



Economics Research Associates

Final Report
Market and Financial Feasibility
Study and Economic Impact
Analysis for Proposed Baseball
Stadium

York County, Pennsylvania

Prepared for
York Outdoor Recreation Complex
Committee

Submitted by
Economics Research Associates
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GENERAL LIMITING CONDITIONS

Every reasonable effort has been made to ensure that the data contained in this study reflect the most accurate and timely information possible, and they are believed to be reliable. This study is based on estimates, assumptions and other information developed by Economics Research Associates from its independent research effort, general knowledge of the industry and consultations with the client and the client's representatives. No responsibility is assumed for inaccuracies in reporting by the client, the client's agent and representatives or any other data source used in preparing or presenting this study.

This report is based on information that was current as of March 2005 and Economics Research Associates has not undertaken any update of its research effort since such date .

No warranty or representation is made by Economics Research Associates that any of the projected values or results contained in this study will actually be achieved.

Possession of this study does not carry with it the right of publication thereof or to use the name of "Economics Research Associates" in any manner without first obtaining the prior written consent of Economics Research Associates. No abstracting, excerpting or summarization of this study may be made without first obtaining the prior written consent of Economics Research Associates. This report is not to be used in conjunction with any public or private offering of securities or other similar purpose where it may be relied upon to any degree by any person other than the client without first obtaining the prior written consent of Economics Research Associates. This study may not be used for purposes other than that for which it is prepared or for which prior written consent has first been obtained from Economics Research Associates.

This study is qualified in its entirety by, and should be considered in light of, these limitations, conditions and considerations.

1. Executive Summary

York Outdoor Recreation Complex Committee (YORCC) has retained Economics Research Associates (ERA) to prepare a third-party feasibility analysis and economic impact for the proposed 6,000-seat baseball stadium to be located in York, Pennsylvania.

Based on our conversations, it is our understanding that you have targeted an Atlantic League franchise to be your anchor tenant, and that is our working assumption throughout this analysis. It should be noted, however, that a formal agreement has not been signed with the respective league, or Keystone Baseball, to date.

Keystone Baseball has been a leader in Minor League Baseball since 1982. In 2004, the organization became part owner of the minor league teams in Camden, New Jersey and Nashua, New Hampshire. Currently, Keystone Baseball is preparing to open a new team in Lancaster, Pennsylvania and is working with Charles County, Maryland and York, Pennsylvania on possible new teams for 2006 and 2007.

York County and Regional Demographics

According to the YORCC, in addition to serving residents of York, the proposed baseball stadium aims to provide benefits to all of York County, and beyond. For this reason, ERA has looked at the demographic characteristics on a county level.

From 1990 to 2000, York County saw an increase in population from 339,600 to 381,800. The 2000 Census further indicates that York County is the fastest growing county in the state of Pennsylvania on a per person basis. It was the one metropolitan statistical area in Pennsylvania that grew in its population of the critical group of 25 to 34 year olds from 1990 to 2000. To retain and attract this key demographic of people who are presumably putting down roots – buying homes, starting families and buying big ticket items – York County public and private decision makers need to consider new recreation and entertainment offerings in order to remain competitive.

Since the 2000 Census, the County population has seen consistent levels of growth, with an estimated population of approximately 394,600 in 2003. Household growth in York County has been similar, growing from 128,800 in 1990 to just under 148,300 in 2000. In 2003, York County had an estimated 154,100 households. Average household size in 2003 was about 2.5 persons per household.

York County is a relatively affluent community. The County's median household income stood at just under \$52,000 in 2003, slightly higher than the national average of \$50,409.

York is predominantly White in composition, with approximately 92 percent of the population classifying themselves as "White" in 2003. The "Hispanic" population is expected to grow most rapidly at an average annual growth rate of almost 6 percent. The "Other" populations are also growing rapidly at annual rates of approximately 5.7 percent. In general, the racial composition of York County residents will remain relatively the same over the next five years.

Local Residential Market

ERA used geographic information systems (GIS) software in order to calculate and project all demographic and socioeconomic data presented above. The software program, called ESRI Business Information Solutions, uses US Census Bureau data to project demographics for 2003 and 2008.

According to ESRI BIS data, the market area within 10 miles of the proposed site in York has a population of over 233,200. The 15- and 25-mile U.S. markets have populations of approximately 353,500 and 1.06 million, respectively. Projection figures indicate that population growth will remain moderate in all three markets. In 2008, population in the 10-mile market is expected to increase by approximately 4.0 percent, at an average annual rate of 0.92 percent, to just over 244,100. The 15- and 25-mile markets will grow at similar rates of 4.8 percent (0.94 percent annually) and 3.9 percent (0.76 percent annually), respectively.

The proposed stadium is expected to draw residents from throughout York County. Moreover, in the case of York County, standard ring analyses may not be the most accurate measure of available markets because of the elongated effect resulting from the high speed arterials that run through York.

In addition to analyzing the demographics in the 10-, 15- and 25-mile markets surrounding the York site, then, we have also extracted population and associated demographics from a polygon-shaped figure that we drew to account for the regional draw of the proposed stadium in York.

We have used our in-house geographic information systems software to create a polygon that:

- runs along the Susquehanna River to the Northeast;
- stretches half way between Harrisburg and York on the North side;
- falls just shy of the Maryland border on the South end;
- and stretches out to Hanover on the Southwest end.

In miles from the proposed York site, the polygon stretches 13 miles to the North, 13 miles to the South, 17 miles to the West, and 17 miles to East.

This boundary is in no means what we consider to be the only market for the proposed stadium; rather, it represents what we consider to be the “primary” market for the proposed stadium.

Based on data from our in-house geographic information systems software, the population of this expanded regional market is estimated at 339,900 for 2003, accounting for just over 133,800 households. The median household income of residents within this regional market is just under \$50,000 in 2003.

Atlantic League Markets

In comparing York’s demographics to the other franchises within the Atlantic League (comparison within a 15-mile radius of the respective stadiums), the York market ranks below average in population (353,500 to 1.36 million), in number of households (138,400 to 517,000); and in household income (\$50,400 to \$63,100). Even when the markets with the highest and

lowest demographic figures are excluded from the analysis, York still falls below average. Still, York is still comparable in terms of demographics to Lancaster, PA (home of the Lancaster Barnstormers).

It should be noted that most of the other Atlantic League markets have more than one sports franchise to support in their local area. Currently, the York marketplace does not have any existing sports facilities that would serve as competition to the proposed stadium.

Currently, seating inventory in the Atlantic League market area averages more than 109,400, bringing the average population per seat ratio to about 39.2. If the proposed stadium were to be added to the inventory in York, the average population per seat ratio in York would be nearly 59.0, bringing the total population per seat ratio in Atlantic League market areas (including York) to 41.2. The population per seat ratio in York also remains above the ratio experienced in other Atlantic League markets in the case that the population within the previously mentioned “artificial” boundary is used (at 57.0).

Competitive Sports Venues

There are several competitive stadiums surrounding the proposed site in York. Venues similar to that which has been proposed in York currently exist in cities such as Lancaster (currently in the process of completing construction; scheduled to open in May 2005), Harrisburg, Baltimore, Reading, Aberdeen and Frederick. Many of these venues would likely serve as direct competition to a stadium in York. These competitive stadiums is one of the primary reasons for analyzing the demographics within the polygon-shaped figure previously discussed.

Table 1-1
Competitive Stadiums

City	Venue	Tenant	Miles from York
Lancaster	Clipper Magazine Stadium	Lancaster Barnstormers	26
Harrisburg	Commerce Bank Ball Park	Harrisburg Senators	36
Reading	FirstEnergy Stadium	Reading Phillies	55
Aberdeen	Ripken Stadium	Aberdeen IronBirds	58
Baltimore	Oriole Park at Camden Yards	Baltimore Orioles	65
Frederick	Harry Grove Stadium	Frederick Keys	91

Sources: 2004 Revenues from Sports Venues and Economics Research Associates

Stadium Size

It is our understanding that the stadium is planned as follows:

- Approximately 6,000 seats
- Approximately 20 suites (12 seats per suite)
- Stadium club area
- Meeting rooms

- Large production kitchen
- Team offices
- Administrative offices
- Team store
- Locker rooms
- Auxiliary dressing rooms
- Trainers' room
- Kids Zone

Financial Results

It is our understanding that Keystone Baseball has offered to contribute \$8.0 million to the proposed project (from stadium revenues – i.e., contractually obligated income (COI)). For the purposes of this analysis, we have included this contribution as an annual payment over 20 years (or \$400,000 annually). We have reviewed Keystone Baseball's operating assumptions for the proposed stadium and have made adjustments.

For the purposes of the financial portion of this analysis, we have illustrated total dollars available before debt service and have computed available dollars after the \$8.0 million contribution is made to the project.

We have also concentrated on the baseball events and have assumed some revenues (tickets, concessions, etc.) for other annual events. These events could include concerts, other sports (revenue and non-revenue based), and miscellaneous events (also revenue and non-revenue based).

The estimated total baseball gate attendance (paid plus complimentary less no-shows) is as follows:

Year 1 – 267,330
Year 2 – 229,777
Year 3 – 217,018
Year 4 – 210,507
Year 5 – 210,507

Note: Baseball franchise attendance is assumed to stabilize at approximately 89 percent of the year 1 attendance in the fourth year of operation.

The base case cash flow model developed for the proposed stadium utilizes assumptions that were developed based on our review of the market, surveys with comparable stadiums, our internal data base, review of the Keystone Baseball business plan, discussion with local business leaders, discussions with City officials, among others. Although these assumptions appear reasonable based on the current and anticipated market conditions, actual results depend on the actions of management and other factors both internal and external to the project, which frequently vary. It is important to note that because events and circumstances may not occur as expected, there may be substantial significant differences between the actual results and those estimated in this analysis. Table 1-2 provides cash flow summaries for the proposed York Ballpark for the first five years of operation.

**Table 1-2
Base Case – Proposed York Ballpark**

	Year				
<i>Stadium Related Revenue</i>	1	2	3	4	5
Gate Receipts (net)	\$1,627,300	\$1,585,240	\$1,576,268	\$1,567,348	\$1,605,907
Concessions (net)	952,239	844,883	819,515	815,090	834,217
Novelties (net)	120,299	105,984	102,602	102,012	104,562
Parking (ticket service charge)	128,800	125,458	124,746	124,037	127,100
Naming Rights (net)	250,000	230,000	235,000	240,000	247,500
Luxury Suites	500,000	500,000	500,000	500,000	500,000
Advertising (net)	700,000	717,500	735,438	753,823	772,669
Total Stadium Revenue	\$4,278,637	\$4,109,065	\$4,093,568	\$4,102,311	\$4,191,956
<i>Baseball Stadium Expense</i>					
Salaries and Benefits	\$450,000	\$461,250	\$472,781	\$484,601	\$496,716
Utility Expenses	200,000	205,000	210,125	215,378	220,763
Other Stadium Operating Expenses	575,000	589,375	604,109	619,212	634,692
Property Taxes	80,000	80,000	80,000	80,000	80,000
Non Recoverable Event-Related Expenses	192,500	197,313	202,245	207,301	212,484
Capital Replacement Reserve	<u>120,000</u>	<u>123,000</u>	<u>126,075</u>	<u>129,227</u>	<u>132,458</u>
Total Baseball Stadium Expense	\$1,617,500	\$1,655,938	\$1,695,336	\$1,735,719	\$1,777,112
<i>Baseball Franchise Expense</i>					
Team Salaries and Benefits	\$633,000	\$648,825	\$665,046	\$681,672	\$698,714
Stadium Rent	150,000	150,000	150,000	150,000	150,000
Equipment	50,000	51,250	52,531	53,845	55,191
Travel	105,000	107,625	110,316	113,074	115,900
Marketing	360,000	369,000	378,225	387,681	397,373
Dues	55,000	56,375	57,784	59,229	60,710
Miscellaneous	<u>100,000</u>	<u>102,500</u>	<u>105,063</u>	<u>107,689</u>	<u>110,381</u>
Total Franchise Expense	\$1,453,000	\$1,485,575	\$1,518,964	\$1,553,188	\$1,588,268
Total Expenses	\$3,070,500	\$3,141,513	\$3,214,300	\$3,288,908	\$3,365,381
TOTAL NET OPERATING REVENUES	\$1,208,137	\$967,553	\$879,268	\$813,403	\$826,576
Less: \$8.0 million over 20 years	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
TOTAL NET OPERATING INCOME After \$8.0 Million Contribution	\$808,137	\$567,553	\$479,268	\$413,403	\$426,576

Source: Economics Research Associates.

Break Even Analysis

ERA has completed a break even analysis in order to determine the minimum level of attendance that would be needed for the project financially to continue its operations. With all assumptions kept constant as stated in the Base Case cash flow illustrated in Table 1-2, the total net operating income after the proposed \$8.0 million dollar contribution (annualized for purposes of this analysis) equals approximately \$0 (or break even), when the per game paid attendance is reduced to approximately 2,800 or 188,000 annually.

Economic Impact Analysis

ERA also looked at the economic impact of the proposed 6,000-seat stadium on York County. Construction of the stadium is expected to generate approximately \$3.7 million in earnings to households, which would support approximately 102 full-time equivalent positions over the course of the entire construction period. Additional indirect economic impacts bring the total impact of development to more than \$23.4 million in total output for York County.

The total annual impact of operations is expected to generate approximately \$5.9 million in output, which is associated with \$2.3 million in earnings and 124 FTE jobs. Off-site spending will generate an additional \$1.5 million in output, of which \$428,000 is expected to be in the form of earnings. Off-site spending will spur an additional 19 FTE jobs.

An overview of the one-time construction impact and the annual operations impact that result from the development of the proposed 6,000-seat stadium in York are provided in Table 1-3.

Table 1-3
Total Economic Impact to York County

(\$000's)	Direct Impact			Indirect Impact			Total Impact		
	Output	Earnings	Jobs	Output	Earnings	Jobs	Output	Earnings	Jobs
STADIUM CONSTRUCTION	\$13,087	\$3,697	102	\$10,289	\$2,904	80	\$23,376	\$6,602	182
ANNUAL IMPACTS									
STADIUM OPERATIONS (ANNUAL)	\$2,758	\$1,343	89	\$3,136	\$918	36	\$5,894	\$2,261	124
OFF SITE SPENDING (ANNUAL)	\$941	\$263	14	\$590	\$165	5	\$1,531	\$428	19
TOTAL ANNUAL IMPACTS	\$3,699	\$1,606	103	\$3,727	\$1,083	41	\$7,426	\$2,689	144
TOTAL ECONOMIC IMPACT	\$16,786	\$5,304	205	\$14,016	\$3,987	121	\$30,802	\$9,291	326

Source: Economics Research Associates

Major Development Issues

Below is a brief listing of some major development issues associated with the proposed stadium in York:

- Competition from Lancaster (may be positive or negative)
- Parking
- Project funding
- Public sector participation
- Community support
- Corporate support
- Selection of a site

Summary Conclusion

The Atlantic League is one of the, if not the, premier independent baseball leagues in the United States. Average Atlantic League per game attendance has been between 3,500 and 4,000 attendees (similar to the attendance projections noted within this analysis) for the past three years. A large majority of the Atlantic League franchises play in newer “state-of-the art” stadiums, which among other things indicates confidence in the league by other municipalities. York’s neighboring City of Lancaster is planning to open its new stadium in May 2005 to be the home to its new Atlantic League franchise.

Being economically feasible is truly in the eye of the reader and/or decision maker(s). Having said that, however, based on the market and financial feasibility study, coupled with the accompanying economic impact analysis, it appears that this project would be a positive for the York community.

Based on the way that the proposed stadium project is to be financed (\$12.0 million from the State of Pennsylvania, \$8.0 million from Keystone Baseball in the form of contractually obligated income (COI)), the financial shortfall does not appear to be that large when one would take into account the projected \$400,000 to \$800,000 annual net operating income, and the total annual economic impact of operations is expected to generate approximately \$5.9 million in output, which is associated with \$2.3 million in earnings and 124 FTE jobs. These impacts do not take into account any future development in the vicinity of the proposed stadium that the proposed stadium would “spin-off.”

2. Introduction and Scope of Services

Introduction

York Outdoor Recreation Complex Committee (YORCC) has retained Economics Research Associates (ERA) to prepare a third-party feasibility analysis and economic impact for the proposed 6,000-seat baseball to be located in York, Pennsylvania.

Based on our conversations, it is our understanding that you have targeted an Atlantic League franchise to be your anchor tenant, and that is our working assumption throughout this analysis. It should be noted, however, that a formal agreement has not been signed with the respective league, or Keystone Baseball, to date.

Keystone Baseball has been a leader in Minor League Baseball since 1982. In 2004, the organization became part owner of the minor league teams in Camden, New Jersey and Nashua, New Hampshire. Currently, Keystone Baseball is preparing to open a new team in Lancaster, Pennsylvania and is working with Charles County, Maryland and York, Pennsylvania on possible new teams for 2006 and 2007.

In addition, Keystone has owned and operated minor league teams including Baltimore Orioles farm clubs in Hagerstown, Frederick, Bowie and Salisbury, the Montreal Expos' Class-A affiliate in Delmarva, Maryland and the Houston Astro's Triple-A affiliate in New Orleans, Louisiana. Keystone has also assisted in the sale and purchase of teams and has advised and consulted with clients world-wide.

It is our understanding that Keystone Baseball has offered to contribute \$8.0 million to the proposed project (from stadium revenues – i.e., contractually obligated income, (COI)). For the purposes of this analysis, we have included this contribution as an annual payment over 20 years (or \$400,000 annually).

This report is divided into the following seven sections:

1. Executive Summary
2. Introduction and Scope of Services
3. York, Pennsylvania Overview
4. Potential Anchor League / Tenant Overview
5. Stadium Size / Components
6. Financial Analysis - Base Case Cash Flow
7. Economic Impact

The 'Base Case' cash flow discussed throughout this report is a 3rd party analysis. It should be noted that we have reviewed, on a confidential basis, Keystone Baseball's business plan and have had conversations with Keystone representatives regarding the stadium's financial performance.

For the purposes of the financial portion of this analysis, we have illustrated total dollars available before debt service and have computed available dollars after the \$8.0 million contribution is made to the project.

The cooperation of YORCC, members of the City and County of York, Keystone Baseball and others has allowed this analysis to be completed in the expedited manner in which it was requested.

