

**The Economic and Revenue Impacts of the  
Proposed Class-A Baseball Stadium and the Diamond Nation  
Baseball & Softball Tournament & Training Complex  
on the City of Fredericksburg, Virginia**

by

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**Summary of Findings**

The construction and operation of a Class-A Baseball Stadium and Baseball & Softball Tournament & Training Complex in the City of Fredericksburg will generate substantial economic and revenue benefits for the City and its core businesses. The economic impacts include expansion of the City's economy and the generation of new jobs and personal earnings. These impacts will accrue during the construction period and then recur annually from the baseball stadium and tournament and training complex operations and related team and visitor spending. Based on multipliers prepared by the U.S. Department of Commerce's Bureau of Economic Analysis for the City of Fredericksburg, the construction-related economic impacts will add a total of \$83.4 million to the City's economy over the construction period and support 539 year-round, full-time equivalent jobs with at least 80 of these jobs held by City residents. The annually recurring economic benefits will add a total of \$78.7 million to the City's economy and will support 707 year-round, full-time equivalent jobs with at least 64 of these jobs held by City residents.

The revenue benefits generated by the construction and operation of the Class-A Baseball Stadium and Baseball & Softball Tournament & Training Complex would result from a wide range of City taxes. The revenue sources identified here include taxes on retail sales, food and beverage, hotel and admissions. Beyond these, however, there are other important sources not included: real estate, personal property, business, professional and occupational license, utilities, cigarette, and user fees for services whose inclusion would add to the revenue totals reported here. While new tax revenues will accrue to the City during the construction phase these are one-time revenues and are not estimated herein.

The tax revenues generated annually by the operations of the Class-A Baseball Stadium and the Tournament & Training Complex are significant and recur annually over the lifetime of the stadium and tournament and training complex. These are estimated to total \$2.6 million annually as shown in Table 1. These revenues will be generated (1) by team and fan spending inside the stadium and by before-and-after game spending outside of the stadium and (2) by spending by players and customers and their families attending scheduled events or training sessions throughout the year at the Baseball & Softball Tournament & Training Complex and elsewhere in the City.

While it is estimated that as many as fifteen percent of these spectators and participants could be City residents, the new spending that will be generated by these sporting facilities and events will be made by non-local visitors who will stay

over night in local hotels, eat in local restaurants and make purchases in local retail outlets following a pattern similar to the City’s other visitors and tourists. These will be new revenues that would have not accrued to the City in the absence of these sporting facilities. The cumulative value of these identified City tax revenues generated by spending associated with the events scheduled into the Class-A baseball stadium and the tournament and training complex spending would total \$44.1 million over the first twenty years accruing to the City (adjusted for the rebates provided for by the City’s Incentive Agreement) and total \$96.6 million over thirty years including all new in- and out-of-stadium revenues for the final ten years.

Of the new spending not occurring within the Class-A Stadium or Tournament & Training Complex, it is estimated that 52 percent will be captured by businesses located within Central Park and Celebrate Virginia South with this new spending totaling \$20.5 million annually. This new spending for retail merchandise, food and beverages, and hotel accommodations in Central Park and Celebrate Virginia South would account for \$1.163 million in new hotel, food, and retail sales tax revenues for the City each year (not adjusted for inflation) during the first twenty years of operation.

Table 1

Summary of Economic Impacts and Annual Revenues  
 from the Construction and Operation of a Class-A Baseball Stadium  
 and Baseball & Softball Tournament & Training Complex Baseball  
 on the City of Fredericksburg, Virginia  
 (economic impacts in millions 2014 \$s)

<u>Economic Impacts</u>	<u>Total<sup>1</sup></u>	<u>Jobs Supported</u>
Construction*	\$83.4	539
Post-Construction**	\$78.7	707

  

<u>Annual Revenue</u>	<u>Dollar Value</u>
Retail Sales	\$380,681
Meals	1,732,658
Hotel	299,580
Admissions Taxes	204,277
Direct New Revenues	\$2,617,196
20-Year Cumulative Gain <sup>2</sup>	\$44,080,909
30-Year Cumulative Gain <sup>2</sup>	\$96,650,163

Source: Tables 2-4; <sup>1</sup>contribution to the City’s gross city product;  
<sup>2</sup>excludes real estate, personal property, business, professional and occupational license, utilities, cigarette tax revenues and user fees for services, excludes 20-year rebates to Diamond nation as provided for in the City’s Incentive Agreement, and incorporates 2% inflation escalator. \*for the full construction period \*\*annual spending

The developmental value of building a Class-A Baseball Stadium and Baseball & Softball Tournament & Training Complex in the City of Fredericksburg, while not calculated herein, has been shown to be substantial and has generated additional revenue benefits in the form of accelerated increases in real property valuation and increased tourism. The magnitudes of these developmental benefits have been well documented in cities where new baseball stadiums have been built.

There will only be one baseball tournament and training complex in combination with a Class-A baseball stadium and its host jurisdiction will realize significant revenue gains at the expense of other jurisdictions across a broad multi-state region. The development of this new economic activity with its local tax revenues implications represents a unique economic development opportunity for the City of Fredericksburg that will help to underpin its commercial base by attracting new visitors and new spending in support of the local retail and hospitality sectors that otherwise would not have been attracted to the City.

This proposed Class-A Baseball Stadium and Tournament & Training Complex should be viewed as an investment in the City's export base. The economic activity that it will attract will generate spending that would not otherwise have occurred locally and, as it is captured within the local economy, this new spending will support a significant level of local employment and generate new local income and purchasing power. In addition to new jobs and their wages and salaries, this new spending for retail merchandise, food and beverages, hotel accommodations, and the supporting businesses and their revenues, personal property, and real estate valuation will result in a broadening and deepening of the City's local tax base generating a significant net fiscal benefit when compared to the facilities' demand on City-funded services.

Maintaining and growing the City of Fredericksburg as a vital economic center within the Commonwealth of Virginia requires business investments that will make the City competitive regionally as well as nationally. The proposed Class-A Baseball Stadium and professional baseball team and the Baseball & Softball Tournament & Training Complex will increase the City's visibility and its attractiveness to other sources of external investment capital at a time when the regional and state economies are struggling to diversify and accelerate their growth as they adjust to a diminishing economic dependency on federal spending.

Growing the City's export base and reinforcing both its tourism and supporting regional business base will be critical to its future economic vitality. The proposed Class-A Baseball Stadium and Baseball & Softball Tournament & Training Complex will enhance the City of Fredericksburg's strategic competitive position within the larger economy and will strengthen its long-term economic outlook and future performance.

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The calculation of economic and revenue impacts that would accrue to the City of Fredericksburg from the construction and operation of a Class-A baseball stadium and baseball and softball tournament and training complex, as proposed by Diamond Nation incorporates both the construction phase impacts, which are one-time benefits limited to the period of design and construction, and the annual economic and revenue flows following the completion of facilities' construction. These economic impacts and revenue flows will be associated with on-site and off-site spending generated by the operations of the Baseball & Softball Tournament & Training Complex and Class-A Baseball Stadium and team, and by the game-day spending by fans, visitors to and participants at the tournament and training complex and the direct jobs generated by the presence of the team and tournament and training activities.

