

MINUTES
NICEVILLE COMMUNITY REDEVELOPMENT AGENCY (CRA) BOARD
MEETING
June 13, 2023
5:00 p.m.

CRA Chairman Henkel and CRA Commissioners Schaeztle, Nodjomian, Alley, Donahoo, and Williams were present. Also present were CRA Executive Director, Lannie Corbin; City Attorney, Dixie Powell; City Clerk, Dan Doucet; CRA Manager, Ammy Hanson; Dr. Bill McCartney; Deputy City Clerk Wendy Farmer; Deputy City Clerk and Finance Director, Steven Rausch; Information Technology and Purchasing Director Chad Morris; Senior Center Manager, Julie Mooney; and seven other attendees.

CALL TO ORDER

The meeting of the CRA Board was called to order by Chairman Henkel at 5:00 p.m.

APPROVAL OF MINUTES:

CRA Regular Board Meeting, May 3, 2023

Commissioner Nodjomian motioned for approval of the minutes. Commissioner Schaeztle seconded. No discussion followed.

COMMISSION VOTE: SCHAETZLE – YES; ALLEY – YES; HENKEL – YES
DONAHOO – YES; WILLIAMS – YES; NODJOMIAN – YES. MOTION PASSED.

ACTION ITEMS:

Dr. McCartney asked Chairman Henkel, can I ask you to reverse the first two items on the agenda? If you don't approve number two, then maybe we don't want to approve number one, said Dr. McCartney. Okay, replied Chairman Henkel. Attorney Powell asked, is that where we de-select KG Development Services and select AVCON? Chairman Henkel said, I don't know that there is a deselection. We are going to talk about the settlement agreement. Mr. Powell replied; yes, with the settlement agreement, we won't need to take any action to de-select or select. Chairman Henkel said right, we will need the Commission to approve it.

Chairman Henkel said, Mr. Doucet we're going to go to the second item. That's the consideration of settlement agreement with KG Development for the Niceville Landing.

- *Consideration of settlement agreement with KG Development for the Niceville Landing*

Dr. McCartney, would you like to address it, then we'll get Mr. Powell's input and go from there, asked Chairman Henkel? My intention was for the legal counsel to address this issue, said Dr. McCartney. Mr. Powell said as you know from the last minutes, we were going to come up with something to resolve this issue. We think we have it resolved. Chairman Henkel and one of the Commissioners brought up a good point, said Mr. Powell. There's no kick-out provision in there. A kick-out provision means if the project is canned for some reason, then we're not responsible for the agreement. We really don't have a specific kick-out provision, but I feel pretty confident the way it is, because legally, with acts of God, or anything out of our control, if we have to can the whole project, which I don't foresee, I feel comfortable that we'll be okay, said Mr. Powell.

Would you like to give some quick key points about the settlement agreement, asked Chairman Henkel? Yes, said Mr. Powell. Originally, we had negotiated two years with KG Development. AVCON is going to do the uplands and KG Development is going to do the waterfront and the water part of the project. However, the agreement is, and I think it is good, that we can request KG to do any other type of services that we require. I talked with AVCON and they're in agreement to work with KG and offer any type of help that they can give them on request.

Mr. Powell said, at my request, we extended the time period from 24 months by an additional 12 months to 36 months if needed to make sure we don't run into any complications. Commissioner Nodjomian was concerned about fair play, basically, and the pricing and quality of the work. We have standard pricing for the type of services attached to the agreement said Mr. Powell. So, are there any questions about that? I think we have resolved this issue, said Chairman Henkel. Commissioner Alley said, I thought the first agreement said three years; it only said two years, asked Commissioner Alley? Mr. Powell replied, the agreement is two years with an extension of another year. Commissioner Alley said okay, when does the period start? Mr. Powell said, upon execution of the agreement, once everyone's signed it. Can they do this work before the uplands work is done, asked Commissioner Alley? Mr. Powell said yes; we can request any services. Another point that Dr. McCartney brought up is that we're going to need to do some type of work on the shoreline anyway, even if we don't do the project for some reason, said Mr. Powell. Commissioner Alley asked, will this include the work for the pier that will go out there. Yes; any work for the permitting process or engineering services for the pier, said Mr. Powell. Basically, they're willing to do any work we request of them to do. So, that would include any services outside of the project, said Mr. Powell.

Go ahead Dr. McCartney, said Chairman Henkel. Dr. McCartney said, these two projects, while connected, can basically stand alone. Another item that needs to be considered is,

once we get a fee schedule and a scope of work from both firms, it will come back to this board for final approval.

