

## TUKWILA METROPOLITAN PARK DISTRICT

January 22, 2013 – 8:00 p.m.  
Council Chambers – Tukwila City Hall

### BOARD OF COMMISSIONERS REGULAR MEETING MINUTES

#### CALL TO ORDER

Board President Seal called the Regular Meeting of the Tukwila Metropolitan Park District (MPD) to order at 8:09 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 Board Attorney; Peggy McCarthy, Board Treasurer.

#### CITY OF TUKWILA OFFICIALS

David Cline, City Administrator; Rick Still, Parks and Recreation Director; Amy Kindell, Aquatics Program Specialist; Christy O'Flaherty, City Clerk.

#### CITIZEN COMMENTS

There were no citizen comments.

#### CONSENT AGENDA

a. Approval of Minutes: 12/17/12

b. Approval of Vouchers:

January 7: #362277, 362288, 362985, 362331, 362356 in the amount of \$150,468.78

January 22 #121200, #362411, 362450, 362492, 362499 in the amount of \$355,965.77

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

#### BUSINESS ITEMS

a. **Capital project:**

**(1) Update on project from Parks & Recreation Department.**

Rick Still, Parks and Recreation Director, provided an overview of the capital project. The bulkhead renovation/painting and pool filter projects have been completed by staff. City resources, contracts and processes are being used to complete the roof and parking lot and access improvements. The new locker room floor provides a watertight, non-slip surface that looks great and is easier to maintain. There are also sound abatement panels in the ceilings and a new reception desk and furniture in the lobby. Due to unforeseen issues with the heat exchanger, project completion is being pushed back a couple of weeks for the soft opening on March 4, 2013. The grand re-opening is scheduled for April 20, 2013 in concurrence with the nationwide April Pool's Day event.

**(2) Financing update from Finance Department.**

Peggy McCarthy, Board Treasurer, provided a summary of this issue. The MPD entered into an interlocal agreement with the City of Tukwila on November 19, 2012 for the purpose of obtaining financing for the pool capital project. At that time, a public bond sale with a 15-year payback period was contemplated.

The bonds were scheduled to be sold on December 20, 2012. However, on the proposed sale date, volatility in the bond market and a lack of demand for bonds in general, and for smaller bond issues in particular, created a poor sale environment and the City made the decision to postpone the bond sale until 2013. In the meantime, other financing sources were considered and a private bond placement with Cashmere Valley Bank was identified as a beneficial alternative.

With a private bond sale to Cashmere Valley Bank, the bond proceeds would total \$1,000,000; annual debt service would be \$113,130 paid in semi-annual payments of \$56,565 over a 10 year term; and the interest rate would range from 1.75% per annum to 4.00% per annum over the term of the debt. Early payoff would be allowed at any time with no pre-payment penalties.

To determine the affordability of the higher annual debt service of \$113,130, the MPD 20-year plan was updated with this debt service amount and term, and for property tax revenue (the levy amount confirmed in December by the King County Assessor's office) and a more accurate estimate of the beginning 2013 fund balance. With these changes incorporated into the plan, the MPD meets its ending fund balance reserve requirements in all years of the 20-year plan except year 2021 and 2022 when the fund balances of \$145,221 and \$127,278 are \$20,846 and \$36,143 less than the targeted fund balance minimum of \$166,066 and \$163,421. However, in addition to these funds (\$145,221 at 2021 and \$127,278 at 2022), the Capital Reserve fund will have a balance of \$270,000 at 2021 and \$300,000 at 2022 if the \$30,000 annual reserve funding is accomplished. The Capital Reserve funds could be used for general MPD uses if the need arises. The cost savings to the MPD of the bond private placement financing with Cashmere Valley Bank is estimated at \$137,000.

The Board may be asked at a future Board meeting to approve an addendum to the Capital Financing Interlocal Agreement incorporating a revised bond ordinance number, bond issue description, and revised repayment schedule into the agreement.

The Board Members asked clarifying questions of Ms. McCarthy regarding this issue. Ms. McCarthy indicated she would be providing the Board Members with a copy of a spreadsheet with additional financial information.

**b. Discussion on 2013 programs and fees increase.**

Board President Seal indicated there are 2 recommendations for consideration. One is from staff and one is from the Tukwila Pool Advisory Committee (TPAC).

Rick Still, Parks and Recreation Director, outlined staff's recommendation to the Board regarding fee increases.

**Question 1 - Should the MPD Board implement a fees increase?**

*Option 1*

Continue to utilize the current user fees.

