
Parks and Recreation Division

Business Transition Plan: Phase II Report

King County Department of
Natural Resources and Parks
August 2002



**Parks and Recreation Division
Business Transition Plan
Phase II Report**

Table of Contents

Table of Contents	2
Acknowledgements	4
Phase II Report.....	5
I. Introduction	5
II. Budget Crisis Imposes Accelerated Planning for Change	6
III. Key Policy Themes for Transitioning the Parks and Recreation System	7
IV. Next Steps through Adoption of the 2003 Budget.....	9
V. New Priorities: The Future County Parks and Recreation System	11
VI. Connecting the Vision to Budget and Operating Strategies	12
VII. Conclusion.....	33
Appendix 1	35
Outreach Strategies	43
O-1: Cities.....	43
O-2: King County School Districts.....	45
O-3: Parks Workforce Outreach Plan	47
O-4: State Interagency Committee for Outdoor Recreation (IAC).....	50
O-5: State Departments of Parks and Natural Resources	52
O-6: County Council.....	53
O-7: Solutions Used Elsewhere	54
O-8: Federal Funds	58
O-9: Public Outreach	60
O-10: State Government Outreach.....	61
Revenue Enhancement Strategies	63
R-1: User Fee Increases	63
R-2: State Legislative Priorities	66
R-3: Naming Rights and Advertising	69
R-4: Concession Revenue	71
R-5: Potential Revenue from Weyerhaeuser King County Aquatic Center	74
R-6: Creation of a Parks Foundation	77
R-7: The Greenhouse Program	79
R-8: Grants.....	82
R-9: Employee Revenue/Efficiency Committee.....	84
R-10: Forest Management.....	85
R-11: Park-and-Ride Lots.....	88

R-12: Real Estate Excise Tax (REET) and Conservation Futures Tax (CFT) Revenues.....	90
R-13: Driving Range Feasibility.....	93
R-14: General Revenue Options.....	96
Cost Savings Strategies.....	101
C-1: Transfer Costs of Resource and Ecological Lands.....	101
C-2: Divesting Parks Facilities to Other Governments.....	103
C-3: Property Reclassification.....	120
C-4: Trail System Transfer.....	122
C-5: Volunteer Program.....	124
C-6: Jail Work Crew Program.....	127
C-7: Recreation and Open Space Dedications from Urban Planned Developments and Subdivisions.....	130
C-8: Nonprofit Organizations.....	132
C-9: Transfer Parks Facilities to Special Purpose Districts.....	135
Budget Strategies.....	140
B-1: Bonded Indebtedness.....	140
B-2: Mothballing Parks Facilities.....	143

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King County Department of Natural Resources and Parks

**PARKS AND RECREATION DIVISION
BUSINESS TRANSITION PLAN**

Phase II Report

I. Introduction

The King County Executive and the Department of Natural Resources and Parks (the “Department”) present this Phase II Business Transition Plan setting forth the vision and implementation strategies for the King County parks and recreation system in 2003 and beyond. The Executive adopts and endorses the vision set forth by the Metropolitan Parks Task Force for the future of the County parks system. This Phase II Report incorporates and builds upon the Metropolitan Parks Task Force recommendations of June 2002,¹ the ASpYRe Commission² recommendations of July 2002, and responds to County Council Motion No.11426. This Report sets forth a preliminary proposed 2003 budget for the Parks and Recreation Division of the Department (the “Division”), and identifies the operating strategies and institutional changes that will be necessary to achieve the proposed budget. The Executive’s final budget submittal will differ from this preliminary proposal—informed by the continuing work of the Division on a variety of outreach, cost savings, and revenue generating strategies.

This Phase II Report outlines the ways in which the Executive proposes to reduce the Parks Division budget from \$25.5 million in 2002, to \$16.4 million in 2003, while keeping regional parks assets open and preserving local facilities where practicable. The plan for 2003 represents only the first step in the transition of the parks and recreation system to a stable future. Other critical next steps discussed in this Report include, but are not limited to, adoption of significantly higher user fees and submittal of a property tax measure to the voters in 2003.

The Executive and the Parks Division are not waiting until the 2003 budget is adopted to pursue strategies that will save parks. Work is under way not only to transfer as many facilities as possible to cities, but also to enter into new partnerships that will keep other facilities open and reduce the tax burden necessary to support the parks system. New ideas are coming to the fore almost daily and, within the limits of available staff time, are being examined for their feasibility and savings and revenue generating potential. The

¹ The Task Force Report, entitled Rebuilding the Foundation: Recommendations for Stabilizing the Funding Base for Operation of the King County Park and Recreation System (the “Task Force Report”), dated June 12, 2002, was presented to the Natural Resources, Parks and Open Space (NRPOS) Committee of the County Council in June.

² The Active Sports and Youth Recreation (ASpYRe) Commission was created in February, 2000, and issued its report to the County Council in July, 2002.

2003 preliminary budget proposal presented herein, and the parks system transition, are both works in progress.

It is a challenging time for King County and for the Division. The Executive looks forward to a productive dialogue with the County Council in the months leading up to adoption of the 2003 budget. The next step will be submittal by the Executive of an ordinance or ordinances proposing changes to the King County Code that will facilitate implementation of the proposals in this Report. The Executive will ask Council to begin consideration of this ordinance(s) before the budget is adopted.

II. Budget Crisis Imposes Accelerated Planning for Change

Driven by an estimated 2003 County Current Expense (CX) Fund revenue shortfall of \$50 million, in February of 2002 all programs supported by the CX Fund were told to plan for significant budget reductions in 2003. The Parks and Recreation Division was told to plan for a worst-case scenario budget that would include no more than \$3.5 million in support from the CX Fund. The shortfall has since increased to an estimated \$52 million. The causes of this shortfall are many, including an antiquated tax structure, loss of revenues through annexations, and a slumping economy.

Unwilling to accept the devastating impact that a cut of this magnitude would have on the parks system if operation of the system continued under business as usual, in March 2002 the County Executive and Councilmembers Larry Phillips and Carolyn Edmonds convened a citizen task force on parks. The Metropolitan Parks Task Force, which had its initial meeting on April 2, 2002, was asked to recommend by mid-June ways to keep the park system operating to the extent possible while minimizing the ongoing need for CX Fund support. Also in March, the Executive directed the Division to develop a Business Transition Plan to accomplish these same goals, and to coordinate its effort with the work of the Metropolitan Parks Task Force.

In late March, the Division presented its Phase I Business Transition Plan to the Executive and County Council, which described the challenge before the Division and set forth a plan to “*explore all reasonable alternatives to keep County parks and recreational facilities open to the public and eliminate the dependence of these facilities on CX funding as soon as possible, considering both the long and short-term effects of decisions.*”³ The Phase I Report identified a series of tasks--budget strategies, outreach strategies, cost reduction and divestiture strategies, and revenue enhancement strategies--that the Division would explore. The goal was to report back in July to the Executive and Council with detailed recommendations resulting from these explorations. The Executive briefed the County Council on July 18, 2002 on these preliminary recommendations. This report sets forth those recommendations in further detail.

³ Parks and Recreation Division Business Transition Plan; Phase I Report: The Challenge; Action Plan for 2002, March 28, 2002, p. 5.

The Metropolitan Parks Task Force, in tandem with the Division's parallel effort, worked over the two and one-half months from April to mid-June to confirm the budget crisis facing the County, and to develop recommendations for preserving the park system. The Task Force conducted an unprecedented amount of public outreach, hearing from literally thousands of County residents about their support for the parks system and their ideas for how it could be preserved.⁴

The County Council adopted Motion 11426 on May 13, 2002, recognizing the ongoing work of the Task Force and the Phase I Report and directing the Executive to report back in mid-July with recommendations for the future of the park system. The Metropolitan Parks Task Force issued its report on June 12, 2002, and presented it to the Natural Resources, Parks and Open Space Committee of the County Council on June 19. The report set forth a blueprint for transitioning the Division to a new future.

In July, the NRPOS Committee received the final report of the Active Sports and Youth Recreation (ASpYRe) Commission. Its two-year effort documented a broad array of recreational needs in King County, and recommended that these needs be met through new partnerships—reinforcing a key theme of the Task Force regarding the need for King County to change its role in the development of new recreational facilities.

The Executive directed the Division to adopt the Task Force's general vision and philosophy as well as much of its specific direction in preparing the Division's 2003 budget, and to incorporate the new partnerships recommendations of the ASpYRe Commission. The final budget proposal is still being developed; however, this Phase II report provides an advance view of the budget, and the supporting strategies necessary for its successful implementation.

III. Key Policy Themes for Transitioning the Parks and Recreation System

Consistent with the Task Force recommendations, three policy themes are central to the transition proposed in this Phase II report.

First, the County must refocus and reprioritize its parks and recreation mission. The fiscal crisis facing the County demands a much stricter approach to selecting what services the County will and will not provide. *The County parks system can no longer afford to be all things to all people. It must identify the key regional assets of the parks system and preserve them, and limit its involvement in providing local recreation services, particularly within cities.* The County will continue to have an important role as a regional service provider. However, that regional role must be defined with greater regard to the County's financial ability. More significantly, the dramatic trend of incorporation means the County must be increasingly focused and selective in its role as a local government service provider. The County must be prepared—indeed, it is forced

⁴ See appendices C, D and E of the Task Force Report.

by fiscal circumstance—to step out of the local service role wherever an alternate local service provider is available. The Division will continue to have a role as a parks and recreation service provider in unincorporated areas of King County.

