THE
CITY of PELLA
STAFF MEMO TO COUNCIL

ITEM NO: E-2

SUBJECT: Feasibility Study Overview

DATE: April 15, 2025

BACKGROUND:
During this session, Scott Caron from Ballard*King Associates will be in attendance to discuss the recently updated feasibility study, which is included as a memo attachment, for the proposed indoor recreation center. Listed below are the main assumptions utilized in the feasibility study:

- The feasibility study is based on new revenues and new expenditures to operate and maintain the recreation center.
- The feasibility study assumes the city will close the current indoor pool once the recreation center is operational.
- The analysis is based on city staff operating the recreation center.
- The feasibility takes into consideration Pella Community School's proposed $1.0 million dollar contribution to the recreation center's operations

Operational Model for Recreation Center
As stated earlier, the feasibility study is based on city staff operating the recreation center. When reviewing the operating model, please keep in mind the city has other options for operating the recreation center. This includes hiring an independent contractor to operate the facility, which may be a better option financially for city; however, this option was not considered in this analysis due to the length of time it would take to receive proposals from consultants. Please also keep in mind that the proposed operating staffing model is preliminary in nature and should be viewed as a concept plan. The proposed staffing plan is outlined on page 35 and 36 of the feasibility report.

Membership Rates Proposed in the Feasibility Study
Listed below are the proposed user rates Ballard*King used in compiling the feasibility study for the proposed indoor recreation center. Please keep in mind that Council will need to approve membership rates for the facility; therefore, the rates listed below are for discussion purposes only at this time.

Monthly Membership Rates	**Daily Admission Rates**
Youth/Student/Senior - $55	Youth or Senior - $8
Adult - $70	Adult - $12
Household - $115	

Financial Summary

Ballard*King conducted an operational analysis on the following options for the recreation center:

- Full Facility: four gymnasiums, one competition pool, and one recreation pool.
- Alternate 1: this is the same as the full facility except a turf field would be constructed in lieu of the recreational pool.
- Alternate 2: four gymnasiums, one competition pool, and one recreation pool.

Based on Ballard*King's analysis, all the above options are projected to have positive cash flows for the first four years of operations. This means the additional revenues from the indoor recreation center are projected to be more than the additional expenditure the city will incur in operating the facility. It also appears Alternate 1 would be the best option financially for the city in operating the recreation center. The financial summaries for these options are located on pages 4, 44, and 49.

Economic Analysis

In 2023, Ballard*King conducted an economic analysis regarding the annual impact of conducting tournaments at the indoor recreation center. This analysis was based on the full build of the indoor recreation center and conducting approximately 28 tournaments annually. Based on these assumptions, the study projected the annual economic impact to the community was approximately $4.9 million.

ATTACHMENTS:	Feasibility Study, Economic Analysis from Tournaments
REPORT PREPARED BY:	City Administration
REVIEWED BY:	City Clerk
RECOMMENDATION:	Informational item

BALLARD*KING & ASSOCIATES LTD
Recreation Planning and Operations Consultants

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Executive Summary

The City of Pella, IA accepted bids for a recreation center on March 11, 2025. The project had a base bid along with alternates. After reviewing the submittals, the City engaged Ballard*King and Associates to update the operation plan on 3 options for construction. The options are:

- Full Facility – 79,854 sq. ft. The facility program includes childcare, 8 lane 25-yard competition pool and 7,500 sq. ft recreation pool w/ slide, 4 full-size basketball courts, concession area, fitness area, walking track, men's and women's locker rooms as well as required spaces.
- Alternative 1 – 79,854 sq. ft. The facility program would be the same as the full facility, except the recreation pool would be replaced with an artificial turf field.
- Alternative 2 – 71, 746 sq. ft. The facility program would be the same as the full facility eliminating 1 full-size basketball court for a total of 3.

B*K had previously performed a full market assessment along with operation plans for schematic designs in 2023 for a recreation center. Much of the analysis remains the same as the previous report, although the demographic data presented within this report has been updated to projections for 2024 and 2029.

- Demographic Analysis
  - While the Primary Service Area (50219 Zip Code) is on the smaller side for a full-scale multi-purpose recreation center, the City has a strong employment base drawing from beyond the service area with a daytime population greater than the number of residents.
  - With the rural nature of Pella, the surrounding area (Secondary Service Area) is accustomed to driving population centers such as Pella for work, shopping and entertainment.
  - The median age is lower than the state of Iowa and the National number. In addition, both areas have a higher percentage of households with children. Families, young adults and seniors are typically the largest users of indoor recreation centers.
  - The median household income is greater than the state of Iowa and the National number. Household expenditures are near the levels for Iowa and the United States, meaning there is a higher potential for discretionary spending.
  - The Recreation Spending Index is greater than the national level indicating a strong interest in recreation.
- Participation
  - Rates of participation vary depending on the activity, but the Market Potential Index (MPI) for Adult Participation in the Primary Service Area is strongest for:
    - Bicycle (Road)
    - Exercise Walking
    - Golf
    - Pickleball
    - Ping Pong

    - Swimming
    - Tennis
  - Many other activities are near the national average.
  - Participation rates increase for those age 7-18, particularly for these activities:
    - Basketball
    - Gymnastics
    - Soccer
    - Volleyball
    - Wrestling
- Trends
  - There are many trends to consider when developing an indoor recreation center. Some of the most critical are:
    - The public has an interest in living a healthy lifestyle. With that, membership and utilization of fitness facilities continue to grow.
    - Most communities have a lack of gymnasiums, pools, weight/cardiovascular equipment areas and walking tracks.
    - Pool users are looking for activities to participate in the pool along with a social experience. Leisure pools, slides and lazy rivers continue to be popular.
- Operation Plan
  - A market penetration rate of 10.6% of households in the Primary Service Area was utilized. Most recreation centers have a penetration rate of approximately 10% with many exceeding that figure. The high rate is due to the demographics and limited number of alternative providers.
  - Using the full facility design of the recreation center, B*K developed an operation plan. Using the best information available, combined with the City's operational goals and expertise, B*K created the following 5-year projection.
  - It is important to note the total expenses in this model reflect a $79,854 annual allocation to a sinking fund. That fund is dedicated to improvements needed at the recreation center.
  - Operation plans were also developed for the alternatives as well.

The operation plan reflects revenue and expenditures for the new Recreation Center with the exception of 4 existing positions funded by the City's current budget.

	Year 1	Year 2	Year 3	Year 4	Year 5
Expenses	$1,786,819	$1,822,555	$1,877,232	$1,957,549	$2,016,276
Revenue	$1,567,722	$1,646,108	$1,728,414	$1,780,266	$1,833,674
	($219,097)	($176,447)	($148,819)	($177,283)	($182,602)
Pella HS Donation	$250,000	$250,000	$200,000	$200,000	$100,000
Rec Center Net	$30,903	$73,553	$51,181	$22,717	($82,602)

Section I – Demographic Analysis

Ballard*King & Associates (B*K) has been contracted by The City of Pella to complete a market assessment for the Pella Recreation Center. The first step to complete this scope of work is to determine service areas for analysis and recreation/leisure activities.

B*K accesses demographic information from Environmental Systems Research Institute (ESRI) who utilizes 2020 Census data and their demographers for 2024-2029 projections. In addition to demographics, ESRI also provides data on housing, recreation, and entertainment spending and adult participation in activities. B*K also uses information produced by the National Sporting Goods Association (NSGA) to overlay onto the demographic profile to determine potential participation in various activities.

Service Areas:
The information provided includes the basic demographics and data for the Primary and Secondary Service Areas with comparison data for the State of Iowa and the United States.

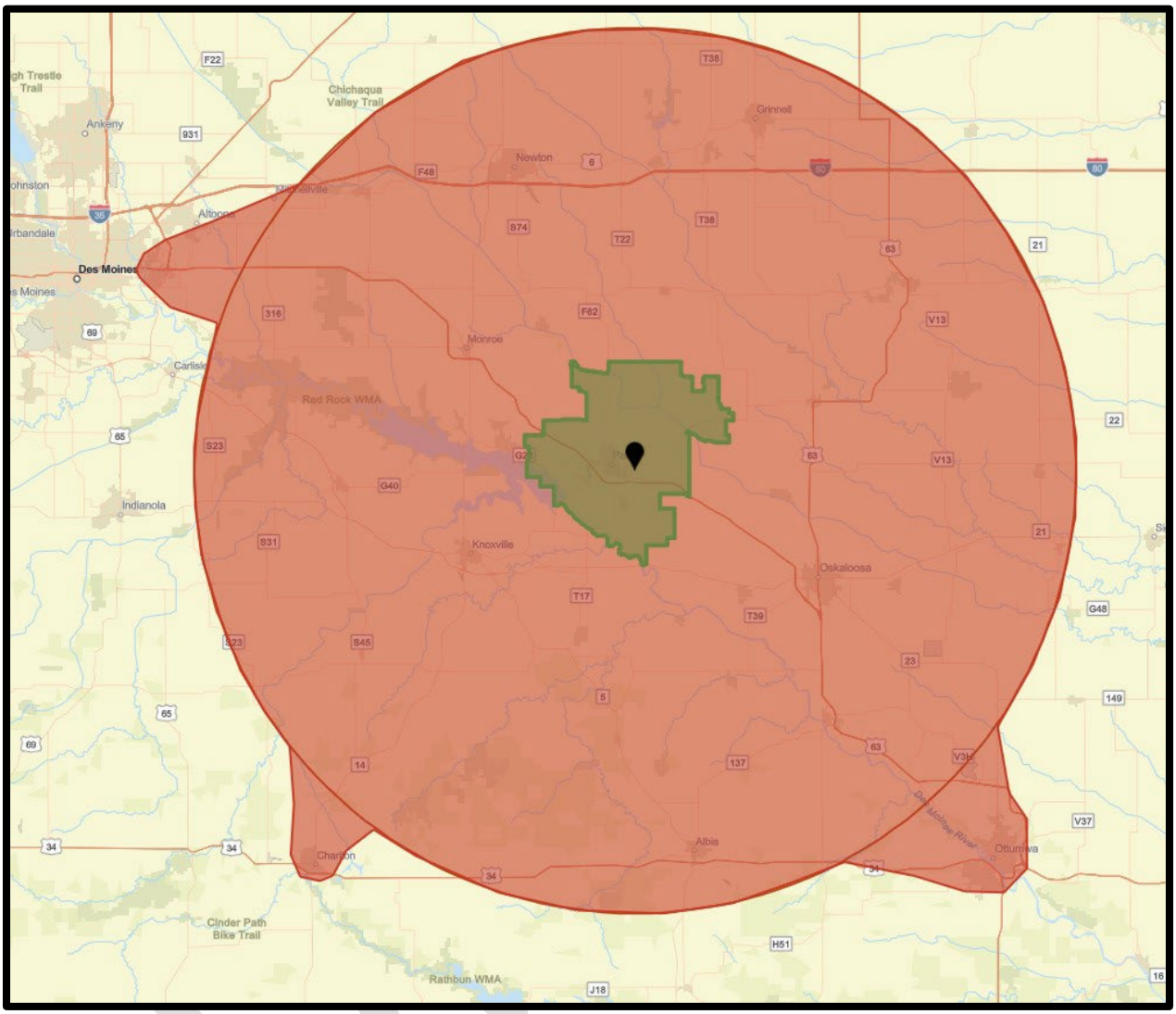
The Primary Service Area is defined as the distance people will travel on a regular basis (a minimum of once a week) to utilize recreation facilities. Use by individuals outside of this area will be much more limited and will focus more on special activities or events. For the purposes of this study, the 50219 Zip Code has been established as the Primary Service Area.

Service areas can flex or contract based upon a facility's proximity to major thoroughfares. Other factors impacting the use as it relates to driving distance are the presence of alternative service providers in the service area. Alternative service providers can influence participation, membership, daily admissions and the associated penetration rates for programs and services.

In addition to the factors above, "normal" travel patterns are taking into consideration, especially in rural areas. This includes travel for work as well as shopping. The Secondary Service Area is 30-mile radius also extending into Pleasant Hill in the east and Charlton and Ottumwa in the south.

