



Memorandum

To: John D. Harrenstein, City Administrator
 From: Kevin C. McCann, Finance Director
 Phil Tostenson, Caswell Regional Sports Director
 Date: July 29, 2019
 Re: Project Background & Financial Feasibility Report for Proposed Caswell Fieldhouse

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Background

On February 25th, 2019, the North Mankato City Council reviewed the feasibility study proposed by Pinnacle Sports for the proposed fieldhouse expansion at Caswell Park. As part of the Council discussion, a request was made to review the financial assumptions made in the report and to verify the financial feasibility numbers offered as part of the study. This memo is the response to Council's request for more detailed financial information and has been reviewed by all user groups associated with the project, Caswell Sporting staff, and the City Finance office. Operating revenue and expenditures in this memo are presented as estimates for the fourth full year of operation at the proposed fieldhouse. Appendix A includes staff's estimate and assumptions for each of the first four years of financial operations. Appendix B includes four additional estimates prepared by Pinnacle Sports as alternative financial scenarios for the facility. Appendix C is an estimate of the economic benefit of the facility related to visitor spending. Appendix D includes all letters of intent from organizations committing to use the facility. Appendix E is information related to the HitTrax program. Appendix F includes three market feasibility studies completed for the region over the past six years.

Project Description

The proposed Caswell Sports Fieldhouse is a 90,000 square foot fieldhouse facility housing four major components. The first component is four full size basketball courts that can be converted into eight youth sized basketball courts or eight full size volleyball courts. The second component is six tennis courts. The third component is a full service concession area adjoined by outdoor seating to serve the general public, visitors to the recently completed Fallenstein inclusive playground, users and spectators of events at the fieldhouse, users and spectators of softball tournaments at Caswell Park, and participants of the outdoor sand volleyball league.

The Caswell Sports Fieldhouse will fulfill several city and regional goals including increasing the quality of life for residents, increasing the availability of youth sporting complexes, and increasing the number of months Caswell serves as a visitor's destination from six to twelve months. As a regional, national, and international destination for softball and a regional destination for soccer, the Caswell Regional Sporting Complex continues to succeed by following three critical principles:

1. Partnering with and serving enthusiastic local users
2. Constructing facilities that attract regional and international competition
3. Operating at the lowest responsible costs.

Project Rationale:

1. Responds to regional planning efforts
2. Partners with an existing statewide asset
3. Business leaders demanding amenities
4. Local sporting demand & partnership with University & Colleges

5. Positions North Mankato/Mankato region for enhanced economic benefit, opportunities for youth, and quality of life assets

At least three independent feasibility studies have been completed addressing the need for court space in the area, including one by the Minnesota Amateur Sports Commission, and all agree sufficient demand exists for construction of a fieldhouse in an area of the state underserved by these types of assets. Enhancements to the existing park and addition of the indoor fieldhouse are critical pieces in a constellation of recreational investments in the area linked to other projects like the sports bubble at Minnesota State University, turf fields at Bethany Lutheran College, and potential expansions of the YMCA and local hockey facilities. Each of these investments responds to local demands aimed at positioning southern Minnesota for future success.

The fieldhouse expansion will increase the regional economic impact of Caswell by increasing the number of months the park operates from six to twelve by adding winter sports like basketball, volleyball, tennis, and pickle ball. Funding the project builds upon an already recognized and successful entity operating in youth and adult sports – Caswell Sports. In the North Mankato/Mankato area, a need exists for additional events hosted in the winter to draw visitors to the area, fill hotels, and provide consumption to entertainment oriented businesses. Finally, in 2016, voters overwhelmingly supported extension of the North Mankato sales tax with a 74% approval rate that included the expanded use for indoor recreational facilities. The fieldhouse expansion at Caswell responds to each of these needs.

Lack of space and available time is continually mentioned by sporting groups looking to invest in local athletes and grow their programs. This lack of space limits regular practice times, performance training, and the ability to host regional tournaments. Numerous examples of workers traveling into the Twin Cities Metro Area with children to participate in sporting leagues can be offered as a result of the lack of these amenities. The constraints mentioned above resulted in basketball, volleyball, and tennis groups signing letters of intent with specific hours and rates to locate to the facility. These letters of intent include larger regional institutions like Minnesota State University's tennis team and Bethany Lutheran College's tennis team. As a result, the proposed Caswell Fieldhouse not only assists local programs, but also guarantees partnership between the community and higher education institutions by co-locating uses in the same facilities. It is a terrific example of partnership between the state and local entities.

Owner(s)

City of North Mankato.

Legal Structure

The Caswell Fieldhouse will operate as a special revenue fund within the City of North Mankato.

OPERATING REVENUE ESTIMATES

1. BASKETBALL

Total annual revenue from basketball associated activities at the facility is estimated to be **\$90,000**.

A. Basketball Rentals

The Mankato Basketball Association (MBA), Minnesota Rise AAU club (MN Rise), and the Mankato Area Public Schools (MAPS) have agreed it is reasonable to estimate a combined 927 hours will be rented from the facility. The charge for renting a full sized basketball court (can be converted into two youth courts) is \$33 per hour. Staff estimates a total of **\$30,500** in yearly revenue from basketball practice rentals.

B. Basketball Clinics/Camps (creation of 4 new)

MBA and MN Rise agree through letters of intent to host one camp/clinic for each of their organizations at the facility. In addition, MBA and MN Rise agree to coordinate with Caswell Regional Sporting staff to host up to two more additional camps/clinics during the year at a cost \$70 per participant (revenue will be split between Caswell and Clinic Instructors). Estimated participation for the MBA clinic and two additional Caswell clinics begins with 130 in year two of operation and peaks at 230 in year four of operation. Clinic revenue combined with eight hours of rental for the MN Rise clinic at \$33 per hour amount to **\$16,500** in year four of the facility. Should participation at clinics not achieve estimated attendance, staff believe it is reasonable to assume the facility will be rented out by various other instructors or organizations to host camps/clinics that are unable to find space in the market at this time.

C. Basketball Leagues/Open Gym (creation of 2 new leagues)

Creation of one new Caswell Sports youth basketball league will be marketed toward teams within a two hour drive time of North Mankato. It is estimated a total of 24 youth teams will participate in year four of operation at a cost of \$400 per team. One new Caswell Sports adult basketball league will also be created and hosted at the fieldhouse. It is estimated a total of 6 adult teams will participate in year four of operation of the facility at a cost of \$500 per team. Open gym will be held at the facility and it is estimated at least 20 participants will utilize the open gym program each week of the year at a cost of three dollars per open gym session. Total revenue from basketball leagues and open gym is assumed to **\$18,500** in year four of operations. Both the leagues and open gyms will be administered by Caswell Regional Sporting Complex staff.

D. Basketball Tournaments (7 total tournaments, 5 new to area)

MBA has committed to hosting two tournaments over four days, MN Rise has committed to working collaboratively with the Caswell Regional Sports staff to host two tournaments per year. Caswell Regional Sporting Staff have committed to hosting two additional youth basketball tournaments and

one adult tournament through Minnesota Youth Athletic Services and Minnesota Sports Federation. MBA and MN Rise have agreed that 192 hours will be needed for tournament rentals at \$33 per hour for total estimated revenue of \$6,336. For tournaments hosted and organized by MYAS/MSF/Caswell Sports gate fees are dedicated to facility owners. It is estimated that 1,766 visitors (see Appendix C) will attend the three tournaments and be charged \$10 for full weekend entry for total revenue of \$17,660. Total revenue from tournaments gym rental and gate fees is estimated to be at **\$24,000** in year four of the facility.

2. VOLLEYBALL

Total annual revenue from volleyball associated activities at the facility is estimated to be **\$72,000**.

A. Volleyball Rentals

The Minnesota Attack (MN Attack) volleyball organization commits to rent a total of 144 hours for club practice at the facility and expand rental hours to 216 in year four of operations. One hour of rent time at the facility is \$33 per hour for one full sized basketball court that can be used as two full sized volleyball courts. Annual income from volleyball rental is estimated to be **\$7,000** in year four of operation.

B. Volleyball Clinics/Camps (creation of 2 new)

MN Attack has agreed through letters of intent to either host clinics/camps at the facility or coordinate clinic management with Caswell Sports staff. Caswell Regional Sporting staff proposes to rent or collaboratively host up to two new additional camps/clinics with MN Attack during the year at a cost \$70 per participant (revenue will be split between Caswell and MN Attack or by simply renting the facility at the standard hourly rate of \$33 to MN Attack). Based on the letter of intent with MN Attack, clinic hours are estimated to double during the first four years of operation. Annual income from volleyball camps and clinics is estimated to be **\$4,500** in year four of operations.

C. Volleyball Leagues (creation of 2 new leagues)

Creation of one new Caswell Sports Youth volleyball league and one new Caswell Sports adult volleyball league will be marketed toward teams within a two hour drive time for youth and thirty minute drive time for adults of North Mankato. It is estimated a total of 90 teams will participate in year four of operations of the facility at a cost of \$250 per youth team and \$400 per adult team. Total revenue from Volleyball Leagues is assumed to be **\$31,000** in year four of operations.

D. Volleyball Tournaments (creation of 4 new tournaments)

MN Attack has committed to rent 150 hours of rental time to host four tournaments at \$33 per hour and two of those tournaments are new to the market. Four other tournaments will be hosted at the fieldhouse with estimated attendance of 3,072 (See Appendix C) paying a gate fee of \$8. Total volleyball tournament revenue is estimated to be **\$29,500**.

3. TENNIS

Total annual revenue from tennis associated activities at the facility is estimated to be **\$132,500**.

A. Tennis Rentals (Non-prime hours M/F 7am – 3pm)

With six courts available, total non-prime hours available at the facility is 11,760 (6 courts, 8 hours, 5 days, 49 weeks per year) and staff estimates a utilization rate of 24% or 2,765 hours. Including a reduced rate secured block time rental, total revenue from non-prime hours is estimated to be **\$36,000** or \$13 per hour for non-prime rentals (See Appendix A).

B. Tennis Rentals (Prime hours M/F 6pm – 9 pm, Sat. – Sun.)

With six courts available, total prime hours available at the facility is 9,702 with an estimated utilization rate of 33% at \$17 per hour. This includes hours for tournaments hosted by the Mankato Area Tennis Association. Revenue from prime hour tennis court rental is estimated to be **\$54,500** (See Appendix A).

C. Tennis Lessons/Programming

According to the Mankato Area Tennis Association and observations from other operating tennis centers, it will be critical to employ the services of a Tennis Pro to host lessons and programs. Based on various models and price packages for lessons, we believe it is reasonable to assume a market exists for adult and youth lessons, programs, and clinics (especially in winter months). Staff estimates are based on 200 participants paying up to \$25 per hour for a lesson and 100 youth (K-12) paying \$50 to participate in a clinic. Total revenue from lessons and programs is estimated at **\$7,500** per year.

D. Institutional Renters (6-12 tournaments)

Both Minnesota State University and Bethany Lutheran College have agreed to locate their tennis programs at the facility for indoor practice. In addition, it is estimated at least 10 meets will occur at the facility from local higher educational institutions and outside higher educational institutions seeking a neutral site. Total rental revenue from higher education practice and tournament hours is estimated to be **\$10,000**.

D. Pickleball, Pro Shop, & Other Tournaments (12-15 new tournaments)

Combined revenue from Pickleball is estimated at **\$1,000**. While popular, participants remain price sensitive. Other institutions currently offer service for their needs like the YMCA and Mankato Area Public Schools during the winter and Tourtelotte Park in the summer. However, pickleball representatives are also adamant our estimates are low and believe dedicated space for their use will be larger than assumed in this report. Estimates provided to us by the Pickleball Association that can be found in Appendix A. Revenue from the pro shop is estimated to be **\$4,500** based on similar sales from another municipal tennis center in Owatonna (See Appendix A). Staff estimate hosting an additional 12-15 tournaments at the fieldhouse with an average of 40 participants per tournament paying a \$40 entry

fee for a total **\$19,000** in revenue. These tournaments will be hosted and/or coordinated with the local tennis club, USTA Northern, and Caswell Sports staff.

E. Other Tennis considerations

It is likely a majority of residents are not aware of the gap in tennis services for the area nor would it be the first to come to mind as a needed amenity. However, prior feasibility studies, comparisons with the Owatonna Tennis Center, interviews with area tennis advocates, and discussion with businesses seeking amenities for prospective employees, clearly point to a gap in service and a market for indoor tennis use. Even clearer is the benefit of locating an additional 18-25 tournaments to the community. The linkage of two existing public statewide assets (Caswell Park & Minnesota State University) and the additional link with two other higher education institutions (Bethany Lutheran College and possibly South Central College in the future) can serve as a model for the benefits of shared facilities. Tennis advocates are so adamant about the conservative revenue estimates put forward by staff they have offered an alternative estimate for rental hours that can be viewed in Appendix A and staff have also included budget information from the City of Owatonna's tennis facility for comparison purposes.

4. Concessions

Total annual revenue from Concessions and Alcohol Sales is estimated to be **\$122,000**.

A. Concessions & Alcohol Sales

The Caswell Sports Fieldhouse is equipped with a liquor license granted to it by the Minnesota State Legislature in 2018. This allows the sale of beer, malted beverages, wine, and liquor. Staff estimates **\$8,000** in sales related to alcohol is reasonable because it mirrors Caswell Park's sales over 24 events a year. Staff also believes the estimate is conservative based on additional sales to participants of the adult volleyball league, basketball league, clubhouse atmosphere for tennis, and plans to move all outdoor volleyball use in North Mankato next to the facility. In addition, the facility is will be open year round compared to only the summer and fall seasons Caswell Softball is operating. While the concession stand will service visitors for tournaments, regular use, and clinics, it is proposed the concession stand also be available during regular business hours on weekdays and weekends for availability to the general public as well as any event rentals the facility may procure.

Average spending per visitor at Caswell Park in 2018 was \$5.07. Based on total visitor estimates on the economic benefit statement found in Appendix C and additional guests from leagues, Caswell Softball complex, general public use, and other programming, staff assume at least 22,500 visitors to the facility each year for total concession revenue of **\$114,075**.

5. Batting Cages & Hit Trax

Total annual revenue from batting cages and Hit Trax is estimated to be **\$37,000**.

A. Batting Cages

Three batting cages are proposed to be located in the facility. Currently, batting practices are held at either Holy Rosary or a facility on Haughton Avenue in North Mankato owned by the Mankato Area Youth Baseball Association. Additional space and time for the 1,500 current softball and baseball players in the community is needed. Staff estimates 820 hours of batting cage use will be purchased at \$15 per half hour or \$25 per hour. Total revenue is estimated at **\$12,300**.

B. Hit Trax data capture simulation system

Hit Trax is a baseball and softball simulator that can be rented by individuals, instructors, or organized into leagues and tournaments. Additional information on the Hit Trax product can be found in Appendix E. Staff estimate Hit Trax will be utilized by instructors, individuals, and teams for at least 820 hours and rented for \$30 per hour. This product is linked to sports performance training related to launch angles and ball exit speeds. Both pitching and hitting can be practiced in the facility. It is assumed **\$24,600** of revenue will be collected from Hit Trax.

6. Daytime Programs

Total annual revenue from Daytime Programs is estimated to be **\$35,000**.

A. Daytime Programs

One aspect of cash flowing operations at the facility will be programming space during nonprime hours which are considered to be 9:00 a.m. – 3:00 p.m. Monday through Friday. Staff estimates demand for child programming with an emphasis on the pre-k age group. Twenty eight weeks of programming will be hosted each year. The camps will meet over two weeks for four sessions of 3 hours or less and be focused on exposing pre-kindergarten youth to sports such as soccer, kickball, t-ball, basketball, lacrosse, tennis, and field hockey. Assuming twenty five attendees per session at \$50 per camp, total revenue is estimated at \$35,000. Other various daytime programming options are available, but the camps proposed closely mirror other programs like Lil' Kickers that have been successfully franchised elsewhere.

7. Party Rentals & Membership Fees

Total annual revenue from Party Rentals & Membership Fees is estimated to be **\$39,500**.

A. Event Rentals & Membership Fees

The Fieldhouse will be open to rentals for various types of celebrations or gatherings. A standard children's party package is proposed to cost \$150 for access to gym space & food from the concession area and two per month are estimated to be purchased. Membership fees for those who desire to

utilize the facility as a walking area in the winter/summer months or utilize open gym space and tennis courts are proposed to be sold for \$20 per month and it is estimated 150 memberships will be sold each month in the fourth year of the facility's operation. Total revenue from event rentals and membership fees is estimated at **\$39,500**.

8. Sponsorships, Leases, Naming Rights

Total annual revenue from Sponsorships, Leases, & Naming rights is estimated to be **\$43,500**.

A. Sponsorships, Leases, Naming Rights

Existing banners at Caswell Park cost \$700 per year and approximately 20-25 are sold each year. Assuming banner costs are increased to \$1,000, it is estimated at least 40 sponsors could be obtained for the facility seeking promotion through banner sales. It is also assumed at least \$3,500 will be procured from an alcohol distributor for a sole source contract at the facility. No revenue from tenant leases has been proposed, but interest has been voiced from at least two businesses with different business lines related to athletics and food service. These options will be explored as the project develops. Staff and user groups believe naming rights for the facility could be procured from several donors under several varying agreements and work continues in this regard. Until further development or interest regarding naming rights occurs, no revenue is estimated for naming rights.

9. Other Tax Revenue

Total annual revenue from taxes dedicated to the facility is estimated to be **\$54,500**.

A. Other Tax Revenue

The hotel/motel tax in North Mankato generated nearly \$55,000 until 2016 when the single hotel in North Mankato was sold to a new owner and use declined. Since that time the hotel has produced strikingly less lodging tax that can be used to advertise and promote the facility. However, a new hotel will be constructed in Upper North Mankato near Caswell Park and will be finished by the spring of 2021. As a result, staff estimates total tax collections to easily achieve \$60,000 or \$65,000 in annual collections. One half of future estimated hotel motel tax revenue or **\$30,000** is proposed to be allocated to the facility for marketing and promotions.

In 2019 the Minnesota State Legislature approved a 1% Food & Beverage Tax for the City of North Mankato that can be used for operating and capital expenditures at the park. It is estimated the tax will generate between \$35K and \$55K per year when implemented at the 0.5% level. One half of the revenue is proposed to be used toward the proposed field house or **\$24,500**.

OPERATING EXPENSES

It is assumed operating expenses at the indoor sports facility will be **\$620,000**

Approximately 50% of the budget will be spent on staffing the facility. One third of the hours of two full time city employees will be utilized to oversee the operations of the facility and coordinate scheduling tournaments and ensuring a quality user experience. Sixteen hours will be allocated each day for two employees to coordinate operation of the front desk and nonprime concession hours. Twenty hours a week in temporary staff has also been allocated for day camp staff and is reflected in year four operating costs. A Tennis Pro will be hired to coordinate tennis lessons, clinics, tournaments, and interact with the Mankato Area Tennis Association needs. Referee and instructor costs are also accounted for to accommodate league play and clinic services.

