

INFORMATIONAL MEMORANDUM

Tukwila Metropolitan Park District

TO: Tukwila Pool MPD Board

FROM: Ellen Gengler, Budget Committee Chair

DATE: November 4, 2014

SUBJECT: Budget Committee Updates

ISSUE

Update to the Board of Commissioners regarding activities and recommendations of the Budget Committee.

FINANCIAL IMPACT

- If Board approves CPA/Bookkeeping recommendation from Budget Committee the TPMPD can move forward with this service. The 2014 Transitional Budget has been adjusted for the anticipated set up fees, and the 2015 Proposed Budget reflects the proposed monthly fees.
- The Board must make a decision by the end of November in regards to the increase Levy calculation. The budget will be impacted by the decision the Board makes, however the Committee has structured the budget using the conservative 1% increase. Should the Commission choose the 15% base, the 2015 Budget will be changed to reflect the anticipated increase in Levy Revenue.
- There is a potential impact on the TPMPD regarding the City of Tukwila exempting properties from taxation for their purposes. The amount would depend on the length of the exemption (approximately 8 – 16 years) and the property valuation.

BACKGROUND

A Budget Committee was formed in August, 2014 to create and recommend both a transitional 2014 budget and the 2015 TPMPD budget. During this process the Budget Committee has also researched a variety of service options to meet the needs of the TPMPD in the area of Finance, and the Committee will continue to share these findings to the Commission in the form of recommendations and reports. These topics include:

- Treasurer recommendation (King County)
- Professional services including bookkeeping and CPA needs
- Financial Policies

DISCUSSION

There are three updates the Budget Committee would like to provide to the Commissioners:

1. Bookkeeping/CPA: One of the tasks assigned to the Budget Committee was to research and bring forth a recommendation for Bookkeeping and CPA services to the Board. After spending several weeks interviewing a variety of potential service providers, GDM Financial Solutions (GDM) emerged as the most highly qualified candidate. Among their many attributes, GDM Principals Boyce Goff and Alan Dance have combined experience that includes Park & Rec facility management as well as extensive tax and audit knowledge. GDM Financial Solutions will provide and coordinate the TPMPD with comprehensive CPA and Bookkeeping services and Financial Forecasting. GDM Principals and staff will work closely with the TPMPD management providing online access of the financial records, reconciling program revenue by accessing the POS system, manage tax and benefit

calculations, collaborate with King County (Treasurer) for issuance of warrants and balancing all accounts.

2. Levy Calculation: The resolution must be signed and ratified by November 30, 2014.
3. Recently the Budget Committee became aware of the consideration by the City of Tukwila to exempt property taxes on new construction of multi-family properties within the Tukwila Urban Center. It was confirmed by staff that the exemption would carry over to all valuation based levies, including the TPMPD Levy. As the TPMPD is heavily reliant on levy income, any future exemptions the City may choose to impose will negatively impact the ability of the TPMPD to levy funds. Currently this proposal is in the City Committee stage; however the city staff is requesting this proposal be expedited.

RECOMMENDATION

1. The Budget Committee recommends the Commission propose a motion to enter into an agreement with GDM Financial Solutions and their affiliates for purposes of CPA and Bookkeeping services for the TPMPD.
2. Due to the limited meeting schedule of the TPMPD, the Budget Committee (by an affirmative vote of 2 members and one abstention) presents the following:
The Budget Committee recommends that the TPMPD express to the City their concern regarding the property tax exemption by requesting the City not enact policies that grant property tax exemptions which impact the TPMPD and other independent entities.

ATTACHMENTS

GDM Engagement Letter & Quote

PROFESSIONAL SERVICES AGREEMENT
Between the Tukwila Pool Metropolitan Park District and
GDM Private Financial Solutions

THIS AGREEMENT is made between the Tukwila Pool Metropolitan Park District, a Washington municipal corporation "TPMPD," and GDM Private Financial Solutions, located and doing business at 11100 NE 8th St., Suite 380, Bellevue, WA 98004 "Contractor."

I. DESCRIPTION OF WORK.

Contractor shall perform the following services for the TPMPD:

See Estimate of Proposed Services Dated October 24, 2014
Attached as Exhibit A and incorporated herein by this reference

Contractor further represents that the services furnished under this Agreement will be performed diligently and in accordance with generally accepted professional practices within the Puget Sound region in effect at the time those services are performed.

II. TIME OF COMPLETION. The parties agree that the time period for Contractor to provide the services described in Section I above shall be as follows:

Phase I services shall begin immediately on the effective date of this Agreement and shall terminate on December 31, 2014.

Phase II services shall be provided January through June 2015.

Phase III services shall be provided on an as needed basis January through June 2015.

