



**INDOOR RECREATION CENTER NEEDS  
ASSESSMENT & FEASIBILITY STUDY  
FOR SARATOGA SPRINGS CITY**

**FINAL REPORT // FEBRUARY 1, 2022**



**SARATOGA  
SPRINGS**  
*Life's just better here*



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*Please Note: This report relies on a variety of information and assumptions to develop market and financial projections. Sources of information and assumptions include, but may not be limited to, information provided by Saratoga Springs City and affiliated entities, input and opinions provided by relevant third parties, Victus Advisors' industry experience and previous studies, and publicly available data from various industry sources. Any such information collected by Victus Advisors has not been audited or verified and has been assumed to be correct. There will be differences between actual events and the projections contained herein, and we express no assurances of any kind related to any projected information. Differences between projections and actual events may be material.*



## EXECUTIVE SUMMARY



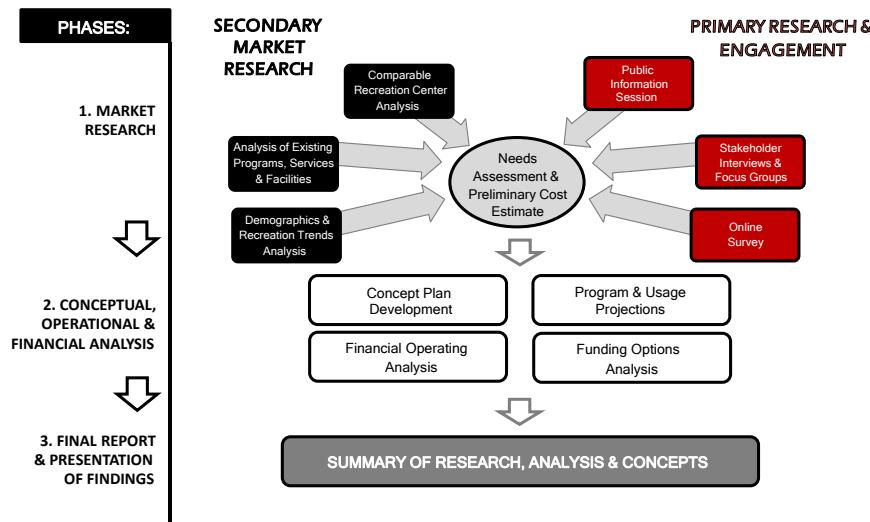
# STUDY BACKGROUND

**Study Background** - Victus Advisors (or “Victus”) was engaged by Saratoga Springs City (the “City”) in September 2021 to provide the City with a Needs Assessment & Feasibility Study for a Proposed New Indoor Recreation Center. Victus Advisors’ primary project goals for this study include:

- 1) Identify the indoor recreation market in Saratoga Springs City, including current and future recreational use.
- 2) Identify the features and amenities that the proposed indoor recreation center would need to meet the City’s needs.
- 3) Create concept plan visuals and estimate the costs to build and operate the indoor recreation center.
- 4) Identify the City’s capacity and options for funding a new indoor recreation center.

**Disclaimer:** Please note that this Executive Summary contains a high-level overview of some of Victus Advisors’ research, analysis, and recommendations, however our full report should be read for a complete presentation of findings and detailed understanding of underlying methodologies, findings, assumptions, and estimates.

## Study Methodology -



**Proposed Project Site** - the project site that is under consideration in this report is located off North Saratoga Road, south of Inlet Park, as shown below.





**Saratoga Springs** - Saratoga Springs City is located in Utah County and has a current estimated population of 38,739.

## Population Data -

- Saratoga Springs has about 41% of its population under the age of 18, which is significantly higher than the national average and bodes well for recreation demand.
- Saratoga Springs and Utah County have significantly lower median ages than the United States average. A lower median age tends to represent a large presence of young families and working-age populations, which can be a positive indicator for recreation demand.
- Saratoga Springs and Utah County's projected population growth rate is higher than the U.S. national average, which is an indicator of future recreational demand growth.

## Household Data -

- Saratoga Springs and Utah County both have a significantly higher percentage of households with children than the national average. A high percentage of households with children is a positive indicator for family recreation demand in the region.
- When adjusted for cost of living, the median household income in Saratoga Springs is significantly higher than the U.S. median income. Higher household income levels can often indicate an ability for a household to spend disposable income on recreational programs.

**Parks & Recreation Trends** - Saratoga Springs should consider the following key trends for a potential new indoor recreation center:

- **Sports Participation Trends:** Many of the leading indoor participatory sports could potentially utilize a new indoor recreation center in Saratoga Springs in some manner, including basketball, volleyball, gymnastics, track, cheerleading, and pickleball. In addition, in the State of Utah in particular, the three most popular indoor sports activities by youth participation are basketball, aquatics, and volleyball.
- **Fitness Trends:** New fitness programs such as high intensity interval training and CrossFit have increasingly become more popular amongst fitness enthusiasts as opposed to traditional fitness programs. Furthermore, demand for older adult fitness programs has significantly increased. Lastly, technology in fitness such as online/virtual training, and wearable tech have reduced the need for fitness to be limited geographically.
- **Recreation Center Design Trends:** Facilities should be both multi-generational and multi-use. Multi-generational facilities can maximize space and program offerings for all age categories. Similarly multi-use facilities maximize space and program offerings for sports, fitness, and community needs.
- **Amateur Sports Participation Trends:** Individual and team sports tend to be most popular among General Z, and participation trends tend to shift toward fitness sports as people age (Millennials and older).



# CURRENT LOCAL RECREATION PROGRAMS & COMPARABLE REGIONAL INDOOR FACILITIES



**City Recreational Programming** - The Saratoga Springs Recreation Department offers over 20 recreational programs for youth and adults. Saratoga Springs Recreation currently does not offer senior programming, aquatic programming, and adaptive programming, in large part because of a lack of indoor recreational space. Other key operational notes include:

- Saratoga Springs Recreation has not raised fees in six (6) years, but according staff they will analyze the option of raising fees for all programs this fall due to their rising costs.
- Saratoga Springs Recreation principally utilizes City-owned parks and Alpine School District schools for its various recreational programs. It is notable that all indoor recreational programs are held at Alpine School District facilities because of the lack of City-controlled indoor recreational facilities.
- Saratoga Springs Recreation has seen significant growth in recreation program participation since fiscal year 2014-2015. It should be noted that the decrease in fiscal year 2019-2020 was primarily due to the COVID-19 Pandemic. It is also worth noting that nearly 29% of participants were non-residents, and 17% of all participants were from Eagle Mountain.
- Saratoga Springs Recreation Department revenues have increased significantly since fiscal year 2016-2017. Cost recovery has varied greatly, but it should be noted that fiscal year 2020-2021 had a 93% cost recovery which is the highest over the last five (5) years. This annual operating gap is funded by the City's general fund.

**Comparable Recreation Centers** - Victus Advisors reviewed five (5) nearby municipal recreation centers that have been frequently visited or utilized by Saratoga Springs residents. All of these comparable facilities are located within Utah County:

Facilities	Driving Distance from Saratoga Springs (miles)
1 Lehi Legacy Center	8.6
2 American Fork Fitness Center	11.0
3 Pleasant Grove Recreation Center	14.6
4 Orem Family Fitness Center	18.1
5 Provo Recreation Center	23.7

Other key comparable recreation center notes include:

- Construction costs of the recreational facilities in Q3 2021 dollars (via the Turner Building Cost Index) ranges from approximately \$12.6 million to \$54.5 million, or approximately \$164 per sq. ft. to \$341 per sq. ft.
- All five (5) of these facilities have at least one (1) multi-purpose gymnasium, a walking/running track, weight, cardio, and multi-purpose rooms, and a childcare area. Indoor leisure pools were featured in three (3) facilities, respectively.
- Daily admission fees range from \$2.25 to \$6.00 depending on the user type. Annual family memberships range from \$350 to \$459 for residents, and \$421 to \$618 for non-residents.
- Orem Family Fitness Center and the Provo Recreation Center report positive annual operating income. It should be noted that these two facilities: a) have the largest membership bases, and also b) have two of the three highest membership fee structures among the comparable facilities.



**Overview** - The City identified participants and scheduled a series of community engagement opportunities for Victus Advisors, including a public information session, one-on-one interviews, and focus group interviews. The goals of these interviews were to gather feedback from key stakeholders, community leaders, and Saratoga Springs residents regarding the indoor recreational opportunities in the City. Victus Advisors completed nine (9) stakeholder interviews and conducted focus groups with an additional 16 individuals. We also gathered additional comments via email from another 78 individuals.

## Key Interview Takeaways -

- Most interviewees agreed that City residents are underserved when it comes to available indoor recreation space.
- A few interviewees felt that schools, churches, and private gyms meet the current demand for indoor recreation space, but many others countered that schools don't necessarily provide open access for rentals and that rates can often be cost-prohibitive.
- Many interviewees indicated that an indoor pool (both for laps and leisure) was needed in the City, while some interviewees stated that they live in HOA communities that provide outdoor pools for their residents.
- Interviewees cited private gyms such as VASA as the only options for indoor fitness, and several noted that VASA guests must be at least 18 years of age or else accompanied by a parent or legal guardian, which limits usage by young families.

## Key Interview Takeaways (cont.) -

- Provo was mentioned the most as the favorite recreation center to visit due to its wide variety of family recreation offerings.
- Nearly all interviewees stated that the top two priorities for a potential indoor recreation center should be gym/court space and a pool. Some interviewees would like to see a fitness and weight room, because even though fitness/weight amenities are available at private gyms like VASA, they felt that those gyms do not always cater to families and casual fitness enthusiasts.
- Interviewees felt that Saratoga Springs Recreation staff had the capacity and know-how to successfully lead a project of this scale, and several acknowledged that the department would need to hire additional staff as a reality of building a new facility.
- **Common Arguments “For”** - Supporters of an indoor recreation center felt it would improve physical, social, and emotional wellbeing in the community; improve quality of life; and make the community more appealing to residents and encourage population growth. Families currently have to travel outside of the City to utilize a family-friendly community recreation center.
- **Common Arguments “Against”** - Several interviewees expressed concern with government providing a service that could potentially be provided by the private sector or that might compete with existing private businesses. Others were concerned that using public funds to build a new recreation center could result in tax increases on residents.



# COMMUNITY SURVEY



**Overview** - In addition to one-on-one interviews and focus groups conducted in October 2021, Victus Advisors also conducted online surveys with 2,370 Saratoga Springs residents. Of the 2,370 respondents, 1,787 (or 75% of respondents) completed every question of the survey. Based on the current estimated population of Saratoga Springs, questions with 1,787 responses have a margin of error of +/- 2.26% with a 95% confidence interval. The survey link was distributed by the City via their email, digital, online, and social media channels.

## Key Survey Takeaways -

- Overall satisfaction with the indoor recreation opportunities in Saratoga Springs were very negative, with all factors receiving Bottom-3 Box scores (the lowest ratings) of at least 55%.
- 37% of respondents indicated that they travel weekly outside of Saratoga Springs for recreational activities. 56% indicated they travel at least once a month.
- Lehi Legacy Center was the most frequently visited recreation center by 62% of respondents. Pools (for Family and for Lap Swimming), Youth Sports Programs, an Indoor Track, and Fitness Opportunities were among the indoor amenities most used at recreation centers outside of Saratoga Springs.
- Basketball and Volleyball were identified as the most established indoor sports in Saratoga Springs. Swimming was overwhelmingly identified as an underserved sport with the most long-term potential in the City with a new facility.

## Key Survey Takeaways (cont.) -

- Prior to any discussion of potential construction costs or funding sources, 89% of respondents support the idea of Saratoga Springs City building a new public indoor recreation center.
- An Indoor Pool (Recreational/Family Use) and Indoor Pool (Lap Swimming) were the highest ranked priorities for desired amenities at a new indoor recreation center, in addition to Youth Sports, an Indoor Track, and Cardio/Fitness opportunities.
- **Property Tax & Bond Support Questions** - Respondents were asked to indicate their support for the City issuing a bond to pay for construction of a new indoor recreation center, and specifically if the bond was funded by an increase to the City's property taxes. Victus Advisors tested hypothetical City property tax increases in descending order, from 60% to 40% to 20%:
  - 84% of respondents would either definitely, likely, or possibly support a bond that could potentially increase the City's portion of their property tax rate by 60%.
  - 88% of respondents would either definitely, likely, or possibly support a bond that could potentially increase the City's property tax rate by 40%.
  - 92% of respondents would either definitely, likely, or possibly support a bond that could potentially increase the City's property tax rate by 20%.
  - In addition to a bond, 88% of respondents would either definitely, likely, or possibly pay for an annual membership at similar prices as other Utah County recreation centers.



**Overview** - Our demand assessment is based primarily upon the following primary and secondary research:

- Analysis of Saratoga Spring's unique market characteristics.
- Review of recreational facilities in Utah County.
- Community feedback via public input, emails, interviews, focus groups, and online survey.

**Demand Assessment** - Based on customized research and our extensive industry experience, we have identified that community demand exists for an indoor recreational facility in Saratoga Springs, especially for the following amenities and programs:

- **Recreational Amenities:**
  - Pools, primarily for Family/Recreational use and Lap Swimming
  - Gyms (Basketball, Volleyball, Pickleball, Multi-Use)
  - Indoor Walking/Jogging Track
  - Fitness Center (Cardio, Free Weights, Strength Equipment, Workout Classes)
  - Rock Climbing Wall
- **Recreational Programs:**
  - Youth Sports Programs, Camps & Clinics
  - Adult Fitness Programs & Classes
  - Adult Sports Programs

- **Gymnasium:** Victus identified demand for a large, multi-use gymnasium that can hold at least two (2) to three (3) full-sized basketball courts convertible to 1.5x volleyball courts per basketball court. These column-free, hardwood or composite surfaces could also be used for pickleball, dance, cheer, futsal.
- **Indoor Pool:** Victus identified demand for both a family/leisure pool and a lap pool. A family/leisure pool could include a children's splash/play areas, a lazy river, a water slide, etc.
- **Other Amenities & Features:** Victus also identified demand for other indoor amenities such as fitness/weight rooms, elevated indoor track (typically above the gym/court space), climbing wall, and multi-purpose rooms that could be used for workout classes, community meetings, adult education, etc. Support areas should also include changing rooms, childcare, concessions stand or vending machines, office/administrative and storage space, and substantial on-site parking.
- **Preliminary Size & Cost Estimate:** Victus preliminarily estimates that a new indoor recreation center with the amenities and programs as described herein could require a minimum of at least 120,000 sq. ft. of usable building space. Based on comparable recreation centers in Utah County, and also projecting forward to 2024 dollars according to the Turner Construction Cost Index and recent trends in construction cost escalation, it is estimated that a new 120,000 sq. ft. indoor recreation center could cost at least \$21.5 to \$31.8 million to build in 2024 construction dollars.



# OPERATING PRO FORMA



**Overview** - Victus Advisors developed usage and financial projections for the following amenities and features

- Indoor gym space with at least two (2) to three (3) full-sized basketball courts convertible to 1.5x volleyball courts per basketball court. These column-free, hardwood or composite surfaces could also be used for pickleball, dance, cheer, futsal.
- A family/leisure pool and lap pool. A family/leisure pool could also include features such as shallow children's splash/play areas, a lazy river, water slides, etc.
- Additional indoor sports amenities such as fitness/weight rooms, an elevated indoor track (typically above the gym/court space), climbing wall, and multi-purpose rooms that could be used for workout classes, community meetings, adult education.
- Ideally, support areas and amenities should at least include changing rooms, childcare, concessions stand, office/administrative space, storage, and parking.

**Financial Pro Forma: Stabilized Year of Operations (Year 3)** - Please note that the operating projections (shown at right) are assumed to begin several years in the future, at which point the COVID-19 pandemic is assumed to be over. These projections are based on current market circumstances, and therefore assume that there will be no other material changes to the available recreation facility inventory within Saratoga Springs. Differences between these projections and actual events may be material.

**Financial Pro Forma (cont.)**: In a stabilized year of operations, it is estimated that the operations of a new indoor recreation center in Saratoga Springs could operate above break-even:

	Stabilized Year
<b>Operating Revenues:</b>	
Resident Membership (Annual, Monthly, Daily)	\$1,181,500
Non-Resident Membership (Annual, Monthly, Daily)	\$532,800
Recreation Programming (Leagues, Camps, Classes)	\$318,900
Rental Income (Gym, Classrooms, etc.)	\$72,000
Advertising & Sponsorship	\$36,000
Concessions (Net)	\$44,000
Other	\$10,000
<b>Total Revenues:</b>	<b>\$2,195,200</b>
<b>Operating Expenses:</b>	
Salaries, Wages, & Benefits	\$1,219,000
Program Expenses	\$191,300
Utilities	\$300,000
Advertising, Marketing, & Promotion	\$50,000
General, Administrative, & Other	\$100,000
Maintenance/Repair	\$75,000
Materials/Supplies	\$75,000
<b>Total Expenses:</b>	<b>\$2,010,300</b>
<b>OPERATING INCOME</b>	<b>\$184,900</b>
<b>ESTIMATED COST RECOVERY</b>	<b>109%</b>

*Notes: Presented in 2021 dollars. Stabilized year of operations typically occurs by Year 3.*



# FUNDING OPTIONS ANALYSIS



**Overview** - The purpose of this section is to provide an overview of the various funding sources that may be available to fund construction and operations of a new indoor recreation center in Saratoga Springs City. This analysis is based upon a review of the comparable Utah County recreation centers' funding sources, as shown below, with four (4) of the construction projects funded by General Obligation Bonds and two (2) of them funded by Revenue Bonds linked to Sales Tax:

Facility	Construction Funding Source
American Fork Fitness Center (1993)	General Obligation Bond
American Fork Fitness Center (2006)	Redevelopment Agency Bond (Incremental Sales Tax)
Lehi Legacy Center	Sales Tax Revenue Bond
Orem Family Fitness Center	General Obligation Bond
Pleasant Grove Recreation Center	General Obligation Bond
Provo Recreation Center	General Obligation Bond

**Project Funding Costs per Population** - Victus estimates that comparable indoor recreation centers in Utah County were built for approximately \$281 to \$509 per city resident when adjusted to today's construction dollars.

Comparatively, as shown at right, Victus identified a hypothetical range of potential property tax increases and corresponding capital project funding amounts for Saratoga Springs. In particular, it should be noted that a 20% to 40% property tax increase could fund a recreation center construction project that ranges from approximately \$287 per resident for a \$13.4 million construction project (20% increase) to \$573 per resident for a \$26.8 million construction project (40% increase).

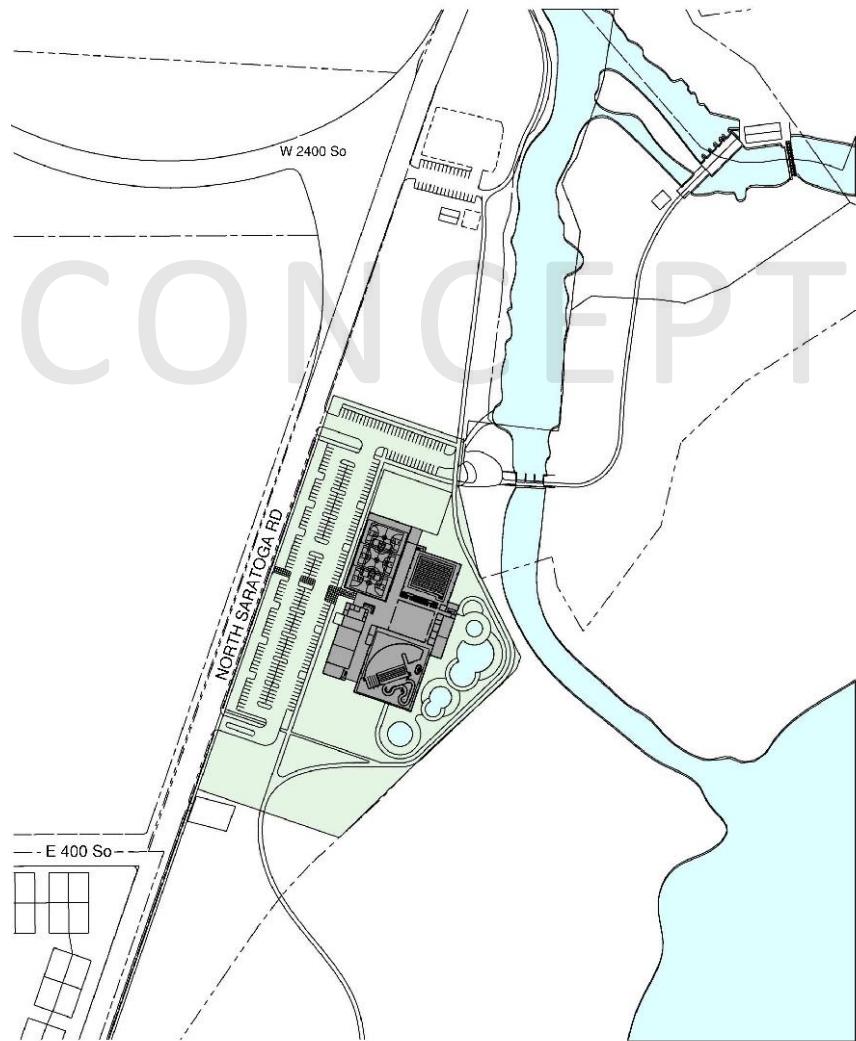
**Project Funding Costs per Population (cont.)** - According to the City's most recent CAFR, the City collected \$4.3 million in property taxes in 2020. As shown below, it is preliminarily estimated (assuming 20-year bonds and 2.5% coupon rate) that a 60% increase could fund approximately \$40 million in capital project costs, a 40% increase could fund approximately \$26 million, and a 20% increase could fund approximately \$13 million.

