

## **City of Joplin Finance Oversight Committee**

### **Report on Memorial Hall Analysis**

**May 2021**

#### Overview

The City Council requested the Finance Oversight Committee (“the Committee”) to review the Feasibility Study for Memorial Hall prepared by SFS Architects and Ballard King & Associates. As explained by Councilman Stinnett and City Manager Edwards, the scope of the Committee’s assignment included an analysis primarily of the process and reasonableness of findings included in the study and excluded analysis of renovation costs. As discussed below, the Committee lacked the expertise to determine the achievability of the projections; the objective was to determine if the analysis and process were sufficient to allow the Council to be able to rely on the projections.

As a part of the analysis, the Committee heard presentations from the following people who had worked on the analysis:

Paul Bloomberg, Parks & Recreation Director

Patrick Tuttle, CVB Director

Leslie Haase, Finance Director

Brian Garvey, SFS Architects

Darrin Barr, Ballard King & Associates

The Committee reviewed the Feasibility Study, the Operational Plan, as well as a presentation prepared by SFS and Ballard King for the Committee and other presentation materials from CVB and the Parks and Recreation Department.

#### Summary Conclusion

1. A community center facility is important for the City. In addition to the planned use, the City should have a facility which can be used for emergencies such as the tornado or other large gathering needs such as COVID vaccinations etc.
2. The Committee believed that the “Conservative” plan presented is reasonable;
  - a. The Committee recommends that if the renovation goes forward, the City should develop a Marketing Plan particularly for the non-recreational revenues with defined responsibilities.
  - b. In developing the Marketing Plan, the City should reach out to other cities who have a facility which rents meeting- event space to help determine best practices for marketing the space.
3. If the renovation plan is approved, the Committee believes that it is important to establish a method to finance non-routine maintenance and regular upgrading for the facility. City staff has indicated they would like to evaluate the opportunity to sell tax

credits to establish an endowment type fund for this purpose. The Committee recommends that the Council allocate resources for the City to hire the specialists required to evaluate and set up such a fund.

4. The Committee recognizes that parking is a significant issue which should be addressed as a part the renovation plan. City staff presented some plans and options being discussed and considered. The Committee recommends that the Council allocate funding as a part of the project costs for the staff to develop parking solutions.

Discussion

*Consultant Feasibility Study*The Feasibility Study presented a two-by-two scenario. One was only renovating Memorial Hall, the second was renovation with an added Annex. For each of these, a “conservative” and “aggressive” plan was presented. A recap of the revenue for each proposal is presented below:

	Conservative	Aggressive
<b>Memorial Hall Renovation Only</b>		
Park & Rec programs, leagues and camps	40,500	76,640
Birthday parties	8,400	16,800
Meetings	41,200	61,400
Exclusive use	15,000	45,000
Concessions	60,000	195,000
Total – Memorial Hall	165,000	394,840
<b>Annex effect</b>		
Programs	12,600	20,000
Meetings	28,250	51,500
Exclusive Use	34,500	54,000
Concessions	45,000	90,000
Total Annex Effect	120,350	215,500
Total Revenue Memorial Hall + Annex	285,450	610,340

A recap of the “earnings / deficit” over 5 years from each scenario is:

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
<u>Conservative</u>					
Memorial Hall	(\$241,339)	(\$237,836)	(\$237,245)	(\$244,362)	(\$251,693)
Memorial Hall + Annex,	(\$208,645)	(\$190,582)	(179,106)	(\$184,479)	(\$190,014)
<u>Aggressive</u>					
Memorial Hall	(\$168,281)	(\$151,930)	(\$142,310)	(146,579)	(\$150,977)
Memorial Hall + Annex	(\$61,218)	(\$13,575)	\$6,311	\$6,501	\$6,696

While expenses are certainly relevant, the Committee recognized that the ability of the project to generate revenue from users was the primary key to its success.

Assessing possible revenue for the project was one of the major challenges for the Committee. Since Memorial Hall has not generated more than modest revenue in the last decade, the Committee did not have adequate historical information to use in its assessment. Additionally, the consultants had never proposed a project similar to Memorial Hall; they had performed analyses on community centers but not with meeting space. Additionally, as discussed below, the Committee spent substantial time discussing with City staff the types of programs to be offered and how they would market them to the community. Based on the discussions with the consultants and City staff, the Committee believes that the conservative revenue projection is reasonably achievable.

As with any business venture, the key will be based on how well the activities are promoted and events are managed.

#### *Information from City Staff*

Since generating revenue from users is key to the success of the project, the Committee spent substantial time asking City staff about their plans for marketing the facility and driving usage. The City plans to use Parks and Recreation Department staff to market as well as CVB efforts. The Committee recommended, and Staff agreed, to reach out to other cities with similar meeting space facilities to determine effective ways to market the facility.

City staff stated that they felt the aggressive scenario was not the plan they believed initially achievable, but that revenues and costs would fall somewhere between the two scenarios.

The Committee also inquired as to the City's expectation of the financial operating results for the project. The City Finance Director, as a part of her presentation, discussed that one objective was not that Memorial Hall should break even, but that it would not cost the General Fund any more than when the City utilized Memorial Hall regularly (pre-tornado). During that period, Memorial Hall ran a deficit (required funding from the General Fund) of approximately \$200,000 to \$250,000 per year. The Committee gained additional comfort since the conservative projection for results was within the City's expectations.

### Parking

The Committee spent substantial time discussing parking issues for a renovated Memorial Hall. The Committee believes that to be successful, there needs to be easily accessible parking.

City staff discussed options which are in process to obtain parking and the Committee voted to include in its recommendations that should the renovation plan go forward, resources should be allocated for the staff to continue the efforts.

### Maintenance

The Committee discussed that for the project to be successful in the long term, adequate resources need to be available for maintenance and capital improvements to the facility.

The City staff discussed that there had been initial discussions and analysis for a plan to utilize tax credits as a method to provide a Maintenance Fund Endowment for a renovated Memorial Hall. To complete further analysis, the City would need to hire consultants who are knowledgeable of tax credits.

The Committee included in its recommendation that a part of the project financing be allocated to developing an adequate program for non-routine maintenance and capital improvements.