With the exception of utility costs, expenses for supplies and services have been estimated based on projections from the Pinnacle Sports Feasibility study and staff experience operating Caswell Park. A set aside for capital expenditures and deferred maintenance on the facility has also been included in projections and is estimated to continue increasing in years beyond the four year forecast as the facility ages. It should be noted the 2016 sales tax extension included capital replacement items as eligible expenditures. As a result, whether derived from operational revenues, food and beverage tax, or local options sales tax, expenses for regular replacement and large scale maintenance at the facility have available funding sources.

It is undisputed varying opinions of costs to operate the facility exist and any estimate will vary after the building begins operations. As a result, staff have included four other possibilities for operational estimates prepared by Pinnacle Indoor Sports (See Appendix B). Every projection includes operational shortfalls in years 1-3 of the facility that annually average between \$92,000 to \$181,000. Some of the projections include the facility breaking even in year four of operation and some include annual shortfalls ranging from \$43,000 to \$111,000. Operational shortfalls projected at the facility in years 1-3 will be covered by either a combination of food/ beverage tax collections and general fund transfers, or with general fund transfers depending on the policy preferences of the City Council. It should be noted the Pinnacle estimates were completed prior to the letters of intent being signed with user group and do not include revenue from either the lodging tax, food and beverage tax, or potential use of sales tax dollars for large capital replacement items. While the staff estimates include a breakeven scenario in year four, existing publically owned facilities like All Seasons Arena and the Caswell Softball complex receive subsidies within the ranges predicted in year 4 of all operating statements.

ESTIMATED ECONOMIC BENEFIT

A. See Appendix C of the report.

MARKET ANALYSIS

At least three market analyses have been completed that review indoor recreational needs in the Mankato/North Mankato Metropolitan Statistical Area. The first study was completed by the National Association of Sports Commissions in 2013. The second study is a regional sports review conducted by the Minnesota Amateur Sports Commission in conjunction with the Mankato Sports Commission in 2017. The third study was completed by the City of North Mankato in 2019. Below is a summary of the findings as they related to the market for hard court facilities.

a. 2013 National Association of Sports Commission Study

In appendix two of the study, a total of 4,941 core participants of basketball were identified within a 30 mile radius of Mankato, slightly below the national average. When the numbers are expanded to a 60 minute drive time participants increase to 22,513 which is above the national average. Volleyball core participants within 30 minutes were estimated at 1,251, which meets the national average and increases to 5,624 with the 60 minute drive time. Core Participants for tennis were slightly below the national average in the 30 minute drive time with 1,607 participants but grew to 7,199 in the 60 mile drive time and exceeds the national average participation rate. A core participant is defined as a person who plays a sport a specific number of times a year. A core participant for basketball and volleyball is defined as someone who plays 13+ times per year and with tennis it is defined as 21+ times per year. For instances where participation is below the national average, user groups believe this is related to the lack of available space to participate in the sport because facilities don't exist, aren't available during prime hours, or users are required to drive over thirty miles to reach available facilities.

The study identifies two tournament quality facilities in the market area that could compete with the proposed North Mankato Field House for tournaments. The first is combining four gymnasiums at Minnesota State University (Bresnan, Myers, Otto, and Schellberg) to assemble up to 10 basketball courts or 12 volleyball courts. However, access to these gymnasiums is restricted by other programming uses and very few tournaments are held at the facility each year with no practices being held for youth sports at those facilities. The second facility is the National Volleyball Center in Rochester that has eleven volleyball courts near another three at Century High School. The NASC study opines it would be difficult to justify more than "four or so" courts for this purpose because of the existence of the National Volleyball Center. Two other related facilities included in the NASC report but not mentioned as competition are the YMCA expansion and the potential reuse of one of the All Seasons Arena (ASA) rinks should it be decommissioned as an ice facility. The conversion of the ASA rink to another use will have little or no impact on the proposed fieldhouse's rental or tournament demand. Regular programming and member use at the YMCA is anticipated to utilize prime hours desired by local user groups planning to utilize the Caswell Fieldhouse and is not estimated to meaningfully affect revenue projections.

For the purposes of this market analysis, "four or so" is interpreted through the summary statement on page 32 of the NACS study which states, *"It would be ideal if a six court indoor sports complex were built.....A six court building could become a regional mecca for basketball and volleyball competitions. It*

could be planned so that two volleyball courts would be placed across each basketball court. With six basketball and twelve volleyball courts this would become an outstanding location and local and regional uses in the fall and winter and an equally excellent site for regional national competitions in the spring and summer. The AAU and USSSA have events that could flourish in such a building...bringing with them millions of dollars in visitor spending.” The North Mankato proposed facility includes four basketball courts and eight volleyball courts. After conferring with local sporting groups, this will meet their expectation of use for both practice and tournaments. It should be noted the facility could be expanded in the future if rental demand exceeds available time or if additional funding becomes available.

In regards to tennis, the NASC report concludes *“the lack of indoor courts requires local players to leave town in the winter (page 26). This is a quality of life issue. An indoor multi-court tennis club did exist at one time, but it is no longer in business. Our discussions indicated the need for four courts. This is sufficient for local and regional players and small events. Visitors spending would not be a significant factor, in our opinion.”* The study goes on to discuss tennis by stating, *“...There are no indoor tennis courts in the area (page 31). 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 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.”* After conferring with the local tennis association and local collegiate tennis teams, they request seven to eight courts be built to accommodate needs for both tournaments and general use but concede six will adequately equip the facility to start operations.

b. 2017 Greater Mankato Regional Recreation & Minnesota Amateur Sports Commission Facilities Development Update

Completed in December of 2017, the Minnesota Amateur Sports Commission and Greater Mankato Growth completed a renewed review of the local sporting community and facility owners in light of the locally and legislatively approved sales tax extension. One of the general highlights of the report included the following statement, *“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 cautioned that issues of affordability, non-prime hour usage, lack of detailed user information, and the effects of demand from a new supply of any facility will bring to the market. The report identified a rental rate of \$50-60 per hour for rent in a courts facility needed to cash flow operations and that existing court users are paying any range of price per hour from \$10-40 per hour depending on time and day of use.

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.”* As proposed, the Caswell Sports Fieldhouse

will include meeting spaces and a large concession area with outdoor seating open to the public that *is part of a community center concept* coexisting alongside a practice/tournament facility for numerous entities and sport groups. It will also include 4 basketball courts. The proposed rate of rental per hour for one basketball court is \$33 per hour in year one of operation. While this is less than the \$50-60 proposed by MASC, other operating revenues are identified in this memo to ensure the facility cash-flows.

c. 2019 Pinnacle Indoor Sports Multipurpose Sports Facility Market Feasibility Report

Following All Season Arena's decision to expand a hockey sheet on property already owned by the partnership, the decision of Bethany Lutheran College to proceed with a sports bubble in 2017, the decision by MSU to proceed with a sports bubble in 2018, the likelihood other better owners exist for a competition swimming pool, and the findings of the 2013 and 2017 reports by NASC and MASC, a study was issued by North Mankato to determine the feasibility of moving forward with a fieldhouse concept focused on serving hardcourt needs. Please note, this decision was made following extension of the local options sales tax by voters, years of participation in the Mankato Sports Commission's facility stakeholder's committee process and following several interviews with user groups also attended by the MASC.

The 2019 Pinnacle Indoor Sports Report recommends the City of North Mankato move forward with plans to build a multipurpose indoor sports facility in North Mankato that includes two regulation basketball courts plus a separate area for three tennis courts. However, the report goes on to recommend that 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 – particularly for weekend basketball and volleyball tournaments (reference both 2013 and 2017 study regarding size of facility for regional significance)."*

The Pinnacle Report includes several sections including demographic reviews, interviews with sporting groups, an examination of other facilities in the area, and high school sport trends. All areas of review suggest a reasonable expectation of success for the facility based on market conditions *with the exception of the effect of lower household incomes than the national average*. Household income was flagged as a potential problem to charging necessary rates at the facility and has been a consistent theme in all of the reports. The consistency of this issue supports the proposed rate of \$33 per court, the need for the facility to be subsidized by other revenue streams, and an additional rationale for state bonding support to construct such a facility. As was demonstrated in the financial section of this report, other revenue streams will be utilized to achieve the breakeven point than simply youth sport rentals and tournaments to overcome the limitations of lower than average household incomes.

d. Market Analysis Summary

A review of three studies, by four different groups, over five years reveals surprising consistency in their analysis of the market for the proposed fieldhouse (see Appendix F). All believe the user demand exists for a fieldhouse facility, all believe a fieldhouse could be a regional attraction, all believe issues exist with affordability and that issues of affordability may affect the facility collecting enough revenues from users and visitors to breakeven. In addition to the studies, discussion with user groups and their signed letters of intent to rent the facility for practice and tournaments confirm the suggestions of all studies that demand exists to proceed with the project. While actual market demand would likely be met with two full sized basketball courts and three tennis courts, all reports suggest a minimum of four basketball courts and six tennis courts are necessary to have any regional significance in generating additional users or economic vitality in the area. In addition, the very users necessary for the success of the facility adamantly state that only two basketball courts and three tennis courts would not be sufficient to accomplish the existing and future needs of their organization and the public at large. Therefore, the proposed facility combines two principles that have guided the operation of Caswell Park for the entirety of its existence with the findings of the studies that have been completed over the past five years – 1) First serve the needs and partner with excited local user groups 2) Construct a facility that can attract regional and international tournaments 3) Operate it at the least cost to the public.

Conclusion

As discussed in the Background section of the report, the purpose of this document is to expand on the initial financial performance estimates of the proposed fieldhouse provided to the City Council on February 25th of this year. After verifying operational estimates with user groups, reviewing prior feasibility studies, and examining other available revenue sources for the facility, staff presents to the best of their ability the four year annual operating statement found on the first page of Appendix A. While varying opinions regarding assumptions made in this memo will be made by each reader, staff can verify several important key points. First, the proposed project fulfills the expectations of voters who supported the tax when asked to expand its use for indoor recreational use. Second, the proposed project expands an existing state asset for sports tourism, known as Caswell Park, by partnering with numerous local and state institutions. Third, the proposed project is the result of a regional planning process that fits within the framework of a broader effort to resolve issues related to facility access, quality of life, and positioning the region for future prosperity. Fourth, no one could have predicted that thirty years ago, a softball complex in North Mankato, Minnesota, would become internationally recognized. What we do know now after operating Caswell Park for more than 30 years is that partnering with excited local user groups, constructing a facility that can serve regional tournaments, and operating it at the lowest responsible cost yields significant economic and quality of life benefit for residents and visitors. The proposed Caswell Fieldhouse will yield such results.



Memorandum

APPENDIX A

NORTH MANKATO INDOOR SPORTS CENTER						
PROPOSED OPERATING STATEMENT						
Jul-19						
REVENUES	Year 1	Year 2	Year 3	Year 4		
Basketball Rentals	\$ 30,591	\$ 30,591	\$ 30,591	\$ 30,591	5%	
Basketball Clinics	\$ 264	\$ 9,759	\$ 13,189	\$ 16,689	3%	
Basketball Leagues/Open Gym	\$ 8,240	\$ 10,880	\$ 13,280	\$ 18,720	3%	
Basketball Tournaments	\$ 4,752	\$ 18,456	\$ 18,456	\$ 24,006	4%	
Basketball Subtotal:	\$ 43,847	\$ 69,686	\$ 75,516	\$ 90,006	14%	
Volleyball Rentals	\$ 4,752	\$ 4,752	\$ 5,940	\$ 7,128	1%	
Volleyball Clinics	\$ 2,376	\$ 3,366	\$ 4,356	\$ 4,752	1%	
Volleyball League	\$ 1,400	\$ 5,600	\$ 22,400	\$ 31,200	5%	
Volleyball Tournaments	\$ 3,300	\$ 14,820	\$ 19,485	\$ 29,526	5%	
Volleyball Subtotal:	\$ 11,828	\$ 28,538	\$ 52,181	\$ 72,606	12%	
Tennis Rental (non-prime hours)	\$ 8,998	\$ 36,056	\$ 36,056	\$ 36,056	6%	
Tennis Rental (prime hours)	\$ 13,669	\$ 54,674	\$ 54,674	\$ 54,674	9%	
Tennis Lessons/Programming	\$ -	\$ 7,500	\$ 7,500	\$ 7,500	1%	
Tennis Institutional Renters	\$ 8,370	\$ 9,882	\$ 9,882	\$ 9,882	2%	
Pickleball, Pro Shop, Tournaments	\$ 2,000	\$ 11,400	\$ 18,300	\$ 24,700	4%	
Tennis Subtotal:	\$ 33,036	\$ 119,512	\$ 126,412	\$ 132,812	21%	
Concessions & Beer Sales	\$ 14,000	\$ 54,904	\$ 91,507	\$ 122,010	19%	
Sponsorships (Banner Sales)	\$ 14,250	\$ 22,500	\$ 33,000	\$ 43,500	7%	
Batting Cage Rentals	\$ 4,500	\$ 9,225	\$ 18,450	\$ 36,900	6%	
Rentals & Membership Fees	\$ 3,000	\$ 23,400	\$ 32,400	\$ 39,600	6%	
Daytime Programming	\$ -	\$ 12,500	\$ 25,000	\$ 35,000	6%	
Hotel Motel Tax	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	5%	
Food Beverage Tax	\$ 24,500	\$ 24,500	\$ 24,500	\$ 24,500	4%	
Naming Rights	\$ -	\$ -	\$ -	\$ -	0%	
General Fund Transfer	\$ -	\$ -	\$ -	\$ -	0%	
TOTAL REVENUE	\$ 178,961	\$ 394,765	\$ 508,966	\$ 626,934	100%	
EXPENDITURES						
PERSONNEL SERVICES	\$ 102,648	\$ 275,056	\$ 297,648	\$ 315,009	51%	
SUPPLIES	\$ 20,980	\$ 66,111	\$ 83,105	\$ 103,134	17%	
SERVICES AND CHARGES	\$ 54,250	\$ 153,850	\$ 159,850	\$ 162,850	26%	
CAPITAL RESERVE	\$ 10,000	\$ 20,000	\$ 30,000	\$ 40,000	6%	
TOTAL EXPENDITURES	\$ 187,878	\$ 515,017	\$ 570,603	\$ 620,993	100%	
REVENUES - EXPENDITURES	\$ (8,917)	\$ (120,252)	\$ (61,637)	\$ 5,941		

Memorandum

APPENDIX A (continued)

N. Mankato Indoor Sports Center					
PROPOSED OPERATING STATEMENT DETAIL					
July 13, 2019					
REVENUE	Year 1	Year 2	Year 3	Year 4	
Mankato Basketball Association	\$ 15,840	\$ 15,840	\$ 15,840	\$ 15,840	\$ 15,840
Minnesota Rise (April/May)	\$ 9,240	\$ 9,240	\$ 9,240	\$ 9,240	\$ 9,240
Minnesota Rise (June/July)	\$ 3,531	\$ 3,531	\$ 3,531	\$ 3,531	\$ 3,531
Mankato Schools	\$ 1,980	\$ 1,980	\$ 1,980	\$ 1,980	\$ 1,980
Basketball Rentals	\$ 30,591	\$ 30,591	\$ 30,591	\$ 30,591	\$ 30,591
Mankato Basketball Association Camps/Clinics	\$ -	\$ 4,875	\$ 4,875	\$ 4,875	\$ 4,875
Minnesota Rise Camps/Clinics	\$ 264	\$ 264	\$ 264	\$ 264	\$ 264
Instructional Classes	\$ -	\$ 4,620	\$ 8,050	\$ 11,550	\$ 11,550
Basketball Clinics	\$ 264	\$ 9,759	\$ 13,189	\$ 16,689	\$ 16,689
Adult League	\$ 4,000	\$ 4,000	\$ 4,000	\$ 6,000	\$ 6,000
Youth League	\$ 3,200	\$ 4,800	\$ 7,200	\$ 9,600	\$ 9,600
Open Gym	\$ 1,040	\$ 2,080	\$ 2,080	\$ 3,120	\$ 3,120
Basketball Leagues/Open Gym	\$ 8,240	\$ 10,880	\$ 13,280	\$ 18,720	\$ 18,720
Mankato Basketball Association Tournaments	\$ 4,752	\$ 4,752	\$ 4,752	\$ 4,752	\$ 4,752
Minnesota Rise Tournaments	\$ -	\$ 1,584	\$ 1,584	\$ 1,584	\$ 1,584
Tournaments (MYAS/MSA/Caswell) Gate Fees	\$ -	\$ 12,120	\$ 12,120	\$ 17,670	\$ 17,670
Basketball Tournaments	\$ 4,752	\$ 18,456	\$ 18,456	\$ 24,006	\$ 24,006
Basketball Subtotal:	\$ 43,847	\$ 69,686	\$ 75,516	\$ 90,006	\$ 90,006
MN Attack Practice Time Rental	\$ 4,752	\$ 4,752	\$ 5,940	\$ 7,128	\$ 7,128
Volleyball Rentals	\$ 4,752	\$ 4,752	\$ 5,940	\$ 7,128	\$ 7,128
MN Attack Camp/Clinic Rental	\$ 2,376	\$ 2,376	\$ 2,376	\$ 2,376	\$ 2,376
Instructional Classes	\$ -	\$ 990	\$ 1,980	\$ 2,376	\$ 2,376
Volleyball Clinics	\$ 2,376	\$ 3,366	\$ 4,356	\$ 4,752	\$ 4,752
Adult League	\$ -	\$ 4,200	\$ 16,800	\$ 25,200	\$ 25,200
Youth League	\$ 1,400	\$ 1,400	\$ 5,600	\$ 6,000	\$ 6,000
Volleyball League	\$ 1,400	\$ 5,600	\$ 22,400	\$ 31,200	\$ 31,200
MN Attack Tournament Time Rental	\$ 3,300	\$ 3,300	\$ 4,125	\$ 4,950	\$ 4,950
Gate Fees	\$ -	\$ 11,520	\$ 15,360	\$ 24,576	\$ 24,576
Volleyball Tournaments	\$ 3,300	\$ 14,820	\$ 19,485	\$ 29,526	\$ 29,526
Volleyball Subtotal:	\$ 11,828	\$ 28,538	\$ 52,181	\$ 72,606	\$ 72,606
Tennis Rental (non-prime hours)	\$ 8,998	\$ 36,056	\$ 36,056	\$ 36,056	\$ 36,056
Tennis Rental (prime hours)	\$ 13,669	\$ 54,674	\$ 54,674	\$ 54,674	\$ 54,674
Adult Lessons	\$ -	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
K-6th Grade Programming	\$ -	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
7th-12th Grade Programming	\$ -	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
Tennis Lessons/Programming	\$ -	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500
Mankato Area Public Boys Tennis Rentals	\$ -	\$ -	\$ -	\$ -	\$ -
Bethany Lutheran College Rentals	\$ 2,349	\$ 2,349	\$ 2,349	\$ 2,349	\$ 2,349
Bethany Lutheran College Duals/Tris	\$ 1,296	\$ 1,296	\$ 1,296	\$ 1,296	\$ 1,296
Minnesota State University Rentals	\$ 3,645	\$ 3,645	\$ 3,645	\$ 3,645	\$ 3,645
Additional College Neutral Site Rentals	\$ 1,080	\$ 2,592	\$ 2,592	\$ 2,592	\$ 2,592
Tennis Institutional Renters	\$ 8,370	\$ 9,882	\$ 9,882	\$ 9,882	\$ 9,882
Pickleball	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Tournaments	\$ -	\$ 6,400	\$ 12,800	\$ 19,200	\$ 19,200
Pro Shop Sales	\$ 1,000	\$ 4,000	\$ 4,500	\$ 4,500	\$ 4,500
Pickleball, Pro Shop, Tournaments	\$ 2,000	\$ 11,400	\$ 18,300	\$ 24,700	\$ 24,700
Tennis Subtotal:	\$ 33,036	\$ 119,512	\$ 126,412	\$ 132,812	\$ 132,812

Memorandum

APPENDIX A (cont.)

