



**SOLDOTNA**  
City of Soldotna, Alaska

# Soldotna Field House Feasibility Analysis

PRESENTED TO THE CITY OF SOLDOTNA  
BY THE UNIVERSITY OF ALASKA CENTER FOR ECONOMIC DEVELOPMENT



## Executive Summary

The City of Soldotna is currently pursuing the development of the Soldotna Field House as a recreational and quality of life asset for the Central Peninsula region. At a development cost of approximately \$10.3 to \$11.8 million, the City of Soldotna will need to assess a range of options for financing the project. To assist the City, the University of Alaska Center for Economic Development generated this report. Its objectives are to assess demand for the facility, estimate operating costs and revenues, and identify pathways to paying debt service on bonds used to finance development. Major findings include:

### Market Area and Demand

- The market area for the Field House is estimated at about 37,000 individuals who live within a 45-minute drive from Soldotna. Residents of these five census tracts—Nikiski, Kenai River, Soldotna, Kenai, and Kasilof—are the most likely users of the facility.
- The two largest age groups in the area are youth aged 10 to 19 and those approaching retirement age, between 50 and 59.
- Based on national sports participation benchmarks, CED estimated the share of the market area population likely to participate in baseball, flag football, jogging, soccer, softball, and wrestling. Jogging has the highest expected participation rate of any of these activities.

### Revenue Analysis

- Soldotna Parks and Recreation developed conservative, moderate, and optimistic revenue scenarios, projecting approximately \$156,000, \$246,000, and \$338,000 in operating revenues for year three.
- Revenue will come from league sports, youth programming, summer camps, field rental, and large events, among others. Summer camp and field rental are expected to be the largest sources of revenue.

### Operating Costs

- Operating costs were estimated according to the same three scenarios above. Operating costs for year three are estimated at \$301,000, \$291,000, and \$356,000 respectively.
- At year three, the conservative projection shows a deficit of \$145,000, the moderate projection shows a loss of \$45,000, and the optimistic projection shows a loss of \$18,000.

### Bond Analysis

- The City of Soldotna is likely to use about \$10 million in bond financing, to be repaid over 10 or 20 years. Annual payments on the debt would be \$750,000 (20-year repayment) or \$1,200,000 (10-year).
- The City's options for paying the debt service include increasing the sales tax rate or cap, increasing the mill rate or implementing a bed tax.

### Financial Projections

- CED developed 10-year financial projections for each scenario, displayed in detail at the end of this report.

## Introduction

To enhance quality of life and provide year-round recreation opportunities, the City of Soldotna proposes to develop the Soldotna Field House, an indoor athletic facility that can accommodate multiple uses. Project planners within the City and community at large have spent years gathering feedback from residents and stakeholders, identifying a need for recreational amenities to enhance quality of life. In 2017, the City contracted with Burkhart Croft Architects to design the Field House, estimating the cost of construction at \$10.3 to \$11.8 million. The City then contracted the University of Alaska Center for Economic Development (CED) to assess demand and develop financial projections for different financing scenarios, resulting in this study. Specific objectives of this report include:

- Identifying the market area and estimating demand for the facility.
- Reviewing revenue estimates developed by Soldotna Parks and Recreation.
- Estimating the operating costs of the Field House.
- Projecting the financial performance of the facility over 10 years of operation under three scenarios: conservative, moderate, and optimistic.
- Assessing bond financing scenarios at different yields and maturities, along with revenue mechanisms to service the debt.



Figure 1: The Soldotna Field House, rendering by Burkhart Croft.

## Soldotna Field House Project

The facility will house a fully-enclosed athletic field suitable for a wide range of sports and other activities, along with a track, spectator seating, batting cage, and other amenities. Although designed with athletic uses in mind, the space would also host events ranging from tradeshows to birthday parties, and provide a community space for homeschooled students and summer camps. The space will be convertible from one large field to three small courts for pickle ball or futsal. The Field House could accommodate organized leagues, school sports, and participation by individuals or families.

The facility would be located at a site adjacent to the existing Soldotna Regional Sports Complex on Kalifornsky Beach Road, near the Sterling Highway intersection. The location allows for quick access from the highway for patrons living throughout the central Kenai Peninsula.

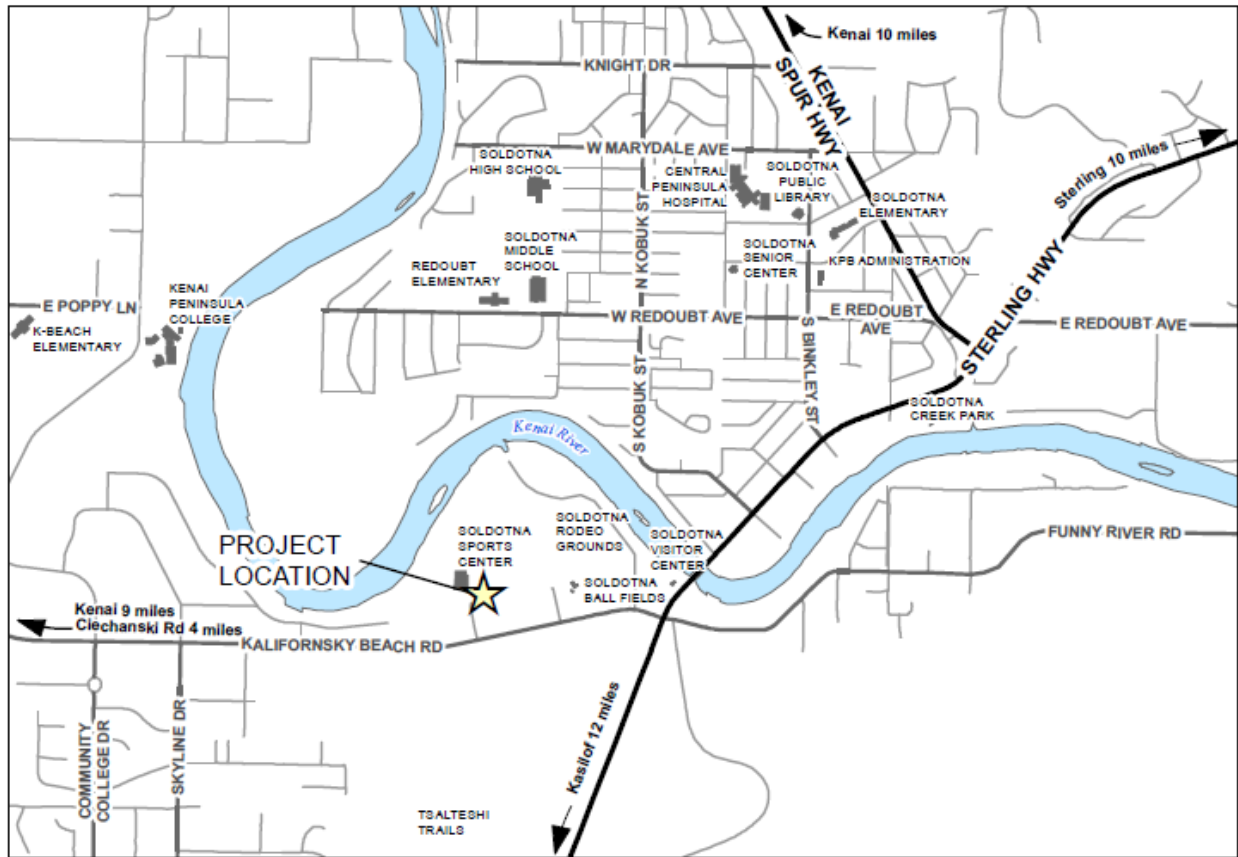


Figure 2: Map of the proposed Soldotna Field House location. Source: City of Soldotna.

In terms of financing, the City of Soldotna enjoys a strong fiscal position, with access to savings, bond financing, and a sizable sales tax base. The City can access the Alaska Municipal Bond Bank to benefit from the State of Alaska’s credit rating for borrowing purposes. Annual payments on the bonds could be paid for through an increase in property tax, sales tax or the sales tax cap. Addition of a seasonal sales tax or bed tax are also payment options.

