INDEPENDENT FINANCIAL RISK ASSESSMENT

Caddo Parish Sports Complex

$60 million general obligation bond | Ballot measure, November 3, 2026

Benchmarked against the audited financial statements of comparable public facilities — including a near-identical complex 97 minutes away, built for a third of the cost without a dollar of property-tax debt

Prepared September 2026

The issue is not whether a sports complex works — it is who pays for this one, and on what evidence

1	**A Louisiana model exists — and Caddo isn't using it**	West Monroe built a comparable facility for about $24M: $17M in bonds repaid by a hospitality-tax district, $6M from its CVB, $1M from the police jury. No property-tax debt. Caddo proposes $60M in GO bonds on ad valorem taxes.
2	**The projections have been tested once, and missed by half**	Rocky Mount — the first comparable named in Caddo's FAQ, same advisory firm — delivered 40–50% of projected revenue across three audited years, with the gap widening each year.
3	**It is a revenue problem, not a cost problem**	Rocky Mount held spending under plan in its first measured year. Better management does not close a revenue model that was roughly 2x optimistic.
4	**Even the success stories need permanent subsidy**	Rocky Top, in a town drawing 11 million tourists a year, still required $1.15M of public support in year 10 — and posted a deficit. No comparable covers its construction debt from operations.
5	**The structure Caddo would copy hides the results**	West Monroe's facility has no separate schedule in its audit and its management fee is undisclosed. Under that model, Caddo taxpayers could not verify performance either.

Sources: City of West Monroe audited financial report FYE June 30, 2025 (Louisiana Legislative Auditor); City of Rocky Mount ACFRs FY2022–FY2024; SFA pro forma for the City of Rocky Mount, Feb. 23, 2015; City of Gatlinburg ACFRs FY2022, FY2024; Caddo Parish feasibility study, pro forma and FAQ.

THE PROPOSITION

Voters are asked to authorize $60 million in property-tax-backed debt before a site, acreage, or final scope is set

$60M

General obligation bonds

Total project $68–70M; balance from parish funds and naming rights

25 yrs

Term, at up to 7% interest

Repaid from ad valorem taxes through ~2051

10

Basketball courts

Convertible to 20 volleyball or 30 pickleball; 173,613 sq ft

34

Tournaments assumed/yr

10 basketball, 14 volleyball, 10 other, at maturity

What the pro forma promises

- Revenue rising from $2.75M in year 1 to $3.95M by year 5
- Operating expense held nearly flat, $2.10M to $2.41M
- Break-even in year 3; EBITDA of +$271K by year 5
- $20.0M annual direct economic impact, 31,751 room nights