Concessions	\$	12,000	\$	51,304	\$	85,507	\$	114,010
Alcoholic Beverages	\$	2,000	\$	3,600	\$	6,000	\$	8,000
Concessions & Beer Sales	\$	14,000	\$	54,904	\$	91,507	\$	122,010
Daytime Programming	\$	-	\$	12,500	\$	25,000	\$	35,000
Daytime Programming	\$	-	\$	12,500	\$	25,000	\$	35,000
Parties/Rentals	\$	600	\$	1,800	\$	3,600	\$	3,600
Membership Fees	\$	2,400	\$	21,600	\$	28,800	\$	36,000
Rentals & Membership Fees	\$	3,000	\$	23,400	\$	32,400	\$	39,600
Batting Cages	\$	1,500	\$	3,075	\$	6,150	\$	12,300
HitTrax	\$	3,000	\$	6,150	\$	12,300	\$	24,600
Batting Cage Rentals	\$	4,500	\$	9,225	\$	18,450	\$	36,900
Exclusive Alcohol Sponsor	\$	1,250	\$	2,500	\$	3,000	\$	3,500
Sponsorships (Banner Sales)	\$	13,000	\$	20,000	\$	30,000	\$	40,000
Naming Rights	\$	-	\$	-	\$	-	\$	-
Tenant Leases	\$	-	\$	-	\$	-	\$	-
Sponsorships	\$	14,250	\$	22,500	\$	33,000	\$	43,500
Hotel Motel Tax	\$	30,000	\$	30,000	\$	30,000	\$	30,000
Food Beverage Tax	\$	24,500	\$	24,500	\$	24,500	\$	24,500
General Fund Transfer	\$	-	\$	-	\$	-	\$	-
Other Tax:	\$	54,500	\$	54,500	\$	54,500	\$	54,500
Total Revenue	\$	178,961	\$	394,765	\$	508,966	\$	626,934
EXPENDITURES								
Full Time Employees	\$	24,000	\$	49,440	\$	50,923	\$	52,451
Temporary Employees (front desk, camp, set up)	\$	22,500	\$	80,200	\$	85,400	\$	89,560
Concessions Employees	\$	4,500	\$	8,260	\$	13,300	\$	15,100
Contract Employee (Tennis Pro)	\$	27,000	\$	90,000	\$	90,000	\$	90,000
Referees	\$	3,000	\$	9,340	\$	18,675	\$	24,900
Instructors (clinics)	\$	2,000	\$	6,000	\$	6,000	\$	8,000
FULL-TIME EMPLOYEES-OVERTIME	\$	2,500	\$	2,500	\$	2,500	\$	2,500
PERA CONTRIBUTIONS	\$	3,000	\$	3,090	\$	3,183	\$	3,278
FICA CONTRIBUTIONS	\$	2,200	\$	2,266	\$	2,334	\$	2,404
HEALTH	\$	5,148	\$	17,160	\$	18,533	\$	20,015
LIFE	\$	50	\$	50	\$	50	\$	50
DISABILITY	\$	100	\$	100	\$	100	\$	100
VEBA	\$	1,150	\$	1,150	\$	1,150	\$	1,150
WORKER'S COMPENSATION	\$	5,500	\$	5,500	\$	5,500	\$	5,500
PERSONNEL SERVICES	\$	102,648	\$	275,056	\$	297,648	\$	315,009
CONCESSION MISC.	\$	4,000	\$	16,471	\$	25,625	\$	31,203
ALCOHOLIC BEVERAGES	\$	1,400	\$	2,520	\$	4,200	\$	5,600
CONCESSION % TO TOURNAMENT DIRECTOR	\$	3,050	\$	5,490	\$	9,150	\$	12,201
OTHER OFFICE SUPPLIES	\$	1,000	\$	1,000	\$	1,000	\$	1,000
TOURNAMENT/EVENT EXPENDITURES	\$	5,000	\$	10,000	\$	10,000	\$	20,000
PRINTED FORMS AND PAPER	\$	300	\$	600	\$	600	\$	600
CLEANING SUPPLIES	\$	1,000	\$	4,000	\$	4,000	\$	4,000
UNIFORM & CLOTHING ALLOWANCE	\$	200	\$	1,000	\$	1,000	\$	1,000
POSTAGE	\$	30	\$	30	\$	30	\$	30
BUILDING REPAIR SUPPLIES	\$	-	\$	5,000	\$	5,000	\$	5,000
LANDSCAPING MATERIALS	\$	-	\$	-	\$	2,500	\$	2,500
OTHER MAINTENANCE SUPPLIES	\$	5,000	\$	20,000	\$	20,000	\$	20,000
OTHER RENTALS	\$	-	\$	-	\$	-	\$	-
SUPPLIES	\$	20,980	\$	66,111	\$	83,105	\$	103,134
PROFESSIONAL SERVICES	\$	2,500	\$	3,500	\$	4,500	\$	5,500
IT, SOFTWARE AND EQUIPMENT	\$	6,400	\$	6,400	\$	6,400	\$	6,400
DUES AND SUBSCRIPTIONS	\$	1,200	\$	1,200	\$	1,200	\$	1,200

APPENDIX A (cont.)

TRAVEL EXPENSE	\$	1,200	\$	1,200	\$	1,200	\$	1,200
TELEPHONE	\$	1,500	\$	3,500	\$	3,500	\$	3,500
CELLULAR/RADIO TELEPHONE SERVICE	\$	150	\$	150	\$	150	\$	150
ELECTRIC/GAS UTILITIES	\$	26,000	\$	104,000	\$	104,000	\$	104,000
Cable Subscription	\$	3,600	\$	3,600	\$	3,600	\$	3,600
NON CAPITALIZED EQUIPMENT	\$	5,000	\$	10,000	\$	15,000	\$	15,000
REMIT STATE TAX	\$	3,500	\$	5,500	\$	5,500	\$	7,500
GENERAL LIABILITY	\$	200	\$	800	\$	800	\$	800
PROPERTY INSURANCE	\$	2,000	\$	12,000	\$	12,000	\$	12,000
MISCELLANEOUS	\$	1,000	\$	2,000	\$	2,000	\$	2,000
SERVICES AND CHARGES	\$	54,250	\$	153,850	\$	159,850	\$	162,850
CAPITAL RESERVE	\$	10,000	\$	20,000	\$	30,000	\$	40,000
TOTAL EXPENDITURES	\$	187,878	\$	515,017	\$	570,603	\$	620,993
REVENUES - EXPENDITURES	\$	(8,917)	\$	(120,252)	\$	(61,637)	\$	5,941

APPENDIX A (cont.)

N. Mankato Indoor Sports Center												
PROPOSED OPERATING STATEMENT ASSUMPTIONS												
July 13, 2019												
Year 1 assumption			Year 2 assumption			Year 3 assumption			Year 4 assumption			
RENTERS/PROGRAMS/FEES	Teams/H ours/#	Rate	Seasons/ weeks	Total	Teams/H ours/#	Rate	Seasons/ weeks	Total	Teams/H ours/#	Rate	Seasons/ weeks	Total
Mankato Basketball Association	480	\$ 33.00	1	\$ 15,840	480	\$ 33.00	1	\$ 15,840	480	\$ 33.00	1	\$ 15,840
Minnesota Rise (April/May)	280	\$ 33.00	1	\$ 9,240	280	\$ 33.00	1	\$ 9,240	280	\$ 33.00	1	\$ 9,240
Minnesota Rise (June/July)	107	\$ 33.00	1	\$ 3,531	107	\$ 33.00	1	\$ 3,531	107	\$ 33.00	1	\$ 3,531
Mankato Schools	60	\$ 33.00	1	\$ 1,980	60	\$ 33.00	1	\$ 1,980	60	\$ 33.00	1	\$ 1,980
Basketball Rentals	927				927				927			
Mankato Basketball Association Camps/Clinics	0	\$ 33.00	1	\$ -	65	\$ 75	1	\$ 4,875	65	\$ 75	1	\$ 4,875
Minnesota Rise Camps/Clinics	8	\$ 33.00	1	\$ 264	8	\$ 33.00	1	\$ 264	8	\$ 33.00	1	\$ 264
Instructional Classes	0	\$ 70.00	1	\$ -	65	\$ 70	1	\$ 4,550	165	\$ 70	1	\$ 11,550
Basketball Leagues/Clinics												
Adult League	4	\$ 500.00	2	\$ 4,000	4	\$ 500	2	\$ 4,000	4	\$ 500	2	\$ 4,000
Youth League	8	\$ 400.00	1	\$ 3,200	12	\$ 400	1	\$ 4,800	24	\$ 400	1	\$ 9,600
Open Gym	10	\$ 2.00	52	\$ 2,080	20	\$ 2.00	52	\$ 2,080	20	\$ 2.00	52	\$ 2,080
Mankato Basketball Association Tournaments	48	\$ 33.00	3	\$ 4,752	48	\$ 33	3	\$ 4,752	48	\$ 33	3	\$ 4,752
Minnesota Rise Tournaments	0	\$ 33.00	2	\$ -	48	\$ 33	1	\$ 1,584	48	\$ 33	1	\$ 1,584
MYASMSA tournaments gate fees	0	\$ 250.00	1	\$ -	404	\$ 10	3	\$ 12,120	589	\$ 10	3	\$ 17,670
Basketball Tournaments/Open Gym												
Basketball Subtotal:				\$ 12,992				\$ 33,956				\$ 39,786
MN Attack Practice Time Rental	144	\$ 33.00	1	\$ 4,752	144	\$ 33	1	\$ 4,752	144	\$ 33	1	\$ 4,752
Volleyball Rentals												
MN Attack Camp/Clinic Rental	72	\$ 33.00	1	\$ 2,376	72	\$ 33	1	\$ 2,376	72	\$ 33	1	\$ 2,376
Instructional Classes	0	\$ -	0	\$ -	30	\$ 33	1	\$ 990	60	\$ 33	1	\$ 1,980
Volleyball Leagues/Clinics												
Adult League	0	\$ 200.00	1	\$ -	21	\$ 200	1	\$ 4,200	42	\$ 400	1	\$ 16,800
Youth League	7	\$ 200.00	1	\$ 1,400	7	\$ 200	1	\$ 1,400	14	\$ 400	1	\$ 5,600
MN Attack Tournament Time Rental	100	\$ 33.00	1	\$ 3,300	100	\$ 33	1	\$ 3,300	125	\$ 33	1	\$ 4,125
Gate Fees	0	\$ -	2	\$ -	480	\$ 8	3	\$ 11,520	480	\$ 8	4	\$ 15,360
Volleyball Tournaments												
Volleyball Subtotal:				\$ 4,700				\$ 21,410				\$ 43,965
Tennis Rental (non-prime hours)												
Tennis Rental (prime hours)	690	\$ 13.04	1	\$ 8,998	2,765	\$ 13.04	1	\$ 36,056	2,765	\$ 13.04	1	\$ 36,056
Adult Lessons	797	\$ 17.15	1	\$ 13,669	3,488	\$ 17.15	1	\$ 59,674	3,488	\$ 17.15	1	\$ 59,674
K-6th Grade Programming	0	\$ 25.00	1	\$ -	100	\$ 25.00	1	\$ 2,500	100	\$ 25.00	1	\$ 2,500
7th-12th Grade Programming	0	\$ 85.00	1	\$ -	50	\$ 50.00	1	\$ 2,500	50	\$ 50.00	1	\$ 2,500
Tennis Lessons/Programming												
Mankato Area Public Boys Tennis Rentals	0	\$ 14.50	1	\$ -	162	\$ 14.50	1	\$ 2,349	162	\$ 14.50	1	\$ 2,349
Bethany Lutheran College Rentals	162	\$ 14.50	1	\$ 2,349	72	\$ 18.00	1	\$ 1,296	72	\$ 18.00	1	\$ 1,296
Bethany Lutheran College Duals/Tri	72	\$ 18.00	1	\$ 1,296	254	\$ 15	1	\$ 3,813	254	\$ 15	1	\$ 3,813
Minnesota State University Rentals	254	\$ 14.50	1	\$ 3,683	144	\$ 18.00	1	\$ 2,592	144	\$ 18.00	1	\$ 2,592
Additional College Neutral Site Rentals	144	\$ 18.00	1	\$ 2,592	40	\$ 40	4	\$ 1,600	40	\$ 40	4	\$ 1,600
Tennis Institutional Rentals												
Pickleball Tournaments	0	\$ 60.00	1	\$ -	40	\$ 40	8	\$ 3,200	40	\$ 40	8	\$ 3,200
Pro Shop Sales	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -
Pickleball, Pro Shop, other Tournaments												
Tennis Subtotal:				\$ 7,237				\$ 17,320				\$ 23,720
Concessions												
Alcoholic Beverages												
Daytime programming					25	\$ 50	10	\$ 1,250	25	\$ 50	20	\$ 2,500
Parties/Rentals	4	\$ 150.00	1	\$ 600	12	\$ 150	1	\$ 1,800	24	\$ 150	1	\$ 3,600
Membership Fees	30	\$ 20.00	4	\$ 2,400	90	\$ 20	12	\$ 2,160	120	\$ 20	12	\$ 2,400
Membership Fees												
Batting Cages	100	\$ 15.00	1	\$ 1,500	205	\$ 15	1	\$ 3,075	410	\$ 15	1	\$ 6,150
HIT/Box	100	\$ 30.00	1	\$ 3,000	205	\$ 30	1	\$ 6,150	410	\$ 30	1	\$ 12,300
Batting Cage Rentals												
Subtotal:												
Total:												

Memorandum

APPENDIX A (cont.)

NORTH MANKATO INDOOR SPORTS CENTER						
Staff Estimated Tennis Center Utilization (Prime & Non Prime Hours)						
TABLE A.						
Fall/Winter Rental/Lesson Hours (28 available weeks*)						
	Available	est. %	#	Rate	Fall/Winter	
	Court Hours	Utilization	Hours		Rev.	Comments
Subprime Hours (\$14.50/hr M-F, 7am - 3pm)	6,720	17%	1109	\$ 14.50	\$ 16,078	6 courts, 8 hours, 5 days, 28 week
Subprime Block Renters (\$20/wk 6wk blocks)			576	\$ 11.00	\$ 6,336	12 players, 24 weeks, \$20 per week
Prime Hours (\$18/hr M-F 6-9p)	2,520	50%	1260	\$ 18.00	\$ 22,680	6 courts, 3 hours, 5 days, 28 weeks
Saturday - tournaments/club matches	1,344	50%	672	\$ 14.50	\$ 9,744	6 courts, 8 hours, 1 day, 28 weeks
Prime Hours (\$18/hr Sun 11a-9p)	1,680	50%	840	\$ 18.00	\$ 15,120	6 courts, 10 hours, 1 day, 28 weeks
Fall/Winter Season subtotal	12,264	36%	4,457		\$69,958	
Spring/Summer Rental (21 available weeks)						
	Available	est. %	#	Rate	Fall/Winter	
	Court Hours	Utilization	Hours		Rev.	Comments
Subprime Hours (\$14.50/hr M-F, 7am - 3pm)	5,040	10%	504	\$ 14.50	\$ 7,308	6 courts, 8 hours, 5 days, 21 week
Subprime Block Renters (\$20/wk 6wk blocks)			576	\$ 11.00	\$ 6,336	12 players, 24 weeks, \$20 per week
Prime Hours (\$18/hr M-F 6-9p)	1,890	10%	189	\$ 18.00	\$ 3,402	6 courts, 3 hours, 5 days, 21 weeks
Saturday - tournaments/club matches	1,008	10%	101	\$ 14.50	\$ 1,462	6 courts, 8 hours, 1 day, 21 weeks
Prime Hours (\$18/hr Sun 11a-9p)	1,260	10%	126	\$ 18.00	\$ 2,268	6 courts, 10 hours, 1 day, 21 weeks
Total Hrs. Available	9,198	16%	1,496		\$ 20,776	\$13.89
Yearly Total (49 weeks)						
	Available	est. %	#	Rate	Fall/Winter	
	Court Hours	Utilization	Hours		Rev.	Comments
Subprime Hours (\$14.50/hr M-F, 7am - 3pm)	11,760	14%	1,613	\$ 14.50	\$ 23,386	
Subprime Weekly Renters (\$20/wk 6wk blocks)			1,152	\$ 11.00	\$ 12,672	
<i>Subprime Subtotal</i>	<i>11,760</i>	<i>24%</i>	<i>2,765</i>	<i>\$ 13.04</i>	<i>\$ 36,058</i>	
Prime Hours (\$18/hr M-F 6-9p)	4,410	33%	1,449	\$ 18.00	\$ 26,082	
Saturday - tournaments/club matches	2,352	33%	773	\$ 14.50	\$ 11,206	
Prime Hours (\$18/hr Sun 11a-9p)	2,940	33%	966	\$ 18.00	\$ 17,388	
<i>Prime Subtotal</i>	<i>9,702</i>	<i>33%</i>	<i>3,188</i>	<i>\$ 17.15</i>	<i>\$ 54,676</i>	
Yearly Tennis Rental Revenue	21,462	28%	5,953		\$ 90,733	\$15.24



Memorandum

APPENDIX A (cont.)

