

Amend Park Sport Court Facility Pro Forma & Operations Review

Billings, MT

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**JOHNSON
CONSULTING**

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An aerial photograph of a university campus, heavily overlaid with a semi-transparent blue filter. The image shows a variety of campus buildings, including a prominent tall, dark skyscraper on the left side. In the foreground, a baseball field is visible, surrounded by bleachers and stadium lights. The campus is interspersed with numerous green trees. In the far background, rolling hills or mountains are visible under a clear sky. The overall scene is presented in a clean, professional style suitable for a corporate or institutional website.

| 1. About Us



About Us

Johnson Consulting, founded in 1996, is specialized in the strategic planning and development advisory services for Fairgrounds, Sports, Convention, Hospitality, and Real Estate industries. Our keen processes utilize appropriate market data and precise analytics so that our Clients receive innovative and visionary recommendations that are financially sustainable. We aim to empower our clients to make the most informed decision in relation the risks and rewards of the project.

Services

- MARKET & DEMAND ANALYSIS
- FEASIBILITY STUDIES
- SITE ANALYSIS
- ECONOMIC AND FISCAL IMPACT STUDIES
- PROFORMA/FINANCIAL ANALYSIS
- FUNDING STRATEGIES
- STRATEGIC MASTER PLANNING
- OWNER'S REPRESENTATIONS
- PUBLIC/PRIVATE PARTNERSHIP ADVISORY
- RFQ/P SOLICITATIONS MANAGEMENT
- OPERATIONAL AUDITS & EXECUTIVE SEARCH

An aerial photograph of a university campus, heavily overlaid with a semi-transparent blue filter. The image shows a variety of buildings, including a prominent tall skyscraper on the left, several large multi-story academic or administrative buildings, and a baseball field in the foreground. The campus is surrounded by dense green trees, and rolling hills are visible in the far distance under a clear sky.

2. Scope of Work

Scope of Work

Project Overview

- ❑ Since 2019, the City of Billings Parks and Recreation Department has been exploring the development of a new recreation facility.
- ❑ The proposed facility would be managed by BPRD and include four full-sized basketball courts (convertible into eight junior-sized courts).
- ❑ Johnson Consulting was brought on to assess prior studies, proposed programming, financial projections (Pro Forma), and the operational model.
- ❑ Our goal is to evaluate the current planning and provide recommendations to improve operational efficiency and long-term sustainability.
- ❑ The analysis will draw on Johnson Consulting's industry expertise to optimize the facility's planning and potential execution.

