

DRAFT

Subject to Change



Feasibility Study & Market Survey for a Performing & Visual Arts Venue

Draft Report v2 // 05.17.2022



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



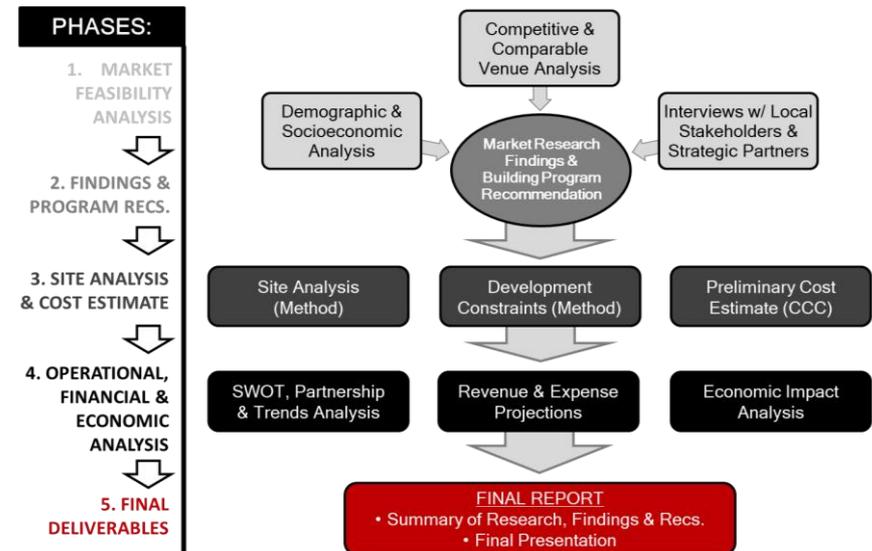
EXECUTIVE SUMMARY

Study Background - Victus Advisors, Method Studio, and Construction Control Corporation (“CCC”) were engaged by Herriman City (“Herriman” or the “City”) in December 2021 to conduct an independent feasibility study and market survey for a performing and visual arts venue. Our primary project goals for this study included, but were not limited to:

- Estimate market demand for a new venue that would be beneficial to the local community and potentially, the greater Salt Lake market.
- Identify existing gaps in arts/events service areas in Herriman City and identify potential opportunities that could be provided by a new venue.
- Recommend a market-supportable building type and develop a sample building program and development cost estimate.
- Analyze potential development sites and conduct building program test fits.
- Forecast usage and event days for the proposed venue.
- Project the potential financial operations of the proposed venue.
- Analyze the potential economic and fiscal impacts of a performing and visual arts venue.

Study Methodology - Our study process was completed in five (5) key phases:

- 1) Market Feasibility Analysis
- 2) Market Research Findings & Program Recommendations
- 3) Site Analysis & Cost Estimate (Method & CCC)
- 4) Operational, Financial & Economic Analysis
- 5) Final Deliverables



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

Herriman City - Herriman City is located in southwest Salt Lake County and had a population of 55,144 as of the 2020 Census.

Population Data -

- Herriman's population grew at an annual rate of 14% between 2000 and 2021. The population in Herriman is also projected to continue growing at a higher annual rate than both Salt Lake County and the U.S. over the next five years, which is likely to lead to increasing demand for arts and culture programs.
- In terms of median age, Herriman and Salt Lake County have a significantly lower median age than the U.S. average. A lower median age tends to represent a larger presence of working-age populations and young families, which can translate into increased demand for youth programming both in Herriman and County-wide.

Household Data -

- Herriman has a significantly higher percentage of households with children than the national average. A high percentage of households with children is a positive indicator for family-friendly arts and culture programming.
- When adjusted for cost of living, the median household income in Herriman is also significantly higher than the U.S. median income. Higher household income levels can often indicate an ability for a household to spend disposable income on various forms of arts/culture programming and family entertainment.

Primary & Secondary Drive Zones -

- The population within a 15-minute drive-time radius of Herriman is 262,805. The population within a 30-minute drive-time radius of Herriman is 1.2 million.
- Based upon Victus Advisors' experience, primary attendance for a performing and visual arts venue (especially for weekday events) is typically drawn from within a 15-minute drive radius, which roughly includes the cities of West Jordan, South Jordan, Riverton, and Bluffdale.
- For certain programs and performances, additional participants and attendees may be drawn from a 30-minute radius, which includes the majority of Salt Lake County, as well as some northern Utah County communities such as Eagle Mountain, Saratoga Springs, and Lehi.

Current Traffic City Patterns -

- From a transportation and accessibility standpoint, Herriman City sees the heaviest traffic flows along 13400 South.

Overview - In January 2022, Herriman City identified local stakeholders and potential user groups for Victus Advisors to conduct phone interviews. The goal of these interviews was to gather feedback from key local arts group stakeholders and potential users regarding the market potential for a performing and visual arts venue in Herriman. The set of topics and questions included perceptions of Herriman and its current programs and venues for the performing and visual arts community, possible comparable venue models, and other feedback concerning the potential new venue. Victus Advisors completed 14 interviews from 10 local groups and organizations.

Key Interview Takeaways -

- Interviewees indicated that there are limited options for indoor performing arts venues in Herriman. Some groups have used Herriman High School and the community room at Herriman City Hall for performances, rehearsals, and recitals.
- One interviewee cited the need for “elite” arts programs for kids in the community. Given the growth of Herriman, they felt the City could be a great place to develop elite talent with the right facilities.
- All dance group interviewees stated that they use their studios for practices, and most use high school auditoriums in the Salt Lake Valley for performances and recitals.

Key Interview Takeaways (Cont.) -

- Generally speaking, all interviewees support building a new performing and visual arts venue in Herriman. Several suggested that the venue would be a great benefit to the community and residents, in addition to the surrounding communities, and ultimately increase the quality of life.
- There was some concern among a few interviewees regarding the operations and management of the proposed venue. The Herriman Arts Council is run by volunteers and does not have the bandwidth to operate the venue. Council representatives were also concerned about how the venue could affect the mission of the organization and that the venue could potentially shut out part of the community due to high rents or limited access.

Summary of Potential Usage -

- A number of groups that were interviewed expressed interest in using the proposed performing and visual arts venue in Herriman. Furthermore, up to 27 annual performances could potentially be hosted at the proposed venue, based solely on feedback from the interviewees listed above.
- At least three (3) groups indicated they would use the venue for both rehearsals and performances. However, it is also anticipated that a wider variety of groups than just those interviewed would have needs for rehearsal space in conjunction with their performances at the venue.

Overview - Based on feedback provided via key stakeholders and potential user groups, Victus Advisors analyzed five (5) comparative facilities in Utah that were identified as potential models for a new performing and visual arts venue in Herriman:

-
- 1 CenterPoint Legacy Theatre (Centerville)
 - 2 Covey Center for the Arts (Provo)
 - 3 Heritage Center Theater (Cedar City)
 - 4 Mid-Valley Performing Arts Center (Taylorsville)
 - 5 Rose Wagner Performing Arts Center (Salt Lake City)
-

Construction Costs in 2021 Dollars - Construction costs of the comparable facilities in 2021 dollars (according to national construction data available via the Turner Building Cost Index) are estimated to cost as much as \$42 million. However, it should be noted that construction costs along the Wasatch Front have been increasing at a rapid rate over the past 18 months, so these 2021 numbers should not be relied upon as the sole basis for current or future construction cost estimates. Furthermore, total development costs will likely be higher for a new build when factoring in soft costs, as well as any building size differences.

Operations - All the comparable facilities are publicly owned, however only CenterPoint is privately operated. Furthermore, CenterPoint is the only facility that is almost exclusively in-house programming, while the remaining facilities primarily rent out their spaces. Lastly, all facilities above typically require (or will require in the case of Mid-Valley) an annual subsidy. Four (4) of the five (5) facilities are subsidized exclusively by public sources.

Features & Amenities - The main stages of the comparable facilities have an average seating capacity of 621, while the average seating capacity for small stage/black box is 147. Four (4) of the five (5) facilities have dance studios and/or flex rooms for other uses.

Summary of Comparable Venues -

- All five (5) of the facilities are public owned, and four (4) of them are publicly operated.
- The publicly operated facilities primarily rent space to outside user groups, whereas the private facility primarily runs its own non-profit programs, academy, and shows.
- The average comparable facility is nearly 56,000 square feet, however the two buildings built within the past decade are 63,000 and 70,000 square feet, respectively.
- The average theater seating capacity is 620 for main stage and 150 for black box.
- The average construction cost per square foot in estimated 2021 dollars was \$460 per sq. ft., however it is expected that current construction costs along the Wasatch Front could be significantly higher due to rapid cost escalation over the past 18 months.

Application for Herriman - Across the US, performing arts are responding to changing patterns of cultural consumption with experiences that offer less formality, increased flexibility, and new ways for participatory activity. Following this review and assessment of trends, here are the most pertinent takeaways to inform the City of Herriman for next steps moving more directly into the new PAC's Concept Design Phase and returning to the resulting Construction Cost Estimate / Operations Pro-forma work.

Multi-Use Rehearsal Facilities - Rehearsal facilities are cost-effective both in capital costs and operating costs. Moving rehearsals off the stage of a performance hall and into a rehearsal hall, increases utilization of the actual performance spaces with more attendance-based activity. Rehearsals spaces can also be utilized as flexible, multi-use rooms for a wide variety of community uses.

Maker Spaces / Incubator Studios - Many PACs are realizing that their communities are asking for more support to visual arts and individual artist needs for affordable studios and galleries. Maker spaces encourage connections among artists and the public by fostering a community of visual artists, providing resources otherwise not available and designated spaces and programs. Open studio spaces, arts innovation labs and other multi-use experimentation spaces provide programming, rehearsal and professional development assistance to creative artists.

Digital & Media Technologies - The use of digital and electronic media in theatrical and musical performances has risen in popularity in today's technology-based culture. It is essential to provide the technical infrastructure for this new media to stimulate and encourage these new art forms across all our venue spaces. The performance venue spaces at our PACs now become to being versatile laboratory space integrating digital technology into multimodal environments, provision for immersive sound and projection, tied together via an uncompressed video and audio recording network. Control rooms and recording suites allow for monitor mixing from all venues, live concert streaming, and traditional broadcast and post-production engineering. Classroom spaces and collaborative learning areas encourage cross-disciplinary learning and training.

Flexibility for Additional Opportunities - Built into much of the trends of the PACs are purposeful opportunities for physical change to spaces related to changes in media, artform and/or audience. Many of the performance spaces are flexible "day one", with changeable seating configurations, adaptable backstage accommodations and technical grids. Production staff will be able to transform spaces quickly, with a minimum of downtime. At only additional cost, the new and renovated PAC's facilities infrastructure are ideally designed with extra capacity to accommodate changes in the near future, as funds permit.

Minimum Venue Features - At a minimum, it is recommended that the venue should be at least 70,000 square feet, with at least a 600-seat proscenium theater for community and regional use and a 150-to-200 seat black box theater for more diverse event activity; as well as a large lobby that can be used for receptions, weddings, and banquets. Additional recommendations include:

- Box office
- At least 50' x 40' center stage, two (2) 17' x 25' side stages, and 40' x 20' orchestra pit
- At least four (4) flex-rooms that can be utilized as rehearsal rooms, classrooms, dance studios, or other rental spaces. It is likely that at least two (2) of these would be dedicated rehearsal rooms.
- Large lobby/foyer that can also be utilized for banquet/reception rentals
- Concessions stand and catering space
- Bathrooms (At least one (1) toilet stall per 50 seats, and one (1) urinal per 100 seats)
- Back of house marshalling space & storage areas
- At least two (2) male and female dressing rooms, two (2) green rooms, and two (2) restrooms per performance space
- Laundry & wardrobe
- Administrative offices for operating staff

Visual Arts -In addition to the 70,000+ sq. ft. of minimum space described at left, demand also exists in Herriman City for a visual arts program, which could include additional classroom space, storage space, and dedicated gallery/exhibition space.

It should also be noted that the concept of visual arts is rapidly evolving in recent years due to digital technology advancement. Rather than only including static gallery space, digital art infrastructure/technologies are becoming an interactive program focused on active community participation.

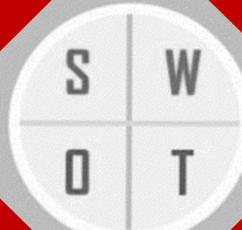
SWOT Analysis - Based on our market research results, Victus Advisors has identified the following Strengths and Weaknesses (internal factors to the City) and Opportunities and Threats (external factors within the broader market area) related to Herriman's ability to support a new performing and visual arts venue:

Strengths

1. Herriman Arts Council
2. Local Population
3. Population Growth
4. Household Income
5. Median Age

Weaknesses

1. Operating Burden
2. Competing Funding Priorities



Opportunities

1. Unmet Demand for Indoor Arts Space
2. Regional Population
3. Potential Partnerships

Threats

1. Competition From Future Arts Venues
2. Economic Downturns

Facility Management Options - Based on review and analysis of comparable venue operating models, both regionally and nationwide, the primary facility management options to be reviewed and discussed by Herriman City are summarized below:

- **Public Management:** Public management is typically the best option for a performing arts venue if the goal is to ensure increased public access at affordable rates. Any long-term working capital and capital maintenance needs can also typically be built into larger governmental budgets on an annual basis. However, this option would require the public sector to hire and train significant new staff.
- **Private Management (Non-Profit Local Arts Organization):** Arts organizations typically negotiate a long-term usage agreement with a government on an annual basis and sometimes pay a small fixed annual fee. In exchange, the organization will typically have exclusive or priority access to the entire facility throughout the year. As a result, other groups/programs typically have restricted access relative to the primary tenant. The tenant organization is responsible for most operational expenses including maintenance and staffing. The government, however, is often responsible for long-term capital maintenance.

Facility Management Options (cont.) -

- **Private Management (Contract Management):** The proposed new venue could also be operated by an experienced third-party management firm, however it is likely that a public or non-profit operator would be better able to maximize overall community use and benefit. Furthermore, given that the proposed venue is not projected to generate significant annual operating income, it is not likely that private management fees could be paid out of facility operating income, thus annual management fees (often \$100,000 or more per year) would be an additional annual financial burden on the public facility owner.

Partnership Opportunities - This section is intended to give an overview of various partnership opportunities, both public-private and public-public, that have been components of other performing arts venue projects, both regionally and nationally:

Public-Private

- **Private Naming Rights & Donations** - Performing arts facilities on the Wasatch Front have been able to obtain significant naming rights deals. Herriman City could approach similarly-sized corporations and/or private donors (such as family foundations) to gauge interest in naming rights opportunities for the proposed venue.
- **Public-Private Project Delivery** - As mentioned previously in this report, some of the potential sites for the proposed venue are near ongoing projects by developers. This project could potentially be integrated with private development, however Herriman City has not yet formally approached any of developers regarding their interest.
- **Private Management** - Herriman City could consider outsourcing operations to a private management firm or local non-profit arts organization. However, the former would likely require a significant annual management fee which could be cost-prohibitive, while the latter may not have sufficient experience in managing a venue.

Partnership Opportunities (cont.) -

Public-Public

- **Public Educational Institutions** - As mentioned earlier in this report, Victus interviewed representatives from Jordan School District and Salt Lake Community College. The two institutions did not express interest in partnering with Herriman City on the proposed project.
- **Multi-Jurisdictional Partnerships** - It is possible that the Herriman City could approach neighboring cities such as Riverton and South Jordan that do not have a performing arts venue. The benefit would be pooling funds and resources in addition to serving the surrounding communities more directly.
- **Partnership with the County** - Salt Lake County representatives indicated initial interest in discussing the proposed venue with Herriman City, citing the need for an additional venue to fill the demand for residents in the southern part of the County. Herriman's location is within the southwest part of Salt Lake County that was identified by the County for a potential regional cultural center in the County's 2008, 2012, and 2019 arts and culture studies.

Annual Operations of a New Performing Arts Venue in Herriman - In a stabilized year of operations, it is estimated that the operations of a new a new performing and visual arts venue in Herriman could operate at an approximately 46% cost recovery. This operating pro forma was developed based upon the unique market characteristics of Herriman and the operations of comparable public arts facilities, and it assumes that the venue would be operated by a public entity. It should be noted that the vast majority of public arts venues regionally and nationally require annual operating subsidies.

	Stabilized Year
Operating Revenues:	
Main Theater Rentals	\$200,000
Black Box Theater Rentals	\$58,000
Banquet/Lobby/Other Room Rentals	\$32,000
Concessions (Net) & Catering Fees	\$25,000
Visual Arts Exhibition & Gallery Program (Net)	\$6,000
Ticket Fees (Facility & Box Office/Ticketing Service)	\$72,000
Miscellaneous/Other (Equipment Rentals)	\$20,000
Total Revenues:	\$413,000
Operating Expenses:	
Salaries, Wages, & Benefits	\$421,000
Utilities	\$249,000
Maintenance/Repair	\$95,000
General, Administrative, & Other	\$50,000
Materials/Supplies	\$84,000
Total Expenses:	\$899,000
OPERATING INCOME (LOSS)	(\$486,000)
ESTIMATED COST RECOVERY	46%

Notes: Presented in 2022 dollars. Stabilized year of operations typically occurs by Year 3.

Annual Visitor Assumptions - Overall, Victus estimates that approximately 62% of the annual attendees at the proposed performing and visual arts venue in Herriman would be City residents, with 38% visiting from outside City limits. Since it is assumed that the vast majority of these outside visitors will be traveling from within 30 minutes, the operations of the proposed venue is unlikely to generate significant demand for overnight stays.

Ongoing Impacts of Operations - After adjusting estimates of gross direct spending for displacement, it is estimated that approximately 38% (or \$1.5 million) of annual direct spending associated with the annual operations of the new performing arts venue would have a net impact on Herriman City.

Annual Economic Impact By Industry - It is estimated that the Food & Beverage industry in Herriman would benefit the most from the annual visitation impacts of a new performing arts venue (46% of incremental direct spending), followed by retail (23%), the arts (19%), and transportation-related expenditures (12%).

Annual Fiscal Impacts - It is estimated that a new performing arts venue in Herriman could generate \$15,000 annually in incremental tax revenue for Herriman via sales tax. An additional \$4,000 in incremental sales tax revenue could be generated for Salt Lake County.

Summary of Net Impacts Over Time - Over a 30-year period, a new performing arts venue is estimated to have a total net impact of over \$66 million in direct spending and more than \$660,000 in Herriman sales tax revenues.

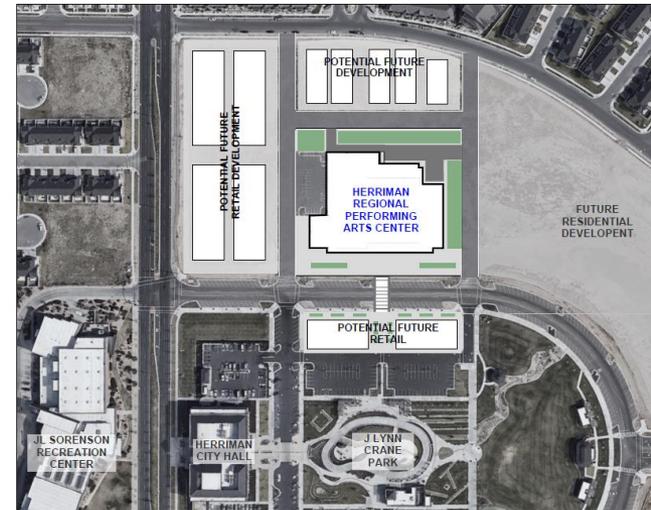
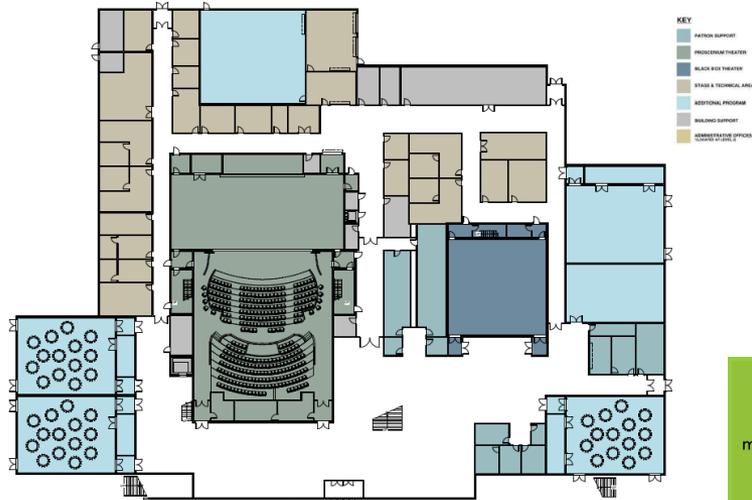
Additional Key Benefits - In addition to the quantifiable economic/fiscal benefits, there would also be a variety of intangible benefits that are often generated for a municipality by capital investment in community arts venues. These intangible benefits are often the primary motivating factors for public arts venue development:

- Increased community pride, entertainment offerings, cultural opportunities, and quality of life for local/regional residents.
- Additional regional exposure and visibility for Herriman City via arts programming.
- Numerous community and charitable events will be hosted at the venue.
- Community arts venues tend to have a strong emphasis on educational programs for regional youth and encouraging mental and emotional health.

SITE OPPORTUNITIES & DEVELOPMENT CONSTRAINT ANALYSIS

Site Analysis - After reviewing seven (7) potential sites for the proposed arts venue, Victus and Method identified Herriman Towne Center as the primary recommended site for purpose of test fit and cost estimation. The site is closest to compatible civic/public functions, in addition to being in the heart of the City. There is significant opportunity to integrate the arts venue with other public assets such as J. Lynn Crane Park/Amphitheater, Herriman City Hall, Herriman Library, and JL Sorenson Recreation Center, to create a dynamic campus feel. An overview of sites reviewed and test fit concepts for Herriman Towne Center site are shown below:

SITE	1. Olympia	2. Herriman Civic Center	Recommended Site 3. Herriman Towne Center	4. Mountain Ridge	5. Herriman Auto Mall	6. Denali Park	7. Wheadon Property
PROS	Flexibility in siting/location	Historic city connection, walkable from neighborhood	Connections to civic/public functions, walkability, and opportunities for shared parking and future retail synergy.	Adjacency and walkability to green spaces and schools.	Large sites with parking and expansion space with direct access to freeway. Potential synergy with retail/commercial development.	Large sites with parking and expansion space with direct access to freeway. Potential synergy with retail/commercial development.	Large site available with proximity and access to Utah County.
CONS	Distance from highways & central areas of Herriman	Potential need to demolish existing buildings and need for vertical space stacking.	Challenging solar orientation and lack of abundant adjacent retail/commercial space.	Lack of existing infrastructure, utilities, etc. Access to site is limited and no existing access to Mountain View Corridor.	Lack of existing infrastructure, utilities, etc. Contaminated soils.	Lack of existing infrastructure, utilities, etc. Contaminated soils.	Topography, isolation, access to water, and roadway access.





PRELIMINARY DEVELOPMENT COST ESTIMATE



Construction Cost Estimate - Victus Advisors engaged an experienced Utah-based construction management and consulting firm, Construction Control Corporation (CCC), to prepare a preliminary opinion of probable cost specific to Victus' feasibility results and the floor/site plans developed by Method Studio for the proposed performing and visual arts venue in Herriman.

CCC's cost analysis is based on an 85,700 square foot building on a 6.16 acre parcel at Herriman Towne Center (as shown on the prior page), and their analysis includes both hard and soft costs, such as site preparation and infrastructure costs, building construction costs, equipment, major systems, design, land-use fees, building permit fees, other soft costs, and ultimately a total capital project cost estimate.

As shown at right, the estimated current total project cost for the proposed performing and visual arts venue in Herriman is approximately \$79.9 million.

PROJECT ESTIMATE		CONSTRUCTION CONTROL CORPORATION		4/25/2022
PROJECT NAME.....HERRIMAN COMMUNITY ARTS CENTER				
LOCATION.....HERRIMAN, UT				
ARCHITECT.....METHOD STUDIO				
				85,700 BUILDING SF
STAGE OF DESIGN.....PROGRAM CONCEPT				6.16 ACRE SITE
CSI #	DESCRIPTION	UNIT QTY	UNIT COST	TOTAL
BUILDING COST ESTIMATE				
02	EXISTING CONDITIONS		\$ 1.85	\$ 158,314
03	CONCRETE		\$ 31.24	\$ 2,677,282
04	MASONRY		\$ 26.12	\$ 2,238,495
05	METALS		\$ 97.28	\$ 8,337,050
06	WOODS & PLASTICS		\$ 15.37	\$ 1,316,935
07	THERMAL & MOISTURE PROTECTION		\$ 28.10	\$ 2,408,106
08	DOORS & WINDOWS		\$ 20.05	\$ 1,718,244
09	FINISHES		\$ 70.39	\$ 6,032,356
10	SPECIALTIES		\$ 3.08	\$ 264,250
11	EQUIPMENT		\$ 35.18	\$ 3,015,000
12	FURNISHINGS		\$ 9.17	\$ 786,125
13	SPECIAL CONSTRUCTION		\$ -	\$ -
14	CONVEYING SYSTEMS		\$ 3.27	\$ 280,000
21	FIRE SUPPRESSION		\$ 5.00	\$ 428,500
22	PLUMBING		\$ 12.00	\$ 1,028,400
23	HVAC		\$ 81.75	\$ 7,006,000
26	ELECTRICAL		\$ 42.89	\$ 3,675,820
27	COMMUNICATION		\$ 20.00	\$ 1,714,000
28	ELECTRONIC SAFETY AND SECURITY		\$ 5.50	\$ 471,350
31	EARTHWORK		\$ 17.62	\$ 1,510,389
32	EXTERIOR IMPROVEMENTS		\$ 21.44	\$ 1,837,565
33	SITE UTILITIES		\$ 3.03	\$ 260,000
SUBTOTAL			\$ 550.34	\$ 47,164,181
GENERAL CONDITIONS			7%	\$ 38.52 \$ 3,301,493
BONDS & INSURANCE			2%	\$ 11.01 \$ 943,284
OVERHEAD & PROFIT			4%	\$ 22.01 \$ 1,886,567
DESIGN CONTINGENCY			15%	\$ 82.55 \$ 7,074,627
TOTAL CONSTRUCTION COST			\$ 704.44	\$ 60,370,151
Plan Check Fees \$ 211,210				
Building Permit \$ 324,938				
1% State Permit Fee \$ 3,249				
Utility Connection Fees and Impact Fees \$ 50,000				
Furniture, Fixtures & Equipment 8% \$ 4,829,612				
AE Fees 8% \$ 4,829,612				
Theatre Design Fees 1% \$ 603,702				
Reimbursables \$ 217,333				
Geotechnical \$ 15,000				
Commissioning Agent \$ 25,000				
Survey \$ 5,000				
City Administration Fees \$ TBD				
Project Management Fees 2% \$ 1,207,403				
Owner's Construction Contingency 10% \$ 6,037,015				
Special Inspections & Testing 1% \$ 603,702				
Energy Modeling \$ 45,000				
LEED Documentation A/E \$ TBD				
LEED Registration \$ TBD				
Art 1% \$ 603,702				
TOTAL PROJECT COST			\$ 933.27	\$ 79,981,629



1. INTRODUCTION

Victus Advisors, Method Studio, and Construction Control Corporation were engaged by **Herriman City** (“Herriman” or the “City”) in December 2021 to conduct an independent feasibility study and market survey for a performing and visual arts venue. Our primary project goals for this study included, but were not limited to:

- Estimate market demand for a new venue that would be beneficial to the local community and potentially, the greater Salt Lake market.
- Identify existing gaps in arts/events service areas in Herriman City and identify potential opportunities that could be provided by a new venue.
- Recommend a market-supportable building type and develop a sample building program and development cost estimate.
- Analyze potential development sites and conduct building program test fits.
- Forecast usage and event days for the proposed venue.
- Project the potential financial operations of the proposed venue.
- Analyze the potential economic and fiscal impacts of a performing and visual arts venue.

