City of Lacey, Washington
Lacey City Council Worksession Agenda

Refer to the bottom of the agenda for meeting information.

Tuesday, April 23, 2024	6:00 PM	Council Chambers and Online

1. **Call to Order**
2. **Roll Call**
3. **Land Acknowledgment**
   We, the City of Lacey, are on the ancestral land of the Tribal People of the Treaty of Medicine Creek, including the Nisqually Indian Tribe and Squaxin Island Tribe. We acknowledge, and remember those Tribal People not recognized today who were absorbed or relocated into other tribes for survival. We recognize the ancestors and their descendants who are still here. We recognize and respect the Tribal People of the Treaty of Medicine Creek as the traditional stewards of this land since time immemorial and their role today in taking care of these lands in perpetuity. We recognize and have the responsibility to call attention to the histories of dispossession, forced removal, and abridged treaty rights that allowed our nation, state, and city to develop as they have today. We recommend that community members read the Medicine Creek Treaty of 1854.
4. **Approval of the Agenda**
5. **Agenda Items**
   A. **Regional Athletic Complex (RAC) Phase 3 Design Concept and Financing**
   Jen Burbidge, Director of Parks
   B. **Parks Capital Improvement Program (PCIP) and Formation of Parks Improvement Funding Work Group**
   Jennifer Burbidge, Director of Parks
6. **Adjourn**

Meeting Information:

Attendance (Remote or In-Person)

The public may attend the meeting in-person, or you may view or listen to the meeting using one of the following platforms:

In-Person:	Council Chambers at Lacey City Hall 420 College Street SE, Lacey, WA 98503
Zoom:	https://us02web.zoom.us/j/86533592327
Website:	https://cityoflacey.org/government/public-meetings/
Facebook:	https://www.facebook.com/cityoflacey
YouTube:	https://www.youtube.com/watch?v=WWo4s6igoh8
Phone:	(888) 788-0099 or (877) 853-5247 (Webinar ID 865 3359 2327)

Verbal Public Comment

Verbal public comment is not scheduled for Worksessions. Verbal public comment may be provided at Regular City Council Meetings. Regular Council Meetings are held the first and third Thursdays of the month.

Written Public Comment

Public comments may be submitted for Worksessions by email to PublicComment@ci.lacey.wa.us. The commenting period will close two hours before meeting time. Written comments will be provided to the City Council electronically prior to the Worksession meeting. Comments will not be addressed during the Worksession meeting; however, comments received will be added to the official record.

LACEY CITY COUNCIL WORKSESSION
April 23, 2024

SUBJECT:	**Regional Athletic Complex (RAC) Phase 3 Design Concept and Financing**

RECOMMENDATION:	**Discussion regarding RAC Phase 3 Design Alternatives and financing. Goal is to receive City Council direction on Phase 3 design alternative and to implement plan for financing.**

STAFF CONTACT:	Rick Walk, City Manager RW Shannon Kelley-Fong, Assistant City Manager SKF Jen Burbidge, Parks, Culture & Recreation Director JB Troy Woo, Finance Director TW
ORIGINATED BY:	LPCR Department
ATTACHMENTS:	1. Public Facilities District (PFD) Extension Timeline 2. 2019 Indoor Sports Facility Feasibility Study – Phase 1 3. 2019 Indoor Sports Facility Feasibility Study – Phase 2 4. 2024 - 2043 RAC Financial Plan 5. Lacey Parks, Culture & Recreation (LPCR) Comprehensive Plan LPCR_Sections_01-09-ToC_LS.pdf (laceyparks.org)
FISCAL NOTE:	N/A
PRIOR REVIEW:	City Council review of Indoor Sports Facility Feasibility Phase 1 Analysis on January 24, 2019 City Council review of Indoor Sports Facility Phase 2 Analysis on February 20, 2020 City Council approval of PFD Interlocal Agreement on 12/26/23. City Council approval of the 2024-2043 RAC Financial Plan on August 17, 2023. City Council approval of the 2023-2029 LPCR Comprehensive Plan on August 17, 2023. City Council approval of the 2023-2042 Capital Facilities Plan and Government Facilities Master Plan on January 16, 2024.

BACKGROUND:

The updated LPCR Comprehensive Plan was adopted by the City Council on August 17, 2023. It outlines the opportunities and challenges ahead for LPCR and associated maintenance and operations, including:

- Providing adequate facilities to keep up with Lacey's significant amount of growth and the increased impact on aging parks facilities. The demand for parks exceeds our capacity for maintenance and improvements.
- Continuing to move from a predominately "property acquisition era" to a greater emphasis on parks access, improvement, and development phase.
- Solidifying a sustainable future funding strategy for development and ongoing maintenance.

The 2023 – 2043 RAC Financial Plan was also approved by City Council on August 17, 2023. It includes a section called Future Development of Phase 3, wherein the recommendation is to finalize the master plan based on public feedback and guidance related to pocket gopher best management practices. Estimated development and maintenance and operations (M&O) costs will need to be included as part of the long-term funding plan. It also notes the Lacey Parks system as being only 35% developed and prioritizes the need for additional athletic fields. Development of Phase 3 would give community and sports stakeholders access to more of Lacey's Park system and help with identified athletic field shortages.

The City Council approved the PFD Interlocal Agreement on December 26, 2023, which was an essential step in the PFD Extension Timeline. In order to use the funding available associated with the PFD Extension, staff needs approval to move forward with the process and come to a final decision regarding amenities.

The 2019 Indoor Sports Facility Feasibility Study, Phases 1 & 2 are attached for your information. Please see pages 4-6 of Attachment 3 for some important Headlines and Conclusion.

The worksession briefing will be focused on current revenues and expenditures to operate the Regional Athletic Complex, design alternatives for the development of Phase 3, estimated construction, M&O costs, and community priorities resulting from feedback through community engagement efforts.

Public Facilities District Extension Timeline

RCW 82.14

2023 negotiations with other jurisdictions

2023 Interlocal Agreement approval by all parties

2024 Confirm timeline with Dept of Revenue

Mid 2024 concept complete

2025-2026 design complete

2026 potentially apply for RCO funding (awarded in Fall 2026 if successful)

Early 2027 begin the bond issuance process

Mid 2027 bond proceeds funding

Mid 2027 construction starts

Dec 2027 current debt expires

Lacey Indoor Sports Facility Feasibility Analysis

January 24, 2019

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Key Questions

- What is the market opportunity for a new indoor sports complex development in Lacey?
- What is the existing supply of indoor sports and recreation facilities in Lacey and the surrounding area? Is there a gap in quality or size of indoor facilities? What is the level of local demand for a new indoor sports complex?
- What is the existing state and greater regional supply of indoor sports complexes capable of hosting impactful tournaments and events? Is there a gap in supply that a new Lacey facility could accommodate? What is the market opportunity for an indoor sports complex in Lacey to host major state and regional tournaments?
- How is the Lacey area hotel market performing? Are there seasonal gaps in the market? What does this mean for the market opportunity for a new sports complex?
- Based on the comprehensive market analysis, what are the conclusions and recommendations? Should multiple scenarios be considered?
- How is the recommended sports facility projected to perform? What is the expected economic, fiscal, and employment impact of such a development?

Headlines

There is demand for large multi-court indoor sports facilities and a lack of supply of tournament-ready venues in an area that is mostly accommodated by small to mid-sized local and school facilities. The existing space availability for large regional indoor sports tournaments is limited. The current supply of indoor event space and courts (hardwood and sportcourt) in Lacey and the surrounding market is in universities, local school gyms and small community centers.

From a regional perspective, the Greater Seattle area and western part of Washington have not experienced the surge in youth sports facility development that has impacted much of the rest of the country. For an area with such high growth rates and participation levels, this presents opportunity. National governing-body directors are frustrated with the situation, and believe a new facility in Lacey could be a game-changer for the region.

With a space that can accommodate eight basketball courts available for concurrent play, no facility in the region would be able to accommodate more courts in one place. Given the quality and capacity of a new Lacey indoor facility, opening the door to creating major new regional tournaments should be achievable.

Headlines

An Indoor Sports Complex Is Recommended. Considering the market supply and demand for indoor sports in Lacey and the greater Seattle area, a new eight-court basketball facility (convertible to 16 volleyball courts) will accommodate sports and user groups that are currently unable to find proper facilities and offer a new venue for tournaments.

The Indoor Sports Complex Location Will Be Important. Sports and event facilities benefit the most when located in close proximity to a community's hospitality package. The amenities that make an attractive package include amenities such as hotels, restaurants, access to major transportation routes. Additional criteria that can impact the feasibility of a project include site ownership/control, cost of acquisition (if any), as well as site work and construction costs.

Sport Tourism Represents One of the Fastest Growing Sectors in Tourism. Destinations that foster the inner sport tourism entrepreneur will gain success by building programs of events and activities that deliver sustainable economic, social and promotional benefits. As Lacey looks to the future, the community must continually adapt to remain a sports tourism destination. When it comes to driving tourism, filling hotel rooms and generating economic impact in the community, the landscape of tourism, hospitality and destination appeal is competitive, and the more that can be done to connect with visitors, the better. As consumer desire or demand grows, Lacey needs to be strategic and encourage sport tourism innovation.

Recommendations

Develop a new, eight-court (regulation basketball) ***indoor sports facility*** that can accommodate larger basketball tournaments, volleyball, wrestling, and other flat-floor sporting and non-sporting events. The physical program of the facility will capture larger events of each type, which will lead to greater impact to the community.

Establish a clear vision and ***management strategy for the facility***, which allows for more freedom and entrepreneurial methods of attracting business. There are a variety of operational models that exist across the country in addressing this increased demand on recreational facilities usage for purposes of economic development (tourism). A close working relationship must exist between business development (tourism driven) efforts and facility operations. A mutual understanding and respect of each stakeholder's goals, objectives and priorities should be reviewed and discussed.

Create a model to ***reinvest a portion of economic impact to the proposed facility***. This may take the form of fees or assessments that are dedicated to the facility from revenue sources such as hotel tax and sales tax.

The economic, fiscal and employment impact of these investments will be significant in terms of new supported jobs, spending, hotel room nights, and local taxes.

Project Orientation

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Project Orientation

- Hunden Strategic Partners engaged to investigate the feasibility of developing and operating an indoor sports facility in Lacey, Washington.

- The goal of the Project is to meet the current and future demands of the local community and sports organizations, as well as to attract regional, state and national tournaments.

- Focus of the analysis is on traditional flat-floor athletic opportunities – aquatics and ice were not seriously considered

Economic, Demographic and Tourism Analysis

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Overview

- Located 57 miles south of Seattle; 118 miles north of Portland
- Central location between Seattle and Portland could present tournament and event opportunities in the future

Population and Growth Rates

Population and Growth Rates

	Population				Percent Change
	1990	**2000**	**2010**	**2017 Estimate**	***2010 - 2017***
United States	248,709,873	281,421,906	308,745,538	325,719,178	5.5%
State of Washington	4,866,692	5,894,121	6,724,540	7,405,743	10.1%
Thurston County	161,238	207,355	252,264	280,588	11.2%
Lacey	19,279	31,226	42,393	49,748	17.3%
City Pop. As % of County	*12.0%*	*15.1%*	*16.8%*	*17.7%*	--

Source: U.S. Census Bureau

- City of Lacey has experienced significant population - growth rate for Lacey surpasses Thurston County, the State of Washington and the United States.
- Critical that community amenities maintain pace with increase in population

Income, Spending & Other Demographic Data

Income, Spending and Other Demographic Data

Category	Lacey	Thurston County	Washington	United States
Homeownership rate, 2012-2016	54.2%	63.8%	62.4%	63.6%
Median value of owner-occupied housing units, 2012-2016	$227,900	$242,900	$269,300	$184,700
Persons per household, 2012-2016	2.48	2.54	2.57	2.64
Median household income (in 2016 dollars), 2012-2016	$59,624	$62,854	$62,848	$55,322
Persons below poverty level, percent	10.6%	10.4%	11.3%	12.7%
Total employment, 2016	N/A	71,359	2,685,355	126,752,238
Total employment, percent change, 2015-2016	N/A	3.9%	3.2%	2.1%
Retail sales per capita, 2012	$19,831	$12,894	$17,243	$13,443

Source: US Census Bureau

- Relatively high income levels – necessary for certain youth sports participation

Attractions

- Local attractions can be a deciding factor for tournament organizers when comparing multiple destinations for an event

Lacey Area Attractions

Attraction	Type
Hands on Children's Museum	Museum
Capital Forest	Nature
Capital Mall	Shopping
Charlie's Safari	Indoor Entertainment
Hurricane Ridge	Outdoor
Billy Frank Jr. Nisqually National Wildlife Refuge	Outdoor
Ocean Shores	Community
Olympia Farmer's Market	Outdoor
Olympia Waterfront	Outdoor
Olympic Flight Museum	Museum
Priest Point Park	Outdoor
Percival Landing	Outdoor
Puget Sound Estuarium	Aquarium
Shipwreck Beads	Store
State Capital Building	Landmark
Tumwater Falls Park	Outdoor
Westport Beaches	Outdoor

Source: Visit Thurston County

Local Sports Supply and Demand Analysis

Local Athletic Supply

- No non-school indoor complexes that offer more than one regulation basketball court exist in local market
- No non-school indoor complexes that offer synthetic turf fields exist in local market
- Major gap in supply of indoor multipurpose facilities

Local Athletic Complex Supply

Venue	Location	Distance from Lacey	Outdoor Multipurpose	Indoor Synthetic Turf	Outdoor Baseball/Softball	Basketball	Tennis	Volleyball	Other
Northwest Christian High School	Lacey, WA	0.5	–	–	–	3	4	6	
South Sound High School	Lacey, WA	0.6	1	–	2	2	–	✓	
St. Martin's University*	Lacey, WA	0.8	1	–	2	4	4	6	indoor track, training rooms
TC Saints Indoor Facility	Lacey, WA	0,9	–	0.25	–	–	–	–	2 batting cages
North Thurston High School	Olympia, WA	1.1	2	–	1	3	6	3	
Timberline High School	Lacey, WA	3.3	2	–	3	2	6	6	
LBA Park	Olympia, WA	3.4	–	–	6	–	–	–	
South Sound YMCA - Plum Street	Olympia, WA	3.7	–	–	–	–	–	–	fitness, no gymnasium
River Ridge High School	Olympia, WA	4.1	2	–	5	1	6	1	
Olympia Center	Olympia, WA	4.1	–	–	–	1	–	2	multi-purpose rooms
Regional Athletic Complex	Olympia, WA	4.4	6	–	5	–	–	–	
Olympia High School	Olympia, WA	4.9	2	–	2	2	6	2	
South Sound YMCA - Briggs	Olympia, WA	5.7	–	–	–	1	–	✓	
Sandberg Indoor Facility	Olympia, WA	6.1	–	0.25	–	–	–	–	2 batting cages
South Puget Sound Community College	Olympia, WA	6.5	–	–	–	1	–	✓	
Capital High School	Olympia, WA	6.5	1	–	2	2	6	2	
The Valley Athletic Club	Olympia, WA	6.7	–	–	–	–	11	–	indoor and outdoor pools
Yauger Park	Olympia, WA	7.5	–	–	4	–	–	–	skatepark
Tumwater High School	Olympia, WA	8.4	4	–	4	2	5	2	not all baseball fields are regulation
AG West Black Hils High School	Olympia, WA	9.7	2	–	4	2	6	2	not all baseball fields are regulation
Evergreen State College	Olympia, WA	10.2	7	–	–	2	4	4	
Pavilion at Evergreen State College	Olympia, WA	10.2	–	1	–	–	–	–	
Steamboat Tennis & Athletic Club	Olympia, WA	12.9	–	–	–	–	4	–	

Source: Various Facilities

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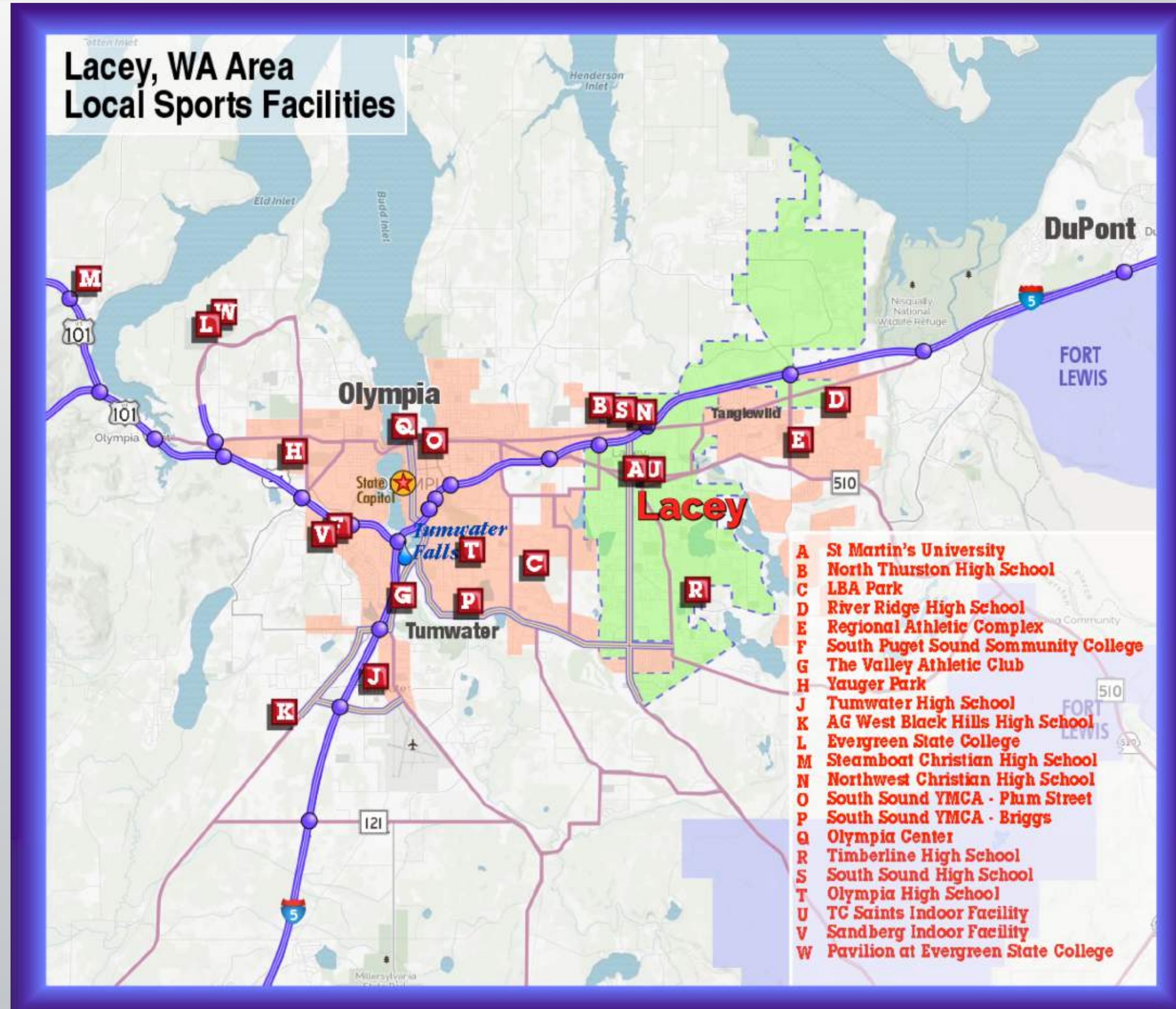
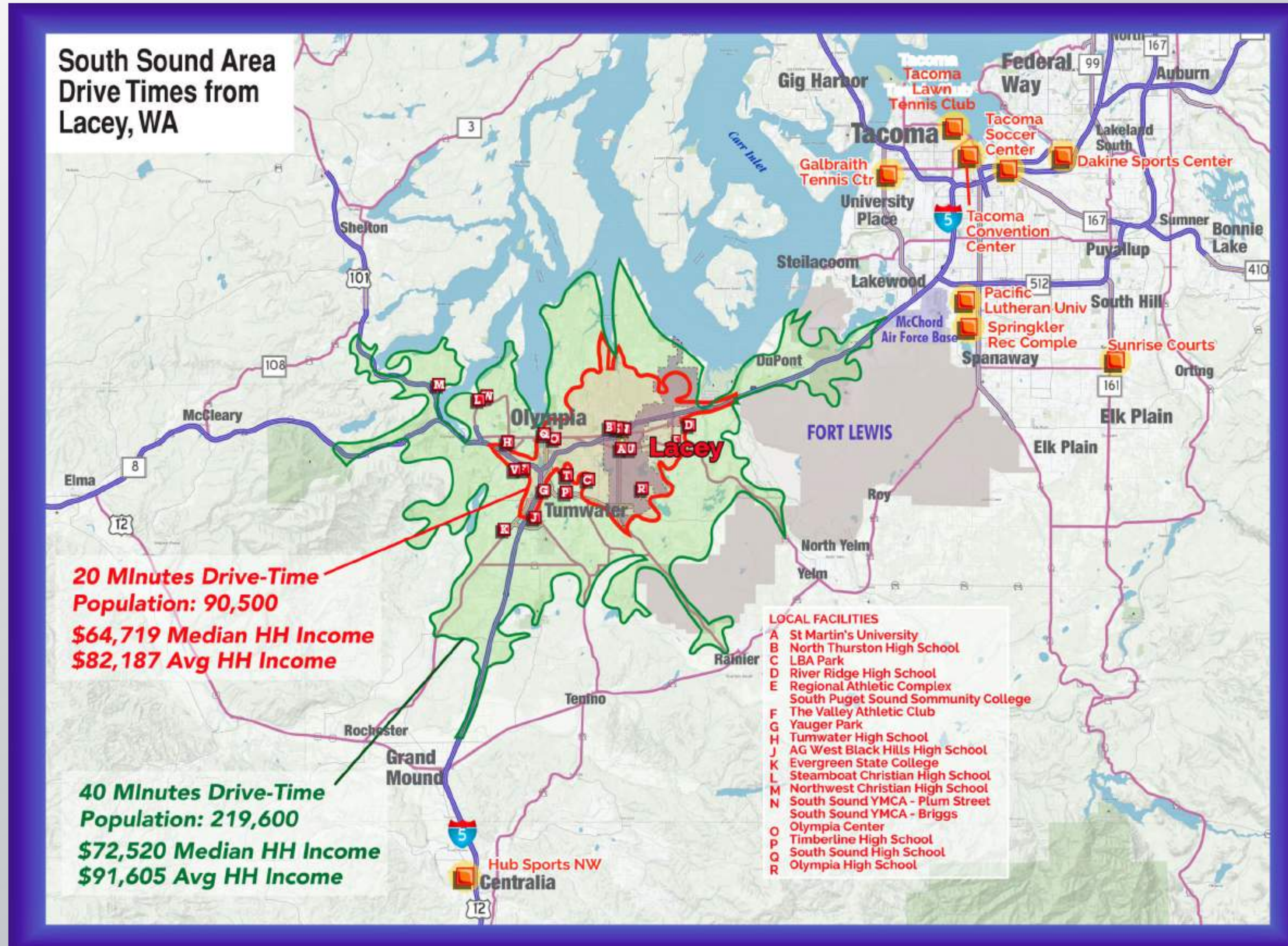
Local Athletic Supply

- Primarily concentrated along I-5



Local Athletic Supply

- Local residents are traveling more than 20 minutes for comprehensive indoor athletic complexes



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Local Organization Feedback

- South Sound Roots Academy - utilized gym space at St. Martins, Evergreen State, and various middle schools. Scheduling presents difficulty due the prioritization of the schools for their own programs and constantly having to work with school administration – Lacey is attractive location for events, four courts minimum.

- Chinqually Booters - the club aims to start a “Soccer in the Schools” Program that would partner with local grade schools. With a comprehensive indoor facility, this could occur during the winter months. Lack of availability and quality of existing indoor spaces currently hinders this growth.

- Pickleball – major needs include a public facility and eight dedicated courts with regulation lines, nets, etc. There is currently a lack of indoor space for players of all levels for drop-in play - a new facility would be a primary opportunity for small local tournaments and serving the local players.

- YMCA - currently runs a youth basketball league with 825 kids. They utilize 40 gyms in all area elementary schools from Monday through Thursday in the winter and from 8:00am to 6:00pm on the weekends. With the closure of the Olympia YMCA, the local community is desperately in need of more gym space.

- Get Game Got Game - Club basketball tournaments are either going to Seattle or Portland for tournaments and other events. NW Sports Hub in Centralia is the only indoor tournament facility in the greater area capable of accommodating tournaments, but the facility is not attractive competitive teams due to its location and lack of support amenities.

- Church of Living Water - Forced to shut down its youth basketball league last year due to lack of available court space.

- Senior Services for South Sound - Only a fitness room is offered in Lacey, which is not ideal for many indoor programs and sports - many requests for pickleball and open gym time, but are limited by space constraints.

State and Regional Sports Analysis

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Competitive Regional Supply

- Outside of NW Sports Hub, no comprehensive indoor sports complexes within 100 miles of Lacey
- Major sport-focused facilities located in Oregon or Spokane
- Significant gap in available basketball and volleyball courts in regional area

Regional Athletic Supply

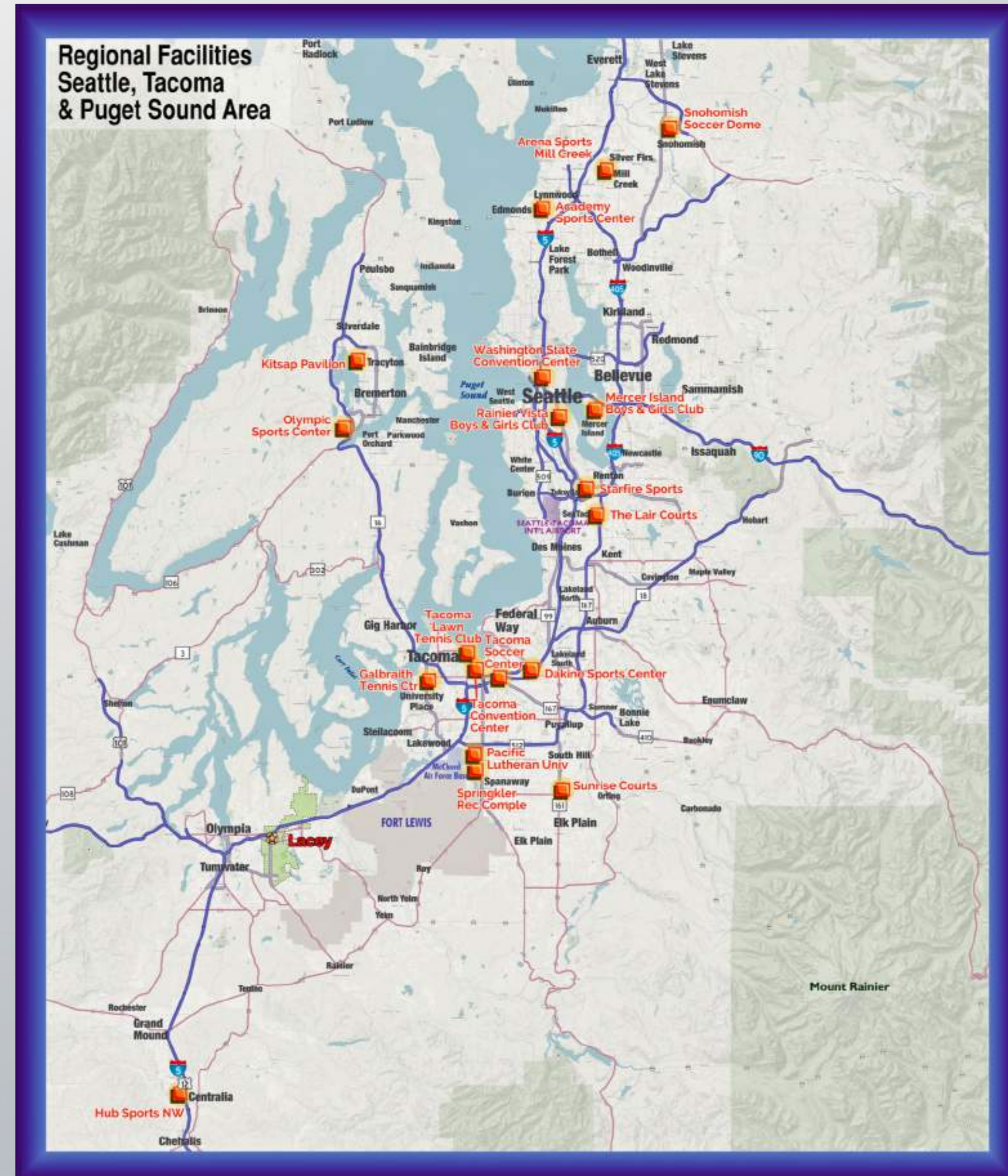
Venue	Location	Distance from Lacey (City Hall Building)	Total Multipurpose	Indoor Multipurpose	Baseball/Softball	Basketball	Tennis	Volleyball	Other
Sprinker Recreation Center	Tacoma, WA	21	--	--	--	--	10	--	indoor ice arena
Pacific Lutheran University	Tacoma, WA	21	4	--	2	✓	6	✓	
Dakine Sports Center	Tacoma, WA	24	--	--	--	--	--	6	indoor and beach volleyball
Tacoma Convention Center	Tacoma, WA	26	--	--	--	--	--	--	119,000 square feet
Tacoma Dome	Tacoma, WA	26	--	--	--	--	--	--	20,000-seat arena
Tacoma Soccer Center	Tacoma, WA	27	2	2	--	--	--	--	indoor soccer fields
NW Sports Hub	Centralia, WA	27	5	2	9	4	--	5	amenities can be arranged in several variations
Tacoma Lawn Tennis Club	Tacoma, WA	28	--	--	--	--	8	--	4 of the 6 outdoor courts are domed in the winter
Galbraith Tennis Center*	Tacoma, WA	n/a	--	--	--	--	6	--	
Sunrise Courts	Puyallup, WA	29	--	--	--	--	--	✓	
Starfire Sports	Seattle, WA	47	14	2	--	--	--	--	12 outdoor, 2 indoor
The Lair Courts	Renton, WA	47	--	--	--	2	--	6	
Rainer Vista Boys & Girls Club	Seattle, WA	54	1	--	--	✓	--	✓	
Arena Sports SODO	Seattle, WA	55	--	2	--	--	--	--	
Olympic Sport Center	Bremerton, WA	55	--	3	--	--	--	--	
Washington State Convention Center	Seattle, WA	57	--	--	--	--	--	--	415,000 square feet
Mercer Island Boys & Girls Club	Mercer Island, WA	60	--	--	--	✓	--	✓	
Kitsap Pavilion	Bremerton, WA	65	2	--	4	4	6	✓	
Arena Sports Redmond	Redmond, WA	67	--	3	--	--	--	--	
Arena Sports Magnuson	Seattle, WA	67	--	2	--	--	--	--	
Academy Sports Center	Lynnwood, WA	77	--	--	--	--	--	6	
Arena Sports Mill Creek	Mill Creek, WA	79	3	--	--	--	--	--	bowling, arcade and restaurant
Snohomish Soccer Dome	Snohomish, WA	83	1	--	--	--	--	--	
Salmon Creek Indoor Sports Arena	Vancouver, WA	103	2	--	--	--	--	--	
Clark County Indoor Sports Center	Vancouver, WA	114	2	2	--	--	--	--	
Portland Indoor Soccer	Portland, OR	117	1	1	--	--	--	--	
PDX Sports Center	Portland, OR	123	2	2	--	2	--	4	pool, fitness studio
The Courts in Beaverton	Beaverton, OR	126	--	--	--	4	--	10	
Tualatin Hills Athletic Center	Beaverton, OR	126	--	--	--	6	--	12	indoor track
The Hoop Salem	Salem, OR	167	--	--	--	6	--	6	
Yakima Valley Sundome	Yakima, WA	181	--	--	--	--	--	--	6,100 seat multipurpose arena
Town Toyota Center	Wenatchee, WA	184	--	--	--	--	--	--	4,300 seat multipurpose arena
Southridge Sports Complex	Southridge, WA	260	--	--	4	3	--	3	pavilion area
The Warehouse	Spokane, WA	317	--	--	✓	5	--	10	indoor baseball/softball training
Spokane Sports Plex*	Spokane, WA	320	--	--	--	10	--	17	6-lane track, full-sze ice rink
HUB Sports Center	Liberty Lake, WA	329	--	--	5	--	--	10	

*Planned or Under Construction

Source: Various Facilities

Competitive Regional Supply

- Greater Seattle area primarily offers multipurpose, private volleyball, and traditional convention and arena facilities – lacking comprehensive court complex



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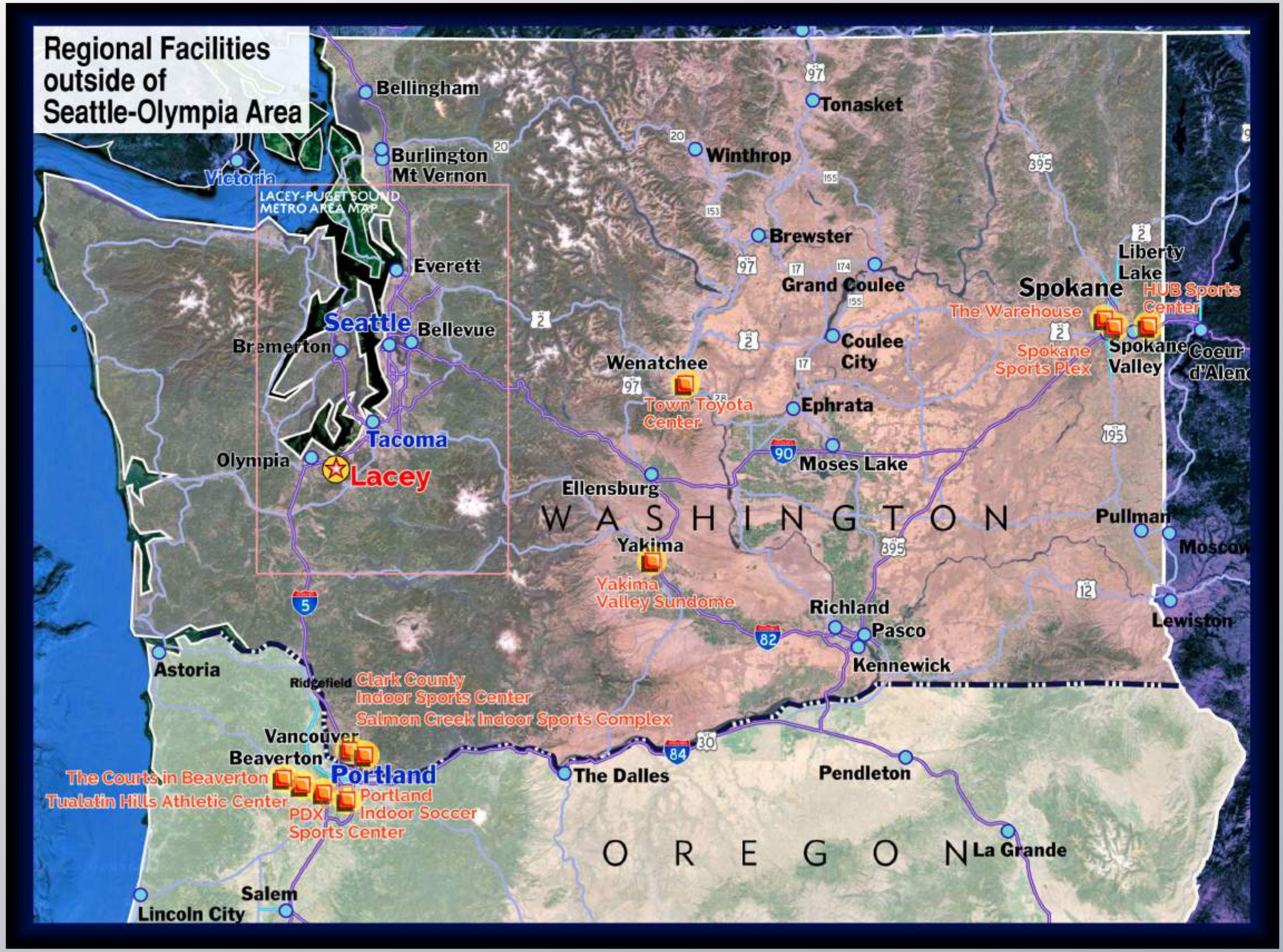
Competitive Regional Supply

- Primary concentration of indoor sports complexes is located in Spokane and Portland



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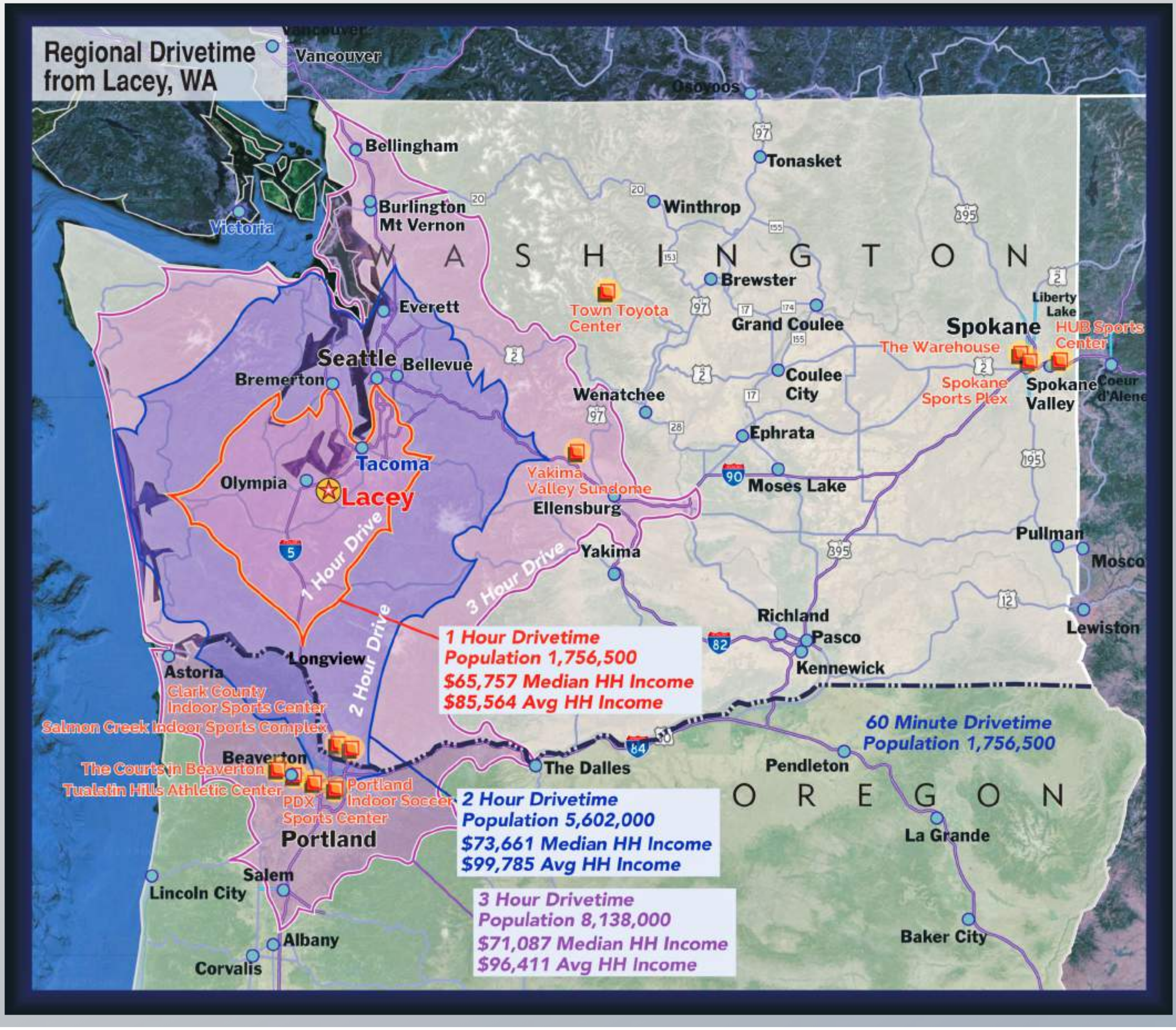
Competitive Regional Supply

- Area clubs driving more than 2 hours to find appropriate facilities for training, practices, games, and tournaments



NW Sports Hub

Location: Centralia, WA
Opened: 2010
Owner/Operator: (Lewis County Public Facility District, City of Centralia, Centralia School District, Northwest Sports Hub, LLC)

The primary comprehensive indoor athletic complex within the greater Olympia area, the NW Sports Hub is located 27 miles south of Lacey in Centralia and offers the following amenities:

- 4 basketball courts with the ability to accommodate 8
- 5 volleyball courts with the ability to accommodate 14
- Outdoor complex with multi-purpose fields, and baseball/softball
- Football/soccer/track stadium (3,500 capacity)
- Wheeler Field baseball stadium (570)

Sports Tournament Opportunity Analysis

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AAU Basketball Pacific Northwest

- There are currently 13,000 total athletes in the district, making it the second fastest AAU district growing in country.
- Nearly all AAU basketball events in the region are operated independently by clubs under the AAU umbrella.
- It is very easy for clubs to put on sanctioned tournaments. They only require the AAU to sign off on events for branding purposes. The majority of these events are currently held at Boys and Girls Clubs and area high schools.
- There is no comprehensive basketball facility in the district, even though these complexes are common throughout the rest of the country.
- Club basketball in Seattle is dominated by weekday leagues and weekend tournaments. Seattle teams would likely not travel to Lacey for leagues due to the driving distance, but tournaments present significant opportunity.
- Basketball growth in the market is occurring south of Seattle. There is not as much participation in the Olympia area, but this could partially be due to lack of facilities.
- If a facility existed it would absolutely attract tournaments. An eight court facility would be ideal to establish Lacey as a destination at the regional level.

