

OPTIMIZING ECONOMIC AND FINANCIAL OUTCOMES FOR PARKS AND RECREATION ASSETS

Jason Clement
CEO & Founder, SFM

October 23, 2019

Agenda

- Introductions
- Step 1: Definition
- Step 2: Evaluate Existing Assets
- Step 3: Create the Plan
- Step 4: Implement & Execute
- Step 5: Perform & Report



ABOUT THE SPEAKER

JASON CLEMENT

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.

A black and white photograph of two female lacrosse players in action on a field. The player on the left is wearing a dark jersey with a white stripe and is reaching up with her stick. The player on the right is wearing a dark jersey with the number 3 and is also reaching up with her stick. A lacrosse ball is visible in the air above them. The background shows a grassy field and a fence.

“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

#ICMA2019

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.



#ICMA2019

A black and white photograph of Mount Kilimanjaro, a large snow-capped mountain, dominating the background. In the foreground, there are silhouettes of acacia trees and a vast, open landscape. A large, solid magenta circle is superimposed over the center of the image, containing the text "Could we be doing better?".

Could we be
doing better?

#ICMA2019

A black and white photograph of Mount Kilimanjaro, a large snow-capped mountain, with a large magenta circle overlaid in the center. The circle contains the text "What is success?". The background shows the mountain, clouds, and a savanna landscape with acacia trees in the foreground.

What is
success?

#ICMA2019

STEP 1

DEFINE OPTIMIZATION

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

#ICMA2019



Impact/Performance

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

#ICMA2019

Impact/Performance

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



#ICMA2019

6 IMPACT AREAS



1

PROPERTY
VALUES

2

HEALTHCARE
SAVINGS

3

ENVIRONMENT

4

TOURISM
SPENDING

5

PUBLIC
SPENDING

6

JOBS
CREATION

#ICMA2019



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.

 # 200	X	 \$250,000
Number of Homes Within 500 feet of Park		Average Sales Price
 \$ 50,000,000.00	X	 10 %
Total Market Value		Proximity Effect %
 \$ 5,000,000.00	X	 5
Incremental Market Value		Millage Rate

 CALCULATE

VIEW SUMMARY

Increased Value of Nearby Homes
BASED ON THE PROXIMITY EFFECT

\$5,000,000

Incremental Property Tax Value Increase
\$25,000 TAX VALUE



\$9,057,840

ANNUAL SPENDING GENERATED
THROUGH RECREATION
AND/OR EVENTS

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.

	#	200,000	X		5	%
		Total Visitors to the Park for Recreation				
	#	10,000	X		\$124.08	
		Non-local Visitors (Recreation)				
	#	90,000	X		70	%
		Total Visitors to the Park for Events				
	#	63,000	X		\$124.08	
		Non-local Visitors (Events)				
		Average Expenditure				

 CALCULATE

VIEW SUMMARY



\$1,476,000

HEALTHCARE COST SAVINGS



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.



#

1,000



of Unique Users Under 65 Annually



\$1,230

Healthcare Savings



#

100



of Unique Users Over 65 Annually



\$2,460

Healthcare Savings



CALCULATE

VIEW SUMMARY



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.

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



500

Number of trees



Central Florida

Climate Zone

 CALCULATE

VIEW SUMMARY

\$17,000

TOTAL ANNUAL NET SAVINGS



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

Out-of-School Program Participants



#

250

Swim Lesson Participants



CALCULATE

VIEW SUMMARY

100

TOTAL KIDS PARTICIPATING IN
OUT-OF-SCHOOL TIME PROGRAMS

250

TOTAL KIDS PARTICIPATING IN
SWIM LESSONS/WATER SAFETY

147**JOBS SUPPORTED**

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.



