



Item for Consideration by the Board of Commissioners

Agenda Item: Public Hearing

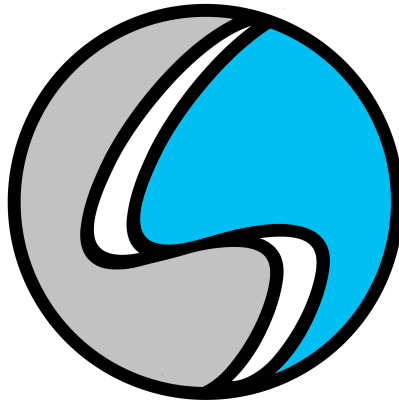
Date: 10-22-19

From: Steven Burke, Executive Director

Subject: 2020 Budget Presentation

- 1. Summary:** In accordance with District Policy, the Executive Director is submitting the 2020 budget that includes the amount to be levied. The 2020 budget is a transitional budget since the Shore Aquatic Center will not be open until June 2020. The budget does cover the conclusion of the expansion project.
- 2. RCW/Policy Requirements:** RCW 35.61.210
- 3. Background/Analysis:** The District is to provide public comment prior to authorizing the executive Director to submit to the Clallam County Assessor the amount to be levied. The Assessed Value (A/V) for property in the District rose by 9.8%. The District had anticipated needing to raise the levy to \$0.43 to cover the project financing costs, but with the increase in A/V's and savings in project costs the recommended levy is \$0.40 or \$1,500,000. The 2019 levy was \$0.37.

Revenue and expenses will be lower than normal since the facility will not be open until June 2020. Included in the 2020 Budget Report is the anticipated full year revenue and expenses when the facility is open for an entire year.
- 4. Financial Impact:** The 2020 budget shows \$11,239,900 in Revenue and \$1,374,272 in Expenses. Capital commitments of \$11,899,366 includes both Capital Projects and Bond Principal Payments. The ending balance for all funds is projected to be \$1,949,590.
- 5. Environmental Impact:** None
- 6. Recommended Action:** Open a public hearing and take public comment.



SHORE
AQUATIC CENTER

Shore Metropolitan Park District

2020 Budget

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2020 Annual Budget

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Finance Committee and Citizens Advisory Committee
William Shore Memorial Pool District

Board of Commissioners

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Reader's Guide to the Budget

WSMPD's budget is divided into the following sections:

Budget Message

This is an overview of the Executive Director's budget recommendations to the Board of Commissioners and the community.

Budget Summary

This section provides an overview of the District's fund balances and revenue and expenditures for the fiscal year.

General Fund

This section provides the details of revenue and expenditures for the District's General Fund, including assumptions, major changes, and challenges.

Capital Fund

This section provides the details of the revenue and expenditures for the District's Capital Fund, including assumptions, major changes, and challenges.

Taxing Authority

This section covers the details of our taxing authority and our levy amounts.

Long-Term Debt

This section covers our current debt position and how it affects current and future budget priorities.

Personnel

This section provides an overview of our personnel, FTE requirements and wage schedules.

Section 1: Budget Message

I am pleased to present for your consideration the proposed 2020 William Shore Memorial Pool District (District) budget for the fiscal year beginning January 1, 2020 and ending December 31, 2020. The District budget serves three primary purposes: 1) financial accountability; 2) strategic planning; 3) public accountability. This document assists the District in maintaining high quality service at the lowest possible cost while addressing the strategic goals of the District. The District's budget is in compliance with the provisions of the Washington State Revised Code (RCW) relating to tax levies and budgets of Metropolitan Park Districts and District policy. All required hearings have been held with the appropriate notice provided.

This document serves as a single guiding document for the District's:

1. Financial priorities and planning;
2. Short and long-term financial forecasting;
3. Capital Projects planning.

Therefore, the annual budget document provides annual updates in all four during our budget development process. The budget represents our fiscal priorities for the upcoming twelve months of operation based on our strategic and capital improvement plans, which moves the District closer to achieving its mission and vision. Approval of the annual budget is one of the most important responsibilities of the Board of Commissioners (Board) due to its comprehensive nature.

The District follows the nationally recognized guidelines for effective budget presentation by the Government Finance Officers Association of the United States (GFOA) and the Washington Finance Officers Association (WFOA). These guidelines are designed to enable the District's budget document to serve as a financial policy document, financial plan, operations guide, strategic plan and a communications device. Financial excellence and accountability is one of the five core values of the District and using these guidelines results in receiving annual recognition for the quality and effectiveness of our annual budget document. This recognition represents a significant achievement by the District; it reflects the commitment of our Board of Commissioners and District staff to meeting the highest principles of governmental budgeting.

The District is fiscally healthy, with sufficient revenue to meet operational and capital needs, debt service and maintaining an adequate ending balance in the General Fund and Capital Fund for our policy reserve requirements. In 2018, the District updated its Financial Policy in preparation for the issuance of General Obligation Bonds for the renovation and expansion project. This policy created a Capital Fund to be used for capital projects and debt service. It also updated our cash reserve amounts for each fund.

Because programming has reached the maximum potential due to space constraints, the District Commissioners committed to a major expansion and renovation project. The District selected ARC Architects and Neeley Construction to complete the project. The estimated total project cost is \$20,000,000 and will be financed with bond issues and state grants and cash reserves. The construction began June 2019 and will finish in June 2020. Due to the project spanning multiple years the 2020 budget will have only 7 months of the facility in operation.

