

SECTION 4 – PROJECT FEASIBILITY

1. Competitive Supply Analysis

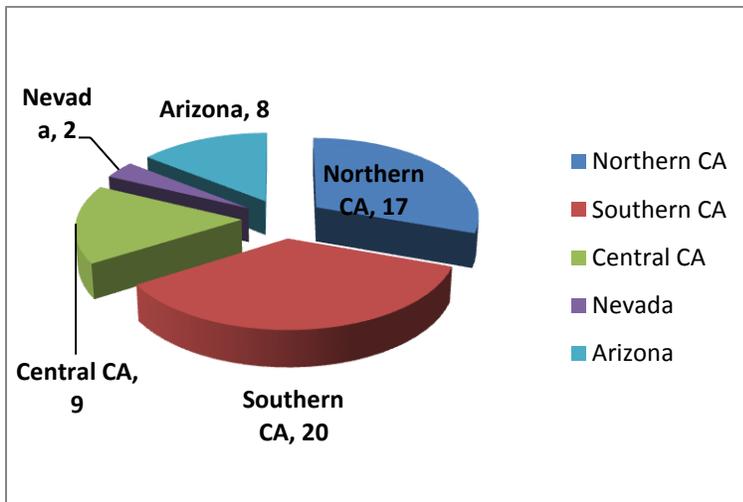
- A. Provide a review of both direct and indirect competition and the strengths and weaknesses of the competition (SWOT) – identification of where the proposed project fits within the marketplace.

Overview of Industry

Roller skating rinks rose in popularity in the 1970's and 1980's as places where teenagers could have fun away from home. These rinks experienced a renaissance in the 21st century as communities encourage safe places for kids to get exercise, hang out and play video games. In the United States, there are 443 roller rinks currently in operation. Each year, these businesses aggregate generate more than \$419 million dollars of revenue and provide \$114 million dollars of payrolls for 11,500 Americans. The roller rink industry is mature. The expected continued growth of these businesses is expected to mirror the general population growth plus the rate of inflation. One of the common trends within the industry is for facilities to integrate secondary forms of entertainment into their businesses. These additional revenue streams include arcade machines, fuse ball tables, pool tables, and other forms of secondary entertainment.

Competitive Set

No direct competitors operate within Mono or Inyo counties. An estimated 55 skating rinks (indirect competitors) operate in Northern California (17), Southern California (20), Central California (9 – including Mammoth Lakes), Nevada (2), and Arizona (8).



The closest skating rinks to Mammoth Lakes are Roller Kingdom in Reno, Skating Plus in Ventura, Boulder Crystal Palace in Las Vegas, and Skateplex in Lancaster, California.

The Mammoth Lakes Multi-Use Facility will serve the entire counties of Mono and Inyo – 32,748 residents for roller skating.

Table: Comparison of Indirect Competitors¹ to the summer operation of the Mammoth Lakes Multi-Use Facility.

PER SESSION	Multi-Use Facility, Mammoth Lakes, CA	Roller Kingdom Reno, NV	Skating Plus, Ventura, CA	Boulder Crystal Palace, Las Vegas, NV	Skateplex Lancaster, CA
Adult Recreational Skate (16+) – midweek/weekend	\$4.00/\$5.00	\$5.00/\$6.00	\$6.00/\$7.75	\$8.00/\$9.00	\$9.00 (Fri-Sat)
Youth Recreational Skate (5-15 yrs.) midweek/weekend	\$4.00/\$4.00	\$5.00/\$6.00	\$6.00/\$7.75	\$8.00/\$9.00	\$7.00 (Fri-Sat)
School Special	\$2.00 with skates	\$4.75	seasonal	\$10 / 4 hours	NA
Extra Session	\$2.00	\$2.00	\$3.50	NA	NA
Family Rate	Five Skate Pass	\$6.00 + \$2.75	\$20 (5 skaters)	\$12.00 (4 skaters)	NA
Skate Rental	\$2.50	\$2.50/\$4.00*	\$2.50/\$4.00	\$1.00	\$2.00
Lessons	TBD	\$5.00/person	\$10.00/person	NA	NA
Birthday / Private Party's	Yes - TBD	\$105/145/195 for 10 skaters	\$13.95-21.95/skater	\$11-12/skater	\$10/skater

*Inline skates (roller blades)

In addition to scheduling roller skating/hockey, the facility will offer recreational games and activities, including table tennis, basketball, and table golf. This equipment will also be utilized for our youth summer camps and programs.

Staff will be actively promoting and programming birthday parties in summer. For example, Roller Kingdom in Reno, NV offers three party packages for up to 10 skaters. Prices range from \$105 to \$195 and include:

- Skating session and skate rental
- A Party Room for 45 minutes
- A host(ess) to serve your party
- The complete table setup
- A Slice of pizza or hot dog
- Soda & Ice Cream
- Microphone name announcement
- The Birthday Song
- 2 for 1 passes for each skater
- Invitations available for pick up



¹ <http://www.seskate.com/rinks/>

Staff has created the following SWOT analysis for the summer operation of the Mammoth Lakes Multi-Use facility.

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> Fully-operational facility Popularity of ice / roller skating & hockey 17,000 sq. ft concrete slab Lights, parking, restrooms & concession area Outdoor seating under shade (umbrella's) Affordable - value for money Accessible (shuttle routes) Variety of recreational activities Birthday/private party venue Special event venue 	<ul style="list-style-type: none"> Non-wood skating surface Local awareness of summer program No roof No shade structure New and un-tested special event venue New summer business introduced in challenging economic times Limited number of rental skates (100)
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> Short-term multi-use recreation & events facility Increased usage from shade structure Growth and size of roller/ice hockey High summer visitation to Mammoth Lakes New summer family activity(s) 	<ul style="list-style-type: none"> Weather: heat/rain Slippery skating surface Safety (no helmets/pads) Sustainable funding

2. Identification of Market Opportunity

A. Identify the long-term opportunity that the project/program presents.

The operation of the Multi-Use Facility in summer provides the opportunity for the Town and its partners to maximize the use of the facility by introducing new recreational activities and programs to the community of Mammoth Lakes.