Implication for the Parks System: *A key recommendation of the Task Force, adopted in this Phase II Report, is the transfer or mothballing of all local parks facilities located in Cities. This single recommendation represents as much as \$6.2 million in CX savings out of the total \$9.1 million savings target for the Division’s 2003 budget. The Executive is proposing consideration of a limited exception to mothballing or transferring of facilities as described below in Part VI of this Report.*

Second, to survive and thrive in an era of dwindling tax support, ***the Division must embrace a broad range of new ways of doing business***. There is no single, simple solution to save the parks system. The Division must be given the freedom to work aggressively to implement as many strategies as possible. It must be given the freedom to try, to fail, and to try again. While this means living with uncertainty, it is the essence of the ***entrepreneurial management approach*** recommended by the Task Force. Management of facilities and programs that generate user fees must be fundamentally changed towards a goal of cost recovery. The Task Force spoke of a ***fundamental philosophical change*** within the County, the Division, and by the public that is necessary to achieve this, as well as the need to provide ***new skills and infrastructure*** support to the Division. *The Executive recommends implementing virtually all of the news ways of doing business identified by the Task Force, including but not limited to:*

- Creating an Enterprise Fund to symbolize the importance of the entrepreneurial approach to business that must be adopted for all fee-generating programs and facilities.⁵
- Creating a capital innovations fund dedicated to new revenue-generating projects in the parks system—and selecting these projects using employee input.
- Allowing the Division to select and impose user fees based on the cost of providing service and the demand for service, incorporating “needs-based” rates or scholarships, and subsidy of youth recreation programs.
- Securing new revenue from naming rights, advertising, and corporate sponsorships.
- Increasing use of volunteers and work crews.
- Expanding use of concessions and new operating agreements.
- Using new management approaches.
- Pursuing creation of a nonprofit foundation to support parks.
- Creatively managing assets for new revenue opportunities.

In addition to these ideas from the Task Force, the Executive recommends implementing a key idea of the ASpYRe Commission, namely creating an Association Development and Operations Partnerships (ADOPs) Fund. The Executive proposes to fund this in

⁵ Note that this fund is not an enterprise fund in the traditional accounting sense of the term. Rather, it flags a new management approach to be applied to certain facilities that are “placed” in this fund.

2003, using Youth Sports Grant Program monies as the source of County investment to facilitate programs whereby nonprofit sports organizations take on responsibility for maintaining and operating active recreation facilities.

Successful implementation of these new ways of doing business requires a new approach to oversight by the County Council and Executive, one based more on setting policy direction and less on control of day-to-day details and operating decisions. It also means providing the Division with new skills and infrastructure. And it means bringing the County Code in line with these new strategies.

Implications for the Parks System: *The single most important new strategy is setting fees based on cost of, and demand for, service. While politically challenging, if the County cannot take immediate, major steps in this direction, the fiscal reality is such that the alternative is mothballing of many more parks facilities.*

Third, the transition of the Division will take time. The Task Force estimated it will take three years to transition the Division to a stable future with minimal dependence on general tax resources. The County's fiscal crisis is immediate, however, and will continue through this three-year period (and beyond, if no legislative help is forthcoming to relieve the County's fiscal problems). There will be tremendous political pressure for immediate success in converting the parks system to an entrepreneurial division. The Task Force recognized that overnight success is not possible. There will be setbacks along the way. Particularly in a time of economic downturn, new revenues may be slow in coming, and new operating partners may be harder to find. *The County and the public must recognize this, and allow the Division the time needed for success.*

Implications for the Parks System: *In order to measure success over time, the Division must be able to track and report its progress in meeting revenue and savings targets with much more detail than currently possible. Targets must be realistically set, and adjusted as necessary as the County learns from experience in this new initiative.*

The Task Force concluded that business as usual would fail to keep County parks open. The ASpYRe Commission reinforced the need for change. King County government must now have the courage to try new ways of doing business, to be patient, and to fundamentally change its vision for, and approach to, the County parks and recreation system.

IV. Next Steps through Adoption of the 2003 Budget

The park system transition is a work in progress. The Phase I Report included several pages of ideas that the Division (and the Task Force) subsequently explored. Reports on these ideas are included in the Appendix to this Phase II Report, as well as reports on several additional ideas. Some of the ideas proposed do not have much promise for generating revenue or savings, while others look very promising. The Division almost daily receives calls from the public or organizations posing new questions and ideas. To

the extent possible with limited staffing, all these ideas are being explored. *The Division is committed to exploring all reasonable options that will keep parks and recreation facilities open.*

The Division is not waiting for the budget to begin working to save the parks system. A few ongoing efforts are particularly noteworthy:

- Staff is investigating a variety of advertising and sponsorship ideas to reduce the operating deficit at the Weyerhaeuser King County Aquatic Center.
- Work is proceeding on potential concession agreements or other arrangements that could significantly reduce the operating deficit at Marymoor Park while increasing public recreation opportunities. It is hoped that some of these can be in place and begin generating either savings or new revenue in 2003.
- Discussions are underway with nonprofit service providers to take on operations at some of the community centers, ensuring continued public programming at minimal taxpayer expense.
- Work is underway on a comprehensive effort to garner advertising and retail concession revenue at parks throughout the County through a request for proposals process.
- The Division is developing a new user fee proposal that must be implemented by the end of the year in order to meet the revenue projections in the preliminary 2003 budget.

Public and stakeholder outreach has been a critical component of work to date. As previously noted, the Task Force conducted extensive public outreach. In addition to this, the Division has engaged in outreach with a variety of stakeholders, as described in Appendices O-1 through O-10. This has included work with cities, the Port of Seattle, state legislators, state agencies, the federal government and user groups. Given the depth of support for parks, outreach will continue to be a critical component of work over the next few years. One outreach effort of particular note that is under way involves the development of an internet-based tool to provide coordinated outreach to, and input from, the thousands of recreation user groups in King County. The Division already has basic user group information in a database. This effort will expand upon that initial information to help the County better understand user group needs.

The Task Force assured the public that additional outreach would occur prior to adoption of the 2003 budget. It is important that the County follow through on this. Appendix O-9 outlines some of the outreach proposed to occur in the next few months.

Between now and the time the Executive's 2003 budget is submitted to Council, the Division will:

- *Work to successfully transfer as many facilities as possible to Cities.*
- *Seek to secure as many new concessions, lease agreements and advertising arrangements as possible.*
- *Continue to respond to new ideas received for generating savings and revenue.*

- Refine the dollar estimates incorporated in the preliminary budget outlined in this Phase II report, in part based on success of the foregoing items.

- Complete and submit to Council an ordinance(s) proposing the code changes necessary to achieve the preliminary budget.

- Complete a proposal for new user fees, and, with Council input, begin public process and outreach so that new fees can be in place as of 1/1/03.

V. New Priorities: The Future County Parks and Recreation System

The Executive adopts and endorses the vision set forth by the Metropolitan Parks Task Force for the future of the County parks system. As noted above, this vision is fundamentally shaped by the idea that the County parks and recreation system cannot continue to be all things to all people. Equally, this vision is shaped by the evolving dual role of King County as a regional and local service provider. The vision includes new priorities in terms of what the County should retain and add to its system, and new ways of doing business in terms of how assets are managed.⁶ It also prescribes the divestiture to cities of assets located within city boundaries or within the proposed annexation areas of cities.

The new vision for the future County parks and recreation system proposed by the Executive can be summarized as follows:

- **The County should place primary importance on continuing its role in the stewardship of regional park assets:** resource and ecological lands, the regional trail system, regional passive parks, and a few truly regional active recreation facilities.
- **The County's local parks and recreation role should be limited, and focused primarily on the rural areas where there is no existing or anticipated alternate service provider.** This means divestiture or mothballing of in-city facilities, and ongoing work to divest the County of all local facilities within potential annexation areas of cities.
- **The provision of active recreation services and programming must be fundamentally changed, moving away from the County's operation of facilities and programs towards developing new partnerships and finding alternate service providers** that can meet public needs, but at less or no ongoing taxpayer expense related to maintenance of such facilities. This concept is at the heart of the new entrepreneurial vision for the system.

⁶ Many of the new management approaches proposed are consistent with the ideas and recommendations of the ASpYRe Commission report, for example, the "Association Development and Operation Partnerships"(ADOPs) model.

- **The County's role in future acquisitions of regional and local park assets must be tempered by new fiscal realities.** The County must be able to demonstrate its ability to care for both existing and new assets as a condition of acquisition. In the case of new active recreation facilities, the County should limit its role to assisting in acquisition and development where other entities will assume operating responsibility.

This vision is consistent with the recommendations of the Metropolitan Parks Task Force and the ADOP's concept of the ASpYRe Commission. It is based on the reality of the County's fiscal situation and the availability of alternatives that can ensure continued public access to park system assets. And, it reflects the fact that the system must reach stability before it seeks to expand.

VI. Connecting the Vision to Budget and Operating Strategies

For each component of the future County parks system defined by the new vision, there are specific budget and operations strategies that implement the vision. This section of this Phase II Report provides an overview of the proposed budget, and describes how each component of the parks system will be managed to achieve the budget and the longer-term transition.

The goal of the 2003 budget will be to maximize the ability of the Division to transition to a new entrepreneurial way of doing business, reduce the CX Fund burden to the extent possible, and refocus activities consistent with the new long-term vision for parks.

A. Revenue Strategies

In February 2002, the Division was told to plan for a budget target of \$3.5 million in CX funding for 2003. The total revenue needed in 2003 to support the proposed parks system vision and transition is \$16.4 million. Achieving this target will require deployment of a broad range of both new revenue and cost savings strategies. The preliminary budget proposal with respect to revenue is summarized as follows:

<i>Revenue Source</i>	<i>Description/Amount/Application</i>
CX Revenue	\$3.5M, to support regional park operations and in-city facility mothballing
Unincorporated Area Property Tax Revenue	\$300,000 from Road Fund for regional trails in unincorporated areas.
Surface Water Management Fee	\$638,000 from SWM fees to support regional resource and ecological lands.