A visualization of our study methodology is shown on the next page.

PHASES:

1. MARKET
FEASIBILITY
ANALYSIS



2. FINDINGS &
PROGRAM RECS.



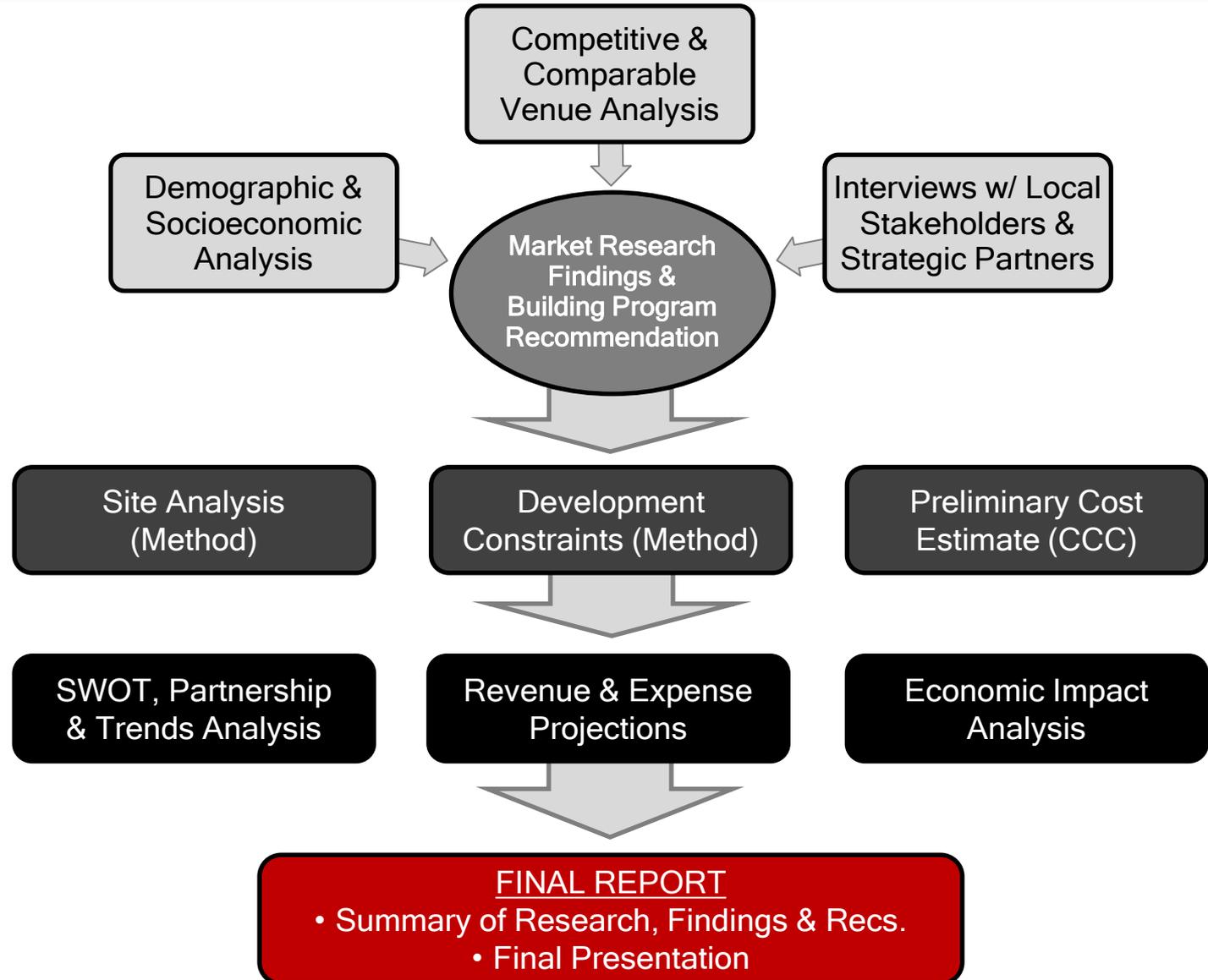
3. SITE ANALYSIS
& COST ESTIMATE



4. OPERATIONAL,
FINANCIAL &
ECONOMIC
ANALYSIS

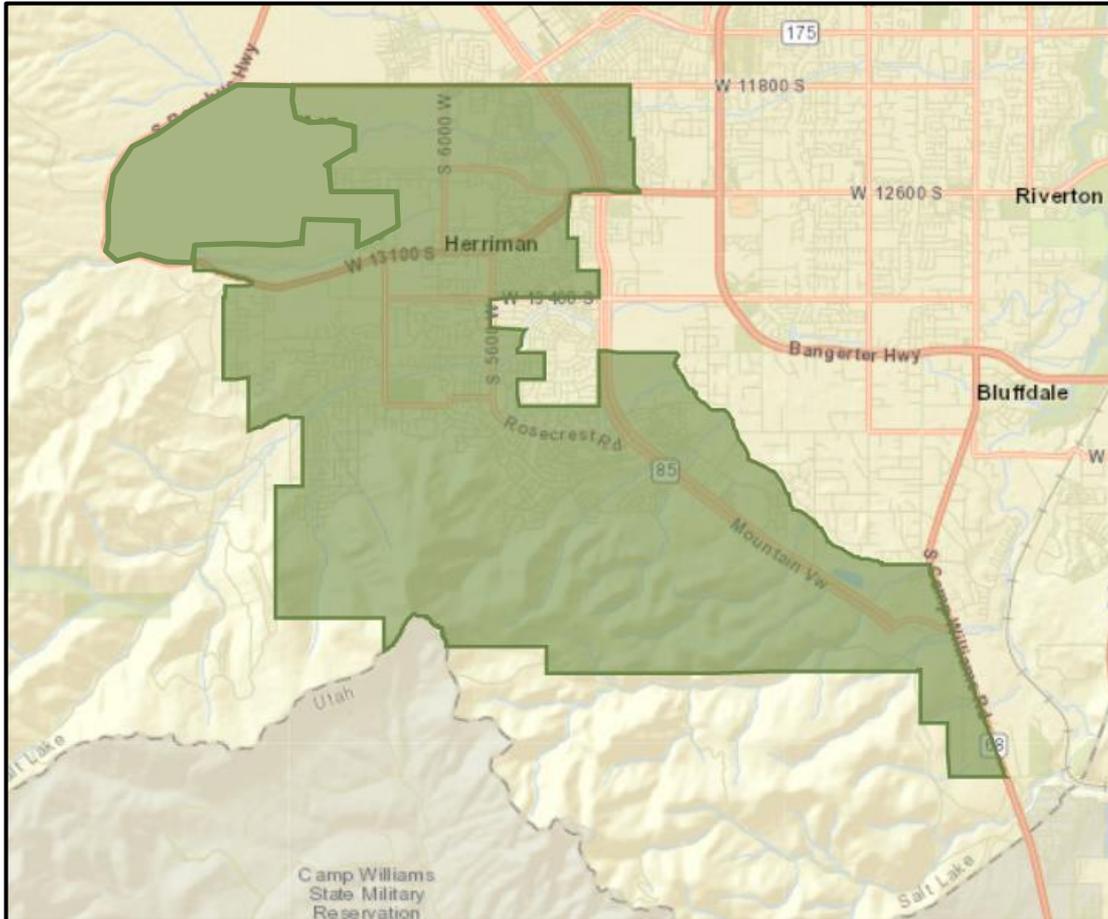


5. FINAL
DELIVERABLES



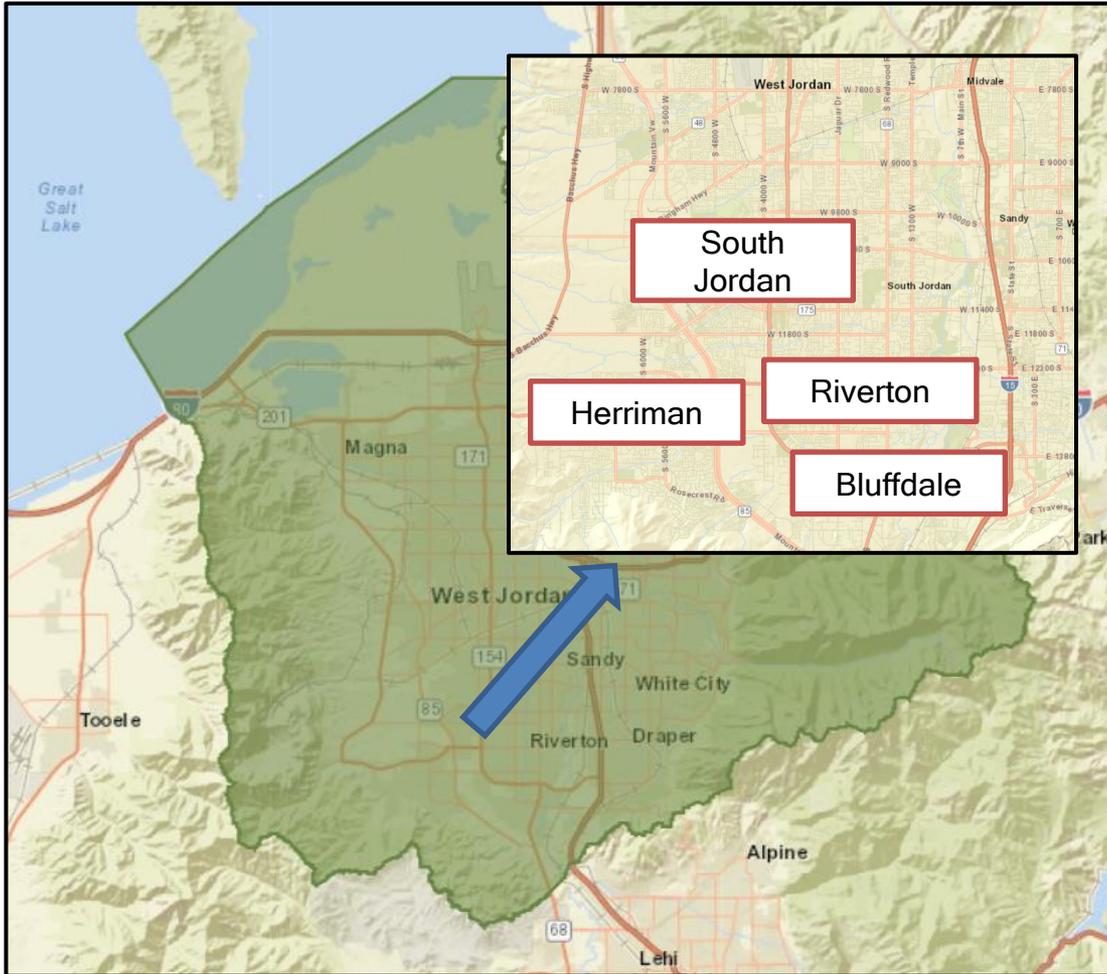


2. DEMOGRAPHIC & SOCIOECONOMIC ANALYSIS



Herriman City (shown at left) is located in the southwest portion of Salt Lake County and had an estimated population of 55,144 as of the 2020 Census.

Sources: Esri, US Census 2020



Source: Esri

Salt Lake County has a population of 1.2 million. The nearest cities to Herriman in Salt Lake County are Bluffdale, Riverton, and South Jordan.

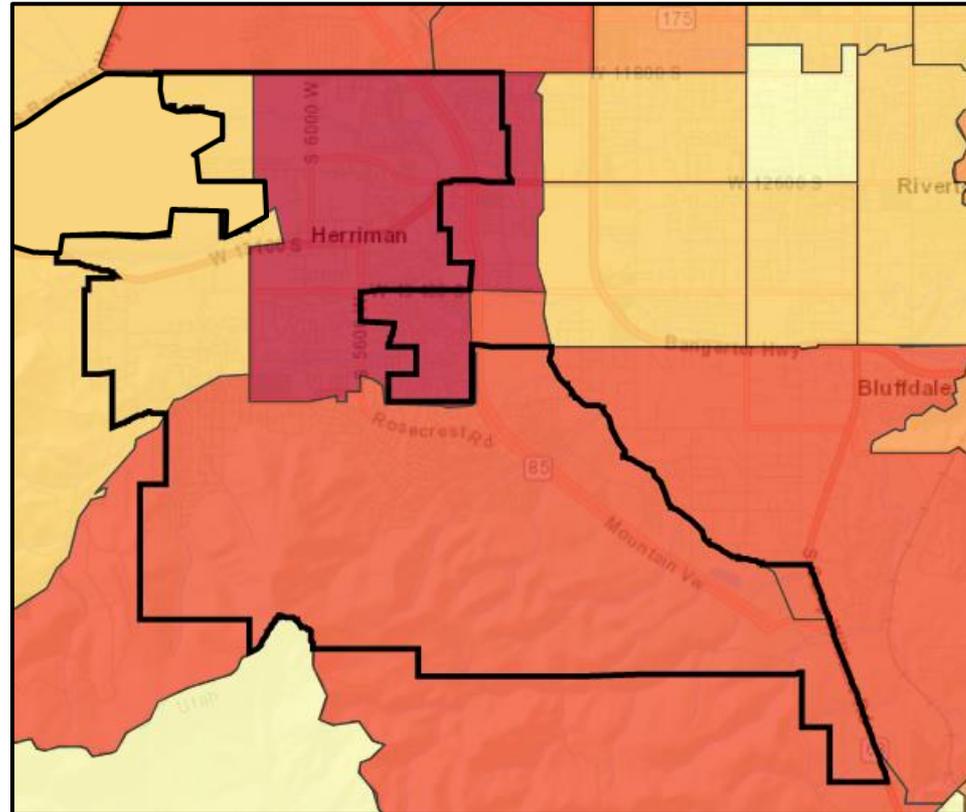
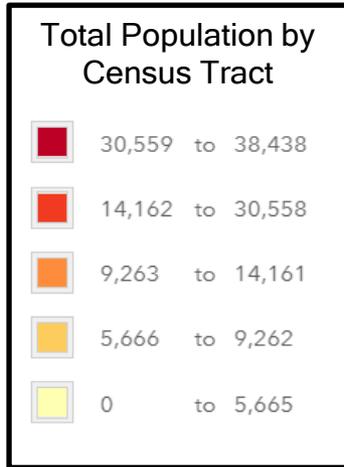
	Herriman City	Salt Lake County	United States
Population	55,144	1,207,807	333,934,112
Population Under 18	21,306	317,024	72,620,219
Percentage of Population Under 18	38.6%	26.2%	21.7%
Population Growth:			
Annual Pop. Growth (2000 to 2021)	14.0%	1.4%	0.8%
Annual Pop. Growth (5-year Projection)	2.9%	1.5%	0.7%
Projected Population (2026)	63,472	1,298,444	345,887,495
Median Age	27.4	32.9	38.8

Sources: Esri, US Census 2020

Herriman’s population has grown at an annual rate of 14% between 2000 and 2021. The population in Herriman is projected to continue growing at a higher annual rate (2.9%) than both Salt Lake County and the U.S. as a whole over the next five years, which is likely to lead to increasing demand for arts and culture programs.

In terms of median age, Herriman and Salt Lake County have a significantly lower median age than the U.S. average. A lower median age tends to represent a larger presence of working-age populations and young families, which can translate into increased demand for youth programming both in Herriman and County-wide.

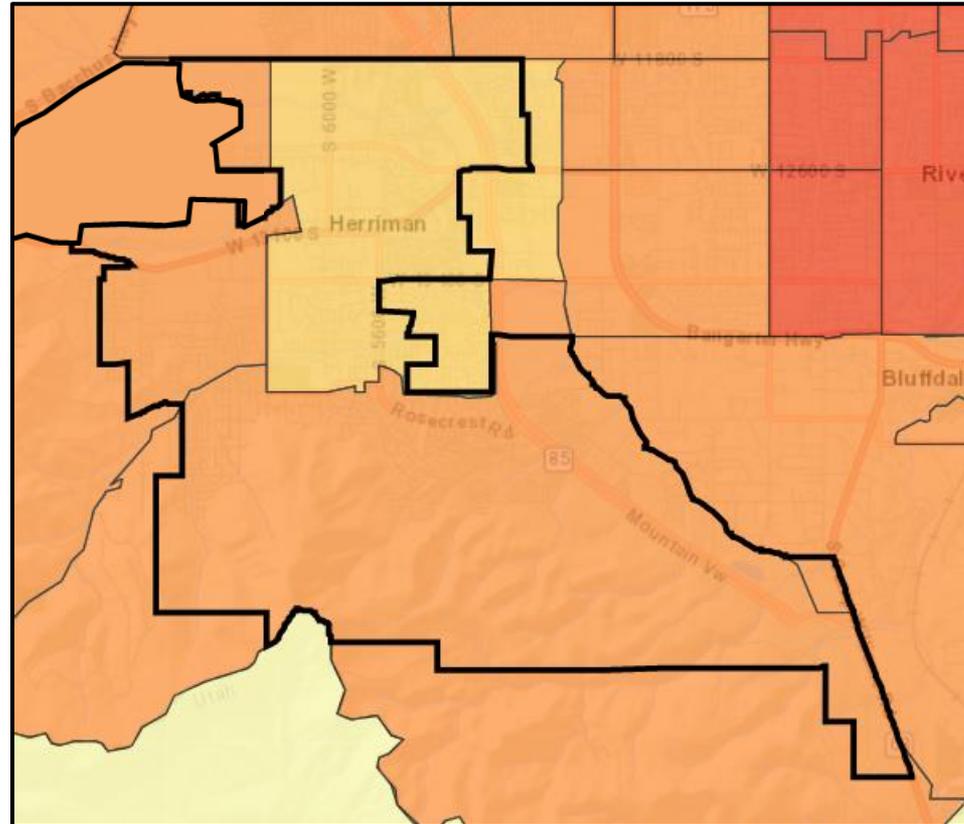
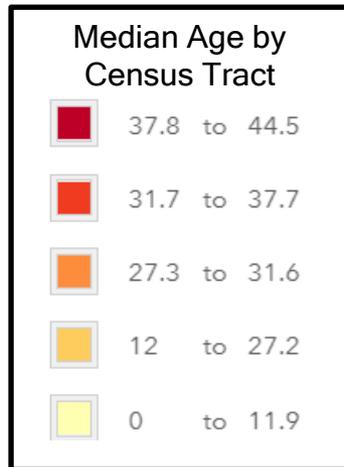
POPULATION DISTRIBUTION



Source: Esri

Population density within Herriman is highest in the northeastern part of the City (highlighted in red above).

AGE DISTRIBUTION



Source: Esri

Median age also appears to be lower in the northeastern part of the City, indicating a higher presence of working-age populations and young families.

	Herriman City	Salt Lake County	United States
Total Households	13,931	401,195	126,470,675
Households With Children Under 18	12,354	279,462	82,824,624
Percentage of Households With Children	88.7%	69.7%	65.5%

Source: Esri

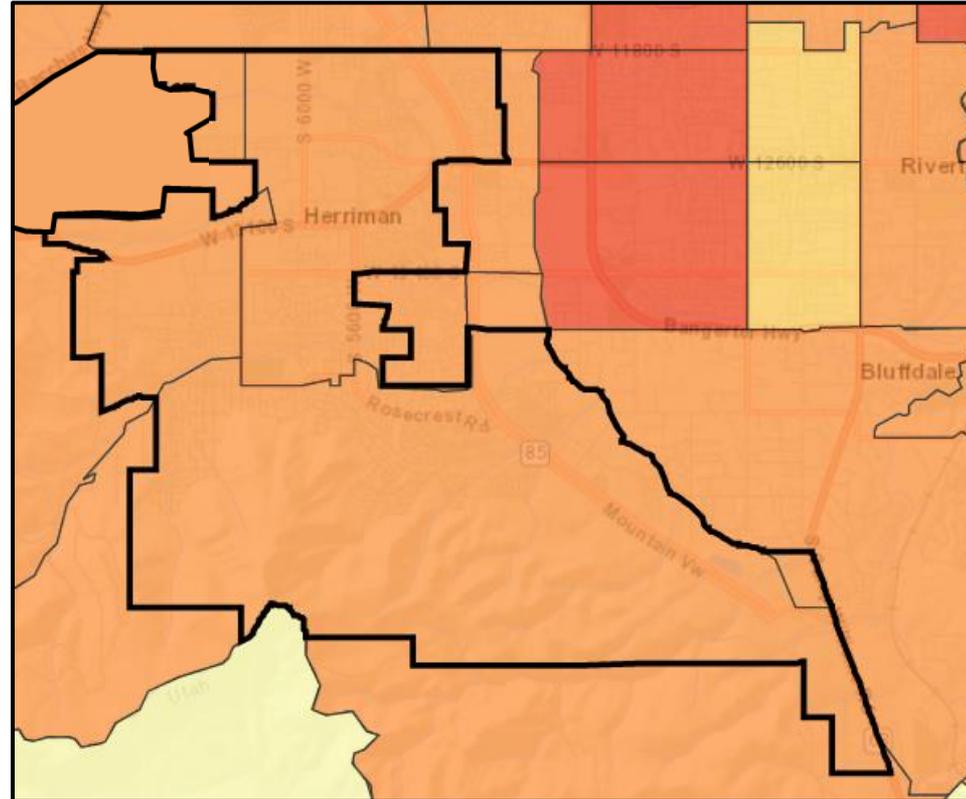
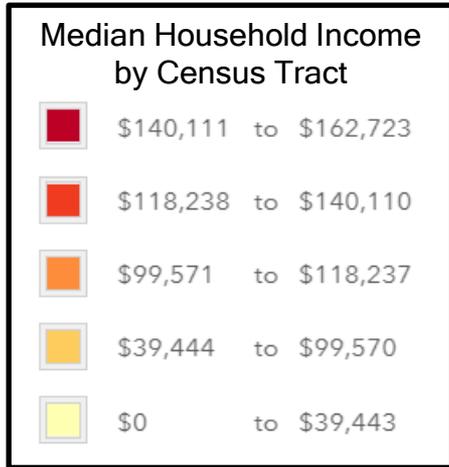
	Herriman City	Salt Lake County	United States
Median Household Income	\$106,464	\$80,897	\$64,730
Adjusted Median Household Income (1)	\$115,722	\$88,316	

Sources: Esri, Sperling

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

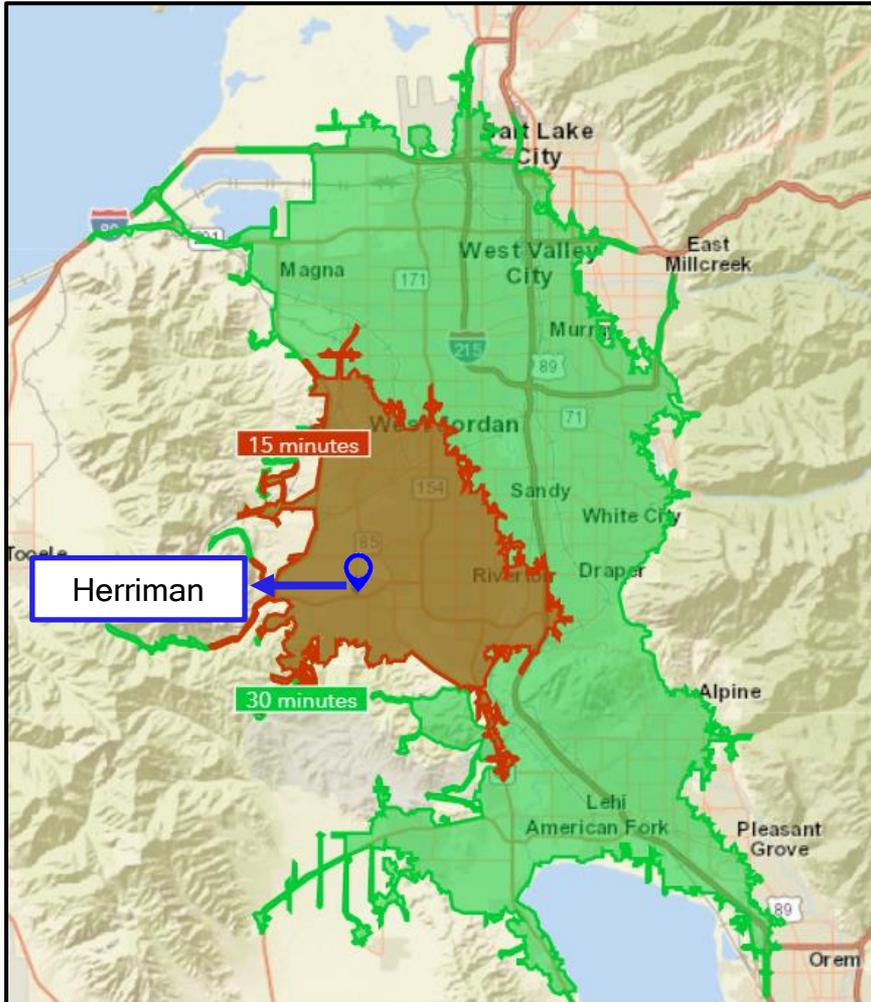
Herriman has a significantly higher percentage of households with children than the national average. A high percentage of households with children is a positive indicator for family-friendly arts and culture programming.

When adjusted for cost of living, the median household income in Herriman is also significantly higher than the U.S. median income. Higher household income levels can often indicate an ability for a household to spend disposable income on various forms of arts/culture programming and family entertainment.



Source: Esri

Median Household Income is equally distributed throughout the City.



Source: Esri

The population within a 15-minute drive-time radius of Herriman is 262,805.

The population within a 30-minute drive-time radius of Herriman is 1.2 million.

Based upon Victus Advisors' experience, primary attendance for a performing and visual arts venue (especially for weekday events) is typically drawn from within a 15-minute drive radius, which roughly includes the cities of West Jordan, South Jordan, Riverton, and Bluffdale.

For certain programs and performances, additional participants and attendees may be drawn from a 30-minute radius, which includes the majority of Salt Lake County, as well as some northern Utah County communities such as Eagle Mountain, Saratoga Springs, and Lehi.

KEY TAKEAWAYS: SOCIOECONOMIC & DEMOGRAPHIC ANALYSIS

- **POPULATION GROWTH** - Herriman's population has grown at 14% annually between 2000 and 2021. The population in Herriman is projected to continue growing at a higher rate than both Salt Lake County and the U.S. as a whole over the next five years, which is likely to lead to increasing demand for arts and culture programs.
- **MEDIAN AGE** - In terms of median age, Herriman and Salt Lake County have a significantly lower median age than the U.S. average. A lower median age tends to represent a larger presence of working-age populations and young families, which can translate into increased demand for both youth and adult programming both in Herriman and County-wide.
- **HOUSEHOLDS WITH CHILDREN** - Herriman has a significantly higher percentage of households with children than the national average. A high percentage of households with children is a positive indicator for youth programming and family arts/entertainment demand in the region.
- **HOUSEHOLD INCOME** - When adjusted for cost of living, the median household income in Herriman is also significantly higher than the U.S. median income. Higher household income levels can often indicate an ability for a household to spend disposable income on various forms of arts/culture programming and family entertainment.



