

**MARKET & FINANCIAL ANALYSIS  
OF THE PROPOSED TOWN FACILITIES  
AT THE SENECA PLACE DEVELOPMENT  
TOWN OF WEST SENECA, NEW YORK**

**FINAL DRAFT  
DECEMBER 11, 2015**

Prepared for:

Town of West Seneca, New York  
Town Hall Offices  
1250 Union Road  
West Seneca, New York 14224

Prepared by:

**RKG Associates, Inc.**

Economic, Planning and Real Estate  
Consultants  
634 Central Avenue  
Dover, New Hampshire 03820  
Tel: 603-953-0202

And

300 Montgomery Street, Suite 203  
Alexandria, Virginia 22314-1590

And

1359 Hancock Street, Suite 10  
Quincy, Massachusetts 02169

Web: [www.rkgassociates.com](http://www.rkgassociates.com)

*In co-operation with*

**C.H. Johnson Consulting, Inc.**

6 East Monroe Street, 5<sup>th</sup> Floor  
Chicago, Illinois 60603

# TABLE OF CONTENTS

<b>I. Executive Summary .....</b>	<b>1</b>
<b>A. Introduction.....</b>	<b>1</b>
1. Project Overview .....	1
<b>B. Key Findings .....</b>	<b>2</b>
<b>C. Conclusions and Recommendations.....</b>	<b>4</b>
1. The Facilities.....	4
2. Seneca Place .....	5
3. Pro Forma and Hypothetical Bonding Capacities.....	5
<b>II. Market Indicators .....</b>	<b>10</b>
<b>A. Socio-Economic Indicators .....</b>	<b>10</b>
1. Population.....	10
2. Housing.....	11
3. Income .....	12
<b>B. Retail Indicators .....</b>	<b>13</b>
1. Consumer Spending Demand.....	13
2. Analysis of Sales Leakage .....	14
3. Competitive Inventory .....	15
<b>III. Appendix .....</b>	<b>17</b>
<b>A. Summary Review of SFA Study.....</b>	<b>17</b>
1. Variance in Growth Rates for Attendees .....	17
2. Variance in Growth Rates for Fees .....	17
3. Variance in Financial Pro Forma .....	20
<b>B. Regional Inventories and Case Studies.....</b>	<b>23</b>
1. Local Facilities.....	23
2. National Case Studies.....	26
3. Conclusions.....	33
<b>C. Participatory Sports Trends .....</b>	<b>34</b>
1. Team Sports Participation .....	35
2. Team Sports Participation Growth and Decline.....	36
3. Core Participation Growth .....	37
4. Core Participation by Income .....	38
5. Core vs Casual Participation by Age.....	39
6. Observations.....	40

# I. EXECUTIVE SUMMARY

## A. Introduction

RKG Associates, Inc. (RKG), along with C.H. Johnson Consulting, Inc. (Johnson Consulting), was retained by the Town of West Seneca to undertake a market/financial analysis of the proposed Town-owned “Facilities”, to be developed as part of a proposed \$700 million mixed-use development project on the site of the former Seneca Mall in the Town of West Seneca, and referred to as Seneca Place. In addition to the proposed Town-owned Facilities, the Seneca Place project would include a 65,000 square foot (“SF”) cinema complex; 1.2 million SF of retail and residential space; 300,000 SF of office; two hotels; below-grade and surface parking as well as green space. The private developer of Seneca Place, S&R Company of West Seneca LLC (S&R), is proposing to build the project in conjunction with the Town, with the Town funding and owning the Facilities and contributing additional funding for certain other public infrastructure in support of the overall project.

The proposed Town-owned Facilities would include a 135,000 square feet (SF) multi-purpose community/athletic center and swimming complex (the Community Center) and a 57,000 SF ice arena/events center facility (the Arena). These Facilities represent a portion of the requested public investment in the project.

The critical questions the RKG/Johnson Consulting team were asked to evaluate include:

- What is the need or market demand for the Facilities, from both a local and regional competitive setting? Would the Facilities capture unmet demand, expand demand or detract from existing community venues?
- Would the Facilities generate a “net, new” revenue stream from operations that could be used to retire the Town’s general obligation bonding debt for development of the Facilities, supporting infrastructure and other public investments?

Answering these questions required a thorough review of the developer’s assumptions and forecasts for usage, costs and revenues for the Facilities that were provided, as well as an independent analysis of the market potential and potentially competitive facilities. The cost/benefit model<sup>1</sup> of the proposed Facilities developed by the developer’s consultant, Sports Facilities Advisory LLC (“SFA”), was analyzed regarding sensitivity measures, such as the contributory value, if any, from the adjoining mixed-use project, that might impact the Town’s position regarding participation in the project. It also required an analysis of the proposed mixed-use development from a supply/demand perspective in order to ascertain the economic feasibility of its success and the potential impact on the Town’s investment.

### 1. Project Overview

The developer has proposed that the Town-owned Facilities would be built as two separate facilities that will operate in conjunction with the remainder of Seneca Place, a \$700 million

<sup>1</sup> Prepared for the S&R Company of West Seneca, LLC (S&R), by The Sports Facilities Advisory, LLC (“SFA”), July 2014. This report and other data provided by the Developer is subject to a non-disclosure agreement..

mixed-use master planned complex which will include hotels, residential housing, office buildings, retail, and other amenities and features. The Seneca Place project will have direct accessibility from I-90, I-190, and the Aurora Expressway making it highly visible from the roadways. Additionally, the project will offer an underground parking structure, which may make the facility more attractive to residents, users and visitors during the winter months. The Town-owned Facilities will consist of:

- An athletic and entertainment center that offers sport, recreation, fitness, aquatics, video arcade, and family entertainment (the Community Center).
- An indoor ice facility which will replace the existing West Seneca Ice Rink and provide large scale special events space for banquets and concerts (the Arena).

The developer has estimated that the cost to build these facilities is approximately \$27 million (\$18 million for the community athletic facility and \$9 million for the ice facility). The developer is also requesting additional financial participation in the Seneca Place project by the Town for supporting infrastructure (structured parking, utilities, and streets), relocation of existing businesses and park space at an additional cost of \$43 million, for a total of approximately \$70 million, all to be supported through Bonds issued by the Town. An additional \$60 million in funding would be requested for additional parking in a later phase to support the Seneca Place project.

The RKG/Johnson Consulting team evaluated the market viability of the proposed Town Facilities and, based on the team's independent financial analysis, estimated the level of funding that could be supported by the resulting cash flows.

## B. Key Findings

The following summarizes key findings with respect to the socio-economic indicators, trends and projections for West Seneca and the greater Buffalo/Niagara region.

- **Population** - The Town of West Seneca and both counties (Erie and Niagara) are projected to realize a nominal loss of total population over the next five years (2015 to 2020). All areas are projected to lose population aged 19 and younger, presumably those most likely to be engaged in team and athletic sporting programs. Also, all areas are projected to realize a decline in the population aged 35 to 54 years, generally considered to be those in their peak earning and spending years. However, population increases are projected for those aged 55 to 64, a group typically considered to have more disposable and discretionary income. These projected population trends suggest that an expansion of sporting venues and facilities in West Seneca at this time, would likely need to compete with existing facilities to capture a diminishing target market demographic.
- **Housing** - West Seneca and Erie County are projected to realize marginal increases in the total number of households over the next five years, at 0.6 and 0.4 percent, respectively. Niagara County is projected to experience a loss of total households. The growth that is projected for households, in all areas, is concentrated among renter households, typically of smaller average size when compared with owner households. The changing mix of households, indicating an increase in renter occupancy, suggests

a differing consumer purchasing dynamic with a potential decline in goods and services generally purchased by home owners as part of their ongoing upkeep and reinvestment in their residence. The increased demand for rental housing could benefit the proposed mixed-use development at Seneca Place, provided that rent levels are competitive with other offerings in the region.

- **Incomes** – Incomes are projected to increase among households in all three geographies with a continued decline among householders earning less than \$50,000. Nonetheless, the marginal population losses, the shifts in the age cohorts and the stagnant household growth result in increased affluence among a diminished base, i.e., fewer consumers with more money to potentially spend.
- **Retail** - While West Seneca exhibits high sales leakage (i.e., local spending demand not captured by local stores) along many retail merchandise lines, there are numerous alternative shopping venues and destinations within 5-miles, 15-miles and 25-miles of the Town of West Seneca. The opportunities to fulfill consumer spending demand is generally met within these radii about the Town, as indicated by the “gap” analyses and the near average measures of typical retail square feet per capita (21.0 SF/capita is the approximate national average) with 19.86 SF at the 5-mile radius; 19.24 SF at the 15-mile radius; and 18.67 SF at the 25-mile radius. Generally, retail sales diminish with distance and density, and considering the declining population base and marginally increasing household base, in RKG’s opinion any new destination retail developed in West Seneca would largely be competing in an adequately served market, suggesting that new inventory will compete with existing inventory without necessarily increasing consumer draw or market area. There are always exceptions and West Seneca and the regional market are currently under-served with apparel and accessory shopping, as indicated by an overall sales leakage at all mileage radii. To the extent that the proposed development offers a destination cluster of apparel and accessory stores as part of its tenant mix, this could strengthen potential draw and retail gravity.
- **Competitive Venues** – The RKG/Johnson Consulting team collected information on the wide variety of potentially competitive sports and recreation venues located within a 30 to 60 minute drive time of West Seneca, including types and quality of facilities, usage characteristics, fees and seasonality. A total of 20 venues were identified, some of which are located in close proximity to Seneca Place, which offer at least some of the services envisioned for the proposed Town-owned Facilities. In summary, there is a sizeable inventory of existing facilities within an approximate 30-minute drive-time (which was designated as the likely market by SFA) for attracting users to the new facilities. This will result in competition for users between the existing facilities, including the YMCA and Buffalo Niagara Court Center, and the proposed Facilities. In addition, other new facilities have been announced or proposed within the larger region, including a 186,000 SF complex in Wheatfield. If the residents of West Seneca (and those within the 30-minute drive-time) decide to begin attending the proposed Town-owned Facilities at Seneca Place, there will likely be a negative impact on existing community facilities.

## C. Conclusions and Recommendations

In summary, upon review of the market conditions and demographics of West Seneca, the consultants offer the following conclusions:

- The demographics of the West Seneca marketplace are sub-par and could challenge the financial viability of a large-scale development such as the proposed Facilities at this time.
- The demographics could also have an effect on recruiting individuals and families to pay regular membership dues to a new facility, as residents may not have the interest, and/or the disposable income to purchase a membership to the proposed Town-owned Facilities on top of having to pay to participate in already existing leagues and for other facility offerings. Membership dues are an important source of revenue for these types of facilities.
- Although many of the new residents of the proposed Seneca Place project may become members, along with hotel guests and employees from the office and retail components, these alone are not likely to be sufficient to fully support the financial requirements for the proposed Town-owned Facilities.

### 1. The Facilities

This is a very large development for a market that might already be saturated with sports facilities. With the exception of the ice facility that could replace the outdated West Seneca Ice Rink, the West Seneca marketplace might not be able to support additional member-based facilities. If the Community Center component is built and utilizes the membership business model, it will either negatively impact the YMCA or struggle to attract the number of members needed to be financially self-supporting.

Considering the prevailing market conditions, the opening of the proposed Facilities will likely detract users from existing facilities, specifically the YMCA. With very similar programming, West Seneca residents will essentially be forced to choose between purchasing a membership to the YMCA or the proposed Town-owned Facilities. While it may be possible that residents could belong to both facilities, the consultants' consider it more reasonable that residents would join the newer, larger facility if it offers competitively priced membership rates. As a result, this will detract users from an existing local facility, and may not result in net, new revenues for the marketplace since residents will be transferring their membership dollars from the YMCA to the Seneca Place Community and Athletic Center.

The consultants consider the best opportunity to attract new revenues to the marketplace would come about if the proposed Town-owned Facilities are constructed after the mixed-use and residential developments at Seneca Place are completed. In our opinion, it is unlikely the sports facilities could be successful as stand-alone facilities because the potential market and its eventual growth depend on new residents and hotel overnight stays to drive attendance. Based on the research and findings of this analysis, the consultants recommend that it would be more prudent and fiscally responsible to develop the Facilities later in the overall development timeline of Seneca Place. After examining the market and local facilities, the consultants offer that this development would have a greater chance for success by building the residential units and hotel projects prior to the Facilities. If the overall market improves, as suggested in the

SFA report, and demand is augmented by new residents and hotel guests, then the Town-owned Facilities should be built in phases to grow as demand grows with it.

## **2. Seneca Place**

Population projections for West Seneca and both Erie and Niagara Counties indicate a loss over the next five years, excluding marginal increases in the 55 to 64 years old, and a greater increases in those aged 65 and older. This is further reflected in only nominal housing growth, especially in West Seneca. The growth that is projected is primarily among renter households. In the consultants' opinion, the proposed residential development for Seneca Place, unless specifically targeted for the 55+ cohort, would experience slow absorption that reflects a turnover from existing housing rather than truly net new housing, given prevailing market conditions.

Within 15-miles of West Seneca there is nearly 12 million SF of retail space representing a density of 19.2 SF/capita. This is only marginally below the national average. While there is some sales leakage (i.e., uncaptured local demand) among select merchandise lines, overall, the existing retail development is a net importer of an estimated \$285.3 million in sales. In the consultants' opinion, the additional large scale retail development proposed at Seneca Place, unless specifically targeted to fill the "voids", would do little to further expand the market and would thereby largely result in a transfer of existing sales, particularly given the nominal population and housing (i.e., consumer spending demand) growth.

## **3. Pro Forma and Hypothetical Bonding Capacities**

As further discussed in the Appendix of this report, in addition to reviewing the information provided by the developer (as presented in the SFA report) Johnson Consulting completed a market analysis for the proposed Town-owned Facilities and developed a financial sensitivity analysis of the likely revenues and expenses associated with operation of the Facilities over a five-year period (until reaching stabilized operating levels), under varying attendance and growth rates. Although Johnson Consulting had no significant concerns regarding the methodology used by SFA to arrive at their projections, and found SFA's assumptions to be generally plausible, the revenue, attendance and membership growth rates used by SFA were deemed to be aggressive, representing a very optimistic outlook given local and regional market conditions. The results of Johnson's independent analysis included:

- A "base case" scenario reflecting attendance and growth assumptions developed by Johnson Consulting.
- A "worst case" scenario also reflecting projections compiled by Johnson Consulting and assuming the Facilities were opened prior to the hotel and residential units as proposed for Seneca Place, in order to show how the financial performance of the Facilities might be altered by a change in the development schedule.
- The estimated expenses for the Facilities provided in the SFA analysis were deemed generally reasonable and appropriate by Johnson Consulting, with minor changes due to different growth rate assumptions, and were not separately adjusted per scenario.

- The cost to construct the proposed Town-owned Facilities is \$27 million, as provided by the developer.
- Income is reflected as earnings before interest, taxes, depreciation and amortization (EBITDA), and reflects the cash available for debt service.

RKG reviewed these five-year revenue and expense scenarios, and then developed a set of hypothetical bonding capacities, with the following assumptions:

- A single bond with a 30-year term.
- Annual debt service payments.
- A five percent interest rate for the long term bond.
- Initial funding provided by Bond Anticipation Notes (BANs) with an interest rate of one percent.<sup>2</sup>
- Annual growth in EBITDA after year five (stabilized operations) of one and a half (1½) percent for the “base case”; and, one (1) percent for the “worst case”.

**a) “Base Case” Scenario**

Utilizing the above assumptions and the forecast “base case” cash flow (EBITDA), an estimated 30-year cash flow stream for the Facilities totals approximately \$138 million which results in a bonding capacity of approximately \$50 million without incurring any deficits. Bonding the \$27 million needed for the Town-owned Facilities results in a positive cumulative cash flow in all years except the initial construction year when interest must be paid on the bond anticipation notes. The cumulative surplus balance grows annually, allowing the outstanding bonds to be paid off in Year 11.

