

Council unanimously approves Hogadon lodge funding

City budget shrinking

By Greg Fladager

May 8, 2016



File | Star-Tribune

Casper City Council members and city staffers toured the A-frame addition to the Hogadon Ski Area lodge in July 2014. The city closed the A-frame wing of the lodge after an engineering firm declared it unsafe. Last week, the council unanimously approved a new \$5.3 million lodge for the Casper Mountain ski area using money from Optional One Cent Number 14.

The Casper City Council's approval of a new \$5.3 million lodge at Hogadon, in the face of an ongoing oil bust, stirred some citizen concerns at its regular meeting last week.

The council unanimously approved going forward with the lodge project, saying it would improve a city asset, spur tourism, as well as provide work for local contractors.

“It is the amenities that make Casper what is...” said Vice Mayor Steve Cathey. “I think this is a very good project to try to continue to maintain the quality of life, to draw quality people to our community.

“I think this will definitely not only draw me, but others like me, to ski who were deterred by the state of Hogadon,” said Councilman Shawn Johnson. “Once we get that place where it needs to be, I think we’ll see an influx of people.”

Mayor Daniel Sandoval cited a need to diversify and take the edge off Casper’s boom and bust cycles.

“We’re in a mineral dependent economy, but ... with another industry, like tourism, you can actually even out the peaks and troughs,” Sandoval said.

The expenditure for the lodge is coming out of some \$24 million in excess Optional One Cent Sale Tax (Number 14) funds. The city has traditionally used the optional funds only for capital construction projects and designated community service programs, but because the extra tax is dependent on voter approval every four years, the city has avoided using it for fundamental city operations.

“That is a very important point to make at this time,” Sandoval added. “Once again for clarity, (the One Cent) capital funds and operational funds — they don’t even touch each other. If we didn’t spend this \$5.3 million now, we’d just put it into other capital projects.”

Strong support

There was strong support, particularly from the local skiing community, for the new building. The old lodge has been plagued by long-standing sewer problems, and part of it has been closed due to structural issues. The city has been upgrading the ski area over the past several years, including a new ski patrol hut and maintenance building, beginners slope lift and snow-making equipment.

Public comment

In the public comments following the vote, however, there were some questions about the project, as well as the city’s finances.

Local businessman Pat Sweeney said while he supported the new lodge, he would have preferred the money going into more basic infrastructure.

“During the discussion on the \$24 million excess One Cent 14, I pushed, argued, towards saving all of those funds for sewer improvements and our wastewater facility,” Sweeney said. “In a democracy, I argued my points, council chose a different direction and that’s the way that goes.”

Sweeney noted that while the low bid for the new lodge came from an in-state contractor, GH Phipps Construction of Wyoming, in Sheridan, he sought assurances that Casper-area subcontractors still be favored.

“We want to put our local folks to work,” Sweeney told the council.

Sweeney was told state preference laws require at least 75 percent of the workforce be Wyoming residents on public projects.

Sweeney was also concerned change orders might be used to boost the low bid, noting how the cost of the Business Incubator Building by the Casper Area Economic Development Alliance quickly spiraled up.

“I have no bone to pick with Phipps, I have no bone to pick with council, I just ask you keep an eye on this thing so it doesn’t get out of control. My opinion is the incubator got out of control, and I don’t want to see this go that direction,” Sweeney said.

He noted there is no budget to furnish the new lodge.

“I want to see money left on the table, so that we can provide the (furnishings, fixtures and equipment), because as you know an empty building is useless.”

“Mr. Sweeney you have my personal assurance that I’m going to be watching those change orders...” Sandoval said.

Councilman Wayne Heili also addressed the lodge funding, saying while the original cost estimate was \$6.3 million, the city decided to budget \$6 million, which includes architectural and engineering fees.

“We’re fortunate to have it come in at approximately \$5.3 million, because by the time it’s all said and done, we are likely to have spent the \$6 million that was set aside for this in the One Cent 14,” Heili said. “I think that’s a good point of clarification for people to understand.”

Meanwhile, another Casper resident, Keith Rolland, urged the council not to underestimate the depth of the current economic downturn.

“I don’t think the council, and the state, understand the extreme possibility that you’re going through,” Rolland said. “I do a lot of work on Wall Street. I’ve done consulting for different uranium companies sometime back. I also do a lot of writing on Peabody Energy that just went bankrupt. When I talked to some of the members of the board of directors of some of these companies, I did not sense a year ago they realized how bad the coal industry, and the oil industry, was going to get. Clearly, it is a disaster.”

Rolland outlined some current economic factors supporting the city, saying he anticipates increased business closures, bankruptcies and a collapse in the housing market.

“You are currently being supported by construction ... and also the reconstruction of the refinery — a lot of employees from out of town are spending money in your city,” Rolland said. “The oil, natural gas and coal companies have not had the full impact on the economy ... if you think things are bad now, it could get worse.”

He recommended the city formulate an A, B and C budget, projecting various levels of severity, including a worst-case "Detroit" scenario.

“You need to discuss it now ... not when someone comes before you and says, 'Your revenue has plunged, and the state has reneged and you’re not getting any money,’” Rolland said.

He suggested a 5 percent across the board pay cut for city workers, that council members offer to work for one dollar a year, along with selling the unprofitable Events Center, reducing the bus system and eliminating donations to nonprofit organizations.

“If you think tourism is going to bail us out, it’s not,” Rolland added.

Meanwhile, former council member Keith Goodenough observed that Optional One Cent funds have not been completely off limits for personnel and operational costs, mentioning decades of support for the quasi-governmental CAEDA.

He, too, suggested more of the optional penny tax be directed toward basic infrastructure, such as water and sewer lines, which would lessen the burden on Casper’s operational budget.

“It seems to me there are construction projects that come out of the general fund that could be paid for with One Cent money, which would then free up those other funds for things like salaries,” Goodenough said.

Council response

In their closing comments, several council members spoke to the economic concerns.

“Some have accused us of denying, or ignoring, the trend, and we’re not...” said Councilman Charlie Powell.

“(City Manager) McDonald has done an excellent job of taking some serious measures, including the most recent one which is the early retirement program, and there’s been a very significant reduction in the number of employees that the city has...” Powell added. “You will probably see that trend continue as we step through this process, because we know the worst-case scenario may actually result.”

Sandoval further outlined the city's situation.

“Unlike companies, the City of Casper cannot just pull up stakes and leave town,” Sandoval remarked. “The government still has to provide services, and that is a unique challenge.”