

MEMORANDUM



DATE: April 15, 2015
TO: Michael Herring, City Administrator
FROM: Mike Geisel, ^{MO} Director of Public Services
RE: Chesterfield Valley Athletic Complex
Lighting Proposal

As you are aware, since the City assumed maintenance of the Chesterfield Valley Athletic Complex in 1999, the City has enjoyed tremendous partnerships with facility users. Over the last decade, our patrons have participated in funding a variety of significant capital improvements for the facility. In addition, over the course of the last several years, we have expanded use of the CVAC to other sports and developed additional partnerships. We have expanded both the usage of the complex, and the user groups. We have received requests from Ascension Soccer (AS), Chesterfield Football Association (CFA), and J.B. Marine (JB) to add field lighting on fields A3, A4, and B5. Obviously, adding lights to these fields will expand their usage to the evening hours, while at the same time increasing field rental revenues. Further, as provided in the City's CVAC Master Plan, these fields are to be lit. As Council has directed, the underground infrastructure necessary to add lighting to these fields and light pole bases was constructed in conjunction with the original field construction. **As more fully described herein; the addition of lights as proposed, results in a net positive revenue generation on an ongoing basis. Not only will the initial costs be recovered, but the continuous new revenues generated from the additional field availability and new users, will continue to provide revenue to the City.** It should be clear that the City's early decisions to complete the underground infrastructure and place the pole bases with the initial CVAC improvements, have substantially decreased the cost to light these fields at this time, and serve to reduce the negative impacts that otherwise would occur to the athletic fields during a typical installation. Clearly such expense reflects good planning and a wise investment.

As you are also aware, we are currently in the third year of a prior agreement with Chesterfield Football which resulted in lighting athletic fields A1 and A2. Chesterfield Football entered into a formal agreement to contribute \$100,000 in the form of five uniform annual installments to the City, in exchange for the City to add field lighting for these fields. This has allowed the City to increase field usage, increase field rental revenues, and Chesterfield Football is able to better serve their youth program. Chesterfield Football has expanded and now serves a much larger

group of youth athletes. Please note, that while CFA contributed the \$100,000, once in place, the field lighting became property of the City of Chesterfield and the added field capacity is used by multiple CVAC user groups. It should also be noted that lit fields are provided at a premium hourly rental rate to compensate for utility and light maintenance expenses. It should also be clarified that Chesterfield Football is still required to pay the full rental rate and their rental fees are not discounted due to their contribution. These lit fields are offered at an hourly rental rate of \$76.

The primary reason to add these lights is to allow for additional field availability, allowing for new and expanded field usage, which in turn results in additional field rental revenue. Adding lights to these fields provides for up to four additional hours per evening in the summer\fall season, and two additional hours during the spring season. If the lit fields are provided, it also enables new users, such as J.B. Marine, to utilize these fields. This generates totally new field rental revenue to the City. Staff has estimated the potential **annual increase in field rental to be more than 2,240 hours (\$170,000)**. We also recognize that the increased usage will add utility and maintenance expense as well. Staff has estimated the anticipated net increase in revenues to be more than \$84,000 annually. However, for the purpose of this recommendation and my analysis, I've used \$8,100 for the partial year of 2015 and \$41,600 annually in years 2016 through 2020 for the total projected net revenue of \$216,000 over the period. **Accordingly, if the City accepts the agency requests and elects to fund the lighting project in 2015, it will conservatively represent a net positive cash flow of more than \$121,000**, probably considerably more. The \$41,600 value which I used in the spreadsheet analysis, relates to an increase in field usage of only 547 hours annually, or 182 hours per field.