The assessed value (AV) of taxable property is starting to increase from the low in 2014. In 2020, the AV is estimated to increase by 9.8%. With the expansion project and bond issues totaling \$16,798,041 million in bonds, the 2020 budget recommends to raise our District tax levy from \$0.37 to \$0.40 per \$1,000 of assessed value, estimated at \$1,500,000 for operations and debt service.

We welcome feedback on the design of the budget document and its content. Feel free to contact me via e-mail (sburke@williamshorepool.org), telephone (360) 417-9767 or stop by our office at 225 E. 5th St., Port Angeles.

I look forward to working with the Board of Commissioners in the coming year.

Respectfully,



Steven D Burke, AFO
Executive Director
William Shore Memorial Pool District

Section 2: Budget Summary and Highlights

2020 BUDGET SUMMARY AND ENDING CASH BALANCE

Statement of Revenues, Expenses and Changes in Fund Balances			
	General Fund	Capital Fund	All Funds
Opening Balance	\$137,698	\$3,845,630	\$3,983,328
Revenue			
Operational Revenue	\$486,900	\$0	\$486,900
Non Operational Revenue	\$0	\$10,753,000	\$10,753,000
Total Revenue	\$486,900	\$10,753,000	\$11,239,900
Expense			
Operational Expense	\$933,242	\$0	\$933,242
Non-Operational Expense	\$15,300	\$425,730	\$441,030
Total Expense	\$948,542	\$425,730	\$1,374,272
Pre Capital Commitments Income (loss)	-\$461,642	\$10,327,270	\$9,865,628
Capital Commitments			
Debt Service Principal	\$0	\$314,625	\$314,625
Capital Projects	\$0	\$11,584,741	\$11,584,741
Total Debt/Capital Commitments	\$0	\$11,899,366	\$11,899,366
Increase (Loss) in Net Position	-\$461,642	-\$1,572,096	-\$2,033,738
Transfer In from Other Funds	\$600,000	\$0	\$600,000
Transfer Out to Other Funds	\$0	-\$600,000	-\$600,000
Ending Balance	\$276,056	\$1,673,534	\$1,949,590

Chart 1: 2020 Budget Summary

EXPANSION PROJECT

Construction for the renovation and expansion project started in June 2019 and is scheduled to finish in June 2020. The 2019 project costs are estimated to be \$7,847,810 and the balance of 11,584,741 will be spent in 2020. The District will receive over \$4,328,000 in grant and state capital appropriations. The total project cost is estimated at \$20,140,815. The District is using the General Contractor/Contract Management (GC/CM) procurement method for the project. Neeley Construction was selected as the General Contractor for the project. Part of the project has relocated the Horizon Center to their new location on 8th St. to make room for expanded parking.

FACILITY CLOSURE

The facility will be closed until June 2020. Staffing has been reduced to only cover the SPARK Squad program that will remain in operation. The Executive Director will be assuming the role as the Project Manager and the Aquatics Manager and one staff person will remain full-time to manage the remaining staff and manage the construction project.

PROPERTY TAX LEVY

The 2020 budget recommends a District tax levy at \$0.40 per \$1,000 of assessed value, estimated at \$1,500,000. This increase is necessary to make the debt service payments from the Bonds issued for the renovation and expansion project.

2020 BUDGET HIGHLIGHTS

The 2020 budget highlights are:

- District assessed property values increase by 9.8% for 2020
- Increase the tax levy from \$0.37 to \$0.40 per \$1,000 of assessed value.
- Maintaining General Fund reserves of three month of operating costs
- Maintaining Capital Fund reserves of one year debt service payments
- Complete facility closure for 9 months for the renovation and expansion project
- Completion of the renovation and expansion project (\$20,140,815)
- Grant awards of \$4,328,000 for the renovation and expansion project
- Bond and loan debt service payment of \$725,354 with an ending debt of \$16,646,165 for 2020.

MISSION, VISION AND CORE VALUES

DISTRICT MISSION STATEMENT

To provide high quality, safe, and accessible aquatic programs, services, and facilities that enhances the quality of life for all ages, cultures, and abilities, which encourages health, wellness, learning and fun.

DISTRICT VISION STATEMENT

To provide a well-functioning and well-maintained aquatic center that enhances quality of life by offering a diversity of recreational opportunities for people of all ages and needs.

DISTRICT CORE VALUES

- **People Focused:** *Provide the aquatic recreational needs of our community that strengthens the body, sharpens the mind, and renews the spirit of current and future generations.*
- **Sustainable Excellence:** *Deliver the highest quality sustainable product, service, facility and experience financially possible.*
- **Integrity:** *Operate with an objective, honest, and balanced perspective.*
- **Collaborative:** *Work in cooperation with all stakeholders including residents, communities, public and private organizations, and policymakers.*
- **Diversity:** *Support the public we serve, and offer suitable programs, activities, and services that are accessible.*
- **Dedication:** *Commit to getting the job done the right way, no matter what it takes.*
- **Fun:** *Provide fun and enjoyable activities for all ages and abilities.*

Section 3: General Fund

The General Fund is the general operating fund of the District. It is used to account for all financial revenue and expenditures of the District. Use and program revenue are the major sources of revenue for the General Fund.

