

# MEMORANDUM



**TO:** CLAY PEARSON, CITY MANAGER

**FROM:** RANDY AULER, DIRECTOR PARKS, RECREATION & FORESTRY *RA*  
DAVID MOLLOY, CHIEF OF POLICE

**SUBJECT:** PRESENTATION OF SIGNATURE PARK (BECK ROAD AND ELEVEN MILE ROAD PROPERTY PROVIDED IN COOPERATIVE AGREEMENT WITH NOVI COMMUNITY SCHOOL DISTRICT)

**DATE:** FEBRUARY 3, 2009

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## BACKGROUND

On January 19, 2008, following two work sessions, the Novi City Council approved Strategic Themes and Goals to be achieved during the next 12-18 months. A key goal identified was to acquire property and develop a Signature Park that includes a community recreation center, performing arts theatre, older adult community center and/or active recreation and natural areas.

The City and the Novi Community School District have an excellent partnership. Through the years, this partnership has enhanced services such as joint use of land for facilities, and joint use of resources for programs and services. On October 20, 2008, once again, in the best interest of the community, the City Council and Novi Community School District further enhanced this partnership through a property exchange. This enables the City to assume ownership of 73 acres of property with no land acquisition costs (estimated savings of \$8.4 million) and develop it into the Signature Park, contingent on the City securing financing for the development of the property through voter-obligated bonds.

Following the City Council direction in establishing the budget, in July 2009, the Signature Park Venture Team (cross-departmental staff) was created for the purpose of preparing a Request for Proposals to contract with a consulting team to prepare a conceptual plan for the park and to develop an operations feasibility analysis for the proposed recreation center. Additionally, a workgroup consisting of two City Council members, the Park Foundation Chairperson, and the Parks, Recreation & Forestry Chairperson was created to assist with the process.

## PROCESS

The 2008 National Citizens Survey identified parks and recreation services as a Key Driver in Novi. Key Drivers are what citizens identify with most and ultimately influence their opinion about service in the community. The survey findings revealed the parks and recreation services ranked high and, the City should continue to ensure high quality performance.

Due to the sensitivity of the project schedule, the team relied on information from previous and current citizen input processes, (such as: Surveys; the Community Recreation Plan; Parks, Recreation and Forestry Strategic Plan; public input at Park, Recreation & Forestry Commission



meetings; demographics; trends and market analysis information). This information was utilized to identify program and facility opportunities for the site which led to the creation of the conceptual plan and estimates of capital and operating cost.

### CONCEPTUAL PLAN, FEASIBILITY REPORT AND CAPITAL INVESTMENT

The conceptual plan for the park and recreation center are included in the attached report. The park conceptual plan was designed not utilizing the 19 acre Kaluzny parcel, to provide for a cost savings if the City elected to not pursue the acquisition for that property, at this time, although it could be purchased at a later date with the adjoining properties.

The components of the proposed initial development include:

A 66,000 square foot multi-age, multi-use recreation & community center	\$11,500,000
Multi-purpose recreation outdoor field for sports and community festivals	\$ 900,000
Sprayground water feature/outdoor ice skating area	\$ 350,000
Infrastructure (utilities, parking, roads, signs, landscape, irrigation)	\$ 1,800,000
Site Furnishings	\$ 84,000
On-site trails and other costs	\$ 366,000
Total initial capital investment	\$15,000,000

The total value of the project is \$23,400,000; however, due to the donated land value of \$8,400,000 the total initial capital investment is \$15,000,000. An additional, \$1.5 million would be required to proceed with the acquisition of the 19 acre Kaluzny Trust parcel. An additional \$1.1 million is required to develop the ITC Trail from the park to the Providence Park Campus.

### OPERATIONS INVESTMENT

The operations plan included revenue projections from recreation program registrations, facility rentals and a proposed limited voter approved millage. Similar to use of the Civic Center and parks, the plan did not include any potential revenue for non-program use of the facility (i.e., drop in basketball, use of walking track, etc.). Providing a balance with general public benefits, in addition to the outdoor park additions, was a priority in the planning. Typically, facilities of this magnitude recover operational costs in the range of 60% to 80%; when including the cost of capital in the equation, most recoveries fall in the 30% to 40% range. Based on these national averages, this project is expected to function above the typical operating parameters, boasting an average five-year study period operational cost recovery in excess of 100%. However, to reach this level of sustainability, two key elements must occur. The program plan outlined was created aggressively in an attempt to optimize cost recovery. The ability to affectively develop the conceptualized facility in a way that reflects the cross programmatic opportunities planned is critical. Secondly, sustainability predominantly relies on the community values translating into the issuance of the 0.50 millage. This millage is responsible for nearly 85% of the total revenues associated with the signature park and indoor facility.

### FUNDING OPTIONS

Please refer to the attached information from Kathy Smith-Roy. Additional funds may be available from the Novi Park Foundation Naming Rights Program and other opportunities such as the Federal Economic Stimulus Package and grants.

## RECOMMENDATIONS/NEXT STEPS

On February 9, 2009, staff will review the conceptual plan and associated capital and operating costs with the project. City Council will need to determine which funding option to pursue for a May, 2009 ballot issue. Staff will then prepare the necessary documentation for Council approval at the February 17, 2009 meeting to place the issue on the ballot for resident approval. Final ballot language must be submitted to Oakland County by February 24, 2009 to be placed on the May 2009 ballot.

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City of Novi

Conceptual Plan and Feasibility Study





B R   
Beckett & Raeder



NOVI PARKS, RECREATION & FORESTRY DEPARTMENT



**SIGNATURE PARK  
AND INDOOR  
FACILITY  
FEASIBILITY STUDY**  
02.04.09

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## **Acknowledgements**

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Kathy Crawford; Council Member

Reagan Schwarzlose; Parks, Recreation, and Forestry Commission Chairperson

David Staudt; Council Member

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Karen Reinowski; Planner

Bev Valente; Assistant City Treasurer

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### **Mayor and City Council**

David B. Landry, Mayor

Bob Gatt, Mayor Pro Tem

Brian Burke

Kathy Crawford

Terry Margolis

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David Staudt



## CHAPTER ONE - INTRODUCTION

The City of Novi contracted with the consultant team (Project Team) led by Neumann/Smith Architecture and supported by Barker/Rinker/Seacat, Beckett & Raeder, and PROS Consulting, LLC to complete a feasibility study for a proposed signature park and indoor recreational facility. In addition, the consulting team worked closely with Parks, Recreation, and Forestry Department (Department) staff, the Advisory Group comprised of two City Council members, the Park Foundation chairperson, the Parks, Recreation, and Forestry Commission chairperson, and the multi-departmental Venture Team in order to develop an understanding of the project. The goal of the project was to complete a feasibility analysis for a signature park that includes a recreational facility centered on programs and services offered by the Department.

The ultimate outcome of the project is the utilization of the concept plan and pro forma to inform residents of the project. An impending bond issuance is integral to the land transfer between the School District and the City that will enable the design and development of the signature park and recreation facility on 93-acres of land centrally located within the City.

Due to the sensitivity of the project schedule as it relates to the bond resolution for late February, 2009, the Project Team relied on information and processes administered by staff, the Park Foundation, and Park Commission prior to the commencement of the feasibility study, as well as guidance from the Advisory Group and Venture Team to formulate the park and recreational facility vision, components, and ultimately the program.

The 2007-2010 Strategic Plan notes the role which the Department plays in the economic vitality of the City, the growing diversification of the market and positive implication this has in the development and expansion of current programming, as well as expanding the programmatic possibilities amongst the fastest growing demographic in America – the senior or mature adult segment.

Key driver analysis identified in the National Citizens Survey administered in 2008 by the National Research Center and ICMA (International City/County Management Association) highlighted the importance of the park system to Novi residents. The key drivers correlate to a city's ability to deliver services in a sufficient manner. These key drivers are what citizens identify with most and ultimately influence their opinion about service in the community. The Novi parks were one of the three identified. Survey findings reveal that the City is above the benchmark, "and should continue to ensure high quality performance in City parks." This perception of value and quality is based on the most discerning data available – the actual user. Novi park users routinely ranked the services high; these included:

- Seventy-seven percent (77%) of citizens have visited a park in the last 12 months
- Eighty percent (80%) rate parks as good to excellent in quality
- Seventy-five percent (75%) of participants ranked recreation classes as good to excellent in quality

Time after time parks and recreation has proven to assist in community building and community pride by providing a commonality amongst all citizens. This quality of life factor provided by parks and recreation, as well as other valued services within the community,





has been attributed to lower crime rates, greater property values, and a healthier and more vibrant community. This sense of community is evident in Novi survey responses, including:

- Ninety-seven percent (97%) of respondents rate Novi as a “good to excellent” place to live
- Sense of community has risen by more than 10% since 2006 survey to a current rate of 74%; some of which can be attributed to enhanced programming and community events and festivals which bring the community together

The community values yielded by the National Citizens Survey appear to coalesce with the current opportunity presenting itself for the expansion of park and recreational experiences for the residents of Novi. Through a cooperative partnership between the City and School District, more than seventy acres of land, a value of \$8- to \$10 million, will be donated to the City. The ability to add park land to not only meet the current needs but provide opportunity for future growth positions the community in a proactive manner to enhance quality of life. Specifically, this project has the potential to address two of the three characteristics receiving the least positive ratings in the National Citizens Survey – the ease, or lack thereof, of bicycle traffic and the availability of walking trails. Through a comprehensive approach focusing on active and passive recreation and education in an indoor and outdoor environment, the foundation of bicycle travel and walking trails will be built with the potential of a future system that would allow for intercity circulation via the future development of ITC Trail.

The City appears primed for the opportunity of developing a signature park. The current inventory of parks, although vibrant and multi-faceted, displays an absence of a true signature park, a central gathering place for recreational opportunities consisting of cultural arts and community events, an extensive trail system, and the potential for all weather active recreation. The City of Novi exemplifies the demographic composition of frequent park and recreation users and program participants across the nation – a community with a well respected school system (CNNMoney.com stated the schools were “excellent”), a population largely consisting of families (14,189 estimated family units; families account for 84% of total population), and a healthy average household income (\$90,199; 115.7% greater than Oakland County averages).

Utilizing reports, findings, and community surveys, the City of Novi was analyzed and assessed based on potential demand for core programs and the corresponding space required – both indoor and outdoor. As a result, Neumann/Smith Architecture, Barker/Rinker/Seacat, Beckett & Raeder, and PROS Consulting, LLC teamed to provide this analysis.

