20 YEAR CAPITAL PLAN TASK FORCE

FINAL REPORT

March 18, 2013

Task Force Members

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20 YEAR CAPITAL PLAN TASK FORCE

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LAKE BLUFF PARK DISTRICT

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March 18, 2013

SUBJECT: FINAL REPORT – 20 YEAR CAPITAL PLAN TASK FORCE

Dear Board of Commissioners:

On behalf of the 20 Year Capital Plan Task Force members, I submit to you our final report. Our Task Force has spent more than one year completing a review of current and projected future Park District capital needs. We have considered how these needs dovetail with existing operations, the existing PD debt service schedule, the utilization of assets and services by members of the community and those outside the community, as well as a host of other factors. We believe the information we have gathered will allow the Board of Commissioners to take a fully informed approach toward the capital spending elements of a comprehensive long term plan. The detail we have provided should guide capital spending decisions with as much fiscal discipline as the Board desires to employ to balance prudent investment against the desire to serve the needs of as many residents as reasonably as possible. The Task Force review process included but was not limited to the following:

- Six meetings of the full Task Force, several individual sessions with PD staff and community members.
- Reviewed and analyzed extensive user and participation statistics.
- Recommended and analyzed 20 Year Capital Report provided by ACG Consulting, Inc.
- Reviewed and integrated the findings of pertinent 3rd party research, including a Park District Americans with Disabilities Act report and two reports from aquatic engineering firms.
- Presented a midyear update to the Board at a public meeting.
- Developed and utilized a decision making model.

Task Force Members spent many hours as a group and individually working to form an understanding of the needs and costs associated with our Park District's assets. The Task Force understands the Park District is faced with complex capital investment decisions against a backdrop of limited capital monies. This is primarily due to the debt, which must be serviced, combined with the projected costs of simply supporting existing operations. Recognizing this difficult financial reality, the Task Force took a highly cautious approach in evaluating assets scheduled for replacement. In many cases, we sought a repair and maintain solution to put forth a lower cost approach than outright replacement. The lack of financial resources to address all capital investment needs has resulted from many factors. A key factor that should receive immediate attention is establishing a more rigorous process for approving new projects or outright replacement of current such assets. Any new purchase decisions should be accompanied by a detailed assessment that addresses immediate availability of funds and detailed financial projections that demonstrate the source and sufficiency of funds to address maintenance, repair and ultimate replacement.

If you have any questions, please feel free to contact me at 847.400.6780. It was a pleasure serving the Board of Commissioners and our community. We feel confident that the information we have compiled and solutions we have presented will be carefully considered by current and future Board of Commissioners.

Sincerely,

David Forlow
Chair

1.2 TASK FORCE PROFILE

The Board of Commissioners defined a Citizen Task Force and approved forming a 20 Year Capital Task Force. The Task Force name and responsibilities evolved over time.

Park District Administration Policy Manual - Citizen Task Force
A Task Force is defined as a resident group focused on planning for a specific project and/or issue with a one year expiration. Members are comprised of no more than nine and an odd number of Park District residents, one Commissioner Liaison and one staff liaison. Members should have a specific expertise, skill or knowledge with the project and/or issue. Members are required to be available for limited day and/or evening meetings.

A Chairperson is appointed by the Board of Commissioners based on past positive Park District experiences and Board support. Potential members are required to fill out a one page application and members are appointed through board, staff and chairperson recommendations with final approval by the Board of Commissioners. Goals are expected to be developed based on the defined purpose of the Task Force by the Board of Commissioners.

Peter Arnstein, Foundation Liaison
Rob Douglass, Board of Commissioner Liaison

Purpose: The Task Force's purpose is providing long range planning documents that aligns with the Park District Strategic Plan and Comprehensive Master Plan resulting in dedicated funding for capital projects.

Strategic Plan Theme: Financial Stability
Strategic Objective: Provide dedicated funding for capital projects
Strategic Initiative: Identify capital needs through a comprehensive plan process
Strategic Tactics:

- Establish a Citizen Task Force.
- Define Capital Replacement vs. Replacement.
- Review and evaluate current document.
- Recommend and develop an easily readable, organized and credible document.
- Identify CRIP asset conditions and establish a priority list based on condition.
- Evaluate and recommend an annual capital spending plan and potential capital spending strategies.
- Present a plan to Board of Commissioners in 2012.

20 Year Capital Replacement and Improvement Plan (CRIP) responsibilities:

- Review documents.
- Evaluate capital assets.
- Provide opinions and input.
- Assess whether consultants/contractors expertise is required.
- Not to prioritize which assets within the plan should be addressed by the Board of Commissioners based on financial status and community wide survey results. It is the responsibility of the Board of Commissioners to determine the priority.
- Meet every other month and provide task force updates to the Board of Commissioners.

1.3 RESEARCH AND ANALYSIS

The Task Force (TF) met with ACG, Inc. and recommended the Board of Commissioners (Board) retains ACG, Inc. (ACG) to complete a 20 Year Capital Report. The Board approved the Executive Director to enter into an agreement with ACG, Inc.

ACG met with staff multiple times and evaluated all capital assets above $3,000. ACG presented an extensive report to the TF and recommended revisions before being presented to the Board. The report outlined maximum capital costs with built-in escalation guidelines so the Park District (PD) understands costs if all capital costs needed repair.

ACG presented the report to the Board.

Exhibit 1 below and Exhibit 2 on the following page summarize the findings of the asset study conducted by ACG. Exhibit 1 highlights the $11.3mln of capital investments by location/asset. Figure 2 highlights the $600K of costs associated with bringing assets up to the standards required by the Americans with Disabilities Act (ADA). For modeling and presentation purposes the ADA expenses are equally distributed over the 2013-2017 period.

