UPPER VALLEY PARK AND RECREATION SERVICE AREA
2022 BUDGET

UVPRSA BOARD
BUDGET TRANSMITTAL & PLANNING DOCUMENT

Leavenworth Hopkins Memorial Pool
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>SECTION</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Budget Message</td>
<td>4</td>
</tr>
<tr>
<td>2</td>
<td>Policies, Ordinances &amp; Resolutions</td>
<td>7</td>
</tr>
<tr>
<td>3</td>
<td>Board Roles and Protocol</td>
<td>8</td>
</tr>
<tr>
<td>4</td>
<td>Revenues &amp; Expenditures</td>
<td>9</td>
</tr>
</tbody>
</table>
UPPER VALLEY PARK AND RECREATION SERVICE AREA BOARD

BOARD CHAIR AARON SIMON – CASCADE SCHOOL DISTRICT
VICE CHAIR JASON LUNDDREN – LEAVENWORTH CITY COUNCIL
SECRETARY LAURI MALMQVIST – PESHASTIN COMMUNITY COUNCIL
BOB BUGERT – CHELAN COUNTY COMMISSIONER
ERON DREW – CHUMSTICK COMMUNITY COUNCIL
ANNE HESSBURG – LEAVENWORTH CITY COUNCIL
SECTION 1: BOARD CHAIR AND ADMINISTRATOR’S BUDGET MESSAGE

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

Submitted herein is the 2022 Upper Valley Park and Recreation Service Area (PRSA) annual
operating Budget. This annual budget is submitted consistent with RCW 36.68.530. The enclosed
financial data has been reviewed by both the PRSA Board and City of Leavenworth staff toward
final adoption of the 2022 annual budget by Resolution to be held at the November 12, 2021 PRSA
Board meeting. In addition to representing the legal authority to expend public funds, this document
describes the 2022 budget process and resulting transfers of the District’s funds to the City of
Leavenworth for authorized use in support of the operation of the Leavenworth Community Pool.

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

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

Budget Preparation Timeline

The Board’s budget is prepared with the input of the Chair, Board members, and city staff based
upon ongoing reviews of the pool’s budget. The 2022 budget development process incorporates
quarterly meeting discussions of the pool’s annual priority needs and future capital improvements.
Due to the limited time that the Board meets, the budget is compiled by city staff and distributed for
Board consideration prior to the annual meeting in November of each year. The Board is tasked
with adopting the annual operational budget and any bond levy resolutions necessary to request
property taxes through the Chelan County Assessor’s Office by no later than November 30 of each
year.

Key Budget Issues: Revenue, Initiatives and Expenditure Sources

The PRSA’s funding is comprised of revenue from property, excise and timber taxes which are then
transferred to the City of Leavenworth for the operation of the Leavenworth Community Pool. The
property tax funding includes an Operation and Maintenance (O&M) Levy. Previous funding also
included a bond fund for property tax collections, which was completed in 2020. Starting in 2018,
the Board began working on strategic planning for the future of the PRSA, including considering
extensions of the Interlocal Agreement with Chelan County in 2022. The Board developed and
prepared a new six-year Operation and Maintenance (O&M) levy request in 2018 that voters
approved; this levy collects taxes at a rate of eleven cents per one thousand dollars of assessed
property values through 2024.
Over the past four years, the Board’s discussions have centered on the structure of the PRSA, the current and future services provided by the PRSA, capital improvements needed at the pool, and other recreational improvements within the Park and Recreation Service Area. In 2021 the PRSA hired a part-time coordinator and undertook a needs assessment with the assistance of a consultant, AHBL, Inc. Community outreach for the needs assessment included stakeholder interviews, public outreach and a statistically valid survey to guide the PRSA in potential expansion of services in order to support the community’s recreational priorities. In 2022 the PRSA Board will take formal action to extend the PRSA’s Interlocal Agreements with Chelan County and the City of Leavenworth.

