



FEASIBILITY STUDY & MARKET SURVEY
FOR SOUTHWEST ATHLETIC COMPLEX

Presentation // August 23, 2023



Victus Advisors and Think Architecture were engaged by Herriman City (or the “City”) in October 2022 to conduct a **Feasibility Study & Market Survey for Southwest Athletic Complex**.

Our primary project goals for this study included, but were not limited to:

- 1) **Market Demand & Opportunity Analysis** - Identify any market gaps/opportunities or potential benefits/challenges of the project.
- 2) **Financial Operating Analysis** - Develop a custom financial operating model for the proposed complex.
- 3) **Economic & Fiscal Impact Analysis** - Develop estimates of the economic and fiscal impacts that could be generated by a new outdoor sports complex in Herriman.
- 4) **Concept Plans** - Preliminary conceptual building/site plans and construction cost estimate for the proposed project.

PHASES:

MARKET
FEASIBILITY
ANALYSIS



PROGRAM
DEMAND
ASSESSMENT

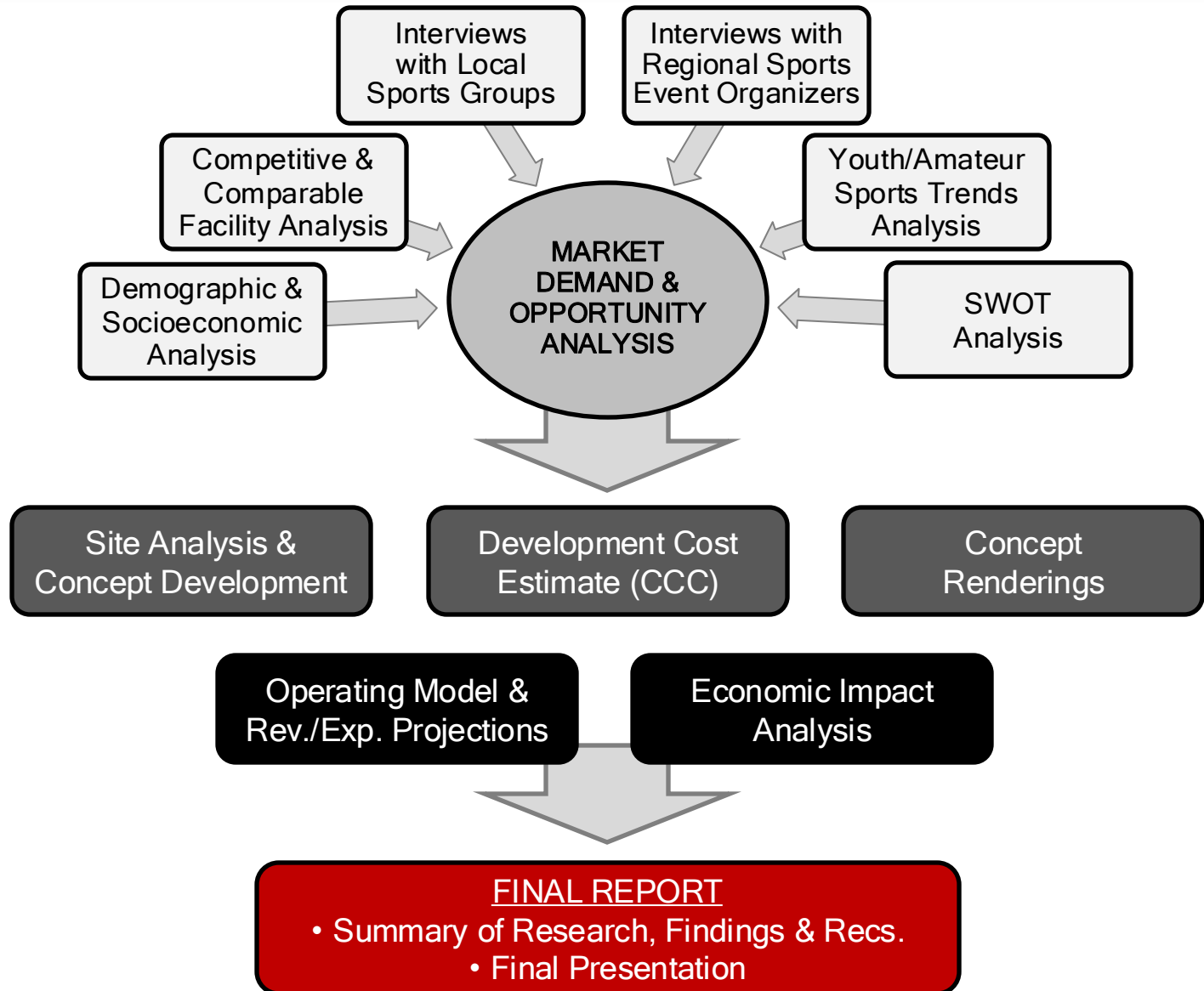


THINK
SITE ANALYSIS &
CONCEPT PLANS

VICTUS
FINANCIAL &
ECONOMIC STUDY



DELIVERABLES



<u>Group/Organization</u>	<u>Sport</u>	<u>Likelihood of Usage</u>	<u>Ideal # of Fields</u>	<u>Activity Type</u>	<u>Number of Annual Events</u>
Copper Mountain Soccer	Soccer	Definitely Use	6	Practices, Games, Events	1
Herriman High School Lacrosse	Lacrosse	Likely Use	2	Practices	-
Herriman High School Soccer	Soccer	Likely Use	2	Practices	-
Herriman Rugby	Rugby	Definitely Use	4	Practices, Games, Events	1
JL Sorenson Recreation Center	Multi	Definitely Use	4	Recreation Programs	-
La Roca Futbol Club	Soccer	Definitely Use	6	Practices, Games	-