Chairman Henkel said, so again, this is consideration of the settlement agreement. Mr. Powell has laid out what the settlement agreement says in generalities. Is there any further discussion by the Commission? Any questions or comments? Mr. Powell said, one other item. If you all have reviewed exhibit B, it gives the pricing and fee schedule for the types of services that are requested. Commissioner Nodjomian said they look reasonable. Any other comments or questions, asked Chairman Henkel? So, again the question is, are we going to agree to this settlement? Commissioner Alley asked, the settlement agreement says a certain day in May. Will this be changed? Yes, I'm glad you brought that up, replied Mr. Powell.

Commissioner Alley motioned approval of the settlement agreement with KG Development as amended with a date correction. Commissioner Donahoo seconded.

COMMISSION VOTE: NODJOMIAN – YES; SCHAETZLE–YES; ALLEY–YES; HENKEL–YES; DONAHOO–YES; WILLIAMS–YES. MOTION PASSED.

- *Ratify the selection of AVCON, Inc. for the Old Town Historic Downtown Commercial Village engineering and landscape design services.*

Chairman Henkel said, I believe you're going to speak to this Ms. Hanson? Ms. Hanson said, we would like to ratify the selection of AVCON, Inc. for the development of the Old Town Historic Village, which is the uplands, including all of the property which the City owns from Bayshore Drive to the bank property. When we do this, we will work with AVCON to come back next month, as Dr. McCartney said, to provide an agreement with AVCON, a scope of work with fees, and a contract, an agreement with them to develop the engineering landscape design and everything that would be needed to fulfill the plan that we created for the Old Town Historic Area, said Ms. Hanson.

Chairman Henkel asked, do we have a motion to ratify the selection of AVCON, Inc. for the Old Town Historic Downtown Commercial Village?

Commissioner Williams motioned approval. Commissioner Donahoo seconded.

Mr. Powell asked, for the uplands? Yes, this is the uplands, replied Ms. Hanson. Chairman Henkel asked do you have that Mr. Doucet? Yes sir, replied Mr. Doucet. Although we did say for the Old Town Historic Downtown Commercial Village, asked Chairman Henkel? Correct; which is the uplands, replied Ms. Hanson. Niceville Landing is the waterfront. So, they are separate projects, said Ms. Hanson.

Commissioner Schaeztle asked, you said you were anticipating a schedule of fees; so, do we have a timeline that we're looking at having that input from AVCON? Yes; we're

hoping to have AVCON's contract, their scope of work, as well as their fees by our next meeting, which will be in July, said Ms. Hanson. Are there any other questions, asked Ms. Hanson? Comments, asked Chairman Henkel?

COMMISSION VOTE: WILLIAMS – YES; DONAHOO – YES; HENKEL – YES; ALLEY – YES; SCHAETZLE – YES; NODJOMIAN – YES. MOTION PASSED.

- *Authorization to request proposals for commercial real estate firm to serve as the City's agent to support the siting of identified businesses in the commercial village.*

Mr. Doucet read the next action item. Chairman Henkel called on Dr. McCartney to speak about it. Dr. McCartney said, if you'll remember when you approved S&ME for the downtown Old Town Redevelopment plan, we listed 19 perspective businesses along with an extended-stay bed and breakfast, that would ultimately be sited downtown. We really didn't know at the time how we wanted to recruit and site those businesses, what their space requirements, parking requirements, and overall unique utility requirements would be. I think the best way to do that, at this time, is to work closely with a commercial real estate firm and our engineers, AVCON Design Group, to recruit and site the businesses as the project moves along. So, to get the businesses in on the planning aspect of it, they need to work closely with AVCON and vice versa. I talked to Mr. Lewis of AVCON. You have a copy of this in your folder. What we would like to do is put out a request for proposals (RFP) for a commercial real estate firm. This doesn't fall under the requirements of the Consultant's Competitive Negotiations Act. It's not for an engineering firm, a planning firm, or an architectural firm. This is just for our own edification. I would think we would get as many as five, six, or seven commercial real estate firms to work with us, to work with AVCON, to identify sites for businesses. The businesses are all in our plan we have approved. We'd work to systematically do those. The City wouldn't pay them any money. They would get a real estate commission. Basically, what we would be doing is providing a firm listing on the properties, given the specific businesses want to locate on the property, which have already been identified, said Dr. McCartney. So, this is an RFP. I would like, if you would, to appoint a team to evaluate these and bring any recommendations back to the CRA Board for selection.

Chairman Henkel asked, can I have a motion to authorize requests for proposals for commercial real estate firm, which will then serve as the City's agent to support the siting and identification of businesses to locate in the commercial village?

