

TO: GENERAL COMMITTEE

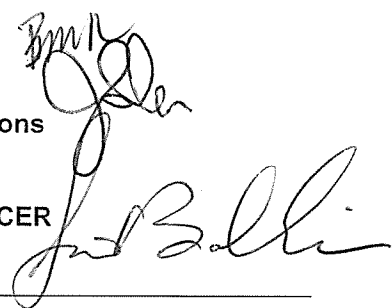
SUBJECT: Indoor Tennis Facility Proposal

PREPARED BY AND KEY CONTACT: R. Watson, Manager of Recreation Ext 4500

SUBMITTED BY: B. Roth, Director of Leisure, Transit & Facilities

COMMISSIONER APPROVAL: J. Sales, General Manager of Community Operations

CHIEF ADMINISTRATIVE OFFICER APPROVAL: JON M. BABULIC, CHIEF ADMINISTRATIVE OFFICER



RECOMMENDED MOTION

1. That the Barrie Community Tennis Club proposal for an indoor tennis facility on City owned tennis courts not be approved at this time, given that Monteith Brown Planning Consulting in their evaluation of recreational needs for the City of Barrie's 2010 Parks and Recreation Strategic Master Plan indicate that an indoor tennis facility is not a recommended core municipal service, and that the participant levels to sustain such a facility are not projected to be sufficient in the foreseeable future.

PURPOSE & BACKGROUND

2. On Monday June 29, 2009, the Federal and Provincial Governments made a joint announcement on the approval of RinC funding in the amount of \$400,000 to the Barrie Community Tennis Club for the Club's application on a proposal to provide an indoor tennis facility dome over City outdoor tennis courts by March 31, 2011 at a site to be determined.
3. The application submitted by the Barrie Community Tennis Club included the need of a City tennis court site, of which staff had received notice of prior to the submittal of the application. Also noted in the application was the need for municipal funding support of \$200,000 for capital funding to meet the total Club estimated project cost of \$600,000. This financial information was not communicated to City staff prior to the application submittal, and subsequent funding announcement. Nor has the City committed to this project.
4. Staff advised Club representatives that prior to further consideration by the City, a number of steps would need to be undertaken including the need for such a facility to be examined under the Recreation and Parks Master Plan. If a determination of need warranted such a facility then answers would be required to: What were potential locations?; Who would own and operate the facility?; What would be the total project cost based on a selected site?; Who would provide the additional funding?; and a business plan demonstrating its viability would need to be prepared.

ANALYSIS

Proposal Highlights

5. The Barrie Community Tennis Club's original proposal (post funding announcement) for an indoor tennis facility included the following:

- Location proposed was Queens Park
- 5 courts to be covered
- Existing club house to be used
- Club received \$400,000 RinC grant
- Seeking an additional \$200,000 capital funding from the City
- Club to own the tennis bubble
- City to operate the facility
- Club seeking long term lease agreement from City

Recreation & Parks Master Plan Comments

6. The Parks and Recreation Strategic Master Plan consultant, Monteith-Brown Planning Consultants, were requested to examine the need for an indoor tennis facility and given the timelines for the RinC grant, provide their comments and recommendations in advance of the full master plan report. Their findings are provided as Appendix A.
7. Highlights of the report include:
 - Consultant reviewed national and provincial trends in tennis participation
 - Community consultation did not show a high level of public interest for an indoor facility
 - Number of potential indoor players in Barrie estimated at 340 (2006) to 445 (2021) with a number of 359 (2011)
 - One court to service 100 players accepted industry standard
 - BCTC is currently at 150 players (which would sustain 1.5 courts) with a potential to grow to 250 players (sustaining 2.5 courts)
 - Need to attract 350 additional players to sustain 5 courts (not anticipated until after 2021)
 - Likelihood of attracting players from private facility within 5 minutes of Barrie's north boundary, two indoor facilities not sustainable, which may jeopardize private sector operation
 - Previous studies ie. Milton suggest that new indoor tennis facility does not attract new players to the sport, but rather attracts them from other indoor facilities
 - Unknown costs to develop Queens Park site such as electrical capacity, access adjustments, project contingencies, and Queens Park maybe desirable from an operational perspective, but may not be from a park and neighbourhood impact
 - Should City be involved (not currently a municipal service) then interested partner should operate

- Detailed feasibility study should be conducted with market analysis and a business plan prepared
8. The consultant concluded with their recommendation that “the City of Barrie refrain from entry into the provision of indoor tennis facilities unless a community partner is willing to contribute towards the capital and operating commitment associated with the facility, and that a feasibility study, market assessment and business plan support the municipality’s position to be involved.”

