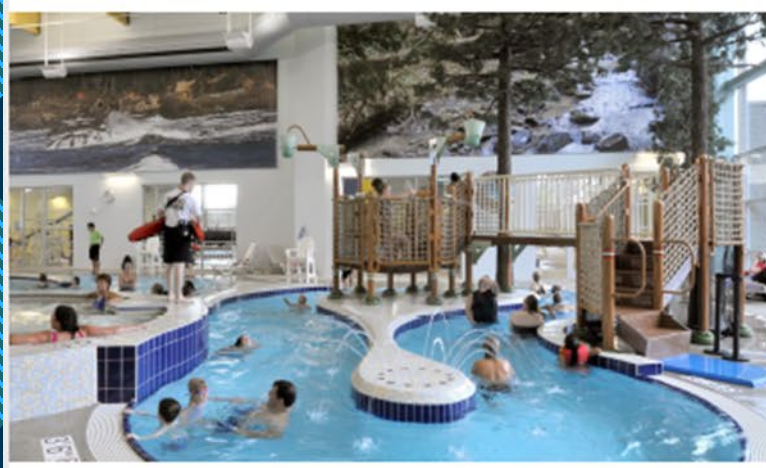


Aquatic Center

Pasco Public Facilities District

September 21, 2021



Agenda

- **History**
- **Aquatic Facility Concept**
- **Financial Analysis Discussion**
- **2013 Election Review**