Unresolved at the time of the vote

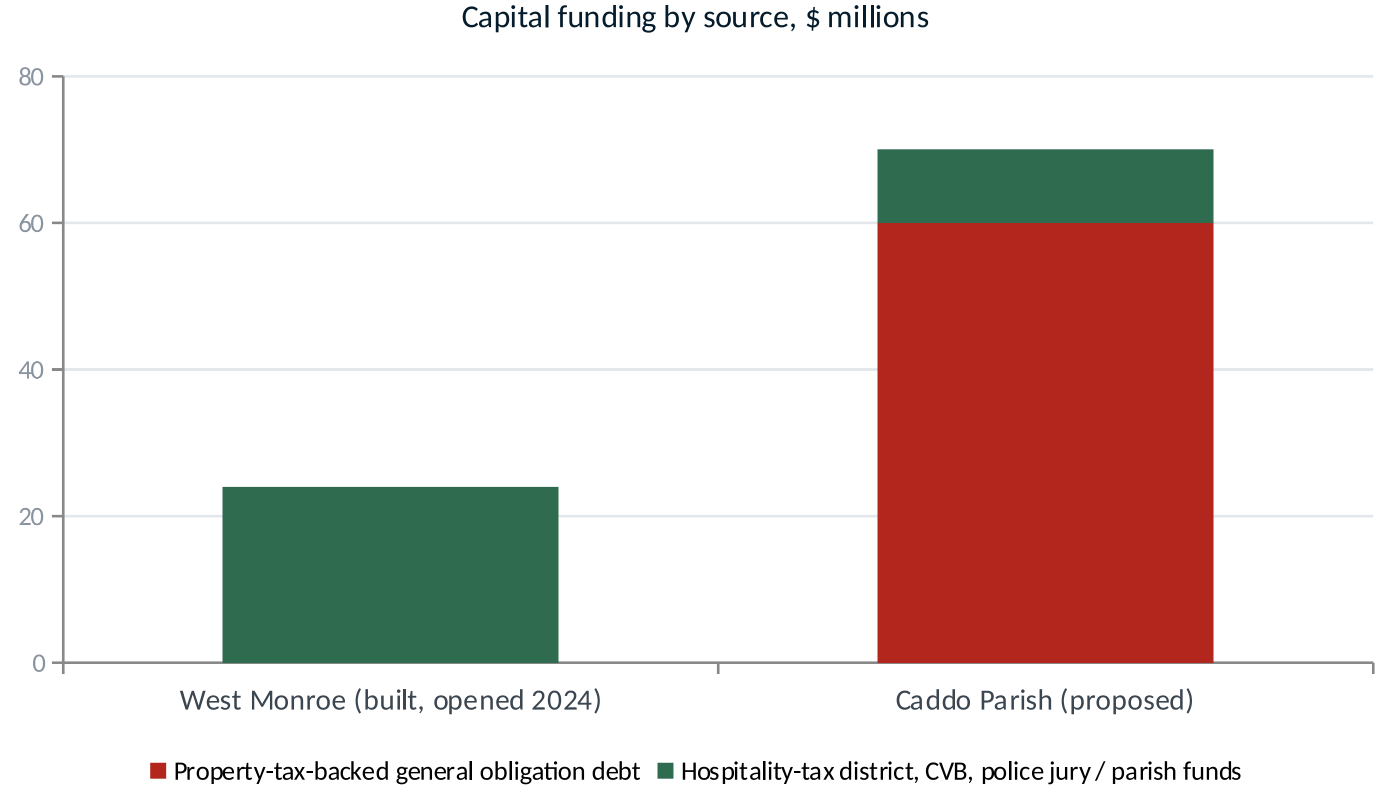
- Site not selected — corridor only
- Acreage: study says 12.46; committee suggests up to 200
- Outdoor fields contingent on budget after design
- Land cost excluded from SFA’s $70.1M ceiling

The ballot states no millage increase “in the first year of issue.” That is a one-year statement, not a 25-year guarantee.

Source: Caddo Parish ballot language, FAQ, and SFA feasibility report, caddo.gov/caddosports.

THE CENTRAL QUESTION

A comparable Louisiana facility was built for about a third of the cost — and put none of it on property owners



West Monroe: $0 property-tax debt + $24M district tax, CVB, police jury
Caddo Parish: $60M property-tax debt + ~$10M parish funds and naming rights

Who actually pays

West Monroe

Hotel guests and restaurant patrons inside a designated district, plus the CVB and the parish police jury.

Caddo Parish

Property owners, through ad valorem taxes, for 25 years — with no hospitality-tax or CVB component identified in the funding stack.

West Monroe's CVB contributed $6 million. What is the Shreveport-Bossier CVB contributing here?

Sources: City of West Monroe audited financial report FYE June 30, 2025, Note 1.P (1% sales and occupancy tax on restaurants and hotels within the West Monroe Economic Development District, approved December 2018); contemporaneous reporting on the $17M / $6M / $1M funding stack; Caddo Parish ballot language and FAQ. Caddo's non-bond balance is parish funds and naming rights.

