



Peninsula Metropolitan Park District

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"Today We Touch Tomorrow"

MINUTES OF BOARD OF COMMISSIONERS

SPECIAL RETREAT MEETING

Friday, April 28th, 2017

PRESENT:

Board Members

Kurt Grimmer
Steve Nixon
Todd Iverson
Maryellen (Missy) Hill
Amanda Babich

ABSENT:

None

Staff

Eric Guenther
Terry Lee
Elaine Sorensen
Ron Martinez
Jase Newton

Visitors

Jim Reid

PLACE:

PenMet Parks
Sehmel Homestead Park Volunteer Vern Pavilion
10123 78th Avenue NW
Gig Harbor, WA 98332

CALL TO ORDER:

The meeting of the Peninsula Metropolitan Park District was called to order by Commissioner Grimmer at 9:00 a.m.

**Summary as provided by
Facilitator Jim Reid**

PENMET PARK DISTRICT BOARD OF COMMISSIONERS
THE BOARD'S STRATEGIC PLANNING RETREAT

28 April 2017, 9:00 a.m. – 3:30 p.m.
Sehmel Homestead Park, Indoor Pavilion

FINAL SUMMARY

OF THE MEETING'S MAJOR DECISIONS AND AGREEMENTS

ATTENDED: Chair Kurt Grimmer, Board Members Amanda Babich, Maryellen (Missy) Hill, Todd Iverson, and Steve Nixon; Executive Director Terry Lee; Finance and Human Resources Manager Elaine Sorenson; Facilities Planning and Special Projects Manager Eric Guenther; Reservations and Grounds Specialist Jase Newton; and Facilitator Jim Reid

On Friday, April 28th the Peninsula Metropolitan Parks District (PenMet) Board of Commissioners held their strategic planning retreat. This document summarizes the discussions and agreements of the meeting.

THE COMMISSIONERS' MAJOR AGREEMENTS

The principal purpose of this year's retreat was to determine how to ensure the long-term financial sustainability of the PenMet Park District. The discussion was accompanied by a sense of urgency given that the future of the Indoor Soccer Center is uncertain, use of programs and facilities is increasing, and consumer demand for a more diverse menu of services is growing.

The Board identified and discussed the pros and cons of five options to ensure the District's long-term financial sustainability. The options were: a) submit a levy lid lift to the voters; b) submit a bond measure to the voters; c) issue LTGO bonds; d) reprioritize current spending within the existing budget; and e) establish a Foundation and solicit bequests from major donors.

The Board also discussed lobbying the State Legislature to amend the legislation that establishes and governs Metropolitan Park Districts to protect twenty-five cents of the District's portion of the total amount of taxing authority within the county. This would mean that more senior taxing districts, such as Pierce County, could not increase their portion of the total amount of taxes allowed (the ceiling is \$5.90 per \$1,000 of assessed value) to the extent that PenMet Parks would receive less than twenty-five cents of the \$5.90 total.

As they discussed the options, Commissioners expressed their mutual interests in PenMet's financial future:

- Ensure the financial sustainability of PenMet Park District.
- Provide services, programs, and facilities that add value to the community's quality of life.
- Ensure the District follows a clear vision and specific plan to deliver what the community needs and wants while remaining financially viable.

- Consider the overall tax burden on the public, including taxes citizens of the Park District pay to other jurisdictions.
- Leverage resources and opportunities to provide services through partnerships.
- Be efficient with limited resources.
- Be accountable to the public.

With the above interests guiding them, the Board of Commissioners agreed on four major strategies to ensure the long-term financial sustainability of the District. *While taking no options off the table*, the Commissioners agree to:

1. Submit a levy lid lift proposal to the voters this coming November.

Request the voters approve on 7 November 2017 a levy lid lift at the rate of seventy-five cents per \$1,000 of assessed value, which will generate approximately \$1 million of additional revenue per year.

Initial steps to advance the Board of Commissioners' agreement:

- Formally pass a Resolution at an upcoming Board meeting to place this proposal on the November election ballot.
- Work with legal counsel to write a ballot title and the language of the levy lid lift proposal.
- Communicate to the public and voters that the levy lid lift is necessary for the District to maintain and expand programs for a variety of customers, including children, youth, seniors, and disabled citizens. This message will reflect the interest in using levy funds to offset the costs of the Boys and Girls Club.
- Seek citizens who would be interested in organizing a committee to build support for the levy lid lift proposal across the community.
- Communicate with the City of Gig Harbor, the School and Fire Districts, the City of Gig Harbor's Police Department, the Pierce County Executive and Council, the Pierce County Sherriff's Office, and other key stakeholders about the proposal and why the Board believes it is appropriate this year, and why their support is needed.