AAU Basketball – Washington Youth Sports

- Regional basketball fits into three tiers: entry-level, mid-level (high school feeder programs and local clubs), and elite (competitive programs that play in national tournaments in front of NCAA coaches). The second and third tier are playing every weekend and traveling to events approximately once a month.
- The primary club basketball season outside of the school season runs from mid-September to mid-November and April through July. Athletes typically take a break during the month of August.
- The majority of high-level competitive basketball in the region occurs from Tacoma to Lynnwood.
- Unlike most other states, Seattle lacks a comprehensive indoor basketball facility. The majority of the club tournaments are occurring in high school and college gyms. It is extremely difficult to find three courts under one roof.
- The lack of a central court facility hurts events and presents challenges and frustrations to athletes and visitors. Tournaments are much more attractive, and lucrative, when they are in one venue.
- Indoor basketball complexes in the greater Seattle area have been discussed. Professional athletes Avery Bradley and Isiah Thomas are currently looking into opportunity in Tacoma.

AAU Basketball – Washington Youth Sports

- Most major basketball events are currently put on by clubs in the Seattle area. Teams from outside of Seattle are practicing in area high schools during the week and then heading to city on weekends for events.
- Major facilities in Oregon are primarily hosting regional events. Facilities are partnering with tournament organizers and offering jobs as facility directors to enhance operations.
- The NW Sport Hub is hosting lower-level regional events. Centralia is not viewed by tournament organizers an attractive destination for major premier events due to its location (viewed as being in the middle of nowhere) and lack of quality hotels and other surrounding amenities.
- A new facility in Lacey would be viewed more attractively than the NW Sports Hub. The area offers higher quality hotels and is located closer to Seattle, which is preferred.
- Due to its distance from a major metropolitan destination, a new facility with 8 courts in Lacey may struggle to attract major national tournaments (potentially one per year), but it could definitely attract five to six major regional events if managed properly. These events would likely feature 60 teams or more.
- There is no question that the market is starved for facilities. Lacey should be able to fill a new complex with leagues and games every weekend. In order to attract impactful tournaments that drive room nights and spending, aggressive management is critical.

USA Volleyball - Pacific Northwest

- USA Volleyball runs an annual Power League in addition to hosting annual Regionals and Bid Tournaments. The majority of events are held north of Lacey in the Seattle area.

- Clubs run tournaments nearly every weekend during the season and typically utilize high school gyms. Due to lack of court space, three major clubs have built and now own their own facility.

- The Power League is a five-week event that runs on Sundays and includes 386 teams from Olympia to Burlington. The league utilizes high schools and private volleyball complexes (total of 55 courts). The typical rate is $450 per court per day.

- The 2017 Regionals, featuring 282 teams, utilized the following facilities :
  - Academy Sports Center: 4 courts
  - Bothell High School: 6 courts
  - Curtis High School: 5 courts
  - Franklin Pierce School: 3 courts
  - Washington High School: 3 courts

- USA Volleyball would love to host regionals in one central location if the appropriate facility existed. They have looked at the Seattle Convention Center, but the cost of the facility a deterrent (set up of courts, referees, and other amenities).

- USA Volleyball is currently utilizing private volleyball complexes (Lair, DaKine, Academy) for tryouts, training, and performance.

USA Volleyball - Pacific Northwest

- The season runs from Thanksgiving through June, with USAV sanctioned events occurring every weekend. These events are hosted by area clubs.

- The region currently lacks any facility that offers more than six courts in one location. This is very unique compared to rest of the country, which has experiences comprehensive indoor athletic complex development.

- Other than the NW Sports Hub, nearly all Pacific Northwest USA volleyball events are held in area high schools or privately owned volleyball-specific facilities. Conversations with USA Volleyball representatives indicated that coordinating with schools presents many logistical challenges and frustration for event attendees.

- A new facility would not only be able to host events, but it would drive growth of the sport in Lacey area. With 12-16 volleyball courts, a Lacey facility could host multiple major events each year that attract up to 200 teams.

USA Wrestling

- USA wrestling events are currently utilizing the NW Sports Hub, the Tacoma Dome, and area high schools for major events.
- The freestyle and Greco state championships are held at NW Sports Hub over three days in early May. The facility adequately accommodates their needs.
- Washington USA Wrestling sanctions approximately 84 annual events throughout the entire state. The majority of these events are run by area clubs.
- Major events typically require room for 16 mats, but 18 mats is preferred. Each mat is 42-feet by 42-feet.
- Generally, regulation basketball courts can accommodate two regulation wrestling mats with a walkway down the center. Eight regulation basketball courts should be able to accommodate 16 wrestling mats.
- Major USA Wrestling events attract approximately 500 athletes and more than 1,000 spectators.
- Overall, there is significant opportunity in the Lacey area if new indoor facility is developed. USA Wrestling would be very interested in multiple major events in Lacey if the facility offered the appropriate space and amenities.

Track and Field

- Nearly all major indoor track and field events within the State of Washington and the greater region are held at the 307-meter Dempsey Indoor facility at the University of Washington. The facility hosts five to six major events per year. These are primarily collegiate events, but the facility also hosts a high school meet and events with professional athletes.

- Smaller indoor events across the region occur at other university complexes. There are no non-school affiliated indoor complexes in Washington.

- The primary opportunity in Lacey lies with Division II and Division III athletes that are unable to participate in events at Dempsey. Meets are turning away teams and athletes to due limited space and availability.

- Indoor track and field season primarily occurs in January and February. Indoor meets last two days and typically attract 15 to 30 teams and 1,500 to 2,000 athletes. Athletes travel from Oregon, Washington, and Idaho and typically stay overnight on Thursday and Friday night.

- Area track clubs and high school teams are using gymnasiums for indoor training during the winter months. This may present opportunity for midweek rentals and utilization if a new facility is developed.

- A 300-meter track is required to host major, impactful regional events. Minimal seating is required, but a facility must offer a long jump pit, high jump, and pole vault.

- There is an opportunity for a new facility in Lacey to host several major collegiate and regional qualifying events each year with the development of an indoor track and field complex.

Experience Olympia

- If managed and operate properly, there is significant opportunity for a new indoor complex in Lacey to attract impactful events.
- Indoor gym space is the primary need in the greater Olympia area. It is very difficult to work with colleges due to prioritization of their schedule, limiting their ability to bid for events.
- Four indoor events have been lost in the last year due to lack of indoor facilities, including a wrestling event (200 room nights), two collegiate basketball conference tournaments, and the USTA sectionals.
- The RAC has been great for Lacey and its reputation as a sports destination. There is an opportunity to leverage that momentum with a new indoor sports complex.
- Many sporting events are simply not pursued because they know that the market does not have the facility to accommodate their needs. Six to eight basketball courts would give them the capacity to handle events that university facilities cannot accommodate.
- While the majority of requests are for basketball, the area is working to establish itself as a destination for niche sports such as cornhole, pickleball, and ping pong.
- Offering 12 to 16 courts would be a complete game changer, but with space for eight courts they envision 12 to 15 annual weekend events (30 to 40 teams each).
- The primary need is a central location for tournaments. Teams are traveling to Portland or Vancouver for major indoor events. Major volleyball events are also going to Spokane. Second grade through sixth grade basketball and club volleyball have a major demand for court space in the greater area.

Tacoma South Sound Sports Commission

- It's important to look at this opportunity from a regional perspective. In order to attract impactful regional events, Lacey must offer a venue and aggressive management.
- Every existing indoor sports complex in the area is single-use. There are no flexible multipurpose facilities capable of accommodating events in the area.
- Building a venue can spark growth in a sport. This is when national governing bodies take notice, and tournaments opportunities become viable.
- It is important that all communities are communicating and there is no duplication in development. Many new facilities are on the horizon, but no comprehensive indoor complexes are planned.
- A major gap exists in indoor basketball and volleyball facilities. This is where the primary opportunity lies for a new facility in Lacey.
- The Tacoma Convention Center and Tacoma Dome are the only facilities that can accommodate major events in greater area. Pricing is a significant barrier in these complexes. Courts must and other amenities must be brought in and rental costs hinder many programs and events.

Comparable Case Studies

UW Health Sports Factory

Location: Rockford, IL
Opened: 2016
Owner: City of Rockford
Operator: Rockford Park District

- 96,000 square feet
- 8 basketball courts (16 volleyball courts)
- Seating for up to 3,700 spectators
- Five meeting rooms
- Events plaza, restaurant/bar, riverfront boardwalk

UW Health Sports Factory

- Built in 2015, the converted former warehouse facility cost $24.4 million, including land acquisition.
- The project was paid for by the City of Rockford and the Rockford Park District through a series of grants and a 2 percentage-point increase in the Winnebago County hotel tax.
- The City of Rockford sold the naming rights to UW Health for $1.9 million in 2016, with base of $175,000 per year for ten years.
- The facility is hosting approximately 30 to 40 weekend events annually

UW Health Sports Factory

- Personnel expenses account for nearly half of all expenses at the facility, followed by services and supplies. Net operating losses have ranged from $245,000 to $350,000 over the facility's first three years of operations.

UW Health Sports Facility

	2016	2017	YTD 2018 (October)
Revenue			
Fees	$155,961	$405,112	$371,670
Other	$172,299	$188,912	$159,816
Total Revenue	*$328,260*	*$594,024*	*$531,486*
Expense			
Personnel	$315,288	$467,429	$376,706
Benefits	$117,408	$159,676	$133,497
Supplies	$88,750	$78,834	$56,713
Services	$163,939	$259,712	$226,336
Transfers	($7,400)	($20,000)	($16,670)
Total Expense	*$677,985*	*$945,651*	*$776,582*
Net	**($349,725)**	**($351,627)**	**($245,096)**

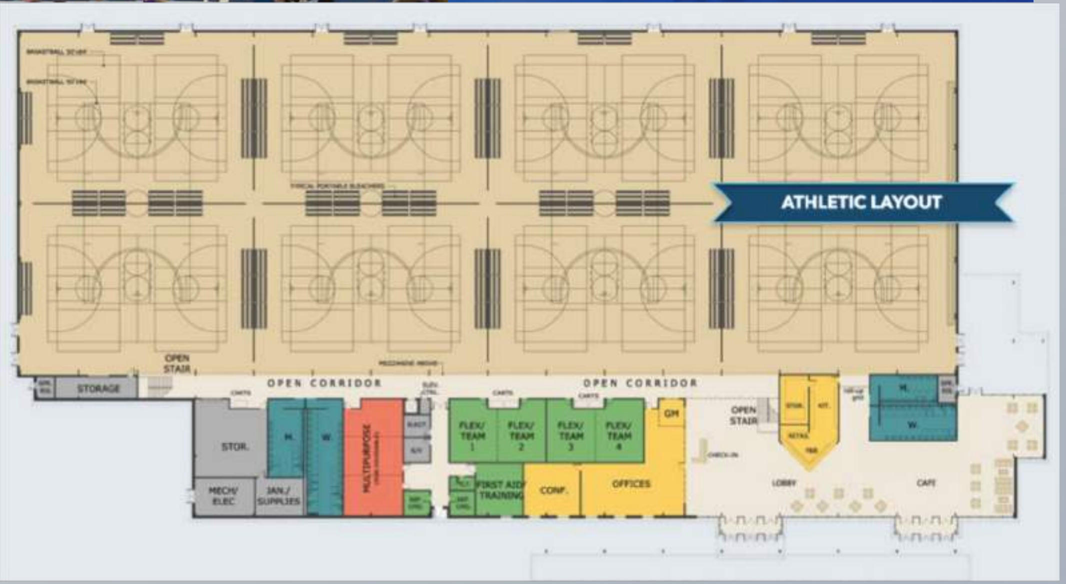
*Personnel and Benefits include direct seasonal Police support, 50% of consumer service, and 80% D. Potter. Benefits include health, life and retirement benefits

Source: City of Rockford

Myrtle Beach Sports Center

Location: Myrtle Beach, SC
Opened: 2015
Owner: City of Myrtle Beach
Operator: Sports Facilities Advisory (SFA)

- Eight regulation basketball courts
- 16 volleyball courts
- Seating for 1,500 (portable bleachers)
- Seven team rooms
- Private mezzanine for elevated viewing
- Café for indoor/outdoor dining

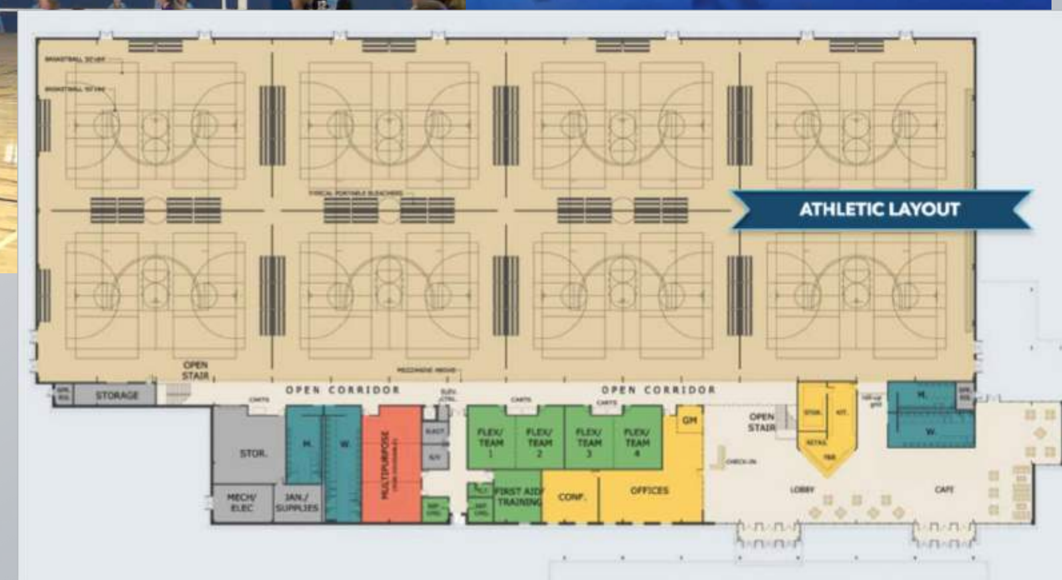


Myrtle Beach Sports Center

- Opened in 2015, the $13.8 million 100,000-square foot Myrtle Beach Sports Center was developed by the city of Myrtle Beach to drive tourism to the area during the beach's offseason

- In addition to sports, the venue is designed to host conventions, trade shows, and other flat floor events

- The facility is managed by Sports Facilities Advisors (SFA), one of the premier third party operation companies in the country



Myrtle Beach Sports Center

- Utilization is dominated by basketball tournaments, followed by volleyball tournaments and other tourism events. The facility has averages approximately 71 events per year since 2015.

Myrtle Beach Sports Center Events

	2015 - 2016	2016 - 2017	2017 - 2018
Basketball Tournaments	48	36	40
Volleyball Tournaments	9	13	12
Cheer Events	3	5	6
Gymnastics Events	4	8	4
Other Tourism Events	7	9	8
Total Events Per Year	**71**	**71**	**70**

Source: SFM

Myrtle Beach Sports Center

- The complex lost $94,000 in Year 1 before breaking even in Year 2. Revenue is driven primarily by facility rentals, followed by food and beverage (gross) and sponsorship revenue.

Myrtle Beach Sports Center Total Revenue & Expenses

	2015 - 2016	2016 - 2017	2017 - 2018
Revenue			
Basketball Tournaments (Rental and Facility Fees)	$335,682	$330,939	$340,217
Volleyball Tournaments (Rental and Facility Fees)	$74,741	$107,992	$96,630
Cheer Events (Rental and Facility Fees)	$33,976	$52,887	$67,900
Gymnastics Events (Rental and Facility Fees)	$24,543	$67,370	$32,100
Other Tourism Events (Rental and Facility Fees)	$66,462	$35,162	$7,000
Local Events (Rental)	$31,339	$24,352	$45,000
Local Rentals (Basketball & Volleyball Court Rental)	$56,168	$58,017	$58,900
Food & Beverage	$104,982	$321,477	$359,964
Parking	$119,099	$128,942	$137,347
Hotel Rebates	$31,714	$14,448	–
Sponsorship	$225,045	$234,585	$250,000
Other Miscellaneous Income	$3,801	$12,235	$16,000
Recovered Expenses	$34,705	$85,010	$91,000
Total Revenue	**$1,142,257**	**$1,473,416**	**$1,502,058**
Expenses			
Basketball Tournaments (Rental and Facility Fees)	$27,280	$13,598	$12,805
Volleyball Tournaments (Rental and Facility Fees)	$3,959	$4,332	$3,449
Cheer Events (Rental and Facility Fees)	$1,439	$2,608	$3,055
Gymnastics Events (Rental and Facility Fees)	$959	2803	$1,035
Other Tourism Events (Rental and Facility Fees)	$4,764	$1,939	$490
Local Events (Rental)	$1,439	$1,019	$2,269
Local Rentals (Basketball & Volleyball Court Rental)	–	$136	$589
Food & Beverage	$500	$109,942	$115,188
Parking	–	$450	$481
Hotel Rebates	–	–	–
Sponsorship	$81,017	$60,251	$75,000
Other Miscellaneous Income	–	–	–
Recovered Expenses	$38,414	$78,747	$81,900
Payroll	$486,506	$593,470	$570,782
Total Cost of Goods Sold	**$646,277**	**$869,295**	**$867,043**
Gross Margin	**$495,980**	**$604,121**	**$635,015**
% of Revenue	*43%*	*41%*	*42%*
Operating Expense	$92,007	$53,018	$53,000
Facility Expense	$285,243	$276,658	$276,000
Management Fee Plus Incentives	$180,075	$190,768	$163,000
Payroll Taxes/Benefits	$33,162	$23,448	$24,000
Total Operating Expenses	**$590,487**	**$543,892**	**$516,000**
Net Income	**($94,507)**	**$60,229**	**$119,015**

Source: SFM

Myrtle Beach Sports Center

- The complex employs five fulltime staff members and a variety of part time employees for tournaments, food and beverage, and other staffing requirements. The facility anticipates a total staffing expense, including benefits, of $641,000 in 2018.

Myrtle Beach Sports Center Payroll Summary Budget 2018-2019

	Year 2	
General Manager	$81,600	$83,232
Operation Director	$56,100	$57,222
Marketing & Business Development Director	$51,000	$52,020
Facility Manager	$35,700	$36,414
Office Manager	$35,700	$36,414
Subtotal Management Payroll	**$260,100**	**$265,302**
In-House Basketball Tourn. Director	$5,400	$5,940
In-House Volleyball Tourn. Director	$6,000	$15,840
In-House Cheer & Dance Event Director	$2,450	$19,795
Subtotal Sports Directors	**$13,850**	**$41,575**
In-House Basketball Tourn. Staff	$2,458	$2,598
In-House Volleyball Tourn. Staff	$4,066	$10,858
In-House Cheer & Dance Tourn. Staff	$1,225	$9,898
Food & Beverage Staff	$87,420	$126,285
Retail Staff	$6,764	$8,966
Climbing Staff	$5,073	$6,725
Subtotal Sport Admin Staff	**$99,258**	**$141,976**
In-House Basketball Tourn. Officials	$17,280	$17,280
In-House Volleyball Tourn. Officials	$12,800	$40,960
In-House Cheer & Dance Event Judges	$2,500	$15,750
Subtotal Officials & Judges	**$32,580**	**$73,990**
Payroll Subtotal	**$405,788**	**$522,843**
Health Insurance	$30,900	$31,827
Management Bonus Pool	$24,916	$39,720
Payroll Services	$2,472	$2,546
Payroll Taxes	$37,321	$44,885
Payroll Taxes/Benefits/Bonus Totals	**$95,609**	**$118,979**
Total Payroll	**$501,396**	**$641,822**

Source: SFM

Local Hotel Market Analysis

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Hotel Supply

- 2,626 hotel rooms located within 10 miles of Lacey
- Competitive set primarily consists of midscale and upscale branded select-service hotels – attractive to tournament organizers and youth sports teams

Lacey Hotels

Property	Distance	Rooms	Chain Scale	Open Date
Holiday Inn Express Lacey	0.2	81	Upper Midscale	Oct-07
Quality Inn & Suites Lacey	0.2	77	Midscale	Jun-90
Super 8 Lacey Olympia Area	0.2	98	Economy	Aug-80
Candlewood Suites Olympia Lacey	0.2	62	Midscale	Jul-07
Comfort Inn Lacey Olympia	0.3	69	Upper Midscale	Sep-93
La Quinta Inns & Suites Olympia Lacey	0.3	63	Midscale	Nov-95
Ramada Olympia	0.3	125	Midscale	Sep-00
Hampton Inn & Suites Olympia Lacey	0.4	121	Upper Midscale	Oct-16
Holly Motel	1.8	39	Indep	Jan-00
Days Inn Lacey Olympia Area	2.9	124	Economy	May-96
Best Western Plus Lacey Inn & Suites	3.1	85	Upper Midscale	Mar-11
Quality Inn Olympia	3.2	62	Midscale	Jun-65
Hilton Garden Inn Olympia	3.5	118	Upscale	Oct-16
TownePlace Suites Olympia	3.7	71	Upper Midscale	Jun-74
Olympia Inn	3.7	27	Indep	Jan-00
The Governor a Coast Hotel	3.7	121	Upscale	Jun-77
DoubleTree Olympia	3.8	102	Upscale	Apr-00
Hotel RL Olympia	4.4	193	Upscale	Jun-69
Extended Stay America Olympia Tumwater	4.9	107	Economy	Jan-01
La Quinta Inns & Suites Tumwater Olympia	4.9	80	Midscale	Sep-15
Best Western Tumwater Olympia Inn	5	89	Midscale	Dec-92
Motel 6 Tumwater Olympia	5.3	118	Economy	Jan-00
GuestHouse Inn & Suites Tumwater	6.6	59	Midscale	Feb-99
Comfort Inn Conference Center Tumwater Olympia	6.6	58	Upper Midscale	Jun-01
Fairfield Inn & Suites Tacoma Dupont	8.9	90	Upper Midscale	Mar-17
Fairwood Inn & Suites	9	60	Indep	Jun-01
Best Western Liberty Inn Dupont	9.1	72	Midscale	Nov-04
Home2 Suites DuPont	10	140	Upper Midscale	Jun-17
Hampton Inn Suites Dupont	10	115	Upper Midscale	Jan-13
Total/Average	**4.0**	**2,626**	**--**	**Jul-88**

Source: Smith Travel Research

Occupancy

- Significant opportunity to fill calendar gaps on weekends in winter months – primary season for indoor sports

Occupancy Percent by Day of Week by Month - August 2017 - July 2018

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Avg
Aug - 17	68.2%	83.0%	89.5%	87.2%	80.0%	92.5%	95.8%	85.2%
Sep - 17	54.2%	63.9%	73.2%	77.3%	69.2%	68.6%	73.2%	68.7%
Oct - 17	45.1%	62.5%	72.2%	74.9%	64.8%	60.8%	63.7%	63.1%
Nov - 17	36.4%	55.7%	62.6%	63.1%	56.6%	57.3%	49.9%	54.9%
Dec - 17	41.7%	52.7%	56.1%	53.1%	43.5%	41.2%	46.3%	47.4%
Jan - 18	49.0%	54.8%	68.7%	73.1%	51.8%	46.6%	51.1%	57.3%
Feb - 18	42.7%	61.5%	72.1%	72.5%	59.8%	53.1%	57.6%	59.9%
Mar - 18	42.3%	63.8%	74.6%	74.0%	59.2%	57.4%	62.7%	61.8%
Apr - 18	43.0%	61.2%	71.3%	69.9%	54.7%	58.4%	67.1%	60.2%
May - 18	48.5%	60.7%	71.7%	73.9%	61.3%	69.1%	71.7%	65.6%
Jun - 18	55.8%	75.0%	84.3%	84.2%	74.5%	79.5%	80.3%	76.5%
Jul - 18	62.6%	74.3%	80.2%	81.1%	78.2%	88.2%	91.6%	78.8%
Average	**49.1%**	**64.0%**	**73.4%**	**73.7%**	**62.9%**	**64.2%**	**67.4%**	

Sources: Smith Travel Research

	75-80
	80-90
	> 90

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Average Daily Rate

- Extremely attractive weekend rates for tournament organizers

ADR by Day of Week by Month - July 2017 - August 2018

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Avg
Aug - 17	110.88	117.53	120.51	120.48	117.20	120.29	120.64	118.62
Sep - 17	103.94	108.98	111.78	112.89	109.87	104.17	103.78	107.83
Oct - 17	100.57	110.91	113.19	111.94	107.04	99.50	100.30	106.98
Nov - 17	98.56	109.65	111.36	111.12	104.64	98.04	96.24	105.11
Dec - 17	96.49	105.47	106.76	106.28	101.09	92.05	90.86	99.80
Jan - 18	109.28	119.81	124.99	123.26	112.44	99.10	97.91	114.81
Feb - 18	103.66	119.05	118.20	118.77	113.63	100.28	97.91	111.23
Mar - 18	102.56	113.43	117.20	115.40	110.24	96.72	97.76	107.80
Apr - 18	101.32	112.20	116.34	114.95	107.70	99.81	100.08	108.04
May - 18	102.53	114.30	117.78	115.76	108.25	100.85	102.50	109.65
Jun - 18	106.28	117.28	121.88	121.47	113.75	109.82	109.55	114.40
Jul - 18	110.13	118.75	121.56	124.81	121.61	120.37	121.00	119.85
Average	**104.40**	**114.34**	**117.43**	**116.98**	**111.27**	**105.08**	**104.89**	

Sources: Smith Travel Research

	110-120
	120-130
	> 130

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Recommendations

SWOT Analysis

STRENGTHS

- Lack of local and regional competition.
- Viable and Stable Local Partners
- Location
- Access to Retail, Restaurants, and Hotels

WEAKNESSES

- Difficult Business Models
- Smaller Local Market Size

OPPORTUNITIES

- Development of Tournaments and Leagues
- Quality Potentials
- Economic Development of Surrounding Areas
- Trends for Travel Teams and Elite Tournaments

THREATS

- Market Saturation
- Scheduling Conflicts

Recommendations – Base Scenario

Basketball Facilities. HSP recommends developing eight basketball courts. The 84’ x 50’ courts will be large enough for all high school and younger play. This will maximize the potential usage within the building for local and tournament play and generate more revenue to offset operating expenses.

Volleyball Facilities. HSP recommends developing 16 volleyball courts. With appropriate perimeter space to provide safe playing conditions, two volleyball courts can be programmed per each basketball court.

Storage: In addition to basketball, volleyball, and track, HSP recommends that the proposed facility offer enough storage space to store equipment and accessories necessary to host additional evens such as wrestling, gymnastics, and table tennis.

Parking. A common metric used for athletic facilities is to allocate 75 to 100 parking spaces per court. In order to accommodate the parking needs for the recommended facilities, 600 to 800 parking spaces would need to be programmed onsite. Options for overflow parking and shuttling should be provided.

Concessions. An efficient concessions operation should be included in the facility. Given that events can often be full-day or several days, the concession options should go beyond the basics and provide more robust options, especially until nearby walkable restaurants are developed (depending on site).

Recommendations – Base Scenario

Seating. Seating expectations for youth sports are based on feedback from volleyball and basketball groups, and there are no seating requirements for tournaments. The two typical seating arrangements are folding chairs around the court (approx. 90 seats) or the use of three-to-five row portable bleachers.

Internet/Wi-Fi. Event organizers lose capacity and effectiveness when they do not have access to sufficient Internet bandwidth. The facility should host a specific Internet connection (preferably wireless).

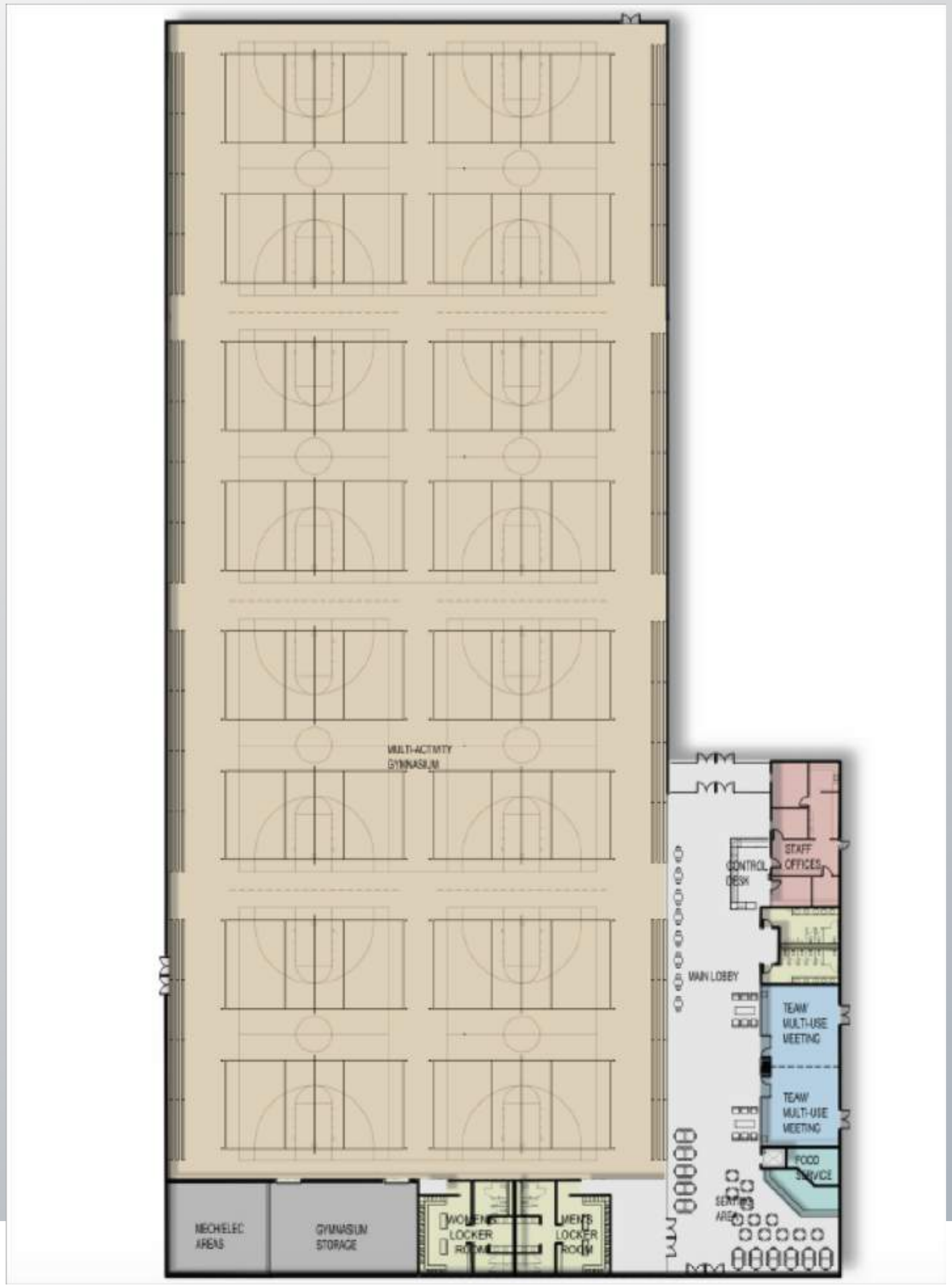
Locker/Changing Rooms. HSP recommends two to four locker/changing rooms, at least one for players and one for officials. Facilities are transitioning towards changing rooms in order to eliminate shower facilities (plus associated utility and maintenance costs) and program the rooms based on the events. For example, men and women locker rooms limit the use. However, if they are unisex changing rooms, the facility can make more rooms for women during a girls' volleyball tournament.

Multipurpose Rooms. Areas for event organizers and staff. Event organizers need locations for event headquarters to conduct their business and meetings. Also, tournament officials and referees regularly do not have a base location to change or operate from. Two multipurpose rooms, with bathrooms are recommended. In addition, these rooms can act as group fitness or meeting rooms during non-event times, providing an additional revenue source.

Result/Scoreboards. Provide space for scorekeepers and a visible scoreboard for courts.

Recommendations – Base Scenario

- The adjacent figure, prepared by Perkins + Will, shows a concept layout for the recommended base scenario.
- This concept includes all components recommended by HSP for this scenario.
- As discussed, the majority of the events at the complex would be adequately serviced by portable bleachers shown on either end of the court area. Additional seating can be programmed into the concept, but this would not be recommended by HSP and Perkins + Will.
- Perkins + Will projects the 67,000-square foot facility to cost $22.3 million including base site development and non-construction costs



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Demand and Financial Projections – Base Scenario

Events

Indoor Sports Facility: Projected Schedule of Events by Category and Year

Category	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Volleyball Tournaments	9	10	11	12	12	12	12	12	12	12
Basketball Tournaments	8	9	10	10	10	10	10	10	10	10
Wrestling Meets	6	6	7	7	8	8	8	8	8	8
Other Sporting Events	8	9	10	11	11	11	11	11	11	11
Meetings/Seminars	6	8	10	12	14	14	14	14	14	14
Banquets/Special Events	12	14	16	18	16	16	16	16	16	16
Other Events	14	16	18	20	22	22	22	22	22	22
Total	***63***	***72***	***82***	***90***	***93***	***93***	***93***	***93***	***93***	***93***
Rental Hours	4,864	5,010	5,160	5,315	5,474	5,639	5,808	5,982	6,162	6,346

Source: Hunden Strategic Partners

The table above shows the number of annual events assumed for each use. By stabilization HSP projects the indoor complex to host 93 annual events and 5,474 rental hours per year.

Attendance

- By stabilization, HSP projects that the Lacey indoor complex will generate 129 event days per year.

- By stabilization, HSP projects the facility to attract more than 125,000 attendees per year.