## 1.1 PROJECT TASKS AND PURPOSE

The sequence for the project included the following tasks:

- Task 1 – Project Initiation
  - Purpose – Confirm project goals, objectives, and expectations that will help guide actions and decisions
- Task 2 – Market and Competition Analysis
  - Purpose – Define the target market and quantify the associated needs, market competitors, and estimated market capture
- Task 3 – Facility Space Program
  - Purpose – Develop a detailed facility program, including identification of projected usage, size of program components, staffing size and needs, outdoor areas required, etc.
- Task 4 – Conceptual Building Design
  - Purpose – Develop the conceptual design for the building
- Task 5 – Conceptual Site Design
  - Purpose – Develop a conceptual site plan and associated program and operational components
- Task 6 – Estimate Capital Cost
  - Purpose – Develop an estimate of probable cost for the total project including construction cost of the park and building, utilities, furniture, fixtures, equipment, and professional fees
- Task 7 – Economic Analysis and Financial Plan
  - Purpose – The financial analysis translates market need, programs and space requirements into hard numbers that establish the baseline for decision-making
- Task 8 – Construction Schedule
  - Purpose – Prepare an implementation plan and construction schedule for the development of the proposed site and building design
- Task 9 – Funding Alternatives
  - Purpose – Recommend the most appropriate funding alternatives and phasing strategy for the development
- Task 10 – Final Report and Presentation
  - Purpose – Create a written report compiling all data and graphics included as part of the study





## CHAPTER TWO - DEMOGRAPHICS AND TRENDS

The Demographic and Trends Analysis provides an understanding of the population characteristics of the City of Novi's market and potential Parks and Recreation participatory base. This analysis demonstrates the overall size of the total population by specific age segment, race and ethnicity, economic status, and spending power of the residents through household income statistics.

### 2.1 MARKET INTRODUCTION

Illusive jurisdictional boundaries commonly associated with the suburban communities are present in the Novi market. Although City population is currently estimated at 55,000 persons, a population of more than 2.1 million people is located within a 30-minute drive time of the City center. This convoluted market – recreationally, communally, and business/retail wise – creates an anomaly found mostly in consumer markets. The individuality that many Americans strive to obtain is all but forgotten when the free market and consumer spending collide – at that point the ability to deliver the greatest value for the least amount of money typically trumps loyalties in the non-luxury markets. This leads to value purchases. These market tendencies make it vital for a community to accurately understand, program, and market to the community, both residents and non-residents, when a return on investment is sought for a public project.

Therefore, the Project Team evaluated the market (local and regional) based on the components determined best suited for the community by the Advisory Group and Venture Team.

### 2.2 METHODOLOGY

Demographic data used for the analysis was obtained from Environmental Systems Research Institute, Inc. (ESRI), the largest research and development organization dedicated to Geographical Information Systems (GIS) and specializing in population projections and market trends. All data was acquired in December 2008. Base data reflects actual findings as reported in the 2000 Census and demographic projections for 2008 and 2013 as estimated by ESRI. The City of Novi boundaries were utilized as the demographic analysis boundary (Figure 1).

The Demographic and Market Analysis is utilized to determine who the likely active customer base of the conceptualized park and facility will be within the designated market area. This analysis provides the City with a



Figure 1 - Demographic Analysis; City of Novi Boundaries



clear understanding of the overall size of the market area by total population and number of households, residents by age segment, and race and ethnicity. The overall economic status and spending power of community members is demonstrated through household income statistics.

### 2.3 POPULATION OVERVIEW

The City of Novi is located approximately thirty miles from downtown Detroit. As a community that has received accolades on the “best places to live” the City has continued to experience growth in not just population, but in businesses as well. Novi, along with sixty-one other entities, is located within Oakland County – ranked as the fourth wealthiest county in the nation among counties consisting of more than one million persons. Typically, counties and cities with access to an abundant mixture of blue collar and white collar jobs, including many Fortune 500 companies, tend to experience job related population growth.

The City of Novi has experienced steady growth over the past eight years. The 2000 Census reported Novi’s population at 47,386; current projections place the population at 55,171. This equates to a growth rate of 16% over that span, or an annual growth rate of nearly two percent. Growth over the next five years is projected to occur at a slightly slower pace, one percent rate, resulting in approximately 58,000 persons in 2013 (Figure 2).

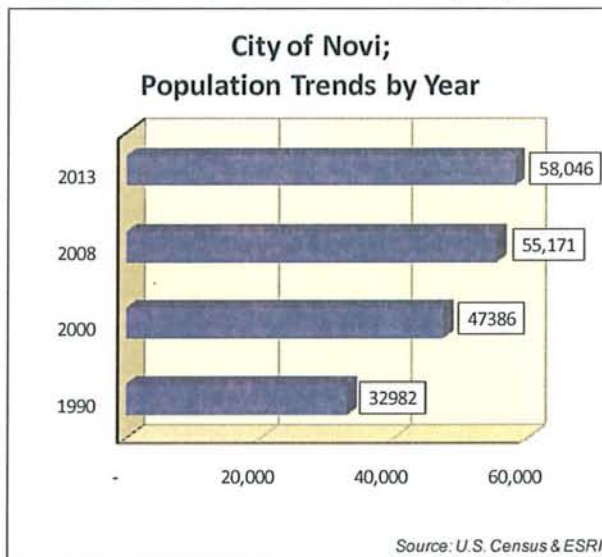


Figure 2 - Population Trend

The average family size (persons of relation) is also increasing: in 2000 it was 3.17, currently (2008) the family size is projected at 3.25 persons, and it is estimated that the family size in 2013 will be 3.29. However, although the population figures and average family size are both increasing, the average household size (all persons residing in a unit regardless of relation) is decreasing. From a high of 2.52 reported in the 2000 Census to a current estimate of 2.50 persons, average household sizes are expected to continue to decrease to 2.49 in 2013. This would imply that the number of households not comprised by families – families are defined as persons related to one another with a head of householder present – has a high composition of single person households, quite possibly comprised of the mature adult segment.

### 2.4 AGE SEGMENTATION

As a community, Novi is aging. Population composition by age segmentation reveals the City’s progression towards a mature community, albeit at a slow pace. Categorization by four major marketing groups – children/youth, early adulthood and child bearing, child rearing and peak income, and mature adults (Figure 3) – illustrates the aging trend of the City.



The median age for the City made a significant jump between the Census 2000 and the current estimate. Census 2000 reported Novi's median age as 35.2. In 2008, the median age is estimated at 37 years. Over the upcoming five-year period (2008 to 2013) the median age is expected to increase at a much slower rate resulting in a median age of 37.3.

As depicted in Figure 3 with the green bar, the highest percentile age range in 2000 belonged to those residents aged 35 to 54 years; this segment accounted for 35.1% of all

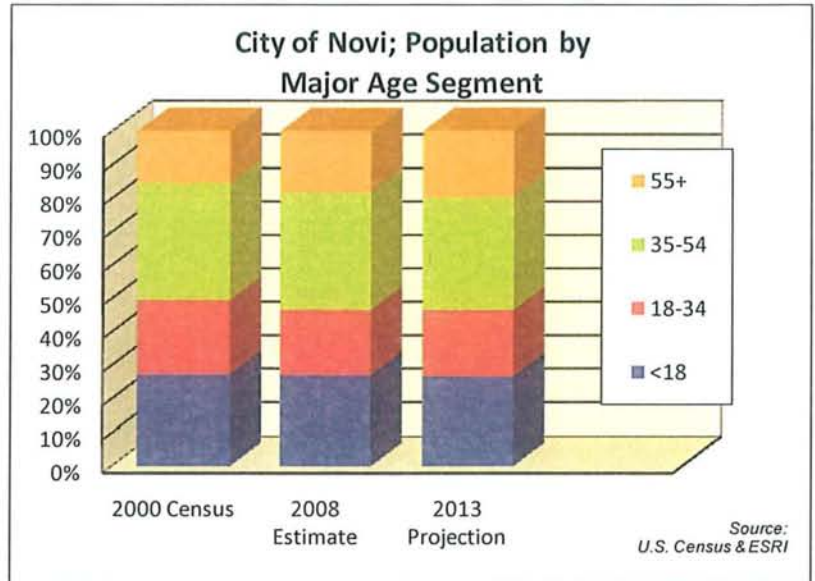


Figure 3 - Population by Major Age Segment

residents. It is estimated that the composition percentage for this segment remained relatively even. Persons aged 35-54 currently account for 35.3% of the population.

However, the biggest shift over the studied period (2000 to 2013) is expected to occur in the 55 and above segment. Although the total study period shift represent a net change of 4.2%, the growth of the mature adult segment appears to be trending upward.

This aging demographic however is expected to participate in recreational activities far more than their predecessors. Today's mature audience is a much more active group than the generation which came prior; maturing adults are now staying active well into their 60's and even into their 70's.

### 2.5 GENDER ANALYSIS

Mimicking national figures, the gender split for the City of Novi has and is projected to remain relatively even with approximately 49.2% of the population male and 50.8% female.

In 2000, the highest percentage of men, 10.4%, was between the ages of 40 and 44. Currently, the composition of the males aged 40 to 44 accounts for roughly 10% of the male demographic. This trend is expected to continue into 2013 and beyond as the City's demographics shift to a more mature demographic.

The female composition is very similar. In 2000, the highest percentage of female occurred for those aged 40 to 44 – 10.4% of the female demographic. The current estimate places approximately 10.1% of the demographic between the ages of 40 and 44. As with the male demographic, the composition of the female demographic is projected to continue this aging trend.

Although more than 60% of Americans as a whole participate in a sport or recreational activity of some kind, women participate at a slightly lesser rate than men. According to



recreational trends research performed in the industry over the past twenty years, the most popular recreational activities for women are currently:

- Walking
- Aerobics
- General exercising
- Biking
- Jogging
- Basketball
- Lifting weights
- Golf
- Swimming
- Tennis

The most popular recreational activities for men over that study period are:

- Golf
- Basketball
- Walking
- Jogging
- Biking
- Lifting weights
- Football
- Hiking
- Fishing
- Hunting

Based on these activities, men and women share a desire for six of the ten popular recreational activities. In terms of frequency, in any 90-day span, men claim to participate in their favorite activities an average of 65 times while women report participating a total of 57 times over 90-days.

With more women participating in recreational activities further into adulthood, more are opting for less team oriented activities that dominate the female youth recreation environment and shifting towards a diverse selection of individual participant activities as evident in the top ten recreational activities mentioned prior.

Gender discrepancy becomes evident among the elder portions of the population; when the populace begins to peak in age the female composition of the total populace rises significantly as does the female preference for alternative forms of recreation. The projected trend of an increase in mature adults, and the assumed large contingent of





mature female adults, depicts the need for senior class programming geared towards females.

### 2.6 RACE AND ETHNICITY ANALYSIS

Novi’s racial composition is fairly uniform. Currently, slightly more than eighty percent (81.8%) is classified as white alone while the Asian populace accounts for the majority of the remaining 20% of the population (Figure 4). It is projected that the racial composition will remain predominantly unchanged over the next five year period (2008-2013).

