

**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. November 13, 2018

Page 3

6. VISITORS

7. STAFF REPORTS

A. Julie Engebretsen, Deputy City Planner

Page 13

8. PUBLIC HEARING

9. PENDING BUSINESS

A. Final Task Force Report

Page 19

10. NEW BUSINESS

A. Outreach

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

Session 18-09 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 November 13, 2018 at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

PRESENT: Task Force Members Derry, Haines, Knight, Marks, Matthews, Reiss (telephonic), Slone

ABSENT: Lowney

STAFF: Deputy City Planner Engebretsen

APPROVAL OF THE AGENDA

Chair Matthews asked for a motion to approve the agenda with that change.

SLONE/MARKS MOVED TO APPROVE THE AGENDA

MARKS/SLONE MOVE TO CORRECT ITEM C TO READ CHAMBER, COMMUNITY OUTREACH, OR PRESS RELEASE.

There was brief discussion.

VOTE (amended): NON OBJECTION: UNANIMOUS CONSENT

Motion carried

There was no further discussion on the main motion.

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

Mike Illg, city resident and Community Recreation Manager, thanked the Task Force for their diligence and hard work. He hopes this documentation and information will give the community at large the chance to go forward in a positive way to find ways to utilize the HERC.

Bob Shavelson, city resident and Academic Policy Committee Member with Fireweed Academy, commented there is strong support from the Academic Policy Committee to move forward with this. They recognize they have ongoing revenue for the foreseeable future. If they are able to work things out they look forward to sharing the space, and Fireweed Academy is interested in doing their part to move this forward.

RECONSIDERATION

SYNOPSIS APPROVAL

A. October 9, 2018

KNIGHT/SLONE MOVED TO APPROVE THE SYNOPSIS FOR OCTOBER 9, 2018.

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

B. October 23, 2018

KNIGHT/SLONE MOVED TO APPROVE THE SYNOPSIS FOR OCTOBER 23, 2018.

MARKS/MATTHEWS MOVED TO AMEND TO REFLECT MRS. MARKS AS PRESENT.

There was brief discussion.

VOTE (amended): NON OBJECTION: UNANIMOUS CONSENT

Motion carried

There was no further discussion on the main motion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

VISITORS

STAFF REPORTS & Committee Reports (5 minutes)

A. Julie Engebretsen, Deputy City Planner

Deputy City Planner Engebretsen noted information provided including an email with comments from Ms. Lowney, and edits from Mr. Reiss and Mr. Derry.

PUBLIC HEARING

PENDING BUSINESS

A. Final Task Force Report

MATTHEWS/SLONE MOVED TO APPROVE THE FINAL TASK FORCE REPORT.

Page 45 of the packet (page 23 of the report) under Long Term Funding addresses subdividing the property and selling a portion to generate revenue.

Mrs. Marks commented at the last meeting she and Ms. Lowney were of the understanding the community and most of the task force are not in support of the proposal to sell any portion at this time.

Mr. Derry noted he included this as a scenario in his charts as it's something the Council had discussed historically. He isn't proposing it as a recommendation, he'd be in support of leaving it in, but making it the second paragraph and re-wording it slightly.

MARKS/DERRY MOVED TO AMEND TO FLIP THE PARAGRAPHS AND CHANGE IT TO READ: IT IS POSSIBLE TO SUBDIVIDE A PORTION OF LAND WHERE HERC-2 CURRENTLY SITS, AND SELL THE PROPERTY TO GENERATE SOME REVENUE. THERE WOULD BE SOME EXPENSES IN MOVING UTILITIES AND SUBDIVISION COSTS, BUT IT'S POSSIBLE AS MUCH AS \$500,000 COULD BE GENERATED BY SELLING A PORTION OF THE LAND (SEE CHAPTER 4 SCENARIO 4). HOWEVER THE TASK FORCE, AT THIS TIME, DOES NOT RECOMMEND SUBDIVISION OR SELLING OF THE PROPERTY.

There was no further discussion.

VOTE: YES: DERRY, MARKS, HAINES, MATTHEW, SLONE, KNIGHT, REISS

Motion carried.

MATTHEWS/SLONE MOVED TO AMEND THE COVER PAGE TO READ HERC TASK FORCE FEASIBILITY STUDY AND RECOMMENDATIONS DATED NOVEMBER 3, 2018.

There was brief discussion regarding proposed wording.

VOTE: YES: MARKS, REISS, KNIGHT, HAINES
NO: MATTHEWS, DERRY, SLONE

Motion failed. ¹

DERRY/KNIGHT MOVED TO SUPPORT THE PREFACE AS WORDED BY MR. REISS.

Reiss – Rewrite:

PREFACE

The Homer City Council adopted Resolution 18-036(A) establishing the Homer Educational and Recreational Task Force, (HERC TF), to:

- (a) Determine the “financial resources required to use the building [HERC-1] and if leasing is a feasible option”;*
- (b) Evaluate four scenarios for the HERC-1 to include a new facility “that meets the recreational needs of the community”; and,*
- (c) Provide a “recommended preferred alternative”.*

HERC-1, a 16,800 square foot wood building, and HERC-2, a 7,600 square foot concrete block building, were constructed in the mid-1950’s as educational facilities occupying a 4.3-acre parcel.

On 12 June 2018 the HERC TF began meeting to address the items identified in the Resolution. Those efforts were to focus on a feasibility study and consequent recommendations. Subsequent to the initiation of work, Resolution 18-036(A) was clarified in Council Memorandum 18-090 directing the Task Force to determine the cost to demolish HERC-2.

It was confirmed that both buildings require material renovations/repairs to extend usefulness over five-years, 10-years and longer. The longer the period, depending on community use, the more substantial renovations and associated costs. Building new, at comparable size, is determined to be extremely expensive.

Thus, given the results of the studies, the TF determined that any substantial construction and associated funding alternative necessitates further analyses. Consequently, the TF determined a 5-year period, using the lower level gym and exercise rooms while keeping the upper level in warm static status, will provide ample time for a follow-on group to further analyze a path forward and consequent funding.

It was clarified this preface would go after the table of contents.

VOTE: YES: KNIGHT, HAINES, MATTHEWS, DERRY, SLONE, MARKS

Motion carried.

REISS/MARKS MOVED TO CHANGE PAGE TITLE RECOMMENDATIONS AND OPPORTUNITIES TO SECTION 1: HERC FEASIBILITY STUDY AND RECOMMENDATIONS.

There was brief comment that section 2 is the final report.

VOTE: YES: KNIGHT, HAINES, MATTHEWS, DERRY, MARKS, REISS, SLONE

Motion carried.

REISS/SLONE MOVED TO CHANGE TITLE OF SUB-SECTION "TASK FORCE OPPORTUNITIES..." TO TASK FORCE FEASIBILITY DETERMINATION PER CITY RESOLUTION 18-036(A) AND MEMORANDUM 18-090.

There was brief comment.

VOTE: YES: HAINES, MATTHEWS, SLONE, MARKS, REISS, KNIGHT, DERRY

Motion carried.

MARKS/MATTHEWS MOVED TO ACCEPT ITEMS 6 AND 7

6. Change Chapter 3 title to Chapter 3: Feasibility Analyses of HERC-1, Cost to Demolish HERC 1 & 2, and Proposals on New Facility

7. Change Chapter 4 title to Chapter 4: Operation & Maintenance Cost Analyses

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

DERRY/SLONE MOVED TO SUBSTITUTE MR. DERRY'S REVISED SCENARIO PAGES ON PAGES 42 AND 43 (*REPORT PAGE 20 & 21*)

Mr. Derry reviewed and the group discussed the updates in the revised scenario provided in the laydown. There was consensus to adjust Scenario 2-Fireweed School Occupancy to a 10 year term and Mr. Derry will submit those numbers to Deputy City Planner Engebretsen via email and to include the \$14,700 income under scenario 3 that Community Recreation currently earns for HERC activities.

