

**WILLIAM
SHORE
POOL**



**William Shore Memorial
Pool District**

2018 Budget

2018 Annual Budget

Prepared by:

Steven D. Burke
Executive Director

Jessica Compton
Aquatics Manager

James Schultz
Assistant Aquatics Manager

Charlie McClain
District Treasurer

Rachelle Sires
District Clerk

Finance Committee and Citizens Advisory Committee
William Shore Memorial Pool District

TABLE OF CONTENTS

READER’S GUIDE TO THE BUDGET	5
SECTION 1: BUDGET MESSAGE	6
SECTION 2: BUDGET SUMMARY AND HIGHLIGHTS.....	8
2018 BUDGET SUMMARY	8
2018 BUDGET HIGHLIGHTS	9
SECTION 3: ORGANIZATIONAL STRUCTURE.....	10
MISSION, VISION AND CORE VALUES	11
SECTION 4: GENERAL FUND CASH BALANCE/RESERVES	12
YEARLY GENERAL FUND CASH BALANCE.....	12
SECTION 6: GENERAL FUND REVENUE	13
2018 GENERAL FUND REVENUE BUDGET	13
REVENUE COMPARISON BY YEAR.....	15
SECTION 7: GENERAL FUND EXPENSES	17
2018 GENERAL FUND EXPENSES BUDGET	17
EXPENSE COMPARISON BY YEAR	20
SECTION 8: TAXING AUTHORITY.....	23
DISTRICT STATUTORY TAXING CAPACITY.....	23
HISTORICAL PROPERTY TAX FOR DISTRICT AND ALL LEVY AMOUNTS	23
2018 LEVY	23
DISTRICT HISTORICAL PROPERTY VALUES AND LEVY RATES.....	23
SECTION 9: LONG TERM DEBT	25
DEBT MANAGEMENT POLICY	25
DISTRICT STATUTORY DEBT LIMITS AND AVAILABLE CAPACITY.....	25
BOARD AND LOAN PAYMENTS FOR 2018	25
SECTION 11: PERSONNEL.....	26
NEW HEALTH INSURANCE BENEFITS.....	26
MINIMUM WAGE AND SICK LEAVE CHANGES	26
WAGE SCHEDULE FOR 2018.....	27
APPENDIX 1: STRATEGIC PLAN AND ACCOMPLISHMENTS.....	28
AWARDS/AUDITS RECEIVED IN 2017	28
THE 2015-2020 STRATEGIC PLAN.....	28
2017 STRATEGIC GOAL ACCOMPLISHMENTS	29
ATTACHMENT 2: PRELIMINARY EXPANSION COST BREAKDOWN	31

TABLE OF CHARTS AND GRAPHS

CHART 1: 2017-2018 BUDGET COMPARISON	6
CHART 2: 2018 BUDGET SUMMARY	8
CHART 3: GENERAL FUND ENDING BALANCES BY YEAR GRAPH	12
CHART 4: 2018 GENERAL FUND REVENUE BY CATEGORY.....	14
CHART 5: 2018 GENERAL FUND REVENUE BY CATEGORY GRAPH	14
CHART 6: EARNED REVENUE BY CATEGORY.....	15
CHART 7: REVENUE COMPARISON BY YEAR	16
CHART 8: 2018 GENERAL FUND EXPENSE BY CATEGORY	19
CHART 9: 2018 GENERAL FUND EXPENSE BY CATEGORY GRAPH	20

CHART 10: EXPENSE COMPARISON BY YEAR.....	22
CHART 11: PROPERTY VALUES AND LEVY RATES BY YEAR	24
CHART 12: LAWFUL AND ACTUAL LEVY RATES COMPARISON BY YEAR GRAPH	24
CHART 13: DEBT LIMITS AND AVAILABLE CAPACITY	25
CHART 14: BOND AND LOAN PAYMENTS FOR 2018	25
CHART 15: EMPLOYEE CLASSIFICATION AND BENEFITS DETAIL	26
CHART 16: FUTURE CHANGES IN MINIMUM WAGE AND DISTRICT STARTING PAY RATE	27

Reader's Guide to the Budget

WSMPD's budget is divided into the following sections:

Budget Message

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 2017 fiscal year.

General Fund

This section provides the details of revenue and expenditures for each of the District's funds, 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.

Strategic Goals and Accomplishments

This section of the budget document provides an overview of the accomplishments for the current fiscal year.

Section 1: Budget Message

I am pleased to present for your consideration the proposed 2018 William Shore Memorial Pool District (District) budget for the fiscal year beginning January 1, 2018 and ending December 31, 2018. 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. Strategic planning, and;
4. Capital improvement 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.

In 2018, the District’s budget revenue will show a significant increase in program revenue and levy revenue over the 2017 amended budget. The increase in revenue growth comes from the addition of our SPARKS Squad after school care program (\$144,000) and a \$0.06 increase in our levy (\$225,000). The levy increase is in preparation of the 2019 renovation and expansion project the voters approved in November of 2017. The table below shows the comparison of the 2017 budget, the 2017 amended budget and the 2018 recommended budget, as put forth but the District Accountant and myself.

William Shore Pool District			
	2017 Budget	2017 Est.	2018 Budget
REVENUES:	\$944,310	\$982,640	\$1,298,300
EXPENSES:	\$987,925	\$965,387	\$1,178,084

Chart 1: 2017-2018 Budget Comparison

Overall, the District is fiscally healthy. The District has sufficient revenue to meet operational needs, debt service and maintaining an adequate ending balance in the General Fund for our policy reserve requirements. In 2014, the District set our bond and loan payment reserve level to equal one year of

bond payments (\$150,000) and have three months operating expenditure (\$90,000) in reserves. Current bond and loan debt will be \$638,246 by the end of 2018. The District is on schedule to retire all bonds and loans by 2022. The bond and loan proceeds were used to upgrade our mechanical and electrical components at our facility.

With programming reaching the maximum potential due to space constraints, the District Commissioners committed to the process of a major expansion and renovation project and submitted to the voters of the District a request to issue \$3.5 million in Bond debt for the project. On November 07, 2017, the District voters passed the ballot proposition by 70% margin. The timeline for the expansion project is to start in the fall of 2019 and finish by the summer of 2020. The estimated cost of the project is \$12 million and will be financed with \$9 million in bond issues and \$3 million in state grants.

In September of 2017, the District Board of Commissioners approved a policy to provide health benefits to all full time employees of the District. For 2018, we will have 5 employees participating in this program and will cost the District \$33,000. This policy was approved as part of our District's strategic plan to increase employee retention.

The assessed value (AV) of taxable property is starting to increase from the low in 2014. In 2018, the AV is estimated to increase by 7.55%. With the upcoming expansion project and the having to issue \$9 million in bonds, the 2017 budget recommends to raise our District tax levy from \$0.18 to \$0.24 per \$1,000 of assessed value, estimated at \$750,000. This increase will allow us to show a cash reserve of 35% of operating costs, which will increase our bond credit rating and lower the bond issue interest the District will be charged.

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

The District strives to maximize effectiveness, efficiency, and value to the community. In addition, we endeavor to be transparent in our decision-making and financial affairs to allow our taxpayers and the District’s voters to have the ability to assess if we are making efficient use of public funds and providing good value for the cost of our services.

2018 BUDGET SUMMARY

Beginning Balance	2018 Revenue	2018 Expenses	Ending Balance
\$236,723	\$1,298,300	\$1,178,084	\$356,939

Chart 2: 2018 Budget Summary

STABILIZED OPERATING EXPENSES

As a result of our capital improvement investments the annual operating expenses have stabilized and should remain consistent for the next 3-5 years with the exception of annual inflation adjustments.

BOND AND LOAN OBLIGATIONS

The District has two General Obligation Bonds and two Washington State LOCAL Loans that require a 2018 payment of \$163,621 for principle and interest. At the end of 2018 our total debt balance will be \$638,246. In the 2018 budget, we continue to maintain one year of loan and bond payments (\$150,000) in reserves to ensure greater financial stability in these uncertain economic times.

NON-TAX REVENUE

The District has been able to increase non-tax revenue for 2018 by utilizing a City of Port Angeles facility to run the new after school care program. This program cannot be housed at our facility due to space limitations and will increase revenue by an additional \$144,000 annually. The expansion plans incorporate the need for additional dryland space to run the after school care program.