Scope of Services

Our tasks in this feasibility analysis include:

- Market Analysis
- Financial Analysis
- Economic Impact Analysis

Market Area Analysis

The market feasibility of the proposed York County stadium was determined by a number of factors. ERA analyzed several of these determinants, including:

- Atlantic League Overview
- York Marketplace
- Planned and Proposed York Developments
- Competitive Venue Analysis
- Atlantic League Market Analysis
- Potential Tenants

Comparable Stadium Facilities

The *Market Analysis* section presented in this report is intended to estimate the regional need and opportunity for the proposed York County stadium. The major tasks completed in conjunction with this phase include the following:

- Interviewed several of the City's key personnel
- Interviewed project stakeholders
- Conducted interviews with business leaders in the York marketplace
- Conducted interviews with and obtained information from Atlantic League representatives
- Reviewed key market and demographic information, as well as statistical information regarding team and stadium operating characteristics, provided by the following sources:
 - Claritas, Inc.
 - ESRI Business Information Solutions (BIS)
 - Comparable Stadium Operating Budgets/Statements
 - Comparable Market Area Chamber of Commerce Publications
 - Association of Luxury Suite Directors
 - AudArena Stadium 2004 International Guide

- The 2004-2005 National Directory of College Athletics
- Team Marketing Report
- The Sports Business Directory
- Amusement Business
- Various Sports Franchises
- Various League Media
- The Sports Business Daily
- Street and Smith's Sports Business Journal
- Dun and Bradstreet
- Revenues from Sports Venues
- York County Chamber of Commerce
- York County Economic Development Corporation
- Various League Data via the Internet

Project Size/Amenity Conclusions

ERA provided general conclusions for the estimated number of users for years 1 through 5. Based on the information presented in this analysis, we developed a mix of physical parameters and amenities for the proposed York County baseball stadium that we believe the community in and around York would/could support.

Financial Analysis

We evaluated the financial feasibility ("Base Case") of the proposed York County baseball stadium. Based on our market analysis, survey of comparable facilities, review of Keystone Baseball's business plan, interviews with officials and community representatives and in-house database, we estimated the key operating variables and assumptions to be incorporated into a cash flow model developed specifically for this project. The cash flow model provides an estimate of the proposed stadium's operating gross revenues and the surplus/deficit after operating expenses before debt service. The major tasks associated with this phase included the following:

- Identified comparable stadiums located in the United States based on size, year built, major tenants, operating profile, and/or primary market area population. ERA interviewed representatives from these stadiums to obtain detailed historical operating information.
- Reviewed and utilized ERA's internal database of operating revenues and expenses for comparable stadiums.
- Estimated major direct revenue items for the proposed York County baseball stadium including:
 - Number and type of events
 - Rental terms and policies
 - Average ticket prices
 - Ticket surcharge
 - Premium seating (luxury suites and club seating)

- Naming rights
 - Advertising
 - Concessions/Novelties
 - Parking
 - Ticket Distributor
 - Reimbursable revenues
- Estimated major operating costs (stadium and franchise) for the proposed York County baseball stadium including:
 - Event-related expenses
 - Salaries and wages (full- and part-time)
 - Employee benefits
 - Utilities
 - Non-recoverable event expenses
 - Management expenses
 - Capital replacement reserve
 - Other
 - Developed a base case operating cash flow for the proposed York County baseball stadium.

Economic Impact Analysis

Based on the findings in the market and financial analysis herein, we estimated the potential annual economic impact of stadium operations as well as the one-time construction impacts. It should be noted that this analysis is based on stadium attendees only and does not take into account any potential new development surrounding or near the proposed stadium. We computed the following impacts:

- Direct Economic Impacts
- Indirect Economic Impacts
- Total Annual Impacts

3. York County Overview

York County

York, Pennsylvania is located in York County approximately 65 miles north of Baltimore in southern Pennsylvania. Since 1990, the City of York's population has decreased slightly from 42,200 to just under 41,000. In the same time, York County saw an increase in population from 339,600 to 381,800. Since then, the County population has seen modest levels of growth, with an estimated population of approximately 394,600 in 2003.

The City of York represents a unique marketplace due to its independent, suburban orientation. In other words, residents are not overwhelmed by the various entertainment and meeting venues typically available in large cities. The lack of competing entertainment and meeting venues in York and the surrounding areas may lend to the success of a proposed baseball stadium within the City's jurisdiction.

Residents and visitors to the area have access to the limited number of entertainment alternatives located in York and other nearby cities including: The Penn and Market Street Farmers' Markets; Central Market; Eichelberger Performing Arts Center; Strand Capitol Performing Arts Center; York County Heritage Trust; Whitaker Center/Sunoco Center; Hersheypark; York Little Theatre; Harley Davidson Factory; The National Civil War Museum; Baltimore Zoo; Gettysburg Battlefield; Baltimore Aquarium; Baltimore Science Museum; Baltimore Convention Center; and Inner Harbor, among others.

Perhaps more important in the context of this feasibility analysis are the baseball stadiums located within driving distance from York. These include:

- Clipper Magazine Stadium (home of the Lancaster Barnstormers beginning in the 2005 season)
- Commerce Bank Ball Park (Harrisburg Senators)
- FirstEnergy Stadium (Reading Phillies)
- Ripken Field (Aberdeen IronBirds)
- Oriole Park at Camden Yards (Baltimore Orioles)
- Harry Grove Stadium (Frederick Keys)

It is important to note that the majority of entertainment and sports activities are not located in the City of York and require residents to drive up to approximately 90 miles away, with Lancaster and Harrisburg being the exceptions.

Transportation

York is situated approximately 65 miles north of Baltimore, Maryland and is surrounded by other cities in Pennsylvania including Harrisburg; Lancaster and Reading. The city is accessible via local transit systems. Interstates 30 and 83 provide York access to these and other major cities in and outside the state of Pennsylvania. York is easily accessible by other modes of transportation

as well, including Greyhound Bus Lines, Community Transit and national/regional airlines that fly into nearby Harrisburg, Reading and Baltimore (MD).

Highway Transportation

The City of York is located just off Interstate 83 in southern Pennsylvania. The City has convenient regional access via several U.S. Highways that traverse the region. In general, the major U.S highways connecting to or near the York area include:

- *Interstate 83* – North and south through central and southern Pennsylvania. It is a four-lane, divided highway that connects with Interstate 81 to the North in the City of Harrisburg. Major destination links provided from Interstate 83 include Harrisburg, and Baltimore (MD). Located to the east of York, Interstate 83 also provides direct access to the international airport located just outside of Baltimore, Maryland.
- *U.S. Highway 30* – Extends east and west through southern Pennsylvania with major links to Gettysburg, Lancaster, and Interstate 83. It also provides access to Lancaster’s regional airport to the Northeast.

York is within a short driving distance away from many cities located in Pennsylvania and Maryland. The approximate driving distance to select cities are listed below:

- Lancaster (PA) – 26 miles
- Harrisburg (PA) – 36 miles
- Reading (PA) – 55 miles
- Aberdeen (MD) – 58 miles
- Baltimore (MD) – 65 miles
- Chambersburg (PA) – 71 miles
- Wilmington (MD) – 78 miles
- Frederick (MD) – 91 miles
- Philadelphia (PA) – 100 miles
- Allentown (PA) – 110 miles
- State College (PA) – 121 miles
- Williamsport (PA) – 121 miles
- Scranton (PA) – 146 miles

Air Transportation

Several airports located in the region provide access to York including Baltimore/Washington International Airport; Harrisburg International Airport; Lancaster Airport; Capital Cities Airport; and Thomasville Airport.

- *Baltimore/Washington International Airport* is one of the primary airports for the York area. It is located in Baltimore, approximately 65 miles south of York, and provides easy access to York via Interstate 83. It is easily accessible by the City’s major transit systems with daily flights scheduled for national destinations by major airlines. According to airport officials, the airport sits on 3,600 acres and offers 4 concourses (3 domestic; 1 international). The following table provides general operational statistics for Baltimore/Washington International Airport.

Table 3-1
 Baltimore/Washington Int'l Airport - General Statistics

	2003	2002	2001	2000
Average Number of Passengers per Day	53,962	52,089	55,808	53,559
Total Passengers per Year (millions)	19.7	19.01	20.36	19.64
Percentage Change from previous year	3.60%	-6.70%	3.90%	12.40%

Source: Baltimore/Washington International Airport

- Harrisburg International Airport* is the first airport in the United States that was designed, built and operated after September 11, 2001. As a result, the airport uses state-of-the-art technology and makes traveling easier for its passengers. Harrisburg International Airport is designed to meet the future needs of central and southern Pennsylvania residents. The airport is home to eight major airlines and offers approximately 120 flights daily. Currently, flights out of Harrisburg travel non-stop to 14 domestic cities and Canada; however, airport officials are looking to expand operations over the next several years.
- Lancaster Airport* provides regional flights throughout the United States. The airport is currently undergoing extension of one of its runways. Renovation is also being done on the airport's hangar facility.
- Capital Cities Airport* provides regional flights to and from Harrisburg, Pennsylvania. The airport typically handles approximately 158 operations daily.
- Thomasville Airport*, privately owned and operated, provides important general aviation air service to businesses and private aircraft. The airport is a part of the National Air Transportation system and receives federal and state construction funding in order to maintain the facility to federal and state standards. Aircraft storage facilities include single T's, twins and limited larger units. The airport has several sites for corporate facilities and private hangars. In addition, the adjacent Airport Industrial Park has several conjoined lots available that provide direct access onto operational areas for aircraft activity.

York County Demographics

Population

According to the York Outdoor Recreation Complex Committee, in addition to serving residents of York, the proposed baseball stadium aims to provide benefits to all of York County, and beyond. For this reason, ERA has looked at the demographic characteristics on a county level. Demographics were extracted using our in-house geographic information systems (GIS) software. The software program, called ESRI Business Information Solutions (ESRI BIS), uses US Census Bureau data to project demographics for 2003 and 2008.

ERA found that York County has historically experienced moderate levels of population growth. The county grew at an average annual growth rate of 2.37 percent from 1990 to 2000. Similarly, household growth in York County has been strong with an average annual growth rate of almost 2.86 percent from 1990 to 2000. Table 3-2 provides an overview of current and projected population and household figures for York County. In 2003, the County had an estimated 394,600 people and 154,000 households. Average household size in 2003 was about 2.5 persons per household.

It is also important to look at population and household projections for York County. This information will help determine future trends for the county. As mentioned earlier, York County's population and household growth rates have been moderate for the past decade.

According to Table 3-2, projection figures estimate that in the next five years, York County will experience an average annual growth rate of just under 1.0 percent, bringing the population from its current level of approximately 394,600 to approximately 414,200 in 2008. Similarly, household growth will likely experience an average growth rate of 1.27 percent annually.

Table 3-2

York County Population and Households, 2003 and 2008

	2003	2008	Change	% Increase	Avg. Annual Growth Rate
Population	394,604	414,185	19,581	4.96%	0.97%
Households	154,147	164,224	10,077	6.54%	1.27%
Average Household Size	2.5	2.5			

Source: ESRI Business Information Solutions and Economics Research Associates

Age Distribution

Age distribution is also an important factor in assessing the various types of activities and facilities York should offer since different venues often cater to different age groups. As shown in Table 3-3, 42.2 percent of the city's population fell between the ages of 20 and 49 in 2003. This proportion is comparable to the 43.4 percent of 20 and 49 year olds found in the nation as a whole. Also in 2003, the median age in York County was noticeably higher than the national

median age of 36.3. Moreover, the median age is expected to increase to 41.1 in 2008, suggesting an ageing population.

In addition to relative age distributions, the anticipated growth in each age segment is also important to consider. In 2008, for example, York County’s population will be slightly older in composition, with the older age segments growing slightly and the younger age segments decreasing.

Having said that, it is important to note that the 2000 Census indicates that York County was the one metropolitan statistical area in the state of Pennsylvania that grew in its population of the critical group of 25 to 34 year olds from 1990 to 2000. Compared to the mid-Atlantic and northeastern U.S., in particular, York County is home to a relatively young population base. Such a population is likely to support the proposed recreational complex.

Table 3-3
York County Age Distribution, 2003 and 2008

	2003	% Distribution	2008	% Distribution	USA 2003
Total Population	394,604	100.0%	414,185	100.0%	100.0%
0 - 4	23,415	5.9%	23,749	5.7%	6.7%
5 - 9	25,567	6.5%	23,710	5.7%	6.9%
10. - 14	28,212	7.1%	28,363	6.8%	7.3%
15 - 19	26,178	6.6%	29,084	7.0%	7.1%
20 - 29	43,141	10.9%	44,735	10.8%	13.6%
30 - 39	56,753	14.4%	50,455	12.2%	14.4%
40 - 49	66,660	16.9%	69,876	16.9%	15.4%
50 - 64	70,929	18.0%	85,869	20.7%	16.1%
65 - 84	46,887	11.9%	50,108	12.1%	10.8%
85 +	6862	1.7%	8235	2.0%	1.6%
Median Age	39.2		41.1		36.3

Sources: ESRI Business Information Solutions and Economics Research Associates

Racial and Ethnic Distribution

Table 3-4 provides a detailed breakdown of racial composition in York County. The County is predominantly White, with approximately 92 percent of the population classifying themselves as “White” in 2003. As exhibited by the CAGRs (Compound Annual Growth Rates), however, the population that classified themselves as “Hispanic” is expected to grow most rapidly at an average annual growth rate of almost 6 percent. The “Other” populations are also growing rapidly at annual rates of approximately 5.7 percent. In general, the racial composition of York County residents will remain relatively the same over the next five years, as indicated by the percent distributions provided in Table 3-4.

Hispanic is an ethnic designation that is represented among several races. Currently, approximately 3.5 percent of York County’s population is Hispanic or Latino. Because of this overlap among races, the numbers provided in Table 3-4 will not sum to the total York County population.

Table 3-4
York County Racial and Ethnic Distribution, 2003

	2003	% Distribution	2008	% Distribution	CAGR
Total:	394,604	100.0%	414,185	100.0%	1.0%
Hispanic or Latino	13,778	3.5%	18,313	4.4%	5.9%
Race					
White	364,088	92.3%	378,845	91.5%	0.8%
Black or African American	15,002	3.8%	16,399	4.0%	1.8%
American Indian and Alaska Native	790	0.2%	964	0.2%	4.1%
Asian or Pacific Islander	3,839	1.0%	4,622	1.1%	3.8%
Other	6,452	1.6%	8,531	2.1%	5.7%

Sources: ESRI Business Information Solutions and Economics Research Associates

Income Distribution

York County’s median household income stood at nearly \$52,000 in 2003, slightly above the national average of \$50,409. As shown in Table 3-5, over 50 percent of the county’s household had income levels above \$50,000; similarly, nearly 47 percent of the U.S. household incomes fall above \$50,000.

Table 3-5
York County Household Income Distribution, 2003

	York County	% Distribution	United States	% Distribution
Total:	154,147	100.0%	107,553,495	100.0%
Less than \$10,000	8,187	5.3%	9,239,272	8.6%
\$10,000 to \$14,999	5,734	3.7%	5,868,631	5.5%
\$15,000 to \$19,999	7,788	5.1%	6,148,628	5.7%
\$20,000 to \$24,999	8,835	5.7%	6,223,427	5.8%
\$25,000 to \$29,999	8,017	5.2%	6,354,307	5.9%
\$30,000 to \$34,999	9,690	6.3%	6,272,200	5.8%
\$35,000 to \$39,999	9,333	6.1%	6,073,989	5.6%
\$40,000 to \$44,999	8,301	5.4%	5,729,932	5.3%
\$45,000 to \$49,999	9,620	6.2%	5,544,413	5.2%
\$50,000 to \$59,999	16,731	10.9%	9,189,625	8.5%
\$60,000 to \$74,999	22,246	14.4%	11,416,857	10.6%
\$75,000 to \$99,999	19,251	12.5%	12,248,092	11.4%
\$100,000 to \$124,999	10,076	6.5%	7,035,016	6.5%
\$125,000 to \$149,999	4,442	2.9%	3,834,694	3.6%
\$150,000 to \$199,999	2,946	1.9%	2,996,572	2.8%
\$200,000 or more	2,950	1.9%	3,377,839	3.1%
Median Household Income	\$51,992		\$50,409	

Sources: ESRI Business Information Solutions and Economics Research Associates

Local Residential Market

In order to provide a more accurate measure of the available markets, ERA has also provided demographic information for those areas within a 10-, 15- and 25-mile radius of the site as identified in Figure 3-1. Data for the resident market includes population, households, age, racial and ethnic distribution, household income and household expenditures of U.S. residents. ERA used geographic information systems (GIS) software in order to calculate and project all demographic and socioeconomic data presented in this section. The software program, called ESRI Business Information Solutions, uses US Census Bureau data to project demographics for 2003 and 2008.

In this demographic analysis, the three market areas used for the study are defined by 10-, 15- and 25-mile market rings drawn from the site location provided by the client. A description of the three market areas is as follows:

- ***Primary Market:*** the market area defined by a 10-mile radius from the proposed site. Due to its close proximity to the proposed site, the primary market is expected to be highly penetrated.
- ***Secondary Market:*** the market area defined by a 15-mile radius from the proposed site less the primary market area. Also relatively close in proximity to the proposed site, this market area represents considerable patron potential.
- ***Tertiary Market:*** the market area defined by a 25-mile radius from the proposed site less the primary and secondary market areas. Market penetration of the tertiary market area is expected to decline due to increasing inconveniences in relation to site accessibility and time constraints.

As mentioned above, the stadium will draw most of its spectators from the local area, in particular, from the primary and secondary markets. Attendees will also be drawn from the tertiary market area and beyond, although past observations of attendance statistics for similar stadiums have shown that market penetration declines past the secondary market radius, especially for weekday scheduled events and for sports.

Figure 3-1
Local Resident Market



Source: Economics Research Associates

Population

According to ESRI BIS data, the market within 10 miles of the proposed site in York, PA has a population of over 233,200. The 15- and 25-mile markets have populations of approximately 353,500 and 1.06 million, respectively. Projection figures indicate that population growth will remain steady in all three markets. In 2008, population in the 10-mile market is expected to increase by 4.6 percent, at an average annual rate of 0.92 percent, to just over 244,100. The 15- and 25-mile markets will grow at similar rates of 4.8 percent (0.94 percent annually) and 3.9 percent (0.76 percent annually), respectively.

The number of households shows similar patterns of growth over the next five years. In 2003, the number of households in the 10-mile market was estimated at approximately 92,500 and is projected to grow to just over 98,300 by 2008. Approximately 138,400 households fall within the 15-mile market; 417,000 households were counted in the 25-mile market. Table 3-6 demonstrates the current and projected population and household figures and corresponding growth rates for each of the three markets.

