

SEASIDE RECREATION CENTER | SEASIDE, OREGON

# Project Summary Report

APRIL 2022



PREPARED FOR:

**SUNSET EMPIRE PARK &  
RECREATION DISTRICT**



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# EXECUTIVE SUMMARY

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## Scope of Work

In July of 2021, the Sunset Empire Park and Recreation District (henceforth, the “Client” and “SEPRD”) engaged Sports Facilities Advisory, LLC (SFA), with Oregon-based sub-consultant Scott Edwards Architecture (SEA), to complete strategic planning and highest and best use (HBU) modeling for the Seaside Recreation Center (1120 Broadway St., Seaside, OR), focused on providing best-in-class recreational assets to residents while also attracting participants from the regional market with high-quality tournaments, services, and programs. The existing site is approximately 5 acres in size comprised of a one-story concrete block building (appx. 78,000 SF built in 1949 with an expansion in 1996) and is located adjacent to Broadway Park.

This report provides an overview of the process used for the analysis; market and facility overviews; programs, products, and services; financial performance; implementation overview; and recommendations for next steps.

## Definitions of Success

SFA facilitated a development planning and strategy session with the Client to determine the definitions of success for the Seaside Recreation Center (SRC). As a result of that exercise, it was determined that the Seaside Recreation Center must meet the below criteria to be deemed successful:

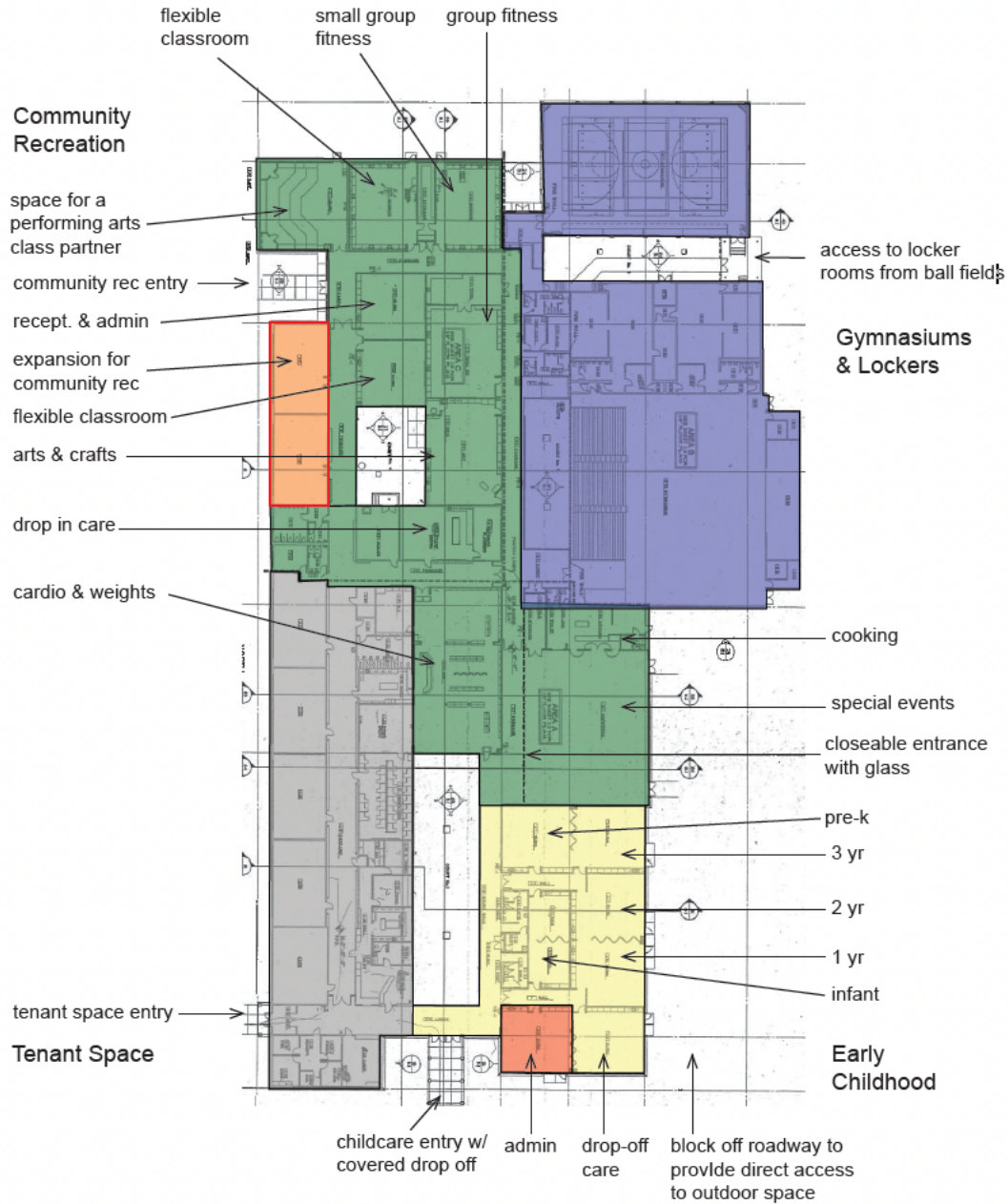
- Create a unique hub for the community that promotes health equity by addressing the sports, recreation, and wellness needs for people of all ages, abilities, and cultures.
- Enhance community awareness, cohesion, and understanding by improving a sense of place and enhancing the quality of life for residents.
- Become a model community for addressing and supporting inclusive, diverse, co-located childcare strategies.
- Create a significant driver of off-season economic impact and visitation by generating new room nights and spending from non-local visitors who would not be in Seaside but for events held at the facility.
- Leverage revenue-generating opportunities to create a business model that creates a path for long-term sustainability.

Utilizing these definitions of success, the vision of the Client, and market conditions, SFA analyzed the opportunity to develop the highest and best use model of the Seaside Recreation Center and presented recommendations for facility renovation/redevelopment based on that analysis.

## Facility Features

In consideration of the Client's definitions of success and based on the information outlined throughout this report related to the strategic planning and highest and best use (HBU) modeling, SFA partnered with the Client to create a facility program for indoor assets that are optimized for both local/sub-regional recreation programming and sports tourism. The following diagram repurposes the existing space into four main categories: administration, early childhood, gymnasiums and locker rooms, and community recreation space, to meet the program and community needs for recreation, sports, wellness, and childcare.



**SUNSET EMPIRE HBU**

1120 Broadway St  
Seaside, OR  
12.03.21 | Project # 21097

**PROGRAM FLOOR PLAN DIAGRAM**

**S|E A**  
SCOTT EDWARDS ARCHITECTURE LLP



The facility features the spaces detailed below and included as business units in the financial feasibility model/pro forma:

Education and childcare areas featuring a dedicated entry and program space for preschool and early education, including rooms for infants, 1-year-olds, 2-year-olds, 3-year-olds, and prekindergarten participants. Additional education and childcare areas include space for drop-in care associated with fitness classes and flexible classrooms.

Space for arts, music, and dance related programming will take place in the performing arts room (currently the music room), as well as a dedicated arts and crafts/ maker space area which currently houses the kiln. The flexible classrooms can also accommodate additional arts and arts related programming if needed. Dance classes will take place in the small group and group fitness rooms, as well as the flexible classrooms. Cooking classes will take place in the commercial kitchen (adjacent to the special events area) which will allow for demonstrations, youth and adult cooking classes, and cooking competitions and parties.

Fitness, sports, and recreation will occur in the dedicated cardio and weight area, small group and group fitness rooms, gymnasiums, and flexible classrooms as needed. Access through the community recreation entry will allow easy access to the fitness areas, as well as the

gymnasiums and locker rooms, without causing any disturbance to childcare or dedicated leased/tenant areas. Special events and event rentals will be accommodated in the dedicated special event area adjacent to the kitchen (current cafeteria) and will allow private events uninterrupted space due to a closable glass wall that will isolate the area from adjacent spaces.

Lease space, as noted in the above map in gray, will include areas for business related tenants that share complementary missions and interests as SERPD. Tenant areas will be secured from the SERPD dedicated program spaces noted above and within the building and will have a dedicated entry. Square footage to accommodate existing lessees is reflected in the space noted in the diagram. Occupancy loads will need to be further determined for the entire tenant area to ensure compliance with state and federal laws and fire codes.

### Summary of Financial Performance

The following table summarizes the forecasted revenues, cost of goods sold, and operating expenses through the first five years of operations at the Seaside Recreation Complex. The financial performance details have been provided in the full financial forecast documents. SFA has fully projected the items within the financial forecast according to standard processes backed by more than a decade of industry experience including the development of hundreds of institutional-grade pro forma documents, development of numerous youth and amateur sports facilities, and the real-world management experience gained from the day-to-day operations of more than 25 youth and amateur sports facilities around the United States.

### Total Facility Operations – Financial Summary

	Year 1	Year 2	Year 3	Year 4	Year 5
Total Revenue	\$1,119,088	\$1,198,853	\$1,351,085	\$1,402,303	\$1,540,873
Total Cost of Goods Sold	\$484,528	\$530,543	\$588,861	\$616,135	\$674,616
<b>Gross Margin</b>	<b>\$634,561</b>	<b>\$668,310</b>	<b>\$762,223</b>	<b>\$786,168</b>	<b>\$866,257</b>
Total Operating Expenses	\$935,242	\$960,359	\$1,011,919	\$1,047,381	\$1,098,719
<b>EBITDA</b>	<b>(\$300,681)</b>	<b>(\$292,049)</b>	<b>(\$249,695)</b>	<b>(\$261,213)</b>	<b>(\$232,462)</b>

As demonstrated in the previous table, the operations at the Seaside Sports Complex are expected to require an operational subsidy in the amount between \$300,681 in Year 1 decreasing to approximately \$232,000 in Year 5. The estimates included in the revenue and cost of goods projections, as well as the operating costs, are conservative and may be driven to exceed original projections by the flexibility of the space, year-round offerings, and revenue generating spaces that simultaneously maximize the opportunity for local/sub-regional programming, fitness and athlete development, and indoor family recreation revenue.

### Summary of Economic Impact

As detailed in the pro forma documents, the following table demonstrates a summary of the economic impact of the SRC. For the purposes of this study, economic impact is defined as new direct spending by visitors coming to the Seaside area from more than 90 minutes away to participate in tournaments and events held at the facilities. SFA's economic impact projections do not include any assumptions for visitors extending their stay beyond the event and do not include any indirect or induced spending projections. The table that follows summarizes the economic impact drivers in years one through five of operations.

### Economic Impact Summary

	Year 1	Year 2	Year 3	Year 4	Year 5
Non-Local Days in Market	7,616	8,568	9,520	9,520	9,520
Room Nights	2,560	2,880	3,200	3,200	3,200
<b>Total Economic Impact</b>	<b>\$1,181,851</b>	<b>\$1,329,583</b>	<b>\$1,477,314</b>	<b>\$1,477,314</b>	<b>\$1,477,314</b>

The Seaside Recreation Complex is projected to generate approximately 3,200 new room nights annually by Year 5 and approximately \$1.5 million in annual direct spending at maturity in the local area.

