

DRAFT



Final Report: Feasibility Study for Park City Ice Arena Expansion

NOVEMBER 23, 2015 // DRAFT



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Note: This report relies on a variety of information and assumptions to develop market demand and operating projections. Sources of information and assumptions include, but may not be limited to, information provided by Park City Municipal Corp. and other project stakeholders, input and opinions provided by relevant third parties, Victus Advisors' industry experience and previous studies, and publicly available data from various industry sources. Any such information collected by Victus Advisors has not been audited or verified and has been assumed to be correct. There will be differences between actual events and the projections contained herein, and we express no assurances of any kind related to any projected information. Differences between projections and actual events may be material.



1. INTRODUCTION



PROJECT BACKGROUND



Victus Advisors was engaged by Park City in July 2015 to conduct an objective and research-based study of the potential market demand and financial feasibility of expanding Park City Ice Arena to include a second ice sheet.



In addition, Victus engaged **Elliott Workgroup** to develop site analysis and expansion concepts, and **Construction Control Corp.** to assist Elliott Workgroup with cost estimates for each concept.

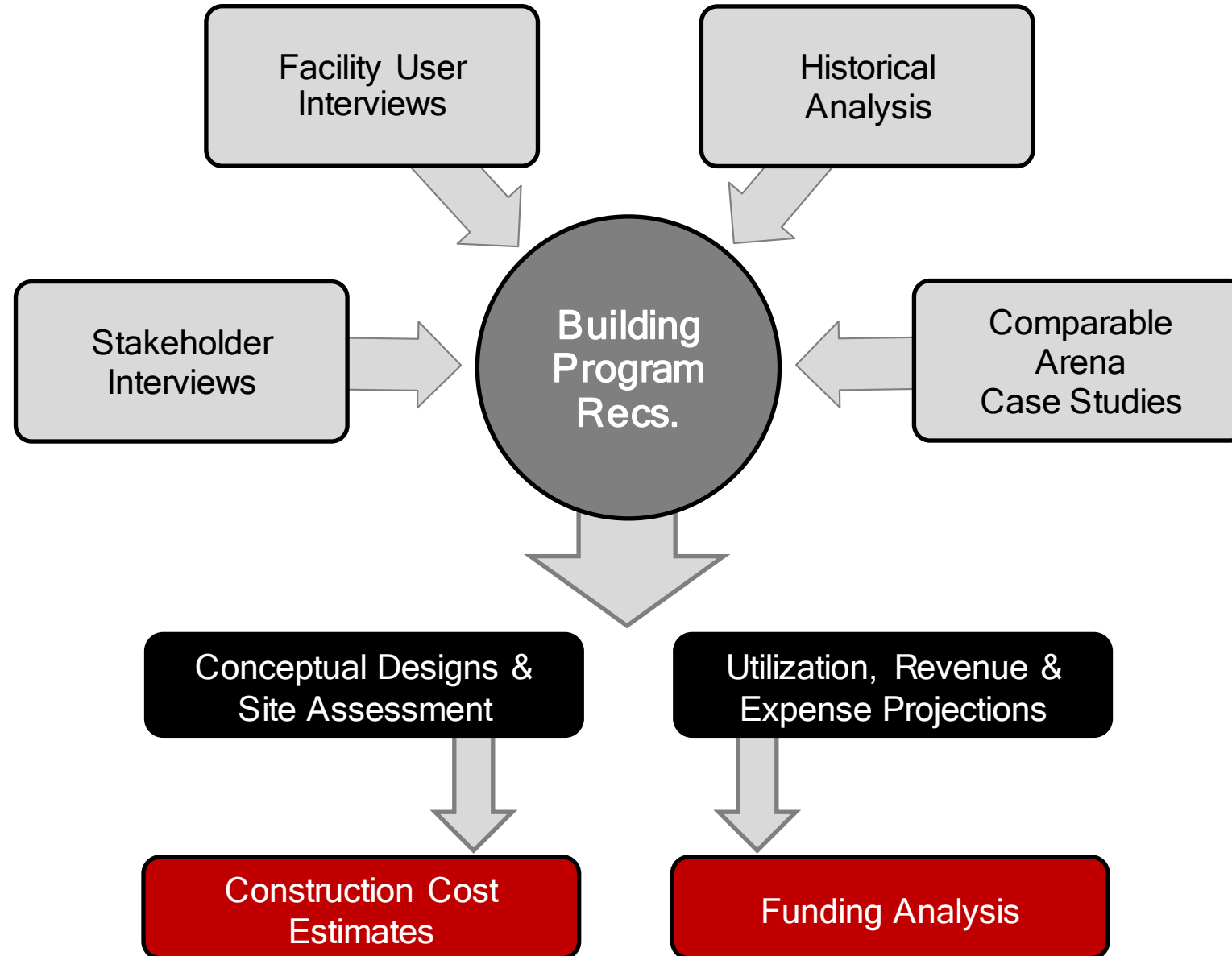


Our consulting team's study goals include:

- **Phases 1 & 2** - Victus Advisors conducted research to understand the market demand for an expanded arena and recommended initial building program options.
- **Phases 3 & 4** - Victus Advisors estimated the financial operations and funding potential for the various expansion options, while Elliott Workgroup developed initial site plans & design concepts as well as estimated potential costs with the assistance of Construction Control.



OUR APPROACH



2. HISTORICAL ANALYSIS



PARK CITY ICE ARENA FACILITY OVERVIEW

The Ice Arena:

- Opened in 2006; Footprint: 45,854 gross square feet
- Construction Cost: \$5 Million
- Funding: 100% Public (60% Park City Municipal Corporation, 40% Snyderville Basin Special Recreation District)
- Owner & Operator: Park City Municipal Corporation
- Spectator Seating Capacity: Between 350 and 500



Annual Operations:

- Approximately 92% utilization of available daily ice hours
- Primary event/user types include:
 - Adult, high school and youth hockey clubs
 - Figure skating academy
 - Curling
 - Sled hockey
 - Speed skating club
 - Open skate
 - Dance classes

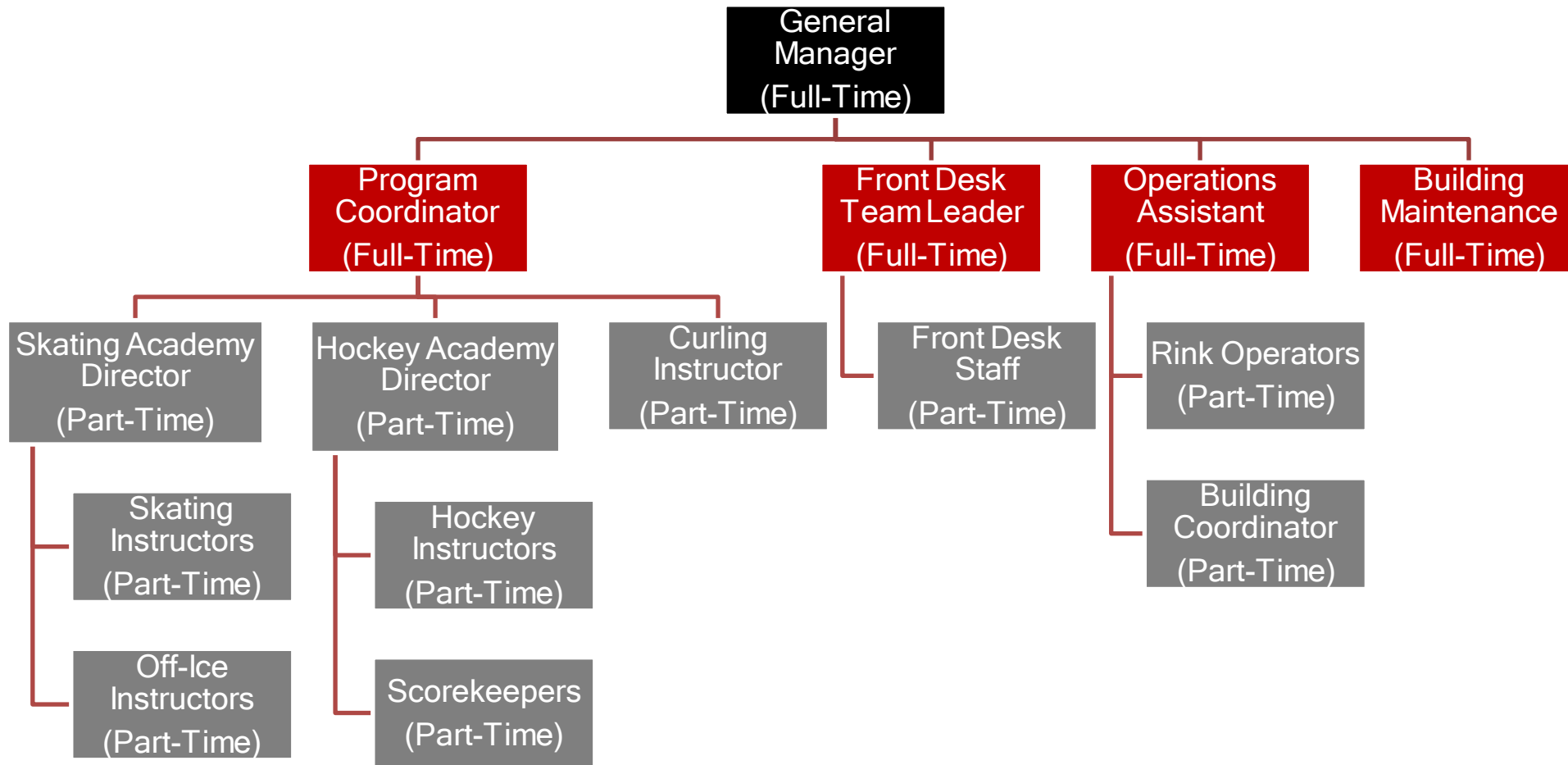


Additional Features:

- 4 locker rooms and 2 supplemental rooms
- 1 party room that can be divided into 2 smaller rooms



PARK CITY ICE ARENA ORGANIZATIONAL CHART

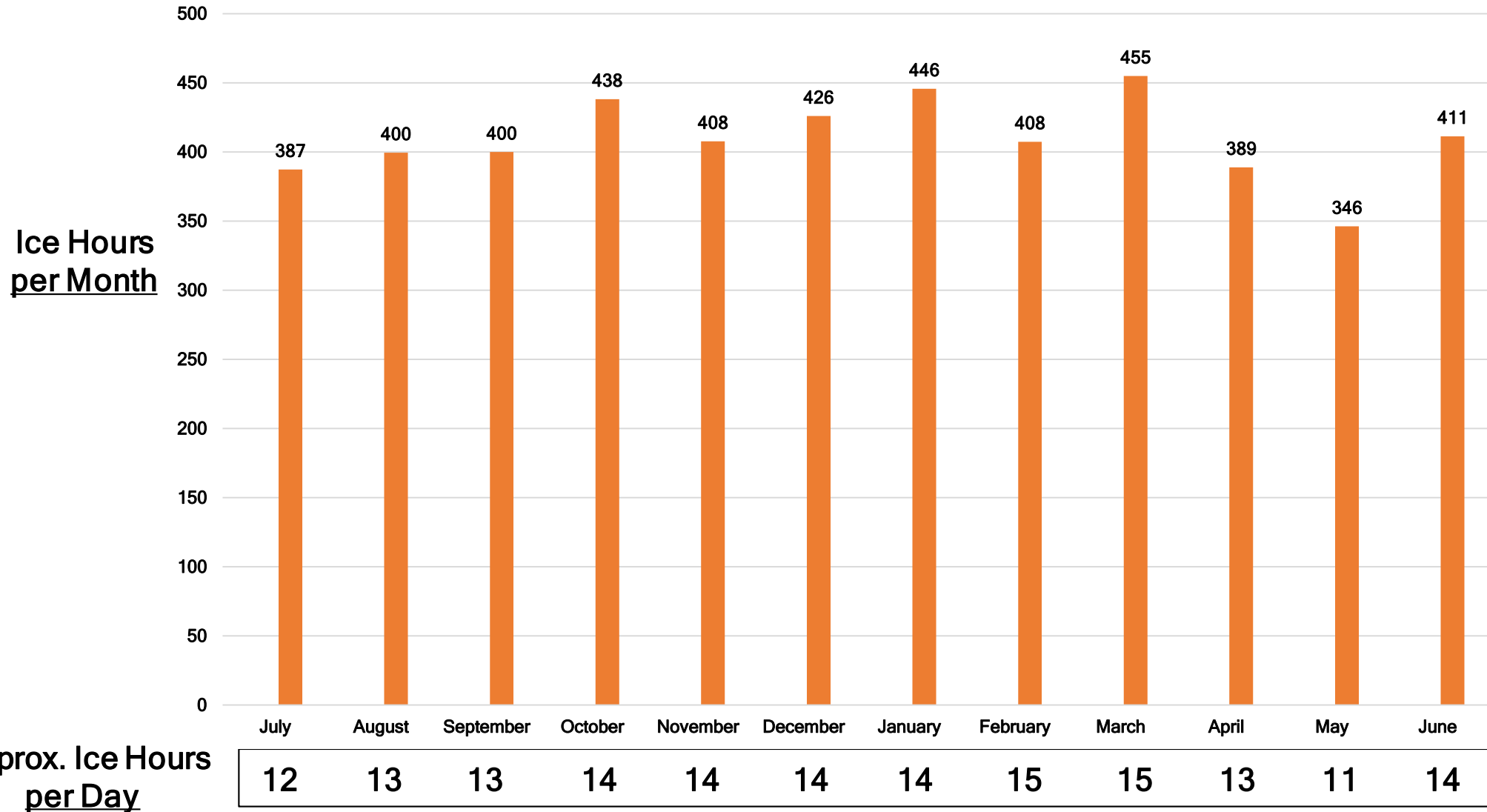


PARK CITY ICE ARENA REVENUES & EXPENSES

Revenues	Fiscal Year			3-Year Average	
	2013	2014	2015	Total	%
Ice Rental	\$212,161	\$268,879	\$267,526	\$249,522	34%
Leagues	139,901	175,504	164,047	159,817	22%
On-Ice Classes, Freestyle & Off-Ice Programs	114,235	160,595	139,780	138,203	19%
Public Skate & Drop-In Programs	115,641	109,277	109,485	111,467	15%
Retail Sales	38,661	21,535	31,223	30,473	4%
Advertising & Other Revenues	4,131	36,410	32,900	24,480	3%
Skate Services	10,752	13,564	11,959	12,092	2%
<i>Total Revenues</i>	\$635,481	\$785,764	\$756,922	\$726,056	100%
Expenses					
Full-Time Salaries & Benefits	\$418,530	\$396,974	\$354,415	\$389,973	45%
Part-Time Wages & Benefits	166,603	160,227	175,546	167,459	20%
General & Administrative	132,116	167,034	171,407	156,852	18%
Utilities	124,173	142,576	152,780	139,843	16%
Capital Expenditures	7,439	1,903	78	3,140	0%
<i>Total Expenses</i>	\$848,861	\$868,713	\$854,227	\$857,267	100%
Net Operating Deficit	\$(213,379.55)	\$(82,949.31)	\$(97,305.65)	\$(131,211.50)	
Cost Recovery	75%	90%	89%	85%	