Additional Research

9. As part of staff’s review of the proposal, additional research included contacting the City of Burlington, which partnered with community groups to operate tennis clubs on municipally owned tennis courts, as well as Aldershot Tennis Club (one of the Burlington’s community tennis partners) and the private operator of the Barrie North Tennis Club in Midhurst.
10. The City of Burlington has partnered with community groups for the operation of the majority of their municipal tennis clubs, whereby the community group owns and operates the indoor tennis facility and the City provides the land and surfaced courts. This arrangement for the most part has been successful with the primary concern relating to the need of clubs to be diligent in establishing and contributing to a reserve to fund replacement of court lights, court resurfacing, equipment, and the dome structure.
11. Gary Malstrom, President of the Aldershot Tennis Club, provided information from an operating club’s perspective as well as 2009 financial operating data for their club. The operating expenses were \$143,150, total revenues were \$181,000 and their reserve contribution was \$45,200. Refer to Appendix B for details.
12. John Wellar, co-owner and operator of the Barrie North Tennis Club, confirmed the industry standard of 100 players per court requirement to sustain financial viability of an indoor tennis facility. Currently they have 253 members for a four court facility and thus are under capacity. Mr. Wellar’s operating costs are comparable to the Aldershot Tennis Club.

Discussions with Barrie Community Tennis Club

13. Upon receiving the information from Monteith Brown and staff’s own research, a meeting was arranged with Barrie Community Tennis Club representatives, Mr. Ray Demiray, President, and Ms. Jane Suderman to review the information with them and further discuss their proposal.
14. Although the Club representatives agreed with the basic findings provided by Monteith Brown, they felt confident that their long history as a tennis club dedicated to providing quality tennis instruction and play would be an asset to operating an indoor tennis facility.
15. The BCTC then offered to provide a business plan, a copy of which has been placed in the Councillor’s Lounge, on a revised proposal that would have the Club operate an indoor tennis facility year round using the Aldershot Tennis Club model, where the club would be responsible for the operation of the facility and all associated operating costs, with the exception of a fifty percent cost sharing with the City on the on-going resurfacing costs of the tennis courts.
16. The new proposal is conditional on capital funding of \$200,000 from the City in the form of part grant/part loan over 10 years, the amount of grant versus loan to be determined by the City; a long term facility use agreement at no cost to the Club; park improvements necessary to provide year round accessible entry and services to the facility; and a suitable site at an existing tennis court facility.

17. The Club proposes Queens Park as the preferred site given its central location, existing tennis club house suitable for winter use, available parking immediately adjacent to the park, five tennis courts and public recognition as a tennis site. However, given the portability of an air-dome structure the Club has indicated their willingness to locate an indoor facility on any suitable site.

Other Considerations

18. There are other considerations to be evaluated as part of the BCTC's latest proposal beyond the capital investment, including but not limited to:
- BCTC's ability to operate an indoor tennis facility
 - The consultant's projections on the lack of potential tennis players to sustain such a facility in the foreseeable future
 - If BCTC were granted approval to proceed with their proposal and ran into financial hardship the implications placed upon the City to either take over the operation or terminate the service
 - If Queens Park is not deemed suitable, what other site options exist
 - The lack of access at the chosen site by the public for unstructured pick-up casual tennis play
 - Surplus capacity at the private sector facility in Midhurst, and the likely negative impact on it of a Barrie facility
19. Assuming there were a sufficient number of participants to warrant an indoor tennis facility the current sites that meet the minimum number of four lit courts are Eastview Park, Lampman Lane Park and Queens Park. Any other sites would require the construction of additional tennis courts and possibly other site servicing improvements. Eastview Park would not be recommended as there are potential concerns with conflict in parking during the winter with the arena patrons, there is a water course immediately adjacent to the courts which may negate dome placement, access to the arena washrooms would not be available during the day on a regular basis, and the neighbourhood strongly objected to a proposal in 1999 for a dome structure being installed in this park.
20. Lampman Lane Park may be an option as parking and exterior access to washrooms are available; however, the courts are used as an outdoor rink in the winter and are in close proximity to the street, which may not be viewed as aesthetically desirable by the adjacent residents.
21. Queens Park may be an option as proposed by BCTC as parking and a club house with washrooms are available. A recent proposal for an outdoor rink, which would have had less visual impact on the park than an air-dome facility, was strongly objected to by the neighbourhood. Staff would anticipate a similar response for this proposal.
22. It is important to note that the BCTC's estimate does not contain allowances for potential site servicing requirements. To accurately assess the budget required, consultant(s) would need to be engaged to review site servicing and placement issues and associated costs. Depending on the site circumstances these additional costs could be quite extensive. These could include an upgrade in the main power supply, relocation of services, extra access pathways all of which could be in excess of \$50,000 to \$100,000.

