

R.W. THORPE & ASSOCIATES, INC.

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❖ **Planning • Landscape • Environmental • Economics** ❖

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October 12, 2009

Carnation City Council
Attention: Candice Bock, City Manager
City of Carnation
4621 Tolt Avenue P. O. Box 1238
Carnation, WA 98014-1238

Reference: Phase I Feasibility / Most Probable Use
(First 3 Steps of Highest & Best Use Analysis) for
Property located at 4405 Larson Avenue

Honorable Mayor and Council Members, City Manager:

We are pleased to present our findings of a Phase I Analysis of the City-owned 8.14 acre site adjacent to the City Municipal Treatment Plant. The site is zoned for public use, and contains a 100-year floodplain that impacts a significant portion of the property.

R. W. Thorpe & Associates (RWT/A) was asked to look at the feasibility of developing a recreational facility with indoor and outdoor recreational events for this site. We were asked to look at preliminary market analysis with population, disposable income, and age groups surrounding Carnation. Further, we were asked to look at different uses that might occur indoors and outdoors – what type of areas they would require, the cost to build them, and what fees might be charged for these projects. We researched a number of individual or collective uses, not excluding any initially to see how they might fit, for a variety of customer interests.

The City also asked if there were alternative uses that might be considered, suggesting a “flex” type of building. We have pursued this use as a standalone use, or as a co-tenant using a portion of the site, with the remainder to be dedicated to a recreational building and outdoor recreational uses. Our recommendation is a flex type of building with light industrial, building contractor tenant uses on the first floor of the building with offices on the second floor. This could be done in two phased buildings, or alternatively, one building through a ground lease or sale of the property after rezone, with the balance being used for the recreational building (i. e., retained by the City).

Overview

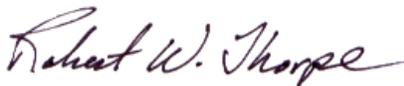
Within the Recreational Uses there are some alternatives that are problematic because of their cost to construct, liability insurance, cost to maintain, and staffing – such as an indoor swimming pool. We researched/analyzed other recreational uses that have low development costs/fairly high income, such as batting cages, computerized golf driving stalls, trampoline centers, soccer fields, etc. We also interviewed 5 MAI Appraisers and real estate brokers to obtain information about land costs, building costs, and income stream. There was a consensus of those and others we talked to, including private bankers, that the City would have a difficult time financing a single building with no other uses on the site through private sources. The other option would be a park bond issue. (Note: this approach for a portion of the site might follow the creation of a Park District larger than the City, possibly to coincide with the School District boundaries.

These options, either financing or a bond, in the current economic environment may have significant risks, and should not be pursued without further detailed economic return analysis by an MAI Appraiser. Our research included a variety of information to be utilized from the Technical Appendix for Council discussions, for committees, budget, and economic development.

Finally we would note that the true scope of a full market analysis, building cost and economic return, would be five times the budget the city had available. We have endeavored to use your limited resources wisely, and contributed some of our professional time in order to provide the best research, analysis, and recommendation we could within the budget constraints. We trust this will be a useful tool for your decision-making.

We look forward to our work session on October 20th at 7:00 p.m.

Respectfully submitted,
R. W. Thorpe & Associates



Robert W. Thorpe, AICP
Principal



Lee A. Michaelis, AICP
Planning Director

Enclosed: Phase I Feasibility Report, 4405 Larson Avenue

**FEASIBILITY/
MOST PROBABLE
USE ANALYSIS**
for the

**4405 Larson Ave Property,
Carnation, WA**

Prepared by:

R.W. Thorpe & Associates, Inc.
705 Second Avenue, Suite 710
Seattle, WA 98104
Tel: (206) 624-6239

Prepared for:

City of Carnation
Candice Bock, City Manager
P.O. Box 1238
Carnation, WA 98014-1238

September 2009

TABLE OF CONTENTS

Scope of Work	2
1. Executive Summary	3
2. Background	5
3. Legally Permissible Use	6
4. Development Standards	8
5. Physically Possible	9
6. Conceptual Development Plan	10
7. Most Probable Use.....	11
8. Economic Feasibility	18
9. Conclusions.....	18
10. References.....	19
Underlying Assumptions of Study.....	20
Appendix A: Market Analysis	22
Appendix B: Financial Analysis.....	33

Project Scope for Feasibility/Most Probably Use Analysis of 4405 Larson Ave Property:

	Questions Proposed by City Manager	RWT/A Response
	What are the mostly likely options for development of the site? A. Indoor Recreation Facility B. Flex-Tech Light Industrial Facility C. Combination of recreation and flex-tech D. Sale of property for private purposes E. None of the above – something else	A. In Report. B. In Report. C. cursory Discussion. D. Some Comparable Sales Data In Report. E. NPS*
	What are the limitations of developing the property given its location within the floodplain?	In Report.
	a) What size market is needed to support an indoor recreation facility and b) Does Carnation have the ability to attract that kind of market?	a) In Report. b) NPS/Subjective.
	What is the likely cost of developing and then operating an indoor facility?	In Report.
	What is the likelihood of finding a private partner to build and/or operate the facility?	NPS.
	Would an indoor recreation facility need the entire site or could it be built on a portion of the site?	In Report.
	What is the potential size/foot print for a flex tech facility?	In Report.
	What is the likely building cost for flex tech facility?	In Report.
	What would be the likely income from a flex tech facility?	**Phase II.
	In the consultant's opinion, what would be the likely pitfalls in developing the property for any of these uses?	General Discussion – In Report.
	Is there another use for the property that the consultant would recommend that the City consider?	***P – Mix of Uses

- *NPS = Not Part of Scope
- **Phase II = Possible research topic for next project phase.
- ***P = Partial Answer

1. Executive Summary

The purpose of this land use feasibility report is to evaluate the most probable land use (i.e. first 3 of 4 steps and partial 4th step of Highest and Best Use) both under existing conditions and in the future (five - six years) for the +/- 8.17 acre City of Carnation property located at 4405 Larson Ave in Carnation, Washington. Some costs and projected revenues for the selected development options are included.

This report should be treated as a Phase I analysis due to budget limitations (\$5,000). A more complete Highest and Best Use / Market Analysis for selected options should be undertaken before the Carnation City Council makes a determination of the best option for the City and its Citizens. A detailed Market Study would include: survey of users, cost to build, market rate of return on equity to equity and income stream – including Vacancies, Net Operating Income, Capitalization Rate Assumptions. (Note: Four MAI's with whom we work jointly estimate \$20,000 to \$25,000 for a Complete Market Analysis / Highest & Best Use Analysis, answering all questions on Page 2 of this Report.)

Information in this report was taken from the City of Carnation Municipal Codes (CMC) and Comprehensive Plan, King County Assessor's Department, public utilities, other secondary sources and a site visit. All existing development regulations and zone overlays have been applied to analyze future most probable use. Appendix "A" outlines market research on different use options and Trade Area statistics. Appendix "B" offers estimates of potential revenues/costs associated with this project. The report contents are set forth in the table of contents.

The most probable use, employing the first three and part of the fourth step of Highest and Best Use Analysis, will help determine the greatest economic return (highest and best use) that the subject property could realize. **This report is intended to provide consultation and advice to the City staff and Council members as to potential uses and development options for the subject property – including Phasing of development options, timing of sale, or lease of portions of the property and reserving portions for public recreation uses.**

The most probable use is determined by following certain steps to come up with determining factors. The steps are as follows: 1) **Legally permissible** – Is development proposal compliant with comprehensive plan, zoning, subdivision and building codes, etc. 2) **Physically possible** – What site constraints, if any, i.e. lot layout, topography, critical areas, impact development? Step 3) **Economically feasible** – what are the on site and off site development costs for development alternatives that may impact Step 4) - **Greatest Economic return (partial analysis)** – Based on market research and rate of return analysis, what would be the income from the property under ideal improvement conditions? (Performed in Phase II by MAI Appraiser.)