The parties may negotiate a mutually agreeable renewable or extension of this Agreement to be effective July 1, 2015.

III. COMPENSATION. The TPMPD shall pay Contractor the fixed fees and hourly rates identified in Exhibit A according to the following invoice schedule:

Phase I - \$2,000 on December 1, 2014 and \$2,000 on January 1, 2015

Phase II - \$1,250 on the 5th day of each January and \$1,250 on the first of February, March, April, May and June 2015.

Phase III - Contractor shall invoice the TPMPD monthly based on time and materials incurred during the preceding month for services rendered during the preceding month.

The TPMPD shall pay all approved invoices within 30 days of receipt. All hourly rates charged shall remain fixed at the negotiated rates throughout the term of this Agreement.

IV. ADDITIONAL WORK. If, during the performance of this Agreement or subsequent to completion of the work under this Agreement, services other than those described in Section I are ordered by the TPMPD, the Contractor agrees to provide said services and the TPMPD agrees to compensate the Contractor for the same according to the method determined at the time the additional services are ordered. The Contractor shall not proceed with said additional services until such time as the cost for the additional services and the method of payment are approved in writing by the TPMPD.

V. INDEPENDENT CONTRACTOR. The parties intend that an Independent Contractor-Employer Relationship will be created by this Agreement. By their execution of this Agreement, and in accordance with Ch. 51.08 RCW, the parties make the following representations:

- A. The Contractor has the ability to control and direct the performance and details of its work, the TPMPD being interested only in the results obtained under this Agreement.
- B. The Contractor maintains and pays for its own place of business from which Contractor's services under this Agreement will be performed.
- C. The Contractor has an established and independent business that is eligible for a business deduction for federal income tax purposes that existed before the TPMPD retained Contractor's services, or the Contractor is engaged in an independently established trade, occupation, profession, or business of the same nature as that involved under this Agreement.
- D. The Contractor is responsible for filing as they become due all necessary tax documents with appropriate federal and state agencies, including the Internal Revenue Service and the state Department of Revenue.
- E. The Contractor has registered its business and established an account with the state Department of Revenue and other state agencies as may be required by Contractor's business, and has obtained a Unified Business Identifier (UBI) number from the State of Washington.
- F. The Contractor maintains a set of books dedicated to the expenses and earnings of its business.

VI. TERMINATION. The TPMPD may terminate this Agreement, with or without cause, upon providing the Contractor seven (7) calendar days written notice at its address set forth on the signature block of this Agreement. The Contractor may terminate this Agreement, with or without cause, upon providing the TPMPD thirty (30) calendar days written notice at its address set forth on the signature block of this Agreement.

VII. DISCRIMINATION. The Contractor shall not discriminate against any employee, applicant for employment or any person seeking the services of the Contractor under this Agreement on the basis of race, color, religion, creed, sex, age, national origin, marital status or the presence of any sensory, mental or physical handicap.

VIII. INDEMNIFICATION. Contractor shall defend, indemnify and hold the TPMPD, its officers, officials, employees, agents and volunteers harmless from any and all claims, injuries, damages, losses or suits, including all legal costs and attorney fees, arising out of or in connection with the Contractor's performance of this Agreement, except for that portion of the injuries and damages caused by the TPMPD's negligence. The TPMPD's inspection or acceptance of any of Contractor's work when completed shall not be grounds to avoid any of these covenants of indemnification. The provisions of this section shall survive the expiration or termination of this Agreement.

In the event Contractor refuses tender of defense in any suit or any claim, if that tender was made pursuant to this indemnification clause, and if that refusal is subsequently determined by a court having jurisdiction (or other agreed tribunal) to have been a wrongful refusal on the Contractor's part, then Contractor shall pay all the TPMPD's costs for defense, including all reasonable expert witness fees and reasonable attorneys' fees, plus the TPMPD's legal costs and fees incurred because there was a wrongful refusal on the Contractor's part.

It is further specifically and expressly understood that the indemnification provided herein constitutes Contractor's limited waiver of immunity under industrial insurance, Title 51 RCW, solely to carry out the purposes of this indemnification clause. The Contractor further acknowledges that Contractor has mutually negotiated this waiver.

IX. INSURANCE. The Contractor shall procure and maintain for the duration of the Agreement, insurance of the types and in the amounts described in Exhibit #1 attached and incorporated by this reference.

X. CONFIDENTIALITY. In the performance of the Agreement, Contractor may have access to certain confidential information. Contractor agrees to protect confidential information of District against any unauthorized use or disclosure. Without limitation of the foregoing:

- A. Contractor will use such confidential information solely for the purposes of fulfilling the job requirements.
- B. Contractor will disclose such confidential information only to those employees, Consultants, agents and other representatives who have a need to know the same and who understand and acknowledge their obligation and willingness to preserve and hold such confidential information in strict confidence.

