

**NOTICE OF MEETING  
WORK SESSION**

**1. CALL TO ORDER**

**2. DRAFT FINAL REPORT**

- |   |                |
|---|----------------|
| A. Section 1: Recommendations (30 minutes)                                    | <b>Page 3</b>  |
| B. Section 2: Attachments (10 minutes each)                                   | <b>Page 7</b>  |
| 1. Attachment 1: Methodology and Acknowledgements                             | <b>Page 11</b> |
| 2. Attachment 2: HERC Background and Opportunities                            | <b>Page 13</b> |
| 3. Attachment 3: Market Overview  | <b>Page 15</b> |
| 4. Attachment 4: Analysis of Existing HERC -1 and Proposal<br>on New Building | <b>Page 17</b> |
| 5. Attachment 5: Operation and Management Opportunities                       | <b>Page 29</b> |
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**3. COMMENTS OF THE AUDIENCE**

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

**4. COMMENTS OF CITY STAFF**

**5. COMMENTS OF THE TASK FORCE**

**6. 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.**





## City of Homer

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

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To: HERC Task Force  
From: Julie Engebretsen, Deputy City Planner  
Date: October 12, 2018, 2018  
Subject: Draft Recommendations

### General:

- I have been receiving detailed comments from at least three task force members. We are at the stage with this document where we need to hash things out in an open forum.
- I'd like to spend the bulk of our meeting time on the first section, Recommendations and Opportunities.
- I have some specific questions to go through on the other attachments – see below.

### **Recommendations Section:**

Question 1: The draft does not address what happens in 5 years + 1 day. We need to spend some time talking through this. If nothing happens in the next 6 years, what thought do you want to convey to decision makers and citizens?

Questions that appears implied in the draft (From Barry to Julie/Mike):

2. Is the City willing to pay for O&M or capital project(s) over the 5-years of the LAP? If yes, what items specifically? The draft appears to say NO further dollars to both O&M and capital expenditures irrespective of Scope. The issue of the City paying is not necessarily the intent of TF work, but it does intersect with the TF's thinking.

3. Is HERC-1 a high priority for the City and/or community? It does not appear to be other than an irritant at this time per comments at last work session. The gym seems to be of a priority for a sub-set of the community and Council as is education (Fireweed) but is that enough to move forward with any plan?

3. The PPP (3P) is a catch all for the intent of the “how to pay for both O&M AND capital expenditures”. The “and” is capitalized because the intent of the 18-036(A) is two separate conditions. Generally in a PPP the public sector picks up the O&M costs or passes part of them along in lease agreement pricing. For the 5-year LAP and even a 10-year plan, the City can potentially recoup some O&M costs through raising user fees and using a few rooms of the upper level but will not capture all costs given the old systems in the bldg. Also, can capture \$\$ in rental or lease agreements. The draft is too narrow to one solution – PPP. Also, the draft conflates the partnership with lease or rent agreements, e.g. under Scope 2: “The TF does not...a viable partner...” While the PPP is the preferred mechanism for capital expenditures, it is not the only mechanism that should be explored. This is the work of the follow-on TF or “committee”. JULIE COMMENT: If you have topics that a next group should consider, share

them! I have a few of my own. We can include these ideas in the Action plan – sort of a longer term action plan if you will!

4. To discuss further: **Recommendation at the bottom of #3** : Desirable only with a project partner, unless significant funds become available for renovation costs, and increased revenues will cover operation and maintenance expenses.

### **Questions to answer in Section 2, Attachments:**

#### Attachment 1: Methodology

1. Dave and Barry – please see section 1.2 Would you like to add anything here?

#### Attachment 2: HERC Background and opportunity

1. Crisi: you had mentioned in a 20 year timeframe that SPARC will need a shell replacement. Is there anything you would like to add as far as this being a timeframe for the community to consider a new facility?
2. What other opportunities do you want listed/described here?

#### Attachment 3, Market Overview.

1. At the end of this section, it states that the surveys from Seward, Soldotna and Sterling will be attached. This seems like it might be more paper and less concise than we'd like. Should we put this information into a table instead?