Our Recommendation:

- I. A short term Highest and Best Use for economic return to the City is to rezone all or a portion of the property to industrial/office for a “flex-use” development.** The site then could be “ground leased” to a build-to-suit tenant for long term income to the City, or sold to a developer/user for a more immediate income and long term enhanced tax base.

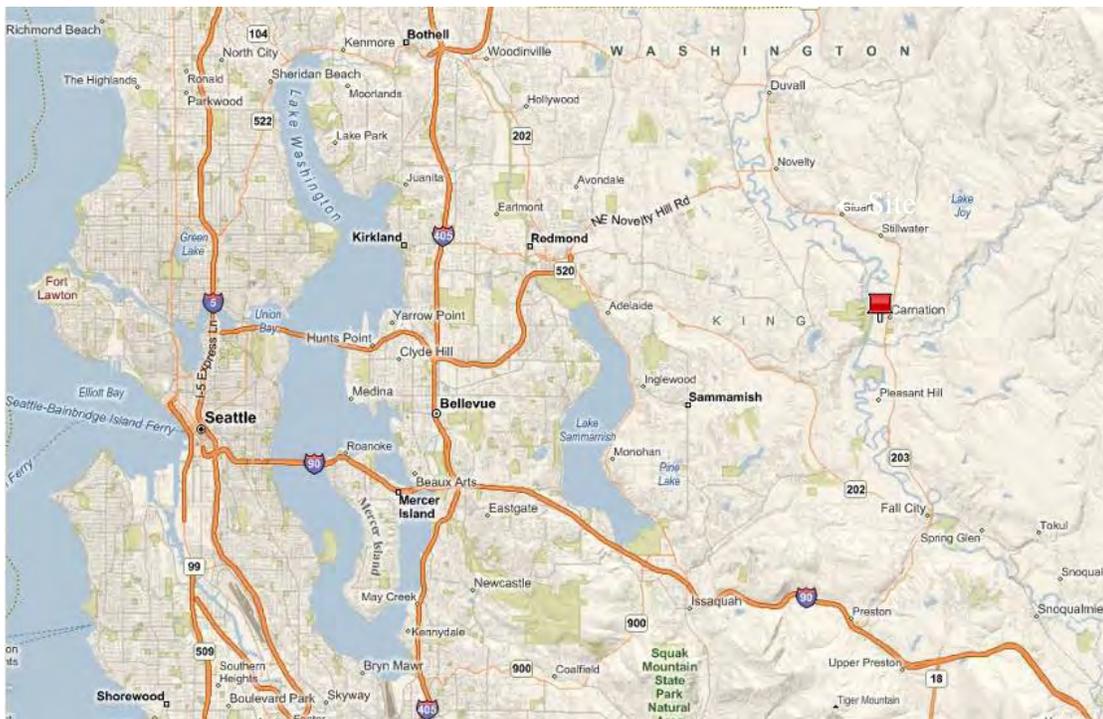
- II.** It is our opinion that under the current Comprehensive Plan and zoning designations one of the long term Most Probable Uses of this property (to be verified by a Phase II full appraisal) involves an indoor athletic facility open to the public, featuring various attractions including batting cages, indoor soccer, or another combination of indoor athletic uses. This step would benefit by the City forming a Park District (larger than the City limits) to provide a financing base for any future Recreational Building Use. Portions of the site could be developed as a pitch and putt golf course, or a comparable outdoor attraction. This serves the intent of the zoning code and comprehensive plan, while creating an interesting attraction for local and regional residents. **However, we recommend this option be combined with a “flex-use” building offering industrial and office space to provide optimum site utilization, due to limitations on financing potentials for recreational buildings and uses.**

- III. Option 3: A public/private partnership.** The City contracts with a developer/property manager following a rezone of a portion of the property for Industrial/Office to develop the site and manage the building – the first structure as a flex/tech building and second a building for public and private recreational uses.

2. Background

The property is situated SW of the intersection of Entwistle St and Larson Ave, in the City of Carnation about 45 miles east of Seattle, Washington, 25 miles from Bellevue, 13 miles from Redmond, and 16 miles from Issaquah. The site is accessed regionally from SR-203. (See **Fig. 1 & 2.**) Currently the property is a vacant field with a significant portion of the site lying within the 100-year floodplain (see **Shoreline Designation, Figure 4, Page 9**). The property consists of a single tax parcel (#1625079073) that equals approximately +/-356,097 square feet (8.17 acres) per King Co. Assessor data.

Figure 1. Regional Map



Source: Microsoft Bing.com

Figure 2. Aerial Photo



Source: King County iMap

Land uses adjacent to 4405 Larson include:

- NE: Municipal wastewater treatment facility
- NW: Commercial Agriculture
- W: John MacDonald Tolt River Park (King County)
- SW: Light industrial and Manufacturing
- SE: Multi-family Residential
- E: Light industrial and Manufacturing

3. Legally Permissible Use

Comprehensive Plan

The Parks and Recreation Element of the Carnation Comprehensive Plan has identified this property as the future site of an **indoor athletic facility**. The intent of the Parks and Recreation Element is to:

- Service an extensive range of ages, locations and interests among residents.
- Reflect and promote the natural and historic landscapes that identify Carnation
- Support the local economy by providing quality parklands that will be of interest to visitors who do not reside in Carnation.

(Carnation Comprehensive Plan pp.57)

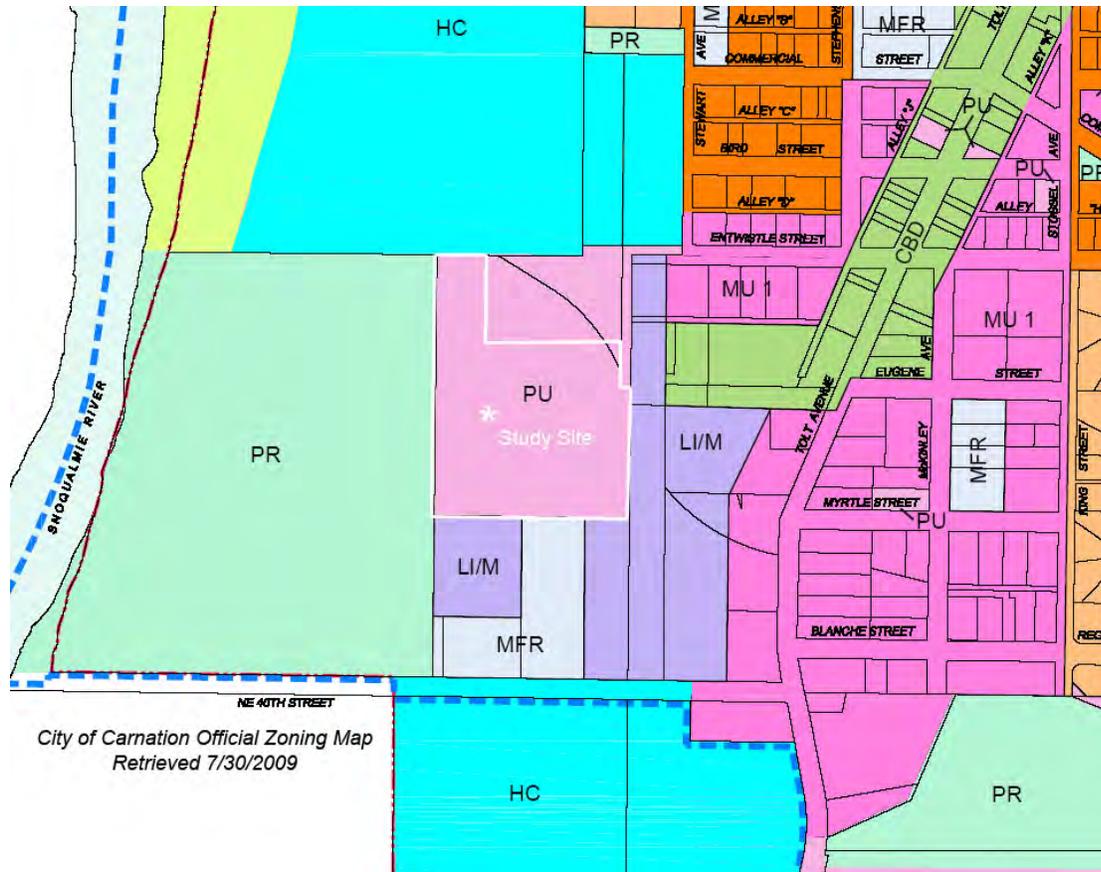
Zoning

The property is zoned Public Use. (See Figure 4)

