

Meeting of the Board of Commissioners TUKWILA METROPOLITAN PARK DISTRICT

Allan Ekberg, President of the Board
Verna Seal, Clerk of the Board

Board Members: ▶ Joe Duffie ▶ Joan Hernandez
▶ Dennis Robertson
▶ Kathy Hougardy ▶ De'Sean Quinn

Monday, December 12, 2011, 6:00 PM
Tukwila City Hall Council Chambers

Resolution #6

1. CALL TO ORDER

2. CITIZEN COMMENTS

3. PUBLIC HEARINGS	<ul style="list-style-type: none"> a. A resolution adopting the annual budget for the fiscal year 2011. b. A resolution adopting the annual budget for the fiscal year 2012. 	<p>Pg.3 Pg.7</p>
4. BUSINESS ITEMS	<ul style="list-style-type: none"> a. Approval of minutes: 11/14/11 b. A resolution adopting the annual budget for the fiscal year 2011. c. A resolution adopting the annual budget for the fiscal year 2012. d. Discussion on proposed 5-year financial plan and financial policies. e. Discussion on 2012 pool fees. f. Discussion on proposed Citizen Advisory Committee and draft resolution. g. Future agenda items: <ul style="list-style-type: none"> (1) 2012 pool programs (2) Rental policy and guidelines (3) Tukwila School District collaboration 	<p>Pg.3 Pg.7 Pg.11 Pg.15 Pg.21</p>
5. REPORTS	<ul style="list-style-type: none"> a. Commissioners: Voucher report b. Staff: <ul style="list-style-type: none"> (1) Report on November 19, 2011 citizen group budget discussion and minute distribution. (2) Energy savings performance contracting. (3) Next meeting is January 9, 2012. 	<p>Pg.27</p>

6. MISCELLANEOUS

7. ADJOURNMENT

Tukwila City Hall is wheelchair accessible.

Reasonable accommodations are available at public hearings with advance notice to the City Clerk's Office (206-433-1800 or tukclerk@tukwilawa.gov). This notice is available at www.tukwilawa.gov, and in alternate formats with advance notice for those with disabilities.

Tukwila Metropolitan Park District Board meetings are audio taped.

INFORMATIONAL MEMORANDUM

Tukwila Metropolitan Park District

TO: Tukwila Pool MPD Board President

FROM: Jennifer Ferrer-Santa Ines, Senior Fiscal Coordinator

DATE: December 7, 2011

SUBJECT: 2011 Proposed Budget and 2012 Proposed Budget for Tukwila Metropolitan Park District (MPD)

ISSUE

The Metropolitan Park District was formed on September 14, 2011. A District budget from the inception to the end of 2011 and a 2012 budget must be adopted no later than December 31, 2011.

BACKGROUND

The Board of Commissioners was initially presented the first draft of the 2011 Proposed Budget and the 2012 Proposed Budget at its November 14th meeting. Based on further review and analysis of the initial proposals, there were few modifications as highlighted below.

DISCUSSION

The 2011 proposed budget provides funding for operation of the Metropolitan Park District from inception to the end of 2011, which include expenditure for support services via an interlocal agreement between the City and the MPD. Under this agreement, the City will provide limited scope of work for the MPD for administrative, information technology, human resources, and parks and recreation services. Also included in the 2011 proposed budget is a provision for a lease agreement between the Tukwila School District and the MPD.

The following revisions were made to the initial 2011 Proposed Budget as presented on 11/14/11:

- Provided for additional funding for increased costs in public utility services, + \$18,007
- Increased loan amount from General Fund to cover operating expenses, + \$20,708

Components of the 2012 proposed budget include salaries and wages for two full-time employees contracted through the City of Tukwila and include a 3% cost of living increase. Budget for supplies and professional services are conservative in nature and

takes into consideration actual costs expended in these categories from prior years, prior to the formation of the MPD.

The following revisions were made to the initial 2012 Proposed Budget as presented on 11/14/11:

- Provided for additional funding for increased costs in public utility services, + \$18,000
- Increased loan amount from General Fund to cover operating expenses, + \$53,130
- Decrease in program fee revenue, - \$21,430
- Decrease in rental revenue, - \$11,000

The proposed 2012 expected revenue adjusts for potential construction closure during the months of October through December.

RECOMMENDATION

The Board of Commissioners is being asked to approve the 2011 Proposed Budget and the 2012 Proposed Budget for the Metropolitan Park District at its December 12th Regular Board meeting.

ATTACHMENTS

Draft 2011 Proposed Budget Resolution
Draft 2012 Proposed Budget Resolution

Tukwila Metropolitan Park District

Resolution No. _____

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE TUKWILA METROPOLITAN PARK DISTRICT ADOPTING THE ANNUAL BUDGET OF THE METROPOLITAN PARK DISTRICT FOR THE FISCAL YEAR 2011.

WHEREAS, the City of Tukwila has submitted to the Board of Commissioners a budget and estimate of monies required to meet public expenses for the Tukwila Metropolitan Park District for the year 2011; and

WHEREAS, a public hearing on the proposed budget was advertised and held on December 12, 2011;

NOW, THEREFORE, THE BOARD OF COMMISSIONERS OF THE TUKWILA METROPOLITAN PARK DISTRICT HEREBY RESOLVES AS FOLLOWS:

Section 1. The Board of Commissioners of the Tukwila Metropolitan Park District hereby adopts the document entitled "Metropolitan Park District 2011 Budget," incorporated by this reference as if fully set forth herein.

Section 2. The total of the estimated revenues and appropriations for the Tukwila Metropolitan Park District is \$235,909.

Section 3. A complete copy of the final budget for 2011, as adopted, together with a copy of this adopting resolution, shall be kept on file in the City Clerk's Office, and a copy shall be transmitted by the City Clerk to the Division of Municipal Corporations of the Office of the State Auditor and to the Association of Washington Cities.

PASSED BY THE BOARD OF COMMISSIONERS OF THE TUKWILA METROPOLITAN PARK DISTRICT at a Regular Meeting thereof this _____ day of _____, 2011.

ATTEST/AUTHENTICATED:

Verna Seal, Clerk of the Board

Allan Ekberg, President, Board of Commissioners

APPROVED AS TO FORM BY:

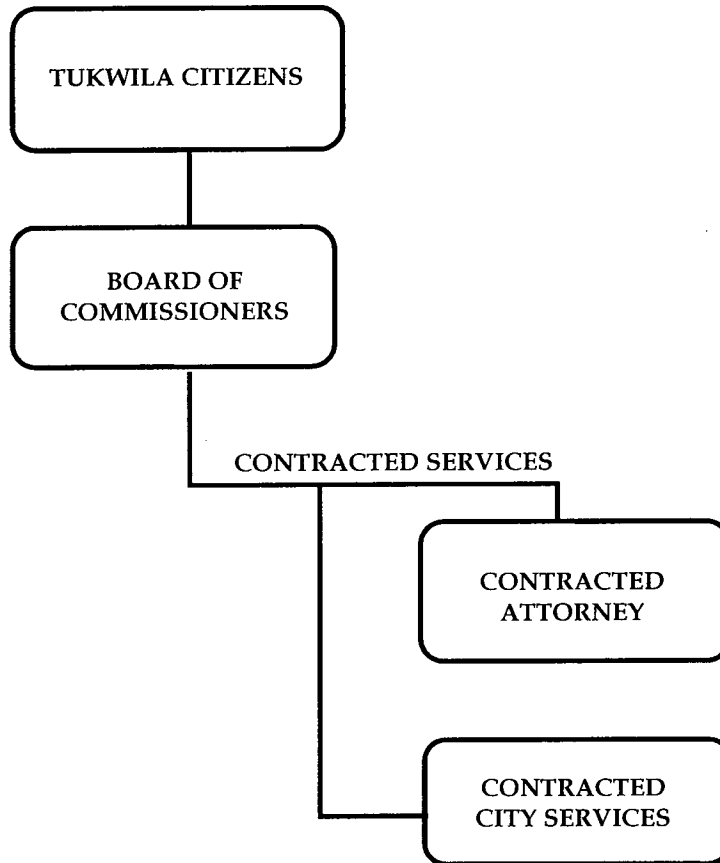
Filed with the Clerk: _____
Passed by the Commission: _____
Resolution Number: _____

Lisa M. Marshall, Commission Attorney

Attachment: Metropolitan Park District 2011 Budget

2011 PROPOSED BUDGET

Metropolitan Park District



Tukwila Metropolitan Park District
Allan Ekberg, 2011 Board President

Fund 630-Expenditure & Revenue Summary

EXPENDITURE Object Description	2011 ADOPTED CITY BUDGET	2011 YTD ACTUALS THRU 9/13/2011-CITY	2011 PROPOSED BUDGET*
10 Salaries & Wages	\$ 292,892	\$ 193,205	\$ 77,740
20 Personnel Benefits	77,985	64,219	28,434
30 Supplies	14,468	6,431	8,036
40 Other Services & Charges	142,824	115,257	90,928
EXPENDITURE TOTAL	528,169	379,112	205,138
Ending Fund Balance			30,771
Budget Total			\$ 235,909

REVENUE			
Beginning Fund Balance	-	-	-
General Fund Loan	-	-	191,294
General Fund	323,169	218,727	-
Program Fees	157,000	131,654	35,000
Rentals	48,000	28,731	9,615
REVENUE TOTAL	528,169	379,112	235,909
Budget Total			\$ 235,909

* These amounts are project costs for operating the Tukwila Metropolitan Park District from 09/14/2011 through year end.
 † Available loan amount can be up to \$375,000.