Indoor Sports Facility: Projected Schedule of Event Days by Category and Year

Category	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Volleyball Tournaments	18	20	22	24	24	24	24	24	24	24
Basketball Tournaments	16	18	20	20	20	20	20	20	20	20
Wrestling Meets	12	12	14	14	16	16	16	16	16	16
Other Sporting Events	12	14	15	17	17	17	17	17	17	17
Meetings/Seminars	6	8	10	12	14	14	14	14	14	14
Banquets/Special Events	12	14	16	18	16	16	16	16	16	16
Other Events	14	16	18	20	22	22	22	22	22	22
Total	*90*	*102*	*115*	*125*	*129*	*129*	*129*	*129*	*129*	*129*

Source: Hunden Strategic Partners

Indoor Sports Facility: Projected Attendance by Category and Year

Category	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Volleyball Tournaments	45,600	50,700	55,800	60,800	60,800	60,800	60,800	60,800	60,800	60,800
Basketball Tournaments	15,400	17,300	19,200	19,200	19,200	19,200	19,200	19,200	19,200	19,200
Wrestling Meets	14,400	14,400	16,800	16,800	19,200	19,200	19,200	19,200	19,200	19,200
Other Sporting Events	7,800	8,800	9,800	10,700	10,700	10,700	10,700	10,700	10,700	10,700
Meetings/Seminars	300	400	500	600	700	700	700	700	700	700
Banquets/Special Events	3,000	3,500	4,000	4,500	4,000	4,000	4,000	4,000	4,000	4,000
Other Events	7,000	8,000	9,000	10,000	11,000	11,000	11,000	11,000	11,000	11,000
Total	*93,500*	*103,100*	*115,100*	*122,600*	*125,600*	*125,600*	*125,600*	*125,600*	*125,600*	*125,600*

Source: Hunden Strategic Partners

Financial Projections

- The model assumes events will pay daily, hourly or facility rental fees to use the facility, based on fees charged at comparable facilities. This model assumes no revenue parking for events at the facility. As shown, rental fees are projected to be the largest revenue source, increasing to more than $760,000 by Year 5. Other revenue sources include net concessions, net novelties, and advertising/sponsorships.

- HSP projects that the facility will operate at a net loss of $312,000 by Year 5

Indoor Sports Facility: Financial Projection (thousands of inflated dollars)

	Fiscal Year									
Item	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**	**Year 7**	**Year 8**	**Year 9**	**Year 10**
Operating Revenue										
Rent	$572	$621	$683	$727	$761	$784	$807	$832	$857	$882
Concessions	$37	$42	$48	$53	$56	$58	$60	$61	$63	$65
Novelties	$6	$7	$8	$9	$10	$10	$10	$10	$11	$11
Advertising and Sponsorship	$72	$80	$89	$98	$101	$104	$107	$111	$114	$117
Other Revenue	$23	$28	$32	$37	$38	$39	$41	$42	$43	$44
Total Revenue	**$711**	**$778**	**$861**	**$924**	**$966**	**$995**	**$1,025**	**$1,056**	**$1,088**	**$1,120**
Operating Expense										
Fixed										
Salary - Permanent Staff	$412	$424	$437	$450	$464	$478	$492	$507	$522	$538
Benefits - Permanent Staff	$136	$140	$144	$149	$153	$158	$162	$167	$172	$177
Wages - Part-Time Staff	$299	$308	$317	$327	$337	$347	$357	$368	$379	$390
General and Administrative	$58	$60	$62	$63	$65	$67	$69	$71	$73	$76
Utilities	$94	$97	$100	$102	$106	$109	$112	$115	$119	$122
Repairs and Maintenance	$35	$36	$37	$38	$39	$41	$42	$43	$44	$46
Insurance	$30	$31	$32	$33	$34	$35	$36	$37	$38	$39
Communications	$8	$8	$8	$9	$9	$9	$10	$10	$10	$10
Advertising	$45	$46	$48	$49	$51	$52	$54	$55	$57	$59
Misc.	$10	$10	$11	$11	$11	$12	$12	$12	$13	$13
Total Expenses	$1,127	$1,161	$1,195	$1,231	$1,268	$1,306	$1,345	$1,386	$1,427	$1,470
Deposit to Maintenance Reserve	$7	$8	$9	$9	$10	$10	$10	$11	$11	$11
Net Operating Income (Deficit)	($423)	($390)	($343)	($317)	($312)	($321)	($331)	($340)	($351)	($361)

Source: Hunden Strategic Partners

Economic, Fiscal, and Employment Impact

Room Nights

Projected Room Nights Generated - Indoor Sports Facility

Category	% Overnight	People/ Room	Nights per Event	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Volleyball Tournaments	50%	2.4	2	19,000	21,125	23,250	25,333	25,333	25,333	25,333	25,333	25,333	25,333
Basketball Tournaments	45%	2.4	2	5,775	6,488	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200
Wrestling Meets	45%	2.4	2	5,400	5,400	6,300	6,300	7,200	7,200	7,200	7,200	7,200	7,200
Other Sporting Events	25%	1.8	1.5	1,625	1,833	2,042	2,229	2,229	2,229	2,229	2,229	2,229	2,229
Meetings/Seminars	15%	1.4	1	32	43	54	64	75	75	75	75	75	75
Banquets/Special Events	10%	1.4	1	214	250	286	321	286	286	286	286	286	286
Other Events	20%	1.6	1	875	1,000	1,125	1,250	1,375	1,375	1,375	1,375	1,375	1,375
Total				**32,921**	**36,139**	**40,256**	**42,698**	**43,698**	**43,698**	**43,698**	**43,698**	**43,698**	**43,698**

Source: Various Sports Organizations, Hunden Strategic Partners

The table above shows the number of room nights generated from each user group. As shown, there are projected to be more than 43,000 room nights generated by the stabilized year. Most are assumed to be generated by the volleyball, basketball and wrestling events.

Visitation

Net New Visitors and Room Nights - Indoor Sports Facility

Category	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 20	Total
New Daytrip Visitor Days	40,463	43,892	48,904	51,163	52,506	52,506	52,506	52,506	52,506	52,506	52,506	1,024,514
New Overnight Visitor Days	74,073	81,312	90,576	96,071	98,321	98,321	98,321	98,321	98,321	98,321	98,321	1,915,168
New Hotel Room Nights	29,629	32,525	36,230	38,428	39,328	39,328	39,328	39,328	39,328	39,328	39,328	766,067

Source: Hunden Strategic Partners

HSP only counts net new spending to the community, not recycled spending by local users. The basis for counting spending is based on new overnight visitor days and new daytrip visitor days. The adjacent table shows the net new visitor days and overnights as well as the resulting new hotel room nights, which serve as the basis for the impact model. Over the next twenty-year period, more than 1 million new daytrip visitor days and more than 766,000 room nights are expected in the community.

Economic, Fiscal, and Employment Impact

- **Indirect Impacts** are the supply of goods and services resulting from the initial direct spending. For example, a tournament attendee's direct expenditure on a hotel room causes the hotel to purchase linens and other items from suppliers. The portion of these hotel purchases that are within the local economy is considered an indirect economic impact.

- **Induced Impacts** embody the change in local spending due to the personal expenditures by employees whose incomes are affected by direct and indirect spending. For example, a waitress at a restaurant may have more personal income as a result of the event attendee's visit. The amount of the increased income that the employee spends in the area is considered an induced impact.

- **Fiscal Impacts** represent the incremental tax revenue collected by the community due to the net new economic activity. The fiscal impact represents the government's share of total economic benefit. Fiscal impacts provide an offset to the potential public expenditures required to support the development.

- **Employment Impacts** include the incremental employment provided not only onsite, but due to the spending associated with it. For example, the direct, indirect, and induced impacts generate spending, support new and ongoing businesses and ultimately result in ongoing employment for citizens. HSP will show the number of ongoing jobs supported by the project and provide the resulting income and income taxes generated.

Impact – Indoor Sports Complex

The table below shows the 20-year direct net new spending as a result of the recommended indoor sports complex.

Direct Net New Spending (000s) - Indoor Sports Facility

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 20	Total
Food & Beverage	$2,442	$2,754	$3,160	$3,442	$3,631	$3,740	$3,852	$3,967	$4,086	$4,209	$5,656	**$84,981**
Lodging	$3,318	$3,753	$4,307	$4,706	$4,962	$5,111	$5,266	$5,424	$5,588	$5,756	$7,743	**$116,199**
Retail	$496	$559	$641	$698	$736	$758	$781	$804	$829	$853	$1,147	**$17,233**
Transportation	$817	$921	$1,057	$1,150	$1,213	$1,250	$1,287	$1,326	$1,366	$1,407	$1,891	**$28,405**
Other	$1,279	$1,441	$1,654	$1,800	$1,899	$1,955	$2,014	$2,075	$2,137	$2,201	$2,958	**$44,443**
Total	***$8,352***	***$9,428***	***$10,819***	***$11,796***	***$12,440***	***$12,815***	***$13,200***	***$13,597***	***$14,005***	***$14,426***	***$19,395***	***$291,259***

Source: Hunden Strategic Partners

Spending on lodging is the largest component of direct new spending in Lacey, followed by food and beverage, transportation, and other local spending. Over 20 years, the recommended facility is projected to generate more than $291 million in direct net new spending within the community.

Impact – Indoor Sports Complex

The next table shows the direct, indirect, and induced spending from the Project based on the IMPLAN multipliers.

Direct, Indirect & Induced Net New Spending (000s) - Indoor Sports Facility

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 20	Total
Net New Spending												
Direct	$8,352	$9,428	$10,819	$11,796	$12,440	$12,815	$13,200	$13,597	$14,005	$14,426	$19,395	**$291,259**
Indirect	$2,782	$3,140	$3,603	$3,928	$4,143	$4,267	$4,396	$4,528	$4,664	$4,804	$6,459	**$96,994**
Induced	$2,951	$3,331	$3,822	$4,166	$4,394	$4,526	$4,662	$4,802	$4,947	$5,095	$6,850	**$102,870**
Total	***$14,085***	***$15,899***	***$18,243***	***$19,891***	***$20,977***	***$21,608***	***$22,258***	***$22,927***	***$23,616***	***$24,326***	***$32,703***	***$491,124***

Source: Hunden Strategic Partners

The direct spending totals $291 million over the 20-year period (as shown in the prior table), while the indirect and induced spending add another $97 million and $103 million, respectively. In total, $491 million in economic impact is projected from new and recaptured spending.

Impact – Indoor Sports Complex

The following table shows the new earnings associated with the new economic activity. Earnings are the portion of new spending that ends up as wages for employees in businesses in Lacey.

Net New Earnings from Direct, Indirect & Induced Spending (000s) - Indoor Sports Facility

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 20	Total
Net New Earnings												
From Direct	$3,401	$3,838	$4,404	$4,801	$5,063	$5,215	$5,372	$5,533	$5,700	$5,871	$7,892	**$118,531**
From Indirect	$348	$393	$451	$492	$519	$534	$551	$567	$584	$602	$809	**$12,148**
From Induced	$362	$409	$469	$511	$539	$555	$572	$589	$607	$625	$840	**$12,623**
Total	***$4,112***	***$4,640***	***$5,324***	***$5,804***	***$6,121***	***$6,305***	***$6,495***	***$6,690***	***$6,891***	***$7,098***	***$9,542***	***$143,303***

Source: Hunden Strategic Partners

By the fifth year of operations, more than $6.1 million of direct, indirect, and induces earnings are projected, with a total of more than $143 million over the 20-year period.

Impact – Indoor Sports Complex

The table below shows the estimated full-time equivalent jobs created by the Project. These new positions will be supported throughout the economy, not just in visitor-related jobs, although these will be most likely.

Net New Full-Time Equivalent Jobs from Direct, Indirect & Induced Earnings (000s)
Indoor Sports Facility

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 20
Net New FTE Jobs											
From Direct	239	262	292	310	317	317	317	317	317	317	317
From Indirect	18	19	22	23	24	24	24	24	24	24	24
From Induced	16	57	64	68	69	69	69	69	69	69	69
Total	*273*	*339*	*378*	*400*	*410*	*410*	*410*	*410*	*410*	*410*	*410*

Source: Hunden Strategic Partners

New full-time equivalent jobs (based on wage multipliers for tourism-related jobs) are projected to vary over the period based on the net new spending and total 410 by the fifth year.

Impact – Indoor Sports Complex (County)

The fiscal impact of the Project is the benefit to the community via taxes generated. The following table shows the projections of new taxes over the first 20 years of operation. This includes a county-wide 2.4 percent sales tax and all hotel room nights generated in the county.

Fiscal Impact - Tax Impacts from Net New Spending (000s) - Indoor Sports Facility

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 20	Total
Taxes Collected												
Local Sales Tax (2.4%)	$181	$204	$234	$255	$269	$278	$286	$294	$303	$312	$420	$6,309
Hotel Tax (2%)	$66	$75	$86	$94	$99	$102	$105	$108	$112	$115	$155	$2,324
Lodging Charge ($2)	$59	$65	$72	$77	$79	$79	$79	$79	$79	$79	$79	$1,532
Total	**$306**	**$344**	**$393**	**$426**	**$447**	**$458**	**$470**	**$482**	**$494**	**$506**	**$654**	**$10,165**

Source: Hunden Strategic Partners

In total, local taxes are projected to generate more than $447,000 by Year 5, and total more than $10 million over the first 20 years. This includes $6.3 million in local sales tax.

Impact – Indoor Sports Complex (City)

HSP conducted a second fiscal impact scenario that only includes the 0.85 percent city of Lacey sales tax (as opposed to 2.4 percent county sales tax). This scenario only includes spending (including lodging spending) that occurs within the Lacey city limits. The following table shows the projections of new taxes over the first 20 years of operation.

Fiscal Impact - Tax Impacts from Net New Spending (000s) - Indoor Sports Facility

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 20	Total
Taxes Collected												
Local Sales Tax (.85%)	$32	$36	$41	$45	$48	$49	$51	$52	$54	$55	$74	$1,117
Hotel Tax (2%)	$33	$38	$43	$47	$50	$51	$53	$54	$56	$58	$77	$1,162
Lodging Charge ($2)	$59	$65	$72	$77	$79	$79	$79	$79	$79	$79	$79	$1,532
Total	**$124**	**$139**	**$157**	**$169**	**$176**	**$179**	**$182**	**$185**	**$188**	**$192**	**$230**	**$3,811**

Source: Hunden Strategic Partners

In total, local taxes are projected to generate more than $176,000 by Year 5, and total more than $3.8 million over the first 20 years. This includes $1.1 million in local sales tax.

Impact – Indoor Sports Complex

The one-time construction of the project will impact Lacey as spending will occur via the purchase of materials (40 percent of the budget) and the payment of labor and service providers (60 percent of the budget). It is assumed that the total investment will be approximately $22.3 million for the base case scenario indoor sports facility.

Materials spending in Lacey is estimated to total of $8.4 million in direct, indirect, and induced spending. The direct labor spending is approximately $8.0 million and would support 56 job-years (one construction job for one year).

Construction Impact - Indoor Sports Facility

New Daytrip Visitor Days	Impact
Direct Materials Spending - Local	$5,352,000
Indirect Spending - Local	$1,389,275
Induced Spending - Local	$1,731,300
Total	$8,472,575
Direct Labor Spending	$8,028,000
Employment (Job Years)	56

Source: Hunden Strategic Partners

Impact – Indoor Sports Complex

The table to the right shows a summary of estimated combined 20-year impacts for the recommended indoor sports complex.

The net new positive spending in the community as a result of the Project totals $491 million over the 20-year period, $143 million in new earnings, more than 400 new full-time equivalent jobs, and more than $10 million in new taxes (county) collected from the ongoing spending over 20 years. The construction impact will be more than $8.4 million on materials and labor, most of which will accrue to the Lacey economy and local workers. The 56 job-years will be a temporary boon for the local economy.

Summary of Impacts
Indoor Sports Facility

	20-Years	Stabilized Year
Net New Spending	(millions)	
Direct	$291	$13.6
Indirect	$97	$4.5
Induced	$103	$4.8
Total	**$491**	**$23**
Net New Earnings	(millions)	
From Direct	$119	$5.5
From Indirect	$12	$0.6
From Induced	$13	$0.6
Total	**$143**	**$6.7**
Net New FTE Jobs	**Actual**	
From Direct	317	317
From Indirect	24	24
From Induced	69	69
Total	**410**	**410**
Taxes Collected	(000s)	
Local Sales Tax (2.4%)	$6,309	$294
Hotel Tax (2%)	$2,324	$108
Lodging Charge ($2)	$1,532	$79
Total	**$10,165**	**$482**
Construction Impact	(000s)	
Total Spending	$8,473	
Direct Labor Spending	$8,028	
Job-Years, Actual	**56**	

Source: Hunden Strategic Partners

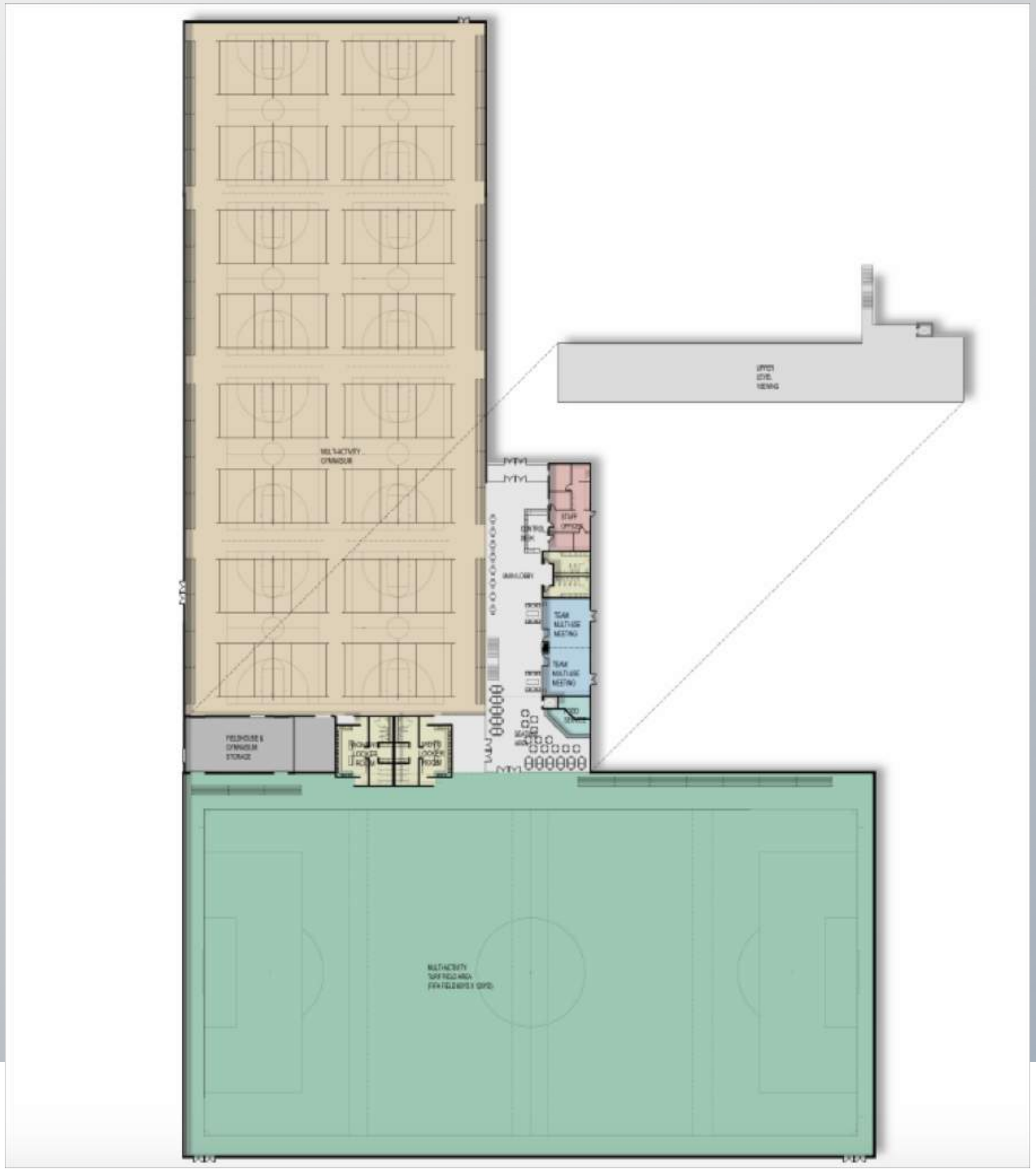
Additional Scenarios

Scenario 2 – Synthetic Turf Field

- Analysis determined that the lack of available indoor turf space, combined with harsh weather conditions in the Pacific Northwest throughout the winter months, suggests an opportunity for a multipurpose field component in a new facility - primary opportunity lies with practices and training for local sports organizations during the offseason.

- Scenario 2 includes A FIFA-regulation synthetic turf multipurpose field that features drop-down dividers (allowing the complex to offer four separate fields) would also have the ability to host certain indoor soccer, baseball/softball, lacrosse, and other flat-floor events throughout the offseason.

- Perkins + Will projects the 153,000-square foot facility to cost $46.2 million including base site development and non-construction costs

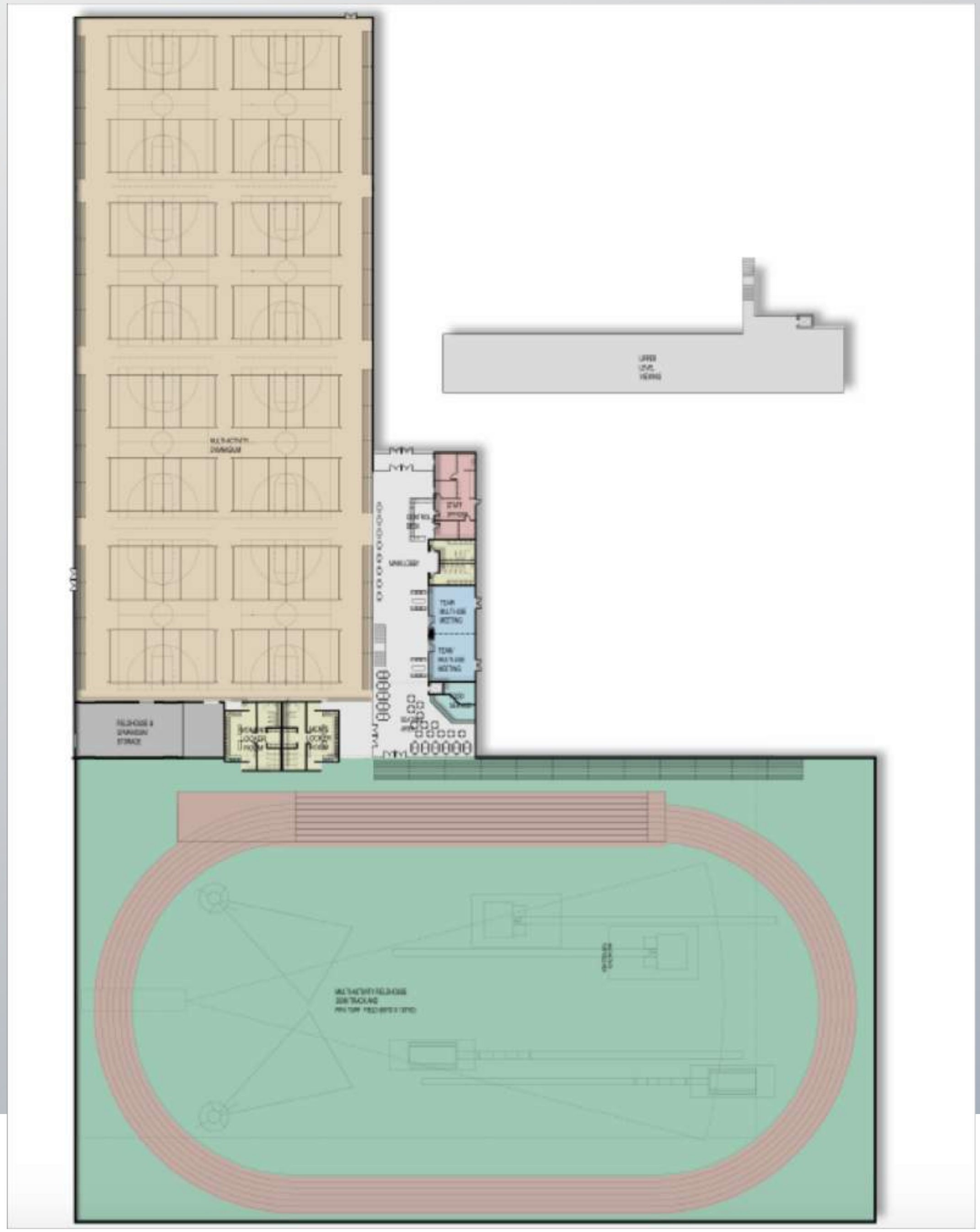


Scenario 3 – Indoor Track

- Non-university indoor track complexes are rare and require significantly construction costs, but HSP's analysis determined that there is a lack of high-quality, indoor 300-meter venues throughout the Pacific Northwest and an appropriately-designed facility in Lacey would be able attract attract multiple collegiate and club-level room-night generating meets throughout the winter months

- Scenario 3 includes an attached indoor regulation synthetic turf field and a six-lane, 300-meter indoor track with high-jump, long jump, and pole vault support spaces.

- Perkins + Will projects the 191,000-square foot facility to cost $58.0 million including base site development and non-construction costs



Summary of Scenarios

Lacey Indoor - Summary of Scenarios

	Base Scenario	Scenario 2 (Base w/ multipurpose field)	Scenario 3 (Base w/ multipurpose field and 300-m track)
Facility Size	67,000 SF	153,000 SF	191,000 SF
Projected Cost	$22.3 milion	$46.2 million	$58 million
# of Annual Events (Stabilized)	93	101	106
Annual Attendance (Stabilized)	125,600	135,300	143,100
Net Operating Income (Loss) - Year 5	-$312,000	-$287,000	-$283,000
Net New Room Nights (Stabilized)	39,328	42,365	45,863
Net New Daytrip Visitor Days (Stabilized)	52,506	64,146	70,806
Net New Spending (20 years)	$491,000,000	$539,000,000	$587,000,000
New Taxes Collected (City - 20 years)	$3,811,000	$4,126,000	$4,475,000
Average Annual Taxes Collected - City	$190,550	$206,300	$223,750
New Taxes Collected (County - 20 years)	$10,165,000	$11,067,000	$12,015,000
Average Annual Taxes Collected - County	$508,250	$553,350	$600,750

Source: Hunden Strategic Partners

Potential Funding Mechanisms

The following list summarizes the funding sources used to finance several youth sports complexes across the country.

- Privately funded facilities are very rare due to construction and operating costs.
- Sponsorship/partnership via entitlements rights are becoming more common.
- Cities and counties bond to finance projects
- Infrastructure is constructed and financed by municipalities
- Receive appropriations from state or other government entity
- Several communities contribute funds for the construction of the facility
- Grants from national governing bodies
- Partnerships with school districts, colleges and universities
- Utilize new taxes or assessments: restaurant tax, sales tax, hotel tax, etc. Facilities receive a percentage of the tax to be allocated towards funding the construction and/or operations and marketing of the facility.
- Tax exempt bonds through economic development corps/entities
- Donations in the form of capital investment to land
- Assessment on users

Municipalities are now compelled to find "out of the box" ways to meet this growing demand, and the solution begins with creative funding. To be successful in raising the funds for an athletic or recreation project, municipalities and project teams should assemble a fundraising or funding group that considers public/private grants, private funding, sponsorships, public/private partnerships, and professional fundraisers to identify and secure funding.

Management Options

Private Management

- Competition drives improvements. There are several major management companies for events centers and similar facilities. By making them compete initially for a contract, the owner has a choice of vendors who will commit to excellence.
- Management companies know how to maximize revenue and minimize expenses without hurting service. Because staff is generally non-union, under-performing employees can be terminated without a lengthy process.

Public Management

- Managers working directly for the public sector owner can be successful and effective in terms of operations if they have been trained in the industry and have excelled in other markets. It is key that their contract has the same stipulations that a private management company's would in terms of management, marketing, revenue generation, expense control, customer service, etc.
- Public sector management can be influenced by political and other public sector personalities and decisions.

Authority Directed Management

A third, popular way to govern public event facilities is with an authority model. This occurs when an independent authority (often appointed by elected officials) hires an independent manager or a management company to run the facility. The CVB (convention and visitor bureau) can be formed under this structure as well as and report to and receive funding from the authority. The authority receives funding from dedicated tax revenues most often. Essentially, the facility management team (private company or directly hired by the authority) would report to the authority. Also, the CVB would receive funding and report up to the authority.

Anchor-Operated Management

The anchor-operated model combines the best elements of private management and a built-in user and tournament organizer. The model is used when there is a local or area sports organization, such as a basketball or volleyball league, that has a strong track record financially and organizationally, and can manage the facility on behalf of the city or an authority. The e sports anchor may pay a lease or may have a free lease, so long as they take responsibility for all revenue and expenses at the facility and keep the city's financial operating loss risk to zero

Next Steps

The following timeline is a general guideline for the community to follow as they begin to build not just a successful business plan but also ultimately, a successful sports facility.

Mission/Vision/Strategic Plan Development

↓

Operational/Organizational Development Plan

↓

Marketing//Branding

↓

Sales/Recruitment

↓

Facility Opening

↓

Ongoing Performance Evaluation and Reporting

Thank You

hunden strategic partners

Lacey Indoor Sports Facility Phase II

December 5, 2019

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Key Questions

In late 2018, the City of Lacey (Client) engaged the Hunden Strategic Partners Team (HSP or Team) to conduct a Phase I analysis regarding a potential indoor sports facility. HSP completed that study in early 2019 and has been engaged to conduct a Phase II analysis that focuses on governance, funding, design, site and other related issues for the new facility. For Phase II, the City asks:

- What are the available funding opportunities for a new facility in Lacey? What impact will funding, and site selection have on each other and other key elements?
- What is the optimal site for the new facility? Will the location ensure easy access to the public? How many potential sites exist? What are the physical requirements of the proposed facility and minimum size specifications of optimal site?
- Who are the possible tenants for a new facility? Is it possible to reach 100 percent utilization? What type of partnership is needed to ensure success? What are the pros and cons of the various governance models?
- What are the options for privately-owned and operated scenarios, including non-profits?
- What is the optimal building design? Are phasing options necessary?
- What is the overall best set of options for creating a successful project in terms of site, funding, partners and management model?

Headlines

The HSP Phase II analysis findings offered key headlines:

- Phase I included several options for indoor turf and track/field. Based on the funding restrictions discovered during the process, the smallest and most impactful facility should be the focus. Currently, that option is the a 6-court facility ($18.3 million), While it would not be as competitive for major tournaments as an 8-court facility, it is the smallest option for tournament impact and therefore has a higher chance of being funded. HSP modeled the 8-court facility in this updated study, as that is the ideal, but a 6-court facility may need to suffice.
- To bring a project like this to market requires financial and political capital. Funding options are quite limited. HSP assessed a number of public, private and non-profit options. At this point, a combination of funding sources would be required for any project to achieve funding. These include the potential for LRF funds, beneficial investment from the Nisqually Tribe and potential grant funds related to non-profit usage. All other options, such as PFD, TPA and others, are either not available or highly unlikely.
- The only viable site that would allow for all three of these funding sources is the Gateway site.
  - The Nisqually Tribe will be required to assist in funding the Project if the facility is located on the Tribe owned parcel adjacent to Cabela's. HSP believes this is the best and only viable site for the project. The Tribe plans to develop the Gateway site with additional retail/restaurant and potential hotels and therefore would be synergistic with the indoor tournament sports venue. It would also generate additional tax revenue that could be recaptured or otherwise benefit the community and project.
  - Gateway is the only site which qualifies for LRF funds (the LRF application was approved previously by the State of Washington). Of the programs offered, LRF is a significant tax-recapture funding tool. Together, the LRF funds (sales tax credit up to $1 million annually) and Tribe represent the best path to bring this project to fruition. To date, the Tribe has not formally agreed to partner with the City, although strong interest persists. However, there are deadlines that will be hard to meet in order for the project to qualify.

Headlines

- In addition to the Nisqually Tribe and major sports groups, a key potential user group for the new facility is the Boys and Girls Club. Their usage may also help to fill “off hours” and leverage grants. These groups are key to ensure maximum capacity, usage and revenue for the facility.
- The key anchor tenants recommended at this time include: Get Game Got Game, South Sound Roots and USA Volleyball Pac NW. Benefits for these groups include a diverse mix of sports, schedules that will maximize use and set up sustainable streams of revenues from several groups which reduces risk of relying on only one or two tenants.
- Management options include public, public enterprise, private and non-profit. Based on the existing management of the nearby Regional Athletic Complex and the ability to share some staffing and other resources, HSP believes the synergies provided by co-management of the RAC and Indoor Complex could reduce expenses. An alternative is to hire a national management firm like SFM. SFM will likely operate the facility efficiently and aggressively, but will also incur a $250,000+/- fee. The City of Lacey could also offer a competitive RFP process where the City bids against private companies to grant the best outcome for the residents of Lacey.

Conclusion

HSP believes that the funding options are limited without the City or Tribe committing to direct funding. Existing programs like the LRF and TPA can help in different ways (LRF for some leveraged funds and TPA for marketing dollars), but *no existing tools will generate the funds needed to finance the Project*, even the 6-court $18+/- million facility.

As such, the City of Lacey would need to determine if the Nisqually Tribe is serious about leading this funding effort on their side, with the City assisting in terms of management of the facility and helping to work through the LRF funding tool, if achievable. The TPA can be leveraged for marketing, as can South Sound Sports .

Chapter 1

Project Overview

Recap - Project Overview

- Phase I - Hunden Strategic Partners and Perkins + Will was engaged to investigate the feasibility of developing and operating an indoor sports facility in Lacey, Washington.
- The goal of the Project was to meet the current and future demands of the local community and sports organizations, as well as to attract regional, state and national tournaments.
- Focus of the analysis was on traditional flat-floor athletic opportunities – aquatics and ice were not seriously considered.
- Given the funding constraints, none of the prior scenarios will likely be funded, so HSP recommends a 6-court facility costing $18.3+/- million.

Chapter 2

Site Identification and Analysis

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Site Evaluation Process

As part of the study of a potential sports facilities in Lacey, it is necessary to evaluate the potential site locations available in the within the boundaries of the City and measure the appropriateness of each. The following study provides a summary analysis of each potential site.

This report reflects the outcome of the evaluation of each site using the site selection criteria described below. Site visits, analysis of aerial photos and available site data, and input from the planning committee helped the team determine an approximate building footprint size and the pros and cons of the proposed use for a particular site. Conceptual test fits of the site were conducted, in order to further determine the appropriate placement of the potential building footprint, required parking, detention, and possible relationship to pre-existing uses and to the surrounding area. Our analysis focused on the design implications and appropriate placement of each new facility.

Location

With several sites located throughout the community, it will be important to understand the broader community impacts. It is also important to understand that ease of access to the site from major circulation corridors will also impact the success of the facility and its economic success for large tournaments attended by residents and visitors alike:

- As a facility with a regional draw beyond the City of Lacey, the facility has the potential to serve not only community uses, but may draw participants from a larger audience and thereby, may impact the facilities ideal location near major entry corridors to the City and Thurston County.
- Given the proposed size and nature of the facility, it will have a significant impact on any surrounding context, with a distinct difference in use patterns from weekdays to weekends, and special events.
- If located near retail redevelopment, the facility could become an anchor tenant and can help to draw residents to nearby retail developments. In some cases, the sport facilities could complement other site amenities, and potentially share parking and other site infrastructure.

Site Requirements

Initial site requirements were established by the project team based on the committee input and targeted parcels with adequate size for the base court facility, sufficient parking, a potential future turf building footprint, site detention, and outdoor space. The optimal site ranges from 18 acres at the smallest, to 25 acres for expanded building components. The site should be relatively flat to accommodate such a large complex, whether six or eight courts.

When planning concepts are developed for each of the potential sites, certain universal planning principles are considered, and although they are not necessarily disqualifying, they are important considerations.

- Plan for multiple entry points to the site and entries directly related to parking and a safe and visible drop-off. For sites that may have difficult entries off main arterials, the likelihood of accel/decal lanes and/or signalized intersections should be considered.
- Ensure a reasonable distance for patrons to walk from parking areas to the main entry.
- The entire site should be accessible from walking paths that can also accommodate pedestrians and service vehicles.
- Whenever possible, loop parking to allow for ease of navigating parking areas and avoid bottle-necks during peak periods and special events.
- Consider loading and staging area and its visibility from adjacent roads and neighboring uses.
- Make sure enough area is delineated for on-site water detention, drainage ways, utility easements and maintenance facilities and networks.

Primary Recommendation
Indoor Court Complex

Primary recommendation:
Indoor 6 - 8 Basketball Court (12 - 16 Volleyball Court) Facility
Plan for potential expansion to a regulation indoor turf field (60yd x 120 yd field)

Site area requirement:

90,000 sf Base Building	2.0 acres
Parking for approximately 600 cars	4.8 acres
Multiply developed area by roughly 2.00 for buffers, paving, detention, etc.	13.6 acres
Total estimated Site area required for Base Facility	**18.4 acres**

Potential Available Sites

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Potential Available Sites

#	Site Location	Approximate Site Area (acres)
A	West of the Regional Athletic Complex	23.9 acres
B	Bucknell Site North of Nisqually Middle School	15.2 acres
C	St. Martins University Campus Location	12.2 acres (eastern edge of campus)
D	The Nisqually Gateway development	23.8 acres (within 250 acre development)

Site A: Regional Athletic Complex

Site A: Regional Athletic Complex

Location: Open space property West of the Lacey Regional Athletic Complex

Basic Site Description:
The subject property is a City-owned parcel of land directly west and adjacent to the Regional Athletic Complex. The property is relatively central within the City of Lacey and in close proximity to the I5 corridor. The site is adequately sized to accommodate the proposed primary recommendation, and could accommodate future expansion of indoor turf. Its link to the outdoor sports complex is a strong positive.

Pros:
- Ample site area for the planned outdoor and indoor sports facilities
- City-owned property with no site acquisition costs.
- Open, flat undeveloped site with good character for a large sports complex
- Good visibility and access from the I-5 corridor,

Cons:
- Site utilities may need to be upgraded and/or extended to serve the site, and the cost needs to be understood
- The added traffic compounded with the RAC could be considered a negative to the neighborhood to the West.
- The Cost of Pocket Gopher off-site management area purchase should be factored into the recommendation.
- Existing on-site wetlands can impact the efficient layout of the site, and the cost of any necessary mitigation needs considered.

Site B: Bucknell Site

Site B: Bucknell Site

Location: Open area North of Nisqually Middle School
Subject Area: 15.2 acres

Basic Site Description:
The subject property is on the north half of the Nisqually Middle School site owned by the Thurston Public School District, but could be made available to the City under a lease agreement. The site is also located central to the Lacey boundaries, and proximate to the I-5 corridor. The site is adequately sized to accommodate the proposed outdoor fields identified as the primary recommendation and has enough area for the potential indoor facilities and future outdoor fields. The existing residential neighborhood to the North and West might have concerns over a complex of this size and use.