The District, by policy, is to maintain a cash balance in excess of three months operating fund reserves of \$237,135.

GENERAL FUND ASSUMPTIONS

The following assumptions apply to the General Fund Budget and includes specific assumptions for the projected year end.

2019 YEAR END PROJECTION ASSUMPTIONS

General

1. Facility has been closed since June 2019. Scheduled opening is June 2020.
2. Operational revenue and expenses are for Jan-May with the exception of SPARK program and management staff.
3. The SPARK Squad will remain operational for the entire year with over 65 children. A summer camp and lunch program will continue as well. Estimated 2020 revenue from this program is \$130,000
4. A transfer of \$300,000 from the Capital Fund to the General Fund will cover the loss in net position due to operational expenses.

Revenues

1. A Capital Fund was established in 2018 and all property tax revenue is shown in the capital fund starting in 2018. Prior to 2018, property tax revenue was shown in the General Fund.
2. Admissions and Programming revenue is for Jan-May. The facility closed at the end of May.

Expenses

1. Expenses are low, due to facility closer starting in June 2019.
2. After the facility closure in June 2019, The Executive Director, Aquatics Manager and one Head Guard are being used to help in project management and overseeing the SPARKS program. All other wages are for SPARKS staff positions.
3. SPARK Squad after school program is operating at a temporary location.

2020 BUDGET ASSUMPTIONS

General

1. Facility is scheduled to be open in June 2020 and should have 7 months of operations in 2020
2. A transfer of \$600,000 from the Capital Fund to the General Fund will cover the loss in net position due to operational expenses.

Revenues

1. Revenue projections are using a 35% increase for the new facility use over the 7 months of operations in 2020.
2. Party room rentals and recreation room rentals will be newly added revenue.
3. Timber revenue is estimated at \$95,000, the same as 2019.

Expenses

1. The District will see an 8% increase of personnel costs in 2020 and 2021 to cover the costs associated with the minimum wage increases required in Initiative I-1433.
2. The District is also required to provide sick leave to all part time and full time employees.
3. Additional staff positions to cover the front desk will be required in the new facility
4. A dedicated lifeguard supervisor will be added and is required to meet new Washington State standards

5. A part-time (10 hrs. per week) maintenance technician will be added.
6. Electrical costs will rise an estimated 60% with the new facility adding 3 new bodies of water and doubling the square footage of the facility
7. The SAO financial audit is scheduled for 2020 with an estimated cost of \$15,300.

GENERAL FUND STATEMENT OF REVENUE AND EXPENSES

Shore Metro Park District The General Fund (001) Statement of Revenues, Expenses and Changes in Fund Balances					
	2017 Actual	2018 Actual	2019 Projected	2020 Budget	2021 Projection
Opening Balance	\$198,989	\$109,770	\$115,290	\$137,698	\$276,056
Operational Revenue					
Property Tax	\$527,303	\$0	\$0	\$0	\$0
Country Shared Revenue/Grants	\$59,283	\$32,910	\$100,657	\$95,000	\$95,000
Sales of Merchandise	\$7,239	\$7,983	\$2,409	\$6,000	\$11,000
Activity /Use Fees	\$121,064	\$116,825	\$37,114	\$92,000	\$250,000
Recreation Programing	\$191,347	\$310,765	\$190,906	\$237,500	\$350,000
Interest and Other Earnings	\$26	\$67	\$0	\$0	\$0
Rentals	\$50,589	\$57,715	\$26,132	\$51,900	\$75,000
Gifts From Private Sources	\$79,238	\$1,000	\$0	\$0	\$0
Misc. Revenue	\$1,308	\$4,502	\$4,500	\$4,500	\$4,500
Total Operational Revenue	\$1,037,397	\$531,767	\$361,718	\$486,900	\$785,500
Non Operating Revenue					
Gifts/Grants	\$0	\$0	\$0	\$0	\$0
Bond Debt Proceeds	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$0	\$0	\$0	\$0	\$0
Total Non Operational Revenue	\$0	\$0	\$0	\$0	\$0
Total Revenue	\$1,037,397	\$531,767	\$361,718	\$486,900	\$785,500
Operational Expense					
Wages	\$471,080	\$610,433	\$367,998	\$563,542	\$675,000
Benefits	\$76,846	\$93,250	\$71,700	\$79,200	\$125,000
Supplies	\$51,245	\$78,651	\$55,879	\$93,650	\$110,000
Services	\$228,042	\$231,755	\$138,168	\$188,850	\$225,000
Intergovernmental Taxes	\$11,135	\$12,158	\$5,565	\$8,000	\$15,000
Total Operational Expenses	\$838,348	\$1,026,247	\$639,310	\$933,242	\$1,150,000
Non Operational Expense					
Intergovernmental Services	\$11,927	\$0	\$0	\$15,300	\$0
Debt Interest	\$34,775	\$0	\$0	\$0	\$0
Total Non Operational Expense	\$46,702	\$0	\$0	\$15,300	\$0

