

Board Meeting Agenda
12 October 2022, 5:00 PM

***** VIRTUAL MEETING *****

Public Notice: Pursuant to Governor Inslee's Stay Home, Stay Healthy Proclamation 20-25 and in effort to curtail the spread of the COVID-19 virus, this Board Meeting will be conducted remotely. Members of the public are encouraged to attend and participate in the meeting remotely, as described in more detail below.

To attend the Board Meeting:

- (1) Online at <https://us02web.zoom.us/j/84872153404>
- (2) By Telephone: 1 253-215-8782, Meeting ID 848 7215 3404

To provide Public Comment:

Submit your written Public Comment before 3:00PM (day of meeting) to the Clerk of the Board at barbara.glass@bothellwa.gov.

- 1. Call to Order – 5:00 PM
- 2. Public Comment
- 3. Discussion Items
 - A. Consideration of Resolution R-22-02, *Requesting an Interfund Loan from King County*
- 4. Future Meetings
- 5. Adjourn

PRELIMINARY AGENDA: The preceding is a preliminary agenda of the Northshore Park and Recreation Service Area Board. Other items may be added and action taken on matters which do not appear above. For additional information, please contact: Barbara Glass at barbara.glass@bothellwa.gov.

SPECIAL ACCOMMODATIONS: The Northshore Parks and Recreation Service Area strives to provide accessible meetings for people with disabilities. If special accommodations are required, please contact Barbara Glass at (425) 419-6426 at least three days prior to the meeting.



TO: Chair Best-Campbell and Members of the NPRSA Board

FROM: Becky Range, Executive Director
Christine Scotton, Program Manager (Presenter)

DATE: 12 October 2022

SUBJECT: Consideration of Resolution # R-22-02 Requesting an Interfund Loan from King County

POLICY CONSIDERATION: This item asks the NPRSA Board to consider passing a Resolution requesting a two-year \$1M interfund loan from King County and authorizing Staff to submit and present the application to the County’s Executive Finance Committee.

Part of the application is a resolution passed by the Board requesting an interfund loan from the County (Attachment 1). If the Board chooses to apply for the loan and passes Resolution R-22-02, *Requesting an Interfund Loan from King County* and directs Staff to proceed with the application process, Staff will submit and present the application (Attachment 2) to the King County Executive Finance Committee. Funds will become available for use on 1 January 2023, and any amount used must be repaid on or before 31 December 2024.

If the Board chooses not to apply for the loan, Staff will address the NPRSA’s cash flow concerns by delaying some of the capital repair projects tentatively planned for 2023 into 2024.

DISCUSSION: Due to deferred maintenance, the NPRSA’s facilities require significant repairs to major building components and systems. NPRSA Staff have grouped these repairs together conceptually as the NPRSA’s “Tier 2” Projects:

Northshore Senior Center:

- Roof Replacement
- HVAC Replacement
- Building Envelope Repair

Health and Wellness and Adult Day Health Center:

- Roof Replacement
- HVAC Replacement

Due to the nature of these repairs, work is dependent on good weather. There is a limited window of opportunity each year during the summer months when roof work is possible.

The anticipated cost of repairs to each of these components and systems approaches or exceeds the statutory \$500,000 limit on work procured using Job-Order Contracting, so NPRSA Staff will be soliciting bids. To attract more contractors, Staff have combined these five repair items into two projects, one for each building. Based on consultation with the Architect, Staff anticipate the total cost for all of these repairs will be \$3.5 million.

Capital repairs to the NPRSA's facilities are funded through a six-year tax levy approved by voters in 2019, which assesses a tax of approximately \$0.04 per \$1,000 of assessed valuation on property within the district (increased annually by up to 1% to account for inflation). This amounts to a tax revenue of approximately \$1,550,000 per year. The NPRSA receives most of this money in two large batches, one in April-May and one in October-November, each totaling around \$700,000. Special districts with inconsistent revenue streams, such as the NPRSA, commonly encounter cash flow concerns.

Staff expect that after completing current projects and receiving the remainder of the tax revenue for 2022, the NPRSA will begin 2023 with total reserves of approximately \$2 million. While the NPRSA's total income for 2023 and beginning reserves are sufficient to finance both Tier 2 Projects – albeit with little contingency for any overages or reactive maintenance -- the NPRSA will only have received about half of its income by the time of the expected completion date in late August. This would result in a negative balance in the months of September and October, until the NPRSA receives the remaining tax money (see Attachment 3).

