BOARD OF COUNTY COMMISSIONERS
COUNTY OF KITTITAS
STATE OF WASHINGTON

RESOLUTION NO. 2026 - 125

AUTHORIZING CREATING A COUNTYWIDE PUBLIC FACILITIES DISTRICT

WHEREAS: Revised Code of Washington (RCW) 36.100 authorizes Counties to develop a Public Facilities District (PFD) upon adoption of a resolution providing for the creation of such district by the County Legislative Authority; and

WHEREAS: the Board of County Commissioners, as the County Legislative Authority, is responsible for the care and management of County funds and property; and

WHEREAS: Public Facilitates Districts are able to develop and operate regional facilities including sports, entertainment, convention or recreational facilities; and

WHEREAS: Formation of a PFD will allow access to develop, own and participate in funding for such facilities; and

WHEREAS: There is interest in developing possible projects, and in order to access sources for financing new and/or renovations to public facilities a PFD is to be formed to promote and manage facilities authorized by PFD such as recreation facilities; and

WHEREAS: An independent financial feasibility review by the Washington State Department of Commerce (Commerce) prior to formation of any new PFD was completed and was found to be feasible; and

WHEREAS: The formation of said PFD was discussed at a public meeting of the Board of County Commissioners on July 21, 2026.

NOW, THEREFORE BE IT RESOLVED the Board of County Commissioners, in the best interest of the public hereby accepts the independent financial feasibility review prepared by the Washington State Department of Commerce; and

NOW, BE IT FURTHER RESOLVED the Board of County Commissioners, in the best interest of the public hereby establishes a Public Facilities District, to be known as the Kittitas County Public Facilities District, the boundaries of which shall be coextensive with the boundaries of the County; and

NOW, BE IT FUTHER RESOLVED that said District shall be governed by a five-member Board of Directors, selection of the same to be made as outlined in RCW 36.100.020; and

NOW, BE IT FUTHER RESOLVED as the City of Ellensburg is the largest City in the County by population, and has a population that is at least forty percent of the total County population, per RCW 36.100.020(1)(b), the appointment of the Five-Member Board of Directors shall be as follows:

- Two members appointed by the Board of County Commissioners;
- Two members appointed by the Ellensburg City Council;
- One member will be selected by the other four members; and

DATED this 21st day of July 2026, at Ellensburg, Washington.

BOARD OF COUNTY COMMISSIONERS
KITTITAS COUNTY, WASHINGTON

Cory Wright, Chairman

Attest:

☐ Clerk of the Board- Julie Kjorsvik

ABSENT
Brett Wachsmith, Vice-Chairman

☒ Deputy Clerk of the Board- ~~Mandy Buehholz~~ Jodi Larsen

Laura Osiadacz, Commissioner

Kittitas County Public Facilities District Financial Feasibility Review

JOHNSON CONSULTING

June 2026

Transmittal Letter (June 2, 2026)

Re. Kittitas County Public Facilities District – Financial Feasibility Review

C.H. Johnson Consulting, Inc. (Johnson Consulting) is pleased to submit this independent financial feasibility review of the proposed formation of the Kittitas County Public Facilities District ("PFD"). This assessment is provided for the Washington State Department of Commerce ("Commerce") pursuant to RCW 36.100.025.

Johnson Consulting has no responsibility to update this report for events and circumstances occurring after the date of this report. Johnson Consulting used sources deemed to be reliable but cannot guarantee their accuracy. Moreover, some of the estimates and analyses presented in this study are based on trends and assumptions, which can result in differences between projected results and actual results. Because events and circumstances frequently do not occur as expected, those differences may be material. This report is intended for the Clients' internal use and cannot be used for project underwriting purposes without Johnson Consulting's written consent.

We have enjoyed serving you on this engagement and look forward to providing you with continuing service.

Sincerely,

C.H. Johnson Consulting, Inc.

C.H. Johnson Consulting, Inc.

Executive Summary

Purpose of Review

The purpose of this report is to conduct an independent financial feasibility review for Commerce on behalf of Kittitas County. Pursuant to RCW 36.100.025, the review must examine the potential costs and the adequacy of revenues or expected revenues to meet the costs to be incurred for the formation of a new PFD. As directed by State statute, Johnson Consulting, as the preparer of this analysis, is to exercise independent professional judgment in conducting the financial feasibility review.

Methodology

In order to conduct this independent feasibility review, Johnson Consulting performed the following tasks:

1. Reviewed all documents provided by Commerce and Kittitas County, including documents provided at commencement of the study, as well as others obtained from the County throughout the study process. No additional independent research was conducted as part of this independent feasibility review.

2. Reviewed costs to be incurred in relation to the formation of the PFD and capacity to fund operating and costs and repay debt financing associated with the project.

Proposed Project

The formation of a county-wide PFD has been recommended by a partnership between the Upper Kittitas County Community Recreation Center Alliance (a non-profit organization representing Upper County communities), the City of Ellensburg (collectively, the "Project Sponsors"), municipalities, Kittitas County and the Conference of Government have supported by motion the financial feasibility review for the purpose of partially funding various large recreation projects. Three projects, in various stages of development, have been identified to date – 1). Upper Kittitas County Community Recreation Center; 2). Ellensburg Community Fieldhouse; and 3). Kittitas Valley Aquatic Center. It is the intent that funds generated from a voter-approved 0.2 percent sales taxes would support the projects in different ways and would be allocated among the projects as determined by the PFD board of directors, once formed.[1]

At this time, it is not contemplated that the PFD will own and/or operate any of the identified facilities, nor will it issue debt to build facilities. Should the capital financing plans for the projects change, the PFD is expected to request a separate review that will focus on capital and operating costs prior to the issuance of any debt, as required by Washington State Law (RCW 36.100.025 and 35.57.025).

