

**NOTICE OF MEETING  
REGULAR MEETING**

**1. CALL TO ORDER**

**2. APPROVAL OF THE AGENDA**

**3. PUBLIC COMMENTS REGARDING ITEMS ON THE AGENDA**

*The Audience may comment on matters on the agenda not scheduled for public hearing 3 minute time limit*

**4. RECONSIDERATION**

**5. SYNOPSIS APPROVAL**

A. September 11, 2018

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B. September 25, 2018

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**6. VISITORS**

A. Katie Koester, City Manager

**7. STAFF REPORTS & Committee Reports (5 minutes)**

A. Julie Engbretsen, Deputy City Planner

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B. Task Force Member reports

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**8. PUBLIC HEARING**

**9. PENDING BUSINESS (10 minutes per item)**

A. HERC TF Summary and Recommendations (was Draft Opportunity Plan) Page 21

B. Submittal of application for Fire Marshal Review

**10. NEW BUSINESS (10 minutes per item)**

A. Long Term HERC recommendations

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B. Slone proposal/final report to Council

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C. Next Steps

**11. INFORMATIONAL ITEMS**

**12. COMMENTS OF THE AUDIENCE**

*The Audience may comment on any item. 3 minute time limit*

**13. COMMENTS OF CITY STAFF**

**14. COMMENTS OF THE TASK FORCE**

**15. ADJOURNMENT NEXT REGULAR MEETING IS SCHEDULED FOR TUESDAY, OCTOBER 23, 2018** at 3:00 p.m. at the City Hall Cowles Council Chambers, 491 E. Pioneer Avenue, Homer, Alaska. A Work Session is scheduled for 3:00 p.m. Tuesday October 16, at the City Hall Cowles Council Chambers, 491 E. Pioneer Avenue, Homer, Alaska.



Session 18-06 a Regular Meeting of the Homer Education and Recreation Complex Task Force was called to order by Chair Matthews at at 3:00 p.m. on September 11, 2018 at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

PRESENT: Task Force Members Derry, Haines (arrived at 4:40 p.m.) Knight, Lowney (arrived at 3:30 p.m.), Marks, Matthews, Reiss, Slone

STAFF: Deputy City Planner Engebretsen  
City Clerk Jacobsen Jacobsen

### **APPROVAL OF THE AGENDA**

SLONE/MARKS MOVED TO APPROVE THE AGENDA.

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

### **PUBLIC COMMENTS REGARDING ITEMS ON THE AGENDA**

*The Audience may comment on matters on the agenda not scheduled for public hearing 3 minute time limit*

### **RECONSIDERATION**

### **SYNOPSIS APPROVAL**

A. August 28, 2018 Synopsis

SLONE/KNIGHT MOVED TO APPROVE THE SYNOPSIS

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

### **VISITORS (5 minutes)**

A. Dr. Marley, Homer resident

Dr. Bill Marley commented regarding the importance of a physical fitness center and the potential for the HERC building. His daughter lives in Great Falls, Montana and the physical fitness center there is called Peek Fitness that is financially supported by the hospital service area through an organization called Benefis, which provides a lot of the financial support and leadership to make it happen. He wonders of the possibility of a similar program for the HERC building through our hospital service area to become well involved in prevention.

### **STAFF REPORTS & Committee Reports (10 minutes)**

#### **A. Julie Engebretsen, Deputy City Planner**

Deputy City Planner Engebretsen reviewed her staff report, highlighting the information on a meeting with the Homer Arts and Culture Alliance (HACA), explaining the HERC doesn't provide the kind of space they'd like to have, but they offered to spend some time talking about the nonprofit model of financing.

There was brief discussion about the college's need for space for welding and auto mechanics and the Pratt Museums building remodel, and a HACA representative will be at their next meeting for some discussion about financing.

### **PUBLIC HEARING**

### **PENDING BUSINESS (20 minutes total)**

#### **A. Remodeled or New Recreation Facility Update/Next Steps**

Deputy City Planner Engebretsen commented regarding the laydown information on the HERC Opportunity Plan. It's broken down into different sections and the goal is a rough draft by the first meeting in October. They discussed different areas where members could help with the plan.

Chair Matthews said she could help with proof reading and the background and opportunity. She suggested Ms. Lowney could help with history as well.

Mr. Reiss agreed to help with review and proofing as well.

Mr. Derry said he could help with providing financial and cost information, and financial projections.

Mrs. Marks suggested the financial management and opportunities section will work into whatever comes up in the discussion with HACA.

B. Report on other rec facilities

Mr. Slone said he is still waiting for information from the other Soldotna and Cordova and hopes to have information for the next meeting.

C. City of Homer Needs Assessment

Deputy City Planner Julie touched on the two surveys in the needs assessment, one was a vastly popular survey monkey with about 1000 responses, and the other a statistically valid survey conducted by Ivan Moore out of Anchorage. 56% of the respondents were supportive of a multi-use recreational facility and paying a couple hundred dollars a year in some combination of taxes and user fees. 30% felt it's a priority in the next five years, and 26% felt it's a priority but a little further out. There was discussion of a service area that had mixed support, people weren't really sure how they wanted to pay for things. The further the respondents were from Homer, the less supportive.

**NEW BUSINESS (10 minutes per item)**

A. Recap of building condition, demolition costs

Mr. Reiss reviewed his notes in the packet from the Public Works worksession that were included in the packet. As it stands, the HERC building is probably not without a major investment to get to an E classification with the Fire Marshal. If the use stays within the A-3 and B, we could probably limp along for a short period of time. He touched on the expanse of work that may be needed to add a fire suppression within the entire building, including a larger waterline to the building, excavation, and work within the building to get the sprinkler heads into every space. He also reviewed the minimum improvements that would likely be necessary, like dealing with failing galvanized piping that is occurring now and other information in his notes. He also touched on improvements to upgrade the building to more of a general use and related cost increases. If going to E classification, other improvements would be needed like ventilation, improving the restrooms, and bringing the downstairs on line. Upgrading to natural gas would be beneficial and if the building is sprinkled, it eliminates the need to address the stairwell as a fire break. Mr. Reiss also touched on items needed now, specifically the roof, just to continue using it as it stands.

There was brief discussion of who may be responsible for the improvement costs depending on who uses the building.

B. Operating and Maintenance Expenses; Dave Derry's Work

Mr. Derry reviewed and the task force discussed the operations and maintenance information on the spreadsheets provided in the packet and addressed the process used in analyzing the costs.

C. City Council Worksession Report

Deputy City Planner Engebretsen addressed some formalities in the process of presenting to Council and asked if the task force had any additional items or feedback on the outline in her memo in the packet. It was noted to be sure to explain there are other potential uses that may be viable. Members selected the items they would address during the worksession.

D. Building Use Discussion – Upstairs Report

E. Next Steps

Deputy City Planner Engebretsen noted she will contact Mr. Peek to confirm availability for a worksession and possible building walk through.

## **INFORMATIONAL ITEMS**

### **COMMENTS OF THE AUDIENCE**

*The Audience may comment on any item. 3 minute time limit*

Ken Castner, city resident, commented regarding the Sheldon Jackson College selling or donating their building and property to groups and organizations including Alaska Arts Southeast. He explained how Alaska Arts Southeast handled their buildings, deficiencies, and dealt with some of the issues. Almost every bit of work done improving the buildings was done by volunteers in the community. Grantors then took note of the efforts and started providing funds.

Janie Leisk, city resident, commented tonight is a forum for local candidates sponsored by the Homer Chamber, and candidates will be asked about the stance on the HERC. She appreciates the task force deliberation and information. She urged them to continue knowing the 4.3 acre site is value of the land to the public is high for public use.

### **COMMENTS OF CITY STAFF**

### **COMMENTS OF THE TASK FORCE**

Mrs. Marks commented she will be absent from the Council Worksession and also their meetings on the 25<sup>th</sup> and October 8<sup>th</sup>. She appreciates everyone's work and likes where they are going.

Mr. Haines said he appreciated their delaying the completion of the meeting until he arrived.

Mr. Reiss and Chair Matthews expressed their condolences to Ms. Lowney.

Mr. Slone said he's glad Ken Castner introduced the idea of volunteer labor to reduce potential costs for the facility.

**ADJOURN**

There being no further business to come before the Task Force the meeting adjourned at 5:05 p.m. The next regular meeting is scheduled for September 25, 2018 at 3:00 p.m. at the City Hall Conference Room located at 491 E. Pioneer Avenue, Homer, Alaska.

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MELISSA JACOBSEN, MMC, CITY CLERK

Approved:\_\_\_\_\_





Session 18-07 a Regular Meeting of the Homer Education and Recreation Complex Task Force was called to order by Vice Chair Reiss at at 3:00 p.m. on September 25, 2018 at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

PRESENT: Task Force Members Derry (telephonic), Haines, Knight, Lowney, Matthews (arrived at 3:55 p.m.), Reiss, Slone

ABSENT: Marks

STAFF: Deputy City Planner Engebretsen  
City Clerk Jacobsen Jacobsen

### **APPROVAL OF THE AGENDA**

Vice Chair Reiss asked for a motion to approve the agenda.

