

**Bend Metro Park and Recreation District
2009-10 Budget Committee
May 4, 2009
Hollinshead Barn
1237 NE Jones Road
Bend, Oregon**

Minutes

BUDGET COMMITTEE PRESENT: Bill Martin, Bob Woodward, George Thayer, Scott Wallace, Daniel Fishkin Michael Graham, Bob Almquist, Phil Dubina and Ted Schoenborn.

STAFF PRESENT: Don Horton, Lindsey Lombard, Wayne Smith, Ed Moore, Bruce Ronning, Deb Craiger, Wayne Smith, Theresa Albert, Sue Jorgenson, Dave Crowther, Jan Taylor, Debbie Bruck, Mike Duarte, Nancy Reeder, Erin Bennett, Greg Barker, Paul Stell, Russ Holliday and Paula Lowery.

Board Chair Bob Woodward convened the Budget Committee meeting at 5:30 pm.

Paula Lowery was appointed as the recording secretary.

Bill Martin volunteered and was appointed to chair the committee and introductions of committee members and staff was conducted.

The committee reviewed the agenda and determined to recess the meeting at 8:00 pm to be continued on Wednesday, May 6, beginning at 5:30 pm.

BUDGET MESSAGE

Don Horton presented the budget message and reviewed the budget planning process. He identified the components of the district's overall planning process that is set out to meet the district's mission statement and core values. He explained the guiding document is the comprehensive plan that instructs staff and board on the services that we should provide for the community. He stated from the comprehensive plan more prescriptive plans are developed including the five-year strategic plan, five-year capital improvement plan and an annual action plan. He stated the annual action plan sets the stage for preparing the budget. Don identified and explained the purpose of the funds that make up the district's budget. He also explained how the district manages resources and expenses and noted the district currently is able to budget within our means. He explained that the district has done a good job of anticipating the economic downturn beginning approximately two years ago. He stated that following the passage of the 2008-09 budget he directed staff to prepare 10% and 5% budget reductions in anticipation of a downturn in revenues. He explained that once the tax revenues were received, it was determined that the district would continue with a 5% budget reduction with some of those reductions occurring in capital expenditures. He stated that staff has been very conservative in estimating the uncollectible property taxes, increased reserves in the general fund and reprioritized the Capital Improvement Plan. Don explained how other agencies are more heavily funded by fees that are based on growth or funded through income taxes whereas the district receives property taxes, and revenue from program fees.

PUBLIC COMMENT

Chair Bill Martin opened the meeting for public comment.

Erin Bennett addressed the board regarding the decision to eliminate the Park Ranger Program. She reviewed the duties of a park ranger and questioned the necessity of a police officer patrolling the parks. She explained that she has had a good working relationship with the city police and they have been responsive to her calls for assistance. She stated one police officer will provide less coverage than she does, with less service and less outreach. She stated the change to a police patrol would be more costly in a crisis economy, with the district getting less for the dollar and taking away the district's outreach arm in the parks. She stated the park ranger position is important for the district and even more important for the community.

DEPARTMENT OVERVIEWS

The Recreation Services, Park Services, and Community Relations department heads presented an overview of their respective department's purpose, reviewed 2008-09 accomplishments and performance measures, presented 2009-10 goals and major budget impacts. PowerPoint slides of the presentations are attached.

Bill Martin asked about the anticipated impact on revenue at JSFC as a result of the longer shutdown for the roof repair. Wayne Smith stated that the facility will be shut down for the repairs which will affect revenue, but the budget figures reflect the anticipated reduction in revenue.

Scott Wallace asked about the decrease in revenue at JSFC from the previous year. Wayne explained the facility was received like any new restaurant or business which spiked the number of users and that has leveled off. He added the facility is still used to capacity and the revenue projections reflect an increase.