As reported in Census 2000, 87.3% of all residents identified themselves as white alone. The next highest ethnicity percentile was 8.7% claiming Asian or Pacific Islander status. Currently, those classified as white alone remain the majority at 81.8% of all persons, but the composition is shifting slightly. The next highest percentile is still Asian or Pacific Islander, which has experienced a 4.5% increase to the current estimate of 13.2% of all persons classified as Asian/Pacific Islander. All other ethnicity percentages rose

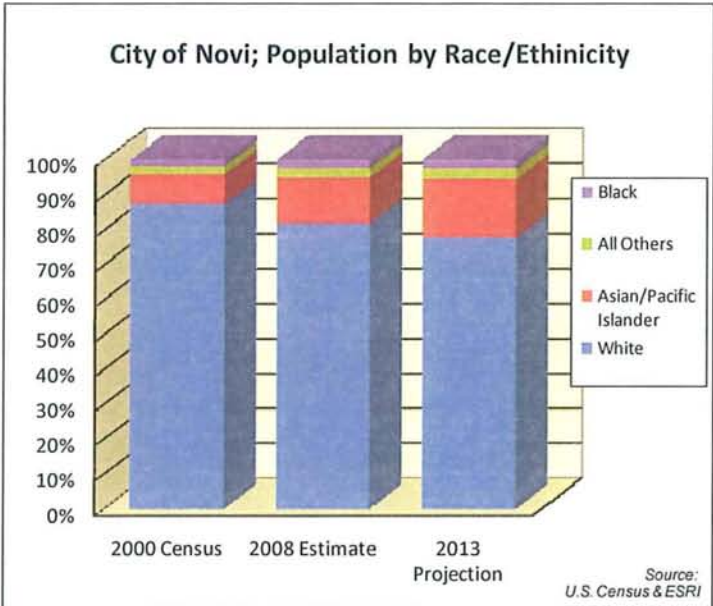


Figure 4 - Population by Race/Ethnicity

between 2000 and 2008 as well. In 2013, the rising ethnic trend is expected to continue, with white alone still claiming majority status, but dropping to 77.7%; those classified as Asian or Pacific Islander is expected to reach 16.8%.

Persons classified as Hispanic or Latino of any race comprise up 2.3% percent of the 2008 population. This categorization of individuals from Mexico and all other Latin American origins is projected to remain relatively unchanged over the next five years, when it is projected that the 2013 population will consist of just 2.6% of persons of Hispanic or Latino origins.

### 2.7 INCOME CHARACTERISTICS

Novi’s income characteristics – median, average, and per capita – have been on an upward slope since the 2000 Census. However, it is too soon to know if or how severe the present economic climate will affect these characteristics. Median household income jumped from a reported \$71,705 in the 2000 Census to a current estimate of slightly more than \$90,000 per household (Figure 5). At the time of the projections, and not knowing the extent of the economic ramifications, this increase is expected to continue into 2013, reaching an estimated median income of \$105,420 per household by that time. The Per Capita income

is also rising: in 2000 it was \$35,992, 2008 it is estimated at \$52,520, and is expected to reach \$67,125 by 2013.

The highest single percentile income range in 2000 occurred between the ranges of \$50,000 to \$74,999, when 20.4% of all households reporting earnings in this category. It jumped substantially in 2008 to 19.8% between \$100,000 and \$149,999. As with all income characteristics, in lieu of understanding the impact of the economic downturn, the large increase in household incomes is expected to continue into 2013 with the highest percentile of households (21.9%) estimated to earn over \$200,000 annually.

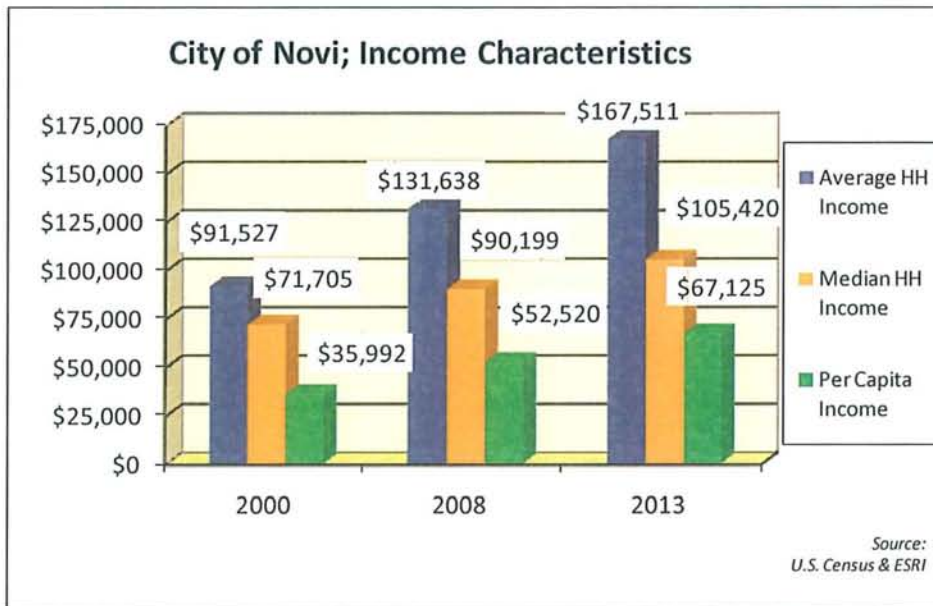


Figure 5 - Income Characteristics

The average 2008 household income for Novi is 21.6% greater than that of Oakland County (Novi - \$131,638; Oakland County - \$108,236). Similar income characteristic trends are displayed in median household income (15.7% greater than County average) and per capita income (20.3% greater than County average).

Based on information reported on consumer spending habits, the highest amount of cumulative consumer spending in the City of Novi was for Retail Goods, accounting just over \$1 billion. The cumulative consumer spending for Entertainment/Recreation was \$145.5 million.

## 2.8 PARTICIPATION TRENDS BY RACE/ETHNICITY

The white population as a whole participates in a wide range of activities, including both team and individual sports of a land and water based variety; however, the white populace has an affinity for outdoor non-traditional sports.

Ethnic minority groups in the United States are strongly regionalized and urbanized, with the exception of Native Americans, and these trends are projected to continue. As with many consumer goods, different ethnic groups have different needs when it comes to recreational





activities. Ethnic minority groups are coming in ever-greater contact with white middle-class baby-boomers with different recreational habits and preferences. This can be a sensitive subject since many baby-boomers are the last demographic to have graduated high school in segregated environments. However, this trend is projected to increase as more baby-boomers begin to retire and the minority populations continue to increase.

The Asian population is a very different yet distinct ethnic group than the three main groups in the U.S. – white, black, and Hispanic. Most closely compared to the Hispanic population in terms of the varying levels of education and cultivation among the many ethnic groups within the Asian population as a whole, most seem to shy away from traditional team sports and outdoor and water based activities.

The black population has historically been an ethnic group that participates in active team sports, most notably football, basketball, and baseball. The black populace exhibits a strong sense of neighborhood and local community through large special events and gathering with extended family and friends including sacred family reunions. Outdoor and water based activities, such as, hiking, water skiing, rafting, and mountain biking, are not much of a factor in the participatory recreational activities.

Hispanic and Latino Americans have strong cultural and community traditions with an emphasis placed on the extended family, many times gathering in large recreational groups where multiple activities geared towards all age segments of the group may participate. Large group pavilions with picnicking amenities and multi-purpose fields are integral in the communal pastime shared by many Hispanics.

## 2.9 RECREATION AND SPORTS TRENDS SUMMARY

According to The Outdoor Industry Association, two major generational categories have emerged as the trend setters in the recreational industry – Baby Boomers (born between 1946 and 1964) and Millennials (born between 1978 and 2003) account for the bulk of all recreational participants in the U.S. These two generational segments have distinct differences in their notable preferences of an active lifestyle. Baby boomers have shed the image of the relaxed, sedentary lifestyle of generations past pursue a more active form of “retirement”. Many boomers are continuing their active and healthy living they converted to later in life as evident by the increasing numbers of seniors participating in the fitness industry. Scott Parmelee, publisher of Outside magazine, describes the boomers as a “hybrid person” that enjoys “less strenuous” activities while still connecting with nature and the outdoors. Many boomers connect outdoor experiences to personal growth while the Millennials seek the thrill.

Millennials pioneered adventure and extreme sports and have been most responsible for the decline in the traditional “bat and ball” sports leagues targeting young adults. They elect less structured activities such as skateboarding, rock climbing, and mountain biking in place of organized youth activities like baseball, football, and soccer. However, although many of these traditional sports have experienced a decline in participation, the sheer magnitude of the audience – participants – draws attention to these sports.

Information released by American Sports Data, Inc.’s (ASD) 2008 Superstudy of Sports Participation reveals that most of the popular sport and recreational activities include swimming, walking, jogging, bicycling, and weight training. Most of these activities appeal



to both young and old alike, can be done in most environments, can be enjoyed regardless of level of skill, and have minimal economic barriers to entry. These popular activities also have appeal because of the social aspect: people enjoy walking and biking together, and although fitness activities are mainly self-directed, many can offer a degree of camaraderie.

Walking has remained one of the two most participated in activities of the past decade. Walking overtook swimming in participation over the last year data was available (2007), with a reported 87.3 million Americans walked at least once.

From a traditional team sport standpoint, basketball ranks highest among all sports in terms of participatory base with 32.3 million persons reportedly participating in 2007. Two sports experiencing participation and growth never before seen are lacrosse and tackle football – both have seen double digit growth; lacrosse has outright exploded. Ultimately, the greatest growth of participation in recreational activities has occurred in activities that have low barriers to entry, can be undertaken within close proximity to home, and can be completed in a limited amount of time.

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#### 2.9.1 TRENDING SOURCE

The American Sports Data, Inc.'s (ASD) Superstudy of Sports Participation (Superstudy) was utilized to evaluate national sport and fitness participatory trends. ASD has been an unequalled leader in sports and fitness participation trends for over two decades; the Superstudy is based on a national consumer mail survey of 30,000 adults and children. The 2008 Superstudy of Sports Participation survey was administered between January 2nd and 3rd, 2008 and represents participatory data for the twelve consecutive months preceding December 31, 2007. Using the 2008 Superstudy of Sports Participation, the following national participation trends were identified for core activities. The Superstudy compares changes in participation during the past one (1), five (5), eight (8), and twenty (20) years. Although the one (1) year change may indicate a future trend or current fad, it is the 5, 8, and 20 year data that is representative of ongoing trends. This report includes analysis of short term and long term participation changes.

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#### 2.9.2 TRADITIONAL “BAT AND BALL” AND TEAM SPORTS

Traditional sports, often referred to as the social glue that bonds the country, play an important role in American society. By teaching important values of teamwork and discipline while stressing physical fitness and a healthy lifestyle, sports have been the building block for many Americans.

The sport that evokes more nostalgia among Americans than any other is baseball. So many people play the game as children and grow to become devout followers of the professional game that it has become known as “the national pastime”; however, based on participation, baseball has experienced a 25% decrease in participation between 2000 and 2007, and a 46% decrease over the 20-year study period (Figure 1). Currently it is estimated that slightly more than 8.1 million persons participate in baseball per year.

Basketball, a game originating in the U.S., is actually the most participated in sport among the traditional “bat and ball” sports with more than thirty-two million (32.3 million) estimated participants. This popularity can be attributed to the ability to compete with relatively small number of participants, the limited number of supplies needed to



participate, and the limited space requirements necessary – the last of which make basketball the only traditional sport that can be played at the majority of American dwellings. However, as is the case for most traditional sports, basketball has experienced declines in each of the study periods analyzed – 9% five year decline and a 24% 10-year decline (Figure 6).

