THE ARC

Sporting and Events Complex

Feasibility Study
Final Report

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BALLARD*KING

& ASSOCIATES LTD

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Introduction

Ballard*King & Associates (B*K) has been contracted to complete a feasibility study for the Helena Regional Sports Association (HRSA). The feasibility study focuses on The ARC which is a proposed sport and events complex that would include an arena, indoor courts, indoor turf, and a natatorium with two pools.

B*K is a facility planning and operations firm based out of Denver, CO. A cornerstone of B*K's practice is the development of independent third-party operational plans. If the Helena Regional Sports Association were to move forward with the development of the ARC, B*K would receive no financial gain.

Executive Summary

B*K took a methodical approach to the development of the ARC feasibility study. It began with reviewing floor plans and cost estimates that HRSA has previously developed. This was followed by the completion of a market assessment which included looking at demographic information and developing participation data for the surrounding area. As the market assessment was in process, it became apparent that the ARC would likely be a facility with a state-wide draw, due in large part to the lack of these types of facilities in the state. Upon completion of the market assessment, HRSA provided data collected in focus group meetings, which was combined with a trend analysis. B*K spent a significant amount of time discussing the existing fairground operation, which led to program verification and the development of an operational plan. The HRSA was intimately involved with the development of the event schedule for the operational plan. B*K used a blend of industry best practices and current operations models for staffing.

- The demographics of the Primary Service Area (larger geographic area surrounding Helena) would suggest that a facility of this nature would be supported. The facility not only has appeal as an event venue, but serves an acute need for indoor athletic space, and indoor aquatics. This need is further defined in the participation statistics that were developed. Activities like exercise walking (38.3% of the population) and swimming (16.9% of the population) have a reach across the full age-spectrum, highlighting the fact that the ARC can be multi-generational in its services and programs.

- The trend analysis would suggest that Helena is in a very similar situation to many other parts of the country in that there is a lack of adequate indoor space. Many of the local groups try to use the school district and other facilities (YMCA), but as in-house programs of those groups have increased, outside user groups have been challenged with a lack of availability.

- A unique trend to Helena, and the state of Montana, is that while youth sports and the demand for indoor venues have increased, the market has not kept up. The combination of an arena (which can serve multiple purposes), dedicated indoor courts, dedicated indoor turf, and two bodies of water (competitive and leisure) will make this a facility with a state-wide appeal.

- The program for the facility is quite large, but appropriately placed on the fairground property. The fairgrounds and their staff are already in the business of renting facilities and running special events. They are currently at capacity and feel that the proposed indoor arena would allow them to enhance their current events and expand their reach. There are two areas where the fairground staff are not as well versed, offering programs to the public, and aquatic facilities. To address the programs, there are several organizations in and around Helena that have been engaged to help deliver these services. In terms of aquatics, there is the possibility of a partnership with the YMCA which currently operates an indoor pool in the area.

- In developing the operational plan, B*K took a two-tier approach breaking out the expense and revenues associated with the arena, courts and turf and comparing that to those of the natatorium. Those numbers were then combined to provide a 5-year projection for the full facility.

- Expense Model. To develop the expense model B*K applied their knowledge of best practices and engaged current management of the fairgrounds to understand how they operate facilities. The resulting expense model is reflective of a rental, program, and membership-based facility under one roof. It is important to note that the expense model does recommend allocation of dollars beginning year 1 into a reserve fund. Those dollars can then be used for facility improvements. It is possible that the part-time staffing for the facility may need to be increased over time. However, those increases in staffing will likely be offset by an increase in revenue.

- Revenue Model. For the revenue model to work, it will require continual managing by staff. If the event schedule were maxed out in the arena, it could negatively impact rental figures for the courts and turf and membership figures in the natatorium. However, if revenue was maximized in courts, turf, and membership it does not represent a significant enough dollar amount to offset the expenses of the full facility.

  B*K would characterize that the revenue model, especially for year 1, as moderate to slightly aggressive. Within the arena there are 27 different event types that have been identified with revenue sources coming from a combination of facility rental, admissions, and concessions. This list was developed based on feedback from groups in Helena and across the state. It will be imperative that these events are secured during the two-year window of construction. Post year 1 of operation, B*K would anticipate that the event list could see significant growth.

The event schedule for the natatorium is not aggressive but does include several events. Coordination between the natatorium events and "dry-side" events will be important to ensure participants and spectators from both areas have a good experience and ensure repeat business. A significant revenue line item for the natatorium is membership. Resident and non-resident membership of the facility represents half a million dollars and is achieved with a less than 5% market penetration rate. B*K would anticipate that penetration rate to increase, in particular if the YMCA were involved with the management of the pool, and their existing pool was shuttered.

The year 2-5 average of operations can be summarized as the following:

- $5,018,355 Expenses[1]
- $5,613,318 Revenue
- $594,964 Surplus
- 111.8% Cost Recovery Rate

[1] Within the expense line item there is $425,000 annually allocated to the capital improvement account.

Section I – Demographic Analysis

Ballard*King & Associates (B*K) has been contracted to update previous work completed for the Helena Regional Sports Association. The first step to complete this scope of work is to determine service areas for analysis and recreation/leisure activities.

B*K accesses demographic information from Environmental Systems Research Institute (ESRI) who utilizes 2020 Census data and their demographers for 2023-2028 projections. In addition to demographics, ESRI also provides data on housing, recreation, and entertainment spending and adult participation in activities. B*K also uses information produced by the National Sporting Goods Association (NSGA) to overlay onto the demographic profile to determine potential participation in various activities.

Service Areas: The information provided includes the basic demographics and data for the Immediate and Primary Service Area with comparison data for the State of Montana and the United States. For this study the Immediate Service Area is a larger boundary area than the City, with the Primary Service Area being the Helena region.

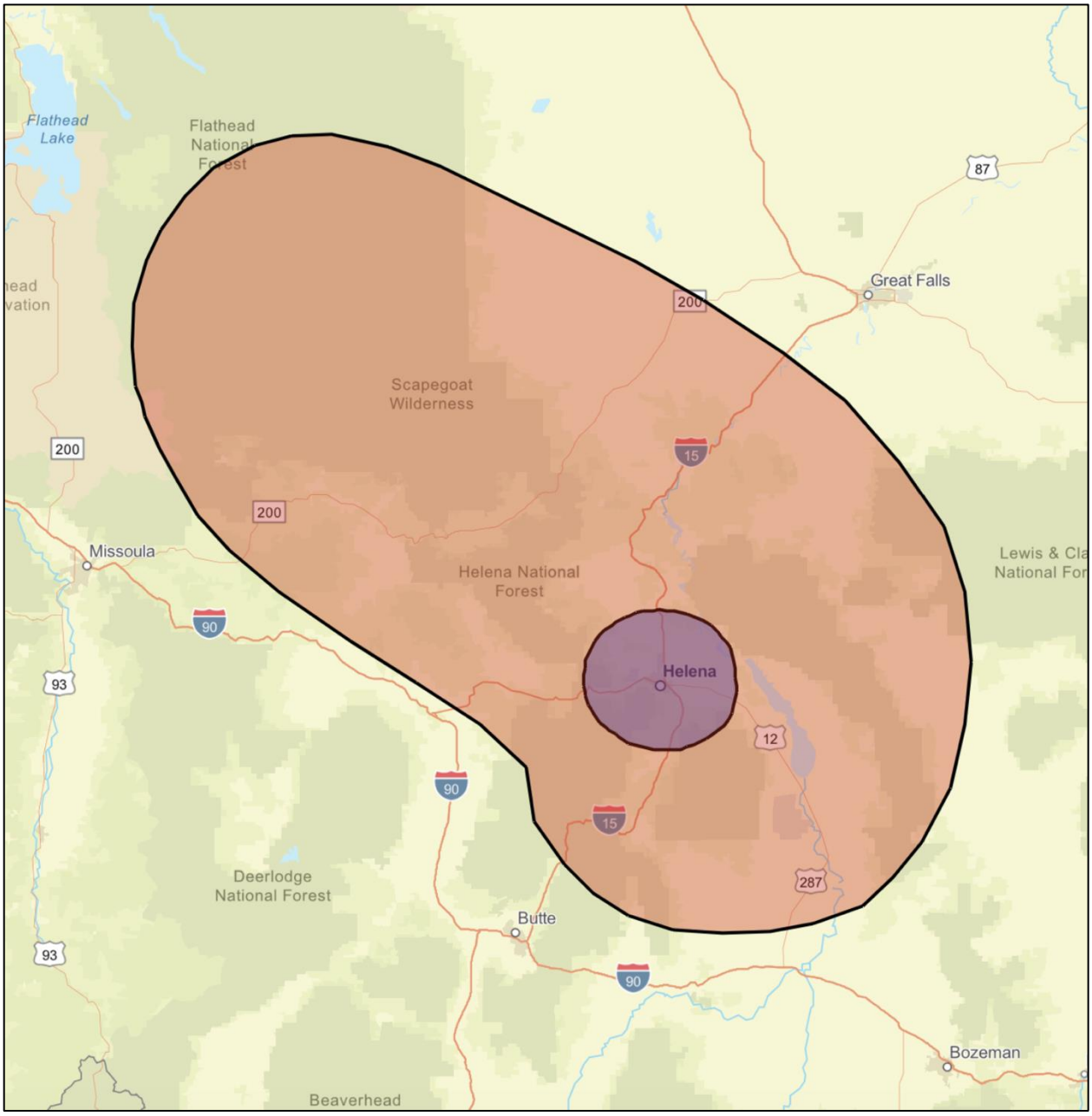
A unique attribute to this project is that the secondary area is the State of Montana. A primary goal of this project is to facilitate statewide events taking place in Lewis & Clark County and the facility is designed to accommodate statewide-size events. There is not another facility in the state that would have the depth and breadth of amenities proposed.

The Primary Service Area is defined as the distance people will travel on a regular basis (a minimum of once a week) to utilize recreation facilities. Use by individuals outside of this area will be much more limited and will focus more on special activities or events.

Service areas can flex or contract based upon a facility's proximity to major thoroughfares. Other factors impacting the use as it relates to driving distance are the presence of alternative service providers in the service area. Alternative service providers can influence participation, membership, daily admissions and the associated penetration rates for programs and services.

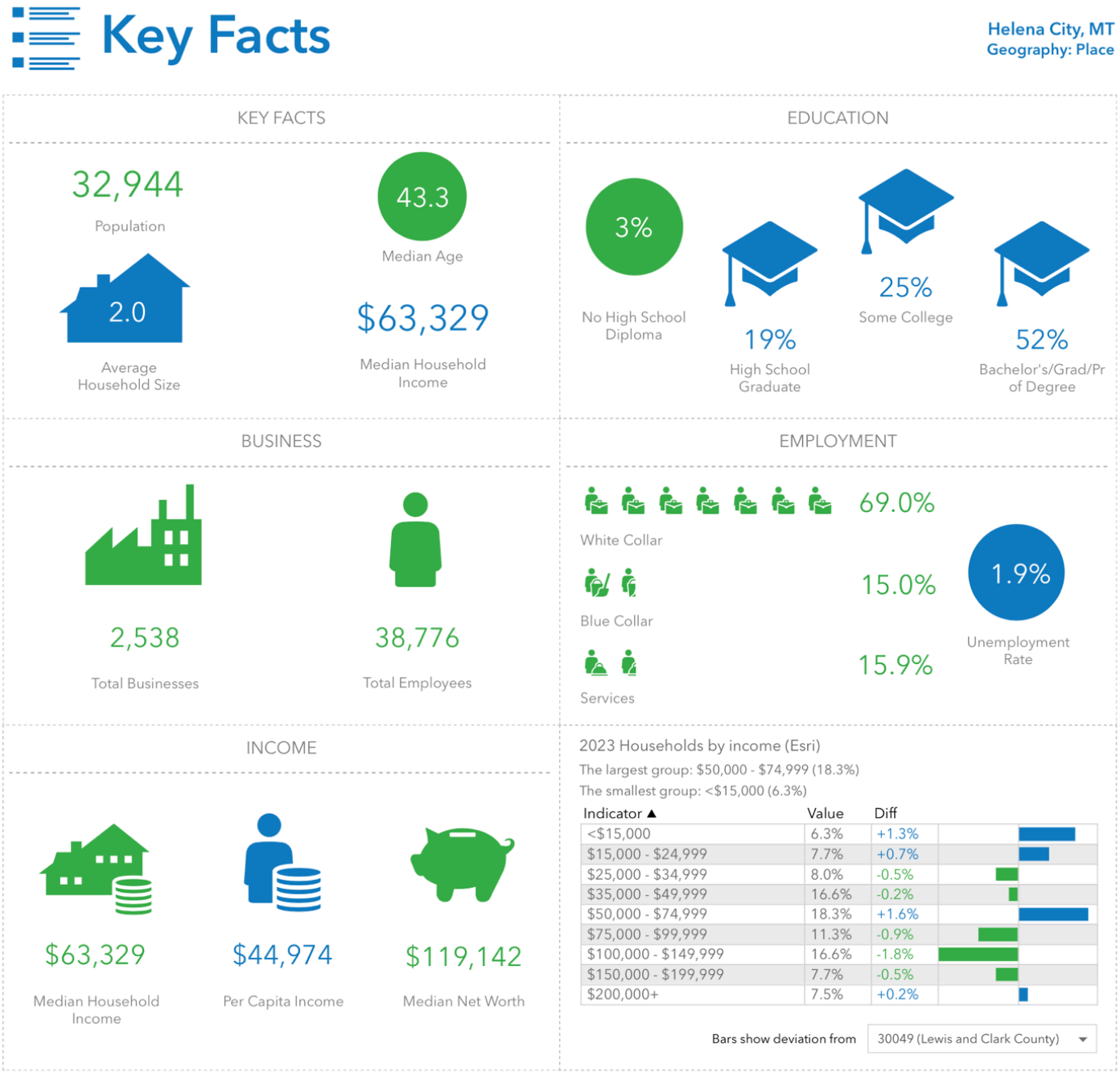
Service areas can vary in size with the types of components in the facility.

Service Area Map



- Blue Shaded Boundary –Immediate Service Area
- Red Boundary – Primary Service Area

Infographic



Households by Income comparison uses the City of Helena and compares it to Lewis and Clark County.

