

**BAINBRIDGE ISLAND METROPOLITAN PARK & RECREATION DISTRICT
REGULAR BOARD MEETING JULY 15, 2021
ZOOM VIRTUAL MEETING**

CALL TO ORDER: A quorum being present, the meeting was called to order at 6:01 pm by Chair Janow.

BOARD MEMBERS PRESENT: Asaph Glosser, Dawn Janow, Jay Kinney, Tom Swolgaard.

ADJUSTMENTS TO AGENDA: Remove item 50.3, the Bainbridge Island Parks Foundation Strategic Plan Presentation, and the executive session for real estate.

MISSION STATEMENT: Commissioner Janow read the Park District's mission statement: The mission of the Bainbridge Island Metropolitan Park & Recreation District is to build a healthy community through effective, sustainable stewardship of the District's parks and open space, and through the development and delivery of innovative cultural and recreation opportunities.

BOARD CONSENT

APPROVAL OF MINUTES:

Upon hearing there were no corrections to the minutes of the June 3, 2021 regular board meeting, Chair Janow stated the minutes stand approved as submitted.

Upon hearing there were no corrections to the minutes of the June 7, 2021 special board meeting, Chair Janow stated the minutes stand approved as submitted.

Upon hearing there were no corrections to the minutes of the July 1, 2021 regular board meeting, Chair Janow stated the minutes stand approved as submitted.

GENERAL BUSINESS

OATH OF OFFICE: Accounting Coordinator Terry Bugas, who is the Park District's Notary, administered the oath of office for Commissioner Glosser. Commissioner Glosser was appointed to the board following the resignation of Kristine Cox.

BATTLE POINT PARK POND UPDATE: Park Services Division Director Dan Hamlin said in late December and early January staff noticed there was an issue with the pond at Battle Point Park. After some major rain events the pond began to lose water and then lost water at a rapid rate. In mid-January staff notified the Washington State Department of Ecology of the failure with the pond's outflow per protocol. Staff met with an engineer on site and requested a proposal for repair. The Department of Ecology's Dam Safety Officer Martin Walther has been working closely with the Park District to ensure that the fix that is engineered and planned for will work. There have also been communications with the City of Bainbridge Island regarding storm water issues. In mid-February staff secured an engineering contract and the engineer began developing a plan, working closely with Martin Walther. A draft engineering plan was received April 1 at which time staff began a review. Martin Walther determined that further investigation and surveying were required to ascertain the hazard qualification and to determine the impacts of a possible failure. For the engineer to complete the work a portion of private property must be further surveyed, and approval has now been received from the owner to proceed. Staff expects to receive that additional survey work next week. The work is critical as it will indicate the hazard qualification which determines the type of outflow and spillway that must be designed. In early June authorization was received to seal the outflow with a grout material after an inspection of the culvert and under the supervision of a DOE dam inspector. Permitting with the DOE is required, and staff is waiting for word on necessary permitting through the City. Assuming the engineering work is finished in time, staff plans to have the dam repaired prior to the rainy season. Commissioner Janow thanked staff for plugging away on this project and for the update.

RESOLUTION 2021-02: LIMITED TAX GENERAL OBLIGATION BOND, 2021 AUTHORIZATION (BAINBRIDGE ATHLETIC CLUB PURCHASE): Attorney Alice Ostdiek with Stradling Law, the Park District's bond counsel, said she is here to answer any questions about the bond authorization resolution. The resolution authorizes the issuance of a limited tax general obligation bond in an amount not to exceed 13.5 million dollars for the acquisition of the Bainbridge Athletic Club. The not to exceed amount cannot be exceeded and the final amount will be dependent on the final terms of the purchase and sale agreements. The resolution authorizes staff to accept the offer from Commerce Bank to borrow the funds at an interest rate of 1.91% with the bond maturing in 20 years. The first five years the Park District will only be obligated to pay interest with the first principal payment due in 2026. However, the Park District has the option to prepay without penalty any portion should the cash flow from BAC allow for prepayment early or at any time the bond is outstanding. The transaction will close in conjunction with the purchase and sale agreements. The borrowed funds will at that time go into escrow and be paid to the seller in the agreed upon amount. Commerce Bank will hold the entire bond as a loan. Starting in 2035 the interest rate will reset every year based on the federal home loan fixed advanced rate plus 43 basis points. The Park District will have the option to refinance at that time if there is a better rate available. There will be no excess levy therefore nothing will be added to the tax burden specifically for this, it will be part of the regular levy.

