

August 10, 2015 (updated 9-20-2015)

Report Provided to Mayor John Cook and city Manager Marty Wine

**On July 28, 2015 the Tigard City Council passed Resolution #15.  
Voters Pamphlet Measure 34-241**

- \$34.5 million dollar Bond levy for the construction of a Tigard Community Recreation Center and Parking garage referred to voters in the November 2015 election.

- The resolution is further quantified by an attached addendum submitted by Councilman Marc Woodard stipulating “The City expects the initial operator of the community recreation center to be a non-profit organization like YMCA”.

Much information has been delivered to the public in support of this proposal and endorsing the YMCA operating component. This report includes more information on the background of this bond measure for public scrutiny.

**City of Tigard IRFP**

In December 2013, the city of Tigard awarded MIG, Inc. a contract for \$62,000. This contract called an IRFP (Informal Request for Recreation Proposal) was completed in March 2015. This IRFP was for a comprehensive report to provide the city with information on how to facilitate and fund recreational programming. MIG, Inc. is a nationally recognized consulting company in the field of recreation and had previously created the 2009 City of Tigard Parks Master Plan.

The title of this IRFP is:

**City of Tigard: Recreation Program – Recommendations and Implementation Plan**

(Available online at the city of Tigard Parks website)

This 29 page document plus a 92 page stakeholder’s survey titled:

Tigard Recreation Program Outreach Study – 2015.

This document summarized the city’s role in providing recreation services as follows:

**City role in providing services**

“None of the stakeholders envisioned the City as a full-service recreation provider in the near future. In fact, most described the City’s future role in terms of expanding its efforts in areas as already successful. The most frequently mentioned roles included the following, in the order they were most frequently mentioned:

### **1) FACILITATOR:**

The City should maximize use of existing facilities (e.g., having staff to reserve/rent rooms and sports facilities for community use) or focus on providing new parks and facilities to increase recreation opportunities.

### **2) PARTNER:**

The City should support other providers' programs either by maintaining and scheduling City facilities for group use (with the City covering facility costs) or by offering funding or grants for existing providers to offer programs or provide scholarships and transportation to underserved individuals who otherwise could not participate.

### **3) COORDINATOR/REFERRAL:**

While the City already provides an online list of recreation opportunities, some envisioned a stronger role in tracking Tigard Recreation Program Study Outreach and advertising what's currently available to be able to provide a referral service and be an information clearinghouse. The City needs to provide a calendar of all activities in its parks. Some stakeholders would like the City to play a bigger role as a coordinator in getting other recreation providers to work together.

### **4) BROKER (CONTRACTING WITH OTHERS):**

The City could be involved in negotiating with other providers to recruit paying participants to use their facilities and programs. This model, however, does not help those individuals who cannot afford to pay to play.

#### **CITY IS NOT IN THE RECREATION BUSINESS**

The City of Tigard is not currently in the recreation business and lacks the facilities, manpower, equipment and expertise to provide full-fledged recreation services. Given these challenges, several stakeholders thought it may "unsustainable" for the City to provide programming. Several felt that a more logical step is to investigate options for other providers, such as the Tualatin Hills Park and Recreation District (THPRD), YMCA and private groups, to provide services in Tigard."

The fundamental finding of the MIG, Inc. report (for which the city paid \$62,000) were bypassed as the city decided to initiate another study at a cost of \$24,000 split between the city and the Columbia/Willamette YMCA. This study was less comprehensive and conducted by Daxco T2 Consulting whose website lists them as "... the only YMCA consultant team with access to more than a decade of member data."

The Daxco T2 Study provided information based on past YMCA data. It is not known if Daxco consulted the MIG, Inc. report prior to delivering their final draft which was an endorsement of the YMCA as operator of a recreation/community center to be constructed by the city of Tigard.

## **Why was the MIG report bypassed in favor of pushing forward with a publicized partnership with the YMCA by a citizens group led by Neil Brown a Tigard resident?**

### **Columbia/Willamette YMCA**

The Columbia/Willamette YMCA presently operates sites throughout the metro area. An article by [DK Row \(The Oregonian – August 15, 2011\)](#) provides a brief history of the YMCA in the area. In 1989, the Oregon Supreme Court stripped two Portland YMCA centers of their charitable property-tax status, ruling they didn't serve enough needy people. The article further described how the YMCA had adapted and re-branded their organization as “family oriented” with “family as the operative word in their site titles.