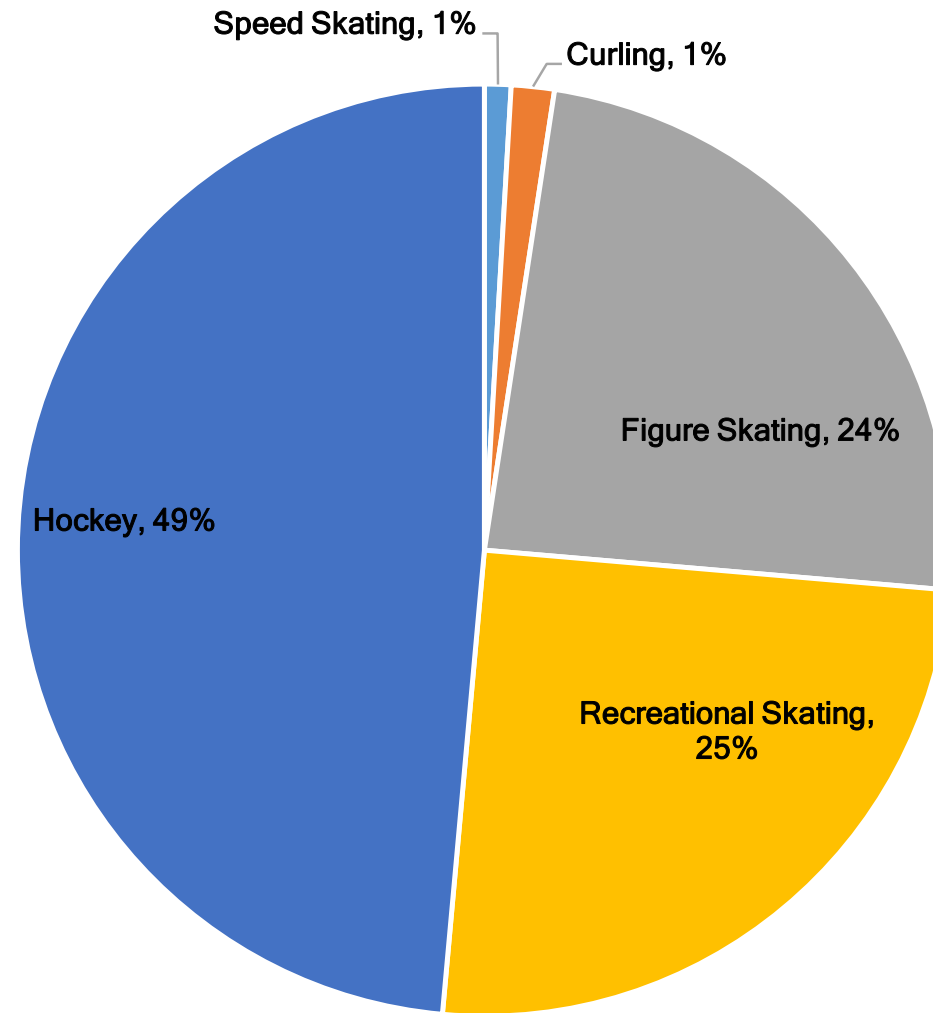
USAGE ANALYSIS FY2015 ICE HOURS SEASONALITY



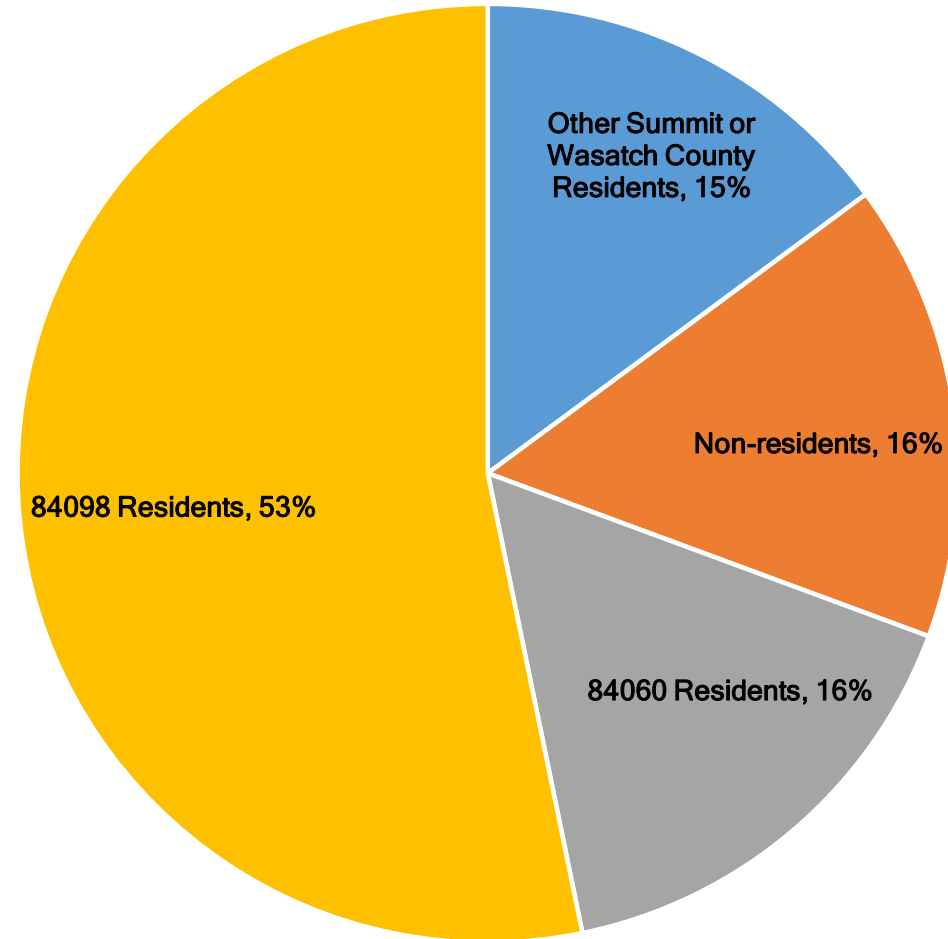
Approx. Ice Hours per Day



USAGE ANALYSIS FY2015 ICE HOURS BY SPORT



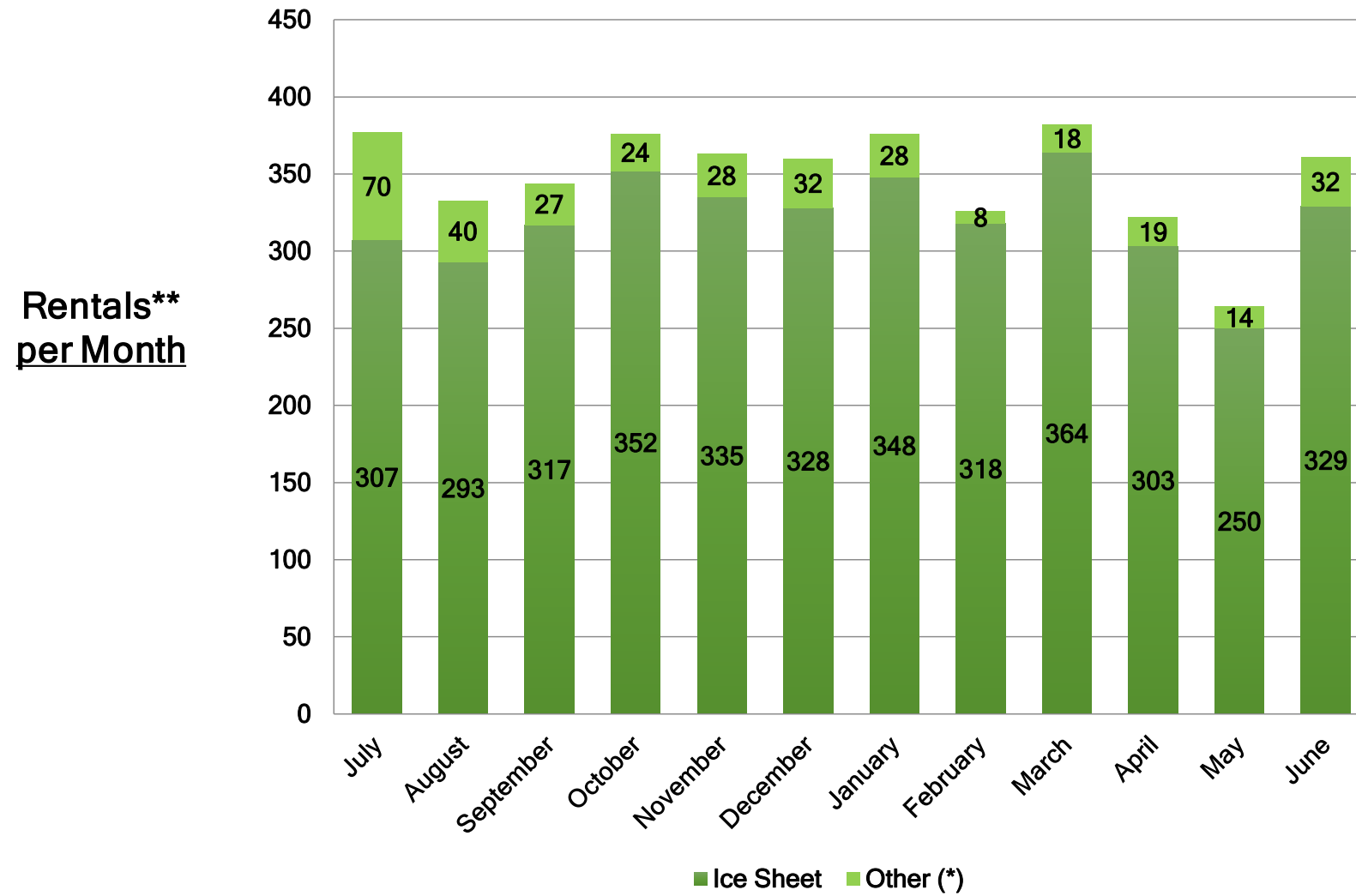
USAGE ANALYSIS **FY2015 RESIDENT USAGE**



Note: Based on 1,426 regular users that have a valid ZIP code registered in the Ice Arena's system.



USAGE ANALYSIS FY2015 RENTAL SEASONALITY



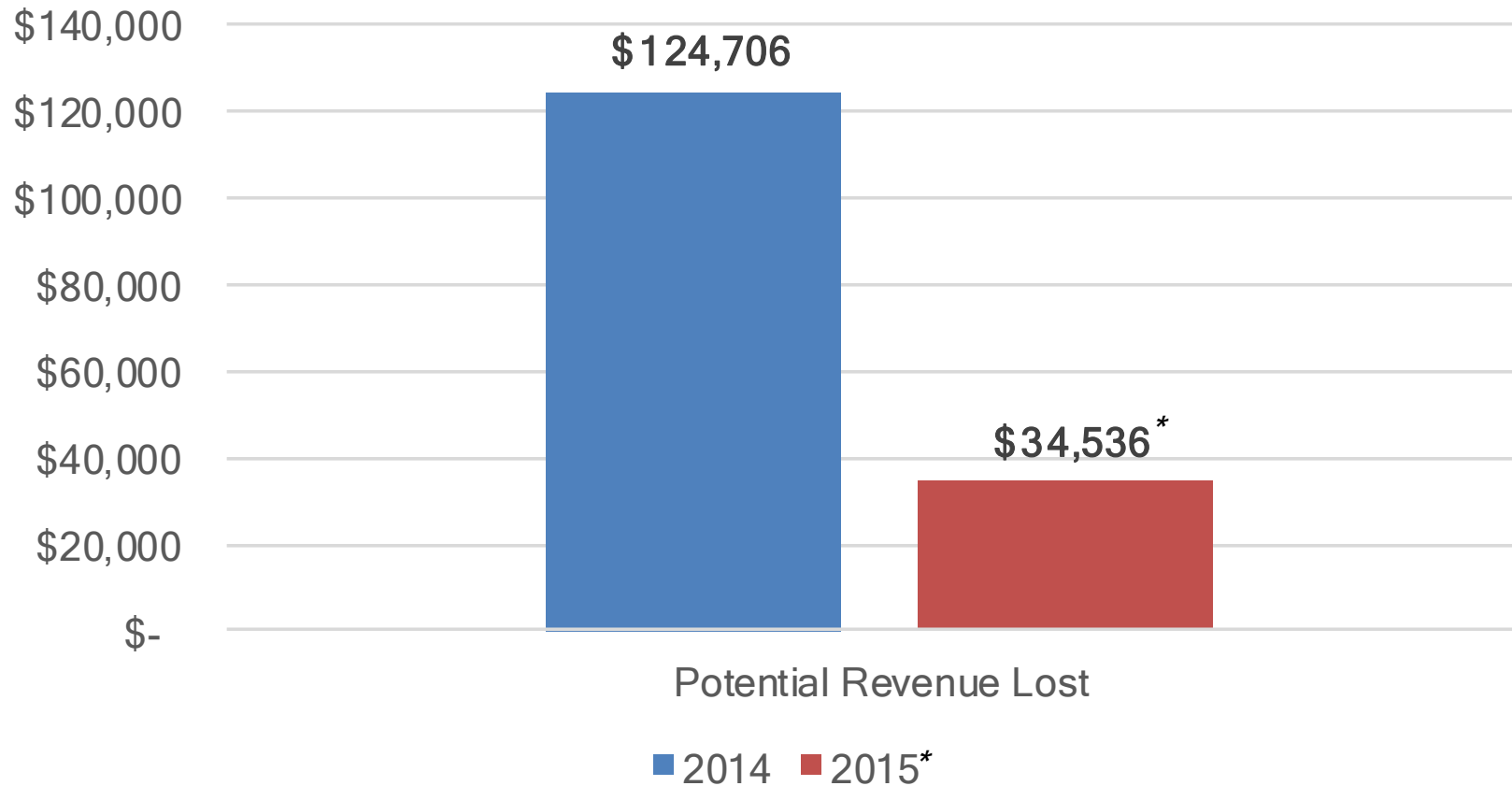
* 'Other' includes events held in party rooms, lobby, and upstairs auxiliary room

** 'Rentals' represent individual continuous-use sessions, typically ranging from 1-2 hours per rental



LOST BUSINESS RECENT LOST BUSINESS TRACKING

Potential Revenue Lost by Fiscal Year

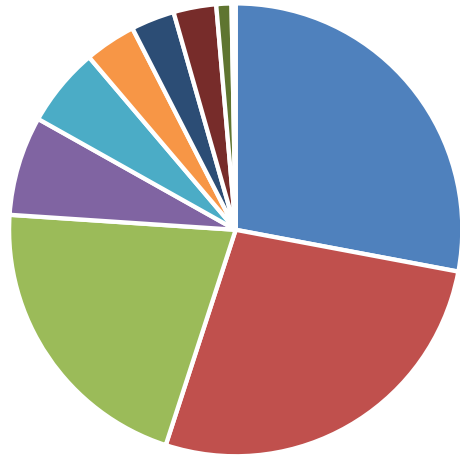


** Note: Represents partial year data. Ice Arena staff stopped formally tracking lost business during FY2015.*



LOST BUSINESS BY EVENT TYPE

Potential Revenue Lost (FY2014 + FY2015)



- CrossFit
- Curling
- Hockey
- Corporate Event
- Private Party
- Skating
- Broomball
- Filming/Photo Shoot
- Unknown
- Sled Hockey

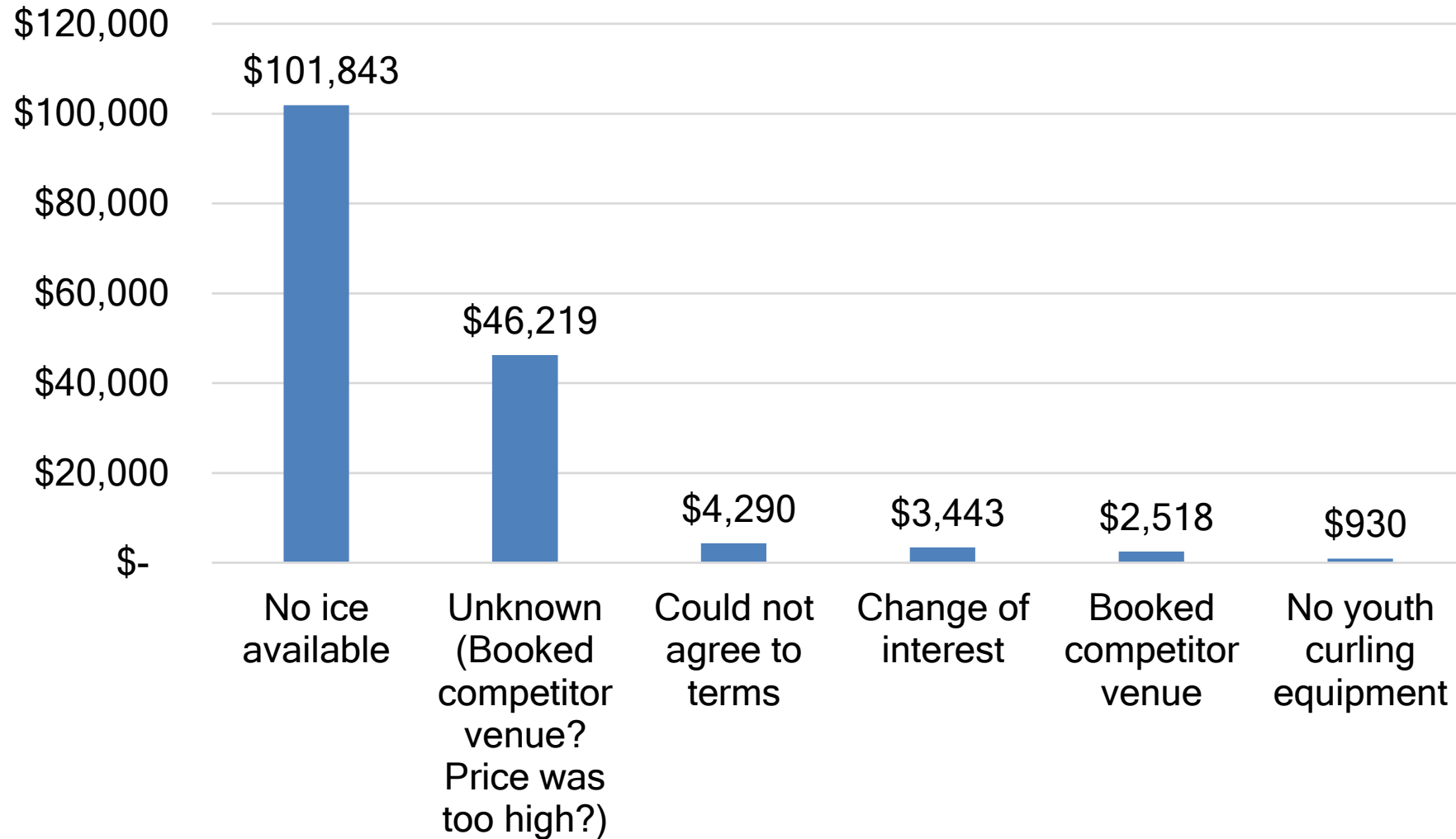


Event Type	Potential Revenue Lost
CrossFit	\$ 44,520
Curling	\$ 43,057
Hockey	\$ 33,537
Corporate Event	\$ 11,288
Private Party	\$ 9,005
Skating	\$ 5,841
Broomball	\$ 4,950
Filming/Photo Shoot	\$ 4,855
Unknown	\$ 1,723
Sled Hockey	\$ 468
TOTAL:	\$ 159,242