23. Notwithstanding these other considerations, the fact remains that the Barrie Community Tennis Club has been successful in obtaining RinC funding in the amount of \$400,000. This presents an opportunity, should the City support this endeavour, to proceed with an indoor tennis facility utilizing the two-thirds funding from other levels of government, along with a contribution (yet to be determined) from the Barrie Community Tennis Club. They have suggested perhaps a \$100,000 grant and a \$100,000 loan, although their financial forecast is based on paying back a \$200,000 loan over 10 years. (Refer to Financial Information pages 17-21 of BCTC Business Plan attached as Appendix C).

ENVIRONMENTAL MATTERS

24. As no action is recommended to be taken at this time, there are no environmental matters related to the recommendation.

ALTERNATIVES

25. There are three alternatives available for consideration by General Committee:

Alternative #1

General Committee could chose to approve the Barrie Community Tennis Club's proposal at Queens Park and provide the necessary municipal financial support.

Although the BCTC is a competent and highly motivated community partner in the delivery of tennis recreational opportunities that may be able to successfully operate an indoor tennis facility, it remains to be seen if the participant support to sustain such a proposal does exist. Given that the consultant's needs assessment does not support this type of facility, that higher recreational priorities for municipal support will be forthcoming out of the pending Parks and Recreation Strategic Master Plan, that site servicing costs have not been determined and this service is available by the private sector within a reasonable travel distance to Barrie, this alternative is not recommended.

Alternative #2

General Committee could direct staff and the BCTC to develop the proposal further, to review potential sites other than Queens Park, obtain public feedback on such site(s), develop a more refined capital cost estimate including site servicing requirements, recommend the level of municipal financial support, and recommend a long term facility use agreement.

In addition to the rationale provided in Alternative #1 for not supporting this option, Alternative #2 would require an investment of staff time from various departments including the Leisure, Transit & Facilities Department, the Engineering Department (Parks Planning), the Operations Department (Parks Operations), Finance and Legal all of which are fully allocated in accordance with the priorities established within the 2010 Business Plan.

Alternative #3

General Committee could choose to approve the Barrie Community Tennis Club's proposal at a site to be determined and not provide any municipal financial support.

Given the BCTC's long history, dedication and commitment to delivering tennis programs in Barrie, this may be a feasible option if the BCTC business plan estimates materialize, although the rationale provided in Alternatives #1 and #2 not supporting this project would still be applicable.

FINANCIAL

26. There are no financial implications for the Corporation resulting from the proposed recommendation.
27. The City currently faces significant budget pressures to sustain maintenance and lifecycle requirements of its existing asset base as well as to attend to areas where additional capability/capacity is required to address needs that have been demonstrated.
28. The project was estimated by BCTC at \$600,000 with \$400,000 approved through RinC funding pending \$200,000 of municipal support. The approved 2010 Business Plan did not include any municipal funding towards this proposed project nor was it identified in the ten (10) year 2010-2019 Capital Plan.

LINKAGE TO COUNCIL STRATEGIC PRIORITIES

29. The recommendation included in this Staff Report is not specifically related to any of City Council's Strategic Priorities.



610 Princess Avenue
London, ON N6B 2B9
Tel.: (519) 686-1300
Fax: (519) 681-1690
E-Mail: mbpc@mbpc.ca
Web: www.mbpc.ca

Vision • Depth • Commitment
Since 1977

City of Barrie
Indoor Tennis Evaluation
Recreation & Parks Strategic Master Plan
Prepared by Monteith Brown Planning Consultants (November 2009)

In response to a request from City Staff, Monteith Brown Planning Consultants has accelerated timing on an analysis pertaining to indoor tennis opportunities. This stems from the Barrie Tennis Club being awarded a grant through the Recreational Infrastructure Canada Fund (RInC) to construct an indoor tennis structure.