Soccer (outdoor) has also been on a downward trend since 2003; nearly 11% of the participation base has eroded in the five year study period (Figure 1). The sport which has had the largest increase in popularity, although a relatively modest 1.7 million American’s participate, is lacrosse. Lacrosse increased by 51.1% over the 5-year study period, and an impressive 128% participatory increase over the 10-year period. Ice hockey (20.2% increase), tackle football (17.5% increase), racquetball (17% increase), fast-pitch softball (14% increase) all have seen 5 and 10-year participation increases. All activities except racquetball, a sport which has experienced a resurgence, have never had a study period in which there was a decrease in participation.

National Participatory Trends; by Activity	1987	1998	2000	2003	2006	2007	% Change, '03-'07	% Change, '00-'07	% Change, '98-'07	% Change, '87-'07
Baseball	15,098	12,318	10,881	10,885	9,039	8,191	-24.7%	-24.7%	-33.5%	-45.7%
Basketball	35,737	42,417	37,552	35,439	30,971	32,301	-8.9%	-14.0%	-23.8%	-9.6%
Ice Hockey	2,393	2,915	2,761	2,789	3,680	3,353	20.2%	21.4%	15.0%	40.1%
Football, Touch	20,292	17,382	15,456	14,119	14,845	13,472	-4.6%	-12.8%	-22.5%	-33.6%
Football, Tackle	n/a	n/a	5,673	5,751	6,246	6,759	17.5%	19.1%	n/a	n/a
Gymnastics	n/a	6,224	6,689	5,189	6,708	4,983	-4.0%	-25.5%	-19.9%	n/a
Lacrosse	n/a	926	751	1,132	1,439	1,710	51.1%	127.7%	84.7%	n/a
Soccer, Outdoor	n/a	n/a	n/a	16,133	14,962	14,396	-10.8%	n/a	n/a	n/a
Softball, Fast Pitch	n/a	3,702	3,795	3,487	3,396	3,974	14.0%	4.7%	7.3%	n/a
Softball, Slow Pitch	n/a	19,407	17,585	14,410	12,220	13,150	-8.7%	-25.2%	-32.2%	n/a
Volleyball, Court	n/a	n/a	n/a	11,008	11,497	8,706	-20.9%	n/a	n/a	n/a
Volleyball, Sand/Beach	n/a	10,572	8,762	7,454	8,056	7,699	3.3%	-12.1%	-27.2%	n/a
Racquetball	10,395	5,853	5,155	4,875	5,109	5,705	17.0%	10.7%	-2.5%	-45.1%
Tennis	21,147	16,937	16,598	17,325	18,737	17,561	1.4%	5.8%	3.7%	-17.0%

Figure 6 - National Recreation Trends



## CHAPTER THREE – PROJECT VISION: OUTCOME EXPECTATIONS, FEASIBILITY DETERMINANTS, COMPONENTS, AND CORE PROGRAM

Project success is derived through a process – allow the market to define the program, which in turn defines the space. Due to an abbreviated schedule, the signature park and indoor facility feasibility study process was compressed.

### 3.1 OUTCOME EXPECTATIONS

The vision for the signature park and indoor facility was established in the Strategic Plan and other planning documents previously administered and guided by a joint venture of the Advisory Group, Venture Team, and City management. The outcome expectations provide direction for the overall vision of the project. Based on input provided by the Advisory Group and Venture Team, the following outcome expectations were identified. The bulleted list is ordered based on magnitude of quantitative responses received from the Advisory Group and Venture Team:

- Central image; signature for Parks and City; anchor – signature identity
- A program offering (passive/active) that corresponds with the cultural fabric of the community
- A combination of both indoor and outdoor recreational opportunities; multipurpose usages
- Focus on programs for all ages including seniors; adaptive programs
- Regional market draw
- Avoid duplicating and competing; pursue collaboration and equitable partnerships
- Community supportive offering of structures and programs; 100% buy-in
- Sustainable; cost conscious design and operations that maximize revenue while minimizing expenses
- Environmentally best practices; LEED
- Mitigate congestion
- Cultural arts center; theater; staging place for visual arts
- Immediate success
- Smart design; allows for expansion

### 3.2 FEASIBILITY DETERMINANTS

While outcome expectations provide direction for the project vision, the feasibility determinants provide a measuring stick that allows for the direct correlation between concept design, program, and the financial plan. These feasibility determinants provide a much more concise set of goals by which the Advisory Group and Venture Team deem the project possible. The determinants are:

- Affordability – affordable from both a capital investment standpoint and a user/participant standpoint
- Utilization – the ability to activate each space of the indoor component while simultaneously offering a unique outdoor experience; ultimately translates to a return on investment
- Sustainability – the ability of the conceptualized components, indoor and outdoor, to be self supporting, as well as a realistic timeframe for sustainability





- Cost recovery – the ability of the project to recover a minimum of 60% of total cost, including operating cost and capital cost
- Broad appeal – comprehensive; the project must fill a demonstrated, definite need across all age segments
- Level of service – the ability of the Department to provide exceptional service to the community while being stewards of taxpayer monies; a two-star facility with four-star service
- Confidence – does the facility meet the need of the public in a way that a bond <sup>OR</sup> and millage issue will pass a vote

### 3.3 COMPONENTS

The potential to enhance the Novi park system with seventy-three (73) acres of park land, valued between \$8- and \$10 million, through the joint cooperation of the City and School District positions the community in a manner to enhance current services and plan for future expansion. Utilizing a foundation created by previous studies and guidance from the Advisory Group and Venture Team, conceptualized components for the signature park and indoor facility were derived. The main components that gained the majority support from the Advisory Group and Venture Team are:

- A signature park – an asset that will create an image of who the community is and what it represents; it is a park for which the community is known
- Outdoor Components – designed to create a sense of place with recreational opportunities for multi-generational participation; major components being:
  - Trails and pathways
  - Festival and event space
  - Water feature
  - Multipurpose sport fields
  - Play structure
- Indoor Components – seamless integration with outdoor components to provide lifetime learning and enhancement opportunities; major components being:
  - Gymnasium
  - Health and wellness center
  - Multipurpose recreational classrooms
  - Multipurpose sport field
  - Theater

### 3.4 CORE PROGRAM

Core programs are the essential program areas that the signature park and indoor facility is programmed in accordance with. Core programs provide a foundation from which an extensive program plan can be created for. Core programs are those that fulfill a large number but not necessarily all the following criterion:

- Program has been provided for a long period of time and/or is expected by the community
- Program consumes a large portion (5% or greater) of the recreation budget
- Program is offered 3-4 seasons/sessions per year
- Program has wide demographic appeal

- Program has a tiered level of skill development available within the program's offerings
- Full-time staff is responsible for the program planning
- Facilities are designed specifically to support the program
- Program has a strong social value that is a solution to a community need
- Program has high partnering capability
- Program has high participant benefit and economic impact that creates a strong return on investment
- Program requires high levels of customer interface
- Department controls a significant percentage (20% or greater) of the local market

Core program for the signature park and indoor recreation facility was based on previous studies and reports conducted by the City as well as guidance by the Advisory Group and Venture Team. General program categories supported by the components detailed prior are generally supported by a demographic like that of the City of Novi's. The core program for this project is defined as:

- Adult programs, including mature/active adults:
  - Adult Sports:
    - Outdoor – Recreational soccer, flag football, and lacrosse
    - Indoor – Recreational basketball, volleyball
  - Adult Health/Wellness/Fitness:
    - Outdoor – Walking clubs (Mom and Tot; mature adult, doggie), running club
    - Indoor – Strength and conditioning (Mom and Tot, mature adult), body sculpting, boot camp, yoga, Pilates, Zumba, cardio kickboxing
  - Adult Dance – Swing/salsa, ballroom/Latin, tap, mature adult
  - Adult Arts & Crafts – drawing/painting/watercolors, pottery and ceramics, scrap booking, jewelry making
  - Adult Cultural Arts, Theater, and Music – productions, group music, guitar, music revue, Canto Mariachi
- Youth programs:
  - Youth Sports:
    - Outdoor – Recreational soccer, lacrosse
    - Indoor – Recreational basketball, volleyball
  - Youth Camps – Summer sports camp, spring break/winter break camp
  - Youth Health/Wellness/Fitness – Pre-school P.E., fitness camps/classes, tumbling
  - Youth Dance – Ballet, tap, hip-hop, jazz
  - Youth Arts & Crafts – Drawing/painting/watercolors, parent and child art, entry to pottery
  - Youth Music/Theater – Guitar, karaoke, intro to theater, productions, ensemble, musical theater
- Special events and activities:
  - Outdoor – Movies and concerts in the park, festivals, farmers market
  - Indoor – Parent night out, battle of the bands, theater productions, tournaments



CHAPTER FOUR - CONCEPTUAL DESIGN AND COST ESTIMATIONS

4.1 SIGNATURE PARK PLAN

The signature park concept blends an indoor recreation facility with three primary outdoor zones comprised of active and passive recreational and educational experiences via trails, boardwalks, and pathways. The three primary outdoor zones are:

- Active/Interactive Zone
- Upland Prairie Zone
- ITC Trail

A concept of the site plan is presented in Figure 7.

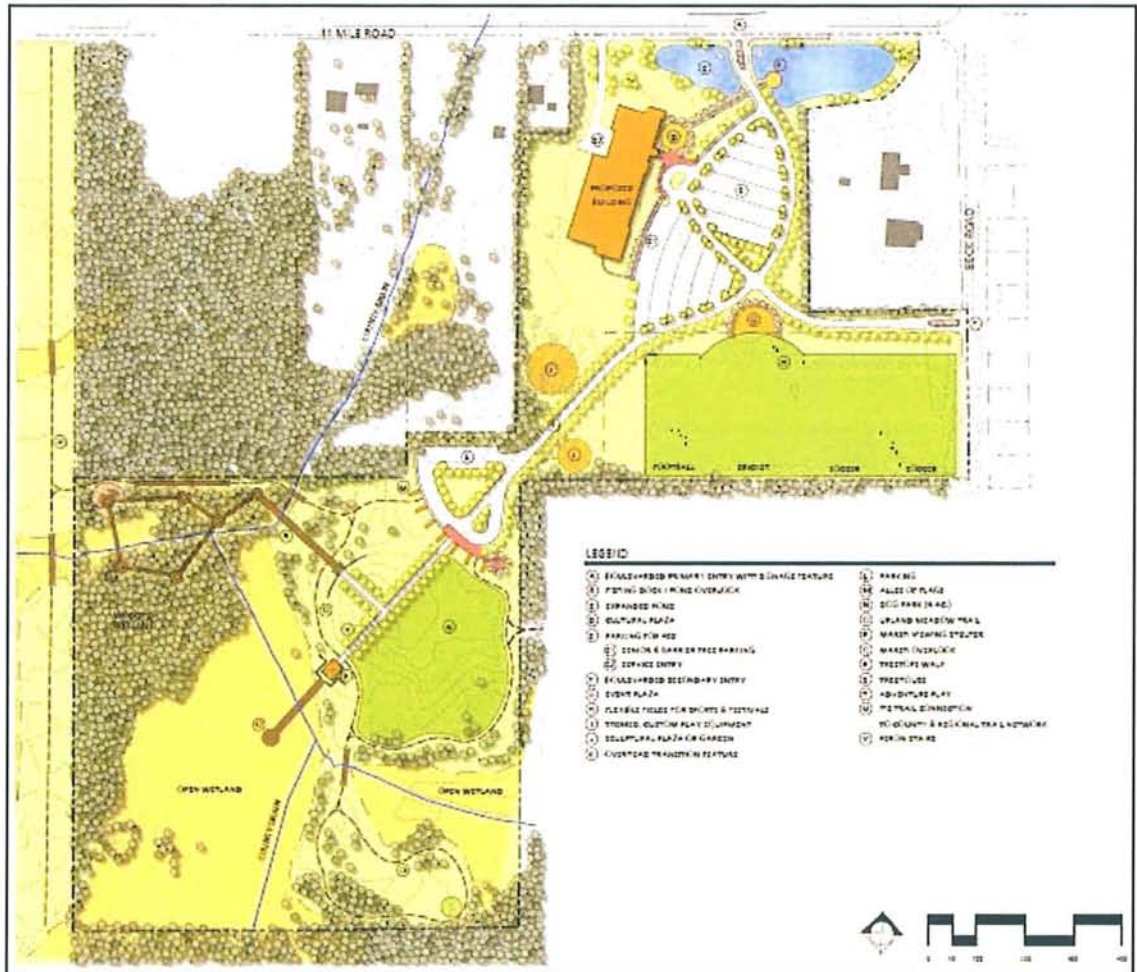


Figure 7 - Site Concept



The indoor facility is designed to meet the recreational, educational, and entertainment needs of a multi-generational audience with active and passive components. This indoor facility is envisioned as an anchor for the signature park, and as the anchor and most recognizable feature associated with the signature park, it must convey a sense of place worthy of a destination style experience. A concept rendering of the facility is presented in Figure 8.



