

DATE: August 9, 2010
SUBJECT: Martinsville Mustangs
2010 Season Report



Madam Mayor & Members of Council:

Thank you for the opportunity to present this report regarding the completed 2010 Martinsville Mustangs baseball season.

Team Information - Summary

- Sixth season in the Coastal Plain League completed.
- Week 1 – Jonathan Cornelius was CPL Player of the Week. Best ERA on the team, third best in the CPL for season. Led CPL in Strikeouts at 91.
- Mathew Black - 4th in CPL in RBIs and made the home run derby contest at Forest City, NC. 2nd in CPL for On Base Percentage - 44%.
- Brian Dice – 2nd in CPL in throw outs when opposing teams' steal bases
- Jonathan Cornelius, Matthew Black, & Taylor Oldham made All-Star Team.
- Overall season record was 22 wins & 33 loses.

Fiscal Year & Basis For Report - 2010 Season Report

This annual report covers the 2010 season and as noted last year, the process of developing the report is somewhat complicated by the fact the City's budget cycle runs from July 1 to June 30 and the summer baseball season spans from roughly May to August, overlapping two budget years. For this report, revenues and expenditures have been compiled from data from both the FY10 and FY11 budgets, beginning approximately in October of FY10 and extending through September of FY11 in an effort to capture data specifically related and attributed to the just-completed 2010 season.

Revenue for the 2010 season is currently calculated to be \$151,068, compared to \$157,987 for the 2009 season and \$130,145 for the 2008 season, which is still over \$20,000 more in profits from 2008 season. The 2010 game day revenue (comprised of gate, concessions, beer, and

souvenirs) came in at \$86,055 compared to \$86,054 in 2009, while advertising revenue decreased slightly from \$59,640 in 2009, to \$53,109 in 2010 (\$6,531 off from last season). Additional sources of revenue include season and general admission ticket sales, donations, baseball camps, and a pay supplement from NCI's summer intern program.

Expenditures for the 2010 season through the first week of August are \$189,174 with anticipated additional costs of approximately \$6,259 bringing the total anticipated 2010 season cost to \$195,433 (*Note: \$780,567 total for Parks and Recreation Budgets*). While every effort has been made to determine expected additional costs, it is anticipated there may be minor revenue/expense adjustments as the season is closed out. Subtracting revenue from expenses leaves a net cost to the City for the 2010 season of \$44,365, an approximate 22% reduction over the net 2009 season cost of \$56,888. *The just-completed FY10 budget for the Mustangs projected revenue at \$120,600 and expenses at \$213,686 (budgeted net cost of \$93,068), while the current FY11 budget projects revenue at \$136,600 and expenses at \$215,610 (for a budgeted net cost of \$79,010).* In addition to total revenue, it should be noted the Mustangs' operation also benefited by receipt of approximately \$20,000 in value of traded services which saved the City \$20,000 that would have been calculated in expenditures.

Overall Attendance Figures

- 26,534 for 31 home games, 1,299 less fans in the Ball Park from 2009
- Combination of hot weather and a lot of afternoon showers contributed. Rule of Thumb – if it looks like a thunderstorm, people just will not come out to the Park.
- Attendance Figure is still higher than 2007 (24,649) and 2008 (25,792) seasons
- Noted: Mustangs' Staff surveyed people coming through the gate on 7 random nights (7/16-7/31) toward the end of the season: Results - Martinsville – 20%; Henry County – 59%; Franklin Co – 7%; Patrick Co – 6%; and "others" – 8%.

Improvements in the 2010 season

Compared to the 2009 season, the entertainment venue bar was raised for Mustangs' games this year. With our new addition to the Mustangs' Organization, Jim Taipalus has improved the overall atmosphere at Hooker Field during game nights. Customer Service has been exceptional this season with no complaints coming into the Mustangs' office or Parks and Recreation Dept. and I have only heard great comments on how the operations for the Mustangs played out this year from game night to the player's hospitality services to the excitement at the Park. Many positive notations have been made from dedicated fans toward Jim and he has thrown many different curve balls of amusement at the Park this year which attracts all types of people, even if they are not baseball fans. He is really personable with clients, players, and coaches and tends to their needs in the utmost professional courteous manner.