Table I-1 shows the annual debt service, EBITDA and cumulative balance for a \$27 million bond to construct the facilities, using the “base case” scenario developed by Johnson Consulting.

---

<sup>2</sup> This is a simplified bonding scenario. Large projects such as this typically use a variety of bonding techniques to achieve the municipality’s objectives. For example, lower overall interest costs (and debt service) can result from use of serial bond offerings with staggered terms.

**Table I-1- Hypothetical \$27 Million Bonding Capacity – “Base Case” Scenario**

"Base Case" 30 Year Bond with BANs						
	Principle Payment	Principle Balance	Interest	Debt Service	EBITA	Cumulative (Over/Under)
CY1		\$27,000,000	\$270,000	\$270,000	\$0	(\$270,000)
1	\$442,572	\$26,557,428	\$270,000	\$712,572	\$1,607,554	\$624,982
2	\$462,487	\$26,094,941	\$265,574	\$728,062	\$2,483,339	\$2,380,260
3	\$483,299	\$25,611,642	\$1,174,272	\$1,657,572	\$3,178,708	\$3,901,396
4	\$505,048	\$25,106,594	\$1,152,524	\$1,657,572	\$3,479,416	\$5,723,240
5	\$527,775	\$24,578,819	\$1,129,797	\$1,657,572	\$4,033,997	\$8,099,666
6	\$551,525	\$24,027,294	\$1,106,047	\$1,657,572	\$4,094,507	\$10,536,601
7	\$576,343	\$23,450,951	\$1,081,228	\$1,657,572	\$4,155,925	\$13,034,954
8	\$602,279	\$22,848,672	\$1,055,293	\$1,657,572	\$4,218,263	\$15,595,646
9	\$629,381	\$22,219,290	\$1,028,190	\$1,657,572	\$4,281,537	\$18,219,611
10	\$657,704	\$21,561,587	\$999,868	\$1,657,572	\$4,345,760	\$20,907,800
11	\$687,300	\$20,874,287	\$970,271	\$1,657,572	\$4,410,947	\$23,661,175
12	\$718,229	\$20,156,058	\$939,343	\$1,657,572	\$4,477,111	\$26,480,715
13	\$750,549	\$19,405,509	\$907,023	\$1,657,572	\$4,544,268	\$29,367,411
14	\$784,324	\$18,621,185	\$873,248	\$1,657,572	\$4,612,432	\$32,322,271
15	\$819,618	\$17,801,567	\$837,953	\$1,657,572	\$4,681,618	\$35,346,317
16	\$856,501	\$16,945,065	\$801,070	\$1,657,572	\$4,751,842	\$38,440,588
17	\$895,044	\$16,050,022	\$762,528	\$1,657,572	\$4,823,120	\$41,606,137
18	\$935,321	\$15,114,701	\$722,251	\$1,657,572	\$4,895,467	\$44,844,032
19	\$977,410	\$14,137,291	\$680,162	\$1,657,572	\$4,968,899	\$48,155,359
20	\$1,021,394	\$13,115,897	\$636,178	\$1,657,572	\$5,043,432	\$51,541,220
21	\$1,067,356	\$12,048,541	\$590,215	\$1,657,572	\$5,119,084	\$55,002,732
22	\$1,115,387	\$10,933,154	\$542,184	\$1,657,572	\$5,195,870	\$58,541,031
23	\$1,165,580	\$9,767,574	\$491,992	\$1,657,572	\$5,273,808	\$62,157,267
24	\$1,218,031	\$8,549,543	\$439,541	\$1,657,572	\$5,352,915	\$65,852,611
25	\$1,272,842	\$7,276,701	\$384,729	\$1,657,572	\$5,433,209	\$69,628,248
26	\$1,330,120	\$5,946,581	\$327,452	\$1,657,572	\$5,514,707	\$73,485,384
27	\$1,389,976	\$4,556,605	\$267,596	\$1,657,572	\$5,597,428	\$77,425,240
28	\$1,452,524	\$3,104,081	\$205,047	\$1,657,572	\$5,681,389	\$81,449,058
29	\$1,517,888	\$1,586,193	\$139,684	\$1,657,572	\$5,766,610	\$85,558,096
30	\$1,586,193	\$0	\$71,379	\$1,657,572	\$5,853,109	\$89,753,633
	\$27,000,000		\$21,122,640	\$48,122,640	\$137,876,273	

This “base case” cannot support the full \$70 million public bonding requested by the developer (for the Town-owned Facilities and the additional public infrastructure) as it ends up with a \$3 million cumulative shortfall in Year 9 and does not turn positive until Year 19.

#### b) “Worst Case” Scenario

Utilizing the above assumptions and the “worst case” cash flow forecast developed by Johnson Consulting, the estimated 30-year cash flow stream for the Facilities totals approximately \$94.3 million, resulting in a bonding capacity of approximately \$40 million without deficits. If used to support the \$27 million for the Facilities, results in a positive cumulative cash flow in all years except the initial construction year when interest must be paid on the bond

anticipation notes. The cumulative surplus balance grows annually, allowing the outstanding bonds to be paid off in Year 15 (Table I-2).

**Table I-2 - Hypothetical \$27 Million Bonding Capacity – “Worst Case” Scenario**

"Worst Case" 30 Year Bond with BANs						
	Principle Payment	Principle Balance	Interest	Debt Service	EBITA	Cumulative (Over/Under)
CY1	\$0	\$27,000,000	\$270,000	\$270,000	\$0	(\$270,000)
1	\$442,572	\$26,557,428	\$270,000	\$712,572	\$1,264,067	\$281,495
2	\$462,487	\$26,094,941	\$265,574	\$728,062	\$1,690,918	\$1,244,352
3	\$483,299	\$25,611,642	\$1,174,272	\$1,657,572	\$2,259,508	\$1,846,288
4	\$505,048	\$25,106,594	\$1,152,524	\$1,657,572	\$2,484,565	\$2,673,281
5	\$527,775	\$24,578,819	\$1,129,797	\$1,657,572	\$2,934,130	\$3,949,840
6	\$551,525	\$24,027,294	\$1,106,047	\$1,657,572	\$2,963,471	\$5,255,739
7	\$576,343	\$23,450,951	\$1,081,228	\$1,657,572	\$2,993,106	\$6,591,274
8	\$602,279	\$22,848,672	\$1,055,293	\$1,657,572	\$3,023,037	\$7,956,739
9	\$629,381	\$22,219,290	\$1,028,190	\$1,657,572	\$3,053,267	\$9,352,435
10	\$657,704	\$21,561,587	\$999,868	\$1,657,572	\$3,083,800	\$10,778,663
11	\$687,300	\$20,874,287	\$970,271	\$1,657,572	\$3,114,638	\$12,235,730
12	\$718,229	\$20,156,058	\$939,343	\$1,657,572	\$3,145,785	\$13,723,943
13	\$750,549	\$19,405,509	\$907,023	\$1,657,572	\$3,177,242	\$15,243,613
14	\$784,324	\$18,621,185	\$873,248	\$1,657,572	\$3,209,015	\$16,795,056
15	\$819,618	\$17,801,567	\$837,953	\$1,657,572	\$3,241,105	\$18,378,590
16	\$856,501	\$16,945,065	\$801,070	\$1,657,572	\$3,273,516	\$19,994,534
17	\$895,044	\$16,050,022	\$762,528	\$1,657,572	\$3,306,251	\$21,643,213
18	\$935,321	\$15,114,701	\$722,251	\$1,657,572	\$3,339,314	\$23,324,955
19	\$977,410	\$14,137,291	\$680,162	\$1,657,572	\$3,372,707	\$25,040,091
20	\$1,021,394	\$13,115,897	\$636,178	\$1,657,572	\$3,406,434	\$26,788,953
21	\$1,067,356	\$12,048,541	\$590,215	\$1,657,572	\$3,440,498	\$28,571,879
22	\$1,115,387	\$10,933,154	\$542,184	\$1,657,572	\$3,474,903	\$30,389,211
23	\$1,165,580	\$9,767,574	\$491,992	\$1,657,572	\$3,509,652	\$32,241,291
24	\$1,218,031	\$8,549,543	\$439,541	\$1,657,572	\$3,544,749	\$34,128,468
25	\$1,272,842	\$7,276,701	\$384,729	\$1,657,572	\$3,580,196	\$36,051,093
26	\$1,330,120	\$5,946,581	\$327,452	\$1,657,572	\$3,615,998	\$38,009,519
27	\$1,389,976	\$4,556,605	\$267,596	\$1,657,572	\$3,652,158	\$40,004,106
28	\$1,452,524	\$3,104,081	\$205,047	\$1,657,572	\$3,688,680	\$42,035,214
29	\$1,517,888	\$1,586,193	\$139,684	\$1,657,572	\$3,725,567	\$44,103,209
30	\$1,586,193	\$0	\$71,379	\$1,657,572	\$3,762,822	\$46,208,459
			\$21,122,640	\$48,122,640	\$94,331,099	

As in the previous scenario, the “worst case” cannot support the entire \$70 million public funding request, resulting in a \$30 million cumulative shortfall after 30 years.

The cash flow from the proposed Town-owned facilities would be offset by any net revenue generated by the existing West Seneca Ice Rink. For 2015, the estimated fee revenue from the operation of the rink is approximately \$207,000, while estimated expenses are \$14,144 (part

time labor and equipment).<sup>3</sup> In addition, there is approximately \$35,000 in rink renovations that are expected to be paid for in 2016. These expense estimates may not include all operating costs, such as utilities, that are not separately accounted for.

The ability of the proposed Town-owned recreational Facilities to generate sufficient net revenues (EBITDA) to support their construction and development costs (\$27 million) is highly dependent on the ability of the facility operator to capture market share within the region. The net revenues are also highly dependent on the ability of management to aggressively promote and operate them in a profitable manner.

The EBITDA estimates do not include any set aside for capital improvements. Typically, a factor of 5% of revenues are included as an expense item so that a fund can be built up over time to help defray the costs of replacement or repairs to major facility components. If applied to the base and worst cases above, this would amount to an annual average of approximately \$3 million for the base case and \$2 million for the worst case. This would reduce the amount of bond funding that could be supported in each scenario and require the Town to fund a deficit in the first 1-3 years of operation.

The construction costs for the proposed Town-owned facilities (\$27 million) were provided by the developer and have not been reviewed by RKG or Johnson Consulting. These should be updated prior to moving forward with any funding decisions.

---

<sup>3</sup> Source: Drescher & Malecki LLP, municipal services consultant to the Town

## II. MARKET INDICATORS

This chapter presents selected baseline and projected socio-economic metrics for the Town of West Seneca, New York, as well as Erie and Niagara Counties with respect to population, households and income characteristics. Additionally, in light of the proposed retail components of the development, an analysis of the consumer demand, spending and the competitive environment is offered in order to estimate the market's capacity to absorb additional retail shopping venues.

### A. Socio-Economic Indicators

This section presents selected socio-economic information for the Town of West Seneca, New York; Erie County, New York; and, Niagara County, New York. This data serves as a baseline of current, selected socio-economics trends and conditions.

#### 1. Population

Since 2010, the population of West Seneca has been reasonably stable, declining by less than one percent (Table II-1).

**Table II-1 – Selected Population Characteristics – West Seneca, NY and Region**

SELECTED POPULATION	Census 2010	Estimated 2015	Change #	Change %	% of Total Pop 2010	% of Total Pop 2015	Projected 2020	# Δ 2015	% Δ 2015
<b>Town of West Seneca, NY</b>									
Total Population	44,711	44,581	(130)	-0.3%			44,578	(3)	0.0%
Under Age 10	4,294	3,854	(440)	-10.2%	9.6%	8.6%	3,818	(36)	-0.9%
10 to 14 Years	2,734	2,487	(247)	-9.0%	6.1%	5.6%	2,245	(242)	-9.7%
15 to 19 Years	2,857	2,582	(275)	-9.6%	6.4%	5.8%	2,458	(124)	-4.8%
20 to 34 Years	7,124	7,753	629	8.8%	15.9%	17.4%	7,616	(137)	-1.8%
35 to 54 Years	12,594	11,464	(1,130)	-9.0%	28.2%	25.7%	10,905	(559)	-4.9%
55 to 64 Years	6,233	6,731	498	8.0%	13.9%	15.1%	6,857	126	1.9%
65 and Older	8,875	9,710	835	9.4%	19.8%	21.8%	10,679	969	10.0%
Median Age	44.7	46.2	1.5	3.4%			46.9	0.7	1.5%
<b>Erie County, NY</b>									
Total Population	919,040	915,103	(3,937)	-0.4%			914,196	(907)	-0.1%
Under Age 10	102,736	95,458	(7,278)	-7.1%	11.2%	10.4%	92,859	(2,599)	-2.7%
10 to 14 Years	58,006	54,306	(3,700)	-6.4%	6.3%	5.9%	51,493	(2,813)	-5.2%
15 to 19 Years	66,313	59,732	(6,581)	-9.9%	7.2%	6.5%	57,373	(2,359)	-3.9%
20 to 34 Years	176,672	186,714	10,042	5.7%	19.2%	20.4%	182,121	(4,593)	-2.5%
35 to 54 Years	254,381	229,695	(24,686)	-9.7%	27.7%	25.1%	219,483	(10,212)	-4.4%
55 to 64 Years	116,568	129,640	13,072	11.2%	12.7%	14.2%	130,761	1,121	0.9%
65 and Older	144,364	159,558	15,194	10.5%	15.7%	17.4%	180,106	20,548	12.9%
Median Age	40.4	41.2	0.8	2.0%			41.2	0.0	0.0%
<b>Niagara County, NY</b>									
Total Population	216,469	213,012	(3,457)	-1.6%			210,241	(2,771)	-1.3%
Under Age 10	24,126	22,270	(1,856)	-7.7%	11.1%	10.5%	21,305	(965)	-4.3%
10 to 14 Years	13,503	12,351	(1,152)	-8.5%	6.2%	5.8%	12,013	(338)	-2.7%
15 to 19 Years	15,194	12,978	(2,216)	-14.6%	7.0%	6.1%	12,486	(492)	-3.8%
20 to 34 Years	37,886	39,878	1,992	5.3%	17.5%	18.7%	37,845	(2,033)	-5.1%
35 to 54 Years	62,363	55,223	(7,140)	-11.4%	28.8%	25.9%	50,952	(4,271)	-7.7%
55 to 64 Years	29,009	32,342	3,333	11.5%	13.4%	15.2%	32,614	272	0.8%
65 and Older	34,388	37,970	3,582	10.4%	15.9%	17.8%	43,026	5,056	13.3%
Median Age	41.8	43.0	1.2	2.9%			43.8	0.8	1.9%

Source : U S Census, ESRI and RKG Associates, Inc. (2015)

The 2020 population for West Seneca indicates a continued stability (negligible loss of three persons). However, while the Town's total population is more or less stable, there are continuing dynamics within the various age cohorts. Notably, the Town's population aged less than 19 years, presumably those most engaged in team and athletic sports, continues to decline, while the population aged 55 to 64 (often those with disposable and discretionary incomes) continues to increase. The population in family formation years (ages 20 to 34) has increased since 2010, but is projected to decline by 2020. The population in peak earning/spending years (35 to 54) has, and will, decline.

This is a pattern that is similar to that for the surrounding region of Erie County and Niagara County, whereby the overall county populations are declining somewhat, but the internal dynamics among the various age cohorts is more pronounced. In all three geographies the median age of the population is increasing and the fastest growing cohort is among those aged 65 and older.

