

# BOARD MEETING MINUTES

January 15, 2019

## Call to Order

The Study Session of the Shoreline Board of Directors was called to order at 5:30 p.m. in the Board Room at the Shoreline Center by President Mike Jacobs on January 15, 2019.

## Roll Call

Present: Mike Jacobs, President; David Wilson, Vice President; Heather Fralick, Member; Dick Nicholson, Member; Dick Potter, Member; Soumya Keefe, Shorecrest Student Representative, and Saagar Mehta, Shorewood Student Representative.

## Alternatives Related to Replacement or Renovation of Shoreline Pool

*Marla S. Miller, Deputy Superintendent and Don Dalziel, Director of Athletics, presented.*

After a quick overview of the topics that would be discussed during the meeting, the current status of Shoreline's swim and dive teams was provided (see below).

School	Gender	2015	2016	2017	2018	2019	Average for 5 yrs:
SWIMMING							
Shorecrest	Girls	41	42	55	50	57	49
Shorewood	Girls	54	49	43	55	60	52.2
Total for Fall:		95	91	98	105	117	
Shorecrest	Boys	44	50	53	43	35	45
Shorewood	Boys	37	37	43	42	38	39.4
Total for Winter:		81	87	96	85	73	
DIVING							
Shorecrest	Girls	5	5	4	3	4	
Shorewood	Girls	6	3	4	5	5	
Total for Fall:		11	8	8	8	9	
Shorecrest	Boys	3	3	4	4	2	
Shorewood	Boys	4	4	6	7	3	
Total for Winter:		7	7	10	11	5	

Mr. Dalziel added that the numbers for the five years prior to 2015 would have been very similar. The participation in swim has been robust and consistent over the years. The numbers for the dive program have also been consistent and are very typical for high school dive programs.

Of the 21 schools in the WESCO league, all but one, Arlington, have a competitive swim program and 13 schools offer a competitive dive program. The schools that do not have a dive program are: Archbishop Murphy, Arlington, Edmonds-Woodway, Lynnwood, Meadowdale, Mt. Vernon, Mountlake Terrace and Stanwood.

The City of Shoreline and Shoreline School District have enjoyed a Joint Use Agreement (JUA) for a number of different facilities since August of 2000. In August of 2017, the JUA was updated and approved by the Board. This presentation was primarily focused on one component of that agreement, the Shoreline Pool.

The pool property is approximately one acre and is owned by the Shoreline School District. The pool facility was built in 1967 through King County Forward Thrust Bonds. King County transferred ownership to the City of Shoreline in 1997 and the City funded pool improvements from 1999-2001.

The maintenance costs have been prorated and shared between the City and the District based on their share of total use. The District access is currently as follows:

- 3 hours per day prior to 6:00 p.m. during high school swim season for swim and dive team practices
- Through the JUA, District does not pay fees for scheduled team use; in 2018 District used 299 hours of pool time (at 2020 fee rates, would pay \$24,817 for equivalent use; rates are likely to increase in the future)
- On space available basis, may pay fees for additional activities outside of designated use

Ms. Miller highlighted some additional features/verbiage of the JUA in the areas of maintenance and facility development.

#### Maintenance

- “Cost of maintaining, operating and refurbishing specific improved areas shall be borne proportionally . . . As determined by scheduled use of said area”
- City repairs, maintains, and prepares the pool for its scheduled use; District prepares/cleans up after District use

#### Facility Development

- Parties will involve each other in planning and design of new construction or significant remodel of facilities
- District affirms commitment to extend City’s “lease” (although it is not technically a lease) of property for expected life of pool as improved over time
  - ➔ There are provisions in the agreement whereby any plans for improvements by the City on District property need to be submitted to the District for approval and likewise, any improvement plans on City property by the District need to be submitted to the City for approval.
  - ➔ The JUA also allows for termination by either party with 12 months notice, but if that happens the party that is abandoning the JUA needs to pay the depreciated value of the investments that would be lost due to the termination. Although at this point, without any further investments, the pool is fully depreciated.

The range of options in light of the current need to replace or upgrade the current pool include:

- City builds new pool on current District site (*District contribution = property*)
- OR, City builds new pool on expanded District property (*District contribution = property*)
  - ✓ Adds pool enhancements and more parking
  - ✓ City would need approximately 2.5 – 4.0 additional acreage at Shoreline Center, depending on amenities included in new recreation center
- OR, City builds new pool on new City property (*District contribution = funds*)
- ✓ District contributes to construction, maintenance, or usage fees to access new pool
- ✓ Contribution to construction would ensure pool access schedule for teams; participation through maintenance or usage fees would likely not ensure schedule
- OR, District
  - ✓ Finds a new pool to use for educational needs, or
  - ✓ Renovates the existing pool, or
  - ✓ No longer sponsors swim and/or dive team

In answer to a question about “District contribution = property,” Ms. Miller responded that none of the above options involve selling the property. The District would retain ownership and most likely remain in some sort of a joint use agreement. However, if the Board wished to do something different, that could be considered as well.

