



## Tualatin Hills Park & Recreation District Minutes of a Regular Meeting of the Board of Directors

A Regular Meeting of the Tualatin Hills Park & Recreation District Board of Directors was held at the HMT Recreation Complex, Peg Ogilbee Dryland Training Center, 15707 SW Walker Road, Beaverton, on Monday, April 4, 2011. Executive Session 5:30 p.m.; Regular Meeting 7:00 p.m.

Present:

William Kanable	President/Director
Bob Scott	Secretary/Director
Joseph Blowers	Secretary Pro-Tempore/Director
John Griffiths	Director
Larry Pelatt	Director
Doug Menke	General Manager

### **Agenda Item #1 – Executive Session (A) Personnel (B) Legal (C) Land**

President, Bill Kanable, called Executive Session to order for the following purposes:

- To consider the employment of a public officer, employee, staff member or individual agent,
- To consult with counsel concerning the legal rights and duties of a public body with regard to current litigation or litigation likely to be filed, and
- To conduct deliberations with persons designated by the governing body to negotiate real property transactions.

Executive Session is held pursuant to ORS 192.660(2), which allows the Board to meet in Executive Session to discuss the aforementioned issues.

President, Bill Kanable, noted that representatives of the news media and designated staff may attend the Executive Session. All other members of the audience were asked to leave the room. Representatives of the news media were specifically directed not to disclose information discussed during the Executive Session. No final action or final decision may be made in Executive Session. At the end of the Executive Session, the Board will return to open session and welcome the audience back into the room.

### **Agenda Item #2 – Call Regular Meeting to Order**

President, Bill Kanable, called the Regular Meeting to order at 7:05 p.m.

### **Agenda Item #3 – Action Resulting from Executive Session**

**Bob Scott moved the Board authorize staff to acquire a site in the southeast quadrant of the District next to an existing park pursuant to the terms of a purchase and sale agreement previously signed by the District and the seller. Larry Pelatt seconded the motion. Roll call proceeded as follows:**

Joe Blowers	Yes
John Griffiths	Yes
Bob Scott	Yes

Larry Pelatt            Yes  
Bill Kanable            Yes

The motion was **UNANIMOUSLY APPROVED**.

#### **Agenda Item #4 – Presentations**

##### **A.     Beaverton Police Department Citizen Commendation Award: Allison Berg**

Doug Menke, General Manager, introduced Beaverton Chief of Police, Geoff Spalding, to present the Beaverton Police Department's Citizen Commendation Award to Allison Berg, Head Lifeguard and Instructor at Beaverton Swim Center, for her response to a victim of a serious traffic accident on 158<sup>th</sup> Avenue on October 10, 2010.

Chief Spalding described how Allison Berg helped an injured driver involved in the traffic accident previously referenced, noting that Allison's assistance prevented the driver from potentially having even greater injuries. For these acts, Allison was chosen for the Citizen Commendation Award, which recognizes Beaverton citizens that go above and beyond in demonstrating courage and devotion to the community.

- ✓ Allison thanked Chief Spalding and Board of Directors for the recognition this evening.

##### **B.     Special Districts Association of Oregon Outstanding Service Award – Volunteer Category: Janet Allison**

Doug Menke, General Manager, introduced Janet Allison, noting that she was recently honored with the Special Districts Association of Oregon (SDAO) Outstanding Service Award in the Volunteer category. This award recognizes extraordinary, sustained volunteer contributions to a special district.

Doug noted that Janet has served on a number of boards and committees for the Park District, including as current Chair of the Tualatin Hills Park Foundation, as well as extensive personal involvement in a variety of church activities and community benefits. A video shown at the SDAO awards banquet was played. Doug read a letter from Len Clarke on behalf of the baseball community, commending Janet's volunteerism, and congratulated Janet on receiving this prestigious award.

- ✓ Janet commented that she accepts the award on behalf of all volunteers; especially those involved in the Park District and Park Foundation, and thanked the Board of Directors for the recognition this evening.

