

## **Project History and Study Scope**

The City of Edina is considering the feasibility of a “Sports Dome” to add to an extensive list of impressive amenities within the City. The issue of a sports dome has been raised several times within the City over the last several years. In 2006 the City reviewed a proposal from a private developer to construct a hard sided facility, the “Edina Field House” proposed to be located at the existing golf dome site. This proposal followed a 2004 Park Board study for a hard sided building or as an alternative, a seasonal bubble. The 2004 study included a significant donation as part of the mix, as well as, discussions with school district staff concerning the option of a dome at Kuhlman Stadium.

Responding to residents who recently made a presentation seeking a sports dome at the City Council work session on July 19, 2011, the City Council charged the Park Board with the responsibility of undertaking a feasibility study and to report back with their recommendation. The Park Board study group, with assistance of staff, prepared a Request for Proposal (RFP). The feasibility study was divided into two phases, a financial study and a site study. The site study phase would not begin until the financial study is completed and the City Council approved going forward. At the November 10th meeting of the Park Board Study Group, Park and Recreation Consultants LLC, with Ken Vraa Consulting LLC and EGBlank Consulting LLC (Consultants), was selected to do the financial feasibility study and, if the project proceeded, the Cuningham Group/Anderson-Johnson Associates, Inc would conduct the site location study.

### **Study Purpose**

The purpose of this study has five objectives:

First, to assist in developing a preliminary architectural program defining the facility’s necessary components, length of season, as well as an operations model with sufficient definition, clarity and reality upon which monetization can be determined

Second, to recommend fees and charges

Third, to define an expected pro forma of total income and expense for the facility in order to determine the immediate and long term financial viability

Fourth, to forecast estimated construction costs of a facility

Fifth, to present the collected data with the clarity, depth and understanding that the City’s decision makers can be confident in determining the feasibility of the project

## Guiding Principles

The study was conducted under a set of “Guiding Principles” established by the Consultants as a constant reminder of how the study is to be conducted and the end product delivered. As the Consultants, we are part of a responsive team with an obligation to offer a “best practices” approach to improve services, create greater value, and optimize facility performance, if the Park Board and City Council decide to construct a Sports Dome.

1. First and foremost we will honor the specific vision, goals and objectives of the City
2. Respect the uniqueness of the City and its values
3. Place high importance to the expressed needs of the residents and the major user groups
4. Be fiscally conservative in our financial analysis of the potential project
5. Provide as accurate a picture as possible, not deliver upon an expectation
6. Understand the final decision is yours

## Edina’s Vision, Values and the Comprehensive Plan

As we stated above, first and foremost, the Consultants will honor the specific vision, goals and objectives of the City and respect the uniqueness of the City and its values. With any organization, one of the most important questions that need to be answered is “What Business Are You In?” The business of Edina is clearly stated in the vision, and mission of the City and the Park and Recreation Department that is undertaking this financial feasibility study.

The Vision For 2011Edina will be the preeminent place for living, learning, raising families and doing business distinguished by:

–*A Livable Environment* / Edina’s residents regard their quality of life in Edina as very high. Many factors contribute to this opinion that ultimately creates *a strong sense of community identity*.

The Mission is to provide effective and valued public services, maintain a sound public infrastructure, offer premier public facilities and guide the development and redevelopment of lands within the City, all in a manner which sustains and *improves the uncommonly high quality of life enjoyed by our residents and businesses*.

The Park and Recreation Department’s mission is stated as “*We create community through people, parks and programs.*”

(We) “do our part in further developing, preserving, and maintaining the City of Edina's parks, recreation programs and resources as a premier and comprehensive park and recreation department in the Twin Cities area”

As Consultants whom have dedicated our lives to providing high quality park and recreation opportunities to community's residents, we were impressed with the results of your 2011 community survey that found 98% of City of Edina residents rating the quality of life high. We are also equally impressed with the fact that your program 'Connecting with Kids' has achieved national recognition as one of America's Promise Alliance's 100 best communities for young people for the second year in a row. If financially feasible, a Sports Dome would add greatly to the vitality of the city's indoor recreational opportunities for young people and their families. A large indoor space for recreation can also add to the quality of life of the city by providing wintertime participation in soccer, lacrosse, and baseball.

