



BOARD OF DIRECTORS MEETING MINUTES
Tuesday, September 18, 2018, 5:30 pm
Meeting held at the Grand Park Community Recreation Center

I. CALL TO ORDER

President Roger Hedlund called the meeting to order at 5:30 pm.

II. ROLL CALL/DECLARATION OF QUORUM/CONFLICT DISCLOSURE

Roger Hedlund, David McKnight, Rainie Murdoch, Kelley Glancey and Al White were all present. The Board members present had no conflicts to disclose.

Staff present: *Scott Ledin, Ann McConnell, Mary Moynihan, Sarah Marty, Jordan Rea, Mariah Emmert, Austin DeGarmo*

Public present (signed-in): *Scott Mahronic, Doug McKinney, David Petersen, Motor Coulson.*

III. REVIEW AND APPROVAL OF MINUTES

- a. *September 18, 2018 Regular Board Meeting Minutes: Al White motioned to approve minutes; David McKnight seconded; all in favor 5-0.*

IV. OPEN FORUM

The Board provides opportunity for the public to comment on items not on the agenda. There were no comments for open forum.

V. OLD BUSINESS

Discussion and possible action regarding The Foundry and Cinema Bowl operations. Scott Ledin introduced Scott Mahronic who represents the owners of The Foundry. Scott, David McKnight and Scott Mahronic attended the Board of County Commissioners meeting earlier today and received approval (3-0) as required by state statute on our request to pursue taking over the operations of The Foundry Cinema and Bowl. The asked the District to contact all taxing entities that would be impacted by the potential loss of property taxes to make them aware of that possibility. These entities include the Library District, the Town of Fraser, East Grand Fire District, etc. A list of the entities impacted was distributed to the board. During the BOCC meeting, the County Assessor reiterated that whether the District pursues a lease agreement or an outright purchase, the valuation of the property would come off the tax rolls.

David McKnight thanked Scott for his efforts with the BOCC and his diligence in answering their questions. He added that the county was in favor of ensuring the operations of The Foundry continue and wanted to make sure that the District recognizes the fact that the taxing entities could lose property taxes. Al White commented that the District could consider continuing to pay the property taxes as a gesture of good faith.

Doug McKinney, a second homeowner in the area for 13 years, applauded the District for their excellent management of the Recreation Center. He feels The Foundry is an important community amenity and would not like it to go away. He expressed his support for The District to pursue taking over the operation.

Motor Coulson, who attended the meeting at the county today, reviewed the list of taxing entities and commented that some on the list would not be significantly impacted and perhaps there could be a way to rectify this loss of revenue for the entities.

Scott asked the board for direction on how they would like staff to proceed from this point. Al White reiterated his concerns about putting the District's credit at risk by getting into an operation that could become unsuccessful or one that takes away from our current focus. He added that any lease agreement would have to include language "subject to annual appropriations" as per state statute and would give the District the opportunity to terminate the agreement if necessary. Knowing that the language gives the District an out if necessary, provides him the comfort to approve moving forward on lease negotiations. David McKnight agreed but added that he has confidence in the staff and their ability to effectively manage the operation.

Al White made a motion to give Scott the authority to move forward with negotiations regarding a lease agreement with The Foundry Cinema and Bowl and to contact the taxing entities to solicit feedback regarding the possible loss of tax revenue.

Dave Petersen asked what would be the parameters for evaluating the success of the operation. Al replied, that if the District was able to maintain the amenity for the community without subsidizing the operation while providing our current services as expected by the community, then it would be successful.

David McKnight seconded the motion; all in favor 5-0.

Roger Hedlund thanked everyone for coming and providing valuable feedback.

VI. NEW BUSINESS

- a. September Financial Report (Ann McConnell) Ann McConnell gave a summary of the written financial report. Three month and year-end projections were added to the financial report. September was another strong month financially. District Wide revenues continue to exceed budget. The District is projecting to end the year with a net income before capital expenditures of \$543,151 which is \$257,925 better than budget.

The Parks and Recreation Combined departments are looking to end the year with a net income of \$262,036 before capital which is \$142,442 better than budget. Expenses were under budget for the month due to savings in Election Costs of \$6,900. General Recreation and Parks and Athletics are both projecting to end the year better than budget. Rec Center revenues exceeded budget by \$15,520 for the month. The Rec Center is projecting to end the year \$98,062 better than budget.

Golf Course revenues exceeded budget by \$54,262 for the month and expenses were over budget by \$5,714. The Golf Course is projected to end the year with \$282,487 in net income which is \$115,080 better than budget.

Roger Hedlund asked what were the total number of golf rounds. Mary replied that there were 25,350 rounds. Although this was not a record, it was strong for having a late opening and losing most of October due to weather.

Capital expenditures for the month was \$20,388. Which included the lease expenses and \$12,868 on the ice rink refrigeration project. Year to date \$269,336 has been spent on the Ice Rink Refrigerator Project. The District is projecting to spend a total of \$450,730 on capital.

- b. First 2019 Budget Hearing. Roger Hedlund opened the first budget hearing. A detailed line item written summary was included in the meeting materials along with the draft budget.