##### **C.     Trails Advisory Committee**

Doug Menke, General Manager, introduced Wendy Kroger, Chair of the Trails Advisory Committee, to present to the Board of Directors the activities of the Committee during the past year as well as their goals for the coming year.

Wendy provided a detailed overview of the Trails Advisory Committee's current focuses as well as their goals for the future via a PowerPoint presentation, a copy of which was entered into the record, and which included the following topics:

- Current committee membership
- The Committee advocates for trails both inside and on the edges of the Park District's boundaries
- Mechanical use trail counter results
  - In general, summer and weekends show the most trail use.
  - The most popular times of use are 9 a.m. on the Rock Creek Trail, 3 p.m. and 4 p.m. on the Fanno Creek Trail at 92<sup>nd</sup> Avenue, and 4 p.m. and 5 p.m. at Greenway and Scholls Ferry Road.

- In July 2010, the mechanical counter at Greenway Park at Scholls Ferry Road counted over 17,000 hits in one month.
- From June to December 2010, there were over 121,000 hits at Greenway Park at Scholls Ferry Road, and almost 124,000 on the Rock Creek Trail.
- Areas of impact:
  - Progress made on midblock crossings
  - Field work done by the Committee
  - Third annual Ride into Spring is taking place on May 14, 2011
- Future focuses and activities:
  - Implementation of new signage
  - Fanno Creek Hall Boulevard crossing study
  - Ribbon cutting ceremony for newly completed segments of the Fanno Creek Trail
  - Counts and surveys are being planned for the intersection of Scholls Ferry Road, Allen Boulevard, and 92<sup>nd</sup> Avenue.

In addition, three handouts were entered into the record: *Trails Advisory Committee, 2011 Trails Advisory Committee Plan of Action*, and *Trails Advisory Committee 2011 Annual Calendar*. Wendy offered to answer any questions the Board may have.

Joe Blowers asked for additional information regarding the planned surveys and counts for the intersection of Scholls Ferry Road, Allen Boulevard, and 92<sup>nd</sup> Avenue.

- ✓ Wendy replied that there is a section of trail that ends near that intersection without sidewalks available in some places. Now that the Garden Home segment is completed, the Committee wants to explore what can be done for this location as well.

#### **Agenda Item #5 – Audience Time**

There was no testimony during Audience Time.

#### **Agenda Item #6 – Board Time**

There were no comments during Board Time.

#### **Agenda Item #7 – Consent Agenda**

**Larry Pelatt moved the Board of Directors approve Consent Agenda items (A) Minutes of March 7, 2011 Regular Meeting, (B) Monthly Bills, (C) Monthly Financial Statement, (D) Conestoga Recreation & Aquatic Center Shared Parking Agreement with Beaverton School District Including Easements, (E) Bid Award for Pedestrian Pathway and Parking Lot Replacements, (F) Proclamation of National Water Safety Month, (G) Authorization to Bid Fanno Creek Trail Project, and (H) Washington County Request for Road Right-of-Way, Permanent Easements and Temporary Construction Easements in Allenbach Acres Park and Bethany Lake Park for the 185<sup>th</sup> Avenue Widening Project. Bob Scott seconded the motion. Roll call proceeded as follows:**

<b>John Griffiths</b>	<b>Yes</b>
<b>Joe Blowers</b>	<b>Yes</b>
<b>Bob Scott</b>	<b>Yes</b>
<b>Larry Pelatt</b>	<b>Yes</b>
<b>Bill Kanable</b>	<b>Yes</b>