<i>Revenue Source</i>	<i>Description/Amount/Application</i>
User Fees	Estimated \$3.6 million in total user fee revenue ⁷
New Revenues from entrepreneurial approaches: concession agreements, operating partnership agreements, advertising, corporate sponsorships, naming rights, grants, foundation donations, etc.	\$1.2 million
Real Estate Excise Taxes to support staffing of parks capital and land management programs	\$932,000
Car Rental Tax (portion)	\$238,000
Other Revenue Needed – <i>Source To Be Determined</i>	\$5.99 million
Total	\$16.4 million

This revenue proposal is supported by recommendations of the Metropolitan Parks Task Force, with three notable exceptions. One relates to the use of the County’s car rental tax revenues, which the Task Force recommended be applied to general parks maintenance costs on an interim basis. The Executive’s proposal retains \$500,000 of car rental tax to fund the development of ADOPs,⁸ as described further below under Part VI, with the remainder (\$238,000) applied to parks operations. Second, the Task Force recommended that all regional trails be funded by the Road Fund; the Executive is recommending paying only for trails in the unincorporated area from the Road Fund. A third exception is the issue of selling parks to developers and applying the proceeds to support maintenance of parks. This idea requires a change in state law, and is further restricted by bond and grant covenants. The Task Force was divided on this issue, and regarded it as a last resort. The Executive is optimistic about the possibilities of achieving success without resorting to sale of parks, and believes that this idea undercuts the public trust in the system. If in three years the park system has not stabilized, this idea should be revisited. But for now, the Executive is recommending that it not be pursued.

B. Savings Strategies

The single most important strategy for securing budget savings in 2003 is the **transfer or mothballing of in-city facilities**. Combined, these strategies are assumed to generate \$6.2 million in operating reductions for 2003 as compared to the 2002 budget.⁹ On an ongoing basis, divestiture of local facilities within potential annexation areas of cities will

⁷ Because the 2003 preliminary budget proposal assumes the mothballing of 8 in-city pools, 2 in-city community centers, and 17 in-city parks, which collectively generated approximately \$2.1 million in user fees in 2002, this is a smaller total user fee number than for 2002. However, when comparing 2002 user fees generated at the *same set of facilities* proposed to be operated in 2003, this budget represents an increase of approximately \$950,000 in user fees.

⁸ The ADOPs program grant funding is not part of the Parks Division budget—it is budgeted separately by the County. Similarly, the Criminal Justice grant available for at-risk youth programming is not part of the Parks Division budget.

⁹ This represents the amount of money it will cost to operate these facilities in 2002, less the cost of mothballing them in 2003.

also be important to further drive down costs, and is consistent with the refocused vision for the park system.

A second important category of cost saving strategies is to **engage third parties to perform maintenance and operation work**. Nineteen percent of maintenance work in the park system is currently provided through volunteers. There are many tasks that cannot be performed by volunteers given either the technical skill involved or the nature of the task. These ideas range from increasing reliance on volunteers or work crews to securing long-term operating contracts with non-profit providers. It cannot be assumed that these types of arrangements are either necessarily better or cheaper than the status quo. These ideas are under discussion with union leadership. The outcome of union discussions, and analysis of available options, will determine the extent to which these ideas are implemented in 2003. Given the time necessary to locate and implement alternate service providers and develop enhanced volunteer programs, the impact of these strategies will initially be modest. An increase in the *percentage* of maintenance work performed by volunteers will occur, due to the reduction in FTE hours resulting from layoffs.

Other cost savings strategies that are under consideration are described at Appendices C-1 through C-9.

C. Operating Strategies

While specific operating strategies will be deployed for specific parks system components, generally the Division will be working to operate with a new management philosophy geared towards creative entrepreneurship and excellent public service. Greater effort will be made to involve employees in identifying cost and revenue strategies that support the Division's mission. Deployment of capital resources and the deployment of operating resources must be closely coordinated to reinforce and support the parks system transition.

Currently, the Division does not have the flexibility to engage aggressively in many of the new strategies identified. In addition to addressing any union labor issues, the Division is restricted by a variety of County Code provisions with regard to soliciting advertising revenues, contracting for services, and similar matters. Implementation of the 2003 budget will require Council to adopt a number of supportive code changes. In July, the Executive forwarded, and the County Council passed, an ordinance that streamlines the process for transferring parks located in city potential annexation areas to cities—one example of a policy change that is important to the Division's success. Work is also ongoing to prepare an omnibus ordinance or ordinances¹⁰ incorporating other recommended policy changes. This ordinance(s) will be forwarded to the County Council in September.

¹⁰ It is still unclear whether all changes can be incorporated into a single ordinance. In addition, changes to portions of the County Comprehensive Plan relating to parks may also be required.

D. Capital Strategies: New Development and Acquisition

Capital programming for parks has traditionally been supported by three sources:

- (1) Revenues from general obligation bond issues, such as the 1989 open space bonds or the \$118 million in Forward Thrust bonds approved by the voters in 1968;
- (2) Revenues from Real Estate Excise Taxes (REET 1 and 2 – reflecting the two separate authorizations currently imposed),¹¹ much of which has been pledged to debt repayment; and
- (3) Conservation Futures Tax Revenues (CFT), much of which has also been pledged to debt repayment.

In 2003, the County will have an estimated \$6.5 million in REET funds available for capital expenditure (not otherwise pledged to repay debt service), including \$2.4 million in REET 1 and \$4.1 million in REET 2. The County will have an estimated \$9.1 million in CFT funds available of which \$8 million will be allocated to other jurisdictions, in accordance with current Council policy. Only \$950,000 in CFT will be available to King County for capital; the balance (\$120,000) will be applied to overhead in administering these funds.

REET 1 and 2 can be used for acquisition and development of active or passive recreation parks and facilities, but not maintenance. CFT can be used only for acquisition of passive recreation and habitat lands—no maintenance.

In order to generate new revenue to support the park system, capital dollars will need to be re-programmed to enhance some existing facilities and develop new facilities. Only REET 1 and 2 are available for this purpose. REET 1 and 2 are also the source of incentive capital associated with the proposed transfer of local pools. And, REET 1 and 2 are also the source of capital dollars for all safety and basic maintenance related capital expenditures. *In summary, although there is a healthy amount of parks development REET dollars available, there is and will continue to be intense competition for these dollars.*

Application of CFT revenues is problematic in the near term for the Division in that these expenditures directly generate additional maintenance costs by adding new acreage to the park system. While passive open space, resource, and ecological lands are extremely inexpensive to maintain (as discussed further below), the Task Force stated that the Division must be very cautious in pursuing any new acquisitions that increase the operating burden for the department:

¹¹ See Appendix R-12 for description of the two current imposed Real Estate Excise Taxes—REET 1 and REET 2, as well as REET 3 which is authorized by state law but currently not imposed in King County. This Appendix also described CFT, its use and availability for parks in the future.

The Task Force believes the County parks system should continue to grow to meet the needs of a growing population. However, it is incongruous to be unable to operate current facilities and then to exacerbate that problem through new acquisitions. Until the parks system financial situation stabilizes, new acquisitions should be approached with extreme caution generally and only when ongoing maintenance and operation funds to support such acquisitions can be identified, specifically.¹²

The Executive strongly endorses this policy. The 2003 Parks Division Capital Improvement Program will focus on projects that:

- Address safety-related issues
- Generate additional revenues to support operations
- Provide partnerships that enhance park operations
- Allow implementation of new programs/activities through new partnership arrangements, and
- Facilitate the transfer of in-city pools.

E. Outreach Strategies

Outreach to stakeholders, for purposes of problem solving, information sharing, and building constituent support, is critical to the park system transition. The Division has been engaged in extensive outreach for the last several months, and this work is ongoing. Appendices O-1 through O-10 summarize the work and recommendations of the Division regarding outreach.

F. Legislative Strategies

As noted, the availability of funds to acquire and develop parks system assets is not matched by an ability to maintain those assets. The Executive concurs with the Task Force recommendations to seek changes in REET and CFT laws such that some portion of these revenues can be used for maintenance. The proposal is to seek an incremental increase in both the REET I and II and CFT authorizations for this purpose.¹³ The proposed legislative approach is described in Appendix R-2.

G. Beyond the 2003 Budget

The transition of the Parks and Recreation Division to financial stability will take time. The Task Force estimated three years would be required. The Task Force also estimated that based on the continuing crisis in the CX Fund, new revenue will be required to

¹² Task Force Report, page 11.

¹³ The Task Force recommended diverting existing REET revenue for maintenance, but raising the CFT tax for this purpose. Discussions are ongoing with legislators, cities, counties and other stakeholders to determine a workable consensus position that is most likely to succeed in Olympia.

underwrite general parks system operations beginning in 2004 and continuing thereafter. The Task Force proposed three options for securing this new revenue:

- Countywide property tax levy lid lift, dedicated to County parks, for a term of 3 to 5 years.
- Creation of a special purpose district dedicated to operating county parks, to assume this responsibility from the County.
- Sale of parks assets.

The Executive concurs that the severity of the CX Fund problem will require some level of new general tax revenue be available to parks in 2004 and beyond in order to avoid extensive closure of remaining County facilities. The Executive recommends pursuing the first option: *A levy lid lift, dedicated in purpose to support the new vision for the County parks system, limited in term, and limited in amount.*¹⁴ The Executive intends to seek the assistance of the Task Force and others in developing this proposal.