NORTH MANKATO INDOOR SPORTS CENTER				
Tennis Association Estimated Tennis Center Utilization (Prime & Non Prime Hours)				
TABLE B.				
Fall/Winter Rental/Lesson Hours (24 available weeks*)				
	Court Hours Available*	Target %	Hours Used	Fall/Winter
Subprime Hours (\$15/hr M-F, 7am - 3pm)	5,760	50.00%	2,880	\$43,200.00
subprime Weekly Renters (\$20/wk 6wk blocks)	24 wks	12 people		\$5,760.00
Prime Hours (\$18/hr M-F 6-9p)	2,160	85.00%	1,836	\$33,048.00
Prime Hours (\$18/hr Sun 11a-9p)	1,440	65.00%	936	\$16,848.00
Saturday - tournaments/club matches	1,152	75.00%	864	\$12,960.00
Total Hrs. Available				
Fall/Winter Season subtotal	10,512		6,516	\$111,816.00
Spring/Summer Rental/Lesson Hours (25 available weeks)				
	Court Hours Available*	Target %	Hours Used	Summer
Subprime Hours (\$15/hr M-F, 7am - 3pm)	6,000	10.00%	600	\$9,000.00
subprime Weekly Renters (\$20/wk 6wk blocks)	25 wks	6 people		\$3,000.00
Prime Hours (\$18/hr M-F 6-9p)	2,250	10.00%	225	\$4,050.00
Prime Hours (\$18/hr Sun 11a-9p)	1,500	10.00%	150	\$2,700.00
Saturday - tournaments/club matches	1,400	65.00%	910	\$13,650.00
Spring/Summer Season subtotal	11,150		1,885	\$32,400.00
Total Year Projected Total	21,662		8,401	\$ 144,216.00



Memorandum

APPENDIX A (cont.)

NORTH MANKATO INDOOR SPORTS CENTER						
Pickleball Association Estimate of Facility Utilization						
Total Year Estimate (49 available weeks)						
TABLE C						
	Available	est. %	#	Fall/Winter		
	Court Hours	Utilization	Hours	Rate	Rev.	Comments
Subprime Hours (\$14.50/hr M-F, 7am - 3pm)	13,440	13%	1680	\$ 8.00	\$ 13,440	12 courts, 8 hours, 5 days, 28 week
Prime Hours (\$18/hr M-F 6-9p)	5,040	11%	560	\$ 12.00	\$ 6,720	12 courts, 3 hours, 5 days, 28 weeks
Prime Hours (\$18/hr Sun 11a-9p)	3,360	7%	224	\$ 12.00	\$ 2,688	6 courts, 10 hours, 1 day, 28 weeks
Fall/Winter Season subtotal	21,840	11%	2,464		\$22,848	\$9.27
Pickleball members (175), 300 on mailing list	Estimate 18 hours of play per year for members					

APPENDIX A (cont.)

City of Owatonna Summary Budget Comparison by Department

Account Number	Account Name	2016 Actual	2016 Budget	2017 Actual	2017 Budget	06/30/18 YTD	2018 Budget	2019 Budget
DEPT 514: TENNIS AND FITNESS CENTER								
Charges for Services		228,942	230,650	283,179	266,650	164,300	253,050	265,100
Miscellaneous		1,500	1,000	1,755	1,000	84	1,000	0
Total Revenues		230,442	231,650	284,934	267,650	164,384	254,050	265,100
FT Wages		35,504	41,983	31,625	44,088	22,538	43,096	45,958
PT/Seasonal Wages		89,726	77,260	102,344	86,535	54,572	90,887	87,865
OT/Holiday/Other		236	0	0	0	0	0	0
Benefits		22,035	22,385	23,629	25,090	13,345	24,152	23,516
PERSONAL SERVICES		147,501	141,628	157,598	155,713	90,455	158,135	157,339
Supplies		13,075	21,850	13,757	15,400	6,453	13,900	11,950
Repair Supplies		7,957	4,250	3,149	4,750	9,466	4,750	3,750
Small Tools & Equipment		8,111	6,500	6,240	6,500	5,130	16,500	16,500
Concession Supplies		1,381	2,500	1,199	2,250	943	2,000	1,500
SUPPLIES		30,524	35,100	24,345	28,900	21,992	37,150	33,700
Professional Services		63,384	75,920	110,264	87,675	50,867	84,825	92,900
Communication		4,783	6,600	7,149	7,050	3,594	7,050	7,400
Vehicle, Travel & Training		314	1,150	712	1,300	134	1,000	950
Advertising & Promotion		323	2,600	898	2,600	137	2,600	2,600
Printing		0	0	0	0	0	0	400
Memberships & Subscriptions		2,652	2,225	1,979	2,225	509	2,225	1,800
Insurance		3,237	3,200	2,700	2,700	1,650	2,200	3,400
Licenses & Inspections		475	525	475	525	520	525	525
Repairs		1,051	1,150	1,819	2,650	1,251	2,650	2,400
Rents/Leases		0	50	0	50	0	0	0
Other Services & Charges		1,159	3,150	1,105	3,100	422	1,400	1,200
OTHER SERVICES & CHARGES		77,378	96,570	127,101	109,875	59,084	104,475	113,575
Total Expenditures		255,403	273,298	309,044	294,488	171,531	299,760	304,614
Net Revenue		-24,961	-41,648	-24,110	-26,838	-7,147	-45,710	-39,514
Total for DEPT 514: TENNIS AND FITNESS CENTER		-24,961	-41,648	-24,110	-26,838	-7,147	-45,710	-39,514

APPENDIX A (cont.)

DEPT 514: TENNIS AND FITNESS CENTER		Personnel		City of Owatonna Personnel & Items of Significance		Items of Significance	
Position	2018	2019	Current Rate	Budgeted Total	Charges for Services		
Recreation Manager	1.00	1.00	\$79,102	\$82,530	Tennis Pro Shop Sales		\$4,200
Permanent FT: Recreation Facility Asst. (1 @ 70%)	0.70	0.70	20.49/hr	31,165	Tennis Instruction		70,000
Seasonal:					Tennis All Other		46,500
Guest Services	27.00	27.00	\$9.65-11.00/hr	\$27,000	Court Fee		18,000
Water Aerobics	7.00	7.00	12.00-13.50/hr	16,300	Fitness Center		92,000
Lifeguards	30.00	30.00	11.00-12.00/hr	13,400	Aquatics		500
				\$87,865	Water Aerobics		18,000
					Professional Services		
					Tennis Instruction		59,500
					Tennis Pro contract		30,000

* FT wages include allocations from other departments

APPENDIX A (cont.)

CITY OF OWATONNA
FULL TIME PERSONNEL REQUESTS
FOR PERIOD 2010 THRU 2019

General Fund	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
City Administration	7.0	7.0	7.0	8.0	8.0	9.0	9.0	9.0	9.0	9.0
Police Department	36.0	38.0	38.0	38.0	41.0	40.0	40.0	40.0	40.0	41.0
Fire Department	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Building Inspection	5.0	4.0	4.0	4.0	4.0	3.0	3.0	4.0	4.0	4.0
Planning & Zoning	3.0	3.0	3.0	3.0	3.0	4.0	4.0	4.0	4.0	4.0
Engineering Department	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Street Department	17.5	17.5	16.5	17.0	17.0	17.0	17.0	17.0	18.0	18.0
Library	10.0	10.0	10.0	10.0	9.0	9.0	8.0	7.0	7.0	7.0
Park & Rec Admin	4.0	4.0	4.0	4.0	5.0	4.0	4.0	4.0	4.0	4.0
Park Maintenance	8.5	8.5	8.5	8.2	8.6	8.6	8.6	8.6	8.0	8.0
Youth Recreation									1.0	1.0
Tennis Center	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Senior Place	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Golf	1.0	1.0	1.0	1.8	1.4	1.4	1.4	1.4	1.0	1.0
Airport	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Government Buildings	8.0	8.0	8.0	7.0	8.0	8.0	8.0	7.0	7.0	7.0
Sub Total	120.0	121.0	120.0	121.0	125.0	124.0	123.0	122.0	123.0	124.0
Other Funds										
H R A	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Storm Water Fund										
WWTP Operations	10.0	10.0	9.0	9.0	9.0	9.0	9.0	10.0	10.0	10.0
Total All Funds	131.0	132.0	131.0	132.0	136.0	135.0	134.0	134.0	135.0	136.0

Memorandum

APPENDIX A (cont.)

CITY OF OWATONNA
FULL TIME PERSONNEL WAGES
FOR PERIOD 2010 THRU 2019

General Fund	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
City Administration	390,543	387,967	391,917	468,183	529,969	592,345	617,263	744,037	771,122	809,544
Police Department	2,055,886	2,166,477	2,191,374	2,248,020	2,344,162	2,399,973	2,525,439	2,672,691	2,767,110	2,928,628
Fire Department	545,329	545,330	550,785	563,248	570,292	580,488	604,072	648,133	674,696	700,041
Building Inspection	295,553	236,166	237,317	238,244	245,385	205,488	212,199	279,869	291,769	309,156
Planning & Zoning	112,532	112,532	99,290	104,333	96,623	160,821	169,821	184,273	176,858	189,960
Engineering Department	359,519	359,519	345,965	348,995	356,580	394,476	414,329	444,223	456,125	468,516
Street Department	885,268	885,830	849,213	867,101	902,254	932,801	952,494	1,037,848	1,126,243	1,176,074
Library	622,082	622,082	628,299	642,730	571,702	603,824	571,618	530,681	556,464	583,064
Park & Rec Admin	117,516	125,695	126,947	129,820	141,526	113,892	115,752	151,667	170,274	169,699
Park Maintenance	377,312	377,873	376,132	385,496	376,314	389,811	402,851	428,111	414,821	510,864
Recreation - Adult	39,888	39,888	40,285	41,196	43,617	46,972	46,519	38,328	32,346	34,400
Recreation - Youth	83,930	74,351	75,417	77,457	113,039	97,613	90,844	83,304	144,492	154,102
Tennis Center	34,892	37,126	38,404	40,201	40,923	38,922	40,353	44,088	43,096	45,958
Senior Place	61,146	61,146	61,757	63,154	38,218	47,607	49,824	54,571	39,956	42,717
Aquatic Center							9,240	10,097	21,494	22,952
Golf	81,788	81,788	85,107	101,372	95,360	98,231	119,113	134,390	100,531	115,999
Airport	63,925	63,925	64,564	67,484	68,326	70,383	72,494	79,042	82,776	88,350
Government Buildings	381,855	381,855	385,930	355,592	409,606	423,438	432,958	359,846	374,931	398,644
Sub Total	6,508,964	6,559,550	6,548,703	6,742,626	6,943,896	7,197,086	7,447,183	7,925,199	8,245,104	8,748,668
Other Funds										
H R A	86,384	86,384	79,268	82,102	88,061	90,870	93,648	102,154	107,734	111,347
Economic Development Fund	33,099	33,099	36,476	38,625	42,361	43,874	45,268	49,368	59,988	65,063
WWTF Fund	507,215	507,215	456,946	461,836	461,912	477,152	491,331	598,507	614,555	637,583
Storm Water Fund		81,499	81,499	93,296	95,589	67,429	71,072	79,313	82,993	88,586
Aquatic Center		6,920	7,174	7,524	8,312	8,907	0	0	0	0
Payroll Reserves	50,000	50,000	0	0	0	0	0	0	0	0
Total All Funds	7,185,662	7,243,168	7,210,066	7,426,009	7,640,131	7,885,318	8,148,502	8,754,541	9,110,374	9,651,247

APPENDIX A (cont.)

CITY OF OWATONNA
PART TIME PERSONNEL WAGES
FOR PERIOD 2010 THRU 2019

General Fund	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Mayor & Council	61,200	61,200	61,200	61,200	61,200	67,800	67,800	67,800	67,800	72,600
City Administration	24,180	14,813	27,524	0	26,500	17,907	50,202	43,038	71,556	53,086
Police Department	169,795	35,000	62,394	63,806	64,606	93,980	99,087	111,321	112,690	86,803
Fire Department	71,652	71,652	71,652	71,652	76,078	76,078	76,078	74,426	76,000	78,000
Building Inspection						32,894	34,819			
Planning & Zoning	4,750	4,750		5,000	5,000	14,000	12,500	12,500	12,500	11,000
Engineering Department	15,000		12,000	14,000	8,000	8,000	8,000	8,000	8,000	8,000
Street Department	103,554	90,122	91,275	92,343	154,188	170,608	224,817	283,156	289,144	289,958
Library	28,987	25,987	26,234	26,799	13,419	17,591	42,208	54,360	56,884	57,176
Park & Rec Admin	204,941	204,941	179,221	203,207	178,227	183,193	185,669	195,495	209,600	153,379
Park Maintenance	24,915	24,015	22,588	23,855	19,991	21,153	18,728	22,448	14,790	14,790
Recreation - Adult	138,079	122,514	120,286	121,639	71,988	121,806	112,056	112,067	57,525	86,589
Recreation - Youth	75,300	73,300	73,700	73,700	71,726	71,193	76,000	86,535	90,887	87,865
Tennis Center	16,000	9,000	9,000	9,000	12,000	12,000	9,000	15,958	9,000	7,500
Senior Place										
Aquatic Center										
Golf	173,101	173,101	173,849	174,116	168,075	170,420	176,615	159,421	152,357	117,456
Airport					11,105	13,500	13,500	21,129	22,098	23,510
Government Buildings	118,308	118,308	116,876	95,723	45,229	47,990	49,989	86,069	96,269	102,718
Sub Total	1,229,762	1,028,703	1,047,799	1,036,040	987,332	1,140,113	1,362,068	1,475,681	1,465,100	1,366,930
Other Funds										
Aquatic Center	149,500	137,500	101,300	97,500	92,000	95,000				
H R A										
Economic Development Fund										
WWTP Operations	17,500	17,500	17,500	17,500	14,000	9,000	5,000	5,000	5,000	5,000
Total All Funds	1,396,762	1,183,703	1,166,599	1,151,040	1,093,332	1,244,113	1,367,068	1,480,681	1,470,100	1,371,930

APPENDIX A (cont.)

City of Owatonna Summary Budget Comparison by Program

Account Number	Account Name	2016 Actual	2016 Budget	2017 Actual	2017 Budget	06/30/18 YTD	2018 Budget	2019 Budget
DEPT 514: TENNIS AND FITNESS CENTER								
PROG 540: TENNIS AND FITNESS CENTER								
Charges for Services		6,672	7,000	6,551	7,000	4,166	7,000	7,000
Miscellaneous		0	500	250	500	63	500	0
Total Revenues		6,672	7,500	6,801	7,500	4,229	7,500	7,000
PERSONAL SERVICES								
FT Wages		34,363	41,983	30,637	44,088	22,538	43,096	45,958
PT/Seasonal Wages		20,949	0	102,344	86,535	54,204	90,887	87,865
OT/Holiday/Other		236	0	0	0	0	0	0
Benefits		13,013	11,944	23,629	25,090	13,345	24,152	23,516
Supplies		4,365	5,700	5,491	5,700	2,900	5,700	5,000
Repair Supplies		0	0	726	0	0	0	0
SUPPLIES		4,365	5,700	6,217	5,700	2,900	5,700	5,000
Professional Services		37	0	46	0	156	0	0
Communication		3,028	5,650	6,850	6,100	3,405	6,250	6,700
Vehicle, Travel & Training		314	1,150	712	1,300	134	1,000	950
Advertising & Promotion		69	0	759	0	137	0	2,600
Memberships & Subscriptions		190	225	191	225	197	225	350
Licenses & Inspections		475	525	475	525	520	525	525
Repairs		0	400	0	400	0	400	0
Other Services & Charges		1,159	3,150	1,105	3,100	422	1,400	1,200
OTHER SERVICES & CHARGES		5,272	11,100	10,138	11,650	4,971	9,800	12,325
Total Expenditures		78,198	70,727	172,965	173,063	97,958	173,635	174,664
Net Revenue		-71,526	-63,227	-166,164	-165,563	-93,729	-166,135	-167,664
Total for PROG 540: TENNIS AND FITNESS CENTER		-71,526	-63,227	-166,164	-165,563	-93,729	-166,135	-167,664

APPENDIX A (cont.)

City of Owatonna Summary Budget Comparison by Program

Account Number	Account Name	2016 Actual	2016 Budget	2017 Actual	2017 Budget	06/30/18 YTD	2018 Budget	2019 Budget
PROG 544: TENNIS-PRO SHOP,INSTR,USER FEE								
Charges for Services		102,061	111,750	152,605	146,000	90,647	127,900	138,700
Miscellaneous		1,500	500	1,505	500	21	500	0
Total Revenues		103,561	112,250	154,110	146,500	90,668	128,400	138,700
<hr/>								
Supplies		4,207	11,500	5,110	4,500	2,071	3,000	3,000
Repair Supplies		475	1,050	995	1,550	8,558	1,550	1,550
SUPPLIES		4,682	12,550	6,105	6,050	10,629	4,550	4,550
Professional Services		59,348	74,645	106,490	84,700	49,330	81,000	89,500
Communication		745	450	2	450	0	250	150
Advertising & Promotion		132	1,300	70	1,300	0	1,300	0
Memberships & Subscriptions		745	500	60	500	24	500	250
Repairs		383	250	378	250	347	250	400
OTHER SERVICES & CHARGES		61,353	77,145	107,000	87,200	49,701	83,300	90,300
Total Expenditures		66,035	89,695	113,105	93,250	60,330	87,850	94,850
Net Revenue		37,526	22,555	41,005	53,250	30,338	40,550	43,850
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Total for PROG 544: TENNIS-PRO SHOP,INSTR,USER FEE		37,526	22,555	41,005	53,250	30,338	40,550	43,850

