



Proposal

New Port Richey Recreation and Aquatic Center

December 23, 2015



City of New Port Richey
Debbie Manns • (727) 853-1021
mannsd@cityofnewportrichey.org

Sports Facilities Advisory | Sports Facilities Management
Eric Sullivan, Partner • esullivan@sportadvisory.com • (727) 674.2363

LETTER OF INTRODUCTION

December 23, 2015

Debbie,

It was a pleasure talking to you about the expansion of New Port Richey's Recreation & Aquatic Center. Per our discussion, this proposal outlines the steps and approach to analyzing the financial implications and economic impact of the expansion.

We are confident that our planning and analysis services laid out in this proposal will serve your needs and provide the City Officials and Staff with a detailed understanding of the operating budgets and ability to create new spending in the market. Within the pages that follow, we have provided background on SFA|SFM and the team that will be leading this project. The proposal portion outlines the specific recommendations we have for the scope of work at this stage.

As you know, we have assisted a wide range of projects through planning and expansion to help create more successful operations. We hope to count this project among our many success stories.

We look forward to the opportunity of working with the City of New Port Richey.

Sincerely,



Eric Sullivan

Partner

The Sports Facilities Advisory &

The Sports Facilities Management

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SCOPE OF SERVICES

STEP 1: MARKET STUDY & EXISTING DATA REVIEW

SFA will start with a review of the market to encompass demographics, sports participation in the area, and existing service providers. Then, SFM's focus will shift to the actual management and operations of the current New Port Richey Recreation and Aquatic Center. This is the review of the operation against SFA|SFM benchmarks and Key Performance Indicators. This information, coupled with SFA's market research, will help lay the foundation for analytical work related to the operating revenue/expenses and the economic impact analysis. To support SFA's analysis, the following information is requested from the client:

5 years (if available) of financial information including:

- P&L (detail) by month (3-5 years historical) and YTD 2015
 - Balance Sheet
 - Accounts Receivable (current)
 - Accounts Payable (current)
 - Breakdown of profitability by program/sport – revenue and expense (3-5 years historical & YTD 2015)
- Floor plans
- Any existing marketing action plans for the current year (2015) and coming year (2016)
- Any examples of marketing or sales pieces that City feels are representative
- Organizational Structure (with annual compensation and responsibilities)
- Operational Materials
 - Program Schedules
 - Organization Chart
 - Marketing Materials
 - Standard Operating Procedures/Operating Manuals

This information will help SFA understand the current operating model and help to provide a foundational understanding and make more efficient use of the onsite meetings in Step 2.

STEP 2: MARKET/SITE TOUR, KEY MEETINGS, FACILITY & OPERATIONS AUDIT

In this stage, SFA will be on site to conduct an operational review and to facilitate management and director-level staff interviews. Our process and analysis will be facilitated in a Keep/Stop/Start format, and we will also be identifying the opportunity for the operation through the analysis and incorporation of industry and relevant operations' benchmarks and Key Performance Indicators (KPIs)

This market and site visit – encompassing 2 days on site and including two SFA representative – includes further review of programming in place, marketing systems, and management and operating systems (including a review of the organizational structure and the full-time and temporary staffing structure and levels), as well as other opportunities revealed during the initial stages of work. SFA will provide agendas and goals for the visit to be approved by the City of New Port Richey. This process will include multiple meetings/interviews, a thorough review of programming, analysis of usages, and a comparative analysis of the region.

PROPOSAL
NEW PORT RICHEY RECREATION & AQUATIC CENTER



This information gathering process will include the following meetings/interviews to support the process:

- Pre-visit conference call with managers/directors to discuss specific questions and reactions, and to review the process/agenda ahead.
- Pre-visit phone call with the facility managers to introduce SFA as a resource and benefit to generate positive enthusiasm for the visit.
- Pre-meeting agenda, necessary communication to set up management team interviews.
- Initial management team meeting to introduce SFA as a resource for support and benefit to the team. This is to achieve initial buy-in to the process and establish SFA as a good source of information and a team of professionals hired to aid in the effort to achieve the aquatics facilities' financial and operational goals.
- One-on-one management team interviews by SFA.
- Recap meeting to provide the City of New Port Richey officials with initial reactions
- Additional and as-needed meetings outside of the site/market visit will be facilitated via conference call and online meeting process such as "Go To Meeting."