This analysis is designed to present a conservative projection of economic and revenue impacts. Not all local spending and tax revenues can be measured as their stabilized magnitudes will be a function of the number and type of events occurring at the complex and the number of visitors attracted to these events and the ability of local merchants to capture the market potentials generated by the presence of the new consumer base generated by the facilities and activities associated with Diamond Nation. Some of the exclusions include a range of local tax revenue sources for which reliable estimates cannot be developed at this time such as fuel purchases, car rentals, commercial utilities, cigarettes, permits, licenses and fees, charges for services, and other sources that may flow from collateral economic benefits such as increased real estate tax revenues based on value appreciation of positively impacted properties and increases in personal property subject to taxation. Lastly, this is a static analysis and it does not account for the growth of the City's economy and its business and residential base, or its changing role as a regional center within the State that will increase the size of the market and the associated economic and fiscal benefits that will be generated by the events and activities held at the Class-A Stadium and Tournament & Training Complex.

**Project Description**

The amateur baseball and softball tournament and training complex proposed by Diamond Nation, to be located in the City of Fredericksburg and modeled after a similar complex in New Jersey, will be co-located with a Class-A baseball stadium that will be home to an affiliate of the Washington Nationals; this affiliate will play in the South Atlantic League. The Class-A baseball stadium and baseball and softball training and tournament complex would be located on a 65-acre site on the campus of Celebrate Virginia South adjacent to Central Park and with convenient

accessibility to I-95. Included within the proposed sports complex are: a 5,000-seat Class-A baseball stadium with supporting administration, training, retail and commercial spaces totaling approximately 145,000 square feet (72,000 sf enclosed and air conditioned and 73,000 sf unenclosed). This stadium will be designed for use for other out-of-doors activities such as concerts and compatible spectator events.

Contiguous to the Class-A Baseball Stadium will be the Tournament Baseball & Softball Complex. This complex will include: five synthetic turf, lighted baseball fields with provision for two additional softball fields and supporting buildings for administrative services, training and instructional facilities, dressing rooms, food services, and retail space. The site will include parking facilities to support all of the on-site activities.

The co-location of this sports complex with the commercial services—restaurants, retail and hotels—at Central Park/Celebrate Virginia South and in nearby Fredericksburg will establish a synergistic mix of land uses that will reinforce the economic attractions and market penetration of their component parts—the totality of economic benefits and related revenue flows will exceed the sum of the individual component parts generating agglomeration benefits to the City and its business base.

### **Economic Impacts**

The economic impacts of building the Class-A Baseball Stadium with supporting in-stadium facilities, in combination with the Baseball & Softball Tournament & Training Complex with its supporting facilities, will benefit Fredericksburg's economy in several important ways during the construction period, as reported in Table 2, and will continue to generate economic benefits annually from the facilities' operations, as presented in Table 3.

#### **Total Economic Impacts—Construction Period**

Direct spending to the benefit of the City of Fredericksburg associated with the planning, design and construction of the stadium and tournament and training complex is estimated to total \$60.4 million over the planning and construction period, of which an estimated \$51.2 million would be spent on goods and services having potential local economic impacts. Excluded from the economic impact analysis are outlays such as expenditures for bonding, insurance, and fees as these normally do not have local economic impact. Land costs are also excluded as these do not generate jobs and labor income in the immediate period. Outlays for soft costs (planning, design, engineering, legal, administrative, management) and hard costs (construction materials and labor, on-site and off-site) will generate significant new economic benefits for the City as shown in Table 2.

Table 2

Economic Impact of Construction: Diamond Nation’s  
Proposed Class-A Baseball Stadium and Tournament & Training Complex  
on the City of Fredericksburg (in millions of 2014 dollars)

Source	Direct Outlays <sup>1</sup>	Total Output <sup>2</sup>	Personal Earnings <sup>3</sup>	Jobs Supported <sup>4</sup>
Soft Costs	\$3.750	\$5.811	\$1.680	31
Hard Cost	\$44.120	\$72.538	\$18.892	464
Furniture, Fixtures, and Equipment	\$3.300	\$5.044	\$1.188	44
Totals	\$51.170	\$83.393	\$21.760	539

Sources: Diamond Nation; GMU Center for Regional Analysis.

Note: total outlays exclude land acquisition, fees, bonds, insurance, taxes.

<sup>1</sup>total expenditures for professional services, on- and off-site labor, materials, management, overhead; <sup>2</sup>contribution of direct outputs to the local economy, its gross city product; <sup>3</sup>new labor income—salaries and wages—generated locally as a result of the direct outlays for soft and hard costs; <sup>4</sup>the total local and non-local full-time, year-round equivalent jobs supported directly and indirectly, as a result of these direct outlays. Multipliers are from BEA RIMS II, U.S. Department of Commerce, 2013.

This increase in direct spending will contribute a total of \$83.4 million to the City’s economy in direct and indirect benefits reflecting an aggregate multiplier of 1.63. Based on multipliers prepared by the U.S. Department of Commerce’s Bureau of Economic Analysis for the City of Fredericksburg, the construction-related economic impacts will support 539 year-round, full-time equivalent jobs with at least 80 of these jobs being held by City residents. This economic activity will generate new personal earnings (wage and salary income) totaling \$21.8 million to the benefit of workers residing in the local labor market. These new personal earnings could support additional local spending and generate additional tax revenue for the City.

Annual Economic Impacts—Post-Construction Period

The economic impacts generated by the operation of the Class-A Baseball Stadium, the team and its fans, other entertainment and related events scheduled at the stadium and their related consumer spending represent major sources of beneficial impacts on the City’s economy. Additionally, the annual operations of the Baseball & Softball Tournament & Training Complex represent a significant and complementary source of new spending that will be attracted to the City from beyond its economy to support on-site and off-site business activities—retail, food services, hotels—with spending patterns similar to the City’s tourist visitors. The

magnitudes of these economic impacts will be governed by the number and type of visitors and their duration of stay and the ability of the City's business base to capture the market potential that these new sporting-event visitors will generate.

#### Data Inputs: Class-A Baseball Stadium

The Class-A stadium, with its 5,000-seat design, will host an average of 70 professional games annually. Attendance at five newer Class-A affiliated baseball teams in the South Atlantic League are averaging 324,211 total fans over the season in 66 home games for an average of 4,925 per game. For this analysis, a total of 300,000 fans annually is being used with 90 percent of these representing paid attendance with an average ticket price of \$9.00.

In addition to baseball games at the Stadium, it is designed for other spectator events. For this analysis, it is assumed that there would be 49 non-baseball events programmed into the Stadium with each having an average attendance of 1,800 fans generating 88,200 attendees annually with 85 percent of these paying admission at an average ticket price of \$13.00.

Visiting teams, each with 30 players and coaches with 75 travel days per season, would spend an estimated \$90,575 for meals during a season and an estimated \$11,250 for goods and services. Additionally, accompanying families would likely add to this spending for food, merchandise, entertainment, hotel accommodations and transportation-related services.

It is estimated that baseball fans would generate a demand for 3,000 hotel room-nights annually while the visiting teams would require 1,500 room-nights over the season. Non-baseball events programmed at the Stadium would generate a demand for 900 hotel room-nights. These 4,500 room nights would generate an estimated \$426,000 in hotel revenue annually.

Visitors to the Stadium would also generate retail and food and beverage sales both in the Stadium as well as before and after games and special events elsewhere in the City. These sales are estimated to total \$44.2 million annually.