H. Components of the Future Parks System: 2003 Budget Implications

This part of the Phase II Report presents a summary of policy considerations and budget, operating and capital strategies related to each component of the parks system and Division budget. These system/budget components, and their estimated 2003 budget cost, are summarized below in the order to be presented:

<i>Parks System Components</i>	<i>Estimated 2003 Operating Budget</i>
Regional Resource and Ecological Lands	\$638,000
Regional Trails	\$630,000
Regional Passive Parks	\$411,000
Active Recreation Facilities	\$9.75 million
Local Neighborhood Parks in the Unincorporated Area	\$1 million
Recreation Programming	--- (Criminal Justice Grant budgeted separately)
Local In-City Facilities	\$804,000 (mothball cost)
<i>Budget Component</i>	
Management, Administration and Overhead (includes \$900,000 in capital planning and land management staff)	\$2.9 million
(One-time unemployment payout)	\$267,000
Contingency Planning	Various
TOTAL	\$16.4 million

Each County parks facility is categorized into a parks system component at Appendix 1. This appendix also sets forth the estimated 2001 maintenance cost for each facility.

¹⁴ See Appendix R-14 for an analysis of revenue generated from various levels of property tax.

Note that the first three system components--resource and ecological lands, trails, and passive parks--constitute a majority of the acreage of the system (66%), but a small percentage of the **2002** operating budget (8% of budget). Local neighborhood parks constitute about 29% of the current system acreage, and 22% of the 2002 budget. Active Recreation Facilities constitute only about 5% of the acreage of the present system, but over 70% of the 2002 budget.

1. **Resource and Ecological Lands**

Definition: Resource and Ecological Lands are lands that serve multiple functions as ecological resources, forest, and agricultural lands, critical habitat, open space, and passive recreational assets. The County currently owns approximately 7,421 acres of such lands, acquired mostly in the last 15 years through open space bond campaigns, application of conservation futures (CFT) money, Forest Legacy funds, Farmland Preservation Program funds, and Salmon Recovery Fund Board funds. The vast majority of these lands are located in the rural area.¹⁵ As has been true for the last several years, this year (2002) the County will acquire several hundred acres of these lands using CFT monies.

Resource and ecological lands are the least expensive parks system component in terms of maintenance, costing approximately \$85 per year per acre to maintain in 2003, including only direct overhead costs—this represents a minimal level of maintenance for these lands. Currently, these lands generate little revenue to offset their cost. A small amount of revenue is received by leasing farmlands to farmers. These lands are an extremely popular component of the overall County parks system.¹⁶

Policy: These lands are a high priority for continued regional stewardship by King County. They are regional in nature, benefiting all County residents. Because of the physically and ecologically interconnected nature of these lands, these lands benefit from a regional approach to management and acquisition.

2003 Budget Strategy: The estimated cost of maintaining the inventory of resource and ecological lands in 2003 is \$638,000. This represents a slight reduction in operating costs, and service levels, as compared to the 2002 budget. It is proposed that maintenance of these lands be fully funded in 2003 from Surface Water Management

¹⁵There are limited exceptions to this, including for example South Park Farm and Salmon Creek Waterway, which are located in cities. These in-city facilities are proposed for transfer to cities.

¹⁶ A survey of King County residents conducted in May 2002 for the Metropolitan Parks Task Force found that respondents feel the most important types of recreation programs, areas and facilities are community and neighborhood parks, followed closely by open spaces and natural lands. The third most popular item was “trails for hiking, biking and walking.” King County Parks Summary Report, May 2002, by Evans/McDonough Company, Inc., p. 8. (Appendix D of the Task Force Report).

(SWM) Fees.¹⁷ Any maintenance activities required on resource and ecological lands that are inconsistent with the legal use of SWM Fees (such as restroom repairs and maintenance) will be absorbed through other maintenance funds as available. This proposal is consistent with the adopted 2002 County budget, which provided *partial funding* for resource and ecological lands from SWM fees. The increase proposed over 2002 funding is approximately \$402,000.

This funding proposal implies a funding shift from other programs of the Water and Land Resources Division (WLRD). The implications of this shift are a reduction in basin stewards, community outreach staff, and scientific support for developing the shoreline master program regulations. Extending support in future years will result in further reductions in these areas and reduced stormwater facility maintenance, reduced engineering capacity to support building capital projects, and eliminating environmental education.

Because resource and ecological lands are a regional asset, it may be advisable to incorporate funding for them into a proposed regional parks ballot measure. This would also enable restoration of the SWM fees to WLRD. Consideration will be given to incorporating funding for these lands in the proposed 2003 parks system ballot.

Operating Strategies: Four primary operating strategies will be employed with respect to resource and ecological lands in 2003.

- (1) **Maintenance through traditional means.** It is expected that the primary care for these lands in 2003 will continue to be through County employee effort. This will continue to involve coordination with the WLRD, which undertakes a variety of planning and study efforts on these lands related to salmon habitat, flood control, and other issues.
- (2) **Divestiture of lands to cities.** There is a small number of resource and ecological lands within and adjacent to cities. Work is ongoing to transfer these to cities for their continued care and management. This will result in a small decrease in costs to King County.
- (3) **Development of a timber harvest strategy.** It is anticipated that a small amount of revenue can be generated *over time* by implementing a controlled timber harvest strategy on these lands. (See Appendix R-10.) This strategy is under development and is not expected to generate revenue in 2003.
- (4) **Increased use of volunteers and work crews** to offset management costs. The Division currently maintains a significant volunteer program oriented toward cleanup and restoration of natural resource and ecological lands. The Division will seek to enhance this effort in 2003 to reduce maintenance costs

¹⁷ SWM Fees are collected in unincorporated areas of King County for the purpose of benefiting and protecting the natural draining systems, drainage basins, flood control systems, eco-systems, water quality, ground water, fisheries and wildlife habitat, and other natural resource purposes.

as practicable and depending on the results of ongoing discussions with unions. This is not expected to generate significant additional savings.

Capital Strategies: In 2003, the County will continue to apply Conservation Futures Revenues to purchase new resource and ecological lands, but these will be carefully screened to assure operating funds are available before purchases proceed.

Other Strategies: The Executive and the Task Force have proposed that the County seek a change in state law to enable CFT revenue to be applied in part for maintenance of resource and ecological lands. If successful, this could be a significant new revenue source in the future that would sustain both existing and new land purchases.

2. Regional Trails

Definition: The County has an extensive regional trail system extending over 100 miles, together with a number of local trails that are wholly within parks (such as Cougar Mountain) as well as a few spur trails connecting to the regional system. The Regional Trail System is defined to include only the regional corridors, and not the in-park trails or local spurs. Some trails, such as East Lake Sammamish, are not yet developed; others, such as the Burke-Gilman trail, are fully developed and heavily used by residents all over King County. The public regards the trails as an extremely important component of the parks system.¹⁸ The trail system is relatively inexpensive to maintain (an estimated \$6,300 per mile, per year, in 2003). Trails currently generate no revenue to offset their cost.

Policy: The regional trail system is a high priority for continued King County stewardship. Because the trail crosses many jurisdictions, and because of the benefits of a truly regional trail system connecting many parts of the County, a single regional steward of this system is optimal: that steward should continue to be King County. The many proposed extensions of the regional trail system should be pursued over time as revenue for capital and operations are available. Care should be taken to preserve existing and proposed regional trail routes, by either reserving title or easements, when transferring parks to cities that surround parts of trail routes.

2003 Budget Strategy: The cost of operating the regional trail system in 2003 is estimated to be approximately \$630,000, including direct overhead only. This represents a slight reduction in maintenance cost and maintenance levels as compared to the 2002 budget. It is recommended that the portion of the trail system in *unincorporated areas* be funded in 2003 from the County Road Fund, which is generated from *unincorporated area* residents. This represents an estimated contribution from the Road Fund in 2003 of \$300,000, slightly less than was contributed towards regional trails by the Road Fund in

¹⁸ See footnote 16.

the 2002 budget.¹⁹ It is recommended that the balance of the regional trail system be funded from other maintenance dollars available.

The Metropolitan Parks Task Force recommended that the *entire* regional trail system be funded from the County Roads Fund. While this is legally permissible,²⁰ it raises difficult issues with respect to the subsidy of urban areas by unincorporated taxpayers. The Executive is recommending that only the unincorporated portions of the regional trail system be funded through the unincorporated area levy (Road Fund).

At the same time, the regional trail system is by definition regional. While the crisis in the CX Fund does not allow the system at this time to be fully funded by regional dollars, the Executive is recommending that the trail system be funded with regional dollars as soon as practicable, thus removing it from dependence on the Road Fund. Specifically, the parks ballot measure proposed for 2003 submittal to the voters should be sized to incorporate the cost of maintaining the regional trail system.

Operating Strategies: There are three primary operating strategies recommended for 2003:

- (1) **Maintenance by County staff.** The County currently uses County employees to maintain the trail system. This will continue in 2003.
- (2) **Divestiture of in-city spur trails to Cities.** Spur trails should be transferred to cities wherever possible. This will result in very few savings in 2003, but is consistent with the overall policy direction.
- (3) **Increase Use of Volunteers and Work Crews.** To the extent practicable, and depending on the outcome of discussions with unions, additional volunteers and work crews will be engaged on trail maintenance. This is not expected to generate significant additional savings.

Capital Strategies: To the extent both capital *and* operating dollars are clearly available to support additional trail development, such development will be pursued in 2003. The most significant example of this is the recommendation to pursue initial development of the East Lake Sammamish Trail (e.g., it will be developed for pedestrian access, but not paved, a minimal cost capital and operating strategy). Additional development projects are under consideration. No new acquisitions of trail easements are currently anticipated in 2003.

Other Strategies: An ability to use Real Estate Excise Tax revenue for maintenance would represent a new regional source of revenue to help maintain trails, among other types of park facilities.

¹⁹ In 2002, the Road Fund was tapped to pay for unincorporated paved trails.

²⁰ The regional trail system provides a for non-vehicular transportation modes. For example, it is currently supported in part by federal transportation grant funding.