FUND CASH BALANCE

The District is maintaining a cash balance in excess of the minimum financial policy of three months operating fund reserves (\$90,000) and one-year bond and loan payments (\$150,000).

PASSAGE OF PROPOSITION 1: VOTER APPROVAL TO INCREASE DEBT CAPACITY

On November 7, 2017, the District voters approved a Proposition 1 by 70% margin to increase the District debt capacity by \$3.5 million for the 2019 expansion and renovation project. This will give the District almost \$11 million of debt capacity for the expansion project in 2019.

2019-2020 EXPANSION PROJECT

The design and engineering phase for the expansion project will start in earnest in 2018. The District will select a design architect and finalize the designs and begin developing the construction documents. The District will also relocate the Horizon Center to their new location and relocate the existing HVAC to the north side of the facility. See Attachment 1 for a preliminary expansion cost breakdown. A complete proforma will be developed once the design stage has been completed and associated costs can be determined and will be included in the 2019 Budget.

PROPERTY TAX LEVY

The 2018 budget recommends a District tax levy at \$0.24 per \$1,000 of assessed value, estimated at \$750,000. This increase will allow us to maintain a higher cash reserve in anticipation of issuing 9 million in bonds for our expansion project.

PASSAGE OF INITIATIVE I-1433

The District will increase the personnel costs by 8.5% in 2018 to cover the costs associated with the minimum wage increases required in Initiative I-1433. In 2018, the District is also required to provide sick leave to all part time and full time employees. The minimum wage will increase an additional 8% in 2019 and 2020.

NEW HEALTH BENEFITS

The District Board of Commissioners approved a policy to provide health benefits to all full time employees of the District. This benefit includes health, dental, short-term disability and life Insurance. The cost of providing this benefit for 2018 will be \$33,000. This policy was approved as part of the Strategic Plan to improve employee retention.

2018 BUDGET HIGHLIGHTS

The 2018 budget highlights are:

- Increase the tax levy from \$0.18 to \$0.24 per \$1,000 of assessed value.
- Increase of \$38,000 (8.5%) in personnel costs to cover new sick leave and minimum wage increases required by I-1433.
- First full year of offering health benefits for full time employees (\$33,000)
- Maintaining a one-year bond payment reserve of \$150,000
- Increase our cash reserves to 35% of our operational costs.
- Initiate architectural design process for the expansion (\$125,000)
- Bond and loan debt service payment of \$163,621 with an ending debt of \$638,246 for 2018.
- An ending General Fund balance of \$321,071

Section 3: Organizational Structure

DISTRICT OFFICES
225 E. 5th St.
Port Angeles, WA 98362

BOARD OF COMMISSIONERS

Anna Manildi
President

Bill Peach
Vice President

Brad Collins
Commissioner

Randy Johnson
Commissioner

Cherie Kidd
Commissioner

CITIZEN ADVISORY COMMITTEE

Greg Shields
Chairperson

Chris Murray

Wade Powers

Todd Clayton

Steve Zenovic

STAFF

Steven Burke
Executive Director

Jessica Compton
Aquatics Manager

Charlie McClain
District Treasurer

Craig Miller
District Attorney

James Shultz
Assistant Aquatics Manager

Rachelle Sires
District Clerk

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 4: General Fund Cash Balance/Reserves

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. Taxes and earned revenue are the major sources of revenue. The year-end 2018 General Fund balance/reserves will show a \$120,216 increase from the estimated 2017 year-end projection.

The District, by policy, is to maintain a cash balance in excess of two months operating fund reserves (\$60,000) and one-year bond and loan payments (\$150,000). This will be exceeded due to preparation of the expansion project and anticipating issuing a bond for the project.

YEARLY GENERAL FUND CASH BALANCE

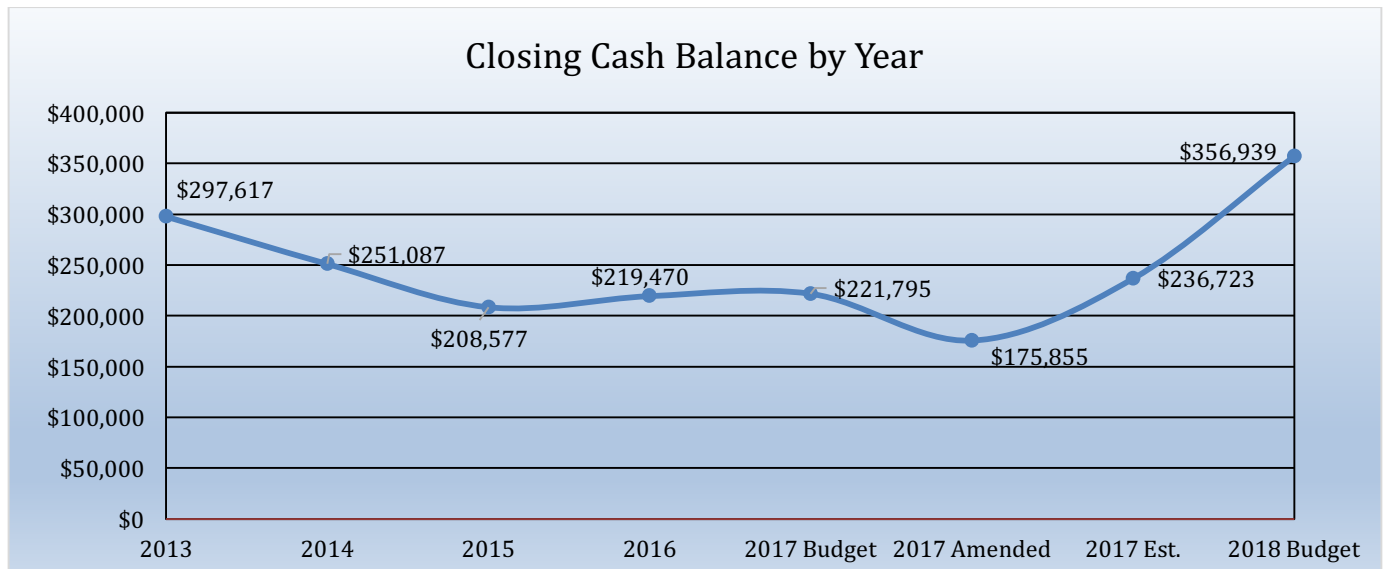


Chart 3: General Fund Ending Balances by Year Graph

Section 6: General Fund Revenue

2018 GENERAL FUND REVENUE BUDGET

The 2018 General Fund revenue shows an 37% increase over the 2017 estimated year end. This is due to the increase in the 2018 levy tax and new program revenue from or after school care program. This increase is more significant since the 2017 amended budget shows a one-time grant payment of \$39,000.

The 2018 District levy will increase \$225,000 (42%). With the estimated increase of assessed property values (AV) of 7.55% it will increase the levy rate from \$0.18 to \$0.24 per \$1,000 of AV. The District's Assessed Value (AV) is estimated to increase over the next 3-5 years. The District will collect 98% of property taxes in the year in which they are levied (based on historical data for tax collection within the District. Delinquent property tax payments in prior years have a total outstanding balance to the District of less than \$10,000.

The 2018 District budget adds a new revenue stream from our new after school care program called SPARKS Squad. The program provides after school care for 40+ kids, ages kindergarten through 6th grade. The program also provides all day care on all non-school days, holidays and during the summer. A conservative revenue projection for 2018 is \$144,000, this number may increase as we add kids to the program. All kids in the program will receive swim lessons as part of the program.