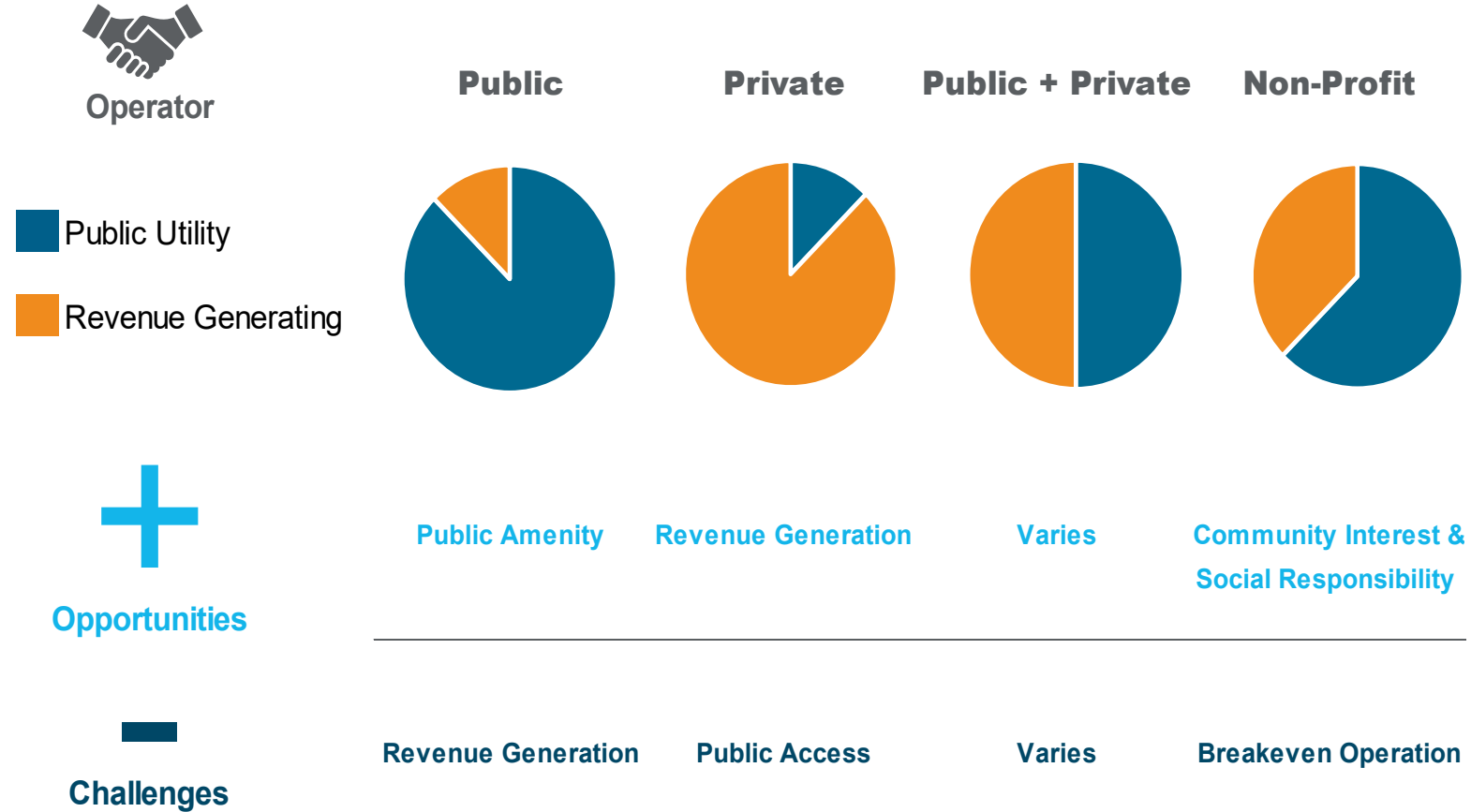
An aerial photograph of a university campus, featuring various academic buildings, a large stadium with a baseball field, and surrounding greenery. The image is overlaid with a semi-transparent blue filter. The text '3. Operational Model Evaluation & Recommendations' is displayed in a large, white, sans-serif font, positioned on the left side of the image. A vertical white line is located to the left of the text.

3. Operational Model Evaluation & Recommendations

Operational Model Evaluation & Recommendations

Various Operating Structures

Operating Models



- ❑ Risk of access and control must be measured as it correlates to the definition of success
- ❑ Each model can vary greatly based on its driver of success

Operational Model Evaluation & Recommendations

Public. Vs Private Sports Complex Operations

Recommendation for Public Management of Amend Sport Court Facility

- ❑ **Cost Savings:** Public management eliminates the need for a third-party operator and/or management fee, resulting in significant cost savings.
- ❑ **Efficiencies:** The BPRD can leverage its existing community recreational programming to create efficiencies and streamline operations.
- ❑ **Community Access:** Public management prioritizes community access, ensuring the facility remains available and accessible to local residents.
- ❑ **Regional Significance:** The Amend Sport Court Facility's unique characteristics and regional significance make it an attractive asset for public management, allowing it to serve as a hub for regional events and tournament programming.
- ❑ **Lack of Competition:** The facility's lack of nearby competition reduces the need for a strong sales and marketing team, minimizing the risk of private management prioritizing profit over community access.
- ❑ **Long-term success and community benefit:** By choosing public management, the BPRD can effectively manage the facility, ensuring its long-term success and community benefit, while also providing a unique and valuable sports tourism asset for the region.