Lee Parker thanked Commissioner Janow for amending the agenda to allow for public comment after the presentation. He is confused because one minute it is a loan and the next it is a general obligation bond. Originally it was going to be a bond backed by a revenue bond backed by the income from BAC and now it is a general obligation bond. He finds that unusual as it takes away from the Park District's borrowing capacity. He asked what kind of notice the Park District must give to the public when it goes out for a bond like this. Alice Ostdiek said the way that municipal corporations borrow is by issuing bonds. The terms bond or loan are somewhat interchangeable. The bank will treat it like a loan on their books, but it is a bond. In terms of revenue vs general obligation credit, it is extraordinarily rare for a Park District to try to issue a revenue bond. It would be unique and extremely risky and would therefore have an extremely high interest rate not even close to 1.91%. In terms of the Park District's general obligation credit, the Park District has very strong credit on its outstanding debt so there is no reason to believe that if this were a rated debt obligation it would not get the same treatment. The Park District is the beneficiary of having that strong credit standing to be able to borrow at a low interest rate. As far as notice to the public, there are no state law requirements other than the public adoption of a resolution or ordinance to authorize the issuance of debt.

Keith Israel said he sees on the agenda that it is listed as a limited tax general obligation bond, but the agenda does not give the amount. He has 33 years of general manager public agency experience, and he is confused because normally they would have had a staff report or be able to look at the actual bond information. It is hard to comment on something without having the ability to look at it. Commissioner Janow said that typically when the Park District purchases properties the purchase price is not put on the agenda but said it is something that can be looked at. Commissioner Kinney said the Park District usually passes a resolution to authorize spending not to exceed a certain level. In this case the bond will not exceed 13.5 million dollars and the purchase price is 13.15 million dollars, although there will be some incidental costs added. He does not recall in the eleven years he has been on the board that the final figure was ever available at this point for any purchase. Keith Israel asked where he can get a copy of the resolution. Commissioner Janow said the resolution is currently available on the Park District's website.

Lee Parker said when the acquisition of BAC was initially proposed and voted upon BAC was going to pay for itself. He has yet to see any financial numbers on the project despite two public records requests for the numbers presented by the sellers. The appraiser's report for the business was six pages of boiler plate and one paragraph stating his opinion of value, although he is obviously very qualified. The real estate appraiser's report gave some real numbers for how he came up with the value. The BAC acquisition has gone from something that was going to pay for itself to a general obligation bond and he

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feels that is a bit of a bait and switch. Commissioner Kinney said he thinks that is unfair to say. The bond will be paid for with revenue from the facility. The business and real estate have been appraised and the purchase price meets the appraised value. BAC has been a profitable business for about forty years. Going forward the Park District will operate BAC in a similar way and staff is experienced in this type of work. The Park District will probably make money on BAC and is certainly not going to lose 13 million dollars on it. Lee Parker said that is very encouraging because that is the first time it has been said that the Park District is going to run BAC the same way. In the beginning it was said that BAC would be terminated completely which made everybody wonder why the Park District was paying for a business when the doors would be closed. He asked if members would have the same basic costs and privileges as they do now. Terry Lande said yes, the intent is to run BAC as a membership organization, very similarly to how it has been run. A participant will not see a lot of changes in what is going on, particularly in the tennis area and Dayna Guizzetti has been offered a position with the agency. The Park District did not know what was going to happen until staff got access to the facility as part of the due diligence process. In the last two weeks there have been a lot of conversations with current staff and research on how BAC has been operated. Lee Parker said that is very encouraging and he is glad to hear it. Commissioner Janow said this is all part of the due diligence, the Park District is discovering more and more and deciding what is going to happen.

Loanne Harmeling said this is an interesting conversation and she is a strong proponent of the Park District buying BAC. However, if tax dollars are going to be used to fund it, she is concerned about continuing to run it as a club which would make it unavailable for financial reasons to many members of the public. There is going to have to be some sort of meeting in the middle and the tennis community has a proposal for covered tennis courts that they would like to share with the Park District.

MSC: Kinney/Swolgaard: Move to approve Resolution 2021-02 for the issuance of debt not to exceed 13.5 million dollars.

