

The Wahpeton Wellness Center Ad Hoc Committee consulted with Ballard*King in May 2022 to develop an operations plan for the proposed Wahpeton Wellness Center. Ballard*King provided a lot of detail in the plan regarding area demographics and national wellness trends. Staff at Wahpeton Parks and Recreation received the spreadsheets that Ballard*King used to develop their plan and further researched those numbers to try to align them with known local trends as well as potential for new programming.

The Ballard*King proposal showed that potential expenses could be about \$1.74 million annually. The largest share of those costs would be full and part-time labor which accounted for \$1.07 million annually. These estimates are based on a stand-alone facility, not run by Parks and Recreation. When existing Parks and Recreation staffing is included in the labor expenses calculation the numbers overall become higher due to an expectation of more staffing needed but a greater portion of the overall labor expense becomes less because that labor is already being covered by the existing Parks and Recreation labor budget. The Parks and Recreation proposal shows that the overall annual cost of labor would be about \$1.28 million with about \$462k already covered by existing Parks and Recreation budget.

Some of the remaining operating expenses would also be covered by the existing Parks and Recreation budget. Many of the expenses such as office supplies and services, recreation supplies, building janitorial supplies and maintenance, communications, advertising, etc. are currently used and budgeted within the Parks and Recreation budget. Ballard*King estimated that Commodities and Contractual expenditures would be roughly \$622k annually. The Parks and Recreation budget estimates have about \$132k of that amount in their existing budget.

Ballard*King estimated expenses in the first year to be \$1,735,612. Parks and Recreation estimates overall expenses to be \$1,958,237 in the first year with \$594,446 of those expenses already covered in the existing Park Board annual budget. The facility would need to generate \$1,363,791 of revenue to cover expected expenses not already covered by the existing Parks and Recreation budget.

Revenue is derived from 3 primary areas, Admission Fees, Program Fees, and Facility Rentals. The majority of admission fees will come from memberships. Ballard*King estimated that based on population of Wahpeton and the surrounding area the facility could likely see a monthly average of 60 Youth Memberships, 350 Adult Memberships, 625 Household Memberships, 135 Senior Memberships, and 70 Senior + 1 Memberships. Those numbers would equal an annual membership revenue of \$993k. The Park and Recreation estimate of \$834k reflects a lower membership number primarily from fewer Household Memberships. Ballard*King also made estimations of Daily Admission and Punch Passes. Their estimate is that those two systems of membership would generate about \$133k annually. The Park and Recreation estimate of \$100k is lower due to the thought that many of those individuals may choose a monthly membership at similar cost for more access.

Ballard*King estimated annual revenues from programming in aquatics, recreation, and fitness to be \$79k, \$48k, and \$50k respectively. The Parks and Recreation estimate reflects a lower number of participants in the swimming lessons program bringing the aquatics number down to \$50k annually, recreation programming estimates are 30% less at \$33k annually due to some of that number being

captured in the facility rental side of revenue, and Parks and Recreation estimated that the fitness revenue would likely be less due to running a different model but left the number at \$50k.

Ballard*King estimated that facility rentals would generate \$324.5k. Their estimates were based on \$70k from concessions, \$61k from birthday parties, \$4k from pool rentals, \$158k from gym/turf/party room rentals, and \$25k from sponsorships. The Parks and Recreation estimates left the concession number at \$70k. Ballard*King estimated that there would be 350 birthday parties annually in the facility. The Parks and Recreation estimate reduces that number by 120 and puts the revenue number closer to \$40k annually. Pool rental numbers were left at \$4k. The gym/turf/party room rentals are where the Ballard*King and Parks and Recreation estimates differ the most. This is primarily from the estimates on turf rental frequency. Ballard*King estimated that the turf could be rented 4 days per week for 5 hours per day producing \$120k of revenue annually. The Parks and Recreation estimates that the turf rental may be closer to \$50k per year and the total gym/turf/party room rentals would be closer to \$98k per year. Parks and Recreation agrees that \$25k per year in sponsorships is possible. One other rental that was not mentioned in the Ballard*King estimates was the fee that the 1901 Senior Center would pay for space rental. Parks and Recreation used a rental fee of \$30k per year for their estimates.

First year revenue comparison would compare as follows: Ballard*King estimated Fees revenue to be about \$1.125 million – Parks and Recreation estimates Fees revenue could be about \$934k. Ballard*King estimated Programming revenue to generate \$177k – Parks and Recreation estimates Programming revenue could be about \$134k. Ballard*King estimated Rental/other revenue to be \$325k – Parks and Recreation estimates that Rental/other revenue could be \$297k annually.

Total Operations Plan summary for Ballard*King was estimated at \$1,735,612 in annual expenses compared to \$1,627,593 in annual revenue. The Parks and Recreation Operations Plan has \$1,363,791 (plus \$594,446 Parks and Recreation budget contribution) in annual expenses compared to \$1,364,677 in annual revenue.