## 2. Housing

Both the Town of West Seneca and Erie County have realized an increase in households since 2010, and are projected to continue adding households (albeit by a nominal amount) through 2020 (Table II-2). In contrast, Niagara County has lost, and is projected to continue to lose, households. All three regions have and are projected to continue to realize a decline in the number of owner households, while the number of renter households has (and will) increased, noting also that the average household size for all three areas continues to decline. The median household income for each area has increased since 2010 and in 2015 all are above \$50,000, however, none increased commensurate with the estimated 9.4 percent inflation over 2010 to 2015, while all are projected to continue to increase through 2020. Approximately three out of every four households in West Seneca is owner occupied, as compared with approximately two out of every three for the Counties, the latter of which are closer to the national average.

**Table II-2 – Selected Housing Characteristics – West Seneca, NY and Region**

SELECTED HOUSING	Census 2010	Estimated 2015	Change #	Change %	% of Households 2010 2015		Projected 2020	# Δ 2015	% Δ 2015
<b>Town of West Seneca, NY</b>									
Occupied Units	19,151	19,349	198	1.0%			19,460	111	0.6%
Owner Households (% of Occ)	14,588	14,554	(34)	-0.2%	76.2%	75.2%	14,540	(14)	-0.1%
Renter Households (% of Occ)	4,563	4,795	232	5.1%	23.8%	24.8%	4,920	125	2.6%
Average HH Size	2.31	2.28	(0.03)	-1.3%			2.27	(0.01)	-0.4%
Median Household Income	\$52,301	\$56,436	\$4,135	7.9%			\$63,657	\$7,221	12.8%
<b>Erie County, NY</b>									
Occupied Units	383,164	385,852	2,688	0.7%			387,230	1,378	0.4%
Owner Households (% of Occ)	248,299	245,397	(2,902)	-1.2%	64.8%	63.6%	244,436	(961)	-0.4%
Renter Households (% of Occ)	134,865	140,455	5,590	4.1%	35.2%	36.4%	142,794	2,339	1.7%
Average HH Size	2.32	2.30	(0.02)	-0.9%			2.29	(0.01)	-0.4%
Median Household Income	\$47,372	\$51,677	\$4,305	9.1%			\$57,335	\$5,658	10.9%
<b>Niagara County, NY</b>									
Occupied Units	90,556	90,329	(227)	-0.3%			89,648	(681)	-0.8%
Owner Households (% of Occ)	62,616	61,386	(1,230)	-2.0%	69.1%	68.0%	60,522	(864)	-1.4%
Renter Households (% of Occ)	27,940	28,943	1,003	3.6%	30.9%	32.0%	29,126	183	0.6%
Average HH Size	2.34	2.31	(0.03)	-1.3%			2.30	(0.01)	-0.4%
Median Household Income	\$45,964	\$50,134	\$4,170	9.1%			\$54,705	\$4,571	9.1%

Source : U S Census, ESRI and RKG Associates, Inc. (2015)

### 3. Income

Both average household income and per capita income increased in West Seneca, since 2010, the former less than inflation and the latter at a rate ahead of inflation (refer to Table II-3). Both are projected to increase by 2020. In the last five years West Seneca witnessed a decline in the number of households earning less than \$50,000 and an increase in the number of households earning more. This trend is projected to continue through 2020 although a slight decline in households earning \$100,000 to \$150,000 is projected. Conversely, the number of households earning \$150,000 or more is projected to increase by one third in West Seneca.

In 2015, the average household income of West Seneca was greater than in Niagara County and lagged somewhat behind that of Erie County, a trend projected to continue for 2020. Both Erie and Niagara Counties have experienced, and are projected to continue to experience, a decline in the number of households earning less than \$50,000. Both counties are projected to realize an increase in the number of households earning more than \$50,000, although Niagara County, like West Seneca, is projected to have a nominal decline in the number of households earning \$100,000 to \$150,000.

**Table II-3 – Selected Income Characteristics – West Seneca, NY and Region**

SELECTED INCOME	Census 2010	Estimated 2015	Change #	Change %	% of Total HH's 2010	% of Total HH's 2015	Projected 2020	# Δ 2015	% Δ 2015
<b>Town of West Seneca, NY</b>									
Average HH Income	\$63,052	\$67,782	\$4,730	7.5%			\$75,734	\$7,952	11.7%
Under \$25,000	3,940	3,384	(556)	-14.1%	20.6%	17.5%	2,838	(546)	-16.1%
\$25,000 to \$50,000	5,024	4,948	(76)	-1.5%	26.2%	25.6%	4,545	(403)	-8.1%
\$50,000 to \$100,000	6,897	6,951	54	0.8%	36.0%	35.9%	7,751	800	11.5%
\$100,000 to \$150,000	2,428	3,071	643	26.5%	12.7%	15.9%	2,997	(74)	-2.4%
\$150,000 to \$200,000	576	689	113	19.6%	3.0%	3.6%	935	246	35.7%
\$200,000 and More	286	306	20	7.2%	1.5%	1.6%	394	88	28.8%
<i>Per Capita Income</i>	\$26,728	\$29,539	\$2,811	10.5%			\$33,183	\$3,644	12.3%
<b>Erie County, NY</b>									
Average HH Income	\$62,893	\$69,141	\$6,248	9.9%			\$78,443	\$9,302	13.5%
Under \$25,000	103,132	92,276	(10,856)	-10.5%	26.9%	23.9%	81,309	(10,967)	-11.9%
\$25,000 to \$50,000	96,710	93,750	(2,960)	-3.1%	25.2%	24.3%	87,644	(6,106)	-6.5%
\$50,000 to \$100,000	117,000	120,327	3,327	2.8%	30.5%	31.2%	126,650	6,323	5.3%
\$100,000 to \$150,000	42,748	47,431	4,683	11.0%	11.2%	12.3%	49,913	2,482	5.2%
\$150,000 to \$200,000	13,184	18,398	5,214	39.5%	3.4%	4.8%	24,987	6,589	35.8%
\$200,000 and More	10,389	13,658	3,269	31.5%	2.7%	3.5%	16,715	3,057	22.4%
<i>Per Capita Income</i>	\$26,378	\$29,581	\$3,203	12.1%			\$33,663	\$4,082	13.8%
<b>Niagara County, NY</b>									
Average HH Income	\$58,150	\$62,626	\$4,476	7.7%			\$70,100	\$7,474	11.9%
Under \$25,000	24,453	21,736	(2,717)	-11.1%	27.0%	24.1%	19,005	(2,731)	-12.6%
\$25,000 to \$50,000	23,980	23,284	(696)	-2.9%	26.5%	25.8%	21,645	(1,639)	-7.0%
\$50,000 to \$100,000	28,733	28,842	109	0.4%	31.7%	31.9%	30,972	2,130	7.4%
\$100,000 to \$150,000	9,488	11,162	1,674	17.6%	10.5%	12.4%	11,114	(48)	-0.4%
\$150,000 to \$200,000	2,451	3,831	1,380	56.3%	2.7%	4.2%	5,124	1,293	33.8%
\$200,000 and More	1,452	1,474	22	1.5%	1.6%	1.6%	1,788	314	21.3%
<i>Per Capita Income</i>	\$24,224	\$26,815	\$2,591	10.7%			\$30,158	\$3,343	12.5%

Source : U S Census, ESRI and RKG Associates, Inc. (2015)

## B. Retail Indicators

This section presents a summary overview of consumer spending demand, retail sales leakage, competing venues and estimates of supportable new development through a re-capture of sales leakage.

### 1. Consumer Spending Demand

The estimated annual retail spending demand, per household, in the Town of West Seneca, is approximately \$17,300 for selected merchandise and services (refer to Table II-4). This ranges from nearly \$4,700 for food (at home) and beverages – the grocery store categories- to as little as \$600 annually for furniture and furnishings. The retail spending demand for the Town is compared with a 5-mile, 15-mile, and 25-mile radius about the former West Seneca Mall site which is proposed for extensive redevelopment and re-positioning. These mileage bands, and the economic and demographic potential within them, are typically reviewed in a preliminary, first-pass analysis of market potential for a retail and mixed development the scope of this proposed project. As indicated, the annual household demand in the Town of West Seneca is greater than the average annual household demand at the comparable mileage radii.

**Table II-4 – Retail Spending Demand – West Seneca, NY and Region**

Industry Group	NAICS Code	Demand per Household			Estimated Per HH Demand - West Seneca	HH Demand West Seneca as % of 25 - Mile
		5 - Mile Radius	15 - Mile Radius	25 - Mile Radius		
<b>Total</b>		<b>\$15,276</b>	<b>\$17,249</b>	<b>\$17,129</b>	<b>\$17,288</b>	<b>100.9%</b>
<b>Furniture &amp; Home Furnishings Stores</b>	<b>442</b>	<b>\$531</b>	<b>\$612</b>	<b>\$605</b>	<b>\$604</b>	<b>99.8%</b>
Furniture Stores	4421	\$265	\$303	\$300	\$299	99.8%
Home Furnishings Stores	4422	\$266	\$309	\$305	\$305	99.7%
<b>Electronics &amp; Appliance Stores</b>	<b>4431</b>	<b>\$716</b>	<b>\$820</b>	<b>\$813</b>	<b>\$813</b>	<b>100.0%</b>
<b>Bldg Materials, Garden Equip. &amp; Supply Stores</b>	<b>444</b>	<b>\$660</b>	<b>\$759</b>	<b>\$756</b>	<b>\$770</b>	<b>101.9%</b>
Bldg Material & Supplies Dealers	4441	\$555	\$648	\$643	\$648	100.8%
Lawn & Garden Equip & Supply Stores	4442	\$105	\$111	\$113	\$122	108.0%
<b>Food &amp; Beverage Stores</b>	<b>445</b>	<b>\$4,162</b>	<b>\$4,646</b>	<b>\$4,620</b>	<b>\$4,683</b>	<b>101.4%</b>
Grocery Stores	4451	\$3,634	\$4,042	\$4,021	\$4,084	101.6%
Specialty Food Stores	4452	\$200	\$224	\$222	\$225	101.2%
Beer, Wine & Liquor Stores	4453	\$328	\$381	\$376	\$373	99.3%
<b>Health &amp; Personal Care Stores</b>	<b>446,4461</b>	<b>\$1,760</b>	<b>\$1,941</b>	<b>\$1,937</b>	<b>\$2,013</b>	<b>103.9%</b>
<b>Clothing &amp; Clothing Accessories Stores</b>	<b>448</b>	<b>\$1,603</b>	<b>\$1,854</b>	<b>\$1,829</b>	<b>\$1,804</b>	<b>98.6%</b>
Clothing Stores	4481	\$1,194	\$1,379	\$1,361	\$1,343	98.7%
Shoe Stores	4482	\$218	\$249	\$246	\$243	99.1%
Jewelry, Luggage & Leather Goods Stores	4483	\$191	\$226	\$223	\$218	98.0%
<b>Sporting Goods, Hobby, Book &amp; Music Stores</b>	<b>451</b>	<b>\$484</b>	<b>\$545</b>	<b>\$542</b>	<b>\$543</b>	<b>100.3%</b>
Sporting Goods/Hobby/Musical Instr Stores	4511	\$421	\$472	\$471	\$474	100.5%
Book, Periodical & Music Stores	4512	\$63	\$72	\$71	\$70	98.6%
<b>General Merchandise Stores</b>	<b>452</b>	<b>\$2,395</b>	<b>\$2,687</b>	<b>\$2,671</b>	<b>\$2,701</b>	<b>101.1%</b>
Department Stores Excluding Leased Depts.	4521	\$995	\$1,129	\$1,119	\$1,123	100.4%
Other General Merchandise Stores	4529	\$1,400	\$1,558	\$1,551	\$1,578	101.7%
<b>Miscellaneous Store Retailers</b>	<b>453</b>	<b>\$662</b>	<b>\$734</b>	<b>\$733</b>	<b>\$753</b>	<b>102.8%</b>
Florists	4531	\$50	\$56	\$56	\$59	105.7%
Office Supplies, Stationery & Gift Stores	4532	\$136	\$154	\$153	\$154	101.1%
Used Merchandise Stores	4533	\$74	\$85	\$83	\$84	100.4%
Other Miscellaneous Store Retailers	4539	\$403	\$440	\$440	\$456	103.7%
<b>Food Services &amp; Drinking Places</b>	<b>722</b>	<b>\$2,302</b>	<b>\$2,652</b>	<b>\$2,624</b>	<b>\$2,604</b>	<b>99.2%</b>
Full-Service Restaurants	7221	\$1,172	\$1,349	\$1,335	\$1,325	99.2%
Limited-Service Eating Places	7222	\$870	\$998	\$989	\$985	99.6%
Special Food Services	7223	\$181	\$212	\$210	\$206	98.4%
Drinking Places - Alcoholic Beverages	7224	\$79	\$93	\$91	\$88	97.2%
<b>Total Households</b>		<b>77,537</b>	<b>360,772</b>	<b>461,222</b>	<b>19,349</b>	

Source: ESRI, Dun & Bradstreet, 2013, RKG Associates, Inc., 2015

## 2. Analysis of Sales Leakage

Among West Seneca households the estimated demand for selected retail goods and services is nearly \$334.5 million (refer to Table II-5). The estimated spending is almost \$227.1 million, indicating a “gap” or sales leakage of \$163.4 million. Sales leakage occurs in all markets as the local merchant base is typically unable to capture 100 percent of the local consumer spending demand. Notable in West Seneca are the following:

- The Town is a net importer of retail sales for building materials, hardware and lumber, indicating that consumers from outside of the community do much of their shopping for these products in West Seneca.
- To a lesser extent the Town is also a net importer for office supply and stationery stores, specialty food services and drinking establishments.
- Utilizing industry standards for sales volumes on a per square feet (SF) basis, it is estimated that there are 270 stores in West Seneca totaling nearly 468,300 SF.
- This estimated square footage equates to approximately 10.4 SF of retail per capita for West Seneca – about one-half of the national average.