Table 3-6
Population and Households by Market Area, 2003 and 2008

	10 miles			15 miles			25 miles		
	<i>2003 Estimate</i>	<i>2008 Projected</i>	<i>Avg. Annual Growth Rate</i>	<i>2003 Estimate</i>	<i>2008 Projected</i>	<i>Avg. Annual Growth Rate</i>	<i>2003 Estimate</i>	<i>2008 Projected</i>	<i>Avg. Annual Growth Rate</i>
Population	233,203	244,120	0.92%	353,504	370,507	0.94%	1,061,407	1,102,379	0.76%
Households	92,512	98,318	1.22%	138,359	147,230	1.25%	416,672	439,014	1.05%
Average Household Size	2.5	2.4		2.5	2.5		2.5	2.4	

Sources: ESRI Business Information Solutions and Economics Research Associates

Age Distribution

There are minimal differences in age characteristics between the York and the U.S. markets. The overall market population is expected to age slightly by 2008; however, the working population, defined as those residents between the ages of 16 and 64 years old, is expected to increase. Typically, this age group has higher disposable income levels when compared to other age groups. Table 3-7 provides a breakdown of the area’s population by age.

Table 3-7
Age Distribution by Market Area, 2003 and 2008

Years	10 miles			15 miles			25 miles		
	2003	2003	2008	2003	2003	2008	2003	2003	2008
	<i>Estimate</i>	<i>Percent Distribution</i>	<i>Projected</i>	<i>Estimate</i>	<i>Percent Distribution</i>	<i>Projected</i>	<i>Estimate</i>	<i>Percent Distribution</i>	<i>Projected</i>
0 - 4	13,875	5.9%	14,175	21,182	6.0%	21,552	63,134	5.9%	63,564
5 - 9	14,804	6.3%	13,854	22,875	6.5%	21,309	68,273	6.4%	62,947
10 - 14	16,089	6.9%	16,173	24,994	7.1%	25,141	74,868	7.1%	74,434
15 - 19	15,596	6.7%	17,079	23,941	6.8%	26,390	72,059	6.8%	79,069
20 - 29	27,140	11.6%	28,070	40,658	11.5%	41,863	123,576	11.6%	127,569
30 - 39	33,379	14.3%	30,285	51,222	14.5%	45,993	149,760	14.1%	134,231
40 - 49	37,308	16.0%	39,316	58,308	16.5%	61,351	173,314	16.3%	178,711
50 - 64	40,679	17.4%	48,598	61,276	17.3%	74,218	184,742	17.4%	221,079
65 - 84	29,605	12.7%	30,910	42,260	12.0%	44,427	130,562	12.3%	108,923
85 +	4,727	2.0%	5,660	6,787	1.9%	8,262	21,119	2.0%	25,629
Total Population	233,203	100.0%	244,120	353,504	100.0%	370,507	1,061,407	100.0%	1,102,379
Median age	39.0		40.6	38.7		40.5	39.0		40.6

Sources: ESRI Business Information Solutions and Economics Research Associates

Income Distribution

The City of York and its surrounding areas are relatively affluent communities, as indicated by the median household incomes of U.S. residents in the 10-, 15- and 25-mile markets. Higher median household incomes indicate higher overall levels of disposable income. In turn, households with higher levels of disposable income are more inclined to spend more on recreation and entertainment. More than 37 percent of residents within the 10-mile market area (in the U.S.) have annual household incomes over \$50,000. Similarly, in the 15-mile U.S. market, approximately 39 percent of area households have incomes of more than \$50,000. In the 25-mile U.S. market, this trend continues with over 37.5 percent of households in the market area earning over \$50,000 annually. Median household incomes in each of these market areas are higher than that the national median household

income in 2003 of approximately \$47,000. Table 3-8 provides an overview of annual household income broken down by market area.

Table 3-8
Household Income by Market Area, 2003

	10 miles		15 miles		25 miles	
	<i>2003 Estimate</i>	<i>% Distribution</i>	<i>2003 Estimate</i>	<i>% Distribution</i>	<i>2003 Estimate</i>	<i>% Distribution</i>
Total:	92,512	100.0%	138,359	100.0%	416,672	100.0%
Less than \$10,000	5,727	7.9%	7,759	8.0%	23,658	8.3%
\$10,000 to \$14,999	3,869	6.3%	5,370	6.0%	16,238	6.2%
\$15,000 to \$19,999	5,151	7.7%	7,205	7.4%	21,481	7.6%
\$20,000 to \$24,999	5,752	6.5%	8,143	6.3%	23,942	6.8%
\$25,000 to \$29,999	5,280	8.0%	7,669	7.9%	22,551	7.9%
\$30,000 to \$34,999	6,254	7.9%	8,978	7.8%	26,167	7.7%
\$35,000 to \$39,999	5,724	7.0%	8,493	6.7%	24,855	6.6%
\$40,000 to \$44,999	4,950	5.7%	7,542	5.7%	22,510	5.8%
\$45,000 to \$49,999	5,677	5.7%	8,724	5.7%	25,216	5.6%
\$50,000 to \$59,999	9,897	7.1%	15,020	7.3%	41,529	7.4%
\$60,000 to \$74,999	12,595	9.9%	19,768	10.1%	56,201	10.1%
\$75,000 to \$99,999	10,437	9.0%	16,696	9.5%	51,990	9.0%
\$100,000 to \$124,999	5,492	4.9%	8,601	5.0%	29,608	4.6%
\$125,000 to \$149,999	2371	2.2%	3654	2.3%	13,159	2.3%
\$150,000 to \$199,999	1468	1.7%	2334	1.7%	8634	1.7%
\$200,000 or more	1867	2.6%	2,404	2.7%	8,934	2.4%
Median HH Income	\$49,346		\$50,427		\$51,981	

Sources: ESRI Business Information Solutions and Economics Research Associates

Qualitative Analysis

As previously described, the proposed stadium is expected to draw residents from throughout York County. Moreover, in the case of York County, standard ring analyses may not be the most accurate measure of available markets because of the elongated effect resulting from the high speed arterials that run through York. Based on our local interviews and the numerous competitive baseball stadiums within the region, we have attempted to place an “artificial” local boundary around the proposed site in York to better understand the available markets.

We have used our in-house geographic information systems software to create a polygon that:

- runs along the Susquehanna River to the Northeast
- stretches half way between Harrisburg and York on the North side
- falls just shy of the Maryland border on the South end
- and stretches out to Hanover on the Southwest end

In miles from the proposed York site, the polygon stretches 13 miles to the North, 13 miles to the South, 17 miles to the West, and 17 miles to East.

This boundary is in no means what we consider to be the only market for the proposed stadium; rather, it represents what we consider to be the “primary” market for the proposed stadium.

In drawing these artificial boundaries, ERA took the region’s current population tendencies and its geographic location near various other existing sports venues into account. The burgeoning Shrewsbury-New Freedom-Stewartstown market and the growing Hanover market are becoming part of the York market, as attested by the number of individuals from these locals who visit the Strand Capitol Performing Arts Center, Left Bank, Fisher’s, and Harp & Fiddle, among other York County destinations.

In addition to analyzing the demographics in the 10-, 15- and 25-mile markets surrounding the York site, then, we have also extracted population and associated demographics from this polygon-shaped figure. Table 3-9 provides a brief overview of these demographics and Figure 3-2 provides an illustrative overview of this expanded regional market.

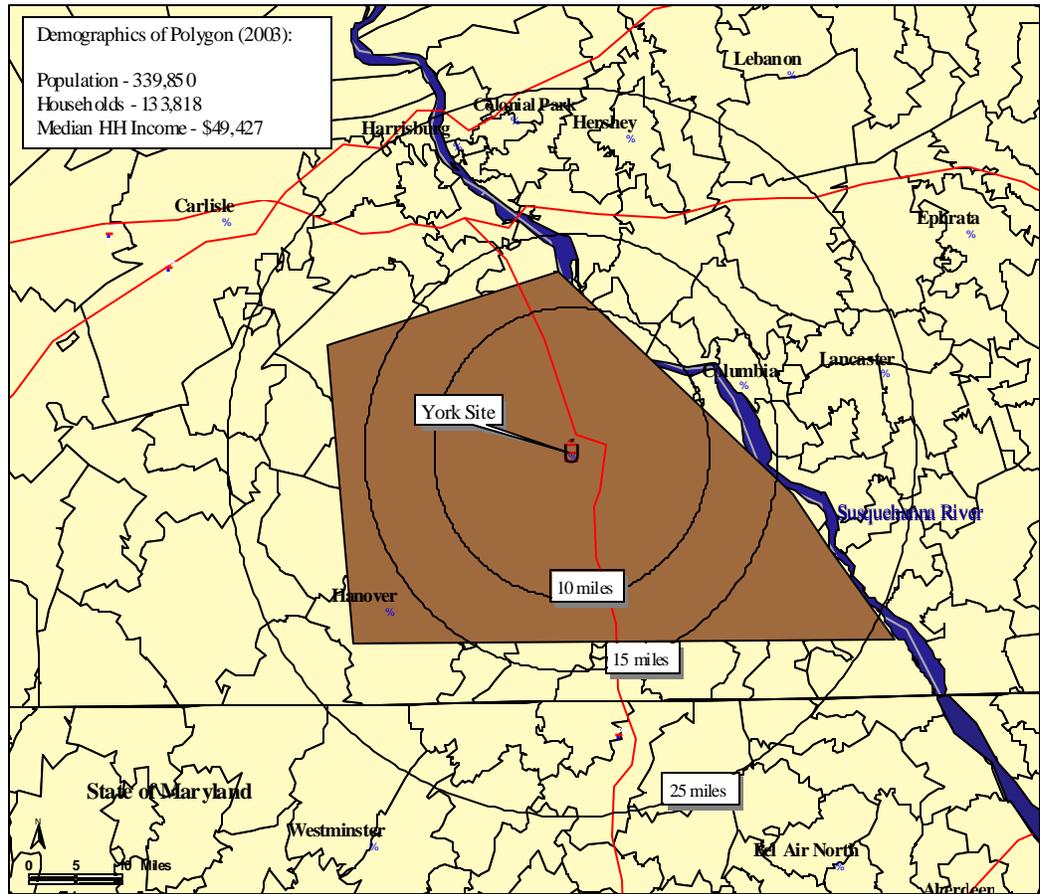
Table 3-9
Additional Demographics

	Polygon		
	<i>2003 Estimate</i>	<i>2008 Projected</i>	<i>Avg. Annual Growth Rate</i>
Population	339,850	356,567	0.96%
Households	133,818	142,524	1.27%
Median Household Income	\$49,427	\$58,248	

Sources: ESRI Business Information Solutions and Economics Research Associates

The demographics that we have provided for York County, the 10-, 15- and 25-mile markets and the larger polygon area are all quantitative measures that allow us to determine the market feasibility of a project such as the proposed stadium in York. Similarly, qualitative measures exist and prove just as valuable in coming to a conclusion regarding the proposed stadium.

Figure 3-2
Expanded Regional Market



Source: Economics Research Associates

Interview Findings

In order to understand the York market in more detail and, therefore, incorporate a qualitative measure into our analysis, we conducted stakeholder interviews with business and community leaders in York in late-January 2005. The results of these interviews have been summarized below:

- Since the proposed York project was first announced, the neighboring city of Lancaster has begun construction on its minor league baseball stadium, Clipper Magazine Stadium (to be completed in May 2005).
- According to many interviewees, the project was proposed two to three years ago. Since its initial introduction, there have been several starts and stops in the development of the proposed stadium. As a result, the general public in York remains skeptical of the project.
- Community and business leaders, young professionals and organizations that represent young adults such as York College and Penn State York, on the other hand, seemed to be very much in favor of the proposed stadium. They see the project as the economic engine that will allow for the revitalization of downtown York and the surrounding area. Many mentioned the potential ancillary development that will almost certainly result from the construction of a stadium in York. This is expected to reflect positively on the City, improving the area's image and putting it on the map with other major cities in Pennsylvania and Maryland.
- In addition, the proposed stadium will provide a much-needed entertainment venue in a City that is otherwise lacking in this area. While nearby cities are home to various sports franchises, residents in York are forced to drive at least 30 to 90 minutes outside the City in search of sports and other entertainment venues.
- The Commonwealth of Pennsylvania appears to be supportive of the effort to bring an independent baseball league to York, as well. The state government has offered financial support for the construction of the project.
- Based on our interviews, we are of the opinion that local York residents appear to be in favor of the proposed project, but are very concerned about how the project is to be financed.
- The amount of sports competition in the region is a concern to some of the local population, as well.

Atlantic League Franchises – Market Area Specifics

It is our understanding (as illustrated throughout this report) that the Atlantic League, an independent baseball league, will likely serve as the anchor tenant in the proposed stadium. For analytical purposes, ERA has compared the demographics of each of the existing Atlantic League market areas with those of York. The statistics presented below are used for illustrative purposes and serve as a consistent means of comparison for the selected market areas.

- Table 3-10 lists all 8 of the 2005 Atlantic League franchises, detailing total population, households and median household income within 15-miles of each franchise stadium.
- Newark is the most dense market, with an approximate population of 4.75 million within 15 miles of the Bears & Eagles Riverfront Stadium (home of the Newark Bears). The average population for each of the Atlantic League market areas is nearly 1.36 million. Taking out the markets with the highest and lowest population levels, the average falls to just under 982,000. York's 15-mile market population is significantly lower at just over 353,500.
- Similarly, the Newark Bears' market area has the highest number of households at almost 1.89 million. The average number of households among Atlantic League franchise market areas is approximately 517,000. Excluding the high and low number of households, the average becomes 360,600. In comparison, York has a total of only 138,400 households.
- Median household income varies significantly across market areas. The 15-mile region surrounding the Somerset Patriots' stadium (Commerce Bank Ballpark) has the highest median household income levels at just over \$81,300. The average median household income for the 8 Atlantic League franchises is approximately \$63,139. York falls below average at \$50,427.
- It should be noted that all of the demographic measures provided for the proposed site in York in Table 3-9 are greater than those of Atlantic City, NJ (home of the Atlantic City Surf) and nearly equivalent in terms of demographics to Lancaster, PA (home of the Lancaster Barnstormers).

Table 3-10
Atlantic League Markets (15-mile)

Franchise	City	2003 Population	2003 Households	2003 Median HH Income
Proposed Site	York, PA	353,504	138,359	\$50,427
Atlantic City Surf	Atlantic City, NJ	215,902	83,952	\$46,522
Bridgeport Bluefish	Bridgeport, CT	502,746	186,478	\$72,259
Camden Riversharks	Camden, NJ	2,698,629	1,043,187	\$47,977
Lancaster Barnstormers	Lancaster, PA	356,298	134,938	\$51,899
Long Island Ducks	Central Islip, NY	975,673	313,291	\$77,152
Nashua Pride	Nashua, NH	494,249	181,296	\$67,391
Newark Bears	Newark, NJ	4,749,021	1,888,998	\$60,526
Somerset Patriots	Bridgewater, NJ	862,404	304,498	\$81,382
Average		1,356,865	517,080	\$63,139
Average (excluding high/low)		981,667	360,615	\$62,867

Source: ESRI Business Information Systems (2003) and Economics Research Associates.

Sports Venues in Atlantic League Market Areas

It is important to note that many of the Atlantic League franchises have a significant amount of competition within their market areas. Table 3-11 provides an overview of the existing sports venues in each of the Atlantic League markets. Venues listed in *italics* are Atlantic League franchise venues. As seen in the table, markets such as Camden, New Jersey, which is part of the Philadelphia (PA-NJ) metropolitan area, are saturated with sports-related entertainment venues. York, on the other hand, lacks in this regard. The proposed stadium in York would therefore face little competition, a fact that reflects positively on the market and economic feasibility of the project.

We have illustrated many “sports entertainment” related competition in Atlantic League markets for purposes of compatibility to the York marketplace. Each of these existing venues has been defined within its respective metropolitan statistical area (MSA). An MSA has at least one urbanized area with a population over 50,000.

Atlantic City (NJ) MSA

Sandcastle Stadium

Sandcastle Stadium, home of the Atlantic City Surf, first opened in 1998 as a joint venture between the Casino Reinvestment Development Authority (CDRA) and the City of Atlantic City. The \$15 million ballpark seats 5,900 guests including 20 luxury suites.

Table 3-11
Atlantic League Market Areas - Existing Sports Venues

Franchise	City	MSA	Sports Venue	Seats
Atlantic City Surf	Atlantic City, NJ	Atlantic City, NJ	<i>Sandcastle Stadium</i>	6,000
			Atlantic City Boardwalk Hall	13,800
			Mark G. Etess Arena	5,292
			TOTAL	25,092
Bridgeport Bluefish	Bridgeport, CT	Bridgeport-Stamford-Norwalk, CT	<i>Arena at Harbor Yard</i>	10,000
			TOTAL	10,000
Camden Riversharks	Camden, NJ	Philadelphia, PA-NJ	<i>Campbell's Field</i>	6,425
			Drexel University - John A. Daskalakis Athletic Center	2,300
			Wachovia Center	21,000
			Wachovia Arena	19,000
			The Liacouras Center Arena	10,200
			Lincoln Financial Field	68,532
			Citizens Bank Park	43,500
			U Penn - Class of 1923 Ice Rink	2,762
			U Penn - Franklin Field	52,593
TOTAL	223,719			
Lancaster Barnstormers	Lancaster, PA	Lancaster, PA	<i>Clipper Magazine Stadium (under construction)</i>	6,500
			TOTAL	6,500

Table 3-11 (continued)
Atlantic League Market Areas – Existing Sports Venues

Franchise	City	MSA	Sports Venue	Seats
Long Island Ducks	Central Islip, NY	New York-Newark-Edison, NY-NJ-PA	<i>Citibank Park</i>	6,002
			<i>Bears & Eagles Riverfront</i>	6,200
			New Jersey Convention & Expo Center Arena	6,000
			Columbia University Wien Stadium	17,000
			Madison Square Garden Arena	20,697
			Arthur Ashe Stadium	22,547
			Shea Stadium	56,521
			Yankees Stadium	57,545
			Giants Stadium	80,242
			Continental Airlines Arena	20,000
		TOTAL	292,754	
Nashua Pride	Nashua, NH	Manchester-Nashua, NH	<i>Holman Stadium</i>	4,375
			Verizon Wireless Arena	11,000
			John F. Kennedy Coliseum Arena	3,000
			TOTAL	18,375
Newark Bears	Newark, NJ	New York-Newark-Edison, NY-NJ-PA ¹	TOTAL	292,754
Somerset Patriots	Bridgewater, NJ	Middlesex-Somerset-Hunterdon, NJ	<i>Commerce Bank Ballpark</i>	6,100
			TOTAL	6,100

¹ Existing sports venues in New York-Newark-Edison, NY-NJ-PA MSA have been provided under Long Island Ducks market area. The same sports venues apply to the Newark Bears market area.

Source: Atlantic League, Revenues from Sports Venues 2004 and Economics Research Associates.

Atlantic City Boardwalk Hall

Historic Boardwalk Hall, which first opened in 1929, received an extensive \$90 million renovation and restoration to transform the building into a modern special events arena capable of variable seating for up to 13,800 people including 457 luxury seats. The facility is the home of the ECHL's Boardwalk Bullies and Atlantic City's signature event, Miss America.