Memorandum

APPENDIX B

N. Mankato Indoor Sports Center				
4-Year Pro Forma Financial Operating Projections				
	2020	2021	2022	2023
Sales Forecast:				
Basketball	\$6,770	\$32,960	\$50,840	\$64,440
Volleyball	\$4,950	\$15,180	\$18,480	\$21,780
Tennis	\$8,578	\$26,352	\$35,640	\$44,802
Futsal	\$3,850	\$17,950	\$25,650	\$31,150
Speed & Agility Training	\$0	\$14,320	\$16,320	\$16,320
Other Income:				
Early Childhood Development	\$4,800	\$12,300	\$16,200	\$16,200
Parties	\$0	\$13,650	\$18,200	\$18,200
Café	\$1,707	\$30,635	\$42,957	\$50,394
Membership Fees	\$3,000	\$3,000	\$3,000	\$3,000
Tenants	\$0	\$0	\$0	\$0
Partnerships Cash	\$0	\$25,000	\$50,000	\$75,000
Partnerships Trade	\$0	\$0	\$0	\$0
Miscellaneous Income	\$85	\$511	\$716	\$840
Total Revenue	\$33,740	\$191,857	\$278,003	\$342,126
Expenses:				
Facility Location Sign	\$0	\$0	\$0	\$0
Flyer/Brochures & Design	\$0	\$0	\$0	\$0
Misc Pre Opening	\$0	\$0	\$0	\$0
ISP Design/Domain Names	\$0	\$0	\$0	\$0
Logo, Letterhead, Business Cards, etc	\$0	\$0	\$0	\$0
Corporate Sales Materials / Leave Behinds	\$0	\$0	\$0	\$0
Ground Breaking Expenses	\$0	\$0	\$0	\$0
Publicity Materials / Press Kits	\$0	\$0	\$0	\$0
TV & Audio Equipment	\$0	\$0	\$0	\$0
Consulting Fees	\$0	\$0	\$0	\$0
Legal Costs	\$0	\$0	\$0	\$0
Marketing Costs	\$10,000	\$24,000	\$24,000	\$24,000
Telecommunications	\$0	\$0	\$0	\$0
Postage	\$0	\$0	\$0	\$0
Accounting/Payroll Services	\$0	\$0	\$0	\$0
Bank Charges	\$94	\$728	\$1,001	\$1,161
Food and Beverages COGS (Café Cogs)	\$512	\$9,190	\$12,887	\$15,118
Parties COGS	\$0	\$4,095	\$5,460	\$5,460
Cleaning Services	\$2,250	\$9,000	\$9,000	\$9,000
Computer Services	\$0	\$0	\$0	\$0
Dues & Subscriptions	\$0	\$0	\$0	\$0
Equipment R & M	\$0	\$0	\$0	\$0
Food/Drink Comped	\$0	\$0	\$0	\$0
Licenses & Fees	\$0	\$0	\$0	\$0
Meals & Entertainment	\$0	\$0	\$0	\$0
Office Supplies	\$0	\$0	\$0	\$0
Sanitation	\$0	\$0	\$0	\$0
Satellite TV Service	\$900	\$3,600	\$3,600	\$3,600
Supplies-Other	\$2,500	\$10,000	\$10,000	\$10,000
Internet Expenses	\$0	\$0	\$0	\$0
Travel & Lodging	\$0	\$0	\$0	\$0
Other-Misc	\$0	\$0	\$0	\$0
Operating Loan Interest	\$0	\$0	\$0	\$0
Misc Expense Sub-Total:	\$16,256	\$60,614	\$65,948	\$68,339
Facility Lease	\$0	\$0	\$0	\$0
Building Repair & Maintenance	\$1,500	\$6,000	\$6,000	\$6,000
Facility P & E	\$0	\$0	\$0	\$0
Landscape Maintenance	\$600	\$2,500	\$2,500	\$2,500
Insurance-P & L	\$3,000	\$12,000	\$12,000	\$12,000
Utilities	\$52,800	\$105,600	\$105,600	\$105,600
Property Taxes	\$0	\$0	\$0	\$0
Facility Expense Sub-total:	\$57,900	\$126,100	\$126,100	\$126,100
Payroll-Permanent	\$36,667	\$110,000	\$110,000	\$110,000
Payroll-Incentive	\$4,950	\$16,500	\$16,500	\$16,500
Payroll-Instructors	\$280	\$4,996	\$5,876	\$6,016
Payroll-Part time	\$1,472	\$11,597	\$16,153	\$19,677
Payroll-Referees/Officials	\$551	\$4,187	\$6,064	\$7,720
Payroll-Taxes	\$6,590	\$17,171	\$17,824	\$18,263
Tournament Expenses	\$0	\$1,728	\$2,328	\$2,928
Insurance-Health	\$0	\$0	\$0	\$0
Personnel Expense Sub-total:	\$50,510	\$166,179	\$174,745	\$181,104
Total Expenses:	\$124,667	\$352,893	\$366,793	\$375,543
Annual Operating Profit/Loss:	(\$90,926)	(\$161,035)	(\$88,790)	(\$33,418)

Memorandum

APPENDIX B (continued)

N. Mankato Indoor Sports Center				
3-Year Pro Forma Financial Model "High"				
	2021	2022	2023	
Sales Forecast:				
Basketball	\$31,410	\$62,820	\$78,525	
Volleyball	\$24,348	\$48,696	\$60,870	
Tennis	\$17,413	\$34,826	\$43,532	
Futsal	\$1,280	\$2,560	\$3,200	
Speed & Agility Training	\$3,200	\$6,400	\$8,000	
Other Income:				
Early Childhood Development	\$0	\$0	\$0	
Parties	\$3,360	\$6,720	\$8,400	
Café	\$48,804	\$97,608	\$122,010	
Membership Fees	\$1,200	\$2,400	\$3,000	
Tenants	\$0	\$0	\$0	
Sponsorships Cash	\$46,000	\$92,000	\$115,000	
Sponsorships Trade	\$0	\$0	\$0	
Miscellaneous Income	\$61,592	\$123,184	\$153,980	
Total Revenue	\$238,607	\$477,214	\$596,517	
Expenses:				
Facility Location Sign	\$0	\$0	\$0	
Flyer/Brochures & Design	\$0	\$0	\$0	
Misc Pre Opening	\$0	\$0	\$0	
ISP Design/Domain Names	\$0	\$0	\$0	
Logo, Letterhead, Business Cards, etc	\$0	\$0	\$0	
Corporate Sales Materials / Leave Behinds	\$0	\$0	\$0	
Ground Breaking Expenses	\$0	\$0	\$0	
Publicity Materials / Press Kits	\$0	\$0	\$0	
TV & Audio Equipment	\$0	\$0	\$0	
Consulting Fees	\$0	\$0	\$0	
Legal Costs	\$0	\$0	\$0	
Marketing Costs	\$0	\$0	\$0	
Telecommunications	\$3,648	\$3,648	\$3,648	
Postage	\$30	\$30	\$30	
Accounting/Payroll Services	\$34,392	\$34,392	\$34,392	
Bank Charges	\$0	\$0	\$0	
Food and Beverages COGS (Café Cogs)	\$22,240	\$44,480	\$55,600	
Parties COGS	\$0	\$0	\$0	
Cleaning Services	\$4,992	\$4,992	\$4,992	
Computer Services	\$0	\$0	\$0	
Dues & Subscriptions	\$1,200	\$1,200	\$1,200	
Equipment R & M	\$15,000	\$15,000	\$15,000	
Food/Drink Comped	\$0	\$0	\$0	
Licenses & Fees	\$0	\$0	\$0	
Meals & Entertainment	\$8,000	\$16,000	\$20,000	
Office Supplies	\$600	\$600	\$600	
Sanitation	\$0	\$0	\$0	
Satellite TV Service	\$3,600	\$3,600	\$3,600	
Supplies-Other	\$9,600	\$19,200	\$24,000	
Internet Expenses	\$0	\$0	\$0	
Travel & Lodging	\$1,200	\$1,200	\$1,200	
Other-Misc	\$3,996	\$3,996	\$3,996	
Operating Loan Interest	\$0	\$0	\$0	
Misc Expense Sub-Total:	\$108,498	\$148,338	\$168,258	
Facility Lease	\$0	\$0	\$0	
Building Repair & Maintenance	\$4,992	\$4,992	\$4,992	
Facility P & E	\$99,996	\$99,996	\$99,996	
Landscape Maintenance	\$2,496	\$2,496	\$2,496	
Insurance--P & L	\$12,000	\$12,000	\$12,000	
Utilities	\$105,600	\$105,600	\$105,600	
Property Taxes	\$8,300	\$8,300	\$8,300	
Facility Expense Sub-total:	\$233,384	\$233,384	\$233,384	
Payroll--Permanent	\$50,500	\$50,500	\$50,500	
Payroll--Incentive	\$0	\$0	\$0	
Payroll--Instructors	\$3,200	\$6,400	\$8,000	
Payroll--Parttime Sports	\$33,200	\$66,400	\$83,000	
Payroll--Referees/Officials	\$4,800	\$9,600	\$12,000	
Payroll--Taxes	\$0	\$0	\$0	
Tournament Expenses	\$0	\$0	\$0	
Insurance--Health	\$22,000	\$22,000	\$22,000	
Personnel Expense Sub-total:	\$113,700	\$154,900	\$175,500	
Total Expenses:	\$455,582	\$536,622	\$577,142	
Annual Operating Profit/Loss:	(\$216,975)	(\$59,408)	\$19,375	

Memorandum

APPENDIX B (cont.)

N. Mankato Indoor Sports Center				
3-Year Pro Forma Financial Model "Consensus"				
		2021	2022	2023
Sales Forecast:				
	Basketball	\$29,616	\$59,233	\$74,041
	Volleyball	\$16,620	\$33,240	\$41,550
	Tennis	\$17,418	\$34,836	\$43,545
	Futsal	\$640	\$1,280	\$1,600
	Speed & Agility Training	\$3,200	\$6,400	\$8,000
Other Income:				
	Early Childhood Development	\$0	\$0	\$0
	Parties	\$3,360	\$6,720	\$8,400
	Café	\$48,604	\$97,608	\$122,010
	Membership Fees	\$1,200	\$2,400	\$3,000
	Tenants	\$0	\$0	\$0
	Sponsorships Cash	\$36,000	\$72,000	\$90,000
	Sponsorships Trade	\$0	\$0	\$0
	Miscellaneous Income	\$55,474	\$110,949	\$138,686
Total Revenue		\$212,333	\$424,666	\$530,832
Expenses:				
	Facility Location Sign	\$0	\$0	\$0
	Flyer/Brochures & Design	\$0	\$0	\$0
	Misc Pre Opening	\$0	\$0	\$0
	ISP Design/Domain Names	\$0	\$0	\$0
	Logo, Letterhead, Business Cards, etc	\$0	\$0	\$0
	Corporate Sales Materials / Leave Behinds	\$0	\$0	\$0
	Ground Breaking Expenses	\$0	\$0	\$0
	Publicity Materials / Press Kits	\$0	\$0	\$0
	TV & Audio Equipment	\$0	\$0	\$0
	Consulting Fees	\$0	\$0	\$0
	Legal Costs	\$0	\$0	\$0
	Marketing Costs	\$0	\$0	\$0
	Telecommunications	\$3,648	\$3,648	\$3,648
	Postage	\$30	\$30	\$30
	Accounting/Payroll Services	\$34,392	\$34,392	\$34,392
	Bank Charges	\$0	\$0	\$0
	Food and Beverages COGS (Café Cogs)	\$22,240	\$44,480	\$55,600
	Parties COGS	\$0	\$0	\$0
	Cleaning Services	\$4,992	\$4,992	\$4,992
	Computer Services	\$0	\$0	\$0
	Dues & Subscriptions	\$1,200	\$1,200	\$1,200
	Equipment R & M	\$15,000	\$15,000	\$15,000
	Food/Drink Comped	\$0	\$0	\$0
	Licenses & Fees	\$0	\$0	\$0
	Meals & Entertainment	\$8,000	\$16,000	\$20,000
	Office Supplies	\$600	\$600	\$600
	Sanitation	\$0	\$0	\$0
	Satellite TV Service	\$3,600	\$3,600	\$3,600
	Supplies-Other	\$9,600	\$19,200	\$24,000
	Internet Expenses	\$0	\$0	\$0
	Travel & Lodging	\$1,200	\$1,200	\$1,200
	Other-Misc	\$3,996	\$3,996	\$3,996
	Operating Loan Interest	\$0	\$0	\$0
Misc Expense Sub-Total:		\$108,498	\$148,338	\$168,258
	Facility Lease	\$0	\$0	\$0
	Building Repair & Maintenance	\$4,992	\$4,992	\$4,992
	Facility P & E	\$99,996	\$99,996	\$99,996
	Landscape Maintenance	\$2,496	\$2,496	\$2,496
	Insurance--P & L	\$12,000	\$12,000	\$12,000
	Utilities	\$105,600	\$105,600	\$105,600
	Property Taxes	\$8,300	\$8,300	\$8,300
Facility Expense Sub-total:		\$233,384	\$233,384	\$233,384
	Payroll--Permanent	\$50,500	\$50,500	\$50,500
	Payroll--Incentive	\$0	\$0	\$0
	Payroll--Instructors	\$3,200	\$6,400	\$8,000
	Payroll--Parttime Sports	\$33,200	\$66,400	\$83,000
	Payroll--Referees/Officials	\$4,800	\$9,600	\$12,000
	Payroll--Taxes	\$0	\$0	\$0
	Tournament Expenses	\$0	\$0	\$0
	Insurance--Health	\$22,000	\$22,000	\$22,000
Personnel Expense Sub-total:		\$113,700	\$154,900	\$175,500
Total Expenses:		\$455,582	\$536,622	\$577,142
Annual Operating Profit/Loss:		(\$243,249)	(\$111,956)	(\$46,310)

Memorandum

APPENDIX B (cont.)

N. Mankato Indoor Sports Center				
3-Year Pro Forma Financial Model "Low"				
		2021	2022	2023
Sales Forecast:				
	Basketball	\$27,823	\$55,646	\$69,557
	Volleyball	\$9,020	\$18,040	\$22,550
	Tennis	\$17,418	\$34,836	\$43,545
	Futsal	\$0	\$0	\$0
	Speed & Agility Training	\$3,200	\$6,400	\$8,000
Other Income:				
	Early Childhood Development	\$0	\$0	\$0
	Parties	\$3,360	\$6,720	\$8,400
	Café	\$48,804	\$97,608	\$122,010
	Membership Fees	\$1,200	\$2,400	\$3,000
	Tenants	\$0	\$0	\$0
	Sponsorships Cash	\$26,000	\$52,000	\$65,000
	Sponsorships Trade	\$0	\$0	\$0
	Miscellaneous Income	\$49,357	\$98,715	\$123,393
Total Revenue		\$186,182	\$372,364	\$465,455
Expenses:				
	Facility Location Sign	\$0	\$0	\$0
	Flyer/Brochures & Design	\$0	\$0	\$0
	Misc Pre Opening	\$0	\$0	\$0
	ISP Design/Domain Names	\$0	\$0	\$0
	Logo, Letterhead, Business Cards, etc	\$0	\$0	\$0
	porate Sales Materials / Leave Behinds	\$0	\$0	\$0
	Ground Breaking Expenses	\$0	\$0	\$0
	Publicity Materials / Press Kits	\$0	\$0	\$0
	TV & Audio Equipment	\$0	\$0	\$0
	Consulting Fees	\$0	\$0	\$0
	Legal Costs	\$0	\$0	\$0
	Marketing Costs	\$0	\$0	\$0
	Telecommunications	\$3,648	\$3,648	\$3,648
	Postage	\$30	\$30	\$30
	Accounting/Payroll Services	\$34,392	\$34,392	\$34,392
	Bank Charges	\$0	\$0	\$0
	Food and Beverages COGS (Café Cogs)	\$22,240	\$44,480	\$55,600
	Parties COGS	\$0	\$0	\$0
	Cleaning Services	\$4,992	\$4,992	\$4,992
	Computer Services	\$0	\$0	\$0
	Dues & Subscriptions	\$1,200	\$1,200	\$1,200
	Equipment R & M	\$15,000	\$15,000	\$15,000
	Food/Drink Comped	\$0	\$0	\$0
	Licenses & Fees	\$0	\$0	\$0
	Meals & Entertainment	\$8,000	\$16,000	\$20,000
	Office Supplies	\$600	\$600	\$600
	Sanitation	\$0	\$0	\$0
	Satellite TV Service	\$3,600	\$3,600	\$3,600
	Supplies-Other	\$9,600	\$19,200	\$24,000
	Internet Expenses	\$0	\$0	\$0
	Travel & Lodging	\$1,200	\$1,200	\$1,200
	Other-Misc	\$3,996	\$3,996	\$3,996
	Operating Loan Interest	\$0	\$0	\$0
Misc Expense Sub-Total:		\$108,498	\$148,338	\$168,258
	Facility Lease	\$0	\$0	\$0
	Building Repair & Maintenance	\$4,992	\$4,992	\$4,992
	Facility P & E	\$99,996	\$99,996	\$99,996
	Landscape Maintenance	\$2,496	\$2,496	\$2,496
	Insurance--P & L	\$12,000	\$12,000	\$12,000
	Utilities	\$105,600	\$105,600	\$105,600
	Property Taxes	\$8,300	\$8,300	\$8,300
Facility Expense Sub-total:		\$233,384	\$233,384	\$233,384
	Payroll--Permanent	\$50,500	\$50,500	\$50,500
	Payroll--Incentive	\$0	\$0	\$0
	Payroll--Instructors	\$3,200	\$6,400	\$8,000
	Payroll--Parttime Sports	\$33,200	\$66,400	\$83,000
	Payroll--Referees/Officials	\$4,800	\$9,600	\$12,000
	Payroll--Taxes	\$0	\$0	\$0
	Tournament Expenses	\$0	\$0	\$0
	Insurance--Health	\$22,000	\$22,000	\$22,000
Personnel Expense Sub-total:		\$113,700	\$154,900	\$175,500
Total Expenses:		\$455,582	\$536,622	\$577,142
Annual Operating Profit/Loss:		(\$269,400)	(\$164,258)	(\$111,686)

APPENDIX C



Economic Benefit of Caswell Sports Field House Tournaments (year four of operation)

ESTIMATE

Tournament	Total Teams	Out of Town Teams	Avg. Players/Team	Avg. Spectator/Player	Total Visitors	Local Visitors	Out of Town Visitors	Total Revenues
Basketball Mankato Basketball Association Boys Tournament	82	54	8	1.4	1,574	538	1037	\$ 152,294.40
Basketball Mankato Basketball Association Girls Tournament	32	21	8	1.4	614	211	403	\$ 29,836.80
Basketball Minnesota Youth Athletic Services Boys Tournament	24	20	8	1.4	461	77	384	\$ 57,062.40
Basketball Minnesota Youth Athletic Services Girls Tournament	20	20	8	1.4	384	0	384	\$ 52,224.00
Basketball MN Rise AAU Boy's Tournament	8	6	8	1.4	154	38	115	\$ 19,699.20
Basketball MN Rise AAU Girls Tournament	8	6	8	1.4	154	38	115	\$ 20,505.60
Basketball Caswell Sports Youth League Boys Tournaments	24	0	8	1.4	461	461	0	\$ 67,737.60
Basketball Caswell Sports Youth League Girls Tournament	24	0	8	1.4	461	461	0	\$ 77,414.40
Volleyball Mn Attack Tournament 1 (two day)	32	25	9	1.4	691	151	540	\$ 102,016.80
Volleyball Mn Attack Tournament 2	16	10	9	1.4	346	130	216	\$ 37,540.80
Volleyball Mn Attack Tournament 3	16	10	9	1.4	346	130	216	\$ 40,262.40
Volleyball Mn Attack Tournament 4	16	10	9	1.4	346	130	216	\$ 42,984.00
Volleyball Junior Volleyball Association tournament (bronze)	40	35	8	1.4	768	96	672	\$ 99,456.00
Volleyball Adult State Volleyball (MSF)	40	35	8	1.4	768	96	672	\$ 97,440.00
Volleyball Junior volleyball summer league tournament	40	35	8	1.4	768	96	672	\$ 387,072.00
Volleyball Second Adult State Volleyball (MSF)	40	35	8	1.4	768	96	672	\$ 97,440.00
Tennis Bethany Boys Tri Tournaments 3 per year	9	6	8	1.4	173	58	115	\$ 20,505.60
Tennis Bethany Girls Tri Tournaments 3 per year	9	6	8	1.4	173	58	115	\$ 21,715.20
Tennis MSU Boys Tri Tournaments 3 per year	9	6	8	1.4	173	58	115	\$ 22,924.80
Tennis MSU Girls Tri Tournaments 3 per year	9	6	8	1.4	173	58	115	\$ 24,134.40
Tennis Neutral College/University Tournaments (Boys & Girls)	27	18	8	1.4	518	173	346	\$ 76,032.00
Tennis USTA Tournaments (12)	960	480	1	1.4	2,304	1152	1152	\$ 374,400.00
Tennis Area High School Tournaments (16)	56	40	12	1.4	1,613	461	1152	\$ 156,672.00
Annual Totals	1541	884			14,189	4,764	9,425	\$ 2,077,370.40

* Out-of-Town teams are based on a distance of 75+ miles from Caswell Park.

