

## Meeting Minutes

July 29, 2010

Orcas Island Park and Recreation District Commission  
Special Meeting  
12:00 P.M., Orcas Island Public Library

### I. CALL TO ORDER (12:00)

Meeting called to order by Martha Farish, Chairman.  
Greeting and Announcements  
Roll call:

Commissioner 1: Vicki Vandermay - present  
Commissioner 2: Bob Eagan - present  
Commissioner 3: Martha Farish - present  
Commissioner 4: Jim Bredouw - present  
Commissioner 5: Ian Lister - present

### II. OLD BUSINESS (12:10)

*Farish submitted a document entitled: Real Estate Committee Report - Final, and led a discussion generally regarding the "sub area equity" issue and its implications for OIPRD*

**Motion:** To enter into the record the committee report entitled "Final" as amended during discussion by Bredouw and e-mailed to OIPRD board on July 29, 2010

- Bredouw, 2nd Eagan
- Vote: unanimously aye

Action: Lister to construct an analysis of historic county assessor appraisals by island, in light of the current (2007) values assigned to Orcas properties.

Action: Lister, as Secretary, to catch up on the minutes, and to include the approval process in all future agenda.

**Motion:** To accept Adina Cunningham's offer of a "State Municipal ethics code" workshop in order to enhance our presentations to the public

- Farish, 2nd Bredouw
- Deliberations: *a possible date to be held in reserve is Sept. 23*
- Vote: unanimously aye

### **iii. NEW BUSINESS (1:15)**

**Motion:** To Form a committee to draft a resolution for the General Election Ballot

- Farish, 2nd Bredouw
- Deliberations: *members to be Farish, Lister, and should include consultant: Adina Cunningham AAL*
- Vote: unanimously aye

*Discussion: Election strategy, promotional appearances and events*

Action: Eagan, as Legislative Liaison, to brainstorm election campaign ideas and present something at the Aug 4 special meeting.

*Discussion: Fun House, OISD and our assumptions regarding their intentions. Do we need to solicit letters from these bodies? Farish noted that OISD is unable to negotiate with an unfunded body such as ours.*

Action: Bredouw to solicit a letter from the Fun House board clarifying their position on a low cost lease of office space for OIPRD

**Motion:** To convene a committee session for the purpose of discussing and editing the draft resolution 2010-2 prepared by Lister

- Eagan, 2nd Lister
- Vote: unanimously aye

### **(Convene to committee session (1:40))**

*Discussion: Whereas clauses, numerous edits and revisions - balance of work to be done by the Resolution committee for next meeting.*

### **(Reconvene regular session (2:20))**

### **iv. NEXT AGENDA**

Action: Lister to verify the aggregate property value within the district from the assessor's office

**Motion:** To adjourn

- Lister, 2nd Eagan:
- Vote: unanimously aye


### **v. ADJOURNMENT (2:40)**

**Addenda:**

Paper Document: Real Estate Committee Report - Final  
by Martha Farish, 2pgs., dbl sided

Paper Document: draft resolution 2010-2  
by Ian Lister, 2pgs., dbl sided

Special Meeting minutes for July 29, 2010  
Approved by motion on the 4<sup>th</sup> day of August, 2010  
Signed and attested this 8<sup>th</sup> day of Oct, 2010

  
Ian Lister, Commissioner #5,  
Secretary

  
Martha Farish, Commissioner #3,  
Chair

## **Real Estate Committee Report**

Final

7/29/10

**Question:** If Orcas Islanders approve OIPRD as a Junior Taxing District are they in effect paying twice for services related to their "park and rec" programs on Orcas Island?

**Answer:** Could be yes and could be no, based on the data available.

It is impossible to determine, definitively, one way or the other because County government accounting does not lend itself to breaking services or programs out island by island. Through an analysis of budgets of public record it is possible to find data related to expenses and revenue related to parks on each island.

However island-by-island contributions to the revenue are not broken out nor is the cost of administration of each island "programs" broken out. It is thus impossible to determine what Orcas, in particular, "gets back" for what it "puts in". The analysis is further complicated by a sense that Orcas may not get back in parks and rec what it proportionately "puts in". It may also receive a disproportionate share from other departments. There is no methodology known to any of the officials I spoke to to arrive at the data that could back up either assertion.

