

To: City of Whitewater Common Council
From: John Weidl, Eric Boettcher, Steve Hatton and Wally McDonell
Date: December 1, 2022
Re: Whitewater Aquatic Center (WAC)

I. Brief Background

2001 The City of Whitewater Aquatic Center started operations. The public contributed \$3.5 million, the City of Whitewater contributed \$2 million (funded by a bond issuance) and the School District provided the land.

The facility was operated by a Board.

2003 Mercy Healthcare took over operating the facility.

2009 The WAC Board took over the operations of the facility.

2016 The 15 year operation agreement expired, and the City of Whitewater Park & Recreation Board took over operation of the WAC under a new agreement with the School District. The WAC facility operated at a deficit of over \$400,000 from 2016 – 2021 that was paid by the City. The School District is responsible for one half of that deficit but has not paid it to date.

2021 The 2016 Agreement expired. A new agreement was drafted, and the School Board passed a draft (attached hereto). The City Council passed the draft with some minor changes. The School Board never passed a revised agreement that included the changes requested by the City Council.

2022 The City staff believes that the 2021 agreement (that was never signed) does not sufficiently address the annual operating costs of the facility, the School Districts \$200,000 delinquent payment owed to the City or the capital costs that will be incurred in the next approximately 5 years necessary to keep the facility operating. The estimated costs of the renovations are HVAC \$1.3 million, Pool Floor \$250,000, Roof (possible) \$463,000, Play Features (unknown) and Boilers \$100,000.

II. The staff is requesting direction from the City Council on the following matters:

1. How to deal with the accumulated deficit. The WAC accumulated deficit was \$413,429 at the end of 2021. The School District's share was \$251,215. The City's share was \$162,214.

Staff recommendation: Request that the School District pay the deficit to the City by June 30, 2023.

2. Establish an annual date to determine any annual deficit and require an annual balancing payment

Staff recommendation: Establish a date

3. Create a capital expense funding plan

Staff recommendation: Establish an annual payment by City and the School District to a capital expense reserve fund that cannot be used for operational costs.

4. Decide whether the City should be responsible for the exterior maintenance and repair costs of the facility (roof, bricks, dedicated parking lot maintenance, etc.)

Staff recommendation: Request that the School District be responsible for these costs.

5. Annual operation cost contribution

Staff recommendation: Negotiate a more realistic annual contribution by the City and School District to operational expenses that will not cause an annual deficit and add a 2% annual increase.

6. Additional lease for school extra use

Staff recommendation: Require the School District to pay an additional amount for its program use as opposed to having equal contributions to operation costs by the City and School District.