#### Data Inputs: Baseball & Softball Training & Tournament Complex

The annual activities programmed for the Tournament & Training Complex, including league games, lessons, camps, and tournaments, are projected to generate 238,674 player visits annually. Based on its experience, Diamond Nation estimates that on average each player is accompanied by 1.5 adults or siblings, including spectators. These accompanying adults, siblings and spectators would add 358,011 additional visitors bringing the annual total to 596,685 visitors.

These visitors, especially the accompanying adults and spectators, will act quite similarly to other tourists to the City of Fredericksburg seeking a range of retail and



food and beverage services during their stay in the City. Based on tourism industry studies conducted by the Commonwealth of Virginia, spending by these types of out-of-town visitors averages \$66 per visitor inclusive of accommodations, food and beverages, merchandise sales and services. For the Tournament & Training Complex-generated visitor spending, this is projected to total \$39.4 million for the full year with this spending divided as follows: 25 percent for retail purchases, 63 percent for food and beverages, and 12 percent for hotel.

Team operations including payroll, administrative and supporting services, advertising, stadium managements, grounds maintenance, and game-day operations will generate significant outlays to the benefit of the local economy during the season. Additionally, the special events projected for the Stadium beyond its use for baseball will support retail, concessions, and staffing outlays. The operation of the Tournament & Training Complex, which occur over an extended multiple season period, will include retail, concessions, facilities management, administrative and tournament staffing along with continuing maintenance, utilities, and office overhead expenditures. All of these operating outlays combined are projected to cost \$5.7 million annually exclusive of the direct costs of the merchandise and food and beverages sold on site.

#### Local vs Non-Local Spending Sources and Beneficiaries

The analysis of economic impacts and the revenues that this spending generates must distinguish between spending that flows from current residents—spending that may already be occurring within the local economy—from spending that is attracted from outside the City’s economy as a result of the new Class-A Baseball Stadium and Tournament & Training Complex. These analyses must also distinguish among the beneficiaries of this spending and whether these are local businesses or businesses located in another jurisdiction. As there is no standard method by which these spending patterns can be determined for an attraction that does not exist, assumptions regarding these distributions must be developed based on logic, market metrics, and parallel experience.

Reilly’s Law of Retail Gravitation suggests that market penetration is inversely correlated with distance and the mass of the retail center; that is, a larger concentration of retail opportunities that is located closer to the attraction will capture a greater proportion of consumer spending than stores located further away from the attraction. In this case, the new attraction is the Class-A Baseball Stadium and the Baseball & Softball Tournament & Training Complex. Co-locating these new attractions with Central Park within Celebrate Virginia South establishes this area as the economic focal point for determining the spread effects of the new visitor spending patterns radiating from this location.

Reilly’s Law also suggests that the ability to capture these consumer expenditures at the center is a function of the relative mass of the center; that is, a larger cluster of retail opportunities will have a higher capture rate than a smaller one and this

capture rate will diminish with distance. These agglomeration effects favor the densification of retail and consumer services into centers, such as Central Park and downtown Fredericksburg, with the former being better positioned to capture this new spending due to its more convenient proximity to the sporting facilities than Downtown. Still, stores in Downtown Fredericksburg would have a competitive position over stores located in less dense patterns at greater distances from the Stadium and Tournament & Training Complex.

The source of fans and visitors attracted to the Class-A Baseball Stadium and Tournament & Training Complex will be regional. The market area for minor league baseball and the non-baseball activities scheduled into the Stadium will consist of: the City of Fredericksburg, Spotsylvania County, Caroline County, King George County, Orange County (@ .50), Stafford County and Prince William County (@.15). The population of this regional market area is 442,779 with the City of Fredericksburg accounting for 6.25 percent of this population. Adjusting this market area for distance (e.g., 15 percent of Prince William County's population is linked to Fredericksburg and 50 percent of these 15 percent would be oriented to this sports market; and less than 100 percent of any jurisdictions' residents would be potential visitors), this market base population is reduced to 266,795 persons with the City's population (market potential of these facilities) accounting for 9.3 percent.

The spectators, teams, and visitors attracted to Class-A Baseball Stadium and the Baseball & Softball Tournament & Training Complex will be predominantly non-City residents. Research has shown that of the total attendance at the Washington Nationals' Stadium in the District of Columbia approximately 5 percent are City residents; that is, 95 percent of the spending generated at the Stadium or elsewhere in the City before and after games consists of non-local dollars. Local data from the Sixth Annual Marine Corps Historic Half Marathon show that approximately one-quarter of the participants were city residents but the spending associated with the race was largely associated with the non-resident participants and visitors as seen in the increased revenues of City hotel, restaurants, retail stores, and gas stations.

The market area for the Baseball & Softball Tournament & Training Complex is substantially larger than for the Class-A Baseball Stadium. Diamond Nation's experience at its New Jersey complex is that teams attending the camps and competitions come from a multi-state region and even include teams and visitors from beyond the U.S. However, the market area for training component within the Complex would be more local extending to a driving distance consistent with the six-county region served by the City of Fredericksburg.

Spending patterns among fans and spectators, participants and teams will vary depending on their trip origin (these patterns are similar to the City's other tourist visitors). Out-of-town teams, fans and spectators will account for all hotel room nights and these will constitute net new demand. Before-and-after event retail shopping will be assigned to non-City residents who otherwise would not have been in the City (their primary trip purpose was to attend a baseball game or event at the

Tournament & Training Complex as a spectator or participant). City residents are not likely to combine a sporting spectator trip with a shopping trip. Before-and-after event spending for food and beverages would likely follow the sample pattern with City residents opting to eat at home (for cost and time savings and convenience).

Both out-of-town and local residents are expected to undertake spending in the Stadium or Tournament & Training Complex for food and beverages and merchandise. The portion of this spending that would be from City residents that would represent “new” spending (spending that might now be made at a sporting event outside the City or diverted from savings) and the portion that would represent a redistribution of recreation, retail or food and beverage outlays already being spent in the City to the Stadium or Tournament & Training Complex would not constitute new” spending.

The magnitude of this total spending that represents a redistribution of money already in the Fredericksburg economy would be a function of the percentage of City residents attending as fans, spectators, or participants and their share of spending taking place on site. In round terms it is estimated that 10 percent of the fans and spectators attending events at the Stadium and 5 percent of the participants and spectators at the Tournament & Training Complex would be City residents once these facilities’ operations have stabilized. It is assumed for this analysis that 50 percent of the on-site spending of these City residents represents money that would have been spent anyway in the City.

Whether this new spending takes place in the City of Fredericksburg or outside the City is a function of comparative advantage of retail, food and beverage, and hotel accommodations between the City and competing markets beyond the City. Reilly’s Law of Retail Gravitation, mentioned previously, and given the massing of commercial opportunities in Central Park and elsewhere in the City, supports the assumption that convenient proximity to the Stadium and Tournament & Training Complex will enable commercial outlets located near the sports facilities to capture a majority share of the net new off-site spending of fans, spectators, and participants and the City’s other commercial areas, especially the Downtown with its complementary historic attractions, will also be competitive in capturing this new spending. Still, some of this on-site visitor spending will spill over into nearby Spotsylvania County, especially to the south along U.S. Route 1.