*Option 2*

Implement a fee increase according to the proposed increases demonstrated in attachments A and B that include the following:

- Increase all pass fees by approximately 5% (rounding to the nearest dollar) with the exception of Non-Resident 10-punch cards. Non-Resident 10-punch cards should remain at current rates as they are already equal to 10 drop in visits.
- Increase party rentals by approximately 5%.
- Increase Resident individual lane rentals to Non-Resident individual lane rates. This increase will bring rates closer to regional lane rental rates, yet Tukwila will continue to remain slightly below the average.

**Staff Recommendation:** Staff recommends Option 1, continue to use current user fees.

## **Question 2 - When should the MPD Board implement fee increases?**

### *Option 1*

Implement a fee increase in May 2013 to coordinate with the Tukwila Parks and Recreation program guide. An increase implemented at this time would result in approximately \$3280 in additional revenue for 2013. \$3,280 is based upon prorating 8 months of additional revenue.

### *Option 2*

Implement a fee increase in September 2013 to coordinate with the Tukwila Parks and Recreation program guide. An increase implemented at this time would result in approximately \$1640 in additional revenue for 2013. \$1,640 is based upon prorating 4 months of additional revenue.

### *Option 3*

Implement a fee increase in January 2014 to coordinate with the Tukwila Parks and Recreation program guide. An increase that goes into effect in January 2014 will not impact the 2013 revenue; however it will enable staff to focus on increasing patronage without implementing a fee increase. Additionally, waiting until January 2014 to implement a fee increase will have the least impact upon pool patrons, who were greatly impacted by the recent closure and for residents with the issue of the pool already resulting in a relatively new tax.

Staff Recommendation: Staff recommends Option 3, a fee increase to occur in January of 2014 to allow staff time to conduct a market analysis as a form of benchmarking and to create a foundation for a planned fee increase schedule.

Overall Staff Recommendation on the above 2 questions: Continue to use current 2012 user fees throughout the rest of the year and conduct a market analysis this summer to aid in creating a planned fee increase schedule with the first increase effective January of 2014.

Bryan Nelson, TPAC Chair, provided a summary of TPAC's recommendation on fee increases.

Based on direction from the MPD Board, one of the main objectives taken into consideration for any fee increase is setting a regular rhythm for future fee increases (proactively vs. reactively). With this in mind, TPAC examined the best timing for an increase since last year's increase for non-residents. They believe it should be tied in with the re-opening following the renovations. They believe that people understand and expect an increase in fees when a facility has undergone a major overhaul such as this.

Ideally, the fee increase would be effective when the pool reopens. Since that is not an option as the rates have already been published for that time period, they believe the next best option is to do it as soon as possible after the re-opening, which would be within 60 days. This 60-day window could be marketed as the rates being frozen before they are raised to help entice people back to the pool.

TPAC also noted that even with the increases, the Tukwila Pool fees are still substantially lower than the analysis/comparison with surrounding pool pass fees, and that could be marketed. In addition, they suggest offering an introductory package or free 3-day pass similar to other pools like the YMCA.

Finally, members of TPAC did some informal polling with regular pass holders (both resident and non-resident) to see if any felt that raising pass rates would be a burden, and no one responded that it would. They understand our rates are already low, and expect rates to go up at some point, especially after a major renovation.

The Board Members asked questions of Mr. Still and Mr. Nelson regarding their recommendations and exchanged comments regarding the timing associated with a potential fee increase. No action was taken to raise fees at this time. A market analysis will be performed by staff this summer to aid in creating a future fee increase.

**c. Method of appointment of President and Clerk of the Board. (From 12/17/12 meeting)**

**MOVED BY QUINN, SECONDED BY DUFFIE TO SUSPEND THE REQUIREMENTS OF RESOLUTION 1, SECTION 4, AND ALLOW CURRENT BOARD PRESIDENT SEAL TO REMAIN BOARD PRESIDENT DURING 2013. MOTION CARRIED 7-0.**

Board President Seal emphasized that this topic will be part of the upcoming MPD Board Retreat for further discussion and determination of a plan for the longer term.

**d. Update from Sustain Tukwila Pool regarding proposals for contracted services.**

The Sustain Tukwila Pool (STP) group offered to provide a comparison of neighboring pools. This data can be utilized as the Board considers options on how to proceed in determining the best operating model for the Tukwila Pool.

Ellen Gengler, STP member, came to the podium as the comparison report was distributed to provide background information on this issue. The STP group was formed in 2011 by a group of citizens interested in keeping the Tukwila Pool open for the community. After the citizens ran a successful campaign to form a Metropolitan Park District specifically for maintaining and operating a pool in Tukwila, they wished to remain active in ensuring the sustainability of the pool. During the efforts made to save the pool and form the MPD, the STP discovered that the Tukwila Pool had lost money every year since the City took control of the pool from King County. In 2010, there was a loss of almost \$400,000 a year with mounting repairs and escalating operating expenses. For the pool to remain viable, the root issues must be addressed.