### **What's happening as of 7/2010?**

*(From Richard Fralick testimony, Eastsound Planning and Review Meeting, July 2010 meeting.)*

Reduced budget is now at \$13.5 million and they are going to have to reduce it by \$500k more for 2011. They will have the draft budget out in October.

Every year going forward over a six year budget cycle, based on 1% growth projection the County will have to reduce the current budget by \$500k annually making the budget in 2016 \$2.3 million less than the budget today.

The annual cost increases built into the system by law or by contract, is at 4.5% per annum.

Currently 82% of the budget is in employee related costs and obligations. That proportion can be expected to rise as they are forced to reduce programming expenses to reduce costs---unless they lose employees. Richard is forecasting that 25-30 people will have to leave their jobs.

From Public Records -The County Current revenue is made up of:

Property tax revenue / Sales tax / Hotel Motel Tax / Permits & fees

All of the above are currently down with the exception of permits and fees that Richard is describing as "holding their own". It is not known if permitting is being driven by CAO fears or if it reflects actually intent to build in the near term.

Sources for following include:

Final SJCPR Budgets from 2007-09 from Public Records to be posted on our website.

Phone conversations with SJC Auditor, Assessor and Treasurer

Conversations with Adina Cunningham, Gil Blinn and Richard Fralick

The Answer: "Likely, but not for sure " explanation.

- No way to answer that directly or definitively.
- Government accounting, for the most part, doesn't break out island by island. It does however break out island by island for "parks".
- County (and all governments) use government accounting rather than business or GAAP accounting—primarily to track how money is spent—so reporting is just a record of how the money was spent.
- Can determine what Orcas is assessed (sort of) by talking to the Assessor (Obstruction Island is included, State Lands, seniors, valuation issues etc).
- What Orcas "gets back" – impossible to determine.
- Total tax bills thus have become a composite number that includes Junior Taxing Districts, differing island circumstances, assessment categories that differ island by island.
- Very difficult to understand or put in a context the average person can absorb.

Can make some inferences using very round numbers:

- About \$4.8M of the revenue the County collects (including property taxes) makes it to the "County Current" fund from which a variety of county services are funded in whole or in part (Auditor).
- In contributions to County Current, Orcas's share is thought to be between 36-38% (Assessor confirmed by Auditor).
- Orcas consistently outperforms the other islands in hotel/motel tax (Treasurer) and has traditionally; presumably since lodging is such a large number, sales tax generated on Orcas is also disproportionate but there is no way to document that .

Other inferences:

- Computer glitch that has Orcas in a unique assessment situation from which we may never "equalize out" due to timing and the economy. Nothing illegal going on—just a "perfect storm" of circumstance. (Auditor)
- The unknown financial advantage of San Juan being the locus of activity for expending County finances.
- The County business model that has 80% of its budget in wages and benefits has the greatest percentage of those "assets" living and working on San Juan. (Council data)
- Disproportionate number of parks located on other islands as opposed to Orcas (SJCPR)

**San Juan County Parks has:**

San Juan: 4 day parks and 1 overnight park.

Lopez has 8 day parks and 1 overnight park

Shaw has 1 overnight park

Orcas has 1 day park –and at least for 2007-09, the years we are talking about , Orcas Rec.

SJCPR administration (overall to manage system) gets between 80-90% of its revenue from three sources 2007-09: (from Public Records) and in round numbers for internal use only: hotel/motel—50-60% (Orcas biggest contributor)

General Fund—30-40% (Orcas Island contributes 36-38% to the general)

Fees—4-10%

When looking at revenue to expense figures in the 2007-09 final budgets:

Orcas rec made \$13k in 2007 and lost \$1k and \$16k in 2008-09 respectively.

Village Green lost \$16k and 17k in 2007-08 and made \$1k in 2009.