Salaries and Benefits

Salaries are based on actual costs for existing positions and include a cost of living adjustment per contract agreements.

PERSONNEL	2011 FTE	2011 Budgeted	
		Salaries	Benefits
Aquatics Program Coordinator	1	\$ 25,704	\$ 10,825
Aquatics Program Specialist	1	16,936	7,577
Extra Labor		35,000	10,032
Overtime	-	100	-
Department Total	2	\$ 77,740	\$ 28,434

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	2011*
630.00.576.200.41.00	Locksmith, consultants, fire, security	\$ 300
630.00.576.200.42.00	Phone, security and fire monitoring	2,411
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	304
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	31,507
630.00.576.200.48.00	Pest control, HVAC service, boiler repair and maintenance, misc.	11,581
630.00.576.200.49.00	Contract Legal services	1,500
630.00.576.200.49.00	Contract City services	26,475
630.00.576.200.49.00	WCIA Insurance	5,000
	Total Professional Services	\$ 90,928

* Proposed expenses from 9/14/2011 through year-end.

Tukwila Metropolitan Park District

Resolution No. _____

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE TUKWILA METROPOLITAN PARK DISTRICT ADOPTING THE ANNUAL BUDGET OF THE METROPOLITAN PARK DISTRICT FOR THE FISCAL YEAR 2012.

WHEREAS, the City of Tukwila has submitted to the Board of Commissioners a budget and estimate of monies required to meet public expenses for the Tukwila Metropolitan Park District for the year 2012; and

WHEREAS, a public hearing on the proposed budget was advertised and held on December 12, 2011;

NOW, THEREFORE, THE BOARD OF COMMISSIONERS OF THE TUKWILA METROPOLITAN PARK DISTRICT HEREBY RESOLVES AS FOLLOWS:

Section 1. The Board of Commissioners of the Tukwila Metropolitan Park District hereby adopts the document entitled "Metropolitan Park District 2012 Budget," incorporated by this reference as if fully set forth herein.

Section 2. The total of the estimated revenues and appropriations for the Tukwila Metropolitan Park District is \$1,058,981.

Section 3. A complete copy of the final budget for 2012, as adopted, together with a copy of this adopting resolution, shall be kept on file in the City Clerk's Office, and a copy shall be transmitted by the City Clerk to the Division of Municipal Corporations of the Office of the State Auditor and to the Association of Washington Cities.

PASSED BY THE BOARD OF COMMISSIONERS OF THE TUKWILA METROPOLITAN PARK DISTRICT at a Regular Meeting thereof this _____ day of _____, 2011.

ATTEST/AUTHENTICATED:

Verna Seal, Clerk of the Board

Allan Ekberg, President, Board of Commissioners

APPROVED AS TO FORM BY:

Filed with the Clerk: _____

Passed by the Commission: _____

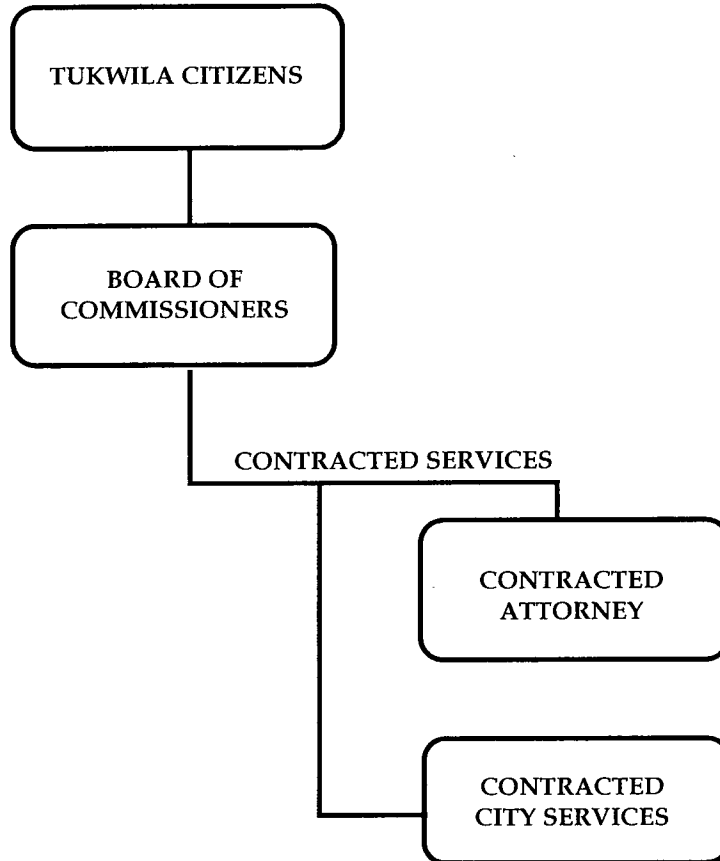
Resolution Number: _____

Lisa M. Marshall, Commission Attorney

Attachment: Metropolitan Park District 2012 Budget

2012 PROPOSED BUDGET

Metropolitan Park District



Tukwila Metropolitan Park District
Verna Seal, 2012 Board President

Fund 630-Expenditure & Revenue Summary

Object Description	2011		2011		2012	
	ADOPTED CITY BUDGET	YTD ACTUALS THRU 9/13/2011-CITY	PROPOSED BUDGET*	PROPOSED BUDGET	PROPOSED BUDGET*	PROPOSED BUDGET
10 Salaries & Wages	\$ 292,892	\$ 193,205	\$ 77,740	\$ 246,568	\$ 77,740	\$ 246,568
20 Personnel Benefits	77,985	64,219	28,434	78,807	28,434	78,807
30 Supplies	14,468	6,431	8,036	15,047	8,036	15,047
40 Other Services & Charges	142,824	115,257	90,928	273,674	90,928	273,674
00 Other-Life Cycle Replacement	-	-	-	250,000	-	250,000
00 Other-CIP Reserve	-	-	-	30,000	-	30,000
EXPENDITURE TOTAL	528,169	379,112	205,138	894,096	205,138	894,096
Ending Fund Balance			30,771	164,885	30,771	164,885
Budget Total			\$ 235,909	\$ 1,058,981	\$ 235,909	\$ 1,058,981

REVENUE				
Beginning Fund Balance	-	-	-	30,771
General Fund Loan	-	-	191,294	870,640
General Fund	323,169	218,727	-	-
Program Fees	157,000	131,654	35,000	128,570
Rentals	48,000	28,731	9,615	29,000
REVENUE TOTAL	528,169	379,112	235,909	1,028,210
Budget Total			\$ 235,909	\$ 1,058,981

* These amounts are projected costs for operating the Tukwila Metropolitan Park District from 09/14/2011 through year end.
 † 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.

PERSONNEL	2012 FTE	2012 Budgeted	
		Salaries	Benefits
Aquatics Program Coordinator	1	\$ 79,416	\$ 34,791
Aquatics Program Specialist	1	53,652	24,519
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	128,000
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	\$ 273,674

INFORMATIONAL MEMORANDUM

Tukwila Metropolitan Park District

TO: **Tukwila Pool MPD Board President**

FROM: **Peggy McCarthy, Interim Finance Director**

DATE: **December 7, 2011**

SUBJECT: **Tukwila Metropolitan Park District (MPD) 5 Year Financial Plan**

ISSUE

Consider for acceptance or modification the 5-year financial planning model and associated financial policies.