## Market Area and Demand

### Market Area

Although the Soldotna Field House will be owned and operated by the City of Soldotna, it will serve the surrounding communities well beyond the city limits. CED assumed that those areas within roughly a 45-minute drive of central Soldotna would be likely users of the facility. This corresponds to five census tracts that account for over 37,000 residents, or 64% of the Kenai Peninsula Borough population. This includes the following areas, shown in the map below:

- Nikiski (Census Tract 2)
- Kenai River, including Sterling and Funny River (Census Tract 4)
- Soldotna, including Ridgeway (Census Tract 5)
- Kenai (Census Tract 6)
- Kasilof, including Kalifornsky (Census Tract 7)

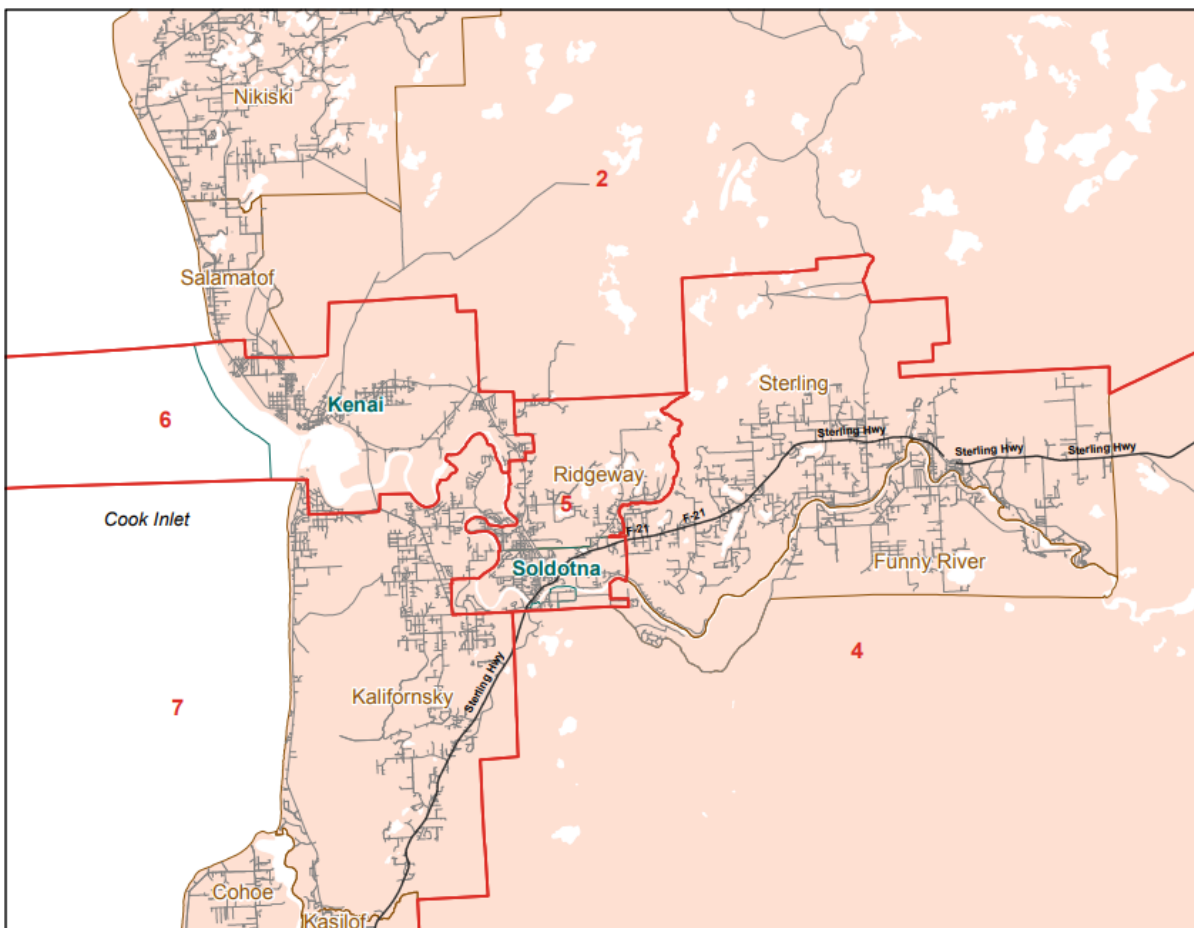


Figure 3: Market area map with census tracts. Source: Alaska Department of Labor and Workforce Development, 2018.

## Population and Trends

The market area for the Soldotna Field House includes 37,313 of the Kenai Peninsula Borough's 58,506 residents, nearly two-thirds of the total. Census Tract 7, which includes Kasilof and Kalifornsky, is the largest of the five tracts with nearly 10,000 residents. Although the City of Soldotna has only 4,617 residents, it is centrally located to the market area and serves as the health care, retail, and administrative hub for much of the Borough.<sup>1</sup>

| Census Tract                     | Population | Households |
|----------------------------------|------------|------------|
| Nikiski                          | 6,284      | 2,040      |
| Kenai River/Sterling/Funny River | 6,646      | 2,441      |
| Soldotna/Ridgeway                | 6,871      | 2,557      |
| Kenai                            | 7,551      | 3,085      |
| Kasilof/Kalifornsky              | 9,961      | 3,685      |
| Total                            | 37,313     | 13,808     |

Figure 4: Market area population by census tract. Source: US Census Bureau, 2016.

Between 2010 and 2016, the market area population grew by about 10%, from just under 34,000 to the present figure. The Alaska Department of Labor and Workforce Development (DOL&WD) expects the Borough to grow by 4% to 2025, a gain of about 2,400 residents.<sup>2</sup> Projections for the market area are not available, but if its growth rate matched that of the Borough, the area would gain about 1,500 residents by 2025. This is a somewhat conservative assumption given the higher growth rates of the five census tracts in recent years. Nonetheless, Soldotna Field House project planners should expect modest growth rates.

On average, residents of the Kenai Peninsula are older than for the state as a whole. The median age for the Borough was 41.4 years old in 2017, compared to 34.9 years for the state.<sup>3</sup> In the market area, residents over age 60 represent over 20% of the population, and this segment should grow quickly in the years ahead; residents aged 50 to 59 years old currently represent the largest age group. Youth aged 10 to 19 are the next largest group. The market area hosts relatively few residents in their 20's, likely the result of young people leaving for education or career purposes.

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<sup>1</sup> US Census Bureau, American Community Survey, 2016.

<sup>2</sup> DOL&WD, Alaska Population Projections 2017 to 2045.

<sup>3</sup> DOL&WD, Alaska Population Projections 2017 to 2045.

## Area Population by Age

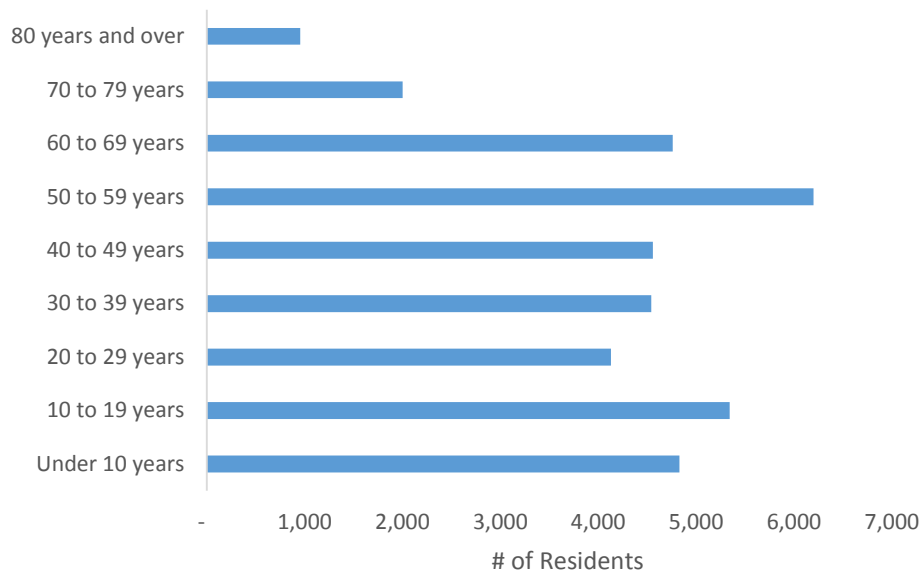


Figure 5: Market area population by age bracket. Source: US Census Bureau.

In the market area, the largest household income bracket is made up of those earning \$50,000 to \$75,000 per year. Borough median income is lower than the state average, but higher than the national average. Along with age, household income is a useful predictor of sports and activity participation, as the next section will explore in greater detail.

| Income Bracket         | Households    | % of Total  |
|------------------------|---------------|-------------|
| Less than \$10,000     | 651           | 5%          |
| \$10,000 to \$14,999   | 527           | 4%          |
| \$15,000 to \$24,999   | 1,233         | 9%          |
| \$25,000 to \$34,999   | 998           | 7%          |
| \$35,000 to \$49,999   | 1,391         | 10%         |
| \$50,000 to \$74,999   | 2,753         | 20%         |
| \$75,000 to \$99,999   | 2,017         | 15%         |
| \$100,000 to \$149,999 | 2,556         | 19%         |
| \$150,000 to \$199,999 | 1,026         | 7%          |
| \$200,000 or more      | 655           | 5%          |
| <b>Total</b>           | <b>13,808</b> | <b>100%</b> |

Figure 6: Market area household income brackets. Source: US Census Bureau.