The NPRSA's reserves at the beginning of Summer 2023 will be sufficient to finance the repairs to either the Northshore Senior Center or the Health and Wellness and Adult Day Health Center. Due to the age of the building and its equipment, Staff recommend prioritizing work at the Northshore Senior Center, where components and systems are at the end of their useful life. However, even though the roof and HVAC at the Health and Wellness and Adult Day Health Center are in somewhat better condition, they are a significant maintenance expense for the Tenant. Furthermore, Staff expect that current inflation means

the cost of replacing the roof and HVAC may increase significantly if this work is delayed to 2024.

To resolve this problem, and to give the NPRSA more cushion for any unexpected costs incurred in Summer 2023, Staff propose requesting an interfund loan from King County, the NPRSA's fiscal agent. When cash flow problems arise due to deficit spending, special districts often secure interfund loans from member agencies to avoid taking out bank loans. These loans function as lines of credit; no money is actually deposited into the district's general fund and, unlike bank loans, no interest is assessed on the principal. Instead, the lender establishes a separate fund in the amount requested. The district can draw on any, all, or none of the money in this account, and the borrowed money can be repaid at any time before the end of the term. Interest is only assessed if the balance reaches \$0 and the fund remains empty (or negative) for more than thirty days. In this case, interest would be assessed on the negative balance at the investment pool rate (usually between 0.5% and 2.0%). The loan ends one year after the project it is used to finance is completed.

Based on the anticipated cost of Tier 2 Projects and the timeframe of work, Staff recommend a \$1M line of credit to begin 1 January 2023, with any borrowed monies to be repaid no later than 31 December 2024. Based on cash flow analysis, Staff expect that the NPRSA will not need to draw down the full amount and will be able to repay it early. In this case, the NPRSA would pay no interest.

If the NPRSA Board chooses to request an interfund loan from King County, it should pass Resolution R-22-02, *Requesting an Interfund Loan from King County*, and direct Staff to apply. The application must be submitted no later than Friday, 14 October. Staff will present the application to the County's Executive Finance Committee two weeks later, on Thursday, 27 October. If the application is approved, the funds will become available on 1 January.

If the NPRSA Board chooses not to request an interfund loan, or if the application is not approved, then it will not be possible to complete both Tier 2 Projects in 2023. The Capital Repairs Plan that Staff will present to the Board as part of the Budget Hearing at the next regular meeting on Wednesday, 16 November will recommend prioritizing repairs at the Northshore Senior Center, while repairs at the Health and Wellness and Adult Day Health Center would be deferred until 2024.

FISCAL IMPACTS: | This item has no direct fiscal impact to the NPRSA.

ATTACHMENTS: | Att-1 Resolution R-22-02, *Requesting an Interfund Loan from King County*
Att-2 Interfund Loan Application
Att-3 Cash Flow Projections

RECOMMENDED ACTION: | Move to pass Resolution R-22-02, *Requesting an Interfund Loan from King County*, and authorize NPRSA Staff to submit and present an application to the King County Executive Finance Committee for a two-year interfund loan in the amount of \$1M.



RESOLUTION # R-22-02

A RESOLUTION OF THE BOARD OF THE NORTSHORE PARKS AND RECREATION SERVICE AREA, WASHINGTON REQUESTING AN INTERFUND LOAN FROM KING COUNTY.

WHEREAS, the voters of the NPRSA have approved a six-year Maintenance and Operations Levy from 2020-2025 for repairs to Senior Center Facilities; and

WHEREAS, the Board has identified an extensive list of projects to complete in its Capital Repairs Plan; and

WHEREAS, the timing of property tax revenues does not align with the timing of anticipated project costs, resulting in cash flow concerns for the NPRSA.

NOW, THEREFORE, THE BOARD OF THE NPRSA, WASHINGTON, DOES RESOLVE AS FOLLOWS:

The Board officially requests King County consider the NPRSA's interfund loan application, seeking a loan in the amount of \$1 million for a twelve-month term, beginning in January 2023.

PASSED this _____ day of _____, 2022.

APPROVED:

RACHEL BEST-CAMPBELL
CHAIR

ATTEST/AUTHENTICATED:

BARBARA GLASS
BOARD CLERK



**King County
DISTRICT APPLICATION FOR INTERFUND LOAN**

DISTRICT CONTACT INFORMATION

District name: Northshore Parks and Recreation Service Area		
Contact name: Christine Scotton		Contact title: Program Manager
Phone: 425-219-0961	Fax:	E-mail: Christine.scotton@bothellwa.gov
District address: 10201 E Riverside Drive		
City: Bothell		ZIP code: 98011

BORROWING REQUEST DETAILS

Fund name: General Fund	Fund number: 251010010
Term of loan requested (projected start and end date): January 2023-December 2024	
Maximum negative daily cash balance during term of loan (estimated): \$1,000,000	

ADDITIONAL INFORMATION

Why is this borrowing necessary? The District will incur expenses during the construction period and cash flow projections indicate that the operating cash flow reserves will not be satisfactory to complete construction and operations.