Boardwalk Hall is owned by the New Jersey Sports and Exposition Authority and managed by the Atlantic City Convention & Visitors Authority. SMG operates the Atlantic City Convention Center and Boardwalk Hall on behalf of its clients, the New Jersey Sports & Exposition Authority and the Atlantic City Convention & Visitors Authority.

Mark G. Etess Arena

The Mark G. Etess Arena first opened in April 1990 in an attempt to offer Atlantic City residents and visitors more than just the typical casino gambling options. The 5,300-seat arena is part of Donald Trump's Taj Mahal Casino and is named in memory of the Casino's first president, who died in a fatal helicopter crash. The arena primarily hosts boxing events, but also brings in concerts, conventions, and is open to other sporting events as well. The arena's six skyboxes are reserved for top customers and clients of the Trump organization and are not available for sale as in conventional buildings.

Bridgeport-Stamford-Norwalk (CT) MSA

Arena at Harbor Yard

The Arena at Harbor Yard, which first opened in 2001, offers family entertainment, along with the action of AHL Sound Tigers hockey, the Atlantic League's Bridgeport Bluefish and Fairfield University NCAA basketball. Located in Bridgeport, CT, the Arena houses 33 executive suites, 1,300 club seats, 3 large hospitality suites, 13 loge suites and has a total seating capacity of 10,000. The Arena at Harbor Yard is embarking on its fourth operating season.

Philadelphia (PA-NJ) MSA

Campbell's Field

Right on the Delaware River, Campbell's Field is dominated by the presence of the enormous Ben Franklin Bridge, which runs beyond the outfield fence and provides fans with an outstanding view of the Philadelphia skyline. The stadium has been the home of the Camden Riversharks of the independent Atlantic League since it opened in 2001 and has a seating capacity of 6,425, which includes 20 suites and 417 club seats.

Campbell's Field is owned by Rutgers University and operated by the Camden Riversharks, the stadium's sole tenant.

Drexel University – John A. Daskalakis Athletic Center

The John A. Daskalakis Athletic Center houses Drexel's physical education, intramural and inter-collegiate athletic programs. The DAC opened in February 1975 and covers a three-acre area on the north side of Market Street between 33rd and 34th streets in the University City section of Philadelphia.

The facility includes a collegiate-sized, six-lane swimming pool and a separate three-board diving well on the lower level. The newly dedicated Independence Blue Cross Wellness Center houses exercise rooms, Nautilus, free weight and cardiovascular training areas, a multipurpose classroom, a dance studio and a conference room on the lower level of the building. Squash and racquetball courts are also available. The athletic offices, locker rooms and the athletic training room are located on the ground level. "The Dragons' Den," as the upper-level gymnasium has been tabbed provides area for 12 badminton, eight volleyball and five regulation-sized basketball courts. The DAC now accommodates 2,300 spectators.

Wachovia Complex (Wachovia Center and Wachovia Spectrum)

The Wachovia Complex, which consists of the Wachovia Center and the Wachovia Spectrum, was first conceived of in 1988 as the future home of the Philadelphia Flyers and 76ers. The complex opened in 1996 under the ownership of Comcast-Spectacor and the management of Global Spectrum.

Operating side-by-side, the Wachovia Center and Wachovia Spectrum host over 400 events each year, including the Philadelphia Flyers, 76ers, Wings, Soul, KiXX, college basketball, ice skating, Ringling Bros. and Barnum & Bailey Circus, Disney On Ice, Sesame Street Live, Harlem Globetrotters, Professional Bull Riding, wrestling, great concerts and more. The Wachovia Center seats 21,000 fans, while the Wachovia Spectrum seats slightly less at 19,000.

The Liacouras Center

The Liacouras Center, a 10,200-seat multi-purpose venue, is located on the Temple University campus along the Avenue of the Arts in Center City, Philadelphia. Formerly known as the Apollo of Temple, the venue was renamed and dedicated to Temple University President Peter J. Liacouras on February 13, 2000. The venue is a full entertainment arena featuring concerts, family shows, Temple Men's and Women's Basketball games and more. In addition to the large arena configuration, The Esther Boyer Theater at the Liacouras Center is a small theater setup of 1,000 to 5,000 seats for more intimate presentations.

Fourteen concession stands can be found throughout the main concourse. The Fox/Gittis Room, a special function room located in the main lobby, is available for groups, organizations or meetings. Ten private, executive suites on the lower level provide prime viewing and entertaining enjoyment.

A new four-story, 1,200-space connected parking garage provides visitors access to the facility without having to venture outside. The Liacouras Center is part of a four building, \$107 million complex. Global Spectrum, the fastest growing firm in the public assembly facility management field with more than 40 facilities throughout the United States and Canada, manages the Liacouras Center.

Lincoln Financial Field

The construction of Lincoln Financial Field began on May 7, 2001. The Stadium opened in 2003 as the new home of the Philadelphia Eagles (replacing the Philadelphia Veterans Stadium). The 68,532-seat facility cost an estimated \$512 to construct and was funded by the State of Pennsylvania, the City of Philadelphia and the Philadelphia Eagles. The stadium features state-of-the-art technology and offers 172 luxury suites and 10,828 club seats.

Citizens Bank Park

The Philadelphia Phillies began their 2004 season with a new ballpark, Citizens Bank Park. Situated just east of the old Veterans Stadium site in South Philadelphia, the park spans 21 acres and seats 43,500, which includes the stadium's 72 luxury suites.

The \$346 million facility is owned by the City of Philadelphia, and received \$174 million in public funds and the remaining \$172 in private funding.

University of Pennsylvania – Class of 1923 Ice Rink

The University of Pennsylvania's Class of 1923 Ice Rink is a full service ice skating ice arena offering daily public skating sessions, open hockey and freestyle sessions, group and private lessons, party room, snack bar, and skate sharpening. In addition, the rink serves as the home of the University of Pennsylvania men's hockey team.

As suggested by the name, the rink was presented to the University by the graduating class of 1923 and seats 2,762.

University of Pennsylvania – Franklin Field

The University of Pennsylvania's historic football stadium opened in 1895 at a cost of \$100,000. The stadium was rebuilt 72 years ago. Franklin Field, deemed by the NCAA as the oldest stadium still operating for football games, has been the site of the nation's first scoreboard (1895), the nation's first two-tiered stadium (1922), the first football radio broadcast (WIP, 1922), the first football telecast (PhilCo, 1939) and Vince Lombardi's only

NFL playoff loss (1960). Today, the newly refurbished stadium seats 52,593 and is home to the University of Pennsylvania Quakers football team.

Lancaster (PA) MSA

Clipper Magazine Stadium (under construction)

The Lancaster Barnstormers, Lancaster's new professional baseball team, recently announced that the team will play in its inaugural season beginning in 2005. The Barnstormers, who will join the independent Atlantic League, are expected to start off with 11 games on the road. Their first home game, scheduled for May 11 against the Atlantic City Surf, will mark the unveiling of the new, state-of-the-art Clipper Magazine Stadium. In all, the team is scheduled to play 140 games, 70 on the road and 70 at home. The Barnstormers will play each of the other seven Atlantic League teams a total of 20 times, split evenly between home games and away games.

Located in downtown Lancaster between North Prince Street and Harrisburg Pike, the Clipper Magazine Stadium will offer 6,500 seats and feature a full-range of family attractions and activities, in addition to Barnstormers' games.

New York-Newark-Edison (NY-NJ-PA) MSA

Citibank Park (Long Island Ducks)

Citibank Park, located in Central Islip, is a 6,002 seat state-of-the-art facility that is home to the Long Island Ducks. Among its many features are 20 luxury suites, spacious seating, and an indoor batting tunnel. Construction of Citibank Park, a joint effort between Beatty Harvey Associates and HNTB Sports Architecture, began in April 1999 and was completed one year later in time for Opening Day 2000.

Bears & Eagles Riverfront (Newark Bears)

Home of the Newark Bears, the Bears and Eagles Riverfront Stadium in Newark opened in 1999 at the cost of \$30 million. In addition to the Newark Bears, the Stadium is also the home to the college baseball teams of the Newark campus of Rutgers University and the New Jersey Institute of Technology. The Stadium's design is virtually identical to similar stadiums in Bridgeport and Atlantic City, and has a capacity of 6,200. The ballpark features 20 luxury seats and a concert stage.

New Jersey Convention & Expo Center Arena

As north New Jersey's largest venue facility, the New Jersey Convention & Expo Arena offers approximately 150,000 square feet of exhibit space, which includes 125,000 square feet of single level exhibit space and 4,500 square feet of multi-purpose meeting/function space.

Columbia University – Wien Stadium

Serving as the home stadium to the Columbia University Lions, Wien Stadium offers a seating capacity of 17,000. It was completed in 1984 at the cost of \$10 million. In addition to the football team, the stadium serves as home to the University's field hockey, lacrosse, and track and field teams. The home stands hold 10,500 spectators in armchair, contour, and bench seats. The Stadium also features a three-level press box, a VIP lounge, and an Astroturf field. A single ticket home football game typically costs \$17.

Wien Stadium is the setting for major track and field competitions, and has been designated as the Field Hockey venue in New York City's bid for the 2012 Olympic games.

Madison Square Garden Arena

Opened in 1968, the current Madison Square Garden Arena is part of a 820,000 square foot complex that features a theater, exposition center, two restaurants, and 89 club suites. The Arena itself holds 20,000 seats. The cost of construction for the entire complex totaled over \$116 million.

In addition to being the home arena for both the New York Knicks (basketball) and the New York Rangers (ice hockey), the venue plays host to a variety of large indoor events, such as the Barnum and Bailey Circus and the 2004 Republican National Convention. Madison Square Garden is owned by Regional Programming Partners, a joint venture between Cablevision Systems (60%) and Fox Sports Networks (40%).

Arthur Ashe Stadium

Arthur Ashe Stadium is a four-level structure designed by Rossetti Associates Architects, the same Birmingham, Mich., firm that designed the stadium at the Tennis Center at Crandon Park in Miami, which is the home of the Nasdaq-100 Open and the USA Tennis High Performance offices. Arthur Ashe Stadium features state-of-the-art broadcast and audio systems, 90 luxury suites, five restaurants (including media and player dining), a two-level players' lounge, and individual seating for 22,547 fans.

The individual seating, increased restroom facilities and increased concession stands are among the most visible differences between Arthur Ashe Stadium and its predecessor, Louis Armstrong Stadium. But the more subtle differences include loge box seating that is almost 10 feet closer to the center of the court, a two-fold increase in the number of entranceways for fans with upper-level seats and a 30-fold increase in seating availability for people in wheelchairs.

Shea Stadium

Shea Stadium opened on April 17, 1964 in Flushing Meadows, Queens as the home of the New York Mets. The \$25.5 million stadium was originally to be called Flushing Meadow

Park but was later named for the popular attorney, William A. Shea, who spearheaded the drive to bring National League baseball back to New York following the departure of the Dodgers and Giants in 1957.

With the Mets in a new ballpark adjacent to the World's Fair, Flushing became a mega attraction for tourists. Shea Stadium is located in the geographic and population center of New York City and since its opening has drawn over 73 million fans.

Between 1985 and 1987 major stadium renovations included the addition of 50 suites on Shea's press level. The orange and blue panels were removed from the exterior and large blue windscreen panels were installed. Neon outlines of baseball players were placed on each of the six panels, making the present facade consistent with the stadium's principal function and foremost association -- the home of the New York Mets. Today the stadium has a total seating capacity of 56,521, which includes 46 suites and 100 club seats. Season tickets are estimated at approximately \$2,430; individual game tickets range from \$10 to \$40.

Yankee Stadium

On February 6, 1921, the Yankees issued a press release to announce the purchase of 10 acres of property in the west Bronx. The land, purchased from the estate of William Waldorf Astor for \$675,000, sat directly across the Harlem River from the Yankees' current Manhattan home, the Polo Grounds, which they had shared with the Giants of the National League since 1913. In only 284 working days, Yankee Stadium was ready for its inaugural game in April 1923 against the Boston Red Sox.

On August 8, 1972, after years of debate about the future of the aging ballpark, the Yankees signed a 30-year lease with the City of New York that called for Yankee Stadium to be completely modernized in time for the 1976 season. After completing the Stadium's 50th-Anniversary season in 1973, the Yankees moved to Shea Stadium for two seasons while their home was almost completely demolished and then rebuilt.

The remodeled Yankee Stadium opened in April 1976. Today, Yankees stadium has a seating capacity of 57,545, including 35 suites and 8,000 club seats. Season tickets range from approximately \$648 to \$5,832 per ticket; individual tickets range from \$10 to \$80.

Giants Stadium

Giants Stadium is currently home to the New York Giants and New York Jets NFL football teams, and the MetroStars of Major League Soccer. It is located in East Rutherford, New Jersey in the Meadowlands Sports Complex, which also hosts the Meadowlands Racetrack and the Continental Airlines Arena. Official seating capacity as of 2004 at Giants Stadium is 80,242. In addition, the stadium offers 124 club seats and 119 suites.

The stadium first opened October 10, 1976, as 76,042 fans witnessed a loss by the Giants to the Dallas Cowboys. Giants Stadium has hosted football and soccer franchises of different levels, concerts, and various other special events. Ticket prices vary based on the

event; season tickets are available for all Giants Stadium events at a cost of \$600 to \$700 per ticket. Attendance at Giants Stadium in 2003 was estimated at approximately 78,620.

Continental Airlines Arena

Continental Airlines Arena is a multi-purpose indoor arena in the Meadowlands Sports Complex in East Rutherford, New Jersey. It is home to the New Jersey Nets NBA basketball team and the New Jersey Devils NHL hockey team. The arena also hosts the men's basketball games of Seton Hall University. Official seating capacity as of 2004 is 19,968 for NBA games; 20,029 for college basketball; 19,040 for hockey; and a maximum 20,000 for concerts.

Construction of the arena began in 1977 and the arena first opened its doors in 1981. In January 1996, the New Jersey Sports and Exposition Authority (NJSEA) announced a naming rights deal with Continental Airlines, under which the airline, with a hub at nearby Newark International Airport, would pay the NJSEA \$29 million over 12 years. Plans have been unveiled to downscale the Arena in conjunction with several developments, including a new arena for the Nets in Brooklyn, New York, a new arena for the Devils in Newark, and the creation of a new entertainment and shopping center surrounding the Arena.

In Fall 2004, the Arena unveiled a new alternative configuration for concerts called the Theater at Continental Airlines Arena. Utilizing this configuration greatly reduces the arena's capacity to under 4,000 because of the strategic placement of a large number of black drapes.

Manchester-Nashua (NH) MSA

Holman Stadium

Owned by the city of Nashua, New Hampshire, Holman Stadium was built in 1937 and is home for the Nashua Pride, a baseball team in the independent Atlantic League. Its most recent renovation occurred in 2001 after the City of Nashua and the Nashua Pride reached an agreement to undertake a \$4.5 million renovation of the ballpark, Breadloaf Corp. of Brattleboro, Vermont broke ground and installed seven luxury sky suites, a brand new press box facility, all new reserved and club seating sections, a new full-service concession stand, completely remodeled bathrooms, an indoor team store and new administrative and box offices. The upgraded Stadium debuted to the public on May 10, 2002, and has an official seating capacity of 4,375.

Verizon Wireless Arena

As the largest construction project to ever be undertaken by the city of Machester, New Hampshire, the Verizon Wireless Arena opened in 2001 with a total cost of \$67 million. The facility is often seen as a key component of the city's economic development program. Its seating capacities differ depending on the type of event held. The Arena seats 10,019

for hockey, 11,140 for basketball, 10,050 for in stage concerts, and 11,770 for center stage concerts. It also includes 600 club seats, 34 suites, two party suites, and a private club lounge.

A couple months after the Arena's opening ceremony, Verizon Wireless announced its \$11.4 million deal to officially name building the Verizon Wireless Arena for 15 years. It is currently the home to the Manchester Monarchs, an AHL team, and the Manchester Wolves, an Arena Football team.

John F. Kennedy Coliseum Arena

Completed in 1963 by the city of Manchester, the arena serves as the home ice of Manchester Central and Memorial High Schools, and Southern NH Skating Club. From October to March, the Arena is open for indoor public skating.

Middlesex-Somerset-Hunterdon (NJ) MSA

Commerce Bank Ballpark

Commerce Bank Ballpark opened its gates on June 7, 1999 for the first ever Somerset Patriots home game in front of 6,506 fans. The 6,100 seat ballpark is the home to 70 Somerset Patriots games during an Atlantic League season. The ballpark was designed by Clark Caton and Hintz and SSP Architecture and built by Epic Construction.

Down the left field line, the Patriots host special group outings in the Picnic Area and Executive Party Deck Commerce Bank Ballpark features twenty luxury suites that are used by groups throughout the season. The luxury suites also have balcony seating for fans to watch games outdoors. Down the right field line, Commerce Bank Ballpark has a grassy area called the Turf Club, an open area where fans can sit on the grass or bring beach towels to sit on to enjoy the game by the Patriots bullpen.

Commerce Bank Ballpark is a multi-use facility that is the home of the Big East Baseball Championship Tournament and County Baseball Tournaments during the season. In the off-season, the ballpark is the site of the Big Apple Circus and the New Jersey State Fair. Commerce Bank Ballpark is also the home of the Somerset County Park Commission concerts.

Summary

Table 3-12 illustrates a summary of the total seating inventory and population per seat ratio found in the 15-mile market surrounding each of the existing Atlantic League stadiums. This measure will allow us to compare the competition in each of these markets relative to the proposed market in York.

Table 3-12
Seating Inventory – Atlantic League Markets

Franchise	City	MSA Population		Total Seating		Population/Seat	
		2003	Rank	Seats	Rank	Persons	Rank
Proposed Site	York, PA	353,504	8	0	9	--	9
Atlantic City Surf	Atlantic City, NJ	215,902	9	25,092	4	8.6	7
Bridgeport Bluefish	Bridgeport, CT	502,746	5	10,000	6	50.3	3
Camden Riversharks	Camden, NJ	2,698,629	2	223,719	3	12.1	6
Lancaster Barnstormers	Lancaster, PA	356,298	7	6,500	7	54.8	2
Long Island Ducks	Central Islip, NY	975,673	3	292,754	1	3.3	8
Nashua Pride	Nashua, NH	494,249	6	18,375	5	26.9	4
Newark Bears	Newark, NJ	4,749,021	1	292,754	1	16.2	5
Somerset Patriots	Bridgewater, NJ	862,404	4	6,100	8	141.4	1
Average		1,356,865		109,412		39.2	
Average (inc. York County stadium)		1,245,381		97,944		41.2	

Sources: Sales & Marketing Management - 2004 Survey of Buying Power, AudArena Stadium - 2004 Int'l Guide.

