



CASWELL FIELDHOUSE FINANCIAL FEASIBILITY REPORT

City of North Mankato

NORTH
MANKATO
MINNESOTA

PRESENTATION OVERVIEW

- Background – sales tax extension
- Fieldhouse Overview
- Market Analysis
- Operating Statement review
- Economic Impact
- Partnerships
- Recommendations

BACKGROUND – SALES TAX EXTENSION

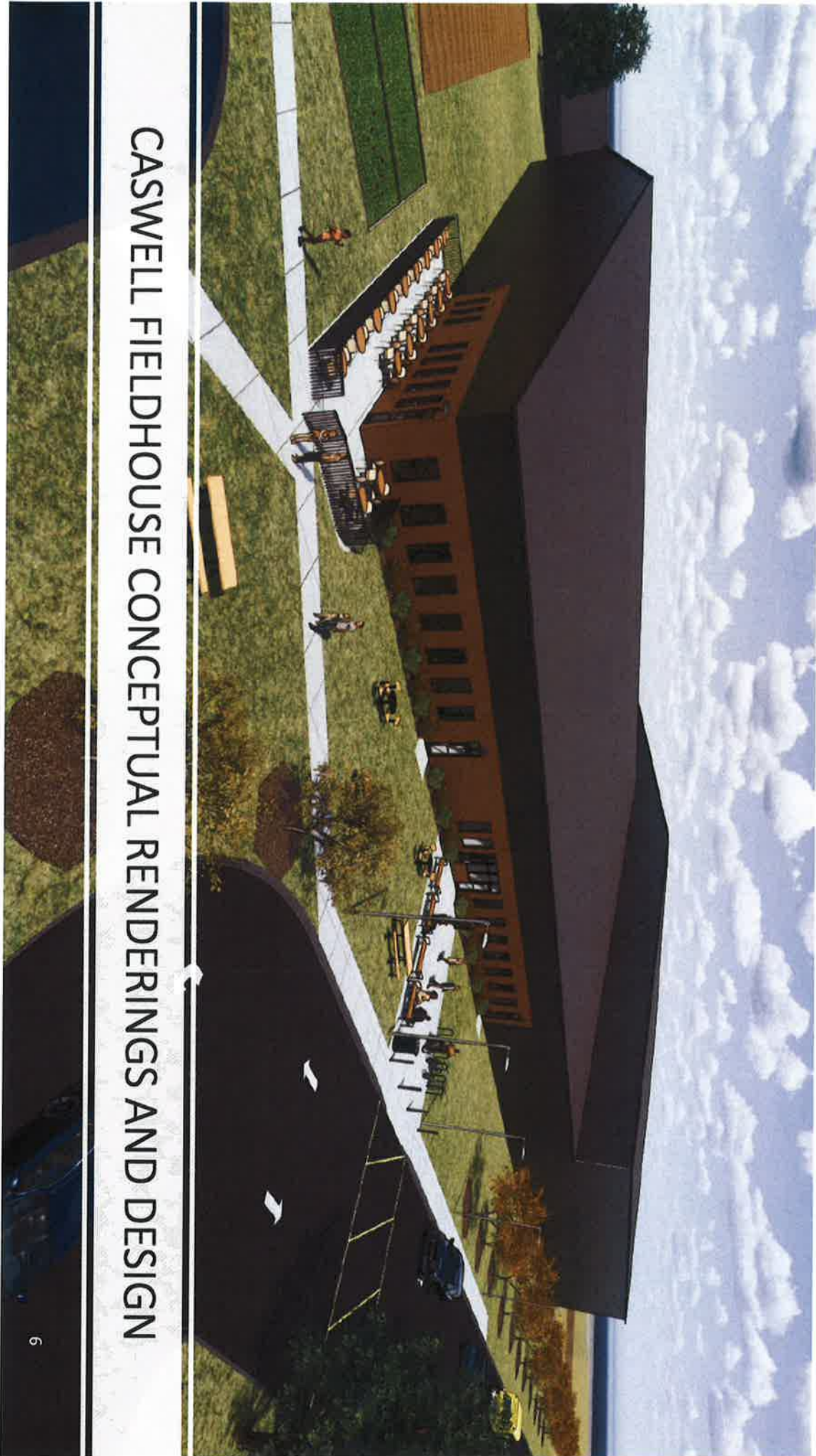
- **2008** – North Mankato Community Center first appears in Capital Improvement Plan.
- **2013 – 2014** – All Seasons Arena completes National Association Sports Commission Analysis of proposed regional recreational facilities (four facilities were analyzed).
- **2015** – North Mankato City Council passes resolution requesting authorization to extend local sales and use tax for \$9 million. Uses include riverfront redevelopment, regional parks, Taylor Library, Highway 14 and 41 interchange, Lake Improvements, one new use was sought by North Mankato – indoor expansion of recreational opportunities in North Mankato.
- **2015** – North Mankato produces financial feasibility report for expanded ice rink to be located at Caswell Park. All Seasons Arena partners reject expansion effort and move forward with other planning options.
- **2016 – 2018** – North Mankato participates in discussions hosted by GMG, Mankato Sports Commission, facility owners (Bethany Lutheran College, MSU, School District, YMCA, Mankato, and sports users) regarding indoor recreation needs in the area.
- **2016** – North Mankato voters pass referendum by 74% approving sales tax extension for \$15 million.