Exhibit 1: Summary of Capital Investment Needs

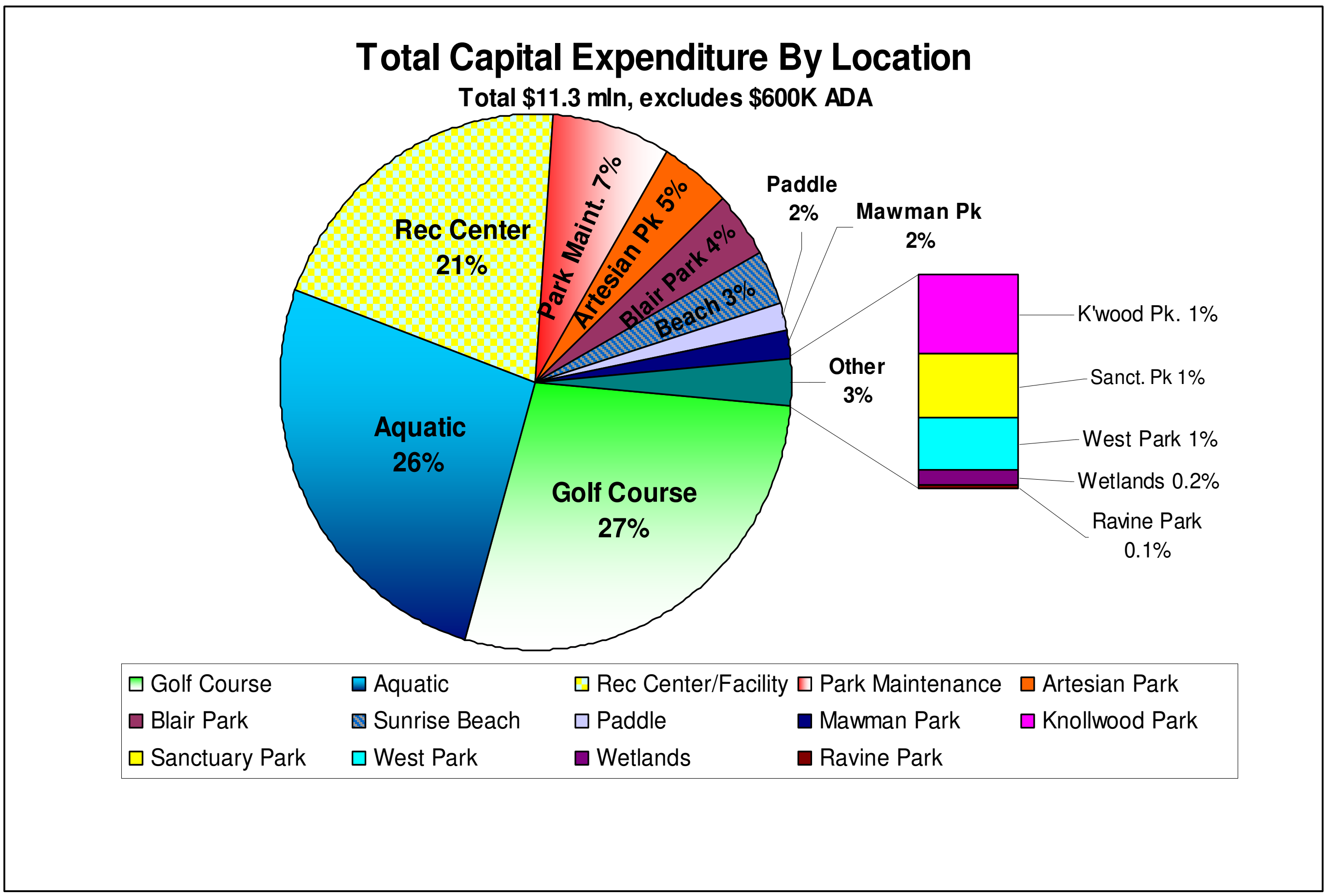
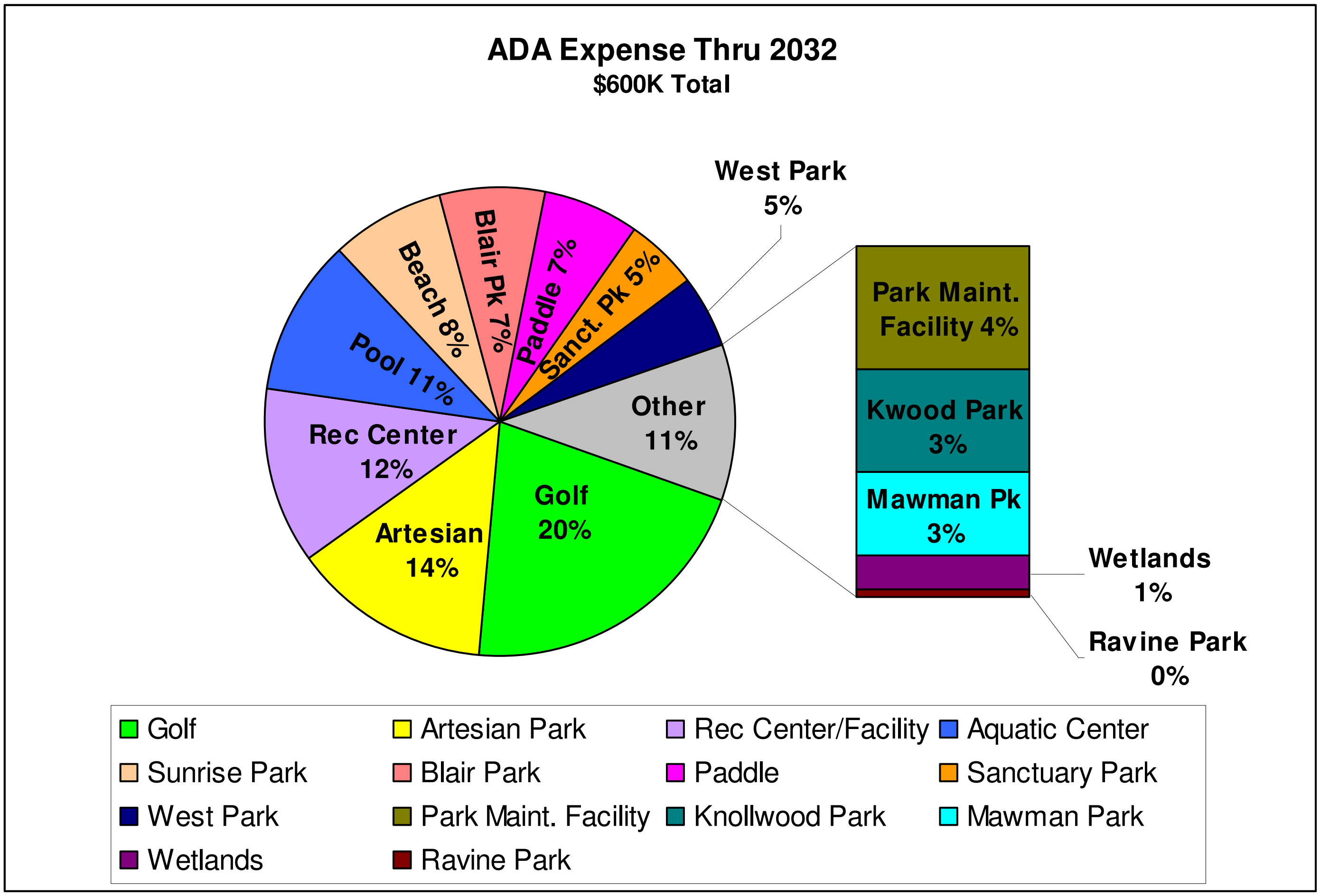