**The motion was UNANIMOUSLY APPROVED.**

#### **Agenda Item #8 – Unfinished Business**

##### **A. Conestoga Recreation & Aquatic Center Construction Contract**

Hal Bergsma, Director of Planning, provided an overview of the memo included within the Board of Directors information packet regarding the bid process for the Conestoga Recreation & Aquatic Center expansion project funded via the 2008 Bond Measure. Hal noted that staff is

requesting authorization for the General Manager or his designee to execute the contract with Skyward Construction Inc., for the amount of \$3,640,000. The cost estimate for the 100% construction bid documents is \$3,678,158. Brown Contracting Inc. had the lowest bid at \$3,563,356, but was deemed “not responsible” as their list of example projects had very few buildings; mostly site and concrete work. Hal noted that a memo is at the Board members’ places this evening providing an overview of the bid process and a review of the apparent low bidder, Brown Contracting Inc., a copy of which was entered into the record.

Mark Hokkanen, Risk & Contract Manager, provided a detailed overview of the public bidding process and how a bidder is determined to be “not responsible” or “non-responsive.” He noted that under Oregon law, public improvement contracts are to be awarded to the lowest, responsive and responsible bidder. Oregon statute identifies nine specific areas or standards that a contracting agency needs to complete in order to determine the lowest responsible bidder, which includes appropriate resources, personnel and expertise, having a satisfactory record of integrity, experience in the type of project, as well as being legally qualified in the State of Oregon with proper licensing and insurance. In reviewing the bids received, staff found that Brown Contracting had the lowest bid and was responsive, meaning that it met the bid qualifications in terms of the paperwork requested and met the terms of the proposal. However, Brown Contracting were found to be not responsible in terms of the criteria previously mentioned, particularly in the areas of satisfactory record or appropriate resources for this particular project. Mark noted that this is not a disqualification from consideration of future projects, but only relates to this particular project.

John Griffiths asked what specific areas Brown Contracting was found not responsible.

- ✓ Mark replied that most of the work experience they showed in their proposal was flat work or concrete work, and this project entails a building.
- ✓ Peter Foster, Park Planner and Project Manager, noted that Brown Contracting has extensive experience in concrete work, including train stations and pavilions, but not buildings. Although they did list two buildings, one was a 2,000’-3,000’ warehouse and the other building, from what he could determine, was owned by the contractor.

John asked for confirmation that the Park District was seeking bidders with experience in renovating existing structures.

- ✓ Peter replied that the emphasis was on government buildings, government buildings being remodeled, recreation centers, and particularly buildings being remodeled that are remaining occupied, which presents unique challenges.

President, Bill Kanable, opened the floor for public testimony.

Sean Emrick, 29534 Airport Road, Eugene, is before the Board of Directors this evening representing Brown Contracting. Sean stated that Brown Contracting’s bid is approximately \$76,000 lower than the bid being recommended this evening. He provided background information on the company, noting that they have been in business for over 14 years and have successfully completed over \$50 million worth of projects, 85% of which were for public works. If he had to use one word to describe Brown Contracting, it would be “quality.” As a company, they provide full health, dental and disability insurance to all of their employees at no cost. He feels it is important for the Board to know this in order to understand what is important to their company, which is doing the right thing. Their belief is that good benefits and a good retirement plan will attract quality employees and retain them. The employees in turn care for the company they work for and the quality of their work. He stated that these are tough economic times and that Brown Contracting is working hard to get good jobs and keep their employees employed with benefits. They spent over two weeks working full time on the bid for this project. A lot of time and effort went into the bid and it was significantly lower than the next bidder. He asks that

the Board please reevaluate the proposal to use the second place bidder, noting that the Park District does not need to spend the extra money on the second place bidder when they have a first class, quality contractor that submitted a bid for less. He questioned whether Skyward Construction is being awarded the bid because they have worked for the Park District in the past. He noted that Brown Contracting submitted a good bid and is licensed, bonded and insured and meet all of the requirements of the specifications. Brown Contracting has worked on projects in excess of \$10 million and has built office buildings from the ground up. At the very least, he asks that the Board consider that Brown Contracting has a surety company that provides a 100% performance bond. He stated that Brown Contracting is a good company that does quality work. They would appreciate the chance to work with the Park District and would do a first class job.