TOTAL EXPENSE	\$885,050	\$1,026,247	\$639,310	\$948,542	\$1,150,000
Pre Capital Commitment Income (Loss)	\$152,347	-\$494,480	-\$277,592	-\$461,642	-\$364,500
Capital Commitments					
Debt Service Principle	\$133,318	\$0	\$0	\$0	\$0
Capital Projects	\$108,248	\$0	\$0	\$0	\$0
Total Capital Commitments	\$241,566	\$0	\$0	\$0	\$0
Increase (Loss) in Net Position	-\$89,219	-\$494,480	-\$277,592	-\$461,642	-\$364,500
Transfer in from Capital Fund	\$0	\$500,000	\$300,000	\$600,000	\$400,000
Transfer to Capital Fund	\$0	\$0	\$0	\$0	\$0
Adjustments	\$0	\$0	\$0	\$0	\$0
Ending Balance	\$109,770	\$115,290	\$137,698	\$276,056	\$311,556

Chart 2: 2020 General Fund Statement of Revenues, Expenses and Changes in Fund Balances

GENERAL FUND REVENUE PROJECTIONS BY CATEGORY

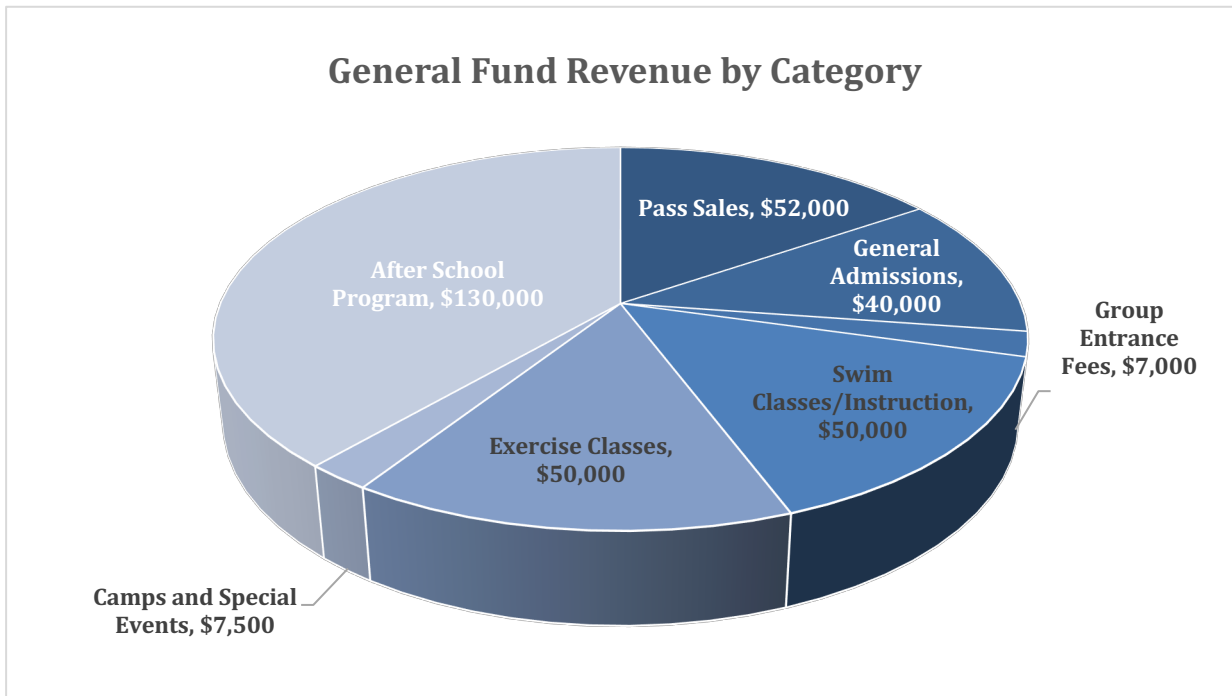


Chart 3: 2020 General Fund Revenue by Category Graph

GENERAL FUND EXPENSE PROJECTIONS BY CATEGORY

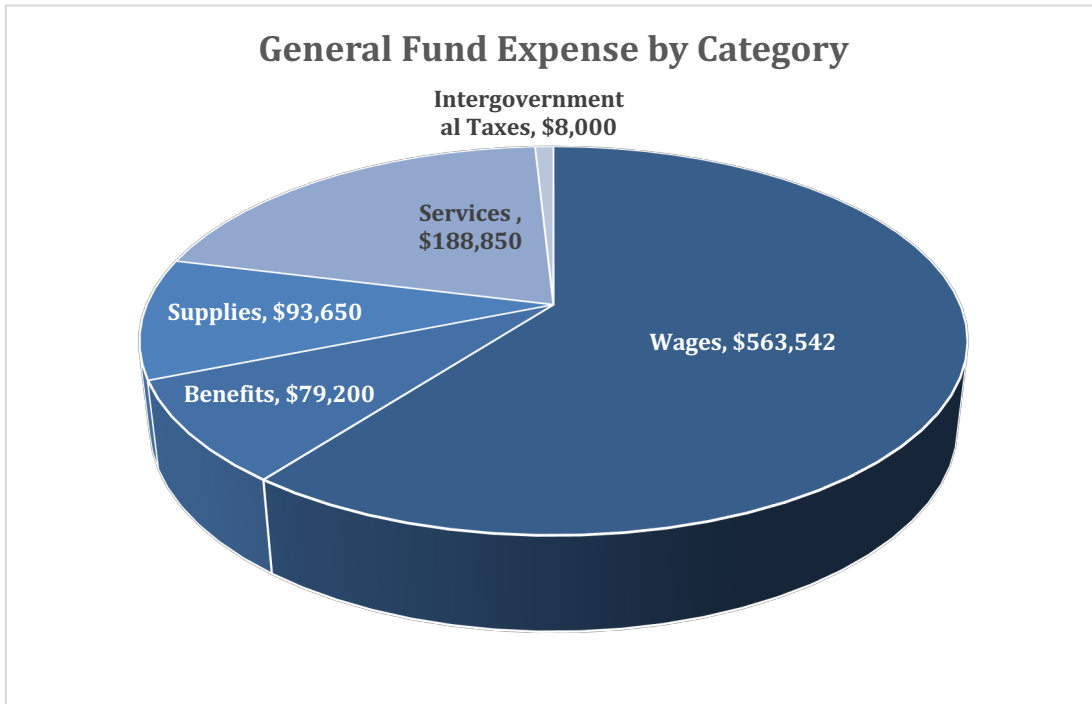


Chart 4: 2020 General Fund Expense by Category Graph

Section 4: Capital Fund

The Capital Fund is used to account for all capital expenditures and debt service payments of the District. Property Tax levy and bond proceeds are the major sources of revenue for the Capital Fund. The Capital Fund was started in 2018.

CAPTIAL FUND ASSUMPTIONS

The following assumptions apply to the Capital Fund Budget and includes specific assumptions for the projected year end.

2019 YEAR END PROJECTION ASSUMPTIONS

General

1. A transfer of \$300,000 from the Capital Fund to the General Fund will cover the loss in net position due to operational expenses.

Revenue

1. Grant revenue (Capital, RCO and CDBG) will be \$1,905,000 at year end
2. Bond proceeds will earn \$149,691 in restricted interest earnings that can be used for project costs or bond payments
- 3.

Expense

1. Expansion Project costs for year end 2019 are estimated at \$7,847,810
2. Cost of investment expense is projected to be \$18,000 at year end
3. Interest payments will total \$583,521
4. Principle payment of \$144,497

2020 BUDGET ASSUMPTIONS

General

1. Assessed Values will rise 9.8% in 2020 to \$3,727,770,19.
2. Property Tax Levy rate will change from \$0.37 to \$0.40 in 2020 to pay the bond payments for the expansion project.
3. District Policy requires six month reserve of Bond payments of \$362,000
4. A transfer of \$600,000 from the Capital Fund to the General Fund will cover the loss in net position due to operational expenses.