VOTE: YES: DERRY, SLONE, MARKS, REISS, KNIGHT, HAINES, MATTHEWS

Motion carried.

MATTHEWS/MARKS MOVED TO AMEND LAST PARAGRAPH ON PAGE 41 (*REPORT PAGE 19*) TO INCLUDE “THESE POTENTIAL USES ARE NOT INTENDED TO EXCLUDE ANY ADDITIONAL USER GROUPS. WE RECOMMEND THAT THE NEXT TASK FORCE OR COMMITTEE EXPLORE A FULL REQUEST FOR PROPOSALS.”

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

Mr. Slone’s wordsmithing comments included:

- Page 45 (report page 23) second bullet add the word increased between whether and gym
- Same page second paragraph under Long Term funding add the word potential between Other and funding.
- Page 46 (report page 24) add or Public-Public Partnerships
- Same page last paragraph third sentence add significate between process, and interest
- Page 52 (report page 30) last paragraph reference back to economic impacts on page 49 (report page 27)
- Page 52 (report page 30) third paragraph 5th line after requirements, after the word both and before permanent insert the cost of providing and availability

There was consensus of the group to make these changes.

Mr. Slone proposed (strike through is language removed and bold underlined is new language):

SLONE/KNIGHT MOVED TO RESCIND SOMETHING PREVIOUSLY ADOPTED AND INSERT HIS PHRASEOLOGY.

Near Term: 1 to 5 years

1. Keep HERC-1 in warm status for the next 5 years **to allow continued public use while pursuing funding mechanisms for a determined use.**
2. ~~In the next~~ **Within the first** year, make ~~short term~~ **the necessary** repairs needed to maintain HERC-1 in warm status and prevent further deterioration. (Estimated Capital **Cumulative** Expenditure \$60,000-\$100,000, see Chapter 3)

3. City Council form a **new HERC** committee or a task force this winter to investigate community capacity ~~and solicit interest~~ to spearhead funding methods to address community recreational and educational needs. Preferred funding is, but not limited to, a public-private partnership for occupancy options (to include the upstairs) and funding of HERC-1
4. See #5 below for near and long term funding and leasing options.

Long Term: 5 years +

5. If nothing happens over a five-year period, options could range from planning a new facility, demolishing HERC-1 and 2, or taking advantage of any major changes that are not foreseeable right now, while reserving the property as a park until a long term plan for the property is developed for the site. (See staff report for requested amendment language)

There were brief comments regarding the proposed verbiage.

VOTE: YES: SLONE

NO: MARKS, REISS, KNIGHT, MATTHEWS, DERRY, HAINES

Motion failed.

MATTHEWS/KNIGHT MOVED TO AMEND ITEMS 1-3 ONLY AS PROPOSED BY MR. SLONE (in verbiage above).

There were comments from members who didn't want to make the other amendments. There were also comments regarding the tediousness of this, as it's the result of a committee process and the intent is there.

VOTE: YES: KNIGHT, HAINES, MATTHEWS, SLONE REISS

NO: DERRY, MARKS

Motion carried.

Mr. Slone suggested on page 25 (report page 3) number 2, second sentence be moved to item 3. The sentence reads:

If an Educational (E) occupancy or K-12 school is desirable, then the cost rises from \$900,000 to \$1.3 million dollars, mainly for sprinklers and basic safety upgrades. These improvements would extend the life of the building approximately 10 years, but does not result in a modern, energy efficient building.

SLONE/MATTHEWS MOVED THAT THE SECOND SENTENCE OF CURRENT ANSWER TO ITEM 2 AT THE BOTTOM OF PAGE 25 BE MOVED TO ITEM 3 AS THE ANSWER TO ITEM 3 AND THAT IT BE FOLLOWED WITH THE CURRENT SENTENCE THAT STARTS BRIEFLY, A REMODEL...

There was discussion.

VOTE: YES: KNIGHT, HAINES, MATTHEWS, REISS, SLONE
NO: DERRY, MARKS

Motion carried.

Discussion ensued regarding timing for additional amendments, timing for reporting to council, how the group wanted to proceed. It was noted they still need to review the lease section of the document.

There was consensus for the highlighted portion #5 on page 25 (report page 3)

DERRY/KNIGHT MOVED TO ADOPT BOTH RECOMMENDATIONS, THE BULLETED ITEMS ON PAGE 17, RECOMMENDATION #5 PAGE 3 AND PAGE 5 #6 AS WRITTEN.

It was suggested to add in parenthesis see scenario #2 chapter 4, and on #5, page 3 first sentence change may to will. No objection was expressed.

VOTE: YES: HAINES, MATTHEWS, SLONE, MARKS, REISS, KNIGHT, DERRY

Motion carried.

KNIGHT/DERRY MOVED TO ACCEPT THIS RECOMMENDATION AS A FINAL PRODUCT.

There was discussion.

VOTE: YES: DERRY, MARKS, KNIGHT, MATTHEWS
NO: SLONE, REISS, HAINES

Motion failed.

The Task Force agreed to have the final report on the agenda for November 27th for final approval, and also Chamber and Community Outreach. Deputy City Planner Engebretsen said she will work with the Chair to organize the presentation to Council and the radio participation.

Mr. Derry said he will call in on the 27th.

NEW BUSINESS (10 minutes per item)

- A. Presentation to Council
- B. Radio Participation
- C. Chamber, Community Outreach, or Press Release

COMMENTS OF THE AUDIENCE

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

COMMENTS OF CITY STAFF**COMMENTS OF THE TASK FORCE****ADJOURN**

There being no further business to come before the task force, Chair Matthews adjourned the meeting at 4:59 p.m. The next meeting is scheduled on Tuesday, November 27, 2018 at 3:00 p.m. at the City Hall Cowles Council Chambers, 491 E. Pioneer Avenue, Homer, Alaska.

MELISSA JACOBSEN, MMC, CITY CLERK

Approved: _____



City of Homer

www.cityofhomer-ak.gov

Planning
491 East Pioneer Avenue
Homer, Alaska 99603

Planning@ci.homer.ak.us
(p) 907-235-3106
(f) 907-235-3118

To: HERC Task Force
From: Julie Engebretsen, Deputy City Planner
Date: November 27, 2018

Requested actions:

1. Make a motion to forward the Task Force Recommendations to the City Council.
2. Amend the report to include a Fireweed Academy Scenario Table
3. Make any final amendments
4. Vote on the main motion, to forward the report to the City Council

Fireweed Scenarios: From Dave, See attachments. Table to go on page 22

Attached are the excel spreadsheets with the loan payments corrected, following our meeting Tuesday. I have 3 options for the TF to consider, listed as:

- 1-original; this is the same as presented/discussed, but the Homer Rec income is included
- 1-option A; same as "1-original" but I used an average of the renovation cost (\$900k-\$1,3m) @ \$1,100,000.
- 1-option B; same as "1-original" but uses 10 year loan term.

I think we as the TF need to come to a consensus on which options should be presented for the possible Fireweed occupancy, and just 1 of the three. Then the red explanation on the spreadsheets should be deleted.

Recommendation #4: Some of you have commented on this item. I offer the following language for consideration:

4. See Task Force Feasibility item number 5 in the following pages for funding and leasing options.

Mr. Slone has provided comments via email; they are attached for your consideration.