In recognition of the work completed to date and the information above and detailed throughout this report, SFA believes that the facilities as planned have the potential to accomplish the Project Team's goals if pursued. There are multiple key steps/factors that must be addressed before moving forward with the project. The top three steps/factors are:

1. A funding plan must be created to cover the cost of renovation and long-term subsidies, as needed.
2. Items identified in the implementation structure, specifically regarding operational and brand development are crucial to developing strategies, programs, and procedures that address best practices.
3. A long-term plan must be developed to cover long-term capital improvement and replacement costs.

### **Next Steps**

In recognition of the work completed to date and the information above and detailed throughout this report, SFA believes that the facilities as planned have the potential to accomplish the Project Team's goals if pursued and the overall layout of the existing school, as well as the size and type of the current spaces, is appropriate for the proposed recreation center uses. There are multiple key steps/factors that must be addressed before moving forward with the project. The three main steps/factors are:

1. Develop a masterplan for both the site and building with potential phasing options.
2. Prepare an overall development cost estimate including construction and soft costs.
3. Prepare a project development schedule including planning, design, engineering, jurisdictional requirements, and construction.



# INTRODUCTION

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## Scope of Work

In July of 2021, the Sunset Empire Park and Recreation District (henceforth, the “Client” and “SEPRD”) engaged Sports Facilities Advisory, LLC (SFA), with Oregon-based sub-consultant Scott Edwards Architecture (SEA), to complete strategic planning and highest and best use (HABU) modeling for the Seaside Recreation Center (1120 Broadway St., Seaside, OR), focused on providing best-in-class recreational assets to residents while also attracting participants from the regional market with high-quality tournaments, services, and programs. The existing site is approximately 5 acres in size comprised of the one-story concrete block building (appx. 78,000 SF built in 1949 with an expansion in 1996) and is located adjacent to Broadway Park. SFA’s engagement consisted of the following steps:

- Kick Off Meeting
- Existing Data Review & Market Analysis
- Market Visit with Development Planning Session
- Stakeholder and User Group Meetings
- Market opportunity and HABU Modeling
- Detailed Financial Forecast (Pro Forma)
- Economic Impact Analysis
- Implementation Planning
- Final Report

## Process Overview

To determine the opportunity to develop new sports tourism assets in Seaside, Oregon, SFA completed the following steps:

- Reviewed existing data and conducted a market analysis, including:
  - Facility site plans
  - Demographics and socioeconomics
  - Other relevant information
- Researched existing local and sub-regional sports and recreation facilities and regional tournament destinations, including:
  - Facility amenities
  - Facility quality
  - Program seasonality
  - Program pricing
  - Other factors important to SFA’s analytical process
- Researched existing sports tourism events, including:
  - Location
  - Length
  - Number of teams
  - Pricing
  - Other factors important to SFA’s analytical process
- Studied best-in-class sports tourism and recreation facilities in the region and throughout the U.S.
- Created facility program plans for the HABU model
- Developed a detailed 5-year financial forecast (pro forma)
- Projected non-local visitor spending and the resulting economic impact



**Definitions of Success**

During the kick-off call and Development Planning Session with the Client, it was determined that Recreation center in Seaside must meet the below criteria to be deemed successful:

- Create a unique hub for the community that promotes health equity by addressing the sports, recreation, and wellness needs for people of all ages, abilities, and cultures.
- Enhance community awareness, cohesion, and understanding by improving a sense of place and enhancing the quality of life for residents.
- Become a model community for addressing and supporting inclusive, diverse, co-located childcare strategies.
- Create a significant driver of off-season economic impact and visitation by generating new room nights and spending from non-local visitors who would not be in Seaside but for events held at the facility.
- Leverage revenue-generating opportunities to create a business model that creates a path for long-term sustainability.

The report that follows provides an overview of the process by which SFA has assessed the Recreation Center in Seaside and developed highest and best use (HABU) modeling to determine the programming, space, and financial forecast for the facility. SFA has also provided an overview of the market and existing facilities, developed preliminary program space allocations, forecasted financial performance in facility operations, as well as economic impact, and made recommendations for the Client's next steps.

## PROCESS AND WORK COMPLETED

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### Overview

To create the recommendations detailed in this report, SFA utilized a proven process to develop an in-depth understanding of goals, opportunities, and viable strategies for creating an operationally efficient sports and recreation facility while also improving Seaside's youth and amateur sports tourism position. While the process included dozens of steps and was not purely linear, it can be summarized as a six-phase process that begins with developing a broad contextual understanding of desired outcomes and ends with recommendations to achieve those outcomes.

The "SFA Funnel Model" depicted below visually displays the SFA's process to develop and refine recommendations for the Client.



To add context to the SFA Funnel Model, the following descriptions explain each phase.

- **Phase 1: Establish Goals and Define Success:** as outlined in the "Introduction" section, SFA facilitated dialogue with the Project Team to establish goals and identify desired outcomes through the project's definitions of success.
- **Phase 2: Existing Data Review and Market Analysis:** as outlined in the "Key Data: Demographic and Socioeconomic Analysis", "Key Data: Participation", and "Key Data: Existing Service Providers" sections, SFA analyzed the local, sub-regional, and regional markets to understand the most regular users to a new sports complex during non-tournament and event days, as well as during tournaments and events. SFA analyzed potential participants by activity and determined areas of focus based on specific asset types considered for this project. SFA also analyzed local and regional facilities to determine size, quality, events hosted, and several other factors to understand opportunities for and obstacles to new facility development.
- **Phase 3: Development Planning Session and Stakeholder/User Group Engagement:** SFA conducted an in-market Development Planning Session with the Project Team. In this session SFA reviewed the Project Team's vision, discussed goals for the facility, reviewed potential funding sources, and discussed current market conditions in Seaside. In

addition to the in-market planning session, SFA also conducted various conversations with stakeholders and potential user groups in the Seaside market.

- Phase 4: Pro Forma Development, Economic Impact Forecasting, and Highest and Best Use (HABU) Modeling: following the in-market sessions and after conducting highest and best use modeling to determine the best use of the program spaces within the facility, SFA developed the full five-year financial forecast for the facility model that best meets the Project Team's definitions of success. In addition to the full financial forecast, SFA also projected economic impact figures based on direct spending in the marketplace that would not occur but for renovation of the facility modeled in the pro forma documents.
- Phase 5: Implementation Planning: SFA developed a pre-opening timeline for the project that aligns with the desired construction/improvement milestones established in coordination with general construction principles. Pre-opening implementation includes detailed tasks by business area, including design, construction, FF&E procurement, operating budget, accounting procedures, human resources, standard operating procedures, organization development, operations development, brand and market development, and grand opening.
- Phase 6: Develop Recommendations and Next Steps: as outlined in the corresponding "Recommendations" section(s), SFA developed strategies for:
  - Redevelopment, renovation, and reconfiguration of the Seaside/Broadway Middle School to a high-functioning community sports, recreation, and wellness destination.

### **Outline of Work Performed**

To determine the opportunity to develop a new sport and recreation facility in Seaside, SFA completed the following steps:

- Reviewed existing data, including:
  - Past and future sports tourism events hosted in the market
  - Local and state demographic information
  - Existing concept plans
  - And more
- Researched and analyzed the local, sub-regional, and regional market, including:
  - Demographics and socioeconomics
  - Sports participation trends
  - Existing local service providers
  - Sports tourism industry and existing regional competition
- Received project-specific insights on existing regional tournament destinations from Pacific Basketball League, including:
  - Facility amenities
  - Facility quality
  - Event seasonality
  - Event pricing
  - And more
- Researched existing sports tourism events, including:
  - Location
  - Length
  - Number of teams
  - Pricing
  - And more
- Developed a preliminary plan for recommendations related to new facility development

- Created a facility program plan and opinion of cost for the development of a comprehensive indoor sports complex
- Developed a detailed 5-year financial forecast (pro forma) for facility operations of the new indoor sports complex
- Forecasted room nights, non-local visitor average daily expenditures, total economic impact to Seaside from the tournaments and events at the new sports facilities



# KEY DATA: DEMOGRAPHIC & SOCIOECONOMIC ANALYSIS

## Demographic and Socioeconomic Overview

SFA conducted an in-depth demographic and socioeconomic analysis of the local and sub-regional market. The goal of this portion of the analysis is to determine the key characteristics of local, as well as regional, users of new sports and recreation assets in Seaside, OR. A complete demographic report has been included in the appendix of this document.

The chart below shows some of the key demographic factors used in analyzing the utilization of facilities by local, sub-regional, and regional individuals who could utilize the new sports and recreation assets during non-tournament and event periods, as well as during tournaments and events. While these statistics do not serve as strict predictors of a complex's opportunity to meet its objectives, SFA has developed a proprietary analytical process that considers these factors and several others as part of the financial forecast, sports participation projections, and other analyses required in SFA's study.

Category	10 minutes	15 minutes	30 minutes	60 minutes	90 minutes	240 minutes
Population	9,853	13,114	32,674	60,541	545,375	7,657,350
Growth Projections – Next 5 Years	+6%	+5.95%	+5.2%	+4.6%	+5.75%	+6.1%
Median Age (U.S. Median: 38.5)	46.2	47.9	46.1	49.4	38.4	39.0
Median HH Income (U.S. Median: \$60,500)	\$52,898	\$55,072	\$58,135	\$56,651	\$76,416	\$77,578
Median HH Income % Above/Below Adjusted Cost of Living (Index: 101)	-13%	-10%	-5%			
Spending Rec. Lessons (U.S Avg.: \$143)	\$94.59	\$99.13	\$103.70	\$97.23	\$150.74	\$162.43

Sources: ESRI, ArcGIS

## Demographic and Socioeconomic Insights

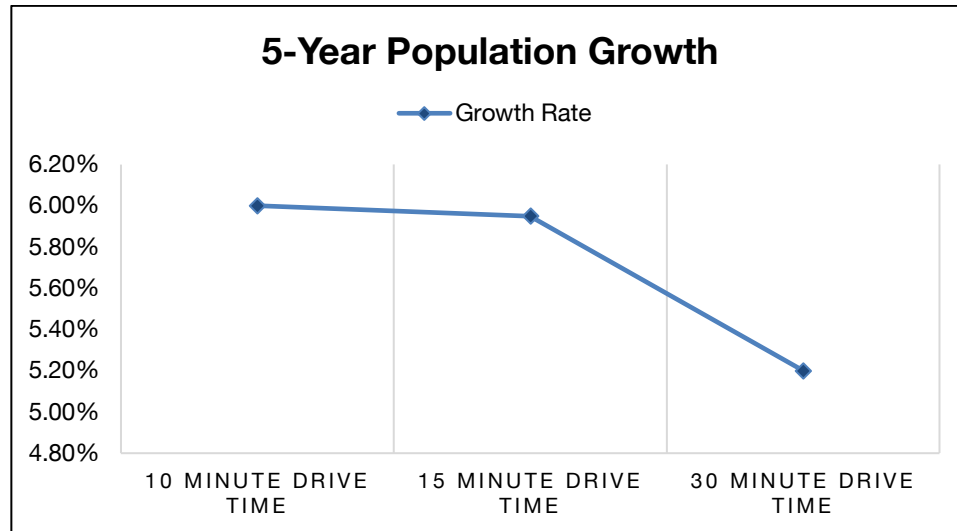
The following insights add context to the data below and are based on SFA's experience in the planning, opening, and management of successful youth and amateur sports facilities.