#### Attachment 4.2: Implications of a new building

1. Question: does the task force want to make a soft recommendation that a facility smaller than 16,000 might be more appropriate for a community of our size and financial resources? "The current HERC 1 building is approximately 16,000 sq.ft. This represents a potential community/recreation 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."

I do have some size estimates from Barry that run 8,500 -12,000 square feet that can be included.

**DRAFT** Final Report of the HERC Task Force  
November 2018

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Attachment 3: Market Overview

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Attachment 5: Operation and Management Opportunities

Attachment 6: Legal Entities and Funding/Investment Needs

Attachment 7: Economic Assessment

Attachment 8: Action Plan

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## **Section 1: Recommendations and Opportunities**

As part of the City Council of Homer resolution 18-036(A), the HERC Task Force was assigned a set of tasks. This “Final Report of the HERC Task Force” provides recommendations to address these six items.

### **Preferred plan**

The HERC Task Force recommends the City pursue a 3-5 year plan to create a public private partnership. (Flesh out 3-5 year plan here as provided by Barry..... )A possible roadmap is provided in section 8, Action Plan.

### **How can the City pay for operations, maintenance, and any required capital expenditures?**

The HERC Task Force recommends the city pursue a public private partnership, to attract users and investment to the building. City finances do not currently allow for additional maintenance funding or higher utility costs that would be expected from increased building use. At this time, there does not seem to be broad community support for more taxes to pay for building operations, or a renovation. Therefore, a partnership with another organization is required to offset increased building expenses in the short term. In the longer term, 5 years or more, a partner is needed that would provide access to foundation or other private funding sources that are not readily available to the City.

Existing operations and maintenance expenses are X per year. See Attachment 5 for a detailed analysis. In addition to securing a project partner, the Task Force recommends analyzing existing user fees, and consider gym and zumba room rentals, if enough revenue could be generated to offset the personal and utility costs.

Council asked the Task Force to answer four specific questions about the building.

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

The HERC Task Force has applied to the State Fire Marshal, to see if the upstairs can be used as is. If the Fire Marshal approves, without requiring substantial upgrades, then yes the upstairs can be used without capital improvement. There are some immediate costs, such as the roof, that require attention. A further breakdown of this and other items can be found in section 4.x.

**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 occupancies of A-3 on the lower level, and B on the upper level. If an E occupancy or K-12 school is desirable, then the cost rises to \$900,000 to \$1.3 million dollars, mainly for sprinklers and basic safety upgrades. This does not result in a modern, energy efficient building.

The City or a potential lessee would need to front the funding to make the building upgrades. A potential tenant could pay lease rates over time for the City to recoup the investment, and adequately fund building depreciation/reserves.

*The Task Force does not recommend the City undertake these repairs without a viable partner in the building. (Discussion Point at work session)*

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

A ten-year timeframe would only be a desirable consideration for the City financially if there is a partnership in place. A partnership could be a school program, non-profits, or for profit start-up. Building use in this scenario is limited to IBC A-2 thru A-4, B & E (including day care) Classifications.

Cost: \$4.5M to \$5M improvements for 30+ year use, including insulation to standards and associated structural upgrades, new siding, windows, interior ceiling and floor tiles, alternative energy systems, etc. meeting modern building and sustainability standards. It is unknown if any seismic upgrades would be required, or the potential costs. [Note: Above costs subject to minimum of 15%-20% correction, not including in above costs]

Julie note – still drafty, still working on it below: How to pay:

O&M: Cost of bldg. services of a complete renovation at approx. \$40K/yr. Entity leasing pays for O&M as part of lease agreement Renovation:

**JE NOTE: TF to discuss this Recommendation:** Desirable only with a project partner, unless significant funds become available for renovation costs, and increased revenues will cover operation and maintenance expenses.

**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 to \$1,000,000 and HERC 2 at \$250,000. The Task Force does not recommend demolition at this time.

Roughly, new government construction costs about \$400 per square foot. A new 8,500 square foot building would be a minimum size, with perhaps 12,000 being an optimum size. The current HERC offers 16,000 square feet. An 8,500 square foot structure would run about \$3.4 million dollars for conventional construction. If a private party were to construct a pre-engineered metal building, costs could be lowered to about \$250 per square foot, or \$2.13 million dollars. See Section 4.2 for further details.