Pros:
- Open, flat site with good character for a large sports complex
- Good visibility and access from the I-5 corridor
- Location complementary Middle School use

Cons:
- The site shape, area and existing easement limits the ability for future outdoor uses or facility expansion.
- District owned property with cost to lease or purchase unknown
- Site circulation along the south half of the site is complicated by the service zone of the school

North Thurston School District

Conversations with representatives from Thurston School District indicated the following:

- Tepid response from the leadership in use of any new facility. Indoor sports was mentioned and school space use is competitive with other groups, but not bursting at the seams.
- The school district does not see the need to expand their own academic facilities based on their projected growth.
- The current Bucknell Site is roughly 15-acres sized for an elementary school. When the outdoor facilities were removed, they were not maintained and became a liability.
- The school has one regulation size basketball court, and it is underutilized. It was originally built for the high school during a modernization project.
- Now that the HS facilities are finished, the facility has not seen heavy use.
- Bally's was used as a place for activity. When the Bally's opened, there was a huge request for tennis courts.
- They have had some request for gymnastics, since there is only one facility in town, and it is very expensive. There is a real shortage of gymnastics facilities. Cheer is also a potential use and some interest may develop in this area, but for now, overall, Thurston School District does not hold much interest.

Site C: St. Martin's University Campus

Location: North and Western portion of campus
Subject Area: Two potential sites available for study

Site 1) North portion of campus – 5.9 acres of open area
Site 2) Eastern edge of campus behind track – 12.2 acres of open area

Basic Site Description:

The subject properties sit on the campus of St Martin's University and are closely linked to campus activities. At roughly 6 acres, the north site is not nearly large enough to locate the building footprint or parking. The Eastern site is below the required area necessary, but could be an option with a very dense site design. Its complement to outdoor sport facilities is a positive, but locating nearby parking lots to the indoor sports center would impact the campus flow and traffic around existing facilities.

Pros:

- Good complement to campus uses and sport facilities
- Shared parking is possible, but the lots would need to be more proximate to the sports center.
- The St. Martin's site is located in both a Federal Opportunity Zone and a census tract that is eligible for New Market Tax Credits.

Cons:

- The land area is just too small to sensitively integrate the large sports complex into the campus fabric, and there is no room for future expansion
- Circulation through campus to the available site is difficult

Site D: The Nisqually Gateway Development

Location: Site area north or I-5 and South of Britton Parkway NE
Subject Area: 23.8 acres (part of 250 acre development)

Basic Site Description:

The subject property is part of a master-planned development owned by the Nisqually Tribe. The site area studied is a roughly 24 acre parcel at the East end of the development. The lease or purchase agreement, and cost of acquisition is unknown and would need to better understood as part of the study. The site is central to Lacey, and sits adjacent to I-5 with good visibility and access. Major circulator roads are installed, and utilities would need to be developed as part of the plan. The site does have some topography that could add some cost to siting the large footprint. Complement to future retail and entertainment are a strong positive for the site.

Pros:
- Open, undeveloped site with good character and ample area for a large sports complex
- Good visibility and access from the I-5 corridor

Cons:
- Privately owned property with potential land acquisitions or lease costs
- Potential for added development cost due to topography and grading
- Site utilities may need to be upgraded and/or extended to serve the site, and the sharing of cost needs to be understood

Nisqually Tribe

Conversations with a representative from The Nisqually Tribe indicated the following:

- **The Tribe is interested in potentially partnering on the Project.**
- The Tribe has over 1,000 employees benefiting the entire area, retail, tobacco and gasoline. Tribe holds a strong relationship with the City on shared goals and interests to date.
- **Tribe believes this is worth pursuing as there are plans to develop their portion of the land on the Gateway site. This could be a good anchor to spur retail activities in the area.**
- The Tribe development will benefit from LRF but their development of the site would not be contingent on the LRF. If LRF incentives can be attained, these would help make the project more viable.
- The Tribe is interested in using the facility for inter-Tribal basketball games. Developing the surrounding areas will require further discussions and plans.
- The Tribe is still communicating with consultants for site plans of what other developments on Gateway would include – these will require an internal review by the Tribe's Council once they are received. Still delivery date unknown at the time of this report.

Site D: The Nisqually Gateway Development

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Conclusion

Site Identification and Analysis:

- **The Gateway Site is the only option that would leverage the Tribe's interest and therefore, a potential funding partner.** The Gateway site also includes a pre-approved LRF zone, which may be able to be leveraged for additional funding.
- **The Gateway Site fits the specifications for needed for an indoor sports facility.** Saint Martin's University site is too small and would not support the minimum size of this project. The Bucknell Site and the site west of the RAC does not offer public funding options which are key to the project's feasibility. The Bucknell site is too small.
- **Funding Options are Limited.** Tourism Promotional (TPA) funding cannot be used for capital projects. The Capital Area Regional Public Facilities District currently funds the RAC, so any additional money toward a new project would most likely compete for funding with the RAC as well as frustrate existing members of the PFD, as Olympia is also involved in the PFD.
- **LRF realities.** HSP recommends asking the state for an extension, if possible, for the LRF deadline to impose an adjusted sales and use tax. The LRF program is set to sunset on July 1st, 2022, although benefits of the LRF program can be enjoyed after that date if the adjusted sales and use tax are in place ahead of the deadlines. Details are listed later in this document.

Chapter 3

Usage/Tenant Partners

Usage and Tenant Partners

Analyzing conversations from Phase I, HSP compiled organizations that both fit the programming of the proposed development in Lacey and expressed interest in partnering for practices, games, and/or events.

These organizations are broken up into indoor courts and indoor turf. Since courts are recommended as the priority for Lacey, HSP focuses on these groups in the following slides.

Yellow, Orange and Red indicate light, moderate and heavy use.

Lacey Indoor Sports Complex - Potential Partners

Organization	Sport	Current Situation	Potential Weekday Use	Potential Weekend Use
Indoor Courts				
Get Game Got Game	Basketball	Currently work with city to find gym space. Growth has been stagnant.		
South Sound Roots Academy	Basketball	Use facilities at St. Martins, Evergreen State and various middle schools.		
Boys & Girls Club Thurston County	Various	Currently have a club in Lacey without gym space		
St. Martins University	Various	The University has their own athletic buildings and 13 varsity teams.		
USA Wrestling	Wrestling	Host events at NW Sports Hub, Tacoma Dome, various high schools.		
USA Volleyball - Pacific Northwest	Volleyball	Use private facilities including Lair, Dakine and Academy		
Indoor Turf				
Chinquapin Booters	Soccer	Use Evergreen State for indoor play. Conditions and availability are not ideal.		
Rugby Festival Events	Rugby	n/a		

Source: Various Organizations

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Basketball Feedback (Get Game Got Game)

Conversations with Get Game Got Game indicated the following about the market opportunity in Lacey:

- Get Game Got Game currently has 300 youth basketball players ranging from third grade to ninth grade. The organizations typically work with the City to find gym space, primarily in middle schools and high schools. Overall, league growth has been stagnant in recent years.
- The season runs from November through January. Gym space is needed five days per week for practices and games. The league needs four courts during the week for practice (two teams per court), while games occur on Saturdays.
- Tournaments run from March through July. There are typically one or two tournaments per month that occur on Saturday and Sundays in the spring.
- League registration is $130 per athlete. Rates for gym space are $20 per court and $40 for janitorial service.
- Ideally, the goal is to grow the league to accommodate high school players who do not make their varsity teams. Currently, growth opportunity is limited due to the availability of court space in the local area.
- Currently, major club basketball tournaments are either going to Seattle or Portland for tournaments and other events. NW Sports Hub in Centralia is the only indoor tournament facility in the greater area capable of accommodating tournaments, but the facility is not attractive competitive teams due to its location and lack of support amenities. In order to drive AAU and other club events to Lacey, eight basketball courts are likely needed.

Basketball Feedback (South Sound Roots Academy)

Conversations with representatives from South Sound Roots Academy indicated the following:

- South Sound Roots Academy is a non-profit basketball organization that consists of elementary through high school age players.
- The organization features ten teams made up of roughly 100 players. Camps and clinics put on by the organization attract another 100 to 200 athletes.
- While this is only the third year in existence for the club, the organization has experienced growth every year.
- Practices occur from 4:00pm to 8:00pm during the week and court rentals ranges from $50 to $100 per hour. However, court time is often donated by schools.
- South Sound Roots Academy has utilized gym space at St. Martins, Evergreen State, and various middle schools. Scheduling presents difficulty due the prioritization of the schools for their own programs and constantly having to work with school administration. The group would likely be willing to pay more for the reliability and consistency of a dedicated venue. Overall, available gym space in the market is sorely lacking.
- Lacey offers an attractive central location between Portland and Seattle. A new complex would be able to attract premier clubs from both metro areas. For a new facility, four courts would be the minimum requirement, while six would be ideal. Basketball and volleyball make the most sense from a community members perspective. Many of the indoor facilities popping up are private.

Basketball Feedback (South Sound Roots Academy)

- South Sound roots Academy has taken over high school and youth leagues run in Tumwater
- The high school summer league takes place in May and June and consists of 45 teams
- Looking for someone to run the fall league with middle school teams
- Open gym for men in the morning and during lunch hour is currently missing in the market
- Opportunity: 3x3 tournament
  - South Sound has a relationship with USA Basketball
  - Currently host a qualifier for 3x3 Men's national championship
  - Adding Women's, U18 Boys, U18 Girls – each bracket leads into USA Basketball national championship.
  - 3x3 will be in the Olympics next year and is likely to grow
- Vision: To host the premier regional tournament in the county. St. Martin's only offers 5 courts, this facility would allow for a much larger event.

Boys & Girls Club – Thurston County

Conversations with representatives from Boys & Girls Club of Thurston County indicated the following:

- Boys & Girls Club cater to middle school and high school students who are homeless or qualify for free and reduced lunch.
- These are usually students or families who can not afford YMCA care.
- Their interest was strong; usage would be 7am-9am and 2pm-6pm and "would be nice to have a home base" with "one storage room or secured room to keep things safe and still not interfere with other tenants."
- They serve usually anywhere between 100-150 kids, five days a week. They want to really develop sports program but the problem is that they do not have full space for gyms/facilities to accommodate a sports program.
- Bus routes would be the primary form of transportation for the youth --- maybe the teens could attend the Gateway site. "Gyms are an automatic magnet for kids."
- Grant and/or federal money may be of assistance. Grants and applications for money can be addressed once costs are known and the Club's use is assessed.

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Saint Martin's University

Conversations with representatives from Saint Martin's University indicated the following:

- They were just learning about this development and plans to potentially bring a sports complex to market.
- Schedule and list of events, seasonality would need to be discussed internally per Katie/Cecila. Square footage, capacity and the specs are also new to them.
- Biggest takeaway is that outdoor use is more of a priority and of interest than anything indoor. There may be interest but need to loop back with coaches and set-up a few more calls with their people before they would want to discuss plans with HSP/City of Lacey.
- Saint Martin's University Rec Center is in highest demand from 4:00 p.m. to 10 p.m. and that might be helpful to drive demand to the indoor facility during this time.
- Volleyball, karate and basketball worth looking into and somewhat interested, but outdoor sports are the focus.

USA Volleyball - Pacific Northwest

Conversations with representatives from USA Volleyball Pacific Northwest indicated the following:

- USA Volleyball runs an annual Power League in addition to hosting annual Regionals and Bid Tournaments. The majority of events are held north of Lacey in the Seattle area.
- Clubs run tournaments nearly every weekend during the season and typically utilize high school gyms. Due to lack of court space, three major clubs have built and now own their own facility.
- The Power League is a five-week event that runs on Sundays and includes 386 teams from Olympia to Burlington. The league utilizes high schools and private volleyball complexes (total of 55 courts). The typical rate is $450 per court per day.
- The 2017 Regionals, featuring 282 teams, utilized the following facilities :
  - Academy Sports Center: 4 courts
  - Bothell High School: 6 courts
  - Curtis High School: 5 courts
  - Franklin Pierce School: 3 courts
  - Washington High School: 3 courts
- USA Volleyball would love to host regionals in one central location if the appropriate facility existed. They have looked at the Seattle Convention Center, but the cost of the facility a deterrent (set up of courts, referees, and other amenities).
- USA Volleyball is currently utilizing private volleyball complexes (Lair, DaKine, Academy) for tryouts, training, and performance.

USA Volleyball - Pacific Northwest

- The season runs from Thanksgiving through June, with USAV sanctioned events occurring every weekend. These events are hosted by area clubs.
- The region currently lacks any facility that offers more than six courts in one location. This is very unique compared to rest of the country, which has experiences comprehensive indoor athletic complex development.
- A new facility would not only be able to host events, but it would drive growth of the sport in Lacey area. With 12-16 volleyball courts, a Lacey facility could host multiple major events each year that attract up to 200 teams.
- Nike and Adidas are both actively looking for facilities to run leagues and camps. Lacey would likely be strongly considered if a new facility existed for events, and potentially sponsorships.
- In order to fit two volleyball courts on one basketball court, there will need to be 12–18 feet of space between courts to accommodate
  - Seating and benches
  - 6 feet are required for pursuit of the ball
- Ceiling height needs to be at least 23 feet. All facility lighting has to be mesh or cage covered.
- USA volleyball typically pays $225 - $450 per court per day for weekend events. For weekday rentals, $35 - $50 per court per hour is reasonable.

USA Wrestling

Conversations with representatives from Washington USA Wrestling indicated the following:

- USA wrestling events are currently utilizing the NW Sports Hub, the Tacoma Dome, and area high schools for major events.
- The freestyle and Greco state championships are held at NW Sports Hub over three days in early May. The facility adequately accommodates their needs.
- Washington USA Wrestling sanctions approximately 84 annual events throughout the entire state. The majority of these events are run by area clubs.
- Major events typically require room for 16 mats, but 18 mats is preferred. Each mat is 42' x 42'.
- Generally, regulation basketball courts can accommodate two regulation wrestling mats with a walkway down the center. Eight regulation basketball courts should be able to accommodate 16 wrestling mats.
- Major USA Wrestling events attract approximately 500 athletes and more than 1,000 spectators.
- Overall, there is significant opportunity in the Lacey area if new indoor facility is developed. USA Wrestling would be very interested in multiple major events in Lacey if the facility offered the appropriate space and amenities.

Conclusions

- Local organizations in and around Lacey have expressed interest in occupying a potential indoor court facility during the week and for weekend tournaments.
- Additionally, national governing bodies have expressed interest in programming several tournaments throughout the year on weekends. Volleyball, rugby and wrestling are three groups that have showed the most promise for impactful events.
- USA Volleyball indicated that Nike and Adidas are looking for facilities to bring tournaments to and that the proposed facility would immediately be considered, as there are very few in the region.
- None of the groups that HSP spoke with have expressed desire to run the facility, but many would like to fill an anchor tenant role.

Chapter 4

Funding

Summary

- HSP identified potential funding tools which may bring the Lacey Sports Complex to fruition.
- Deadlines, amounts, constraints, requirements, and political hurdles will be addressed in this chapter.

Lacey Potential Funding Sources

Potential Source	Public	Quasi-Public/ Indpendent	Private	Non-Profit
Local Revitalization Financing (LRF)	✔			
City of Lacey (General Fund or Parks/Rec)	✔			
School District (Public)	✔			
Public Facilities District (PFD)		✔		
Tourism Promotion Area (TPA)		✔		
Tribal Band/Community		✔		
Sponsorships - Corporate or Small Business			✔	
College (Private)			✔	
Naming Rights			✔	
Pouring and/or Concession Rights			✔	
Long-term Lease	✔	✔	✔	✔
City of Lacey (General Fund or Parks/Rec)	✔			
Tribal Band/Community		✔		
Boys & Girls Club			✔	
Club or Sports Organizations (detailed in report)			✔	✔
Stay to Play Model	✔		✔	
Grant				✔

Source: Hunden Strategic Partners

Local Revitalization Funding (LRF)

- Local Revitalization Funding (LRF) is intended to be a version of tax increment financing (TIF), but instead of using property tax it uses a sales tax credit.
- The LRF program authorizes cities and counties to create “revitalization areas” (RA) allowing certain increases in local sales and use tax revenues and local property tax revenues generated from within the RA.
- These monies raised within the RA can only be used or appropriated for projects within the RA. Spending these funds (most likely) can not happen outside of the RA. No clear answer was given from Jessica Hicks, the LRF program manager, if these funds could be spent outside (within reasonably close proximity) of the RA so long as the funds benefit the RA, despite numerous attempts to secure an answer.
- LRF allows additional funds from other local public sources, and a state contribution to be used for payment of bonds issued for financing local public improvements within the revitalization area.
- The state contribution is provided through a new local sales and use tax that is credited against the state sales and use tax (some refer to as the “LRF tax”).
- This tax does not increase the combined sales and use tax rates paid by consumers.
- The maximum amount of state contribution for each project ranges from $200,000 to $500,000 per project. The maximum state contribution for each project approved on a first-come basis is $500,000. These are awarded annually.

Utilizing LRF for Lacey Project

- The Gateway site is the only site that currently holds an active LRF area. Any other site selection would not quality for LRF as the state has stopped accepting applications for new LRF zones and no new LRF areas can be created.
- The Nisqually Tribe owns the Gateway site. Not only does the site include the ability to leverage LRF, the Tribe is also interested in partnering on a project, which could mean additional investment by the Tribe in the project.
- In order to utilize LRF revenue, Lacey must impose a local sales and use tax that is credited against the state sales tax. This local tax credit is how Lacey will receive the state contribution. **This must be done as soon as possible if this project is to become a reality.**
- With the adjustment to the local sales and use tax, a notification to the Washington Department of Revenue is needed regarding the adjustment prior to April 1st, 2022 or **as soon as the new rate occurs**. **The new tax must go into affect no later than July 1st, 2022.**
- Needed prior to the April 1st, 2022 tax increase: developer agreement or letter of intent, meet “new incremental” sales tax threshold of $500,000 and debt must be issued. April 1st, 2022, last sales tax change prior to July 1st, 2022.
- July 1st, 2022 is an important date set by the state of Washington, because the LRF statue states that is when unused LRF zones are forfeited and matching assistance from the state will not occur. January 16th, 2022, is last day to satisfy 75-days tax change notice. 180-day allowance (prior to January 16th, 2022) to issue City debt. Under a conservative approach, the City would not issue debt until sales tax thresholds are met. That is, the City of Lacey would not likely issue debt until is receives the $500k or economic benefits to assure that the revenue source is generating the needed funds, which is a bit of a Catch-22.
- Length of the bond is 25 years or when the bond is paid off, whichever comes first.
- **To receive state funds for LRF, the Lacey City Council needs to pass an ordinance and include the mayor’s signature reflecting the new sales tax credit, but no general public vote is needed, according to state representatives.**
- As long as the tax credit is in place the state can start to contribute funds before construction occurs (LRF state contact).

Utilizing LRF for Lacey Project

- On the proposed Gateway site, there is land owned by the Nisqually Tribe that is under serious consideration to be developed.
- In order to leverage the land and implement LRF, all of the acreage needs to fall within the LRF zone which is the safest interpretation of the statue.
- Through conversations, only a portion of the land is within the LRF area and that presents a potential challenge. In order for the sports facility to directly benefit from LRF funding is to locate the facility on the parcel adjacent to Cabela's and have a retail project develop concurrently.
- *Implications:* LRF will create no additional hardship to the consumer (i.e. raise taxes) or residents within Lacey. Politically speaking this is generally received as a positive. The maximum amount awarded from the state of Washington is $500,000 given annually, on a first-come-first serve basis. Lacey can contribute up to $500,000 in matching funds each year. This creates at a maximum of $1,000,000 available funds as a result of the LRF program.
- It is possible that the $500,000 is not awarded. Since LRF is a first-come-first-serve basis, the lowest amount might only be available. $200,000 is the floor amount the state can contribute toward the LRF program. If $200,000 is awarded by the state, then $200,000 is the most Lacey could contribute from the LRF program. General local sales and use tax revenue could be contributed to the project as well, but for the purposes of the LRF program, $400,000 would be the least amount available to contribute annually by LRF.

Public Facilities District (PFD)

- Public Facilities Districts (PFD) are municipal corporations with independent taxing authority and are taxing districts viable under the Washington state constitution.
- PFDs may charge fees for the use of facilities, levy an admissions tax not exceeding five percent and impose a vehicle parking tax not exceeding 10 percent. PFDs may also impose two different types of sales and use taxes:
  - A local sales and use tax of up to 0.033 percent to finance regional centers
  - A local sales and use tax up to 0.2 percent to finance, design, construct, remodel, maintain or operate public facilities (with voter approval).
- The current PFD, Capitol Area Regional Public Facilities District, includes Olympia, Lacey and Thurston County. Lacey receives 71.77 percent and Olympia receives 28.23 percent. The majority of the PDF tax is used to pay outstanding bond debt held by Lacey and Olympia.
- The Regional Athletic Complex, owned by City of Lacey receives roughly $200,000 as reflected in the City of Lacey 2018 Annual Budget to fund the costs. This $200,000 helps supplement the costs. $450,500 is the revenue generated. The RAC’s operational budget is roughly $1.147 million (2018). These numbers are included to paint a picture as to how PFD’s can offer only some aid.
- *Implications:* Since the current PFD supplements portions of the RAC’s expenses, moving money away and attempting to fund a new facility is not allowed for the current interlocal agreement. Unless an additional PFD could be set up, funding from the current PFD is not feasible.

Public Facilities District (PFD)

City of Lacey – Regional Area Complex (RAC)

Funding Explained

- The City of Lacey is responsible for the financial report and administration of the Capital Area Region PFD. CARPFD funds are accounted by the City of Lacey in an Agency Fund, which is a separate fund within the financial system of the City.
- Sales tax revenues are received from The State of Washington by the City of Lacey on behalf of the CARPFD and distributed to the current projects under contract. The table reflects the funding breakdown.
- There are other variable revenue streams for the RAC like Event Admission Fees, Physical Activities Programs Fees, Shelter Fees, Investment Interest and Concession Proceeds to name a few.
- Overall, as revenues increase year-to-year, so have expenses. Field Use Fees is the largest beneficiary. Each year, the variance is balanced and spent down to $0.

City of Lacey - Regional Athletic Complex (RAC) Funding

Revenues	2016	2017	2018	2019
Captial Area - PFD	$200,000	$200,000	$200,000	$200,000
Thurston County (Fund 303)	$124,813	$135,257	$165,638	$170,065
Event Admission Fee	$8,000	$8,000	-	$4,000
Physical Activities Program	$6,000	$8,000	$8,000	$8,000
Special Events Program	$23,000	$10,000	-	-
Shelter Fees	$10,000	$10,000	$12,000	$12,000
Field Use Fees	$310,000	$315,000	$330,000	$320,000
League Fees	$60,000	$60,000	$60,000	$60,000
Investment Interest	$2,000	$2,250	$4,500	$11,158
RV Parking	$1,500	$2,000	$2,000	$2,500
Lease Long-Term	$20,000	$20,000	$20,000	$22,000
Concession Proceeds	-	-	-	$1,000
Banner Sponsorship	$12,000	$14,000	$14,000	$14,000
Transfers In - Fund 303	$124,813	$135,258	$165,638	$170,066
Transfers In - Fund 109	$157,000	$150,000	$165,500	$163,000
Total Revenues	$1,059,126	$1,069,765	$1,147,276	$1,157,789
Total Expenses	$1,059,126	$1,069,765	$1,147,276	$1,157,789
Variance	$0	$0	$0	$0

Source: City of Lacey RAC Budget

Public Facilities District (PFD)

Capital Area Regional Public Facilities District - RAC

Funding Explained

- The City of Lacey, within the Capital Area Region PFD (CARPFD) which receives roughly 72 cents on every one dollar collected. The City of Olympia receives the remaining amount which is about 28 cents on every dollar. The total sales tax revenue and interest received in 2018 was $1,868,437.
- The RAC uses $200,000 of the PFD revenues for operations. Not listed on this balance sheet is an additional $163,000 that comes from Lodging Tax awards and about $340,000 from the General Fund.
- The RAC is Lacey's only Public Facility funded from the CARPFD. The CARPFD is not statutorily required to adopt a budget, allowing for greater flexibility to fund public facilities.

Capital Area Regional Public Facilities District

Line Items		General Fund/Governmental Activities
Revenues		
Sales taxes	$	1,864,642
Interest on sales tax	$	2,628
Investment earnings	$	1,167
Total revenues	$	1,868,437
Expenditures		
PFD project payments	$	1,867,270
Audit Fees	$	3,519
Insurance	$	2,830
Total Expeditures	$	1,873,619
Excess of revenues over expeditures	$	(5,182)
Other Financing Sources		
Contributions in - administrative support reimbursement	$	6,349.00
Net change in fund balance/net position	$	1,167.00
Fund balance/net position January 1, 2018	$	71,499.00
Fund balance/net position December 31, 2018	$	72,666.00

Source: Capital Area Regional Public Facilities District

Case Study
Spokane Sports Complex – Use of PFD

SPOKANE REGIONAL SPORTSPLEX
A CONCEPT PROPOSED BY SPOKANE SPORTS COMMISSION & SPOKANE PUBLIC FACILITIES DISTRICT

Spokane Sports Complex – Eric Sawyer CEO

- A conversation was started with the community by canvassing and surveying sports groups to assess demand and understand community needs.
- A feasibility study was conducted, followed by discussions with the Spokane PFD, who already had a location in mind and respected that the study that was conducted.
- Once the PFD decided to assist the efforts needed for the project, financing was the main focus.
- The PFD, through a collective effort from the other PFDs across the state of Washington, was able to get a rebate extension on sales tax extended another 15 years.
- For the City of Lacey, this extension is not fully beneficial until December 2027 when Lacey debt is retired. Original bonds were refunded in 2015, so there is no opportunity to restructure the debt.
- This solution was executed with significant political will and stakeholders in Olympia as well as PFD leaders across the state.

Case Study
Spokane Sports Complex – Use of PFD

The Result

- Leveraged additional $35 million from the extension of the sales tax without a public vote. Initial project costs were estimated at $27 million and concluded around $53 million, so there was still a gap present and operational costs needed some support as well. Approached the local hotels with an ask to add a 1.3% lodging tax – hotels approved.

Implications for Lacey

- If the City is serious about making the complex a reality, leveraging political clout would be a possible scenario, but very challenging. Creating a unique PFD for Lacey alone may be an option, but very challenging to execute as well.
- The PFD mission fits funding for the potential Lacey Indoor Facility, and as listed previously, there is a PFD in place and actively serving Lacey named the Capitol Area Regional Public Facilities District.
- Without creating a new PFD, the members in the current PFD would most likely push back against revenue being redirected away from their needs, create tension among neighboring cities, resulting in a costly choice.
- HSP concludes the City of Lacey should avoid this option if it is politically risky to existing structures and funding streams. While remotely possible, the potential downfalls outweigh the potential upside as a funding option.

Financing Programs In Washington State

Types of Public Programs

- There are several options available for public funding in the State of Washington.
- Categorially, these include parking and business improvement areas, public development authorities, public facilities districts, tax increment financing and tourism programs.
- The following slides provide details about each program found in each of these categories. The Municipal Research and Services Center (MRSC) is the base for most of the public finance program research.

Washington State Public Finance Sources

Potential Source	Parking and Business	Public Development Authorities	Public Facilities District	Tax Increment Financing	Tourism
Community Revitalization Financing (CRF)				✔	
Hospital Benefit Zone (HBZ)				✔	
Local Infrastructure Financing Tool (LIFT)				✔	
Local Infrastructure Project Area (LIPA)				✔	
Local Revitalization Financing (LRF)				✔	
Lodging Tax Advisory Committee (LTAC)					✔
Parking and Business Improvement Areas (PBIA)	✔				
Public Development Authorities (PDA)		✔			
Public Facilities District (PFD)			✔		
State Land Improvement Financing Area (SLIFA)				✔	
Tourism Promotion Area (TPA)					✔

Source: Hunden Strategic Partners

Parking and Business Improvement Areas

Types of Programs

- **Parking and Business Improvement Area (PBIA)** is a finance tool designed to assist general economic development and encourage business or commerce cooperation. It is a local self-help funding mechanism that allows business owners within a defined area to establish a special assessment district. Funds raised can be used to provide management, services, facilities and programs to the district.
- *What can PBIA's do?*
  - A special assessment is placed on businesses, multifamily developments and mixed-use developments located within the defined area. These assessments can be used to finance: construction, acquisition or maintenance of parking facilities in the area or decorative needs in the public area, promotion or marketing of public events in public areas, aiding in the performance of music in a public area, security, management, planning and promotion associated with retail trade or commerce involved in the area.
- *How are PBIA's formed?*
  - Owners of businesses located within the geographic or physical area of the proposed parking and business improvement area can petition the local legislative authority over the area where the PBIA is drawn.
  - The local body of government needs to pass a resolution to create the parking and business improvement area.
- It is important to note that some cities or towns in Washington have met PBIAs with displeasure. These are designed to empower locals to assemble and organize peacefully, as protected by the U.S. Constitution, but also are checked by code provisions. Some of these codes may or may not be enforced. These codes are designed to place a check on the power of the PBIAs.

Public Development Authorities

Types of Program

- **Public Development Authority (PDA)** is an entity that is commonly known as a "quasi-municipal" corporation authorized to allow cities, towns, and counties to create "public corporations, commissions or authorities," as explained by MRSC. *What can PDA's do?*
  - *What do PDAs do?*
    - The purpose of a PDA is designed to improve the administration of federal grants or programs and to improve structural efficiencies in government and services provided to the public. Additionally, PDA aim to "improve general living conditions in urban areas of the state."
  - *Examples of PDAs*
    - Bellevue Public Development Authority – Meydenbauer Center
    - Bellingham Public Development Authority
    - Odessa Public Development Authority
- It is important to know that PDAs serve various purposes within their communities. Some facilitate economic development activities in a city, while some like Clallam County created a PDA from 2000-2006 names the Hurricane Ridge Public Development Authority to acquire and manage National Park Service's Hurricane Ridge Lodge and ski facility. Some PDAs are designed to clean and redevelop an area like the Downtown Redevelopment Authority in Clark County which is still active today to rehabilitate historic homes like the Vancouver Area Development Authority did from 1987-2006.

Public Facilities District

Types of Program (*previously discussed*)

- **Public Facilities District (PFD)** are municipal public corporations with an independent taxing authority and are taxing districts viable under the Washington state constitution. According to MRSC, they are for cities, towns and counties or a group of cities or counites to join together to raise funds for public facilities.
- *What do PFDs do?*
  - PFDs may charge fees for the use of facilities, levy an admissions tax not exceeding five percent and impose a vehicle parking tax not exceeding 10 percent. PFDs may also impose two different types of sales and use taxes:
    - A local sales and use tax of up to 0.033 percent to finance regional centers
    - A local sales and use tax up to 0.2 percent to finance, design, construct, remodel, maintain or operate public facilities (with voter approval).
  - PFDs make it possible to fund public facilities within jurisdictions agreement upon by their participants.
- *Examples of PFDs*
  - Capitol Area Regional Public Facilities District
  - Spokane Public Facilities District (Spokane County)
  - Yakima Regional Public Facilities District (Yakima County)
  - Kent Special Events Center County Public Facilities District (King County)

Tax Incremental Financing

Type of Programs

- **Local Infrastructure Project Area Financing (LIPA)** a Washington State program which was created by a state Senate bill in 2011 was intended to allow local governments to finance infrastructure investments and incentivize development rights in the Central Puget Sound.
- *What do LIPAs do?*
  - This program was designed to transfer development rights (TDRs) from rural farm and forest lands to the cities to be used within the LIPA. The program does not help the potential Lacey Sports Complex, as this program only serves King, Pierce and Snohomish Counties. LIPAs are used for payment of bonds allotted for financing local public improvement projects within the area.
  - The only cities available are those that border Puget Sound and hold a population of 600,000 people or more and have an established program for the transfer of development rights may sponsor a LIPA. To be eligible, a city must be incorporated with a population plus employment equal to 22,500 for greater. (Washington Department of Revenue).
- **State Land Improvement Financing Area (SLIFA)** allows a city to use local property taxes levied by the city and other local taxing districts within an area to be able to finance public improvements for state lands within the designated area. The land must be owned by the state of Washington or the state of Washington has to be the most recent owner of the land prior to it being sold to a private developer. This program would not aid Lacey as the City of Pasco is the only city that meets the criteria of SLIFA.
- *What do SLIFAs do?*
  - Improve only a specific portion of the State of Washington – "Only a city with a population greater than 60,000 that is located east of the Cascade Mountains and abutted by the Columbia River to the south may sponsor a state land improvement financing area," according the Washington State Department of Revenue.

Tax Incremental Financing

Type of Programs

- **Local Infrastructure Financing Tool (LIFT)** is a tool for local governments for financing local public improvement projects to entice economic development or redevelopment. A "revenue development area" from which annual increases in revenues from local sales and use taxes and local property taxes are measured and used.
- *What does LIFT do?*
  - To receive funding using this tool, the local government imposes a local sales and use tax that is credited against the state sales tax similar to LRF. This newly imposed local tax is how the local area receives funds from the state. The local tax does not increase the rate of tax paid by consumers but redirects state sales and use tax revenue to the local government. The state can contribute up to $7.5 million to projects across the state.
- This program has awarded all of its monies to nine projects across the state and the program is no longer receiving applications. No programs were awarded in Thurston County or the City of Lacey.
- **Community Revitalization Financing (CRF)** gives cities, towns and counties as well as ports to create a tax increment area and finance public improvements or projects within the boundaries of the area by using increased revenues from local property taxes earned in the area. These are created and administered at the local level. The incremental local property tax within this program are calculated on 75 percent of any increase in the assessed value of the increment area.
- *What does CRF do?*
  - It grants local governments the right to create (and collect) incremental tax zones leveraging property taxes to fund improvements and projects. It does not include or carry a state contribution. **This is the Washington State version of TIF.**

Tax Incremental Financing

Type of Programs

- **Hospital Benefit Zone (HBZ)** is a program similar to LIFT but this program does not include any incremental property tax revenues and instead only uses incremental sales and use taxes.
- *What do HPZs do?*
  - The HBZ program is designed to encourage and attract private businesses to develop and the development of a hospital within the benefit zone. This program is allowed to receive a state contribution for public improvements as long as they are made within the HBZ.
  - The state may contribute up to $2 million per fiscal year total for all qualifying projects. The state contribution ends after 30 years or when public improvements are no longer necessary.
- **Lodging Tax Advisory Committee (LTAC)** before a new tax or an increase in a tax or a repeal of an exemption from a tax or a chance in its use of revenue occurs, a municipality with a town of 5,000 or more must create a lodging tax advisory committee to review, discuss and approve the new or revised use(s).
- *What do LTACs do?*
  - LTACs look at lodging tax uses and revisions, repeals and at the spirit of use of the tax. These committees serve as advisors to elected leaders. If any increase in lodging taxes need to occur, this group will review and comment. Membership usually includes at least one elected official. Meetings typically happen a few times a fiscal year.
- A lodging tax (LTAC funds) is a tax placed on lodging services during a period of less than 30 consecutive days for hotels, motels, rooming, houses, private campgrounds, RV parks and similar facilities for the stated use. Lodging taxes can be used any costs like activities, expenditures or operational costs that promote tourism.

Tax Incremental Funding: *Definitions*

The following bullets address a few commonly questioned uses and phrases when LTAC funds are discussed. These definitions live within the Revised Code of Washington (RCW) and offer additional detail, if interested.

- **Use of LTAC funds/Lodging Tax revenue.** LTAC funds are generally used for activities, operations and expenditures designed increase tourism. These activities include tourism marketing, marketing and operations of special events and festivals designed to attract tourists, or operations and capital expenditures of tourism-related facilities owned or operated by a municipality or a public facilities district or operations of tourism-related facilities owned or operated by nonprofit organizations. RCW 67.28.1816
- **"Tourism Promotion" use defined**. Advertising, publicizing, or otherwise distributing information for the purpose of attracting and welcoming tourists. Developing strategies to expand tourism, operating tourism promotion agencies and funding the marketing or operation of special events and festivals designed to attract tourists. RCW 67.28.080
- **"Tourism-Related Facility" defined.** A tourism-related facility is a real or tangible personal property with a useable life of three or more years or constructed with volunteer labor that is (a) owned by a public entity, nonprofit organization (including a non-profit business organization, destination marketing organization, main street organization, lodging association, or chamber of commerce) and (b) used to support tourism, performing arts, or to accommodate tourist activities. RCW 67.28.080
- **Applications for Lodging Tax Funds.** In cities and counties with at least 5,000 population, applications must be submitted directly to the lodging tax advisory committee (LTAC). In counites or cities with less than 5,000, applications are submitted to the county or city. The law does not discuss or give direction on how often the awards should be made. Municipal Research and Services Center (MRSC)
  - Some jurisdictions make mid-year awards to account for unknown expenses or dips in revenue
  - Some jurisdictions allocated monies once a year as part of the budget cycle

Tax Incremental Funding: *A Brief Background*

The State of Washington operates slightly differently than most states in the country. Bottom line Tax Incremental Financing is seen as unconstitutional, so supplemental programs as explained earlier are offered to the public.

- Traditional implications of TIF are none existent in the State of Washington.
- Washington State offers tools for public finance slightly differently than those in other states. “Attempts to authorize the use of state property tax revenue in Washington to finance developments through TIF have been struck down by the voters and the courts. The 1982 the Community Development Refinancing Act was ruled unconstitutional in Spokane v. Leonard, on the grounds it diverted tax revenue intended to support the common schools. Washington voters rejected attempts in 1973, 1982, and 1985 to amend the Washington Constitution and authorize tax increment financing,” according to the Municipal Research and Service Center (MRSC).
- MRSC also reports that “legislation was passed in 2001, Community Development Refinancing, to rectify the problems of the 1982 legislation. It was further amended in 2002. In 2006 the legislature supplemented this existing tax increment finance legislation with the Local Infrastructure Financing Tool Program (LIFT). The LIFT program was amended in 2009. In 2006, the Hospital Benefit Zone (HBZ) Financing Program was created. In 2009, the legislature passed the Local Revitalization Financing (LRF) program.”