GENERAL FUND REVENUES

Description	2017 Budget	2017 Est.	2018 Budget	% Increase over Est.
OPERATIONAL REVENUE				
Real and Personal Property Tax	\$525,000	\$525,000	\$750,000	42%
Total General Property Tax	\$525,000	\$525,000	\$750,000	42%
Leasehold Excise Taxes	\$5,500	\$6,208	\$6,250	0.68%
Timber/Harvest Excise Tax	\$2,600	\$3,546	\$3,550	0.11%
Misc./PILT	\$0	\$50	\$0	
Total Misc. Taxes	\$8,100	\$9,804	\$9,800	-0.04%
Vending Revenue	\$500	\$263	\$300	14.07%
Sales of Taxable Merchandise	\$7,500	\$7,087	\$7,500	5.83%
Total Sales of Merchandise	\$8,000	\$7,350	\$7,800	6.12%
Pass Sales	\$71,000	\$73,618	\$74,000	0.52%
General Admissions	\$56,000	\$53,823	\$54,000	0.33%
Swim Classes/Instruction	\$90,000	\$98,245	\$98,500	0.26%
Exercise Classes	\$65,000	\$63,037	\$65,000	3.11%
Camps and Special Events	\$10,000	\$13,124	\$13,500	2.86%
After School Program		\$40,000	\$144,000	260.00%
Total Recreation Programing	\$292,000	\$341,847	\$449,000	31.35%
Rentals (Short-Term)	\$12,500	\$10,752	\$11,000	2.31%
Equipment and Locker Rentals	\$5,750	\$5,054	\$5,200	2.89%
Lease of County Land (DNR Other)	\$0	\$134	\$0	
Rentals (Contracted)	\$32,500	\$32,000	\$35,000	9.38%
Total Rentals	\$50,750	\$47,940	\$51,200	6.80%
Private Gifts (non-gov.)	\$0	\$280	\$0	
Total Gifts from Private Sources	\$0	\$280	\$0	

Misc. Other	\$500	\$459	\$500	8.93%
Total Other Misc. Revenue	\$500	\$459	\$500	8.93%
Sale of County Timber	\$20,000	\$10,000	\$30,000	200.00%
Total Sale of County Timber	\$20,000	\$10,000	\$30,000	200.00%
TOTAL OPERATIONAL REVENUE	\$904,350	\$942,680	\$1,298,300	37%
NON-OPERATIONAL REVENUE				
Opportunity Fund Grant	\$39,960	\$39,960	\$0	-100.00%
Total Local Gov't Grants/ Payments	\$39,960	\$39,960	\$0	
NON OPERATIONAL REVENUE	\$39,960	\$39,960	\$0	
TOTAL REVENUE	\$944,310	\$982,640	\$1,298,300	37%

Chart 4: 2018 General Fund Revenue by Category

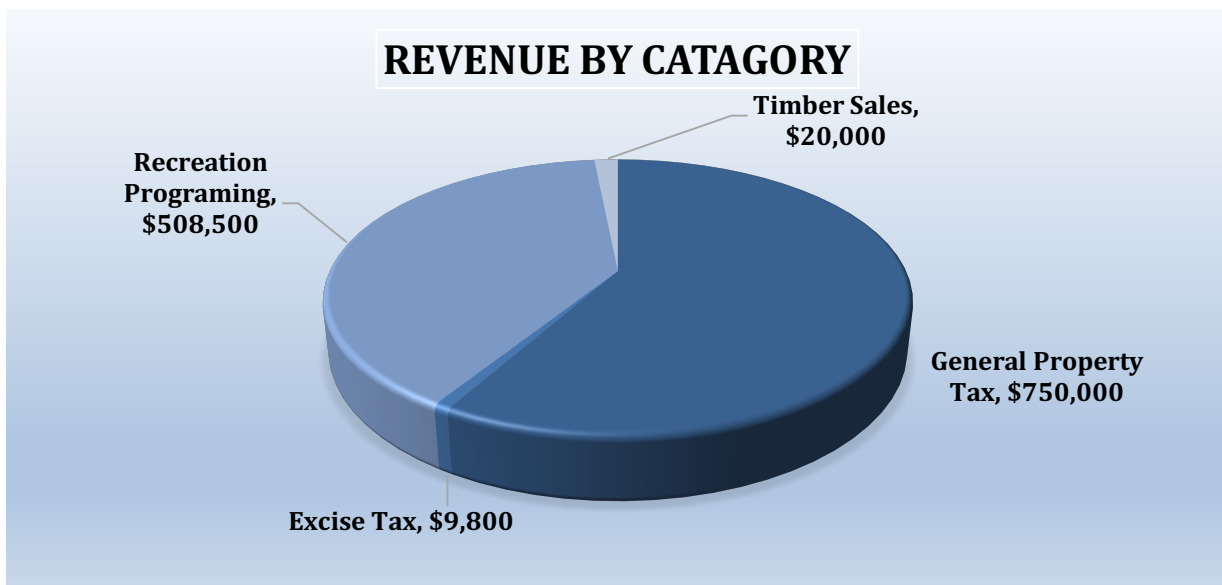


Chart 5: 2018 General Fund Revenue by Category Graph

GENERAL FUND REVENUE ANALYSIS AND ASSUMPTIONS

The following four revenue assumptions were used in developing the district budget:

- Timber revenue decreased in 2017. Timber revenue can range from \$0 to \$30,000 without any notice. In 2018 timber revenue is estimated to increase over 2017.
- Several other tax revenue streams continue to swing dramatically and are difficult to anticipate and budget (i.e. excise tax and county timber sales).
- Previous years property tax payments that have not been paid total less than \$10,000.
- The Revised Code of Washington (RCW) limits Metropolitan Park Districts to a maximum regular property tax rate of \$0.75/\$1000 of assessed value (RCW 36.61.210). In 2018, the District will have a regular property tax rate of \$0.24/\$1,000 of assessed value.

EARNED REVENUE

In determining the financial health of a Park District, the key indicator is the growth of the District's earned revenue or non-tax revenue. Earned revenue incorporates all the charges for service and program revenues for the District. Even though the largest single source of revenue for all Park Districts will be property tax revenue, earned revenue is always the best indicator of the financial health of the District. In 2018, District earned revenue will be 42% of the total revenue. The average earned revenue for

operating a Park District in Washington State in 2016 was 20% of total revenue. The chart below shows the earned revenue in each category.