2020 City Property Tax Collections	\$4,300,000	\$4,300,000	\$4,300,000	\$4,300,000	\$4,300,000
Hypothetical Increase in Collections	60%	50%	40%	30%	20%
Incremental Collections Amount	\$2,580,000	\$2,150,000	\$1,720,000	\$1,290,000	\$860,000
Bond Term (Years)	20	20	20	20	20
Coupon Rate	2.50%	2.50%	2.50%	2.50%	2.50%
<b>Estimated Capital Project Funding:</b>	<b>\$40,220,000</b>	<b>\$33,517,000</b>	<b>\$26,813,000</b>	<b>\$20,110,000</b>	<b>\$13,407,000</b>
<b>Est. Saratoga Springs Population (2024):</b>				<b>46,795</b>	
<b>Est. Cost per Pop. at Time of Construction:</b>	<b>\$859</b>	<b>\$716</b>	<b>\$573</b>	<b>\$430</b>	<b>\$287</b>

*Note: Estimated 2024 population assumes 6.5% growth rate according to ESRI*



# PRELIMINARY CONCEPT PLANS



## CONCEPTUAL SITE PLAN



Based upon the needs assessment and market feasibility results presented in this report, Victus Advisors engaged Think Architecture to develop preliminary site and facility concept plans for a potential new indoor recreation center in Saratoga Springs. These concepts developed by Think are preliminary in nature, and included the following plans presented in this Executive Summary:

- Conceptual Site Plan
- Conceptual Floor Plan - Level 1
- Conceptual Floor Plan - Level 2

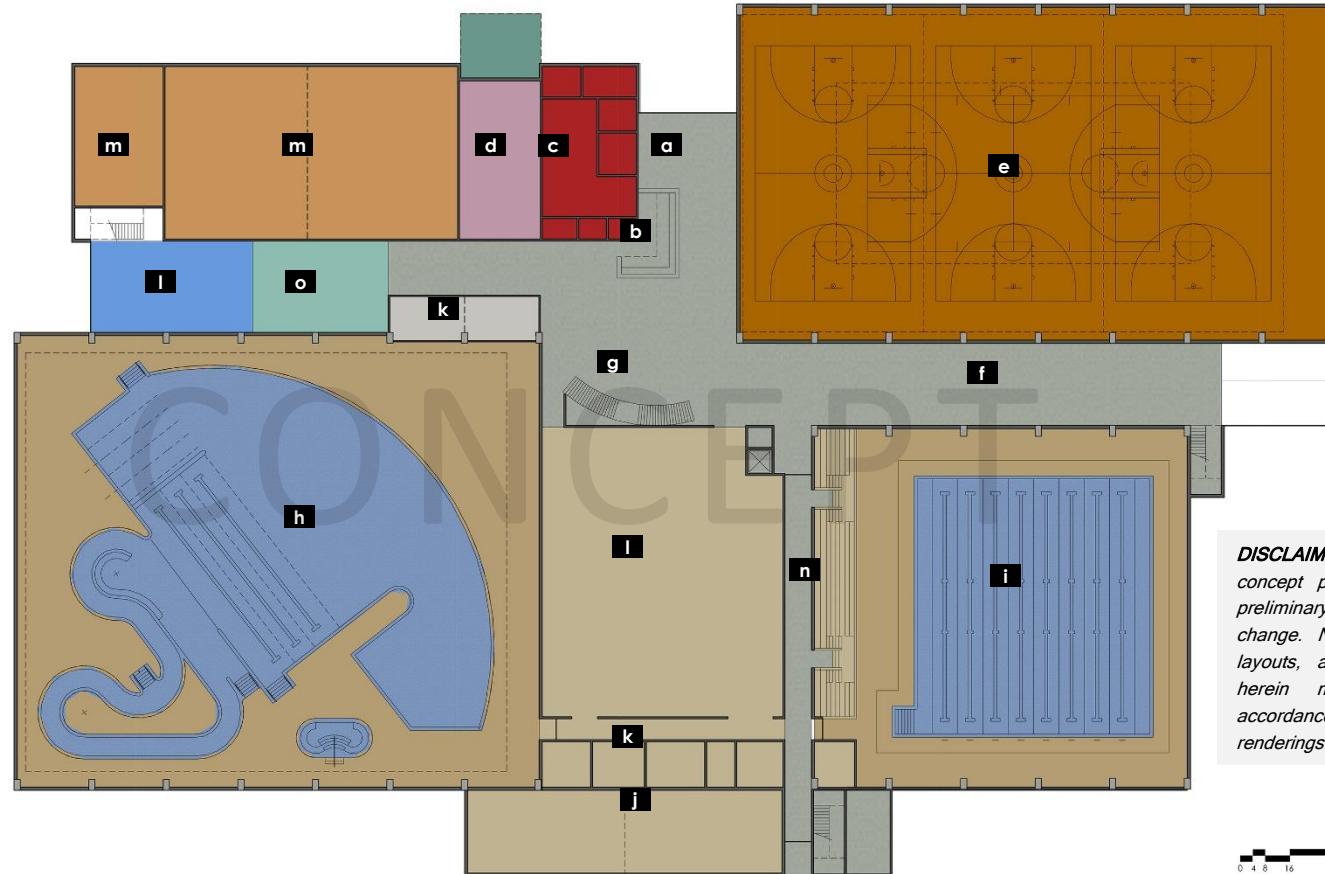


*Please Note:* The Conceptual Site Plan (shown at left) also includes an outdoor hot springs area that was not otherwise analyzed or discussed in this report. This hot springs-fed outdoor pool concept is currently being studied separately by the City, which has long planned to use geothermal both to offset the costs to heat City buildings in the area and to heat potential hot spring pools. However, it is now contemplated that combining the indoor recreation and hot springs projects could lead to significant cost savings from both a construction and operations standpoint, relative to the costs of building and operating separate facilities. If the City chooses to combine the two concepts into one facility, combined estimates for construction and operating costs should be developed in more detail.

*DISCLAIMER:* The architectural concept plans contained herein are preliminary in nature and subject to change. Not all amenities, features, layouts, and configurations depicted herein may be constructed in accordance with the conceptual renderings.



# PRELIMINARY CONCEPT PLANS (CONT.)



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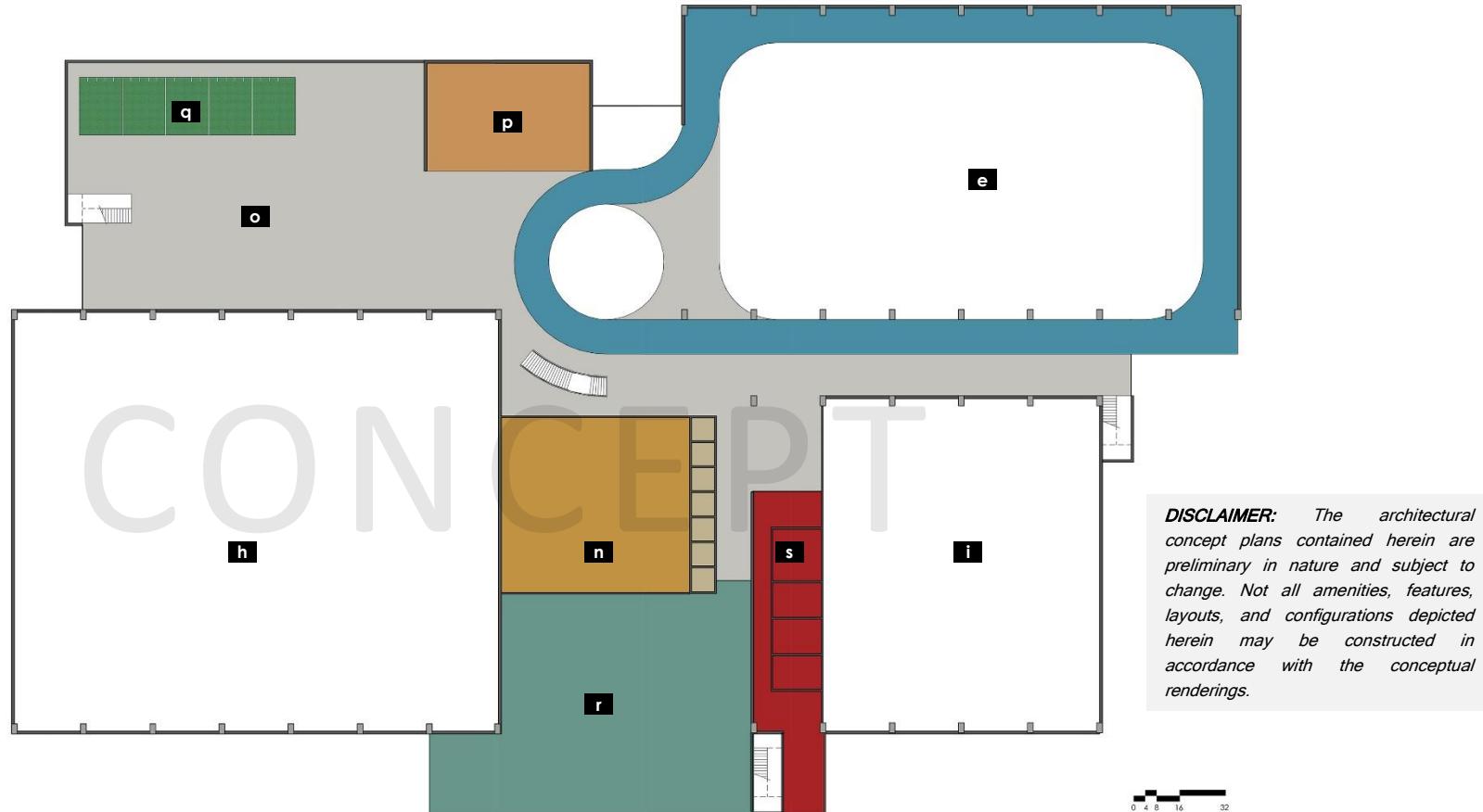
## KEYNOTES

<b>a</b>	Entry Lobby	<b>f</b>	Bouldering Wall	<b>k</b>	Guard / First Aid	<b>k</b>	Party / Conference Rooms
<b>b</b>	Admissions Desk	<b>g</b>	Central Stair	<b>l</b>	Locker Area	<b>l</b>	Teen Area
<b>c</b>	Facility Admin Office	<b>h</b>	Leisure Pool	<b>m</b>	Multi-Purpose (Dividable)	<b>m</b>	League Support
<b>d</b>	Kid Care (Indoor/Outdoor)	<b>i</b>	Lap Pool	<b>n</b>	Lap Pool Spectator Seating		
<b>e</b>	Multi-Sport Gymnasium	<b>j</b>	Pool Equipment	<b>o</b>	Food Service		

## LEVEL 1 - FLOOR PLAN



# PRELIMINARY CONCEPT PLANS (CONT.)



## KEYNOTES

<b>e</b>	Multi-Sport Gymnasium (Below)	<b>p</b>	Group Training
<b>h</b>	Leisure Pool (Below)	<b>q</b>	Indoor Turf
<b>i</b>	Lap Pool (Below)	<b>r</b>	Roof Exercise Patio
<b>n</b>	Free Weight Area	<b>s</b>	City Recreation Offices
<b>o</b>	Fitness Area		

## LEVEL 2 - FLOOR PLAN



## 1. INTRODUCTION



## STUDY BACKGROUND



**Victus Advisors** (or “Victus”) was engaged by Saratoga Springs City (the “City”) in September 2021 to provide the City with a **Needs Assessment & Feasibility Study for a Proposed New Indoor Recreation Center**. Victus Advisors’ primary project goals for this study include:

- 1) Identify the indoor recreation market in Saratoga Springs City, including current and future recreational use.
- 2) Identify the features and amenities that the proposed indoor recreation center would need to meet the City’s needs.
- 3) Create concept plan visuals and estimate the costs to build and operate the indoor recreation center.
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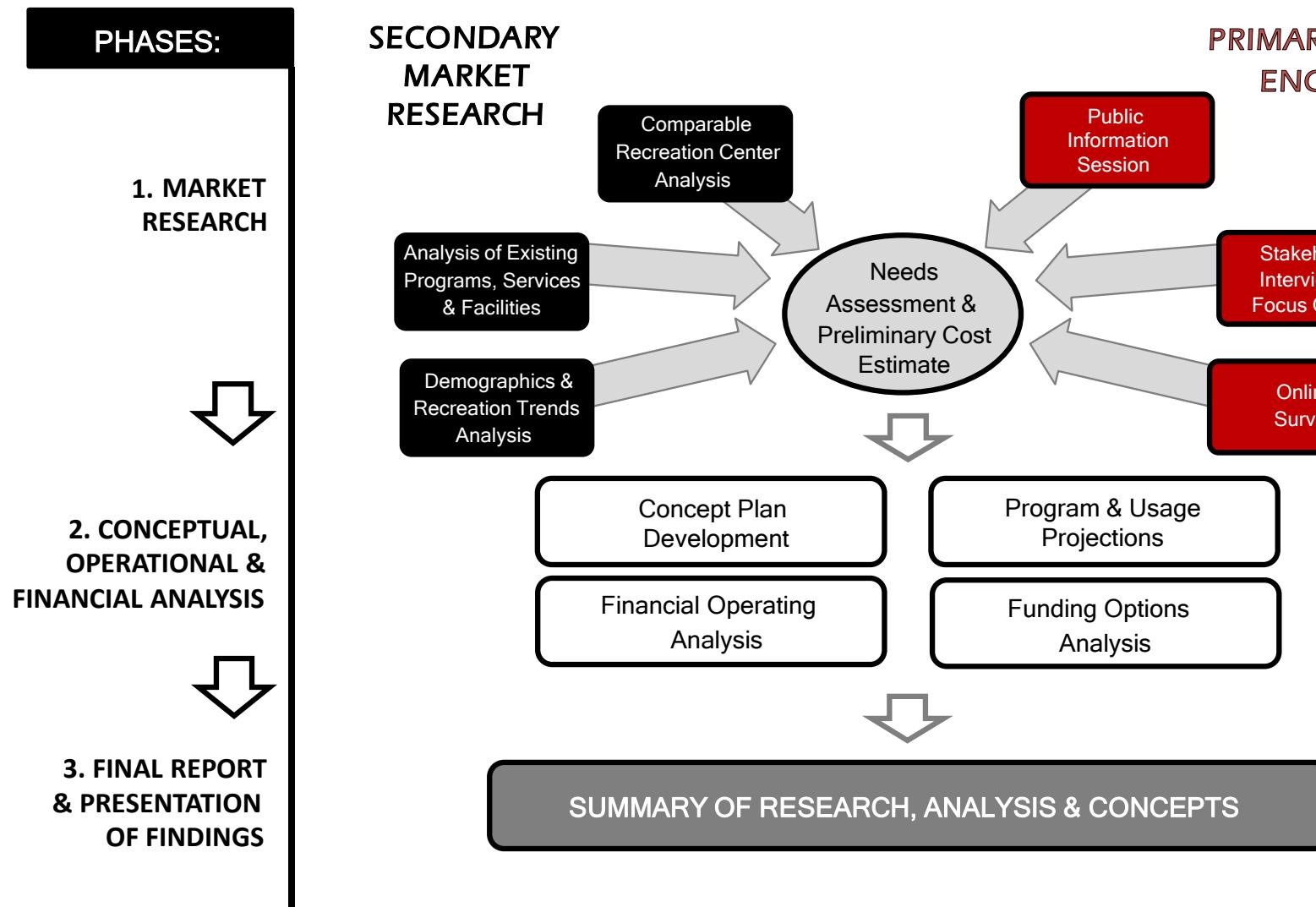


# PROPOSED PROJECT SITE

As shown at right, the project site that is under consideration in this report is located off North Saratoga Road, south of Inlet Park.



*Source: Google*

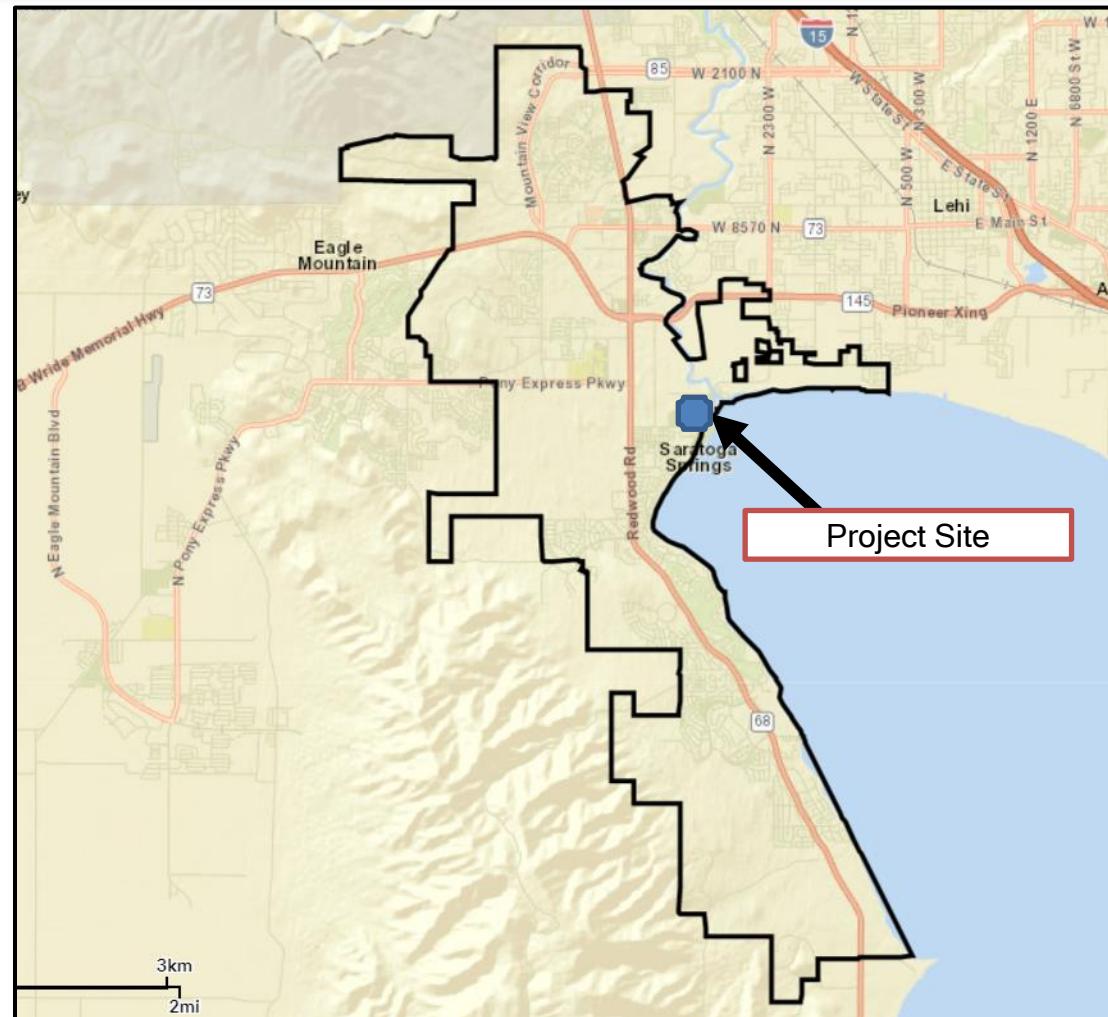




## 2. DEMOGRAPHICS & TRENDS ANALYSIS



# SARATOGA SPRINGS CITY



Source: Esri

Note: Denotes project site marker for the remainder of the report.

Saratoga Springs City, shown above, is in Utah County and has a current estimated population of 38,739.



# POPULATION DATA



	Saratoga Springs	Utah County	United States
Population	38,739	701,939	333,934,112
Population Under 18	15,721	234,590	72,620,219
Percentage of Population Under 18	40.6%	33.4%	21.7%
Population Growth:			
Annual Pop. Growth (2000 to 2021)	17.3%	3.1%	0.8%
Annual Pop. Growth (5-year Projection)	6.5%	2.3%	0.7%
Projected Population (2026)	53,096	787,447	345,887,495
Median Age	26.6	26.4	38.8

*Source: Esri*

Saratoga Springs has about 41% of its population under the age of 18, which is significantly higher than the national average and bodes well for recreation demand.

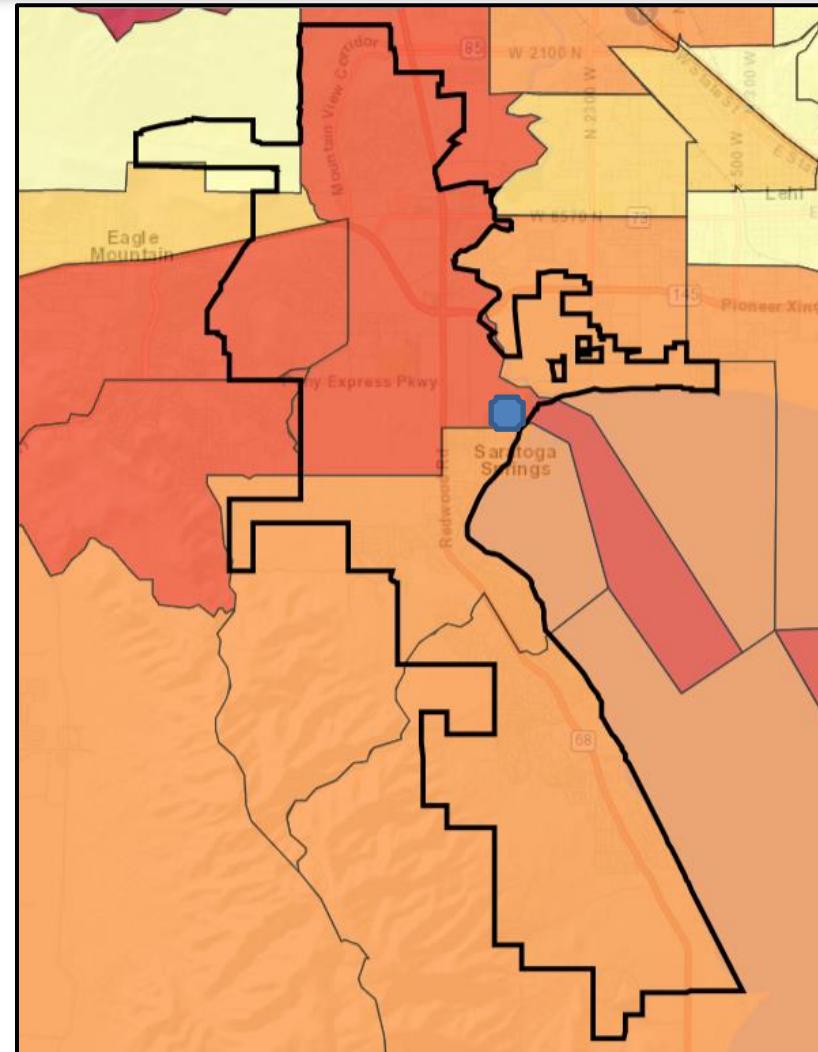
Saratoga Springs and Utah County have significantly lower median ages than the United States average. A lower median age tends to represent a large presence of young families and working-age populations, which can be a positive indicator for recreation demand.

Saratoga Springs and Utah County's projected population growth rate is higher than the U.S. national average, which is an indicator of future recreational demand growth.



# POPULATION DISTRIBUTION

## Total Population by Census Tract



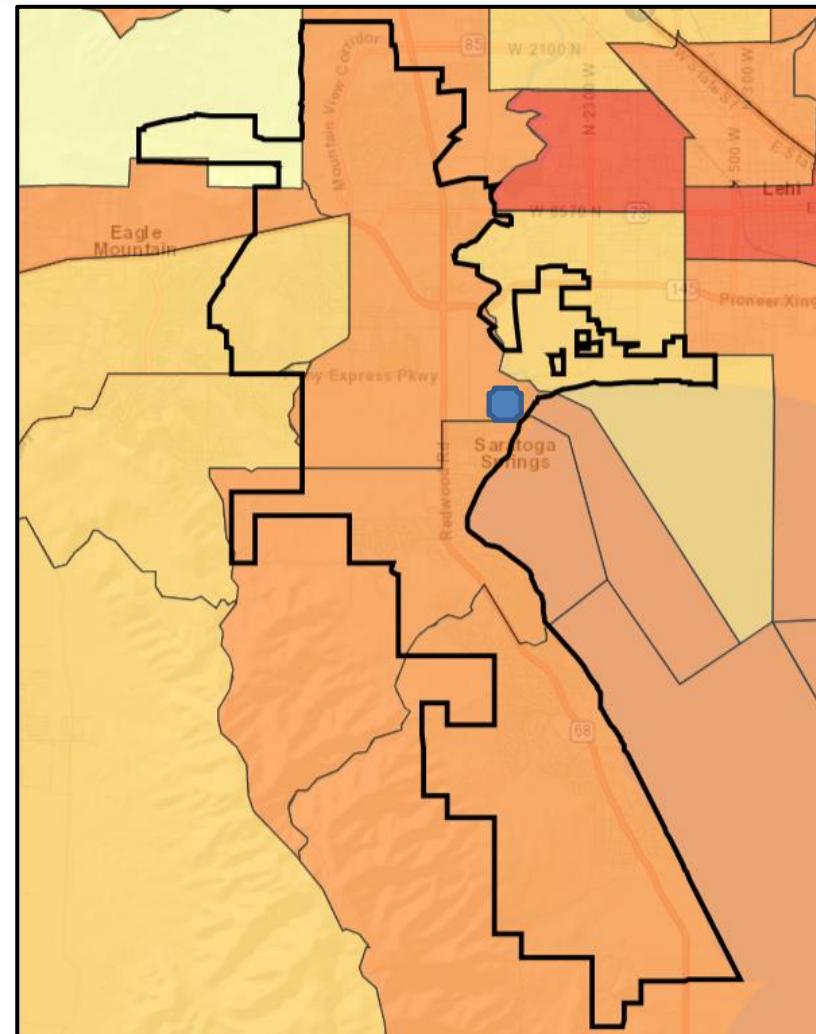
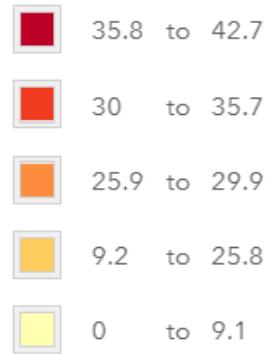
*Source: Esri*

Population density in Saratoga Springs is highest in the northern part of the City, closer to I-15.