There were a number of notable season highlights – the individual success achieved by several team members; all the new advertising money brought to the program with Jim T. having only two months to get to know business owners and pursue sponsorships while working on host families and other operational needs, and the fact that game day revenue and advertising revenue stayed about the same in spite of local economic and unemployment issues in the area; Meals were planned much better for the players this year with two key sponsors and arrangements made as well as coordination with our host families cooking home cook meals for the players; a party deck was built to accommodate parties up to 25 to have their own private location to watch and be served during the game; game promotions were increased with more donated prize give-aways such as shirts and other sponsors' novelties, Mustang mugs, promotional cups all the way to fresh-squeezed lemonade to Buffalo Wild Wings and funnel cakes; again the nights sponsored by the M-HC Chamber and an newly added Patrick Co. Chamber Night were very well attended; the July 3rd game and fireworks show was a huge success resulting in the season's highest game day revenue of all time according to the records I have from 2007 to now which broke the old record by over \$3,000 – made \$8,522.75. This crushed the record for sales from 2009's

report of \$5,489.10 (\$3,033.65 more in sales); even the beer wagon and snow shack had record sales this year on particular nights; all of the “thirsty-Thursdays” were a big success; other added entertainment was a home run derby, two different nights of bands playing before and during the game, between inning entertainment extras; and the “throwback Tuesdays” when the Mustangs wore replica Martinsville Oilers jerseys as a tribute to the Connie Mack League Oilers team that played at Hooker Field (English Field previously) in the 1970s.

We also had a few disappointments – few games it rained throughout the game and attendance was low those nights and low attendance on Monday-Wednesday’s games which is a norm across the CPL (All team owners complain about).

Acknowledgements – Reflecting on the work and efforts that went into this past season, there are many groups as well as individuals that made significant contributions to the 2010 season. Again, City Council certainly should be recognized for support and funding of the team. Thanks go out to the Mustangs players and coaches for their efforts on the field as well as the impact they all made in our community during their stay definitely as our youth look up to these role models while they visit our home grounds in Martinsville. The host families deserve recognition and thanks for providing accommodations to the Mustangs’ players during the summer and providing all the great meals they put together too. Thanks to our loyal President of the team, Doug Christman and his wife Sandy for putting their heart and soul into the ball club and working wonders with fans and listening to our dedicated fans and giving some great advice in areas to improve; Thanks to the Martinsville Comm. Recreation Assoc. members and Baseball Heaven’s members for putting all their effort into working game nights; Thanks to all those who advertised whether on the outfield fence signs, on the pocket schedules, sponsored a night at the ballpark, or in any way contributed to the 2010 season. We are very appreciative of Amanda Witt and the Chamber of Commerce for putting Jim Taipalus on the right track to local sponsorship opportunities in the Community. A big thank-you to the fans who came out during the season to support the Mustangs. Thanks to the approximate 20-member game-day staff who sold tickets, concessions, sold souvenirs, announced the game, ran the scoreboard, handled the promotions and kids’ events, and everyone who had a hand in making the visit to the ballpark an

enjoyable experience. Also, thanks to Ross Anderson and NCI for allowing Ross to do his internship through the Mustangs' organization. Ross was a key piece to the success of operations at the field where he helped in many areas. We certainly could not have enjoyed the success we had without all these efforts from a multitude of staff and volunteers.

General Comments

As the 2010 season began, there were high hopes that the difference between revenues and expenditures could be improved. Revenues stayed about the same, but this was personally my first year with the Mustangs and Jim, other staff, and I have really learned a lot in how to improve the future for this organization. E.g., adding Chamber Nights from all the adjacent Counties surrounding M-HC, which was learned by signing on Patrick Co. Chamber Night, it being a huge success this year. Unfortunately as we have found with other budgets in the City, expenditures also increase with time, such does inflation. With bringing Jim Taipalus on board February 1, he hit the ground running, but didn't have the adequate time to fulfill the sponsorship level he wanted to pursue due to many other operations that had to take place to bring in our Players and Coaches comfortably as well as other League requirements. He worked diligently making his contacts, whereas he had to learn the area, local faces, and the businesses to pursue in such a short time compared to our situation in the past where the Chamber already had these contacts, but I may add they were a major help to start the fundraising efforts. Another highlight is now we have a new energetic Tourism Director, Jennifer Doss, which really helped us promote the Team Regionally through publications, Virginia.org, and other media outlets. She even set up a package where outside people could buy a package which included tickets, meals, and motel stays while in Martinsville and we responded with a few souvenir give-aways and an official CPL ball signed by the whole team. **Jennifer provided me with a quote she wanted me to read, "The Martinsville-Henry County Economic Development Corporation's Tourism & Film Division supports the Martinsville Mustangs. Not only does the team's presence enhance quality of life for our residents, but it also provides a family friendly attraction for tourists to enjoy as well. Since May 2010, 8% of visitor surveys completed by out-of town guests indicated that their primary purpose for visiting Martinsville-Henry County was to see a**

Mustangs Game. Through continued out-of-area marketing we expect to see this number grow in the coming years.”

Economic Impact

The economic impact of drawing tourist to our area to spend money in our economy is noteworthy, especially from the data received from surveying fans coming through the gate and discovering where they are traveling from. Numerous studies have been conducted and much information published regarding the economic impact to the local economy of having a professional or minor league baseball team in operation. It is reasonable to assume there is a local economic impact from operation of the Mustangs, although the impact is difficult to measure.

