OPTIMIZING ECONOMIC AND FINANCIAL OUTCOMES FOR PARKS AND RECREATION ASSETS

Jason Clement
CEO & Founder, SFM

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Agenda

• Introductions
• Step 1: Definition
• Step 2: Evaluate Existing Assets
• Step 3: Create the Plan
• Step 4: Implement & Execute
• Step 5: Perform & Report
With the leadership of Jason, SFM has opened more successful sports tourism venues than any organization in the country. Jason is a passionate contributor to causes that positively impact families and communities. He is also an experienced advisor having provided planning, strategy, finance, and operational leadership to projects throughout the world.
Improving the health and economic vitalities of the communities we serve.

Sports Facilities Management

- Founded In 2003
- 2000+ Clients Served
- 20 Million + Visits into Client Facilities in 2018
- The Largest Single Sports Tourism Network
- Over 700 Team Members
- $ Hundreds of Millions in Developments Currently Under Way and Out to Finance
- Management – Diverse assets: outdoor, indoor, aquatics, adventure courses, zip lines, ice complexes, climbing gyms, RV parks, tennis courts, amphitheater, concerts, full bar & restaurant, concessions, convention, banquet, special events, family
OPTIMIZATION

- All climbers, all routes 45% (we estimate this figure is closer to 65% today)
- All climbers, all 5 day routes 27%
- All climbers, all 6 day routes 44%
- All climbers, all 7 days routes 64%
- All climbers, all 8 day routes 85%

Kilimanjaro Summit Success Rates by Route

Machame Route Success Rate

The Machame route is probably the most popular route up Kilimanjaro with roughly 50% of all trekkers using it.
Could we be doing better?
What is success?
Any project that will leverage or has leveraged tax payer dollars should begin by understanding the will of the people. Community will breeds political will, both of which are key requirements for obtaining project funding in the public sector.
**DEFINE OPTIMIZATION**

### Community Activation
- Community Engagement – Number of program participants or visitors
- Crime Rates/Mental Health – Reduction in crime in surrounding area
- Placemaking/Community Pride – Measured by population growth & retention
- Environmental – Green Community/Carbon Neutral

### Economic Impact
- New Market Spending – Tourism
- Job Creation – New jobs created, direct and indirect
- Economic Development – New Businesses

### Financial Outcomes
- Property Values – Increase in tax revenue from property taxes
- ROI – Operational return or subsidy on project
- Environmental – Rainwater retention savings
- Healthcare Costs - Hours of activity
Impact/Performance

- Review the historical performance of the park and facility against forecast
- Measure the qualitative if possible health and social outcomes
Impact/Performance

New tools are emerging in this space. For example, the FRPA calculator just launched in Florida for parks/trails and outdoor spaces.
6 IMPACT AREAS

1. PROPERTY VALUES
2. HEALTHCARE SAVINGS
3. ENVIRONMENT
4. TOURISM SPENDING
5. PUBLIC SPENDING
6. JOBS CREATION

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# PROPERTY VALUES

Distance from parks and trails is known to influence residential property values. Nationwide research shows that the premium for proximity to these spaces can affect market values up to 2,000 feet by 20 percent or more.

<table>
<thead>
<tr>
<th>Number of Homes Within 500 feet of Park</th>
<th>200</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Market Value</td>
<td>$50,000,000</td>
</tr>
<tr>
<td>Incremental Market Value</td>
<td>$5,000,000</td>
</tr>
</tbody>
</table>

- **Average Sales Price**: $250,000
- **Proximity Effect %**: 10
- **Millage Rate**: 5

**Increased Value of Nearby Homes**

**Based on the Proximity Effect**

**$5,000,000**

**Incremental Property Tax Value Increase**

**$25,000 TAX VALUE**
TOURISM DOLLARS GENERATED

From majestic parks to oceanside beaches and sports tourism destinations, visitors are attracted to Florida’s natural resources and spend money on food, travel, and lodging during their stay, bringing new dollars and tax receipts into the region as tourists.

- **Total Visitors to the Park for Recreation**: 200,000
- **Non-local Visitors (Recreation)**: 5,000
- **Total Visitors to the Park for Events**: 90,000
- **Non-local Visitors (Events)**: 30,000

**Average Expenditure**
- **Non-local visitors**: $124.08
- **Local visitors**: $70

**Annual Spending Generated Through Recreation and/or Events**

$9,057,840
HEALTH SAVINGS

Studies of health care economics and policy have established that increased access to public outdoor spaces and more biking and walking infrastructure encourages people to exercise, which as a result, reduces overall health care expenditures.

