (EAST END AND WESTHAMPTON PROJECTS)

While construction on both East End and Westhampton projects has been delayed, local announcements by BSHS have provided details on the total spending for these projects. Utilizing these details, researchers at CURA determined the total tax revenue generated by BSHS construction activities totaling \$61,500,000 worth of investment. The final value for these calculations can be found in Table 2.21.

TABLE 2.21 – TAX REVENUE GENERATED BY BSHS CONSTRUCTION ACTIVITIES

REMAINING LIFE OF LOAN PERIOD (2021-2033)
\$336,649

SOURCE: Bon Secours, City of Richmond, CURA

2.11 TAX REVENUE GENERATED BY BSHS LEIGH STREET, WESTHAMPTON, AND EAST END PROPERTY TAXES

In accordance with signed agreements, BSHS has and will continue to pay real estate taxes for the rented Leigh Street site and the Westhampton Site, as well as for improvements to the East End Campus. Historic data for real estate taxes was gathered for Parcel ID's N0001396001B, E0000713022, and W0210140001B to determine real estate tax payments based on assessments for the three sites as well as future real estate tax payments through 2021.

In 2022, BSHS real estate taxes are expected increase dramatically due to a considerable increase in improvement value of both their rented and owned properties as a whole. Utilizing projected construction cost data from BSHS as well as standard valuation discounts provided by the city, researchers at CURA determined future real estate tax generation. Total real estate tax generation for both periods of observation can be viewed in Table 2.22. It should be noted that a portion of these increased real estate tax payments will extend beyond 2033.

TABLE 2.22 – TAX REVENUE GENERATED BY BSHS PROPERTY TAXES

TEAM AGREEMENT PERIOD (2013-2020)	REMAINING LIFE OF LOAN PERIOD (2021-2033)
\$991,575	\$7,874,078

SOURCE: Bon Secours, City of Richmond, CURA



COST OF ASSUMPTION: NON-RENEWAL OF THE LEIGH STREET SITE LEASE

The initial period of BSHS' the Leigh Street Site will be completed in 2023. There are two optional renewal periods of 5-years each. Currently it is unknown if these renewals will be made. In order to ensure conservative estimates, researchers at CURA have calculated the potential cost of this assumption for each five year period.

The rental of the Leigh Street Site provides revenues to the city in the form of rents as well as real estate taxes as outlined in the Performance and Lease Agreements. The combined total for the first 5-year renewal period is estimated to be \$1,960,011 and the second 5-year renewal period is estimated to be \$2,039,787 for a total of \$3,999,798 in revenue.

2.12 TAX REVENUE GENERATED BY BSHS WESTHAMPTON COMMERCIAL OPERATIONS

With the completion of a mixed used development in 2022, the Westhampton Site will generate additional taxes from commercial operations in addition to real estate taxes. Information provided by BSHS on the square footage share of different intended commercial uses (office and retail) were used as the foundation of commercial operations tax estimations.

These square footage values were then used to predict employment by dividing them by square foot per employee data.⁴ The derived total employment per-square foot was then input into an IM-PLAN Pro™ model for the City of Richmond. This model produced the total earnings for each use. Taxes for these commercial earnings were then calculated. The totals for the observed periods of this report can be viewed in Table 2.23.⁵ It should be noted that these commercial tax payments will extend well beyond 2033.

TABLE 2.23 – TAX REVENUE GENERATED BY BSHS WESTHAMPTON COMMERCIAL OPERATIONS

REMAINING LIFE OF LOAN PERIOD (2021-2033)
\$2,855,568

SOURCE: Bon Secours, City of Richmond, Fairfax County, CURA

2.13 REVENUE GENERATED BY BSHS WESTHAMPTON RESIDENTIAL SPENDING

In addition to commercial taxes, the Westhampton Site will also generate additional tax revenues generated by the spending of residents that will live in the Westhampton mixed use development. Residential household spending patterns, city-wide vacancy rates, and the Richmond median income was applied to the total number of units to be completed to generate total residential spending in the city by category (e.g., groceries, transportation, etc.).⁶ It was assumed that each unit would hold, on average, two residents, each spending 50 percent of their income in the city.