The 2013 YMCA Columbia-Willamette Annual Report listed gross revenue of \$23,094,525. Membership Dues and Program Fees total \$18,580,774 divide among YMCA sites. It is believed that the Sherwood Family YMCA is the strongest performer. No breakdown by site is listed in their annual report. The present 20 year contract with the city of Sherwood (owner of the building in which they operate) expires in 2018.

In March 2014 the city of Sherwood initiated a [“Review of Operating Agreement between the City of Sherwood and the Sherwood Family YMCA”](#) to assess the feasibility of continued contracting with the YMCA as the operator of their building or explore other options. (This document is available online).

The 2011 Oregonian article stated at that time there were 9,412 members in Sherwood. Combined membership between Sherwood and Vancouver is listed at 15,200. That would mean in 2011, the Sherwood site contained almost double the number of members as the Vancouver site.

No gross revenues were listed for these sites. Conservatively estimating an average of \$25 - \$30 per member (per month), potential gross revenues of \$3 to \$4 million dollars annually could be assumed. Over a 20 year period the Sherwood site could generate \$60 -\$70 million dollars.

It is to be expected that prices will rise over another 10-20 year cycle so total revenue will rise as well. The cost of operating and maintaining a building such as the Sherwood Family YMCA is a major expense. In any event, whoever assumes operation after the present lease expires, will inherit a solid revenue base from which to grow.

**The city of Sherwood may be in a strong position to recover a better return on the profitability of this building with the next leaseholder OR choose to take the building over themselves and control ALL the revenue that will be derived over the next 20 years. If the city of Sherwood chooses to assume operation themselves, they would be controlling their own recreational and financial destiny within their parks system and serving their citizens in a more expedient manner.**

**If Sherwood chooses to take a more active role in their recreational future, the Columbia/Willamette YMCA would experience a serious loss of revenue.** In 3 years the Columbia/Willamette YMCA could find themselves generating less revenue (or no revenue in Sherwood).

The timing of the Tigard bond measure seems to coincide with that scenario. A new community center in Tigard (operated by the Columbia/Willamette YMCA) would provide a “soft landing” and a continuing revenue stream.

**This among other things is the driving force behind efforts to push this ballot measure through now in Tigard.**

The Columbia/Willamette YMCA is a FOR-PROFIT NON-PROFIT. Their business model generates revenue that they amortize over all their sites. Bob Hall – President and Chief Executive made \$182,740 per year in 2011 on gross revenues of \$21,480,000. In 2013 revenues had risen to \$23,000,000.

(In comparison Mike Abbate, Director of Parks for the City of Portland, draws a salary of about \$170,000 with a budget of around \$95,000,000. Parks Director Abbate handles a budget 4 times larger than Mr. Hall and makes \$10,000 less).

Supporters of a YMCA in Tigard (using the Daxco T2 report) have estimated that within 3 years after construction, membership could be around 2700 people. The membership for the Sherwood Family YMCA in 2011 was 9412 members. The population base within the Sherwood city boundaries was approximately 19,000 in 2013. The population base in Tigard is 50,000 citizens. - It is odd that the supporters of the Tigard YMCA estimate that a downtown recreation center (operated by the YMCA) would only generate one third of the members that presently patronize the Sherwood Family YMCA. Tigard has twice the population base of Sherwood. Something is screwy here.

There are inaccuracies in the information that has been provided to the public by supporters of this bond levy. Investing \$34.5 million dollars of tax payer money in a recreational building and then turning that building over to an operator for a long period of time is not a prudent investment. The citizens of Tigard and the recreation department would prefer to guide their own recreational growth and destiny.

## **Property Acquisition and Site Location**

### **9110 SW Burnham St.**

In 2014 the city acquired the property at 9110 SW Burnham St. (**presently occupied by Ferguson Plumbing**) for \$1.3 million dollars. The purchase was funded from the downtown urban renewal district funds (a special taxing district voters approved in 2006 and re-approved in 2013). Land acquisition for the potential site of a community center in downtown Tigard had already begun although statements by members of city government did not reflect intent at that time.

Confirmed 8/10/15 by Mayor and City Manager. Neal Brown the leader of the YMCA PAC did work on this transaction. Most commercial property transactions over \$1million pay a 5% commission rate.

Brown represented the city of Tigard. Melvin Mark Realtors represented the Seller. This property sold for \$1.3 million so commission to be split was approx. \$62,500.