Exhibit 2: Summary of ADA Compliance Costs



TF members reviewed and discussed the existing PD debt schedule, the ADA Transition Plan, a Risk Assessment Report, community wide survey results and two Aquatic Facility engineering reports. TF members toured the Aquatic Facility with an engineer to better understand the specific issues and to better appreciate potential corrective actions. Staffing and personnel status was discussed and multiple meetings were held with Ron Salski and staff to better understand the needs and status of each PD facility and major program.

TF members reviewed two years worth of financial data including user and participation statistics compiled by PD staff. Members spent considerable time in discussion to gain understanding as to which PD programs and facilities were used most by residents and non residents. The TF considered demographic information, programs offered, total costs of each program and other data so that the TF could complete a comprehensive review and develop informed specific solutions.

The information was extremely valuable and allowed the TF members to consider all manner of possible routes forward and discuss the next steps to take in the process. TF members agreed a crucial step was to determine costs if capital assets were not repaired, improved or replaced.

After gathering and considering hundreds of pages of data, the next step taken was to organize the information in such a way as to aid in decision making, simplify the comparison of various possible solutions and understand the full cost of each enterprise. Commissioner Bob Wallace developed a dynamic model program allowing TF members to input different funding levels for each identified capital need - potentially decreasing the amount to be spent for various capital assets needs identified by ACG and other sources. Each member determined subjectively the minimum and mid-point solutions. The TF interpreted the average.

Task Force members and Ron Salski sought out and considered input from other community organizations and individuals, including the Sunrise Park & Beach Advisory Committee, LBOL, Friends of the Parks, LBBA etc. We received input from the community by telephone, email and during multiple face to face conversations.

1.4 BROAD FINDINGS

Summary of Key Findings

- Capital investment and ADA needs total $12 million
- Capital needs exceed current and projected financial resources
- Resources to fund a major pool project do not present themselves in the intermediate term
- Debt service is material through 2024 and absorbs the majority of free cash flow from opertions
- Assessment of capital investment needs against potential available sources of funds led TF to focus on 2013-2024 time frame as that seemed to present the greatest challenge.
- Investments are more biased to near-term needs assuming current scope of Park District is to persist
- Immediate capital needs include meaningful investment in infrastructure (old equipment, crucial building maintenance) that if delayed will likely result in higher costs in later years
- Major sources of needs are concentrated in areas most utilized by residents
- Some major expenditures do involve low use items (Skate Park) and areas where curtailment of the scope of an asset may need to be considered (# of tennis courts)
- LBPD makes limited use of leasing/rental for some assets/services. Ownership provides control but at expense of being fully responsible for maintenance, repair and replacement.

Asset Utilization Findings

Exhibit 3 on the following page highlights the usage of the primary assets/locations within the PD. The primary takeaways of Exhibit 3 are:

- High resident use rates for the beach, recreation center and pool
- High total use, but low resident use of the golf course
- Eliminating negative cash flow via higher user fees for some assets could be a challenge given size of per user shortfall.
- With the notable exception of the golf course, identified capital investment needs are centered in assets with highest resident usage rates.

The TF undertook ad hoc studies to assess usage of other assets and found low usage/visits to locations such as the Skate Park, West Park and Knollwood Park.

Exhibit 3: Asset Utilization Summary

Asset	Total Users 2013-2024 (1) (3)	% of Residents in Total Users (1)	($000) $ CapEx & ADA Thru 2024 (2)	($000) $ Cash Flow thru 2024 (1) (3)	(Cost)/Income Per User Total Users (4)	Resident Users (4)
Sunrise Park / Beach	208,792	93%	$371	($1,683)	($8.06)	($8.63)
Fitness/Rec. Center	702,737	93%	$1,900	($2,522)	($3.59)	($3.85)
Aquatic	189,299	85%	$3,043	($3,176)	($16.78)	($19.72)
Programs	168,145	65%	$0	$2,717	$16.16	$25.02
Paddle	97,402	38%	$150	($515)	($5.29)	($14.10)
Golf (2)	334,501	28%	$2,512	($6,117)	($18.29)	($65.78)
Other (1)	NA	NA	$2,016	($11,314)	NA	NA

(1) Based on 2011 actual; 'Other' excludes tax levy & overhead
(2) Unadjusted ACG totals, $252K golf cart leases included
(3) See Exhibit 7 for forecast assumptions
(4) Based on cash flow thru 2024

Capital Investment Need Findings

Total identified capital needs over the next 20 years, including ADA costs, were established at slightly less than $12 million (unadjusted for inflation). Exhibit 4 below shows these costs by major location or asset. The allocation of costs appears reasonably correlated with the size and use of the related asset/location.

