

UPPER VALLEY PARK AND RECREATION SERVICE AREA 2024 BUDGET

UVPRSA BOARD BUDGET TRANSMITTAL AND PLANNING DOCUMENT



Leavenworth Hopkins Memorial Pool

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**UPPER VALLEY PARK AND RECREATION SERVICE AREA
BOARD**

BOARD CHAIR ERON DREW – CHUMSTICK COMMUNITY

VICE CHAIR JASON LUNDGREN – LEAVENWORTH CITY COUNCIL

SECRETARY EMERSON PEEK – PESHASTIN COMMUNITY COUNCIL

SHON SMITH – CHELAN COUNTY COMMISSIONER

ZACH MILLER – CASCADE SCHOOL DISTRICT

MARCO AURILIO – LEAVENWORTH CITY COUNCIL

SECTION 1: BOARD CHAIR AND ADMINISTRATOR'S BUDGET MESSAGE

Honorable Upper Valley Park and Recreation Service Area Board and Citizens of Leavenworth City of Leavenworth, Washington.

Submitted herein is the 2024 Upper Valley Park and Recreation Service Area (PRSA) annual operating Budget. This annual budget is submitted consistent with RCW 36.68.530. The enclosed financial data has been reviewed by both the PRSA Board and City of Leavenworth staff toward final adoption of the 2024 annual budget by Resolution to be held at the November 8, 2023 PRSA Board meeting. In addition to representing the legal authority to expend public funds, this document describes the 2024 budget process and resulting transfers of the Districts' funds to the City of Leavenworth for authorized use in support of the operation of the Leavenworth Community Pool.

READER'S GUIDE TO THE BUDGET / Explanation of the Budget Document

The PRSA was established by voter approval at the November 4, 1997 General Election and the PRSA Board was formed in April 1998. Through the creation of an Interlocal Agreement, as authorized under RCW Chapter 39.34 Interlocal Cooperation Act, the Board established membership to include one County Commissioner, two Leavenworth City Council Members, and one representative each from the Cascade School District #228, the Peshastin Community Council and the Chumstick community. This interlocal agreement was renewed in 2023 and is valid through December 31, 2042. The budget document incorporates the PRSA Board's priorities that are annually incorporated in the Board's Resolutions for the passage of a budget to assist in operating the Leavenworth Community Pool.

Budget Preparation Timeline

The Board's budget is prepared with the input of the Chair, Board members, and city staff based upon ongoing reviews of the pool's budget. The 2024 budget development process incorporates bi-monthly meeting discussions of the pool's annual priority needs and future capital improvements. Due to the limited time that the Board meets, the budget is compiled by city staff and distributed for Board consideration prior to the annual meeting in November of each year. The Board is tasked with adopting the annual operational budget and any bond levy resolutions necessary to request property taxes through the Chelan County Assessor's Office by no later than November 30 of each year.

Key Budget Issues: Revenue, Initiatives and Expenditure Sources

The PRSA's funding is comprised of revenue from property, excise and timber taxes which are then transferred to the City of Leavenworth for the operation of the Leavenworth Community Pool. The property tax funding includes a Maintenance and Operations (M&O) Levy. Previous pool funding also included a bond fund for property tax collections, which was completed in 2020.

Starting in 2018, the Board began working on strategic planning for the future of the PRSA. This work included extending the Interlocal Agreement with Chelan County in 2021 and the Interlocal Agreement for pool operations with the City of Leavenworth in 2022. The Board developed and prepared a new six-year Maintenance and Operations (M&O) levy request in 2018 that voters

approved for collection years 2019 through 2024; this levy collects taxes at a rate of eleven cents per one thousand dollars of assessed property values through 2024. The PRSA Board intends to place a new six-year M&O Levy on the ballot in 2024 for collections in 2025 through 2030 to continue funding the pool; preparation and discussion for this levy is currently underway.

In late 2018 the Leavenworth City Council authorized a partnership of funding to proceed with resurfacing the nearly 20-year-old pool by providing two-thirds of the funding from the City's General Fund and Lodging Tax Funds; the PRSA was provided a three-year loan from the City for the remaining third. The project was subsequently awarded at a final cost of \$183,139.01 that included the resurface project and a new surge tank that had failed in the winter of the 2018-2019 season. The project got underway in 2019 and the surge tank was completed prior to the pool opening in May of 2019; pool resurfacing was completed in the spring of 2020 and repayment of the loan was completed in 2022. This resurfacing project is anticipated to extend the life of the existing pool by approximately 10 years with improvements needed by about 2030, which also coincides with the next six-year M&O Levy request.