STEP 3: DETAILED FINANCIAL FORECAST (PRO FORMA)

This documented analysis will provide insight into the financial potential of the facility expansion and will include projections related to revenues, facility utilization, and more. The financial forecast will also address the wide range of key performance indicators and contributing factors that influence operations and the overall financial performance of the facility. The focus of this exercise will be to evaluate and quantify capital improvement and program improvement opportunities. This will produce a detailed ROI analysis for the City of New Port Richey to make informed decisions on the direction of the business.

The pro forma acts as the financial benchmark to operational performance. Your pro forma will be highly detailed, with the analysis encompassing the following key elements:

- The Business Model – existing & proposed
- Program spaces and space requirements
- Revenue by products/ program
- Operating cash flow
- Facility and operating expenses
- Program schedule and utilization projections
- Management and staffing model

The pro forma will provide the details related to facility and program expansion that can help lead to additional economic impact opportunities. The pro forma assumptions will empower the detailed economic impact analysis in Step 4.

Total Price Quote (Steps 1-3): \$21,500.00

This price quote assumes two SFA resources onsite for 1-2 days. This price quote assumes a first-draft review and one round of modifications for the pro forma. The draft pro forma is typically delivered within 6-8 weeks of the site visit. Understanding the urgency of the City, SFA will make every effort to deliver the draft pro forma in an expedited 4-6 weeks of contract signing.

QUALIFICATIONS

The Sports Facilities Advisory | The Sports Facilities Management

www.sportadvisory.com

600 Cleveland Street, Suite 910, Clearwater, FL 33755 | P: (727) 474-3845 | F: (727) 361-1480

Year Established: 2003 | Type of Ownership: LLC

FIRM OVERVIEW

The Sports Facilities Advisory (SFA) and The Sports Facilities Management (SFM) are transforming the youth and amateur sports industry through accurate forecasting, effective planning, and proven management systems. The SFA|SFM Team has overseen the financial planning and development of a portfolio of more than \$5 billion in sports, recreation, fitness, and entertainment venues. This year, SFM managed facilities will host over 16 million unique guest visits.

SFA has developed proprietary research tools, methodology, and financial modeling approaches to produce institutional-grade financial forecasts and program plans for new and existing assets including sports, fitness, recreation, and entertainment venues.

Our predictive analytics and financial forecasts focusing on facility performance, economic impact, and overall utilization are currently being relied upon by bond, grant, private equity, traditional debt, and other non-traditional capital markets. SFA oversees all of our planning and funding support services. SFM opens and manages or provides turnaround and optimization support to a wide variety of indoor and outdoor sports complexes, aquatic facilities, tournament venues, community recreation, adventure parks, wellness centers, and waterparks.

SFA|SFM's government services division provides economic impact, advisory, planning, and management services to government funded sport, recreation, and entertainment venues. SFA|SFM is proud to support professional local government management through the International City Managers Association Strategic Partner Program.

SERVICES

SFA is called upon to assist clients with the Planning and Funding services.

- Planning Services include detailed financial forecasts, feasibility studies, market reports, program development, design support, master planning, and economic impact forecasting. Our propriety methods produce the industry's most accurate financial forecasts with assumptions rooted in real world data, regional and national benchmarks, and management experience.
- Funding Services include documentation and presentation services to funding sources including government decision-making bodies, private equity groups, bondholders, banks, investors, underwriters, and other non-traditional funding sources.

SFM is called upon to assist clients in the Opening and Management of new facilities and to provide Optimization services to existing venues.

- Opening Services include the setup and development of operational systems, staff recruitment and training, pre-opening marketing and sales, equipment procurement, program development, grand opening planning. Essentially SFM serves as the single point of accountability to the client and serves throughout the process as the owner's representative and chief advisor.
- Management Services include full-time facility management and asset management or management advisory services. SFA can take full responsibility for the day-to-day operations or provide systems and processes to existing operations. SFM's full-time managed assets regularly outperform industry benchmarks based on our innovative approach to programming, leadership, and driving bottom line results.
- Optimization Services include facility and operational reviews, marketing and sales systems development, and turnaround services for existing operations. These services are designed to integrate SFM's proven systems into operations that are under-performing. SFM has supported several multi-million dollar turnaround projects that have taken clients from annual losses into profitability.