The purpose of the Public Use zone is to provide “appropriate locations for facilities which serve the cultural, educational and public service needs of the community. [It is intended to provide for] govt. facilities, public schools and associated facilities, or other uses deemed appropriate by the City Manager.”

(CMC (Ord. 700 § 6 (Exh. F) (part), 2006: Ord. 670 § 4 (Exh. D) (part), 2005))

Figure 3 - Zoning Map



Source: City of Carnation

Adjacent Zoning

North: Commercial Horticulture (HC)

East: Light Industry (LI/M)

South: Light Industry & Manufacturing (LI/M) & Multi-family Residential (MFR)

West: Parks (P/R)

Table of Permitted Uses: PUBLIC USE zone.

Permitted Uses: (Other uses allowed at discretion of City Manager)		
*Performing Arts	*Schools/Colleges et al.	*Wireless/Telecom(<i>CMC 15.98.061</i>)
*Spectator Sports	*Hospital/Medical Service	*School bus transit
*Sports teams/clubs	*Library	*Special Needs transit
*Museums	*Parking Lot/Garage	*Materials Recovery
*Logging	*Religious/Civic org.	*Social Services & Admin.
*Postal Service	*Utilities	

4. Development Standards

Floor Area Ratio

N/A

Building Height:

40' (P/R, LI/M, HC zones)

Public Use zone assumes the surrounding zone, per municipal code.

Setbacks

Front yard: 25'

Side yards (abutting lot-lines): 15'

Rear yard: 25'

(*CMC 15.48*)

Maximum Impervious Surfaces:

75% (LI/M zone)

N/A (P/R zone)

65% (MFR zone)

Public Use zone assumes the surrounding zone, per municipal code.

Parking Requirements

The Carnation municipal code requires one space for every 200 square feet of building area, plus

1/3 space per person for the full capacity of the outdoor facility.

(*CMC 15.72 Table VI Use 6.210-220*)

5. Physically Possible (Constraints/Opportunities)

Flood Hazard

This property is located within the Snoqualmie River floodplain. At the site location, the Base Flood Elevation (BFE) is between 73 and 74 feet (*King Co. DNR, 2006*). Elevations throughout the site range between 68 and 73 feet. All finished structures must be raised to at least 1 foot above BFE. (*CMC 15.64.035*)

Additionally, in accordance with FEMA regulations and the State Drainage Manual, any construction within the floodplain which adds additional fill to the site must be compensated for by providing retention of an equal volume of floodwater onsite. This can be accomplished by excavating material from another part of the site to be used as usable site fill for parking, landscape or recreation field areas. The material may not be suitable for foundation fill; a geo-tech study would be required to provide this information. See Appendix “B”, Table B.1 for preliminary fill calculations and costs.

Restrictions/Easements

This property is located within the shoreline management jurisdiction (see figure 5). It has been designated as Natural Resource by the King County Shoreline Master Program. This designation is meant for lands to be used for agricultural or mining purposes, other uses may not be allowed without a Shoreline Master Plan amendment or Conditional Use Permit.

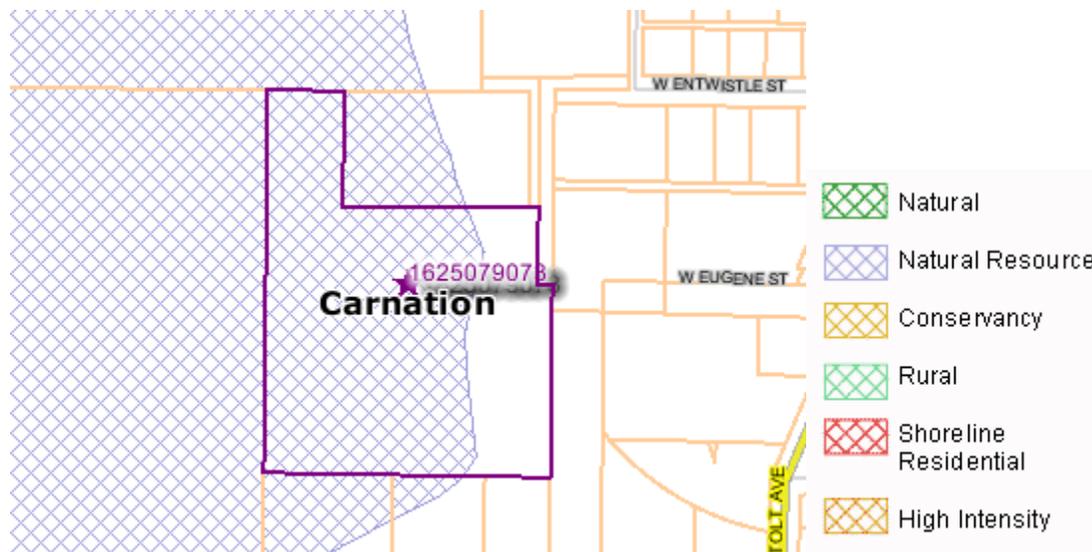


Figure 4 King County Shoreline Designation, Current.

Utilities

This site is directly adjacent to the Carnation wastewater treatment facility. All necessary utilities should therefore be readily available. At the wastewater plant, state-of-the-art filtration technology ensures that there are no or very limited odor emissions from facility operations.

Access

Vehicle access to a portion of the property is served by Larsen Ave with a connection to W. Entwistle St. and eventually Tolt Ave. Larsen Ave would need to be improved to city standards for development to occur on the southern portion of the property. See Figure 1: Aerial Photo for the location where Larsen Ave ends.

Pedestrian access is served by the Carnation walking trail which extends west from the site to Tolt MacDonald Park, and east to various points throughout the greater Carnation area, providing a wide variety of foot and bicycle traffic.

6. Conceptual Development Plans

Figures 5-8 provide conceptual development options for the site. These illustrate different possible site designs based on a wide variety of building sizes. These site plans have been employed to analyze a mix of uses including recreation, industrial/office or a combination of the two. Preliminary construction costs for buildings are based on concept building footprints. These illustrate the development of the site with a mix of public/private uses – recreation and separate and flex/tech buildings on a phased program. (See Development Options I, II, and III – Most Probable Use Summary, Page 4.)

7. Most Probable Use of 4405 Larson Ave Property

Based upon information listed above, the following uses constitute probable uses which could achieve highest and best use under the existing zoning and land use regulations:

1. Community/regional park with indoor athletic facilities, such as batting cages, indoor golf driving simulation stalls, basketball, trampoline center, indoor soccer, etc. (Figures 5, 6 & 8):

An indoor sports facility of this type has potential for a wide range of uses. It addresses the need for future park space outlined in the City's Comprehensive Plan. This use is also compatible with floodplain development restrictions, in that a golf practice course (i.e. pitch & putt, 3-4 holes) or other outdoor recreation element could be constructed during the excavation process required to comply with regulations outlined in the section on flood hazard (section I, 5.) Appendix "A" outlines preliminary market research regarding this use.