BACKGROUND

At the November 14th meeting, the Board of Commissioners was presented with a 5-year and two 20-year financial projections. The models and the financial assumptions used to develop them were discussed and certain decisions were made. The 5-year financial planning model presented with this draft is extracted from the 20-year plan, scenario 2, and incorporates the financial decisions. The financial policies and budget assumptions reflected in the draft financial planning model follow:

GENERAL

1. All assumptions and estimates shall be conservative in nature.

REVENUE

2. Property tax will be increased each year by 1% to reflect estimated additional tax from new construction.
3. Property tax will be increased each year by an additional 1% to reflect the levy increase allowed by the state; the levy increase will be requested each year through the King County Assessor's department.
4. Property tax will be estimated based on the District's assessed valuation on October 8, 2011 of \$4,646,655,692, reduced by 4%.
5. Projected pool operating revenues will be increased by 1% per year.
6. Pool fees will be reviewed on an annual basis.
7. Bridge loan proceeds will be drawn and reflected in an amount sufficient to fund the proposed expenditures and to cover the working capital reserve.
8. Operating revenues will be reduced in 2012 and 2013 to reflect pool closure in October, November and December of 2012 for capital improvements and possible continued closure in early 2013 should project delays occur.

EXPENDITURES

9. A fund balance threshold (working capital reserve) equal to 15% of annual expenditures will be maintained.
10. A capital improvement reserve will be established and funded at \$30,000 per year.

11. Salaries and benefits for City pool staff working directly for the MPD will be based on the City's adopted budget for 2011 and 2012 and will then be accelerated at 4% per year.
12. Salaries reflect elimination of a ¾ position for an Aquatic Program Assistant.
13. Extra labor is reduced from the 2011 City budget level since actual costs in 2011 have been lower.
14. Operating expenditures will be accelerated at 4% per year.
15. Utility costs will be reduced in 2013 and thereafter to reflect the cost savings derived from the essential capital improvements.
16. The cost for City administrative services will be estimated at the maximum allowable fee of \$7,500 per month; the fee will be charged each month to the MPD by the City then, after the close of each fiscal year, the maximum fee will be compared with actual costs of staff services for the year, as reported in project accounting. If the costs are less than the maximum fee, the difference will be refunded to the MPD. If the costs are more than the maximum fee, no adjustment will be made.
17. Operating loan debt service will be based on the loan terms with repayment beginning in June 2013.
18. Bond repayment will be based on a 2013 bond issue of \$1.35 million with a repayment term of 15 years; annual debt service shall be based on estimates provided by the City's bond underwriters, Seattle Northwest Securities.

DISCUSSION

Expenditures begin to exceed revenue in 2014 indicating that, unless costs are contained or revenues expanded, the District will not be able to financially support a bond issue of \$1.35 million to fund capital improvements. The model is based on conservative assumptions and the assessed property value on which the property tax estimate is based has increased 2.3 % over the past two months (\$4,646,655,692 on October 8, 2011 to \$4,752,606,030 on November 22, 2011), suggesting that actual tax revenue may exceed projections.

At the end of the five-year period, fund balance totals \$264,492 which is \$122,972 more than the prescribed threshold of 15% of expenditures. Although the fund balance begins to decline in 2014, the financial structure presented in the model is sufficient to sustain the District for the 5 year planning period and for several years thereafter.

The model was developed in October 2011 and is based on estimates, conservative assumptions and information available at that time. The effect of changing an assumption can have a significant impact on the results. For instance, if the most recent assessed property valuation were used to estimate 2013 tax revenue, the tax revenue would increase by \$44,000 for 2013 and by \$180,000 for the 5 year period; ending fund balance would build throughout the 5 year planning period to \$445,000 at the end of the period. To remain relevant, the model will be updated periodically as new and more current information becomes available.

RECOMMENDATION

The Board is being asked to consider the financial planning model and the financial policies for acceptance or modification. The Board will be asked to approve a financial planning model at a future Board meeting.

ATTACHMENTS

-Proposed Financial Planning Model 2012-2016

2011 AND 2012 BUDGET
2012-2016 FINANCIAL PLANNING MODEL

Tukwila Metropolitan Park District

CITY Annual Budget CITY Actual 1/1 - 9/13 ---- MPD Budget ----

----- 5 Year Planning Model -----

	2011	2011	2011	2012	2013	2014	2015	2016	TOTAL
REVENUES									
18 BEGINNING FUND BALANCE				30,771	164,885	302,466	298,925	286,678	
1 PROGRAMS	157,000	131,654	35,000	128,570	140,000	158,570	160,156	161,757	784,053
2 RENTALS	48,000	28,731	9,615	29,000	40,000	48,480	48,965	49,454	225,514
3 BRIDGE LOAN			191,294	870,640	38,066				1,100,000
GENERAL FUND contribution	323,169	213,728							
4 TAX REVENUE					669,118	682,501	696,151	710,074	2,757,844
5a TOTAL REVENUE			235,909	1,028,210	887,184	889,551	905,271	921,286	4,867,411
5 REVENUE & BEG FUND BAL	\$ 528,169	\$ 379,113	\$ 235,909	\$ 1,058,981	\$ 1,052,069	\$ 1,192,017	\$ 1,204,197	\$ 1,207,963	\$ 4,867,411
EXPENDITURES									
<i>Administration</i>									
7a CITY Overhead			26,475	90,000	93,600	97,344	101,238	105,287	513,944
7b MPD Attorney			1,500	5,000	5,200	5,408	5,624	5,849	28,582
7c INSURANCE (WCIA)			5,000	5,000	5,200	5,408	5,624	5,849	32,082
7d School Lease			10,950	10,950	10,950	10,950	10,950	11,498	66,248
7 Total Administration			43,925	110,950	114,950	119,110	123,436	128,484	640,855
<i>Capital & Debt Service</i>									
8 BRIDGE LOAN \$1.1M (2% 10 years)					121,458	121,458	121,458	121,458	485,832
9 CIP Life-Cycle Replacement				250,000					250,000
10 CIP RESERVE				30,000	30,000	30,000	30,000	30,000	150,000
11 BOND PAYMENT \$1.35M (4% 15 years)						120,000	120,000	120,000	360,000
Total Capital & Debt Service				280,000	151,458	271,458	271,458	271,458	1,245,832
<i>Operations</i>									
12a FT SALARIES	172,392	119,673	42,640	133,068	138,391	143,926	149,683	155,671	763,379
12b EXTRA LABOR	120,000	73,433	35,000	113,000	117,520	122,221	127,110	132,194	647,044
12c OVERTIME	500	99	100	500	520	541	562	585	2,808
12 SALARIES & WAGES	292,892	193,205	77,740	246,568	256,431	266,688	277,355	288,450	1,413,232
13a FICA	22,155	14,735	6,347	19,436	20,213	21,022	21,863	22,737	111,619
13b PERS	16,045	8,766	3,936	13,638	14,184	14,751	15,341	15,955	77,804
13c IND. INSURANCE	2,848	9,400	3,927	11,782	12,253	12,743	13,253	13,783	67,742
13d MED/DENTAL/LIFE/VISION	1,517	1,239	5,578	6,458	6,716	6,985	7,264	7,555	40,557
13e SELF-INSURED MED. & DENTAL	35,420	30,079	8,646	27,493	28,593	29,736	30,926	32,163	157,557
13 PERSONNEL BENEFITS	77,985	64,219	28,434	78,807	81,959	85,238	88,647	92,193	455,278
14a OFFICE & OPER. SUPPLIES	9,000	3,483	5,516	9,360	9,734	10,124	10,529	10,950	56,213
14b CHEMICALS	5,000	2,730	2,270	5,200	5,408	5,624	5,849	6,083	30,435
14c CENTRAL SUPPLIES	468	219	250	487	506	526	547	569	2,886
14 SUPPLIES	14,468	6,432	8,036	15,047	15,649	16,275	16,926	17,603	89,534
15a PROFESSIONAL SERVICES	300	-	300	300	312	324	337	351	1,925
15b COMMUNICATION	4,000	1,588	2,411	4,000	4,160	4,326	4,499	4,679	24,076
15c TRAVEL	400	-	400	400	416	433	450	468	2,567
15d ADVERTISING	400	95	304	400	416	433	450	468	2,471
15e OPERATING RENTALS & LEASES	500	-	500	500	520	541	562	585	3,208
15f PUBLIC UTILITY SERVICES ^(b)	110,000	96,493	31,507	128,000	93,120	96,845	100,719	104,747	554,938
15g REPAIRS & MAINTENANCE	25,000	13,419	11,581	25,000	26,000	27,040	28,122	29,246	146,989
15h MISCELLANEOUS	2,224	2,552	-	2,224	2,313	2,405	2,502	2,602	12,046
15i CREDIT CARD CHARGES		1,109		1,900	1,900	1,976	2,055	2,137	9,968
15 OTHER SERVICES & CHARGES	142,824	115,257	47,003	162,724	129,157	134,323	139,696	145,284	758,187
Total Operations	528,169	379,112	161,213	503,146	483,196	502,523	522,624	543,529	2,716,232
16 TOTAL EXPENDITURES	528,169	379,113	205,138	894,096	749,604	893,091	917,519	943,471	4,602,919
17 FUND BALANCE THRESHOLD -- 15% Total Expenditures			30,771	134,114	112,441	133,964	137,628	141,521	141,521
18 ENDING FUND BALANCE			-	30,771	190,025	164,962	149,050	122,972	122,972
19 EXPENDITURES & ENDING FUND BAL	\$ 528,169	\$ 379,113	\$ 235,909	\$ 1,058,981	\$ 1,052,069	\$ 1,192,017	\$ 1,204,197	\$ 1,207,963	\$ 4,867,411
SUMMARY									
5 TOTAL REVENUE & BEG FUND BAL			\$ 235,909	\$ 1,058,981	\$ 1,052,069	\$ 1,192,017	\$ 1,204,197	\$ 1,207,963	\$ 4,867,411
16 TOTAL EXPENDITURES			205,138	894,096	749,604	893,091	917,519	943,471	4,602,919
18 ENDING FUND BALANCE			\$ 30,771	\$ 164,885	\$ 302,466	\$ 298,925	\$ 286,678	\$ 264,492	\$ 264,492