Another area of focus for the PRSA are investments for capital improvements of the pool. The pool, which was constructed between 2000 and 2002, is currently 19 years old. Over the last several years a number of mechanical components have been replaced, including rebuilding the pool filter. In 2018 the Board identified the need for a significant funding source by 2019 to resurface the interior of the pool; the anticipated cost was estimated at $150,000. The 2018 budget year did not address these capital needs; however, a small funding reserve has slowly been growing for month-to-month cash flow purposes that began in 2013 with an increase in the annual operation and maintenance levy that was approved by voters in 2012. The increase in the annual levy approved by voters in 2018 continues to build that reserve to a healthy operational balance for the first time. This cash reserve is maintained within the City of Leavenworth Pool Budget. In 2017 the Board looked at revenue options, including but not limited to, a new construction bond option for 2019 to assist in covering the cost of the resurface project and other potential improvements. Unfortunately, a request for a new six-year maintenance and operation levy that included the necessary increase in funding to address the pool resurfacing project was rejected by voters in August 2018. The Board subsequently submitted to the voters another request to maintain status quo funding for the maintenance and operation of the pool at eleven cents per thousand dollars of assessed property value that successfully passed in November.

In late 2018 the Leavenworth City Council authorized a partnership of funding to proceed with the resurfacing project by providing two-thirds of the funding from the City’s General Fund and Lodging Tax Funds and provided the PRSA with a three-year loan for the remaining third; the project was subsequently awarded at a final cost of $183,139.01 that included the resurface project and a new surge tank that had failed over the 2018-2019 winter season. The project got underway in 2019 and the surge tank was completed prior to the pool opening in May of 2019; pool resurfacing was completed in the spring of 2020 and repayment of the loan is expected at the end of 2022.

Due to the COVID-19 Pandemic in 2020, the City was not able to open the pool to the public; however, this created a reserve for the Pool Fund and the ability for the Board to address other capital improvements that have been discussed for nearly a decade. Currently the Board is researching replacing the diving board with a slide and is considering transitioning two partially-fenced grass areas into concrete slabs to match the remainder of the pool deck, as well as small improvements around the pool house. In addition, the Board continues to explore the potential for covering the pool complex for year-round pool usage; this capital expense could be funded with grants, donations, or from a separate voter approved construction bond in the future.

As noted above, the PRSA’s budget is solely comprised from the collection of property taxes which are then directed towards debt service or pool operations. Included within the PRSA’s current budget is property tax funding for the annual Operations and Maintenance (O&M) levy that must be renewed at least every six years for the pool to remain viable. The operation and maintenance
levy collections are captured within the General Fund while the bond collections were captured in a separate Bond Fund.

Of the taxes collected by the PRSA in 2021, $170,000 is anticipated to be transferred to the City of Leavenworth for operations; due to the Board’s previous collections for the Construction Bond Fund, no taxes were needed for the final payment made in 2020. The original capital loan to build the pool was paid off in December 2020.

In 2022, the Board will consider the annual increase of 1% in property taxes for the operations and maintenance levy that will generate approximately $1,733 additional dollars for a new budget of $174,988. This figure could come in slightly higher due to annexations and new construction within the PRSA’s boundaries. A 1% increase for the PRSA’s tax request is an increase for the entity itself; individual property owners’ assessments can vary from year to year based on reassessment of their property by the Chelan County Assessor’s Office; individual property taxes could be lower or higher based on those specific assessment adjustments. Below is a chart of the PRSA’s annual property tax requests for the Construction Bond and Maintenance and Operations Levies:

![PRSA Annual Property Tax Requests](chart)

In addition to property tax funding, user fees (including seasonal/daily passes, pool rentals, and swim lessons) typically account for approximately 37% of the operating budget. Due to the continuing COVID-19 pandemic and staff shortages in 2021, the pool’s operating season was shortened and daily/season pass fees were therefore down compared to a typical season (daily entry fees were down approximately 50% and season pass fees were down approximately 40% from what was budgeted for the 2021 season). However, despite the shortened swim season, swim lessons exceeded the budgeted amount by $2,000. In a typical season these user fees generate approximately $99,500 to assist in offsetting the pool’s estimated annual $300,000 operating budget. In 2021 user fees generated approximately $61,200; the Board expects the 2022 season to bounce back to normal use levels and therefore does not anticipate this drop in user fees to continue.
Acknowledgments