In reviewing your City's 2008 Comprehensive Plan, the Consultants took special note of the Park and Recreation section on enterprise fund operations. According to the City's Plan "Each enterprise facility is operated like a business; however, the mission as stated (and unlike the private sector) is not to maximize profits *but to provide recreational opportunities that are accessible and affordable to primarily, but not exclusively, Edina residents and yet remain competitively priced in the Twin Cities area.*" (Our emphasis)

This Comp Plan statement falls directly in line with the thinking of Jim Collins the nationally acclaimed co-author of Built to Last and his national bestselling book Good to Great. When Collins was asked how his research fit with the social sectors, he prepared a monograph to accompany his 5-year research study called "Good to Great and the Social Sectors, Why Business Thinking is Not the Answer". In the monograph he penned, "A great organization is one that delivers superior performance and makes a distinctive impact over a long period of time. For a business, financial returns are a perfectly legitimate measure of performance. **For a social sector organization, however, performance must be assessed relative to mission, not financial returns.**"

The Consultants will base the Sports Dome financial feasibility study on the City's comprehensive plan, the interviews conducted, the information gathered and a number of agreed upon tenets with the Sports Dome Study Group as follows:

**The Sports Dome should be primarily for Edina residents, schools, churches and businesses**

One of the goals of the comprehensive plan for an enterprise facility is to "*provide recreational opportunities that are accessible and affordable to primarily, but not exclusively, Edina residents and yet remain competitively priced in the Twin Cities area.*" Therefore, a priority system policy should be established to support Edina residents having first priority in the selection of days and times. The policy, however, must be with the understanding that in order to attract non-resident renters the City may have to make some quality prime time hours available. To that end, the Consultants have completed a rental fee survey of domes in the Twin City area to ensure the non-resident rental fee would be competitively priced. (See Appendix A)

**The Sports Dome Budget should include a renewal and replacement line to replace the dome and turf at the end of their useful life.**

The second goal the City set for itself in the comprehensive plan for an enterprise facility is to *“provide fee-based revenue generating recreation enterprise facilities that collectively cover all facility and program expenses, including capital improvements, land purchase and all operating expenses.”*

As for the initial construction costs, the Consultants believe it is unrealistic to expect the operating budget to repay the bonds for the capital construction or depreciation. The reason is simple, by demanding the City repay the bonds through the operating budget, the City would have to charge an hourly rental fee that would prevent the city from making the recreational opportunity “accessible and affordable” for Edina residents and would prevent the City from being competitively priced (market rate) for non-residents in the Twin Cities area.

Although the Consultants do not expect the dome’s operation to repay original construction costs or depreciation, it is not unreasonable to expect revenues to cover operations and the renewal and replacement of the Dome and Turf.

**The Sports Dome should focus on the health and wellness and sense of community benefits recreational facilities provide**

”The City Council went on record supporting a Minnesota State initiative called ‘Get Fit’ in an effort to heighten the growing awareness of childhood obesity. The comprehensive plan acknowledged the growing trend of childhood obesity and the positive role parks and recreation should play in “creating and administering programs, facilities and services that address this important issue.”

“In 2010 the Centers for Disease and Prevention said that childhood obesity in the United States had more than tripled in the previous 30 years.” According to researchers from Colorado State University a contributing cause of youth obesity is inactivity. Youth sports can encourage regular physical activity in a pleasant environment and play an important role in fighting obesity.” In addition, researchers from Florida University reported that youth who participated in sports tend to be more nutrition-conscious.

The 2008 Physical Activity Guidelines for Americans recommended that school-age youth participate in physical activity for 60 minutes each day. According to a report by researcher Dr. Barbara Moore, “The physical activity should be moderate to vigorous intensity at least 3 days per week. They should also do muscle-strengthening and bone-strengthening activity on at least 3 days per week. It is important to note that the physical activity be enjoyable and developmentally appropriate. Participating in a favorite sport is an easy way to ensure this effort.”

In terms of young athletes being more nutrition-conscious, Edina Parks and Recreation Department can be proud of their 'healthy concessions program'. The program which is being expanded throughout the recreation facility concession stands will require offering for sale over 50% of the food and beverages being healthy selections as identified by the literature.

As for building a sense of community, the Edina Parks and Recreation Department's vision speaks well to this issue; it states, "We create community through people, parks and programs."

**The Sports Dome should provide close-to-home prime time indoor recreational opportunities allowing for reasonable rest and educational study time for young athletes**

Many parents believe it is just common sense, that youth participants under the age of fifteen be home no later than 9:15 pm on weekdays and by 9 pm on Sundays in order to have quality study time and a good night's sleep.

**The Sports Dome should improve the recreational program opportunities that utilize indoor facilities**

The Soccer Club, Lacrosse Club, and Baseball Association indicated in their community survey response and in-person that they had to rent indoor field times throughout the Twin Cities area in order to offer a quality program, but never enough to meet the demand. These same groups have expressed their strong desire to move to a facility in Edina to secure sufficient and better prime time hours.

In addition, if this new venue becomes a reality, there will be greater opportunity for program expansion by the Park and Recreation department. Programs to consider are adult soccer, home and garden show, home school recess, co-ed church leagues, third shift leagues, etc.

