

Woodman’s Sports & Convention Center (WSCC) Operations Analysis

Operations

The operations analysis represents a conservative approach to estimating expenses and revenues and was completed based on the best information available, current ice rink operations and a basic understanding of the project. Fees and charges utilized for this study reflect a philosophy designed to meet a reasonable cost recovery rate and future operations cost and are subject to review, change, and approval by the City of Janesville. The operation plan was developed with the assistance of City staff and reflects a number of review sessions that helped determine the overall budget and finding the balance between the desire of the City to operate without increasing the subsidy level of the existing ice rink and recognizing the new WSCC will require a higher standard of service. There is no guarantee that the expense and revenue projections outlined in the operations analysis will be met as there are many variables that affect such estimates that either cannot be accurately measured or are subject to change during the actual budgetary process.

Expenditures

Expenditures have been formulated on the costs that were designated by Ballard*King and Associates to be included in the operating budget for the facility. The figures are based on the size of the center, the specific components of the facility, existing budget levels, and the anticipated hours of operation. All expenses were calculated to the high side and the actual cost may be less based on the final design, operational philosophy, and programming considerations adopted by the facility. The budget figures also estimate what the expenditure will be in 2024.

WSCC – The center will consist of a main arena, a multipurpose arena and a multiuse/convention (flexible space). The main arena will have a 1,500 spectator seating capacity and feature year-round ice for hockey, skating and other activities. The multipurpose arena is a flexible space that will have a spectator capacity of 250. It will feature ice during the peak season (October-March) and will feature hardcourt or indoor turf during the balance of the year. The multi-use/convention space (flexible space) will consist of about 20,000 square feet. It is designed to accommodate conventions, expos, banquets, community events and other corporate functions as well as indoor sports programming, including but not limited to basketball, volleyball, pickleball, gymnastics, open gym and more. The center is approximately 127,400 square feet.

Full-Time Staffing Levels

Full Time Staff	Salary Level
Facility Manager	\$75,000
Assistant Manager	\$55,000
Maintenance Tech	\$50,000
Maintenance Worker/Custodian (1)	\$37,500
Sales/Marketing Coordinator*	\$0
Sub-Total	\$217,500
Benefits (30%)	\$65,250
Total Full-Time Staff	\$282,750

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*Sales and marketing efforts will be coordinated and paid for through the Janesville Area Convention and Visitor Bureau (JACVB).

There is a strong possibility that the new center will require additional maintenance workers in the future. Maintaining a 127,400 SF center with two dedicated staff members likely will require additional contract services support, which is included in the expense summary. Based on the consultant’s experience in operating large recreation type facilities and consulting on several large centers the level of maintenance staff meets only a minimum standard. The volume of room set-ups and tear downs, changing dry floor configuration, preparing for various activities, cleaning a 127,400 SF facility, light maintenance functions, maintaining restrooms and locker rooms will be a challenge for one maintenance technician and one maintenance worker/janitor position.

Part-Time Staffing Levels

	Rate	Hours	Weeks/Events	Total
Welcome Desk	\$14.25	78	36	\$40,014
Welcome Desk	\$14.25	58	15	\$12,398
Change Over Crew*	\$14.00	80	10	\$11,200
Gym Attendant	\$14.00	25	30	\$10,500
Game Day Attendants	\$14.00	10	32	\$4,480
Skate Hosts	\$14.00	44	36	\$22,176
Skate Hosts	\$14.00	38	15	\$7,980
Supervisor on Duty	\$18.50	57	36	\$37,962
Ice Maintenance	\$16.00	25	40	\$16,000
Sub-Total				\$162,710
Benefits				\$12,447
Total Part-Time				\$175,157

*The changeover crew was included in the budget for those events which require significant changeover of the multipurpose arena. Based on other similar facilities it takes a 5-to-6-person crew about 8 hours to pull glass, remove sections of the dasher system and set up for an event. There will also be set-up and tear down support needed for events hosted in the convention center. Although the budget reflects 10 events that could include trade shows, exhibition, conference, banquets and business functions it must be remembered that each event requires a set-up and tear down to service five actual events. Details can be found in the appendix on page 9.