Assessment

Key findings of Johnson Consulting's independent financial feasibility review of the proposed formation of Kittitas County PFD are summarized as follows:

- Washington State law allows for PFDs to be formed by cities, counties or contiguous groups of cities/ counties. A PFD is a municipal corporation, an independent taxing authority and a taxing district.
- Three projects, in various stages of development, have been identified to date – 1). Upper Kittitas County Community Recreation Center; 2). Ellensburg Community Fieldhouse; and 3). Kittitas Valley Aquatic Center. It is the intent that funds generated from a voter-approved 0.2 percent sales taxes would support the projects in different ways and would be allocated among the projects as determined by the PFD board of directors, once formed.
- Utilizing two alternative methodologies, anticipated PFD sales tax revenues, if approved, would amount to an average of between $4.1M and $5.36M annually (between 2027 and 2043).
- The intent of this independent financial feasibility review is not to create, test or otherwise opine on the costs for capital or operations of the identified projects. Rather, the purpose is to identify costs specific to the formation of the PFD.
- Based upon information provided by Kittitas County, PFD operational funding support for the three identified projects would total $3.1M annually. The PFD will also incur costs related to its own operations and administration, including start-up costs prior to the disbursement of tax revenues, if approved.

- The formation of the PFD appears to be a viable funding mechanism to support the proposed projects. Accrued revenues will be sufficient to cover both PFD administration and project operating support costs (noting that this assessment assumes that the PFD is formed in 2027, all identified projects are under construction or operational in 2028, and the PFD will provide the same amount of operating funding each year, for illustrative purposes).

- Further due diligence by the PFD board of directors, particularly in relation to the timing of the identified projects and annual operating shortfall projections, is recommended before finalizing any operating subsidies for the proposed projects. Continued refinement of these assumptions will further support implementation and long-term success.

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1. Introduction

Purpose of Review

Johnson Consulting was retained by the Washington State Department of Commerce ("Commerce") to provide an independent financial feasibility review of the proposed formation of the Kittitas County PFD.

This report has been prepared pursuant to RCW 36.100.025. As enacted by the 2012 Washington State Legislature, RCW 36.100.025 states that:

1. An independent financial feasibility review under this section is required to be performed prior to any of the following events:

a. The formation of a public facilities district under this chapter;

b. The issuance of any indebtedness, excluding the issuance of obligations to refund or replace such indebtedness, by a public facilities district under this chapter; or

c. The long-term lease, purchase, or development of a facility under this chapter.

2. The independent financial feasibility review required by this section must be conducted by the department of commerce through the municipal research and services center under RCW 43.110.030 or under a contract with another entity under the authority of RCW 43.110.080. The review must examine the potential costs to be incurred by the public facility [facilities] district and the adequacy of revenues or expected revenues to meet those costs. The cost of the independent financial feasibility review must be borne by the public facility [facilities] district or the local government proposing to form a public facility [facilities] district.

3. The independent financial feasibility review, upon completion, must be a public document and must be submitted to the governor, the state treasurer, the state auditor, the public facility [facilities] district and participating local political subdivisions, and appropriate committees of the legislature.

The intent of this independent financial feasibility review is to provide Commerce, Kittitas County and other project partners with an impartial assessment of potential costs to be incurred by the PFD and the adequacy of revenues or expected revenues to meet those costs.

Scope of Work

In order to conduct this independent feasibility review, Johnson Consulting performed the following tasks:

1. Reviewed all documents provided by Commerce and Kittitas County, including documents provided at commencement of the study, as well as others obtained from the County throughout the study process. No additional independent research was conducted as part of this independent feasibility review.

2. Reviewed costs to be incurred in relation to the formation of the PFD and capacity to repay debt financing and operating costs associated with the projects.

PFD Formation, Governance and Funding

Washington State law allows for PFDs to be formed by cities, counties or contiguous groups of cities/ counties through an Interlocal Agreement (RCW 39.34). The boundaries of the PFD must be contiguous with the city, county or contiguous group of cities/ counties that formed the PFD. Specific formation processes are set forth in RCW 35.57 (formation by cities) and RCW 36.100 (formation by counties).[2]

A PFD is a municipal corporation, an independent taxing authority and a taxing district and possesses all the usual powers of a corporation for public purposes, including, but not limited to, the authority to hire employees, staff, and services, to enter into contracts, including contracts with public and private parties, to acquire, own, sell, transfer, lease, and otherwise acquire or dispose of property, to grant concessions under terms approved by the PFD, and to sue and be sued (RCW 36.100).[3]

2. WASHINGTON STATE LEGISLATURE RCW 39.34, 35.57 AND 36.100
3. WASHINGTON STATE LEGISLATURE RCW 36.100

PFD Formation, Governance and Funding

A PFD must be governed by a board of directors consisting of five, seven or nine members, reflecting the size of the resident community or communities where the PFD is formed. Specifically, the required number of members is defined by RCW 36.100 based on the size of the resident population of the county and the largest city therein. In 2025, Kittitas County had an estimated population of 49,759 persons. [4] Ellensburg, which is the largest city in the County, had an estimated population of 21,717 persons, representing 43.6 percent of the population of Kittitas County. [4] As such, the proposed PFD will require a five-member board of directors including two members appointed by the County legislative authority to serve for four-year staggered terms, two members appointed by the Ellensburg City Council to serve for four-year staggered terms, and one person to serve for a four-year term who is selected by the other directors. [5]

Pursuant to RCW 36.100, a PFD may issue general obligation bonds and revenue bonds, subject to certain statutory limits and including non-voter and voter-approved bonds. [5] Funding and revenue sources available to a PFD include:

- Charges and fees for the use of its facilities, and a tax on admission charges.
- Sales and use tax, not to exceed 0.2 percent, subject to voter approval.
- Excise tax on lodging, not to exceed 2.0 percent, subject to voter approval.
- Tax on vehicle parking charges.
- Ad valorem property tax, with limitations, subject to voter approval.
- Gifts, grants, and donations.