LOST BUSINESS BY REASON

Potential Revenue Lost (FY2014 + FY2015) by Reason

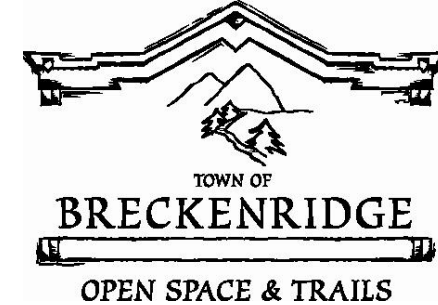


3. COMPARABLE FACILITY CASE STUDIES



STEPHEN C. WEST ICE ARENA BRECKENRIDGE, CO

- Indoor rink opened in 2000, outdoor rink was built in 1996
- Footprint: 57,000 ft² (combined facility)
- Cost: Outdoor rink \$1.5M*, Indoor rink \$6.2M
- Funding: 100% Public for both (Outdoor - general fund, Indoor - bond issue)
- Owned & Operated by: Town of Breckenridge
- 2 NHL-size rinks; Seating Capacity: 500 for indoor rink



Year Round Event Mix:

- Home to Breckenridge Bucks (Rocky Mountain JR Hockey League)
- Men's and women's adult hockey leagues
- Public ice skating
- Curling league
- Figure skating classes
- Hockey tournaments (for both men and women)
- Winter Ice Show (twice a year)
- Hockey clinics and lessons



Additional Facility Notes:

- 9 Locker rooms (4 with showers), Pro Shop, & Meeting rooms
- * *Large group of users/residents has requested enclosing the outdoor rink and adding off-ice training/team performance space. The City is currently planning to allocate up to \$1M for this project.*



CASCO BAY ARENA FALMOUTH, ME

- Expected to open in mid-October 2015
- Footprint: 29,900 ft²
- Cost: \$2 Million
- Owner: Casco Bay Ice Arena, Inc.
- Operator: Family Ice Center
- Funding: 100% private (via capital campaign and bank loans)
- NHL-size rink



Event Mix:

- Pavilion-style outdoor rink is unconditioned and only open for ice activity from October through March
- Built to add ice time for youth hockey teams during the peak season
- In a compromise with existing, local ice facilities, the arena will not be accessible for:
 - Public skating sessions
 - Skate rentals
 - Figure skating
 - Skate sharpening services
 - Ice rentals for adult hockey programs
- During the warmer months, artificial turf will be laid down for Lacrosse and other sports teams



SUN PRAIRIE ICE ARENA **SUN PRAIRIE, WI**

- Opened in 2014, approx. 30-min from downtown Madison
- Footprint: 91,000 ft²
- Cost: \$7.1 Million
- Owned & Operated by: Sun Prairie Ice Inc.
- Funding: 100% Private (via Sun Prairie Youth Hockey Association's \$3.5 million capital campaign & other community based donations)
- 2 National Hockey League-sized rinks
- Seating Capacities: Cardinal Rink 1,100; Tubbs Rink 600

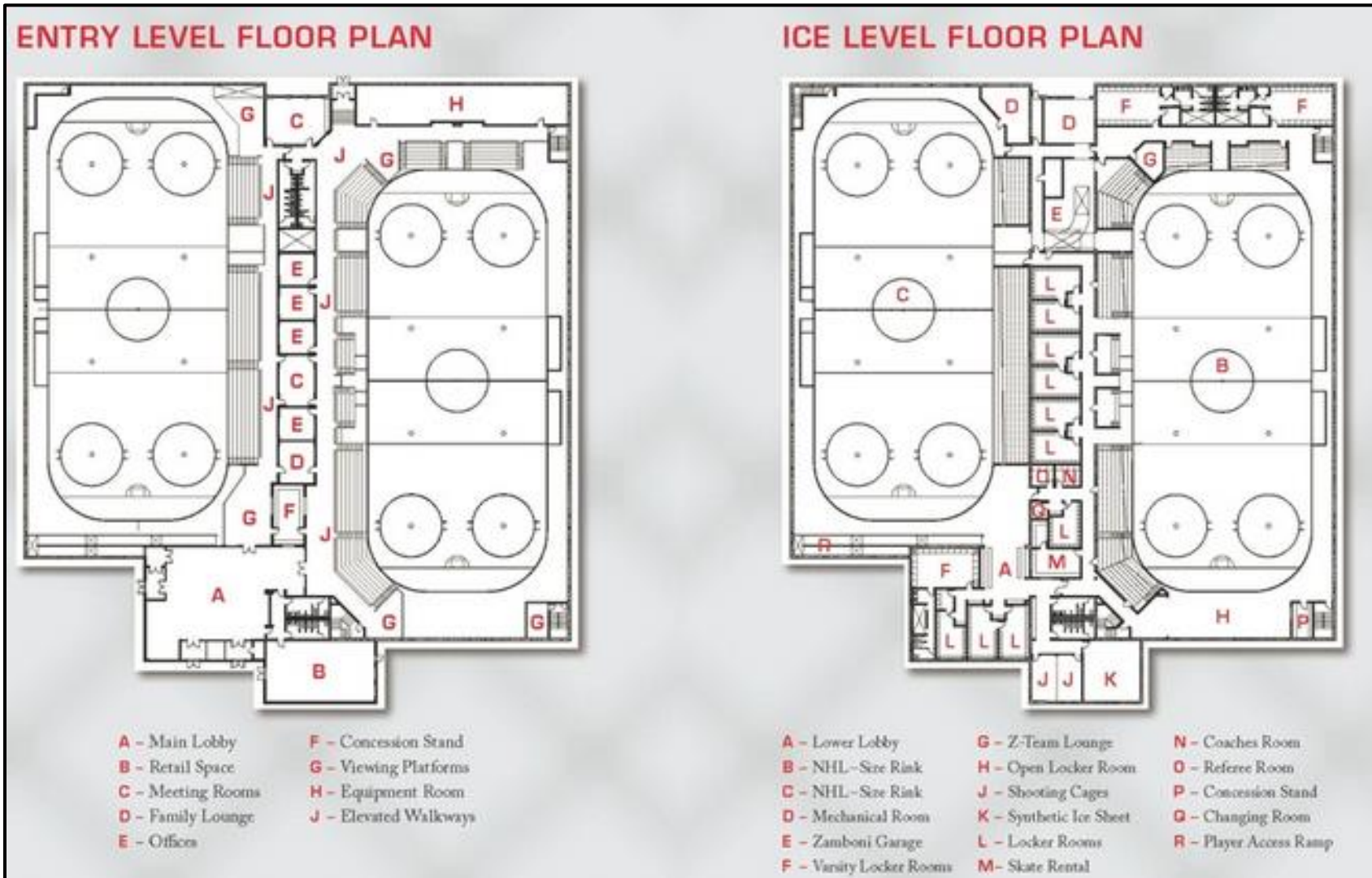


Year-Round Event Mix:

- Home to Sun Prairie Rage Women's Hockey Club (Women's Central Hockey League)
 - 3 teams, based on experience (Rage Blue, Rage Grey, Rage Green), average 8 home games each per season
- Old Buzzard Hockey League (Adult Recreation)
- Academies (skating, hockey)
- Youth hockey leagues
- Figure skating
- Open skate



SUN PRAIRIE ICE ARENA SUN PRAIRE, WI (CONT.)



Additional Facility Notes:

- 14 Locker rooms
- Concession stands
- Restaurant open all day to arena visitors and general public
- Dance studio
- Meeting & party rooms for rent



CENTRE ICE ARENA TRAVERSE CITY, MI

- Opened in 1996
- Footprint: 95,000 ft²
- Cost: \$5.8 Million
- Funding: Public-private mix (82% via county bonds, 18% private donations)
- Owned and operated by: Involved Citizen's Enterprises (I.C.E)
- 2 NHL-size rinks



Event Mix:

- Annual training camp for NHL's Detroit Red Wings since 1997
- NHL Prospect Tournament will be held in 2015
 - Currently 8 NHL clubs are participating
- Adult & youth hockey tournaments
- High school hockey
- Figure skating
- Open skate



Additional Facility Notes:

- 18 locker rooms
- Pro shop
- Concession stand
- Meeting rooms
- Fitness club



SALT LAKE COUNTY ICE CENTER MURRAY, UT

- Opened in 1999
- Footprint: 52,000 ft²
- Cost: \$6.8 Million
- Owner: Salt Lake County
- Operator: Salt Lake County Parks and Recreation
- Funding: 100% Public via Zoo, Arts, and Parks Tax (Passed in 1996 to increase sales tax)
- 1 Olympic-sized ice sheet (utilized as a practice venue during the 2002 Olympic Winter Games)
- Capacity: 500



Event Mix:

- Home to Salt Lake City Moose of Western States Hockey League
- Adult hockey leagues
- Hockey camps/tournaments
- Figure skating
- Open skate
- Youth hockey leagues



Additional Facility Notes:

- 7 locker rooms (4 large, 3 small)
- Pro shop
- Party room
- Concessions area



PEAKS ICE ARENA **PROVO, UT**

- Opened in 1998
- Footprint: 110,000 ft²
- Cost: \$12.4 Million
- Owner: Provo/Utah County Ice Sheet Authority
- Operator: Provo Parks and Recreation Department
- 2 Olympic-sized ice sheets & 2 indoor turf fields
- Capacity: North Rink seats 2,300*
 - * Expanded to 8,400 seats for 2002 Winter Olympics
- Funding: Public/Private Partnership (50% SLOC, 40% City/County via bond issue, 10% Seven Peaks Management)



Year Round Event Mix:

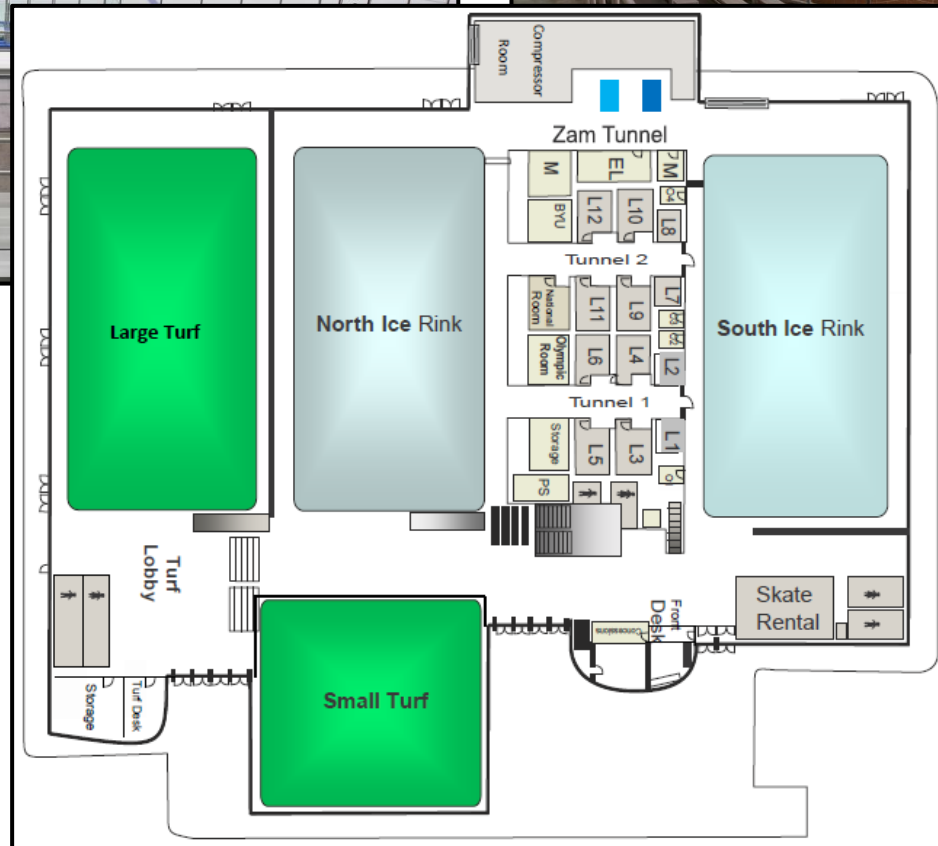
- Home to BYU Hockey Club (American Collegiate Hockey Association)
- Peaks Adult Hockey League (3 divisions with leagues played year round)
- Academies (skating, hockey)
- Youth Hockey League (Polar Bears, ages 6-14)
- Figure skating (including open skate)
- Youth Indoor Soccer League

Additional Facility Notes:

- 12 Locker rooms, meeting & party rooms available to rent
- 1 Concession stand



PEAKS ICE ARENA PROVO, UT (CONT.)



COMPARATIVE FACILITIES SUMMARY

Arena/Ice Center	City, State	Year Open	Sheet 1 Size	Sheet 2 Size	Cost (\$M)	Est. Project Cost in \$2015 ⁽¹⁾	Square Footage	Est. Cost per SqFt in \$2015 ⁽¹⁾	Total Locker Rooms	Seat Capacity
Peaks Ice Arena	Provo, UT	1998	Olympic	Olympic	\$12.4 ⁽²⁾	\$21.7	110,000	\$197.1	12	2,300
Stephen C. West Ice Arena	Breckenridge, CO	2000	NHL (Indoor)	NHL (Outdoor)	\$7.7	\$12.1	57,000	\$211.6	9	500
Salt Lake County Ice Center	Murray, UT	1999	Olympic	N/A	\$6.8	\$11.5	52,000	\$220.2	7	500
Centre Ice Arena	Traverse City, MI	1996	NHL	NHL	\$5.8	\$11.0	95,000	\$116.1	18	1,800
Sun Prairie Ice Center	Sun Prairie, WI	2014	NHL	NHL	\$7.1	\$7.6	91,000	\$83.0	14	1,700
Park City Ice Arena	Park City, UT	2006	Olympic	N/A	\$5.0	\$6.1	45,854	\$132.0	4	500
Casco Bay Arena	Falmouth, ME	2015	NHL (Outdoor) ⁽³⁾	N/A	\$2.0	\$2.0	29,900	\$66.9	-	-
Median		2000			\$6.8	\$11.0	57,000	\$132.0	11	1,100
Average		2004			\$6.7	\$10.3	68,679	\$146.7	11	1,217

Note: Sorted by Estimated Project Cost in \$2015. Ice sheets assumed to be indoor unless otherwise noted.

(1) Adjusted according to the Turner Building Cost Index (1996 to 2015).

(2) Project Cost for Peaks Ice Arena does not include parking, as adjacent parking lots already existed.

(3) Casco Bay Arena will be a seasonal outdoor rink with an open-air roof. Support facilities are minimal, as the arena will not be utilized for public skating, figure skating, or adult hockey.

Source: Victus Research



4. STAKEHOLDER & USER FEEDBACK



INTERVIEW SUMMARY

On August 5th, Victus Advisors & Elliott Workgroup held initial meetings at Park City Ice Arena with:

- Park City Ice Arena
- Park City Municipal Corporation
- Snyderville Basin Recreation District
- Utah Olympic Legacy Foundation

On August 25th, Victus Advisors conducted a focus group at Park City Ice Arena with arena user groups:

- Park City Curling Club
- Park City Speed Skating Club
- Sled Hockey (NAC)
- Park City High School Hockey
- Park City Predators Women's Hockey
- Park City Ice Miners
- Figure Skating Club of Park City

Throughout August, Victus Advisors also conducted additional telephone interviews & one-on-meetings with:

- Park City Ice Arena Staff
- Basin Recreation
- Utah Olympic Legacy Foundation
- Rocky Mountain Hockey Schools
- Park City Hockey Invitational
- 3 Brothers Hockey Camp
- Utah High School Hockey
- Park City Skating Academy
- USA Hockey
- Luc Robitaille (L.A. Kings, Celebrity Shootout)



STAFF FEEDBACK **KEY FINDINGS**

The following list summarize Park City Ice Arena Staff's assessment of the primary community needs for a renovated and/or expanded Ice Arena. This list reflects the top priorities that would meet the minimum needs to the community according to the Staff.