BAINBRIDGE ATHLETIC CLUB DUE DILIGENCE REVIEW: Executive Director Terry Lande said tonight is the last board meeting before the due diligence timeline expires for the Bainbridge Athletic Club acquisition process. The board has asked staff to provide them with reports and appraisals to make a final determination. The board has received the reports and appraisals and they have been posted on the Park District's website. Steven Kessler completed the business and assets appraisal and placed a value of the business and assets at the high end at 4.4 million dollars and stated in his report that the business has a history of very profitable operation. Peter Shorett completed the land and improvements appraisal and placed the market value of the property at 8.85 million dollars. The total value based upon the two appraisals is 13.25 million dollars. The purchase price is 13.15 million dollars which is just below the appraised value.

Cris Ugles did a building inspection which for the most part gave glowing remarks, however there were several areas in need of follow up. Park Services Division Director Dan Hamlin said the three areas the building inspection indicated as in need of further investigation were the roofs, HVAC systems, and the drainage and septic system. There were also concerns from the public regarding the water system and parking. Damian Miller from Hanley Construction did a thorough inspection of all three roofs and roofing materials. The two metal roofs were found to have at least ten years left in their life expectancy. It was found that the flat roof needed replacement. That roof replacement will be completed by the seller and the Park District will have a warranty in place once it is done. The HVAC systems are 10-12 years old. Staff spoke with the contractor who has been servicing the HVAC units and reviewed the service records as well, no concerns were found with the current condition of the units. However, the Park District is seeking quotes for replacement for future Capital Improvement Fund projects. Regarding the septic and drainage system Rich Vitioe with Northwest Septic was called in, he was very familiar with the system and the recent upgrade. Historically there were some issues with the septic and drainage system backing up, but the recent improvements were designed to 185% capacity and the system is in great working order. Water usage issues were brought up by members of the public at the last board meeting, so Dan Hamlin reached out to Steve Griest who is the water system board chair and had a conversation. Steve Griest was not aware of BAC being an over

user or any other issues with BAC's water use. The water system has had issues recently with having to add chlorine due to state regulations after some coliform was found in the system. Kitsap Public Utility District has now been hired to manage the water system. Dan Hamlin contacted KPUD, and they are not aware of BAC being an over user or having any issue with the water system. The state has looked at the system and said that it has about 335 Equivalent Residential Units that it can provide, it is currently providing 329 ERU and there is a moratorium on adding any new residential units to the system while it is investigated by KPUD. A 2001 traffic study was obtained by staff from the City of Bainbridge Island that was completed during a permitting process. In the study BAC stated there were 2,300 members. The current membership is nowhere near that. However, the approved capacity that it is designed to handle is 2,300 members, leaving plenty of room for growth.

Terry Lande said staff has followed up on a lot of issues and done a lot of due diligence. Terry Lande, Dan Hamlin, Administrative Division Manager Amy Swenson, and Recreation Division Director Mark Benishek have reviewed all the reports. They feel very confident that BAC has been and will continue to be a viable business that is able to recover all its costs. It will be a benefit to the Park District and its constituents, and it is common for communities to have community centers. The Park District has offered jobs to all full-time BAC staff. There will be meetings with part-time staff soon and they have all been notified that the Park District intends to offer jobs to all part-time staff. The plan is to maintain for the most part BAC's current operations. The pricing will not be changed right away, although additional options for admission will probably be added. There will be opportunities to accommodate more activities as work is done to accommodate as many people as possible. The intent is to make the best use of the facility while making financially sound decisions.

Commissioner Kinney asked if there will be an initiation fee for island residents to join after the Park District's acquisition of BAC. Terry Lande said that staff views tax dollars as covering the initiation fee for island residents. Non-residents would pay an initiation fee.

Commissioner Janow asked about low-income folks and those who cannot afford the current BAC rates. Terry Lande said that the Park District has an extensive scholarship program which is available. There will be opportunities to accommodate people at all income levels.

Commissioner Janow asked what year the septic and drainage system improvements took place. Dan Hamlin said the system was upgraded in 2018 when the pool was put in.

Commissioner Glosser asked for clarification that the roof about to be replaced is the flat roof. Dan Hamlin said yes, the flat roof is the only one in immediate need of replacement and that work has been scheduled by the seller.