Ms. Miller announced that the District does not have a current appraisal specifically for the purpose of a pool. Rather, the information below was extrapolated from an appraisal from spring 2018 for just a ground lease of District property. If we were to move into an agreement with the City where we were valuing District property as part of a contribution to a pool project, we would most likely want to have an appraisal commissioned specific to that purpose. Then we would know the exact value of the property as our contribution to the project.

- Ground lease per acre (no escalators built in):  
\$68,000 per year  
\$2.04 million over a 30-year lease (30 years is based on earlier conversations and typically what parties would want to ensure if building on someone else's property)
- Current pool site = approximately one acre (\$2.04 million/30 years)
- Current tennis courts = approximately 1.3 acres (\$2.65 million/30 years)
- Current A & B soccer fields = approximately 2.5 acres (\$5.1 million/30 years)

In answer to a board member's question, Eric Friedli, Director of Parks, Recreation and Cultural Services, City of Shoreline, (from the audience) reported that 50 years was the anticipated life of a new pool per their consultant.

As a reminder, Ms. Miller reiterated that not long ago, the City rezoned the Shoreline Center property. As a result, there have been questions as to whether the District would consider redeveloping the Shoreline Center site from the current use to something more of a commercial nature. If the District were to enter into a new agreement for a long-term lease equivalent, it would likely be a statement regarding how long it might be before any consideration of redevelopment. Or we would be looking at how that particular commitment of acreage might impact the potential redevelopment long term.

The City's current base pool design conforms to USA Swimming and Diving regulations, and includes six lanes and capacity for diving with a maximum depth of 12 feet, 3 inches. According to the City's consultant, the following enhancements could be added individually or as a package:

- 1) Add two lanes (8 total): \$1.2 million
- 2) Add deck space for more people: \$0.4 million
- 3) Add separate dive section to end of lap pool: \$2.7 million

At this point, a board member asked what the base cost of a six-lane pool would be. The presenters and Mr. Friedli responded that they would research that question and report back.

Another board member asked if the proposed design included diving boards. Mr. Dalziel clarified that the proposed and current pools are six lanes but the current pool has a separate dive section when the current bulkhead is used. The new pool design does not have a bulkhead and would require using two of the six swimming lanes for dive, leaving only four for swim. So the new design meets regulations but is smaller because it doesn't have the extra space for a dive well that comes with moving the bulkhead.

In response to some community comments that were made at the January 14 regular meeting, Ms. Miller reported that it seemed as though some were under the impression that it was the District that had commissioned the consultant and the architect when in reality, it is the City of Shoreline that has commissioned the work. Under the District's participation options, we would not be engaging the architect, the consultant, the designer but would, however, start to participate in potentially making a funding commitment as well as reviewing the designs to ensure the District was receiving the benefit of any funding commitments.

Question asked by board member: As mentioned in community comments, would the swim and dive programs become “cut sports” with the reduction in lanes? Mr. Dalziel responded that was a fair assumption.

District’s Legal Options: From a legal standpoint, the District can legally participate but there are restrictions. The District would not be able to build a recreation center if there wasn’t an educational need for it. District funds may only be used to build and maintain facilities required to support District educational programs.

The District may partner with other organization(s) to build and maintain facilities required to support District educational programs.

- Example: City of Shoreline and Shoreline School District Joint Use Agreement for Shoreline Pool
- Example: Snohomish School District and City of Snohomish Pool (information provided by Snohomish School District)
  - √ District owns property and pool facility
  - √ City supplies water for pool at no cost in return for 10% discount on passes for city residents
  - √ District currently subsidizes annual loss of approximately \$200,000 from the General Fund, and anticipates that will increase as costs of maintenance and equipment increase

District’s Participation Options:

- 1) District contributes property (approximate values – would need new appraisal to confirm):
  - a) Current pool acreage @ \$2.05 million over 30-year commitment
  - b) Additional acreage @ \$2.05 million per acre over 30-year commitment
  - c) No maintenance or use fees, guaranteed schedule
- 2) District contributes capital funds to City’s project or District constructs new or upgraded pool:
  - a) May use 2006 bonds following public process to repurpose proceeds, (\$25 million of 2006 bonds have not yet been sold; however, some bonds have been sold but not spent and are “tagged” for Brookside and Echo Lake fields, HVAC projects, etc.)\*
  - b) New bonds could be requested and authorized by voters (currently over \$200 million in debt capacity is available; Constitution says we cannot have more than 5% of assessed value in debt--District’s assessed value has grown and therefore debt capacity has grown as well). Recent advice from Moody’s and Standard & Poor’s was to work with current debt for a period of time.
  - c) No maintenance or use fees, guaranteed schedule
- 3) District pays annual maintenance or use fees to use City pool on new City property:
  - a) City estimates use fees for current hours of use would be approximately \$25,000 per year at 2020 fee rates (note: rates are likely to increase)
  - b) City would reschedule District’s use of the pool to off hours, so City could offer lessons or rent the pool during current after-school practice times