Tourism

Types of Programs

- Tourism Promotion Area (TPA) is designed to grow tourism through increased consumer spending, especially at lodging accommodations, within their region. A TPA fee is a flat fee charged to hotel guest rooms on properties with 40 rooms or more. Any lodging business with less than 40 rooms are exempt from the fee and some jurisdictions have established other exemptions by policy.
- A TPA may include parts of or the entire jurisdiction. For some areas it may be advantageous to create a multi-jurisdiction TPA through a joint TPA interlocal agreement – which is permitted.
- Typically, TPAs institute a lodging tax of $1 or more, but capped at $2, to guests who stay at hotels within the TPA's jurisdiction.
- According to the Revised Code of Washington, the legislative authority imposing the charge shall have the sole discretion as to how the revenue from the tax is used to promote tourism.
- The lodging businesses collects the fees and remits them to the State of Washington Department of Revenue, which places the revenues into the Local Tourism Promotion Account. The state treasurer distributes money in the account, on a monthly frequency, to the legislative authority on whose behalf the money was collected, according to the MRSC.
- Universally understood and is practiced that the intent of the law shall use the revenue collected from the TPA fee charged per room per night to be used for promotional purposes with exception of county administrative fees. Not for capital project costs or anything outside the scope of the letter of the law.
- Even if funds were available from this lodging tax, research shows the spirit of the statute and how TPA funds are exercised are mainly used for marketing uses.

Tourism

- Tourism Promotion Area (TPA) is designed to grow tourism through increased consumer spending, especially at lodging accommodations, within their region.
- Typically, TPAs institute a lodging tax of $1.00 or more to guests who stay at hotels within the TPAs jurisdiction.
- According to the Revised Code of Washington, the legislative authority imposing the charge shall have the sole discretion as to how the revenue from the tax is used to promote tourism.
- Currently, the Thurston County TPA has a $2.00 lodging rate charge per room per night and all of that revenue collected is used for promotional purposes by Experience Olympia, with exception of county administrative fees.
- *Implications:* Even if funds were available from this lodging tax, research shows the spirit of the statute and how TPA funds are exercised are <u>mainly</u> used for marketing uses.
- It was suggested that TPA money may be used to support Capital projects but Experience Olympia appropriates their budget prudently and any residual revenue remaining would be sparse and inconsistent year to year to be able to cover any gaps in funding.
- Experience Olympia could use revenue to attract multi-day tournaments, which would generate overnight stays and add lodging tax revenue for the area.

Private Funding Options

- Public incentive programs will not cover all of costs to bring the indoor facility to market. Additional resources from private funding options can often help bridge the gap. The following options are suggested options and have been identified as tried and true options in other facilities:
  - Cash donations
  - Capital grants or on-going funding grants
  - Long-term leases from private groups:
    - Community organizations
    - Boys & Girls Club
    - Other organizations or sports clubs
  - Naming rights to the building and other areas:
    - Concessions area and pouring stations
    - Basketball court(s)
    - Turf field
    - Bleachers

Implications: Private funds are necessary and helpful (i.e. offset the need to attract large portions of public funds, reduced risk of political fallout over a project) and often, private groups utilize their interest in the facility by cross-marketing their involvement with promoting charitable games or introducing potential tenants.

Stay to Play Model

What is the "Stay to Play Model"

- The "Stay to Play" Model essentially forces sports tournaments participants involved in any event to stay at hotels who partner with the promoter or organizer of that event or else they can not participate in the event. In this case, these would include indoor athletic tournaments.
- This model is used frequently in youth tournaments and other sports events. Disney and other major theme parks utilize this model, too.
- The Stay to Play Model places an additional ($5 to $10) charge on hotels rooms booked by the participants and creates a revenue stream or kick back from all of the booked rooms the promoter or organizer brings to the hotels.
- This model forces teams participating in a tournament to stay "on property" in the hotels that are partnering with the facility and/or promoter. If participants stayed elsewhere to save a few dollars, they could not participate, hence, you have to Stay to Play.

Inequity and Issues

- This model rewards the organizers by passing the fees to the promoters and leaves the facility empty handed.
- Facilities see themselves are part of the draw, so, the tension resides in who is rightfully owed the earnings on the room fee.

Remedy

- The best scenario is for the building to be the tournament producer/organizer (as much as possible).
- This way, the facility will control all parts of the process and money flows.
- The 3rd party tourney organizer is cut out resulting for 100 percent of the hotel fees to flow directly to the facility.
- Hotels will still receive the benefit of the booked business and locals are not taxed to pay for the visitor amenity.

Conclusion

HSP believes that the funding options are limited without the City or Tribe committing to direct funding. Existing programs like the LRF and TPA can help in different ways (LRF for some leveraged funds and TPA for marketing dollars), but *no existing tools will generate the funds needed to finance the Project*, even the 6-court $18+/- million facility.

As such, the City of Lacey would need to determine if the Nisqually Tribe is serious about leading this funding effort on their side, with the City assisting in terms of management of the facility and helping to work through the LRF funding tool, if achievable. The TPA can be leveraged for marketing, as can South Sound Sports .

hunden strategic partners

Chapter 5

Governance and Management

Governance and Management

Governance Options

The following pages show examples of how other youth sports tournament facilities are operated, including:

- Part I: State of Washington Governance Structures
  - Public Development Authority (PDA)
  - Public Facilities District (PFD)
  - Inter-governmental Agreement/Interlocal Agreement (IGA)/(ILA)
  - Non-profit organizations
- Part II: Third-party private management
  - Company
  - Individual Contractor/Contracted Position
- Authority owned and managed
- Anchor tenant-operated (Sport Association)
- Parks & Recreation Department
- Public-Private Partnership

Chapter 5

Part I – State of Washington Governance Structures

Interview
Orrick – Public Finance

HSP conducted an interview with Orrick (Seattle office), a nationwide legal and municipal advisory firm, to investigate possible governance options in the State of Washington that might serve as a comparable example to support the possible sports facility.

Orrick – Christine Reynolds (Partner, Public Finance); Leslie Krusen (Associate, Public Finance)

Feedback

- Orrick is firm that specializes in public finance, public policy and is experienced in governance structures that could help support a potential sports complex in Lacey.
- Governance models discussed include Public Facility Districts (PFD) and Public Development Authorities (PDA), as the best and preferred options. An inter-governmental agreement with the Nisqually Tribe was also discussed as a possible path.
- Inter-government agreements allow and authorize public agencies to contract with other public agencies to perform government activities and deliver public services.
- Since the City of Lacey already participants in the CARPFD and creating an additional PFD is most likely not reasonable, a PFD was ruled out. The conversation shifted to PDAs and the general purpose these serve.

Research Post-Interview
Orrick – Public Finance

Assessing the Governance Options - Summary

- PDAs offer unique opportunities and are created by cities or counties to accomplish public purpose activities without exposing the entity to the regular functions of local government. PDAs are often created to manage the development and operation of a single project which serves its community.
- Non-profit corporations stand independently of government. Non-profits may contract with governments and some circumstances allow non-profits the ability to issue tax-exempt bonds for projects that will eventually be retained by government. In addition the opportunity to provide tax-exempt financing to a project, non-profits offer the opportunity to reduce the risks and costs of construction away from the government. They are able to leverage private resources to the transaction that might otherwise be unavailable.
- Public Facilities Districts or PFDs can be established by cities or counties according to state law for the limited purpose of developing certain regional facilities, like a convention center or special events center. PFDs can contract with other public agencies such as cities, counties and other PFDs to develop similar facilities. PFDs are authorized to impose a local sales tax credited against the state sales tax and thus can contribute significant new special revenues to certain public projects. Their ability to impose this tax is subject to numerous legal constraints and their independence creates both opportunities and issues that need to be fully understood.

Research Post-Interview
Orrick – Public Finance

HSP Findings After Interview – A Closer Look at PDAs

- PDAs offer unique opportunities and are created by cities or counties to accomplish public purpose activities without exposing the entity into the regular functions of local government. PDAs are often created to manage the development and operation of a single project which serves its community.
- The project or projects may be entrepreneurial in nature and incorporate private sector needs which could be a strain to public resources and finances, as Preston, Gates and Ellis, LLP reports. **PDAs can issue tax-exempt bonds, but have no power of eminent domain or taxing authority.**
- *RCW 35.21.730* grants cities, towns and counties the ability to create "public corporations, commissions, or authorities." The purpose of creating a public corporation is to improve the administration of authorized grants or programs, create additional efficiencies and increase the quality of life in areas where these are implemented.
- According to the Municipal Research and Services Center, "the provision was initially enacted to authorize cities, towns and counties to participate in and implement federally assisted programs, including revenue sharing." Preston, Gates, Ellis point out that "most PDAs in Washington are involved in single projects and by their charter, bylaws and composition of the board are focused on the particular features of that project."
- In Seattle, for example, there are multiple PDAs with separate missions. All with limited scopes of purpose, funding streams and members chosen to serve those PDAs. Funding for PDAs, is most likely to be project based rather than cross-collateralized by public sources or funds. PFDs, like PDAs generally focus on a project but it is normal for a PFD to fund one or more projects than the express intent of a PDA which only seeks to accomplish the one project, typically.

Research Post-Interview
Orrick – Public Finance

HSP Findings After Interview

Case Study (continued): **Pike Place Market Preservation and Development Authority (Seattle)**

- The Pike Place Market Preservation and Development Authority (PDA) is a public corporation chartered by the City of Seattle in 1973. As a public trustee, the PDA serves as the caretaker and steward of the City's historic Pike Place Public Market, per the Seattle City Clerk's Office. The PDA owns and manages the majority of the buildings and open spaces in the Market Historic District.
- The PDA provides retail space to over 200 businesses, 200 craftspeople and almost 100 farmers on an annual basis, according to the Seattle City Clerk's Office. The PDA is tasked with "ensuring the traditional character of the Public Market is preserved." Any activity that needs renewing, rehabilitating, preserving, restoring as well as structures and open spaces in and around the Market that may need developing – are also included in the PDA's mission and purpose.
- The Pike Place Market Preservation and Development Authority (PDA) is also responsible, in part through its mission, to continue the opportunity for Public Market farmers, merchants, residents, shoppers and visitors to be able to conduct commerce related activities.
- The PDA is charged with initiating programs to expand food retailing in the District, especially the sale of local farm produce.
- The PDA is also charged with preserving and expanding residential opportunities, especially for low-income people.

Research Post-Interview
Orrick – Public Finance

Commonly Asked Questions

HSP prepared the following information to educate stakeholders in the community with additional information should these commonly asked questions arise. Portions of research from the *City and County Options for Creative Financing: PFDs, PDAs and 501c3s* by Preston, Gates and Ellis, LLP is included below.

- **Would the project be benefited by private sector involvement?**
  - The appointment of such individuals to a PDA, PFD or nonprofit board may be very beneficial to a project. Diversity of thought and varying experiences from the private sector can often complement knowledge gained by professionals in the public sector, especially in government.
  - It may relieve the elected officials of the local government to some room for additional thought from those outside of the immediate political forces that are present everyday in elected work. If done carefully, these alternative structures can balance the independence of private decision making with the transparency of public decision making.
- **Can more than one model be used for a project?**
  - By drafting a contract or interlocal agreement, the assets of various entities can be brought to a transaction. For example, a tourism facility may need sales taxes revenue from a PFD and lodging taxes from a city. It may also need the support of board members from the hospitality industry. <u>The project could be leased from a public owner or a private non-profit organization.</u> The construction, ownership and operations needs can be allocated by agreement between entities, as long as local and state statues are followed, in particular rules regarding illegal against gifts, misuse of public funds and the lending of public credit.

Research Post-Interview
Orrick – Public Finance

Commonly Asked Questions (continued)

- **Are these projects subject to public bidding and prevailing wages?**
    - If the project is built on **public land** and will be **publicly owned**, it will be a public work subject to public bidding or other public procurement procedures and prevailing wages. If the project is constructed and **owned by a private entity** on **private land** but more than 50 percent will be used by the public, then its construction is subject to prevailing wage.
    - If the project is built on private land with private funds, but is sold on a "turnkey" basis upon construction to a public entity, it is probably not subject to public procurement procedures but would be subject to prevailing wages. These are complicated issues. Interpretation and potential disagreement is possible, so HSP advises one to seek legal council to reach a definitive conclusion.
- **Can a city or county maintain control over a PFD, PDA or nonprofit corporation?**
    - The relationship between these entities is usually that of one at "arms-length" from one another. Each do have the ability to enforce contractual obligations, and by allowing other entities to assume the duties of the project, removing the city or county government allows the government to defer risk thus maintaining an easier operational relationship with with entities.
    - In short, the city or county will need to weigh the advantages of variables on a case by case basis with the disadvantages of reduced control. Mitigating risk to the taxpayer is of highest fiscal prudence and through clear legal provisions the selection of board members and other triggers for transparency ought to crate a formula for cooperation.

Research Post-Interview
Orrick – Public Finance

HSP Findings After Additional Research

Intergovernmental Agreements/Interlocal agreements (IGA)/(ILA)

- IGAs can reduce complication and deliver greater efficiency, like create economies of scale, through a range of efforts. Agreements created must be filed with the county auditor or posted on a public agency's website or other electronically retrievable public source (*RCW 39.34.040).*
- *RCW 39.34* permits any State agency to enter into a cooperative agreement with an Indian Tribe for their mutual advantage and cooperation.
- Inter-governmental agreements do not necessarily raise funds from any jurisdiction, but rather, are agreements which allow financial activity and other business functions to occur between entities, to increase productivity and blend the benefits of business and enterprise into public projects which can reduce duplication of efforts by traditional bodies of government.
- Inter-governmental agreements will outline the purposes, powers, rights, objectives, and responsibilities of the contracting parties.
- Inter-governmental agreements allow for any joint boards created and pursuant to the RCW may receive, funds, loans or grants. These funds include loans or grants of federal, state or private funds in order to accomplish the purposes of the project provided each of the participating public agencies is authorized by law to receive such funds. *(RCW 39.34.070).*

Chapter 5

Part II – Third-party private management

Governance and Management

Governance Options

The following pages show examples of how other youth sports tournament facilities are operated, including:

- Third-party private management
  - Company
  - Individual Contractor/Contracted Position
- Authority owned and managed
- Anchor tenant-operated (Sport Association)
- Parks & Recreation Department
- Public-Private Partnership

Governance and Management

Private Management – Pros

Private management companies operate approximately 18 percent of all small civic sports and entertainment venues.

- Third party management companies have the advantage of strength in numbers in terms of their access to talent in their network, relationships with vendors, sponsors and others
- Access to a network of venues means more leverage and more events. Third-party management tends to have networks of national and regional event promoters, planners and other facility users for bringing in new events
- Some third-party management companies provide capital investment, especially if the contract is for a long term
- Competition drives improvements as several primary management companies compete for contracts.
- Third party management can handle management issues such as discipline, pay, human resources and others and can hire/fire to meet the mission of the enterprise
- Management companies generally know how to maximize revenue and minimize expenses without negatively impacting the quality of service. They also have the ability and experience to appropriately staff the facility which can save issues and expenses that are the result of overstaffing and understaffing

Governance and Management

Private Management – Pros

- Third party management can maintain continuity in the case of turnover because other equally experienced parties can be brought in to assist with operations
- Third party management is a way to separate an organization from the tough decisions that need to be made
- Third-party managers are experienced in negotiating food and beverage contracts, advertising and sponsorship deals and other related deals for the facility
- Performance-based compensation is often standard. This means that the third-party management company will be aggressive and comprehensive in their sales and marketing programming

Private Management – Cons

- The client can feel like they are losing control of their processes and day-to-day management
- Learning curve can be an issue for someone new to the area
- Third-party managers can sometimes use smaller venues as a "training ground" for their own staff and have a revolving door of staff that they move in and out of facilities
- Management fees can be high and the professional manager may concentrate only on their own bottom line without necessarily considering the larger community as a whole
- Private management companies do charge fees above and beyond the cost of their general manager. The management fee is typically a flat amount with a bonus that can be achieved by meeting certain goals annually. These deal points are critical to the success of the facility and should be reviewed carefully as deal negotiation is key. Ultimately, the efficiency, customer service, and financial results produced via the management company should more than make up for their fee
- Most youth sports facilities with private management pay them $150k -$250k per year on top of normal staffing and other expenses

Governance and Management

Private Management Example: SFA/SFM

- Based in Florida, Sports Facilities Advisory/Sports Facility Management (SFA/SFM) helps to open and manage youth and amateur sports facilities throughout the U.S.
- SFA has experience in several comparable facilities throughout the country, with a specialty focus on "court sports." Some of these top facilities include Round Rock Sports Center (Round Rock, TX), Rocky Top Sports World (Gatlinburg, TN) and Myrtle Beach Sports Center (Myrtle Beach, SC), among others.

Round Rock Sports Center

Rocky Top Sports World

Myrtle Beach Sports Center

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Governance and Management

Private Management Example: SFA/SFM

- Nationwide marketing reach is one of the key selling points
- Open and willing to work with local partners – not a lot of clarity on what that would look like
- Convention Center model – charge between $100k - $300k per year
  - Typically work with a large number of courts/fields
  - Room night generation is the key
- Have relationships with major sponsors across professional sports
- Value add:
  - Typically hire a general manager with outside experience to relocate
  - All other employees are hired within the local community
- Detailed marketing strategies:
  - Digital assets
  - Grass roots
  - Social media
  - Digital presence
  - Grand opening marketing

Governance and Management

Local Government Corp (Authority)

- The authority model combines the best elements of public and private ownership and management
- The model is often used for major public venues like convention centers, arenas, youth sports complexes and others
- A public, non-profit authority is set up to take ownership of the asset
- Appointees to the authority board come from mayor and council, typically 3 each, plus one member appointed by the local tourism entity. This can vary depending on the situation
- The Authority has a revenue stream to fund operations at the facility they are charged with. Typically a portion of the hotel or meals tax
- The Authority hired a general manager OR a management company to run the facility. In Lacey's case, an experienced individual should be hired to manage the facility and attract tournaments, and can hire part-time staff as need to assist in running the facility
- The Authority can have an arrangement to provide maintenance services inside and outside the facility for a nominal charge

Governance and Management

Anchor-Operated Model

- The anchor-operated model combines the best elements of private management and a built-in user and tournament organizer
- The model is used when there is a local or area sports organization, such as a basketball or volleyball league, that has a strong track record financially and organizationally, and can manage the facility on behalf of the client or an authority.
- The sports anchor may pay a lease or may have a free lease, so long as they take responsibility for all revenue and expenses at the facility and keep the client's financial operating loss risk to zero.
- Lease terms would need to ensure that the anchor tenant allowed for other teams and organizations to rent and use the facility.
- The focus should be on maximizing usage, revenue and tournament activity.
- This model has worked at Grand Park in Westfield, Indiana

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Governance and Management

Anchor-Operated Model Example: Grand Park (Westfield, IN)

- 100% owned by the city – anchor tenants are the managers and pay a lease take care of expenses
  - Indiana Soccer Association leases and manages the multi-purpose fields
  - Indiana Bulls Baseball leases and manages the diamonds
  - Anchor tenants receive majority of rental revenue, city shares in other revenue streams
- The City receives 100% of parking, a portion of apparel, hotel rebates
- Encourages event ownership

Private Development Realities

While there have been indoor and outdoor facilities developed privately, the financial realities of the business make it difficult to sustain a private business model. Typically, someone who is connected in the business and passionate about specific sports undertakes these developments at great personal cost/risk. Often they go bankrupt or are sold for much less than developed, as the net cash flows do not support the upfront development cost/debt load.

Other factors at play:

- The location of the facility is near the developer's house. Finding a private developer to care as much as you do about this facility in this place and work days/nights to make it work can be difficult. This is why HSP often looks for existing local talent in terms of groups or people who can manage the facility and attract tournaments
- Most privately-developed facilities are smaller (2-4 courts), with lower quality of equipment & amenities
- They are not able to host large tournaments due to size
- They often cannot keep up with needed renovations due to cash flow
- There is often very little room for seating or spectators

Pacific West Athletic Center

Conversations with representatives from Pacific West Athletic Center (PWACA) indicated the following:

- They claimed that smaller facilities are not feasible or profitable.
- They believe a mega-facility is the only and right-sized fit for Lacey.
- PWACA mentioned that SFA Clearwater doing their feasibility study and that they would own the facility, not the City of Lacey.
- HSP discussed with SFA and the firm had not been contacted to complete a feasibility study
- No sites have been selected yet --- they want to identify partners and came to the meeting to discuss ideas.
- Background in sports and athletics.

Governance and Management

Parks and Recreation

Pros:

- Community focus
- Programming for local population (classes, camps, etc.)
- Controlled by government
- Able to use government resources to do things that may not be affordable to private operators
- Can share people and resources between venues like the RAC

Cons:

- Controlled and bound by government rules, bureaucracy
- Not as nimble or flexible to demands, needs and opportunities of fast-moving enterprise
- Not as focused on revenue maximization, expense minimization
- Can be influenced by politics and local government
- Salary and benefit costs are much higher than private sector employment or contract
- Overall results expected to be less robust

Governance Slide
Public-Private Partnership

HSP believes removing the economic burdens from the city and allowing a private-public partnership governance model to either control operations and/or manage the facility may create cost saving solutions increasing its feasibility.

- Lacey could create a quasi-governmental, non-taxing entity to oversee the facility such as what has been created for LOTT, Downtown Association, or Travel Tacoma.
- Lacey is able to work in partnership with a non-profit organization.
- For example, there are current agreements with non-profits such as PARC Foundation, Senior Services for South Sound, Veteran Services.
- A project like the Sports Facility would be a large undertaking for a local non-profit.
- The only non-profit organizations could manage or govern a facility like this are Boys & Girls Club or YMCA. The YMCA is not interested in the project unless it fits their typical facility model which would include a fitness center and pool.
- The economic burden is too great for these organizations to absorb from the City.

Chapter 6

Recommendations

Headlines

The HSP Phase II analysis findings offered key headlines:

- Phase I included several options for indoor turf and track/field. Based on the funding restrictions discovered during the process, the smallest and most impactful facility should be the focus. Currently, that option is the a 6-court facility ($18.3 million), While it would not be as competitive for major tournaments as an 8-court facility, it is the smallest option for tournament impact and therefore has a higher chance of being funded.
- To bring a project like this to market requires financial and political capital. Funding options are quite limited. HSP assessed a number of public, private and non-profit options. At this point, a combination of funding sources would be required for any project to achieve funding. These include the potential for LRF funds, beneficial investment from the Nisqually Tribe and potential grant funds related to non-profit usage. All other options, such as PFD, TPA and others, are either not available or highly unlikely.
- The only viable site that would allow for all three of these funding sources is the Gateway site.
  - The Nisqually Tribe will be required to assist in funding the Project if the facility is located on the Tribe owned parcel adjacent to Cabela's. HSP believes this is the best and only viable site for the project. The Tribe plans to develop the Gateway site with additional retail/restaurant and potential hotels and therefore would be synergistic with the indoor tournament sports venue. It would also generate additional tax revenue that could be recaptured or otherwise benefit the community and project.
  - Gateway is the only site which qualifies for LRF funds (the LRF application was approved previously by the State of Washington). Of the programs offered, LRF is a significant tax-recapture funding tool. Together, the LRF funds (sales tax credit up to $1 million annually) and Tribe represent the best path to bring this project to fruition. To date, the Tribe has not formally agreed to partner with the City, although strong interest persists. However, there are deadlines that will be hard to meet in order for the project to qualify.

Headlines

- In addition to the Nisqually Tribe and major sports groups, a key potential user group for the new facility is the Boys and Girls Club. Their usage may also help to fill "off hours" and leverage grants. These groups are key to ensure maximum capacity, usage and revenue for the facility.
- The key anchor tenants recommended at this time include: Get Game Got Game, South Sound Roots and USA Volleyball Pac NW. Benefits for these groups include a diverse mix of sports, schedules that will maximize use and set up sustainable streams of revenues from several groups which reduces risk of relying on only one or two tenants.
- Management options include public, public enterprise, private and non-profit. Based on the existing management of the nearby Regional Athletic Complex and the ability to share some staffing and other resources, HSP believes the synergies provided by co-management of the RAC and Indoor Complex could reduce expenses. An alternative is to hire a national management firm like SFM. SFM will likely operate the facility efficiently and aggressively, but will also incur a $250,000+/- fee. The City of Lacey could also offer a competitive RFP process where the City bids against private companies to grant the best outcome for the residents of Lacey.

Conclusion

HSP believes that the funding options are limited without the City or Tribe committing to direct funding. Existing programs like the LRF and TPA can help in different ways (LRF for some leveraged funds and TPA for marketing dollars), but *no existing tools will generate the funds needed to finance the Project*, even the 6-court $18+/- million facility.

As such, the City of Lacey would need to determine if the Nisqually Tribe is serious about leading this funding effort on their side, with the City assisting in terms of management of the facility and helping to work through the LRF funding tool, if achievable. The TPA can be leveraged for marketing, as can South Sound Sports .

Chapter 7

Updated Budgets

Amenities – Recommended Building

The recommended Project is intended to address the necessary needs to support increased visitation to the Lacey area, as well as accommodate local groups. The Project entails various components that can be considered in developing the multipurpose indoor facility. The components considered include:

- The demand and needs for indoor athletic facilities.
- The supply of athletic facilities for underserved sports and activities.
- The number of athletic facilities needed to recapture, attract and support more events.

The Project intends to integrate these elements to establish the highest and best use as a multipurpose sports and event center, but also increase economic activity. HSP collaborated with Perkins + Will to develop a development concept for a new multipurpose indoor facility.

HSP recommends that Lacey develop the following program for a new indoor multipurpose indoor venue.

Basketball Facilities. HSP recommends developing eight basketball courts. The 84' x 50' courts will be large enough for all high school and younger play. This will maximize the potential usage within the building for local and tournament play and generate more revenue to offset operating expenses.

Volleyball Facilities. HSP recommends developing 16 volleyball courts. With appropriate perimeter space to provide safe playing conditions, two volleyball courts can be programmed per each basketball court. This will also maximize usage and spread costs over a larger revenue base.

Amenities – Recommended Building

Storage: In addition to basketball, volleyball, and track, HSP recommends that the proposed facility offer enough storage space to store equipment and accessories necessary to host additional evens such as wrestling, gymnastics, and table tennis.

Parking. A common challenge expressed among tournament organizers is that facilities do not have enough parking. Ample parking should be provided for the facility, whether it is accommodating sports tournaments and league play, meetings, shows, or other events. A common metric used for athletic facilities is to allocate 75 to 100 parking spaces per court. In order to accommodate the parking needs for the recommended facilities, 600 to 800 parking spaces would need to be programmed onsite. Options for overflow parking and shuttling should be provided.

Concessions. An efficient concessions operation should be included in the facility. Given that events can often be full-day or several days, the concession options should go beyond the basics and provide more robust options, especially until nearby walkable restaurants are developed (depending on site). Concessions can be a significant revenue source for venues if events and food and beverage policies are properly implemented. Venues and events are restricting outside food and beverages in an effort to maximize onsite spending during events.

Seating. Seating expectations for youth sports are based on feedback from volleyball and basketball groups, and there are no seating requirements for tournaments. The two typical seating arrangements are folding chairs around the court (approx. 90 seats) or the use of three-to-five row portable bleachers. Typically, the younger the participant the more visitors and the more likely visitors will remain at the facility during the event. For younger ages, it is estimated as high as 90 percent of total visitors will stay/circulate rather than leave the facility during the event. Any track component will require retractable bleachers for approximately 2,000 spectators.

Internet/Wi-Fi. Event organizers lose capacity and effectiveness when they do not have access to sufficient Internet bandwidth. The facility should host a specific Internet connection (preferably wireless).

Amenities – Recommended Building

Locker/Changing Rooms. HSP recommends two to four locker/changing rooms, at least one for players and one for officials. Facilities are transitioning towards changing rooms in order to eliminate shower facilities (plus associated utility and maintenance costs) and program the rooms based on the events. For example, men and women locker rooms limit the use. However, if they are unisex changing rooms, the facility can make more rooms for women during a girls' volleyball tournament.

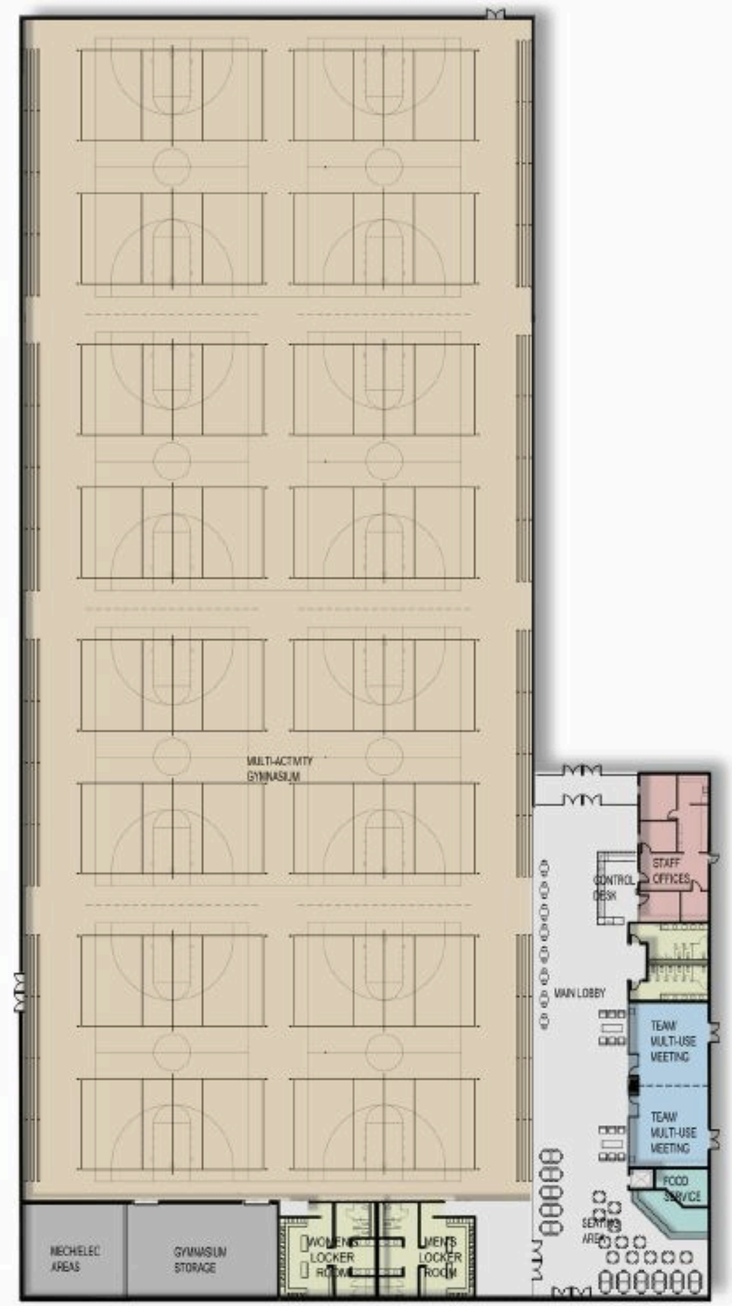
Multipurpose Rooms. Areas for event organizers and staff. Event organizers need locations for event headquarters to conduct their business and meetings. Also, tournament officials and referees regularly do not have a base location to change or operate from. Two multipurpose rooms, with bathrooms are recommended. In addition, these rooms can act as group fitness or meeting rooms during non-event times, providing an additional revenue source.

Result/Scoreboards. Provide space for scorekeepers and a visible scoreboard for courts.

Rendering – Recommended Building

The adjacent figure, prepared by Perkins + Will, shows a concept layout for the recommended base scenario. This concept includes all components recommended by HSP for this scenario. As discussed, the majority of the events at the complex would be adequately serviced by portable bleachers shown on either end of the court area. Additional seating can be programmed into the concept, but this would not be recommended by HSP and Perkins + Will.

While the 8-court facility is ideal, without the funding needed, HSP also recommends a 6-court facility. The models shown in the following slides are based on an 8-court model.



Budget – Recommended Building

The adjacent table, prepared by Perkins + Will, details the expected project costs for the recommended base scenario shown on the previous slide. A detailed breakdown of line items is included on the following slide.

Lacey Indoor Fieldhouse Program

	Net Sq. Ft.	$/SF	Const. Cost	Non-Const. $	Total Cost
Base Building Improvements					
Lobby/Lounge Renovation	3,900	$332	$1,295,000	$362,600	$1,657,600
Locker & Team Rooms	3,500	$312	$1,093,000	$306,040	$1,399,040
Staff & Administration Office Areas	1,563	$289	$451,250	$126,350	$577,600
Subtotal Base Support Spaces	**8,963**		**$2,839,250**	**$794,990**	**$3,634,240**
Program Spaces					
Multi-Activity Gymnasium Space	52,030	$216	$11,220,000	$3,141,600	$14,361,600
Multipurpose Meeting/Rental Rooms	2,750	$280	$770,000	$215,600	$985,600
Restaurant/Food Service Area	3,500	$280	$980,000	$274,400	$1,254,400
Subtotal Program Spaces	**58,280**		**12,970,000**	**3,631,600**	**16,601,600**
Subtotal Building Costs	**67,243**		**15,809,250**	**4,426,590**	**20,235,840**
Site Development			$2,590,504	$725,341	$3,315,845
Project Total			**$18,399,754**	**$5,151,931**	**$23,551,685**

Source: Perkins + Will

Budget – Recommended Building

Perkins + Will projects the 67,000-square foot facility to cost $23.5 million including base site development and non-construction costs (contingency, professional services, FF&E, and other miscellaneous expenses).

Lacey Indoor Fieldhouse Program

	Net Sq. Ft.	$/SF	Const. Cost	Non-Const. $	Total Cost
Base Building Improvements					
Lobby /Lounge Renovation				28.0%	
Entry Hall/Lobby/Vestibule	2,000	$300	$600,000	$168,000	$768,000
Reception/Control Area	300	$350	$105,000	$29,400	$134,400
Casual Lounge Seating / Viewing Areas	1,000	$350	$350,000	$98,000	$448,000
Public Restrooms	600	$400	$240,000	$67,200	$307,200
Total Lobby Areas	3,900	$332	$1,295,000	$362,600	$1,657,600
Locker & Team Rooms					
Men's General use locker room	1,000	$325	$325,000	$91,000	$416,000
Women's General use locker room	1,000	$325	$325,000	$91,000	$416,000
Team changing rooms (2)	600	$325	$195,000	$54,600	$249,600
Family Change Rooms (2)	200	$400	$80,000	$22,400	$102,400
Mech./Circ./Walls/Struct., etc.	700	$240	$168,000	$47,040	$215,040
Total Locker Rooms	3,500	$312	$1,093,000	$306,040	$1,399,040
Staff Administration Office Areas					
Offices (3 @ 120sf ea)	360	$300	$108,000	$30,240	$138,240
Open Work Area for 3 People	240	$300	$72,000	$20,160	$92,160
Conference Room for 8-10	300	$300	$90,000	$25,200	$115,200
Break Room/Work Room	250	$350	$87,500	$24,500	$112,000
Storage	100	$250	$25,000	$7,000	$32,000
Mech./Circ./Walls/Struct., etc.	313	$220	$68,750	$19,250	$88,000
Total Staff Areas	1,563	$289	$451,250	$126,350	$577,600
Subtotal Base Support Spaces	**8,963**		**$2,839,250**	**$794,990**	**$3,634,240**
Program Spaces					
Sport & Fitness Areas					
Multi-Activity Gymnasium Space					
MAC Gymnasium (8-50'x84' courts, 16 vball courts	45,000	$220	$9,900,000	$2,772,000	$12,672,000
Bleacher seating and viewing	1,200	$220	$264,000	$73,920	$337,920
Viewing and Team Aeras	500	$220	$110,000	$30,800	$140,800
Gymnasium Storage (shared w/ Fieldhouse)	600		$0	$0	$0
Mech./Walls/Struct., etc.	4,730	$200	$946,000	$264,880	$1,210,880
Total Gymnasium	52,030	$216	$11,220,000	$3,141,600	$14,361,600
Amenity Program Areas					
Multipurpose Meeting/Rental Rooms					
Multi-use Rooms (2 @900sf ea.)	1,800	$300	$540,000	$151,200	$691,200
Storage	400	$300	$120,000	$33,600	$153,600
Mech./Circ./Walls/Struct., etc.	550	$200	$110,000	$30,800	$140,800
Total Meeting Rooms	2,750	$280	$770,000	$215,600	$985,600
Restaurant/Food Service Area					
Food Prep and Serving area	800	$300	$240,000	$67,200	$307,200
Seating Area	2,000	$300	$600,000	$168,000	$768,000
Mech./Circ./Walls/Struct., etc.	700	$200	$140,000	$39,200	$179,200
Total Food Service	3,500	$280	$980,000	$274,400	$1,254,400
Subtotal Building Costs	**67,243**		**$15,809,250**	**$4,426,590**	**$20,235,840**
Site Development					
Base Site Development					
Parking (Parking for 400 cars)	105,000	$9	$945,000	$264,600	$1,209,600
Entry Drives	9,600	$13	$124,800	$34,944	$159,744
Earthwork/site prep	172,243	$2	$344,485	$96,456	$440,941
Landscaping (50% of developed area)	134,485	$3	$403,455	$112,967	$516,422
Plazas, Sidewalks, Patios, etc	26,897	$12	$322,764	$90,374	$413,138
Site Lighting			$100,000	$28,000	$128,000
Utilities Allowance			$250,000	$70,000	$320,000
Miscellaneous			$100,000	$28,000	$128,000
Subtotal Site Development Costs			**$2,590,504**	**$725,341**	**$3,315,845**
Base Project Total			**$18,399,754**	**$5,151,931**	**$23,551,685**

Source: Perkins+Will

Chapter 8

Updated Demand, Financial Projections and Impact

Public Management:
Updated Demand and Financial Projections

Events

The projection model assumes that the Lacey indoor sports facility will be a multi-sport facility, but will primarily cater to basketball, volleyball and other flat floor uses. The facilities have been programmed to not only accommodate, but also attract area clubs, organizations and regional tournaments for each sport. The programming includes various sized tournaments, non-competition events (meetings, special events, etc.) as well as hourly use, which may include practices, camps and league use.

