



CHULA VISTA

OLYMPIC TRAINING CENTER

FEASIBILITY STUDY

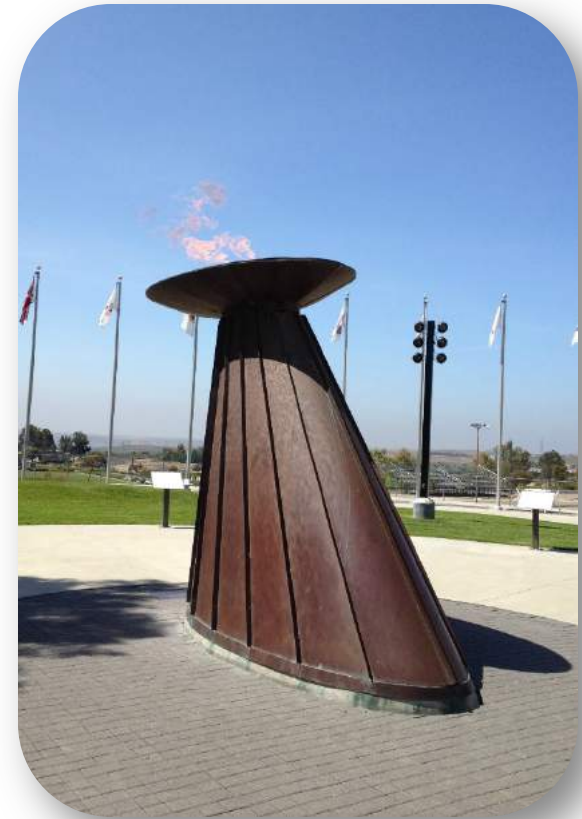
for transferring ownership and/or operational control of the land, facilities and operations of the Chula Vista Olympic Training Center from the United States Olympic Committee to the City of Chula Vista

JMI
SPORTS

SEPT. 16, 2015

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1. INTRODUCTION



1. INTRODUCTION



A. Engaging JMI Sports

- i. **Joint Engagement with City and USOC** – JMI Sports was contracted from August 2014 through May 2015 by the City and USOC to conduct a feasibility study for transferring ownership and/or operational control of the land, facilities and operations of the CVOTC from the USOC to the City.

- ii. **Scope of Services**
 - a. Preliminary Analysis
 - b. Potential Solutions
 - c. Community and Stakeholder Outreach
 - d. Feasibility Analysis
 - e. Detailed Plan/Proposal
 - f. Plan Approvals
 - g. Action Plan

1. INTRODUCTION



B. City of Chula Vista & USOC Working Approach

- i. Building Collaboration and Trust** – Develop a collaborative and trusting relationship between the USOC and City of Chula Vista to find a mutually beneficial solution.
- ii. Seeking Shared Strategic Objectives** – Preserve and enhance what has become an integral part of Chula Vista’s identity and a critical component of the USOC’s training.
- iii. Galvanizing a Partnership through Agreements** – Execute an agreement that meets the expectations of both the City of Chula Vista and the USOC, that includes the continued training of athletes at the CVOTC.

1. INTRODUCTION



C. Project History

- i. The San Diego National Sports Training Foundation (a group of dedicated business and community leaders) raised money and received a land grant from Eastlake developers to build the Olympic Training Center in 1995 at a cost of \$65M.
- ii. The original lease requires the USOC to operate the facility until 2025, after which it can sell. If USOC decides to cease operations before 2025, the property reverts to city with 100 acres designated as open-space parkland.
- iii. In 2014, USOC examined the financial viability of the CVOTC and concluded that a third party may be able to operate and optimize the Chula Vista facilities more effectively going forward.
- iv. USOC offered the City of Chula Vista the first opportunity to develop a new operational plan which launched this current effort.

