

INFORMATIONAL MEMORANDUM

Tukwila Metropolitan Park District

TO: Tukwila Pool MPD Board President

FROM: Peggy McCarthy, Interim Finance Director

DATE: November 4, 2011

SUBJECT: Tukwila Metropolitan Park District (MPD) 2011 and 2012 Budget, Long Term Financial Plan, and Essential Capital Improvements Budget

ISSUE

Review financial projections and proposed 2011 and 2012 budgets.

BACKGROUND

The Metropolitan Park District was formed on September 14, 2011. A District budget for the period from inception to the end of 2011 and a 2012 budget must be adopted no later than December 31, 2011. Also, policy decisions must be made regarding certain essential capital improvements, funding for these improvements and for other matters. To better understand the financial impact of various policy decisions and the effect of differing revenue and expenditure assumptions, a five-year projection and two 20-year projections, named Scenario 1 and Scenario 2, have been developed. The proposed 2011 and 2012 budgets are incorporated into, and are the base years for, the 5-year projection.

DISCUSSION

5-Year Projection. The proposed 2011 budget is the basis for the 5-year projection and is derived from the City of Tukwila's 2011 budget for pool operations. On the projection worksheet, the first column of data contains the full year 2011 City budget for pool operations; the second column contains the actual pool activity to September 14, 2011, the date of inception of the MPD; the third column of data is the difference between column 1 and column 2 and is the basis for the 2011 MPD proposed budget. Incorporated into column 3, (titled MPD 2011), are estimates of the financial impact of transactions unique to the MPD -- for instance the bridge (operating) loan in the revenue section and City overhead, MPD attorney, insurance and school lease costs in the expenditure section.

The proposed 2012 budget, column 4 of the 5-year projection, contains certain additional assumptions about revenues, costs and policy decisions as follows:

1. Program revenue in 2012 is reduced to reflect the effect of pool closure for one month for renovation work.
2. Operating expenditures increase at 4%.
3. The position for a ¾ time Aquatic Program Assistant is left unfilled.
4. Extra labor representing part-time life guards, swim instructors and other is reduced.
5. \$250,000 is budgeted for essential capital improvements that would be completed in 2012.

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6. \$30,000 is contributed annually to a CIP reserve fund which will create a reserve fund of \$600,000 in twenty years that can be used for specific capital projects or for unexpected capital needs.
7. A draw on the operating loan with the City is made to sufficiently fund expenditures and provide a working cash reserve balance equal to 15% of expenditures.
8. No bonds are issued.

The 2013 – 2016 projections are based on the same assumptions as those for 2012 except -

1. No increase in program revenues from the 2011 base year.
2. The base year 2013 property tax levy is based on 2012 assessed value reduced by 4%.
3. Property Tax levy amount increases at 1% per year representing additional tax from new construction. It does not include an additional 1% increase in levy amount, which is allowed by state law.
4. Overhead costs increase at 4% with the exception of the school lease which increases every 5 years based on the terms of the lease agreement.
5. Repayment of the bridge (operating) loan begins in 2013 and will be paid off in 2022.
6. Public utility services are not reduced because the CIP projects creating energy savings have not been undertaken.
7. Ending fund balance is sufficient to cover a working cash reserve equal to 15% of annual expenditures.

20-Year Projection – Scenario 1.

The assumptions are the same as those contained in the 5-year projection except as follows.

1. In 2013, Bonds are issued for \$1,350,000; payback begins in 2014, extends through 2028 and totals \$1,800,000.
2. The 2012 budget reflects reduced revenue from pool closure for **three** months - October, November and December - instead of *one* month due to more extensive renovation. This also reduces the 2013 operating revenue projections.
3. In 2013 and beyond, public utility service costs decline due to energy savings produced by CIP projects.

20-Year Projection – Scenario 2.

The assumptions are the same as those contained in the 20-year projection, Scenario 1, except as follows.

4. 2014 – 2016 Program revenue increases by 1% instead of being flat lined.
5. 2014 - 2016 Property tax levy is increased by 2% instead of 1% -- representing a 1% increase from new construction and a 1% statutorily authorized increase.

Any ending fund balance in excess of the working capital reserve would be available for funding capital improvements or debt service.