West Monroe spent six years assembling a funding stack before it broke ground — and capped its construction risk

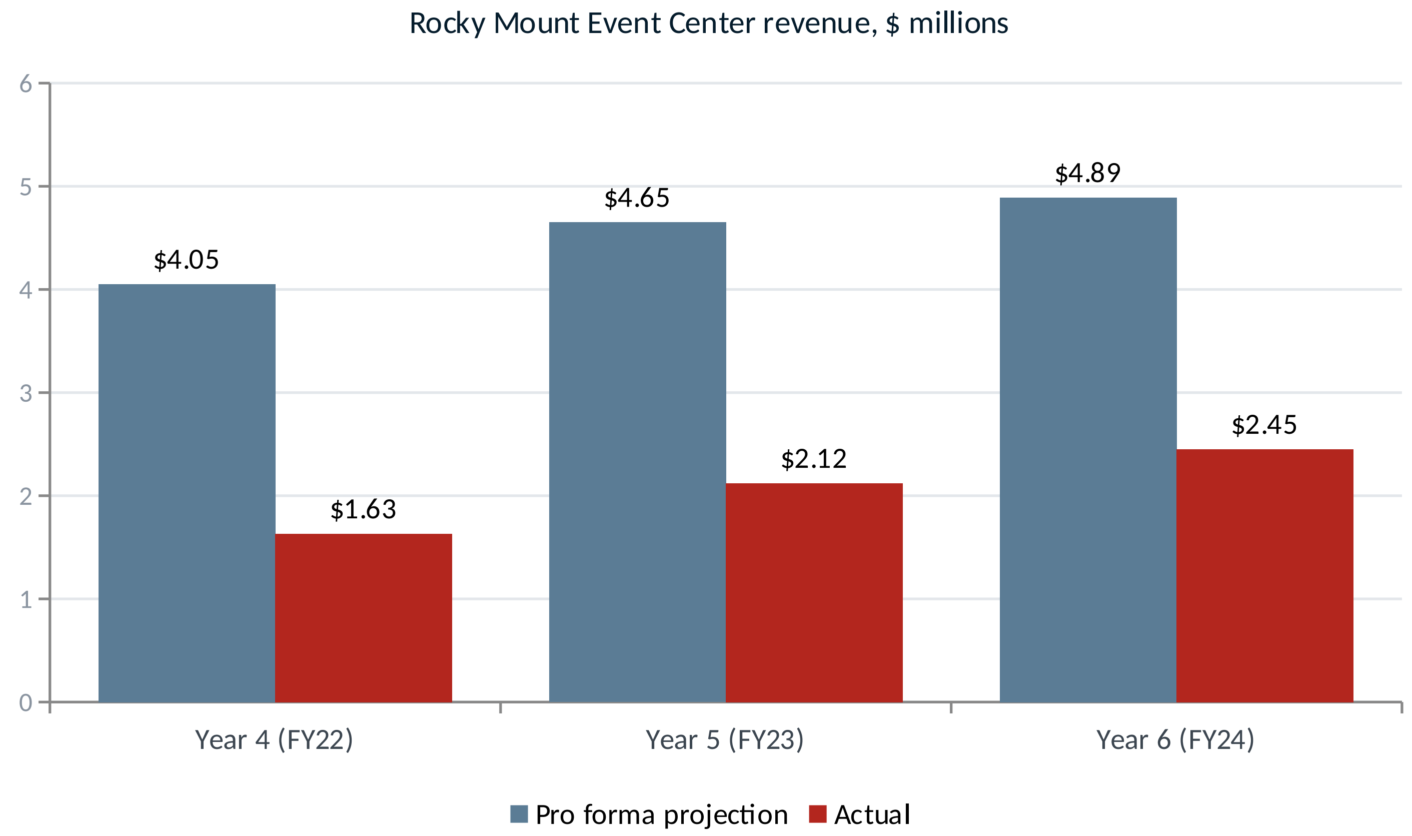
2015	**Visitation study**	Initial study explored strategies to increase travel to the Twin Cities.
2018	**Economic Development District created**	A 1% sales and occupancy tax on restaurants and hotels inside the district generates $17M in bond capacity.
2021	**CVB commits $6M; CMAR adopted**	Construction Manager-at-Risk model caps construction cost. SFC engaged as advisor and future operator — after the building was already designed.
2022	**Construction begins**	Ouachita Parish Police Jury adds $1M.
2024	**Facility opens**	112,000 sq ft, 8 courts, hotel adjacent. Total cost approximately $24M.
2025	**District expanded**	Mayor states district funds may be spent on future work at the sports and events center — an ongoing revenue source, not just construction money.