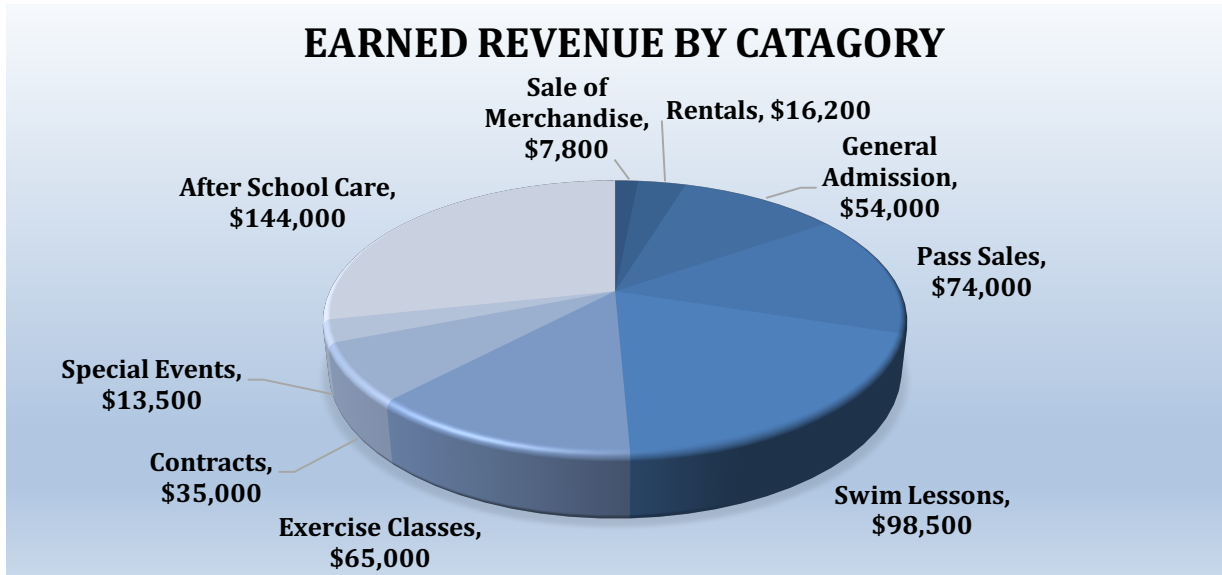


Chart 6: Earned Revenue by Category

REVENUE COMPARISON BY YEAR

Description	2014	2015	2016	2017 Budget	2017 Est.	2018 Budget
OPERATIONAL REVENUE						
Real and Personal Property Tax	\$475,312	\$479,946	\$496,475	\$525,000	\$525,000	\$750,000
Sale of Tax Title Property	\$0	\$0	\$0	\$0	\$0	\$0
Total General Property Tax	\$475,312	\$479,946	\$496,475	\$525,000	\$525,000	\$750,000
Leasehold Excise Taxes	\$5,028	\$5,777	\$4,785	\$5,500	\$6,208	\$6,250
Timber/Harvest Excise Tax	\$3,247	\$2,551	\$2,583	\$2,600	\$3,546	\$3,550
Misc./PILT	\$0	\$44	\$49	\$0	\$50	\$0
Total Misc. Taxes	\$8,275	\$8,372	\$7,417	\$8,100	\$9,804	\$9,800
Vending Revenue	\$567	\$357	\$458	\$500	\$263	\$300
Sales of Taxable Merchandise	\$6,742	\$8,029	\$7,288	\$7,500	\$7,087	\$7,500
Total Sales of Merchandise	\$7,309	\$8,386	\$7,746	\$8,000	\$7,350	\$7,800
Pass Sales	\$67,431	\$70,635	\$85,504	\$71,000	\$73,618	\$74,000
General Admissions	\$53,301	\$51,230	\$64,445	\$56,000	\$53,823	\$54,000
Swim Classes/Instruction	\$90,123	\$84,575	\$93,195	\$90,000	\$98,245	\$98,500
Exercise Classes	\$69,550	\$64,353	\$70,197	\$65,000	\$63,037	\$65,000
Camps and Special Events	\$5,273	\$12,483	\$9,034	\$10,000	\$13,124	\$13,500
After School Program					\$40,000	\$144,000
Total Recreation Programing	\$285,678	\$283,276	\$322,375	\$292,000	\$341,847	\$449,000
Rentals (Short-Term)	\$7,553	\$6,913	\$11,189	\$12,500	\$10,752	\$11,000
Equipment and Locker Rentals	\$4,218	\$4,368	\$5,547	\$5,750	\$5,054	\$5,200
Lease of County Land (DNR Other)	\$182	\$181	\$200	\$0	\$134	\$0
Rentals (Contracted)	\$31,940	\$28,572	\$31,635	\$32,500	\$32,000	\$35,000

Total Rentals	\$43,893	\$40,034	\$48,571	\$50,750	\$47,940	\$51,200
Private Gifts (non-gov.)	\$6,701	\$250	\$272	\$0	\$280	\$0
Total Gifts from Private Sources	\$6,701	\$250	\$272	\$0	\$280	\$0
Misc. Other	\$2,164	\$433	\$282	\$500	\$459	\$500
Total Other Misc. Revenue	\$2,164	\$433	\$282	\$500	\$459	\$500
Sale of County Timber	\$2,315	\$9,163	\$36,297	\$20,000	\$10,000	\$30,000
Total Sale of County Timber	\$2,315	\$9,163	\$36,297	\$20,000	\$10,000	\$30,000
TOTAL OPERATIONAL REVENUE	\$831,647	\$829,860	\$919,435	\$904,350	\$942,680	\$1,298,300
NON-OPERATIONAL REVENUE						
Commerce Energy Grant	\$0	\$0	\$0	\$0	\$0	\$0
Total State Grants	\$0	\$0	\$0	\$0	\$0	\$0
Opportunity Fund Grant	\$0	\$0	\$0	\$39,960	\$39,960	\$0
Utility Incentive Rebate	\$230,043	\$0	\$0	\$0	\$0	\$0
Total Local Gov't Grants/ Payments	\$230,043	\$0	\$0	\$39,960	\$39,960	\$0
County Line of Credit	\$0	\$0	\$0	\$0	\$0	\$0
Total Other Non-Revenues	\$0	\$0	\$0	\$0	\$0	\$0
General Obligation Bond Proceeds	\$0	\$0	\$0	\$0	\$0	\$0
LOCAL Loan Proceeds	\$0	\$0	\$0	\$0	\$0	\$0
Total Proceeds of Long Term Debt	\$0	\$0	\$0	\$0	\$0	\$0
NON OPERATIONAL REVENUE	\$230,043	\$0	\$0	\$39,960	\$39,960	\$0
TOTAL REVENUE	\$1,061,690	\$829,860	\$919,435	\$944,310	\$982,640	\$1,298,300

Chart 7: Revenue Comparison by Year

Section 7: General Fund Expenses

2018 GENERAL FUND EXPENSES BUDGET

Expenses in the 2018 General Fund budget reflects increases in operating expenses of 11%. The increase in operational expenses are due to:

- Passage of Initiative I-1433 which increases minimum wage by 9% for 2018 and adding the requirement of providing sick leave to all part time and full time employees.
- Providing new health benefits for full time employees (\$33,000).
- Adding staff and supplies for our new SPARKS Squad after school care program (\$46,000). SPARKS Squad program revenue is estimated to be \$144,000.

CAPITAL PROJECTS

With the passage of Proposition 1, the District will begin the architectural design and engineering process and doing some preparation projects prior to the start of the project. Such as:

- Relocate the Horizon Center to their new location
- Relocate the existing HVAC to the north side of the building.

The 2018 Budget has allocated \$125,000 for these capital projects and design expenses.

EXPANSION TIMELINE

Timing of the expansion project is anticipated to occur in three phases:

- **Phase 1 (2018-2019):** Design and preparation: architectural design, relocate Horizon Center, Move existing HVAC.
- **Phase 2 (Fall of 2019):** Construct the new entrance, locker rooms, and parking lot on the west side of the building. The facility will remain open during this phase.
- **Phase 3 (February 2020):** Close the facility and construct the pools and the rest of the building enclosures.
- **Re-opening:** Summer 2020.

BOND PAYMENTS

The District has two General Obligation Bonds and two Washington State LOCAL Loans that requires a 2018 payment of \$163,621 for principle and interest. In the 2018 budget, we continue to maintain one year of loan and bond payments (\$150,000) in reserves to ensure greater financial stability and bond credit rating.

GENERAL FUND EXPENDITURES

Description	2017 Budget	2017 Est.	2018 Budget	% Increase over Est.
OPERATIONAL EXPENSE				
Clerk of the Board	\$1,500	\$1,200	\$1,500	25.00%
Sparks Squad Leader	\$0	\$4,000	\$12,000	200.00%
Sparks Squad Coordinator	\$0	\$7,200	\$21,600	200.00%
Wages Lifeguard	\$162,000	\$156,697	\$170,000	8.49%
Wages Instructor	\$53,000	\$51,646	\$60,000	16.18%
Wages Head Guard	\$67,300	\$67,852	\$73,000	7.59%
Wages Supervisors	\$105,000	\$97,461	\$105,000	7.74%
Wages Maintenance/Janitorial	\$17,000	\$16,651	\$18,000	8.10%
Wages Executive Director	\$47,250	\$47,250	\$47,250	0.00%