Service areas can vary in size with the types of components in the facility.

Service Area Map



- Green Boundary – Primary Service Area (50219 Zip Code)
- Red Boundary – Secondary Service Area (30-mile radius)

Demographic Summary

	Primary Service Area	Secondary Service Area
Population:		
2020 Census	14,342[1]	175,948[2]
2024 Estimate	14,439	176,836
2029 Estimate	14,360	177,279
Households:		
2020 Census	5,266	69,042
2024 Estimate	5,360	69,650
2029 Estimate	5,406	70,204
Families:		
2020 Census	3,641	45,469
2024 Estimate	3,641	44,782
2029 Estimate	3,650	44,837
Average Household Size:		
2020 Census	2.50	2.44
2024 Estimate	2.48	2.43
2029 Estimate	2.44	2.42
Ethnicity (2024 Estimate):		
Hispanic	2.5%	5.2%
White	91.9%	88.2%
Black	1.0%	2.3%
American Indian	0.2%	0.4%
Asian	2.1%	1.4%
Pacific Islander	0.1%	0.5%
Other	1.0%	2.3%
Multiple	3.7%	4.8%
Median Age:		
2020 Census	38.4	40.3
2024 Estimate	38.9	40.6
2029 Estimate	39.4	41.4
Median Income:		
2024 Estimate	$89,158	$72,484
2029 Estimate	$99,387	$81,657

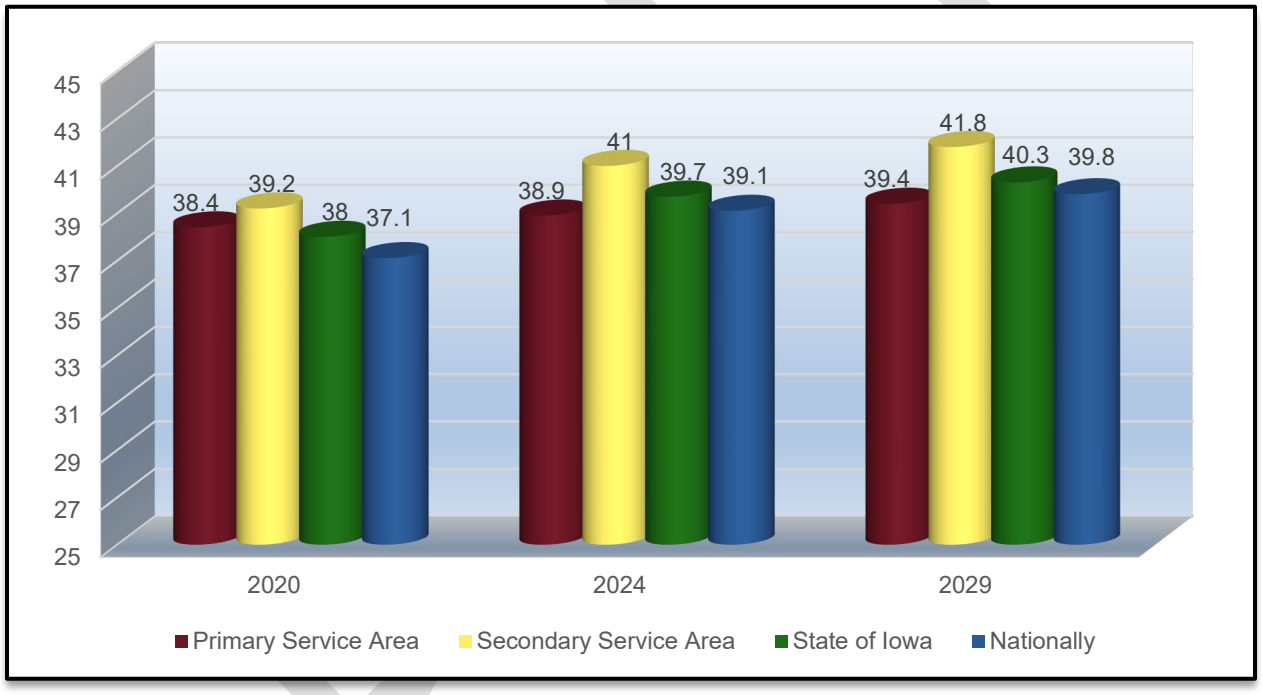
[1] From the 2010-2020 Census, the Primary Service Area experienced a 2.3% increase in population.
[2] From the 2010-2020 Census, the Secondary Service Area experienced a 2.8% increase in population.

Age and Income: The median age and household income levels are compared with the national number as both of these factors are secondary determiners of participation in recreation activities. The lower the median age, the higher the participation rates are for most activities. The level of participation also increases as the median income level goes up.

Table A – Median Age:

	2020 Census	2024 Projection	2029 Projection
Primary Service Area	38.4	38.9	39.4
Secondary Service Area	39.2	41.0	41.8
State of Iowa	40.3	40.6	41.4
National	37.1	39.1	39.8

Chart A – Median Age:



The median age in the Primary Service Area is lower than the State of Iowa and the National number. A lower median age typically points to the presence of families with children. Parks and recreation activities, programs and events draw a large demographic but tend to be most popular with youth and their parents. Grandparents are becoming an increasing part of the household though, as they care for and are involved with their grandchildren.

The following chart provides the number of households and percentage of households in the Primary and Primary Service Area with children.

Table B – Households w/ Children

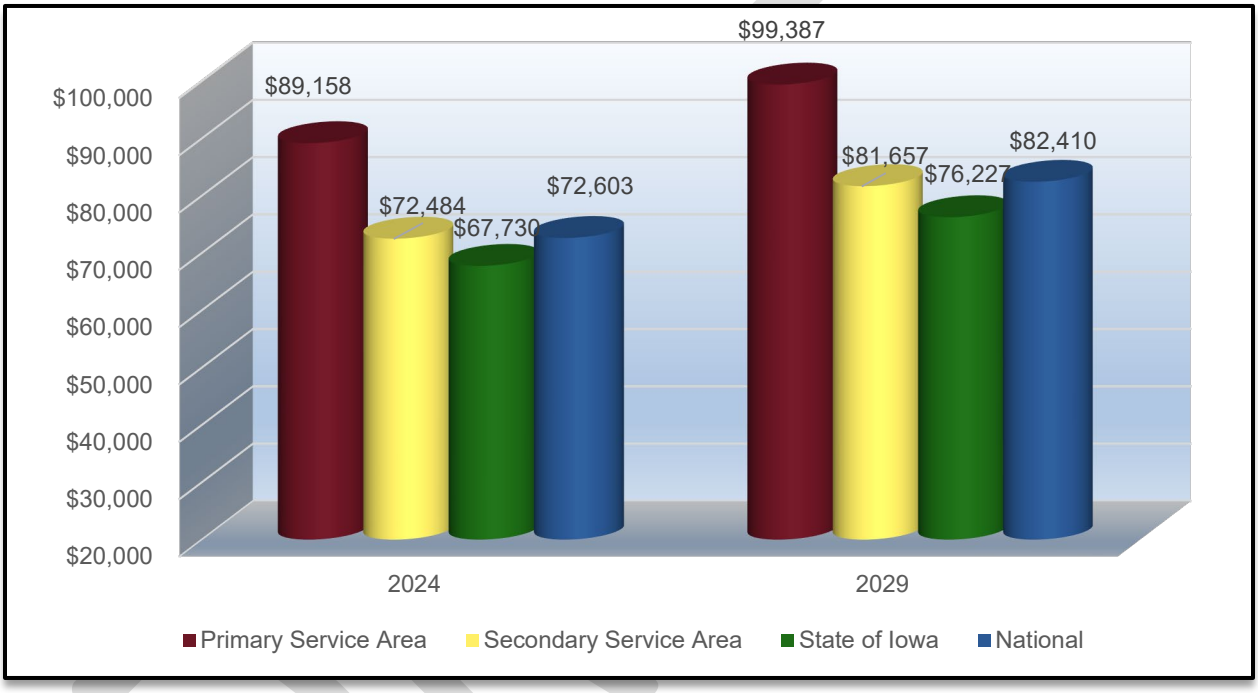
	Number of Households w/ Children	Percentage of Households w/ Children
Primary Service Area	1,573	30.8%
Secondary Service Area	21,690	31.4%
State of Iowa	-	29.2%

The information contained in Table-B helps further outline the presence of families with children. As a point of comparison in the 2024 United States, 30.6% of households nationally had children present.

Table C – Median Household Income:

	2024 Projection	2029 Projection
Primary Service Area	$89,158	$99,387
Secondary Service Area	$72,484	$81,657
State of Iowa	$67,730	$76,227
National	$72,603	$82,410

Chart B – Median Household Income:



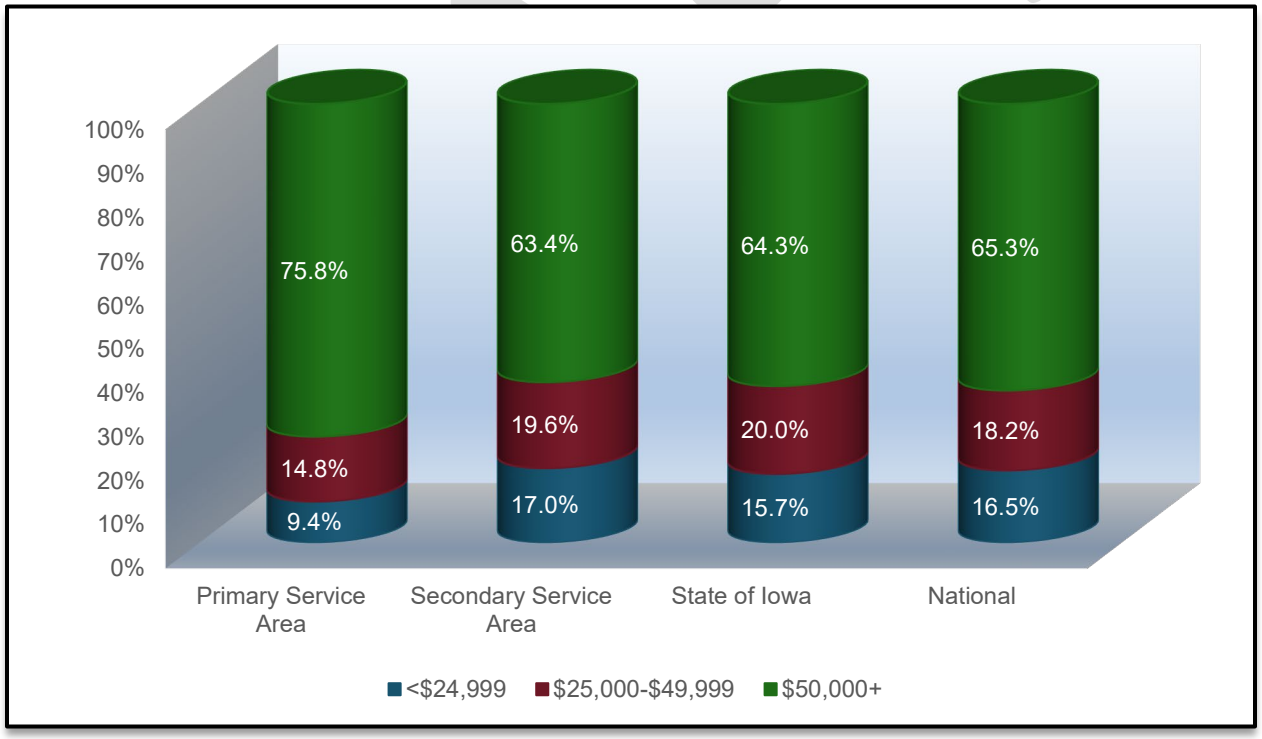
Based on 2024 projections for median household income the following narrative describes the service area:

In the Primary Service Area, the percentage of households with median income over $50,000 per year is 75.8% compared to 61.6% on a national level. Furthermore, the percentage of the households in the service area with median income less than $25,000 per year is 9.4% compared to a level of 18.0% nationally.

