



10 YEAR CAPITAL PLAN

Executive Summary

Finalized by Board of Commissioners on January 27, 2014

EXECUTIVE SUMMARY

Since 1925, the Lake Bluff Park District has grown into a central part of building Lake Bluff as a healthy, active community by offering parks, golf, paddle, an aquatic facility, camps, preschool, tennis and a recreation center. These recreation and leisure experiences play a vital role in improving the quality of life of residents of all ages. They also require ongoing community support.

As a community leader and one of the largest employers, the Park District employs an estimated 246 employees during peak season. Of those employees, 50 percent are Lake Bluff Park District residents. In 2013, community members utilized Park District facilities tens of thousands of times; for example, the Park District welcomed 20,000 beach visits, 13,000 Aquatic Facility visits, 30,000 golf visits and 55,000 fitness visits. For a Park District of its size, residents can choose from a wide variety of facilities, programs and parks.

In order to continue providing recreational opportunities to families, seniors and individuals, the Park District Board and staff developed a 10 Year Capital Plan identifying priorities and funding solutions with safety, mandates, needs, impact and utilization in mind. Over the last two years, the Board and staff worked diligently to create funding opportunities to repair and/or replace existing capital assets. In 2011, the Park District partnered with ACG Consulting Group Inc. to develop a 20 Year Capital Report with input from a 20 Year Citizen Task Force.

The Citizen Task Force, comprised of 9 Lake Bluff residents, obtained and analyzed detailed Park District information and presented significant findings and recommendations. The Park Board and staff recognize the hard work of the Citizen Task Force and their critical role in the capital discussion. Through their efforts, the Park District refunded non-callable bonds providing \$1.2 million to make necessary capital repairs.

In addition, the Park District utilized the Citizen Task Force findings to create a Criteria Model and analyze a future operational budget based on specific assumptions, and facility and program statistics.

The Park Board and staff provided a clear direction to the community by approving a 10 Year Capital Plan (2014-2024). The 10 Year Capital Plan outlines short-term economic sustainable funding options for residents and addresses long-term economic sustainability by adopting a Property and Public Land Use Citizen Advisory Committee. The Park District possesses many capital assets which require significant repairs and/or replacement. Over the past 10 years, the Park District delayed most major repairs and/or replacement resulting in the assets falling further into disrepair. Therefore, the Park Board took action and prioritized existing capital asset repairs and/or replacement with a forward thinking and conservative capital and funding plan.

CAPITAL FUNDING SHORTFALL

ACG outlined an estimated \$8.5 million capital expenses within the next 10 years. The Citizen Task Force and Park Board evaluated the reports, and the Park Board reduced the capital expense significantly based on a variety of factors such as repairs only, sharing costs with other agencies, not replacing specific assets, and/or moving capital expenses into operations. Through many meetings, the Park Board estimated the 10 Year Capital Plan as \$5.1 million; however, to further streamline the plan, the Park Board further reduced the number to \$4,877,000 based on moving golf equipment into the operational budget.

Over the next 10 years, the Park District will have \$1,750,000 available for the following reasons:

- In 2013, the Park District restructured existing debt allowing for some capital repair and/or replacement. In 2013, the Park District received approximately \$500,000 and anticipates approximately \$201,000 in 2016 and approximately \$500,000 in 2020.
- The 2014-2020 Projected Operational Budget includes annual tax levy increases based on the Consumer Price Index (C.P.I.) and conservative fee increases resulting in a break-even budget or a modest \$100,000 net surplus the next 10 years.
- Levy and collect a tax annually on American with Disabilities projects not to exceed a tax rate of .04 or approximately \$270,000, as equalized or assessed by the Department of Revenue of all taxable property in the district.