WHAT MAKES SFA|SFM UNIQUE

Our Mission

To dramatically improve the health and economic vitality of the communities we serve. In 2014 our client venues hosted 12 million visits and in 2015 we will host more than 16 million. We know that this is positively influencing the health and economic vitality of our society.

Results

Together, SFA and SFM have overseen the accurate financial forecasting, opening and set up of management for more youth and amateur sporting venues than any other firm we know of. We consistently outperform forecast, manage many of today's most notable sports tourism venues, and we consistently produce results that set new standards for operations around the world.

Focus

We are focused on youth, amateur, and community sports and special events centers. This includes planning, funding, opening, and management services for regional events centers, community recreation centers, sports tourism venues, adaptive sports, membership programs, academies/clinics, tournaments, senior activity, and turf, court, ice, aquatics, adventure, and more.

Suite of Services

SFA|SFM is the only full service firm that can take clients beyond market analysis, business planning, financial forecasting and support clients through opening and operations. Most importantly, our services produce results and our management expertise consistently outperforms forecast.

Leading the Market

SFA|SFM advisors are called upon by major media outlets including The Wall Street Journal, Forbes Sports Money, NBC News, CNBC, and hundreds of other local and regional media sources. SFA|SFM advisors are also featured speakers at nearly every major trade association meeting and a named partner to The International City/County Management Association (ICMA), The Aspen Institute Project Play Initiative, and numerous other leading organizations.

Ability to Bring Funding

SFA|SFM is unique in that our forecasts and feasibility studies often lead to the creation of successful financing documents. The SFA|SFM Team has established relationships with funding sources for public-private partnerships and for private developers.

An Ever-Expanding Network

Importantly, SFA|SFM currently provides full-time on-site management and management consulting services to facilities across the U.S. This network of facilities allows our managers to learn from one another and to leverage scale in a variety of purchasing and planning processes.

Our Team of World-Class Professionals

Our team of over 200 special events, sports, finance, legal and community sport professionals is unparalleled. Collectively the SFA|SFM team has planned, opened, and operated entertainment, sports, and recreation centers in every region of the U.S. and most major international markets.

KEY PERSONNEL (SFA|SFM)



Dev Pathik

Founder & CEO

The Sports Facilities Advisory | The Sports Facilities Management

For more than 20 years Dev has owned, operated, and advised, a wide range of sport, adventure, education, and special events venues. He is widely regarded as an industry innovator who has integrated adventure sports, leadership development, and traditional sports to develop highly impactful operations that make a difference to communities. He is focused on the future of sport and the societal impacts that well planned and managed operations can support. Under his leadership SFA|SFM have achieved a global brand presence as the leader in the planning, finance, and management of community sport and recreation centers.

His commitment to youth and amateur sports is rooted in the impact that sport played in his life. As a swimmer, mountaineer, and adventure athlete Dev has traveled in some of the most remote locations in the world and been part of numerous expedition teams. He is passionate about the benefits of team sports and wholesome activity for youth and families. Dev's expertise and thought leadership has been sought out by The Wall Street Journal, Forbes, MarketWatch, CNBC, NBC, The Aspen Institute Sports & Society and many other industry press outlets.

Jason Clement

Founding Partner & COO

The Sports Facilities Advisory | The Sports Facilities Management

Jason has lead SFA and SFM's development as globally recognized leaders focusing on transforming the health and economic vitality of the youth and amateur sports marketplace. Jason provides strategy and execution while overseeing the organizational development with emphasis on the core values within the SFA|SFM culture.

Jason transitioned from sports facility architecture and corporate real estate asset management prior to joining SFA as a partner in 2005. He conceptualized and led the launch of SFM overseeing the development of the organization and management systems. He is also an experienced advisor having provided strategy, financial, and operational expertise to new and existing venues throughout the U.S., the Caribbean, Europe, Middle East, Canada, Asia, Africa and Central America.



Recognized by the Tampa Bay Business Journals as its "2012 40-under-40 Hall of Fame" honoree for business accomplishments and community/philanthropic involvement, Jason remains focused on initiatives that promote family, youth development and community.