# AGE DISTRIBUTION

## Median Age by Census Tract



Source: Esri

Age density appears to be equally distributed throughout the City.



## HOUSEHOLD DATA

	Saratoga Springs	Utah County	United States
<b>Total Households</b>	9,499	190,623	126,470,675
<b>Households With Children Under 18</b>	8,585	153,404	82,824,624
<b>Percentage of Households With Children</b>	90.4%	80.5%	65.5%

*Source: Esri*

	Saratoga Springs	Utah County	United States
<b>Median Household Income</b>	\$107,009	\$80,547	\$64,730
<b>Adjusted Median Household Income (1)</b>	\$121,325	\$91,635	

*Sources: Esri, Sperling*

*Note: (1) Adjusted for cost of living according to Sperling*

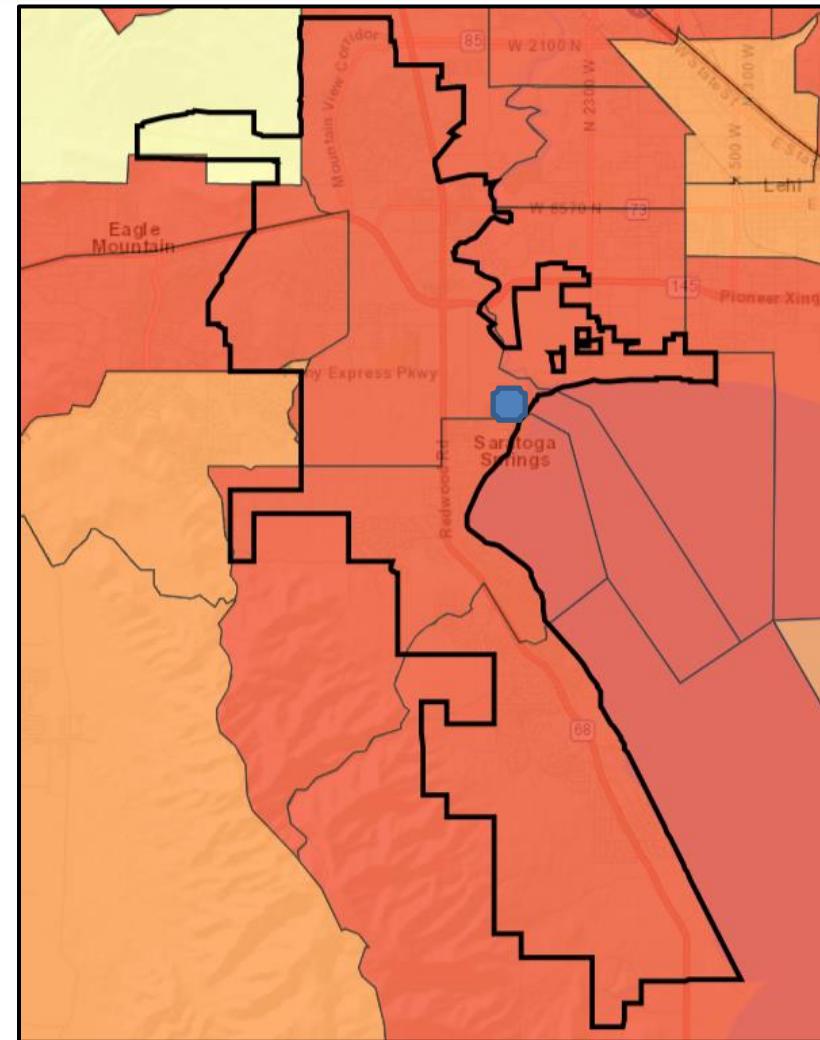
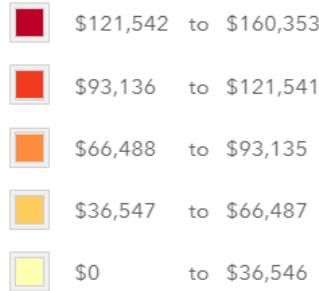
Saratoga Springs and Utah County both have a significantly higher percentage of households with children than the national average. A high percentage of households with children is a positive indicator for family recreation demand in the region.

When adjusted for cost of living, the median household income in Saratoga Springs is significantly higher than the U.S. median income. Higher household income levels can often indicate an ability for a household to spend disposable income on recreational programs.



# INCOME DISTRIBUTION

## Median Household Income by Census Tract

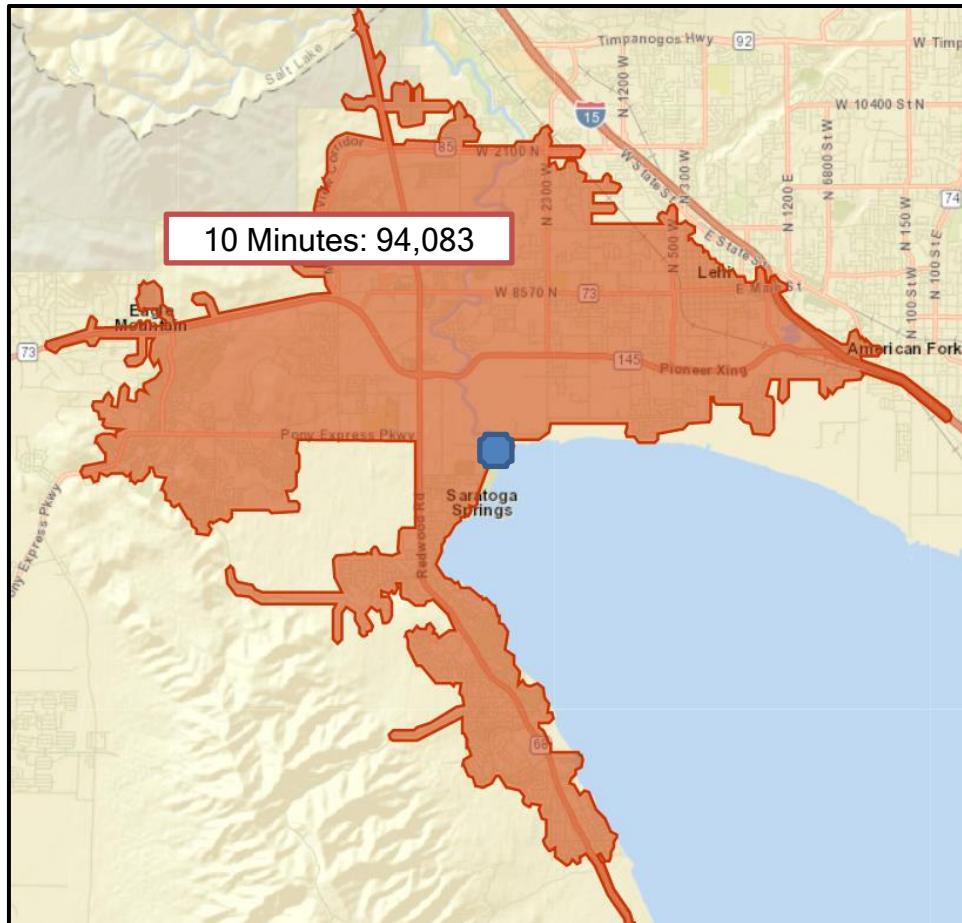


*Source: Esri*

Median Household Income in Saratoga Springs tends to be equally distributed throughout the City.



# RECREATION USAGE DRIVE-TIME ZONE



Source: Esri

Based upon Victus Advisors' experience, primary attendance for public recreation centers (typically in the late afternoons and evenings) is usually drawn from within a 10-minute drive radius.

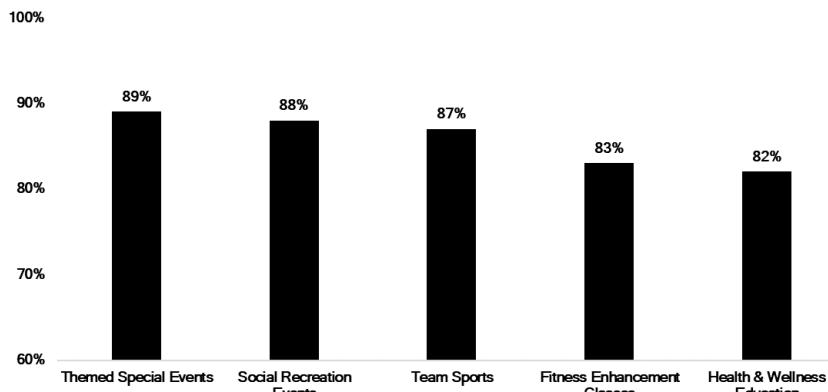
There is a population of just over 94,000 people within a 10-minute drive time of the project site in Saratoga Springs.



# PARKS & RECREATION TRENDS



## PROGRAMMING OFFERED BY PARKS & REC DEPARTMENTS

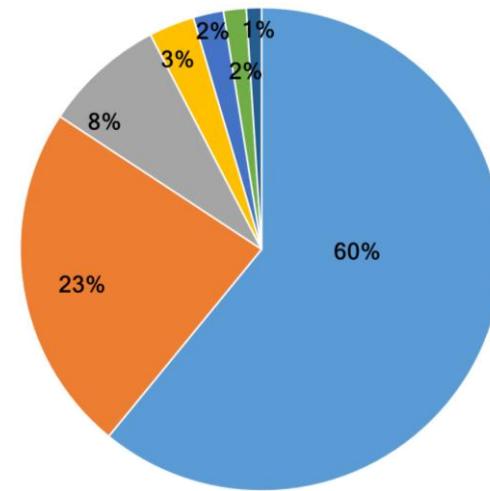


*Source: 2021 National Recreation and Park Association (NRPA) Field Report*

*Note: Only programs above 80% are listed*

Regarding programming, over 80% of all Parks & Recreation departments offer special and recreation events, team sports, fitness classes, and health and wellness education as the most common programming elements.

## SOURCES OF OPERATING EXPENDITURES



■ General Fund Tax Support (60%)	■ Earned/Generated Revenue (23%)
■ Dedicated Levies (8%)	■ Other Dedicated Taxes (3%)
■ Grants (2%)	■ Others (2%)
■ Sponsorship (1%)	

*Source: 2021 National Recreation and Park Association (NRPA) Field Report*

Generally speaking, most Parks & Recreation departments and facilities are not self-sustaining and require considerable funding from other sources, often from a City's or County's General Fund.



# NATIONAL SPORTS PARTICIPATION TRENDS



	<b>Sport</b>	<b>Participants (millions)</b>
1	Basketball	23.4
2	Baseball	13.7
3	Soccer (Outdoor)	12.6
4	Football (Tackle & Flag)	12.0
5	Softball (Slow & Fast Pitch)	9.6
6	Volleyball (Court)	6.4
7	Gymnastics	4.7
8	Track and Field	4.2
9	Cheerleading	3.6
10	Pickleball	2.8

*Note: Sorted by Participants, defined as at least one activity per year.*

*Source: Sports & Fitness Industry Association, Sports Marketing Surveys USA*

As highlighted in green in the chart above, six of the 10 leading national sports by participation are activities that could potentially utilize a new indoor recreation center in Saratoga Springs in some manner, including basketball, volleyball, gymnastics, track, cheerleading, and pickleball. Those six sports combine to account for over 45 million youth/amateur sports participants each year.



## Trend

---

- 1 Online Training
- 2 Wearable Tech
- 3 Body Weight Training
- 4 Outdoor Training
- 5 High Intensity Interval Training (HIIT)
- 6 Virtual Training
- 7 Exercise Is Medicine (EIM)
- 8 Strength Training with Free Weights
- 9 Fitness Programs for Older Adults
- 10 Personal Training

*Note: Sorted by ranking*

*Source: American College of Sports Medicine (ACSM)*

The above chart illustrates the 2021 top 10 fitness trends according to an ACSM global survey, which featured thousands of respondents including fitness and wellness professionals, exercise physiologists, medical professionals, and gym club owners.



# RECREATION CENTER DESIGN TRENDS

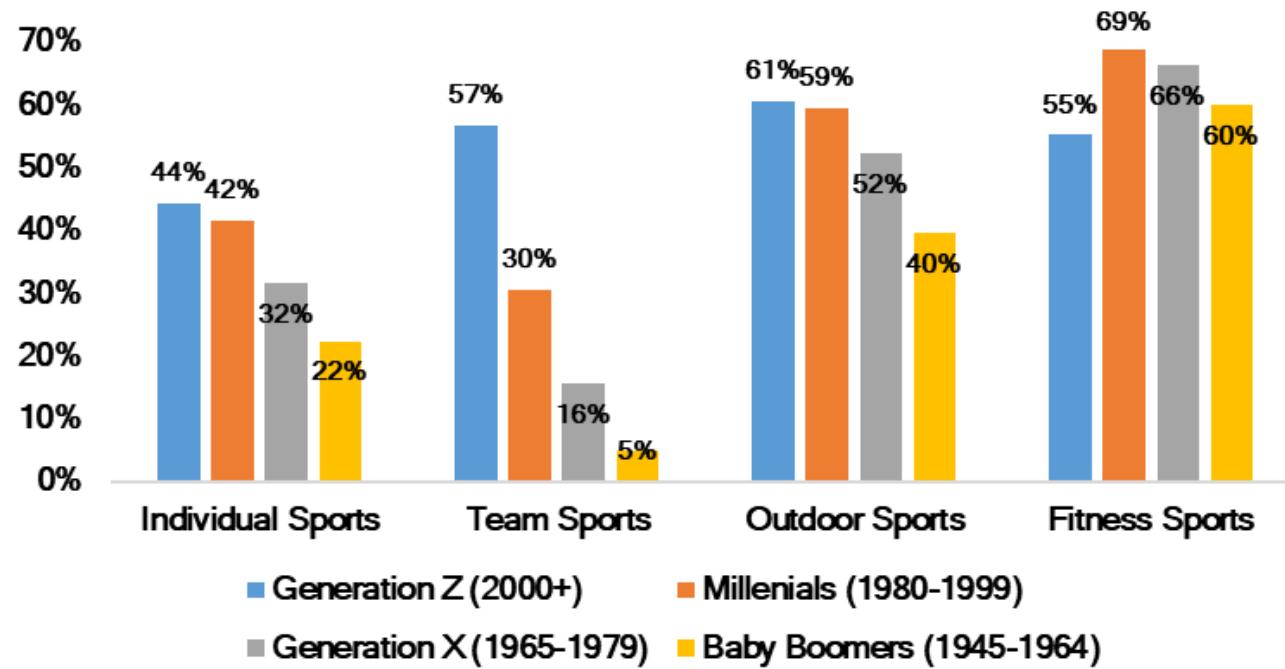


According to a recent study released by a national firm that specializes in building community recreation centers, the following trends related to recreation center design should be considered by cities and parks and recreation departments.

- **Multi-Generational Centers:** Rather than a separate senior center, or other dedicated facility for specific groups, there is growing demand for an “all-in-one” community space. Additionally, from an economics standpoint, a multi-generational center can maximize space and program offerings as senior citizens are more likely to use the facility during the day, while families with children are more likely to use the facility after school.
- **Multi-Use Facilities:** Again, from an economics standpoint, multi-use facilities maximize space and programs. For example with the emergence of pickleball, indoor pickleball courts are not always necessary as basketball courts and other multi-sport surfaces can be used for pickleball as well.
- **Aquatics:** Recreation centers with an indoor lap or competition pools are maximizing usage of the space with other activities such as paddleboard yoga, “ninja”-type ropes course, underwater hockey, and other such activities.



# AMATEUR SPORTS PARTICIPATION TRENDS



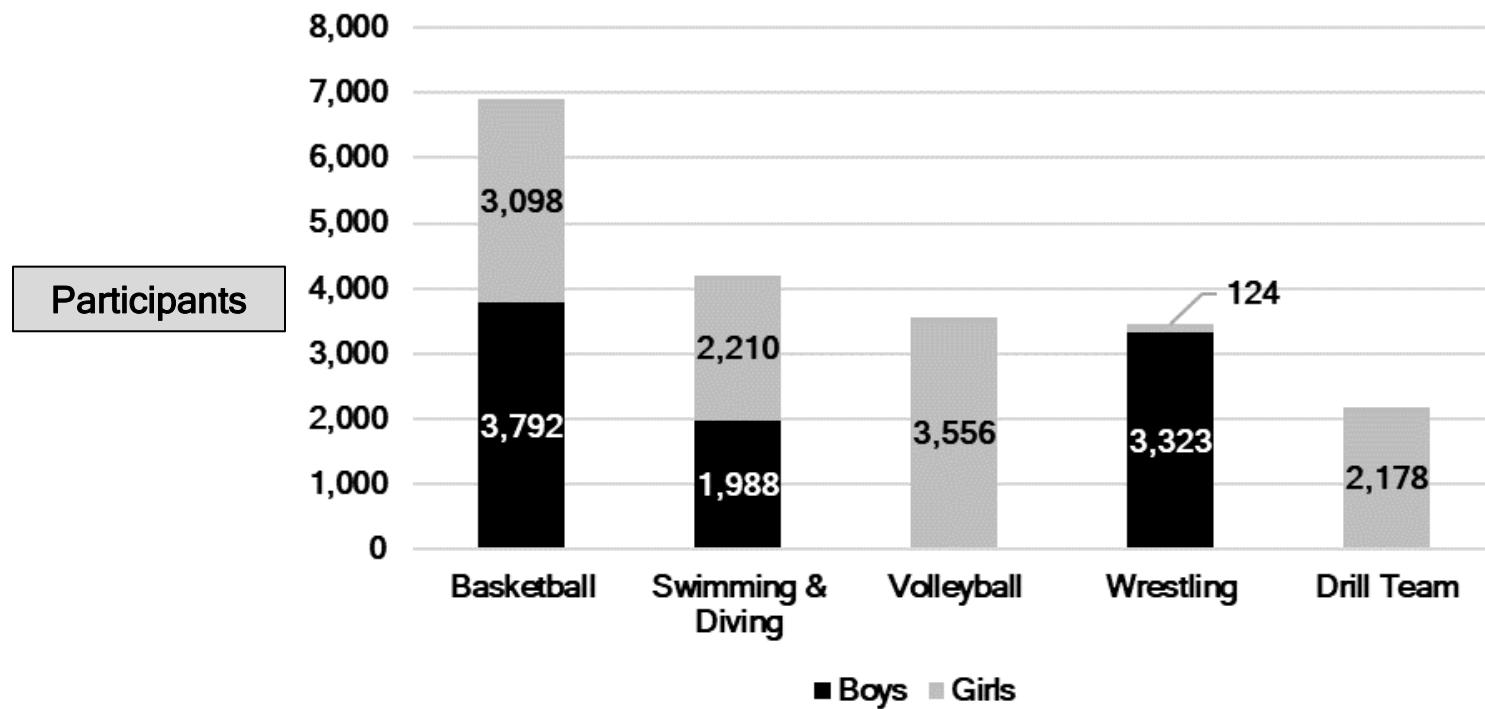
*Note: Ages 6+*

*Source: 2021 Participation Report by the Physical Activity Council*

In terms of participation by generation, Generation Z leads all other generations in terms of individual, team, and outdoor sports participation. Whereas fitness sports are more popular among Millennials and older age groups.



# UTAH HIGH SCHOOL INDOOR SPORTS PARTICIPATION



Source: National Federation of High School Associations, 2018-2019 Report

Notes: (1) Sorted by total participants in descending order (2) Only sports that could potentially be played at the new indoor recreation center were listed.

**Basketball** has the highest number of total high school participants in Utah, while **Volleyball** has the largest total girls participation in the State. When combining boys/girls, **Aquatics** have the second most overall participation behind basketball.



## SUMMARY OF TRENDS



Victus Advisors believes these are some key takeaways that Saratoga Springs should consider for a potential indoor recreation center:

- **Sports Participation Trends:** Many of the leading national sports could potentially utilize a new indoor recreation center in Saratoga Springs in some manner, including basketball, volleyball, gymnastics, track, cheerleading, and pickleball. In addition, in the State of Utah in particular, the three most popular indoor sports activities by youth participation are basketball, aquatics, and volleyball.
- **Fitness Trends:** New fitness programs such as high intensity interval training and CrossFit have increasingly become more popular amongst fitness enthusiasts as opposed to traditional fitness programs. Furthermore, demand for older adult fitness programs has significantly increased. Lastly, technology in fitness such as online/virtual training, and wearable tech have reduced the need for fitness to be limited geographically.
- **Recreation Center Design Trends:** Facilities should be both multi-generational and multi-use. Multi-generational facilities can maximize space and program offerings for all age categories. Similarly multi-use facilities maximize space and program offerings for sports, fitness, and community needs.
- **Amateur Sports Participation Trends:** Individual and team sports tend to be most popular among General Z, and participation trends tend to shift toward fitness sports as people age (Millennials and older).



### 3. LOCAL RECREATION FACILITY & PROGRAM ANALYSIS



# CITY RECREATIONAL PROGRAMS & FEES



Program	Individual Fee	Team Fee
Baseball (Instructional)	\$38-\$48	-
Baseball (Youth)	\$85-\$95	-
Basketball (Adult)	-	\$475
Basketball (Jr. Jazz Inst.)	\$55	-
Basketball (Jr. Jazz)	\$65	\$575
Basketball (Youth)	\$55	-
Cross Country	\$65	-
Dance Lessons	\$50	-
Fishing, Urban	\$40	-
Flag Football	\$45	-
Golf	\$35	-
Pickleball	\$20-\$25	-
Pickleball Clinics	\$20	-
Soccer	\$45	-
Soccer Elite Camp	\$35-\$50	-
Softball (Coed)	-	\$375
Softball (Fast Pitch)	\$85	-
Softball (Men's)	-	\$375
Sports Camp	\$10	-
Tennis	\$85	-
Tennis Lessons	\$55	-
Track & Field	\$65	-
Volleyball (Women's)	-	\$150-\$300
Volleyball (Youth)	\$50	-

As shown to the left, the Saratoga Springs Recreation Department offers over 20 recreational programs for youth and adults.

Saratoga Springs Recreation currently does not offer senior programming, aquatic programming, and adaptive programming, in large part because of a lack of indoor recreational space.

The Saratoga Springs Recreation Department has not raised fees in six (6) years, but according to staff they will analyze the option of raising fees for all programs this fall due to their rising costs.