2. Lay the foundation to submit a bond proposal to the voters in the future.

Initial steps to advance the Board of Commissioners' agreement:

- Produce Master Parks and Recreation Plans for two parks—Peninsula Gardens and Harbor Family Park—that could receive additional funding from the bond.
- Include in the community survey that will be conducted in June as part of the Comprehensive Plan update focused questions that measure the level of public support (not just voter support) for the expansion of programming and construction of major capital facilities, including an Indoor Recreation Center (IRC) and new parks.

3. Establish priorities and ensure the District's spending clearly reflects them.

To ensure the District demonstrates that it is accountable to the public and offers services that reflect the citizens' interests and needs, establish and implement the Board's priorities and continue to deliver services as efficiently as possible.

Initial steps to advance the Board of Commissioners' agreement:

- Complete the update of the Parks and Recreation Comprehensive Plan to communicate to the public our vision, goals, and priorities.
- Hold a mini-retreat in September, shortly before developing next year's budget, to identify and agree on the Commission's priorities for 2018.
- During the process of adopting next year's budget, continue to identify ways to be even more efficient in delivering services.
- Periodically (each month or every other month or quarterly) discuss in depth one or two goals to accurately assess the progress being made to advance them and to determine if actions or funding levels need to be revised to achieve them.

4. Analyze two other fundraising options—establishing a Foundation and soliciting bequests.

- The District will examine establishing a Foundation and a program for soliciting bequests from major donors to help fund PenMet Parks District's programs and capital projects and improvements.

THE BOARD'S PRIORITIES FOR 2017

In addition to the agreements above, the Board also identified and discussed its priorities for 2017. In September the Board will hold a mini-retreat to agree on its priorities for next year.

Here are the Board's priorities for this year:

1. Gain the voters' approval of a levy lid lift proposal in November.
2. Finish the update of the Comprehensive Plan and prioritize capital projects.
3. Successfully implement the acquisition of the Boys and Girls Club.
4. Agree on the policy direction for funding the District's recreation programs.
5. Maintain the existing soccer center.
6. Begin to develop Master Plans for Harbor Family Park and Peninsula Gardens (with the expectation that the plans would be completed in 2018).
7. Use existing funds to advance such goals as lighting the existing sports fields.
8. Continue to build relationships with key stakeholders, such as the public, City of Gig Harbor, soccer associations, the School and Fire Districts, law enforcement agencies, and Pierce County officials.

Regarding the Commission's priority of agreeing on the policy direction for funding recreation programs in the future:

- Some Commission members are interested in reaching agreement on how recreation programs will be funded as soon as possible. This discussion should take place before the Board finalizes the title and language of the proposed levy lid lift, and is likely to be further discussed during the deliberations over the 2018 budget.
- To ensure that all the information the Board needs to be able to agree is provided, the conversation about the funding of recreation programs should be carefully planned and structured.

- Questions and information that could be part of that structured conversation may include, but not be limited to:
 - a. How are PenMet’s recreation programs currently funded? What was the philosophy or rationale for requiring 100% cost recovery (the programs are fully paid for by fees for service paid by customers or participants)?
 - b. What are the pros and cons of this practice?
 - c. Are there changes in the District’s demographics or in the needs of our customers that warrant a policy change? Does the growth of PenMet’s programming indicate a need for this change?
 - d. What are considered the best practices for funding recreation programs? How do other parks and recreation agencies with comparable services and clients fund their recreation programs?
 - e. What does the public think about the funding of recreation programs?
 - f. What role do scholarships and other potential fee reduction strategies play in the programs’ affordability and use?

THE BOARD’S VISION FOR THE FUTURE

Leading up to their agreements on how to ensure PenMet’s financial sustainability in the long-term future and their priorities for 2017, the Commissioners articulated what they want PenMet Park District to be ten years from now.