Susan said she appreciates the new information provided tonight and wants to put in a plea for the part-time employees and the Kids' Club program. Her daughter has been a part-time employee of the Kids' Club for over four years. She is a special needs kid who has had her life changed by this experience and has been the only Kids' Club employee who stayed through the coronavirus pandemic. She thinks there is a real opportunity to reach out to the public and offer this service to the community. She has heard rumors that Kids' Club will be closed and turned into offices, and she really hopes that is not what happens. Terry Lande said all part-time employees will be offered jobs. Park District staff is not sure at this time what programs will continue. He cautioned that while there will probably be lots of rumors, staff is going to have to look at all the programs and see what makes sense. Susan said that while any job is better than no job, the job that changes your passion and your view of the world is different than any job. There are a lot of lives that are affected by these decisions, and she thanked staff for keeping that in their hearts.

Loanne Harmeling asked what the current hourly tennis court fee is at BAC. Gary Cooper replied that for a nonmember it is \$25 per person for an hour and fifteen-minute reservation on a tennis court. She said she is assuming that if the Park District institutes swipe cards that there will be a charge to play tennis. She asked the Park District to make sure that the public has access to adequate and prime times to play tennis.

Commissioner Janow said a lot of work and care has gone into the due diligence process. At this point the commissioners only need to take action to stop the acquisition from moving forward.

Commissioner Kinney said this is what you call a screaming good deal. It came out during the Sakai Park planning process that the community wanted to build a recreation center. A recreation center at Sakai Park would cost more than 50 million dollars and take years to build. Even replicating BAC at Sakai Park would cost more than the land and improvements appraised value of 8.85 million dollars. Acquiring BAC is a tremendous opportunity and he has great confidence that staff will run it well and the community will get more access to the facility. He said we are going to look back at this and think, "Wow, what a deal."

Commissioner Glosser said his takeaway is that a private business is being run for the benefit of the people who own it, and they need to offer a set of services where the people consuming it see a good value proposition. The Park District can run BAC for a public benefit, and it will be designed to meet the needs of a broad array of folks within the community. He is excited for the opportunity it represents.

Commissioner Janow said she is excited that jobs will be offered to all the current BAC staff and that there will not be too much of a change when people walk through the doors. It is a fantastic opportunity for the community and a real testament to Terry Lande and staff to be able to purchase BAC and feel confident that staff can manage it.

Terry Lande said the closing date for the acquisition will be sometime in the month of August.

RESOLUTION 2021-03: IMPREST ACCOUNT: Administrative Division Director Amy Swenson said this resolution is to set up a checking account to be able to pay Bainbridge Island Swim Club and Bainbridge Aquatic Masters charges for meets and registrations which happen so fast they do not have time to go through accounts payable. This checking account will allow for checks to be written more quickly and reimbursement of the account will come through the normal accounts payable process. **MSC: Swolgaard/Kinney: Move to approve Resolution 2021-03.**

PARK BOARD OFFICERS, COMMITTEES AND LIAISONS: Commissioner Janow said this is an opportunity to rearrange current roles and that currently there is no vice-chair.

MSC: Swolgaard/Glosser: Move that Commissioner Kinney be appointed vice-chair. Commissioner Kinney abstained from this vote.

MSC: Kinney/Swolgaard: Move that Commissioner Glosser be appointed secretary.

Committee Assignments:

Governance:	Janow/Kinney	(incoming Chair and Vice-Chair)
Capital Facilities:	DeWitt/Kinney	
Program:	Janow	
Budget & Finance:	DeWitt/Janow	(current and past Treasurer serve on this committee)
Personnel:	Janow/Swolgaard	(outgoing and incoming Chairs)
Forest Management:	Kinney/DeWitt	(ad hoc committee established at 9/17/20 board meeting)
Sakai Site Planning:	DeWitt/Swolgaard	(ad hoc committee established at 11/3/16 board meeting)

Board Liaison Positions:

Park District Parkland Acquisition Committee:	Swolgaard/Janow
Park District Trails Advisory Committee:	Swolgaard/Janow
Park District Dog Advisory Committee:	Kinney
Bainbridge Island Parks Foundation:	DeWitt/Glosser
Intergovernmental Work Group (IGWG):	Janow/Kinney

MEETING ADJOURNED to a five-minute recess at 7:16 pm with announced time to reconvene at 7:21 pm. **MEETING RECONVENED** at 7:21 pm.

DIRECTOR'S REPORT

Administrative Division: Administrative Division Director Amy Swenson said her staff will have a lot of work to do to bring all the new employees onboard when the Park District acquires Bainbridge Athletic Club.