Commissioner Alley motioned approval. Commissioner Williams seconded.

Dr. McCartney, would you like to list out what the RFP is going to address, asked Chairman Henkel? Okay, it basically addresses this, said Dr. McCartney. Businesses will be selected and identified based on the Old Town redevelopment plan. Business selection and siting requirements will be closely coordinated with engineering and landscaping firms. All selected business will require pre-sales review and approval by the CRA Director. All contracts for sale will require a business development date no later than two years from the

completion of infrastructure and supporting projects. So, in other words, the property sold to the firms identified under certain conditions. They will provide to those businesses in a time certain and then ultimately developed. What we're asking for is the location of the primary and satellite offices, their approach in selecting and targeting businesses and their approaches, and the appropriate staff assigned to the project, including professional resumes.

So, this gives us a good feeling about the capability of the firm to work with AVCON and the CRA Board to site the businesses that we've identified. We'll come back and redo the plan. Also, remember that we have approved the plan through the overlay process in the land development code, so minor changes can be made, but major changes have to go back through the planning process. Chairman Henkel said, so Dr. McCartney what I'm hearing you say is that you would like to have some form of committee to take all of these RFP submissions, evaluate them, and bring them before the Commission to make a determination? Dr. McCartney said, I think that makes it a lot easier. How many people do you want, asked Chairman Henkel? Three, four, or five? We normally have had three, said Dr. McCartney. Would you be willing to serve on that committee, asked Chairman Henkel? Yes sir, replied Dr. McCartney. Ms. Hanson, would you be willing to serve on that committee, asked Chairman Henkel? Yes. Commissioner Williams would you be willing to serve? I would be willing, replied Commissioner Williams. There you go, said Chairman Henkel. There's your three I'm going to recommend said Chairman Henkel. Thank you said Dr. McCartney.

Chairman Henkel asked, do we need to take a vote on that? We're going to appoint a committee and then they'll come back with recommendations for the Commission? Dr. McCartney said, I think you'll want to approve the RFP first. Chairman Henkel said, approve the RFP. Is everybody okay with that? Does anybody have any questions? Commissioner Nodjomian said this is semantics. I'm not sure it's an RFP. This is more of a request for qualifications (RFQ). Dr. McCartney agreed, we are looking for qualifications. I've done a lot of these as RFPs because everybody in the industry understands what it means, but we can call it an RFQ if you want. Commissioner Nodjomian said I think it will be more accurate, because it is a request for qualifications. A qualifications package says this is what we can do for you. Then we evaluate that and we negotiate afterwards. Chairman Henkel asked, whatever you come up with in your committee, you're going to bring it back to us? Yes sir, replied Dr. McCartney.

Dr. McCartney said, Mr. Powell there won't be a fee schedule, because they won't be paid until after they sell the property. Commissioner Nodjomian said yes, but they will have rates. We'll negotiate commission rates. Mr. Powell said they'll have their commission. Commissioner Nodjomian said, what you have is you're asking for a qualifications package. You're asking for what they've done, where their offices are located, and the rest of their proposal for how they would work.

Chairman Henkel asked, so with that said, Commissioner Alley, you made the original motion; would you like to amend that to change RFP to RFQ? Yes, replied Commissioner

Alley. Chairman Henkel asked, and Commissioner Williams, I believe you made the second. Would you like to amend your second? Commissioner Williams said I will amend it from RFP to RFQ.

COMMISSION VOTE: NODJOMIAN – YES; SCHAETZLE–YES; ALLEY–YES; HENKEL–YES. DONAHOO–YES; WILLIAMS–YES. MOTION PASSED.

- Consideration of budget amendment to increase Economic Impact contract from \$38,000 to \$50,000

City Clerk Dan Doucet read the next action item. Chairman Henkel asked do I have a motion to consider a budget amendment?

Commissioner Williams motioned approval. Commissioner Schaeztle seconded. Chairman Henkel asked Dr. McCartney, would you like to talk us through this one?

Dr. McCartney said, last fiscal year, we hired the firm of Matrix Design to look into a Triumph Grant for the Old Town Redevelopment project. After a couple of months, we found out that they do not fund redevelopment or community development projects with their funds. So, we kept the \$38,000 in the budget and transferred it from last year's budget to this year's budget. Subsequent to that, we have contracted with Matrix for a different redevelopment project, which would be the economic development impact, which you'll hear a presentation in just a minute, of the regional aquatic center to be proposed by the CRA Board and a number of other people in this community. I have asked Matrix to prepare and submit a required pre-development, pre-application application. It's going to require a little more money, so I'm asking that you move \$12,000 from capital outlay in the budget, to economic impact analysis, for a total of \$50,000. It's now \$38,000, said Dr. McCartney. Any questions or comments, asked Chairman Henkel?