Why are the funds not being borrowed from another district fund (i.e., construction fund, etc)? King County serves as the Fiduciary Agent for the District.

Why is bank financing not being used? Bank financing requires auditable financial statements and positive cashflow during the loan period. Being a newly formed entity, the District does not meet these requirements.

What will be the source of the funds to repay the interfund loan? Property taxes levied and assessed in 2023 and 2024 will be collected by the District.

List the most recent district bond issue that has been rated by either Standard & Poor’s, Moody’s, or Fitch:

DISTRICT AUTHORIZED SIGNATURE (REQUESTING INTERFUND LOAN)

Signature:	
Print Name:	
Title:	
Date:	

Please Include the Following Attachments:

- (1) Copy of monthly cash flow forecast showing district’s cash needs over the expected borrowing horizon.**
- (2) Copy of most recent financial statements and budget.**
- (3) Copies of the two most recent Washington State Auditor’s Office reports on the district.**
- (4) Copy of the governing body’s resolution approving and requesting the interfund loan from King County.**

KING COUNTY EXECUTIVE FINANCE COMMITTEE REVIEW (COUNTY USE ONLY)

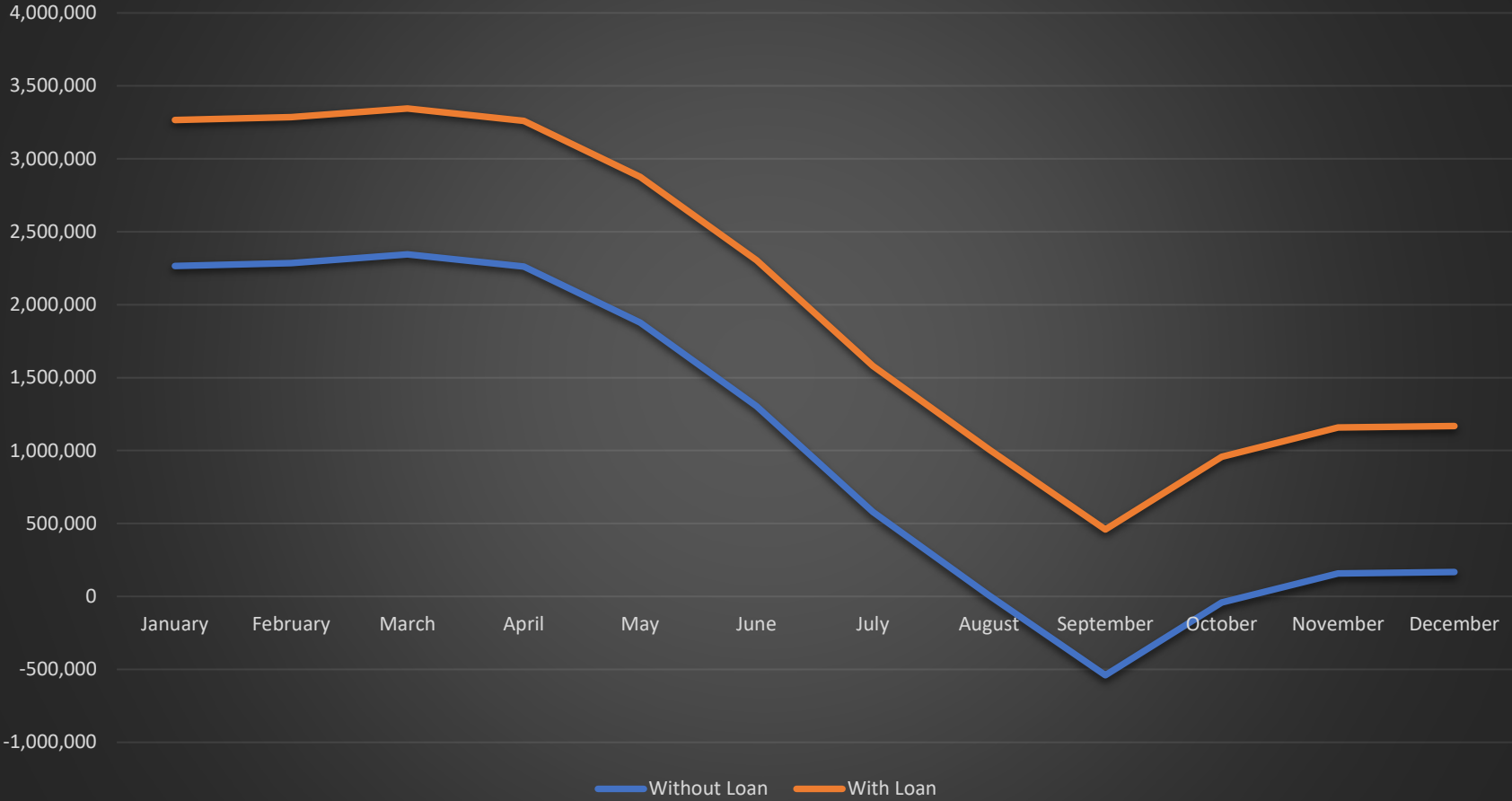
Interfund loan approved? Yes <input type="checkbox"/> No <input type="checkbox"/>	Date Approved/Denied:	Loan rate:
Maximum interfund loan amount approved \$	Loan termination date:	
Other special loan terms or comments:		

