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Revitalize Your Facilities Through Capital Planning— A Critical Activity For Pro Teams, Municipalities, And Higher Education Institutions



Andrew Lieber

As sports fans become more focused on social interaction, unique experiences, and getting value for their money, it can be a challenge to create spaces and cultures that appeal. A further challenge is that this same fanbase is shrinking; McKinsey reports that just 38% of Millennials are committed sports fans, down from 45% of Gen Xers. Some forward-leaning pro teams and municipalities have already begun

addressing these challenges through proactive **Capital Planning—the process of strategizing around market shifts and the long-term financial exposure of a facility**. However, in the college and university space, it's almost unheard of. Athletics master plans can be successful in generating donor excitement, but are they successful in adapting to market shifts or managing future financial exposures? This critical activity should be on every organization's mind.

Why? **Capital Planning reduces risk of deterioration or malfunction and maximizes returns on market, fan, or student preference changes.** *Things break*, which makes Capital Planning useful in proactively addressing physical obsolescence, from annual wear-and-tear to life cycle replacements. *Things also change*, which makes Capital Planning useful in proactively addressing functional and experiential obsolescence, from shifts in operations, technology, and market demand. Capital Planning is also useful in capturing new or incremental revenue opportunities, for example from maximizing premium and ticketing sales, per caps, ancillary revenues, or donor giving.

A solid Capital Planning approach might look like this:

1. **Facility assessment.** Ensure all parties have a complete understanding of the

- facility as it exists today and a vision for future operations. This is accomplished through visioning exercises that establish shared goals and objectives for the plan, interviews with subject matter experts, and an existing conditions assessment.
2. **Baseline documentation.** Look back at previous investments to understand where improvements have and have not been made in order to identify trends for improvement needs and costs, and to manage expectations for future spending.
 3. **Necessary & upgrade improvements.** Identify improvements needed to address physical obsolescence over time (necessary improvements) and opportunities to maximize a competitive advantage in the market or incremental revenue (upgrade improvements). Ideally upgrade improvements will pay for themselves or at least help contribute to the facility's bottom line.
 4. **Financial outcomes.** Apply annual cost escalation and contingencies, and forecast necessary and upgrade improvement phasing and cost over time in order to understand annual and overall costs. Then, make adjustments as needed to align with financial capacity and goals.
 5. **Implement the plan.** Document the findings and recommendations of the plan, identify actions necessary to implement the plan (e.g., approvals, funding sources, permitting, etc.), and develop a tool that can be used to track and readily update the plan. A strong Capital Plan is not only implementable in the short-term, but adaptable to complexities for long-term changes.

What are the ways your facility or institution is adapting to change? How are you planning for Capital Improvements? To see what the Seattle Mariners have done with B&D's help, [read the Safeco Field \(now known as T-Mobile Park\) story.](#)

B&Der Spotlight: Chris Dunlavey, FAIA



Chris Dunlavey, president of B&D, has co-directed the development of the firm's practice since its founding in 1993. An architect with an advanced degree in real estate development and finance, he specializes in the development of anchors of community such as major sports and entertainment venues, higher education "quality of life projects" including recreation and athletic facilities, and PK-12 schools.

A member of the prestigious American Institute of Architects College of Fellows, in 2005 Chris was named by Street & Smith's *Sports Business Journal* as one of the "Forty Under 40" comprising the most innovative and influential executives in the sports business industry. He was also honored with a 2008 DCBIA Achievement Award for work on Major League Baseball's Nationals Park, and he is the recipient of a United States Olympic Committee commendation for his pro bono services, planning, and leadership in pursuit of a return of the Olympic Games to the US. You can visit award-winning projects he's had a hand in across the country, from Great American Ballpark in Cincinnati to M&T Bank Stadium in Baltimore.

Chris is also one of two key figures bringing professional rugby to Washington, DC. A player, himself—he has played with the Washington Irish Rugby Football Club since the late 1980s—he is eager to get a Major League team going in the nation's capital. [Old Glory DC](#) will begin playing in 2020, with exhibition games taking place in 2019.

B&D has three newsletters (Higher Education, Public Sector, and Venues). [Learn more.](#)

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