Phil Dubina asked about the difference in cost recovery of JSFC and the recreation department as a whole. Wayne explained that the cost recovery is balanced from all departments of recreation with some areas such as Special Recreation calculated at a much lower rate of cost recovery than JSFC. Lindsey Lombard explained the cost recovery is addressed through the Pyramid Pricing Program and where programs are rated within the pyramid. She stated that Special Recreation, for example, is placed very low on the Pricing Pyramid, as a service the district is willing to provide at significant less cost recovery than other programs that provide more individual benefit. She stated that overall the recreation department's cost recovery is close to 75%, with some programs at 30% and some may be well over 100%.

Daniel Fishkin asked about the public/private partnerships and if the district ensures that the taxpayer subsidy is subsidizing the public portion of programs vs. the private portion, and if there is a way that is communicated to the public. Wayne referred to the program development process used by staff in designing programs and explained how that is applied to those programs offered by a contractor or business. He stated the system includes criteria that are required to be met in the delivery of programs and in conjunction with the Pyramid Pricing Program, costs to the district are defined and providers are generally paid a percentage of the revenue received with the district receiving 100% or more of its costs to provide the program. He stated the district is currently using approximately 130 partners in the delivery of programs.

George Thayer asked about the increase in materials and services in the recreation budget. Wayne explained that in the past each of the recreation divisions budget has included a line item identified as “program development” that provided funds to respond to unplanned program opportunities and those funds have been moved to his budget. He stated it is a collection of what was formerly disbursed to the four business units. Don Horton added the total amount was reduced from previous years. He explained that throughout the course of the year, if a new program opportunity comes up, it can be funded from that portion of the budget. Lindsey added that same amount of revenue and expense is budgeted with the philosophy that the program costs will be offset.

Phil Dubina asked if the city of Bend has a park ranger position. Ed Moore explained that the city currently does not have such a position and would advertise for a position based on a description of duties to be developed cooperatively between the district and city. He added that initially a reserve officer would be used to patrol the parks in place of the district’s current park ranger. Phil asked if the \$100,000 in the district’s budget would fund the police officer. Ed explained how a police officer patrolling the parks would be similar to those officers assigned to schools, and funded through the district’s budget. He added that the officer would be under the direction of a police captain and work closely with district staff. Don explained an intergovernmental agreement with the city of Bend will define the program. Daniel Fishkin asked about the impact on the district’s budget. Ed explained how the funds previously budgeted for the park ranger position and the part-time positions that were not filled would be redirected to pay for the services of a police officer.

Bob Almquist has asked if staff had done a cost analysis of using an eight month park aid as opposed to full time, considering unemployment, retraining and other issues. Ed explained that using six month park aids does not require benefits whereas beyond six months PERS and other benefits kick in. He stated the eight month positions are limited to five positions for specific areas where the longer employment period is needed such as sports fields. He stated the district has been very successful with returning park aids that have proven to be high quality people and in some cases have moved into permanent positions as they have become available.

Scott Wallace asked about the recent publication highlighting the city, county, school district and park district and whether it is an annual publication. Jan explained it is an annual publication that provides information about the services of each agency and their collaborative efforts. Scott stated that whatever we can do to let people know we are collaborating with these other organizations is the exact message we need to stress. Jan added that that June issue of People and Parks will provide additional information about collaborations and partnerships.

Finance Director, Lindsey Lombard, presented an overview of the Reserve Funds and the Enterprise Funds. She explained the purpose of each fund and how the funds are managed. She noted the projects planned for the Facility Reserve Fund include over \$1.2M for JSFC renovations, \$1.3M for completion of the Pine Nursery phase 1B and \$1.5M for potential land or facility acquisition or development in the event the right opportunities arise. Don noted that this fund was used in years past to save money for the construction of the new district office and now those funds will be put toward other projects with roughly \$3M available for land acquisition or CIP projects that will be prioritized in the next few months by the board.

Lindsey then reviewed the Equipment Reserve Fund noting an ending reserve balance of \$495,653. She stated \$75,000 is being budgeted this year; however, there are no planned replacements in the current year, and there will be no transfer from the general fund to this fund this year. Lindsey stated that since the district is maintaining a consistent reserve amount future transfers will not occur until such time as we begin replacing vehicles or equipment. She explained the \$75,000 is budgeted for unanticipated need to replace either rolling stock or equipment.