4 (Fairfax County, 2017)

5 Commercial tax generation was not calculated for BSHS's office uses as they are not taxed due to their non-profit designation. These values include sub-tenant run commercial uses of the Westhampton Site.

6 (U.S. Bureau of Labor Statistics, 2016)

This spending was then applied to the appropriate tax coefficients (listed in Table 2.11) to derive the total annual tax generation from the households living in the future Westhampton Site. The totals for the observed periods of this report can be viewed in Table 2.24.⁷ It should be noted that this tax generated by residents will extend beyond 2033.

TABLE 2.24 – REVENUE GENERATED BY BSHS WESTHAMPTON RESIDENTIAL SPENDING

REMAINING LIFE OF LOAN PERIOD (2021-2033)
\$927,917

SOURCE: Bon Secours, City of Richmond, U.S. Bureau of Labor Statistics, CURA

FISCAL ANALYSIS COST-BENEFIT SUMMARY OF RESULTS

The fiscal analysis of the Redskins’ training camp in Richmond is complex. Were this analysis focused only on the football activities, it is clear that the city would experience a net loss of revenue. However, these agreements include many additional layers such as partnerships, physical sites, and associated economic impacts that will continue to impact the City of Richmond for many years to come.

Relationships with city stakeholders will last longer than the training camp period and the life of the loan. The training camp is the tangible result of strong collaboration among—and associated agreements between—the partners. The training camp will continue only through 2020 if the term is not renewed, but it serves as the catalyst for associated development agreements with BSHS that will have continuing impacts.

The previously detailed fiscal cost-benefit analysis for the City of Richmond is summarized on the following page in Table 2.25.

⁷ There may be minimal double counting of the spending of residents on the site with the income of commercial entities on the site if residential spenders choose to patronize these businesses. However, this overlap is negligible.



TABLE 2.25: SUMMARY OF FISCAL ANALYSIS – COST-BENEFIT FOR TRAINING CAMP AND ASSOCIATED DEVELOPMENT AGREEMENTS (2013-2033)

	CATEGORY	TEAM AGREEMENT PERIOD (2013-2020)	REMAINING LIFE OF LOAN PERIOD (2021-2033)	GRAND TOTAL (2013-2033)
CITY	Cost of Construction Loan Debt Service	\$(10,945,403)	-	\$(10,945,403)
	Contributions to Team	\$(2,926,332)	-	\$(2,926,332)
	Cash	\$(1,972,880)	-	\$(1,972,880)
	In-Kind	\$(953,452)	-	\$(953,452)
	Sponsorship Credit*	\$1,154,513	-	\$1,154,513
	TOTAL COST	\$(13,871,735)	-	\$(13,871,735)
CITY	TRG by Leigh Street Construction Spending	\$55,911	-	\$55,911
	Net RG by SMG at Leigh Street Site	\$368,339	\$1,497,542	\$1,865,880
TEAM	TRG by Training Camp Attendees	\$1,366,272	-	\$1,366,272
	TRG by Team Spending	\$428,594	-	\$428,594
	TRG by Visiting Media	\$39,479	-	\$39,479
	TRG by Visiting Teams and Associated Media	\$38,763	-	\$38,763
SPONSOR	RG by Naming/Sponsorship Right Payments	\$3,526,844	-	\$3,526,844
	RG by Naming/Sponsorship Right Payments to RPS	\$821,771	\$189,308	\$1,011,079
	RG by BSHS Rent Payments [†]	\$2,237,215	\$4,522,752	\$6,759,967
	TRG by BSHS Construction Activities	-	\$336,649	\$336,649
	TRG by BSHS Real Estate Taxes	\$991,575	\$7,874,078	\$8,865,654
	TRG by BSHS Westhampton Commercial	-	\$2,855,568	\$2,855,568
	TRG by BSHS Westhampton Residential Spending	-	\$927,917	\$927,917
	TOTAL BENEFIT	\$9,874,762	\$18,203,815	\$28,078,577
	TOTAL NET BENEFIT	\$(3,996,973)	\$18,203,815	\$14,206,842