The part-time salaries are estimated for 2024. These could change based on variable market conditions and challenges associated with finding adequate staffing numbers. Worksheets for all the part-time positions can be found in the appendix of this report. Of note is the City of Janesville plans to continue its practice of having a majority of programming activities scheduled by existing user groups. While this saves the City program staffing expense it requires participating

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organizations to assume greater responsibility and the potential that those organizations may not have the volunteer base to take on additional programming. Additionally, this means that the local youth sport organization will rent space for programming activities at the WSCC. It must be remembered that in some cases groups are getting school facilities at no or low cost.

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Expense Summary

The expense summary includes contractual support for maintaining the operating systems and reflects that staff will be responsible for cleaning the facility. With a new facility the expectations for cleaning and maintenance will be high and could require the services of an outside contractor to meet the demands.

Ballard*King strongly recommends establishing a capital replacement fund to build the reserves necessary to handle future capital needs. This line item was removed at the City's request which means any capital needs that could arise or the WSCC will compete with all the other needs within the City of Janesville. Although there are no capital dollars allocated in this budget for replacement the City intends to establish a capital replacement fund in year 4 when operations have stabilized. The City reports that in addition to the planned capital replacement fund, FISCC may infuse \$500,000 in year 4 and as naming rights expire, the plan is to renew and bring additional financial resources to the facility for capital improvements.

Although not displayed in the line-item budget the JACVB will contribute \$44,800 in the form of in-kind support to the facility. Specifically, \$25,000 for sales staff support, \$3,000 for trade shows, \$4,000 for sport ETA, \$2,000 for Sports Wisconsin and \$800 for sport events and tourism. Additionally, the JACVB will also provide \$3,000 for on-line ads, \$5,000 for advertising and \$2,000 for web-site support.

Expense Summary

Category	Budget
<u>Personnel (includes benefits)</u>	
Full-time	\$ 282,750
Part-time	\$ 175,157
Total	\$ 457,907
Utilities (Gas/Elect.-\$3.50 SF x 127,300 SF (plus an inflationary factor of about 12% for 2024)	\$ 500,850
Water/Sanitary	\$ 30,000
Communications (Phone/Radios/WiFi/Cable)	\$ 18,500
Dues and Subscriptions	\$ 1,500
Conference and Training	\$ 3,500
Uniforms	\$ 2,500
Bank Charges (charge cards/EFT fees/software fees)	\$ 18,000
Insurance-General Liability	\$ 10,000
Cleaning Contract	\$ -
Zamboni Fund*	\$ 35,000
Zamboni Maintenance (Fleet & Equipment)*	\$ 4,000

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Custodial Supplies	\$ 8,500
Supplies-Office	\$ 9,000
Contract Services (Elevator/ASCAP/Fire Alarms, Control system, HVAC, Technical support)**	\$ 28,500
Maintenance/Repair Supplies	\$ 6,000
Printing	\$ 2,500
Trash	\$ 4,000
Recreation Equipment and Supplies	\$ 3,500
Food Supplies Birthday Parties	\$ 3,000
Chemicals and Supplies (cooling tower)	\$ 5,000
Postage and Freight	\$ 2,000
Advertising and Promotion	\$ 1,000
Items for Resale (tape, laces etc.)	\$ 3,500
Misc.	\$ 7,500
Total	\$ 707,850
<u>Capital</u>	
Replacement fund***	\$ -
Grand Total	\$ 1,165,757

Note:

*The Zamboni fund represents a replacement fund for two Zambonis and the Zamboni maintenance represents the charge from the public works department to perform routine maintenance on the Zamboni.

** The line item budget includes contract services for the type of professional maintenance type skills that exceed the capacity of WSCC staff. It was reported by the City that retirements and the difficulty in recruiting new employees has impacted the Public Works resources to support the WSCC in the future.

*** Although there are no capital dollars allocated in this budget for replacement the City intends to establish a capital replacement fund in year 4. Most all of the operating systems will be under warranty for one year and if the capital funding is not established any future capital needs for the facility will compete with other City needs.

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Revenues

The following revenue projections were formulated from information on the specifics of the project, demographics of the service area, existing fee structure as well as comparing them to national statistics and other similar facilities. Actual figures will vary based on the size and make-up of the components selected during final design, market stratification, philosophy of operation, fees and charges policy, and priority of use. All revenues were calculated conservatively as a result.

