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## RECORD OF PROCEEDINGS

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### Minutes of the Regular Meeting Of the Board of Directors

#### Vail Park and Recreation District dba Vail Recreation District January 24, 2013

A Regular Meeting of the Board of Directors of the Vail Recreation District, Town of Vail, Eagle County, Colorado, was held on January 24, 2013 at 5 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. Jeff Wiles, Joe Hanlon, Rick Sackbauer, Ken Wilson and Billy Suarez
2. MEMBERS ABSENT AND EXCUSED
  - 2.1. None
3. STAFF PRESENT
  - 3.1. Mike Ortiz
4. OTHERS PRESENT
  - 4.1. None
5. CONSULTANTS PRESENT
  - 5.1. Eric Weaver, Robertson & Marchetti, P.C.
6. CALL TO ORDER
  - 6.1. Director Hanlon called the meeting to order.
7. APPROVAL OF MEETING MINUTES
  - 7.1. By motion duly made and seconded it was unanimously RESOLVED to approve the minutes of the December 13, 2012 Regular Meeting as presented.
8. PUBLIC INPUT OF ITEMS NOT ON THE AGENDA
  - 8.1. None
9. LEGAL MATTERS
  - 9.1. Upon a motion duly made and seconded it was unanimously RESOLVED to hold the regularly scheduled board meetings the 2<sup>nd</sup> and 4<sup>th</sup> Thursdays of the month, at 5 p.m. in the Vail Town Council Chambers, except for there will be no second meetings in November and December. It was FURTHER RESOLVED to post

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the board meeting agendas at the Vail Town Council Chambers, Vail Golf Course, Dobson Ice Arena and Vail Recreation District Administrative Offices (Vail Tennis Center).

- 9.2. Director Wilson questioned whether during the summer months meetings should be or could be hosted at the golf course clubhouse. Mr. Mike Ortiz explained that scheduling can be a problem with golf activities taking place.

#### 10. 2012 DECEMBER PRELIMINARY FINANCIALS

- 10.1. Mr. Eric Weaver reviewed the 2012 preliminary December financials. The VRD is anticipated to finish ahead of projected budget by approximately \$210,000. Overall, operations and expenses of nearly every department finished ahead of the forecast and ahead by \$85,000, capital finished \$35,000 ahead and golf operations revenues were ahead by approximately \$65,000. Total fund balances are at \$2.8 million with a goal to be at \$1.5 million with the District holding \$1.15 million in reserves for the golf clubhouse renovation.
- 10.2. Staff is continuing to finalize capital needs for 2013 and Mr. Weaver said staff will come to the board with items that need to be approved for the upcoming year.
- 10.3. Director Sackbauer questioned what projects had rollovers from 2012 to 2013. Mr. Weaver explained the projects were primarily small and include hole 19, completing landscaping on hole 7 stream back project and some other projects that total \$35,000 in capital rollovers.

#### 11. VAIL RECREATION DISTRICT FINANCIAL OUTLOOK AND PLANNING

- 11.1. Mr. Weaver presented a financial outlook and planning thoughts for the upcoming years. The VRD's revenues come from program revenues and property tax funds. Approximately \$2.4 million of the annual operating budget is from property taxes with approximately \$2.9 million from program revenues plus \$300,000 in property taxes for payment on the Dobson bonds.
- 11.2. The peak in property tax collections for operations occurred in 2010 and 2011 at \$2.9 million. Following the economic downturn, the VRD has experienced a decrease of approximately \$500,000 annually in 2012 and 2013 and is expecting another decline beginning in 2014, bringing the total decline to \$800,000 annually, which equates to a 28% decline.
- 11.3. Accomplishments from 2010 to 2013 included expansion of programs, completion of the golf course irrigation project, replacement and improvement to the golf course bridges and retaining walls, other capital improvements and to set aside a reserve of \$1.15 million for the golf clubhouse renovation.
- 11.4. Sports programs have grown in all areas including adding the kids adventure race, doubling mountain bike race participants, and growth in trail running races and camps. The VRD also has seen increases in marketing of programs, growth

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- in day camps and youth camps, has added a facilities maintenance manager and many other positive accomplishments.
- 11.5. Anticipated capital needs from 2014 to 2017 equate to \$4.7 million in needed funds, excluding the clubhouse renovation. The VRD has an estimated \$2.1 million in available funds for these projects, resulting in a shortfall of approximately \$2.6 million, or \$650,000 annually. About \$1 million of this includes equipment needs including vehicles, a new golf cart fleet and golf maintenance equipment such as mowers. \$1.5 million includes other projects at the golf course such as remodel of the starter facility, creek restoration, cart path work and more. At Dobson Ice Arena, \$600,000 will be needed in deferred maintenance and upgrades that are being planned. Other departmental needs result in \$600,000 for minor projects and items that add up over time.
- 11.6. The VRD has several options to look at to cover these deficits, these include an ROI project to generate additional revenue, seek a mill levy increase requiring voter approval, increase user fees, cut programming or review unfunded capital projects. To generate \$650,000 annually the VRD would need to seek an approximate .7 mils, or \$84 per year for a house worth \$1.15 million. User fee increases would have to be 18 percent on average for all programming. To cut programs would be tough as it could include shutting down facilities. The final option is to leave projects unfunded and allow properties to degrade. A combination of these options will most likely need to occur.
- 11.7. Mr. Weaver reiterated that the Clubhouse renovation was intended to be a ROI project whereby the District would generate additional revenues from renting out the facility. The VRD will need to review liquor licensing for the facility as it is believed that the revenues to the District will be much greater if the District serves alcohol as opposed to allowing guests to bring their own alcohol as the do at Donovan Pavilion. The VRD is currently holding \$1.15 million for building improvements and once completed is anticipated to net \$130,000 annually with alcohol sales. This project is estimated to net only \$30,000 annually without alcohol sales. There are also building considerations including layout and restrooms based on whether the District holds the liquor license.
- 11.8. Director Wiles said from an operational standpoint it makes sense for the VRD to control the liquor license.
- 11.9. Director Sackbauer questioned if there are other ROI projects the VRD can look at.
- 11.9.1. Mr. Weaver said they continually look at projects but there isn't a whole lot out there. Mr. Ortiz explained there aren't many other bricks and mortar projects.
- 11.9.2. Director Wiles questioned concessions at Ford Park. Mr. Weaver explained that too is an ROI project, the VRD will need to contribute about \$100,000 into the interior of the new facility which will be rapid over time with concession revenues.

