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WEDNESDAY

November 18, 2009

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MOBILE
EDITION

GulfQuest on go

City Council approves bond money to help pay for maritime museum

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Staff Reporter

GulfQuest has a green light.

The Mobile City Council voted 6-1 Tuesday to take out more than \$80 million in bonds to refinance old debt and help pay for the construction of GulfQuest, an interactive maritime museum to be built on the downtown waterfront.

Councilman John Williams voted against the bond issue after raising concerns about the city's indebtedness.

Williams proposed an amendment to the bond issue that would have required the city to use any savings from the refinancing to pay off debt ahead of schedule. But the amendment failed, with only Williams and Connie Hudson supporting it.

Other council members said they wanted as much flexibility as possible,

given that the city is operating on a leaner-than-usual budget this fiscal year.

The bond issue would add \$23 million to the city's debt in order to build the maritime museum, buy land for additional parking for the museum and construct a fire station and police mini-precinct.

The museum will include interactive exhibits, such as remote-controlled tug-boats that can guide ships into port and a simulator that will allow visitors to navigate vessels through a virtual Gulf of Mexico and Mobile Bay.

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The city is partnering with a nonprofit museum foundation to build GulfQuest. That foundation is paying \$15 million to \$17 million for the exhibits and programs and will pay the estimated \$3.8 million in annual operating costs. The city is on the hook for \$36 million in construction costs.

The city has received about \$18.7 million from the federal government for the museum, which also will be used as a ferry and bus terminal. City officials spent more than \$8 million of that on bulkheads and site preparation along the waterfront.

The remaining \$10 million will be combined with bond money to pay for the construction. Mobile Mayor Sam Jones has said the city could be forced to repay the federal government if the museum is never built.

Jones has said he will schedule payments on the new loans so that the city doesn't have to increase its planned debt payments for the next 10 years. Scheduled pay-

ments would increase after that, but those payments would remain below what the city is paying now.

Jones called it "revenue-neutral" borrowing, meaning that if the city's revenue stays flat, it will still be able to afford to pay its debt.

Total revenue for the city dropped from \$245.6 million in the 2008 fiscal year to \$235 million in fiscal 2009 — which ended Sept. 30 — despite an annexation in the fall of 2008 that brought a retail-rich area near Theodore into the city limits.

The bond proposal also calls for the city to be reimbursed for part of its interest payments on the debt through two federal stimulus programs passed earlier this year.

The fire station and police mini-precinct in Theodore would be paid for in part by a \$1.9 million federal stimulus grant and in part by \$500,000 included in the bond issue.

The city promised the station to residents during last year's annexation campaign.