3. INTERVIEW SUMMARIES

In January 2022, Herriman City identified local stakeholders and potential user groups for Victus Advisors to conduct phone interviews. The goal of these interviews was to gather feedback from key local arts group stakeholders and potential users regarding the market potential for a performing & visual arts venue in Herriman. The set of topics and questions included perceptions of Herriman and its current programs and venues for the performing & visual arts community, possible comparable venue models, and other feedback concerning the potential new venue.

ONE-ON-ONE INTERVIEWS - Victus Advisors conducted 14 phone interviews with representatives from the following 10 local groups and organizations:

- Herriman Arts Council
- Herriman High School
- Herriman Planning Commission
- Jordan School District
- Lifehouse Performance Arts Academy
- Mountain Ridge High School
- Project Dance
- Salt Lake Community College
- Salt Lake Symphonic Winds
- Tiffany Dance Company

PERCEPTIONS OF THE CURRENT PERFORMING & VISUAL ARTS COMMUNITY IN HERRIMAN

- Interviewees indicated that there are limited options for indoor performing arts venues in Herriman. Some groups have used Herriman High School and the community room at Herriman City Hall for performances, rehearsals, and recitals.
- The Herriman Arts Council frequently uses a pavilion at Butterfield Park for outdoor performances, but their program offerings are limited to warmer seasons without access to indoor stages. The group indicated that the pavilion at the park is not built for performances (lack of dressing rooms, not enough stage space, no storage, etc.).
- Several interviewees have had to use charter school auditoriums and travel to other nearby cities for access to larger indoor stages such as community rooms for performances and recitals.
- One interviewee cited the need for “elite” arts programs for kids in the community. Given the growth of Herriman, they felt the City could be a great place to develop elite talent with the right facilities.
- All dance group interviewees stated that they use their studios for practices, and most use high school auditoriums in the Salt Lake Valley for performances and recitals.
- Representatives from high schools and the Jordan School District indicated that they almost exclusively use their school for practices and performances.

SUPPORT FOR BUILDING A NEW ARTS VENUE IN HERRIMAN

- Generally speaking, all interviewees support building a new performing and visual arts venue in Herriman. Several suggested that the venue would be a great benefit to the community and residents, in addition to the surrounding communities, and ultimately increase the quality of life.
- The schools and school district support the potential building of a performing arts venue in Herriman, suggesting it would be easier to run their arts programs if outside groups used another venue.
- A few interviewees indicated that there isn't a large-scale venue in the area and that a venue in Herriman could help fill a gap in the southwest corner of Salt Lake County. Furthermore, interviewees felt a new venue could expand year-round programming for kids interested in the arts.
- There was some concern among a few interviewees regarding the operations and management of the proposed venue. The Herriman Arts Council is run by volunteers and does not have the bandwidth to operate the venue. Council representatives were also concerned about how the venue could affect the mission of the organization and that the venue could potentially shut out part of the community due to high rents or limited access.
- Several interviewees felt that it is very important that the venue be multi-purpose so that seniors could use it during the day and generally accommodate a wide variety of user groups.

EXISTING FACILITIES THAT COULD BE A MODEL FOR A VENUE IN HERRIMAN

- The Mid-Valley Performing Arts Center in Taylorsville, which was recently built, was frequently cited by interviewees as a venue that could potentially be replicated in Herriman. Interviewees indicated that the venue has great sound and lighting. In addition, a few interviewees mentioned that the main theatre (and one of the studios) has retractable seating which helps open up space for different types of performances.
- Other facilities that were mentioned by at least one interviewee as potential models for Herriman were:
 - Covey Center for the Arts (Provo)
 - Heritage Center Theater (Cedar City)
 - Rose Wagner Performing Arts Center (Salt Lake City)

PARTNERSHIP OPPORTUNITIES

- Victus also asked stakeholders and potential user groups about interest in providing financial capital towards the building of the proposed venue. All but one of the interviewees that were interested in using the proposed venue indicated that they would be occasional users only, and thus would not consider a financial partnership with the City beyond paying rent.
- Lifehouse Performance Academy however, was looking at building a 20,000 sq. ft. studio in Herriman in the next five years and the representative expressed interest in speaking with Herriman City about potential collaboration opportunities.
- Salt Lake Community College (SLCC) and the University of Utah recently broke ground on a joint \$57 million campus in Herriman (Juniper Canyons Campus). Opening in 2023, the campus is projected to serve up to 7,000 students by 2025. When asked if there could be a potential partnership with Herriman City regarding the proposed venue in light of the new campus, SLCC representatives indicated that the programs and classes offered at the new campus would not align with the proposed venue. The representatives suggested that they could potentially offer some workshops at the venue, but they would be occasional users.

Group/Organization	Group Type	Likelihood of Usage	Space Desired	Type of Usage	Projected Number of Annual Performances
Herriman Arts Council	Theater	Definitely Use	Main Theater, Black Box, Rehearsal	Rehearsals, Performances	5
Herriman High School Dance Program	Dance	Definitely Use	Main Theater	Performances	2
Herriman High School Music Program	Music	Definitely Use	Main Theater	Performances	2
Herriman High School Theater Program	Theater	Likely Use	Main Theater, Black Box	Performances	2
Jordan School District	Multi	Likely Use	Main Theater	Performances	2
Lifehouse Performance Arts Academy	Dance	Definitely Use	Main Theater, Black Box, Rehearsal	Rehearsals, Performances	4
Mountain Ridge High School Theater Program	Theater	Likely Use	Black Box	Performances	3
Project Dance	Dance	Definitely Use	Main Theater, Black Box, Rehearsal	Rehearsals, Performances	4
Salt Lake Community College	Multi	Possibly Use	Black Box, Classroom	Workshops	-
Salt Lake Symphonic Winds	Music	Definitely Use	Main Theater	Performances	1
Tiffany Dance Company	Dance	Definitely Use	Main Theater	Performances	2

27

Source: Victus research

Notes: Sorted by Group/Organization in alphabetical order. This is likely a partial list of potential users, based solely on the interviewees contacted by Victus Advisors.

SUMMARY OF POTENTIAL USERS

Several groups that were interviewed expressed interest in using the proposed performing and visual arts venue in Herriman. Furthermore, up to 27 annual performances could potentially be hosted at the proposed venue, based solely on feedback from the interviewees listed above.

At least three (3) groups indicated they would use the venue for both rehearsals and performances. However, based upon comparable arts venues, it is also anticipated that a wider variety of groups than just those interviewed would have needs for rehearsal space in conjunction with their performances at the venue.



4. COMPETITIVE & COMPARABLE FACILITIES ANALYSIS



Source: Google Maps

Facilities

- 1 CenterPoint Legacy Theatre (Centerville)
- 2 Covey Center for the Arts (Provo)
- 3 Heritage Center Theater (Cedar City)
- 4 Mid-Valley Performing Arts Center (Taylorsville)
- 5 Rose Wagner Performing Arts Center (Salt Lake City)

Based on feedback provided via key stakeholders and potential user groups, Victus Advisors analyzed the five (5) comparative facilities in Utah that were identified as potential models for a new performing and visual arts venue in Herriman.

Please note that we contacted the operators of each of these facilities, and not all the operators could provide us with the same quantity and caliber of data. The facility information provided on the following pages represents the best available data that the facility operators were able to provide.

Centerville



- **Opened:** 2011; **Architect:** FFKR
- **Construction Cost:** \$14.5M (\$22M in 2021 dollars*)
- **Funding Mix:** \$6M RAP tax; \$2.M Davis County; \$5M Tax Increment Financing District
- **Owner:** Centerville Redevelopment Agency (Centerville and Bountiful)
- **Operator:** CenterPoint Legacy Theatre (Resident Theatre Company)
- **Footprint:** 63,000 sq. ft.
- **Features:**
 - Main stage (550-seat capacity)
 - Small stage (100-seat capacity)
 - Small conference room
 - Rehearsal room
 - Multi-purpose room
 - The facility also features art exhibits throughout public areas
- **Annual Events & Attendance:**
 - The resident theatre company (CenterPoint) operates the facility with a primary focus on producing their own programs and shows, and as a result they rarely rent space out to third-party groups or other local arts groups.
 - The main stage typically shows six productions per year with approximately 30 scheduled performances per production.
 - Annual ticketed attendance is approximately 60,000.



- **Financial Operations:**

- CenterPoint reported 2019 revenues (pre-COVID) of just over \$2 million. CenterPoint is responsible for all operating expenses and has an annual budget (including facility operations, rent payments, and company expenses) of approximately \$2 million and seven (7) full-time staff.
- CenterPoint's cost recovery from operations alone has grown over time and is at about 80% now. They fill the other 20% to break-even annually through fundraising events, donations, and grants.
- CenterPoint is responsible for covering all operating expenses, including \$7,500 per month (or \$90,000 per year) that must be paid in rent each year to the Centerville Redevelopment Agency that goes into a long-term capital maintenance fund.

- **Selected Management Feedback:**

- The facility operator strongly advised that local government (such as City and County) be committed to and involved to the project for the long-term by promoting the facility and the events it will host. By doing so the proposed facility will “become a gem in the area.”
- The facility operator also recommended that the proposed facility should have ample storage space, indicating that many venues often lack adequate storage for production equipment and other materials that are necessary for shows.
- Lastly, the facility operator recommended that the proposed facility be built with a multi-use vision in mind. The ability to host other events such as fundraising galas, classes, and banquets will enhance the attractiveness of the facility. They cited the Mid-Valley Performing Arts Center as an example of a facility that is accomplishing that goal.

RENTAL RATES

- The facility has established third-party rental rates, with rates varying depending on user type (school group, non-profit, or commercial):
 - o Main Stage Performances (\$750 to \$1,350 per day)
 - o Small Stage Performances (\$125 to \$300 per day)
 - o Lobby Rentals (\$125 to \$400 per day)
 - o Rehearsal Halls (\$100 to \$400 per day)
 - o Multi-Purpose Rooms (\$100 to \$300 per day)
 - o Conference Room (\$100 to \$300 per day)
- That said, it should be noted that as the private, non-profit operator of the venue, CenterPoint is responsible for paying both rent and facility operating costs. Therefore, they have had to develop their own robust performance, production, program, and youth academy capabilities to generate the revenues necessary to cover the full facility operating and lease costs.
- As a result of this public-private partnership model, outside usage by other local arts groups has been crowded out. In recent years, only a few local high school groups have used the facility during limited weekday afternoon times. CenterPoint has also rented meeting space occasionally to local businesses who need a conference room.
- Furthermore, due to the limited outside rentals, CenterPoint does not staff their operation enough to service outside events, and so they don't maintain permanent event staff for grips, load in/out, etc. They only rent out space with limited assistance, so the operational burden falls on the renter.

Provo

- **Opened:** 2007; **Architect:** VCBO
- **Renovation Cost:*** \$8.2M (\$11.8M in 2021 dollars**)
- **Funding Mix:** Tax increment financing bonds, personal and corporate donations
- **Owner/Operator:** Provo City
- **Footprint:** 45,000 sq. ft.
- **Features:**
 - Main performance hall (670-seat capacity)
 - Black box (95-seat capacity)
 - Small recital hall (80-seat capacity) to be completed in early 2022
 - Dance studio
 - 75 ft. fly-loft
 - 3 visual arts galleries. 2 of them are dedicated to visual arts exhibits that rotate every 2 months. The third is a dedicated gallery wall in the lobby.
- **Annual Events & Attendance:**
 - The facility operator reported a total attendance of approximately 110,000 in 2021. Furthermore, they indicated that usage of the facility increased 20% from 2020. During 2020, the facility was only closed for six weeks due to the COVID-19 Pandemic.
 - The facility operator also reported that they hosted about 160 performances in 2021 across all of its performance spaces. The facility is in use 245 days out of the year, and it is anticipated that up to 270 days will be used with the addition of the small recital hall.



- **Annual Events & Attendance (Cont.):**
 - The facility hosts up to 90 user groups on an annual basis. These groups will rent space for a day at a time, a week at a time, etc.
 - The facility currently serves about 30% of Utah county groups and frequently hosts groups from as far north as Draper and beyond. Demand is so high that there is a waiting list of about 25 groups trying to use the facility and they've scheduled roughly four performances per weekend until July 2022.
- **Financial Operations:**
 - As it is strictly a rental venue, and most non-profit community arts groups cannot afford to pay significant rental fees, Covey Center does not generate an annual operating profit, and its operations are heavily subsidized by the City of Provo on annual basis. The facility operator reported that in 2021, the facility (with about a \$1.1M budget) received about a \$350,000 subsidy from Provo City's general fund.
- **Selected Management Feedback:**
 - The facility operator stressed the need for adequate staffing if the potential facility were to modeled after the Covey Center for the Arts. The facility use to have six full-time employees, but they currently have four. They recommend that the proposed venue in Herriman have at least six full-time employees.
 - The facility operator also suggested that the City of Herriman identify the purpose of the proposed venue (e.g. single discipline like Hale Centre Theatre or a rental facility like Covey/Rose Wagner).

RENTAL RATES

- Main Performance Hall (School Performances): \$200
- Main Performance Hall (Full Day): \$1,250 (Non-Profit); \$1,550 (All Other Groups)
- Main Performance Hall (Full Week): \$6,400 (Non-Profit); \$7,900 (All Other Groups)
 - Performance Reception: \$150 per lobby/gallery or studio
 - Studio Stage: \$150 for three (3) hours

There are also additional charges for tech support, lights, etc. Lastly, the Black Box is not rented out and is used for in-house productions.

BOX OFFICE

- Ticket Sales: 8% commission on gross ticket sales and \$.65 per complimentary ticket after 20
 - Facility Fee: \$1 per ticket for all sales, including complimentary tickets
 - Ticket Exchanges: \$3 per ticket
- Client Merchandise Sales: 15% commission on all gross revenue (no food or drink concessions may be sold by the renter)
 - Covey Merchandise/Concessions: \$2 per bottle of water
 - Gallery Exhibit Sales: 25% commission on all art sales

Cedar City

- **Opened:** 2002
- **Theater Construction Cost:** \$12M (\$23.9M in 2021 dollars*)
- **Funding Mix:** City bond issue
- **Owner/Operator:** Cedar City
- **Footprint:** n/a
- **Features:**
 - Main stage (986-seat capacity)
 - Lobby that has been used for weddings, small concerts, etc.
 - 15,000 sq. ft. of meeting space
- **Annual Events & Attendance:**
 - The facility operator reported that the venue hosts about 240 events (rehearsals, performances, weddings, etc.) per year. About 90% of the users are local, with the remaining 10% are renters from outside Cedar City and promoters.
 - The facility operator also manages Festival Hall (owned by Iron County), and typically hosts about 360 events per year.



- **Financial Operations:**
 - The facility is strictly a rental venue and, as a result, it does not generate an annual operating profit. The operations of both the theater and Festival Hall have an annual budget of about \$500,000 and a cost recovery of about 50%. The facility is subsidized by the Cedar City's general fund.
- **Selected Management Feedback:**
 - The facility operator recommended that City identify who the owner and operator would be of the facility. Ideally, the City should have full ownership and operations instead of building and handing off the operations to another organization that may not have the expertise and know-how in operations. They also added that sufficient staffing is important, citing that their facility only has two full-time employees.
 - The facility operator also stressed the importance of not limiting the scope of the facility and to make it as multi-purpose as possible.
 - Lastly, the facility operator stated that the venue "will always be a compromise." All stakeholders and potential users must understand that they can't have everything in a facility to meet their needs and to focus on the "must-haves."

RENTAL RATES

- Grand Lobby (Social Event): \$250-\$275 (4-hour block depending on weekday/weekend); \$500-\$550 (8-hour block depending on weekday/weekend)
 - Theatre (Performance): \$500-\$550 (4-hour block depending on weekday/weekend)
 - Stage (Rehearsal Only): \$250-\$275 (4-hour block depending on weekday/weekend)

There are also additional charges for tech support, lights, etc. Lastly, the facility operator indicated that their rates are well-below market rates.

Taylorsville

- **Opened:** 2021
- **Construction Cost:** \$42M
- **Funding Mix:** County bond, about \$5M contribution from Taylorsville City
- **Owner/Operator:** Salt Lake County
- **Footprint:** 70,000 sq. ft.
- **Features:**
 - Main stage (400-seat capacity)
 - Small stage (200-seat capacity)
 - Multi-use rehearsal room
 - Storage space (to eventually be repurposed as rehearsal space)
 - Dressing room (star & ensemble) and green room
 - Laundry & wardrobe
 - Workroom & storage areas
 - Ticket office
 - Catering space
 - Space in the lobby for art galleries and exhibits
- **Annual Events & Attendance:**
 - Although the facility was opened in October of 2021, it still hosted 55 performances and over 13,000 total visitors by the end of the year.
 - Facility operators project over 500 booked days (classes, rehearsals, performances) for 2022.



- **Residency Program:**

- The facility does not currently host resident groups, but the operators would like to replicate a similar model like at Rose Wagner.
- The facility is owned by Salt Lake County, but the land is owned by Taylorsville City. Under this partnership, the City has access to 16 event days at no cost to use at the facility. The City donates those days to the Taylorsville Arts Council. The City also has about 400 sq. ft. of dedicated storage space.

- **Financial Operations:**

- The facility will be subsidized by the Salt Lake County Zoo, Arts & Parks Tax (ZAP Tax).
- For 2022, the facility operators project approximately \$201,000 in revenues against approximately \$445,000 in expenses for a cost recovery of about 45%, however it should be noted that these are not fully-loaded revenues and expenses for the venue based upon the way the County accounts for various departments that provide support services to their arts venues.
- Per the City/County partnership, the City takes care of exterior maintenance while the County is responsible for interior building maintenance.
- The facility has eight (8) full-time dedicated employees. Additional on-site staff is shared across other venues across Salt Lake County.

- **Selected Management Feedback:**

- It is anticipated that the facility will help alleviate the demand for booking at Rose Wagner. Additionally, facility operators indicated that the facility is starting to tap into groups from the southern part of Salt Lake County and, as a result, there may some overlap in usage/demand between the Taylorsville facility and the proposed venue in Herriman if it is designed as a regional draw.

RENTAL RATES

- Main Stage Theatre (Full House Performance): \$280 (Non-Profit); \$410 (Commercial)
- Main Stage Theatre (Half House Performance): \$180 (Non-Profit); \$290 (Commercial)
 - Studio 5400 (Full House Performance): \$140 (Non-Profit); \$250 (Commercial)
 - Studio 5400 (Half House Performance): \$70 (Non-Profit); \$170 (Commercial)
 - Centennial Room (Rehearsal/Performance): \$90 (Non-Profit/Commercial)
 - Centennial Room (Social Event): \$125 (Non-Profit); \$350 (Commercial)

There are also additional charges for ticket fees, tech support, lights, etc.

Salt Lake City

- **Phase I Opened:** 1997; **Phase II Opened:** 2002
- **Phase I Construction Cost:** \$5M (\$11.7M in 2021 dollars*)
- **Phase II Construction Cost:** \$8.8M (\$17.5M in 2021 dollars*)
- **Funding Mix:** County bond, private fundraising and naming rights
- **Owner/Operator:** Salt Lake County
- **Footprint:** 45,000 sq. ft.
- **Features:**
 - Main stage (499-seat capacity)
 - Small stage/black box (191-seat capacity)
 - Studio theatre (75-seat capacity)
 - 4 dance studios and reception spaces
 - 4 dressing rooms
 - 2 green rooms
 - Concessions
 - Ticket office
- **Annual Events & Attendance:**
 - The facility hosted nearly 750,000 attendees in 2019. The facility also hosted 943 performance events across all its performance spaces during the same year.



- **Residency Program:**
 - The facility hosts six (6) residency groups: the Gina Bachauer International Piano Foundation; Plan-B Theatre Company; Pygmalion Productions; Repertory Dance Theatre; Ririe-Woodbury Dance Company; and SB Dance. These groups receive priority booking for rehearsals and performances, and dedicated rehearsal space. Additionally, some have on-site office and storage spaces. The groups have discounted rental rates which are below non-profit rates, and they are required to book the majority of programs at the facility.
- **Financial Operations:**
 - In 2019, the facility generated approximately \$370,000 in revenue against approximately \$415,000 in expenses for about a 90% cost recovery. The facility is projected to generate just under \$280,000 in revenues against projected expenses of nearly \$435,000 for a 64% cost recovery in 2022. Lastly, the facility is subsidized by the Salt Lake County Zoo, Arts & Parks Tax (ZAP Tax).
 - The facility has six (6) full-time dedicated employees. Additional on-site staff is shared across other venues across Salt Lake County.
- **Selected Management Feedback:**
 - The facility operator mentioned that the Rose Wagner Performing Arts Center does not have dedicated dressing rooms next to the stage and that the facility was not built with the intention of being multi-purpose for various and simultaneous events. They recommend that the proposed facility account for dedicated dressing rooms which are accessible from the stage. Additionally, the facility operators recommended that the proposed facility in Herriman have sound barriers in each performance space and flexible spaces so that the facility can be multi-purpose.

RENTAL RATES

- Jeanne Wagner Theatre (Full House Performance): \$680 (Non-Profit); \$980 (Commercial)
- Jeanne Wagner Theatre (Half House Performance): \$430 (Non-Profit); \$690 (Commercial)
- Leona Wagner Black Box (Full House Performance): \$350 (Non-Profit); \$450 (Commercial)
- Leona Wagner Black Box (Half House Performance): \$200 (Non-Profit); \$310 (Commercial)
 - Studio Theatre (Performance): \$135 (Non-Profit); \$200 (Commercial)
 - Theatre Lobby (Social Event): \$680 (Non-Profit); \$1,010 (Commercial)
 - Rose Room (Social Event): \$160 (Non-Profit); \$390 (Commercial)
 - Leona Wagner Black Box (Social Event): \$350 (Non-Profit); \$450 (Commercial)
 - Studio Theatre (Social Event): \$135 (Non-Profit); \$200 (Commercial)

There are also additional charges for ticket fees, tech support, lights, etc.

SUMMARY OF COMPARABLE FACILITIES: CONSTRUCTION COSTS IN 2021 DOLLARS

Facility	City	Year Built/Expanded	Est. 2021 Construction Cost
CenterPoint Legacy Theatre	Centerville	2011	\$21,964,286
Covey Center for the Arts	Provo	2007	\$11,810,304
Heritage Center Theater	Cedar City	2002	\$23,844,911
Mid-Valley Performing Arts Center	Taylorsville	2021	\$42,000,000
Rose Wagner Performing Arts Center (Phase I & II)	Salt Lake City	1997/2002	\$29,200,554
AVERAGE			\$25,764,011
MEDIAN			\$23,844,911

Sources: Victus research. Turner Building Cost Index - Q4 2021.

Note: Sorted by Facility in alphabetical order

CONSTRUCTION COST NOTES

Construction costs of the comparable facilities in 2021 dollars (according to national construction data available via the Turner Building Cost Index) were as high as \$42 million. However, it should be noted that construction costs along the Wasatch Front in Utah have been increasing at a rapid rate over the past 18 months, so these 2021 numbers should not be relied upon as the sole basis for current or future construction cost estimates. Furthermore, total development costs will likely be higher for a new build when factoring in soft costs, as well as any building size differences.

SUMMARY OF COMPARABLE FACILITIES: OPERATIONS

<u>Facility</u>	<u>Owner</u>	<u>Operator</u>	<u>Operating Model</u>	<u>Subsidy</u>	<u>Subsidy Source</u>
CenterPoint Legacy Theatre	Public	Private	Private Programming	Yes	Private and Public Funds
Covey Center for the Arts	Public	Public	Rental	Yes	City's General Funds
Heritage Center Theater	Public	Public	Rental	Yes	City's General Funds
Mid-Valley Performing Arts Center	Public	Public	Rental	Yes	ZAP Tax
Rose Wagner Performing Arts Center	Public	Public	Rental	Yes	ZAP Tax

Sources: Victus research. Turner Building Cost Index - Q4 2021.

Note: Sorted by Facility in alphabetical order

OPERATIONS NOTES

As shown above, all the comparable facilities are publicly owned, however only CenterPoint Legacy Theatre is privately operated. Furthermore, CenterPoint is the only facility that is almost exclusively in-house programming while the remaining facilities primarily rent out their spaces. Lastly, all facilities above typically require (or will require in the case of Mid-Valley) an annual subsidy. Four (4) of the five (5) facilities are subsidized exclusively by public sources.

SUMMARY OF COMPARABLE FACILITIES: FEATURES & AMENITIES

<u>Facility</u>	<u>Main Stage Seating Capacity</u>	<u>Small Stage/Black Box Seating Capacity</u>	<u>Dance Studio/ Flex Rooms</u>
CenterPoint Legacy Theatre	550	100	Yes
Covey Center for the Arts	670	95	Yes
Heritage Center Theater	986	n/a	No
Mid-Valley Performing Arts Center	400	200	Yes
Rose Wagner Performing Arts Center	499	191	Yes
AVERAGE	621	147	
MEDIAN	550	146	

Sources: Victus research, facility operators

Note: Sorted by Facility in alphabetical order

FEATURES & AMENITIES NOTES

As shown above, the main stages of the comparable facilities have an average seating capacity of 621, while the average seating capacity for small stage/black box is 147. Four (4) of the five (5) facilities have dance studios and/or flex rooms for other uses.

SUMMARY OF COMPARABLE VENUES

Facility	Owner/Operator	Operating Model	Year Open	Est. 2021 Construction Cost	Square Feet	2021 Cost per SF	Main Stage Seating Capacity	Black Box Seating Capacity	
CenterPoint Legacy Theatre	Public/Private	In-House Programs	2011	\$21,964,286	63,000	\$349	550	100	
Covey Center for the Arts	Public/Public	Rental	2007	\$11,810,304 *	45,000	\$262	670	95	
Heritage Center Theater	Public/Public	Rental	2002	\$23,844,911	n/a	n/a	986	n/a	
Mid-Valley Performing Arts Center	Public/Public	Rental	2021	\$42,000,000	70,000	\$600	400	200	
Rose Wagner Performing Arts Center	Public/Public	Rental	1997/2001	\$29,200,554	45,000	\$649	499	191	
				Average:	\$29,252,000 **	55,750	\$460	620	150
				Median:	\$26,523,000 **	54,000	\$474	550	146

Source: Victus research, Facility operators

Notes: Construction Costs represent Q4 2021 estimated costs via the Turner Construction Index. Table is sorted by Facility in alphabetical order.

*Represents renovation cost for Covey Center

**Average/median only include new builds (Covey Center renovation has been excluded)

SUMMARY NOTES - COMPARABLE VENUES

- All five (5) of the facilities are public owned, and four (4) of them are publicly operated.
- The publicly operated facilities primarily rent space to outside user groups, whereas the private facility primarily runs its own non-profit programs, academy, and shows.
- The average comparable facility is nearly 56,000 square feet, however the two buildings built within the past decade are 63,000 and 70,000 square feet, respectively.
- The average theater seating capacity is 620 for main stage and 150 for black box.
- The average construction cost per square foot in estimated 2021 dollars was \$460 per sq. ft., however there has been rapid cost escalation over the past 18 months along the Wasatch Front.