A summary of assumption differences among the three financial projections follows:

Projection Term / Scenario	5-Year Projecton	20-Year Projection Scenario 1	20-Year Projection Scenario 2
Program Revenue increase	0%	0%	1%
Property Tax revenue increase new construction	1%	1%	1%
Property Tax revenue increase 1% allowed by state law	0%	0%	1%
Pool closure in # of months	1	3	3
\$1,350,000 of bonds are issued in 2013; debt service of \$1,800,000 is paid back over 15 years	no	yes	yes
Public Utility Costs are reduced for energy savings from capital improvments	no	yes	yes
Estimated ending fund balance 2016	\$574,228	\$326,656	\$351,923
Estimated ending fund balance 2021	na	(\$113,982)	\$191,844
Estimated ending fund balance 2031	na	(\$1,705,976)	\$5,939

The variations in the estimated ending fund balance demonstrate the dramatic effect minimal revenue growth has on the financial status of the District. Even after factoring in a 4% decline in assessed property value for the initial tax assessment year, the 20-year outcome is positive as long as growth occurs in revenue.

Additional information request from the Board President

RCW 35.61.100 Indebtedness limit-without popular vote

The MPD may contract indebtedness by the issuance of short-term obligations or general obligation bonds for park and parkway purposes and the extension and maintenance thereof, not exceeding in amount together with all other outstanding nonvoter approved general indebtedness, one-quarter of one percent (.0025) of the value of the taxable property. The current assessed value for the Metropolitan Park District is \$4,662,144,321 as of November 1, 2011 yielding non-voted debt capacity of \$11,655,361. This is the maximum amount the Board can bond for without a popular vote. General obligation bonds can be issued with a maximum term of 20 years.

RCW 35.61.110 Indebtedness limit-with popular vote

The MPD may contract indebtedness not exceeding in amount, together with existing voter-approved indebtedness and nonvoter-approved indebtedness, up to two and one-half percent (.025) of the value of the taxable property. At the current assessed value of \$4,662,144,321, voted debt capacity would equal \$116,553,608 before reduction for outstanding debt. A 3/5 majority vote or 60% voter approval is required.

RCW 35.61.210 Metropolitan Park District Fund

The Board may levy or cause to be levied a general tax on all the property located in the Metropolitan Park District each year not to exceed fifty cents per thousand dollars of assessed value of the property in such park district. In addition, the Board may levy or cause to be levied a general tax on all property located in said park district each year not to exceed twenty-five cents per thousand dollars of assessed valuation. Although park districts are authorized to impose two separate regular property tax levies, the levies shall be considered to be a single levy for purposes of the limitation provided for in Chapter 84.55 RCW.

RECOMMENDATION

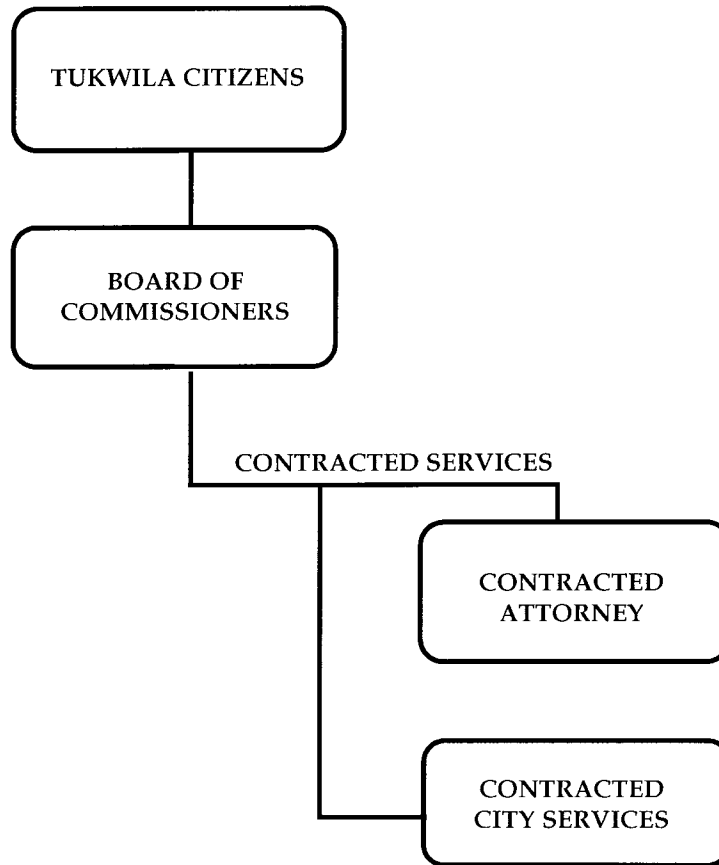
The Board is being asked to consider the financial projections and the proposed 2011 and 2012 Metropolitan Park District budget at the November 14, 2011 Regular Board Meeting and to approve the 2011 and 2012 budgets by Resolution at the December 12, 2011 Regular Board Meeting.