In the Secondary Service Area, the percentage of households with median income over $50,000 per year is 63.4% compared to 61.6% on a national level. Furthermore, the percentage of the households in the service area with median income less than $25,000 per year is 17.0% compared to a level of 18.0% nationally.

While there is no perfect indicator of use of a recreation facility, the percentage of households with more than $50,000 median income is a key indicator. Therefore, those numbers are significant and balanced with the overall cost of living.

Chart C – Median Household Income Distribution



In addition to taking a look at the Median Age and Median Income, it is important to examine Household Budget Expenditures. Reviewing housing information; shelter, utilities, fuel and public services along with entertainment & recreation can provide a snapshot into the cost of living and spending patterns in the services areas. The table below looks at that information and compares the service areas.

Table D – Household Budget Expenditures[3]:

Primary Service Area	SPI	Average Amount Spent	Percent
Housing	104	$34,027.47	32.2%
Shelter	*103*	*$27,466.00*	*26.0%*
Utilities, Fuel, Public Service	*110*	*$6,561.47*	*6.2%*
Entertainment & Recreation	109	$4,451.52	4.5%

Secondary Service Area	SPI	Average Amount Spent	Percent
Housing	82	$26,714.46	31.6%
Shelter	*79*	*$21,181.21*	*25.0%*
Utilities, Fuel, Public Service	*93*	*$5,533.24*	*6.5%*
Entertainment & Recreation	92	$3,495.50	4.5%

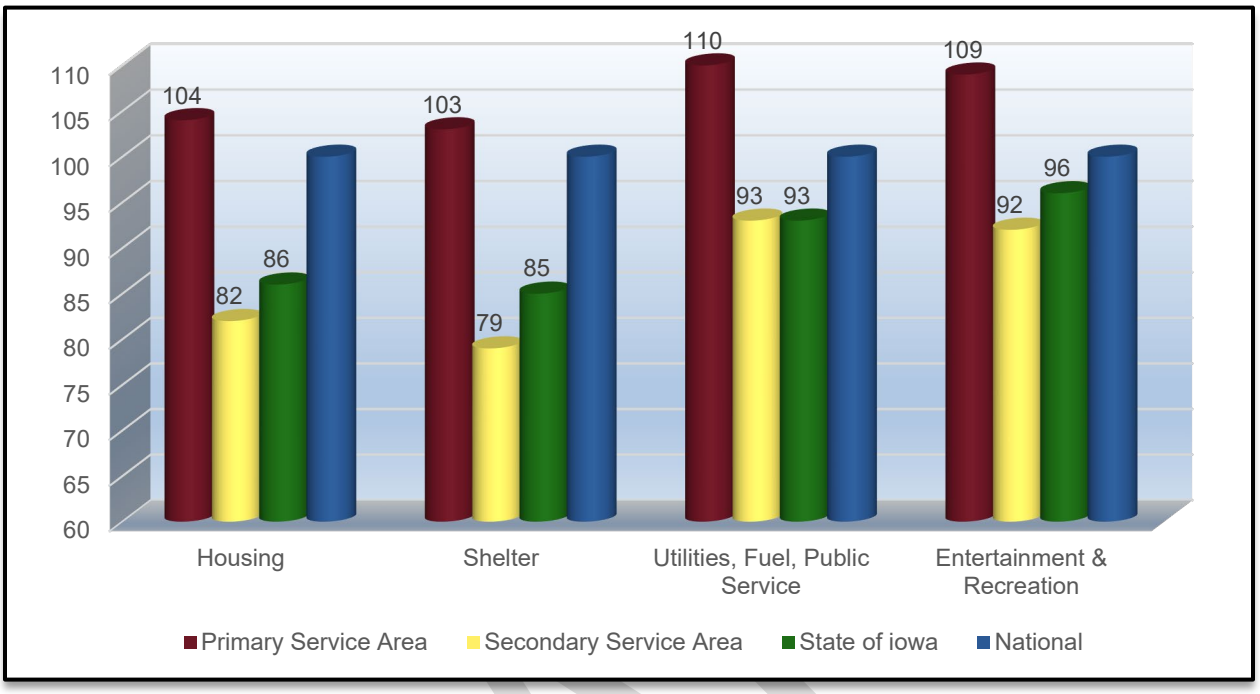
State of Iowa	SPI	Average Amount Spent	Percent
Housing	86	$26,444.36	32.1%
Shelter	*85*	*$21,054.48*	*25.6%*
Utilities, Fuel, Public Service	*93*	*$5,389.88*	*6.6%*
Entertainment & Recreation	96	$3,627.74	4.4%

SPI: Spending Potential Index as compared to the National number of 100.
Average Amount Spent: The average amount spent per household.
Percent: Percent of the total 100% of household expenditures.

Note: *Shelter along with Utilities, Fuel, Public Service are a portion of the Housing percentage.*

[3] Consumer Spending data are derived from the 2018 and 2019 Consumer Expenditure Surveys, Bureau of Labor Statistics. ESRI forecasts for 2024 and 2029.

Chart D – Household Budget Expenditures Spending Potential Index:



The consistency between the median household income and the household budget expenditures is important. It also points to the fact that compared to a National level the dollars available, the money being spent in the Primary Service Area is higher. This could point to the ability to pay for programs and services offered at a recreation facility of any variety.

Recreation Expenditures Spending Potential Index: Finally, through the demographic provider that B*K utilizes for the market analysis portion of the report, we can examine the overall propensity for households to spend dollars on recreation activities. The following comparisons are possible.

Table E – Recreation Expenditures Spending Potential Index[4]:

Primary Service Area	SPI	Average Spent
Fees for Participant Sports	112	$149.68
Fees for Recreational Lessons	94	$162.48
Social, Recreation, Club Membership	114	$344.02
Exercise Equipment/Game Tables	103	$109.64
Other Sports Equipment	92	$9.78

Secondary Service Area	SPI	Average Spent
Fees for Participant Sports	83	$110.25
Fees for Recreational Lessons	66	$113.60
Social, Recreation, Club Membership	83	$251.76
Exercise Equipment/Game Tables	68	$73.09
Other Sports Equipment	86	$9.12

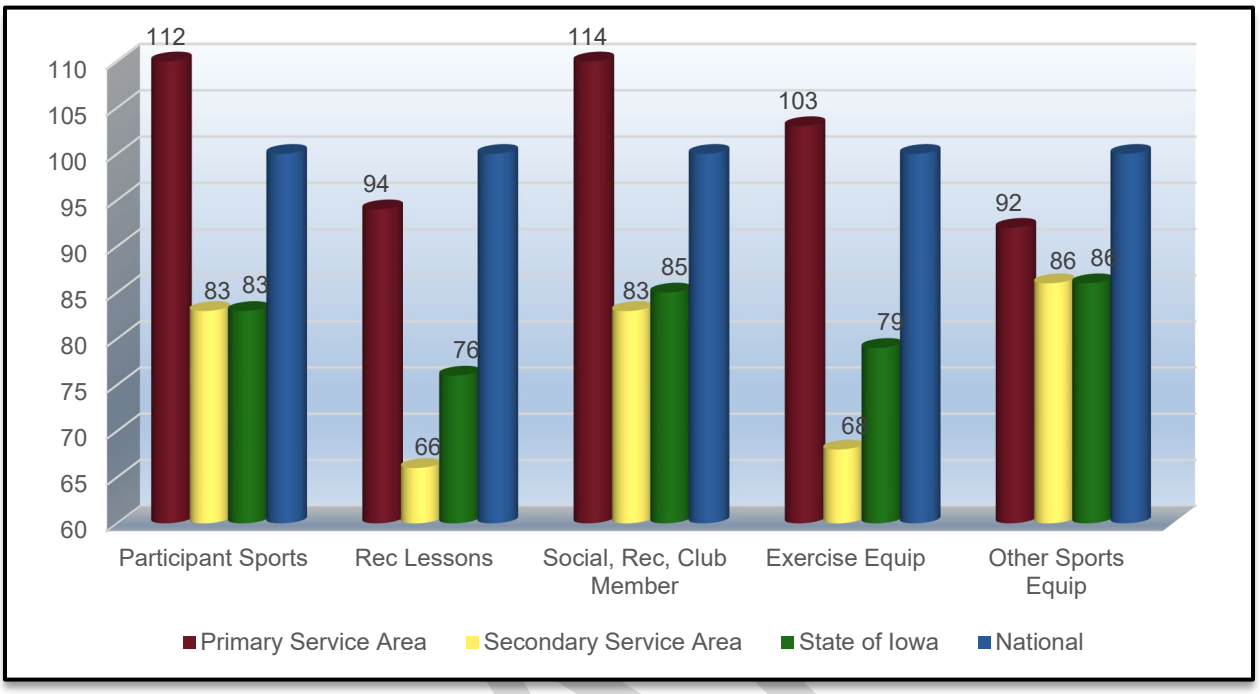
State of Iowa	SPI	Average Spent
Fees for Participant Sports	83	$99.34
Fees for Recreational Lessons	76	$109.57
Social, Recreation, Club Membership	85	$235.63
Exercise Equipment/Game Tables	79	$76.78
Other Sports Equipment	86	$9.62

Average Amount Spent: The average amount spent for the service or item in a year.

SPI: Spending potential index as compared to the national number of 100.

[4] Consumer Spending data are derived from the 2018 and 2019 Consumer Expenditure Surveys, Bureau of Labor Statistics.

Chart E – Recreation Spending Potential Index:



Again, there is a great deal of consistency between median household income, household budget expenditures and now recreation and spending potential.

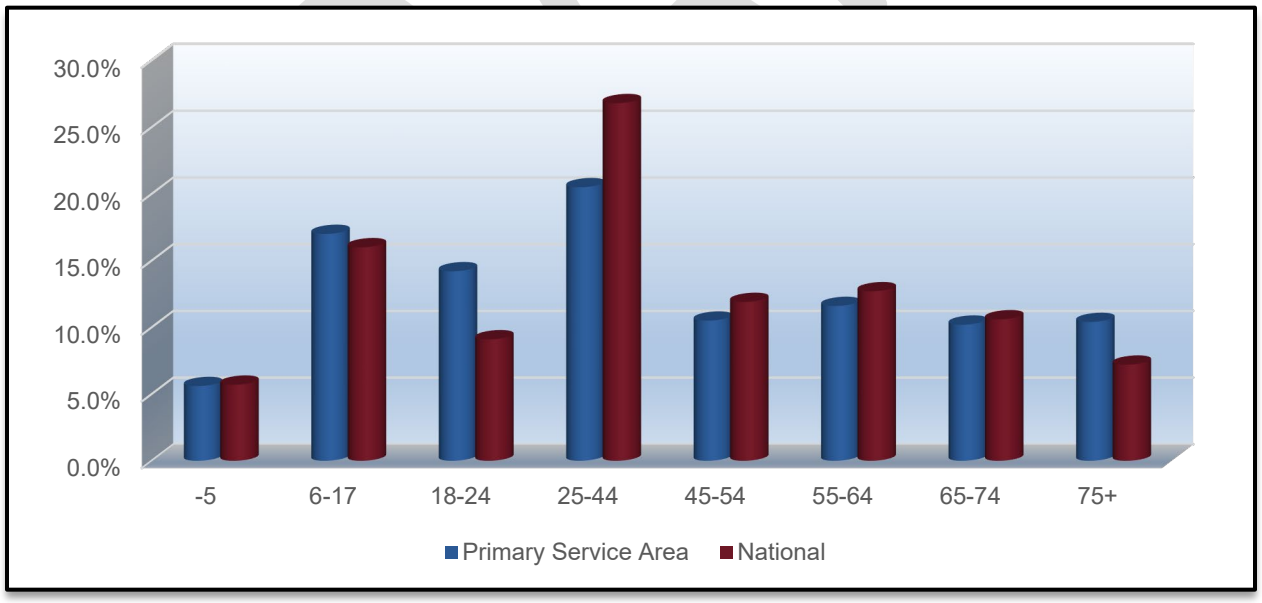
Population Distribution by Age: Utilizing census information for the Primary and Secondary Service Area, the following comparisons are possible.