- The highest-ranked Atlantic League market areas in terms of total sporting events seats are Central Islip, NY and Newark, NJ, both of which are part of the New York-Newark-Edison (NY-NJ-PA) MSA. The population per seat ratio in the Central Islip, NY market area is approximately 3.3; in the Newark, NJ, the population per seat ratio is more favorable at 16.2.
- We found that the Bridgewater, NJ market area, which falls within the Middlesex-Somerset-Hunterdon (NJ) MSA, has the least number of sporting event seats with just 6,100. The only sporting venue located within the MSA is the Atlantic League's Somerset Patriots stadium (Commerce Bank Ballpark). However, this translates to a favorable population per seat ratio of 141.1.
- The average total seating inventory for the existing Atlantic League market area is over 109,400. The average population per seat ratio is approximately 39.2.
- If the proposed stadium were to be added to the inventory in York, the average population per seat ratio would increase slightly to 41.2.
- If the proposed 6,000-seat stadium were to be constructed in York, the population per seat ratio in the York MSA would be nearly 59.0, better than the other Atlantic League markets.
- When using the population within the “artificial” boundary, defined earlier in this report, the population per seat ratio would be nearly 57.0, again better than the ratio experienced in other Atlantic League markets.

Comparable Metropolitan Statistical Area (MSA) Analysis

For analytical purposes, ERA compared the York-Hanover (PA) Metropolitan Statistical Area (MSA) relative to other MSAs that share similar market sizes across the United States (10 larger and 10 smaller). The general concept of a metropolitan area is that of a large population nucleus, together with adjacent communities having a high degree of social and economic integration with that core. Metropolitan areas comprise one or more entire counties, except in New England, where cities and towns are the basic geographic units.

The statistics presented below are used for illustrative purposes and provide a consistent comparison methodology for the selected market areas. Furthermore, ERA compiled an inventory list of stadiums with a minimum of 2,500 seats for each MSA market in order to calculate their respective population per seat ratio. This comparative analysis will lend a better understanding of York's market environment relative to similar market areas in the nation.

- Table 3-13 illustrates the 109th to 129th ranked MSAs in the United States, detailing each market's total population, households, and Effective Buying Income (EBI). ERA noted the following trends: The York-Hanover MSA has a population of approximately 394,800. The Lexington-Fayette (KY) MSA is the largest with a population slightly greater than 422,500. The Brownsville-Harlingen (TX) MSA is the smallest in the sample with a population of approximately 366,100. The average population for the 109th to 129th ranked MSAs is approximately 395,800.
- The York-Hanover MSA has over 153,900 households, ranking 5th among the comparable MSAs analyzed. The Brownsville-Harlingen (TX) MSA has the fewest number of households at 106,900. The average number of households for the 21 ranked MSAs is approximately 143,800.
- The Effective Buying Income (EBI) presented in the table is defined as personal income less personal tax and non-tax payments. The York-Hanover MSA has more than \$7.2 billion in total EBI, ranking 7th among the 21 selected MSAs. The average total EBI for the 21 ranked MSAs is approximately \$6.7 billion.
- According to Dun & Bradstreet, a global business provider, the York-Hanover (PA) MSA is home to 340 businesses with more than 25 employees company-wide and more than \$5.0 million in annual sales. The average number of business in the 21 ranked MSAs is 287. The number of large businesses is an indicator of potential premium product buyers. The data in Table 3-10 indicates that the business community in York has a stronger presence than in some of the other similarly sized metropolitan areas.
- Table 3-14 lists the top 25 employers in and around the York-Hanover MSA.

Table 3-13
109th to 129th ranked Metropolitan Statistical Area (MSA)

U.S. Rank	MSA	Population		Households		Total EBI ¹		Number of Businesses
		(000's)	Rank	(000's)	Rank	(000's)	Rank	
109	Lexington-Fayette, KY	422.5	1	170.7	1	\$8,123,063	3	418
110	Salinas, CA	418.1	2	125.0	18	\$6,899,170	10	263
111	Vallejo-Fairfield, CA	416.7	3	137.5	17	\$7,633,060	5	302
112	Provo-Orem, UT	415.2	4	113.2	20	\$5,728,876	19	224
113	Corpus Christi, TX	409.4	5	144.4	14	\$6,304,123	13	189
114	Santa Barbara-Santa Maria-Goleta, CA	407.3	6	138.6	16	\$7,810,510	4	330
115	Canton-Massillon, OH	406.9	7	160.4	3	\$7,029,125	8	355
116	Fort Wayne, IN	401.8	8	156.3	4	\$7,253,400	6	458
117	Mobile, AL	399.9	9	151.3	8	\$6,089,890	16	382
118	Manchester-Nashua, NH	398.5	10	151.9	7	\$9,120,660	1	408
119	York-Hanover, PA	394.8	11	153.9	5	\$7,220,233	7	340
120	Visalia-Porterville, CA	390.1	12	116.0	19	\$4,628,270	20	202
121	Reading, PA	388.6	13	147.1	11	\$7,004,293	9	353
122	Springfield, MO	386.3	14	152.9	6	\$6,146,979	15	291
123	Asheville, NC	384.7	15	161.5	2	\$6,563,719	11	146
124	Beaumont-Port Arthur, TX	384.7	15	141.1	15	\$5,929,920	17	216
125	Fayetteville-Springdale-Rogers, AR-MO	383.0	17	145.3	13	\$6,190,846	14	221
126	Reno-Sparks, NV	382.4	18	148.1	10	\$8,429,063	2	300
127	Shreveport-Bossier City, LA	380.0	19	146.8	12	\$5,918,288	18	204
128	Davenport-Moline-Rock Island, IA-IL	374.7	20	149.9	9	\$6,505,801	12	309
129	Brownsville-Harlingen, TX	366.1	21	106.9	21	\$3,682,038	21	120
	Average	395.8		143.8		\$6,676,730		287

Sources: Sales & Marketing Management - 2004 Survey of Buying Power, and ERA.

Note: (1) Effective Buying Income.

Table 3-14
York's Top Employers

Rank	Employer	# of Employees
1	Wellspan Health	5,170
2	Defense Distribution Center	3,573
3	Harley-Davidson Motor Company, Inc.	2,800
4	York County Government	2,175
5	York International	1,631
6	Susquehanna Pfaltzgraff Co.	1,473
7	FCI Electronics	1,400
8	UTZ Quality Foods, Inc.	1,176
9	Giant Food Stores, Inc.	1,133
10	Glatfelter	1,107
11	Wal-Mart Stores, Inc.	1,012
12	United Defense	975
13	Dentsply International, Inc.	948
14	Kinsley Construction	914
15	Hanover Direct, Inc.	900
16	The Bon-Ton Dept. Stores	876
17	Weis Markets, Inc.	848
18	Hanover Foods Corporation	800
19	Hanover Hospital	776
20	Memorial Hospital	754
21	Exelon Nuclear	709
22	R.H. Sheppard Co.	705
23	School District of the City of York	687
24	Bookspan	676
25	PA State Government	642

Source: York County Economic Development Corporation, 2002

Seating Inventory

Table 3-15 illustrates a summary of the total seating inventory and population per seat ratio found in the 109th to 129th ranked MSA markets. It should be noted that ERA did not include venues with seating capacities of less than 2,500 seats in the total inventory count. It should also be noted that this list is intended to include all venues (municipal, collegiate, and private), but may not be inclusive.

As indicated in the table, many of the MSAs currently have no seats because of a lack of venues in their respective market areas. For this reason, they are not ranked in terms of total seats and populations/seat.

- The highest-ranked MSA in terms of total stadium seats is Provo-Orem (UT); the population per seat ratio in the MSA is 6.2, an unfavorable ratio relative to the other MSAs selected.
- Looking at market areas that have at least one or more stadium within their jurisdiction, we found that the Fort Wayne (IN) MSA had the least number of stadium seats available at just 6,000, translating to a population per stadium seat ratio of 67.0.
- The average total seating inventory for the 21 selected MSAs is over 15,000, and the average population per seat ratio is approximately 30.5.
- It is important to note that of the 21 markets listed, nine, one of which is the subject area, offer no stadium venues with greater than 2,500 seats.
- If the proposed stadium were to be added to the inventory in York, the population per seat ratio would be 63.7. The overall average population per seat for the 21 selected MSAs would increase slightly to 33.2.

Table 3-15
Stadium Seating Inventory – 109th to 129th MSA Markets

U.S. Rank	MSA	Population		Total Seating		Population/Seat	
		(000's)	Rank	Seats	Rank	Persons	Rank
109	Lexington-Fayette, KY	422.5	1	67,000	2	6.3	11
110	Salinas, CA	418.1	2	0	13	--	--
111	Vallejo-Fairfield, CA	416.7	3	0	13	--	--
112	Provo-Orem, UT	415.2	4	67,438	1	6.2	12
113	Corpus Christi, TX	409.4	5	0	13	--	--
114	Santa Barbara-Santa Maria-Goleta, CA	407.3	6	20,000	6	20.4	7
115	Canton-Massillon, OH	406.9	7	0	13	--	--
116	Fort Wayne, IN	401.8	8	6,000	12	67.0	1
117	Mobile, AL	399.9	9	8,000	9	50.0	4
118	Manchester-Nashua, NH	398.5	10	7,300	10	54.6	3
119	York-Hanover, PA	394.8	11	0	13	--	--
120	Visalia-Porterville, CA	390.1	12	0	13	--	--
121	Reading, PA	388.6	13	9,000	8	43.2	5
122	Springfield, MO	386.3	14	24,600	5	15.7	--
123	Asheville, NC	384.7	15	0	13	--	--
124	Beaumont-Port Arthur, TX	384.7	15	17,000	7	22.6	6
125	Fayetteville-Sprgdale-Rogers, AR-MO	383.0	17	53,000	3	7.2	10
126	Reno-Sparks, NV	382.4	18	30,000	4	12.7	9
127	Shreveport-Bossier City, LA	380.0	19	0	13	--	--
128	Davenport-Moline-Rock Island, IA-IL	374.7	20	6,200	11	60.4	2
129	Brownsville-Harlingen, TX	366.1	21	0	13	--	--
	Average	395.8		15,026		30.5	
	Average (inc. York County stadium)			6,000		33.2	

Sources: Sales & Marketing Management - 2004 Survey of Buying Power, AudArena Stadium - 2004 International Guide.

Competitive Stadium Analysis

In addition to evaluating the local market area, ERA identified competitive facilities within the region to understand the current and potential competition in attracting events to the proposed stadium. We identified market areas that have stadiums with at least 2,500 seats and accommodate baseball. In compiling this inventory, we used: *The 2004 AudArena Stadium Guide*, *The 2004 Survey of Buying Power* (Sales & Marketing Management), *Revenues from Sports Venues*, various league media guides and our own in-house database. Total seats includes permanent and portable seating arrangements.

There are several competitive stadiums surrounding the proposed site in York. Venues similar to that which has been proposed in York exist in cities such as Lancaster (currently in the process of completing construction; scheduled to open in May 2005), Harrisburg, Baltimore, Reading, Aberdeen and Frederick. These competitive stadiums is one of the

primary reasons for analyzing the demographics within the polygon-shaped figure previously discussed. Table 3-16 provides further details about the stadiums in each of these cities.

Table 3-16
Competitive Stadiums

City	Venue	Tenant	Miles from York
Lancaster	Clipper Magazine Stadium	Lancaster Barnstormers	26
Harrisburg	Commerce Bank Ball Park	Harrisburg Senators	36
Reading	FirstEnergy Stadium	Reading Phillies	55
Aberdeen	Ripken Stadium	Aberdeen IronBirds	58
Baltimore	Oriole Park at Camden Yards	Baltimore Orioles	65
Frederick	Harry Grove Stadium	Frederick Keys	91

Sources: 2004 Revenues from Sports Venues and Economics Research Associates

Many, if not all, of these venues would likely serve as direct competition to a stadium in York. Figure 3-3 provides an illustrative overview of the overlap that exists among these existing sports venues.

Lancaster Barnstormers (Clipper Magazine Stadium)

The Lancaster Barnstormers, Lancaster’s new professional baseball team, will play in its inaugural season beginning in 2005. The Barnstormers, who will join the independent Atlantic League, are expected to start off with 11 games on the road. Their first home game, scheduled for May 11th against the Atlantic City Surf, will mark the unveiling of the new, state-of-the-art Clipper Magazine Stadium. Clipper Magazine, Inc., a Lancaster County based coupon magazine, agreed to pay \$2.5 million over 10 years for the naming rights to the \$20 million ballpark.

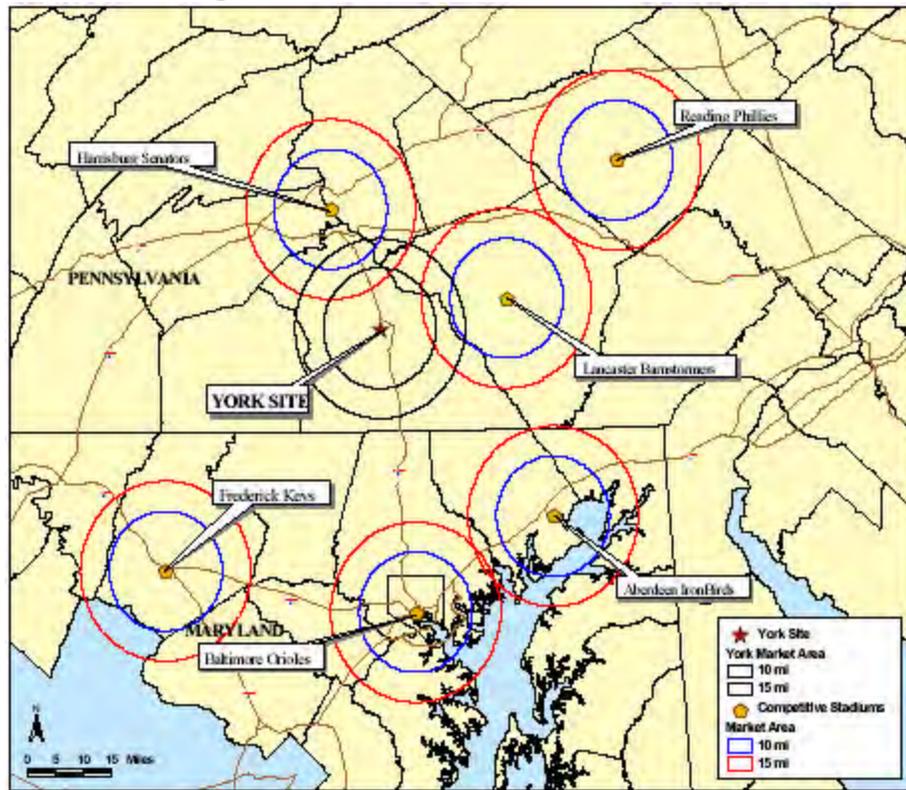
Located in downtown Lancaster between North Prince Street and Harrisburg Pike, the Clipper Magazine Stadium will offer 6,500 seats and feature a full-range of family attractions and activities, in addition to Barnstormers’ games.

Harrisburg Senators (Commerce Bank Ball Park)

The Harrisburg Senators have announced that they will continue their affiliation with Washington’s new major league baseball franchise, the Washington Nationals (previously the Montreal Expos). The team plays in the Eastern League, a Class AA minor league, with 11 other franchises.

The Harrisburg Senators play in what was recently renamed Commerce Ball Park off Interstate 83 in Harrisburg, Pennsylvania. Commerce Bank Ball Park was first built in 1987 and lacks the luxury suites and club seating of newer venues. The City of Harrisburg,

Figure 3-3
Existing Stadiums within York Market Area



Source: Economics Research Associates

which owns both the team and the venue, is considering making changes to the ballpark in the near future. Ticket prices range from \$5.00 to \$9.00. Average attendance in 2004 was estimated at 3,441, down from 2003 levels of 3,794.

Baltimore Orioles (Oriole Park at Camden Yards)

Oriole Park at Camden Yards was built at a cost of \$210 million by the State of Maryland and the City of Baltimore. The state lottery (approximately \$50 million) and tax-exempt bonds (approximately \$155 million) paid for the venue. The Baltimore Orioles, Maryland's major league baseball team, invested \$9 million in the venue themselves.

The one-time railroad center is 12 minutes west by foot from the City's Inner Harbor and only two blocks from the birthplace of George Herman "Babe" Ruth. The ballpark seats 48,876 and also includes 75 suites and 4,000 club seats. Average attendance in 2003 was estimated at 30,303, higher than the overall average for major league baseball franchises of 28,025. Ticket prices start at \$9.00 and run as high as \$55.00 per game.

Aberdeen IronBirds (Ripken Stadium)

Completed in June 2002, Ripken Stadium, home of the Aberdeen IronBirds, is the first phase of the multi-million dollar "Aberdeen Project" planned to encompass 112 acres of land just off Interstate 95 in Aberdeen, Maryland. The stadium itself cost an estimated \$18 to construct and encompasses 6,000 seats. The IronBirds are the Class A short-season affiliate of the Baltimore Orioles and play in the New York-Penn League.

Since first opening, the state-of-the-art, family-oriented minor league ballpark has sold out all 38 IronBirds home games (in each of its three seasons), hosting an average 6,104 fans a game. The organization ranked second in attendance in the entire New York-Penn League, trailing first place Brooklyn Cyclones. Season tickets range from \$342 to \$532 per ticket.

Reading Phillies (FirstEnergy Stadium)

Completed in 1951, FirstEnergy Stadium is now the oldest home in the Eastern League. It assumed that distinction after Toronto's Double-A affiliate (New Haven Ravens) departed from Yale Field (1927) in New Haven, Connecticut, following the 2003 season. The home of the Reading Phillies is 36 years older than any other park in the EL.

While the facility has undergone a series of renovations over the years, the original seating bowl, dugouts and exterior brick wall have all remained and continue to provide tangible links to the past.

Attendance at Reading Phillies' games is generally higher than at most minor league games, given the stadium capacity of 8,500. In 2004, for example, FirstEnergy Stadium saw an estimated 7,138 fans per game, up 4 percent from 2003 levels of 6,849.

Single game tickets generally range from \$6 to \$9. Season tickets are available at a cost of between \$350 and \$395.

Frederick Keys (Harry Grove Stadium)

Located in historic Frederick, Maryland, Harry Grove Stadium first opened in 1990. The facility is home to the Frederick Keys, the Class A affiliate of the Baltimore Orioles and member of the Carolina League. The Frederick Keys are named after Francis Scott Key, the author of the Star Spangled Banner. Key was born in Frederick County and began his law career in Frederick City. Francis Scott Key is buried across the street from Harry Grove Stadium at Mt. Olivet Cemetery. The stadium is named for Harry Grove, an avid baseball fan and an integral part of baseball in Frederick in the early 1900's. His son, M.J. Grove, donated the final funds needed to complete the stadium in 1990. He asked that the stadium be named for his father.