Preliminary analysis suggests that a facility of the type outlined below in Figure 8 would require an average of at least 1,380 patrons per week in order to be profitable (*See Appendix "A", Section 3*). The Primary Trade Area around this site (area within a 5 mile radius) contains a population of at least 19,473 with an average median household income of \$109,070 (compared to a Washington state average of \$55,591). The Secondary Trade Area (5 to 15 mile radius from the site) contains a population of at least 260,801 with average median household income of \$86,860, and the Tertiary Trade Area (15 to 30 mile radius) contains a population of at least 931,995 with average median household income of \$52,788 per year. (*Appendix "A" Fig. A.2*)

Although a detailed market analysis/phone-mail surveys of the ability of this particular site to attract a specific number of customers is not within the scope of this report, Trade Area statistics indicate there may be a large enough market with sufficient disposable income to sustain this type of project. Assuming that expenditures on recreation, especially by parents for their children, make up a significant portion of disposable income, this allows for a very large number of people in the Primary Trade Area to be counted as potential customers.

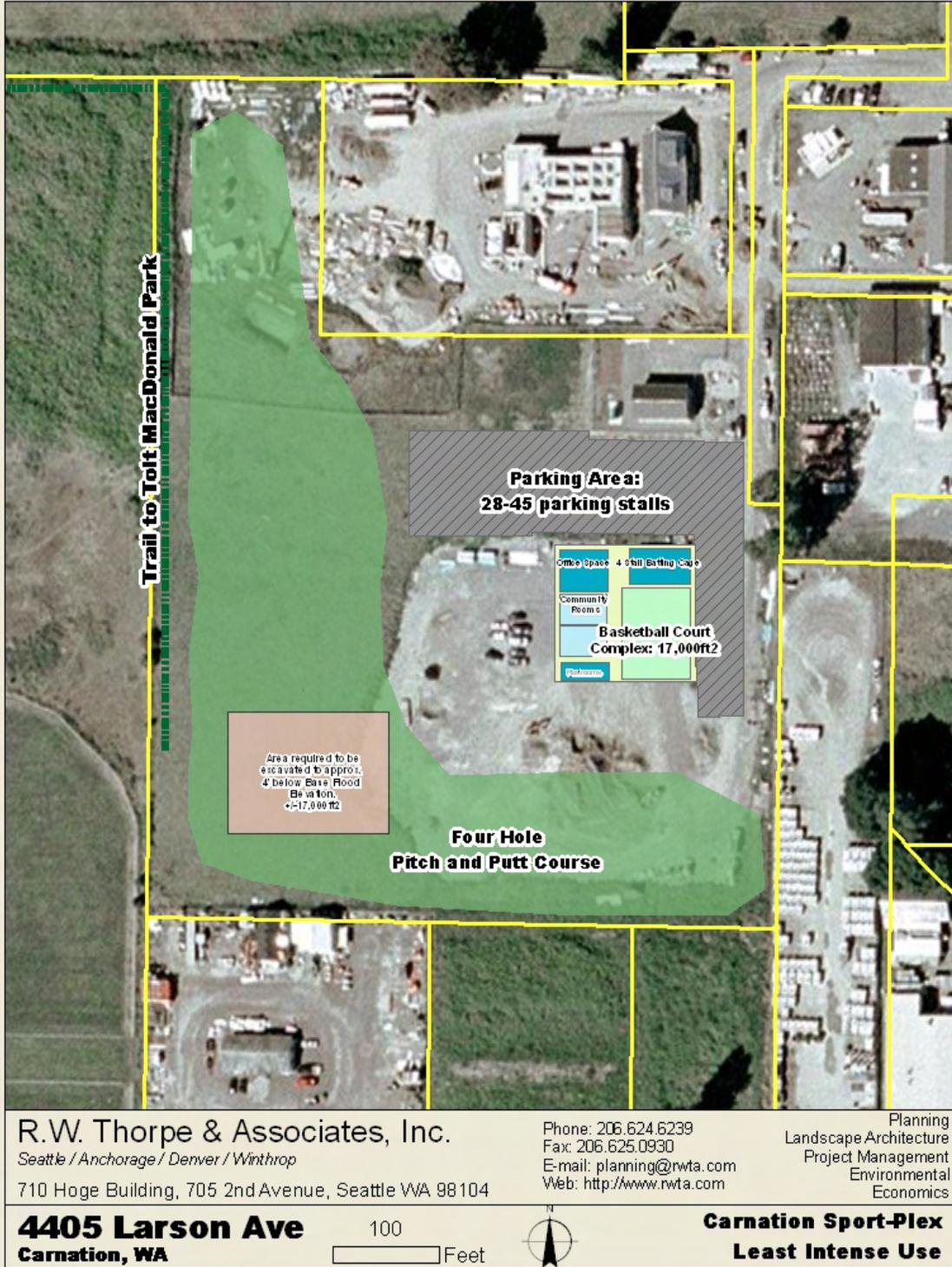


Figure 5 (Estimated Project Cost +/- \$1,505,000 Appendix “B” Table B.1)



Figure 6 (Estimated Project Cost +/- \$3,200,000 Appendix “B” Table B.1)

2. Flex Tech Industrial Office Space. (Requires partial or all-site rezone.) (Figures 7 & 8):

This option includes rezoning the property for light industrial or manufacturing use, or another use similar to neighboring properties. One possible design includes four 5,000 square foot ground floor workshop units, and four-eight 2,500–5,000 square foot second floor offices. This provides up to 40,000 square feet of leasable area, and after rezone of site would comply with all current development standards and would require a Shoreline Substantial Development Permit.

3. Combination of Options 1 and 2. (Requires partial site rezone.) (Figure 8):

Under this plan, the City would use a plat process to create two lots from the subject property. One lot would be rezoned as industrial and developed as a 4-8 unit workshop/office park with a gross floor area of +/- 40,000ft². The remaining portion of the lot (+/- 4 acres) would be sufficient size to construct a recreational facility of 20,000 to 40,000 square feet.



Figure 7 (Estimated Project Cost +/- \$3,300,000 Appendix “B” Table B.1)

Figure 8 (Estimated Project Cost +/- \$6,500,000 Appendix “B” Table B.1)

4. Sale of Property for Private Purposes:

This option includes rezoning the property for light industrial, office, mixed-use or manufacturing use. The City could then sell the land outright. County Assessor's records for similar industrial properties show a range of \$3.75- \$5.61/ ft² for land outside the floodplain. This measure of property value is consistently lower than market value, if the property were sold on the open market the price would likely be 25-30% higher, indicating a range of **\$4.76 – \$7.12**. The value of land within the floodplain must be discounted in consideration of environmental challenges posed to development; this report uses a 50% discount for floodplain land giving a range of \$2.38- \$3.56.

The total market value of land outside the floodplain (87,115 ft²) is estimated at \$414,667 - \$620,259. Market value of land within the floodplain (268,770ft²) is estimated at \$639,673-\$956,821. **This gives a total range of \$1,034,926-\$1,577,080** (say \$1,000,000 to \$1,500,000).