\$ \$300,000

Total Operating and Capital Budget

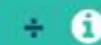


\$120,220

Amount/Job



\$ \$9,057,840

Total Annual Spending Generated
Through Recreation and/or Events

\$62,500

Amount/Job

CALCULATE

VIEW SUMMARY

STEP 2

EVALUATE EXISTING ASSETS

There are four main categories for performing this analysis:

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



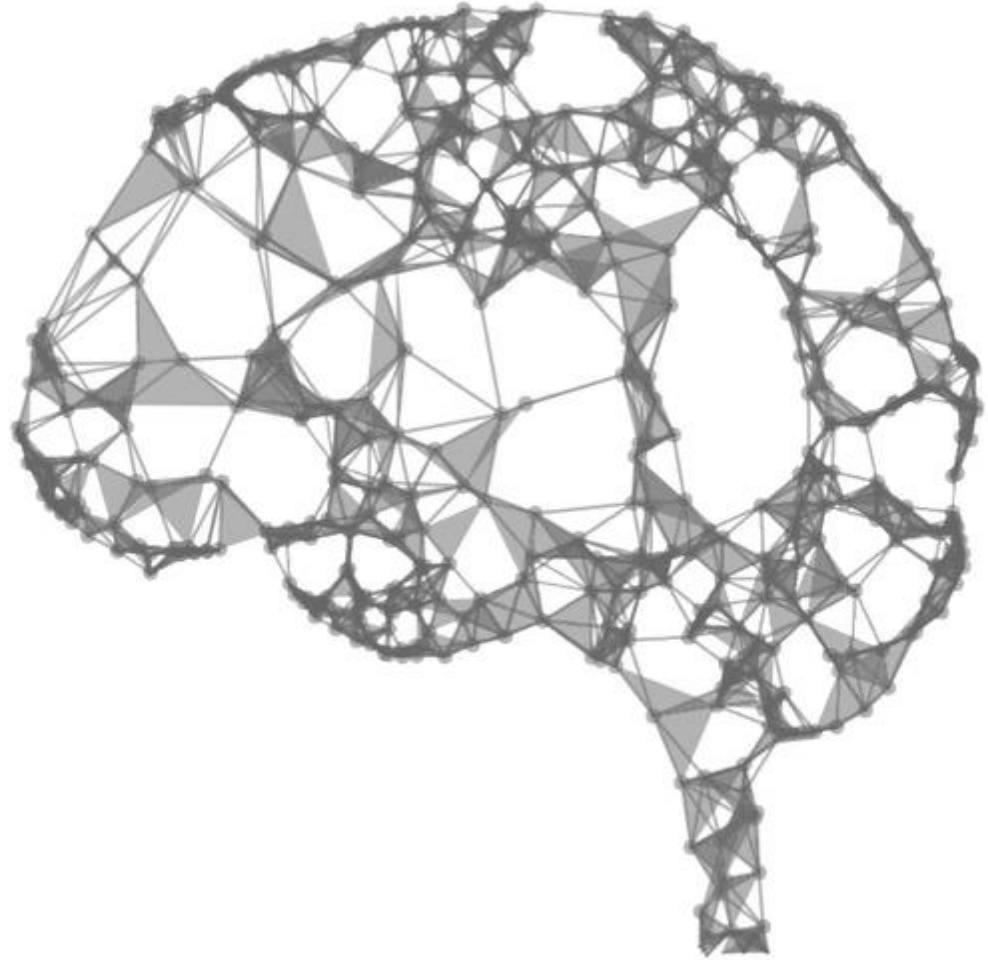
Physical Assets

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



MARKETABILITY



1

WHO IS YOUR
COMPETITION?

2

WHAT IS YOUR
BRAND POSITION?

3

ARE YOUR PRODUCTS/SERVICES
'ON TREND'?

#ICMA2019



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

#ICMA2019



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

#ICMA2019



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 that can be used to create new programs, assets, and events elsewhere in the community.