**Table II-5 – Retail “GAP” Analysis for West Seneca, NY**

Industry Group	NAICS Code	Town of West Seneca, New York					Store Count	Estimated SF of Retail	Estimated SF per Capita
		Demand/HH	Demand	Sales	(Under) /Over				
<b>Total</b>		<b>\$17,288</b>	<b>\$334,513,741</b>	<b>\$277,076,096</b>	<b>(\$163,440,645)</b>	<b>270</b>	<b>468,277</b>	<b>10.50</b>	
<b>Furniture &amp; Home Furnishings Stores</b>	<b>442</b>	<b>\$604</b>	<b>\$11,684,408</b>	<b>\$5,006,256</b>	<b>(\$6,678,152)</b>	<b>14</b>	<b>22,131</b>	<b>0.50</b>	
Furniture Stores	4421	\$299	\$5,790,617	\$1,973,290	(\$3,817,327)	4	6,578	0.15	
Home Furnishings Stores	4422	\$305	\$5,893,791	\$3,032,966	(\$2,860,825)	10	15,554	0.35	
<b>Electronics &amp; Appliance Stores</b>	<b>443</b>	<b>\$813</b>	<b>\$15,722,702</b>	<b>\$4,573,240</b>	<b>(\$11,149,462)</b>	<b>11</b>	<b>15,503</b>	<b>0.35</b>	
<b>Bldg Materials, Garden Equip. &amp; Supply Stores</b>	<b>444</b>	<b>\$770</b>	<b>\$14,891,586</b>	<b>\$30,293,642</b>	<b>\$15,402,056</b>	<b>29</b>	<b>88,305</b>	<b>1.39</b>	
Bldg Material & Supplies Dealers	4441	\$648	\$12,532,308	\$24,736,162	\$12,203,854	23	61,840	1.39	
Lawn & Garden Equip & Supply Stores	4442	\$122	\$2,359,278	\$5,557,480	\$3,198,202	6	26,464	0.59	
<b>Food &amp; Beverage Stores</b>	<b>445</b>	<b>\$4,683</b>	<b>\$90,606,134</b>	<b>\$123,396,179</b>	<b>(\$73,209,955)</b>	<b>28</b>	<b>30,115</b>	<b>0.68</b>	
Grocery Stores	4451	\$4,084	\$79,024,873	\$11,096,965	(\$67,927,908)	18	20,176	0.45	
Specialty Food Stores	4452	\$225	\$4,355,696	\$3,854,490	(\$501,206)	8	7,633	0.17	
Beer, Wine & Liquor Stores	4453	\$373	\$7,225,565	\$2,444,724	(\$4,780,841)	2	2,306	0.05	
<b>Health &amp; Personal Care Stores</b>	<b>446,4461</b>	<b>\$2,013</b>	<b>\$38,949,773</b>	<b>\$32,601,872</b>	<b>(\$6,347,901)</b>	<b>24</b>	<b>84,680</b>	<b>1.90</b>	
<b>Clothing &amp; Clothing Accessories Stores</b>	<b>448</b>	<b>\$1,804</b>	<b>\$34,914,934</b>	<b>\$17,358,197</b>	<b>(\$17,556,737)</b>	<b>30</b>	<b>54,207</b>	<b>1.22</b>	
Clothing Stores	4481	\$1,343	\$25,980,971	\$12,622,172	(\$13,358,799)	17	45,899	1.03	
Shoe Stores	4482	\$243	\$4,711,046	\$1,827,849	(\$2,883,197)	4	5,539	0.12	
Jewelry, Luggage & Leather Goods Stores	4483	\$218	\$4,222,917	\$2,908,176	(\$1,314,741)	9	2,770	0.06	
<b>Sporting Goods, Hobby, Book &amp; Music Stores</b>	<b>451</b>	<b>\$543</b>	<b>\$10,512,371</b>	<b>\$4,409,556</b>	<b>(\$6,102,815)</b>	<b>22</b>	<b>19,361</b>	<b>0.43</b>	
Sporting Goods/Hobby/Musical Instr Stores	4511	\$474	\$9,163,307	\$4,184,922	(\$4,978,385)	19	18,600	0.42	
Book, Periodical & Music Stores	4512	\$70	\$1,349,064	\$224,634	(\$1,124,430)	3	761	0.02	
<b>General Merchandise Stores</b>	<b>452</b>	<b>\$2,701</b>	<b>\$52,265,604</b>	<b>\$11,346,658</b>	<b>(\$40,918,946)</b>	<b>4</b>	<b>23,739</b>	<b>0.53</b>	
Department Stores Excluding Leased Depts.	4521	\$1,123	\$21,736,531	\$9,588,993	(\$12,147,538)	3	18,988	0.43	
Other General Merchandise Stores	4529	\$1,578	\$30,529,073	\$1,757,665	(\$28,771,408)	1	4,750	0.11	
<b>Miscellaneous Store Retailers</b>	<b>453</b>	<b>\$753</b>	<b>\$14,578,645</b>	<b>\$13,832,840</b>	<b>(\$748,805)</b>	<b>45</b>	<b>52,872</b>	<b>1.19</b>	
Florists	4531	\$59	\$1,143,694	\$969,537	(\$174,157)	7	3,232	0.07	
Office Supplies, Stationery & Gift Stores	4532	\$154	\$2,987,568	\$5,413,793	\$2,426,225	15	24,608	0.55	
Used Merchandise Stores	4533	\$84	\$1,616,264	\$1,438,794	(\$177,470)	6	5,429	0.12	
Other Miscellaneous Store Retailers	4539	\$456	\$8,831,119	\$6,007,716	(\$2,823,403)	17	25,032	0.56	
<b>Food Services &amp; Drinking Places</b>	<b>722</b>	<b>\$2,604</b>	<b>\$50,387,584</b>	<b>\$34,257,656</b>	<b>(\$16,129,928)</b>	<b>63</b>	<b>77,364</b>	<b>1.74</b>	
Full-Service Restaurants	7221	\$1,325	\$25,632,570	\$13,504,525	(\$12,128,045)	18	31,045	0.70	
Limited-Service Eating Places	7222	\$985	\$19,050,381	\$12,909,852	(\$6,140,529)	22	23,907	0.54	
Special Food Services	7223	\$206	\$3,994,467	\$4,485,338	\$490,871	8	14,017	0.31	
Drinking Places - Alcoholic Beverages	7224	\$88	\$1,710,166	\$3,357,941	\$1,647,775	15	8,395	0.19	

Source: ESRI, Dun & Bradstreet, 2015, RKG Associates, Inc., 2015

The estimated sales leakage of nearly \$163.4 million could suggest the opportunity for additional retail stores and new development, however, the metrics presented in Table II-5

change dramatically when considering the “gap” analysis of the selected mileage radii about the Town (referring to Table II-6) and noting the following:

- Within all mileage radii, the retail market is a net importer of sales activity for total retail. In other words, the store and businesses, in total, sell to a broader consumer base than the resident households.
- Nonetheless, sales leakage does exist, and at all radii, for selected merchandise, most notably for apparel and accessories- although the “gap” varies at each radii.
- The estimated retail SF per capita at each of the mileage radii is about 19.0± SF per capita, slightly less than the national average.

**Table II-6 – Retail “GAP” Analysis at Selected Mileage Radii about West Seneca, NY**

Industry Group	NAICS Code	5 - Mile Radius			15 - Mile Radius			25 - Mile Radius		
		Demand/HH	(Under) /Over	Estimated SF per Capita	Demand/HH	(Under) /Over	Estimated SF per Capita	Demand/HH	(Under) /Over	Estimated SF per Capita
<b>Total</b>		<b>\$15,276</b>	<b>\$239,635,025</b>	<b>19.86</b>	<b>\$17,249</b>	<b>\$285,278,936</b>	<b>19.24</b>	<b>\$17,129</b>	<b>\$158,629,685</b>	<b>18.67</b>
<b>Furniture &amp; Home Furnishings Stores</b>	<b>442</b>	<b>\$531</b>	<b>(\$1,066,429)</b>	<b>0.98</b>	<b>\$612</b>	<b>(\$9,925,577)</b>	<b>1.02</b>	<b>\$605</b>	<b>(\$42,999,143)</b>	<b>0.89</b>
Furniture Stores	4421	\$265	(\$1,008,853)	0.37	\$303	\$11,240,430	0.47	\$300	(\$5,656,658)	0.41
Home Furnishings Stores	4422	\$266	(\$57,576)	0.60	\$309	(\$21,166,007)	0.55	\$305	(\$37,342,485)	0.49
<b>Electronics &amp; Appliance Stores</b>	<b>443</b>	<b>\$716</b>	<b>\$3,333,511</b>	<b>1.14</b>	<b>\$820</b>	<b>\$19,011,835</b>	<b>1.26</b>	<b>\$813</b>	<b>(\$37,946,211)</b>	<b>1.05</b>
<b>Bldg Materials, Garden Equip. &amp; Supply Stores</b>	<b>444</b>	<b>\$660</b>	<b>\$24,317,814</b>	<b>0.97</b>	<b>\$759</b>	<b>\$35,647,789</b>	<b>0.83</b>	<b>\$756</b>	<b>\$60,934,251</b>	<b>0.82</b>
Bldg Material & Supplies Dealers	4441	\$555	\$24,668,935	0.97	\$648	\$49,483,796	0.83	\$643	\$59,630,394	0.82
Lawn & Garden Equip & Supply Stores	4442	\$105	(\$351,121)	0.21	\$111	(\$13,836,007)	0.15	\$113	\$1,303,857	0.23
<b>Food &amp; Beverage Stores</b>	<b>445</b>	<b>\$4,162</b>	<b>\$84,269,139</b>	<b>4.11</b>	<b>\$4,646</b>	<b>\$86,811,911</b>	<b>3.62</b>	<b>\$4,620</b>	<b>(\$79,705,963)</b>	<b>3.28</b>
Grocery Stores	4451	\$3,634	\$90,591,565	3.87	\$4,042	\$93,978,259	3.33	\$4,021	(\$54,995,490)	3.00
Specialty Food Stores	4452	\$200	(\$7,527,560)	0.09	\$224	(\$35,188,837)	0.11	\$222	(\$39,122,111)	0.12
Beer, Wine & Liquor Stores	4453	\$328	\$1,205,134	0.14	\$381	\$28,022,490	0.18	\$376	\$14,411,638	0.16
<b>Health &amp; Personal Care Stores</b>	<b>446,4461</b>	<b>\$1,760</b>	<b>\$1,249,483</b>	<b>2.05</b>	<b>\$1,941</b>	<b>(\$187,867,199)</b>	<b>1.57</b>	<b>\$1,937</b>	<b>(\$241,907,145)</b>	<b>1.55</b>
<b>Clothing &amp; Clothing Accessories Stores</b>	<b>448</b>	<b>\$1,603</b>	<b>(\$22,653,187)</b>	<b>1.95</b>	<b>\$1,854</b>	<b>(\$119,880,307)</b>	<b>2.15</b>	<b>\$1,829</b>	<b>(\$87,351,651)</b>	<b>2.29</b>
Clothing Stores	4481	\$1,194	(\$11,593,133)	1.68	\$1,379	(\$62,628,163)	1.86	\$1,361	(\$40,926,048)	1.96
Shoe Stores	4482	\$218	(\$4,184,970)	0.22	\$249	(\$26,013,113)	0.23	\$246	(\$17,989,135)	0.26
Jewelry, Luggage & Leather Goods Stores	4483	\$191	(\$6,875,084)	0.04	\$226	(\$31,239,030)	0.06	\$223	(\$28,436,468)	0.06
<b>Sporting Goods, Hobby, Book &amp; Music Stores</b>	<b>451</b>	<b>\$484</b>	<b>\$6,758,934</b>	<b>1.10</b>	<b>\$545</b>	<b>\$51,457,397</b>	<b>1.25</b>	<b>\$542</b>	<b>\$31,178,491</b>	<b>1.10</b>
Sporting Goods/Hobby/Musical Instr Stores	4511	\$421	\$7,864,308	1.03	\$472	\$38,439,573	1.09	\$471	\$20,845,896	0.97
Book, Periodical & Music Stores	4512	\$63	(\$1,105,374)	0.07	\$72	\$13,417,824	0.16	\$71	\$10,332,595	0.13
<b>General Merchandise Stores</b>	<b>452</b>	<b>\$2,395</b>	<b>\$45,723,492</b>	<b>2.95</b>	<b>\$2,687</b>	<b>\$145,896,554</b>	<b>3.06</b>	<b>\$2,671</b>	<b>\$264,401,286</b>	<b>3.22</b>
Department Stores Excluding Leased Depts.	4521	\$995	\$74,235,231	1.71	\$1,129	\$173,415,850	1.36	\$1,119	\$215,252,900	1.33
Other General Merchandise Stores	4529	\$1,400	(\$28,511,739)	1.24	\$1,558	(\$27,519,297)	1.70	\$1,551	\$49,148,384	1.89
<b>Miscellaneous Store Retailers</b>	<b>453</b>	<b>\$662</b>	<b>(\$4,880,858)</b>	<b>0.97</b>	<b>\$734</b>	<b>\$25,110,819</b>	<b>1.28</b>	<b>\$733</b>	<b>\$56,809,963</b>	<b>1.36</b>
Florists	4531	\$50	(\$104,772)	0.07	\$56	(\$4,165,744)	0.06	\$56	(\$7,777,799)	0.06
Office Supplies, Stationery & Gift Stores	4532	\$136	\$289,266	0.28	\$154	(\$22,186,930)	0.18	\$153	(\$26,253,825)	0.18
Used Merchandise Stores	4533	\$74	\$387,709	0.13	\$85	(\$1,970,910)	0.13	\$83	\$732,442	0.14
Other Miscellaneous Store Retailers	4539	\$403	(\$5,453,061)	0.61	\$440	\$53,434,403	1.04	\$440	\$90,469,146	1.12
<b>Food Services &amp; Drinking Places</b>	<b>722</b>	<b>\$2,302</b>	<b>\$102,583,126</b>	<b>3.45</b>	<b>\$2,652</b>	<b>\$239,015,714</b>	<b>3.05</b>	<b>\$2,624</b>	<b>\$235,215,807</b>	<b>2.88</b>
Full-Service Restaurants	7221	\$1,172	\$39,329,960	1.71	\$1,349	\$54,294,899	1.47	\$1,335	\$46,452,986	1.40
Limited-Service Eating Places	7222	\$870	\$58,014,187	1.33	\$998	\$157,682,091	1.13	\$989	\$175,149,208	1.07
Special Food Services	7223	\$181	(\$2,540,090)	0.21	\$212	(\$11,715,060)	0.24	\$210	(\$20,945,166)	0.22
Drinking Places - Alcoholic Beverages	7224	\$79	\$7,779,069	0.20	\$93	\$38,753,784	0.21	\$91	\$44,558,779	0.20

Source: ESRI, Dun & Bradstreet, 2015, RKG Associates, Inc., 2015

### 3. Competitive Inventory

A sampling (compiled by ESRI and presented in Table II-7) of competitive retail shopping centers within the identified mileage radii indicates the following:

- Within 5 miles of West Seneca there are approximately 280 stores, totaling 3,225,300 SF of retail in selected shopping centers, amounting to 18.4 SF of retail per capita.
- Within the 5 to 10 miles of West Seneca there are nearly 460 retail stores totaling an additional 4,486,200 SF of retail shopping center space.

- Within 10 to 15 miles there are an additional 410 stores in shopping centers, totaling another 4,107,500 SF.
- Combined, within 15 miles there are nearly 1,145 stores in shopping centers, with nearly 11.82 million SF of retail build-out.

**Table II-7 – Selected Competitive Retail Inventory about West Seneca, NY**

MAJOR SHOPPING CENTERS			GLA					
Within 5 - Miles	Store Count	GLA SF	From 5 to 10 - Miles	Store Count	GLA SF	From 10 to 15 - Miles	Store Count	GLA SF
Shops at West Seneca	5	650,000	Thruway Plaza	26	572,616	Elmwood Plaza	13	267,010
Southgate Plaza	95	550,000	Walden Village	7	209,459	Transitown Plaza	50	550,000
Quaker Crossing Retail Center	30	660,000	Walden Consumer Square	10	255,964	Shops at Main/Transit	22	198,511
Crossroads Centre	25	279,920	Walden Galleria	217	1,600,000	Eastern Hills Mall	110	996,729
McKinley Milestrip Center	18	246,187	Union Consumer Square	28	386,548	Amherst Shopping Center	12	296,370
McKinley Mall	105	839,130	Main Place Mall	50	250,000	Boulevard Mall	127	912,000
<b>subtotal</b>	<b>278</b>	<b>3,225,237</b>	Urbandale Shopping Center	20	230,000	Eastgate Plaza	21	520,876
			Brierwood Square	23	250,000	Eastview, Tops & Transit Plaza's	53	366,000
18.44			Central Park Plaza	44	269,127	<b>subtotal</b>	<b>408</b>	<b>4,107,496</b>
			Delaware Hertel Plaza/Commons	10	224,000			
			Delaware Consumer Square	23	238,531			
			<b>subtotal</b>	<b>458</b>	<b>4,486,245</b>			

Source: ESRI, Dun &amp; Bradstreet, 2015, RKG Associates, Inc., 2015

### **III. APPENDIX**

This Appendix summarizes the comprehensive review of the July 2014 report prepared by The Sports Facilities Advisory, LLC (“SFA”) for the developer of the proposed Seneca Place project, S&R Company of West Seneca, LLC (S&R). The SFA report included a demographic and market study, a competition analysis, and a financial pro forma and economic impacts analysis of two new indoor sports, recreation, and events facilities in West Seneca (the proposed Town-owned Facilities). Johnson Consulting reviewed the SFA report and conducted an independent market and financial analysis of the proposed Facilities. This section also presents case studies of comparable facilities completed by Johnson Consulting. The SFA report, as well as other information provided by the developer for this analysis, is subject to a non-disclosure agreement between S&R, the Town of West Seneca, RKG Associates and Johnson Consulting which prevents release of the data analyzed and reported in SFA’s analysis.