Revenue

1. Property Tax revenue will be \$1,500,000 in 2020
2. The District will issue \$6,800,000 million in Park Revenue Bonds at the beginning of 2020 to finish the financing of the project.
3. Estimated grant revenue (Capital, RCO and CDBG) will be \$2,423,000 in 2020.

Expenses

1. In 2020, the District will conclude the renovation and expansion of the facility. The facility is scheduled to be closed until June 2020.
2. Expansion Project costs for 2020 are estimated at \$11,584,741
3. The District will have General Obligation Bonds and two Washington State LOCAL Loans that will require an interest and principle payment of \$725,354. At the end of 2020 our total debt balance will be \$16,646,165.

CAPITAL FUND STATEMENT OF REVENUE AND EXPENSES

Shore Metro Park District The Capital/Debt Service Fund (003) Statement of Revenues, Expenses and Changes in Fund Balances					
	2018 Actual	2019 Budget	2019 Projected	2020 Budget	2021 Projection
Opening Balance	\$0	\$9,041,839	\$9,434,767	\$3,845,630	\$1,673,534
Non Operational Revenue (General)					
General Property Tax	\$747,165	\$1,250,000	\$1,250,000 ¹⁰	\$1,500,000 ¹⁴	\$1,650,000
State Grants	\$0	\$4,250,000	\$1,905,000	\$2,423,000	\$0
County Shared Revenue/Grants	\$100,000	\$0	\$0	\$0	\$0
Interest and Other Earnings	\$95,463	\$40,000	\$149,691	\$30,000	\$0
Debt Proceeds	\$9,998,041	\$2,500,000	\$0	\$6,800,000	\$0
Total Non-Operational Revenue (General)	\$10,940,669	\$8,040,000	\$3,304,691	\$10,753,000	\$1,650,000
Non-Operational Expense (General)					
Cost of Debt Issuance	\$134,017	\$0	\$18,000 ¹⁸	\$15,000 ¹⁸	\$0
Debt Interest	\$29,555	\$764,521	\$583,521	\$410,730	\$621,897
Total Non-Operational Expense (General)	\$163,572	\$764,521	\$601,521	\$425,730	\$621,897
Non-Op Capital Commitments					
Debt Service Principle	\$134,066	\$249,497	\$144,497	\$314,625	\$388,734
Capital Projects	\$708,264	\$15,242,000	\$7,847,810 ¹¹	\$11,584,741 ¹²	\$0
Total Non Op Capital Commitments	\$842,330	\$15,491,497	\$7,992,307	\$11,899,366	\$388,734
Total Non Op Expense (General/Capital)	\$1,005,902	\$16,256,018	\$8,593,828	\$12,325,096	\$1,010,631
Increase (Loss) in Net Position	\$9,934,767	-\$8,216,018	-\$5,289,137	-\$1,572,096	\$639,369
Transfer from General Fund	\$0	\$0	\$0	\$0	\$0
Transfer to General Fund	-\$500,000	-\$300,000	-\$300,000	-\$600,000	-\$400,000
Ending Balance	\$9,434,767	\$525,821	\$3,845,630	\$1,673,534	\$1,912,903