| | Public | Private |
|------|--|---|
| Pros | <ul style="list-style-type: none">▪ Leverage Existing Public Programming▪ Lower User Fees▪ Community Focus▪ Program Inclusivity▪ Public Funding Availability | <ul style="list-style-type: none">▪ Higher Quality Facilities & Services▪ Efficient Decision-making▪ Leverage Technology And Systems▪ National Sponsorship Prospects |
| Cons | <ul style="list-style-type: none">▪ Efficiency/Improvement Limitations▪ Budget Constraints▪ Lack National Brand▪ Limited Marketing & Revenue Streams | <ul style="list-style-type: none">• Higher User Fees• Profit Over Community• Limited Affordable Access• Challenged To Leverage Local Resources |

An aerial photograph of a university campus, heavily overlaid with a semi-transparent blue filter. The image shows various academic buildings, a large stadium with a baseball field, and surrounding greenery. In the background, rolling hills are visible under a clear sky. The text '4. Proforma Review & Analysis' is prominently displayed in white, bold font across the center of the image, with a vertical white line to its left.

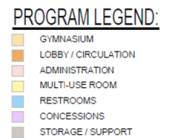
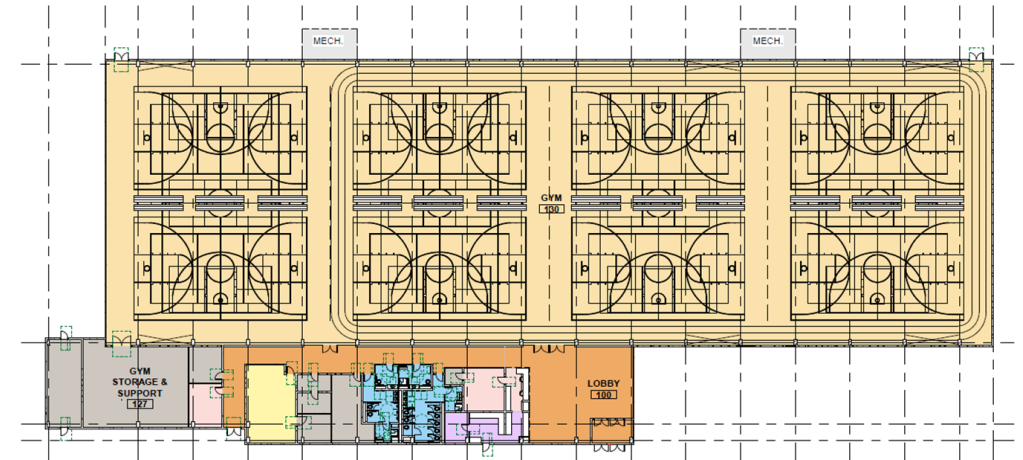
4. Proforma Review & Analysis

Proforma Review & Analysis

Overview

- ❑ Johnson Consulting sees strong market potential for the 56,000 sq. ft. Amend Park Sport Court Facility, citing a regional gap in similar multipurpose indoor venues.
- ❑ The analysis assumes the facility will operate 98 hours per week (8 a.m.–10 p.m. daily).

56,350 SF



Amend Park Sport Court Facility Hours of Operations

| Daily (8 a.m. - 10 p.m.) | Operating Hours |
|-----------------------------|-----------------|
| Monday | 14 |
| Tuesday | 14 |
| Wednesday | 14 |
| Thursday | 14 |
| Friday | 14 |
| Saturday | 14 |
| Sunday | 14 |
| Total | 98 |

Source: Johnson Consulting

Proforma Review & Analysis

Key Revenue Assumptions

Daily Admissions

- ❑ The facility will operate on a drop-in basis with daily fees based on age and residency, attracting an estimated 22,950 total admissions in Year 3.
- ❑ Johnson Consulting projects slightly higher daily admission revenue than BPRD’s original estimates—\$100,980 for Public and \$111,078 for Private operation in Year 3—due to higher fees typically charged by Private operators.
- ❑ Differences between Johnson Consulting’s and BPRD’s revenue projections are modest, with less than a \$1,000 variance by Year 3 under the Public model.