BACKGROUND – SALES TAX EXTENSION

- **2017** – State of Minnesota authorizes \$9 million sales tax extension for North Mankato including new uses for indoor recreational facilities.
- **2017** – GMG and MASC deliver regional recreational facilities update.
- **2018** – Minnesota State students approve student fee increase to construct sports dome.
- **2019** – North Mankato submits Bonding Request for fieldhouse
- **2019** – Bethany Lutheran College completes turf field expansion and MSU Sports Bubble opens.
- **2019** – Pinnacle Indoor Sports completes Market Feasibility Study for North Mankato. Demand exists for 40,000 square foot facility and a second larger option would allow North Mankato to bid for larger regional sports tournaments. Council directs staff to prepare financial feasibility report for larger structure. (completed in August 2019)
- **2019** – Caswell Regional Fieldhouse user group forms and secures letters of intent for...

CASWELL FIELDHOUSE OVERVIEW





- The City of North Mankato requests \$10.5 million in state bonding dollars to fund the construction of a fieldhouse and enhancements to the original softball and soccer fields at the Caswell Regional Sporting Complex.
- The City proposes to match the State bonding request with \$5.5 million dollars of local option sales and use tax dollars approved by voters in 2016 and an additional \$500k in general fund proceeds.
- **Caswell Complex Fieldhouse: \$13.5 million**
 - 90,000 square foot fieldhouse
 - 4 high school regulation sized basketball courts
 - 8 youth sized basketball courts
 - 8 volleyball courts
 - 6 tennis courts
 - Locker rooms, concessions, restrooms
 - Indoor Batting Cages
 - Community Rooms & Gathering Area

