

**Bend Metro Park & Recreation District
Board of Directors
Work Session
December 15, 2009**

- BOARD PRESENT:** Scott Wallace, George Thayer, Ted Schoenborn and Ruth Williamson/
- STAFF PRESENT:** Don Horton, Bruce Ronning, Lindsey Lombard, Dave Crowther, Steve Jorgensen, Jan Taylor, Wayne Smith, Ed Moore and Paula Lowery.
- LEGAL COUNSEL:** Neil Bryant.
- MEDIA:** None.
- VISITORS:** Mike Lovely, Michael Graham, Bob Almquist, Sue Vordenberg, and Bill Robie.

WORK SESSION

Financial Forecast

Lindsey Lombard presented a five-year financial forecast and explained it was developed using the forecasting tool designed and created through the CIP prioritization and SDC methodology process. She stated this forecast includes current economic assumptions. She reviewed revenue projections for both SDCs and for the district. She stated the assumptions related to revenues are housing starts, population growth rate, percentage of growth in assessed value, user fee increases and investment rate of return. She explained expenditures are driven by the CIP, maintenance and operations of facilities, personnel and materials and services. She stated the forecast demonstrates that the district's expenditures increase at a higher rate than revenues. Scott Wallace asked how this year's numbers compare to the budget adopted in June. Lindsey stated that overall the district is doing fairly well as property taxes are coming in higher than estimates. She stated recreation revenue is being monitored and recreation staff is doing a good job of keeping costs down. She stated the project work is coming in significantly less than budgeted. Don Horton stated that this information confirms that the cost of doing business is rising faster than the revenue and there may be some things the district can do now to postpone reaching the crossroad where expenditures exceed revenue. He noted that the district has spent less in materials and services over the past two years than what was budgeted, and as we learn more about the assumptions, we can adjust those numbers and over time this forecast will become more accurate. He noted that the board will discuss the CIP in more detail in upcoming meetings to determine what projects the board determines to be a priority and that information, including cost of construction and maintenance, will be added to the forecast which will clearly define the impact of those decisions and how that will affect the district long term.

SDC Fund Forecast

Bruce Ronning explained that this discussion would primarily address SDC revenues and no changes were made to the forecast in expenditures. Lindsey identified assumptions used in the forecast including the board's adoption of the SDC fees, Resolution No. 312, with the 25% increase per year phase in component over the next four years, and the annual inflationary or deflationary change. She noted that for this year there is a 3½ % decrease in the fee based on land values and construction costs. She referred to the assumption of building permits that is based upon the state forecast for housing starts and explained that staff has determined to postpone the state forecast for one year as it is anticipated that Bend will have a

slower increase in building than the rest of the state. Bruce reviewed the classifications of facilities for which the district collects an SDC fee including neighborhood parks, community parks, regional parks and trails. He also clarified the type of collection for each category as to whether the collection is limited to only acquisition, construction or development. Steve Jorgensen shared a map of the district that depicted the distribution of SDC fees collected and park projects funded since the inception of the 2003 methodology and fee schedule. Bruce noted that there are still four or five areas of town where neighborhood park service needs to be addressed in order to maintain the existing level of service. Bruce explained the lag time between collection of the SDC fees and the spending of those funds on projects. He stated that over the last couple of years the district has been spending down the SDC ending fund balance on acquisition and development. He referred to the spreadsheet provided that demonstrated the projects scheduled over the next five years and associated estimated costs as well as the forecasted reduction in revenue. He pointed out that if the project list is not adjusted or funding sources other than SDCs are not identified by year 2011-12, the ending fund balance of the SDC program goes into the red. Scott Wallace observed that if the district is not growing much, the neighborhood park acquisition plan may be an area to evaluate for adjustment. Bruce explained that homebuyers who pay SDC fees have the expectation that a neighborhood park will be built with those fees which is something the board will need to consider. George Thayer stated he would advocate for acquisition now considering current land prices. Bruce also explained the GAP analysis that has been developed that will be an important tool in helping the board and staff to address these concerns.

SDC Resolution #312

Bruce Ronning reviewed the background of the SDC fee setting Resolution No. 312. He explained the components of the resolution including the component to phase in 25% increases depending upon the annual population growth rate. He stated the fee is currently set at 56% of the fully calculated amount. He reported that the Deschutes County coordinated forecast predicted a population growth rate from July 1, 2008 through June 30, 2009 of 3.52% where as the actual was 1.6%. He stated that is only one factor for consideration as defined in Resolution No. 312. He noted that as of July 1, 2010, the fee will be adjusted by one quarter of the difference between the existing fee and total level, amounting to approximately \$500. Don Horton stated the resolution also calls for the board to conduct a review every January. He stated the board will also be reviewing the CIP in January, and in order to develop the CIP, it will be necessary to know how much revenue will be available. He stated this will require a decision from the board as to whether the existing fee is adequate or an increase is in order. Don added that with the current fee imposed at 56%, the 44% left on the table is equivalent to approximately \$671,000 in real dollars or one neighborhood park over the upcoming five years. He stated that unless the gap can be filled with some other funding source, the level of service will drop in the community by at least one neighborhood park in five years. Don explained the CIP review process to be conducted in January and the expected outcome of crafting a new CIP based on the anticipated revenue over the next five years. Ted Schoenborn requested scenarios of what revenue might be if the fee were to increase more quickly than is directed in Resolution No. 312 to assist the board in their discussions.

Board Workshop Review

Don Horton referred to a summary of the board workshop provided in the report. He explained his ideas of how to move forward and stated he feels the board should meet again in three to four months, based upon the upcoming work on the Strategic Plan and Comprehensive Plan. Scott Wallace stated that it might be good to put a time frame on the work items to help frame priorities, and the indoor needs assessment

should be on the front burner. Ruth Williamson stated she believes the board cracked the surface with the workshop, but there is a lot of room to explore values and direction for the district. She stated the whole landscape is different and she feels this is going to be a difficult time for the district as we are working with a completely different set of variables: limited funding, limited revenue, a level of expectation of service that may or may not be sustainable and the bigger questions are what role does the district play; how fundamental are parks and the services we provide to our community. She stated she felt the workshop was an excellent exercise. Ted Schoenborn stated he thought the retreat was useful and important to help build consensus on overall assumptions and core values of what we as a board think what the district is and where it should be going. He stated he thinks the board needs to go through some other exercises before conducting a second workshop. George Thayer stated he appreciated the broad discussion and feels the board needs to conduct a more in depth discussion about the CIP and prioritization of projects. Scott Wallace stated that staff is looking to the board to provide clarity because the decisions are not going to be easy and they are not going to satisfy everyone. He stated he was pleased with the interaction and input given in the workshop.

The work session was concluded at 7:30 pm.

Prepared by,

Paula Lowery
Executive Assistant

Scott Wallace, Chair

George Thayer, Vice-Chair

Ted Schoenborn

Ruth Williamson

Scott Asla