- Given that things are operating very well today, we have enhanced our programs, services, and facilities.
- The District has built the indoor and outdoor facilities that our constituents said they wanted, including another major park and an indoor recreation center.
- Match the programs we offer to the growth of the area’s population and its increasing diversity.
- The Boys and Girls Club facility includes adding an indoor gymnasium.
- Our Comprehensive Plan and the City of Gig Harbor’s are compatible regarding parks and recreation, and the District and City are consolidating programs, services, and facilities.
- Our partnerships are stronger than ever and allow us all to be more successful in serving the public than any of us could be on our own.
- We are proactively serving special populations, such as children, youth, and seniors.

KEY THEMES FROM THE COMMUNITY SURVEY AND FINANCIAL FORECASTS

Terry Lee, Elaine Sorensen, and Eric Guenther distributed handouts that summarized the key findings from last year’s community survey and the District’s current financial circumstances and five-year forecast. Here is a summary of the key highlights from each presentation and subsequent conversation.

April 2016 Community Survey

- It included only the rural areas of PenMet Park District, not the portion of the District within the City of Gig Harbor.
- It was intended to assess voter satisfaction and interest, not the sentiments of all citizens served by the District. (If the intent had been the latter, it would have included city residents and may have attempted to survey people from across the region who travel to the District to use its parks and facilities.) In other words, it surveyed people who pay for services through their tax dollars, and not people who pay a fee for service or who use the facilities, such as parks and trails, for free. (The Comprehensive Plan update survey will survey these constituents.)

- The great majority of those surveyed have a positive impression of PenMet Parks.
- A large majority stated that the District is responsible in its use of tax dollars. But 41% said they were not sure if the District has enough funding to improve or expand its parks and recreation facilities without a new tax measure.
- Improving parks and trails, and accessibility to them, were higher priorities than constructing major new facilities.
- A tax measure to generate additional funding for parks and recreation facilities had strong support from 31% and strong opposition from 15%. Furthermore, 34% somewhat supported such a measure. These numbers suggest that support in 2016 was not strong enough to ensure the passage of a ballot measure by the voters.

Next steps: As a result of this discussion, the Board recommended to staff that the survey to be conducted in June 2017 as part of the Comprehensive Plan update include some focused questions on specific projects. The intent would be to gauge if the public would be more supportive of a tax measure if it funded these projects. The Board also suggested that the survey results be shared with the City of Gig Harbor as part of exploring the possibility of pursuing an inter-district bond measure.

Budget Presentation

The major finding of Elaine's presentation was that the Board of Commissioners has historically not taken all the levy funds that were available to the District. Between 2006 and 2017, the District has not taken \$7,387,621 in levy funds that were available.

Board members commented that not taking all the levy funds available to the District could be viewed as being fiscally prudent, responsible, and accountable. If the District was not ready to spend the funds, is it appropriate to bank them? Board members also commented that not taking the full amount of funding available to the District meant that it could not address the public's increasing need for parks and recreation facilities. At the conclusion of this discussion, four of the five Commissioners stated clearly that they want the District to take a higher percentage of the levy funds that are available to it. And later in the meeting all five agreed to place a levy lid lift on the November 2017 ballot and initiate actions that could lead to placing a bond measure on the ballot in a few years.

AN ASSESSMENT OF THE OPTIONS TO ENSURE LONG-TERM FINANCIAL SUSTAINABILITY

The Board identified five options for ensuring the District's long-term financial sustainability, and discussed the pros and cons of each option. The options were: a) submit a levy lid lift to the voters; b) submit a bond measure to the voters; c) issue LTGO bonds; d) reprioritize current spending within the existing budget; and e) establish a Foundation and solicit bequests from major donors.

The following is the Board's assessment of the strengths and weaknesses, or pros and cons, of each option. While they agreed on four strategies for keeping the District financially sustainable into the future (see pages 2-3), the Board took none of these options off the table for future consideration.

(NOTE: The Board also discussed lobbying the State Legislature to amend the legislation establishing and governing Metropolitan Park Districts to protect twenty-five cents of the District's portion of the total amount of taxing authority within the county. Because this strategy could be pursued no matter what other strategies are chosen, the Board did not identify the pros and cons of this option.)

Levy Lid Lift

Pros:

- Easier passage because approval is needed from 50% of the voters plus one.
- Provides fast access to the funding the District needs at this time.
- Provides flexibility in that the voters pass a levy that increases funding to a specific level but the Board may choose to not raise taxes to that level but to something lower.
- Provides for on-going funding before it needs to be renewed in six years.
- Allows the District to received funds to which it is already entitled.