The Task Force does not recommend the City build a new facility at this time. In the future, if Homer citizens are willing to raise taxes to pay for the construction, operations and maintenance of the building, a new building may be a wonderful addition to the community. An alternative is working with a private entity to build a cheaper building, with lower, private sector costs for operation and maintenance. The City could lease a portion of the building, or specific times to offer community recreation activities. The City would provide a long term land lease for the building, similar to the agreement with South Peninsula Hospital.

#### **Action Plan Summary here?**

Bullet point recommendations, action steps. Very focused.



## **Section 2 Attachments**

Attachment 1: Methodology and Acknowledgements

Attachment 2: HERC Background and Opportunities

Attachment 3: Market Overview

Attachment 4: Analysis of Existing HERC -1 and Proposal on New Building

Attachment 5: Operation and Management Opportunities

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Notes... need a table of contents somewhere, pages etc...



## **Attachment 1: Methodology and Acknowledgements**

M Haines to draft methodology

### **1.1 Methodology**

### **1.2 Limitations and Disclaimers**

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, inflation and yet undetermined guidance from the City. Cost estimates 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 facilities.

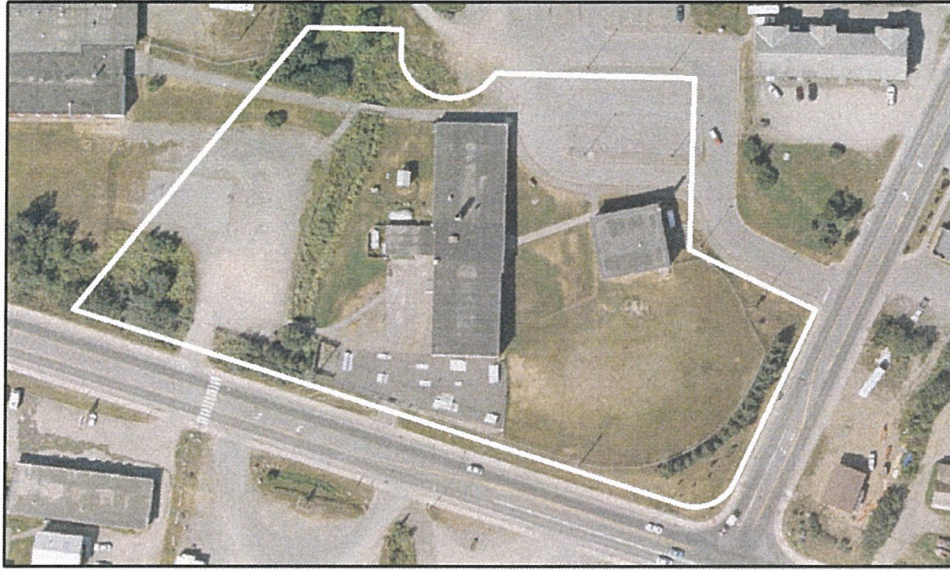
Anything else? Dave and Barry?

### **1.3 Acknowledgements**

**List task force members, staff, council and mayor (s)**



## Attachment 2: HERC Background and Opportunity



*2003 photograph of the HERC property. HERC 1, the larger building on the left is the focus of this report. The smaller building on the right, HERC 2, is only discussed in terms of demolition costs. (label streets)*

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. The Task Force study of HERC 2 was limited to estimating demolition costs. See section x

*PHOTOS of buildings here (Need a sunny day!)*

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 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. 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 work session meeting packet.

### **Opportunities:**

One key asset this property presents is an anchor for Pioneer Ave 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 time the community determines to renovate or build a new facility. This could be 10- 15 years in the future. Additionally, the SPARC facility is designed for a 20 year lifespan.... Opportunity for community to consider SPARC shell replacement or new facility? **QUESTION 1: Do you want to add something here ?**

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 W Pioneer Avenues. See Section 6 for more detail.

### **Other opportunities?**



### **Attachment 3. Market Overview**

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?

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 working 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, some are complementary, while some have found a niche not addressed by another organization. Examples are shown in Section 4.1 of this report.
- (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 more 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 (see Section 3-1 for examples of those currently 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 CRP. Currently, CRP 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 CRP activities will remain at non-HERC locations, but the majority will migrate to the HERC.