ATTACHMENTS

- Proposed Budget 2011-2012
- Long-Term Financial Plan:
 - 5-Year Projection
 - 20-Year Projection – Scenario 1
 - 20-Year Projection – Scenario 2
- Essential Capital Budget Memorandum dated 11/4/11 from Robert Eaton

2011- 2012 PROPOSED BUDGET

Metropolitan Park District



Goals & Accomplishments

DEPARTMENT: N/A

FUND: Agency

RESPONSIBLE MANAGER: Allan Ekberg
Verna Seal

DIVISION: N/A

FUND NUMBER: 630

POSITION: Board President 2011
Board President 2012

Description

The mission of the Tukwila Pool Metropolitan Park District (TMPD) is to promote and provide social, cultural, physical and safe swimming activities, lessons, and events for participants of all ages and abilities during their leisure time.

The Tukwila Pool Metropolitan Park District will provide lessons and open swims year-round. The aquatic staff, which include both part and full-time employees, are contracted resources used to conduct these water and swimming services and programs for the community. Fees are collected in an effort to offset operational costs.

2011 Accomplishments

- ◆ Increased Aquatic Program fee revenue by 10%. Aquatic Program fee revenue is 1% ahead of 2010's record amount through October 2011.
- ◆ Increased cost program recovery to meet council direction.
- ◆ Implemented non-resident fee structure for programs.
- ◆ Offered after school Special Olympics Swim Team program for Tukwila and other local area school district students in the spring. Fourteen athletes participated on this year's team.

2012 Program Goals

- ◆ Increase Aquatic Program fee revenue by 10%.
- ◆ Implement new TMPD resident and non-resident fee structure for programs.
- ◆ Implement new TMPD employee handbook.
- ◆ Increase number of participants in after school Special Olympics Swim Team program for Tukwila and other local area school district Students in the spring.
- ◆ New goal/initiative to be determined prior to adoption of the TMPD budget.
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*Tukwila Metropolitan Park District
TMPD Fund 630-Expenditure & Revenue Summary*

Object Description	2011		2011		2012	
	ADOPTED CITY BUDGET	YTD ACTUALS THRU 9/13/2011-CITY	PROPOSED BUDGET*	PROPOSED BUDGET		
10 Salaries & Wages	\$ 292,892	\$ 193,205	\$ 77,740	\$ 246,568		
20 Personnel Benefits	77,985	64,219	28,434	78,807		
30 Supplies	14,468	6,431	8,036	15,047		
40 Other Services & Charges	142,824	115,257	72,921	255,674		
00 Other	-	-	-	280,000		
EXPENDITURE TOTAL	528,169	379,112	187,131	876,096		

REVENUE				
General Fund Loan	-	-	170,586	817,510
General Fund	323,169	218,727	-	-
Program Fees	157,000	131,654	35,000	150,000
Rentals	48,000	28,731	9,615	40,000
REVENUE TOTAL	\$ 528,169	\$ 379,112	\$ 215,201	\$ 1,007,510
Fund Balance			28,070	131,414

Metropolitan Park District Proposed Budget	\$ 215,201	\$ 1,007,510
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* These amounts are projected costs for operating the Tukwila Metropolitan Park District from 09/14/2011 through year end.

¹ Available loan amount can be up to \$929,414.

Salaries and Benefits

Salaries are based on actual costs for existing positions and include a cost of living adjustment per contract agreements. There is a reduction of .75 FTE for 2012.