#ICMA2019

STEP 3

CREATE THE PLAN

3 Components to Good Strategic Plan

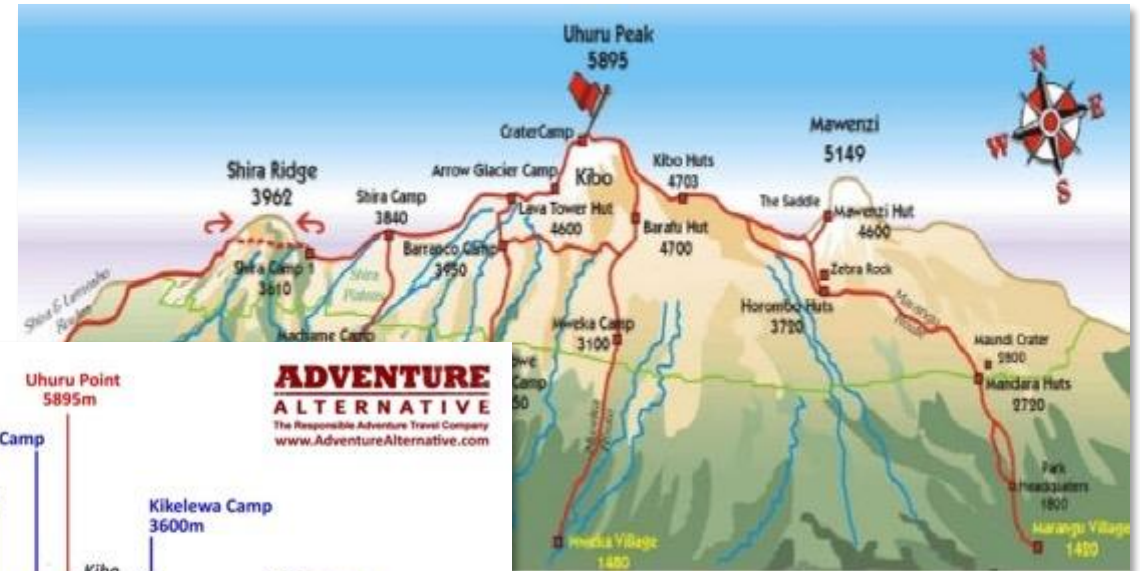
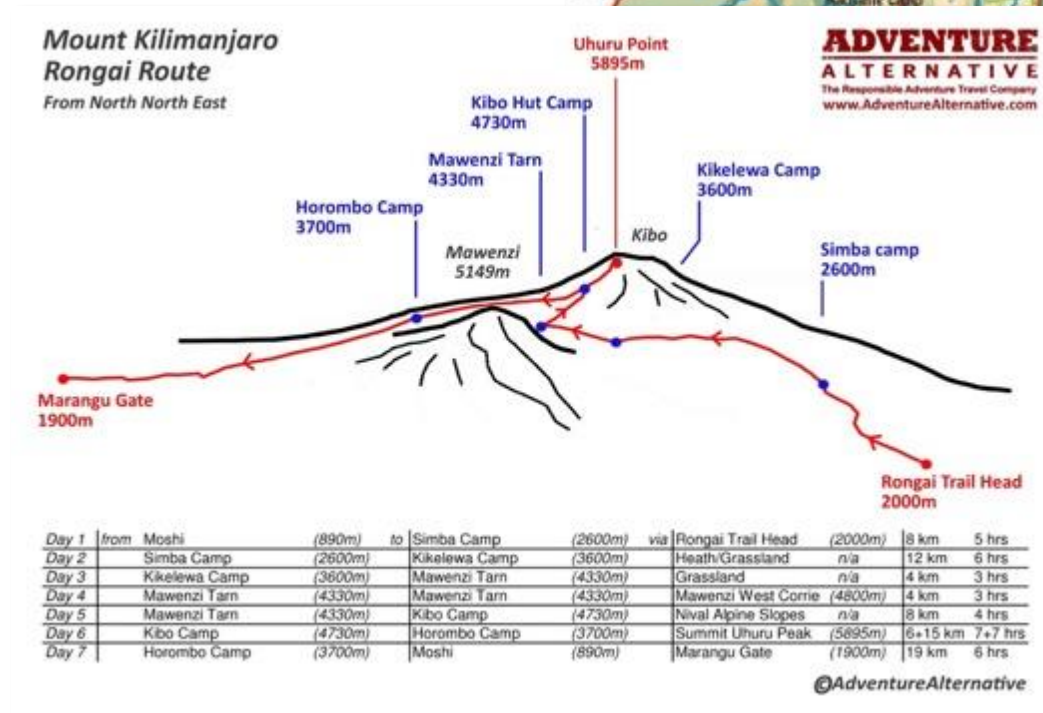
Master plan relevance