5. ARTS VENUE TRENDS ANALYSIS

TRENDING REGIONAL COMMUNITY CULTURAL ARTS CENTERS 2020'S AND BEYOND

PERFORMING ARTS CENTERS

Performing arts centers (PACs) are an integral part of the cultural and creative industries, significantly influencing the cultural, social, and economic vitality of communities around the world. Virtually all PACs are community-based and serve the public interest, whether structured as a public, nonprofit, for-profit, or hybrid entity. However, generally there is a lack of knowledge about the important community role of performing arts centers, especially those that mainly host and present work produced by other arts organizations. This gap is startling, given the ubiquitous presence of PACs in urban centers, small communities, as well as colleges and universities.

Further and deeper into this perspective is the evolution of PACs from the 1960's through to the 2020's. That evolution has strengthened the public perception of community engagement or civic function that ultimately demonstrates effectiveness. The goals of the past to produce iconic civic postcards that deliver excellent programming in order to compete regionally with city infrastructures has clearly moved to equitable institutions that create easy access and the perception of inclusive 'living rooms' that welcome multifaceted generations, ethnicities and social issues. Moving forward PACs are blurring the line between 'professionals' and 'amateurs' and 'watchers-listeners', thus bringing communities together with experiences that reflects and respects the evolving social landscape.

PLACEMAKING

Placemaking is highly relevant and active with each successful PAC across the US. Amenities that enhance and enrich the experience: developing cities want an ‘arts destination’—a welcoming and impressive building they’re proud of that delivers a complete experience that’s pleasant, entertaining and enriching. Feedback overwhelmingly supports more food and beverage opportunities associated with the arts experiences and supports the surrounding neighborhood with hours that better align with performances and rehearsals. Indoor/outdoor spaces that flow together: Many people wish to see the surrounding public realm utilized; they want the outdoor areas to be places they can comfortably walk through or spend time in. PACs supporters express keen interest in integrating their centers with the surroundings through outdoor programming such as concerts and screenings and by creating a more natural flow between indoor and outdoor spaces.

“[Creative placemaking is] ...the intentional use of arts and culture to shape the physical, social, and economic future of communities, which strengthens economic development, promotes civic engagement, and contributes to quality of life. In short, art is a verb, and creative placemaking is using art to change a place.”

- Kimberly Driggins Former Associate Planning Director, District of Columbia

ARTISTIC OPPORTUNITIES

Regional Performing Arts Centers have a positive opportunity to engage their communities with expansive artistic exhibition opportunities that provide revenue for both the artists and the PAC.

A great example of this is The Herberger Theater Center in Phoenix, Arizona. The Herberger Center Art Gallery features creative and inspiring work, showcasing Arizona artists and providing a platform for visual art. All artwork is for sale with a portion of the proceeds from each piece sold benefiting the Herberger Theater's programs with annual revenue. Each year 10-12 exhibits are held in its two galleries located on the second level of the theater. Created as a venue for local artists, each juried exhibit is on display for 1-2 months. Exhibits may be viewed before and after performances and during opening receptions.

Artists may apply for inclusion in exhibits through a Call to Artist blind jury process. The artists pay a minimal fee of \$25 for each art piece to be considered which supports the jury process and PAC expenses. For this program to function, the PAC will often set a cap high for the sale price of any one piece of art. Herberger (in the Phoenix market) reports that a sales price cap range of \$500 to \$2,000 simultaneously keeps the artwork affordable and the artists satisfied with the value of their sales.

ARTISTIC OPPORTUNITIES (CONT.)

A local or regionally-based Curator working for the PAC is a key component for this public-facing program. Together they determine themes for each exhibit supporting the community and the mission of the PAC. The compensation for the Curator can be a paid position or more successful is offering the Curator the exclusive use of the entire PAC Gallery annually for 1-2 months as an opportunity to exhibit their own work for sale. This method incentivizes the Curator for the whole program to function well.

While this exhibition opportunity is often held exclusive to local and regional artists, often US touring visual art exhibits may fit into the PAC Gallery and support community engagement with important societal and cultural discourse and conversations. The Gallery programs also provide opportunity with engagement with local schools and their art programs setting up a theme for the children to create their artwork and then the PAC creates access by marketing and holding events or festivities surrounding their exhibition.

Written agreements with the Curator and all the exhibiting artists is a priority in order to protect against any damage or claims of damage to their artwork. Generally, the commercial relationship between the artist and the PAC is a split of each sale as 70% to the artist and 30% to the PAC as commission. For the Herberger Theatre Center, these commissions generally yield approximately \$10,000 annually.

OBSERVING TRENDS

Observing the trends in audience engagement and cultural consumption for the visual and performing arts ‘activists’, there are significant changes over the past 10 years across the diversity of generations, education, geography and socio-economic backgrounds.



These shifts up and down signify contrasts that directly impact not just the arts and culture content creation and delivery but the reciprocating responses that drive the resources available. These assist the PACs to realize an innovative model for a financially sustainable cultural and civic investment by:

- Determining and balancing public-private development opportunities
- Examining design principles, management, operations, funding, partnerships, and policies
- Adapting to the marketplace: demographic changes, urban transformation and cultural trends

PARTICIPATION & INCENTIVES

Participation and Incentives For Property And Business Owners in Herriman City are key stakeholders of the new PAC and stand to reap many benefits from its successful implementation, such as increased downtown visitation, perceptions and sales. Many of the creative placemaking and marketing recommendations may involve the participation of business and property, in the form of agreement, collaboration, permissions and/or sponsorship. The PAC operations management will enlist their participation in the marketing program and will also include them in stakeholder communications, invitations and gatherings, along with the arts organizations, artists and others. Some owners will have spaces that could be the site of public art and property owners and encouraging their participation, setting a tone for cooperative effort. The City can also consider providing incentives for participation in the PAC, such as tax benefits for creative uses that align with the mission and vision. This has worked in other places, such as the Creative Crossroads District of Kansas City, which adopted property tax abatements for arts uses. Pro-arts tax incentives fall generally into three categories, artist-based, place-based and industry-based, and utilize sales, property or income tax relief as a mechanism. Herriman City can draw from this toolkit to incentivize development and activities that it considers desirable to the success of the new PAC as well as its active community arts programs.

REGIONAL COMMUNITY CULTURAL CENTER

A Regional Community Cultural Center refers to clustering multiple purpose, larger cultural venue building(s) and amenities at one location and under consolidated operations management, serving a broad regional area's residential population for multiple cultural activities. Salt Lake County has defined the Mission-Vision of their Regional Cultural Centers as "... concurrently meeting the regional community's multiple cultural needs of a broad spectrum of organizations and individuals, including but not limited to: theater; dance; music performances & rehearsals; and visual and media arts classes & exhibitions, while demonstrating credible public support in the form of a diverse and active audience and artist participant base."

Across the US, Regional Cultural Centers, whether public or private sector owned or operated demonstrate efficiencies in public access by being located along or near major transportation corridors, to serve residents of multiple communities thus reducing redundancies, maximize efficiencies, and increase the impact of each community participant. There is purposeful intent that these centers are co-located with recreation centers, libraries, educational institutions, or other public facilities to realize efficiencies of parking and transportation and to reinforce nodes of economic, cultural, or residential development.

Across the Western US, smaller and larger PACs have found this role as 'Regional' as their programmers or content providers have audiences that come from multiple surrounding cities / areas. Thus, the Arts Centers marketing and community relationships move beyond the political boundaries of the actual location. This adds meaning to the fact that most of the publicly owned PACs other than major markets are based on county resources and management.

REGIONAL COMMUNITY CULTURAL CENTER (CONT.)

Evidence of this regional market perspective is the changing role of PACs from being exclusively 'rental landlords' to evolving into more at-risk content promotion / co-promotion wherein the PAC is actively engaged in selecting, booking, marketing and 'presenting' single event or series of events experiences, including visual arts gallery strolls or plein-air arts festivals. The Covey Center in Orem, UT is a great example of this shift in order to grow venue utilization and augmenting earned revenues other than just rent and ancillary income.

OPERATIONAL POLICIES & PROCEDURES

Following this drive or conscious decisions to be more proactive in the event programming realm, the PACs are altering their operational policies and procedures to allow longer use(s) of the 'creation spaces' such as rehearsal studios, classrooms, workshops, and all available assembly spaces within their facilities in order for artists / arts groups to develop their work at the venues. Typically, this reduces the available calendar booking opportunities for public performances, however the PAC is now in a far greater role in the actual creation / production of community-based artforms. The upside for the PAC is the venue's ability to generate community activation.

EQUIPMENT

The arts-generative PAC functions best with the appropriately selected and well maintained in-house specialized equipment for lighting, scenic rigging, audio, video, costume, projection that are all user-friendly for community members that have some degree of professional training and skills. The counter-intuitive policy of either charging very economic equipment use fees or even including it all in the base venue daily rent is an example of the PAC seeing itself as the arts-facilitator or mentor. Behind these facilities and equipment policies is the need for a professional and open-minded staff that act as (a) safety managers first and foremost and (b) mentors / teachers to the community members using the PAC facilities.

COVID-19 IMPACT

Across the entirety of the performing arts / arts center sector, COVID-19 has had significant impact to the operations and overall sustained future of both the owners and operators but most impacted are the content providers, artists and event producers-presenters. The best news is that the general public is showing great interest, availability and financial resources to return to public assemblies of all varieties. For those PAC's that could retain their staff during the Pandemic, resetting operations is more realistic than those that laid staff off. There is notably a significant departure from the entertainment job opportunities which has been attributed to issues such as work-life balance, number of hours per week and compensation options.

COVID-19 IMPACT (CONT.)

As the Pandemic has receded but most importantly the reality of genuine vaccines is effectively distributed, PACs are struggling to meet 'safe-venues expectations' of the visiting artists that are touring across US states. These include significant resources for daily back-of-house cleaning but much more costly and time consuming is the vaccine-check / assurance for the audience at the front-of-house entries. It is not clear what the long(er) term affects will be to the PAC's staffing / operations costs; however, the adoption of new policies and procedures is on-going and effective to the resurgence of live show audiences and resumption of business at the PAC's. The events of 2020-21 have accelerated changes that were already underway across the PAC's. These include:

- Adoption of new technology
- Consumer behavior - return to live-show presentations post COVID
- Business collaborations
- Economic disparities
- Social and racial justice
- Redefining 'place'



Effectively

- PAC operations (networks) are far broader with sharing their stresses, strategies, winners-losers but most importantly the PACs are much more deeply connected to their Communities.
- **PURPOSE** is now focused on Public Value.
- **CONTENT** is much more diverse and dynamic as the audiences are now 'welcomed in the conversations'.
- **RE-SETTING GOVERNANCE** guided by mutual partnerships and shared values.
- **RE-IMAGINING PLACE** so that their physical assets and infrastructure are only part of the space that they animate

APPLICATION FOR HERRIMAN

Across the US performing arts are responding to changing patterns of cultural consumption with experiences that offer less formality, increased flexibility, and new ways for participatory activity. Following this review and assessment of trends, here are the most pertinent takeaways that inform the City of Herriman for next steps moving more directly into the new PAC's Concept Design Phase and returning to the resulting Construction Cost Estimate / Operations Pro-forma work.

Multi-Use Rehearsal Facilities

Rehearsal facilities provide are cost-effective both in capital costs and operating costs, Moving rehearsals off the stage of a performance hall and into a rehearsal hall, increases utilization of the actual performance spaces with more attendance-based activity. Increasing the number of performances and audience engagement at the existing performance spaces, encourages a larger impact on the local economy and increasing the activation of the adjacent and regional communities. Engaged residents who are also emerging artists can create art in a safe, well-maintained, and affordable space.

APPLICATION FOR HERRIMAN (CONT.)

Maker Spaces / Incubator Studios

Many PACs are realizing that their communities are asking for more support to visual arts and individual artist needs for affordable studios and galleries. Maker spaces encourage connections among artists and the public by fostering a community of visual artists, providing resources otherwise not available and designated spaces and programs. Open studio spaces, arts innovation labs and other multi-use experimentation spaces provide programming, rehearsal and professional development assistance to creative artists. These workspaces not only help to enliven the PAC at all times during the day, but provide year-round presentation and engaged community collaboration. In addition, social workspaces designed for exchange help forge a sense of community and identity, increasing networking opportunities and multidisciplinary cooperation. Hands-on instruction, master classes, and backstage seminars help build experience and technical know-how, aspects critical to the transfer of artistic knowledge to a new generation and the shaping of new means of expression.

APPLICATION FOR HERRIMAN (CONT.)

Digital & Media Technologies

The use of digital and electronic media in theatrical and musical performances has risen in popularity in today's technology-based culture. It is essential to provide the technical infrastructure for this new media to stimulate and encourage these new art forms across all our venue spaces. The performance venue spaces at our PACs now become to being versatile laboratory space integrating digital technology into multimodal environments, provision for immersive sound and projection, tied together via an uncompressed video and audio recording network. Control rooms and recording suites allow for monitor mixing from all venues, live concert streaming, and traditional broadcast and post-production engineering. Classroom spaces and collaborative learning areas encourage cross-disciplinary learning and training.

APPLICATION FOR HERRIMAN (CONT.)

Flexibility for Additional Opportunities

Built into much of the trends of the PACs are purposeful opportunities for physical change to spaces related to changes in media, artform and/or audience. Many of the performance spaces are flexible “day one”, with changeable seating configurations, adaptable backstage accommodations and technical grids. Production staff will be able to transform spaces quickly, with a minimum of downtime. At only additional cost, the new and renovated PAC’s facilities infrastructure are ideally designed with extra capacity to accommodate changes in the near future, as funds permit. Additional electrical and mechanical capacity will be designed into initial phases, allowing for cost effective flexibility later on if different uses are envisioned. Lastly, much of the arts-oriented spaces beyond the performance halls are often designed as “tenant fit out” space, with a common high mechanical plenum and egress capacity to accommodate public assembly needs in various locations on the floor. Similar to commercial office fit outs, this design concept takes the unpredictability of the program as a given, helping to introduce variability into the planning of spaces from the start.

“We shape our buildings; thereafter they shape us”

- Sir Winston Churchill, Former British Prime Minister



6. INITIAL VENUE RECOMMENDATIONS

Based upon feedback from stakeholders, potential user groups, comparable concert facilities, and Victus Advisors' industry experience it is recommended that the proposed venue in Herriman be developed as a community theater that primarily serves local needs. As a community theater, the proposed venue should offer affordable rental rates for local arts groups of various disciplines.

It should be noted that venues that are focused on affordable community access and local usage typically do not generate significant economic or fiscal impacts in the community. Participants and attendees of these venues tend to be local residents who live within a short driving distance. They are also unlikely to spend incremental money within the City on retail, dining, or lodging in relation to their visit to the venue. That said, there may be an opportunity to attract potential users from surrounding cities such as South Jordan, Riverton, Bluffdale, and northern Utah County, which would at least generate some economic/fiscal impacts in Herriman City, which will be analyzed later in this report.

The recommended programming for the proposed venue should include: classes/workshops, community events, and third-party rentals for rehearsals and performances. The venue could also consider a residency program that is similar to the Rose Wagner Performing Arts Center. As mentioned earlier in the report, Rose Wagner hosts six (6) residency groups. These groups receive priority booking for rehearsals and performances, and dedicated rehearsal space. but they are required to book the majority of programs at the venue. A similar program at the proposed venue in Herriman could ensure consistent usage throughout the year, and a baseline revenue for the operations.

The recommended venue features are found on the next page.

MINIMUM VENUE FEATURES - At a minimum, the venue should be at least 70,000 square feet, with at least a **600-seat proscenium theater** for community and regional use and a **150-to-200 seat black box theater** for more diverse event activity; as well as a large lobby that can be used for receptions, weddings, and other banquet-type events. Additional recommended specifications are:

- Box office
- At least 50' x 40' center stage, two (2) 17' x 25' side stages, and 40' x 20' orchestra pit
- At least four (4) flex-rooms that can be utilized as rehearsal rooms, classrooms, dance studios, or other rental spaces. It is likely that at least two (2) of these would be dedicated rehearsal rooms.
- Large lobby/foyer that can also be utilized for banquet/reception rentals
- Concessions stand and catering space
- Bathrooms (At least one (1) toilet stall per 50 seats, and one (1) urinal per 100 seats)
- Back of house marshalling space & storage areas
- At least two (2) male and female dressing rooms, two (2) green rooms, and two (2) restrooms per performance space
- Laundry & wardrobe
- Administrative offices for operating staff

VISUAL ARTS - In addition to the 70,000+ sf space described above, demand also exists for a visual arts program, which could include additional classroom space, storage space, and dedicated gallery/exhibition space. It should also be noted that the concept of visual arts is rapidly evolving in recent years due to digital technology advancement. Rather than only including static gallery space, digital art infrastructure / technologies are becoming an interactive program focused on active community

7. SWOT ANALYSIS

KEY STRENGTHS OF HERRIMAN'S ABILITY TO SUPPORT A NEW PERFORMANCE VENUE:

- **HERRIMAN ARTS COUNCIL** - Run by volunteers, the organization has developed a reputation for providing quality and accessible programs. They produce multiple performances during the year.
- **LOCAL POPULATION** - Primary attendance for a performing and visual arts venue (especially for weekday events) is typically drawn from within a 15-minute drive radius, which roughly includes the cities of West Jordan, South Jordan, Riverton, and Bluffdale. The population within a 15-minute drive-time radius of Herriman is 262,805 people.
- **POPULATION GROWTH** - Herriman's population has grown at a rate of 14% annually between 2000 and 2021. The population in Herriman is projected to continue growing at a higher rate than both Salt Lake County and the U.S. as a whole over the next five years, which is likely to lead to increasing demand for arts and culture programs.
- **HOUSEHOLD INCOME** - When adjusted for cost of living, the median household income in Herriman is also significantly higher than the U.S. median income. Higher household income levels can often indicate an ability for a household to spend disposable income on various forms of arts/culture programming and family entertainment.
- **MEDIAN AGE** - Herriman has a significantly lower median age than the U.S. average. A lower median age tends to represent a larger presence of working-age populations and young families, which can translate into increased demand for youth programming in Herriman.

KEY WEAKNESSES OF HERRIMAN'S ABILITY TO SUPPORT A NEW PERFORMANCE VENUE:

- **OPERATING BURDEN** - There was some concern among a few interviewees regarding the operations and management of the proposed venue. The Herriman Arts Council is run by volunteers and would not have the bandwidth to operate the venue. If the venue is owned by the City, it is likely that the City would have to hire and fund its own operating staff or contract with a third-party operator.
- **COMPETING FUNDING PRIORITIES** - As previously noted, Herriman's population has grown at a rate of 14% annually over the last two decades, and it is expected to continue to grow at a faster rate than both Salt Lake County and the U.S. as a whole. Although demand for arts programs will likely increase with population growth, so too will demand for other public services, which could create competing priorities in the community for funding of public amenities.

KEY OPPORTUNITIES OF HERRIMAN'S ABILITY TO SUPPORT A NEW PERFORMANCE VENUE:

- **UNMET INDOOR SPACE DEMAND FOR PERFORMING & VISUAL ARTS PROGRAMS** - Stakeholders and potential user groups indicated that there are limited options for indoor performing arts venues in Herriman, despite a burgeoning local arts community. Some arts groups have had to use Herriman High School and the community room at Herriman City Hall for performances and recitals.
- **REGIONAL POPULATIONS & ARTS DEMAND** - The population within a 30-minute drive-time radius of Herriman is over 1.2 million people. It should also be noted that the Covey Center for the Arts in Provo frequently hosts groups from as far north as Draper. Covey Center leadership indicated that their demand is so high that there is a waiting list of about 25 groups wanting to use the venue, and they've scheduled roughly four performances per weekend through July 2022.
- **POTENTIAL PARTNERSHIPS** - Herriman City has location and demographic trends in its favor that could make it an appealing candidate for project development partnerships. For example, Herriman City could approach Salt Lake County to discuss a potential partnership to develop and operate the proposed venue, Lifehouse Performance Academy expressed interest in speaking with the City about potential collaboration opportunities, and there could be other private organizations or individuals who could assist with capital fundraising or donations towards the project. Lastly, some of the potential sites for the proposed venue are near active real estate development projects, so there could be an opportunity to integrate a new performing and visual arts venue within a private development.

KEY THREATS OF HERRIMAN'S ABILITY TO SUPPORT A NEW PERFORMANCE VENUE:

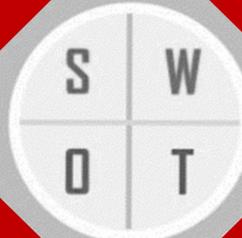
- **COMPETITION FROM FUTURE PERFORMING ARTS VENUES** - The future development of another performing arts venue within a 15-30 minute drive range could lead to increased competition for usage and performances. However, Herriman City could develop a first-mover advantage by being the first to market within the region and establishing a satisfied repeat client base.
- **ECONOMIC DOWNTURNS** - A recession or a negative shift in economic conditions could lead to less disposable income of potential user groups, as well as less access to capital both via public funding mechanisms for paying debt service or via private fundraising/donations.

Strengths

1. Herriman Arts Council
2. Local Population
3. Population Growth
4. Household Income
5. Median Age

Weaknesses

1. Operating Burden
2. Competing Funding Priorities



Opportunities

1. Unmet Demand for Indoor Arts Space
2. Regional Population
3. Potential Partnerships

Threats

1. Competition From Future Arts Venues
2. Economic Downturns



8. MANAGEMENT OPTIONS ANALYSIS

MANAGEMENT OPTIONS: OVERVIEW

As a first step, it should be noted that the ownership of the proposed performing arts venue will determine what operation options are available. The chart below summarizes the different combinations available for ownership and operation of performing arts venues.

		OWNER	
		Public	Private
OPERATOR	Public	✓	✗
	Private	✓	✓

Victus understands that proposed venue in Herriman would likely be publicly owned, thus it could either be publicly or privately operated.

The following pages detail these different potential operating models from a management perspective.

Publicly-owned facilities have the option of being operated by the public entity that owns the venue or contracting out operations to a private entity, including both for-profit and non-profit groups. Both options have associated advantages and disadvantages.

Facility operational control within a government is typically done either by creating a separate department that is responsible for facility management or by designating responsibility to an existing department within the government. In many cases a government will already have other existing public assembly facilities such as arenas, auditoriums, or expo centers under their control prior to the development of a new performing arts venue, and in these cases the governmental departments currently overseeing the other public assembly facilities could operate a new performing arts venue as well. However, it should be noted that this is not the case in Herriman, and that a new operating staff would need to be hired by the City.

Advantages of public management include owner control, financial support, and sharing of staff and support functions, among other factors. Within this structure, the management's primary responsibility is to the governmental agency and the facility. The ability to combine the purchase of goods and services with other governmental departments provides a distinct advantage in maximizing purchasing power and rate structures. The ability to use governmental employees from other departments can be advantageous. Lastly, assuming day-to-day management of the facility is also handled internally, the need to pay additional fees to a private management contractor is not required.

Disadvantages of public management include lack of private sector support, civic service constraints, and changing political policies. The primary disadvantages relate to the additional burden placed on governmental departments and the additional level of bureaucracy sometimes required to facilitate operating decisions. The decisions made regarding the operation of a facility may also be slowed due to the nature of the particular governmental department in terms of requirements for approvals and other regulations and procedures.

A summary of key advantages and disadvantages to the public sector associated with public management is shown below:

ADVANTAGES	DISADVANTAGES
<ul style="list-style-type: none">• Owner control• Financial support• Coordinating/sharing of staff/support functions• Bulk-price purchasing• No management fees• Public programming for City residents can be given priority	<ul style="list-style-type: none">• Lack of outside/private sector financial support• Civic service constraints• Contract approval requirements• Changing political policies• Lack of incentive compensation• Limited flexibility• Possible lack of expertise and access in arts industry• Private groups/events may feel like a secondary priority

In some cases, a public owner will allocate management of a facility to a third-party via a long-term tenant or a community non-profit organization:

MANAGEMENT BY A LOCAL NON-PROFIT ARTS ORGANIZATION

Arts organizations typically negotiate a long-term usage agreement with a government on an annual basis and sometimes pay a small fixed annual fee. In exchange, the organization will typically have exclusive or priority access to the entire facility throughout the year. As a result, other groups/programs typically have restricted access relative to the primary tenant. The tenant organization is responsible for most operational expenses including maintenance and staffing. However, they also receive most or all revenue streams including, but not limited to: net concessions, merchandise, sponsorships/advertising, parking revenue, etc. The government, however, is often responsible for long-term capital maintenance.

As explained earlier in this report CenterPoint (the resident theatre company) operates CenterPoint Legacy Theatre with a primary focus on producing their own programs and shows, and as a result they rarely rent space out to third-party groups or other local arts groups. CenterPoint is responsible for all operating expenses including \$7,500 per month (or \$78,000 per year) that must be paid in rent each year to the Centerville Redevelopment Agency that goes into a long-term capital maintenance fund.

A summary of key advantages and disadvantages associated with tenant operations is shown on the next page:

MANAGEMENT OPTIONS: PRIVATE (CONT.)

ADVANTAGES

- Consistent, predictable usage for owner, without having to pay management fees or handle day-to-day operations/maintenance
- More independence in negotiations
- Community's best interest at heart
- Limited use of public funds to maintain operations

DISADVANTAGES

- Loss of direct control by owner
- Tenant operators tend to limit access to outside groups that are not part of their group/program
- Lack of diverse interest groups
- Owner still responsible for long-term, capital maintenance

PRIVATE CONTRACT MANAGEMENT

Facilities that are publicly-owned also have the option to utilize a private facility operator. Intense and increasing levels of competition among facilities coupled with increased pressure from governmental entities for facilities to break even operationally has caused some governments to consider changes in the fundamental process of managing sports venues. As a result, numerous venues across the country have contracted day-to-day operations to a private management company under fee-based management agreements. However, it should be noted that many communities still prefer to utilize a public management team that focuses on community usage and benefit rather than having facility operating decisions made by a private operator based upon private profit incentives.

Under typical private management, the facility owner retains all of the rights and privileges of ownership while the private management firm performs assigned management functions. The public owner sets policies while the private management firm establishes procedures in order to implement the policies. The private management firm is often compensated with a flat annual fee plus incentive payments designed to reward the contractor for producing desired results. Incentives could be based on achieving specific revenue goals, attendance, events, room night generation or other targets. Operating contracts usually stipulate that operating budgets must be submitted by the management company to the public owner of the facility for approval. The public owner is responsible for providing the funds necessary to operate the facility.

Private management firms are typically responsible for various key operational and fiscal factors such as policies and directives, organizational structure, leadership, job classifications, competition, scheduling and booking, finance and accounting, and routine maintenance/repairs. However, the public owner is typically responsible for long-term capital needs, including capital maintenance and working capital. In addition to the day-to-day operations of the venue, a number of private management firms also offer project services such as pre-opening management services, operational audit services, and marketing support as alternatives to full facility management. Common operators for performing arts venues include ASM Global and VenueTech, among others.