This Report evaluates the demand for indoor tennis in Barrie and whether or not municipal involvement in the provision of indoor tennis is justifiable as a core level of service, at present time.

Trends in Tennis Participation

According to the Print Measure Bureau (PMB)¹, over 1.8 million Canadians over the age of 12 played some form of tennis at least once during the 2006-2007 tennis season, which represents a decrease of 3% from the previous season. Within this time period, however, tennis participation in Ontario grew by a modest 1%, driven by the younger adult market (ages 25 to 34) while all other age cohorts in the Province showed decreasing or no net change in participation.

While growth in provincial tennis participation is modest, it is a rebound from the early 1990s when tennis participation was observed to be declining. National and provincial tennis organizations have been developing and promoting a number of programs aimed at boosting participation rates through instructional programming and new forms of the sport.

The majority of adult tennis players in Ontario tend to play on recreational tennis on public courts, likely as casual, unstructured pickup type play at local parks; in fact, a report by the Pollara in the late 1990s² suggests that 75% of players participated outside of the club structure, suggesting that such players were "seasonal" and focused play in the spring and summer months.

Locally, the Barrie Tennis Club is the only organized provider of tennis-related programming in the City of Barrie. Through a Stakeholder Questionnaire submitted as part of the Master Plan process, the Club reports its membership base has fluctuated between 140 and 160 members between the year 2006 and 2008, with membership slightly declining to 150 members for the 2008 season. The Club has access to public courts located at Queens Park, which are reserved for Club use for specific times throughout the week.

¹ Print Measure Bureau. Tennis Participation Tracking 2002-2003 to 2006-2007 Summary Report. 2008.

² Referenced from the Tennis Canada website through a report entitled Participation Development Model: Tennis in Canada. June 2001. Accessed on October 19, 2009 at:
www.tenniscanada.com/tennis_canada/Contents/Coaching/Certification/Text/English/PDMMODVERSION.pdf

Analysis

In Ontario, there were a total of 731,000 tennis players during the 2006-2007 season, which represents about 6% of the recorded Census population for 2006. As suggested, about half of these players (i.e. 3%) would be considered to be "regular" players who would be the target market for year-round tennis facilities. This would suggest the following number of tennis players in Barrie over the next ten years.

	2006	2009	2011	2016	2021
Total Population	128,430	139,938	143,580	150,864	159,969
Total Population over 18 years (@ 3% annual growth)	95,576	104,082	108,901	120,854	134,850
Regular Tennis Players (@ 3% adult participation)	3,087	3,122	3,267	3,626	4,046
Barrie Tennis Club Registration (@ 0.1% current capture rate)	145	150	157	174	194
Potential Indoor Players (@ 11% of Regular players)	340	343	359	399	445

Note: in the absence of age specific population forecasts, the number of adults (18+) has taken a ten year average growth rate in the cohort from the 1996, 2001 and 2006 Census and accounted for deviation between the total projected population and the population total arising from applying the 10 year growth rate to all age cohorts. Once the City has established age specific forecasts, all appropriate analyses contained within the Strategic Master Plan should be reviewed to determine relevancy of actions and associated timeframes.

As the Barrie Tennis Club is the only formalized tennis club in Barrie, the 150 organized players is considered to be the City-wide total and results in a local penetration rate of 0.1% of residents over the age of 18 years. This is considerably below the 3% provincial average and may be an indication that many "regular" players are choosing to participate in pickup forms of tennis at neighbourhood parks.

A subsequent report by Pollara³ suggests that 11% of regular players participate in tennis indoors. Applying this assumption to the Barrie scenario, it is estimated that in 2006 there were 340 indoor tennis players. It is likely that the majority of these players would presently be utilizing the privately owned and operated Barrie North Winter Tennis facility in Midhurst which contains four indoor courts.

A generally accepted industry service level standard for the capacity of club courts is one club court will service about 100 club players. This would suggest that the Barrie Tennis Club presently has sufficient demand to fill 1.5 courts; the Club states that if provided with an indoor tennis facility, they could potentially grow their membership to 250 members, which would sustain 2.5 courts. The Barrie Winter Tennis Club, on the other hand, would appear to be close to attaining its capacity at present and would likely be at capacity by the year 2021, however, it is unclear what percentage of the Club's members reside in the City of Barrie (i.e. it could be much closer to capacity if including the regional market).