| Amend Park Sport Court Facility Projected Daily Admissions | | | | | |
|---|--------|---------------|---------------|---------------|--|
| | | Weekly Number | | | |
| Visitation | | Year 1 | Year 2 | Year 3 | |
| Residents | Adult | 40 | 80 | 120 | |
| | Senior | 50 | 100 | 150 | |
| | Child | 20 | 40 | 60 | |
| Non-Residents | Adult | 10 | 20 | 30 | |
| | Senior | 20 | 40 | 60 | |
| | Child | 10 | 20 | 30 | |
| Total | | 150 | 300 | 450 | |
| # of Weeks | | 51 | 51 | 51 | |
| Annual Visitation | | 7,650 | 15,300 | 22,950 | |

Source: Johnson Consulting

Amend Park Sport Court Facility Projected Daily Admissions (Public Operator)

| | | Year 1 | Year 2 | Year 3 | |
|---------------------------------------|--------|-----------------|-----------------|------------------|-------|
| Annual Visitation | | 7,650 | 15,300 | 22,950 | |
| | | Weekly Revenue | | | |
| Revenues | Fees | Year 1 | Year 2 | Year 3 | |
| Residents | Adult | \$5.00 | \$200 | \$400 | \$600 |
| | Senior | \$4.00 | 200 | 400 | 600 |
| | Child | \$3.00 | 60 | 120 | 180 |
| Non-Residents | Adult | \$6.00 | 60 | 120 | 180 |
| | Senior | \$5.00 | 100 | 200 | 300 |
| | Child | \$4.00 | 40 | 80 | 120 |
| Total | | \$660 | \$1,320 | \$1,980 | |
| # of Weeks | | 51 | 51 | 51 | |
| Annual Daily Admission Revenue | | \$33,660 | \$67,320 | \$100,980 | |

Source: Johnson Consulting

Amend Park Sport Court Facility Projected Daily Admissions (Private Operator)

| | | Year 1 | Year 2 | Year 3 | |
|---------------------------------------|--------|-----------------|-----------------|------------------|-------|
| Annual Visitation | | 7,650 | 15,300 | 22,950 | |
| | | Weekly Revenue | | | |
| Revenues | Fees | Year 1 | Year 2 | Year 3 | |
| Residents | Adult | \$5.50 | \$220 | \$440 | \$660 |
| | Senior | \$4.40 | 220 | 440 | 660 |
| | Child | \$3.30 | 66 | 132 | 198 |
| Non-Residents | Adult | \$6.60 | 66 | 132 | 198 |
| | Senior | \$5.50 | 110 | 220 | 330 |
| | Child | \$4.40 | 44 | 88 | 132 |
| Total | | \$726 | \$1,452 | \$2,178 | |
| # of Weeks | | 51 | 51 | 51 | |
| Annual Daily Admission Revenue | | \$37,026 | \$74,052 | \$111,078 | |

Source: Johnson Consulting

Proforma Review & Analysis

Key Revenue Assumptions

Court Rentals

| Amend Park Sport Court Facility Projected Court Rentals | | | | | | | |
|--|-------------------|------------------|------------------|-------------------|------------------|------------------|--------|
| | CHJC - Public | | | CHJC - Private | | | |
| | # of Weekly Hours | | | # of Weekly Hours | | | |
| # of Rentals | Year 1 | Year 2 | Year 3 | Year 1 | Year 2 | Year 3 | |
| Full Court | 32 | 38 | 45 | 45 | 50 | 55 | |
| Jr. Court | 12 | 16 | 20 | 20 | 25 | 30 | |
| Total | 44 | 54 | 65 | 65 | 75 | 85 | |
| # of Weeks | 30 | 30 | 30 | 35 | 35 | 35 | |
| Annual Rentals | 1,320 | 1,620 | 1,950 | 2,275 | 2,625 | 2,975 | |
| Visitation | Weekly Visitation | | | Weekly Visitation | | | |
| | Average | Year 1 | Year 2 | Year 3 | Year 1 | Year 2 | Year 3 |
| Full Court | 30 | 960 | 1,140 | 1,350 | 1,500 | 1,650 | |
| Jr. Court | 15 | 180 | 240 | 300 | 375 | 450 | |
| Total | 1,140 | 1,380 | 1,650 | 1,650 | 1,875 | 2,100 | |
| # of Weeks | 30 | 30 | 30 | 35 | 35 | 35 | |
| Annual Visitation | 34,200 | 41,400 | 49,500 | 57,750 | 65,625 | 73,500 | |
| Revenue | Weekly Revenue | | | Weekly Revenue | | | |
| | Year 1 | Year 2 | Year 3 | Year 1 | Year 2 | Year 3 | |
| Full Court | \$100 | \$3,200 | \$3,800 | \$4,500 | \$5,000 | \$5,500 | |
| Jr. Court | \$50 | 600 | 800 | 1,000 | 1,250 | 1,500 | |
| Total | \$3,800 | \$4,600 | \$5,500 | \$5,500 | \$6,250 | \$7,000 | |
| # of Weeks | 30 | 30 | 30 | 35 | 35 | 35 | |
| Annual Rental Revenues | \$114,000 | \$138,000 | \$165,000 | \$192,500 | \$218,750 | \$245,000 | |

