



## Section I Executive Summary

### **Background:**

Ballard\*King and Associates (B\*K), along with Ohlson Lavoie Collaborative (OLC) were hired to conduct a market analysis and feasibility study for a regional recreation center in Cañon City. The objective of this study was to determine the overall need for a Royal Gorge Area Recreation and Aquatic Center and the feasibility of the project. Project tasks included a demographic assessment of the regional area, numerous stakeholder meetings and committee meetings, review of existing recreation providers in the area, exploring potential partnerships, program recommendations, site analysis, capital costs estimate and operating pro-forma.

### **Market Analysis:**

The Cañon City Area Recreation and Park District (CCARPD) service area population is increasing at modest rate of 1.5% with the population projected to reach 27,404 people by the year 2022. The demographic profile of the community indicates an aging population. The age group distribution is somewhat mixed in this service area. There is a lower concentration of the 0-5, 5-17, 18-24 and 25-44 age categories than the national level and higher concentration of in the 45-54, 55-64, 65-74 and 75+ age categories than the national level. The median age of the primary service area is significantly older (8.8 years) than the than the national level of 38 years. Approximately 25.6% of households in the CCARPD are households with children compared to a national level of 33.4%. The median household income is lower (23%) than the national level of \$58,100. The number of households with income of \$50,000 or higher is 41.6% compared to a national level of 55.9%. A factor that must be considered is that the housing/dwelling expense in the CCARPD service area is 29% lower than the national level. This suggests that the ratio between household income and housing expenses is about normal. Age and household income are two determining factors that drive participation in sports, recreation and wellness activities. When factoring median age, household income and age distribution, the demographic profile suggests that the market conditions are marginal but the statistics suggests that there will be continued support and demand for recreation activities and programs in the future.

Statistics from the National Sporting Goods Association (NSGA) were overlaid on to the demographic profile of the service areas to determine the market potential for various activities that could take place in an indoor facility. The market potential was measured against the existing inventory of recreation providers in the area and concluded that there is a shortage of swimming pools, gymnasium space and multi-purpose activity space in the CCARPD service area. Additionally, there is a need to expand senior citizen space in the community as the Golden Age Center is limited by size, parking and facility amenities.





## Stakeholder Meetings:

A series of stakeholder meetings were conducted to gather input from potential user groups and partners regarding the Recreation/Aquatics Center. A wide variety of needs were expressed during these stakeholder meetings. Without question, an aquatic center was the most frequently heard component and had the strong support. The list of stakeholder meetings included the following organizations:

- Cañon City Staff
- Golden Age Center
- St. Thomas More Hospital
- Fremont County
- Royal Gorge Bridge
- City of Florence
- Cañon City School District
- Cañon City Area Recreation and Park District

## Programming:

The program recommendations for the Royal Gorge Area Recreation and Aquatics Center were driven by the information gathered during the market analysis, including the demographic profile of the community, statistical data from the National Sporting Goods Association, stakeholder input, competitive analysis of other recreation and sport facilities in the area and community input meetings. During the program phase of the study, different options were explored before developing a final recommendation. Based on the market analysis, program assessment and budgetary considerations the following program summary is possible for the Center.

| Component           | Size (sf) |
|---------------------|-----------|
| Gymnasiums          | 19,500    |
| Track               | 6,000     |
| Aerobic/Fitness     | 3,300     |
| Aquatics            | 18,500    |
| Weight/Cardio       | 5,600     |
| Senior Area         | 5,000     |
| Multi-Purpose Rooms | 3,800     |
| Play Area           | 800       |
| Child Watch         | 2,500     |
| Support Space       | 5,000     |
| Gross Size          | 70,000    |
| Circulation         | 12,600    |
| Net Building Size   | 82,600    |





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## Site Analysis:

The consulting team was tasked with evaluating fourteen different possible locations for the Royal Gorge Area Recreation and Aquatic Center. To help facilitate the evaluation process a matrix was developed to allow a scoring of each individual site based on a criterion that was established. Several of the overriding criteria included ease of access to US Highway 50, location within the City potable water system, avoidance of the City's numerous floodplains and floodways, exterior views and adjacency to compatible amenities. A minimum site of 10 acres was needed to provide adequate space for the building, parking lot, setbacks, water detention and future expansion. As a result of the evaluation process, a proposed 11.6 acre site within the Abbey Property was selected as the preferred site for the basis of design.

## Capital Cost Estimate:

The consulting team developed a site-specific capital cost estimate based on the program recommendations. The calculations for the 82,708 sf building have been adjusted to reflect 2020 costs.