- Second sheet of ice
- Front desk better located to welcome customers and collect fees
- Increased Storage (for both arena and user equipment)
- Additional Locker Rooms (with shower upgrades)
- Enhanced off-ice training space to accommodate ballet and for strength/conditioning program
- Enhanced lobby/guest area - upgraded seating/patron space
- Larger work space for employees
- Enhanced sound system
- Dedicated/improved space for concessions operation
- Enhanced and more secure retail space



USER FOCUS GROUP **KEY FINDINGS**

Based on the focus group meeting that Victus Advisors conducted with Ice Arena users, we have developed the following summary of key findings:

- Users were **generally skeptical about the concept of an outdoor ice sheet**. Their primary concerns included extreme cold temperatures in the winter, potential wind and/or dust issues, and potential difficulties with operating outdoor ice during the summer months.
- **Only hockey representatives indicated an interest in utilizing an outdoor ice sheet**, as they are currently renting ice time in Salt Lake City due to a lack of availability at the Park City Ice Arena, and they would prefer to use any form of ice in Park City (even outdoor).
- Most users felt that an **outdoor rink would limit the ability to attract regional tournaments and/or national events that require two indoor ice sheets**. Most users indicated that the **ability to host tournaments and larger events would be a significant benefit to their members/athletes**, so that they do not always have to travel in order to compete against the top regional competition.
- Users expressed consensus regarding desire for an **enclosed 2nd floor viewing and concessions area** in between the two sheets of ice. In general, they all felt that a dedicated concessions space would be a big plus.
- Users felt strongly that an **additional ice sheet should be directly connected to the arena**, so that users/attendees would not have to leave the arena to access the other sheet.



USER FOCUS GROUP **KEY FINDINGS** (CONT.)

Based on the focus group meeting that Victus Advisors conducted with Ice Arena users, we have developed the following summary of key findings:

- Many users expressed confusion regarding the current arena entrance/lobby area. The concrete stairs on the outside of the building are rarely used, and users/attendees/staff all tend to crowd into the downstairs entrance/lobby/common area. Most users felt that it would be great to have a **larger, dedicated entrance/check-in area** (with more of a **plaza feel outside**), and then a distinct **separation in traffic flow from the entrance space** to: a) office/administrative/rentals area, b) second floor viewing/concessions area, and c) athlete locker room areas.
- Both hockey and figure skating requested some sort of **off-ice training area** with multi-purpose athletic/dance flooring (approximately 2,000 to 3,000 square feet would suffice).
- Most user groups like the current locker rooms but wanted **significantly more locker rooms**. They also indicated the need for large, dedicated locker rooms for girls/women, as well as more **overnight/long-term locker space for individuals**, as well as **storage for team equipment**.



INTERVIEW SUMMARY **KEY FINDINGS**

Snyderville Basin Recreation District: Victus Advisors met with Rena Jordan, District Director, and Brian Hanton, Parks & Recreation Manager. Their thoughts are summarized below.

- The \$2.5 million in project funding from Basin Recreation was allocated from its 2014 Bond due to research findings from **three studies/plans completed within the past five years:**
 - Mountain Recreation Strategic Action Plan (2013)
 - An additional ice sheet was considered among the 3 top priorities for improvement.
 - Community Interest & Opinion Survey (2012)
 - An additional ice sheet was considered an important priority.
 - Recreation Facility Demand Study (2011)
 - Based on comparable data, as well as usage levels at the time, the study concluded that there is a demand for another ice sheet.
- Basin Recreation feels that their \$2.5 million contribution should be dedicated to adding an **additional ice sheet for recreational use by residents.**
- Basin Recreation's goal is to increase usage and satisfaction for all local residents, and they indicated their concern that any other considered use of the Ice Arena (such as enhanced expansion for regional or national events) may be beyond the investment for which Basin Recreation would be able to dedicate its tax assessment funding.



INTERVIEW SUMMARY **KEY FINDINGS (CONT.)**

Utah Olympic Legacy Foundation: Colin Hilton is the President & CEO of the Utah Olympic Foundation. He leads the foundation's efforts in maximizing the use of former Olympic venues in Utah as well as promoting the state for future international events. He believes that Utah potentially could have a **great case to host the Winter Olympics again in 2026**. Although the Ice Arena should not necessarily be currently expanded to accommodate Olympic activity, Colin believes the expanded building should be designed with the **flexibility to increase the capacity to become a venue for an Olympic bid**. He feels, that the Arena could potentially replicate what Peaks Ice Arena accomplished with by installing **temporary seating to meet minimum Olympic requirements** and then using that temporary seating space for indoor field space thereafter.

Park City Ice Arena Facility Operations: Victus recently met with Chanz Skeffington who oversees the facility operations at the Arena. From an operational standpoint, he believes the Ice Arena is lacking in its ability to maintain heavy usage on a daily basis year-round because there would be a **significant impact to the current event/usage schedule if any systems were to fail**. With the addition of a second ice sheet, he feels that new equipment and systems would significantly enhance the efficiency of the facility, and that backup equipment/systems should be put in place to ensure that the facility could continue to operate on a daily basis in the case of system failures. Among his other main concerns with the current facility were **lack of storage**, the outside location for some key equipment (**one generator is exposed to weather**), and **lack of space for Zambonis**.



INTERVIEW SUMMARY **KEY FINDINGS (CONT.)**

3 Brothers Hockey Academy: 3 Brothers holds youth hockey camps and clinics throughout the region for youth ages 5-18. They feel there is **not enough ice time** and have had to **turn away potential participants** in the Spring and Summer months. Last year, they were only able to hold girls camp at the Arena, and took the boys to a facility in Salt Lake City. If an additional ice sheet were built, they would “1,000%” **host more camps and clinics at the Ice Arena**. They also requested a **restaurant or bar overlooking the ice sheet(s)** and a **better sound system**.

Park City Skating Academy: Erika Roberts is the director of Park City Skating Academy which hosts annual figure skating camps, clinics and private lessons at the Ice Arena. There is **not enough ice time**, which prevents both increased local activity as well as inviting more local and regional coaches to participate in events. She also feels the Academy would benefit from more **off-ice training/classroom space**, **more storage room** for equipment so it won't be shared with other groups, and **more locker rooms**. Regarding the off-ice space, she would like to have sponge flooring to help the skaters train better. Lastly she feels the Arena needs a **better sound system**.

Rocky Mountain Hockey School (RMHS): Bryan Smith is the president of RMHS. The school holds one 5-day event per year. As a result, Bryan does not envision activity increasing if an additional ice sheet were built. He would like to see **more locker rooms**, since his group has to juggle around locker rooms throughout the week which becomes a burden for participants and staff. Bryan would also like to have a **dedicated room for event staff** to use for the week.



INTERVIEW SUMMARY **KEY FINDINGS (CONT.)**

Utah High School Hockey: Shannon Woodhall is the president of Utah High School Hockey. Select schools have 2 games a week from September to February, and 2 or more practices per week. She would welcome an **additional ice sheet**, as they do not have enough ice time and would like to have back-to-back games with a second ice sheet. Shannon recommends **new viewing options** be located around the rink in addition to the current bleachers. She also thinks the netting prevents good views, and makes it difficult to take photos. Lastly, she would appreciate if the Arena had a more standard scoreboard and **new scoreboard** similar to other rinks they have utilized.

USA Hockey: The national governing body of hockey is based out of Colorado Springs, and operates several youth and junior tournaments throughout the United States. Kevin McLaughlin oversees USA Hockey's youth national championships and player development camps. He does not recall using the Park City Ice Arena in recent years, but they have gone to the Ogden Ice Sheet and the Olympic Oval in Kearns. In his estimation, the current seating capacity is fine for any event he would consider bringing to the Arena. He would **"absolutely" use the Ice Arena if an additional ice sheet were built**, citing the desire to look for more venues out west. USA Hockey's needs from a facility standpoint would be: **high speed internet, scoreboards, NHL-size rink at minimum, a scorer's box, and 5 locker rooms per ice sheet** (including referee locker room per ice sheet).

Park City Miners: Aaron Dufford, Director of Hockey, holds 2 youth tournaments per year, in addition to other camps and regular season games. They typically purchase 23 hours of ice per week from September through April. The program is **capped in terms of growth because there is not enough ice time at the Ice Arena**. Lastly, he would like a **dedicated locker room for coaches**.



INTERVIEW SUMMARY **KEY FINDINGS (CONT.)**

Luc Robitaille: Luc is a Park City homeowner and President of the NHL Los Angeles Kings

Luc oversees the annual Luc Robitaille Celebrity Shoot Out, a charity hockey exhibition match that involves former NHL players and actors, musicians and other celebrities during the Sundance Film Festival. In regards to the current state of the Arena, Luc had no major concerns or issues that affected his event. He did indicate the netting was a drawback because it can get in the way of photographers and fans. Luc is unsure if he will do the event in 2016, citing the personal time commitment necessary to secure sponsors and other logistical issues.

In regards to an expansion of the Arena, Luc is very intrigued by the idea. Luc is interested in **bringing two types of events to the Arena if the right physical conditions were in place**, namely the Kings' annual pre-season training camp, and a NHL rookie tournament:

- **Kings Training Camp:** Currently held in Los Angeles, this camp runs about 2 weeks in late summer. Luc stated that the team would only need exclusivity of both ice sheets during the day. He indicated that at least one ice sheet would need to be NHL-sized, and he recommended that there be “big box showers” with several shower heads.
- **NHL Rookie Tournament:** Similar to a current tournament held in Traverse City, Michigan, this tournament could involve anywhere between 4 to 6 NHL clubs over a 5 day period. Again, at least one ice sheet would have to be NHL-sized.



OTHER INPUTS OLYMPIC HOCKEY & CURLING

EVENT SPECIFICATIONS	HOCKEY 2	CURLING
Seating Capacity	6,000	3,500
Rink/Sheet Dimensions	30m x 60m	30 x 60M (Rink) 46m x 5m (Curling Sheet)
Additional practice rink/sheet required	Yes	No
Locker Rooms	1 for each team with sufficient space for 25 team officials and players and their equipment, equipped with benches, toilets, and showers.	2 dressing rooms for same sex competitions, 4 locker rooms for mixed sex competitions. Number of toilets proportionate to number of participants. 1 athletes lounge near locker rooms. 1 medical area close to locker rooms.
Referee's Locker Room	1 room equipped with chairs or benches, toilet, and shower	1 dressing
Benches	Each team bench should accommodate 16 players and 6 team officials. 2 penalty benches that can accommodate a minimum of 5 players each. 2 goal Judges' benches. 1 scorekeeper's bench.	2 tiers (1 for media, 1 for team & event officials), constructed at "home end" of the ice surface. 1 bench for coaches with seating for up to 6 people per curling sheet with direct access to ice. 1 timer's bench/area per curling sheet, generally above other benches. 1 statistician bench/area near timers or media benches.
Audio/Visual	Broadband internet and ability to live stream the event.	Broadband internet

Sources: International Ice Hockey Federation and World Curling Federation



5. PRELIMINARY SITE CONCEPTS



BUILDING PROGRAM DEMAND ASSESSMENT

Based upon all the research and analysis conducted by Victus Advisors for this study, we estimate that demand exists in the Park City market for the following:

- **Two-Sheet Indoor Ice Arena :**
 - Two Sheets of Ice - One Olympic, One NHL (adjustable)
 - Redesigned plaza/entry/check-in area
 - Separate traffic flow from entry/check-in into a) administrative space, b) fan/viewing space, and c) athlete/locker space
 - 2nd Floor Viewing Area between the two ice sheets with Concessions
 - 10-12 locker rooms (8 general use, 2 dedicated women, 2 referees/coaches)
 - Increased storage of all kinds (arena equipment, team equipment, personal lockers)
 - Off-ice training and dance space (approx. 3,000 sq. ft.)
- **Expandability to Olympic-Caliber Venue:**
 - Ice Arena could be designed to be expandable should Park City host another Winter Olympics, with potential expansion plans/costs identified now for inclusion in the bid
 - Expanded space for temporary seating (6,000 seats for Hockey 2) for the Winter Olympics could be re-purposed afterwards as indoor turf (similar to Peaks Ice Arena)



SITE CONCEPTS ELLIOTT WORKGROUP

- Victus Advisors engaged Elliott Workgroup, the architect-of-record for the original design and construction of Park City Ice Arena, to complete a preliminary site analysis and conceptual site plans for potential expansion.
- Based upon initial project expectations established by the City, Elliott Workgroup was tasked with studying three (3) general expansion options:
 - Option 1- Addition of an outdoor ice sheet
 - Option 2- Addition of an indoor ice sheet on the current site
 - Option 3- Addition of an indoor ice sheet, or construction of a new two-sheet arena, on adjacent site
- In addition, Elliott Workgroup was also tasked with considering potential future expansion of Options 2 & 3 to accommodate the Winter Olympics.
- The remainder of the section shows each of Elliott Workgroup's various preliminary site concepts for the three options above, input from Victus Advisors regarding the pros/cons associated with each option, and preliminary construction cost estimates for each option.

OPTION 1A OUTDOOR ICE SHEET ON CURRENT SITE

Area Schedule		
Name	Area	Comments
Existing Admin	2872 SF	Existing Building
Existing Ice	26140 SF	Existing Building
Existing Mechanical	2481 SF	Existing Building
Existing Support	14361 SF	Existing Building

Ice	19446 SF	New Building
Mechanical	1800 SF	New Building
Support	2400 SF	New Building

Hardscape	18354 SF	Site
Parking	93560 SF	Site
Softscape	86531 SF	Site

- Existing Admin
- Existing Ice
- Existing Mechanical
- Existing Support
- Hardscape
- Ice
- Mechanical
- Parking
- Softscape
- Support

Area Schedule (Gross Building)		
Name	Area	Comments
Existing Building	45854 SF	
New Building	4200 SF	

Parking Analysis

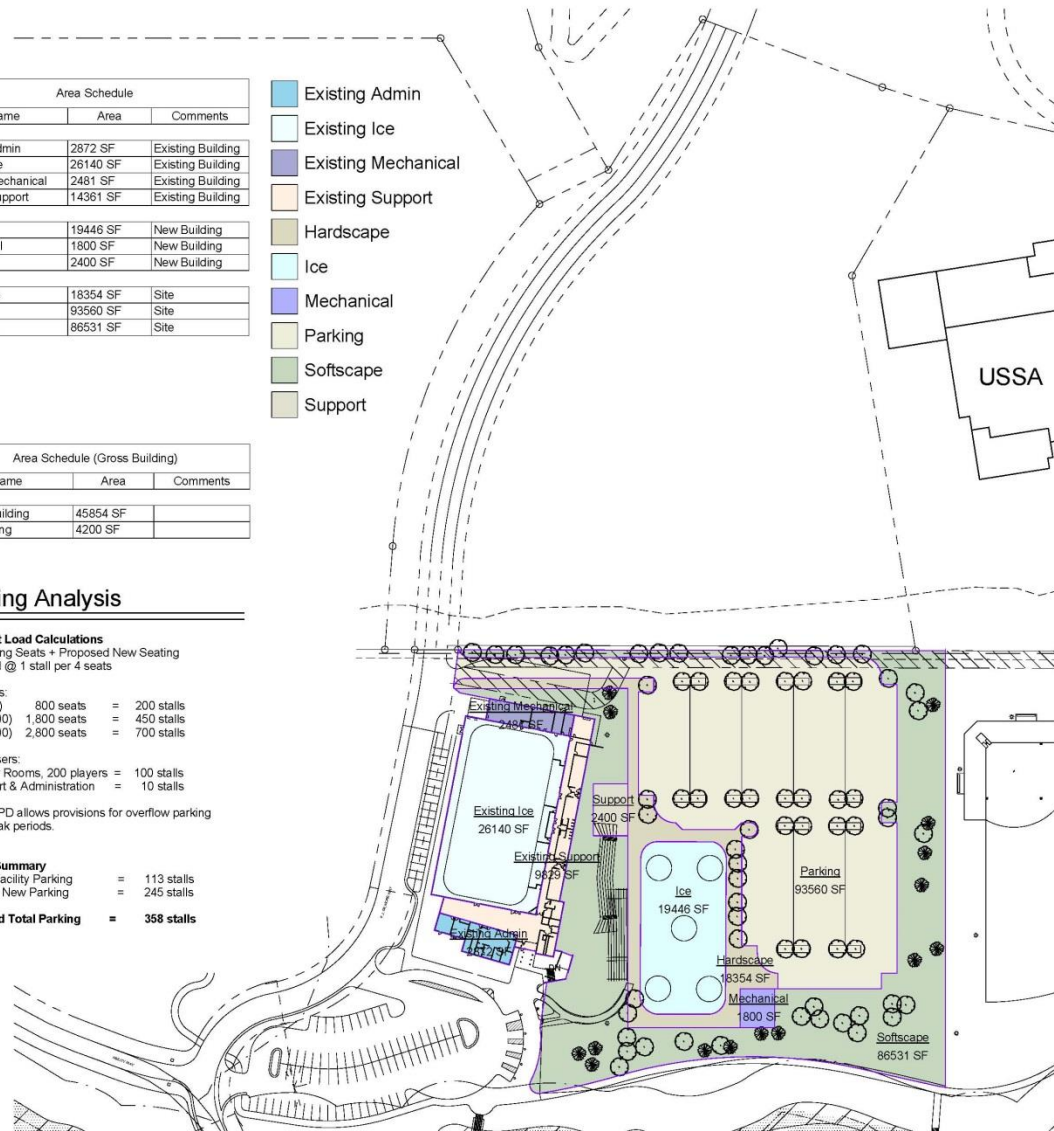
Occupant Load Calculations
300 Existing Seats + Proposed New Seating
calculated @ 1 stall per 4 seats