- Population Size:** SFA uses drive times from the facility point location to analyze the population of potential participants that a new sports and recreation facility would seek to capture. Seaside and its surrounding areas can be described as sparsely populated, with a population of approximately 32,674 in the local market (30-minute drive time). With an approximate population of 60,500 in the sub-regional market (60-minute drive time), SFA classifies the sub-region as sparsely populated.

SFA understands one of the definitions of success for a new facility located in Seaside, Oregon is to accommodate regular tournaments and events that attract out of market visitors who stay and spend in the local area. Because of this, SFA also analyzed the

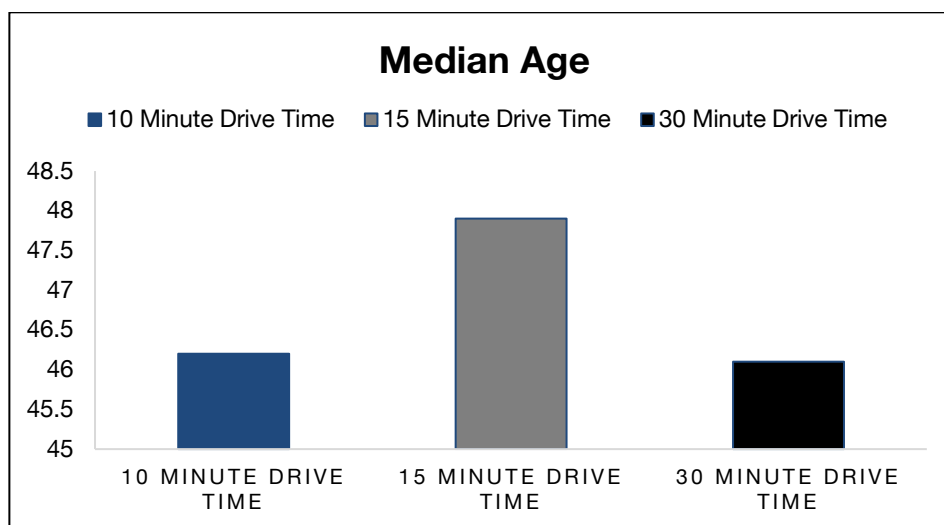
regional population (defined as a 240-minute drive time), which is approximately 7.6 million people.

- **Population Growth:** The population is expected to grow in the immediate and surrounding areas over the next five years, with estimates up to approximately 6 percent growth in the 10-minute drive time interval.



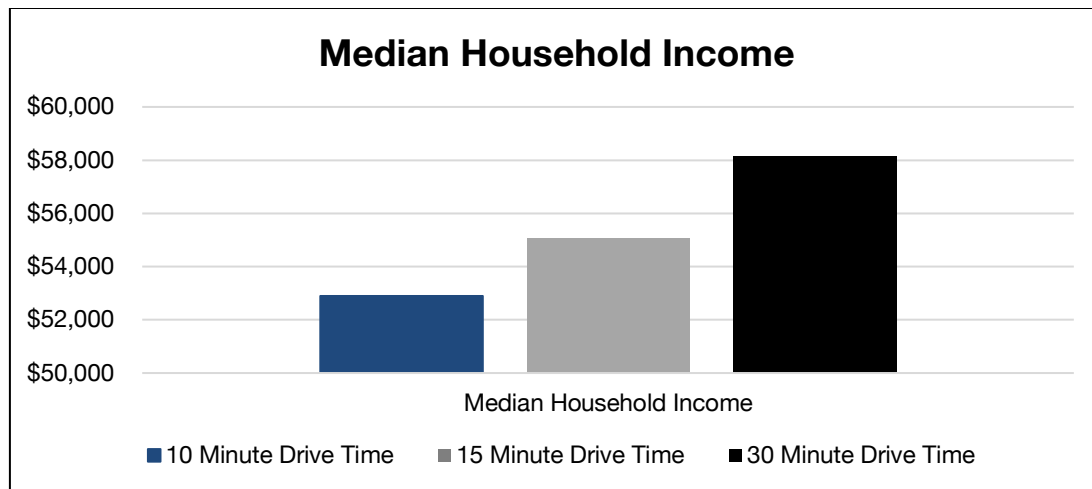
- **Age:** The median age ranges within all sub-regional drive time intervals vary from 46.1 to 49.4, which is higher than the national median of approximately 38.5. In markets that are below the national median, SFA typically observes a high percentage of children and young adults in the market, which are key age segments for sports and recreation.

SFA understands that one of the main definitions of success for new tournament-capable assets is to attract non-locals through hosting both regional and national tournaments and events. As a result, the median age in the local market may have limited impact on the new sports tourism assets but can be influential in the local programmed assets.



- **Median Household Income:** The median household income levels in all local drive time intervals are below the national median, which is approximately \$60,500, with the local figures slightly lower than the national median after adjusting for the cost of living. SFA

typically expects markets that have household incomes above the national median household income level to have the discretionary income to spend on sports and recreation.



- **Fees (Spending) for Recreational Lessons:** Seaside and the surrounding areas have below average recreational lessons spending relative to household income. Based on SFA's experience, an average level of household expenditures on fees for recreational lessons displays the typical willingness to purchase recreation-based programs and services. Because fees (spending) for recreational lessons are below the national average SFA views spending on recreation as a challenging factor for project viability.

#### KEY INSIGHTS:

- Overall, the demographic and socioeconomic factors in the local and sub-regional markets create both positive and challenging factors for the development and operation of a new hybrid local-focused recreation and tournament sports tourism destination in Seaside.
- The regional population at 7.6 million people is lower than many markets in the Southeast, Midwest, and Northeast, but can include several existing metropolitan areas. SFA acknowledges potential geographic limitations on drivetime to the Seaside marketplace, but further recognizes the positive characteristic of existing youth and amateur tournaments and events held in the Seaside market.

## KEY DATA: SPORTS IN THE REGION

### Potential Sports Participants

As part of the process of analyzing the opportunity for the development in Seaside, SFA determined the total number of sports participants in the local, sub-regional, and regional markets.

SFA calculates sports participation using a blend of national and regional sports participation rates as reported by the National Sporting Goods Association (NSGA) and the Sports and Fitness Industry Association (SFIA). The projections consider only active sports participants who play their respective sport in an organized format a specific number of times per year. The qualifying participation threshold varies by sport and is intended to separate casual participants from core participants; core participants are more likely to be customers at the facility because they play consistently enough to consider paying for and participating in an organized program on a regular basis.

The following table lists the “primary” sports and activities that could be accommodated within the facility types that most regularly drive a high volume and frequency of sports tourism participants and events and the number of potential participants that could be attracted from the local, sub-regional, and regional marketplaces. “Primary” sports are those identified as having regular competitive seasons or a large base of participants to draw from the market.

Potential Sports Participants				
Sport/Activity	Participation Rate	Local (30 min.) Participants	Sub-Regional (60 min.) Participants	Regional (240 min.) Participants
Basketball	6.65%	2,172	4,024	509,012
Volleyball	2.35%	769	1,424	180,111
Martial Arts	1.27%	416	771	97,547
Gymnastics	1.25%	409	758	95,814
Futsal	0.92%	301	558	70,575
Cheerleading	0.77%	253	469	59,287
Boxing (Competition)	0.76%	250	463	58,561
Wrestling	0.74%	243	451	57,042
Pickleball	0.62%	203	376	47,607

Source: SFA, National Sporting Goods Association, Sports & Fitness Industry Association

Potential participants are calculated by multiplying each primary sport’s participation rate with each drive time population. It should be noted that this calculation does not factor in existing service providers.

As a preliminary step in determining the market opportunity for certain sports and recreation services, SFA groups participation rates and potential participants in the region by asset type. As shown in the charts that follow, there is a sizable base of potential participants that new indoor court assets could capture.



Indoor Court Sports	%	Participants (240 minutes)
Basketball	6.60%	509,012
Volleyball	2.57%	180,111
Martial Arts	1.13%	97,547
Gymnastics	0.91%	95,814
Futsal	0.91%	70,575
Cheerleading	0.69%	59,287
Boxing (Competition)	0.69%	58,561
Wrestling	0.74%	57,042
Pickleball	0.62%	47,607
<b>TOTAL</b>	<b>14.86%</b>	<b>1,175,556</b>

Grouping indoor court sports together, new court assets in Seaside could serve approximately 14.86 percent of the regional population totaling over 1.1 million players of sports like basketball, volleyball, and more.

These sports listed above would compose the most regular programming of the proposed sports and recreation complex in Seaside. It is important to note that a new facility with these assets would directly or indirectly compete with existing facilities, depending on the quality, size, management, and other features of the competing facilities.

#### KEY INSIGHTS:

- **The opportunity to generate a significant, year-round impact through tournaments and events at tournament-quality facilities is increased when the physical assets can accommodate a variety of activities.**
- **The most successful and impactful facilities are those that are designed to be flexible, to drive density, and to differentiate themselves from existing and developing competing facilities in the market.**
- **Indoor facilities offer greater potential to accommodate year-round sports and event programming due to some of the climate challenges presented by the Seaside marketplace.**

## KEY DATA: EXISTING SERVICE PROVIDERS AND EVENTS

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SFA researched and analyzed existing local and regional facilities that could impact the facility's ability to attract and retain program participants for both local programs and tournaments and events.