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- 11.10. Director Wilson questioned how the VRD compares to other recreation districts with a 50/50 split of revenues from taxes and programming. Mr. Weaver said he would look into it.
- 11.11. Director Wilson also asked Mr. Weaver whether the Town of Vail is responsible for any of the \$4.7 million in anticipated capital project needs. Mr. Weaver explained that costs may be shared, but the \$4.7 million is the VRD's budgetary needs. Mr. Weaver said the Town will be putting approximately \$750,000 into VRD-related facilities during the next four years, in addition to the VRD's contributions.
- 11.12. Director Wilson questioned whether we have addressed cutting staff, and if so, the public needs to understand that the VRD operates at a very lean staffing level. Mr. Ortiz said they will make it clearer when the time is right and what it means people wise.
- 11.13. Mr. Weaver explained at the next board meeting they will review what needs to be done to open the doors in 2013, then followed by a list of what needs to take place in the following years to operate.
- 11.14. Director Sackbauer requested the five year plan be included at the next meeting. He said when he first became a board member, the VRD had adequate funding to work on the deferred capital projects and address life-safety issues. It is important to leave incoming board members with a plan that will set them up for success.
- 11.15. Director Suarez said there is a need to look at a combination including an increase to the mill levy, user fee increases and other options to set the VRD up for success. He said he would prefer to not cut programming and prioritize capital projects that are necessities. He also expressed concerns about non-golfers awareness of where the shortfall is.
- 11.15.1. Mr. Ortiz agreed and said a concentration on unfunded capital will take place and what it means for a general VRD user.
- 11.15.2. Director Sackbauer also said the partnership from the Town has been crucial and will continue to be important. The Town has been a significant budget partner with deferred capital projects.
- 11.16. Mr. Weaver shared that in 2005 the VRD only had \$85,000 for capital projects. Additionally, staffing has not necessarily increased since then and programs have continued to grow.
- 11.17. Director Wilson questioned an opportunity for naming rights of facility areas such as Dobson Ice Arena, the driving range, the fields, etc. Mr. Ortiz, explained that Beth Pappas and Jamie Gunion are continuing to work on strategic alliances and it's a slow process.
- 11.18. Director Suarez commented that the one thing that can provide any sizeable contribution is a mill levy increase.
- 11.18.1. Director Wiles agreed, but agreed that a positive community perception is important.

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- 11.19. Director Wilson said timing will be crucial and continuing to educate the public.
- 11.20. Mr. Ortiz agreed and staff is willing to take steps to help the public become educated and more familiar with will happen if funds are not found.
- 11.21. Director Suarez expressed his worries about the golf course clubhouse confusion getting muddled with the VRD's financial message.
- 11.22. Director Sackbauer said there are opportunities in November 2012 or 2013 and May 2014 to go to the voters for a mill levy increase. Director Wilson questioned costs associated with getting a right person to organize community awareness of the issues facing the District.
- 11.23. Director Sackbauer said a strategist will be needed to move forward as VRD staff cannot spend work-time during work hours. Someone needs to help the public understand and simplify the information.
- 11.24. Director Wilson questioned the costs for an election. Mr. Weaver said a Tabor election would likely cost upwards of \$30,000.
- 11.25. Director Suarez encouraged the board to focus on the mill levy and begin moving forward with steps while continuing to work on the other options that make sense. Mr. Weaver also explained that even with a mill levy increase of .7 mills, it would not get the VRD back to the peak property tax collections from 2010.
- 11.26. Director Wilson questioned when the Dobson Bond will be paid off. Mr. Weaver said it will be paid off in 2020 and that portion of the mill levy will expire.
- 11.27. Director Sackbauer requested staff to look at different mill levy increases and bond issues.

#### 12. EXECUTIVE DIRECTOR INPUT

- 12.1. Mr. Ortiz shared that on Feb. 9 the Winter Mountain Games will be hosting a Nordic race and mountain bike race on the Nordic Center track. The mountain bike race will be held on the west area (holes 3-6 and then looping back) of the Nordic center. He thanked the VVF and Mia and Shane at the Nordic Center for their cooperation in making the event work. They will start at the clubhouse.
- 12.2. The Vail Gymnastics Center has hired two new gymnastics coaches from Latvia with very impressive credentials. They have coached many national champions and World and Olympic competitors. He excited to share that they will be coaching the Center's more elite gymnasts, as well as up-and-coming gymnasts. They have a good balance for competitive and recreational participants.

#### 13. BOARD MEMBER INPUT

- 13.1. Director Sackbauer explained that he is ecstatic about the new gymnastics coaches. He commented that it's like everything else in Vail, it just gets better because we're not afraid to try.

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14. ADJOURNAMENT

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

Respectfully Submitted,

Jamie Gunion  
Secretary to the Meeting