



CITY COUNCIL WORK SESSION MEMO

DEPARTMENT	PRESENTED BY	DATE
Parks and Rec	Diesel Post	October 16, 2023

ITEM

Soaking pools discussion

BACKGROUND

At this work session Council will have the opportunity to ask staff questions about the Soaking Pools plan. Attached is a review of the research and work done by staff over the past few years to fulfill the Council's direction to build outdoor flow through soaking pools outside of the Aquatics Center. There have been many hurdles and delays to this project that some would say started 30 years ago. Since the passing of the Occupational Lodging Tax in 2009, the City has been searching for appropriate and responsible ways to make improvements (by adding outdoor pools) to the Aquatics Center as per the ballot language. OLT funds have been used to upgrade and replace locker rooms, reline the pools, replace the boiler, install an air handler, and a variety of other projects, but outside pools have continued to be an elusive endeavor. Upon review of the attached presentation Council will learn the current status of this possible project. Had the City received the quote that we recently received, the pools would have been recommended to be built in 2020. As has been the case each time that this project gets close to completion, concerns about design, cost, location, and timing are raised. Currently, a local community organization, Salida Soak and Swim, has a desire to build a large community-style pool in Centennial Park. Some comments have stated that it should be included in this project for 2024 and some want to be sure that this project does not make a future Community pool impossible. Staff has attempted to address these concerns in the presentation. Because of the large amount of background, information, and misinformation surrounding this topic, the attached review of staff work will not be read aloud during the work session. Please read through the presentation, click on the links, and come to the work session with questions and points of clarification. The presentation will be used as an outline for the discussion.

Salida Soaking and Community pools

Feasibility, Special Interest Concerns, & Staff Recommendation



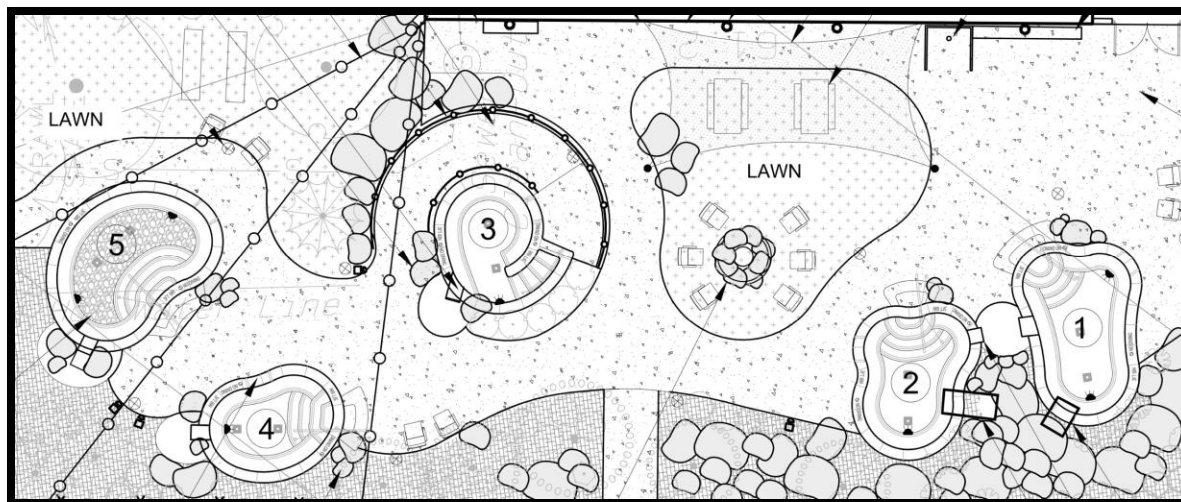


Background

[Please click here to visit the City's project page for the outdoor pools. Previous and the current design are available here.](#)



Current Soaking Pools design and concept





Assumed Operations Model

Hours of operation

- ☐ Open 8:00 am – 11:00 pm Thurs. - Sat.
- ☐ Open 8:00 am – 8:00 pm Sun.-Wed.