Housekeeping: I will have staff help to ensure page breaks, pages numbers and the table of contents are correct after TF edits at the meeting. For example the Preface page is not quite right. No words will change.

- 44 1. Three Table scenarios from Dave
- 45 2. Final Report
- 46 3. Email Comments from Larry Slone 11/16/18

Scenario

1- original

HERC 1 building ~ Use scenarios

Scenario 2- Fireweed School occupancy				Bldg area (sq.ft.)	Income	Expense	Difference
	Use: Total building			16,800			
	Use: Fireweed Charter School lease (@ \$.68/sqft/month)				\$137,000		
	Homer Community Rec (reported fee revenue 2017, Gym only)				\$14,700		
				Total	\$151,700	\$150,671	(\$13,671)
Required repair/renovation cost estimate							
	Fire Sprinkler system, entire building					individual costs not itemized	
	Fire wall separation						
	Convert building to natural gas heat						
	Hot mop roof						
	Convert all lighting fixtures to LED						
	Repartition former UofA office area						
	Other repairs/renovation as needed to meet IBC "E" occupancy						
			Total estimated		\$900,000 - \$1,300,000		
Operating expense estimate (annual)							
	Heat				Fireweed	\$0	
	Electric				Fireweed	\$0	
	Water/sewer				Fireweed	\$0	
	Refuse				Fireweed	\$0	
	Custodial				City-private contract	\$24,192	
	Snow/sanding				City-private contract	\$8,064	
	Lawn/yard				City-private contract	\$3,024	
			Total			\$35,280	
	Loan payment, based on private bank loan to City:						
	Terms: loan- \$1,300,000; 4% interest; 15 yr amortization:				\$9,616 /per month	\$115,391	

Includes Community Rec revenue; 15 yr. loan term; \$1,300,000 reno cost

Scenario

1- A

\$1,100,000 15 yr loan term

HERC 1 building ~ Use scenarios

Scenario 2- Fireweed School occupancy				Bldg area (sq.ft.)	Income	Expense	Difference
Use:	Total building			16,800			
User:	Fireweed Charter School lease	(@ \$.68/sqft/month)			\$137,000		
	Homer Community Rec (reported fee revenue 2017, Gym only)				\$14,700		
					Total	\$151,700	\$132,919
							\$4,081
Required repair/renovation cost estimate							
	Fire Sprinkler system, entire building				individual costs not itemized		
	Fire wall separation						
	Convert building to natural gas heat						
	Hot mop roof						
	Convert all lighting fixtures to LED						
	Repartition former UofA office area						
	Other repairs/renovation as needed to meet IBC "E" occupancy						
				Total estimated	\$900,000 - \$1,300,000	Use mean:	\$1,100,000
Operating expense estimate (annual)							
	Heat				Fireweed	\$0	
	Electric				Fireweed	\$0	
	Water/sewer				Fireweed	\$0	
	Refuse				Fireweed	\$0	
	Custodial				City-private contract	\$24,192	
	Snow/sanding				City-private contract	\$8,064	
	Lawn/yard				City-private contract	\$3,024	
				Total		\$35,280	
	Loan payment, based on private bank loan to City:						
				Terms: loan- \$1,100,000; 4% interest; 15 yr amortization:	\$8,137 /per month	\$97,639	

Same as "1-original", but uses average reno cost @ \$1,100,000; 15 yr. loan term.

HERC TASK FORCE

November 27, 2018

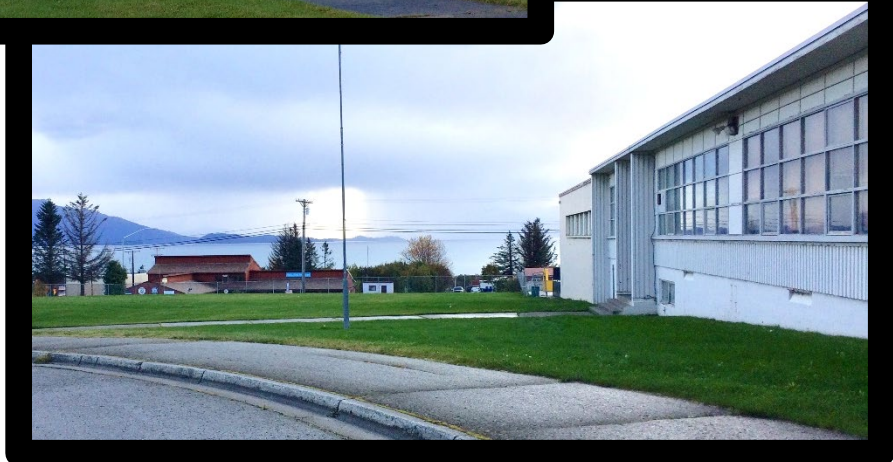
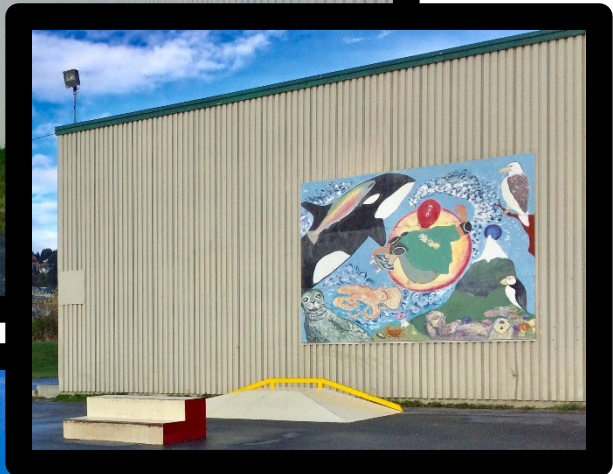




TABLE OF CONTENTS

PREFACE (page 3 – fix format and line HERE)

SECTION 1: HERC Feasibility Study and Recommendations

Page 5

SECTION 2: Final Report

CHAPTER 1: Acknowledgements, Methodology, & Process

Page 9

CHAPTER 2: HERC Background & Opportunities

Page 11

CHAPTER 3: Feasibility Analyses of HERC-1, Cost to Demolish HERC 1 & 2, and Proposals on a New Facility

Page 13

CHAPTER 4: Operation & Maintenance Cost Analyses

Page 19

CHAPTER 5: Funding

Page 25

CHAPTER 6: Economic Assessment

Page 27

APPENDIX

Sterling, Alaska Community Center Report

Page 33





PREFACE

The Homer City Council adopted Resolution 18-036(A) establishing the Homer Educational and Recreational Task Force, (HERC TF), to:

- (a) Determine the “financial resources required to use the building [HERC-1] and if leasing is a feasible option”;
- (b) Evaluate four scenarios for the HERC-1 to include a new facility “that meets the recreational needs of the community”; and,
- (c) Provide a “recommended preferred alternative”.

HERC-1, a 16,800 square foot wood building, and HERC-2, a 7,600 square foot concrete block building, were constructed in the mid-1950’s as educational facilities occupying a 4.3-acre parcel.

On 12 June 2018 the HERC TF began meeting to address the items identified in the Resolution. Those efforts were to focus on a feasibility study and consequent recommendations. Subsequent to the initiation of work, Resolution 18-036(A) was clarified in Council Memorandum 18-090 directing the Task Force to determine the cost to demolish HERC-2.

It was confirmed that both buildings require material renovations/repairs to extend usefulness over five-years, 10-years and longer. The longer the period, depending on community use, the more substantial renovations and associated costs. Building new, at comparable size, is determined to be extremely expensive.

Thus, given the results of the studies, the TF determined that any substantial construction and associated funding alternative necessitates further analyses. Consequently, the TF determined a 5-year period, using the lower level gym and exercise rooms while keeping the upper level in warm static status, will provide ample time for a follow-on group to further analyze a path forward and consequent funding.