LOWNEY/SLONE SO MOVED

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

### **PUBLIC COMMENTS REGARDING ITEMS ON THE AGENDA**

*The Audience may comment on matters on the agenda not scheduled for public hearing 3 minute time limit*

### **RECONSIDERATION**

### **SYNOPSIS APPROVAL**

### **VISITORS (5 minutes)**

A. Asia Freeman, Bunnell Street Arts Center

Asia Freeman, shared that she grew up in Homer, went to middle school at what is now the HERC building, and she's excited to be part of the community discussion. She has participated in a few different creative place making projects and talked about its role in national revitalization of old buildings and public spaces. In the last 10 years, nine national foundations and banks have partnered to lead the way for community development by offering grants to private non-profits for regeneration of public spaces. She provided a handout showing some projects that have been done nationally and internationally through the Project for Public Spaces (PPS) and talked about ArtPlace America and their website

where their projects can be viewed [www.artplaceamerica.org](http://www.artplaceamerica.org) . With both organizations there are dozens to hundreds of examples of disinvested or dilapidated public buildings being regenerated through grants, low interest loans, and gifts of the city to non-profits, to regenerate these spaces.

She addressed examples in Alaska:

- The Sheldon Jackson College in Sitka, whose national historic landmark buildings were established in 1911 was transferred to the Sitka Fine Arts Camp. It became a civic anchor for commerce structured around a summer fine arts camp and additional renters including the Greater Sitka Arts Council, Sitka Summer Music Festival, Yoga Union, two preschools, and a significant residential property that is rented out. The conditions of the buildings included no plumbing, not heat, extensive mold, leaking roofs, and dangerous electrical situations. The Fine Arts Camp owns the property, earns revenue through the rentals, and has an operating budget over \$2.5 million annually including capital projects for maintenance. The strategy used has been volunteers and grass roots fundraising to leverage other funding in the form of foundation and grant support.
- Cyrano's Theater in Anchorage was the Grandview Gardens Library and Cultural Center, constructed in 1937 at the corner of Debarr and Bragaw. Previously it was occupied by Out North Theater. Out North was the first organization to from the city lease it for a dollar a year when the city decide not occupy it any longer for municipal purposes. Cyrano's occupies it under the same terms, with the city holding the deed. Cyrano's is obligated to use it for arts, recreation, and educational purposes. When Cyrano's moved in it was suffering from years of deferred maintenance and damage, including a leaky roof. Many of the repairs and fire code updates have been paid for with grants and their general funds. They've upgraded the sprinkler system, heating systems, installed roof drains, replace flooring, and secured architects to submit space drawings to the fire department including occupancy loads. It's an economic and cultural engine in Anchorage that employees dozens of people and presents outstanding programs that make the Airport Heights area a dynamic place to live.
- Cook Inlet Housing Authority is working on a similar project at the corner of 36<sup>th</sup> and Spenard. She is consulting on the property, which is a Methodist Church that was built in the 50's. CIHA acquired it for additional parking and left the church for a few years while they considered what to do with the property. CIHA was approached by some artists who were interested in using space to develop some projects, and they were allowed to do their projects, which enlivened the neighborhood which for many years has been considered diverse, unsafe, and scraggly. They received a \$3 million grant from Rasmussen Foundation with which they are using for redesign, remodeling, and programing the space. As they do that and cultivate neighborhood festivals that connect people in a safe environment with programs that range from choir to kung-fu. It's interesting to see how that neighborhood is becoming stronger and more vibrant.

- The Bunnell project got started in the late 80's with four or five residential properties. Now it's very much organized around the vibrancy of Old Town and activity of the Art Center and there are over 40 residential units with the radius of one city block.

Ms. Freeman in thinking about things could strengthen and meet basic needs in the community, she touched on some things she could see happening at the HERC, including a small business incubator, office space, child care, and tool lending library. She talked with Homer Arts and Culture Alliance, about what they might be able to do together, and they need time to think about what collaborations might look like. The opportunity to consider the HERC for a larger initiative deserves some time and reflection. Another topic that came up in a conversation with a former peninsula resident, John Lamb, was the idea of a maker's space, and whether something like that would be suited to Homer. It's based on a STEM (science, technology, engineering, and mathematics) program, and his interest is in a similar program that adds the arts, or STEAM. She explained how the program got started in Yakima, Washington and how the program works there with members who pay membership fees to use the facility; and shared some ideas about what it could look like in Homer.

Ms. Freeman explained that the work in community development around a building and a portion of the community that needs some investment and is being generated, for her goes back about six of her 26 years with Bunnell, so she has an awareness of what's out there in terms of grants and opportunity for support to private nonprofits. She encouraged the group to entertain the idea of our community looking at its needs and having some open discussions.

In response to questions from the task force there was discussion on what part the city might play as a lessee, the need for time for assistance from the city for a private nonprofit to establish and become self-sufficient, and a three to five year timeline to get a private nonprofit established with a vision, plan, and funds in place to get started.

### **STAFF REPORTS & Committee Reports (10 minutes)**

A. Julie Engebretsen, Deputy City Planner

Deputy City Planner Engebretsen reviewed the upcoming meeting schedule included in her staff report. She noted the worksessions are scheduled but if the group doesn't have a need to meet they can be canceled. She also reported they will have a 50% draft of the opportunity plan at the next meeting.

### **PUBLIC HEARING**

### **PENDING BUSINESS (20 minutes total)**

A. Operating and maintenance expenses

Mr. Derry said he didn't have any additional information to add from the discussion at their last meeting.

There was brief discussion regarding information Mr. Reiss had but was reluctant to provide based on liability concerns. Mr. Derry commented that he'd be willing to accept the information, incorporate it into his scenario, and he'd assume the liability and include a statement to the effect that these are estimates and additional actual cost estimated would need to be obtained. He added that if the group would find the information helpful he'd be happy to factor it in.

There were comments from the members that they find value in the projected costs.

**NEW BUSINESS (10 minutes per item)**

A. Follow up from City Council Worksession

Task Force members shared what caught their attention at the worksession. Comments included:

- The potential of putting questions on the ballot regarding demo or using the existing building
- A new building with a gym being a central part
- Space for child care
- Strong interest in a profit/nonprofit scenario
- Two plans, one to utilize the old building and one for demolition the ballot regarding demoing or using the existing building

The group discussed that some of the information from Council is outside what they have been tasked to work on. They also touched on the need for a community conversation to build on a vision for the potential of the space.

B. Follow up on community conversations

Deputy City Planner Engebretsen noted her memo in the packet and said she'd be happy to answer questions.

In response to questions she explained the focus group was not supportive of the city renting HERC space at market rate in direct competition with the private sector. If we were to have

the conversation about having makers space or something not readily available in the private sector, it would be a different conversation.

There was comment that maintaining the building for the next five years would have potential for more users to come in and generate more revenue, and one of the key things that needs to happen is there needs to be a person dedicated to manage the facility.

C. Five year plan

Deputy City Planner Engebretsen said she's looking for input from the group if there is consensus of a three to five year window of using the building as it is and potentially more use upstairs, as opposed to another scenario of closing the building or something else.

There were comments that this five year limp along plan could be incorporated into recommendation 1, can the upstairs be safely used without capital improvements. Concern was expressed that going with the five year plan may result in pushing on to a future council to have to address this again. It was suggested that this plan would allow for basic improvement and usage and at the same time allow for something to be developed, as Ms. Freeman shared in her presentation. The plan addresses immediate needs and gets something out to Council to get them started on a more global discussion with user groups and funding to determine how to move forward with the building.

SLONE/LOWNEY MOVED THAT WE INCORPORATE BARRY'S FIVE YEAR PLAN WITHIN QUESTION #1

It was suggested that the idea of the public private partnership should be interjected into the five year plan as potentially the time period where the city solicits a public private partnership for renovation and occupancy of the building.

Deputy City Planner Engebretsen noted the public private partnership can be addressed in the opportunity plan, so options can be laid out in more detail.

VOTE: DERRY, SLONE, REISS, KNIGHT, HAINES, MATTHEWS, LOWNEY

Motion carried.

Mr. Derry thanked Mr. Reiss for his work on the five year plan, he thought it was well done and appreciates the work put into it.

D. Next steps

Deputy City Planner Engebretsen reminded the group the 50% draft of the opportunity plan will be at the next meeting, and she asked them to send her their questions for Larry Peek for next week's worksession. There was brief discussion regarding Mr. Peek walking through the building before the meeting, Mrs. Engebretsen said she would offer him the opportunity to do so.

It was suggested someone from SPARC attend as a visitor to talk about whether their land is suitable for expansion or what their long term plan is. Ms. Lowney said she would follow up with SPARC and report back to the group.

## **INFORMATIONAL ITEMS**

### **COMMENTS OF THE AUDIENCE**

*The Audience may comment on any item. 3 minute time limit*

Janie Leisk, city resident, said she appreciates the work done by the task force and she appreciated Ms. Freeman's comments. She's familiar with all three projects mentioned in the presentation and it's nice to know grants serve this area as well. She sees the HERC as the gateway to Homer, the building represents an opportunity for the community to build or renovate something for the entire community. It will take time to explore the public private partnerships and she feels a vision of what could be is just as important as the hard cost of fixing up, renovating, or demolishing the HERC. She agrees a community forum is important to look at broader opportunity. She noted a Homer Chamber website quote that reinforces that recreation, culture, and arts really pays and we could do a better job promoting that.