3. Regional Passive Parks

Definition: Regional passive parks are defined as those very large open space parks with internal trails: **Cougar Mountain/Squak Mountain/Coal Creek; Grand Ridge/Preston/ Mitchell Hill Corridor; Maury Island Marine Park; Spring Lake/Lake Desire; and Section 36/Soaring Eagle.** These facilities are almost entirely within the rural area, but are *regional in their benefit*. They currently encompass approximately 7,740 acres. They are inexpensive to operate, but generate no revenue.

Policy: Because of their regional nature and their rural location, these facilities should continue to be owned and operated by King County.

2003 Budget Strategy: It is recommended that these regional facilities be funded with CX dollars in 2003, at an estimated total cost of \$411,000. Again, this represents a slight reduction in maintenance costs and maintenance levels as compared to 2002.

Operating Strategies: There are two primary strategies for operating the regional passive parks in 2003:

- (1) **Maintenance by Division staff.** Currently, Division staff maintains these parks. This is expected to continue.
- (2) **Increase use of Volunteers and Work Crews.** To the extent practicable, work crews and volunteers will be employed to offset some maintenance costs at these facilities, again depending on the outcome of union discussions. This is expected to generate minimal savings.

Capital Strategies: Minimal regional passive park acquisitions are planned for 2003, nor is any significant development anticipated. The proposed master plan for development of a portion of Section 36/Soaring Eagle is on hold due to its cost (of both development and operation).

Other Strategies: New regional operating revenues from an expansion of permissible uses of CFT and/or REET could be applied to support operation of regional passive parks.

4. Active Recreation Facilities

Definition: Active recreation facilities include ballfields of all types, pools, and recreational programming (which occurs almost exclusively within the six community centers owned by the County). Some of these facilities are regional in nature—drawing from the entire County in terms of use. The vast majority of these facilities are local, used overwhelmingly by residents living in a single city or a small geographic area. A defining characteristic of all these facilities and programs is that *specific users can be identified and charged a fee for access/use*. This is also true of another facility operated by the Division that might not be thought of as recreational: the King County Fairgrounds.

Regional Active Recreation Facilities include the **Fairgrounds, the Weyerhaeuser King County Aquatic Center, Marymoor Park, Big Finn Hill Park, Petrovisky Park, and Tolt McDonald Park.** All other active recreation facilities are considered to be *local*, given the much smaller regional draw in users.

Virtually all of the \$5.7 million in revenue generated from user fees by the Division in 2002 came from active recreation facilities. At the same time, these facilities cost the County over \$18 million to operate in 2002.

Policy: Active recreation facilities remain a vital component of the recreation system in King County. However, given the fiscal crisis, the cost of operating these facilities, and the availability of alternate service providers, this is where the greatest opportunity lies for implementing new ways of doing business. Here is also where the greatest imperative lies for transferring local, in-city facilities to cities. There are *six key policy concepts* that define the proposed approach to active recreation facilities:

*First, the County should continue to own those few active recreation facilities that are truly regional in nature, except in those limited circumstances where a city or cities wish to assume ownership.*²¹

*Second, the County should divest itself of all in-city local active recreation facilities. If in-city facilities cannot be transferred or, in the case of local swimming pools, other CX-neutral operating structures are not implemented, these facilities should be mothballed.*²² The local swimming pools are the most challenging facilities in this regard.

The Local Swimming Pools Operated by the County. The **15 local pools** currently operated by the County represent the single biggest budget and policy challenge for the Division's future. In 2002, it will cost King County \$8.02 million to operate these pools. Ten of these pools are inside city boundaries. The County simply cannot afford to continue to operate all these local facilities. The focus is on reaching other arrangements for those local pools located within city boundaries. Negotiations are underway with cities, school districts and other stakeholders in an effort to either transfer these pools or reach agreement on some way to keep them open. The County is offering significant capital dollars to create an incentive for transfer. The County is also offering to include dollars budgeted in 2003 for mothballing as part of a transfer package. The Executive will make his final budget recommendation based on the following policy considerations:

²¹ E.g., the transfer of Fort Dent to Tukwila. Various other facilities have in the past been categorized as regional, but are under discussion for transfer, including but not limited to: Beaver Lake, Maple Valley Community Center, the Enumclaw Golf Course, Luther Burbank Park, Juanita Beach Park, Enumclaw Community Center. These facilities draw a majority of users locally, and the public benefit currently derived from these facilities can be expected to continue under city ownership.

²² Mothballing is defined as a level of operation such that, depending on the nature of the facility, is closed to users or available to users on a limited basis, and can be re-opened to full use at minimal expense when sufficient resources become available.

- As *local facilities*, the County should operate only those local pools in areas where the County is the *local government service provider*, e.g., in unincorporated areas.
- The County will agree to operate pools located in cities on a *one-year basis* only if revenues are contributed to the operation sufficient to make such operation revenue-neutral to the County.
- Any pool that remains open must be operated in a way to reduce or minimize the ongoing tax subsidy of the facility.

Third, the County should also work to transfer active recreation facilities within potential annexation areas to cities. This will help reduce the tax burden for the County system, and promote the region's annexation goals.

Fourth, other local active recreation facilities retained under County ownership should be operated to the extent possible in a manner to minimize the tax burden. Active recreation facilities should be managed entrepreneurially through an **“Enterprise Fund”** managed by a new Enterprise Section of the Division. The key measure of success for the Division with respect to this program and these facilities will be the extent to which these facilities require less and less tax subsidy over time. This means working aggressively to secure new revenues from these facilities, through strategies such as advertising, naming rights, corporate sponsorship, concession agreements, as well as higher user fees.

Fifth, user fees must be substantially increased in 2003 in order for active recreation facilities to remain open. The Division must be given the discretion to set and revise fees in order to meet budget targets. Consistent with the recommendation of the Metropolitan Parks Task Force, the Executive recommends that the Council's approach to user fees move away from adopting specific fees or fee ranges, to simply adopting the critical policy parameters, and holding the Division accountable for the results.

The Executive's proposed **2003 budget targets for user fee revenue recovery** are as follows:

- User fees at pools should recover not less than 50% of the cost of operating pools (up from 35%).
- User fees at ballfields should recover not less than 30% of the cost of operating ballfields (up from 15%).
- User fees for a given service must be uniform throughout the County system.
- Needs based rates and scholarships programs must be continued and expanded to ensure that no one is turned away based on inability to pay.
- Youth athletics should continue to be charged at a significantly lower rate than adult recreation.

It is anticipated that these target recovery rates will result in some amount of user drop off. It is also anticipated that target rates will need to be increased further in future years.

Sixth, the County should work aggressively to partner with other entities and jurisdictions to facilitate the development of additional active recreation facilities, but in

a manner that ensures operating costs for these facilities are assumed by entities other than King County.

2003 Budget Strategy: The estimated cost of maintaining all active recreation facilities in 2003 is \$9.75 million. This includes assumed generated revenue of \$4.68 million and a subsidy of \$5.07 million. Included in this amount are: *regional active recreation facilities, urban growth area (UGA) active recreation facilities; rural area active recreation facilities; the Weyerhaeuser King County Aquatic Center; pools in the UGA, rural area pools; community centers in the UGA; community centers in the rural area; scheduling costs; and Enterprise Section management.* This assumes that all in-city parks and pools are transferred or mothballed²³ and that pools in the rural area and unincorporated areas remain open. It also assumes that the County will continue to maintain the Community Centers located outside of cities (although with minimal or no programming; efforts are underway to find alternate service providers at these facilities).²⁴ Finally, it assumes that ballfield user fees are significantly increased consistent with the policy targets identified above.

Operating Strategies: A wide variety of strategies must be deployed to fund the continued operation of active recreation facilities.

- (1) **User Fees.** User fees must be increased to generate revenue adequate to meet the budget target amount. User fees are the least speculative source of new revenue available to the Division, and are by far the single largest source of revenue available in 2003 to reduce the tax burden of the system. To meet the targets identified, it is estimated that aquatics fees must be raised across the board by 50%, and ballfield fees must be doubled across the board. In the case of aquatics, a 20% drop-off is assumed; no drop-off is assumed for ballfield use. All other fees are to be increased by 25% (picnic shelters, camping, etc.). Of the total estimated \$2 million in new revenue the Division hopes to generate in 2003, about \$ 950,000 comes from higher user fees. See further detail at Appendix R-1.
- (2) **Advertising, Naming Rights and Corporate Sponsorships.** Consistent with the recommendations of the Task Force, the Division plans to seek advertising revenues, naming rights agreements, and corporate sponsorships to support active recreation facility operations. The amount of such revenue that can be earned is fairly speculative, in that this is largely a new effort for the Division. It is estimated that all non-user fee new-revenue activity combined²⁵ will generate nearly \$1.2 million in 2003. It is hoped that this amount can be significantly increased in later years. See Appendices R-3 through R-5 for further discussion of advertising, naming rights and corporate sponsorship revenue. An aggressive program in this regard will also require a number of supporting

²³ See below for costs associated with mothballing in-city facilities.

²⁴ Success in reach agreement with alternate providers is part of the budget contingency strategies set forth at Part VI.H.9 of this report.

²⁵ This includes advertising, naming rights, sponsorships and concession agreement revenues.

code changes. These strategies are particularly important to ensuring the self-sufficiency of three facilities: the Fairgrounds, the Weyerhaeuser King County Aquatic Center, and Marymoor Park.