Table F – 2024 Primary Service Area Age Distribution (ESRI estimates)

Ages	Population	% of Total	Nat. Population	Difference
0-5	804	5.6%	5.5%	+0.1%
5-17	2,452	17.0%	15.5%	+1.5%
18-24	2,043	14.2%	9.5%	+4.7%
25-44	2,964	20.5%	26.8%	-6.3%
45-54	1,514	10.5%	12.1%	-1.6%
55-64	1,686	11.6%	12.3%	-0.7%
65-74	1,476	10.2%	10.4%	-0.2%
75+	1,500	10.4%	7.7%	+2.7%

Population: 2024 census estimates in the different age groups in the Primary Service Area.
% of Total: Percentage of the Primary Service Area population in the age group.
National Population: Percentage of the national population in the age group.
Difference: Percentage difference between the Primary Service Area population and the national population.

Chart F – 2024 Primary Service Area Age Group Distribution



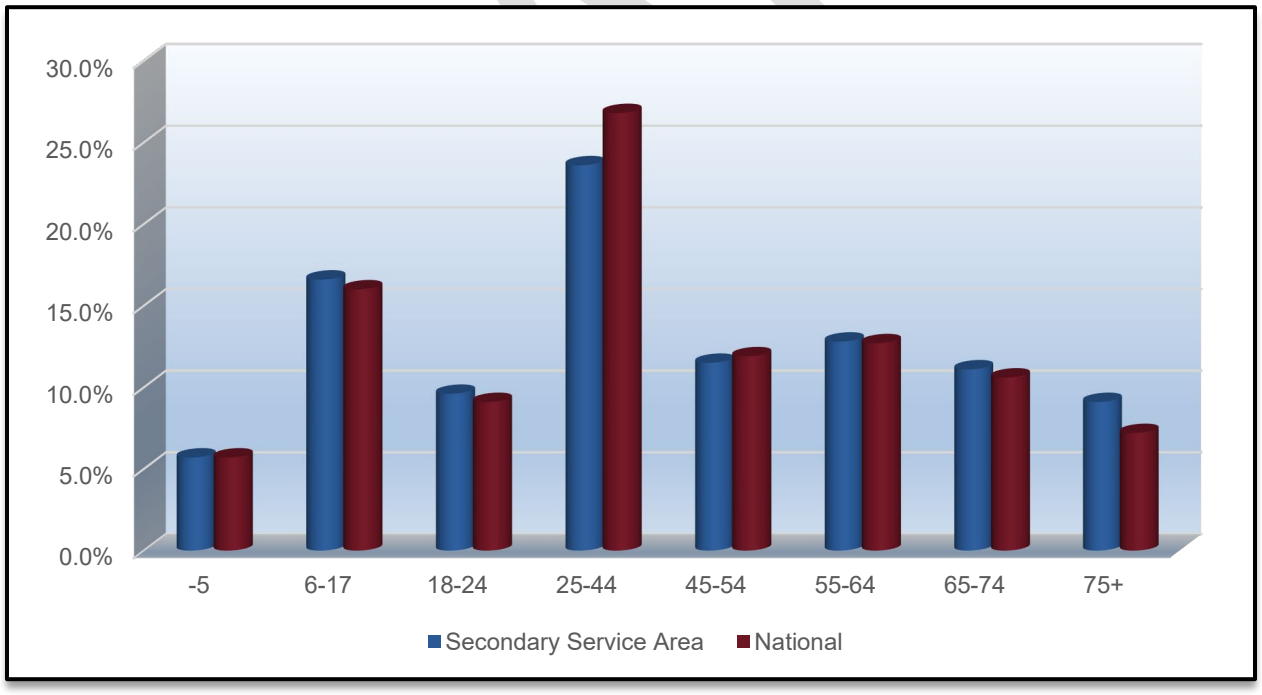
The demographic makeup of the Primary Service Area, when compared to the characteristics of the national population, indicates that there are some differences with a smaller population in the age groups 25-44, 45-54 and 65-74 age groups. The greatest positive variance is in the 25-44 age group with +2.7%, while the greatest negative variance is in the 25-44 age group with -4.8%.

Table G – 2024 Secondary Service Area Age Distribution (ESRI estimates)

Ages	Population	% of Total	Nat. Population	Difference
0-5	10,149	5.7%	5.5%	+0.2%
5-17	29,295	16.6%	15.5%	+1.1%
18-24	16,914	9.6%	9.5%	+0.1%
25-44	41,727	23.6%	26.8%	-3.2%
45-54	20,379	11.5%	12.1%	-0.6%
55-64	22,594	12.8%	12.3%	+0.5%
65-74	19,632	11.1%	10.4%	+0.7%
75+	16,145	9.1%	7.7%	+1.4%

Population: 2024 census estimates in the different age groups in the Secondary Service Area.
% of Total: Percentage of the Secondary Service Area population in the age group.
National Population: Percentage of the national population in the age group.
Difference: Percentage difference between the Secondary Service Area population and the national population.

Chart G – 2024 Secondary Service Area Age Group Distribution



The demographic makeup of the Secondary Service Area, when compared to the characteristics of the national population, indicates that there are some differences with a smaller population in the age groups 18-24, 25-44 and 45-54 age groups. The greatest positive variance is in the 75+ age group with +1.7%, while the greatest negative variance is in the 25-44 age group with -2.4%.

Population Distribution Comparison by Age: Utilizing census information from the Primary and Secondary Service Area, the following comparisons are possible.

Table H – 2024 Primary Service Area Population Estimates (U.S. Census Information and ESRI)

Ages	2020 Census	2024 Projection	2029 Projection	Percent Change	Percent Change Nat'l
-5	814	804	792	-2.7%	-9.1%
5-17	2,656	2,452	2,266	-14.7%	-8.2%
18-24	1,862	2,043	2,031	+9.1%	-7.7%
25-44	3,011	2,964	2,973	-1.3%	+3.6%
45-54	1,529	1,514	1,554	+1.6%	-16.5%
55-64	1,862	1,686	1,506	-19.1%	+1.7%
65-74	1,412	1,476	1,514	+7.2%	+61.3%
75+	1,322	1,500	1,724	+30.4%	+51.1%

Chart H – Primary Service Area Population Growth

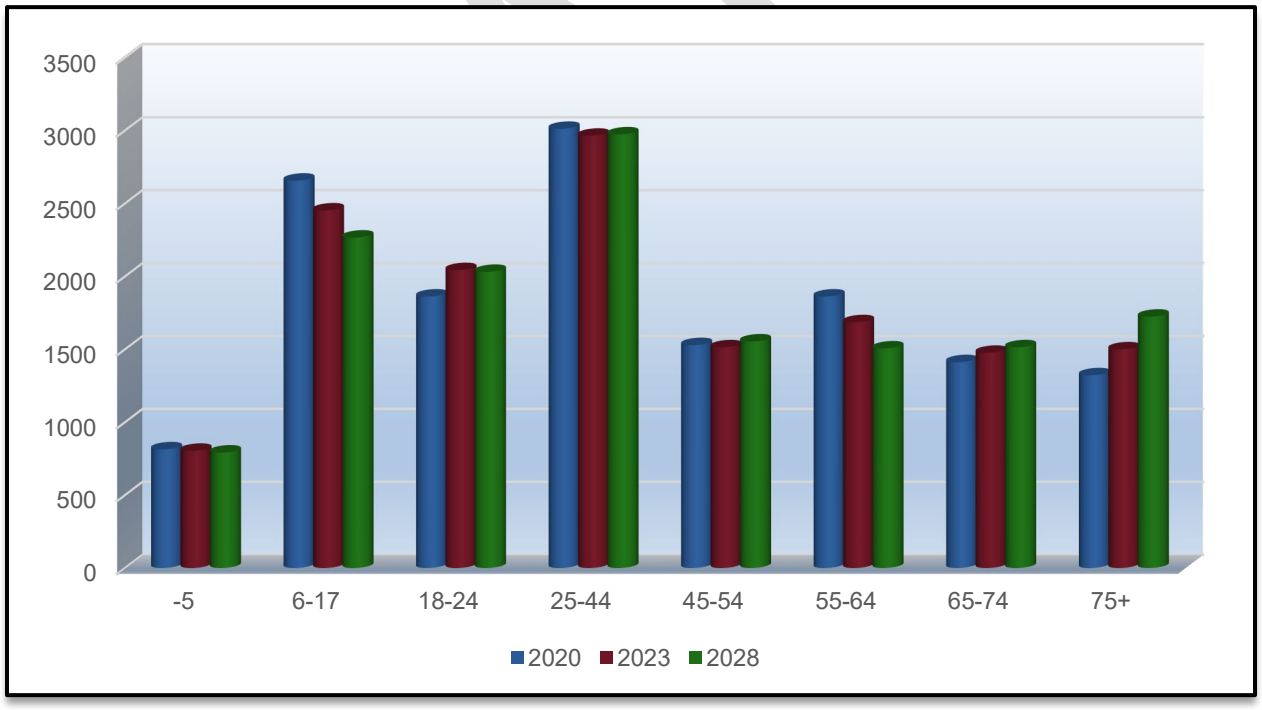


Table-H illustrates the growth or decline in age group numbers from the 2020 census until the year 2029. It is projected that age categories 5-17, 25-44, 55-64, 65-74 and 75+ will see an increase in population. The population of the United States is aging, and it is not unusual to find negative growth numbers in the younger age groups and significant net gains in the 45 plus age groupings in communities which are relatively stable in their population numbers.

Table I – 2024 Secondary Service Area Population Estimates (U.S. Census Information and ESRI)

Ages	2020 Census	2024 Projection	2029 Projection	Percent Change	Percent Change Nat'l
-5	10,192	10,149	10,112	-0.8%	-9.1%
5-17	30,523	29,295	27,276	-10.6%	-8.2%
18-24	15,831	16,914	16,607	+4.9%	-7.7%
25-44	41,340	41,727	42,279	+2.3%	+3.6%
45-54	20,527	20,379	20,708	+0.9%	-16.5%
55-64	24,237	22,594	20,514	-15.4%	+1.7%
65-74	18,633	19,632	20,785	+11.5%	+61.3%
75+	14,664	16,145	18,997	+29.5%	+51.1%

Chart I – Secondary Service Area Population Growth

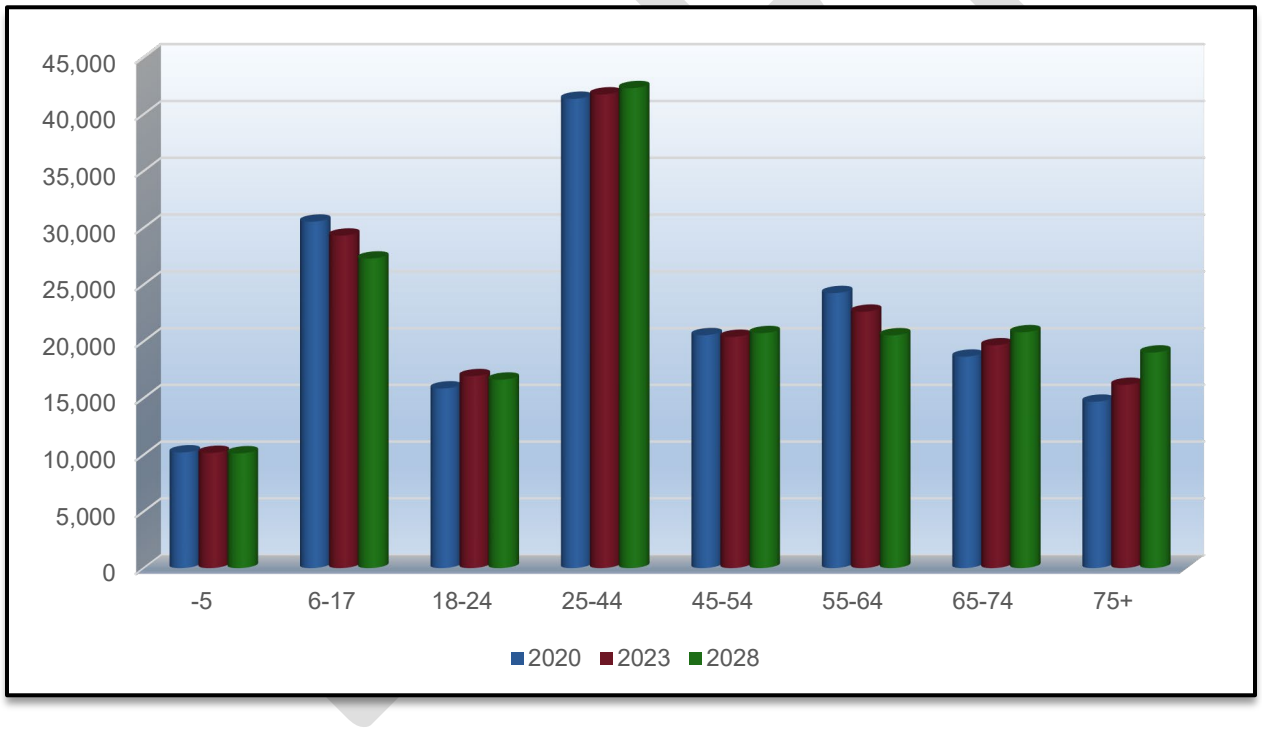


Table-I illustrates the growth or decline in age group numbers from the 2020 census until the year 2029. It is projected that age categories 65-74 and 75+ will see an increase in population. The population of the United States is aging, and it is not unusual to find negative growth numbers in the younger age groups and significant net gains in the 45 plus age groupings in communities which are relatively stable in their population numbers.