Larry Smith, city resident, commented he has worked in construction for many years and has built one of these buildings for a school in another area. He believes in preserving our valuable building stock. In this case if all else fails, a fall back is a partnership with other public entities for office space.

Asia Freeman, city resident, expressed her appreciation of the recommendation for the five year plan. She thinks it's what is needed to take the next steps, which includes a discussion process with the public to see if we can develop a vision that fits the space and supports the community needs. Our city does a lot to tout the value of arts and culture as a resource in Homer, but doesn't invest in it a great deal, so the idea of making the investment to sustain the building and test uses for a five year period is a worthy investment. Toward the end of that time they should have some credible ideas and strategies for moving forward.

## **COMMENTS OF CITY STAFF**

### **COMMENTS OF THE TASK FORCE**

### **ADJOURN**

There being no further business to come before the Task Force the meeting adjourned at 4:56 p.m. The next regular meeting is scheduled for October 9, 2018 at 3:00 p.m. at the City Hall Conference Room located at 491 E. Pioneer Avenue, Homer, Alaska.

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MELISSA JACOBSEN, MMC, CITY CLERK

Approved: \_\_\_\_\_







## City of Homer

[www.cityofhomer-ak.gov](http://www.cityofhomer-ak.gov)

### Planning

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To: HERC Task Force  
From: Julie Engebretsen, Deputy City Planner  
Date: October 5, 2018, 2018  
Subject: Staff Report

City Manager Katie Koester will attend our meeting. If you have any questions about process, or how the City moves forward, this is a great time to ask!

### **Outline of final 2 months**

#### **October 9: Draft of the opportunity plan.**

October 15: Brown Bag at the Library

October 16: work session

**October 23** – review mostly finished recommendations/opportunity plan

October 30: work session

November 5<sup>th</sup>, Brown Bag

**November 13:** review final document, make final recommendation or set of recommendations to City Council

**November 27:** (last meeting if we need it.)



10/4/18 Deb Louney

## Untitled

### Meeting with SPARC - Ginny Espenshade and Will File

Land Space and room for a new facility - I was provided a copy of the lease that SPARC has with the borough. The big takeaway was there is space on the lot for another facility, but it would not be the size we are referencing. They would have to negotiate another contract with the borough, current was is for 20 years. They are looking at the space available for storage options for the SPARC.

In reference to the impact the HERC could have on SPARC - There is overwhelming support for both facilities. Both Ginny and Will see the possibility for a recreational/educational campus between WHE, SPARC, HERC, HCOA, MUSEUM, other. They see a real benefit to having one bus stop for afterschool activities. They do not see the HERC as competition, they both fill different needs, different specialties. The SPARC is unable to sustain more than one full time activities director. Their greatest need is for programing. Ideally they would like to share a staff manager with the city (HERC).

It would be more mindful to share a staff manager that would integrate scheduling for both facilities

## Untitled

that are non-competing and assures success for both facilities. Neither facility wants to poach programs that are already being provided. There is a great need for an inventory of space with activities beint provided or requested. Highly recommended that the HERC do programming first. Would like to see a huge matrix of what is currently offered in town. Using the needs assessment, create a coalition of non-competing activities that cross the spectrum of needs. Kurt Lefler's name came up as the person who may want to take on the task for a small grant.



## City of Homer

[www.cityofhomer-ak.gov](http://www.cityofhomer-ak.gov)

### Planning

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To: HERC Task Force  
From: Julie Engebretsen, Deputy City Planner  
Date: October 5, 2018, 2018  
Subject: HERC TF Summary and Recommendations (was Draft Opportunity Plan)

Please see the attached sheets. First, there is a page from Michael Haines with a draft outline for the document. Also, please note the name has changed. As was discussed the work session on 10/4, the product is morphing into a summary and recommendations document, rather than an 'opportunity plan.'

I attached the sections of the plan that are assembled. Its rough; my goal was to get the body of the material out to you to initial review. We will continue to fine-tune it over the coming weeks.

I have started drafting a "Recommendations" section, but I'd like your input on length. We keep meeting 3-4 pages, but we seem to have a lot to say!



## Proposed Final Report Format HERC Task Force

### Advantages:

- (a) Easier to read/assimilate the most important information and recommendations.
- (b) The 2-Section report format makes it easier to navigate... “First Section (Recommendations)”, followed by “Attachments”.
- (c) Each “Attachment” is self-standing.
- (d) Makes final editing easier... only the “Main Section” requires a true edit to insure everything flows.

The total report is titled “**Final Report of the HERC Task Force**” (eliminate the “Opportunity Plan” name).

**First section titled “Recommendations”** (really the “Executive Summary” from the “opportunity Plan”). This section includes the following:

- Restates the 4+2 objectives established by City Council.
- Describes the rationale for the recommendations in this section.
- Brief piece from Attachment 3.
- Brief description of the market overview (from the detail in Attachment 2)
- Overview of the Attachment 5.
- Overview of Attachment 7.
- Recommended next steps.

**Second section titled “Attachments”** ... includes the following:

Attachment 1: HERC Background and Opportunity.

Attachment 2: Market Overview (also includes Section 5 in the “Opportunity Plan”).

Attachment 3: Details of the Analysis of Existing HERC-1 and Proposal on New Building (note: overview is included in the “Recommendations” section).

Attachment 4: Operation and Management Opportunities.

Attachment 5: Detail on Legal Entities and Funding/Investment Needs (note: overview is included in the “Recommendations” section).

Attachment 6: Economic Assessment.

Attachment 7: Action Plan (note: overview is included in the “Recommendations” section).

Attachment 8: References Material

Attachment 9: Limp along plan – name to change and location to change!

## Attachment 1: HERC Background and Opportunity

*Map here*

The HERC property encompasses 4.3 acres in downtown Homer. The property was originally donated by community members for school use. While the deed restriction has been lifted, there is still strong community attachment to the land, and desire to honor the public use of the land. The property presents the opportunity to provide a gateway to downtown Homer, and is centrally located on the corner of the Sterling Highway and Pioneer Avenue.

There are two old school buildings on site: HERC 1 is approximately 16,000 square feet, and includes a gymnasium. The second building, a smaller two story concrete structure that was formerly the high school, is called HERC 2.

*PHOTOS of buildings here*

HERC 1 was built in 1956, and has served as an elementary, middle and high school. Day use as a school ended in 1997, with the opening of West Homer Elementary School. In 2000, the Kenai Peninsula Borough deeded the property to the City, for the purchase price of \$1. At the time, the Kachemak Bay Campus of the Kenai Peninsula College leased the upstairs, and the Boys and Girls Club used the gym for after school and summer programs. In 2010, the college moved out, and the some City Hall offices were relocated temporarily to the building while City Hall was renovated. In the spring of 2013, the Boys and Girls Club closed permanently. Currently, the City's Community Recreation program uses portions of the lower level of the building for recreation programs.

The Task Force study of HERC 2 was limited to estimating demolition costs. Those costs are **(X JE update)**





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## **7. Analyses of Existing HERC-1 and Proposal on New Building (Mike, Barry, David)**

The Homer City Council resolution required both (a) recommendations and estimates of costs to renovate the existing HERC-1 building given various scenarios; and (b) the costs to demolish the existing HERC-1 building and construct a new building “that meets the recreation needs of the community” [City Resolution 18-036(A), lines 58 thru 76].

This section does both, but also includes a discussion on the implications surrounding maintenance issues of the existing/renovated building.

The HERC-2 building is not included in these recommendations other than providing a cost to demolish [City Memorandum 18-090].

In discussing building and renovation costs, it is important to understand these costs are not static... they are subject to further investigations, architect-engineer analyses; to the consequences of inflation; and, yet undetermined guidance from the City. Cost estimates that follow are based on 2018 dollars. They represent best-estimates only, (rough-orders-of-magnitude), using the experience of HERC Task Force members, documents provided to the task force, input from construction professionals, and discussions with other organizations who have recently constructed new community/recreation (com/rec) facilities.

When reviewing the following recommendations and implications, it is also important to relate them to the forecast of demand for services for any renovated or new building. For example, as discussed in Section 4 of this plan, immediate demand for potential HERC-1 uses are relatively small and primarily focused on recreational activities, (gym and exercise space). But, demand is expected to grow over the next five years and may encompass other (as yet undefined) uses, such as education..

### **7.1 Implications of Renovating the Existing HERC Building**

The original Task Force directive from the City Council was to use a “10-year” timeframe when considering improvements that need to be made to the entire HERC-1 facility to allow it to be used partially, or to its full potential. While investigating renovation and demolition costs, however, it became apparent that a 5-year plan would better address the overall goals established by City

Council by permitting time for further community and professional input. The exploration of project financial mechanisms would also be investigated. These plans (which could fit nicely into the facility growth demand discussed previously) are described below.

#### **7.1.1 A 5-Year Plan**

This 5-year plan is based on a strategy of “sustainability without major capital improvements”. Under this strategy, only minimum upgrades will be made. As stated previously, it provides the City time to cement a way forward with continuing use of the facility while developing strategies and funding that would enable a “final” decision. Thus, at the end of the 5-year period, the City will have two paths: (a) substantially rehabilitating/remodeling the building, or (b) demolishing the building and moving to an alternate solution addressing community needs and financial constraints.