2. WORK PLAN & PRELIMINARY ANALYSIS



2. WORK PLAN & PRELIMINARY ANALYSIS



- A. Stakeholder and Community Outreach** – An extensive outreach effort resulted in perspective and feedback from numerous individuals and organizations. Recognizing that the CVOTC is a community and regional asset, in addition to a world class training facility, the outreach effort needed to reach far and wide. This effort included discussions with individuals in the following categories:
- i. Community Members
 - ii. Public Officials
 - iii. Stakeholders
 - iv. Local Universities
 - v. Developers
 - vi. Industry Experts
 - vii. CVOTC Staff
 - viii. National Governing Bodies
 - ix. City of Chula Vista Staff
 - x. USOC Team

2. WORK PLAN & PRELIMINARY ANALYSIS



- B. Economic Analysis** – An exhaustive analysis was performed to gain an understanding of the current and historical expenses and revenues. The charge was to explore whether it would be financially viable for the City of Chula Vista to take over CVOTC operations.
- i. Current and Historical Expenses** – It was determined that a significant amount of expense incurred by the CVOTC was unique to the USOC operation and it would not be incurred by a new operator.
 - ii. Current and Historical Revenues** – The clear mission of the CVOTC was to provide world class training for the USOC and their athletes. Revenue generation to support operations has not been a primary objective.

2. WORK PLAN & PRELIMINARY ANALYSIS



B. Current Use Analysis

i. NGB Athlete Training

- a. Resident Sport Users – Archery, BMX, Men’s Field Hockey, Rugby, Track & Field, Paralympic Track & Field
- b. Other Users/Summer Sports – Paralympic Archery, Beach Volleyball, Canoe/Kayak, Cycling, Paralympic Cycling, Pentathlon, Rowing, Sailing, Soccer, Paralympic Soccer, Tennis, Paralympic Tennis, Triathlon, Paralympic Triathlon
- c. Other Users/Winter Sports – Bobsled, Skeleton, Luge, Ski, Snowboard

ii. Other High Performance Training – NGB sponsored training, international athletes.

iii. USOC Events – Olympic trials, team qualifiers, national championships, developmental camps, junior camps, coaches workshops, combines.

iv. Community Utilization – Fun runs, sporting camps, sporting tournaments, holiday celebrations, fundraisers, facility tours.

v. Private Utilization – California State Games, international camps, international competitions, corporate events.

3. PRELIMINARY CONCLUSIONS



3. PRELIMINARY CONCLUSIONS



A. Summary Conclusions

- A. Importance of Olympic Affiliation** – The City, the local community, the regional community and regional stakeholders expressed a strong desire to retain the Olympic presence as part of the project.
- B. Olympic Training as Economic Engine** – Revenue potential from USOC and other high performance training is greater and more stable than other alternatives reviewed.
- C. Community Access** – Chula Vista community members would like enhanced access.
- D. Finding Common Objectives** – City and USOC are committed to finding positive outcomes that fulfill both the common and unique objectives of both parties.
- E. Importance of Economic Viability** – Any solution must be economically viable with minimal risk to the City.
- F. Sustaining High Quality Training Environment** – Any solution must deliver a high quality training environment that meets a predetermined standard established by the USOC.

3. PRELIMINARY CONCLUSIONS



B. Future Use Alternatives

- i. Olympic and Paralympic High Performance Training
 - a. National Governing Bodies
 - b. International
- ii. Private Use
 - a. High Performance and Academy Training
 - b. Professional Clubs
- iii. Community Use
 - a. Camps
 - b. Events
 - c. Spectator Sports
 - d. Recreation

3. PRELIMINARY CONCLUSIONS



C. Economic Conclusions

- i. **Expenses** – Fixed expenses can be accurately forecasted and controlled. Variable expenses should be justified by the potential for revenue generation.
- ii. **Revenues** – Revenues can be enhanced by making the aggressive pursuit of new revenue a priority. Strategy of locking in users, including the USOC, to long term commitments for facility utilization will stabilize the business.
- iii. **Capital Projects** – Net revenues from operations will likely not generate sufficient funds for building new capital projects. Additional sources of funds will be necessary to develop new capital improvements.