Of the annual expenditures to operate the team, a significant amount is spent in the local community for the purchase of supplies, materials, printing, advertising, etc., all of which certainly has a positive impact on the local economy. On game days, the Mustangs’ operation employs 20 to 25 individuals in varying capacities related to food and beverage sales, press box operations, on-field activities, etc. The Martinsville Community Recreation Association provides staffing for concession operations and money raised by the organization is typically given back to the community to help offset costs related to youth sports programs that in turn help offset costs that might otherwise be provided by the local government. Visitors to the ballpark will often spend locally for travel expenses, gas, and/or food. The exposure generated by publicity surrounding the team certainly has a positive impact, not only in this area but in other communities visited by the Martinsville Mustangs. This was a learning curve for future promotions from a regional stand point, which will be pursued immediately if the Team resides.

As we look forward to the 2011 season, the FUTURE IMPROVEMENTS will be made:

- Hire a new Head Coach immediately; **deadline-Sept. 4, 2010**
- Developing a Booster Club to help with overall fundraising, promotions, ticket sales, meals, etc.

- Explore other partnership opportunities to maximize revenues and minimize expenses, especially in travel expenses.
- Pursue outside of the City and County for sponsorships as well as long-term sponsors.
- Although the goal is to turn baseball into a revenue/expense neutral venture (or better yet, generate a profit), develop an acceptable net cost range to work toward.
- Continue to explore options for capital improvements at Hooker Field including (but not limited to) improved concession/press box facilities/covered seating, which would allow us to bring in the All-Star and Petit Cup Playoffs.
- Adding more Chamber Nights from Adjacent Counties.

What are our Options

- Continue Baseball on a Year to Year basis
- Multiple Year Commitment
- Continue to seeking partnership opportunities to help operate the Team and alleviate cost
- Moth Ball the Team for one Year
- Sell the Franchise

Staff Recommendations

Sign the Letter of Intent to Play; **August 31, 2010**, which is the deadline; Hire a new coach and assistant immediately and make efforts to recruit Division I players to complement the team roster (some of the players from this year have requested to come back if we have a team from the excellent experience they had here).

We are asking City Council to consider a 3 year minimum commitment to return the Martinsville Mustangs to our community, which in turn will help with recruiting, long-term advertising and sponsorship commitment, facility improvements at Hooker Field, and the flow of management and operations without a break of wondering year to year if we will bring the team back or not. This commitment would allow Staff to look at turning Hooker Field into a destination for baseball for years to come.

To consider if Team doesn't play in 2011

Crime Rate in Martinsville is the highest in the State. I spoke with Mike Rodgers, Chief of Police on Thursday and he said in the summer months that the crime rate is much higher than fall/winter months. If we moth ball the Team then we are sending the teen population which is 28% of our fan base for the Mustangs to the Streets during these Summer months, which in turn we'll probably see an increase in the Crime Rate. How could it become higher than it already is here? The Mustangs' Games provide a safe supervised environment for our teen and adolescent population, which they are so easily influenced by peer pressure at this age and look up to these role models, our Mustangs' Players. Even though the team has a downfall in revenues vs. expenditures, it provides a huge economic impact to our area while the team is playing, bringing in player's families to stay multiple nights in hotels, fans buying food, merchandise and gas bought in the City for fans returning to areas abroad, as well as showcasing our City to Tourism as mentioned before. A statistic I found when I was researching material for our local skate park to be built - the number one and two reasons why businesses locate to a community is number one, is the population educated; number two, what type of recreational opportunities are there in the area. Games provide an affordable family entertainment option for our surrounding area. Also, these Mustangs' Players are major role models for our Youth when they are here. One other reason is the Socialization Experience for All Ages at the Park, which keeps kids in balance, the middle-aged enlightened, and elderly youthful. Bottom line, this is our Community Team which is one of our largest marketing aspects for the City to draw in Tourism and Businesses who want to locate here and the game-day atmosphere takes away the uncertainties that people face day after day at the present time in our society.

Respectfully submitted:

Gary Cody
Martinsville Mustangs and Parks and Recreation Director



MARTINSVILLE MUSTANGS –SUMMARY OF REVENUES, EXPENSES, NET COST

	2008	2009	2010	2011
ACTUAL REVENUE	\$130,145	\$157,987	\$151,068	
BUDGET PROJECTION	\$129,250	\$118,410	\$120,600	\$136,600
ACTUAL COST	\$190,000	\$216,375	\$195,433	
BUDGET PROJECTION	\$182,805	\$191,767	\$213,686	\$215,610
ACTUAL NET	\$60,000	\$56,888	\$44,365	
BUDGET PROJECTION	\$53,555	\$73,357	\$93,086	\$79,010