*Source: Saratoga Springs City*

*Note: Sorted by Program in alphabetical order*



# RECREATIONAL FACILITIES USED BY THE CITY



Facilities Used	Owner	Indoor/Outdoor	Program
City Marina	Saratoga Springs	Outdoor	Fishing Lessons
Grasslands Park	Saratoga Springs	Outdoor	Soccer
Harbor Point Elementary School	Alpine School District	Indoor	Basketball
Harvest Hills Elementary School	Alpine School District	Indoor	Basketball
Harvest Park	Saratoga Springs	Outdoor	Soccer/Inst. Baseball/Cross Country
Inlet Park	Saratoga Springs	Outdoor	Soccer/Inst. Baseball
Lake Mountain Middle School	Alpine School District	Indoor	Basketball/Volleyball
Neptune Park	Saratoga Springs	Outdoor	Soccer/Volleyball/Inst. Baseball
Patriot Park	Saratoga Springs	Outdoor	Baseball/Softball/Pickleball
Riverview Elementary School	Alpine School District	Indoor	Basketball
Sage Hills Elementary School	Alpine School District	Indoor	Basketball
Saratoga Shores Elementary School	Alpine School District	Indoor	Basketball
Shay Park	Saratoga Springs	Outdoor	Soccer/Inst. Baseball
Springside Elementary School	Alpine School District	Indoor	Basketball
Sunrise Meadows Park	Saratoga Springs	Outdoor	Soccer/Inst. Baseball
TalonsCove Golf Course	TalansCove	Outdoor	Golf Lessons
Thunder Ridge Elementary School	Alpine School District	Indoor	Basketball
Triton Park	Saratoga Springs	Outdoor	Soccer
Vista Heights Middle School	Alpine School District	Indoor	Basketball/Volleyball
Westlake High School	Alpine School District	Indoor	Basketball/Volleyball
Westlake High School Track	Alpine School District	Outdoor	Track & Field

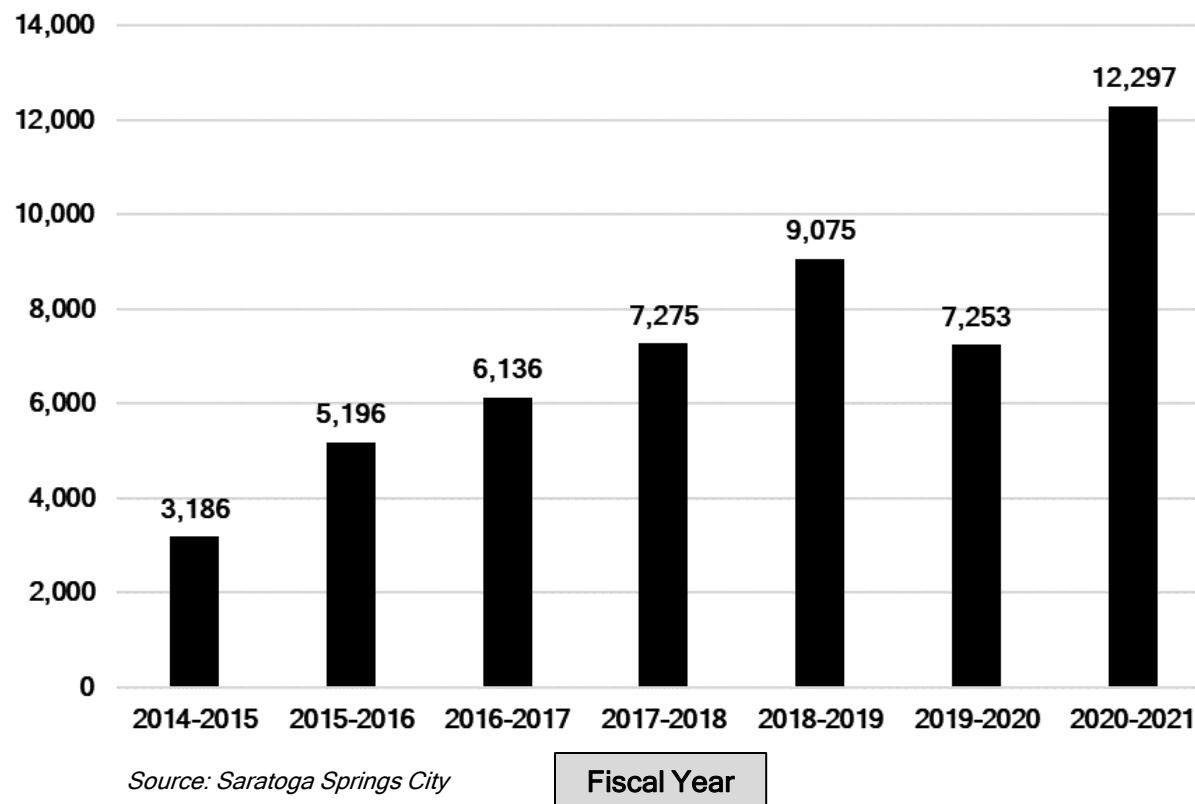
*Source: Saratoga Springs City*

*Note: Sorted by Facilities Used in alphabetical order*

As shown above, the Saratoga Springs Recreation Department principally utilizes City-owned parks and Alpine School District schools for its various recreational programs. It is notable that all indoor recreational programs are held at Alpine School District facilities because of the lack of City-controlled indoor recreational facilities.



# SARATOGA SPRINGS RECREATION PARTICIPATION TRENDS



As shown above, the Saratoga Springs Recreation Department has seen significant growth in recreation program participation since fiscal year 2014-2015. It should be noted that the decrease in fiscal year 2019-2020 was primarily due to the COVID-19 Pandemic.

It is also worth noting that, according to Saratoga Springs Recreation, nearly 29% of participants were non-residents, and 17% of all participants were from Eagle Mountain.



# RECREATION DEPARTMENT OPERATING BUDGET



	Fiscal 2016-2017	Fiscal 2017-2018	Fiscal 2018-2019	Fiscal 2019-2020	Fiscal 2020-2021
<b>Revenue</b>	\$305,817	\$289,456	\$462,868	\$467,498	\$595,086
<b>Expenses</b>	\$369,312	\$440,141	\$518,620	\$593,367	\$640,561
<b>Net Operating Income (Deficit)</b>	(63,495)	(150,685)	(55,752)	(125,869)	(45,475)
<b>Cost Recovery</b>	83%	66%	89%	79%	93%

*Source: Saratoga Springs City*

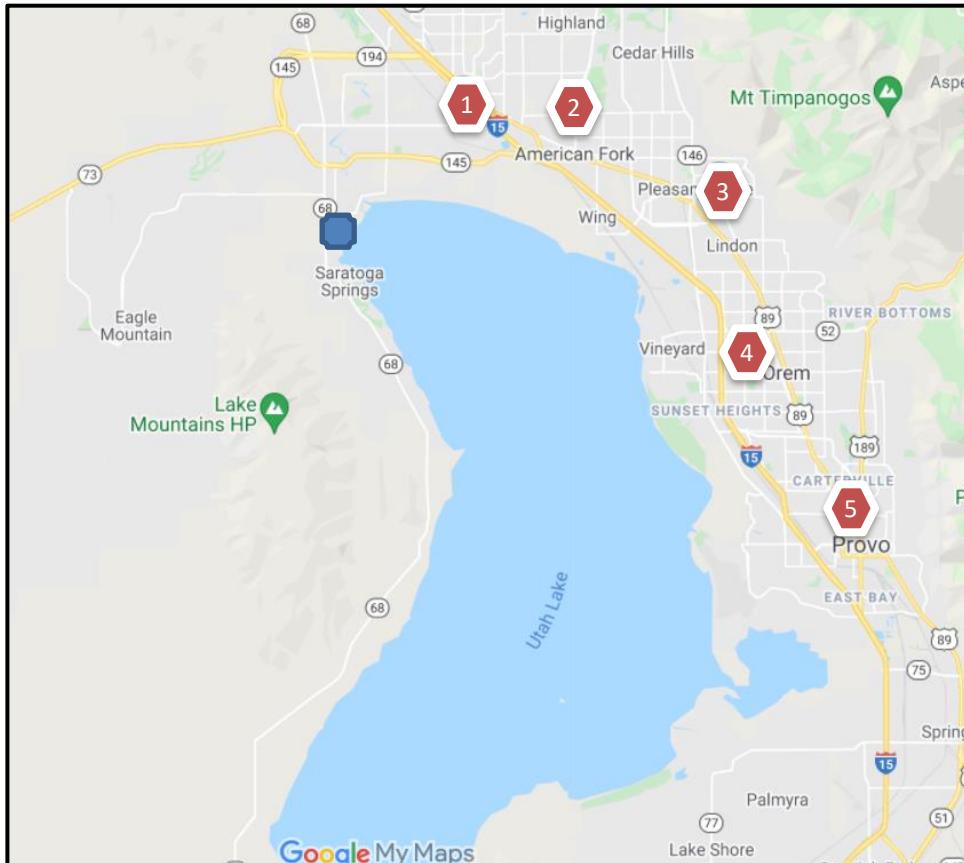
Saratoga Springs Recreation Department revenues have increased significantly since fiscal year 2016-2017, as shown above. Cost recovery has varied greatly, but it should be noted that fiscal year 2020-2021 had a 93% cost recovery which is the highest over the last five (5) years. This annual operating gap is funded by the City's general fund.



## 4. COMPARABLE INDOOR RECREATION CENTER ANALYSIS



# COMPARABLE RECREATION CENTERS



Source: Google Maps

Note: Facilities sorted by Driving Distance from Saratoga Springs (miles) in descending order

Facilities	Driving Distance from Saratoga Springs (miles)
1 Lehi Legacy Center	8.6
2 American Fork Fitness Center	11.0
3 Pleasant Grove Recreation Center	14.6
4 Orem Family Fitness Center	18.1
5 Provo Recreation Center	23.7

Victus Advisors reviewed five (5) nearby municipal recreation centers that have been frequently visited or utilized by Saratoga Springs residents. All of these comparable facilities are located within Utah County.

Profiles based on interviews with the operators of each comparable facility are presented on the following pages. Please note that the financial and operating information presented for each facility is from 2019, prior to COVID.



## American Fork

- Opened: 1993; Expansion (pool and gymnasium): 2006
- Original Construction Cost: \$3M (\$8.1M in 2021 dollars\*)
- Expansion Construction Cost: \$3M (\$4.6M in 2021 dollars\*)
- Original Funding Source: General obligation bond
- Expansion Funding Source: Redevelopment Agency bond (incremental sales tax)
- Owner/Operator: American Fork City
- Footprint: 52,100 sq. ft.
- Features:
  - Gymnastics floor
  - Outdoor leisure pool (summer only)
  - 50-meter indoor/outdoor competition pool (year-round)
  - Hot tub
  - Walking/running track
  - Cardio, weight, and aerobics/class areas
  - 3 racquetball courts
  - Locker rooms
  - Spin room
  - Childcare area
  - Classroom areas



AMERICAN FORK





## AMERICAN FORK FITNESS CENTER (CONT.)



- 2019-2020 Fiscal Year Annual Attendance & Participation:
  - 370,000 visitors (paid the daily fee or scanned their membership card)
  - Total memberships: 2,438
    - Family: 1,196
    - Couple: 336
    - Individual: 906
  - Total members: 8,548
    - Family: 6,940
    - Couple: 672
    - Individual: 906
- 2019-2020 Fiscal Year Financial Operations:

Revenue	\$1,519,747
Expenses	\$2,313,676
Net Income (Loss)	(793,929)
Cost Recovery	66%

As shown to the left, the American Fork Fitness Center operated at 66% cost recovery in the 2019-2020 fiscal year. The financial gap is filled by the City's general fund. According to management, the revenue shortfall is primarily due to lack of facility space to meet demand (the center is only 52,100 sq. ft.) which limits additional program offerings.



# AMERICAN FORK FITNESS CENTER (CONT.)



## RENTAL RATES

- Rental rates were not provided. According to management, third-party rentals are relatively infrequent due to lack of facility space.

Punch Cards (20 Times)	
User	Fee
Full Facility (Adult)	\$90
Full Facility (Youth 4-17)	\$70
Full Facility (Senior)	\$50
Track (Adult & Youth)	\$30
Track (Senior)	\$15

Daily Admittance Fee	
User	Fee
Full Facility (Adult)	\$5
Full Facility (Youth 4-17)	\$4
Full Facility (Toddler <3)	Free
Full Facility (Senior)	\$3
Family	\$20
Monday Night Family (After 5pm)	\$15
Adult Track Only	\$2
Senior Track Only	\$1

Pass	Resident		Non-Resident	
	Monthly	Annual	Monthly	Annual
Adult	\$27	\$265	\$31	\$310
Student & Youth	\$16	\$155	\$19	\$185
Senior	\$16	\$155	\$19	\$185
Adult Couple	\$39	\$385	\$44	\$440
Senior Couple	\$27	\$265	\$31	\$310
Family	\$47	\$465	\$52	\$520

## FEE NOTES

- Fees include full access to fitness classes (Zumba, spin, etc.). Swim lessons, personal training, and other programs are available for an additional fee.



## Lehi

- Opened: 2001 (Phase 1); 2005 (Phase 2)
- Phase 1 Construction Cost: \$4.5M (\$8.9M in 2021 dollars\*)
- Phase 2 Construction Cost: \$4.8M (\$8.1M in 2021 dollars\*)
- Construction Funding Source: Sales tax revenue bond
- Owner/Operator: Lehi City
- Footprint: 100,000 sq. ft.
- Features:
  - 3 full-sized multi-purpose gymnasiums
  - Fitness areas for weights and cardio
  - Climbing wall
  - 1/8 mile walking/running track
  - Dance/aerobics room
  - Conference/party rooms, multi-purpose rooms, and office space for staff
  - Snack bar
  - Childcare area
  - Locker rooms
  - Senior citizens center with kitchen
  - 4 separate pools (leisure pool with slides, outdoor, and an 8-lane 50-meter competition pool)





- 2019 Annual Attendance & Participation:
  - 363,479 paid visitors (paid the daily fee or scanned their membership card)
  - 28,324 recreation program participants
  - Annual memberships: 4,275
    - Family: 2,078
    - Couple: 548
    - Individual: 1,649
  - Monthly memberships: 4,087
    - Family: 1,114
    - Couple: 404
    - Individual: 2,569
  - Daily passes: 107,585
- 2019 Legacy Center Fund Financials:

Revenue	\$3,656,244
Expenses	\$4,354,287
Net Income (Loss)	(698,043)
Cost Recovery	84%

As shown to the left, Lehi City's Legacy Center Fund operated at an 84% cost recovery in 2019, prior to the City's allocation of general funds to support the Legacy Center Fund.

It should also be noted that the 2019 Legacy Center Fund financials also include additional expenses related to outdoor sports programming and other recreation department salaries and wages, therefore the operations of the Legacy Center alone likely have a greater cost recovery percentage than shown at left.



# LEHI LEGACY CENTER (CONT.)



## RENTAL RATES

- Full Gymnasium: \$55 per hour; \$25 per hour (after 3 hours); \$250 per day
- Half Gymnasium: \$40 per hour; \$20 per hour (after 3 hours); \$180 per day
- Combined Multi-Purpose Room: \$55 per hour; \$25 per hour (after 3 hours); \$250 per day
  - Multi-Purpose Room: \$40 per hour; \$20 per hour (after 3 hours); \$180 per day
  - Conference Room: \$40 per hour; \$20 per hour (after 3 hours); \$180 per day
    - Climbing Wall: \$40 per hour
  - Leisure Pool: \$350 for 1 hour and 50 minutes
  - Lap Pool: \$350 for 1 hour and 50 minutes

Pass	Membership Fees			
	Resident		Non-Resident	
	Monthly	Annual	Monthly	Annual
Adult (18-59)	\$27	\$280	\$30	\$305
Youth (12-17)	\$15	\$155	\$17	\$170
Child (4-11)	\$12	\$125	\$14	\$135
Toddler (<3)	Free	Free	Free	Free
Senior (60+)	\$15	\$155	\$17	\$170
Adult Couple	\$40	\$400	\$44	\$440
Senior Couple	\$27	\$280	\$30	\$305
Family/Group	\$49	\$495	\$54	\$545
Additional Person	\$3	\$31	\$3.50	\$33

Daily Admittance Fee	
User	Fee
Full Facility (Adult)	\$6
Full Facility (Youth)	\$5
Full Facility (Child)	\$4
Full Facility (Senior)	\$4
Group Fitness Classes	\$4
Weight & Cardio	\$3
Gym	\$3
Track	\$1
Climbing Wall (Includes Full Facility)	\$8

## FEE NOTES

- Most fitness classes are included with membership however, most programs have a separate fee.



# LEHI LEGACY CENTER (CONT.)



*Facility Layout*



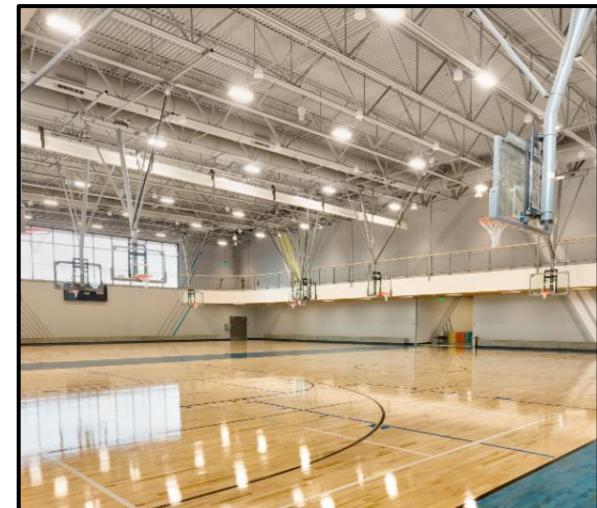


# OREM FAMILY FITNESS CENTER



## Orem

- Opened: 2021
- Construction Cost: \$29M
- Construction Funding Source: General obligation bond
- Owner/Operator: Orem City
- Footprint: 130,000 sq. ft.
- Features:
  - 2 full-sized basketball courts
  - Indoor playground
  - Teen lounge
  - 4 racquetball courts
  - Leisure pool
  - 50-meter lap pool
  - 2 multi-purpose rooms
  - 3 fitness, 2 cardio, and 1 spinning studios
  - Dance and tumbling studios
  - Bouldering wall
  - Locker rooms
  - Strength training room
  - Walking/running track
  - Childcare area





## OREM FAMILY FITNESS CENTER (CONT.)



- 2021 Annual Attendance & Participation:
  - 19,350 memberships (daily, monthly, annual)
- Projected 2021 Financial Operations:

Revenue	\$2,300,000
Expenses	\$2,100,000
Net Income (Loss)	200,000
Cost Recovery	110%

The Orem Family Fitness Center projects that by the end of the 2021 calendar year, the facility will operate above break-even, and with no outside contributions/subsidies.



# OREM FAMILY FITNESS CENTER (CONT.)



## RENTAL RATES

- Basketball Court: \$50 per hour
- Multi-Purpose Room: \$35 per hour
- Lap Pool: \$10 per hour per lane

Pass	Membership Fees			
	Resident		Non-Resident	
	Monthly	Annual	Monthly	Annual
Individual	\$27	\$275	\$37	\$335
Student	\$22	\$220	\$31	\$275
Couple	\$39	\$395	\$49	\$480
Family	\$45	\$485	\$55	\$585
Senior	\$17	\$155	\$27	\$190

Daily Admittance Fee	
User	Fee
Infant (0-2)	Free
Child (3-13)	\$4
Adult (14-59)	\$5
Senior (60+)	\$4

## FEE NOTES

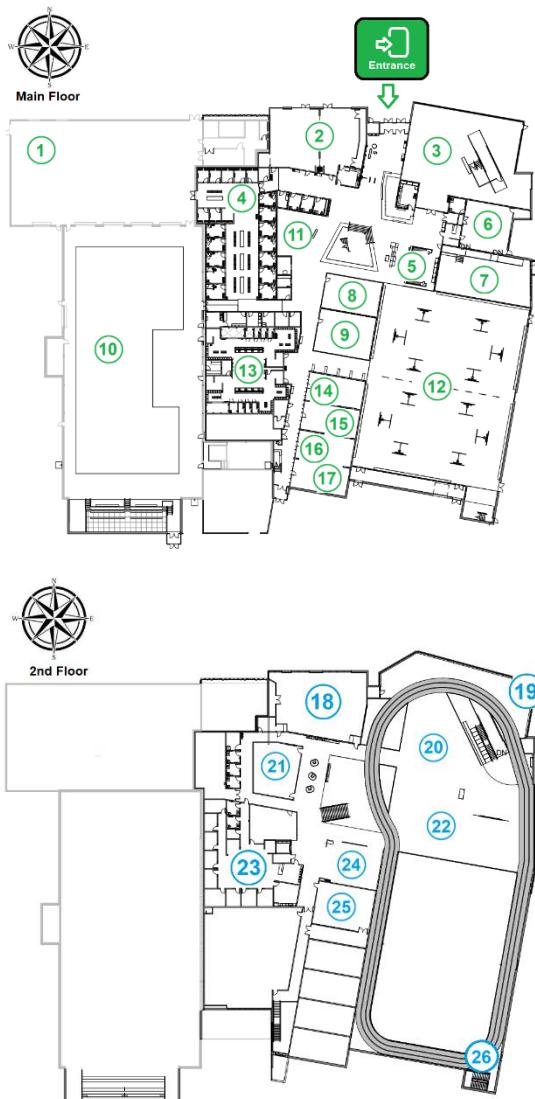
- Fitness classes are included in the fees. Other programs (dance, gymnastics, personal training, swim lessons) are not included.



# OREM FAMILY FITNESS CENTER (CONT.)



## Facility Layout



### Main Floor Layout

1 - Leisure Pool	2 - Multipurpose Rooms
3 - Functional Fitness	4 - Family Change Rooms
5 - Teen Lounge	6 - Child Care
7 - Indoor Playgound	8 - Youth Dance Studio
9 - Youth Tumbling Studio	10 - Lap Pool
11 - Bouldering Wall	12 - Gymnasium
13 - Locker Rooms	14 - Racquetball - Court 1
15 - Racquetball - Court 2	16 - Racquetball - Court 3
17 - Racquetball - Court 4	

### 2nd Floor Layout

18 - Large Fitness Studio	19 - Cardio
20 - Cardio	21 - Spinning Studio
22 - Strength Training	23 - Administration
24 - Warm Up Area	25 - Small Fitness Studio
26 - Track	



# PLEASANT GROVE RECREATION CENTER



## Pleasant Grove

- Opened: 2008
- Construction Cost: \$9.5M (\$12.6M in 2021 dollars\*)
- Construction Funding Source: General obligation bond
- Owner/Operator: Pleasant Grove City
- Footprint: 77,000 sq. ft.
- Features:
  - 3 full-sized gymnasiums
  - Running/walking track
  - Locker rooms
  - Cardio and weight rooms
  - 6 classrooms
  - Concessions stand
  - Dance/aerobic room
  - Childcare area
  - Multi-purpose room
  - Kitchen/training room





- 2019-2020 Fiscal Year Annual Attendance & Participation:
  - 176,096 million visitors
  - 6,842 memberships (daily, monthly, annual)
- 2019-2020 Fiscal Year Financial Operations:

The City did not provide financial operation figures.