3 hours sessions

8-11, 11:00-2:00, 2:00-5:00, 5:00-8:00, 8:00-11:00

Fees

- \$25 weekday
- ☐ \$35 weekend



Base cost information

Completed by P&R Director, Parks & Facilities Manager, SHSAC Supervisor, Facilities Supervisor, & Assistant Finance Director

Description	OneTime/ Recurring	Cost
Aqua Builders Bid	One Time	714,067.80
Additional Landscaping/fencing/amenities	One Time	150,000.00
Materials testing	One Time	1,625.00
Furniture and fixtures	One Time	20,000.00
Facility Staff Expense	Annual	13,468.00
Custodial Staff Expense	Annual	13,468.00
Addt'l Staff Time for addt'l hours	Annual	5,550.00
Addt'l Electricity for 5 3HP pumps	Annual	7,000.00
Cooling Tower Electricity (for Summer operations)	Annual	9,000.00
Management software fee = 1%	Annual	10,000.00
Credit card fees = 3% of total revenue	Annual	25,000.00
Recurring Upkeep (Plants, Maintenance, Landscaping, Speakers, etc - essentially a contingency)	Annual	15,000.00
One Time Costs		885,692.80
Annual Recurring Costs		98,486.00



Possible Revenue range

Based on BBC's research and projections

Most conservative model – low occupancy rate and 25% local's discounts	
Projected Annual Revenue	\$1,012,331
Projected Annual Cost	\$98,486
Net profit year 1	\$913,845

Most aggressive model – high occupancy rate and no local's discounts	
Projected Annual Revenue	\$1,805,250
Projected Annual Cost	\$98,486
Net profit year 1	\$1,706,764

Capital cost and recovery	
Total upfront cost	\$885,693 (\$900,000 request with contingency)
Total annual cost	\$98,486
Projected pay off period	11.6 months



3rd Party input on Salida's pool project

Steve Beckley (Owner of Iron Mt. Hot Spring)

Spoke to Council on 4/17/23.

Explained the industry's current trends toward smaller soaking pools and the profit that they expect from each. He is building 50 pools of similar size to the proposed pools in Texas and Zion. Steve serves on the Finance committee for the City of Glenwood Springs and understands the financial liability of a large municipal pool. He suggests that Salida build smaller soaking pools to attract visitors and create revenue.

BBC Research and Consulting ([Clickable link](#))

Conducted an economic impact study in 2019 of the proposed soaking pools.

Using that background, they recently developed visitation estimates and operating models that were used to generate revenue projections. These estimates were based on their research across the country on Social, Market, and Customer Research – findings on previous slides. [Revenue projection tool available here](#)

110% (Parks and Recreation Master Planning consultant, nationally known expert on cost recovery)

Completed an outdoor pool comparison study ([available here](#)) that compares the revenue and costs of 8 outdoor pools in Colorado.

"...the examination of outdoor pool and aquatic facility expenses and revenue data from the representative park and recreation organizations located in Colorado reveals a consistent challenge - operational expenses outweigh revenue. High operational costs, encompassing general maintenance, staffing, and utilities, often surpass the revenue generated from admissions, programs, rentals, and concessions, etc"



3rd Party input on Salida's pool project

Sawyer Aquatics ([Clickable link](#))

Provided comparable (geographic and operational) hot springs facilities operational strategies and models. Compared the proposed Soaking Pools and the existing market and provided an analysis.

"You are on the right track with pursuing a multi-tub soaking facility as diagrammed by the architect. I would implore the City of Salida to take a long term cost benefit analysis of investing in a modern soaking facility that would enhance the community. According to the [Lonely Planet](#), a top travel guide, the average traveller spends about \$210 per day on travel in Colorado. The average cost for a day pass to a Hot Springs when calculated amongst your ten most comparable sites is about \$35 per person. With 134,160 unique searches for Mount Princeton it could be estimated based on a 18% conversion rate they may see as many as 24,148 visitors per year realizing about **\$965,920** from soaking alone. In addition to revenue from soaking it should be considered that an additional \$170 per person would be spent per day. This would realize a value of \$4,105,160 per year from restaurants, lodging, marijuana, alcohol and retail purchases. Whereas Salida captures an 8.65% tax rate this is \$355,096.34 annual in revenue brought in perspective lost revenue for the municipal government if they could offer a superior Hot Springs experience to bathers seeking to take part in geothermal hot springs recreation."