Generally speaking, for an indoor tennis facility to be operated efficiently, it would require a minimum of four courts and preferably employ a template with five or more courts. The Barrie Tennis Club's primary location at Queens Park presently has five tennis courts, thus it would be an ideal spot from an operational perspective, however, it is unclear what impact provision of a all-weather structure such as a bubble would have on the park site (i.e. particularly in the summer) due to servicing requirements (e.g.

³ Pollara – Tennis Participation in Canada. As referenced in the Town of Milton Tennis Strategy (2009).

utility hook-ups, paved access for a crane to set up the structure, or if a permanent structure would be appropriate).

Based upon providing an all-weather structure at Queens Park, the Barrie Tennis Club would need to attract 350 new members, above its present membership level, to fill its own facility (assuming all members would play indoor tennis). Subsequent discussions with the Barrie Tennis Club indicates that the Club believes that it could increase its membership by approximately 100 members (i.e. to a total of 250) if provided with an indoor facility, which is still below the 500 member minimum necessary to sustain an all-weather structure at Queens Park.

Furthermore, it can be assumed that a great majority of potential members who would use a new facility within the City of Barrie would most likely be drawn away from the private Barrie North Winter Tennis facility, and would likely place that business in a position where it would not be able to competitively sustain itself. Research conducted for the Town of Milton's Tennis Strategy (prepared by Monteith Brown Planning Consultants and The JF Group) also suggests the provision of bubbles generally does not generate new tennis players to the sport due to the fact that most members who joined were introduced to indoor tennis elsewhere (this would likely be the case in Barrie given the existing private sector presence).

Financial Implications

The capital cost of tennis "bubbles" will vary depending upon the number of courts that are to be enclosed. The Barrie Tennis Club received a quote for an air bubble structure (to cover five tennis courts) in May 2009 that amounted to approximately \$397,236 plus another \$111,157 for the installation of a grade beam. The resulting total, inclusive of GST amounts to approximately \$533,800 capital investment.

As a comparable, a recent estimate provided for a tennis bubble at the Milton Tennis Club amounted to approximately a \$453,500 capital investment (excluding GST) excluding the installation of a grade beam which had already been installed a few years ago at a cost of approximately \$50,000.

The Barrie Tennis Club successfully obtained \$400,000 from senior levels of government through stimulus funding. To be eligible for this grant, the project would have to be completed by the year 2011. This would mean that an additional \$133,800 would have to be contributed from other sources and would not include costs associated with any court resurfacing or fence adjustments, electrical upgrades, equipment (e.g. court sweeper, snow blower) or project contingencies.

While the majority of the capital outlay for a tennis bubble has the potential to be covered through grant monies, another option proposed by the tennis club would be to develop a permanent facility. This has implicit costs associated with land acquisition (if a municipally-owned site is not available or appropriate for the use) as well as site development.

Furthermore, there are long-term operating costs associated with an indoor tennis facility which may actually place a greater financial constraint on the municipal budget than that of the capital investment. For example, costs associated with debt servicing, annual contributions to capital reserves, storage (for temporary structures), staffing and utility costs (the latter of which can be substantial due to the need to maintain constant air pressurization, as well as heating the space, etc.), marketing, and maintenance to

name just a few. The staffing requirement also necessitates a level of expertise to operate the bubble on a day-to-day basis as well as for start-up and take-down of the structure.

These costs are most likely to be borne by the City as the Barrie Tennis Club indicates that it does not have a desire to own and operate an indoor tennis facility. It is also worth noting that it is the experience of the Consultants that the vast majority of municipalities in the province are not involved in the direct operation of indoor tennis venues; the City of Brampton is the only notable exception as they directly operate an indoor tennis facility at Chinguacousy Park.

It should be noted that there may be opportunities for cost recovery by making an air-supported or permanent structure a multi-use venue that could also provide indoor activities for indoor turf sports, ice sports, volleyball, etc. These are design considerations that would ultimately affect the size of the structure, the type of surface, required supporting amenities (e.g. changing facilities, etc.) and would also require discussions to take place with potential users.

Conclusions

Based upon analysis conducted to date, there are insufficient numbers of indoor tennis players in Barrie to support municipal entry into what would be a new level of service provided by the City. A total of 500 indoor players would be required to support an indoor facility, which is a level expected to be attained after the year 2021. Furthermore, broad-based consultations undertaken through the Strategic Master Plan do not show a high level of public interest for an indoor tennis facility, other than that expressed by the Barrie Tennis Club.