Salaries and Wages Total	\$453,050	\$449,957	\$508,350	12.98%
Sick Pay	\$3,000	\$0	\$3,000	
Overtime	\$0	\$0	\$0	
Social Security/Taxes	\$30,000	\$30,000	\$31,500	5.00%
Cafeteria Plan	\$8,000	\$8,000	\$5,000	-37.50%
Unemployment	\$2,000	\$2,000	\$2,000	0.00%
Department of L&I	\$12,000	\$12,000	\$13,000	8.33%
Health Plan	\$16,500	\$16,500	\$33,000	100.00%
Personnel Benefits Total	\$71,500	\$68,500	\$87,500	27.74%
Office Supplies				
Office Supplies	\$9,000	\$8,496	\$9,000	5.93%
Computers and Supplies	\$2,000	\$897	\$2,000	122.97%
Program Supplies and Equipment				
Exercise Classes	\$1,000	\$693	\$1,000	44.30%
Swim Classes/Instruction	\$1,000	\$827	\$1,000	20.92%
Camps and Special Events	\$500	\$86	\$500	481.40%
After School Care Supplies		\$4,400	\$13,200	200.00%
Maintenance and Repairs Supplies				
Uniforms and Clothing	\$2,000	\$1,699	\$2,000	17.72%
Pool Chemicals	\$12,000	\$11,617	\$12,000	3.30%
Cleaning and Janitorial Supplies	\$7,200	\$5,600	\$6,000	7.14%
Lifeguard Supplies and Equip.	\$3,500	\$3,743	\$3,500	-6.49%
Maintenance Supplies	\$2,500	\$3,501	\$3,500	-0.03%
Miscellaneous Supplies				
Supplies Purchased For Inventory/Resale	\$5,000	\$4,926	\$5,000	1.50%
Small Tools and Minor Equip.	\$2,400	\$2,008	\$1,500	-25.30%
Supplies Total	\$48,100	\$48,493	\$60,200	24.14%
Professional Services				
IT/Computer Service	\$5,000	\$3,563	\$3,600	1.04%
Transaction Services/Rec1	\$3,000	\$3,000	\$3,000	0.00%
Accounting Services	\$15,600	\$15,206	\$15,600	2.59%
Legal Services	\$2,500	\$4,165	\$3,500	-15.97%
Other Professional		\$2,514	\$1,500	-40.33%
Communications				
Telephone	\$3,000	\$3,648	\$3,500	-4.06%
Postage and Mailing	\$500	\$660	\$500	-24.24%
Website/Internet	\$1,500	\$1,174	\$1,500	27.77%
Training/Travel				
Training	\$4,600	\$4,740	\$5,000	5.49%
ED Travel Allowance	\$2,400	?	\$2,400	
Travel for Training	\$1,500	\$1,135	\$1,500	32.16%
Travel Misc.	\$0	\$0	\$0	
Advertising				
Program Advertising	\$600	\$390	\$500	28.21%
Rentals and Leases				

Equipment Leases/Rentals	\$2,000	\$2,039	\$2,000	-1.91%
Insurance				
Liability Insurance	\$20,000	\$19,575	\$22,500	14.94%
Utility				
Electrical/Water/Sewer	\$105,000	\$98,329	\$110,000	11.87%
Repairs and Maintenance				
Building Repairs	\$16,500	\$1,232	\$5,000	305.84%
Equipment Repairs	\$30,000	\$46,547	\$20,000	-57.03%
Office/IT Equipment Repairs	\$0	\$0	\$0	
Miscellaneous				
Printing and Copying Supplies	\$500	\$723	\$500	-30.84%
Memberships and Dues	\$3,700	\$2,560	\$3,000	17.19%
Subscriptions	\$0	\$175	\$0	-100.00%
Merchant/Credit Card Service Fees	\$11,000	\$8,856	\$9,000	1.63%
Misc. Service/Discrepancies	\$0	\$0	\$0	
Intergovernmental Services				
County Clerk Services	\$0	\$0	\$0	
State Auditor	\$5,000	\$0	\$0	
PA City Maintenance Services	\$0	\$0	\$0	
Clallam County Taxes	\$375	\$430	\$450	4.65%
B&O Tax/Agency	\$12,500	\$9,990	\$12,500	25.13%
Services Total	\$246,775	\$230,651	\$227,050	-1.56%
OPERATIONAL EXPENSE TOTAL	\$819,425	\$797,601	\$883,100	10.72%
NON-OPERATIONAL EXPENSE				
Loans and Bonds (interest)	\$35,000	\$34,363	\$30,000	-12.70%
Van Loan Kitsap Bank (interest)	\$0	\$105	\$480	357.14%
Debt Service Interest Total	\$35,000	\$34,468	\$30,480	-11.57%
TOTAL NON-OPERATIONAL EXPENSE	\$35,000	\$34,468	\$30,480	-12.70%
TOTAL EXPENSE	\$854,425	\$832,069	\$913,580	9.80%
County Loan Line of Credit (principle)	\$0	\$0	\$0	
Loans and Bonds (principle)	\$131,000	\$130,566	\$129,000	-1.20%
Kitsap Van Loan (principle)	\$0	\$2,752	\$5,504	100.00%
Debt Service Principle Total	\$131,000	\$133,318	\$134,504	0.89%
Building and Structures	\$2,500	\$0	\$125,000	
Machinery and Equipment	\$0	\$0	\$5,000	
Capital Outlays Total	\$2,500	\$0	\$130,000	
TOTAL ASSET OUTLAYS TOTAL	\$133,500	\$133,318	\$264,504	98.04%
GRAND TOTAL EXPENSE	\$987,925	\$965,387	\$1,178,084	22.03%

Chart 8: 2018 General Fund Expense by Category

OPERATIONAL EXPENSES BY CATAGORY

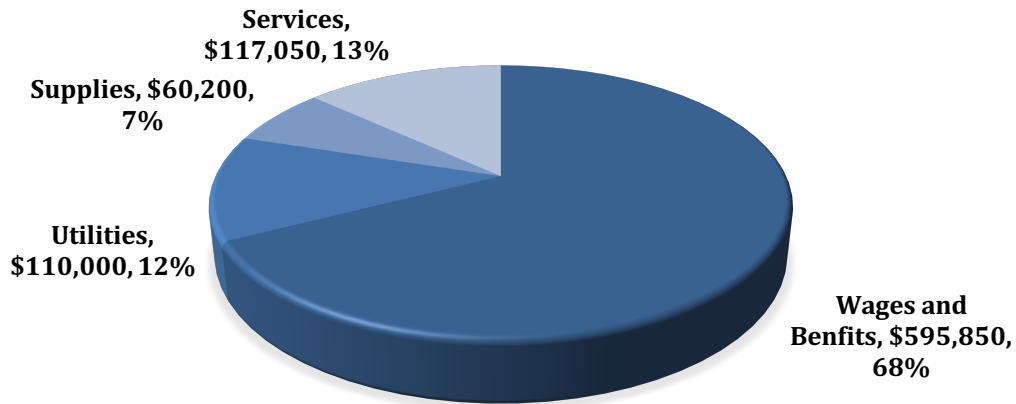


Chart 9: 2018 General Fund Expense by Category Graph

GENERAL FUND EXPENSE ANALYSIS AND ASSUMPTIONS

- A 9% increase in labor costs for changes in sick leave rules and minimum wage.
- Increase in benefit costs for providing health insurance of \$33,000 for 2018.
- New program expenses for SPARKS Squad of \$46,000 will be offset by \$144,000 in program revenue.
- Capital Projects expenditures of \$125,000 for design and preparation of the expansion project.
- The Consumer Price Index (CPI) is likely to increase between 0.7% and 2% per year over the next several years.
- The cost of supplies and services not included in the CPI are also likely to increase between 0.7% and 2% per year over the next several years.

EXPENSE COMPARISON BY YEAR

Description	2014	2015	2016 Actual	2017 Budget	2017 Est.	2018 Budget
OPERATIONAL EXPENSE						
Clerk of the Board	\$0	\$820	\$1,200	\$1,500	\$1,200	\$1,500
Sparks Squad Leader	\$0	\$0	\$0	\$0	\$4,000	\$12,000
Sparks Squad Coordinator	\$0	\$0	\$0	\$0	\$7,200	\$21,600
Wages Lifeguard	\$117,637	\$130,809	\$150,696	\$162,000	\$156,697	\$170,000
Wages Instructor	\$45,780	\$48,801	\$49,820	\$53,000	\$51,646	\$60,000
Wages Head Guard	\$58,214	\$50,661	\$63,830	\$67,300	\$67,852	\$73,000
Wages Supervisors	\$81,525	\$98,146	\$95,113	\$105,000	\$97,461	\$105,000
Wages Maintenance/Janitorial	\$12,954	\$13,752	\$15,894	\$17,000	\$16,651	\$18,000
Wages Executive Director	\$45,000	\$47,062	\$47,250	\$47,250	\$47,250	\$47,250
Salaries and Wages Total	\$361,110	\$390,051	\$423,803	\$453,050	\$449,957	\$508,350
Sick Pay	\$0	\$2,810	\$0	\$3,000	\$0	\$3,000
Overtime	\$0	\$0	\$0	\$0	\$0	\$0
Social Security/Taxes	\$27,000	\$28,812	\$29,788	\$30,000	\$30,000	\$31,500
Cafeteria Plan	\$12,000	\$12,904	\$14,236	\$8,000	\$8,000	\$5,000
Unemployment	\$1,145	\$2,951	\$3,797	\$2,000	\$2,000	\$2,000