Caddo would authorise $60M in debt before selecting a site — a sequence West Monroe reversed.

Sources: City of West Monroe audited financial report FYE June 30, 2025; SFC facility case study; contemporaneous reporting on district expansion, November 2025.

SUPPORTING EVIDENCE

Where an SFA pro forma can be tested against audited results, actual revenue came in at 40–50% of plan — every year



Near-identical in scale

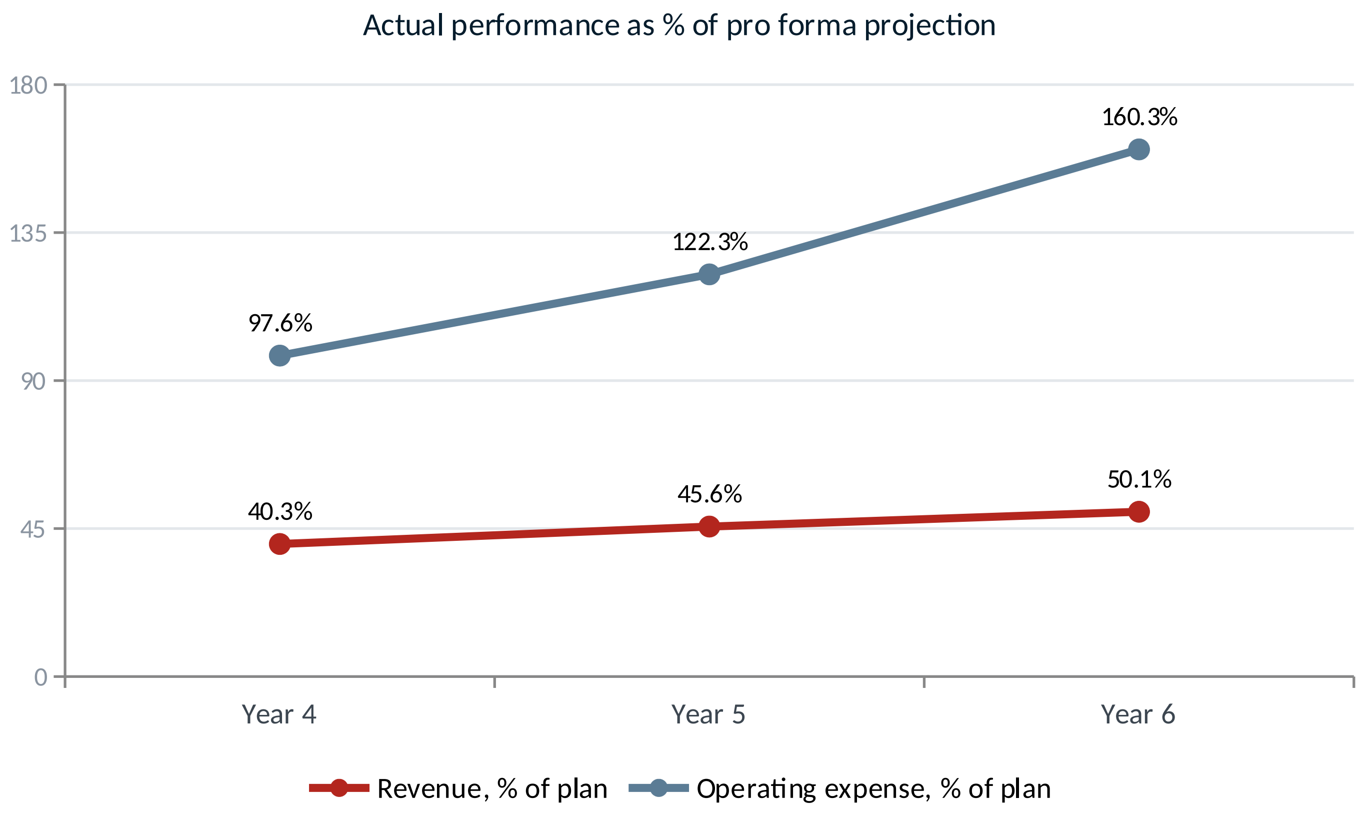
165,000 sq ft, 8 basketball / 16 volleyball courts, family entertainment centre and meeting space — the first comparable named in Caddo's own FAQ, advised by the same firm.