D. Key Factors for Enhanced Economic Success

- i. **Housing**
 - a. More On-Site Housing
 - b. Contracted Off-Site Apartments
 - c. Access to Local Hotels
- ii. **Facilities/Services**
 - a. Enhanced Dining, Retail and Concession Opportunities
 - b. Aquatic Training/Pool
 - c. Expanded Strength and Conditioning
 - d. Available Sports Medicine

4. CONCEPTUAL DEAL STRUCTURE



4. CONCEPTUAL DEAL STRUCTURE



A. Assumptions

- i. City desires to continue, secure and promote Olympic athlete training at CVOTC.
- ii. CVOTC has significant short term and long term value to Chula Vista and the region.
- iii. USOC desires to explore operating models that transfer the ownership of CVOTC.
- iv. USOC offered City first opportunity to explore assuming operating responsibility of CVOTC.
- v. USOC requires that any operating model must provide highest quality of care for athletes.

B. Conclusions

- i. USOC must remain a foundational partner/lessee at CVOTC.
- ii. CVOTC must adjust pricing and regulations for more commercial and international use.
- iii. New operating model must maximize incremental revenue from outside sources and events.
- iv. New operating model must be a catalyst for enhanced revenue generation.

4. CONCEPTUAL DEAL STRUCTURE



C. Parties Responsibilities

i. US Olympic Committee

- a. Transfers ownership of CVOTC to City.
- b. Guarantees annual lease of rooms at CVOTC for a predetermined period of time.
- c. Agrees to promote Olympic and Paralympic training by NGB's for daily use of CVOTC.
- d. Agrees to allow and promote international utilization of CVOTC.

ii. City of Chula Vista

- a. Takes operational and financial responsibility for CVOTC.
- b. Creates or selects an operating entity to effectively manage CVOTC.

iii. Chula Vista Olympic Training Center/Site Operator

- a. Provides world class facilities, services and support for Olympic and Paralympic athletes.
- b. Generates revenue by utilizing CVOTC for special events and programs.
- c. Implements funded capital projects that enhance high performance capabilities of CVOTC .

4. CONCEPTUAL DEAL STRUCTURE



D. Conceptual Financial Model

REVENUE	
Guaranteed Revenue: 133 beds leased on 5 year term with 5 year option	
»USOC: 75 beds at \$90 per day X 365 days =	\$2,460,000
»International (IOC/PASO): 58 beds at \$125 per day X 365 days =	\$2,650,000
Daily Use Revenue: High Performance	
»USOC/NGB: 1,500 users at \$30 per day =	\$450,000
»International (IOC/PASO): 750 users at \$45 per day =	\$337,500
Other Revenue	
»Outside Users	\$250,000
»Sponsorship	\$100,000
»Events	\$50,000
Total Revenue	\$6,300,000

EXPENSES	
Ongoing Expenses (based on applicable current expenses)	
»Facilities Management	\$1,984,218
»Program & Operations	\$1,057,398
»Transportation	\$14,613
»Food & Dining	\$1,716,755
»Sports Venues	\$282,585
»Housing	\$139,779
»Deferred Maintenance	\$103,169
»Other Allocations	\$605,801
Total Expenses	\$5,904,317

5. MEMORANDUM OF UNDERSTANDING



5. MEMORANDUM OF UNDERSTANDING



A. Purpose

- i. The general purposes of the MOU are to set forth preliminary terms and conditions for the transfer of ownership and operations of the CVOTC from USOC to City and to establish a framework for creating final terms and conditions for such transfer to be formalized in an Agreement.