- (3) **Expand use of volunteers and work-crews.** Again, this strategy will be deployed to the extent practicable, but is not expected to generate significant cost offsets. Discussions are ongoing with union representatives.
- (4) **Expand use of concession and similar agreements for operating recreation facilities.** The Task Force was divided on this issue. Some were philosophically opposed to this concept, while the majority of the Task Force recommended it as a useful tool for reducing taxpayer burden of operating active recreation facilities—one that is used currently by the Division to a limited extent (typically, engaged when new fields were brought online, so there was no question of taking away existing union work). This issue is under discussion with union leadership. It appears to be a particularly promising idea in terms of community centers: the Task Force recommended that operation of these centers be transferred to the non-profit sector, which has established expertise in these areas. Discussions are underway for several such agreements. These arrangements will enable the public to receive recreation services, and use recreational facilities, that the County otherwise is unable to operate due to funding constraints. Some arrangements may also generate revenue for the Division; for example, the Division is looking into the feasibility of installing driving ranges and new ballfields in some locations. See Appendix R-13 for further discussion.
- (5) **Expand use of agreements for third party operation of non-recreation facilities in parks.** As has proven successful in other parks in the Puget Sound Region, the Division hopes to create operating revenue through concessions or leases for non-recreational facilities in parks—such as restaurants, coffee shops and coffee carts, and recreational retail activity. This type of idea does not necessarily raise union labor contract issues. Again, at this time, the revenue to be generated from these ventures is somewhat speculative, particularly in 2003.
- (6) **Maintenance and operation using County staff.** County staff will continue to be responsible for most maintenance and operation of active recreation facilities.
- (7) **Creating an Association Development and Operation Partnerships (ADOPs) Fund.** Youth Sports Grant Program monies will be available as an initial investment to get ADOPs programs up and running in partnership with youth sports organizations. The Division will develop criteria for proposals and grant awards. Grants will be awarded in part based on their ability to save the park system operating costs or generate new revenue.

Capital Strategies: It is particularly critical to the success of the Divisions' transition effort that capital be made available to support new ways of doing business at active

recreation facilities. A couple of examples are instructive. Installation of campground upgrades at Tolt McDonald Park could make it a much more attractive campground and encourage year-round camping use—generating near-term revenue that is expected to more than offset the increased operating cost. Installation of a driving range, to be operated by a private vendor with the County receiving a percentage of revenues, could generate revenue to cover the cost of operating other facilities. The City of Seattle presently receives about \$400,000 annually in *net* revenue from the driving range at Interbay.

How will projects be selected? The Task Force was greatly impressed by the creativity of Division staff on this matter. In May, revenue-producing ideas generated at a meeting of Division staff were incorporated as an exhibit to the Task Force report, and the Task Force recommended engaging staff directly in selecting new revenue-generating investments through establishing a **New Enterprise Incentive Fund**, from which awards are made to specific projects on a competitive basis. The Division is establishing a Cost Saving and Revenue Generating Team that will help select proposed projects. The set-aside amount has not yet been determined, but must be sized from year to year after considering identified capital needs to maintain the safety and operation of existing facilities, the amount of available revenues, and other commitments.

The 2003 budget capital budget proposal is a first step in the direction outlined above.

Other Strategies: The suburban cities have recommended that an Aquatics Task Force be formed to investigate the future of aquatics in King County. The Executive is willing to engage with the cities on this issue and has invited them to provide specific recommendations as to the purpose and process for pursuing this concept. The proposed Parks Division Capital Improvement Program for 2003 will include a sum for capital maintenance on in-city pools that would be made available to a city that assumes pool ownership, in order to encourage the transfer of these local facilities.

5. Local Neighborhood Parks: Located in Urban Unincorporated and Rural Areas

Definition: Local neighborhood parks are a small component of the County's existing park system assets. As noted, polling found that residents view these as the most important part of the system. These are parks that are small in size, local in their user-ship, often incorporating playgrounds, picnic tables or similar facilities. A listing of these local parks within the unincorporated area and currently owned by King County is set forth at Appendix 1. Although these parks are relatively inexpensive to maintain, they currently do not generate any revenue.

Policy: Where King County remains the local government service provider, it should continue to own and provide for the operation of local neighborhood parks. However, to the extent cities are slated to assume annexation areas within which these parks are located, efforts should continue to divest these facilities to cities. The County will

continue to promote annexation of the remaining urban unincorporated areas. In the long-term, as this policy is accomplished, the County will no longer be responsible for urban area local parks: as annexations occur, such facilities will transfer to cities.

2003 Budget Strategy: The cost of operating local parks in the *rural area* in 2003 is estimated at \$429,000. The cost of operating local parks in the *urban unincorporated area* in 2003 is estimated at \$581,000.²⁶

Operating Strategies: There are two primary operating strategies with respect to these parks:

- (1) **County staff** continues to operate and maintain. It is expected that most of the work necessary to operate these parks will continue to be provided by County staff.
- (2) Increase use of **Volunteers and Work Crews**. As appropriate, this strategy will be employed. Discussions in this regard are ongoing with union representatives.
- (3) **Other operating arrangements**. It is possible that neighborhood groups or new small taxing districts will step in to provide operating funding and/or services for some local parks. The County will try to be as flexible as possible in accommodating these types of arrangements in order to ensure parks remain open.

Capital Strategies: It will continue to be important to ensure the safety of neighborhood parks through application of capital dollars. This is not expected to be a significant drain on capital funding in 2003.

6. Recreation Programming

Definition: Programming includes a wide variety of activities, from swim classes, to special needs camps, to after-school programs for youth. Other than swim classes, programming provided by the Division takes place almost exclusively at the existing Community Centers. Fees can be charged for programming. However, County fees have never covered the true cost of providing these services. The level of subsidy varies depending on the service.

Policy: The recommendation is for the County to move out of the delivery of programming at community centers, and replace this with non-profit service providers. The County will be out of the business of providing recreational programming in 2003, except to the extent that a small federal criminal justice grant is available—and it is anticipated that this grant will be diverted to other criminal justice needs in 2004. There are many non-profit sector providers of recreational programming services. To the extent these services can be provided by non-profit providers at minimal or no tax expense, this

²⁶ Discussions are underway with several cities to transfer some of these unincorporated urban area parks.

should be pursued. Community Centers located inside Cities should be transferred or mothballed: these include the Maple Valley Community Center and the Mount Si Community Center (discussions are underway with affected cities to transfer these facilities; in addition, Enumclaw has expressed interest in assuming ownership of the Enumclaw Community Center, located in the rural area adjacent to city boundaries).

2003 Budget Strategy: The preliminary budget strategy is to utilize a small federal grant (Criminal Justice funds anticipated to be approximately \$425,000 in 2003) to provide at-risk youth recreation programming at the White Center and West Hill community centers, with perhaps some very small amount available for at-risk youth programming at the remaining unincorporated area facilities of Gold Creek Lodge (near Woodinville), Preston Community Center, and Gracie Hansen Community Center (near Black Diamond and Maple Valley). More probably, these latter facilities will still be available for group rentals, but no other programming will occur. This represents a dramatic reduction in recreational programming by the County.

Operating Strategies: There are several strategies with respect to Community Centers generally:

- (1) **Divest in-city facilities to cities.**
- (2) **Find nonprofit operators who will operate a facility and provide programming.** Discussions are underway to explore this type of arrangement. To the extent this strategy is successful, the Criminal Justice grant funds will be able to be utilized (as long as they are available) either more broadly at additional facilities, or alternately, to fund a more comprehensive program at fewer facilities.
- (3) **Continue to operate facilities using County staff to the extent of available funding where other options are unavailable.**
- (4) **Implement code changes that could enable these facilities to increase revenue-generating capacity.** Currently, some of these facilities can be rented for private parties that serve alcohol, others cannot. This policy should be re-examined if significant new revenue may be generated under more lenient rental rules. New revenue could be applied to support increased programming levels.
- (5) **Increase marketing of facilities to enhance revenues.** These facilities will be operated as part of the Enterprise Fund, with an increased entrepreneurial approach.

Capital Strategies: Whether the County either (1) retains operating responsibility for community centers, or (2) retains ownership but contracts for the operation to a third party, there may be sizable capital upgrades required to maximize the revenue generating capacity of these facilities, although nothing significant in this regard is anticipated in 2003.

7. Transfer or Mothballing of In-City Facilities

Definition: These are defined by simple location. If a facility is located within a city, it is considered an “in-city facility.” If a truly regional facility located in a city does not transfer, it is appropriate for the County to continue to operate it. There are two such facilities: Fort Dent, and the Weyerhaeuser King County Aquatic Center. The preliminary budget assumes Fort Dent transfers to Tukwila.²⁷ As previously noted, the Weyerhaeuser King County Aquatic Center, unique as a statewide/national swimming venue, is proposed to remain open as a part of the County parks and recreation system.

Policy: Consistent with growth management and consistent with the Task Force recommendations, in-city facilities should be transferred to a city or mothballed. A limited exception is proposed with respect to pools, as previously discussed, where an operating arrangement can be reached on a single year basis that is no more expensive to King County than mothballing of the facility.

2003 Budget Strategy: Transfer or mothballing of in-City facilities is the single largest cost saving strategy necessary to achieve the 2003 budget. Transferring of facilities is greatly preferred in that: (1) it ensures continued public enjoyment of that facility; and (2) it is far less expensive than either operating or mothballing a facility.

Estimated total savings to the operating budget from transfer of all city facilities is \$6.25 million in 2003. The estimated cost of mothballing eight in-City pools²⁸ in 2003 is estimated at \$600,000. Estimated cost of mothballing of *most but not all* other in-city facilities is \$204,000. The budget assumes that most but not all in-city park facilities will transfer to cities, and that all pools except Enumclaw and South Central will be mothballed, for an annual estimated mothball cost of \$804,000.

To the extent that agreements are reached with cities and others to keep in-city pools open, or transfer, the final budget will change.