## RENTAL RATES

- Gymnasium: \$50 per hour (resident); \$75 per hour (non-resident); \$100 per hour (commercial resident); \$125 per hour (commercial non-resident)
- Multi-Purpose Room: \$35 per hour (resident); \$55 per hour (non-resident); \$75 per hour (commercial resident); \$95 per hour (commercial non-resident)
- Classroom: \$35 per hour (resident); \$55 per hour (non-resident); \$75 per hour (commercial resident); \$95 per hour (commercial non-resident)

Pass	Membership Fees					
	Resident			Non-Resident		
	Monthly*	Semi-Annual	Annual	Monthly*	Semi-Annual	Annual
Individuals	\$17 or \$22	\$91	\$162	\$21 or \$27	\$117	\$203
Senior Individuals	\$9 or \$12	\$51	\$86	\$11 or \$14	\$66	\$107
Students	\$11 or \$15	\$61	\$107	\$14 or \$17	\$81	\$132
Couples	\$27 or \$35	\$152	\$264	\$29 or \$37	\$188	\$330
Senior Couples	\$16 or \$20	\$91	\$152	\$19 or \$25	\$107	\$188
Family	\$35 or \$45	\$193	\$350	\$43 or \$53	\$239	\$421

*\*Lower monthly fee is with one year contract and auto payment*

Daily Admittance Fee	
User	Fee
Adults (16-54)	\$3.50
Youth (4-15)	\$3.00
Seniors (55+)	\$2.25
Silver Sneakers Pass	Free
Track Use Only	\$1.25
Senior Track Use Only	\$0.75

## FEE NOTES

- Membership and daily passes include use of full facility with fitness classes.



## Provo

- Opened: 2013
- Construction Cost: \$39M (\$54.5M in 2021 dollars\*)
- Construction Funding Source: General obligation bond
- Owner/Operator: Provo City
- Footprint: 160,000 sq. ft.
- Features:
  - 3 full-sized gymnasiums
  - 1 multi-sport surface gymnasium
  - 6 racquetball courts
  - Fitness room
  - 4 studios (3 fitness and 1 spin)
  - 4 party rooms
  - Leisure pool and competition pool
  - Indoor playground
  - Running/walking track
  - Childcare area
  - Café
  - Senior/community center, including kitchen, classrooms, game room, lounge, and computer lab
  - Climbing wall





## PROVO RECREATION CENTER (CONT.)



- 2019-2020 Fiscal Year Annual Attendance & Participation:
  - 1.5 million visitors
  - 23,000 memberships (daily, monthly, annual)
- 2019-2020 Fiscal Year Financial Operations:

Revenue	\$5,096,095
Expenses	\$4,682,449
Net Income (Loss)	413,646
Cost Recovery	109%

As shown to the left, the Provo Recreation Center operated at a 109% cost recovery for the 2019-2020 fiscal year. According to Provo City, fiscal year 2019-2020 was the fifth year the facility provided funding to the general fund instead of requiring a subsidy.



# PROVO RECREATION CENTER (CONT.)



## RENTAL RATES

- Facility: \$2,000 per hour
- Basketball Court: \$50 per court per hour
- Multi-Purpose Room: \$100 per hour (4-hour minimum)
  - Classroom: \$35 per hour (2-hour minimum)
  - Party Room: \$35 for 2 hours

Pass	Membership Fees				Monthly*	3 Month	6 Month	Annual	Non-Resident			
	Resident	Non-Resident	Non-Resident	Non-Resident					Monthly*	3 Month	6 Month	Annual
Adult (18-59)	\$27	\$95	\$165	\$285	\$33	\$120	\$205	\$355	\$33	\$120	\$205	\$355
Youth (3-17)	\$16	\$55	\$90	\$157	\$19	\$65	\$112	\$195	\$19	\$65	\$112	\$195
Adult Couple	\$36	\$132	\$229	\$398	\$45	\$167	\$289	\$503	\$45	\$167	\$289	\$503
Senior (60+)	\$16	\$55	\$90	\$157	\$19	\$65	\$112	\$195	\$19	\$65	\$112	\$195
Senior Couple	\$27	\$95	\$165	\$285	\$33	\$120	\$205	\$355	\$33	\$120	\$205	\$355
Family	\$44	\$167	\$284	\$493	\$55	\$207	\$359	\$618	\$55	\$207	\$359	\$618

*\*Lower monthly fee is with one year contract and auto payment*

Daily Admittance Fee	
User	Fee
Youth (3-17)	\$4
Adult (18-59)	\$5
Senior (60+)	\$4

## FEE NOTES

- Membership gives full access to all amenities in the facility including fitness classes. Childcare and other programs (swimming lessons, art classes, etc.) carry an additional fee.



# PROVO RECREATION CENTER (CONT.)



*Facility Layout*





# SUMMARY OF RECREATION CENTERS: CONSTRUCTION COSTS IN 2021 DOLLARS



Facility	Square Feet	Est. 2021 Construction Cost	Est. 2021 Construction Cost Per Sq. Ft.
Provo Recreation Center	160,000	\$54,482,639	\$341
American Fork Fitness Center	52,100	\$12,648,794	\$243
Orem Family Fitness Center	130,000	\$29,000,000	\$223
Lehi Legacy Center	100,000	\$16,940,857	\$169
Pleasant Grove Recreation Center	77,000	\$12,628,304	\$164
<b>AVERAGE</b>	<b>103,820</b>	<b>\$25,140,119</b>	<b>\$228</b>
<b>MEDIAN</b>	<b>100,000</b>	<b>\$16,940,857</b>	<b>\$223</b>

*Sources: Victus research. Turner Building Cost Index - Q3 2021.*

*Note: Sorted by Est. 2021 Construction Cost Per Sq. Ft. in descending order*

## CONSTRUCTION COST NOTES

Construction costs of the recreational facilities in Q3 2021 dollars (the more recently available construction cost data in the Turner Building Cost Index) ranges between approximately \$12.6 million and \$54.5 million, or between approximately \$164 per sq. ft. and \$341 per sq. ft.



# SUMMARY OF RECREATION CENTERS: KEY AMENITIES



Facility	Multi-Purpose Gymnasium	Competition/Lap Pool (Indoor)	Leisure Pool (Indoor)	Walking/Running Track	Weight Room	Cardio Room/Studio	Child Care Area	Multi-Purpose Rooms	Racquetball Courts
American Fork Fitness Center	✓	✓		✓	✓	✓	✓	✓	✓
Lehi Legacy Center	✓	✓	✓	✓	✓	✓	✓	✓	
Orem Family Fitness Center	✓	✓	✓	✓	✓	✓	✓	✓	✓
Pleasant Grove Recreation Center	✓			✓	✓	✓	✓	✓	
Provo Recreation Center	✓	✓	✓	✓	✓	✓	✓	✓	✓
<b>Total</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>3</b>

*Sources: Facility operators*

*Notes: (1) Sorted by Facility in alphabetical order (2) The above amenities are the most popular at recreation centers and are not an exhaustive list of every amenity. (3) All facilities with a competition/lap pool are 50 meters in length with the exception of the Provo Recreation Center which is 25-meters.*

## AMENITY NOTES

All facilities profiled had at least one (1) multi-purpose gymnasium, a walking/running track, weight, cardio, and multi-purpose rooms, and a childcare area. Racquetball courts and indoor leisure pools were only featured in three (3) facilities, respectively.



# SUMMARY OF RECREATION CENTERS: MEMBERSHIP & ADMISSION FEES



Daily Admittance Fee	
User	Fee
Adults	\$3.50-\$6.00
Seniors	\$2.25-\$4.00
Youth	\$3.00-\$5.00

Pass	Membership Fees			
	Resident		Non-Resident	
	Monthly	Annual	Monthly	Annual
Adult Couples	\$27-\$40	\$264-\$400	\$19-\$49	\$188-\$503
Adults	\$17-\$27	\$162-\$285	\$21-\$33	\$203-\$355
Family	\$35-\$49	\$350-\$495	\$43-\$55	\$421-\$618
Seniors	\$9-\$17	\$86-\$157	\$11-\$27	\$107-\$195
Youth	\$15-\$16	\$155-\$157	\$17-\$19	\$170-\$185

## FEE NOTES

Victus compiled daily admittance and membership fee (monthly and annual) ranges for the facilities profiled. Daily admission fees range between \$2.25 and \$6 depending on the user type. Monthly memberships for individuals range between \$9 and \$27 for residents, and \$11 and \$43 for non-residents, depending on the user age category.



# SUMMARY OF RECREATION CENTERS: MEMBERSHIP & RATES VS. OPERATING INCOME



	American Fork Fitness Center	Lehi Legacy Center	Orem Family Fitness Center	Pleasant Grove Recreation Center	Provo Recreation Center
Total Memberships (Annual, Monthly, etc.)	2,438	8,362	19,350	6,842	23,000
Family Membership Rate (Resident)	\$465	\$495	\$485	\$350	\$493
Net Operating Income (Deficit)	(\$793,929)	(\$698,043)	\$200,000	n/a	\$413,646

Sources: *Victus research, facility operators*

Notes: *Lehi Legacy Center Fund includes additional expenses related to outdoor programs. Pleasant Grove City did not provide financial operations for the Pleasant Grove Recreation Center*

## INCOME NOTES

The Orem Family Fitness Center and the Provo Recreation Center report positive annual operating income. It should be noted that these two facilities: a) have the largest membership bases, and also b) have two of the three highest membership fee structures among the comparable facilities.



# SUMMARY OF RECREATION CENTERS: MEMBERSHIPS VS. POPULATION



	<u>American Fork Fitness Center</u>	<u>Lehi Legacy Center</u>	<u>Orem Family Fitness Center</u>	<u>Pleasant Grove Recreation Center</u>	<u>Provo Recreation Center</u>
Total Memberships (Annual, Monthly, etc.)	2,438	8,362	19,350	6,842	23,000
Population	33,922	90,895	103,102	40,642	129,973
Memberships per Population	0.07	0.09	0.19	0.17	0.18

*Sources: Victus research, facility operators, Esri*

## NOTES

The Orem Family Fitness Center, Pleasant Grove Recreation Center, and Provo Recreation Center have the highest rates of memberships per resident at .19, .17, and .18, respectively.



Victus Advisors also interviewed representatives from each facility for feedback they would have for the Saratoga Springs Recreation Department as it considers a new indoor recreation center. Key takeaways from those interviews include:

- **Programs:** One representative felt that recreation centers should prioritize fitness for memberships, leisure swim for day passes, and to avoid “expensive” revenues like rentals and access to outside organizations. They also stated that multi-use spaces that serve multiple functions throughout the day for different populations are critical for the success of a recreation center. Nearly all representatives felt that they could expand current programming if they had more space.
- **Locker Rooms:** One representative cited the Orem Family Fitness Center as an example of a facility that has adapted their locker/changing rooms to a new more family-friendly model, with individual gender-neutral changing areas instead of separate mens/womens group locker rooms.
- **Flex Space:** When asked about how a facility should be designed in 2021, one representative stated that spaces for small workout groups appear to be more in demand. They mentioned that some members like to have a small space while following exercise programs from their phone.



## FACILITY OPERATOR FEEDBACK (CONT.)



- **Community Access:** One representative felt that the Orem Family Fitness Center does a really good job of balancing community and recreational need due to the versatility of the facility's amenities and programs.
- **Aquatics:** One representative stated that it is important to provide access to high school swim teams if a competition pool is built. They suggested that the City work with school districts about potential partnerships to accommodate space for swim teams.
- **Trends:** Pickleball and E-sports were the two activities most frequently mentioned by representatives as popular new indoor recreation trends. While there is always demand for indoor pickleball courts, representatives acknowledged that dedicated pickleball courts likely aren't necessary since basketball courts and other multi-sports surfaces are typically sufficient for accommodating a wide variety of recreational programming. Regarding E-sports, one representative was not supportive of providing space for the activity at a recreation center, suggesting that E-sports may not fit with their focus on fitness and physical activity opportunities for youth. Another interviewee stated that they are considering providing space for E-sports activity, but they are wanting to learn more about the direction of the sport.



## 5. STAKEHOLDER INTERVIEW & FOCUS GROUP SUMMARY



## INTERVIEWS & FOCUS GROUPS



In October 2021, Saratoga Springs City identified participants and scheduled a series of community engagement opportunities for Victus Advisors, including a public information session, one-on-one interviews, and focus group interviews. The goals of these interviews were to gather feedback from key stakeholders, community leaders, and Saratoga Springs residents regarding the indoor recreational opportunities in Saratoga Springs City. The set of topics and questions were the same for one-on-one and focus group interviewees, therefore no participants were asked to partake in both types of interview. Victus Advisors completed nine (9) stakeholder interviews and conducted focus groups with an additional 16 individuals. We also gathered additional comments via email from another 78 individuals.

One-on-one and focus group interview topics included:

- Perceptions of the current indoor recreational facilities available to Saratoga Springs residents.
- Where Saratoga Springs residents have to go outside the City for indoor recreation opportunities, and for what specific amenities.
- Specific features and amenities interviewees would like to see in a new indoor recreation center if one is built in Saratoga Springs.
- Support for building a new indoor recreation center in Saratoga Springs.
- Ability of the City and its recreation department to capitalize on this project once it opens.



# INTERVIEW KEY TAKEAWAYS



## PERCEPTIONS OF CURRENT INDOOR RECREATIONAL FACILITIES IN SARATOGA SPRINGS

- In general, most interviewees agreed that City residents are underserved when it comes to available indoor recreation space.
- A few interviewees felt that schools, churches, and private gyms meet the current demand for indoor recreation space, but many other interviewees countered that schools don't necessarily provide open access for private rentals, and that private rental rates can often be cost-prohibitive. Additionally, church gyms are not always available, and even less so since the COVID-19 pandemic began.
- Many interviewees indicated that an indoor pool (both for laps and leisure) was needed in the City, while some interviewees stated that they live in HOA communities that provide outdoor pools for their residents.
- Interviewees cited private gyms such as VASA as the only options for indoor fitness, and several noted that VASA guests must be at least 18 years of age, or else accompanied by a parent or legal guardian. A few interviewees also stated that they have access to fitness and weight rooms in their HOA communities.



## INDOOR RECREATION OPPORTUNITIES AVAILABLE OUTSIDE OF SARATOGA SPRINGS

- Interviewees identified the following five recreation centers (which were also profiled earlier in this report) as the primary facilities they use due to the lack of a similar facility in Saratoga Springs:
  - **American Fork Fitness Center**
    - Indoor Amenities used: court spaces, lap pool, leisure pool, and fitness
  - **Lehi Legacy Center**
    - Indoor Amenities used: court spaces, racquetball court, lap pool, and fitness
  - **Pleasant Grove Recreation Center**
    - Indoor Amenities used: court spaces, and fitness
  - **Provo Recreation Center**
    - Indoor Amenities used: court spaces, racquetball court, lap pool, leisure pool, and fitness
  - **Orem Family Fitness Center**
    - Indoor Amenities used: court spaces, racquetball court, lap pool, leisure pool, and fitness
- Provo was frequently mentioned by interviewees as their favorite recreation center to visit because of its size and wide variety of offerings for family recreation.



## IDEAL FEATURES AND AMENITIES FOR A NEW INDOOR RECREATION CENTER

- Nearly all interviewees stated that the top two priorities for a potential indoor recreation center should be gym/court space and a pool.
  - Gym/Court Space: Most interviewees indicated need for at least two (2) full-sized courts that could be used for basketball and volleyball teams and leagues.
  - Pool: When asked to expound more on the type of pool needed, the majority of interviewees felt that both a lap and a leisure pool would be ideal, but the first priority was a leisure pool for family use. Interviewees with families also stressed the need for a local and affordable place for children to learn how to swim.
- Several interviewees cited the growing popularity of pickleball and suggested that an indoor recreation center could have dedicated pickleball courts. That said, there was acknowledgement from a few interviewees that basketball/volleyball courts could be used for pickleball as well.
- Some interviewees would like to see a fitness and weight room. They indicated that although these amenities are available at private gyms like VASA, they felt that those gyms do not always cater to families and casual fitness enthusiasts.
- Other desired amenities mentioned by stakeholders included racquetball courts, a running/walking track, rock climbing wall, and multi-purpose rooms for fitness programs and community classes, etc.



## SUPPORT FOR BUILDING A NEW INDOOR RECREATION CENTER IN SARATOGA SPRINGS

- **Common Arguments “For”:**
  - Interviewees that support an indoor recreation center in Saratoga Springs indicated that the potential facility would improve physical, social, and emotional wellbeing in the community.
  - Interviewees also stressed that the facility would improve the quality of life in Saratoga Springs and make the community more appealing to keep residents and encourage population growth.
  - Interviewees with young families felt that an indoor recreation center, and particularly an indoor leisure pool, is among the greatest community needs in Saratoga Springs, since they currently have to travel outside of the City to utilize a family-friendly community recreation center.
- **Common Arguments “Against”:**
  - Several interviewees expressed their concern with government providing a service that could potentially be provided by the private sector.
  - Several interviewees felt that a City-run indoor recreation center could be directly competing with private businesses, and they were also concerned that using public funds could result in tax increases on residents which they were strongly opposed to.
  - A few interviewees indicated that they live in HOA communities that already provide fitness/weight rooms and pools, and as a result they might be opposed to paying more taxes to fund a facility they would not necessarily use.



## ABILITY OF CITY AND RECREATION DEPARTMENT TO CAPITALIZE ON PROJECT

- Generally speaking, interviewees felt that Saratoga Springs City, and specifically the Parks and Recreation staff had the capacity and know-how to successfully lead a project of this scale.
- Several interviewees expressed their confidence in the current Parks and Recreation director and suggested that his experience in the industry is a significant strength. Furthermore, one interviewee indicated that the director has an extensive network in the industry to help advise on properly creating and expanding programs if a new indoor recreation center were built.
- Interviewees acknowledged that the current Parks and Recreation staff alone would not be enough to operate the potential recreation center, and that the City would need to hire additional staff. However it should be noted that comment was not meant as negative, but rather as a reality of building a new facility.



## 6. COMMUNITY SURVEY



# ONLINE COMMUNITY SURVEY



In addition to one-on-one interviews and focus groups conducted in October 2021, Victus Advisors also conducted online surveys with 2,370 Saratoga Springs residents. Of the 2,370 respondents, 1,787 (or 75% of respondents) completed every question of the survey. Based on the current estimated population of Saratoga Springs, questions with 1,787 responses have a margin of error of +/- 2.26% with a 95% confidence interval. The survey link was distributed by the City via their email, digital, online, and social media channels. Our general survey topics included, but were not limited to:

- General demographic information
- Recreation facilities frequented by Saratoga Springs residents
- Support for building a new indoor recreation center
- Ideal features of a potential indoor recreation center in Saratoga Springs
- Support for potential bond initiative to fund construction of a new indoor recreation center

Saratoga Springs respondent profile:

- 30% Male, 70% Female
- 94% between the ages of 25 and 64 (74% age 25 to 44, 20% age 45 to 64)
- 91% White (Non-Hispanic), 5% Hispanic/Latino, 4% Other
- Median Household Income: \$100,000 - \$150,000
- 85% live in a household with children under 18 (median # of children in household: 2)
- 75% live in a household where someone has been involved in recreational programs in Saratoga Springs, whether public (operated by Saratoga Springs Rec.) or private programs



# RATING METHODOLOGY

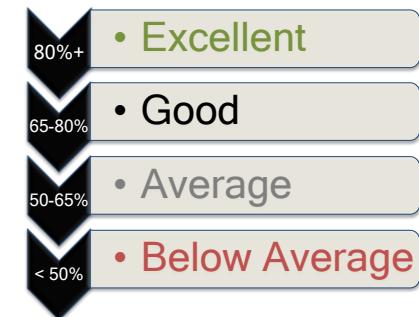


Survey respondents were asked to rate their impressions of indoor recreation opportunities on a 7-point scale, in which “7” represents “Very Satisfied” and “1” represents “Very Dissatisfied”.

Based on these satisfaction ratings, Victus Advisors has assigned a “**Top-2 Box Rating**” to each factor that is presented on the following page. Top-2 Box Rating represents the combined scores of “7” and “6” given to each factor by respondents, representing the highest levels of satisfaction.



*General Top-2 Box score standards for satisfaction analysis*



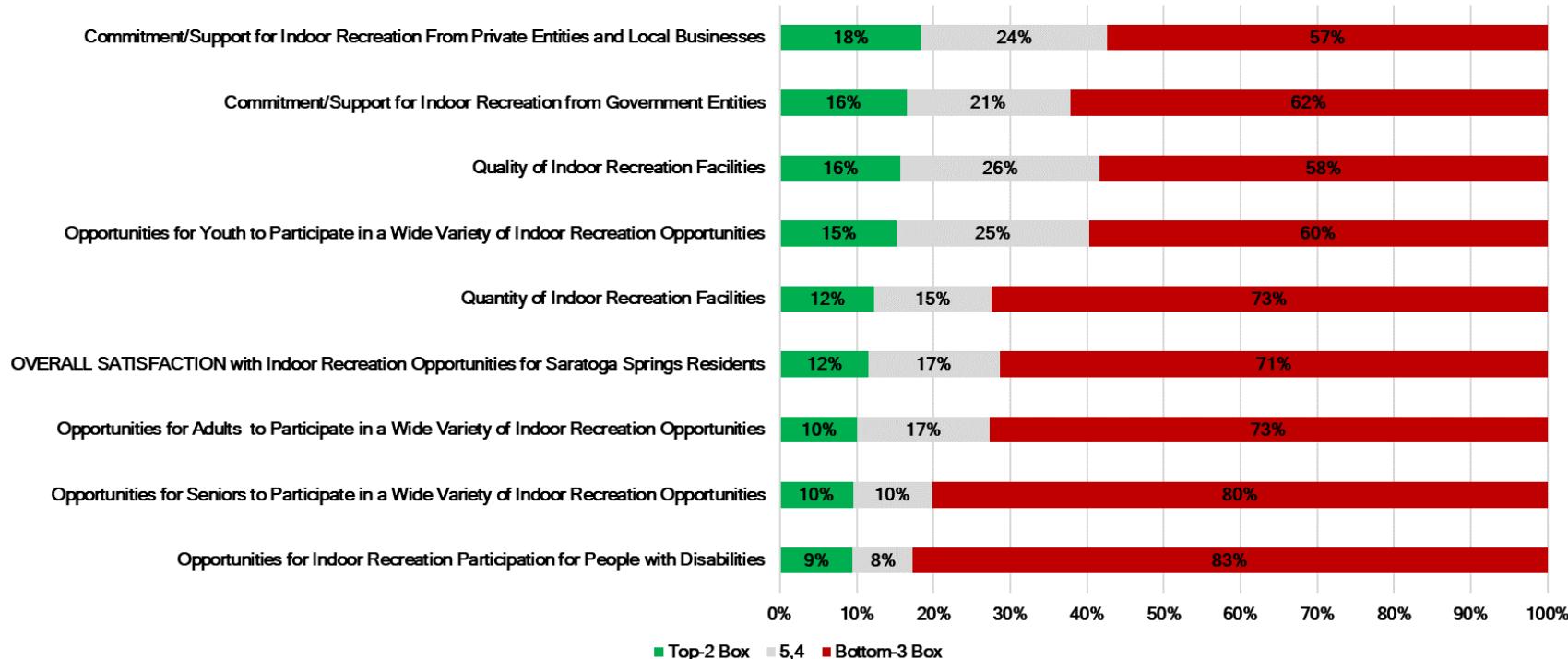
Our Top-2 Box methodology is a best-in-class approach to satisfaction measurement.