### Existing Local Service Providers

In order to determine the share of the market that the new indoor facility can expect to capture, SFA performed an in-depth analysis of the local existing service providers. SFA's analysis is based on the following factors:

- Experience of the facility management team
- Proximity to new facility
- Quality of physical space
- Volume and participation in programs and offerings
- Online presence
- Pricing
- Seasonality
- Marketing reach and business development
- Program mix and service offerings

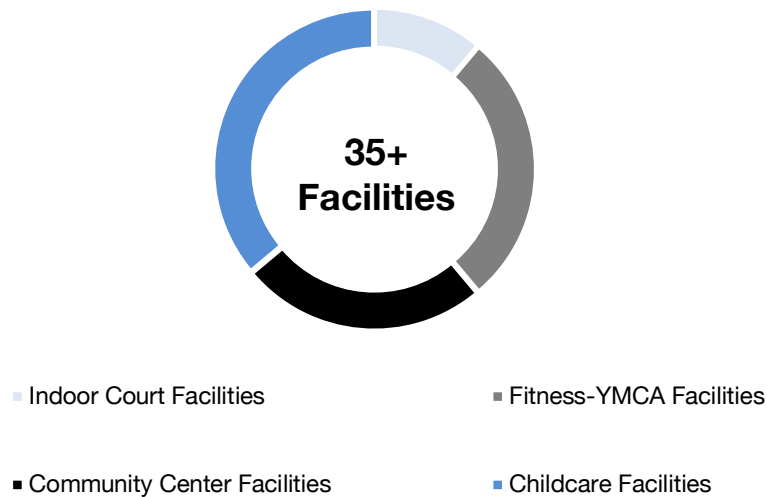
Based on the facility program options analyzed for new sports and recreation assets in Seaside, the Client must consider competing facilities that offer at least one of the following types of amenities as a primary focus of the operation:

- Indoor Court Facilities
- Fitness-YMCA Facilities
- Community Center Facilities
- Childcare Facilities

The facilities that SFA factored into the analysis represent potential competitors in the market that are currently offering services, programs, and events that may impact the operations at the new indoor assets. It is important to note that while these are the facilities that could be primary competitors, these facilities may not have an equal impact on the opportunity, and – depending on the final operational model and program structure – some may not impact the new facility at all.

The chart on the following page shows the existing service providers within the local market (approximately 60-minute drive time) to Seaside researched and analyzed by SFA. SFA arranged the existing facilities by geographic proximity to the proposed complex rather than by similarity in programs, physical spaces, or facility quality.

### Existing Local Service Providers



As the chart above shows, SFA analyzed over 35 facilities in the local market, indicating there is a low volume of existing service providers across all analyzed asset types.

The tables that follow show a sampling of the indoor court, fitness-YMCA, community center, and childcare facilities analyzed by SFA near the potential Seaside, OR project site. SFA has included an expanded list of facilities within the Appendix.

Indoor Court Facilities	Drive Time (minutes)
Seaside High School	6
Astoria Armory	21
Patriot Hall - Community College Gym	23
Chinook School Gym	45

Fitness-YMCA Facilities	Drive Time (minutes)
Sunset Family Fitness	2
Iron Den Gym	2
Sunset Empire Park and Recreation District	5

Community Center Facilities	Drive Time (minutes)
Sunset Empire Park and Recreation District	4
Seaside Civic and Convention Center	5
Bob Chisholm Community Center	6

Childcare Facilities	Drive Time (minutes)
Sunset Family Fitness	2
New Bees Early Childhood Development Center	3

**Regional Competition Insight**

Based on SFC's conversations with a local and regional tournament organizer and event rightsholder, Pacific Basketball League (PBL), SFA gained the following insight into the regional competition within the Seaside market.

With a 28-year history of organizing, managing, and operating basketball tournaments and instructional leagues in Seaside, Pacific Basketball League has provided a value service to the community and sports community. The dedication of PBL, a family run non-profit organization, to provide quality tournaments and events is marked by local and regional players that participate annually and the desire to grow their events by utilizing additional gym space in Warrenton and Astoria. The tradition of basketball in Seaside is one that spans generations and has the potential to continue to grow through renovations and redevelopment of the Seaside Recreation Complex.

Insights noted by PBL, which would elevate tournaments and events experiences at the SRC facility, include modern restrooms and locker rooms for players and spectators, consistent and reliable heating/cooling systems to regulate the temperature in the gyms, accessible bleacher and seating space, and additional gyms/courts (ideally 4 total courts would enable PBL to provide a single tournament site and not require teams to travel to additional sites for games).

**KEY INSIGHTS:**

- **Retention and expansion of PBL tournaments and events will include scheduled regular use of the existing courts (2), with supplemental court-based tournaments to include pickleball, volleyball, and other non-PBL court rentals.**
- **Ample paved parking, additional flexible team, participant, and spectator space at the renovated SRC will enable the facility to provide "high-quality tournament class" amenities (hardwood courts, new locker rooms/restrooms, team spaces).**



## FACILITY PROGRAM PLAN

Based on the renovation and redevelopment of multi-sport recreation and childcare assets envisioned by the project team, SFA has included the facility program for indoor assets, in coordination with the facility layout provided by SEA. The existing site is approximately 5 acres in size comprised of the one-story concrete block building (appx. 78,000 SF built in 1949 with an expansion in 1996) and is located adjacent to Broadway Park. The existing site includes classrooms and other traditional education spaces that may be altered to achieve the highest and best use of the spaces to support the Client's definitions of success.

### Facility Program

Utilizing and repurposing existing assets within the facility, enables the facility to transition from an education facility to a recreation and sports tourism asset in Seaside. The following table depicts approximate sizes and spaces of assets within the model:

Space	Indoor Programming Product/Service	Appx.SF	% of Footprint
Courts	Basketball Courts, Locker Rooms (actual courts 84' x 50')	23,800	30.4%
	<i>Total Court Sq. Ft.</i>	23,800	30.4%
Recreation	Flexible Classoms, Fitness, Etc.	28,200	36.1%
	<i>Total Fitness Sq. Ft.</i>	28,200	36.1%
Childcare	Childcare Rooms, Childcare Administration/Office	9,500	12.1%
	<i>Total Childcare Sq. Ft.</i>	9,500	12.1%
Lease	Lease Space	14,600	18.7%
	<i>Total Tenant Space Sq. Ft.</i>	14,600	18.7%
Future	Future Expansion/Classrooms	2,100	2.7%
	<i>Total Flex Space Sq. Ft</i>	2,100	2.7%
Required SF for Products and Services		78,200	100.0%
<b>Total Estimated Indoor Athletic Facility SF</b>		<b>78,200</b>	<b>100%</b>

SFA understands that the size and scope of this renovation project, including the indoor childcare and recreation program space, gym and fitness renovations, event, and tenant lease space, may include significant capital investment and may be phased as individual/single-development projects to best meet the needs of the community and sports tourism destination drivers. These phases may take place individually, consecutively, or overlapping with each other as best determined by time and capital funding. The order of development precedence will depend on the highest priority of facility assets that will meet the project goals with the greatest return on investment.

## BUSINESS MODEL OVERVIEW

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The Client envisions that the facility will focus on attracting participants from the local, sub-regional, and regional markets with high-quality recreation programming, childcare, athletic tournaments, events, and services. This focus results in a business model that focuses on revenue generation through core recreation and sports facility programs and services while also driving new visitor spending to the area. Below are details related to the ways in which the facility will serve the local market, as well as retain and attract tournaments and events from the regional market.

### Local and Sub-Regional Programming Model

The local and sub-regional programming model is designed to make any new facility development a year-round sports and recreation hub for residents by serving as a community asset providing sports, physical health, recreation, and athlete development programming, regardless of skill level, ability, or discipline. By creating a fun, active space with high-quality programming and amenities, the spaces detailed in the facility development plan will be able to host a multitude of activities and serve a wide range of community pursuits.

The spaces and amenities detailed in the facility program for the indoor facility have the potential to offer programming for activities such as:

- Education and Childcare
- Arts, Ceramics, Pottery, Photography, Fiber Crafts
- Culinary Arts
- Dance Instruction and Performances
- Fitness Classes and Conditioning
- Sports Leagues
- Sports/Athlete Development and Instruction
- Music and Performing Arts
- Martial Arts
- Wellness/Yoga
- Sports Tournaments
- Cheerleading
- Wrestling
- Special Events
- Other Recreational Activities

The following programs and services are examples of the offerings within the facility for participants in the above activities:

- Daycare, After Care
- Out-of-School Camps
- Athlete Development
- Instructional Camps
- Instructional Clinics
- Private Instruction
- Learn to Play
- Competitive Leagues
- Recreational Leagues
- Arts, Music, Drama
- Culinary Arts Classes
- Tournaments and Events
- Continuing Adult Education
- Makerspace Classes
- Dances, Parties, Parents' Night Out
- Community Gatherings
- Team Building
- Birthday Parties
- Fitness Memberships and Classes
- Martial Arts Instruction
- Community Safety and Education
- Other Group Events
- Youth Development
- Youth Programming
- Non-Sports Events
- Practice and Game Rentals

### Sports Tourism Operating Model

To more clearly define the goal of generating economic impact through sports tourism events, SFA has described the sports tourism operating model below.

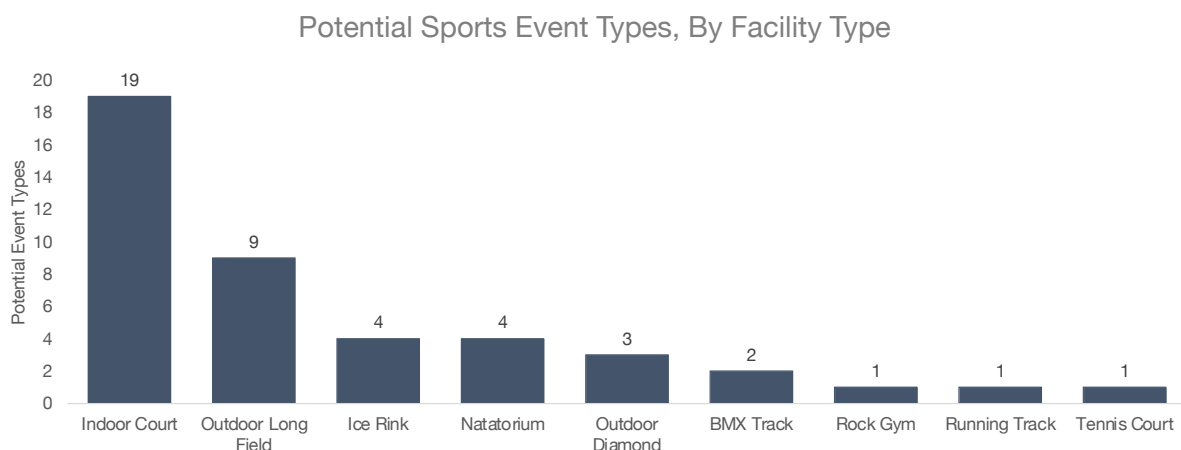
The goal of a sports tourism model is to attract out-of-town teams, players, coaches, referees/umpires, and spectators to the market to generate revenue for the facility and to create economic impact through non-local visitors staying in hotels, eating at restaurants, shopping at stores, purchasing gas, etc. Within the sports tourism model, there are two primary ways of developing tournaments: creating in-house tournaments and outsourcing tournaments to existing organizers/rights holders.

In-house tournaments require a significant amount of time, energy, and human resources to develop and execute. This type of event requires the facility to market the event, register teams, secure hotels, train staff, hire officials, manage play, etc. As such, significant revenue can be generated, but the cost of doing business is high. Additionally, tournaments typically take multiple years to grow, and, as a result, first year (and often second year) events are small, marginally profitable, and generate less economic impact.