SECTION 1: HERC FEASIBILITY STUDY AND RECOMMENDATIONS

Task Force Recommendations:

1. Keep HERC-1 in warm status for the next 5 years to allow continued public use while pursuing funding mechanisms for a determined use.
2. Within the first year, make the necessary repairs needed to maintain HERC-1 in warm status and prevent further deterioration. (Estimated Cumulative Expenditure \$60,000-\$100,000, see Chapter 3)
3. City Council form a new HERC committee or a task force this winter to investigate community capacity to spearhead funding methods to address community recreational and educational needs. Preferred funding is, but not limited to, a public-private partnership for occupancy options (to include the upstairs) and funding of HERC-1
4. See #5 below for near and long term funding and leasing options.
5. The Task Force has identified the 60-year-old HERC 1 building without substantial repairs may not have safe, ongoing or efficient use beyond 5 years. If a long term solution is not implemented over a five-year period, options for HERC 1 could range from planning a new facility, demolishing HERC 1 and 2 (or taking advantage of any major changes that are not foreseeable right now), while reserving the property as a park until a long term plan for the property is developed for the site.

Task Force Feasibility Determination Per City Resolution 18-063(A) and Memorandum 18-090

1. Can the upstairs of the HERC be safely used with no capital improvements?

Yes. The HERC Task Force applied to the State Fire Marshal to determine if the upstairs can be used as-is and retain its previous International Building Code (IBC) Business B-Classification. The Fire Marshal approved this occupancy in November 2018. There are some immediate costs, such as the roof, that requires attention to maintain the integrity of the building for five years. A further breakdown of this and other items can be found in Chapter 3.

2. What are the minimum improvements that would be needed to safely use the entire HERC facility and cost associated with those improvements?

Approximately \$500,000 would be a bare minimum to maintain IBC assembly occupancies of A-3 on the lower level, and B on the upper level. These improvements would extend the life of the building approximately 10 years, but does not result in a modern, energy efficient building.

3. What are the desirable improvements that need to be made to the entire HERC facility to allow it to be used to its full potential for the next 10 years?

The only way a ten-year timeframe would be a desirable financial consideration for the City is if there is a long term lease or partnership agreement in place. A partnership could be a school program, non-profits, or a for-profit start-up, and would allow the City to retain the building without having to pay all of the increased facility costs, such as operations and maintenance. Building use in this scenario is limited to IBC A-2 thru A-4, B & E (including day care) Classifications. If an Educational (E) occupancy or K-12 school is desirable, then the cost rises from \$900,000 to \$1.3 million dollars, mainly for sprinklers and basic safety upgrades. These improvements would extend the life of the building approximately 10 years, but does not result in a modern, energy efficient building.

Briefly, a remodel of \$2.5 to \$3 million dollars would extend the life of the building approximately 20 years. A full renovation of \$4.5 M to \$ 5M would extend the building 30 years or more. Seismic upgrades would likely be required but neither the extent nor costs are currently determined. Chapter 3 provides more detail on these cost estimates. [Note: The above rough order of magnitude costs reflect 2018 dollars and are subject to possible 15%-20% inflation corrections.]

4. What would it cost to demo the HERC and build a new facility that meets the recreation needs of the community on the existing site.

Demolition of HERC-1 is estimated at \$750,000 and HERC-2 at \$250,000.

5. How can the City pay for operations, maintenance, and any required capital expenditures?

This question is answered in two ways: near term and long term. In the near term, existing operations and utility expenses are \$23,000 (2017); see Chapter 4 for a detailed analysis. Higher fees may cover more of the current operating costs, therefore the Task Force recommends analyzing and potentially increasing HERC user fees and consider gym and zumba room rentals.

If the building is used for longer hours, or if the upstairs is used on a regular basis, operational costs will correspondingly increase. Additional revenue is necessary to offset increased personnel and utility costs. Allowing community organizations/user group rentals may generate this additional revenue. A key component for successful short-term revenue and more intensive use is active building management by a designated building manager.

Capital expenditures could be funded from the existing HERC building depreciation reserve fund, potential operating surplus, or other sources as Council determines appropriate.

6. Is leasing HERC an option?

The building in its current state and the lack of funding for major capital improvements precludes a viable long-term lease arrangement. However, there is initial interest in leasing the building. During the Task Force process, Fireweed Academy and Bunnell Street Arts presented ideas to use the building. In recommendation #3, the Task Force recommends a new group to continue working on the HERC, and include the opportunity for any other interested organizations to come forward (see Recommendation #3 and Chapter 5). A long-term lease may allow for financing options such as a commercial loan that could be repaid through rental income.



CHAPTER 1: Acknowledgements, Methodology, & Process

Task Force Members

- ❖ David Derry
- ❖ Michael Haines
- ❖ Paul Knight
- ❖ Deb Lowney
- ❖ Karin Marks
- ❖ Crisi Matthews
- ❖ Barry Reiss
- ❖ Larry Slone

Staff

- ❖ Julie Engebretsen

Process

The City Council adopted Resolution 18-036(A), creating the HERC Task Force and assigned a set of tasks. The Task Force held a series of meetings between May and November 2018. Using their diverse backgrounds, the HERC Task Force approached the specific tasks set by City Council by establishing small working groups; these efforts were merged into creating this final report.

The Task Force also realized that any recommendations to City Council would require at least some justification for a refurbished or new building: a “build-it-and-they-will-come” approach was not a viable strategy. To achieve this, the Task Force “listened”. They listened to City Council, listened to Homer residents, listened to Homer City employees, listened to non-profit organizations, and listened to for-profit businesses. Brown bag lunches, focus groups, one-on-one meetings, broadcast interviews, City Council presentations, site visits, and presentations by interested parties all aided the information-gathering efforts.

The results provided in this final report represent a reasonable estimate of a future building configuration, the needs of the community, and the construction costs.

Limiting Conditions & Disclaimer

This report contains costs, prices, expense analyses and forecasts that are based on Task Force members’ respective backgrounds/professional experiences. These are considered estimates, subject to further investigations and analytical activities as appropriate.

The report also includes construction, demolition, and repair/renovation cost estimates based on prior architectural and engineering studies, general construction research, and general knowledge and experience of Task Force members. Correspondingly, the report contains operational expense analyses, price/rent scenarios, and costs considered related to a valuation product. None of the data or comparisons constitute an appraisal and are not the result of professional analysis or an opinion of value. The information is provided based on data generated within the Task Force, as part of its collective work, thus all costs are estimates only, subject to professional/contractor analyses for confirmation and/or correction. Accordingly, the Task Force provides only a general perspective and assumes no liability for the data in the Task Force Report.



CHAPTER 2: HERC Background & Opportunities

Background

The HERC property encompasses 4.3 acres in downtown Homer. The property was originally donated by community members for school use and included a deed restriction. While the deed restriction has since been lifted, there is still strong community attachment to the land and desire to honor the public use of it. 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 older school buildings on site: HERC-1 is approximately 16,000 square feet and includes a gymnasium. HERC-2 is the second building; a smaller, two story concrete structure that was formerly the high school. The Task Force study of HERC-2 was limited to estimating demolition costs (See Chapter 3).



2003 photograph of the HERC property. HERC-1 (on left) is the focus of this report. HERC-2 (on right), is only discussed in terms of demolition costs.

HERC-1 was built in the late 1950's 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 some of the City Hall offices were temporarily relocated 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. A full history of the building, its uses, and engineering reports can be found on the City website under the Homer City Council January 18, 2018 worksession meeting packet.