The Board's recent discussions have centered on the current and future services provided by the PRSA, capital improvements needed at the pool, and other recreational improvements within the Park and Recreation Service Area. In 2021, the PRSA hired a part-time coordinator funded for an 18-month term and undertook a needs assessment with the assistance of a consultant, AHBL, Inc. Community outreach for the needs assessment included stakeholder interviews, public outreach, and a statistically valid survey to guide the PRSA in potential expansion of services in order to support the community's recreational priorities. Key recreational priorities that came out of this needs assessment include enclosing the pool for year-round use and investing in shared-use paths connecting communities in the Upper Valley, among other things.

In response to the data collected from the needs assessment in 2021, the PRSA is currently focusing on enclosing the pool for year-round use. In 2022 the PRSA, in conjunction with the City of Leavenworth, began a feasibility study process for enclosing the pool for year-round use. Results from this feasibility study, conducted by NAC Architecture, is currently wrapping up the study and public engagement for the PRSA and the City of Leavenworth with cost estimates and renderings for both seasonal and permanent options for pool enclosure, as well as the economic feasibility of operating the pool year-round. This information will then be used to decide how best to provide year-round access to pool facilities.

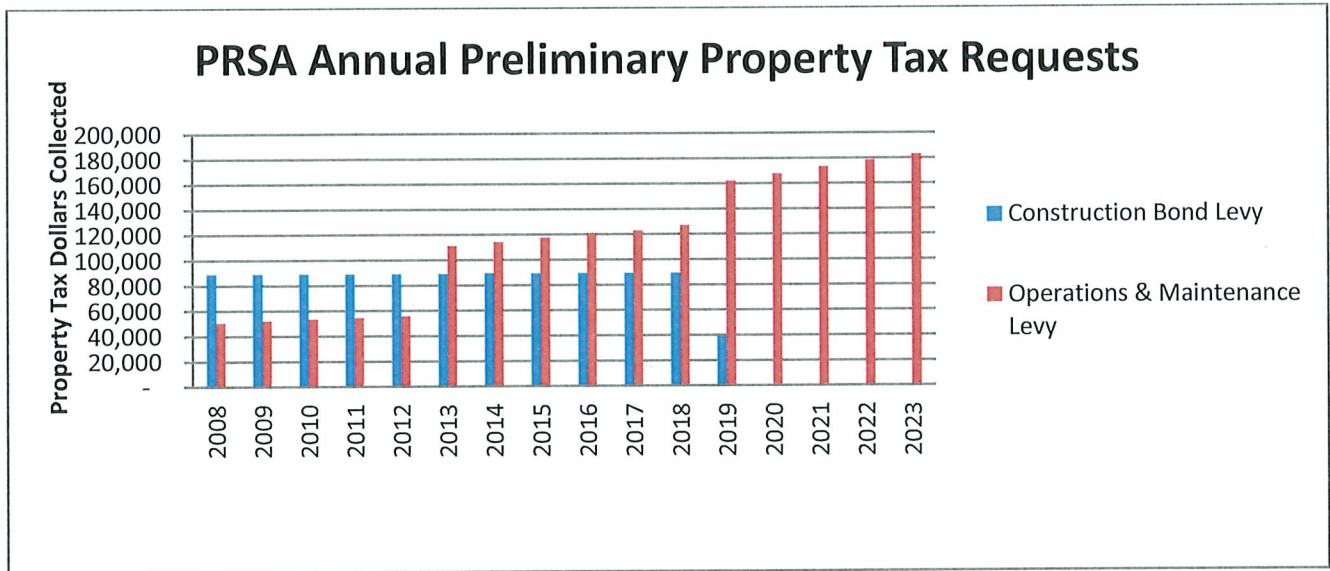
In 2022 the City of Leavenworth created a full-time Assistant Deputy/PRSA Clerk position. This position's responsibilities encompass continuing the work that the PRSA Coordinator position had been supporting, including supporting PRSA Board meetings, expanded workload to assist in the seasonal pool operations and administrative support, as well as preparing materials for the 2024 election cycle and future grant funding opportunities. Fifty percent of funding for this full-time position comes from the PRSA's property tax collections.

