



**LACEY CITY COUNCIL
WORKSESSION
THURSDAY, FEBRUARY 20, 2020
7:00 – 9:00 P.M.
LACEY CITY HALL – 420 COLLEGE STREET SE**

AGENDA

- 7:00** **INDOOR SPORTS FACILITY PHASE II - UPDATE**
*JENNIFER BURBIDGE, DIRECTOR OF PARKS AND RECREATION
(STAFF REPORT)*
- 7:30** **SPORTS COMMISSION UPDATE**
*SHAUNA STEWART, EXPERIENCE OLYMPIA & BEYOND
(PRESENTATION)*
- 7:40** **PARK BOARD OF COMMISSIONERS ANNUAL JOINT WORKSESSION**
*JENNIFER BURBIDGE, DIRECTOR OF PARKS AND RECREATION
(STAFF REPORT)*
- 8:20** **RAC ECONOMIC IMPACT REPORT**
*SUE FALASH, RECREATION MANAGER
(PRESENTATION)*
- 8:30** **CITIZEN COMMITTEE ON THE IMPACTS OF HOMELESSNESS**
*SCOTT SPENCE, CITY MANAGER
RICK WALK, DIRECTOR OF COMMUNITY & ECONOMIC DEVELOPMENT
(DISCUSSION)*
- 9:00** **ADJOURN**



LACEY CITY COUNCIL WORKSESSION

February 20, 2020

SUBJECT: Indoor Sports Facility Feasibility Analysis Phase II

RECOMMENDATION: Review and Discuss the Indoor Sports Facility Feasibility Phase II Analysis

STAFF CONTACT: Scott Spence, City Manager *SS*
Jen Burbidge, Parks & Recreation Director *JB*

ORIGINATED BY: City Manager and Parks & Recreation Department

ATTACHMENTS: 1. [Indoor Sports Facility Feasibility Phase II Analysis](#)

FISCAL NOTE: NONE

PRIOR REVIEW: February 9, 2018, City Council Retreat
January 24, 2019 City Council / Park Board Joint Worksession,
March 21, 2019 City Council Worksession

BACKGROUND:

The Parks and Recreation Department has some challenges as identified in the Parks & Recreation Comprehensive Plan, which are keeping up with a growing population, transitioning from acquisition to development of park properties, and securing a funding strategy for future park improvements.

There is also a lack of indoor facility space for athletics in Lacey. The City has a joint use agreement with North Thurston Public Schools but understandably, school activities come first. In the past several years, there has been an increase of use by the schools of their own space, plus a higher demand from outside groups. In addition, school space availability is intermittent and reliant on custodian support, which cannot always be scheduled.

Due to the lack of indoor sports space, and also input from staff and the community, one of the prioritized actions in the Comprehensive Plan is listed under Indoor Sports Arena; explore feasibility of large, indoor, multi-sport complex. At the 2018 Lacey City Council Retreat, City Council directed staff to hire a consultant to conduct Phase I of an indoor sports feasibility study.

The key goals of the study were:

- Investigate the feasibility of developing and operating an indoor sports facility to meet the current and future demands of the local community and sports organizations, as well as attracting potential regional, state, and national tournaments.
- Assist the City of Lacey in determining whether an indoor sports facility project is feasible and sustainable.
- Specifically, the indoor facility may include an indoor competition-worthy track, basketball, volleyball, and pickleball courts, baseball, fastpitch, and soccer fields; and other indoor sports uses, to be determined based on potential demand. The indoor facility may also include compatible commercial activity such as snack stand, restaurant/bar, and retail sales.
- Make recommendations regarding public/private partnerships that could bring this type of facility to Lacey, if determined feasible.

In 2018, Hunden Strategic Partners completed the following analysis (Phase I).

- Kickoff, Project Orientation, Tours, and Interviews
- Economic, Demographic and Destination Analysis
- Local Sports Supply and Demand Analysis
- State and Regional Sports Facilities Analysis
- Sports Tournament Opportunity Analysis
- Comparable and Competitive Facilities/ Case Studies
- Local Hotel Market Analysis
- Recommendations
- Demand and Financial Projections
- Economic, Fiscal and Employment Impact Analysis

At the January 24, 2019, City Council and Park Board Worksession, HSP recommended moving forward with development of a new indoor multipurpose venue to include eight basketball courts and 16 volleyball courts. Council directed staff to determine next steps.