* Visitors are determined using a multiplier of 1.4 based on information from the US Indoor Sports Association

* Estimate does not include Adult Indoor/Outdoor league play impact, spill over from Caswell Softball, and general public use.

* 32% weekend capacity for basketball and volleyball tournaments. 46% weekend capacity for tennis tournaments.

APPENDIX D

**MEMORANDUM OF UNDERSTANDING
CONSTRUCTION OF CASWELL REGIONAL SPORTING COMPLEX FIELD HOUSE
CITY OF NORTH MANKATO AND MANKATO BASKETBALL ASSOCIATION, LLC.**

The City of North Mankato, hereinafter referred to as "City" and the Mankato Basketball Association, Inc., hereinafter referred to as "MBA" wish to enter into an agreement regarding the development of the Caswell Regional Sporting Complex Field House, hereinafter referred to as "Field House." The complex is to be located on land owned by the City of North Mankato adjacent to the west parking lot of the existing Caswell Softball complex and north of the Fallenstein Playground.

Total construction cost for the Field House is estimated to be \$13,500,000. The City may amend the budget as it deems appropriate during the course of project development and construction. In support of the project, MBA agrees house its programs at the Field House, utilize the facility as its primary site of business, promote the facility as a location for tournaments, camps, and clinics, and to promote youth athletics in the Mankato-North Mankato MSA.

The City agrees to the following the development of the complex:

1. Construction of an operating field house with capacity for three or four basketball courts
2. Parking for the facility, concessions, restrooms with changing areas, scoreboards, spectator seating, and annual maintenance of the facility
3. 10% concessions revenues paid to MBA for tournament days.
4. Gate Fee's will be collected by MBA for tournaments/events it hosts at the facility and gate fees will be collected by the City of North Mankato for tournaments/events it host at the facility.
5. MBA will be guaranteed a regular schedule of days and times for each season on two, three, or four consistent days of the week. As the MBA program grows, representatives from the City and MBA will work to ensure additional guaranteed hours are made available to the program.
6. The City of North Mankato will manage the facility through its Caswell Regional Sporting Complex department.
7. The City of North Mankato, in consultation with MBA and other users, reserves the right to make any and all decisions regarding use, operations, and hourly rental rates of the facility.

MBA will provide the following:

1. *Practice Time Rental:* MBA guarantees a minimum of 480 hours of practice time rental at a cost of \$33 per hour for one full sized basketball court per year. It is understood that the full size court can be split into two for practice purposes, with each resulting court being sufficient for use by an individual team for practice purposes. Total estimated rental payment for practice time is \$15,840. It is understood the rental rate will increase over time for the facility based on current market conditions, the cost of operating the facility, and for capital replacement needs. MBA will be consulted before any increase occurs.

APPENDIX D (continued)

2. *Tournaments*: MBA guarantees a minimum of 4 weekend days (Saturday/Sunday) for tournament rental totaling 48 hours per year of court space at \$33 per hour for one full sized basketball court. Total estimated rental payment for tournaments is \$6,336 per year assuming 4 courts are used. It is understood the rental rate will increase over time for the facility based on current market conditions, the cost of operating the facility, and for capital replacement needs. MBA will be consulted before any increase occurs.

3. *Camps/Clinics*: MBA agrees to work with the Caswell Regional Sports Complex and Field House to promote camps and clinics in the area. MBA agrees estimated revenue from Camps and Clinics to the Caswell Field house can be estimated at \$4,875 based on 65 participants throughout the years and a cost of \$75 per participant per year.

4. *Home of Club/Promotion/Camps, Clinics, & Leagues*: MBA agrees to name the Caswell Fieldhouse the home of its club, work in cooperation with management staff to promote the fieldhouse, and assist management staff host additional camps, clinics, and form youth/adult leagues for basketball.

5. MBA will serve as a resource and provide advice on the best and most efficient operation of the facility as well as appoint a member to the Caswell Sporting Complex's advisory board.

Dated this 6th day of May 2019.

MBA

CITY OF NORTH MANKATO

By: 

By: Phil Tostenson

APPENDIX D (cont.)

**MEMORANDUM OF UNDERSTANDING
CONSTRUCTION OF CASWELL REGIONAL SPORTING COMPLEX FIELD HOUSE
CITY OF NORTH MANKATO AND MINNESOTA RISE, LLC.**

The City of North Mankato, hereinafter referred to as "City" and the MINNESOTA RISE, LLC., hereinafter referred to as "MN Rise" wish to enter into an agreement regarding the development of the Caswell Regional Sporting Complex Field House, hereinafter referred to as "Field House." The complex is to be located on land owned by the City of North Mankato adjacent to the west parking lot of the existing Caswell Softball complex and north of the Fallenstein Playground.

Total construction cost for the Field House is estimated to be \$13,500,000. The City may amend the budget as it deems appropriate during the course of project development and construction. In support of the project, MN Rise agrees house its programs at the Field House, utilize the facility as its primary site of business, promote the facility as a location for tournaments, camps, and clinics, and to promote youth athletics in the Mankato-North Mankato MSA.

The City agrees to the following the development of the complex:

1. Construction of an operating field house with capacity for three or four basketball courts
2. Parking for the facility, concessions, locker rooms, scoreboards, and annual maintenance of the facility
3. 10% concessions revenues paid to MN Rise for tournament days.
5. Gate Fees's will be retained by MN RISE for events hosted by MN RISE. Gate Fee's will be retained by City for events hosted by City.
6. MN Rise will be guaranteed a regular schedule of days and times for each season. As the MN RISE program grows, representatives from the City and MN RISE will work to ensure additional guaranteed hours are made available to the program.
7. The City of North Mankato will manage the facility through its Caswell Regional Sporting Complex department.
8. The City of North Mankato, in consultation with MN Rise and other users, reserves the right to make any and all decisions regarding use, operations, and hourly rental rates of the facility.

MN Rise will provide the following:

1. *Practice Time Rental:* MN RISE agrees it is reasonable for the City of North Mankato to assume approximately 300 hours of practice time would needed on an annual basis from MN RISE. MN RISE understands the CITY intends to charge \$33 per hour for one full sized basketball court per hour. Total estimated rental payment for practice time is if 300 hours are used can be estimated at \$9,990. It is understood the rental rate will increase over time for the facility based on current market conditions, the cost of operating the facility, and for capital replacement needs. MN RISE will be consulted before any increase occurs.

APPENDIX D (cont.)

2. *Tournaments*: MN RISE & City will work collaboratively to locate one AAU tournament to the Caswell Fieldhouse. It is assumed at least 12 hours of rental time will be utilized to host a tournament. Total estimated rental payment for tournaments is \$792 per year assuming at least two courts are used for tournament. It is understood the rental rate will increase over time for the facility based on current market conditions, the cost of operating the facility, and for capital replacement needs. MN RISE will be consulted before any increase occurs.

3. *Camps/Clinics*: MN RISE agrees to work with the Caswell Regional Sports Complex and Field House to promote a camp and/or clinic in the area. MN RISE agrees estimated revenue from Camps and Clinics to the Caswell Field house can be estimated at 8 hours or \$264 based on a charge of \$33 per hour for courts.

4. *Home of Club/Promotion/Camps, Clinics, & Leagues*: MN RISE agrees to name the Caswell fieldhouse the home of its club, give its priority for rental over other facilities, work in cooperation with management staff to promote the fieldhouse, and assist management staff host additional camps, clinics, and form youth/adult leagues for volleyball.

5. MN RISE will serve as a resource and provide advice on the best and most efficient operation of the facility as well as appoint a member to the Caswell Sporting Complex's advisory board.

Dated this 10th day of April 2019.

MN RISE

CITY OF NORTH MANKATO

By: [Signature]

By: Phil Tostenson

APPENDIX D (cont.)



OFFICE of DIRECTOR of BUSINESS SERVICES

10 Civic Center Plaza • Suite One
P.O. Box 8741
Mankato, Minnesota 56002-8741
Office • 507•387•3167 or 507•387•4033

April 15, 2019

John Harrenstein, City Administrator
City of North Mankato
1001 Belgrade Avenue
North Mankato, MN 56003

John:

This is a letter of interest outlining the Mankato Area Public School's estimated amount of usage for the North Mankato's planned 88,000 square foot recreational facility. It is our understanding that the facility could provide four full sized basketball courts, or a combination of other court surfaces for volleyball, youth basketball, tennis, and batting cages.

The district has identified several possible groups that could use this facility in the future: tennis (early season and bad weather), middle school/9th grade basketball or volleyball (practices, games, and tournaments), Dakota Meadows winter activities (some currently using elementary gyms), early spring sports (softball, lacrosse, baseball, tennis), and fall sports (mostly later in fall when weather can be bad).

An example: 60 hours of usage for middle school volleyball or basketball over the course of the season. This does not include middle school tournaments which could be a possibility with this new space.

As you move through the planning and construction phases of this project, Mankato Area Public Schools is interested in the availability of the space and remains committed to being a productive partner with the City of North Mankato as in the past, now, and into the future.

Sincerely,

Thomas R. Sager
Director of Business Services

bb

cc: Mankato Area Public Schools Activities Council

APPENDIX D (cont.)

**MEMORANDUM OF UNDERSTANDING
CONSTRUCTION OF CASWELL REGIONAL SPORTING COMPLEX FIELD HOUSE
CITY OF NORTH MANKATO AND MINNESOTA ATTACK VOLLEYBALL, LLC.**

The City of North Mankato, hereinafter referred to as "City" and the Minnesota Attack Volleyball, LLC., hereinafter referred to as "MN Attack" wish to enter into an agreement regarding the development of the Caswell Regional Sporting Complex Field House, hereinafter referred to as "Field House." The complex is to be located on land owned by the City of North Mankato adjacent to the west parking lot of the existing Caswell Softball complex and north of the Fallenstein Playground.

Total construction cost for the Field House is estimated to be \$13,500,000. The City may amend the budget as it deems appropriate during the course of project development and construction. In support of the project, Minnesota Attack Volleyball, LLC., agrees house its programs at the Field House, utilize the facility as its primary site of business, promote the facility as a location for tournaments, camps, and clinics, and to promote youth athletics in North Mankato.

The City agrees to the following the development of the complex:

1. Construction of an operating field house with capacity for four to eight volleyball courts
2. Parking for the facility, concessions, and annual maintenance of the facility
3. Amenities –
 - a) Secure storage space/room to keep balls and ball carts in during the season.
 - b) Conference room or small room that would allow meeting space off court. This room could also double as first aid/trainer room location that would have an ice machine and first aid supplies available.
 - c) Option to have signage inside or outside of the sports complex stating the facility is home to MN Attack.
 - d) Cubbies or locker space area that teams/athletes could keep their bags
4. 10% concessions revenues paid to MN Attack for tournament days.
5. Gate Fees will be retained by MN Attack for events hosted by MN Attack. Gate Fee's will be retained by City for events hosted by City.
6. MN ATTACK will be guaranteed a regular schedule of days and times for each seasons on two consistent days of the week. As the MN ATTACK program grows, representatives from the City and MN ATTACK will work to ensure additional guaranteed hours are made available to the program.
6. The City of North Mankato will manage the facility through its Caswell Regional Sporting Complex department.
7. The City of North Mankato, in consultation with MN Attack and other users, reserves the right to make any and all decisions regarding use, operations, and hourly rental rates of the facility.

APPENDIX D (cont.)

MN ATTACK will provide the following:

1. *Practice Time Rental:* MN Attack guarantees a minimum of 144 of practice time rental at a cost of \$33 per hour for one full sized basketball court (the equivalent of two full sized volleyball courts). Total estimated rental payment for practice time is **\$4,752** based on 144 hours of use. It is estimated total rental hours for MN Attack may increase to between 180 and 216 hours following the first 24 months of the facility opening and if growth occurs estimated rental payments could range from \$5,940 to \$7,128. It is understood the rental rate will increase over time for the facility based on current market conditions, the cost of operating the facility, and for capital replacement needs. MN Attack will be consulted before any increase occurs.

2. *Tournaments:* MN Attack needs a minimum of 5 weekend days (Saturday/Sunday) for tournament rental totaling 100 hours per year of court space at \$33 per hour for two full sized volleyball courts (one full sized basketball court). Total estimated rental payment for tournaments is **\$3,300**. It is estimated that with program growth, tournament hour rental may increase to between 125 and 150 hours following the first 48 months of the facility opening and if growth occurs estimated rental payments could range from **\$4,125** to **\$4,950**. It is understood the rental rate will increase over time for the facility based on current market conditions, the cost of operating the facility, and for capital replacement needs. MN Attack will be consulted before any increase occurs.

3. *Camps/Clinics:* MN Attack needs a minimum of 4 dates in June and July for camps/clinics rental totaling 72 hours per year of court space (based off 4 single volleyball courts) at \$33 per hour for two full sized volleyball courts (one full sized basketball court). Total estimated rental payment for tournaments is **\$2,375**. It is understood the rental rate will increase over time for the facility based on current market conditions, the cost of operating the facility, and for capital replacement needs. MN Attack will be consulted before any increase occurs.

4. *Home of Club/Promotion/Camps, Clinics, & Leagues:* MN Attack agrees to name the Caswell Fieldhouse the home of its club, work in cooperation with management staff to promote the fieldhouse, and assist management staff host additional camps, clinics, and form youth/adult leagues for volleyball.

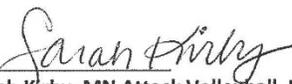
5. MN Attack will serve as a resource and provide advice on the best and most efficient operation of the facility as well as appoint a member to the Caswell Sporting Complex's advisory board.

6. MN Attack could also use hours in the fall to run a youth fall league for 3-6th graders, individual lessons in the summer months, and a summer high school league.

Dated this 15 day of March, 2019.

MN ATTACK

CITY OF NORTH MANKATO

By: 
Sarah Kirby, MN Attack Volleyball, LLC

By: 

APPENDIX D (cont.)

**MEMORANDUM OF UNDERSTANDING
CONSTRUCTION OF CASWELL REGIONAL SPORTING COMPLEX FIELD HOUSE
CITY OF NORTH MANKATO AND GREATER MANKATO COMMUNITY TENNIS ASSOCIATION.**

The City of North Mankato (hereinafter referred to as "City") and the Greater Mankato Community Tennis Association (hereinafter referred to as "Mankato Tennis") wish to enter into an agreement regarding the development of the Caswell Regional Sporting Complex Field House (hereinafter referred to as "Field House"). The Field House is to be located on land owned by the City adjacent to the west parking lot of the existing Caswell Softball complex and north of the Fallenstein Playground.

Total construction cost for the Field House is estimated to be \$13,500,000. The City may amend the budget as it deems appropriate during the course of project development and construction. In support of the project, Mankato Tennis agrees to house its programs at the Field House, utilize the Field House as its primary site of business, promote the Field House as a location for tournaments, camps, and clinics, and promote adult/youth athletics in North Mankato.

The City agrees to the following with regard to the development of the Field House:

1. The City will construct an operating field house with capacity for six or seven tennis courts;
2. The City will ensure parking for the facility, concessions, restrooms, and annual maintenance of the facility;
3. The facility will have the following amenities:
 - a) Tennis Racket Stringing Service
 - b) Tennis Instruction classes for adult and youth
 - c) Bidding for USTA tournaments
 - d) Facility features previously discussed: bathroom/changing rooms, spectator seating, conference room.
 - e) Shower(s)
4. 10% of concessions revenue collected during tournaments or events hosted by Mankato Tennis will be paid to Mankato Tennis.
5. Gate Fees collected during tournaments or events hosted by Mankato Tennis will be retained by Mankato Tennis. Gate Fees collected during events hosted by the City will be retained by the City.
6. Mankato Tennis will pay non-prime rates for tournaments or events hosted by Mankato Tennis.
7. The City will manage the facility through its Caswell Regional Sporting Complex department.
8. The City, in consultation with Mankato Tennis and other users, reserves the right to make any and all decisions regarding use, operations, and hourly rental rates of the facility.

Mankato Tennis agrees the following assumptions are reasonable:

APPENDIX D (cont.)

1. A market exists in the region for youth and adult tennis instruction lessons.
2. A market exists in the region for hosting High School, College, and Amateur tennis tournaments and the Field House as proposed is positioned to compete for these tournaments.
3. The following rates and figures are reasonable to achieve:
 1. *Fall/Winter subprime Hour Rental:* Fall/Winter subprime hour rental is defined as September through March, Monday through Friday, 7:00 a.m. to 3:00 p.m. Fall/Winter subprime hours will be rented at \$14.50 per hour/per court, for 28 weeks a year (Sept-March). If six courts are constructed, a utilization rate of at least 16.5% could be expected and will result in \$16,078 in revenue for fall/winter subprime hours (see attachment).
 2. *Fall/Winter weekday prime hour rental:* Fall/Winter weekday prime hour rental is defined as September through March, Monday through Friday, 3:00 p.m. to 9:00 p.m. Fall/Winter weekday prime hours will be rented at \$18.00 per hour/per court, for 28 weeks (Sept-March). If six courts are constructed, a utilization rate of at least 50% could be expected and could likely result in \$22,680 from fall/winter weekday subprime hours (see attachment).
 3. *Fall/Winter weekend prime hour rental:* Fall/Winter weekend prime hour rental is defined as September through March, Sunday, 3:00 p.m. to 9:00 p.m. Fall/Winter weekend prime hours will be rented at \$18.00 per hour/per court, for 28 weeks (Sept-March). If six courts are constructed, a utilization rate of at least 50% could be expected and will likely result in \$15,120 from fall/winter weekend subprime hours (see attachment).
 4. *Fall/Winter Subprime Weekly Rental Blocks:* Fall/Winter subprime weekly rental blocks are defined as six week blocks of time during the months of September through March, rented at a fixed rate for a fixed time selected by the renter. It is assumed for \$20 - \$30 per week, one court could be secured for two hours. 12 people are likely to purchase blocks for \$30 per week, and utilizing a six week block schedule, and four blocks a year will likely result in \$5,760 from subprime weekly rental blocks.
 5. *Fall/Winter Club Matches:* Club Matches will typically be played on Saturdays Mankato Tennis will agree to organize a winter league for approx. 16 week season a target of 30 players – approx. 288 court hours @ \$14.5/hr rate. End of season tournament over 1-2 days.
 6. *Spring/Summer subprime Hour Rental:* Spring/Summer subprime hour rental is defined as April through September, Monday through Friday, 7:00 a.m. to 3:00 p.m. Spring/Summer subprime hours will be rented at \$14.50 per hour/per court, for 21 weeks a year (April-August). If six courts are constructed, a utilization rate of at least 10% could be expected and will result in \$7,308 in revenue for Spring/Summer subprime hours (see attachment).
 7. *Spring/Summer weekday prime hour rental:* Spring/Summer weekday prime hour rental is defined as April through September, Monday through Friday, 3:00 p.m. to 9:00 p.m. Spring/Summer weekday prime hours will be rented at \$18.00 per hour/per court, for 21 weeks (April-August). If six courts are constructed, a utilization rate of at least 10% could be expected and could likely result in \$3,402 from Spring/Summer weekday subprime hours (see attachment).