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.



#ICMA2019

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

#ICMA2019

	Duration	Start
How Communication Process	265 days	Thu 3
Steps in current communication process	1 day	Wed 3
Recommendation to create 3 tiered reporting system	1 day	Wed 3
With designated decision making group	2 hrs	Thu 3
3 tiered reporting system	2 wks	Thu 3
NPS/Arklow/Aviator/CHM/SFA reporting structure	0 days	Thu 4
Managers Business Evaluation Meetings	265 days	Thu 3
Management Team Interview & Evaluation	2 days	Tue 2
Recommendations for Accountability to Key Members	1 day	Wed 3
Recommendations Related to New Hires and Staffing Plan	1 day	Wed 3
Weekly progress review	242 days	Mon 1
Monthly Meeting (Arklow/NPS/CHM/SFA)	240.25 days	Thu 3
Review & 2010 Strategic Planning	52 days	Thu 1
Interview	25 days	Thu 1
Strategic Planning	25 days	Thu 1
Forecast Budget & Plan Presentation	2 days	Thu 12
Financial Reporting	166.88 days	Mon 1
Procedures Review	1 day	Fri 2
Recommendations for improved financial reporting	2 wks	Mon 3
Key Indicators (KPI's) Report Development	14.75 days	Mon 3
KPI development	13.25 days	Mon 3
Item specific KPI development	5.5 days	Fri 3
Sports Programs	3.5 days	Fri 3
Activities	2 days	Wed 3
Data Collection Systems Review	100.88 days	Fri 2
Current administrative support systems	0.75 days	Fri 2
Software Applications Review	0.38 days	Fri 2
Administrative Personnel	0.38 days	Fri 2
IT Systems Solutions Implementation	100.13 days	Fri 2
Procedures	36 days	Fri 2
Development & Tracking	43.25 days	Mon 1
Financial Tracking	1 day	Mon 1
Financial and tracking resource systems	1 day	Mon 1
Recommendations for Financial Tracking	2 days	Tue 2
Implementation of Reporting Systems	32 days	Thu 3
Reporting	2 wks	Thu 3
Inventory Tracking by Department	4 wks	Thu 3

Optimization Timeline

Aviator Sports & Events Center

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

#ICMA2019



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

#ICMA2019



STEP 4

IMPLEMENT & EXECUTE

Change is hard.

Kibo Hut (Basecamp)

15,000 ft

20 degrees

Windy



#ICMA2019

Implement & Execute

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



#ICMA2019

THE RIGHT TEAM



- Aligned Values & Goals
- Clear Accountabilities
- Expertise & Leadership Track Record
- The Right Tools & Processes

#ICMA2019



HOOVER MET COMPLEX

ECONOMIC IMPACT & COMMUNITY ENGAGEMENT (CASE STUDY)

- Retained SEC Baseball
- Spurred Economic Development and Tax Revenues
- Served Growing Community Recreation Needs

#ICMA2019



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

#ICMA2019

STEP 5

PERFORM & REPORT

Good reporting requires:

Multi-disciplinary reports

Consistency

Daily, Weekly, or Monthly review

Well-defined KPI's and Goals

Two-way reporting



Identifying a Need to Optimize

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.”

#ICMA2019

When to Start



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.

#ICMA2019

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.



#ICMA2019

THANK YOU

Questions?

ICMA | conference