INFORMATIONAL MEMORANDUM

Tukwila Metropolitan Park District

TO: Tukwila Pool MPD Board President

FROM: Rick Still, Parks and Recreation Director
Amy Kindell, Aquatics Program Specialist

DATE: December 6, 2011

SUBJECT: Tukwila Pool User Fees

ISSUE

Review current user fees at the Tukwila Pool and discuss future user fees at the Tukwila Pool

DISCUSSION

A user fees comparison study (Attachment A) was completed and compares user fees at the Tukwila Pool with the user fees of other aquatics facilities in region. Upon review of the results it is recommended that the Board discuss the following:

1. an appropriate fee increase, and
2. fee increase schedule.

ANALYSIS

It was discovered that user fees at Tukwila pool were, on average, 24% lower than fees at surrounding public pools. Therefore, user fees could be adjusted to become more competitive with surrounding pools, and to help offset the operational costs.

Issue 1: What is an appropriate fee increase and what are the options?

There are several factors to consider, including:

- Comparable fees with surrounding pools: see Attachment A.
- Resident vs. non-resident fees: surrounding pools do not differentiate resident vs. non-resident rates, except for the Covington Pool.

The Tukwila Pool and all other City of Tukwila Parks and Recreation Department fees are resident / non-resident based. On average Tukwila non-resident rates at Foster Golf Links are approximately 7% higher than the resident rate and Tukwila non-resident recreation program fees are 10-25 % higher than the resident rate. Tukwila Community Center facility rental rates are 20% higher for non-residents than residents. These fees were established after a fee comparison analysis to see what the market value is. The main issue for our community is if fees are increased too quickly participation actually declines and the net revenue is a loss.

- Apply fee increases to specific types of fees for resident vs. non-resident. For example, most of the fees except drop in fees could have different rates for residents / non-residents.

Drop-in fees should remain the same rate for both residents and non-residents because the rate is comparable with surrounding pools and the per use cost is already higher than

if a pass were purchased. Additionally, it takes a significant amount of time and effort for a resident and staff to verify residency. It isn't practical for every one of the approximately 8,000 drop in users to go through this effort. We strongly encourage them to purchase one of our pass options.

Options

- a. No increase to Resident fee and 20% to selected Non-resident fees, rounded to the nearest dollar,
- b. 5% increase to selected Resident fees and 20% to selected Non-resident fees, rounded to the nearest dollar, or
- c. No Fee increase at this time.

Recommendation Issue 1:

It is recommended that a resident fee increase of 5% to selected fees and an increase of 20% to selected non-resident fees, all fees rounded to the nearest dollar, except for a non-resident swim lesson.

Issue 2: When should the fee increase be implemented?

The most effective time for a fee increase would be January 1, 2012. However, current Tukwila Pool user fees have been published in the Recreation Brochure for January – April 2012 making it problematic to make changes before May 2012. May 1, 2012 would be the earliest time that wouldn't conflict with currently published prices.

It is anticipated that Capital Improvements will be performed to the pool in 2012. These projects will result in noticeable improvements to the facility. It may be beneficial to keep our current customers as happy as possible with current pricing and implement the fee increase after improvements are complete.

Implementation Options

- a. Implement Fee Increase effective January 1, 2012.
- b. Implement Fee Increase effective May 1, 2012.
- c. Implement Fee Increase after Capital Improvements are complete.
- d. Do not implement new fees.

Recommendation Issue 2:

It is recommended to implement a fee increase effective May 1, 2012.

RECOMMENDATION

It is recommended to increase selected resident fees by 5% and selected non-resident fees by 20% rounded to the nearest dollar (Issue 1. Option b.), and to implement the new fees effective May 1, 2012 (Issue 2. Option b.).

ATTACHMENT

Attachment A – Fee Study comparing local public Aquatic Facilities' fees

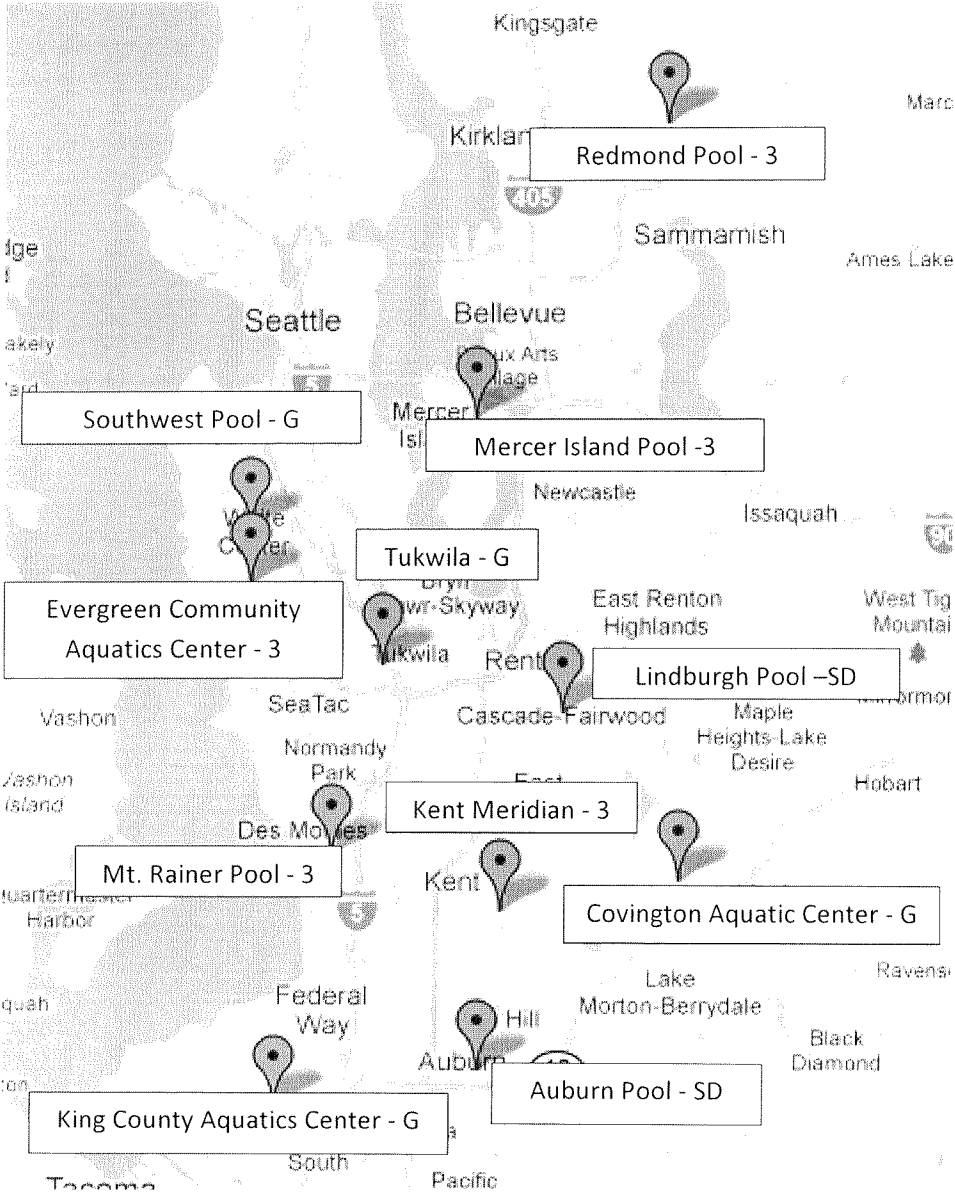
Attachment B – Map of comparable local Aquatics Facilities