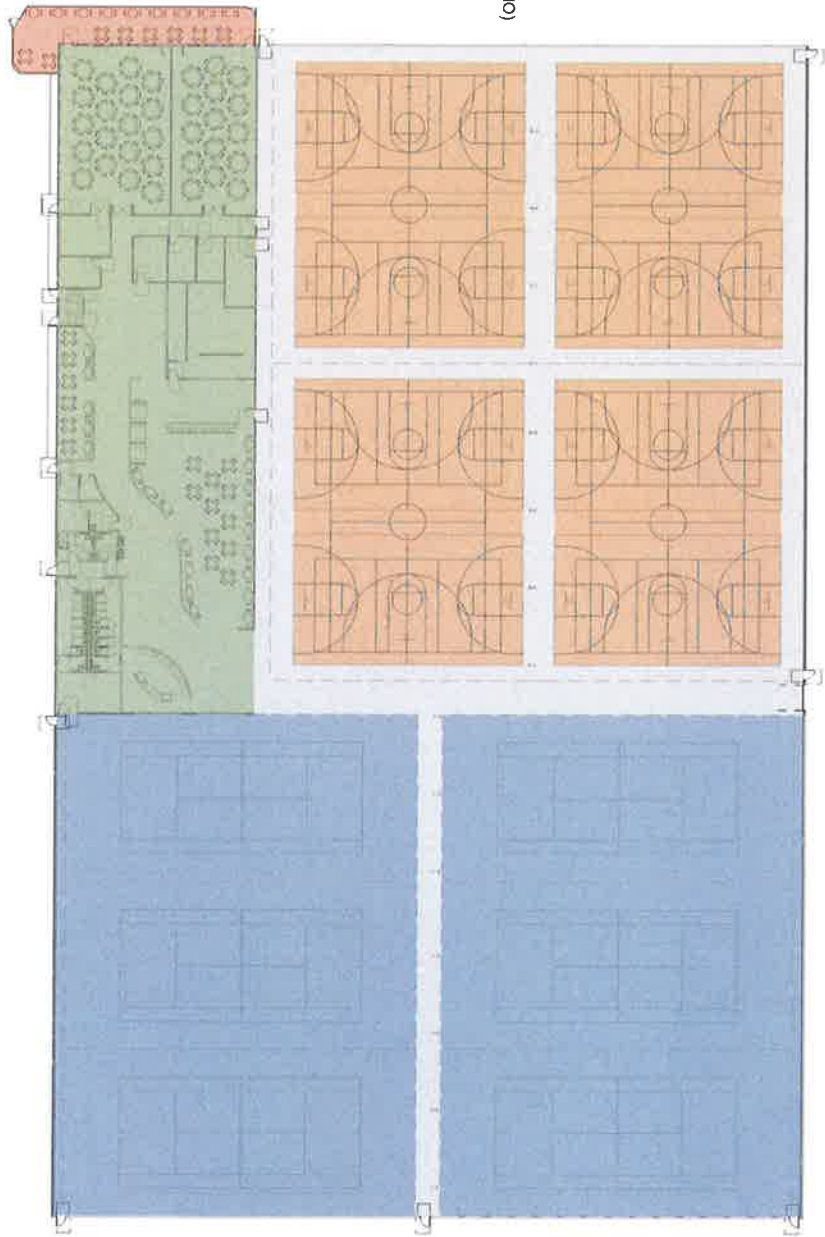


CASWELL FIELDHOUSE CONCEPTUAL RENDERINGS AND DESIGN

LEGEND

- TENNIS COURTS
- BASKETBALL/VOLLEYBALL COURTS
- COURT CIRCULATION
- CORE/COMMON
- PATIO (OPTIONAL)

	78,207 SF
	13,659 SF
	1,085 SF
	TOTAL 92,951 SF (91,866 SF W/ NO PATIO)





RELOCATED SAND VOLLEY BALL COURTS

NEW DETENTION POND

NEW AMPHITHEATER /STAGE (OPTIONAL)

NEW LAWN BOWLING COURTS (OPTIONAL)

NEW FIRE PIT / COURTYARD (OPTIONAL)