Below is listed the distribution of the population by race and ethnicity for the Primary and Secondary Service Area for 2024 population projections. Those numbers were developed from 2020 Census Data.

Table J – Primary Service Area Ethnic Population and Median Age 2024
(Source – U.S. Census Bureau and ESRI)

Ethnicity	Total Population	Median Age	% of Population	% of IA Population
Hispanic	362	23.8	2.5%	7.3%

Table K – Primary Service Area by Race and Median Age 2024
(Source – U.S. Census Bureau and ESRI)

Race	Total Population	Median Age	% of Population	% of IA Population
White	13,273	40.3	91.9%	83.4%
Black	141	20.6	1.0%	4.5%
American Indian	22	21.7	0.2%	0.5%
Asian	306	38.0	2.1%	2.4%
Pacific Islander	19	20.6	0.1%	0.3%
Other	138	23.4	1.0%	3.0%
Multiple	540	22.8	3.7%	6.0%

2024 Primary Service Area Total Population: 14,439 Residents

Chart J – 2024 Primary Service Area Population by Non-White Race

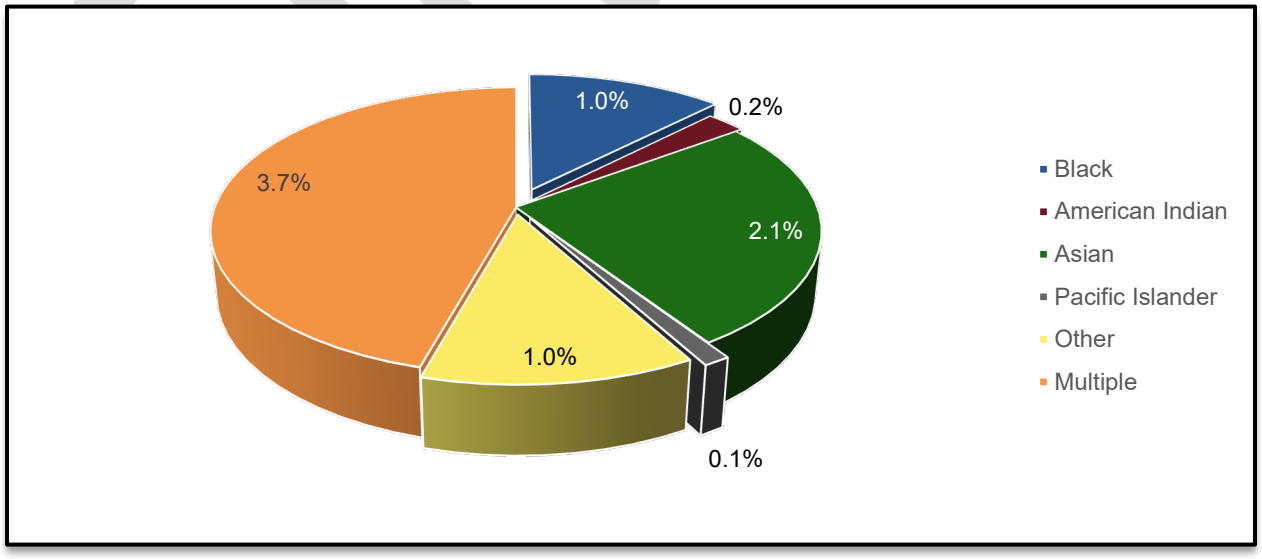


Table L – Secondary Service Area Ethnic Population and Median Age 2024

(Source – U.S. Census Bureau and ESRI)

Ethnicity	Total Population	Median Age	% of Population	% of IA Population
Hispanic	9,362	24.2	5.2%	7.3%

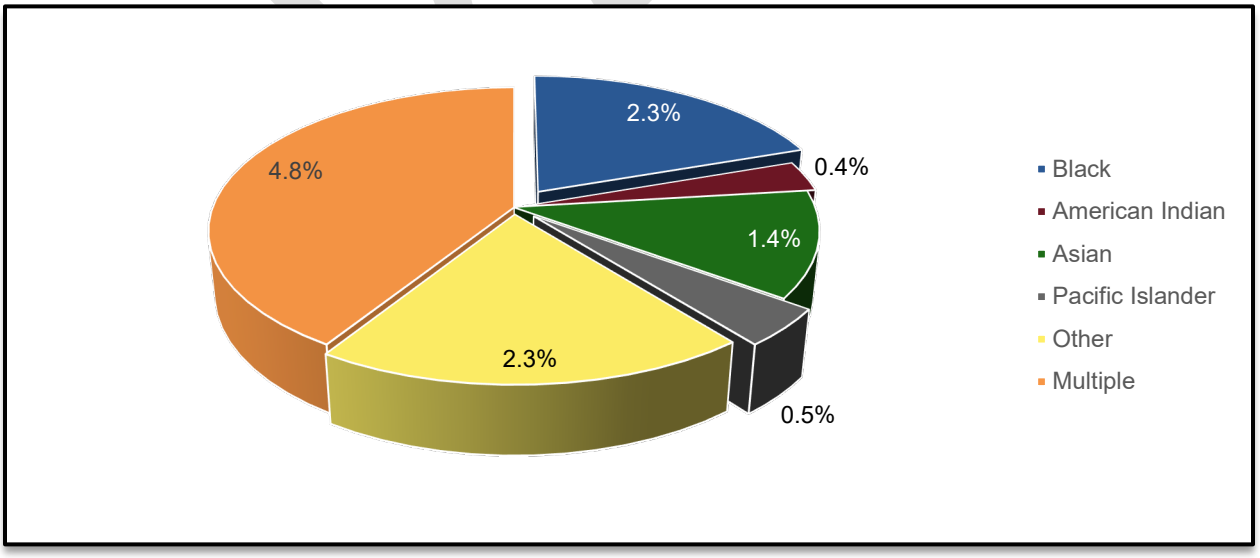
Table M – Secondary Service Area by Race and Median Age 2024

(Source – U.S. Census Bureau and ESRI)

Race	Total Population	Median Age	% of Population	% of IA Population
White	156,000	42.7	88.2%	83.4%
Black	4,062	25.8	2.3%	4.5%
American Indian	736	33.5	0.4%	0.5%
Asian	2,482	35.3	1.4%	2.4%
Pacific Islander	947	20.7	0.5%	0.3%
Other	9,059	26.6	2.3%	3.0%
Multiple	8,552	24.6	4.8%	6.0%

2024 Secondary Service Area Total Population: 176,836 Residents

Chart K – 2024 Secondary Service Area Population by Non-White Race



Demographic Summary

The following summarizes the demographic characteristics of the service areas.

- The population within the Primary Service Area is such that it would not support an indoor recreation center without a larger Secondary Service Area. B*K typically looks for a population of greater than 50,000 within the primary service area as a key indicator. The Secondary Service Area provides a population exceeding this.

- The median age in the Primary Service Area is lower than the State and National numbers. A lower median age points to young families with children, which are significant participants in recreation and aquatic programs. As such, the median age is a benefit to the project.

- The Primary Service Areas has a higher percentage of households with children (30.8%) than both the state and national average of about 30%. In addition the Secondary Service Area has large number of households with children.

- The Primary Service Area has a higher median household income significantly higher (31%) than the state of Iowa and the national average. Income level is important when it comes to price point for programs and services, subsequently the cost recovery level of a facility. The income level suggests that the service areas will be able to support a facility. The Secondary Service Area is slightly behind the state

- The Household Budget Expenditures and the Recreation Spending Potential are consistent with the median household income. The consistency is important for the financial performance of the future facility. It is also important to note, specific to recreation, that those dollars are currently being spent with other providers by City residents.

- The age distribution in the Primary Service Area is such that 22.6% is under the age of 18 and 32.2% is over the age of 55. These are two age groups that will be significant users of aquatic programs and services. Additionally, it is projected that the 55+ age categories are projected to increase substantially through 2029.

- The Recreation Spending Index is higher than the national level of 100 for the Primary Service Area in 7 of the 18 activities identified. This demonstrates a high level of interest in recreation.

Section II – Participation Figures

In addition to analyzing the demographic realities of the service areas, it is possible to project possible participation in recreation and sport activities.

Participation Numbers: On an annual basis, the National Sporting Goods Association (NSGA) conducts an in-depth study and survey of how Americans spend their leisure time. The data is collected in one year and the report is issued in May of the following year. This information provides the data necessary to overlay rate of participation onto the Primary and Secondary Area to determine market potential.

B*K takes the national average and combines that with participation percentages of the Primary and Secondary Service Area based upon age distribution, median income, region and National number. Those four percentages are then averaged together to create a unique participation percentage for the service area. This participation percentage, when applied to the population of the Primary and Secondary Service Area, then provides an idea of the market potential for indoor recreation.

Market Potential Index for Adult Participation: In addition to examining the participation numbers for various outdoor activities through the National Sporting Goods Association, the 2020 Survey and the Spending Potential Index for Entertainment & Recreation, B*K can access information about Sports & Leisure Market Potential. The following information illustrates participation rates for adults in indoor activities.

Market Potential Index (MPI) for Participation in Activities in Primary Service Area

Adults participated in:	Expected Number of Adults	Percent of Population	MPI
Aerobics	731	6.5%	85
Baseball	319	2.9%	98
Basketball	576	5.2%	94
Bicycle (Road)	1,256	11.2%	102
Exercise Walking	3,777	33.8%	103
Football	274	2.5%	96
Golf	1,033	9.2%	115
Running/Jogging	1,064	9.5%	92
Pickleball	295	2.6%	106
Pilates	236	2.1%	77
Ping Pong	438	3.9%	103
Soccer	263	2.4%	75
Swimming	1,964	17.6%	112
Tennis	428	3.8%	101
Volleyball	254	2.3%	91
Weight Lifting	1,646	14.7%	98
Yoga	1,087	9.7%	97
Zumba	229	2.0%	69

Expected # of Adults: Number of adults, 18 years of age and older, participating in the activity in the Service Area.
Percent of Population: Percent of the service area that participates in the activity.
MPI: Market potential index as compared to the national number of 100.

This table indicates that the overall propensity for adults to participate in activities is greater than the national number of 100. In many cases, when a participation number is lower than the National number, this is due to a lack of facilities or an inability to pay for services and programs.