Mountain Football Conference	Football	Definitely Use	4	Games	-
Mountain Ridge Lacrosse	Lacrosse	Definitely Use	2	Practices, Games, Events	1
Mountain Ridge Rugby	Rugby	Definitely Use	4	Practices, Games, Events	1
Providence Hall High School	Soccer	Possibly Use	4	Practices	-
Real Salt Lake	Soccer	Definitely Use	15	Events	6
Salt Lake City FC	Soccer	Definitely Use	8	Practices, Games	-
USA Ultimate	Ultimate	Definitely Use	6	Events	2
Utah Girls Tackle Football	Football	Definitely Use	4	Practices, Games	-
Utah High School Activity Association	Multi	Would Not Use	-	-	-
Utah Jr. Warriors	Rugby	Definitely Use	4	Practices, Games, Events	3
Utah Ultimate Disc Association	Ultimate	Definitely Use	15	Games, Events	5
Utah Youth Rugby	Rugby	Definitely Use	4	Practices, Games, Events	4
Utah Youth Soccer	Soccer	Definitely Use	6	Games	-
Ute Conference Football	Football	Definitely Use	6	Practices, Games	-

Source: Victus research

Notes: (1) Sorted by Group/Organization in alphabetical order. (2) This is a representative sample of potential users, and the potential usage shown above is based solely on the interviewees contacted by Victus Advisors.

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DEMAND SUMMARY NOTES

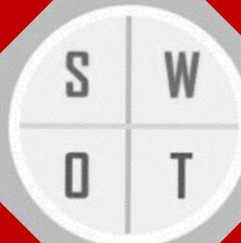
- All but one (1) group (UHSA) expressed interest in using the Southwest Athletic Complex.
 - 16 of the 20 groups indicated they would “Definitely Use” the complex.
- The majority of respondents indicated they would be interested in using 4 to 6 fields on a regular basis.
 - Overall, we found initial interest for up to 24 annual tournaments/weekend events.