As the marketing working groups examined current activities of the Homer CRP and other Alaska com/rec centers, a usage pattern materialize. 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.

Attachment 4 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.

### **3.1 Examples of major alternative sources of community and recreation in Homer**

The following represents the major community and recreational providers in the Homer area. It is not all-inclusive, but was used as an aid in the evaluation of the market.

#### **Bayclub:**

Community or Recreation: Recreation  
Organized as: For-profit

Services offered: A full range of recreational offerings including some not offered elsewhere in the Homer area, such as rock climbing.

**SPARC (South Peninsula Area Recreation Center)**

Community or Recreation: Recreation  
Organized as: Non-profit  
Services Offered: Indoor soccer, roller derby, indoor Frisbee, walking, open gym

**Homer Public Library:**

Community or Recreation: Community  
Organized as: Part of government entity  
Services Offered: Meeting rooms and one conference room on a first-come, first-served basis. (No usage fee).

**Homer Public Schools:**

Community or Recreation: Community and recreation(mostly)  
Organized as: Part of Kenai Peninsula Borough Public Schools  
Services Offered: Works with City of Homer Community Recreation Program in offering space for the CRP programs.

**Islands and Ocean Visitors Center:**

Community or Recreation: Community and recreation  
Organized as: Part of government entity  
Services Offered: Meeting rooms, nature related recreation programs.

**Kachemak Community Center:**

Community or Recreation: Community and recreation  
Organized as: Part of government entity  
Services Offered: Meeting rooms (community), and tennis courts, kids playground.  
Usage Fee: No

**Lands End Resort:**

Community or Recreation: Community  
Organized as: Private Corporation  
Services Offered: Meeting rooms  
Usage Fee: Yes

**Homer Senior Center:**

Community or Recreation: Community and recreation

Organized as:	Non-profit corporation
Services Offered:	Various recreational activities focused on senior citizens, plus meeting rooms.

### **3.2 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 surveys completed by Sterling, Kenai, and Seward are attached to this final report. *(Under discussion – may summarize in a table rather than include them, JE working with M Haines to refine.)*

**HERC Project**  
**Sample Community and Recreational Facilities No. 1**

**Sterling (Alaska) Community Center**

**Location:** Sterling, Alaska.

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

**Web Site:** [www.sterlingcommuniytclub.com](http://www.sterlingcommuniytclub.com)

**Type:** Recreational and Community.

**Facilities Include:** Gymnazium. Multi-purpose room. Weight room. Commercial kitchen. Library.

**Year Facility Constructed:** 2013

**Facility Space:** Originally build to support the needs of children in the community. But the major usage is by seniors.

**Facility Original Cost to Build:** \$1.3M, with much in-kind services from local businesses. The land cost was zero... thru a donation.

**Build Funding Source:** Private donations, sponsorships, and in-kind services.

**Types of Services Provided:** Pickleball. Weight room. Soccer. Basketball. Open gym. Roller derby, Lending library. Computer/Internet service. Previously had an after-schools program (since cancelled).

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

**Membership:** Yes.

**Hours Open:** 11AM to 4:30PM, Monday thru Saturday.

**Number of Members:** 50

**Annual Dues:** \$100

**Annual Budget:** \$80K (approx)... includes salary of 1 person, liability insurance, utilities.  
Annual revenues are \$60K.

**Subsidised By:** 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.

**Space Available for Rent:** Yes

**Population Catchment Area:** 6,000

**Newsletter:** Yes.

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

**Competition:** None in Sterling. Most competition from Soldotna.

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



existing GRSC

HERC Project  
Sample Community and Recreational Facilities No. 1  
Center Name:

Location: 538 Arena Arena, Soldotna

Contact: Andrew Carmichael

Web Site: www.soldotna.org

Type (Recreational or/and Community): Rec and community, Ice rink

Facilities Include: Ice rink, Racquetball/hall/hall courts conference room(s)

Year Facility Constructed: 1983

Facility Space:

Total: 53,000 sq ft

Community: 4,100

Recreation: 23,000 + 4 team rooms + 2 Locker rooms

Office/General: 3,000 + 4,700 conference room space

Facility Original Cost to Build: 10 million

Build Funding Source: ~~the~~ state grant

Types of Services Provided: skating classes, community schools classes, Trade show  
equipment + space, pro-shop area

Legal Organization: City of Soldotna

Membership: no

Hours Open: Ice-in season - 7am - midnight, Summer Tues - Friday noon - 4  
plus pickleball noon - 3 - Tues + Thurs.