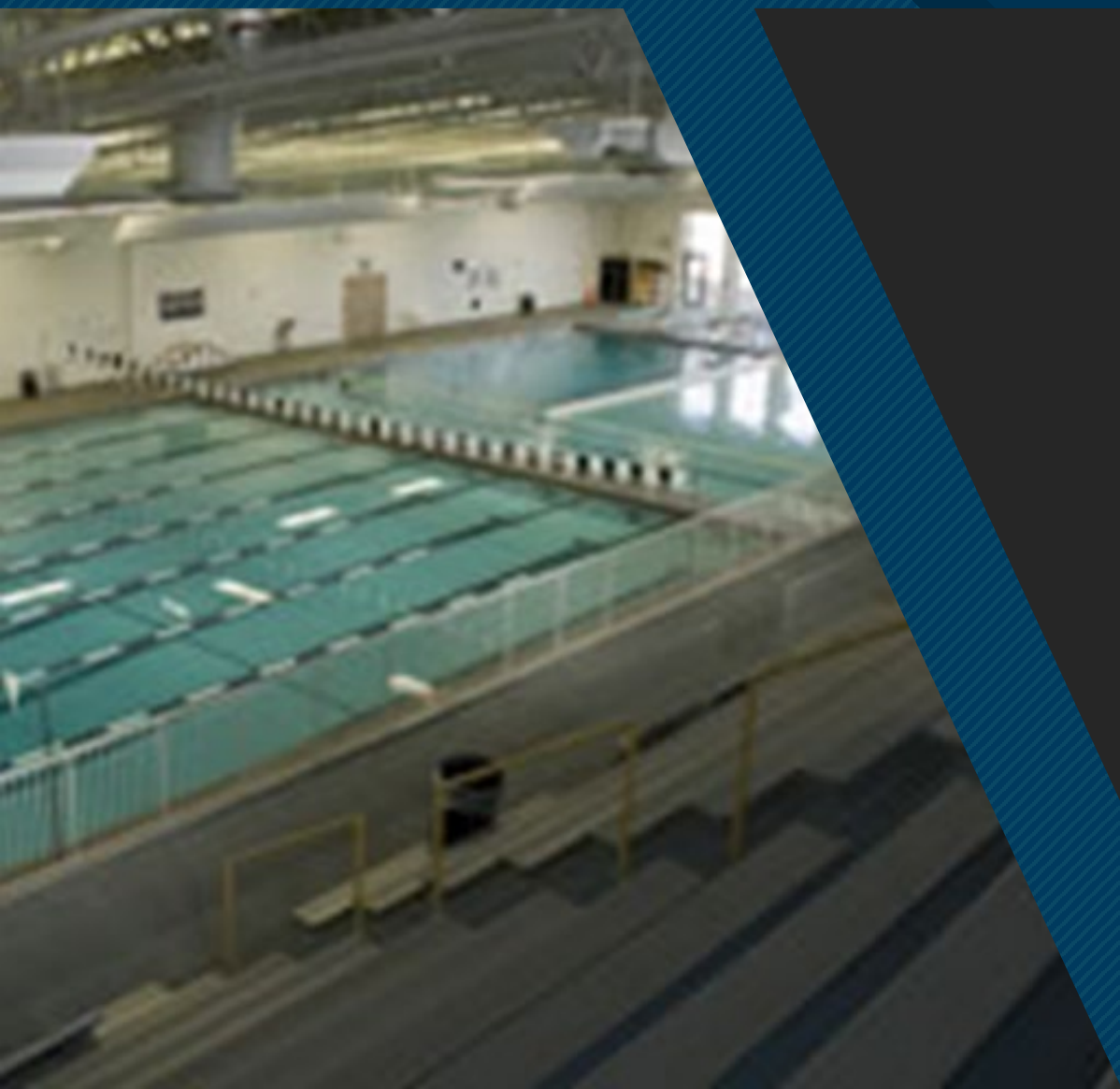
History

History

- Pasco Demographics
 - City electorate has supported project since 2011 (source: 2011 Community Survey)
 - 72% Supportive of the Center
 - Regional Aquatic Center was top “Potential Recreation Center” picked (61%)
 - 80% supported either a .2% or .1% tax increase
 - Pasco is fastest growing city in region with the youngest population
- Election and Vote History
 - 2013 Regional Election: 57% Yes Votes from Pasco Residents
 - Vote failed due to negative voting from Richland and Kennewick
 - No New Taxes
 - No Sunset Clause on Tax
 - Voters Felt no Need
 - Competition with Private Industry
 - 2019: Legislation Passed for Pasco PFD to move forward on its own

History

- 2019-2021: Research and Analysis
 - Revisions to Original Study
 - Outlined size of facility, features within, and predictive costs
 - New Timeline for Vote and, if successful, planning and construction
- Financial Analysis 2019
 - Why Doesn't the Private Sector Build This?
 - August 2019, Private Financial Analysis
 - Public and Private Facilities Serve Decidedly Different Markets
 - Finance structure for construction and operation much more feasible for public agencies.
- Financial Analysis 2021 (post-Covid)
 - Independent 3rd Party
 - Analysis of Sales Tax History and Projections
 - Analysis of Predictive Operation costs and Revenue
 - Timing of Bond, Debt Service, and Timeline



Aquatic Facility Concept

Costs for Project

- Total Costs
 - Development and Operations
 - Revenues
 - Sales Tax
 - Gate Revenues
 - Phase II (Competition Pool)
 - To be built in 15 years
 - Projections show adequate revenue to not warrant operations subsidy from the City

Assume 25 year Bond	
Sales Tax 4.9% Increase	
Total Sales Tax Collections (Over 25 Bond Replayment Period)	\$ 235,458,098
Phase One Costs (Capital and Ops)	(\$125,550,995.00)
Phase II Costs (Capital and Ops - 10 Year)	(\$24,785,387.00)
Operations Subsidy from City	\$0.00
Total Remaining Cash Balance (Primarily funded through Excess Sales Tax)	\$ 85,121,716

Initial Facility

Phase I

- Indoor leisure pool
- Outdoor activity pool
- Wet classroom/Party room
- Concessions for the outdoor pool
- Locker rooms and other support spaces

Phase II

- Indoor 8 lane by 25-yard pool

Area Summary			
Description	Phase I	Phase II	Total
Facility Area	46,930sf	13,170sf	60,100sf
Total Site Area	174,672sf	26,688sf	201,360sf
(SF/Acres)	4 acres	.61 Acres	4.61 Acres

Facility Amenities



LEGEND

1. ENTRY/ LOUNGE/ CIRCULATION	3,435 SF
2. ADMIN / OFFICE	860 SF
3. PARTY ROOM	1,870 SF
4. WOMEN'S LOCKER ROOM	1,400 SF
5. MEN'S LOCKER ROOM	1,400 SF
6. UNIVERSAL CHANGING	1,625 SF
7. GUARD ROOM	650 SF
8. AQUATICS SUPERVISORS OFFICE	450 SF
9. INDOOR LEISURE POOL	8,000 SF
10. POOL STORAGE	1,800 SF
11. BUILDING MECHANICAL	660 SF
12. POOL EQUIPMENT ROOM	3,200 SF
13. CONCESSIONS	1,230 SF
14. UNIVERSAL CHANGING	550 SF
15. OUTDOOR LEISURE POOL	19,800 SF
16. TRASH	
17. FIRE LANE	
18. LOADING	
19. PARKING - 196 SPOTS	

TOTAL GROSS AREA +/- 46,930 SF

PHASE II	
20. LAP POOL	8,300 SF
21. SPECTATOR SEATING	1,400 SF
22. GUARD ROOM	300 SF
23. POOL EQUIPMENT ROOM/STORAGE	1,910 SF
24. ADDITION WOMEN'S LOCKER ROOM	630 SF
25. ADDITION MEN'S LOCKER ROOM	630 SF