The 5-year period enables HERC-1 to be serviced using current operations and, on an as-needed basis, maintenance costs. This plan is weighed against risk assessments: community needs/uses, funding and best practices.

More detailed renovations would include:

(a) HERC- 1 lower level - Maintain minimum renovation improvements within International Building Code (IBC) Assembly Group A-3 Classification, (gym without spectators, community and lecture halls, etc.)

Currently, the HERC-1 gym is certified and the “Zumba Room” will be so certified when a few fire related upgrades to the room are made. The remaining lower level rooms are not fire code certified and should continue to be used for storage. The restrooms require minor attention: showers are inoperable; the faucets, water closets and urinals need minor fixes; wood ramp in the women’s room entrance should be changed to concrete and painted; and a few other checks/fix-its.

(b) HERC- 1 upper level – Continue to keep the upper level in a quasi-stasis state. Use is currently restricted to storage of City of Homer Public Works’ materials, (2 rooms, currently).

Additional Notes Regarding the 5-year Plan:

Note 1: The upper level could be recertified as an IBC Business Group B Classification, which could include uses such as professional services or service-type transactions, civic administration, educational occupancy for students above 12th grade, and training and skill development not within a school or academic program, etc. Interestingly, the Kachemak Bay Campus was temporarily housed in the HERC-1 upper level. If considered for B Classification it

should be reused on a minimal basis (for example, two classrooms) while the remaining rooms are kept “as is”. This would keep the upper level “Operation and Maintenance (O&M) costs down.

Note 2: To reuse the upper level under a B Classification, the main stairwell will probably require construction of walls to establish a “fire barrier” with the lower level. This would enable dual occupancy classifications for the HERC-1 building, (e.g. A-3 lower and B upper levels). Also, other improvements should include fixes to restrooms, an HVAC inspection, bringing online room ventilators, adding flooring and ceiling tile patches, lighting changes to E-fluorescent tubes, and other minor actions.

Note 3: There are more fixes needed than those associated with fire codes. Irrespective of Note 1 and Note 2 above, immediate fixes will be required to bring the building into near term usefulness: level roof and hot mop, address parking lot lights, and fencing repairs. These items would not require capital expenditures, apart from possibly the roofing items, since most can be accomplished incrementally by City of Homer Public Works.

#### **7.1.2 Rationale for a “5-year” Versas a “10-year” Plan**

It is important to understand that NOT completing significant upgrades to HERC-1 within a reasonable, near-term, timeframe would result in continued and potentially accelerated deterioration over a ten-year period.

If a decision is delayed to renovate/remodel HERC-1 (to, say, 10 years as directed by City Council), the cost to do so would increase significantly due to deterioration to the basic structure of the building. This would result in escalated renovation costs.

The 10-year plan is primarily a “do nothing strategy”, and is NOT a recommendation of the HERC Task Force.

#### **7.1.3 Estimated Upgrade Costs**

It is estimated that remodeling the existing HERC-1 building, would cost in the range of \$2.5M to \$3M. The effort would focus on primary systems for Health and Safety (H&S) and American Disabilities Act (ADA) upgrades, seismic upgrade, complete re-roofing, installing a sprinkler system, replacing other items as required by fire code, replacing galvanized pipes, and making interior upgrades to all rooms, etc. This would extend the life of the building by approximately 20-years and be sufficiently robust to achieve an Educational Group E Classification, (potentially including day care use), per 2017/2018 International Building Code (IBC) and 13AAC50 designations/requirements.

Conversely, a \$4.5M to \$5M (16,000 sq.ft. at \$250/sf) renovation would extend the life of the building to 30+years. This total upgrade/remodel would include roof and wall insulation to improve heat efficiencies, structural modifications, new flooring and ceiling tiles, new windows, the addition of alternative energy systems, and exterior upgrades. The upgrade would create a structure with a life expectancy of 30+ years, while meeting modern “green building” and sustainability building standards.

A scaled down version of the \$2.5M effort, to address an E Classification for a 10-year period, would be on the order of \$900K to \$1.3M. this version would include: hot mop roofing; upsized water service and sprinkler system; upgrades to ventilators, kitchen, bathrooms and lighting; and ADA items. Code/compliance procedures and a risk assessment would be appropriate prior to this effort.]

## **7.2 Maintenance Considerations**

(Need David’s narrative here based on the spread sheets he produced recently).

## **7.3 Implications of Building a New Facility (“New HERC”)**

A “New HERC” building could be constructed on the present HERC site if the current HERC-1/HERC-2 buildings were demolished, or could be constructed on another suitable site... presumably on a city owned property. Costs associated with site acquisition have not been included in these cost estimates. If a “New HERC” building is constructed on the current HERC-1/HERC-2 site, both HERC-1 and HERC-2 would be demolished. This adds to the total costs associated with a “New HERC”.(Refer to cost estimates below.)

The current “HERC 1” building is approximately 16,000 sq.ft. This represents a potential com/rec building that would more than meet the needs of the Homer population. A smaller building with an area of 12,000 sq.ft. would probably suit the needs for the foreseeable future.

### **a. Estimated Demolition Costs**

The demolition costs for the HERC-1 building are estimated to be on the order of \$750,000. The demolition costs for the HERC-2 building are estimated to be on the order of \$250,000.

The above estimates are subject to changes due to the continuing increase in costs associated with demolition trucking expenses, the demolition and disposal of the HERC-1 boiler, additional hazmat items such as unforeseen expenses due to fuel spill,, etc.

Off-setting these costs, both buildings could potentially contain items that would be salvageable and recyclable, such as the fuel tanks, temporary generator and interior wood doors. The value

(undefined at this time) of these and other salvageable items could decrease the the above demolition costs.

#### **b. Estimated Construction Costs**

Construction costs are estimated to be \$400 per sq.ft. This represents a total estimated cost for a direct replacement of the 16,000 per sq.ft. HERC-1 building at \$6.4 Million.

A smaller rec/com/rec center sized more appropriately for Homer's needs of 12,000 sq.ft. has an estimated cost of approximately \$4.8 Million.

The Sterling (Alaska) Community Center (a 12,000 sq. ft., sprinklered, structure) represents an example of escalating construction costs over recent years. In 2014, the construction year for the Center, construction costs approximated \$200 per sq.ft. Construction costs in the Kenai Peninsula are expected to continue upward trends in the near future. Note: The \$200 per sq. ft. was actual costs of the labor and materials purchased, even though completion of the facility relied heavily on volunteer/donated labor and materials from local residents and businesses.

The above estimates are for the construction of the facility only. It does NOT include design, Architectural, and engineering (A&E) fees.

#### **c. Total Costs (including demolition, design, construction and contingency)**

For a 16,000 sq. ft. HERC-1 replacement:

Demolition costs incl. hazmat:	\$1.0 Million
Construction costs incl. A&E costs:	\$6.4 Million.
Design/architect fees (at 10%):	\$0.74 Million
Contingency on contractor/construction cost (15%):	\$1.10Million
<u>Total costs:</u>	<u>\$9.24 Million</u>

For a 12,000 sq. ft. building:

Demolition costs incl. hazmat:	\$1.0 Million
Construction costs incl A&E cost:	\$4.8 Million
Design/architect fees (10%):	\$0.58 Million
Contingency on contractor/construction cost (15%):	\$0.87 Million
<u>Total costs:</u>	<u>\$7.25 Million</u>

### **7.4 Task Force Recommendation: Building a New Facility Versus Remodeling the Existing HERC-1**

Currently, the preferred action is for the City to implement a 5-year plan that would extend the use of the existing lower level for recreational purposes with minimal use of the upper level. This will provide sufficient time for further input and analyses.

Given the cost of a complete renovation/remodel of HERC-1 to full potential, which would include an Educational (E) Classification, is  $\$5\text{M} \times 25\% \sim \$6.25\text{M}$  for a 16,000sf facility versus  $\$9.5\text{M}$  or  $\$7.25\text{M}$  for a 12,000sf building. Potential cost savings could be incurred on either, especially given, for example private-public partnership arrangements.

Since constraints exist that would affect a decision at this time, no recommendation is tendered by the HERC Task Force.



## **7.2 Maintenance Considerations**

Operating expenses are analyzed in a three step process:

- 7.2.1: using the historical expense data provided,
- 7.2.2: comparing that step one expense to prevailing, typical expenses for commercial and public buildings in Homer,
- 7.2.3: with expenses forecast based on the use scenarios or alternative uses.

The industry standard for comparison, on the Kenai Peninsula, is dollars per square foot per month (\$/sf/month), which is used.

This section and analysis addresses HERC 1 only.

### **7.2.1 - Historical expenses**

The following table reports the historical data provided to the Task Force, then calculated based on the proportion of the building in use/occupied during that time frame. Understand that exact details and timing of occupancy are not available, and accordingly the expense data is recognized as approximations.

The table encompasses 2009 thru 2017, with the use ("Occupancy") and proportion of building in use listed on the first line. The expense per square foot per month reported is based on the size of that portion predominately in use during the respective year. Since the actual months in use or transitioned from uses are unknown, the costs are based on a twelve month period (year). "GBA" is the gross building area, with 2009 thru 2013 using the total GBA (16,800 sf) and 2014 thru 2017 using the Gym only (5,700 sf).

