

TUKWILA METROPOLITAN PARK DISTRICT

May 14, 2012 – 5:30 p.m.
Council Chambers – Tukwila City Hall

BOARD OF COMMISSIONERS MEETING MINUTES

CALL TO ORDER

Board President Seal called the Special Meeting of the Tukwila Metropolitan Park District (MPD) to order at 5:34 p.m.

TUKWILA METROPOLITAN PARK DISTRICT COMMISSIONERS

Present were Joe Duffie, Dennis Robertson, Allan Ekberg, Verna Seal, Kathy Hougardy, De'Sean Quinn, Kate Kruller.

TUKWILA METROPOLITAN PARK DISTRICT REPRESENTATIVES

Lisa M. Marshall, MPD Attorney; Peggy McCarthy, Treasurer.

CITY OF TUKWILA OFFICIALS

Jim Haggerton, Mayor; David Cline, City Administrator; Rick Still, Parks and Recreation Director; Robert Eaton, Parks and Recreation Project Coordinator; Malcolm Neely, Aquatics Program Coordinator; Kimberly Matej, Council Analyst; Melissa Hart, Deputy City Clerk.

CITIZEN COMMENTS

There were no citizen comments.

CONSENT AGENDA

- a. Approval of minutes: 4/09/12
- b. Approval of vouchers: #360237, 360270, 360296, 360330, 360359, 360370, 360484 and #120399 and 120405 in the amount of \$13,807.84.

MOVED BY DUFFIE, SECONDED BY ROBERTSON TO APPROVE THE CONSENT AGENDA AS SUBMITTED. MOTION CARRIED 7-0.

BUSINESS ITEMS

a. Funding Alternatives for Capital Improvement Projects.

Peggy McCarthy, MPD Treasurer, explained the Tukwila MPD has determined the need for capital improvements to sustain operations of the pool for the next 20-30 years. To make the capital improvements a reality, the Tukwila Finance Department has researched and reviewed potential financing options. The financing options available to the Tukwila MPD are listed below. Of the options listed, only two are viable options; bond financing and the state LOCAL program. A third option, tax exempt lease purchase, will be considered when the scope of the project has been determined. The following information is being provided to the Board at this time for review and information only.

Ms. McCarthy conducted a detailed review of the following funding alternatives for Capital Improvement Projects, as identified on page 1 of the agenda packet.

Investment Vehicle	Investment Information	Interest Rate	Viable Option
Public Works Trust Fund	The MPD is not eligible for this program as the loans are limited to the following systems: Drinking water, Sanitary sewer, Storm water, Solid waste/recycling, Bridges, Roadways and Streets	10 years - .50% 15 years - .75% 20 years – 1.00% 25 years – 1.50% 30 years – 2.00%	NO
Seattle Northwest Securities - Long-term General Obligation Bond (LTGO)	Issuing a bond for \$1.35 million using the City bond rating of Aa3 would result in the annual debt payments ranging from \$111,000 to \$115,180 which is dependent on interest rates at time of issuance.	Current interest rates as of 4/25/2012: 15 years – 3.82% = <i>debt service of payment of \$111,000 per year</i> Interest rates plus 50 basis points: 15 years – 4.32% = <i>debt service payment of 115,180 per year</i>	YES
King County Investment Pool	The MPD is not eligible for funding through the King County Investment Pool per Scott Matheson.		NO
Local Option Capital Asset Loan program (LOCAL) – Washington State Treasurer	The program began in 1989 for state agencies but was expanded in 1998 to allow local governments to participate. Essentially the State Treasurer aggregates the financing needs of many local government agencies in order to reduce borrowing and issuance costs for all participants. There are two loan programs for financing: Real Estate and Equipment. The MPD would qualify for both types of financing due to the nature of the construction project. The LOCAL program approves loans twice a year in late March with first payment due June 1 and mid/late August with first payment due December 1. Loan applications are due January 10 th for March funding and June 20 th for August funding.	Real Estate - Loans for construction projects can be financed for 20 years. The interest rate as of 3/29/12 was 3.98%; actual rates are determined by competitive bids on the date of sale. Equipment – Loans for purchase of equipment can be financed for 10 years. The interest rate as of 3/29/12 was 2.17%; actual rates are determined by competitive bids on the date of sale.	YES
Tax Exempt Lease Purchase (TELP)	A TELP is an installment purchase contract used to finance equipment and capital projects at a low interest rate. Interest rates depend on the strength of collateral, the borrower's credit worthiness, the duration of financing, and market conditions.	Cost to finance will be determined after review of feasibility study.	Possibly
Department of Commerce grant program	The Department of Commerce (DOC) established a grant program through legislation this past session. The grant is limited to \$500,000. The project cannot be under 'construction' when the grant is applied for or possibly awarded; final procedures have not been adopted yet. The criteria matches up well for this project: 1) leverage of money 2:1 or 3:1 is best, 2) energy efficiencies, and 3) ready to construct in 2012.	Rick Still to complete review.	Possibly