Demographic Summary

	Immediate Service Area	Primary Service Area
Population:		
2020 Census	71,131[2]	92,290[3]
2023 Estimate	73,884	95,733
2028 Estimate	76,646	98,818
Households:		
2020 Census	29,869	39,039
2023 Estimate	31,223	40,660
2028 Estimate	32,639	42,290
Families:		
2020 Census	17,897	23,613
2023 Estimate	19,236	25,315
2028 Estimate	20,051	26,241
Average Household Size:		
2020 Census	2.34	2.32
2023 Estimate	2.32	2.31
2028 Estimate	2.31	2.29
Ethnicity (2023 Estimate):		
Hispanic	4.2%	4.0%
White	88.4%	88.9%
Black	0.4%	0.4%
American Indian	1.8%	1.7%
Asian	0.8%	0.7%
Pacific Islander	0.1%	0.1%
Other	1.0%	1.0%
Multiple	7.5%	7.2%
Median Age:		
2020 Census	40.3	42.5
2023 Estimate	42.7	45.0
2028 Estimate	43.1	45.3
Median Income:		
2023 Estimate	$70,471	$66,810
2028 Estimate	$76,283	$73,703

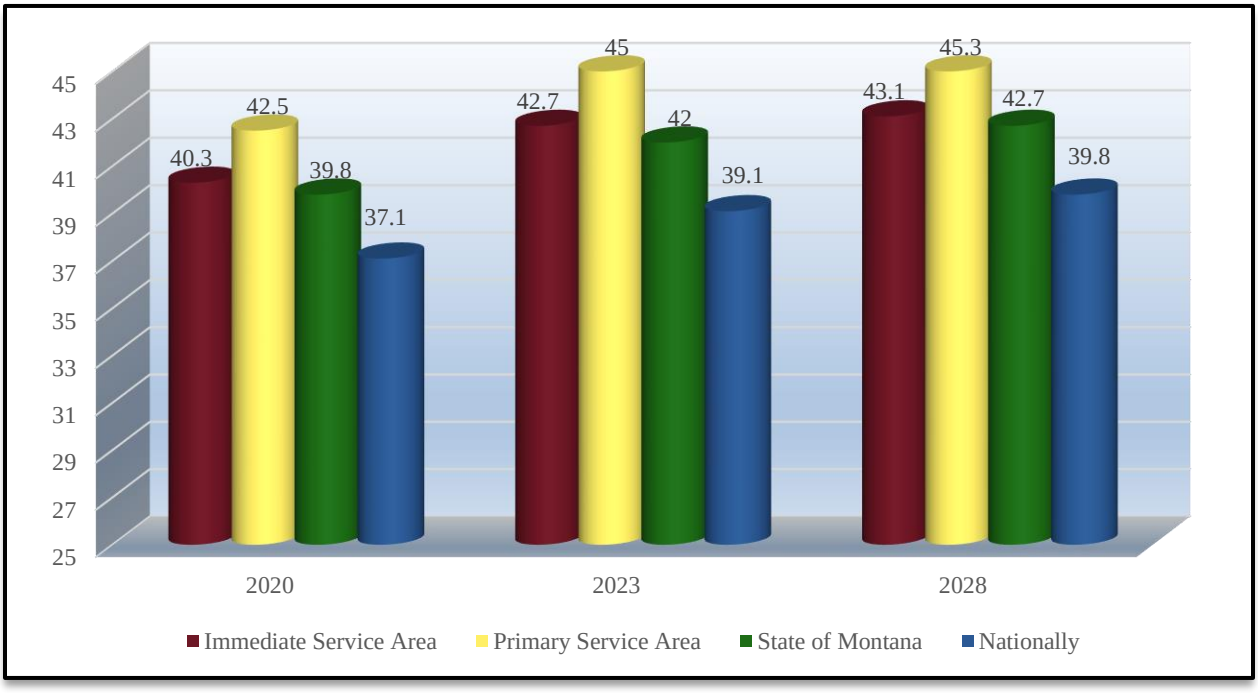
[2] From the 2010-2020 Census, the Primary Service Area experienced a 1.16% increase in population.
[3] From the 2010-2020 Census, the Secondary Service Area experienced a 1.08% increase in population.

Age and Income: The median age and household income levels are compared with the national number as both of these factors are secondary determiners of participation in recreation activities. The lower the median age, the higher the participation rates are for most activities. The level of participation also increases as the median income level goes up.

Table A – Median Age:

	2020 Census	2023 Projection	2028 Projection
Immediate Service Area	40.3	42.7	43.1
Primary Service Area	42.5	45.0	45.3
State of Montana	39.8	42.0	42.7
National	37.1	39.1	39.8

Chart A – Median Age:



The median age in the Primary and Secondary Service Areas is slightly higher than the State of Montana and higher than the National number. A higher median age points to service areas with older individuals (retirees) and families with older children. A lower median age typically points to the presence of families with children. Parks and recreation activities, programs and events draw a large demographic but tend to be most popular with youth and their parents. Grandparents are becoming an increasing part of the household though, as they care for and are involved with their grandchildren. It is also noteworthy that retirees and grandparents are staying active longer.

The following chart provides the number of households and percentage of households in the Primary and Secondary Service Areas with children.

Table B – Households w/ Children

	Number of Households w/ Children	Percentage of Households w/ Children
Immediate Service Area	8,436	28.5%
Primary Service Area	10,189	26.6%
State of Montana	-	26.2%

The information contained in Table-B helps further outline the presence of families with children. As a point of comparison in the 2023 USA Projection, 30.6% of households nationally had children present.

Median Age by Census Block Group Map

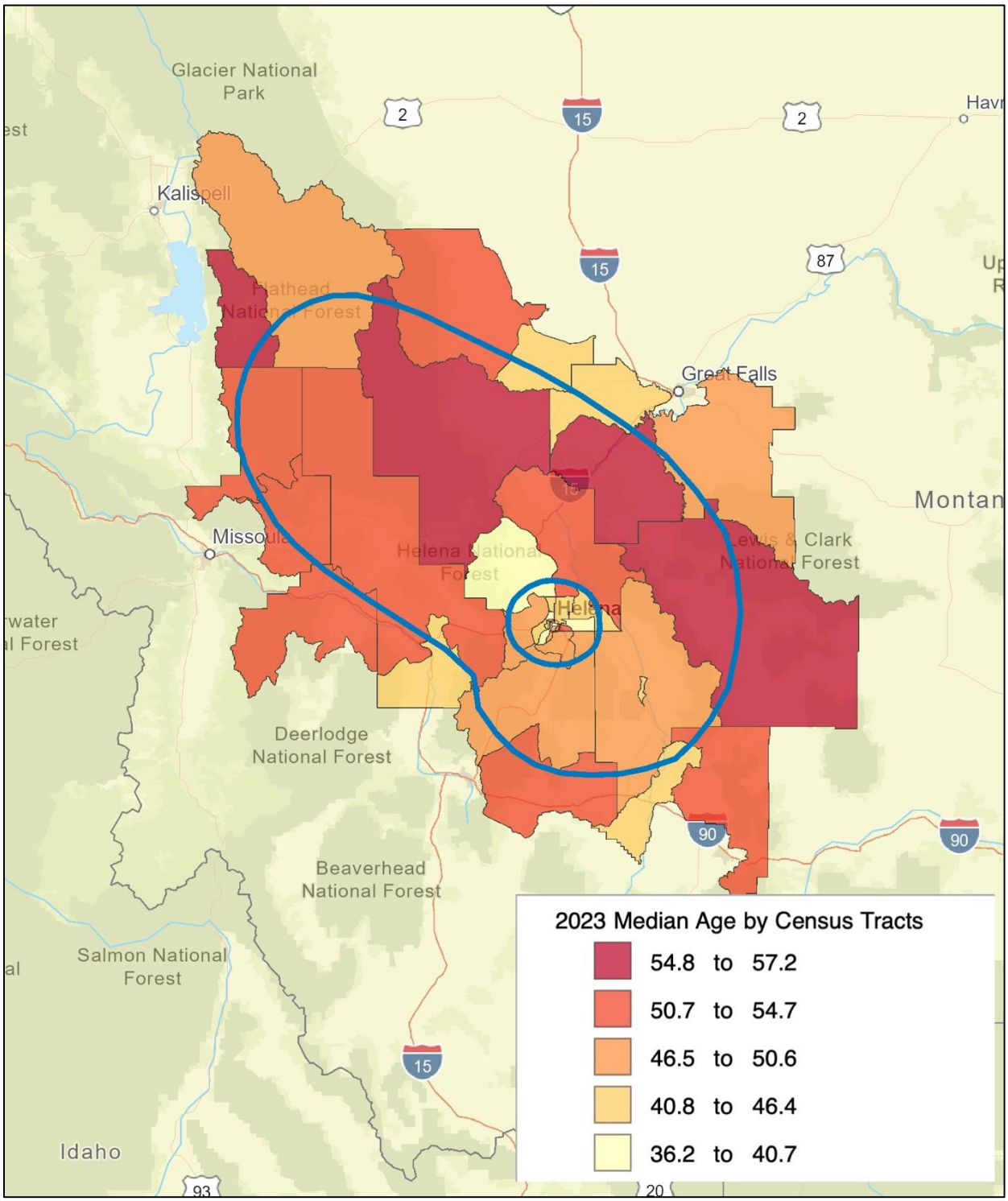
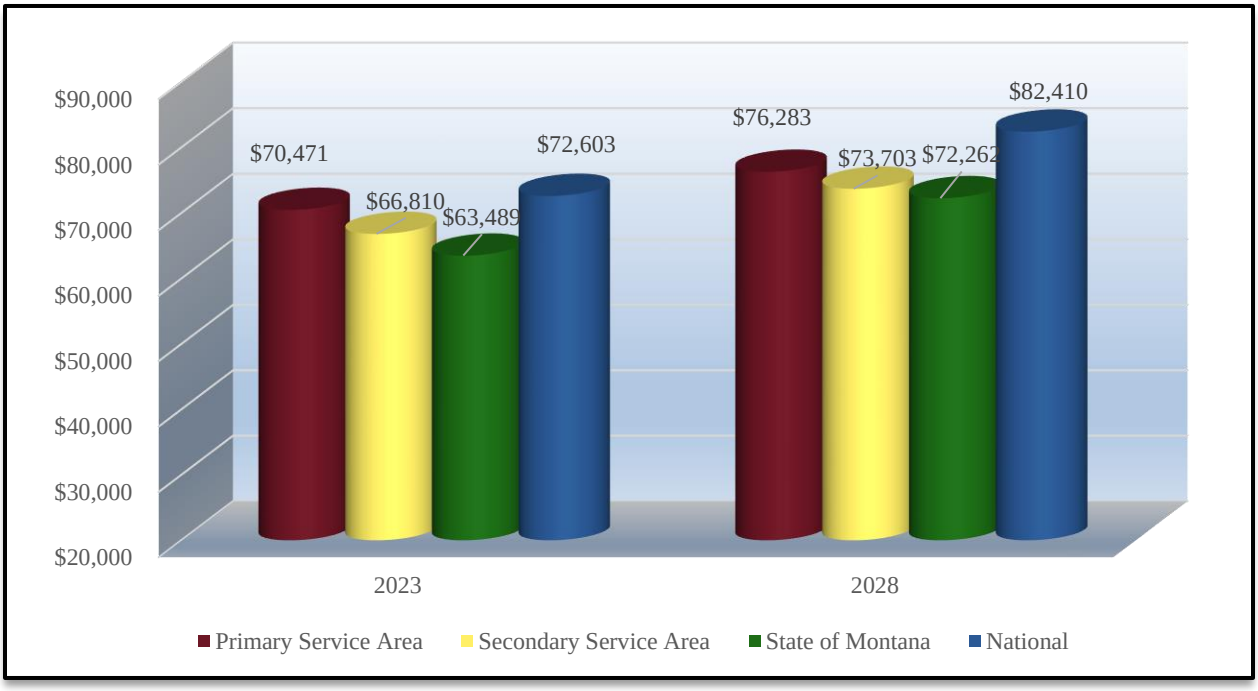


Table C – Median Household Income:

	2023 Projection	2028 Projection
Immediate Service Area	$70,471	$76,283
Primary Service Area	$66,810	$73,703
State of Montana	$63,489	$72,262
National	$72,603	$82,410

Chart C (1) – Median Household Income:



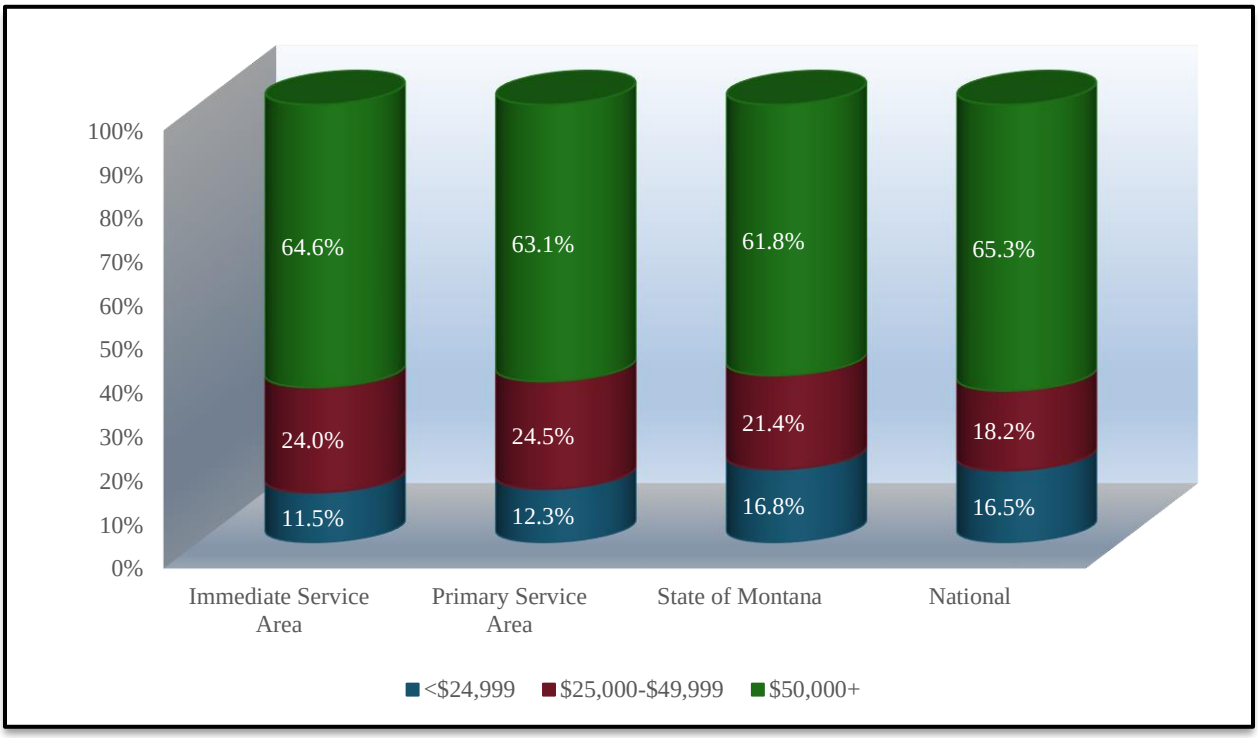
Based on 2023 projections for median household income the following narrative describes the service area:

In the Immediate Service Area, the percentage of households with median income over $50,000 per year is 64.6% compared to 61.6% on a national level. Furthermore, the percentage of the households in the service area with median income less than $25,000 per year is 11.5% compared to a level of 18.0% nationally.