Page break.....Insert Table: HERC 1; section 7.2.1



<b>Property Name:</b> HERC 1		SECTION 7.2.1									
<b>Date:</b> 10/4/2018											
<b>Building GBA:</b> 16,800 sq. ft.		<b>Breakdown:</b>		<b>Gym: 5,700</b>			<b>Lower: 2,800</b>			<b>Upper: 8,300</b>	
		2009	\$/sf/mo.	\$/mo.	2010	\$/sf/mo.	\$/mo.	2011	\$/sf/mo.	\$/mo.	
<b>Occupancy:</b>		full; Upper-UAA, Gym-B&GC			full; Upper-UAA, Gym-B&GC			prtl.; Up-UAA out, City in, Gym-B&GC			
Electricity		\$ 20,600.75	\$ 0.102	\$ 1,716.73	\$ 18,110.14	\$ 0.090	\$ 1,509.18	\$ 18,139.42	\$ 0.090	\$ 1,511.62	
Water/Sewer		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Fuel Oil/gas		\$ 37,266.42	\$ 0.185	\$ 3,105.54	\$ 35,824.29	\$ 0.178	\$ 2,985.36	\$ 38,177.32	\$ 0.189	\$ 3,181.44	
Refuse		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Lawn Care		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Snow/sand		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Janitorial		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>total</b>		\$ -	\$ 0.287	\$ -	\$ -	\$ 0.268	\$ -	\$ -	\$ 0.279	\$ -	GBA
		2012	\$/sf/mo.	\$/mo.	2013	\$/sf/mo.	\$/mo.	2014	\$/sf/mo.	\$/mo.	
<b>Occupancy:</b>		prtl.; Up-City out 3/12, Gym-B&GC			prtl.; Up-Enstar in, Gym-B&GC out			Imtd.; Up-vacant, Gym-CPRP			
Electricity		\$ 14,688.71	\$ 0.073	\$ 1,224.06	\$ 11,617.38	\$ 0.058	\$ 968.12	\$ 9,867.49	\$ 0.144	\$ 822.29	
Water/Sewer		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Fuel Oil/gas		\$ 32,413.97	\$ 0.161	\$ 2,701.16	\$ 24,673.44	\$ 0.122	\$ 2,056.12	\$ 16,416.78	\$ 0.240	\$ 1,368.07	
Refuse		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Lawn Care		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Snow/sand		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Janitorial		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>total</b>		\$ -	\$ 0.234	\$ -	\$ -	\$ 0.180	\$ -	\$ -	\$ 0.384	\$ -	GYM only
		2015	\$/sf/mo.	\$/mo.	2016	\$/sf/mo.	\$/mo.	2017	\$/sf/mo.	\$/mo.	
<b>Occupancy:</b>		Imtd.; Up-vacant, Gym-CPRP			Imtd.; Up-vacant, Gym-CPRP			Imtd.; Up-vacant, Gym-CPRP			
Electricity		\$ 11,248.28	\$ 0.164	\$ 937.36	\$ 10,915.40	\$ 0.160	\$ 909.62	\$ 10,948.32	\$ 0.160	\$ 912.36	
Water/Sewer		\$ 1,119.00	\$ 0.016	\$ 93.25	\$ 1,246.00	\$ 0.018	\$ 103.83	\$ 2,000.00	\$ 0.029	\$ 166.67	
Fuel Oil/gas		\$ 11,533.91	\$ 0.169	\$ 961.16	\$ 8,660.38	\$ 0.127	\$ 721.70	\$ 10,217.78	\$ 0.149	\$ 851.48	
Refuse		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Lawn Care		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Snow/sand		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Janitorial		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>total</b>		\$ -	\$ 0.349	\$ -	\$ -	\$ 0.304	\$ -	\$ -	\$ 0.339	\$ -	GYM only

### 7.2.2 - Comparison to prevailing Homer building expenses

To provide a perspective of the historical operating expenses of HERC 1, to typical expenses for commercial and public buildings in Homer, two separate analysis were made:

- a. The expenses reported for City of Homer buildings in 2017 was segregated and allocated into the \$/sf/month unit of comparison.
  - b. Expenses for a variety of Homer commercial buildings was reviewed, from the database of one of the HERC task force members.
- a. The City of Homer building expense data used is from a table prepared by Public Works, provided to the Council as part of forecasting maintenance expenses for a new police station. Some of the categories in that table are excluded in this analysis, since they are not considered typical operating expenses, comparable to the HERC building.

In the following table each category of expense lists the cost per square foot per month for that category (i.e. heating, electrical, etc.), then those expenses out of the typical range for private commercial building are shown in red. Some of the out of range variation is due to the nature of the building or operating hours. For example the electrical expense for the Airport Terminal is well above typical ranges, but would reflect lighting for the parking lot, aircraft apron, tarmac, etc. And the longer hours/lighting and equipment used likely accounts for the higher Police station electrical expense.

Page break----insert table: City of Homer buildings, section 7.2.2 a

b. To summarize the results of the HERC 1 and City building expense analysis and compare to prevailing private commercial building operating expenses, the following table is provided. Here the expenses of HERC 1 for 2014 thru 2017 are listed, compared to the City Library and the ranges of costs typical for private commercial buildings.

For the HERC 1 building, expenses reported are the average of the last four years. The library building is used, since the expenses calculated per unit of comparison fall more within the typical ranges expected in Homer. The “typical range” column summarizes the costs calculated from actual operating data of a variety of Homer buildings, maintained over the years in a proprietary data base.

The HERC electrical expense is at the high “typical” range, but within that range. The heating expense reflects the biggest variation from typical expenses, attributed to the HERC’s fuel oil heat and insulation deficiency. With the availability and conversion to natural gas, commercial property owners report a reduction in their heating expense to about 1/3 of their prior fuel oil cost. A comparison of City buildings before and after conversion to natural gas shows a reduction of:

- Airport terminal: -64%
- City Hall: -58%
- Library: -51%
- Average of these three: -58%

A simple cost – benefit calculation, based on the average heating cost with a 50% savings and a conversion cost at \$18,000 - \$19,000 (from Memo 13-077, 5/2/13) shows a cost recapture in 3.25 years. [ $\$11,707 \times 50\% = \$5,854/\text{yr.} \div \$19,000 = 3.25 \text{ yrs.}$ ].

Insert table, Section 7.2.2 b

### Homer commercial buildings ~ operating expense comparasion

Section 7.2.2 b

<b>Property Name:</b> <b>Building GBA:</b> <b>Occupancy type:</b>	<b>HERC 1</b> <b>5,700 (Gym only)</b> <b>Recreation</b>		<b>Homer Library</b> <b>17,200</b> <b>Municipal</b>		<b>South Peninsula typical</b> <b>range; City of Homer</b> <b>Office &amp; retail</b>	
year	2014 - 2017	<b>\$/sf/mo.</b>	2017	<b>\$/sf/mo.</b>	2017/18	<b>\$/sf/mo.</b>
	(average)					
Electricity	\$ 10,744.87	<b>\$ 0.157</b>	\$ 35,718.00	<b>\$ 0.173</b>	\$ -	<b>\$0.12 - 0.16</b>
Water/Sewer	\$ 1,455.00	<b>\$ 0.021</b>	\$ 2,829.00	<b>\$ 0.014</b>	\$ -	<b>\$ 0.025</b>
Fuel Oil/gas**	\$ 11,707.21	<b>\$ 0.171</b>	\$ 15,441.00	<b>\$ 0.075</b>	\$ -	<b>\$ .04 - .07</b>
Refuse		<b>\$ -</b>	\$ 1,000.00	<b>\$ 0.005</b>	\$ -	<b>\$ 0.015</b>
Lawn/yard Care		<b>\$ -</b>	\$ 13,187.00	<b>\$ 0.064</b>	\$ -	<b>\$ .015 - .025</b>
Snow/sanding		<b>\$ -</b>	\$ 11,885.00	<b>\$ 0.058</b>	\$ -	<b>\$ .020 - .030</b>
Repairs		<b>\$ -</b>	\$ -	<b>\$ -</b>	\$ -	
Janitorial		<b>\$ -</b>	\$ 45,848.00	<b>\$ 0.222</b>	\$ -	<b>\$ 0.200</b>
**Heat type	fuel oil		natl. gas		natl. gas	
<b>Total w/Janitorial</b>				<b>\$ 0.610</b>		<b>\$ .445 - .525</b>
<b>Total w/o Janitorial</b>		<b>\$ 0.350</b>		<b>\$ 0.388</b>		<b>\$ .245 - .325</b>

### **7.2.3 – Expense forecasts and use scenarios**

Using the expense data developed in the preceding tables, and considering the alternate potential uses of the HERC building, the following scenarios are presented. These scenarios consider the proportion of the building used for each alternate, an approximate cost to accommodate that use, and the operating expense to the city. Note that the repair/renovation costs are rough approximations only and forecast revenues are subject to adjustment based on the specific use and user.