Commissioner Nodjomian said I'll be abstaining from any discussion or votes on this issue. I'll need the form required for this. Yes sir, replied Mr. Doucet. Dr. McCartney said, and I asked them personally. We need this additional information; go ahead and do it, said Dr. McCartney. Okay, said Chairman Henkel. We couldn't authorize them to do it, because it wasn't in the budget. Are there any other questions or comments by the Commission, asked Chairman Henkel?

COMMISSION VOTE: NODJOMIAN – ABSTAIN; SCHAETZLE–YES; ALLEY–YES; HENKEL–YES. DONAHOO–YES; WILLIAMS–YES. MOTION PASSED.

DISCUSSION ITEMS:

- *Update of Matrix Economic Assessment for Aquatic Complex.*

Dr. McCartney said I would like to preface this by stating the budget amendment is for a more detailed and extended economic impact statement. We contracted with Matrix Design to do the work and they have done a magnificent job. The first investigator is with us tonight. His name is Charlie Perham from San Antonio. They have done an outstanding

job. They focused it on the needs we would have to generate grant funds not only from Triumph but also from other organizations. I think he is going to gee whiz you with some of the numbers that they have developed, said Dr. McCartney.

Mr. Perham thanked Dr. McCartney, greeted Chairman Henkel and the CRA Board, and introduced himself. My name is Charlie Perham. I'm with Matrix Design Group. That is a little bit of a familiar firm. My boss is right over here. I am very happy to be here. I traveled from Texas. I run Matrix's government consulting services. I spent a career in uniform, retired 8 years ago, and joined Matrix. We primarily help defense communities better understand and deal with their installations. That's really my core focus. In doing that, we do a lot of economics work. You may be familiar with some of our work. Here in Florida, we do the Florida defense fact book, helping all of the defense communities understand the economic impacts of the defense industry on their communities. We have a PhD level economic analyst.

As I was watching the rain and storm, I was thinking that was a warning to me not to come across as an economics expert. I was a Civil Engineer in the service, with a number of advance degrees, but none of them were in economics. That being said, I've been involved in this type of business now for eight years, so I have a pretty firm understanding of this type of work. We have been working with Bill and under contract specifically to perform this economic impact analysis of a potential aquatic center here in Okaloosa County. This is a personal passion project for me. Not only would it be helping the defense community; I come from a swim-family. I have two children that went through it and went on to swim at the collegiate level, and my wife is also very involved in swimming and coaching. So, we just celebrated our 24th anniversary two days ago. There were 15 moves during that 24 years together. In all of those years, swimming and seeing aquatic centers across the country were deeply part of my experience. So, I have a deep understanding of what it would take to set up and run an aquatic center. I've been a volunteer on parent boards of swim clubs and water polo clubs... things like that. That gives me a little bit of qualification. The final thing is through my wife's connections, we know folks at the top of the USA Swimming food chain. We were able to leverage some of those relationships on behalf of Niceville, to make sure that we are getting the most informed information to inform this economic impact evaluation. I have about eight slides that I'll go through. The report that we generated in its original draft is 48 pages long. There's a lot of details in there. Ultimately, I'm going to give you a couple of big numbers that could potentially be an economic impact here in the area. I have to walk through the assumptions that went into that. That's important. That's really the work that we went through. So, I'll go to the slides here.

Commissioner Nodjomian said, while Mr. Perham is getting ready, I want to add, he's being a little modest. When he said his wife had those connections in swimming, his wife is a three-time Olympic medalist, two golds and a silver medal, swimming at the highest level, giving them access to literally the top of the swimming food chain. So, he was being

a little modest in saying my wife was involved in swimming, said Commissioner Nodjomian.

I'll talk about three things, the economic analysis, the funding opportunities that will go along with standing up an aquatic center, and the benefits. For the economic analysis, we used In-Plan, which of course is a standard for economic impact analysis. It is an input-output model where we have to come up with a number of assumptions for visitors and things like that. You put it in and then you understand using this model how many ripples through an economy. You can buy this model, one county, three counties, five counties. You can buy the whole state. We chose to focus on Okaloosa County. We know that the economic benefits of having an aquatic center, where there is no aquatic center of this size or scope, in the County is going to positively impact particularly Walton County as well. But, for the terms of this analysis, we had to be as accurate as we could. That brought with it somewhat being a little bit conservative, and I'll walk you through a few of these things.

