

**UTAH TAXPAYERS ASSOCIATION  
JUNE 2024**

# **Recreation Centers**

**An Exercise in Government Spending**



# Introduction

This one-time report from the Utah Taxpayers Association studies the operating costs of six public recreation centers in the state: three run by a recreation district, and three run by cities.

The data shows that, for the most part, recreation centers are not profitable, but rather cost taxpayers significant amounts of money every year in operational subsidies and bond payments. The fact that recreation centers can rely on public funds for support may disincentivize taking tough steps to run them profitably.

The Utah Taxpayers Association has long opposed the construction and operation of public recreation centers on the basis that they can become a significant burden on taxpayers for capital, operation and maintenance costs.

This report does not seek to dispute the merits of recreation centers or their perceived need; rather, it seeks to highlight the extent to which these facilities cost taxpayers.

*This report uses 2022 Financial Reports and Approved Budgets, as found on the State Auditor's website. This was the most recent data available for all six recreation centers.*



## **SOUTH DAVIS RECREATION CENTER**

- Recreation Center opened in 2007 with an initial \$18.4 million bond; in 2022, the outstanding debt is around \$4.9 million
- Services North Salt Lake, Woods Cross, Bountiful, West Bountiful and Centerville
- Board voted down a proposed \$46 million bond in August 2022 to expand and improve the recreation center
- Is funded by a district-wide property tax levy, and a debt service levy

## **OQUIRRH RECREATION AND PARKS DISTRICT**

- District created in 1962; recreation center built in 1998
- Services Kearns, Taylorsville, West Jordan and West Valley
- \$12 million bond for expansion and improvement was rejected by voters in July 2010
- Entered a MOU with Salt Lake County and UOLF for \$2.2 million for an expansion of the recreation center in February 2017; the State of Utah and Salt Lake County contributed a further \$4.5 million. The UOLF contributed the outstanding funds for a total cost of around \$14 million

## **SNYDERVILLE BASIN SPECIAL RECREATION DISTRICT**

- District created in 1986
- Services large parts of Summit County
- Has some partnership with Park City but Park City has not been a member since 1993
- Combines parks, trails and an indoor fieldhouse/recreation center
- Possible \$50-80m bond for 2024 ballot will likely be deferred after failing to garner public support; the district anticipates bonding in 2026
- Passed a bond for \$20m in 2010 and for \$25 million in 2014 for parks, trails, open spaces and the recreation center



## **PROVO RECREATION CENTER**

- Recreation Center built in 2013 with a \$39 million bond approved by voters in 2011, which was then refinanced in 2017 and is set to expire
- Won the 2021 National Gold Medal Awards for Excellence in Park and Recreation Management
- Runs a small operational profit

## **MURRAY CITY PARK CENTER**

- Recreation Center, called the Park Center opened in 2002
- No outstanding bond
- Murray City has an outdoor pool and senior recreation center in addition to the Park Center

## **AMERICAN FORK CITY RECREATION CENTER**

- Recreation Center initially built in 1993
- No outstanding bond, but the City Council has considered a renovation which would require a substantial bond
- In 2022, projected bond amounts for a renovation were \$50-60 million



# Operating Figures

FOR FISCAL YEAR 2022

City or District	Expenses	Revenues	Operating Profit/Loss
Provo City	\$4,601,053	\$4,635,501	\$34,447
Snyderville Basin Special Recreation District	\$2,456,118	\$2,105,462	(\$350,656)
American Fork City	\$2,686,793	\$1,954,352	(\$732,441)
Murray City	\$1,952,672	\$858,185	(\$1,094,487)
South Davis Recreation District	\$6,750,005	\$3,855,989	(\$2,894,016)
Oquirrh Recreation and Parks District	\$6,076,406	\$2,820,920	(\$3,255,486)

## OPERATING EXPENSES

Significant operating expenses for recreation centers include:

- Facility maintenance
- Equipment and equipment maintenance
- Salaries, wages and benefits
- Gas and electric bills

*Bond payments are not included in operating expenses*

## PROFIT/LOSS

Listed here from most to least profitable, it is clear that many recreation centers' operations exceed their revenues and are subsidized by other funds.

Only Provo Recreation Center is profitable; however, this does not account for expense of paying its bond each year.

## OPERATING REVENUES

Significant sources of operating revenue for recreation centers include:

- Memberships
- Day pass admissions
- Programs
- Facility rentals

# Admission Costs

SINGLE ADULT, AS OF MAY 2024

City or District	Day Pass	Resident Monthly Membership	Non-Resident Monthly Membership
Oquirrh Recreation and Parks District	\$8	\$23.14	\$42.08
Murray City	\$5	\$23.33	\$23.33
American Fork City	\$6	\$23.75	\$39
Provo City	\$6	\$27	\$33
South Davis Recreation District	\$8	\$30.98	\$39.72
Snyderville Basin Special Recreation District	\$10 (\$15 for non-resident)	\$75	\$75

Given that admissions and memberships are the primary source of income for recreation centers, their pricing must be carefully considered. The cost must be competitive with other facilities - including other publicly-owned facilities - and account for the fact that resident patrons are possibly paying for it in both their taxes and at the door.

Shown here in ascending order of resident monthly membership cost, there is little correlation, however, between the price of a membership and the profitability of the recreation center, shown on the next page.

# Subsidizing Operations

Although many recreation centers run on an operational deficit, they have the benefit of being able to supplement their operational revenues with other public funds.

## PROPERTY TAXES

The table below shows the property taxes collected in FY 2022 by the three recreation districts in this report. Note that not all of the Property Tax collected is necessarily used to subsidize the operational loss, not is it the only recourse for subsidy. For example, the Snyderville Basin Special Recreation District collects and distributes property tax for parks and trails as well as the recreation center.

District	Property Tax Collected	Operational Loss	Difference*
South Davis Recreation District	\$2,301,933	(\$2,894,016)	(\$592,083)
Oquirrh Recreation and Parks District	\$4,205,245	(\$3,255,486)	\$949,759
Snyderville Basin Special Recreation District	\$7,059,115	(\$350,656)	\$6,708,459

## GRANTS

Various grant opportunities are available to assist in the funding of recreation centers. For example, Midvale City passed an \$11.2 million bond in November 2023 to partially fund a new, \$45 million recreation center. They intend to apply for a grant from the Salt Lake County Zoo, Arts and Parks (ZAP) grant in 2025 to secure funding for the “majority of the cost”.

## AGREEMENTS

School districts, sports teams and others can use the recreation center for practice, competitions and lessons. The amounts charged to these entities for use generally falls far below market rates and could be increased to offset operating costs.

# Conclusions

While recreation centers are increasingly perceived as a public need, it is important to review their costs and consider whether those costs to the taxpayer are justified. They are expensive to construct, maintain and operate even when all the necessary steps are taken to be efficient.

As more and more cities and special districts build, renovate and expand their recreation centers, we urge them to consider the costs and benefits to the taxpayers who - whether at the door or in their property and sales taxes - pay for them.