### Sport and Activity Participation Rates

To help assess demand for the Soldotna Field House, CED estimated the number of likely participants for a range of different activities in the market area. These estimates are based on participation rates published annually by the National Sporting Goods Association (NSGA), applied to the population of the market area. The table below summarizes the likely participation rates in the market area for baseball,



flag football, running/jogging, soccer, and wrestling. These numbers assume that local residents participate in these activities at the same rate as Americans as a whole.

| <b>Sport/Activity</b> | <b>Participation Rate</b> | <b>Potential Participants</b> |
|-----------------------|---------------------------|-------------------------------|
| Baseball              | 4.1%                      | 1,512                         |
| Flag Football         | 2.2%                      | 812                           |
| Running/Jogging       | 14.7%                     | 5,472                         |
| Soccer (Futsal)       | 4.8%                      | 1,786                         |
| Softball              | 3.3%                      | 1,224                         |
| Wrestling             | 1.1%                      | 400                           |
| <b>Total</b>          |                           | <b>11,205</b>                 |

Figure 7: Expected participation rates for Soldotna Field House market area. Source: NSGA, US Census, CED calculations.

The activities listed here are based on the expected offerings provided by Soldotna Parks and Recreation. Of these, running and jogging show the highest number of potential participants, followed by soccer (including futsal) and baseball. Altogether, the equivalent of about 30% of the market area population (11,205 people) is likely to participate in at least one of these activities. Each of these activities is discussed below in greater detail.

#### Baseball

As “America’s pastime,” baseball is especially popular among young males aged 7 to 17. Male participation outnumbers female participation by more than three-to-one. A large majority of baseball participants come from households that earn more than \$75,000 per year. Over 20% of individuals who play baseball do so frequently (50 or more times per year).<sup>4</sup>

#### Flag Football

Like baseball, flag football is most popular among young males between the ages of 7 and 17. Only 20% of participants are female. Flag football is more popular across a broader range of income brackets than baseball, however, with less of a skew toward higher income households. Only 5% of participants play it frequently (50 or more times per year).<sup>5</sup>

#### Running/Jogging

Running is among the most popular and fastest growing athletic activities in the US, with participation growing by a third in the last decade. Participation is spread evenly across all age brackets from 12 to 44, and between males and females. Running tends to be more popular among higher-income households. About 23% of runners participate in the activity frequently (110 or more times per year).<sup>6</sup>

#### Soccer (Including Futsal)

NSGA data does not cover participation in futsal, so soccer has been used as a substitute. Soccer is especially popular among the youngest athletes, those aged from 7 to 11. Males participate at double

<sup>4</sup> NSGA, Sports Participation in the United States, 2018 Edition.

<sup>5</sup> NSGA, 2018.

<sup>6</sup> NSGA, 2018.



the rate of females. Soccer players are most likely to come from households earning greater than \$75,000 per year. Almost 28% of those who play soccer do so frequently (40 or more times per year).<sup>7</sup>

### Softball

Softball participants are divided evenly between males and females aged between 7 and 17, with highest participation in the teenage years. Participation tends to increase with household income, being most popular among households earning in excess of \$150,000 per year. About 16% of softball participants play frequently (40 or more times per year).

### Wrestling

Wrestling is most popular among teenage males, although youth from age 7 to 11 make up the next largest share. Males are four times more likely to participate in wrestling than females. Highest participation rates come from households earning between \$75,000 and \$99,000 per year. Of those that participate in the sport, about 14% do so frequently (50 or more times per year).

### Discussion

With a market area of just under 40,000 residents, demand appears sufficient to sustain the usage of the facility. The five census tracts that make up the area should see modest population growth in the decades ahead. Project planners should give careful consideration to the usage patterns of different age, income, and gender demographics to ensure the highest possible rate of facility utilization. Key considerations include:

- With a large age cohort approaching retirement, the Soldotna Field House should consider activity offerings that appeal to an older demographic. Exercise walking and aerobic exercise are two activities the Field House could consider hosting, which appeal to older individuals.
- Most of the sport activities under consideration for the Soldotna Field House are more likely to appeal to males than to females. Wherever possible, Parks and Recreation should look for activities that appeal to women and girls to increase use of the facility.
- With the popularity of jogging on the increase, the Soldotna Field House has an opportunity to cater to a broad segment of the population outside of youth. The availability of an indoor track for running and exercise walking could give the facility broad appeal to those trying to stay active during the winter.

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<sup>7</sup> NSGA, 2018.

## Revenue Analysis

Based on projections developed by Parks and Recreation and reviewed by CED, the Soldotna Field House should earn between \$156,480 and \$337,752 in operating revenues each year, with a moderate or baseline estimate of \$245,590. These projections are based on estimates of revenue-generating activities and uses of the facility, broken down by category. Under all three scenarios, the largest revenue sources are summer camp and field rental, which together account for over 60% of revenues for the baseline scenario. A full breakdown is provided below. Note that these figures assume a three-year “ramp-up” period to gain market share.

| Category             | Conservative     | Moderate         | Optimistic       |
|----------------------|------------------|------------------|------------------|
| Track                | \$11,000         | \$13,750         | \$18,000         |
| Tots Time            | \$6,000          | \$8,000          | \$12,000         |
| Birthday Party       | \$1,200          | \$2,400          | \$3,600          |
| Homeschool           | \$6,000          | \$8,000          | \$10,000         |
| Batting Cage         | \$2,000          | \$4,000          | \$6,000          |
| Futsal League        | \$7,200          | \$10,800         | \$18,000         |
| Flag Football League | \$9,600          | \$14,400         | \$18,000         |
| Pickleball           | \$5,824          | \$8,320          | \$14,976         |
| Pick-up Sports       | \$6,656          | \$8,320          | \$14,976         |
| Summer Camp          | \$60,000         | \$90,000         | \$120,000        |
| Field Rental         | \$36,000         | \$67,600         | \$87,200         |
| Large Events         | \$5,000          | \$10,000         | \$15,000         |
| <b>Total</b>         | <b>\$156,480</b> | <b>\$245,590</b> | <b>\$337,752</b> |

Figure 8: Expected revenues by category under three scenarios. Source: Soldotna Parks and Recreation.

## Revenue Assumptions

The City of Soldotna Department of Parks and Recreation provided revenue estimates for the Soldotna Field House based on user charges from 12 different types of activity. Each of these is discussed below for the baseline (moderate) financial scenario.

### Track

Parks and Recreation plans to charge for track usage on a daily, monthly, or quarterly basis. Facility users could pay \$4 per day, \$30 per month, or \$70 every three months.

| Usage   | Price   | Users | Revenue  |
|---------|---------|-------|----------|
| 1 day   | \$4.00  | 563   | \$2,250  |
| Month   | \$30.00 | 250   | \$7,500  |
| 3 month | \$70.00 | 57    | \$4,000  |
|         | Total   |       | \$13,750 |

### Tot's Time

Tot's time is a program for toddlers that runs from Monday through Saturday, 10 am to 1 pm.

| Usage           | Price   | Number | Revenue |
|-----------------|---------|--------|---------|
| 1 day per child | \$6.00  | 333    | \$2,000 |
| 20 punch card   | \$60.00 | 100    | \$6,000 |
|                 | Total   |        | \$8,000 |

### Birthday Parties

The Soldotna Field House will host children's birthday parties for \$100/hour.

| Usage    | Price    | Number   | Revenue |
|----------|----------|----------|---------|
| Per Hour | \$100.00 | 24 hours | \$2,400 |
|          | Total    |          | \$2,400 |

### Homeschool

The Soldotna Field House will be open for homeschooled youth activities two days per week. Families can pay for use based on one or two times per week.

| Usage       | Price    | Number | Revenue |
|-------------|----------|--------|---------|
| 1 Day/Week  | \$100.00 | 60     | \$6,000 |
| 2 Days/Week | \$150.00 | 13     | \$2,000 |
|             | Total    |        | \$8,000 |

### Batting Cage

A batting cage will be available to Field House users, based on a cost of \$10 per hour.

| Usage  | Price   | Number | Revenue |
|--------|---------|--------|---------|
| 1 Hour | \$10.00 | 400    | \$4,000 |
|        | Total   |        | \$4,000 |

### Futsal League

The Field House will host a futsal league broken into different age groups at \$100/player.

| Usage      | Price        | Number | Revenue  |
|------------|--------------|--------|----------|
| Adult/Teen | \$100/player | 36     | \$3,600  |
| 4th-8th    | \$100/player | 36     | \$3,600  |
| 1st-3rd    | \$100/player | 36     | \$3,600  |
|            | Total        |        | \$10,800 |

