



January 8, 2013

Mr. Collier Merrill, Chairman  
Community Maritime Park Associates  
City of Pensacola  
222 West Main Street  
Pensacola, Florida 32502

Re: Blue Wahoos' Year-End Review for 2012

Dear Chairman Merrill and Board Members:

On behalf of Northwest Florida Professional Baseball, LLC, d/b/a Pensacola Blue Wahoos ("Blue Wahoos"), Rishy and I extend our warmest regards and best wishes for a prosperous and successful new year. Even with the challenges facing us in the coming year, we hope you agree that Pensacola has much to be thankful for and a bright future ahead of her. Serving on the CMPA board is a time consuming and challenging task. Thank you for your time and commitment to Pensacola.

Like you, Rishy and I do our best to make Pensacola a better place. We promised the late Jack Fetterman and Vince Whibbs, Sr., that we would do all we could to make the Community Maritime Park a success, and to follow through with all our commitments to the greatest degree feasible. To date, we feel that our involvement and leadership with the Blue Wahoos organization has not only lived up to that promise, but greatly exceeded anyone's expectations.

As is typical in many of the organizations that I am involved with, it is important to review the performance of the organization every year. While not part of our Use Agreement, I feel this review will help the CMPA plan for the year ahead.

Our entire organization is proud to be a part of the Pensacola community. We look forward to strengthening our relationship with the CMPA and doing great things together in the future. We hope you find this report helpful.

### **BLUE WAHOOS 2012 ACCOMPLISHMENTS**

The 2012 Blue Wahoos Inaugural Season was, by all accounts, a tremendous success for Pensacola. In addition to leading the Southern League in sellouts and total attendance,



Pensacola hosted the Southern League Annual Meeting for the second year in a row. The Blue Wahoos also received the following recognitions and rewards:

- 2012 Ballpark Digest Organization of the Year
- 2012 Don Mincher Organization of the Year--Southern League
- 2012 Jimmy Bragen Executive of the Year--Wahoo's President Bruce Baldwin
- 40 Single Game Sell Outs
- 2012 Ball Park of the Year, *Baseballparks.com*
- 2012 Florida Ballpark of the Year, *StadiumJourney.com*

We believe these accomplishments, and the recognition and acclaim they have garnered for Pensacola, are a direct result of our decision to invest over \$20,000,000 to secure a Double-A, Major League-affiliated baseball team to bring to Pensacola.

### **BLUE WAHOOS 2012 FINANCIAL IMPACT**

Under the Use Agreement that governs our use of the stadium, the Blue Wahoos have non-exclusive use of the stadium for ten years, at which time the lease can be renewed, renegotiated, or the team can relocate. During this first year of this agreement, the Blue Wahoos paid, generated, or helped facilitate collection of revenue for the City/ CMPA of over \$750,000.00 in revenue for the City/CMPA in 2012. The 2012 sources of revenue include:

- \$188,125.00 in use fees for the stadium. Of this, we paid a significant portion early to assist cash flow for the CMPA in 2012.
- \$287,485.50 in ticket sales surcharges based on game day attendance. Again, this revenue would not have been generated by an independent, unaffiliated team playing a 48 game schedule, as opposed to a Major League affiliate playing 70 games.
- \$214,256.66 in parking revenue from Blue Wahoos games, collected by Pensacola Division of Neighborhood Services as a subcontractor to the CMPA.
- \$76,000.00 in non-baseball revenue, including the ticket surcharge and 20% of gross concession revenue for these events, such as the Soul Bowl youth football event, concerts, private events, and the one-of-a-kind "Winter Wonderland." This revenue is a testament to the high priority the Blue Wahoos place on making the stadium a true "multi-use" facility, for both the community value and the financial support to the CMPA it provides.
- Total revenue for 2012 reached **\$765,867.16**.

If you were to compare this amount to other affiliated Minor League teams, it would demonstrate that the revenue generated for the City/CMPA is near the top of Minor League Baseball nationwide. Viewed another way, based on the number of seats at the stadium and available amenities to the stadium (in particular the lack of suites), it is almost certainly the highest per-seat revenue paid by any team in the Minor Leagues.