Market Potential Index (MPI) for Participation in Activities in Secondary Service Area

Adults participated in:	Expected Number of Adults	Percent of Population	MPI
Aerobics	7,897	5.7%	75
Baseball	3,876	2.8%	97
Basketball	6,512	4.7%	86
Bicycle (Road)	14,083	10.3%	93
Exercise Walking	44,498	32.4%	99
Football	3,629	2.6%	104
Golf	11,858	8.6%	108
Running/Jogging	11,063	8.1%	78
Pickleball	3,105	2.3%	90
Pilates	2,654	1.9%	71
Ping Pong	4,612	3.4%	89
Soccer	2,909	2.1%	67
Swimming	23,296	17.0%	108
Tennis	3,851	2.8%	74
Volleyball	3,339	2.4%	97
Weight Lifting	18,025	13.1%	88
Yoga	10,927	8.0%	79
Zumba	2,585	1.9%	64

Expected # of Adults: Number of adults, 18 years of age and older, participating in the activity in the Service Area.
Percent of Population: Percent of the service area that participates in the activity.
MPI: Market potential index as compared to the national number of 100.

This table indicates that the overall propensity for adults to participate in activities is greater than the national number of 100. In many cases, when a participation number is lower than the National number, this is due to a lack of facilities or an inability to pay for services and programs.

Section III – Trends

Facility Trends: Developing and managing a variety of recreation facilities is the main focus of public agencies in many communities. The types of facilities that are now provided by parks and recreation departments have become more diverse, and expensive to acquire, develop and maintain. As a result, establishing a master plan is critical to determining facility development roles, timelines, and priorities.

National Recreation and Park Association (NRPA) – NRPA's 2024 Agency Performance Review document has specific information on recreation facilities that are provided by park and recreation agencies nationally.

Amenities	Percentage of Agencies	Median Number of Residents per Facility (Under 20,000 pop)
Recreation Centers	62%	9,685
Community Centers	59%	8,908
Outdoor Swimming Pools	49%	14,286
Indoor Aquatic Centers	30%	12,769
Senior Centers	40%	9,430
Amphitheaters	40%	12,618
Nature Centers	34%	10,633
Stadiums	19%	14,797
Indoor Ice Rinks	12%	8,004
Teen Centers	12%	7,057
Arenas	9%	9,685

Responsibilities of Parks and Recreation Agencies Nationally:

Responsibilities	Percentage of Agencies
Provide Recreation Programs and Services	93%
Operate and Maintain Indoor Facilities	93%
Conduct Community Wide Special Events	83%
Operate, Maintain, Contract Outdoor Swim Facilities	67%
Administer/Manage Outdoor Sports Complex	57%
Manage Outdoor Amphitheaters	36%
Operate, Maintain Contract Indoor Swim Facilities	31%
Maintain, Manage, Lease Indoor Performing Arts Ctr.	19%
Manage Indoor Sports Complexes	20%

Recreation/Community Centers **–** Recreation/Community centers are usually developed on three levels.

- *Clubhouse/Community Building* **–** smaller buildings that are designed to serve as a community room(s) for individual neighborhoods. The size is usually less than 5,000 sq. ft. and requires less than 3 acres. These amenities are usually located next to a neighborhood pool or park. .

- *Community Center* – are larger community buildings with multiple, more passive use, spaces that serve an area of a community. These vary in size and amenities and can range from 5,000 to over 30,000 sq. ft. and require 3-5 acres. This level of center can also be combined with a comprehensive community recreation center or community aquatic center. These centers are usually part of a community park.

- *Comprehensive Community Recreation Center* – this is a large center that contains both active (pool, gym, fitness, etc.) and passive use elements (community rooms) and is designed to serve a substantial geographic area (30,000 or more). The facility is usually over 30,000 sq. ft. to as much as 80,000 sq. ft. and requires 8 acres or more. These are often developed through partnerships with other organizations or other groups (YMCA, etc.). These centers are normally part of a community or regional park.

Health & Fitness Association (formerly IHRSA) – 2024 U.S. Health & Fitness Consumer Report. Based on annual online study conducted in 2023 by Sports Marketing Surveys USA, in collaboration with the Physical Activity Council, with analysis by LEK Consulting. The study included 18,000 interviews aged 6 and older

- 72.9 million members at US fitness facilities in 2023
  - 23.7% of US population
  - 5.8% increase over 2022
    - Largest year over year increase since 2017
- Strong growth in all categories of fitness facilities
  - Fitness-only, multipurpose centers and boutique studios increasing most
- Total number of users (members & non-members reached 90.7 million)
  - 9.7% increase over 2022
- Average member visited facility 81 times in 2023
  - 78 visits in 2022
  - 72 visits in 2021
  - 119 visits in 2019
- Average monthly fitness facility dues increased by 9% in 2023 to $65 per month.
  - 67% of facility members paid less than $50 per month
  - Those charging $100 or more per month had a higher % membership growth (7.9%) than overall membership growth
- Other key trends

  - Significant engagement from Hispanic members
  - A shift toward specialized fitness experiences
  - Shorter membership tenure among younger members
  - A rise in low-frequency attendance

Other Recreation Facility Trends

- Many communities are now developing an indoor facility level of service (LOS) standard that is between 1SF to 2SF per person.
- The development of capital replacement budgets for key facility amenities with an established funding source.
- Outsourcing operations and management to other organizations. This is particularly true for specialty facilities.
- Much stronger emphasis on generating revenues to offset the cost of operations.
- Moving away from smaller community buildings and neighborhood pools to more comprehensive facilities that serve a larger population base.
- Comprehensive tracking of operations, utilization, and budget metrics to justify facilities.
- For new facilities it is common for the following to occur.
  - The completion of a feasibility study to determine need, site, amenities, capital and operations costs.
  - Identification of specific funding sources for capital and operations
  - Integration of the public into planning and development.

National Summary of Sports Participation: The following chart summarizes participation for indoor activities utilizing information from the 2023 National Sporting Goods Association survey.

Sports Participation Summary

Sport	Nat'l Rank[5]	Nat'l Participation (in millions)
Exercise Walking	1	110.2
Cardio Fitness	2	95.1
Strength Training	3	74.5
Exercising w/ Equipment	4	52.9
Swimming	6	44.9
Running/Jogging	7	43.1
Bicycle Riding	8	42.4
Weightlifting	10	36.8
Yoga	11	30.7
Workout @ Club	13	29.1
Basketball	15	24.2
Billiards/Pool	16	21.5
Table Tennis/Ping Pong	23	12.9
Volleyball	27	10.9
Pickleball	30	9.9
Pilates	40	6.7
Gymnastics	43	6.1
Martial Arts/MMA	44	6.0
Boxing	46	5.3
Wrestling	51	5.3
Cheerleading	52	3.35

Nat'l Rank: Popularity of sport based on national survey.
Nat'l Participation: Population that participate in this sport on national survey.

[5] This rank is based upon the 58 activities reported on by NSGA in their 2023 survey instrument.

National Participation by Age Group: Within the NSGA survey, participation is broken down by age groups. As such B*K can identify the top 3 age groups participating in the activities reflected in this report.

Participation by Age Group:

Activity	Largest	Second Largest	Third Largest
Aerobics	35-44	25-34	45-54
Basketball	12-17	25-34	18-24
Bicycle Riding	55-64	45-54	12-17
Billiards/Pool	25-34	34-44	45-54
Bowling	25-34	35-44	18-24
Cheerleading	12-17	7-11	18-24
Exercise Walking	55-64	65-74	45-54
Exercise w/ Equipment	25-34	45-54	55-64
Gymnastics	7-11	12-17	25-34
Martial Arts MMA	7-11	25-34	12-17
Pickleball	12-17	65-74	18-24
Pilates	25-34	35-44	45-54
Running/Jogging	25-34	35-44	45-54
Swimming	55-64	12-17	7-11
Tables Tennis	25-34	18-24	12-17
Volleyball	12-17	25-34	18-24
Weight Lifting	25-34	45-54	35-44
Workout at Clubs	25-34	35-44	45-54
Wrestling	12-17	25-34	7-11
Yoga	25-34	35-44	45-54
Did Not Participate	45-54	55-64	65-74

Largest: Age group with the highest rate of participation.
Second Largest: Age group with the second highest rate of participation.
Third Largest: Age group with the third highest rate of participation.

National Sports Participation Trends: Below are listed several sports activities and the percentage of growth or decline that each has experienced nationally over the last ten years (2014-2023).

National Activity Trend (in millions)

Increase in Participation	2014 Participation	2023 Participation	Percent Increase
Pickleball	1.7	9.9	482.4%
Table Tennis/Ping Pong	9.9	12.9	30.3%
Wrestling	2.9	3.6	24.1%
Ice/Figure Skating	7.3	9	23.3%
Pilates	5.5	6.7	21.8%
Tennis	12.4	15.1	21.8%
Bicycle Riding	35.6	42.4	19.1%
Soccer	13.4	15.3	14.2%
Gymnastics	5.4	6.1	13.0%
Weight Lifting	34.0	36.8	8.2%
Dart Throwing	10.1	10.9	7.9%
Volleyball	10.2	10.9	6.9%
Exercise Walking	104.3	110.2	5.7%
Yoga	29.2	30.7	5.1%
Basketball	23.7	24.2	2.1%
Running/Jogging	43.0	43.1	0.2%

Decrease in Participation	2014 Participation	2023 Participation	Percent Decrease
Football (flag)	6.3	6.2	-1.6%
Baseball	11.3	11.1	-1.8%
Swimming	45.9	44.9	-2.2%
Exercising w/ Equipment	55.1	52.9	-4.0%
Martial Arts / MMA	6.3	6	-4.8%
Football (tackle)	7.5	6.8	-9.3%

2014 Participation: The number of participants per year in the activity (in millions) in the United States.
2023 Participation: The number of participants per year in the activity (in millions) in the United States.
Percent Change: The percent change in the level of participation from 2014 to 2023.

Aquatic Participation Trends: Swimming continues to be one of the most popular sports and leisure activities as indicated in the previous charts. Approximately 18.1% of the population in the West North Central region of the country participates in aquatic activities. This is a significant segment of the population.

The idea of incorporating slides, lazy rivers (or current channels), fountains, zero depth entry and other water features into a pool's design has proved to be extremely popular for the recreational user. The age of the conventional pool in most recreational settings has greatly diminished. Leisure pools appeal to the younger kids (who are the largest segment of the population that swims) and to families. These types of facilities are able to attract and draw larger crowds and people tend to come from a further distance and stay longer to utilize such pools. This all translates into the potential to sell more admissions and increase revenues. It is estimated conservatively that a leisure pool can generate up to 30% more revenue than a comparable conventional pool and the cost of operation while being higher, has been offset through increased revenues. Of note is the fact that patrons seem willing to pay a higher user fee with this type of pool that is in a park like setting than a conventional aquatics facility.

Despite the recent emphasis on recreational swimming the more traditional aspects of aquatics (including swim teams, instruction and aqua fitness) remain as an important part of most aquatic centers. The life safety issues associated with teaching children how to swim is a critical concern in most communities and competitive swim team programs through USA Swimming, high schools, masters, and other community based organizations continue to be important. Aqua fitness, from aqua exercise to lap swimming, has enjoyed strong growth during the last ten years with the realization of the benefits of water-based exercise.

A competitive pool allows for a variety of aquatic activities to take place simultaneously and can handle aqua exercise classes, learn to swim programs as well competitive swim training and meets (short course and possibly long course). In communities where there are several competitive swim programs, utilizing a pool with 8 lanes or more is usually important. A competitive pool that is designed for hosting meets will allow a community to build a more regional or even national identity as a site for competitive swimming. However, it should be realized that regional and national swim meets are difficult to obtain on a regular basis, take a considerable amount of time, effort and money to run; can be disruptive to the regular user groups and can be financial losers for the facility itself. On the other side, such events can provide a strong economic stimulus to the overall community.