Park Services Division: Park Services Division Director Dan Hamlin said trails crew has started and has been primarily working on maintenance so far. Park Maintenance Coordinator Morgan Houk has been hosting volunteer work parties. The July trail work party will assist with rerouting the trail around the Kitsap Public Utility District's easement in Gazzam Lake Nature Preserve. The official KidsUp! Playground reopening event date has been set for September 4, although the playground will be open to the public as soon as it is finished. Staff has met with City of Bainbridge Island planning staff regarding Blakely Harbor Park. The City has made \$26,000 available for restoration work at Blakely Harbor Park, in addition to the funds made available by Bainbridge Island Parks Foundation, making a short Student Conservation Corps session at Blakely Harbor Park possible. The tennis court refinishing project is complete. Senior Planner Perry Barrett said staff met with the firm that is working on the sail float in Eagle Harbor replacement project to explain program needs. The habitat report for Schel Chelb Park has been approved by the City. There was a meeting with the attorney representative of the owner of private property over which work is being done to route a trail to connect Meigs Park to the Grand Forest.

Recreation Division: Recreation Superintendent Bryan Garoutte said the Park District's booth at the Farmers' Market went well. The fall catalog will be visible online on Monday. Outdoor Program Manager Nick Prevo's sailing, paddling, and mountain bike camps are all going well. The keel boating class went exceptionally well, and more classes may be offered. Outdoor Program Manager Sue Barrington's second story walk is up and being enjoyed in the Grand Forest East. A new class called Watercolor Wanderings started at Hilltop today. Eileen Magnuson's senior fitness classes are going well and running at full capacity. Youth & Teen Program Manager Shannon Buxton ran a new program called Dollhouse Camp which was thoroughly enjoyed by the participants. All-Day Explorer Camp participants went raspberry picking and made jam this week. Sports Program Manager Julie Miller was approached by a group of people interested in organizing a social group to play tennis. It was noted that some families are still enjoying the "camp in a bag" activities which are a great option for those who are not ready to send their kids to in-person camps. Gymnastics will be holding parkour camps next week at Battle Point Park. The Aquatic Center front desk has a new semi-permanent plexiglass barrier. There is a new portable ADA chair lift at the Aquatic Center. Participation is growing for open swims and family beach swims. Bainbridge Island Swim Club members had a meet in Pasco. The Aquatic Program Coordinator applicant that was selected has accepted the position. Staff is still waiting for word from the applicant who was offered the Bainbridge Island Swim Club Head Coach position. The Ray Williamson pool will be closed for draining and cleaning August 2-22. Intern Parker Goss will be finishing up his internship early because he has received some job offers.

Executive Director Terry Lande said he met with the proponent and opposition groups regarding lighting of the artificial turf fields at Battle Point Park. There will be a meeting with School District staff and user groups to discuss how to alleviate the crowded turf field conditions. Staff met with board members and staff from the Bainbridge Island Parks Foundation to discuss their strategic plan for the next three years. The meeting led to reflection on how wonderful the people with the BIPF are and how great the connection is between the two agencies; he cannot think of better people or a better organization to partner with.

Commissioner Janow said listening to all these reports is why she loves being a commissioner, there are so many ways that people are engaged and taking advantage of so many diverse programs. Recreation Superintendent Bryan Garoutte gave credit to an incredible and creative staff.

BOARD MEMBER ITEMS:

- Commissioner Swolgaard asked if there are any updates on the user groups interested in putting a roof over the Strawberry Hill Park skatepark. Park Services Division Director Dan Hamlin said staff is ready to engage them in a discussion this fall.
- Commissioner Kinney said he went to Battle Point Park to see the refinished tennis courts and they look great.
- Commissioner Kinney said the KidsUp! Playground renovation looks good, and he cannot wait for it to open.
- Commissioner Kinney thanked the staff for all the time and energy they have put into the Bainbridge Athletic Club acquisition.
- Commissioner Swolgaard said he was at Battle Point Park and noticed there were four little kids at the fence around KidsUp! Playground with their hands on the wire looking longingly at the playground.
- Commissioner Janow said she saw the refinished tennis courts at Eagledale Park, and they look great.
- Commissioner Janow took a minute to say the Park District's levy lid lift measure is on the ballot for the August 3 election and encouraged people to vote.

MEETING ADJOURNED at 7:45 pm.

Helen M. Stone
Terry M. Lande
BAINBRIDGE ISLAND METROPOLITAN
PARK & RECREATION DISTRICT

BY: _____

Dawn Janow

BY: _____

Jay C. Kinney

BY: _____

Kenneth R. DeWitt

BY: _____

John Thomas Swolgaard

ATTEST: _____

Asaph Glosser