\*A question was asked regarding an action item approved the previous evening for the school entry vestibules project to be funded with 2006 bonds. Ms. Miller responded that she felt confident that there would be enough of the 2006 bonds to complete that project and contribute towards a pool project as well as others that are currently on the list.

Timeline: The Shoreline City Council is expected to discuss the pool proposal at their March 1 retreat. The City Advisory Board is expected to finalize a recommendation to the Council in early March so the City has requested an indication of intent from the District before April.

Questions from board members:

Q. Has the City purchased the property on Midvale and if not, have they issued an option to purchase?

A. No (response provided by Debbie Tarry, City Manager, who was in audience). Ms. Miller stated that the City has identified property that is of interest.

Q. Have we consulted with counsel regarding the legality of investing in non-owned properties?

A. Yes, it is legal provided we receive a benefit to our educational program.

Q. Are there other examples in Washington where this has been done?

A. Yes, Jim McNeill, the District's bond counsel provided an example from Sumner School District, which didn't end up moving forward but a copy of the agreement with all the legalities was provided. Ms. Miller cited examples from another school district where she had participated in similar agreements, as written by Perkins Coie.

Q. How would the District be perceived by auditors?

A. In Ms. Miller's experience, the auditors were most concerned with the signed construction contract and the signed joint use agreement. One option is to take out an insurance policy that will protect the investment in the areas of cost overruns, so there are ways to anticipate the risk in the contract and to ensure that security is in place. We must be able to demonstrate that if the District is putting money into a project, there are educational program benefits to be received in return.

Concern was expressed regarding lack of any District controls over a City of Shoreline project. Ms. Miller again shared her previous experience in another school district when District funds were contributed to a city-built project. The District was an active participant in terms of approval of design and approval of contractor. There was a mediation component in place but wasn't needed because both entities were able to work together successfully.

A board member asked, in view of the City's anticipated desire to use the Midvale property (which is small and only 1-1/2 miles down the road from the Dale Turner YMCA), if there had been discussions about use of the centrally-located Shoreline Center property in an expanded design. There has been limited discussion about the benefit of having a consolidated site with all the amenities. Using the Shoreline Center plot map that was included in the PowerPoint, the Board briefly engaged in a discussion of how this property might be used versus the City purchasing property near Aurora Avenue.

Mr. Dalziel provided some clarity on the City's thoughts about the Midvale location. The City involved the school district as well as many other stakeholders in initial discussions about conceptual design, which Mr. Dalziel and the swim coaches attended. There were many options on the table for particular sites and participants were asked to value each and narrow them down. The majority felt strongly about a facility being centrally located on Aurora so the Midvale location had the most interest. Also, the pool is just a portion of the City's entire project.

President Jacobs stated that he personally would rather not do half measures. It's important to build something that will support us not just now but well into the future, especially if participation in the swim and dive programs increases over the coming years. He would consider the District contributing to the additional options (two lanes, deck space, separate dive section), which amount to approximately \$4.3 million, and would not expect to contribute to monthly maintenance or ongoing costs.

Superintendent Miner stated that if the Board wanted to, District staff could initiate continued discussions with the City regarding expanding the property available at the Shoreline Center, since the current one-acre plot is too small. Ms. Miller asked the Board for their preference—property and then capital? The response was that property would certainly be a cost savings to our community.

A board member asked Mr. Dalziel if he would be amenable to contributing funds to add the two lanes to the proposed design of the pool. Mr. Dalziel responded that it was the Board's discussion/decision and not his but that the community comments given the previous evening would indicate they would want the deep diving component. His job as the athletic director is to ensure the program functions the same as previously and if it can't then make the necessary modifications. Eight lanes would make for a wider pool but there would still be safety issues related to where students could dive. Ms. Miller added that further conversations could take place with the City regarding a separate diving section.

A question was asked about the Joint Use Agreement slide, specifically how much is the District currently paying for the "shared maintenance costs between City and District pro-rated based on share of use." There is not a specific annual contribution; rather it is responsive to specific projects (as needed). However, Ms. Miller reported that the District chose about three years ago to pay for the removal of an underground storage tank on the pool property to ensure against any hazardous conditions related to leaks, etc.