A small funding reserve has slowly been growing for month-to-month cash flow purposes that began in 2013 with an increase in the annual Maintenance & Operation (M&O) Levy that was approved by voters in 2012. The M&O levy approved by voters in 2018 continued to build that reserve to a healthy operational balance for the first time since the pool's existence. In 2020 the City was not able to open the pool to the public due to the COVID-19 pandemic; however, as M&O Levy funds continued to be collected, this created additional reserves for the Pool Fund. These cash reserves are maintained within the City of Leavenworth Pool Budget, some of which have been used to fund the needs assessment in 2021 and the pool enclosure feasibility study in 2022-

2023. In 2023, due to staffing shortages of lifeguards, the Board and City approved an increase in wages of 30%, on top of an increase of 20% in 2022; subsequently this dissolved any existing capital reserve funds leaving only operational reserve funds for cash flow purposes.

As noted above, the PRSA’s budget is solely comprised from the collection of property taxes which are then directed towards debt service or pool operations. Included within the PRSA’s current budget is property tax funding for the annual Maintenance and Operations (M&O) levy that must be renewed at least every six years for the pool to remain viable. Of the taxes collected by the PRSA in 2023, \$173,417 is anticipated to be transferred to the City of Leavenworth for maintenance and operations of the pool. A slight reserve has been growing slowly at the County that will be captured in the 2024 budget.

In 2023, the Board will consider the annual increase of 1% in property taxes for the operations and maintenance levy that will generate approximately \$1,833.32 additional dollars for a new budget of \$188,494.06, including new construction, annexations, and refunds. This figure could come in slightly higher due to annexations and new construction within the PRSA’s boundaries. A 1% increase for the PRSA’s tax request is an increase for the entity itself; individual property owners’ assessments can vary from year to year based on reassessment of their property by the Chelan County Assessor’s Office; individual property taxes could be lower or higher based on those specific assessment adjustments. Below is a chart of the PRSA’s annual property tax requests for the previous Construction Bond and current Maintenance and Operations Levies:



In addition to property tax and lodging tax funding from the City of Leavenworth, user fees (including seasonal/daily passes, pool rentals, and swim lessons) account for approximately 28% of the annual operating budget. Due to continuing staff shortages in 2023, the pool operated on weekdays and Saturday only. However, demand restored from the past few years for annual passes and swim lessons, with lesson revenue exceeding the budgeted amount while daily fees fell short. In a typical season these user fees generate approximately \$99,500 to assist in offsetting the pool’s estimated annual \$300,000 operating budget, which does not include capital expenditures. In 2023 user fees generated approximately \$82,384, up from \$74,318 in 2022. During the swim off-season in late 2023 and early 2024, the Board plans to work on solutions to continued staff shortage issues the

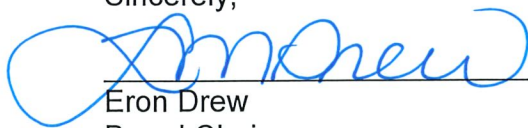
pool has faced, with the intent to increase pool operating hours (and therefore revenues generated from user fees) in the 2024 season.

Acknowledgments

We would like to express our sincere appreciation to the PRSA Board and city staff for their effort, dedication and diligence in developing a budget that reflects the expectations of the Board and citizens of the Upper Valley Park and Recreation Service Area. We also want to express our gratitude to the residents within the Service Area and the citizens of Leavenworth for their support of the operations and maintenance tax levy and in providing the City with the tools to accomplish the maintenance and improvements necessary to operate the Leavenworth Community Pool.

We would also like to thank the Leavenworth City Council for their interest and support in planning and conducting the financial operations of the City Pool in a responsible and progressive manner.

Sincerely,



Eron Drew
Board Chair



Brandi Mynatt
Assistant Deputy – PRSA Clerk

SECTION 2: POLICIES, ORDINANCES AND RESOLUTIONS

The Policies, Ordinances and Resolutions section reviews the Board's accounting and budgeting procedures. This section includes the budget creation process which explains the steps involved in the preparation and administration of the budget that reflects the final adoption by resolution for the 2024 Operating Budget.

Budget Creation and Planning

This operating budget represents the Upper Valley Park and Recreation Service Area's comprehensive financial and operational plan for 2024. The primary intent of this document is to answer two basic questions: Where do the District's funds come from? How will those funds be used?

In addition to providing financial planning and legal authority to obligate public funds, the annual budget provides policy direction from the PRSA Board to City of Leavenworth staff and the community. As a result, the PRSA Board, City staff, and the public are all involved in the process of budget development.

Since the PRSA has a single source of revenue, property taxes, it is simplistic from a budget perspective in that only one revenue source is necessary for the budget. Due to the varied nature of projects and funding packages that the City of Leavenworth needs to operate the pool, funds generated by the District will be directly transferred to the City for project-specific expenditures. This process allows for the District to be less restricted in budget development and annual reporting requirements with only one general fund being identified.