Lindsey Lombard explained the scholarship fund has been eliminated and the accounting for scholarships has been moved to the Recreation Services Fund. She stated that the scholarship funds will now be split by divisions for better accounting of where the heavy use of scholarships is occurring. She noted that due to the economic recession the district has seen a significant increase in the use of scholarships. She added the board has set a clear priority to continue funding scholarships even if it means a higher general fund subsidy for recreation programs.

Daniel Fishkin asked if is prudent to hold the amount in the Equipment Reserve Fund and whether some of those funds could be put to other use. Lindsey explained that annual amounts were transferred into the Equipment Reserve Fund based on the 15-year replacement plan; however, no funds have been transferred for the past three years. She stated the district has become more conservative in replacing equipment and as a result the fund has not been spent down. She explained the fund could be eliminated and the money transferred out which would require board action. She stated at this time staff has determined to not transfer any additional funds, and hopefully it would cover a number of years' worth of replacements in the future.

Scott Wallace asked how much the start up cost for equipment is anticipated to be for the Pine Nursery, and if the equipment could be purchased from the Equipment Reserve Fund. Ed Moore stated \$121,000 is projected to cover the mowers, a turf gator, grooming equipment, etc. Don stated making those purchases from the Equipment Reserve Fund would be a way to lower that fund.

Bob Almquist asked when the district would receive the new PERS rates, and what the contingency that is being set aside to address an increase in rates is based on. Lindsey explained that the state PERS system changes all agencies' PERS rates every two years, and the rates will change again on July 1, 2011. She stated it is anticipated that these rates will increase significantly, as the state's PERS assets were seriously reduced by the stock market decline. She stated that the state recently sent out a notification that rates would not be increased by more than 6% in 2011, which equates to an approximate 50% increase in district expenses. She explained the \$350,000 reserve amount was calculated with a 50% increase in the district's rates on the current district annual payroll which would cover one year's increase in PERS expenses.

The meeting was recessed at 8:12 pm, and scheduled to reconvene on May 6, at 5:30 pm.

Prepared by,

Paula Lowery
Recording Secretary

**Bend Metro Park and Recreation District
2009-10 Budget Committee
May 6, 2009
Hollinshead Barn
1237 NE Jones Road
Bend, Oregon**

Minutes

BUDGET COMMITTEE PRESENT: Bill Martin, Bob Woodward, Ruth Williamson, Scott Wallace, Michael Graham, Daniel Fishkin, Bob Almquist, Phil Dubina and Ted Schoenborn.

STAFF PRESENT: Don Horton, Lindsey Lombard, Wayne Smith, Bruce Ronning, Wayne Smith, Theresa Albert, Dave Crowther, Jan Taylor, Steve Jorgensen, Pat Erwert, Nancy Reeder, Erin Bennett, Robin Laughlin, Jeff Newman, Norm Ziesmer, Matt Mercer, Paul Stell, and Paula Lowery.

Chair Bill Martin reconvened the meeting from May 4, 2009, at 5:30 pm.

Lindsey Lombard reported that staff had moved \$121,000 for the acquisition of equipment and vehicles for the Pine Nursery from the Park Services general fund to the Equipment Reserve Fund. She provided updated pages of the budget for the committee. She explained this change was done based on a recommendation from the budget committee at the previous meeting.

DEPARTMENT OVERVIEWS

The Administration & Finance, Planning and Development, Capital Improvement Plan and SDC Fund, Human Resources and budget summary overviews were presented. PowerPoint slides of the presentations are attached.

Ruth Williamson referred to a recent sustainability conference hosted by the district, city of Bend, Deschutes County, Bend-La Pine schools and Central Oregon Environmental Center and suggested allocating an appropriate amount of funds to a coordinated effort of local agencies in the development and implementation of effective sustainability plans. She stated that she would really like to get the ball rolling in a serious way and meet our goal of being a sustainable organization and environmental stewards. Bill Martin stated there are a number of funding opportunities that we could pursue. Don reported on his discussion with Mike Riley from the environmental center who has suggested that all agencies pool funds to participate in a training process to help us determine where we are and where we want to go in developing a sustainability program. He noted there are funds provided in the existing budget for professional services that are not currently tied to identified projects that could be used for this purpose. He added this is certainly something the district wants to be involved in during the next year.

