

# COVER MEMO

**Date:** April 10, 2020  
**TO:** City Councils of John Day, Canyon City, Seneca, Prairie City, and Mt. Vernon  
**FROM:** Nick Green, City of John Day, City Manager  
Bob Keefer, Sr. Consultant – Special Districts Association of Oregon  
**RE:** Gleason Pool Replacement Proposal

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The purpose of this memo is to provide the city councils with an update on the Gleason Pool Replacement project and with a draft recommendation and funding strategy for replacement of the pool. Most of this information was presented to a steering committee of representatives from area local governments on March 9, 2020.

## **BACKGROUND**

The City of John Day opened Gleason Pool in 1958. The five-lane outdoor pool was managed and operated by the City until 1990, when the John Day Canyon City Park and Recreation District (Parks District) took over management of the facility under a 5-year lease agreement with the city. The agreement was amended in August 2000 for an additional 20 years and expires on August 8<sup>th</sup>, 2020 – at which point the operations and maintenance of Gleason Pool and Park revert to the John Day. The pool is at the end of its design life and the John Day city council feels it is in their best interest to sell the pool property to the Oregon Parks and Recreation Department for purposes of expanding and enhancing the Kam Wah Chung State Heritage Site.

Neither John Day nor the Parks District have the funds and/or assessed value necessary to construct a new pool. Gleason Pool is the only public pool in Grant County and use of the facility expands beyond the boundaries of the Parks District. Yearly attendance at the pool exceeds 3,200 visits each season, which is approximately 10 weeks. The pool offers a wide variety of swim lessons, aerobic classes, and general recreation swims. The pool hosts a strong swim team consisting of over 40 members. The annual operating budget is approximately \$62,000 per year. Fees and charges for use of the pool are approximately \$23,500 per year. The balance of operation costs is subsidized by the Parks District, \$35,000 to \$40,000 per year.

The City of John Day has contracted with several consultants to evaluate the potential replacement of the pool and has programmed \$70,000 toward planning and design costs. The City and Swim Team board have also hosted public and stakeholder (representatives from the city, school district, hospital district, park district, and county) meetings to discuss the possibility of replacing the pool.

Over the last several months, the City and the Parks District have been working with the consultants to develop a concept plan for the new pool for the purposes of determining location and costs for the new facility. Those plans are attached to this memo. During this time, we have also evaluated the potential of creating a larger taxing district to support the construction and operation of the pool. A spreadsheet identifying the potential tax rates for each alternative district is also attached to this memo.

From the information received by the consultants and the input received from stakeholders and public, the City of John Day is at the point of recommending a proposal for replacing Gleason Pool.

## **PROPOSAL**

The general recommendation for replacing Gleason Pool is as follows:

- Request that Grant County submit to voters within central Grant County a ballot measure to form the **Central Grant County Aquatic District** as a county service district under the provisions of Oregon Revised Statute 451. The proposed district would encompass the boundaries of the Parks District, Mount Vernon and Prairie City Rural Fire Protection Districts, and the cities of Prairie City, Mount Vernon, and Seneca. The county court would serve as the governing board of the aquatic district. The permanent tax rate would be set at \$.20 per \$1,000 assessed value creating approximately \$90,000 in property tax revenue specifically used to subsidize pool operations and set aside funds for capital repair, equipment, and improvements. This amount of funding could also support extending the season of pool operations, provide free swim lessons for grade school age children as part of the school districts' physical education program and/or provide free transportation to and from adjacent cities within the aquatic district. A map of the proposed district boundary and the site plan for the facility are attached to this proposal.
- Grant County is also requested to submit to voters of the proposed district a 20-year, \$6 million bond measure for construction of a new six-lane outdoor pool and aquatic support spaces. The estimated tax rate for payment of the bond is .7117 per \$1,000 assessed value based on information received from David Ulbricht, Director of Advisory Services with SDAO Advisory Services LLC.  
*(Note: As an alternative method of financing the construction of the pool, it may be wise to discuss with Grant County officials the potential of loaning the necessary construction funds to the Aquatic District or pursuing infrastructure financing through the CARES Act if such is made available. Savings from low-interest loans (versus municipal bonds) may result in lower issuance costs and interest rates. The County may also be able to receive a higher rate of return than investing in the government investment pool. Details of this potential funding source, repayment, and tax rate would need to be worked out with county finance, legal counsel, and court.)*
- Both measures (permanent tax rate for operations and bond financing for construction) would be placed on the same ballot. For the project to move ahead and for either measure to be approved, both measures must pass.
- If both measures are approved by voters at the November 2020 election, the effective date for both measures would be July 2021 to correspond with the retirement of the Blue Mountain Hospital District's capital improvement bond, which was a \$7 million bond approved by voters at a special election held September 19, 2000. The hospital bond is a variable rate and was \$1.185 per \$1,000 assessed value in the 2019-2020 tax year. As a result, passage of the proposed pool bond and operating levy would still result in a significant reduction in property taxes for all county residents within the proposed service district (approximately \$.27/\$1000) beginning in the 2021-2022 tax year and greater tax savings for residents who are out of district that will still be able to use the aquatic center.
- If both measures pass, bridge funding could be secured to allow the aquatic district to go out for bid for design and engineering services after the November election. Construction for the new pool could begin in late summer of 2021 and with completion in June or July 2022. Operating funds would be set aside for start-up costs (furnishings, training, recruitment, pool supplies, etc.) of the new pool. If for some reason, the new pool cannot be completed for the 2022 season, the operating funds would be used to subsidize the operation of Gleason Pool for the 2022 season. The City of John Day is committed to subsidizing the operation of Gleason Pool for the 2021 season if both measures pass and if an agreement for operations can be secured between the park district, Oregon State Parks and the city.

- The recommended location of the new pool is 7<sup>th</sup> Street Park in John Day on property owned by the Parks District. The park district has agreed to grant a no fee land lease to the aquatic district for construction of the pool on park district property, however, the future district may need to acquire the manufactured home from the Parks District to allow for future parking and improved access to the site.
- In exchange for providing the property for the new pool, the Parks District and the Central Grant County Aquatic District would enter into a long-term contract for management and operation of the new pool, which could be done through the Parks District. 95% of the tax revenue received by the aquatic district would be transferred to the park district to subsidize operations of the pool and to set aside funds for capital equipment replacement, repairs, and improvements. The remaining balance of tax receipts would be used by the county to offset a portion of administrative costs. At the point when the debt service on the bonds are paid off, the aquatic district could transfer title of the pool to the Parks District. However, the county and aquatic district would continue to assess the permanent tax rate for operations of the pool and 100% of the tax revenue would be transferred to the Parks District.
- The City of John Day, Parks District, and Grant County will work together on final facility design and specifications. The City of John Day is willing to manage the construction project (bid solicitation to final construction) once there is agreement on final design and specifications and funding is in place for the project, if requested to do so by the County Court.

For this recommendation to move forward officially to the Grant County Court, the cities within the proposed district will need to pass a resolution that supports Grant County with initiating formation of the district through a ballot measure and if passed, inclusion of the district within city boundaries. Such resolution would need to be approved within the next 60-days. A sample resolution is attached to this memo.

#### Supporting Documents

- a. Proposed Central Grant County Aquatic District Boundary Map
- b. Proposed “new” Gleason Pool Site Plan at 7<sup>th</sup> Street Park
- c. Concept design for Pool and Recreation Center
- d. Aquatic District Tax Rate Worksheet (Alternatives)
- e. Sample Resolution