Comparable Industrial Properties In East King County (King County Assessor's Records)						
Parcel# and Address	Owner / Use	Improvements	Assessment of improvements	Acres	Assessed Value (Land) 2009	Assessed Value Per ft2
1323089098 45710 SE NORTH BEND WAY	Tanner Electric	4,650 ft2 Pre-fab steel warehouse	\$191,700	2.42	\$474,300	\$4.50
1323089176 45830 SE NORTH BEND WAY 98045	Cascade Diesel Truck Repair	5,200ft2 garage	\$98,400	1.85	\$403,700	\$5.01
1323089192 SE NORTH BEND WAY	Vacant Commercial Lot	N/A	N/A	1.04	\$203,800	\$4.50
1423089009 44101 SE TANNER RD 98045	Light Industrial	17,600ft2 Warehouse	\$1,887,300	1	\$250,000	\$5.74
1423089032 44711 E NORTH BEND WAY 98075	Auto Service	2,500ft2 garage	\$21,000	3.42	\$558,600	\$3.75
1423089060 44027 SE TANNER RD 98075	Light Industrial	13,200ft2 warehouse	\$1,355,700	1	\$244,300	\$5.61

8. Economic Feasibility

The above analysis, findings and conceptual development plans will help in the market analysis and future economic return that will be calculated by MAI appraisers.

9. Conclusions

Based upon the best information provided and available, it is our opinion that the conceptual development plans (as shown in **Figures 7 -10**) for the Larson Ave. property would be possible under both existing conditions and assumed future conditions. The probable conceptual development plans for the property include an indoor recreation facility and a mixed-use building with surface parking. The conceptual development plans provide an example of four possible development scenarios. We treat this information as a Phase I analysis, we can narrow the options that the City Council / Staff will want to pursue in a Phase II Analysis.

Ultimate development design will be driven by the market and by cost of development and funding options. These impact elements to Highest and Best Use are to be calculated by MAI appraisers. RWT/A would note that financing for a totally public option would be challenging in this economic environment, therefore not reasonably probable short term option. The City would need to pass a recreation bond measure or obtain private funding – we believe this is very unlikely at this time, making County or State funds extremely unlikely in the current budgetary environment.

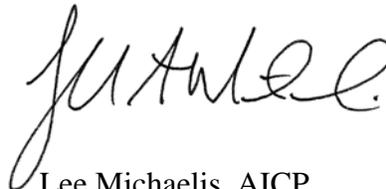
Staff members Arthur Nez, GIS/Economic researcher, and Lindsey Diallo, RLA, Associate, assisted with the research, analysis, graphics and report preparation. If you have any questions and/or comments pertaining to these findings, please do not hesitate to call Robert Thorpe.

Thank you for the opportunity to serve you and to transmit this second draft of our study. We look forward to presenting our study and recommendations to the City Council in a work session.

Sincerely,
R. W. Thorpe & Associates, Inc.



Robert W. Thorpe, AICP
President



Lee Michaelis, AICP
Project Manager

10. References

City Carnation Municipal Code

City of Carnation Comprehensive Plan

King County Assessor's Office.

King County GIS

Snoqualmie and Skykomish Rivers Work Map Plate 12.11
(King Co. Dept. of Natural Resources 2006)

Smart, J. Eric: Recreational Development Handbook. Community Builders Handbook Series, ULI-the Urban Land Institute, 1981.

RS Means: Site Work & Landscape Cost Data. Reed Construction Data, 2007.

Sport Court Development Inc, Kirkland, WA 1-800-582-5303. Athletic facilities construction company.

Shelton Carpets, artificial turf supplier. <http://sheltoncarpet.net>

Olympia Steel Structures, Steel Building Fabrication.

Aluminum Bleachers dot Com. Bleacher Supply Company <http://www.aluminumbleachers.com>

City-Data Demographic Information. <http://www.city-data.com> retrieved (8/2009)

Economics of a Commercial Batting Cage. Amusement Products LLC, 2009.
<http://www.amusepro.com>

Site Visit

Selected Interviews:

MAI Appraisers:

Bill Mundy, Ph.D., MAI

Robert Bonjorni, MAI

Ron Hoefler, MAI

Real Estate Brokers

Gary Volchok, Coldwell Banker

UNDERLYING ASSUMPTIONS OF STUDY

This Study is constrained by the assumptions and limiting conditions contained therein, including the understanding that the report is to be utilized by the client(s) and their real estate agents to aid in the determination of the current status of the property.

The office of R. W. Thorpe & Associates, Inc. does hereby certify that:

We have no present or contemplated future interest in the real estate that is the subject of this Study.

We have no personal interest or bias concerning the subject matter of this Study.

To the best of our knowledge and belief, the statements of fact contained in this Study, upon which analyses, opinions and conclusions expressed herein are true and correct.

This Study sets forth all the limiting conditions affecting any analyses, opinions and/or conclusions expressed.

With the exceptions of discussions with jurisdictional staff concerning methodology and preliminary analysis of data, no one other than the undersigned prepared this Study or analyses, conclusions and opinions concerning the subject real estate set forth in this Study.

It is our opinion that this Study is based on information and data relevant to the date of the Study. Although subsequent historical data exists, any other analysis at a later date would require the updating of the Study to reflect current plans, policies, and regulations.

Please note that with ever-changing land use regulations to comply with Washington GMA, information contained in this Study may need to be verified periodically.

R. W. Thorpe & Associates, Inc.



Robert W. Thorpe, AICP
President

Appendix A:
Market Analysis
And
Recreational Facilities Inventory

Summary – Appendix A Inventories

The City of Carnation has designated the subject property of this report as the site of future indoor recreation facility. The purpose of this analysis is to estimate of what size and type of market is necessary to support such a project, and to determine if the market area around Carnation is appropriate for this sort of facility.

Preliminary analysis shows that the trade area around Carnation is very large, and is comprised of consumers with above-average income levels (see section 4 of this appendix.) If we assume that a significant percentage of the region’s adult population is interested in recreation for themselves, their children, or both, then the pool of potential facility patrons is in fact quite large.

Demographic reports on the immediate Carnation area indicate that the largest portion of the population is less than 20 years old. An indoor recreation facility caters directly to this age group who, in concert with local youth sports organizations, could provide consistent business for the facility year-round.

A list of possible recreation attractions is detailed below, along with data on existing facilities in the area. Examples in the Conceptual Design section of the previous report have been designed to be attractive to the regional and local market areas, while minimizing competition with nearby facilities.

1. Recreation Opportunities

Batting Cages

The nearest batting cage facility to the study site is in Issaquah, and it is marketed



Example of a four-stall batting facility with synthetic net cages.

specifically towards sports teams. **The nearest batting cage marketed towards the general public is in Seattle.** Most facilities offer an average of four batting stalls, and they can be varied to suit specific needs of customers (i.e. variation in pitch speed, alternating between baseball/softball.)

This facility would be the only one offering batting cage services to the Carnation area, and the existing public baseball diamonds adjacent to the site in Tolt MacDonald Park (figure A.1) could provide a source of potential customers.

Indoor Soccer/Lacrosse/Practice Field:

Soccer is popular sport for both children and adults in western Washington, and sufficient demand for indoor soccer facilities may exist to allow this project to operate at near full capacity within a short time. An indoor soccer field can also be rented as practice space to other teams, such as baseball and lacrosse. An open field in the floodplain could also be utilized for a soccer / football / lacrosse practice area.

Basketball Gym:

Basketball gyms provide the same year-round recreation opportunities as an indoor soccer field, but occupy about 25% less area. A basketball facility open to the public every day could become a popular destination for local athletes who until now have few other courts available to them.

This type of gym can be easily modified to provide other recreational opportunities, including racquet sports, volleyball or roller hockey.

Pitch and Putt Golf Course:

This property's location within the floodplain places considerable limitations on structure size. A short golf course could provide a profitable use for the large portion of the lot which is not buildable for economic and environmental reasons. Our research indicates this site is properly sized to support 4-6 holes 75-110 yards in length.