On March 21, 2019, staff reported back to City Council, and council directed staff to move forward with Phase II of the feasibility analysis with the following key goals:

- Phase II is the Business Planning phase which will refine the recommendations and physical program presented in Phase I
- Provide deeper analysis on funding options, partnerships, management structures and financials.

- HSP will work to create an optimal recommended plan of action.

In 2019, Hunden Strategic Partners completed the following analysis (Phase II).

- Kick Off / Review HSP's prior work for the City
 - Site Identification and Analysis
 - Usage / Tenant Partners
 - Funding
 - Governance / Management
 - Recommendations; Designs and Budgets
 - Updated Financial Projections and Impact
-

ADVANTAGES:

1. Conducting an Indoor Sports Facility Feasibility Study is on the Parks and Recreation Comprehensive Plan priority project list.

DISADVANTAGES:

1. None. This study was done to advise policy makers on relevant facts and costs associated with indoor sports facilities.

Lacey Indoor Sports Facility Phase II

January 10, 2020



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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: Got Game Get 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

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/decel 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:

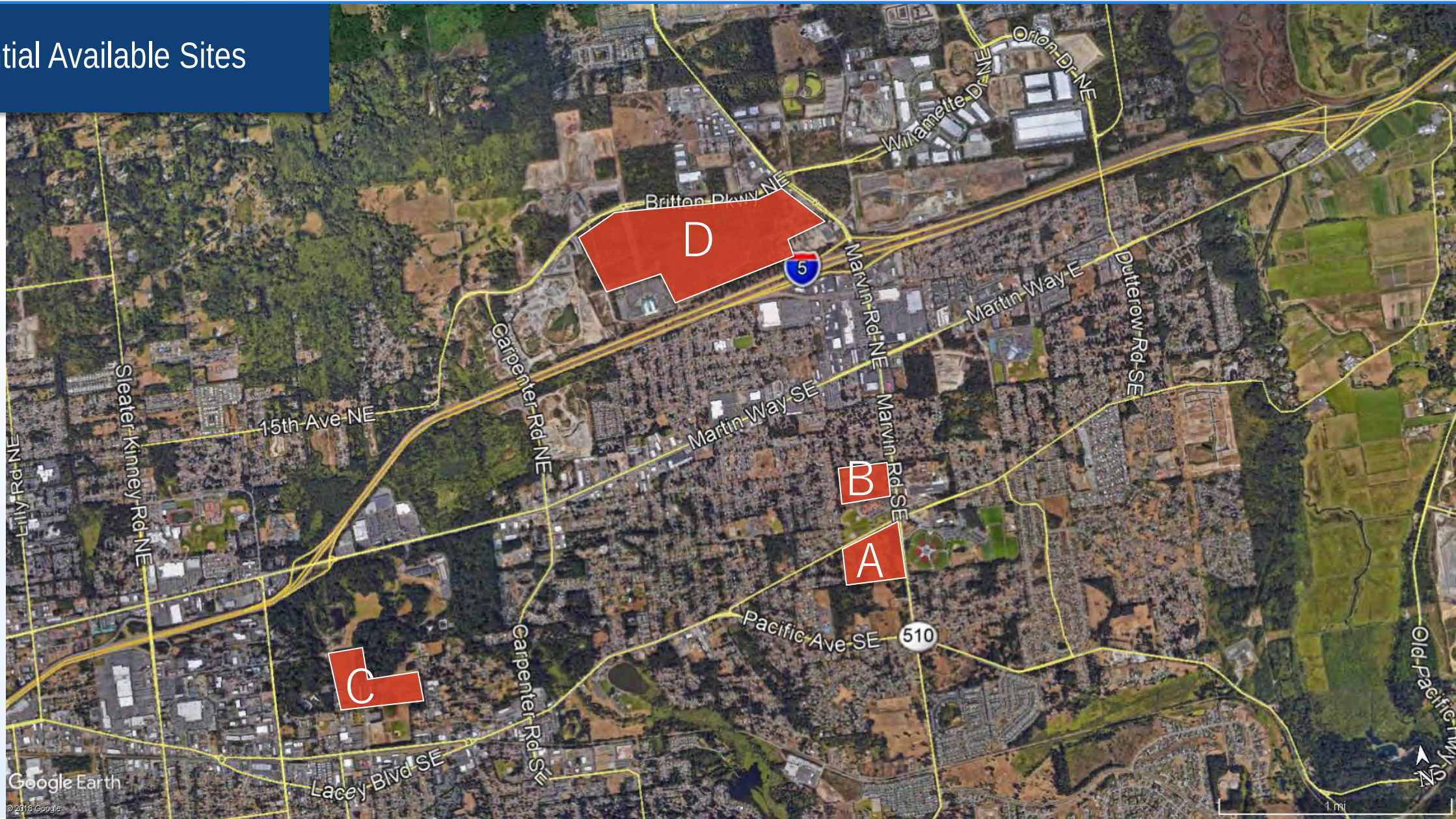
Indoor 6 - 8 Basketball Court (12 - 16 Volleyball Court) Facility