Mr. Perham referred to the presentation screen and spoke about details of several types of jobs that would be created when you stand up an aquatic center, including jobs created during construction, direct employees of the aquatic center, and jobs created to provide services to all of the visitors who will visit because of the aquatic center. Ultimately it talks about the gross regional product. That's the value added to the area over a span of time. We looked at a ten-year period of time. You may be familiar with another accounting term known as gross output. We like to be as accurate as possible and talk about the gross regional product, which is the value added to the community, said Mr. Perham.

For this input model, we consider the direct, indirect, and induced categories there. The direct category is the direct jobs that are going to be attributed to this being stood up. That's probably the best way to look at that. The indirect category are the business-to-business impacts. For instance, if you build an aquatic center, there are going to be businesses that need to service that aquatic center, whether it's maintaining it, keeping the pool up to standards, maintenance, things like that. Induced category is the salaries of those who work for those businesses as they ripple through the economy. That is the induced effects that get included in this. We'll go through some of those details.

As I said, we looked at this over a ten-year period, and the bumper sticker number that we are delivering tonight is a \$235,000,000 cumulative economic impact, if a mid-option aquatic center is built here in Okaloosa County.

Chairman Henkel said, can I interrupt you for just a second? I know there is media here tonight and a few others. If you are having a hard time seeing those slides, I don't think you will bother us if you stood up and needed to get a more direct look, so please feel free to do so. Mr. Perham you can go ahead, said Chairman Henkel. Thank you, replied Mr. Perham.

So, in this process, it was fun for us. We were able to get paid to learn. We did a ton of research, ranging from the direct review of United States swimming, to the regional representative for United States Swimming, to folks that run swim teams locally, to folks

that run swim teams nationally, to aquatic center directors at the highest level in the nation. For instance, Greensborough has one of the premier aquatic centers in the nation. I had multiple calls with their aquatics center director on the phone. We not only had to learn about building an aquatics center, but also about operating an aquatics center. That of course is part of the economic impact, the dollars needed to maintain and operate an aquatics center. There were a number of data points that we had to get into. The assumptions that we needed to get into answered what's going to happen if we build this.

Mr. Perham said, locally, there will be a number of opportunities for swim teams to use it, for there to be partnerships established, where the military could use it, the university could use it, and things like that. There of course will be safety programs for second-graders. That's usually the target age group that you're going after to help folks learn to swim and prevent drownings. You'll have teen-year programs. All of these operations go into it. But the economic impact of building a large competition aquatic center is all about the visitors that will come. Because there is not one in this county, or in this entire Southeast region, which goes here in south Florida, up into Alabama, and into Tennessee, we know that if one is built, if you build it, they will come. If it is well-led, it will have the opportunity to host State-level, regional, or even national events. That is the way that United States Swimming works. When they see these large aquatic centers go in, they want to reward them, and so they tend to move to them. If they do it well, they will continue to return, when people have a good time coming to Niceville. I traveled to this area for vacation myself annually. So, I know when people get a taste of coming down here, they see the beautiful white sandy beaches and they want to come back. That is part of our study said Mr. Perham.

What we very conservatively estimated is that if this complex is constructed, initially they would be able to host a dozen annual events per year, said Mr. Perham. That comes down to one per month, a pretty round number. The highest-level facilities that exist in the country host something every weekend. We know that here in Okaloosa County, with a little bit of a smaller population, it may take a little while to grow to that. What we ultimately ended up with in our assumptions that went into the model, was we said that we would start with 12 events per year, and we would grow two events per year. So, over a ten-year period, adding 20 to those 12, ten years from now, the Aquatic Center should be hosting 32 events per year. Do I think it could be more than that? Absolutely; but I didn't want to give you all the largest number possible. I wanted to give you what I think is the most realistic number said Mr. Perham.

So, what happens when you host an event, asked Mr. Perham? With an event of this size, we're talking about a 50-meter competition pool. Most people only watch swimming every four years during the Olympics. Here in America, we swim yards. So, a fifty-meter pool you swim sideways. It's 25 yards across. It's 50 meters long. So, during all other times, except for summer, you swim the short course, as it's called. This pool that we're envisioning here will be a 50-meter pool, and if you're going to host large events, you need to have what's called a warm-up pool. Or, you can call it an operations pool. There's a lot

of different phrases, but you could have another smaller pool, off to the side so athletes could warm up or cool down. This is specifically all focused on bringing in outside activities. If you bring them in to a large facility like this, which we estimated at this cost could hold up to 1,000 spectators, which is a pretty standard number for a large pool of this size. So, you bring in approximately 800 athletes. These are usually younger people, so they're traveling with their parents. So, you bring in double that which could include children. So, you bring in two travelers in addition to the athletes. So, that's 2,400, rounded to 2,500. For discussion's sake, you bring in 2,500 people for a three-day weekend here in Niceville. What does that mean? That means a lot of economic impact, said Mr. Perham.