A summary of key advantages and disadvantages associated with private management is shown below:

ADVANTAGES

- Incentives for efficiency or performance
- Network of relationships to leverage event bookings
- Internal network of facility knowledge/experience
- More independence in negotiations
- Greater staffing resources
- More objective criteria for accountability
- More efficient procurement process
- Design support and pre-opening services
- Less financial risk for owner

DISADVANTAGES

- Potential loss of direct control by owner
- Profit motive versus community benefit motive
- Less access for affordable public use
- Facility management fees
- Management personnel turnover
- Corporate resources spread among several facilities
- Public responsible for long-term capital

Primary facility management options to be reviewed and discussed by Herriman City are summarized below:

- **Public Management:** Public management is typically the best option if the goal is to ensure increased public access at affordable rates. Any long-term working capital and capital maintenance needs can also typically be built into larger governmental budgets on an annual basis. However, this option would require the public sector to hire and train significant new staff.
- **Private Management (Non-Profit Local Arts Organization):** Arts organizations typically negotiate a long-term usage agreement with a government on an annual basis and sometimes pay a small fixed annual fee. In exchange, the organization will typically have exclusive or priority access to the entire facility throughout the year. As a result, other groups/programs typically have restricted access relative to the primary tenant. The tenant organization is responsible for most operational expenses including maintenance and staffing. The government, however, is often responsible for long-term capital maintenance.
- **Private Management (Contract Management):** The proposed new venue could also be operated by an experienced third-party firm, However it is likely that a public or non-profit operator would be better able to maximize overall community use and benefit. Furthermore, given that the proposed venue is not projected to generate significant annual operating income, it is not likely that private management fees could be paid out of facility operating income, thus annual management fees (often \$100,000 or more per year) would be an additional annual financial burden on the public facility owner.



9. PARTNERSHIP ANALYSIS

We understand that although Herriman City is considering some public funding options/contributions towards a new performing and visual arts venue, the City is also exploring opportunities for partnership to both fund and/or operate the venue.

In this section Victus Advisors will review and summarize the following types of potential partnerships for the City:

- Private Naming Rights & Donations
- Public-Private Project Delivery
- Private Management
- Public-Public Development Options

PUBLIC-PRIVATE PARTNERSHIPS: PRIVATE NAMING RIGHTS & DONATIONS

Contractually obligated revenue is venue-related revenue that is typically generated by multi-year contracts such as venue naming rights or commercial space leases with private entities:

- **Naming Rights:** Private sector corporations often purchase long-term naming rights on arts venues. When a public venue owner sells venue naming rights, it is often dedicated to upfront capital costs rather than annual operations. Victus maintains a database of performing arts venue naming rights agreements across the country for which naming terms are publicly available, as shown below:

<u>Venue</u>	<u>Location</u>	<u>Buyer</u>	<u>Donor Type</u>	<u>Total Price</u>	<u>Term</u>	<u>Average Annual Cost</u>
Cobb Energy Performing Arts Centre	Atlanta, GA	Cobb Energy	Corporation	\$20,000,000	20	\$1,000,000
Ent Center for the Arts	Colorado Springs, CO	Ent Federal Credit Union	Corporation	\$12,600,000	15	\$840,000
Eccles Theater	Salt Lake City, UT	George S. & Dolores Doré Eccles Foundation	Private	\$15,000,000	Life	\$750,000
NewDay USA Center	Milledgeville, GA	NewDay USA	Corporation	\$2,000,000	Life	\$100,000
Covey Center for the Arts	Provo, UT	Steven R. & Sandra M. Covey	Private	\$2,000,000	Life	\$100,000
Masquerade Dance Theater at the Ames Center	Burnsville, MN	Masquerade Dance	Corporation	\$525,000	10	\$52,500
Average				\$8,687,500	18	\$473,750
Median				\$7,300,000	20	\$425,000

Source: Victus research

Notes: (1) Sorted by Average Annual Cost in descending order (2) This is only a sample of select performing arts facilities with naming rights (*) For naming rights agreement with a lifetime term, we have assumed 20 years is the primary period over which the naming benefits will be earned

As shown above, current naming rights deals for performing arts facilities average nearly \$8.7 million dollars in total value, with a current highest total value of \$20 million.

It should also be noted that theaters, lounges, and other spaces within performing arts facilities can be available for naming rights. The below naming rights deals are example naming terms for spaces at the Eccles Theater in Salt Lake City.

<u>Eccles Theater</u>	<u>Location</u>	<u>Buyer</u>	<u>Donor Type</u>	<u>Total Price</u>	<u>Term</u>	<u>Average Annual Cost</u>
Delta Performance Hall	Salt Lake City, UT	Delta Airlines	Corporation	\$5,000,000	10	\$500,000
O.C. Tanner Legacy Lounge	Salt Lake City, UT	O.C. Tanner	Private	\$2,000,000	10	\$200,000
Larry H. and Gail Miller Family Foundation Lounge	Salt Lake City, UT	Larry H. & Gail Miller Family Foundation	Private	\$2,000,000	Life	\$100,000
Average				\$3,000,000	13	\$266,667
Median				\$2,000,000	10	\$200,000

Source: Victus research

Notes: (1) Sorted by Average Annual Cost in descending order (2) This is only a sample of select performing arts facilities with naming rights (*) For naming rights agreement with a lifetime term, we have assumed 20 years is the primary period over which the naming benefits will be earned

As shown above, current naming rights deals for spaces within Eccles Theater average \$3 million dollars in total value, with a highest total value of \$5,000,000 for the Delta Performance Hall.

APPLICATION FOR HERRIMAN

As shown above and on the previous page, performing arts facilities on the Wasatch Front have been able to obtain significant naming rights deals. Herriman City, could approach similarly-sized corporations and/or private donors (such as family foundations) to gauge interest in naming rights opportunities for the proposed venue.

PARTNERSHIP OPTIONS: PUBLIC-PRIVATE PROJECT DELIVERY

Some performing arts facilities across the country have been funded with a combination of public and private funds. These public-private partnerships, commonly referred to as “P3” development, usually involve a contract between a public sector agency and a private party, and the contract is typically structured so the private party assumes substantial project development and/or financial operations risk (typically in exchange for profit opportunity).

There are a variety of ways to structure a P3 development, depending upon the profit opportunity and parties involved. The most important part of establishing a P3 project is finding private sector investors that are interested in working with the public entity on the particular proposed project. Local government funders would need to identify potential partners early in the project in order to construct an effective partnership. In most public assembly venue projects, a P3 partner would likely require mixed-use revenue streams (such as retail, residential, etc.), in addition to venue-related revenue streams, in order to generate a sufficient return on capital.

Typical incentives for a governing body to utilize a P3 model for development include:

- Preservation of government body debt capacity for other projects,
- Reduction of the government body’s risk associated with the project by transferring operational risk and debt service risk to the private sector, and/or
- Expedited project delivery by moving responsibility for purchasing and procurement from governmental processes to the private sector.

APPLICATION FOR HERRIMAN

As mentioned previously in this report, some of the potential sites for the proposed venue are near ongoing projects by developers. This project could potentially be integrated with private developers, however Herriman City has not yet formally approached any of these developers regarding their interest.

As previously mentioned in this report, Herriman could consider outsourcing operations of the proposed venue to a private operator such as a professional management firm or local non-profit arts organization. Private management is typically responsible for various key operational and fiscal factors such as policies and directives, organizational structure, leadership, job classifications, competition, scheduling and booking, finance and accounting, and routine maintenance/repairs. However, the public owner is typically responsible for long-term capital needs, including capital maintenance and working capital.

APPLICATION FOR HERRIMAN

Herriman City could consider outsourcing operations to a private management firm or local non-profit arts organization. However, the former would likely require a significant annual management fee which could be cost-prohibitive, while the latter may not have sufficient experience in managing a venue.

PUBLIC EDUCATIONAL INSTITUTIONS

Public education institutions such as school districts and universities sometimes partner with cities and counties to develop performing arts facilities across the country. In particular, these partnerships can be beneficial for smaller communities that need facilities that benefit both students and the general community.

APPLICATION FOR HERRIMAN

As mentioned earlier in this report, Victus interviewed representatives from Jordan School District and Salt Lake Community College. The two institutions did not express interest in partnering with Herriman City on the proposed project.

MULTI-JURISDICTIONAL PARTNERSHIPS

Public ownership and development of a performing arts venue is not necessarily limited to ownership by the City alone. Many public facilities throughout the country are owned by multi-jurisdictional authorities established for the long-term funding, operations, and maintenance of such venues.

APPLICATION FOR HERRIMAN

It is possible that the Herriman City could approach neighboring cities such as Riverton and South Jordan that do not have a performing arts venue. The benefit would be pooling funds and resources in addition to serving the surrounding communities more directly.

PARTNERSHIP WITH COUNTY

As another form of multi-jurisdictional partnership, Herriman City could also consider a partnership with Salt Lake County. As mentioned previously in this report, the County developed a partnership with Taylorsville City for the Mid-Valley Performing Arts Center. This venue was built as a result of the County's arts and culture master plan that identified the need to fill a gap for mid- and smaller arts organizations in Salt Lake County. The following select details highlight the partnership:

- Taylorsville contributed up to \$5 million in combined cash/land value towards the \$42 million venue.
- The venue is owned by Salt Lake County, but the land is owned by Taylorsville City. Under this partnership, the City has access to 16 event days at no cost to use at the venue. The City donates those days to the Taylorsville Arts Council. The City also has about 400 square feet of dedicated storage space.
- Per the City/County partnership, the City takes care of exterior maintenance while the County is responsible for interior building maintenance.
- The venue's operating deficit is expected to be subsidized by the Salt Lake County Zoo, Arts & Parks Tax (ZAP Tax).

Salt Lake County representatives indicated interest in initial discussions with Herriman City regarding the proposed venue project, citing the need for an additional venue to fill the demand for residents in the southern part of the County.

PARTNERSHIP WITH COUNTY (CONT.)

SALT LAKE COUNTY FRAMEWORK FOR BUILDING REGIONAL CULTURAL CENTERS

Based on the 2008 Salt Lake County Arts and Culture Master Plan, the County created a framework in 2012 for communities that are interested in developing a regional cultural center. In particular, the master plan recommended three (3) regional cultural centers to be built in the mid-valley, southeast valley, and southwest valley. The County established the following criteria for applicant communities:

1. Mission & Vision
 - a) Meet community's cultural and arts needs
 - b) Demonstrate credible public support via participant base and vocal advocacy
2. Regional Participation & Partnerships
 - a) Demonstrate potential user groups and partners
 - b) Be located within one of the County-identified locations for potential growth (mid-valley, southeast valley, and southwest valley)
 - c) Demonstrate financial contribution capacity by local partners and participants
 - d) Demonstrate potential partnership opportunities with private sector (for example, developers)
3. Reduce Redundancies & Maximize Efficiencies
 - a) Demonstrate location efficiencies (public access, highways, etc.)
 - b) Demonstrate positive community impact and benefit
 - c) Demonstrate possible synergies with existing facilities such as recreation centers and libraries

PARTNERSHIP WITH COUNTY (CONT.)

SALT LAKE COUNTY FRAMEWORK FOR BUILDING REGIONAL CULTURAL CENTERS (CONT.)

4. At the Time of Funding Approval Salt Lake County Will Require
 - a) Memorandum of understanding from partner communities
 - b) Formal commitments from potential user groups to ensure maximization of venue

Furthermore, Salt Lake County requires that future regional cultural centers have the following features and amenities:

- 500-seat main theater for acts, musical performances, dance productions, etc.
- 250-seat flexible space theater for smaller events and flexible seating
- Lobbies, restrooms, and concessions
- Dressing rooms, green rooms, and storage for equipment, props, and costumes
- Two (2) multi-use rehearsal rooms (1,400 to 1,600 sq. ft. each) with audio/video/lighting capabilities
- Three (3) visual arts classrooms and two (2) teaching studios, office space, and additional space for storage
- Gallery space of 2,800 sq. ft.

PARTNERSHIP WITH COUNTY (CONT.)

SALT LAKE COUNTY ARTS & CULTURE MASTER PLAN

Salt Lake County commissioned an arts and culture master plan in 2019 to update the previous master plan from 2008. The 2008 plan recommended the development of new regional cultural center facilities to be built in the County. Both plans' objective was “to meet the current and future needs of the County’s arts and cultural organizations, citizens, and visitors.” The updated master plan confirmed the need and demand for further performance and rehearsal facilities, with the study specifically citing the southwest end of Salt Lake County.

The updated master plan made the following six (6) key recommendations:

- Increase access and equity to facilities for artists and arts organizations
- Evaluate and measure future investments in performance facilities
- Foster spaces dedicated to creating and developing work
- Increase utilization at amphitheaters
- Increase the profile of the Arts & Culture Division as a regional asset
- Encourage collaboration across the region

PARTNERSHIP WITH COUNTY (CONT.)

SALT LAKE COUNTY ARTS & CULTURE MASTER PLAN (CONT.)

The master plan consultants also recommended that the County “define and measure success” of the Mid-Valley Performing Arts Center to determine if the model can be replicated in other communities within the County. Utilization tracking will be key according to the consultants. By properly understanding and tracking users at facilities (event, day, user group, etc.), the County can analyze current usage and project future trends. This data can be critical in where other communities in the County can benefit from additional venue investment.

The consultants stressed the importance of including dedicated rehearsal spaces in future facilities, citing the lack of these spaces in existing facilities. As a result, many groups currently have rehearsals in the same performance hall, which restricts overall usage for other groups.

PARTNERSHIP WITH COUNTY (CONT.)

APPLICATION FOR HERRIMAN

Salt Lake County representatives indicated initial interest in discussing the proposed venue with Herriman City, citing the need for an additional venue to fill the demand for residents in the southern part of the County. Herriman's location is within the southwest part of Salt Lake County that was identified by the County for a potential regional cultural center in the County's 2008, 2012, and 2019 arts and culture studies.



10. REVENUE & EXPENSE PROJECTIONS

The following key assumptions were utilized by Victus Advisors in order to develop operating and financial projections for a new performing & visual arts venue in Herriman:

- Financial projections are based on estimated programming and events usage.
- These projections are intended to be applicable to any potential site in Herriman City.
- It is currently assumed that the venue would be operated by a public entity or non-profit, as is the case with the comparable venues we analyzed in Utah, and thus we have not included a management fee in our operating pro forma. It should be noted that an experienced third-party private operator would likely require payment of an annual management by the venue owner, in addition to the venue owner being responsible for any annual operating deficits.
- The venue will be owned by the public sector and thus exempt from property taxes.
- No assumptions have been made yet for debt service, capital improvement funds, or endowment funds.
- The venue will offer reasonable rental rates that cater to a wide variety of non-profit arts and culture organizations.
- These projections are based on current market circumstances, and thus assume that there will be no other major changes to the available arts venue inventory within Salt Lake County.
- Our utilization estimates and revenue model estimates are primarily based on metrics related to square footage, seating capacity, annual event activity, and creation of other daily programming.
- The financial projections displayed on the following page utilize a variety of additional assumptions, including data gathered from third-party sources, information provided by the Herriman City, local arts groups, and Victus Advisors' industry experience. There will be differences between these projections and actual events, and these differences may be material.

Assumed venue features (as developed by method studio in further detail in section 12):

- 85,700 sq. ft. venue
- 600-seat main theater
- 200-seat studio (black box)
- Box office
- Six (6) practice rooms, three (3) recording studio rooms, two (2) flex-rooms for rehearsals, and one (1) visual arts classroom
- One (1) visual arts gallery
- Large lobby/foyer
- Concessions stand and catering space
- Bathrooms
- Workshop & storage areas
- Dressing rooms and green rooms
- Laundry & wardrobe
- Administrative offices for operating staff

ANNUAL USAGE ESTIMATES

<u>Event Type</u>	<u>Estimated Annual Event Days</u>	<u>Estimated Average Daily Event Attendance</u>	<u>Estimated Total Annual Attendance</u>
Black Box Performances	35	190	6,650
Classes/Workshops/Rehearsals	355	110	39,050
Community Events	60	250	15,000
Main Theater Performances	50	590	29,500
TOTAL	500		90,200

Note: Sorted by Event Type in alphabetical order

Victus Advisors estimates that the proposed venue in Herriman could potentially host about 500 annual events (performances, rehearsals, classes, meetings, etc.) with an annual attendance of over 90,000. The majority of these events would be classes, workshops, and rehearsals, with many occurring simultaneously in various areas of the building.

In a stabilized year of operations, it is estimated that the operations of a new a new performing and visual arts venue in Herriman could operate at an approximately 46% cost recovery.

	Stabilized Year
Operating Revenues:	
Main Theater Rentals	\$200,000
Black Box Theater Rentals	\$58,000
Banquet/Lobby/Other Room Rentals	\$32,000
Concessions (Net) & Catering Fees	\$25,000
Visual Arts Exhibition & Gallery Program (Net)	\$6,000
Ticket Fees (Facility & Box Office/Ticketing Service)	\$72,000
Miscellaneous/Other (Equipment Rentals)	\$20,000
Total Revenues:	\$413,000
Operating Expenses:	
Salaries, Wages, & Benefits	\$421,000
Utilities	\$249,000
Maintenance/Repair	\$95,000
General, Administrative, & Other	\$50,000
Materials/Supplies	\$84,000
Total Expenses:	\$899,000
OPERATING INCOME (LOSS)	(\$486,000)
ESTIMATED COST RECOVERY	46%

Notes: Presented in 2022 dollars. Stabilized year of operations typically occurs by Year 3.

Revenue generated by the performing and visual arts venue in Herriman is expected to consist primarily of rentals, classes, concessions, and ticket fees. A brief description of each revenue source is provided below.

Rental Income

Venue rent typically accounts for the largest revenue source for community theaters. Rentals typically occur for practices/rehearsals, recitals/performances, and classes/workshops. We have conservatively assumed, based on competitive rental rates within the Salt Lake market, that rental rates for the main theater would be approximately \$1,250 per event depending on user type (non-profit vs. commercial). Additionally, the rental rate for the black box theater would be about \$500 per event depending on user. We have also conservatively assumed that rental rates for classrooms/studios would be approximately \$100 per hour depending on user. Lastly, we have assumed that rentals for banquets, etc. in the lobby would be \$750 per event depending on user.

Concessions & Catering Fees

Concessions and catering revenue consists of sales of various food and beverage items at various points-of-sale throughout the venue. Revenue assumptions are based on estimated usage and attendance, and comparable per capita spending from community facilities across the country (approximately \$1-\$2 per visitor per day). We have also assumed about \$3,000 in annual revenue from preferred catering partner fees for banquets and other events.

Visual Arts Exhibition & Gallery Program (Net)

It is estimated that the proposed arts venue will hold monthly and quarterly art sales events where local artists have the opportunity to show and market their work. The venue will typically receive a commission on art sales that occur within their gallery shows, which is typically around 30%. We have conservatively assumed that the venue would generate about \$6,000 per year in annual net revenue, which is based on estimated commission revenue less anticipated event-related costs.

Ticket Fees

For any ticket sales that are handled through the venue's box office, many venues will charge additional box office transaction fees (or facility fees) per ticket. Fees can commonly range from \$1.00 to \$5.00 per ticket sold, depending on the venue. We have assumed, on average, a \$1.00 per ticket facility fee and a \$1.00 per ticket service fee (\$2.00 per ticket total).

Miscellaneous/Other

Other revenue opportunities would primarily consist of any equipment rental fees or other special service charges. We have conservatively projected \$20,000 in annual other revenues.

Operating expenses expected to be generated by the performing & visual arts venue in Herriman include salaries, wages, benefits, utilities, and other expenses. A brief description of each potential major source of expense is provided below.

Salaries, Wages & Benefits

We have assumed that venue management would require at least five (5) full-time employees, plus up to two (2) full-time equivalents (FTE's) via part-time labor, for a total of up to seven (7) FTE's. Full-time employees are estimated to include a Venue Director, Event Manager, House Manager, Facility Manager, and Ticket Office staff, at a minimum.

Utilities

Utilities often represent one of the largest expenses incurred by facility operators. Cost estimates for utilities include use of electricity, gas, water, and steam, and are based upon comparable utility costs per square foot at similar facilities.

Repairs/Maintenance, Materials/Supplies, General/Administrative & Other Expenses

Other expenses expected to be incurred by the proposed venue theater in Herriman include general and administrative expenses, repairs and maintenance, materials and supplies, promotional costs, professional services, telecommunications, travel costs, permits, ticket service fees, special event insurance, and other such expenses. These expenses have been estimated based upon expenses at comparable venues.



11. ECONOMIC IMPACT ANALYSIS

1. ESTIMATE GROSS DIRECT SPENDING

The first step in projecting the potential economic and fiscal impacts of a new performing & visual arts venue in Herriman is estimating the Gross Direct Spending activity that could occur throughout the City due to the ongoing annual operations of the venue.

Gross Direct Spending represents all of the annual direct spending that could be associated with the venue, regardless of income source or spending location within the City.

Primary Sources of Direct Spending from a New Performing & Visual Arts Venue in Herriman

Ongoing Venue Operations

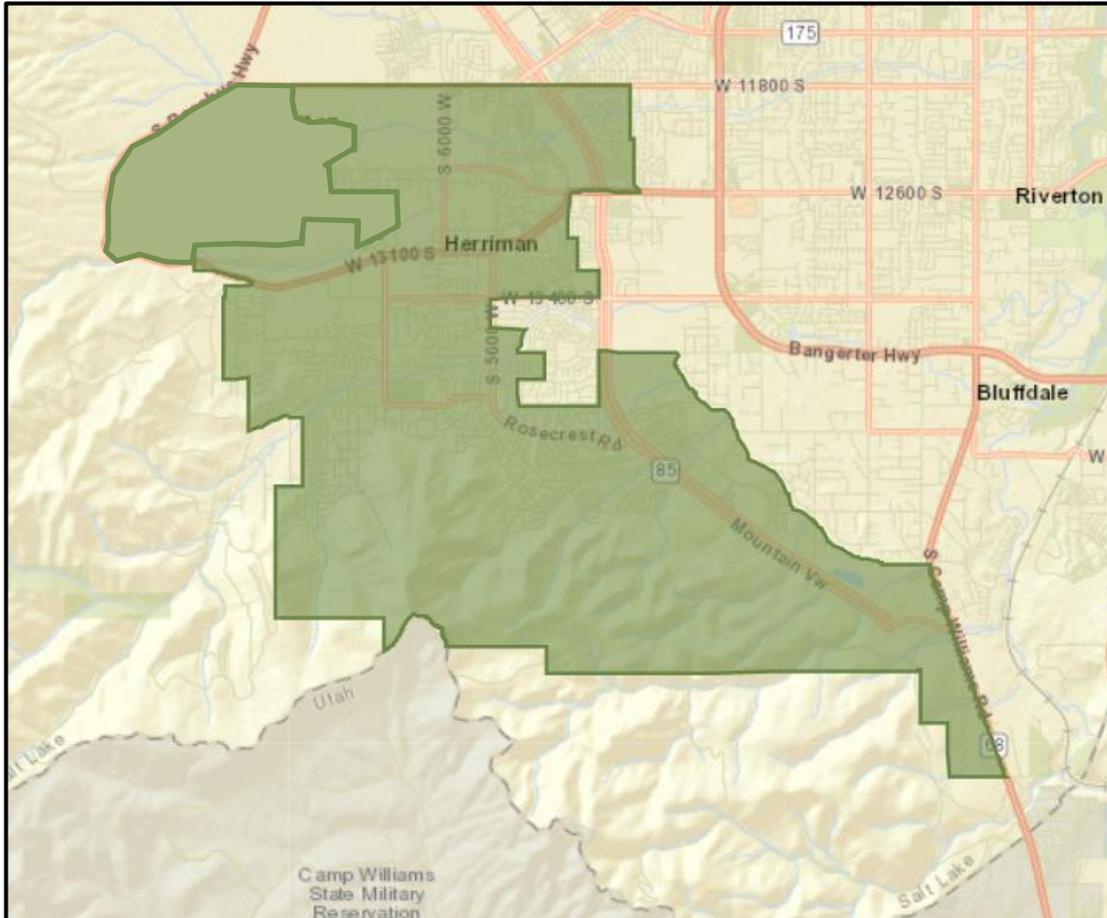
In-Facility Revenues:

- Venue Rental Fees
- Programming Revenue
- Concessions Sales
- Sponsorships/Advertising

City-Wide Visitor Spending:

- Restaurants
- Entertainment
- Retail
- Transportation

2. IDENTIFY “LOCAL” ECONOMY



Sources: Esri, US Census 2020

For purposes of this study, Victus Advisors has been tasked with identifying the potential economic and fiscal impacts within Herriman City. Therefore, the local economy studied in this analysis is the physical area solely within Herriman City (as highlighted to the left).

As described on the next page, “Net” Direct Spending only occurs when the spending source originates outside of the City and occurs within the City’s limits, which most often occurs when regional event activity is held (such as performances, rehearsals, etc.).

After estimating the “Gross” economic activity associated with venue development, Victus Advisors estimated the portion of Gross Direct Spending that could represent incremental (or “Net”) spending within the City’s economy. Net Direct Spending accounts for the phenomenon of “displacement”, as described below.

DISPLACEMENT is the economic principle that assumes a household’s recreation/entertainment budget would be spent within the local economy with or without development of a new performing arts venue. For purposes of this study, we have assumed that local event spending would be displaced (i.e. spent elsewhere within the Herriman economy) without the presence of a performing arts venue. Therefore...

NET IMPACTS estimated by Victus Advisors will only include the estimated dollars spent within City limits by non-resident visitors who come to Herriman for event activity, thus injecting new incremental dollars into the City’s economy.

	Classes/Workshops/Rehearsals	Community Events	Performances	Total Combined Attendance
Est. Total Annual Attendance	39,050	15,000	36,150	90,200
% City Residents	60%	70%	60%	62%
% Visitors	40%	30%	40%	38%
Total Resident Attendance	23,430	10,500	21,690	55,620
Total Visitor Attendance	15,620	4,500	14,460	34,580

Source: Victus research and analysis

Overall, Victus estimates that approximately 62% of the annual attendees at the proposed performing & visual arts venue in Herriman would be City residents, with 38% visiting from outside City limits.

Since it is assumed that the vast majority of these outside visitors will be traveling from within 30 minutes, the operations of the proposed venue is unlikely to generate significant demand for overnight stays.

ANNUAL ECONOMIC IMPACTS: NET DIRECT SPENDING

ONGOING IMPACTS OF OPERATIONS - ANNUAL IMPACTS:

After adjusting estimates of gross direct spending for displacement, it is estimated that approximately 38% (or \$1.5 million) of direct spending associated with the annual operations of the new performing arts venue would have a net impact on Herriman City.

ESTIMATED GROSS DIRECT SPENDING ASSOCIATED WITH PERFORMING ARTS VENUE IN HERRIMAN

\$3,921,880

DISPLACEMENT
ADJUSTMENT

NET DIRECT SPENDING IMPACTING HERRIMAN

Estimated In-Facility Direct Spending (Net)	\$290,656
Estimated Out-of-Facility Direct Spending (Net)	\$1,210,300
Total Estimated Direct Spending - Net:	\$1,500,956
Net Spending as % of Gross:	38%

Note: "Net" Direct Spending only accounts for spending occurring in Herriman by outside visitors to the City.

** Note: Represents annual spending, presented in 2022 dollars.*

ANNUAL ECONOMIC IMPACTS: BY INDUSTRY

It is estimated that the Food & Beverage industry in Herriman would benefit the most from the annual visitation impacts of a new performing arts venue (46% of incremental direct spending), followed by retail (23%), the arts (19%), and transportation-related expenditures (12%).

TOTAL NET DIRECT SPENDING (BY INDUSTRY):

Arts	\$291,000	19%
Food & Beverage	\$692,000	46%
Retail	\$346,000	23%
Transportation	\$173,000	12%
TOTAL:	\$1,502,000	100%

Note: Represents annual impacts. Presented in 2022 dollars.

It is estimated that a new performing arts venue in Herriman could generate \$15,000 annually in incremental tax revenue for Herriman via sales tax. An additional \$4,000 in incremental sales tax revenue could be generated for Salt Lake County.