At the time of the 9110 Transaction Sean Farrelly stated to the news media “... *the land was too good to pass up. ...We think that it is a really versatile property because of its size and its proximity to Fanno Creek Park and Main Street*”

*...Ferguson Plumbing has the potential to stay in the building until 2023, under its current lease agreements... the company could decide to leave earlier.”*

*“Farrelly said it’s too early to begin planning what will go on the site, when Ferguson eventually leaves. The site would likely support some combination of apartments and shops...*

*...A lot of that depends on when the tenent will vacate, we think it’s a good site for residential or mixed-use, or maybe some partial use for public space...*

*...City officials have said for years that they hope to transform the long struggling downtown into something more vibrant...The city has looked for years for space downtown to build a large public plaza, which would serve as the city’s focal point, but has not found a seller...*

*...The Ferguson Plumbing property is likely too small to serve as the plaza, Farrelly said. However, Farrelly believes there would likely be some kind of space outside for people*

*to gather on the property...If there is public space in this, it will probably not be only public space, but have some sort of development there to help activate it."*

### 9040 SW Burnham St.

Citizens representing YMCA interests led by Neil Brown have advertised an adjacent property located at 9040 SW Burnham (**presently occupied by B&B Printing**) as the site for a recreation center building. They have advertised and labeled this property as the site for a YMCA even though the city has not yet determined who the operator of a potential recreation center building would be if constructed.

*8/17/15 Met with Mike Stevenson-owner. He said no one from the city has approached him about buying his property even though it is being advertised as the location for a YMCA Community Center. He did say that he would be willing to sell for the right (market) price and cost of relocating his business. He claimed to have no knowledge of Brown advertising his property location as the Community Center site.*

Newspaper articles from The Oregonian and Tigard Times provide perspective from both the YMCA supporters and the city.

### The Oregonian March 4, 2014 (Nuran Altier)

*"...Brown's plan to see this through is neatly organized in folders containing documents revealing what the building could look like to a location he's identified as prime real estate for this kind of operation: Southwest Burnham Street & Southwest Ash Avenue. Brown, a real estate agent, said a YMCA positioned there could help revitalize Tigard's downtown...*

*...Brown has done a lot of the legwork for the city (should it choose to move forward). Working with architects and builders, he's even identified how much the new building could cost: \$28 million...*

*...He's very persistent. After listening to his story, I can understand why," said Tigard Councilor Marland Henderson. "We need to have a recreation center...Henderson admitted that bringing a YMCA to Tigard is only one option to do that. The city could partner with YMCA, but it could also establish its own recreational program without building a center just yet, as **recommended by the Parks and Recreation Advisory Board in November 2014.**"*

### The Tigard Times April 28, 2015 (Geoff Pursinger)

*"The city has not completed that kind of work for this project yet, though Brown said he has already done much of it for the city. He has found a property owner willing to sell,*

*penciled out potential architectural drawings, and lined up about \$30,000 in funding from private donations to finance a bond measure.”*

The Tigard Times July 9. OP-ED “YMCA Supporters beg for a vote “by Neil Brown.  
*This is a 12 point article. With questions and answers provided by Neil Brown. “Point #10 Question -Will YMCA proponents consider a different location than downtown Tigard? How will public input be handled? Response – No other site measures up. The ultimate citizen input comes when this is placed before voters in November 2015.”*

According to records, the 9040 property sold in November 2000 for \$1.7 million dollars. It sold again in April 2007 for considerably less - \$430,000. The value of the property now is estimated at \$1.4 million dollars. It is not known at this time why the property sold in 2007 for approximately ¼ of its value in 2000. The recession hit all property values hard, but these transactions bear further investigation.

### 9180 SW Burnham St.

Property presently owned and occupied by **Stevens Marine** to be the site of 5 story proposed parking garage. Negotiations for this property are not known at this time. This property is located near the corner of Main St. and Ash St. **This proposed parking garage would serve the downtown area and is in close proximity to the Tigard Liquor store owned by the Woodard family. (Commissioner Marc Woodard is related to the liquor store owner CL Woodard)**

**All three properties lie within the boundaries of the FEMA 100 year flood plain.  
Tigard City Hall and the Tigard Library are built on the edge, not in the flood plain.**

**This has been confirmed by Tualatin Riverkeepers.**

**Tualatin Riverkeepers – Brian Wegener**

*8/10/15 City Manager was aware of this Mayor was not.*

*8/17/15 Bret Swopes (Owner-Manning Automotive Service Center 9055 SW Burnham St.)*

*Advised that in 1996 flood water from Fanno Creek was “over the road” on Burnham St.*

It is not know if Neal Brown has any representation agenda for either the 9040 SW Burnham St. or the 9180 SW Burnham St. property. These are questions the city can and should answer. However, his insistence on these sites based on past newspaper articles suggest that his interest may run deeper than just civic well-being.