In summary, the visitors attracted to the Class-A Baseball Stadium and the Tournament & Training Complex will include City residents. For purposes of this analysis and consistent with the conservative approach to these analyses, these City residents are estimated to account for 15 percent of the head count on an annual basis but will represent a smaller percentage of the new spending following patterns of the City’s more traditional visitors.

The City’s success in increasing its capture rate and reducing this leakage will determine whether it is able to maximize these local economic benefits inherent in

the Stadium and Tournament & Training Complex. Experience has shown that following the opening of similar sporting complexes there has been an increase in business investment in proximity of the new sporting facilities in response to this concentration of its new market potential. Once day-trippers get into their cars and start to drive home they are likely to be lost to the local market so concentrations of retail and food and beverage outlets that are easily accessible to the major attraction (the Stadium and Tournament & Training Complex) is essential to intercepting these potential lost sales to other jurisdictions. This intensification of retailing in proximity to the Stadium and Tournament & Training Complex in Central Park and Celebrate Virginia South will also boost land values in this area and strengthen the City's real estate tax base. These potential real estate tax revenues and business, professional, and occupational license tax revenues are not included in the assessment of City revenues in this report.

This analysis is a static analysis. As presented, all spending for all goods and services is held constant as is the receiving economy and its composition—number, mix, and quality of stores and their prices of goods and services. Similarly, the current tax structure is held constant. However, over twenty and thirty years going forward these economic conditions are not constant. While the number of fans and spectators, teams and sports participants may not change significantly, spending patterns will change substantially as prices change and the quality and quantity of commercial outlets in proximity to the Stadium and Tournament & Training Complex change. The demographics of the market place will also change over this period. The City's economy and employment base will grow.

This growth in the City's economy and employment base requires new business investment such as would be represented by the proposed Class-A Baseball Stadium and Baseball & Softball Tournament & Training Complex. Current forecasts from IHS Global Insight for the next twenty years show the City's economy growing, in inflation adjusted value, by 105.1 percent and its employment base growing by 65.1 percent. As the City's economy grows in real dollar value from \$3.063 billion in 2014 to \$6.283 billion in 2034 and it adds a projected 17,350 net new jobs, the framework for analyzing the economic impacts of the proposed Stadium and Tournament & Training Complex will change from what exists today. Without investments to generate new income for the City and to support new jobs in the City, neither of the economic growth or employment gains forecasted for the City over the next twenty years can be achieved.

Given the static nature of this analysis (it does not account for growth in consumer demand, increases in prices or increases in the number and quality of outlets) and the assumptions regarding the attendance and spending patterns of local sporting event fans, spectators and participants relative to non-local fans, spectators and participants, and the limitation of this analysis to spending only for retail, food and beverage and hotel accommodations, the spending and related revenues reported herein must be considered conservative; that is, they underreport the likely values in each category over the full thirty-year analysis period.

### Economic Impacts Excluded From The Analysis

The post-construction spending generated by the operations and visitors associated with the Class-A Baseball Stadium and Tournament & Training Complex reflects a wide range of on-site and off-site purchases that will principally impact the local retail and leisure and hospitality sectors. Beyond these more typical sources of benefits will be consumer service provides across the breath of the local economy. These would include: transportation services, professional and business services, and health services. These and other similar commercial and professional services are not included in this analysis but will also benefit from increased sales due to the magnitude of new visitors being attracted to the City for these out-of-doors sporting events over an operating period extending across three seasons with indoor training facilities extending these benefits to a fourth season.

### Direct and Indirect Economic Benefits Accruing to the City

These direct expenditures to the benefit of the City economy also generate indirect and induced benefits. The sources and magnitudes of these economic impacts are presented in Table 3. Analyses by the City of current distribution of these types of revenues by location within the City determined that 52 percent occurred at businesses located in Central Park with the remainder occurring in businesses located elsewhere within the City.

New direct outlays within the City's economy are estimated to total \$50.5 million annually from the Class-A Baseball Stadium, from its baseball and related activities, and from the Baseball & Softball Tournament & Training Complex. Using the U.S. Bureau of Economic Analysis RIMS II aggregate multiplier of 1.557, these direct outlays represent a total annual contribution of \$78.741 million to the City's gross city product and would support a total of 707 jobs with at least 65 of these jobs being held by City residents.

Overall, the jobs supported by this new spending would generate \$17.8 million in new earnings with much of this new income accruing to local area residents which could further benefit the local business base. This new economic activity and related spending will expand the City's tax base beyond the direct revenues generated on- and off-site from the sporting facilities-related spending as reported in the following section.

## **Local Revenue Impacts**

In addition to economic benefits, the construction and operation of the Stadium and Tournament & Training Complex and the spending that these will generate within the local economy will generate new tax revenues for the City. The local tax revenues generated from the construction phase are one-time revenues and are not quantified here.

Table 3

Economic Impacts from the Class-A Baseball Stadium ,  
the Tournament & Training Complex and Related Operations,  
and Attendee Spending on the City of Fredericksburg  
(in millions of 2014 \$s)

Source	Direct Outlays <sup>1</sup>	Total Output <sup>2</sup>	Personal Earnings <sup>3</sup>	Jobs Supported <sup>4</sup>
Team, Stadium & Complex Ops	\$5.719	\$9.583	\$2.440	103
Visiting Team				
Hotel	\$0.075	\$0.119	\$0.024	1
Retail Sales	0.011	0.017	0.004	0
Food Sales	0.091	0.138	0.032	1
Sub-totals	\$0.177	\$0.274	\$0.060	2
In-Stadium				
Food Sales	\$1.800	\$2.790	\$0.594	24
Retail Sales	0.300	0.458	0.108	4
Sub-totals	\$2.100	\$3.248	\$0.702	28
Out-of-Stadium				
Hotel	\$0.270	\$0.428	\$0.064	3
Retail Sales	0.442	0.676	0.160	6
Food Sales	1.082	1.647	0.385	18
Sub-totals	\$1.794	\$2.751	\$0.609	27
Special Events				
Hotel	\$0.081	\$0.129	\$0.025	1
Retail Sales	0.176	0.291	0.064	2
Food Sales	1.058	1.613	0.381	12
Sub-totals	\$1.315	\$2.033	\$0.470	15
Camps*				
Hotel	\$4.567	\$7.062	\$1.572	62
Retail Sales	9.947	15.373	3.422	134
Food Sales	24.867	38.417	8.553	336
Sub-totals	\$39.381	\$60.852	\$13.547	532
Grand Total	\$50.486	\$78.741	\$17.828	707

Sources: Diamond Nation, GMU Center for Regional Analysis.

Note: For column heading definitions see Table 2 for explanation of headings.

\*activities at the Baseball & Softball Tournament & Training Complex

The local tax revenues generated by game-day operations, fan spending, retail and food sales in the stadium and before-and-after games and other special activities scheduled into the stadium are estimated to total \$503,011 annually with \$392,451 being generated within the Stadium. In addition, the spending associated with the players attending the Baseball & Softball Tournament & Training Complex, their household members and spectators will generate an estimated \$2,114,185 in new tax revenue from their retail and hospitality services spending in the City of Fredericksburg. Of this total, \$410,519 would be generated within the Complex from the sales of food and beverages and retail merchandise.

These revenue estimates are exclusive of a range of local taxes and fees for which estimates are unavailable (e.g., real estate, personal property, utilities, car rental, cigarette, user fees and business, professional and occupational licenses). These annual revenues are shown by source in Table 4.