Department of L&I	\$16,200	\$14,123	\$11,495	\$12,000	\$12,000	\$13,000
Health Plan	\$0	\$0	\$0	\$16,500	\$16,500	\$33,000
Personnel Benefits Total	\$56,345	\$61,600	\$59,316	\$71,500	\$68,500	\$87,500
Office Supplies						
Office Supplies	\$6,329	\$8,829	\$8,962	\$9,000	\$8,496	\$9,000
Computers and Supplies	\$378	\$1,718	\$68	\$2,000	\$897	\$2,000
Program Supplies and Equipment						
Exercise Classes	\$949	\$759	\$15	\$1,000	\$693	\$1,000
Swim Classes/Instruction	\$57	\$98	\$1,497	\$1,000	\$827	\$1,000
Camps and Special Events	\$1,106	\$665	\$334	\$500	\$86	\$500
After School Care Supplies					\$4,400	\$13,200
Maintenance and Repairs Supplies						
Uniforms and Clothing	\$1,081	\$2,620	\$949	\$2,000	\$1,699	\$2,000
Pool Chemicals	\$10,277	\$15,256	\$11,255	\$12,000	\$11,617	\$12,000
Cleaning and Janitorial Supplies	\$6,656	\$5,931	\$5,881	\$7,200	\$5,600	\$6,000
Lifeguard Supplies and Equip.	\$1,892	\$3,646	\$2,427	\$3,500	\$3,743	\$3,500
Maintenance Supplies	\$5,061	\$3,311	\$2,705	\$2,500	\$3,501	\$3,500
Miscellaneous Supplies						
Supplies Purchased For Inventory/Resale	\$4,221	\$5,507	\$4,927	\$5,000	\$4,926	\$5,000
Small Tools and Minor Equip.	\$921	\$87	\$1,040	\$2,400	\$2,008	\$1,500
Supplies Total	\$38,928	\$48,427	\$40,060	\$48,100	\$48,493	\$60,200
Professional Services						
IT/Computer Service	\$2,747	\$2,405	\$2,169	\$5,000	\$3,563	\$3,600
Transaction Services/Rec1	\$4,839	\$3,620	\$4,558	\$3,000	\$3,000	\$3,000
Accounting Services	\$15,000	\$15,120	\$15,000	\$15,600	\$15,206	\$15,600
Legal Services	\$2,208	\$3,005	\$1,480	\$2,500	\$4,165	\$3,500
Other Professional					\$2,514	\$1,500
Communications						
Telephone	\$1,619	\$2,877	\$3,176	\$3,000	\$3,648	\$3,500
Postage and Mailing	\$256	\$365	\$500	\$500	\$660	\$500
Website/Internet	\$1,214	\$1,586	\$1,028	\$1,500	\$1,174	\$1,500
Training/Travel						
Training	\$6,278	\$3,685	\$2,982	\$4,600	\$4,740	\$5,000
ED Travel Allowance		\$2,400	\$2,400	\$2,400	2,400	\$2,400
Travel for Training	\$1,736	\$1,378	\$455	\$1,500	\$1,135	\$1,500
Travel Misc.	\$0	\$0	\$17	\$0	\$0	\$0
Advertising						
Program Advertising	\$632	\$812	\$30	\$600	\$390	\$500
Rentals and Leases						
Equipment Leases/Rentals	\$1,956	\$2,165	\$2,039	\$2,000	\$2,039	\$2,000
Insurance						
Liability Insurance	\$11,314	\$13,155	\$15,519	\$20,000	\$19,575	\$22,500
Utility						
Electrical/Water/Sewer	\$75,892	\$76,788	\$91,715	\$105,000	\$98,329	\$110,000
Repairs and Maintenance						

Building Repairs	\$9,270	\$19,938	\$18,941	\$16,500	\$1,232	\$5,000
Equipment Repairs	\$4,984	\$4,370	\$4,465	\$30,000	\$46,547	\$20,000
Office/IT Equipment Repairs	\$0	\$0	\$0	\$0	\$0	\$0
Miscellaneous						
Printing and Copying Supplies	\$392	\$133	\$0	\$500	\$723	\$500
Memberships and Dues	\$3,916	\$2,100	\$3,597	\$3,700	\$2,560	\$3,000
Subscriptions	\$9	\$186	\$610	\$0	\$175	\$0
Merchant/Credit Card Service Fees	\$9,092	\$9,157	\$10,324	\$11,000	\$8,856	\$9,000
Misc. Service/Discrepancies	\$3	\$9	\$24	\$0	\$0	\$0
Intergovernmental Services						
County Clerk Services	\$4,032	\$2,000	\$0	\$0	\$0	\$0
State Auditor	\$4,794	\$0	\$0	\$5,000	\$0	\$0
PA City Maintenance Services	\$0	\$0	\$0	\$0	\$0	\$0
Clallam County Taxes	\$323	\$323	\$376	\$375	\$430	\$450
B&O Tax/Agency	\$9,559	\$10,228	\$11,895	\$12,500	\$9,990	\$12,500
Services Total	\$172,065	\$177,805	\$193,300	\$246,775	\$230,651	\$227,050
OPERATIONAL EXPENSE TOTAL	\$628,448	\$677,883	\$716,479	\$819,425	\$797,601	\$883,100
NON-OPERATIONAL EXPENSE						
Loans and Bonds (interest)	\$50,536	\$42,196	\$38,481	\$35,000	\$34,363	\$30,000
Van Loan Kitsap Bank (interest)	\$0	\$0	\$0	\$0	\$105	\$480
Debt Service Interest Total	\$50,536	\$42,196	\$38,481	\$35,000	\$34,468	\$30,480
TOTAL NON-OPERATIONAL EXPENSE	\$50,536	\$42,196	\$38,481	\$35,000	\$34,468	\$30,480
TOTAL EXPENSE	\$678,984	\$720,079	\$754,960	\$854,425	\$832,069	\$913,100
County Loan Line of Credit (principle)	\$257,808	\$0	\$0	\$0	\$0	\$0
Loans and Bonds (principle)	\$77,950	\$112,369	\$90,000	\$131,000	\$130,566	\$129,000
Kitsap Van Loan (principle)	\$0	\$0	\$0	\$0	\$2,752	\$5,504
Debt Service Principle Total	\$335,758	\$112,369	\$90,000	\$131,000	\$133,318	\$134,504
Building and Structures	\$88,259	\$38,317	\$57,322	\$2,500	\$0	\$125,000
Machinery and Equipment	\$5,219	\$1,605	\$6,260	\$0	\$0	\$5,000
Capital Outlays Total	\$93,478	\$39,922	\$63,582	\$2,500	\$0	\$130,000
TOTAL ASSET OUTLAYS TOTAL	\$429,236	\$152,291	\$153,582	\$133,500	\$133,318	\$264,504
GRAND TOTAL EXPENSE	\$1,108,220	\$872,370	\$908,542	\$987,925	\$965,387	\$1,178,084

Chart 10: Expense Comparison by Year

Section 8: Taxing Authority

Taxes make up approximately 58% of the revenue budget. Most of the tax revenue is in the form of property tax.

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 2018 levy tax rate is estimated at \$0.24. The remaining taxing capacity is not anticipated to be needed 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 for 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.

2018 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 7.55% higher than 2017 assessed values. This increase in property values will be the fourth year of an increase since 2008 and indicates that AV's bottom was in 2014. The property values for the District have declined a total of -11% since the voters approved the Park District formation in 2009.

The District Board has decided to increase the levy amount from \$0.18 to \$0.24 in anticipation of the voter approved expansion and renovation project that will start in 2019 and finish in 2020. The levy increase will provide the needed cash reserves to increase our bond credit rating and reduce our bond costs and interest rates.