#### **A. Summary Review of SFA Study**

The purpose of SFA’s study was to gain an understanding of the extensive work done by S&R including: the business model, market research, financial projections, site development, design/space considerations, and funding/financing scenarios so as to develop a five-year financial forecast, 30-year financial outlook, and economic impact analysis. To achieve that, SFA completed the following tasks:

- Analyzed the demographics, existing service providers and sports participation in the region.
- Analyzed the site, business model, and facility design.
- Forecasted the financial performance of each facility, and the economic impact of each facility.
- Identified potential contributors/challenges to success.
- Developed a set of recommended next steps.

SFA summarized the findings of their analysis in a 5 year proforma financial analysis showing the forecasted revenues and operating expenses for the proposed Town-owned Facilities, which was utilized by the developer to analyze possible funding options that the Town could use to build the Facilities.

In reviewing the financial pro forma prepared by SFA for the various revenue streams that would be generated by the Facilities, Johnson Consulting examined the growth rates for attendance for each respective revenue stream and membership numbers for the first five years of operation, and applied their professional opinion based on their analysis of the market.

##### **1. Variance in Growth Rates for Attendees**

In order to review the Financial Pro Forma prepared by SFA for various revenue streams at the West Seneca Community Center and Ice Arena/Events Center, Johnson Consulting first examined the growth rates for attendance for each respective revenue stream. Johnson Consulting concluded the growth rates

for years 2-5 were aggressive given the existing marketplace and presence of competitive facilities like The Rinks at HarborCenter and even the YMCA.

Additionally, Johnson Consulting felt that the initial membership numbers were high for Year 1 given the current market conditions, as well as the possibility that the hotel project will not be complete for Year 1. As such, the Year 1 membership numbers were reduced to a more conservative number. These growth rates will play an important role in projecting revenues for the facility as the more people projected to attend these events will drive more revenue at the facility.

The reasons for projecting lower growth rates and membership numbers include:

- Participation rates for sports are declining nationally over the past several years
- The demographics of the region may not yet support such strong growth, especially if the new residential development and/or hotel projects have not yet been completed prior to the opening of the Community Center.
- Given the existence of The Rinks at HarborCenter YMCA and other local facilities that host similar programming, there will be competition for users of the facility.

This is not to say, however, that the growth rates and membership numbers are unachievable. Rather, it is to point out that there will have to be considerable marketing efforts, as well as top-rate operational and management leadership at the Facilities. Through subsequent discussions with SFA/SFM, Johnson Consulting has been able to better understand the successes of SFA/SFM at facilities they currently manage and operate. These discussions have included a review of a proprietary marketing, management and operations process that has been in place at other SFA/SFM facilities, and would also be implemented at the Facilities in West Seneca. For this reason, as well as the true multipurpose nature of the Community Center and Ice Arena/Events Center that separates the Facilities from local competition, Johnson Consulting can better understand the projected growth rates and membership numbers used by SFA, but the City of West Seneca should be aware of certain challenges within the marketplace.

The table below presents the growth rates for participation at the Ice Arena and Community Center.

**Table III-1**

<b>Participation Growth Rates</b>				
	<b>CHJC</b>			
	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
Memberships	5%	5%	5%	5%
Lil' Kickers	20%	15%	10%	10%
Soccer	15%	15%	5%	5%
Lacrosse	15%	10%	5%	5%
Football	15%	10%	5%	5%
Baseball / Softball	15%	15%	10%	5%
Field Rental	15%	5%	5%	0%
Basketball	15%	15%	5%	5%
Volleyball	20%	15%	5%	5%
Court Rental	15%	10%	5%	0%
Indoor Court Events	15%	5%	5%	5%
Aquatics	15%	5%	5%	5%
Performance Fitness	15%	5%	5%	0%
FEC	15%	10%	5%	10%
Play Climb	15%	5%	3%	3%
Sports Birthday Parties	15%	15%	5%	5%
Corporate and Group Events	15%	10%	5%	10%
Youth Programs	15%	15%	5%	5%
Ice Hockey	15%	10%	5%	5%
Ice Programs	15%	10%	5%	5%
Ice Rental	15%	10%	5%	5%
Ice Birthday Parties	15%	10%	5%	5%
Secondary Revenue Areas	15%	10%	5%	5%
Food & Beverage	15%	10%	5%	5%
<b>Average</b>	<b>15%</b>	<b>10%</b>	<b>5%</b>	<b>5%</b>

Source: SFA, Johnson Consulting

## 2. Variance in Growth Rates for Fees

Another factor that will contribute to the Financial Pro Forma is the fee charged per activity/membership at the Community Center. As Johnson Consulting reviewed the Pro Forma provided by SFA, it was concluded that more conservative growth rates for fees should be applied due to the demographics of the region and the competition from other facilities in the region. Since the costs associated with running an ice facility are higher than other indoor sports facilities, Johnson Consulting feels the growth rates for fees at the Ice Arena/Events Center are fair and reasonable.

The table below provides the growth rate for fees Johnson Consulting would recommend.

**Table III-2**

<b>Fees Growth Rates</b>				
	<b>CHJC</b>			
	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
Memberships	0%	5%	0%	5%
Lil' Kickers	0%	5%	0%	5%
Soccer	0%	5%	0%	5%
Lacrosse	0%	5%	0%	5%
Football	0%	5%	0%	5%
Baseball / Softball	0%	5%	0%	5%
Field Rental	0%	5%	0%	5%
Basketball	0%	5%	0%	5%
Volleyball	0%	5%	0%	5%
Court Rental	0%	5%	0%	5%
Indoor Court Events	0%	5%	0%	5%
Aquatics	0%	10%	0%	5%
Performance Fitness	0%	10%	0%	5%
FEC	0%	10%	0%	5%
Play Climb	0%	10%	0%	5%
Sports Birthday Parties	0%	5%	0%	5%
Corporate and Group Events	0%	5%	0%	5%
Youth Programs	0%	5%	0%	5%
<b>Average</b>	<b>0%</b>	<b>6%</b>	<b>0%</b>	<b>5%</b>

Source: SFA, Johnson Consulting

### 3. Variance in Financial Pro Forma

For the review of the overall Financial Pro Forma, Johnson Consulting created two scenarios for the West Seneca Community Center and Ice Arena/Events Center: a base case and worst case. The 'base case' and 'worst case' scenarios reflect projections compiled by Johnson Consulting. Each scenario reflects different totals in revenues for Years 1-5 based on changes to the assumptions within the Pro Formas, including the level of memberships sold at the Community Center, growth rates for attendees, growth rates in fees, Ice Rental rates, number of Special Events, and numbers of events held for specific activities. It was assumed by Johnson Consulting for the 'worst case' that the Community Center was opened prior to the hotel and residential units in order to show how the financial performance of the Community Center might be altered by a change in the development schedule.

For the Ice Arena and Events Center, the main difference in projected revenues resulted from a reduction in number of Special Events for both the 'base case' and 'worst case.' The main reason for the reduction of Special Events is the competition from other special event venues in the Upstate New York area, especially Buffalo, Niagara Falls and Rochester. Johnson Consulting was informed that the management team for the Ice Arena and Events Center would include several team members with significant special events and concert experience. This information, along with demographics of the region and the competition from other facilities, was taken into consideration for the projections

**Table III-3 – West Seneca Community Center**

Revenue	Base Case					Worst Case				
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 1	Year 2	Year 3	Year 4	Year 5
Memberships	\$2,797,041	\$3,377,645	\$3,742,295	\$3,929,410	\$4,319,649	\$2,709,835	\$2,761,894	\$3,093,231	\$3,247,893	\$3,568,278
Lil' Kickers	\$78,268	\$98,221	\$121,887	\$137,443	\$162,066	\$78,270	\$95,845	\$113,961	\$126,972	\$144,955
Soccer	\$244,334	\$287,093	\$355,093	\$382,120	\$421,288	\$244,340	\$280,991	\$339,297	\$356,261	\$392,778
Lacrosse	\$56,191	\$66,024	\$79,965	\$83,964	\$92,570	\$56,205	\$64,636	\$74,654	\$78,387	\$86,422
Football	\$66,601	\$78,254	\$94,775	\$102,039	\$112,498	\$66,660	\$76,659	\$88,541	\$92,968	\$102,497
Baseball / Softball	\$33,123	\$38,914	\$48,126	\$52,938	\$58,364	\$33,305	\$38,301	\$46,248	\$50,873	\$56,087
Field Rental	\$54,750	\$61,594	\$69,488	\$72,962	\$76,611	\$54,750	\$62,963	\$69,416	\$72,887	\$76,531
Basketball	\$150,584	\$180,706	\$223,618	\$234,799	\$258,865	\$150,480	\$173,052	\$208,960	\$219,408	\$241,898
Volleyball	\$37,231	\$45,606	\$56,403	\$59,223	\$65,294	\$37,320	\$44,784	\$54,077	\$56,781	\$62,601
Court Rental	\$21,900	\$24,638	\$28,456	\$29,879	\$31,373	\$21,900	\$25,185	\$29,089	\$30,543	\$32,070
Indoor Court Events	\$42,960	\$50,538	\$57,072	\$59,925	\$66,067	\$42,960	\$49,524	\$54,600	\$57,330	\$63,207
Aquatics	\$212,562	\$250,000	\$288,750	\$303,188	\$334,265	\$212,562	\$244,926	\$282,890	\$297,034	\$327,480
Performance Fitness	\$233,400	\$274,245	\$316,753	\$332,591	\$349,220	\$233,400	\$268,410	\$310,014	\$325,514	\$341,790
FEC	\$542,642	\$637,635	\$771,538	\$829,859	\$958,487	\$541,376	\$622,582	\$753,325	\$790,991	\$913,595
Play Climb	\$180,483	\$198,533	\$229,306	\$236,185	\$255,434	\$180,516	\$207,593	\$239,770	\$246,963	\$267,091
Sports Birthday Parties	\$62,400	\$74,880	\$92,660	\$97,293	\$107,266	\$62,400	\$71,760	\$86,650	\$90,983	\$100,308
Corporate and Group Events	\$114,200	\$134,185	\$166,290	\$179,126	\$206,891	\$114,200	\$131,330	\$151,686	\$159,270	\$183,957
Youth Programs	\$191,430	\$224,930	\$278,208	\$292,118	\$322,060	\$191,430	\$220,145	\$265,824	\$279,116	\$307,725
Secondary Revenue Areas	\$95,000	\$110,000	\$115,500	\$121,275	\$127,339	\$95,000	\$110,000	\$115,500	\$121,275	\$127,339
Food & Beverage	\$338,698	\$370,983	\$395,673	\$422,211	\$450,751	\$338,698	\$370,983	\$395,673	\$422,211	\$450,751
<b>Total Revenue</b>	<b>\$5,553,796</b>	<b>\$6,584,624</b>	<b>\$7,531,855</b>	<b>\$7,958,548</b>	<b>\$8,776,358</b>	<b>\$5,465,607</b>	<b>\$5,921,563</b>	<b>\$6,773,407</b>	<b>\$7,123,662</b>	<b>\$7,847,360</b>
Expenses	Year 1	Year 2	Year 3	Year 4	Year 5	Year 1	Year 2	Year 3	Year 4	Year 5
Memberships	\$966,518	\$1,064,374	\$1,173,348	\$1,232,015	\$1,347,812	\$936,384	\$870,336	\$969,842	\$1,018,335	\$1,113,370
Lil' Kickers	\$83,366	\$72,811	\$80,718	\$86,441	\$95,171	\$83,368	\$71,050	\$75,469	\$79,855	\$85,123
Soccer	\$95,994	\$101,310	\$121,295	\$130,527	\$141,639	\$95,997	\$99,157	\$115,899	\$121,694	\$132,054
Lacrosse	\$18,925	\$20,916	\$24,763	\$26,001	\$28,353	\$18,929	\$20,476	\$23,119	\$24,274	\$26,470
Football	\$24,347	\$25,478	\$30,121	\$32,429	\$35,338	\$24,369	\$24,958	\$28,140	\$29,546	\$32,196
Baseball / Softball	\$14,169	\$14,604	\$17,344	\$18,905	\$20,649	\$14,247	\$14,373	\$16,668	\$18,167	\$19,844
Field Rental	\$2,738	\$3,079	\$3,474	\$3,648	\$3,830	\$2,738	\$3,148	\$3,471	\$3,644	\$3,826
Basketball	\$62,261	\$67,487	\$81,152	\$85,210	\$92,643	\$62,218	\$64,629	\$75,833	\$79,625	\$86,570
Volleyball	\$17,623	\$19,842	\$23,895	\$25,090	\$27,360	\$17,666	\$19,484	\$22,910	\$24,055	\$26,232
Court Rental	\$1,095	\$1,232	\$1,423	\$1,494	\$1,569	\$1,095	\$1,260	\$1,454	\$1,527	\$1,604
Indoor Court Events	\$21,578	\$23,869	\$26,722	\$28,058	\$30,807	\$21,578	\$23,390	\$25,565	\$26,843	\$29,473
Aquatics	\$118,037	\$128,827	\$148,795	\$156,235	\$172,249	\$118,037	\$126,213	\$145,775	\$153,064	\$168,753
Performance Fitness	\$146,028	\$171,583	\$198,179	\$208,088	\$218,491	\$146,028	\$167,933	\$193,962	\$203,660	\$213,843
FEC	\$337,686	\$384,049	\$464,699	\$499,824	\$577,298	\$336,899	\$374,982	\$453,729	\$476,414	\$550,259
Play Climb	\$88,437	\$89,340	\$103,187	\$106,283	\$114,945	\$88,453	\$93,417	\$107,896	\$111,134	\$120,190
Sports Birthday Parties	\$23,856	\$28,627	\$34,647	\$36,379	\$39,679	\$23,856	\$27,434	\$32,400	\$34,020	\$37,106
Corporate and Group Events	\$45,680	\$51,773	\$61,024	\$64,972	\$73,638	\$45,680	\$50,672	\$55,665	\$57,770	\$65,476
Youth Programs	\$52,615	\$61,823	\$75,964	\$79,762	\$87,660	\$52,615	\$60,507	\$72,583	\$76,212	\$83,758
Secondary Revenue Areas	\$19,000	\$2,200	\$23,100	\$24,255	\$25,468	\$19,000	\$2,200	\$23,100	\$24,255	\$25,468
Food & Beverage	\$211,655	\$232,334	\$247,989	\$264,831	\$282,958	\$211,655	\$232,334	\$247,989	\$264,831	\$282,958
<b>Total COGS</b>	<b>\$2,351,609</b>	<b>\$2,565,559</b>	<b>\$2,941,838</b>	<b>\$3,110,448</b>	<b>\$3,417,558</b>	<b>\$2,320,812</b>	<b>\$2,347,954</b>	<b>\$2,691,467</b>	<b>\$2,828,926</b>	<b>\$3,104,573</b>
<b>Gross Margin</b>	<b>\$3,202,187</b>	<b>\$4,019,065</b>	<b>\$4,590,017</b>	<b>\$4,848,100</b>	<b>\$5,358,800</b>	<b>\$3,144,795</b>	<b>\$3,573,608</b>	<b>\$4,081,940</b>	<b>\$4,294,736</b>	<b>\$4,742,788</b>
% of Revenue	58%	61%	61%	61%	61%	58%	60%	60%	60%	60%
Facility Expenses	\$429,718	\$437,310	\$450,429	\$463,942	\$477,860	\$429,718	\$437,310	\$450,429	\$463,942	\$477,860
Operating Expense	\$516,011	\$540,128	\$558,391	\$569,320	\$588,552	\$516,011	\$540,128	\$558,391	\$569,320	\$588,552
Management /Admin Payroll	\$569,320	\$580,706	\$592,321	\$604,167	\$616,250	\$569,320	\$580,706	\$592,321	\$604,167	\$616,250
Payroll Taxes /Benefits /Bonus	\$396,092	\$456,248	\$498,571	\$521,792	\$559,856	\$396,092	\$456,248	\$498,571	\$521,792	\$559,856
<b>Total Operating Expenses</b>	<b>\$1,911,141</b>	<b>\$2,014,392</b>	<b>\$2,099,712</b>	<b>\$2,159,221</b>	<b>\$2,242,518</b>	<b>\$1,911,141</b>	<b>\$2,014,392</b>	<b>\$2,099,712</b>	<b>\$2,159,221</b>	<b>\$2,242,518</b>
<b>EBITDA</b>	<b>\$1,291,046</b>	<b>\$2,004,673</b>	<b>\$2,490,305</b>	<b>\$2,688,879</b>	<b>\$3,116,282</b>	<b>\$1,233,654</b>	<b>\$1,559,216</b>	<b>\$1,982,228</b>	<b>\$2,135,515</b>	<b>\$2,500,270</b>