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
<u>Multiply developed area by roughly 2.00 for buffers, paving, detention, etc.</u>	<u>13.6 acres</u>
Total estimated Site area required for Base Facility	18.4 acres

Potential Available Sites



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 of 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 be 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



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
<i>Indoor Courts</i>				
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.		
<i>Indoor Turf</i>				
Chinqually Booters	Soccer	Use Evergreen State for indoor play. Conditions and availability are not ideal.		
Rugby Festival Events	Rugby	n/a		
Source: Various Organizations				

Basketball Feedback (Got Game Get Game)

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

- Got Game Get 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.

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/ Independent	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 qualify 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 statute 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 it 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 statute.
- 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
Capital 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 Expenditures	\$ 1,873,619
Excess of revenues over expenditures	\$ (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 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 PBIA's 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 PBIA's.

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 counties 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 or 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 change 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.”

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 collect the fees and remit 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 mainly 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 .

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

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.

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.

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.

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.

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. The project could be leased from a public owner or a private non-profit organization. The construction, ownership and operations needs can be allocated by agreement between entities, as long as local and state statutes are followed, in particular rules regarding illegal against gifts, misuse of public funds and the lending of public credit.

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 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

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

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

Governance and Management

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

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

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

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

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.

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: Got Game Get 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 events 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 Areas	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	Event	Event	Event
5:00	BP	BP	BP	BP	VP	VP	VP	VP			
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											

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.

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 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
<i>Total</i>	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
<i>Total</i>	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)										
Item	Fiscal Year									
	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	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	Per Day										
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	Event	Event	Event
5:00	BP	BP	BP	BP	VP	VP	VP	VP			
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											

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)										
Item	Fiscal Year									
	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	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	Per Day										
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

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 Events	\$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										

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
<i>Total</i>	<i>\$8,352</i>	<i>\$9,428</i>	<i>\$10,819</i>	<i>\$11,796</i>	<i>\$12,440</i>	<i>\$12,815</i>	<i>\$13,200</i>	<i>\$13,597</i>	<i>\$14,005</i>	<i>\$14,426</i>	<i>\$19,395</i>	<i>\$291,259</i>

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
<i>Total</i>	<i>\$14,085</i>	<i>\$15,899</i>	<i>\$18,243</i>	<i>\$19,891</i>	<i>\$20,977</i>	<i>\$21,608</i>	<i>\$22,258</i>	<i>\$22,927</i>	<i>\$23,616</i>	<i>\$24,326</i>	<i>\$32,703</i>	<i>\$491,124</i>

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
<i>Total</i>	<i>\$4,112</i>	<i>\$4,640</i>	<i>\$5,324</i>	<i>\$5,804</i>	<i>\$6,121</i>	<i>\$6,305</i>	<i>\$6,495</i>	<i>\$6,690</i>	<i>\$6,891</i>	<i>\$7,098</i>	<i>\$9,542</i>	<i>\$143,303</i>

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
<i>Total</i>	<i>273</i>	<i>339</i>	<i>378</i>	<i>400</i>	<i>410</i>	<i>410</i>	<i>410</i>	<i>410</i>	<i>410</i>	<i>410</i>	<i>410</i>

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
<i>Total</i>	\$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





LACEY CITY COUNCIL WORKSESSION

February 20, 2020

SUBJECT: Park Board of Commissioners 2019 Accomplishments and 2020 Work Plan

RECOMMENDATION: Acknowledge the Park Board of Commissioners 2019 Key Accomplishments and accept the 2020 Work Plan

STAFF CONTACT: Scott Spence, City Manager *SS*
Jen Burbidge, Parks & Recreation Director *JB*

ORIGINATED BY: City Manager & Parks & Recreation Department

ATTACHMENTS:

1. [2019 Accomplishments](#)
2. [2020 Work Plan](#)
3. [List of current Park Board of Commissioners](#)

FISCAL NOTE: NONE

PRIOR REVIEW: The Board of Park Commissioners identified and reviewed the 2019 Key Accomplishments and formulated their 2020 Work Plan at their regular monthly meetings, and approved the final versions at its November 6, 2019, meeting.