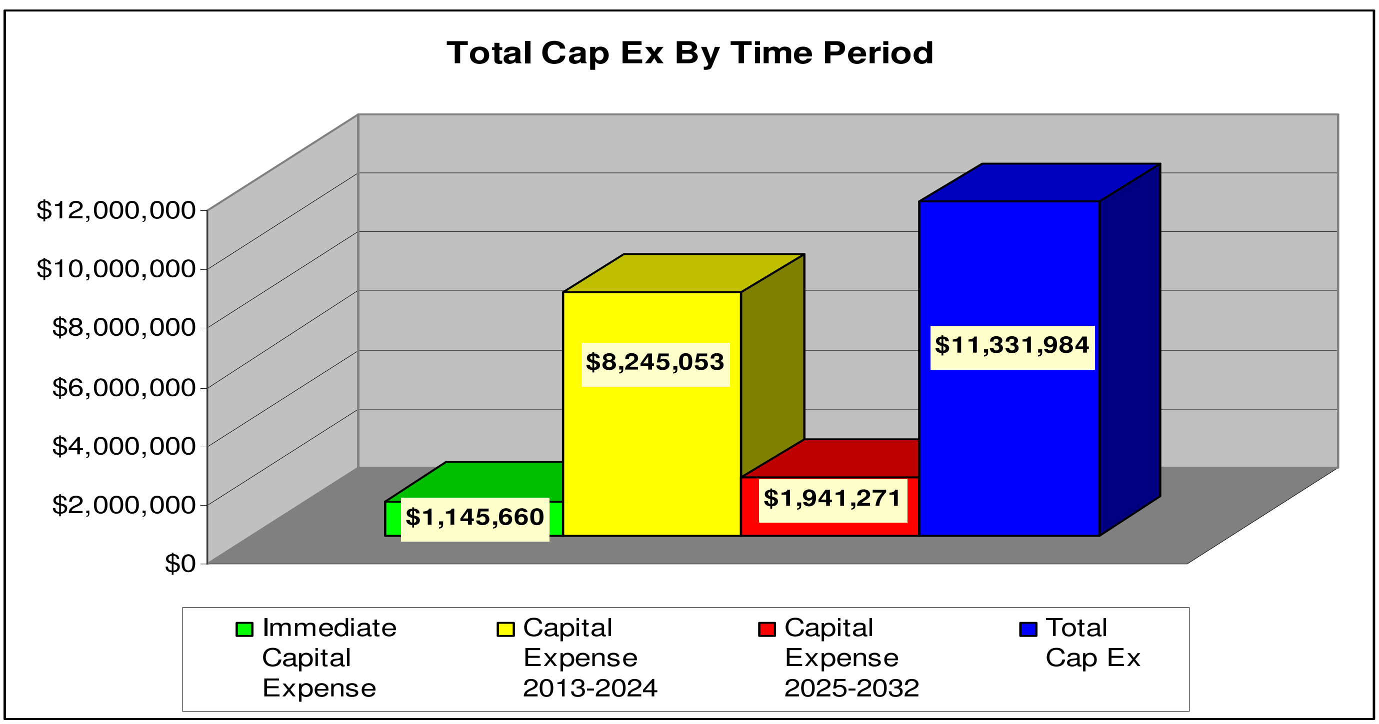
Exhibit 4: Summary of Capital Expenditures & ADA Costs

Asset/ Location	$ Total Cap Ex.	ADA Expense	% Total
Golf Course	$3,165,125	$124,614	27.6%
Aquatic	$2,976,731	$65,847	25.5%
Rec Center/Facility	$2,340,775	$72,425	20.2%
Park Maintenance	$826,100	$23,211	7.1%
Artesian Park	$517,779	$82,458	5.0%
Blair Park	$438,846	$42,439	4.0%
Sunrise Beach	$373,570	$46,908	3.5%
Paddle	$186,200	$40,992	1.9%
Mawman Park	$179,750	$15,409	1.6%
Knollwood Park	$122,953	$19,084	1.2%
Sanctuary Park	$96,520	$30,380	1.1%
West Park	$80,000	$28,755	0.9%
Wetlands	$21,135	$6,535	0.2%
Ravine Park	$6,500	$1,250	0.1%
Totals	***$11,331,984***	***$600,307***	***100.0%***

Exhibit 5 highlights that the $11.3mln of non-ADA expenses are not equally distributed by year.

- The $1.1mln of immediate needs were highlighted by ACG and confirmed by PD as urgent. For modeling and presentation purposes, immediate expenses are equally distributed over the five year period of 2013 to 2017. This distribution may not match the urgency of the need. The majority of the $1.1mln is represented by $762K for golf clubhouse renovation and golf maintenance equipment, $189K of structural improvements to the recreation center building and $146K for park maintenance equipment.
- The $8.25 million of investment scheduled for 2013 thru 2024 consists of nearly 90 different items. The category is dominated by the Aquatic Facility ($3 million), but there are also an additional 7 items in excess of $250,000 that total an additional $2.6 million.
  - Golf maintenance equipment ($709K),
  - Playground equipment ($432K),
  - Fitness equipment ($373K),
  - General maintenance equipment ($343K),
  - Carpet at various locations ($276K)
  - Various lots and paths ($258K)
  - Golf carts ($252K)
- Five items in excess of $100K dominate the $1.9 million of needs outlined for 2025 thru 2032. Many of these are continued investments in assets outlined above.
  - Golf maintenance equipment ($484K)
  - Fitness equipment ($273K)
  - General maintenance equipment ($225K)
  - Golf carts ($202K)
  - Playground equipment ($120K)

Exhibit 5: Non-ADA Capital Investment Needs by Time Period



Financial Resource Availability

Once the scope and timing of the capital investment needs were outlined, the TF turned attention to sizing the need against potential available resources. Information from PD annual budgets was used to build a forecast for sources and uses of funds over the next 20 years. This information is presented below in Exhibit 6. The forecasted amounts are highly reliant on assumptions used for growth rates in revenues, expenses and utilization rates. The key assumptions are provided in Exhibit 7. The review resulted in two broad observations that guided further work by the TF. First, the debt service obligation will remain significant through 2024. Second, capital investment needs, led by the Aquatic Facility, are front loaded in the early years. These observations highlighted a fundamental challenge of trying to address financial investment in a period when financial resources are most constrained. This is evidenced by the annual shortfall in available funds for each of the first seven years of the forecast in Exhibit 6. Also notable is the aggregate shortfall of approximately $1.8mln for the 20 year period. This suggests that in addition to the obvious resource financial challenge, the problem is also partly a timing issue; albeit not one where the answer emerges from kicking the proverbial can down the road. Given that some assets are approaching the end of their respective useful lives, replacement or material investments in maintenance or repair are viewed as critical in the intermediate term.