**The Sports Dome should be available to non-residents groups in order to reduce the financial obligations of Edina participants and taxpayers**

The City will have to attract non-resident organizations in order to achieve financial feasibility and to keep rental rates reasonable. In order to attract non-residents in an unstable market, Edina may have to "package" a number of prime, peak demand time hours with less desirable times.

**The Sports Dome users should be sensitive to the parent's willingness to pay for their child's participation in their sport of choice**

The Edina youth organization user groups are acutely aware that the number of hours rented will impact the registration cost to the end users parents. Affordability for the end-users in light of the economy is important commitment to keep, as the dome seeks to reach its goals as a recreational amenity and a financially feasible operation. A higher participation fee sends a message that some youth might have to choose a sport based on their families' ability to pay.

## **Data Collection / Study Process**

To effectively prepare this study, an initial meeting was held with staff to better define the intended scope of the study. The staff was asked to provide a number of documents relating to past studies as background information. In addition, staff provided private and public school enrollment projections, demographic information, golf dome usage rentals, site options and the recently compiled Indoor Athletic Facility Interest and Facility Use Survey on athletic association needs. The Consultants followed up the survey results with meetings and conversations with Edina's youth organizations that acknowledged their rental of indoor facilities outside of Edina and their desire to rent a dome facility, if one was built in Edina.

Individuals in key leadership positions in Edina youth sports, such as Brent Rund, President and Ann Buratti Program Register of the Edina Soccer Club, the Edina High School Athletic Director, Mr. John Soma; Kent Kramer, the President of the Edina Lacrosse Association, representative's of Edina Baseball including Jeff May, Association President and Facilities Committee members Tom Connel and Kendall Harrell; Football and Girls Fast pitch Softball Associations representatives, as well as, Shannon Rusk and Paige Rickert were interviewed. Contact was also made with representatives of the sport of Rugby, a Senior Softball representative, Tom Nevers of Nevers/Larkin, Baseball and Simon Whitehead both who are closely allied with Edina sports. Informational discussions were also conducted with recreation programming staff to determine potential use by the city's own department. The Consultants also contacted the St. Louis Park Soccer Association to determine if they had any interest in dome rental.

The Edina School District enrollment projections were reviewed to determine school district demographics. In addition, discussion with the architects was also held in order to develop as reasonable an understanding how the design might impact operational costs.

Nearing the completion of the data collection phase, a presentation and comment period with the Sports Dome Study Work Group was held to determine agreed upon basic tenets from which further work on the study would continue and a pro forma developed. At that time, the Study Group was asked to give consideration to the question 'what percentage of use by Edina organizations the facility needs to attract in order to move ahead with a recommendation to precede.'

## **Market Demand**

There has been a pent up demand for indoor time created by a limited supply of indoor hours and sports groups wanting to take their sports to nearly year-round status. Adults have gotten into the picture too with young and older adults wanting to “stay active” with participation in a lifetime sport.

While total demand may still be growing, there has been a sudden and significant increase in the supply of indoor field time. The Vadnais Heights Sports Complex, with three practice fields, and the recent opening of the Maple Grove dome with two practice fields, have combined for an additional 6,500 field dome hours in the past 12 months. The City of Savage is well on its way to approving a dome with three fields and a private facility is ready to open this year in nearby Eden Prairie that will provide for one practice field. These two facilities with five fields will add another 5,200 hours of field practice time within one year. Adding to this supply of field space is the potential for the City of Woodbury expanding their existing dome. Blake School continues to discuss a dome as well.

In addition to large field domes, there are a number of smaller facilities that also fill some of the demand for practice space. Everything from school gyms, golf domes, and converted warehouses are used for practice, and often at a lesser rental rate.

Distance has been an issue in renting indoor time. Demand for an hour of time in Woodbury that goes unmet, may not translate into an hour of time sold in Savage because of travel distance. However, to some groups’ distance is not always an obstacle as witnessed by the fact that Edina groups have traveled to Vadnais Heights, the National Sports Center in Blaine, Minnetonka and other locations.

A second component of the demand market is the “for-profit” provider of clinics and camp training. This component will seek to locate their camps where demand for their services is greatest. There are two for-profit providers who are based in Edina; Simon Whitehead with Soccer and Tom Nevers with Baseball, both of who have expressed an interest in securing dome hours for their camps.

The Consultants’ analysis of the market suggests a general “softening” of demand with the most noticeable weakness in the period prior to the first of the year to be coined the ‘Shoulder Season’. Even the month of January shows some weakness as evidenced by the fact that the Augsburg dome had three consecutive Fridays in January with 9 available hours and Maple Grove offering open admission time as a result of having available hours.