Source: Johnson Consulting

- ❑ For the purpose of our analysis, we kept the rental rate the same for both public and private operational model.
- ❑ Private operational model illustrate a push for a more aggressive approach to court rentals, whereas a public sector assumes flexibility for local programming opportunity that already exists.

Proforma Review & Analysis

Key Revenue Assumptions

Tournaments

- ❑ Johnson Consulting projects strong regional tournament demand for the Amend Park Sport Court Facility due to limited competition, making it attractive under either a Public or Private operating model.
- ❑ The facility is expected to draw tournaments passively through inbound interest, rather than requiring aggressive recruitment.
- ❑ By Year 3, projections include 26 annual tournaments, generating approximately 27,600 visits and \$184,000 in tournament-related revenue.

Amend Park Sport Court Facility Projected Rental from Tournaments

| | | # of Tournament Events | | |
|--------------|----------------|------------------------|------------------|------------------|
| | | Year 1 | Year 2 | Year 3 |
| Weekday | | 4 | 5 | 6 |
| Weekend | | 12 | 13 | 20 |
| Total | | 16 | 18 | 26 |
| | | Visitation | | |
| Visitation | Average | Year 1 | Year 2 | Year 3 |
| Weekday | 600 | 2,100 | 3,000 | 3,600 |
| Weekend | 1,200 | 14,400 | 15,600 | 24,000 |
| Total | | 16,500 | 18,600 | 27,600 |
| | | Revenue | | |
| | Rate per Event | Year 1 | Year 2 | Year 3 |
| Weekday | \$4,000 | \$14,000 | \$20,000 | \$24,000 |
| Weekend | \$8,000 | 96,000 | 104,000 | 160,000 |
| Total | | \$110,000 | \$124,000 | \$184,000 |

Source: Johnson Consulting

Proforma Review & Analysis

Revenue Assumptions

Concessions & Advertising

- Johnson Consulting estimates a \$3.50 per capita concession spend, leading to \$122,500 in Year 3 concession net revenue for a Public operator and \$150,500 net revenue for a Private operator—both significantly lower than BPRD’s original \$200,000 gross projection.
- Increased court rentals under a Private model drive higher visitation and therefore greater concession revenue.
- Advertising and sponsorship revenues are projected at \$66,306 for a Public operator (25% inventory sold) and \$198,919 for a Private operator (75% inventory sold), highlighting greater revenue potential under private management.

| Amend Park Sport Court Facility Projected Concession & Advertising Revenues (Public Operator) | | | | | |
|--|-----------|---------------------|-----------|-----------|----------|
| | | Year 1 | Year 2 | Year 3 | |
| Annual Visitation | | 58,350 | 73,300 | 100,050 | |
| | | Concession Revenue | | | |
| | Per Cap | Year 1 | Year 2 | Year 3 | |
| Gross Concession Revenue | \$3.50 | \$204,000 | \$264,000 | \$350,000 | |
| <i>Net Revenue (35%)</i> | | \$71,400 | \$92,400 | \$122,500 | |
| Advertising Revenue | | Advertising Revenue | | | |
| | Inventory | % Sold | Year 1 | Year 2 | Year 3 |
| | \$250,000 | 25% | \$62,500 | \$64,375 | \$66,306 |