### Flag Football League

The Soldotna Field House will host a flag football league for different age groups, assessed at \$100/player.

| Usage      | Price        | Number | Revenue  |
|------------|--------------|--------|----------|
| Adult/Teen | \$100/player | 48     | \$4,800  |
| 4th-8th    | \$100/player | 48     | \$4,800  |
| 1st-3rd    | \$100/player | 48     | \$4,800  |
|            | Total        |        | \$14,400 |

### Pickleball

Pickleball will be available four days per week for \$4 per person each day. Parks and Recreation assumes there will be 10 participants per day.

| Usage | Price  | Number | Revenue |
|-------|--------|--------|---------|
| 1 day | \$4.00 | 2080   | \$8,320 |
|       | Total  |        | \$8,320 |

### Pick-Up Sports

The Soldotna Field House will be open for pick-up sports for \$4 per person per day. An estimated 10 participants each day would produce \$8,320.

| Usage | Price  | Number | Revenue |
|-------|--------|--------|---------|
| 1 day | \$4.00 | 2080   | \$8,320 |
|       | Total  |        | \$8,320 |

### Summer Camp

Summer camp will be the single largest source of revenue for the facility. With a total of 45 participants paying \$2,000 each, the Soldotna Field House should take in revenues of \$90,000.

| Usage         | Price   | Number | Revenue  |
|---------------|---------|--------|----------|
| 11 to 13 ages | \$2,000 | 15     | \$30,000 |
| 8 to 10 ages  | \$2,000 | 15     | \$30,000 |
| 5 to 7 ages   | \$2,000 | 15     | \$30,000 |
|               | Total   |        | \$90,000 |

### Field Rental

Field rentals will be the second highest source of revenue for the Soldotna Field House—particularly turf rental.

| Usage               | Price    | Number               | Revenue  |
|---------------------|----------|----------------------|----------|
| H.S. Soccer - Boys  | \$100.00 | 12 (2hr.) practice   | \$2,400  |
| H.S. Soccer - Girls | \$100.00 | 12 (2hr.) practice   | \$2,400  |
| Comp Soccer         | \$100.00 | 1 hr./week (5 teams) | \$6,000  |
| H.S. Baseball       | \$100.00 | 12 (2hr.) practice   | \$2,400  |
| H.S Softball        | \$100.00 | 12 (2hr.) practice   | \$2,400  |
| Turf Rental         | \$100.00 | 10 hrs/week          | \$52,000 |
|                     | Total    |                      | \$67,600 |

### Large Events

For large events like tradeshows or athletic tournaments, the entire Field House will be rented out for \$2,000 to \$3,000 per day.

| Usage                | Price   | Number | Revenue  |
|----------------------|---------|--------|----------|
| New Event            | \$3,000 | 2      | \$6,000  |
| Roller Derby         | \$2,000 | 1      | \$2,000  |
| Wrestling Tournament | \$2,000 | 1      | \$2,000  |
|                      | Total   |        | \$10,000 |

## Operating Costs

Operating costs are estimated at \$291,000 for the moderate scenario, \$301,000 for the conservative scenario, and \$356,000 for the optimistic scenario. Staff salaries and benefits make up roughly half or more of the total under each scenario. The conservative scenario is intended to be a “worst case” scenario in which expenses are high and revenues are low, which accounts for the high staffing estimate.

As a general rule, staffing costs should rise as usage (and therefore revenue) rises, since the Field House will need additional staff hours to serve the higher traffic. For this reason, the optimistic scenario projects higher staff costs than the moderate scenario, which assumes lower foot traffic. The conservative scenario reverses this logic to account for an unlikely but possible situation in staffing needs are higher than expected even if usage is somewhat depressed. Note that these figures assume a three-year “ramp-up” period.

| <b>Maintenance &amp; Operations</b> | <b>Conservative</b> | <b>Moderate</b>  | <b>Optimistic</b> |
|-------------------------------------|---------------------|------------------|-------------------|
| Travel & Training                   | \$2,705             | \$3,246          | \$3,895           |
| Materials & Supplies                | \$11,444            | \$13,733         | \$16,480          |
| Office Supplies                     | \$1,873             | \$2,247          | \$2,697           |
| Uniforms                            | \$1,353             | \$1,623          | \$1,948           |
| Small Tools                         | \$2,081             | \$2,497          | \$2,996           |
| Vending Supplies                    | \$4,162             | \$4,994          | \$5,993           |
| Telephone                           | \$2,081             | \$2,497          | \$2,996           |
| Natural Gas                         | \$26,010            | \$31,212         | \$37,454          |
| Sanitation                          | \$2,081             | \$2,497          | \$2,996           |
| Electricity                         | \$47,698            | \$57,238         | \$68,685          |
| Water & Sewer                       | \$5,202             | \$6,242          | \$7,491           |
| Postage                             | \$312               | \$375            | \$449             |
| Fuel                                | \$312               | \$375            | \$449             |
| Rental                              | \$1,248             | \$1,498          | \$1,798           |
| Dues & Subscriptions                | \$312               | \$375            | \$449             |
| Advertising & Promotion             | \$5,202             | \$6,242          | \$7,491           |
| Contracted Services                 | \$8,323             | \$9,988          | \$11,985          |
| Support & Maintenance contracts     | \$1,040             | \$1,248          | \$1,498           |
| Insurance                           | \$1,144             | \$1,144          | \$1,144           |
| <b>Total</b>                        | <b>\$124,584</b>    | <b>\$149,272</b> | <b>\$178,897</b>  |

Figure 9: Operating cost scenarios.

### Staff Salaries and Benefits

Soldotna Parks and Recreation estimated the additional staff needed to operate the Soldotna Field House at \$133,680. The Activities Coordinator position, listed below, already exists on the city payroll and is not treated as a new expense. For the conservative and optimistic scenarios, staff costs are increased by 25% to account for additional personnel needs.

| <b>Position</b>              | <b>New Staff Cost (Moderate)</b> | <b>New Staff Cost (Conservative and Optimistic)</b> |
|------------------------------|----------------------------------|---|
| Activities Coordinator       | \$0                              | \$0   |
| Laborer/Janitorial           | \$42,436                         | \$53,045  |
| Front Desk/Recreation Staff  | \$14,853                         | \$18,566  |
| Laborer/Janitorial (Summer)  | \$21,218                         | \$26,523  |
| Summer Coordinator           | \$29,705                         | \$37,131  |
| Summer Camp Staff            | \$33,609                         | \$42,011  |
| <b>Total New Staff Costs</b> | <b>\$141,821</b>                 | <b>\$177,276</b>                                    |

Figure 10: Personnel cost estimates.

### Total Operating Costs

The table below shows the total expected operating costs for the third year of operation of the new facility in the three scenarios.

| <b>Operating Costs</b>     | <b>Conservative</b> | <b>Moderate</b>  | <b>Optimistic</b> |
|----------------------------|---------------------|------------------|-------------------|
| Maintenance and Operations | \$124,584           | \$149,272        | \$178,897         |
| Salaries and Benefits      | \$177,276           | \$141,821        | \$177,276         |
| <b>Total Costs</b>         | <b>\$301,860</b>    | <b>\$291,093</b> | <b>\$356,173</b>  |

Figure 11: Total operating cost estimates.



## Bond Analysis

Bonds give municipal governments access to low-cost financing for capital projects. The City of Soldotna's sizable retail tax base, with roughly \$250 million in taxable sales, gives it the capacity to service debt with relatively low impact to residents. The City also has an income-generating long-term fund balance. Other options at the city's disposal include implementing a seasonal sales tax or bed tax or increasing property tax, sales tax or the sales tax cap.

CED reviewed the analysis provided by the City of Soldotna Finance Director with rate estimates provided by the Alaska Municipal Bond Bank, which is presented in this report. Two scenarios were identified as the most likely for planning purposes:

- 20-year bonds at an annual interest rate (yield) of 4.3%. Annual debt service payments would be \$745,745, and the City would pay a total of \$4,914,900 in interest over the life of the bonds.
- 10-year bonds with a yield of 3.9%. Annual debt payments would be \$1,206,895 and the City would pay a total of \$2,068,950 in interest over the repayment period.

Both scenarios include 100 basis points (1%) above the market rates provided by the Alaska Municipal Bond Bank on July 18, 2018 to account for future rate uncertainty. The following page summarizes the costs of bonds in amounts from \$1 million to \$10 million at four different yields and two different repayment terms (10 or 20 years).

## Revenue Options

While bond yields will depend on market conditions and other factors outside the City's control, the City does have a range of options at its disposal. Income-generating fund balances and tax adjustments are discussed below.

