Report to Economic Development Subcommittee

TO:	Economic Development Subcommittee
FROM:	Kyle Warsinski, Economic Development Director
AGENDA DATE:	October 13, 2026
TITLE:	SPORTS COMPLEX FEASIBILITY ANALYSIS FUNDING REQUEST

RECOMMENDATION

Staff recommends the Economic Development Subcommittee:

1. Receive and file this report; and
2. Provide direction to staff on whether to present the funding request to conduct a Market Opportunity Analysis and Financial Feasibility Assessment for a potential regional sports complex project, in an amount not to exceed $100,000 plus travel expenses, to City Council for consideration at a future meeting; and
3. If appropriate, identify a proposed City Council meeting date for consideration of the request.

PURPOSE

To provide an update on the City's discussions with Sports Facilities Development, LLC regarding a potential regional sports complex and to consider a request to fund market and financial feasibility studies for the project.

BACKGROUND

In 2026, the City issued a Request for Proposals (RFP) seeking concepts for a regional sports complex in Moreno Valley.

Following review of the proposals received, the City Council approved a Memorandum of Understanding (MOU) with Sports Facilities Development, LLC (SFD) in June 2026. The MOU authorized a twelve-month period of exclusive discussions to explore the feasibility

of a sports complex project, including potential locations, facility programming, market demand, and partnership opportunities.

The MOU did not commit any City funding and specified that any future studies, agreements, or funding requests would require separate City Council consideration and approval.

Since execution of the MOU, City staff and SFD have worked together to evaluate the potential for a regional sports complex that could serve Moreno Valley residents while also attracting tournaments, visitors, and related economic activity.

DISCUSSION

As a result of the preliminary discussions completed under the MOU, SFD has recommended that the City complete a market and financial feasibility analysis to better understand the demand for a regional sports complex, the type of facility that would be most successful in Moreno Valley, and the potential economic impacts of such a project.

To complete this work, SFD has submitted a proposal for a two-phase feasibility analysis totaling $100,000, plus travel expenses.

The proposed work would include:

Phase I - Market Opportunity Analysis - Cost: $35,000

Phase I would evaluate market demand, participation trends, competing facilities, and potential facility programming opportunities. The analysis would help determine the type and scale of a sports complex that could be supported in Moreno Valley.

Deliverables would include a Market Opportunity Report containing:

- Business model recommendations
- Market and demographic analysis
- Competitive facility assessment
- Recommended facility programming
- Preliminary construction cost estimates
- Comparable facility performance benchmarks
- Recommended next steps

Following completion of Phase I, the City would have an opportunity to review findings before proceeding to the financial feasibility phase.

Phase II - Financial Feasibility Assessment - Cost: $65,000

Phase II would build upon the findings from Phase I and provide a detailed analysis of the project's long-term financial performance and economic impact.

Deliverables would include:

- Five-year financial pro forma
- Twenty-year financial outlook
- Construction and startup cost projections
- Revenue and operating expense forecasts
- Facility utilization projections
- Management and staffing assumptions
- Economic impact analysis
- Visitor spending projections
- Hotel room night generation estimates
- Comprehensive Feasibility Report

Phase II represents the larger share of the proposed budget because it includes detailed financial modeling, economic impact analysis, and preparation of the final feasibility report. The completed analysis would provide the City with information regarding market demand, facility programming, financial sustainability, economic impact, and overall project viability. This information would help inform future decisions related to project implementation, site selection, funding opportunities, and potential partnership structures.

Completion of the proposed analysis would not constitute approval of a project, project site, funding plan, or development agreement. Rather, the study would provide additional information for City Council consideration regarding potential next steps.

Should the Subcommittee support the funding request, staff would return to the City Council seeking authorization to enter into a Professional Services Agreement with SFD.

ATTACHMENTS

1. Sports Facilities Development Proposal and Scope of Services

Prepared By: Melissa McClain, Economic Development Manager

Approved By: Kyle Warsinski, Economic Development Director

ATTACHMENT "1"

SF COMPANIES | SCOPE OF SERVICES

PHASE I | MARKET OPPORTUNITY ANALYSIS

In Phase I, Consultant will work with the Client to expand on the vision, define the parameters of the project, and refine the plan that provides the Client with the most likely path forward. Upon completion of Phase I, the Client will have a detailed understanding of:

- The business model that best meets the Client's definitions of success
- The market your facility will serve, including characteristics of potential customers, participation rates for featured activities, and the competition the facility will face
- The facility program (spaces and sizes) that best meets the vision, capitalizes on opportunities, and mitigates challenges
- The cost of constructing the recommended facility
- Performance of comparable facilities based on national industry benchmarks