Source: Johnson Consulting

| Amend Park Sport Court Facility Projected Concession & Advertising Revenues (Private Operator) | | | | | |
|---|-----------|---------------------|-----------|-----------|-----------|
| | | Year 1 | Year 2 | Year 3 | |
| Annual Visitation | | 81,900 | 99,525 | 124,050 | |
| | | Concession Revenue | | | |
| | Per Cap | Year 1 | Year 2 | Year 3 | |
| Gross Concession Revenue | \$3.50 | \$287,000 | \$348,000 | \$430,000 | |
| <i>Net Revenue (35%)</i> | | \$100,450 | \$121,800 | \$150,500 | |
| Advertising Revenue | | Advertising Revenue | | | |
| | Inventory | % Sold | Year 1 | Year 2 | Year 3 |
| | \$250,000 | 75% | \$187,500 | \$193,125 | \$198,919 |

Source: Johnson Consulting

Proforma Review & Analysis

Summary of Revenues

| Amend Park Sport Court Facility Estimated Revenues | | | | | | | | | | | |
|---|------------------------|------------------|------------------|-------------------------|------------------|------------------|--------------------------|------------------|------------------|--------------------------------|---------------------------------|
| | Amount (CHJC - Public) | | | Amount (CHJC - Private) | | | Amount (BPRD - Original) | | | Difference (BPRD & Public) (Δ) | Difference (BPRD & Private) (Δ) |
| | Year 1 | Year 2 | Year 3 | Year 1 | Year 2 | Year 3 | Year 1 | Year 2 | Year 3 | Year 3 | Year 3 |
| 1 Daily Admissions | \$33,660 | \$67,320 | \$100,980 | \$33,660 | \$67,320 | \$100,980 | \$33,000 | \$66,000 | \$100,000 | \$980 | \$980 |
| 2 Court Rentals | 114,000 | 138,000 | 165,000 | 192,500 | 218,750 | 245,000 | 50,000 | 100,000 | 150,000 | 15,000 | 95,000 |
| 3 Tournaments | 110,000 | 124,000 | 184,000 | 110,000 | 124,000 | 184,000 | 55,000 | 110,000 | 160,000 | 24,000 | 24,000 |
| 4 Concessions | 71,400 | 92,400 | 122,500 | 100,450 | 121,800 | 150,500 | 66,000 | 132,000 | 200,000 | (77,500) | (49,500) |
| 5 Sponsorship/Advertising | 62,500 | 64,375 | 66,306 | 187,500 | 193,125 | 198,919 | 0 | 0 | 0 | 66,306 | 198,919 |
| Total | \$391,560 | \$486,095 | \$638,786 | \$624,110 | \$724,995 | \$879,399 | \$204,000 | \$408,000 | \$610,000 | \$28,786 | \$269,399 |

Source: Johnson Consulting

- ❑ Johnson Consulting projects higher overall Year 3 revenues than BPRD’s original estimates—\$28,786 more for a Public operator and \$269,399 more for a Private operator—driven by stronger performance in rentals, concessions, and advertising.
- ❑ A Private operator is expected to generate more revenue due to a national sales team and focus on monetization, while both models assume strong initial market demand that stabilizes over time.
- ❑ Additional revenue opportunities like sponsorships, naming rights, and rebates can enhance profitability, reduce operating costs, and support long-term reinvestment and growth.

Proforma Review & Analysis

Expenses

- ❑ Johnson Consulting estimates annual expenses of \$652,000 for a Public operator and \$827,000 for a Private operator in Year 3, reflecting increases of \$12,000 and \$187,000 respectively over BPRD’s original projections.
- ❑ The expense increases are primarily due to higher salary assumptions, utility costs, and the inclusion of a management fee for Private operations.
- ❑ Staffing includes 4 full-time employees, with other expenses covering seasonal staff, supplies, capital replacement, and utilities.