Don Brown, 29534 Airport Road, Eugene, is before the Board of Directors this evening also representing Brown Contracting Inc. Don asked to address a few points made by Park District staff. He stated that staff describes the project like it is only about buildings. However, there are only two buildings. One is a women's locker facility of 2,000 square feet and is essentially a concrete box buried underground and Brown Contracting specializes in concrete and excavation. The other building is a fitness classroom addition of roughly 5,000 square feet. It is structural steel and steel framed, which is basic construction. In addition, he estimates that 90% of the work for the fitness classroom will go to subcontractors, and that most likely both Brown Contracting and Skyward Construction would use the same subs. He asks why the Park District would award this project to the second place bidder when Brown Contracting is a licensed, reputable, general contractor that carries liability policies well in excess of that required by the contract. They are also backed by a 100% performance bond as referenced by Sean. Don noted that previous reference was made to Brown Contracting not having satisfactory resources. He stated that they were never asked to submit balance sheets, but that they would be happy to do so. Don stated that Brown Contracting meets every one of the State statute conditions previously listed and that the Park District has an extensive set of project specifications that would protect it from anything that could possibly happen. Brown Contracting would provide a professional team of owner management to enforce those specifications, as well as special inspection firms that review the job. He stated that Brown Contracting needs the job and wants the job and that the Park District will be happy with their services. The Park District's project will be the centerpiece of the company until the job is done. He stated that in 15 years, they have not incurred any owner assessed damages or penalties and neither have their subs. They have never incurred any bond claims or warranty claims. He stated that Brown Contracting is a responsible company and that he has a hard time being called irresponsible, whether or not it is a legal term.

President, Bill Kanable, opened the floor for Board discussion.

Bob Scott asked for clarification regarding a statement within the memo that there were items that were not disclosed regarding disputes.

- ✓ Peter explained that he called all of the contacts that were listed on Brown Contracting's reference list and that the reference for a Portland Development Commission (PDC) project did not return the call until after he had gone through all of the other references and determined that Brown Contracting did not have the specified qualifications. After he had already issued the letter of intent to award to Skyward Construction, the PDC reference called back and stated that the job had gone into some kind of mediation. In the bid documents, there was a place to mark whether a job had some kind of dispute resolution and it was not marked, so staff did not know there was a dispute resolution on the job until after the letter of intent to award was issued.

Larry Pelatt asked for clarification regarding with whom was the dispute.

- ✓ Peter replied that information was not disclosed to him, but it was obviously between the PDC and Brown Contracting.

Larry asked for confirmation that there is a dispute that is currently open or recently settled between the PDC and Brown Contracting.

- ✓ Peter confirmed this, stating that the person he spoke with did not go into a lot of detail other than that there was some kind of dispute resolution. He did not seek further details because the intent to award letter had already been issued to Skyward Construction.

Larry asked whether Brown Contracting had otherwise appeared to meet all of the criteria.

- ✓ Peter replied that Brown Contracting did not meet the criteria of qualifications of having occupied building remodel experience, which was the main basis for the finding of not responsible.

Larry asked for confirmation that Brown Contracting met the responsive issues, but did not meet the experience criteria.

- ✓ Peter confirmed this, noting however that if the mediation issue had been brought up prior, that would have determined Brown Contracting to be non-responsive as well. If there was some mediation or dispute resolution on a job and it was not marked on the bid documents, he would refer to Mark on what the liability is of an incorrect mark.

John Griffiths commented that it appears that, separate from the issue of the dispute resolution, that Brown Contracting was a responsive bidder, but not qualified for the job in the narrow sense that their particular work history does not match well with the project being bid.

- ✓ Peter replied that the work history presented by Brown Contracting was the two buildings he mentioned earlier, and the rest was concrete and site work.

John asked for confirmation that this is the core issue at hand.