## **Metro Area Domes**

In an effort to better understand the potential for market competition, the Consultants spoke with representatives of the cities of St. Louis Park and Bloomington regarding any public or private discussions about covered practice facilities in their cities. According to the representatives, neither city has plans for a sports dome in their 5-year CIP or have had serious discussions with their youth sports associations about a dome. The Consultants also reviewed nearby, known facilities and facilities in the planning stage for potential impact.

While the Consultants were already familiar with area domes, visits were made to a number of these existing facilities to ascertain how their operations had evolved. The Consultants obtained fee schedules, reviewed existing use patterns and gathered information that might be helpful in this study.

Air supported domes are not a new phenomenon to the metro area. Despite what appears to be a sudden interest in domes as reflected by the completion of a sports complex in Vadnais Heights, completion of a new facility in Maple Grove, West St. Paul's investigation of the potential of a dome and a study nearing completion in Savage, it should be noted the twin cities area have had domes for over 10 years.

Dome projects have been compared to ice arenas, in that every community seems to have an arena and domes are sure to follow. This comparison is not likely, primarily because ice arenas are used "in season" by large numbers of travel and in-house hockey players and figure skaters, while domes are generally "off-season" additions to soccer and lacrosse programs. Consequently domes appeal to a smaller number of highly interested soccer and lacrosse travel and club players who are fewer in number than if domes were for "in-season use". This is not to say that there are not soccer teams or lacrosse teams that play and practice year round. Some sports organizations do, but the numbers are smaller than "in season" numbers that include the recreational player. Baseball and Softball organizers have increasingly entered into the search for dome time prior to the start of their outdoor season for skill development, conditioning and team tryouts. High School baseball and softball "Captain Practices" often organized by parent groups or booster groups have increasingly used indoor facilities.

Domes are no longer a single focus youth soccer facility. Over the years, new program opportunities such as adult softball, soccer and lacrosse leagues, out of season youth softball tournaments, baseball instructional camps, rugby, and an array of other program uses has become a staple for domes. Also, daytime school hours have been programmed for pre-school activities with inflatable's adding another dimension of fun and play as a daily fee option for moms with children who need to be physically active.

A walking/jogging track around the domes perimeter is also an option that has attracted those seeking a climate-controlled environment during the winter months. Additionally, special events have been programmed in dome space, although these special events are generally few in number. Domes set on high school campuses are used for daytime physical education activities and after school for sports teams with youth organization dominating the evening hours. The pre-dominant use of domes, however, is for soccer; soccer clinics, soccer camps and soccer skill development with relatively few soccer games played on a full-length field. Half field use configurations are typical (fields running the width) which can accommodate upwards of 80 players for skill development.

Domes tend to see increasing use with each passing month, beginning at the end of October and gaining in hourly use until reaching peak demand in March. Spring sport teams, eager to begin, promote instructional camps and skill sessions typically beginning in January and continue with increasing frequency until the spring months of March and April. Once weather conditions allow practice outside, dome hours are shed and indoor use drops significantly. This means that unless there is a committed contract for use by an organized sports association or defined program use, this late dome season source of revenue is often unpredictable. As every Minnesotan knows, the desire to be outside in the spring, summer and fall for your recreation is paramount to our quality of life.

### **The Latest Dome Constructed in the Twin Cities**

The most recent Dome constructed in the Twin Cities area was the Maple Grove dome completed in November 2011. This project started some twenty months earlier with a planning process that evolved to include several significant agreements. The Osseo-Maple Grove School District, with its three high schools, agreed to have the dome placed on a practice field at the Maple Grove High School. In addition, the district provides janitorial services for the attached support building that contains the restrooms and office area weekdays and at a fee for weekends. The District is able to use the dome when operational from 6:00 am until 4:30 pm each school day with the district establishing its own internal protocol for individual schools use. The City will manage the facility and be responsible for its costs, operation and programming.

Another agreement with the City was with the Maplebrook Soccer Association and the Osseo-Maple Grove Athletic Association agreed to pay 20% of the domes construction cost over nine years. Further, each association subscribed to annually renting 500 hours of dome time at a \$10 per hour discount. The two associations will get “first choice” of dome hours and have the opportunity to resell hours they agreed to purchase if not desired or needed.

## **Dome Rates**

A rate survey of selected domes was taken early in the study to help understand the market place. The prime time rates range from \$260-\$400 an hour for a full dome. While it's important to understand what the market is charging it in no way should be the cornerstone consideration of what the Edina rate should be. The Consultants believe that a rental rate should first take into consideration the operational costs of the facility.