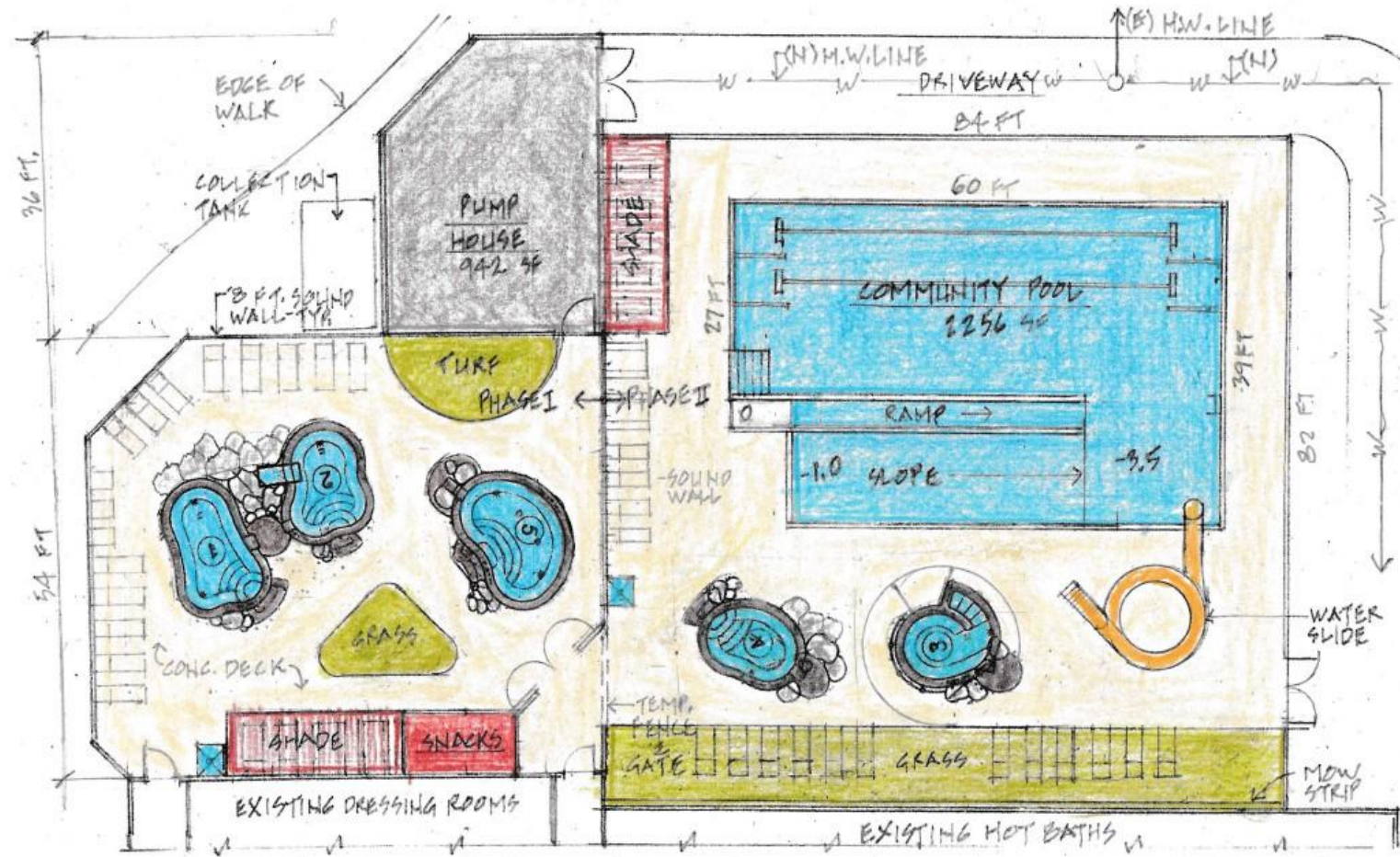
Hot Springs Association (Leading Industry Organization)

