

FEASIBILITY STUDY FRAMEWORK

What is a Feasibility Study?

A feasibility study is essentially a process for determining the viability of a proposed initiative or service and providing a framework and direction for its development and delivery. It is a process for making sound decisions and setting direction. It is also a process which:

- ❖ is driven by research and analysis
- ❖ usually involves some form of consultation with stakeholders, community, users, etc.
- ❖ focuses on analyzing, clarifying and resolving key issues and areas of concern or uncertainty
- ❖ very often involves basic modeling and testing of alternative concepts and approaches

There is no universal format for a feasibility study. Feasibility studies can be adapted and shaped to meet the specific needs of any given situation.

When is a Feasibility Study Needed?

As outlined in the Leisure Services Policy, all new community leisure service initiatives or proposals which fall outside the Department's current realm or scope of service provision are subject to two initial evaluations: the Community Needs Assessment and the Options Analysis. If the results of these evaluations are inconclusive or fail to establish clear direction, then a feasibility study may be required if it is felt that the proposed service merits further review.

The requirement for a feasibility study will be at the discretion of the Parks & Recreation Department's Management Team. Generally, if a proposed initiative has major political or financial implications to the City or has significant potential community impacts, then a feasibility study will be required. Declaring the need for a feasibility study also implies that the initiative will require some consultative process and

Council involvement. The following are more specific circumstances that may prompt the need for a feasibility study:

- ❖ significant capital investment is required
- ❖ significant City funding or public fundraising is required
- ❖ significant commitment or exclusivity of City land or building floor space and time is required
- ❖ there is no clear champion
- ❖ financial viability is in question (costs compared with anticipated revenues)
- ❖ community needs require further analysis and validation
- ❖ there is potential to reach a large market segment or affect a large number of people
- ❖ accessibility to the service is an issue (pricing barriers, physical barriers, discriminative social barriers, proximity, geographic equity, etc.)
- ❖ there is a perception of competition with existing service providers (commercial or community based) and the City's mandate or role may be questioned
- ❖ there is no clear indication of the preferred method or source of delivery
- ❖ public safety is concerned
- ❖ there are significant legislative requirements (health, safety, liability, certification requirements) related to the initiative which concern, impact and relate to the City
- ❖ there is significant risk inherent in the service initiative (financial, political, public liability, social, etc)
- ❖ the initiative entails significant operating requirements (ie. financial, administrative, staffing, materials and supplies, skill development, customer service, training/development, etc.)

Any one of the above may point to the need for a feasibility study. The focus of all feasibility studies should always be placed on the need for service even if a proposed initiative involves major facility development that may be perceived as the final outcome or product. Facilities are a resource for accommodating community services and should be addressed within this context as part of the feasibility study.

Responsibility for a Feasibility Study

The responsibility for conducting a feasibility study will depend on circumstances surrounding the proposed service concept. The City may assume lead role if there is no organized proponent or organization attached to an identified need or service concept. Alternatively, the City may assist or team up with a community group or private proponent who is advocating a new community service or program. In any case, the City must be involved in the feasibility study process as a key stakeholder and provider of resources to support a service and to ensure that community needs and interests are represented accurately.

Typical Contents of a Feasibility Study

A typical feasibility study will:

- ❖ verify community needs for a proposed leisure service
- ❖ assess the benefits and overall value of a proposed service to the community
- ❖ assess market conditions and trends
- ❖ articulate a service concept (ie. format, content, theme, objectives/outcomes)
- ❖ determine required resources (capital and operating)
- ❖ determine costs and financing strategies (ie. Financial Analysis)
- ❖ review service delivery options and recommend the most effective delivery strategy

- ❖ determine the City's role and impacts (financial, resources) in the delivery of the service
- ❖ produce an implementation strategy for the development and delivery of the new service

The following summarizes typical contents of a feasibility study. The level of detail, analysis and involvement may vary depending on the nature and scale of the proposed initiative.

1. Service Concept

- ❖ Description
- ❖ Origin
- ❖ Conformance with City policies, goals and directions.