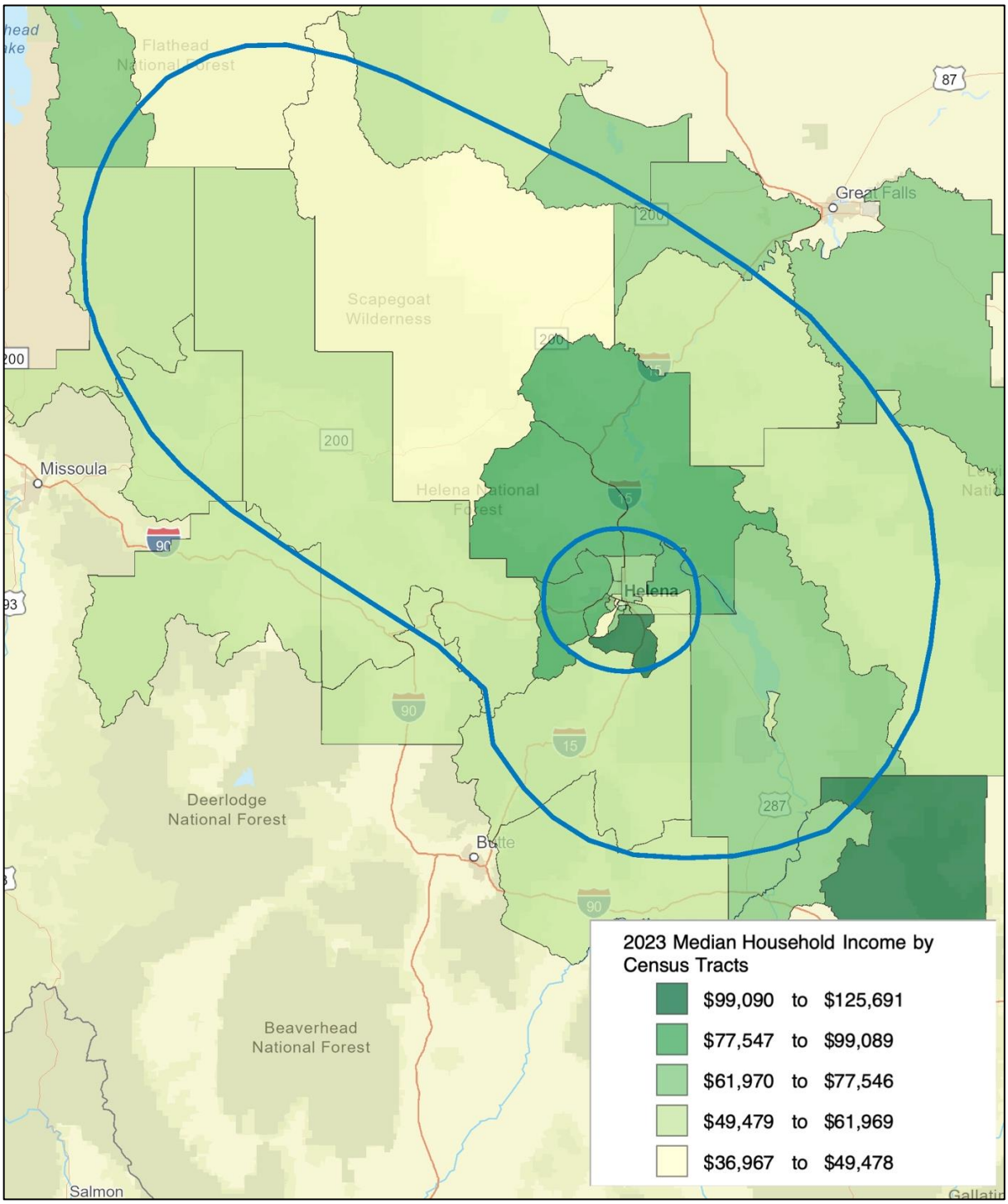
In the Primary Service Area, the percentage of households with median income over $50,000 per year is 63.1% compared to 61.6% on a national level. Furthermore, the percentage of the households in the service area with median income less than $25,000 per year is 12.3% compared to a level of 18.0% nationally.

While there is no perfect indicator of use of indoor recreation facilities, the percentage of households with more than $50,000 median income is a key indicator. Therefore, those numbers are significant and balanced with the overall cost of living.

Chart C (2) – Median Household Income Distribution



Household Income by Census Block Group Map



In addition to taking a look at the Median Age and Median Income, it is important to examine Household Budget Expenditures. Reviewing housing information; shelter, utilities, fuel and public services along with entertainment & recreation can provide a snapshot into the cost of living and spending patterns in the services areas. The table below looks at that information and compares the service areas.

Table D – Household Budget Expenditures[4]:

Immediate Service Area	SPI	Average Amount Spent	Percent
Housing	93	$28,295.78	33.0%
Shelter	92	$22,896.38	26.7%
Utilities, Fuel, Public Service	93	$5,399.40	6.3%
Entertainment & Recreation	93	$3,528.88	4.1%

Primary Service Area	SPI	Average Amount Spent	Percent
Housing	89	$27,160.30	32.7%
Shelter	88	$21,819.34	26.3%
Utilities, Fuel, Public Service	92	$5,340.96	6.4%
Entertainment & Recreation	93	$3,534.22	4.3%

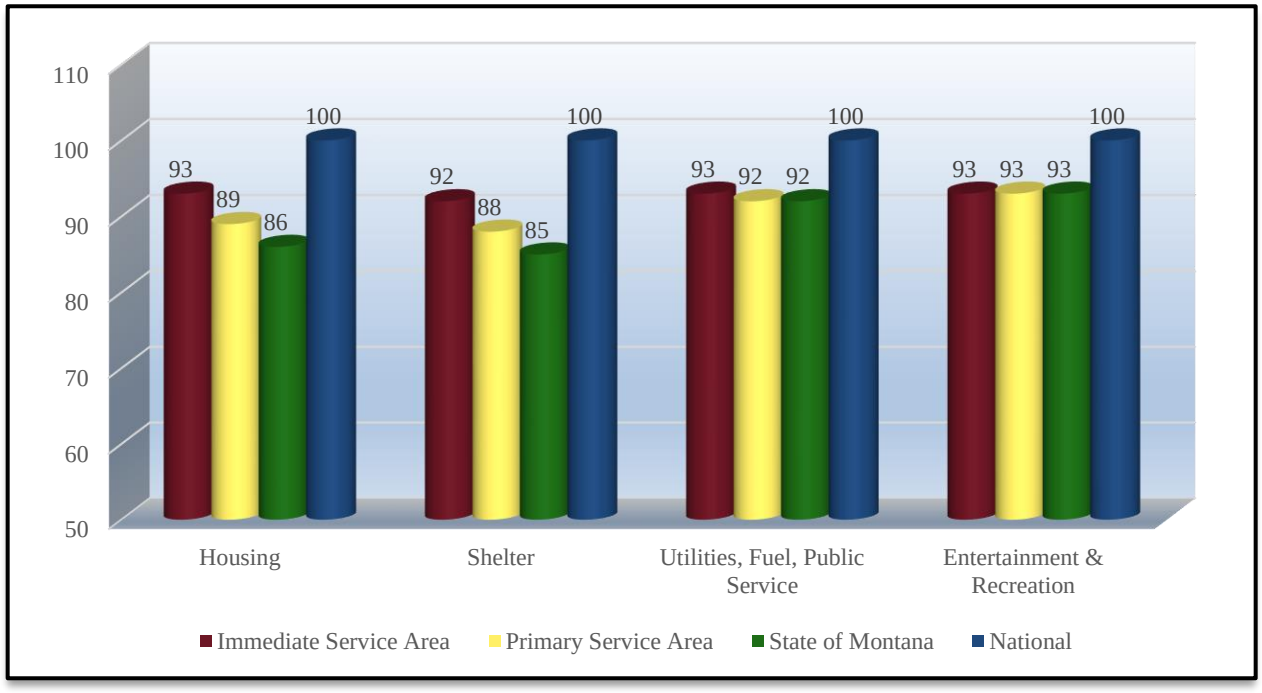
State of Montana	SPI	Average Amount Spent	Percent
Housing	86	$26,276.75	32.4%
Shelter	85	$20,954.76	25.8%
Utilities, Fuel, Public Service	92	$5,321.99	6.6%
Entertainment & Recreation	93	$3,527.62	4.3%

SPI: Spending Potential Index as compared to the National number of 100.
Average Amount Spent: The average amount spent per household.
Percent: Percent of the total 100% of household expenditures.

Note: *Shelter along with Utilities, Fuel, Public Service are a portion of the Housing percentage.*

[4] Consumer Spending data are derived from the 2019 and 2021 Consumer Expenditure Surveys, Bureau of Labor Statistics. ESRI forecasts for 2023 and 2028.

Chart D – Household Budget Expenditures Spending Potential Index:



The consistency between the median household income and the household budget expenditures is important. It also points to the fact that compared to a National level the dollars available, the money being spent in the Primary and Secondary Service Areas is lower. This could point to the ability to pay for programs and services offered at a recreation facility of any variety.

The total number of housing units in the Immediate Service Area is 31,635 and 94.4% are occupied, or 29,869 housing units. The total vacancy rate for the service area is 6.0%. As a comparison, the vacancy rate nationally was 11.6%. Of the different vacancy categories, the highest rate is in the "For Seasonal Use" category at 2.5%.

Recreation Expenditures Spending Potential Index: Finally, through the demographic provider that B*K utilizes for the market analysis portion of the report, we can examine the overall propensity for households to spend dollars on recreation activities. The following comparisons are possible.

Table E – Recreation Expenditures Spending Potential Index[5]:

Immediate Service Area	SPI	Average Spent
Fees for Participant Sports	96	$115.20
Fees for Recreational Lessons	89	$129.29
Social, Recreation, Club Membership	95	$265.12
Exercise Equipment/Game Tables	96	$93.42
Other Sports Equipment	90	$10.05

Primary Service Area	SPI	Average Spent
Fees for Participant Sports	89	$106.91
Fees for Recreational Lessons	82	$119.52
Social, Recreation, Club Membership	88	$244.32
Exercise Equipment/Game Tables	87	$84.42
Other Sports Equipment	106	$11.77

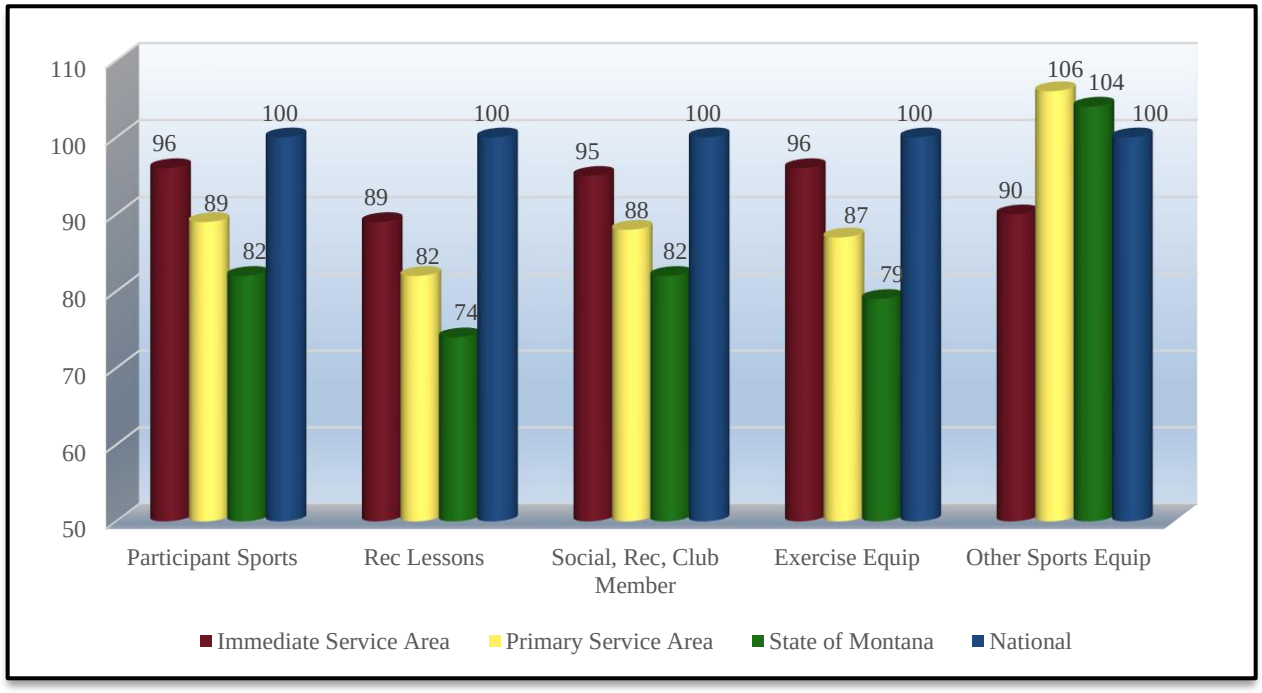
State of Montama	SPI	Average Spent
Fees for Participant Sports	82	$97.81
Fees for Recreational Lessons	74	$107.70
Social, Recreation, Club Membership	82	$226.59
Exercise Equipment/Game Tables	79	$76.64
Other Sports Equipment	104	$11.58

Average Amount Spent: The average amount spent for the service or item in a year.

SPI: Spending potential index as compared to the national number of 100.

