

Citizens Against BN Sports Complex

Excerpts from SFA Sports Complex Study:

As demonstrated, the facility is expected to generate a negative EBITDA from the first year of operations through maturity by year five.

It is critical to understand that “operational sustainability” does not include debt service coverage or capital replacement. While the Complex is projected to become operationally self-sustaining, neither the operating profit nor the new tax revenue should be expected to cover the cost of financing or capital replacement if traditional debt funding is used to build the Complex.

As demonstrated, the ongoing capital improvement/replacement costs for turf and dome structure will not be fully covered by the operating cash flow from the Complex

Per the request of the project team, this allocation is specifically intended to show the cost of Turf replacement (year 10 and year 20) and cost of Dome structure replacement year 20. Year 10 Turf \$5,729,951 and year 20 Turf and Dome \$10,891,436.

SFA has found that it is typical for a facility with a sports tourism business model to require an annual operating subsidy.

Income Loss	Year 1	Year 2	Year 3	Year 4	Year 5	Total Loss
Total Revenue	\$1,298,645	\$1,563,691	\$1,880,659	\$2,131,771	\$2,349,707	
Total Cost of Goods Sold	\$354,912	\$455,306	\$539,283	\$620,365	\$680,756	
Gross Margin	\$943,733	\$1,118,384	\$1,341,376	\$1,511,406	\$1,668,951	
Total Operating Expenses	\$1,443,146	\$1,445,119	\$1,557,180	\$1,619,001	\$1,676,758	
EBITDA	(\$499,413)	(\$326,734)	(\$215,805)	(\$107,595)	(\$7,807)	(\$1,157,354)
Estimates by Citizens group:						
Mortgage Payment \$43.7M , 30Yrs, 5.0%	(\$2,815,092)	(\$2,815,092)	(\$2,815,092)	(\$2,815,092)	(\$2,815,092)	(\$14,075,460)
Capitol Replacement \$5.7M over 10yrs Turf	(\$570,000)	(\$570,000)	(\$570,000)	(\$570,000)	(\$570,000)	(\$2,850,000)
\$5.1M over 20 years Dome	(\$255,000)	(\$255,000)	(\$255,000)	(\$255,000)	(\$255,000)	(\$2,850,000)
	(\$4,139,505)	(\$3,966,826)	(\$3,855,897)	(\$3,747,687)	(\$3,647,899)	(\$20,932,814)

Citizen Group- Where will the over \$20M shortfall come from. This assumes the SFA revenue projections are obtainable or the losses will be greater.

New Tax Revenue – City/Town

Year 1	Year 2	Year 3	Year 4	Year 5	Total
\$118,541	\$188,810	\$243,803	\$314,702	\$356,844	\$1,222,700

Citizen Group – Spend over \$20,000,000 to receive \$1,222,700 in new tax revenue is not good stewardship.

In recognition of the information above, SFA deems the Bloomington-Normal Area Multi- Purpose Sports Complex to be a “**Feasibility: Yes, If**” project, meaning that there are multiple major key steps/factors that must be addressed before moving forward with the project. The top five steps/factors are:

1. A funding plan must be created to cover the cost of development for both equity and long-term financing costs.
2. A site that meets the requirements for size, access, and adjacency to support service providers must be selected and secured.
3. An operating structure must be created to ensure that top-tier management, marketing, and service initiatives are in place.
4. The community must commit to paying fair market value for fields over time, particularly by private and for-profit programs.
5. A long-term plan must be developed to cover early-year operating losses and long-term capital improvement/replace costs.

In order to achieve the forecasted revenue for field rentals, the market must be conditioned to pay fair-market value for use of outdoor fields over time in order for the entire Complex to reach self-sustainability.

Citizen Group:

The study states funding plan must be created.

The community must commit to pay more to use the fields than they do today.

The study doesn't consider that most of the local organizations already host tournaments and leagues that already generate some economic impact.

The study doesn't consider reduction in revenue to local businesses and venues that already supply these facilities to local organizations.

The study can be found on Normal City Web site:

site <https://www.normal.org/DocumentCenter/View/13829/SFA-Summary-Report-180723?bidId=>

Several committees and City personnel are actively trying to bring this sports complex to BN without citizen input. Call your council person and mayor to express your concern.