As proposed, the three user groups will contribute a total of \$210,000 for lighting the three fields. Ascension Soccer has offered to contribute \$60,000, Chesterfield Football will contribute \$100,000, and J.B. Marine will contribute \$50,000 over the six year period as outlined in the attached exhibit. The initial cost to light these fields, with a reasonably contingency mark-up is \$305,000, resulting in an apparent ultimate cost of \$95,000 to the City of Chesterfield. **The \$95,000 initial contribution from the City only requires 1,250 hours of additional field rental to fully offset that cost. Very conservatively, for the purpose of my analysis on the attached spreadsheets, I've used \$41,000 as the NET new revenue, less than one-fourth of the potential gross annual field rental revenue, as the annual additional net revenue figure. Quite conservatively, the City is expected to fully recover the initial \$95,000 investment by the end of 2017, simply due to increased field usage. This recovery could reasonably occur in 2016. For the purpose of our analysis, I have totally ignored the ancillary increase in revenues associated with concessions and sponsorships. Obviously, the analysis is extremely conservative.**

Further, I attempted to identify what level of additional field rentals would be necessary to ensure at least a break even investment. As depicted on the attached Exhibit "B", field usage on the three fields would only have to increase a cumulative

total of 208 hours, or 69 hours per field annually. This is readily achievable and staff has estimated that the potential increase could be 2,200 hours annually, generating more than \$150,000 in new revenue. For the purpose of this recommendation, it is clear that an installation of lights on these three fields, which already have the pole bases and underground infrastructure in place, represents a positive financial investment and provides broader community use of the CVAC. Equally as important, the support and participation of the various sports partners is symbolic of the City's relationship with the sporting community and the importance of our facilities. Clearly, each participating partner is investing, above and beyond the standard rental charges.

As such, I request that this information be forwarded to the Parks, Recreation and Arts Committee of City Council for review and consideration. **I concur with Parks, Recreation and Arts Director Tom McCarthy, in recommending that the City fund completion of lighting athletic fields A3, A4, and B5 during 2015, at a cost not to exceed \$305,000 from the Parks Fund – Fund Reserves, accepting the third party contributions from Ascension Soccer, Chesterfield Football Association, and J.B. Marine in the cumulative total amount of \$210,000 over the next six years.** In doing so, the City of Chesterfield is expected to experience a significant positive net revenue stream over the six year period due to the project. Again, as described in detail herein, **the installation of these lights results in a positive revenue generation for the CVAC.**

Finance Director Craig White has updated the estimated 2015 end of year Parks Fund – Fund Reserve projected end of year balance of \$2,783,445, which is \$38,417 over the 40% policy threshold. This amount assumes that 100% of the budgeted expenses will be realized and includes roll-over purchase orders, and the one time reserves allocated for the two recent grant projects. Clearly, while the lighting project requires an initial investment, the resultant net positive revenue is a significant benefit to the City and the patrons of the CVAC.

If you have any questions or require additional information, please let me know.

Cc Craig White - Finance Director
Tom McCarthy - Parks, Recreation and Arts Director

✓ MBH
4/16/15

2015 CVAC Field Lighting Project - Financial Summary

Third Party Capital Contributions

	2015	2016	2017	2018	2019	2020
Ascension Soccer	\$60,000	\$0	\$0	\$0	\$0	\$0
Chesterfield Football	\$10,000	\$10,000	\$20,000	\$20,000	\$20,000	\$20,000
J. B. Marine	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$0
Period total	\$80,000	\$20,000	\$30,000	\$30,000	\$30,000	\$20,000
Cumulative total of 3 rd party contributions						\$210,000

*Annual projected (new) net revenues resulting from field improvements**

	2015	2016	2017	2018	2019	2020
Period total	\$8,100	\$41,600	\$41,600	\$41,600	\$41,600	\$41,600
Cumulative Net New Revenue total						\$216,100

* based upon 37.5% of projected annual net revenues of \$84,000.

Lighting Project cost	(\$275,000)
Contingencies (11%)	(\$30,000)
Total project expense	(\$305,000)

Deduct third party capital contributions	\$210,000
Deduct cumulative net increase in revenues	\$216,100
Projected realized project cost to City	\$121,100

**** Positive Cash Flow during period

ANNUALIZED FINANCIAL SUMMARY

	2015	2016	2017	2018	2019	2020
<i>PROJECT CONTRACT EXPENSES</i>						
City of Chesterfield	\$305,000	\$0	\$0	\$0	\$0	\$0
3 RD Party Payments	\$80,000	\$20,000	\$30,000	\$30,000	\$30,000	\$20,000
New Net Revenues	\$8,100	\$41,600	\$41,600	\$41,600	\$41,600	\$41,600
Period total	\$393,100	\$61,600	\$71,600	\$71,600	\$71,600	\$61,600
Cumulative total						\$731,100

Break Even Analysis

What level of increased usage is required, to result in zero net project cost?