**Direct of tacit collusion among Neal Brown and members of city government are a concern.**

### **Cost to build –**

Oregonian articles quoting Neal Brown have shown misleading and inaccurate information regarding costs for this project.

(Oregonian March 14, 2014) Neal Brown estimated \$28.5 million.

(Oregonian May 21, 2015) Neal Brown increased estimated cost to \$30 million for a 60,000 sq ft building.

(Oregonian July 15, 2015) amended building estimate to \$34.5 million for a recreational building (88,000 and 110,000 sq. ft.) and an adjacent 5 story parking garage.

The architectural company **Yost-Grube-Hall (YGH)** provided plans, visualizations, and area calculations prepared on a Pro Bono basis. Nels Hall provided the following information to me in an e-mail from July 29, 2015:

“...YGH did not do any cost estimate. **Scott Brown, a Tigard Resident and former YGH Principal managed the Pro Bono effort, and interfaced with the Tigard citizen advocate as well as met three times with the YMCA. Scott Brown recommended contacting Precision Construction to get a preliminary cost range for the project -not a "Bid"- since the plans were concept diagrams with little detail. He received and passed on Precision's itemized but preliminary estimate of \$ 29,200,000 for the approximately 89K USF/104KGSF plan concept- equal to \$326/USF and \$280/GSF. YGH did not see cost information from other sources or review Precision's numbers in detail since they were for reference only.**”

The current project area is larger than the Clark County facility initially given to us as a guide - based on the size of the Sherwood YMCA facility including current plans to expand the Natatorium. A reasonable, Probable Construction Cost range (in 2015 dollars-excluding soft costs, land cost and FF&E), for similar facilities in our region would be **\$270 /GSF to \$350/GSF**. It is, of course possible to exceed the range; dependent on program and design complexity, but difficult to come in much below \$270/GSF for a program that includes a gym, track, two pools, lockers, multi-purpose spaces cafe, childcare, etc., in a sustainable, attractive facility with balanced daylighting, quality materials, and HVAC/Elec./lighting systems that minimize long term maintenance and energy costs. In addition, PDX metro area construction activity is robust and subject to increasing inflation.”



Nels Hall was unaware of the extent of the FEMA 100 year floodplain and artistic renderings from YGH do not show the Stevens Marine property in the floodplain at all.

**Nels Hall also advised Scott Brown left YGH 6 weeks ago (end of June).**

(8/10 City E-mail records show YGH requested a meeting with Mayor Cook and City manager Wine to reiterate their position that they did not provide any specific numbers to support the advertised costs for the project being promoted by the Friends of YMCA supporters.)

**Hayden Consulting Engineers** was also brought in to consult on this project. Darron Hayden advised on 9/1/15 that they were not involved in the costing of the project. Darron advised that the costing of construction was done by TS Grey Construction. **Bob Grey is a personal friend of Mayor John Cook which may be the reason Mayor Cook has abstained from the vote for this project.**

(Tigard City Council Meeting minutes – Feb.24,2015)

On July 22, 2015 an e-mail was sent to Mayor Cook and City Manager Wine. It contained documents including:

- a 2008 Technical Paper developed by Portland Parks & Recreation providing estimates to construct future community center buildings.

At that time estimates were around **\$300 sq ft.**

- Oregonian (July 21, 2015) article outlining cost for a 108,000 sq ft community center estimated at \$48 million dollars **\$461 sq. ft.** for the city on Hillsboro.

**Supporter's False ads –**

YMCA supporters continue to run advertisements with misleading information.

-25,000 trips per month – which would be an average of about 800 trips per day.

Sherwood Family YMCA (with 9412 + members) does now where near this estimate on a daily basis.

-135-175 paying jobs downtown - Assuming this means jobs at the YMCA, it is inflated.

As a basis of comparison in 2009 Mt. Scott Community Center (PP&R) processed 455,000 Drop-in fees in addition to pass holders, registered class participants and special events with a staff of 75-80 employees.

-**500 off street parking spaces** – The YGH artistic renderings show approximately 186 parking spaces surrounding the proposed community center building. That number is

consistent with the size and usage of the proposed building.

An addition of a 5 story parking garage with 500 more parking spaces is superfluous.

Intended usage for this parking garage may be part of a larger city master plan for the downtown core. That is a separate issue and should be considered apart from the community center bond. Oct. 8, 2015 (This parking garage concept has now been changed to 500 parking spaces on a surface parking lot)