Chart 5: 2020 General Fund Statement of Revenues, Expenses and Changes in Fund Balances

CAPITAL FUND REVENUE PROJECTIONS BY CATEGORY

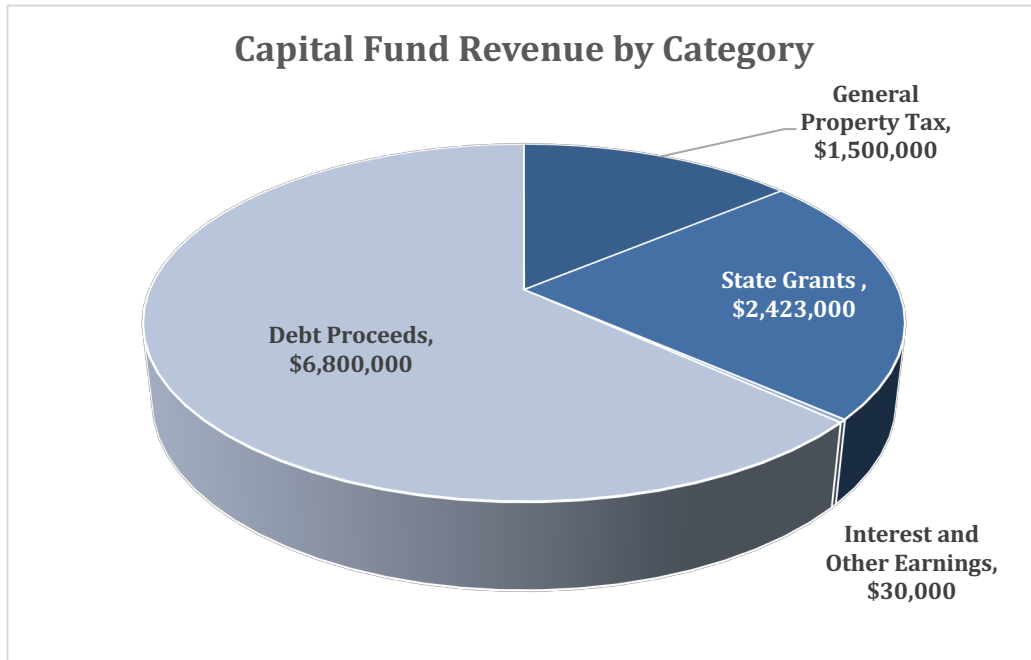


Chart 6: 2020 Capital Fund Revenue by Category Graph

CAPITAL FUND EXPENSE PROJECTIONS BY CATEGORY

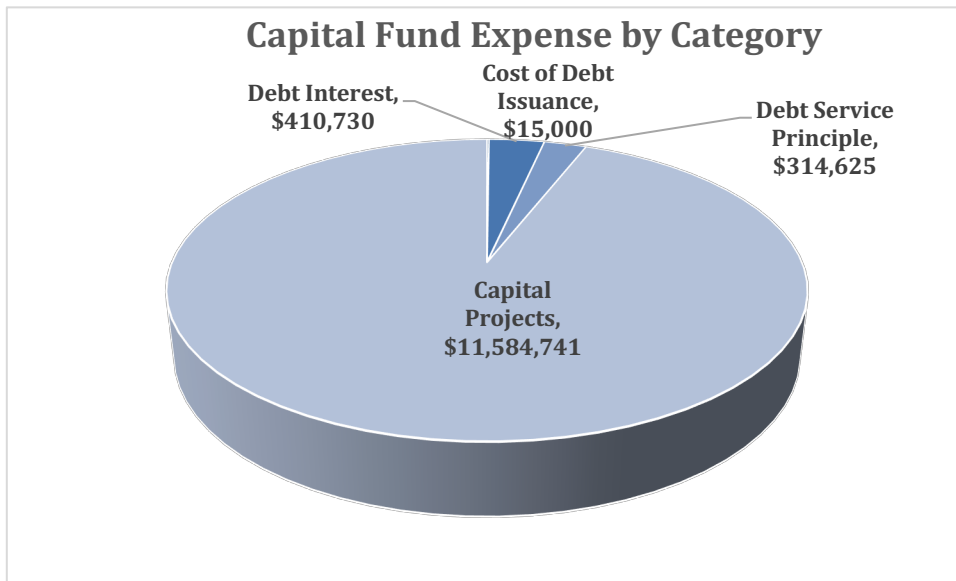


Chart 7: 2020 Capital Fund Expense by Category Graph

Section 5: Taxing Authority

DISTRICT STATUTORY TAXING CAPACITY

The maximum lawful tax rate a Metropolitan Park District is allowed by Revised Code of Washington (RCW) section 35.61.210 is \$0.75 per \$1,000 of District assessed valuation. The 2020 levy tax rate is estimated at \$0.40. We aren't anticipating needing the remaining taxing capacity in the operation of the District.