This opportunity over-time will create sustainable demand, affirm programming, and quantifiably substantiate the need for the design and construction for a Field House/Recreation facility/Community Recreation Center as identified as the No. 1 priority in the RecStrats II - Final Consolidated Element Project List.

3. Describe the targeted users of your project/program (include the number of participants).

Customer Profile

The Roller Skating Association estimates that over 33 million people skate at skating centers each month. They have compiled the following statistics:

- 10% are children ages 1 to 5
- 60% are children ages 6 to 14
- 10% are children ages 15 to 17

- 20% are adults
- Over 55,000 birthday parties are held at skating centers each month
- 61% of all roller skaters are female
- 87% of all skating center are family-owned

The Primary target market for the Multi-Use Facility are Mammoth Lakes / Mono County residents and indirectly, Inyo County or Bishop residents. The secondary market are our thousands of summer visitors who originate from predominantly California (71%), are on average 48 years old, married (69%), with and average household income of \$92,600.

Primary Market

The Roller Skating Association estimates that 1.5% of the population within a five-mile radius will use a roller rink on a weekly basis. If you were to apply this rule of thumb to the 12,117 residents² in our area, we could expect 182 customers each week. More broadly, there are 14,202 residents in Mono County and 18,546 residents in Inyo County. The majority of skaters at roller skating rinks according to the Roller Skating Association are children between the ages on 6-14. Within Mammoth Lakes, there are 2,514 residents under 18.

Secondary Market

The facility’s secondary market are primarily residents of California who have a propensity for outdoor recreation in a mountain environment, and are prepared to drive 5-7 hours for the opportunity. According to the 2010 Census there are over 37 million people residing in California. A Mono County survey estimated a total of 1.5 Million people visited Mono County in 2008. Overall, 71% were Californians; 18% from other U.S. states (NV, OR, CO, FL); and 11% non-U.S. (Europe) (89% were U.S residents).

4. Projected Multi-Year Demand Analysis

A. Provide the projected demand with assumptions.

The successful operation of the Mammoth Ice Rink in 2011/12, along with the recent *Multi-Use Facility Needs Survey* results substantiates the demand for the facility. The primary assumptions are sustainable funding, the construction of a year-round shade structure, and expanded use as a viable recreation/event venue. See below for multi-year revenue projections.

5. Projected Multi-Year Revenue Projections

A. Projected revenue with pricing assumptions.

Yr.	2012	2013	2014	2015	2016
Est. Revenue	\$ 28,509.00	\$ 29,934.45	\$ 35,921.34	\$ 39,513.47	\$ 43,464.82
Growth	1st Year	5.00%	20.00%	10.00%	10.00%
Assumptions		Additional skates	NEW Shade structure & longer season	New activities & More events	Broad acceptance

² Source: 2010 Census Data

6. Cost Analysis – Provide the estimated one time or annual costs for each phase of your project/program (where applicable):

1. Land acquisition costs: **\$0.00**
2. Equipment acquisition: **\$18,000 (on-time capital expenditure)**
3. Site preparation/demolition and site prep costs: **included in operational costs**
4. Entitlement costs: **\$0.00**
5. Architect and planning costs: **\$0.00**
6. Construction costs: **\$0.00**
7. Operational costs: **\$26,000 (temporary wages)**
8. Maintenance costs: **\$4,000**
9. Programming costs: **\$12,000**
10. Other: **NA**

Feasibility Analysis

1. Project and Financial Assumptions

A. Please state assumptions which are the basis of the pro forma development.

The primary assumptions are sustainable funding, the construction of a year-round shade structure, and expanded use as a viable recreation/event venue.

2. Multi-Scenario Pro Formas

A. Provide one or two pro forma scenarios to understand the project's/program's financial feasibility. Within this element it is recommended that a 5-year operating budget be developed.

Please see Question 5: *Projected Multi-Year Revenue Projections* for a 5-year table identifying projected revenue with pricing assumptions.

3. Risk Analysis

A. Identify project/program risks.

Program risks include:

- Start-up capital
- Sustainable long-term operational funding
- Low-awareness/acceptance of recreational quad/in-line skating in target market
- No roof, shade structure (limited season, exposed to the elements, heat/rain)
- Economy (low visitation from high gas prices, discretionary spending)
- Safety risk (helmets/pads)

4. Project Schedule

A. Identify the necessary implementation tasks required for your project/program.

April:

- Town Council adoption of summer Fee Schedule
- Evaluate and confirm capital expenditures
- Confirm staff template and draft employee job descriptions
- Publish job postings
- Draft employee job responsibilities and manual

May:

- Relocate temporary storage trailer
- Clean and prepare facility
- After appropriation of funds:
 - Hire staff
 - Purchase capital expenditures

- Prepare facility (concession, skates, prepare equipment)
- Open facility

5. Quality of Life Analysis

A. Identify positive and negative project/program effects on the quality of life for the community of Mammoth Lakes.

The operation of the Mammoth Lakes Multi-Use Facility in summer will only have a positive impact on the quality of life for the community of Mammoth Lakes. Attributes include a sense of community, supporting a physically active lifestyle, and providing community-centric programs and activities where people live, learn, work and play!