Outsourced tournaments require much less work on the part of the facility because inventory is rented to a tournament provider. That provider oversees securing teams and running the event. Additionally, they often provide greater economic impact in the early years of operation because they are not first-year events, and therefore there are more teams in attendance. However, the amount of revenue the facility can generate on an outsourced tournament is limited because team registration fees go to the rights-holder, as do other revenue streams (e.g. hotel rebates, gate fees, etc.).

Based on the established sports tourism business in the region, the existing relationship with Pacific Basketball League, and the definitions of success for the facility of generating economic impact through drawing non-local visitors to Seaside, Oregon, SFA has projected rental tournaments with the Pacific Basketball League and other tournament providers yet to be determined. The unique reality of operating sports tourism business models for each individual sport envisioned for the facility is reflected in the financial forecast for the operation.

SFA prioritized the facility spaces that have the best opportunity to drive the volume of visitors that creates density, resulting in significant economic impact generation in the market based on the regional opportunity. The chart that follows summarizes the most common types of assets that have the capability to host sports tourism events and the number of different event types they can accommodate.



As demonstrated above, indoor courts can accommodate a combined 19 sport event types offering a substantial combination of program offerings throughout the entire complex.

### Program Mix

To serve the local and sub-regional market, SFA recommends a programming mix that is a blend of internal or in-house programs and rental or outside service provider/contractor programs. SFA recognizes the value of the relationships with existing service providers and local sports organizations that SERPD has established and seeks to continue/expand as the structure is repurposed to meet the Client's definitions of success.

While outside service provider/contractor programs are modeled at a flat, per-participant fee and traditional rental agreement (long-term rentals and hourly rentals) included in the financial model provide consistent programs and revenues, in-house programming presents the facility with the following growth and business development opportunities:

- **Greater Ownership of the Program:** Running in-house programs will allow the management team to dictate all aspects of the products and services being offered in the facility. This ownership provides the ability to make decisions regarding marketing, sales, and operations of all programs. Furthermore, the facility will rely less on the skills, experience, and relationships of outside people or organizations and therefore strengthen the complex's ability to offer best-in-class services to its users.
- **Control of the User Experience:** All programs reflect on the facility and affect user perception of the brand. With a rental model, a facility has a minimal level of control over program quality and user experience. If a program run by an outside organization does not meet user expectations, the facility will be directly associated with that bad experience. On the other hand, internal programs allow the facility to control the quality of users' experiences.
- **Higher Financial Returns:** Rental programs are limited in the level of revenue they can generate. This relatively flat revenue restricts the ability to capitalize on growth opportunities. An internal program business model creates the opportunity for the facility to grow programs and increase the amount of revenue that can be generated per hour. With the proper investment in and development of in-house programs, the facility will be able to generate significantly higher levels of revenue.
- **Facility Database and Cross Marketing:** Internal programming presents the facility with the opportunity to build an extensive internal database of its users. Owning and running in-house programs will allow the facility to capture and retain important user contact information. This internal database will create a platform for the management team to cross-market appropriate programs to people who are already users and invested in taking part in the products and services that the facility has to offer. The ability to cross-market to an internal database is substantially more effective than many traditional marketing initiatives.
- **Ability to Maximize Scheduling:** A rental-only model restricts the management team's ability to maximize program scheduling. This is a result of the desire of outside programmers and rentals to purchase only the best and prime time hours in the facility. With an in-house program model, the management team will be able to dictate the day and time that programs are run and therefore allow the facility to maximize the use of available scheduling time.



A gradual transition towards a higher level of internal programming after opening will allow the facility to maintain relationships and utilize outside programming during the maturation process. As the facility matures, shifting to an increased percentage of internal programs will allow the facility to capitalize on opportunities to grow programs and contribute to a higher level of financial sustainability.

## FINANCIAL PERFORMANCE OVERVIEW

SFA's determination of feasibility for the Seaside Recreation Complex depends on the financial forecast of the business and the ability for it to achieve results that support the long-term financial goals of the Client. SFA constructed a detailed pro forma/financial analysis for the facility operations at the Seaside Recreation Complex that projects the financial viability of operations for the first five years.

In creating a financial forecast, SFA intentionally projects numbers that are dependent on timely marketing, attention to detail, ongoing financial analysis, a focus on customer service, and intelligent management practices.

### Summary of Financial Performance

The following table summarizes the forecasted revenues, cost of goods sold, and operating expenses through the first five years of operations at the Seaside Recreation Complex. The financial performance details have been provided in the full financial forecast documents. SFA has fully projected the items within the financial forecast according to standard processes backed by more than a decade of industry experience including the development of hundreds of institutional-grade pro forma documents, development of numerous youth and amateur sports facilities, and the real-world management experience gained from the day-to-day operations of more than 25 youth and amateur sports facilities around the United States.

### Total Facility Operations – Financial Summary

	Year 1	Year 2	Year 3	Year 4	Year 5
Total Revenue	\$1,119,088	\$1,198,853	\$1,351,085	\$1,402,303	\$1,540,873
Total Cost of Goods Sold	\$484,528	\$530,543	\$588,861	\$616,135	\$674,616
<b>Gross Margin</b>	<b>\$634,561</b>	<b>\$668,310</b>	<b>\$762,223</b>	<b>\$786,168</b>	<b>\$866,257</b>
Total Operating Expenses	\$935,242	\$960,359	\$1,011,919	\$1,047,381	\$1,098,719
<b>EBITDA</b>	<b>(\$300,681)</b>	<b>(\$292,049)</b>	<b>(\$249,695)</b>	<b>(\$261,213)</b>	<b>(\$232,462)</b>

As demonstrated in the previous table, the operations at the Seaside Sports Complex are expected to require an operation subsidy in the amount between \$300,000 in Year 1 decreasing to \$230,000 in Year 5. The estimates included in the revenue and cost of goods projections, as well as the operating costs, are conservative and may be driven to exceed original projections by the flexibility of the space, year-round offerings, and revenue generating spaces that simultaneously maximize the opportunity for local/sub-regional programming, fitness and athlete development, and indoor family recreation revenue.

Individual business models were developed for each program and include financial projections for education and childcare, arts, fitness, sports, and recreation, and other rentals, tenants, and vending. The following summary of revenue and expenses for each business unit are noted below and detailed in the full financial forecast documents.

Revenue	Year 1	Year 2	Year 3	Year 4	Year 5
Education and Childcare					
After School	\$70,200	\$77,220	\$87,318	\$91,684	\$100,852
Camps	\$191,250	\$210,375	\$241,424	\$253,495	\$283,074
Preschool/Early Education	\$271,680	\$298,848	\$329,979	\$346,478	\$381,650
Community Safety and Education	\$24,000	\$24,150	\$27,002	\$27,115	\$29,865
Arts					
Art	\$10,040	\$11,044	\$13,093	\$13,748	\$15,892
Cooking	\$3,520	\$3,872	\$5,285	\$5,550	\$6,723
Dance	\$1,440	\$1,584	\$2,162	\$2,270	\$2,751
Music and Performing Arts	\$3,520	\$3,872	\$5,285	\$5,550	\$6,723
Fitness, Sports, and Recreation					
Membership/Fitness	\$246,133	\$257,493	\$297,923	\$306,538	\$337,888
Martial Arts	\$1,680	\$1,848	\$2,523	\$2,649	\$3,209
Special Events	\$50,750	\$55,825	\$66,320	\$69,636	\$79,396
Sports and Recreation	\$28,900	\$31,790	\$38,254	\$40,166	\$47,243
Sports Tournaments	\$12,800	\$14,400	\$17,600	\$17,600	\$18,400
Other					
Rentals	\$70,875	\$73,001	\$82,710	\$85,192	\$92,135
Tenants	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000
Vending	\$12,300	\$13,530	\$14,207	\$14,633	\$15,072
<b>Total Revenue</b>	<b>\$1,119,088</b>	<b>\$1,198,853</b>	<b>\$1,351,085</b>	<b>\$1,402,303</b>	<b>\$1,540,873</b>

The financial projections for individual business units, as provided in the full financial performance documents, provide in-depth detail regarding the revenue projections, including price per session, number of participants, and sessions per year. It is important to note that original participant projections for Preschool/Early Education have been amended to include 26 Under-3 participants and 40 Over-3 participants for preschool half-day programs. SFC utilized Client provided price per session data for the projections. Oregon DHS Child Care Reimbursement rates for both certified and standard centers include rates that significantly exceed the projections provided by the Client and may be beneficial for the Client to consider as the program develops and expands. Those rates are highlighted below and are available through the Oregon Department of Human Services, are zone specific, and are updated every two years to ensure market rate competitiveness.

## Group Area B

### STANDARD RATE MAXIMUMS (Not Licensed)

	Standard Family Rate		Standard Center Rate	
	1-157	158-215	1-157	158-215
	Hourly	Monthly	Hourly	Monthly
Infant	\$3.29	\$562	\$4.28	\$730
Toddler	\$3.29	\$539	\$3.98	\$716
Preschool	\$3.12	\$534	\$3.60	\$574
School	\$3.12	\$518	\$3.36	\$443
Special Needs	\$3.29	\$562	\$4.28	\$730

**LICENSED RATE MAXIMUMS**

	Registered Family Rate (RFM)			Certified Family Rate (CFM)			Certified Center Rate		
	1-62	63-135	136-215	1-62	63-135	136-215	1-62	63-135	136-215
	Hourly	Part-time	Monthly	Hourly	Part-time	Monthly	Hourly	Part-time	Monthly
Infant	\$3.83	\$475	\$633	\$4.33	\$608	\$810	\$5.70	\$730	\$973
Toddler	\$3.61	\$450	\$600	\$4.17	\$550	\$733	\$5.30	\$716	\$955
Preschool	\$3.50	\$441	\$588	\$4.67	\$512	\$683	\$4.80	\$574	\$765
School	\$3.50	\$437	\$583	\$4.67	\$475	\$633	\$4.48	\$443	\$590
Special Needs	\$3.83	\$475	\$633	\$4.33	\$608	\$810	\$5.70	\$730	\$973

Expenses for each individual business unit are noted in the chart below and include the same program categories are detailed in the revenue chart above. Programs that are noted with zero expenses are third-party/contractor programs where SERPD would receive a portion of the revenue and the contractor would be responsible for all expenses. Tenant expenses would be paid for by the tenants and be detailed in lease agreements.