BACKGROUND:

The Board of Park Commissioners provides leadership in the area of Parks & Recreation. The Board makes recommendations regarding planning, promotion, management, acquisition, construction, development, maintenance, and operation of Lacey's parks, trails, public recreation facilities and recreational programs.

Furthermore, the Board makes rules and regulations in regards to the use of the parks and other recreational facilities as best serves the interests of the public. They also receive money or donated properties for the purpose of acquisition of parks or the improvement of the parks or recreation system, and expend and use them in such manner as shall best carry out the interests of the donors, provided that all money received shall be placed properly into restricted accounts to ensure donor's wishes are carried out.

Each year the Board identifies priorities for the upcoming year and reports out a yearly work plan to the full City Council.

ADVANTAGES:

1. City Council is advised of the work accomplished by the Park Board of Commissioners in 2019 and the scheduled activities for 2020.

DISADVANTAGES:

1. None.

Lacey Park Board
2019 ACCOMPLISHMENTS

Task	Responsible Commissioner	Status	Target Completion date
CONSTRUCTION PROJECTS			
1. RAC Parking Lot Video Cameras	All	Upcoming agenda	December 2020
2. RAC Synthetic Field Replacement (softball infields #3 & #4)	All	Underway	January 2020
3. RAC Fencing/Netting completion (fields 1 & 2)	All	Upcoming agenda	December 2020
4. Long Lake Park beach area & dock	All	Completed	December 2019
5. Outdoor Ping Pong at RVCP	All	Upcoming agenda	December 2020
6. Homann Park improvements (fencing, bleachers)	All	Completed	August 2019
7. Wonderwood Park Playground Equipment replacement	All	Completed	July 2019
8. Pleasant Glade Park new fence	All	Completed	October 2019
9. Rainier Vista Park Electricity upgrades	All	Completed	August 2019
SPECIAL PROJECTS			
10. Greg Cuoio Park Master Plan (and surrounding)	All	In progress	April 2021
11. RAC increased WiFi connection	All	Upcoming agenda	December 2020
12. Train Playground New Museum & Civic Center site	Historical Commission	In progress	June 2020
13. New Museum & Civic Center site A/E	Historical Commission	In progress	June 2021
14. Park Signage replacement	All	Upcoming agenda	June 2020
15. Parks Centralized Volunteer Program	All	Upcoming agenda	December 2020
16. Elementary Sports Program	All	Upcoming agenda	Fall 2020
17. Nisqually Fields	All	In progress	
18. PSE Geocache	Aram Wheeler	Completed	
19. Needle disposal containers in park restrooms	Troy Kirby	In progress	June 2020
20. Wildlife Information	Aram Wheeler	Upcoming agenda	December 2020
21. Sponsorship Policy recommendations	All	In progress	December 2019
22. Park Concessions (non RAC / RVCP)	All	In progress	December 2020
23. Community Garden Pilot Project	All	In progress	December 2020
PARK RULES			
24. Update rules for Long Lake Park floatation devices	All	Completed	May 2019
25. Update rules for operating hours, parking, and general housekeeping	All	Completed	November 2019
PLANNING			
26. RAC Future Financial Plan	All	Upcoming agenda	December 2020
27. Indoor Sports Facility Feasibility Study	All	Completed	December 2019
28. Grant Opportunities	All	Ongoing	

Task	Responsible Commissioner	Status	Target Completion date
29. Capital Facilities Plan Annual Update	All	Completed	April 2019
30. Parks & Recreation Performance Report	All	In progress	December 2020
31. Parks & Recreation Staff Updates	All	Ongoing	
32. Disc Golf Course at McAllister Park consideration	All	Completed	October 2019
BUDGET			
33. Parks & Recreation, Community Buildings, and RAC Annual Department Budget	All	Ongoing	November 2019