b. Review of 20-year Financial Plan.

Rick Still, Parks and Recreation Director, explained the MPD Board reviewed a 20-Year Financial Plan at the November 14, 2011 meeting to help determine policy and direction prior to adopting the 2012 MPD budget. The Board determined it was not necessary to receive regular updates on the financial plan, i.e. every time the City's Assessed Value is updated. However, the Board is looking at pursuing a large capital investment in the pool and taking a "big picture" view of the financial implications is prudent.

Mr. Still provided a review of the elements of the 20-year plan as identified on pages 5 and 7 of the agenda packet.

Commissioner Robertson requested staff provide a list that defines the equipment that would be replaced as part of line item 9, Capital Improvement Program (CIP) and Life-Cycle Replacement.

Mr. Still stated he will provide that information for the Board.

Commissioner Robertson asked for clarification relating to the reduction of expenses associated with staff salaries.

Mr. Still explained the 2 full-time Pool staff will be reassigned to the Tukwila Parks and Recreation Department during the Tukwila Pool remodel.

Commissioner Robertson thanked the staff for the information provided on the 2 loan repayment options and the conservative approach used to draft the 20-year Financial Plan.

Commissioner Duffie asked if the City would be responsible if the MPD was not able to make a debt service payment.

Peggy McCarthy, Treasurer, explained responsibility of the debt service payment would be dependent upon the structure of the debt payment plan and if the City guarantees the debt.

Commissioner Kruller asked if the Board could receive an electronic copy of the draft 20-year Financial Plan.

Mr. Still explained the spreadsheet is a working document and is still changing, and a copy will be provided to the Board.

Vanessa Zaputil, 15171 52nd Avenue South, #5, stated that the CIP reserve balance verbiage has been changed from the original language on the draft 20-year Financial Plan. On previous versions it was listed as the "demolition fund." She reminded the Board that the current lease with the Tukwila School District stipulates that at the end of the 20-year lease, if the facility does not continue as a pool, the MPD is required to demolish the facility.

David Puki, 3748 South 152nd Street, commented that he has reviewed the draft 20-year Financial Plan, and he feels Attachment A, with a 15-year bond repayment plan, is the best choice.

The Commissioners exchanged comments and asked clarifying questions of staff on the above topic.

It was determined that there was Board consensus on the 20-year Financial Plan, with the 15-year repayment plan for the capital improvements.

c. Energy Services:

1. Presentation of draft Energy Services Proposal (ESP).

On January 12th, the MPD Board approved the Energy Service Performance Contracting (ESPC) process, authorized McKinstry Energy Services (McKinstry) as the Energy Services Company (ESCO), and authorized the initiation of the investment grade audit for the Tukwila Pool. At the April 9, 2012 Board meeting the Rough Order of Magnitude (ROM), was brought forth as a special item to update the Board

on the progress of this project and to seek guidance on some of the potential additional items to be included in the project scope if additional funding was available. The Board provided direction for various items and had questions on various parts of the ROM. Those questions should be answered in the Draft ESP that McKinstry has provided.

Since the April 9, 2012 Board Meeting, the State Legislature initiated a grant program for energy related projects that are happening this year. While staff is still awaiting the details, the criteria for the grant are 1) owner must match grant funds 3:1, 2) project needs to be an energy improvement related project, and 3) the project needs to occur this year.