Expenses	Year 1	Year 2	Year 3	Year 4	Year 5
Education and Childcare					
After School	\$31,590	\$34,749	\$39,293	\$41,258	\$45,384
Camps	\$86,063	\$94,669	\$108,641	\$114,073	\$127,383
Preschool/Early Education	\$176,592	\$194,251	\$214,486	\$225,211	\$248,072
Community Safety and Education	\$11,250	\$11,250	\$12,375	\$12,375	\$13,500
Arts					
Art	\$5,346	\$5,881	\$6,937	\$7,284	\$8,404
Cooking	\$0	\$0	\$0	\$0	\$0
Dance	\$0	\$0	\$0	\$0	\$0
Music and Performing Arts	\$0	\$0	\$0	\$0	\$0
Fitness, Sports, and Recreation					
Membership/Fitness	\$116,588	\$127,151	\$133,736	\$139,184	\$145,116
Martial Arts	\$0	\$0	\$0	\$0	\$0
Special Events	\$39,500	\$43,450	\$51,732	\$54,319	\$62,109
Sports and Recreation	\$6,625	\$7,288	\$8,663	\$9,096	\$10,665
Sports Tournaments	\$1,280	\$1,440	\$1,760	\$1,760	\$1,840
Other					
Rentals	\$3,544	\$3,650	\$4,136	\$4,260	\$4,607
Tenants	\$0	\$0	\$0	\$0	\$0
Vending	\$6,150	\$6,765	\$7,103	\$7,316	\$7,536
<b>Total Cost of Goods Sold</b>	<b>\$484,528</b>	<b>\$530,543</b>	<b>\$588,861</b>	<b>\$616,135</b>	<b>\$674,616</b>

**KEY INSIGHTS:**

- **Year 1 is not intended to be 2022; it represents a full year of programming. The pro forma allows SERPD to “step into” programming, not all of which will start at the same time. It can be used to guide decisions for areas of focus and implementation.**
- **The financial model blends SERPD programs and Partner/Contractor programs. SERPD programs require staff, supply costs, marketing, etc. Partner/Contractor programs pay a flat, per-participant fee to SRC in lieu of a rental fee. Traditional rental agreements (long-term tenants and hourly rentals) are reflected in the pro forma and represent additional non-program-based revenue streams.**

## ECONOMIC IMPACT ANALYSIS

As stated previously, SFA developed its forecasts based on the prioritization of events that meet the Client's objectives related to sports tourism and the best practices for managing successful sports tourism facilities. As part of that exercise, SFA conducted an in-depth analysis of the two components that determine economic impact:

1. The average daily expenditure for non-local visitors to the market, including but not limited to:
  - Average daily rate for hotels
  - Average daily meal costs
  - Percent of spending in market by category
2. The details for each event, including but not limited to:
  - Number of participants
  - Number spectators
  - Markets from which participants travel
  - Day and overnight travel habits in the region and across the industry
  - Length of event

### Average Daily Expenditure

SFA projected per-person spending in the categories in which visitors to Seaside, Oregon are expected to spend for regional youth and amateur tournaments and events. The charts below show overnight visitors are expected to spend an average of \$155.18 per person per day for tournaments and events. The estimates for per person spending are based on conservative estimates for how non-local visitors will spend while in market. SFA believes that these are reliable estimates, and that it is unlikely that per person spending will fall below the projected amounts.

**Per Person Spending By Category - Overnight**

	Amount	% of Total
Lodging/Accommodations	\$31.43	20.3%
Dining/Groceries	\$58.65	37.8%
Transportation	\$9.97	6.4%
Entertainment/Attractions	\$20.53	13.2%
Retail	\$18.77	12.1%
Miscellaneous	\$15.84	10.2%
<b>Total</b>	<b>\$155.18</b>	<b>100%</b>

### Economic Impact Drivers

Before converting the per-person average daily expenditure into a total direct spending projection, SFA analyzed the two most important drivers of economic impact: non-local days in market and room nights generated for each event projected. Non-local days in market are the number of days that non-local visitor will spend in the Seaside market because of the tournament or event they are attending. Hotel room nights are the number of nights that visitors will stay in the local area to take part in tournaments and events.

For the purposes of this study, non-local visitors are defined as people coming to Seaside from more than 90 minutes away to participate in tournaments and events held at the facility. The table that follows summarizes the economic impact drivers in years one through five of operations.



**Economic Impact Summary**

	Year 1	Year 2	Year 3	Year 4	Year 5
Non-Local Days in Market	7,616	8,568	9,520	9,520	9,520
Room Nights	2,560	2,880	3,200	3,200	3,200
<b>Total Economic Impact</b>	<b>\$1,181,851</b>	<b>\$1,329,583</b>	<b>\$1,477,314</b>	<b>\$1,477,314</b>	<b>\$1,477,314</b>

The Seaside Recreation Complex is projected to generate approximately 3,200 new room nights annually and approximately \$1.5 million in annual direct spending at maturity in the local area.

**KEY INSIGHTS:**

- The projection of 3200 new room nights annually by year 5 includes approximately \$1.5 million in annual direct spending that would not occur, but for the tournaments and events projected at SRC.
- Economic impact is reflected for the teams that would play at SRC during event days only – additional impact from teams that would play at other facilities is not included in this projection.
- Additional impact from extended stays is anticipated but is not included in the economic impact projected.

# IMPLEMENTATION OVERVIEW

Aligning the goals and desired outcomes for the Seaside Recreation Center with the net benefits of the project and the projected implementation timeline enables SEPRD the opportunity to analyze project performance, support achievements, and redirect/adjust/adapt the project team to accommodate for any delays. While the net economic benefit of the renovation and redevelopment of the Seaside/Broadway Middle School to the Seaside Recreation Center is evident in the economic impact analysis provided above, the direct and indirect benefits of the programs, leagues, events, and tournaments recommended are more difficult to quantify numerically. The chart below notes the goals/desired outcomes of the project, tangible and intangible benefits of the goals, and the estimated timeline to implement strategies/building renovation and program development to achieve the desired outcomes. It is important to note that some of the goals and desired outcomes will be developed over years and thus, the programs and strategies designed within the facility program will need to be monitored to determine their effectiveness and possibly scalability to produce the best long-term results.

Project Goals/Desired Outcome	Net Benefits		Anticipated Implementation Timeline
	Tangible	Intangible	
Create a unique hub for the community that promotes health equity by addressing the sports, recreation, and wellness needs for people of all ages, abilities, and cultures	Increased Revenue	Increased Customer Satisfaction	Construction: TBD
	Operational efficiencies from co-location of services	Improved community physical and mental health	Pre-Operations, FF&E, Program Development: 12- 18 months
Enhance community awareness, cohesion, and understanding by developing a sense of place and improving the quality of life for residents	Decreased crime/graffiti/vandalism	Enhanced user experience	Pre-opening facility preparation for operations + marketing through operations: 300+/- days of pre-opening + ongoing operations
	Increased population/home sales/visitors	Enhance community satisfaction/social cohesion	
		Improved community image/brand	
Become a model community for addressing and supporting inclusive, diverse, co-located childcare strategies	Increased childcare registration/participation	Improved participant socialization skills	Development and implementation of childcare licensing best practices, human resources, continuing education, marketing: 3-6 months pre-opening + ongoing operations
	Improve School Readiness/Basic educational exposure to literacy and numeracy	Teamwork: respect for the opinion of others, listening, cooperation, and equality	
	Reduced childhood food insecurity	Exposure to diversity	
Create a significant driver of off-season economic impact and visitation by generating new room nights and spending from non-local visitors who would not be in Seaside but for events held at the facility.	Increased tourism development/visitation & room nights	Enhance community pride	Marketing & Sales Development: 3-6 months pre-opening + ongoing marketing and sales
	Job creation/decreased unemployment	Trained labor force created by investment in human capital to support increase visitation	
Leverage Recreation Center revenue generating opportunities and ancillary revenue generating opportunities to create a self-sustaining business model that creates a path for long-term sustainability.	Efficient routine business processes	Minimized dependency and volatility of public-sector dependent funding	Systems development, including program development and finance: 300 +/- days of pre-opening, ongoing business assessment and analysis

Implementation details noted below are for the following major phases of work noted in Phase I (facility renovation and program development) of this project: design, construction, furniture, fixtures, and equipment (FF&E), operating budgets/finance, organization development, operational development, brand and marketing, and program development. An implementation schedule maps every task required to complete a project, each with a specific deadline. Since the SRC will be operational in phases and renovations may take place at times coinciding with programs not impacted by the renovation, the timeline noted below includes a range of days anticipated to complete each task. Tasks that may take place concurrently are noted in the table in light green. The timeline below is a guide that can be used to anticipate project execution and potential progress. A detailed project development schedule, including planning, design,

engineering, jurisdictional requirements, and construction are including as recommended next steps.

Project Phases	Tasks	Range of Days to Complete Tasks
Design & Engineering	Design of recommended site development/potential site considerations	150
RFQ/Contracts	Release bid specifications, review submissions, award contract(s)	120-160
Construction	Phased Renovations	TBD
FF&E	FF&E Equipment Budget Finalization, Procurement Process, Receipt of Goods and Inventory Management, Installation	100-150
Operating Budget/Finance	Pro Forma/Budget Finalization, Insurance & Compliances (licenses), GL Accounts, Reporting Calendar, Financial Goals & Objectives, Finance and Cash Handling Procedures	75-125
Organization Development	Org. Chart Finalization, Create Job Descriptions, Create Job Postings, Hiring and Onboarding	250-300
Operational Development	IT System Assessment and Implementation, Service Contract Reviews and Awards	275-350
Brand & Marketing	Brand Development, Marketing Plan Development, Website Development, Brand Deliverables and Marketing Materials, Sales Drives/Promotions, Sponsorship Development	100-150
Program Development	Scheduling, Pricing, Marketing Calendar, Procedures, Intergration with IT/Registration System	100-150
<u>Summary</u> Total Estimated Project Timeline	Design, RFQ/Contracts	270-310
	FF&E - Program Development, Organizational Development	300-350
	Construction	TBD
	*Understanding that tasks noted in green may occur concurrently with other tasks, thus total days includes a summary of all anticipated single work days	600 +/- Days *

#### KEY INSIGHTS:

- Since the SRC will be operational in phases and renovations may take place at times coinciding with programs not impacted by the renovation, project tasks may take place concurrently and outside of normal project implementation timeline expectations.

## CONCLUSION & NEXT STEPS

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As outlined by the Client, new recreation facilities in Seaside must be capable of achieving five definitions of success to be considered a feasible project. Those five success factors are re-stated below and the key findings for each are included.