Revenue Summary

Category	Facility
<u>Fees*</u>	
Daily Admissions	\$ 178,041
Non-Ice Admissions*	\$ 25,581
<u>Rentals**</u>	
Ice	\$ 539,300
Non-Ice	\$ 103,900
Total	\$ 846,822
<u>Programs</u>	
Birthday Parties	\$ 22,750
Free Style	\$ 23,700
Total	\$ 46,450
<u>Other</u>	
Sponsorship***	\$ 100,000
Skate Sharpening	\$ 2,500
Concession Commission****	\$ 18,750
JACVB Contribution	\$ 85,000
Aliant Solar Lease*****	\$ 20,000
Total	\$ 226,250
Grand Total	\$ 1,119,522

Note

*The worksheet details for the fee category including admissions and rentals can be found in the appendix on page 11. The rental fees for the youth organizations are included in the general rental summary. These revenues that are perhaps the most volatile are the non-ice youth organization rentals because some of these user groups have already secured rental space for programming

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within the community and may not be interested in paying higher fees for a new facility or they may reduce the number of hours they rent.

** The details for general rentals can be found in the appendix on page 13.

*** Sponsorship revenue will require an aggressive effort to secure sales along with on-going efforts to ensure sales in the future. Focus must be on the benefits to the sponsors, foot traffic generated in the building, and connection with target markets. The JACVB indicated that they will commit 10% of their room tax revenue estimated to be between \$75,000 to \$100,000 annually for five years. The JACVB estimated \$85,000 will be available to the WSCC operation in 2024, and this amount will increase as activity increases at the WSCC. The JACVB commitment is renewable for an additional five year, but is not expected to be a permanent funding source for the WSCC.

**** The concession commission is based on 15% of \$125,000 in gross sales.

***** The consulting team was directed by the City to include a \$20,000 lease payment from Alliant Energy Solar program. At the time of drafting this proforma the City did not verify the revenue with an MOU or other substantiation from Alliant.

Expense-Revenue Comparison

	Base Budget
Expenses	\$ 1,165,757
Revenue	\$ 1,119,522
Difference	\$ (46,235)
Cost Recovery Level	96%

This operational pro-forma was completed based on the best information available and a basic understanding of the project. However, there is **no guarantee** that the expense and revenue projections outlined above will be met as there are many variables that affect such estimates that either cannot be accurately measured or are not consistent in their influence on the budgetary process. These types of facilities typically recover about 80% of operating expenses with revenue. This plan will require aggressive marketing and promotion of revenue generating programs to meet the cost recover goals.

Future years: Expenditures – Revenue Comparison: Operation expenditure is expected to increase by approximately 3% - 4% a year through the first 3 to 5 years of operation. Revenue growth is expected to increase by 4% to 6% a year through the first three years and then level off with only a slight growth (3% or less) in the next two years. Expenses for the first year of operation should be slightly lower than projected with the facility being under warranty and new. Revenue growth in the first three years is attributed to increased market penetration and in the remaining years to continued population growth in the area. In most recreation facilities, the first three years show tremendous growth from increasing the market share of patrons who use such facilities, but at the end of this time-period revenue growth begins to flatten out. It is not uncommon to see the amount of tax support to balance the center budget increase as the facility ages.

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Five-Year Estimate (base budget)

	2024	2025	2026	2027	2028
Expense	\$ 1,165,757	\$1,212,387	\$ 1,260,883	\$ 1,311,318	\$ 1,363,771
Revenue	\$ 1,119,522	\$1,175,498	\$ 1,222,518	\$ 1,259,194	\$ 1,296,969
Difference	\$ (46,235)	\$ (36,889)	\$ (38,365)	\$ (52,124)	\$ (66,802)
Cost Recovery	96%	97%	97%	96%	95%

Note: the increases in costs and for the five-year estimate are based on a percentage increase of 4% per year for expenses and a declining rate from 5% on revenues. Although not calculated separately, the increase in revenue includes a fee increase along with advancing the market penetration.