Table 4

Annual Revenue Impact of Operations of a Class-A Baseball Stadium and Baseball & Softball Tournament & Training Complex on the City of Fredericksburg  
(in thousands of 2014 dollars)

Source	Sales Tax <sup>1</sup>	Meals Tax <sup>2</sup>	Hotel Tax <sup>3</sup>	Adminssions <sup>4</sup>
Visiting Team	\$0.392	\$5.434	\$4.500	
In-Stadium	10.500	108.000		\$145.800
Out-of-Stadium	15.470	63.700	16.200	
Special Events	6.174	63.504	4.860	58.477
Tournaments & Training, Camps	348.145	1,492.020	274.020	
Annual Revenue*	\$380.681	\$1,732.658	\$299.580	\$204.277
Total Annual City Revenues				\$2,617,196
Annual City Revenues after Incentive Agreement				\$1,814,226
Total City Revenues over 20 years**				\$44,080,909
Total City Revenues over 30 years**				\$96,650,163

Sources: Diamond Nation; GMU Center for Regional Analysis.

<sup>1</sup>\$0.035 on retail sales; <sup>2</sup>\$0.06 on all prepared food sales in and outside of stadium;

<sup>3</sup>\$0.06 on lodging; <sup>4</sup>\$0.06 on paid admissions.

\*excludes real state tax, car rental tax, personal property tax, utilities tax, cigarette tax, licenses, permits and fees, and charges for services.

\*\*excludes 20-year rebates to Diamond Nation provided for in the city's Incentive Agreement and includes a 2% annual inflation escalator.

In order to estimate the distribution of these revenues by place of business it was agreed by the City's Commissioner of Revenue to use the meals tax revenue distribution as a proxy for retail sales and transient occupancy sales tax revenues in as much as these and many other local tax reserves are not easily identified by their geographic origin by an analysis of the current sources. An analysis conducted by the City's Commissioner of Revenue determined that 52 percent of the City's total meals tax revenue was generated by businesses located in Central Park. Fifty-two percent (52%) of the total \$39.5 million in off-site spending attributed to the operation of the Class-A Stadium and the Baseball & Softball Tournament & Training Complex totals \$20.5 million that would be spent in businesses located within Central Park. This new spending in Central Park would account for \$1.163 million in new hotel, food, and retail sales tax revenues for the City each year (not adjusted for inflation) during the first twenty years of operations. This new spending projected to occur in Central Park will be distributed between retail merchandise sales, food and beverage sales, and hotel accommodations as shown in Table 5.

Table 5

Projected Annual New Spending and Revenues in Central Park From  
Visitors Attracted to the Baseball Stadium Tournament and Training Complex  
(in millions of 2014 dollars)

Source	Total New Sales	New Tax Revenue
Retail Merchandise	\$2.773	\$0.097
Food and Beverage	14.850	0.891
Hotel Accommodations	2.920	0.175
Totals	\$20.543	\$1.163

Source: GMU Center for Regional Analysis

With an annual 2 percent inflation accelerator over a 30-year period, the City's accumulated gain in new tax revenues from the Class-A Baseball Stadium and Baseball & Softball Tournament & Training Complex, adjusted for the 20-year tax revenue rebate provided for in the City's Incentive Agreement, would total \$96.6 million including \$44.1 million during the first twenty years (reflects the exclusion of the tax revenues generated in the Stadium or the Tournament & Training Complex as provided for in the City's Incentive Agreement). These are revenues that otherwise would not be gained in the absence of the proposed Diamond Nation Class-A Baseball Stadium and Baseball & Softball Tournament & Training Complex.

These tax revenues constitute new income for the City that is generated by an investment that will be unique in the region. There will only be one baseball and softball tournament and training complex in combination with a Class-A baseball stadium and its home jurisdiction will realize significant revenue gain at the



expense of the surrounding multi-state region. The development of this source of new economic activity, with its local tax revenues implications, represents a unique economic development opportunity for the City that will help to underpin its commercial base by attracting new visitors and new spending in support of the local retail and hospitality sectors that otherwise would not have been attracted to the City. As such, this proposed baseball stadium and tournament and training complex should be considered an enhancement to the City's export base as the economic activity it attracts will be money that would not otherwise have been spent locally and, as it is captured within the local economy, it will support local jobs and generate local income and purchasing power, thus further expanding the local tax base.

### **Conclusions**

The proposed Class-A Baseball Stadium and affiliated professional baseball team in combination with the Diamond Nation Baseball & Softball Tournament & Training Complex, have been shown to be a significant source of economic benefits to the City of Fredericksburg both during the construction period and annually thereafter from the new spending that will be generated to the benefit of the City from team and facility operations, spending by the visiting teams, fans and spectators at special events and visitors attracted to tournaments, for training, and as spectators at the Tournament & Training Complex. These economic and revenue benefits are summarized in Table 6.

With direct spending for construction totaling \$51.1 million (outlays excluding land value, fees, bonding, insurance and taxes) and with post-construction spending from all sources totaling \$50.5 million annually, the economic impacts of this spending would be a major source of economic activity as measured by its contribution to the City's gross city product (GCP), its job base, and personal earnings—new wages and salaries earned by workers residing in the City as well as elsewhere in the region.

This new economic activity will strengthen the City's business base as well as generate new revenues for the City's treasury. The importance of these on-going economic benefits and new revenues flows is that they recur annually and accumulate over time with annual new tax revenues, excluding real estate, personal property and several other revenue categories, of \$2.57 million in the first year of operation, accumulating over thirty years to a total of \$96.6 million, excluding the tax revenue rebates to Diamond Nation provided for in the City's Incentive Agreement.

The City, the region and the Commonwealth of Virginia are all experiencing a structural shift in their economies tied to their longstanding dependency on federal spending as the principal driver of economic growth. With continuing reductions in federal spending negatively impacting Virginia's economy, repositioning the local and regional economies has taken on new urgency. Attracting new capital

investment in export-based businesses will be key to maintaining and growing the City of Fredericksburg as a vital economic center by building on the City's inherent assets and its importance as a regional service center to a large regional population as well as its strategic location between Washington, D.C. and the City of Richmond.

Table 6

Economic and Revenue Benefits from the Construction and Operation of the Proposed Diamond Nation Baseball Stadium and Baseball & Softball Tournament & Training Complex on the City of Fredericksburg, Virginia  
(economic impacts in millions of 2014 \$s)

Sources	Direct Outlays <sup>1</sup>	Total Output <sup>2</sup>	Personal Earnings <sup>3</sup>	Jobs Supported <sup>4</sup>
Construction*	\$51.2	\$83.4	\$21.8	539
Post-Construction**	\$50.5	\$78.7	\$17.8	707

  

Post-Construction Revenue (\$000)	Retail	Meals	Hotel	Admission	Total
Annual	\$380.7	\$1,732.6	\$299.6	\$204.3	\$2,617.2
20-Year Total***					\$53,937.2
30-Year Total***					\$96,650.2

Sources: Tables 2, 3 and 4. Column heading notes, see Table 2.

\*for the full construction period. \*\*annual spending. \*\*\*accumulated revenues excluding 20-year rebates and adjusted for inflation at 2% annually.

