
**BUSINESS & RESPONSIVE AGENCY ADVISORY COUNCIL
MEETING MINUTES**

MISSION STATEMENT

This Council advises and makes recommendations to the programs and operations of
Metro Parks Tacoma concerning financial management and business practices.

Metro Parks Tacoma
4702 S 19th Street, Tacoma, WA 98405
January 9, 2018

Present: Jeff Albers, Jen Drake, Peter Kram, Elizabeth Pebley, Dan Powell
Absent: Su Dowie, Johnny Mojica
Staff: Julie Wilfong
Board Liaison: Commissioner Baines
Guest: Don Higgins, Budget Manager

SUMMARY

Don Higgins presented the November Financials.

CALL TO ORDER

The meeting was called to order at 7:40 a.m.

MINUTES

Forum needed to approve minutes.

RECRUITMENT UPDATE

No update was given.

DESTINATION POINT DEFIANCE UPDATE

No update was given.

FINANCIAL REPORT

Don Higgins reported the November Financials to the Council. He stated there were taxes received in January and journal entries that need to be entered and posted back to December before the month can be officially closed. The deadline to have all entries completed are 10 business days after the last day of the month.

The first page of the November financials is a summary of the four major funds which are the General Fund and Enterprise Funds that make up the Zoological & Environmental Education (ZEED) that is the Point Defiance Zoo and Northwest Trek, Meadow Park Golf Course and the Point Defiance Marina Boathouse Complex. The departments look at the overall operating budget, the actual year-to-date and variance columns. The report reflects all revenue and expenditures from January through November. The departments look at the end of year budget and the forecast. In the General Fund the overall variance for the end of the year forecast is \$2.5 Million to the good. Since we have a biennial budget, the \$2.5 Million is not for spending. At the end of the year, this figure is absorbed back into the General Fund for the 2018 budget. This means Metro Parks is in a good position to end 2017.

One of Metro Parks' performance measures is attendance. The Council looked at the attendance for both Northwest Trek and Point Defiance Zoo. Point Defiance Zoo reports basic information for attendance, which is budgeted attendance and actual attendance. This information is separated into categories for general paid attendance and memberships. The trend seen in the last few years is memberships at Point Defiance Zoo have increased and general attendance is stagnant or slightly declining.

Peter Kram asked "If it was a better way to raise revenue and was it more stable?" Don Higgins answered, "It was stable as long as Point Defiance Zoo can control the membership fee."

Dan Powell questioned if the renewal percentage for annual memberships was tracked, and Don Higgins responded, the information was tracked by the Point Defiance Zoo.

The Zoolights attendance budget is separate from the general attendance budget in November and December. There are a couple of days in January for the event and the attendance is accrued back in to December.

Commissioner Baines, mentioned the parking situation during Zoolights is one that needs to be addressed as it was confusing for visitors. Many visitors parked where they could including areas not designated for parking. Also, more street lights are needed during the event.

The Point Defiance Zoo's paid attendance is part of their budget. The attendance budget for the year was 314,000. Their actual attendance was about 4000 shy of what was budgeted for the year. However, when the Zoolights attendance is added, then overall Point Defiance Zoo was over their budgeted amount by 5000 in attendance.

The question was asked if Zoolights was a "money-maker" and Don Higgins mentioned there was a lot of staff overtime for this event. It has to be a moneymaker for them.

Peter Kram commented that Zoolights was one of the best advertised events for Metro Parks.

Commissioner Baines asked for detailed information on the Zoolights budget. The Council would like to have a better understanding of Zoolights and the operations of the event.

For Northwest Trek's December report, Don Higgins reported the Park make its' budgeted attendance of 210,000 on December 16th with the continued trend of a 6% drop in paid attendance and seeing a corresponding increase in memberships. In addition, Northwest Trek also likes to include combo memberships as it has been on the rise. The combo membership is for Point Defiance Zoo and Northwest Trek. A majority of Northwest Trek's attendance occurs in the summer months.