Project Costs

Lighting Project cost	\$275,000
Contingencies (11%)	<u>\$30,000</u>
Total project expense	(\$305,000)

Field rental costs

Premium for lighting	\$17	per hour
Field rental rate	<u>\$59</u>	per hour
	\$76	per hour

Project Cost, with Capital Contributions (ignoring additional revenue)

Total project expense	(\$305,000)
3 RD Party Payments	<u>\$210,000</u>
Total project expense	(\$95,000)

How much must field usage increase to simply break even?


Total project expense	(\$95,000)	<small>6 year project return period to match 3rd party contributions</small>
Necessary annual recovery	\$15,833	
Hourly lit field charge	\$76	

208 Increase in annual field usage (hours) for break even
69 hours, per field increase
already under contract with J.B. Marine

Staff estimates 2,230 hour increase potential

Memorandum

To: Mike Geisel, Director of Public Services,
Public Works and Parks

From: Tom McCarthy 
Director of Parks, Recreation and Arts

Date: 4/13/2015

Re: CVAC – Cooperative Field Lighting Proposal



The Parks and Recreation Department has been contacted by the Chesterfield Football Association (CFA) and the Ascension Athletic Association (AAA) with regards to a dual request for improvements at the Chesterfield Valley Athletic Complex (CVAC). With the construction of football fields A3 and A4 at the CVAC, which have become the home game fields for the CFA, CFA would like to light these fields to have the ability to play games in the evenings and increase their lighted field options for practice. Ascension would like to assist in the lighting of soccer field B5 for additional lighted field options for practices and games alike. We also have a new user, JB Marine, which is willing to enter into a five-year field agreement for field usage, with the understanding that Ascension has priority on the soccer fields and they will be given field preference after Ascension. The lighting of additional fields was in our Master Plan and, as we have consistently done with construction of our facilities, we were able to design and install the underground infrastructure necessary for the future improvements at the time we initially graded the fields. Specifically, we put in all of the underground electrical conduits, wiring and pole bases to facilitate the future placement of athletic field lighting on fields A3, A4 and B5. A3 & A4 have the bases and electric on them and B5 has the bases, but no electric. In each case, all of the underground infrastructure, such as sewer lines, conduits, irrigation lines, and communication lines, were placed with the original construction so as to avoid damaging the fields each time infrastructure was added.

Chesterfield Valley Athletic Complex
City of Chesterfield, Missouri



(Fields in blue rectangle our the three fields we are proposing to light on the map above)

Our relationship with Chesterfield Football Association (CFA), Ascension Athletic Association (AAA) and JB Marine has grown and these programs are all doing exceptionally well. These three groups are interested in assisting in funding the installation of the actual light poles and fixtures on two of the football fields and one of the soccer fields at the western end of the CVAC. My staff and I have met with CFA, AAA and JB Marine and discussed their proposals. We are now looking to Council for further direction.

- *CFA, AAA and JB Marine desires to complete the originally designed lighting on Athletic Fields A3, A4 and A5 by August of 2015.*
- *CFA, AAA and JB Marine understand and accept that such lighting becomes the property of the CVAC and the City of Chesterfield.*
- *CFA, AAA and JB Marine understand and accept that the City charges a rental premium for use of lighted fields to offset the utility costs associated therewith.*
- *The CFA, AAA and JB Marine understands and accepts that any construction that occurs at the CVAC is under the responsibility and control of the City of Chesterfield, and must be contracted for in a manner consistent with City Policies and Statutory Requirements.*
- *The proposed lighting of fields A3, A4 and B5 must be completed prior to the start of the 2015 Fall season.*

The estimated cost to complete the pole and fixture installation is \$275,000.00. (If we lease-to-own over a five-year period, the cost is \$309,555.00. (see below for more details.) The Chesterfield Football Association is willing to contribute \$100,000.00 towards this expense over a six-year period and Ascension Athletic Association is willing to contribute \$60,000.00 towards the expense up front. JB Marine will contribute \$50,000.00 over the next five years. The difference in contribution is based on the field usage. It is assumed that the total amount of the project would initially be funded from the Parks Fund - Fund Reserves and the CFA would commit to an annual premium of \$10,000 the first two years (2015-2016) and then \$20,000.00 for the remaining four years (2017-2020) for a total of \$100,000.00. Ascension will pay a onetime fee up front of \$60,000.00 in 2015. JB Marine will give us \$10,000.00 over the next five years. After the overall donations form the three organizations, the end all cost to the City will be \$95,000.00 for the lighting of three additional fields.