2. Community Benefits/ Outcomes Assessment

- ❖ Personal Health - physical development, skills development, mental health reduces the risk of heart disease, stroke, combats osteoporosis, etc.
- ❖ Build strong families and healthy communities - ethnic and cultural harmony, community pride and identity, community participation, community heritage.
- ❖ Ecological Survival - environmental health, protect public open spaces, natural features, ecological functions, wildlife habitat, awareness and respect of environment.
- ❖ Economic Generator - business development, productive workforce, reduce taxes, tourism.
- ❖ Human Development - development of children & youth's full potential, lifelong learning.
- ❖ Quality of Life - build self-esteem and positive self image, enhance life satisfaction, etc.
- ❖ Reduces self-destructive and anti-social behaviour - crime, racism, isolation, alienation, etc.
- ❖ Reduces health care, social services and police/justice costs - foster care, incarceration costs, etc.

3. Community Needs Assessment and Market Analysis

- ❖ Target markets/profiles (geographic/demographic)
- ❖ Needs assessment (ie. product or type of service)
- ❖ Market supply and competition
- ❖ Market share goals (production or service volume goals)
- ❖ Trends analysis- socio-economic, demographic, environmental, recreational, etc. Short term fad or long term need?
- ❖ Market growth potential
- ❖ Impacts to current markets

4. Service Concept Development

- ❖ Content
- ❖ Format
- ❖ Provision Levels
- ❖ Criteria/Standards (ie. quality, accessibility, safety, customer service)

5. Resource Requirements

- ❖ Capital- land, structure, space, furnishings, fixtures, equipment, computers, technological systems
- ❖ Facility provision options (rental/lease, renovations, re-using/re-adapting existing facilities, joint venture, new development)
- ❖ Operating- staff (administrative, instructional, supervisory/management), utilities, materials, supplies, etc.

6. Service Delivery/ Management Options

Review service delivery options in light of the following criteria:

- ❖ Cost efficiencies
- ❖ Accessibility
- ❖ Affordability
- ❖ Leadership capacity and commitment
- ❖ Public interest
- ❖ Liability-regulatory considerations
- ❖ Service quality and customer responsiveness
- ❖ Resource/financing capacity
- ❖ Service integration and continuity
- ❖ City role, financial impacts, impacts to other programs, services, facilities.

7. Financial Assessment of Preferred Options

- ❖ Capital expenditure projections
- ❖ Operating cost projections
- ❖ Capital and operating financing strategies- pricing, subsidy, grants, sponsorships, fundraising, etc.

8. Recommendations

- ❖ Preferred service delivery approach
- ❖ City role and impacts (ie. financial, resources)
- ❖ Implementation strategy

Typical Feasibility Study Process:

The following summarizes a typical feasibility study process for a community leisure service:

Phase 1 Project Development: Identify stakeholders, develop a steering committee, produce a terms of reference, call RFP and retain consultant if necessary, consulting services agreement, refine process timelines and milestones, develop task teams, clarify roles and responsibilities, communications plan, etc.

Phase 2 Background Research: Collect data, trends analysis, market analysis, community demographics profile, identify issues and opportunities related to contemplated service.

Phase 3 Community Consultation: Community needs assessment through focus groups, forums, surveys.

Phase 4 Service Concept Development: Develop service concept and format, resource requirements, capital requirements, service delivery alternatives, financial strategies, etc.

Phase 5 Community Consultation and Market Testing: Obtain input on service concept and format, delivery alternatives, costing and pricing strategies. Focus groups, surveys, forums, etc.

Phase 6 Final Recommendations: Develop final recommendations on the service format, preferred delivery approach, City role and involvement and implementation strategy.

Moving on to Business Plans

Once feasibility has been established for a proposed leisure service and there is clear direction (Council approval) on the preferred method of delivery, the next stage in the development of the service would be to complete a business plan. A business plan is essentially a detailed blue print for the development and delivery of a new program or service. It articulates target markets and populations, the program content/format, provision levels (ie. # of programs, # of classes, # of spaces), program location and space needs, detailed capital and operating costs (ie. equipment, materials, staff, advertising, space rental/development, utilities, etc.), fee structures, revenue projections and targets, administrative systems and procedures (ie. registrations, inquiries, etc.), governance and management structure, contractual/legal considerations, service standards, reporting/evaluation systems, marketing and communication strategies and short and long term service business goals (participation levels/market absorption, market share, revenue, service evolution/development/growth).

In the event the City is the preferred service provider, it would be the City's responsibility to complete a business plan. In this case, while the City may be the primary delivery source, it may elect to contract a portion or all of the service to an outside provider through an RFP or tender process. The business plan would specify these kinds of details.

If a specific community group or private interest is identified as the most logical and appropriate provider of a new service, then the City would work with that group to develop a business plan as well as any ensuing legal agreements.

If the feasibility study determines that a service is best provided by an undetermined outside source,