Page break -- Insert Use scenarios-as agreed by the Task Force



### HERC 1 building ~ Use scenarios

#### Section 7.2.3

Scenario 1- Minimum, 5 year holding		Bldg area (sq. ft.)	Income	Expense	Difference
Use:	Gym & Zumba room only	6,300			
User:	Homer Community Rec (reported fee revenue, Gym only)		\$14,700	\$22,529	\$ (7,829)
<b>Required repair/renovation cost estimate</b>					
Separate utilities for cold status of upper level:					
	water/sewer			\$0	
	heating/ventilation system			\$0	
	Convert building to natural gas heat			\$19,000	
	Hot mop roof			\$0	
	Convert fluorescent fixtures to LED			\$0	
	Any ADA modifications for restroom use			\$0	
		<b>Total</b>		<b>\$19,000</b>	
<b>Operating expense estimate (annual)</b>					
	Heat			\$6,502	
	Electric			\$11,869	
	Water/sewer			\$1,512	
	Custodial				
	Snow/sanding			\$1,512	
	Lawn/yard			\$1,134	
		<b>Total</b>		<b>\$22,529</b>	

Scenario 2- Fireweed School occupancy		Bldg area (sq. ft.)	Income	Expense	Difference
Use:	Total building	16,800			
User:	Fireweed Charter School lease (@ \$1/sqft/month)		\$201,600	\$0	\$ 201,600
<b>Required repair/renovation cost estimate</b>					
	Fire Sprinkler system, entire building			\$0	
	Fire wall separation			\$0	
	Convert building to natural gas heat			\$0	
	Hot mop roof			\$0	
	Convert all lighting fixtures to LED			\$0	
	Repartition former UofA office area			\$0	
		<b>Total</b>		<b>\$0</b>	all expenses by Fireweed
<b>Operating expense estimate (annual)</b>					
	Heat			\$0	
	Electric			\$0	
	Water/sewer			\$0	
	Custodial			\$0	
	Snow/sanding			\$0	
	Lawn/yard			\$0	
		<b>Total</b>		<b>\$0</b>	all expenses by Fireweed

<b>Scenario 3- Total rebuild for community use</b>		<b>Bldg area (sq.ft.)</b>	<b>Income</b>	<b>Expense</b>	<b>Difference</b>
Use:	Total building	16,800			
Use:	Homer Community Rec & other user groups		\$0	\$60,077	\$ (60,077)
<b>Required repair/renovation cost estimate</b>					
	Fire sprinkler system, entire building			\$0	
	Fire wall separation			\$0	
	Convert building to natural gas heat			\$0	
	Rebuild roof, additional insulation & EPDM cover			\$0	
	Convert all light fixtures to LED			\$0	
	ADA modifications for restroom use			\$0	
	New windows throughout				
	<b>Total</b>			<b>\$0</b>	
<b>Operating expense estimate (annual)</b>					
	Heat			\$17,338	
	Electric			\$31,651	
	Water/sewer			\$4,032	
	Custodial				
	Snow/sanding			\$4,032	
	Lawn/yard			\$3,024	
	<b>Total</b>			<b>\$60,077</b>	

## Section 5 Legal Entities and Funding/Investment Needs

### How do we pay for it?

The Task Force reviewed the municipal funding mechanisms presented during the new police station discussions. Fairly quickly, the Task Force determined there is probably low public support for more taxes to pay for any increase in city services or facilities. This sentiment was echoed in our conversations with non-profits and businesses. However, the concept of public –private partnerships did garner some support. Homer has at least two great examples of public private partnerships; the hockey rink, and the courthouse. Private entities built those facilities, which are leased long term or mortgaged by the state or non-profit.

Short term funding options: Increase revenue and decrease costs.

- Increase user fees at the HERC
- Investigate whether gym rentals would raise enough revenue to not only cover the cost of staff time and utilities for the event, but also contribute to overall utility costs. (At \$20,000 a year for utilities, its costs the city \$55 a day for electricity and heat. Can the city increase facility revenues to pay these costs?)
- Investigate the payback time for converting to natural gas.

Long Term Funding – **discuss grants and partnerships HERE**

### Legal Entities and Investment

The Task Force considered three different models of building ownership and operations.

1. Government owned and managed, paid for by new taxes and increased fees (Government model)
2. Government owned facility, with a private or non profit partnership for management (JE comments are we looking at 2 or 3 options? Is it just 2?)
3. Private or non-profit ownership and management, with a partnership for building use. (3 P, or Public/Private Partnership) (City retains land ownership, with 3P new build)

### Funding: Government Model

If the City decides to renovate the HERC building, or build a new facility, new revenue will be required to pay for it. Financial projections over the coming years do not show enough increase in tax revenue to pay the anticipated expenses. The City is able to raise revenue through sales tax, property tax, and user fees. Through focus groups and Task Force discussions, there seems to be little support for an additional tax increase at this time. The police station bond and corresponding sales tax increase was just approved by voters. A bond with increased taxes to make the payments may be an option the community wishes to pursue in the future. But as of 2018, this is not the mechanism supported by the Task Force.



3P: Public-Private Partnerships (JE comment: I anticipate having some conversations about 3P's on Monday the 8<sup>th</sup>; I will update this section after that).

There are many ways a 3p partnership could work; the City could own the building, or it could be privately owned. The City could manage and maintain it. Or a private party could provide those functions. In the case of the Homer Court House, the state provided funds to expand the privately owned building. The building owner provides all maintenance and janitorial services, and the state is a long-term tenant. As long as the building owner can profit from the lease, its a great opportunity for the private sector, and significant cost savings to the state – they didn't have to manager a renovation, nor are they responsible for long term maintenance. To apply this example to the city, perhaps the city would provide some funds for a private entity to build a building that includes a gymnasium. The city would contract to use the gym during certain hours – say after school and evenings, and the building owner could use or rent the space all other times. Perhaps they provide scheduling services to the city, or maybe the city provides that in exchange for reduced space rental. There are many options; it's a matter of seeing if there is an entity in the city that would be interested and has the resources to enter in to such a partnership, and if the public supports the city entering in to such an agreement.

## 10. Economic Impacts

Thriving small communities are economically successful communities, for four primary reasons:

- (a) Community and environment that encourages entrepreneurship in business and the arts;
- (b) Public sector friendly to the private sector;
- (c) Processes that facilitates a highly educated workforce; and,
- (d) Community that excels in providing a positive quality of life.

### Community/recreation is an integral part of a thriving community

Nationwide, community and recreation (com/rec) activities are shown to have positive impacts on communities that embrace it. These opportunities as they relate to either a renovated 'HERC-1' or 'New-HERC' facility.

Three primary HERC-related activities have the potential to positively impact Homer's economy:

- (a) Renovation of the existing HERC-1 or construction of a new HERC building;
- (b) Visitors participating in events offered within and through a HERC building; and,
- (c) Local entrepreneurial endeavors created within or through a HERC building.

This economic assessment is based on the amount of money injected into the economy from sources outside the Homer area. Public/community money recycled within the Homer are not considered in this economic analysis.

Although not part of this HERC Task Force directive, it is highly recommended that Homer organizations involved in community recreation and arts make a concerted effort to track visitor-related activities which directly impact their contribution to the community's economy. Standardized procedures for collecting data, including a check-list, goes a long way to adding value to grant funding requests.

### **10.1 Economic impacts directly related to the actual construction/renovation.**

Use of taxpayers' money to underwrite the construction cost of a renovated or new HERC is not considered as having an immediate positive economic impact. However, obtaining construction funds from sources from entities outside the service area has a positive economic impact. Correspondingly, positive economic benefits are achieved when construction costs are underwritten directly through private sources, or through a public private partnership (PPP). [Note: Not all construction costs can be directly attributed to economic value. For example, when construction materials are purchased from outside Homer those costs, while part of the original construction cost estimate, are not captured by Homer.

The economic value for either a renovated HERC-1 or new HERC are:

Renovated HERC-1, assuming construction costs of \$5Million, the labor to materials ratio is approximately 70%/30%. The economic impact to the community would be positive. This assumes 30% of materials are purchased from outside the community.

\$7.7Million (using New HERC, assuming construction costs of \$5Million, and a labor to materials ratio of approximately 50%/50%, the economic impact to the community would be approximately the same as a renovated HERC-1.

From a building construction economic impact basis, there is little difference between renovating the HERC-1 or constructing a new HERC.

### **10.2 Economic impacts created by visitors for recreational events.**

In any economic impact assessment, determining the type and number of “visitors” to a community for an event is prime. A visitor is considered a person from outside the service area who would **not** normally travel to Homer except to participate in or support an event. The key is to capture visitor data. Unfortunately, very little data has been captured in the past, so comparing the economic impacts of a new or refurbished HERC building can be difficult.

Any comparison between the economic impact of a renovated or new HERC creates challenges. There are a variety of facilities (Homer High School, existing HERC gym, Homer Middle School, West Homer Elementary School, etc.) where recreational activities currently take place. But, there is circumstantial evidence through various nationwide studies to suggest that a renovated or new facility will increase the demand for services offered, increase the number of events provided, or increase the number of visitors from outside the service area. In the case of HERC, it is a focus for recreation and an identity for the community. Participant visitors will visit because there’s a nice place to go and play.

#### **Economic Impact Example 1: The Kevin Bell Arena (Homer Hockey Association, Inc.).**

Construction of the Kevin Bell Arena was completed approximately twelve years ago and is managed/owned by the Homer Hockey Association. (The construction money came from Federal/State funds associated with the Arctic Winter Games.) Prior to its construction, hockey enthusiasts played in an open-air hockey rink exposed to the weather or traveled to Kenai.. In economic terms, that resulted in a net negative outflow of money wherein Kenai benefited at the expense of Homer.