The adjacent table shows the number of annual events assumed for each use. By stabilization HSP projects the indoor complex to host 93 annual events.

Indoor Sports Facility: Projected Schedule of Events by Category and Year

Category	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Volleyball Tournaments	9	10	11	12	12	12	12	12	12	12
Basketball Tournaments	8	9	10	10	10	10	10	10	10	10
Wrestling Meets	6	6	7	7	8	8	8	8	8	8
Other Sporting Events	8	9	10	11	11	11	11	11	11	11
Meetings/Seminars	6	8	10	12	14	14	14	14	14	14
Banquets/Special Events	12	14	16	18	16	16	16	16	16	16
Other Events	14	16	18	20	22	22	22	22	22	22
Total	***63***	***72***	***82***	***90***	***93***	***93***	***93***	***93***	***93***	***93***
Average Hourly Court Rate	7,168	7,383	7,605	7,833	8,068	8,310	8,559	8,816	9,080	9,353

Source: Hunden Strategic Partners

Hourly Rentals

During peak season of operation from September through April, the indoor complex could have a schedule that resembles the adjacent graphic. Timeslots from 4:00pm through 10:00pm in the evenings will be dominated by basketball and volleyball practices. Adult basketball leagues, open pickleball for seniors, and Boys & Girls Club programming will help to fill some of the daytime court space. Ideally, nearly every weekend will be programmed with an event from Friday through Sunday.

Projected Calendar - Peak Season

	Monday - Thursday								Friday	Saturday	Sunday
Time	Court 1	Court 2	Court 3	Court 4	Court 5	Court 6	Court 7	Court 8	All Courts	All Courts	All Courts
6:00am - 9:00am	AB	AB	PB	PB	BGC	BGC					
9:00am - 11:00am			PB	PB							
11:00am - 1:00pm	AB	AB	PB	PB							
1:00pm - 4:00pm			PB	PB	BGC	BGC					
4:00	BP	BP	BP	BP	VP	VP	VP	VP			
5:00	BP	BP	BP	BP	VP	VP	VP	VP	Event	Event	Event
6:00	BP	BP	BP	BP	VP	VP	VP	VP			
7:00	BP	BP	BP	BP	VP	VP	VP	VP			
8:00	BP	BP	BP	BP	VP	VP	VP	VP			
9:00	BP	BP	BP	BP	VP	VP	VP	VP			
10:00	BP	BP	BP	BP	VP	VP	VP	VP			

Source: Hunden Partners

BP	Basketball Practice
VP	Volleyball Practice
BGC	Boys & Girls Club
AB	Adult Basketball
PB	Pickleball
Event	Event

Attendance

Based on the number of average days per event, the adjacent table shows the number of event days projected for the facility. By stabilization, HSP projects that the Lacey indoor complex will generate 129 event days per year.

Indoor Sports Facility: Projected Schedule of Event Days by Category and Year

Category	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Volleyball Tournaments	18	20	22	24	24	24	24	24	24	24
Basketball Tournaments	16	18	20	20	20	20	20	20	20	20
Wrestling Meets	12	12	14	14	16	16	16	16	16	16
Other Sporting Events	12	14	15	17	17	17	17	17	17	17
Meetings/Seminars	6	8	10	12	14	14	14	14	14	14
Banquets/Special Events	12	14	16	18	16	16	16	16	16	16
Other Events	14	16	18	20	22	22	22	22	22	22
Total	*90*	*102*	*115*	*125*	*129*	*129*	*129*	*129*	*129*	*129*

Source: Hunden Strategic Partners

The adjacent table shows the total number of visitors (participants and spectators) expected at the facility. Family and friends accompany most of the participants. Tournaments are assumed to bring between one and two spectators per participant. Trends show that the younger the participant, the more family and friends accompany the participant to the event. By stabilization, HSP projects the facility to attract more than 125,600 attendees per year.

Indoor Sports Facility: Projected Attendance by Category and Year

Category	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Volleyball Tournaments	45,600	50,700	55,800	60,800	60,800	60,800	60,800	60,800	60,800	60,800
Basketball Tournaments	15,400	17,300	19,200	19,200	19,200	19,200	19,200	19,200	19,200	19,200
Wrestling Meets	14,400	14,400	16,800	16,800	19,200	19,200	19,200	19,200	19,200	19,200
Other Sporting Events	7,800	8,800	9,800	10,700	10,700	10,700	10,700	10,700	10,700	10,700
Meetings/Seminars	300	400	500	600	700	700	700	700	700	700
Banquets/Special Events	3,000	3,500	4,000	4,500	4,000	4,000	4,000	4,000	4,000	4,000
Other Events	7,000	8,000	9,000	10,000	11,000	11,000	11,000	11,000	11,000	11,000
Total	*93,500*	*103,100*	*115,100*	*122,600*	*125,600*	*125,600*	*125,600*	*125,600*	*125,600*	*125,600*

Source: Hunden Strategic Partners

Financial Projections

The next table is a consolidated estimate of revenue and expense for the facility. The model assumes events will pay daily, hourly or facility rental fees to use the facility, based on fees charged at comparable facilities. This model assumes no revenue parking for events at the facility. As shown, rental fees are projected to be the largest revenue source, increasing to more than $904,000 by Year 5. Other revenue sources include net concessions, net novelties, and advertising/sponsorships. For concessions and novelties, the facility shares a percentage of gross sales. Many facilities do not allow outside food in order to drive onsite food and beverage sales and minimize post-event cleaning and maintenance. Advertising and sponsorship opportunities should be available, given the size and programming of the indoor sports facility. Depending on how current staff members in Lacey are utilized, salary expense could decrease significantly and help to minimize the operating deficit.

Indoor Sports Facility: Financial Projection (thousands of inflated dollars)

	Fiscal Year									
Item	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Operating Revenue										
Rent	$699	$752	$817	$866	$904	$931	$959	$987	$1,017	$1,048
Concessions	$93	$105	$121	$132	$140	$144	$149	$153	$158	$163
Novelties	$6	$7	$8	$9	$10	$10	$10	$10	$11	$11
Advertising and Sponsorship	$72	$80	$89	$98	$101	$104	$107	$111	$114	$117
Other Revenue	$23	$28	$32	$37	$38	$39	$41	$42	$43	$44
Total Revenue	**$893**	**$972**	**$1,068**	**$1,142**	**$1,193**	**$1,229**	**$1,266**	**$1,304**	**$1,343**	**$1,383**
Operating Expense										
Fixed										
Salary - Permanent Staff	$412	$424	$437	$450	$464	$478	$492	$507	$522	$538
Benefits - Permanent Staff	$152	$157	$162	$167	$172	$177	$182	$187	$193	$199
Wages - Part-Time Staff	$299	$308	$317	$327	$337	$347	$357	$368	$379	$390
General and Administrative	$59	$61	$63	$64	$66	$68	$70	$73	$75	$77
Utilities	$96	$99	$102	$105	$108	$111	$115	$118	$122	$125
Repairs and Maintenance	$42	$43	$45	$46	$47	$49	$50	$52	$53	$55
Insurance	$30	$31	$32	$33	$34	$35	$36	$37	$38	$39
Communications	$8	$8	$8	$9	$9	$9	$10	$10	$10	$10
Advertising	$45	$46	$48	$49	$51	$52	$54	$55	$57	$59
Misc.	$12	$12	$13	$13	$14	$14	$14	$15	$15	$16
Total Expenses	$1,155	$1,190	$1,226	$1,263	$1,300	$1,339	$1,380	$1,421	$1,464	$1,508
Deposit to Maintenance Reserve	$22	$24	$27	$29	$30	$31	$32	$33	$34	$35
Net Operating Income (Deficit)	($284)	($242)	($185)	($149)	($137)	($141)	($146)	($150)	($154)	($159)

Source: Hunden Strategic Partners

Financial Projections

The adjacent table shows the rental assumptions and revenue projections for the Lacey Indoor facility. As shown, there are hourly and daily rental fees. Daily and event rates will likely be determined on a case-by-case basis based on the number courts and amenities requested as well as if the event will be a full facility rental.

The adjacent table details the rent projections for the Lacey Indoor facility.

Rental Rates by Event Type

	Facility Rental Rate
Volleyball Tournaments	$4,500
Basketball Tournaments	$4,500
Wrestling Meets	$4,500
Other Sporting Events	$4,500
Meetings/Seminars	$250
Banquets/Special Events	$1,000
Other Events	$1,500
Average Hourly Court Rate	$55

Source: Hunden Strategic Partners

Indoor Sports Facility: Projected Rental Revenue

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Volleyball Tournaments	$83,430	$95,481	$108,180	$121,555	$125,202	$128,958	$132,826	$136,811	$140,916	$145,143
Basketball Tournaments	$74,160	$85,933	$98,345	$101,296	$104,335	$107,465	$110,689	$114,009	$117,430	$120,952
Wrestling Meets	$55,620	$57,289	$68,842	$70,907	$83,468	$85,972	$88,551	$91,207	$93,944	$96,762
Indoor Track Meets	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Sporting Events	$55,620	$64,450	$73,759	$83,569	$86,076	$88,658	$91,318	$94,058	$96,879	$99,786
Meetings/Seminars	$1,545	$2,122	$2,732	$3,377	$4,057	$4,179	$4,305	$4,434	$4,567	$4,704
Banquets/Special Events	$12,360	$14,853	$17,484	$20,259	$18,548	$19,105	$19,678	$20,268	$20,876	$21,503
Other Events	$21,630	$25,462	$29,504	$33,765	$38,256	$39,404	$40,586	$41,803	$43,058	$44,349
Total	**$304,365**	**$345,588**	**$398,845**	**$434,728**	**$459,942**	**$473,740**	**$487,952**	**$502,591**	**$517,669**	**$533,199**
Hourly Rentals	**$394,240**	**$406,067**	**$418,249**	**$430,797**	**$443,721**	**$457,032**	**$470,743**	**$484,865**	**$499,411**	**$514,394**
Total Rental Revenue	**$698,605**	**$751,655**	**$817,095**	**$865,524**	**$903,663**	**$930,772**	**$958,696**	**$987,457**	**$1,017,080**	**$1,047,593**

Source: Hunden Strategic Partners

Financial Projections

The adjacent table show the full-time and part time employees projected for the facility. The Facility Director will be the highest compensated staff member, followed by the Director of Operations and Chief Engineer/Grounds. Full-time staff is projected to cost $412,000 plus benefit costs of approximately 33 percent of salaries. Part-staff is expected to cost an additional $299,000.

Indoor Sports Facility
Salary Assumptions

Position	Full-Time	Total Compensation
Facility Director	1.0	$100,000
Director of Operations	1.0	$65,000
Chief Engineer/Grounds	1.0	$55,000
Operations Manger	1.0	$55,000
Sales & Marketing Manager	1.0	$52,000
Facility Maintenance	1.0	$45,000
Administrative	1.0	$40,000
	7.0	**$412,000**

Position	Part-Time	Total Compensation
Operations/Maintenance Technician	2.0	$41,600
Marketing Coordinator	1.0	$18,720
Facility Program/Service Staff	17.0	$238,680
	20.0	**$299,000**

Source: Hunden Strategic Partners

Financial Projections

The adjacent tables detail the projected gross and net concession revenue for the complex. It is assumed that 40 percent of concession revenue accrues to the facility.

Indoor Sports Facility: Projected Gross Concessions Revenue

Concessions	Gross Per Capita Income Per Day	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Volleyball Tournaments	$2.50	117,469	134,437	152,317	171,149	176,284	181,572	187,020	192,630	198,409	204,361
Basketball Tournaments	$2.50	39,552	45,831	52,451	54,024	55,645	57,315	59,034	60,805	62,629	64,508
Wrestling Meets	$2.50	37,080	38,192	45,895	47,271	55,645	57,315	59,034	60,805	62,629	64,508
Other Sporting Events	$2.50	20,085	23,273	26,635	30,178	31,083	32,016	32,976	33,965	34,984	36,034
Other Events	$2.50	18,025	21,218	24,586	28,138	31,880	32,836	33,822	34,836	35,881	36,958
Total		**$232,211**	**$262,952**	**$301,884**	**$330,761**	**$350,537**	**$361,053**	**$371,885**	**$383,042**	**$394,533**	**$406,369**

Source: Hunden Strategic Partners

Indoor Sports Facility: Projected Net Concessions Revenue

Concessions	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Volleyball Tournaments	46,988	53,775	60,927	68,460	70,514	72,629	74,808	77,052	79,364	81,745
Basketball Tournaments	15,821	18,332	20,980	21,610	22,258	22,926	23,614	24,322	25,052	25,803
Wrestling Meets	14,832	15,277	18,358	18,909	22,258	22,926	23,614	24,322	25,052	25,803
Other Sporting Events	8,034	9,309	10,654	12,071	12,433	12,806	13,190	13,586	13,994	14,414
Other Events	7,210	8,487	9,835	11,255	12,752	13,135	13,529	13,934	14,353	14,783
Total	**$92,885**	**$105,181**	**$120,754**	**$132,304**	**$140,215**	**$144,421**	**$148,754**	**$153,217**	**$157,813**	**$162,547**

Source: Hunden Strategic Partners

Financial Projections

The adjacent tables detail the projected gross and net novelties revenue for the complex. It is assumed that 15 percent of novelties revenue accrues to the facility.

Indoor Sports Facility: Projected Gross Novelties Revenue

Novelties	Gross Per Capita Income Per Day	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Volleyball Tournaments	$0.50	23,494	26,887	30,463	34,230	35,257	36,314	37,404	38,526	39,682	40,872
Basketball Tournament	$0.50	7,910	9,166	10,490	10,805	11,129	11,463	11,807	12,161	12,526	12,902
Wrestling Meets	$0.50	7,416	7,638	9,179	9,454	11,129	11,463	11,807	12,161	12,526	12,902
Other Sporting Events	$0.50	4,017	4,655	5,327	6,036	6,217	6,403	6,595	6,793	6,997	7,207
Meetings/Seminars	$0.00	0	0	0	0	0	0	0	0	0	0
Banquets/Special Ever	$0.00	0	0	0	0	0	0	0	0	0	0
Other Events	$0.00	0	0	0	0	0	0	0	0	0	0
Total		**$42,837**	**$48,347**	**$55,460**	**$60,525**	**$63,731**	**$65,643**	**$67,613**	**$69,641**	**$71,730**	**$73,882**

Source: Hunden Strategic Partners

Indoor Sports Facility: Projected Net Novelties Revenue

Novelties	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Volleyball Tournaments	3,524	4,033	4,570	5,134	5,289	5,447	5,611	5,779	5,952	6,131
Basketball Tournaments	1,187	1,375	1,574	1,621	1,669	1,719	1,771	1,824	1,879	1,935
Wrestling Meets	1,112	1,146	1,377	1,418	1,669	1,719	1,771	1,824	1,879	1,935
Other Sporting Events	603	698	799	905	932	960	989	1,019	1,050	1,081
Meetings/Seminars	0	0	0	0	0	0	0	0	0	0
Banquets/Special Events	0	0	0	0	0	0	0	0	0	0
Other Events	0	0	0	0	0	0	0	0	0	0
Total	**$6,426**	**$7,252**	**$8,319**	**$9,079**	**$9,560**	**$9,847**	**$10,142**	**$10,446**	**$10,760**	**$11,082**

Source: Hunden Strategic Partners

Private Management:
Updated Demand and Financial Projections

Events

The projection model assumes that the Lacey indoor sports facility will be a multi-sport facility, but will primarily cater to basketball, volleyball and other flat floor uses. The facilities have been programmed to not only accommodate, but also attract area clubs, organizations and regional tournaments for each sport. The programming includes various sized tournaments, non-competition events (meetings, special events, etc.) as well as hourly use, which may include practices, camps and league use.

The adjacent table shows the number of annual events assumed for each use. By stabilization HSP projects the indoor complex to host 140 annual events.

Indoor Sports Facility: Projected Schedule of Events by Category and Year

Category	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Volleyball Tournaments	11	12	13	14	14	14	14	14	14	14
Basketball Tournaments	10	11	12	12	12	12	12	12	12	12
Wrestling Meets	7	7	8	8	9	9	9	9	9	9
Other Sporting Events	8	9	10	11	12	12	12	12	12	12
Meetings/Seminars	9	10	12	14	16	16	16	16	16	16
Banquets/Special Events	18	25	32	36	42	42	42	42	42	42
Other Events	18	21	24	27	30	30	30	30	30	30
Total	*83*	*98*	*116*	*127*	*140*	*140*	*140*	*140*	*140*	*140*
Average Hourly Court Rate	7,168	7,383	7,605	7,833	8,068	8,310	8,559	8,816	9,080	9,353

Source: Hunden Strategic Partners

Hourly Rentals

During peak season of operation from September through April, the indoor complex could have a schedule that resembles the adjacent graphic. Timeslots from 4:00pm through 10:00pm in the evenings will be dominated by basketball and volleyball practices. Adult basketball leagues, open pickleball for seniors, and Boys & Girls Club programming will help to fill some of the daytime court space. Ideally, nearly every weekend will be programmed with an event from Friday through Sunday.

Projected Calendar - Peak Season

	Monday - Thursday								Friday	Saturday	Sunday
Time	Court 1	Court 2	Court 3	Court 4	Court 5	Court 6	Court 7	Court 8	All Courts	All Courts	All Courts
6:00am - 9:00am	AB	AB	PB	PB	BGC	BGC					
9:00am - 11:00am			PB	PB							
11:00am - 1:00pm	AB	AB	PB	PB							
1:00pm - 4:00pm			PB	PB	BGC	BGC					
4:00	BP	BP	BP	BP	VP	VP	VP	VP			
5:00	BP	BP	BP	BP	VP	VP	VP	VP	Event	Event	Event
6:00	BP	BP	BP	BP	VP	VP	VP	VP			
7:00	BP	BP	BP	BP	VP	VP	VP	VP			
8:00	BP	BP	BP	BP	VP	VP	VP	VP			
9:00	BP	BP	BP	BP	VP	VP	VP	VP			
10:00	BP	BP	BP	BP	VP	VP	VP	VP			

Source: Hunden Partners

BP	Basketball Practice
VP	Volleyball Practice
BGC	Boys & Girls Club
AB	Adult Basketball
PB	Pickleball
Event	Event

Attendance

Based on the number of average days per event, the adjacent table shows the number of event days projected for the facility. By stabilization, HSP projects that the Lacey indoor complex will generate 189 event days per year.

The adjacent table shows the total number of visitors (participants and spectators) expected at the facility. Family and friends accompany most of the participants. Tournaments are assumed to bring between one and two spectators per participant. Trends show that the younger the participant, the more family and friends accompany the participant to the event. By stabilization, HSP projects the facility to attract more than 172,400 attendees per year.

Indoor Sports Facility: Projected Schedule of Event Days by Category and Year

Category	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Volleyball Tournaments	22	24	26	28	28	28	28	28	28	28
Basketball Tournaments	20	22	24	24	24	24	24	24	24	24
Wrestling Meets	14	14	16	16	18	18	18	18	18	18
Other Sporting Events	12	14	15	17	18	18	18	18	18	18
Meetings/Seminars	9	10	12	14	16	16	16	16	16	16
Banquets/Special Events	18	25	32	36	42	42	42	42	42	42
Other Events	18	21	24	27	30	30	30	30	30	30
Total	*118*	*137*	*162*	*174*	*189*	*189*	*189*	*189*	*189*	*189*

Source: Hunden Strategic Partners

Indoor Sports Facility: Projected Attendance by Category and Year

Category	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Volleyball Tournaments	55,800	60,800	65,900	71,000	71,000	71,000	71,000	71,000	71,000	71,000
Basketball Tournaments	19,200	21,100	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000
Wrestling Meets	16,800	16,800	19,200	19,200	21,600	21,600	21,600	21,600	21,600	21,600
Other Sporting Events	7,800	8,800	9,800	10,700	11,700	11,700	11,700	11,700	11,700	11,700
Meetings/Seminars	500	500	600	700	800	800	800	800	800	800
Banquets/Special Events	4,500	6,300	8,000	9,000	10,500	10,500	10,500	10,500	10,500	10,500
Other Events	9,000	10,500	12,000	13,500	15,000	15,000	15,000	15,000	15,000	15,000
Total	*121,100*	*136,100*	*157,300*	*165,900*	*172,400*	*172,400*	*172,400*	*172,400*	*172,400*	*172,400*

Source: Hunden Strategic Partners

Financial Projections

The next table is a consolidated estimate of revenue and expense for the facility. The model assumes events will pay daily, hourly or facility rental fees to use the facility, based on fees charged at comparable facilities. This model assumes no revenue parking for events at the facility. As shown, rental fees are projected to be the largest revenue source, increasing to more than $1.4 by Year 5. Other revenue sources include net concessions, net novelties, and advertising/sponsorships. For concessions and novelties, the facility shares a percentage of gross sales. Many facilities do not allow outside food in order to drive onsite food and beverage sales and minimize post-event cleaning and maintenance. Advertising and sponsorship opportunities should be available, given the size and programming of the indoor sports facility. A management fee of $225,000 is assumed in this scenario.

Indoor Sports Facility: Financial Projection (thousands of inflated dollars)

	Fiscal Year									
Item	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**	**Year 7**	**Year 8**	**Year 9**	**Year 10**
Operating Revenue										
Rent	$781	$855	$956	$1,012	$1,073	$1,106	$1,139	$1,173	$1,208	$1,244
Concessions	$145	$163	$185	$201	$214	$221	$228	$234	$241	$249
Novelties	$8	$9	$10	$10	$11	$11	$12	$12	$12	$13
Advertising and Sponsorship	$72	$80	$89	$98	$101	$104	$107	$111	$114	$117
Other Revenue	$31	$38	$47	$52	$59	$61	$63	$65	$67	$69
Total Revenue	**$1,037**	**$1,145**	**$1,285**	**$1,374**	**$1,459**	**$1,503**	**$1,548**	**$1,595**	**$1,643**	**$1,692**
Operating Expense										
Fixed										
Salary - Permanent Staff	$412	$424	$437	$450	$464	$478	$492	$507	$522	$538
Benefits - Permanent Staff	$103	$106	$109	$113	$116	$119	$123	$127	$130	$134
Wages - Part-Time Staff	$299	$308	$317	$327	$337	$347	$357	$368	$379	$390
General and Administrative	$44	$45	$47	$48	$50	$51	$53	$54	$56	$57
Utilities	$88	$91	$93	$96	$99	$102	$105	$108	$111	$115
Repairs and Maintenance	$32	$33	$34	$35	$36	$37	$38	$39	$41	$42
Insurance	$30	$31	$32	$33	$34	$35	$36	$37	$38	$39
Communications	$8	$8	$8	$9	$9	$9	$10	$10	$10	$10
Advertising	$40	$41	$42	$44	$45	$46	$48	$49	$51	$52
Misc.	$9	$9	$10	$10	$10	$10	$11	$11	$11	$12
Total Expenses	$1,065	$1,097	$1,130	$1,164	$1,199	$1,235	$1,272	$1,310	$1,349	$1,390
Net Operating Income (Deficit)	($28)	$48	$156	$210	$261	$269	$277	$285	$294	$302
Deposit to Maintenance Reserve	$26	$29	$32	$34	$36	$38	$39	$40	$41	$42
Management Fee	$225	$232	$239	$246	$253	$261	$269	$277	$285	$294
Net Operating Income (Deficit)	($279)	($212)	($115)	($70)	($29)	($30)	($31)	($32)	($33)	($34)

Source: Hunden Strategic Partners

Financial Projections

The adjacent table shows the rental assumptions and revenue projections for the Lacey Indoor facility. As shown, there are hourly and daily rental fees. Daily and event rates will likely be determined on a case-by-case basis based on the number courts and amenities requested as well as if the event will be a full facility rental.

The adjacent table details the rent projections for the Lacey Indoor facility.

Rental Rates by Event Type

	Facility Rental Rate
Volleyball Tournaments	$4,500
Basketball Tournaments	$4,500
Wrestling Meets	$4,500
Other Sporting Events	$4,500
Meetings/Seminars	$250
Banquets/Special Events	$1,000
Other Events	$1,500
Average Hourly Court Rate	$55

Source: Hunden Strategic Partners

Indoor Sports Facility: Projected Rental Revenue

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Volleyball Tournaments	$101,970	$114,577	$127,849	$141,814	$146,069	$150,451	$154,964	$159,613	$164,401	$169,333
Basketball Tournaments	$92,700	$105,029	$118,015	$121,555	$125,202	$128,958	$132,826	$136,811	$140,916	$145,143
Wrestling Meets	$64,890	$66,837	$78,676	$81,037	$93,901	$96,718	$99,620	$102,608	$105,687	$108,857
Indoor Track Meets	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Sporting Events	$55,620	$64,450	$73,759	$83,569	$93,901	$96,718	$99,620	$102,608	$105,687	$108,857
Meetings/Seminars	$2,318	$2,652	$3,278	$3,939	$4,637	$4,776	$4,919	$5,067	$5,219	$5,376
Banquets/Special Events	$18,540	$26,523	$34,967	$40,518	$48,690	$50,150	$51,655	$53,204	$54,800	$56,444
Other Events	$27,810	$33,418	$39,338	$45,583	$52,167	$53,732	$55,344	$57,005	$58,715	$60,476
Total	**$387,023**	**$449,291**	**$537,349**	**$581,325**	**$629,776**	**$648,669**	**$668,129**	**$688,173**	**$708,818**	**$730,083**
Hourly Rentals	**$394,240**	**$406,067**	**$418,249**	**$430,797**	**$443,721**	**$457,032**	**$470,743**	**$484,865**	**$499,411**	**$514,394**
Total Rental Revenue	**$781,263**	**$855,358**	**$955,598**	**$1,012,122**	**$1,073,496**	**$1,105,701**	**$1,138,872**	**$1,173,038**	**$1,208,229**	**$1,244,476**

Source: Hunden Strategic Partners

Financial Projections

The adjacent table show the full-time and part time employees projected for the facility. The Facility Director will be the highest compensated staff member, followed by the Director of Operations and Chief Engineer/Grounds. Full-time staff is projected to cost $412,000 plus benefit costs of approximately 33 percent of salaries. Part-staff is expected to cost an additional $299,000.

Indoor Sports Facility
Salary Assumptions

Position	Full-Time	Total Compensation
Facility Director	1.0	$100,000
Director of Operations	1.0	$65,000
Chief Engineer/Grounds	1.0	$55,000
Operations Manger	1.0	$55,000
Sales & Marketing Manager	1.0	$52,000
Facility Maintenance	1.0	$45,000
Administrative	1.0	$40,000
	7.0	**$412,000**

Position	Part-Time	Total Compensation
Operations/Maintenance Technician	2.0	$41,600
Marketing Coordinator	1.0	$18,720
Facility Program/Service Staff	17.0	$238,680
	20.0	**$299,000**

Source: Hunden Strategic Partners

Financial Projections

The adjacent tables detail the projected gross and net concession revenue for the complex. It is assumed that 40 percent of concession revenue accrues to the facility. Concessions revenues are projected to be higher for private management.

Indoor Sports Facility: Projected Gross Concessions Revenue

Concessions	Gross Per Capita Income Per Day	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Volleyball Tournaments	$3.25	186,646	209,722	234,015	259,577	267,364	275,385	283,646	292,156	300,920	309,948
Basketball Tournaments	$3.25	64,272	72,820	81,823	84,278	86,806	89,411	92,093	94,856	97,701	100,632
Wrestling Meets	$3.25	56,238	57,925	68,186	70,232	81,381	83,822	86,337	88,927	91,595	94,343
Other Sporting Events	$3.25	26,111	30,256	34,626	39,231	44,081	45,404	46,766	48,169	49,614	51,102
Other Events	$3.25	30,128	36,203	42,616	49,382	56,515	58,210	59,956	61,755	63,608	65,516
Total		**$363,394**	**$406,926**	**$461,267**	**$502,699**	**$536,147**	**$552,232**	**$568,799**	**$585,863**	**$603,439**	**$621,542**

Source: Hunden Strategic Partners

Indoor Sports Facility: Projected Net Concessions Revenue

Concessions	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Volleyball Tournaments	74,658	83,889	93,606	103,831	106,946	110,154	113,459	116,862	120,368	123,979
Basketball Tournaments	25,709	29,128	32,729	33,711	34,723	35,764	36,837	37,942	39,081	40,253
Wrestling Meets	22,495	23,170	27,274	28,093	32,552	33,529	34,535	35,571	36,638	37,737
Other Sporting Events	10,444	12,102	13,850	15,692	17,633	18,162	18,706	19,268	19,846	20,441
Other Events	12,051	14,481	17,047	19,753	22,606	23,284	23,983	24,702	25,443	26,206
Total	**$145,358**	**$162,770**	**$184,507**	**$201,080**	**$214,459**	**$220,893**	**$227,519**	**$234,345**	**$241,375**	**$248,617**

Source: Hunden Strategic Partners

hunden strategic partners

Financial Projections

The adjacent tables detail the projected gross and net novelties revenue for the complex. It is assumed that 15 percent of novelties revenue accrues to the facility.

Indoor Sports Facility: Projected Gross Novelties Revenue

Novelties	Gross Per Capita Income Per Day	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Volleyball Tournaments	$0.50	28,715	32,265	36,002	39,935	41,133	42,367	43,638	44,947	46,295	47,684
Basketball Tournaments	$0.50	9,888	11,203	12,588	12,966	13,355	13,755	14,168	14,593	15,031	15,482
Wrestling Meets	$0.50	8,652	8,912	10,490	10,805	12,520	12,896	13,283	13,681	14,092	14,514
Other Sporting Events	$0.50	4,017	4,655	5,327	6,036	6,782	6,985	7,195	7,411	7,633	7,862
Meetings/Seminars	$0.00	0	0	0	0	0	0	0	0	0	0
Banquets/Special Event:	$0.00	0	0	0	0	0	0	0	0	0	0
Other Events	$0.00	0	0	0	0	0	0	0	0	0	0
Total		**$51,272**	**$57,034**	**$64,408**	**$69,741**	**$73,790**	**$76,003**	**$78,283**	**$80,632**	**$83,051**	**$85,542**

Source: Hunden Strategic Partners

Indoor Sports Facility: Projected Net Novelties Revenue

Novelties	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Volleyball Tournaments	4,307	4,840	5,400	5,990	6,170	6,355	6,546	6,742	6,944	7,153
Basketball Tournaments	1,483	1,680	1,888	1,945	2,003	2,063	2,125	2,189	2,255	2,322
Wrestling Meets	1,298	1,337	1,574	1,621	1,878	1,934	1,992	2,052	2,114	2,177
Other Sporting Events	603	698	799	905	1,017	1,048	1,079	1,112	1,145	1,179
Meetings/Seminars	0	0	0	0	0	0	0	0	0	0
Banquets/Special Events	0	0	0	0	0	0	0	0	0	0
Other Events	0	0	0	0	0	0	0	0	0	0
Total	**$7,691**	**$8,555**	**$9,661**	**$10,461**	**$11,068**	**$11,401**	**$11,743**	**$12,095**	**$12,458**	**$12,831**

Source: Hunden Strategic Partners

Public Management:
Economic, Fiscal, and Employment Impact

Room Nights

While many facilities that draw tourists and visitors only break even or even lose money from operations (such as convention centers, sports facilities, etc.), the impact of the visitors on the community can be significant. The impact from spending on hotels, restaurants, stores and gas stations can generate hundreds of jobs and large tax benefits from local use taxes. The basis for the impacts will be the net new room nights in Lacey due to the Project as well as the incremental spending associated with existing visitors who spend more because of their visit to the Project. The net new visitors may be staying in other hotels as well, like sports teams that now are coming to the area because tournaments can now happen that otherwise would not have occurred.

The adjacent table shows the number of room nights generated from each user group. As shown, there are projected to be more than 43,698 room nights generated by the stabilized year. Most are assumed to be generated by the volleyball, basketball and wrestling events.

Projected Room Nights Generated - Indoor Sports Facility

Category	% Overnight	People/ Room	Nights per Event	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Volleyball Tournaments	50%	2.4	2	19,000	21,125	23,250	25,333	25,333	25,333	25,333	25,333	25,333	25,333
Basketball Tournaments	45%	2.4	2	5,775	6,488	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200
Wrestling Meets	45%	2.4	2	5,400	5,400	6,300	6,300	7,200	7,200	7,200	7,200	7,200	7,200
Other Sporting Events	25%	1.8	1.5	1,625	1,833	2,042	2,229	2,229	2,229	2,229	2,229	2,229	2,229
Meetings/Seminars	15%	1.4	1	32	43	54	64	75	75	75	75	75	75
Banquets/Special Events	10%	1.4	1	214	250	286	321	286	286	286	286	286	286
Other Events	20%	1.6	1	875	1,000	1,125	1,250	1,375	1,375	1,375	1,375	1,375	1,375
Total				**32,921**	**36,139**	**40,256**	**42,698**	**43,698**	**43,698**	**43,698**	**43,698**	**43,698**	**43,698**

Source: Various Sports Organizations, Hunden Strategic Partners

Visitation

The next table shows the number of day trips generated by the indoor sports facility. More than 119,000 visitor days are expected by the stabilized year and more than half are expected to be local citizens, which are not included as new impact.

HSP only counts net new spending to the community, not recycled spending by local users. The basis for counting spending is based on new overnight visitor days and new daytrip visitor days. The assumptions for each type of spending create the total incremental spending associated with the indoor sports facility. The adjacent table shows the net new visitor days and overnights as well as the resulting new hotel room nights, which serve as the basis for the impact model. Over the next twenty-year period, more than 1 million new daytrip visitor days and more than 766,000 room nights are expected in the community.

Projected Day Trips Generated - Indoor Sports Facility

Category	% Day Trip	per Event	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Volleyball Tournaments	50%	2	45,600	50,700	55,800	60,800	60,800	60,800	60,800	60,800	60,800	60,800
Basketball Tournaments	55%	2	16,940	19,030	21,120	21,120	21,120	21,120	21,120	21,120	21,120	21,120
Wrestling Tournaments	55%	2	15,840	15,840	18,480	18,480	21,120	21,120	21,120	21,120	21,120	21,120
Other Sporting Events	75%	2	11,700	13,200	14,700	16,050	16,050	16,050	16,050	16,050	16,050	16,050
Meetings/Conferences	85%	1	255	340	425	510	595	595	595	595	595	595
Banquets/Special Events	90%	1	2,700	3,150	3,600	4,050	3,600	3,600	3,600	3,600	3,600	3,600
Other Events	80%	1	5,600	6,400	7,200	8,000	8,800	8,800	8,800	8,800	8,800	8,800
Total			**90,335**	**99,110**	**110,525**	**116,960**	**119,685**	**119,685**	**119,685**	**119,685**	**119,685**	**119,685**

Source: Various Sports Organizations, Hunden Strategic Partners

Net New Visitors and Room Nights - Indoor Sports Facility

Category	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 20	Total
New Daytrip Visitor Days	40,463	43,892	48,904	51,163	52,506	52,506	52,506	52,506	52,506	52,506	52,506	1,024,514
New Overnight Visitor Days	74,073	81,312	90,576	96,071	98,321	98,321	98,321	98,321	98,321	98,321	98,321	1,915,168
New Hotel Room Nights	29,629	32,525	36,230	38,428	39,328	39,328	39,328	39,328	39,328	39,328	39,328	766,067

Source: Hunden Strategic Partners

Daily Spending

There will also be daytrippers who come to events at the indoor sports facility for league play, camps as well as one-day tournaments. The attendees will spend on concession as well as spend on restaurants in the area. Visitors will come to the indoor sports facility and spend money within its walls, but many locals and visitors will also spend new or increased funds at restaurants around the indoor sports facility. The daily spending by visitors and the overnight spending by overnight visitors all contribute to the economic impact of the Project. Spending assumptions are shown in the adjacent table. The per-person per-day spending for overnight guests total $95.54 in Year 1 and increases with inflation. The daily spending per person for day trips is $30.79 in the first year.

Estimated Spending Per Visitor Per Day - Indoor Sports Facility

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Spending per Visitor - Overnight										
Onsite Food & Beverage	$3.50	$3.61	$3.71	$3.82	$3.94	$4.06	$4.18	$4.30	$4.43	$4.57
Offsite Food & Beverage	$22.50	$23.18	$23.87	$24.59	$25.32	$26.08	$26.87	$27.67	$28.50	$29.36
Total Food & Beverage	$26.00	$26.78	$27.58	$28.41	$29.26	$30.14	$31.05	$31.98	$32.94	$33.92
Lodging Spending	$44.80	$46.14	$47.53	$48.95	$50.42	$51.94	$53.49	$55.10	$56.75	$58.45
Retail Spending	$4.75	$4.89	$5.04	$5.19	$5.35	$5.51	$5.67	$5.84	$6.02	$6.20
Transportation Spending	$8.14	$8.38	$8.64	$8.89	$9.16	$9.44	$9.72	$10.01	$10.31	$10.62
Entertainment/Rec/Other	$12.25	$12.62	$13.00	$13.39	$13.79	$14.20	$14.63	$15.07	$15.52	$15.98
Total Direct Spending	**$95.94**	**$98.82**	**$101.78**	**$104.84**	**$107.98**	**$111.22**	**$114.56**	**$117.99**	**$121.53**	**$125.18**
Spending per Visitor - Daytrip										
Onsite Food & Beverage	$2.63	$2.70	$2.78	$2.87	$2.95	$3.04	$3.13	$3.23	$3.33	$3.43
Offsite Food & Beverage	$10.13	$10.43	$10.74	$11.06	$11.40	$11.74	$12.09	$12.45	$12.83	$13.21
Total Food & Beverage	$12.75	$13.13	$13.53	$13.93	$14.35	$14.78	$15.22	$15.68	$16.15	$16.64
Retail Spending	$3.56	$3.67	$3.78	$3.89	$4.01	$4.13	$4.25	$4.38	$4.51	$4.65
Transportation Spending	$5.29	$5.45	$5.61	$5.78	$5.96	$6.13	$6.32	$6.51	$6.70	$6.90
Other Spending	$9.19	$9.46	$9.75	$10.04	$10.34	$10.65	$10.97	$11.30	$11.64	$11.99
Total Direct Spending	**$30.79**	**$31.71**	**$32.67**	**$33.65**	**$34.66**	**$35.70**	**$36.77**	**$37.87**	**$39.01**	**$40.18**

Source: Hunden Strategic Partners

Economic, Fiscal, and Employment Impact

The incremental impact of the new spending from new and recaptured visitors will increase economic activity and will result in higher fiscal activity, income, and employment for the Lacey economy. HSP uses the IMPLAN input-output multiplier model, which determines the level of additional activity in local economy due to additional inputs. For example, for every dollar of direct new spending in Lacey, the IMPLAN model provides multipliers for the indirect and induced spending that will result. The net new and recaptured direct spending discussed earlier in the chapter is considered to be the **Direct Impact**. From the direct spending figures, further impact analyses will be completed.