- **Create a unique hub for the community that promotes health equity by addressing the sports, recreation, and wellness needs for people of all ages, abilities, and cultures**
  - Based on other recreation complexes in the region, when recreation facilities are developed as conceptually planned, the facility would be one of the region's premier indoor court complexes and one of the largest and most diverse in the United States.
  - The facility will present the opportunity for Seaside to capitalize on the growth in youth and amateur sports tourism that is expected to continue by increasing regular access to tourism infrastructure.
  - The scale and quality of facilities, paired with supporting local and sub-regional tournament and event opportunities, creates the prospect to enhance leagues, camps, clinics, instruction, and player development programs simultaneously with tournament and event programming.
  - New and enhanced programming, such as arts, dance, music, and fitness present participants with unmatched amenities and offerings.
- **Enhance community awareness, cohesion, and understanding by improving sense of place and enhancing the quality of life for residents**
  - Developing dedicated spaces for community gatherings, events, and programs will help to create a gathering place and help to establish a recreation hub in Seaside
- **Become a model community for addressing and supporting inclusive, diverse, co-located childcare strategies**
  - The scale and quality of new licensed childcare facilities, including infant through pre-kindergarten, will fill a void in the childcare desert that now exists in Seaside and surrounding communities.
  - Exposing participants to a standardized curriculum of school readiness with exposure to literacy and numeracy will help to enhance early childhood development in Seaside and surrounding communities.
- **Create a significant driver of off-season economic impact and visitation by generating new room nights and spending from non-local visitors who would not be in Seaside but for events held at the facility.**
  - SFA's analysis shows that the facility is projected to generate over 3,000 new room nights and approximately \$1.5 million of new direct spending per year at maturity.
  - The economic impact projections are built on the assumption that supporting amenity inventory (hotels, restaurants, etc.) are present in Seaside to serve the visitation expected in the financial forecast and economic impact analysis (pro forma) created by SFA.
- **Leverage revenue-generating opportunities and ancillary revenue generating opportunities to create a self-sustaining business model that creates a path for long-term sustainability.**
  - There are several key assumptions in the model that are crucial to creating a path for long-term sustainability:

- The inclusion of higher revenue generating spaces and programs such as the childcare, fitness membership, and tenant rental spaces are important to the overall performance of the model. These spaces have an opportunity to contribute to the overall profitability of center, however additional program and rental revenue may be needed to address the anticipated annual operational subsidy of approximately \$500,000.
- Rental tournaments will allow the operation to generate revenue as well as capitalize on the opportunity to further partnerships with existing service providers.

SFA worked with the Project team to understand the vision and definitions of success for the recreation and sports destination. Independently, SFA analyzed the market opportunity, financial reality, and economic impact potential of new assets and their ability to compete with existing destinations in the region and around the country. As a result, SFA believes that the development of the recommended sports and events assets has the capability of meeting the definitions of success and objectives as outlined by the Project Team. The following factors contribute to this assessment:

- Seaside's proximity to population centers at sub-regional drivetimes creates an opportunity to generate revenue from many potential participants.
- The business model and operational plan focuses on the development of in-house or owned programming and services at every level where possible and contributes to long-term sustainability.
- The facility leverages sports operations revenue generating opportunities and spaces as well as supporting programs and services centered around the volume of visitors to create a financial model contributing to long-term sustainability.
- The youth and amateur sports tourism industry experienced sustained growth over the last ten plus years and is expected to grow by another 20 percent over the next five to seven years, increasing on an \$18 billion industry today.

In recognition of the work completed to date and the information above and detailed throughout this report, SFA believes that the facilities as planned have the potential to accomplish the Project Team's goals if pursued and the overall layout of the existing school, as well as the size and type of the current spaces, is appropriate for the proposed recreation center uses. There are multiple key steps/factors that must be addressed before moving forward with the project. The three main steps/factors are:

1. Develop a masterplan for both the site and building with potential phasing options.
2. Prepare an overall development cost estimate including construction and soft costs.
3. Prepare a project development schedule including planning, design, engineering, jurisdictional requirements, and construction.

## ABOUT SF COMPANIES

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The Sports Facilities Companies (SF Companies) is made up of three entities that represent industry leading services throughout the full development cycle of youth and amateur sports, recreation, event, wellness, and entertainment facilities. The expertise assembled as part of the SF Companies is unparalleled in the ability to lead projects through every phase of the development cycle including planning, funding, development, and operations.

Sports Facilities Advisory (SFA) is a consulting firm specializing in planning and funding support services for youth and amateur sports, recreation, event, wellness, and entertainment facilities of all sizes and scope. SFA guides and accelerates planning by offering market research driven program planning, proven financial and economic impact forecasting, community impact calculators, and advisory services for public-private partnerships and other funding partners. SFA and its partners selectively invest in associated real estate such as hotels, retail, medical office, and other developments providing unique economic impact opportunities that can simplify financing. An outline of SFA's services includes:

- **Financial Forecasting**
  - SFA's 5-year institutional-grade forecasts have been trusted by hundreds of communities for their conservative, reliable approach and commitment to accuracy.
- **Program Planning**
  - SFA's program planning is realistic, driven-by market research, and informed by SFM's portfolio of real-world operating experience.
- **Youth & Amateur Sports and Recreation Trends Analysis**
  - SFA's research is on the forefront of industry trends, customer preferences, and revenue implications
- **Calculators**
  - SFA is leading parks and recreation and sports tourism industries with decision making tools that assess the value of facilities and parks to the economic and social well-being of communities. SFA helps communities prioritize and de-prioritize based on metrics-based reporting.

Sports Facilities Development (SFD) produces on time and on budget developments that take advantage of SFD's formal and transparent request for proposal (RFP) and vendor selection process, purchasing power, and project managers with direct experience in the development of youth and amateur sports, recreation, wellness, event, and entertainment venues. SFD's project oversight and leadership produces better outcomes at lower cost.

Sports Facilities Management (SFM) is an operations company delivering operational, financial, community, and economic impact results through more than 25 million visits annually in the venues that are part of the SFM Network ([www.SFMNetwork.com](http://www.SFMNetwork.com)). Its employees and clients have made SFM the go to resource for municipalities seeking to expand recreation offerings while also attracting events.

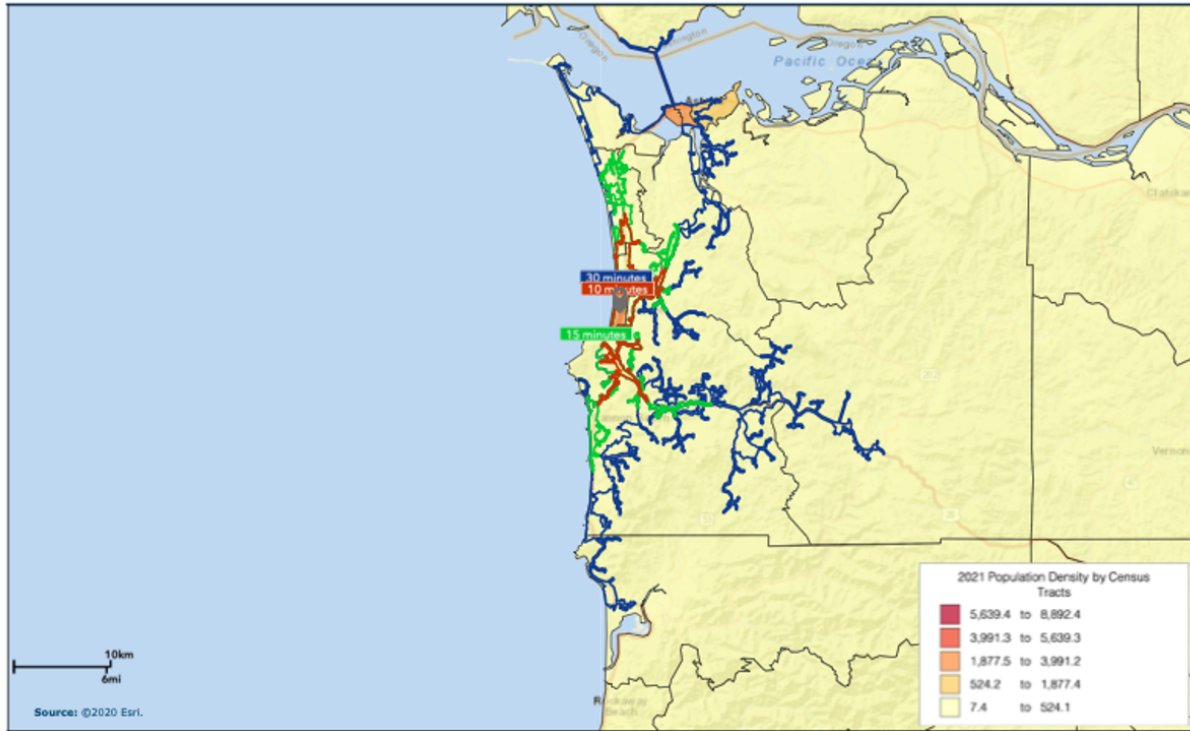
Together, the SF Companies form the only partnering organizations in the United States that plan, fund, open, and manage facilities in the youth and amateur sports industry. SFA has served more than 2,000 communities since 2003 and has served a portfolio of more than \$15 billion of planned and operational facilities; SFM-managed and SFM-supported facilities have generated more than 100 million visits since 2015. As a result, The SF Companies have been named the



only sports related strategic partner to the International City Managers Association (ICMA). SF Companies are regularly engaged to assist sports tourism destinations, private developers, parks and recreation departments, national/state/local government entities, universities and educational institutions, non-profit organizations, and architecture and engineering firms across the U.S. and worldwide.

