
RECORD OF PROCEEDINGS

Minutes of the Special Meeting Of the Board of Directors

Vail Park and Recreation District dba Vail Recreation District October 25, 2012

A Special Meeting of the Board of Directors of the Vail Recreation District, Town of Vail, Eagle County, Colorado, was held on October 25, 2012, at 4:30 p.m., at the Vail Town Council Chambers, Town of Vail, Eagle County, Colorado, in accordance with the applicable statutes of the State of Colorado.

1. MEMBERS PRESENT
 - 1.1. Bill Suarez, Jeff Wiles, Joe Hanlon and Rick Sackbauer
2. MEMBERS ABSENT AND EXCUSED
 - 2.1. Ken Wilson
3. STAFF PRESENT
 - 3.1. Mike Ortiz, Jamie Gunion, Chad Young
4. OTHERS PRESENT
 - 4.1. None
5. CONSULTANTS PRESENT
 - 5.1. Eric Weaver, Robertson & Marchetti, P.C. and Jim Collins, Collins, Cockrel & Cole.
6. CALL TO ORDER
 - 6.1. Director Hanlon called the meeting to order.
7. EXECUTIVE SESSION
 - 7.1. Upon a motion duly made and seconded it was unanimously RESOLVED to enter into executive session for the purpose(s) of: §24-6-402(4)(b), C.R.S., “Conferences with an attorney for the public entity for the purposes of receiving legal advice on specific legal questions.”
 - 7.2. During the discussion, the VRD’s legal counsel was present and the executive session was not recorded.
 - 7.3. Upon returning from executive session, Mr. Collins exited the meeting.
8. PUBLIC INPUT OF ITEMS NOT ON THE AGENDA
 - 8.1. None

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9. SEPTEMBER 2012 FINANCIAL REPORT

- 9.1. Mr. Eric Weaver provided a 2012 financial report and explained that things are continuing to go well for the year. There have not been many changes since the August report.

10. PROPOSED 2013 PROGRAM FEES

- 10.1. Mr. Ortiz explained the fees should be reviewed at today's meeting and approved at the final budget hearing, allowing time for public comment on the fees.
- 10.2. Mr. Ortiz explained the philosophy of planning for fees is to keep them affordable, without compromising quality. Guest fees are higher than resident fees and continue to allow staff to operate their programs at a high level of quality. Most programs are proposed to stay at the same cost or have a minimal increase for 2013. However, with the decline in property tax valuations, the VRD will need to consider a large increase in 2014 to offset the continued decline in property tax revenues. The VRD will also be considering other options including a mil levy increase, reductions to programming, and several other avenues to counter the estimated \$750,000 annual decrease in taxes since 2010.
- 10.3. Director Wiles commented that he didn't see many fee increases in programming and questioned whether there are any specifics that need to be discussed.
- 10.3.1. Mr. Ortiz explained staff reviews programming fees across the valley and state as a gauge and most are already competitive and therefore were not adjusted.
- 10.4. Director Suarez commented about when the tennis center fees were raised greatly and there was a loss in participation. He agrees that there isn't a need for a quantum leap, but questioned whether there are more areas of fees that maybe should be raised.
- 10.5. Director Sackbauer questioned percentage increases in staff salaries for the past four years. Mr. Ortiz explained it has been zero.
- 10.6. Director Sackbauer commented the town of Vail is researching a study of salary increases in the public and private sector. With an increase in cost of living, the board needs to review a salary increase and how that relates to the program fees and a need to increase where appropriate. He requested staff to go back and look at fees and areas where increases can be made to appropriately increase staff salaries so that it will not be five years since the last salary increase.
- 10.6.1. Mr. Weaver explained for a 3 percent increase for full-time staff salaries, the VRD would need to find a little more than \$30,000.
- 10.7. Director Sackbauer also suggested looking a bonus or merit program and how that also can be found within the budget. He said staff for the past six years has

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gotten the VRD to where it is and it's important to recognize that. Moving forward the VRD is going to need continued dedication from this staff.