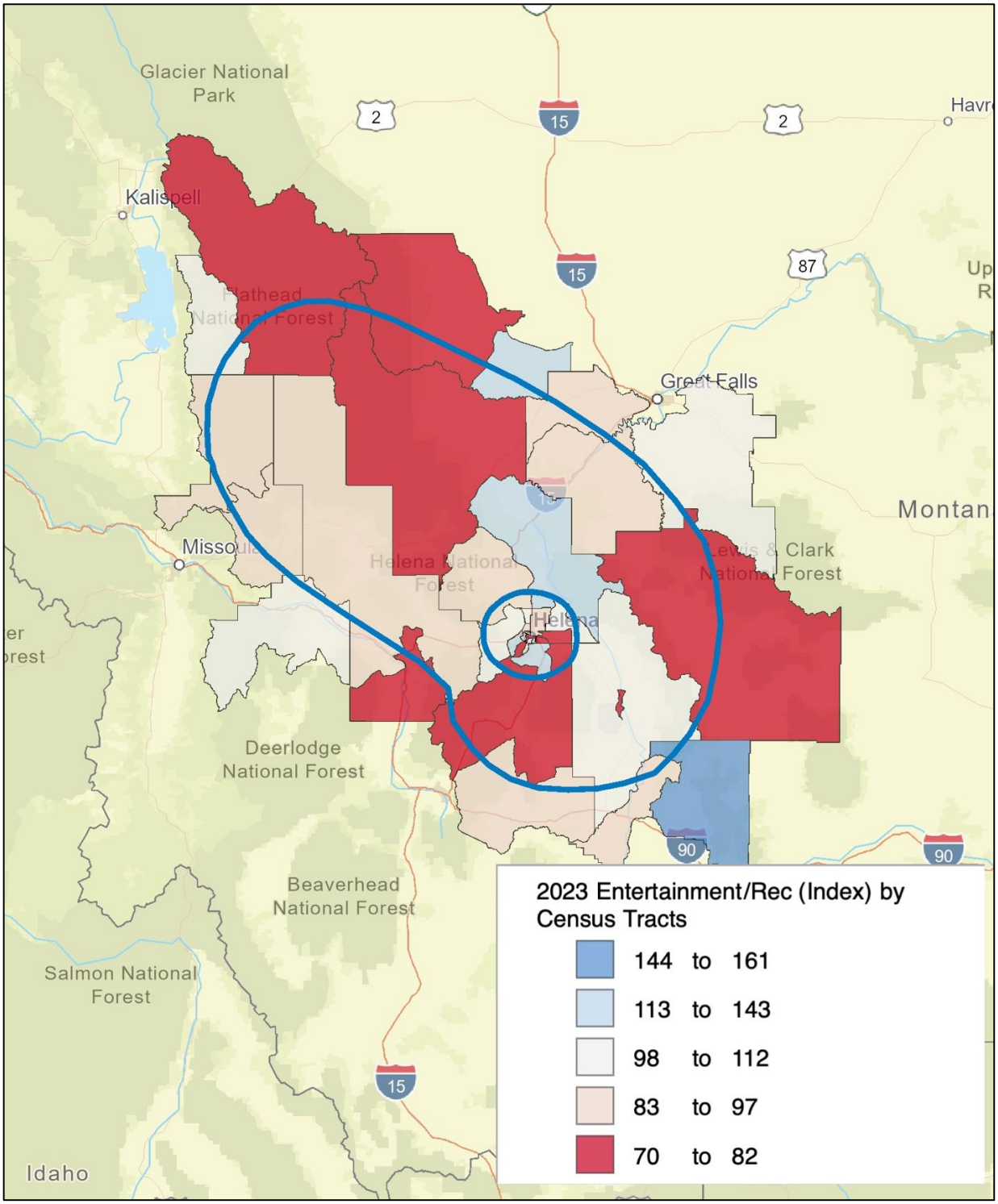
[5] Consumer Spending data are derived from the 2019 and 2021 Consumer Expenditure Surveys, Bureau of Labor Statistics.

Chart E – Recreation Spending Potential Index:



Again, there is a great deal of consistency between median household income, household budget expenditures and now recreation and spending potential. The lower rate of spending for entertainment and recreation services can correlate to income levels but can also be attributed to a lack of service providers in the area.

Recreation Spending Potential Index by Census Block Group Map



Section II – Participation Figures

Market Potential Index for Adult Participation: In addition to examining the participation numbers for various outdoor activities through the National Sporting Goods Association, the 2020 Survey and the Spending Potential Index for Entertainment & Recreation, B*K can access information about Sports & Leisure Market Potential. The following information illustrates participation rates for adults in outdoor activities.

Table A – Market Potential Index (MPI) for Participation in Activities in Primary Service Area

Adults participated in:	Expected Number of Adults	Percent of Population	MPI
Aerobic Exercise	4,791	8.2%	99
Baseball	1,388	2.4%	93
Basketball	3,010	5.2%	90
Bicycle Riding (road)	7,336	12.6%	104
Football	1,374	2.4%	99
Frisbee	2,257	3.9%	113
Golf	5,285	9.1%	114
Jogging/Running	6,788	11.6%	103
Pilates	1,573	2.7%	96
Ping Pong	2,187	3.8%	109
Soccer	1,539	2.6%	84
Softball	807	1.4%	85
Swimming	9,560	16.4%	109
Tennis	2,296	3.9%	103
Volleyball	1,365	2.3%	100
Walking for Exercise	21,210	36.4%	107
Yoga	6,847	11.7%	108
Zumba	1,457	2.5%	81

Expected # of Adults: Number of adults, 18 years of age and older, participating in the activity in the Service Area.
Percent of Population: Percent of the service area that participates in the activity.
MPI: Market potential index as compared to the national number of 100.

This table indicates that the overall propensity for adults to participate in activities is greater than the national number of 100 in 11 of 19 instances. B*K would suggest this points to an active adult population, which correlates to the full age spectrum. In many cases, when a participation number is lower than the National number, this is due to a lack of facilities or an inability to pay for services and programs.

In addition to analyzing the demographic realities of the service areas, it is possible to project possible participation in recreation and sport activities.

Participation Numbers: On an annual basis, the National Sporting Goods Association (NSGA) conducts an in-depth study and survey of how Americans spend their leisure time. The data is collected in one year and the report is issued in May of the following year. This information provides the data necessary to overlay rate of participation onto the Immediate and Primary Area to determine market potential.

B*K takes the national average and combines that with participation percentages of the Primary Service Area based upon age distribution, median income, region and National number. Those four percentages are then averaged together to create a unique participation percentage for the service area. This participation percentage, when applied to the population of the Primary Service Area, then provides an idea of the market potential for outdoor recreation.

Table B –Participation Rates in the Primary Service Area

Indoor Activities	Age	Income	Region	Nation	Average
Aerobic Exercise	15.9%	18.4%	16.8%	15.8%	16.7%
Archery (target)	1.7%	2.3%	2.0%	1.8%	1.9%
Baseball	3.4%	4.1%	2.7%	3.7%	3.5%
Basketball	7.0%	7.7%	7.7%	7.6%	7.5%
Bicycle Riding	14.5%	15.7%	13.5%	14.6%	14.6%
Boxing	1.4%	1.8%	1.6%	1.5%	1.6%
Cheerleading	2.2%	1.0%	0.9%	1.0%	1.3%
Exercise Walking	38.5%	40.9%	36.4%	37.3%	38.3%
Exercise w/ Equipment	19.0%	21.7%	23.8%	19.1%	20.9%
Football (flag)	1.7%	1.4%	1.7%	1.9%	1.7%
Football (touch)	2.5%	3.3%	1.9%	2.7%	2.6%
Golf	6.6%	5.9%	6.9%	6.5%	6.5%
Gymnastics	1.7%	1.8%	2.7%	1.8%	2.0%
Lacrosse	0.8%	1.1%	0.5%	0.8%	0.8%
Martial Arts/MMA	1.6%	1.9%	2.1%	1.7%	1.8%
Pickleball	2.1%	2.6%	3.0%	2.1%	2.4%
Pilates	2.0%	2.1%	2.0%	2.0%	2.0%
Running/Jogging	13.8%	17.4%	14.2%	14.8%	15.1%
Soccer	4.3%	4.7%	4.3%	4.6%	4.5%
Softball	2.9%	3.2%	2.6%	3.1%	2.9%
Swimming	16.1%	18.1%	17.1%	16.4%	16.9%
Table Tennis/Ping Pong	3.9%	4.2%	4.7%	4.1%	4.2%
Tennis	4.5%	4.2%	4.5%	4.7%	4.5%
Volleyball	3.6%	4.2%	5.5%	3.8%	4.3%
Wrestling	0.9%	1.0%	0.6%	1.0%	0.9%

Age: Participation based on individuals ages 7 & Up of the Service Area.
Income: Participation based on the 2023 estimated median household income in the Service Area.
Region: Participation based on regional statistics (Mountain).
National: Participation based on national statistics.
Average: Average of the four columns.

Anticipated Participation Number: Utilizing the average percentage from Table-A and B above plus the 2020 census information and census estimates for 2023 and 2028 (over age 7) the following comparisons are available.

Table C –Participation Growth or Decline for Indoor Activities in Primary Service Area

Indoor Activities	Average	2020 Population	2023 Population	2028 Population	Difference
Aerobic Exercise	16.7%	10,835	11,399	11,823	988
Archery (target)	1.9%	1,261	1,327	1,376	115
Baseball	3.5%	2,259	2,377	2,465	206
Basketball	7.5%	4,869	5,122	5,313	444
Bicycle Riding	14.6%	9,449	9,942	10,311	862
Boxing	1.6%	1,018	1,071	1,110	93
Cheerleading	1.3%	829	872	904	76
Exercise Walking	38.3%	24,803	26,095	27,064	2,262
Exercise w/ Equipment	20.9%	13,547	14,253	14,782	1,235
Football (flag)	1.7%	1,088	1,145	1,187	99
Football (touch)	2.6%	1,679	1,766	1,832	153
Golf	6.5%	4,195	4,413	4,577	382
Gymnastics	2.0%	1,288	1,356	1,406	117
Lacrosse	0.8%	513	539	560	47
Martial Arts/MMA	1.8%	1,183	1,245	1,291	108
Pickleball	2.4%	1,583	1,666	1,727	144
Pilates	2.0%	1,309	1,378	1,429	119
Running/Jogging	15.1%	9,758	10,267	10,648	890
Soccer	4.5%	2,899	3,050	3,163	264
Softball	2.9%	1,912	2,012	2,086	174
Swimming	16.9%	10,978	11,550	11,979	1,001
Table Tennis/Ping Pong	4.2%	2,741	2,884	2,991	250
Tennis	4.5%	2,896	3,047	3,160	264
Volleyball	4.3%	2,767	2,912	3,020	252
Wrestling	0.9%	571	601	624	52

The rates of participation for indoor focused activities like exercise walking and swimming illustrate the ability of the ARC to address a full spectrum of resident needs.

Participation by Ethnicity and Race: The table below compares the overall rate of participation nationally with the rate for Hispanics and African Americans. Utilizing information provided by the National Sporting Goods Association's 2021 survey, the following comparisons are possible.

Table D – Comparison of National, African American and Hispanic Participation Rates

Indoor Activity	Primary Service Area	National Participation	African American Participation	Hispanic Participation
Aerobic Exercise	16.7%	15.8%	13.1%	17.8%
Archery (target)	1.9%	1.8%	0.4%	1.6%
Baseball	3.5%	3.7%	2.4%	4.8%
Basketball	7.5%	7.6%	12.0%	9.4%
Bicycle Riding	14.6%	14.6%	11.8%	13.3%
Boxing	1.6%	1.5%	3.7%	2.3%
Cheerleading	1.3%	1.0%	1.5%	1.1%
Exercise Walking	38.3%	37.3%	24.4%	32.1%
Exercise w/ Equipment	20.9%	19.1%	13.6%	17.2%
Football (flag)	1.7%	1.9%	3.4%	1.7%
Football (touch)	2.6%	2.7%	5.4%	2.8%
Golf	6.5%	6.5%	2.2%	4.4%
Gymnastics	2.0%	1.8%	1.8%	2.3%
Lacrosse	0.8%	0.8%	0.5%	0.5%
Martial Arts/MMA	1.8%	1.7%	2.6%	2.1%
Pickleball	2.4%	2.1%	1.0%	1.7%
Pilates	2.0%	2.0%	1.7%	2.3%
Running/Jogging	15.1%	14.8%	12.9%	16.8%
Soccer	4.5%	4.6%	4.0%	7.2%
Softball	2.9%	3.1%	2.0%	2.9%
Swimming	16.9%	16.4%	8.6%	18.2%
Table Tennis/Ping Pong	4.2%	4.1%	2.5%	3.6%
Tennis	4.5%	4.7%	3.3%	4.7%
Volleyball	4.3%	3.8%	3.7%	4.6%
Wrestling	0.9%	1.0%	1.6%	1.5%

There is a not significant Black population (0.4%) or Hispanic population (4.2%) in the Primary Service Area. As such, these numbers may not play a factor with regards to overall participation.

National Summary of Sports Participation: The following chart summarizes participation for indoor activities utilizing information from the 2022 National Sporting Goods Association survey.

Table E – Sports Participation Summary

Sport	Nat'l Rank[6]	Nat'l Participation (in millions)
Exercise Walking	1	113.9
Cardio Fitness	2	92.9
Strength Training	3	73.4
Exercise w/ Equipment	4	58.2
Swimming	6	50.2
Running/Jogging	7	45.0
Bicycle Riding	8	44.6
Basketball	15	23.2
Golf	17	19.7
Tennis	21	14.2
Soccer	22	14.1
Table Tennis/Ping Pong	23	12.5
Volleyball	26	11.7
Baseball	27	11.2
Softball	30	9.4
Football (touch)	32	8.1
Pickleball	38	6.4
Pilates	39	6.2
Football (flag)	41	5.7
Archery (target)	42	5.5
Gymnastics	43	5.3
Martial Arts/MMA	44	5.3
Boxing	48	4.6
Wrestling	52	3.1
Cheerleading	53	3.1
Lacrosse	56	2.5

Nat'l Rank: Popularity of sport based on national survey.
Nat'l Participation: Population that participate in this sport on national survey.

[6] This rank is based upon the 58 activities reported on by NSGA in their 2022 survey instrument.

National Participation by Age Group: Within the NSGA survey, participation is broken down by age groups. As such B*K can identify the top 3 age groups participating in the activities reflected in this report.