Eric Sullivan

Partner

The Sports Facilities Advisory | The Sports Facilities Management

Having served in nearly every operational role through SFA|SFM's growth, Eric Sullivan now assists new clients in strategic planning and aligning our services to the client needs. Early in his career, Eric developed the original financial and market analysis tools that SFA is most well known for and led the first facility opening projects in our company history that paved the way to SFM. Since joining SFA|SFM in 2006, Eric has overseen and advised dozens of facility developments from market research and feasibility through development and into operations. His work in domestic and international markets has included projects in the U.S., Canada, Caribbean, United Kingdom, Latin America, Asia, and the Middle East. Eric currently leads SFA|SFM's expansion efforts in

our continued vision to integrate sports, fitness, education, leadership development, and adventure sports into communities around the globe.

In 2012, he was honored as a member of the Tampa Bay Business Journal's "30 Under 30" Up and Comers class. In total, Eric has been a catalyst for SFA's growth, leading the entire planning, funding, and grand opening of more than \$500 million in sports, fitness, recreation, and entertainment facilities

Evan Eleff

Vice President

The Sports Facilities Advisory

Evan oversees SFA's team of strategic advisors, business analysts, and research specialists, providing leadership and direction in the development and delivery of all facility planning products and services. Since joining SFA in 2012, Evan has served a portfolio of over 125 projects totaling more than \$1.5 billion in planned and operational sports tourism, community recreation, and large-scale, master-planned sport and recreation destinations.

Prior to joining SFA, Evan spent more than eight years in facility operations and program development in the sports and wellness industry. Evan holds a Master's Degree in Sports Management from University of Florida and formerly served as operations director for the largest YMCA branch in the Tampa Bay region.





Jack Adams

Vice President

The Sports Facilities Management

Jack is an experienced venue operator with more than 20 years of facility leadership experience. His career has included turn-around, start-up, and management of sports and recreational venues as well as concert, hotel, retail, dining, and theatrical facilities. His work in facility optimization has included public and private ownership groups in dozens of markets.

Jack served The United States Military as a Marine before going on to work with the House of Blues, Live Nation, Ryman Entertainment, and others.

Steve Goris

Planning & Management Advisor

The Sports Facilities Advisory | The Sports Facilities Management

Steve has spent his career overseeing hotel, convention center, and sports facility developments. His work in urban revitalization projects has included roles in the planning, financing, and operational phases of sports tourism, community sport, convention center, and hotel improvements. Steve is currently providing strategy, management, and finance services to a number of communities throughout the United States and internationally. He most recently oversaw the development and opening of the largest indoor sports complex in North America, Spooky Nook Sports in the Lancaster, Pennsylvania region.

Prior to the opening of Spooky Nook Sports, Steve worked as a hospitality consultant with Interstate Hotels and Resorts where he worked with Marriott and the exclusive Kalahari Resorts.





Dan Morton

Business/Financials Analyst and Project Manager

The Sports Facilities Advisory | The Sports Facilities Management

Much like a baseball organization that finds success with its “homegrown” talent, Dan learned the business at Temple University’s School of Tourism and Hospitality Management. He gained real-world experience at SFM-managed BucksMont Indoor Sports Center and now serves as a business analyst and project manager.

Dan has served a portfolio totaling more than \$1 billion in new facility development plans. Dan utilizes a blend of operational experience combined with analytic modeling to produce the key resources and data sets that are utilized in financing new projects.

Bruce Rector

Advisor and General Counsel

The Sports Facilities Advisory | The Sports Facilities Management

Bruce taught Sports Law for more than 20 years and served as an athletic trainer assistant for the Indianapolis Colts. He served as the 58th president of Junior Chamber International (JCI), a 200,000-member organization of young leaders and entrepreneurs from over 100 countries.

Prior to joining SFA|SFM, Bruce was President of KBA Sports, Inc., in Lexington, Kentucky where he led a team of professionals in organizing, hosting, and managing large sports and recreation programs including regional and national championship tournaments. In his final year at KBA Sports, the organization attracted over 500,000 visitors for various tournaments and events. An inspiring speaker, trainer and author on leadership topics, Bruce is the author of *Monday Morning Messages: Teaching, Inspiring and Motivating to Lead* (Xephor Press 2005).