Furthermore, opportunities for indoor tennis presently exist at the privately operated Barrie North Winter Tennis Club. It is plausible to assume that the majority of users at this facility reside in the City of Barrie, and provision of a second bubble (which would have a higher propensity to subsidize court fees if the municipality is involved) would most likely transition players away from the private sector and likely jeopardize its long term operation (given that the local indoor tennis market could not sustain two separate facilities).

This is not to say that indoor tennis cannot work within the City of Barrie, given that the existing private sector presence has been able to sustain itself to date. From a preliminary standpoint, should the municipality become involved in the indoor tennis market, it should do so as a facilitator of services rather than a direct provider, which would imply that the onus of the interested partner to operate the facility over the long term. Any party (municipal or other) interested in entry into the indoor tennis market, in partnership with the City, should undertake a detailed feasibility study, market analysis and business planning process to justify municipal investment in capital or operational aspects of an indoor tennis facility. This study should clearly articulate the roles and resources expected to be delivered by the municipality and its potential partner(s).

As such, it is recommended that the City of Barrie refrain from entry into the provision of indoor tennis facilities unless a community partner is willing to contribute towards the capital and operating commitment associated with the facility, and that a feasibility study, market assessment and business plan supports the municipality's position to be involved.

ALDERSHOT TENNIS CLUB
STATEMENT OF REVENUE AND EXPENSE
FOR THE YEARS ENDED SEPTEMBER 30

	2009	2008
<u>Revenue</u>		
Memberships	161,341	160,919
Leagues/Lessons	17,021	14,962
Other	2,655	2,882
Total Revenues	181,017	178,763
<u>Expense</u>		
Tennis operations (note 2)	31,668	30,791
Facilities (note 3)	25,603	18,520
Utilities	71,542	58,236
General & Administrative (note 4)	14,340	12,322
Total expenses	143,153	119,868
Excess of revenue over expense	37,864	58,895
Investment Income	8,262	7,613
Excess prior to Reserve Provisions	46,126	66,508
<u>Reserve Provisions</u>		
Outside Courts Light Replacement	804	1,804
Court Resurfacing/Replacement	24,000	20,000
COB Structural Improvements	-	10,000
Equipment Replacement	10,200	19,200
Bubble Replacement	10,200	15,200
	45,204	66,204
Net Excess of revenue over expense	922	304

ALDERSHOT TENNIS CLUB
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30

	2009	2008
ASSETS		
Cash	150,881	230,709
Receivables	5,961	2,791
Short Term Investments	125,000	-
Prepaid Expenses	4,441	5,535
Total Assets	286,283	239,036
LIABILITIES		
Deferred Revenue (note 1)	38,000	31,189
Accrued Liabilities	2,765	1,794
GST Payable	1,287	5,258
Total Liabilities	42,053	38,242
MEMBERS' EQUITY		
Outside Court Lights Reserve	2,608	1,804
Court Resurfacing/Replacement Reserve	44,000	20,000
COB Structural Improvement Reserve	10,000	10,000
Equipment Replacement Reserve	77,490	69,979
Bubble Replacement Reserve	106,584	96,384
Retained Earnings	3,549	2,627
Total Members' Equity	244,231	200,794
Total Liabilities & Members' Equity	286,283	239,036

BCTC Winter Tennis

Financial Information

BCTC has received the RinC grant of \$400,000 including \$200,000 from the Federal Government and \$200,000 from the Provincial Government. The initial capital expenditure for the bubble is approximately \$600,000. According to its contractual obligations with RinC, BCTC must spend the \$400,000 grant by March, 2011 at the latest, or forfeit the funds. Our plan is to be in operation by October 1, 2010.

Barrie Community Indoor Tennis Facility

#	Eligible Costs	\$
1	Design & Engineering Costs	\$15,000
2	Construction Costs	\$547,000
3	Project Management Costs	\$15,000
4	Other Eligible Costs (Show details below.)	\$30,000
9	Contingency Allowance (Maximum 10% of Eligible Costs)	\$7,000
10	Subtotal - Eligible Project Costs (Sum of Lines 1 through 9)	\$614,000

Figure 6. RinC Approved Expenditures

BCTC requests the City of Barrie provide a partial grant and a loan with loan guarantee to BCTC for the balance of the \$200,000 needed to purchase and construct the bubble, with the proportion of loan and grant to be determined by the City. With construction taking place on City property, BCTC is requesting the City of Barrie to provide the services outlined in Appendix 6 and to continue park maintenance at Queen's Park.