# IMPRESSIONS OF INDOOR RECREATION OPPORTUNITIES



*Please rate your OVERALL IMPRESSIONS of the indoor recreation opportunities in Saratoga Springs City on a scale of 7 to 1, where 7 = "Very Satisfied" and 1 = "Very Dissatisfied":*



Notes: (1) Sorted by Top-2 Box score in descending order (2) Base: 1,911 respondents

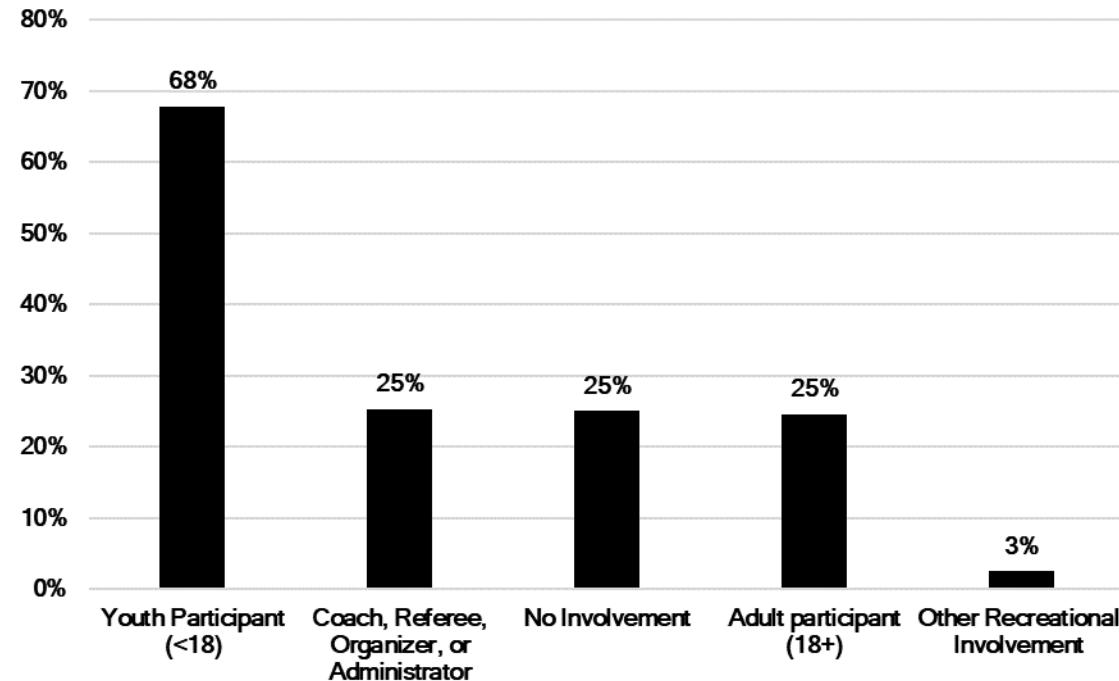
Overall ratings of the indoor recreation opportunities in Saratoga Springs were very negative, with all factors receiving Bottom-3 Box scores of at least 55%.

*Note: Top-2 Box Rating represents the combined scores of "7" and "6" given to each facility by local users, representing the highest levels of satisfaction. Our Top-2 Box methodology is a best-in-class approach to satisfaction measurement.*



# RECREATIONAL PROGRAM INVOLVEMENT

*Please indicate all the ways in which you or anyone in your household has been involved in recreational programs in Saratoga Springs.*



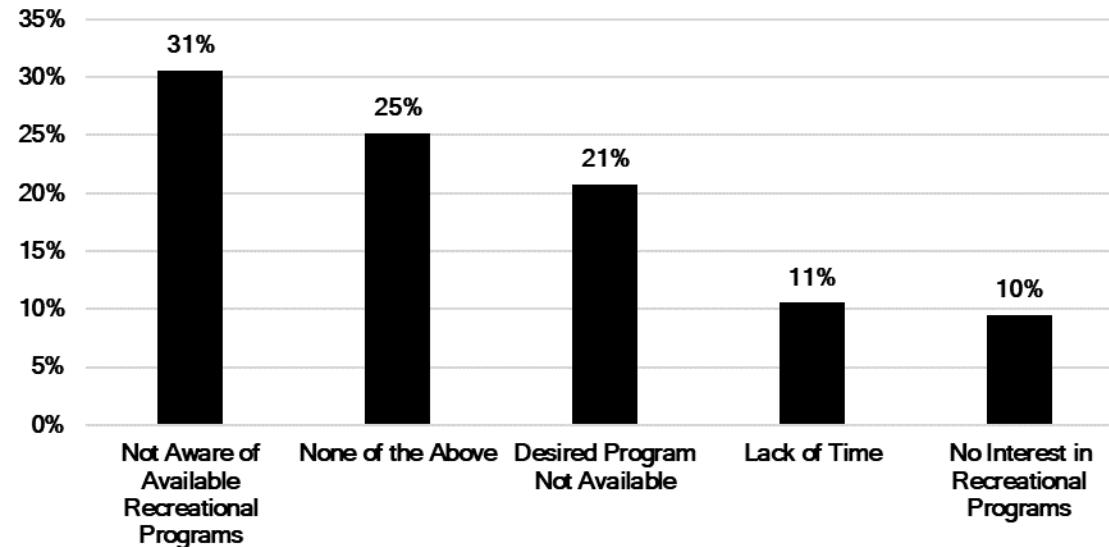
*Notes: (1) Sorted by Role score in descending order (2) Respondents were allowed to select more than one response (3) Base: 2,370 respondents*

**68% of the respondents indicated that their household had a youth participant involved in recreational programs in Saratoga Springs.**



# REASONS FOR NON-PARTICIPATION

*“Which of the following is the primary reason why nobody in your household has taken part in recreation programs in Saratoga Springs?”*



*Notes: (1) Sorted by Role score in descending order (2) Reasons shown above were selected by a minimum of 10% of respondents (3) Base: 588 respondents*

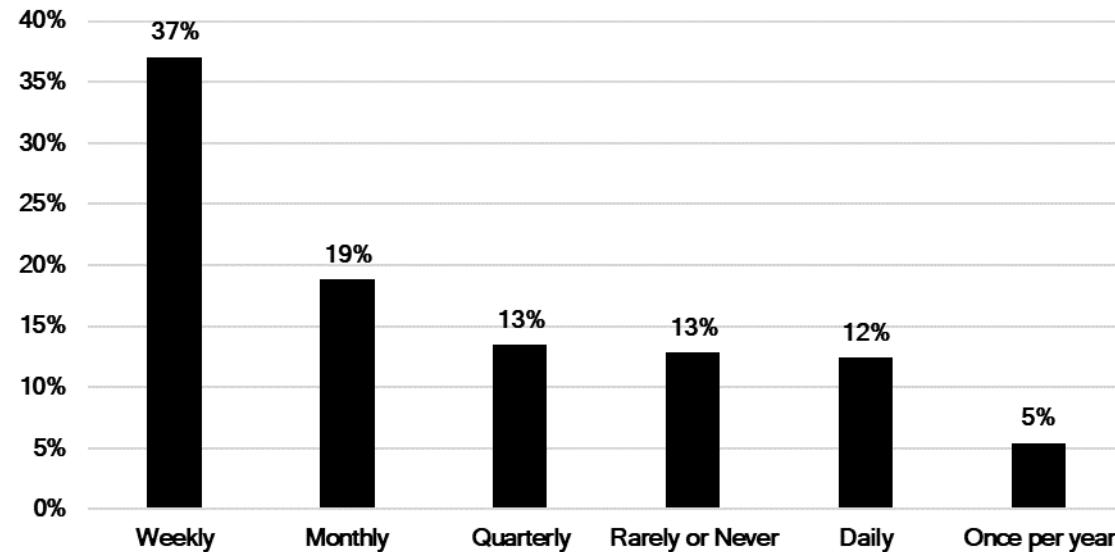
Of those who indicated no prior experience with Saratoga Springs recreation, 31% of the respondents indicated that they were **not aware of available recreational programs** in Saratoga Springs. It is worth noting that 62% of respondents that indicated “**desired program not available**” mentioned pool and/or swim programs.



# FREQUENCY OF TRAVEL FOR INDOOR RECREATION



*“How often do you typically travel outside of Saratoga Springs City to participate in indoor recreational activities?”*



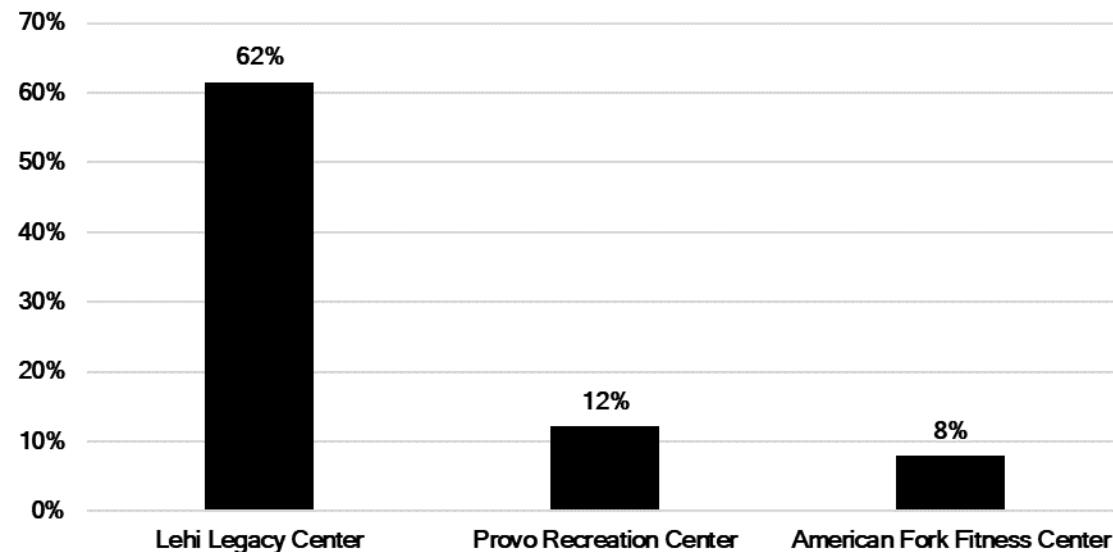
*Notes: (1) Sorted by Sports score in descending order (2) Sports shown above were selected by a minimum of 5% of respondents (3) Base: 1,885 respondents*

37% of respondents indicated that they travel weekly outside of Saratoga Springs for recreational activities. 56% indicated they travel at least once a month.



# MOST VISITED RECREATION CENTER

*“When you do travel outside of the Saratoga Springs City to participate in indoor recreational activities, which single indoor recreation facility do you visit most often.”*



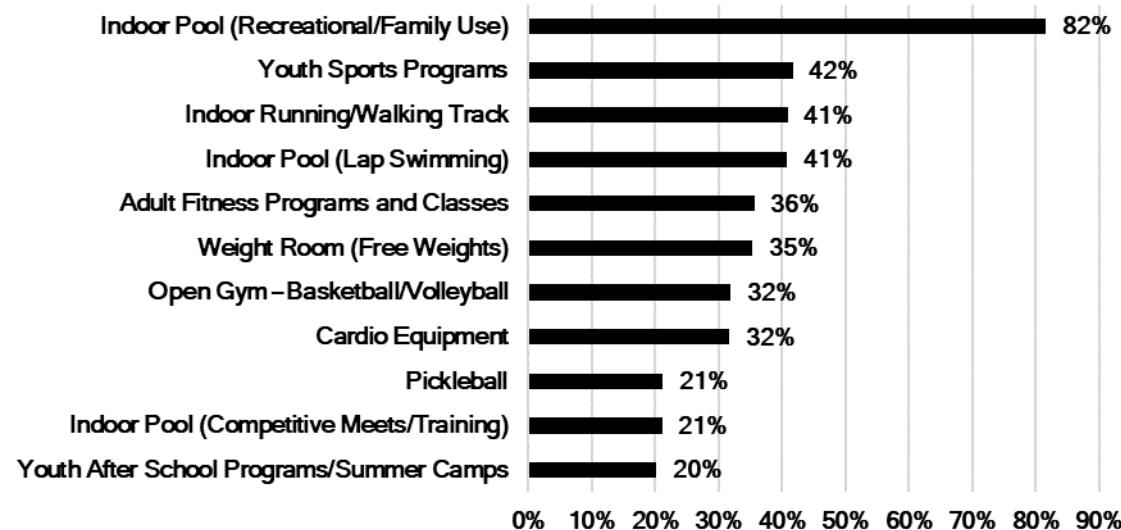
*Notes: (1) Sorted by Facilities score in descending order (2) Facilities shown above were selected by a minimum of 5% of respondents (3) Base: 1,800 respondents*

The Lehi Legacy Center was the most frequently visited recreation center by 62% of respondents.



# MOST FREQUENTLY USED INDOOR AMENITIES

*“What are the primary indoor amenities that you (or your family) utilize most frequently at recreation centers outside of Saratoga Springs?”*



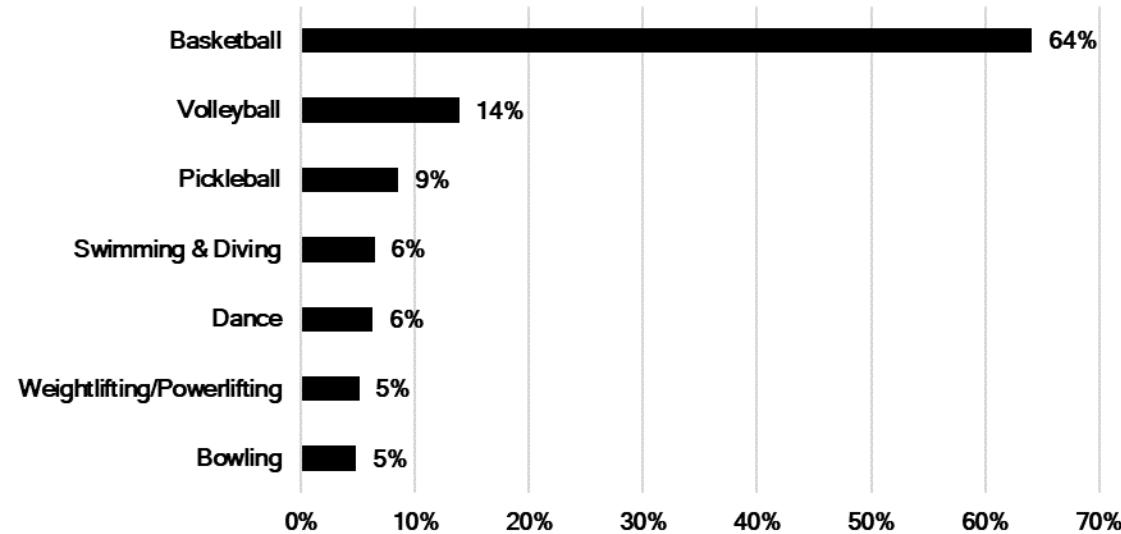
*Notes: (1) Sorted by Amenities score in descending order (2) Amenities shown above were selected by a minimum of 20% of respondents (3) Base: 1,829 respondents*

Pools (for Family and for Lap Swimming), Youth Sports Programs, an Indoor Track, and Fitness Opportunities were among the indoor amenities most identified by respondents as used by themselves or their families at recreation centers outside of Saratoga Springs.



# ESTABLISHED INDOOR SPORTS

*Please select up to two (2) established amateur indoor sports that you think the Saratoga Springs sports community has developed most successfully in terms of organized opportunities to learn and play.*



*Notes: (1) Sorted by Sports score in descending order (2) Sports shown above were selected by a minimum of 5% of respondents (3) Base: 1,429 respondents*

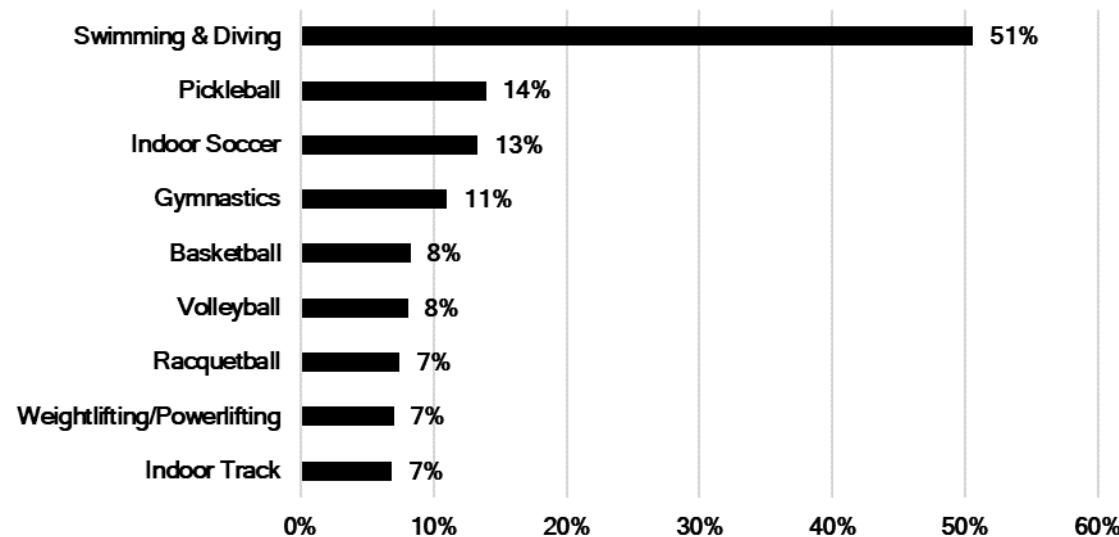
**Basketball and Volleyball** were identified as the most established indoor sports in Saratoga Springs.



# EMERGING SPORTS



*Please select up to two (2) emerging or underserved amateur indoor sports that you think have the most potential to be successful in Saratoga Springs with the addition of a new indoor recreation facility.*



*Notes: (1) Sorted by Sports score in descending order (2) Sports shown above were selected by a minimum of 5% of respondents (3) Base: 1,527 respondents*

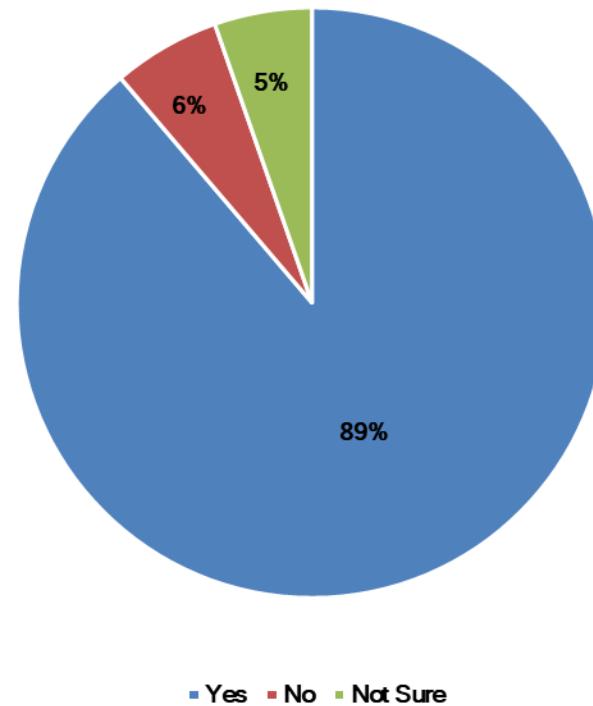
**Swimming & Diving** was overwhelmingly identified as an underserved sport with the most long-term potential in Saratoga Springs with the addition of a new facility.



# SUPPORT FOR INDOOR RECREATION CENTER



*“Generally speaking, do you support the idea of Saratoga Springs City building a new public indoor recreation center for primary use by Saratoga Springs residents and families?”*



Base: 1,799 respondents

Prior to any discussion of potential construction costs or funding sources, 89% of respondents support the idea of Saratoga Springs City building a new public indoor recreation center.



# RECREATION CENTER PRIORITIES

*If a new public indoor recreation center were built in Saratoga Springs, how would you rank your (or your family's) interest in using the following potential amenities?*

Rank	Amenity
1	Indoor Pool (Recreational/Family Use)
2	Indoor Pool (Lap Swimming)
3	Youth Sports Programs
4	Indoor Running/Walking Track
5	Cardio Equipment
6	Adult Fitness Programs and Classes
7	Open Gym - Basketball/Volleyball
8	Weight Room (Free Weights)
9	Rock Climbing Wall
10	Adult Sports Programs
11	Strength Equipment (Nautilus, Cybex, Etc.)
12	Adult Education Programs and Classes
13	Pickleball
14	Senior Programs
15	Meeting Rooms (e.g. Rentals for Private Events)
16	Racquetball
17	Indoor Pool (Competitive Meets/Training)
18	Sauna or Steam Room
19	Youth After School Programs and Summer Camps

*Base: 1,799 respondents*

An Indoor Pool (Recreational/Family Use) and Indoor Pool (Lap Swimming) were the highest ranked priorities for desired amenities at a new indoor recreation center, in addition to Youth Sports, an Indoor Track, and Cardio/Fitness opportunities.



# OVERVIEW OF PROPERTY TAX & BOND SUPPORT QUESTIONS



Respondents were asked to indicate their support for the City issuing a bond to pay for construction of a new indoor recreation center, and specifically if the bond was funded by an increase to the City's property taxes. Based on current Saratoga Springs property values, it is estimated that the portion of annual property tax collected by the City (or 0.001359 of the assessed value) is approximately \$400 per year for the average Saratoga Springs homeowner. Respondents were asked if they were willing to support the following potential increases to their City property tax to pay for an indoor recreation center:

- With a 60% increase, it is preliminarily estimated that the average homeowner could pay an additional \$240 per year to the City based on current estimated property values.
- With a 40% increase, it is preliminarily estimated that the average homeowner could pay an additional \$160 per year to the City based on current estimated property values.
- With a 20% increase, it is preliminarily estimated that the average homeowner could pay an additional \$80 per year to the City based on current estimated property values.

According to the City's most recent CAFR, the City collected \$4.3 million in property taxes in 2020. As shown below, it is preliminarily estimated (assuming 20-year bonds and 2.5% coupon rate) that a 60% increase could fund approximately \$40 million in capital project costs, a 40% increase could fund approximately \$26 million, and a 20% increase could fund approximately \$13 million.