This report is a result of the STP members desire to ensure that public monies are being used in a fiscally responsible manner to sustain the pool over the long term. Benchmarking against other local pools enables the MPD to gain a snapshot of how the Tukwila Pool performs in a variety of areas. The areas STP focused on are in pool operations. These included operating models, programming fees and associated costs for 9 pools in addition to the Tukwila Pool (Bainbridge Island, Des Moines, Evergreen, Federal Way, Issaquah, Kent Meridian, Mercer Island, Lindbergh, Southwest).

Jacque Carroll, STP member, offered information regarding the comparison report provided to the board. She explained that 2011 financial data was used in compiling the report (as the last full year of data available), and some of the financial information is missing due to the fact that FOIA (Freedom of Information Act) requests have not yet come back.

Vanessa Zaputil, STP member, explained that the report involves comparisons of several different operating models. These include a 3<sup>rd</sup> party vendor model like Tukwila; city staff run models, such as Issaquah, Seattle, and Federal Way; public/private partnerships such as Des Moines, Evergreen, and Mercer Island; a school district run model like Lindbergh; and a Metropolitan Park and Recreation District model such as Bainbridge Island. Ms. Zaputil, summarizing from the report, relayed that in the case of the Kent Pool, the City contributed \$95,000 to the 3<sup>rd</sup> party vendor to operate the pool, which was the net cost to the City of Kent for the pool. In the case of the Evergreen Pool, the net cost to the Highline School District was zero dollars. In the case of the Tukwila Pool, the net cost was \$347,808. In 2014, the Tukwila Pool is budgeted to cost approximately \$432,000, not including debt service.

Ms. Zaputil asked that the MPD Board use this report as a resource in moving forward and noted that time is of the essence. If there is no long-term plan to ensure financial viability, our community pool will once again face closure. The Tukwila citizens voted to keep swimming in Tukwila, and to do that the current model must be changed. The MPD Board is empowered to determine the aquatic needs of Tukwila and ensure the best value and longevity for the citizens and their tax dollars.

The Board Members expressed appreciation to the STP group for their work on this comprehensive report. Additionally, they discussed the importance of receiving a recommendation from the Tukwila Pool Advisory Committee (TPAC) regarding the report. Specifically, Board Member Robertson asked for a table that focuses on alternative operating models and best practices to include pros and cons. Board

Member Kruller suggested input on anything that TPAC might see as "low hanging fruit" during their initial review of the report.

Bryan Nelson, TPAC Chair, explained that they will work toward reviewing the report and providing a recommendation, in addition to their other Committee priorities.

### **REPORTS**

- a. Commissioners
- b. Staff:
  - Capital Improvement Project update
  - Marketing
  - Operations
  - Quarterly report
  - Long-term agenda
- c. Tukwila Pool Advisory Committee:
  - Agenda and minutes
  - Chairperson report

Bryan Nelson, TPAC Chair, said TPAC will be bringing forward recommendations regarding the scholarship program and marketing plan.

- d. Next meeting is ~~March 18, 2013~~. (*Refer to Miscellaneous below*).

### **MISCELLANEOUS**

Discussion ensued among the Board Members about whether to have a Board meeting in February, with no action items for the meeting at this time. It was determined that the Board would conduct their regularly scheduled meeting on February 19, 2013 (Tuesday, due to the President's Day holiday) at 8:00 p.m.

Jackie Carol, STP Member, asked that the status of the newly refurbished pool be on the February MPD Board agenda.

Bryan Nelson, TPAC Chair, asked that the scholarship program and marketing plan be on the February MPD Board agenda.

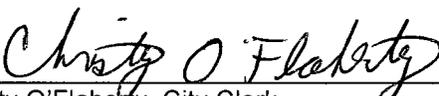
Ellen Gengler, STP Member, offered that the Board may want to see a monthly accounting of the City overhead regarding the pool.

Board President Seal indicated she will work on compiling materials for the February 19 MPD Board meeting.

### **ADJOURNMENT**

**9:49 p.m. MOVED BY QUINN, SECONDED BY KRULLER THAT THE TUKWILA METROPOLITAN PARK DISTRICT MEETING BE ADJOURNED. MOTION CARRIED 7-0.**

  
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Verna Seal, President, Board of Commissioners

  
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Christy O'Flaherty, City Clerk