I know when I come down here on business, I try to add an extra day. Why? Because I want to do a little bit of tourism. So, we anticipate conservatively that ten percent of those visitors would stay a day extra on the shoulder, stay one more night in a motel, and maybe do a leisure activity. So, you have 800 athletes per event, 1,600 supporters per event, with a length of stay of three nights for ninety percent and five nights for the other ten percent. For lodging rates, we start with per diem rates. Then we went in and specifically did some analysis on all of the hotels here in the Niceville area to get a little bit more of a refined average. We said that about half of the people would come in and get rental cars. That is one of the areas where I think we're being a little bit aggressive, because if you have a regional event, having been a parent of children who swim, you tend to drive to save money. That was a minor portion of it. That was more focused on if you have national events where you have master's division athletes flying and things like that. A hundred percent of them would be getting rental cars, so that's how we ended up at that average. I added a daily entertainment and recreation rate for those people who would be staying an extra day or two.

Mr. Perham said the next three slides have a bunch of numbers and they're hard to read, but these are the jobs that would be created with bringing this in. You can see they start at 211 jobs that first year where it would be under construction. Once the construction is complete, it dips a little bit because you no longer have the construction aspect of it. Then you get into all of the jobs associated, not only with the aquatic center, but also all of those jobs in the service industry that you've created as well. You'll see that as it grows over time with the incremental events being added, we think ten years down the road, it will contribute 450 jobs in the area, said Mr. Perham.

So, that's the employment. This is the labor income associated with that, said Mr. Perham. What are these people going to be paid? We started off with salaries that first year of \$12 million and growing over time, up to \$19 million in salaries. At the outset, I had mentioned \$235 million of total impact. Of that amount, 60 percent of it is coming from those salaries of all of those people that would be involved directly and indirectly in this type of activity.

Mr. Perham said, then the final pie chart here is the total economic impact. This is the value-added impact to the area. It includes, as I mentioned before, the direct, indirect, and induced. That starts at, right away, in the first year \$14 million of impact to the area. Then, a slight dip once the construction's done, but then building up. If you host 30 events per

year, with 2,400 people coming to town, for 3-day weekends, we're talking \$32 million of impact here in Okaloosa County. So, it's pretty significant. The natural question that we are asked after talking about that is what is that tax-wise? The taxes that would be associated with this economic impact, include local, county, and state-wide. The majority of taxes for this type of thing roll up to the state. That would be about \$14 million. The county would be just under \$4 million. Locally, about \$2 million in taxes would be generated from this specific opportunity, said Mr. Perham.

Finally, as part of this, as we're doing the economic impact of a not yet established thing, how do you go about doing this? One of our tasks is let's explore some funding partners. So, as Dr. McCartney mentioned of course Triumph Gulf Coast (TGC) grant is one we're going after here in the previous vote. We're going to help putting together the pre-application, using this study to help put together this pre-application for a grant request. We believe Tourist Development District (TDD) of course will support this. We also believe Walton County Tourism will be very interested in supporting this because of the carry-over benefits to them. The Florida Department of Economic Opportunity (DEO), with all of those state taxes that we're talking about, lead us to believe there are opportunities there. We know there is a coalition of local governments that are in support of an aquatic center here in Niceville that would support the County. They would be local contributors as well. And then, private donations and sponsorships would also be part of some of the revenue that could be generated to support this activity.

On to the benefits of doing this, said Mr. Perham. I specifically put these in this order. When you say the Gulf Coast of Florida, people think of the white sandy beaches and things like that. Putting a National-level aquatic center, that could hold national-level events would bring some national prominence in addition to Eglin Air Force Base and the other things that are nationally recognized here. That level of sports prominence is not to be understated. That's a significant opportunity. Of course, there's the benefit of the increased tourism of having 2,500 people come in for up to 30 weekends per year. Importantly that would be a lot during the shoulder season. This is not tourism that would be in competition with summer beach tourism. This is tourism during the winter time, getting college teams to come down and train down here and bring the economic impact associated with that.

Swimming is a year-round sport, said Mr. Perham. There are activities going on every single weekend across the country. This place, of course gets filled up during the summer. But, then during the winter time, this will be a wonderful opportunity to fill that gap for you all. I know that aquatic centers like this can be a hub for community engagement, promoting safety, well-being, health, and all of those things. It gives an opportunity for people of all ages to develop some skills and confidence. You see that with youth that get involved. There are some wonderful partnership opportunities for Niceville, not only within the community, but also some federal government ones, some university ones, and things like that.