Operating Strategies: Two primary operating strategies are involved for these facilities: **Divestiture** and **Mothballing**. Mothballing is discussed further in Appendix B-2. If operating agreements with respect to in-city local pools are secured that do not impose costs on the CX Fund in excess of the anticipated mothballing cost for that facility, then it will be operated consistent with the principles/strategies identified above under the discussion of Active Recreation Facilities. (See also Appendix C-2.)

Capital Strategies: A key part of the divestiture strategy for in-city pools is the willingness of the County to commit what it expects to be the capital cost to safely

²⁷ As noted, the County’s comprehensive plan identifies many other in-city facilities as regional although this is not strongly supported by actual user patterns.

²⁸ Those eight pools for which mothball costs have been estimated are those pools for which, as of the date of this report, there is no firm statement of interest from a city or school district to assume ownership of the pool in 2003. Staff is continuing to seek such arrangements for **all** pools in hopes that these facilities can remain open in 2003 and beyond.

maintain and operate a given pool over the next five years, plus an increment of additional capital. The estimated capital cost (excluding the increment) for all fifteen local pools for the 2002-2007 is estimated at \$1.28 million. Thus far, cities seem more concerned about the larger annual operating costs associated with the pools.

Other Strategies: The city-proposed aquatics task force idea may offer some long-term solutions to the question of in-city pools.

8. Management, Administration and Overhead

Definition: This “component” of the park system includes the necessary supporting structures to operate the system and overall County administrative overhead. It includes Division staff, Departmental support, and general County overhead.

It must be acknowledged that the Division carries a significant total overhead burden, as compared to the direct cost of operating facilities and programming. This overhead burden makes King County a relatively unattractive partner to the extent that the County is compelled to secure full-cost recovery in operating partnership agreements.

Policy: The priority should be to operate with the minimum amount of management, administration and overhead necessary to responsibly manage the Division and accomplish its mission. As the Division is moving into new ways of doing business, new skills and infrastructure will be needed to support this effort. General County administrative overhead should be allocated in a manner that supports the Division, to the extent reasonably possible.

2003 Budget Strategy: The key strategies are to engage new management approaches, skills and tools that will maximize the Division’s ability to implement the new direction outlined in this report at a minimum cost. This is still a work in progress, and will depend in part on how the budget develops for the rest of King County.

The management structure of the Division is already very slim, having been reduced from a Department to a Division in 2002. This resulted in the elimination of 19 administrative positions in the Division, effective January of 2002. At this point, the Division’s efforts far exceed the abilities of the permanent parks staff. Temporary staffing, and major assistance from other general government divisions is being engaged (from the Office of Regional Policy and Planning, the Finance Office, the Executive’s Office, and the Prosecutor’s office, as well as such assistance as can be appropriately rendered by other divisions of the Department of Natural Resources and Parks). While it is proposed to reduce the Division’s administrative staffing by 50% in 2003, equally important will be securing new skills within this smaller staff team.

Operating Strategies: The new and enhanced skills that must be available to succeed in transitioning the park system as proposed include bringing in more permanent staff capacity in the areas of:

- Analyzing cost of service and revenue trends
- Negotiating concessions agreements
- Customer service
- Marketing
- Public outreach
- Creative partnerships
- Working with foundations and other donors

Some of these skills will be secured through bringing in new employees, others through consultant contracts and training.

Capital Strategies: It is anticipated that new information systems technology will be required to help implement these new entrepreneurial management approach. Funding for this is included in the proposed capital budget for the Division.

Other Strategies: Consultants will be engaged, as opposed to FTEs, where appropriate. Also, the Division will aggressively seek donated services and expertise to support the transition—including but not limited to the ongoing guidance of the Metropolitan Parks Task Force and the ASpYRe Commission.

9. Contingency Planning

Because of the speculative nature of some of the new revenues being proposed, it will be necessary to have contingency plans in place so that the budget remains in balance. The Task Force recommended creation of a contingency fund, however, the Executive proposes that instead a series of “cut packages” be developed and prioritized. On a monthly basis, Division revenues and costs will be reported. If it appears that budget projections are not being met, the following steps will be taken:

- (1) Conduct an assessment of alternate revenue strategies that could be implemented to cover shortfalls.
- (2) Implement program cuts to cover remaining shortfalls.

The Executive’s final budget proposal will identify the contingency planning in greater detail. There will be two key areas for which contingencies must be developed: (1) potential *user fee shortfalls*, and (2) potential new *entrepreneurial revenue shortfalls*. New user fees are estimated at \$950,000. New revenues from entrepreneurial management are estimated at \$1.2 million. Both these amounts are based on a number of assumptions that may not pan out. The Division’s success in meeting both these budget targets is predicated on County Council support for proposed user fee increases and changes in the County Code to increase the Division’s operating flexibility.

Contingency cut packages for *user fee revenue* will be *linked to those facilities at which user fees are collected*. For example, if user fee revenues are less than anticipated at ballfields in the rural area, and it is apparent that the shortfall cannot be corrected either

by reducing or increasing user fees, then a contingency cut would be implemented for ballfields in the rural area commensurate with the reduced level of user fee revenue being generated at rural ballfields.

The contingency cuts for new system revenue based on entrepreneurial management will be developed in more detail in the next two months, including a prioritization of potential reductions. Included as potential cut packages would be: the two seasonal pools in the unincorporated area; the three year-round local pools in the unincorporated area; the community centers in the unincorporated area; and local parks and ballfields in the rural and/or urban unincorporated area. Regional facilities should be a last resort in for further reductions in a contingency plan.

VII. Conclusion

The importance of the County park system to the quality of life in our region demands that all reasonable steps be taken to preserve the system in ways that will make its assets available to the public for years to come. The most important issue is not who owns a facility, or who operates it. The paramount issue is whether the public can continue to enjoy the asset through some means reasonably available? If so, all reasonable steps must be taken to implement that means.

This report presents the Division's work to date, and the Executive's preliminary proposal for the 2003 Parks Division budget and attendant operating and capital strategies. Since February, the Executive, the Department and the Division have worked to scan the broadest possible range of solutions to preserve the park system. Their efforts have been aided immeasurably by the work of the Task Force and the ASpYRe Commission. The proposals herein will continue to be refined in advance of the Executive's final 2003 budget submittal. The Department and the Division will continue to explore and propose as many strategies as possible that will help transition the parks system to achieve its new re-focused mission, through excellent public service and entrepreneurial management, supported by a dramatically smaller CX subsidy in 2003 and beyond.

Appendices

The appendices to this Phase II business plan are presented to give the reader additional background. They include information on the parks system facilities and the range of strategies investigated by staff in the effort to preserve park facilities for public use and otherwise address the fiscal challenge facing the Division in 2003 and beyond.

Appendix 1 presents a list of parks facilities, categorized consistent with the discussions in this report (e.g., regional trails, regional passive parks, in-city facilities, active recreation facilities, etc.).

The balance of the Appendices consists of a series of strategy reports, grouped into four categories: **Outreach; Revenue Enhancement; Cost Reduction;** and **Budget**. These Appendices are numbered based on their category (e.g., the first Outreach strategy report is number “O-1”). Each strategy report provides a summary of the inquiry and recommendations related to that topic.

Appendix 1

List of King County Park and Recreation Facilities, by Category August 2002

The dollar amounts shown in this Appendix are year 2001 operating expenditures and revenues, and do not reflect all of the Division's overhead expenses. These numbers were previously published in April 2002.

Some facilities show no expenditures. There are two reasons for this. The primary reason is that a site is or was a new acquisition and no maintenance work had been performed as of 2001. The second reason a site may show no expenditure is King County owns the site but someone else manages it, and therefore King County incurs no maintenance costs.

IN-CITY FACILITIES			
Park/Facility	Expenditure	Revenue	Net Amount
Beaver Lake Park Complex	144,399	41,201	103,198
Des Moines Creek Park	-	-	-
Enumclaw Golf Course	233	115,769	(115,536)
Grandview Park	31,626	-	31,626
Hylebos Wetlands	-	-	-
Inglewood Wetlands	-	-	-
Juanita Beach Complex	101,739	920	100,819
Lake Burien School Memorial Park	-	-	-
Lake Heights Park	488	-	488
Lake Sawyer Regional Park	63,681	-	63,681
Lake Wilderness	149,826	3,139	146,687
Luther Burbank	190,859	6,125	184,734
Manor Hill Park (traffic circle in Bellevue)	-	-	-
May Creek Park	1,008	-	1,008
Maplewood Park	13,133	-	13,133
Salmon Creek Waterway	120	-	120
Sammamish Cove Park	397	-	397
Site 1 Duwamish	-	-	-
South Park Farm (OS)/Fibres International	23,760	-	23,760
Sunset Playfield	-	-	-
Swamp Creek Park	7,465	-	7,465
West Hill Park	2,544	-	2,544
<i>Incorporated Parks</i>	<i>731,278</i>	<i>167,154</i>	<i>564,124</i>

King County Parks Division Business Plan
 August 28, 2002

Pools	Expenditure	Revenue	Net Amount
Auburn Pool	650,854	174,451	476,403
Enumclaw Pool	537,493	191,115	346,378
Federal Way Pool	674,477	231,750	442,727
Kent Pool	616,681	234,891	381,790
Mercer Island Pool	578,190	182,379	395,811
Mt. Rainier Pool	545,455	171,626	373,829
Northshore Pool	647,974	210,881	437,093
Redmond Pool	609,326	205,075	404,251
Si View Pool	382,578	91,776	290,802
So. Central Pool	610,296	123,393	486,903
<i>Incorporated Pools</i>	<i>5,853,324</i>	<i>1,817,337</i>	<i>4,035,987</i>
Community Center	Expenditure	Revenue	Net Amount
Si View Park & Community Center	289,937	28,805	261,132
Lake Wilderness Conf Ctr & Recreation Office	156,666	56,535	100,131
<i>Total City Community Center</i>	<i>446,603</i>	<i>85,340</i>	<i>361,263</i>
City Subtotal:	7,031,285	2,069,831	4,961,374