Other questions included:

- Q. What is the need (boiler is only five years old and the building is in good shape) and what is the cost of replacing or upgrading the current pool?
- A. The City has done an extensive feasibility study over the past five to seven years related to the livelihood of the pool and recently has done some modernization to provide a band-aid so it could continue to function. However, they anticipate that the roof, structural integrity related to earthquake preparedness, etc. would indicate a life of no more than five years.
- Q. What about retaining the pool for District programs and letting the City build another pool? The reduced usage could allow for a longer life and possibly the facility could be rented out in an effort to recoup costs.
- A. Mr. Dalziel responded that currently the City is operating at a loss. Even if they were to build their own pool and we were to stay at the current location, the cost of the District operating it would be at a loss and probably a significant loss over time. The pool is not operating efficiently. During the recent Canadian natural gas crisis (broken line), the City was asked to shut down the pool for a period of time because it was the largest natural gas consumer in the city of Shoreline. Superintendent Miner added that in her experience with another school district, a relatively new pool for which the construction costs were covered by a private donor, had to be shut down after a short time because of the tremendous costs (approximately \$200K per year) associated with it.
- Q. Have they ruled out an additional refurbishment or is it because the City wants to have more of a consolidated recreational center?
- A. Yes they have ruled out refurbishment and yes they would like to have all the facilities in one community center location.
- Q. What other pool facilities within 20 miles are available for our programs?
- A. It would be very challenging, especially for the practice times and would possibly need to be split up between different facilities. There really isn't anything close by that wouldn't require significant modifications to the operation of the current program. Rental and travel costs would also be incurred.

Q. Can we construct a contract where our contribution is limited to a certain amount, and would we have some element of control on the design, etc.?

A. Yes.

Q. Are there any other municipal entities, e.g. King County or private funding sources that could possibly assist with paying for the facility?

A. Debbie Tarry responded that the City has been exploring all alternatives. They have met with King County Councilmember Dembowski regarding opportunities for tax levies for parks and have submitted requests to the State Capitol budget process, both last year and again this year. She has also explored a partnership with the City of Lake Forest Park and had very recent discussions about private capital fundraising options. However, with all these discussions, it still looks like it will be necessary to go to the voters.

Q. Are there potential funding streams for the school district to pursue?

A. Ms. Miller hasn't looked recently but indicated she would be happy to explore what grants, etc. might be available.

The following concern was expressed: The separate dive section is listed as a \$2.7 million add on—a 50-year life span at the current dive team participation rate is \$3,600 per year per team member. We spend a lot of money on fields but all our kids run around on the fields—this seems like an incredible amount of money for a small number of participants. It would be cheaper to do eight lanes and shut off two for dive.

Another consideration might be the upcoming light rail station which would make the Shoreline Center a good location for people coming in from other areas.

Student representative Soumya Keefe (also a member of the swim team) stated that practice times, especially if they were later or very early in the morning, could have a huge impact on the participating athletes. Current team members may prefer to practice at their swim clubs rather than with the school team and potential new members may be discouraged away from the program if practices are scheduled for 4 a.m. Ms. Miller stated that preliminary discussions with the City have indicated that the current guaranteed usage slots are prime because they are right after school and prior to 6:00 p.m. It is very likely that we wouldn't have those same times without the capital or property contribution options.

Mr. Nicholson asked if Mr. Dalziel could look into the feasibility of just adding the two lanes to ensure full functionality—not the dive well and not the deck. Mr. Dalziel responded that adding the two lanes would make the swim program fully functional including for practice. As to the deck space, the proposed conceptual design is roughly a third smaller than what is currently in existence and we are already overflowing during swim meets. This would mean telling parents and other family members or interested ones that they couldn't watch because of being over capacity. Mr. Friedli added that the space would be smaller but there would be better sight lines.

President Jacobs summarized the discussion:

- There is a desire to have the space at the Shoreline Center brought forward to the City to be considered as an option for joint use and as a contribution of property, which would save significantly for all parties.
- There is a desire to have a pool that meets our students' needs and whether that means contribution of property or capital funds, we should explore those options.

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Ms. Fralick added that the District should perform a cursory search to see if there are any grant funds available. Mr. Potter added that it makes a lot of sense to contribute land that we already have here at the Shoreline Center. This is also an ideal location in view of the number of new apartments that are being built in the nearby North City area. With the potential added demand for a pool, the larger pool (two additional lanes) makes much more sense.

Ms. Keefe added that from a student perspective, what's inside the building is more important than the actual location because nothing in Shoreline is that far away.

Superintendent Miner suggested that District staff would continue conversations about options with the City and report back (no action) to the Board on February 11. This would still give the City ample time prior to their retreat on March 1.

Adjournment: 7:05 p.m.

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Mike Jacobs, School Board President

Attest: January 28, 2019

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Rebecca L. Miner, Secretary to Board of Directors