FISCAL IMPACT/ROI

SOURCE: VCU Center for Sport Leadership, Washington Redskins, City of Richmond, Bon Secours, SMG, CURA

NOTE: RG = Revenue Generation, TRG = Tax Revenue Generation

* Sponsorship Credit is not included as a cost or a benefit as it is a credit not paid by the city which offsets payments to the team

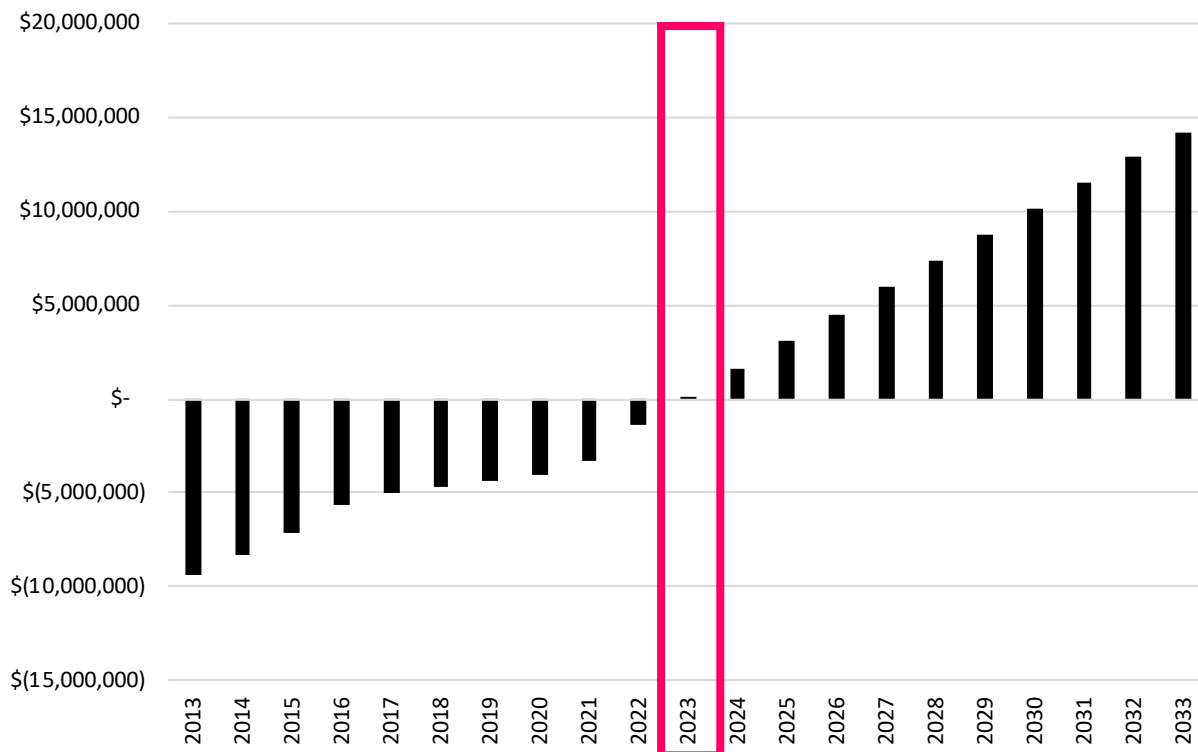
[†] RG by BSHS Rent Payments includes \$28,000 (CY) payments for Westhampton field maintenance

In the initially estimated period, the city is at a loss. The total expense of \$13,871,735 to construct the Leigh Street facility and provide payments to the team is not estimated to be recouped by the end of the team agreement period. In 2020, after the initial period, Richmond will experience an estimated loss of \$3,996,973.

