

August 10, 2009
6:00 P.M.
Newport, Oregon

The Common Council of the City of Newport met on the above date in the Council Chambers of the Newport City Hall. On roll call, Bain, Obtshka, Brusselback, Patrick, Bertuleit, McConnell, and Kilbride.

Staff attending was as follows: City Manager Voetberg, City Attorney McCarthy, Community Development Director Tokos, Public Works Director Ritzman, Finance Director Riessbeck, Parks and Recreation Director Protiva, and Police Chief Miranda.

CONSIDERATION OF ACQUIRING PROPERTY FOR THE SITE OF AN AQUATIC PARK. Bain explained the order of business, noting that the proponents will be allowed to make a brief presentation to reiterate their proposal and the question of whether the city should acquire a particular piece of property. He noted that speakers should complete the public comment form, and limit their remarks to five minutes.

Katherine Pedersen delivered a PowerPoint presentation on the state of the city's swimming pool and the proposal for the city to purchase property in South Beach on which the Friends of the Oregon Coast Aquatic Park could build an aquatic park. She distributed several handouts during her presentation.

Pedersen reported that the FOCAP was organized in May of 2005 and applied for its 501(c).(3.) non-profit designation which was granted in December of 2005. She noted that fundraising began in January of 2006 for a planning and design study. In October, a contract was signed with Robertson-Sherwood Architects to conduct a conceptual design study. Public meetings were held in Depoe Bay, Newport, Yachats, Waldport, Siletz, and Toledo. In October, FOCAP contracted with Intercept Research to conduct a study to determine whether the public really wanted this facility. During the spring of 2008, more than 75 people circulated petitions to see if a district could be formed to support the operational costs of an aquatic center. The petitions resulted in 3,200 signatures. Since that time, the FOCAP has received more than 100 letters of support. Pederson discussed the Intercept Research study results. She noted that the city showed a favorable response to this study, so the group continued working. She discussed properties that were considered in 2007. She noted that the conclusion, at that time, was to place the aquatic center at the old city hall property. The petition results were positive despite the tax increase, and only lacked 100 signatures. McConnell asked about the size of the district, and Pederson noted that it included Newport, Waldport, Siletz, and unincorporated areas. Patrick asked about the size of the city's existing pool, and Pederson noted that it has six lanes and is 25 yards long, while the proposed pool would have eight lanes and be 25 meters long. Pederson reported that the FOCAP board visited Great Wolf in Washington, which is a water park attached to a hotel. Park users must rent a hotel room. She reported that the FOCAP board looked at Great Wolf's retail model, and thought that it is possible to raise the money to operate the facility. She added that is when FOCAP began to change the plans and focus on an aquatic park. She noted that the FOCAP knew they

could not build and operate an aquatic center without a subsidy, and believed that the way to do this without requiring a subsidy is to build an aquatic park.

Pedersen stated that a recreation center is a municipal venture subsidized from general revenues, and that a private, non-profit social entrepreneur would have the option of seeking loans, increasing marketing, and selling or closing the business. She added that success in retail depends on the location. She stated that no one is looking to the Council to rescue this project. FOCAP has an agreement with the Lincoln County School District and the Commission for Children and Families to write partnership grants for low to moderate income youth to participate in programs and to provide transportation.

Pederson stated that FOCAP would never have made an offer on the property without the support of the mayor, manager, and Council. She noted that FOCAP is still looking at the Landry property. She reported that FOCAP completed a business plan in May, and shared it with at least 20 business people in town. Kilbride asked whether FOCAP is still using this business plan, and Pederson noted that FOCAP has updated figures. She stated that FOCAP was asked by the city to return when a property had been identified. Bain noted that it might be a stretch to say that an offer was made by the city. Pederson reported that there is no subsidy included in the current business plan. Patrick asked about additional changes to the business plan figures, and Pederson noted that the user rates were increased. Obtshka asked whether \$216,000 was offset by rate increases across the board, and Pederson noted that it was. She reported that the Landry property offers visibility, accessibility, and synergy. She noted that while the property is substantially a wetland, FOCAP knows that it can be mitigated.