APPENDIX D (cont.)

8. *Spring/Summer weekend prime hour rental:* Spring/Summer weekend prime hour rental is defined as April through August, Sunday, 6:00 p.m. to 9:00 p.m. Spring/Summer weekend prime hours will be rented at \$18.00 per hour/per court, for 21 weeks (April-August). If six courts are constructed, a utilization rate of at least 10% could be expected and will likely result in \$2,268 from Spring/Summer weekend subprime hours (see attachment).

9. *Spring/Summer weekly rental blocks:* Spring/Summer subprime weekly rental blocks are defined as six week blocks of time during the months of April through August, rented at a fixed rate for a fixed time selected by the renter. It is assumed for \$20 per week, one court could be secured for two hours. 6 people are likely to purchase blocks for \$20 per week, and utilizing a six week block schedule, and four blocks a year will likely result in \$2,268 from subprime weekly rental blocks.

10. *Spring/Summer Club Matches:* Club Matches will typically be played on Saturdays. Main use as backup courts for rainouts for league matches. Mankato Tennis would host 2-3 different weekend events through Spring/Summer. Expectation for more programming to be developed to fit demand.

11. *Individual & Group Instruction:* The demand for group and adult lessons is likely to include at least 70-80 participants in both the fall and spring seasons, who would pay \$65 for a 4-6 week group lesson session.

4. *Home of Club/Promotion/Camps, Clinics, & Leagues:* Mankato Tennis will name the Field House as the home of its club, work in cooperation with management staff to promote the Field House, assist management staff to host additional camps, clinics, and form youth/adult leagues for tennis at the Field House.
5. Mankato Tennis will serve as a resource and provide advice on the best and most efficient operation of the Field House as well as appoint a member to the Caswell Regional Sporting Complex's advisory board.
6. The City will rent the Field House to Mankato Tennis at the discounted subprime rate of 14.50 during prime hours defined above for association events.

Dated this 11th day of April 2019.

GREATER MANKATO COMMUNITY TENNIS ASSOCIATION

CITY OF NORTH MANKATO

By: 

By: Phil Tostenson

APPENDIX D (cont.)

**MEMORANDUM OF UNDERSTANDING
CONSTRUCTION OF CASWELL REGIONAL SPORTING COMPLEX FIELD HOUSE
CITY OF NORTH MANKATO AND MINNESOTA STATE UNIVERSITY, MANKATO.**

The City of North Mankato, hereinafter referred to as “City” and the Minnesota State University, Mankato, hereinafter referred to as “MINNESOTA STATE UNIVERSITY, MANKATO” wish to enter into an agreement regarding the development of the Caswell Regional Sporting Complex Field House, hereinafter referred to as “Field House.” The complex is to be located on land owned by the City of North Mankato adjacent to the west parking lot of the existing Caswell Softball complex and north of the Fallenstein Playground.

Total construction cost for the Field House is estimated to be \$13,500,000. The City may amend the budget as it deems appropriate during the course of project development and construction. In support of the project, Minnesota State University, Mankato, agrees it is reasonable for the City to make certain assumptions regarding use of facility associated with its Tennis Program.

The City agrees to the following the development of the complex:

1. Construction of an operating field house with capacity for six or seven tennis courts
2. Parking for the facility, concessions, restrooms, locker rooms, and annual maintenance of the facility
3. 10% concessions revenues paid to MINNESOTA STATE UNIVERSITY, MANKATO for tournament days.
4. Gate Fees’ will be retained by MINNESOTA STATE UNIVERSITY, MANKATO for events hosted by MINNESOTA STATE UNIVERSITY, MANKATO. Gate Fee’s will be retained by City for events hosted by City.
5. The City of North Mankato will manage the facility through its Caswell Regional Sporting Complex department.
6. The City of North Mankato, in consultation with MINNESOTA STATE UNIVERSITY, MANKATO and other users, reserves the right to make any and all decisions regarding use, operations, and hourly rental rates of the facility.

MINNESOTA STATE UNIVERSITY, MANKATO agrees it is reasonable to assume the following use from its Tennis program:

1. *Practice Time Rental:* MINNESOTA STATE UNIVERSITY, MANKATO Tennis practices 4 days a week utilizing three courts for 90 minutes per practice day on each court. Indoor practice takes place from the last week of January to the first week of April or for a total of 8-10 weeks. As a result, Minnesota State University, Mankato believes it is reasonable to assume during a 9 week winter season three courts would be rented for a total of 162 hours. At a rate of 14.50 per hour total revenue to the City could be estimated at \$2,349 for practice rentals. It is understood the rental rate will increase over time for the facility based on current market conditions, the cost of operating the facility, and for capital replacement needs. MINNESOTA STATE UNIVERSITY, MANKATO will be consulted before any increase occurs.



Memorandum

APPENDIX D (cont.)

2. *Tournaments:* MINNESOTA STATE UNIVERSITY, MANKATO hosts between 3-4 dual or tri meets per year. A dual meet would require all six courts and last three to four hours. A tri meet would require all six courts and last eight hours. Assuming two duals and two tri meets a year would be held, it is reasonable to assume rental hours needed would amount to 72 hours. At a rate of \$18.00 total revenue generated from dual or Tri meets could be assumed at \$1,296.

3. *Neutral Site Location:* MINNESOTA STATE UNIVERSITY, MANKATO agrees with the assumptions the City Fieldhouse could be marketed and rented for other neutral site Tennis matches by other colleges and universities.

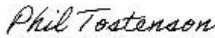
4. Any binding contractual commitment to actual rental periods will require a separate formal facility agreement

Dated this 15th day of April 2019.

MINNESOTA STATE UNIVERSITY, MANKATO

CITY OF NORTH MANKATO

By: 
Kevin Buisman
Director of Athletics

By: 
Phil Tostenson
Caswell Sports Director

APPENDIX D (cont.)

MEMORANDUM OF UNDERSTANDING CONSTRUCTION OF CASWELL REGIONAL SPORTING COMPLEX FIELD HOUSE CITY OF NORTH MANKATO AND BETHANY LUTHERAN COLLEGE.

The City of North Mankato, hereinafter referred to as "City" and the Bethany Lutheran College, hereinafter referred to as "BETHANY" wish to enter into an agreement regarding the development of the Caswell Regional Sporting Complex Field House, hereinafter referred to as "Field House." The complex is to be located on land owned by the City of North Mankato adjacent to the west parking lot of the existing Caswell Softball complex and north of the Fallenstein Playground.

Total construction cost for the Field House is estimated to be \$13,500,000. The City may amend the budget as it deems appropriate during the course of project development and construction. In support of the project, Bethany Lutheran College, agrees it is reasonable for the City to make certain assumptions regarding use of facility associated with its Tennis Program.

The City agrees to the following the development of the complex:

1. Construction of an operating field house with capacity for six or seven tennis courts
2. Parking for the facility, concessions, restrooms, locker rooms, and annual maintenance of the facility
3. 10% concessions revenues paid to BETHANY for tournament days.
4. Gate Fees' will be retained by BETHANY for events hosted by BETHANY. Gate Fee's will be retained by City for events hosted by City.
5. The City of North Mankato will manage the facility through its Caswell Regional Sporting Complex department.
6. The City of North Mankato, in consultation with BETHANY and other users, reserves the right to make any and all decisions regarding use, operations, and hourly rental rates of the facility.

BETHANY agrees it is reasonable to assume the following use from its Tennis program:

1. *Practice Time Rental:* BETHANY Tennis practices 4 days a week utilizing three courts for 90 minutes per practice day on each court. Indoor practice takes place from the last week of January to the first week of April or for a total of 8-10 weeks. As a result, Bethany believes it is reasonable to assume during a 9 week winter season three courts would be rented for a total of 162 hours. At a rate of 14.50 per hour total revenue to the City could be estimated at \$2,349 for practice rentals. It is understood the rental rate will increase over time for the facility based on current market conditions, the cost of operating the facility, and for capital replacement needs. BETHANY will be consulted before any increase occurs.
2. *Tournaments:* BETHANY hosts between 3-4 dual or tri meets per year. A dual meet would require all six courts and last three to four hours. A tri meet would require all six courts and last eight hours. Assuming two duals and two tri meets a year would be held, it is reasonable to assume rental hours



Memorandum

APPENDIX D (cont.)

needed would amount to 72 hours. At a rate of \$14.50 total revenue generated from dual or Tri meets could be assumed at \$1,296.

3. *Neutral Site Location:* BETHANY agrees with the assumptions the City Fieldhouse could be marketed and rented for other neutral site Tennis matches by other colleges and universities.

Dated this 29 day of April 2019.

BETHANY LUTHERAN COLLEGE, INC.

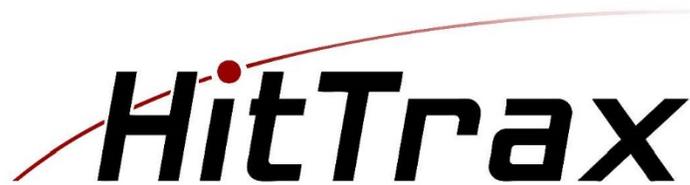
CITY OF NORTH MANKATO

By: Daniel L. Mundahl

By: Phil Tostenson

Daniel L. Mundahl
Vice President of Finance and Administration

APPENDIX E



Monetizing Your HitTrax System to Increase Revenue

APPENDIX E (continued)



Thank you for purchasing HitTrax, the world's first and only baseball data capture and simulation system.

Our mission is to enhance baseball and softball instruction by capturing key performance metrics while further engaging players with immediate and valuable feedback.

HitTrax was designed specifically for indoor baseball academies and offers analytical and entertainment modules that will allow a facility to generate revenue beyond what is possible now. The data found in this document was collected from our existing customer base and from countless discussions with facilities across the country.

We view the relationship with our customer as a mutual partnership. In order for us to succeed, you must succeed.

Therefore, we are committed to continuous development of the system to insure that we offer the latest in entertainment and analytical analysis. Development of these new features will stem from direct feedback from our customer base, as well as reviewing the latest trends in baseball training.

The success of our business, as does yours, starts with the player. With that in mind, we strive to deliver a product that offers meaningful data that will improve performance, an engaging interface, and an experience that will have them return again and again.

We thank you for your support and, as always, we welcome your feedback.

— Team HitTrax

APPENDIX E (cont.)



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APPENDIX E (cont.)



Advanced Training

HitTrax has developed a groundbreaking training tool, with many features geared to support player development, track performance progress, and to assist coaches in identifying players' strengths and weakness before stepping onto the field.

HitTrax provides never before captured metrics and statistics for hitters and pitchers in real-time

- Exit Ball Velocity, % LD, Strike Zone Analysis, Late Break of Pitch, etc.
- Provides empirical data that objectively confirms performance improvements of key metrics

Instructors receive quantitative data that identifies strengths and weaknesses immediately following completion of the session and should be used to reinforce instruction

- The strike zone is divided into (13) sections with statistical analysis provided for each section (i.e. exit velo, batting average, hard hit average, % LD, etc.)
- Key statistics are broken down by pitch type and/or pitch speeds
- Periodic reviews can be held with the player to review results from an individual session or trending reports that outline performance over time. All training statistics are stored in a secure cloud for remote access with the HitTrax StatsCenter App.
- Provide player with printed or emailed reports complete with instructional comments

The Baseline Assessment Report[®] is an efficient and comprehensive way to assess the current performance level of players

- Measuring key metrics over a defined 20 minute program of both Tee and Batting Practice Sessions
- Along with visual observation, the instructor/coach can use the BAR to identify weaknesses and develop a "plan of attack" for future training sessions.
- This report is very much a sales tool that can be used to sell, for example, a pack of lessons designed to improve performance against those measured in the initial assessment report.

The Video Capture & Analysis Module (VCAM)[™] enables full 'cause and effect' swing analysis – a true game changer for training.

- High-speed video clips of each swing are automatically generated by HitTrax, no need for post-process video editing

Each swing video is tied to the corresponding HitTrax data to enable powerful analysis and side-by-side comparisons complete with illustration tools and synchronized frame by frame playback.

Data collected during instructional sessions, baseline assessments and video analysis will be used to calculate player rankings amongst our national database and, for those that qualify, placement on our HitTraxStatsCenter leaderboard.

- The players will now know where they rank among players their own age. This will fuel their desire to improve and, as a result, increase the number of visits to the facility.

APPENDIX E (cont.)



Generating Revenue with Advanced Training

Enhanced Instructional Sessions

HitTrax facilities have implemented several methods that aim to monetize the system through enhanced instruction. While each has been successful in producing incremental revenue, the exact method you wish to employ will depend on your specific business model. The methods are:

1. Increase price of individual sessions by 20% to 30%

The higher session cost can be justified by providing the player with an objective report that either 1) reviews their overall performance for that specific session (i.e. session analysis report or spray chart) or 2) a more detailed report that concentrates on the focused area that needs improvement.

- An example of a “detailed” report would be the Launch Angle report that highlights the players exit velocity for each 5 degree increment. This is the perfect report if you are working with the hitter on adjusting their swing to produce more line drives.

One customer that employed this specific method has reported a **25% increase in revenue** over their entire business. They attribute the success not only to the increase in lesson fees from existing customers but also from an influx of new players (i.e. friends of existing clients) wanting to utilize the system for instructional purposes.

The following is an example of how adding enhanced instruction with HitTrax will result in additional revenue for your facility. Please note that the suggested 30 and 60 minute session fee may vary depending on your location.

Current Fee Structure

Individual Sessions	Fee	# per month	Total Revenue
30 minute session	\$ 40	25	\$ 1,000
60 minute session	\$ 65	35	\$ 2,275
		Total per month	\$ 3,275

Enhanced Instruction Fee Structure

Individual Sessions	Fee	# per month	Total Revenue
30 minute session	\$ 48	30	\$ 1,440
60 minute session	\$ 78	40	\$ 3,120
		Total per month	\$ 4,560

A 20% increase in fee, paired with an uptick of trainees, produces \$ 1,285 of incremental revenue per month

APPENDIX E (cont.)



2. Selling an 'Analytics Package' with a set number of lessons

While increasing single lesson fees may be successful for some facilities, a large majority of HitTrax facilities opt to sell a 'package' of lessons where they can clearly chart the player's gains through the course of the sessions. This method makes the HitTrax cage rather exclusive and, at the same time, provides the facility with guaranteed revenue as "packages" are typically paid in advance.

For those facilities that already provide lesson packages, we advise an increase of 25% over the non-HitTrax fee. Again, this price can be justified by providing detailed reports throughout the set number of lessons, as well as progress reports at the half-way point (i.e. 4 out of 8 lessons) along with a final report showing the performance gains/trends over the entire range of lessons.

We have also seen facilities combine the "package" concept with the Baseline Assessment Report where the coach would first assess the player with a 15 minute session that identifies areas that need improvement. The assessment fee (i.e. \$30) can be bundled into the package or sold separately and then credited back to the customer once they commit to the package deal.

The following is an example of how adding "packaged sessions" with HitTrax will result in additional revenue for your facility. Please note that the suggested 30 and 60 minute session fee may vary depending on your location.

Current Package Fee Structure

Package Sessions	Total Package Fee	# per month	Total Revenue
8 Pack of 30 min sessions	\$299	10	\$ 2,990
8 Pack of 60 min sessions	\$499	10	\$ 4,990
	Total per month		\$ 7,980

HitTrax Analytics Package Fee Structure

Package Sessions	Fee	# per month	Total Revenue
8 Pack of 30 min sessions	\$ 349	10	\$ 3,490
8 Pack of 60 min sessions	\$ 575	10	\$ 5,750
		Total per month	\$ 9,240

Offering an Analytics Package with HitTrax will produce \$ 1,260 of incremental revenue per month

APPENDIX E (cont.)



Enhanced Instructional Sessions Incorporating Video Capture and Analysis (VCAM)

With the HitTrax VCAM add-on, each hit recorded by the system will automatically combine the corresponding metrics with a 2 second video clip of the swing. This combination will enable true ‘cause & effect’ analysis as you are now able to compare the swing of a hard hit double versus a soft comebacker to the mound.

This feature has proved invaluable to many facilities as it provides the HitTrax data in real-time with the video clip of the swing available for review immediately following the hit. No post-session editing is required, so instructors can spend more time reviewing swings and analyzing the player’s performance. The HitTrax VCAM also has the ability to quickly call up all swings and videos from a specific section of the strike zone allowing comparisons of two different swings of varying results (i.e. a hard double in gap versus a soft comebacker to the mound) in a side-by-side arrangement.

Features include:

- Frame-by-frame playback
- Analysis by specific sections of strike zone
- Illustration tools
- Side by side video comparison
- Ability bookmark swings for easy reference
- Compare swings to bookmarked swings from past sessions of any player
- Embed voice memos and instruction notes
- Print and email analysis right from your cage



HitTrax VCAM within Training Session



Side by side comparison of VCAM videos w/ metrics

While video analysis can be combined with a 30 minute instructional session, we have seen a majority of the facilities offer this level of service with 60 minute sessions only. This provides the instructor time to capture initial swings, review the video results with the player, and then capture & review additional swings after the necessary adjustments are made.

An additional 20% should be added to the price of standard HitTrax instructional sessions as outlined in the following example. Exact pricing for the session may vary depending on location.

Current Package Fee Structure

Package Sessions	Fee	# per month	Total Revenue
8 Pack of 60 min sessions	\$499	10	\$ 4,990
		Total per month	\$ 4,990

HitTrax Analytics Package Fee Structure w/ Video

Package Sessions	Fee	# per month	Total Revenue
8 Pack of 60 min sessions	\$ 649	10	\$ 6,490
		Total per month	\$ 6,490

Offering a HitTrax Analytics Package w/ Video will produce \$ 1,500 of incremental revenue per month

APPENDIX E (cont.)



Baseline Assessment Reports

The Baseline Assessment Report (BAR) provides the facility with the means to produce an objective assessment of the player by providing a quantitative dashboard report in 15 minutes.

The report, which is automatically generated, will measure key metrics from tee work and a live batting practice session. The instructor should combine these measured values with visual observations taken and formulate a plan to improve swing mechanics. For example, the instructor may observe that while the hitter has good rotation through the swing they may also be drifting too far forward and, thus, sacrificing power. The instructor should combine this observation with the measured exit velocities and state that they can increase these numbers if the hitter stays back during the swing. In this manner, the report is used as a sales tool with the goal of selling instructional lessons to the player.