EXISTING FIELD

NEW CITY OF NORTH MAUKATO SPORTS FACILITY

FUTURE RETAIL /HOTEL /PRESERVED LAND

NEW OUTDOOR PATIO

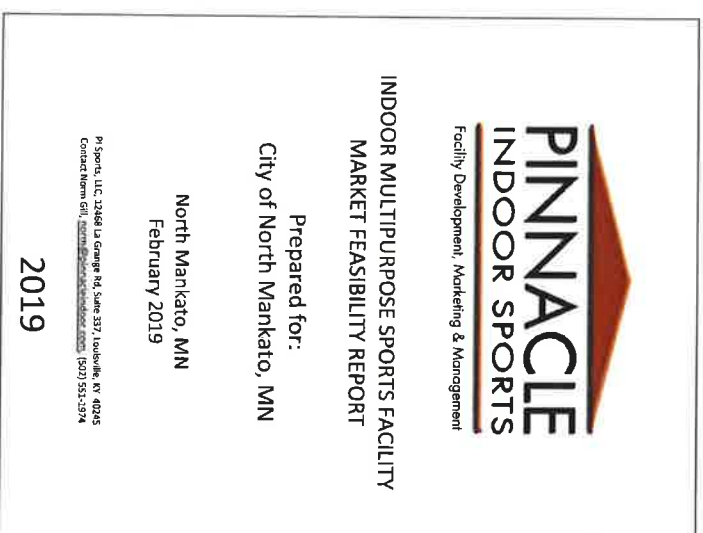
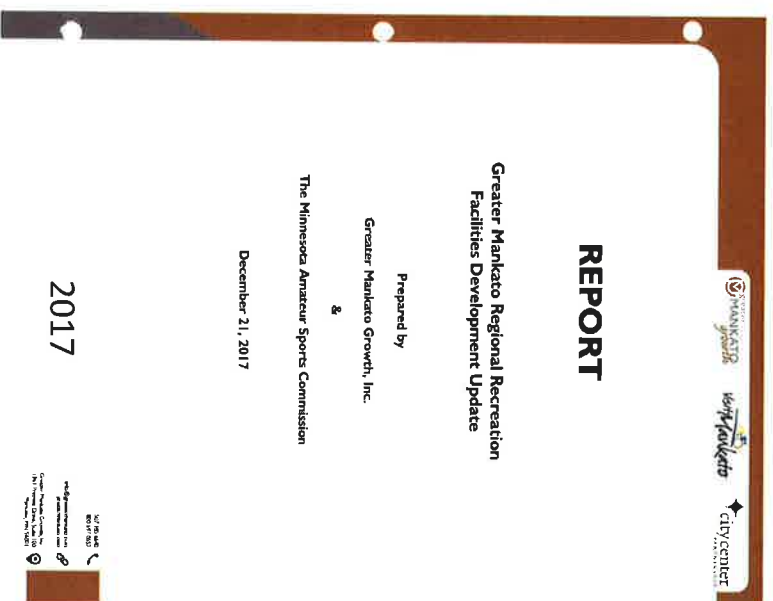
NEW COURTYARD

FALLENSTEIN PLAYGROUND

NEW PARKING LOT

CASWELL PARK

PRODUCT OF REGIONAL PLANNING EFFORTS



SECTION II: MARKET ANALYSIS

- **2013 – National Association of Sports Commission Study (Basketball and Volleyball)**
 - Pg. 32: “It would be ideal if a 6 court sports complex were built... A 6 court building could become a regional mecca for basketball and volleyball competitions... With 6 basketball and 12 volleyball courts this would become an outstanding location for local and **REGIONAL** uses in the fall and winter and equally excellent site for **REGIONAL** national competitions in the spring and summer.”
 - Local users (volleyball and basketball) agree 4 courts will meet practice and **REGIONAL** tournament needs at this time. (Remember Caswell was first constructed with only 4 fields)
 - Identifies 2 tournament quality facilities in the area that will compete with the facility.
 - 1. Combination of 4 gyms at MSU (Bresnan, Myers, Otto, and Schellberg) 2. National Volleyball Center in Rochester
 - Not mentioned in study based on date of completion are the YMCA expansion and potential conversion of ASA rink to another use.
 - Very little local user groups at MSU and little concern with YMCA expansion competing for users groups represented operating pro forma

2013 – NATIONAL ASSOCIATION OF SPORTS COMMISSION STUDY CONTINUED... (TENNIS)

- 2013 – National Association of Sports Commission Study (Tennis)
 - Pg. 26: “the lack of indoor courts requires local players to leave town in the winter. (There are no indoor courts in Mankato/North Mankato.) This is a quality of life issue... Visitors spending would not be a significant factor, in our opinion. With plenty of players and more that would take up the game if facilities were available, there is no question in our mind of the need for more indoor [tennis] courts. Four indoor courts like those in the concept drawing are relatively inexpensive to construct and operate. In fact, we believe they would be the most economical of the elements. Four courts, however, are not really sufficient for events that would attract significant number of visitors. They are enough for local clubs and leagues, and could host very small events. They could also assist the college and university programs by providing indoor space in a climate where the game is likely to be played more indoors than out.”