The deadline for applying for the grant is July 2, 2012, with the notification of awards happening a few weeks later. Given the project list and matching capacity, we can anticipate \$416,666.00 in grant funds. Staff is recommending delaying the project long enough to apply for the grant await notification of grant awards. McKinstry agrees that it would be beneficial to apply for the grant, and they are looking at trying to absorb the timeline change so this does not delay the construction start of November 5, 2012.

Andrew Williamson, McKinstry Engineer, introduced Matt Montagner, McKinstry Project Manager.

Mr. Montagner explained the draft Energy Services Proposal (ESP) is the preliminary report, and the final report will represent the project costs for the requested capital improvements for the Tukwila Pool. He conducted a detailed review of the draft ESP that was provided in the agenda packet.

Commissioner Robertson requested a table identifying energy savings only be provided in the ESP for the Board.

Mr. Montagner conveyed they would provide the requested information.

Christine Neuffer, 13813 37th Avenue South, said she is representing the "Sustain Tukwila Pool" (STP) group, and it is their mission to sustain a pool in Tukwila as a community resource. They also feel the fiscal health of the pool is a top priority. She expressed concern about missing a limited opportunity to create a foundation of operational expense control, and obtain facility improvements that will meet community needs. The STP group is concerned with the list of projects and the change in priority order and the increasing costs. They feel that necessary repairs are being removed and energy saving projects are being eliminated, thereby causing energy costs to increase. The community needs and wants an ADA accessible facility and family changing rooms in the locker rooms. She said solar thermal is a desired upgrade by STP. Similar pools are moving forward with this technology and they respectfully request these items be considered.

Vanessa Zaputil, 15171 52nd Avenue South, #5, explained she is a member of the Tukwila Pool Advisory Committee (TPAC), and they have not had time to review the preliminary ESP and make a recommendation. She asked if sales tax was included in the total project cost listed in the agenda, and stated they had hoped the annual energy savings would have been greater than the predicted \$21,000.

Commissioner Kruller asked when the next proposal would be provided to the Board.

Mr. Montagner explained the grant application deadline is July 2, 2012, and if the MPD receives a grant, they can complete the ESP and provide it to the Board for approval.

Board President Seal clarified the ESP will be in draft form for at least another month or longer.

Commissioner Robertson asked for a brief explanation why solar thermal energy has not been included in the recommendation from McKinstry.

Mr. Montagner explained the project has a pre-established budget, and that project exceeded the budget. He has received several quotes from solar thermal providers, and he is still working through those quotes. Solar Thermal upgrades have several projects that are done in conjunction with these upgrades and those costs also need to be considered.

Commissioner Robertson requested McKinstry provide a detailed explanation that includes the costs associated with solar thermal upgrades in the next ESP.

Commissioner Kruller asked if this is an unusual project, and if McKinstry is benchmarking the project against other pools within the area. She said information has been shared indicating that Solar Thermal is an option for the Tukwila Pool. She inquired if McKinstry has met with the City Administrator or TPAC to address the priority list of projects for the Tukwila Pool.

Mr. Montagner stated this is an energy services project, and the projects considered are based on the amount of energy savings to be realized. They are benchmarking the projects with other pools in the area, and they have contacted those organizations that have completed solar thermal upgrades and others who researched this option and decided against the upgrades due to cost or other factors. They work with Rick Still and Robert Eaton with the City relating to the project list and the changes to that list.

Commissioner Quinn requested McKinstry provide information on the types of solar thermal systems considered and a detailed explanation on the reasoning behind their recommendation to eliminate this from the project.

Mr. Montagner explained it is important to compare apples to apples as it relates to Solar Thermal facility upgrades. There are some facilities for which these types of upgrades are successful, and others where certain circumstances prohibit the upgrades and the project owner removes the option.

Commissioner Hougardy asked if McKinstry has experience with solar thermal upgrades.

Mr. Montagner confirmed McKinstry has experience with solar thermal upgrades in many projects. Some project owners move forward with implementing solar thermal upgrades, while others defer the upgrades due to costs and other necessary upgrades that must be completed in conjunction with solar thermal work.

Jacque Carroll, 16241 49th Avenue South, stated she is a member of the "STP group and she feels responsible to the residents. She asked that information be provided to the group about Solar Thermal options, so she is able to convey the reasoning behind the decision not to upgrade the pool with this type of system. She asked McKinstry to contact the Bremerton Pool and the project manager for the proposed Snohomish County Pool and use them as a comparison and find out how they were able to incorporate Solar Thermal energy into their projects.