Attachment C – Current fee schedule and proposed future fee schedule options

Fee Study Comparing Tukwila Pool with Local Public Aquatics Facilities

	Tukwila Resident	Tukwila Non-Resident	Evergreen	Mount Rainier (AMG)	Lindbergh	Seattle Parks - Southwest Pool	Kent Meridian (AMG)	Mercer Island	King County Aquatic Center	Covington - Resident	Covington - Non Resident	Auburn	Redmond	Industry Average	Tukwila Resident vs. Average	Tukwila Non-Res. vs. Average
Adult Drop-in	\$4.00	\$4.00	\$4.50	\$4.95	\$3.75	\$4.75	\$4.95	\$5.50	\$3.25	\$3.50	\$4.25	\$3.00	\$4.40	\$4.22	-5.11%	-5.11%
Youth/Sr Drop-in	\$3.00	\$3.00	\$3.50	\$3.98	\$4.25	\$3.25	\$3.98	\$4.00	\$3.25	\$3.50	\$4.25	\$2.50	\$3.60	\$3.48	-13.83%	-13.83%
Adult Lap Swim Drop-in	n/a	n/a	n/a	n/a	\$4.25	n/a	n/a	n/a	\$5.00	\$5.25	\$6.50	\$4.00	n/a	\$5.00	-20.00%	-20.00%
Youth Lap Swim Drop-in	n/a	n/a	n/a	n/a	\$4.25	n/a	n/a	n/a	\$5.00	\$5.25	\$6.50	\$4.00	n/a	\$5.00	-40.00%	-40.00%
Senior Lap Swim Drop-in	n/a	n/a	n/a	n/a	\$3.25	n/a	n/a	n/a	\$3.75	\$3.50	\$4.25	\$4.00	n/a	\$3.75	-20.00%	-20.00%
Adult H2OX Drop-in	\$6.00	\$6.00	n/a	\$7.15	\$6.25	\$6.00	\$7.15	\$7.50	\$6.25	\$6.75	\$8.25	n/a	\$4.60	\$6.54	-8.21%	-8.21%
Sr. H2OX Drop-in	\$5.00	\$5.00	n/a	\$5.50	\$4.25	\$3.50	\$5.50	\$5.50	\$4.75	\$5.25	\$6.50	n/a	\$5.60	\$5.12	-2.40%	-2.40%
Youth 10 Punch Public Swim	\$27.00	\$27.00	\$30.00	\$38.50	\$31.25	\$29.20	\$38.50	\$35.00	n/a	\$31.50	\$38.25	n/a	\$40.00	\$33.29	-18.90%	-18.90%
Adult 10 Punch Public Swim	\$36.00	\$36.00	\$40.00	\$38.50	\$35.42	\$42.70	\$38.50	\$50.00	n/a	\$31.50	\$38.25	n/a	\$40.00	\$38.81	-7.23%	-7.23%
Senior 10 Punch Public Swim	\$27.00	\$27.00	\$30.00	\$33.00	\$27.08	\$29.20	\$33.00	\$30.00	n/a	\$31.50	\$38.25	n/a	\$32.00	\$30.73	-12.14%	-12.14%
Youth 10 Punch Lap	\$27.00	\$27.00	\$30.00	\$46.75	\$35.42	\$29.20	\$46.75	\$33.33	n/a	\$47.25	\$58.50	n/a	\$4.00	\$35.02	-22.90%	-22.90%
Adult 10 Punch Lap	\$36.00	\$36.00	\$40.00	\$46.75	\$35.42	\$42.70	\$46.75	\$30.83	n/a	\$47.25	\$58.50	n/a	\$40.00	\$41.84	-13.95%	-13.95%
Senior 10 Punch Lap	\$27.00	\$27.00	\$30.00	\$33.00	\$27.08	\$29.20	\$33.00	\$28.33	n/a	\$31.50	\$38.25	n/a	\$32.00	\$30.58	-11.70%	-11.70%
Youth 1 Month Pass	\$28.00	\$31.00	\$40.00	n/a	n/a	\$40.00	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$34.75	-19.42%	-10.79%
Adult 1 Month Pass	\$39.00	\$43.00	\$65.00	n/a	n/a	\$55.00	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$50.50	-22.77%	-14.85%
Sr. 1 Month Pass	\$28.00	\$31.00	\$40.00	n/a	n/a	\$40.00	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$34.75	-19.42%	-10.79%
Youth 3 Month Pass	\$66.00	\$73.00	\$105.00	\$100.00	\$170.00	n/a	\$100.00	\$120.00	\$107.50	\$87.50	\$106.25	n/a	n/a	\$103.53	-36.25%	-29.49%
Adult 3 Month Pass	\$105.00	\$115.00	\$155.00	\$125.00	\$170.00	n/a	\$125.00	\$180.00	\$156.75	\$131.25	\$162.50	n/a	n/a	\$142.55	-26.34%	-19.33%
Sr. 3 Month Pass	\$66.00	\$73.00	\$105.00	\$80.00	\$110.00	n/a	\$80.00	\$115.00	\$107.50	\$87.50	\$106.25	n/a	n/a	\$93.03	-29.05%	-21.53%
Youth 12 Month Pass	\$187.00	\$205.00	n/a	\$300.00	\$480.00	n/a	\$300.00	\$330.00	\$312.00	\$175.00	\$212.50	n/a	n/a	\$277.94	-32.72%	-26.24%
Adult 12 Month Pass	\$308.00	\$339.00	n/a	\$430.00	\$480.00	n/a	\$430.00	\$450.00	\$456.00	\$262.50	\$325.00	n/a	n/a	\$386.72	-20.36%	-12.34%
Sr. 12 Month Pass	\$187.00	\$205.00	n/a	\$200.00	\$330.00	n/a	\$200.00	\$260.00	\$273.00	\$175.00	\$212.50	n/a	n/a	\$226.94	-17.60%	-9.67%
Adult H2OX 10 visit	\$52.00	\$52.00	n/a	\$60.00	\$52.08	n/a	\$60.00	\$70.00	\$56.25	\$60.75	\$74.25	n/a	n/a	\$59.70	-12.90%	-12.90%
Sr. H2OX 10 visit	\$42.00	\$42.00	n/a	\$42.50	\$35.42	n/a	\$42.50	\$50.00	\$42.75	\$47.25	\$58.50	n/a	n/a	\$44.77	-6.18%	-6.18%
Swim Lesson (\$/class)	\$5.50	\$6.00	\$9.00	\$10.75	\$7.83	\$6.50	\$10.75	\$9.75	\$6.80	\$7.50	\$9.00	\$6.00	\$7.00	\$7.88	-30.16%	-23.82%
Private Lessons	\$25.00	\$25.00	\$20.00	\$42.90	\$28.00	\$34.00	\$42.90	\$30.00		\$28.00	\$34.00		\$25.00	\$30.44	-17.86%	-17.86%
Semi Private Lessons	\$30.00	\$30.00	\$30.00	\$30.25	n/a	\$44.00	\$30.25	\$24.00		\$17.00	\$21.00		n/a	\$28.50	5.26%	5.26%
Party Rental (1-25 ppl) /hr	\$110.00	\$110.00	\$115.00	\$99.00	\$120.00	\$206.00	\$99.00	\$150.00	\$115.00	\$110.00	\$135.00		\$115.00	\$123.67	-11.05%	-11.05%
Party Rental (26-60 ppl) /hr	\$135.00	\$135.00	\$150.00	\$132.00	\$145.00	\$231.00	\$132.00	\$250.00	\$145.00	\$155.00	\$190.00		\$145.00	\$162.08	-16.71%	-16.71%
Party Room 1/hr	\$0.00	\$0.00	n/a	\$49.50	\$40.00	\$35.00	\$49.50	n/a	\$39.00	\$35.00	\$45.00		n/a	\$32.56	-100.00%	-100.00%
Lane Rental/hr - Swim Team	\$9.00	\$9.00	\$13.00	\$10.50	\$10.00	\$27.00	\$10.50	\$25.00	\$12.50	\$11.00	\$11.00		\$12.00	\$13.38	-32.71%	-32.71%
Lane Rental/hr - Schools	\$8.00	\$8.00	\$10.00	\$10.50	\$10.00	\$27.00	\$10.50	\$10.83	\$14.50	\$11.00	\$11.00		\$13.30	\$12.05	-33.63%	-33.63%
Distance (miles) from Tukwila Pool			6.90	7.70	7.90	7.90	11.00	15.30	15.50	15.80	15.80	19.20	24.40	Average % difference	-24.32%	-23.31%