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

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

Sincerely,

Aaron Simon
Board Chair

Kiah Patzkowsky
UVPRSA Coordinator

SECTION 2: POLICIES, ORDINANCES AND RESOLUTIONS

The Policies, Ordinances and Resolutions section reviews the Board’s accounting and budgeting procedures. This section includes the budget creation process which explains the steps involved in the preparation and administration of the budget that reflects the final adoption by resolution for the 2022 Operating Budget.

Budget Creation and Planning

This operating budget represents the Upper Valley Park and Recreation Service Area’s comprehensive financial and operational plan for 2022. The primary intent of this document is to answer two basic questions: Where do the District’s funds come from? How will those funds be used?

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

Since the PRSA has a single source of revenue, property taxes, it is simplistic from a budget perspective in that only one revenue source is necessary for the budget. Due to the varied nature of projects and funding packages that the City of Leavenworth needs to operate the pool, funds generated by the District will be directly transferred to the City for project-specific expenditures. This process allows for the District to be less restricted in budget development and annual reporting requirements with only one general fund being identified. The separate Bond Fund, which was established to make annual debt service payments for the construction of the pool, was closed at the end of 2020 when the final payment was made.
SECTION 3: Board Roles and Protocol

Board Roles

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

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

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

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

In addition to setting policy, the Board Members have final authority over budgeting and contracting. The Board may, however, delegate purchasing authority to the Chair and Staff.

Parliamentary Procedure

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

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

The Chair, upon completion of the staff presentation and/or public hearing, will then entertain the motions from the Board, as described above, in order to begin discussion of the issue. Board Members may ‘call for the question’ to bring forth a vote on the issue, but that ‘call for the question’ itself may require a vote to end Board discussion on the item of business.
SECTION 4: Revenues and Expenditures

GENERAL FUND

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

General Fund Revenues – Fund 001

<table>
<thead>
<tr>
<th>Description</th>
<th>2019 Actual</th>
<th>2020 Actual</th>
<th>2021 Budget</th>
<th>2021 Actual thru 6/30/2021</th>
<th>2022 Budget Estimate</th>
</tr>
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<tbody>
<tr>
<td>Beginning Fund Balance</td>
<td>$ 1,647</td>
<td>$ 891</td>
<td>$ 1,000</td>
<td>$ 5,032</td>
<td>$ 6,000</td>
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<td>Taxes</td>
<td></td>
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<tr>
<td>Property Taxes</td>
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<td>$168,463</td>
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<td>$ 97,541</td>
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<td>Leasehold Taxes</td>
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<td>$   83</td>
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<td>Timber Excise Taxes</td>
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<td>$   98</td>
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<td>Transfer From Bond Fund</td>
<td>$    0</td>
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<td>$    0</td>
<td>$    0</td>
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<td>Total Revenues:</td>
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<td>$169,561</td>
<td>$170,670</td>
<td>$102,699</td>
<td>$181,233</td>
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General Fund Expenditures

<table>
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<tr>
<th>Description</th>
<th>2019 Actual</th>
<th>2020 Actual</th>
<th>2021 Budget</th>
<th>2021 Actual thru 6/30/2021</th>
<th>2022 Budget Estimate</th>
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</thead>
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<tr>
<td>Transfer to City of Leavenworth</td>
<td>$161,300</td>
<td>$166,000</td>
<td>$170,000</td>
<td>$ 87,900</td>
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<tr>
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<td>$166,000</td>
<td>$170,000</td>
<td>$ 87,900</td>
<td>$171,700</td>
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<tr>
<td>General Fund Balance:</td>
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<td>$  3,561</td>
<td>$   670</td>
<td>$ 14,800</td>
<td>$   9,533</td>
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