Opportunities

One key asset this property presents is an anchor for Pioneer Avenue and the entrance to downtown Homer. The public expressed sentiment that this land was donated for public purpose, and that it has high value as public space. Site planning should be on a long-term basis, not a short-term horizon. Even having a large mowed park for a period is a community asset until the community determines to renovate or build a new facility. This decision could be 10- 15 years in the future. Another opportunity is to sell a portion of the land to pay for a new building or renovate the HERC. With some subdivision, utility, and demolition expenses related to HERC-2, it is conceivable that the City could secure \$500,000

for the sale of a 1.5 acres site corner of Woodside and West Pioneer Avenues. See Chapter 5 for more funding opportunities.



Skate Park that was constructed while the Boys and Girls Club occupied HERC-1.



CHAPTER 3: Feasibility Analyses of HERC-1, Cost to Demolish HERC 1 & 2, and Proposals on New Facility

The 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 and construct a new building “that meets the recreation needs of the community,” (City Resolution 18-036(A), lines 58 thru 76). The HERC-2 building is not included in these recommendations other than providing a cost to demolish (Memorandum 18-090).

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 Chapter 6 of this plan, immediate demand for potential HERC-1 uses are relatively small and primarily focused on recreational activities (gym and exercise space). Yet demand is expected to grow over the next five years and may encompass other uses, e.g. education.

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. The prior reports the City has obtained indicate the building was built ‘well for its time.’ The Task Force explored the concept of rehabilitation with the assumption that the structure, although not new or efficient, has usable life left if investment is made to prevent further deterioration. While investigating renovation and demolition costs, it became apparent that a 5-year plan would better address the overall goals established by City Council.

If the City waits 10 years to renovate/remodel the HERC-1, the cost to do so would increase due to deterioration to the bones of the building. The continued aging of outdated systems, increasing code requirements and subsequent dollar escalations from 2018 prices all contribute to much higher renovation costs in the future. Without significant renovations, there will be continued and potentially accelerated deterioration of the building, resulting in greater operations and maintenance costs. A five-year time horizon allows time for further community and professional input while securing financing. Beyond five years and without a long-term solution the City will need to look closely at the structure; a new facility, demolition of the HERC buildings, or taking advantage of new opportunities are all options.

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 continued 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 also be 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 Public Works’ materials (two rooms currently).



HERC-1 Lower Entrance Used to Access Gymnasium

Additional Notes Regarding the 5-year Plan

Note 1: The upper level has been 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. If the City intends to use the upstairs, it should be reused on a minimal basis to keep the upper level Operation and Maintenance costs down.

HERC-1 Upper Level Entrance

Note 2: Some repairs are necessary before the classrooms can be used: ensuring life safety equipment is up to date and fixing the ADA entrance on the north side of the building. Also, other improvements should include fixes to restrooms, an HVAC inspection, bringing on line room ventilators, adding flooring and ceiling tile patches, lighting changes to E-florescent tubes, and other minor actions.

Additional Notes: There are more fixes needed than those associated with fire codes. Irrespective of Note 1 and 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 Public Works.

Rationale for A 5-year vs. 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 10-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.

Estimated Upgrade Costs

The Task Force arrived at three estimates for building renovation, depending on how major a renovation is undertaken. The task force does not make a recommendation in the absence of funding and increased operation and maintenance costs for the full building. This information is provided as a guide for what incremental improvements could be built and an order of magnitude cost estimate.

1. \$900,000-\$1,300,000, bare bones remodel. 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, lighting and ADA items. Code/compliance procedures and a risk assessment would be appropriate prior to this effort.
2. \$2,500,000- \$3,000,000 basic remodel. The effort would focus on primary systems for Health and Safety 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.
3. \$4,500,000 - \$5,000,000 (16,000 sq.ft. at \$275/sf) full renovation. This effort 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,” sustainability, and energy efficient building standards.

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 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” (see cost estimates below). (verify page break)

The current HERC-1 building is approximately 16,000 square feet. This represents a potential community/recreation building that would more than meet the needs of the Homer population. A smaller building with an area as small as 8,500 square feet, up to about 12,000 square feet would probably suit the needs for the foreseeable future.

Estimated Demolition Costs

The demolition costs for the HERC-1 building are estimated to be on the order of \$750,000 to \$1,000,000. The demolition costs for the HERC-2 building are estimated to be on the order of \$250,000. If HERC-2 were to be demolished first, it would help inform the costs of demolition of HERC-1 at the prevailing costs.



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 above demolition costs.

Estimated New Construction Costs

Construction costs are estimated to be \$400 per square feet for a public facility. 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 community/recreation center sized more appropriately for Homer's needs of 12,000 sq.ft. has an estimated cost of approximately \$4.8 Million. The above estimates are for the construction of the facility only. It does NOT include design architectural & engineering (A&E) fees. A third option for a smaller building would be approximately 8,500 square feet, to encompass a gymnasium (7,000 sq ft), restrooms, an exercise room, minimal office space, and mechanical space.

The Sterling, Alaska Community Center (a 12,000 sq. ft. 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.]

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

Demolition costs incl. hazmat:	\$0.75 Million (M)
Construction costs incl. A&E cost:	\$6.4 M
Contingency (15%):	\$1.07 M
Total cost:	\$8.22 Million

For a 12,000 sq. ft. building:

Demolition costs incl. hazmat:	\$0.75 M
Construction costs incl A&E cost:	\$4.8 M
Contingency (15%):	\$0.83 M
Total costs:	\$6.28 Million

Building a New Facility vs 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 option will provide sufficient time for further input and analyses.

The City's cost of a complete renovation/remodel of HERC-1 to full potential which would include an Educational (E) Classification, is \$5M x 25% ~ \$6.25M for a 16,000sf facility versus \$9.5M or \$7.25M 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 Task Force on whether to remodel the existing HERC, or demolish and build a new facility.



CHAPTER 4: Operation & Maintenance Cost Analyses

This analysis section addresses HERC-1 only. The industry standard for comparison, on the Kenai Peninsula, is dollars per square foot per month (\$/sf/month), which is used in the following analysis.

Operating expenses are analyzed in a three-step process:

1. Using the historical expense data provided,
2. Comparing the step 1 expense to prevailing, typical expenses for commercial and public buildings in Homer, and
3. With expenses forecast based on the use scenarios or alternative uses.

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).

Property Name:	HERC 1								
Date:	10/4/2018								
Building GBA:	16,800 sq. ft.		Breakdown:	Gym: 5,700	Lower: 2,800	Upper: 8,300			
	2009	\$/sf/mo.	\$/mo.	2010	\$/sf/mo.	\$/mo.	2011	\$/sf/mo.	\$/mo.
Occupancy:	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
total		\$ 0.287	GBA		\$ 0.268	GBA		\$ 0.279	GBA
	2012	\$/sf/mo.	\$/mo.	2013	\$/sf/mo.	\$/mo.	2014	\$/sf/mo.	\$/mo.
Occupancy:	prtl.; Up-City out 3/12, Gym-B&GC			prtl.; Up-Enstar in, Gym-B&GC out			lmtd.; 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
total		\$ 0.234	GBA		\$ 0.180	GBA		\$ 0.384	GYM only
	2015	\$/sf/mo.	\$/mo.	2016	\$/sf/mo.	\$/mo.	2017	\$/sf/mo.	\$/mo.
Occupancy:	lmtd.; Up-vacant, Gym-CPRP			lmtd.; Up-vacant, Gym-CPRP			lmtd.; 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
total		\$ 0.349	GYM only		\$ 0.304	GYM only		\$ 0.339	GYM only

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

- The expenses reported for City of Homer buildings in 2017 was segregated and allocated into the \$/sf/month unit of comparison.
- 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. Also the longer hours/lighting and equipment used likely accounts for the higher Police station electrical expense.