- ✓ Peter confirmed this, noting that after receiving the not responsible notification, Brown Contracting provided a list of 48 other projects, and out of those projects there were only two other buildings, and they did not list whether they were the subcontractor or general contractor or what type of work they did on those buildings.

John asked what level of qualifications Skyward Construction has for this project.

- ✓ Peter replied that Skyward Construction has a twelve-page list of projects for government and commercial retail that are all buildings.

John asked if some of those buildings were occupied at the same time they were being renovated or remodeled.

- ✓ Peter replied that the project list is extensive and the scale of projects averaged between \$1 and \$10 million. As an architect, he found it easy to judge that Skyward Construction has experience.

Joe Blowers referenced the memo distributed to the Board this evening and asked for clarification regarding the statement that Pinnell Busch found 10 to 14 of Brown Contracting's unit prices to be an average of 2 to 3 times higher than other bidders and normal industry standards. He asked what relevance this information has.

- ✓ Peter replied that this information was not used as a reason for the determination of not responsible. It was a part of the review process and if Brown Contracting had won the contract, it would be an issue that they would have to negotiate. Peter described the thought process behind using unit prices for a remodeling project.
- ✓ Doug Menke, General Manager, replied that particular information is not specifically germane to the topic at hand.

Joe asked for clarification regarding another statement within the memo regarding Brown Contracting's proposed project schedule.

- ✓ Peter replied that the project duration did not correlate between the schedule and bid documents. This would also need to be addressed during contract negotiations. Their

printed schedule that outlines the scope of work listed the project as 439 days; however, the bid document listed the project as 313 days.

Hearing no further Board discussion, President, Bill Kanable, stated that he would entertain a motion.

**Bob Scott moved the Board of Directors approve to award a contract to Skyward Construction Inc., for the amount of \$3,640,000, and authorize the General Manager or his designee to execute the contract for the construction of the Conestoga Recreation & Aquatic Center expansion project. Larry Pelatt seconded the motion. Roll call proceeded as follows:**

<b>Joe Blowers</b>	<b>Yes</b>
<b>John Griffiths</b>	<b>Yes</b>
<b>Larry Pelatt</b>	<b>Yes</b>
<b>Bob Scott</b>	<b>Yes</b>
<b>Bill Kanable</b>	<b>Yes</b>

**The motion was UNANIMOUSLY APPROVED.**

**B. Resolution Appointing Parks Bond Citizen Oversight Committee Members**

Doug Menke, General Manager, provided an overview of the memo included within the Board of Directors information packet, noting that there are currently three positions available on the Parks Bond Citizen Oversight Committee for appointment. At the March 7, 2011 Regular Board meeting, the Board reappointed three former Committee members to the Committee and requested that staff develop a scoring matrix, to be filled out by each Board member, in order to address the applicants for the three remaining positions for discussion during this evening's meeting. The completed scoring matrix has been provided to the Board, a copy of which was entered into the record.

President, Bill Kanable, noted that the scoring matrix shows that two applicants have tied for third place.

- ✓ Joe Blowers commented that one of the third place applicants only received one ranking of 5<sup>th</sup>, while the other applicant received two 5<sup>th</sup> place rankings. He suggested that the Board appoint the applicant that received only one 5<sup>th</sup> place ranking.

The Board members expressed agreement with this suggestion.

**Joe Blowers moved the Board of Directors appoint Boyd Leonard, Rob Drake, and Matthew McKean to the Parks Bond Citizen Oversight Committee. Bob Scott seconded the motion. Roll call proceeded as follows:**

<b>John Griffiths</b>	<b>Yes</b>
<b>Larry Pelatt</b>	<b>Yes</b>
<b>Joe Blowers</b>	<b>Yes</b>
<b>Bob Scott</b>	<b>Yes</b>
<b>Bill Kanable</b>	<b>Yes</b>

**The motion was UNANIMOUSLY APPROVED.**

**C. Athletic Fields Inventory**

Doug Menke, General Manager, introduced Scott Brucker, Superintendent of Sports, to provide an overview of the memo included within the Board of Directors information packet regarding an inventory of the Park District's athletic fields.