Don Golden asked when the biennial budget process was going to begin. Don mentioned he has many worksheets he has to setup first as it is pretty detailed. Don Golden also asked if Metro Parks income will increase with the rise of property values? Don Higgins stated, there is a limit of a 1% increase per year for property tax (RCW84.55) and there is a lot of construction happening in Tacoma, so we are still healthy with property tax. As for sales tax, this is another big revenue base and it has been going up. We are now at a 7.5% sales tax increase over 2016. Metro Parks originally budgeted 2% which is the standard. We are at 1.9% for non-construction sales tax which includes merchandise sales but it is the new construction that is pushing up the sales tax.

Commissioner Baines had asked how does the new construction sales tax help Metro Park and Jen Drake wanted clarification if the sales tax was based on residential or commercial construction and Don Higgins responded that it was for both and apartments as well. There is not a lot of vacant land left in Tacoma that belong to the City of Tacoma or Metro Parks or the Tacoma School District.

Some examples of new construction in the area are the Golden Dragon Restaurant and old Kmart building on 6th Avenue. The restaurant was sold and will become an apartment complex and the old Kmart building will become a medical facility. There is construction happening all over the city.

Commissioner Baines requested a follow-up on the sales tax year to date total from Don Higgins.

Don Higgins mentioned sales tax revenue is behind by two months and this is reason Metro Parks cannot close out the year. December sales tax isn't received until the month of February. This comes from the State of Washington.

Starting January 2018, the State of Washington is supposed to start collecting sales tax from online purchasing entering the state at a rate of 6.5% which is the State's portion of the sales tax. Metro Parks receives more money in property tax than with sales tax.

Peter Kram asked what is Metro Parks doing to increase its' reserves in light of some good years in the future? Jen Drake wanted to know if Metro Parks is limited to the reserve. Don Higgins responded that the Governmental Finance Officers Association (GFOA) has a best practices approach for reserves. Metro Parks aims for a 7% reserve of overall expenditures. As Metro Parks budget is based on a biennium, then the reserve is at 7% and annually it is at 14%.

Metro Parks is working on a Capital reserve now. One was setup in 2008 based on Metro Parks' Strategic Plan to have at least a Million dollars in the reserve. Money was moved into the reserve two years in a row, however the money was completely used up by the end of the second year. Due to the recession, Metro Parks did not continue to put money in to the reserve. Metro Parks is again looking at different ways to build a reserve including taking 5% of the operating budget for each center and placing it this fund in the future. If we are able to do this, Metro Parks would have an emergency cash fund at least for the community centers or a big ticketed item.

Concerns raised about whether or not the Enterprise Funds also have a capital reserve. ZEED has a Matrix Program that includes maintenance of buildings for both facilities.

The Council wanted to know what was needed from them and Don Higgins responded with suggestions for new revenue sources that Metro Parks can earn. What's trending or find new trends. Metro Parks is bringing on new parks and a new center, how are we to support and maintain these facilities.

Meadow Park Golf Course (MPGC) is a big topic at both the Executive Cabinet and Park Board level. Attendance/golf rounds are down, but MPGC was able to maintain revenues. The Pro Shop raised it prices and did good in 2017. There are concerns about minimum wage going up and the increase of staff salaries and benefits by at least \$30,000 in the next year. Supplies and services will go up next year by about \$100,000 and revenue will only go up by \$8,000. This is not sustainable.

MEETING SUMMARY AND FOLLOW-UP

Don Higgins will follow up with Sales Tax Year-to-date for 2016-2017 and provide more information on the Zoolights budget.

NEXT MEETING

Tuesday, March 13, 2018, Metro Parks Tacoma Headquarters Building, main conference room.

ADJOURNED

The meeting ended at 8:50 a.m.

Approved:

Submitted by: Julie Wilfong