City of Homer Buildings									
2017 FACILITY EXPENSES	Square Footage	FUEL/LUBE(*1)		ELECTRICITY		WATER	SEWER	W&S \$/sf combined	TOTAL**
		FUEL/LUBE	Cost per sq.ft. per month	ELECTRICITY	Cost per sq.ft. per month	WATER	SEWER		Cost per sq.ft. per month
Airport Terminal	8,588	\$8,808	\$0.0855	\$36,744	\$0.3565	\$2,143	\$3,966	\$0.0593	\$0.74
Animal Shelter	3,994	\$9,265	\$0.1933	\$8,501	\$0.1774	\$650	\$608	\$0.0262	\$0.67
City Hall	13,321	\$6,843	\$0.0428	\$20,389	\$0.1275	\$808	\$835	\$0.0103	\$0.32
Fire Station	9,000	\$8,229	\$0.0762	\$27,181	\$0.2517	\$1,519	\$1,531	\$0.0985	\$0.55
Library	17,200	\$15,441	\$0.0748	\$35,718	\$0.1731	\$1,294	\$1,535	\$0.0137	\$0.39
PH Harbormaster Office	4,784	\$8,822	\$0.1537	\$10,249	\$0.1785	\$517	\$414	\$0.0162	\$0.61
Police Station	5,500	\$1,270	\$0.0192	\$24,416	\$0.3699	\$930	\$1,076	\$0.0304	\$0.65
Mean-all facilities:			\$0.0922		\$0.2335	all facilities:		0.0364	\$0.56
(*1)all buildings natl. gas except Police Station									
Costs in red are out of the typical ranges for the expense item.									**excludes Janitorial

(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. [$\$11,707 \times 50\% = \$5,854/\text{yr.} \div \$19,000 = 3.25 \text{ yrs.}$].

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

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. These potential uses are not intended to exclude any additional user groups. We recommend the next task force or committee explore a full request for proposals.

HERC 1 building ~ Use scenarios

Scenario 1- Near Term - 5 year holding					Bldg area (sq.ft.)	Income	Expense	Difference		
Use: Gym & Zumba room only					6,300					
User: Homer Community Rec (reported fee revenue 2017, Gym only)						\$14,700	\$22,529	\$ (7,829)		
Potential: Community organization rental/day use (if authorized by Council)						??				
Required repair/renovation cost estimate										
Utility/building mechanical repairs as needed:										
water/sewer							individual costs not itemized			
heating/ventilation system										
Convert building to natural gas heat										
Repair/hot mop roof										
Convert fluorescent fixtures to LED (NIC in cost estimate)										
Any ADA modifications for restroom use										

Discussion of Fireweed Table [HERE](#)



CHAPTER 5: Funding

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.

Near Term Funding Options: Increase Revenue and Decrease Costs

Utility costs were an estimated \$23,000 in 2017. Revenues are roughly \$14,000. Can the City increase facility revenues to pay the full utility costs? Some ideas that should be explored further include:

- Increase user fees at the HERC
- Investigate whether increased 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.
- Investigate allowing community organizations/user group rentals to offset increased utility and personnel costs

- Investigate the payback time for converting to natural gas.
- Capital expenditures could be funded from the existing HERC building depreciation reserve fund, or potential operating surplus, or any other funding mechanism available to the City Council.

Long Term Funding

Other potential funding opportunities include state and federal grant funds, partnerships with organizations that can leverage private foundation funding, taxes, bonds and a service area. Commercial loans were an option presented to the Task Force, which could be repaid through a long-term lease.

It is possible to subdivide a portion of land where HERC-2 currently sits, and sell the property to generate some revenue. There would be some expenses in moving utilities and subdivision costs, but it's possible as much as \$500,000 could be generated by selling a portion of the land. (See Chapter 4, Scenario 4). However the Task Force, at this time, does not recommend subdivision or selling of the property.

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 nonprofit partnership for management
- 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, the Task Force has determined this is not supported by the public.

3P: Public-Private, or Public-Public Partnerships

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, it's 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. Another option could be a commercial loan or revenue bond to pay for renovations, with a long-term lease agreement to repay the loan.

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. During the Task Force process, significant interest was received from Fireweed Academy and Bunnell Street Arts. A next step for the City might include a formal Request for Proposal (RFP) process to gather proposals and explore sustainable partnership options.



CHAPTER 6: Economic Assessment

With the design of any new facility (including a renovated or new HERC building), it is important to insure the final product meets the needs of the market it is planned to serve. For example, with the current floor space of the HERC-1 building at 16,000 sq.ft., would a renovated HERC-1 (on the same foundation) provide sufficient space for Homer? Is this space too small or larger than actually needed? And, what would the building layout need to be to accommodate the activities planned for the facility?



Pickleball Players in the HERC-1 Gym

To address these concerns, the HERC Task Force used a multi-pronged approach to determine the market needs (present and future) of the Homer community and, importantly, to obtain a better understanding of how these needs would fit into a renovated or new HERC.

A “marketing work group” was established to obtain market data by:

- Conducting individual meetings/discussions with organizations and individuals currently offering community and recreation services.
- Creating a focus group to obtain a better understanding of the needs of certain business organizations.
- Hosting brown bag lunches, with invitations extended to community residents.
- Reviewing current community and recreational studies (for example, the “Parks, Arts, Recreation, and Culture Needs Assessment” dated 2015).

The results of this effort allowed the Task Force to forge a reasonably good assessment of the size, space needs, and growth demands on a HERC facility.

A second working group was established to evaluate the success factors of community and recreation facilities in other Alaska communities. This activity included site visits, surveys, and discussions with senior management at these locations.

In general terms, the working groups determined:

- a) Many community and recreational products and services are currently available in Homer. They vary not only in the types offered but in the locations offered. Some are provided by private, for-profit organizations, others by non-profit corporations and others by the City of Homer “Community and Recreation Program” (CRP). Some compete and some are complementary, while some have found a niche not addressed by another organization.

- b) With few exceptions, most community and recreational programs are growing, some faster than others. For example, Pickleball (a recreational activity favored by the relatively older population) grew 365% over the past three years (according to City of Homer's Community Recreational Program statistics). But, growth in wrestling and volleyball (which represents a pastime of the younger generation) has slowed or stagnated.
- c) Changes in demand reflects a change in the Homer population demographics and the demand for products and services offered. For example, the growth of senior citizens settling in the area far outstrips the number of births and non-seniors settling. While nationwide the overall population is aging, the aging of the Homer population far exceeds the nation average.
- d) Population changes aside, Homer has a dire need for childcare, which could provide a market opportunity for a HERC facility (see further discussion below).
- e) Any HERC facility will complement current community and recreation services offered.
- f) In general, market demands for HERC products and services are expected to grow steadily over the near future.
- g) Statewide, there are both successes and less-than-successful community and recreation centers. Not all centers have met their initial goals.

The changes described above will impact the future size, the types of products/services offered, and the growth of a HERC building.

The principal user of a renovated/new HERC building will be the Homer Community Recreation Program (CRP). Currently, CR programs are spread through a number of different physical locations with the associated management opportunities. Regardless of the size of a renovated/new HERC building however, some CR activities will remain at non-HERC locations but the majority will migrate to the HERC.