Spectators:
 (300+500) 800 seats = 200 stalls
 (300+1,500) 1,800 seats = 450 stalls
 (300+2,500) 2,800 seats = 700 stalls

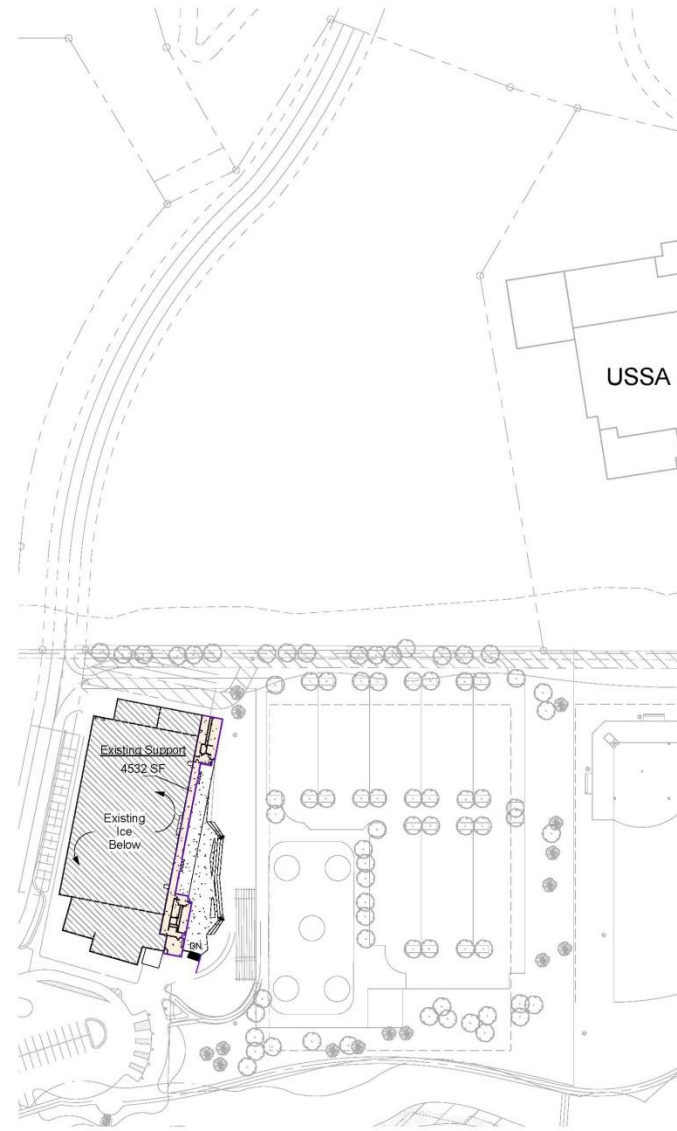
Staff & Users:
 12 Locker Rooms, 200 players = 100 stalls
 10 Support & Administration = 10 stalls

*Note: MPD allows provisions for overflow parking during peak periods.

Parking Summary
 Existing Facility Parking = 113 stalls
 Proposed New Parking = 245 stalls
Combined Total Parking = 358 stalls



1 LEVEL 1 Area Diagram
1" = 80'-0"



2 Mezzanine Area Diagram
1" = 80'-0"

OPTION 1B OUTDOOR ICE SHEET ON ADJACENT SITE

Area Schedule		
Name	Area	Comments
Existing Admin	2872 SF	Existing Building
Existing Ice	26140 SF	Existing Building
Existing Mechanical	2481 SF	Existing Building
Existing Support	14361 SF	Existing Building

Ice	19451 SF	New Building
Mechanical	3056 SF	New Building
Support	2736 SF	New Building

Hardscape	37545 SF	Site
Parking	147581 SF	Site
Softscape	53530 SF	Site

Area Schedule (Gross Building)		
Name	Area	Comments
Existing Building	45854 SF	
New Building	5096 SF	

Parking Analysis

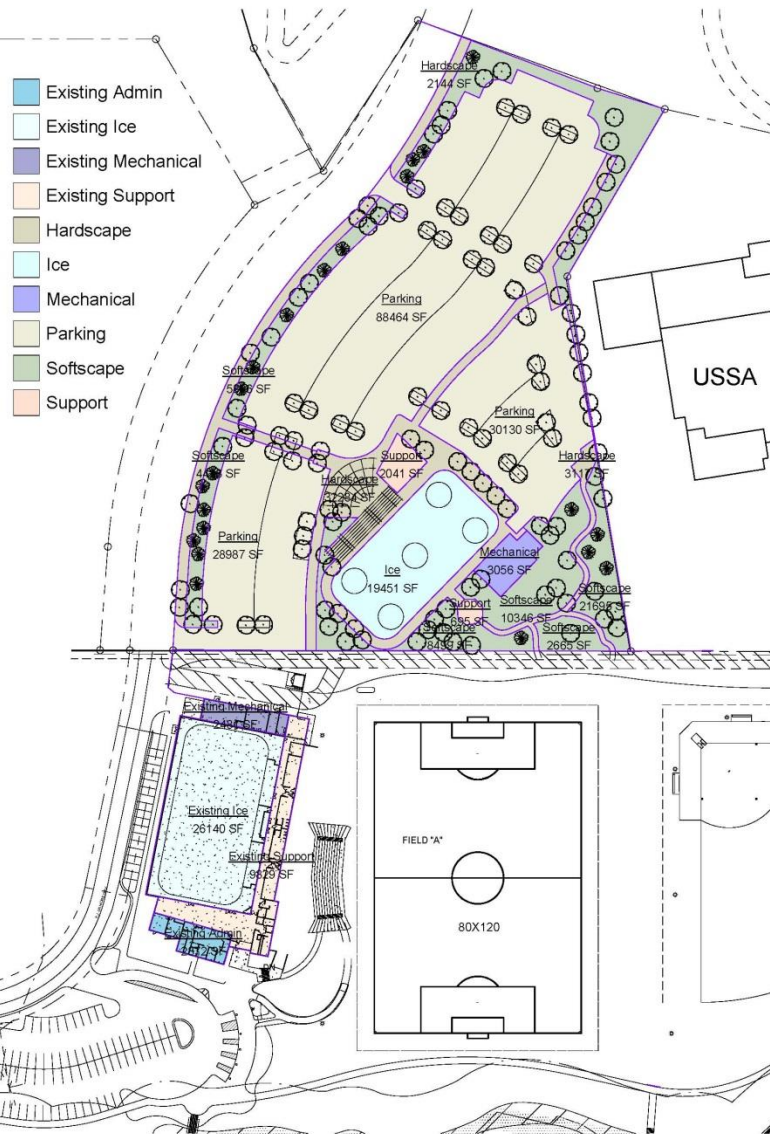
Occupant Load Calculations
 300 Existing Seats + Proposed New Seating
 calculated @ 1 stall per 4 seats

Spectators:
 (300+500) 800 seats = 200 stalls
 (300+1,500) 1,800 seats = 450 stalls
 (300+2,500) 2,800 seats = 700 stalls

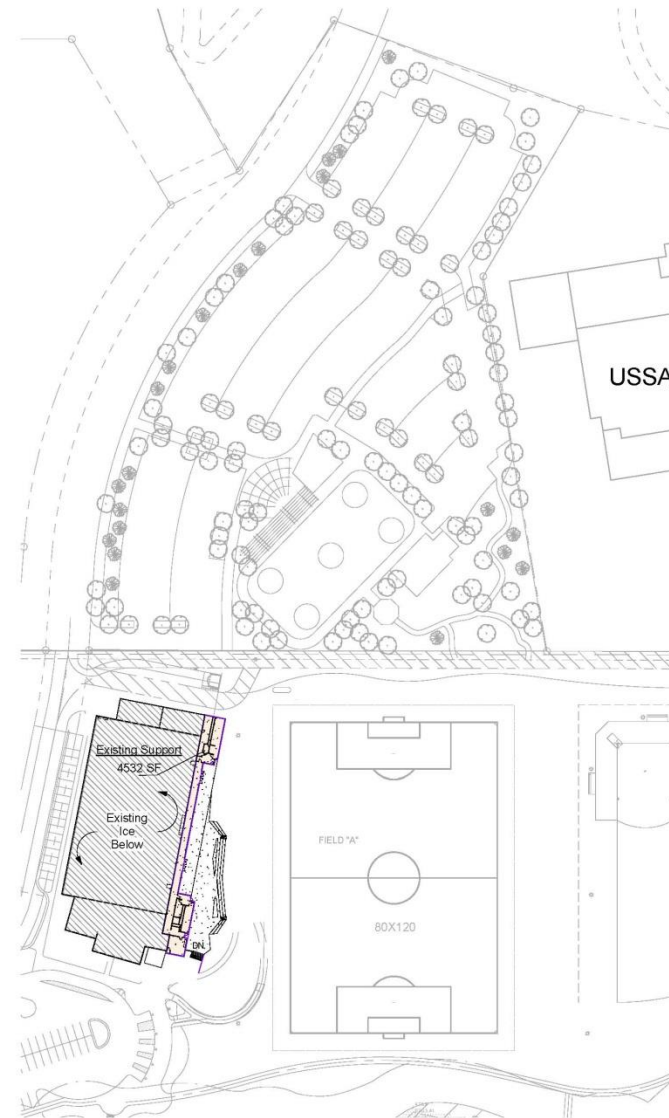
Staff & Users:
 12 Locker Rooms, 200 players = 100 stalls
 10 Support & Administration = 10 stalls

*Note: MPD allows provisions for overflow parking during peak periods.

Parking Summary
 Existing Facility Parking = 113 stalls
 Proposed New Parking = 380 stalls
Combined Total Parking = 493 stalls



1 LEVEL 1 Area Diagram
 1" = 80'-0"



2 Mezzanine Area Diagram
 1" = 80'-0"

OPTION 1 PROS & CONS

- PROS:

- Option 1 would be the least time consuming and least expensive expansion option.
- Option 1 would provide immediate benefits to local hockey leagues that would be interested in utilizing outdoor ice time for increased practice/game time.
- Option 1A is likely to be more operationally efficient than 1B, due to more convenient location relevant to existing locker room and administrative support spaces.

- CONS:

- It is not likely that the addition of an outdoor ice sheet would satisfy the current market demand for expanded ice in Park City, because:
 - Use of an outdoor ice sheet would likely be seasonal (approx. October to April), and there is currently year-round demand for use of the Ice Arena.
 - Current user groups other than hockey (figure skating, curling, etc.) indicated that they did not have interest in utilizing an outdoor ice sheet.
 - An outdoor ice sheet could not accommodate existing tournament demand.
- An outdoor sheet would not meet the required standards for the Winter Olympics.
- Option 1A would require relocation of the existing soccer field.



OPTION 2A INDOOR 500-SEAT ICE SHEET ON CURRENT SITE

Area Schedule		
Name	Area	Comments
Existing Admin	2867 SF	Existing Building
Existing Ice	26173 SF	Existing Building
Existing Mechanical	2474 SF	Existing Building
Existing Support	14314 SF	Existing Building

Admin	4942 SF	New Building
Concessions	2870 SF	New Building
Ice	23371 SF	New Building
Lockers	4000 SF	New Building
Mechanical	2857 SF	New Building
Storage	3000 SF	New Building
Support	11310 SF	New Building
Training	4929 SF	New Building

Hardscape	31678 SF	Site
Parking	196911 SF	Site
Softscape	192112 SF	Site

Area Schedule (Gross Building)		
Name	Area	Comments
Existing Building	45854 SF	
New Building	54325 SF	

- Admin
- Concessions
- Existing Admin
- Existing Ice
- Existing Mechanical
- Existing Support
- Hardscape
- Ice
- Lockers
- Mechanical
- Parking
- Softscape
- Storage
- Support
- Training

Parking Analysis

Occupant Load Calculations
 300 Existing Seats + Proposed New Seating
 calculated @ 1 stall per 4 seats

Spectators:			
(300+500)	800 seats	=	200 stalls
(300+1,500)	1,800 seats	=	450 stalls
(300+2,500)	2,800 seats	=	700 stalls

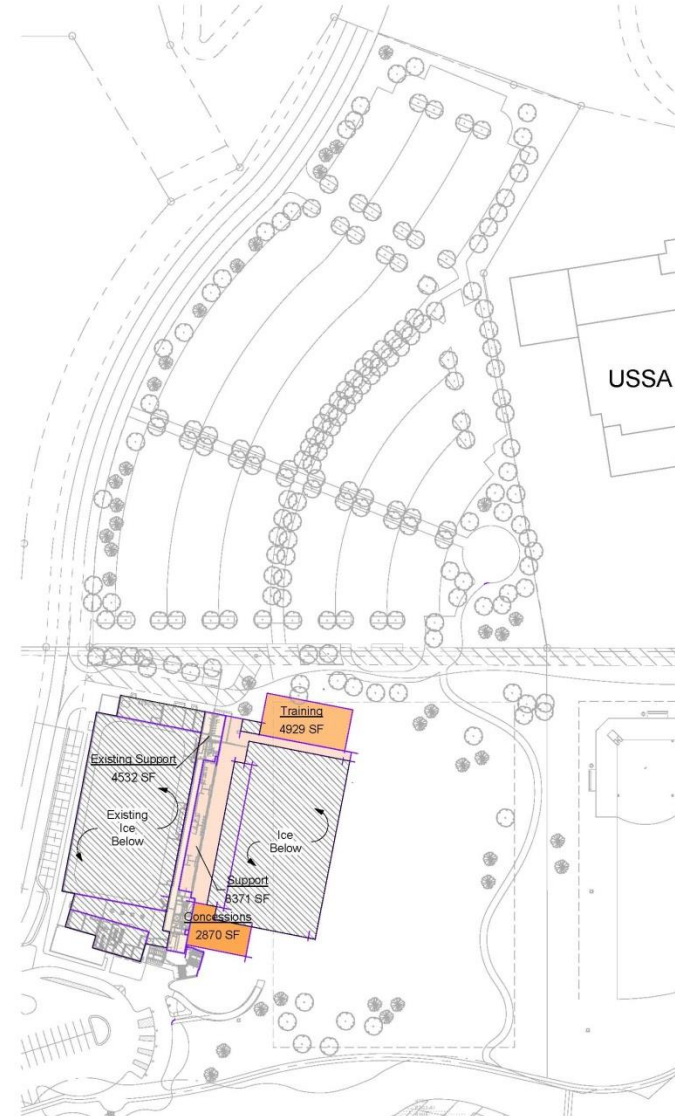
Staff & Users:
 12 Locker Rooms, 200 players = 100 stalls
 10 Support & Administration = 10 stalls

*Note: MPD allows provisions for overflow parking during peak periods.