Impact on the SJCPR budget by Orcas Island "park function" activities during those years thus becomes:

- \$3,000 in 2007
- \$18,000 in 2008
- \$15,000 in 2009

*(Sounder article 7/21/10 reports Dona Wuthnow saying SJCPR spends between \$50-60,000 annually on Orcas when taking into account the cost to administer our programs. This represents the only time OIPRD has had access to a "hard" number as to the cost of administering Parks and Rec on Orcas.)*

The economic bottom-line:

- Orcas will pay property taxes based on a 2007 assessment that will not be readjusted until 2012. No other island group in that category.
- Orcas has in the past and will likely in the future be the majority contributor to the hotel/motel tax.
- Support for SJ CPR, from Orcas Island, out of the County Current Fund and from hotel/motel, is likely to continue regardless of the fate of OIPRD.
- Buck Park and Orcas Rec/Funhouse type programming, without OIPRD passage, is unlikely to gain any additional financial support from the County.
- Further cuts to County services should be anticipated in 2011 budget and for the next 6 years given budget projections.
- Our taxes increase annually without voter approval due to the legal and common practice of County programs being allowed a 1% increase across the board if they request it (Auditor).

#### **Questions for OIPRD:**

- Does the taxpayer believe they are saving something worth saving in Buck Park?
- Do they believe a local "parks and rec package" is a better taxpayer supported option now (during an economic downturn)?
- Or will they elect to hang tough without OIPRD, hope local nonprofits pick up the slack and wait until the downturn is over to go back to the old County model?
- Do they believe OIPRD is setting up a better business model for the "parks and rec function" on Orcas than they got with the County?
- Does the new OIPRD look like a long-term "better deal" for a better Orcas Island?
- Or does it look like a short term, double cost fix to an immediate problem caused by the downturn and a County that had to cut costs?

**DRAFT Resolution 2010-2**

A RESOLUTION AUTHORIZING A REQUEST TO THE SAN JUAN COUNTY  
AUDITOR TO PUT BEFORE THE VOTERS A PROPOSITION FOR A SIX YEAR  
9.99999 CENT PER \$1,000 ASSESSED VALUATION LEVY

- WHEREAS, on November 3, 2009 Orcas Island voters elected to form a park and recreation district as defined under Chapter 36.69 Revised Code of Washington ("RCW"); and
- WHEREAS, on November 3, 2009 Orcas Island voters elected five Commissioners (the "Commissioners") to formulate a plan for the implementation and administration of the Orcas Island Park and Recreation District (the "OIPRD"); and
- WHEREAS, no proposition for funding the OIPRD was present on the November 3, 2009 ballot and the OIPRD is currently unfunded; and
- WHEREAS, on December 8, 2009 The San Juan County Council established a recreation district on Orcas Island by resolution 55-2009; and
- WHEREAS, the Commissioners have determined the cost of implementing and administering the OIPRD; and
- WHEREAS, section 36.69.145 RCW requires that a proposition be submitted to the qualified electors within the OIPRD to request that a tax levy be imposed in order to fund the implementation and administration of the OIPRD; and
- WHEREAS, the Commissioners will notify the San Juan County Auditor, consistent with 29A.52 RCW, of its intention to have placed on the November 2, 2010 General Election ballot the proposition that a tax levy be imposed on the qualified electors within the OIPRD in order to fund the implementation and administration of the OIPRD;

NOW THEREFORE BE IT RESOLVED, that:

1. a 9.9999 cent per thousand dollar of assessed valuation levy for a six year term be placed on the ballot for the November 2, 2010 General Election; and
2. the following language be submitted to San Juan County's Prosecuting Attorney for the Ballot Proposition

*Shall the Orcas Island Park & Recreation District be authorized to levy an annual property tax of \$0.09 or less per \$1,000 of assessed valuation for the six years beginning in 2011 in order to fund recreation programs, parks and services?*

Yes \_\_\_\_\_  
No \_\_\_\_\_

Adopted this 8 day of August, 2010



District Commissioners  
Orcas Island Park and Recreation District

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Vicki Vandermay, Commissioner #1

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Bob Eagan, Commissioner #2

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Martha Farish, Commissioner #3

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Jim Bredouw, Commissioner #4

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Ian Lister, Commissioner #5