As the marketing work group examined current activities of the Homer CR and other Alaska com/rec centers, a usage pattern materialized. Demand management is an issue: early morning hours and late afternoon/evening hours dominated the demand in both community and recreational activities. Senior groups and childcare needs, however, tend to gravitate towards morning and afternoon use. From the market research of (c) and (d) above, a HERC facility that accommodates senior citizens and childcare will provide significant value to the Homer community, resulting in more efficient use and management of the facility. This determines a market niche that is currently under-served, and could provide income to address increased operations and maintenance expenses.

Chapter 3 in this final HERC report describes the building size that best fits the needs of Homer. Marketing data from this marketing assessment was used to aid in this size determination.

Examples of Major Alternative Sources of Community and Recreation in Homer

While the providers of community and recreation services in Homer are quite varied, a few stand out as major contributors. They are: Bay Club, SPARC, Homer Public Library, Community Recreation and Public Schools, Island and Oceans Center, Kachemak Community Center, Lands' End Resort, and the Homer Senior Center. This list of providers is not all-inclusive, but these and others were used in the evaluation process. Each provides a unique contribution to the Homer community, but a HERC community recreation center would not be a major competitor.

Examples of Regional Community and Recreational Centers

As explained previously, part of the market research effort included a review/survey of the history and current operation of other select, Alaska community and recreation centers. Of the twelve plus communities researched with a population the size of Homer, only two (Homer and Dillingham) did NOT possess a physical, self-contained community/recreation center. As noted in (g) above, some statewide community/recreation centers are successful, while some are less than successful. Of the twelve, three centers were evaluated in some detail: Sterling Community Center, Kenai Boys and Girls Club (formally Kenai Recreation Center), and Seward Recreation Center.

A copy of the survey completed by Sterling, AK is attached to this final report as an appendix.

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 and recreation are integral parts of (a) and (d) above. 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. It should be noted that not all impacts are economic. On a broad scale, community health and wellness are important factors for quality of life in a way that is not fully quantified in dollars.

Community/Recreation Is an Integral Part of a Thriving Community

Members from MAPP presented to the Task Force and reinforced two key principles.

- 1) Community Recreation opportunities and facilities have a direct impact on emotional and physical health, and increase overall resilience for children at risk. Reinforcing resiliency therefore improves the viability of a community as youth age into adulthood.
- 2) Community Services that include childcare helps retain workers, strengthen our workforce and support overall community health.

The Task Force felt the HERC facility currently contributes to a Thriving Community, and can continue to do so.

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

- 1) Renovation of the existing HERC-1 or construction of a new HERC building;
- 2) Visitors participating in events offered within and through a HERC building; and,
- 3) 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.

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:

(a) Renovated HERC-1, assuming construction costs of \$5 Million, 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.

(b) \$7.7 Million (using New HERC, assuming construction costs of \$5 Million, 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.

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.

Estimating 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 will be a focus for recreation and an identity for the community. Participant visitors will visit because there's a nice place to go and play.

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.

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 (HHA). 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”

For the 2018 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.

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 the cost of providing and the availability of 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.

In conclusion, Homer largely has the four items that contribute to economically successful communities. (See economic impacts on page 29.) Integral to a successful community, are quality-of-life issues. This attracts entrepreneurial-minded people and keeps others here. This junction of recreation, arts entrepreneurship and quality of life adds jobs to the community.



APPENDIX

The Task Force requested information from six, similar size Alaskan communities. Valdez, Cordova, and Soldotna did not provide information. Kenai, Seward, and Sterling did. Below is the information from the Sterling Community Center to give an idea of the types of information the Task Force considered.



HERC PROJECT
Sample Community and Recreational Facilities
Sterling (Alaska) Community Center

Contacts: Kelly Reilly (Facility Coordinator) 907-262-7224
Deb Debnam, Board Member and Treasurer

Website: www.sterlingcommunityclub.com
<https://www.facebook.com/sterlingakcommunitycenter/>

Type: Recreation and Community Center

Facilities: Gymnasium, Multipurpose room, Weight Room, Commercial Kitchen, Library

Construction: 2013. Originally built to support the needs of children in the community (next door to local elementary school). But currently the major usage is by senior citizens.

Cost to build: \$1.3 million, with many in kind services donated by local businesses. Land was donated.

Activities: Pickle ball, weight room, soccer, basketball, open gym, roller derby, lending library, computer/internet access. Has offered an after school program K-6, \$80/month, but demand varies.

Hours of operation: 11 AM – 6 PM, varies

Population Catchment area: 6,000 people

Funding

Current operations funding sources: Private donations, sponsorships, memberships and in-kind services.

Number of Members: 50

Annual Dues: \$100

Annual Budget: \$80,000 (approximate). Includes the salary of 1 person, liability insurance, utilities.

Annual Revenues: \$60,000

Space available for Rent: Yes

Sponsors: Yes (\$400 to \$2500 per year)

Subsidy: The budget difference is made up from donations (mainly local businesses). But with the recent downturn in the local Sterling/Soldotna economy, donations are becoming harder to obtain.

Legal Organization: Not-for-Profit 501(c)3

Newsletter: Yes

Competition: None in Sterling. Most competition from Soldotna.

Other Notes: The commercial kitchen is a problem, with low usage, and high (relatively) rental fees. No tax base to support the facilities and programs. Board is currently working with senior center to attempt to push for a local service district tax.

Larry Slone email 11/16/18

Julie/Crisi and TF Members

Most of the proposed changes are wordsmithing, rearranging existing paragraphs which - to my mind - help provide written clarity, continuity and flow to our report, making it a presentation in which I can take pride . If the other members have the opportunity to read this proposal, then discussion shouldn't be required; either they agree that those segments are beneficial to clarity, or not.

FINAL SLONE PROPOSAL FOR FINAL HERC TF REPORT

My recollection of Nov 13 changes (changes I had made are in CAPITALS)

Task Force Recommendations: Near & Long Term

Near Term: 1 to 5 years

1. Keep HERC-1 in warm status for the next 5 years TO ALLOW CONTINUED PUBLIC USE WHILE PURSUING FUNDING MECHANISMS FOR ANY SPECIFIC FUTURE USE AS DETERMINED BY THE COMMUNITY.

2. WITHIN THE FIRST YEAR, MAKE THE NECESSARY repairs needed to maintain HERC-1 in warm status and prevent further deterioration. (Estimated CUMULATIVE Expenditure \$60,000-\$100,000, see Chapter 3).

3. City Council form a NEW HERC committee or a task force this winter to investigate COMMUNITY CAPACITY TO SPEARHEAD funding methods to address community recreational and educational needs. Preferred funding is, but not limited to, a public-private partnership for occupancy options (to include the upstairs) and funding of HERC-1.

4. No change

5. Long Term: 5 years+

I recommend Barry's substitution (from the top para, p 2 of his Nov 13 laydown) for our Recommendation #5, LongTerm: 5 years+, on page 25 of Nov 13 packet.

Below are the remaining items, from the Nov 13 HERC meeting, I had hoped to propose. At this point, now that our 1 thru 3 "Near-Term" recommendations, above, (p.25 of Nov 13 packet) have been adopted, thereby securely linking the 5 yr HERC-use plan with the time requirement necessary to arrange funding for whatever use the community ultimately decides, I can live with the substance of the Report.

32 Herewith my proposed changes:

33 1.) Reference #3, top of page 26 - "Desirable improvement to entire HERC to allow full use for next 10
34 years".

35 {Slone Note: By motion the TF on Nov 13 approved placing the next two paragraphs under that section.
36 The motion consisted primarily of retaining the verbiage but moving the paragraphs around. }

37 " If a full potential occupancy, Educational (E) occupancy or K-12 school is desirable, then the cost rises
38 from \$900,000 to \$1.3 million dollars, mainly for sprinklers and basic safety upgrades. These
39 improvements would extend the life of the building approximately 10 years, but does not result in a
40 modern, energy efficient building.