OTHER NOTEWORTHY ACHIEVEMENTS

Scholarship Policy adoption
Community Gardens Policy adoption

Lacey Park Board
Proposed 2020 WORK PLAN
Adopted 11/6/19

Task	Responsible Commissioner	Status	Target Completion date
ONGOING			
1. Parks & Recreation Staff Updates			
2. Parks & Recreation, Community Buildings, and RAC Annual Department Budget			
3. Annual Capital Facilities Plan Update			
4. Grant Opportunities			
CONSTRUCTION PROJECTS			
5. RAC Parking Lot Video Cameras	All	Upcoming agenda	December 2020
6. RAC Synthetic Field Replacement (#5 & Soccer #1)	All	Upcoming agenda	January 2021
7. RAC Fencing/Netting completion (fields 1 & 2)	All	Upcoming agenda	December 2020
8. Long Lake Park beach area & dock	All	Dock/swim area completed Beach concept in progress	Unknown
9. Outdoor Ping Pong at RVCP	All	Upcoming agenda	Spring 2021
10. RVCP Skate Park Repairs	All	Upcoming agenda	December 2020
11. Wonderwood Park Trail & Court Upgrades (Sunset)	All	Upcoming agenda	December 2020
12. Bush Park Playground Replacement	All	Upcoming agenda	December 2021
SPECIAL PROJECTS			
13. Greg Cuoio Park Master Plan (and surrounding)	All	Upcoming agenda	December 2020
14. Community Engagement & Outreach	All	Upcoming agenda	Spring 2021
15. Train Playground New Museum & Civic Center site	Historical Commission	Upcoming agenda	June 2020
16. New Museum & Civic Center site A/E	Historical Commission	In progress	February 2021
17. Park Signage replacement	All	Upcoming agenda	Spring 2020
18. Parks Volunteer Program	All	Upcoming agenda	December 2020
19. Lake Lois Habitat Reserve – update interpretive signage & brochure	All	Upcoming agenda	Spring 2021
20. Needle disposal containers in park restrooms	Troy Kirby	Requesting funds	December 2020
21. Wildlife Information	Aram Wheeler	Upcoming agenda	December 2020
22. RAC increased WiFi connection	All	Budget adjustment would be needed for 2020	December 2020
23. Parks & Recreation Performance Report	All	Upcoming agenda	December 2020
24. New Scholarship Policy Review	All	Upcoming agenda	December 2020
25. Community Garden Pilot Project	All	Upcoming agenda	December 2020
PARK RULES			

Task	Responsible Commissioner	Status	Target Completion date
PLANNING			
26. RAC Future Financial Plan	All	Upcoming agenda	December 2020
27. Pickleball Long Term Requests	All	Upcoming agenda	December 2020
28. Thurston Regional Planning Council – updated regional trails plan	All	Upcoming agenda	Unknown

Board of Park Commissioners

3 Year Term – 2 Term Limit* (LMC 2.44)

1st Wednesday, 5:30-7:30 p.m., Lacey City Hall or other public building

8/1/2020 1st Full Term <i>City (appointed 8.14.17)</i>	Aram E Wheeler Chair 3006 Brentwood Dr. SE Lacey, WA 98503 aramwheeler@gmail.com	Wk: 360-570-9847 Hm: 360-791-9538
3/22/2022 1st Full Term <i>City (appointed 3.14.19)</i>	Sarah Daniels Vice-Chair 9212 Periwinkle Lp. NE Lacey WA 98516 sdaniels2468@gmail.com	Cell: 510-386-9185 Hm: 360-890-4948
8/1/2021 2nd Full Term <i>City (appointed 7.26.18)</i>	Ken Balsley 4434 24th Ave SE Lacey, WA 98503 balsley@cco.net	360.456.8964
11/17/2020 1st Full Term <i>City (appointed 12.07.17)</i>	Troy Kirby 3503 College St. SE Lacey WA 98503 Troy@sportstao.com	360-402-1484
8/1/2022 1st Full Term <i>City (appointed 08.11.19)</i>	Erwin Vidallon 6616 36th Ln. SE Lacey WA 98503 evidallon70@gmail.com	Wk: 253-305-1081 Cell: 360-970-9482
Vacant <i>One-year Term Youth Representative</i>	None	

**If there are no applicants for a vacant position one (1) month prior to the expiration of term, the incumbent may be re-appointed to an additional three (3) year term.*

01.08.2020