The statutorily-authorized taxing authority of a PFD may not be restricted in any manner by the forming jurisdiction or jurisdictions or by any action of the PFD. [5]

4. ESRI BUSINESS ANALYST ONLINE (BAO)
5. WASHINGTON STATE LEGISLATURE RCW 39.34, 35.57 AND 36.100

PFD Formation, Governance and Funding

Expenses incurred by a PFD are consistent with its operation as a municipal corporation. Typical expenses include salaries, wages, and benefits for employees, compensation for members of the board, marketing, accounting, travel reimbursement and other expenses necessary to administer the PFD.[6]

While a newly formed PFD has the statutory authority to establish revenue sources, initial capital is required to fund start-up costs, such as administrative costs and project planning, prior to revenue generation.

Proposed PFD

The formation of a county-wide PFD has been recommended by a partnership between the Upper Kittitas County Community Recreation Center Alliance (a non-profit organization representing Upper County communities), the City of Ellensburg (collectively, the "Project Sponsors"), municipalities, Kittitas County and the Conference of Government have supported by motion the financial feasibility review for the purpose of partially funding various large recreation projects. Three projects, in various stages of development, have been identified to date. It is the intent that funds generated from a voter-approved 0.2 percent sales taxes would support the projects in different ways and would be allocated among the projects as determined by the PFD board of directors, once formed.[7]

At this time, it is not contemplated that the PFD will own and/or operate any of the identified facilities, nor will it issue debt to build facilities. Should the capital financing plans for the projects change, the PFD is expected to request a separate review that will focus on capital and operating costs prior to the issuance of any debt, as required by Washington State Law (RCW 36.100.025 and 35.57.025).

6. WASHINGTON STATE LEGISLATURE 36.100
7. KITTITAS COUNTY DOCUMENTATION FOR REVIEW OF PFD FORMATION (MARCH 2026)

2. Proposed Projects

Proposed Projects

Project Sponsors have recommended formation of the proposed PFD for the purpose of partially funding various large recreation projects – 1). Upper Kittitas County Community Recreation Center; 2). Ellensburg Community Fieldhouse; and 3). Kittitas Valley Aquatic Center.

1. Upper Kittitas County Community Recreation Center

In 2020, the Upper Kittitas County Community Recreation Center Alliance (UKC CRCA), a 501(c)3 non-profit organization, was established to lead an effort to construct an indoor recreation center in the portion of Kittitas County commonly referred to as the Upper County (geographically, the western portion of Kittitas County). The 64,786 SF recreation center is proposed to include:

- A natatorium with a six-lane lap and competition pool; a zero-entry recreation pool with a small "lazy river"; and a hot tub.
- Two full-size indoor basketball courts adaptable for pickleball, volleyball, and other hardwood sports.
- An elevated indoor running track.
- A fitness area with weights, cardio machines, and training space.
- Two multipurpose community rooms for meetings, gatherings, and events.
- Two flexible-use rooms intended for fitness classes and other programming.
- A child watch area where small children can be supervised while the parent or guardian uses the facility

The total project cost is estimated to be $52.2M (in Q1-2025 dollars).[8]

8. MACC ESTIMATING GROUP UPPER KITTITAS COUNTY COMMUNITY RECREATION CENTER CONSTRUCTION COST ESTIMATE (FEBRUARY 20, 2024).

Proposed Projects

The project is proposed to be funded through $40M in voter-approved bonds secured by property tax revenues, supplemented by fundraising and grants.[8] To date, an estimated $7.87M in funding has been raised, along with an additional $1.0-$2.0M contingent on the voter-approved sales tax .[9] In addition to capital costs, the facility is projected to operate at a deficit of ($1.0M) in Year 1.[10] The proposed PFD has been identified as a potential financing partner to support operations.[9]

2. Ellensburg Community Fieldhouse

The City of Ellensburg has been pursuing the development of the Ellensburg Community Fieldhouse, to be located in Rotary Park, since 2023. In September 2025, City Council approved the issuance of a request for qualifications to solicit a developer for the project. The 60,000 SF recreation center is proposed to include:

- Five basketball courts with court lines for volleyball and pickleball.
- Synthetic turf area of approximately 14,400 SF intended for small, sided soccer games, parks and recreation department programs, indoor playground, team and individual training.
- Office space and multipurpose room for meetings, parties, and events.
- Batting/pitching cages.
- Three lane walking/running lanes around the perimeter of the facility.
- Parking for up to 300 vehicles which, when combined with the existing parking at Rotary Park, creates parking infrastructure to host multiple events concurrently.

The total project cost is estimated to be $16.0M.[9]

9. KITTITAS COUNTY DOCUMENTATION FOR REVIEW OF PFD FORMATION (MARCH 2026)
10. ALSC ARCHITECTS UPPER KITTITAS COUNTY COMMUNITY RECREATION CENTER FEASIBILITY STUDY (2022)

Proposed Projects

It is proposed that the City, which will operate the recreation center, will enter a lease back agreement with the selected developer. The project is proposed to be funded through City resources, including debt issuance, supplemented by fundraising and grants.[11] The proposed PFD has been identified as a potential financing partner to support operations, estimated to total a $276,000 contribution annually.[12]

3. Kittitas Valley Aquatic Center

The City of Ellensburg is in the early stages of contemplating a replacement of the existing Kittitas Valley Memorial Pool & Fitness Center. While the City is in the process of conducting community outreach to guide the facility program, preliminary program elements may include:

- 6-8 lane lap pool.
- Lazy river.
- Youth swim areas with shallow depths/interactive water play.
- Therapy/warm water pool for rehab and seniors.
- Smaller community event space.
- Fitness facilities.
- Support space: locker rooms, showers, restrooms, staff offices/break rooms, equipment storage.
- Deck seating areas for viewing/spectator seating.