The multi-function indoor aquatic center concept of delivering aquatics services continues to grow in acceptance with the idea of providing for a variety of aquatics activities and programs in an open design setting that features a lot of natural light, interactive play features and access to an outdoor sun deck. The placing of traditional instructional/competitive pools, with shallow depth/interactive leisure pools and therapy water, in the same facility has been well received in the market. This idea has proven to

be financially successful by centralizing pool operations for recreation service providers and through increased generation of revenues from patrons willing to pay for an aquatics experience that is new and exciting. Indoor aquatic centers have been instrumental in developing a true family appeal for community-based facilities. The keys to success for this type of center revolve around the concept of intergenerational use in a quality facility that has an exciting and vibrant feel in an outdoor like atmosphere.

Also changing is the orientation of aquatic centers from stand-alone facilities that only have aquatic features to more of a full-service recreation center that has fitness, sports and community based amenities. This change has allowed for a better rate of cost recovery and stronger rates of use of the aquatic portion of the facility as well as the other "dry side" amenities.

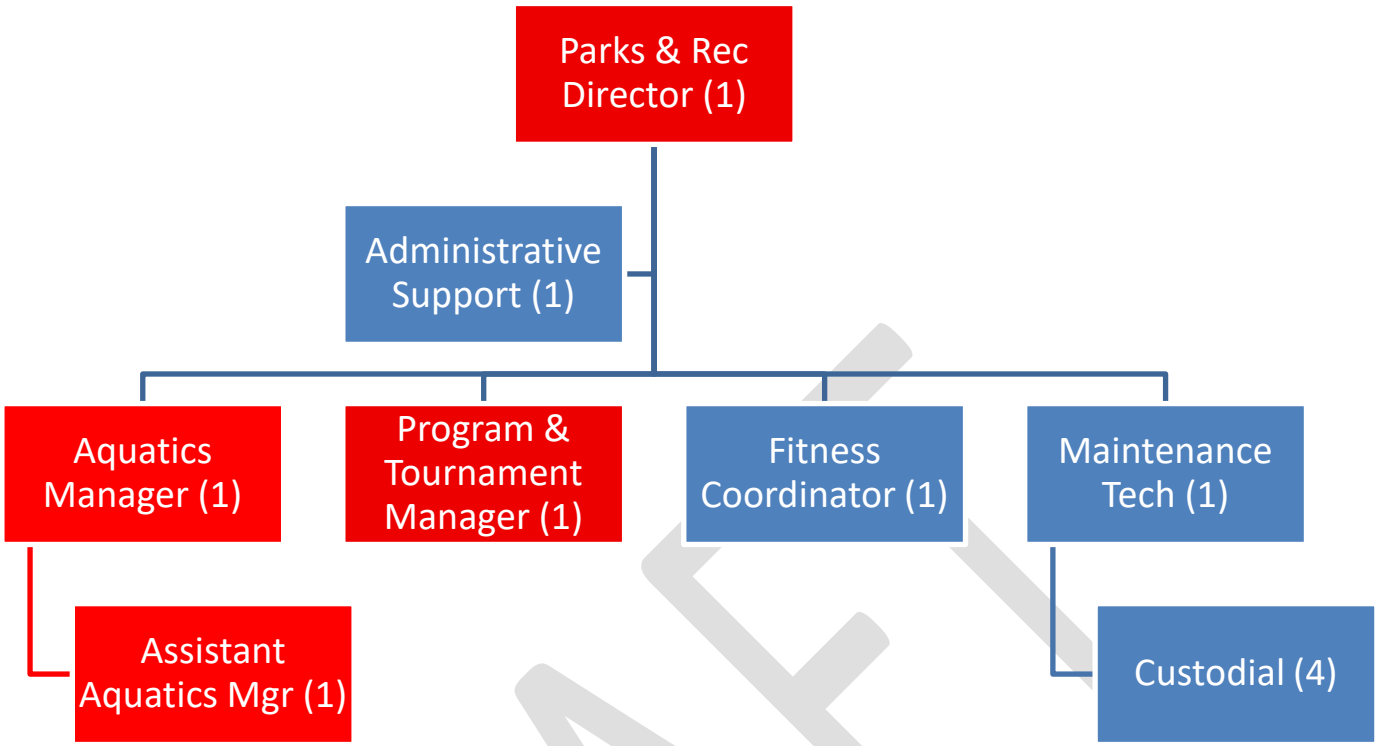
Section IV – Operation Plan

Ballard*King & Associates (B*K) has been hired by the City of Pella to complete an operational study for the proposed indoor facility. The following items are operational assumptions B*K will make and/or need guidance on completing our planning work.

In addition to the operational figures in this section of the report, an Excel document has been provided to the City that contains all details.

- The City of Pella will operate the facility.
- The weight training equipment will be purchased. Buy-back period for weight training equipment is typically a 10-year life span.
- The cardio training equipment will be purchased initially. Due to the use and maintenance costs of this equipment, B*K recommends moving to a lease in year 4, which has been reflected in the expenditures. The advantage of a lease is keeping new equipment on your cardio floor and keeping up with technology with limited maintenance costs.
- Maintenance staff, who will be assigned solely to this facility, will be City employees. Specialty services such as annual refinish of hardwood floors, upkeep of UV sanitation, limited HVAC will be completed through contracts.
- Custodial staff, who will be assigned solely to this facility, will be City employees.
- B*K typically includes a capital improvement fund allocation. For purposes of these plans, a figure of $71,000 to $80,000 has been included.
- Proposed Hours of Operation:
    - Monday-Friday 5:30A-9:00P
    - Saturday 7:00A-7:00P
    - Sunday 10:00A-7:00P
    - Total 98.5 Hours

The following page provides an organizational chart for the full-time positions associated with the operation of the facility.



These positions were prescribed by B*K and have been confirmed by the City. It is important to note that the City currently provides year round recreation and aquatics. As such, the positions in red above are already in the City's budget with the anticipation of responsibilities shifting with a new recreation facility coming on-line. The plan would entail creating 7 new positions. The maintenance and custodial positions reflected in this budget would function in the full facility. The Administrative Support position is to handle the membership database as well as the financial operations of the facility. The Fitness Coordinator would have primary responsibility for the operations of the fitness center and scheduling group fitness classes and personal trainers with the capability of assisting with other programs within the facility and City-wide.

New Full-Time Staff:

- Administrative Support (1) $58,000
- Fitness Coordinator (1) $60,000
- Maintenance Tech (1) $55,000
- Custodial (4) $35,000

- Benefits factor of 35% of total salaries has been applied.

Part Time Staff:

- Lead Front Desk $17.00
- Front Desk $14.00
- Head Lifeguards $17.00
- Lifeguards $16.00
- Building Attendant $16.00
- Fitness Attendant $14.00
- Lead Child Care $16.00
- Lead Concessions $16.00
- Concessions $14.00

- Swim Lesson Instructors
- Group Exercise Instructors
- Personal Trainers
- Contract Instruction

- 8.5% FICA and other benefits.

Fee Structure:

	Daily Admission
Age 2 & Under	$0
Youth (3-18)	$8.00
Adult (19-59)	$12.00
Senior (60+)	$8.00
10-Punch Pass	$96.00

	Monthly Membership
Youth (3-18)	$55
Adult (19-59)	$70
Senior (60+)	$55
Senior +1	$70
Household (6 maximum)	$115

Market Penetration:

- Pella Primary Service Area[6] 10.6% of Households
- Secondary Service Area[7] 0.4% of Households

[6] Pella has a considerable number of businesses attracting employees (12,160) from beyond the city boundaries. The penetration rate drops to 8.8% with Alternative 1 due to the elimination of the leisure pool.
[7] The Secondary Service Area is quite large with alternative providers. When considering a only a 20-minute drive, the facility would capture 8.8%.

Full Facility Projected Expenditures

The following illustrates a line-item budget for the proposed facility. The operational numbers are based on the best information available during the study, combined with B*K's familiarity with the project type, and input from the City.

Personnel	
New Full-Time	$422,550
New Part-Time	$621,622
Sub-Total	$1,044,172

Commodities	
Office supplies (forms, ID, film)	$10,000
Chemicals	$42,750
Maintenance/repair/materials	$20,000
Janitor supplies	$20,000
Recreation supplies	$10,000
Safety supplies	$5,000
Uniforms	$6,056
Printing/postage	$2,000
Concessions (food/supplies)[8]	$35,846
Vending Opportunities/Re-sale	$1,000
Other Misc. expenses	$2,000
Fuel/Mileage	$1,500
Sub-Total	$156,152

[8] This item was left in the operational plan. The in-house concession operation may need to be supplemented with food trucks or outside vendors for large tournaments.

Contractual	
Electric & Gas	$279,489
Water/Sewer	$31,122
Trash	$5,000
Insurance (property & liability)	$19,964
Communications (phone	$10,500
Contract services	$30,000
Contractual Instructors	$35,196
Fitness Equipment Lease	-
Equipment Maintenance	$12,000
Monitor Services	$4,000
Rental Equipment	$5,000
Advertising	$10,000
Travel/Training	$5,000
Dues/subscriptions	$2,500
Bank Charges[9]	$47,032
IT Licenses & Charges (software)[10]	$7,878
Deposit Services	-
Other	$ 2,000
Sub-Total	$506,641

Expense Totals	
Personnel	$1,044,172
Commodities	$156,152
Contractual	$506,641
Capital Improvement Replacement Fund	$79,854
Total Expense Budget	$1,786,819

[9] Factored at 3% of total revenue generation.
[10] Factored at .05% of total revenue generation.

Full Facility Projected Revenues

The following revenue opportunities developed by B*K are based on information familiarity with the market and experience as facility operators. The projections are what B*K feels the department could anticipate achieving in year 1 of the operation.

	New Revenue
Fees	
Daily Admission	$103,440
Punch Pass	$16,128
Membership	$906,600
Sub-Total	$1,026,168
Programs	
Aquatic	$82,646
Recreation	$35,780
Fitness	$52,840
Sub-Total	$171,266
Other	
Re-Sale	$1,500
Concessions	$119,488
Birthday Parties	$34,100
Competition Rental (pool)	$9,600
Practice Rental (pool)	$90,240
Leisure Pool Rentals	$4,000
Gym Rentals	$111,360
Sub-Total	$370,288
Total Revenue Projection	$1,567,722

B*K has taken a conservative approach to revenue projection. It is possible that the City could exceed these revenue projections, and that should be the goal. It is also possible that the City is currently offering programs at other locations that could be housed at this new facility, hence reflecting more revenue.

5-Year Operational Projections

The following is a 5-year projection for the operation. Year 1 assumes the first full budget year of operation.

	Year 1	Year 2	Year 3	Year 4	Year 5
Expenses	$1,786,819	$1,822,555	$1,877,232	$1,957,549	$2,016,276
Revenue	$1,567,722	$1,646,108	$1,728,414	$1,780,266	$1,833,674
	($219,097)	($176,447)	($148,819)	($177,283)	($182,602)
Cost Recovery	87.7%	90.3%	92.1%	90.9%	90.9%
Replacement (Cumulative	$79,854	$159,708	$239,562	$319,416	$399,270

Most indoor recreation facilities do not reach a “normal” operational pattern until they reach Year 3 of operation. The following provides the average cost recovery for years 3-5.

Expenses	$1,950,352
Revenue	$1,780,784
	($169,568)
Cost Recovery	91.3%

Alternative 1 Projected Expenditures

The following illustrates a line-item budget for the proposed facility. The operational numbers are based on the best information available during the study, combined with B*K's familiarity with the project type, and input from the City.

Personnel	
New Full-Time	$422,550
New Part-Time	$457,563
Sub-Total	$880,113

Commodities	
Office supplies (forms, ID, film)	$10,000
Chemicals	$36,000
Maintenance/repair/materials	$16,000
Janitor supplies	$15,000
Recreation supplies	$8,000
Safety supplies	$5,000
Uniforms	$4,864
Printing/postage	$1,500
Concessions (food/supplies)[11]	$32,036
Vending Opportunities/Re-sale	$1,000
Other Misc. expenses	$2,000
Fuel/Mileage	$1,500
Sub-Total	$132,900

[11] This item was left in the operational plan. The in-house concession operation may need to be supplemented with food trucks or outside vendors for large tournaments.