### Fund Balances

With over \$9 million in a long-term fund balance account, the City can pay for a portion of the Field House development costs up front, reducing the amount borrowed through bonds.

### Sales Tax

The City Council can adjust sales tax rates on a seasonal or year-round basis to cover debt service on bonds. With an estimated \$250 million in taxable sales, a year-round increase of .30% would produce \$750,000 in new revenue. This would be sufficient to cover the annual debt service on \$10 million in 20-year bonds. A .50% increase would produce \$1,250,000, which is enough to cover the annual cost of \$10 million in 10-year bonds. Raising the sales tax cap to capture a greater share of retail transactions is another possibility for consideration, but is not reflected in this analysis.

**20-Year Bonds, 3.3% Yield**

| Amount Financed        | <u>\$1M</u>      | <u>\$2M</u>      | <u>\$3M</u>        | <u>\$4M</u>        | <u>\$5M</u>        | <u>\$6M</u>        | <u>\$7M</u>        | <u>\$8M</u>        | <u>\$9M</u>        | <u>\$10M</u>       |
|------------------------|------------------|------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Annual Payment         | \$68,398         | \$136,795        | \$205,193          | \$273,590          | \$341,988          | \$410,385          | \$478,783          | \$547,180          | \$615,578          | \$683,975          |
| Total Interest on Bond | <u>\$367,950</u> | <u>\$735,900</u> | <u>\$1,103,850</u> | <u>\$1,471,800</u> | <u>\$1,839,750</u> | <u>\$2,207,700</u> | <u>\$2,575,650</u> | <u>\$2,943,600</u> | <u>\$3,311,550</u> | <u>\$3,679,500</u> |
| Total Debt Service     | \$1,367,950      | \$2,735,900      | \$4,103,850        | \$5,471,800        | \$6,839,750        | \$8,207,700        | \$9,575,650        | \$10,943,600       | \$12,311,550       | \$13,679,500       |

**20-Year Bonds, 4.3% Yield**

| Amount Financed        | <u>\$1M</u>      | <u>\$2M</u>      | <u>\$3M</u>        | <u>\$4M</u>        | <u>\$5M</u>        | <u>\$6M</u>        | <u>\$7M</u>        | <u>\$8M</u>        | <u>\$9M</u>        | <u>\$10M</u>       |
|------------------------|------------------|------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Annual Payment         | \$74,575         | \$149,149        | \$223,724          | \$298,298          | \$372,873          | \$447,447          | \$522,022          | \$596,596          | \$671,171          | \$745,745          |
| Total Interest on Bond | <u>\$491,490</u> | <u>\$982,980</u> | <u>\$1,474,470</u> | <u>\$1,965,960</u> | <u>\$2,457,450</u> | <u>\$2,948,940</u> | <u>\$3,440,430</u> | <u>\$3,931,920</u> | <u>\$4,423,410</u> | <u>\$4,914,900</u> |
| Total Debt Service     | \$1,491,490      | \$2,982,980      | \$4,474,470        | \$5,965,960        | \$7,457,450        | \$8,948,940        | \$10,440,430       | \$11,931,920       | \$13,423,410       | \$14,914,900       |

**10-Year Bonds, 2.9% Yield**

| Amount Financed        | <u>\$1M</u>      | <u>\$2M</u>      | <u>\$3M</u>      | <u>\$4M</u>      | <u>\$5M</u>      | <u>\$6M</u>      | <u>\$7M</u>        | <u>\$8M</u>        | <u>\$9M</u>        | <u>\$10M</u>       |
|------------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------------|--------------------|--------------------|--------------------|
| Annual Payment         | \$115,211        | \$230,421        | \$345,632        | \$460,842        | \$576,053        | \$691,263        | \$806,474          | \$921,684          | \$1,036,895        | \$1,152,105        |
| Total Interest on Bond | <u>\$152,105</u> | <u>\$304,210</u> | <u>\$456,315</u> | <u>\$608,420</u> | <u>\$760,525</u> | <u>\$912,630</u> | <u>\$1,064,735</u> | <u>\$1,216,840</u> | <u>\$1,368,945</u> | <u>\$1,521,050</u> |
| Total Debt Service     | \$1,152,105      | \$2,304,210      | \$3,456,315      | \$4,608,420      | \$5,760,525      | \$6,912,630      | \$8,064,735        | \$9,216,840        | \$10,368,945       | \$11,521,050       |

**10-Year Bonds, 3.9% Yield**

| Amount Financed        | <u>\$1M</u>      | <u>\$2M</u>      | <u>\$3M</u>      | <u>\$4M</u>      | <u>\$5M</u>        | <u>\$6M</u>        | <u>\$7M</u>        | <u>\$8M</u>        | <u>\$9M</u>        | <u>\$10M</u>       |
|------------------------|------------------|------------------|------------------|------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Annual Payment         | \$120,690        | \$241,379        | \$362,069        | \$482,758        | \$603,448          | \$724,137          | \$844,827          | \$965,516          | \$1,086,206        | \$1,206,895        |
| Total Interest on Bond | <u>\$206,895</u> | <u>\$413,790</u> | <u>\$620,685</u> | <u>\$827,580</u> | <u>\$1,034,475</u> | <u>\$1,241,370</u> | <u>\$1,448,265</u> | <u>\$1,655,160</u> | <u>\$1,862,055</u> | <u>\$2,068,950</u> |
| Total Debt Service     | \$1,206,895      | \$2,413,790      | \$3,620,685      | \$4,827,580      | \$6,034,475        | \$7,241,370        | \$8,448,265        | \$9,655,160        | \$10,862,055       | \$12,068,950       |

*Figure 12: Bond analysis completed by the Soldotna Finance Director with rates provided by the Alaska Municipal Bond Bank in July 2018. Green highlights indicate the most likely 20-year bond scenario and orange the most likely 10-year scenario.*

The table below summarizes the expected revenues gained by increasing the year-round sales tax by different intervals.

| Sales Tax Rate Increase | New Revenue |
|-------------------------|-------------|
| .10%                    | \$250,000   |
| .25%                    | \$625,000   |
| .30%                    | \$750,000   |
| .50%                    | \$1,250,000 |
| .75%                    | \$1,875,000 |
| 1.0%                    | \$2,500,000 |

Figure 13: Sales tax increase amounts generated.

Sales tax can also be adjusted seasonally to take advantage of the large influx on visitors in the summer months shopping in Soldotna retail establishments. A 1% increase from July to September would produce \$850,000, while a 1% increase from April to September would generate \$1,425,000.

| Time Period | Rate Increase |         |         |         |           |           |
|-------------|---------------|---------|---------|---------|-----------|-----------|
|             | 0.10%         | 0.25%   | 0.50%   | 0.60%   | 0.75%     | 1.00%     |
| July-Sept   | 85,000        | 212,500 | 425,000 | 510,000 | 637,500   | 850,000   |
| Oct-Dec     | 57,500        | 143,750 | 287,500 | 345,000 | 431,250   | 575,000   |
| Jan-Mar     | 47,500        | 118,750 | 237,500 | 285,000 | 356,250   | 475,000   |
| Apr-Jun     | 57,500        | 143,750 | 287,500 | 345,000 | 431,250   | 575,000   |
| April-Sept  | 142,500       | 356,250 | 712,500 | 855,000 | 1,068,750 | 1,425,000 |

Figure 14: Seasonal sales tax options. Source: Soldotna Finance Director.

### Property Taxes

The mill rate for the City of Soldotna is currently .5 mills. With only 4,600 residents, the mill rate would have to be nearly quadrupled to bring in enough revenue to cover the annual debt service payment on 20-year bonds, and increased five-fold for 10-year bonds. Smaller mill rate increases could be used in combination with other revenue mechanisms, however.

| Mill Rate Increase | Total Mill Rate | New Revenue |
|--------------------|-----------------|-------------|
| 0.5                | 1.0             | \$287,500   |
| 1.0                | 1.5             | \$575,000   |
| 1.3                | 1.8             | \$747,500   |
| 2.1                | 2.6             | \$1,207,500 |

Figure 15: Property tax options. Source: Soldotna Finance Director.