11. KITTITAS COUNTY DOCUMENTATION FOR REVIEW OF PFD FORMATION (MARCH 2026)
12. BALLARD KING AND ASSOCIATES MARKET REVIEW AND OPERATION PLAN FOR ELLENSBURG COMMUNITY FIELD HOUSE (2025)

Proposed Projects

While a project budget has yet to be developed, City staff anticipate a total project cost of approximately $32.5M.[13]

The project is proposed to be funded through bonds issued by the City of Ellensburg, supplemented by fundraising and grants.[13] The proposed PFD has been identified as a potential financing partner to support operations, estimated to amount to $1.7M annually.[13]

Summary

Although the identified projects are in various stages of development, the intent is for the proposed PFD to primarily support operating shortfalls via funds generated from a voter-approved 0.2 percent sales taxes. Since this independent financial feasibility review relates to the formation of the PFD by the County, no independent assessment is provided with regard to the capital or operating costs associated with the proposed projects.

Pursuant to RCW 36.100, the PFD, if formed, is required to seek project-specific independent financial feasibility reviews prior to issuance of any indebtedness, or the long-term lease, purchase or development of a facility owned by the PFD. The proposed projects are not intended to be owned by, or cause indebtedness to, the proposed PFD. It is anticipated that the PFD will refine project and capital funding plans prior to requesting an independent financial feasibility review relating to the issuance of any proposed debt.

3. Proposed Funding & Financial Feasibility Assessment

Proposed Funding

Pursuant to RCW 36.100.025, this independent financial feasibility review must examine potential costs to be incurred by PFD and the adequacy of revenues or expected revenues to support project costs.

Taxable Retail Sales

In 2024, which is the most current data available, Regular and Optional sales tax distributions throughout Kittitas County, including the cities of Cle Elum, Ellensburg, Kittitas, Roslyn, South Cle Elum and unincorporated Kittitas County, totaled close to $19.4M.[14]

Utilizing applicable tax rates for 2024, taxable retail sales are estimated to have totaled $1.1B. Overall, between 2019 and 2024, estimated taxable retail sales grew at a compounded average annual rate of 7.46 percent.

Historic Sales Tax Collections & Estimated Taxable Retail Sales
Kittitas County, WA (2019-2024)

		2019	2020	2021	2022	2023	2024	CAGR*
1	**Sales Tax Distribution**							
2	Kittitas County	$6,332,144	$6,546,519	$8,257,775	$10,088,932	$10,678,631	$10,383,837	
3	Cle Elum	1,043,842	1,148,326	1,337,737	1,451,568	1,553,509	1,628,025	
4	Ellensburg	5,105,787	5,074,277	5,774,585	6,242,500	6,218,912	6,883,268	
5	Kittitas	101,505	111,094	182,478	213,681	158,317	162,569	
6	Roslyn	199,344	185,139	237,985	252,670	262,817	265,517	
7	South Cle Elum	32,954	36,515	53,012	51,502	43,133	49,267	
8	**Total Tax Distribution**	**$12,815,576**	**$13,101,870**	**$15,843,572**	**$18,300,853**	**$18,915,319**	**$19,372,483**	
9	**Estimated Taxable Retail Sales**							
10	Kittitas County	$422,142,933	$436,434,600	$550,518,360	$641,067,554	$667,414,438	$648,989,813	
11	Cle Elum	69,589,467	76,555,067	89,182,469	92,235,050	97,094,313	101,751,563	
12	Ellensburg	283,654,833	281,904,278	320,810,269	333,115,863	327,311,158	362,277,263	
13	Kittitas	6,767,000	7,406,267	12,165,183	13,577,647	9,894,813	10,160,563	
14	Roslyn	13,289,600	12,342,600	15,865,690	16,055,073	16,426,063	16,594,813	
15	South Cle Elum	2,196,933	2,434,333	3,534,115	3,272,523	2,695,813	3,079,188	
16	**Estimated Taxable Retail Sales**	**$797,640,767**	**$817,077,144**	**$992,076,086**	**$1,099,323,709**	**$1,120,836,595**	**$1,142,853,201**	**7.46%**

1. Regular & Optional Sales Tax; Sourced from Kittitas County Treasurer Office

9. Estimated based on quarterly sales tax rates; Sourced from Washington State Department of Revenue

10. Kittitas County Unicorporated Areas Q1 2019 - 2022 Local Rate: 0.015; Q2 2022 - 2024 Local Rate: 0.016

11. Cle Elum Q1 2019 - 2022 Local Rate: 0.015; Q2 2022 - 2024 Local Rate: 0.016

12. Ellensburg Q1 2019 - 2022 Local Rate: 0.018; Q2 2022 - 2024 Local Rate: 0.019

13. Kittitas Q1 2019 - 2022 Local Rate: 0.015; Q2 2022 - 2024 Local Rate: 0.016

14. Roslyn Q1 2019 - 2022 Local Rate: 0.015; Q2 2022 - 2024 Local Rate: 0.016

15. South Cle Elum Q1 2019 - 2022 Local Rate: 0.015; Q2 2022 - 2024 Local Rate: 0.016

**Compounded Annual Growth Rate (2019-2024)*

Source: Kittitas County Treasurer Office, Washington State Department of Revenue, Johnson Consulting

Potential Funding for Proposed PFD

The various large recreation projects that are intended to be partially funded by the proposed PFD – 1). Upper Kittitas County Community Recreation Center; 2). Ellensburg Community Fieldhouse; and 3). Kittitas Valley Aquatic Center – are located in Upper Kittitas County and in the City of Ellensburg. Given this geographic distribution throughout Kittitas County, it is assumed, for the purposes of this financial feasibility review, that if voters approve the imposition of a sales and use tax at the rate of 0.2 percent, it would be collected on Countywide taxable retail sales base.