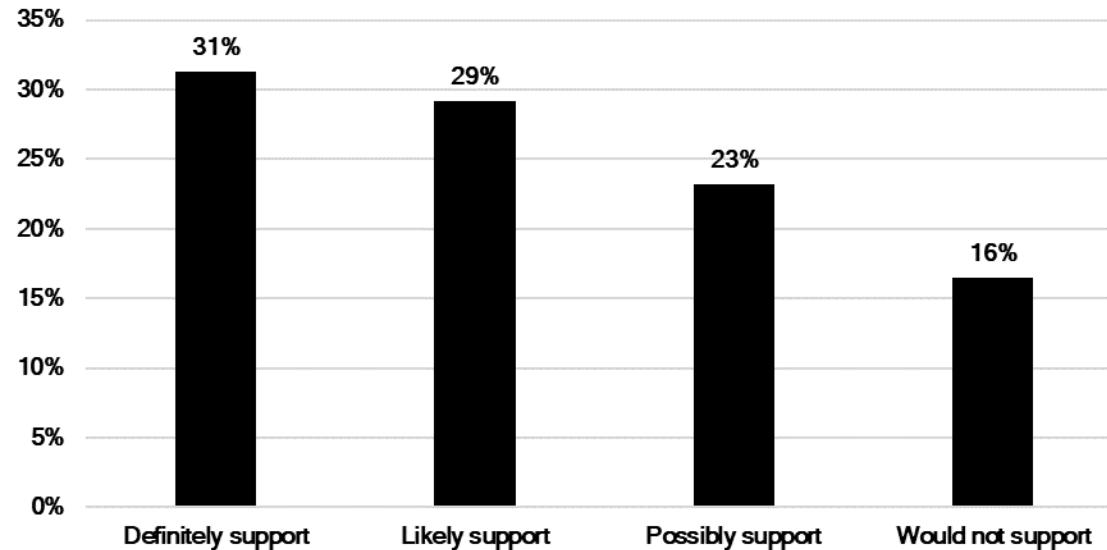
2020 City Property Tax Collections	\$4,300,000	\$4,300,000	\$4,300,000	\$4,300,000	\$4,300,000
Hypothetical Increase in Collections	60%	50%	40%	30%	20%
Incremental Collections Amount	\$2,580,000	\$2,150,000	\$1,720,000	\$1,290,000	\$860,000
Bond Term (Years)	20	20	20	20	20
Coupon Rate	2.50%	2.50%	2.50%	2.50%	2.50%
Estimated Capital Project Funding:	\$40,220,000	\$33,517,000	\$26,813,000	\$20,110,000	\$13,407,000



# PROPERTY TAX BOND SUPPORT



*“Would you be willing to support a 60% increase to the City’s portion of your property tax to help pay for a new indoor recreation center in Saratoga Springs?” (est. \$240 per home per year)*



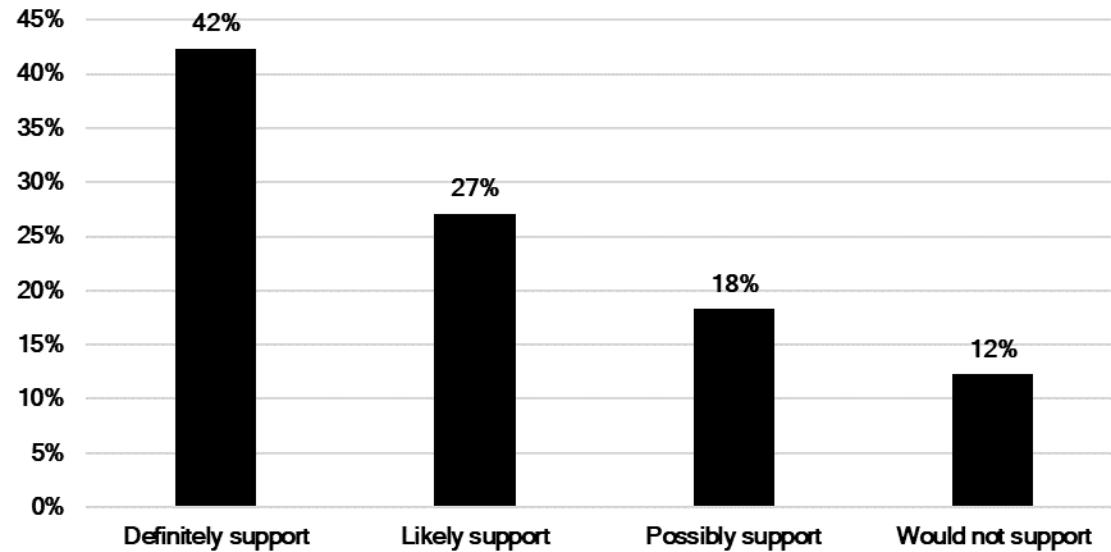
*Notes: (1) Sorted by Support score in descending order (2) Base: 1,799 respondents*

84% of respondents would either definitely, likely, or possibly support a bond that could potentially increase the City's portion of their property tax rate by 60%.



## PROPERTY TAX BOND SUPPORT (CONT.)

*“Would you be willing to support a 40% increase to the City’s portion of your property tax to help pay for a new indoor recreation center in Saratoga Springs?” (est. \$160 per home per year)*



*Notes: (1) Sorted by Support score in descending order (2) Base: 1,795 respondents*

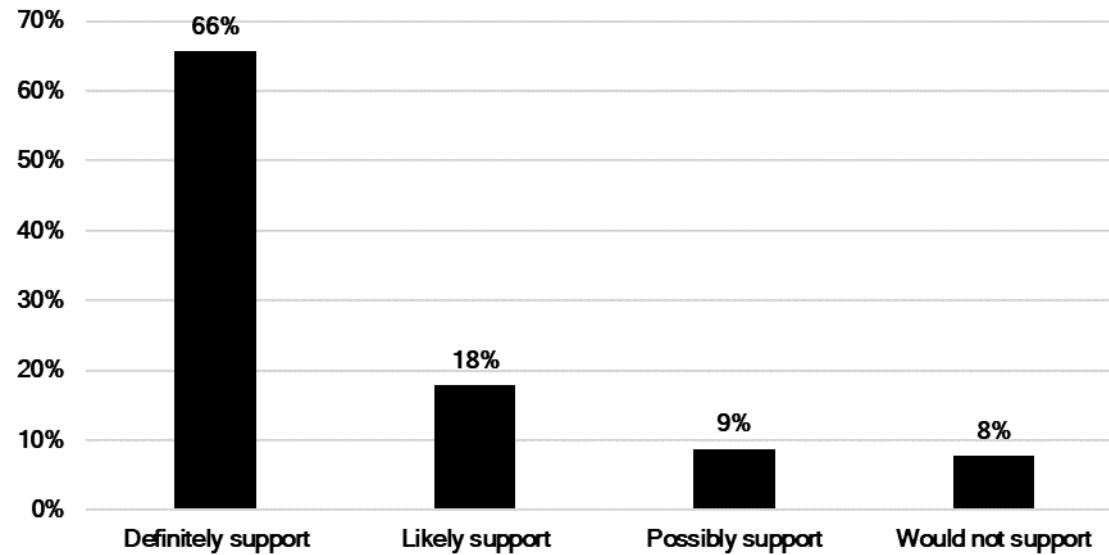
88% of respondents would either definitely, likely, or possibly support a bond that could potentially increase the City's property tax rate by 40%.



## PROPERTY TAX BOND SUPPORT (CONT.)



"Would you be willing to support a 20% increase to the City's portion of your property tax to help pay for a new indoor recreation center in Saratoga Springs?" (est. \$80 per home per year)



Notes: (1) Sorted by Support score in descending order (2) Base: 1,793 respondents

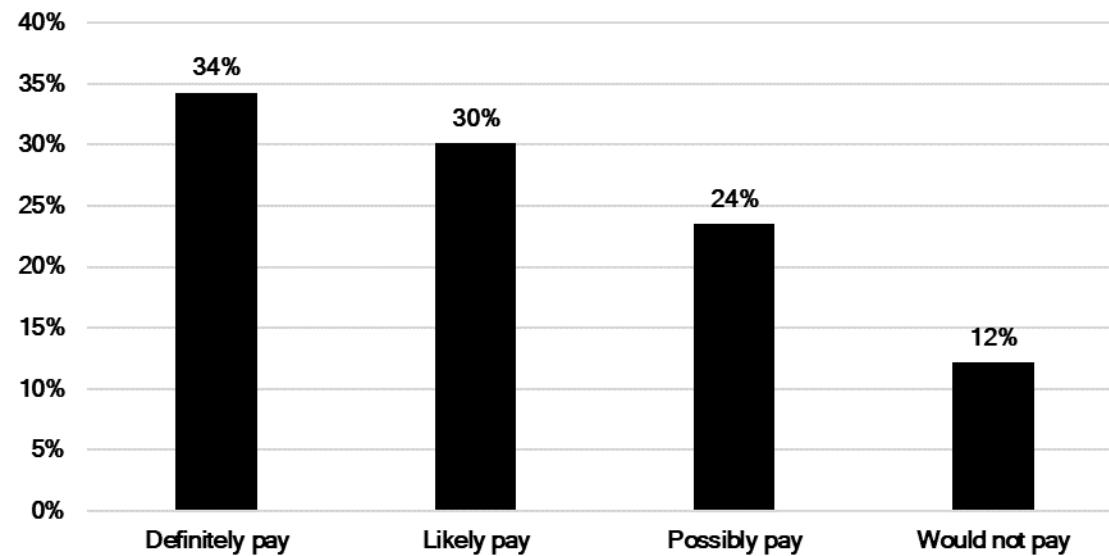
92% of respondents would either definitely, likely, or possibly support a bond that could potentially increase the City's property tax rate by 20%.



# WILLINGNESS TO PAY ANNUAL MEMBERSHIP FEE



*“It is common for recreation facilities to charge annual membership fees to help support the ongoing operations of the facility. For example, existing public indoor recreation facilities in Utah County (such as in Lehi, American Fork, Orem, and Provo) charge anywhere from \$265 to \$285 per year for an individual adult membership (approximately \$22 to 24 per month), or \$465 to \$585 per year for a family membership (approximately \$39 to \$49 per month). If a new indoor recreation center is built in Saratoga Springs, how likely are you (or your family) to pay for an annual membership at similar prices as other Utah County recreation centers?”*



Notes: (1) Sorted by Support score in descending order (2) Base: 1,787 respondents

88% of respondents would either definitely, likely, or possibly pay for an annual membership at similar prices as other Utah County recreation centers.



## 7. NEEDS ASSESSMENT & PRELIMINARY COST ESTIMATE



# DEMAND ASSESSMENT



Our demand assessment is based primarily upon the following primary and secondary research conducted by Victus Advisors over the course of this study, including but not limited to:

- Analysis of Saratoga Spring's unique market characteristics.
- Review of recreational facilities in Utah County.
- Community feedback via public input, emails, interviews, focus groups, and online survey.

Based on customized research and our extensive industry experience, we have identified that community demand exists for an indoor recreational facility in Saratoga Springs, especially for the following amenities and programs:

## Recreational Amenities

- Pools, primarily for Family/Recreational use and Lap Swimming
- Gymsnasiums (Basketball, Volleyball, Pickleball, Multi-Use)
- Indoor Walking/Jogging Track
- Fitness Center (Cardio, Free Weights, Strength Equipment, Workout Classes)
- Rock Climbing Wall

## Recreational Programs

- Youth Sports Programs, Camps & Clinics
- Adult Fitness Programs & Classes
- Adult Sports Programs



# SUMMARY OF MARKET DEMAND FINDINGS



- **Gymnasium:** Victus identified demand for a large, multi-use gymnasium that can hold at least two (2) to three (3) full-sized basketball courts convertible to 1.5x volleyball courts per basketball court. These column-free, hardwood or composite surfaces could also be used for pickleball, dance, cheer, futsal, etc. **Rationale:** Most interviewees indicated that at least two (2) full-sized courts could be used for basketball and volleyball teams and leagues. Additionally, frequent open-ended comments by survey respondents cited the need for more access to basketball courts in town that could support youth basketball programs and keep residents from having to travel outside the City so often.
- **Indoor Pool:** Victus identified demand for both a family/leisure pool and a lap pool. A family/leisure pool could include features such as shallow children's splash/play areas, a lazy river, a water slide, etc. **Rationale:** Many interviewees indicated that an indoor pool (both lap and leisure) was needed in the City. Furthermore, interviewees with families stressed the need for a local and affordable place for children to learn how to swim. Survey respondents indicated that an Indoor Pool (for recreational/family use and lap swimming) was the highest ranked indoor recreation priority.
- **Other Indoor Amenities:** Victus also identified demand for additional indoor amenities such as fitness/weight rooms, an elevated indoor track (typically above the gym/court space), climbing wall, and multi-purpose rooms that could be used for workout classes, community meetings, adult education, etc. **Rationale:** Many interviewees would like to see a fitness and weight room. They indicated that although some of these amenities are available at private gyms like VASA, they felt that those gyms do not cater to families and casual fitness enthusiasts. Other desired amenities mentioned included a running/walking track, rock climbing wall, and flexible multi-purpose rooms for aerobics programs and community classes, etc.



- **Other Features:** Support areas and amenities should also include changing rooms, childcare, a concessions stand or vending machine area, office/administrative and storage space, and substantial on-site parking. These areas and amenities should be easily accessible for both participants and operators.
- **Preliminary Size & Cost Estimate:** Victus Advisors preliminarily estimates that a new indoor recreation center with the amenities and programs described in this section could require a minimum of at least 120,000 sq. ft. of usable building space. Based on comparable recreation centers in Utah County, it is estimated that a new 120,000 sq. ft. indoor recreation center could cost at least \$19.7 to \$29.2 million to build in Q3 2021 construction dollars\*, depending on the building materials and components.

*\*It should be noted however, that this range of construction costs is based on Q3 2021 construction dollars, and over the past three years construction costs have increased by approximately 9.2% nationwide according to the Turner Building Cost Index. If construction costs were to continue to increase at the same rate over the next three years, it could be assumed that a new 120,000 sq. ft. indoor recreation center could cost at least \$21.5 to \$31.8 million in 2024 construction dollars.*



## 8. OPERATING PRO FORMA



# OPERATING PRO FORMA OVERVIEW



Victus has developed usage and financial projections for the following amenities and features, as shown in the Needs Assessment & Preliminary Cost Estimate section earlier in this report:

- Indoor gym space with at least two (2) to three (3) full-sized basketball courts convertible to 1.5x volleyball courts per basketball court. These column-free, hardwood or composite surfaces could also be used for pickleball, dance, cheer, futsal, etc.
- A family/leisure pool and lap pool. A family/leisure pool could also include features such as shallow children's splash/play areas, a lazy river, water slides, etc.
- Additional indoor sports amenities such as fitness/weight rooms, an elevated indoor track (typically above the gym/court space), climbing wall, and multi-purpose rooms that could be used for workout classes, community meetings, adult education, etc.
- Ideally, support areas and amenities should at least include changing rooms, childcare, concessions stand, office/administrative space, storage, and parking.



# KEY ASSUMPTIONS



**The following key assumptions were utilized by Victus Advisors in order to develop operating and financial projections for a new indoor recreation center in Saratoga Springs:**

- Please note that these operating projections are assumed to begin several years in the future, at which point the COVID-19 pandemic is assumed to be substantially over.
- It is assumed that the indoor recreation center will be owned by Saratoga Springs City and thus exempt from property taxes.
- The recreation center will be publicly operated and maintained by the Saratoga Springs Recreation Department, and it is assumed that the basketball courts and the lap pool could be occasionally rented to third-parties at relatively affordable rates to maximize access.
- It is assumed that the recreation center will also offer group fitness classes and other such programs. To be conservative, our financial model assumes that these group programs would be included in annual, monthly, and daily membership rates.
- As this pro forma exercise is primarily focused on facility operations, no assumptions have been made yet for annual debt service costs.
- Projected operating revenues and expenses are based upon the recommended building program presented earlier in this report.
- These projections are based on current market circumstances, and therefore assume that there will be no other material changes to the available recreation facility inventory within Saratoga Springs.
- The financial projections displayed on the following pages utilize a variety of additional assumptions, including data gathered from third-party sources, and Victus Advisors' industry experience. There will be differences between these projections and actual events, and these differences may be material.



# FINANCIAL PRO FORMA: STABILIZED YEAR OF OPERATIONS (YEAR 3)



In a stabilized year of operations, it is estimated that the operations of a new indoor recreation center in Saratoga Springs could operate above break-even.

	Stabilized Year
<b>Operating Revenues:</b>	
Resident Membership (Annual, Monthly, Daily)	\$1,181,500
Non-Resident Membership (Annual, Monthly, Daily)	\$532,800
Recreation Programming (Leagues, Camps, Classes)	\$318,900
Rental Income (Gym, Classrooms, etc.)	\$72,000
Advertising & Sponsorship	\$36,000
Concessions (Net)	\$44,000
Other	\$10,000
<b>Total Revenues:</b>	<b>\$2,195,200</b>
<b>Operating Expenses:</b>	
Salaries, Wages, & Benefits	\$1,219,000
Program Expenses	\$191,300
Utilities	\$300,000
Advertising, Marketing, & Promotion	\$50,000
General, Administrative, & Other	\$100,000
Maintenance/Repair	\$75,000
Materials/Supplies	\$75,000
<b>Total Expenses:</b>	<b>\$2,010,300</b>
<b>OPERATING INCOME</b>	<b>\$184,900</b>
<b>ESTIMATED COST RECOVERY</b>	<b>109%</b>

*Notes: Presented in 2021 dollars. Stabilized year of operations typically occurs by Year 3.*



# FINANCIAL PRO FORMA: 10-YEAR MODEL INCLUDING PROJECTED POPULATION GROWTH



*Key Annual Population Growth Rate Assumptions:* Saratoga Springs 6.5% Non-Resident 5.8%

<b>Operating Revenues:</b>	Year:									
	1	2	3	4	5	6	7	8	9	10
Resident Membership (Annual, Monthly, Daily)	\$827,050	\$1,004,275	\$1,181,500	\$1,258,298	\$1,340,087	\$1,427,192	\$1,519,960	\$1,618,757	\$1,723,977	\$1,836,035
Non-Resident Membership (Annual, Monthly, Daily)	\$372,960	\$452,880	\$532,800	\$567,432	\$604,315	\$643,596	\$685,429	\$729,982	\$777,431	\$827,964
Recreation Programming (Leagues, Camps, Classes)	\$223,230	\$271,065	\$318,900	\$337,396	\$356,965	\$377,669	\$399,574	\$422,749	\$447,269	\$473,210
Rental Income (Gym, Classrooms, etc.)	\$50,400	\$61,200	\$72,000	\$76,680	\$81,664	\$86,972	\$92,626	\$98,646	\$105,058	\$111,887
Advertising & Sponsorship	\$25,200	\$30,600	\$36,000	\$37,080	\$38,192	\$39,338	\$40,518	\$41,734	\$42,986	\$44,275
Concessions (Net)	\$30,800	\$37,400	\$44,000	\$46,860	\$49,906	\$53,150	\$56,605	\$60,284	\$64,202	\$68,375
Other	\$7,000	\$8,500	\$10,000	\$10,300	\$10,609	\$10,927	\$11,255	\$11,593	\$11,941	\$12,299
<b>Combined Revenues</b>	<b>\$1,536,640</b>	<b>\$1,865,920</b>	<b>\$2,195,200</b>	<b>\$2,334,046</b>	<b>\$2,481,739</b>	<b>\$2,638,845</b>	<b>\$2,805,967</b>	<b>\$2,983,745</b>	<b>\$3,172,863</b>	<b>\$3,374,046</b>
<b>Operating Expenses:</b>										
Salaries, Wages, & Benefits	\$1,219,000	\$1,219,000	\$1,219,000	\$1,298,235	\$1,382,620	\$1,472,491	\$1,568,202	\$1,670,136	\$1,778,694	\$1,894,310
Program Expenses	\$133,910	\$162,605	\$191,300	\$197,039	\$202,950	\$209,039	\$215,310	\$221,769	\$228,422	\$235,275
Utilities	\$255,000	\$285,000	\$300,000	\$319,500	\$340,268	\$362,385	\$385,940	\$411,026	\$437,743	\$466,196
Advertising, Marketing, & Promotion	\$50,000	\$50,000	\$50,000	\$51,500	\$53,045	\$54,636	\$56,275	\$57,964	\$59,703	\$61,494
General, Administrative, & Other	\$100,000	\$100,000	\$100,000	\$103,000	\$106,090	\$109,273	\$112,551	\$115,927	\$119,405	\$122,987
Maintenance/Repair	\$63,750	\$71,250	\$75,000	\$79,875	\$85,067	\$90,596	\$96,485	\$102,756	\$109,436	\$116,549
Materials/Supplies	\$63,750	\$71,250	\$75,000	\$79,875	\$85,067	\$90,596	\$96,485	\$102,756	\$109,436	\$116,549
<b>Combined Expenses</b>	<b>\$1,885,410</b>	<b>\$1,959,105</b>	<b>\$2,010,300</b>	<b>\$2,129,024</b>	<b>\$2,255,107</b>	<b>\$2,389,016</b>	<b>\$2,531,248</b>	<b>\$2,682,335</b>	<b>\$2,842,839</b>	<b>\$3,013,359</b>
<b>Operating Income</b>	<b>(\$348,770)</b>	<b>(\$93,185)</b>	<b>\$184,900</b>	<b>\$205,022</b>	<b>\$226,632</b>	<b>\$249,829</b>	<b>\$274,718</b>	<b>\$301,411</b>	<b>\$330,025</b>	<b>\$360,687</b>
<b>Recommended Annual Capital Reserve*</b>	<b>(\$132,500)</b>	<b>(\$136,475)</b>	<b>(\$140,569)</b>	<b>(\$144,786)</b>	<b>(\$149,130)</b>	<b>(\$153,604)</b>	<b>(\$158,212)</b>	<b>(\$162,958)</b>	<b>(\$167,847)</b>	<b>(\$172,882)</b>
<b>Net Income After Capital Reserves</b>	<b>(\$481,270)</b>	<b>(\$229,660)</b>	<b>\$44,331</b>	<b>\$60,235</b>	<b>\$77,502</b>	<b>\$96,225</b>	<b>\$116,506</b>	<b>\$138,452</b>	<b>\$162,178</b>	<b>\$187,804</b>

**Notes:**

(1) Year 3 represents a stabilized year of operations.

\*In addition to the annual operations of the proposed new recreation center in Saratoga Springs, current industry best practices recommend budgeting for long-term capital improvement needs. We typically recommend that an amount equal to at least 0.5% of facility construction (preliminarily assumed to be approximately \$26.5 million), adjusted annually for inflation, should be contributed annually to a capital reserve fund. This capital reserve fund can be drawn upon by the project owner to pay for necessary capital maintenance and improvements as the facilities age.

The above table illustrates a 10-year pro forma for a new indoor recreation center in Saratoga Springs. It should be noted that growth in operating revenues related to resident memberships, programming, rental income, and concessions are tied to the City's future projected growth rate of 6.5% per annum, whereas non-resident membership growth is tied to future projected growth rates of other nearby areas.



# OPERATING REVENUES



*Operating Revenue generated by the proposed new indoor recreation center in Saratoga Springs is expected to consist primarily of memberships, program revenue, rental income, concessions, and advertising. A brief description of each potential revenue source is provided below.*

**Recreation Center Membership:** Membership/admission fees consist of daily, monthly, and annual passes available for purchase by individuals, couples, and families. Based upon competitive market rates within Utah County, we have assumed that the recreation center could charge the following rates for memberships:

Pass	Membership Fees			
	Resident		Non-Resident	
	Monthly	Annual	Monthly	Annual
Adult (18-59)	\$25	\$275	\$30	\$300
Youth (12-17)	\$15	\$150	\$20	\$175
Child (4-11)	\$10	\$120	\$15	\$130
Toddler (<3)	Free	Free	Free	Free
Senior (60+)	\$20	\$250	\$25	\$275
Adult Couple	\$40	\$400	\$50	\$425
Senior Couple	\$35	\$375	\$40	\$400
Family/Group	\$45	\$475	\$50	\$500
Additional Person	\$3	\$31	\$3.50	\$33

Daily Admittance Fee	
User	Fee
Full Facility (Adult)	\$5
Full Facility (Youth)	\$4
Full Facility (Child)	\$3
Full Facility (Senior)	\$3
Group Fitness Classes	\$4
Weight & Cardio	\$3
Gym	\$3
Track	\$1

In the first stabilized year (year 3), Victus projects that the recreation center could have approximately 5,100 resident memberships (daily, monthly, annual) and approximately 2,200 non-resident memberships (daily, monthly, annual). Our model also assumes that group fitness classes and programs would be included in annual membership rates.



## OPERATING REVENUES (CONT.)



**Recreation Programming (Leagues, Camps, etc.):** Programming revenue consists of an estimate of revenue from Saratoga Springs Recreation Department programs and leagues that would be conducted at the recreation center. These estimates are based upon Saratoga Springs' current and potential fees for recreational programming and leagues. It is also assumed that nearly 20% of recreation participants would be from Eagle Mountain, as is currently the case for Saratoga Springs Recreation programming.