Mike, we could generate in upwards of \$65,000 in revenue if we put the lights in for the August through November time frame in 2015. This number includes the field rental revenue also that is not available without the lights. Our projected numbers for the entire year of 2016 would be right at \$120,000. These numbers are conservative and as the

lighted fields are available, the usage would increase as we continually turn groups away because we don't currently have the fields lighting option at this time.

I have also explored the option of leasing the lights on a five-year plan. If we enter into a lease with Musco, we would make five yearly payments of \$61,811.16 paying the interest rate of 3.95%. There would also be a \$500.00 document fee due at lease signing. With the revenue generated, we could afford to make the lease payments without the contribution for the three groups. I know this is not a grant, but if we look at what we are getting for what we are paying this is wonderful partnership for everyone involved. We are contributing \$65,000 to get facility improvements worth \$275,000, along with the ability to increase our revenue generation upwards of a \$120,000 per year.

I request that the CFA, AAA and JB Marine proposal to cost share to complete the lighting on athletic fields A3, A4 and B5 be forwarded to the Parks and Recreation Committee Of Council for review and further direction.

If you have any questions or require additional information, please let me know.

Attachments

- Current Musco Lighting Proposal and lease information
- Ascension e-mail note of intent- finalizing the agreement with them
- Updated Chesterfield Football Lighting Contract
- JB Marine contract



Musco Finance, LLC
 100 1st Avenue West
 Oskaloosa, IA 52577
 Phone: 800-825-6020
 Fax: 641-673-6360

Lease Purchase Proposal

Customer Name: City of Chesterfield	Date: March 12, 2015
City, State Chesterfield, MO	Sales Rep: Todd Stych
Project Name: Chesterfield West Fields Phase 2	Project # 164755

	Option 1	Option 2	Option 3
Estimated Project Cost	\$275,000.00	\$275,000.00	\$275,000.00
Down-payment (Due with Order)	\$0.00	\$0.00	\$0.00
Total Amount Financed	\$275,000.00	\$275,000.00	\$275,000.00
Term of Contract (Years)	5	7	10
Interest Rate (Annual)	3.95%	4.45%	4.95%
Payments per Year	1	1	1
Payment Amount	\$61,811.16	\$46,739.47	\$35,724.29
Number of Payments	5	7	10

-At the end of the term, clear title passes with the completion of payments.

-\$500.00 documentation fee due at lease signing.

-Proposal assumes first payment is due one year from contract date.

The interest rate quoted is based on current market rates and will be adjusted when the lease closes. The lease must qualify for "Federal Income Tax Exempt" status for the Lessor as defined by Section 265(b)(3)(B) of the Internal Revenue Code of 1986*.

This proposal is subject to acceptance of documentation and credit approval. The finance agreement is to be executed within 14 days of the execution of the equipment purchase contract.

Required information may include three years audited financial statements, current year's budget, and most current quarter interim profit and loss statement. Additional information may be requested.

*Lessee must certify that it reasonably anticipates that it and all of its subordinate entities will not issue more than \$10,000,000 of "qualified tax-exempt obligations during the calendar year in which the Lease is executed. The interest rate may vary if this is not the case.

Thomas McCarthy

From: todd.stych@musco.com
Sent: Thursday, March 12, 2015 12:56 PM
To: Thomas McCarthy
Subject: [QUAR] Pricing and lease quote / Project -- Chesterfield West Fields Phase 2 #164755
Attachments: City of Chesterfield 031215.pdf

Importance: Low

Follow Up Flag: Flag for follow up

Flag Status: Flagged

Hi Tom-

I have included attached a lease quote for fields A3, A4, & B5. The cost of \$275,000 includes install and cooperative purchase. The LED package would run roughly 90k more. Let me know if you would like to entertain that option.

Regardless, let me know how you would like to proceed.