Our analysis considers 2 methodologies for projecting estimated taxable retail sales – 1). Conservative Scenario based on a linear regression; and 2). Moderate Scenarios reflecting the compounded annual growth rate observed between 2019 and 2024 (7.46 percent) and applied to future years (2025-2043).

In 2027, when the proposed PFD is assumed to be formed, the Conservative Scenario would yield annual revenues to the proposed PFD of $2.85M from the 0.2 percent sales tax, while the Moderate Scenario would yield revenues of $2.83M. Anticipated PFD sales tax revenues would amount to an average of between $4.1M (Conservative Scenario) and $5.36M (Moderate Scenario) annually (between 2027 and 2043).

Projected Sales Tax Collections & Estimated Taxable Retail Sales
Kittitas County, WA (2024-2043)

		2024 Actual	2025	2026	2027	2028
1	**Estimated Taxable Retail Sales**					
2	**Conservative Scenario**	**$1,142,853,201**	**$1,269,426,732**	**$1,347,843,536**	**$1,426,260,340**	**$1,504,677,144**
3	Moderate Scenario	$1,142,853,201	$1,228,081,164	$1,319,664,979	$1,418,078,632	$1,523,831,456
4	**Estimated Sales Tax Distribution to Proposed PFD**					
5	**Conservative Scenario**	***$2,285,706***	***$2,538,853***	***$2,695,687***	**$2,852,521**	**$3,009,354**
6	Moderate Scenario	*$2,285,706*	*$2,456,162*	*$2,639,330*	$2,836,157	$3,047,663
		2029	**2030**	**2035**	**2040**	**2043**
1	**Estimated Taxable Retail Sales**					
2	**Conservative Scenario**	**$1,583,093,948**	**$1,661,510,753**	**$2,053,594,773**	**$2,445,678,794**	**$2,680,929,207**
3	Moderate Scenario	$1,637,470,767	$1,759,584,699	$2,521,118,641	$3,612,238,276	$4,482,148,634
4	**Estimated Sales Tax Distribution to Proposed PFD**					
5	**Conservative Scenario**	**$3,166,188**	**$3,323,022**	**$4,107,190**	**$4,891,358**	**$5,361,858**
6	Moderate Scenario	$3,274,942	$3,519,169	$5,042,237	$7,224,477	$8,964,297

2. Reflects linear regression model; Maybe impacted by historic spikes in spending due to large construction projects

3. Reflects Compounded Annual Growth Rate 2019-2024

4. Assumes 0.2% allocation to proposed PFD

Source: Kittitas County Treasurer Office, Washington State Department of Revenue, Johnson Consulting

Potential Funding for Proposed PFD

Although 2025 sales tax distributions are not available at the time of this financial feasibility review, it is noted that the KITTCOM Emergency Communications and Facilities sales and use tax, which was approved April 23, 2024, reported actual revenues from a 0.2 percent county-wide sales tax amounting to $3.069M in 2025.[15] This indicates an estimated taxable retail sales base in Kittitas County of $1.5B, which is significantly higher than 2024 actuals ($1.1B) and exceeds the projected amounts under either the Conservative or Moderate Scenario.

The reported revenues accrued to KITTCOM in 2025 were consistent with Kittitas County's 2025 budget, which indicated $3.0M in revenues from the 0.2 percent sales tax.[16] Although the County's 2026 budget does not specify KITTCOM revenues, it is reasonable to conclude that both the Conservative and Moderate Scenario estimates for 2025, as presented, potentially understate revenues from a 0.2 percent county-wide sales tax, if approved, particularly in early years following PFD formation. However, in the interest of being conservative, this financial feasibility review relies on actual data for 2024, and the projections as previously described under a Conservative and Moderate Scenario.

Preliminary Project Operating Costs

Information provided by Kittitas County highlights various levels of proposed contributions by the PFD, if formed, to the identified large recreation projects as follows:

1) **Upper Kittitas County Community Recreation Center:** The proposed project is projected to incur a deficit of ($1,052,325) in Year 1 of operations. The primary strategy for closing this operational gap is the formation of the proposed PFD. [17] It is the County's expectation that the operating shortfall will diminish over time, with surplus revenue potentially available to accelerate bond repayment.[17]

2) **Ellensburg Community Fieldhouse:** Preliminary projections include $276,000 in annual PFD funding to support a portion of operations and debt service.[18]

3) **Kittitas Valley Aquatic Center:** Preliminary projections include $1,724,000 in annual PFD funding to support a portion of operations and debt service.[17]

15. KITTCOM ADMINISTRATIVE BOARD AGENDA (FEBRUARY 12, 2026)
16. KITTITAS COUNTY BUDGET SUMMARY 2025
17. KITTITAS COUNTY TREASURER OFFICE/ WASHINGTON STATE DEPARTMENT OF REVENUE
18. BALLARD KING AND ASSOCIATES STUDY (2025)

Preliminary Project Operating Costs

On an annual basis, the identified funding support to be provided by the PFD, if formed, totals $3.1M across the identified projects.

PFD Administrative Costs

In addition to capital and operating support to the identified projects, there will be costs incurred by the PFD, if formed, for its own administration and operations. As previously noted, typical expenses include salaries, wages, and benefits for employees, compensation for members of the board, marketing, accounting, travel reimbursement and other expenses necessary to administer the PFD.[19]

For illustrative purposes, it is assumed that the PFD, if formed, will incur estimated annual ongoing operating costs of $120,000.[20] The sole source of PFD revenues will be from the proposed 0.2 percent sales tax, if approved. It is noted that the disbursement of tax revenues to the PFD will not occur immediately upon voter approval, as prescribed by the procedures set forth in the State statutes.[19]

Funding Plan

The intent of this independent financial feasibility review is not to create, test or otherwise opine on the costs for capital or operations of the identified projects. Rather, the purpose is to identify costs specific to the formation of the PFD.