|  | 75189 s.f. | 10% of | Net New Floor Area | 7519 s.f.  | 238.00 \$ | 1,789,522.00 \$  | 23,219,236.00 \$ |
|--|------------|--------|--------------------|------------|-----------|------------------|------------------|
| <b>NET NEW FLOOR AREA</b>                  |            |        |                    |            |           |                  |                  |
| Other/Gross Area                           | 75189 s.f. |        |                    | 7519 s.f.  |           | 1,789,522.00 \$  | 1,789,522.00 \$  |
| <b>PROJECT FLOOR AREA</b>                  | 82708 s.f. |        |                    | 82708 s.f. |           | 25,008,758.00 \$ | 25,008,758.00 \$ |
| <b>TOTAL SITE COSTS</b>                    |            |        |                    |            |           |                  |                  |
| TOTAL CONSTRUCTION COSTS                   |            |        |                    |            |           |                  | 2,597,144 \$     |
| MUNICIPAL FEES                             |            |        |                    |            |           |                  | 25,008,758 \$    |
| SUB-TOTAL OF HARD COSTS                    |            |        |                    |            |           |                  | 27,605,902 \$    |
| PROJECT CONTINGENCY                        |            | 6.0%   |                    |            |           |                  | 1,656,354 \$     |
|  |            | 4.0%   |                    |            |           |                  | 1,104,236 \$     |
| <b>TOTAL CURRENT CONSTRUCTION BUDGET</b>   |            |        |                    |            |           |                  | 30,366,492 \$    |
| Escallation                                |            | 8.0%   |                    |            |           |                  | 2,429,319 \$     |
| <b>TOTAL CONSTRUCTION BUDGET Year 2019</b> |            |        |                    |            |           |                  | 32,795,812 \$    |
| Escallation                                |            | 8.0%   |                    |            |           |                  | 2,623,665 \$     |
| <b>TOTAL CONSTRUCTION BUDGET Year 2020</b> |            |        |                    |            |           |                  | 35,419,477 \$    |
| <b>BUILDING FF&amp;E COSTS</b>             |            |        |                    |            |           |                  | 266,247 \$       |
| <b>FITNESS EQUIPMENT COSTS</b>             |            |        |                    |            |           |                  | 322,507 \$       |
| <b>DESIGN, CONSTRUCTION and REIM. FEES</b> |            | 8.0%   |                    |            |           |                  | 2,833,558 \$     |
| <b>TOTAL PROJECT COST</b>                  |            |        |                    |            |           |                  | 38,841,789 \$    |





**Operations:**

An operation analysis was conducted to examine operational costs and revenues for the Royal Gorge Area Recreation and Aquatics Center. The operating pro-forma developed represents a conservative approach to estimating expenses and revenues and was completed based on the best information available and a basic understanding of the current area operations. Fees and charges utilized for this study were based on the current with a slight increase to reflect anticipated fees in the future.

The results of the operations analysis indicate that the proposed expansion of the Center will not recover 100% of its operating costs through revenue. The operating pro-forma did not include debt service since the funding for this project is yet to be determined. The consulting team was tasked with developing options based on different size configurations. They include:

- Option 1: The base option is approximately 82,708 square feet that contains multiple gymnasium spaces, walk/jog track, aquatic center, multi-purpose room, fitness area, child watch and support spaces.
- Option 2: This option retains the aquatic and fitness spaces in option one while allowing phasing of the gymnasium courts, dedicated Golden Age area, meeting rooms and walking/jogging track. Option two is approximately 44,932 square feet.
- Option 3: This option retains the aquatic space in option one, reduces the fitness area while phasing the gymnasium courts, dedicated Golden Age area, meeting rooms and walking/jogging area. Option three is approximately 36,868 square feet.

**Expense – Revenue Comparison**

| Category      | Option 1    | Option 2    | Option 3    |
|---------------|-------------|-------------|-------------|
| Expense       | \$2,144,106 | \$1,638,186 | \$1,554,530 |
| Revenue       | \$1,176,038 | \$872,990   | \$810,320   |
| Difference    | (\$968,068) | (\$765,196) | (\$744,210) |
| Cost Recovery | 55%         | 53%         | 52%         |

**Conclusion:**

The market conditions suggest support for the Royal Gorge Area Recreation and Aquatic Center. The proposed facility, by virtue of the leisure pool, competition pool, multiple gymnasium space, fitness, indoor walking/jogging track, dedicated senior space, indoor play structure and birthday party rooms differentiate this facility from any other facility in the region. The Royal Gorge Area Recreation and Aquatics Center is ideally positioned to not only improve the quality of the facilities in the area, but also to enhance the quality of life for residents and become an identifying landmark to the area landscape.



Weekly participation in active recreation activities from area residents can be expected to be somewhere in the range of 10%-12% of the population which equals approximately 4,344-5,213 individuals (based on 2017 population estimates for the CCARPD service area). This is a sufficient population base to rely on for the operation of a full-scale center. The success of similar facilities in other areas of the country suggests that these types of centers have been cost effective in meeting local sport and wellness needs. A conservative penetration rate of about 4.5% in the service area is needed for the proposed facility to reach the financial guidelines established during the feasibility phase of the project.

Without question, a new Royal Gorge Area Recreation and Aquatic Center will enhance the quality of life in the area while improving recreation and wellness opportunities. The proposed center fills the service gaps for a variety of recreation, swimming and expands the wellness access in the community for children, teenagers, families and seniors. A new facility will become a source of tremendous community pride and will bring the community together along with making the Cañon City area more attractive for employers and employees alike. The center will also help establish and recognize the facility as a contributor to the economic health of the community by providing jobs, through the purchase of local goods and services and by generating tourism trade for the Royal Gorge region.