Strengths

1. Young Population
2. Rapid Population Growth
3. High Levels of Household Income

Weaknesses

1. Lack of a Multi-Field Rectangular Sports Complex
2. Lack of Hotels in Herriman



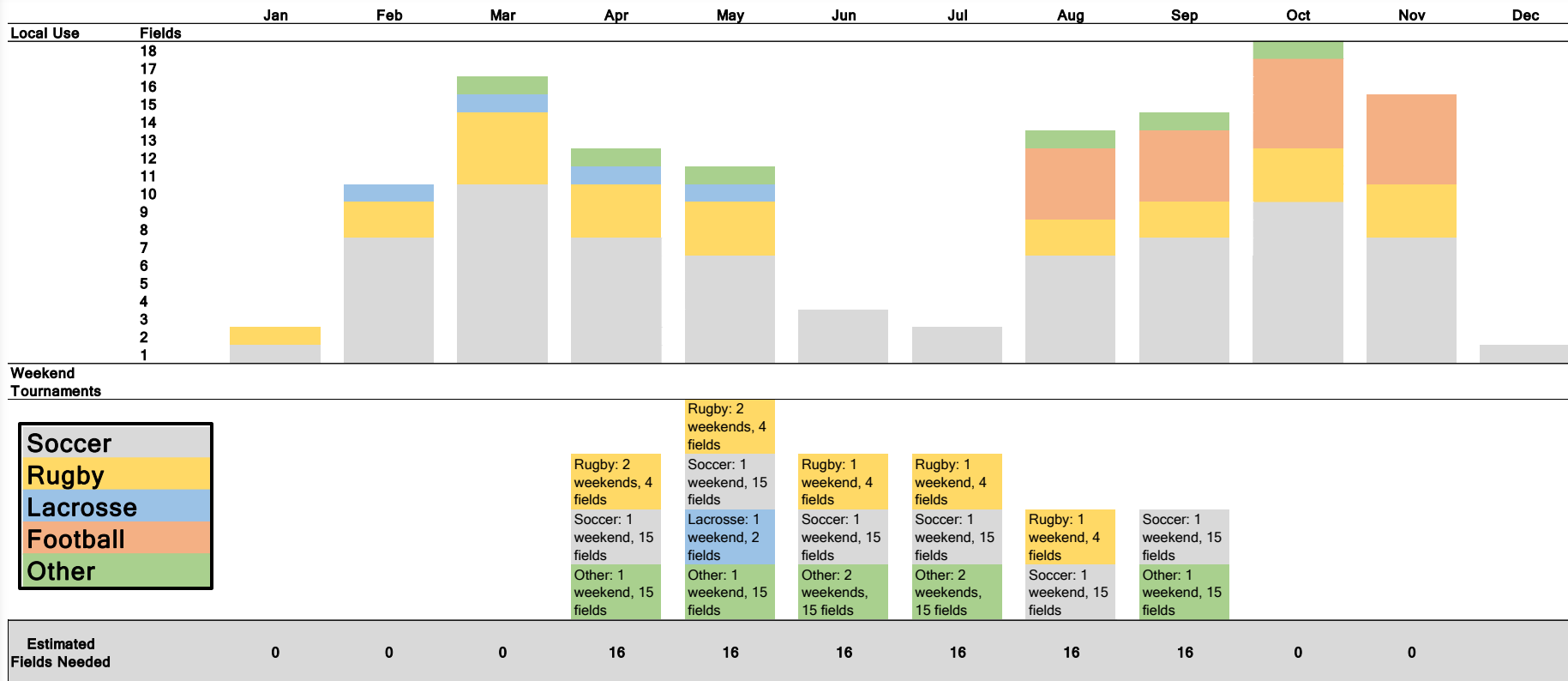
Opportunities

1. Local & Regional Demand For Outdoor Multi-Use Field Complex
2. Attract Visitors From Regional Drive Markets
3. Ability to Accommodate Leading & Emerging Outdoor Team Sports

Threats

1. Economic Impact Leakage
2. Future Regional Facility Competition

ESTIMATED CURRENT FIELD DEMAND



Source: Victus research

Victus estimates that a 16-18 field complex would be able to capture the current existing local and tournament usage demand, however based on continued growth in Herriman and south Salt Lake County, it is likely that 20-22 fields could be utilized within the next 5-10 years.

