

**Community Webinar: BMS Financing
Additional Information & Response to Questions**

On December 3 the Sunset Empire Park and Recreation District hosted a community webinar. This was the first of three webinars designed to share information about the proposed purchase of Broadway Middle School. This webinar focused on the financial components of the deal and the Sunset Empire budget. Speakers were David Ulbricht (SDAO Financial Services) and Marcus Runkle (SEPRD).

Below is a summary of some of the relevant questions we received and responses to those questions.

We thank those that attended and encourage all to tune in to our upcoming webinars on December 10 and December 17 or view the webinar on our District YouTube page.

1. “How exactly will the loans be paid?”

- a. *The loans will be paid to the financial institution that provides the funding on an agreed upon annual basis.*

2. “Give us the details of the many grant SEPRD has received in the last 18 months”

- a. *SEPRD has a long history of working tirelessly to seek grants, partnerships and explore other funding sources to help augment our budget and provide greater services to the community. We have received many generous contributions in the past and have been active in seeking funds to help offset our program cost during this COVID pandemic. Going back several years we have received support for featured or collaborative projects from Oregon Parks & Recreation, Special Districts of Oregon, the Northwest Early Learning Council, the Oregon Community Foundation, Nike and others.*

3. “Address bonds and levies planned for the future”

- a. *Contrary to what has been stated, the District has no plans to request additional funds from the District. Doing so would require a vote by the District residents.*

4. “This is an exciting opportunity and could add a lot of value to our community. Broadway is a BIG property. Is it possible that parts of the property could be leased- or even sold- to other partners that could offset some of the cost? Or to community partners that align with SEPRD’s mission?”

- a. *This is a possibility that the District Board and Staff will be researching thoroughly and an important component of the strategic plan for the property that is in development. We do recognize the size of the property is significant and may exceed the District’s capacity.*

5. **“I have heard a lot about our tax rate compared to the other 47 Districts. Did you say that there are over 200 cities who pay for Park & Rec services that are NOT part of a Special District? Is it possible that the rate passed to taxpayers pay as much – or more- in City or County taxes to cover their Park & Rec services?”**
 - a. *The Special District style of government is unique in the way that each of those Special Districts provide services to the communities they serve. For those communities that do not have a Park and Recreation Special District, the typical services that a park and recreation agency would provide would fall to other local government: cities or counties primarily. Funds for those services would likely come from the general fund of those government agencies and represent a rate equal to or greater than the current SEPRD tax rate depending on the size of those cities or counties and the programs/services offered.*

6. **“For 2020-21 you’ve reduced program spending in Aquatics, Community Center and Recreation for the first time since 2016 while increasing the Administration expenses by nearly 15%. Additionally, you reduced SEPRD’s working capital by %100k. How do you expect to maintain existing program quality with reduced funding while financing the Broadway Middle School purchase and required renovations?”**
 - a. *We believe that this is a misreading of the SEPRD Budget. The budgets that were reduced were done so as a result of expected revenue loss due to the COVID pandemic. The increase in Administration Expenses was done to reflect staffing changes and an investment into infrastructure and technology that will facilitate the District’s financial statements and point of sale software.*

7. **“If the district defaults on the financing, won’t the county initiate a tax levy to cover it?”**
 - a. *The only time that the County would step in to levy a tax would be if the District dissolves. If that situation were to arise, the County could still levy and collect a tax, but that tax could only do so at the current permanent operating tax rate. By statute, the District cannot technically dissolve or cease to exist until all the debts are paid. Additionally, local governments have a requirement to have a balanced budget every year, which means that we must cover any and all expenses, including the payment on any indebtedness, and we must do all things necessary to have a balanced budget.*

8. **“There have been many concerns raised about the cost of BMS and the building condition that is still being evaluated. What I haven’t heard is any estimate of the impact on our local businesses if PBL is unable to provide the opportunities for tournament teams to come here. I remember what it was like here in the “off season” and how businesses struggled to stay afloat during the winter. We are blessed to have a desirable location where families WANT to come in the winter... and PBL has created an environment where teams want to come here for the quality of the competition.**

There is an “opportunity lost” evaluation that needs to be conducted should the decision be made to not proceed. I am guessing it would really hurt financially.”

- a. *The District believes in the multifaceted benefits of this project. If the transaction were to go through, the property will serve the community in several keyways:
 - i. *Expanded youth program space (including preschool and after school programs) that will help provide safe programs and spaces for children in our community.*
 - ii. *Expanded recreation space for indoor recreation space including fitness classes, gym programs and drop-in fitness space.*
 - iii. *Opportunities for Sports Tourism including P.B.L, other league/tournaments/events to continue being featured in the BMS location which is convenient to hotels and downtown Seaside businesses.**

9. “How will this type of financing affect the average homeowner that lives in SEPRD?”

- a. *The financing does not affect the average homeowner tax that lives in District boundaries. However, the potential property acquisition will result in greater access to programs and services and much-needed indoor space. Research has long indicated that park and recreation services increase the quality of life and property value of communities. In our community survey conducted over the past several months, 66% of the respondents indicated that they would be likely to use the facility.*

10. “Can you touch on where the money is coming from to repay the loans? Your current budget is full.”

- a. *If the property acquisition goes through, the District will draw on several sources for repayment of the loans. The District has reserve funds in a building expansion fund and that can be drawn upon. The District can allocate a percentage of its ongoing income from program revenue and tax subsidies to make the payment. Additionally, the District will work to maximize revenue opportunities in the facility through programs, rentals and other revenue sources. SEPRD will also be saving money currently used in the rental of school district facilities and other venues to host some current programs and special events.*