Number of Members: N/A

Annual Dues: NA

Annual Budget: \$94,963.

Subsidised By: City of Soldotna

What IBC occupancy classification does your facility operate within?

Conference rooms - standing room only Rating 350  
ARENA occupancy - 7500



## Julie Engebretsen

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**From:** Julie Engebretsen  
**Sent:** Friday, October 12, 2018 10:43 AM  
**To:** 'Mike Haines'  
**Subject:** FW: Sharing Rec experience with Homer

Hi Mike,

In section 3 of the report, the market overview, the last sentence states the reports from Seward, Soldotna and Sterling are attached. I'm not sure we should include them... the one you did for Sterling is really the only one that follows the outline you created. Seward's comments are below, and Soldotna's I only have a photograph of a hand written survey. Not something I want to publish since I can't easily read it! So I can either create a table with answers to some of the key questions, or we cut the reports from the document. Let me know which direction to go. The end result to me was each city's situation is quite different and so what other cities do does not translate very well to Homer.

Thanks Julie

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**From:** Karin Sturdy <ksturdy@cityofseward.net>  
**Sent:** Monday, August 27, 2018 6:52 PM  
**To:** Larry Slone <larryslone543@gmail.com>; Julie Engebretsen <JEngebretsen@ci.homer.ak.us>; Mike Haines <hainesmike04@gmail.com>  
**Subject:** RE: Sharing Rec experience with Homer

Dear Larry and HERC,

Very best wishes as you research and envision a new space for your community.

We are proud of the programs we host through the facilities which house our staff and customers, our kids and teens. While we are thankful and grateful for our spaces, the most important feature of all of our youth programs are our professional staff who coordinate and run them. This cannot be over-emphasized. Since you asked for "any and all information," we report that our Teen & Youth Center (TYC) physical space is a small basement with low ceilings and annual flooding issues. However, our program is amazing because of our talented, committed, passionate and giving TYC Coordinator, Josie McClain who often leads our kids out of the buildings into our community for excursions and planned, organized play. Similarly, one of our busiest nights of the week for our upstairs, teen Rec Room program is a quick van, fieldtrip to the High School pool. The teen facility is actually 'better' than the TYC, but the successes of our programs rely on professional staff in whom the City invests with professional development and required resources. We are proud that our City Council and our community tax payers continue to support our annual operating budgets with excellent, supported staff!

Entity(ies): Seward Teen & Youth Center and Teen Rec Room  
Location: Community Center / 336 Third Avenue / Seward, AK. Levels One and Two  
We are two Divisions of the Seward Parks & Rec Department, part of the City's General Fund.

Contact: Karin Sturdy, Director / Seward Parks & Recreation Department

[www.cityofseward.us](http://www.cityofseward.us)



## Recreation and Community

Year Constructed: Unknown, (We have inquired.)

From our Senior Citizens: "Senior Center moved in 1988 or 1989. Our blueprints were confirmed in August 1988.

FYI: The Third Level and about 40% of Level One is operated by the Senior Citizen's Center.

### Facility Space:

Teen & Youth Center (TYC) Level One. Approximately (standby for size, est 50 x 50 to 75)

Serves Grades K through 6<sup>th</sup>

Small office

Men's & Women's restroom, 1 ea ADA. Update needed

Small kitchen

Small TV and meeting area

Small craft room

Small multi-purposed dance, game room.

Part-time, shared quiet room space with Senior Citizens

TYC moved into current location +/- 1996

Teen Rec Room (tRR) Level Two. (standby for size. Est. 50 x 100)

Serves Grades 6<sup>th</sup> through 12<sup>th</sup>

Small office

Men's and Women's restrooms, 1 ea ADA.

Small storage area with tiny kitchenette, sink and microwave

Larger, open play area for games, meeting spaces, etc.

tRR moved into current location 2013

Facility Original Cost to Build: N/A

Build Funding Source: N/A

Legal Organization: City of Seward municipality; home rule.