Scott Ledin and Ann McConnell presented a power point highlighting the budgeted revenues, operating expenses and capital expenditures as well as beginning and ending reserve fund balances. The District is projecting to begin 2019 with \$1,653,881 in reserve funds. This includes the Conservation Trust Funds, Debt Service Funds, Tabor Reserves, General Reserves,

and Capital Reserves for Parks & Rec and the Golf Course. Of the total, \$234,605 are restricted for Debt Service, Tabor and Conservation Trust Funds.

Budgeted District wide revenues for 2019 are \$5,431,633 which includes Operating Revenues of \$3,245,101; Non-operating Revenues (property taxes and interest income) of \$884,382, Conservation Trust Funds of \$28,950 and Debt Service revenue of \$1,273,200 which equates to a mill levy of 4.27; an increase of .526 mills. Property Tax revenue is approximately \$140,000 less than what was collected in 2018 due to the one-time abatement that was levied in 2018. A three-year average was used to set the 2019 Operating Revenues.

Total budgeted expenses before capital for 2019 are \$5,215,858 which includes Operating Expenses of \$3,907,690, Non-operating expenses of \$36,644 (treasurer fees); debt service expenses of \$1,271,524. There are no Conservation Trust Funds budgeted to be expended in 2019.

The 2019 draft budget addresses the operational needs of the District with a total of \$215,775 in excess revenues over expenditures. These funds are used toward capital expenditures for the year or allocated directly to the reserve funds.

The budgeted Capital Expenditures for Pole Creek Golf Course are \$280,549. The expenditures include new and existing Turf Maintenance equipment leases; phase III of the cart path paving project, 2 utility vehicles, trash dumpster enclosures, a 3-door beer fridge and new wastewater pump. The overall impact to the Golf Course Capital Reserve Fund after these expenditures is a decrease of \$115,671 resulting in a year-end balance of \$374,630.

Parks and Recreation Capital Expenditures budgeted for 2019 are \$234,400. The expenditures include pump station upgrades at the FVSC, repainting the slide tower at the rec center, a new ice resurfacing machine for the ice rink, replacing the foam pit cubes in gymnastics, new fitness equipment, pool furniture, swim suit spinners, replacing pool grating and lease expenses for a new truck and the general rec mini bus. The overall impact to the Parks & Rec Capital Reserve Fund after these expenditures is a decrease of \$218,993 resulting in a year-end balance of \$349,737.

The 2019 draft budget addresses the operational as well as capital replacement and improvement needs of the district with an overall reduction to the District Reserve Funds of \$299,174 resulting in an ending balance of \$1,354,707.

Increases for health insurance, property and liability insurance as well as salaries was incorporated into the budget. Scott asked the board to consider an additional increase for salaries to give management the ability to give merit or performance-based increases as well as salary range adjustments where applicable. Staff is working on a compensation analysis to be presented to the Board for review at the November meeting. Al White asked what impact a 5% increase to salaries would have to the budget district wide. Ann McConnell replied the additional cost is approximately \$49,000. The board agreed to increase salaries 5% in the 2019 budget.

The draft budget is posted on the website.

c. Department Reports (Staff)

- Pole Creek Golf Club: *Mary gave a verbal summary of the written report. Sarah Marty has accepted another position and will be leaving the Bistro beginning of November. We have posted the position and have already begun the replacement process. October business was down due to the wintery weather. New carpet is being installed in the Pro Shop next week. The golf carts are being put away for the winter. Craig is also working on putting the course to bed for the winter.*
- Grand Park Community Recreation Center: *There were no additions to the written report.*

- Parks and Athletics: *Austin DeGarmo gave a verbal summary of the written report. The Ice Rink Refrigeration Project is continuing along nicely. The irrigation systems have all been blown out and winterized. There are new staff positions available for the Hockey Season and these have been posted.*
- Marketing: *There were no additions to the written report.*
- General Recreation: *There were no additions to the written report.*
- Facility Maintenance: *Jordan Rea gave the verbal report. The Roofing Company has been on site to work on the leak in the Fitness area. Staff has been scheduling inspections on equipment before the end of the year.*
- District Administration: *Scott Ledin gave the board an update on the ice rink refrigeration project. He has received feedback from Perkins Will on the GPCRC expansion study. The flood plain continued to provide challenges. An agreement for water/wastewater system maintenance has been signed with Stillwater Tech to provide system oversight and preventative maintenance.*

VII. EXECUTIVE SESSION

Roger Hedlund made a motion to move into Executive Session pursuant to C.R.S. 24-6-402(4)e for the purpose of determining positions relative to matters that may be subject to negotiations, developing strategy for negotiations, and instructing negotiators. Dave McKnight seconded, all in favor 5-0. Scott added that he, Ann McConnell and Scott Mahronic along with the board members will attend the Executive Session

VIII. REGULAR SESSION

Roger Hedlund reconvened the public meeting. Al White gave an update on the Special District Administration Legislative Committee meeting he recently attended.

IX. ADJOURNMENT

Rainie Murdoch made a motion to adjourn the meeting at 7:35pm; Kelley Glancey seconded; all in favor 5-0.