Source: Johnson Consulting

**Table III-4 - Ice Arena and Events Center**

Revenue	Base Case					Worst Case				
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 1	Year 2	Year 3	Year 4	Year 5
Ice Hockey	\$134,200	\$155,210	\$188,258	\$199,424	\$219,118	\$134,200	\$155,210	\$188,258	\$199,424	\$219,118
Ice Programs	\$17,600	\$20,240	\$24,490	\$25,715	\$28,351	\$17,600	\$20,240	\$24,490	\$25,715	\$28,351
Ice Rental	\$635,000	\$654,050	\$741,039	\$763,270	\$825,476	\$608,000	\$523,240	\$592,831	\$610,616	\$660,381
Birthday Parties	\$38,400	\$44,160	\$53,434	\$56,105	\$61,856	\$38,400	\$44,160	\$53,434	\$56,105	\$61,856
Special Events	\$360,000	\$496,800	\$628,452	\$725,862	\$800,263	\$176,000	\$253,440	\$335,174	\$405,561	\$447,131
Secondary Revenue Areas	\$40,000	\$50,000	\$52,500	\$55,125	\$57,881	\$40,000	\$50,000	\$52,500	\$55,125	\$57,881
Food & Beverage	\$47,174	\$49,532	\$52,009	\$54,609	\$57,340	\$47,174	\$49,532	\$52,009	\$54,609	\$57,340
<b>Total Revenue</b>	<b>\$1,272,374</b>	<b>\$1,469,992</b>	<b>\$1,740,182</b>	<b>\$1,880,110</b>	<b>\$2,050,285</b>	<b>\$961,374</b>	<b>\$1,095,822</b>	<b>\$1,298,697</b>	<b>\$1,407,155</b>	<b>\$1,532,058</b>
Expenses	Year 1	Year 2	Year 3	Year 4	Year 5	Year 1	Year 2	Year 3	Year 4	Year 5
Ice Hockey	\$47,060	\$48,157	\$57,364	\$60,690	\$66,181	\$47,060	\$48,157	\$57,364	\$60,690	\$66,181
Ice Programs	\$6,524	\$6,440	\$7,428	\$7,715	\$8,412	\$6,524	\$6,440	\$7,428	\$7,715	\$8,412
Ice Rental	\$63,500	\$65,405	\$74,104	\$76,327	\$82,548	\$50,800	\$52,324	\$59,283	\$61,062	\$66,038
Birthday Parties	\$11,136	\$12,806	\$15,496	\$16,270	\$17,938	\$11,136	\$12,806	\$15,496	\$16,270	\$17,938
Special Events	\$23,879	\$28,834	\$33,304	\$36,718	\$40,481	\$11,674	\$14,710	\$17,762	\$20,515	\$22,618
Secondary Revenue Areas	\$8,000	\$10,000	\$10,500	\$11,026	\$11,576	\$8,000	\$10,000	\$10,500	\$11,026	\$11,576
Food & Beverage	\$25,731	\$27,018	\$28,368	\$29,787	\$31,276	\$25,731	\$27,018	\$28,368	\$29,787	\$31,276
<b>Total COGS</b>	<b>\$185,830</b>	<b>\$198,661</b>	<b>\$226,563</b>	<b>\$238,532</b>	<b>\$258,412</b>	<b>\$160,925</b>	<b>\$171,455</b>	<b>\$196,201</b>	<b>\$207,065</b>	<b>\$224,039</b>
<b>Gross Margin</b>	<b>\$1,086,544</b>	<b>\$1,271,331</b>	<b>\$1,513,619</b>	<b>\$1,641,577</b>	<b>\$1,791,873</b>	<b>\$800,449</b>	<b>\$924,367</b>	<b>\$1,102,496</b>	<b>\$1,200,090</b>	<b>\$1,308,018</b>
% of Revenue	85%	86%	87%	87%	87%	83%	84%	85%	85%	85%
Facility Expenses	\$329,790	\$334,459	\$344,492	\$354,827	\$365,472	\$329,790	\$334,459	\$344,492	\$354,827	\$365,472
Operating Expense	\$176,822	\$174,981	\$176,563	\$176,687	\$176,843	\$176,822	\$174,981	\$176,563	\$176,687	\$176,843
Management /Admin Payroll	\$169,000	\$182,100	\$194,166	\$204,011	\$210,550	\$169,000	\$182,100	\$194,166	\$204,011	\$210,550
Payroll Taxes /Benefits /Bonus	\$94,424	\$101,125	\$109,995	\$115,515	\$121,293	\$94,424	\$101,125	\$109,995	\$115,515	\$121,293
<b>Total Operating Expenses</b>	<b>\$770,036</b>	<b>\$792,665</b>	<b>\$825,216</b>	<b>\$851,040</b>	<b>\$874,158</b>	<b>\$770,036</b>	<b>\$792,665</b>	<b>\$825,216</b>	<b>\$851,040</b>	<b>\$874,158</b>
<b>EBITDA</b>	<b>\$316,508</b>	<b>\$478,666</b>	<b>\$688,403</b>	<b>\$790,537</b>	<b>\$917,715</b>	<b>\$30,413</b>	<b>\$131,702</b>	<b>\$277,280</b>	<b>\$349,050</b>	<b>\$433,860</b>

## B. Regional Inventories and Case Studies

Johnson Consulting undertook a comprehensive review of conditions of the surrounding markets and compiled case studies of comparable national sports complexes. The case studies provided in this section provide an understanding of demand for each of the facilities’ program, as well as its economic impact for its local community. Each of the case studies provide insights as comparable benchmarks and help identify the validity of the proposed business plan proposed by the developers for the Town-owned Facilities, as it relates to future operations and estimated attendance figures.

### 1. Local Facilities

Within a 60-minute drive-time radius of the proposed development in West Seneca there are several existing community sports and recreation facilities (Figure III-1) and Table III-12 at the end of this section. The projections used by SFA in its analysis assumed that nearly all of the members and users at the proposed Town-owned Facilities would come from within a 30-minute drive time. For the regional inventory in this section, Johnson Consulting extended the driving radius to 60 minutes to show the immediate competition for users, members and event demand at the proposed Facilities. It is likely that, given the current economic and demographic indicators in West Seneca and the region, the proposed Facilities would take away some or all of the users and/or members of existing local facilities. This should be considered when determining the overall impacts of the proposed Town-owned Facilities, and the entire Seneca Place development.

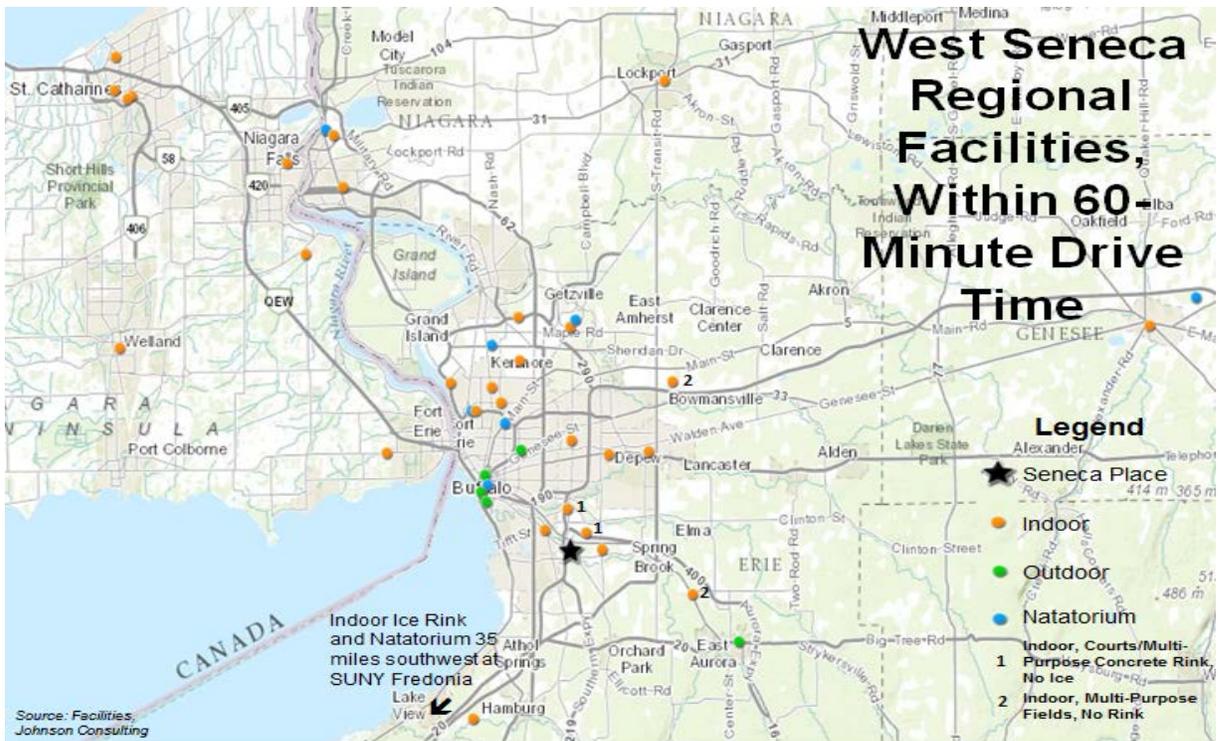


Figure III-1 – Comparable Facilities within a 60-Minute Drive Time

The following facilities located in West Seneca and in nearby Elma, New York, are identified on the map in Figure III-1:

**a) Harbor \Center**

A state of the art hockey development located in downtown Buffalo features a variety of mixed-use real estate facilities. Combining with the rink at First Niagara Center (home of the Buffalo Sabres), the Rinks at HarborCenter offers two additional NHL-size rinks that serve as home ice for the Buffalo Junior Sabres, Canisius College and Erie Community College. HarborCenter is scheduled to host a number of national and international hockey and sledge hockey tournaments for boys and girls, as well as high amateur and adult leagues. The facility hosts public skates and learn-to-skate programs as well. The overall development also offers the following:

- The Academy of Hockey, which provides on-ice, off-ice, and classroom programming to hockey players and coaches.
- IMPACT Sports Performance for specialized personal training.
- Marriott Hotel offering 205 rooms and 5,000 square feet of meeting space
- (716) Food and Sport restaurant.
- Tim Hortons Café & Bake Shop
- Parking structure for 750 cars.

**b) Buffalo Niagara Court Center (BNCC)**

This is an elite sport performance facility that attracts area high schools, colleges, non-profit organizations, and youth sport organizations. BNCC offers 25,000 square feet of space and has the ability to configure court space for a variety of different sports, including track, rugby, football, soccer, lacrosse, softball, baseball, tennis, gymnastics, and martial arts. Additionally, an annual AAU basketball tournament for Boys and Girls (14U-17U) is held at the facility, along with numerous Junior Club and Adult Volleyball leagues. BNCC also offers two 9 panel cheer floors that are utilized by local high schools, colleges and junior cheer squads.

**c) West Seneca Ice Rink**

Owned by the Town of West Seneca, the rink opens each year in October and is limited to the first 200 skaters. The single sheet of ice hosts skating lessons, ice hockey and public skates.

**Table III-5 – West Seneca Ice Rink Operations**

DAY	PROGRAM	TIME
Sunday	Public Skate	1:15 PM - 3:05 PM
Tuesday	Adult Skate (18+)	9:20 AM - 11:20 AM
Wednesday	Adult Skate (18+)	9:20 AM - 11:20 AM
Thursday	Adult Skate (18+)	9:20 AM - 11:20 AM
Thursday	Skate & Shoot (18+)	11:45 AM - 12:50 PM
Friday	Public Skate	7:00 PM - 8:50 PM
Saturday	Public Skate	7:00 PM - 8:50PM

**d) Southtowns Family YMCA**

As part of the Buffalo Niagara YMCA network, the Southtowns Family YMCA opened in 2003 and offers 70,000 square feet of indoor facilities, including:

- 1 lap pool
- 1 zero depth entry/kiddie pool
- 2 gymnasiums
- Locker rooms
- Fitness Center
- Multipurpose rooms

There are several special programs offered for members of all ages, including youth and adult leagues for soccer, basketball and volleyball. Additionally, day camps and specialty sport camps are offered on a seasonal basis, as well as traditional family wellness programming found at other YMCA locations. There are a variety of membership levels offered, ranging from \$15/month for a youth to \$75/month for a Masterkey Family membership that allows access to all five locations in the Buffalo Niagara YMCA network.

#### **e) American Indoor Street Hockey Center**

Opened in 1985, the facility offers roller hockey, floor hockey, lacrosse, Bubble Soccer and flag football. Floor Hockey is available Sunday through Thursday evenings for the summer and Saturday through Thursday for the fall and winter. Game fees are \$90 per team/per game and a \$35 team entrance fee is due upon registration, as well as a league registration fee of \$10 per player. Roller Hockey is available Friday evenings and Sunday mornings and afternoons for the summer and Monday, Friday and Saturday evenings for the fall and winter. Game fees are \$80-\$90 per team/per game based on 8/9+ players. A \$35 team entrance fee is due upon registration with a league registration fee of \$30 per player. The facility is available for rental and serves both adults and youth leagues.

#### **f) Sahlen Sports Park**

Totaling 200,000 square feet, the multi-sport indoor facility offers three open and one boarded field, a fitness center, soccer store and cafe. Recreational and advanced programming is offered for kids, as well as youth and adult leagues in soccer, lacrosse, flag football, softball and field hockey.

The facility consists of a full-sized indoor field, as well as one measuring 82 yards by 42 yards, and one measuring 96 yards by 35 yards. Each field can host soccer, lacrosse, flag football and field hockey. The boarded field is 42 yards by 21 yards and hosts a 5v5 instructional youth soccer league.

STA Sports Performance, located at the facility, offers adult fitness training, athlete sports performance training and rehabilitation treatment. Table III-5 summarizes the highlighted local facilities in West Seneca that would compete with the proposed facilities at the Town Facilities development.

**Table III-6 – Summary and Key Characteristics of Area Facilities**

Key Characteristics of Local Facilities							
	Proposed West Seneca Facilities	HarborCenter	Buffalo Niagara Court Center	West Seneca Ice Rink	Southtowns Family YMCA	American Indoor Street Hockey Center	Sahlen's Sports Park
Distance to Seneca Place Development (miles)	-	8.7	2.5	1.8	5	2.5	7.5
<b>Facilities</b>							
Outdoor surfaces	-	-	-	1	-	-	-
Indoor Facilities (sq. ft)	TBD	650,000	25,000	-	70,000	20,000	200,000
Baseball	✓	-	✓	-	-	-	-
Softball	✓	-	✓	-	-	-	✓
Football	✓	-	✓	-	-	✓	✓
Basketball	✓	-	✓	-	✓	-	-
Ice	✓	-	-	✓	-	-	-
Inline/Floor Hockey	-	✓	-	-	-	✓	-
Fitness	✓	✓	-	-	✓	-	-
Lacrosse	✓	-	✓	-	-	✓	✓
Soccer	✓	-	✓	-	✓	✓	✓
Volleyball	✓	-	✓	-	✓	-	-
Aquatics	✓	-	-	-	✓	-	-

Source: Johnson Consulting, Facility Websites, Google Maps

In addition to these nearby comparable sports and fitness facilities, there are numerous other commercial and public recreational facilities located throughout the greater Buffalo area. Recent announcements indicated others are in the planning stages.