Along with the direct revenue generated by the Blue Wahoos, there was significant "indirect revenue" which is near impossible to estimate that benefitted the community. For instance:

- Local contractors were hired to improve and maintain the stadium and grounds, thus generating local sales, providing jobs, and tax revenue.
- Local restaurants, hotels, and other businesses experienced higher traffic and sales during home game days generating additional sales, creating jobs, and increasing sales tax revenue.
- Our conservative estimates are that teams, umpires, and scouts accounted for over approximately 1,960 hotel rooms booked over the course of the season. (These numbers do not include fans, media, Cincinnati Reds personnel, or other game-day visitors.)
- The Blue Wahoos payroll for 2012 will be approximately \$1.2 million, including front office, game day, and seasonal employees, excluding the baseball players, coaches, and managers.
- The team has created over 480 jobs in Pensacola. These employees are important members of the organization and are a primary reason the organization received such high praise and recognition.

In sum, we estimate the 2012 financial and direct economic impact of the Blue Wahoos to the CMPA, the City of Pensacola, and the local economy to be over \$2 million dollars. When economic multiplier effect of these dollars is taken into account, as well as the fact that these are not one-time impacts, it is clear that the Blue Wahoos are having a tremendous positive effect on our local economy and quality of life.

### **BLUE WAHOOS ADDITIONAL FINANCIAL CONTRIBUTIONS IN 2012**

Besides the operating revenue generated by the Blue Wahoos, we also invested heavily in the stadium. As you know, the team invested over \$2,000,000.00 in the stadium construction and considerable additional expenses to enhance and improve the original stadium design, to allow for the location of the Minor League team, and to provide an

exceptional facility for the community. These improvements are now the property of the taxpayers and the CMPA, and we believe that value is apparent.

Also, as the stadium construction neared completion, the Blue Wahoos invested an additional \$870,000 for enhancements to improve the overall facility. These expenses were beyond the requirements of the Use Agreement, but accrue to the benefit of the CMPA and the citizens.

Specifically, the following enhancements were made by the team beyond what the Use Agreement required:

- \$288,000 for replacing bench seating with individual contoured seats.
- \$500,000.00 for upgraded concession equipment to ensure a quality experience. (It is worth noting that our internal fan surveys, as well as independent reviews have rated our food quality as excellent.)
- \$53,000.00 for "Wind Curtains" to protect concession areas from flying pests. This is a mandated state health code requirement that the Blue Wahoos paid for on behalf of the CMPA.
- \$4,500.00 for "all weather" curtains in the upper seating area which allow for year-round, revenue-producing events for the CMPA.
- \$40,000.00 for the purchase of and installation of a second scoreboard behind home plate.

### **BLUE WAHOOS LOANS TO THE CMPA IN 2012**

In addition to prepaying Use Fees to the CMPA in 2012, to further assist the CMPA with cash flow needs in 2012, the Blue Wahoos agreed to lend and/or advance certain costs on behalf of the CMPA. At the start of the season, the team lent the CMPA \$57,870.12 for its agreed share of seating enhancements at the stadium. These funds are payable to the team over 10 years at 0% interest.

The coming years will create unique challenges for the team and the CMPA. While the team is pleased that it was able to help the CMPA, our hope is that as the CMPA's financial condition improves these funds will be repaid in a timely manner.

### **OTHER PARK MANAGEMENT**

The Blue Wahoos Use Agreement is very specific and does not include overall park operations beyond baseball games and events sponsored by the Blue Wahoos. Nevertheless, we have learned a great deal about the facility and managing events during 2012. If at any time the CMPA would be interested in our thoughts on potential ways to increase efficiency

or its financial margin from other park operations (excluding the multi-use stadium), we are of course committed to helping in that endeavor in any way possible.

### **CONCLUSION**

Rishy and I would like to thank you again for your tireless service to the community. We feel strongly that the CMPA and the community support the Blue Wahoos and we will continue to reciprocate that support in every way possible to make Pensacola a better city today, while laying a strong foundation for the future.

Warm regards,

Quint Studer

cc: CMPA Members  
Pensacola City Council  
Mayor Ashton Hayward