

Subject:

FW: Agenda Item #11

----- Original message -----

From: Susan Watry [REDACTED]

Date: 02/22/2016 3:15 PM (GMT-08:00)

To: Mary Salas <MSalas@ci.chula-vista.ca.us>, Patricia Aguilar <PAguilar@chulavistaca.gov>, Steve Miesen <smiesen@chulavistaca.gov>, Pamela Bensoussan <PBensoussan@chulavistaca.gov>, John McCann <jmccann@chulavistaca.gov>

Cc: Gary Halbert <GHalbert@chulavistaca.gov>, Kelley Bacon <KBacon@chulavistaca.gov>

Subject: Agenda Item #11

Dear Council Members:

At my first reading, the "Core Agreement" seems to contain all the restrictions on the use of the OTC by the City as the MOU did (except for now allowing the City to use the retail space). You will recall, that in response to those MOU restrictions, JIM Sports consultants concluded that 94% of the revenue would have to be supplied by the U. S. and/or International Olympic Committees -- only 6% -- only 6% -- could be 'earned' by the City.

I see nothing in the "Core Agreement" that would change that assessment.

"Bacon said the agreement with Point Loma Trust would be structured with terms to protect the city and its general fund, **which could be used if the deal falls short**, although that would be a last resort." *Union-Tribune February 18, 2016 (bold type mine)*

You should not assume that this is going to be a win-win situation for the city of Chula Vista -- which has one of the lowest, if not *the* lowest, amount spent per resident in the General Fund of any city in San Diego County.

Peter Watry

[REDACTED]

Subject:

FW: Olympic Gold or Fool's Gold?

From: Elva Mellor
Sent: Tuesday, February 09, 2016 3:28 PM
To: Patricia Aguilar
Subject: Fwd: Olympic Gold or Fool's Gold?

Begin forwarded message:

From: ElvaMellor [REDACTED] >
Subject: Re: Olympic Gold or Fool's Gold?
Date: February 9, 2016 at 3:14:00 PM PST
To: Susan Watry [REDACTED]

Thank you! My thoughts exactly. Why get involved in things which cost taxpayers money when our west side streets are in urgent need of repair? When I asked why the east was getting serviced when the streets are newer, etc. the answer was that it is cheaper to maintain the east and to expensive to repair the west??? So do only east side residents pay taxes? I live in the east but am appalled at how money gets spent on other projects rather than helping maintain our city in top condition. The study on the university did not impress me. Hopefully they are still working within the same budget to come up with much better information and solutions. Spending money without setting firm guidelines and long term goals is foolish and disrespectful to the citizens who elected the council members.
Elva Mellor

On Feb 9, 2016, at 11:28 AM, Susan Watry [REDACTED] wrote:

(Courtesy: Focus on Chula Vista)
-- Need Grocery Stores, Not Promises

Improving the Process to Fill Council Seats —

Olympic Gold or Fool's Gold?

Posted on [October 11, 2015](#) by [Chula Vista Issues](#)
<[fools-gold.png](#)>

UPDATE: On Tuesday, February 9, the Chula Vista City Council will discuss going forward with this unique venture. Here is the background material for the Council meeting:

Olympic OTC Legislation Text

What is new is the addition of a third-party operator called, "Point Loma Trust." No information is given on this mysterious organization that, apparently, was just created since it doesn't seem to exist on the Internet. Is this organization financially viable? Who is on its board? Where are the guarantees that the General Fund will never be used? Who would be responsible for new infrastructure? This creates many more questions.

Original post:

Let's be honest, the Olympic Training Center ("OTC") never achieved its desired potential. People thought it would help bring tourism to the area and to be a great community partner to the city where it is located – Chula Vista. On both counts, the center fell short of achieving those goals. Although, located in Chula Vista, the center was never a very good community partner (according to City Hall insiders) and it didn't generate enough public events to help much with tourism.