40%	Year 4 of plan
46%	Year 5 of plan
50%	Year 6 of plan

The pro forma is no longer on the city's website; it was recovered from an archived copy.

Sources: SFA pro forma for the City of Rocky Mount, Feb. 23, 2015 (recovered from archived city website); City of Rocky Mount Annual Comprehensive Financial Reports, FY2022–FY2024.

This cannot be managed away: spending tracked the plan while revenue collapsed against it, and the gap widened yearly



Cost discipline was present

In year 4, Rocky Mount spent 97.6% of what its pro forma allowed. The model, not the operator, missed — revenue assumptions were roughly twice what the building could generate.

And the shortfall widened

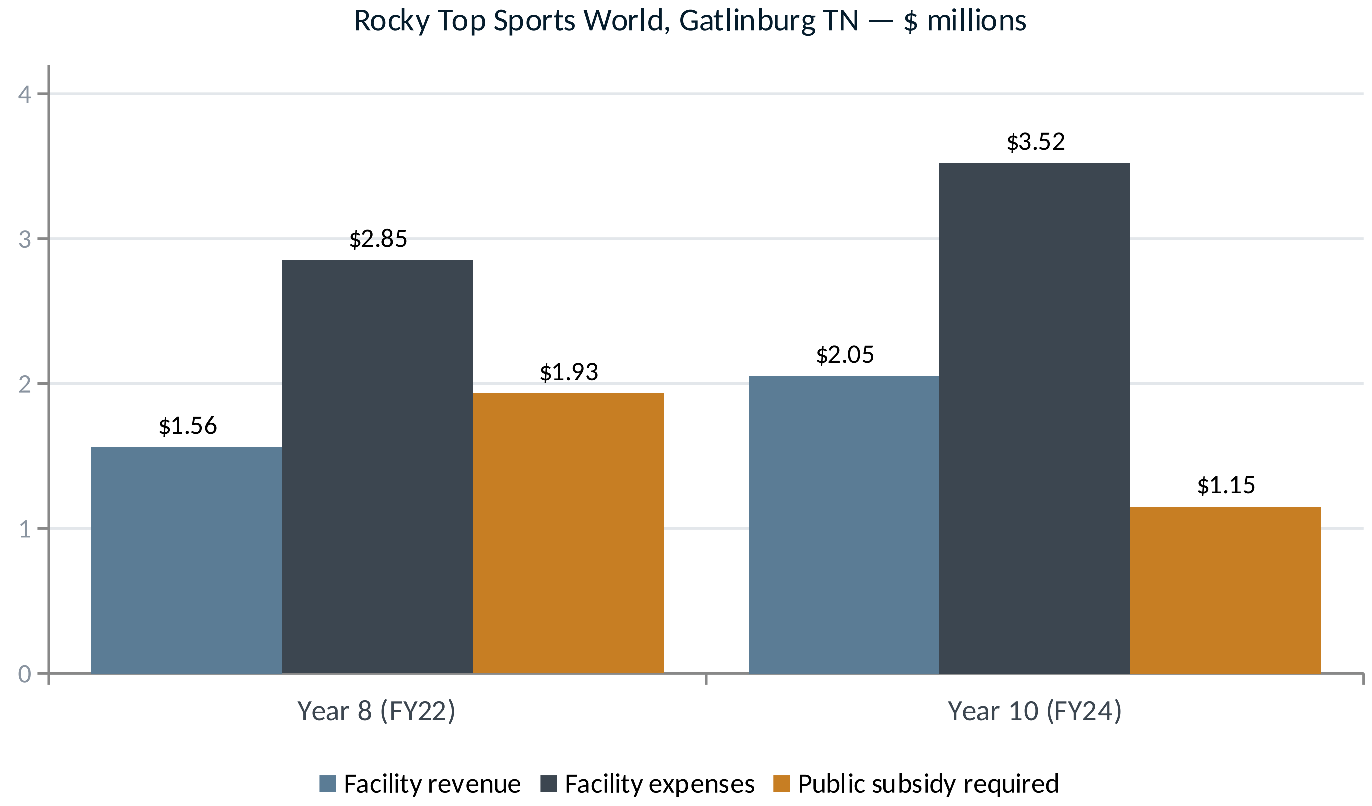
Year 4	−$608K
Year 5	−$1.09M
Year 6	−$1.85M