In addition, BCTC is seeking to finalize a long-term agreement with City for \$1/year for the year-round use of the courts at Queen's Park. A sample agreement is enclosed in Appendix 5.

Budget

The financial forecasts indicate the facility is a long-term, financially sustainable venture. One distinct advantage an indoor tennis facility has over financing and fundraising campaigns for recreation facilities that are more costly to operate, such as arenas and pools, is that the tennis facility operating costs can usually be recovered from users with a user pay fee system.

Revenue

The main revenue source is membership fees. The membership numbers have been conservatively estimated for budgeting purposes. As a non-profit organization BCTC projects the members fees will be decreased as the membership numbers increase.

Expenses

BCTC is fortunate to have the valuable experience and assistance of Aldershot Community Tennis Club. Aldershot has provided their 2008 actual operating expenses for their similar facility for their similar facility to demonstrate the real costs of a successful venture. BCTC's projected annual operating budget, showing the actual

BCTC Winter Tennis

Aldershot operating expenditures alongside the projected operating budget for the Barrie facility, is attached in Appendix 1.

BCTC anticipates the ongoing shared Court resurfacing expenses with the City of Barrie and has budgeted for its share. The bubble will preserve the life of the courts requiring resurfacing less often, saving both the City and BCTC funds.

The most significant facility expenses are electrical, gas (heat), loan payment and reserve savings.

The **electrical and gas** heating costs are based on The Farley Group Energy Consumption estimates for the Barrie facility - See Appendix 1. Over the 5-year period utilities have been increased by 3% annually.

Loan/Financing: Although BCTC is requesting part grant/part loan with a loan guarantee; for conservative budgeting the loan financing expense is based on a loan of \$200,000 at 6% over 10 years. Following the loan repayment years 10-15 will show a marked increase in profit that will be saved towards the purchase of a new bubble. Removing this significant expense will also enable BCTC more financial flexibility for staffing, reducing membership fees, and increasing reserves.

Reserves: BCTC's budget includes financial reserves for lights, court resurfacing, bubble, and equipment replacement. The life of the bubble is 12-15 years; the reserves will ensure funds for a replacement with a new bubble when needed.

The total reserve fund is calculated at \$51,800/year including \$45,000/year for the bubble - See Appendix 1. The total reserve at the end of 5 years will be \$259,000. As the reserves for the bubble will not be utilized in years one and two, in order to operate in a positive position from year one, the reserves have been reduced during the first two years and increased in years 3 and 4 to ensure the full reserve is in place for year 5. Following the loan repayment, years 11 and beyond will show a marked increase in profit - proof that this is a sustainable long-term financial venture.

BCTC is confident that, even with financing a loan to cover part of the remaining required start up capital, the facility will be in a profit position during the first five years of operations and enters this new venture from a sound fiscal position. (Appendix 1 - Figure 2 - BCTC Balance Sheet September 30, 2009.)

BARRIE WINTER TENNIS FACILITY

Revenue Forecast / Budget - First 5 years

Membership Revenue projections	Number of Adult Members	Adult 12 month Membership fee	Revenue # of Members x Membership fee
Year 1	250	\$675	\$168,750
Year 2	325	650	\$211,250
Year 3	350	600	\$210,000
Year 4	400	550	\$220,000
Year 5	450	500	\$225,000

REVENUE		Year 1	Year 2	Year 3	Year 4	Year 5
Memberships						
Adult Membership		\$168,750	\$211,250	\$210,000	\$220,000	\$225,000
Juvenile Membership <12	\$50 50	2,500	2,500	5,000	5,000	5,000
Junior Members 13-18	\$200 50	5,000	5,000	10,000	10,000	10,000
Student Membership (student card)	\$300 25	4,500	4,500	7,500	7,500	7,500
					0	0
Other Income					0	0
League Fees - members	\$50 100	5,000	5,000	5,000	5,000	5,000
League Fees - non member	\$300 25	2,000	5,000	7,500	7,500	7,500
Tournaments		1,500	2,000	2,500	2,500	3,000
Lessons - court fees \$15/hr	4hrs x 5 days	10,000	16,000	16,000	16,000	16,000
Socials		500	500	500	500	500
Guest fees					0	0
\$10/person max 5 season with members		500	500	1,100	1,100	1,100
Non member playing fees \$40/hour		400	400	600	600	600
Sponsorship						
Misc - donation						
Loss/Surplus Carryover			1,441	17,907	31,726	51,599
Total Revenue		\$200,650	\$252,650	\$265,700	\$275,700	\$281,200