- **Indirect Impacts** are the supply of goods and services resulting from the initial direct spending. For example, a tournament attendee's direct expenditure on a hotel room causes the hotel to purchase linens and other items from suppliers. The portion of these hotel purchases that are within the local economy is considered an indirect economic impact.

- **Induced Impacts** embody the change in local spending due to the personal expenditures by employees whose incomes are affected by direct and indirect spending. For example, a waitress at a restaurant may have more personal income as a result of the event attendee's visit. The amount of the increased income that the employee spends in the area is considered an induced impact.

Economic, Fiscal, and Employment Impact

- **Fiscal Impacts** represent the incremental tax revenue collected by the community due to the net new economic activity. The fiscal impact represents the government's share of total economic benefit. Fiscal impacts provide an offset to the potential public expenditures required to support the development.

- **Employment Impacts** include the incremental employment provided not only onsite, but due to the spending associated with it. For example, the direct, indirect, and induced impacts generate spending, support new and ongoing businesses and ultimately result in ongoing employment for citizens. HSP will show the number of ongoing jobs supported by the project and provide the resulting income and income taxes generated.

Impact – Indoor Sports Complex

The table below shows the 20-year direct net new spending as a result of the recommended indoor sports complex.

Direct Net New Spending (000s) - Indoor Sports Facility

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 20	Total
Food & Beverage	$2,442	$2,754	$3,160	$3,442	$3,631	$3,740	$3,852	$3,967	$4,086	$4,209	$5,656	**$84,981**
Lodging	$3,318	$3,753	$4,307	$4,706	$4,962	$5,111	$5,266	$5,424	$5,588	$5,756	$7,743	**$116,199**
Retail	$496	$559	$641	$698	$736	$758	$781	$804	$829	$853	$1,147	**$17,233**
Transportation	$817	$921	$1,057	$1,150	$1,213	$1,250	$1,287	$1,326	$1,366	$1,407	$1,891	**$28,405**
Other	$1,279	$1,441	$1,654	$1,800	$1,899	$1,955	$2,014	$2,075	$2,137	$2,201	$2,958	**$44,443**
Total	***$8,352***	***$9,428***	***$10,819***	***$11,796***	***$12,440***	***$12,815***	***$13,200***	***$13,597***	***$14,005***	***$14,426***	***$19,395***	***$291,259***

Source: Hunden Strategic Partners

Spending on lodging is the largest component of direct new spending in Lacey, followed by food and beverage, transportation, and other local spending. Over 20 years, the recommended facility is projected to generate more than $291 million in direct net new spending within the community.

Impact – Indoor Sports Complex

The next table shows the direct, indirect, and induced spending from the Project based on the IMPLAN multipliers.

Direct, Indirect & Induced Net New Spending (000s) - Indoor Sports Facility

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 20	Total
Net New Spending												
Direct	$8,352	$9,428	$10,819	$11,796	$12,440	$12,815	$13,200	$13,597	$14,005	$14,426	$19,395	**$291,259**
Indirect	$2,782	$3,140	$3,603	$3,928	$4,143	$4,267	$4,396	$4,528	$4,664	$4,804	$6,459	**$96,994**
Induced	$2,951	$3,331	$3,822	$4,166	$4,394	$4,526	$4,662	$4,802	$4,947	$5,095	$6,850	**$102,870**
Total	***$14,085***	***$15,899***	***$18,243***	***$19,891***	***$20,977***	***$21,608***	***$22,258***	***$22,927***	***$23,616***	***$24,326***	***$32,703***	***$491,124***

Source: Hunden Strategic Partners

The direct spending totals $291 million over the 20-year period (as shown in the prior table), while the indirect and induced spending add another $97 million and $103 million, respectively. In total, $491 million in economic impact is projected from new and recaptured spending.

Impact – Indoor Sports Complex

The following table shows the new earnings associated with the new economic activity. Earnings are the portion of new spending that ends up as wages for employees in businesses in Lacey.

Net New Earnings from Direct, Indirect & Induced Spending (000s) - Indoor Sports Facility

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 20	Total
Net New Earnings												
From Direct	$3,401	$3,838	$4,404	$4,801	$5,063	$5,215	$5,372	$5,533	$5,700	$5,871	$7,892	**$118,531**
From Indirect	$348	$393	$451	$492	$519	$534	$551	$567	$584	$602	$809	**$12,148**
From Induced	$362	$409	$469	$511	$539	$555	$572	$589	$607	$625	$840	**$12,623**
Total	***$4,112***	***$4,640***	***$5,324***	***$5,804***	***$6,121***	***$6,305***	***$6,495***	***$6,690***	***$6,891***	***$7,098***	***$9,542***	***$143,303***

Source: Hunden Strategic Partners

By the fifth year of operations, more than $6.1 million of direct, indirect, and induces earnings are projected, with a total of more than $143 million over the 20-year period.

Impact – Indoor Sports Complex

The table below shows the estimated full-time equivalent jobs created by the Project. These new positions will be supported throughout the economy, not just in visitor-related jobs, although these will be most likely.

Net New Full-Time Equivalent Jobs from Direct, Indirect & Induced Earnings (000s)
Indoor Sports Facility

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 20
Net New FTE Jobs											
From Direct	239	262	292	310	317	317	317	317	317	317	317
From Indirect	18	19	22	23	24	24	24	24	24	24	24
From Induced	16	57	64	68	69	69	69	69	69	69	69
Total	*273*	*339*	*378*	*400*	*410*	*410*	*410*	*410*	*410*	*410*	*410*

Source: Hunden Strategic Partners

New full-time equivalent jobs (based on wage multipliers for tourism-related jobs) are projected to vary over the period based on the net new spending and total 410 by the fifth year.

Impact – Indoor Sports Complex (City)

HSP conducted a second fiscal impact scenario that only includes the 0.85 percent city of Lacey sales tax (as opposed to 2.4 percent county sales tax). This scenario only includes spending (including lodging spending) that occurs within the Lacey city limits. The following table shows the projections of new taxes over the first 20 years of operation.

Fiscal Impact - Tax Impacts from Net New Spending (000s) - Indoor Sports Facility

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 20	Total
Taxes Collected												
Local Sales Tax (.85%)	$32	$36	$41	$45	$48	$49	$51	$52	$54	$55	$74	$1,117
Hotel Tax (2%)	$33	$38	$43	$47	$50	$51	$53	$54	$56	$58	$77	$1,162
Lodging Charge ($2)	$59	$65	$72	$77	$79	$79	$79	$79	$79	$79	$79	$1,532
Total	**$124**	**$139**	**$157**	**$169**	**$176**	**$179**	**$182**	**$185**	**$188**	**$192**	**$230**	**$3,811**

Source: Hunden Strategic Partners

In total, local taxes are projected to generate more than $176,000 by Year 5, and total more than $3.8 million over the first 20 years. This includes $1.1 million in local sales tax.

Impact – Indoor Sports Complex

The one-time construction of the project will impact Lacey as spending will occur via the purchase of materials (40 percent of the budget) and the payment of labor and service providers (60 percent of the budget). It is assumed that the total investment will be approximately $23.5 million for the base case scenario indoor sports facility.

Materials spending in Lacey is estimated to total of $8.4 million in direct, indirect, and induced spending. The direct labor spending is approximately $8.0 million and would support 56 job-years (one construction job for one year).

Construction Impact - Indoor Sports Facility

New Daytrip Visitor Days	Impact
Direct Materials Spending - Local	$5,352,000
Indirect Spending - Local	$1,389,275
Induced Spending - Local	$1,731,300
Total	$8,472,575
Direct Labor Spending	$8,028,000
Employment (Job Years)	56

Source: Hunden Strategic Partners

Impact – Indoor Sports Complex

The table to the right shows a summary of estimated combined 20-year impacts for the recommended indoor sports complex.

The net new positive spending in the community as a result of the Project totals $491 million over the 20-year period, $143 million in new earnings, more than 400 new full-time equivalent jobs, and more than $3.8 million in new taxes (city) collected from the ongoing spending over 20 years. The construction impact will be more than $8.4 million on materials and labor, most of which will accrue to the Lacey economy and local workers. The 56 job-years will be a temporary boon for the local economy.

Summary of Impacts
Indoor Sports Facility

	20-Years	Stabilized Year
Net New Spending	(millions)	
Direct	$291	$13.6
Indirect	$97	$4.5
Induced	$103	$4.8
Total	**$491**	**$23**
Net New Earnings	(millions)	
From Direct	$119	$5.5
From Indirect	$12	$0.6
From Induced	$13	$0.6
Total	**$143**	**$6.7**
Net New FTE Jobs	Actual	
From Direct	317	317
From Indirect	24	24
From Induced	69	69
Total	**410**	**410**
Taxes Collected	(000s)	
Local Sales Tax (.85%)	$1,117	$52
Hotel Tax (2%)	$1,162	$54
Lodging Charge ($2)	$1,532	$79
Total	**$3,811**	**$185**
Construction Impact	(000s)	
Total Spending	$8,473	
Direct Labor Spending	$8,028	
Job-Years, Actual	**56**	

Source: Hunden Strategic Partners

Private Management: Economic, Fiscal, and Employment Impact

Room Nights

While many facilities that draw tourists and visitors only break even or even lose money from operations (such as convention centers, sports facilities, etc.), the impact of the visitors on the community can be significant. The impact from spending on hotels, restaurants, stores and gas stations can generate hundreds of jobs and large tax benefits from local use taxes. The basis for the impacts will be the net new room nights in Lacey due to the Project as well as the incremental spending associated with existing visitors who spend more because of their visit to the Project. The net new visitors may be staying in other hotels as well, like sports teams that now are coming to the area because tournaments can now happen that otherwise would not have occurred.

The adjacent table shows the number of room nights generated from each user group. As shown, there are projected to be more than 51,000 room nights generated by the stabilized year. Most are assumed to be generated by the volleyball, basketball and wrestling events.

Projected Room Nights Generated - Indoor Sports Facility

Category	% Overnight	People/ Room	Nights per Event	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Volleyball Tournaments	50%	2.4	2	23,250	25,333	27,458	29,583	29,583	29,583	29,583	29,583	29,583	29,583
Basketball Tournaments	45%	2.4	2	7,200	7,913	8,625	8,625	8,625	8,625	8,625	8,625	8,625	8,625
Wrestling Meets	45%	2.4	2	6,300	6,300	7,200	7,200	8,100	8,100	8,100	8,100	8,100	8,100
Other Sporting Events	25%	1.8	1.5	1,625	1,833	2,042	2,229	2,438	2,438	2,438	2,438	2,438	2,438
Meetings/Seminars	15%	1.4	1	54	54	64	75	86	86	86	86	86	86
Banquets/Special Events	10%	1.4	1	321	450	571	643	750	750	750	750	750	750
Other Events	20%	1.6	1	1,125	1,313	1,500	1,688	1,875	1,875	1,875	1,875	1,875	1,875
Total				**39,875**	**43,195**	**47,461**	**50,043**	**51,457**	**51,457**	**51,457**	**51,457**	**51,457**	**51,457**

Source: Various Sports Organizations, Hunden Strategic Partners

Visitation

More than 138,000 visitor days are expected by the stabilized year and more than half are expected to be local citizens, which are not included as new impact.

HSP only counts net new spending to the community, not recycled spending by local users. The basis for counting spending is based on new overnight visitor days and new daytrip visitor days. The assumptions for each type of spending create the total incremental spending associated with the indoor sports facility. The adjacent table shows the net new visitor days and overnights as well as the resulting new hotel room nights, which serve as the basis for the impact model. Over the next twenty-year period, more than 1 million new daytrip visitor days and more than 903,000 room nights are expected in the community.

Projected Day Trips Generated - Indoor Sports Facility

Category	% Day Trip	per Event	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Volleyball Tournaments	50%	2	55,800	60,800	65,900	71,000	71,000	71,000	71,000	71,000	71,000	71,000
Basketball Tournaments	55%	2	21,120	23,210	25,300	25,300	25,300	25,300	25,300	25,300	25,300	25,300
Wrestling Tournaments	55%	2	18,480	18,480	21,120	21,120	23,760	23,760	23,760	23,760	23,760	23,760
Other Sporting Events	75%	2	11,700	13,200	14,700	16,050	17,550	17,550	17,550	17,550	17,550	17,550
Meetings/Conferences	85%	1	425	425	510	595	680	680	680	680	680	680
Banquets/Special Events	90%	1	4,050	5,670	7,200	8,100	9,450	9,450	9,450	9,450	9,450	9,450
Other Events	80%	1	7,200	8,400	9,600	10,800	12,000	12,000	12,000	12,000	12,000	12,000
Total			**107,525**	**116,115**	**127,530**	**134,065**	**138,290**	**138,290**	**138,290**	**138,290**	**138,290**	**138,290**

Source: Various Sports Organizations, Hunden Strategic Partners

Net New Visitors and Room Nights - Indoor Sports Facility

Category	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 20	Total
New Daytrip Visitor Days	47,067	49,247	53,150	54,821	55,264	55,264	55,264	55,264	55,264	55,264	55,264	1,088,500
New Overnight Visitor Days	89,719	97,189	106,787	112,596	115,777	115,777	115,777	115,777	115,777	115,777	115,777	2,258,727
New Hotel Room Nights	35,888	38,876	42,715	45,039	46,311	46,311	46,311	46,311	46,311	46,311	46,311	903,491

Source: Hunden Strategic Partners

Daily Spending

There will also be daytrippers who come to events at the indoor sports facility for league play, camps as well as one-day tournaments. The attendees will spend on concession as well as spend on restaurants in the area. Visitors will come to the indoor sports facility and spend money within its walls, but many locals and visitors will also spend new or increased funds at restaurants around the indoor sports facility. The daily spending by visitors and the overnight spending by overnight visitors all contribute to the economic impact of the Project. Spending assumptions are shown in the adjacent table. The per-person per-day spending for overnight guests total $95.54 in Year 1 and increases with inflation. The daily spending per person for day trips is $30.79 in the first year.

Estimated Spending Per Visitor Per Day - Indoor Sports Facility

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Spending per Visitor - Overnight										
Onsite Food & Beverage	$3.50	$3.61	$3.71	$3.82	$3.94	$4.06	$4.18	$4.30	$4.43	$4.57
Offsite Food & Beverage	$22.50	$23.18	$23.87	$24.59	$25.32	$26.08	$26.87	$27.67	$28.50	$29.36
Total Food & Beverage	$26.00	$26.78	$27.58	$28.41	$29.26	$30.14	$31.05	$31.98	$32.94	$33.92
Lodging Spending	$44.80	$46.14	$47.53	$48.95	$50.42	$51.94	$53.49	$55.10	$56.75	$58.45
Retail Spending	$4.75	$4.89	$5.04	$5.19	$5.35	$5.51	$5.67	$5.84	$6.02	$6.20
Transportation Spending	$8.14	$8.38	$8.64	$8.89	$9.16	$9.44	$9.72	$10.01	$10.31	$10.62
Entertainment/Rec/Other	$12.25	$12.62	$13.00	$13.39	$13.79	$14.20	$14.63	$15.07	$15.52	$15.98
Total Direct Spending	**$95.94**	**$98.82**	**$101.78**	**$104.84**	**$107.98**	**$111.22**	**$114.56**	**$117.99**	**$121.53**	**$125.18**
Spending per Visitor - Daytrip										
Onsite Food & Beverage	$2.63	$2.70	$2.78	$2.87	$2.95	$3.04	$3.13	$3.23	$3.33	$3.43
Offsite Food & Beverage	$10.13	$10.43	$10.74	$11.06	$11.40	$11.74	$12.09	$12.45	$12.83	$13.21
Total Food & Beverage	$12.75	$13.13	$13.53	$13.93	$14.35	$14.78	$15.22	$15.68	$16.15	$16.64
Retail Spending	$3.56	$3.67	$3.78	$3.89	$4.01	$4.13	$4.25	$4.38	$4.51	$4.65
Transportation Spending	$5.29	$5.45	$5.61	$5.78	$5.96	$6.13	$6.32	$6.51	$6.70	$6.90
Other Spending	$9.19	$9.46	$9.75	$10.04	$10.34	$10.65	$10.97	$11.30	$11.64	$11.99
Total Direct Spending	**$30.79**	**$31.71**	**$32.67**	**$33.65**	**$34.66**	**$35.70**	**$36.77**	**$37.87**	**$39.01**	**$40.18**

Source: Hunden Strategic Partners

Impact – Indoor Sports Complex

The table below shows the 20-year direct net new spending as a result of the recommended indoor sports complex.

Direct Net New Spending (000s) - Indoor Sports Facility

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 20	Total
Food & Beverage	$2,933	$3,249	$3,664	$3,963	$4,181	$4,306	$4,436	$4,569	$4,706	$4,847	$6,514	**$98,087**
Lodging	$4,019	$4,486	$5,077	$5,515	$5,842	$6,018	$6,199	$6,386	$6,579	$6,777	$9,114	**$136,954**
Retail	$594	$656	$739	$798	$841	$866	$892	$918	$946	$974	$1,310	**$19,730**
Transportation	$979	$1,083	$1,221	$1,318	$1,390	$1,432	$1,474	$1,519	$1,564	$1,611	$2,165	**$32,616**
Other	$1,531	$1,692	$1,906	$2,058	$2,168	$2,233	$2,300	$2,369	$2,440	$2,513	$3,377	**$50,882**
Total	***$10,057***	***$11,167***	***$12,607***	***$13,652***	***$14,421***	***$14,854***	***$15,301***	***$15,761***	***$16,234***	***$16,722***	***$22,480***	***$338,268***

Source: Hunden Strategic Partners

Spending on lodging is the largest component of direct new spending in Lacey, followed by food and beverage, transportation, and other local spending. Over 20 years, the recommended facility is projected to generate more than $338 million in direct net new spending within the community.

Impact – Indoor Sports Complex

The next table shows the direct, indirect, and induced spending from the Project based on the IMPLAN multipliers.

Direct, Indirect & Induced Net New Spending (000s) - Indoor Sports Facility

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 20	Total
Net New Spending												
Direct	$10,057	$11,167	$12,607	$13,652	$14,421	$14,854	$15,301	$15,761	$16,234	$16,722	$22,480	**$338,268**
Indirect	$3,349	$3,718	$4,198	$4,545	$4,801	$4,945	$5,094	$5,247	$5,405	$5,567	$7,484	**$112,619**
Induced	$3,551	$3,942	$4,449	$4,816	$5,086	$5,239	$5,397	$5,559	$5,726	$5,898	$7,928	**$119,314**
Total	***$16,957***	***$18,827***	***$21,254***	***$23,013***	***$24,308***	***$25,039***	***$25,792***	***$26,567***	***$27,365***	***$28,187***	***$37,892***	***$570,200***

Source: Hunden Strategic Partners

The direct spending totals $338 million over the 20-year period (as shown in the prior table), while the indirect and induced spending add another $113 million and $119 million, respectively. In total, $570 million in economic impact is projected from new and recaptured spending.

Impact – Indoor Sports Complex

The following table shows the new earnings associated with the new economic activity. Earnings are the portion of new spending that ends up as wages for employees in businesses in Lacey.

Net New Earnings from Direct, Indirect & Induced Spending (000s) - Indoor Sports Facility

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 20	Total
Net New Earnings												
From Direct	$4,092	$4,541	$5,125	$5,547	$5,858	$6,034	$6,215	$6,402	$6,594	$6,792	$9,131	**$137,417**
From Indirect	$419	$466	$526	$569	$601	$619	$638	$657	$677	$697	$937	**$14,101**
From Induced	$436	$483	$546	$590	$623	$642	$661	$681	$702	$723	$972	**$14,622**
Total	***$4,947***	***$5,490***	***$6,196***	***$6,707***	***$7,082***	***$7,295***	***$7,514***	***$7,740***	***$7,973***	***$8,212***	***$11,039***	***$166,141***

Source: Hunden Strategic Partners

By the fifth year of operations, more than $7 million of direct, indirect, and induces earnings are projected, with a total of more than $166 million over the 20-year period.

Impact – Indoor Sports Complex

The table below shows the estimated full-time equivalent jobs created by the Project. These new positions will be supported throughout the economy, not just in visitor-related jobs, although these will be most likely.

Net New Full-Time Equivalent Jobs from Direct, Indirect & Induced Earnings (000s)
Indoor Sports Facility

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 20
Net New FTE Jobs											
From Direct	289	312	343	361	371	371	371	371	371	371	372
From Indirect	21	23	25	27	27	27	27	27	27	27	27
From Induced	19	68	74	78	80	80	80	80	80	80	80
Total	*329*	*403*	*443*	*466*	*479*	*479*	*479*	*479*	*479*	*479*	*479*

Source: Hunden Strategic Partners

New full-time equivalent jobs (based on wage multipliers for tourism-related jobs) are projected to vary over the period based on the net new spending and total 479 by the fifth year.

Impact – Indoor Sports Complex (City)

HSP conducted a second fiscal impact scenario that only includes the 0.85 percent city of Lacey sales tax (as opposed to 2.4 percent county sales tax). This scenario only includes spending (including lodging spending) that occurs within the Lacey city limits. The following table shows the projections of new taxes over the first 20 years of operation.

Fiscal Impact - Tax Impacts from Net New Spending (000s) - Indoor Sports Facility

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 20	Total
Taxes Collected												
Local Sales Tax (.85%)	$39	$43	$48	$52	$55	$57	$59	$61	$62	$64	$86	$1,299
Hotel Tax (2%)	$40	$45	$51	$55	$58	$60	$62	$64	$66	$68	$91	$1,370
Lodging Charge ($2)	$72	$78	$85	$90	$93	$93	$93	$93	$93	$93	$93	$1,807
Total	**$151**	**$165**	**$185**	**$198**	**$206**	**$210**	**$213**	**$217**	**$221**	**$225**	**$270**	**$4,476**

Source: Hunden Strategic Partners

In total, local taxes are projected to generate more than $206,000 by Year 5, and total more than $4.4 million over the first 20 years.

Impact – Indoor Sports Complex

The one-time construction of the project will impact Lacey as spending will occur via the purchase of materials (40 percent of the budget) and the payment of labor and service providers (60 percent of the budget). It is assumed that the total investment will be approximately $23.5 million for the base case scenario indoor sports facility.

Materials spending in Lacey is estimated to total of $8.4 million in direct, indirect, and induced spending. The direct labor spending is approximately $8.0 million and would support 56 job-years (one construction job for one year).

Construction Impact - Indoor Sports Facility

New Daytrip Visitor Days	Impact
Direct Materials Spending - Local	$5,352,000
Indirect Spending - Local	$1,389,275
Induced Spending - Local	$1,731,300
Total	$8,472,575
Direct Labor Spending	$8,028,000
Employment (Job Years)	56

Source: Hunden Strategic Partners

Impact – Indoor Sports Complex

The table to the right shows a summary of estimated combined 20-year impacts for the recommended indoor sports complex.

The net new positive spending in the community as a result of the Project totals $491 million over the 20-year period, $166 million in new earnings, nearly 480 new full-time equivalent jobs, and more than $4.4 million in new taxes (city) collected from the ongoing spending over 20 years. The construction impact will be more than $8.4 million on materials and labor, most of which will accrue to the Lacey economy and local workers. The 56 job-years will be a temporary boon for the local economy.

Summary of Impacts
Indoor Sports Facility

	20-Years	Stabilized Year
Net New Spending	(millions)	
Direct	$338	$15.8
Indirect	$113	$5.2
Induced	$119	$5.6
Total	**$570**	**$27**
Net New Earnings	(millions)	
From Direct	$137	$6.4
From Indirect	$14	$0.7
From Induced	$15	$0.7
Total	**$166**	**$7.7**
Net New FTE Jobs	Actual	
From Direct	372	371
From Indirect	27	27
From Induced	80	80
Total	**479**	**479**
Taxes Collected	(000s)	
Local Sales Tax (.85%)	$1,299	$61
Hotel Tax (2%)	$1,370	$64
Lodging Charge ($2)	$1,807	$93
Total	**$4,476**	**$217**
Construction Impact	(000s)	
Total Spending	$8,473	
Direct Labor Spending	$8,028	
Job-Years, Actual	**56**	

Source: Hunden Strategic Partners

THANK YOU

hunden strategic partners

LACEY PARKS
CULTURE & RECREATION

RAC
REGIONAL
ATHLETIC COMPLEX

20-YEAR FINANCIAL PLAN
2024 - 2043

20-YEAR FINANCIAL PLAN

Prepared by **City of Lacey Staff**

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Reviewed on May 3, 2023
Approved and recommended to City Council on May 3, 2023 by:

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Vice Chair Kamber Good
Commissioner Hilary Dykstra
Commissioner Bill Fosbre
Commissioner Gary Larson
Commissioner Chris Porrazzo
Commissioner Aram Wheeler
Youth Commissioner Sarah Towne

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Deputy Mayor Malcolm Miller
Councilmember Carolyn Cox
Councilmember Lenny Greenstein
Councilmember Ed Kunkel
Councilmember Michael Steadman
Councilmember Robin Vazquez

20-YEAR FINANCIAL PLAN

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20-YEAR FINANCIAL PLAN

EXECUTIVE SUMMARY

To ensure the Regional Athletic Complex (RAC) can provide the same level of service now and into the future, a short term financial strategy has been developed and implemented, which will be followed by the identification and securing of long-term financial resources and support. The Lacey Parks, Culture & Recreation Board (Parks Board) will review sustaining strategies and recommend the preferred option to balance the RAC budget.

There are a number of events that prompted the need for a five-year financial strategy to be implemented in 2021 and has been expanded through 2029. In 2020, the remaining Thurston County settlement funds were depleted. The Thurston County settlement fund was first allocated in 2010, with an anticipated drawdown in 10 years. Furthermore, at the end of 2027, the Public Facilities District (PFD) will sunset.

There is potential for a 15-year extension to the PFD. Staff will begin evaluating the legalities and parameters of such an extension.

These financial changes reached a level of significance to warrant an update to the RAC's existing 20-Year Financial Plan with a series of shorter-term updates.

It is important to identify the recommendations from the previous 20-Year Plan that were implemented:

- The plan should be reviewed periodically or following significant financial environment changes to ensure the RAC remains financially secure.
- PFD revenues should be monitored annually.
- Lodging Tax (LT) revenues should be monitored annually.

INTRODUCTION

On March 19, 1998 Thurston County and the City of Lacey entered into a partnership via a MOU (Memorandum of Understanding) to jointly acquire, plan, fund, develop and maintain an athletic complex. This MOU provided joint ownership for a minimum of 15 years, at least through March 2014.

It would have been beyond the financial ability of either party at that time to complete a project of this size and scope alone. By working together, the community benefits from a state-of-the-art athletic complex, a well-maintained community park and special events. Local businesses benefit from the visitors who come to play in tournaments and enjoy special events on weekends.

In June 2010, the Lacey City Council authorized an agreement for the transfer of Thurston County's share of the ownership of the Regional Athletic Complex (RAC) to the City. The transfer was allowed only if by mutual agreement and if the County had expended funds for the RAC in an amount equal to that expended by the City of Lacey. The settlement amount was $1,825,000, which provided operation and maintenance funding for the years 2009 through 2014 and a capital replacement fund or future operation and maintenance funding of approximately $715,000, as well as the balance of the 50% share of Phase 2 development costs. A previous financial plan recommended the full amount of the Thurston County settlement be deposited into the Park and Open Space fund and recommended funds will be transferred from the Park and Open Space Fund to fund M&O and capital improvements on an annual basis. The modelling at the time projected the funds would be fully disbursed by mid-2021. The final Thurston County settlement funds were depleted in 2020.

Although the success of the RAC cannot be questioned, it is not a self-supporting facility. The 2023 Budget includes $326,584 from the City's General Fund for operation and maintenance, $180,000 from lodging tax, $200,000 from City General Fund committed reserves, and $200,000 from PFD sales tax.

In 2020, the City Council designated $800,000 from General Fund reserves be used to subsidize the RAC ($200,000 per year for 2021, 2022, 2023 and 2024). Staff had updated the long-term financial plan, which was reviewed by city administration and the Parks Board, and has done so again. The Parks Board has recommended actions again to be considered by the City Council. The options to consider and implement remain limited: increase revenue, cut expenditures, attract more outside revenue sources (including potential PFD extension), or a combination of those three.

Recommendation: The plan should be reviewed periodically or following significant financial environment changes to ensure the RAC remains financially secure.

BACKGROUND

The 68-acre site was purchased in 1998. The County and City planned the athletic complex cooperatively and with considerable public input to provide for the athletic needs in the region as well as a community park with picnic shelters, play equipment and facilities needed to hold special events. On March 12, 2002, voters in the City of Lacey approved a bond issue for development of the RAC as well as several other parks. On June 26, 2002, an Inter-local Agreement (ILA) was entered into by the Cities of Lacey, Olympia, Tumwater and Thurston County to form the Capital Area Regional Public Facilities District for the purpose of developing the RAC and the Hands-on Children's Museum (HOCM). Phase 1 of the RAC, four soccer fields, parking and concession/restroom, opened in 2004. In May 2009, Phase 2 - four softball fields, one baseball field, four picnic shelters, basketball courts, play equipment, trails, restrooms and parking - opened, completing the vision for the athletic fields. The maintenance compound was completed in 2010. Netting was installed on fields 2 and 3 outfield fences in 2013.

Improvements have been continued to be made at the RAC. In 2017, bleacher covers were constructed in the baseball/softball complex to protect patrons from rain and sun. Then synthetic turf replacements were completed over a 3-year span (two fields per year) in 2018, 2019, and 2020. In 2021 parking lot cameras were added for security. In 2022, permanent rugby goals were added to soccer field 4, and was made possible through a local partnership.

In 2023, design was completed for conversion of the gravel parking lot to a paved lot with landscape, lighting and security cameras. Electronic vehicle (EV) charging stations will also be installed as a part of the project. Construction will take place sometime during 2023.

COMMUNITY NEED AND VISITOR USE

The need for athletic fields was originally identified in comprehensive plans, community meetings and conversations with user groups and elected officials. There were not enough fields for youth and adults to play and practice on, teams competed for the same open space, and several teams shared the space so that all could play. The grass fields close annually at the end of October in order to let the fields rest, with many sports teams having to leave the county to practice and play their games. In 2002, there were 21,818 players registered on 1,500 teams in the county - half played on fields located out of the area, or fields inadequate for league use. Thurston County and the City of Lacey gained public support for the project.

The RAC has been heavily used since opening, and user groups and stakeholders have continued to provide feedback. The grass soccer fields are open 244 days a year and are usually in play all but 10 to 15 days a year. The synthetic field is booked 350 to 360 days per year. Tournaments on the softball/baseball fields are booked 50 to 52 weekends per year and approximately 50% of teams requesting weekend tournaments are turned away.

Annual special events are held throughout the year as well. The park is used by people who walk daily, families with young children who flock to the play equipment, teens who rush to the basketball courts after school, friends who hold picnics in the shelters and ball players who come from all over the county and the world to play in tournaments that won't rain out. The RAC is used by an estimated 200,000 athletic participants, and 1.2 million park and special event patrons per year. RAC users have come to expect an outstanding facility where ball games are played rain or shine, staff is responsive and competent, athletes of all ages and abilities are served, and a variety of community events are offered and open to the public.

Staff has been working with the Experience Olympia & Beyond Sports Commission to determine the economic impact RAC visitors bring to the local economy. Preliminary numbers are showing over $15 million was generated for the local economy in 2022.

Staff has implemented new ways to increase use such as attracting additional dog shows, larger tournaments, more fun runs and hosted additional summer sports camps. Staff continues to consider increased use options on the soccer fields including lacrosse, rugby, ultimate frisbee, and flag football. There are not many options for increased use on the baseball/softball fields due to use currently being maxed out.

2020 and 2021 were not typical years at the RAC due to COVID-19 changing the landscape. Staff adapted to the Governor's guidance to navigate the public health crisis safely but as a result, participation and visitation were heavily impacted. Fortunately, 2022 was better, and 2023 is shaping up to be even better than pre-pandemic levels.

Recommendation: The goal is to increase use on the athletic fields by renting fields during typically slow times of the day and maximizing the number of teams in a tournament. Increased use should lead to increased revenue.

PUBLIC FACILITIES DISTRICT (PFD)

The Capital Area Regional Public Facilities District is a special taxing district created by a 2002 inter-local agreement between Thurston County and the cities of Olympia, Lacey and Tumwater for the purpose of financing two regional event centers, the RAC and the Olympia HOCM. District revenue is from a 0.033% sales and use tax authorized pursuant to RCW 82.14.390 imposed county-wide for 25 years, and ending on March 9, 2028 (25 years after the execution of the interlocal agreement) or upon the retirement of the debt used to construct the original facilities. Lacey's debt will be retired on December 1, 2027 unless extended (if eligible).

Distribution of sales tax revenues from Thurston County is distributed at 71.7742% to the City of Lacey for the RAC and 28.2258% to the City of Olympia for the HOCM. From July 2003 - July 2006, the distribution to Lacey was 38.8%. In July 2006, the contract was modified to reflect the current distribution. The terms of the PFD contract allow for the sales and use tax to be imposed up to March 9, 2028 and debt is outstanding on the projects (RCW 82.14.390). Lacey's bond debt will be retired at the end of 2027 unless extended. The operations and maintenance of the RAC is currently supported with $200,000 of PFD sales taxes per year.

During the initial years and years impacted by the "Great Recession", the PFD revenues did not meet expectations. Between 2007 and 2015, Lacey's portion of the annual PFD revenues averaged $941,960. The local economy began to recover and grow in 2016 with revenues of $1,146,502. The annual growth continued to $1,436,478 in 2019. Despite the COVID-19 public health emergency, PFD revenues continued to grow. In 2022, PFD revenues grew to $1,668,884. It appears the stable government and military employment, Federal and State stimulus and support, and an increase to local purchasing have helped the region's economy when all expectations were for a severe decline to revenues. Through the first quarter of 2023, PFD revenues continue to grow compared to the previous year.

Recommendation: PFD revenues should be monitored annually. The sustainability of the RAC at its current level of tax supported subsidy is a concern. Efforts to achieve the maximum amount of potential collections should be pursued to secure a sustainable revenue source to replace the PFD revenues.

REVENUE SUMMARY

The RAC operating budget consists of the following revenue sources: fees and operating revenue, PFD funds, interest income, lodging tax revenue, and the City's General Fund support.

Fees and Operating Revenue

2010 was the first complete year of operation for the RAC. Revenues generated in 2010 totaled $327,568 and have climbed steadily since to $524,001 in 2022. Revenue includes concession lease, shelter rentals, field rentals, league fees, field banner sponsorships, and interest income. Tournaments are booked on the baseball/softball fields for 50 of 52 weekends per year. City staff serves as tournament director for up to 3 tournaments per year. Staff is working to acquire bigger tournaments, bringing more teams and individuals into the Lacey community, resulting in more games played and increased field rental revenue. A limiting factor is the number of fields at the RAC, although staff has been able to partner with other agencies in the area to co-host tournaments. Some tournaments overflow to Rainier Vista Community Park, but rental fees from games played there do not go into the RAC account.

<u>Potential revenue opportunities:</u>

- Sponsorship and Naming Rights: The Parks Board updated and City Council approved the Sponsorship & Naming Rights Policy in 2019 and then again in 2023 to clarify sponsorship agreements and make it possible for naming rights to be sold. Staff had a strong potential for a naming rights agreement at the beginning of 2020 but then the COVID-19 public health crisis brought uncertainties. Staff continues to seek sponsorship opportunities such as naming rights and Park Partners, and has many outfield banner sponsorships in place
- Special Events: Fun Run/Walks, Dog and other Easter Egg Hunts, National Dog Show, Polynesian Fest, AUSA, etc. Success of annual events attracts similar events. Potential to hold a "Junk in your Trunk" special event rummage sale, or another similar event on a smaller tournament weekend.
- Bid on and serve as tournament director for another tournament.
- Parking fee: Was not supported by the public in 2014, but could be revisited. Currently no other Lacey Parks have parking fees.
- Increase field rental fees – every two years staff and Parks Board evaluate fees, and they are raised 2.5 – 5.0% depending on the market rate of comparable facilities. The RAC would become priced out of the competition and tournament directors would play at other athletic complexes if fees are raised above the market rate.

- Leagues: Leagues bring in more revenue than field rentals. The city could run more City leagues, but that would push out many long-term local league rentals who have used and supported the RAC since it opened.

In 2020 and 2021, revenues were impacted by COVID-19, and the current business model has suffered.

Recommendation: Seek new, innovative ways to increase revenues.

Public Facilities District (PFD) Funds

PFD funds currently are used for M&O ($200,000), debt service payment ($573,200), PFD administrative services ($8,000), and the balance deposited into the capital fund. In 2022, the City Council designated $1,000,000 from the RAC Capital Fund reserves be used to subsidize the RAC M&O for an additional $200,000 per year for the years 2025 through 2029.

General Obligation Bond Proceeds

GO Bonds were used for development of the RAC. Principal on the GO Bonds is repaid with PFD funds and the interest paid with PFD funds. There are no bond proceeds remaining.

General Fund Support

Maintenance and operating dollars have been transferred for the RAC since phase 2 opened in 2009; in 2022 this amounted to $239,847 and the adopted 2023 Budget includes $326,584.

Lodging Tax (LT)

The RAC receives LT funds to cover M&O expenses associated with weekend tournaments and special events. In 2020, $160,000 was budgeted but rescinded due to COVID-19. In 2023, $180,000 is included in the proposed budget. The City appreciates strong support from the local hotel / motel business community and values the partnership.