Step 1: Project Kick-Off Meeting

In this step, Consultant will set up an initial virtual meeting with the Client's team to cover six topics that allow the Consultant's team to begin its work. Those topics are:

- Introductions
- Project History
- Existing Data
- Potential Partners and Stakeholders
- Key Dates for the Project
- Other Questions & Answers

Step 2: Existing Data Review & Market Analysis

In this step, Consultant will review any existing data, documentation, and/or resources provided related to the project. Consultant will then conduct preliminary market research, which will encompass demographics, sports participation in the region, and an analysis of existing service providers (competition). This information will be utilized and delivered in the report outlined in

Step 3: Remote Development Planning Session (DPS)

The DPS is a "deep-dive" planning and strategy session that will focus on defining success and refining the vision, value propositions, financial resources and core competencies, products and services, strategic alliances, and financial success metrics. During the DPS, Consultant will also share data from its preliminary market assessment, including key demographic and socioeconomic factors, participation rates, and other market insights. This will be held via a teleconference via Zoom meeting.

THE SPORTS FACILITIES COMPANIES

Step 4: Market Opportunity and Recommended Facility Report

To culminate Phase I, Consultant will prepare an executive summary-level report that outlines the Client's opportunity based on the work completed in Steps 1-3 and additional analysis based on Consultant's expertise in the industry. The report will feature five sections:

1. Business Model Overview – definitions of success and business model insights
2. Market Overview - demographics and socioeconomics, participation rates, and competition
3. Facility Overview – facility program (sizes and spaces) and cost of construction
4. Performance Expectations – high-level financial performance ranges based on market factors and national industry benchmarks
5. Conclusion and Next Steps

Pause for Review and Evaluation

PHASE II | FINANCIAL FEASIBILITY ASSESSMENT

In Phase II, Consultant will build off of the work completed in Phase I to develop the full assessment of financial feasibility for the Client's project. Upon completion of Phase II, the Client will have a detailed understanding of:

- The full cost of development, including construction and operational start-up costs
- The detailed five-year financial performance of the facility
- The 20-year financial outlook for the facility
- The detailed five-year economic impact of the facility
- The 20-year economic impact outlook for the facility
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Step 1: Kick-Off Meeting

In this step, Consultant will set up a virtual meeting to discuss any updates since the completion of Phase I and to discuss the process and timing for Phase II.

Step 2: Detailed Financial Forecast (Pro Forma)

In this step, Consultant will complete more in-depth research/analysis to produce a 5-year cash flow forecast and 20-year financial outlook. Consultant's pro forma documents are detailed, institutional-grade financial forecasts used to support decision-making and financing.
The pro forma will provide insight into the financial potential of the project and will include projections related to construction and start-up costs, revenues/expenses by product/program, EBITDA, net income, facility utilization, and more.
The pro forma will provide the Client with detailed financial projections related to and based on:

- The ideal business model
- Realistic and/or recommended debt-to-equity mix and debt service
- Right-sized program spaces and space requirements
- Construction and start-up costs based on recent, comparable projects
- Recommended parking
- Revenue by product/program
- Direct/variable costs (Cost of Goods Sold)
- Facility and operating expenses

- Management and staffing model
- Utilization Projections

Step 3: Economic Impact Analysis

In this step, Consultant will project the economic impact of the facility on an annual basis. Economic impact is defined as new off-site spending that will occur in the market as a result of tournaments and events held at the facility. This information is used to project economic activity from out-of-town visitors who would not be in the market but for the events that will be held at the facility.

The results, primarily quantified as room nights generated and direct spending, are used by elected officials and private developers alike to understand the impact that the venue will have on the lodging, dining, retail, entertainment, and transportation industries as well as on the tax base of the municipalities that benefit from new spending.

Consultant's economic impact projections are developed based on projections for tournaments and events throughout the pro forma and reflective of several key drivers of economic impact, including:

- Number of Events
- Number of Teams
- Number of Participants
- Number of Affiliated Spectators
- Percent of Participants and Affiliated Spectators from Out of Town
- Length of Stay
- Average Daily Rate (ADR)
- Average Daily Expenditures (ADE)

Step 4: Feasibility Report

In this step, Consultant will produce a detailed Feasibility report for the project. The Feasibility Report will feature the following sections:

- Executive Summary
- Market Overview
- Facility Overview
- Programs, Products, and Services
- Financial Performance Overview
- Conclusion and Next Steps

Price for Above Scope: $100,000 + Travel