Map of Local Aquatics Facilities Comparable to Tukwila Pool



G – Government Operated 3- 3rd Party Operator SD-School District Operated

Current Tukwila Pool Fee Schedule
2012 Fee Recommendation

Attachement C

Fee Type	Tukwila Resident	New 2012 Resident Fee	Tukwila Non-Resident	New 2012 Non-Resident Fee	Local Pool Average
Adult Drop-in	\$4	\$5	\$4	\$5	\$4.22
Youth/Sr Drop-in	\$3	\$4	\$3	\$4	\$3.48
Adult H2OX Drop-in	\$6	\$6	\$6	\$6	\$6.54
Sr. H2OX Drop-in	\$5	\$5	\$5	\$5	\$5.12
Youth 10 Punch Public Swim	\$27	\$28	\$27	\$34	\$33.29
Adult 10 Punch Public Swim	\$36	\$38	\$36	\$45	\$38.81
Senior 10 Punch Public Swim	\$27	\$28	\$27	\$34	\$30.73
Youth 1 Month Pass	\$28	\$29	\$31	\$35	\$34.75
Adult 1 Month Pass	\$39	\$41	\$43	\$49	\$50.50
Sr. 1 Month Pass	\$28	\$29	\$31	\$35	\$34.75
Youth 3 Month Pass	\$66	\$69	\$73	\$83	\$103.53
Adult 3 Month Pass	\$105	\$110	\$115	\$132	\$142.55
Sr. 3 Month Pass	\$66	\$69	\$73	\$83	\$93.03
Youth 12 Month Pass	\$187	\$196	\$205	\$236	\$277.94
Adult 12 Month Pass	\$308	\$323	\$339	\$388	\$386.72
Sr. 12 Month Pass	\$187	\$196	\$205	\$236	\$226.94
Adult H2OX 10 visit	\$52	\$55	\$52	\$66	\$59.70
Sr. H2OX 10 visit	\$42	\$44	\$42	\$53	\$44.77
Swim Lesson (\$/class)	\$5.50	\$6.00	\$6.00	\$6.50	\$7.88
Private Lessons	\$25	\$27	\$25	\$30	\$30.44
Semi Private Lessons	\$30	\$32	\$30	\$35	\$28.50
Party Rental (1-25 ppl) /hr	\$110	\$116	\$110	\$140	\$123.67
Party Rental (26-60 ppl) /hr	\$135	\$140	\$135	\$170	\$162.08
Party Rental (60-90 ppl) /hr	\$160	\$168	\$160	\$200	\$180.56
Party Rental (90-120ppl) /hr	\$185	\$195	\$185	\$235	\$217.57
Party Rental (120-150ppl) /hr	\$210	\$220	\$210	\$265	\$253.71
Party Room 1/hr	\$0	\$0	\$0	\$0	\$32.56
Lane Rental/hr - Schools	\$9	\$12	\$9	\$12	\$13.38
Lane Rental/hr - Swim Team	\$8	\$11	\$8	\$11	\$12.05

INFORMATIONAL MEMORANDUM

Tukwila Metropolitan Park District

TO: Tukwila Pool MPD Board President

FROM: Rick Still, Parks and Recreation Director

DATE: December 6, 2011

SUBJECT: Citizens Pool Advisory Committee

ISSUE

It is the desire of the Tukwila Pool Metropolitan Park District Board of Commissioners to have continued community support and involvement with the district through the formation of a Citizens Pool Advisory Committee.

BACKGROUND

The recent success of establishing the Metropolitan Park District can be largely attributed to the efforts of an active Committee of Tukwila citizens. It has been determined by the Board of Commissioners that a Citizens Pool Advisory Committee would be a good method to continue to build upon community participation and support for the pool. The Citizens Pool Advisory Committee can be utilized to gain insight and advice from the community on various issues regarding the operations, programs and promotion of the Tukwila Pool

Attached is a draft resolution for the Board of Commissioners to consider. Items of discussion include but are not limited to:

- Appointment process
- Term Length
- Duties
- Powers
- Meeting Frequency

DISCUSSION

Below is a summary of the attached Resolution in general terms:

The TMPD is creating a Citizens Pool Advisory Committee that consists of five members at-large with two year terms. Interested potential members will complete an application and selected individuals may participate in an interview process. Successful applicants may be appointed by the Board President and confirmed by a majority vote of the Board. A Commissioner may be appointed as a non-voting liaison to the Committee. The Advisory Committee will adopt bylaws, vote to establish a chairperson and vice-chairperson and meet at least on a quarterly basis to make recommendations and advise the Board. The Committee may be delegated items by the Board or the Committee may choose to consider items of interest on their own regarding the operations, programming and promotion of the Tukwila Pool and its services.

A fair amount of time should be given to publicize the formation of the Citizens Pool Advisory Committee. Each interested person will need to complete a volunteer application; it is recommended that the City of Tukwila volunteer form and process be followed. It is anticipated that the application, review and appointment process could be accomplished so the Committee could start meeting in the first quarter of 2012.

If there is Board consensus on the intent of the Citizen Pool Advisory Committee as outlined in the summary above, the Board may want to provide final direction on two issues that have alternates that may need further discussion.

Issue 1 - Board Representation:

The non-voting liaison representing the Board may be an automatic representation from established Commissioner positions like, past president, current president, current clerk or it could be appointed from any interested Commissioner.

Recommendation for Issue 1 – Board Representation: It is recommended that the past president be the automatic Board Representative to the Citizens Pool Advisory Committee.

Issue 2 - Community Representation

The Representative Membership could be from citizens only or a combination of citizens and Tukwila business owners. A more diverse Committee of people brings a different perspective and are more likely to provide recommendations for Tukwila Pool with the general population in view.

In addition to citizen and business representation, the Board may want to consider having representatives from the Tukwila School District, pool sports teams, seniors or youth on the Citizens Pool Advisory Committee. If additional representation is desired, then it may be appropriate to increase the Advisory Committee to seven (7) members.

Recommendation for Issue 2 – Community Representation: It is recommended to utilize a combination of five (5) Tukwila Citizens and/or Tukwila Business owners as representatives on the Citizens Pool Advisory Committee.

RECOMMENDATION

Approve the Draft Resolution for establishing a Citizens Pool Advisory Committee.

ATTACHMENT

Draft Resolution

Tukwila Metropolitan Park District

Resolution No. _____

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE TUKWILA METROPOLITAN PARK DISTRICT AUTHORIZING THE CREATION OF THE TUKWILA METROPOLITAN PARK DISTRICT CITIZENS POOL ADVISORY COMMITTEE.

WHEREAS, the citizens of Tukwila voted in August 2011 to create the Tukwila Metropolitan Park District by 63% approval; and

WHEREAS, the Tukwila Metropolitan Park District Board of Commissioners desires the on-going involvement and participation of community members as an essential component toward achieving the goals of the District; and

WHEREAS, the Tukwila Metropolitan Park District Board of Commissioners has determined that a Citizens Pool Advisory Committee is necessary and pertinent for the future success of the Tukwila Metropolitan Park District (TMPD); and

WHEREAS, the Tukwila Metropolitan Park District Board of Commissioners desires to solicit advice and recommendations from the Citizens Pool Advisory Committee regarding policy, budget and operations; and

WHEREAS, the Tukwila Metropolitan Park District Board of Commissioners and the members of the Citizens Pool Advisory Committee, by the creation of the Committee herein, recognize that the Committee shall serve in an advisory capacity and, while the Commission shall thoroughly consider the recommendations of the Committee, the Commission is not required to implement them;

NOW, THEREFORE, THE BOARD OF COMMISSIONERS OF THE TUKWILA METROPOLITAN PARK DISTRICT HEREBY RESOLVES AS FOLLOWS:

Section 1. Citizens Pool Advisory Committee Established. The Tukwila Metropolitan Park District Citizens Pool Advisory Committee is hereby established and will consist of five members selected from citizens and/or Tukwila business owners who shall be appointed by the Tukwila Metropolitan Park District Board of Commissioners, subject to confirmation by a majority vote of the Board. A formal process of selection shall include application to and review by the Board of Commissioners President. Appointments shall be made for the position and shall be selected without respect to political affiliations, race or sex. One Board Commissioner may be appointed as a non-voting liaison to the Citizens Pool Advisory Committee.