Grants

Thurston County and the City applied for and received state grants to assist with development of the RAC. Staff shall pursue grant funds for capital and M&O purposes whenever possible.

Recommendation: With the PFD sunset at the end of 2027, a long-term funding strategy should be developed to ensure the RAC can provide the same level of service moving forward.

EXPENDITURE SUMMARY

General Recreation Services

General Recreation Services staff schedule field and picnic shelter rentals, coordinate leagues and special events, direct and schedule tournaments, solicit sponsors, and manage the concession contract. The budget for 2023 is $217,763.

Maintenance and Operations

The 2023 budget for Maintenance and Operations is $1,142,732. 2023 estimated expenditures for the RAC are broken down into two areas; park open space, and rentable areas which include the baseball fields, soccer fields and shelters. Park open space, which is available for free drop in use utilizes approximately 45% of total expenditures. The rentable areas including the baseball fields, soccer fields, and shelters utilize approximately 55% of total maintenance expenditures.

Combined Budget

The combined general recreation services and maintenance and operations budget for the 2023 Budget is $1,360,495.

Recommendation: Consider an allocation of general funds to cover expenditures associated with the community park amenities. This alternative competes with other priorities of the City.

Life Cycle and Capital Improvement Programs

In 2020, the final synthetic turf replacement was completed. This multi-year project began in 2018. The replacement took place earlier than expected, but advancements made in the synthetic turf technology are promising. The next replacement cycle could begin as early as 2028. The high level of maintenance of the complex is critical to maintain its position in the marketplace. The ability to attract tournaments is heavily dependent on the quality of the facilities, especially as other communities will develop new athletic complexes and compete with the RAC.

Some of the baseball complex lights exceeded the warranty amount in 2023. After evaluating the implications, staff recommended getting some of the lights re-lamped and extending the warranty at the cost of approximately $60,000, then moving forward with a federal legislative ask in 2023 that could potentially be paired with other grant requests in 2024 for an LED conversion project.*

Staff calculations for an LED conversion would be a cost of $1.6 million if completed in 2023. It would take approximately 32 years to pay back with an energy savings of 66%. Life cycle and capital improvements have been identified in staff's working spreadsheet, but the following is a list of major replacements coming up between 2023 - 2028. Years and cost will be identified and updated as to emergent needs:

- Parking lot construction (2023). $2.8 million cost estimate
- Baseball outfield fence poles with netting completion $200,000
- Sports fields netting $177,705
- Play equipment $450,000
- Concrete work in the baseball complex $300,000
- Irrigation control update $60,000
- LED Fields Lights Conversion $1.6 million*
- Baseball/softball infield synthetic turf replacements $200,000 each (fields 1-2)
- Baseball/softball fields drainage

In addition, soccer field 2 is in need of a drainage solution, which could be taken care of as its own project. Converting soccer field 2 to synthetic turf would take care of the issue and the conversion to synthetic and adding lights would be beneficial to user groups, but would likely be $2 million. This project is not included in the financial plan but there is potential to seek grant funding for this and other upgrades needed.

Recommendation: Continue to commit PFD revenues to fund life cycle and capital improvements. Apply for funding where available and applicable. Some flexibility will be needed as intended life cycle is not always accurate, and as RAC sponsorships are considered.

FINANCIAL PLAN

The Financial Plan assumptions are consistent with the City's overall conservative budget philosophy. The general inflation used for the 20-year financial model is two percent. Costs associated with labor to maintain the RAC assumes a higher percentage than general inflation.

The 20-year financial model assumes the City's General Fund will allocate an additional $200,000 per year through 2024 and $400,000 per year PFD M&O support for the years 2025 through 2029 . The adopted 2023 RAC Budget is balanced with the additional General Fund allocation. It should be noted there is not a commitment for the additional General Fund support beyond 2024. The model shows an operating deficit beginning in 2024 despite the additional allocation assumption.

The model does show solvency through 2031 if the entire PFD revenues and capital reserves are made available for operations.

The 20-year financial model provides a basis for sound financial planning upon which the City needs to develop a strategy to ensure continued operations and capital improvements of the RAC. In 2022, the RAC's revenue resources consisted of user fees and interest (32.7%), city funds (54.8%), and PFD funds (12.5%). In the adopted 2023 Budget, the projected revenue resources consist of user fees and interest (32.0%), city funds (53.0%), and PFD funds (15.0%). Without an amendment to the PFD interlocal agreement, the RAC will face another significant resource decline in 2028 when the current agreement expires. Staff is evaluating the PFD extension.

Recommendation: Secure additional City General Fund commitments for long-term resources to support RAC operations and maintenance in recognition the RAC functions as a high use community park. Preservation of PFD funds is recommended to maintain necessary capital improvements and capital replacements at the RAC.

FUTURE DEVELOPMENT OF PHASE 3

A concept plan was started for Phase 3, a 26-acre site, located directly west of Marvin Road and across from the RAC. The site is constrained by access, pocket gopher management/mitigation issues, and a native oak tree savannah stand. Despite these site limitations, Phase 3 offers the potential for additional athletic fields and commercial partnership that would provide sports and wellness opportunities to the local community. If developed, and depending on what amenities are installed Phase 3 could enable the RAC to attract and host larger tournaments.

Recommendation: Finalize the master plan based on public feedback and guidance related to pocket gopher best management practices. Estimated development and M&O costs will need to be included as part of the long-term funding plan. Once this financial plan is complete, capital and M&O funding sources for Phase 3 would need to be identified in order for this project to move forward.

The 2023 Parks, Culture & Recreation Comprehensive Plan identifies the Lacey Parks system as being only 35% developed and prioritizes the need for additional athletic fields. Development of Phase 3 would give community and sports user groups access to more of Lacey's Park system and help with identified athletic field shortages. During 2023, staff distributed a survey to sports user groups and stakeholders. They were asked if access to sports fields was increased (grass conversion to turn, or additional fields installed) where they would be the most likely to book. The overwhelming response was at the RAC. Fastpitch/softball was the sport chosen the most for the reason to book fields. When asked if they have ever been turned away for field use due to the fields already being full, 36% said no and 64% said yes.

REGIONAL ATHLETIC COMPLEX (RAC)

The Regional Athletic Complex operating fund (RAC) is comprised of 98 acres, 68 of which opened for public use in May of 2009. Phase III is a 26-acre parcel located west of Marvin Road, and scheduled for future development.

An on-site crew of four (4) full-time maintenance personnel and seasonal staff maintain the 68-acre site as well as a full time supervisor and part-time recreational staff overseen by a Recreation Manager. Staff schedules use of the complex, facilitates leagues, tournaments, and events, solicits sponsors and manages the concession contract. Since the softball/fastpitch/baseball complex opened in May 2009, revenue generated at the RAC has exceeded revenue projections, with the exception of the COVID-19 public health crisis. The 20 year financial plan was updated by staff in 2021.

BUDGET SUMMARY

The 2023 budget of **$1,332,495** is the estimated cost to operate the RAC but may change during the year due to continuing COVID-19 public health crisis restrictions. The costs to maintain this facility are covered by fees, and intergovernmental revenues. The intergovernmental revenues are made up of the City's contribution, LTAC funds applied for, as well as revenues contractually received from the Capital Area Regional Public Facilities District.

2023 PROGRAMS, GOALS AND PRIORITIES

- Increase revenues by optimizing tournament and league play, and special events
- Develop, promote, and maintain the complex as the premier athletic facility in Washington
- Market special events to a wider audience to increase revenue and off-season use
- Ensure gender equitable use of the facility
- Work with the Sports Commission to market the facility and secure event bookings
- Articulate field capacities in order to secure bookings during times of non-use
- Develop and promote a diversity of activities not typical to athletic complexes
- Enhance community engagement

Regional Athletic Complex - Revenues

Account Number	Description	2021 Actual Revenue/Expense	2022 Amended Budget	2023 Adopted Budget
Revenues				
007-0000-308.00-00	Estimated Beginning Cash	-	21,840	-
007-0000-333.97-36	CFDA #97.036	966	-	-
007-0000-338.10-10	Capital Area - PFD	200,000	200,000	200,000
007-0000-347.40-00	Event Admissions Fee	3,542	5,000	5,000
007-0000-347.60-50	Physical Activities Prog	296	4,000	4,000
007-0000-347.60-59	Sports Parks-CivicRec	9,225	-	-
007-0000-347.60-90	Special Events Program	-	10,000	10,000
007-0000-347.60-99	Spec Event Parks-CivicRec	8,740	-	-
007-0000-347.62-00	Shelter Fees	-	6,000	6,000
007-0000-347.62-09	Shelters Parks-CivicRec	7,300	-	-
007-0000-347.65-00	Field Use Fees	12	300,000	300,000
007-0000-347.65-09	Field Fees Parks-CivicRec	361,307	-	-
007-0000-347.67-00	Concession Commission	512	1,000	1,000
007-0000-347.68-00	League Fees	-	55,000	55,000
007-0000-347.68-09	RAC League Parks CivicRec	61,295	-	-
007-0000-361.10-00	Investment Interest	6,694	3,319	18,498
007-0000-361.10-40	LGIP Earnings	302	146	4,413
007-0000-361.32-00	Unrealized Gain(Loss)	(2,879)	-	-
007-0000-361.32-02	Reverse Prev Year Adj	(6,048)	-	-
007-0000-362.50-10	Lease - Consessionaire	10,200	22,000	22,000
007-0000-367.10-04	Cont.-Parks Sponsor/Event	-	7,000	-
007-0000-397.10-02	Transfer In 109 Fund	160,000	180,000	180,000
007-0000-397.10-04	Transfer In - Utility Tax	197,013	239,847	326,584
007-0000-397.11-01	Transfer In 001,003,005	200,000	540,325	200,000
Total Regional Athletic Complex Fund Revenues		**1,218,477**	**1,595,477**	**1,332,495**

Regional Athletic Complex - Expenditures

Account Number	Description	2021 Actual Revenue/Expense	2022 Amended Budget	2023 Adopted Budget
Regional Athletic Complex				
Regional Athletic Complex Maintenance				
007-3305-576.10-01	Salaries-Regular	219,300	263,172	358,877
007-3305-576.10-05	Salaries-Overtime	8,104	12,563	12,563
007-3305-576.10-06	Salaries-Part-Time	111,014	123,575	101,735
007-3305-576.20-01	Employer Paid Benefits	127,460	155,076	160,071
007-3305-576.20-03	Unemployment Compensation	1,609	-	-
007-3305-576.31-01	Office & Operating Supply	70,045	99,000	99,000
007-3305-576.31-02	Small Tools & Equipment	1,240	2,500	2,500
007-3305-576.31-17	Supplies-Uniform Purchase	2,344	2,000	2,000
007-3305-576.34-01	Fuel	5,065	10,000	10,000
007-3305-576.41-01	Prof. Svc-Other	25,375	18,360	18,360
007-3305-576.42-01	Telecommunications	7,942	7,750	7,750
007-3305-576.43-03	Registrations	298	-	-
007-3305-576.45-01	Equipment Rental	67,646	81,189	93,093
007-3305-576.45-02	IMS Rental	7,008	13,998	13,949
007-3305-576.45-05	Rentals-Other	2,383	1,500	2,500
007-3305-576.46-01	Insurance-Liability	11,422	12,274	15,674
007-3305-576.46-02	Insurance-Fire/Property	12,869	10,306	11,285
007-3305-576.46-06	AWC L & I Pool	1,002	1,015	1,015
007-3305-576.47-01	Utility-Electric	80,168	80,000	80,000
007-3305-576.47-02	Utility-City of Lacey	79,408	432,325	92,000
007-3305-576.47-07	Utility-Solid Waste	12,893	12,360	14,360
007-3305-576.48-01	Rep & Maint-Equipment	1,694	3,500	3,500
007-3305-576.48-03	Rep & Maint-Facilities	1,945	31,500	3,500
007-3305-576.49-25	Assessments/Taxes	12,520	11,000	11,000
Total Regional Athletic Complex Maintenance		**870,754**	**1,384,963**	**1,114,732**
Regional Athletic Complex General Services				
007-7401-576.10-01	Salaries-Regular	117,265	100,438	106,065
007-7401-576.10-05	Salaries-Overtime	4,516	-	-
007-7401-576.10-06	Salaries-Part-Time	-	14,000	14,000
007-7401-576.20-01	Employer Paid Benefits	53,585	41,875	43,881
007-7401-576.20-03	Unemployment Compensation	-	500	500
007-7401-576.31-01	Office & Operating Supply	2,076	7,500	7,500
007-7401-576.31-02	Small Tools & Equipment	1,153	1,500	1,500

Account Number	Description	2021 Actual Revenue/Expense	2022 Amended Budget	2023 Adopted Budget
Regional Athletic Complex - Expenditures				
Regional Athletic Complex				
Regional Athletic Complex General Services-Continued				
007-7401-576.31-17	Supplies-Uniform Purchase	-	500	500
007-7401-576.41-01	Prof. Svc-Other	27,387	20,000	20,000
007-7401-576.41-11	Prof. Svc - Recreation	-	6,000	6,000
007-7401-576.43-01	Transportation/Per Diem	-	1,500	1,500
007-7401-576.43-02	Dues, Subscriptions, Publ	-	120	120
007-7401-576.43-03	Registrations	60	800	800
007-7401-576.45-02	IMS Rental	11,604	8,831	8,447
007-7401-576.49-06	Maintenance Contracts	676	450	450
007-7401-576.49-25	Assessments/Taxes	8,914	6,500	6,500
Total Regional Athletic Complex General Services		**227,236**	**210,514**	**217,763**
Total Regional Athletic Complex Fund Expenditures		**1,097,990**	**1,595,477**	**1,332,495**

City of Lacey
Regional Athletic Complex
Long-Term Financial Plan
2022 Year-End Actuals

	Actual 2021	Projected 2022	Budget 2023	Projected 2024	Projected 2025	Projected 2026	Projected 2027	Projected 2028	Projected 2029	Projected 2030	Projected 2031	Projected 2032	Projected 2033	Projected 2034	Projected 2035	Projected 2036	Projected 2037	Projected 2038	Projected 2039	Projected 2040	Projected 2041	Projected 2042	Projected 2043
Operating Revenues																							
Beginning Fund Balance / Estimated Beginning Cash			28,000																				
DHS/CFDA #97.036	966	77																					
Intergovernmental Revenue / Capital Area - PFD	200,000	200,000	200,000	200,000	400,000	400,000	400,000	400,000	400,000														
Culture & Recreation / Event Admissions Fee	3,542		5,000	5,100	5,202	5,306	5,412	5,520	5,631	5,743	5,858	5,975	6,095	6,217	6,341	6,468	6,597	6,729	6,864	7,001	7,141	7,284	7,430
Culture & Recreation / Physical Activities Program	296		4,000	4,080	4,162	4,245	4,330	4,416	4,505	4,595	4,687	4,780	4,876	4,973	5,073	5,174	5,278	5,383	5,491	5,601	5,713	5,827	5,944
Culture & Recreation / Sports Parks - CivicRec	9,225	22,299																					
Culture & Recreation / Special Events Program	8,740		10,000	10,200	10,404	10,612	10,824	11,041	11,262	11,487	11,717	11,951	12,190	12,434	12,682	12,936	13,195	13,459	13,728	14,002	14,282	14,568	14,859
Culture & Recreation / Shelter Fees			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Culture & Recreation / Shelters Parks - CivicRec	7,300	14,660	6,000	6,120	6,242	6,367	6,495	6,624	6,757	6,892	7,030	7,171	7,314	7,460	7,609	7,762	7,917	8,075	8,237	8,401	8,569	8,741	8,916
Culture & Recreation / Field Use Fees	12																						
Culture & Recreation / Field Use Fees - CivicRec	361,307	383,226	300,000	306,000	312,120	318,362	324,730	331,224	337,849	344,606	351,498	358,528	365,698	373,012	380,473	388,082	395,844	403,761	411,836	420,072	428,474	437,043	445,784
Culture & Recreation / Concession Commissions	512		1,000	1,020	1,040	1,061	1,082	1,104	1,126	1,149	1,172	1,195	1,219	1,243	1,268	1,294	1,319	1,346	1,373	1,400	1,428	1,457	1,486
League Fees				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
League Fees/RAC League Parks - CivicRec	61,295	62,800	55,000	56,100	57,222	58,366	59,534	60,724	61,939	63,178	64,441	65,730	67,045	68,386	69,753	71,148	72,571	74,023	75,503	77,013	78,554	80,125	81,727
Interest Earnings / Investment Interest	6,694	10,251	18,498	18,498	18,498	18,498	18,498	18,498	18,498	18,498	18,498	18,498	18,498	18,498	18,498	18,498	18,498	18,498	18,498	18,498	18,498	18,498	18,498
Interest Earnings / LGIP Earnings	302	1,958	4,413	4,413	4,413	4,413	4,413	4,413	4,413	4,413	4,413	4,413	4,413	4,413	4,413	4,413	4,413	4,413	4,413	4,413	4,413	4,413	4,413
Interest Earnings / Unrealized Gain (Loss)	(2,879)	2,879																					
Unrealized Gain (Loss)/Reverse Prev Year Adj	(6,048)																						
Rents/Leases / RV Parking		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Concession Lease Long-Term	10,200	25,428	22,000	22,440	22,889	23,347	23,814	24,290	24,776	25,271	25,777	26,292	26,818	27,354	27,901	28,459	29,029	29,609	30,201	30,805	31,421	32,050	32,691
Contributions / Parks General		500																					
Contribution / Cont.-Parks Sponsor/Event		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Fees/Judgments																							
Other Financing Sources / General Fund Transfers In (Utility Tax)	197,013	239,847	326,584	333,116	339,778	346,574	353,505	360,575	367,787	375,142	382,645	390,298	398,104	406,066	414,187	422,471	430,921	439,539	448,330	457,296	466,442	475,771	485,287
General Fund Reserve Transfers In	200,000	456,541	200,000	200,000																			
Transfers In / Transfer in 303 Fund (Thurston County)																							
Transfers In / Transfer in (109) Fund	160,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000
Transfers In / Transfer in - Utility Tax																							
Total RAC Operating Revenues	**1,218,478**	**1,600,465**	**1,360,495**	**1,347,087**	**1,361,970**	**1,377,151**	**1,392,636**	**1,408,431**	**1,424,541**	**1,040,974**	**1,057,735**	**1,074,831**	**1,092,270**	**1,110,057**	**1,128,200**	**1,146,706**	**1,165,582**	**1,184,835**	**1,204,473**	**1,224,505**	**1,244,937**	**1,265,777**	**1,287,034**
Operating Expenditures																							
Salaries & Wages / Salaries-Regular	219,300	263,562	358,877	369,643	380,733	392,155	403,919	416,037	428,518	441,373	454,615	468,253	482,301	496,770	511,673	527,023	542,834	559,119	575,892	593,169	610,964	629,293	648,172
Salaries & Wages / Salaries-Overtime	8,104	10,802	12,563	12,940	13,328	13,728	14,140	14,564	15,001	15,451	15,914	16,392	16,884	17,390	17,912	18,449	19,003	19,573	20,160	20,765	21,388	22,029	22,690
Salaries & Wages / Salaries-Part-Time	111,014	124,561	101,735	104,787	107,931	111,169	114,504	117,939	121,477	125,121	128,875	132,741	136,723	140,825	145,050	149,401	153,883	158,500	163,255	168,152	173,197	178,393	183,745
Personnel Benefits / Employer Paid Benefits	127,460	138,006	160,071	169,675	179,856	190,647	202,086	214,211	227,064	240,688	255,129	270,437	286,663	303,863	322,094	341,420	361,905	383,619	406,637	431,035	456,897	484,311	513,369
Personnel Benefits / Unemployment Compensation	1,609	188	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplies / Office & Operating Supply	70,045	76,853	99,000	100,980	103,000	105,060	107,161	109,304	111,490	113,720	115,994	118,314	120,680	123,094	125,556	128,067	130,628	133,241	135,906	138,624	141,396	144,224	147,109
Supplies / Small Tools & Equipment	1,240	3,040	2,500	2,550	2,601	2,653	2,706	2,760	2,815	2,872	2,929	2,988	3,047	3,108	3,171	3,234	3,299	3,365	3,432	3,501	3,571	3,642	3,715
Supplies / Supplies-Uniform Purchase	2,344	1,426	2,000	2,040	2,081	2,122	2,165	2,208	2,252	2,297	2,343	2,390	2,438	2,487	2,536	2,587	2,639	2,692	2,746	2,800	2,856	2,914	2,972
Supplies / Office & Operating - Bldg			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vehicle/Equip Supplies / Fuel	5,065	11,728	10,000	10,200	10,404	10,612	10,824	11,041	11,262	11,487	11,717	11,951	12,190	12,434	12,682	12,936	13,195	13,459	13,728	14,002	14,282	14,568	14,859
Professional Services / Prof. Svc-Other	25,375	10,857	18,360	18,727	19,102	19,484	19,873	20,271	20,676	21,090	21,512	21,942	22,381	22,828	23,285	23,751	24,226	24,710	25,204	25,708	26,223	26,747	27,282
Communications / Telecommunications	7,942	8,872	7,750	7,905	8,063	8,224	8,389	8,557	8,728	8,902	9,080	9,262	9,447	9,636	9,829	10,025	10,226	10,430	10,639	10,852	11,069	11,290	11,516
Travel / Transportation/Per Diem	-	382		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel / Registrations	298	1,516		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rentals / Equipment Rental	67,646	81,709	93,093	95,886	98,762	101,725	104,777	107,920	111,158	114,493	117,927	121,465	125,109	128,862	132,728	136,710	140,812	145,036	149,387	153,869	158,485	163,239	168,136
Rentals / IMS Rental	7,008	13,998	13,949	14,367	14,798	15,242	15,700	16,171	16,656	17,156	17,670	18,200	18,746	19,309	19,888	20,485	21,099	21,732	22,384	23,056	23,747	24,460	25,193
Rentals / Rentals-Other	2,383	2,801	2,500	2,575	2,652	2,732	2,814	2,898	2,985	3,075	3,167	3,262	3,360	3,461	3,564	3,671	3,781	3,895	4,012	4,132	4,256	4,384	4,515
Insurance / Insurance-Liability	11,422	10,310	15,674	15,987	16,307	16,633	16,966	17,305	17,651	18,004	18,365	18,732	19,107	19,489	19,878	20,276	20,682	21,095	21,517	21,947	22,386	22,834	23,291
Insurance / Insurance-Fire/Property	12,869	12,345	11,285	11,511	11,741	11,976	12,215	12,460	12,709	12,963	13,222	13,487	13,756	14,031	14,312	14,598	14,890	15,188	15,492	15,802	16,118	16,440	16,769
Insurance / AWC L & I Pool	1,002		1,015	1,035	1,056	1,077	1,099	1,121	1,143	1,166	1,189	1,213	1,237	1,262	1,287	1,313	1,339	1,366	1,393	1,421	1,450	1,479	1,508
Utility Services / Utility-Electric	80,168	91,160	80,000	82,400	84,872	87,418	90,041	92,742	95,524	98,390	101,342	104,382	107,513	110,739	114,061	117,483	121,007	124,637	128,377	132,228	136,195	140,280	144,489
Utility Services / Utility-City of Lacey	79,408	432,470	92,000	94,760	97,603	100,531	103,547	106,653	109,853	113,148	116,543	120,039	123,640	127,350	131,170	135,105	139,158	143,333	147,633	152,062	156,624	161,323	166,162
Utility Services / Utility-Solid Waste	12,893	16,002	14,360	14,791	15,235	15,692	16,162	16,647	17,147	17,661	18,191	18,737	19,299	19,878	20,474	21,088	21,721	22,372	23,044	23,735	24,447	25,180	25,936
Repairs & Maintenance / Rep & Maint-Equipment	1,694		3,500	3,605	3,713	3,825	3,939	4,057	4,179	4,305	4,434	4,567	4,704	4,845	4,990	5,140	5,294	5,453	5,616	5,785	5,959	6,137	6,321
Repairs & Maintenance / Rep & Maint-Facilities	1,945	333	31,500	32,445	33,418	34,421	35,454	36,517	37,613	38,741	39,903	41,100	42,333	43,603	44,911	46,259	47,647	49,076	50,548	52,065	53,627	55,235	56,893
Miscellaneous / Maintenance Contracts	-			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous / Assessments/Taxes	12,520	(7,343)	11,000	11,220	11,444	11,673	11,907	12,145	12,388	12,636	12,888	13,146	13,409	13,677	13,951	14,230	14,514	14,805	15,101	15,403	15,711	16,025	16,345
Miscellaneous / Misc - Disposal Fees				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Salaries & Wages / Salaries-Regular	117,265	97,430	106,065	109,247	112,524	115,900	119,377	122,958	126,647	130,447	134,360	138,391	142,542	146,819	151,223	155,760	160,433	165,246	170,203	175,309	180,569	185,986	191,565
Salaries & Wages / Salaries-Overtime	4,516	7,700	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Salaries & Wages / Salaries-Part-Time		1,075	14,000	14,420	14,853	15,298	15,757	16,230	16,717	17,218	17,735	18,267	18,815	19,379	19,961	20,559	21,176	21,812	22,466	23,140	23,834	24,549	25,286
Personnel Benefits / Employer Paid Benefits	53,585	40,793	43,881	46,514	49,305	52,263	55,399	58,723	62,246	65,981	69,940	74,136	78,584	83,299	88,297	93,595	99,211	105,163	111,473	118,162	125,251	132,766	140,732
Personnel Benefits / Unemployment Compensation			500	530	562	596	631	669	709	752	797	845	895	949	1,006	1,066	1,130	1,198	1,270	1,346	1,427	1,513	1,604
Supplies / Office & Operating Supply	2,076	4,912	7,500	7,650	7,803	7,959	8,118	8,281	8,446	8,615	8,787	8,963	9,142	9,325	9,512	9,702	9,896	10,094	10,296	10,502	10,712	10,926	11,145
Supplies / Small Tools & Equipment	1,153	875	1,500	1,530	1,561	1,592	1,624	1,656	1,689	1,723	1,757	1,793	1,828	1,865	1,902	1,940	1,979	2,019	2,059	2,100	2,142	2,185	2,229
Supplies / Supplies-Uniform Purchase			500	510	520	531	541	552	563	574	586	598	609	622	634	647	660	673	686	700	714	728	743
Professional Services / Prof. Svc-Other	27,387	30,158	20,000	20,400	20,808	21,224	21,649	22,082	22,523	22,974	23,433	23,902	24,380	24,867	25,365	25,872	26,390	26,917	27,456	28,005	28,565	29,136	29,719
Professional Services / Prof. Svc - Recreation			6,000	6,120	6,242	6,367	6,495	6,624	6,757	6,892	7,030	7,171	7,314	7,460	7,609	7,762	7,917	8,075	8,237	8,401	8,569	8,741	8,916
Travel / Transportation/Per Diem		2,407	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Travel / Dues, Subscriptions, Publ			120	120	120	120	120	120	120	120	120	120	120	120	120	120	120	120	120	120	120	120	120
Travel / Registrations	60		800	800	800	800	800	800	800	800	800	800	800	800	800	800	800	800	800	800	800	800	800
Rentals / IMS Rental	11,604	8,831	8,447	8,700	8,961	9,230	9,507	9,792	10,086	10,389	10,700	11,021	11,352	11,693	12,043	12,405	12,777	13,160	13,555	13,962	14,380	14,812	15,256
Rentals / Rentals-Other				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	Actual 2021	Projected 2022	Budget 2023	Projected 2024	Projected 2025	Projected 2026	Projected 2027	Projected 2028	Projected 2029	Projected 2030	Projected 2031	Projected 2032	Projected 2033	Projected 2034	Projected 2035	Projected 2036	Projected 2037	Projected 2038	Projected 2039	Projected 2040	Projected 2041	Projected 2042	Projected 2043
Miscellaneous / Maintenance Contracts	676	836	450	459	468	478	487	497	507	517	527	538	549	560	571	582	594	606	618	630	643	656	669
Miscellaneous / Assessments/Taxes	8,914	9,548	6,500	6,630	6,763	6,898	7,036	7,177	7,320	7,466	7,616	7,768	7,923	8,082	8,244	8,408	8,577	8,748	8,923	9,102	9,284	9,469	9,659
Total RAC Operating Expenditures	**1,097,990**	**1,510,142**	**1,360,495**	**1,405,160**	**1,451,490**	**1,499,554**	**1,549,427**	**1,601,189**	**1,654,919**	**1,710,706**	**1,768,638**	**1,828,811**	**1,891,323**	**1,956,280**	**2,023,791**	**2,093,971**	**2,166,941**	**2,242,827**	**2,321,764**	**2,403,891**	**2,489,357**	**2,578,315**	**2,670,930**
Operating Income (Loss)	**120,488**	**90,323**	**-**	**(58,074)**	**(89,520)**	**(122,402)**	**(156,791)**	**(192,758)**	**(230,378)**	**(669,732)**	**(710,903)**	**(753,979)**	**(799,053)**	**(846,223)**	**(895,591)**	**(947,265)**	**(1,001,359)**	**(1,057,992)**	**(1,117,290)**	**(1,179,387)**	**(1,244,420)**	**(1,312,538)**	**(1,383,895)**
Other Income																							
Beginning Fund Balance / Estimated Beginning Cash			1,774,242																				
State Grant/Commerce - RAC				675,000																			
Intergovernmental Revenue / Capital Area - PFD	1,566,077	1,668,884	1,589,568	1,621,359	1,653,787	1,686,862	1,720,600																
Interest Earnings / Investment Interest	17,464	30,707	41,800																				
Investment Interest / LGIP Earnings	771	5,712	9,973																				
Interest Earnings / Interest Earnings	1,046	1,031	1,051																				
Interest Earnings / Unrealized Gain (Loss)	(8,228)	8,228																					
Unrealized Gain (Loss)/Reverse Prev Year Adj	(15,552)																						
Comp for Loss/Impairment of Capital Assets																							
Transfers In / Transfer In 303 Fund																							
Transfers In / Transfer In 001, 003, 005 Fund			805,000					386,825	800,000	398,429	109,746												
Total Other Income	**1,561,578**	**1,714,563**	**4,221,634**	**2,296,359**	**1,653,787**	**1,686,862**	**1,720,600**	**386,825**	**800,000**	**398,429**	**109,746**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other Expenses																							
Other Non-Operating Expenses																							
Total Other Expenses	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Debt Service																							
Debt Service Principal / 2015 LTGO RFDG (07 RAC)	435,000	455,000	470,000	490,000	515,000	540,000	565,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt Service Interest / 2015 LTGO RFDG (07 RAC)	134,450	121,400	103,200	84,400	64,800	44,200	22,600	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Debt Service	**569,450**	**576,400**	**573,200**	**574,400**	**579,800**	**584,200**	**587,600**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net Income (Loss)	**1,112,616**	**1,228,485**	**3,648,434**	**1,663,886**	**984,467**	**980,260**	**976,208**	**194,067**	**569,622**	**(271,303)**	**(601,157)**	**(753,979)**	**(799,053)**	**(846,223)**	**(895,591)**	**(947,265)**	**(1,001,359)**	**(1,057,992)**	**(1,117,290)**	**(1,179,387)**	**(1,244,420)**	**(1,312,538)**	**(1,383,895)**
Capital Expenditures																							
Capital Outlays / Capital Outlays-Equipment			177,705				59,869																
Capital Outlays / Capital-Improvements	15,702	399,133	2,401,537	1,866,799	490,315	518,800	180,000	386,825	1,836,193	628,585	888,553	96,300	72,714	386,438	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Capital Outlays / Capital Outlay-Buildings				15,150																			
Capital Outlays / PFD - RAC Operation & Maintenance Cost				200,000	400,000	400,000	400,000	400,000	400,000														
Capital Outlays / PFD - Administrative Cost	2,584	2,991	8,000	8,000	8,000	8,000	8,000																
Total Capital Expenditures	**18,286**	**402,124**	**2,587,242**	**2,089,949**	**898,315**	**926,800**	**647,869**	**786,825**	**2,236,193**	**628,585**	**888,553**	**96,300**	**72,714**	**386,438**	**200,000**	**200,000**	**200,000**	**200,000**	**200,000**	**200,000**	**200,000**	**200,000**	**200,000**
Estimated Resources																							
Beginning Cash Fund 007	155,900	182,998	251,690	226,749	234,193	241,915	249,926	258,238	266,865	275,820	285,118	294,773	304,802	315,221	326,047	337,299	348,995	361,157	373,805	386,961	400,649	414,893	429,719
Beginning Cash Fund 307	3,515,156	4,582,387	5,340,057	4,623,948	4,190,440	4,268,871	4,314,320	4,634,347	4,032,962	2,357,436	1,448,250	(51,115)	(911,423)	(1,793,609)	(3,037,096)	(4,143,939)	(5,302,900)	(6,516,421)	(7,787,061)	(9,117,507)	(10,510,582)	(11,969,246)	(13,496,610)
Beginning Cash Subtotal	3,671,055	4,765,386	5,591,747	4,850,697	4,424,634	4,510,786	4,564,245	4,892,585	4,299,827	2,633,256	1,733,368	243,658	(606,621)	(1,478,388)	(2,711,049)	(3,806,640)	(4,953,905)	(6,155,264)	(7,413,256)	(8,730,547)	(10,109,933)	(11,554,353)	(13,066,891)
Use of Beginning Cash	-	-	(1,802,242)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Estimated Resources	3,671,055	4,765,386	3,789,505	4,850,697	4,424,634	4,510,786	4,564,245	4,892,585	4,299,827	2,633,256	1,733,368	243,658	(606,621)	(1,478,388)	(2,711,049)	(3,806,640)	(4,953,905)	(6,155,264)	(7,413,256)	(8,730,547)	(10,109,933)	(11,554,353)	(13,066,891)
Capital Expenditures	(18,286)	(402,124)	(2,587,242)	(2,089,949)	(898,315)	(926,800)	(647,869)	(786,825)	(2,236,193)	(628,585)	(888,553)	(96,300)	(72,714)	(386,438)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)
Net Income (Loss)	1,112,616	1,228,485	3,648,434	1,663,886	984,467	980,260	976,208	194,067	569,622	(271,303)	(601,157)	(753,979)	(799,053)	(846,223)	(895,591)	(947,265)	(1,001,359)	(1,057,992)	(1,117,290)	(1,179,387)	(1,244,420)	(1,312,538)	(1,383,895)
Total Ending Cash	**4,765,386**	**5,591,747**	**4,850,697**	**4,424,634**	**4,510,786**	**4,564,245**	**4,892,585**	**4,299,827**	**2,633,256**	**1,733,368**	**243,658**	**(606,621)**	**(1,478,388)**	**(2,711,049)**	**(3,806,640)**	**(4,953,905)**	**(6,155,264)**	**(7,413,256)**	**(8,730,547)**	**(10,109,933)**	**(11,554,353)**	**(13,066,891)**	**(14,650,786)**

LACEY CITY COUNCIL WORKSESSION
April 23, 2024

SUBJECT: **Parks Capital Improvement Program (PCIP) and Formation of Parks Improvement Funding Work Group**

RECOMMENDATION: **Discussion regarding funding for the PCIP, associated Maintenance & Operations (M&O), and formation of a Parks Improvement Funding Work Group to make recommendations to the City Council.**

STAFF CONTACT: Rick Walk, City Manager RW
Shannon Kelley-Fong, Assistant City Manager SKF
Jen Burbidge, Parks, Culture & Recreation Director JB
Troy Woo, Finance Director TW

ORIGINATED BY: LPCR Department

ATTACHMENTS: 1. 2023-2029 LPCR Comprehensive Plan
LPCR_Sections_01-09-ToC_LS.pdf (laceyparks.org)

FISCAL NOTE: N/A

PRIOR REVIEW: City Council approval of the 2023-2029 LPCR Comprehensive Plan on August 17, 2023.

City Council approval of the 2023-2042 Capital Facilities Plan and Government Facilities Master Plan on January 16, 2024.

BACKGROUND:

In 2020, the Lacey City Council directed Lacey Parks, Culture, and Recreation Department (LPCR) to conduct extensive outreach and communication with the public regarding priorities and to inform the 2023-2029 LPCR Comprehensive Plan update.

With guidance from a consultant, and involvement from City staff, Parks, Culture and Recreation Board (Parks Board), and a special Parks Outreach Team, LPCR engaged in an extensive two-year public outreach and engagement process during 2021 and 2022 (pages 25-32).

Input from Lacey community members informed the development of the 2023-2029 LPCR Comprehensive Plan, assisting the overall policy direction and future direction of recreational facilities, parks improvements and maintenance needs. This work included in-person and online surveys, public presentations and worksessions by the Parks Board, Historical Commission, Commission on Equity, Lacey Youth Council, and Lacey City Council. The LPCR Comprehensive Plan strategic goals align with City Council Work Plan Vision Areas (page 10).

The updated LPCR Comprehensive Plan was adopted by the City Council on August 17, 2023. It outlines the opportunities and challenges ahead for LPCR and associated maintenance and operations, including:

- Providing adequate facilities to keep up with Lacey's significant amount of growth and the increased impact on aging parks facilities. The demand for parks exceeds our capacity for maintenance and improvements.
- Continuing to move from a predominately "property acquisition era" to a greater emphasis on parks access, improvement, and development phase.
- Solidifying a sustainable future funding strategy for development and ongoing maintenance.

The following is an excerpt from the LPCR Comprehensive Plan:

> All of the projects [in the PCIP] will require public funding. Therefore, serious consideration must be given to establishing dedicated parks, culture and recreation funds (i.e., bond issues, sales and/or property tax or park district options). Page 144.

The worksession briefing will be focused on the list of park improvement priorities identified in the PCIP over the next six-years. This briefing will include a review of the estimated capital cost, long term operation and M&O costs, and community priorities identified through past community engagement activities. The briefing will also include an overview of future funding options.

After discussion, staff recommends City Council direct staff to start forming a Parks Improvement Funding Work Group by resolution. This resolution would come before the City Council at a future date. This Work Group would evaluate the existing conditions, community and staff feedback, prioritize parks improvement projects, and analyze and recommend funding options to implement the CPIP.

The primary goals for the Work Group would be to prioritize future park project, and recommend funding strategies, including possible rates.