Net income versus projection. The facility has never posted a profit in any audited year on record.

Sources: SFA pro forma for the City of Rocky Mount, Feb. 23, 2015; City of Rocky Mount ACFRs FY2022–FY2024 (audited expenditure schedules).

THE UPSIDE CASE, TESTED

Even the celebrated success story requires a permanent public subsidy — and slipped into deficit at year 10



11 million

annual visitors to Gatlinburg — a demand engine Caddo Parish does not have

Revenue grew 31% between year 8 and year 10 — but expenses grew 24.6% off a larger base, and as the subsidy was cut by $774K the facility swung from a $635K surplus to a $321K deficit.

The question is not success or failure. It is how large the subsidy will be, and for how long.

Source: City of Gatlinburg Annual Comprehensive Financial Reports, FY2022 and FY2024. Rocky Top Sports World is a discretely presented component unit; figures are audited.

No comparable covers its construction debt from operations — and Caddo's best case covers about 5% of its own

$4.3–5.2M

Estimated annual debt service

$60M over 25 years at 5–7%,
repaid from ad valorem taxes

+$271K

Best-case year-5 EBITDA

SFA projection, before interest —
EBITDA excludes debt by definition

~5%

Share of debt service covered

The remaining ~$4–5M per year
falls to parish taxpayers to 2051

Why "economic impact" does not close the gap

The $20.0M figure is visitor spending, not parish revenue. It flows to private hotels, restaurants and retailers.
The parish recovers only its share of sales tax; hotel occupancy tax flows to the tourist bureau, not the parish general fund.
The pro forma does not model the parish's actual tax capture — the number that would offset debt service is absent.

This is precisely the gap West Monroe's hospitality-tax district was designed to fill — capturing visitor spending at source to service the debt, rather than relying on it to return indirectly.

Sources: City of Rocky Mount ACFR FY2024; City of Gatlinburg ACFR FY2024; Caddo Parish ballot language and SFA pro forma. Debt service estimated on $60M, 25-year level amortisation at 5–7%.

Under the structure Caddo would copy, taxpayers cannot verify whether the facility is meeting its projections

- **No separate schedule exists**
  The audit publishes standalone revenue and expenditure schedules for the Convention Center and the Ike Hamilton Expo Center — but none for the sports complex. It is folded into "Culture and Recreation."

- **No identifiable depreciation line**
  The depreciation-by-function table itemises Ike Hamilton at $511,510 and the Convention Center at $27,596. A roughly $24M building generates no separately identifiable entry.

- **The management fee is undisclosed**
  The city pays Sports Facilities Management an operations fee plus operating costs and working capital. That amount does not appear in the audited statements or in any public record we could locate.