- Features include:**
- Automated dashboard report with key metrics for tee work and live BP
 - Embedded spray chart, hot zone and launch angle report is identify weaknesses
 - Comparison to previous reports to measure performance increase
 - National averages for key metrics (available soon)
 - Advanced reports for more detailed analysis
 - Email report directly to player

The following are examples of how facilities monetize the report:

1. Mandatory Assessment Report for all new players

Facilities will require that all players looking to take lessons at the facility must first perform a Baseline Assessment with an instructor. The instructor will not provide instruction, but rather observe the player and suggest areas of improvement after consulting the report. The instructor will then come up with a game plan, through follow-on instruction, on how to improve performance.

Typical rates for the report will range from \$25 - \$45 for the 15 minute session. Exact pricing will vary by location. We have also seen where facilities will credit this fee back to the player once they sign up for “package” sessions.

BARs per Month	Sample Fee	Total Revenue
15	\$ 35	\$ 525
	Monthly Revenue	\$ 525

Offering Baseline Assessment Report will produce \$ 535 of incremental revenue per month.

Averaging 15 minutes per session, this equates to an average rate of \$140/hr for the HitTrax tunnel.

APPENDIX E (cont.)



2. Bundle Baseline Assessment Reports into Package Session

Facilities have offered Baseline Assessment Reports as part of a packaged number of sessions. In this scenario, an initial report will be generated before the first instructional session in order to get a baseline for the performance metrics. A final assessment report will be provided after conclusion of the sessions so that performance gains can be reported for each corresponding metric.

Pricing strategy should be similar to that of the 'Analytics Package' outlined on page 6.

3. Offer Baseline Assessment Reports as part of Monthly Memberships

Facilities typically offer monthly memberships for players that often include discounts on services such as instructional sessions or cage rentals.

Further value can be provided to these memberships by providing, for example, one free Baseline Assessment Report, each month. Along with enhancing the membership services, this service will likely increase the sales of instructional sessions as players will seek to improve performance.

4. Incorporate Baseline Assessments as part of Travel Team Fees

Facilities that host travel teams may wish to include a certain number of Baseline Assessment Reports (i.e. at start of season & end of season) in with the annual/season player fee. The fee can be increased accordingly as the facility is providing added value for the player.

By offering this service to travel teams, this will introduce advanced metrics to the players and should lead to an increase in instructional sessions as they wish to improve performance.

National Rankings and Leaderboards

All data collected during instructional sessions, baselines assessments & video analysis will be used to calculate the player's national ranking against our database of players. They will now know where they rank amongst players their own age.

Furthermore, the HitTrax StatsCenter public leaderboards (<https://www.hittraxstatscenter.com/leadaers>) lists the top 25 players in each age group in max exit velocity and max distance. To promote the facility as well as the player, the leaderboards will list the name of the facility in which they train.

All age verified players are eligible to receive rankings and participation in the leaderboards.

Inclusion in national rankings and leaderboards will fuel the player's desire to improve performance and climb in the rankings. This will translate into more frequent visits to your facility and, thus, an increase in your revenue.

HitTrax StatsCenter Player Membership and Mobile App

Launching in late 2015, player membership to HitTrax StatsCenter website will be available, providing players access to a subset of their HitTrax data such as exit velo, distance, and QHit scores, and well as

APPENDIX E (cont.)



Quality Hit Game (Q-Hit)

Quality Hit Game is an exciting and unique way to bring a new level of competition to your cage. With Q-Hit, each hit is scored with a numeric point value based on key metrics (exit velo, launch angle, distance, and outcome). Players can work to improve their personal best and compete with others for the high score. Host weekly or monthly Q-Hit contests, or even create a “Q-Hit Club” at your facility and award prizes on a periodic basis based on Q-Hit leaderboards. The facility can use the data for instructional purposes (video is integrated as well) or to create a more competitive environment, list the top players on a bulletin board for all to see.

Quality Hit Game

- Each player has (15) at bats
- Each hit is scored individually while each player’s total score accumulates over the duration of the session
- Hitting reports can be generated for Q-Hit sessions
- VCAM capability (see page 7) is also supported by Q-Hit for video analysis

<u>No. players per month</u>	<u>Fee</u>	<u>Total Revenue</u>
10	\$20	\$200
	Total Monthly Revenue	\$200

A monthly \$20 Q-Hit Club fee produces \$ 200 of incremental revenue per month

APPENDIX E (cont.)



Entertainment

One of our main goals when developing the system was to provide a tool that will engage the player by providing immediate feedback with a 'wow' factor. With this approach, the players become further engaged and will return to the facility more frequently to participate in simulated games, home run derbies and hitting leagues.

Gaming Module

The Gaming Module was designed to bring the excitement of the outdoor game inside. With this module, additional revenue can be generated by organizing single games, one-day tournaments, and hitting leagues.

After building teams with a set number of players (we recommend 3-5 players), the program will walk the two teams through the game by automatically calling balls & strikes (based on an individual player's height), advancing base runners and turning double plays. Individual and team statistics as well as leaderboards are automatically recorded and can be emailed directly to the players from within the program. Typical 9-inning games can last between 30 to 45 minutes but the facility has the option of limiting the games to 6 innings/30 minutes for a faster turnaround or to insure games within hitting leagues follow scheduled times.

Individual games

Players wishing to play simulated game(s) can do so by renting the HitTrax cage for either 30 or 60 minutes. The 30 minute cage rental will produce a single game while the players should be able to get in two games within 60 minutes if they establish a 30 minute time limit for each game.

To charge for the game(s), facilities can either offer the games free of charge with the rental of the cage or charge a per player fee (i.e. \$5-12 per player) for each game. Exact rates will be dependent on location.

Example of revenue generated from an individual game:

- Charge \$10/player for 2 teams consisting of 3 players each
- 6 players * \$10/player = \$60 total revenue for a single game
- One 30 minute cage rental will produce \$60 of revenue for the facility

Consider two scenarios for cage rental revenue of individual games...

- Off Season Cage Rentals
 - The gaming module will bring in rentals for cages that would otherwise be empty, generating \$60 of additional revenue 30 minutes of cage use
- Peak Season Cage Rentals
 - During peak season, HitTrax games will increase average revenue per cage based on standard fees
 - Based on an average price of \$40 for a 30 minute cage rental during peak season, one 30 minute game would produce \$60 of revenue
 - \$20 of incremental revenue would be generated over the standard 30 minute \$40 rental fee

APPENDIX E (cont.)



One-Day Tournaments

One-day tournaments have proven to be a good source of revenue for facilities that wish to generate additional business on holidays or weekends. We recommend a 2-3 hour event consisting of 4 teams of 3-5 players each playing a 30 minute/6 inning format.

An example of a one-day tournament follows:

- 4 teams of 4 players each
- Each team guaranteed (2) games
 - Limit each game to 30 minutes
 - (4) games plus (1) championship game for the top 2 teams
 - 2.5 total hours for the event

EXAMPLE

Total revenue from One-Day Tournament

\$25 per player * 16 players = \$400

Average hourly revenue per cage during tournament

\$400/5 games = \$80 for each 30 minute game

\$80 * 2 games/ hour = average rate \$160/hour

Hitting Leagues

Facilities organizing fall, winter or spring “tune-up” hitting leagues have reported excellent returns regarding incremental revenue for the facility. The duration of the leagues can vary from 3 to 6 weeks and facilities typically charge an entry fee from \$75 to \$150 per player.

Promoting the leagues are key to the overall success as facilities should utilize social media platforms, emails to existing clients and inclusion of travel teams and/or local high schools, little leagues, etc. Once in progress, the facility should routinely email current standing and leaderboards to all players.

Future development (Fall 2015) by the HitTrax team will allow feeds of league standings and leaderboards directly to the facility website for additional promotion. We will also release a “remote game play” feature that will allow facilities from different cities to play against each other.

APPENDIX E (cont.)



An example of a hitting league follows:

- 10 teams of 3-5 players each (average number of players = 40)
- 5 week regular season league
 - (10) regular season games with each team playing a double header each week
 - Designate two weeknights each week with either 4 or 6 teams playing each night
 - Limit each game to 30 minutes and/or 6 innings
- 6th week set for play-offs
 - A HR Derby is typically held before the championship game with all players participating in the league eligible for entry

EXAMPLE

Total revenue from one Hitting League

\$100 per player x 40 players = \$4,000

Average hourly revenue per cage during league

\$4,000/60 games (including playoffs)

= \$66.67 for each 30 minute game

OR

= \$66.67 x 2 games/ hour = \$133/hour

Home Run Derby, Hitting Contest, Quality Hit Game

Individual events including Home Run Derbies, Quality Hit Games, etc. are commonly organized for birthday parties, charity events and fund raisers. Pricing will vary on the event type, number of players and duration of time.

APPENDIX E (cont.)



Cage rentals / Coin Ops

Facilities can also use HitTrax to add a new dynamic to basic cage rentals and/or coin operated machines.

- The system enhances the user’s experience, creates friendly competition, and also provides statistical analysis for individual sessions.
- In these scenarios, the system is typically used in ‘Batting Practice’ mode where players do NOT sign into the system
 - Statistics are provided in real-time, however the data is not saved nor is it uploaded to the HitTrax cloud database
 - The strike zone analysis is not present in BP mode in favor of increasing the field of view of the virtual stadium
 - Players can choose skill level for defense and scale of stadium
 - ‘Clear’ button will delete the previous hitter’s statistics so that each player can view their own compiled stats during the round

Cage Rental Revenue Generation

With Cage Rentals, facilities will charge a higher rental fee compared to the standard 30 or 60 minute rates.

<u>Cage Rental</u>	<u>Fee</u>	<u>No. per month</u>	<u>Total Revenue</u>	<u>Cage Rental w/ HitTrax</u>	<u>Fee</u>	<u>No. per month</u>	<u>Total Revenue</u>
30 minutes	\$30	25	\$750	30 minutes	\$40	25	\$1,000
60 minutes	\$55	35	\$1,925	60 minutes	\$65	35	\$2,275
		Total Revenue	\$2,675			Total Revenue	\$3,275

In the above example, a 15% & 25% increase in fees produces \$ 600 of incremental revenue per month.

Coin Op Cage Revenue Generation

Coin operated cages will require 2 ‘tokens’ rather than 1 token for coin operated batting sessions with HitTrax. The facility will also see higher demand for HitTrax cages and that will result in > 3X revenue

<u>Token sales per month</u>	<u>\$ per token</u>	<u>No. per month</u>	<u>Token sales per month w/ HitTrax</u>	<u>\$ per token</u>	<u>No. per month</u>
200	\$1	\$200	300	\$2	\$600
	Total Revenue	\$200		Total Revenue	\$600

In the above example, HitTrax BP sessions doubles revenue from \$200 to \$600 each month via increased token sales and price.

APPENDIX E (cont.)



ROI Analysis

We understand that purchasing a HitTrax system is a significant investment and must contribute to the success of your business. Based on the revenue opportunities presented in this Plan, we present below how quickly the system will recoup the initial investment and produce recurring revenue thereafter.

ROI for Purchase of HitTrax System

- The list price for the base system is \$19,500
- The calculated annual revenue generated from the system is \$34,780, and the initial investment will be recovered by Month 7
- Note...
 - Total operating hours per week (during peak season) is assumed to be 45.5 hours (see page 13 for a daily schedule that supports the ROI)
 - A facility may elect to not support all of the events/sessions outlined on the schedule
 - The prices shown in the ROI calculation may vary depending on location
 - Monthly analysis assumes system installation 2 months prior to peak season

ROI for Lease of HitTrax System

- Based on the revenue opportunities presented in the Plan, an ROI or a cash flow projection can be calculated outlining the cost for the monthly lease and the cash contribution from HitTrax.
- Estimated Monthly payment for a 5 year lease is \$425
 - Companies with excellent credit that have been in business more than 2 years are being quoted \$390/month
 - Annual payment calculates to \$5,100
- The estimated annual revenue generated from the system is \$34,780
- A positive cash flow of \$29,680 is estimated with the system
- Note...
 - Total operating hours per week (during peak season) is assumed to be 45.5 hours (see page 19 for a daily schedule that supports the ROI)
 - A facility may elect to not support all of the events/sessions outlined on the schedule
 - The prices shown in the ROI calculation may vary depending on location
 - Monthly analysis assumes system installation 2 months prior to peak season

APPENDIX E (cont.)



ROI Details for Purchase of HitTrax System

Event	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total for 1st Year
Instructional Sessions No. of sessions x \$10 incremental revenue for each session	\$ -	\$ 150	\$ 300	\$ 600	\$ 800	\$ 800	\$ 800	\$ 800	\$ 600	\$ 300	\$ 200	\$ 100	\$ 5,450
Video Analysis Sessions No. of sessions x \$5 incremental revenue for each session	\$ -	\$ 75	\$ 150	\$ 300	\$ 400	\$ 400	\$ 400	\$ 400	\$ 300	\$ 150	\$ 100	\$ 50	\$ 2,725
Baseline Assessment Reports No. of reports @ \$35/ea	\$ -	\$ 140	\$ 210	\$ 350	\$ 350	\$ 700	\$ 700	\$ 525	\$ 350	\$ 140	\$ -	\$ -	\$ 3,465
Individual Games No. of games @ \$90/game (6 players @ \$15/player)	\$ -	\$ 360	\$ 540	\$ 540	\$ 720	\$ 720	\$ 720	\$ 540	\$ 540	\$ 360	\$ 360	\$ 180	\$ 5,580
Quality Hit Game Competitions # of players @ \$20/ea	\$ -	\$ 200	\$ 200	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 200	\$ 200	\$ 200	\$ 200	\$ 3,200
One-day Tournaments # of players @ \$35/ea	\$ -	\$ -	\$ 420	\$ -	\$ 560	\$ -	\$ 560	\$ -	\$ 560	\$ -	\$ 560	\$ -	\$ 2,860
6-week Hitting Leagues # of players @ \$100	\$ -	\$ -	\$ 1,350	\$ -	\$ 3,600	\$ -	\$ 4,500	\$ -	\$ -	\$ 2,250	\$ -	\$ -	\$ 11,700
Total Revenue	\$ -	\$ 925	\$ 3,170	\$ 2,190	\$ 6,830	\$ 3,020	\$ 8,080	\$ 2,665	\$ 2,550	\$ 3,400	\$ 1,420	\$ 530	\$ 34,780
Cumm. Revenue	\$ -	\$ 925	\$ 4,095	\$ 6,285	\$ 13,115	\$ 16,135	\$ 24,215	\$ 26,880	\$ 29,430	\$ 32,830	\$ 34,250	\$ 34,780	
Capital Expense = \$19,500 (not including gaming module or subscription fees)													

Return on Investment occurs in month 7

Memorandum

APPENDIX E (cont.)



ROI Details for Lease of HitTrax System

Event	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total for 1st Year
Instructional Sessions No. of sessions x \$10 incremental revenue for each session	\$ -	\$ 150	\$ 300	\$ 600	\$ 800	\$ 800	\$ 800	\$ 800	\$ 600	\$ 300	\$ 200	\$ 100	\$ 5,450
Video Analysis Sessions No. of sessions x \$5 incremental revenue for each session	\$ -	\$ 35	\$ 75	\$ 150	\$ 200	\$ 200	\$ 200	\$ 200	\$ 150	\$ 75	\$ 50	\$ 25	\$ 1,360
Baseline Assessment Reports No. of reports @ \$35/ea	\$ -	\$ 140	\$ 210	\$ 350	\$ 350	\$ 700	\$ 700	\$ 525	\$ 350	\$ 140	\$ -	\$ -	\$ 3,465
Individual Games No. of games @ \$90/game (6 players @ \$15/player)	\$ -	\$ 360	\$ 540	\$ 540	\$ 720	\$ 720	\$ 720	\$ 540	\$ 540	\$ 360	\$ 360	\$ 180	\$ 5,580
Quality Hit Game Competitions # of players @ \$20/ea	\$ -	\$ 200	\$ 200	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 200	\$ 200	\$ 200	\$ 200	\$ 3,200
One-day Tournaments # of players @ \$35/ea	\$ -	\$ -	\$ 420	\$ -	\$ 560	\$ -	\$ 560	\$ -	\$ 560	\$ -	\$ 560	\$ -	\$ 2,660
6-week Hitting Leagues # of players @ \$100	\$ -	\$ -	\$ 1,350	\$ -	\$ 3,600	\$ -	\$ 4,500	\$ -	\$ -	\$ 2,250	\$ -	\$ -	\$ 11,700
Total Revenue	\$ -	\$ 885	\$ 3,095	\$ 2,040	\$ 6,630	\$ 2,820	\$ 7,880	\$ 2,455	\$ 2,400	\$ 3,325	\$ 1,370	\$ 505	\$ 33,415
Cumm. Revenue	\$ -	\$ 885	\$ 3,980	\$ 6,020	\$ 12,650	\$ 15,470	\$ 23,350	\$ 25,815	\$ 28,215	\$ 31,540	\$ 32,910	\$ 33,415	\$ 33,415
Monthly Lease Estimate - \$425 (based on 5 yr term) (not including gaining/trouble or subscription fees)													

Return on investment occurs in month 7

Memorandum

APPENDIX E (cont.)

	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
9:00							
9:30							
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9:00							
9:30							
10:00							

APPENDIX E (cont.)

Bat Fitting and Retail

It has been said that few decisions impact a player's game as much as choosing the perfect bat. A bat that is the ideal size, weight, and length for a player can truly make a difference in their swing and harness 100% of their ability. Improvements in technology have given today's ball players more options than ever, and player's look to their instructors for bat selection recommendations.

HitTrax offers a Bat Fitting module** specifically designed for simplifying the bat selection process. Input your bat inventory into the HitTrax database, and host Bat Fitting sessions allowing a player to try a number of bats. HitTrax will provide a quantitative report on each bat's performance in the hands of that player – with a summary score and overall recommendation. This experience will assist in building rapport with your clients and also drive business to your pro shop.

For physical locations to compete with online retailers and big box stores, customers need a positive experience, added value, and incentive to not seek the lowest price (especially on a higher priced bat). ***HitTrax Bat Fitting can help keep your customers from going elsewhere. For instance, charge \$20 for a bat fitting session – but accept the resulting printed report as a \$20 credit towards the purchase of a bat at your proshop.***

Support

We pride ourselves in our commitment to our customers. We know that a fast response is crucial to keeping your business running smoothly and to keep your players coming back.

- Technical support is free of charge for life of the system
 - Telephone and remote diagnostic support
- Full one year warranty for all hardware
 - Replacement parts are typically shipped out within 24 hours, if necessary
- Software upgrades free of charge
 - Approximately every three months a new version of the HitTrax software will be made available for your download free of charge. These new software versions typically contain new features, interface enhancements, as well as new virtual stadiums.