



FOR YOUTH DEVELOPMENT®
FOR HEALTHY LIVING
FOR SOCIAL RESPONSIBILITY

May 5, 2023

Regarding: Eugene Family YMCA's 2023 Session Lottery Bond Request

Dear Legislators,

Thank you for your heroic and transformative support during the 2019 session, and then again in 2021 as the YMCA sought to re-apply for lottery bond funding after COVID-19 impacted 2020 lottery revenue. Your support provided the hope for thousands of Lane County residents that a new YMCA could indeed become a reality.

We know that there is immense demand for State funding and that you strive to make wise and impactful allocations. As you have witnessed tens of millions of dollars in donations come into our project, and our project break ground in 2022, we hope that you feel of the profound impact of your previous allocation.

I am writing to share an update on our project since the 2021 session concluded, and to advocate in support of an additional investment of \$2,000,000 into this project due to significant inflation events outlined below.

First, I wanted to provide a brief recap of the project.

This funding is focused on constructing a new 75,000 sqft YMCA in Lane County that is forecasted to have over 2,000 daily visitors and serve nearly 15,000 unduplicated individuals each year. Key features of this facility include:

- A fully ADA-accessible facility, the current YMCA does not meet ADA requirements.
- Two preschool classrooms that can serve 40 children.
- A youth-focused Science, Technology, Engineering, Art, and Math (S.T.E.A.M.) learning lab.
- An education center that will be used for mentoring programs for youth as well as adult education programs.
- A teaching kitchen to support nutritional knowledge and camps for youth.
- An expanded aquatics and fitness center that will launch new disease prevention and recreation programs; such as launching new Parkinson's and Alzheimer's programs, to go along with our current heart health, diabetes, and cancer programs.
- Drop-in childcare for up to 50 children at one time.
- Constructed to the highest seismic standards in order to serve as a shelter after a devastating earthquake.

Second, I wanted to highlight a few of the key partners involved in our project:

- During previous sessions we have provided letters of support from Eugene School District 4J, PeaceHealth, the Eugene Chamber of Commerce, the City of Eugene, and PacificSource. These partners continue to be involved.

Finally, I wanted to recap the current state of our project's fundraising:

- Our project has a total all-in cost of \$48,000,000. We have secured \$46,000,000 in pledges from over 1,000 donors. A few of the key funding sources include:
 - Nearly \$20,000,000 was committed from roughly the 20 largest philanthropists in Lane County.
 - \$1,250,000 from PeaceHealth, which launched the largest-of-its kind medical partnership in the State of Oregon in order to ensure our two health-focused organizations join expertise around the social determinates of health to collectively launch new programs and classes at the future YMCA.
 - \$2,000,000 in federal funding.

We are profoundly grateful for the historic and humbling level of support for this project. Unfortunately, despite heroic levels of support, our project continues to have \$2,000,000 in long-term debt and has exhausted all potential funding streams. The catastrophic inflation that occurred just as we went to bid outpaced our community's fundraising capacity and has endangered our long-term ability to actualize the vision that over 1,000 donors have invested in.

Since the State's initial investment of \$15,000,000 during the 2019 session the project has inflated in cost by \$11,000,000. This has occurred despite our efforts to re-engineer or reduce as many components as possible, from roof-top systems all the way down to the type of sprinkler heads we use.

By the close of the 2021 session our project was escalating over \$145,000 each week!

Key inflation areas have included:

- The roof joists and metal decking were \$1,450,000 above budget.
- Electrical work was \$1,300,000 above budget.
- Roofing was \$1,000,000 above budget.
- Interior finishes such as wall studs and gypsum board were \$900,000 above budget.
- Earthwork, asphalt, and site utilities were \$900,000 above budget.
- HVAC equipment was \$600,000 above budget.

In May 2022 we executed the Guaranteed Maximum Price contract. In June 2022 we broke ground. The new Y will open in December 2023.

Unfortunately, we have no reasonable path forward on the remaining \$2,000,000 debt. Removing this debt is critical because the YMCA does not turn anyone away if they face financial hardship. We strive to help households from all socioeconomic backgrounds access our health and education services. This means roughly 50% of YMCA users receive some type of financial assistance discount. Last year we provided nearly \$500,000 in financial assistance.

As of this writing, we are forecasting yearly debt payments of roughly \$125,000 for the new YMCA. We utilize our revenue to reinvest in other mission-critical areas. Paying \$125,000 in bank financing will reduce our ability to provide mission-critical services. Just a few examples are:

- Based on current average financial assistance requests, \$125,000 would be enough to provide scholarships to roughly 500 people per year to access the Y's health programs and childcare services.
- \$125,000 would be enough to support the Y's ability to launch new evidence-based health programs such as our heart health, diabetes, or cancer programs. We currently subsidize these programs by around \$60,000 annually.
- \$125,000 per year would support the Y's ability to offer a meaningful pay increase for our nearly 100 childcare employees without passing the cost along to already-cost-burdened families. The Eugene YMCA is Lane County's largest childcare provider. We currently have 1,000 children on our waitlist. This waitlist has ballooned as we have struggled to find, and compensate, employees who can work in a licensed childcare environment. Over the past five years we have increased the compensation of our childcare positions by nearly 75% in order to try and provide stability for this critical community service. Our diversified revenue model has allowed us to absorb some of these costs without directly increasing childcare rates as we increase compensation for childcare employees. Using \$125,000 in revenue for debt payments to a lender jeopardizes this ability.

Please know, this \$2,000,000 lottery bond request is submitted with a great deal of gratitude for all that our legislators have already done. You are heroes in our Y's story. We would not be submitting this if we reasonably had alternative ways to ensure that the new YMCA could be debt free.

Sincerely,



Brian Steffen - CEO
Eugene Family YMCA