$1,476,000
HEALTHCARE COST SAVINGS

The CDC promotes physical activity guidelines that define sufficient activity for results as at least 150 minutes of moderate-intensity per week, which includes walking, biking, hiking, playing sports, using exercise stations, and other types of physical activity or exercise in parks and on trails.
Impact on the Environment

Parks have been proven to positively impact the environment and reduce the cost of environmental impacts for communities related to storm water management, pollution mitigation, energy consumption, and other issues. This calculator utilizes currently published data to quantify the positive environmental impacts in terms of the appropriate unit measurement (i.e., Gallons of storm water mitigated) and the monetary value of these impacts. The tree calculation considers a broad set of impacts based on the number of trees in a park while the acreage calculation considers only storm water mitigation impacts based on the number of acres of park land.

$17,000
Total Annual Net Savings

If the number of trees is not available or cannot be quantified, please use the number of acres of park land to calculate the impact of storm water mitigation.
PUBLIC SAFETY

Research suggests that parks that offer spaces that are well-maintained, and activated can have a positive impact on the public safety of the communities they are located in. Additionally, Parks that offer out-of-school time programming can help deter youth from engaging in risky behavior. Furthermore, Parks and Recreation is the leading provider of low-cost/free aquatics programming. These programs can help to lower drowning cases, which is one of the leading causes of death for children ages one through four.

- **100** Total kids participating in out-of-school time programs
- **250** Total kids participating in swim lessons/water safety

**Calculate**  
**View Summary**
JOBS SUPPORTED

Parks have been proven to be drivers of significant economic activity, having a positive impact on the economy through supporting jobs in local communities. The calculator strives to utilize currently published data to quantify the total jobs supported.

147
JOBS SUPPORTED

- $300,000
  Total Operating and Capital Budget
- $9,057,840
  Total Annual Spending Generated Through Recreation and/or Events

+$120,220
Amount/Job
+$82,500
Amount/Job

CALCULATE
VIEW SUMMARY
There are four main categories for performing this analysis:

- Physical Assets
- Human Resources
- Marketability
- Financial Resources
- Impact/Performance
Physical Assets

Several key areas to review during the physical asset evaluation include:

• Sense of place / Wayfinding
• Operational Efficiency – Workflow, Storage
• Location & Marketability of sub-components (F&B, Retail, Features)
• Systems & Software
• Technology Integration
• Maintenance – Cleanliness, Wear & Tear
Human Resources

- Organizational chart
- Accountability chart
- Job descriptions
- Financial performance tracking system
- Staff development plans
- Training and review structure
WHO IS YOUR COMPETITION?

WHAT IS YOUR BRAND POSITION?

ARE YOUR PRODUCTS/SERVICES ‘ON TREND’

MARKETABILITY
According to The State of the Industry Report Recreation Management magazine’s 2015 State of the Industry Report, the most popular programming to be added to recreation centers are as follows:

- Mind body / balance programs
- Fitness programs
- Educational programs
- Day camps & summer camps
- Environmental education
Marketability Continued

1. Who is your competition?
2. What is your brand position?
3. Are you products/services on ‘trend’?
4. Marketing Plan
5. Marketing Plan execution
Financial Assets

• Being by identifying the following:
• Potential funding sources (existing)
• Potential funding sources (new)
• Opportunities for partnerships
• Additional revenue streams for the asset
• Community and political will
Success = Placemaking, ROI (Case Study)

City of Oldsmar & Empower Adventures, Oldsmar, FL

Placemaking: City of Oldsmar aspires to be an adventure sport hub; adding a high ropes course and zip line supports the community’s vision and creates a unique asset for residents.

ROI – City activated an underutilized park and waterway in their community through a public-private-partnership with a private operator. With minimal environmental impact and no financial investment, the city now realizes a lease payment from the private operator than can be used to create new programs, assets, and events elsewhere in the community.
3 Components to Good Strategic Plan

- Master plan relevance
- Financial plan
- Timeline with accountabilities
Mt Kilimanjaro National Park

Knowing the route to take is a large part of the trek. Understanding the end goal, relevant factors, and what determines success will light the way.
CREATE THE PLAN

1. MASTER PLAN RELEVANCE
   Begin with the end in mind. The strategic plan should reflect the ‘why.’

2. FINANCIAL PLAN
   This is a keystone that if overlooked will cause delays, loss of support or terminate the entire project.