Chart F – Participation by Age Group:

Activity	Largest	Second Largest	Third Largest
Aerobic Exercise	35-44	25-34	45-54
Archery (target)	12-17	25-34	18-24
Baseball	7-11	12-17	25-34
Basketball	12-17	25-34	18-24
Bicycle Riding	55-64	45-54	12-17
Boxing	25-34	18-24	35-44
Cheerleading	12-17	7-11	18-24
Exercise Walking	55-64	65-74	45-54
Exercise w/ Equipment	25-34	45-54	55-64
Football (flag)	7-11	12-17	25-34
Football (touch)	12-17	25-34	7-11
Golf	55-64	64-74	45-54
Gymnastics	7-11	12-17	25-34
Lacrosse	12-17	7-11	18-24
Martial Arts/MMA	7-11	25-34	12-17
Pickleball	12-17	65-74	18-24
Pilates	25-34	35-44	45-54
Running/Jogging	25-34	35-44	45-54
Soccer	7-11	12-17	25-34
Softball	12-17	7-11	25-34
Swimming	55-64	12-17	7-11
Table Tennis/Ping Pong	25-34	18-24	12-17
Tennis	25-34	35-44	12-17
Volleyball	12-17	25-34	18-24
Wrestling	12-17	25-34	7-11

Largest: Age group with the highest rate of participation.
Second Largest: Age group with the second highest rate of participation.
Third Largest: Age group with the third highest rate of participation.

National Sports Participation Trends: Below are listed several sports activities and the percentage of growth or decline that each has experienced nationally over the last ten years (2013-2022).

Table G – National Activity Trend (in millions)

Increase in Participation	Percent Increase
Pickleball	+276.5
Table Tennis/Ping Pong	+27.6
Bicycle Riding	+25.3
Boxing	+21.1
Exercise Walking	+18.3
Volleyball	+15.8
Pilates	+12.7
Tennis	+12.7
Swimming	+10.3
Soccer	+10.2
Exercise w/ Equipment	+9.6
Running/Jogging	+7.1
Golf	+4.2
Gymnastics	+3.9
Wrestling	+0.0

Decrease in Participation	Percent Decrease
Baseball	-4.3%
Softball	-6.0%
Football (touch	-8.0%
Basketball	-9.0%
Lacrosse	-10.7%
Cheerleading	-11.4%
Football (flag)	-16.2%
Martial Arts/MMA	-17.2%
Archery (target)	-33.7%

2013 Participation: The number of participants per year in the activity (in millions) in the United States.
2022 Participation: The number of participants per year in the activity (in millions) in the United States.
Percent Change: The percent change in the level of participation from 2013 to 2022.

Section III – Trends

Recreation Activity and Facility Trends: There continues to be very strong growth in the number of people participating in recreation and leisure activities. The Physical Activity Council in its 2013 study indicated that 33% of Americans (age 6 and older) are active to a healthy level. However, the study also indicated that 28% of Americans were inactive. It is estimated that one in five Americans over the age of six participates in some form of fitness related activity at least once a week. IHRSA reported that membership in U.S. health clubs increased by 2.2% from 2014 to 2015, and memberships in health clubs reached an all-time high of 55.3 million in 2015. Statistics also indicate that approximately 1 out of 5 people of the U.S. population (or 20%) belong to a health club. On the other side most public recreation centers attract between 20% and 30% of a market area (more than once) during the course of a year. All of this indicates the relative strength of a market for a community recreation facility. However, despite these increases the American population as a whole continues to lead a rather sedentary life with an average of 25% of people across the country reporting that they engage in no physical activity (according to The Center for Disease Control).

One of the areas of greatest participant growth over the last 10 years is in fitness related activities such as exercise with equipment, aerobic exercise and group cycling. This is also the most volatile area of growth with specific interest areas soaring in popularity for a couple of years only to be replaced by a new activity for the coming years. Also showing particularly strong growth numbers are ice hockey and running/jogging while swimming participation remains consistently high despite recent drops in overall numbers. It is significant that many of the activities that can take place in an indoor recreation setting are ranked in the top fifteen in overall participation by the National Sporting Goods Association.

Due to the increasing recreational demands, there has been a shortage in most communities of the following spaces:

- Gymnasiums
- Pools (especially leisure pools)
- Weight/cardiovascular equipment areas
- Indoor running/walking tracks
- Meeting/multipurpose (general program) space
- Senior’s program space
- Pre-school and youth space
- Teen use areas
- Fieldhouses

Helena is in a similar situation and those lack of spaces have been accounted for in the ARC’s preliminary design.

As a result, many communities have attempted to include these amenities in community recreation facilities. With the growth in youth sports and the high demand for school gyms, most communities are experiencing an acute lack of gymnasium space. Weight/cardiovascular space is also in high demand and provides a facility with the potential to generate significant revenues.

The success of most indoor recreation facilities is dependent on meeting the recreational needs of a variety of individuals. The fastest growing segment of society is the senior population (especially in the Helena area) and meeting the needs of this group is especially important now and will only grow more so in the coming years. Indoor walking tracks, exercise areas, pools and classroom spaces are important to this age group. Marketing to the younger more active senior (usually age 55-70) is paramount, as this age group has the free time available to participate in leisure activities, the desire to remain fit, and more importantly the disposable income to pay for such services.

Aquatic Participation Trends: Swimming is one of the most popular sports and leisure activities, meaning that there is a significant market for aquatic pursuits. Approximately 13.8% of the population in the Pacific region of the country participates in aquatic activities. This is a significant segment of the population.

Despite the recent emphasis on recreational swimming the more traditional aspects of aquatics (including swim teams, instruction and aqua fitness) remain as an important part of most aquatic centers. The life safety issues associated with teaching children how to swim is a critical concern in most communities and competitive swim team programs through USA Swimming, high schools, masters, and other community based organizations continue to be important. Aqua fitness, from aqua exercise to lap swimming, has enjoyed strong growth during the last ten years with the realization of the benefits of water-based exercise.

A competitive pool allows for a variety of aquatic activities to take place simultaneously and can handle aqua exercise classes, learn to swim programs as well competitive swim training and meets (short course and possibly long course). In communities where there are several competitive swim programs, utilizing a pool with 8 lanes or more is usually important. A competitive pool that is designed for hosting meets will allow a community to build a more regional or even national identity as a site for competitive swimming. However, it should be realized that regional and national swim meets are difficult to obtain on a regular basis, take a considerable amount of time, effort and money to run; can be disruptive to the regular user groups and can be financial losers for the facility itself. On the other side, such events can provide a strong economic stimulus to the overall community.

There are a couple of other aquatic sports that are often competing for pool time at competitive aquatic centers nationwide. However, their competition base and number of participants is often smaller and face barriers of entry fighting for pool time including a more organized competitive swimming community and existing agreements for pool space at facilities with pools large enough and deep enough to host them. Water polo is a sport that continues to be extremely popular in southern California and whose numbers and participation rates are in many Districts are higher than those of swimming in high school athletics. Water polo uses a space of 25 yards or meters by 45-66 feet wide (the basic size of an 8 lane, 25-yard pool). However, a minimum depth of 6 foot 6 inches is required which is often difficult to find in more community based facilities. Floating cage water polo has become the standard in southern California and requires an even larger pool as the floating cages take up additional pool space. Artistic swimming also utilizes aquatic facilities

for their sport and they also require deeper water of 7-8 feet. This also makes the use of some community pools difficult. As a result of the need for more deep water for aquatic sports many modern community aquatic centers are building multiple pools. The ARC's competition pool can accommodate these needs together with its second, warm/recreation pool, which is large.

Without doubt the hottest trend in aquatics is the leisure pool concept. This idea of incorporating slides, lazy rivers (or current channels), fountains, zero depth entry and other water features into a pool's design has proved to be extremely popular for the recreational user. The age of the conventional pool in most recreational settings has greatly diminished. Leisure pools appeal to the younger kids (who are the largest segment of the population that swims) and to families. These types of facilities are able to attract and draw larger crowds and people tend to come from a further distance and stay longer to utilize such pools. This all translates into the potential to sell more admissions and increase revenues. It is estimated conservatively that a leisure pool can generate up to 30% more revenue than a comparable conventional pool and the cost of operation while being higher, has been offset through increased revenues. Of note is the fact that patrons seem willing to pay a higher user fee with this type of pool that is in a park like setting than a conventional aquatics facility.

Another trend that is growing more popular in the aquatic field is the development of a raised temperature therapy pool for relaxation, socialization, and rehabilitation. This has been effective in bringing in swimmers who are looking for a different experience and non-swimmers who want the advantages of warm water in a different setting. While there is not a dedicated therapy pool planned for the ARC, most, if not all, activities that could take place in a dedicated therapy pool can be accomplished in the zero-depth entry pool that will be in the ARC.

The multi-function indoor aquatic center concept of delivering aquatics services continues to grow in acceptance with the idea of providing for a variety of aquatics activities and programs in an open design setting that features a lot of natural light, interactive play features and access to an outdoor sun deck. The placing of traditional instructional/competitive pools, with shallow depth/interactive leisure pools and therapy water, in the same facility has been well received in the market. This idea has proven to be financially successful by centralizing pool operations for recreation service providers and through increased generation of revenues from patrons willing to pay for an aquatics experience that is new and exciting. Indoor aquatic centers have been instrumental in developing a true family appeal for community-based facilities. The keys to success for this type of center revolve around the concept of intergenerational use in a quality facility that has an exciting and vibrant feel in an outdoor like atmosphere.

Also changing is the orientation of aquatic centers from stand-alone facilities that only have aquatic features to more of a full-service recreation center that has fitness, sports and community-based amenities. This change has allowed for a better rate of cost recovery and stronger rates of use of the aquatic portion of the facility as well as the other "dry side" amenities. The planning for the ARC has taken this into account by having both dry and wet components under one roof. Additionally, they are including multiple bodies of water to address the needs of all aquatic participants.

Youth Sports & Event Trends: Many of the current projects that B*K is involved with at the time of this study have a focus on youth sports and driving a positive economic impact on the community. For some, the focus is razor-sharp with the economic impact on the community being the sole focus. For others, it is a positive spin off from the development of a community asset.

Regardless of the focus of the community there are aspects of the youth sports movement that need to be considered if a facility is being developed with that focus.

- In most instances the building, if constructed, will have a dual focus. Serving the needs of residents Mon-Thu and those of outside groups, sometimes outside of the community, Fri-Sun.

- Some of these facilities can operate at 100% cost recovery. To achieve this many of the facilities, especially those like that of what Helena is proposing, taking a fieldhouse approach to operating their non-aquatic components. B*K would describe a fieldhouse approach as having the building open and operational when programs are taking place, or when rentals are in progress. Outside of those times there is very little, if any drop-in availability of the facility. This is an important point to emphasize when discussing this type of project with residents as expectations of access are set early.

- The infrastructure surrounding the facility are as important as the facility. Infrastructure being hotels, motels, Airbnb availability, proximity to airport, restaurants, etc. Participants and spectators alike are not always willing to travel beyond what they deem as acceptable facilities to get to another.

- The higher level of competition, the greater the positive economic impact, and the less willing tournament directors are to pay facility rent. The lower-level competitions, there is less of an economic impact, but the tournament directors are more willing to pay facility rent. The sweet spot in many cases is the regional tournament circuit.

- Speaking strictly to youth sports, the competition season can be as short as 16 weeks and last as long as 36 weeks. As such if one hopes to keep their building booked for events more than 30 weekends per year, they need to have a multi-purpose, multi-use facility.

- While the number of youth sports events are finite, the number of facilities in the market continues to grow.

Section IV – Operations Engagement

There was not a formal public engagement process for this study, however B*K did engage with several individuals that would be involved with the development and management of the facility. The following are key points that were brought to our attention.

The current fairgrounds have the following staff:

- 2 Office Staff
- 4 Maintenance Staff
- 1 Fairground Manager

Since 2005, the operational budget of the fairgrounds has gone from $200,000 to $1,000,000.

- The current fairgrounds operate as an enterprise fund.
- If the Sports & Event Complex was approved by Commissioners, it would need to be approved by the public.
- The Sports & Event Complex needs to be self-sustaining, absorbing 100% of its operational expenses.
- Along with the increase in budget since 2005, there has also been the expansion of additional buildings and amenities on the property.

The fairground itself is 175-acre parcel.

- There are 3 different entrance/egress points.
- Parking will not be an issue.
- The biggest challenge will be the road coming into the fairgrounds. If the Sports & Event Complex is as busy as expected the single-lane road will likely need investment and expansion.

Currently on the fairground property there is an exhibit hall.

- Exhibit hall is booked 49 of 52 weekends per year.
- Types of events include:
    - Gymnastics Competition
    - Boat Show
    - Archery Tournament
    - Wrestling Tournament (1,500 athletes and it was felt the facility was too small)
    - RV Show
    - Gun Show
    - Made in MT Show
    - Beer Festival
- Originally the staff at the fairground had to advertise and solicit events, now close to 70% of the events they host are carry over events from the previous year or years.
- Currently they are turning requests down for the exhibit hall. Some of the additional spaces of the Sports & Event Complex would allow a more appropriate use and allow the Exhibit Hall to expand their event calendar.

The future arena space is highly anticipated by the community in and around Helena.

- There is a vision that this facility would bring high school AA, A, B, C basketball and volleyball to the community.
- In Montana driving 5-6 hours to a location is "not a big deal."
- Helena's central location would be a very positive attribute in bringing many sporting events to the community.
- It is envisioned that the arena would have some open available time to the public.
- In addition to sports tournaments
    - Concerts
    - Indoor Rodeos

There are two concerns that were highlighted when discussing the future operation of the ARC (in no order of significance):

- Staffing of the Facility. This is a common concern when bringing a large facility online and operating new lines of business. This concern has increased since the COVID-19 pandemic, where the job markets, both full-time and part-time, have been ultra-competitive.
- The inclusion of aquatics in the facility program. Managers and facility operators who have been involved with aquatics are typically skeptical of the addition of this amenity. That skepticism comes from a variety of areas; liability, cost to operate, staffing, and the knowledge that very few pools recover 100% of their operating expenses. One way that the HRSA is addressing this concern is engaging the YMCA about their potential management of the pool, an area where they have years of experience and insight.

Section V – Program Verification

The following information and recommendations are based on the preliminary program budget that has been shared with B*K, our understanding of the market, our experience as consultants, and our experience in running indoor recreation facilities.

There are four primary components outlined in the facility program:

1. Arena
2. Courts & Fields
3. Natatorium
4. Circulation/Team Rooms, Reception, Entry

The square footage of the facility can be described in the following ways.

