

Hello Community Members!

There are many updates on the Upper Kittitas County Community Recreation Center that we'd like to share with you all to keep you in the loop.

What Has Changed?

The **Feasibility Study** for a Community Recreation Center in Upper Kittitas County was completed in **January 2022**. Based on public feedback, a high-level, conceptual "preferred option" was presented as a 44,000 square foot facility with a cost of \$39 million and an anticipated capital levy rate of \$0.35 per \$1,000 of assessed value. Read the 2022 Feasibility Study final report [here](#).

Now, following completion of **Schematic Design** (incorporating additional public input, much study by the Project Committee, and refinement of cost data based on a more detailed architectural design), a much clearer, more detailed version of the facility has been developed. The proposed facility has 55,470 square feet, an anticipated cost of \$50.9 million, and an expected capital levy rate of \$0.39 per \$1,000 of assessed value.

	Feasibility Study	Schematic Design
Square Feet	44,000	55,470
Total Project Cost	\$38.7 million	\$50.9 million
Interest Rate on Bonds	3.5%	5%
Project Cost per Square Foot	\$879	\$918
Expected Total Grants and Other Fundraising	\$10 million	\$11.3 million
Approximate Assessed Value of Property in Taxing District	\$5B	\$7B
Capital Levy Rate per \$1,000 of Assessed Value	\$0.35	\$0.39

Costs per square foot are high for several reasons. First, we have included a 35% factor to cover all "soft costs" (e.g., architectural and engineering costs) associated with construction. Soft costs are sometimes excluded when quoting construction cost per square foot. Second, as a public project, construction will be subject to the requirement of "prevailing wage," which increases labor costs compared to a private project. Third, in order to be eligible for many grants, a project must be LEED (Leadership in Energy and Environmental Design) certified. LEED is the world's most widely used green building rating system-great for the planet, but it adds cost. Last, pools are very expensive to build compared to other amenities.

Note that even though the size and cost of the facility have increased roughly 30% since 2022, the cost per square foot has increased only 4.4%. In addition, the anticipated capital levy rate has increased from 2022's estimate by only \$0.04 (four cents) per \$1,000 of assessed property value.

All of these numbers are subject to change as the project progresses.

Why Were These Changes Made?

The short answer to that question is that the Project Committee considered and incorporated the best ways to:

- Adopt “best practices” for indoor recreation facilities.
- Generate additional operating revenue.
- Build for the expected long-term changes, not the current situation, in Upper County.
- Address community wants while being fiscally responsible.

The following paragraphs address in more detail the major differences between the proposed facility after the Feasibility Study versus today.

Addition of Fitness and Child Watch

Fitness (i.e., weights, cardio machines, group exercise classes) was not included as part of the Feasibility Study’s preferred option because (a) this need was already being met in the community and (b) we did not (and do not) wish to compete with existing local businesses. Best practices, however, show that including fitness in the Community Recreation Center will broaden the appeal of the facility and increase income to stabilize pool operations, which have low rates of success on their own. Adding Fitness creates a more balanced facility that will stand the test of time.

This decision was informed by input from some of the local fitness providers, and our outreach was favorably received. We are exploring ways we can partner and collaborate to sustain and grow the fitness and wellness options available to our community.

In public meetings and surveys, a majority of community respondents placed a high priority on child watch – the ability to leave a child or children with a responsible carer for an hour or two while they use the aquatic, fitness, or other facilities. The per square foot cost for child watch is low relative to the rest of the facility.

The majority (7,000 square feet) of the total increase in square footage is due to the addition of Fitness and Child Watch.