PERSONNEL	2012 FTE	2012 Budgeted	
		Salaries	Benefits
Aquatics Program Coordinator	1	\$ 79,416	\$ 34,791
Aquatics Program Specialist	1	53,652	24,519
Aquatics Program Assistant	-	-	-
Extra Labor		113,000	19,497
Overtime	-	500	-
Department Total	2	\$ 246,568	\$ 78,807

Professional Contract

Professional services contracts for the Metropolitan Park District includes communications, security and fire monitoring, operating lease, utilities, memberships, as well as contracted legal and City services.

Account Number	Purpose	2012
630.00.576.200.41.00	Locksmith, consultants, fire, security	\$ 300
630.00.576.200.42.00	Phone, security and fire monitoring	4,000
630.00.576.200.43.00	Mileage, meals, lodging, parking for WRPA conferences, training	400
630.00.576.200.44.00	Advertising banners, newspaper job listings	400
630.00.576.200.45.00	Rental of scissor lift for lights and ballasts	500
630.00.576.200.45.00	School Lease	10,950
630.00.576.200.47.00	Gas, electricity, sewer, and water	110,000
630.00.576.200.48.00	Pest control, HVAC service, boiler repair and maintenance, misc.	25,000
630.00.576.200.49.00	Permit fees, memberships, education and training	2,224
630.00.576.200.49.00	Contract Legal services	5,000
630.00.576.200.49.00	Contract City services	90,000
630.00.576.200.49.00	WCIA Insurance	5,000
630.00.576.200.49.08	Credit card charges	1,900
	Total Professional Services	\$ 255,674

Performance Measures

Parks & Recreation Aquatics Recreational Services	2008 Actual	2009 Actual	2010 Actual	2011 Projection	2012 Projection
Membership visits	14,478	14,234	14,519	15,000	15,500
Drop-in: lap, family & public swim	15,694	14,493	14,783	15,250	15,500
Facility rentals	258	295	263	265	275
Rental attendance	42,532	56,815	43,383	50,000	52,000
Observers and spectators	25,000	30,000	30,600	30,000	30,000

Revenue and Expenditures - 5 year Projections
2013 Tax Estimate and \$250K Capital

Draft 11-4-11 0% FEE 1% TAX

0% increase per year in fee revenue and 1% for New Construction

ANNUAL ESTIMATED REVENUE		CITY		MPD		Property Tax revenue				
		2011	2011	2011	2012	2013	2014	2015	2016	
18	CARRY OVER				\$ 28,070	\$ 159,484	\$ 374,623	\$ 460,210	\$ 527,242	
1	PROGRAMS ⁽¹⁾	0% growth	\$ 157,000	\$ 131,654	\$ 35,000	\$ 150,000	\$ 157,000	\$ 157,000	\$ 157,000	
2	RENTALS ⁽¹⁾	0% growth	\$ 48,000	\$ 28,731	\$ 9,615	\$ 40,000	\$ 48,000	\$ 48,000	\$ 48,000	
3	BRIDGE LOAN ⁽²⁾				\$ 170,586	\$ 817,510	\$ 111,904			
4	TAX REVENUE ⁽³⁾	1% growth	323,169	218,728	2012 proposed -4%	669,118	675,810	682,568	689,393	
5	TOTAL REVENUE		528,169	379,113	215,201	1,035,580	1,145,506	1,255,432	1,347,778	
			revised to 2011 adopted budget							

ANNUAL ESTIMATED EXPENDITURES		CITY		MPD		4% increase per year				
		2011	2011	2011	2012	2013	2014	2015	2016	
OVERHEAD										
7a	CITY Overhead	\$2500 max	0	0	26,475	90,000	93,600	97,344	101,238	
7b	MPD Attorney	Contracted			1,500	5,000	5,200	5,408	5,624	
7c	INSURANCE (WCIA)				5,000	5,000	5,200	5,408	5,624	
7d	School Lease	Due October	0	0	10,950	10,950	10,950	10,950	11,498	
7	OVERHEAD TOTAL		0	0	43,925	110,950	114,950	119,110	123,436	
8	BRIDGE LOAN	\$1.1M (2% 10 years)	0	0			121,458	121,458	121,458	
9	CIP Life-Cycle Replacement		0	0	250,000					
10	CIP RESERVE	Future CIP			30,000	30,000	30,000	30,000	30,000	
12	BOND PAYMENT (see CIP Page)		0	0	-					
	Total Overhead		0	0	43,925	390,950	266,408	270,568	274,894	