Finally, it's a tough topic to talk about, but there's a decline in drowning that is associated when an aquatic center goes to a community, and you stand up that 2nd grade and younger

learn to swim program. There's statistics there and it has a direct impact. So that's not something to overlook either. It's not the most popular thing to end on, but that's the last bullet statement. So, I'm anxious to take some questions, said Mr. Perham.

Commissioner Donahoo asked, did you say how maintenance and salaries would be covered? Mr. Perham replied, we didn't say how it would be covered. So, aquatic centers in general are a challenging operation. There are aquatic centers in America that make money. There are aquatic centers in America that lose money. The most dominant factor in there is leadership. The aquatic manager that would have to be selected once an aquatic center is built would be a driving force behind the maintenance operations and program. One of the key consultants that we spoke with was at a company called Total Aquatics, LLC. That's Sue and Vic Nelson. They used to work for USA Swimming for a couple of decades. They're now private consultants and I was put in touch with them. I spent a couple of hours talking with them about all of the different programming options. That was not a particular part of our study, but it informed our study. So, I'm not sure if that answered your question, asked Mr. Perham?

Commissioner Nodjomian said, let me take a crack at what I think you are asking. This came up before. It was in the feasibility study Bill. Your feasibility study, if I recall, looked at a couple of centers out there and concluded that there's an opportunity to make a cost neutral operation, meaning that yes, it's going to cost us as a City. We're going to take money out of our General Fund to pay for an aquatic center director, to pay for chlorine, and to pay for all of those things. Heating the pool is probably one of the biggest expenses as I recall from the report. But, based on the programming you do there locally, to include swim clubs and everything else, you could then generate revenue to ideally cover your overhead and make it a cost-neutral operation. As Mr. Perham stated, taking money from our own citizens, and washing it through the pool, does nothing for economic activity. That's a net zero action. You make money when other people's money comes to your county. That's what his report talked about. It talked about drawing all of this out. It didn't study the nuts and bolts of operating expenses associated with an aquatic center. So, as our goal, we should avow to make it as close to cost-neutral as possible, but what do we offer that is cost-neutral? The Skate Park cost us money. The Kids Park cost us money. The Senior Center costs us money. We, as a city, provide these services and they cost something. We can get close to cost neutral, because it's programmable said Commissioner Nodjomian.

Chairman Henkel thanked Mr. Perham for a great report. I appreciate that. Commissioner Donahoo I think the question you asked is appropriate, and Commissioner Nodjomian the answer you gave is spot on. We have some folks that we are working with. As a matter of fact, some of them are sitting in the audience right now. We have approached and talked to them about these very things. I like what I'm hearing and I think we're on the right track right now. With that said, are there any other questions or comments that anybody would like to make, asked Chairman Henkel? Is there anybody in the audience who would like to ask a question referencing this issue?

- *Update of proposed revenue for next fiscal year*

Mr. Doucet read the action item. Chairman Henkel called Ms. Hanson to speak on the item. Ms. Hanson greeted the Board and asked them to look at their legal sized paper. Unfortunately, when we expanded the CRA area in 2019, the County made an error in the way that they allocated the properties. There were 40 properties in the City of Valparaiso, that they placed in our additional area for the City of Niceville. So, our projected revenues were based on these additional properties which are not within the City limits. As you can see for the upcoming fiscal year, we have lost, I guess you could say, some revenue. That is due to that adjustment of taking out of our 2019 additional area of the CRA district, the properties that are located in Valparaiso. Commissioner Nodjomian asked, did we actually collect on them in 2021, 2022, and 2023? As far as I know we did, said Ms. Hanson. So, we have to pay that back? Commissioner Nodjomian said, not only are we looking at less revenue in 2024, we're looking at giving up \$500,000? Ms. Hanson said, no it would just be the part marked NE – County. A little over \$200,000, asked Commissioner Nodjomian? Not all of that, replied Ms. Hanson. A portion of that could go back.