## **Edina Architectural Program and Projected Construction Costs**

The Consultants recommend that an Edina dome operate seasonally from late October until mid - April for a period of from 24-26 weeks. The facility would be approximately 230' x 400' in size with a fabric dome and Tedlar outer coating and would enclose one full size soccer field with overlay marking for two smaller soccer fields (approximately 150 feet by 200 feet) running the width of the structure. The field area should also contain an overlay of a lacrosse field, two overlays for baseball infields and three hitting/pitching tunnels on one end of the dome. The City should consider a walking/jogging track around the inside perimeter. Furthermore, walking/jogging may have to be restricted because of conflict with certain dome uses such as baseball. Restrooms would be contained in a service building or within a reasonable distance of the dome, should a site be found where existing facilities might be accessible.

The dome should also identify a "control station" where a staff person might generally be located to assist with group transitions and able to respond to user needs and emergencies. Parking should be adequate to handle the swell in parking created when large group users follow each other; or have identifiable over-flow parking nearby. Parking should accommodate up to 100 cars.

In developing the pro forma, it is also assumed that all necessary equipment (soccer goals, nets, etc) will be acquired and capitalized as part of the construction budget and not part of the first year's operational budget.

Until a site is selected, a complete project cost projection will **not** be possible given site soils, potential for existing parking, proximity to utilities and other variables. The Cuningham Group/Anderson-Johnson Associates has estimated project costs for a generic sports dome, with the size and feature assumptions listed in Appendix B at \$5.2 million. As with any project where the site and configuration on the site is not known, the estimated costs are very preliminary. Actual costs may be higher or lower. The estimate is based on a January, 2012 date. Project costs are included for design fees, and limited owner costs such as furnishings and permits.

A year round dome was considered as an option during the course of the study. However, the Consultants did not find sufficient interest for dome rental by Edina users to offset additional summer operational costs.

## **Prime Time - Non Prime Time / Seasonal Demand**

The most desirable and sought after hours for rent are weekdays after school; essentially beginning at 5:00 pm and ending at 10:00 pm. The Prime time hours on Wednesdays and Fridays are the least attractive to rent. Saturday and Sunday prime hours extend from 8:00 am to 10:00 pm. although Sunday is seen as less desirable, particularly in the evening with parents facing a “school day” on Monday. It’s not unusual then to find Sundays being programmed with adult leagues and programs rather than being filled by youth programs.

Prime time constitutes 53 hours per week (5 weekdays x 5 hours + 2 days x 14 hours). Assuming the dome is operational for 25 full weeks there is potentially 1,325 full dome prime time hours. Due to lack of interest in scheduling field use on holidays, the number of full dome prime time hours has been reduced to 1,300, which translates into 2600 field hours.

The number of “non-prime” time hours is limited only by the length of day hours. These hours still hold the potential for some income. When demand is at its peak, groups may be willing to accept non-prime hours. Other non-prime hours can be programmed for use by Department staff and the Dome manager, but will take a number of years to be developed as a significant revenue source.

There is also a seasonal demand for dome hours. The prime weeks of use are those weeks from February to late March as spring sports look for practice time and are peak demand time. The shoulder season is from October until the end of the year.

## **Major Edina Users**

The three largest users of the Edina dome would be the Edina Soccer Club, the Edina Baseball Association and Edina Lacrosse. These three groups have purchased approximately \$94,000 of combined time at existing dome facilities such as Eden Prairie, Augsburg, the Star Dome (Richfield Holy Angels) Rosemount, Vadnais Heights, National Sports Center and even the Edina Golf Dome during the most current season. During the interview process, each association made comment over the lack of time available at facilities and the desire for additional hours. Each also made note of often having to take the less desirable hours i.e. early Saturday/Sunday mornings or late evening hours often ending at 11:00 p.m. Therefore, it’s not surprising that all three expressed a willingness to commit to taking more hours recognizing it would have an array of better times.

Edina High School would also commit to taking Dome time. These hours, during the spring sports season, would be from 3:30 pm to 5-6 pm, at a value of up to \$30,000 or approximately 94 hours based on a fee of \$350.

The Edina Soccer Club has frequently used Mr. Simon Whitehead, owner of Coerver Coaching Minnesota, a recognized Soccer Coaching business and also the varsity girl’s coach at Edina High School, to coach at Club sponsored clinics. Mr. Whitehead has frequently rented various

domes in the metro area, as well as in Greater Minnesota, for his camps and clinics. In addition, the Edina Baseball Association has used Nevers/Larkin, owners of Players Only, Inc Baseball Instruction for instructional clinics for its members, often using the Edina Golf Dome. Mr. Whitehead and Mr. Nevers would be likely renters of dome time. St. Louis Park Soccer might also be interested in rental time; however, they have purchased only limited hours amounting to approximately \$9,000 of rental time

In speaking with Valarie Burke, Edina's Community Education Director, she reaffirmed the lack of need in utilizing the Dome, as indicated in their community interest survey.