### Bed Tax

The City of Soldotna does not currently have a bed tax, but could consider enacting one to pay for debt service on the Field House. A 6% bed tax would generate \$285,000 in new revenue, which is insufficient to cover debt service by itself. As with property tax adjustments, a bed tax could be used in combination with other sources.

| <b>Tax Rate</b> | <b>Amount Generated</b> |
|-----------------|-------------------------|
| <b>1%</b>       | \$47,500                |
| <b>2%</b>       | \$95,000                |
| <b>3%</b>       | \$142,500               |
| <b>4%</b>       | \$190,000               |
| <b>5%</b>       | \$237,500               |
| <b>6%</b>       | \$285,000               |

*Figure 16: Bed tax options. Soldotna Finance Director.*

### Discussion

The City of Soldotna has a range of options at its disposal to finance the Field House. As this analysis shows, small adjustments to the year-round or seasonal sales tax rate can likely generate enough revenue to cover the debt service on 10 or 20-year bonds and ongoing operational costs to run the facility. The sales tax could sunset with the repayment of the bonds, and a smaller sales tax could remain to cover any remaining gap between operating revenues and costs. Mill rate increases, sales tax cap increases or the introduction of a bed tax could produce some revenue to offset the debt service, but could not cover debt service by themselves without large increases. The Soldotna City Council will need to weigh the most palatable combination for the community.

## Financial Projections

The following pages summarize the potential financial performance of the Soldotna Field House under conservative, moderate, and optimistic scenarios. Each of the three scenarios uses a different set of revenue assumptions outlined earlier, along with differing staff levels. Non-staff expenses remain constant through all three scenarios. Other assumptions include:

- A three-year “ramp-up” period before the facility reaches its baseline revenue potential. This accounts for the need to gain acceptance and grow a user base in the market area. In the first year, the facility is assumed to earn 70% of its revenue potential, followed by 85% in year two. Revenues grow with the rate of inflation starting after the third year.
- A rate of inflation (2%) for all expenses and revenues aside from personnel costs.
- A slightly higher rate of inflation for personnel (3%) to account for rising benefit costs.

Under these assumptions, the Field House would earn enough revenue to cover a large portion of its operating costs, but never earn a profit (which is unlikely for any municipal recreation center).

### Conservative Scenario

The conservative scenario represents “worst case” circumstances in which costs are high while revenues fail to fully materialize. The operating deficit is not estimated to fall below \$145,000. In reality, this is unlikely to occur since staff costs (the most important expense) would probably decrease if the facility sees less usage. Nonetheless, a sales tax of .075% would cover the operating deficit.

### Moderate Scenario

The moderate scenario is perhaps the most plausible of the three, with a balanced set of revenue and cost assumptions. It shows the Field House operating at a manageable loss each year that is not estimated to exceed \$105,000 in year one before falling to \$45,500 in year three. A small sales tax increase of .05% would generate \$125,000 annually, which would be more than enough to cover any likely deficit.

### Optimistic Scenario

The optimistic scenario is the most desirable possibility from a financial standpoint, with the smallest estimated operating deficit that starts at \$102,000 in year one and falling to \$18,000 in year three. Generally, municipal athletic facilities do not earn enough to cover their own costs, so this represents a “best case” scenario.

### Financial Projections: Conservative Scenario

| Revenue               | 2020             | 2021             | 2022             | 2023             | 2024             | 2026             | 2025             | 2027             | 2028             | 2029             |
|-----------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Track                 | \$7,700          | \$9,350          | \$11,000         | \$11,220         | \$11,444         | \$11,907         | \$11,673         | \$12,145         | \$12,388         | \$12,636         |
| Tots' Time            | \$4,200          | \$5,100          | \$6,000          | \$6,120          | \$6,242          | \$6,495          | \$6,367          | \$6,624          | \$6,757          | \$6,892          |
| Birthdays             | \$840            | \$1,020          | \$1,200          | \$1,224          | \$1,248          | \$1,299          | \$1,273          | \$1,325          | \$1,351          | \$1,378          |
| Homeschool            | \$4,200          | \$5,100          | \$6,000          | \$6,120          | \$6,242          | \$6,495          | \$6,367          | \$6,624          | \$6,757          | \$6,892          |
| Batting Cage          | \$1,400          | \$1,700          | \$2,000          | \$2,040          | \$2,081          | \$2,165          | \$2,122          | \$2,208          | \$2,252          | \$2,297          |
| Futsal League         | \$5,040          | \$6,120          | \$7,200          | \$7,344          | \$7,491          | \$7,794          | \$7,641          | \$7,949          | \$8,108          | \$8,271          |
| Flag Football League  | \$6,720          | \$8,160          | \$9,600          | \$9,792          | \$9,988          | \$10,391         | \$10,188         | \$10,599         | \$10,811         | \$11,027         |
| Pickleball            | \$4,077          | \$4,950          | \$5,824          | \$5,940          | \$6,059          | \$6,304          | \$6,180          | \$6,430          | \$6,559          | \$6,690          |
| Pick-up Sports        | \$4,659          | \$5,658          | \$6,656          | \$6,789          | \$6,925          | \$7,205          | \$7,063          | \$7,349          | \$7,496          | \$7,646          |
| Summer Camp           | \$42,000         | \$51,000         | \$60,000         | \$61,200         | \$62,424         | \$64,946         | \$63,672         | \$66,245         | \$67,570         | \$68,921         |
| Field Rental          | \$25,200         | \$30,600         | \$36,000         | \$36,720         | \$37,454         | \$38,968         | \$38,203         | \$39,747         | \$40,542         | \$41,353         |
| Large Events          | \$3,500          | \$4,250          | \$5,000          | \$5,100          | \$5,202          | \$5,412          | \$5,306          | \$5,520          | \$5,631          | \$5,743          |
| <b>Total Revenues</b> | <b>\$109,536</b> | <b>\$133,008</b> | <b>\$156,480</b> | <b>\$159,610</b> | <b>\$162,802</b> | <b>\$169,379</b> | <b>\$166,058</b> | <b>\$172,767</b> | <b>\$176,222</b> | <b>\$179,746</b> |

| <b>Expenses</b>             | <b>2020</b> | <b>2021</b> | <b>2022</b> | <b>2023</b> | <b>2024</b> | <b>2025</b> | <b>2026</b> | <b>2027</b> | <b>2028</b> | <b>2029</b> |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Staff Salaries and Benefits | \$167,100   | \$172,113   | \$177,276   | \$182,595   | \$188,073   | \$193,715   | \$199,526   | \$205,512   | \$211,677   | \$218,028   |
| Travel & Training           | \$2,600     | \$2,652     | \$2,705     | \$2,759     | \$2,814     | \$2,871     | \$2,928     | \$2,987     | \$3,046     | \$3,107     |
| Materials & Supplies        | \$11,000    | \$11,220    | \$11,444    | \$11,673    | \$11,907    | \$12,145    | \$12,388    | \$12,636    | \$12,888    | \$13,146    |
| Office Supplies             | \$1,800     | \$1,836     | \$1,873     | \$1,910     | \$1,948     | \$1,987     | \$2,027     | \$2,068     | \$2,109     | \$2,151     |
| Uniforms                    | \$1,300     | \$1,326     | \$1,353     | \$1,380     | \$1,407     | \$1,435     | \$1,464     | \$1,493     | \$1,523     | \$1,554     |
| Small Tools                 | \$2,000     | \$2,040     | \$2,081     | \$2,122     | \$2,165     | \$2,208     | \$2,252     | \$2,297     | \$2,343     | \$2,390     |
| Vending Supplies            | \$4,000     | \$4,080     | \$4,162     | \$4,245     | \$4,330     | \$4,416     | \$4,505     | \$4,595     | \$4,687     | \$4,780     |
| Telephone                   | \$2,000     | \$2,040     | \$2,081     | \$2,122     | \$2,165     | \$2,208     | \$2,252     | \$2,297     | \$2,343     | \$2,390     |
| Natural Gas                 | \$25,000    | \$25,500    | \$26,010    | \$26,530    | \$27,061    | \$27,602    | \$28,154    | \$28,717    | \$29,291    | \$29,877    |
| Sanitation                  | \$2,000     | \$2,040     | \$2,081     | \$2,122     | \$2,165     | \$2,208     | \$2,252     | \$2,297     | \$2,343     | \$2,390     |
| Electricity                 | \$45,846    | \$46,763    | \$47,698    | \$48,652    | \$49,625    | \$50,618    | \$51,630    | \$52,663    | \$53,716    | \$54,790    |
| Water & Sewer               | \$5,000     | \$5,100     | \$5,202     | \$5,306     | \$5,412     | \$5,520     | \$5,631     | \$5,743     | \$5,858     | \$5,975     |
| Postage                     | \$300       | \$306       | \$312       | \$318       | \$325       | \$331       | \$338       | \$345       | \$351       | \$359       |
| Fuel                        | \$300       | \$306       | \$312       | \$318       | \$325       | \$331       | \$338       | \$345       | \$351       | \$359       |
| Rental                      | \$1,200     | \$1,224     | \$1,248     | \$1,273     | \$1,299     | \$1,325     | \$1,351     | \$1,378     | \$1,406     | \$1,434     |
| Dues & Subscriptions        | \$300       | \$306       | \$312       | \$318       | \$325       | \$331       | \$338       | \$345       | \$351       | \$359       |
| Advertising & Promotion     | \$5,000     | \$5,100     | \$5,202     | \$5,306     | \$5,412     | \$5,520     | \$5,631     | \$5,743     | \$5,858     | \$5,975     |
| Contracted Services         | \$8,000     | \$8,160     | \$8,323     | \$8,490     | \$8,659     | \$8,833     | \$9,009     | \$9,189     | \$9,373     | \$9,561     |