For illustrative purposes, the following analysis reflects key variables and assumptions:

- The proposed PFD is formed and receives funding in Q1-2027.
- All three identified recreation projects are anticipated to be either under construction, triggering lease or debt service repayments by Project Sponsors, or operational in 2028.
- PFD operational and administrative costs are maintained at constant levels throughout the projection period, net of inflation.

19. WASHINGTON STATE LEGISLATURE RCW 36.100
20. ESTIMATE AS PROVIDED BY KITTITAS COUNTY

Funding Plan

- Operating shortfalls at the three identified projects are maintained at constant levels throughout the projection period, in the absence of projections beyond Year 1 estimates and net of inflation.

For simplicity, PFD funding contributions to the proposed projects are assumed in the entire amounts as provided (totaling $3.1M annually). This is intended to demonstrate the PFD's cumulative capacity to provide funding support, noting the following caveats:

1. Phased implementation strategies, and corresponding funding contributions, are likely to be implemented, subject to further due diligence by the PFD board of directors before finalizing any operating subsidies for the proposed projects. [21]

2. The PFD has the ability to adjust project support and selection. Also, each Project Sponsor has the ability to adjust its reliance on PFD support over time.[21]

As shown on the following page, accrued PFD revenues will be sufficient to cover all costs, including operating funding for the proposed projects by Project Sponsors and its own operating expenses, under either the Conservative or Moderate Scenarios in 2028, assuming the PFD is formed and funded in Q1-2027.

The PFD should be viewed as a flexible and scalable funding tool that can adapt to actual revenue performance and project timing. As such, the variables listed above could allow for even greater revenue accrual by the PFD, if formed, prior to, and during, project operations.

21. KITTITAS COUNTY DOCUMENTATION FOR REVIEW OF PFD FORMATION (MARCH 2026)

Funding Plan

	Projected Sales Tax Receipts and Amount Allocated to Operational Costs Kittitas County, WA (2024-2028)					
		2024 Actual	2025	2026	2027	2028
1	**Estimated Sales Tax Distribution to Proposed PFD**					
2	**Conservative Scenario**	$2,285,706	$2,538,853	$2,695,687	$2,852,521	$3,009,354
3	**Moderate Scenario**	$2,285,706	$2,456,162	$2,639,330	$2,836,157	$3,047,663
4	**Estimated PFD Operating Expenditures**				($120,000)	($120,000)
5	**Accumulated PFD Revenues**					
6	**Conservative Scenario**	$0	$0	$0	$2,732,521	$5,621,875
7	**Moderate Scenario**	$0	$0	$0	$2,716,157	$5,643,820
8	**Operational Funding to Projects**					
9	Project 1				$0	($1,052,325)
10	Project 2				$0	($276,000)
11	Project 3				$0	($1,724,000)
12	**Total Project Costs**				**$0**	**($3,052,325)**
13	**Amount Available for Debt Service (Short Fall)**					
14	**Conservative Scenario**				$2,732,521	$2,569,550
15	**Moderate Scenario**				$2,716,157	$2,591,495

1. Assumes 0.2% allocation to proposed PFD

2. Reflects linear regression model

3. Reflects Compounded Annual Growth Rate 2019-2024

4. Estimate as provided by Kittitas County; Requires further due diligence by PFD to establish annual operating budget; Non-inflated

5. Net of PFD operating expenditures (Line 4)

8. Reflects information provided by Kittitas County; Requires further due diligence by PFD; Non-inflated

9. Reflects information provided by Kittitas County for total Year 1 estimated operating deficit

10. Reflects information provided by Kittitas County based on 2025 Ballard King and Associates study

13. Reflects information provided by Kittitas County for total Year 1 estimated operating deficit

Source: Kittitas County Treasurer Office, Washington State Department of Revenue, Kittitas County, Johnson Consulting

In 2028, both the Conservative and Moderate Scenarios indicate a surplus of PFD revenues. Revenues are projected to continue to increase throughout the projection period.

The PFD, if formed, will need to refine the estimates of revenue available from a potential sales tax and develop a budget for expenditures for PFD administration, any operating shortfalls and reserves to determine how much revenue will be available to support debt service.

Further, the PFD is expected to request a separate review that will focus on operating and capital costs, prior to the issuance of any debt, as required by State law.[22]

22. WASHINGTON STATE LEGISLATURE RCW 36.100

Funding Plan

	Projected Sales Tax Receipts and Amount Allocated to Operational Costs Kittitas County, WA (2027-2043)	2027	2028	2030	2035	2040	2043
1	**Estimated Sales Tax Distribution to Proposed PFD**						
2	**Conservative Scenario**	$2,852,521	$3,009,354	$3,323,022	$4,107,190	$4,891,358	$5,361,858
3	**Moderate Scenario**	$2,836,157	$3,047,663	$3,519,169	$5,042,237	$7,224,477	$8,964,297
4	**Estimated PFD Operating Expenditures**	($120,000)	($120,000)	($120,000)	($120,000)	($120,000)	($120,000)
5	**Accumulated PFD Revenues**						
6	**Conservative Scenario**	$2,732,521	$5,621,875	$11,871,084	$30,238,696	$52,527,148	$67,782,222
7	**Moderate Scenario**	$2,716,157	$5,643,820	$12,197,931	$33,544,378	$64,389,069	$89,098,787
8	**Operational Funding to Projects**						
9	Project 1	$0	($1,052,325)	($1,052,325)	($1,052,325)	($1,052,325)	($1,052,325)
10	Project 2	$0	($276,000)	($276,000)	($276,000)	($276,000)	($276,000)
11	Project 3	$0	($1,724,000)	($1,724,000)	($1,724,000)	($1,724,000)	($1,724,000)
12	**Total Project Costs**	**$0**	**($3,052,325)**	**($3,052,325)**	**($3,052,325)**	**($3,052,325)**	**($3,052,325)**
13	**Amount Available for Debt Service (Short Fall)**						
14	**Conservative Scenario**	$2,732,521	$2,569,550	$8,818,759	$27,186,371	$49,474,823	$64,729,897
15	**Moderate Scenario**	$2,716,157	$2,591,495	$9,145,606	$30,492,053	$61,336,744	$86,046,462