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	Highest Lawful Levy	Levy Amount	A/V per \$1,000
2009	\$3,498,913,138	N/A	\$2,624,185	\$525,000	\$0.1500
2010	\$3,198,254,744	-8.59%	\$2,398,691	\$475,000	\$0.1485
2011	\$3,125,867,763	-2.26%	\$2,344,401	\$465,000	\$0.1488
2012	\$2,908,002,027	-6.97%	\$2,181,002	\$465,000	\$0.1599
2013	\$2,745,879,119	-5.58%	\$2,059,409	\$465,000	\$0.1693
2014	\$2,668,958,264	-2.80%	\$2,001,719	\$475,000	\$0.1780
2015	\$2,672,420,425	0.13%	\$2,004,315	\$480,000	\$0.1796
2016	\$2,748,532,729	2.85%	\$2,061,400	\$495,000	\$0.1801
2017	\$2,877,000,000	4.67%	\$2,157,750	\$525,000	\$0.1825
2018	\$3,094,170,216	7.55%	\$2,320,628	\$750,000	\$0.2427
Total Increase/Decrease:		-11%			

Chart 11: Property Values and Levy Rates by Year

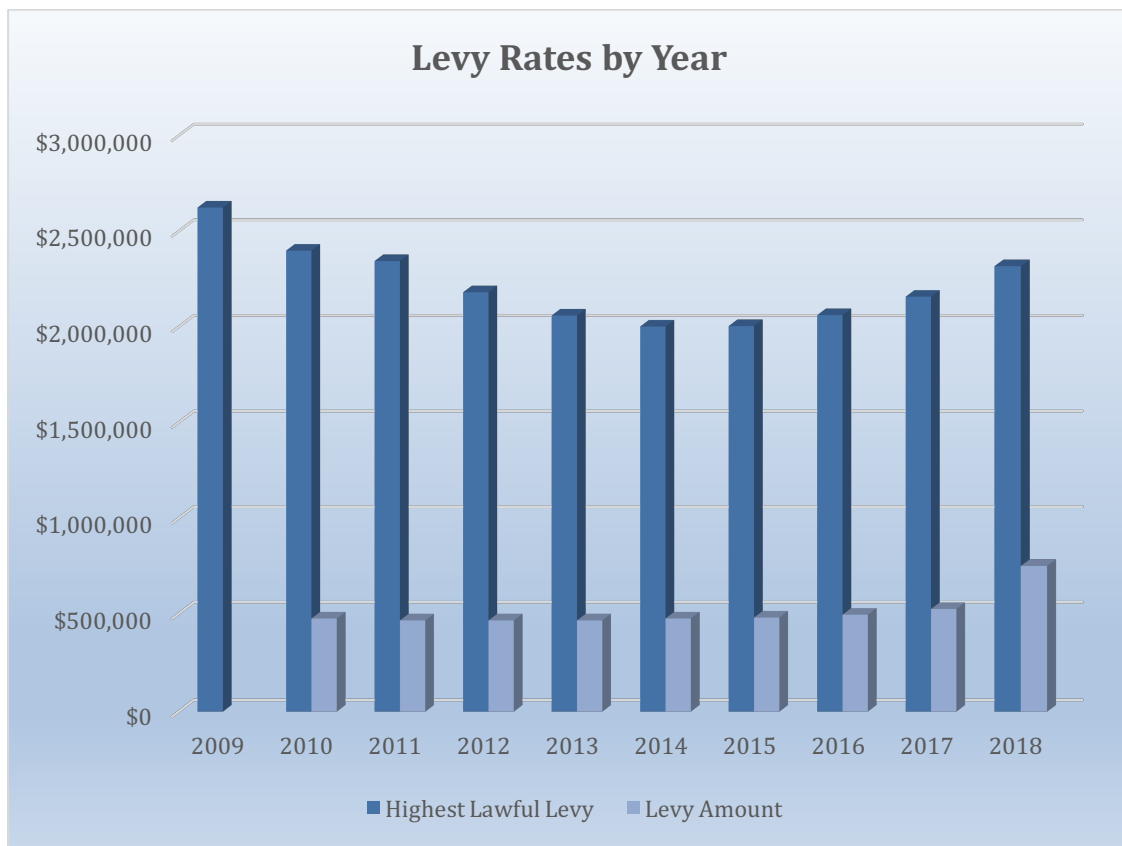


Chart 12: Lawful and Actual Levy Rates Comparison by Year Graph

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 9: Long Term Debt

DEBT MANAGEMENT POLICY

The District's debt management 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.

With the approval of Proposition 1, the District's voted debt available was raised to \$3,500,000. This brings the total available debt capacity for District use to \$10,597,180 for 2018.

A General Obligation Bond, two capital loans from the State of Washington LOCAL program and a vehicle loan comprise all the long term debt by the District. At the end of the 2018 budget year, the total outstanding debt will be reduced to \$638,246.

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.

Long Term Debt Limit and Available Capacity			
Type of Debt	Statutory Debt Limit	Existing Debt	Available Capacity
Non-Voter Approved (.25%)	\$7,735,426	\$638,246	\$7,097,180
Voter Approved (2.5%)	\$77,354,600	\$0	\$3,500,000
Total Available			10,597,180

Chart 13: Debt Limits and Available Capacity

BOARD AND LOAN PAYMENTS FOR 2018

2018 Debt Service				
Bonds/Loans	Principal	Interest	Total Payment	Balance
Local I	\$13,168	\$3,278	\$16,446	\$59,633
Local II	\$50,798	\$13,839	\$64,637	\$251,377
Kitsap Bond	\$64,866	\$11,960	\$76,826	\$319,223
Kitsap Van	\$5,235	\$478	\$5,713	\$8,014
TOTAL	\$134,066	\$29,555	\$163,621	\$638,246

Chart 14: Bond and Loan Payments for 2018

Section 11: Personnel

The District Budget for 2018, 68% of the General Fund operational expenditures are dedicated to wages, salaries and benefits. The District has several classifications of employees from part time to full time salaried. Currently, the District has no collective bargaining agreements with any classification of employees. The District facility is open 103 hours per week, which requires 2.5 FTE's for each staffed position.

In 2018, District wages and benefits will increase in three areas:

1. An 8% increase in minimum wage (I-1433) for 2018. The District's strategic plan calls for our lifeguard pay rate be \$1.00 over minimum wage since we require a certificate and rely on them for the safety of our patrons.
2. I-1433 requirement to provide sick leave to all hourly employees, estimated to cost the District \$7,000 for 2018.
3. New health insurance benefits to our full time employees, estimated to cost the District \$33,000 for 2018.

The following is a list of each classification and details:

Position	Schedule	FLSA	Sick Leave	Annual Leave	Benefits	Deferred Comp
Lifeguard	PT Hourly	Yes	Yes	No	No	Yes
SPARK Coordinator	PT Hourly	Yes	Yes	No	No	Yes
Instructor	PT Hourly	Yes	Yes	No	No	Yes
Janitors	PT Hourly	Yes	Yes	No	No	Yes
SPARKS Leader	FT Hourly	Yes	Yes	Yes	Yes	Yes
Head Lifeguard	FT Hourly	Yes	Yes	Yes	Yes	Yes
Assist. Manager	FT Salary	No	Yes	Yes	Yes	Yes
Aquatic Manager	FT Salary	No	Yes	Yes	Yes	Yes
Executive Director	PT Salary	No	Yes	Yes	Yes	Yes

Chart 15: Employee Classification and Benefits Detail

NEW HEALTH INSURANCE BENEFITS

The District Board of Commissioners approved a policy to provide health benefits to all full time employees of the District. This benefit includes health, dental, short-term disability and life Insurance. The cost of providing this benefit for 2018 will be \$33,000. This policy was approved as part of the Strategic Plan to improve employee retention.

MINIMUM WAGE AND SICK LEAVE CHANGES

The initiative I-1433 affects us by requiring to provide Sick Leave and adjust the minimum wage. The minimum wage affects us by needing to increase all tiers since the lowest tier is raising. The table below shows how the minimum wage increases will occur.