Membership: (open to all. No membership required)

### Hours Open:

School Year: TYC: Monday through Friday 3 pm to 6 pm. Some special occasions

tRR: Tuesday through Friday, 2:30 pm to 9 p, 10 pm

Saturday: 5:30 pm to 10 or 11 pm

Some special occasions

Summer: TYC: Full Day Summer Day Camps by pre-registration only

tRR: varies each summer: +/- Tue – Sat: 5:30 p to 9, 10 pm.

Number of members: (no membership)  
(attendance)

TYC: +50 per day: summer campers. (We enjoyed waiting lists all summer. We were full right away.)

20 to 50 daily: after school drop-in rec program. (We are not full, since school started.)

+ 200 to 500: Special events

tRR: 1 to 10: summer evenings  
1 to 40: after school evenings  
+ 80: Special events

Annual Dues:

TYC: \$200 Booster Pass = after school program all school-year  
+/- \$50 to \$70 per kid, per week for summer day camps  
Free to \$1 to \$99 for Special Events  
tRR: \$5 per school year  
Free to \$1 to \$99 for Special Events

Annual budget:

TYC: Expenses: \$218,000  
Revenues: \$50,000.  
tRR: Expenses: 114,000  
Revenues: \$ 800.

Notes: One of the most successful portions of our TYC + tRR program is the Leadership Program, which was recently renamed from the TYC Council. Through the work of our paid staff, volunteer 5<sup>th</sup> through 12<sup>th</sup> graders learn to volunteer and contribute to planning meetings, business meetings and actual volunteer work at parks & rec events. This Leadership Program operates the Concession sales and kitchen which brings in revenues to re-fund their own programs and their own college scholarship programs.

Subsidized by the City of Seward  
We also apply for grants.

Occupancy classification: (requested from City building)

Other resources: Two 15-PAX vans + one 9-PAX van; small outdoor basketball court;  
Four or five computers. (City's MIS Department manages maintenance for us. What a huge gift!)  
\$5,000 grant from Seward Community Foundations  
Several hundreds of dollars of cash and in-kind donations for scholarship programs,  
etc.

We hired 4.5 full-time adult Summer Camp Counselors plus two youth Counselors-in-Training, who led our 13-week summer (day) camp program, all led by our full-time, year 'round TYC Coordinator. All hiring, payroll, etc. is through the City of Seward.

Seward Boys & Girls Clubs operates a separate program within Seward Elementary School. (I counted about 30 kids there last week, as I prepared a soccer event and their kids were on the playground. 30 is a very good number!)

Seward's population is not near your 6,000 listed below. We may be as high as 6,000 if you consider areas outside City limits and you count some noses twice, but a review of a map would indicate nowhere near the square mileage for available, living spaces, as Homer has. Our one, elementary school only has about 300 students. Our middle school probably has less than 100, maybe 75 to 90 students. Our high school only has about 120 students. I am not aware of any private or charter schools, other than a small number of home-school families through the K Pen Borough.



Good luck, HERC!

Thank you very much,  
Karin Sturdy, Director  
Seward Parks & Recreation Department and Paid Parking Department  
PO Box 167 / City of Seward  
Seward, Alaska 99664-0167  
[www.cityofseward.us](http://www.cityofseward.us)  
(907) 224.4053



**From:** Larry Slone [<mailto:larryslone543@gmail.com>]  
**Sent:** Sunday, August 26, 2018 3:11 PM  
**To:** Karin Sturdy <[ksturdy@cityofseward.net](mailto:ksturdy@cityofseward.net)>; Larry Slone <[larryslone543@gmail.com](mailto:larryslone543@gmail.com)>; Julie Engebretsen <[jengebretsen@ci.homer.ak.us](mailto:jengebretsen@ci.homer.ak.us)>; Mike Haines <[hainesmike04@gmail.com](mailto:hainesmike04@gmail.com)>  
**Subject:** Sharing Rec experience with Homer

August 25, 2018

From: Larry Slone, Homer Educational and Recreational Center Task Force

Greetings:

In response to strong public interest the city of Homer is contemplating building a new community recreation center. Consequently, Homer has formed the HERC (Homer Educational and Recreation Center) Task Force to research the elements necessary to successfully develop such a project. Part of our process is to reach out to five or six similar-sized cities (6,000 core residents, 12-15,000 service area) who are amenable to sharing their experience of envisioning, promoting, financing, and constructing a rec center, as well as their experience in providing recreation at any level to their local-area residents.