Harry Grove Stadium has a seating capacity of 5,500, which includes seating in 12 luxury suites. Ticket prices at Harry Grove Stadium range from \$9.00 to \$11.00. Average attendance in recent years has been declining. In 2003, average attendance was estimated at 4,385, down 2.5 percent from 2002 levels of 4,499.

4. Potential Anchor Tenants / Sports Leagues / Other Events

Based on our conversations with YORCC and with Keystone Baseball, it is our understanding that local promoters have not received any formal agreements with any anchor tenants to date, although they are, on a preliminary basis, anticipating the following anchor tenant:

- An Atlantic League franchise.

It should be noted that the league representatives that we have spoken to are very optimistic about the said marketplace and the proposed new stadium. Below is some detail about independent league baseball and the aforementioned tenant and league.

Independent League Baseball Overview

Baseball has been a part of America's history since the late 1800's, with minor league baseball playing a significant role. Professional baseball teams have been arranged in various classifications using different systems since as early as 1890. Minor league baseball teams began using a similar classification system with the creation of the National Association of Professional Baseball Leagues (NAPBL) in 1902. Under the umbrella of the NAPBL, the following minor league classification was adopted and remains in existence today:

- **AAA** – currently the highest classification of MLB. Established in 1945, this class consists of three leagues (International, Pacific Coast and Mexican);
- **AA** – originally established in 1912, and currently the second tier of MLB. There are currently three leagues classified as AA (Eastern, Southern and Texas);
- **A** – when the NAPBL was first established, Class A was the highest classification for minor league teams. Under the present structure, Class A teams are third tier teams and consist of five regular season leagues (California, Carolina, Florida State, Midwest and South Atlantic), as well as two short-season leagues (NY-Penn and Northwest);
- **Rookie** – this classification was first established in 1963, and is currently the lowest classification of MLB teams, consisting of four leagues made up of first year players;
- **Independent** – do not have any affiliation to major or minor league baseball leagues.

There are several independent baseball leagues located throughout the country. Each independent league franchise is independently owned and operated, and is not affiliated in any way with Major League Baseball (MLB). Depending on the actual deal terms between a MLB franchise and its minor league affiliate, the parent MLB franchise may supplement its minor league affiliate monetarily (player and coaching costs, etc.) as well as supply equipment.

Independent leagues are made up of players who are on the “fringes” of professional baseball, and who may, or may not, have spent some time in the minor leagues. A majority

of the players have been released by a minor league franchise, or were never considered to have true professional talents. Many, including Jose Canseco, Ruben Sierra (current New York Yankee), Tim Lincecum, Jose Lima (current Kansas City Royal), Ricky Henderson, Dante Bichette, Carlos Baerga (currently Atlanta Braves), and numerous others, have used the independent leagues as a place to display their talents to the scouts before moving on to affiliated minor leagues.

A typical independent league season (there are variations league-to-league) consists of 45 to 70 regular season home games, and may include a playoff season. The season starts in the middle of May and concludes in the beginning of September. Typical player salaries range from \$700 to \$2,000 per month. Other franchise expenses include, but are not limited to, travel, housing, equipment, front office, marketing, and stadium costs.

Independent Leagues began forming in the early 1990's when it became more costly and difficult to acquire MLB-affiliated minor league baseball franchises. Some of these leagues have failed and have since ceased operations. Failure of these franchises and leagues can be attributed to several factors, including poor franchise/league management, unfavorable demographics, and financial difficulties, among others. The existing five independent leagues have fared well in terms of attendance. Atlantic League attendance has generally been higher than attendance in other independent leagues.

As mentioned earlier, the proposed stadium in York will likely host an Atlantic League franchise. The following is a brief overview of the Atlantic League.

Atlantic League

The Atlantic League was formed in 1998 in an attempt to bring a high level of professional baseball and affordable family entertainment to selected communities not presently being served by Major League or Minor League teams. The League was originally established and is currently operated by baseball executives who have had extensive ties to Major and minor league baseball organizations, including Joe Klein (General Manager of the Detroit Tigers, Texas Rangers and Cleveland Indians), Bud Harrelson (New York Mets), Sparky Lyle (New York Yankees), Butch Hobson (Boston Red Sox) and others.

The Atlantic League is often considered to be one of the highest levels of independent professional baseball, comparable to the level of Class AA or Class AAA ball. The Atlantic League also draws attendance levels that are consistent with Class AA and Class AAA Minor League baseball franchises and exceed levels attained by its other independent league counterparts.

Today, the Atlantic League operates some of the top ballparks in minor league baseball, seven of which have been recently constructed, and is a high quality alternative to Major League Baseball in the New York, New Jersey and New England areas.

Funded by initial membership fees, league dues and league assessments, the Atlantic League is currently composed of eight franchises in five U.S. states and is considering

expansion into four additional markets. Existing teams include the Atlantic City Surf; the Bridgeport Bluefish; the Camden Riversharks; the Lancaster Barnstormers; the Long Island Ducks; the Nashua Pride; the Newark Bears; and the Somerset Patriots. It should also be noted that the Pennsylvania Road Warriors historically operated under the Atlantic League. Because they did not have their own facility, however, they played all of their games on the road.

In 2005, each of the eight franchises will play 140 games, 70 on the road and 70 at home. Franchises meet a total of 20 times, split evenly between home and away games.

Table 4-1 provides an overview of the 2005 Atlantic League franchises. Also included in the table is the franchise city, venue, the year the venue was built, seating capacity, number of luxury suites and the number of club seats.

Table 4-1
2004-2005 Atlantic League Franchises

Franchise	City	Stadium	Year Built	Seating Capacity	Suites	Club Seats
Atlantic City Surf	Atlantic City, NJ	The Sandcastle	1998	5,900	20	---
Bridgeport Bluefish	Bridgeport, CT	Harbor Yard	2001	10,000	42	1,300
Camden Riversharks	Camden, NJ	Campbell's Field	2001	6,425	20	417
Lancaster Barnstormers	Lancaster, PA	Clipper Magazine Stadium	2005	6,500	n.a.	n.a.
Long Island Ducks	Central Islip, NY	Citibank Park	2000	6,002	20	---
Nashua Pride	Nashua, NH	Holman Stadium ¹	1937	4,375	7	---
Newark Bears	Newark, NJ	Bears & Eagles Riverfront	1999	6,200	20	---
Somerset Patriots	Bridgewater, NJ	Commerce Bank Ballpark	1999	6,100	20	---

¹ Has since undergone two renovations, the first in 1998 and the second in 2001-2002

Source: Atlantic League, Revenues from Sports Venues 2004 and Economics Research Associates.

Table 4-2 lists historic Atlantic League attendance since the 2002 season. Average attendance per game in 2004 was approximately 3,660, lower than 2003 attendance levels by approximately 4 percent.

Table 4-2
Historic Attendance - Atlantic League

Atlantic League Franchises				
	2002	2003	2004	Average
Atlantic City Surf	2,330	2,576	2,054	2,320
Bridgeport Bluefish	3,853	3,403	3,372	3,543
Camden Riversharks	4,548	4,547	4,309	4,468
Lancaster Barnstormers	n.a.	n.a.	n.a.	---
Long Island Ducks	6,158	6,019	6,119	6,099
Nashua Pride	1,753	1,917	1,659	1,776
Newark Bears	3,209	3,032	2,746	2,996
Somerset Patriots	5,189	5,161	5,376	5,242
Average	3,863	3,808	3,662	3,778

Source: Atlantic League, Revenues from Sports Venues 2004 and Economics Research Associates.

5. Stadium Size

We have discussed the plans of the stadium with Keystone Baseball, and it is our understanding that the stadium is planned as follows:

- Approximately 6,000 seats
- Approximately 20 suites (12 seats per suite)
- Stadium club area
- Meeting rooms
- Large production kitchen
- Team offices
- Administrative offices
- Team store
- Locker rooms
- Auxiliary dressing rooms
- Trainers' room
- Kids Zone

6. Financial Analysis – Base Case

The following section presents a summary of the financial analysis completed in connection with the proposed York Ballpark. For purposes of this financial analysis portion of the report, we have illustrated total available dollars before debt service and have computed available dollars after the \$8.0 million contribution is made the project.

The assumptions discussed in this section reflect the “Base Case” scenario, unless otherwise noted. The “Base Case” model utilizes assumptions developed based on our market analysis, discussions with Keystone Baseball, local business leaders, City officials, discussions with sports leagues, promoters, and surveys of comparable minor league baseball stadiums throughout the United States, specifically in the northeast US. These assumptions appear reasonable based on the current and anticipated market conditions. It is important to note that because events and circumstances frequently do not occur as expected, there may be significant differences between the actual results and those estimated in this analysis.

The base-year assumptions in the cash flow are stated in 2007 dollars, as that is the anticipated opening year of the proposed stadium. Comparable data has been gathered in current dollars (when available) and have been adjusted when used in the cash flow to account for inflation. The figures reflect an annual inflation rate of 2.5 percent, unless otherwise noted.

The major determinants of this financial analysis include:

- Operating Revenue Assumptions
- Potential Utilization of the Proposed Stadium
- Stadium Operating Expense Assumptions
- Franchise Operating Expenses
- Summary of Financial Results

Contemporary Market Conditions

The terrorism attacks of September 11, 2001 in New York City and Washington DC have altered the state of the United States’ travel and tourism industry. At present, all sectors of the industry, ranging from airlines to hotels and ancillary services, are undergoing a severe contraction. It is unclear at this time whether this is a short-term phenomenon that is likely to last for another 12 to 18 months, or so, or if it represents a new equilibrium or baseline from which the industry will need to recover from over the longer term.

In formulating these assumptions, ERA has looked to the past performance of comparable stadiums throughout the United States. If the basic underlying structure of the industry has been altered by these events, it is likely that the results of any analysis based on past conditions can be materially different from the results eventually achieved.

Stadium Forecast

The forecast of the market potential for the proposed stadium is summarized in the following section.

Operating Revenue Assumptions

In developing the estimated cash flow from operations, ERA has made significant assumptions related to the proposed York Ballpark's operating revenues. ERA utilized information obtained from our market analysis, information provided by Keystone Baseball, interviews with representatives from comparable stadiums, information provided by City officials, information provided by local business officials, and from our internal database.

In order to obtain information while conducting these surveys, ERA agreed to maintain the confidentiality of the participants and, as a result, cannot identify the comparable stadiums in conjunction with some of their responses. Stadiums and franchises providing information presented in this report are referred to as Stadium 1,2,3, or Stadium A, B, C, etc. in order to conceal their identity. The following section details the key revenue-related assumptions utilized in our analysis.

Potential Utilization of the Proposed Stadium

The following forecasts the estimated number and type of events to be held at the proposed York Ballpark, the estimated average attendance, and the estimated total attendance. Utilized in the financial analysis section of this report, the assumptions are based on data from comparable stadiums, data from comparable leagues, ERA's in-house database and the results of the facility interviews.

Type of Events

The following is what we have assumed as the tenant mix at the proposed York Ballpark:

- Anchor Tenant(s)
- Concerts
- Other Sports
- Miscellaneous Events

Our working assumption is that the stadium will be managed internally (by Keystone Baseball who will also own and operate the proposed Atlantic League franchise), and personnel will be hired that are currently in management positions at comparable venues throughout the U.S. The variance of the number of forecast events or the type of stadium management "guarantee" can dramatically impact the cash flow.

Key Stadium Lease Terms

It is our understanding that Keystone Baseball has offered to contribute \$8.0 million to the proposed project (from stadium revenues – i.e., contractually obligated income,

(COI)). For the purposes of this analysis, we have included this contribution as an annual payment over 20 years (or \$400,000 annually).

Throughout the industry, there are several different variations in sports leases and other event leases, ranging from a 'flat' base rent level to different percentages of gate receipts. Leases can vary significantly if the operator of the stadium also owns the sports franchises. For purposes of this analysis, we have illustrated total available dollars before debt service and have computed available dollars after the \$8.0 million contribution is made to the project.

We have reviewed Keystone Baseball's operating assumptions for the proposed stadium and have made adjustments.

Sales Tax

For purposes of this analysis, we have assumed that sales taxes are included in the price of the tickets, concessions and novelties.

Estimated Number and Type of Events

Many of the comparable minor league stadiums that we obtained data from have the anchor tenant as the main tenant, a small amount of concerts, some high school/collegiate events, among others. For purposes of this analysis, we have concentrated on the baseball events and have assumed some revenues (tickets, concessions, etc.) for other annual events. These events could include concerts, other sports (revenue and non-revenue based), and miscellaneous events (also revenue and non-revenue based).

Estimated Paid Attendance

Forecasts for the average paid attendance and total attendance assumptions utilized in the cash flow model for each major event category have been made. We have forecasted that the total paid attendance at the proposed stadium (baseball events) will be approximately 255,000 in the first year of operation, fluctuating to approximately 228,000 in year 5. This includes a reduction in attendance for the baseball franchise after the first year (honeymoon period). Baseball franchise attendance is assumed to stabilize at approximately 89 percent of the year 1 attendance in the fourth year of operation.

We have also forecasted the percentage of complimentary tickets per event as well as the percentage of no-shows (unused paid tickets). These also directly correlate to the "honeymoon period." We have concluded through our numerous stadium studies that each sports tenant/franchise discounts and/or distributes complimentary tickets differently (depending on market characteristics/demand). It should be noted that the projected attendance for the baseball franchise is significantly lower than the announced league averages.

A 'typical' Atlantic League season has a 70 game home schedule. For purposes of this analysis, we have assumed that there will be 3 rain-outs that will be made up as part of a

double header on another date. Therefore, our analysis assumes 67 home dates. Our total baseball gate attendance (paid plus complimentary less no-shows) is as follows:

Year 1 – 267,330

Year 2 – 229,777

Year 3 – 217,018

Year 4 – 210,507

Year 5 – 210,507

Event Related Revenues

Below is a listing of event related revenues consisting of tickets, concessions, novelties, and parking. These revenues are direct related to the number of attendees at the respective events to be performed at the proposed York Ballpark.

Average Ticket Prices

We have evaluated local tickets throughout Pennsylvania and the northwest US, evaluated industry data, reviewed price points at comparable stadiums, and interviewed professional sports tenants/franchises, as well as event promoters. Typically, minor league sports tenants/franchises present ticket prices within their respective year books, media guides, internet web pages, etc. These ticket prices are based on full value, excluding any discounting for store coupons, season tickets, students, seniors, etc. Therefore, the presented ticket prices are often an overstatement of what the individual franchises or stadiums actually collect from each paid patron. These prices are announced ticket prices prior to any discounting.

In order to estimate the average ticket price for the Atlantic League games in the proposed stadium, we have evaluated local ticket prices at venues throughout the York area, the Atlantic League, other minor leagues and reviewed Keystone's projections.

Typically, sports tenants/franchises present ticket prices within their respective year books, media guides, internet web pages, etc. These ticket prices are based on full value, excluding any discounting for store coupons, season tickets, students, seniors, etc. Therefore, the presented ticket prices are often an overstatement of what the individual franchises or stadiums actually collect from each paid patron. These prices are announced ticket prices prior to any discounting.

Comparable data that we obtained indicated that teams at the comparable level, playing in new stadiums, new to the given marketplace, typically charge approximately \$6.00 to \$13.00 for choice season ticket locations and range from approximately \$3.00 for berm (grass area) outfield seating to approximately \$10.00 for choice seating locations.

Based on the York market area and our interviews, we have forecasted the following general seating ticket prices (net of the assumed discounting) for the individual locations at the proposed ballpark:

- Season Tickets – blended rate (depends on location) of approximately \$6.75 in the first year of operation, increasing by approximately 2.5 percent per year thereafter.
- General Seating – blended rate of non-season seat locations, picnic areas, group sales, etc. of approximately \$5.25 in the first year of operation, increasing by approximately 2.5 percent per year thereafter.
- We have also added \$1.00 per ticket for a parking fee, increasing by approximately 2.5 percent per year thereafter.

Based on the anticipated season tickets and general seating tickets to be sold, we have forecast that the baseball team will sell approximately 2,200 season tickets in year 1, decreasing to approximately 1,966 per game in year 4 (stabilized year), and approximately 1,600 general seating tickets in year 1, decreasing to approximately 1,430 per game in year 4 (stabilized year).

As previously noted, we have not forecasted any additional events, rather we have applied revenues to tickets, concessions, novelties, etc. Based on these ticket prices noted above, the proposed stadium is forecasted to average nearly \$1.6 million in revenues in Year 1 through Year 5. As stated above, this includes an estimated \$25,000 in ticket revenues from the concerts and community events.

Facility Fee

For purposes of this analysis, we have not included any facility fees.

Concession and Novelty Revenues

Concessions and novelties are anticipated to provide a significant source of revenue at the proposed stadium. Concession and novelty spending typically increases at newer facilities due to the increased number of points-of-sale and the improved location of the concession and novelty stands throughout the stadium. To develop appropriate concession and novelty per capita assumptions, we have conducted comparable facility interviews, reviewed historical industry data, and utilized ERA's internal database. Concessions per capita from comparable facilities range from approximately \$5.50 to \$9.00.

Based on the comparable data as well as the demographics of the proposed York Ballpark, we have estimated average concession and novelty per capitas stated in 2007 dollars to be approximately \$6.75, increasing by 2.5 percent annually thereafter.

Concessions will be subject to cost of goods sold (COGS), concession operating expenses, sales taxes and distributions. Based on interviews with comparable stadiums and several concessionaires, concession COGS typically range from 45 percent to 65 percent of gross concession revenue. These expenses, however, vary significantly depending on the local market area, policies implemented by the facility, and the strategy for concession pricing. For analytical purposes, concession expenses (including operator profit margin) are assumed to be 50 percent of gross concession sales, which are

reasonable for purposes of this analysis. We have added \$50,000 of net revenues for the other events. Net concessions revenues average slightly over \$850,000 in the first five years of operation.

Novelties will also be subject to COGS. Based on interviews with comparable stadiums and several concessionaires, novelty COGS typically range from 65 percent to 80 percent of gross novelty revenue. For analytical purposes, novelty expenses (including operator profit margin) are assumed to be 70 percent of gross novelty sales, which are reasonable for purposes of this analysis. We have assumed \$1.50 per person in year 1 for novelty sales. Net novelty revenues average approximately \$105,000 in the first five years of operation.

Parking Revenues

With parking still being looked into in York regarding the proposed project at hand, we have assumed that individual automobiles will not be a charged for parking. We have instead incorporated a parking surcharge of approximately \$1.00 per ticket, and have assumed that 50 percent of this surcharge would go to the owner of the parking spaces. Net parking surcharge revenues are estimated to average approximately \$125,000 for the first five years of operations. Of this \$125,000 in revenues, approximately \$1,500 is from other events.