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	\$14.30
2021	\$13.86	\$14.86
2022	\$14.23	\$15.23

Chart 16: Future Changes in Minimum Wage and District Starting Pay Rate

WAGE SCHEDULE FOR 2018

Pay Schedule				
Position	2016	2017	2018	% Increase over 2017
Life Guard/SPARKS Coord.	\$10.50	\$11.25	\$12.30	8.54%
Exercise Instructor	\$14.17	\$14.67	\$16.00	8.31%
Janitor	\$12.60	\$13.10	\$14.30	8.39%
Head Guard/SPARKS Ldr.	\$13.65	\$14.15	\$15.50	8.71%

Appendix 1: Strategic Plan and Accomplishments

AWARDS/AUDITS RECEIVED IN 2017

- Star Guard four-star facility safety award
- Washington Cities Insurance Association 2017 Compact for completion of risk reduction
- State Audit for years 2014-2016 with no findings

THE 2015-2020 STRATEGIC PLAN

We started our new five-year strategic plan in 2015 (2015-2020). The first Strategic Plan (2010-2013) was designed to get the District up and running with all the needed repairs and capital improvements finished. The 2015-2020 Strategic Plan is composed of five strategic initiatives that address our core functional areas and maintain our strategic values:

- ***Exceeding Customer Expectations***
- ***Long Term Financial Stability***
- ***Operational Excellence and Safety***
- ***Expansion***

These initiatives are based upon work and input from the Citizens Advisory Committee, staff, customers and community. These strategic initiatives are core to the mission and vision of the District and do not change from year to year. They are areas that we will always continue to pursue and improve.

These initiatives are broken down into 13 goals. Each goal will have action task(s) that can be measured to evaluate performance in achieving the desired outcomes. Appendix 1 will show the action tasks and performance measurements.

A critical piece of the process included input from the District Board of Commissioners, Advisory Committee members and staff. The input included assessing the District's strengths, weaknesses, opportunities, and threats (SWOT). Through roundtable discussions and SWOT analysis we refined our four strategic initiatives and developed the goals to be accomplished. The action items to accomplish the goals were developed using the Specific, Measurable, Attainable, Realistic, Timely (SMART) principles to identify specific action plans and key performance indicators designed so the goals can be measurable, precise and able to be managed on an ongoing basis.

While this Strategic Plan represents a final product, it is a living document and the strategic planning process is ongoing. An evaluation of our strategic initiatives and goals relative to established metrics for achievement takes place annually during the budget process.

- **STRATEGIC INITIATIVE #1: EXCEEDING CUSTOMER EXPECTATIONS**
 - *Goal #1: Increase the number of programs and events for all ages and socio-economic groups to increase the use of the District facility*
 - *Goal #2: Develop on-going training for customer service and financial transactions*
 - *Goal #3: Find opportunities to increase positive cooperative relationships and partnerships*
 - *Goal #4: Establish electronic and Social Media presence to distribute District information*

- **STRATEGIC INITIATIVE #2: LONG TERM FINANCIAL STABILITY**
 - *Goal #1: Increase earned revenue to reduce reliance on tax revenue*
 - *Goal #2: Maintain adequate reserved balance fund levels*
 - *Goal #3: Create sinking fund to provide for long-term equipment replacement*
 - *Goal #4: Implement Best Practices in Finance and Accounting*
- **STRATEGIC INITIATIVE #3: OPERATIONAL EXCELLENCE AND SAFETY**
 - *Goal #1: Provide the safest possible environment for the public and employees*
 - *Goal #2: Increase the use of Certified Instructors for programming*
 - *Goal #3: Increase compliance with Accessibility and ADA Standards with the facility*
 - *Goal #4: Increase staff retention*
 - *Goal #5: Increase certification and training opportunities for job development*
- **STRATEGIC INITIATIVE #5: EXPANSION**
 - *Goal #1: Establish needs and priorities for expansion*
 - *Goal #2: Develop an expansion design and cost estimate*
 - *Goal #3 Do a financial analysis of possible expansion*
 - *Goal #4 Develop phasing and timeline of expansion*
 - *Goal #5 Complete expansion*

2017 STRATEGIC GOAL ACCOMPLISHMENTS

Annually, management and staff collaborate on the initiatives, which are essentially the goals for the next fiscal year. During this process, timelines and expectations are set forth, agreed upon, and documented. Quarterly, the Executive Director and Managers evaluate their progress on their objectives. The following lists of accomplishments include strategic plan objectives from both Strategic Plans that have been met. These objectives have been noted with a checkmark (✓).

The 2017 highlights are as follows:

CUSTOMER SERVICE AND PROGRAMMING

- ✓ Increase looks and responses from our Facebook page
- ✓ Increased private swim lesson program
- ✓ Increased private lessons
- ✓ Added the After School Care program called SPARKS Squad
- ✓ Added a swim lesson program to all Boy's and Girl's Club participants
- ✓ Certified additional exercise instructors

The District started what we hope to be two legacy program for our District in 2017. The District met the need of after school care with the addition of the SPARKS Squad which has 40 kids participating. The District also has committed to teaching each child to swim in the Boy's and Girl's Club for no cost. The District is covering the cost of the lessons and the Boy's and Girl's Club is covering the cost of transportation.

The District continues to participate with several organizations to provide specialized programming, including:

- United State Coast Guard
- Port Angeles Swim Club
- Port Angeles School District
- Olympic Medical Center

- Peninsula College
- Therapeutic Associates
- Local hotels and motels
- Lower Elwha Tribe
- North Olympic Peninsula Library

FINANCIAL STABILITY

- ✓ Fully funded our two reserves, which total \$210,000
- ✓ Stabilized operational costs
- ✓ Increased Program revenue with adding additional programs
- ✓ Developing an expansion plan and determining the costs of expansion

OPERATIONAL EXCELLENCE AND SAFETY

- ✓ Participated in an unannounced Star Guard lifeguard review and received a 4 out of 5 stars.
- ✓ Added additional lifeguard training instructor
- ✓ Added a junior lifeguard program
- ✓ Participated in the following training and certification programs
 - Aquatic Facility Operators School
 - Starfish Aquatics International site review
 - Aquatic Exercise Association Certification (all our exercise instructors participated)
 - Washington Recreation and Park Association Risk Management School
 - Certified National Recreation and Parks Executive and Professional
- ✓ Instituted new longevity pay scale
- ✓ Created a Health Benefits Program for all full time employees
- ✓ Instituted new sick leave bank for all employees

EXPANSION

- ✓ Developed the concept drawings for the expansion and renovation project and did a survey to gauge the public interest and received 1000 responses.
- ✓ Passed a ballot measure in the November 2017 election for public support for bonding the expansion project by 70% margin.

Attachment 2: Preliminary Expansion Cost Breakdown

POOL EXPANSION BUDGET ESTIMATE (30% DESIGN STAGE)		
	square feet	
New Building Additions	9,000	
Pedestrian Paving and Hardscape Additions	2,600	
New Parking Lot	15,362	
New Landscape and soft-scape	6,646	
BUILDING AND POOL RENOVATION ESTIMATE	% of Project	Amount
Foundations (A)	3%	\$201,140
Shell (B)	18%	\$1,442,178
Interiors (C)	9%	\$728,666
Services (D)	17%	\$1,323,425
Equipment and Furnishings (E)	0%	\$2,000
Special Construction and Demo (F)	21%	\$1,634,555
Building Site Work (G)	70%	\$1,427,360
Building Elemental Costs w/o Contingency	68%	\$6,759,324
Contingency (Z) (20%)	20%	\$1,351,865
Total Building Cost with Contingency	88%	\$8,111,189
General Conditions (11%)	5%	\$921,958
Office Overhead and Profit (3.50%)	3%	\$316,161
Bond and Insurance (2%)	2%	\$186,987
Escalation Rate (3.06%)	3%	\$291,811
Total Building with Escalation (Recommended Budget)	101%	\$9,828,106
Alternate #1 Fire Sprinkler System		\$50,000
Alternate #2 Saunas		\$64,000
ADJUSTED BUILDING PROJECT COST		\$9,942,106
ESTIMATE SOFT COSTS OF PROJECT	Rate of ECC	Amount
Architect /Engineering	10.0%	\$994,211
Project Manager		\$50,000
Utility connection fees		\$75,000
Commissioning		\$25,000
Testing	1.0%	\$99,421
Permits/inspections	3.0%	\$298,263
Signage		\$35,000
Move Horizon Center		\$100,000
TOTAL SOFT COST ESTIMATE		\$1,676,895
TOTAL PROJECT COST W/O SALES TAX		\$11,619,001
WSST	6.8%	\$790,092
GRAND TOTAL PROJECT COSTS		\$12,409,093