This option puts the facility into competition with the Carnation golf and driving range (see figure A.4). However, short-course golf is not a perfect substitute for a full-size golf course, and this project, if properly designed for beginners and senior/handicapped players, may attract customers who would not normally play golf (such as families with younger children or those with little golf experience.)

Trampoline Center:

A new facility in Bellevue has shown the ability of this recreation model to create a high-value facility in a relatively small space. A +/-5,000ft² room outfitted with trampolines over the entire floor and banked trampolines along the walls provides a unique and fun destination for kids and people of all ages. “Sky High Sports,” originally from California and now in Bellevue, has lined up standing room only crowds at a price of \$10 for a two-hour jump.



Community Space / Special Events:

If the city decided to construct this facility and operate it, any of these design options would provide an appropriate space for a community center with a variety of different uses.

Some possibilities include:

- Public meetings.
- Family events (holiday events / day camps).
- Arts / cultural exhibits.

Other Recreational Opportunities

Market research has indicated many indoor recreation models that are not currently available to greater Carnation area residents. Although they were not included in any site plans or cost analysis, the following options could prove popular with local demographics.

- **Rock Climbing Gym:** The Cascade Mountains are a popular nearby destination for rock climbing enthusiasts, many of whom might be interested in joining a climbing gym.
- **Frisbee Golf Course:** Frisbee golf is a low cost alternative to a pitch and putt golf course. It requires less course maintenance, and less operating capital. This alternative also eliminates the safety hazard associated with errant golf balls.
- **Computerized Driving Range:** Computerized golf and swing analysis elements can easily be incorporated into indoor athletic facilities. Prices range from **\$400** to over **\$1,000** for more advanced digital swing analysis. These options would be a good addition to a business model that features golf lessons or training for local golf teams.
- **Indoor swimming pool:** Provides practice space for high school swim teams, provides recreation for people of all ages and physical abilities. *(Not Recommended – See Mary Wyatt experience on Mercer Island – liability insurance, staffing costs, and maintenance all contribute to this not being a viable use in this location.)*

2. Regional Attraction Inventory

Batting Cage Attractions	Athletic Attractions	Other Attractions
Field of Champions (Issaquah) Batting Rate: Hours: *Limited public access *Team/reservation oriented	Monroe Indoor Soccer Field: This project along WA SR-2 has not begun construction yet, although planning and marketing is underway. Carnation Golf & Driving Range Range Fee: \$5-7/bucket (\$350/year) Golf 18 holes: \$30 wk/\$35wknd *No Pitch and Putt Course	Remlinger Farms, Carnation. *U-Pick Berries *Produce Market *Family Fun Center
Northshore Sports Complex (Woodinville) Batting Rate: \$40/hr Hours: *Limited public access *Team/reservation oriented	Woodinville Indoor Soccer. Rates: \$75.00/hr +10.00 per referee	Tolt Valley Taekwondo College: 31563 Entwistle Classes held M-F p.m. and Sat a.m.
	Snohomish Indoor Soccer Dome Rates: \$100/hr	Regal Issaquah 9 Movie Theater NW 11 th Ave Issaquah
Stods Baseball (Bellevue) Batting Rate: \$0.50/minute Hours: *Limited public access *Team/reservation oriented *Lessons, camps, Little League coordination services.	Everett Soccer Arena Rates: \$400/team for 5 games	River Run Anglers: 3946 Tolt Ave Sporting Good Retail
	Gymnastics East, Issaquah Gymnastics instruction	Free Spirit Paragliding: 322 nd Ave NE Carnation Paragliding outfitters.
	Sky High Sports, Bellevue Trampoline Center \$10/two-hours	
Family Fun Center (Tukwila) Batting Rate: \$3.00/25 pitches Hours:	Snoqualmie Falls Golf Course Fall City, WA	Totem Girl Scout Council NE 24 th St, Carnation
	Twin Rivers Golf Course Fall City, WA	

Public Parks and Recreation Facility Inventory

City of Carnation	Public Schools	Other
Valley Memorial Park: *Tennis courts(2) *BMX/Skateboard Park *Children's play equipment	Tolt Middle School: *Football field / track *Baseball & Softball Field *Soccer Field *Indoor Facilities Carnation Elementary: *Multi-use field *Baseball Diamond *Basketball court (1 & ½)	Tolt MacDonald Park (King Co): *Campsites/Picnic Shelters *Soccer Field *Baseball & Softball Fields *River Access *Hiking & Mountain Biking *Public Fishing

3. Market Requirements:

The data in the following table outlines the number of people required to sustain an indoor recreation facility similar to the one outlined in Figure 8 of the preceding report. For each component of the project, a 100% capacity number is computed objectively as the highest number of uses possible given operating hours and other data. All assumptions are included alongside the following results. **The goal for this type of facility would be 70% to 80% of capacity for a 12± hour day, 7 a.m. to 8 p.m.**

It is assumed that a facility must operate at 50% capacity or better in order to be profitable. Therefore the following data gives a rough estimate of how many patrons would be required to reach this capacity figure for 3 potential uses.

Table A.1 PATRONS PER WEEK ESTIMATES				
CAPACITY:	Batting Cages (four stalls)	Indoor Soccer (one field)	Mini Golf (four holes, Summer only)	TOTAL (Peak Season)
5%	77	25	36	138
10%	154	51	72	277
15%	231	76	108	415
20%	308	101	144	553
25%	385	127	180	692
30%	462	152	216	830
35%	539	177	252	968
40%	616	203	288	1,107
45%	693	228	324	1,245
50%	770	254	360	1,384
55%	847	279	396	1,522
60%	924	304	432	1,660
70%	1,078	355	504	1,937
80%	1,232	406	576	2,214
90%	1,386	456	648	2,490
100%	1,540	507	720	2,767

SOCCER GAMES PER FIELD/YEAR:

Assumptions:

1. Kids out of school at 3pm, adults off work at 5pm, play till 10pm,
2. Popularity of outdoor sports results in only small increase in youth soccer demand during summer...
3. Holiday/Vacation and service closures result in 50-week year of operation.

M-F games start at 4:00, 6:00 & 8:00

S-S games start at: 10:00, 12:00, 2:00, 4:00, 6:00 & 8:00

27 games per week plus one additional game per weekday for 12 weeks of summer (60 games):

1,410 games per field per year at 100% capacity

25,380 patrons per year*

*(6 on 6 plus 3 subs each = 18 people per game)

PATRONS PER PITCHING MACHINE YEAR:

Assumptions:

1. Pitching machines throw 10 balls/ reloading is not accounted for during business hours.
2. Every guest bats 3 rounds of 25 balls.
3. At 100% capacity, there is 0.5 minutes of down-time between batters.
3. Holiday/Vacation and service closures result in 50-week year of operation.

60 hours/week x 50 weeks/year = 3,000hrs. batting 2.5min batting + 0.5min waiting= 3 min. per round (3,000 hours * 60 minutes) / 3 min = 60,000 rounds/year

60,000 rounds / 3 rounds per person =

20,000 patrons per cage per year at 100% capacity

Golf Course Patrons per Year:

Assumptions:

1. Golfers play in twosomes and take 10 minutes per hole
2. Once any group finishes a hole, another twosome starts play immediately.
3. Course is open 60 hours per week; weather allows operation only from April through September.