"In Glenwood Springs, people really gravitate to the smaller-sized pools at Iron Mountain Hot Springs"

"There's definitely a renewed interest in hot springs properties in the US right now," she says. "These past two years, health-conscious consumers have been utilising geothermal pools and baths in greater numbers, seeking more natural immune-boosting activities and many resorts have recently experienced record-breaking visitation numbers." Dozens of historic facilities have made significant improvements and expansions to their properties in recent years and new ownership at decades-old institutions has breathed new life – and money – into a number of locations. ([Spa Business Q2 2023](#), Jane Kitchen, published May 24, 2023)



Salida Soak & Swim Large Pool Concept as of 10/10/23



PHASED SALIDA HOT SPRINGS POOL PLAN
1" = 16 FT.
9.23.23



Current Community Pool Finances

Recreation & Aquatics

2022 total expense	Actual	Deduction for recreation		Total
Personnel	944,148	173,497	Personal plus 1/2 manager and 1/4 Director	770,651
Other Operating Costs	90,858	18,125	Other event/program cost	72,733
Supplies & Materials	79,711	33,051.00	Recreation program costs	46,660
Utilities	76,740			76,740
Contract Services	28,968			28,968
Capital Expenditures	28,209			28,209
Cost of Sales	12,651			12,651
Total	1,261,286	224,673	Expense	\$1,036,611.55
2022 total revenue				
Hot Springs Pool	507,003			507,003
Recreation Programs	68,720	68,720	All fees	0
Soaking Pool Fees	21,780			21,780
Park Rental Charges	11,885	11,885	All fees	0
Vending Machine Commissions	9,997			9,997
Merchandise Sales	9,814			9,814
Misc Services	2,818			2,818
Other Rentals	1,100			1,100
Other Recreation Revenues	9	9	All fees	0
Total	633,125	80,614.00	Revenue	\$552,512.00
				Cost recovery
				53%



Salida Soak and Swim Concerns

Staff comments highlighted in yellow

- We suggest that any plans to proceed be put on hold due to:

- No current public input or survey of the 5 soaking pool plan - Plan has already been approved by Council
- No detailed cost estimate available for public review - Provided to Mr. Grether
- No professional study of projected revenue and expense for the 5-pool addition that has been made public if it exists.- Reference this presentation
- No separate accounting of the existing pool income and expense to guide overall policy. This information would be helpful when evaluating the pool expansion impact. - Reference this presentation
- No public plan showing how a community pool would be added in the future to the 5 soaking pools including any necessary expansion of the pump house and access from the existing dressing rooms. - Reference this presentation
- The fact that the 5-pool plan will only serve a portion of the community and not serve the many needs of families with children. The survey of our pool plan with over 900 respondents showed 88% wanting both soaking pools and a community play pool with only 5% wanting only soaking pools. One third of the respondents were at the Home and Garden show with the same results. - This would be the expected outcome of the survey question
- If the City proceeds with this 5-pool plan with the idea that a community pool might be added later there are several issues that should be addressed first. Adding a community pool will require a larger pump house so it may be prudent to provide a larger building at the outset which will of course require more design and engineering and cost. This would be included in the budget for a phase 2 Community Pool



Salida Soak and Swim Concerns

Staff comments highlighted in yellow

The quoted total construction cost of \$799,067.80 (it is \$714,067.80 [available here](#)) does not include a substantial number of exclusions including but not limited to:

- the pump house, - will be moved into the existing West wing of the pool
- the heated decking - Value engineered
- the pool enclosure - If this means the fence, we will be constructing a fence within the \$900,000
- utility supply and connections - existing in West Wing
- mechanical systems and electrical outlets in the pump house - existing West Wing
- Other Exclusions patio lighting – accounted for in the \$900,000
- The air lock this was a want, not a need in the design
- Travel for managers and trades is included but it is not clear where the construction workers will come from and if accommodations for managers and workers are included - "Project Manager, Project Administrator, Site Supervisor and Site Maintenance Included. Travel for managers and trades is included" (quoted from the contractor submission)
- Adding a community pool to this 5-pool plan later will be awkward at best so again it would be prudent to have at least a schematic design showing where the community pool would be located and how it would be accessed from the dressing rooms. - See "Other Comments"
- The proposed pool enclosure will be a 6-foot steel fence which will not provide a significant sound barrier from the surrounding traffic noise but will provide easy access by unwanted visitors and vandals. An 8 foot high solid wall would be preferable for a quieter spa environment and better security. - Other options for fencing are being explored including a landscaped berm, straw bale, and acoutical panels – again this will be accounted for tin the \$900,000



Salida Soak and Swim Concerns

Staff comments highlighted in yellow

- The Aqua Builders income and operating expense study of the 5-pool plan does not appear to be the kind of in-depth study that is proposed by Counsil-Hunsaker for the Salida Soak or Swim plan. The operating cost number appears to be very low and it is not clear what it is based on. There is no study of the demographics of our area and the actual proposed fee structures that might reflect different fees for locals and visitors. If the pools have different temperatures, there is no analysis on which pools might have heavier use than others and how that might affect the projections. There is no indication of how the pools would be marketed given the opportunities unique to our area. There is no mention of the competition and how that could be addressed. - The studies that the City has in hand are an economic impact study (2020), a market comparision, and a revenue projection. A market analysis for a large community pool may be appropriate, but the work to determine that the best option for soaking pools is 5 smaller pools was done in 2018 and 2019.
- To better evaluate which pool plan would best serve the community in the long run we obtained a \$16,000 proposal from Counsilman-Hunsaker to include the 5-pool plan so the two plans can be compared for their impact on the overall pool income and expense and on the community. The current information for these important pool decisions is not adequate and it would make sense for the Council to defer any decision until more in-depth analysis of alternatives is completed. There may also be a compromise plan that could combine features of both plans that our committee could explore with the City. - This discussion has already been had and Council decided to move forward in 2018. It has taken 5 years to be able to take responsible action from that direction. Deferring the soaking pools project further delays the ability to fulfill a promise and access benefits.



Other Comments

Staff comments highlighted in yellow

- Safety concern regarding learning to swim, needed because of "*the River*"
 - The City offers extensive opportunities for swim lessons, including 5 weeks of daily swim lessons for every student at Longfellow Elementary every year they are in elementary school
 - The City partners with FIBArk to offer introduction through level 4 kayaking classes, and SUP lessons
 - The City offers a Rafting and River Safety camp
- Visitors ask about outdoor hot springs pools
 - The current plan would address that desire
- Survey says that 88% of respondents want both soaking and a community pool
 - Having both pools would be great
- Needed location of phase 2 Community Pool
 - An appropriate location is available as demonstrated in an earlier slide
- Want additional lanes for lap swimming
 - The current pool is heavily used, and most user groups must compromise times of use
- There are many benefits for an outdoor pool – more space for the swim team, maybe more visitors, health and wellness, etc.
 - Agreed



