

Citizen Group Meeting regarding the TMPD Budget -- Meeting Minutes: 11/19/11:

Attendance:

Board: Allan Eckberg, MPD Board President

Staff: Rick Still, Parks & Recreation Director; David Cline, City Administrator; Peggy McCarthy, Acting Finance Director

STP: Christine Neuffer, Ellen Gengler, David Puki, Dianne Meyers, Vanessa Zaputil, Kate Kruller, Gene Achziger, Jeri Frangello-Anderson, Bryan Nelson

Introductions

Follow up on questions sent to staff by MPD:

- 1. Dennis Robertson was recommending that the commission raise the property tax rate as allowed without a vote 1 percent a year. In the option 2 20 year projection that is how the pool comes out ahead. That's not what the voters approved. Could we achieve the same with energy savings? Revenue increases?**

Tax revenue is main source of revenue.

\$.15/1000 assessed value is the levy rate. 1% is cap on the increase in revenue we can receive for a year from the total levy amount, not the increase in the levy rate (.15/1000). Therefore, the levy rate will fluctuate to make the set factors balance (assessed value and levy amount +1%). If the Assessed Value goes down, the Rate increases (historically 5-10%). If the Assessed Value goes up, the Rate decreases (Seen decline 3-5% past 2-3 years).

Levy amount can grow at .01 year + new construction = 2-2.5% growth rate.

Calculation: Assessed Value * Rate = Levy Amount. (Levy Amount can only increase by 1% in any year).

2012: \$4.6B (2012) * .15/1,000 = 690K.

2013: Assessed Value goes down = \$670k. This is the year in which the initial levy rate is set and on which the 1%/year is based.

New construction gets added at the \$0.15/1000 levy rate.

- 2. \$250k of CIP in 2012: What type of bidding/due diligence is being done? Are grants being pursued?**

Rick provided a summary of the research done over the past 10 years from the initial 2002 Johnston Consulting (Rick, can you provide us an electronic copy to include with this?). Consulting has been done with other Forward Thrust pools, and most of the contractors are familiar with them. Question about whether the roof is tied off: Reid Middleton confirmed that it is.

Process: Bid packet put together by Consultant and required to take the lowest qualified bid. Qualifications like pool specific experience are included. The bid is "open" for two weeks, then it goes to the Board, they award the contract, and then the contractor has 10 days to start the project.

State auditor will examine bidding process.

Grants: Robert is pursuing grants. \$250k is after grants. If bids come in less, then the balance of the funds can be used for other improvements.

- 3. \$90k for contracted services: we'd like to see further itemization of these expenditures like staff time for meetings, etc. What are some services the advisory board can pursue in order to reduce this cost**

(i.e. website, logo IT, etc.)?

Support services are typically out of general fund. City is now beginning to charge indirect cost allocations and working on itemizing over 2012. A lot of up-front costs, but will know more what it looks like going forward for 2013 and on. Staff is tracking time spent towards MPD: project accounting code for MPD. The city has to be careful in tracking to make sure there is no gift of public funds. We'd like to see if the accounting/itemization can be done in 6 months. Benchmarking against other MPDs was requested.

Payroll was something that was identified as an example of a service that could be contracted.

What other options are there that an advisory board could assist in (non-technical)? STP/Advisory Group will continue working on this.

Staff takes direction from Board. Board needs to provide that. ED role manages the relationship.

- 4. Though we understand the budget was built conservatively to account for no growth in revenue, it is the stated goal of the board to increase revenue by 10% in 2012. We would love to help brainstorm on ways to increase revenue, though it is most likely a longer discussion for a future time**

Goal is to be balanced for the next 2-6 years. Want to make sure the MPD starts off on a conservative/balanced budget. We can still be proactive about increasing revenue while budgeting conservatively with no increase in revenue. The STP/Advisory Group wants to be proactive in revenue increases. Pool closures do not generate revenue.

- 5. And though it's conservative to have a 4% annual increase in expenditures built into the budget, it doesn't seem realistic given the current economic climate or sustainable over the long haul. This includes having a cost of living adjustment right now, when the reality for most employees in the area is a reduction in benefits, not an increase.**

This is in line with the market: (90% CPI) Max 4.5%-2.5% Min. The current contract for Pool union salaries ends at the end of 2013. Open negotiations start in early 2013. The MPD can negotiate separate contracts for employees.

- 6. Dave's estimate for utilities/energy costs is closer to \$149k.**

Correct: Water/Sewer was left out. Closer to \$130k. Rick will revise.

- 7. Why have previously proposed rate increases not been factored in for the 2012 budget? At least for nonresidents. Beginning in January 2012 can we adjust the rates for non-residents upwards to be more in line with other area pools?**

Allan: Board will take this into account.

- 8. If the pool is closed for 1 or 3 months, why have salaries and labor not been reduced accordingly? Will all staff be required for the renovations (guards, etc.)?**

Guards will not be required so labor should not be included.

- 9. Why is "extra labor" reduced by \$7,000?**

Rick will need to answer this. *[Rick Still] This reflects staff needs for the programs that are anticipated to be offered. If new programs are added then the Extra Labor will need to be adjusted accordingly.*

10. The pool cover can save significant dollars and be covered by a PSE grant, however it is not part of the immediate CIP. Can it be added?

Yes. But need to get the air circulation problem fixed first. Can work on grant for cover but does not include roller: \$12k

11. Possibly a conversation for the future, but are there plans for additional due diligence for the whole CIP list yet? Are you aware of alternatives to bonding? Des Moines MPD used the King County Pool at a rate much below 2%.

Allan/David: This will be looked at further by Board/staff.

12. Have the commissioners been clearly made aware of the MPD requirement of demolition of the building at the end of the lease? It is currently budgeted under CIP reserve, which may be misleading if there is the perception that it could be used for repairs.

Allan will discuss with the Board.

13. How is the revenue from the vending machines being accounted?

Rick will need to answer. *[Rick Still] These are a City contracted services the City will transfer the amount received to the MPD.*

14. Does the TMPD need an employee handbook if it is contracting city employees?

Rick will need to answer. *[Rick Still] The MPD needs to establish its standards regarding employees, fees, services, rentals and etc.; it may need to be called an operating and procedure manual.*

Advisory Group Goals:

Opportunities for Increasing Revenue: Events, etc.

Help set performance management/expectations for staff: bonuses for increased programs/revenue, etc.

Composed by Bryan Nelson and edited by City Staff