Estimated usage of fields will peak during the spring and summer. October and March are likely to be the busiest months for local usage, whereas weekend tournament usage would be heaviest between April and September, with peak usage in May.







DEVELOPMENT COST ESTIMATE BY PHASE

PROJECT ESTIMATE		CONSTRUCTION CONTROL CORPORATION		
PROJECT NAME..... SOUTHWEST ATHLETIC COMPLEX MASTER PLAN				
LOCATION.....HERRIMAN, UT				
ARCHITECT.....THINK ARCHITECTURE				
STAGE OF DESIGN.....MASTERPLANNING				
CSI #	DESCRIPTION	PHASE 1	PHASE 2	PHASE 3
BUILDING COST SUMMARY				
02	EXISTING CONDITIONS	\$ 378,490	\$ 422,355	\$ 480,961
03	CONCRETE	\$ -	\$ -	\$ -
04	MASONRY	\$ -	\$ -	\$ -
05	METALS	\$ -	\$ -	\$ -
06	WOODS & PLASTICS	\$ -	\$ -	\$ -
07	THERMAL & MOISTURE PROTECTION	\$ -	\$ -	\$ -
08	DOORS & WINDOWS	\$ -	\$ -	\$ -
09	FINISHES	\$ -	\$ -	\$ -
10	SPECIALTIES	\$ -	\$ -	\$ -
11	EQUIPMENT	\$ -	\$ -	\$ -
12	FURNISHINGS	\$ -	\$ -	\$ -
13	SPECIAL CONSTRUCTION	\$ 2,149,900	\$ 389,600	\$ 1,352,070
14	CONVEYING SYSTEMS	\$ -	\$ -	\$ -
21	FIRE SUPPRESSION	\$ -	\$ -	\$ -
22	PLUMBING	\$ -	\$ -	\$ -
23	HVAC	\$ -	\$ -	\$ -
26	ELECTRICAL	\$ 1,855,469	\$ 3,254,127	\$ 3,605,765
27	COMMUNICATION	\$ -	\$ -	\$ -
28	ELECTRONIC SAFETY & SECURITY	\$ -	\$ -	\$ -
31	EARTHWORK	\$ 5,845,564	\$ 6,523,031	\$ 7,428,172
32	EXTERIOR IMPROVEMENTS	\$ 13,975,185	\$ 15,916,562	\$ 17,694,321
33	UTILITIES	\$ 3,477,918	\$ 4,678,836	\$ 3,847,686
SUBTOTAL		\$ 27,682,526	\$ 31,184,510	\$ 34,408,974
	GENERAL CONDITIONS 9%	\$ 2,491,427	\$ 2,806,606	\$ 3,096,808
	BONDS & INSURANCE 1.7%	\$ 503,905	\$ 567,652	\$ 626,347
	OVERHEAD & PROFIT 3.5%	\$ 1,073,725	\$ 1,209,557	\$ 1,334,624
	DESIGN CONTINGENCY 15%	\$ 4,152,379	\$ 4,677,676	\$ 5,161,346
TOTAL CONSTRUCTION COST		\$ 35,903,962	\$ 40,446,001	\$ 44,628,098