FISCAL IMPACTS OF OPERATIONS:
NET ANNUAL TAX REVENUE

Tax Type	Assessor	Tax Rate	Est. Tax Revenue
Sales Tax	City	1.00%	\$15,000
Sales Tax	County	0.25%	\$4,000
Total Tax Revenue:			\$19,000

Note: Sales tax based on direct, indirect & induced spending

SUMMARY OF NET IMPACTS OVER TIME

<u>Year</u>	<u>Direct Spending</u>	<u>Employment</u>	<u>Herriman Sales Tax Revenue</u>	<u>SLCO Sales Tax Revenue</u>
1	\$900,573	7	\$9,000	\$2,400
2	1,200,765	8	12,000	3,200
3	1,500,956	9	15,000	4,000
4	1,545,984	9	15,450	4,120
5	1,592,364	9	15,914	4,244
6	1,640,135	9	16,391	4,371
7	1,689,339	9	16,883	4,502
8	1,740,019	9	17,389	4,637
9	1,792,220	9	17,911	4,776
10	1,845,986	9	18,448	4,919
11	1,901,366	9	19,002	5,067
12	1,958,407	9	19,572	5,219
13	2,017,159	9	20,159	5,376
14	2,077,674	9	20,764	5,537
15	2,140,004	9	21,386	5,703
16	2,204,204	9	22,028	5,874
17	2,270,330	9	22,689	6,050
18	2,338,440	9	23,370	6,232
19	2,408,593	9	24,071	6,419
20	2,480,851	9	24,793	6,611
21	2,555,277	9	25,536	6,810
22	2,631,935	9	26,303	7,014
23	2,710,893	9	27,092	7,224
24	2,792,220	9	27,904	7,441
25	2,875,986	9	28,742	7,664
26	2,962,266	9	29,604	7,894
27	3,051,134	9	30,492	8,131
28	3,142,668	9	31,407	8,375
29	3,236,948	9	32,349	8,626
30	3,334,056	9	33,319	8,885
Cumulative Total:	\$66,539,000	9	\$665,000	\$177,000
Net Present Value:	\$34,869,000	n/a	\$348,000	\$93,000

Notes: Assumes 3% annual inflation. NPV was calculated based upon a 4% discount rate. Operational stabilization is assumed to occur by Year 3.

TOTAL IMPACTS (NET)

Over a 30-year period, a new performing arts venue is estimated to have a total net impact of over \$66 million in direct spending and more than \$660,000 in Herriman sales 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.

Numerous factors could impact the long-term stability (either positively or negatively) of a new performing arts venue, including but not limited to development or demolition of competitive facilities within the region, overall participation trends in arts and entertainment, local and regional population growth trends, etc.

As shown in this section, the most significant quantifiable impact for a performing arts venue is likely to be from out-of-town visitors who eat and shop in Herriman in conjunction with a show or performance at the venue. That said, in addition to the quantifiable economic/fiscal benefits, there would also be a variety of intangible benefits that are often generated by capital investment in community arts venues:

- Increased community pride, entertainment offerings, cultural opportunities, and quality of life for local/regional residents.
- Additional regional exposure and visibility for Herriman City via arts programming.
- Numerous community and charitable events will be hosted at the venue.
- Community arts venues tend to have a strong emphasis on educational programs for regional youth and encouraging mental and emotional health.
- According to a report by the Arts Education Partnership, youth that are exposed to drama, music, and dance are more likely to do a better job at mastering reading, writing, and math skills than youth who focus only on academics.
- Kenneth Elpus, Assistant Professor of Music Education at University of Maryland, recently conducted a study for the National Endowment for the Arts that had the following key findings:
 - Youth arts participants are significantly more optimistic about their chances to attend college than non-arts youth.
 - Music and dance youth student participants were significantly less likely than non-arts youth student participants to be engaged in delinquent behaviors during adolescence.
 - Adults who had studied music, theater, or the visual arts scored higher on standardized tests as emerging adults than did their non-arts peers.



12. SITE OPPORTUNITIES & DEVELOPMENT CONSTRAINT ANALYSIS

methodstudio
architecture | interiors | planning

Based upon the market feasibility results presented earlier in this report, Victus Advisors engaged Method Studio to: a) develop a preliminary building program with appropriate square footage targets, and b) to develop site and floor plan footprint options for the proposed performing and visual arts venue in Herriman.

Method used their preliminary building floor plans to evaluate seven (7) potential site locations for the venue. Each site was analyzed by Method for potential opportunities and constraints for the venue as shown on the subsequent pages.

Please note that the following sites are presented in no particular order, and the order of presentation should not be construed as a site ranking.

#1 - OLYMPIA DEVELOPMENT HERRIMAN PERFORMING ARTS CENTER



Property owner: Last Hold Out, LLC

SF/Acreage: The overall development/community is approximately 900 acres.

Zoning: See MDA

Access to current utilities: Utilities at the boundary of the whole development (i.e. power, gas, communications, water, secondary water, and storm drain).

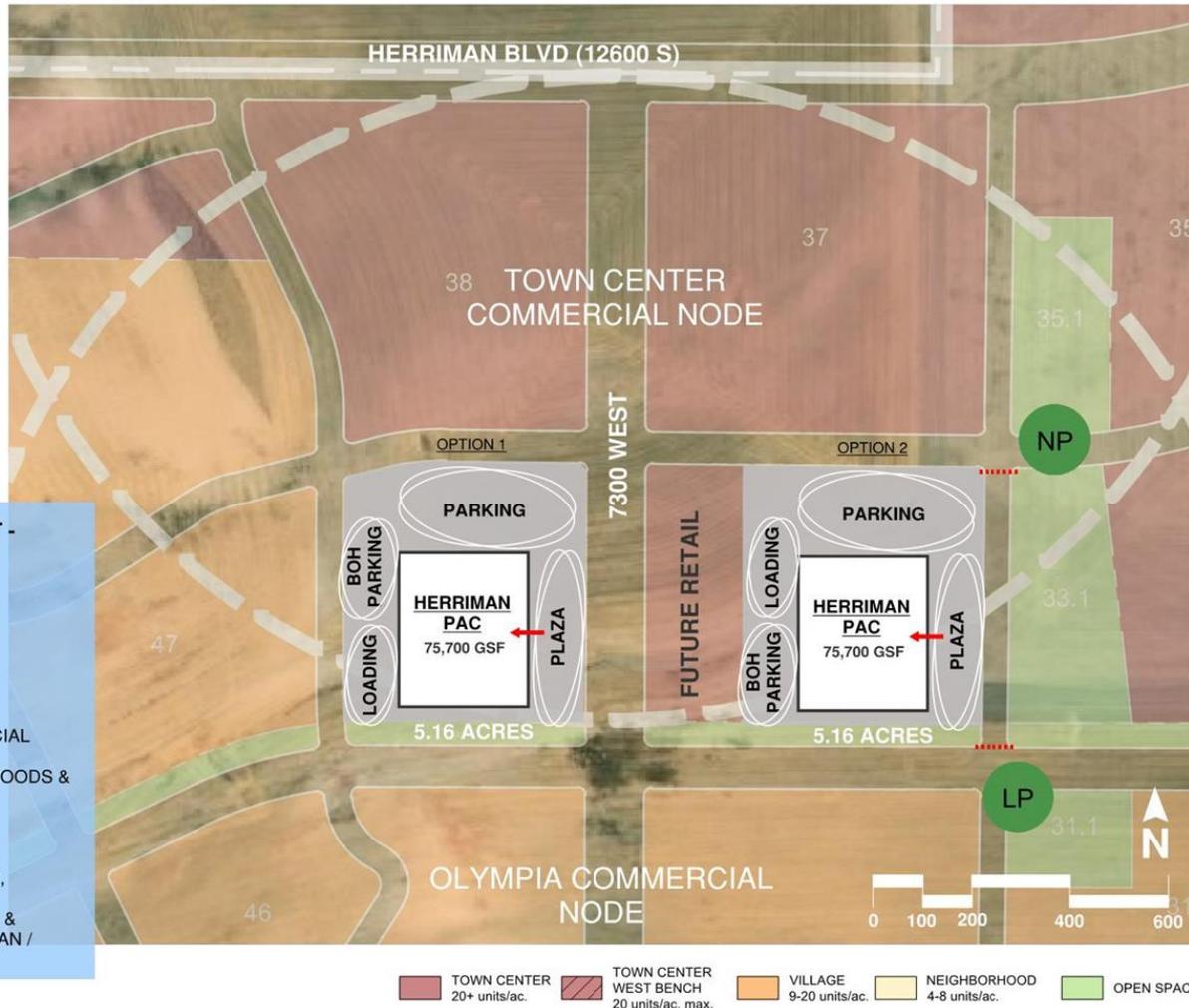
Future utilities: Utilities will continue to develop into Olympia as the development progresses. The time line is unknown, but we anticipate their first application to come in March of this year.

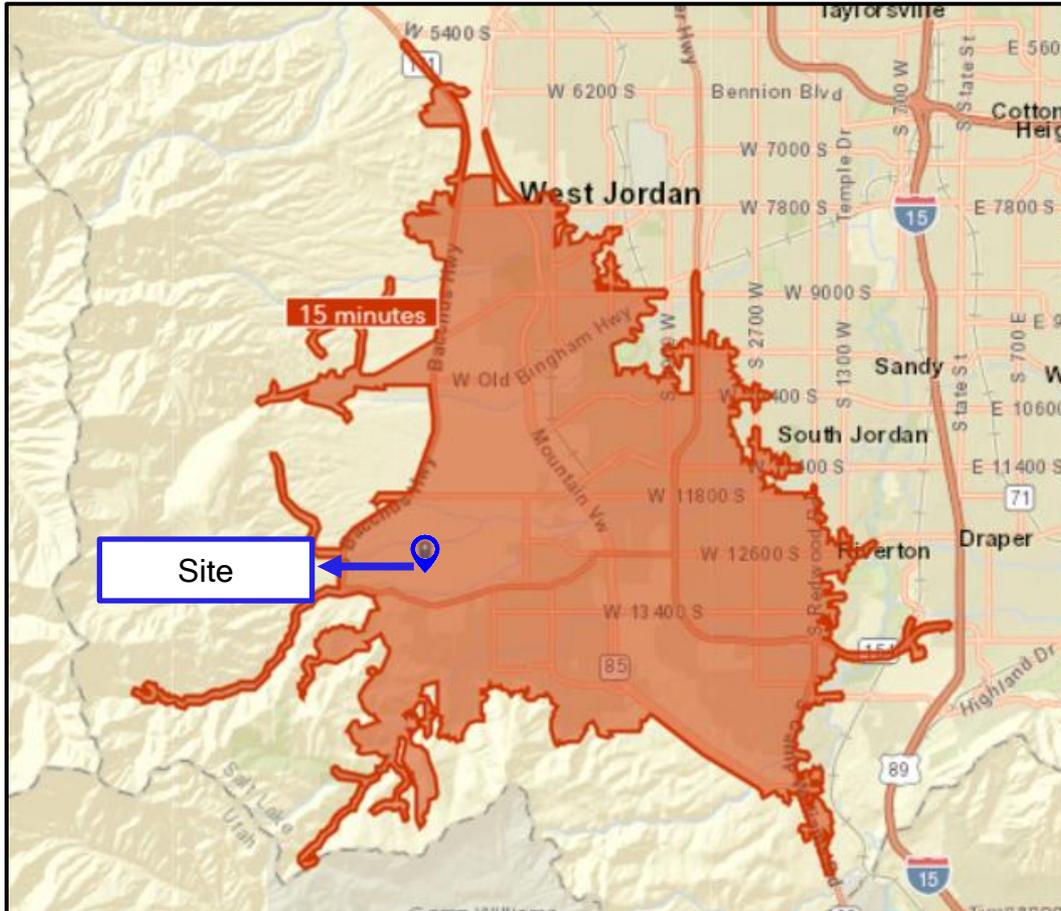
Will developments have to bear substantial cost: The project will be responsible to install utilities and roadway infrastructure within the community.

Known complexities

flood plain – not this high upstream
environmental – trace amounts of lead and arsenic contaminated soils.

#1 - OLYMPIA DEVELOPMENT OPTION HERRIMAN PERFORMING ARTS CENTER





Source: Esri

Because the OLYMPIA Development site is so far west, the population within a 15-minute drive-time radius of the site is only 176,637.

#2 - HERRIMAN CIVIC CENTER HERRIMAN PERFORMING ARTS CENTER



Property owner: Herriman City, LDS Church

SF/Acreage: The overall area is approximately 7.5 acres.

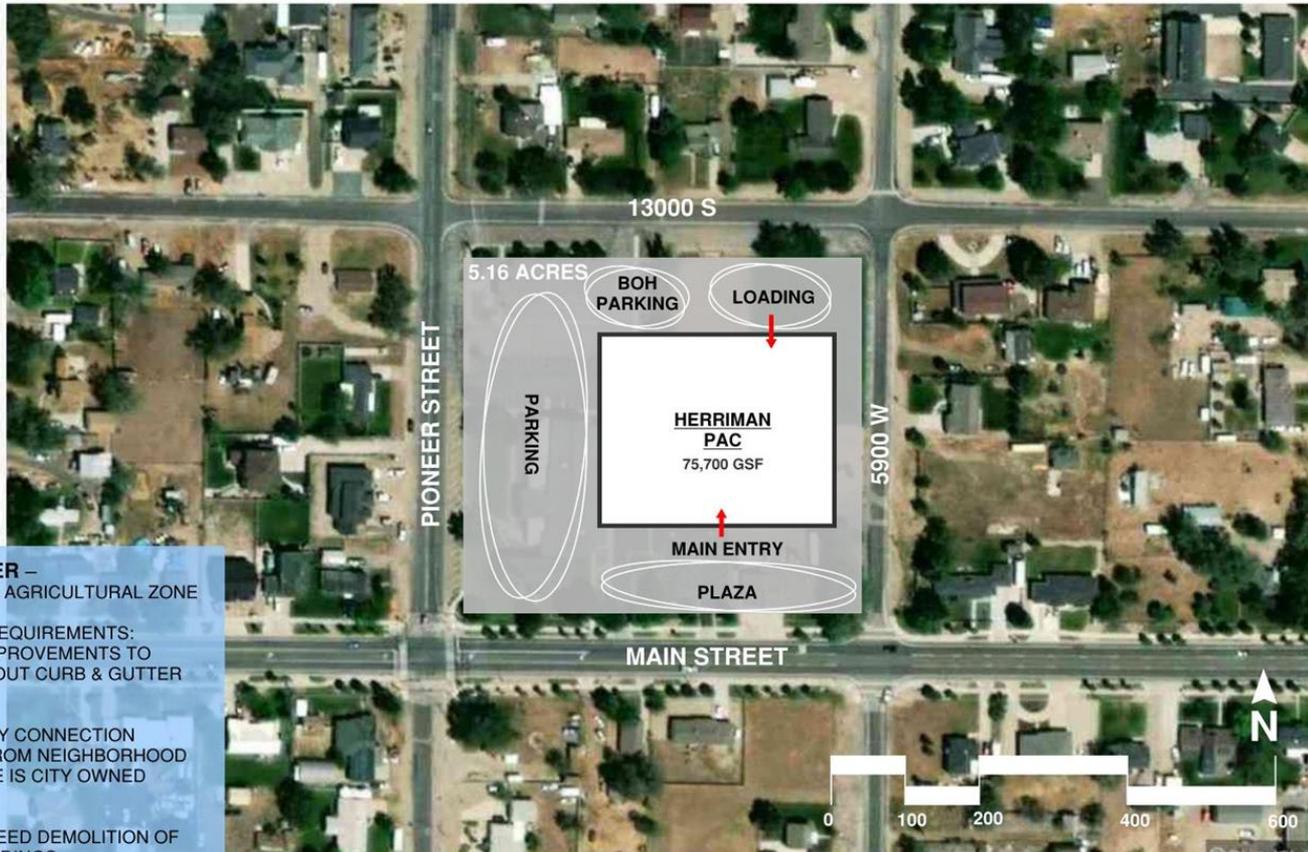
Zoning: A-.25 Agricultural Zone

Additional Covenants beyond Municipal Requirements: roadway improvements, if developed, are to remain without curb and gutter, but shall include an asphalt trail, in lieu of sidewalk, and swales between the asphalt edge and the asphalt trail.

Access to current utilities: site is serviced by all utilities

Will developments have to bear substantial cost: Not anticipated.

#2 - CIVIC CENTER SITE OPTION HERRIMAN PERFORMING ARTS CENTER

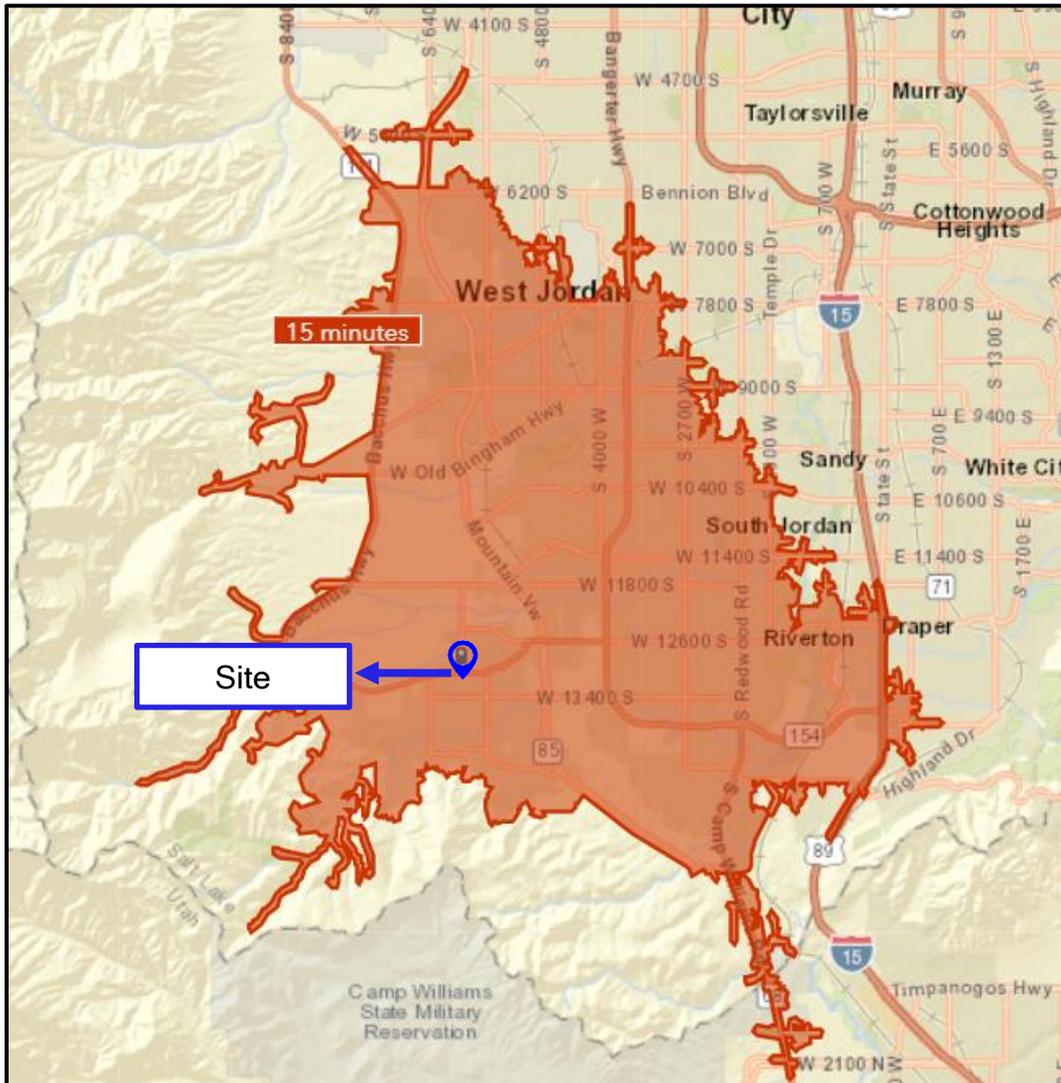


CIVIC CENTER –
ZONING : A-.25 AGRICULTURAL ZONE

ADDITIONAL REQUIREMENTS:
-ROADWAY IMPROVEMENTS TO
REMAIN WITHOUT CURB & GUTTER

PROS:
-HISTORIC CITY CONNECTION
-WALKABLE FROM NEIGHBORHOOD
-MOST OF SITE IS CITY OWNED

CONS:
-POTENTIAL NEED DEMOLITION OF
EXISTING BUILDINGS
-NEED FOR VERTICAL SPACE
STACKING
-SMALL ADJACENT BUILDING SCALE /
LIMITED TO RESIDENTIAL BUILDINGS
-PARKING LIMITATIONS



The population within a 15-minute drive-time radius of the Herriman Civic Center site is 262,820.

Source: Esri



#3 - HERRIMAN TOWNE CENTER HERRIMAN PERFORMING ARTS CENTER



Property owner: Multiple, see map

SF/Acreage: The overall development is approximately 70 acres; contiguous space for facility is approximately 10 acres

Zoning: MU-2 Mixed Use Zone

Additional covenants beyond municipal requirements: See MDA

Access to current utilities: Site is serviced by all utilities

Future utilities: Utilities will continue to develop with project in conjunction to project time line

Will developments have to bear substantial cost: The project will be responsible to install utilities and roadway infrastructure within the community.

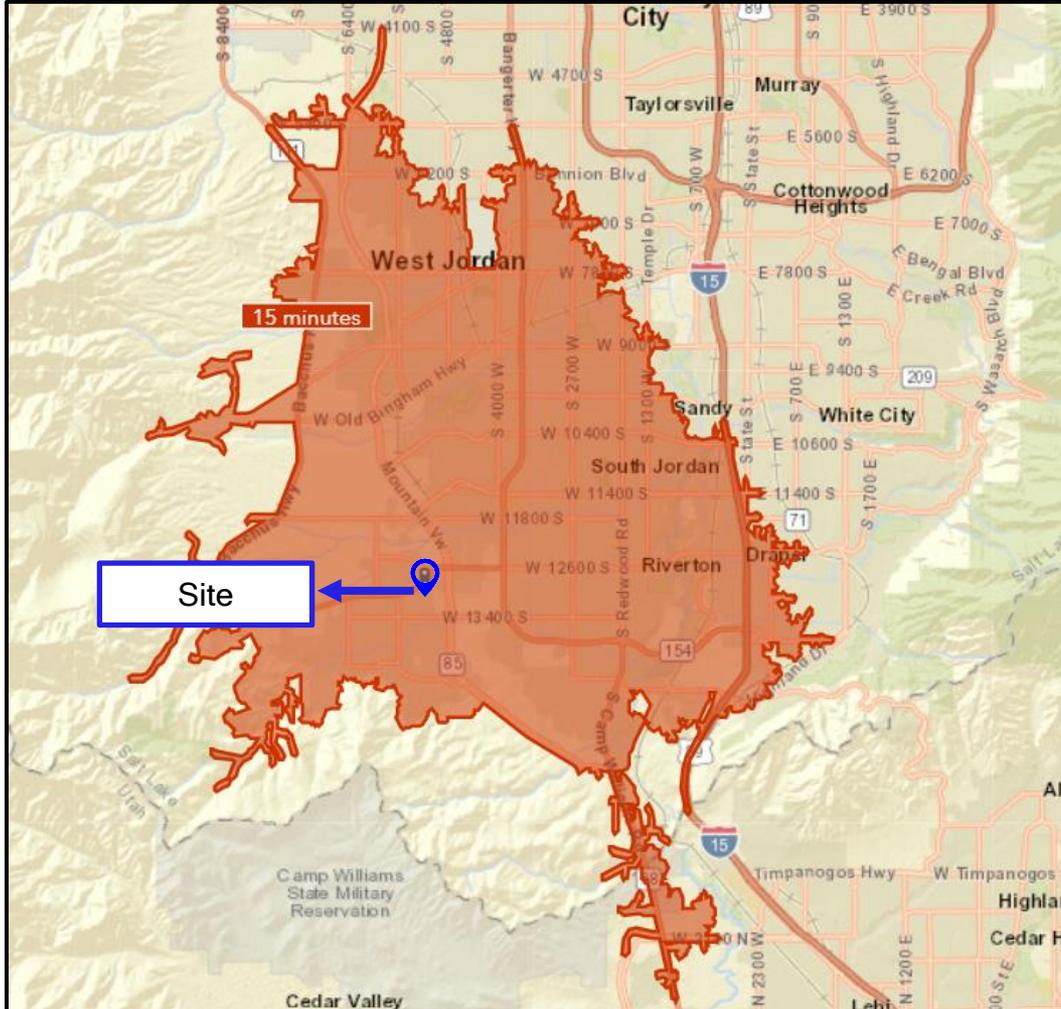
#3 - TOWNE CENTER SITE OPTION HERRIMAN PERFORMING ARTS CENTER



TOWNE CENTER –
ZONING : MU-2 MIXED USE ZONE

- PROS:**
- CONNECTION TO CIVIC/PUBLIC FUNCTIONS
 - ADJACENCY TO PARK/AMENITIES
 - WALKABILITY
 - OPPORTUNITIES FOR SHARED PARKING & LARGER PLAZA SPACES
 - OPPORTUNITIES FOR FUTURE RETAIL SYNERGY ON ADJACENT CITY OWNED SITE

- CONS:**
- CHALLENGING SOLAR ORIENTATION
 - LACK OF ABUNDANT ADJACENT RETAIL / COMMERCIAL



The population within a 15-minute drive-time radius of the Herriman Towne Center site is 262,805.

Source: Esri

#4 - MOUNTAIN RIDGE DEVELOPMENT HERRIMAN PERFORMING ARTS CENTER



Property owner: City Owned

SF/Acreage: The overall development is significant; contiguous space for facility is approximately 5 acres

Zoning: R-2-10 Residential Zone

Additional covenants beyond municipal requirements: See MDA

Access to current utilities: Site is serviced by all utilities

Future utilities: Utilities will continue to develop with project in conjunction to project time line

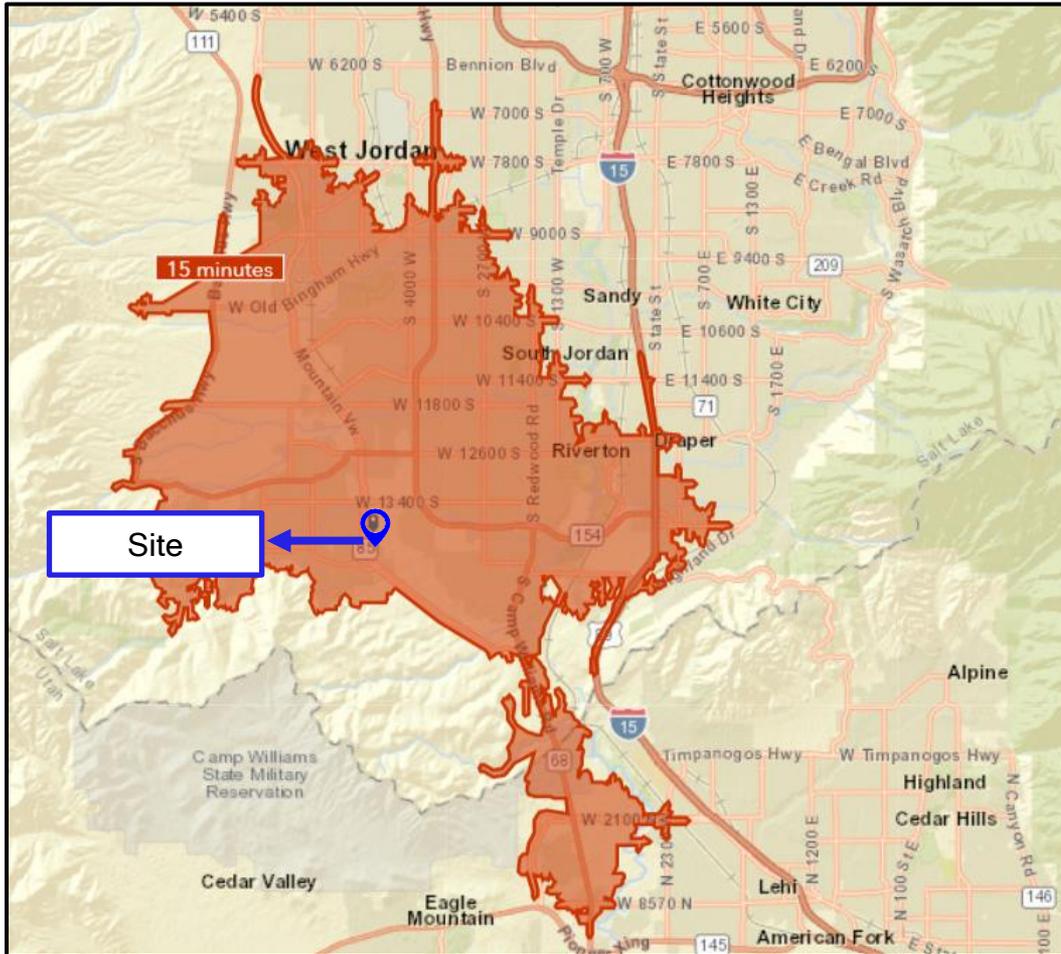
Will developments have to bear substantial cost: The project will be responsible to install utilities and roadway infrastructure within the community.