As a member of the task force, I've accepted the responsibility of being the contact person for the reach-out. Any questions about the authenticity of this request may be verified by contacting Julie Engebretsen, Deputy City Planner, the HERC's assigned staff person. Her contact information is: [JEngebretsen@ci.homer.ak.us](mailto:JEngebretsen@ci.homer.ak.us), 907 235-8121, City Planning.

Attached is a copy of the questionnaire that the task force has developed as a guide for providing relevant information. Any and all information you provide will be greatly appreciated. The Homer HERC Task Force is ploughing new ground on this effort, thus the specifics of your rec project will be eagerly received as grist for the mill. I will attempt to contact you by phone, also, to assist coordination.

The task force is under a time constraint to make our final report and recommendation to the Homer City Council, so sooner rather than later for your response would be beneficial. Feel free to contact me personally, 907 399-7170, [larryslone543@gmail.com](mailto:larryslone543@gmail.com), if it would be helpful for you.

Thanks,

Larry Slone



## **Attachment 4. Analyses of Existing HERC-1 and Proposal on New Building**

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 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 (City 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 Section 3 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 uses, e.g. education.

### **4.1 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, it became apparent that a 5-year plan would better address the overall goals established by City Council. A ten-year timeframe without more significant upgrades would result in continued and potentially accelerated deterioration of the building, resulting in greater operations and maintenance 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 2018 prices. A five-year time horizon allows time for further community and professional input while exploring financial mechanisms to bring a project forward.

#### **4.1.1 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 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 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-florescent tubes, and other minor actions.

**Additional Notes:** There are more fixes needed then 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 Public Works.

#### **4.1.2 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 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.

#### **4.1.3 Estimated Upgrade Costs**

The Task Force arrived at three estimates for building resonation, 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 and 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. \$5,000,000 (16,000 sq.ft. at \$250/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.

**xx Maintenance Considerations (Dave's work)MOVES TO A NEW SECTION**  
**Attachment #5**

**4.2 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 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 community/recreation 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.

**4.2.1 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.

**4.2.2 Estimated Construction Costs**

**JULIE COMMENTS – I'm out of time for the packet, but will include the cost and building size estimate Barry put together. It will be provided to you Monday/Tuesday. Skip to 4.3 if you'd like.**

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 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. 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. [Reiss – Recommend providing one or two sentences on the “type” of building – e.g. wood structure, primarily used for ???, sprinklers, etc.]

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

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

JE NOTE MAKE A TABLE HERE

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

Demolition costs incl. hazmat:	\$0.75
Construction costs incl. A&E cost:	\$6.4 Million

Contingency on  
contractor/construction cost (15%): \$1.07M  
Total costs: \$8.22 Million

[Reiss – I changed the above values to account for continuity with statements on demo and that the \$400/sf includes the A&E (10%) costs. Refer to my e-mail with comments on Kastner’s numbers. The contingency is too high. I assumed the contractor costs are based on Davis-Bacon wage rates]

TABLE needed here

For a 12,000 sq. ft. building:

Demolition costs incl. hazmat:	\$0.75 Million
Construction costs incl A&E cost:	\$4.8 Million
Contingency on contractor/construction cost (15%):	\$0.83 Million
<u>Total costs:</u>	<u>\$6.28 Million</u>

### **4.3 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 \$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.

## **Attachment 5. Maintenance Considerations**

**JE comments: I didn't have time to insert the tables etc or make many edits. May provide as a laydown on Tuesday.**

This section and analysis 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:

- 5.1: using the historical expense data provided,
- 5.2: comparing the step 1 expense to prevailing, typical expenses for commercial and public buildings in Homer,
- 5.3: with expenses forecast based on the use scenarios or alternative uses.

### **5.1 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

## 5.2 - 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 analyses 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. Also 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

### **5.3 – 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