- **Only one indirect signal**
  Culture and Recreation expense rose from $5.16M to $7.01M in the first full year of operation — but other parks and recreation activity sits in the same line, so the facility's result cannot be isolated.

Two questions answerable before the vote: Will the facility be a separate enterprise fund with its own audited schedule? Will the management agreement be public?

Source: City of West Monroe audited financial report for the fiscal year ended June 30, 2025 (Louisiana Legislative Auditor) — table of contents, functional expense and depreciation schedules. FY2025 is the facility's first full fiscal year.

The parish's own feasibility study identifies the demand base as shrinking and income-constrained

POPULATION

–1.95% to –3.00%

Projected five-year change across every local drive-time ring. SFA calls this “a potential challenging factor.”

HOUSEHOLD INCOME

13% to 46%

Below the national median after cost-of-living adjustment. SFA calls this “a challenging development factor.”

COMPETING SUPPLY

24 courts

Ruston (6, at 74 min) and West Monroe (8, at 97 min) already serve the I-20 corridor; Caddo would add 10 more.

The consultant's response, and why it warrants scrutiny

SFA argues that new sports facilities have been shown to slow population decline and attract higher-earning families. That claim is offered without a citation — and it is the same reasoning that supported the Rocky Mount project, in a city whose demand base did not subsequently perform as modelled.

To SFA’s credit, its economic impact method is more conservative than industry norm: overnight visitors only, 90+ minutes away, with no indirect or induced multipliers.

Source: SFA feasibility report for the Parish of Caddo, May 2026 — demographic and socioeconomic analysis. Characterisations in quotation marks are the consultant's own.

CALIBRATION

Applying observed revenue realisation to Caddo's own forecast turns a projected profit into a structural loss

Year-5 outcome	As projected	At 50% realisation	At 40% realisation
Revenue	$3.95M	$1.98M	$1.59M
Operating expense	$2.41M	$2.41M	$2.41M
Operating result	**+$271K**	**−$427K**	**−$814K**
If expense also runs to 160% of plan	**—**	**−$1.87M**	**−$2.26M**

An important limitation, stated plainly

This is a scenario, not a statistical forecast. It rests on one facility (n=1), in a different market, from a 2015-vintage model whose opening year met the pandemic. It is a documented data point about how this revenue-modelling method has performed where it can be checked — not a distribution. West Monroe, the closest comparable, does not report its facility results separately, so it cannot serve as a second test.

Sources: Caddo Parish SFA pro forma (May 2026); realisation rates from Rocky Mount actual-vs-pro-forma, FY2022–FY2024. Illustrative scenario analysis based on a single comparable facility — see limitations.

RECOMMENDATION

Not this project, at this price, on this funding structure

The case against is not that sports complexes fail. The local facility gap is real. The case is that a working Louisiana model sits 97 minutes away — built for a third of the cost, financed by the visitors it serves rather than by property owners — and Caddo is not using it.

WHAT WOULD CHANGE THIS ASSESSMENT

- A hospitality-tax district or CVB contribution in the stack, as West Monroe used
- A right-sized facility benchmarked to West Monroe's $24M cost structure
- Site secured and priced before the bond vote, not after
- The facility established as a separate enterprise fund, audited on its own
- The management agreement made public before the vote

THE HONEST COUNTERARGUMENT

A district tax is still a tax — the difference is incidence, falling on discretionary hospitality spending rather than on every property owner. And a district requires a hospitality corridor dense enough to service the debt; whether Caddo could draw one has not been tested.

A reasonable person can also weigh the non-financial return and accept a 25-year subsidy as the price of a civic asset, as parishes do for libraries and parks. That is a legitimate judgement either way.

Highest-value next step: a Louisiana Public Records Act request to the City of West Monroe for the Sports Facilities Management agreement — the fee structure Caddo would likely face, and the one figure neither city has disclosed.