Amend Park Sport Court Facility Estimated Annual Expenses

| | Amount (CHJC - Public) | Amount (CHJC - Private) | Amount (BPRD - Original) | Difference (BPRD & Public) (Δ) | Difference (BPRD & Private) (Δ) |
|--------------------------------|---------------------------|----------------------------|-----------------------------|--------------------------------------|---------------------------------------|
| 1 Facility Manager | \$85,000 | \$85,000 | \$80,000 | \$5,000 | \$5,000 |
| 2 Tournament Coordinator | 65,000 | \$65,000 | 60,000 | 5,000 | 5,000 |
| 3 Customer Service Coordinator | 60,000 | \$60,000 | 50,000 | 10,000 | 10,000 |
| 4 Maintenance Supervisor | 55,000 | \$55,000 | 50,000 | 5,000 | 5,000 |
| 5 Utilities | 112,000 | 112,000 | 100,000 | 12,000 | 12,000 |
| 6 Supplies/ Equipment | 75,000 | 75,000 | 100,000 | (25,000) | (25,000) |
| 7 Seasonal Support Staff | 150,000 | 150,000 | 150,000 | 0 | 0 |
| 8 Capital Replace Fund | 50,000 | 50,000 | 50,000 | 0 | 0 |
| 9 Management Fee | 0 | 175,000 | 0 | 0 | 175,000 |
| Total | \$652,000 | \$827,000 | \$640,000 | \$12,000 | \$187,000 |

Source: Johnson Consulting

Amend Park Sport Court Facility Personnel Expense Assumptions

| | # of Staff | Salary | Total Salary |
|--------------------------------|------------|----------|------------------|
| 1 Facility Manager | 1 | \$85,000 | \$85,000 |
| 2 Tournament Coordinator | 1 | 65,000 | 65,000 |
| 3 Customer Service Coordinator | 1 | 60,000 | 60,000 |
| 4 Maintenance Supervisor | 1 | 55,000 | 55,000 |
| Total | 4 | | \$265,000 |

Source: Johnson Consulting

Amend Park Sport Court Facility Other Expense Assumptions

| | Assumptions |
|--------------------------|------------------|
| 5 Utilities | \$2.00 / SF |
| 6 Supplies/ Equipment | 75,000 annually |
| 7 Seasonal Support Staff | 150,000 annually |
| 8 Capital Replace Fund | 50,000 annually |
| 8 Management Fee | 175,000 annually |

Source: Johnson Consulting

Proforma Review & Analysis

Summary of Revenues & Expenses

| Amend Park Sport Court Facility Estimated Revenues | | | | | | | | | | | |
|---|---------------------------|--------------------|-------------------|----------------------------|--------------------|----------------|---------------------------|--------------------|-------------------|-------------------------------|--------------------------------|
| | CHJC Projections (Public) | | | CHJC Projections (Private) | | | BPRD Original Projections | | | Difference (BPRD + Public) | Difference (BPRD + Private) |
| | Year 1 | Year 2 | Year 3 | Year 1 | Year 2 | Year 3 | Year 1 | Year 2 | Year 3 | Year 3 | Year 3 |
| Revenues | \$391,560 | \$486,095 | \$638,786 | \$624,110 | \$724,995 | \$879,399 | \$204,000 | \$408,000 | \$610,000 | \$28,786 | \$269,399 |
| Expenses | 652,000 | 671,560 | 691,707 | 827,000 | 851,810 | 877,364 | 640,000 | 659,200 | 678,976 | 12,731 | 198,388 |
| Total | (\$260,440) | (\$185,465) | (\$52,921) | (\$202,890) | (\$126,815) | \$2,034 | (\$436,000) | (\$251,200) | (\$68,976) | \$16,055 | \$71,010 |

Source: Johnson Consulting

- ❑ Johnson Consulting projects a Year 3 loss of (\$52,921) for a Public operator and a slight profit of \$2,034 for a Private operator, both improvements over BPRD’s original estimated loss of (\$68,976).
- ❑ The improved financial outlook reflects anticipated strong demand due to the regional shortage of indoor court space, supporting early success and high utilization.
- ❑ Long-term profitability could be further enhanced through sponsorships and funding mechanisms, influenced by the facility's management model and community priorities.