Exhibit 6: Financial Coverage Summary

Financial Resource Coverage of CapEx 2013-2032

	Sources			Uses			Coverage		
	(A)	(B)	C=(A)+(B)	D	E	F=D+E	G=C-F	H	I=G-H
Year	Net Op. Inc.	Tax Levy	Total	Overhead/ Admin	Debt Service	Total	Net Proceeds	CapEx & ADA	Excess/ Shortfall
2013	$264,319	$2,546,000	$2,810,319	($2,110,000)	($632,620)	($2,742,620)	$67,699	($3,609,589)	($3,541,890)
2014	$333,281	$2,609,650	$2,942,931	($2,172,130)	($617,636)	($2,789,766)	$153,165	($1,210,468)	($1,057,303)
2015	$329,916	$2,674,891	$3,004,807	($2,222,897)	($617,223)	($2,840,120)	$164,687	($977,457)	($812,769)
2016	$326,383	$2,741,764	$3,068,146	($2,274,861)	($620,488)	($2,895,349)	$172,797	($842,238)	($669,441)
2017	$322,678	$2,810,308	$3,132,985	($2,328,053)	($627,373)	($2,955,426)	$177,559	($1,371,597)	($1,194,037)
2018	$318,796	$2,880,565	$3,199,362	($2,382,501)	($628,228)	($3,010,729)	$188,633	($316,233)	($127,600)
2019	$314,734	$2,952,579	$3,267,313	($2,438,235)	($642,768)	($3,081,003)	$186,311	($361,659)	($175,349)
2020	$310,486	$3,026,394	$3,336,880	($2,495,285)	($350,536)	($2,845,821)	$491,059	($488,434)	$2,625
2021	$306,048	$3,102,054	$3,408,101	($2,553,684)	($574,689)	($3,128,373)	$279,728	($144,400)	$135,328
2022	$301,414	$3,179,605	$3,481,019	($2,613,463)	($578,889)	($3,192,352)	$288,667	($335,449)	($46,782)
2023	$296,580	$3,259,095	$3,555,675	($2,674,656)	($577,689)	($3,252,345)	$303,331	($193,545)	$109,786
2024	$291,541	$3,340,573	$3,632,114	($2,737,295)	($576,129)	($3,313,424)	$318,690	($139,950)	$178,740
2025	$286,291	$3,424,087	$3,710,378	($2,801,416)	($190,088)	($2,991,503)	$718,875	($96,400)	$622,475
2026	$280,826	$3,509,689	$3,790,515	($2,867,053)	($187,650)	($3,054,703)	$735,812	($258,900)	$476,912
2027	$275,139	$3,597,431	$3,872,571	($2,934,244)	$0	($2,934,244)	$938,327	($325,546)	$612,781
2028	$269,226	$3,687,367	$3,956,593	($3,003,024)	$0	($3,003,024)	$953,568	($166,800)	$786,768
2029	$263,080	$3,779,551	$4,042,631	($3,073,433)	$0	($3,073,433)	$969,198	($165,400)	$803,798
2030	$256,696	$3,874,040	$4,130,736	($3,145,509)	$0	($3,145,509)	$985,227	($390,125)	$595,102
2031	$250,068	$3,970,891	$4,220,959	($3,219,291)	$0	($3,219,291)	$1,001,668	($191,100)	$810,568
2032	$243,189	$4,070,163	$4,313,353	($3,294,820)	$0	($3,294,820)	$1,018,532	($347,000)	$671,532
Totals	**$5,840,690**	**$65,036,698**	**$70,877,388**	**($53,341,850)**	**($7,422,004)**	**($60,763,854)**	**$10,113,534**	**($11,932,290)**	**($1,818,756)**

Notes:
(1) Overhead includes Rec Center and Admin Expense from Op budget (facilities)
(2) Net Op Inc. projections based on assumptions for % change expense, revenue and utilization
(3) Overhead & Tax Levy assumes 2.5% annual increase
(4) Excludes $483K Special Rec. Fund Assessment for ADA
(5) CapEx amounts are unadjusted. Include golf cart and small items proposed to be transferred to operating budget.

The assumptions outlined below are critical, but are not meant to be viewed as prescriptive standards for expense control and price increases. The projected rates of change are reflective of an expectation for current low growth dynamics to persist for the foreseeable future. Intentional management toward higher or lower targets can have a meaningful impact on the excess or shortfall available to provide for identified financial needs.

Exhibit 7: Financial Forecast Assumptions

Program	Revenue Growth %	Expense Growth %	Usage Rate Change %
Golf	1%	1% thru 2015 2% 2016+	1%
Rec Center	3% thru 2015 2% 2016+	2%	1%
Paddle	7% 2014 5% 2015 2% 2016+	3% 2014 2% 2015+	1%
Pool	3% thru 2015 2% 2016+	2%	1%
Beach	2%	2%	1%
Admin	3% thru 2015 2% 2016+	2%	1%
Programs	5% 2014 4% 2015 2% 2016+	2%	1%

1.5 SOLUTIONS

The remainder of this report focuses on possible solutions and next steps for the PD to consider. The initial portion of this section addresses broad thematic issues that the TF discussed and represent the basis for many of the more specific suggestions made by the TF. This is followed by a more lengthy and substantive section that addresses more specific financial strategy issues supported by the findings of the TF. Finally, the report closes with additional recommendations that touch on key areas discussed by the TF, but were not areas the TF evaluated in depth. For example, looking for some financial relief via renegotiating debt facilities is an area the TF believes should be explored further by appropriate parties.