Scott provided a brief overview of the Athletic Fields Inventory Report, noting that staff inventories the athletic fields annually and identifies fields that are considered out of play. The

term “out of play” denotes the loss of available hours necessary to be made up through scheduling changes, allocation changes or field use changes. Not all of the listed athletic fields will be out of play for an entire year; some will be out of play for one sport season, while others for an entire year or lost indefinitely. He noted that in combination with the bond measure projects, creative thinking with the Beaverton School District, and through the work of the Park District’s Maintenance Department, the trend is beginning to reverse itself from losing fields at a high rate to gaining some fields back.

Larry Pelatt asked for the status of the inventory in terms of playability.

- ✓ Scott replied that the unusually large amount of rain the area has been experiencing has presented a struggle. However, between the efforts of the Maintenance Department and cooperation from the user groups, there has not been extensive damage that results in removing fields from play on a long-term basis.

John Griffiths asked whether the current field inventory trend is a true reversal in the loss of fields or just a blip upwards.

- ✓ Scott replied that the Park District is beginning to see more athletic fields come online through the work being done via the 2008 Bond Measure, but that it may be a long time before field inventory levels are back to where they were five years ago. However, the Beaverton School District has finished constructing new buildings and portables for the time being, which was a large factor in why fields were being lost at such a fast pace.

John asked whether Scott foresees any of the School District’s fields that have been lost ever coming back into play.

- ✓ Scott replied that he can think of three that could be eventually brought back. As populations fluctuate, some portables may be removed from other sites as well.

John asked what the addition of one new synthetic turf field does to the calculations.

- ✓ Scott replied that a lit, synthetic turf field is equal to about three grass fields.

President, Bill Kanable, asked about current field quality.

- ✓ Scott replied that because the fields are being used when it is so wet out, quality has been diminished. In addition, there has been a lot more community use on the fields due to changes in recreation when not being used by the affiliated sports groups.

Bill noted that the Park District seems to be maintaining the fields well at this point, but just maintaining. There are areas of difficulty at some of the sites. He asked, given how the District goes through the budgeting process and identifying fields, are there any ways to develop capabilities to repair and enhance some of those sites so that they are more usable?

- ✓ Scott replied that the only way to do that at a reasonable cost is to look at the drainage of some fields. He provided an example of the Waterhouse field, noting that it would be great if the water could be drained away from the field during this time of the year, but because of where the field is located, the surrounding residential properties drain into that low area. Perimeter drainage would need to be explored for this site.

Bill asked whether some of the affiliated sports groups might be willing to fund those types of improvement projects if they were funded via field fees or by adding an amount to the fees to be able to provide additional resources in order to improve the groups’ play.

- ✓ Scott replied that he believes this would be a possibility if the sites were picked carefully.
- ✓ Doug Menke, General Manager, replied that it is a concept that could be pursued, whether the user groups would be willing to consider a designated increase for a specific purpose. He commented that staff could pursue the discussion with the groups, noting that staff will be returning to the Board in the future for the general fee update and that feedback on this concept could be provided at that time as well



#### **D. General Manager's Report**

Doug Menke, General Manager, provided a detailed overview of the General Manager's Report included within the Board of Directors information packet, which included the following topics:

- Metro's Regional Flexible Funds Program
  - Hal Bergsma, Director of Planning, provided a detailed overview of a new process Metro is using to allocate funds from the Regional Flexible Funds Allocation, formerly known as the Metro Transportation Improvement Program.
- Solar Energy Initiatives
  - Keith Hobson, Director of Business & Facilities, provided a brief overview of an ongoing exploration of options for installation of solar arrays to generate electricity.
- Interactive Activities Guide
  - Bob Wayt, Director of Communications & Outreach, provided a live demonstration of the new interactive activities guide now available on the Park District's website.
- Board of Directors/Budget Committee Meetings Schedule

Doug offered to answer any questions the Board may have regarding the General Manager's Report.