The second observed term, which is fueled not by football activities, but by development funded by Bon Secours, has no associated cost to the city that had not allocated in the first observed term. The period of 2021 to 2033 will produce an estimated benefit of \$18,203,815 for a combined net benefit of \$14,206,842.

It is estimated that this project will be net positive by 2022 (Figure 2.1). This break even year is of particular interest due to the earlier assumption that BSHS will renew both of its five year rental terms. As the first of these unconfirmed rental terms is not set to occur until 2023, the break even year with the renewal assumption, it would only push the break even year into the future one year. However, a lack of renewal in 2023 or 2028 has the potential to reduce benefits to the city between \$2,039,787 and \$3,999,798 overall, depending on the rental renewal scenario.

FIGURE 2.1 – PROJECT CUMULATIVE COST-BENEFIT 2013-2033



RETURN ON INVESTMENT (ROI)

At the end of the Leigh Street financing period in 2033, the City of Richmond will realize an estimated benefit of \$28,078,577. Considering the investment of \$13,871,735 made by the city (the total cost), this yields a positive project ROI of 102.4 percent by the end of the refinance period in 2033. The annual ROI of the project is 3.4 percent over the 21-year observed period.

<p>OVER A 21-YEAR OBSERVED PERIOD THIS PROJECT IS ESTIMATED TO YIELD A:</p>	<p>3.4% AVERAGE ANNUAL ROI</p>
	<p>102.4% PROJECT ROI</p>
	<p>\$14.2 MILLION BENEFIT</p>

FISCAL IMPACT/ROI

BENEFITS BEYOND 2033

2033 marks the end of the observed periods of this report. However, it does not mark the end of the benefits of the project. A portion of the benefits have already been outlined and will continue past 2033. These continuing benefits previously outlined include:

- EDA revenues generated by the SMG management of the Leigh Street Site
- EDA revenues generated by BSHS rent payments
- City tax revenue generated by BSHS Leigh Street, Westhampton, and East End property taxes
- City tax revenue generated by BSHS Westhampton commercial operations
- City tax revenue generated by BSHS Westhampton residential spending taxes

These five categories of continuing benefit are estimated to provide approximately \$1,000,000 to the city in annual revenues beyond 2033. However, in 2033 with the construction loan and all contributions to the team completed, the EDA can reinvest its share of benefits to future projects as opposed to repaying the city.

Another future benefit to consider is the Leigh Street Site itself. The city has developed, at last appraisal, a \$17,050,000 asset. This asset borders Scott’s Addition, an area which in recent years has seen rapid development. This helps ensure that if the city were to sell the Leigh Street Site in the future that there would be a potential buyer.⁸ Real estate developers are even considering the redevelopment of the Leigh Street Site in their current decision making. The sale of this asset in the future would drive the project ROI to 225.3 percent.

The suite of agreements between the city, the team, and the sponsor will provide lasting fiscal benefits beyond 2033.

⁸ The sale of the Leigh Street Site would reduce benefits beyond 2033 of rents and eliminate SMG operations revenue.

CONCLUSION

CURA's goal in this report was to provide a clear understanding of the economic and fiscal impacts of the training camp and associated development agreements in Richmond. With this goal in mind, CURA has avoided any analysis that goes beyond tangible values, historic or projected. However, based on estimates and calculations by CURA, this project, outlined by several legal agreements, will provide a net benefit to Richmond.

While this net benefit is yet to be realized, the training camp served as a catalyst for future physical developments at the East End and Westhampton sites that will produce additional revenues for the city by the end of the observed project period in 2033.

The two periods, 2013 to 2020 and 2021 to 2033, were selected intentionally. With 2020 nearing and the end of the team's initial term in sight, the project will shift into a period associated with benefits generated by the sponsor's activity as opposed to just the training camp and relative sponsorship. While sponsor benefits in the initial period were still considerable, the long-term impacts of sponsor development and associated rents, tax revenues, and other financial benefits to the city make these agreements more substantial than an eight-year training camp agreement.