Task Force Members do agree in principle on the following broad recommendations/priorities: (in no particular order).

- Board of Commissioners accepts the Final Report.
- Board of Commissioners adopts a 20 Year Capital Plan with priorities.
- Retain a consultant to update the plan every other year.
- 2024 is a critical date because the debt payment declines significantly.
- Develop policies to ensure Park District does not automatically expand operations just because debt is reduced.
- Establish robust standards for new asset acquisition and replacement of current assets immediately to ensure comprehensive financial planning is established for all assets. Documentation and recordkeeping

should allow for transparent monitoring of asset maintenance and replacement over the respective life of the asset.

- Currently available financial resources are not adequate to support a new Aquatic Facility.
- Given level of financial resources, "need" should take a priority role over "want" in evaluating current and future investment choices.
- Continue to collect usage data for each park/facility/program and compare total use as well as resident versus nonresident use. Use this data as a guide for spending.
- Establish funding parameters for assets and programs that address how immediate and future funding will be sourced between tax levy, user fees and other sources of funding. Prioritization scale can be used to select among multiple projects (see suggestion below).
- Consider changes in local demographics over the last decade. A 25%+ decline in the number of children and an increase in those aged 55+.

Specific Financial Strategy Proposals

- Explore Grants as funding source for capital needs with a primary focus on Beach and Aquatic Facility.
- Explore ways to actively partner with other organizations and residents as a way to cover capital costs. Informal discussions with Open Lands and Lake Bluff Baseball have already produced commitments and execution of efforts to address needs without using PD resources.
- Asset replacement decisions should be supported by an evaluation of outright purchases versus various rental and leasing agreements to ensure assets are managed in the most efficient and effective manner. At times, the best solution may involve a combination of leasing and purchase. For example TF believed information made available to it indicated purchasing golf carts at expiration of current lease term was a viable option to maximize economic efficiency.
- The TF's scenario analysis assumed the majority (80%) of smaller items identified by ACG ($10K or less) would be transferred to the PD's operating budget. This would be consistent with current PD policies concerning capital items. It is further suggested this transfer be accompanied by enhanced reporting to ensure spending is monitored and deviations from plan are fully vetted. This would also apply to leased items that are handled in the operating budget.
- Pursue replacement of current Golf Clubhouse with modular trailer solution. This should provide immediate quality replacement to deteriorating asset that is a significant portion of the golf capital investment need. This could produce nearly $300K+ in savings against immediate capital investment needs and $100K+ in additional savings (primarily ADA).
- Establish agreement for Sunrise Beach Committee to take on some costs of beach related projects. Task Force scenario assumes a $125K transfer to Beach Committee.
- Revisit 'wish list' of items marketed by Friends of Lake Bluff Park District to create focus on items of immediate need. Support asset selections with specific marketing plans to enhance fund-raising efforts. Seek contributions for some areas that could be earmarked as cash to support possible cash requirements incorporated in any grants being pursued.
- Aquatic Facility presents numerous options. Third party experts provided meaningful ideas for consideration. Key area for immediate focus is to eliminate main leak that may be producing loss of water at a rate where repair cost could be recouped in short-order. A spend of $300K could fix leak,

address locker rooms and other key infrastructure elements to prolong life of asset to a point in the future when Park District finances may allow for consideration of more extensive work.

- Review "patch" or partial replacement alternatives for assets like carpet where total replacement cost is nearly $300K.
- Consider consolidation of assets for areas where full replacement would be prohibitive. For example total playground equipment expense for all parks totals $432K (ex-beach of $30K) through 2024. An approach that focuses investment at Artesian, Mawman and Sanctuary provides noticeable investment across the Park District footprint; making less investment at Blair, West and Knollwood Parks more palatable. This would also apply to tennis courts, where the actual number may need to be reduced given investment needs ($106K through 2024).
- Pursue review of pricing schedule to achieve higher user fees to cover overhead expense. Also look to leverage improved margins from operating budgets via committed plans for regular fee increases.

Given findings of Task Force, we took on a more acute focus on the 2013-2024 time period. Exhibit 8 on the following page highlights capital investment cost by time period. On a fully loaded basis as identified by ACG, one can see the Aquatic Facility is the dominant source of capital investment needs, representing roughly 25% of the total for all PD assets. The $3mln for Aquatic Facility represents a proposed project that would result in a material rehab of the main pool and bathhouse along with new pool decks, wading pool and lighting. This was less expensive than projects scoped to build an entirely new facility. The TF selected the $3mln project as a baseline to represent an aspirational project should additional financial resources become available. Given the lack of resources to fund a $3mln project, listing the $5mln or $7mln projects was considered misleading.

The TF evaluated the other capital items beyond the pool with equal vigor and ran various scenarios. The adjustments reflected in the Exhibit 8 represent a compilation of individual TF member's input into a scenario that considered the best path forward given current resources. Greater detail on specific sources of cost savings is provided in the subsequent exhibits and text.

The $180K in ADA expense savings is mainly sourced from elimination of ADA expense assuming the current golf clubhouse is replaced with a compliant modular solution. Additional, but less significant sources of ADA savings are represented by limited investment in less used parks (West and Knollwood) and the transfer of 80% of all small items ($10K or less) to the operating budget.