#### Solar Energy Initiatives

Larry Pelatt asked what the Park District's net cost will be for this initiative.

- ✓ Keith replied that there will be no net cost to the District; rather, it is more a factor of how long the payback will take. The initial feasibility study for ownership payback was 24 to 39 years. One of the next steps is to go through the detail of the payback. Solar is not considered a high payback, but more of a long-term project.

John Griffiths asked for clarification regarding the Feed-In-Tariff (FIT).

- ✓ Keith replied that the FIT allows the District to sell the energy back onto the grid at a much higher rate resulting in a net payback. For the two small arrays that the District is hoping to get reservations, the FIT rate is \$0.49 per kilowatt hour, while the actual net cost is \$0.07 per kilowatt hour.

Larry asked for clarification regarding paying for and maintaining the solar arrays and how that impacts the payback schedule.

- ✓ Keith replied that the District would also be exploring submitting a Request for Proposals (RFP) for a third-party owner so that the District does not have the responsibility of owning the equipment. However, the District would lose a lot of the revenue stream with that option as well. Staff will evaluate which option has the highest benefit to the District.

John asked whether the District is involved in the City's Solar Beaverton effort.

- ✓ Keith replied that it is primarily a residential program.

President, Bill Kanable, commented that when paying upfront for solar arrays, the cost benefit does not come out very well; however, when the tax savings and credits are factored in, the payout is slightly better.

- ✓ Larry replied that it is a significant payback period and 24 years seems like a far reach.
- ✓ Keith responded that is one of the reasons solar was not included in the initial energy savings performance contract, because it did not hit the payback threshold. However, staff is attempting to find a way to accommodate it under the District's sustainability initiatives.

Bill noted that not owning the equipment makes it a little more attractive because technology changes and with a payback of 24 to 39 years, he is not sure that ownership is in the District's best long term interest.

- ✓ Keith replied that hopefully through the RFP process a shorter payback period will be identified.

## **Agenda Item #9 – New Business**

### **A. Aging Facilities Study**

Keith Hobson, Director of Business & Facilities, introduced Ann Mackiernan, Operations Analysis Manager, and Todd Chase, Economist for FCS Group, the project consultant, to provide an overview of the Aging Facilities Assessment Pilot Project Findings Report included within the Board of Directors information packet. The report is the result of a need to develop a means of analyzing the cost and benefits of maintaining, or possibly enhancing, existing facilities versus the cost and benefits of replacing those facilities. Staff contracted FCS Group to conduct a pilot study on the Garden Home Recreation Center with the intent that this study would provide a methodology that could be used on other facilities.

Ann and Todd provided a detailed overview of the report via a PowerPoint presentation, a copy of which was entered into the record, noting that in the case of Garden Home Recreation Center, the study showed that the preferred results are to continue routine maintenance on the facility only. The second ranked option for the site is a complete building replacement, with functional upgrades/remodel being the least attractive option. Ann and Todd offered to answer any questions the Board may have.

Bob Scott asked what other aging facilities have been studied.

- ✓ Doug Menke, General Manager, replied that all of the Park District's facilities have been reviewed via the energy savings performance contract and for seismic upgrades. However, for this particular study, Garden Home was a great facility to start with as it has its own complexities and is a great base tool by which to move forward.
- ✓ Keith replied that another reason Garden Home was chosen was due to the request for an expansion project that had been submitted some time ago, which provided the project data to use for the expansion model.

John Griffiths commented that the results of the study presented value differentials so small that given the cost of raising enough funds for a replacement facility, the District most likely would never do anything but the year-to-year maintenance of the facility. Under this model, the District would never change Garden Home, so there has to be some factor that comes into play that has not been incorporated into the model. Certain events are eventually going to cause an outlay under certain timing that would provoke either a major functional upgrade or replacement of the facility, and he does not see the model capturing that at this point.