The proposed Class-A Baseball Stadium and affiliated professional baseball team and the Baseball & Softball Tournament & Training Complex will increase the City's visibility and its attractiveness to other sources of external investment capital at a time when the regional and state economies are struggling to diversify and accelerate their growth over the long run while they adjust to a diminishing economic dependency on federal spending. Growing the City's export base and reinforcing its tourism and supporting regional business base will be critical to its future economic vitality. The proposed Class-A Baseball Stadium and Baseball & Softball Tournament & Training Complex will enhance the City of Fredericksburg's strategic competitive position within the larger economy and will strengthen its long-term economic outlook and future performance.





## MEMORANDUM

**TO:** City Council

**FROM:** Kathleen Dooley, City Attorney

**DATE:** September 16, 2013

**RE:** Conditional Approval of Performance Agreement

### **ISSUE**

Shall City Council provide Hagerstown Baseball, LLC, with interim, non-binding approval of an economic incentive agreement with the business terms endorsed in concept by the Council on August 27?

### **RECOMMENDATION**

Yes. The Team must submit its relocation application to Minor League Baseball in October, with supporting documentation.

### **BACKGROUND**

The Team must submit its relocation application to Minor League Baseball 18 months prior to its proposed move. Throughout the negotiations with the City, the Team has stressed the importance of its October 2013 application deadline, and its desire to have even a conditional approval in hand at that time.

City Council endorsed the conceptual framework of its negotiations team in Resolution 13-77 adopted August 27, 2013. The Fredericksburg Economic Development Authority, the third party to the proposed deal, endorsed the proposal in concept at its meeting on September 9<sup>th</sup>. The Comprehensive Plan review, amendment of the Tourism Plan, and TIF public hearing are still in progress. The adoption of the Tourism Zone ordinance on first reading is also proposed for Council's September 24, 2013 meeting.

The attached Performance Agreement incorporates the business terms presented to City Council. The proposal therefore is to provide conditional approval of the Performance Agreement, subject to the conclusion of the remaining public hearing items and the other tasks identified in Resolution 13-77. The approval of the Performance Agreement is non-binding but it does provide the Team with supporting documentation for its Minor League Baseball relocation application.

### **FISCAL IMPACT**

The total incentive value of the Performance Agreement is estimated at \$1,322,500 annually for the first ten years of the agreement (during which the meals and lodging supplemental grant will be in place).



September 24, 2013  
Regular Meeting  
Resolution No. 13 -

**MOTION:**

**SECOND:**

**RE:           CONDITIONAL, NON-BINDING APPROVAL OF A DRAFT  
PERFORMANCE AGREEMENT FOR THE MULTI-USE MINOR  
LEAGUE BASEBALL STADIUM AND BASEBALL/SOFTBALL  
TRAINING AND TOURNAMENT COMPLEX**

**ACTION:**

**WHEREAS**, City Council adopted Resolution 13-77 on August 27, 2013, endorsing the conceptual framework of an economic incentive for the private development of a Minor League Baseball stadium and five artificial turf baseball fields for amateur baseball and softball in Celebrate Virginia South.

**WHEREAS**, the Fredericksburg Economic Development Authority endorsed the conceptual framework of the proposal by adoption of Resolution 13-14 on September 9, 2013.

**WHEREAS**, the draft Performance Agreement contains business terms in accordance with the conceptual framework approved by City Council and the Economic Development Authority.

**WHEREAS**, a number of critical issues must be resolved prior to the execution of a Performance Agreement, including the acquisition of land, formation of a private legal contracting entity, negotiation of the supplemental incentive, public financing of the parking lot, the public hearing and legislative processes initiated by City Council Resolution 13-77, and the development of the parking lot operations agreement.

**WHEREAS**, final approval of a Performance Agreement will only be possible after all tasks are complete and all issues are resolved to the mutual satisfaction of the City, the EDA and the Hagerstown Suns and Diamond Nation.

**WHEREAS**, Hagerstown Baseball, LLC must submit its relocation application to Minor League Baseball in October, 2013, with supporting documentation and it has therefore requested that City Council approve the draft Performance Agreement with suitable conditions.

**NOW THEREFORE, BE IT RESOLVED** that the City of Fredericksburg Council gives conditional approval to the draft Performance Agreement subject to the completion of all prerequisites to the mutual satisfaction of the City Council, the EDA and the Hagerstown Suns and Diamond Nation. This Resolution shall not create a binding contractual obligation nor create a business or contract expectancy in any person.

**Votes:**

**Ayes:**

**Nays:**

**Absent from Vote:**

**Absent from Meeting:**

\*\*\*\*\*

***Clerk's Certificate***

*I, the undersigned, certify that I am Clerk of Council of the City of Fredericksburg, Virginia, and that the foregoing is a true copy of Resolution No. 13- duly adopted at a meeting of the City Council meeting held \_\_\_\_\_ at which a quorum was present and voted.*

---

***Tonya B. Lacey***  
***Clerk of Council***



**MEMORANDUM**

**TO:** Mayor Greenlaw and Members of Council  
**FROM:** Beverly R. Cameron, City Manager  
**DATE:** August 19, 2014  
**RE:** Baseball Performance Agreement (September 2013)

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Attached please find documents which were prepared for Council's consideration of the draft performance agreement in September 2013. This is provided as background to assist in your understanding of the issue.

City Council approved the Resolution and the Draft Performance Agreement (on first reading). Further action was deferred until the Team acquired the necessary property to build the baseball stadium and training complex.



**PERFORMANCE AND INCENTIVE AGREEMENT  
CITY OF FREDERICKSBURG, VIRGINIA  
FREDERICKSBURG ECONOMIC DEVELOPMENT EDA  
[NAME]**

This is a Performance and Incentive Agreement entered into this \_\_\_\_ day of \_\_\_\_\_, 2013 by, between and among the City of Fredericksburg, Virginia, a political subdivision of the Commonwealth of Virginia (“City”); the Economic Development EDA of the City of Fredericksburg, a political subdivision of the Commonwealth of Virginia (“EDA”); and \_\_\_\_\_, a \_\_\_\_\_ (“Team”).

**RECITALS**

- A. Article 4.1 of Chapter 32, Title 58.1 of the Virginia Code, hereinafter defined (the “TIF Act”), authorizes the City to use tax increment financing to fund an economic development undertaking, including the funding of the EDA to enable it to make grants to promote the economic development of the City.
- B. The City and the EDA have agreed to offer, and Team has agreed to accept, the incentives contained herein, in exchange for the Parties’ mutual performance of their obligations hereunder.
- C. The EDA authorized its Chairman or Vice Chairman to execute this Agreement at its regular meeting on \_\_\_\_\_.
- D. The City Council authorized the City Manager to execute this Agreement at its regular meeting on \_\_\_\_\_.
- E. \_\_\_\_\_ is authorized to execute this Agreement on behalf of \_\_\_\_\_ in accordance with a \_\_\_\_\_ of the \_\_\_\_\_.

**AGREEMENT**

IN CONSIDERATION of mutual covenants, benefits and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Parties agree as follows:

1. Definitions.

- 1.1. “Bond” means the negotiable instrument issued pursuant to this Agreement and evidencing the EDA's obligation to pay the Tax Increment Share to Team pursuant to this Agreement.