Figure 8 - Indoor Recreation Facility Rendering

## 4.2 INDOOR RECREATION FACILITY – FIELDHOUSE

The indoor facility is anchored by four main components; they are:

- Gymnasium
- Multipurpose recreational classrooms
- Indoor walking track
- Theater

A lounge and common areas round out the indoor facility. A concept of the floor plan and facility rendering are presented in Figures 9 and 10.

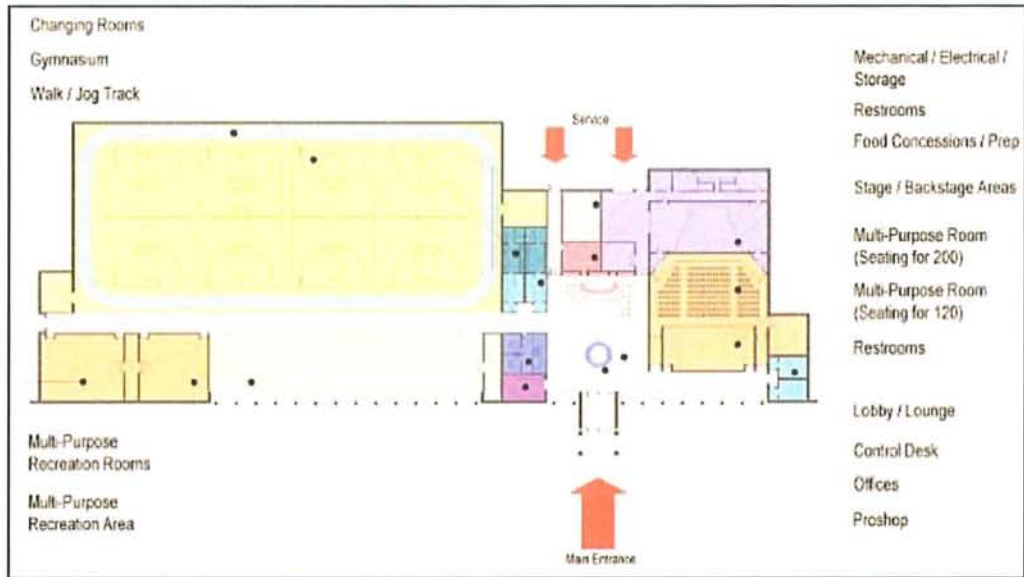


Figure 9 - Indoor Recreation Facility Concept

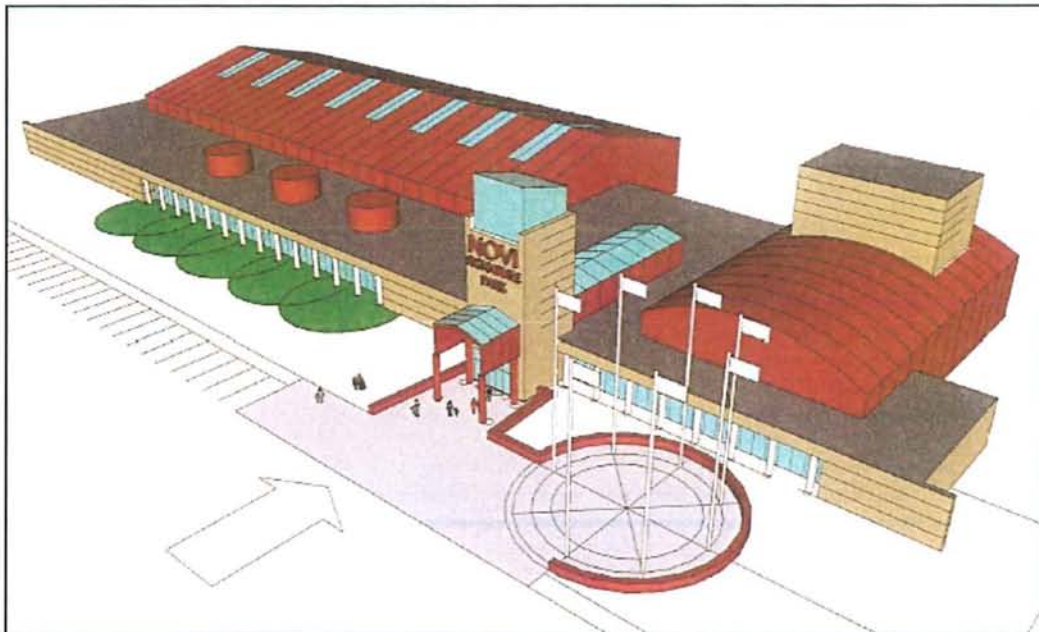


Figure 10 - Indoor Center Rendering



**4.3 COST ESTIMATES**

Cost estimates for the park site that are integral to the success of this study and associated program plan, site improvements, and recreation building equate to approximately \$14.7 million; the indoor recreation facility is estimated at approximately \$11.6 million; capital costs for the individual components of the indoor facility are presented in Figure 11.

Program Function	Gross Area (Square Footage)	Cost per Square Foot	Construction Cost	FFE, Tech, Millwork	Sub-Total Building Cost	Construction Cost (w/10 % Contingency)	Construction Cost (w/AE Fee 7%)	Total Estimated Cost
Vestibule	400	300	120,000	-	120,000	132,000	141,240	141,000
Lobby	4,000	160	640,000	15,000	655,000	720,500	770,935	771,000
Circulation	4,200	140	588,000	10,000	598,000	657,800	703,846	704,000
Control Desk	200	160	32,000	25,000	57,000	62,700	67,089	67,000
Food Concessions	300	160	48,000	40,000	88,000	96,800	103,576	104,000
Food Preparation / Storage	400	120	48,000	50,000	98,000	107,800	115,346	115,000
Office	700	140	98,000	20,000	118,000	129,800	138,886	139,000
Pro Shop	400	130	52,000	12,000	64,000	70,400	75,328	75,000
Restrooms	1,400	280	392,000	-	392,000	431,200	461,384	461,000
Changing Rooms	700	280	196,000	-	196,000	215,600	230,692	231,000
Stage & Back-Stage Areas	5,400	280	1,512,000	20,000	1,532,000	1,685,200	1,803,164	1,803,000
Multi-Purpose Room (200 Theater seating)	3,500	200	700,000	30,000	730,000	803,000	859,210	859,000
Multi-Purpose Room (additional 120 Theater seating)	1,500	170	255,000	15,000	270,000	297,000	317,790	318,000
Multi-Purpose Room Storage	300	100	30,000	-	30,000	33,000	35,310	35,000
Multi-Purpose Recreation Room	2,200	170	374,000	15,000	389,000	427,900	457,853	458,000
Multi-Purpose Recreation Room	1,800	170	306,000	15,000	321,000	353,100	377,817	378,000
Multi-Purpose Recreation Storage	300	90	27,000	1,000	28,000	30,800	32,956	33,000
Multi-Purpose Active Recreation	6,000	160	960,000	220,000	1,180,000	1,298,000	1,388,860	1,389,000
Multi-Purpose Active Recreation Storage	300	90	27,000	1,000	28,000	30,800	32,956	33,000
Recreation Fieldhouse (Basketball, Volleyball, Track)	30,000	85	2,550,000	200,000	2,750,000	3,025,000	3,236,750	3,237,000
Recreation Fieldhouse Storage	800	100	80,000	1,000	81,000	89,100	95,337	95,000
Mechanical/Electrical, General Storage	900	100	90,000	1,000	91,000	100,100	107,107	107,000
<b>TOTAL:</b>	<b>65,700</b>		<b>\$ 9,125,000</b>	<b>\$ 691,000</b>	<b>\$ 9,816,000</b>	<b>\$ 10,797,600</b>	<b>\$11,553,432</b>	<b>\$ 11,553,000</b>

Figure 11 - Cost Estimates; Indoor Facility by Component

An additional \$3.1 million is required for building related costs such as utilities, parking and roads, and other infrastructure (Figure 12).

Phase I Signature Park and Indoor Facility; Cost by Component	Subtotal	Construction Cost (w/10 % Contingency)	Construction Cost (w/12% GC)	Construction Cost (w/AE Fee 7%)
<b>Basic Building Development Cost</b>				
Utilities	438,500	482,350	540,232	578,048
Parking Lot and Roads (Phase I - 60%)	738,450	812,295	909,770	973,454
Site Furnishings and Signs (50%)	63,750	70,125	78,540	84,038
Landscape & Irrigation Allowance (33%)	115,500	127,050	142,296	152,257
<b>Total Basic Building Development Cost</b>	<b>\$ 1,356,200</b>	<b>\$ 1,491,820</b>	<b>\$ 1,670,838</b>	<b>\$ 1,787,797</b>
<b>Active/Interactive Zone Development Cost</b>				
Flexible Fields	688,760	757,636	848,552	907,951
Jumping Jet Fountain/Ice Rink	264,350	290,785	325,679	348,477
Site Furnishings and Signs (50%)	63,750	70,125	78,540	84,038
<b>Total Active/Interactive Zone Development Cost</b>	<b>\$ 1,016,860</b>	<b>\$ 1,118,546</b>	<b>\$ 1,252,772</b>	<b>\$ 1,340,466</b>
<b>Total Phase I Site/Outdoor Signature Park Costs</b>	<b>\$ 2,373,060</b>	<b>\$ 2,610,366</b>	<b>\$ 2,923,610</b>	<b>\$ 3,128,263</b>

Figure 12 – Cost Estimates; Signature Park/Outdoor/Site by Component

The total building cost, including all construction costs, FFE, fees, and miscellaneous bonding cost is projected to be \$15.0 million.