#4 - MOUNTAIN RIDGE OPTION HERRIMAN PERFORMING ARTS CENTER



MOUNTAIN RIDGE – ZONING : R-2-10 RESIDENTIAL ZONE

- PROS:**
- ADJACENCY TO GREEN SPACES
 - WALKABILITY
 - ADJACENCY TO K-12 SCHOOLS/PROGRAMS
- CONS:**
- LACK OF EXISTING INFRASTRUCTURE, UTILITIES, CONTEXT
 - PHASING OF ADJACENT PROPERTIES
 - SMALL ADJACENT BUILDING SCALE / LIMITED TO RESIDENTIAL BUILDINGS
 - LACK OF ADJACENT COMMERCIAL / RETAIL USES
 - ACCESS TO SITE IS LIMITED, NO EXISTING ACCESS TO MOUNTAIN VIEW CORRIDOR
 - SITE IS LOCATED AT BOUNDARY OF HERRIMAN, POTENTIAL LOST REVENUE TO SURROUNDING CITIES



The population within a 15-minute drive-time radius of the Mountain Ridge Development site is 233,610.

Source: Esri

#5 - HERRIMAN AUTOMALL HERRIMAN PERFORMING ARTS CENTER



Property owner: Multiple see map

SF/Acreage: The overall development is approximately 75 acres; contiguous spaces for facility are between 6-7 acres

Zoning: ASMD Auto Mall Special District; C-2 Commercial Zone; A-1 Agricultural Zone;

Additional covenants beyond municipal requirements: None

Access to current utilities: Site is serviced by all utilities

Future utilities: Utilities will continue to develop with project in conjunction to project time line

Will developments have to bear substantial cost: The project will be responsible to install utilities and roadway infrastructure within the community.

Known complexities:
flood plain – not this high upstream
environmental – contaminated soils

#5 - AUTOMALL OPTION HERRIMAN PERFORMING ARTS CENTER



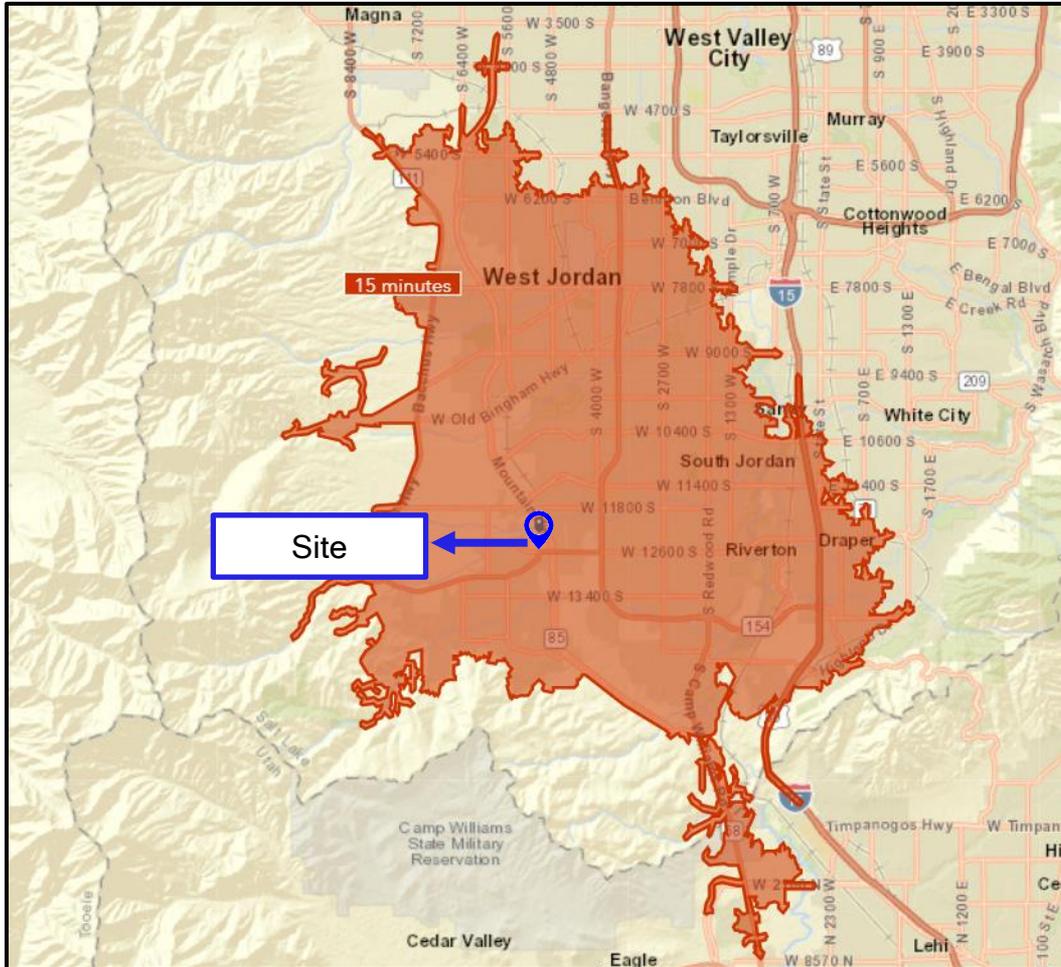
AUTOMALL -
ZONING : AMSD, C-2, A-1

PROS:

- LARGE SITES W/ PARKING & EXPANSION SPACE
- ADJACENCY TO FUTURE TRAX STOP
- DIRECT FREEWAY ACCESS
- POTENTIAL FOR REGIONAL SUPPORT DUE TO CLOSE ADJACENCIES TO OTHER CITY RETAIL / COMMERCIAL CENTERS
- POTENTIAL SYNERGY WITH RETAIL / COMMERCIAL, DEPENDANT ON FUTURE ADJACENT DEVELOPMENTS

CONS:

- LACK OF EXISTING INFRASTRUCTURE, UTILITIES, CONTEXT
- NOISE FROM FUTURE TRAX LINE, FROM MOUNTAIN VIEW CORRIDOR
- CONTAMINATED SOILS, TOPOGRAPHY
- RETAIL / COMMERCIAL SYNERGIES ARE QUESTIONABLE



Source: Esri

The population within a 15-minute drive-time radius of the Herriman Automall site is 365,870.

#6 - DENALI PARK DRIVE HERRIMAN PERFORMING ARTS CENTER



Property owner: Anthem Center, LLC

SF/Acreage: The overall parcel is 16.28 acres

Zoning: C-2 Commercial Zone

Additional covenants beyond municipal requirements: Unknown

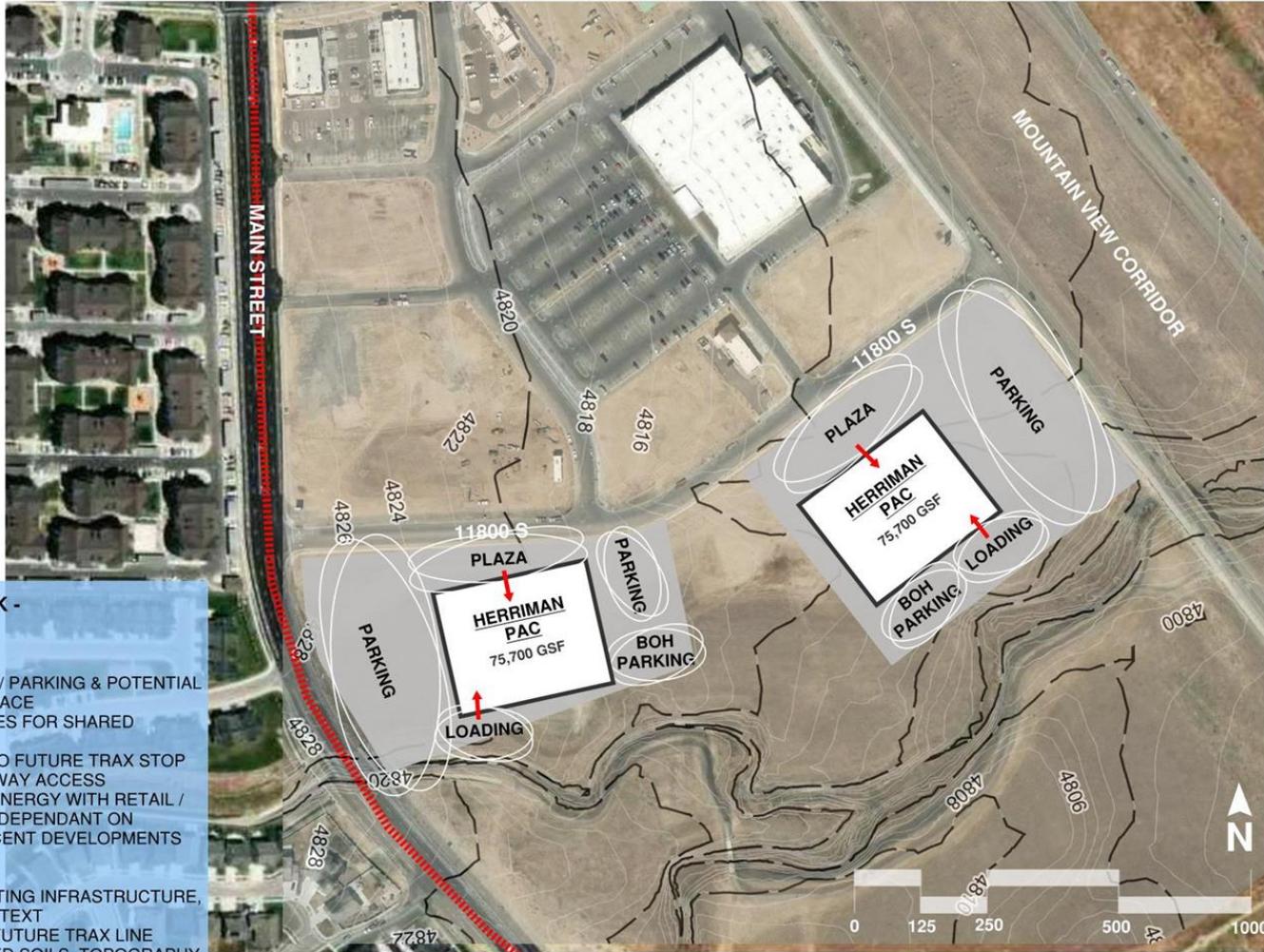
Access to current utilities: Assumed that site is serviced by all utilities

Future utilities: Unknown

Will developments have to bear substantial cost: The project will be responsible to install utilities and roadway infrastructure within the community.

Known complexities:
Unknown

#6 - DENALI PARK OPTION HERRIMAN PERFORMING ARTS CENTER



DENALI PARK - ZONING :

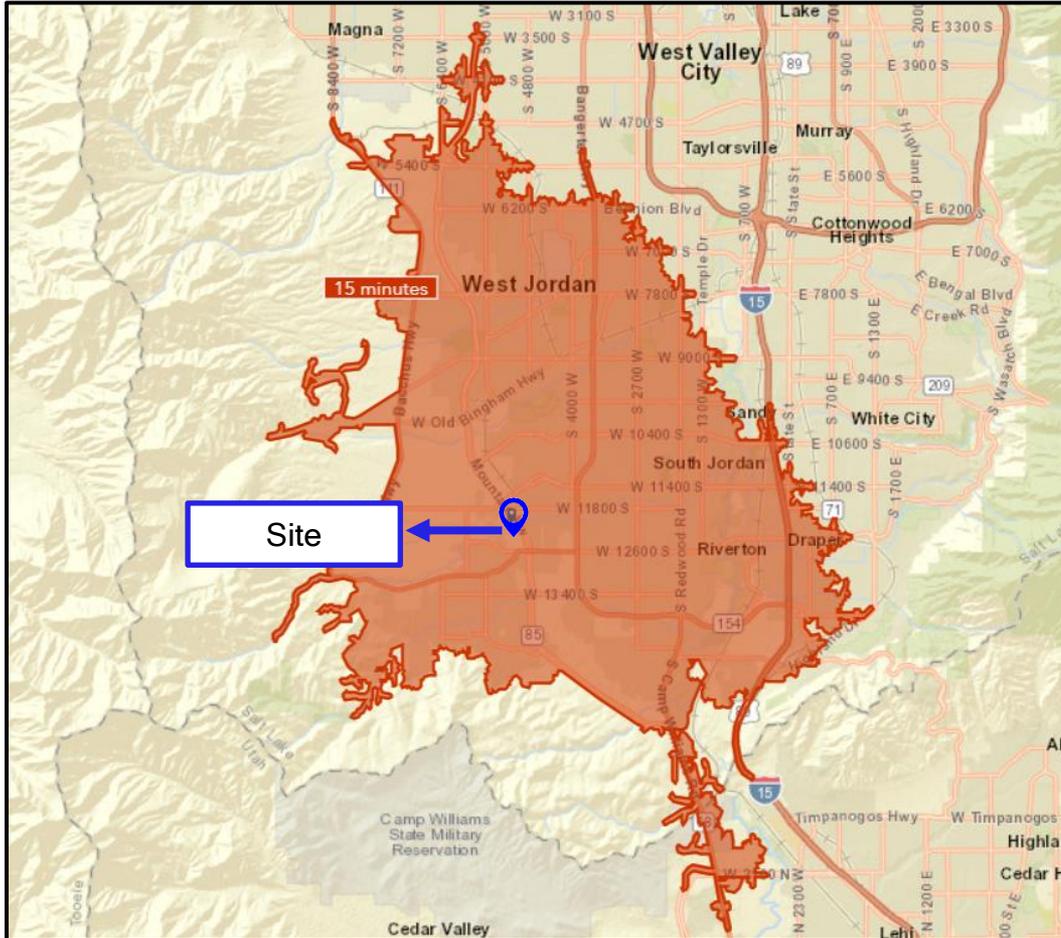
PROS:

- LARGE SITE W/ PARKING & POTENTIAL EXPANSION SPACE
- OPPORTUNITIES FOR SHARED PARKING
- ADJACENCY TO FUTURE TRAX STOP
- DIRECT FREEWAY ACCESS
- POTENTIAL SYNERGY WITH RETAIL / COMMERCIAL, DEPENDANT ON FUTURE ADJACENT DEVELOPMENTS

CONS:

- LACK OF EXISTING INFRASTRUCTURE, UTILITIES, CONTEXT
- NOISE FROM FUTURE TRAX LINE
- CONTAMINATED SOILS, TOPOGRAPHY

DENALI PARK DRIVE (CONT.)



The population within a 15-minute drive-time radius of the Denali Park Drive site is 358,444.

Source: Esri

#7 - WHEADON PROPERTY HERRIMAN PERFORMING ARTS CENTER



Property owner: Multiple, see map

SF/Acreage: The overall parcel is 70 acres, but Arts Facility would be tenant so small portion of site

Zoning: A-1 Agricultural Zone

Additional covenants beyond municipal requirements: None

Access to current utilities: There isn't a zone 2 water pressure zone in this area yet, timing unknown; lacking/limited roadway access currently

Future utilities: Utilities will continue to develop with project in conjunction to project time line

Will developments have to bear substantial cost: The project will be responsible to install utilities and roadway infrastructure within the community.

Known complexities:

flood plain: Wood Hollow

topography: challenging terrain

developer: has not formally submitted land use application yet

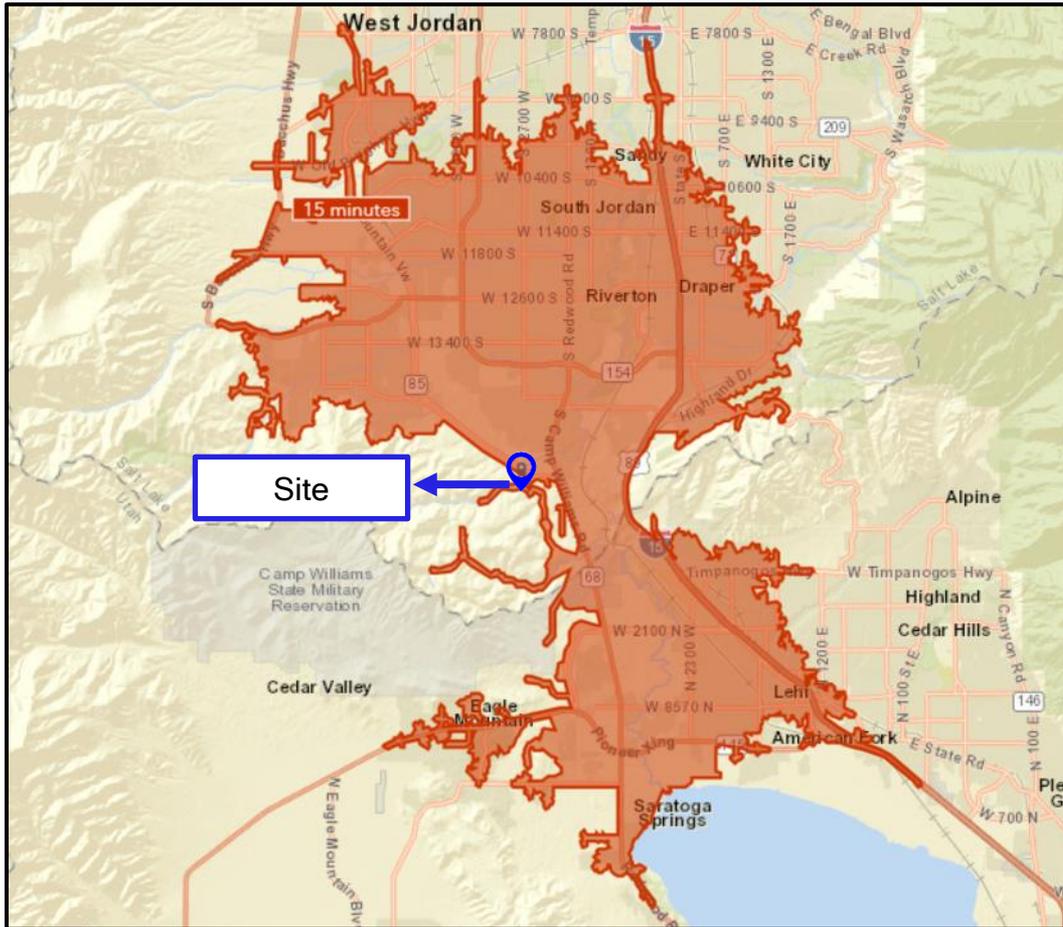
#7 - WHEADON PROPERTY OPTION HERRIMAN PERFORMING ARTS CENTER



WHEADON PROPERTY - ZONING : A-1 AGRICULTURAL ZONING

PROS:
-LARGE AVAILABLE SITE
-BEAUTIFUL VIEWS AND ICONIC SITE
-PROXIMITY AND ACCESS TO UTAH COUNTY

CONS:
-TOPOGROPHY
-ISOLATION
-ROADWAY ACCESS
-ACCESS TO WATER
- WOOD HOLLOW FLOOD PLAIN



The population within a 15-minute drive-time radius of the Wheadon Property site is 311,233.

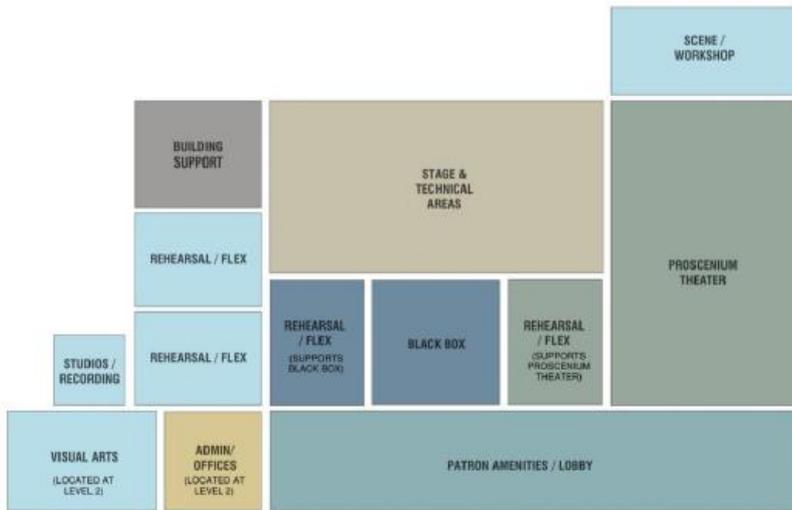
Source: Esri

SELECTED SITE FOR TEST FIT

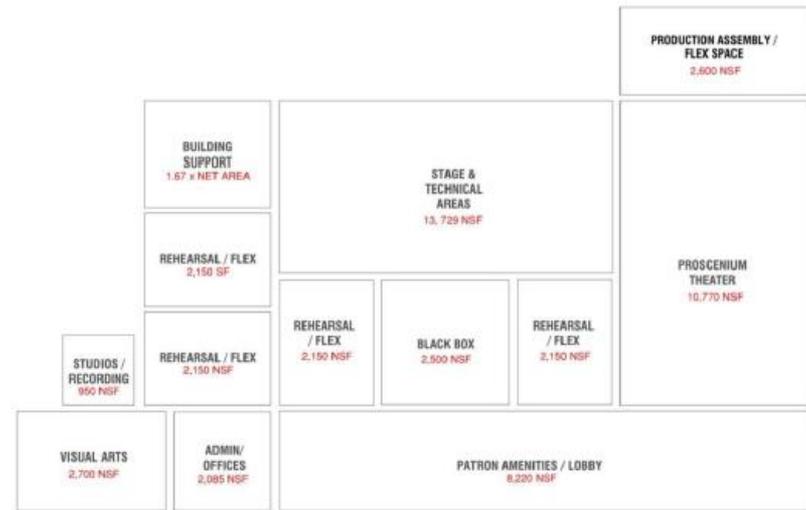
SITE	Recommended Site						
	1. Olympia	2. Herriman Civic Center	3. Herriman Towne Center	4. Mountain Ridge	5. Herriman Auto Mall	6. Denali Park	7. Wheadon Property
PROS	Flexibility in siting/location	Historic city connection, walkable from neighborhood	Connections to civic/public functions, walkability, and opportunities for shared parking and future retail synergy.	Adjacency and walkability to green spaces and schools.	Large sites with parking and expansion space with direct access to freeway. Potential synergy with retail/commercial development.	Large sites with parking and expansion space with direct access to freeway. Potential synergy with retail/commercial development.	Large site available with proximity and access to Utah County.
CONS	Distance from highways & central areas of Herriman	Potential need to demolish existing buildings and need for vertical space stacking.	Challenging solar orientation and lack of abundant adjacent retail/commercial space.	Lack of existing infrastructure, utilities, etc. Access to site is limited and no existing access to Mountain View Corridor.	Lack of existing infrastructure, utilities, etc. Contaminated soils.	Lack of existing infrastructure, utilities, etc. Contaminated soils.	Topography, isolation, access to water, and roadway access.

After reviewing seven (7) potential sites for the proposed performing & visual arts venue in Herriman, Victus and Method Studio have identified the Herriman Towne Center as the primary recommended site for purposes of test fitting and cost estimation. This site is closest to compatible civic/public functions, in addition to being in the heart of the City. There is significant opportunity to integrate the proposed venue with other public assets such as J. Lynn Crane Park and Amphitheater, Herriman City Hall, the Herriman Library, and the JL Sorenson Recreation Center, to create a dynamic campus feel.