Ellen Gengler, 13727 Macadam Road South, stated she is just reviewing the plan this evening, and she voiced her concern with the errors listed in the McKinstry plan.

Mr. Williamson thanked the Board and audience members for the comments relating to the importance of the solar thermal project for the Pool. He stated they will provide background information on the research that has been completed on potential solar thermal upgrades. He commented that due to the type of project, and the relevance of each piece of the project and the effect one component has on another, the recommended projects should create a 25% energy savings on the entire utility bill. While the focus has been on solar thermal, there are other items that go hand-in-hand with that type of upgrade, such as controls and other new equipment that is part of a solar thermal upgrade. McKinstry reviews all aspects of the requested upgrade and every facility is unique and those items have to be taken into consideration to determine how the upgrade efficiency would work at a particular facility. The McKinstry team reviews the proposed projects on paper, benchmarks the type of upgrade with other facilities and then conducts a detailed review to see how the upgrade would work for the specific facility.

7:04 p.m. Board President Seal announced the MPD meeting is being adjourned at this time and will be reconvened after convening the Tukwila City Council Committee of the Whole Meeting at 7:00 p.m. (as set by City ordinance).

7:05 p.m. Board President Seal reconvened the MPD Meeting.

David Puki, 3748 South 152nd Street, asked that McKinstry speak to their experience relating to solar thermal and domestic hot water project updates.

Mr. Montagner explained McKinstry has researched Solar Thermal as an option for several of their projects, and some project owners move forward with Solar Thermal as part of the project while others are not able to due to the costs associated with Solar Thermal upgrades. He also clarified that Solar Thermal upgrades include domestic hot water upgrades.

Commissioner Robertson requested that when the final report is ready, the Board be allowed a minimum of 1 week to review the report.

2. Cost Estimate for draft ESP.

Rick Still, Parks and Recreation Director, explained staff reprioritized the project items according to the Board's direction at the April 9, 2012 meeting. The prioritized list was provided to McKinstry for them to begin their part of the project. Mr. Still conducted a review of the draft ESP. Commissioner Ekberg asked when staff will apply for the grant worth approximately \$416,000, when staff would be notified of the award. and when the MPD would be pursuing the necessary bond funding.

Mr. Still explained the grant application is due by July 2, 2012, and awards will be issued approximately 2 weeks after the deadline.

Ms. McCarthy stated if bond funding is pursued, and the funding is needed by September 2012, staff would need to begin the bond process in July 2012.

Commissioner Ekberg expressed concern about the potential project funding and a project list that is not able to be changed.

Mr. Still clarified the project list could possibly be amended, and at this time the final wording for the new grant program is not complete. The final list is not necessary at this time; however, it would be beneficial if the list was almost complete in the event additional funding opportunities are discovered, and additional projects can be completed. There are projects that could be altered to make small, but very noticeable changes that would be aesthetically pleasing.

Commissioner Robertson asked if the proposed Americans with Disabilities Act (ADA) parking lot improvements are mandated, or if the Board has a choice on completing those upgrades.

Mr. Still clarified the ADA required improvements are based on the total cost of the capital improvements to the pool.

Board President Seal inquired whether other projects would need to be eliminated if the Board chose to add the solar thermal upgrades back into the prioritized list.

Mr. Still answered in the affirmative.

Commissioner Hougardy asked staff and McKinstry to research Solar Thermal and provide information on this to the Board. She suggested this item be added to a contingency list, dependent upon possible grant or other funding opportunities.

Commissioner Kruller attends the STP meetings, and she is concerned about the flow of information to the citizens. She encouraged City Administration to review current processes and procedures relating to dissemination of information to the Tukwila Pool Advisory Committee and other community groups. She explained the MPD meetings are the only time the Board, staff and citizens are together to discuss information relating to the MPD, and in her opinion the meetings do not provide enough time for discussions.

Mr. Still explained that the current practice is that information is first provided to the City Council, or in this case the Board of Commissioners, and then provided to community members. He asked the Board to provide direction if they would like the process changed.

Commissioner Duffie stated he looks forward to the proposed pool improvements. He inquired about the length of the current land lease with the Tukwila School District.

