

**ABSTRACT/SYNOPSIS OF THE ESSENTIAL ELEMENTS OF THE OFFICIAL ACTIONS OF
THE COMMON COUNCIL OF THE CITY OF WHITEWATER, WALWORTH AND
JEFFERSON COUNTIES, WISCONSIN.**

March 31, 2010

The Special Joint Meeting between Whitewater Unified School District, Whitewater Aquatic Center Board (“WAC”) and the Common Council was called to order by WAC President Thayer Coburn. COUNCIL MEMBERS PRESENT: Olsen, Binnie, Stewart, Singer, Kienbaum. MEMBERS ABSENT: Winship, Taylor. LEGAL COUNSEL PRESENT: McDonell.

WAC President Coburn stated that the purpose of the meeting was to inform everyone of the status of the finances of the Aquatic Center, and to apprise them of the challenges being faced. Coburn believes that the aquatic center is a tourism destination in Whitewater. WAC is currently receiving \$75,000 per year from both the School District and the City. The funds are used to assist with operating expenses. Coburn noted that these contributions have not increased in 10 years. Coburn indicated that as of 1/1/2009, WAC regained control of the aquatic center (after Mercy Health Center left). Since that time, WAC has increased hours, added services and programming, cut prices for day passes (previously \$10 per day; now \$5 per day); cut operating expenses by \$225,000 in 15 months; and cut losses to approximately \$100,000 (in 2008 losses were approximately \$250,000). Even with all of these improvements, the facility is still losing money.

Coburn explained that in 2009 utility costs were \$228,000. The feasibility study completed in 1999 anticipated annual utility costs of \$71,500; a figure substantially less than actual costs today. The study also estimated that the water costs would be \$10,000; last year’s actual cost was \$20,000. Coburn indicated that the facility is operating on \$167,000 more cost per year than was anticipated, and there has been no increase in contributions from the school district or City.

To resolve this issue, the WAC board has agreed that they could look at a way to have more efficient operations, including evaluation of their systems. A heat recovery system at a cost of \$150,000 was mentioned. That system has a four-year payback and would save a great deal of gas cost. The possibility of an ultraviolet water treatment at a cost of \$75,000 will possibly be a mandate in the future as there is legislation pending to require this treatment for all facilities. Also to be remembered is the fact that the chlorine and moisture in the aquatic center eats away at the equipment. Coburn inquired as to what commitment the School Board and Common Council have towards keeping this facility running.

Coburn indicated that WAS needs assistance in locating and applying for grants and stimulus funds, assistance in finding ways to reduce insurance costs, assistance with advertising and signage relief, and relief from water costs. Coburn stated that in order to continue the aquatic center, \$100,000 worth of expenses must be removed from their operations budget.

Coburn stated that in order to continue operating the center; one of four options must occur. They are: 1) Increased assistance from the City and School District; 2) Turn over operation of Whitewater Aquatic center to the City; 3) Turn over operation of Whitewater Aquatic Center to the School District; or 4) Close the doors of the aquatic center. Coburn stated that if the Center closed, unused portions of the membership fees must be returned to customers.

Coburn stated that there is cash on hand to cover two more payrolls (four at the most). It was noted that the City of Whitewater has already submitted their \$75,000 payment. Coburn reiterated that if the doors of the aquatic center close, prepaid memberships must be reimbursed. Coburn stated that the next WAC meeting is scheduled for April 15th at 7:00 a.m. WAC requested firm direction from the City and School

Board. They stated that unless something is done, the facility will close on June 1st. They stressed that this is a reality and it will happen. WAC indicated that if there is no commitment from the City and School Board, that there is no sense in completing needed capital improvements. It was noted that the School District normally pays their \$75,000 commitment in July, while the City normally pays their \$75,000 commitment in January.

Aquatic Center Director Paula Malone indicated that a design and plan for needed improvements must be in place no later than June 30th. The cost of those improvements will be \$40,000, and will be due in June and July. Malone said that if there is no commitment by the boards for the long term, it is not prudent to do capital improvements. Malone indicated that there is some financial support available, and that WAC is not expecting all needed support to come from one source. She indicated that the local Foundation may be a source for funds, but there is a process that must be followed. Malone stressed that the financial status of the aquatic center has actually improved. Malone questioned whether the Boards were willing to assist with Virginia Graham Baker requirements (mandates relating to drains in pools). She stated that it is a commitment that must be made.