Parking Summary		
Existing Facility Parking	=	113 stalls
Proposed New Parking	=	582 stalls
Combined Total Parking	=	695 stalls



1 LEVEL 1 Area Diagram
 1" = 80'-0"



2 Mezzanine Area Diagram
 1" = 80'-0"

OPTION 2B INDOOR 1,500-SEAT ICE SHEET ON CURRENT SITE

Area Schedule		
Name	Area	Comments
Existing Admin	2865 SF	Existing Building
Existing Ice	26173 SF	Existing Building
Existing Mechanical	2474 SF	Existing Building
Existing Support	14313 SF	Existing Building

Admin	4942 SF	New Building
Concessions	3381 SF	New Building
Ice	23371 SF	New Building
Lockers	6752 SF	New Building
Mechanical	3370 SF	New Building
Storage	6022 SF	New Building
Support	14103 SF	New Building
Training	4942 SF	New Building
Turf	0 SF	New Building

Hardscape	30845 SF	Site
Parking	196913 SF	Site
Softscape	185123 SF	Site

Area Schedule (Gross Building)		
Name	Area	Comments
Existing Building	45840 SF	
New Building	66971 SF	

Parking Analysis

Occupant Load Calculations
 300 Existing Seats + Proposed New Seating
 calculated @ 1 stall per 4 seats

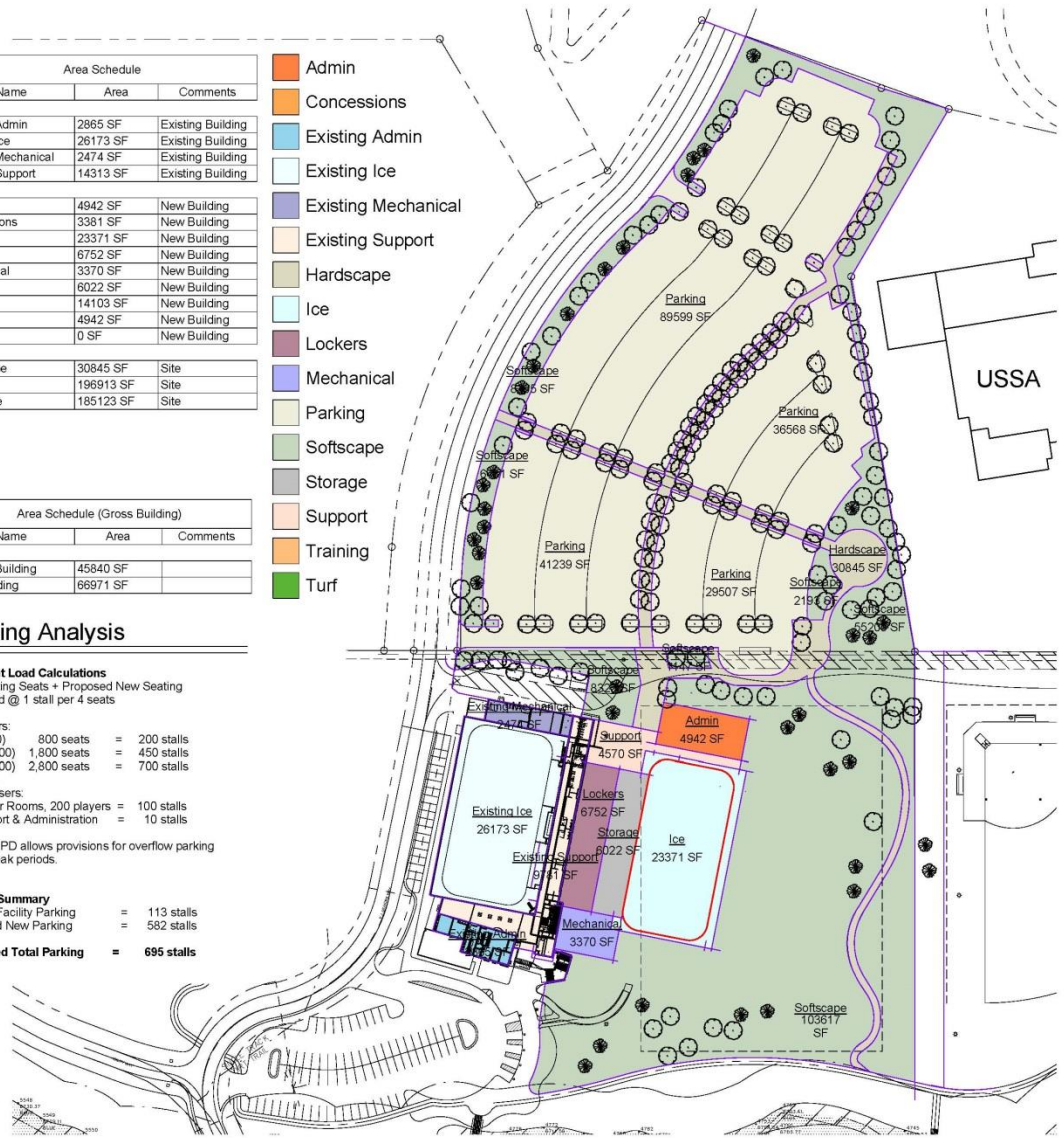
Spectators:
 (300+500) 800 seats = 200 stalls
 (300+1,500) 1,800 seats = 450 stalls
 (300+2,500) 2,800 seats = 700 stalls

Staff & Users:
 12 Locker Rooms, 200 players = 100 stalls
 10 Support & Administration = 10 stalls

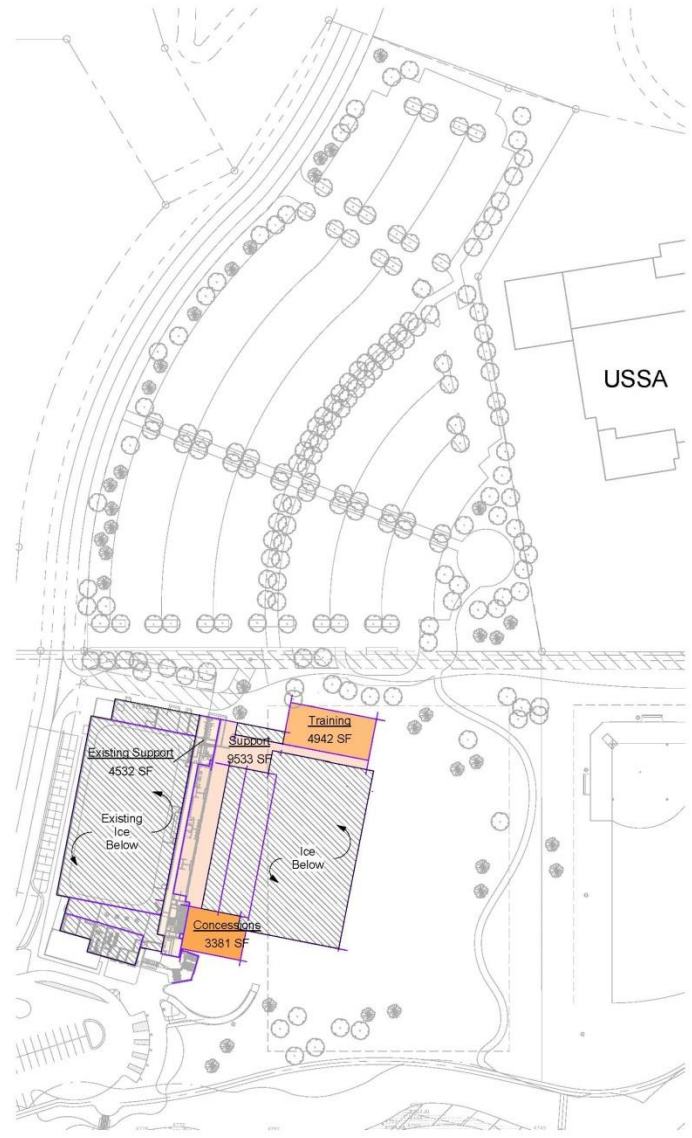
*Note: MPD allows provisions for overflow parking during peak periods.

Parking Summary
 Existing Facility Parking = 113 stalls
 Proposed New Parking = 582 stalls
Combined Total Parking = 695 stalls

- Admin
- Concessions
- Existing Admin
- Existing Ice
- Existing Mechanical
- Existing Support
- Hardscape
- Ice
- Lockers
- Mechanical
- Parking
- Softscape
- Storage
- Support
- Training
- Turf



1 LEVEL 1 Area Diagram
 1" = 80'-0"



2 Mezzanine Area Diagram
 1" = 80'-0"



OPTION 2C INDOOR 1,500-SEAT ICE ON CURRENT SITE (EXPANDABLE)

Area Schedule		
Name	Area	Comments
Existing Admin	2674 SF	Existing Building
Existing Ice	26174 SF	Existing Building
Existing Mechanical	2474 SF	Existing Building
Existing Support	14340 SF	Existing Building

Admin	4942 SF	New Building
Concessions	4884 SF	New Building
Ice	23330 SF	New Building
Lockers	11719 SF	New Building
Mechanical	4878 SF	New Building
Storage	6022 SF	New Building
Support	19092 SF	New Building
Training	4942 SF	New Building
Turf	27124 SF	New Building

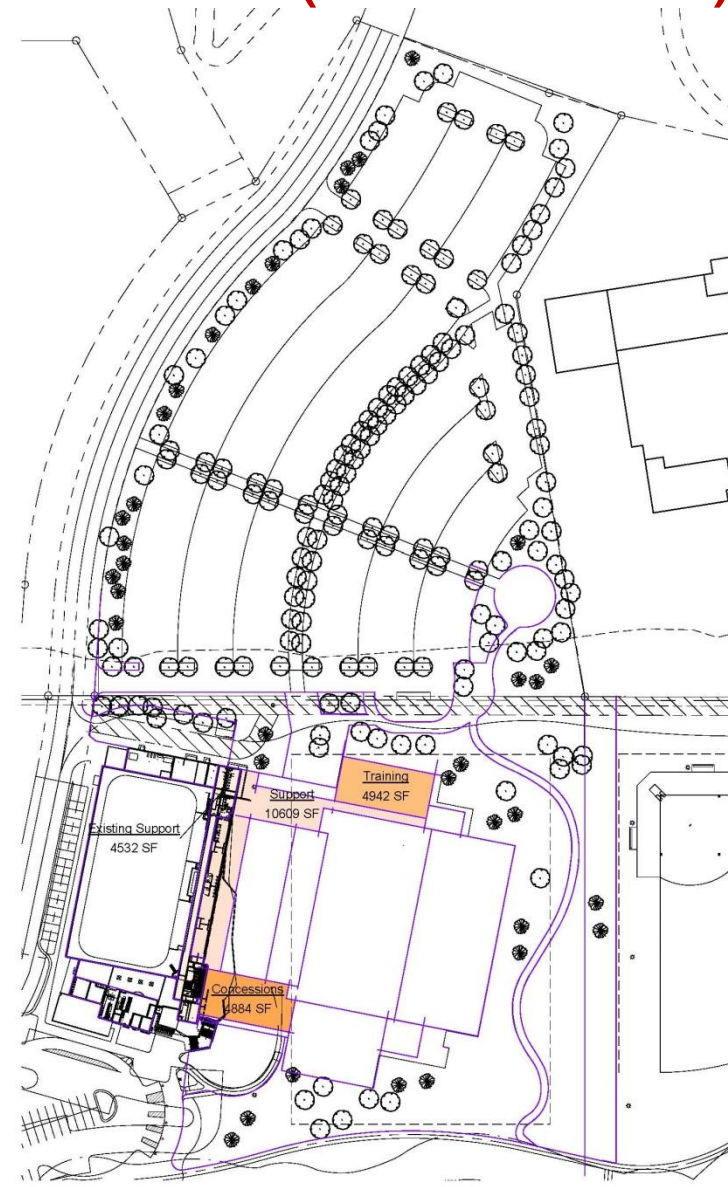
Hardscape	32842 SF	Site
Parking	196913 SF	Site
Softscape	138872 SF	Site

Area Schedule (Gross Building)		
Name	Area	Comments
Existing Building	45854 SF	
New Building	108279 SF	

- Admin
- Concessions
- Existing Admin
- Existing Ice
- Existing Mechanical
- Existing Support
- Hardscape
- Ice
- Lockers
- Mechanical
- Parking
- Softscape
- Storage
- Support
- Training
- Turf



1 LEVEL 1 Area Diagram
1" = 80'-0"



2 Mezzanine Area Diagram
1" = 80'-0"

OPTION 2 PROS & CONS

- PROS:

- Indoor ice sheet would provide more benefit to local community than outdoor ice by providing year-round ice opportunities for all uses (hockey, figure skating, curling, etc.).
- An additional, attached, indoor ice sheet could also drive incremental economic benefit by attracting more regional/national tournaments to Park City that require two indoor sheets.
- Option 2B (1,500 seats) would best meet current local demand for games & tournaments.
- In Option 2B, expanded space between the two indoor ice sheets could be utilized to enhance the user amenities (more locker rooms, off-ice training space), spectator amenities (2nd-floor viewing area with basic concessions), and administrative space (re-arranged traffic flow, increased office space).
- Option 2B could be developed initially and expanded to 2C in the future for the Olympics (with seating expansion space re-purposed as indoor turf fields after).

- CONS:

- Deed restrictions on the current site may require approval from the original property owners to construct any new buildings on the site. It is recommended that this issue should be investigated by City legal staff prior to proceeding with any plans for Option 2.
- Option 2 would displace the existing soccer field.
- The smaller footprint of Option 2A would not allow for expansion of locker rooms and administrative space to properly support a second indoor ice sheet.
- Option 2A would be difficult to expand to required Winter Olympic capacities.

OPTION 3A 2,500-SEAT INDOOR ICE SHEET ON ADJACENT SITE

Area Schedule		
Name	Area	Comments
Existing Admin	2865 SF	Existing Building
Existing Ice	26184 SF	Existing Building
Existing Mechanical	2475 SF	Existing Building
Existing Support	14313 SF	Existing Building

Admin	4068 SF	New Building
Concessions	4777 SF	New Building
Ice	23371 SF	New Building
Lockers	10644 SF	New Building
Mechanical	2525 SF	New Building
Storage	6022 SF	New Building
Support	20297 SF	New Building
Training	4068 SF	New Building

Hardscape	23524 SF	Site
Parking	26194 SF	Site
Softscape	135996 SF	Site

Area Schedule (Gross Building)		
Name	Area	Comments
Existing Building	45854 SF	
New Building	75778 SF	

Parking Analysis

Occupant Load Calculations
 300 Existing Seats + Proposed New Seating
 calculated @ 1 stall per 4 seats