A discussion ensued regarding the location of the proposed aquatic park. She noted that there is a strong preference for locating the facility north of the bridge. Bain asked when the Intercept Study was conducted, and Pederson reported that it occurred in October 2007. McConnell asked whether FOCAP had included the costs of wetland mitigation as part of the business plan, and Pederson reported that these costs were not included in the plan. She noted that FOCAP has always planned to use part of the property as a park and to enhance the wetland. She reported that the Landry property is in foreclosure, and that the Landry property purchase is the offer FOCAP is bringing to the city. Woody Ouderkirk asked whether there would be SDC charges. Voetberg will check and let the FOCAP know about SDC's. Pederson discussed economic development associated with the construction of this facility, and noted that it would create ten full-time, and 20 part-time jobs. She reported that the park would be a year-round destination for visitors, and would complement existing attractions. She added that the aquatic park is designed for users from all over the county at the same admission rate. She reported that it is designed to bring visitors in to spend money, and that is how the facility will get operating funds. She noted that FOCAP has not conducted market research, and added that the business plan is conservative and based only on local users. Obtshka asked whether there is a breakdown of petition signers. Pederson reported that 3,200 signatures were gathered, and that 600 were invalid. She estimated that the park would receive 200,000 visitors annually. She noted that once FOCAP acquires the property, it can secure money to build the facility, and have it completed in 18 months. Pederson reported that FOCAP has identified more than 20 grantors. Pederson stated that the business of FOCAP is people, and that the City of Newport has a civic responsibility to meet its community's needs. McConnell asked when the decision was made to go from an eight

lane pool, with a warm pool, to an aquatic park. Pederson reported that this change occurred last summer when FOCAP was trying to determine how to fund the facility. Pederson reported that all aquatic centers lose money while aquatic parks make money. Pederson reported that the intent is to have enough extra income streams so non-swimmers will have something to do. These additional income streams include arcades, restaurants, climbing wall, and other facilities. George Mptisos noted that there would be rental space for retail shops. Obtshka noted that if the aquatic park is designed to be a money maker, he would expect that private investors would be interested in it. Pederson noted that if a private investor builds the facility, the first thing to go would be the lap pool. She added that the purpose of the facility is for the community. It was noted that rates would be so high that locals would not be able to use it. Brusselback asked whether FOCAP could lease the property, and Pederson noted that a title to the property is required at some point. Kilbride reported that he has copies of budgets from Lincoln City and Astoria that relate to recreation programs and the aquatic center in Astoria. He suggested that FOCAP look at what it has proposed for utility costs. He added that FOCAP's proposed utility costs are \$23,500, while electric and gas at the Lincoln City pool is \$83,000, and \$192,000 at Astoria (with trash service). He reported that the revenue stream at the Astoria pool shows \$245,000 per year in user fees, while the Lincoln City Community Center revenues were \$272,000. He stated that FOCAP is going to need \$769,000 to break even. Pederson noted that there is a big difference between aquatic center in Astoria and this proposed facility. George Mptisos reported that he knows all the pools in the state, and they do not have a park retail business. Kilbride noted that based on empty storefronts, the city may not need any additional retail space. Mark Fisher noted that the discussion is about the choice between an aquatic park and refurbishing the existing pool. Pederson reported that when the feasibility study was done in 2007, the original intent was to find out if the existing pool could be refurbished. She added that in 2007, it would have cost \$1.5 to \$2 million to bring the pool up to date, and some issues would remain. Bert Lippman noted that \$2.5 million would contemporize the pool and add features, giving it a life span of another 20 years. Bertuleit noted that transient room taxes are not allowed to be used for a facility solely for the use of residents.

Bain reiterated that the question that FOCAP has asked is whether the city is willing to acquire a particular piece of property for the development of an aquatic park.

PUBLIC COMMENT

Paul Reed reported that he had come to Council when this issue first gained momentum. At that time, the mission was to determine whether the pool could be renovated, or whether a new one should be constructed. He noted that the aquatic park concept is not something that was originally considered. The consideration was for a size larger pool and a therapy pool, upgraded locker rooms, and current equipment. He stated that he is opposed to the recommended site.

Carol Link-Culton stated that she uses the pool. She noted that the bridge is an artificial barrier. She reported that she favors this facility as it would bring the city into the 21st century in terms of amenities provided to residents of the Oregon coast.