**Rental Income:** We have conservatively assumed, based on competitive rental rates within the market, that average rental rates for the facility would be approximately **\$50 per hour per court, \$40 per hour for multi-purpose rooms, and \$350 per hour-and-50 minutes to rent either the leisure or lap pool.**

**Advertising & Sponsorship:** Advertising and sponsorship revenues are assumed to be derived from the sale of wall and board banners (**\$200 per banner**), permanent signage (**\$200 per sign**), scoreboard signage (**\$350 per scoreboard**), and presenting/founding level partnerships (**\$4,000 per founding partner**). Overall, we have assumed that approximately 85% of the available inventory would be sold.

**Concessions (Net):** Concessions revenue consists of sales of various food and beverage items at concessions stands throughout the facility. Assumptions are based on estimated usage and attendance. The profit margin is generally in the range of 35 to 40 percent of gross sales while the per capita spending assumption we have utilized for food and beverage is \$1, which is comparable with similar recreation centers in the United States.

**Other Revenue:** Other revenue opportunities would primarily consist of any equipment rental fees or other special service charges. We have conservatively projected \$10,000 in annual other revenues.



# OPERATING EXPENSES



*Operating Expenses expected to be generated by a proposed new indoor recreation center in Saratoga Springs include salaries, wages, and benefits, operations/programming costs, utilities, and other expenses. A brief description of each potential major source of expense is provided below.*

**Salaries, Wages & Benefits:** Based upon comparable venues, we have assumed that the new recreational facility would have at least 15 full-time equivalent (FTE) employees (including both salaried and part-time employees) with just over \$1.2 million in total wages and benefits in the stabilized year. This includes general management, event management, marketing, accounting, facility maintenance, and custodial staff. Estimated annual salary ranges for FTE's range between \$35,000 and \$80,000 prior to benefits. It is also assumed that benefit costs would be an additional 35% of salaries.

**Program Expenses:** Direct expenses from operating programs at the facility, such as referees and jerseys for league play or contract/1099 instructors for programs, have been assumed to be approximately 40% of facility program revenues, based on costs at comparable facilities. Please note, this does not include the overhead costs included in Salaries, Wages & Benefits for full-time staff whose responsibilities would include administrative tasks related to programming.



# OPERATING EXPENSES (CONT.)



## **Utilities:**

Utilities often represent one of the largest non-labor expenses incurred by indoor recreation facility operators. Cost estimates for utilities include use of electricity, gas, water, and steam, and are based upon comparable utility costs per square foot at similar facilities. In addition to pool water requiring significant heating costs, we have also included costs associated with regular application of disinfectant chemicals such as chlorine and bromine.

## **Other Expenses:**

Other expenses expected to be incurred include general and administrative expenses, repairs and maintenance, materials and supplies, marketing/advertising costs, insurance, and other such expenses as described below, which have been estimated based upon such expenses at comparable venues:

- Maintenance and repairs for structures, equipment, grounds, etc.
- Materials and supplies for administration and operations of the facility such as office supplies, sports equipment, janitorial supplies, etc.
- General liability insurance to cover the grounds, restrooms, and other such areas (Note: events and users are typically required to carry their own liability insurance specific to their activities at the facility)
- Office and administrative expenses, including but not limited to marketing and advertising, telecommunications, travel costs, permits, bad debt, bank service charges, licenses, dues/subscriptions service fees, and other such operating expenses.



## 9. FUNDING OPTIONS ANALYSIS



# OVERVIEW OF COMPARABLE INDOOR RECREATION FACILITY FUNDING MODELS



The purpose of this section is to provide an overview of the various funding sources that may be available to fund construction and operations of a new indoor recreation center in Saratoga Springs City. This analysis is based upon a review of the comparable recreation centers' funding sources as shown below:

<u>Facility</u>	<u>Construction Funding Source</u>
American Fork Fitness Center (1993)	General Obligation Bond
American Fork Fitness Center (2006)	Redevelopment Agency Bond (Incremental Sales Tax)
Lehi Legacy Center	Sales Tax Revenue Bond
Orem Family Fitness Center	General Obligation Bond
Pleasant Grove Recreation Center	General Obligation Bond
Provo Recreation Center	General Obligation Bond

The subsequent pages provide more detail on how each facility's construction costs were funded.



# AMERICAN FORK FITNESS CENTER FUNDING



## American Fork

- Opened: 1993; Expansion (pool and gymnasium): 2006
- Original Construction Cost: \$3M (\$8.1M in 2021 dollars\*)
- Expansion Construction Cost: \$3M (\$4.6M in 2021 dollars\*)
- Original Funding Source: General obligation bond
- Expansion Funding Source: Redevelopment Agency bond or “RDA” (incremental sales tax)

Year	Cost per Population in 2021 dollars*
1993	\$509
2006	\$176

## FUNDING DESCRIPTION

Cities can use the full faith and credit of the municipality to issue General Obligation (GO) bonds to pay for all or part of construction of recreational facilities. GO bonds are secured by the issuing government entity's pledge to use all legally available resources, including tax revenues, to pay debt service.

The American Fork Family Fitness Center was funded in two phases: initially via a general obligation bond in the early 1990's, and then via a redevelopment agency bond in the mid-2000's. Both the GO bond and the RDA/sales tax bond have since been retired.

According to the 2020 Comprehensive Annual Financial Report, American Fork City's principal revenues were **Sales and Use Tax (55%)**, **Property Taxes (30%)**, and **Energy Sales and Use Tax (8%)**.



## FUNDING DESCRIPTION (CONT.)

The Redevelopment Agency of American Fork City created two RDAs before 1993 that could collect additional tax increment revenue. These project areas are the East Main RDA and the North Valley RDA. The Agency met the requirements for the additional tax increment by virtue of:

- a. Commencing construction of the: i) skateboard park, ii) boat harbor improvements in Utah Lake, iii) amphitheater improvements, iv) remodeling old City Hall for cultural arts facility, and v) remodeling City's fitness center prior to December 31, 2005; and
  
- b. Pledging the additional tax increment on April 19, 2005 (prior to July 1, 2005) to pay some or all of the City's Sales Tax Revenue Bonds, Series 2005. The Series 2005 Bonds were paid off in 2019 according to the 2020 Annual Report of the Redevelopment Agency of American Fork City.



# LEHI LEGACY CENTER FUNDING



## Lehi

- Opened: 2001 (Phase 1); 2005 (Phase 2)
- Phase 1 Construction Cost: \$4.5M (\$8.9M in 2021 dollars\*)
- Phase 2 Construction Cost: \$4.8M (\$8.1M in 2021 dollars\*)
- Construction Funding Source: Sales tax revenue bond

Year	Cost per Population in 2021 dollars*
2001	\$418
2005	\$217

## FUNDING DESCRIPTION

Revenue Bonds are payable solely from a dedicated municipal revenue source, often: a) an available tax source, or b) from the revenues of the public project that is being financed. Since debt service is tied to particular revenue streams, rather than the general obligation of the taxing authority, revenue bonds are considered to have a higher risk of default than GO bonds and thus typically carry a higher interest rate.

According to Lehi City staff, the City issued sales tax revenue bonds in the early 2000's to build their recreation center. It should be noted that the bonds are being repaid from general City sales tax revenues and not from revenues specifically associated with the recreation center. Sales tax revenues represented 35% of general fund revenues according to Lehi City's 2021 Comprehensive Annual Financial Report.



## Orem

- Opened: 2021
- Construction Cost: \$29M
- Construction Funding Source: General obligation bond

Year	Cost per Population in 2021 dollars
2021	\$281

## FUNDING DESCRIPTION

Cities can use the full faith and credit of the municipality to issue General Obligation (GO) Bonds to pay for all or part of construction of recreational facilities. GO bonds are secured by the issuing government entity's pledge to use all legally available resources, including tax revenues, to pay debt service.

Orem residents voted for a \$29 million general obligation bond in 2018 to renovate the existing fitness center.

According to the 2020 Comprehensive Annual Financial Report, Orem City's principal revenues were **Sales Tax (56%)**, **Property Taxes (21%)**, and **Franchise Taxes (16%)**.



## Pleasant Grove

- Opened: 2008
- Construction Cost: \$9.5M (\$12.6M in 2021 dollars\*)
- Construction Funding Source: General obligation bond

Year	Cost per Population in 2021 dollars*
2008	\$374

## FUNDING DESCRIPTION

Cities can use the full faith and credit of the municipality to issue General Obligation (GO) Bonds to pay for all or part of construction of recreational facilities. GO bonds are secured by the issuing government entity's pledge to use all legally available resources, including tax revenues, to pay debt service.

According to the 2021 Comprehensive Annual Financial Report, Pleasant Grove City's principal revenues were **Sales Tax (46%)**, **Property Taxes (32%)**, and **Telecommunications and Franchise Taxes (13%)**.



## Provo

- Opened: 2013
- Construction Cost: \$39M (\$54.5M in 2021 dollars\*)
- Construction Funding Source: General obligation bond

Year	Cost per Population in 2021 dollars*
2013	\$466

## FUNDING DESCRIPTION

Cities can use the full faith and credit of the municipality to issue General Obligation (GO) Bonds to pay for all or part of construction of recreational facilities. GO bonds are secured by the issuing government entity's pledge to use all legally available resources, including tax revenues, to pay debt service.

Provo City Council approved a \$39 million general obligation bond for the recreation center in 2011. During fiscal year 2018, the City issued \$24,550,000 of advanced refunding bonds that refinanced the Series 2011 general obligation bonds. As of June 30, 2019, \$24,550,000 of the refinanced debt remained outstanding.

According to the 2021 Comprehensive Annual Financial Report, Provo City's principal revenues were **Sales Taxes (41%)**, **Property Taxes (32%)**, and **Franchise Taxes (18%)**.



# PROPERTY TAX AS A FUNDING OPTION FOR SARATOGA SPRINGS CITY



Survey respondents (as presented earlier in this report) were asked to indicate their support for the City issuing a bond to pay for construction of a new indoor recreation center, and specifically if the bond was funded by an increase to the City's property taxes. Respondents gave the following responses in regards to potential increases to their City property tax to pay for an indoor recreation center:

- 84% of respondents would either definitely, likely, or possibly support a bond that could potentially increase the City's property tax rate by 60%.
- 88% of respondents would either definitely, likely, or possibly support a bond that could potentially increase the City's property tax rate by 40%.
- 92% of respondents would either definitely, likely, or possibly support a bond that could potentially increase the City's property tax rate by 20%.

According to the City's most recent CAFR, the City collected \$4.3 million in property taxes in 2020. As shown below, it is preliminarily estimated (assuming 20-year bonds and 2.5% coupon rate) that a 60% increase could fund approximately \$40 million in capital project costs, a 40% increase could fund approximately \$26 million, and a 20% increase could fund approximately \$13 million.

2020 City Property Tax Collections	\$4,300,000	\$4,300,000	\$4,300,000	\$4,300,000	\$4,300,000
Hypothetical Increase in Collections	60%	50%	40%	30%	20%
Incremental Collections Amount	\$2,580,000	\$2,150,000	\$1,720,000	\$1,290,000	\$860,000
Bond Term (Years)	20	20	20	20	20
Coupon Rate	2.50%	2.50%	2.50%	2.50%	2.50%
<b>Estimated Capital Project Funding:</b>	<b>\$40,220,000</b>	<b>\$33,517,000</b>	<b>\$26,813,000</b>	<b>\$20,110,000</b>	<b>\$13,407,000</b>
<b>Est. Saratoga Springs Population (2024):</b>			46,795		
<b>Est. Cost per Pop. at Time of Construction:</b>	<b>\$859</b>	<b>\$716</b>	<b>\$573</b>	<b>\$430</b>	<b>\$287</b>

*Note: Estimated 2024 population assumes 6.5% growth rate according to ESRI*



# PROJECT FUNDING COSTS PER POPULATION



Facility	Year	Original Construction Cost	Population at Time of Construction	Original Cost per Population	Cost per Population in 2021 dollars*
American Fork Fitness Center (Original)	1993	\$3,000,000	15,884	\$189	\$509
Provo Recreation Center	2013	\$39,000,000	116,868	\$334	\$466
Lehi Legacy Center (Phase 1)	2001	\$4,500,000	21,208	\$212	\$418
Pleasant Grove Recreation Center	2008	\$9,500,000	33,768	\$281	\$374
Orem Family Fitness Center	2021	\$29,000,000	103,102	\$281	\$281
<b>HIGH</b>					<b>\$509</b>
<b>MEDIAN</b>					<b>\$418</b>
<b>AVERAGE</b>					<b>\$410</b>
<b>LOW</b>					<b>\$281</b>

Sources: Victus research, Esri, United States Census Bureau

Notes: (1) Sorted by Cost per Population in 2021 dollars in descending order.

(2) Above chart only includes original construction projects, since renovation/expansion phases are typically less expensive than new building costs.

As shown above, Victus estimates that comparable indoor recreation centers in Utah County were built for approximately \$281 to \$509 per city resident when adjusted to today's construction dollars.

Comparatively, on the previous page, Victus identified a range of potential property tax increases and corresponding capital project funding amounts for Saratoga Springs. In particular, it should be noted that a 20% to 40% property tax increase could fund a recreation center construction project that ranges from approximately \$287 per resident for a \$13.4 million construction project (20% increase) to \$573 per resident for a \$26.8 million construction project (40% increase).



## 10. CONCEPT PLAN DEVELOPMENT



# CONCEPT PLAN OVERVIEW



Based upon the needs assessment and market feasibility results presented earlier in this report, Victus Advisors engaged Think Architecture to develop initial conceptual plans for a potential new indoor recreation center in Saratoga Springs.

Think's initial concept plans include all of the recreational amenities and support spaces recommended by Victus in Section 7 of this report, with an estimated initial conceptual building size of approximately 117,000 gross square feet. The preliminary concepts presented in the remainder of this section include:

- Conceptual Floor Plan - Level 1
- Conceptual Floor Plan - Level 2
- Project Area Concept Plan\*
- Conceptual Site Plan\*

**DISCLAIMER:** The architectural concept plans contained herein are preliminary in nature and subject to change. Not all amenities, features, layouts, and configurations depicted herein may be constructed in accordance with the conceptual renderings.

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*\*Please note that the Project Area Concept Plan and Conceptual Site Plan also include an outdoor hot springs area that was not previously discussed in this report. This hot springs-fed outdoor pool concept is currently being studied separately by the City, which has long planned to use geothermal both to offset the costs to heat City buildings in the area and to heat potential hot spring pools. However, it is now contemplated that combining the indoor recreation and hot springs projects could lead to significant cost savings from both a construction and operations standpoint, relative to the costs of building and operating separate facilities. If the City chooses to combine the two concepts into one facility, combined estimates for construction and operating costs should be developed in more detail.*



# DESIGN CONCEPT - LEVEL 1 FLOOR PLAN



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## KEYNOTES

<b>a</b>	Entry Lobby	<b>f</b>	Bouldering Wall	<b>k</b>	Guard / First Aid	<b>q</b>	Party / Conference Rooms
<b>b</b>	Admissions Desk	<b>g</b>	Central Stair	<b>l</b>	Locker Area	<b>r</b>	Teen Area
<b>c</b>	Facility Admin Office	<b>h</b>	Leisure Pool	<b>m</b>	Multi-Purpose (Dividable)	<b>s</b>	League Support
<b>d</b>	Kid Care (Indoor/Outdoor)	<b>i</b>	Lap Pool	<b>n</b>	Lap Pool Spectator Seating		
<b>e</b>	Multi-Sport Gymnasium	<b>j</b>	Pool Equipment	<b>o</b>	Food Service		

## LEVEL 1 - FLOOR PLAN



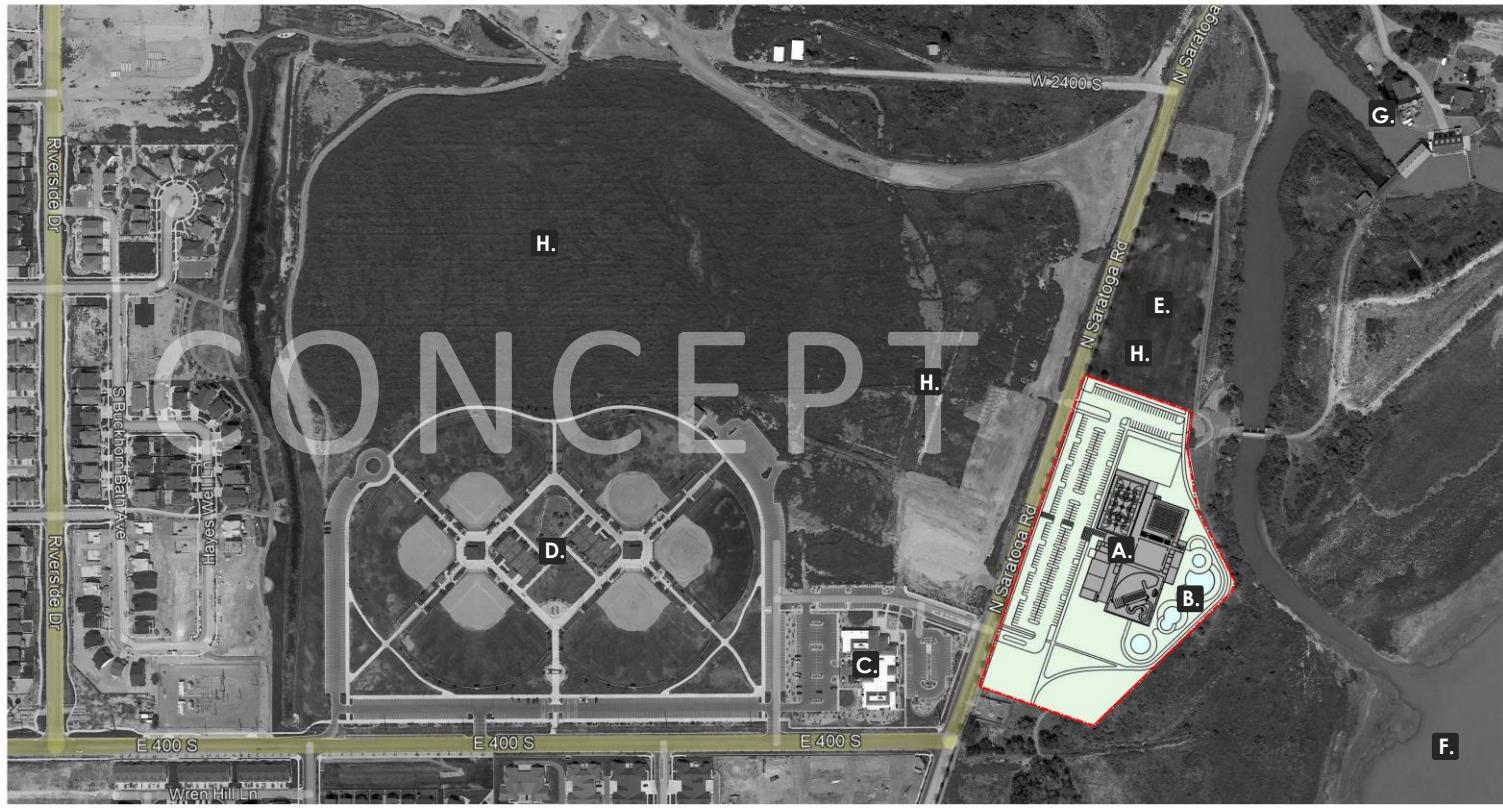
## **KEYNOTES**

- e** Multi-Sport Gymnasium (Below)
- h** Leisure Pool (Below)
- i** Lap Pool (Below)
- n** Free Weight Area
- o** Fitness Area
- p** Group Training
- q** Indoor Turf
- r** Roof Exercise Patio
- s** City Recreation Offices

## LEVEL 2 - FLOOR PLAN

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## AREA PLAN

### KEYNOTES

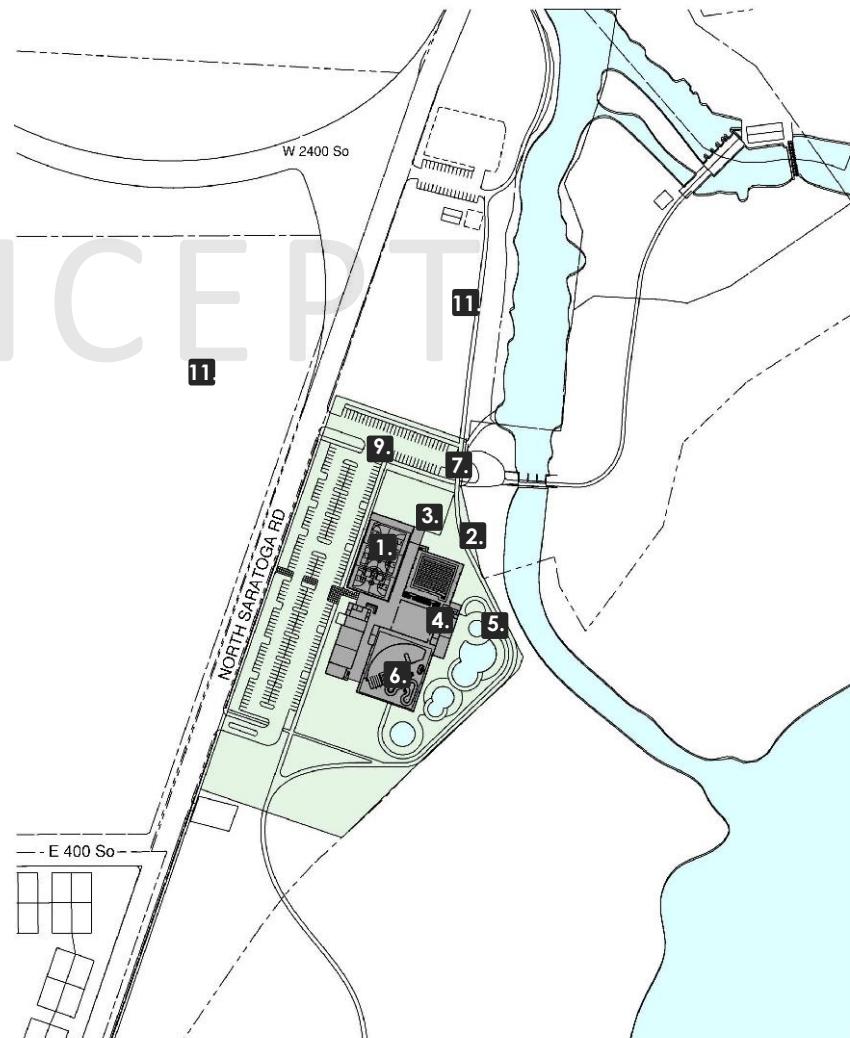
- A.** Proposed Recreation Facility Concept
- B.** Proposed Outdoor Warm Spring Pools
- C.** Saratoga Springs City Police Department
- D.** Patriot Park
- E.** Inlet Park
- F.** Utah Lake
- G.** Jordan River Inlet
- H.** Potential Future Playing field Area

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# CONCEPTUAL SITE PLAN

CONCEPT



## SITE PLAN

### KEYNOTES

1. Recreation Facility Entry Plaza
2. Lap Pool
3. Gymnasium
4. Leisure Pool
5. Future Outdoor Spring-fed Pools
6. Berm/fenced & Landscaped Between Pool Deck & Parking (for Security)
7. Area for Future Gymnasium Expansion
9. Reconfigured Parking to Service Recreation Facility
11. Potential Playing field Area

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## CONTACT INFORMATION



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