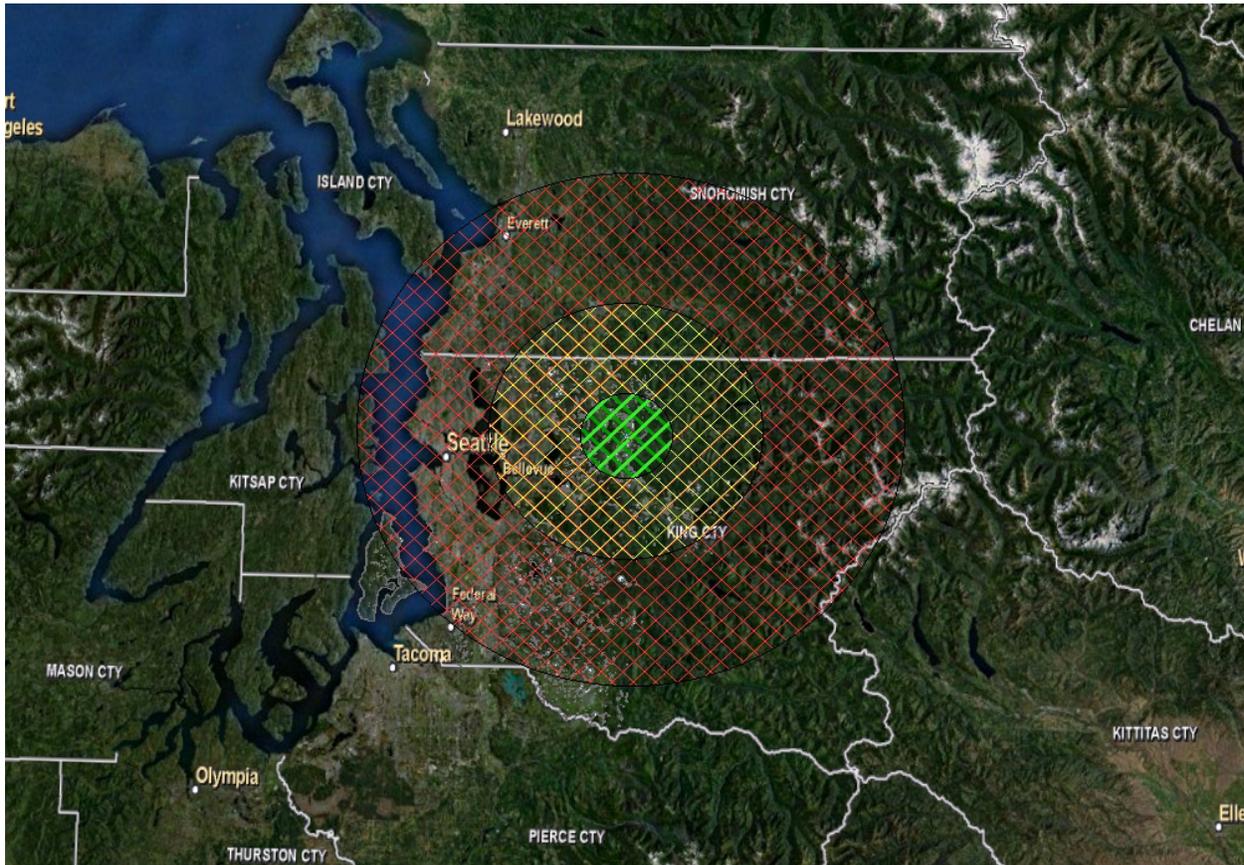
24 weeks x 60 hours: 1,440 hours per year.

10 min./hole x 4 holes x 2 people/group

= 12 people/hr x 1,440 hours/yr =

17,280 patrons per year

4. Trade Area Statistics:

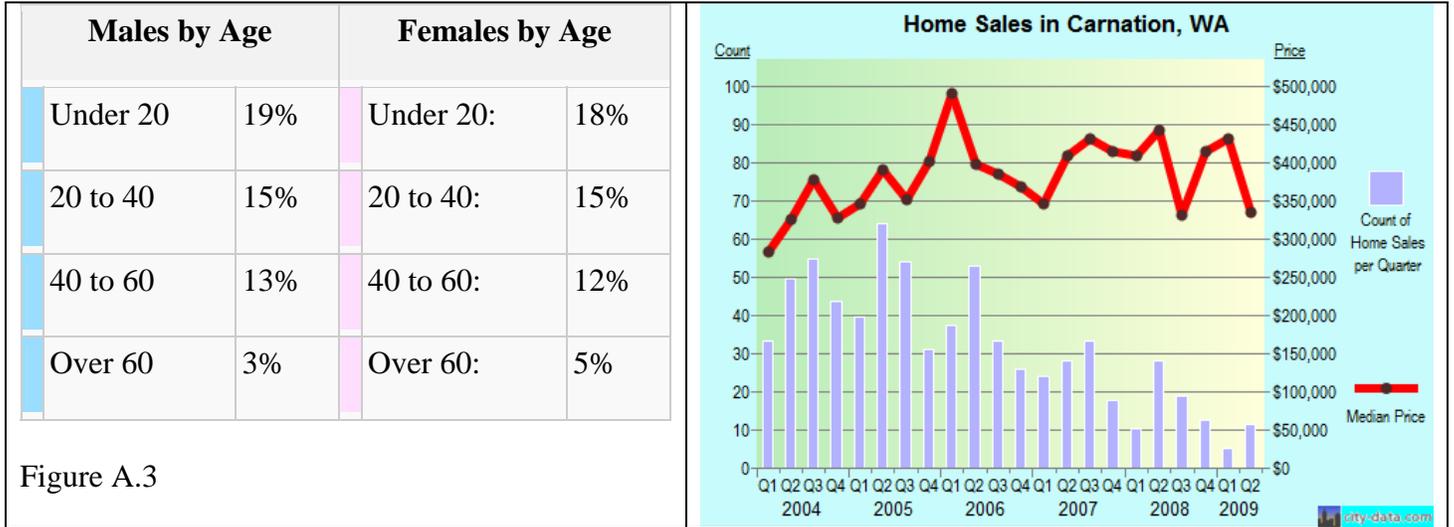


City (population), \$Estimated Median Household Income (EMHI). Figure A.2
All data is from 2007.

<p>Primary Market Area (Green Zone, >5 miles from site): Carnation(1,814) \$75,833 Ames Lake (1,533) \$117,519 Lake Marcel (1,475) \$77,212 Fall City (1,750) \$77,966 Union Hill-Novelty Hill (12,901) \$120,602 Total Primary Market Population: 19,473 Pop. Weighted Average EMHI: \$109,070</p>	<p>Tertiary Market Area (Red Zone, 15-30 miles from site) Seattle (598,541) \$57,849 Lynnwood (33,572) \$52,810 Everett (98,212) \$49,376 Kent (83,978) \$51,855 Auburn (55,426) \$49,426 Renton (62,266) \$57,761 Total Tertiary Market Population: 931,995 Pop. Weighted Average EMHI: \$52,788</p>
<p>Secondary Market Area (Yellow Zone, 5-15 miles from site): Kirkland (47,303) \$76,055 Bellevue (123,771) \$78,708 Redmond(49,548) \$84,126 Sammamish(40,179) \$128,067 Total Secondary Market Population: 260,801 Pop. Weighted Average EMHI: \$86,860</p>	<p>Washington State Overall Data: EMHI: \$55,591</p>

5. DEMOGRAPHICS

Population: 1,814 (2008)
Population Change: -4% (2000-2005)
Land Area: 1.10 Square Miles
Median Age: 31.6 years



Estimated Average Household Income: \$75,800 (up from \$60,100 in 2000)

Mode Average Home Value: \$300-\$400k

Mode Average Commute Time: 30-35 minutes

Colleges/universities with over 2000 students nearest to Carnation:

- BELLEVUE COMMUNITY COLLEGE (12 miles; Full-time enrollment: 7,013)
- CITY UNIVERSITY (about 15 miles; BELLEVUE, WA; FT enrollment: 4,007)
- LAKE WASHINGTON TECHNICAL COLLEGE (15 miles; KIRKLAND, WA; FT enrollment: 2,328)***Additional campus is being proposed in DUVALL.**
- HIGHLINE COMMUNITY COLLEGE (about 16 miles; DES MOINES, WA; FT enrollment: 4,288)
- UNIVERSITY OF WASHINGTON(16 miles; FT enrollment: 32,742)
- SHORELINE COMMUNITY COLLEGE (16 miles; SEATTLE, WA; FT enrollment: 4,526)
- SEATTLE PACIFIC UNIVERSITY (16 miles; FT enrollment: 2,992)

Public high schools in Carnation:

- [PARADE](#) (Students: 83; Location: 32240 NE 50th St; Grades: PK - 12)
- [CLIP](#) (Students: 25; Location: 32240 NE 50th St; Grades: 9 - 12)

Public elementary/middle schools in Carnation:

- [TOLT MIDDLE SCHOOL](#) (Students: 657; Location: 3740 Tolt Ave; Grades: 6 - 8)
- [STILLWATER ELEMENTARY](#) (Students: 490; Location: 11530 320th Ave NE; Grades: K - 5)
- [CARNATION ELEMENTARY SCHOOL](#) (Students: 415; Location: 4950 Tolt Ave; Grades: PK - 5)

Source(<http://www.city-data.com/city/Carnation-Washington.html> retrieved 7/2009)



Figure A.4

Example Brochure from Comparable Facility:

<p>18 Hole Mini Golf \$6.50 a round</p>  <p>Last round starts 1 hr. prior to closing</p> <hr/> <p>Golf <u>Bucket Prices</u></p> <ul style="list-style-type: none">• Large 115-120 balls \$8.00• Medium 75-80 balls \$6.00• Small 40-45 balls \$5.00 <p><i>Our prepaid range card saves you even more</i></p> <hr/> <p><u>Hours of Operation</u></p> <p>MAY - SEPT. Mon. - Sat....9AM to 9PM Sunday.....11AM to 8PM Last bucket 8:30PM Sunday 7:30 Batting Cages close at 8:00PM Sunday 7:00</p> <p>OCT.- APRIL Mon. - Sat....9AM to 8PM Sunday.....11AM to 8PM Last bucket 7.30 Batting Cages close at 7:00PM</p>	<p>Baseball <u>PRICES</u> \$2.25 per Token 20 Pitches per Token</p> <hr/> <p><u>SPEEDS & PITCHES</u></p> <ul style="list-style-type: none">◇ Hard Ball40 MPH◇ Hard Ball50 MPH◇ Hard Ball60 MPH◇ Hard Ball70 MPH <hr/> <p><i>Ask about discounts with the prepaid Designated Hitter Card</i></p> <p>Marvin Rd Golf & Batting Range 2831 Marvin Rd NE Olympia, WA. 98516 360-438-2299</p> <p>www.marvinroadminigolf.com</p>
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Figure A.5

Appendix B: Financial Feasibility Analysis

Summary of Research Information

The purpose of this analysis is to provide an estimate for initial construction and setup costs relating to the site plans described in the preceding report (figures 7-10). In preparing this appendix, we have attempted to estimate a high-end cost in order to avoid a scenario where a more detailed cost analysis would show the true project cost to be substantially higher than our estimate. All assumptions made in this analysis are disclosed alongside the data, and all sources of actual estimates or quoted prices are cited in the bibliography of the report.

Facility Development (Table B.1)

This table contains estimates for the complete construction and development of facilities similar to those outlined in the preceding report. The main structure is assumed to be a simple steel-pole building. Estimates for major pieces of recreational capital (pitching machines, basketball courts, etc...) are included for comparison purposes.

For the flex-tech alternative, only the cost of the structure and utility installation are included in the estimate, no provision is made for improvements inside the building.

Operating Revenue/Costs (Table B.2)

Income and expenditure associated with operating this facility are given only a cursory analysis, and are not meant to be more than basic guidelines.

Sale of Property for Private Purposes (Table B.3)

Property value data from the Assessor's Office was used to create a rough estimate of what the subject property might potentially be worth. In order to realize this option the property would need to be rezoned to an Industrial, Commercial or Multi-Family Residential designation.

Figure B.1
(Sources of cost data listed in report bibliography)

Indoor Facility Development Cost Estimates		
ASSUMPTIONS AND ESTIMATES:		CAPITAL COST ESTIMATES:
Building Costs:		Batting Cages:
Structure: (per square foot)		Installation Cost** \$525
Building/Mechanical/Utilities/Equipment	\$59*	Pitching Machines..... \$2,500 ea.
Cut/Fill cost (per cubic yard)	\$10	Nets and safety barriers..... \$750 per stall
4 ft foundation above grade required for flood protection results in 1 yd³ per 6.75 ft² of building		Helmets, Bats, Balls etc..... \$250 per stall
<i>*R.S. Means Site Work and Landscape Cost Data 2007 pp.701</i>		Batting Cage Total: \$4,025 Per Stall
STRUCTURE COST BY SIZE ESTIMATES:		Indoor Soccer Field:
1. 17,000 square feet x 1 story (figure 7).....	\$ 1,173,000	Turf Surface w/padding..... \$85,500
2. 37,000 square feet x 1 story (figure 8).....	\$ 2,553,000	Installation Cost** \$13,575
3. 20,000 square feet x 2 stories (figure 9).....	\$ 2,760,000	Bleachers..... \$5,000
		Soccer Field Total: \$104,075
COMPLETE PROJECT COST ESTIMATES: (including additional 20% for "soft" costs)		Indoor Basketball Court
1. Figure 7 (Basketball and Batting Cage)	\$1,505,393	Court Surface..... \$45,765
2. Figure 8 (Soccer Field and Batting Cage)	\$3,202,980	6 hoops (full court + 2 half court) \$9,600
3. Figure 9 (Flex Tech Office Space)	\$3,312,000	Installation Cost*** \$9,054
		Bleachers..... \$5,000
		Basketball Court Total: \$69,419
		** (assumed as 15% of capital cost)

Note:

Above figures are direct construction costs. A 25%-30% Management/Design/Permitting Fees Factor needs to be added to the development cost of each option.

Figure B.2 (Cursory Estimates)

Recreation Facility Operating Cost:	
Labor costs:	
# of Employees	4
Average Salary	\$40,000
Benefits, Taxes, Misc.	\$10,000
Total Labor Cost	\$200,000
Utilities, Insurance, Depreciation, Etc...	\$50,000
Total Annual Operating Cost	\$250,000

**Figure B.3
Comparable Industrial Properties In East King County (King County Assessor's Records)**

Parcel# and Address	Owner / Use	Improvements	Assessment of improvements	Acres	Assessed Value Land 2009	Assessed Value Per ft2
1323089098 45710 SE NORTH BEND WAY	Tanner Electric	4,650 ft2 Pre-fab steel warehouse	\$191,700	2.42	\$474,300	\$4.50
1323089176 45830 SE NORTH BEND WAY 98045	Cascade Diesel Truck Repair	5,200ft2 garage	\$98,400	1.85	\$403,700	\$5.01
1323089192 SE NORTH BEND WAY	Vacant Commercial Lot	N/A	N/A	1.04	\$203,800	\$4.50
1423089009 44101 SE TANNER RD 98045	Light Industrial	17,600ft2 Warehouse	\$1,887,300	1	\$250,000	\$5.74
1423089032 44711 E NORTH BEND WAY 98075	Auto Service	2,500ft2 garage	\$21,000	3.42	\$558,600	\$3.75
1423089060 44027 SE TANNER RD 98075	Light Industrial	13,200ft2 warehouse	\$1,355,700	1	\$244,300	\$5.61