Mr. Rausch said, I may be able to add to that explanation. I do the calculations every year. At most, it will be an additional amount of about \$40,000 that could be due, if they ask for FY22 and FY21. We're already giving back FY23 money. That's why we're at practically zero for the FY24 County new CRA tax increment funding. Not only is the TIF County contribution being reduced in FY24, by about half of that revenue we thought we were going to receive, but we're also giving back about half of the FY23 new area TIF to the County because that's part of the formula. Commissioner Nodjomian asked, so the yellow column, which is the FY24 allocation, is giving back the inappropriately allocated FY23 dollars? Mr. Rausch replied right, and it's also, obviously not getting as much FY24 revenue as had been expected before the correction to the district area. If you look at the \$132,000 of NE-County revenue in FY23, imagine that it may have gone up a little if there was no correction to be made. Instead, about 40 or 50 percent of that \$132,000 should not have ever come to the CRA. So, it should have been in FY23, maybe \$65,000. So, in FY24, it might have been \$80,000. So, FY24 NE-County TIF would have been about \$80,000 but it is being reduced by the amount of FY23 that had been overpaid. But the formula for FY24 doesn't look back to FY22 or FY21, so those two years total about \$92,000 in NE-County TIF. Maybe \$40,000 of that might need to be given back if they were to come back and say we want that back, said Mr. Rausch. Got it, okay said Commissioner Nodjomian.

Ms. Hanson said, this error came about because I questioned the County and asked that they make sure they have all of the correct properties for the City of Niceville. So, the City did a GIS map. We sent it to the county and that was how they found this error, said Ms. Hanson. So, we self-identified, said Chairman Henkel. So, I guess it is good that we found it now when it is kind of early, versus later.

Commissioner Nodjomian said, as I understand it our projected revenue in FY24 is going to be \$677,000, but then it should jump back up to \$725,000 or \$750,000 the following year? Ms. Hanson said, it should, because the following year we will also have the hotel

on it. Commissioner Nodjomian said I'm just saying because we won't be taking the double penalty it should go up. Yes, agreed Ms. Hanson. It should go up.

- *Update of Aquatic Complex Committee activities*

Dr. McCartney said the Chairman and I have been on the road. We were visiting the Commissioners in Walton County, the School Board Representatives of Walton County, the Mayor of Defuniak, the Mayor of Freeport. We have proposed with them, and through the steering committee that we have, with seven subcommittees, and all of the Chairs of the subcommittees were on the Chairman steering committee, an interlocal agreement to solicit, elicit, and document support for a Regional Aquatic Center to be located in Niceville, but to serve the entire region of at least Tallahassee to Pensacola, if not Ocala. For your information, we have put a copy of the interlocal agreement in your packages. We're not asking for any money. We're not asking for anything other than support and endorsement. Chairman Henkel said we don't have it in the package. Ms. Hanson said I will email it out. Dr. McCartney said it doesn't need to be approved. It's just going out to the local community. We'll make sure that you get a copy tomorrow. Basically, it says we would like to have your support and endorsement for a regional aquatic center. It was sent to every governmental agency in Okaloosa County, and everyone in Walton County to get those communities on board to support it. It will be a key factor if we go for grant money, because they are favoring regional projects. In particular they are favoring regional projects where part of that region is Walton County.

I think it is important for the success of this project, especially in terms of funding, that we have an interlocal agreement, initially for support, and probably for ownership and management of it. It will probably be a regional facility as opposed to a city-owned facility, said Dr. McCartney. To that point, I wanted to point out, that in our last steering committee meeting, we discussed that although Niceville is behind the push, the aquatic center if it comes to fruition is not going to have the name Niceville on it. I think we all agreed that it would be something like Emerald Coast Regional Aquatic Center. So, we want it to reflect that it is a regional aquatic center. Dr. McCartney said I think the name is really important. Emerald Coast Regional Aquatic Sports and Training Center, said Dr. McCartney. With that name, I think we can get all of the venues on board and I think we have a good chance of getting some external funding. Thank you.

Chairman Henkel said, I know we have another meeting coming up, but I would like to open it up. Do we have anybody who would like to come forward and address any issues?

Ms. Amanda Grandy introduced herself. I met you all before. I just came forward to find out the status of the property on Edge Avenue in the CRA district regarding the tenant? Chairman Henkel said Mr. Powell, would you like to address that? Mr. Powell said, in process. The eviction notice has been filed. We have to get a hearing and follow the process, said Mr. Powell. Ms. Grandy asked how long do you think that process will be? Mr. Powell said, hopefully within 60 days. Chairman Henkel said that's the answer. It's in

the works. Is there anyone else who wants to come before the Board on this or any issue, asked Chairman Henkel?

The Board discussed the date and time for the next CRA Board meeting. The Board decided the meeting would be at 5 p.m. on July 11, 2023.

There being no further business, the meeting adjourned at 5:59 p.m.

COMMISSION CHAIRMAN

ATTEST:

RECORDING SECRETARY

Minutes – CRA – 6-13-2023