1. Assumes 0.2% allocation to proposed PFD

2. Reflects linear regression model

3. Reflects Compounded Annual Growth Rate 2019-2024

4. Estimate as provided by Kittitas County; Requires further due diligence by PFD to establish annual operating budget; Non-inflated

5. Net of PFD operating expenditures (Line 4)

8. Reflects information provided by Kittitas County; Requires further due diligence by PFD; Non-inflated

9. Reflects information provided by Kittitas County for total Year 1 estimated operating deficit

10. Reflects information provided by Kittitas County based on 2025 Ballard King and Associates study

13. Reflects information provided by Kittitas County for total Year 1 estimated operating deficit

Source: Kittitas County Treasurer Office, Washington State Department of Revenue, Kittitas County, Johnson Consulting

4. Conclusion

Summary of Assessment

Based upon Johnson Consulting's independent review of the financial feasibility of the formation of the proposed PFD, it is our impartial opinion that revenue from a 0.2 percent sales tax, if approved, would be sufficient to cover estimated operating costs for the PFD, with surplus to cover higher operating costs as well as operating shortfalls at the proposed projects following PFD formation. At the time of this study, based on information provided by Kittitas County, the proposed PFD has been identified as a potential financing partner to support operations of the identified large recreation projects – 1). Upper Kittitas County Community Recreation Center; 2). Ellensburg Community Fieldhouse; and 3). Kittitas Valley Aquatic Center – amounting to $3.1M annually. Even under a scenario where the entirety of this funding support is required in 2028, reflecting preliminary project schedules, and assuming that the PFD is formed and funded in Q1-2027, the debt service schedule indicates that accrued PFD revenues will be sufficient to cover this level of operating support, while also maintaining its own operations.

Estimated taxable retail sales throughout Kittitas County grew at a compounded annual rate of 7.46 percent between 2019 and 2024, demonstrating long-term robustness. Under a Conservative scenario, it is estimated that PFD revenues would amount to an average of $4.1M annually (between 2027 and 2043) and under a Moderate scenario, it is estimated that PFD revenues would amount to an average of $5.36M annually (between 2027 and 2043), exceeding the estimated PFD operating costs and proposed funding support to the identified projects ($3.17M). Formation of the PFD with sufficient time to accrue revenues, and/ or staggered project timing, will be critical to minimizing the likelihood and magnitude of any funding gaps in early years. Longer-term projections indicate sufficient capacity to support administrative costs and project-related funding needs as cumulative revenue surpluses are achieved.

If the proposed PFD is formed, the PFD board of directors will need to refine estimates of revenue available from a potential sales tax and develop a budget for PFD administration, any annual operating shortfalls and reserves. This will inform how much revenue is projected to be available to support operating shortfalls for the proposed projects and any debt service on bonds. Continued refinement of these assumptions will further support implementation and long-term success.

Potential Costs

As it relates to the formation of the proposed PFD by Kittitas County, likely costs include:

1. **Initial Capital:** Prior to voter approval of the 0.2 percent sales tax, the proposed PFD will not have an independent source of revenue available to cover administrative and operational costs. Start-up costs will require funding, which can be addressed through agreements with the County, City and/ or other parties. At this time, information from Kittitas County indicates the Project Sponsors, including the Upper Kittitas County Community Recreation Center Alliance and the City of Ellensburg, and other partner entities, may collaborate through an interlocal or cost-sharing agreement to support certain pre-formation and planning expenses.[23] If the proposed sales tax is not approved, the PFD will not have sources of revenue required to repay any borrowed funds.

2. **Costs Associated with Voter Approval:** Since the proposed sales tax to fund the PFD will require voter approval, there will be associated costs borne by the PFD. These costs can be addressed through agreements with the County, City and/ or other parties. As described above, information from Kittitas County indicates the Project Sponsors and other partner entities may collaborate through an interlocal or cost-sharing agreement to support certain pre-formation and planning expenses.[23] There is no assurance that the proposed funding will be approved.

3. **Planning Costs:** The PFD board of directors will likely incur costs associated with additional studies, planning or review prior to seeking voter approval on the proposed sales tax funding. This costs will precede PFD revenue. If the proposed tax is not approved, there will be no means to reimburse these costs. As described above, information from Kittitas County indicates the Project Sponsors and other partner entities may collaborate through an interlocal or cost-sharing agreement to support certain pre-formation and planning expenses.[22] Municipalities within Kittitas County, and the Conference of Governments, have provided support for the financial feasibility review. [23]

Potential Costs

4. **Project Operating Shortfalls:** At the time of this study, each of the large recreation projects that are intended to be partially funded by the proposed PFD – 1). Upper Kittitas County Community Recreation Center; 2). Ellensburg Community Fieldhouse; and 3). Kittitas Valley Aquatic Center – have projected operating shortfalls in Year 1.[24] Based on information provided by Kittitas County, the proposed PFD has been identified as a as a potential financing partner to support operations amounting to $3.1M annually. Under either of the tested projection scenarios (Conservative and Moderate Scenario), accrued PFD revenues will be sufficient to cover this level of operating funding, in addition to covering its own operating expenses, assuming that the PFD is formed and funded in Q1-2027 and the proposed projects are either under construction, triggering lease or debt service repayments by the Project Sponsors, or operational in 2028.