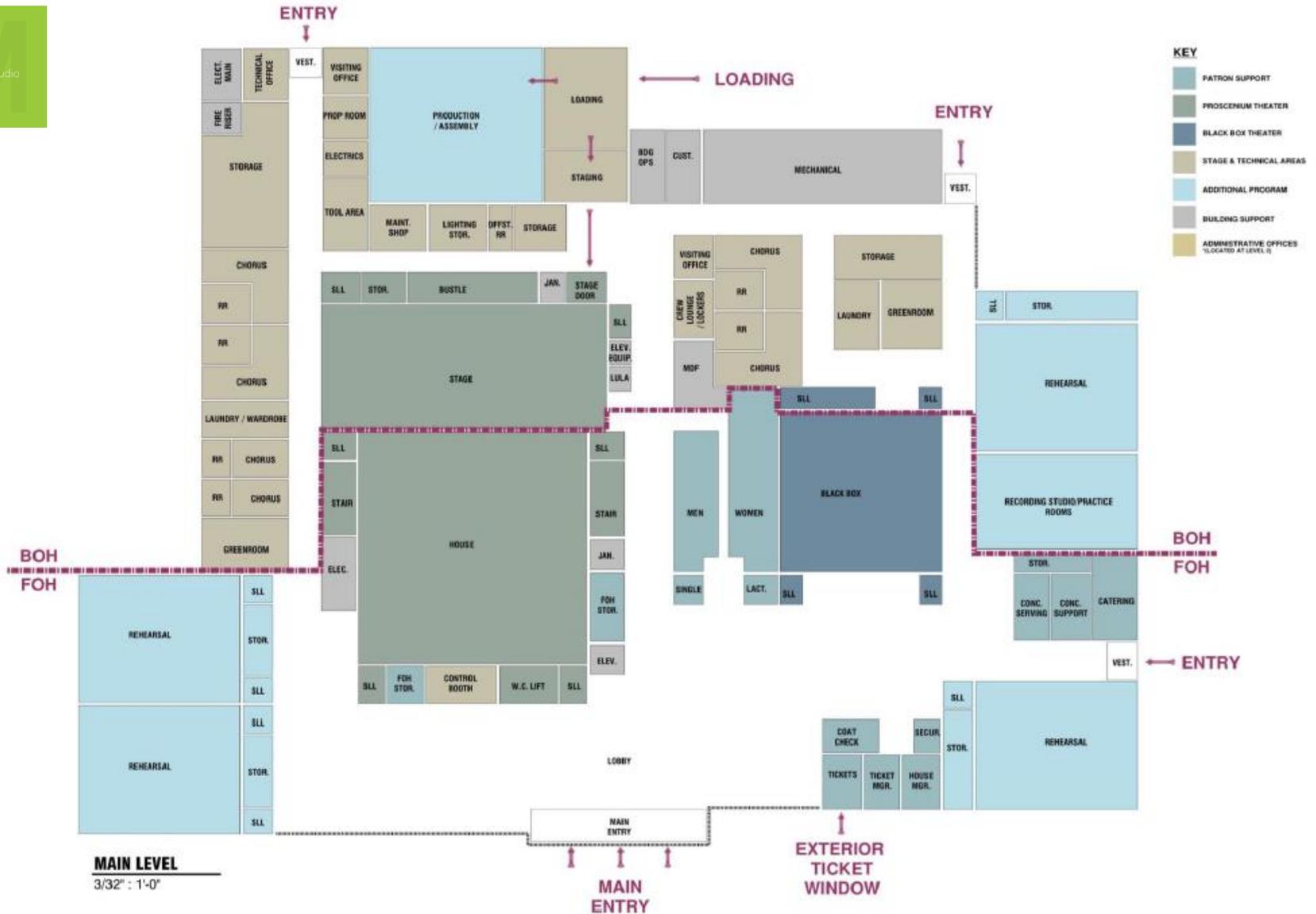
BUILDING PROGRAM - BLOCK DIAGRAM



TOTAL NET AREA: 50,004 SF
 TOTAL GROSS AREA: 85,008 GSF



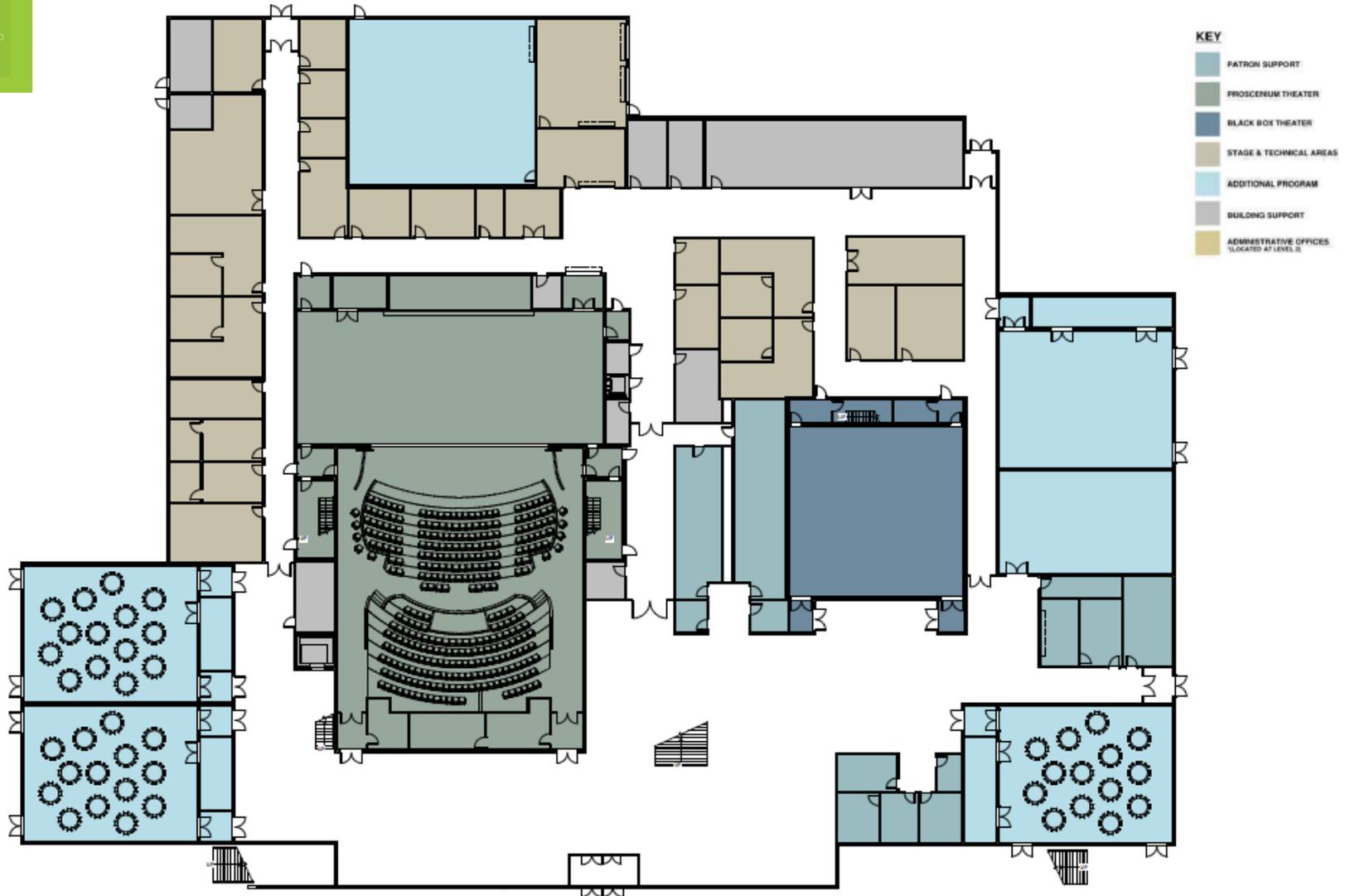
NET AREA TARGETS PER PROGRAMMING ZONE



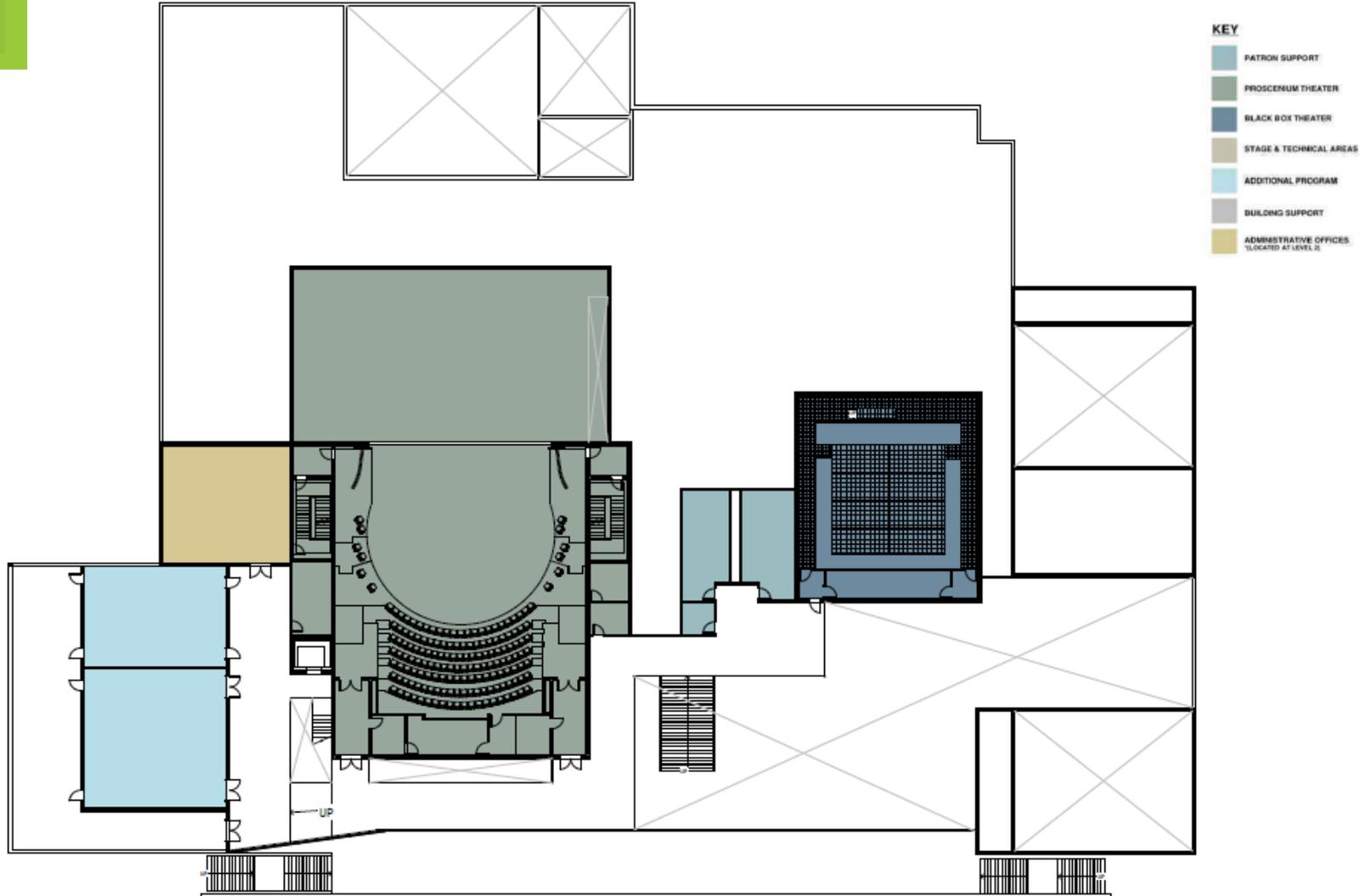
HERRIMAN TOWNE CENTER SITE TEST FIT



TEST FIT PLAN (MAIN LEVEL: 69,000 GROSS SQ. FT)



TEST FIT PLAN (BALCONY LEVEL: 16,500 GROSS SQ. FT)





13. PRELIMINARY DEVELOPMENT COST ESTIMATE



Victus Advisors also engaged Construction Control Corporation (CCC) to prepare a preliminary opinion of probable cost specific to Victus' feasibility results and the floor/site plans developed by Method Studio for the proposed performing and visual arts venue in Herriman. CCC's cost analysis includes both hard and soft costs, such as site preparation and infrastructure costs, building construction costs, equipment, major systems, design, land-use fees, building permit fees, other soft costs, and ultimately a total capital project cost estimate.

OVERALL DEVELOPMENT COST ESTIMATE

PROJECT ESTIMATE		CONSTRUCTION CONTROL CORPORATION		4/25/2022
PROJECT NAME.....HERRIMAN COMMUNITY ARTS CENTER				
LOCATION.....HERRIMAN, UT				
ARCHITECT.....METHOD STUDIO				
STAGE OF DESIGN.....PROGRAM CONCEPT				
		85,700	BUILDING SF	
		6.16	ACRE SITE	
CSI #	DESCRIPTION	UNIT QTY	UNIT COST	TOTAL
BUILDING COST ESTIMATE				
02	EXISTING CONDITIONS		\$ 1.85	\$ 158,314
03	CONCRETE		\$ 31.24	\$ 2,677,282
04	MASONRY		\$ 26.12	\$ 2,238,495
05	METALS		\$ 97.28	\$ 8,337,050
06	WOODS & PLASTICS		\$ 15.37	\$ 1,316,935
07	THERMAL & MOISTURE PROTECTION		\$ 28.10	\$ 2,408,106
08	DOORS & WINDOWS		\$ 20.05	\$ 1,718,244
09	FINISHES		\$ 70.39	\$ 6,032,356
10	SPECIALTIES		\$ 3.08	\$ 264,250
11	EQUIPMENT		\$ 35.18	\$ 3,015,000
12	FURNISHINGS		\$ 9.17	\$ 786,125
13	SPECIAL CONSTRUCTION		\$ -	\$ -
14	CONVEYING SYSTEMS		\$ 3.27	\$ 280,000
21	FIRE SUPPRESSION		\$ 5.00	\$ 428,500
22	PLUMBING		\$ 12.00	\$ 1,028,400
23	HVAC		\$ 81.75	\$ 7,006,000
26	ELECTRICAL		\$ 42.89	\$ 3,675,820
27	COMMUNICATION		\$ 20.00	\$ 1,714,000
28	ELECTRONIC SAFETY AND SECURITY		\$ 5.50	\$ 471,350
31	EARTHWORK		\$ 17.62	\$ 1,510,389
32	EXTERIOR IMPROVEMENTS		\$ 21.44	\$ 1,837,565
33	SITE UTILITIES		\$ 3.03	\$ 260,000
SUBTOTAL			\$ 550.34	\$ 47,164,181
GENERAL CONDITIONS		7%	\$ 38.52	\$ 3,301,493
BONDS & INSURANCE		2%	\$ 11.01	\$ 943,284
OVERHEAD & PROFIT		4%	\$ 22.01	\$ 1,886,567
DESIGN CONTINGENCY		15%	\$ 82.55	\$ 7,074,627
TOTAL CONSTRUCTION COST			\$ 704.44	\$ 60,370,151
Plan Check Fees			\$	\$ 211,210
Building Permit			\$	\$ 324,938
1% State Permit Fee			\$	\$ 3,249
Utility Connection Fees and Impact Fees			\$	\$ 50,000
Furniture, Fixtures & Equipment		8%	\$	\$ 4,829,612
AE Fees		8%	\$	\$ 4,829,612
Theatre Design Fees		1%	\$	\$ 603,702
Reimbursables			\$	\$ 217,333
Geotechnical			\$	\$ 15,000
Commissioning Agent			\$	\$ 25,000
Survey			\$	\$ 5,000
City Administration Fees			\$	TBD
Project Management Fees		2%	\$	\$ 1,207,403
Owner's Construction Contingency		10%	\$	\$ 6,037,015
Special Inspections & Testing		1%	\$	\$ 603,702
Energy Modeling			\$	\$ 45,000
LEED Documentation A/E			\$	TBD
LEED Registration			\$	TBD
Art		1%	\$	\$ 603,702
TOTAL PROJECT COST			\$ 933.27	\$ 79,981,629

The estimated current project cost for the proposed performing and visual arts venue in Herriman is \$79.9 million. The following pages describe the cost breakdown by building component.

COST ESTIMATE DETAIL

PROJECT ESTIMATE		CONSTRUCTION CONTROL CORPORATION		4/25/2022
PROJECT NAME.....HERRIMAN COMMUNITY ARTS CENTER				
LOCATION.....HERRIMAN, UT				
ARCHITECT.....METHOD STUDIO				
STAGE OF DESIGN.....PROGRAM CONCEPT				
		85,700	BUILDING SF	
		6.16	ACRE SITE	
CSI #	DESCRIPTION	UNIT QTY	UNIT COST	TOTAL
02	EXISTING CONDITIONS			
	Site Clearing & Demolition	268,330 SF	\$ 0.59	\$ 158,314
	TOTAL EXISTING CONDITIONS			\$ 158,314
03	CONCRETE			
	Footings	2,103 CY	\$ 600.00	\$ 1,261,667
	Foundation Wall	12,668 SF	\$ 50.00	\$ 633,400
	Slab on Grade	75,700 SF	\$ 5.00	\$ 378,500
	Sloped/Tiered Seating Slab	2,200 SF	\$ 60.00	\$ 132,000
	Topping Slab	7,800 SF	\$ 5.50	\$ 42,900
	Topping Slab at Roof	38,850 SF	\$ 5.50	\$ 213,675
	Vapor Barrier	75,700 SF	\$ 0.20	\$ 15,140
	TOTAL CONCRETE			\$ 2,677,282
04	MASONRY			
	Interior Studio Sound Walls	6,400 SF	\$ 35.00	\$ 224,000
	Interior Hall Sound Walls/Fly Loft	33,225 SF	\$ 35.00	\$ 1,162,875
	Exterior Masonry Veneer (55% of Exterior Surface)	24,332 SF	\$ 35.00	\$ 851,620
	TOTAL MASONRY			\$ 2,238,495
05	METALS			
	Floor Structure (19 LBS/SF)	190,000 LB	\$ 6.00	\$ 1,140,000
	Roof Structure (12 LBS/SF)	908,400 LB	\$ 6.00	\$ 5,450,400
	Floor Deck	10,000 SF	\$ 5.25	\$ 52,500
	Roof Deck	77,700 SF	\$ 5.00	\$ 388,500
	Decorative Lobby Stairs	300 SF	\$ 200.00	\$ 60,000
	Decorative Lobby Railing	130 LF	\$ 400.00	\$ 52,000
	Metal Pan Stairs	300 SF	\$ 75.00	\$ 22,500
	Freestanding Railing	80 LF	\$ 295.00	\$ 17,700
	Wall-mount Railing	80 LF	\$ 95.00	\$ 5,700
	Aisle & Row Freestanding Railings	490 LF	\$ 225.00	\$ 110,250
	Pit Railings	1 Allow	\$ 10,000.00	\$ 10,000
	Catwalks w/ Railing	3,000 SF	\$ 200.00	\$ 600,000
	Gridiron	2,850 SF	\$ 150.00	\$ 427,500
	TOTAL METALS			\$ 8,337,050
06	WOOD & PLASTICS			
	Carpentry			
	Wood Plates & Blocking	85,700 SF	\$ 0.55	\$ 47,135
	Subtotal for Carpentry			\$ 47,135
	Millwork			
	Building Millwork	85,700 SF	\$ 14.00	\$ 1,199,800
	Balcony Railing Panel	1,400 SF	\$ 50.00	\$ 70,000
	Subtotal For Millwork			\$ 1,269,800
	TOTAL WOOD & PLASTICS			\$ 1,316,935
07	THERMAL & MOISTURE PROTECTION			

COST ESTIMATE DETAIL (CONT.)

PROJECT ESTIMATE		CONSTRUCTION CONTROL CORPORATION		4/25/2022
PROJECT NAME.....HERRIMAN COMMUNITY ARTS CENTER				
LOCATION.....HERRIMAN, UT				
ARCHITECT.....METHOD STUDIO				
STAGE OF DESIGN.....PROGRAM CONCEPT				
			85,700	BUILDING SF
			6.16	ACRE SITE
CSI #	DESCRIPTION	UNIT QTY	UNIT COST	TOTAL
	Roof Membrane	77,700 SF	\$ 4.50	\$ 349,850
	Roof Insulation	77,700 SF	\$ 4.95	\$ 384,815
	Foundation Drainage	1,108 LF	\$ 39.00	\$ 43,134
	Rigid Wall Insulation	44,240 SF	\$ 2.65	\$ 117,238
	Batt Wall Insulation	44,240 SF	\$ 1.14	\$ 50,434
	Weather Barrier	44,240 SF	\$ 3.65	\$ 161,478
	Sound Batt	173,575 SF	\$ 1.25	\$ 216,969
	Sound Isolation, Rubber Isolators	1 Allow	\$ 75,000.00	\$ 75,000
	Misc. Spray Foam Insulation	1 LS	\$ 15,000.00	\$ 15,000
	Exterior Sheathing	44,240 SF	\$ 2.25	\$ 99,540
	Exterior Metal Panel (20% of Exterior Surface)	8,848 SF	\$ 60.00	\$ 530,880
	Metal Sunshades	1 Allow	\$ 50,000.00	\$ 50,000
	Metal Wall Cap	2,212 LF	\$ 19.65	\$ 43,466
	Flashing & Sheet Metal	4,424 SF	\$ 6.95	\$ 30,747
	Fireproofing	85,700 SF	\$ 2.25	\$ 192,825
	Caulking & Sealing	85,700 SF	\$ 0.55	\$ 47,135
	TOTAL THERMAL & MOISTURE PROTECTION			\$ 2,408,106
08	DOORS & WINDOWS			
	Interior Doors	85,700 SF	\$ 7.00	\$ 599,900
	Acoustic Stage Door	1 LS	\$ 90,000.00	\$ 90,000
	Fire Doors	1 LS	\$ 25,000.00	\$ 25,000
	Exterior Curtainwall (10% of Exterior Surface)	4,424 SF	\$ 78.00	\$ 345,072
	Shading at Curtainwall	3,097 SF	\$ 80.00	\$ 247,744
	Exterior Glazing (15% of Exterior Surface)	6,636 SF	\$ 48.00	\$ 318,528
	Interior Glazing	1,500 SF	\$ 42.00	\$ 63,000
	Mirrors	1,000 SF	\$ 24.00	\$ 24,000
	Acoustic Glazing at Control Booths	1 Allow	\$ 5,000.00	\$ 5,000
	TOTAL DOORS & WINDOWS			\$ 1,718,244
09	FINISHES			
	Exterior Stud Wall Framing	44,240 SF	\$ 5.25	\$ 232,260
	Interior Partition Framing	107,125 SF	\$ 3.95	\$ 423,144
	Double Stud Sound Wall Framing	33,225 SF	\$ 8.00	\$ 265,800
	Gyp. Wallboard	324,940 SF	\$ 2.16	\$ 701,870
	2nd Layer Gyp. Wallboard	162,470 SF	\$ 1.25	\$ 203,088
	Patron Support/Lobby Ceilings	14,960 SF	\$ 25.00	\$ 374,000
	Auditorium Ceiling	12,518 SF	\$ 15.00	\$ 187,770
	Stage & Technical Areas Ceilings	54,554 SF	\$ 20.00	\$ 1,091,080
	Admin Offices Ceilings	3,336 SF	\$ 8.00	\$ 26,688
	Patron Support/Lobby Flooring	14,960 SF	\$ 20.00	\$ 299,200
	Auditorium Flooring	12,518 SF	\$ 7.00	\$ 87,626
	Stage & Technical Areas Flooring	54,554 SF	\$ 16.00	\$ 872,864
	Admin Offices Flooring	3,336 SF	\$ 6.00	\$ 20,016
	Fabric Wrapped Wall Panels	1 Allow	\$ 75,000.00	\$ 75,000
	Base	21,663 LF	\$ 4.00	\$ 86,651
	Paint Gyp. Wallboard	324,940 SF	\$ 0.84	\$ 272,950
	Wall Finishes/Acoustic Panel	324,940 SF	\$ 2.50	\$ 812,350
	TOTAL FINISHES			\$ 6,032,356



COST ESTIMATE DETAIL (CONT.)



PROJECT ESTIMATE		CONSTRUCTION CONTROL CORPORATION		4/25/2022
PROJECT NAME.....HERRIMAN COMMUNITY ARTS CENTER				
LOCATION.....HERRIMAN, UT				
ARCHITECT.....METHOD STUDIO				
STAGE OF DESIGN.....PROGRAM CONCEPT				
		85,700	BUILDING SF	
		6.16	ACRE SITE	
CSI #	DESCRIPTION	UNIT QTY	UNIT COST	TOTAL
10	SPECIALTIES			
	Building Specialties	85,700 SF	\$ 2.50	\$ 214,250
	Signage	1 Allow	\$ 50,000.00	\$ 50,000
	TOTAL SPECIALTIES			\$ 264,250
11	EQUIPMENT			
	Theatrical Equipment / Lighting / Curtains	1 LS	\$ 3,000,000	\$ 3,000,000
	Dock Equipment	1 LS	\$ 15,000.00	\$ 15,000
	TOTAL EQUIPMENT			\$ 3,015,000
12	FURNISHINGS			
	Fixed Seat - Auditorium	600 EA	\$ 700.00	\$ 420,000
	Black Box Retractable Seating	200 EA	\$ 1,500.00	\$ 300,000
	Mecho Shades	3,318 SF	\$ 12.50	\$ 41,475
	Walk-off Mats	850 SF	\$ 29.00	\$ 24,650
	TOTAL FURNISHINGS			\$ 786,125
13	SPECIAL CONSTRUCTION			
	TOTAL SPECIAL CONSTRUCTION			\$ -
14	CONVEYING SYSTEMS			
	Passenger Elevators	1 EA	\$ 225,000.00	\$ 225,000
	Lula Lift	1 EA	\$ 55,000.00	\$ 55,000
	TOTAL CONVEYING SYSTEMS			\$ 280,000
21	FIRE SUPPRESSION	85,700 SF	\$ 5.00	\$ 428,500
22	PLUMBING	85,700 SF	\$ 12.00	\$ 1,028,400
23	HVAC			
	HVAC	85,700 SF	\$ 80.00	\$ 6,856,000
	Smoke Evacuation	1 LS	\$ 150,000.00	\$ 150,000
	TOTAL HVAC			\$ 7,006,000
26	ELECTRICAL			
	Service & Distribution	85,700 SF	\$ 8.00	\$ 685,600
	Backup Power	1 LS	\$ 75,000.00	\$ 75,000
	Power	85,700 SF	\$ 7.00	\$ 599,900
	Theatrical Rough-in	85,700 SF	\$ 6.00	\$ 514,200
	Theatrical Lighting			Div. 11
	Performance Lighting			Div. 11
	Dimming & Controls			Div. 11
	Building Lighting	85,700 SF	\$ 20.00	\$ 1,714,000

COST ESTIMATE DETAIL (CONT.)

PROJECT ESTIMATE		CONSTRUCTION CONTROL CORPORATION		4/25/2022
PROJECT NAME.....HERRIMAN COMMUNITY ARTS CENTER				
LOCATION.....HERRIMAN, UT				
ARCHITECT.....METHOD STUDIO				
STAGE OF DESIGN.....PROGRAM CONCEPT				
		85,700	BUILDING SF	
		6.16	ACRE SITE	
CSI #	DESCRIPTION	UNIT QTY	UNIT COST	TOTAL
	Site Lighting	43,560 SF	\$ 2.00	\$ 87,120
	TOTAL ELECTRICAL			\$ 3,675,820
27	<u>COMMUNICATION & AV</u>			
	Telecommunications	85,700 SF	\$ 8.00	\$ 685,600
	AV System			Div. 11
	AV System Theatrical Rough in	85,700 SF	\$ 8.00	\$ 685,600
	Building AV System	85,700 SF	\$ 4.00	\$ 342,800
	TOTAL COMMUNICATION & AV			\$ 1,714,000
28	<u>ELECTRONIC SAFETY AND SECURITY</u>			
	Fire Alarm System	85,700 SF	\$ 3.00	\$ 257,100
	Security System	85,700 SF	\$ 2.50	\$ 214,250
	TOTAL ELECTRONIC SAFETY AND SECURITY			\$ 471,350
31	<u>EARTHWORK</u>			
	Excavation (Assuming No Over-Ex, or Deep Foundations)	16,822 CY	\$ 8.00	\$ 134,578
	Site Excavation	268,330 SF	\$ 1.00	\$ 268,330
	Backfill & Compact	16,822 CY	\$ 50.00	\$ 841,111
	Grade Building Slab	75,700 SF	\$ 0.75	\$ 56,775
	Gravel Under Slab	1,480 Ton	\$ 50.00	\$ 74,018
	Site Grading	192,630 SF	\$ 0.60	\$ 115,578
	SWPPP	1 LS	\$ 20,000.00	\$ 20,000
	TOTAL EARTHWORK			\$ 1,510,389
32	<u>EXTERIOR IMPROVEMENTS</u>			
	Hardscape & Landscape (1 Acre per Program)	43,560 SF	\$ 15.00	\$ 653,400
	Parking Lot Improvements (1 Stall/2.5 Fixed Seat)	150,000 SF	\$ 7.00	\$ 1,050,000
	Site Specialties	268,330 SF	\$ 0.50	\$ 134,165
	TOTAL EXTERIOR IMPROVEMENT			\$ 1,837,565
33	<u>SITE UTILITIES</u>			
	Water Utility	1 LS	\$ 50,000.00	\$ 50,000
	Sewer Utility	1 LS	\$ 35,000.00	\$ 35,000
	Gas Utility	1 LS	\$ 25,000.00	\$ 25,000
	Storm Drainage	1 LS	\$ 75,000.00	\$ 75,000
	Electric Utility	1 LS	\$ 50,000.00	\$ 50,000
	Communications Utility	1 LS	\$ 25,000.00	\$ 25,000
	TOTAL SITE UTILITIES			\$ 260,000



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