Scott Wallace asked about the general fund reserves for the Public Employees Retirement System (PERS). Lindsey explained the changes in the PERS rates and an anticipated 6% increase in 2011 and how that translates to a 50% expense increase for the district. She stated that based on the district's current payroll of PERS eligible employees, she has determined that \$350,000 will be set aside this year in anticipation of the increase, and depending upon market conditions, an additional \$350,000 will need to be set aside again next year.

Daniel Fishkin asked what the balance of the reserves is budgeted for. Lindsey explained the balance of the operating contingency and unappropriated ending fund balance provides for two months of general operations. She stated unappropriated ending fund balance cannot be spent by the board in this fiscal year, except in an emergency situation created by civil disturbance or natural disaster. She explained how the district uses the fund for cash flow as the fiscal year begins July 1 and the tax money is received in November which means the district operates for a number of months before receiving the tax revenue.

Daniel Fishkin asked about the \$150,000 additional transfer to the recreation fund since it is already subsidized in the amount of \$1.7M, and if the transfer is in addition to the subsidy or for something else as an operating contingency. Lindsey explained the transfer does increase the subsidy and the \$1.7M includes the \$150,000 that is the reserve to protect the fund in the event revenues are not received as anticipated. She stated it is not budgeted to be spent.

Bob Almquist asked about the decrease in payroll expenses and materials and services in the general fund. Lindsey stated the decrease in payroll expenses is due to the decrease in PERS. She explained the decrease in materials and services in planning and development is due to a decrease in contract services related to the number of projects that use contracted services. Bob asked if staff is comfortable with the decrease. Lindsey noted that the same line item is budgeted for in the administration fund and if a project comes up that could address project opportunities that may occur.

Daniel Fishkin asked what the \$300,000 in the planning and development capital non-operating expenses will cover. Bruce reviewed the projects to be funded including a COID wetlands crossing and trail projects that he noted are not SDC fundable, and new program requests for off-leash improvements and amenities at Pine Nursery and Riverbend Park.

Bruce Ronning and Lindsey Lombard presented an overview of the proposed Capital Improvement Plan (CIP) and Systems Development Charges (SDC) budget. Bruce reviewed the CIP/SDC prioritization process conducted over the past year and presented CIP priorities for 2010 through 2014, divided in three tiers as identified by the board. He stated the first priority is to maintain what we have and noted a substantial amount of park and facility rehabilitation has been identified to address that goal that will continue over the next five years. He stated the second highest priority is trail system improvements and the third priority is neighborhood park acquisition and development. Bruce noted there are a number of non-SDC funded projects in this proposal due to the significant loss of SDC revenue as a result of the economic downturn. He identified specific SDC funded projects including the Pine Nursery Phase 1B, completion of Riverbend Park, Ponderosa Park design, neighborhood park acquisition, neighborhood park development and trail development projects.

Daniel Fishkin asked if there are any options available for the district to close the SDC gap with other revenue sources. Lindsey Lombard explained the district cannot raise its property tax rate under the current tax structure. She stated there are some options available to the board that would require a vote of the public such as an operating levy or a capital bond measure. She noted that the district does not collect SDCs for indoor facilities and could not use SDCs for indoor facilities. She stated the board has discussed doing a bond measure for a mix of projects such as indoor facilities, trail acquisition, etc. Don explained that the SDCs are revenue gained from new homes to accommodate new residents, and if there are no new residents that impacts the district's growth and need for new facilities.

Theresa Albert presented information regarding changes to the district's benefits with regard to health insurance including increases in premiums paid by the employees. She also explained that staff would not be receiving merit increases this year, but it is recommended by the benefits committee that employees receive a 2% cost of living adjustment. Theresa explained that the district employs a large number of part time employees, many of whom are very close to the minimum wage that uses a different CPIU for annual adjustment, and it is important to the district to be competitive and stay ahead of the minimum wage.