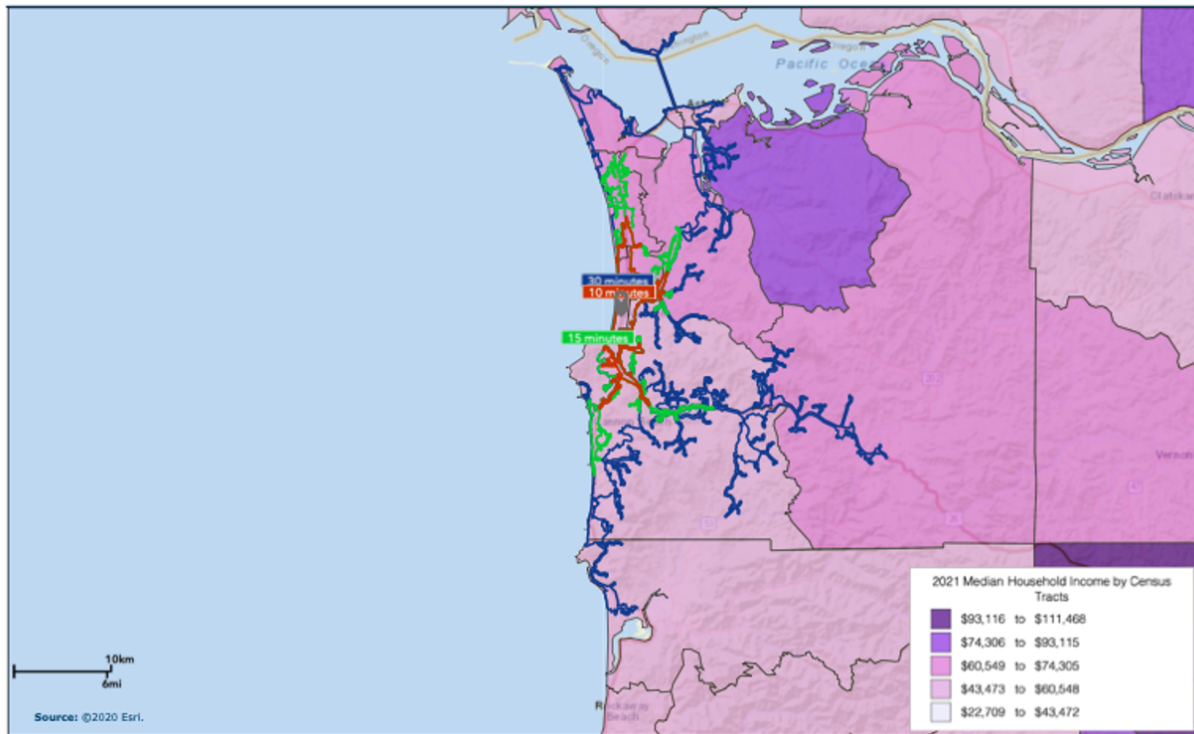
# APPENDIX

## Population Density (10, 15, 30 Minutes)



Source: ESRI ArcGIS

## Median Household Income (10, 15, 30 Minutes)



Source: ESRI ArcGIS

# SFA Demographic Report

Prepared by Esri

Drive Time: 10, 15, 30, 60-minute radii

Demographic Highlights	10 minutes	15 minutes	30 minutes	60 minutes
Total Population	9,853	13,114	32,674	60,541
2021 Median Age (Esri)	46.2	47.9	46.1	49.4
2021 Median Household Income (Esri)	\$52,898	\$55,072	\$58,135	\$56,651
2021 Average Household Income (Esri)	\$69,519	\$72,582	\$74,703	\$73,124
2021 Per Capita Income (Esri)	\$31,472	\$32,777	\$32,964	\$32,325
2021 Household Population (Esri)	9,785	12,969	32,139	59,485
2010-2017 Population: Annual Growth Rate (Esri)	1.33	1.30	1.12	0.95
2017-2022 Population: Annual Growth Rate (Esri)	1.20	1.19	1.04	0.92
2017-2022 Median Household Income: Annual Growth Rate (Esri)	1.83	1.98	1.88	1.96
2017-2022 Per Capita Income: Annual Growth Rate (Esri)	2.30	2.38	2.18	2.30
2021 Total Households (Esri)	4,432	5,861	14,340	26,772
2021 Total Family Households (Esri)	2,447	3,294	8,233	15,825

Age Breakdown	10 minutes	15 minutes	30 minutes	60 minutes
2021 Total Population Age 0-4 (Esri) (%)	5.14%	4.90%	5.02%	4.53%
2021 Total Population Age 5-9 (Esri) (%)	4.98%	4.87%	4.98%	4.68%
2021 Total Population Age 10-14 (Esri) (%)	5.15%	5.11%	5.23%	5.00%
2021 Total Population Age 15-19 (Esri) (%)	4.94%	4.90%	5.25%	5.15%
2021 Total Population Age 20-24 (Esri) (%)	5.27%	4.97%	5.13%	4.72%
2021 Total Population Age 25-29 (Esri) (%)	5.73%	5.39%	6.00%	5.27%
2021 Total Population Age 30-34 (Esri) (%)	5.91%	5.65%	5.76%	5.22%
2021 Total Population Age 35-39 (Esri) (%)	6.04%	5.81%	5.94%	5.55%
2021 Total Population Age 40-44 (Esri) (%)	5.58%	5.37%	5.52%	5.23%
2021 Total Population Age 45-49 (Esri) (%)	5.45%	5.33%	5.26%	5.23%
2021 Total Population Age 50-54 (Esri) (%)	6.03%	5.75%	5.69%	6.03%
2021 Total Population Age 55-59 (Esri) (%)	7.74%	7.79%	7.56%	7.81%
2021 Total Population Age 60-64 (Esri) (%)	7.90%	8.43%	8.22%	8.93%
2021 Total Population Age 65-69 (Esri) (%)	7.76%	8.62%	8.22%	9.12%
2021 Total Population Age 70-74 (Esri) (%)	6.98%	7.34%	6.69%	7.54%
2021 Total Population Age 75-79 (Esri) (%)	4.01%	4.36%	4.27%	4.74%
2021 Total Population Age 80-84 (Esri) (%)	2.36%	2.55%	2.60%	2.75%
2021 Total Population Age 85+ (Esri) (%)	3.07%	2.87%	2.66%	2.50%
2021 Total Population Age 18+ (Esri) (%)	81.82%	82.35%	81.62%	82.71%

Household Income Breakdown	10 minutes	15 minutes	30 minutes	60 minutes
2021 Household Income less than \$15,000 (Esri) (%)	8.90%	9.40%	8.30%	10.00%
2021 Household Income \$15,000-\$24,999 (Esri) (%)	12.90%	11.80%	8.90%	8.60%
2021 Household Income \$25,000-\$34,999 (Esri) (%)	10.40%	9.90%	10.10%	9.90%
2021 Household Income \$35,000-\$49,999 (Esri) (%)	14.80%	13.70%	14.30%	14.70%
2021 Household Income \$50,000-\$74,999 (Esri) (%)	18.60%	18.80%	19.80%	19.10%
2021 Household Income \$75,000-\$99,999 (Esri) (%)	12.70%	13.50%	14.20%	13.50%
2021 Household Income \$100,000-\$149,999 (Esri) (%)	14.80%	15.00%	15.70%	16.00%
2021 Household Income \$150,000-\$199,999 (Esri) (%)	4.10%	4.50%	5.60%	5.30%
2021 Household Income \$200,000 or greater (Esri) (%)	2.90%	3.40%	3.10%	2.90%

Spending: Recreation	10 minutes	15 minutes	30 minutes	60 minutes
2021 Membership Fees for Social/Recreation/Civic Clubs (Avg)	177.63	185.57	195.49	182.96
2021 Fees for Participant Sports excluding Trips (Avg)	80.94	85.92	90.74	84.01
2021 Fees for Recreational Lessons (Avg)	94.59	99.13	103.70	97.23

2021 Camp Fees (Avg)	18.75	19.43	20.95	21.02
<b>Educational Attainment</b>	<b>10 minutes</b>	<b>15 minutes</b>	<b>30 minutes</b>	<b>60 minutes</b>
2021 Education: Less than 9th Grade (Esri) (%)	1.39%	1.46%	1.67%	1.95%
2021 Education: 9-12th Grade/No Diploma (Esri) (%)	4.64%	4.66%	5.12%	5.48%
2021 Education: High School Diploma (Esri) (%)	21.62%	21.99%	20.30%	22.34%
2021 Education: Some College/No Degree (Esri) (%)	32.30%	31.04%	30.53%	30.20%
2021 Education: Associate's Degree (Esri) (%)	9.46%	9.34%	9.63%	9.70%
2021 Education: Bachelor's Degree (Esri) (%)	14.66%	15.88%	16.97%	15.91%
2021 Education: Graduate/Professional Degree (Esri) (%)	10.52%	10.60%	11.21%	9.67%
2021 Education: GED/Alternative Credential (Esri) (%)	5.40%	5.04%	4.58%	4.76%
2021 Educational Attainment Base (Esri)	7,346	9,870	24,301	45,958
<b>Race and Ethnicity</b>	<b>10 minutes</b>	<b>15 minutes</b>	<b>30 minutes</b>	<b>60 minutes</b>
2021 Hispanic Population (Esri) (%)	11.70%	10.74%	8.99%	8.18%
2021 Hispanic White Population (Esri) (%)	45.88%	43.79%	46.53%	48.54%
2021 Hispanic Black/African American Population (Esri) (%)	1.21%	0.99%	0.95%	0.83%
2021 Hispanic American Indian/Alaska Native Population (Esri) (%)	0.95%	1.28%	2.21%	2.30%
2021 Hispanic Asian Population (Esri) (%)	0.17%	0.14%	0.44%	0.52%
2021 Hispanic Pacific Islander Population (Esri) (%)	0.00%	0.00%	0.00%	0.08%
2021 Hispanic Other Race Population (Esri) (%)	45.79%	47.76%	43.43%	40.46%
2021 Hispanic Population of Two or More Races (Esri) (%)	5.98%	6.03%	6.40%	7.25%
2021 White Population (Esri) (%)	87.53%	88.24%	88.55%	89.20%
2021 Black/African American Population (Esri) (%)	0.81%	0.72%	0.84%	0.91%
2021 American Indian/Alaska Native Population (Esri) (%)	0.88%	0.85%	1.03%	1.15%
2021 Asian Population (Esri) (%)	1.50%	1.42%	1.67%	1.39%
2021 Pacific Islander Population (Esri) (%)	0.14%	0.13%	0.24%	0.23%
2021 Other Race Population (Esri) (%)	5.48%	5.27%	4.02%	3.42%
2021 Population of Two or More Races (Esri) (%)	3.65%	3.37%	3.66%	3.71%
2021 Non-Hispanic Population (Esri) (%)	88.30%	89.26%	91.01%	91.82%
2021 White Non-Hispanic Population (Esri) (%)	93.05%	93.59%	92.70%	92.82%
2021 Black/African American Non-Hispanic Population (Esri) (%)	0.76%	0.68%	0.83%	0.92%
2021 American Indian/Alaska Native Non-Hispanic Population (Esri) (%)	0.86%	0.80%	0.91%	1.05%
2021 Asian Non-Hispanic Population (Esri) (%)	1.68%	1.57%	1.79%	1.47%
2021 Pacific Islander Non-Hispanic Population (Esri) (%)	0.16%	0.15%	0.26%	0.25%
2021 Other Race Non-Hispanic Population (Esri) (%)	0.15%	0.15%	0.12%	0.12%
2021 Multiple Races Non-Hispanic Population (Esri) (%)	3.34%	3.05%	3.39%	3.39%
2021 Minority Population (Esri) (%)				
2021 Diversity Index (Esri)	39.2	37.0	34.4	32.4
2021 Population by Race Base (Esri)	9,853	13,115	32,673	60,541



## Local Facilities

Indoor Court Facilities	Drive time (minutes)
Seaside High School	6
Astoria Armory	21
Patriot Hall - Community College Gym	23
Chinook School Gym	45

Fitness-YMCA Facilities	Drive time (minutes)
Sunset Family Fitness	2
Iron Den Gym	2
Sunset Empire Park and Recreation District	5
Green Strength PNW	6
Columbia Fitness	15
Cannon Beach Fitness	16
Fitness 1440	17
Astoria Recreation Center	21
Fit Manzanita	34
CrossFit 1811	41

Community Center Facilities	Drive time (minutes)
Sunset Empire Park and Recreation District	4
Seaside Civic and Convention Center	5
Bob Chisholm Community Center	6
Warrenton Community Center	16
Astoria Recreation Center	22
Astoria Armory	23
Pine Grove Community House	34
North County Recreation District	35
Rockaway Beach Community Center	47

Childcare Facilities	Drive time (minutes)
Sunset Family Fitness	2
New Bees Early Childhood Development Center	3
Seaside Head Start	4
Sunset Empire Park and Rec	4
Kayla's Kiddie Cove WeeCare	6
Mrs. Tami's Daycare	6
Adamson Bros Jiu Jitsu	6
Shooting Stars Child Development Center	18

Lil' Sprouts Academy	21
Astoria Head Start	21
Peace Learning Center	24
New Discoveries Pre School	35
Tillamook Early Learning Center	71