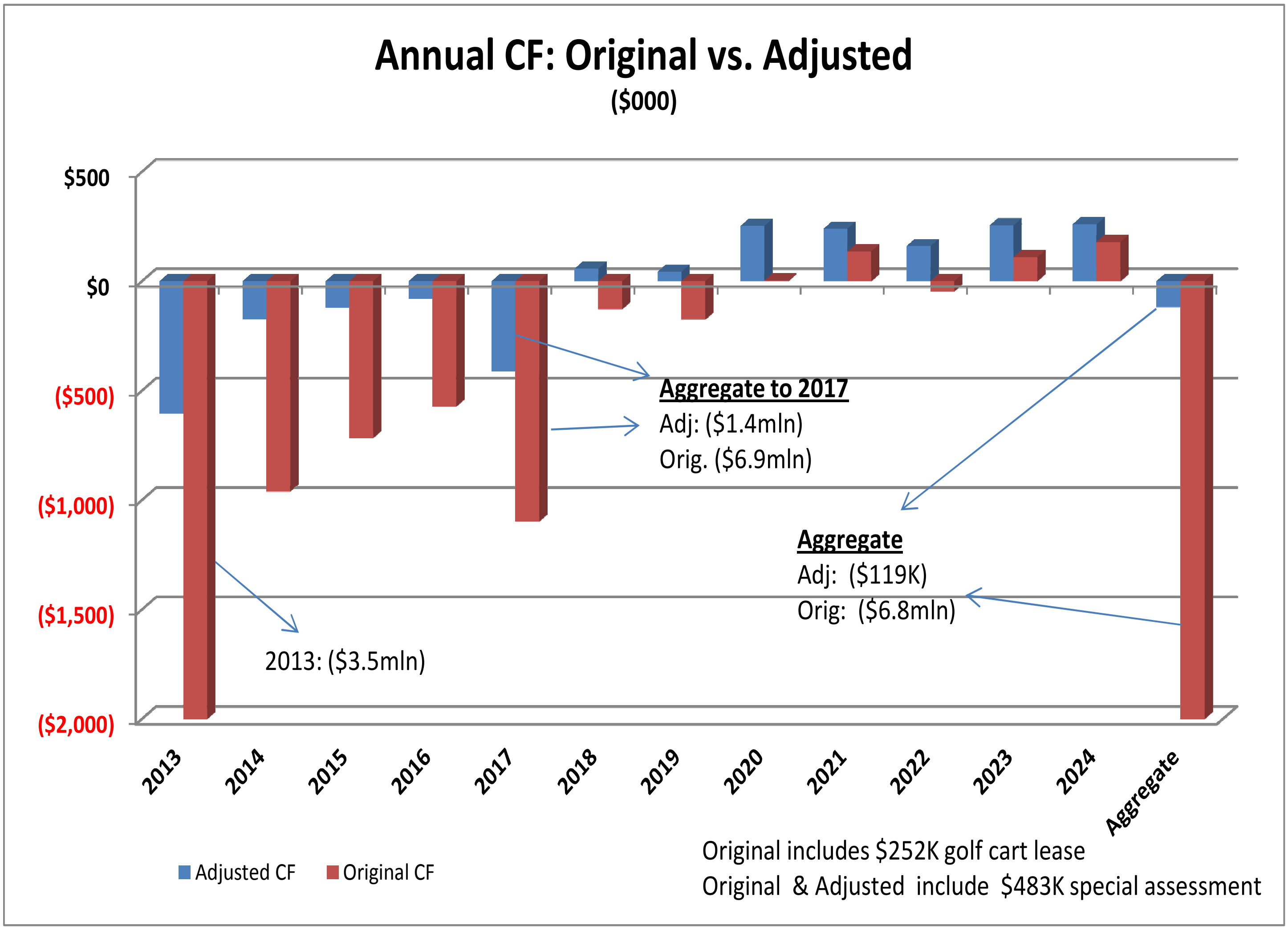
Exhibit 8: Task Force Summary of Expense Saving Potential

Summary: Rollforward Original CapEx & ADA to TF Proposal			
	Capital Items	**ADA**	**Total**
Per ACG Unadjusted / Uninflated	**$11,331,984**	**$600,307**	**$11,932,291**
Less Items Beyond 2024	**($1,941,271)**		**($1,941,271)**
Adjusted Amount to be Funded	**$9,390,713**	**$600,307**	**$9,991,020**
memo: Aquatic Facility	***$2,976,731***		
TF Recommended Reductions	**($6,511,279)**	**($184,900)**	**($6,696,179)**
memo: Aquatic Facility	***($2,679,058)***		
TF Adjusted Amount to be Funded	**$2,879,434**	**$415,407**	**$3,294,841**

As highlighted previously, the Task Force's evaluation determined that a keen focus on the 2013-2024 time period was most appropriate. While many factors influenced this decision, the two key factors were the heavy investment needs for this time period and the reduced availability of financial resources given debt service needs over this same time frame (see Exhibit 6). This focus is reflected in two key entries in Exhibit 8. The TF took limited focus on the 2025 to 2032 time frame and reflects this by eliminating these expenses from the aggregate total. The TF's elimination of the expenses beyond 2025 is not intended to indicate the importance of or whether these investments should be pursued. Rather, the elimination is to focus the attention on the more challenging environment through 2024. The $10mln in capital expenditures and ADA expenses for 2013-2024 were evaluated carefully by the TF. Cost savings were pegged at $6.7mln or 67% of the total. Excluding the pool from the project list, the savings are $4mln or nearly 60% of the remaining $7mln of original expenses.

One of the key financial metrics the Task Force used to guide its evaluation was annual cash flow. The assumptions outlined in Exhibit 7 were combined with ACG inputs on the timing and amount of identified capital investment needs to produce an annual cash flow projection through 2024. The projected cash flows are reflected in the red bars in Exhibit 9 on the following page. The Aquatic Facility ($3 million) expense in 2013 is the primary source of the $3.5 million of negative cash flow in the first projected year. While cash flow improves in subsequent years, many of the years are still negative, producing an aggregate outflow of cash of $6.8 million for the 12 year period. Task Force assumptions on capital investment needs were layered into the cash flow model. The considerable lower investment in the pool in 2013 and other projected savings produce a more manageable outcome, though it should be highlighted that the aggregate cash flow for the period is still slightly negative at $119K and the aggregate cash outflow nears $1.5mln at yearend 2017 (relative to nearly $7mln in the unadjusted scenario).