Cons:

- It is dependent upon the assessed valuation of property, which may fluctuate. So it is fluid and not predictable.
- Success at the polls will require extensive public education and a coordinated campaign led by community leaders.
- Could rule out a future bond measure.
- May not provide the level of funding the District needs.

Bond Measure

Pros:

- Is not included in the \$5.90 per \$1,000 of assessed value tax limit.
- Would provide the funding we need and thus allow us to achieve our goals.
- Tied to specific outcomes (projects).
- Would allow the District to keep up with and fulfill community needs.
- Would commit to specific costs before construction, a safeguard against possible increases in construction costs.
- Might be even more effective if we collaborated with Gig Harbor on a joint vote (an inter-district bond, which is allowed by law).

Cons:

- Requires 60% approval.
- Would require a significant amount of project planning prior to the election.
- Tax dollars would be used to pay interest.
- Success at the polls will require extensive public education and a coordinated campaign led by community leaders.
- The District may not be sufficiently staffed to implement the projects funded by the bond.
- Would result in greater scrutiny and even more accountability.
- Doesn't take into account increasing costs and expenses.
- Would the failure to get the voters' approval chill all other tax increase measures?
- If we were to consider an inter-district bond, we would need to consider that Gig Harbor's Mayor and City Council could change as a result of the 2017 municipal elections, which would insert a degree of political uncertainty.

Long-Term General Obligation (LTGO) Bonds

Pros:

- Does not require voter approval.
- Bonds are issued for a project, so funding is very specific, clear, and accountable.
- Interest rates are attractive and favorable right now.
- Bonds are for long-term, up to twenty years.
- Less planning and staffing are needed.

Cons:

- It is outside the \$5.90 limit but the debt is inside that amount.
- Perception that taxpayer dollars are going toward paying off interest rather than paying for projects.
- We are already using this type of bonding.
- We would really be under a microscope; whatever it is, the project would really have to be successful.

Reprioritize Within the Existing Budget

Pros:

- Demonstrates sensitivity to the economic circumstances of our constituents.
- Demonstrates accountability.
- Raises awareness of what we are doing, how we are doing it, and why we're doing it.

Cons:

- Could not generate the funding the District needs now or in the future.

Establish a Foundation and Solicit Bequests from Major Donors

Pros:

- A complementary way to increase funding. Not a stand-alone strategy, but part of an overall funding program.

Cons:

- Could not generate the funding the District needs now or in the future.

ACCOMPLISHMENTS OF 2016 AND EARLY 2017

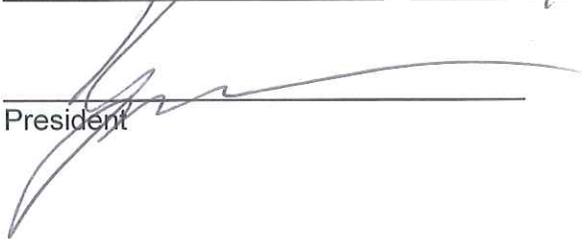
The retreat began with Commissioners and staff identifying and reviewing the significant accomplishments of the District since the start of 2016.

- The Board unanimously adopted the 2017 budget.
- We navigated numerous opportunities through partnerships, such as land acquisitions, construction of the maintenance barn, and proposed acquisition of the Boys and Girls Club.
- We enhanced our partnerships with key stakeholders such as the City of Gig Harbor, the Peninsula School District, Pierce County, Key Peninsula Parks, and the State of Washington. One example: the very productive meeting with the City of Gig Harbor's City Council on 17 April 2017.
- We successfully merged the Peninsula Athletic Association (PAA) into the District.
- Attendance at events increased.
- Fields and facilities were improved.
- Recreation programs continued to gain popularity with customers.
- We successfully integrated three new Commissioners; we got them up to speed and had healthy, productive discussions.
- We received positive feedback, including from the 2016 community survey, from the public on the performance of the District.
- The District continued to build its great reputation with community leaders.
- The Pierce County Council became a funder of the District with its commitment to providing us with \$60,000 annually and a portion of the County's impact fees (which will generate \$53 million countywide).

ADJOURNMENT:

Commissioner Iverson made a motion to adjourn the meeting.
Commissioner Grimmer seconded and the meeting was adjourned
at 3:30 p.m.

APPROVED BY BOARD ON: 5/22/17



President



Clerk