Mr. Still explained the minimum lease term is 15 years.

Board President Seal thanked staff for the excellent job they have done in the short amount of time on this project. Additionally, she complimented the Tukwila Pool Advisory Committee and Sustain Tukwila Pool group for working through the information that is presented on the project. She explained City staff nor the Board have any experience with Metropolitan Park Districts, and patience will be necessary as we work through these complex issues.

Vanessa Zaputil, 15171 52nd Avenue South, #5, asked if the future drafts of the project summary could include the total project cost including sales tax and the Energy Service Contract (ESC) fee.

Commissioner Ekberg commented that the long-term agenda indicated the Board would be asked to approve and move forward with the Energy Services Plan, construction and funding. At this time it appears the Board is not ready to move forward. He asked staff to update the Board on the next steps and a timeline.

Mr. Still explained the next steps are to provide the Board with a final Energy Services Proposal. Adoption of the ESP is dependent on the final language of the grant and any restrictions associated with the grant application.

Commissioner Ekberg asked if staff would need to have the Board meet sooner than the next scheduled meeting.

Mr. Still explained that depending on whether the final costs associated with solar thermal are reasonable and staff needs direction from the Board on which projects to remove from the list to move forward with solar thermal, or if a final ESP is needed for one of the proposed financing options, then staff would ask for the Board to conduct a Special Meeting.

Board President Seal stated she wanted to discuss a possible change of meeting dates under "Miscellaneous." Due to the length of the City Council Community Affairs and Parks Committee meetings and the large amount of business on Committee of the Whole meeting nights, she suggested the MPD Board meetings be moved to the 3rd Monday of the month, which would have less impact on those meetings.

MOVED BY QUINN, SECONDED BY DUFFIE, TO CHANGE THE MPD MEETINGS TO THE THIRD MONDAY OF EACH MONTH, BEGINNING JUNE 2012. MOTION CARRIED 7-0.

Melissa Hart, Deputy City Clerk, asked if the Board is requesting staff to draft a resolution to amend the meeting days for the MPD for the next Board meeting.

Board President Seal answered in the affirmative.

Bryan Nelson, 3223 South 136th Street, asked if projects could be moved around on the list after the grant application has been submitted, or if the projects have to be completed as submitted.

Andrew Williamson from McKinstry clarified when an application is submitted to the Department of Commerce, the project list is set and cannot be changed without approval by the Department of Commerce.

Lisa Marshall, MPD Attorney, clarified that the next MPD meeting will be June 18, 2012, and staff will cancel the June 11, 2012 meeting.

The Board concurred with Ms. Marshall's clarification.

d. Quarterly Reports:

- 1. Finance Department 2012 First Quarter Financial Summary.**
- 2. Parks and Recreation Department 2012 First Quarter Tukwila Pool Statistical Report.**

Mr. Still explained the reports are being provided to the Board as stated on the long-term agenda, and he asked if the Board had any questions.

The Board thanked staff for the information.

REPORTS

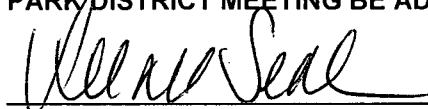
- a. Commissioners
- b. Staff:
 - Capital Improvement Program (CIP) Status
 - Operational Issues
 - Short-term agenda review
- c. Tukwila Pool Advisory Committee:
 - Agendas and minutes
 - Other
- d. Communication from citizens and Sustain the Pool group
- e. Long-term agenda – to be updated with recent direction from the MPD Board.
- f. Next meeting is June 18, 2012

MISCELLANEOUS

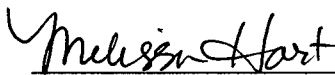
Commissioner Robertson requested staff retain the original format and keep line items in the same order for future drafts of the 20-year Financial Plan and Facility Improvement Measure Summary. This will allow for easier review and comparison in preparation for the upcoming meetings.

ADJOURNMENT

7:52 p.m. MOVED BY DUFFIE, SECONDED BY KRULLER THAT THE TUKWILA METROPOLITAN PARK DISTRICT MEETING BE ADJOURNED. MOTION CARRIED 7-0.



Verna Seal, President, Board of Commissioners



Melissa Hart, Deputy City Clerk