## 2. National Case Studies

While there is no exact model for a sports complex, each complex described below has characteristics that are relevant to the planning and programming of the proposed Town-owned Facilities. While some of these facilities utilize different business models to generate revenue, they are all active participants in the community sports and fitness market. The success of these facilities, operating in similar demographic markets, creates the initial validation for similar development in West Seneca.

The identified national facilities (summarized in Table 12) include:

- Pleasant Prairie RecPlex – Pleasant Prairie, WI
- Upward Star Center – Spartanburg, SC
- Greensboro Sportsplex- Greensboro, NC
- Spooky Nood – Manheim, PA
- Branson RecPlex – Branson, MO

**Table III-7 – Summary and Key Characteristics of National Facilities**

Key Characteristics of Comparable Facilities and Markets						
	Proposed West Seneca Facilities	Pleasant Prairie RecPlex	Upward Star Center	Greensboro Sportsplex	Spooky Nook Sports	Branson RecPlex
Location	West Seneca, NY	Pleasant Prairie, WI	Spartanburg, SC	Greensboro, NC	Manheim, PA	Branson, MO
<b>Demographic Characteristics (2015)</b>						
Population	44,711	20,173	37,647	279,639	4,866	11,064
10 minute drive time radius population*	126,019	21,425	46,265	85,761	57,402	9,523
15 minute drive time radius population*	295,277	111,241	140,529	203,791	192,687	24,651
30 minute drive time radius population*	903,845	583,170	594,183	603,488	620,968	70,962
<b>Facilities</b>						
Indoor Facilities (sq. ft)	TBD	302,000	120,000	146,000	700,000	57,000
Baseball	✓	✓	✓	-	✓	✓
Softball	✓	✓	✓	-	✓	✓
Football	✓	✓	✓	-	✓	-
Basketball	✓	✓	✓	✓	✓	✓
Ice	✓	✓	-	-	✓	-
Fitness	✓	✓	✓	-	✓	-
Lacrosse	✓	✓	✓	-	✓	-
Soccer	✓	✓	✓	✓	✓	✓
Volleyball	✓	✓	✓	✓	✓	✓
Aquatics	✓	✓	-	-	-	✓

\* measured from facility

Source: Esri BAO, Johnson Consulting, facility websites

**a) Pleasant Prairie RecPlex in Pleasant Prairie, WI**

The facilities at the RecPlex consist of over 300,000 square feet and include the following

- 60,000 square foot field house for sports such as basketball, volleyball, fencing and martial arts.
- Fitness Center featuring over 40,000 square feet of workout equipment areas, childcare, racquetball, multipurpose studio, party rooms and a 1/6 mile indoor track.
- 79,000 square foot Ice Arena consisting of two NHL-sized sheets of ice.
- 42,000 square foot aquatic center featuring an Olympic size swimming pool (50 meter length) with seating for over 600 spectators.
- The RecPlex serves as a health and wellness facility for the community, while also hosting a wide variety of day camps, youth sports and adult sports leagues. Due to its location on the shores of Lake Andrea, the RecPlex also offers a number of meeting spaces to host banquets, weddings or summer picnics.



**Figure III-2 – The Pleasant Prairie RecPlex**

### ***(1) Operations***

The Municipal RecPlex was built over three phases between 2000 and 2010 and was dedicated to the Village of Pleasant Prairie. The RecPlex identifies itself as the largest municipal recreations complex in the U.S.

### ***(2) Demand Schedule***

According to facility management, the RecPlex has approximately 13,400 paid members including approximately 5,000 family memberships. On average, the RecPlex attracts approximately 1.5 million visitors per year through its various programs and events.

### ***(3) Funding***

The phases of development were made possible by a series of private donations, including one for \$4 million and another for \$8 million. The construction costs were not passed on to the taxpayers, and operating costs are covered by program and event revenues. The facility has an annual operations budget of approximately \$10 million with membership fees accounting for approximately \$3.5 million, programs accounting for approximately \$3 million, rentals accounting for approximately \$3 million and sponsorships generating approximately \$300,000-\$500,000 per year. Additionally, the RecPlex successfully negotiated an anchor tenant agreement with United Hospital System to offer rehab programs to its patients.

### ***(4) Observations***

The RecPlex has been very successful in attracting local residents to its venue since its inception in 2000. Through the various expansions and upgrades, the RecPlex has been able to position itself as a premier facility within the region. This facility somewhat mirrors the proposed programs of sports facilities at Seneca Place. Pleasant Prairie chose to build-up its facilities to meet an increase in demand, whereas Seneca Place will be building out the entire facility from the beginning. This could result in a lag in members and/or users while the facilities become a more known commodity in the region.

### b) Upward Star Center in Spartanburg, SC

The Upward Star Center is a state-of-the-art athletic facility in Spartanburg, South Carolina. Opened in September 2014 by Upward Sports, the world's largest Christian youth sports program, Upward Star Center is the company's latest extension of their 360 Progression programming that

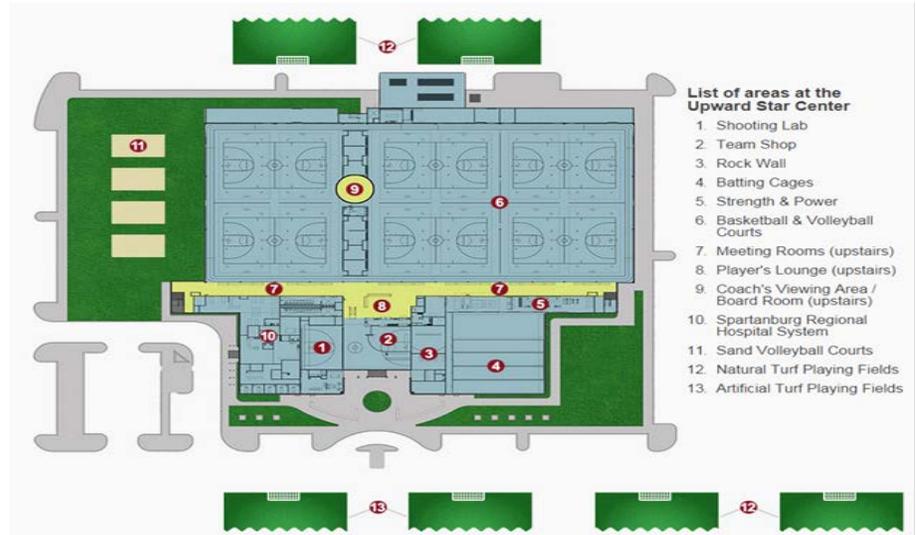


Figure III-3 – Layout of Upward Star Center

encompasses sport discovery and development and adapts the athlete into the performance level of youth sports. The 120,000 square-foot indoor facility includes:

- Six full-sized basketball courts
- 12 regulation indoor volleyball courts
- Running track
- Rock climbing wall
- Four batting cages
- Strength and conditioning area with weights and cardio machines
- Speed and agility area
- Café
- Seven meeting rooms
- Six team rooms
- Retail shop
- Shooting lab
- Multipurpose room
- The 60 acres of outdoor fields and courts offer the following:
  - Four lighted outdoor sand volleyball courts
  - Six grass fields for soccer, lacrosse and flag football
  - Outdoor concessions

#### (1) Demand Schedule

The Upward Star Center also serves as the hub for Upward Sports to train coaches and leaders, improve upon current coaching techniques and test plans for new sport development. In addition to serving as the home court and field of Upward Stars, the club-level and travel teams of Upward Sports, the new facility will host a variety of activities, including tournaments, competitions, training programs and corporate, community and team events. Local organizations, businesses and groups are able to rent space within the facility to host meetings

or events. Events at Upward Star Center will range from birthday celebrations to corporate team-building training to national and regional sports tournaments.



**Figure III-4 – Upward Star Center programs**

### **(2) Observations**

The facilities at the Upward Star Center offer a variety of surfaces and cater to a number of sporting events. Upward Sports took the unique approach of building up demand for a facility by first focusing on creating event demand. By building the reputation and reach of the organization they created a need for a central facility to accommodate demand. It is one approach that could appeal to the developers of the Town Facilities. Instead of building a large facility and hoping to draw events and members, the project could start with a smaller facility or alternate real estate development and generate need for a larger, expanded facility.

### **c) Greensboro Sportsplex in Greensboro, NC**

The Greensboro Sportsplex is an indoor and outdoor sports complex owned by the City of Greensboro and operated by the Parks & Recreation Department. The 106,000 square foot facility offers leagues, tournaments, team practices and open play for a variety of sports. Facility amenities include:

- Eight basketball/volleyball courts
- Three additional volleyball courts
- Four indoor multi-purpose fields
- Indoor in-line hockey rink
- Three outdoor multi-purpose fields



**Figure III-5 – Greensboro Sportsplex**

- Full work-out gym
- Lobby and concession stands
- Meeting rooms

### **(1) Demand Schedule**

The facility has no memberships, but rather, charges daily fees for open play use ranging from \$5 to \$7/per day depending on city residency and peak versus non-peak hours. Multiple-use punch cards at discounted prices are also available to patrons. A second source of income is from individual player league fees that vary depending on the sport and city residency from \$60 to \$130. Full teams can also enter leagues for fees ranging from \$200 to \$700. Courts and fields are also available for hourly rentals for \$25 to \$80 per hour. The volleyball, in-line hockey, and dodge ball leagues are run in house by Sportsplex staff. The basketball and indoor soccer programs are run by outside vendors who rent office space at the Sportsplex. The Rush fitness center is a privately run gym also located at the Sportsplex in leased space.

In addition to the house run leagues and programs, the Greensboro Sportsplex also hosts numerous regional and national tournaments throughout the year, including AAU Basketball, USSSA Basketball and Jr. Olympic Volleyball. These tournaments are typically held on weekends to avoid conflict with ongoing league play. The facility currently has five full-time managers and approximately 20 part time staff.

### **(2) Observations**

The Sportsplex offers an alternative revenue model to the proposed membership model of the Town Facilities. Because there is an existing membership based facility in West Seneca at the YMCA, this model could be something for the developers to consider should the existing members of the YMCA decide not to leave their current facility. A second membership-based facility could detract demand from an existing local facility.

#### **d) Branson RecPlex in Branson, MO**

The indoor facilities consist of the 44,000 square foot RecPlex which offers the following:

- a gymnasium that can be divided into two basketball courts or two volleyball courts
- bleacher seating
- concessions
- locker rooms
- 7,500 square foot Fitness Center
- 2,000 square feet of community rooms featuring a kitchen
- three-lane walking track (1/12 mile)
- The outdoor facilities cover 42 acres and offers:



Figure III-6 – The Branson RecPlex

- four baseball/softball fields with bleacher seating for 200 spectators, concessions and restrooms at each field
- soccer fields to accommodate 4 youth fields or 2 adult fields plus restroom facilities, bleachers and concessions
- Lastly, the 12,250 square foot AquaPlex offers:
  - aquatic park featuring water slides and zero depth entry
  - six lanes for lap swimming
  - a diving well

### **(1) Demand Schedule**

The RecPlex has hosted over 100 state and regional events for swimming, baseball, basketball, martial arts and tennis. Since the facility opened, there has been steady growth in the number of events and number of participants each year. In 2014, the Branson Parks and Recreation Department hosted 133,000 participants on over 1,000 teams for a total economic impact of \$9,350,320.

### **(2) Operations**

The Branson RecPlex opened in 2005 at a total cost of \$12.9 million and is operated by the Branson Parks and Recreation Department. A daily use fee of \$2 allows for use of the walking track and gymnasium. A one-year RecPlex Membership is available for \$35 a year / \$30 Resident Discount.

### **(3) Observations**

This facility provides another membership-based facility case study, but the RecPlex also hosts regional tournaments to generate additional revenues for the facility and Parks and Rec department. The Town Facilities would struggle to draw large-scale tournaments due to the proposed program of facilities, but could host local tournaments that could offset any deficits that occur in the early years of the facilities.

## **e) Spooky Nook Sports in Manheim, PA**

### **(1) Facilities**

Spooky Nook is known as the largest indoor sports complex in the United States. The entire complex has 700,000 square feet of indoor space and over 50 acres of outdoor area. These spaces translate in to the following breakdown:

- 10 Full-size Hardwood basketball courts,
- 10 Volleyball courts,
- 4 field hockey surfaces,
- 6 soccer fields,
- 1 60-yard indoor track,
- 1 full-size indoor baseball infield,
- Fitness Center,
- Rock Climbing Center,
- Multi-purpose rooms,
- Food Court,
- Arcade

## **(2) Operations**

The Facility was developed by a private group of investors, looking for an alternative to traveling with their children cross country for youth sports tournaments. The investing group led by Sam Belier, began developing Spooky Nook in November 2011. Opening two years later in 2013 – and having great success since – Spooky Nook prides itself as a complex where an athlete of any skill level is able to, “play, train, and compete.”

## **(3) Demand Schedule**

Spooky Nook is open year round except on Christmas and Thanksgiving. Since opening in 2013 the facility has held multiple events nearly every day. Spooky Nook has been able to attract large local and national sponsors such as: Pizza Hut, Gatorade, Best Western Plus, Hilton Garden Inn, Avis Cars, and Utz Quality Foods, Inc.

## **(4) Observations**

The Spooky Nook facility size and scale is incomparable to any other indoor sports complex in the United States. Because of this management has the flexibility to simultaneously host a unique variety of events – whether it is sport, fitness, or entertainment related. The private full funding of the facility also gives management financial freedom. Recently Spooky Nook partnered with the U.S. Women’s Field Hockey team, who train at the complex year round. The complex has slowly expanded since opening in 2013 and is expecting to further expand its outdoor facilities in the coming years.

## **3. Conclusions**

The key for a successful development of the Town-owned Facilities is to provide facilities that will serve the existing market, while also allowing for expandable space and flexible programming to adjust to the changing market in the future. The Facilities are proposed to offer a wide variety of space and programming to the West Seneca market. In effect, it would compete with several existing local facilities – whether it is ice facilities like HarbourCenter or community fitness and recreation centers like the YMCA. As a membership based facility, it will be critical to attract new members early on so that the facility generates enough demand to justify the proposed program.

Overall, with the similar facilities located both nationally and regionally, Johnson Consulting has validated the feasibility for the proposed mixed-use Facilities if the ownership and management can show that the proposed development is a step above existing local inventory. While there is a large inventory of ice and fitness facilities in the West Seneca region, only HarborCenter could compete with the proposed ice facility located adjacent to and as part of a new mixed-use town center project such as Seneca Place. There should be consideration given to the need for an ice facility in West Seneca given how expansive and close HarborCenter is to the Seneca Place location.

Nationally, the most comparable facility to the proposed Facilities is the Pleasant Prairie RecPlex. There, the facility was developed over several phases as the demand for athletic facilities grew in the community. It should be noted, however, that the facility took several years to grow to its current size. While the Pleasant Prairie RecPlex serves a slightly smaller market than the Town Facilities in West Seneca, it would be wise to follow a similar strategy of phasing development so that the market can dictate the appropriate size of the development.

### C. Participatory Sports Trends

Over the last two decades, sports facilities have and can become destination tourism generators as well as service the local needs of recreation if marketing strategies are targeted that way. Whereas two decades ago the common tactic was to develop single-purpose facilities with the intent to serve as a local community resource, today's facilities are often developed with the intent of attracting a multipurpose niche of visitors to an area. As a result, they are portrayed based on their ability to induce economic activity through an increasingly diversified demand. As this has occurred, society has also become more mobile and time constraints for families much greater, which has translated to the rise of short duration, purpose-driven trips that coincide with tournament and competition lengths.