- First Floor 281,500 square feet
- Second Floor 57,500 square feet

Broken down further:

- Concourse 15,500 square feet
- Arena (1st floor) 117,500 square feet
- Arena (2nd floor) 52,000 square feet
- Storage 16,500 square feet

- Entry/Circulation/Team Rooms 25,500 square feet

- Natatorium 38,000 square feet[7]

- Courts and Fields 75,000 square feet

Total: 339,000 square feet

[7] Includes 5,500 square feet on an upper spectator area.

Arena Floor:

- 79,000 square feet of clear span space.
- Mechanical/Electrical
- Concessions
- Team Rooms (7)
- Short-Term Storage/Staging
- Restrooms
- Entry
- Concourse
- Arena-Style Spectator Seating
- Green Rooms/Skyboxes
- Officials Room(s)
- Storage

Uses:

- Spectators Events
  - Concerts
  - Rodeos
  - Professional Bull Riding Events
  - Other TBD
- Basketball Tournaments
- Volleyball Tournaments
  - A high school basketball court is 84 x 50. To accommodate 2 volleyball courts for every 1 basketball court the footprint would need to be 104 x 90 or approximately 9,400 square feet. Which means the arena floor could accommodate 8 basketball or 16 volleyball courts.
- Indoor Soccer
  - Full-size soccer field is 81,000 square feet.
- Flag Football
- Lacrosse (6 v. 6 minimum)
- Softball/Baseball
  - Infield Practice
  - Pitching Tunnels
  - Batting Tunnels
- Indoor Track
- Gymnasiums
- Wrestling
  - 16-18 mats

In addition to the Arena Floor there are also the Courts & Fields.

Court Uses:

- Basketball Courts – 3
- Pickleball Courts – 9
- Wrestling Mats – 6
- Volleyball Courts – 6 Practice Courts and 4 Tournament Courts

Turf Uses:

- Soccer – 2 smaller fields
- Softball/Baseball
    - Infield Work
    - Batting Tunnels
    - Pitching Tunnels
- Flag Football
- Lacrosse

The biggest concern that B*K would foresee in this area is the need for equipment and proximity of storage to playable spaces.

The natatorium is one of the most expensive to operate, but it also will demand a daily admission fee and has the potential for membership figures.

Pools:

- 25Y x 25M
- Leisure Pool

Pool Uses:

- Swim Team (pre-swim team, youth swim team, high school swim team, and masters)
- Swim Lessons
- Group Exercises
- Therapy
- Recreation Uses
- Water Walking
- Water Safety Classes

Section VI – Operational Model

The following are the assumptions that B*K used to develop the operational model for the proposed Helena facility. It is important to note that the revenues and expenses are broken out to include the Arena plus the Courts & Turf and the natatorium.

- All full-time staff would be employees of the fairgrounds.
- Full-time rates of compensation are based on median household income in the Helena area, and ensuring professionals could be hired into the position.
- The first full year of operation would be 2026 or later.
- The presence of other providers in the market will remain the same.
- The current model accounts for the fairgrounds being responsible for the pool.
- Bank charges are factored at 3%.
- IT charges are factored at 1%.
- Utilities for the Arena plus the Courts & Turf are factored at $2.00 per square foot.
- Utilities for the Natatorium are factored at $5.50 per square foot.
- The expenses associated with the operation of the facilities are in line with best practices.
- B*K would characterize the revenue models as moderately aggressive with regards to year-1 projections, specific to the arena event schedule. The client has vetted the event menu with the current fairground staff and other providers. While B*K does view this as moderately aggressive, the client feels it is achievable.
- Programs are not factored at capacity.
- Rentals of the facilities are not factored at capacity.

Expense Model: The following expense model has been based on the best information available at the time of the study. Significant changes in the program or the market would necessitate the information be revisited and updated.

Staffing	Arena + Courts/Turf	Pool
Full-Time	657,450	399,600
Part-Time	200,199	596,080
Sub-Total	$857,649	$995,680

Commodities[8]	Arena + Courts/Turf	Pool
Office Supplies	2,000	1,000
Chemicals	-	75,000
Maintenance/Repair/Mat.	125,000	50,000
Janitor Supplies	35,000	15,000
Recreation Supplies	10,000	10,000
Uniforms	3,000	5,000
Printing/Postage	3,000	3,000
Event Purchase[9]	460,000	-
Other Misc. Expenses	2,000	1,000
Fuel/Mileage	2,000	1,000
Sub-Total	$642,000	$161,000

[8] Concession product is not reflected in this budget. The fairgrounds works with a third party to provide concessions for events. The revenue model illustrates the net per person per event with the fairgrounds paying for concession product and staffing.

[9] A few of the arena events require purchasing of the event, hence the line item.

Contractual	Arena + Courts/Turf	Pool
Utilities	596,000[10]	185,000[11]
Service Master Custodial	31,500	42,000
Water/Sewar	15,000	30,000
Insurance[12]	149,000	37,000
Communications	15,000	10,000
Contract Services	75,000	30,000
Rental Equipment	25,000	5,000
Advertising	100,000	15,000
Charge Fees (bank)	106,180	48,603
IT Fees	35,393	16,201
Training	2,500	4,000
Conference	2,000	2,000
Dues/Subscriptions	1,000	1,000
Sub-Total	$1,153,573	$425,804

	Arena + Courts/Turf	Pool
Charge Backs (3%)	79,389	47,475
Improvement Fund	300,000	125,000

	Arena + Courts/Turf	Pool
Staffing	857,649	995,680
Commodities	642,000	161,000
Contractual Obligations	1,153,573	425,804
Charge Backs	79,389	47,475
Improvement Fund	300,000	125,000
Total	$3,032,819	$1,754,958

[10] Based on 298,000 square feet.
[11] Based on 37,000 square feet.
[12] Based on $0.50 per square foot.

Arena Full-Time Staffing

Position	Salary	Number	Total
Building Director	100,000	1	$100,000
Sports & Competition Coordinator	75,000	1	$75,000
Front Desk	40,000	2	$80,000
Maintenance Supervisor	56,000	1	$56,000
Maintenance Worker	44,000	4	$176,000
Sub-Total		9	$487,000
Benefits		35%	$170,450
Total			$657,450

Aquatics Full-Time Staffing

Position	Salary	Number	Total
Aquatics Coordinator	75,000	1	$75,000
Lifeguards	55,000	3	$165,000
Maintenance Worker	56,000	1	$56,000
Sub-Total		5	$296,000
Benefits		35%	$103,600
Total			$399,600

Notes:

- While some positions have been designated to a specific area, ex. front desk, they would be applicable to both sides of the operation.
- Custodial services are accounted for as a contract service.

Part Time Positions:

- Front Desk Attendant
- Building Supervisor
- Lead Lifeguards
- Lifeguards
- Program Instructors

B*K did not include part-time labor associated with event set-up and tear-down, but could foresee a point where that is needed, especially if the event list grows.

Revenue Model: The following revenue model has been based on the best information available at the time of the study. Significant changes in the program or the market would necessitate the information be revisited and updated.

	Arena + Courts/Turf	Pool
Fees		
Daily	-	211,500
Membership	-	581,250
Sub-Total	-	$792,750
Programs		
In-House Dry Program	85,080	-
Contract Camp	40,000	-
In-House Wet Program	-	206,130
Sub-Total	$125,080	$206,130
Other		
Vending	3,000	1,500
Birthday Parties	40,000	24,800
Practice Rentals	107,500	268,800
Event Rental	223,500	61,200
Event Admissions	1,954,500	83,200
Event Concessions (net)	969,500	12,480
Event Parking	16,250	2,250
Therapy	-	132,000
Miscellaneous	-	10,000
Sub-Total	$3,314,250	$596,230
Advertising	$100,000	$25,000
Sub-Total	$3,539,330	$1,620,110

The details of the revenue model are contained in a spreadsheet that has been provided to the client.

- In this model most of the programs are run in-house, with some contract instruction and rental of space. If additional programs are offered the expenses associated with those programs would be offset by revenue generation.

- The building is 3 buildings within one framework, each with a different focus.

    - Arena – the focus of the arena is the special events that it brings to the facility.

      The operational model accounts for over 30 events taking place in the arena in year one. B*K would normally characterize this as an aggressive schedule; however, these events have been vetted with groups.

      The construction of the facility will likely be over a two-year time frame, during which it will be incumbent on the operator to secure these events. Securing these events will have a significant role in the financial success of the facility.

    - Courts & Turf – Helena and the primary service area have an acute lack of court space in the area, it is also without significant indoor turf. This area of the building will serve as an overflow area for some athletic events, but will focus heavily on rentals to outside groups, small events, and programs.

    - Natatorium – this component includes two bodies of water, one with a focus on competitive swimming, the other with a focus on leisure aquatics. There is one pool in Helena operated by the YMCA and that facility is rapidly approaching the end of its lifecycle. As such there may be an opportunity to partner with the YMCA on the operations of the facility.

      The natatorium operation will be the most unique in terms of revenue generation model. There will be an event perspective aligned with competitive swimming, a membership and daily admission model for use of the pools, and a revenue associated with programs.

- For the building to be financially successful there will need to be a careful balance between events, programming, and membership as each represents significant revenue.

- For purposes of the revenue model, B*K took a conservative approach to the net profit from concessions. For those events that would have both food and alcohol available, $10 per spectator was used. This number could flex as high as $20 per spectator, but this more conservative figure was used. For other events where alcohol was not served, and food may be limited to pre-packaged items, $5 per spectator was used.

- B*K is a strong proponent of evaluating facility rental fees, membership fees, and program fees on a bi-annual basis. For outside groups renting the facility, providing them a 6-month to 1-year window of when a fee increase will be implemented is a good business practice.

Arena + Courts & Turf

The following is a 5-Year projection for the area. The first 5-year projection includes the capital improvement fund.

	Year 1	Year 2	Year 3	Year 4	Year 5
Expenses	$3,032,819	$3,063,147	$3,155,041	$3,249,693	$3,347,183
Revenue	$3,539,330	$3,716,297	$3,827,785	$3,942,619	$4,060,898
	$506,511	$653,150	$672,744	$692,926	$713,714
Percentage w/ Cap	116.7%	121.3%	121.3%	121.3%	121.3%
Impr. Fund (cum.)	$300,000	$600,000	$900,000	$1,200,000	$1,500,000

Natatorium

The following is a 5-Year projection for the area. The first 5-year projection includes the capital improvement fund.

	Year 1	Year 2	Year 3	Year 4	Year 5
Expenses	$1,754,958	$1,790,058	$1,843,759	$1,899,072	$1,956,044
Revenue	$1,620,110	$1,733,518	$1,820,194	$1,874,799	$1,931,043
	($134,848)	($56,540)	($23,566)	($24,273)	($25,001)
Percentage w/ Cap	92.3%	96.8%	98.7%	98.7%	98.7%
Impr. Fund (cum.)	$125,000	$250,000	$375,000	$500,000	$625,000

Combined Facility

	Year 1	Year 2	Year 3	Year 4	Year 5
Expenses	$4,787,777	$4,853,205	$4,998,801	$5,148,765	$5,303,228
Revenue	$5,159,440	$5,449,814	$5,647,979	$5,817,418	$5,991,941
	$371,663	$596,610	$649,178	$668,654	$688,713
Percentage w/ Cap	107.8%	112.3%	113.0%	113.0%	113.0%
Impr. Fund (cum.)	$425,000	$850,000	$1,275,000	$1,700,000	$2,125,000

Appendix A – Demographic Detail

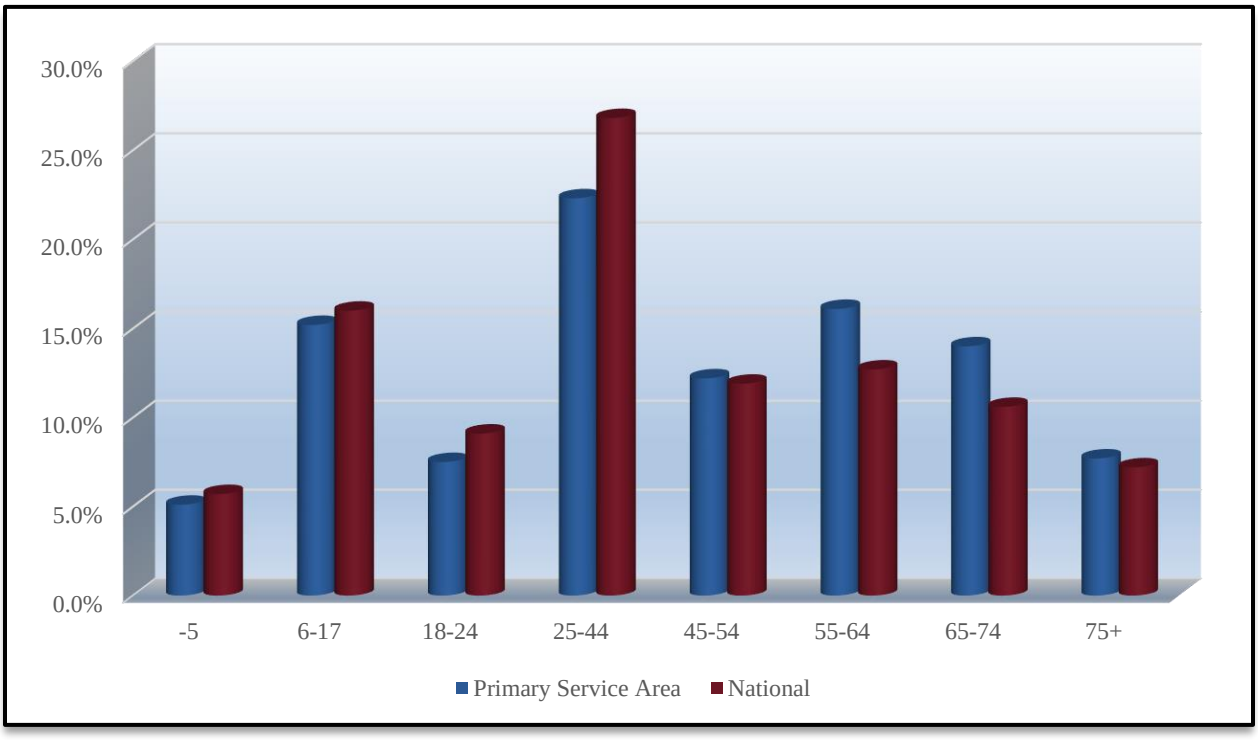
Population Distribution by Age: Utilizing census information for the Immediate and Primary Service Area, the following comparisons are possible.