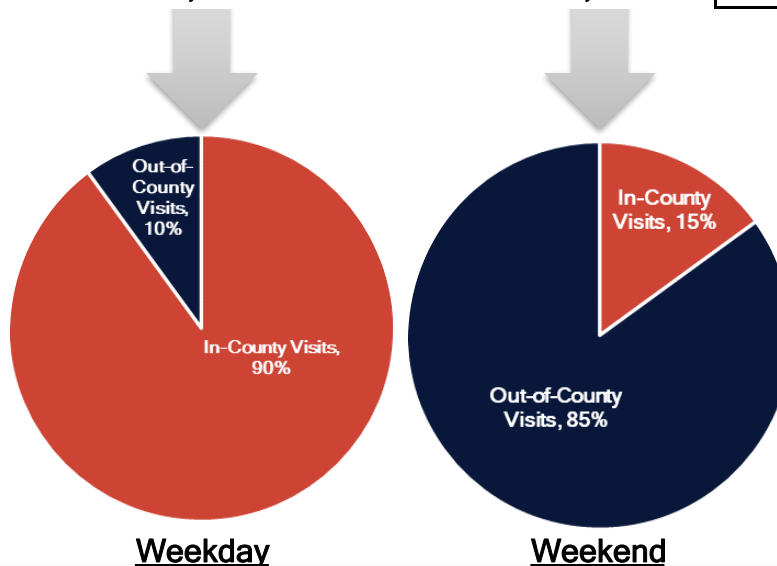
CCC's estimated current project cost for the proposed Southwest Athletic Complex is \$35.9 million for Phase 1 (6 fields), \$40.5 million for Phase 2 (8 more fields), and \$44.6 million for Phase 3 (8 more fields).

TOTAL ANNUAL VISITOR ASSUMPTIONS

It is estimated that visitors from outside of Salt Lake County could account for about 37% of annual attendance at the Southwest Athletic Complex (in Phase 3) in Salt Lake County County.

It is assumed that weekday usage would primarily be regional programming, including youth and adult sports. Whereas weekend use would primarily be dedicated to youth/amateur sports tournaments.

	<u>Weekday</u>	<u>Weekend</u>	<u>TOTAL</u>
In-County Visits	461,200	41,900	503,100
Out-of-County Visits	51,300	237,300	288,600
TOTAL VISITORS	512,500	279,200	791,700



**Notes: (1) "Out-of-town" refers to visitors from outside Salt Lake County. (2) Visitors include estimated athletes, officials, coaches, parents/family, spectators, etc. Visitors also represent unique daily visits. For example, if an athlete participated in practices on a Tuesday and a Thursday one week, that would count as two (2) unique visits that week.*

ANNUAL ECONOMIC IMPACTS - PHASE 3: NET DIRECT SPENDING

ONGOING IMPACTS OF OPERATIONS - ANNUAL IMPACTS:

After adjusting estimates of gross direct spending for displacement, it is estimated that approximately 43% (or \$29.3 million) of direct spending associated with the annual operations of the proposed Southwest Athletic Complex and would have a net impact on Salt Lake County.

ESTIMATED GROSS DIRECT SPENDING ASSOCIATED WITH SOUTHWEST ATHLETIC COMPLEX

\$60,592,750

DISPLACEMENT
ADJUSTMENT

NET DIRECT SPENDING IMPACTING SALT LAKE COUNTY

Estimated In-Facility Direct Spending (Net)	\$1,039,759
Estimated Out-of-Facility Direct Spending (Net)	\$25,038,940
Total Estimated Direct Spending - Net:	\$26,078,699
Net Spending as % of Gross:	43%

Note: "Net" Direct Spending only accounts for spending occurring in Salt Lake County by outside visitors to the County.

** Note: Represents annual spending, presented in 2023 dollars.*

ANNUAL ECONOMIC IMPACTS - PHASE 3: BY INDUSTRY

It is estimated that the Food & Beverage industry in Salt Lake County would benefit the most from the annual visitation impacts of the proposed Southwest Athletic Complex (39% of incremental direct spending), followed by lodging (24%), shopping (17%), and entertainment (11%).

TOTAL NET DIRECT SPENDING (BY INDUSTRY):

Sports	\$1,040,000	4%
Lodging	\$6,280,000	24%
Food & Beverage	\$10,101,000	39%
Shopping	\$4,329,000	17%
Entertainment	\$2,886,000	11%
Transportation	\$1,443,000	6%
TOTAL:	\$26,079,000	100%

Note: Represents annual impacts. Presented in 2023 dollars.

It is estimated that the proposed Southwest Athletic Complex could generate \$790,000 annually in incremental tax revenue for Salt Lake County.