Contractual	
Electric & Gas	$259,526
Water/Sewer	$26,208
Trash	$5,000
Insurance (property & liability)	$19,964
Communications (phone	$10,500
Contract services	$25,000
Contractual Instructors	$48,156
Fitness Equipment Lease	-
Equipment Maintenance	$10,000
Monitor Services	$4,000
Rental Equipment	$4,000
Advertising	$10,000
Travel/Training	$5,000
Dues/subscriptions	$2,500
Bank Charges[12]	$41,518
IT Licenses & Charges (software)[13]	$6,959
Deposit Services	-
Other	$1,500
Sub-Total	$479,790

Expense Totals	
Personnel	$880,113
Commodities	$132,900
Contractual	$479,790
Capital Improvement Replacement Fund	$79,854
Total Expense Budget	$1,572,658

[12] Factored at 3% of total revenue generation.
[13] Factored at .05% of total revenue generation.

Alternative 1 Projected Revenues

The following revenue opportunities developed by B*K are based on information familiarity with the market and experience as facility operators. The projections are what B*K feels the department could anticipate achieving in year 1 of the operation.

	New Revenue
Fees	
Daily Admission	$78,480
Punch Pass	$16,128
Membership	$713,100
Sub-Total	$807,708
Programs	
Aquatic	$17,304
Recreation	$78,980
Fitness	$52,840
Sub-Total	$149,124
Other	
Re-Sale	$1,500
Concessions	$106,788
Birthday Parties	$30,800
Competition Rental (pool)	$9,600
Practice Rental (pool)	$90,240
Leisure Pool Rentals	$0
Gym Rentals	$188,160
Sub-Total	$427,088
Total Revenue Projection	$1,383,920

B*K has taken a conservative approach to revenue projection. It is possible that the City could exceed these revenue projections, and that should be the goal. It is also possible that the City is currently offering programs at other locations that could be housed at this new facility, hence reflecting more revenue.

5-Year Operational Projections

The following is a 5-year projection for the operation. Year 1 assumes the first full budget year of operation.

	Year 1	Year 2	Year 3	Year 4	Year 5
Expenses	$1,572,658	$1,604,111	$1,652,235	$1,725,802	$1,777,576
Revenue	$1,383,920	$1,453,116	$1,525,772	$1,571,545	$1,618,691
	($188,738)	($150,995)	($126,463)	($154,257)	($158,884)
Cost Recovery	88.0%	90.6%	92.3%	91.1%	91.1%
Replacement (Cumulative	$79,854	$159,708	$239,562	$319,416	$399,270

Most indoor recreation facilities do not reach a “normal” operational pattern until they reach Year 3 of operation. The following provides the average cost recovery for years 3-5.

Expenses	$1,718,537
Revenue	$1,572,003
	($146,535)
Cost Recovery	91.5%

Alternative 2 Projected Expenditures

The following illustrates a line-item budget for the proposed facility. The operational numbers are based on the best information available during the study, combined with B*K's familiarity with the project type, and input from the City.

Personnel	
New Full-Time	$422,550
New Part-Time	$621,622
Sub-Total	$1,044,172

Commodities	
Office supplies (forms, ID, film)	$10,000
Chemicals	$42,750
Maintenance/repair/materials	$18,000
Janitor supplies	$19,000
Recreation supplies	$10,000
Safety supplies	$5,000
Uniforms	$6,056
Printing/postage	$1,500
Concessions (food/supplies)[14]	$35,846
Vending Opportunities/Re-sale	$1,000
Other Misc. expenses	$2,000
Fuel/Mileage	$1,500
Sub-Total	$152,652

[14] This item was left in the operational plan. The in-house concession operation may need to be supplemented with food trucks or outside vendors for large tournaments.

Contractual	
Electric & Gas	$251,111
Water/Sewer	$31,122
Trash	$5,000
Insurance (property & liability)	$17,937
Communications (phone	$10,500
Contract services	$28,000
Contractual Instructors	$35,196
Fitness Equipment Lease	-
Equipment Maintenance	$10,000
Monitor Services	$4,000
Rental Equipment	$4,000
Advertising	$10,000
Travel/Training	$5,000
Dues/subscriptions	$2,500
Bank Charges[15]	$46,052
IT Licenses & Charges (software)[16]	$7,714
Deposit Services	-
Other	$1,500
Sub-Total	$469,593

Expense Totals	
Personnel	$1,044,172
Commodities	$152,652
Contractual	$469,593
Capital Improvement Replacement Fund	$71,746
Total Expense Budget	$1,738,164

[15] Factored at 3% of total revenue generation.
[16] Factored at .05% of total revenue generation.

Alternative 2 Projected Revenues

The following revenue opportunities developed by B*K are based on information familiarity with the market and experience as facility operators. The projections are what B*K feels the department could anticipate achieving in year 1 of the operation.

	New Revenue
Fees	
Daily Admission	$103,440
Punch Pass	$16,128
Membership	$906,600
Sub-Total	$1,026,168
Programs	
Aquatic	$82,646
Recreation	$35,780
Fitness	$52,840
Sub-Total	$171,266
Other	
Re-Sale	$1,500
Concessions	$119,488
Birthday Parties	$34,100
Competition Rental (pool)	$9,600
Practice Rental (pool)	$90,240
Leisure Pool Rentals	$4,000
Gym Rentals	$78,720
Sub-Total	$337,648
Total Revenue Projection	$1,535,082

B*K has taken a conservative approach to revenue projection. It is possible that the City could exceed these revenue projections, and that should be the goal. It is also possible that the City is currently offering programs at other locations that could be housed at this new facility, hence reflecting more revenue.

5-Year Operational Projections

The following is a 5-year projection for the operation. Year 1 assumes the first full budget year of operation.

	Year 1	Year 2	Year 3	Year 4	Year 5
Expenses	$1,738,164	$1,772,927	$1,826,115	$1,904,898	$1,962,045
Revenue	$1,535,082	$1,611,836	$1,692,428	$1,743,201	$1,795,497
	($203,082)	($161,091)	($133,687)	($161,697)	($166,548)
Cost Recovery	88.3%	90.9%	92.7%	91.5%	91.5%
Replacement (Cumulative	$71,746	$143,492	$215,238	$286,984	$358,730

Most indoor recreation facilities do not reach a "normal" operational pattern until they reach Year 3 of operation. The following provides the average cost recovery for years 3-5.

Expenses	$1,897,686
Revenue	$1,743,708
	($153,978)
Cost Recovery	91.9%

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Pella Recreation Center
Economic Impact Analysis

The following information provides an approximate economic impact for concept drawings of the proposed Pella Recreation Center. There are multiple factors that are still outstanding which could impact the ability of the facility to generate this type of economic impact. Those factors include:

- Final Design
- Site
- Operator & Operational Philosophy
- Number of Events
- Type & Size of Events

The purpose of this analysis is to evaluate the potential contribution of the recreation center within the City of Pella. The primary objective is to estimate the economic benefits. The projection is based on contributions by visiting teams and players leading to increased spending. The information provided is for direct impact, which is defined as sales created directly from spending by visitors to a destination that would not have occurred but for the event. In addition, tourism creates indirect and induced impacts. Indirect and induced impact are changes in sales, income and/or employment as a result of direct spending, or how often the money is turned over within the community.

Assumptions:

- Conservative estimate on the number of events hosted.
- The facility will be marketed to tournament directors and operators.
- Focus on small-scale or regional tournaments and events rather than national.
- Participants from out-of-town (greater than 60 miles) make up 60% of attendees.

B*K used information and data from the Iowa Economic Development Authority and Sports ETA[1] to develop multipliers to calculate direct economic impact. Local attendees are not factored into the total dollars spent. Based on data and reports from these sources, the following estimates are made for spending by visitors:

Expenditures per Day:	Pella	National
- Day Trip	$65.00	$75.00
- Overnight	$122.00	$159.00

[1] Trade association for the sports tourism industry

Visitor Spending can be broken down further by category. In Marion County visitor spending is as follows:

- Lodging 17.2%
- Food & Beverage 23.3%
- Recreation[2] 16.7%
- Retail 16.1%
- Transportation 26.6%

Of note though, the development of a recreation center in Pella will provide a benefit to those currently participating on teams that travel as they will be able to stay home for an event rather than spend money in another community.

Each sport/activity has a variable in the number of participants, attendees and officials. Most events have a ratio of 40% athletes, 50% spectators, 10% coaches/officials. For these purposes, volleyball each team has 13 players/coaches. For basketball, each team has 12 players/coaches. For youth events, each participant has 2-3 spectators (parents, siblings, grandparents, etc.).

Aquatics

With club, high school and college programs in Pella, there is the ability to run swim competitions at the proposed facility. Information that the City must consider in hosting swim meets:

- Most club teams (200-300 members) can host 3-4 competitions per year. This would allow for short course competitions in the fall, early winter and championship season. If a club team of that size hosts more meets than that they experience volunteer fatigue and the event quality suffers.
- It is possible to have other swim clubs use the facility to host their swim meets. However, regardless of who is the host club for the meet, it is the City's reputation that will be impacted good or bad depending on the meet administration.
- A masters program could also host 2-3 competitions per year. While these meets can draw from a significant area, they are not typically as lucrative as a youth meet.
- Based on B*K's aquatic operations experience, we would recommend focusing on the local and regional competitive market. While a national competition does bring prestige and attention to the facility, those meets are typically less lucrative for the host facility.
- Swim competitions can have a positive economic impact on the host community. With the proper facility, water polo, diving and synchronized swimming, although not considered at this time, may be offer with swimming being the most impactful. The economic impact comes in the way of hotel/motel stays, fuel purchases, food and the like. The challenge for the facility operator is that those dollars do not come directly back to the facility.

[2] Entertainment and Admission Fees

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B*K made the following assumptions when developing the economic impact as it relates to total number of events.

- 25Y Short Course Pool 4 Events, Average of 2 Days per Event
- College Invitational 1 Event, Average of 2 Days per Event
- College Conference 1 Event, Average of 3 Days per Event
- High School Invitational 2 Events, Average of 1 Day per Event
- High School Conference 2 Events, Average of 1 Day per Event

Economic Impact Table Club Swimming & Diving

	Athletes	Attendees	Total	Events	Total Spending
25Y Pool	600	1,200	1,800	4	$1,054,080
Total					$1,054,080

- Attendees factored at 2 per athlete.
- Spending per individual per event factor, $244.

Economic Impact Table College Swimming & Diving

	Athletes	Attendees	Total	Events	Total Spending
Invite	200	200	400	2	$29,280
Conference	200	200	400	1	$87,840
Total					$117,120

- Attendees factored at 1 per athlete.
- Spending per individual per day factor, $122.

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Economic Impact Table High School Swimming & Diving

	Athletes	Attendees	Total	Events	Total Spending
Invite	180	540	720	2	$28,080
Conference/Regional	120	360	480	2	$18,720
Total					$46,800

- Attendees factored at 3 per athlete.
- Spending per individual per event factor, $65.

Courts
B*K made the following assumptions when developing the economic impact as it relates to total number of events.

- Basketball 6 Events, Average of 2 Days per Event
  - 12 players/coaches per team
- Volleyball 8 Events, Average of 2 Days per Event
  - 13 players/coaches per team
- Pickleball 6 Event, Average of 1 Day per Event

Economic Impact Table Tournaments

	Teams	Attendees	Events	Total Spending
Basketball	40	1920	6	$1,686,528
Volleyball	32	1664	8	$1,948,877
Pickleball	135	203	6	$47,385
Total				$3,682,790

- Attendees factored at 3 per athlete for basketball and volleyball
- Attendees factored at .5 per athlete for pickleball
- Spending per individual per event factor, $244 for basketball and volleyball
- Spending per individual per event factor, $65 for pickleball.

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Total Events:	28
Total Event Days:	48
Total Attendance:	34,032
Total Potential Economic Impact:	$4,900,790