This is because the OTC is, and forever will be, a center to train athletes. No more, no less. It's not there to be a tourist magnet, nor is it there to host community events or meetings. There is nothing wrong with that but it's important to keep that in mind. If you want to take a tour, you are welcome to do a self-guided tour. If you want to have a meeting or community event on the premises, your call will not get answered or the request will be denied.

At the moment, it seems that the U.S. Olympic Committee ("USOC") would like to get out of the business of managing training centers which would mean either closing down the site or letting someone else manage it. Enter the City of Chula Vista to the rescue. The City and the USOC jointly hired JMI Partners to come up with a plan to keep the site open. The City also put one of its highest lieutenants (a Deputy City Manager) in charge of the due diligence. Their job is to find a way to keep the doors open while keeping the OTC financially viable.

Let's take a step back and see how we got here. Originally named the ARCO Training Center, at a cost of \$81 million (double its projected cost to build), the OTC opened in June of 1995. Throughout the years, some sports have left and some new ones have

started. The OTC currently supports the following sports: archery, BMX, field hockey, rowing, rugby, tennis, some track and field, and volleyball. The Center has four natural turf soccer fields, six sand volleyball courts, and three BMX tracks.

In May of 2014, the USOC sent a letter to the City letting them know that it no longer wanted to operate the Center. This is what got the ball started to see if the City could take over the OTC. It currently costs \$8 million per year to maintain the facilities open. The USOC has promised to pay \$3 million per year for four years for use of the facilities. The rest is supposed to come from innovative and creative solutions from whoever the City hires to maintain the facility. If those solutions fail, the City will be left with the bill. It will have to use general funds to maintain the Center. This point cannot be overemphasized: **General Funds are at risk.**

So many important questions remain to be answered.

First of all, in the best case scenario and the center is stays profitable, what would the City gain from taking on this very risky venture? The honor to host an OTC? A laudable goal, granted, but at what gain? The OTC will remain as separate from the City as it ever has as far as events go. Your kids soccer team will never have the chance to play on those beautiful fields. Nor will you ever watch the Xolos play on those fields. The OTC will remain, as it always has been, a training center for Olympic athletes. Period.

Second, who will pay for any new infrastructure that is needed? A potential agreement to increase revenue depends on bringing in high performance athletes to train at the center and those athletes will need state-of-the-art equipment. For example, the new archery center that will open this month cost \$14 million and took up 11 acres. So, who will pay for any new facilities? Will the City go begging to already stretched thin corporate sponsors? Will the City foot the bill? It obviously won't be the USOC who will provide the money because they're already committed to a stated amount.

Third, who will cover the costs of construction overruns or center budget deficits. Will the city's general funds be at risk here? Could this turn into a financial black hole? Assurances that everything is being done to avoid using general funds is the same thing as saying the security door is only a little open but we're safe.

Finally, what is the driver here? What are the options if the City does not proceed? Those are perhaps the most important questions and hopefully questions that the City Council will ask from staff about this seemingly risky venture.

The City may need a reminder that it has had its experiences with losing ventures.

When the SR125 Toll Road was first proposed, the City (briefly) considered being a partner with the toll road developer perhaps because the developer was convincing the City that it would be profitable for the City. Well, we know how that turned out. Another example was when the City had control of the Nature Center. After paying \$1 million per year, in 2009, the City made the decision to separate itself from the Center.

The people tasked with getting this deal done are doing a colossal effort to come up with a plan that will keep the OTC open and financially sound. Their efforts are to be commended as they seem to be turning every stone to make sure they have the best deal possible. But that doesn't alter the question of why take on the risk in the first place.

If the USOC is basically saying, we're losing money and we want to get out of this business, why is the City willing to take on that risk? The USOC will continue to get use of the facility while letting the City take on the financial risk. Sounds like a great deal – for them.

<https://focusonchulavista.wordpress.com/2015/10/11/olympic-gold-or-fools-gold/>