Councilmember Binnie indicated that the aquatic center is an important facility for the community, and that it would be a disaster to have it close. Councilmember Binnie expressed surprise over the dire financial status of the aquatic center. He noted that Aquatic Center Director Malone had come before the Common Council last year and gave impression that WAC was on solid footing. Binnie expressed confusion over what happened since that time. Binnie thought it would be a good idea if WAC provided their budgets to Council each year.

WAC President Coburn indicated that two years ago he sent a memo to both the School Board and the City making it known that there was a need for financial assistance. Coburn indicated that he had sent a Memo in May of 2009 as well. WAC Director Malone indicated that she did make presentations, and that there was good news since the losses were reduced from \$250,000 per year to \$100,000 per year. Coburn stated that the siren has been sounding, but it has gotten louder.

Councilmember Binnie noted that the Boards are in a difficult position, and that Council had the worst budget year they have had in a long time. He expressed concern over a two-week notice to deal with a very difficult position. Malone argued that if the Baker mandates hadn't occurred, they would not have the issue of \$40,000 worth of improvements. She stated that until the last 4-5 months, specifics on the requirements of the Baker regulations were not available. She indicated that a \$40,000 cost is the worst case scenario. She indicated that the facility was built with 12" pipes in the leisure pool instead of 9" pipes, and that the facility is in violation. She indicated that WAC has run out of time and money. Malone also indicated that WAC had a \$150,000 endowment fund when they started, but that fund is now down to \$32,000. WAC sent out a fund raising campaign via mail, and received \$11,000 in donations.

It was mentioned that the School Board could consider the possibility of submitting their payment earlier than the July due date. WAC stated that would be great, but that would not resolve all of their problems.

Discussions regarding possible energy saving measures were discussed. WAC Director Malone again inquired what commitment the Boards were willing to give. School Board President Chuck Nass indicated that the School Board would discuss the possibility of paying their aquatic center obligations earlier than the July due date. WAC President Coburn agreed that an early School Board payment would give a little breathing room, assist with their cash flow problem, and allow additional time to resolve the outstanding problems. Malone indicated that once the School Board's/Council's commitment is known, they can go back to the table. She stated that WAC must know who they can go to for assistance.

City Manager Brunner encouraged the submission of grant applications, stating that there is a great deal of money available for energy efficient projects. Brunner noted, however, that the applicant for the grant must be the owner of the facility (in this case, the School District). Brunner reminded everyone that the City did borrow \$2.15 million to build this facility, and has been making principal and interest payments on the facility for the last 10 years. Brunner did note that the aquatic center debt will be retired soon (he believes it is in 2014 or 2015).

WAC President Coburn stated that the past 15 months have been a real learning experience for the group. They do not think it is too late, and believe that with cooperation, the facility can be retained. It was noted that when Mercy was managing the facility, they had a \$40,000 marketing budget.

Requests were made for the WAC board to present a plan that would include planning for a 10 year period. It was agreed that before decisions could be made, a proposal that would include long-range planning would have to be created. School Board member Harkness requested information about renewable energy for electricity and/or gas. Park & Recreation Director Amundson said that a plan for equipment replacement must be developed, as it will be an ongoing issue.

Councilmember Binnie mentioned depreciation, and asked whether WAC had an audited financial statement. Director Malone indicated that they did not, and that WAC followed the same format as Mercy followed. Binnie stated that it is a good business practice that he would expect to be a practice of a 501(3)(c) organization. Councilmember Stewart felt that the existing agreement should be reviewed. WAC Director Malone said that she didn't want the Boards to "forget" about WAC all the time. She feels additional donors could be found if the community commits to the facility. City Manager Brunner requested further information on heat exchange and noted that the deficit could be cut by one-third with that improvement. Councilmember Binnie expressed disappointment that the feasibility study that was contracted for underestimated the expenses so drastically.

WAC thanked both the Common Council and School District for attending and requested that they discuss the aquatic center and their commitment to it, and contact WAC with their decisions.

It was moved by Olsen and seconded by Kienbaum to adjourn. The meeting adjourned at 8:19 p.m.

Respectfully submitted,

Michele R. Smith, City Clerk