B. Terms and Conditions

- i. Conveyance – USOC shall convey all right, title and interest in the CVOTC to the City for a payment of \$1.00. The date of transfer shall be no later than 12/31/2016.
- ii. City Review and Approval of Condition of CVOTC – City shall review and approve all Due Diligence Materials provided by the USOC to confirm the physical, financial and legal condition of the CVOTC.
- iii. Third Party Approvals – Parties will cooperate in identifying and securing any third party approvals necessary.
- iv. Commitments Regarding Operations
 - a. Core Operations - City shall agree to maintain and operate the CVOTC in a manner consistent with the USOC Elite Athlete Standards for so long as USOC complies with its minimum CVOTC usage obligations.
 - b. Additional Operations - CVOTC facilities other than those necessary to support elite athlete use may be maintained, operated and provided by City to third party users as City deems appropriate.
 - c. USOC Continued Operation/Control of Certain Facilities
 1. Sports Medicine – USOC shall continue to provide staffing for and operate at its sole cost the following Sports Medicine Facilities: Sports Medicine Clinic, Sport Physiology Lab, certain USOC Sport Performance office spaces.
 2. High Altitude Dorm Rooms - USOC shall be granted priority access to dorm rooms 421, 422, 423, 424 and the altitude controls.
 3. USOC Sponsored Store - USOC may, at its sole expense, continue to operate the existing USOC sponsored retail store. All store revenues will continue to go to the USOC, with terms to be negotiated for possible sharing of material increases in net revenues.
 - d. Sponsors - USOC Sponsors shall be given priority consideration for naming and sponsorship rights for facilities and signage within CVOTC.
 - e. Concessions - USOC Sponsors shall be given priority consideration as concessionaires for CVOTC, food, beverage and other retail services.

5. MEMORANDUM OF UNDERSTANDING



- v. USOC Minimum Usage Commitment
 - a. In General – For a period of 4 years, USOC will make use of by qualified elite athletes, coaches, and trainers, a negotiated amount of full access to (1) CVOTC housing complex, (2) CVOTC Core facilities and services, and/or (3) Specialized facilities and support services.
 - b. Minimum Annual Payment – USOC shall make a minimum annual payment to the City each year in the amount of \$3,000,000.
 - c. Possible Extension of Term – Contract extension negotiations shall commence no later than 18 months prior to the 4 year term expiration.
- vi. Development of an Economically Viable Business Plan - USOC agrees to cooperate with City’s development of a business plan which provides for high quality, economically sustainable operations of the CVOTC after the transfer.
- vii. Assignment of Contracts - City shall assume all rights and obligations under the existing service contracts and other agreements related to CVOTC operations that extend beyond the transfer date.
- viii. City Management and Financial Responsibility - Upon the transfer, City shall have full authority to operate the CVOTC and full responsibility for all costs associated with CVOTC operations.
- ix. Assignment Authority - City shall have the right to assign all or a portion of its duties to a non-profit entity formed by the City, or to a qualified third party operator, subject to USOC’s approval.
- x. Modifications or Sale of Facilities - City shall consult with USOC prior to any proposed material modifications or disposition of any portion of the CVOTC. Modifications that reduce the quality of or access to the facilities, shall entitle USOC to a reduced annual payment. If City sells any CVOTC facility to a third party prior to 2025, USOC shall share in the net proceeds.
- xi. Other Provisions - The Agreement shall include other terms and conditions typical to such agreements, including provisions for indemnification, insurance, dispute resolution, and remedies for non-performance.\

C. Exhibits

- i. A) Parcel Maps; B) Facilities Description; C) Elite Athlete Standards; D) Existing Supplier/Service Contracts; E) USOC Minimum Usage Commitment.

6. NEXT STEPS - TURNOVER ROADMAP



6. NEXT STEPS - TURNOVER ROADMAP



A. Community Outreach

- i. Communicate with Stakeholders
- ii. Hold Community Forums to Gather Public Input

B. Definitive Agreement Drafting and Execution

- i. Expanded Terms from MOU
- ii. Operating Details
- iii. Financial Terms

C. Financial Model

- i. Revenue Projections
- ii. Expense Estimates

6. NEXT STEPS - TURNOVER ROADMAP



C. Business Plan Development

- i. USOC Utilization and Commitment
- ii. NGB Utilization and Commitment
- iii. Other High Performance Training
 - a. NGB Endorsed
 - b. Private Entities
 - c. International
- iv. Special Events
- v. Camps
- vi. Tours

D. Operating Entity Evaluation and Selection

- i. Potential Operating Partner Profiles
- ii. Solicitation of Interested Parties
- iii. Selection Process
- iv. Deal Negotiation and Execution

E. Transition Date Established and Transition Implemented

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