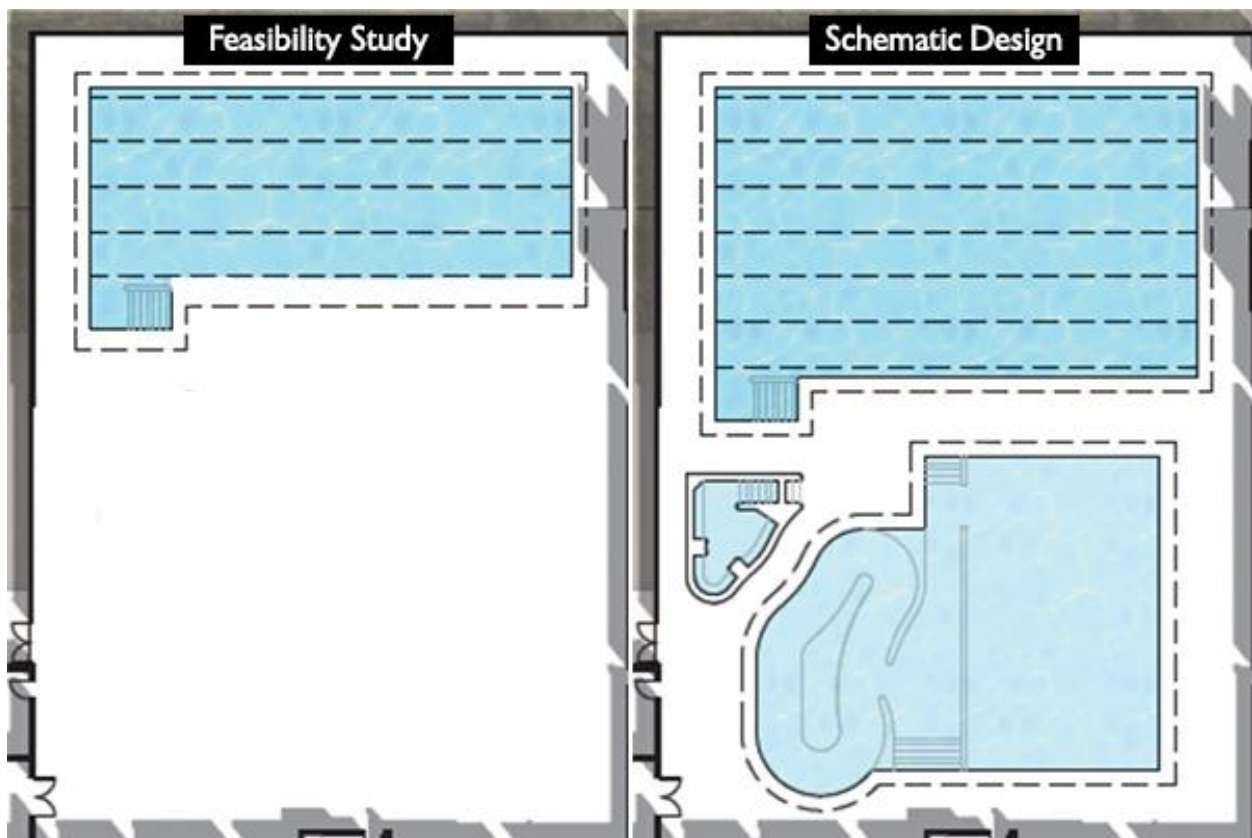
Changes to the Natatorium (Pool Area)

At the end of the Feasibility Study, it was clear that the top priority of community members was a pool. As we moved into Schematic Design, the Project Committee learned a LOT about pools.

Recreational Pool and Lap Pool - First, people using a pool for recreational and therapeutic purposes have different needs than lap swimmers. In general, recreational users prefer shallower depths and warmer water temperatures. Second, recreational users generate more revenue for the facility than lap swimmers. Consequently, the Schematic Design provides for a recreational pool

and a lap pool. All (or portions of) the lap pool can easily be used for recreational purposes at times when the demand for lap swimming is lower.

Six Lap Lanes versus Four – Swim teams, including youth teams (through school or club) and masters (lap swimming for adults) are extremely popular in many communities, especially with indoor pools that accommodate year-round swimming. For two primary reasons, the Project Committee made the difficult decision to provide a six-lane lap pool rather than four lanes. First, in order to host an official swim meet, a pool must have six lanes and a depth of seven feet at one end to accommodate diving blocks. Second, the incremental cost of two additional lanes was low relative to the total cost of the project and would accommodate the expected population growth in the community.



Splashpad

The splashpad that was proposed in the Feasibility Study will be part of a “community park” that will be open to all members of the community, whether or not they are members of the Community Recreation Center and will be part of Phase I (this phase) of the project. The community park will be developed in a later phase for three reasons: (1) to keep the focus of this phase on successfully completing the highest-priority amenities identified in the Feasibility Study; (2) we need more input from the community on the amenities that should be included in the park; and (3) grant funding is

more readily available for outdoor facilities, particularly if we can demonstrate success in this first phase.