- ✓ Keith replied that what the model did show was that although the incremental was not large, considering the huge incremental capital costs versus the high incremental return of a new facility, it was almost a wash with keeping the existing facility functional. In addition, from a life cycle costing perspective, the model showed that it is disadvantageous on all three discount rate scenarios to make minor investments in expanding the facility. The study did answer the specific question of whether to complete minor expansions to the facility or just keep it going until the District is ready to replace it.

John replied that the question still needs to be answered regarding at what point the District stops maintaining a facility year-to-year and builds a new facility instead.

- ✓ Todd replied that he believes if the model were taken out 50 years, it would probably show a bigger disparity between building a new facility versus maintaining the existing.

John noted that eventually the Park District's facilities are going to be replaced, and likely with bigger and better facilities than what currently exists. The District needs to try to answer the questions of when and how much for these new facilities.

- ✓ Keith replied that the short answer is that the model is saying that if the District had the funds to replace the facilities now, it should go ahead and do so, as the life cycle costing is showing that it is just as expensive to maintain the existing facility and get the current rate of return as to replace it and move forward.
- ✓ President, Bill Kanable, noted that the study does provide the justification if the District were to seek funding for a new facility, that the current facility costs that much just to maintain it.

John replied that his point is that the model simply says that if the District continues to maintain the facility that it will be usable forever, but this is not really the case. It cannot last forever. The District needs to find out at what duration that model breaks down. At what point does it not matter how much funds are put into maintenance, it is not going to take care of the issues or will become completely inefficient.

- ✓ Keith replied that he believes the answer to that question might be found by running the scenario again in three or four years, because the reality is that the District is not going to have the funds to replace a facility during that time anyway. If we continue to run the model, we will eventually see the point where it is becoming a lot more expensive to maintain the existing facility, which will in turn tell us that we are at the point where a replacement is much more imminent. Keith noted that he does not believe the District will ever have a model that points out an exact date for replacement.
- ✓ Larry Pelatt commented that there are also some non-monetary issues that cannot be quantified, such as aesthetics, patron feedback, and other aspects that cannot be assigned a value in order to plug into the model. He thinks the model works fairly well and agrees with the concept of running it every three to four years. Eventually the point will come that the numbers show that it makes sense to tear down the facility and build a new one. However, it will take a significant amount of time in order to raise the funds to do just that.

John stated that he can provide a model that figures out what is the annuity that he has to generate every year in order to equate a future value of \$30 million. That is what this model does. It says that if the District contributes a certain amount every year and discounts it back at 3, 4 or 5%, the present value is going to equate to roughly what \$30 million is discounted by however many years. That model works as long as the building is sustainable and that the yearly contributions keep the facility current in all of its needs, maintenance, and safety requirements. But what the model is ignoring is the fact that the largest expenses, such as consumer taste, demands for the building, and earthquake upgrades, are so huge that it is impossible to take care of them with \$900,000 a year. We need to be able to forecast those kinds of expenses. These buildings will not last forever, no matter how well they are maintained, and they certainly would not meet the changing needs for the future population. He is looking for a model that helps the District predict large out-of-pocket expenses, whether or not the District has the funds to address them. He believes it is apparent that the District's next bond measure is going to need to address the District's facilities and better information to express that need is going to be necessary.

- ✓ Bill agreed, noting that it is a lot to ask of residents to contribute \$30 million for a replacement of Garden Home and that the District will need to be able to justify the long term investment and sell it to the voters.

Keith noted that when the District started the process for this study, one of the main questions to answer was whether the District should consider the expansion of Garden Home and the study did answer that question.

**Agenda Item #10 – Adjourn**

There being no further business, the meeting was adjourned at 8:45 p.m.

---

Bill Kanable, President

---

Bob Scott, Secretary

Recording Secretary,  
Jessica Collins