41 ADDITIONALLY, a remodel of \$2.5 to \$3 million dollars would extend the life of the building
42 approximately 20 years. A full renovation of \$4.5 M to \$5 M would extend the building 30 years or more.
43 Seismic upgrades would likely be required but neither the extend nor costs are currently determined.
44 Chapter 3 provides more detail on these cost estimates. [Note: The above rough order of magnitude
45 costs reflect 2018 dollars and are subject to possible 15%-20% inflation corrections.]"

46 A.) Someplace in here, perhaps as another note, retain the qualifying sentence "Building use in this
47 scenario is limited to IBC A-2 thru A-4, B & E (including day care) Classifications".

48 B.) Lastly - but a minor issue - the third paragraph to be placed in sequence, after the two stated above,
49 would presumably be the one listed in the Nov 13th packet, beginning with "The only way a ten-year
50 timeframe would be . . . " I recommend removing the sentence beginning with "A partnership could be a
51 school, non-profits, or a for-profit start-up, etc . . . " and placing it in section 5, "How to Pay, etc. ".

52 2.) Item # 5, bottom of p.26, How to pay for O&M/Maintenance?Capital Expenditures

53 My proposal is essentially what I stated on p.14/15 of the Nov 6th packet. It's entitled The ENTIRE
54 SEGMENT ANSWERING ITEM 5:

55 {Primarily my proposal would substitute O&M and Capital Expenditures as the two categories, displacing
56 the terms "near term and long term". This is precisely the category of input that -036A asks of us. And,
57 as Crisi noted at the last work session, O&M/Capital Expenditures by their very nature shift across time-
58 barriers.

59 Other than that, I propose simply to adjust the existing paragraphs to fit within the O&M/Capital
60 Expenditures categories.

61 This proposal was discussed briefly at the Nov 6 work session. I was left with the impression that it was
62 then viewed favorably by several other TF members, and that Julie was going to incorporate my
63 suggestions in a rewrite of that segment to be presented in our Nov 13 packet. For whatever reason, it
64 didn't occur.}

65 In any case, here's my proposal ref how to pay (my word changes in CAPITALS):

66 OPERATIONS AND MAINTENANCE COSTS

67 Existing operations and utility expenses are \$23,000 (2017). See Chapter 4 for a detailed analysis. City
68 finances do not allow for increased HERC building operating/maintenance expenses unless offsetting
69 additional revenue is generated. Additionally, using the building for longer hours, OR THE UPSTAIRS ON
70 a regular basis will also increase operational costs. Allowing FOR community organizations/user group
71 rentals may generate this additional revenue. Also, higher fees may cover more of the current operating
72 costs, therefore the TF recommends analyzing and potentially increasing HERC user/RENTAL FEES FOR
73 THE GYM AND ZUMBA ROOM. FOR ANY LEASE ARRANGEMENT, THE LESSEE TYPICALLY PAYS
74 OPERATIONS AND MAINTENANCE COSTS (or similar words).

75 A key component for successful short-term revenue and more intensive use is active building
76 management by a designated building manager.

77 Note: See item #6 below, Is leasing HERC an option?

78 CAPITAL EXPENDITURES

79 Capital expenditures could be funded from the existing HERC building depreciation reserve fund,
80 potential operating surplus, or other sources as Council deems appropriate.

81 Although conventional means of funding exist, such as state grant funding, a new-tax ballot measure, or
82 a service area, currently there does not appear to be broad community support for increased taxes to
83 pay for changing building uses (i.e. building code classification changes for the upstairs) or a significant
84 renovation.

85 ULTIMATELY, a partner will be needed that would have access to private foundation grants or other
86 private funding sources, not readily available to the city. Considering this the TF recommends that the
87 city DIRECT ANY NEW TF/COMMITTEE to actively promote a public-private partnership OR OTHER SUCH
88 ARRANGEMENT TO FUND ANY RECREATIONAL OR EDUCATIONAL USE OF THE HERC-1 PROPERTY.

89 3.) Item # 6: Is leasing HERC an option?

90 Here's my version:

91 "The building in its current state and the lack of funding for major capital improvements precludes a
92 viable short-term lease arrangement. However, during the TF process substantial interest in a long-term
93 lease was expressed by Fireweed Academy and Bunnell Street Arts. Therefore, the TF recommends the
94 Council direct that any new, or subsequent, TF/Committee continue exploring community leasing
95 possibilities. (See recommendation #3, and Chp 5).

96 Note: A long-term lease may allow for financing options such as a commercial loan that could be repaid
97 through rental income."

98 - On to more wordsmithing -

99 4.) P.33, para 3, "Implications of Renovating the Existing HERC Building"

100 Starting with the first paragraph, I'd change it to: "The original Task Force directive from the City Council
 101 was to APPLY A "10-YEAR" TIME-FRAME FOR USE WHEN MAKING improvements that need . . . "

102 {note: This clarifies that the intent is to make TIMELY repairs in order to have the building functional
 103 over MOST of that 10 years, NOT take 10 years to decide whether or not to make improvements. Big
 104 difference!!}

105

106 5.) First sentence of next (2nd) paragraph of same segment (4th para from top of page 33), "Implication
 107 of Renovating the Existing HERC Building"

108 Change initial phrase to read "IF THE CITY WAITS BEYOND 5 YEARS to renovate/remodel the HERC-1, the
 109 cost . . . "

110 {Again, this keeps everything referenced to the time of our justified standard, the good old " 5-year
 111 plan". Beyond 5 years is adequately addressed in the last sentence of that paragraph.

112 6.)

113 A.) Lower portion of p.33, the paragraph under A 5-YEAR PLAN, third sentence, beginning with "As
 114 stated previously . . ." where it talks about developing strategies and funding to enable a "final decision",
 115 I'd change to read " . . .develop strategies and funding to enable a 'final decision' ON HERC USE OR
 116 DISPOSITION."

117 B.) Next sentence in that paragraph (A 5-year Plan), that begins with "Thus, at the end of the 5-year
 118 period, the City will have two paths . . ." That seems indefinite. I'd suggest "AT THE END OF THE 5-YEAR
 119 PERIOD, THE CITY SHOULD BE PREPARED TO SELECT ONE OF TWO PATHS; EITHER THIS OR THAT"

120 {Again, my suggested wording strongly implies that community uncertainty about building use cannot
 121 extend out forever because deteriorating HERC building conditions five years hence will require the city,
 122 by then, to have made plans for a definite decision, one way or the other.}

123 - Nearing the end -

124 7.)

125 a.) P.37, Nov 13 packet. "Building a New Facility vs Remodeling the Existing HRC-1"

126 1st para, 2nd sentence, beginning with "This option will provide sufficient time for further input and
 127 analysis." I suggest changing to " This option will provide sufficient time for PURSUING A FUNDING PLAN
 128 TO MEET SPECIFIC HERC USE AS DETERMINED BY THE COMMUNITY."

129 {Otherwise, we're recommending Input and analysis of what, exactly? Would it be researching anew
 130 everything that this TF has already explored, other than keeping the HERC in warm status?}

131 7.)
132 b.) Last sentence of last paragraph p.37, "Since constraints exist . . . "
133 {what kind of constraints?}
134 I'd change to read something similar to "BECAUSE CURRENT FUNDING CONSTRAINTS REQUIRE FULL
135 COMMUNITY PARTICIPATION IN DETERMINING HERC USE, no recommendation is tendered by the TF on
136 whether to remodel the existing HERC or demolish and build a new facility."
137 - the End -