   The analysis presented herein is intended to demonstrate the PFD's cumulative revenues from the proposed 0.2 percent sales tax, if implemented. The PFD may in fact achieve higher revenue accruals if taxable sales occur at a higher rate, as may be anticipated given recent comparable tax performance, or if the proposed projects are phased. At this time, PFD funding contributions to the proposed projects are flexible and can be adjusted over time. Further due diligence by the PFD board of directors is recommended before finalizing any operating subsidy for the proposed projects. Further, the PFD would need to budget additional funds or reserves to recognize the potential for higher operating shortfalls than projected or enter into agreements with other parties ameliorate that risk.

5. **Costs Incurred by Kittitas County:** The County will incur legal costs related to the formation of the PFD. Further, if the County enters into agreements with the City and/or community partners prior to formation of the PFD, or with the PFD after it is formed, this may incur additional costs.

Appendices

A. About The Author

About Johnson Consulting

Johnson Consulting, Inc. is a corporation founded in 1996 in Chicago, IL. Since inception, Johnson Consulting has conducted numerous engagements in the U.S. and abroad, including community development projects that comprise event and entertainment, tourism, hotel, commercial and retail uses. Our professionals have worked in real estate, tourism, and hospitality planning for over 35 years. The majority of our work is focused on market analysis, financial analysis, operational reviews, and economic and fiscal impact analyses.

The breadth and depth of Johnson Consulting's experience and our unique qualifications include:

- Commitment to providing governments, developers, and not-for-profits with real estate market and financial analysis for urban and destination-oriented projects.
- Experience in over 2,000 communities on similar engagements, including numerous event, entertainment, recreation, cultural and tourism assets, that have resulted in multi-faceted projects that are supportive of strategic objectives and achieve the desired return on investment and "return on vision", while protecting against risk.
- Proven collaborative processes that utilize market data with precise analytics to empower our clients to confidently make the most informed decisions.
- An economic and tourism development mindset that ensures we would never recommend a plan that will not be fiscally responsible or not create jobs and better quality of life for area residents.
- Reputation among investors, underwriters, and developers as a trusted and objective feasibility advisor. Our market studies are frequently included in public-private partnership solicitations and utilized for underwriting.
- Johnson Consulting is committed to promoting the following values through our work: objectivity, independence, economic pragmatism, and social responsibility.



+25 YEARS

CONDUCTING ECONOMIC, MARKET AND FINANCIAL ANALYSIS FOR PUBLIC ASSEMBLY FACILITIES



20,000

BUILT HOTEL ROOMS



30M SQ.FT

OF EXHIBITION SPACE



$100B

IN PROJECTS BUILT



+2,000

PROJECTS/ASSIGNMENTS

B. Documents Reviewed

Documents Reviewed

This independent financial feasibility review required access to, and review of, information and documents prepared by others, including the following:

- Kittitas County Documentation for Review of PFD Formation (March 2026), as provided by Kittitas County
- Washington State Legislature RCW 39.34, 35.57 and 36.100 https://app.leg.wa.gov/rcw/
- ESRI Business Analyst Online (BAO)
- MACC Estimating Group Upper Kittitas County Community Recreation Center Construction Cost Estimate (February 20, 2024) https://static1.squarespace.com/static/6525d79f226a15481212c673/t/685c0a03358ceb4b0c8818ea/1750862339968/Construction+Cost+Estimate+2-20-24.pdf
- ALSC Architects Upper Kittitas County Community Recreation Center Feasibility Study (2022) https://static1.squarespace.com/static/6525d79f226a15481212c673/t/685c0ad7f08c8b0402fb03fd/1750862573693/Final+Report-Schematic+Design.pdf
- ALSC Architects Upper Kittitas County Community Recreation Center UKC CRC Community Meeting Presentation (2024) https://static1.squarespace.com/static/6525d79f226a15481212c673/t/66039317da7d130196a9f532/1711510304554/UKC+CRCA+Project+Committee_02-20-24-small.pdf
- UKC Community Recreation Center - Potential Non-tax Sources of Funding and Resources https://docs.google.com/spreadsheets/d/1H5zE571qzpwqrtQPSxmRTE4HWAhu1ROipsFOQjYFs9w/edit?gid=0#gid=0
- Ballard King And Associates Market Review and Operation Plan For Ellensburg Community Field House (2025)

Documents Reviewed

- City of Ellensburg Request for Qualifications R25-09 Developer of Ellensburg Fieldhouse Responses to Questions
  https://www.ellensburgwa.gov/DocumentCenter/View/24824/RFQ-Questions-and-Answers-PDF?bidId=

- City of Ellensburg - Ellensburg Fieldhouse Information (Various)
  https://www.ellensburgwa.gov/1232/Ellensburg-Community-Fieldhouse
  https://ci.ellensburg.wa.us/DocumentCenter/View/19468/ERRC_Capital_Funding_Request
  https://ci.ellensburg.wa.us/DocumentCenter/View/19467/Kittitas_County_Recreation_Data
  https://www.ellensburgwa.gov/DocumentCenter/View/19465/Combined_Letters_of_Support_Ellensburg_Community_Fieldhouse_2024
  https://www.ellensburgwa.gov/DocumentCenter/View/24744/Ellensburg-PROS-Plan-Presentation-10825?bidId=

- Kittitas County Treasurer Office/ Washington State Department of Revenue
  https://dor.wa.gov/about/statistics-reports/local-taxes/local-sales-and-use-tax-distribution

- KITTCOM Administrative Board Agenda (February 12, 2026)
  https://kittcom.gov/AgendaCenter/ViewFile/Agenda/_02122026-108

- Kittitas County Budget Summary 2025
  https://www.co.kittitas.wa.us/uploads/auditor/accounting/budget/budget-in-brief/2025%20Budget%20in%20Brief.pdf