With the new arena and active marketing, visitors come to Homer. In a recent request for grant funding, the HHA claimed approximately \$600,000 in positive economic value in the year 2016, and approximately \$700,000 in the year 2017. HHA calculated these dollar values by

multiplying the total recorded number of visitors by a standard per-diem dollar amount provided by the Homer Chamber of Commerce.

### **Economic Impact Example 2: Homer Community Recreation Program - "Pickleball"**

Little historical visitor data has been captured for recreation and community events in Homer. But, there is one event where some data has been captured, the "End of the Road Pickleball Tournament" last held June 25 through June 29th, 2018. The event hosted 102 guests, of which approximately 50 players were visitors from 3 countries and 16 states. Early interest in next year's event, (it's planned to be an annual event), indicates a 50% increase in participants.

Visitor interest indicates Homer could become a major stop on the "pickleball circuit".

For this year's event, it was estimated the average stay in Homer was 2 ½ nights, with an average expenditure per person of \$500, a positive economic impact of approximately \$45,000. Data used was captured from a combination of surveys and estimated expenditures from the pickleball organizing committee. A viable HERC com/rec facility is fundamental to the growth needs of pickleball, the annual pickleball tournament, and an aid to the increased economic well-being of Homer.

### **Economic Impact Example 3: Homer Community Recreation Program- "Popeye Wrestling"**

The Popeye wrestling club is part of the Homer CRP program. It hosts a 2-day tournament annually at the Homer High School. It attracts more than 400 wrestlers from throughout the State, and an estimated 250 adult supporters (parents, grandparents as spectators). Using similar expenditure estimates from the pickleball tournament above (no actual economic/expenditure data was captured by the organizers during the wrestling event), the estimated positive economic impact to Homer is approximately \$125,500.

## **10.3 Economic impacts associated with entrepreneurial endeavors**

Overall, the growth in the national economy has shifted towards the increase in small, entrepreneurial endeavors. Homer is one of those entrepreneurial-driven economies supporting this trend. One of the most positive impacts that entrepreneurs make on an economy is job creation and the reduction of unemployment levels.

Individuals often resort to entrepreneurship for a number of reasons: profiting from a specific market niche. Assuming two entrepreneurial endeavors per year potentially results in viable businesses employing two people, grossing \$75,000 per year in sales. Five years of activity could yield ten new businesses, employing a total of twenty people, grossing \$750,000 per year in sales, and contributing to the Homer economy.

Michael Illg, Recreation Manager for Homer's Community Recreation Program (CRP) has instituted an ad-hoc program within the CRP to encourage entrepreneurship in a "maker-

space” or “incubator” environment. With a HERC building, budding entrepreneurs may be able to use the CRP facilities and services to test their enterprises in a real business environment. The major hurdle for expanding this program is both permanent physical space that meets health and safety requirements for these endeavors and a coordinated commitment (including marketing) to promote/manage the program. A permanent home at HERC would go a long way to help growing this program.

What has not been mentioned, but is integral to a successful community, is quality-of-life issues. This attracts entrepreneurial minded people and keeps others here.

## Attachment 7 Action Plan

This section offers an action plan on moving forward with a HERC facility (whether renovated or not).

**Goal:** Within 5 years, achieve one of the following two options.

1. Have a demonstrated, successful partnership to manage all or part of the HERC building for recreation. This partnership will be ready to look for significant renovation funding, and have a plan for funding ongoing operations and maintenance expenses.
2. Be prepared to demolish all or part of HERC 1. Have funds saved in depreciation, and be prepared to pursue funding for hazardous materials abatement and demolition.

### Action Plan

1. City Council introduce a Resolution to create a Committee. The Committee's task would be to oversee a Request For Proposals for another entity to manage the upstairs of the HERC building, within parameters. The Committee would exist for a finite amount of time to answer whether there is an entity with the capacity to grow into a Public/Private Partnership within this building.
2. City Council and administration create a budget amendment to pay for the repairs needed to the building that cannot be addressed in the current budget, such as roof repairs. These repairs are needed to reduce the risk of damage to the building in the short term. Repairs to happen 2019/2020
3. Raise fees for activities in the HERC building, to cover more of the utility costs.
4. Council consider allowing facility rentals and corresponding fees, with the goal of increasing revenue to pay for building operations (utilities).

### Timeframe outline

#### 6 Months

- Committee formed, RFP issued, review of proposals to see if anyone is interested and able to work towards a 3 P partnership
- Fund building repairs

#### 1 Year

- Make repairs state in LAP
- Revise fees for HERC 1
- Analyze building rentals to generate revenue (i.e., the goal is not solely providing space for the community, but to generate enough revenue to pay for added staff and utility costs AND contribute toward existing utility costs)

#### 3 Years

- 3P in place that shows indications of success (metrics for success? Committee might have to come up with those...)
- City has started saving \$ towards renovations or demolition

#### 5 Years

- City has renovation or demolition seed fund in place to match grants or funding opportunities.
- 3P partnership is successful, is or will be in the short term, financially self-sustaining.



**Attachment 9 (to change): HERC 1: 5-Year Development Plan  
“Limp Along Plan”**

In deference to the City, a five-year development plan is a better fit for sustaining HERC 1 and surroundings without capital improvements, in its current state, with minimum upgrades along health and safety lines. The Task Force terms this a Limp Along Plan, (LAP). The LAP provides the community and City time to cement a way forward with continuing use of facility while developing strategies and funding that would enable a “final” decision. Thus, at the end of the LAP period, the City will have two paths: 1) substantially rehabilitating/remodeling the building; or, 2) demolishing it.

Conversely, a ten-year timeframe without more significant upgrades would result in continued and potentially accelerated deterioration of the building resulting in greater operations & maintenance (O&M) costs. If at the end of the 10-years, and a decision is made to renovate/remodel the HERC 1, the cost to do so would increase due to deterioration to the bones of the building and subsequent dollar escalations from 2028 activities. [Given a 10-year LAP, conversion to natural gas, a capital project, is advised] **JE comment – Revise recommendations to include gas conversion, roof work ,fence, etc, in a simple way)**

A 5-year LAP enables HERC 1 to be serviced using current operations and, on an as-needed basis, maintenance/repair costs. This Plan is weighed against risk assessments: community needs/uses, best practices, and funding.

Second order decisions per 1), substantially rehabilitating/remodeling the existing building, would be a \$2.5M to \$3M effort. The focus is on primary systems for health and safety and ADA items: seismic upgrade, complete re-roofing, installing upsized water service & sprinkler system for entire bldg., replace galvanized pipes, interior upgrades to all rooms including kitchen, natural gas, etc. This would extend the life of the building approx. 20-years, but not address all code and compliance issues. It would be sufficiently robust to achieve an Educational Group E Classification, (including day care), per 2017/2018 International Building Code (IBC) and 13AAC50 designations/requirements.

An alternative is a \$4.5M to \$5M, (16,000sf x \$275/sf ~ \$4.5M), **(JE confirm numbers)** total upgrade/remodel including: roof and wall insulation; structural modifications as a result of heat efficiencies gained by added insulation; new windows, flooring and ceiling tiles; addition of alternative energy systems; exterior upgrades among others items that would give the community a building lasting 30+ years meeting modernized building sustainability standards.

Second order decisions per 2), demolition of the HERC 1, could be building another community recreation center of a comparable size, approx. 16,000sf x \$400/sf ~ \$6.5M, on the existing HERC 1 site or another City property. If the HERC 1 site, construction may be able to use, all or part, of the existing foundation. [Refer to Michael Haines’, et.al, soon to be finalized “HERC



*Opportunity Plan” that includes a 12,000sf building at \$4.8M.] JE notes – also have a 3<sup>rd</sup> smaller option from Barry. Lets put all the reno stuff in 1 section, and all new build options in another. Maybe include as a table in the Recommendations section.*

Or, sell a portion or entire HERC property and use the proceeds for other City required facilities, (e.g. Public Works Complex that would include a gym). A portion of the approx. 4.3-acre site should be reserved for a public park with skateboard area.

The best and most likely successful way to fund the capital-intensive options above is “public-private partnership(s)”.

[Notes:

- (a) The dollar values stated in this Plan are only rough-order-of-magnitude (ROM) estimates and subject to refinement including escalations based on need/use assessments, A/E involvement and when a project would be brought under contract.*
- (b) A 10% - 15% increase could be applied to ROM estimates.*
- (c) If private sector leads construction activities, costs could be reduced.]*

#### **Recommendations on 5-Year HERC 1 LAP:**

- a. HERC 1 lower level – Maintain limp along efforts at the lower level within IBC Assembly Group A-3 Classification: gym without spectators, community and lecture halls, etc. Currently, the HERC 1 gym is certified and the Zumba room will be so certified, given a few fire related upgrades that will be accomplished shortly. The remaining lower level rooms are not fire code certified and should continue to be used for storage. The restrooms require attention.
- b. HERC 1 upper level – continue to keep the upper level in a quasi-stasis state. Use is currently restricted to storage of Public Works’ materials, (2 rooms, currently).
  - (1) The upper level could be recertified as an IBC Business Group B Classification: professional services or service-type transactions, civic administration, educational occupancy for students above 12<sup>th</sup> grade, training and skill development not within a school or academic program, etc. The Kachemak Bay Campus was temporarily housed in the HERC upper level. If considered for B Classification it should be reused on a minimal basis, a couple of classrooms, to keep the upper level O&M costs down.
  - (2) To reuse the upper level under a B Classification and maintain an A-3 Classification for the lower level, a dual classification, the main stair well will probably require construction of walls to establish a “fire barrier” between the two levels. Additional fixes will be required to restrooms, a HVAC contractor to check and bringing online room ventilators, flooring and ceiling tile patches, staged changes to E-fluorescent lights, among other minor actions.