|                                 |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Support & Maintenance contracts | \$1,000           | \$1,020           | \$1,040           | \$1,061           | \$1,082           | \$1,104           | \$1,126           | \$1,149           | \$1,172           | \$1,195           |
| Insurance                       | \$1,100           | \$1,122           | \$1,144           | \$1,167           | \$1,191           | \$1,214           | \$1,239           | \$1,264           | \$1,289           | \$1,315           |
| <b>Total Expenses</b>           | \$286,846         | \$294,254         | \$301,860         | \$309,670         | \$317,689         | \$325,924         | \$334,380         | \$343,062         | \$351,979         | \$361,135         |
| <b>Net Profit/Loss</b>          | <b>-\$177,310</b> | <b>-\$161,246</b> | <b>-\$145,380</b> | <b>-\$150,060</b> | <b>-\$154,888</b> | <b>-\$156,545</b> | <b>-\$168,322</b> | <b>-\$170,296</b> | <b>-\$175,757</b> | <b>-\$181,389</b> |
| Profit Margin                   | -62%              | -55%              | -48%              | -48%              | -49%              | -48%              | -50%              | -50%              | -50%              | -50%              |

Financial Projections: Moderate (Baseline) Scenario

| Revenue               | 2020             | 2021             | 2022             | 2023             | 2024             | 2025             | 2026             | 2027             | 2028             | 2029             |
|-----------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Track                 | \$9,625          | \$11,688         | \$13,750         | \$14,025         | \$14,306         | \$14,592         | \$14,883         | \$15,181         | \$15,485         | \$15,794         |
| Tots' Time            | \$5,600          | \$6,800          | \$8,000          | \$8,160          | \$8,323          | \$8,490          | \$8,659          | \$8,833          | \$9,009          | \$9,189          |
| Birthdays             | \$1,680          | \$2,040          | \$2,400          | \$2,448          | \$2,497          | \$2,547          | \$2,598          | \$2,650          | \$2,703          | \$2,757          |
| Homeschool            | \$5,600          | \$6,800          | \$8,000          | \$8,160          | \$8,323          | \$8,490          | \$8,659          | \$8,833          | \$9,009          | \$9,189          |
| Batting Cage          | \$2,800          | \$3,400          | \$4,000          | \$4,080          | \$4,162          | \$4,245          | \$4,330          | \$4,416          | \$4,505          | \$4,595          |
| Futsal League         | \$7,560          | \$9,180          | \$10,800         | \$11,016         | \$11,236         | \$11,461         | \$11,690         | \$11,924         | \$12,163         | \$12,406         |
| Flag Football League  | \$10,080         | \$12,240         | \$14,400         | \$14,688         | \$14,982         | \$15,281         | \$15,587         | \$15,899         | \$16,217         | \$16,541         |
| Pickleball            | \$5,824          | \$7,072          | \$8,320          | \$8,486          | \$8,656          | \$8,829          | \$9,006          | \$9,186          | \$9,370          | \$9,557          |
| Pick-up Sports        | \$5,824          | \$7,072          | \$8,320          | \$8,486          | \$8,656          | \$8,829          | \$9,006          | \$9,186          | \$9,370          | \$9,557          |
| Summer Camp           | \$63,000         | \$76,500         | \$90,000         | \$91,800         | \$93,636         | \$95,509         | \$97,419         | \$99,367         | \$101,355        | \$103,382        |
| Field Rental          | \$47,320         | \$57,460         | \$67,600         | \$68,952         | \$70,331         | \$71,738         | \$73,172         | \$74,636         | \$76,129         | \$77,651         |
| Large Events          | \$7,000          | \$8,500          | \$10,000         | \$10,200         | \$10,404         | \$10,612         | \$10,824         | \$11,041         | \$11,262         | \$11,487         |
| <b>Total Revenues</b> | <b>\$171,913</b> | <b>\$208,752</b> | <b>\$245,590</b> | <b>\$250,502</b> | <b>\$255,512</b> | <b>\$260,622</b> | <b>\$265,835</b> | <b>\$271,151</b> | <b>\$276,574</b> | <b>\$282,106</b> |

| <b>Expenses</b>             | <b>2020</b> | <b>2021</b> | <b>2022</b> | <b>2023</b> | <b>2024</b> | <b>2025</b> | <b>2026</b> | <b>2027</b> | <b>2028</b> | <b>2029</b> |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Staff Salaries and Benefits | \$133,680   | \$137,690   | \$141,821   | \$146,076   | \$150,458   | \$154,972   | \$159,621   | \$164,410   | \$169,342   | \$174,422   |
| Travel & Training           | \$3,120     | \$3,182     | \$3,246     | \$3,311     | \$3,377     | \$3,445     | \$3,514     | \$3,584     | \$3,656     | \$3,729     |
| Materials & Supplies        | \$13,200    | \$13,464    | \$13,733    | \$14,008    | \$14,288    | \$14,574    | \$14,865    | \$15,163    | \$15,466    | \$15,775    |
| Office Supplies             | \$2,160     | \$2,203     | \$2,247     | \$2,292     | \$2,338     | \$2,385     | \$2,433     | \$2,481     | \$2,531     | \$2,581     |
| Uniforms                    | \$1,560     | \$1,591     | \$1,623     | \$1,655     | \$1,689     | \$1,722     | \$1,757     | \$1,792     | \$1,828     | \$1,864     |
| Small Tools                 | \$2,400     | \$2,448     | \$2,497     | \$2,547     | \$2,598     | \$2,650     | \$2,703     | \$2,757     | \$2,812     | \$2,868     |
| Vending Supplies            | \$4,800     | \$4,896     | \$4,994     | \$5,094     | \$5,196     | \$5,300     | \$5,406     | \$5,514     | \$5,624     | \$5,736     |
| Telephone                   | \$2,400     | \$2,448     | \$2,497     | \$2,547     | \$2,598     | \$2,650     | \$2,703     | \$2,757     | \$2,812     | \$2,868     |
| Natural Gas                 | \$30,000    | \$30,600    | \$31,212    | \$31,836    | \$32,473    | \$33,122    | \$33,785    | \$34,461    | \$35,150    | \$35,853    |
| Sanitation                  | \$2,400     | \$2,448     | \$2,497     | \$2,547     | \$2,598     | \$2,650     | \$2,703     | \$2,757     | \$2,812     | \$2,868     |
| Electricity                 | \$55,015    | \$56,116    | \$57,238    | \$58,383    | \$59,550    | \$60,741    | \$61,956    | \$63,195    | \$64,459    | \$65,748    |
| Water & Sewer               | \$6,000     | \$6,120     | \$6,242     | \$6,367     | \$6,495     | \$6,624     | \$6,757     | \$6,892     | \$7,030     | \$7,171     |
| Postage                     | \$360       | \$367       | \$375       | \$382       | \$390       | \$397       | \$405       | \$414       | \$422       | \$430       |
| Fuel                        | \$360       | \$367       | \$375       | \$382       | \$390       | \$397       | \$405       | \$414       | \$422       | \$430       |
| Rental                      | \$1,440     | \$1,469     | \$1,498     | \$1,528     | \$1,559     | \$1,590     | \$1,622     | \$1,654     | \$1,687     | \$1,721     |
| Dues & Subscriptions        | \$360       | \$367       | \$375       | \$382       | \$390       | \$397       | \$405       | \$414       | \$422       | \$430       |
| Advertising & Promotion     | \$6,000     | \$6,120     | \$6,242     | \$6,367     | \$6,495     | \$6,624     | \$6,757     | \$6,892     | \$7,030     | \$7,171     |
| Contracted Services         | \$9,600     | \$9,792     | \$9,988     | \$10,188    | \$10,391    | \$10,599    | \$10,811    | \$11,027    | \$11,248    | \$11,473    |

|                                 |                   |                  |                  |                  |                  |                  |                  |                  |                  |                  |
|---------------------------------|-------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Support & Maintenance contracts | \$1,200           | \$1,224          | \$1,248          | \$1,273          | \$1,299          | \$1,325          | \$1,351          | \$1,378          | \$1,406          | \$1,434          |
| Insurance                       | \$1,100           | \$1,122          | \$1,144          | \$1,167          | \$1,191          | \$1,214          | \$1,239          | \$1,264          | \$1,289          | \$1,315          |
| <b>Total Expenses</b>           | \$277,155         | \$284,035        | \$291,093        | \$298,333        | \$305,760        | \$313,380        | \$321,197        | \$329,217        | \$337,446        | \$345,888        |
| <b>Net Profit/Loss</b>          | <b>-\$105,242</b> | <b>-\$75,284</b> | <b>-\$45,503</b> | <b>-\$47,831</b> | <b>-\$50,248</b> | <b>-\$52,758</b> | <b>-\$55,363</b> | <b>-\$58,066</b> | <b>-\$60,872</b> | <b>-\$63,783</b> |
| Profit Margin                   | -38%              | -27%             | -16%             | -16%             | -16%             | -17%             | -17%             | -18%             | -18%             | -18%             |