HISTORICAL PROPERTY TAX FOR DISTRICT AND ALL LEVY AMOUNTS

Property taxes are assessed to the citizens in March of each year with the 1st half payment due on April 30th and the 2nd half due on October 30th. Several limitations control the growth of regular property tax levies and revenues:

- Initiative 747 (RCW 84.52.050), voter approved in 2001, requires state and local governments to limit their property tax increases to 1% each year, or the IPD, whichever is less, unless an increase greater than this limit is approved by voters in an election.
- Revised Code of Washington (RCW) 84.52.043(2) limits all regular tax levies within counties to \$5.90 per \$1,000 of assessed value (AV). If the taxes of all districts collectively exceed this amount, a proportionate adjustment is applied until the total is reduced to the 1 percent limit.

Initiative 747 limitations do not apply to the District in the near term because the District has only been using a portion of the maximum lawful levy limit and would only apply when the District reaches its levy limit of \$0.75 per \$1,000 of assessed value.

2020 LEVY

The levy rate is a product of the amount of the total taxes assessed and property values. After the District establishes the levy amount by the District Board of Commissioners rate, the County applies the total assessment to the total property values within the entity that then results in a levy rate per \$1,000 of assessed value

The Clallam County Assessor's Office has certified the property values (assessed values/AV) for the District at 9.8% higher than 2019 assessed values.

The District Board has decided to increase the levy amount from \$0.37 to \$0.40 in anticipation of the new debt service that will begin in 2020. The levy increase will provide the needed cash reserves to our Capital Fund and finish the renovation and expansion project.

The District Board has continued to have the District citizen's best interest in mind during the budget process concerning regular property taxes. The table below provides a history of levy rates.

DISTRICT HISTORICAL PROPERTY VALUES AND LEVY RATES

Year	Assessed Property Value	% Increase/Decrease	Levy Amount	A/V per \$1,000	Remaining Banked Capacity	Amount of Banked Capacity
2009	\$3,498,913,138	N/A	\$525,000	\$0.1500	\$0.60	\$2,099,185
2010	\$3,198,254,744	-8.59%	\$475,000	\$0.1485	\$0.60	\$1,923,691
2011	\$3,125,867,763	-2.26%	\$465,000	\$0.1488	\$0.60	\$1,879,401
2012	\$2,908,002,027	-6.97%	\$465,000	\$0.1599	\$0.59	\$1,716,002
2013	\$2,745,879,119	-5.58%	\$465,000	\$0.1693	\$0.58	\$1,594,409

2014	\$2,668,958,264	-2.80%	\$475,000	\$0.1780	\$0.57	\$1,526,719
2015	\$2,672,420,425	0.13%	\$480,000	\$0.1796	\$0.57	\$1,524,315
2016	\$2,747,999,601	2.83%	\$495,000	\$0.1801	\$0.57	\$1,566,000
2017	\$2,854,732,057	3.88%	\$525,000	\$0.1839	\$0.57	\$1,616,049
2018	\$3,089,616,507	8.23%	\$750,000	\$0.2427	\$0.51	\$1,567,212
2019	\$3,395,499,089	9.90%	\$1,250,000	\$0.3681	\$0.38	\$1,296,624
2020	\$3,727,770,194	9.79%	\$1,500,000	\$0.4024	\$0.35	\$1,295,828