2013 – NATIONAL ASSOCIATION OF SPORTS COMMISSION STUDY CONTINUED... (TENNIS)

- No space currently exists for indoor tennis in the community and can be considered a quality of life issue.
- Operational efficiency increases with tennis because less players are needed to fill the facility, and this also may affect visitor spending.
- USTA officials have confirmed a tournament could be held each weekend, drawing from multiple states. 6 courts necessary
- Both MSU and Bethany have signed letters of intent to use the facility for their programs if it constructed. Other letters of intent have also been executed with the GMTA and are pending with the pickleball group.

MARKET ANALYSIS CONTINUED

- 2017 Greater Mankato Regional Recreation & Minnesota Amateur Sports Commission Facilities Development Update
 - Minnesota Amateur Sports Commission was asked to provide subject matter expertise and some educated input into process.
 - “There is **clearly a demonstrated need** for additional space on the part of user groups,” and that “All groups including volleyball, basketball, LEEP, pickleball, wrestling, etc. need more court space for practice, games and tournaments.”
 - The report also states that creating a “facility of regional significance would require 4 to 6 courts in one place. Since the school district is the primary operator of this type of space, it would make sense to add on to a school **if not part of a community center concept.**”

2017 GREATER MANKATO REGIONAL RECREATION & MINNESOTA AMATEUR SPORTS COMMISSION FACILITIES DEVELOPMENT UPDATE CONTINUED...

- Report also cautioned that issues of **affordability, non-prime hour usage, lack of detailed user information,** and the effects of demand of a new supply of any facility will bring to the market.
- Report suggested a rental rate of 50-60 dollars per hour. Subsequent market analysis yields a rate of approximately 33 dollars per hour.
- Staff & Users meet with representatives from MASC in October of 2019 to review proposal
 - Recognized the impact and power of the Caswell brand
 - Questions remained of the tourism nature of the fieldhouse because it has not been constructed yet (UTSA letter responds to questions of regionalism)
 - Requested utilization numbers for facility (will be provided)
- GMG policy committee recommends endorsement of \$10.5 bonding proposal as regional legislative priority
- MASC's role in reviewing the project has been completed.

MARKET ANALYSIS CONTINUED...

- 2019 Pinnacle Indoor Sports Multipurpose Sports Facility Market Feasibility Report
 - Following several facility owner decisions regarding ice, swimming, and turf, the conclusions of the 2013 and 2017 feasibility reports, North Mankato proceeded to study the feasibility of a hard court facility.
 - Study concludes market demand exists for 2 basketball courts and 3 tennis courts
 - Second conclusion “if funding and community desire would allow, then a facility with four regulation basketball courts and six tennis courts would meet market needs, but also allow North Mankato to compete for regional tournaments and larger recreational events as a regional sports tourism destination...”
 - Report cautions issues of affordability may present themselves based on lower household incomes than the national average (this finding confirms market rate analysis subsequently performed by staff in 2019).

MARKET ANALYSIS SUMMARY

- 3 studies, 4 groups, 5 years conclude consistent findings in their analysis of the market for a marketplace for the fieldhouse.
 - All believe user demand exists
 - All believe the fieldhouse could be a regional attraction, all believe issues exist with affordability (that require alternative forms of revenue to achieve operational forms of sustainability).
- Signed letters of intent with users confirm demand projections of these studies at a rate of \$33 per youth court per hour and \$15 per hour for tennis
- While demand indicates 2 hard courts and 3-4 tennis courts fulfill market demand, all users agree regional significance and rental agreements will require 4 hard courts and 6 tennis courts.
- These findings fit well with 3 principles of Caswell Park that have guided it to its preeminence as a nationally recognized facility (local enthusiasm, regional facility, low operating costs)