### **Edina Demand Hours / Hour Distribution**

The three major Edina based users (Soccer Club, Baseball and Lacrosse) have requested 892 full dome hours. There is, however, an imbalance in the distribution of those hours over the 25-week season.

From late October to the end of December, a period of ten weeks, there are 535 full dome prime time hours. The three Edina based users requested time for 215 full dome hours or about 40% of the available prime time hours during what is called the shoulder season. This means that 677 full dome hours of their requested time are needed in the remaining fifteen weeks of the season.

During the 15-week period from January to the end of the season, there are insufficient weekday prime time hours to satisfy the requests of the three organizations. For example, beginning in February through March and into April, Monday through Friday has 25 full dome prime time hours per week. However, these same three organizations are collectively requesting 35 full dome prime time hours per week; a shortage of 10 hours each week. This is the result of the Baseball Association ramping up their request for hours.

An even closer examination of the specific request for days and hours reveals only two hours are requested on Wednesdays and four on Fridays. Assuming none of the organizations would be able to shift their request, the result would be a total of 13 full dome hours per week not being met. This situation is further complicated by the fact that Edina High School requested hours have not been taken into consideration.

Reflecting on previous facility projects completed by others, the consultants have found that demand use projections have been done in aggregate hours, failing to recognize that groups often want the same hours. Simply stated, not all hours requested can be counted toward revenue projections.

**Therefore, as much as reasonably possible, at this level of study, we have attempted to identify distribution of requested time as being more important than aggregate hours.**

## **Edina Management Model**

The personnel budget in the pro forma is based on a Management Model that includes two positions. The first position is a Dome Manager. We believe that the responsibility this position entails is very similar in responsibility and scope to that of the Braemar Ice Arena Manager. Therefore we are recommending that the person in this position also be given the Dome Managers title and responsibility. Further, we are recommending that 25% of the Ice Arena Manager's salary be charged to the Dome reflecting an estimate of time required to manage the operations.

The Dome Manager's major responsibilities would include overseeing the daily operation, developing operating policies and procedures, scheduling (and billing for) the fields, hiring and training supervisors, preparing budget recommendations and developing and maintaining good working relationships with the user groups. The Manager will be responsible for working with Department staff to develop additional program offerings in time slots that do not negatively impact Edina youth organizations and major non-resident user groups. The Dome Manager will report to the Assistant Director of Parks and Recreation.

The Dome Supervisor position, the second staff position, will report to the Dome Manager and act as a host, be responsible for customer service and facilitating appropriate emergency procedures. Other duties and responsibilities will include; ensuring the user group schedule is adhered to, security procedures are met, administer basic first aid and direct emergency procedures, perform general cleaning and light maintenance, complete daily journal reports, assist with department programs and monitor the domes operation.

## **Dome Renewal and Replacement**

The Consultants believe that user groups should pay for replacement of the key elements, the turf and the dome, through their rental or program fee. The need for turf replacement is expected to occur at the end of 10 years and the dome at the end of 20 years. Therefore, included in the pro forma is a line item identifying today's cost with an annual 3 % inflationary increase to replace both key elements at the end of their life cycle. Providing for replacement of these items is often overlooked in budget calculations. This can result in a significant unexpected expense that will have to be covered by other funds or become an additional tax burden when replacement is needed.

## **Edina Recommended Dome Rates**

The Consultants are recommending a full dome prime time rental rate of \$350 or \$175 per field hour. During the shoulder season of October through December, the full dome rate would be \$320. Non-prime time hours would be rented at a reduction of \$50 per hour of the full dome rate. This recommendation is based on two factors, the cost of operations including the renewal and replacement line item and the market rate.

The annual expenditures for the sports dome operation and the replacement line item totals \$358,000. Based on a \$350 per hour prime time full dome rate, the City would need to sell approximately 1,023 hours to breakeven.

As indicated in Appendix A, the Twin Cities Sports Dome Fee Schedule for Non-Residents, the cities of Maple Grove and Plymouth have lower overall rental rates. Each has a different situation to allow for this lower field rental rate. In the case of Maple Grove, the Soccer and Baseball Associations have agreed to purchase 1000 full dome hours each year. In the case of Plymouth, over the years, four large soccer groups and Lacrosse have purchased 977 full dome hours. In fact, in 2010-2011 Plymouth sold a total of 1,265 full dome hours. The Consultants are projecting the rental of 820 full dome hours from Edina organizations thus making Edina dependent on outside groups to breakeven. This dependency is of some concern recognizing the majority of hours available for non-resident groups will be marginally desirable times in the shoulder season; an off peak period.