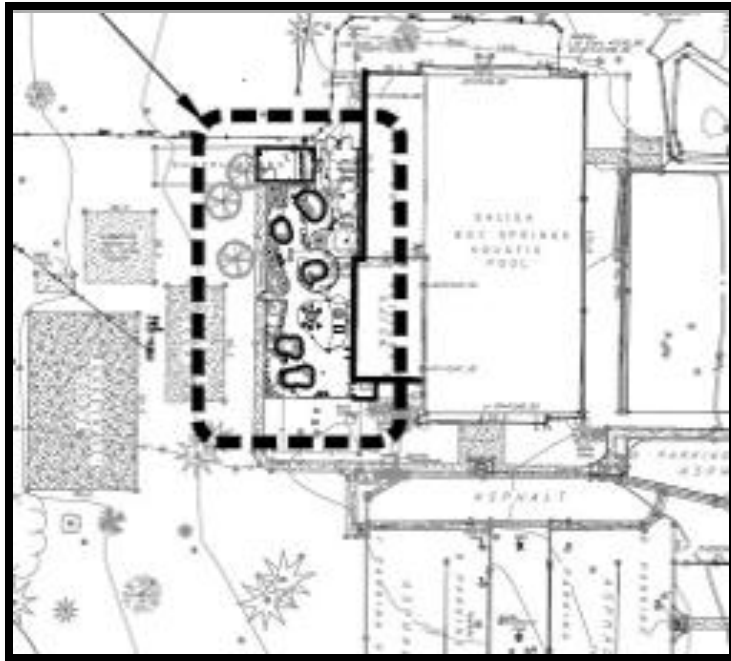
Community pool as future phase 2



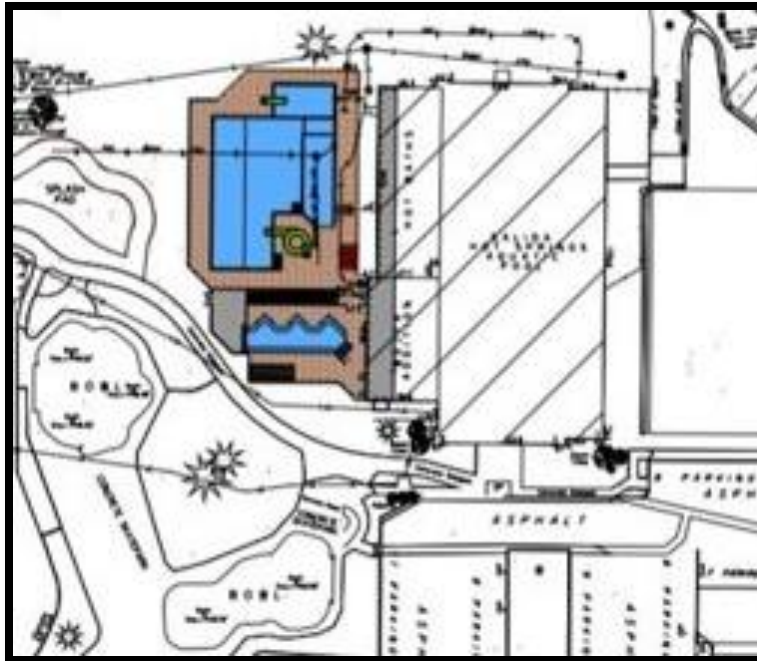


5 pool & large pool plan locations compared

5 pool layout



Grether layout



Combination for phasing





Salida Soak and Swim request

From presentation on 4/17/23

1. Consideration of city funding for a cost estimate from the committee and its sources for the project based on the proposed design.
2. A public/private fundraising campaign to pay for the project with public dollars coming from municipal funding and government grants. Private funding would come from various foundations and community donations. Private fundraising would begin during fiscal year 2023 as tax deductible contributions to our fiscal agent, non-profit Salida – area Parks, Open Space & Trails (SPOT). www.salidaparksopenspacetrails.org We ask that the City allocate funding during fiscal year 2024 so that the project can be built during 2024.
3. A Memorandum of Understanding between SPOT and the City pertaining to our financial partnership and for allocating the land adjacent to the current Salida Hot Springs Aquatic Center for this project.

From public comments on 10/3/23

1. Contribute funds for a Market analysis of a Community Pool.
2. "MOU between the City and SPOT pertaining to our financial partnership and to allocate the land adjacent to the pool for a family pool"