Chart 8: Property Values and Levy Rates by Year

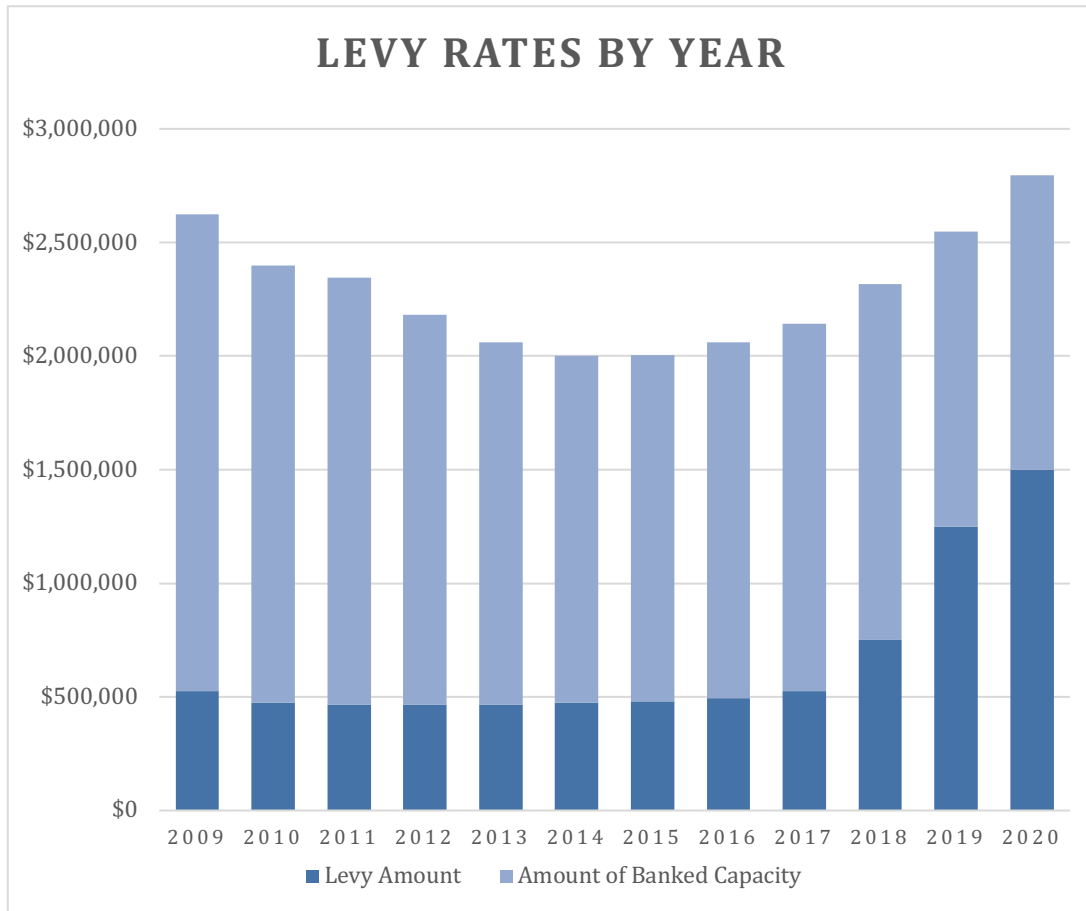


Chart 9: Levy Rates Comparison by Year Graph

OTHER TAXING REVENUE

The District also receives tax revenue from timber harvest taxes and excise taxes and proceeds from the sale of county timber. These revenues vary drastically from year to year and are difficult to predict.

Section 6: Long Term Debt

DEBT MANAGEMENT POLICY

The District's financial policy was updated in 2018 as part of the bond rating process. S&P Global gave a rating of **AA stable**, which is an excellent rating for a first rating in May of 2018. Debt policy is to plan and direct the use of debt so that debt service payments will be a predictable and manageable part of the annual budget. The District will raise capital at the lowest possible cost through maintenance of a high credit rating and reputation in the credit markets.

DEBT ISSUED

The District issued two Public General Obligation Bonds in 2018. An Unlimited Tax General Obligation Bond was issued for \$3,500,000 and a Limited Tax General Obligation Bond was issued for \$6,165,000 with a \$333,941 premium for a total of \$9,998,941.

The District will issue \$6,800,000 private placement Limited Tax Park Revenue Bond in 2020. All bond issues will finance the renovation and expansion capital project.

DISTRICT STATUTORY DEBT LIMITS AND AVAILABLE CAPACITY

In accordance with RCW 35.61.100, the District may incur non-voter approved debt to the maximum of 0.25% of the District assessed valuation. In addition, in accordance to RCW 35.61.110 the District may, together with existing voter-approved indebtedness and nonvoter-approved indebtedness, increase debt to a maximum of 2.5% of the District assessed valuation.

Voter approved Proposition 1 in 2017, approved the District to increase non-voted debt capacity an additional \$3,500,000.

Current debt capacity for 2020 is \$2,785,300 in non-voted debt capacity and \$93,194,225 in voted debt capacity. The \$6,800,000 in Park Revenue Bond do not count towards debt capacity in accordance with RCW's.

2019 DEBT SERVICE PAYMENTS

2020 Debt Payment Schedule			
Debt	Principal	Interest	Payment
LOCAL I (2012B)	\$14,517	\$1,928	\$16,445
LOCAL II (2013A)	\$53,354	\$9,072	\$62,426
Kitsap (2013A)	\$69,186	\$7,640	\$76,826
Kitsap (2017A)	\$2,568	\$51	\$2,619
2018UT Bond	\$0	\$140,000	\$140,000
2018LT Bond	\$175,000	\$252,038	\$427,038
Kitsap (2020A)	\$0	\$0	\$0
TOTAL	\$314,625	\$410,729	\$725,354

Chart 10: Bond and Loan Payments for 2020

Section 7: Personnel

The District Budget for 2020 will have significant changes in labor costs because the Shore Aquatic Center will be closed until June 2020. Once reopened, labor costs will increase due to the increased size of the facility and new safety standards that the District must follow for lifeguarding and supervision.

The District has several classifications of employees from part-time to full-time salaried. The District plans on employing over 65 full and part-time staff once the Shore Aquatic Center is reopened. Currently, the District has no collective bargaining agreements with any classification of employees. In a normal year the District facility is open 103 hours per week, which requires 2.5 FTE's for each staffed position. After the renovation and expansion the District will need to increase lifeguard staff and add a full-time front counter position.

MINIMUM WAGE AND SICK LEAVE CHANGES

The initiative I-1433 affects us by requiring us to adjust minimum wage and to provide sick leave. The minimum wage affects us by needing to raise all tiers since the lowest tier is increasing. The table below shows how the minimum wage increases will occur and how the District will implement the increases.

Date	Hourly Rate Under I-1433	District Starting Rate
2017	\$11.00	\$11.25
2018	\$11.50	\$12.30
2019	\$12.00	\$13.00
2020	\$13.50	\$14.00
2021	\$13.86	\$14.86
2022	\$14.23	\$15.23

Chart 11: Future Changes in Minimum Wage and District Starting Pay Rate