Bob Almquist asked if the employees are able to pay their out of pocket medical expenses with pre-tax dollars. Theresa explained the district has a flexible spending account in place. Bob asked if the employees paid their deductible out of that would the district's reimbursement would be less than 100%. Theresa explained the district reimburses the deductible so the employee is not out of pocket on the deductible. Lindsey added that the employees' portion of premium costs is also paid pre-tax.

Lindsey Lombard presented an overview and summary of the 2009-10 budget. She shared information regarding the district's revenue and noted a decrease in all revenue sources except property taxes. She noted that personal services have been kept level and materials and services have decreased. She noted that capital outlay has decreased from 58% in 2008-09 to 40% in 2009-10. Lindsey referred to the beginning fund balance and explained how those funds are committed to projects and reserves. She also reviewed financial measures for the district and noted that 2010 property tax revenues are estimated to increase by 1.1% over the projected 2009 amount. She added that user fees and charges are anticipated to increase approximately 6%; however, this is one area that is still uncertain due to the affects of the current economy. Lindsey stated that SDC fees have seen significant decreases each year since 2005-06 and a slight increase is estimated in revenue for 2010.

Daniel stated that it appears that the ending fund balance for the proposed 2009-10 budget is up 34%, but the beginning fund balance is down 45%. He asked what accounts for that difference. Lindsey explained the beginning fund balance did go down significantly due to spending the funding for the new building and reduction in SDCs. She stated the ending fund balance is going up due to the increase in reserves that were shared with the committee. He asked if it is fair to say that we are starting with less and we are spending less. Lindsey clarified we are starting with less and we are budgeting to spend less. She stated the district is making more of a commitment to reserves and budgeting capital outlay that we are reasonably confident that we can achieve in the timing and dollar amount we have.

Phil Dubina stated that if the income projections are close the district should be able to do this budget pretty well. He stated it is also his sense that next year is a crunch situation. Lindsey stated the district will see some affects to projects and land acquisition which is a concern. She stated that operationally the district has the funds to continue to operate recreation programs, maintain our parks and to do some capital work out of the general fund. She added that is why the board has done the CIP prioritization to address the depletion in project funds. She stated the SDC funded portion of the budget is to address growth, and if we don't have growth, we don't have the need. She stated the board has identified a priority to maintain what we have which will be addressed with the general fund.

Bob Almquist suggested that staff consider uncoupling the part time and full time salaries. He stated if you use the raises in part time wages as the standard you may be raising the full time more than necessary, and other times it could be the opposite. Lindsey stated that in discussions with the benefits committee, it was important that we keep our employees "whole". She referred to the savings the district will see in

medical premiums, while the employees are bearing a heavier burden, which raised the concern that this would result in less income to the employees.

As there was no further discussion, Phil Dubina moved that the Bend Park and Recreation budget committee approve the proposed budget for fiscal year 2009-10 for the General Fund, the Recreation Services Special Revenue Fund, the System Development Charges Special Revenue Fund, the Enterprise Fund, the Facility Reserve Fund, and the Equipment Reserve fund. He further moved that the Bend Park and Recreation District budget committee approve taxes for the 2009-10 fiscal year in the General Fund at the rate of \$1.461 per \$1,000 of assessed value for operating purposes. Bill Martin seconded the motion. All budget committee members present voted aye. The motion passed.

Bob Woodward announced the board would conduct a public hearing on the budget at their June 2, 2009, meeting.

Daniel thanked Lindsey and staff for their excellent presentations and efforts in preparing and presenting the budget document.

Lindsey announced that with the completion of the 2009-10 budget process the terms of Phil Dubina and Bill Martin have been fulfilled. She stated the board would be appointing new members in the early spring of 2010 and thanked Phil and Bill for their service to the district.

The budget meeting was concluded at 8:15 pm.

Prepared by,

Paula Lowery
Executive Assistant