SECTION 3: Board Roles and Protocol

Board Roles

The Board Chair and Board Members have previously discussed their respective roles and expectations in order to reach an understood protocol for conducting Board business. The Board operates similar to a Mayor/City Council form of government.

The role of the Board Members is to adopt policies for the District, while the Chair's role is to administer and execute those policies. Although the Chair does not specifically set policy, it is certainly appropriate for the chief executive to introduce policy options and recommendations, which comprises part of the Chair's leadership role.

Under the 'separation of powers doctrine', the Chair and Board Members exercise certain defined powers that are free from unreasonable interference by the other. As the chief executive and administrative officer of the Board, the Chair is responsible for carrying out the policies set by the Board and seeing that local laws are enforced. Additionally, the Chair and the City of Leavenworth's administrative staff run the day-to-day operations of the Service Area.

It is also the role of the Chair or Chair's designee to prepare meeting agendas, preside over meetings, report to the Board on matters involving administration, and to propose policy initiatives or changes. In 2021 the PRSA hired a part-time coordinator for an 18-month term who took on many administrative roles previously managed by other City of Leavenworth staff, including meeting agenda preparation and minute-taking. In 2022 the City of Leavenworth hired a PRSA Clerk who will take over these administrative duties. Agenda content continues to be based on both staff and Board Member input.

In addition to setting policy, the Board Members have final authority over budgeting and contracting recommendations that are forwarded to the City of Leavenworth City Council for adoption and implementation. The Board may, however, delegate purchasing authority to the Chair and Staff.

Parliamentary Procedure

Additional clarification is presented regarding parliamentary procedure. Upon considering an agenda item, the Chair or Coordinator will entertain a motion and a second of that motion from the Board to approve an agenda item in order to open Board discussion of an issue.

In the event that a staff presentation and/or public hearing are required for the agenda item, the presentation and/or hearing will take place prior to any Board discussion. Board Member questions of staff will take place during the staff presentation, which will be followed by the public hearing, if required.

The Chair, upon completion of the staff presentation and/or public hearing, will then entertain the motions from the Board, as described above, in order to begin discussion of the issue. Board Members may 'call for the question' to bring forth a vote on the issue, but that 'call for the question' itself may require a vote to end Board discussion on the item of business.

SECTION 4: Revenues and Expenditures

GENERAL FUND

The PRSA's General Fund is used to account for the revenues and expenditures that provide general government services. Revenues for the General Fund come solely from taxes that are collected by the Chelan County Treasurer and issued to the PRSA Board when requested. In order to minimize reporting requirements and ease of distribution of revenues, the PRSA Board only adopts one operating expenditure line that will transfer funds to the City of Leavenworth's Pool Fund. The Board Members annually evaluate the City Pool's revenues and expenditures to determine the amount of funds to be transferred each year. In compliance with budgeting and annual reporting requirements, the budget includes reviewing two previous years of actuals with the current year showing budget versus actual year to date totals and the future year's budget estimate.

General Fund Revenues – Fund 001

| Description | 2021 Actual | 2022 Actual | 2023 Budget | 2023 Actual thru 6/30/2023 | 2024 Budget Estimate |
|-------------------------|----------------|----------------|----------------|-------------------------------------|----------------------------|
| Beginning Fund Balance | \$ 5,032 | \$ 8,644 | \$ 12,000 | \$ 16,267 | \$ 25,000 |
| <u>Taxes</u> | | | | | |
| Property Taxes | \$173,307 | \$179,043 | \$185,000 | \$103,198 | \$190,000 |
| Leasehold Taxes | \$ 261 | \$ 222 | \$ 200 | \$ 57 | \$ 250 |
| Timber Excise Taxes | \$ 44 | \$ 58 | \$ 75 | \$ 100 | \$ 75 |
| Transfer From Bond Fund | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Total Revenues: | \$178,644 | \$187,967 | \$197,275 | \$119,622 | \$215,325 |

General Fund Expenditures

| Description | 2021 Actual | 2022 Actual | 2023 Budget | 2023 Actual thru 6/30/2023 | 2024 Budget Estimate |
|----------------------------------|----------------|----------------|----------------|-------------------------------------|----------------------------|
| Transfer to City of Leavenworth. | \$170,000 | \$171,700 | \$173,417 | \$ 83,000 | \$197,000 |
| Total Expenditures: | \$170,000 | \$171,700 | \$173,417 | \$ 83,000 | \$197,000 |
| General Fund Balance: | \$ 8,644 | \$ 16,267 | \$ 23,858 | \$ 36,622 | \$ 18,325 |