[Notes:

- (a) *There are more fixes needed than those associated with fire codes. Irrespective of a. and b., immediate fixes will be required to bring the building into near term usefulness: level and hot mop roof, address parking lot lights, and fencing repairs.*
- (b) *Tis estimated the fix-it items would not require capital expenditures, apart from possibly the roofing items. Most can be accomplished incrementally by Public Works. Refer to Reiss – Notes on 5 Sep 18 charrette with Public Works. **(JE comments – attach to our report, or keep it simple? Conditions and staffing may change over 5 years...)***
- (c) *If material alterations to the build are experienced/required, they may necessitate a Code & Compliance review.*
- (d) *Remodeling and retrofitting an existing building are fraught with uncertainties per: “one thing leads to another”.*

[Notes:

- (a) *While Fireweed Academy has shown interest in moving into the HERC 1, it would necessitate significant renovations. The cost would probably not be captured by the Academy’s expenditures for facilities, upfront, nor pay for those renovations over a 10-year lease. The State and School District are best sources of money for a HERC 1 effort, but both are confined by other school building needs.*
- (b) *A scaled down version of the \$2.5M effort, to address an E Classification for a 10-year period, would be on the order of \$900K to \$1.3M. this version would include: hot mop roofing; upsized water service & sprinkler system; upgrades to ventilators, kitchen, bathrooms and lighting; and ADA items. A risk assessment would be appropriate prior to this effort.]*

As stated previously, any determination on the HERC 1 should be considered within community needs/uses, best practices, and sound economics.

*[Disclaimer: This author does not warrant the accuracy of repairs and/or cost analyses/estimates. The items herein are reflections on documents previously provided by the City, discussions with various parties during Task Force events, and contacts outside formal meetings.]* **JE note Placeholder – we need a disclaimer section in our document – re numbers and certainty, etc.**



## City of Homer

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## Planning

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To: HERC Task Force  
From: Julie Engebretsen, Deputy City Planner  
Date: October 1, 2018  
Subject: Long Term HERC Plan

Thanks Larry Slone for putting these ideas on paper. Staff tried to present them as actionable items for the Task Force to discuss and make motions on where needed. (Staff comment: Its time for some motions... Below are some strong statements...its time to get some hard specifics on the table.) The discussion the TF has will help guide staff as we work towards a finished recommendations document.

**Question 1:** Some TF members have voiced concerned that 5 years is a long time. Its kicking the can down the road. In the final report, do we want to emphasis 3 years? (Staff is looking for consensus – that 3 years is preferred over 5 years this does not need a motion)

From Larry Slone:

\*3-year LAP vs. 5 yr.

The three-year\* LAP has five major advantages and one disadvantage

The disadvantage: Continued O&M expenses including cost for a roof hot-mopping. Short ‘pay back’ time.

The advantages are:

1. Allows, with the modest additional expenses, continued community use of gym and Zumba for another three years.
2. Buys necessary time for a 3p funding mechanism to be explored to implement the council's decision reference disposition of the HERC: rehabilitate; build new (Mike Haines Opportunity Plan); or simply demolishing and perhaps sell the property (very little community support for selling).
3. Allows the emerging "grand vision" of Asia Freeman to be initiated, running parallel in the 3-year time frame with the search for 3p funding.
4. 3 yrs reduces, probably by at least one-half, the likelihood of major system failures with attendant expense
5. Psychological. 5 yrs implies "kicking the can down the road"; that there is no real focus or concern with HERC disposition. 3 years meets everyone's expectation of time-frame for conceptualizing, designing, promoting, and building a major project. The emphasis is on initiating the process immediately. Furthermore, most members of City Council will still be active participants during that 3 yr time.

**Question #2:** What if Council doesn't choose to follow the LAP – i.e. not spend the money on renovations, or, does not put effort into finding a 3P partner?

**Statement A:** Any option presently available, rehabilitate, build new, or demolish, will be expensive for the city. Rehabilitation is without sufficient user income contribution to offset

anticipated costs and expenses to extend use of the HERC into the 2nd floor (roof, fence, ventilator, O&M, firebarrier/sprinkler, other unknown code compliance issues). Therefore, either be prepared to condemn the HERC and shut it down, or initiate the LAP.

**Question 3: What happens after the 3-5 limp along plan?**

If a partnership fails to materialize and be successful in the 3-5 year timeframe, what should the city do with the building?

**Statement B:** If a viable public private partnership does not materialize in the next 5 years, the city should be prepared to demolish HERC 1.

**Discussion:** Statement B is recommending a timeframe for the city to make a plan for demolition. Council has already supported a resolution to continue use of the gym and the Zumba room until the building is demolished. The City alone does not have the financial or personal resources to operate and maintain the building indefinitely.

**Question 4:** Is the Task Force in agreement that leasing to an entity such as Fireweed, or a public/private party to use the upstairs for recreation, are the two most viable scenarios at this time?

**Discussion:** recreation is broadly defined here – art, recreation, culture, etc. Mike Haines has definitions....

**Question 5:** What's the 10 year plan?

**Discussion:** Does the TF need to address this, or are we sticking with a 3-5 year time horizon to take action?

**Question 6:** Any other 'hard questions' the Task Force wants to bring up? Now is the time!



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To: HERC Task Force  
From: Julie Engebretsen, Deputy City Planner  
Date: October 5, 2018, 2018  
Subject: Slone Report

For discussion purposes: The Slone Proposal Final Report to City Council

I've reviewed the enabling document, Res 18-036(A). The HERC Task Force's primary instruction in the resolution (lines 6-10) is to determine the financial resources required to use the building, and if leasing space is a feasible option.

### *Leasing:*

The only potentially viable entity the Task Force has encountered thus far, or is likely to encounter prior to our November deadline, is the Fireweed Academy. However it appears extremely unlikely the Academy will be prepared to engage in a lease proposal anytime soon.

### *Additional areas of consideration listed in the Resolution:*

Convention Center (line 32): Clearly, a convention center would entail major expensive refurbishment of the building. Other than reference to a convention center in broad terms, the community has not provided specific support, interest, or justification for the concept.

### *Selling the property (line 33/49):*

This thought has not been pursued in any depth by the TF. Any relevant public comments the TF has received have been opposed to the idea of selling. My private conversations with members of the community confirms that attitude. The TF has reviewed the economics of selling a portion of the property, such as the northeastern corner where the existing HERC 2 building is.

*Recreation Center (lines 33/43/72:* A recreation center remains the primary focus of present and future HERC use (TF adopted goals one thru four). The likelihood of converting the HERC into a rec center is directly related to the expense involved.

The TF's recent focus has been on updating and verifying the costs associated with using HERC 1 under varying conditions. Those conditions which the Task Force has accepted as its goals are the 4 + 2 conditions (lines 58-76 of Res 036A). Barry Reiss and Public Works (Director Carey Meyer, and Mike Riley) have updated, and essentially verified, the earlier ECI/Hyer and Stantec reports referring to the high expense associated with rehabilitating HERC 1.

Barry has provided order of magnitude numbers (expenses) for City funds, potentially millions, to meet those requirements. Those funds are not readily available. Recent history of the City attempting to provide additional revenue through taxing makes it abundantly clear that the public will not

support additional taxes anytime soon. Without a time-consuming organizational effort, spontaneous volunteer efforts with labor/expertise to rehabilitate would be inadequate.

The entire direction we've been assigned, and accepted as our scope of work/goals, revolves almost entirely around costs: Cost to use the upstairs; cost to use entire HERC (1); cost to allow it to be used for full potential for next 10 years, and cost to demo and build new facility.

So our final report would simply present those numbers and append a discussion of Private/Public Partnership (3P) as the preferred method of funding. We use 3P because all the available recent info on proposed, but failed, tax increases (except for the cop shop) by the city makes it manifestly clear, as Julie has stated, that city funding on the required scale is only a remote possibility. Furthermore, except for Fireweed Academy no other entity has materialized to adequately pay ongoing HERC O&M costs ( Dave Derry spreadsheet/city budget info). Since there are no funds immediately available to implement any of the 4+2 items, including demolition, our recommendation to council would be:

#### RECOMMENDATION TO COUNCIL

"Any option presently available, rehabilitate, build new, or demolish, will be expensive for the city. Rehabilitation is without sufficient user income contribution to offset anticipated costs and expenses to extend use of the HERC into the 2nd floor(roof, fence, ventilator, O&M, firebarrier/sprinkler, other unknown code compliance issues). Therefore, either be prepared to condemn the HERC and shut it down, or initiate the LAP.