## CHAPTER FIVE - FINANCIAL PLAN

The financial plan for the signature park and indoor feasibility study is outlined in the pro forma and various schedules presented in the following pages of this report. The financial plan is the culmination of the feasibility process that considers the physical, monetary, and human capital required to meet the outcome expectations for this study. The financial plan translates the market need, programs, and space requirements into hard numbers that establish the baseline for decision-making.

The conceptual plan derived through multiple meetings with the Advisory Group and Venture Team is based on the development of an outdoor component – the signature park – and an indoor component – a recreational facility. Due to limited capital funds and minimal operational impact associated with the outdoor component, the financial plan is centered on the indoor facility. Study focus was placed on the indoor facility due to the capital – approximately 79% of total projected capital investment for the signature park and indoor facility – and the operational ramifications – the facility is expected to provide a year-round multi-generational recreational and educational experience while generating sizable revenue to offset the majority of operational costs.

### 5.1 INTRODUCTION AND OVERVIEW

With guidance taken from outcome expectations and feasibility determinants defined by the Advisory Group and Venture Team a list of pro forma assumptions were established. These assumptions are presented on the following pages of this report. Due to nature of a financial model – the endeavor of modeling a dynamic venture in a static fashion – these assumptions must be met in their entirety for the pro forma schedules to be accurate. Although it is believed the information and assumptions constitute a reasonable basis for preparation of the projections, the achievements of any financial projection may be affected by fluctuating economic conditions and are dependent upon the occurrence of future events that cannot be assured. Therefore, actual results may vary from the projections and such variations could be material. These assumptions outline how the signature park and indoor facility analyzed will be operated as well as how the services will be priced to cover each core business.

#### 5.1.1 LIMITING FACTORS

Analyzing the outcome expectations, feasibility determinants, and components defined by the Advisory Group and Venture Team resulted in a dichotomy between concept and philosophy. Various limiting factors that could potentially affect the success of the signature park and indoor facility are:

- Volatility of the current economic climate and unknown cyclical fluctuations could lead to underperforming programs and ultimately, the projected project performance not meeting outcome expectations (immediate success) and feasibility determinants (recover 60% of total costs including capital investment)
- The desire to have project facility recover 60% of total costs – operational and capital investment – is demanding of any facility; capital funding is not typically recovered in a community based multi-generational recreation facilities



- Outcome expectations (immediate success) and feasibility determinants (recover 60% of total costs including capital investment) are rarely attainable for a center that is geared toward community wide multi-generational programming
- The ability to attract a contract operator for the indoor facility is hindered by the feasibility determinants and outcome expectations which place an importance on the public good and use of the park and facility; typically, a contract operator will prioritize usage for a recreation center/facility as, 1. Rentals, 2. Tournaments, 3. Leagues, 4. Public use; this business model allows the contractor to generate a profit

### 5.1.2 PRO FORMA SUMMARY

Translating the feasibility analysis into the financial plan while attempting to meet the outcome expectations and feasibility determinants required an aggressive program plan built around the ability of the Department to capture the customer base. Market penetration and product development – the ability to capture the user with a new service (the proposed indoor facility; unique to current Novi inventories) in an existing market (private and public recreation and leisure services currently offered in the area) – could be inhibited if the dire economic conditions persist.

Based on the concept and associated operations, and the assumptions set forth within this report, and excluding any unforeseen circumstances, the signature park indoor facility is projected to have an average annual cost recovery over the five-year study period of 285.1% excluding capital expenditures. Such favorable recovery percentages are a result of the inclusion of the 0.50 millage. Analyzing cost recovery for the park and facility based on all costs, capital and operational, leads to an estimated five-year average cost recovery of 113.2%. A summary of the five year pro forma is presented in **Figure 13**. Such high recovery percentages for both operational expenses and total expenditures including capital costs are a direct result of the assumed passage of the 0.50 millage. The infusion of an average of \$1.7 million per year over the five-year study period for operations of the signature park and indoor facility allow the City to offer a recreational experience for all non-program activities free of charge. In addition, these financial projections are based on full operations complete with an aggressive marketing campaign targeted at pre-opening program reservations and grand opening promotions beginning no less than six months from the “go-live” date.

The most significant operational costs incurred are utility costs associated with the indoor facility. The concept for the indoor facility calls for a structure of nearly 66,000 total square feet (**Figure 11**). The combination of the structures sheer size and the cold climate leads to significant utility expense.

The most significant source of revenues projected for the indoor facility originate and/or have a portion of the program take place in the gymnasium. Utilizing current projections of the program plan, the gymnasium is responsible for 59.9% of total indoor revenues. Summarized figures are presented in **Figure 13**.



Signature Park and Facility; Financial Plan Summary	Operating Year 1	Operating Year 2	Operating Year 3	Operating Year 4	Operating Year 5
<b>Revenues</b>					
Program Revenues - Indoor Programming	219,573	228,356	237,490	246,990	256,869
Program Revenues - Outdoor Programming	64,454	67,033	69,714	72,502	75,403
Rental Revenues	10,396	10,811	11,244	11,694	12,161
Non-Program Revenues	19,000	19,000	19,000	19,000	19,000
Annual Property Tax Revenue/Operating Mill (0.50)	1,731,547	1,680,939	1,639,809	1,639,809	1,672,605
<b>Total Revenues</b>	<b>\$ 2,044,970</b>	<b>\$ 2,006,139</b>	<b>\$ 1,977,257</b>	<b>\$ 1,989,995</b>	<b>\$ 2,036,038</b>
<b>Operating and Maintenance Expenses</b>					
Total Compensation Expense	\$ 105,664	\$ 108,834	\$ 112,099	\$ 115,461	\$ 118,925
Total Contractual Expense	\$ 504,182	\$ 525,523	\$ 550,547	\$ 579,835	\$ 611,106
Total Commodity Expense	\$ 39,400	\$ 40,582	\$ 41,799	\$ 43,053	\$ 44,345
<b>Total Operating and Maintenance Expenses</b>	<b>\$ 649,246</b>	<b>\$ 674,939</b>	<b>\$ 704,445</b>	<b>\$ 738,350</b>	<b>\$ 774,376</b>
<b>Total Annual Renewal/Replacement Fund</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Annual Debt Service</b>	<b>\$ 900,000</b>	<b>\$ 900,000</b>	<b>\$ 1,191,000</b>	<b>\$ 1,221,500</b>	<b>\$ 1,249,000</b>
<b>Total Expenditures</b>	<b>\$ 1,549,246</b>	<b>\$ 1,574,939</b>	<b>\$ 1,895,445</b>	<b>\$ 1,959,850</b>	<b>\$ 2,023,376</b>
<b>Revenues Over (Under) Expenditures</b>	<b>\$ 495,725</b>	<b>\$ 431,200</b>	<b>\$ 81,811</b>	<b>\$ 30,145</b>	<b>\$ 12,662</b>
Percentage of Operating Expenses Recovered	315.0%	297.2%	280.7%	269.5%	262.9%
Percentage of Total Expenditures Recovered	132.0%	127.4%	104.3%	101.5%	100.6%

Figure 13 - Five Year Pro Forma Summary, Signature Park and Indoor Facility

## 5.2 FINANCIAL PLAN ASSUMPTIONS

The initial development of the feasibility study focused on creating a clear set of assumptions on how the signature park and indoor facility will be operated, maintained, and to what level of cost recovery the facility was capable of producing to offset operational cost. The end product focuses on determining operating costs and revenue streams; this included developing an operational budget and a pricing strategy to meet the outcomes desired in a realistic manner.

Schedules summarizing the expenditures and revenues, along with the notes and assumptions set forth, are integral to the analysis and conclusions stated in the financial plan. These notes and assumptions should be carefully read and considered when reviewing the schedules.

These projections are based on assumptions concerning future events and circumstances. Although the information and assumptions constitute a reasonable basis for preparation of the projections, the achievements of any financial projection may be affected by fluctuating economic conditions and is dependent upon the occurrence of future events that cannot be assured. Therefore, actual results may vary from the projections and such variations could be material.

The assumptions in the feasibility study assist the staff and management in understanding how the financial plan was developed and how the facility will be operated. This allows the management to change the assumptions in the future and determine the impact that those changes will have on the operational budget or on the users of the facility. The assumptions utilized for the development of the financial plan are as follows:



### 5.2.1 GENERAL ASSUMPTIONS

- Signature park and indoor facility (concept) is based on the major components presented below and depicted in the concept drawing, including:
  - Signature park components
    - Park and festival space
    - Trails and pathways – hard surface, natural surface, and interpretive
    - Outdoor gathering spaces/staging areas – capable of serving as outdoor exhibit space and special event areas
    - Water feature – sprayground; natural watersheds and wetlands infused into the program via pathways and trails
    - Multipurpose sport fields – two to four multipurpose fields for adult and youth activities
    - Play structure – multi-age segment play structure with universal accessibility
  - Indoor Components
    - Gymnasium – four playing courts capable of hosting basketball and volleyball programs/leagues/tournaments/rentals; can also host fitness programs on the courts surface
    - Health and Wellness Center – area to house fitness components targeting multi-generational health and wellness initiatives
    - Multipurpose recreational classrooms – classrooms that have the capability of hosting health and wellness, arts and crafts, and enrichment programs
    - Theater
    - Walking track
- Pro forma budget items based on 2009 dollar values
- Salaries are based on 2008/09 salaries of equivalent job descriptions
- Vending will be made available

### 5.2.2 CAPITAL INVESTMENT ASSUMPTIONS

- Capital investment for the signature park and indoor facility is based on the defined components
- Signature park investment (outdoor components; **Figure 7** and **Figure 12**) is estimated at approximately \$3,128,263; this includes
  - Basic Building and Development – \$1,787,797
  - Active/Interactive Zone – \$1,340,466
- Cost to acquire 19.0 acres of privately held land required for park completion is estimated at \$1,500,000; the funds to acquire this acreage have not been secured and therefore are not reflected in the capital cost or associated debt service payments
- Indoor facility investment is estimated at approximately \$11,553,000, plus an additional \$1,787,797 in building related costs for a total of \$13,340,797
- For purposes of the financial plan, total capital investment was based on \$15,000,000 cost estimated for building and building related costs, ~~land acquisition (19.0 acres)~~, and miscellaneous bonding costs



- Debt service payments were calculated by The PFM Group and is based on a Proposed 2009 Limited Tax General Obligation Bond

#### 5.2.3 PRICING ASSUMPTIONS

- Pricing is outlined for each individual program
- Pricing comparisons of like service providers surveyed were used for guidelines for developing the pricing used, however, the ultimate goal of value provided was utilized for developing the pro forma