For communities, entertainment and sports marketing has led to changes in development strategies and the emergence of facilities and attractions that offer either niche focused venues or multipurpose venues, and fee-for-service amenities that appeal to everyone. In addition to the factors mentioned above, the following characteristics have also contributed to this evolution:

- Heightened expectations that facilities or programs demonstrate some degree of “return.” Historically, facilities were built by Parks and Recreation and other municipal departments for civic and social service. For sports facilities that are typically not self-supporting, the rationale for development is often infused with discussion of the value it creates for the community through increased visitation, and thus, fiscal return based on increased lodging, restaurants, or retail spending. In this instance, sports facilities are positioned or portrayed as an economic development vehicle, rather than a community resource.
- Increasing expectation by elected officials that selected public sector functions can be operated as enterprise accounts (e.g. use fees to minimize operating support). This trend is most notable in sports facility operations where recent fiscal constraints have led to increased reliance on revenue self-generation for programs ranging from leagues to tournaments to skills training sessions.
- The changing dynamics of the sectors that use these facilities, as well as the changed expectations of participants. Tournament and league organizers are looking to maximize the yield for staging events and, as such, look for the facility that offers the best mix of concessions, rental rates, capacity, and hotel packages.
- A more competitive environment has been fueled by an increased range of facility types. As the development of private recreation offerings has increased so to have the range of options available to the users. In the instance of sports, the community recreation center or YMCA were once the only options, today there may be numerous options. As such, each facility works hard to distinguish itself in a region, and often relies on the continual addition (or subtraction) of amenities such as multiple fields and courts, high-end locker rooms, increased seating or concessions to maintain appeal.
- Increased specialization and sophistication in design and makeup of the facilities has also changed. Facilities are now designed with the specific mission of the building in

mind and create an atmosphere with amenities that drive the specialized business of the facility, such as “Championship Stadiums” that target national and regional tournament play.

For West Seneca, the challenge in developing a new sports complex is to design specialized facilities that will accommodate enough demand (e.g. attract visitors and events) to justify development while ensuring that these facilities are distinct in relation to other regional offerings. This also must be done in a way that attracts sports tourism while also satisfying the needs of local sports/recreation leagues who will utilize the facility during the week when there are no tournaments. In analyzing the potential for a multipurpose facility, Johnson Consulting considered the following framework questions:

1. Is there sufficient national and local market demand to support these uses?
2. What are the demand trends associated with sports tourism and local recreation?
3. What physical program should be developed?
4. Is there a baseline venue starting point that can be embellished over time?

This section of our report addresses questions 1 and 2, and provides a basis for addressing questions 3 and 4.

### 1. Team Sports Participation

The following analysis of team sports participation is based upon data presented in the 2014 Sports and Fitness Industry Association (SFIA) Trends in Team Sports report (the most recent issue). The analysis defines participants, participation, and participation rates as follows:

**Figure III-7**



Since the recession, several team sports have experienced a steady decline throughout the U.S. As shown in the following table, only a handful of team sports were able to grow during the recession, while several experienced sharp declines in participation rates. The largest increase in Average Annual Growth (2008-2013) was Rugby (13.8 percent), followed by Lacrosse (10.8 percent), Field Hockey (5.9 percent) and Sand/Beach Volleyball (3.6 percent). The largest

decline was recorded in Wrestling (-10.9 percent), followed by Touch Football (-7.3 percent), Paintball (-6.8 percent), Slow-pitch Softball (-6.6 percent), Flag Football (-5.1 percent) and Tackle Football (-4.6 percent). Sports such as Basketball, Indoor/Outdoor Soccer, Fast-pitch Softball and Cheerleading saw minor increases or decreases over the same time frame.

**Table III-8**

<b>Participation in Selected Team Sports (2008-2013)</b>		
<b>Sport</b>	<b>Total % Growth (2008-2013)</b>	<b>Average Annual Growth (2008-2013)</b>
Rugby	81.0%	13.8%
Lacrosse	65.9%	10.8%
Field Hockey	31.4%	5.9%
Ice Hockey	27.9%	5.1%
Gymnastics	25.1%	4.7%
Volleyball (Sand/Beach)	18.5%	3.6%
Ultimate Frisbee	13.9%	2.7%
Softball (Fast Pitch)	7.2%	1.6%
Soccer (Indoor)	7.0%	1.5%
Cheerleading	1.3%	0.3%
Soccer (Outdoor)	-8.9%	-1.8%
Basketball	-9.3%	-1.9%
Track and Field	-11.6%	-2.4%
Baseball	-14.5%	-3.0%
Volleyball (Court)	-15.2%	-3.2%
Roller Hockey	-17.2%	-3.4%
Volleyball (Grass)	-18.2%	-3.9%
Football (Tackle)	-21.2%	-4.6%
Football (Flag)	-23.3%	-5.1%
Softball (Slow-Pitch)	-28.9%	-6.6%
Paintball	-30.4%	-6.8%
Football (Touch)	-32.0%	-7.3%
Wrestling	-45.2%	-10.9%
Swimming on a Team	*11.7%	*5.7%

\* Only reported since 2011

Source: SFIA, Johnson Consulting

## 2. Team Sports Participation Growth and Decline

In order to understand how sports are currently trending – up or down – in terms of participation within specified age groups, Table III-8 provides a look at the top three team sports that are growing and declining in participation per age group. Lacrosse appears as a growing sport in each age group from ages 6-44 – reflecting the growing popularity of the sport – while Wrestling and various forms of Football (Tackle, Touch, Flag) highlight the top

declining sports. This table shows the growing need for facilities for unconventional sports such as Lacrosse and Rugby.

**Table III-9**

Greatest Average Annual Growth and Decline by Age Group				
Growing		Age Group	Declining	
Rugby	30.5%	6-12	Football (Touch)	-6.7%
Lacrosse	28.9%		Softball (Slow Pitch)	-6.5%
Ice Hockey	27.0%		Football (Tackle)	-5.8%
Rugby	16.2%	13-17	Wrestling	-14.4%
Roller Hockey	12.4%		Football (Flag)	-10.3%
Lacrosse	11.8%		Paintball	-9.6%
Lacrosse	15.6%	18-24	Wrestling	-17.5%
Cheerleading	7.6%		Paintball	-9.9%
Rugby	6.9%		Football (Touch)	-7.3%
Rugby	36.8%	25-34	Volleyball (Grass)	-7.6%
Lacrosse	20.9%		Softball (Slow Pitch)	-6.3%
Field Hockey	16.1%		Football (Touch)	-5.5%
Field Hockey	43.8%	35-44	Softball (Slow Pitch)	-5.1%
Rugby	39.8%		Football (Touch)	-4.6%
Lacrosse	21.1%		Soccer (Outdoor)	-3.4%
Roller Hockey	14.1%	45-54	Paintball	-10.1%
Rugby	12.4%		Softball (Slow Pitch)	-9.7%
Ice Hockey	8.3%		Wrestling	-9.2%

source: SFIA, Johnson Consulting

### 3. Core Participation Growth

Table III-9 shows the two-year and five-year average growth among core participants, and also defines core participation for each sport. Core participation rose for 9 of 24 sports from 2008 to 2013 (Five Year Avg. Growth). The greatest gainers were niche sports, including Rugby (7.8%), Lacrosse (7.6%), and Field Hockey (6.0%). Core participation also rose in Soccer (Indoor), Volleyball (Sand/Beach), Ice Hockey, Softball (Fast Pitch), Gymnastics and Ultimate Frisbee. Traditional team sports such as Basketball (-1.3%), Baseball (-3.5%) and Volleyball (Court) (-3.2%) saw core participation rates slightly decline.

**Table III-10**

<b>Core Participation Overall Trends</b>			
<b>Sport</b>	<b>Definition</b>	<b>2 Year Avg Growth</b>	<b>5 Year Avg Growth</b>
Rugby	8+ times	18.3%	7.8%
Field Hockey	8+ times	10.6%	6.0%
Lacrosse	13+ times	6.1%	7.6%
Soccer (Indoor)	13+ times	6.3%	2.8%
Swimming on a Team*	50+ times	-1.2%	-
Volleyball (Sand/Beach)	13+ times	8.3%	5.0%
Basketball	13+ times	0.0%	-1.3%
Ice Hockey	13+ times	5.3%	2.6%
Baseball	13+ times	-1.4%	-3.5%
Softball (Fast Pitch)	26+ times	9.2%	2.0%
Soccer (Outdoor)	26+times	-1.3%	-0.7%
Paintball	8+ times	1.1%	-12.2%
Football (Tackle)	26+ times	-2.6%	-3.3%
Football (Touch)	13+ times	2.0%	-5.5%
Volleyball (Court)	13+ times	-2.5%	-3.2%
Football (Flag)	13+ times	-0.4%	-5.5%
Volleyball (Grass)	13+ times	-7.4%	-5.7%
Gymnastics	50+ times	-1.8%	1.6%
Track and Field	26+ times	-5.0%	-1.9%
Roller Hockey	13+ times	7.4%	-4.7%
Wrestling	26+ times	-8.6%	-9.7%
Ultimate Frisbee	13+ times	-3.8%	0.5%
Softball (Slow Pitch)	13+ times	-3.8%	-6.8%
Cheerleading	26+ times	0.7%	-3.9%

\* Only reported since 2011

Source: SFIA, Johnson Consulting

#### **4. Core Participation by Income**

Table III-10 provides a breakdown of national core participation rates broken down by income. Not surprisingly, some of the highest participation rates in each sport come from the highest income group. This makes sense because of the cost of participating in leagues and paying for children to participate in club sports. Excluding the \$100,000+ income group, participation rates fluctuate among the four other income levels.

Table III-11

Core Participation Overall Trends					
Sport	Under \$25,000	\$25,000 - \$49,999	\$50,000 - \$74,999	\$75,000 - \$99,999	\$100,000+
Baseball	12%	23%	22%	16%	27%
Basketball	15%	21%	19%	15%	29%
Cheerleading	17%	20%	17%	12%	34%
Field Hockey	15%	27%	12%	13%	34%
Football (Flag)	21%	26%	18%	14%	22%
Football (Tackle)	17%	24%	20%	13%	27%
Football (Touch)	27%	24%	18%	12%	19%
Gymnastics	16%	24%	19%	12%	28%
Ice Hockey	8%	15%	22%	19%	36%
Lacrosse	6%	10%	16%	16%	51%
Paintball	25%	29%	14%	9%	23%
Roller Hockey	2%	13%	18%	26%	42%
Rugby	14%	27%	22%	12%	25%
Soccer (Indoor)	14%	22%	17%	14%	33%
Soccer (Outdoor)	13%	19%	16%	17%	35%
Softball (Fast Pitch)	12%	16%	16%	23%	33%
Softball (Slow Pitch)	13%	20%	18%	22%	27%
Swimming on a Team*	8%	16%	12%	21%	43%
Track and Field	12%	24%	12%	13%	40%
Ultimate Frisbee	27%	20%	17%	12%	25%
Volleyball (Court)	23%	19%	18%	12%	28%
Volleyball (Grass)	16%	17%	15%	14%	38%
Volleyball (Sand/Beach)	20%	27%	17%	17%	18%
Wrestling	12%	27%	14%	15%	32%

\* Only reported since 2011

Source: SFIA, Johnson Consulting

## 5. Core vs Casual Participation by Age

Table III-11 compares total participation among casual vs core participants, focusing on participants between 6-17 years of age (Definition of core participant provided in Table 3). Team sports participation has been trending down over the past decade, however, participation in team sports among children age 6-17 has increased slightly from 50% in 2012 to 51% in 2013. Overall, total participation is similar between the two age groups shown below (Ages 6-12; Ages 13-17), but older children are more likely to be core participants than younger children (Core participation for each sport is defined in Table III-9).

**Table III-12**

<b>Participation by Year of Age 6-17 (2012-2013) - U.S.</b>		
	<b>Ages 6-12</b>	<b>Ages 13-17</b>
<b>Casual</b>	11.3%	7.1%
<b>Core</b>	40.0%	43.6%
<b>Total Participation</b>	51.3%	50.7%

Source: SFIA, Johnson Consulting

## 6. Observations

The sports industry has seen participation rates for individual sports decline over the past several years, mainly due to the increase of specialization in sports. As club sports grew in popularity, so too did year-round play that prevented athletes from participating in multiple sports. Additionally, the decline in participation in traditional sports like basketball, baseball and volleyball (court) can be attributed to the emergence of niche sports like lacrosse, soccer (indoor) and rugby.

As a result of the emerging niche sports, and specialization across traditional sports, the competition for facilities has increased. Thus, it will be critical for the proposed Town-owned Facilities in West Seneca to target sports where current demand is unmet by existing facilities to help to ensure the new Facilities can capture a sufficient number of event days and, in turn, supplement use of the facility outside of national and regional tournaments. This becomes especially necessary as traditional sports continue to see participation rates decline. Facilities with the flexibility to host a variety of sports will have the greatest chance of success over the long-term as national participation rates fluctuate.

Table III-12 below lists the various competitive venues within the region.

Table III-13

Regional Facilities - Indoor/Multi-Purpose			
Facility	# of Ice Rinks	Concessions	Stadium Seating
Buffalo State Ice Arena	1	Yes	1,800
Hamburg Town Arena	1	NA	Yes
HarborCenter	2	Yes	1,800
Holiday & Leisure Twin Rinks	2	NA	Yes
Dwyer Arena	2	Yes	1,400
Northtown Center at Amherst	4	Yes	1,400
Cornerstone Arena	2	Yes	630
North Buffalo Rink	NA	NA	NA
Steele Hall Ice Arena	NA	Yes	Yes
American Indoor Street Hockey Center	NA	NA	NA
Sahlen's Sports Park	NA	Yes	NA
Buffalo Niagara Court Center	NA	NA	NA
Epic Sports and Fun Center	NA	No	NA
Dann Memorial Ice Rink at the Nichols School	2	NA	NA
Bud Bakewell Riverside Ice Rink	NA	NA	NA
Timothy J. Burvid Cazenovia Ice Rink	NA	NA	NA
Hyde Park Ice Pavilion	2	NA	Yes
Falletti Ice Arena	NA	NA	NA
West Seneca Ice Rink	NA	NA	NA
Recreation Center Arena	NA	NA	NA
Depew Ice Rink	NA	NA	NA
Lincoln Arena	NA	NA	NA
Brighton Arena	NA	NA	NA
Leisureplex	2	Yes	1,600
Gale Centre	4	Yes	2,170
Willoughby Memorial (Chippawa) Arena	1	NA	NA
Haig Bowl Arena	1	Yes	No
Bill Burgoyne Arena	1	Yes	160
Garden City Arena Complex	2	Yes	2,796
Seymour-Hannah Sports and Entertainment Centre	4	Yes	Yes
Welland Arena	2	NA	Yes

Source: Johnson Consulting, respective facilities

Regional Facilities - Outdoor			
Facility	Year Opened	# of Ice Rinks	Concessions
Buffalo RiverWorks	2015	2	Yes
Ice at Canalside	2014	1	Yes
Healthy Zone Rink	2008	1	NA
Rotary Rink	1991	1	Yes
Humboldt Basin Rink	2012	1	NA

Source: Johnson Consulting, relevant facilities

Regional Facilities - Natatorium		
Facility	Year Opened	# of Lanes
Buffalo State Kissinger Pool	2014 (Renovation)	6
Koessler Athletic Center Pool	2005 (Renovation)	6
Burt Flickinger Center	1994	NA
The Oxy Aquatic Center	1988	NA
Tonawanda Aquatic and Fitness Center	NA	NA
Alumni Arena Natatorium	NA	NA
Steele Hall Natatorium	2001	8
Pool at Genesee Community College	NA	6

Source: Johnson Consulting, respective facilities