LOAN AGREEMENT

- If the district believes it will exceed any of the terms approved by King County, they must notify King County and submit an addendum to the original loan request immediately.
- King County may not approve an extension or modification of the original loan agreement and reserves the right to make the district’s warrants interest bearing at anytime.
- By signing below, the district’s representative is accepting the terms of interfund loan approved by the Executive Finance Committee. After signing below, return by fax: 206-296-7345 or mail: Treasury Operations; 500 4th Ave, Rm 611; Seattle, WA 98104. (King County will return a signed copy to the district.)

DISTRICT SIGNATURE (AGREEING TO APPROVED LOAN TERMS)	KING COUNTY SIGNATURE
Title: Date:	Title: Date:

Monthly Reserves



	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23
Beginning Balance	\$2,000,000	\$2,266,000	\$2,285,500	\$2,345,000	\$2,261,334	\$1,877,668	\$1,304,002
Revenues							
Property Tax	\$20,000	\$20,000	\$60,000	\$500,000	\$200,000	\$10,000	\$10,000
Grants	\$400,000	\$0	\$0	\$0	\$0	\$0	\$0
Interfund Contributions	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$420,000	\$20,000	\$60,000	\$500,000	\$200,000	\$10,000	\$10,000
Expenditures							
Salary and Benefits	\$150,000	\$0	\$0	\$0	\$0	\$0	\$150,000
Capital Repairs	\$0	\$0	\$0	\$583,333	\$583,333	\$583,333	\$583,333
Other Expenses	\$4,000	\$500	\$500	\$333	\$333	\$333	\$333
Total	\$154,000	\$500	\$500	\$583,666	\$583,666	\$583,666	\$733,666
End Balance	\$2,266,000	\$2,285,500	\$2,345,000	\$2,261,334	\$1,877,668	\$1,304,002	\$580,336
Net Cash Flow	\$266,000	\$19,500	\$59,500	(\$83,666)	(\$383,666)	(\$573,666)	(\$723,666)

	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23
Beginning Reserves (Balance + Loan Capacity)	\$3,000,000	\$3,266,000	\$3,285,500	\$3,345,000	\$3,261,334	\$2,877,668	\$2,304,002
Revenues							
Property Tax	\$20,000	\$20,000	\$60,000	\$500,000	\$200,000	\$10,000	\$10,000
Grants	\$400,000	\$0	\$0	\$0	\$0	\$0	\$0
Interfund Contributions	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$420,000	\$20,000	\$60,000	\$500,000	\$200,000	\$10,000	\$10,000
Expenditures							
Salary and Benefits	\$150,000	\$0	\$0	\$0	\$0	\$0	\$150,000
Capital Repairs	\$0	\$0	\$0	\$583,333	\$583,333	\$583,333	\$583,333
Other Expenses	\$4,000	\$500	\$500	\$333	\$333	\$333	\$333
Total	\$154,000	\$500	\$500	\$583,666	\$583,666	\$583,666	\$733,666
End Balance	\$3,266,000	\$3,285,500	\$3,345,000	\$3,261,334	\$2,877,668	\$2,304,002	\$1,580,336
Net Cash Flow	\$266,000	\$19,500	\$59,500	(\$83,666)	(\$383,666)	(\$573,666)	(\$723,666)

Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24
\$580,336	\$6,670	(\$540,996)	(\$41,329)	\$158,338	\$168,005	\$34,005	\$53,505	\$113,005	\$546,006
\$10,000	\$20,000	\$500,000	\$200,000	\$10,000	\$20,000	\$20,000	\$60,000	\$500,000	\$200,000
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$16,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$10,000	\$36,000	\$500,000	\$200,000	\$10,000	\$20,000	\$20,000	\$60,000	\$500,000	\$200,000
\$0	\$0	\$0	\$0	\$0	\$150,000	\$0	\$0	\$0	\$0
\$583,333	\$583,333	\$0	\$0	\$0	\$0	\$0	\$0	\$66,666	\$66,666
\$333	\$333	\$333	\$333	\$333	\$4,000	\$500	\$500	\$333	\$333
\$583,666	\$583,666	\$333	\$333	\$333	\$154,000	\$500	\$500	\$66,999	\$66,999
\$6,670	(\$540,996)	(\$41,329)	\$158,338	\$168,005	\$34,005	\$53,505	\$113,005	\$546,006	\$679,007
(\$573,666)	(\$547,666)	\$499,667	\$199,667	\$9,667	(\$134,000)	\$19,500	\$59,500	\$433,001	\$133,001

Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24
\$1,580,336	\$1,006,670	\$459,004	\$958,671	\$1,158,338	\$1,168,005	\$1,034,005	\$1,053,505	\$1,113,005	\$1,546,006
\$10,000	\$20,000	\$500,000	\$200,000	\$10,000	\$20,000	\$20,000	\$60,000	\$500,000	\$200,000
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$16,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$10,000	\$36,000	\$500,000	\$200,000	\$10,000	\$20,000	\$20,000	\$60,000	\$500,000	\$200,000
\$0	\$0	\$0	\$0	\$0	\$150,000	\$0	\$0	\$0	\$0
\$583,333	\$583,333	\$0	\$0	\$0	\$0	\$0	\$0	\$66,666	\$66,666
\$333	\$333	\$333	\$333	\$333	\$4,000	\$500	\$500	\$333	\$333
\$583,666	\$583,666	\$333	\$333	\$333	\$154,000	\$500	\$500	\$66,999	\$66,999
\$1,006,670	\$459,004	\$958,671	\$1,158,338	\$1,168,005	\$1,034,005	\$1,053,505	\$1,113,005	\$1,546,006	\$1,679,007
(\$573,666)	(\$547,666)	\$499,667	\$199,667	\$9,667	(\$134,000)	\$19,500	\$59,500	\$433,001	\$133,001

Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24
\$679,007	\$622,008	\$415,009	\$358,010	\$327,011	\$826,678	\$1,026,345
\$10,000	\$10,000	\$10,000	\$20,000	\$500,000	\$200,000	\$10,000
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	16000	\$0	\$0	\$0
\$10,000	\$10,000	\$10,000	\$36,000	\$500,000	\$200,000	\$10,000
\$0	\$150,000	\$0	\$0	\$0	\$0	\$0
\$66,666	\$66,666	\$66,666	\$66,666	\$0	\$0	\$0
\$333	\$333	\$333	\$333	\$333	\$333	\$333
\$66,999	\$216,999	\$66,999	\$66,999	\$333	\$333	\$333
\$622,008	\$415,009	\$358,010	\$327,011	\$826,678	\$1,026,345	\$1,036,012
(\$56,999)	(\$206,999)	(\$56,999)	(\$30,999)	\$499,667	\$199,667	\$9,667

Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24
\$1,679,007	\$1,622,008	\$1,415,009	\$1,358,010	\$1,327,011	\$1,826,678	\$2,026,345
\$10,000	\$10,000	\$10,000	\$20,000	\$500,000	\$200,000	\$10,000
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	16000	\$0	\$0	\$0
\$10,000	\$10,000	\$10,000	\$36,000	\$500,000	\$200,000	\$10,000
\$0	\$150,000	\$0	\$0	\$0	\$0	\$0
\$66,666	\$66,666	\$66,666	\$66,666	\$0	\$0	\$0
\$333	\$333	\$333	\$333	\$333	\$333	\$333
\$66,999	\$216,999	\$66,999	\$66,999	\$333	\$333	\$333
\$1,622,008	\$1,415,009	\$1,358,010	\$1,327,011	\$1,826,678	\$2,026,345	\$2,036,012
(\$56,999)	(\$206,999)	(\$56,999)	(\$30,999)	\$499,667	\$199,667	\$9,667