#### 5.2.4 PRO FORMA LINE ITEM ASSUMPTIONS

- Expenses are projected to be 100% of projected costs beginning in the modeled year "Operating Year 1"; annual increases of a set percent per year each year thereafter as based on Expenditure and Revenue Growth Inputs
- Revenues are projected to be 100% of projected revenue capacity beginning in the modeled year "Operating Year 1"; annual increases of a set percent per year each year thereafter as based on Expenditure and Revenue Growth Inputs
- Annual Renewal/Replacement Fund is presented in the cost recovery ratio; currently operations do not allow for funding of renewal/replacement; when feasible, it is recommended that the City fund on an annual basis; fund is intended to be utilized only for this site and/or facility
- Percentage of cost recovery is based on the assumed market participation and value/market based pricing
- If a higher percentage of cost recovery is needed, operating expenses and pricing will be analyzed for possible adjustments
- All projections are based on assumptions and estimates made within the model
- Pro forma assumptions beginning in "Operating Year 1" is based on management and staff performing extensive lead-in/pre-opening marketing, promotions, and program tailoring to the customer base
- Pro forma program is based on a very aggressive program offering that will require detailed scheduling to allow for successive usages on a regular basis

#### 5.2.5 STAFFING ASSUMPTIONS

- Park and facility administration will be directly supervised by existing supervisors on a rotation basis; these positions are assumed to be shared with the Department in general and therefore will continue to be funded based on current practices; these compensation costs will not be absorbed by the signature park/indoor facility operating budget
- Maintenance costs associated with the signature park/outdoor components are assumed to be funded from the Park Maintenance fund and not attributable to the signature park/indoor recreational facility operating budget
- One full time maintenance/custodial staff position will be shared with the Department in general and therefore will continue to be funded based on current practices (Building and Grounds activity); this compensation cost will not be absorbed by the signature park/indoor facility operating budget



- General benefits are calculated at 29.6%; this percentage is based on the benefit costs of current participating (benefit program) program staff; due limitations on staffing positions to keep operational costs minimal, all planned positions are part-time and therefore do not qualify for benefits
- Taxes and fees required of employers is based on the percentage breakdown of current programmer positions, including
  - Social security – 7.65% of full-time and part-time labor
  - Pension – 10.2% of full-time labor
  - Health Care – 7.35% of full-time labor
  - Workers Compensation – 1.34% of full-time and part-time labor
- All part-time positions are based on a maximum allowable work load of 24-hours per week
- All staffing is based on a limited manpower presence in an effort to keep operational costs down

#### 5.2.6 CONTRACTUAL ASSUMPTIONS

- Electricity/gas utility costs for the indoor facility is based on flat fee per square foot of climate controlled space, including:
  - Gymnasium – \$3.75 per square foot
  - Theater – \$3.75 per square foot
  - Multipurpose recreational classroom – \$3.75 per square foot
  - General/common areas– \$3.75 per square foot
  - It is understood that the energy sector is volatile and the estimates shown in this feasibility study are based on average costs for similar facilities; utility expense should continue to be monitored by the City leading up to and through the development stages at which point the architectural team should provide more exact figures
- Due to budget ramifications, there will be no funding allocated to the Renewal/Replacement Fund; when operational viable, it is recommended that the Department begin allocating \$75,000 per year to this fund; fund should be available for major repairs and/or placed in a policy protected asset renewal fund
- Annual Renewal/Replacement Fund should be a dedicated fund supported by policy allowing only for park/facility maintenance, repair, or replacement
- Cleaning service (indoor) based on \$0.09 per square foot; gymnasium is not included in cleaning service, only theater, classrooms, health and wellness area, and common areas for a total of 35,700 square feet; cleaning of sport areas will be staff responsibility – it is assumed that no food or drink will be permissible in these areas unless approved by management
- Common costs, such as office supplies in excess of \$12K, postage, printing/copying, promotions in excess of \$8K, and legal costs are assumed to be accounted for by the Department overhead budget and not allocated to the park or indoor facility



#### 5.2.7 COMMODITY ASSUMPTIONS

- Recreational supplies allow for the annual cost of supplies needed for general program/activity presentation; not capital investment; does not include/account for custodial costs, capital replacement costs, etc.
- General custodial supplies allow for general custodial supplies for the facility; includes all supplies needed for daily facility sanitation and cleanliness (general spills, trash, etc.); these supplies are not contracted out but purchased on a per needed basis
- Office supplies allow for general office supplies needed for daily operations; these supplies are not contracted out but purchased on a per needed basis; minimal supplies are assumed due to limited staffing housed at indoor facility
- Miscellaneous line item is a budgeted amount set aside for miscellaneous uses that are not recurring and/or emergency situations as deemed necessary by the business manager/center director

#### 5.2.8 CENTER PROGRAMMING ASSUMPTIONS

- Center programming and rentals are based on estimates for units per experience/session, total sessions offered, and fee per program/activity
- Contract instruction is assumed for the majority of the following program areas:
  - Adult Health/Wellness/Fitness
  - Youth Health/Wellness/Fitness
  - Youth Dance
  - Youth Arts and Crafts
  - Youth Music/Theater
- Contract instruction is based on 65%/35% instructor/City split of program revenues; contractor usage is planned to alleviate a portion of the indoor facility marketing requirement and place responsibility on third party contractor; will assist in keeping operational expenses at a minimum
- Health and wellness center is based on open use during general hours of operations, not pass or membership sales
- It is assumed that the following program prioritization will govern the indoor facility:
  - Programs for all age segments – youth, adult, and mature/active adult
  - City/local leagues
  - Rentals for city/local club teams
  - Tournaments
- It is assumed that all current and future theater production and theater related activities and programs will be shifted to the indoor facility theater space; theater operations will remain in current Fund 208 Account 653 (Year Ended Actual 2007/08)
  - Theater revenues are based solely on third party rentals, productions, and special activities
  - It is assumed that all marketing and promotions will be funded from Fund 208 Account 653 and not from the signature park and indoor facility budget



### 5.2.9 OPERATING/GROWTH INPUT ASSUMPTIONS

- Operating and growth inputs are based on average increases per expenditure and revenue category; due to the volatility of the health care and energy sectors, higher growth rates were utilized
  - Benefit growth rate is calculated at 4.0% annual growth due to the potential volatility of the insurance/pension fund requirements
  - Utility growth rate is calculated at an average of 7.3% annual growth due to the potential volatility of the energy sector

### 5.2.10 MARKET BASE

- The City of Novi was utilized as the base market for the feasibility study
- A 30-minute drive time regional market was analyzed; due to the typical recreation participatory trends in regards to the components of the signature park and indoor facility, a regional draw is not expected for the majority of projected programs.

## 5.3 FINANCIAL PLAN FINDINGS

The financial plan for the studied signature park and indoor facility was developed as a feasibility study; this process focuses on the projected future operations – revenues and expenditures – based on a conceptual design. A financial plan including a pro forma and support schedules was created to project the financial ramifications resulting from the improvements and recommended pricing schedule proposed for various programs and offerings occurring at the park and facility.

Operating in a competitive market requires flexibility and an entrepreneurial approach by all management and staff as it pertains to all facets of the signature park and indoor facility. However, this is especially true for the indoor space due to the revenue and expenditure implications. It is imperative that management and staff continuously scan the competitive environment and actively plan for future programs and events. The Five-Year Pro Forma is presented in **Figure 14**.

Based on all operating assumptions and recommendations set forth within this report, excluding any unforeseen circumstances, the signature park indoor facility is projected to recover operational costs related to the facility over the five-year period studied. Cost recovery is predominantly due to the 0.50 operating mill, which is expected to generate an average of \$1.67 million over the five-year study period. Adding in the cost of capital investment lowers the projected cost recovery over that period to an average of 113.2%. Operational efficiencies may be gained through pricing of the peak rental periods – afternoons and weekends – at a market driven price. The existing financial plan is based on constant pricing strategies. Revenues are projected to increase at a relatively flat 4.0% annual rate. With an entrepreneurial approach and aggressive marketing, revenues could increase at a larger percentage than portrayed as the program plan is adapted to the customer base.



Signature Park and Facility; Five-Year Pro Forma	Operating Year 1	Operating Year 2	Operating Year 3	Operating Year 4	Operating Year 5
<b>Revenues</b>					
Adult Programs	109,957	114,355	118,929	123,686	128,634
Youth Programs	102,753	106,864	111,138	115,584	120,207
Special Activities/Other	71,317	74,170	77,137	80,222	83,431
Rentals	10,396	10,811	11,244	11,694	12,161
Non-Program Revenues	19,000	19,000	19,000	19,000	19,000
Annual Property Tax Revenue/Operating Mill (0.50)	1,731,547	1,680,939	1,639,809	1,639,809	1,672,605
<b>Total Revenues Available for Debt Service</b>	<b>\$ 2,044,970</b>	<b>\$ 2,006,139</b>	<b>\$ 1,977,257</b>	<b>\$ 1,989,995</b>	<b>\$ 2,036,038</b>
<b>Operations and Maintenance Expenses</b>					
Compensation, including Benefits	96,948	99,856	102,852	105,938	109,116
Taxes and Fees	8,716	8,977	9,246	9,524	9,810
Direct Program Compensation	113,997	116,847	119,768	122,763	125,832
Utilities	312,875	329,653	349,988	374,460	400,783
Supplies	31,947	32,322	32,708	33,106	33,516
Other Services and Charges	4,800	4,944	5,092	5,245	5,402
Maintenance & Repair	5,613	5,709	5,809	5,911	6,016
Insurance	10,000	10,350	10,712	11,087	11,475
Office/License/Dues	12,000	12,360	12,731	13,113	13,506
Advertising	3,000	3,090	3,183	3,278	3,377
Promotion	8,000	8,240	8,487	8,742	9,004
Education/Travel/Promotions	1,950	2,009	2,069	2,131	2,195
Recreational Supplies	14,900	15,347	15,807	16,282	16,770
General Custodial Supplies	10,000	10,300	10,609	10,927	11,255
Office Supplies	12,000	12,360	12,731	13,113	13,506
Miscellaneous	2,500	2,575	2,652	2,732	2,814
<b>Total Operating Expenses</b>	<b>\$ 649,246</b>	<b>\$ 674,939</b>	<b>\$ 704,445</b>	<b>\$ 738,350</b>	<b>\$ 774,376</b>
Annual Renewal/Replacement Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Debt Service	\$ 900,000	\$ 900,000	\$ 1,191,000	\$ 1,221,500	\$ 1,249,000
<b>Total Net Revenues</b>	<b>\$ 495,725</b>	<b>\$ 431,200</b>	<b>\$ 81,811</b>	<b>\$ 30,145</b>	<b>\$ 12,662</b>
% of Cost Recovery - Operations; without Annual Capital Maint. Fund or Debt Service	315.0%	297.2%	280.7%	269.5%	262.9%
% of Cost Recovery - Total Operations and Maintenance; with Annual Capital Maint. Fund and Debt Service	132.0%	127.4%	104.3%	101.5%	100.6%

Figure 14 - Five Year Pro Forma; Full Operations (based on assumptions set forth within this report)

### 5.3.1 SIGNATURE PARK AND INDOOR FACILITY STAFFING

The ability to program and deliver the valued experiences of the signature park and indoor facility falls directly on the Department’s program staff, customer relations personnel, and ultimately management.

Signature park maintenance personnel and cost is assumed to be absorbed by the Department’s Buildings and Grounds activity and therefore not attributable to the signature park and indoor recreation facility operational budget.