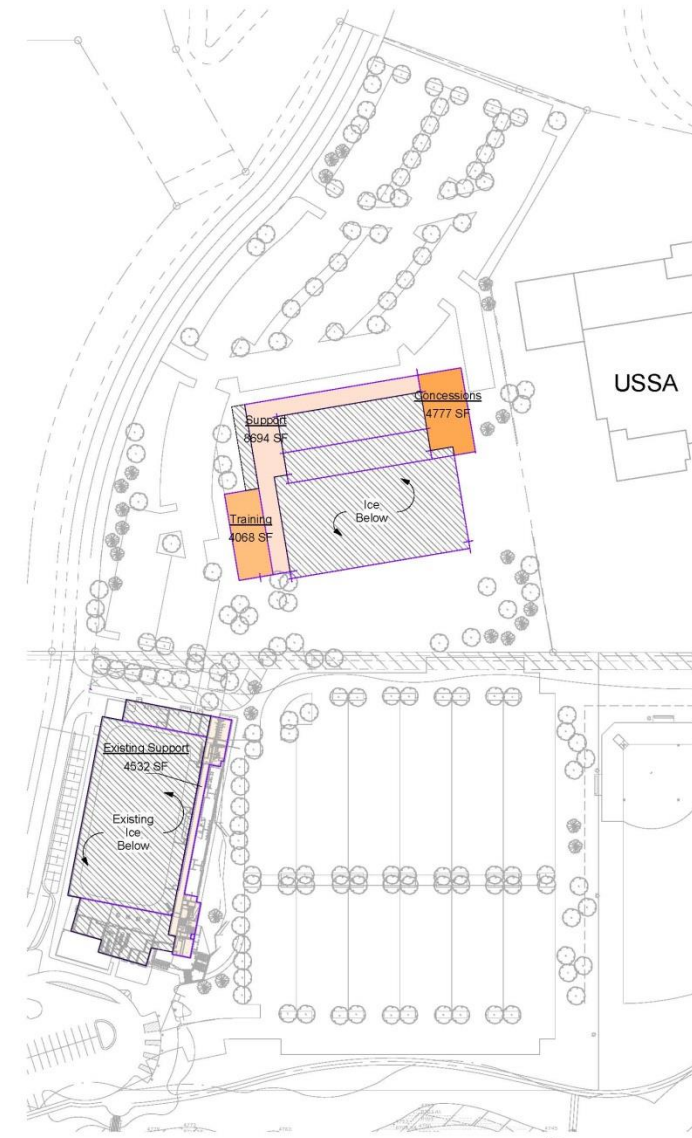
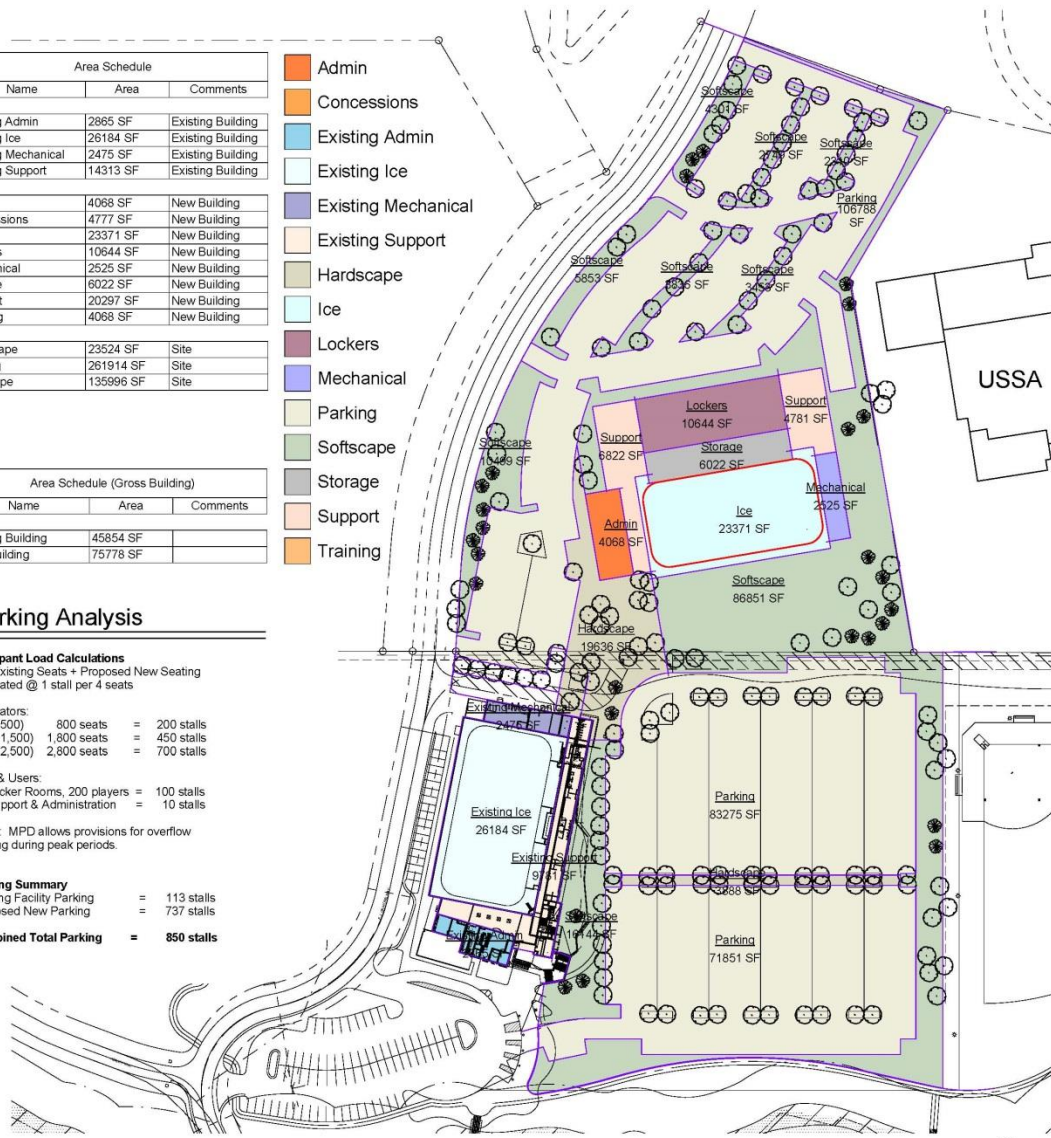
Spectators:			
(300+500)	800 seats	=	200 stalls
(300+1,500)	1,800 seats	=	450 stalls
(300+2,500)	2,800 seats	=	700 stalls

Staff & Users:
 12 Locker Rooms, 200 players = 100 stalls
 10 Support & Administration = 10 stalls

*Note: MPD allows provisions for overflow parking during peak periods.

Parking Summary		
Existing Facility Parking	=	113 stalls
Proposed New Parking	=	737 stalls
Combined Total Parking	=	850 stalls

- Admin
- Concessions
- Existing Admin
- Existing Ice
- Existing Mechanical
- Existing Support
- Hardscape
- Ice
- Lockers
- Mechanical
- Parking
- Softscape
- Storage
- Support
- Training



OPTION 3B NEW 2-SHEET ARENA ON ADJACENT SITE

Area Schedule		
Name	Area	Comments
Existing Admin	2865 SF	Existing Building
Existing Ice	26184 SF	Existing Building
Existing Mechanical	2475 SF	Existing Building
Existing Support	14313 SF	Existing Building

Admin	6486 SF	New Building
Concessions	6363 SF	New Building
Ice	46651 SF	New Building
Lockers	14849 SF	New Building
Mechanical	2932 SF	New Building
Storage	8753 SF	New Building
Support	30140 SF	New Building
Training	4068 SF	New Building

Hardscape	32787 SF	Site
Parking	227051 SF	Site
Softscape	124851 SF	Site

Area Schedule (Gross Building)		
Name	Area	Comments
Existing Building	45854 SF	
New Building	120250 SF	

- Admin
- Concessions
- Existing Admin
- Existing Ice
- Existing Mechanical
- Existing Support
- Hardscape
- Ice
- Lockers
- Mechanical
- Parking
- Softscape
- Storage
- Support
- Training

Parking Analysis

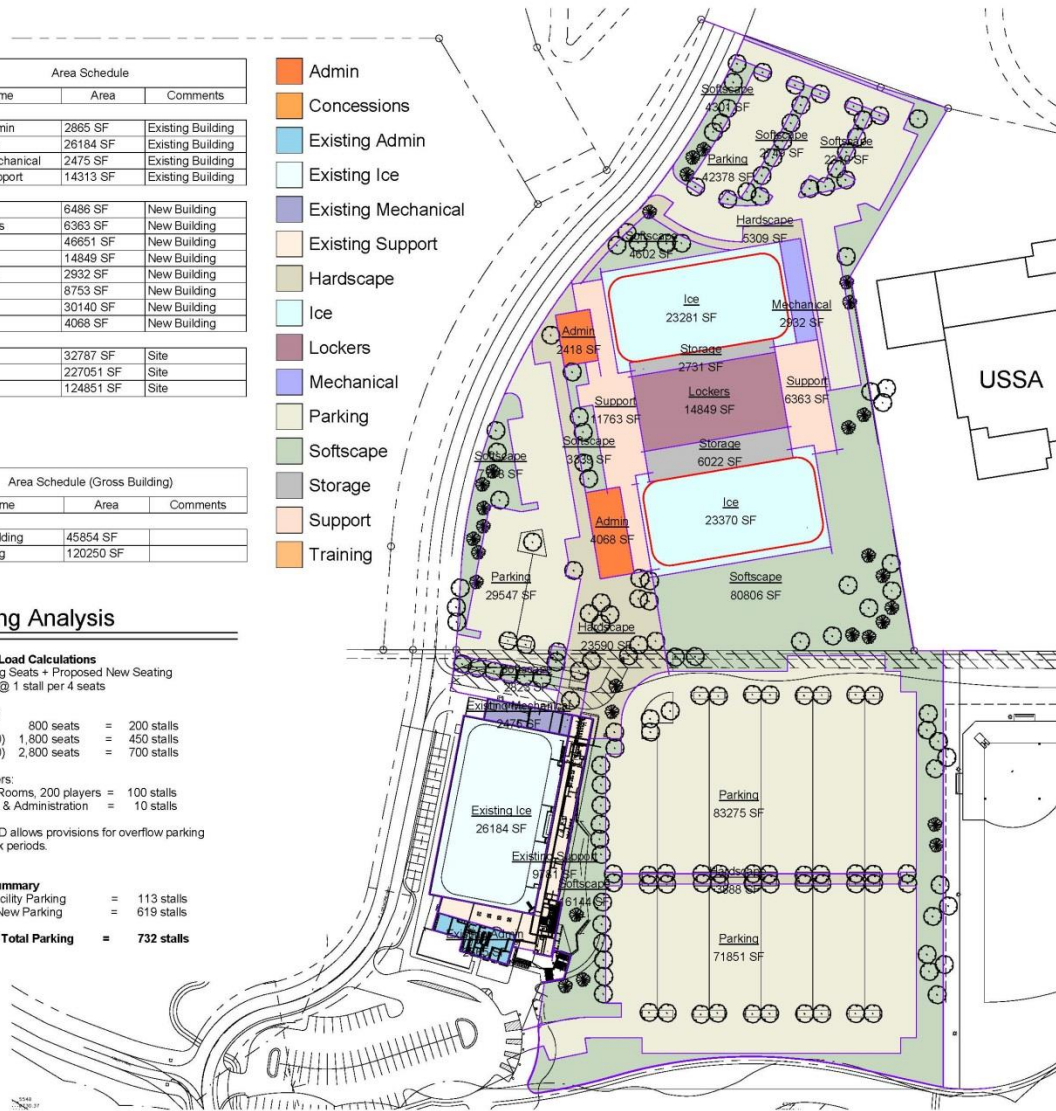
Occupant Load Calculations
 300 Existing Seats + Proposed New Seating
 calculated @ 1 stall per 4 seats

Spectators:
 (300+500) 800 seats = 200 stalls
 (300+1,500) 1,800 seats = 450 stalls
 (300+2,500) 2,800 seats = 700 stalls

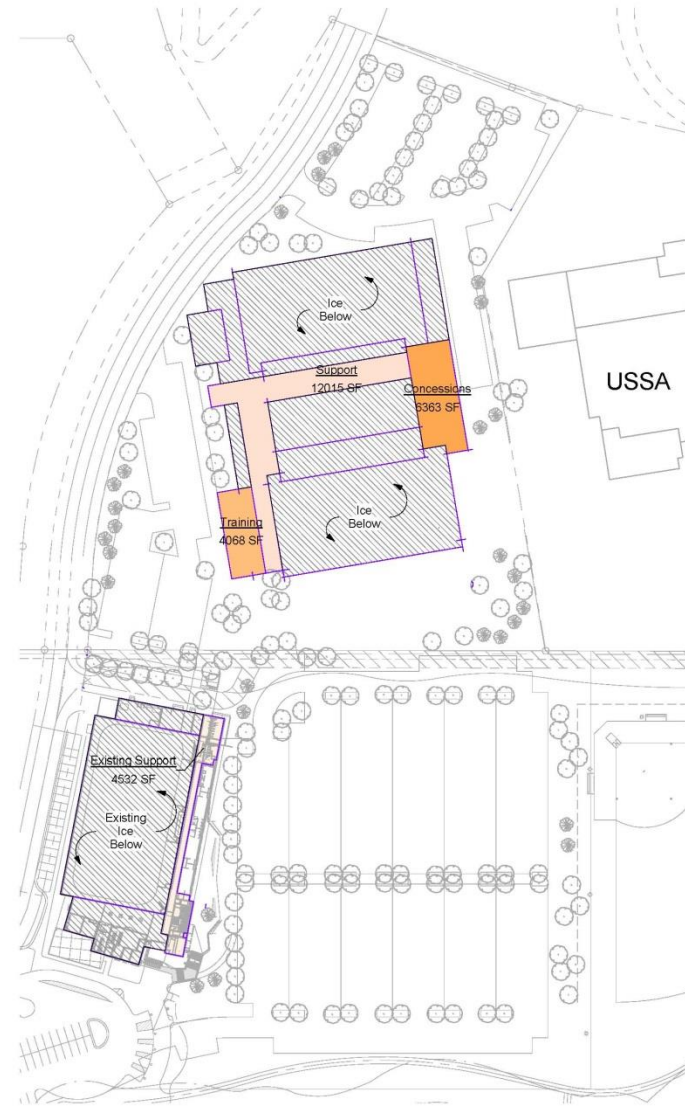
Staff & Users:
 12 Locker Rooms, 200 players = 100 stalls
 10 Support & Administration = 10 stalls

*Note: MPD allows provisions for overflow parking during peak periods.

Parking Summary
 Existing Facility Parking = 113 stalls
 Proposed New Parking = 619 stalls
Combined Total Parking = 732 stalls



1 LEVEL 1 Area Diagram
 1" = 80'-0"



2 Mezzanine Area Diagram
 1" = 80'-0"



OPTION 3C NEW 2-SHEET ARENA ON ADJACENT SITE (EXPANDABLE)

Area Schedule		
Name	Area	Comments
Existing Admin	2865 SF	Existing Building
Existing Ice	26184 SF	Existing Building
Existing Mechanical	2475 SF	Existing Building
Existing Support	14313 SF	Existing Building

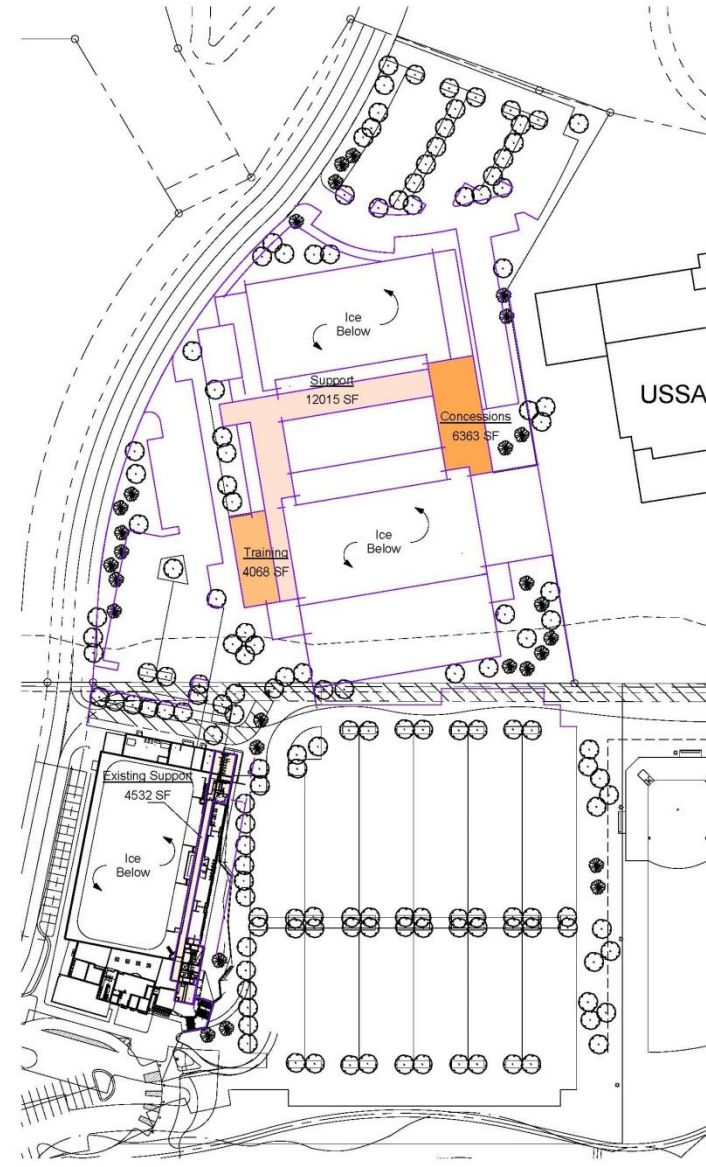
Admin	6486 SF	New Building
Concessions	6363 SF	New Building
Ice	46651 SF	New Building
Lockers	14849 SF	New Building
Mechanical	2932 SF	New Building
Storage	8753 SF	New Building
Support	32547 SF	New Building
Training	4068 SF	New Building
Turf	26871 SF	New Building

Area Schedule (Gross Building)		
Name	Area	Comments
Existing Building	45854 SF	
New Building	149538 SF	

- Admin
- Concessions
- Existing Admin
- Existing Ice
- Existing Mechanical
- Existing Support
- Hardscape
- Ice
- Lockers
- Mechanical
- Parking
- Softscape
- Storage
- Support
- Training
- Turf



1 LEVEL 1 Area Diagram
1" = 80'-0"



2 Mezzanine Area Diagram
1" = 80'-0"



OPTION 3 PROS & CONS

- PROS:

- In Options 3B and 3C, the current Ice Arena could be re-purposed as an indoor fieldhouse at an approximate conversion cost of \$527,000, as estimated by Elliott Workgroup.
- A new Ice Arena on adjacent property would not be subject to deed restrictions.
- A new Ice Arena could be built to the level of quality that the City would likely require today. The original Ice Arena was built with tilt-up concrete, insulation was not installed originally, the roof was not designed to accommodate solar panels, and the mechanical systems are the lowest quality that met the original service requirements.
- Option 3B could be expanded in the future to accommodate the Winter Olympics.

- CONS:

- Option 3A would be very difficult to operate effectively, with two separate buildings to staff and manage.
- Options 3B and 3C (new two-sheet facility with 2,500 seat capacity, expandable for the Winter Olympics) are likely to be the most expensive development options.