Section 2. Appointment Terms. Members of the Citizens Pool Advisory Committee shall serve a two-year term of appointment. Initial terms will include two one-year appointments and three two-year appointments, and all terms thereafter shall be two-year appointments. All appointments will expire December 31st of the last year of the term. If an appointment becomes vacated, the expiration of the term of the appointment shall be to fill only the expired position of such term. Vacancies shall be filled for unexpired terms as soon as possible. Staffing shall be provided as directed by the Tukwila Metropolitan Park District President and in cooperation with the Mayor's Office.

Section 3. Bylaws. The Citizens Pool Advisory Committee shall be empowered to create and adopt such bylaws as are necessary for the conduct of business, and a majority of the Committee shall constitute a quorum for the transaction of business.

Section 4. Officers. Members of the Citizens Pool Advisory Committee shall meet and organize by electing, from the members of the Committee, a chairperson and vice-chairperson and such other officers as may be determined by the chair.

Section 5. Meetings. The Citizens Pool Advisory Committee shall meet no less than quarterly and the Committee shall keep a record of all meetings. It shall be the duty of the chairperson to preside at all meetings. The vice-chairperson shall perform this duty in the absence of the chairperson.

Section 6. Annual Report. The Citizens Pool Advisory Committee will report annually to the TMPD President and Board of Commissioners on the status of pool services and needs in the City.

Section 7. Purpose. The Citizens Pool Advisory Committee will:

1. Plan, promote and recommend policy and standards for construction, development, maintenance, and operations of aquatic facilities within the TMPD limits by majority vote.
2. Develop and recommend programs to promote aquatic services and inform the public of aquatic facilities that are available for public use.
3. Encourage, recommend and aid programs for or related to aquatics services and enrichment.
4. Explore ways and methods of obtaining private, local, state, and federal funds to promote aquatics projects and programs within the community.
5. Promote pool gift giving, including setting standards for such gifts.
6. Render any other advice and assistance related to aquatics services.

PASSED BY THE BOARD OF COMMISSIONERS OF THE TUKWILA METROPOLITAN PARK DISTRICT at a Regular Meeting thereof this _____ day of _____, 2011.

ATTEST/AUTHENTICATED:

*Verna Seal, Clerk of the Board
Commissioners*

Allan Ekberg, President, Board of

APPROVED AS TO FORM BY:

Filed with the Clerk: _____
Passed by the Commission: _____
Resolution Number: _____

Lisa M. Marshall, Commission Attorney



INFORMATIONAL MEMORANDUM

TO: MPD Board Commissioners

FROM: *RS* Rick Still, Parks and Recreation Director
RE Robert Eaton, Project Coordinator

DATE: December 2, 2011

SUBJECT: Energy Savings Performance Contracting Overview

ISSUE

This is a very high level introduction to the Energy Savings Performance Contracting (ESPC) program that is being considered to implement the MPD CIP projects.

BACKGROUND

ESPC is a professional service by the State that utilizes energy savings to help fund capital projects. The ESPC program was established in 1986 and meets all bidding criteria for capital projects. State and local governments, public school districts, colleges and universities have all utilized this service.

Some benefits of this program are:

- Known guaranteed maximum price for the project
- Guaranteed energy savings otherwise the difference will be reimbursed to the owner
- Open Book Pricing and construction cost reconciliation assure best value for owner
- Allows selection of the most qualified general contractor not the lowest bidder
- Owner can specify equipment

There are two options for selecting an Energy Savings Contractor (ESCO) to be the general contractor for the work; either from the State managed pre-qualified list or through an RFQ selection process.

ANALYSIS

The State has prequalified a list of 14 ESCO's. As staff have been looking further into this program they have been meeting with some of the local ESCO companies. The plan is to have a company from the ESCO list make a presentation at the January 9, 2012 MPD Board Meeting to further explain this program and answer any questions the Board may have.

There are three attachments, all are from the State:

- 1) A brochure on Energy Savings Performance Contracting gives a brief overview of the program.
- 2) A list of advantages of the ESPC Program.
- 3) A comparison of ESPC with Conventional Procurement Procedures.

RECOMMENDATION

Staff is moving forward and investigating options and will bring this issue to the Board in January.

ATTACHMENTS

Energy Savings Performance Contracting (tri-fold brochure).
Energy Savings Performance Contracting Adds Value to Public Works Projects.
Comparison of Energy Performance Contracting with Conventional Procurement Procedures.

Why work with us?

With more than 25 years of experience, our engineers have the expertise to help lead you through the process. We will evaluate and explain the ESCO audit proposal, then help manage the project. You select the ESCO, contractors and equipment.

Our accomplishments:

- Completed over \$177 million in public facility efficiency projects since 1986
- Saved customers nearly \$15 million in annual energy costs
- Helped customers receive nearly \$30 million in grant funds

How do GA customers benefit?

- Guaranteed energy savings
- Guaranteed construction costs
- Guaranteed equipment performance
- Improved comfort for building occupants
- Maximized utility grant opportunities
- Energy Star rating assistance
- Energy and carbon reduction goal assistance

Other GA Energy Program services:

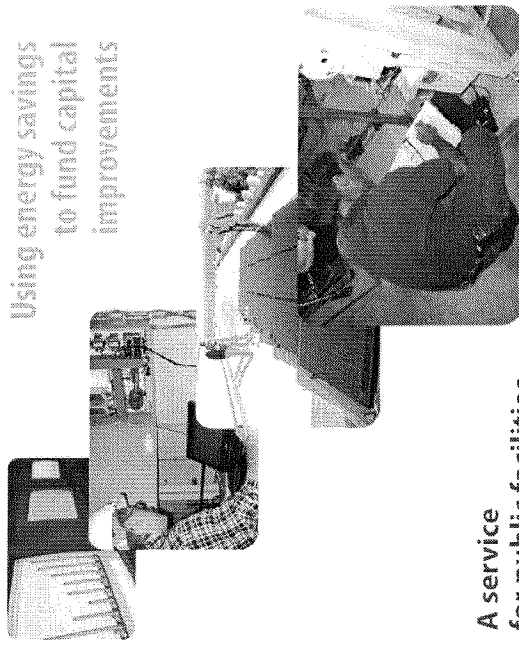
- Energy Life Cycle Cost Analysis (ELCCA)
- Sustainable design and construction
- Green building consulting
- Building commissioning

For more information:

Department of General Administration
Energy Program:

www.ga.wa.gov/energy
(360) 902-7224 or
(360) 902-7272

Energy Savings Performance Contracting



Using energy savings
to fund capital
improvements

A service
for public facilities
managed by the GA Energy Program

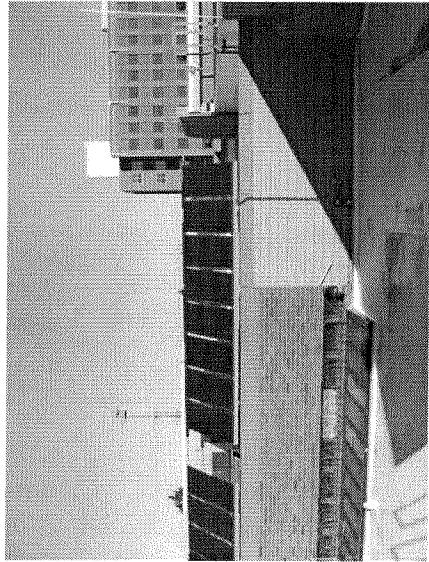
GA

General Administration
STATE OF WASHINGTON

GA | General Administration
ENERGY PROGRAM

What is Energy Savings Performance Contracting?

It's a method of identifying, implementing and financing energy and utility efficiency projects. By leveraging utility savings along with grants and capital dollars, projects can typically be funded within existing budgets.



Solar roof at Clark County Jail

The GA Energy Program provides:

- Access to pre-qualified energy service companies (ESCOs)
- Experienced energy engineers to assist in identifying savings opportunities to guide you through the process
- Quality control oversight
- Standardized documents

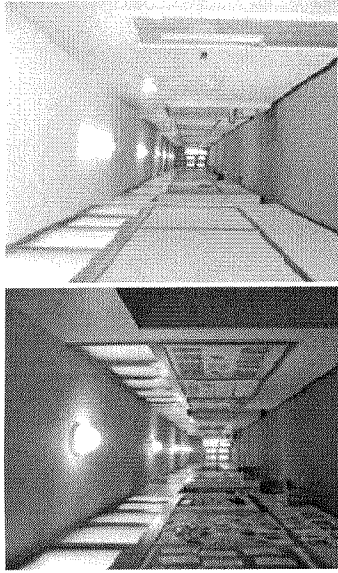
By focusing on the project's **performance**, most of the risks associated with the design, bid and build process are eliminated.