Table F – 2023 Immediate Service Area Age Distribution (ESRI estimates)

Ages	Population	% of Total	Nat. Population	Difference
0-5	3,986	5.4%	5.7%	-0.3%
5-17	11,615	15.7%	16.0%	-0.3%
18-24	6,055	8.2%	9.1%	-0.9%
25-44	17,289	23.4%	26.8%	-3.4%
45-54	8,756	11.9%	11.9%	-0.1%
55-64	11,196	15.2%	12.7%	2.5%
65-74	9,478	12.8%	10.6%	2.2%
75+	5,509	7.5%	7.2%	0.3%

Population: 2023 census estimates in the different age groups in the Primary Service Area.
% of Total: Percentage of the Primary Service Area population in the age group.
National Population: Percentage of the national population in the age group.
Difference: Percentage difference between the Primary Service Area population and the national population.

Chart F – 2023 Immediate Service Area Age Group Distribution



The demographic makeup of the Primary Service Area, when compared to the characteristics of the national population, indicates that there are some differences with a smaller population in all

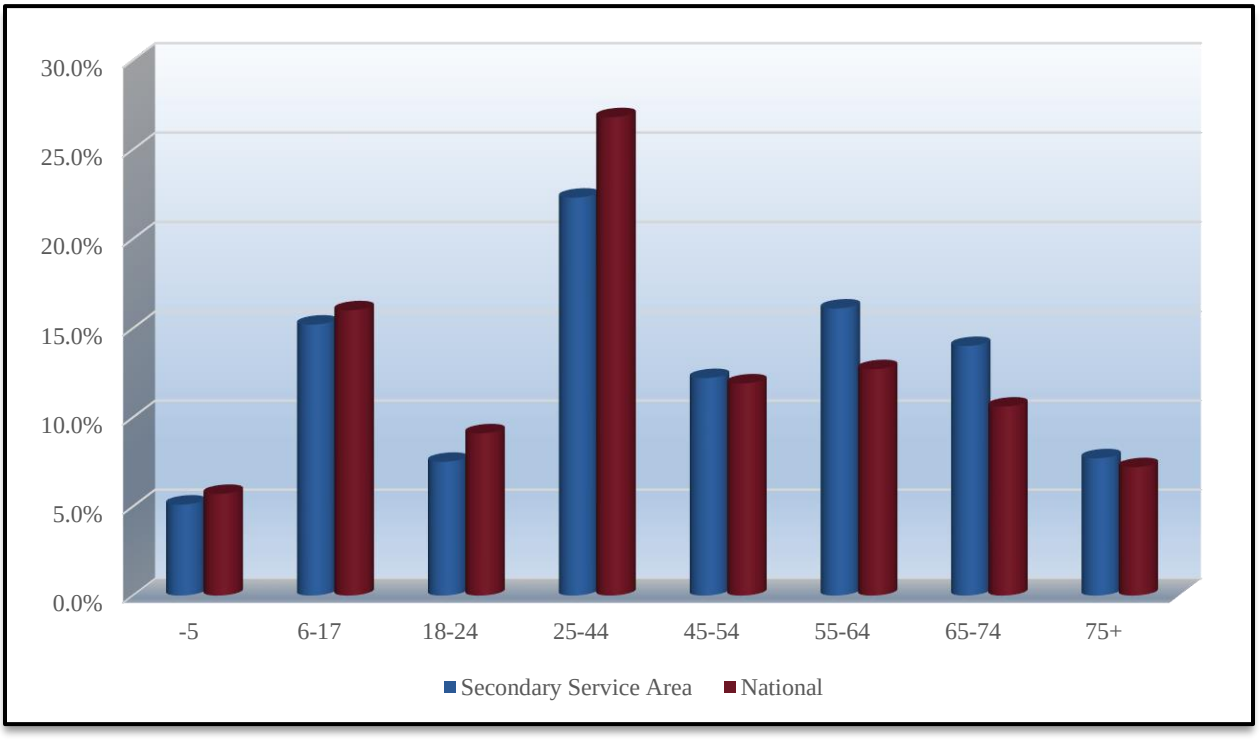
age groups under 55 years of age. The greatest positive variance is in the 55-64 age group with +2.5%, while the greatest negative variance is in the 25-44 age group with -3.4%.

Table F – 2023 Primary Service Area Age Distribution (ESRI estimates)

Ages	Population	% of Total	Nat. Population	Difference
0-5	4,844	5.1%	5.7%	-0.6%
5-17	14,520	15.2%	16.0%	-0.8%
18-24	7,146	7.5%	9.1%	-1.6%
25-44	21,344	22.3%	26.8%	-4.5%
45-54	11,706	12.2%	11.9%	+0.3%
55-64	15,431	16.1%	12.7%	+3.4%
65-74	13,356	14.0%	10.6%	+3.4%
75+	7,385	7.7%	7.2%	+0.5%

Population: 2023 census estimates in the different age groups in the Secondary Service Area.
% of Total: Percentage of the Secondary Service Area population in the age group.
National Population: Percentage of the national population in the age group.
Difference: Percentage difference between the Secondary Service Area population and the national population.

Chart F – 2023 Primary Service Area Age Group Distribution



The demographic makeup of the Secondary Service Area, when compared to the characteristics of the national population, indicates that there are some differences with a smaller population in all

age groups under 45. The greatest positive variance is in the 55-64/65-74 age groups with +3.4%, while the greatest negative variance is in the 25-44 age group with -4.5%.

The older median age is further emphasized in the age distribution of the service area. This will mean that for the facility to be successful it will need to have a multi-generational appeal.

Population Distribution Comparison by Age: Utilizing census information from the Immediate & Primary Service Area, the following comparisons are possible.

Table H – 2023 Immediate Service Area Population Estimates (U.S. Census Information and ESRI)

Ages	2020 Census	2023 Projection	2028 Projection	Percent Change	Percent Change Nat'l
-5	4,482	3,986	4,178	-6.8%	-9.1%
5-17	12,120	11,615	11,876	-2.0%	-8.2%
18-24	6,216	6,055	6,238	+0.4%	-7.7%
25-44	16,937	17,289	17,826	+5.2%	+3.6%
45-54	11,474	8,756	8,810	-23.2%	-16.5%
55-64	10,542	11,196	10,009	-5.1%	+1.7%
65-74	5,264	9,478	10,300	+95.7%	+61.3%
75+	4,098	5,509	7,407	+80.7%	+51.1%

Chart H – Immediate Service Area Population Growth

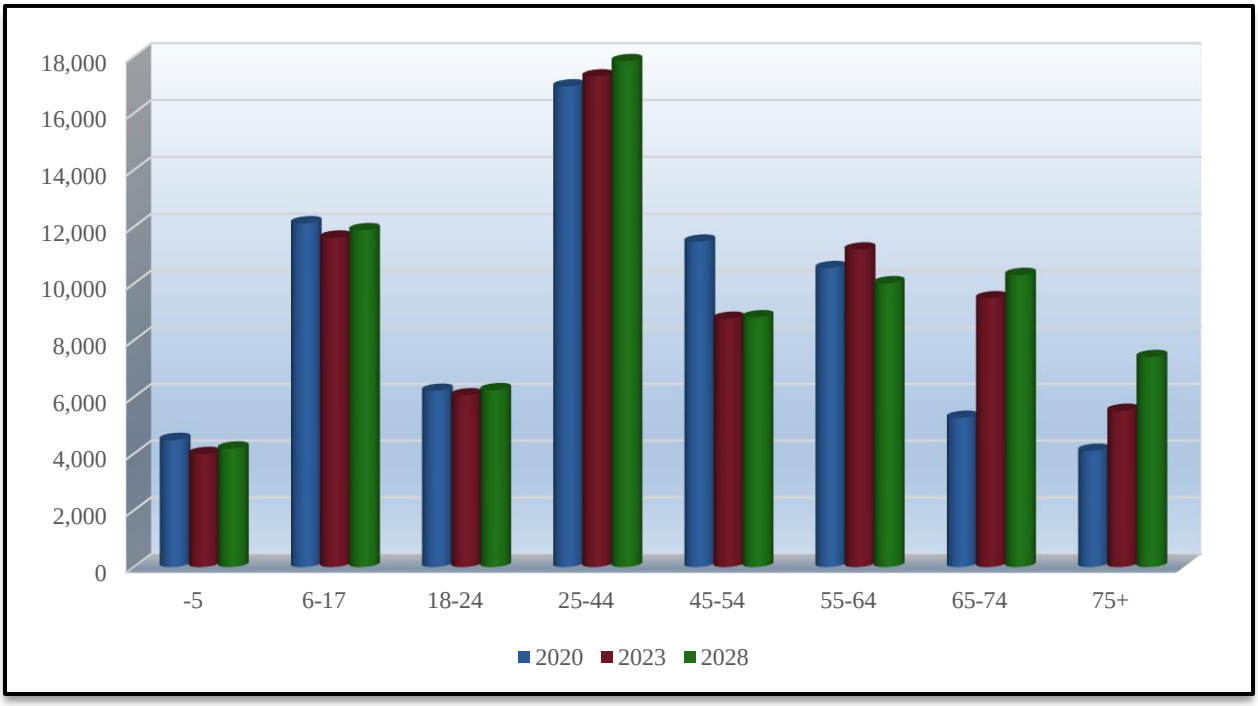


Table-H illustrates the growth or decline in age group numbers from the 2020 census until the year 2028. It is projected that age categories 18-24, 25-44, 65-74 and 75+ will see an increase in population. The population of the United States is aging, and it is not unusual to find negative growth numbers in the younger age groups and significant net gains in the 45 plus age groupings in communities which are relatively stable in their population numbers.

Population Distribution by Age Over Time: Utilizing census information from the Primary Service Area, the following comparisons are possible.

Table G – 2023 Secondary Service Area Population Estimates (U.S. Census Information and ESRI)

Ages	2020 Census	2023 Projection	2028 Projection	Percent Change	Percent Change Nat'l
-5	5,455	4,844	5,047	-7.5%	-9.1%
5-17	15,339	14,520	14,820	-3.4%	-8.2%
18-24	7,346	7,146	7,272	-1.0%	-7.7%
25-44	20,875	21,344	21,889	4.9%	+3.6%
45-54	15,274	11,706	11,718	-23.3%	-16.5%
55-64	14,628	15,431	13,887	-5.1%	+1.7%
65-74	7,808	13,356	14,413	84.6%	+61.3%
75+	5,574	7,385	9,771	75.3%	+51.1%

Chart H – Secondary Service Area Population Growth

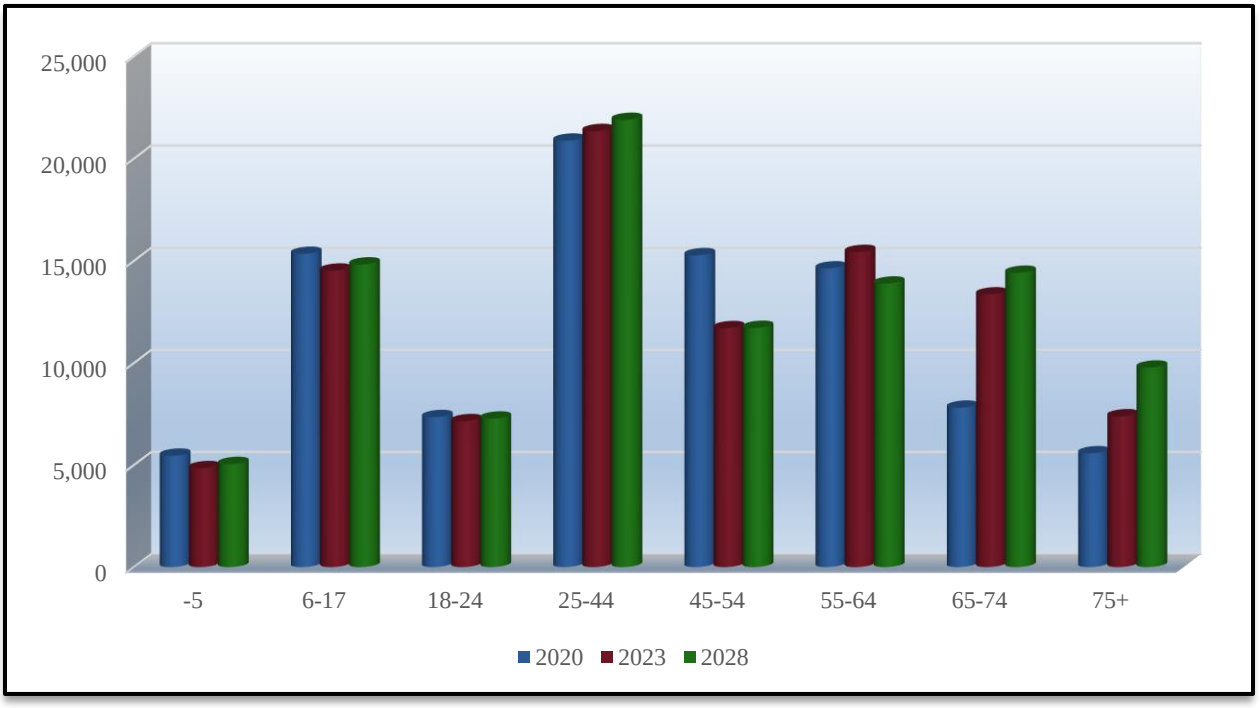


Table-G illustrates the growth or decline in age group numbers from the 2020 census until the year 2028. It is projected that age categories 25-44, 65-74 and 75+ will see an increase in population. The population of the United States is aging, and it is not unusual to find negative growth numbers in the younger age groups and significant net gains in the 45 plus age groupings in communities which are relatively stable in their population numbers.

Below is listed the distribution of the population by race and ethnicity for the Immediate & Primary Service Areas for 2023 population projections. Those numbers were developed from 2020 Census Data.