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Appendix

Part-Time Worksheets

Welcome Desk Attendant	Days	Time	Total Hours	Employees	Days	Total Hrs. Week
15 weeks	Mon-Fri	3pm-9pm	6	1	5	30
	Sat/Sun	8am-3pm	7	1	2	14
		3pm-10pm	7	1	2	14
Total						58

Welcome Desk Attendant	Days	Time	Total Hours	Employees	Days	Total Hrs. Week
36 weeks	Mon-Fri	9am-5pm	8	1	5	40
		5pm-10pm	5	1	5	25
	Sat/Sun	8am-2pm	6	1	1	6
		2pm-9pm	7	1	1	7
Total						78

Change Over Crew	Days	Time	Total Hours	Employees	Days	Total Hrs. Week
	Thursday	8am-5pm	9	5	1	45
	Sunday	5pm-12am	7	5	1	35
Total						80

Game Day Crew	Days	Time	Total Hours	Employees	Hours	Total Hrs. Week
32 games		6pm-11pm	5	2	10	320
Total						320

Gym Attendant	Days	Time	Total Hours	Employees	Days	Total Hrs. Week
30 weeks	Mon-Thur	4:30pm-9:30pm	5	1	4	20
	Saturday	9:00am-2pm	5	1	1	5
	Sunday					
Total						25

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Supervisor on Duty*	Days	Time	Total Hours	Employees	Days	Total Hrs. Week
36 weeks	Mon-Fri	5pm-10pm	5	1	5	25
	Saturday	6:00am-10pm	16	1	1	16
	Sunday	6am-10pm	16	1	1	16
Total						57

Skate Host	Days	Time	Total Hours	Employees	Days	Total Hrs. Week
36 weeks	Mon-Fri	9am-11am	2	2	5	20
	Friday	7pm-9pm	2	4	1	8
	Saturday	2pm-4pm	2	4	1	8
	Sunday	2pm-4pm	2	4	1	8
Total						44

Skate Host	Days	Time	Total Hours	Employees	Days	Total Hrs. Week
15 weeks	Mon-Fri	9am-11am	2	2	5	20
	Friday	7pm-9pm	2	3	1	6
	Saturday	2pm-4pm	2	3	1	6
	Sunday	2pm-4pm	2	3	1	6
Total						38

Note

*Supervisor on Duty coverage scheduled to coincide with the school year and the peak season for the proposed WSCC. The level of activity and volume of support required is expected to drop during the summer months.

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Revenue Worksheets

Admissions

Daily Fees	Fees	Weekly Number	Revenue
Adult	\$8.00	130	\$1,040
Youth	\$7.00	180	\$1,260
Skate Rental	\$3.00	240	\$720
Skate Aids	\$5.00	75	\$375
Open Hockey	\$8.00	12	\$96
Total		985	\$3,491
			x 51 weeks/year
Grand Total			\$178,041

Birthday Parties	Fee	Number	Amount
Birthday Parties	\$175	130	\$22,750

Hard surface drop-in

Non-Ice Activities*	Fees	Participants	Weeks	Total
Non-Ice Adult	\$8.00	75	15	\$9,000
Non-Ice Youth	\$7.00	125	15	\$13,125
Pickleball	\$3.00	48	24	\$3,456
				\$25,581

Monthly Attendance	Participants	Fee	Months	Total
Free Style**	115	\$13	12	\$17,940
Free Style walk-in	30	\$16	12	\$5,760
				\$23,700

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Note

* Non-ice activities refer to drop-in play for basketball, volleyball, soccer and pickleball. The fees for adult and youth drop-in are the same as drop-in fees for ice skating. The fees for pickleball have historically been low for pickleball because the game was built around seniors initially and they typically are looking for the lowest cost alternative. It should be noted that many seniors using indoor recreation centers for pickleball are utilizing the benefits from a Silver Sneakers insurance-back program so the cost to participate for seniors is zero.

**Free style participation is based on what the City is experiencing on a monthly average from skaters taking freestyle sessions.