COST ANALYSIS PRELIMINARY ESTIMATES

Elliott Workgroup (with input from Construction Control Corp.) developed the following construction cost estimates for each option, including not just estimated building costs, but also the estimated site, civil, utility and soft costs that could be associated with the project as well:

Option	Description	Estimated Building Costs	Estimated Civil/Utility Costs	Estimated Soft Costs	Total Project Cost
1A	Outdoor - Current Site	\$3,596,212	\$139,200	\$711,677	\$4,447,089
1B	Outdoor - Adjacent Site	\$4,450,082	\$220,400	\$836,509	\$5,506,991
2A	Indoor - 500 Seats - Current Site*	\$17,081,763	\$220,400	\$2,522,839	\$19,825,002
2B	Indoor - 1,500 Seats - Current Site*	\$19,514,935	\$220,400	\$2,847,667	\$22,583,002
2C	Olympic Caliber - Current Site	\$29,573,422	\$220,400	\$4,190,475	\$33,984,297
3A	Indoor - 2,500 Seats - Adjacent Site	\$21,949,213	\$220,400	\$3,172,643	\$25,342,256
3B	New 2-Sheet Arena - Adjacent Site	\$29,874,481	\$220,400	\$4,230,667	\$34,325,548
3C	Olympic Caliber - Adjacent Site	\$38,994,090	\$220,400	\$5,448,134	\$44,662,624

*1A, 2B & 3B:
Identified as
Primary
Options for
Ice Arena
Expansion*

Source: Elliott Workgroup, Construction Control Corporation

*Note: Options 2A and 2B also include the cost of significant improvements to the current Ice Arena structure that would be necessary to support the expansion, including roof replacement, wide-span support structures, and increased support and administrative spaces, as well as expanded parking.

COST ANALYSIS COST PER S.F. COMPARISON

In order to put the cost estimates for an expanded or new Park City Ice Arena with two indoor sheets into context, Victus Advisors compared per-square foot estimates for Options 2A (expansion/ 2 sheets / 500 seats), 2B (expansion / 2 sheets / 1,500 seats), and 3B (new / 2 sheets / 2,500 seats) to other comparable ice arena projects developed in Utah and Colorado:

<u>Arena/Ice Center</u>	<u>City, State</u>	<u>Year Open</u>	<u>Project Cost (\$M)</u>	<u>Est. Project Cost in (1) 2015 (\$M)</u>	<u>Square Footage</u>	<u>Est. Cost per S.F. in (1) 2015 (\$M)</u>
Salt Lake County Ice Center	Murray, UT	1999	\$6.8	\$11.5	52,000	\$220.24
Stephen C. West Ice Arena	Breckenridge, CO	2000	\$7.7	\$12.4	57,000	\$217.96
Park City Ice Arena - OPTION 3B	Park City, UT	n/a	n/a	\$34.3	166,104	\$206.65
Park City Ice Arena - OPTION 2B	Park City, UT	n/a	n/a	\$22.6	112,811	\$200.18
Park City Ice Arena - OPTION 2A	Park City, UT	n/a	n/a	\$19.8	100,179	\$197.90
Peaks Ice Arena	Provo, UT	1998	\$12.4 (2)	\$21.7 (2)	110,000	\$197.12
Park City Ice Arena - ORIGINAL	Park City, UT	2006	\$5.0	\$6.1	45,854	\$132.01
Median		2000	\$7.3	\$19.8	100,179	\$199.04
Average		2001	\$8.0	\$18.3	91,993	\$191.97

Note: Sorted by Estimated Cost per Square Foot in \$2015.

(1) Adjusted according to the Turner Building Cost Index (1996 to 2015).

(2) Project Cost for Peaks Ice Arena does not include parking, as adjacent parking lots already existed when the arena was built.

Source: Comparable facility data compiled by Victus Advisors. Estimated costs & square footage for P.C. Ice Arena options developed by Elliott Workgroup.

6. OPERATING PROJECTIONS



OPERATING PROJECTIONS **KEY ASSUMPTIONS**

- Victus Advisors has developed operating projections for Options 1A, 2B, and 3B. Regarding the excluded options, it should be noted that:
 - It is not expected that financial projections for Option 1B would be materially different from Option 1A.
 - Option 2A is assumed to be operationally inefficient and have insufficient seating to meet current local demand for event/tournament capacity.
 - Option 3A is assumed to be operationally inefficient.
 - Options 2C and 3C are assumed to be future expansion options if Park City hosts another Winter Olympics in 2026 or 2030.
- Key Assumptions for Option 1A - *outdoor ice sheet on current site*:
 - A new outdoor rink would only be used seasonally (approximately October to April) and primarily for hockey.
 - No full-time staff would be added, only additional part-time staff.
 - Overall annual usage hours and unique visits would increase by approximately 30%, with no incremental tournament activity.
 - There would be no enhancement of available on-site food/beverage options.



OPERATING PROJECTIONS **KEY ASSUMPTIONS (CONT.)**

- Key Assumptions for Option 2B - *1,500-seat indoor ice sheet on current site*:
 - A new indoor rink would be attached to the existing Ice Arena and utilized year-round by all user groups.
 - Four (4) current part-time positions would be converted to full-time, plus additional part-time staff would be added.
 - Overall annual usage hours and unique visits would increase by at least 75%, plus at least five (5) new tournaments would be held annually.
 - New in-house concessions stand would sell light snacks and beverages (coffee, juice, sports drinks, granola bars, etc.).
- Key Assumptions for Option 3B - *new two-sheet ice arena on adjacent site*:
 - A new two-sheet Ice Arena would be utilized year-round by all user groups.
 - Four (4) current part-time positions would be converted to full-time, plus additional part-time staff would be added.
 - Overall annual usage hours and unique visits would increase by at least 80%, plus at least ten (10) new tournaments would be held annually.
 - New 3rd-party-operated, full-service restaurant/café would be operated on-site.



OPERATING PROJECTIONS **PARK CITY ICE ARENA**

Revenues	BASE YEAR			
	2015	Option 1A	Option 2B	Option 3B
Ice Rental	\$267,526	\$ 347,893	\$ 500,807	\$ 534,773
Leagues	164,047	213,262	287,083	295,285
Classes, Freestyle & Off-Ice Programs	139,780	181,712	244,613	251,602
Public Skate & Drop-In Programs	109,485	142,341	191,613	197,087
Retail Sales	31,223	40,590	56,201	60,611
Advertising & Other Revenues	32,900	42,771	59,221	63,868
Skate Services	11,959	15,547	20,929	21,527
Food & Beverage (Net) ⁽¹⁾	-	-	75,549	153,937
Total Revenues	\$756,922	\$984,115	\$1,436,015	\$1,578,690
Expenses				
Full-Time Salaries & Benefits	\$354,415	\$ 354,415	\$ 585,640	\$ 585,640
Part-Time Wages & Benefits	175,546	252,642	196,941	211,319
General & Administrative	171,407	263,051	427,032	454,965
Utilities	152,780	234,465	380,626	405,523
Capital Expenditures ⁽²⁾	78	1,800	9,800	14,900
Total Expenses	\$854,227	\$1,106,373	\$1,600,039	\$1,672,347
Net Operating Deficit	(\$97,306)	(\$122,258)	(\$164,024)	(\$93,657)
Cost Recovery	89%	89%	90%	94%

(1) Net income to arena after COGS. Option 2 includes in-house sales of light snacks/ beverages. Option 3 includes full-service restaurant/ bar.

(2) For purposes of budgeting, it has been assumed that annual capital expenditures would average approximately 0.05% of building cost.

Note: All Options represent a stabilized year of operations in 2015 dollars. No assumptions were made for increased rental rates or admissions prices.



7. FUNDING OPTIONS ANALYSIS



FUNDING OPTIONS ANALYSIS OVERVIEW

The following section is based upon Victus Advisors' review of funding methods that have been used to develop new, expanded, or renovated ice arenas around the country; our discussions with project stakeholders and City finance staff; and our assessment of the methods most likely to be utilized for a publicly owned and operated ice facility in Park City.

Note: this analysis assumes that Park City Ice Arena would continue to be operated by Park City Municipal Corporation. The Ice Arena and the land that it is located on have been publicly developed, maintained, and operated, and based upon input from project stakeholders, the current public ownership and operating model is expected to continue in the future.

As such, this section includes an overview of the following sources, as well as Victus Advisors' opinion regarding the potential likelihood of each source being utilized successfully for Park City Ice Arena expansion:

- **Private Funding:**
 - Corporate Naming Rights
 - Private Naming/Donations
- **Public Funding:**
 - Basin Recreation
 - Park City Municipal Corporation



PRIVATE OPTIONS CORPORATE NAMING RIGHTS

- The value of corporate naming rights for a sports facility is typically dependent on numerous factors, including but not limited to:
 - Annual facility attendance
 - Marketing/advertising reach via TV, radio, online, social media
 - Demographic/socioeconomic characteristics of attendees and consumers
 - Depth and breadth of the corporate base within the local market
 - Brand value/prestige associated with the property
- Based on a review of publicly-owned ice arenas nationwide, corporate naming rights fees have typically ranged from \$25,000 to \$100,000 per year, with terms typically ranging from 3 to 10 years. Examples of recent naming deals include:
 - Frontier Ice Arena - Coeur D'Alene, Idaho
 - Comcast Community Ice Arena - Everett, Washington
 - Hardee's Ice Arena - Chesterfield, Missouri
 - Dort Federal Credit Union Arena - Flint, Michigan
 - Cornerstone CFCU Arena - Lockport, New York
 - Northwoods Credit Union Arena - Cloquet, Minnesota



PRIVATE OPTIONS CORPORATE NAMING (CONT.)

There are several key factors for the City to consider regarding corporate naming opportunities:

- The Park City Ice Arena currently generates less than \$33,000 per year in net sponsorship/advertising revenue and does not employ full-time staff that is qualified to prospect and sell corporate naming rights.
- Commissions paid to a 3rd-party naming rights sales expert could reduce net proceeds by as much as 10-15%.
- Park City has a relatively small corporate/commercial base, however there could be potential in engaging the nearby Salt Lake City corporate market.
- Most corporate naming rights buyers prefer to pay in annual installments over the length of the deal. Therefore, corporate naming is often applied towards the ongoing operations of a public facility, rather than capitalizing the full amount for purposes of project funding (unless revenue bonds are issued).
- Philosophically, some communities prefer not to sell naming rights of public amenities to private/commercial buyers.



PRIVATE OPTIONS PRIVATE NAMING/DONATIONS

- Certain communities prefer to offer naming rights of public amenities to private foundations or individual donors. Unlike corporate naming, a private naming gift is often given as a lump sum that can be applied towards upfront capital costs.
- These types of large private donations are most often associated with an arena that is either operated by a non-profit entity, or whose operations are supported by a specific non-profit foundation. That said, it should be noted that “charitable contributions to governmental units are tax-deductible under section 170(c)(1) of the Internal Revenue Code if made for a public purpose” (*source: irs.gov*).
- Private donation campaigns are often conducted in conjunction with community-led plans to construct a new or renovated/expanded ice arena. Often the naming rights are granted to the largest donation, which is typically announced as the lead gift to the campaign. In some cases, the lead/naming gift will be structured as a “matching gift” that is paid once hits the campaign reaches a pre-determined goal.
- As a current example, in Hailey, Idaho, a non-profit group recently raised over \$5.5M for a new indoor ice arena, including more than \$4M from two family foundations, a \$500,000 matching gift from the Eccles family, and other local/community donations.



PUBLIC OPTIONS **BASIN RECREATION**

- Snyderville Basin Recreation District was formed by Summit County in 1993 and is supported by a property tax within the District that is levied specifically to build and maintain open space, trails, and recreation facilities in the District.
- In November 2014, Snyderville Basin residents approved a \$25 million dollar bond, supported by a property tax increase, for new open space, trails, and recreation facilities. \$2.5 million of the bond proceeds is allocated for the addition of a second ice sheet at Park City Ice Arena.
- The entire \$25 million in bonds were sold in February 2015, and the proceeds have been available to Basin Recreation as of March 11, 2015.
- As noted previously in this report, Basin Recreation's mission is to provide recreational amenities for residents of the Snyderville Basin, and therefore they committed a \$2.5 million contribution to be used to add an additional ice sheet that can be utilized for recreational purposes by Snyderville Basin Recreation District constituents whose property taxes supported the \$25 million bond issue.



PUBLIC OPTIONS **PARK CITY MUNICIPAL CORPORATION**

- The City's contribution to the original construction of Park City Ice Arena was funded by General Obligation (G.O.) bonds. For other recent Park City sports and recreation projects, the PC MARC was funded by cash from the City's General Fund, and Quinn's Junction Sports Complex was funded by a portion of Sales Tax Revenue Bonds and cash from Impact Fees collected from private developers.
- Based upon interviews with Park City financial staff, if City Council wishes to expand the current Ice Arena it is most likely that the Park City Municipal Corporation would issue G.O. bonds to fund the expansion. There are three (3) primary benefits to this approach:
 1. It puts the expansion in the hands of the voters, as G.O. bonds must be approved by the voters;
 2. It has no negative impact on other capital projects, as the bond funds would be dedicated expressly for this project; and,
 3. With Park City's strong bond rating and the recent low interest rate environment for municipal debt, City staff estimates that current interest rates on new 15-year G.O. bonds issued by the City would carry an interest rate of approximately 2.0-2.2%.



PUBLIC OPTIONS **PARK CITY MUNICIPAL CORP. (CONT.)**

TIMELINE:

- In order to be added to the November 2016 ballot, the measure must be approved by Council by September 2016.
- If the bonds are approved in the General Election, it typically takes the City approximately three (3) months to issue the debt and receive the proceeds.
- According to this timeline, it is assumed that G.O. bond proceeds could be available for the Ice Arena expansion project by March 2017.

REVENUE BONDS:

- Revenue bonds backed by incremental future arena revenues have not been considered for this project, as the Ice Arena currently operates at an annual deficit, and the public is likely to view other bondable revenue options (such as increased user fees or addition of parking fees) as a price increase.



PUBLIC OPTIONS **PARK CITY MUNICIPAL CORP. (CONT.)**

DEBT CAPACITY:

- According to City staff, the City has “quite a bit of room” before it would hit the cap on G.O. debt. The current City policy states that direct debt will not exceed 2% of assessed valuation.
- According to City staff, the City’s current assessed valuation is \$7,469,131,993 which would set the 2% cap at \$149,382,640. The City’s current direct GO debt is \$29,298,159. If sales revenue debt is also included, total GO and Sales revenue direct debt is \$54,475,154. Based upon these figures, Victus Advisors estimated the City’s current remaining debt capacity below:

ESTIMATED PARK CITY MUNICIPAL CORPORATION DEBT CAPACITY

Current Assessed Valuation:	\$7,469,131,993
Cap on Direct Debt (2% of Assessed Valuation):	\$149,382,640
Less: Current General Obligation Direct Debt:	(\$29,298,159)
<u>Remaining Debt Capacity (after G.O. Debt):</u>	<u>\$120,084,481</u>
Less: Current Sales Tax Direct Debt:	(\$25,176,995)
<u>Remaining Debt Capacity (after G.O. & Sales Tax Debt):</u>	<u>\$94,907,486</u>



FUNDING OPTIONS ANALYSIS SUMMARY

It is assumed that the most likely combination of funding sources for expansion of the Park City Ice Arena includes a \$2.5 million contribution from Basin Recreation, with the remaining project funds being provided via a General Obligation bond issue by Park City Municipal Corporation. This funding model for expansion options 1A, 2B, and 3B is shown below:

	<u>Option 1A: Addition of Outdoor Ice</u>	<u>Option 2B: Addition of Indoor Ice</u>	<u>Option 3B: New 2-Sheet Ice Arena*</u>
Estimated Project Cost:	\$4,447,089	\$22,583,002	\$34,325,548
Less: Basin Recreation Contribution:	(\$2,500,000)	(\$2,500,000)	(\$2,500,000)
Remaining Funds via Park City G.O. Bonds:	\$1,947,089	\$20,083,002	\$31,825,548

**Note: Does not include potential costs of converting existing Ice Arena to indoor fieldhouse.*



FUTURE OLYMPIC EXPANSION **COST ESTIMATES**

Although potential funding sources have not yet been considered for an additional future expansion of the Park City Ice Arena to also accommodate the Winter Olympics, the estimated incremental costs of that additional expansion are shown below *(in 2015 dollars, based on preliminary cost estimates shown on page 52 of this report)*:

- **Estimated Additional Cost of Converting 2B to 2C for Winter Olympics:**
 - **\$11,401,295**
- **Estimated Additional Cost of Converting 3B to 3C for Winter Olympics:**
 - **\$10,337,076**

It is assumed that potential funding sources for these additional costs would be addressed as a component of any future Winter Olympic bid.





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