Brenda Adams reported that she had spoken with a NOAA representative during the SeaFest, and that this person thought the aquatic park would be an incentive to move. She noted that the plan evolved from a pool to an aquatic park due to financial sustainability.

Virginia Fisher stated that she is a swimmer and that she would prefer a new pool with warm water. She noted that she is opposed to the aquatic park proposal.

John Coltun stated that he is a swimmer and supports the aquatic park concept. He noted that aquatic parks appeal to large segments of the community.

Doug Wills stated that he is not opposed to the aquatic park, but is concerned about the city spending money on the property. He noted that without land, FOCAP will have a problem getting grant money, and there is not much grant money available for construction. He expressed concern that the city will invest money in the property, and may not get the park built. He stated that he is opposed to the city putting money into it.

Julie Turner stated that she sees very few kids walking or riding bikes to the pool. She noted that children need to learn how to swim, and there are grants available for programs dealing with obesity in children. She reported that the school district has agreed to work with FOCAP to obtain grants. She expressed support for the aquatic park.

George Mpitsos suggested adding representatives from the schools and business community to any assessment group. He specifically suggested Dave Campbell and Jim Vickers.

Janet Elizabeth Johnson stated that she likes the pool and appreciates the pool staff. She stated that a pool is imperative, and noted that it is currently closed due to mechanical issues. She stated that the city must move forward on a new pool facility, and thanked FOCAP for its efforts. She added that a site near the recreation center should be considered, as she has never been truly enthusiastic about a tourist facility located in South Beach. She suggested forming a committee to review the FOCAP business plan completely, and incorporate the best ideas, and consider offering a tax measure.

Bill Hunt stated that an aquatic park would be a tremendous asset to the city, and the city would benefit from it. He added that it would give tourists a reason to spend an extra day or two in Newport, and could extend the tourist season later into the fall and earlier in the spring. He noted that he had reviewed Pederson's proposal, and it looks like other properties are too small, costly, unavailable, or would require demolition or eminent domain, and none have visibility. He urged Council to acquire the property.

Chan Christensen spoke in support of a new pool.

Tonie Tartaglia stated that she uses the pool every day and is opposed to the aquatic park. She noted that she would like to see the existing pool refurbished.

Bert Lippman stated that there are serious problems with FOCAP's financials, and he is concerned about the financial viability of the proposed aquatic park. He noted that there are many flaws in the business plan. He reviewed the numbers, noting that the proposed user rates are two or three times greater than existing rates. He noted that there is no commitment for start-up capital. He stated that if it can be shown that the facility will work financially, he will support it.

Reuben Johnsen reported that he is a pool user, and expressed hope that the project can move forward rather than starting over. He noted that there is significant misunderstanding, and encouraged FOCAP to publicize where the funds have come from

and will come from. He suggested that the city find a way to provide the land, and make sure that the city is not offering more than the basic land.

Larry Viar stated that he is a business owner in South Beach, and that many visitors ask him what to do after visiting the aquarium, marine science center, and the local businesses. He noted that the land appears to be a good investment, and that he supports the project.

Linda Neigebauer noted that the proposal is a tourist attraction, and that the residents cannot afford the price of a tourist attraction. She suggested other potential sites including Yaquina View School and the Fairgrounds. She added that visitors come to the beach to go to the beach, and that the aquatic center will serve our community the best. She suggested upgrading facilities that are built. She asked what would happen to the wetlands property if the aquatic park is not built, and if private funding is unavailable, what would happen to the facility if it is built.

Patrick disclosed that she donated to FOCAP three or four years ago. Bertuleit disclosed that he is a board member of FOCAP, but has no financial interest, and will deliberate only on the facts only, and will support a decision based on factual non-biased information. Obtshka disclosed that he visited the site.