Based on the financial information, making adjustments and determining levels of reinvestment, the Park District has outlined a 10 Year Estimated Capital Shortfall below:

Park Board Adjustments	\$4,877,000
Less Capital Reserves	\$1,300,000
Less ADA Levy	\$ 450,000
<u>Total Anticipated Shortfall</u>	<u>(\$3,127,000)</u>

Summary of Park Board Adjustments

- Absorb specific capital expenses in the Operational Budget either through leasing and/or reducing other expenses.
 - Golf Clubhouse, Maintenance and Equipment
 - Park Maintenance and Vehicles
 - Fitness Equipment and Maintenance
 - Recreation Center Maintenance and Carpeting
- Replace Wading Pool and repair and/or replace only those Aquatic Facility assets in the most critical condition such as liner, leak, concrete and bathrooms.
- Maintain Golf Clubhouse for 10 years and repair minimally i.e. electrical. After 10 years, replace the clubhouse with a temporary facility.
- Repair five Artesian Courts, and close the Blair Park Tennis Courts.
- Patch Recreation carpeting.
- Eliminate one Playground when life expectancy or major repairs are needed. Purchase playgrounds only when grants are awarded.
- Demolish both Rockland Road homes.
- Remove Skate Park when life expectancy or major repairs are needed.

Summary of Capital being absorbed in Operational Budget and Capital Reserves - \$1.2 million

- Golf Equipment, Clubhouse and Maintenance
- Park Vehicles and Buildings
- Recreation Center Carpeting and Maintenance

- Fitness Equipment
- Administration – Time and Attendance

Summary of Prioritized Capital Assets with a Funding Shortfall

Aquatic Facility:	\$ 1,500,000
<i>*Wading Pool, Main Pool Liner, Fix Main Pool Leak, Locker Rooms, Deck, Concession Stand</i>	
Artesian, Blair and Knollwood Park:	\$ 667,000
<i>*Repair Walking Paths, Tennis Courts, Playground, Fieldhouse Roof</i>	
Recreation Center:	\$ 810,000
<i>*Entire Roof and HVAC</i>	
Sunrise Park and Beach:	<u>\$ 150,000</u>
<i>*Steps and Bathrooms</i>	
<i>*Foundation donating \$50,000 as original cost was \$200,000</i>	
Total:	\$ 3,127,000

CAPITAL PLAN PROCESS

Since April 2013, the Park District has been planning and reviewing the Citizen Task Force’s presentation and report. Information is included from the following: 20 Year Capital Report, Citizen Task Force findings and recommendations, American with Disabilities Act Transition Plan and development of capital criteria and model.

Americans with Disabilities Act (ADA) Transition Plan (Appendix A)

In 2010, an ADA Transition Plan was developed by Recreation Accessibility Consultants, LLC in order to develop those repairs and/or replacement required by law.

20 Year Capital Report– Consultant (Appendix B)

The 20 Year Capital Report was reviewed and allowed the Park District to develop a criteria model and levels of reinvestment. With the assistance of the Citizen Task Force, the Consultant produced an excellent document for future Boards and staff which included the capital asset lifespans and costs.

20 Year Citizen Task Force Report - Findings and Recommendations (Appendix C)

The Citizen Task Force did a great job outlining the potential costs, reviewing operations and providing recommendations. The Citizen Task Force developed a ranking system based on discussions with Park District staff and the ranking system was used as an initial draft model. The Park District continues reviewing the recommendations and will bring forth recommendations as the Board of Commissioners discusses strategies and action steps. The Park District anticipates adopting specific Citizen Task Force recommendations in 2014.

RESEARCH, ANALYSIS AND PRIORITIZED CAPITAL ASSETS

The Park District researched financial impacts, utilization and national guidelines, analyzed future operational budgets and prioritized capital assets by developing criteria, model and levels of reinvestment.

The Park District adopted an ADA Capital Plan of \$451,469. To provide accessibility for recreational programs, services and facilities, State statute, Section 8-10b of the Park District Code allows any Park District to levy and collect annually a tax of not to exceed a tax rate of .04 or approximately \$270,000, as equalized or assessed by the Department of Revenue of all taxable property in the district. Currently, the Park District levies a tax rate of .025 or \$142,542. If the Board chose to levy a tax rate of .04, a \$500,000 home would be impacted approximately \$24.10 per year. Once the work is completed, the levy can be reduced.