### Financial Projections: Optimistic Scenario

| Revenue               | 2020             | 2021             | 2022             | 2023             | 2024             | 2025             | 2026             | 2027             | 2028             | 2029             |
|-----------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Track                 | \$12,600         | \$15,300         | \$18,000         | \$18,360         | \$18,727         | \$19,102         | \$19,484         | \$19,873         | \$20,271         | \$20,676         |
| Tots' Time            | \$8,400          | \$10,200         | \$12,000         | \$12,240         | \$12,485         | \$12,734         | \$12,989         | \$13,249         | \$13,514         | \$13,784         |
| Birthdays             | \$2,520          | \$3,060          | \$3,600          | \$3,672          | \$3,745          | \$3,820          | \$3,897          | \$3,975          | \$4,054          | \$4,135          |
| Homeschool            | \$7,000          | \$8,500          | \$10,000         | \$10,200         | \$10,404         | \$10,612         | \$10,824         | \$11,041         | \$11,262         | \$11,487         |
| Batting Cage          | \$4,200          | \$5,100          | \$6,000          | \$6,120          | \$6,242          | \$6,367          | \$6,495          | \$6,624          | \$6,757          | \$6,892          |
| Futsal League         | \$12,600         | \$15,300         | \$18,000         | \$18,360         | \$18,727         | \$19,102         | \$19,484         | \$19,873         | \$20,271         | \$20,676         |
| Flag Football League  | \$12,600         | \$15,300         | \$18,000         | \$18,360         | \$18,727         | \$19,102         | \$19,484         | \$19,873         | \$20,271         | \$20,676         |
| Pickleball            | \$10,483         | \$12,730         | \$14,976         | \$15,276         | \$15,581         | \$15,893         | \$16,211         | \$16,535         | \$16,865         | \$17,203         |
| Pick-up Sports        | \$10,483         | \$12,730         | \$14,976         | \$15,276         | \$15,581         | \$15,893         | \$16,211         | \$16,535         | \$16,865         | \$17,203         |
| Summer Camp           | \$84,000         | \$102,000        | \$120,000        | \$122,400        | \$124,848        | \$127,345        | \$129,892        | \$132,490        | \$135,139        | \$137,842        |
| Field Rental          | \$61,040         | \$74,120         | \$87,200         | \$88,944         | \$90,723         | \$92,537         | \$94,388         | \$96,276         | \$98,201         | \$100,165        |
| Large Events          | \$10,500         | \$12,750         | \$15,000         | \$15,300         | \$15,606         | \$15,918         | \$16,236         | \$16,561         | \$16,892         | \$17,230         |
| <b>Total Revenues</b> | <b>\$236,426</b> | <b>\$287,089</b> | <b>\$337,752</b> | <b>\$344,507</b> | <b>\$351,397</b> | <b>\$358,425</b> | <b>\$365,594</b> | <b>\$372,905</b> | <b>\$380,364</b> | <b>\$387,971</b> |

| <b>Expenses</b>                 | <b>2020</b> | <b>2021</b> | <b>2022</b> | <b>2023</b> | <b>2024</b> | <b>2025</b> | <b>2026</b> | <b>2027</b> | <b>2028</b> | <b>2029</b> |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Staff Salaries and Benefits     | \$167,100   | \$172,113   | \$177,276   | \$182,595   | \$188,073   | \$193,715   | \$199,526   | \$205,512   | \$211,677   | \$218,028   |
| Travel & Training               | \$3,744     | \$3,819     | \$3,895     | \$3,973     | \$4,053     | \$4,134     | \$4,216     | \$4,301     | \$4,387     | \$4,474     |
| Materials & Supplies            | \$15,840    | \$16,157    | \$16,480    | \$16,810    | \$17,146    | \$17,489    | \$17,838    | \$18,195    | \$18,559    | \$18,930    |
| Office Supplies                 | \$2,592     | \$2,644     | \$2,697     | \$2,751     | \$2,806     | \$2,862     | \$2,919     | \$2,977     | \$3,037     | \$3,098     |
| Uniforms                        | \$1,872     | \$1,909     | \$1,948     | \$1,987     | \$2,026     | \$2,067     | \$2,108     | \$2,150     | \$2,193     | \$2,237     |
| Small Tools                     | \$2,880     | \$2,938     | \$2,996     | \$3,056     | \$3,117     | \$3,180     | \$3,243     | \$3,308     | \$3,374     | \$3,442     |
| Vending Supplies                | \$5,760     | \$5,875     | \$5,993     | \$6,113     | \$6,235     | \$6,360     | \$6,487     | \$6,616     | \$6,749     | \$6,884     |
| Telephone                       | \$2,880     | \$2,938     | \$2,996     | \$3,056     | \$3,117     | \$3,180     | \$3,243     | \$3,308     | \$3,374     | \$3,442     |
| Natural Gas                     | \$36,000    | \$36,720    | \$37,454    | \$38,203    | \$38,968    | \$39,747    | \$40,542    | \$41,353    | \$42,180    | \$43,023    |
| Sanitation                      | \$2,880     | \$2,938     | \$2,996     | \$3,056     | \$3,117     | \$3,180     | \$3,243     | \$3,308     | \$3,374     | \$3,442     |
| Electricity                     | \$66,018    | \$67,339    | \$68,685    | \$70,059    | \$71,460    | \$72,889    | \$74,347    | \$75,834    | \$77,351    | \$78,898    |
| Water & Sewer                   | \$7,200     | \$7,344     | \$7,491     | \$7,641     | \$7,794     | \$7,949     | \$8,108     | \$8,271     | \$8,436     | \$8,605     |
| Postage                         | \$432       | \$441       | \$449       | \$458       | \$468       | \$477       | \$487       | \$496       | \$506       | \$516       |
| Fuel                            | \$432       | \$441       | \$449       | \$458       | \$468       | \$477       | \$487       | \$496       | \$506       | \$516       |
| Rental                          | \$1,728     | \$1,763     | \$1,798     | \$1,834     | \$1,870     | \$1,908     | \$1,946     | \$1,985     | \$2,025     | \$2,065     |
| Dues & Subscriptions            | \$432       | \$441       | \$449       | \$458       | \$468       | \$477       | \$487       | \$496       | \$506       | \$516       |
| Advertising & Promotion         | \$7,200     | \$7,344     | \$7,491     | \$7,641     | \$7,794     | \$7,949     | \$8,108     | \$8,271     | \$8,436     | \$8,605     |
| Contracted Services             | \$11,520    | \$11,750    | \$11,985    | \$12,225    | \$12,470    | \$12,719    | \$12,973    | \$13,233    | \$13,498    | \$13,767    |
| Support & Maintenance contracts | \$1,440     | \$1,469     | \$1,498     | \$1,528     | \$1,559     | \$1,590     | \$1,622     | \$1,654     | \$1,687     | \$1,721     |

|                        |                   |                  |                  |                  |                  |                  |                  |                  |                  |                  |
|------------------------|-------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Insurance              | \$1,100           | \$1,122          | \$1,144          | \$1,167          | \$1,191          | \$1,214          | \$1,239          | \$1,264          | \$1,289          | \$1,315          |
| <b>Total Expenses</b>  | \$339,050         | \$347,502        | \$356,173        | \$365,070        | \$374,197        | \$383,562        | \$393,170        | \$403,029        | \$413,144        | \$423,524        |
| <b>Net Profit/Loss</b> | <b>-\$102,624</b> | <b>-\$60,413</b> | <b>-\$18,421</b> | <b>-\$20,563</b> | <b>-\$22,800</b> | <b>-\$25,137</b> | <b>-\$27,576</b> | <b>-\$30,123</b> | <b>-\$32,781</b> | <b>-\$35,553</b> |
| Profit Margin          | -30%              | -17%             | -5%              | -6%              | -6%              | -7%              | -7%              | -7%              | -8%              | -8%              |