OPERATIONS		CITY		MPD		4% increase per year				
		2011	2011	2011	2012	2013	2014	2015	2016	
13a	FT SALARIES ⁽⁴⁾	revised to 2011 adopted budget	172,392	119,673	42,640	133,068	138,391	143,926	149,683	
13b	EXTRA LABOR ⁽⁵⁾		120,000	73,433	35,000	113,000	117,520	122,221	127,110	
13c	OVERTIME		500	99	100	500	520	541	562	
13	SALARIES & WAGES		292,892	193,205	77,740	246,568	256,431	266,688	277,355	
14a	FICA		22,155	14,735	6,347	19,436	20,213	21,022	21,863	
14b	PERS		16,045	8,766	3,936	13,638	14,184	14,751	15,341	
14c	IND. INSURANCE		2,848	9,400	3,927	11,782	12,253	12,743	13,253	
14d	MED/DENTAL/LIFE/VISION		1,517	1,239	5,578	6,458	6,716	6,985	7,264	
14e	SELF-INSURED MED. & DENTAL		35,420	30,079	8,646	27,493	28,593	29,736	30,926	
14	PERSONNEL BENEFITS		77,985	64,219	28,434	78,807	81,959	85,238	88,647	
15a	OFFICE & OPER. SUPPLIES		9,000	3,483	5,516	9,360	9,734	10,124	10,529	
15b	CHEMICALS		5,000	2,730	2,270	5,200	5,408	5,624	5,849	
15c	CENTRAL SUPPLIES		468	219	250	487	506	526	547	
15	SUPPLIES		14,468	6,432	8,036	15,047	15,649	16,275	16,926	
16a	PROFESSIONAL SERVICES		300	-	300	300	312	324	337	
16b	COMMUNICATION		4,000	1,588	2,411	4,000	4,160	4,326	4,499	
16c	TRAVEL		400	-	400	400	416	433	450	
16d	ADVERTISING		400	95	304	400	416	433	450	
16e	OPERATING RENTALS & LEASES		500	-	500	500	520	541	562	
16f	PUBLIC UTILITY SERVICES ⁽⁶⁾		110,000	96,493	13,500	110,000	114,400	118,976	123,735	
16g	REPAIRS & MAINTENANCE		25,000	13,419	11,581	25,000	26,000	27,040	28,122	
16h	MISCELLANEOUS		2,224	2,552	-	2,224	2,313	2,405	2,502	
16i	CREDIT CARD CHARGES			1,109	740	1,900	1,900	1,976	2,055	
16	OTHER SERVICES & CHARGES		142,824	115,257	28,996	144,724	150,437	156,454	162,713	
	Total Operations		\$ 528,169	\$ 379,112	\$ 143,206	\$ 485,146	\$ 504,476	\$ 524,655	\$ 545,641	

17	TOTAL EXPENDITURES		\$ 528,169	\$ 379,112	\$ 187,131	\$ 876,096	\$ 770,884	\$ 795,223	\$ 820,535
	15% Fund Balance			15%	\$ 28,070	\$ 131,414	\$ 115,633	\$ 119,283	\$ 123,080

SUMMARY								5-Year	
5	TOTAL REVENUE		\$ 528,169	\$ 379,113	\$ 215,201	\$ 1,035,580	\$ 1,145,506	\$ 1,255,432	\$ 1,347,778
17	TOTAL EXPENDITURES		\$ 528,169	\$ 379,112	\$ 187,131	\$ 876,096	\$ 770,884	\$ 795,223	\$ 820,535
18	YEAR END BALANCE		0	0	\$ 28,070	\$ 159,484	\$ 374,623	\$ 460,210	\$ 527,242

NOTES

- (1) Revenue adjusted for construction closure for about a month in 2012
- (2) Bridge loan - borrowed \$1.1M from City until Tax is collected
- (3) 2013 = Estimated Tax collection reduced to 2012 projection -4%
- (4) 3/4 time Aquatic Program Assistant to be left vacant
- (5) Reduced Extra Labor from \$120,000, lifeguards, instructors & maintenance
- (6) NO energy efficiency CIP projects



INFORMATIONAL MEMORANDUM

TO: Metropolitan Park District Board Commissioners

FROM: Robert Eaton, Project Coordinator

DATE: November 4, 2011

SUBJECT: Essential Capital Budget-\$250,000 MPD Short List

ISSUE

Consider utilizing approximately \$250,000 from the Bridge Loan to perform certain essential Capital Improvement Projects (CIP) work needed at the pool.