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Rentals

Revenues	Rate/Hr or Event	Number of Hrs. or Event	Weeks or Event	Total
Gymnastics Events	\$5,000/event		2 events	\$ 10,000
Volleyball - Power Tournaments	\$2,500/event		2 events	\$ 5,000
Events, Conventions, trade shows and corporate functions*	\$1,500/event		15 events	\$ 22,500
Set Up Fee				\$ 10,000
Learn to Skate	\$250 per hr	2 hrs	28 wks	\$ 14,000
Jets Games	\$250 per hr	4 hrs	30 wks	\$ 30,000
Jets Practice	\$250 per hr	7 hrs	36 wks	\$ 63,000
Jets Prospect Camp	\$250 per hr	16 hrs	1 wk	\$ 4,000
Youth Hockey	\$250 per hr	28 hrs	35 wks	\$ 245,000
Hockey Tournament	\$250 per hr	40 hrs	4 wks	\$ 40,000
Spring League**	\$250 per hr	4 hrs	6 wks	\$ 6,000
Adult Hockey	\$250 per hr	6 hrs	24 wks	\$ 36,000
Summer Hockey Rentals	\$250 per hr	4 hrs	12 wks	\$ 12,000
Summer Hockey Camp	\$250 per hr	80 hrs	1 wk	\$ 20,000
Bluebird Games	\$125 per hr	2 hrs	10 games	\$ 2,500
Bluebirds	\$125 per hr	6 hrs	24 wks	\$ 18,000
Milton HS	\$250 per hr	4.5 hrs	24 wks	\$ 27,000
Milton Games	\$250 per hr	2 hrs	10 games	\$ 5,000
Fury	\$250 per hr	1 hr	24 wks	\$ 6,000
Unaffiliated Rentals***	\$225 per hr	2 hrs	24 wks	\$ 10,800
Youth Basketball League	\$100 per hr	4 hrs	18 wks	\$ 7,200
Youth Volleyball League	\$100 per hr	4 hrs	18 wks	\$ 7,200
Indoor Soccer	\$150 per hr	3 hrs	16 wks	\$ 7,200
Indoor Lacrosse	\$150 per hr	1 event	16 wks	\$ 2,400
Adult Basketball Tournament	\$150 per hr	1 event	24 hrs	\$ 3,600
Adult Volleyball (Rec)	\$150 per hr	1 event	24 hrs	\$ 3,600
Adult Soccer Tournament	\$150 per hr	1 event	24 hrs	\$ 3,600
Youth Basketball Tournament	\$150 per hr	2 events	36 hrs	\$ 10,800
Youth Soccer Tournament	\$150 per hr	2 events	24 hrs	\$ 7,200
Youth LAX Tournament	\$150 per hr	1 events	24 hrs	\$ 3,600
Total				\$ 643,200

Note:

* Reaching a higher penetration rate for conventions, trade shows and corporate events will take a few years to develop. Many groups are currently securing dates for 2025 and beyond. Usage from these types of events will build over time. The number of events and price per event were provided by the JACVB.

**Spring league is an extension of the youth hockey season in a less formal structure.

*** Unaffiliated groups or non-contract groups that rent ice. This could be from individuals or outside organizations renting ice. The rental rate for unaffiliated groups is slightly lower than the rental rates for Janesville area organizations because they are using non-prime ice which is less desirable from a program perspective.

The City of Janesville indicated that they are not interested in having any wedding events at the proposed WSCC to protect the interest of the existing providers in the area. However, not pursuing this rental source reduces the revenue potential for the center.

Through the stakeholder meetings process a few groups mentioned the sensitivity around fees. Clearly it will cost more to operate the new WSCC than the existing Janesville Ice Arena. Janesville Youth Hockey indicated that fee elasticity could be a potential issue and the club will need to be more active in seeking sponsorships and partnerships and they have a concern that if they need to increase fees it could lower participation. There could be greater pressure on the scholarship programs. The City of Janesville believes that the youth hockey association will not be interested in operating the concessions operation in the proposed center. The club will be hosting more and larger tournaments to offset the loss of concession revenue and to help keep the costs for participation as low as possible.

The non-ice groups have been able to secure low-cost space for practices in the community and may not want to pay the higher fees at the proposed WSCC. Similar to hockey, the non-ice groups faced with higher fees could trickle down the increases to the end user if groups are not able to expand other funding sources such as sponsorships or fundraising.

The assumption for the proforma does not delineate between a three or four-court hard court configurations. The tournament venues in the proforma have been calculated for 2-3 courts. Additionally, the consultant determined that the multi-purpose arena hard-court configuration would be used 18 weeks per year and the turf configuration for 16 weeks. Installing and removing the turf is labor intensive so to reduce labor cost the proforma calls for a hard-court season and separate turf season.