From email on 10/7/23

1. The pool maintenance budget for flooring and pool liners be kept in the 2024 budget.
2. That the city take a step back on allocating the full \$900,000 toward this project to ensure the minimum monetary threshold is maintained. It might make more sense to allocate funding for a) an in depth study of cost and revenue projection for **both** the soaking and family pools and b) comprehensive design and engineering plans for **both** a soaking and family pool. We believe this would be the most prudent way to ensure that the aquatic facility building plan is well-developed, updated to current and future city needs, and cost overruns are prevented. - Soaking pools have been planned and engineered; a market analysis/feasibility study and engineering for a Community pool would be necessary
3. That our citizen committee be able to work directly with the city staff and council toward the plan development and design of the facility. (The Friends of the Skatepark were directly involved in the Skatepark project). As we have stated previously, our **committee members have extensive project management, aquatics, and fundraising experience.** - **If a community pool proves feasible, a design committee would be welcome.**
4. That the city's first step be an in depth study pertaining to cost and revenue projections for **both a family pool and soaking facility.** To our knowledge, all projections thus far have been lacking in pertinent details and are for the 2019 five pool soaking plan. Also, the projections we have seen are based on the selected company's recommendations which could be a conflict of interest. Our citizen committee has been in contact with Counsilman-Hunzeker Associates (a neutral party with a top rated national 40 year reputation) in Denver and they are willing to compare and contrast costs and revenue projections for a complete family and soaking pool plan. The cost would be \$16,000. - **There is no conflict of interest; a study of a possible community pool is prudent.**
5. That any plan that is developed and agreed upon by the city include design and engineering plans **for both a soaking pool area and a family pool, even if the facility build portion must be phased over more than 1 year.** This way, costly design and engineering plans for piping, electrical wiring, and a pump house will only have to be done once and long term expenses will be kept to a minimum. Also, community stakeholders' need for an outdoor family pool would be ensured. - **Design and engineering for the soaking pools is complete and should be discarded for the possibility of a future community pool.**
6. That an MOU between the city and SPOT be prepared and signed pertaining to the financial partnership with the City and to allocate land adjacent to the pool for the family pool. The MOU is necessary for fundraising purposes and to guarantee that a family pool will be built in conjunction with the soaking facility. - **This is possible if Council feels that splitting the cost of a study is appropriate. See staff comments slide.**



Previous Council direction

From work session on 4/17/23

- Critelli -"Supportive of pursuing an MOU..."
- Shore..."in the preliminary estimate."

*Shortly after this work session, the request from the Salida Soak and Swim group changed to a "Market Analysis" as opposed to a "Cost Estimate"- No opportunity for Council direction on that request has been had.



Further Considerations/risks

• Soaking pools

- Approving the funds for the soaking pools at this point is not a commitment – if the project cost are over projections, it can be abandoned
- A risk may be that BBC visitation projections are off

• Community Pool

- Expert conclusions of additional subsidy required for operations are confirmed
- The design and programming could not alleviate current pressure – the swim team or existing lap swimmers could not use the outdoor pool in the winter months
- A market analysis or feasibility study could be done in 2024



Staff Comments

The following comments are from the staff involved in this project and are made available similarly to "public comment" from the community for Council consideration.

- Our hot springs water is priceless resource which provides a unique opportunity to secure our community's economic future without increased taxation as intended by its purchase. Its potential revenue stream would serve the entire community as whole, it's our responsibility to protect that opportunity from being elimination by one vocal special interest group.
- How would an outdoor pool help lap swimming in January?
- Isn't the School District responsible for providing for the swim team?
- We do not operate from graph paper sketches anymore.
- Total occupational lodging tax collected since 2009 - \$3,701,424.35 - we promised soaking pools
- As per the City's purchasing policy, a market analysis would need to go to informal bid, not just given to Councilman-Huntsiger.
- The contract and analysis project would be managed by City staff, not community members.
- An outdoor pool would be great, but it won't solve the root of some of the problems.
- We are not at capacity for the pool, we are at capacity for lifeguards.
- We need more swim instructors, not more water space.
- This has been a part of every master plan we have completed, we have been preparing for these with every project that we complete (the locker rooms have sleeves under them for these future pools, etc.), we have been close so many times.
- This project is not "for the wealthy". Many locals are thrilled with the idea of having hot springs pools a bike ride away.
- This would serve a population that is not currently served - The swim team and lap swimmer are currently being served.
- Isn't the Community Center (that was in the Master Plan that Council approved by resolution) supposed to go where they suggest the pool to go?
- An MOU for a market analysis/feasibility study and commitment to a place in Centennial Park would be fine.