3. TIMELINE
   Charting out accountabilities with date-driven dependencies

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<table>
<thead>
<tr>
<th>Task Description</th>
<th>Duration</th>
<th>Start Date</th>
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<tbody>
<tr>
<td>Buy a successful communication process</td>
<td>265 days</td>
<td>Thu</td>
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<tr>
<td>Create 3 tier reporting system</td>
<td>1 day</td>
<td>Wed</td>
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<tr>
<td>Create a designated decision making group</td>
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<td>Wed</td>
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<tr>
<td>Tiered reporting system</td>
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<td>Thu</td>
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<tr>
<td>Pod Archaeology/Aviator/CHM/SFA reporting structure</td>
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<td>Thu</td>
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<tr>
<td>Development team interview &amp; evaluation</td>
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<td>Tue</td>
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<tr>
<td>Meetings for accountability to key members</td>
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<tr>
<td>Meetings related to new hires and staffing plan</td>
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<td>Weekly progress review</td>
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<td>Strategic Planning</td>
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<td>Recast Budget &amp; Plan presentation</td>
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<td>Financial &amp; reporting</td>
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<td>Indicators (KPIs) report development</td>
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<td>KPI development</td>
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<td>Specific KPI development</td>
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<td>Sports programs</td>
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<td>Activities</td>
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<td>Data Collection Systems Review</td>
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<td>Rent administrative support systems</td>
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<td>Recommendations for Financial Tracking</td>
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<td>Implementation of reporting systems</td>
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<tr>
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<td>Inventory tracking by department</td>
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</table>

Aviator Sports & Events Center

- Financial Tracking & Reporting
- Operational Systems & Procedures
- Marketing & Sales Initiatives
- Existing Program Enhancement & New Program Development
- Facility Improvements & Maintenance

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Optimization Timeline (Case Study)

Aviator Sports & Events Center, Brooklyn, NY

2008 Total Net Income: $7,087,276
2013 Total Net Income: $9,584,831

2008 Cost of Goods & Service: $2,931,516
2013 Cost of Goods & Service: $3,522,728

2008 Gross Profit: $3,576,397
2013 Gross Profit: $5,481,007

2008 Operational Expense: $5,449,86
2013 Operational Expense: $4,227,634

2013 Total Net Income $1,253,374
Change is hard.
Kibo Hut (Basecamp)
15,000 ft
20 degrees
Windy
Implement & Execute

- Timeline – dates and deliverables
- Change management – get the team on board
- Define roles and reporting
- Build a system for communication
THE RIGHT TEAM

• Aligned Values & Goals
• Clear Accountabilities
• Expertise & Leadership Track Record
• The Right Tools & Processes
ECONOMIC IMPACT & COMMUNITY ENGAGEMENT (CASE STUDY)

- Retained SEC Baseball
- Spurred Economic Development and Tax Revenues
- Served Growing Community Recreation Needs
Economic Impact & Community Engagement (Case Study)

Hoover Met Complex, Hoover, AL

The Hoover Metropolitan ‘Met’ Complex is a premier community recreation and sports tourism destination located in Hoover, a suburb of Birmingham, AL. The Hoover Met Stadium was originally built in 1988. As part of an effort to utilize a sports tourism strategy to drive economic impact and community engagement, the Finley Center, an indoor sports facility, a new baseball/softball complex, and an RV Park was added to the stadium in June 2017.

- **50 million** in economic impact. The original forecast was 11.8 million
- **30,000+** Community users in this facility in 2018
- **SEC Baseball** 6 Year Commitment
  - Public Praise
  - Future dialogue

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Good reporting requires:

Multi-disciplinary reports
Consistency
Daily, Weekly, or Monthly review
Well-defined KPI’s and Goals
Two-way reporting
OPTIMIZATION STARTS WITH A VISION

• Recognition of a heavy financial subsidy for an asset
• Under-performing programming
• Aging recreation or wellness centers
• Increased demand from a growing local population
• Voices in the community who desire change.

“...The optimization process shouldn’t signify failure; instead we invite you to consider it as a leadership opportunity and as a sign of untapped financial and economic potential.”
THE RIGHT TIME TO BEGIN

The optimization process can never start too early. Even assets that are still in the planning stages or currently under construction can be optimized. Through our work in hundreds of communities, we’ve seen projects that have challenges from day 1.

The Right time is NOW.

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Optimization is an ongoing process. Every day and every task is an opportunity to do it better every time and innovate process to become more efficient, organized, profitable, and optimize the economic and financial outcomes.
THANK YOU

Questions?