XI. CONTRACTOR'S WORK AND RISK. The Contractor agrees to comply with all federal, state, and municipal laws, rules, and regulations that are now effective or in the future become applicable to Contractor's business, equipment, and personnel engaged in operations covered by this Agreement or accruing out of the performance of those services. All work shall be done at Contractor's own risk, and Contractor shall be responsible for any loss of or damage to materials, tools, or other articles used or held for use in connection with the work.

XII. OWNERSHIP AND USE OF INTELLECTUAL PROPERTY. Any records, reports, designs, files, documents, drawings, specifications, data or information, regardless of form or format, and all other materials prepared or produced by the Contractor in connection with the services provided hereunder shall be the property of the TPMPD whether the project for which they were created is executed or not. No confidential information obtained or created by Contractor shall be disclosed to any person or party other than the TPMPD without the TPMPD's prior written consent.

XIII. MISCELLANEOUS PROVISIONS.

A. Conflict of Interest. The Contractor represents to the TPMPD that it has no conflict of interest in performing any of the services described herein. In the event that the Contractor is asked to perform services for a project with which it may have a conflict, the Contractor shall immediately disclose such potential conflict to the TPMPD.

B. Non-Waiver of Breach. The failure of the TPMPD to insist upon strict performance of any of the covenants and agreements contained in this Agreement, or to exercise any option conferred by this Agreement in one or more instances shall not be construed to be a waiver or relinquishment of those covenants, agreements or options, and the same shall be and remain in full force and effect.

C. Resolution of Disputes and Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington. If the parties are unable to settle any dispute, difference or claim arising from the parties' performance of this Agreement, the exclusive means of resolving that dispute, difference or claim, shall only be by filing suit exclusively under the venue, rules and jurisdiction of the King County Superior Court, King County, Washington, unless the parties agree in writing to an alternative dispute resolution process. In any claim or lawsuit for damages arising from the parties' performance of this Agreement, each party shall pay all its legal costs and attorney's fees incurred in defending or bringing such claim or lawsuit, including all appeals, in addition to any other recovery or award provided by law; provided, however, nothing in this paragraph shall be construed to limit the TPMPD's right to indemnification under Section VII of this Agreement.

D. Written Notice. All communications regarding this Agreement shall be sent to the parties at the addresses listed on the signature page of the Agreement, unless notified to the contrary. Any written notice hereunder shall become effective three (3) business days after the date of mailing by registered or certified mail, and shall be deemed sufficiently given if sent to

the addressee at the address stated in this Agreement or such other address as may be hereafter specified in writing.

E. Assignment. Any assignment of this Agreement by either party without the written consent of the non-assigning party shall be void.

F. Modification. No waiver, alteration, or modification of any of the provisions of this Agreement shall be binding unless in writing and signed by a duly authorized representative of the TPMPD and Contractor.

G. Entire Agreement. The written provisions and terms of this Agreement, together with any Exhibits attached hereto, shall supersede all prior verbal statements of any officer or other representative of the TPMPD, and such statements shall not be effective or be construed as entering into or forming a part of or altering in any manner this Agreement. Should any language in any of the exhibits to this Agreement conflict with any language contained in this Agreement, the terms of this Agreement shall prevail.

H. TPMPD Obligations: The success of this agreement will require collaboration, cooperation and communication. In addition, TPMPD hereby agrees to:

1. Contract with a competent third party payroll service provider.
2. Install and operate a POS system that integrates with our mutual needs.
3. Timely pay for our services as set forth in this letter.

IN WITNESS, the parties below execute this Agreement, which shall become effective on the last date entered below.

<p>CONTRACTOR:</p> <p>By: _____ Alan Dance, CPA</p> <p>DATE: _____</p>	<p>TUKWILA POOL METROPOLITAN PARK DISTRICT:</p> <p>By: _____ De'Sean Quinn, Board President</p> <p>DATE: _____</p>
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<p>NOTICES TO BE SENT TO: GDM Private Financial Solutions 11100 NE 8th St., Suite 380 Bellevue, WA 98004</p>	<p>NOTICES TO BE SENT TO: Board President Tukwila Pool Metropolitan Park District 6200 Southcenter Blvd. Tukwila WA 98188</p>
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EXHIBIT #1 INSURANCE REQUIREMENT

The Contractor shall be responsible for maintaining, during the term of this Agreement and at its sole cost and expense, the types of insurance coverage and in the amounts described below. The Contractor shall furnish evidence, satisfactory to the TPMPD, of all such policies with an insurer acceptable to the TPMPD. During the term hereof, the Contractor shall take out and maintain in full force and effect the following insurance policies:

- a. Comprehensive general liability (CGL) insurance with a limit of not less than \$1,000,000 per each occurrence. If such CGL insurance contains aggregate limits, the General Aggregate limit shall be at least twice the "each occurrence" limit. CGL insurance shall be written on ISO occurrence form CG 00 01 (or a substitute form providing equivalent coverage).
- b. Automobile liability insurance with a limit not less than \$1,000,000 per accident. Such insurance shall cover liability arising out of "Any Auto." Automobile liability coverage shall be written on ISO form CA 00 01, or substitute liability form providing equivalent coverage. If necessary
- c. Such workmen's compensation and other similar insurance as may be required by law.
- d. Professional liability insurance is required if services delivered pursuant to this agreement, either directly or indirectly, involve or require providing professional services. Such coverage shall cover injury or loss resulting from Contractors' rendering or failing to render professional services. Contractor shall maintain minimum limits no less than \$1,000,000 per incident, loss, or person, as applicable. If defense costs are paid within the limit of liability, Contractor shall maintain limits of \$2,000,000 per incident, loss, or person, as applicable. If the policy contains a general aggregate or policy limit, it shall be at least two times the incident, loss or person limit. If professional liability insurance is written on a "claims made" basis, the policy shall provide full coverage for prior acts or include a retroactive date that precedes the effective date of this contract.
- e. Contractor agrees to disclose the existence and nature of any limiting endorsement that applies to any liability insurance policy purchased in accord with this contract.
- f. Contractor's insurance coverage shall be primary insurance as respects the TPMPD and Contractor shall provide documentation of the primary nature of Contractor's insurance. Any insurance maintained by the TPMPD shall be excess of the Contractor's insurance and shall not contribute with it.

EXHIBIT A



11100 NE 8TH ST. Suite 380
Bellevue, WA 98004



October 24, 2014

Vanessa Zaputil, Ellen Gengler and Board
Tukwila Pool – Metropolitan Park District

To the Board of TPMPD, its Commissioners and Executive Director

This is an estimate of proposed services and associated fees for Bookkeeping, Accounting, CPA and Tax Services for your new MPD formed around the Tukwila Pool at 4414 S. 144th, Tukwila, WA 98168.

Phase I – Organizing & Establishing Systems and Best Practices – “Here We Come” - \$4,000

Time Frame – Now until December 31, 2014

1. Brief review of whatever recommendations come out of your IT search for POS software
2. Setting up QuickBooks On-Line for bookkeeping and accounting functions
3. Working with you and King County for set-up of the Treasury Account relationships
4. Setting up our payroll system, using Paychex (a 3rd party vendor)
 - a. Payroll Bank Account – KC EBS will help us set up a US Bank Account for this purpose to which we can initiate electronic ACH transfers from KC to US Bank to individual employee Bank Accounts, the IRS and State Agencies
 - b. Set-up Federal and State account relationships
5. Assisting with Budget Set-Up for both Cash Receipts and Expenditures

Phase II – Operations – “Come on in, the water’s fine!” - \$1,250 per month

Time Frame – January 1, 2015 and Forward

1. Monthly bookkeeping of financial transactions
2. Monthly reconciliations of Bank, Treasury, Payroll and Credit Card Accounts
3. Payroll period reconciliation of payroll expenses. **Note – The 3rd Party Payroll Service Provider expense will be borne by you at approximately \$300 per month.**
4. Accounts Payable management and KC warrant requests through KC EBS
5. Accounts Receivable and interface of the same with KC EBS
6. Monthly Balance Sheet and Statement of Revenue and Expenditure (includes Budget report)
7. Meet with ED and/or Board on a periodic basis for financial review and improvements

Phase III – Compliance with County, State and Federal Agencies – “Return and Report” - \$0 (except 5&6)

Time Frame – January 1, 2015 and Forward

1. City of Tukwila and King County Reports
2. WA State Dept. of Revenue – Excise Tax Returns
3. WA State Employment Security and Labor and Industry Payroll Reports
4. IRS Quarterly Payroll Reports and end of year W-2's
5. Annual IRS Return of Organization Exempt from Income Tax (Due May 2016) - **\$1,500**
6. Audit assistance to King County as necessary - **\$150 per hour**

This offer of services and pricing will be reviewed in June 2015 with negotiated mutual determination of renewal effective July 1, 2015. We look forward to hearing from you with any questions and/or the green light to prepare an Engagement Letter for Board Approval.

Tel: 425 283 5425

www.forprivateclients.com

Fax: 425 283 5560

Accounting, Tax, and Financial Solutions