BACKGROUND

Attachment A is a short list of recommend CIP items that should be done as soon as possible using the balance from the Bridge Loan, approximately \$250,000. The items are broken into two categories, 1) new code requirements and 2) necessary HVAC system work.

DISCUSSION

The attached MPD CIP Short List was prepared based upon the assumption that additional CIP work would be performed in the near future. Most of the projects on the large CIP list can be packaged in work groups that provide efficiencies when performing the improvements. The two types of projects being recommended at this time are described below.

A new code will be in effect next year requiring complete independent access to the water for all patrons. The Tukwila Pool currently does not meet this code and two new fully automatic and independent chair lifts need to be purchased and installed to be compliant with this new code.

Second, the HVAC system is suffering in many areas (as seen on the pool tours) and needs significant repair and replacement. The majority of the HVAC work can be completed with this \$250,000 CIP money except for some boiler work. All pumps, Variable Frequency Drive Motors, and associated plumbing can be installed at the same time replacing the current worn out system. Then when the remaining boiler work is completed (as energy efficiency work) the new boiler(s) can be tied directly into the already installed new plumbing.

The HVAC controls currently have minor or no control over the different zones so replacing these now is necessary. This work goes hand in hand with the new heating system plumbing too.

Both the code and HVAC work that are completed now will still be utilized with the additional future CIP work that will be bonded for in the near future. If the larger list of needed improvements is not performed in the near future, a different "short" list would be recommended.

RECOMMENDATION

The Board is being asked at the November 14, 2011 MPD Board Meeting, to consider approving the 2012 MPD Budget with approximately \$250,000 for certain essential CIP work.

ATTACHMENTS

MPD CIP Short List dated 11-4-11

PRIORITIZED METROPOLITAN PARK DISTRICT PROPOSED CAPITAL IMPROVEMENT PLAN - DRAFT

W = Yields cuts to staff hours

Item #	1	2	3	4	5	6	Project	Cost	Annual Savings	Recovery in Years	Grant or Rebate	Comments
	Safety	Maint/Ops	Efficiency	Comfort	Add-On	Future						

Option A

3	+	+	+	+			Condensing Boiler (Domestic Hot Water)	\$ 60,000	8K - 12K	5 - 7	Yes	Needed, new exhist stack, more efficient	
7	+						ADA Pool Chair Lifts (2)	\$ 15,000				Required by new code	
Subtotal								\$ 75,000					
10% Contingency								\$ 7,500					Standard PW Procedure
Total								\$ 82,500					

Option B

23	+	+	+	+			Nat. HVAC Digital Controls/Dampers					Needed, better control & comfort for users	
24	+	+	+	+			Lobby HVAC Digital Controls/Dampers					Needed, better control & comfort for users	
27	+	+	+	+			HVAC Natatorium Supply Fan VFD					Energy savings	
28	+	+	+	+			Building Heat Pump VFD					Energy savings	
29	+	+	+	+			Pool Heat Pump VFD					Energy savings	
30	+	+	+	+			HVAC Lobby Supply VFD					Energy savings	
31	+	+	+	+			HVAC Lobby Exhaust VFD	\$ 150,000	40K	3 - 6	Yes	Energy savings	
Subtotal								\$ 150,000	\$ 170,000				
10% Contingency								\$ 15,000					Standard PW Procedure
Total								\$ 165,000					
Grand Total								\$ 247,500					

9	+		W	+			Lighting Conversion*	\$ 15,000	800	3-6	Yes	Alternate dependent upon HVAC Bids.
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*Alternate option to be done dependent upon where the bids come in for the HVAC work.