- 1.2. “City fiscal year” begins July 1 and ends June 30.
- 1.3. “Development Fees” mean all one-time fees, expenses and other charges imposed by the City of Fredericksburg (but not including the cost of performance bonds for public improvements and erosion/sediment control facilities) related to the development and construction of the Project, including zoning opinion or verification; site plan review; rezoning; special use permit or special exception application; zoning ordinance amendment; plan review; building permits or other permits (mechanical, electrical, plumbing and overall); inspections (free for first two and charged at standard rates for each subsequent inspection); water/sewer connection fees; fire permits and inspections (free for first two, charged at standard rates for each subsequent inspection); after hours/overtime inspection fees and any other fees, expenses or charges not specifically described above and which are typically payable with respect to commercial developments similar to the Project.
- 1.4. “Incentive Period” means the period of time beginning April 1, 2015 and ending March 30, 2035.
- 1.5. “Performance Grant” and “Grant” mean the grant described in paragraph 4 of this Agreement.
- 1.6. “Project” means the construction of the Minor League Baseball stadium described in paragraph 2.1 and the baseball and softball tournament and training facility described in paragraph 2.2 on a 38 acre parcel within Celebrate Virginia South identified as GPIN #7860-71-9630.
- 1.7. “Sewer Availability Fee” means the service initiation fee customarily charged by the City for new sanitary sewer service initiation under City Code §74-137 and City Council Resolution \_\_\_\_\_.
- 1.8. “Supplemental Incentive Period” means a period of time beginning April 1, 2015 and ending March 30, 2025.
- 1.9. “TIF Ordinance” means Ordinance 13-\_\_ “Designating a portion of the City located in Celebrate Virginia South as the ‘Baseball Stadium Complex Development Project Area’ and adopting tax increment financing,” adopted by City Council on \_\_\_\_[date]\_\_. *Terms defined in the TIF Ordinance have the same meaning when used in this Agreement.*
- 1.10. “Water Availability Fee” means the service initiation fee customarily charged by the City for new public water service initiation under City Code §74-44 and City Council Resolution \_\_\_\_\_.

2. Eligibility. In order to be eligible for the economic incentives described herein, the Team shall:
  - 2.1. Construct a Minor League Baseball stadium with fixed seating for at least 4,750 people in substantial accordance with the “Preliminary Facilities Program,” for the “Fredericksburg Ballpark, Fredericksburg, Virginia,” by HKS Inc. Sports and Entertainment Group, HKS Project 15293.000, dated February 26, 2013 consisting of 14 pages of text and a one page “Concourse Level/Site Plan” (the “Preliminary Facilities Program”) attached as Exhibit 0.1, *except* the “Consolidated Parking” component, shown on the Concourse Level/Site Plan as items 30 (VIP Parking), 31 (General Parking), and 32 (Player Parking).
  - 2.2. Construct a baseball and softball tournament and training complex comprised of five artificial turf baseball or softball fields and an academy (but not including the parking lot) in substantial conformance with the concept plan entitled “Fredericksburg Ballpark and Diamond Nation Concept Celebrate Virginia South” by Prime Design Engineering, P.C. dated August 13, 2013, Exhibit 0.2.
  - 2.3. Make a minimum capital investment in the Project of \$29 million.
  - 2.4. Open the Project by April 1, 2015.
  - 2.5. Operate the Project as a minimum Class A Major League-affiliated Minor League Baseball and multi-use stadium and baseball and softball tournament and training complex during the Incentive Period.
3. Business license tax reduction. During the Incentive Period, if the Team meets the eligibility criteria, the Team shall be entitled to a 100% reduction in its business license tax.
4. Performance Grant. In addition to the annual business license tax reduction, during the Incentive Period, if the Team meets the eligibility criteria, then it shall receive an annual Performance Grant from the Fredericksburg Economic Development EDA.
  - 4.1. The Performance Grant shall be in an amount equal to:
    - (a) 100% of the meals taxes generated by the Project and paid on time and in full to the Commissioner of Revenue during the previous City fiscal year;
    - (b) 100% of the admissions taxes generated by the Project and paid on time and in full to the Commissioner of Revenue during the previous City fiscal year;
    - (c) 100% of the compensation paid for emergency medical services or law enforcement services for home Minor League Baseball games during the previous City fiscal year, not to exceed \$75,000 annually;

- (d) 100% of the real estate taxes on the real estate Tax Increment paid on time and in full to the Treasurer during the previous City fiscal year;
  - (e) An amount equal to the 3.5% state “sales tax revenues” generated by the Project, actually received by the City under Virginia Code §58.1-608.3 during the previous City fiscal year.
- 4.2. During the Supplemental Incentive Period, the Performance Grant will include an additional sum equal to \_\_\_\_\_.
- 4.3. The EDA shall pay the Performance Grant annually on October 1.
- 4.4. **The EDA’s obligation to make payments to the Team of the Performance Grant shall not be deemed to be a general obligation of the EDA, and shall be subject to and dependent on annual appropriations being made of the Performance Grant by the City Council for such purpose**
- 4.5. The EDA’s obligation to pay the Performance Grant shall be evidenced by a Bond which shall be payable to Team, in substantially the form attached to this Agreement as Exhibit 0.3. The EDA promptly shall institute a judicial validation proceeding with respect to the Bond pursuant to Article 6 of the Public Finance Act of 1991, 15.2-2650 et seq. of the Virginia Code. As required by the Virginia Code, the Bond shall state on its face that neither the Commonwealth of Virginia, nor any political subdivision thereof, including the City and the EDA, shall be obligated to pay the Bond or other costs incident thereto except from the revenues and moneys pledged therefore and neither the faith and credit nor the taxing power of the Commonwealth of Virginia or any political subdivision thereof, is pledged to the payment of the Bond or any interest thereon or costs incident thereto.
- 4.6. The EDA hereby establishes the “Baseball Stadium Performance Grant Fund.” All amounts received by the EDA from the City constituting the Baseball Stadium Performance Grant shall be deposited by the EDA into the Baseball Stadium Performance Grant Fund and used solely to make Performance Grant payments to the Team. The EDA may appoint the City as its fiscal agent to administer the Baseball Stadium Performance Grant Fund.
- 4.7. The EDA, as security for the payment of its obligations hereunder and under the Bond, hereby pledges the moneys on deposit in the Baseball Stadium Performance Grant Fund. The Baseball Stadium Performance Grant Fund shall be expended for no purpose other than Performance Grant payments to Team as provided herein. Expenditure by the EDA of the Baseball Stadium Performance Grant Fund for any purpose other than the Performance Grant shall constitute a default under this Agreement. Upon any such default Team shall have all remedies available at law or in equity, including, without limitation, payment by the EDA of all of Team's costs, including reasonable attorneys’ fees and expenses, incurred in exercising its rights under this Agreement.