SECTION III: OPERATING STATEMENT

- Operating Statement Year Four Sources of Revenue Include (SEE APPENDIX A & B):
 - Basketball rentals, clinics, leagues, and tournaments \$90,500 (Local Users & Regional Impact)
 - Volleyball rentals, clinics, leagues, and tournaments \$72,606 (Local Users & Regional Impact)
 - Tennis rentals, lessons, Pickleball, Pro Shop, and Tournaments \$132,812 (Local Users & Regional Impact)
 - Concessions & Beer Sales \$122,010 (Alternative sources to accommodate questions of affordability, Local Users)
 - Sponsorships \$43,500 (Alternative sources to accommodate questions of affordability)
 - Batting Cage Rentals \$36,900 (Local Users)
 - Rentals & Membership Fees \$39,600 (Local Users)
 - Daytime programming \$35,000 (Alternative sources of revenue to accommodate non-peak hours)
 - Hotel Motel Tax \$30,000 (Alternative sources of revenue to accommodate non-peak hours & affordability questions)
 - Food & Beverage Tax \$24,500 (Alternative sources of revenue to accommodate non-peak hours & affordability questions)

SECTION III: OPERATING STATEMENT

- Operating Statement Year Four Expenditures Include (See Appendix A & B):
 - Staff costs (Caswell staff deployed in off season, 16 hours PT staff per day, 20 hours per week for day camp staff, Tennis instructor services) \$315,000
 - Supplies \$103,134
 - Services & Charges \$162,850
 - Capital Reserve \$40,000 (sales tax may also be used based on updated language)
 - Years one through three operating shortfall total estimated to be \$190,000 cumulative
 - Alternative conservative estimates include annual shortfalls ranging from \$43,000 - \$111,000 which is consistent with other regional facilities like All Seasons Arena, Caswell Park, and the Civic Center

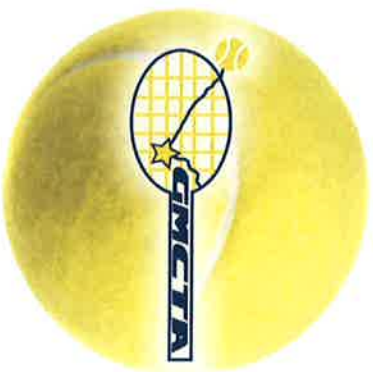
SECTION IV: ECONOMIC IMPACT (SEE APPENDIX C)

- **Economic Impact estimates**
 - 1,541 total teams in year 4, 884 visiting teams
 - 14,189 visitors, 9,425 out of town visitors
 - Estimate 66 tournaments per year
 - \$2,000,000 in annual economic impact
 - Goal is to match Caswell impact by year 10 – 35K-55K visitors and \$8 million in impact
 - Remember goal of facility is also to jointly service local recreational and passive user needs

PARTNERSHIPS - UNIVERSITY, COLLEGES, AND SCHOOLS



PARTNERSHIPS - LOCAL SPORTING CLUBS



THE FIELDHOUSE IS A SAFE PARTNERSHIP FOR MINNESOTA

- Investing in the Caswell Bonding Request partners with a proven operator of recreational facilities.
- Investing in the Caswell Bonding request builds on strong regional partnerships with stable institutions.
- Investing in the Caswell Bonding request will require no on-going financial commitment from the state of Minnesota. Operating statements provide a breakeven analysis in year four of operations.
- Investing in the Caswell Bonding request will expand the impact of an existing statewide regional asset and international tourism destination.

RECOMMENDATIONS

- Staff request City Council adopt the Financial Feasibility report and being an accurate representation of estimated facility performance and economic impact at upcoming City Council meeting

QUESTIONS



Proposed Funding

Indoor Sports Facility	Cost	%	Comments
Caswell Sports Fieldhouse	\$13,500,000	82%	90,000 square foot field house, restrooms, concessions, locker rooms
Caswell Park Enhancements	\$3,000,000	18%	
Total	\$16,500,000		
Sources			
City of North Mankato	\$6,000,000	36%	\$5.5 million local option sales tax (approved by 74% of voters in 2016 sales tax extension), \$500k general fund
State of Minnesota	\$10,500,000	64%	State Bonding Request
Total	\$16,500,000		

QUESTIONS?

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