Figure 7 Revenue Projections

BARRIE WINTER TENNIS FACILITY					
Operating Expenses Forecast / Budget - First 5 years					
OPERATING EXPENSES	Year 1	Year 2	Year 3	Year 4	Year 5
Staffing					
Manager - part time	\$14,000	\$14,000	\$16,000	\$16,000	\$16,000
Part time receptionists (2 x \$5000)	10,000	10,000	12,000	12,000	12,000
Part time bookkeeper	1,000	1,000	1,000	1,000	1,000
Directors compensation	0	4,000	4,000	4,000	4,000
Training & Development	0	500	500	500	500
Court Booking	2,000	0	0	0	0
Membership Expenses	1,000	500	500	500	500
Events					
Social Events-Winter	500	500	500	1,000	1,000
Volunteer Appreciation Day	500	500	500	500	500
Tournament-Winter	500	500	500	500	500
Winter clinic					
Supplies					
Indoor light bulbs	200	200	200	200	200
Office supplies & Expenses	500	500	500	500	500
Maintenance					
Maintenance-Winter	750	750	750	750	750
Court Cleaning	2,500	2,500	2,500	2,500	2,500
Club house cleaning & Supplies	2,700	2,700	2,700	2,700	2,700
Club House Repairs	500	500	500	500	500
Court repairs	1,000	1,000	1,000	1,000	1,000
Light Standard repairs	200	200	200	200	200
Heating Equipment & Repairs	5,000	5,000	5,000	5,000	5,000
Equipment Rentals/Purchases	3,200	3,200	3,200	3,200	3,200
Snow Clearing	2,000	2,050	2,100	2,150	2,200
Bubble					
Bubble up Expenses	4,000	4,000	4,000	4,000	4,000
Bubble down Expenses	3,500	3,500	3,500	3,500	3,500
Bubble Storage	1,000	1,000	1,000	1,000	1,000
Bubble Insurance	3,564	3,564	3,564	3,564	3,564
Professional Fees/Expenses					
OTA Fees	1,750	2,275	2,450	2,800	3,150
OTA Insurance	3,000	3,000	3,000	3,500	3,500
Security	1,000	1,000	1,000	1,000	1,000
Promotion Website, hosting	500	500	500	500	500
Bank Charges	200	200	200	200	200
Legal Expenses	0	0	0	0	0
Advertising	2,000	2,000	2,000	2,000	2,000
Utilities/Storage					
Telephone	1,200	1,200	1,200	1,200	1,200
Hydro	45,000	46,350	47,741	49,173	50,648
Gas	35,000	36,050	37,132	38,245	39,393
Water	1,000	1,000	1,000	1,000	1,000
Miscellaneous Expenses	1,000	1,000	1,000	1,000	1,000
Total Operating Expenses	\$151,764	\$156,739	\$163,436	\$167,382	\$170,405
Provision to reserve					
Reserves for lights outside	\$800	\$800	\$800	\$800	\$800
Reserves for court resurfacing	4,000	6,000	5,000	5,000	5,000
Reserves for Bubble replacement	15,000	45,000	55,000	55,000	55,000
Reserves for equipment Replacement	1,000	1,000	1,000	1,000	1,000
Total Reserves	\$20,800	\$52,800	\$61,800	\$61,800	\$61,800
Sub Total Expenses	\$172,564	\$209,539	\$225,236	\$229,182	\$232,205
Loan payment - principle + interest	\$26,645	\$26,645	\$26,645	\$26,645	\$26,645
Total Expenses	\$199,209	\$236,184	\$251,881	\$255,827	\$258,850
Net Profit	\$1,441	\$17,907	\$31,726	\$51,599	\$73,949

Figure 8: 5 Year Operating Budget

BCTC Winter Tennis

Risk Assessment

The RinC grant provides the once-in-a-lifetime opportunity to avoid the greatest risk this venture could face in that it provides outright the majority of the initial start-up capital required. With a relatively small loan from the City of Barrie and a long-term facility agreement, the project will be immediately shovel ready and ready to operate as soon as the bubble is up.

BCTC is confident of the long-term viability of a winter tennis facility in Barrie. Membership and user fees will make maintenance and City loan repayments easily manageable, and the City will be well pleased in this new level of public partnership with the non-profit BCTC that will result in affordable winter tennis for the residents of Simcoe County.