Types of projects:

- Energy-efficient lighting (includes LED traffic signals)
- Boiler and chiller systems
- High-efficiency HVAC systems
- Motor and pumping systems
- Water conservation improvements
- Renewable energy projects (i.e., ground source heat pumps, solar PV, bio-mass, small wind, and co-generation)

Who are our clients?

- State and local governments (cities, counties, ports)
- Colleges and universities
- Public school districts
- Hospitals, health districts, libraries and more



Before and after lighting at West Valley School District, Yakima

Success story: West Valley School District

The above picture shows how we can improve your building's lighting, while also reducing your energy consumption. The project provided similar lighting improvements in classrooms and gymnasiums in 12 of the district's buildings.

Annual Costs Savings: \$54,800

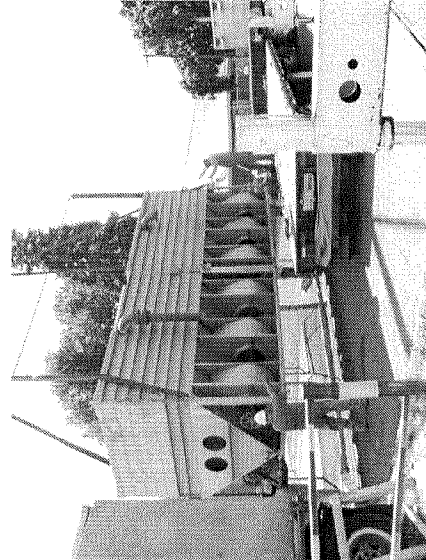
Success story: Washington State University

Lighting upgrades were installed campus wide, along with a new central chilled water plant and various HVAC improvements.

Annual Cost Savings: \$1,603,200

"Eight years and \$40 million in completed projects attest to the benefits that our partnership with the GA Energy Program has provided."

Terry Ryan,
Director, Energy Systems Operation, WSU



Cooling towers

ENERGY SAVINGS PERFORMANCE CONTRACTING ADDS VALUE TO PUBLIC WORKS PROJECTS

Energy Savings Performance Contracting, or simply performance contracting (PC), shares many similarities with conventional public works design and construction practices. However, there are some distinct differences between PC and the design, bid, build (DBB) process. PC can provide many opportunities to an owner installing energy efficiency equipment, which are not otherwise available when using the DBB process.

The advantages to PC for procuring energy efficiency equipment include:

- Third party financing is available, which allows the public building owner to construct projects sooner. Some public works projects can take as long as six years to complete: identify project and request funding in the first biennium; design in the second biennium; and, construct in the third biennium. Using PC a similar project can be completed in eighteen months.
- By using third party financing for procuring energy efficiency equipment the owner reserves scarce capital dollars for more pressing building improvements. Combining third party financing with capital dollars allows the owner to leverage the capital appropriation, essentially doing “more with less.”
- PC maximizes utility financial participation in the project.
- Energy service company (ESCO) selected based on qualifications. Since the ESCO also provides general contracting services the owner is also selecting the highest qualified general contractor, rather than the low bid contractor.
- Building audit findings must meet owner’s cost effectiveness criteria or owner not responsible for ESCO audit costs.
- There is a single point of accountability from audit through design, construction and commissioning, which reduces the uncertainty of identifying a responsible party when design or construction issues arise.
- Subcontractors can be pre-qualified and only the most highly qualified and reliable subcontractors will be invited to bid the work.
- Owner/ESCO can select other than the low bid subcontractor.
- Owner can specify equipment by manufacturer.
- ESCO guarantees equipment performance and assists owner with warranty issues. DBB requires that equipment is free from defects for one year. PC guarantees the project functions as designed, maintains specific comfort conditions, saves energy and saves dollars over the life of the contract with the ESCO.
- No change orders unless the owner elects to increase project scope.
- Open book pricing and construction cost reconciliation assure fairest value for the owner.
- ESCO guarantees construction cost and assumes financial responsibility for cost overruns.
- Commissioning is an integral component of PC, not an extra cost.
- The owner has more control over contractor (ESCO) overhead and profit. O&P is negotiated and multiple markups of subcontractor costs are not allowed.
- ESCO provides a guarantee of energy savings and reimburses owner for any savings shortfalls.
- ESCO’s monitoring and verification (M&V) services provides owner with assurance equipment will perform for the life of the agreement.

Performance contracting is a “value added” process for improving building energy efficiency.

COMPARISON OF ENERGY PERFORMANCE CONTRACTING WITH CONVENTIONAL PROCUREMENT PROCEDURES

STANDARD PROCUREMENT
SPEC AND BID EVERY PHASE
OF IMPLEMENTATION

ENERGY PERFORMANCE CONTRACT
COMPETITIVE NEGOTIATIONS
FOR PROFESSIONAL SERVICES

1. Usually requires a capital budget authorization.	1. Utilizes existing appropriated utility budget line item to pay all project costs.
2. Extended completion time due to need to obtain budgetary approvals from Agency, Governor and Legislature. Time for completion can vary from 2.5 years to 6 years. Increased costs can vary from 3-15% due to inflation.	2. Third party financing is available, which allows the public building owner to construct projects sooner. Time for completion for an average project will be 18 months from project conception. No increased costs due to inflation.
3. Project is funded by State issued bonds which are repaid over a 30 year period using tax exempt financing.	3. Project is funded by State Treasurer lease-purchase financing or Municipal Lease (tax exempt or capital) financing which is repaid over a 10 year period.
4. These projects seldom qualify for utility rebates since the programs are normally over before the projects are funded.	4. EPC maximizes utility financial participation in the project. This reduces the amount to be financed or allows additional conservation projects to be implemented.
5. Long term energy savings are, rarely, if ever guaranteed. Staff turnover, lack of ongoing training, lack of energy conservation expectations, and maintenance failures often kill project performance.	5. ESCO provides guarantee of performance, monitors and verifies energy consumption, and trains staff to achieve long term project performance. Energy savings are guaranteed by the ESCO.
6. Comfort and lighting performance standards are seldom a part of any construction contract with a hardware vendor.	6. EPCs typically contain a performance definition and guarantee of lighting and comfort conditions.
7. Change Orders are common practice because of misinterpretation or funding availability and scope of project do not match.	7. No change orders unless Owner elects to increase project scope within cost effectiveness criteria.
8. Separate phases of project implementation diffuses the source of responsibility for effective performance and often results in disputes over liability for non-performance.	8. A single point of financial and technical accountability for total project performance is standard.
9. Equipment is guaranteed to be free from defects for one year from substantial completion.	9. EPC guarantees the project functions as designed, maintains specific comfort conditions, saves energy and saves dollars over the life of the Agreement with the ESCO.

April 2003

10. Incremental project implementation often leads to eliminating cost effective retrofits due to inadequate funds, limited staff time, and overly narrow or biased project specifications.	10. Performance contractors consider all cost effective retrofits and secure financing for all feasible improvements. The costs of other needed capital improvements may be underwritten from any additional utility cost savings generated by the project.
11. Most public institutions can not afford to pay for top notch technical energy staff nor can they afford to train existing staff.	11. ESCOs internalize technical expertise in order to guarantee project performance.
12. Capital energy projects must compete with other capital priorities in an environment of limited budget resources.	12. EPCs are not financed through a capital process. Funding is available from ESCOs, lenders and State Treasurer. Performance guarantees are designed to cover the costs of project financing, ongoing guarantees, and monitoring and verification of savings.
13. There is no direct reward to managers or staff for reducing energy costs.	13. Compensation to the ESCO is tied directly to project performance and provides a very tangible financial incentive for reducing energy costs.
14. New project responsibilities can bring risks of non-performance and technical errors due to lack of internal technical expertise.	14. Willingness to accept technical responsibilities and risks is tied to direct financial rewards which are based on project performance.
15. The operations and maintenance budgets of public institutions are usually under funded resulting in comfort problems, equipment breakdowns, lack of staff training, and wasted energy.	15. ESCOs cannot afford to under fund any functions critical to protecting their investment and meeting the performance guarantees contained in the contract.
16. When project construction is accepted by staff, there is no guarantee that future improvements will be made to respond to changing conditions.	16. ESCOs have a strong incentive to respond to changes in technology, utility rates, and building requirements to maintain the guarantee of project performance over the term of the contract.