## **Edina Projected Revenues**

The Consultants are using a conservative projection of 215 hours at \$320 and 605 at \$350 an hour by Edina organizations in the pro forma. The numbers of hours is very likely to increase when a schedule is actually drawn. In addition, \$5,000 is projected as income from Edina Parks and Recreation sponsored programs during non-prime time hours and vending income at \$1,000. No estimate is made for selling any remaining hours to others; including non-residents, as a means of illustrating the shortage of hours sold to meet costs. Second and third year turf revenues are expected to increase as a result of increased familiarity with the dome. Revenues in future years are reflected at a growth of 2%.





## **New Private Facility**

A private investor is opening a new facility in Eden Prairie, located at 7000 Washington Ave So. The “Athletic Center” is a converted warehouse structure in an office/warehouse district and will contain a variety of venues including basketball, volleyball and tennis courts, a curling club, Vertical Endeavors, a climbing club, and a 290 x 200 feet turf field. (By comparison, the proposed Edina dome would be approximately 400 x 230 feet) The architectural plans also show a lobby for seating, meeting room, and concessions. This facility may be a possible alternative for meeting the needs of the Edina youth organizations. Currently Edina Soccer and Lacrosse have dome space at the golf dome. Adding this private facility, in reasonably close proximity, would meet all the hours needed during the fall months as well as a majority of the hours required in the spring.

The negative elements to this strategy are that private business always seeks to use the property at the highest and best use. Meaning that if an opportunity should occur at some point in the future, this facility could convert to meet another more profitable use. Second, fees for use are likely to be higher. And finally, there is no assurance that Edina organizations would get first priority for selection of hours. Clearly, the turf area will be a competitor of an Edina dome, if one were built.

## **Edina Golf Dome Impact**

At the December 8 meeting of the Dome Study Committee, the Consultants were asked if golf were an option for the sports dome, as the golf dome might need to be replaced in the not too distant future.

After reviewing the daily income sheets from the Golf Dome and speaking with Todd Anderson, golf course manager, the Consultants believe the two activities are in conflict with each other.

The heaviest usage of the golf dome is on Saturdays and Sundays. These two days are the biggest days for sports dome users.

In addition to conflicting demand for use, there are other concerns about attempting to provide golf and sports within the same facility. For example golf balls damaging the lighting fixtures.

It is important to remember the Golf Dome has been rented on numerous occasions at \$135 an hour by the various sports associations. If the Sports Dome were built the Edina Lacrosse, Football and Rugby may choose to move from the Golf Dome. If that were the case, the Golf Dome would suffer revenue losses of around \$10,000 if unable to fill the vacated times with other groups. The bottom line is, the golf dome will be a competitor of the sports dome.

## Performance Risks

1) Domes are high-energy users with utility cost representing between 35% and 45% of an annual operational budget. Electric drive compressors to keep the dome inflated never shut off until the dome comes down. The electrical is a fixed overhead cost as is heating the dome to a tolerable level. In late 2007 and in 2008, energy prices were escalating at a rate of 10-20% Natural gas wholesale prices went to over \$7.00. Since that time there has been a significant easing of utility costs as energy rate pass through have decreased, with natural gas now selling just below \$3.75 per unit. It's inevitable that utility costs will again increase, but at what rate is the subject of great uncertainty. A sudden return to high-energy costs could significantly impact utilities and the operating budget. This risk needs to be understood by decision makers and a strategy to cope with this potential should be considered as part of the business plan.

2) Competition from a new, nearby dome could be disruptive, particularly if non-residents groups need to be relied upon for a significant portion of the revenue stream to cover operational costs. A new facility closer to non-resident groups would likely have an immediate impact on Edina. In the Consultants discussions with Bloomington and St. Louis Park administrative staff, no serious discussions concerning such a facility in either community have occurred. However, the potential still exists for new facilities to find their way to the drawing board, if driven by youth sports associations.

3) In the near term there appears to be a stable supply of the "raw material" that fuels Edina youth association's needs for field space and dome hours; YOUTH! The Consultants found a stable student population enrollment for the next five years, however the biggest users of the Dome in 2028 won't be born for another 7 years.

## Summation / Analysis

The Consultants have throughout the study honored the specific vision, goals and objectives of the City and respected its uniqueness and values by addressing the park and recreation enterprise facility goals of the City's Comprehensive plan. The plan states "Each enterprise facility is (to be) operated like a business; however, the mission as stated (and unlike the private sector) is not to maximize profits but to provide recreational opportunities and include two important goals focusing on enterprise facilities as follows:

For each of Edina's enterprise facilities, provide recreational opportunities that are *accessible and affordable* to primarily, but not exclusively, Edina residents and yet remain *competitively priced* in the Twin Cities area." (Emphasis added)

Secondly the enterprise facility is to "provide fee-based revenue generating recreation enterprise facilities that collectively cover all facility and program expenses, including capital improvements, land purchase and all operating expenses."