Exhibit 9: Annual Cash Flow Comparison: Impact of Task Force Adjustments



Another perspective used by the TF was to assess projected savings by location and asset type. Exhibit 10 on the following page shows the projected savings by asset/location. This view is an important logic check to ensure certain assets/locations do not receive unsubstantiated disparate treatment. The TF believes the allocation of savings is reasonable. The percentage savings for each area seems to cluster around the 75-85% range. The main outlier on the downside is the 90% savings for the Aquatic Facility. The $300K of allocated investment for the pool does correlate to input from independent third parties that indicated such funding would be sufficient to prolong the life of the pool and enhance the locker room facilities. The outliers on the upside, Recreation Center, Golf and Park Maintenance, cluster around the 50-60% savings range. The lower percentage of savings reflects that these categories include major pieces of equipment and facilities that require investment to maintain basic functionality of equipment and buildings. For example HVAC, tuck-pointing and roof replacements were considered as unlikely and imprudent sources of durable expense savings.

Exhibit 10: Savings by Location/Asset Thru 2024

Capital Expense Savings By Asset			
($000)	Original CapEx $	Adjusted CapEx $	% Reduction
Aquatic Facility	$2,977	$298	**90%**
Rec. Center	$1,828	$971	**47%**
Golf	$2,387	$942	**61%**
Park Maintenance	$601	$302	**50%**
Blair Park	$394	$81	**79%**
Artesian Park	$398	$99	**75%**
Sunrise Park / Beach	$324	$80	**75%**
Knollwood Park	$119	$28	**76%**
Mawman Park	$100	$24	**76%**
Paddle	$100	$28	**72%**
West Park	$80	$11	**86%**
Sanctuary Park	$57	$10	**82%**
Wetlands	$21	$4	**80%**
Ravine Park	$7	$1	**80%**
Totals	**$9,391**	**$2,879**	**69%**

Exhibit 11 on the following page provides a deeper dive on the source of projected cost savings for the 2013-2024 time period. The significant capital investment needs for basic assets like buildings ($534K) and the related cost savings of 14%, demonstrate how the TF attempted to put forth a responsible scenario by directing limited financial resources to the most basic elements of the PD's infrastructure. This contrasts with a similar sized obligation related to playground equipment ($463K) where the projected savings are targeted at 77%. Disciplined allocation of funds for playgrounds to Artesian, Sanctuary and Mawman Park, with limited or no investment at Blair, West and Knollwood Park will result in meaningful investment in this highly visible asset group while allowing each geography within the footprint to receive significant new funds.

Exhibit 11: Deep Dive on Projected Expense Savings 2013-2024

2013-2024 CapEx Items Detail				
Asset/Activity	**Original CapEx $**	**CapEx Savings $**	**Adjusted CapEx $**	**% CapEx Savings**
Pool	$2,976,731	$2,679,058	$297,673	90%
Golf Infrastructure	$1,070,700	$479,510	$591,190	45%
Golf Clubhouse	$629,750	$437,368	$192,382	69%
Buildings (ex-Beach)	$533,645	$72,500	$461,145	14%
Maintenance Equip	$477,800	$238,900	$238,900	50%
Playground Equip	$462,700	$354,525	$108,175	77%
Fitness Equip	$387,700	$201,350	$186,350	52%
Lots, Paths, Fences	$279,084	$215,508	$63,576	77%
Carpet	$276,800	$221,440	$55,360	80%
Golf Course	$255,000	$180,600	$74,400	71%
Golf Cart	$252,000	$252,000	$0	100%
Skate Park	$225,000	$180,000	$45,000	80%
HVAC	$219,200	$99,600	$119,600	45%
Technology	$209,000	$73,000	$136,000	35%
Tennis	$106,175	$76,823	$29,353	72%
Beach Paths	$105,400	$91,550	$13,850	87%
Baseball	$89,000	$89,000	$0	100%
Paddle	$84,000	$59,250	$24,750	71%
Fire Systems	$80,000	$0	$80,000	0%
Beach Buildings	$75,000	$75,000	$0	100%
Golf Cart Barn	$61,375	$61,375	$0	100%
Beach Infrastructure	$54,000	$0	$54,000	0%
Rec Bathrooms	$15,000	$15,000	$0	100%
Lightning Detection	$15,000	$0	$15,000	0%
Picnic Shelters	$15,000	$15,000	$0	100%
Rec Gym	$12,000	$12,000	$0	100%
Rec Elevator	$10,000	$0	$10,000	0%
Misc. < $10K (1)	$413,654	$330,923	$82,731	80%
Totals	**$9,390,713**	**$6,511,279**	**$2,879,434**	**69%**

(1) Items under $10K: 80% transferred to operations budget, 20% remains in CapEx

Factors to Consider in Further Evaluation

- The Park District has expanded beyond what can be afforded but most decisions cannot be immediately undone.
- The community must understand the true full cost of every activity is very high.
- The current path is unsustainable because the PD will not be able to meet projected repair and replacement costs.

- Ideally, fees charged should cover all costs, plus a cushion, in order to offset future repair/replacement costs.
- Some activities/facilities currently receive huge subsidies from community tax dollars. This should be quantified and rationalized for all assets and programs. This is particularly critical for activities/facilities that have far more nonresident users than resident users but still receive huge subsidies.
- Pass a resolution related to impact fees such that the Park District will not issue debt related to an impact fee project until the fees are received in the bank.
- Prioritize capital spending the following ways:
  Rank on a scoring system 1-10.
  1. Safety (40%)
  2. Federal or State Mandates (20%)
  3. Local Mandates (15%)
  4. Resident usage and survey preferences (??)
  5. Facility Needs based on 20 Year Capital Plan (10%)
  6. Staff Member's Input (10%)
  7. Board Member's Input (5%)
- Evaluate golf course property and potential/other uses or rightsizing to match resident use.
- Negotiate with banks to redeem, refinance and/or restructure debt.