**FISCAL IMPACTS OF OPERATIONS:
NET ANNUAL COUNTY TAX REVENUE**

Tax Type	Tax Rate	Est. Tax Revenue
Salt Lake County Sales Tax	0.35%	\$66,000
Salt Lake County Room Tax	4.25%	\$267,000
Salt Lake County Tourism Tax	0.50%	\$31,000
Salt Lake County Restaurant Tax	1.00%	\$277,000
Total Annual Tax Revenue - Salt Lake County:		\$641,000

Note: Taxes based on direct spending only

Victus Advisors estimates that sports tourism associated with the proposed Southwest Athletic Complex at full build-out could generate approximately 49,000 incremental annual hotel nights in Salt Lake County, as shown below.

Estimated Incremental Annual Hotel Impacts - Salt Lake County	
Total Visitors Staying in Salt Lake County Hotel/Motel:	147,186
Estimated People Per Room:	3.0
Total Rooms Utilized:	49,062
Average Nights per Room:	1.0
Total - Incremental Annual Room Nights in County:	49,062
Average Daily Room Rate (ADR):	\$128.00
Total - Incremental Hotel Room Spending:	\$6,279,936

Notes:

- (1) *Overnight Visitors estimate developed by Victus Advisors as part of our Utilization & Attendance Estimates*
- (2) *Total Hotel Room Spending represents direct hotel room spending only in 2023 dollars, and does not include indirect or induced impacts*

Year	Direct Spending	Hotel Nights	County Tax Revenues			
			Sales Taxes	Room Taxes	Tourism Taxes	Restaurant Taxes
1	\$15,023,400	29,400	\$39,600	\$160,200	\$18,600	\$18,600
2	20,031,200	29,200	52,800	213,600	24,800	24,800
3	25,039,000	49,000	66,000	267,000	31,000	31,000
4	25,790,170	49,000	67,980	275,010	31,930	31,930
5	26,563,875	49,000	70,019	283,260	32,888	32,888
6	27,360,791	49,000	72,120	291,758	33,875	33,875
7	28,181,615	49,000	74,284	300,511	34,891	34,891
8	29,027,064	49,000	76,512	309,526	35,937	35,937
9	29,897,875	49,000	78,807	318,812	37,016	37,016
10	30,794,812	49,000	81,172	328,376	38,126	38,126
11	31,718,656	49,000	83,607	338,228	39,270	39,270
12	32,670,216	49,000	86,115	348,374	40,448	40,448
13	33,650,322	49,000	88,698	358,826	41,661	41,661
14	34,659,832	49,000	91,359	369,590	42,911	42,911
15	35,699,627	49,000	94,100	380,678	44,199	44,199
16	36,770,616	49,000	96,923	392,099	45,525	45,525
17	37,873,734	49,000	99,831	403,861	46,890	46,890
18	39,009,946	49,000	102,826	415,977	48,297	48,297
19	40,180,245	49,000	105,911	428,457	49,746	49,746
20	41,385,652	49,000	109,088	441,310	51,238	51,238
21	42,627,221	49,000	112,361	454,550	52,775	52,775
22	43,906,038	49,000	115,731	468,186	54,359	54,359
23	45,223,219	49,000	119,203	482,232	55,989	55,989
24	46,579,916	49,000	122,779	496,699	57,669	57,669
25	47,977,313	49,000	126,463	511,600	59,399	59,399
26	49,416,633	49,000	130,257	526,948	61,181	61,181
27	50,899,132	49,000	134,164	542,756	63,017	63,017
28	52,426,106	49,000	138,189	559,039	64,907	64,907
29	53,998,889	49,000	142,335	575,810	66,854	66,854
30	55,618,855	49,000	146,605	593,084	68,860	68,860
Cumulative Total:	\$1,110,002,000	1,441,000	\$2,926,000	\$11,836,000	\$1,374,000	\$1,374,000
Net Present Value:	\$442,344,000	n/a	\$1,166,000	\$4,717,000	\$548,000	\$548,000

TOTAL IMPACTS (NET) AT FULL BUILD-OUT

Over a 30-year period, proposed Southwest Athletic Complex is estimated to have a total net impact of over \$1.1 billion in direct spending, over 1.4 million incremental hotel nights, and over \$17.5 million in Salt Lake County tax revenues.