In an effort to keep operational costs to a minimum, it is assumed that all programming and management/administration of the indoor facility will be administered by program supervisors currently employed by the Department; current funding sources are assumed to remain in practice and administrative/management costs therefore will not be associated with the indoor recreation facility’s operational budget. Likewise, one of the two currently employed full-time maintenance/custodial staff persons is assumed to transfer to the indoor recreation facility. Currently, this position is funded from the buildings and grounds activity; for the purposes of this study, it is assume that the maintenance/custodial position will



continue to be funded from building and grounds activity and not from the signature park and indoor facility operational budget.

To keep operational costs to a minimum, all facility customer service/customer relations positions will be comprised of part-time staff, including the position of customer service supervisor. It is strongly recommended that whenever operationally feasible a full-time customer service supervisor should be added to the indoor staff. This position would preferably act as the building supervisor as well as customer service/front desk supervisor to alleviate the burden of facility management from the program staff. As noted previously, the success of the program plan outlined will require aggressive and attentive programming. The addition of this full-time supervisor position will remove the burden of facility management and allow the programmers to concentrate solely on the activation of the facility.

Additional customer relations and building attendant part-time personnel will supplement the indoor facility operations. These part time positions are limited to 24-hour work weeks and are not eligible for benefits of any kind. It is projected that much of the program instruction and sport leagues will be contractor/officiated based. However, in some instances when traditional league programs (youth basketball, soccer, etc.) do not have a set precedent or governing bodies dictating officiating regulations, in-house personnel (building attendant) are assumed to, and accounted for in the budget, act as the official. On average, staffing of a recreation facility can be expected to account for 60% to 70% of all operational costs. Due to the projection of an access controlled facility, minimal staffing, and current funding sources for the full-time recreation supervisor and maintenance/custodial positions remaining viable, personnel costs for the indoor facility is projected to account for 33.8% of all signature park and indoor facility operational costs. This includes direct program compensation (contract labor). Department personnel (Figure 15) are expected to account for 16.3% of total operational costs. A staffing summary for Department personnel is presented in Figure 15.



Signature Park and Indoor Facility Potential Staffing Cost Summary	Operating Year 1	Operating Year 2	Operating Year 3	Operating Year 4	Operating Year 5
<b>Salary and Benefits</b>					
Facility Administration	-	-	-	-	-
Facility Maintenance	30,600	31,518	32,464	33,437	34,441
Customer Relations	66,348	68,338	70,389	72,500	74,675
Recreation Programs	-	-	-	-	-
Park Maintenance	-	-	-	-	-
<b>Total Salary and Benefits</b>	<b>\$ 96,948</b>	<b>\$ 99,856</b>	<b>\$ 102,852</b>	<b>\$ 105,938</b>	<b>\$ 109,116</b>
<b>Taxes and Fees</b>					
Social Security**	7,417	7,639	7,868	8,104	8,347
Pension	-	-	-	-	-
Health Care	-	-	-	-	-
Workers Compensation**	1,299	1,338	1,378	1,420	1,462
<b>Total Taxes and Fees</b>	<b>\$ 8,716</b>	<b>\$ 8,977</b>	<b>\$ 9,246</b>	<b>\$ 9,524</b>	<b>\$ 9,810</b>
<b>Total Compensation</b>	<b>\$ 105,664</b>	<b>\$ 108,834</b>	<b>\$ 112,099</b>	<b>\$ 115,461</b>	<b>\$ 118,925</b>

Notes:

A. Social Security	7.65%	*Based on current programmer positions percentage breakdown
B. Pension	10.20%	*Based on current programmer positions percentage breakdown
C. Health Care	7.35%	*Based on current programmer positions percentage breakdown
D. Workers Compensation	1.34%	*Based on current programmer positions percentage breakdown

\*\* Taxes/fees category calculated with part-time labor included in cost; it is assumed that all field maintenance for the outdoor components of the park is part-time labor

Figure 15 - Compensation Summary (Department); Full Operations (based on assumptions set forth in this report)

### 5.3.2 CENTER SPACE UTILIZATION

Due to the capital and operational ramifications of an indoor facility, space utilization was analyzed. Program usage and revenue generation for each of the defined components was identified. Space utilization is meant to be viewed solely as a guide; detailed revenues and expenditures are derived on a program basis and not a space basis. The ability of staff to flexibly program the entire indoor facility based on current and actual need should be the final determining factor as to which space is utilized for a given program. Based on the projected program plan and available programmable spaces – gymnasiums, indoor multipurpose field, multipurpose recreational classrooms, and a theater – three of the four major components are projected to host 20% or more of the projected program opportunities. As stated previously, the financial plan is calculated at the program level and an attempt to estimate usage by space was completed for discussion purposes only. Contributions for program based components are projected as follows:

- Gymnasium; four high school sized courts (84'x50') – 33.5% of all programs/activities are expected to take part in this space (some programs utilize multiple spaces); projected to generate 59.9% of all program revenues
- Multipurpose Recreational Classroom; 3-4 spaces (800-1200 SF per) – 60.1% of all programs/activities are expected to take part in this space (some programs utilize multiple spaces); projected to generate 34.7% of all program revenues
- Theater; 250-300 seat auditorium with production quality stage and storage – 6.3% of all programs/activities are expected to take part in this space (some programs utilize multiple spaces); projected to generate 5.4% of all program revenues



Consideration for projected space utilization is based on the typical usage patterns for like spaces. This is especially true for “banquet” or “meeting” rooms; on average, the larger the room, when priced accordingly to space utilized, the more difficult it is to program due to the size implications. Generally, smaller groups feel the space is cavernous and some larger groups feel the fee that a larger space requires does not justify the need for space and will often times, when possible, compress their space needs.

It is expected that a 6,000 square foot health and wellness area will be made available for all residents as an open use asset, meaning, residents can access the health and wellness area during hours of operation. It is expected that the highest projected participation for this area will be among the mature and gentle adult demographic; this is due to the trend of health and wellness equipment becoming more “senior” friendly coupled with the availability of the walking track, facility lounge areas, and the overarching trend of the older age segments to stay socially and physically active.

### 5.3.3 OPERATIONAL EFFICIENCIES OF COMPONENTS

As a whole, the anticipated program for the indoor recreational facility is projected to generate a five-year study average of \$237,856 per year. Compared to the direct program contractual expenses for instruction that is projected at approximately \$101,054 annual average over the same five-year period, the indoor program is projected to generate average net revenues of \$136,802. The program plan developed for the signature park’s outdoor components is based primarily on the ability to activate the outdoor sports field, sprayground, and trail system. Though not as aggressive as the indoor program, the outdoor program is projected to generate net revenues of \$51,033 on revenues of \$69,821 and direct program expenses of \$18,788.

Analyzing the projected revenues and expenditures against the capital costs provides a general understanding of the return on investment. Due to many programs occurring in multiple areas, a true formulaic return on investment is difficult to properly attribute to individual components. General efficiencies of the three major components were analyzed based on program revenue originating in the specific space and all major associated direct expenses. Due to the proposed operational agreement between the theater and theater program – current funding will remain in place, and the City’s theater program will not be charged for use of the space – the theater was not analyzed. Operational efficiencies for the two major components, gymnasium and recreational classrooms, of the indoor center are as follows:

- Gymnasium
  - Program Revenues – \$137,695 (Operating Year 1)
  - Direct Program Expenses – \$45,876 (Operating Year 1)
  - Major Direct Operational Expense – Utilities, \$100,440 (Operating Year 1); less estimated indoor track area
  - Revenue to Direct Expense Ratio – 0.94 (revenues / major expenses; calculated as  $137,695 / (45,876 + 100,440)$ )



- Implies that for every single operational dollar spent there was \$0.94 of revenues generated
  - Estimated Cost of Capital Component – \$2,276,640; less estimated indoor track area
  - Net Revenue to Capital Investment Ratio (based on asset life of 20-years) – 0.53; (net revenues / capital investment; based on one year of operations and 1/20 of total asset investment cost)
    - Implies that \$0.53 of revenues are generated from every \$1.00 spent for capital (annualized) and operations for/on the component
- Multipurpose Recreational Classroom
  - Program Revenues – \$79,796 (Operating Year 1)
  - Direct Program Expenses – \$49,073 (Operating Year 1)
  - Major Direct Operational Expense – Utilities, \$15,000 (Operating Year 1)
  - Revenue to Direct Expense Ratio – 1.25 (revenues / major expenses; calculated as 79,796/49,073+15,000)
    - Implies that for every single operational dollar spent there was \$1.25 of revenues generated
  - Estimated Cost of Capital Component – \$836,000
  - Net Revenue to Capital Investment Ratio (based on asset life of 20-years) – 0.75; (net revenues / capital investment; based on one year of operations and 1/20 of total asset investment cost)
    - Implies that \$0.75 of revenues are generated from every \$1.00 spent for capital (annualized) and operations for/on the component
    - This component has the highest net revenue to capital investment ratio of all components analyzed
    - Low cost of capital investment for this component leads to a high net revenue to capital investment ratio

#### 5.4 FINANCIAL PLAN CONCLUSION

The feasibility for the signature park and indoor facility cannot be measured only with dollars and cents. While good stewardship of taxpayer dollars is the ultimate goal of government agencies, parks and recreation is not solely measured on the bottom line. This feasibility study focused on a project which provides the City an opportunity to gain additional park lands to provide for current and future growth, as well as position the community in a manner to maintain the high sense of community and quality of life in Novi.



Outcome expectations and feasibility determinants established by the Advisory Group, Venture Team, and City management for this project are assertive. The ability to obtain immediate success (outcome expectation), and sustainability and a level of cost recovery desired (feasibility determinants), the Advisory Group, Venture Team, and City management must weigh the non-measurable benefits – the potential to improve the experience for the 77% of citizens that have visited a park in the last 12 months, the high sense of community, and the improved quality of life, all factors of quality parks system – against the financial realities.

The outcome expectations and feasibility determinants set forth by the Advisory Group, Venture Team, and City management were very aggressive. Typically, facilities of this magnitude recover operational costs in the range of 60% to 80%; when including the cost of capital in the equation, most recoveries fall in the 30% to 40% range. Based on these national averages, this project is expected to function above the typical operating parameters, boasting an average five-year study period operational cost recovery in excess of 100%. However, to reach this level of sustainability, two key elements must occur. As noted in this report, the program plan outlined was created aggressively in an attempt to optimize cost recovery. The ability to affectively develop the conceptualized facility in a way that reflects the cross programmatic opportunities planned is critical. Secondly, sustainability predominantly relies on the community values translating into the issuance of the 0.50 millage. This millage is responsible for nearly 85% of the total revenues associated with the signature park and indoor facility. Ultimately, it will be the responsibility of management and staff to affectively program, schedule, and deliver quality experiences to the public to ensure success.

An aggressive marketing campaign will be required if the City wishes to reach the results depicted in the “Operating Year 1” of the pro forma. A strong program geared around the current community desires and values cannot be expected to succeed without the proper marketing and promotional ramp-up indicative of a \$15 million signature park and indoor facility. Ultimately, the ability to activate each space of the indoor component while simultaneously offering a unique outdoor experience will translate to a return on investment.

Not to be discounted, the study has taken place during very dire economic conditions. The extent to which the economic conditions influenced the survey is unknown. This feasibility study provides a guide for the decisions facing the operations and service offerings; the overall outcome will be reflected in the initiative and creativeness of the management and support by the City and Council.