The Park District outlined projected net operating net income/deficits for the next seven years (2014-2020). Typically, five year financial plans provide a more accurate financial analysis as trends occur yearly. As with any plan, the Park District will update the financial plan annually.

Over the next seven years, the anticipated net operating income is \$100,000. The following assumptions were included for fiscal years 2014-2020.

- Tax Levy - 1.55% in 2014, 2.0% from 2015-2020 increase.
- Program, Membership and Services Revenues - 2.0% increase per year.
- Participation - 2.0% per year increase.

- Golf Course Revenues - \$1,000,000 each year based on trends and unpredictability.
- Health Insurance - 10.0% in 2014, 10% in 2015 and 5% in other years increase.
- Salaries - 2.5% per year increase.
- Golf Carts and Fitness Equipment are included in the capital plan and not part of operations.

Target and Stonebridge developments were not factored in the seven year net operational budget. With Target, the personal property tax line item would increase based on sales tax and with Stonebridge, the Park District would anticipate some impact fee as well as yearly property tax revenues.

The 20 Year Capital Report provided excellent documentation to score each Business and Service Unit. Pursuant to the Administration Policy, the Park District utilized the Auditor’s guidelines that each asset over \$10,000 be evaluated and placed in the report. Those assets below \$10,000 were removed from the Capital Plan. Each asset was defined based on specific criteria. Not every project reached maximum points. There is some subjectivity based on each members’ understanding of the project’s impact on the agency.

Criteria Model for Determining Priorities

The Executive Team developed a quantitative approach that includes criteria, definitions and point values.

CRITERIA	DEFINITIONS	POINTS 550 MAX
Safety	Public Safety, Required by Law, PDRMA Policies, Known Hazards	215
Federal or State Mandates	American with Disabilities Act, Equipment	60
Local Mandates	Zoning, Building Codes, Cooperatives/Agreements	70
Facility/Equipment Needs	Life Expectancy from Capital Report, Previously awarded grants/ donations monies	55
Community Input	Surveys, Petitions, Focus Groups, Forums, Park Board	70
Operational Impacts	Positively/Negatively Impacts Revenues, Impacts on Expenses, Grants and Donations previously provided, Operational Efficiency (current/future), # of passes and participation, frequency of repairs/replacement	80

Park and Facility Guidelines (Appendix G)

The Park District retained Upland Design to assess national park acreage and facility guidelines versus Lake Bluff population. These results assisted with evaluating the level of reinvestment.

Three Levels of Reinvestment

The Park District developed a criteria model and defined three reinvest levels of each capital asset: 1) no reinvestment, 2) partial reinvestment, or 3) total reinvestment. These levels are defined below:

- No Reinvestment: Not repair or replace capital asset based on affordability and minimal impact on core business/service unit. Take asset out of service when it fails.
- Partial Reinvestment: Provide minimal funding to repair or replace capital asset in order to continue core business/service unit operations.
- Total Reinvestment: Replace entire capital asset due to safety, mandates, need, input and impacts on the core business/service unit's operations.

CONCLUSION

Capital and ADA funding are critical components of the 10 Year Capital Plan. Unfortunately, the Park District is not able to fund all capital repairs/replacement either through bond restructuring or operational surpluses.

The Board of Commissioners held more than seven Capital Board Retreats in late September, 2013 through January, 2014 determining assets to reinvest and funding options. The Park Board outlined a short-term sustainable option which is placing a referendum question, \$3.127 million repair/replacement option, on the November 4, 2014 Ballot allowing residents to decide whether the Park District should reinvest in community assets.

In conclusion, the Park District appreciates the Recreation Accessibility Consultants, ACG Consulting and 20 Year Capital Plan Citizen Task Force for their information and input which was critical to finalizing a 10 Year Capital Plan.