Todd

Todd Stych
Representative- Missouri
Musco Lighting, LLC.
Ph- 844-232-6157
Fx- 800-374-6402
Mobile- 563-260-0994
www.musco.com

LETTER OF AGREEMENT

This Agreement is made the 3rd day of March, 2015 between the **J.B. Marine Soccer Club ("J.B. Marine")** a Missouri not-for-profit corporation, and the **City of Chesterfield, Missouri ("City" or "Chesterfield")** for the purpose of setting out financial responsibility for installation of lights at multipurpose fields used by J.B. Marine at City's Chesterfield Valley Athletic Complex on an annual basis.

For valuable consideration J.B. Marine and the City agree as follows:

1. Installation of Lights

City agrees to install and maintain lights and poles on field B5 at the CVAC Park. It is anticipated that the cost of these lights will not exceed \$170,000.00. The lights are and will remain the sole property of the City.

2. J.B. Marine Responsibilities

J.B. Marine will pay the City, in addition to the regular rental of the fields from the City, \$10,000 a year for the next 5 years to reimburse, partially, the City for the cost of the lights. J.B. Marine will make the yearly payment to the City in two installments of \$5,000 each when J.B. Marine pays its initial field rental deposit and \$5,000 when it makes its final payment for field rentals each year.

3. J.B. Marine Field Rentals

Through the year 2020 from March 1 through November 30 of each year, J.B. Marine will have the option to schedule and rent one lighted full sized (11v11) soccer field (preferably B5 unless conditions or scheduling require a change) Mondays-Thursdays, as well as the second right of refusal to rent a second or third field Mondays-Thursdays, from the City at the Chesterfield Valley Athletic Complex at the City's then field rental rates and subject to the City's rental rules and regulations then in place, that include certain non-use or rest periods. This right is not transferable and may fields not leased to J.B. Marine each year by January 31 for spring usage and May 1 for fall usage can and will be leased by the City of Chesterfield to other users.

In a mutually agreed location near field B5 (the field to be lighted in conjunction with this agreement), the City agrees to place a professionally made sign, paid and maintained by J.B. Marine. The sign specifics and details to be determined and agreed upon by both parties at a later date.

There is a \$17.00 per hour rate charged when lights are used on each field. Each field rented will be charged as separate fields. This hourly rate may increase on a yearly basis; J.B. Marine will be notified by the City prior to increase.

4. Entire Agreement

This Agreement is the entire understanding between J.B. Marine and the City and supersedes and replaces any previous documents, correspondence, conversations and other written or oral understandings related to this Agreement which are not consistent with or are not contained herein. This Agreement is binding on any successors

5. Governing Law

In the unlikely event that a dispute arises out of this Agreement such Agreement shall be governed by and construed in accordance with the laws of the State of Missouri. In the event of a dispute regarding the terms of this agreement, the prevailing party to such dispute shall be entitled to recover all cost incurred including a reasonable attorneys fee. Proper venue for any dispute shall be in the Circuit court of St. Louis County.

6. Binding on Successors

This Agreement is binding upon the agents, servants, successors, and assigns, heirs, representatives and any parent corporations, subsidiaries or partners of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.


THE CITY OF CHESTERFIELD, MISSOURI

BY: _____

DATE: _____

Michael G. Herring, ICMA-CM
City Administrator

J.B. MARINE SOCCER CLUB – ACADEMY AFFILIATE OF SPORTING KC

BY:  _____

DATE: 3-27-15

Robert Schneider
J.B. Marine Soccer Club Director

LETTER OF AGREEMENT

This Agreement is made the 9th day of January, 2015 between the **Chesterfield Football Association ("CFA")** a Missouri not-for-profit corporation, and the **City of Chesterfield, Missouri ("City" or "Chesterfield")** for the purpose of setting out financial responsibility for installation of lights at football fields used by CFA at City's Chesterfield Valley Athletic Complex between August 1 and November 30.

For valuable consideration CFA and the City agree as follows:

1. Installation of Lights

City agrees to install and maintain lights and poles on fields A3 and A4 at the CVAC Park. It is anticipated that the cost of these lights will not exceed \$170,000.00. The lights are and will remain the sole property of the City.