TOTAL GROSS AREA +/- 13,170 SF

TOTAL PROJECT GROSS AREA +/- 60,100 SF



Methodology and
Findings

Financial Analysis



Financial Analysis

- Analyzed
 - Sales Tax Data (Historical 2005-2020)
 - Ballard King Feasibility Study
 - Permitting and Construction Data (2005-2019)
 - Pasco Aquatic Center Operations Plan (Staffing, revenues, and expenditures)
- Assumptions (Phase I)
 - \$40million - 25 year bond with revenue from a .2% sales tax approval
 - 4.9% annualized growth sales tax (“middle of the road” prediction)
 - \$2.8 Million annual debt service
 - Operations in the Future (conservative projections)
 - Ops at 5% increase (primarily labor)
 - Revenue at 4% increase

Financing

- Findings:
 - PFD has the capacity for a \$40million Bond
 - Upon Election, PFD starts collecting .2% (.002) Sales Tax
 - Revenue from sales tax can accumulate prior to Bond Issuance
 - Base revenue can be used for bond initiation, land purchase, other start up
 - Bond issuance
 - Pays for A&E
 - Site Development
 - Facility Development
 - Initially Phase I facility
 - Also initiates debt service (\$2.8 million/year, for 25 years).
 - Bond has a sunset – key factor in previous election
 - Sales Tax Revenue
 - .2% (.002) Revenue exceeds Expenses for Facility
 - All 3 scenarios shows a positive fund balance at end of each year (steady accumulation)
 - Also shows positive growth



Financing

- Findings:
 - Initial Costs:

Bond Proceeds			\$40,000,000
Less -Bond broker fees			(475,000)
Attorney fees			
Real estate purchase			(2,000,000)
Closing costs		8.00%	(160,000)
Development costs			(300,000)
Const. contingency		10.00%	<u>(4,000,000)</u>
Facility cost			\$33,065,000

Bond Sale and Management	
Bond Counsel	\$ (100,000)
Financial Advisor	\$(45,000)
Dept of Commerce Feasibility Review	\$ (30,000)
Underwriting Fee	\$ (250,000)
City Attorney	<u>\$ (50,000)</u>
TOTAL	\$ (475,000)

Financing

- Findings:
 - First Four Years

Facility Operating Costs	\$0	(\$1,109,473)	(\$2,329,894)	(\$2,446,389)
Facility Administrative Costs	(\$26,250)	(\$55,125)	(\$57,881)	(\$60,775)
Total Operating Costs	(\$26,250)	(\$1,164,598)	(\$2,387,775)	(\$2,507,164)
Facility Revenues	\$0	\$0	\$1,845,723	\$1,919,552
	(\$26,250)	(\$1,164,598)	(\$542,052)	(\$587,612)
Bond Sale and Management	(\$475,000)			
Land Purchase	(\$2,000,000)			
Bond Payment (Debt Service)	\$0	(\$2,838,098)	(\$2,838,098)	(\$2,838,098)
TOTAL EXPENSE	(\$2,501,250)	(\$4,002,696)	(\$3,380,150)	(\$3,425,710)
.2% (.002) Sales Tax Revenue to PFD	\$3,646,391	\$3,825,064	\$4,012,492	\$4,209,105
Excess Revenue (Expense)	\$1,145,141	(\$177,632)	\$632,342	\$783,395
Beginning Cash Balance	\$0	\$1,145,141	\$967,509	\$1,599,851
Ending Cash Balance	\$1,145,141	\$967,509	\$1,599,851	\$2,383,246

- Includes Capital Replacement Reserve (within Facility Operating Costs)
- Shows that Phase II could conceivably be constructed within 12-15 years with no additional bond
- Excess Revenue intended to subsidize operations and fund future Phase II Expansion

Operations and Jobs

- First year of operation: 2024
- Presence of other providers to remain the same.
- Operated by the City of Pasco (through an Inter-local Agreement)
- Final site not yet determined
- Operations Estimations; Revenue vs. Expenditures, based on basic concept plan for facility only
- No additional partnership considered in conceptual operations plan
- Concession operations are for outdoor portion only and considered to be seasonal.

Operations and Jobs

Staff	Phase I	Phase II
Full Time	6	1
Part Time	10	3
Total	16	4

- Approximately 20 jobs
- Opportunities for youth

2013 Election Review



- **RPFV Vote from 2013**
- **Unofficial Findings**
 - **Region was Tax Averse**
 - Except Pasco voters positively favored.
 - **Concerns of Perpetual Tax**
 - 2021 Proposal is a 25-year bond
 - PFD has a “Sunset”
 - **Conflict with Private Enterprise**
 - Amenities Reduced/Removed
 - Private Sector Funding for Similar Facility Difficult
 - **Pre-Payment of Bond**
 - Healthy Revenue Projections
 - Go to Support the Operations
 - No City Subsidy
 - Can be saved for Phase II



Questions or Discussion