Table J – Immediate Service Area Ethnic Population and Median Age 2023
(Source – U.S. Census Bureau and ESRI)

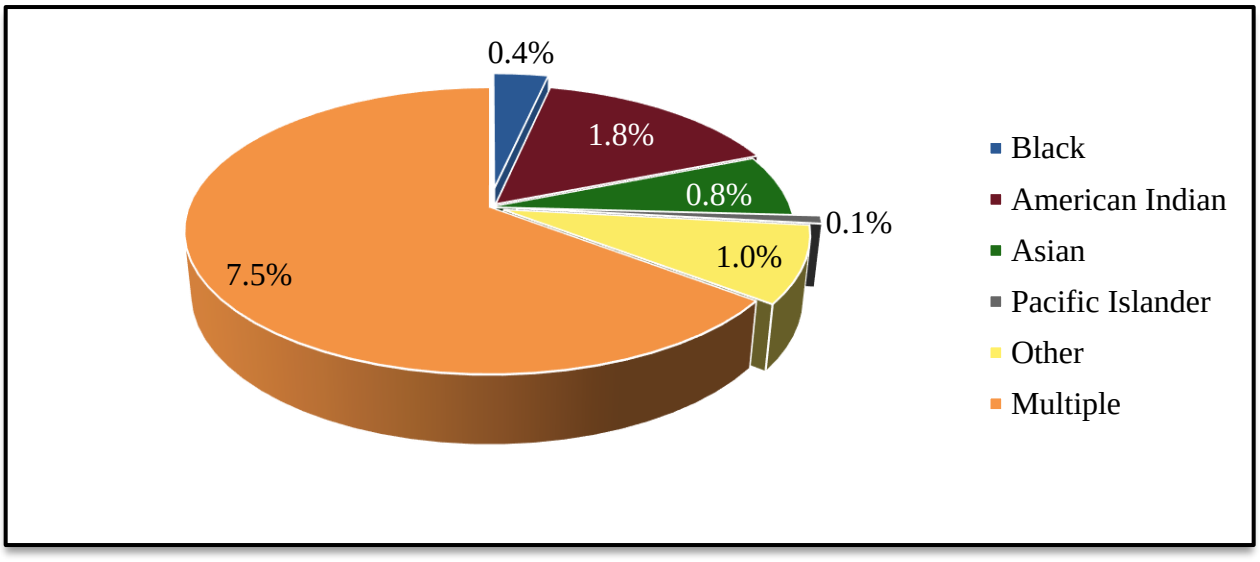
Ethnicity	Total Population	Median Age	% of Population	% of MT Population
Hispanic	3,1074	24.0	4.2%	4.7%

Table K – Immediate Service Area by Race and Median Age 2023
(Source – U.S. Census Bureau and ESRI)

Race	Total Population	Median Age	% of Population	% of MT Population
White	65,281	44.5	88.4%	84.2%
Black	305	30.5	0.4%	0.6%
American Indian	1,339	34.4	1.8%	6.0%
Asian	600	41.3	0.8%	0.8%
Pacific Islander	67	37.2	0.1%	0.1%
Other	751	32.9	1.0%	1.4%
Multiple	5,540	24.0	7.5%	6.9%

2023 Primary Service Area Total Population: 73,884 Residents

Chart K – 2023 Immediate Service Area Population by Non-White Race



Ethnicity and Race: Below is the distribution of the population by ethnicity and race for the Secondary Service Area for 2023 population projections. Those numbers were developed from 2020 Census Data.

Table H – Primary Service Area Ethnic Population and Median Age 2023
(Source – U.S. Census Bureau and ESRI)

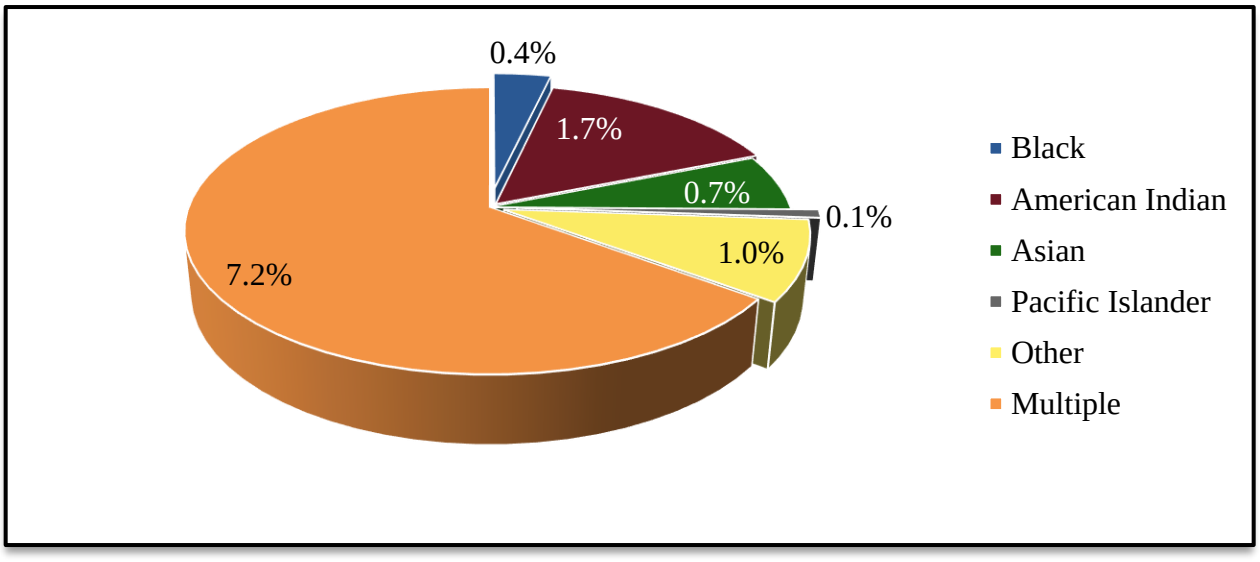
Ethnicity	Total Population	Median Age	% of Population	% of MT Population
Hispanic	3,849	25.8	4.0%	4.7%

Table I – Primary Service Area by Race and Median Age 2023
(Source – U.S. Census Bureau and ESRI)

Race	Total Population	Median Age	% of Population	% of MT Population
White	85,148	46.8	88.9%	84.2%
Black	352	33.0	0.4%	0.6%
American Indian	1,647	36.6	1.7%	6.0%
Asian	679	42.2	0.7%	0.8%
Pacific Islander	69	37.5	0.1%	0.1%
Other	950	34.0	1.0%	1.4%
Multiple	6,889	26.0	7.2%	6.9%

2023 Secondary Service Area Total Population: 95,733 Residents

Chart I – 2023 Primary Service Area Population by Non-White Race



Tapestry Segmentation

Tapestry segmentation represents the 4th generation of market segmentation systems that began 30 years ago. The 67-segment Tapestry Segmentation system classifies U.S. neighborhoods based on their socioeconomic and demographic compositions. While the demographic landscape of the U.S. has changed significantly since the 2000 Census, the tapestry segmentation has remained stable as neighborhoods have evolved.

There is value including this information for Helena, MT. The data assists the organization in understanding the consumers/constituents in their service area and supply them with the right products and services.

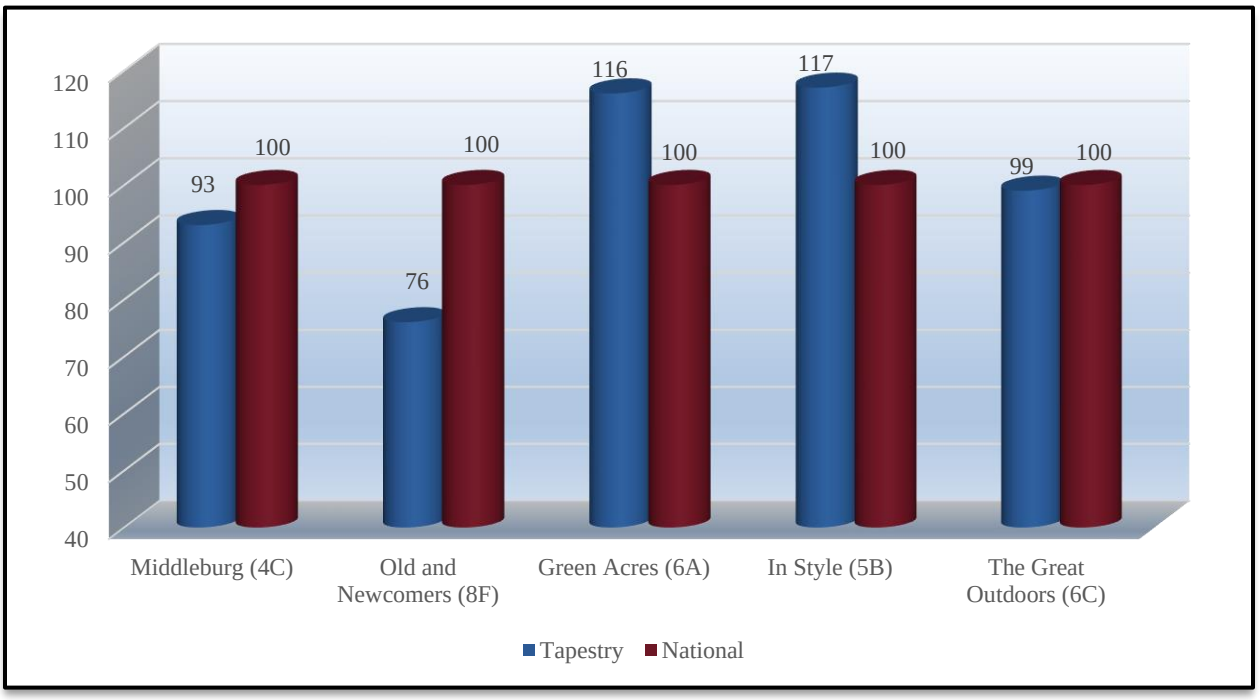
The Tapestry segmentation system classifies U.S. neighborhoods into 65 unique market segments. Neighborhoods are sorted by more than 60 attributes including: income, employment, home value, housing types, education, household composition, age and other key determinates of consumer behavior.

The following pages and tables outline the top 5 tapestry segments in each of the service areas and provide a brief description of each. This information combined with the key indicators and demographic analysis of each service area help further describe the markets that the Primary and Secondary Service Areas look to serve with programs, services, and special events.

Table N – Primary Service Area Tapestry Segment Comparison (ESRI estimates)

	Primary Service Area		*Demographics*	
	Percent	**Cumulative Percent**	**Median Age**	**Median HH Income**
Middleburg (4C)	21.3%	21.3%	36.1	$59,800
Old and Newcomers (8F)	13.2%	34.5%	39.4	$44,900
Green Acres (6A)	12.3%	46.8%	43.9	$76,800
In Style (5B)	11.1%	57.9%	40.9	$60,000
The Great Outdoors (6C)	5.8%	63.7%	47.4	$56,400

Chart N – Immediate Service Area Tapestry Segment Entertainment Spending:



Middleburg (4C) – This group is conservative and family-oriented. A younger market that is growing. Prefers to buy American for a good price. Participate in sports and outdoor activities.

Old and Newcomers (8F) – Singles living on a budget. Just beginning careers or taking college/adult education classes. Strong supporters of environmental organizations.

Green Acres (6A) – Lifestyle that features self-reliance. Enjoy maintaining home/yard, being outside and playing sports. Most households no longer have children. Conservative and cautious.

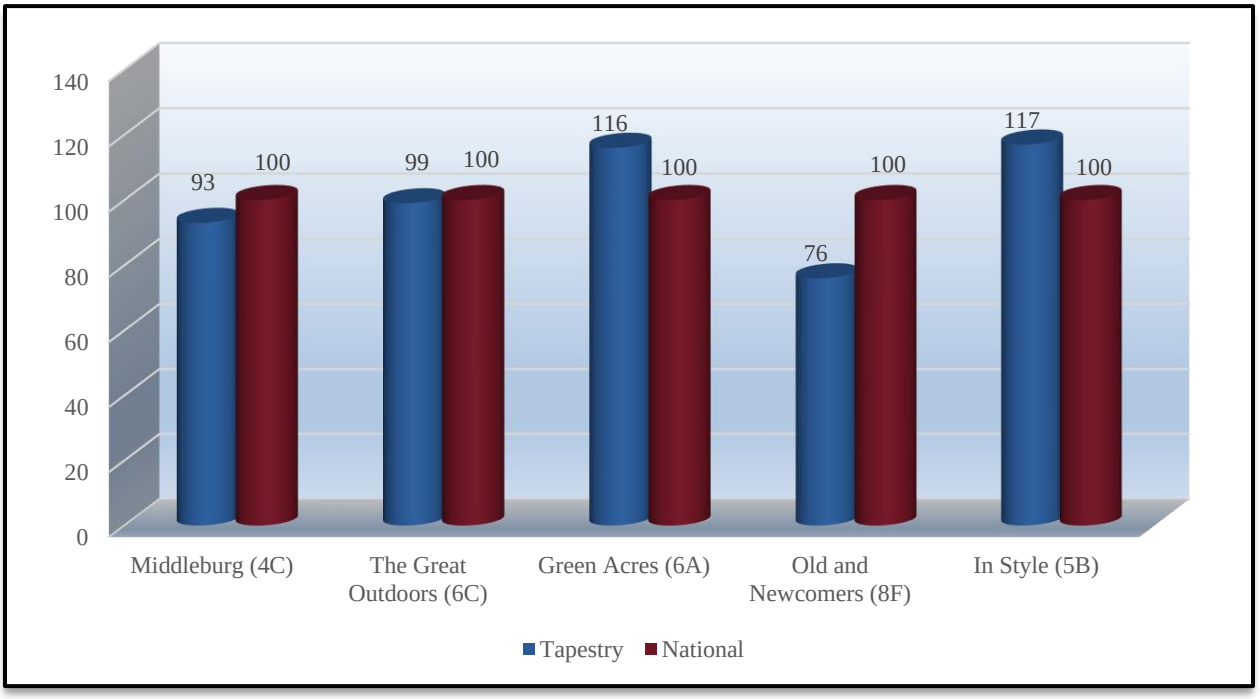
In Style (5B) – This group embraces the urban lifestyle. They are fully connected to digital devices and support the arts and charities/causes. Most do not have children. Meticulous planners.

The Great Outdoors (6C) – Living a modest lifestyle, these empty nesters are very do-it-yourself oriented and cost conscious. Enjoy outdoor activities such as hiking and hunting.

Table N – Primary Service Area Tapestry Segment Comparison (ESRI estimates)

	Primary Service Area		*Demographics*	
	Percent	Cumulative Percent	Median Age	Median HH Income
Middleburg (4C)	16.4%	16.4%	36.1	$59,800
The Great Outdoors (6C)	12.0%	28.4%	47.4	$56,400
Green Acres (6A)	10.9%	39.3%	43.9	$76,800
Old and Newcomers (8F)	10.1%	49.4%	39.4	$44,900
In Style (5B)	8.6%	58.0%	42.0	$73,000

Chart N – Primary Service Area Tapestry Segment Entertainment Spending:



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