2. CFA Responsibilities

CFA will pay the City, in addition to the regular rental of the fields from the City, \$10,000 a year in 2015 and 2016 then \$20,000 a year in 2017 to 2020 to reimburse, partially, the City for the cost of the lights. CFA will make the yearly payment to the City in two installments of \$5,000 each in 2015 and 2016 then \$10,000 each 2017 to 2020 when CFA pays its initial field rental deposit and when it makes its final payment for field rentals each year.

3. CFA Field Rentals

Through 2020, from August 1 to November 30 of each year, CFA will have the first option to schedule and rent fields A1, A2, A3, A4 and A5, from the City at the Chesterfield Valley Athletic Complex at the City's then field rental rates and subject to the City's field rental rules and regulations rules then in place, that include certain non-use or rest periods. This right is not transferable and any fields not leased to CFA each year by February 1 can and will be leased by the City to other users.

Through 2020, from May 15 to June 30 of each year, CFA will have first option to schedule and rent two lighted fields, of which will be selected by the City, at the Chesterfield Valley Athletic Complex at the City's then field rental rates and subject to the City's field rental rules and regulations then in place, that include certain non-use or rest periods. This right is not transferable and any fields not leased to CFA each year by December 1 can and will be leased by the City to other users.

There is a \$17.00 per hour rate charged when lights are used on each field. Fields A1, A2, A3 and A4 will be charged as separate fields. This hourly rate may increase on a yearly basis; CFA will be notified by the City prior to increase.

4. Entire Agreement

This Agreement is the entire understanding between CFA and the City and supersedes and replaces any previous documents, correspondence, conversations and other written or oral understandings related to this Agreement which are not consistent with or are not contained herein. This Agreement is binding on any successors

5. Governing Law

In the unlikely event that a dispute arises out of this Agreement such Agreement shall be governed by and construed in accordance with the laws of the State of Missouri. In the event of a dispute regarding the terms of this agreement, the prevailing party to such dispute shall be entitled to recover all cost incurred including a reasonable attorneys fee. Proper venue for any dispute shall be in the Circuit court of St. Louis County.

6. Binding on Successors

This Agreement is binding upon the agents, servants, successors, and assigns, heirs, representatives and any parent corporations, subsidiaries or partners of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

THE CITY OF CHESTERFIELD, MISSOURI

BY: _____

DATE: _____

Michael G. Herring, ICMA-CM
City Administrator

CHESTERFIELD FOOTBALL ASSOCIATION

BY: Michael Williams

DATE: 1/9/15

Michael Williams
Chesterfield Football Association President

Ascension Athletic Association
230 Santa Maria Drive
Chesterfield, Missouri 63017

13 April 2015

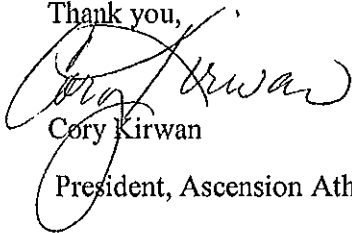
Tom:

As you know, several years ago, Ascension approached the City of Chesterfield in hopes of improving Ascension's existing soccer fields. The Ascension soccer program was growing rapidly, and our field were inadequate for our program's needs. The City and Ascension engaged in an agreement that resulted in the current CVAC fields, much to the benefit of Ascension. This agreement has allowed Ascension a yearly credit which has accumulated, putting the Athletic Association in a position of having surplus funds.

It was understood at that time that Ascension would support the City in their goals to continually improve, expand, and upgrade the CVAC facility, as Ascension is the primary user of the fields. There has been discussion about adding lights to some of the fields at the CVAC, and it is our understanding that the Chesterfield Football organization is making an investment in these lights, as they believe will improve their overall programming. The Ascension Athletic Association will follow suit and make a similar investment in the CVAC, in the amount of \$60,000, as these will continue to be Ascension's home fields for the foreseeable future. We hope in turn that our agreement regarding first rights to field usage might be extended for another five years, beyond our initial agreement.

The Ascension Athletic Association believes in the importance of a healthy partnership between Ascension and the City, and appreciates the quality of the fields and facilities that are available to the families of Ascension. We look forward to the possibilities that will be presented as a result of each improvement to the CVAC as a benefit for the Ascension program.

Thank you,



Cory Kirwan

President, Ascension Athletic Association