5. Grant Funding. As an inducement to the development, construction and operation of the Project, the City hereby agrees as follows:
  - 5.1. Upon the effective date of the TIF Ordinance, the City shall establish the “Baseball Stadium Tax Increment Fund” pursuant to Code of Virginia Title 58.1 Chapter 32 Article 4.1. Pursuant to the TIF Ordinance the City’s Director of Fiscal Affairs shall deposit the Tax Increment into the Baseball Stadium Tax Increment Fund to meet the City's commitments herein.
  - 5.2. Subject to Section 5.4, the City shall deposit the Tax Increment and additional Performance Grant funding in the EDA Baseball Stadium Performance Grant Fund each September 1 during the Incentive Period.
  - 5.3. The City will not expend the Tax Increment except for payment to the EDA as provided herein. Neither the failure of the City Council to appropriate all or any portion of the Tax Increment to the EDA nor the failure of the City's Director of Fiscal Affairs to deposit the Tax Increment in the Baseball Stadium Performance Grant Fund shall enable, permit or be deemed to authorize the City to expend the Tax Increment for any other purpose. If the City fails to apply the Tax Increment as provided in this Agreement, Team shall have all remedies available at law or equity, including, without limitation, payment by the City of all of Team's costs, including reasonable attorneys’ fees and expenses, incurred in exercising its rights under this Agreement.
  - 5.4. **The City's obligation to make payments to the EDA of the Performance Grant shall not be deemed to be a general obligation of the City, and shall be subject to and dependent on annual appropriations being made of the Performance Grant by the City Council for such purpose.**
  - 5.5. The City Manager shall include the Performance Grant payment to the EDA in his recommended City budget for each fiscal year during the Incentive Period. The City Manager shall deliver to the EDA and to Team on or before each August 1 during the Incentive Period a written notice specifying the amount of the Performance Grant appropriated or to be appropriated for the fiscal year beginning on the immediately preceding July 1.
  - 5.6. Team agrees to provide the City and the EDA with any information in its possession that the City or the EDA may reasonably need to determine the Tax Increment or the Performance Grant, and to cooperate with the City Manager with his preparation of the budget, including the provision of estimates of the Tax Increment and Performance Grant. Team waives any rights to confidentiality that may exist as to the amount of the Tax Increment or Performance Grant.
6. Tourism Zone Incentives. As an inducement to the development, construction and operation of the Project, the City agrees as follows:

- 6.1. The City agrees to waive the Development Fees for the initial construction of the Project.
- 6.2. The City agrees to waive the Sewer Availability Fee for the initial construction of the Project.
- 6.3. The City agrees to waive the Water Availability Fee for the initial construction of the Project.
7. Other Obligations of the City. As an inducement to the development, construction and operation of the Project, the City agrees as follows:
  - 7.1 The City Council agrees to conduct a public hearing and consider an increase in the admissions tax rate for admissions to Project events, on or before April 1, 2015.
  - 7.2 The City will acquire land, and design and build a surface parking lot with approximately 1,800 spaces, in substantial conformance with the concept plan entitled “Fredericksburg Ballpark and Diamond Nation Concept Celebrate Virginia South” by Prime Design Engineering, P.C. dated August 13, 2013, Exhibit 0.4. This obligation may be carried out jointly by the City and the EDA, with City funding.
  - 7.3 The City will purchase marketing and advertising services from the Team for a period of five years, with an option to renew for an additional five year period, in the amount of \$50,000 per year in accordance with a marketing and advertising services contract to be developed by the Team and the City.
8. Other Obligations of the Team. As an inducement to the development, construction and operation of the surface parking lot, the Team agrees to operate, maintain and clean the parking lot and to share parking lot revenues with the City (or the EDA as the case may be) 50/50. The details of the operation of the parking lot and the sharing of revenues will be set forth in a separate operations agreement to be negotiated between the City, the EDA, and the Team.
9. Miscellaneous.
  - 9.1. The Parties shall first endeavor to resolve any disputes, claims or other matters in question between them through direct negotiations, and if such direct negotiations fail, by non-binding mediation, with the site of the mediation being the City of Fredericksburg, Virginia, which is agreed to be the sole and exclusive venue. Should the dispute, claim, or other matter in question remain unresolved after completion of such negotiation and mediation, but in no event more than ninety (90) days after mediation is requested by a Party, either Party may then institute a

lawsuit or other action in the Circuit Court for the City of Fredericksburg, which court shall be the sole and exclusive forum for any litigation arising under the terms of this Agreement. Any agreement reached in mediation must be reduced to writing and executed by the parties; upon such execution, the same shall be enforceable as a settlement agreement.

- 9.2. All notices, reports, and invoices required by this Agreement shall be in writing and delivered in person or mailed, postage prepaid, via certified mail, return receipt requested, or by nationally recognized overnight delivery service (such as UPS or FedEx) to the persons and representatives (and to their respective addresses) named in Exhibit 0.5, attached hereto and incorporated herein.
- 9.3. This Agreement shall be administered and interpreted in accordance with the laws of the Commonwealth of Virginia.
- 9.4. This Agreement (or any other agreement, document or instrument given pursuant to this Agreement) may be signed in one or more counterparts (or with counterpart signature pages) which, taken together, shall constitute a fully executed Agreement and shall be considered a single document. Facsimile signatures (or signatures transmitted by other electronic means – e.g., PDF) shall be deemed originals and transmittal by facsimile or other electronic means shall be deemed delivery.
- 9.5. The Team acknowledges that the City and the EDA are induced to enter into this Agreement by, among other things, the Team’s business qualifications and experience. Neither this Agreement nor any right or obligation herein may be assigned in whole or in part to another person, partnership, business, or entity of any nature without the prior written approval of the City and the EDA.
- 9.6. This Agreement constitutes the entire agreement between the parties hereto as to the subject matter contained herein and may not be amended or modified, except in writing, signed by each of the parties hereto. This Agreement is in pari materia with the TIF Ordinance and the Tourism Zone Ordinance.
- 9.7. Except as otherwise expressly provided for hereunder, upon the occurrence of a default by a Party hereunder (the “Defaulting Party”), the other Party (the “Non-Defaulting Party”) shall give written notice of such default (the “Default Notice”) to the Defaulting Party, which Default Notice shall set forth with reasonable specificity the nature of the alleged default and shall include such supporting documentation of the alleged default as may be reasonable under the circumstances. The Non-Defaulting Party shall be entitled to seek all legal and equitable remedies as provided for in, and subject to, Section 9.2 above upon the refusal or failure of the Defaulting Party to perform, comply with, or otherwise cure the default set forth in the Default Notice, which refusal or failure shall continue for a period of thirty (30) days after the Default Notice is given by the Non-Defaulting Party to the Defaulting Party, or, where such refusal or failure

cannot reasonably be cured within said thirty (30) days, if the Defaulting Party shall fail to promptly commence such performance or compliance and complete the same with reasonable diligence within such period of time that is reasonable under the circumstances.

9.8. The City shall have the right to elect to terminate this Agreement if the Project is not open to the public by April 1, 2015 and upon such termination no Party shall have any rights, liabilities or obligations hereunder. The City shall give written notice of such election to Team.

9.9. The Recitals are incorporated herein by reference.

9.10. The exhibits attached hereto are as follows:

IN WITNESS WHEREOF, the Parties have executed this Performance and Incentive Agreement under seal intending to be bound legally hereby on the date set forth above.

By: \_\_\_\_\_ (SEAL)



**FREDERICKSBURG ECONOMIC DEVELOPMENT AUTHORITY**

By: \_\_\_\_\_ (SEAL)  
\_\_\_\_\_, Vice Chair

Attest:

\_\_\_\_\_  
Secretary

**CITY OF FREDERICKSBURG**

By: \_\_\_\_\_ (SEAL)  
Beverly R. Cameron, City Manager

Attest:

\_\_\_\_\_  
Deputy Clerk

Approved as to form:

\_\_\_\_\_  
City Attorney