It should be noted that we have assumed that a stabilized year of operations will occur by year 3, at which point the venue's annual usage and event activity is assumed to hold stable for the remainder of the venue's useful life.

Notes: Assumes 3% annual inflation. NPV was calculated based upon a 6% discount rate. Operational stabilization is assumed to occur by Year 3.

Victus Advisors was also tasked with assessing the potential economic and fiscal impacts that could be generated within Salt Lake County if the Southwest Athletic Complex (SAC) in Herriman and the Regional Athletic Complex (RAC) in Salt Lake City partnered to host a large national tournament.

For purposes of this analysis we have utilized the following key assumptions:

- The two athletic complexes could provide up to 38 soccer fields to a tournament organizer
- We have assumed that a large national soccer tournament could include:
 - 500 teams
 - 20 players/coaches + 40 spectators per teams
 - 30,000 total visitors (95% originating from outside of Salt Lake County)
 - 3 days of tournament play

SCENARIO ANALYSIS: ECONOMIC IMPACTS OF A COMBINED SAC/RAC TOURNAMENT (CONT.)

It is estimated that a 3-day / 500-team national soccer tournament utilizing 38 fields in Salt Lake County could generate nearly \$6.5 million in net new directing spending within the County, as shown below.

**ESTIMATED NET DIRECT SPENDING IN SALT LAKE COUNTY
ASSOCIATED WITH A LARGE NATIONAL SOCCER TOURNAMENT
HOSTED BY THE COMBINED SAC/RAC***

<u>Industry</u>	<u>Esitimated Net Direct Spending</u>	<u>% of Total</u>
Sports	\$2,710,000	42%
Lodging	\$1,915,000	30%
Food & Beverage	\$998,000	15%
Shopping	\$428,000	7%
Entertainment	\$285,000	4%
Transportation	\$143,000	2%
TOTAL:	\$6,479,000	100%

*Key assumptions include 38 fields, 500 teams for 3 days, and 95% of visitors from outside Salt Lake County

SCENARIO ANALYSIS: ECONOMIC IMPACTS OF A COMBINED SAC/RAC TOURNAMENT (CONT.)

It is estimated that a 3-day / 500-team national soccer tournament utilizing 38 fields in Salt Lake County could generate \$108,000 in net new County tax revenues, as shown below.

ESTIMATED NET COUNTY TAX REVENUE GENERATED BY A LARGE SOCCER TOURNAMENT AT THE SAC/RAC

Tax Type	Tax Rate	Est. Tax Revenue
Salt Lake County Sales Tax	0.35%	\$6,000
Salt Lake County Room Tax	4.25%	\$81,000
Salt Lake County Tourism Tax	0.50%	\$10,000
Salt Lake County Restaurant Tax	1.00%	\$11,000
Total Annual Tax Revenue - Salt Lake County:		\$108,000

SCENARIO ANALYSIS: ECONOMIC IMPACTS OF A COMBINED SAC/RAC TOURNAMENT (CONT.)

It is estimated that a 3-day / 500-team national soccer tournament utilizing 38 fields in Salt Lake County could generate nearly 15,000 hotel nights, as shown below.

Estimated Hotel Impacts of Large National Soccer Tournament at the SAC/RAC in Salt Lake County	
Total Visitors Staying in Salt Lake County Hotel/Motel:	17,955
Estimated People Per Room:	3.0
Total Rooms Utilized:	5,985
Average Nights per Room:	2.5
Total - Incremental Annual Room Nights in County:	14,963
Average Daily Room Rate (ADR):	\$128.00
Total - Incremental Hotel Room Spending:	\$1,915,200



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