Patrick asked what the game plan is for the pool. Bain stated that the plan is to continue to provide service. Patrick asked what would happen to the existing pool once an aquatic park was operational. She stated that she needs additional information. Bain noted that the assumption is that if a new aquatic facility is built, the plan would be to close the existing pool. Patrick asked whether all plan objectives have been met. Bain suggested setting fees at an affordable level so as not to lose patronage. Patrick reported that it took ten years to build the PAC. She noted that Council owes the citizens answers to hard questions. Kilbride expressed concern regarding the changing operating projections. He noted that he has not seen anything that would convince him that this project can raise adequate money. He asked what would happen if FOCAP cannot make it. McCarthy noted that it is her opinion the property is returned to the city if not used for public purposes. If FOCAP cannot raise the money, the city has property it does not want, and if the facility has been built and can not be operated, the city gets the property with the building. Kilbride suggested that before the city puts out that kind of money, the issue needs to be taken to the voters. A discussion ensued regarding potential ballot questions. Brusselback agreed with Kilbride. He noted that Council needs to talk about more basic issues such as whether the city wants an aquatic park or a municipal pool. He noted that location is another issue. He reiterated that basic issues need to be decided before property is purchased for a destination resort. McConnell agreed with Brusselback. He added that the selection process for the site was skewed by wanting to build a large aquatic park. He noted that the economics of siting the pool near the rec center was not discussed because FOCAP was looking for larger sites. He added that he is not opposed to a pool in South Beach, but is concerned about this particular site because it is a wetland. Obtshka noted that when he was first on the Council, the thrust was to place an aquatic district on the ballot. He stated that he supported that, but things changed, and now FOCAP wants the city to buy property and lease it back while FOCAP attempts to acquire grant money. He added that from the beginning of the discussion to tonight, the economy has tanked. He added that he is opposed to putting the facility on the wetland area as there are too many negatives, including its location in a tsunami inundation zone.

He stated that the city needs a new pool designed to meet the interests of local citizens, and secondly tourists. He added that he would like to see a vote of the people. Bain stated that he is not opposed to finding a way to build an aquatic center of some kind. He added that the cost element is always front and center, and that he would not favor something if the cost will not be affordable to local residents. He reiterated that part of the issue is the overall cost, the overall plan, and how it will affect the local resident. He added that is the most important single issue in spending public funds, and that the Council's obligation is to provide those things we spend public funds on for the benefit of the local resident. He stated that aquatic centers and pools have to be subsidized, and an aquatic park is no different. An aquatic park must have ancillary business activities that subsidize the operation, but the aquatic center portion of the park will have to be subsidized. He stated that the city cannot purchase any property without an adequate appraisal process. He noted that he is not sure that Council is ready to make a decision to buy, or commit to buy, the property, and might need additional advice from the community. He suggested appointing a committee to bring back to Council a firm recommendation with all facts. Bertuleit noted that all studies were professionally done. He added that there are two ways to look at costs. He reported that he has seen the pool expenses, and it will close in a few years when something big breaks. He added that with money saved from subsidy and repair and maintenance costs of the old pool, citizens could be given a break on admission to the new pool. He stated that mitigation costs of the Landry property are known. He urged Council to look to the future, noting that a postponement is basically saying no. He reported that a survey could be done in two weeks or less.

MOTION was made by Kilbride, seconded by Brusselback, to place an advisory question on the November ballot asking the community if they want this facility and whether they are willing to subsidize it if FOCAP is unable to operate the facility. Bertuleit noted that a scientific study could be done in a shorter period of time. Kilbride withdrew the motion, and Brusselback withdrew the second. MOTION was made by Kilbride, seconded by Brusselback, to either develop an advisory question for the November ballot or consider hiring a professional firm to conduct a survey. A discussion ensued regarding survey questions. Staff will obtain survey cost estimates, and options on funding the survey. Kilbride and Brusselback withdrew the advisory question component from the motion on the floor. The motion carried in a voice vote with Bertuleit voting no. Bertuleit stated that he voted no because delaying this issue will cause the potential loss of the property as the timeline will not be met. MOTION was made by Bertuleit to direct the city manager to prepare an agreement between the city and the Friends of the Oregon Coast Aquatic Center authorizing payment to the Friends of the Oregon Coast Aquatic Center to be used for the sole purpose of purchasing property for an aquatic park, with stipulations that the land will be purchased within two years, and that the funding will be reimbursed to the city should the Park not be in construction in five years, and that the city will not contribute to the capital or operation cost of the aquatic park. The motion died for lack of a second.

Reuben Johnsen suggested that each Councilor list ten very specific questions they would like included in the survey.

ADJOURNMENT

Having no further business, the meeting adjourned at 9:13 P.M.

Margaret M. Hawker, City Recorder

William D. Bain, Mayor