Contractually Obligated Income

ERA has assumed that a significant portion of revenues from operations will be generated from sources of contractually obligated income (COI) that are secured by multi-year contracts for luxury suites, advertising, and naming rights. It should be noted that there have not been any “pre-sales” of these products, but there are records of letters of intent to purchase. Since these are currently letters of intent, we have not disclosed their names. As discussed with Keystone Baseball, YORCC, and business leaders, everyone seems in agreement that this is an absolute must for the financing of the stadium

Luxury Suite Premium Revenues

Luxury suites represent an increasingly important revenue source for many anchor tenants and venues. Luxury suites offer the potential to provide a steady, contractually guaranteed source of revenue and are typically used for corporate marketing and entertaining. As previously described, we have assumed that the proposed stadium will include 20 luxury suites with approximately 12 seats per suite. Luxury suite prices in comparable stadiums lease for an average of \$15,000 to \$30,000 annually.

Based upon our review of the architectural plans, we have assumed that all 20 of the luxury suites would be available for lease, and all of the luxury suites would be leased at an average year 1 (2007) gross price of approximately \$25,000 (no annual increase). The premium luxury suite revenue would gross an average of approximately \$500,000 annually.

Naming Rights and Stadium Sponsorships

Historically, stadiums and stadiums were named after the City, county or, in some instances, to honor or memorialize a significant individual or group. Selling the naming rights of a facility to an unrelated corporation was, and can still be, a political issue, but there has been a definite trend towards the sale of naming rights to the private corporation. Naming rights have typically been sold to corporations in the following industries:

- Financial Services
- Airline
- Beverage
- Energy
- Automobile
- Retail
- Consumer Product
- Computer
- Internet
- Other

Several sports facilities have recently licensed the name of the facility to major corporations. We have obtained stadium naming rights information from recently constructed (or under construction) comparables. It is often difficult to gather complete information regarding naming rights as some of the recent deals do not necessarily reflect “arms-length” transactions. For example, naming rights sold to a family or a bank may have other provisions, which could result in misleading conclusions. Furthermore, some transactions include significant advertising opportunities or other amenities, thus inflating the reported price. We have attempted to adjust for those considerations in our assumptions.

These naming rights deals in comparable stadiums range from a low of \$60,000 to a high of approximately \$300,000 annually. A majority of these naming rights deals are for 10- to 15 year periods.

Naming rights licensing fees vary considerably and are typically based on the amount of media coverage the stadium will receive (e.g. television, radio, print, etc.), stadium attendance and prestige.

Based on the York marketplace and a review of similar naming right deals, we have assumed that the proposed stadium will gross approximately \$250,000 and net increasing 2.5 percent thereafter.

Advertising Revenues

Stadium advertising revenues are generated by the following sources:

- ***Display Advertising:*** Signage throughout the concourses, concession stands and other common areas in the building.

- **Scoreboard Advertising:** Fixed signage, electronic advertising on the scoreboard and video message boards.

It is important to note that direct comparison of advertising revenue among stadiums often includes trades and/or barter arrangements. Gross advertising revenue may be significantly higher than net advertising revenue depending on the additional benefits associated with the particular deal.

The current gross annual advertising revenues for the comparable stadiums range from approximately \$300,000 to \$1.25 million. The advertising revenue figures were obtained through the primary tenants, stadium management or our internal database.

Target founding partners could potentially include companies from the following industries:

- | | |
|--------------------------------------|---------------------|
| • Airline | • Grocery |
| • Automotive | • HVAC/GE/York |
| • Automotive After parts | • Health / Hospital |
| • Beer | • Hotel |
| • Cable | • Insurance |
| • Computers | • Internet/ISP |
| • Credit Card | • Newspaper |
| • Electronics | • Pharmacy |
| • Family Restaurant | • Soft Drink |
| • Fast Food | • TV/Radio Rights |
| • Financial – Bank and/or investment | • Telecom |
| • Gas/Convenience | • Utility |

Based on the demographics and the number of expected events and tenant mix, we have forecast that the proposed York Ballpark would gross approximately \$700,000 in annual advertising revenue in year 1, increasing 2.5 percent annually thereafter. This would come in the form of stadium signage, scoreboard advertisements, media spots, etc.

Ticket Distribution

At this time, a ticket distribution company has not been identified and we have not assumed one for purposes of this analysis. It is our assumption that one will be utilized and ticket buyers will be assessed a per ticket convenience fee for each ticket purchased via the ticket distribution network. The per ticket convenience fee can be added to the face value of all tickets according as illustrated in Table 6-1. Customers could also be assessed a one-time per order fee to cover postage and handling for each phone and internet order. This could generate significant revenues.

Table 6-1
Ticket Distribution
Ticket Revenue Sharing Schedule

Event Price	Base Per Ticket Convenience Fee	Revenue Share Per Ticket	Per Order Handling Fee
Under \$10.00	\$2.75	\$0.69	\$3.00
\$10 to \$19.99	\$3.75	\$0.94	\$3.00
\$20 to \$29.99	\$4.75	\$1.19	\$3.00
\$30 to \$39.99	\$5.75	\$1.44	\$3.00
\$40 and over	\$6.75	\$1.69	\$3.00

Additional Revenues

For the purpose of this base case financial analysis, we have not assumed any additional revenues. Below is a listing of some additional revenue sources. These additional revenues could have significant impact on the proposed pro forma.

- Ticket Distributor
- Ticket Tax/Surcharge
- Meeting space rentals
- Sports bar/restaurant
- Amusement game area
- Party suite(s)
- Large novelty store
- Banquets/Catered Events

Total Operating Revenues

Total operating revenues for the proposed York Ballpark are forecast to range between \$4.09 million to \$4.28 million in the first five years of operation.

Baseball Stadium Operating Expenses Assumptions

It is our understanding that Keystone Baseball will operate the franchise and the stadium. Based on our conversations with Keystone Baseball and other comparable venues and franchises, ERA developed assumptions regarding the operating expenses for the proposed stadium. The following section summarizes the results of our analysis and the operating expense assumptions utilized in the cash flow model. All operating expense information related to comparable stadiums is presented in 2007 dollars based on an annual inflation rate of 2.5 percent, unless otherwise noted.

Staffing Expense

In order to estimate the staffing requirements and the expenses to be incurred by the proposed stadium, we surveyed comparable stadiums to determine the number and positions of full-time “equivalent” employees. These stadiums have full-time staffs ranging from 8 to 15, and average 10 full-time employees.

Based on a review of this information and the operating assumptions detailed in this report, we have assumed that the stadium's operations will require approximately 10 full-time "equivalent" employees. We have used the term "equivalent" only to estimate the salary and wage expenses likely to be attributed to the stadium.

Total staffing expenses (including benefits) for the comparable facilities range from a low of approximately \$275,000 to a high of approximately \$500,000, with an average of approximately \$375,000. The variance between these facilities is due to several factors, including: local wage levels; event mix and schedules and the reimbursement policies for game/event related staffing expenses. The total wage expense (including overhead fees, but excluding benefit costs) for the proposed stadium is estimated to be approximately \$375,000 (year 1). Based on discussions with city officials we have forecasted that benefits and indirect staffing expenses are estimated to be approximately 20.0% of gross wages. Based on these assumptions, the total annual staffing expense in 2007 dollars has been forecasted to be approximately \$450,000 (year 1). This figure is for the stadium's operations only and does not include concession/novelty staffing requirements, which are included in the COGS.

Utility Expenses

Utility expenses typically differ among stadiums due to the number of events that the stadium hosts, the local climate, and other factors. Total utility expenses for the comparable stadiums surveyed ranged from a low of approximately \$85,000 to a high of approximately \$300,000, with an average of approximately \$200,000.

Due to the anticipated use of the stadium, in addition to our review of the utility expenses of comparable stadiums, we have forecasted approximately \$200,000 for utility expenses in year 1 of operations.

Other Stadium Operating Expenses

The stadium will incur other expenses as a result of general operations. These expenses include a variety of items, including administrative, building, insurance and professional fees. Based on interviews with comparable stadiums, we have forecast that other operating expenses will total approximately \$575,000 in the first year of operation, increasing to approximately \$634,000 in year 5.

Property/Real Estate Taxes

Property/real estate tax expenses vary significantly among comparable facilities depending on the specific arrangements negotiated with the local municipalities. Based on conversations with York officials, it is our understanding that Keystone Baseball intends to pay an amount equal to current property taxes – approximately \$80,000 per year.

Non-Recoverable Event-Related Expenses

Game-day and event-related expenses typically include event set-up and tear down, staffing of ushers, ticket takers, security, cleaning and other expenses directly related to the game or event. Total game-day expenses at comparable stadiums are currently in the range of \$500 to \$3,000 per event. Other event-related expenses varied significantly among the comparable stadiums depending on the unique requirements of the event. Although a majority of event-related expenses are assumed to be passed through to the tenant, some of the change-over costs between concerts and events as well as certain other event-day expenses are typically not reimbursed as a result of rental negotiations. For analytical purposes, the non-recoverable event-related expenses are forecasted to be approximately \$2,500 per event (67 baseball games and an additional \$25,000 for other events), or approximately an average of \$190,000 in the first five years of operation, increasing to approximately \$215,000 in year 5.

Capital Replacement Reserve

Capital replacement expenses vary significantly among comparable stadiums and on a year-by-year comparison. Typically, however, comparable stadiums set aside annual amounts in order to fund required capital replacement expenditures. The amount set aside is generally a function of the cost of the facility. For analytical purposes, the annual payments required to fund capital replacement expenses are assumed to be ½ of one percent of the hard stadium construction costs (estimated \$20 million) or approximately \$100,000 in year 1, which we believe are reasonable for purposes of this analysis.

Total Stadium Operating Expenses

The comparable facilities surveyed, the total operating expenses range from a low of approximately \$800,000 to a high of over \$2.75 million, with an average of approximately \$1.90 million in 2007 dollars. The range in total stadium operating expenses is due to a number of factors, the most significant being: event mix and schedule; climate; cost of living; and lease agreements. Total operating expenses are forecasted to be approximately \$1.62 million in Year 1 increasing to \$1.78 million in Year 5.

Baseball Franchise Operating Expenses Assumptions

In order to present a representative magnitude of the stadium pro forma, baseball franchise operating expenses need to be accounted for as well as stadium operating expenses. As previously stated, the proposed Atlantic League franchise will manage the facility and there are not any revenue splits.

Team Salaries and Benefits

In order to estimate the staffing requirements for the franchise, we reviewed several minor league franchises financial statements, as well as Keystone Baseball's business

plan. Affiliated minor league franchises do not have a players cost and independent league franchises do have player costs. We have estimated that team salaries and benefits to be approximately \$633,000 in year 1, increasing to approximately \$700,000 in year 5.

Stadium Rent

For the purposes of this analysis, we have included an annual rent payment of \$150,000 for the use of the stadium and the ability to host other revenue generating events.

Equipment

Equipment includes uniforms, bats, etc. Based on our review of other minor league equipment expenses, we have estimated that total equipment expenses to be approximately \$50,000 in year 1.

Travel

Travel costs include transportation to all road games (bus travel), hotel rooms and meal money for the players and traveling party. Team travel expenses are estimated at approximately \$105,000 in year 1, increasing to approximately \$116,000 in year 5.

Marketing

Marketing expenses vary from franchise to franchise throughout the entire sports community, including minor league baseball. Based on our conversations with Keystone Baseball and our review of their business plan, we have estimated that the marketing expenses will be approximately \$360,000 in year 1, increasing to approximately \$400,000 in year 5.

Dues

We have assumed league dues of \$55,000 per year paid to the Atlantic League.

Miscellaneous

Miscellaneous expenses include insurance, professional services and other items. For purposes of this analysis, we have forecast that the total miscellaneous expenses to be approximately \$100,000 in year 1.

Total Franchise Operating Expenses

Total franchise expenses are forecasted to be approximately \$1.45 million in Year 1 increasing to \$1.59 million in Year 5.

Total Stadium and Franchises Operating Expenses

The combination of stadium and franchise operating expenses range from approximately \$3.07 million in year 1 to \$3.37 million in year 5 of the analysis.

Summary of Financial Results

The base case cash flow model developed for the proposed stadium utilizes assumptions that were developed based on our review of the market, surveys with comparable stadiums, our internal data base, review of the Keystone Baseball business plan, discussion with local business leaders, discussions with City officials, among others. Although these assumptions appear reasonable based on the current and anticipated market conditions, actual results depend on the actions of management and other factors both internal and external to the project, which frequently vary. It is important to note that because events and circumstances may not occur as expected, there may be substantial significant differences between the actual results and those estimated in this analysis. For the purposes of this financial analysis portion of the report, we have illustrated total available dollars before debt service and have computed available dollars after the \$8.0 million contribution is made to the project.

As stated throughout this analysis, we have reviewed Keystone Baseball's operating assumption and have made adjustments in many areas.

Table 6-2 provides cash flow summaries for the proposed York Ballpark for the first five years of operation.

**Table 6-2
Base Case – Proposed York Ballpark**

<i>Stadium Related Revenue</i>	Year				
	1	2	3	4	5
Gate Receipts (net)	\$1,627,300	\$1,585,240	\$1,576,268	\$1,567,348	\$1,605,907
Concessions (net)	952,239	844,883	819,515	815,090	834,217
Novelties (net)	120,299	105,984	102,602	102,012	104,562
Parking (ticket service charge)	128,800	125,458	124,746	124,037	127,100
Naming Rights (net)	250,000	230,000	235,000	240,000	247,500
Luxury Suites	500,000	500,000	500,000	500,000	500,000
Advertising (net)	700,000	717,500	735,438	753,823	772,669
Total Stadium Revenue	\$4,278,637	\$4,109,065	\$4,093,568	\$4,102,311	\$4,191,956
<i>Baseball Stadium Expense</i>					
Salaries and Benefits	\$450,000	\$461,250	\$472,781	\$484,601	\$496,716
Utility Expenses	200,000	205,000	210,125	215,378	220,763
Other Stadium Operating Expenses	575,000	589,375	604,109	619,212	634,692
Property Taxes	80,000	80,000	80,000	80,000	80,000
Non Recoverable Event-Related Expenses	192,500	197,313	202,245	207,301	212,484
Capital Replacement Reserve	<u>120,000</u>	<u>123,000</u>	<u>126,075</u>	<u>129,227</u>	<u>132,458</u>
Total Baseball Stadium Expense	\$1,617,500	\$1,655,938	\$1,695,336	\$1,735,719	\$1,777,112
<i>Baseball Franchise Expense</i>					
Team Salaries and Benefits	\$633,000	\$648,825	\$665,046	\$681,672	\$698,714
Stadium Rent	150,000	150,000	150,000	150,000	150,000
Equipment	50,000	51,250	52,531	53,845	55,191
Travel	105,000	107,625	110,316	113,074	115,900
Marketing	360,000	369,000	378,225	387,681	397,373
Dues	55,000	56,375	57,784	59,229	60,710
Miscellaneous	<u>100,000</u>	<u>102,500</u>	<u>105,063</u>	<u>107,689</u>	<u>110,381</u>
Total Franchise Expense	\$1,453,000	\$1,485,575	\$1,518,964	\$1,553,188	\$1,588,268
Total Expenses	\$3,070,500	\$3,141,513	\$3,214,300	\$3,288,908	\$3,365,381
TOTAL NET OPERATING REVENUES	\$1,208,137	\$967,553	\$879,268	\$813,403	\$826,576
Less: \$8.0 million over 20 years	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
TOTAL NET OPERATING INCOME After \$8.0 Million Contribution	\$808,137	\$567,553	\$479,268	\$413,403	\$426,576

Source: Economics Research Associates.

Break Even Analysis

When all of the assumptions are kept constant as stated in the Base Case cash flow illustrated Table 6-2, the total net operating income after the proposed \$8.0 million dollar contribution (annualized for purposes of this analysis) equals approximately \$0 (or break even), is when the per game paid attendance is reduced to approximately 2,800 or 188,000 annually.

ERA has completed a break even analysis in order to determine the minimum level of attendance that would be needed for the project financially to continue its operations. With all assumptions kept constant as stated in the Base Case cash flow illustrated Table 1-2, the total net operating income after the proposed \$8.0 million dollar contribution (annualized for purposes of this analysis) equals approximately \$0 (or break even), when the per game paid attendance is reduced to approximately 2,800 or 188,000 annually.

Section 7. Economic Impact Analysis

In addition to conducting a market and financial feasibility analysis, ERA also looked at the economic impact of the proposed 6,000-seat stadium on York County. It is our understanding that YORCC is especially interested in determining the indirect benefits to York County and the region resulting from a 'multiplier effect' of each dollar spent directly in (or by) the facility. The following section and attached tables describe ERA's methodology more fully and provide findings of economic impacts from stadium operations.

It should be noted that this analysis is based on stadium attendees only and does not take into account any potential new development surrounding, or near, the proposed stadium.

Basic Approach

Overview

Economic impact is the "umbrella" term for three subsets of specific impacts: Output, Earnings, and Jobs. The following definitions of terms will serve as a guide to understanding these three elements of economic impact and the underlying components used in the calculations:

1. Output: Direct 'output' equals the total of three components:
 - a. Vendor sales to the combined operations of the arena
 - b. Wages paid to employees. (Wages are considered "sales" to the household sector of the economy), and
 - c. Sales of retailers and service providers to visitors in conjunction with trips to the stadium (both on and off-site).

Output can most readily be understood as the sum of economic activity associated with the stadium's existence within the study area. It combines vendor purchases, payroll, and visitor spending outside of the stadium.

2. Earnings are salaries and wages paid to employees (not corporate earnings or net profit); the second type of impact calculated. Operational earnings are considered ongoing, annual impacts.
3. Jobs are employment levels sustained by an entity's current operations. Jobs are in Full Time Equivalent (F.T.E.) terms unless otherwise noted.

These above components are driven by direct impacts of arena operations as well as indirect impacts resulting from the new economic activity. The total impact is given by a combination of the direct and indirect impacts.

- **Direct Economic Impact** is the amount of money put into the economy through an entity's inter-industry relationships, for example, wages paid, and payments to suppliers. The direct impact considers the actual dollars expended on purchases, payroll, and visitor spending

elsewhere in the region that is a direct result of stadium activities and the actual number of area resident jobs at the stadium.

- **Indirect Economic Impact** is the continuing flow of money as transactions take place after initially being put into the economy, sometimes informally referred to as the "ripple effect" or "multiplier effect." For example, it quantifies dollars spent by stadium vendors on their own purchases and employment at other companies supported by stadium orders. It also quantifies additional employee earnings and numbers of jobs supported in those workplaces. In order to calculate indirect impact, we used multipliers specific to the area economy from an economic model developed by the U.S. Department of Commerce's Bureau of Economic Analysis (1997 edition) and widely used in measuring indirect effect. Indirect impact is the product of the direct impact times the appropriate multiplier.
- **Total Annual Impact** is the sum of the direct and indirect calculations for the three types of economic impact - output, earnings and jobs. The total impacts quantify the entire spectrum of direct and indirect impacts.