While locating the splashpad on the side of the building opposite from the natatorium may be inconvenient for member families who might have children using the splashpad and the recreational pool at the same time, the idea of including the splashpad as part of a community park open to all was preferred by 64% of the respondents to the community survey. In addition, if the splashpad were to be open to the public and located adjacent to the natatorium, it would be difficult to restrict access to the natatorium to members only.

Inflation, Interest Rates, and Assessed Property Values – As most people are acutely aware, inflation, interest rates, and property values have all increased dramatically in the last two years. Despite these increases, the Project Committee, with the help of the architects, have managed to keep building costs as low as possible by using materials that are cost-effective yet durable. While the building is aesthetically pleasing, it is also very practical. Overall, the cost per square foot to build the facility has increased 4.4% (from \$879 per square foot to \$918 per square foot). In addition, the expected maximum capital levy rate has increased by four cents (\$0.04) per \$1,000 of assessed property value. See further discussion of facility construction financing below.

[To view the full Schematic Design Report, complete with images, click here.](#)

Financing the Construction of the Community Recreation Center

In financing the CRC, there are two major categories of cost: (1) the one-time cost to construct the facility (also called the capital cost) and (2) the ongoing cost to operate the facility. This narrative deals only with the financing of the construction costs.

The site, 12.2 acres adjacent to the Cle Elum-Roslyn School District has been donated to the City of Cle Elum by Suncadia. This land represents approximately \$1.2 million of value to the public at no cost.

The expected TOTAL cost of the project, IN CURRENT DOLLARS, is \$51 million. A very detailed estimate from the architects and their estimators supports this number and is available upon request. Ongoing inflation, if any, will increase the construction cost. In general, the longer we wait to construct the facility, the more it will cost.

Of the \$51 million, \$2.1 million has already been raised (at no cost to the general public) and has been/is being used to pay for the Feasibility Study, Schematic Design, Detailed Design, and Construction Documents. This leaves \$48.9 million of construction costs to be financed.

We expect the construction will initially be financed 100% with bonds. This is so that construction of the facility is guaranteed to the public.

The bonds will be paid off in two ways. First, we expect that we can raise at least \$8 million through public grants and other fundraising. Commitments for \$4 million have already been secured! The remaining \$40.9 million of the bonds (\$48.9 million construction cost less \$8 million in additional fundraising) will be paid off through an increase in property taxes. What does that mean to a property owner?

Assuming 30-year bonds with a 2.5% issuance cost and a 5% interest rate, the annual cost to pay off the bonds is \$2,725,446. The current assessed value of the property in the Upper County is approximately \$7 billion. This means that a property tax of \$0.39 per \$1,000 of assessed property value would be required to pay off the bonds. Keep in mind that the assessed value of a piece of property is generally less than its market value (the amount at which it could be sold). For a property with an assessed value of \$500,000, the property tax increase would be \$195 per year. For a property with an assessed value of \$1,000,000, the property tax increase would be \$390 per year.

An increase in property tax of \$0.39 per \$1,000 is a conservative estimate. Two things are likely to reduce this number. First, if more than the \$8 million fundraising goal is achieved (again, \$4 million is already committed), the tax rate per \$1,000 will decrease. Second, if property values continue to increase (as most expect they will), the expected capital levy rate will further decrease.

In summary, we expect that the public will receive a facility with a value of \$52 million for a net cost to the public of \$40 million. Effectively, 23% of the project cost will be paid by outside sources; 77% will be paid by the public.

What's Next?

You may be wondering, "Why is this project taking so long?" Without going into extensive detail, while completing Schematic Design and making some difficult design decisions, the Project Committee has been working hard to find the financing solution that has the highest probability of success. This has been, and continues to be, more complex and time-consuming than anticipated. Meanwhile, now that Schematic Design is complete, we are proceeding with Detailed Design, followed by Construction Documents.

Stay tuned for more updates! Questions? Send us an email at hello@recreationukc.org.

The UKC CRC Team