An Edina dome of approximately 92,000 sq feet is projected to cost between \$5 and \$5.5 million dependent upon site and other variables according to Cuningham Group/Anderson-Johnson Associates.

First year operational costs are projected at \$234,000 with renewal and replacement for dome and turf at \$124,000 annually for a total cost of \$358,000 in year one. Future expenses beyond year three are shown at an annual increase of 3%. Income is projected to increase at an annual rate of 2%.

There are 1,300 potential prime time hours. Edina organizations had initially requested 892 hours of which 215 of those hours are scheduled in the “shoulder” months of October thru December. This imbalance of use creates a greater hurdle for achieving a breakeven operating budget. The Consultants conservatively projects 820 full dome hours of rentals by Edina based organizations. This 820 number may increase when an actual schedule is drawn and all organizations recognize the need to share the most desired times.

At the recommended prime time hourly rate of \$350 an hour for full dome use and \$320 an hour for full dome use during the shoulder season, Edina organizations will cover 78% of the first years operating and renewal and replacement costs. To cover the remaining 22% of the expenditures, the City will need to sell between 220-250 hours to others.

## **The Recommendations**

1. Park and Recreation staff should meet with the representatives of the Soccer Club, Lacrosse Association, Edina High School and the Baseball Association to commit to an actual 2013-14 schedule of 820 hours of the full dome, before moving forward with any final recommendation to the City Council.
2. Park and Recreation staff should meet with the representatives of the Nevers Baseball, Simon Soccer, and St. Louis Park Soccer Association to draw an actual 2013-14 schedule. The City should also attempt to secure commitments from others of sufficient hours to ensure revenues would exceed operational and replacement costs, before moving forward with any final recommendation to the City Council.
3. The business plan should include a long-term strategy for the development of programs and services that will use non-prime daytime hours. The revenues from these hours will greatly increase the long-term financial success of this facility.
4. The business plan should include a strategy that develops a strong relationship with non-resident groups that are likely to be long-term renters. Turf renters that will take hours in the shoulder season (October-December) should be given preference for time in the peak demand periods.
5. The business plan should include a comprehensive advertising policy that addresses all enterprise fund operations
6. The City should annually review its dome rates, as upward adjustments may be required to keep pace with rising costs.

**Appendix A: Twin City Dome Rental Rates for Edina Residents**

Location	Dome Rate (2)	Field Rate	Nov/Dec	Field Rate	Rate Basis	Min/Miles Edina CH
Richfield (HA)	\$345	\$173	\$325	\$173	Group C	10min/6m
Eden Prairie	\$363	\$193	\$275	\$143		15min/11m
Augsburg	\$350	\$175	\$350	\$175	Group C Non Resident	16min/11m
Minnetonka	\$400	\$210	\$340	\$180		16min/12m
Plymouth	\$284	\$142	\$284	\$142	Resident	21min/15m
Maple Grove	\$305	\$155	\$285	\$155		31min/24m
Woodbury		\$195		\$195		
Vadnais Hgts.	\$350	\$175	\$350	\$175		32min/27m
Savage (?)	\$350	\$175	\$350	\$175		21min/21m
Private (EP)					10min/6m	
Average	\$343	\$175	\$310	\$161		
Edina Proposed	\$350	\$175	\$320	\$160		

## **Appendix B: Estimated Construction Costs**

### **Dome** *(Size and features similar to Maple Grove's dome)*

- 230' x 400' fabric dome with Tedlar outer coating
- Seasonal, up 6-months or less a year
- Vehicle air lock, standard entry port, assume (8) 8'-wide double doors
- Dome-supplied netting for batting cages across one end of dome
- Netting around perimeter of main fields to allow for walking track
- Mid-field netting
- Fabric connection/transition to an adjacent accessory building
- Lights, ballasts and all cabling to grade beam
- Mechanical units to inflate and heat dome
- Snow and wind sensors
- First installation included

### **Synthetic Turf Field**

- 230' x 400'
- Associated sub-grade work, including storm-water system for dome run-off
- Minor re-grading

### **Site work and Dome-related Construction**

- Utility installations in preparation for Dome M/E hook-up
- Concrete foundation/footing work for Dome
- 100-car parking lot, some paved drive (about 50-100')
- Paving around dome
- Minor landscaping

### **Accessory Structures**

- One-story, approximately 2500 sf. structure for entry, office and toilets
- Enclosure (unconditioned) for dome mechanical/electrical equipment, approximately 2000-2500 sf.