Methodology

ERA's approach towards economic impact calculation is based on operating expenditures of a facility instead of revenues generated on-site. This approach takes into account the actual dollars spent in the local economy and disregards profits and direct margins that are often invested elsewhere. Though the approach provides conservative results, it is more realistic in terms of 'net' impacts to the local economy.

After determining the distribution of gross operating expenditures or 'purchases' made by the facility for various operations, we then split them by wage and non-wage components. Non-wage components include cost of goods and services that are indirectly acquired for facility operations from off-site sources.

The next step determines other off-site revenues generated in the local economy by visiting patrons from locations outside the economic area. These patron expenditures include eating and drinking, lodging, retail and transportation expenditures in locations outside the facility, but within the economic region.

As explained above the total of all of the above expenditures can be termed as the 'direct impact' in output in the local economy resulting from stadium operations. We then adjusted the total 'direct impact' by applying appropriate factors to account for expenditures in the economic region (excluding imports from outside) and production cost components (for manufactured items). Finally, we applied Regional Input Output Modeling System (RIMS II) economic multipliers to this adjusted "initial change" in order to derive induced and indirect impacts to the local economy.

RIMS II is an industry multiplier matrix developed by the U.S. Bureau of Economic Analysis (BEA) for each County in the United States. Note that the first part of the analysis as described

above only allows us to arrive at impacts at a County level due to limitations of the RIMS II definition of economic regions.

Economic Impacts

All attendance, cost, and revenue assumptions for the stadium used in this analysis are derived from the market and financial feasibility portion of this report. All of the identified tables are located at the conclusion of this section.

Table 7-1 presents a basic distribution of operating expenditures of all stadium operations including:

- Stadium Operations
- Tenants' Operations

We then distributed the operating costs into wage and non-wage components. Further, using multiple sources of data including ERA's financial pro-forma assumptions, and prospective tenants, we estimated the total number of employees that will be potentially located on-site (directly employed) and off-site (indirect contractual services). As seen in Table 7-1 the total annual stadium operating costs are approximately \$2.8 million. Of this approximately \$1.34 million are wages, and \$1.42 million are non-wage costs. As a result, the stadium generates a total of approximately 89 Full Time Equivalent (FTE) employees. Of these FTE's, approximately 28 of these are employed on site (10 of which are associated with operation of the stadium), while 61 are employed on off-site locations.

Table 7-2 presents estimated off-site expenditures. ERA estimates that of the approximate 267,330 annual event attendees, 20 percent are from outside York County. These out of County visitors are estimated to expend \$2.75 per capita for eating and drinking, \$1.20 per capita on transportation in the County, and \$1.00 per capita for retail in York County and places other than the stadium. In addition, 10 percent of out-of-County visitors are estimated to spend \$27.50 per capita in lodging expenses in York County. We also estimated that 50 percent of York County residents will spend \$2.75 per capita on food and drinks, \$1.20 per capita on transportation and \$1.00 per capita for other retail (in terms of net new dollars) within the County. As shown in Table 7-2, net new off-site visitor expenditures in York County as a result of stadium attendees are estimated to be approximately \$941,000 annually. Note that these are in excess of in-stadium expenditures by visitors. It is also important to note that this reflects net new expenditures that patrons would not have spent in the region if not for the stadium.

Table 7-3 presents initial and adjusted regional expenditures from all sources resulting from stadium operations. ERA has noted the corresponding industry type as defined by RIMS II for each of the expenditure items. Table 7-3 is organized in three parts; 1) non-wage expenditures; 2) wages to households and; 3) off-site visitor expenditures. ERA has then adjusted each expenditure item to account for the import of goods and services from outside York County. The Concessions and Novelties section is further adjusted to account for the cost of manufacturing, wholesale trade margins, and transportation to reflect actual expenditures in the County in terms

of producers' prices. These adjustments are necessary to account for more realistic impacts in the manufacturing sector. ERA estimates that 95 percent of the wages paid to employees will be spent in the County. Off-site visitor expenditures are accounted for in gross revenue terms.

Table 7-4 presents the calculation of total impacts by applying RIMS II multipliers for total output, earnings and jobs from each arena operations component by industry sector. Total impact from all stadium operations to York County is approximately \$3.1 million. Total impacts from off-site visitor expenditures (including initial spending) are approximately \$1.5 million. The total indirect impact from all activities is approximately \$4.7 million. Of this approximately \$1.3 million in earnings resulting in approximately 55 net new jobs. The total of all annual impacts annually including the initial change spurred by arena operations is approximately \$7.4 million with a total of approximately 144 new jobs in York County.

It is important to note that these estimates reflect impacts from stadium operations and off-site expenditures of stadium patrons only. *These economic impacts do not include the impacts from dollars expended by non-stadium patrons at secondary developments proposed in the vicinity of the proposed facility.*

Based on information provided by YORCC, the total construction cost of the facility, including soft costs, contingencies and cost of demolition and site preparation is estimated to be approximately \$20 million. Note that this does not include the cost of financing or land.

As presented in Table 7-5, ERA assumes that 25 to 35 percent of the soft construction costs are expended in York County. According to the York County Economic Development Corporation, the majority of basic construction materials and labor are expected to come from within the County. We have therefore assumed that 75 percent of all hard construction costs are expended in York County.

As per these estimates the adjusted total expenditure on goods and services, and wages in York County resulting from stadium construction is \$13.1 million. ERA then applied industry specific RIMS II multipliers to the estimated construction expenditures to determine total construction impact in York County.

As presented in Table 7-6, the total impact to York County's economy resulting from stadium construction is estimated to be \$23.4 million, of this \$6.6 million are related to wages resulting in 182 FTE construction jobs with an average annual wage of approximately \$36,000. ERA notes that the derived average construction wages are on the higher side of the spectrum in comparison to average construction wages in the region. ERA has derived this number by directly applying the building cost assumptions provided to the RIMS II multipliers. It is important to note that RIMS II is a national model and does not always provide the most accurate results for all regional economies, and certain local labor market dynamics may result in varying impacts. Based on our preliminary observation of higher construction labor costs, ERA used the York County Economic Development Corporation's most recent wage data to provide a check on our average annual wage figures. Based on construction wage data in the region, we anticipate actual construction

wages for FTE construction workers to be in the range of \$30,000 to \$35,000 annually, slightly below our calculated estimate of just over \$36,000.

Summary of Economic Impact Findings

Table 7-7 provides an overview of the one-time construction impact and the annual operations impact that result from the development of the proposed 6,000-seat stadium in York.

- Construction of the stadium is expected to generate approximately \$3.7 million in earnings to households, which would support approximately 102 full-time equivalent positions over the course of the entire construction period. Additional indirect economic impacts bring the total impact of development to more than \$23.4 million in total output for York County.
- Stadium operating expenditures (or “purchases”), representing gross annual indirect revenues expended in the region, amount to a total of approximately \$2.8 million. Of this \$1.34 million are in wages, and \$1.42 million are non-wage expenditures.
- As a result, the stadium generates a total of 89 Full Time Equivalent (FTE) employees, 28 of which are employed on-site, while 61 are employed on off-site locations. As mentioned earlier, we have assumed that the stadium’s operations will require approximately 10 full-time equivalent employees (included in the 28 on-site employees, as seen in Table 7-1).
- Expenditures in York County as a result of out-of-town attendees are estimated to be approximately \$941,000 annually. Note that these are in excess of in-stadium expenditures.
- The direct annual impact (on-site and off-site) from operation of the stadium is expected to generate \$3.7 million in output. Of this, \$1.6 million is expected to be in the form of wages, accounting for 103 FTE jobs. Adding indirect impacts to this, the total impact of annual operation of the stadium will produce approximately \$7.4 million in output, \$2.7 million of which is in wages, generating 144 FTE jobs.
- The total economic impact of the project, including the initial one-time impact spurred by construction of the stadium, is approximately \$30.8 million annually with a total of approximately 326 new jobs in York County.

Other Economic Benefits

The construction and operations of the stadium are anticipated to generate other significant impacts for the County that are less explicit and more difficult to quantify. These impacts include:

- Potential other new development
- Improved quality of life
- Prestige associated with professional sports teams
- Community pride and identity
- National and international exposure
- Marketability of County for corporate site selection

The dollar value of these impacts has not been estimated in this study. What is known, however, is that business and industry spend millions of dollars for the exposure provided by professional sports franchises.

Table 7-1
Stadium Operating Expenditures (000)

Stadium Operations

Item	Gross Expense	Wages	Other	FTE Employees	
				On-site	Off-Site
Direct Employees	\$450	\$450	\$0	10	-
Utilities	200	-	200	-	-
Other Stadium Operating Expenses	575	230	345	-	-
Property Taxes	80	-	80	-	-
Total Stadium Operations	\$1,305	\$680	\$625	10	27

Tenant Operations

Item	Gross Expense	Wages	Other	FTE Employees	
				On-site	Off-Site
Direct Employees	\$633	\$633	\$0	18	-
Stadium Rent	150	-	150	-	-
Equipment	50	30	20	-	-
Travel	105	-	105	-	-
Marketing	360	-	360	-	-
Dues	55	-	55	-	-
Miscellaneous	100	-	100	-	-
Total Tenant Operations	\$1,453	\$663	\$790	18	33
TOTAL STADIUM OPERATIONS	\$2,758	\$1,343	\$1,415	28	61

Source: Economics Research Associates

Table 7-2
Off-Site Visitor Expenditure

Annual Attendance =			267,330
<u>Visitor Origin Estimates:</u>			
	Outside York County =	20%	53,466
	York County Residents =	80%	213,864
Net New Off-Site Visitor Expenditures in York County:			
Item	Per Capita Factor	Visitors	Total (000)
Eating and Drinking ¹	\$ 2.75	160,398	\$ 441
Transportation (Gas, Transit) ¹	\$ 1.20	160,398	192
Lodging ²	\$ 27.50	5,347	147
Other Retail ¹	\$ 1.00	160,398	160
Total			\$ 941

Notes:

¹Applied to all out-of-County visitors and 50% of York County residents.

²Applied to 10% of out-of-County visitors

Source: Economics Research Associates

Table 7-3
Initial and Adjusted Regional Purchases by Industry (000)

Item ¹	Industry Type ²	Total Purchases ³	% in the County ⁴	Adjusted Purchases in the County ⁵
NON-WAGE EXPENDITURES				
<u>Stadium Operations</u>				
Utilities	Electric, Gas, Water and Sewer Services	\$200	75%	\$150
Other Stadium Operating Expenses	Spectator Sports	\$575	80%	460
Property Taxes	Real Estate	\$80	100%	80
<i>Subtotal (Stadium Operations)</i>		\$855		\$690
<u>Tenant Operations</u>				
Stadium Rent	Real Estate	\$150	100%	\$150
Equipment	Spectator Sports	\$50	85%	43
Travel	Spectator Sports	\$105	65%	68
Marketing	Promoters of performing arts and sports	\$360	80%	288
Dues	Spectator Sports	\$55	100%	55
Miscellaneous	Facilities support services	\$100	100%	100
<i>Subtotal (Tenant Operations)</i>		\$820		\$704
WAGES TO HOUSEHOLDS⁶				
Stadium Operations	Households	\$680	95%	\$646
Tenant Operations	Households	663	95%	630
<i>Subtotal (Wages to households)</i>		\$1,343		\$1,276
TOTAL INITIAL INPUT FROM FACILITY OPERATIONS		\$3,018		\$2,670

(Cont'd)

Table 7-3 (Cont'd)

Item ¹	Industry Type ²	Total Purchases ³	% in the County ⁴	Adjusted Purchases in the County ⁵
<u>OFF SITE VISITOR EXPENDITURES⁷</u>				
Eating and Drinking	Food Services and Drinking Places	\$441	100%	\$441
Transportation	Local Transit and Interurban Hwy. Passenger Transp.	192	100%	192
Lodging	Accommodation	147	100%	147
Other Retail	Retail Trade (Except Eating and Drinking)	160	100%	160
<i>Subtotal (Off site visitor expenditures)</i>		\$941		\$941

Notes:

¹Expense items from Table 1 and Table 2

²Industry classification as per RIMS II Model

³Total purchases from Table 1 and Table 2 (first round of spending)

⁴Share of purchases in York County with estimated adjustments for "Producers Price" Conversions as necessary

⁵Adjusted regional purchases

⁶Estimated that 95% of household expenditures occur in York County

⁷These items are considered to be gross inputs

Source: Economics Research Associates

Table 7-4
Impacts to York County

Industry Type	Purchases in the City/County (000)	RIMS II Multiplier for Final Demand			Impact		
		Output ¹	Earnings ²	Employment ³	Output (000)	Earnings (000)	Employment (FTE Jobs)
NON-WAGE EXPENDITURES							
Stadium Operations							
Utilities	\$150	1.3009	0.1994	3.8503	\$195	\$30	0.6
Other Stadium Operating Expenses	\$460	1.5714	0.6213	17.7464	\$723	\$286	8.2
Property Taxes	\$80	1.3446	0.1797	7.9985	\$108	\$14	0.6
Subtotal (Stadium Operations)	\$690				\$1,026	\$330	9.4
Tenant Operations							
Stadium Rent	\$150	1.3446	0.1797	7.9985	\$202	\$27	1.2
Equipment	\$43	1.5714	0.6213	17.7464	\$67	\$26	0.8
Travel	\$68	1.5714	0.6213	17.7464	\$107	\$42	1.2
Marketing	\$288	1.4735	0.4347	35.7489	\$424	\$125	10.3
Dues	\$55	1.5714	0.6213	17.7464	\$86	\$34	1.0
Miscellaneous	\$100	1.5714	0.6213	17.7464	\$157	\$62	1.8
Subtotal (Tenant Operations)	\$704				\$1,044	\$317	16.2
Subtotal Wages to Households	\$1,276	0.8365	0.2118	7.8187	\$1,067	\$270	10.0
IMPACT FROM ALL STADIUM OPERATIONS					\$3,136	\$918	36

(Cont'd)

Table 7-4 (Cont'd)

Industry Type	Purchases in the City/County (000)	RIMS II Multiplier for Final Demand			Impact		
		Output ¹	Earnings ²	Employment ³	Output (000)	Earnings (000)	Employment (FTE Jobs)
OFF-SITE VISITOR EXPENDITURES							
Food Services and Drinking Places	\$441	1.6314	0.4841	27.9252	\$720	\$214	12.3
Local Transit and Interurban Hwy. Passenger Transp.	192	1.7124	0.4219	7.0801	330	81	1.4
Accommodation	147	1.5341	0.4453	18.8130	226	65	2.8
Retail Trade (Except Eating and Drinking)	160	1.5998	0.4250	18.1846	257	68	2.9
IMPACT FROM OFF SITE VISITOR EXPENDITURES	\$941				\$1,531	\$428	19.4
SUBTOTAL INDIRECT IMPACT TO YORK COUNTY					\$4,668	\$1,346	54.9
PLUS: DIRECT IMPACT (Stadium operations only) ⁴					\$2,758	\$1,343	88.8
TOTAL IMPACT TO YORK COUNTY					\$7,426	\$2,689	144

Notes:

¹Measures the total dollar change in output in all industries resulting from a \$1 change in output delivered by the specific industry

²Measures total dollar change in terms of earnings resulting from \$1 change in output delivered by the specific industry

³Measures the total change in number of jobs resulting from a \$1 million change in output delivered by the specific industry

⁴Since visitor expenditures are considered in gross terms (without producer's price adjustments) they are not included to avoid double counting

Source: Economics Research Associates, Bureau of Economic Analysis RIMS II Multipliers

Table 7-5
Estimated Construction Expenditures (000)

Item ¹	Industry Type ²	Total Purchases ³	% in the County ⁴	% in the County ⁵
<u>Soft Costs (Including Contingencies)</u>				
A&E, Fees, Testing	Architectural and Engineering Services	\$3,227	25%	\$807
Management Fees and Pre-Opening Fees		750	35%	\$263
<u>Hard Construction (including Labor and Contingencies)</u>				
	Construction	\$16,023	75%	\$12,017
TOTAL INITIAL INPUT FROM CONSTRUCTION		\$20,000		\$13,087

Notes:

¹Construction expenditure items excluding financing

²Industry classification as per RIMS II Model

³Gross expenses

⁴Estimated share of purchases in York County

⁵Adjusted regional purchases

Source: Economics Research Associates and Global Entertainment

Table 7-6
Total Impacts to York County During Construction Period

Industry Type	Purchases in the County (000)	RIMS II Multiplier for Final Demand			Impact		
		Output ¹	Earnings ²	Employment ³	Output (000)	Earnings (000)	Employment (FTE Jobs)
Architectural and Engineering Services	\$807	1.5394	0.4688	10.9904	\$1,242	\$378	9
Insurance agencies, brokerages, and related	\$263	1.4483	0.3791	9.4227	380	100	2
Construction	\$12,017	1.8102	0.5096	14.2188	21,754	6,124	171
TOTAL CONSTRUCTION IMPACT TO YORK COUNTY					\$23,376	\$6,602	182

Notes:

¹Measures the total dollar change in output in all industries resulting from a \$1 change in output delivered by the specific industry

²Measures total dollar change in terms of earnings resulting from \$1 change in output delivered by the specific industry

³Measures the total change in number of jobs resulting from a \$1 million change in output delivered by the specific industry

- Since all construction costs are considered in gross terms, the above impacts estimates direct, indirect, as well as induced impacts to York County

Source: Economics Research Associates, Bureau of Economic Analysis RIMS II Multipliers

Table 7-7
Total Economic Impacts to York County

(\$000's)	Direct Impact			Indirect Impact			Total Impact		
	Output	Earnings	Jobs	Output	Earnings	Jobs	Output	Earnings	Jobs
STADIUM CONSTRUCTION	\$13,087	\$3,697	102	\$10,289	\$2,904	80	\$23,376	\$6,602	182
ANNUAL IMPACTS									
STADIUM OPERATIONS (ANNUAL)	\$2,758	\$1,343	89	\$3,136	\$918	36	\$5,894	\$2,261	124
OFF SITE SPENDING (ANNUAL)	\$941	\$263	14	\$590	\$165	5	\$1,531	\$428	19
TOTAL ANNUAL IMPACTS	\$3,699	\$1,606	103	\$3,727	\$1,083	41	\$7,426	\$2,689	144
TOTAL ECONOMIC IMPACT	\$16,786	\$5,304	205	\$14,016	\$3,987	121	\$30,802	\$9,291	326

Source: Economics Research Associates