11. PUBLIC HEARING AND REVIEW OF PROPOSED 2013 BUDGET

- 11.1. Upon a motion duly made and seconded it was unanimously RESOLVED to open the public hearing to review the 2013 budget.
- 11.2. Mr. Weaver explained this is not a reevaluation year for 2013, meaning property tax revenues will remain consistent. Moving into 2014, the VRD will be looking at an additional 10 percent decline in property valuations, equaling a \$250,000 loss in revenue, in addition to the \$500,000 loss in the past few years from property tax declines.
- 11.3. Mr. Weaver stated that the capital budget included is a planning document and will be fine tuned in the next two weeks. A five-year budget has also been included for capital planning. Under long-term planning, the VRD, between 2014 and 2016 has about \$4.5 million in capital needs including new golf carts, golf course master planning items, remodel of the starter facility at the golf course, cart path and bridges, maintenance needs at Dobson and other departmental needs. This is also continued maintenance of the assets the VRD has. At \$4.5 million in needs, only \$2.5 million will be available without an increase in revenues, leaving the VRD short about \$500,000 per year for capital upkeep through 2017. To generate that money, the VRD will need to research a mill levy increase of roughly 0.7 mills, resulting in an average increase of \$81 for a home valued at \$1.5 million. Without the mill levy increase, it would take an 18 percent fee increase to make up the shortfall. Staff has made appropriate cuts and cannot operate programs at lower staffing level without eliminating programs. The VRD is operating very lean.
- 11.4. Director Sackbauer expressed the choice will be which programs need to be looked in the future that the VRD will operate. Mr. Weaver explained a lot of programs are vital to what the VRD does.
- 11.5. Director Suarez questioned deferred maintenance. Mr. Weaver explained deferring can work for a few years but it can end up costing the VRD more in the future and better planning can alleviate this.
- 11.6. Director Sackbauer explained when looking at the five-year plan, the board is going to have to make tough decisions. In two weeks, he requested staff to come back and explain which programs are drains to the VRD so the board can have the discussion.
- 11.7. Director Wiles clarified if the VRD were to increase .7 mils, the VRD would maintain status quo. If the mil levy is not raised, fees would have to be raised 18 percent to allow the VRD to operate as is.
- 11.8. Director Sackbauer requested a plan be created with staff for an understanding that if "this happens" than "this happens." If the board decides a mil levy increase is the best decision, than money needs to be funded for that. The VRD

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needs to share with the public the five-year plan that looks at 2013 to 2017. These are hard stories to tell and it might be helpful to get help in sharing the story.

- 11.9. Director Suarez said many people don't understand the shortfall the organization will have in the future, even when looking at the current golf course clubhouse renovation. The information needs to start flowing.
- 11.10. Director Sackbauer asked the best way to share the information knowing that the VRD's revenues come from a different source than the Town of Vail's.
- 11.11. Director Hanlon also suggested making sure the partners at the town understand this shortfall as they are having some of the best sales tax collection in years.
- 11.12. Mr. Weaver clarified that the current discussion is for 2014 and the board is planning a year out. Property revenues have gone from \$2.03 million in 2006, up to \$3.19 million in 2011 and are forecasted be \$2.46 million in 2014.
- 11.13. Director Sackbauer requested a range for the mil levy increase for a variety of housing valuations. The VRD has been able to operate seamlessly, but for how many years can the VRD operate with out having to reinvest.
- 11.14. Mr. Weaver asked for questions on the budget.
 - 11.14.1. Director Sackbauer said staff has done an amazing job managing capital. He questioned what the fortifier account is. Mr. Weaver explained that when an employee leaves the District before completing 5 years a portion of the contributions made by the District towards their retirement are forfeited back to the District. This separate account has accumulated a balance over a number of years and some of the accumulated funds could be used to fund a portion of the Districts 2014 retirement plan contributions.
 - 11.14.2. Director Sackbauer questioned the legal budget. Mr. Weaver explained due to the lawsuit that has been filed regarding the Vail Golf Club renovation, the VRD's legal counsel has recommended a \$100,000 increase to the legal budget for 2014.
 - 11.14.3. Director Hanlon questioned the concessions at Ford Park at \$100,000. Mr. Weaver explained the VRD is in charge of interior items for the buildings under the lease with the Town and therefore will be funding the costs of equipment for the new facility.
 - 11.14.4. Director Sackbauer noticed in the Vail Golf Course budget, driving range mats have been budgeted. He questioned whether now is the time to put in driving range matting with the potential for construction at the golf course. Mr. Ortiz explained staff is researching whether they can be installed temporarily and then put in place permanently following completion of the clubhouse.
 - 11.14.5. Director Wiles questioned the repurposing of the Booth Falls courts. Mr. Ortiz explained staff will be discussing with the town on whose responsibility it is.

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- 11.14.6. Mr. Weaver explained there are quite a few changes to be made and these will be discussed at the next meeting.
- 11.14.7. Director Sackbauer commented that in the 69 pages of the budget document, you can see the work that has been done. Both Director Hanlon and Sackbauer thanked Mr. Weaver, Mr. Ortiz and staff for their work.
- 11.14.8. Hearing no public comment, upon a motion duly made and seconded it was unanimously RESOLVED to continue the public hearing for the budget to the Regular Meeting of the Vail Recreation District Board of Directors on Nov. 8.
- 11.14.9. Mr. Weaver will certify the mill levy on Nov. 6.

12. EXECUTIVE DIRECTOR INPUT

- 12.1. Mr. Ortiz offered to answer any questions on the Directors report.
- 12.2. Director Sackbauer commented the Vail Gymnastics Center has been packed the past few times he has been in the building. He requested a review of the schematic designs for the improvements to the gymnastics facility at an upcoming board meeting.

13. BOARD MEMBER INPUT

- 13.1. Director Wiles commented he heard Beth Pappas and Jamie Gunion were on the radio and speaking about the Trick or Treat Trot.
- 13.2. Director Suarez reiterated the fact of keeping the public informed of where the VRD stands with the upcoming budget shortfall and what that means for the VRD.

14. ADJOURNAMENT

- 14.1. Upon a motion duly made and seconded it was unanimously RESOLVED to adjourn the Special Meeting of the Vail Recreation District Board of Directors.

Respectfully Submitted,

Jamie Gunion
Secretary to the Meeting