King County Parks Division Business Plan
 August 28, 2002

UGA			
Park/Facility	Expenditure	Revenue	Net Amount
Arbor Lake Park	18,238	-	18,238
Auburndale II Park	-	-	-
Bingamon Pond Park	6,654	-	6,654
Bryn Mawr Park	1,596	-	1,596
Camelot Park	12,044	-	12,044
Cascade Park	20,262	-	20,262
East Auburn Athletic Fields [Jake Farm]	15,892	-	15,892
East Norway Hill Park	908	535	373
Eastgate Park	35,959	446	35,513
Edith Moulton Park	12,498	-	12,498
Five Mile Lake Park & Swimming Beach	206,999	9,973	197,026
Green Tree Park	6,715	-	6,715
Hilltop Park	14,465	-	14,465
Hazel Valley Park	14,634	-	14,634
Honey Dew (Darnell II) Park	110	-	110
Horsehead Bend Park	418	-	418
Jenkins Creek Park	31,309	-	31,309
Juanita Heights Park	1,140	-	1,140
Juanita Triangle Park	853	-	853
Kingsgate Park	12,044	-	12,044
Lakewood Park	96,622	638	95,984
Maplewood Heights Park	21,070	-	21,070
Meerwood Park	6,496	-	6,496
Meridian Jr High Tennis Courts	5,703	-	5,703
Mirrormont School Site	-	-	-
North Shorewood Park	13,127	-	13,127
Park Orchard	10,074	-	10,074
Puget Sound Park	18,508	-	18,508
Redmond Ridge Equestrian Trails	-	-	-
Redmond Ridge Ballfields	-	-	-
Salmon Creek Park	14,669	-	14,669
Sierra Heights Park	2,527	-	2,527
Southern Heights Park	15,933	4,690	11,243
Timberlake Park	11,461	-	11,461
White Center Bog	15,233	-	15,233
White Center Heights Park	7,780	-	7,780

King County Parks Division Business Plan
August 28, 2002

Windsor Vista Park	192	-	192
<i>UGA Parks</i>	<i>652,133</i>	<i>16,282</i>	<i>635,851</i>

Regional Passive Parks/Facilities			
Park/Facility	Expenditure	Revenue	Net Amount
Cougar Mountain/Squak Mountain/Coal Creek	176,051	65	175,986
Grand Ridge/Preston/Mitchell Hill Corridor	54,409	-	54,409
Maury Island Marine Park	6,605	55	6,550
Spring Lake/Lake Desire Corridor	114,812	-	114,812
Section 36 (Soaring Eagle)	21,459	55	21,404
Regional Passive Total	373,336	175	373,161

Enterprise Parks/Facilities			
Regional Active Parks/Ballfields	Expenditure	Revenue	Net Amount
Big Finn Hill/O O Denny Regional Complex	180,760	9,492	171,268
Enumclaw Fairgrounds/Community Center/Park	1,472,943	929,893	543,050
Fort Dent Park	378,933	68,697	310,236
Marymoor	810,656	175,002	635,654
Petrovitsky Park	120,082	29,570	90,512
Tolt River John McDonald Park	184,151	31,098	153,053
TOTAL REGIONAL ACTIVE	3,147,525	1,243,752	1,903,773

UGA Active Parks/Ballfields	Expenditure	Revenue	Net Amount
132nd Square Park	76,048	1,063	74,985
Evergreen Athletic Fields	51,670	15,065	36,605
Kentlake High School Fields	126,923	2,838	124,085
Klahanie Park	65,953	2,112	63,841
Lake Geneva Park	61,318	1,461	59,857
Lea Hill Park	45,405	2,280	43,125
North Green River Park	27,483	4,500	22,983
North Meridian Park	45,847	1,763	44,084
Skyway Park	132,324	1,924	130,400
South County Athletic Complex	110,641	4,365	106,276
White Center Park	158,124	9,366	148,758
TOTAL UGA ACTIVE	901,736	46,737	854,999

Local Rural Ballfields	Expenditure	Revenue	Net Amount
Coalfield Park	64,441	-	64,441

King County Parks Division Business Plan
August 28, 2002

Duvall Park	31,051	-	31,051
Lake Francis Park	29,084	-	29,084
Levdansky Park	29,973	687	29,286
Ravensdale Park	115,934	-	115,934
<i>TOTAL RURAL ACTIVE</i>	<i>270,483</i>	<i>687</i>	<i>269,796</i>
Regional Pools	Expenditure	Revenue	Net Amount
KCAC	1,324,991	476,366	848,625
<i>TOTAL REGIONAL POOLS</i>	<i>1,324,991</i>	<i>476,366</i>	<i>848,625</i>
UGA Pools	Expenditure	Revenue	Net Amount
Evergreen Pool	485,022	141,566	343,456
Renton Pool	758,047	238,384	519,663
Tahoma Pool	543,353	285,848	257,505
<i>TOTAL UGA POOLS</i>	<i>1,786,422</i>	<i>665,798</i>	<i>1,120,624</i>
Rural Pools	Expenditure	Revenue	Net Amount
Cottage Lake Pool	166,897	75,413	91,484
Vashon Pool	215,219	49,972	165,247
<i>TOTAL RURAL POOLS</i>	<i>382,116</i>	<i>125,385</i>	<i>256,731</i>
UGA Community Centers	Expenditure	Revenue	Net Amount
West Hill Community Center Maintenance	90,785	-	90,785
West Hill Community Center	458,453	2,191	456,262
White Center Chamber of Commerce Bldg	774	-	774
White Center Comm Cntr and Rec Office	79,123	-	79,123
White Center Community Center	299,734	12,521	287,213
<i>TOTAL UGA COMMUNITY CENTERS</i>	<i>928,869</i>	<i>14,712</i>	<i>914,157</i>
Rural Community Centers	Expenditure	Revenue	Net Amount
Gracie Hansen Community Center	85,185	15,326	69,859
Gold Creek Lodge	88,721	30,755	57,966
Preston Community Center	75,474	14,197	61,277
<i>TOTAL RURAL COMMUNITY CENTER</i>	<i>249,380</i>	<i>60,278</i>	<i>189,102</i>
Active Recreation Subtotal:	8,991,522	2,633,715	6,357,807

King County Parks Division Business Plan
 August 28, 2002

Local Rural Parks	Expenditure	Revenue	Net Amount
Park/Facility			
Auburn Narrows Park	8,367	-	8,367
Canyon Creek Natural Area	12,948	-	12,948
Cedar Downs Site	9,951	-	9,951
Cottage Lake Park	122,589	4,312	118,277
Dockton Park	119,592	21,305	98,287
Estebo	1,798	-	1,798
Enumclaw Sportsman's Park	3,874	4,800	-926
Fall City Community Park	30,752	580	30,172
Fall City Quigley Park	7,793	-	7,793
Fall City West Park	6,500	-	6,500
Farmers Park	11,210	-	11,210
Lake Joy Park	8,515	-	8,515
Maple Valley Heights Park	40,402	815	39,587
May Valley Park	3,499	-	3,499
Mount Peak Site	3,499	-	3,499
Norman Bridge [part of 3 Forks]	3,159	-	3,159
Northshore Little League Ballfield	14,387	-	14,387
Northshore Soccer/Gardens	2,238	-	2,238
Ravenhill Open Space	2,038	-	2,038
Rattlesnake Ridge	31,045	-	31,045
Shamrock Park	6,872	-	6,872
Sixty Acres Park	9,232	21,280	12,048
Three Forks Natural Area	60,704	-	60,704
Whitney Bridge Park	23,019	-	23,019
<i>Local Rural Parks</i>	<i>543,983</i>	<i>53,092</i>	<i>490,891</i>

Resource and Ecological Lands	Expenditure	Revenue	Net Amount
Bassett Pond Park	7,927	-	7,927
Bear Creek Park	11,098	-	11,098
Bear Creek Waterway	27,742	-	27,742
Belmondo Reach	1,585	-	1,585
Big Bend Park (part of Cedar River Park/	19,222	-	19,222
BN Peninsula	5,020	-	5,020
Carnation Marsh	10,634	-	10,634
Cavanaugh Pond (part of Cedar River Park)	21,137	-	21,137
Cedar Grove Park (part of Cedar River Park)	7,993	-	7,993

King County Parks Division Business Plan
 August 28, 2002

Chinook Bend Habitat Resource Area	1,585	-	1,585
Cold Creek Park Natural Area	26,026	-	26,026
Covington Park	2,707	-	2,707
Daniel's Creek Park [OS]	11,560	-	11,560
Dorre Don Left Bend Meander	6,605	-	6,605
Dorre Don Park	4,887	-	4,887
Evans Creek Park	1,849	-	1,849
Flaming Geyser	20,807	-	20,807
Green River Park Natural Area	13,937	-	13,937
Griffin Creek Park Natural Area	35,339	-	35,339
Griffin Creek Triangle Park	4,756	-	4,756
Hatchery Park	9,577	-	9,577
Hazel Wolf Wetlands (easement)	1,849	-	1,849
Hyde Lake Park	2,379	-	2,379
Issaquah Creek Natural Area	1,585	-	1,585
Kathryn C. Lewis Park (Novelty Hill)	1,915	-	1,915
Landsburg Trail Head	15,523	-	15,523
Little Si Park	9,162	-	9,162
Little Soos Cr Wetlands	2,841	-	2,841
Lower Peterson Creek Corridor	3,502	-	3,502
Lower Taylor Creek Site	1,453	-	1,453
Lower Tolt Site	-	-	-
Maple Ridge Highlands Open Space	-	-	-
Metzler Park	27,545	-	27,545
Middle Fork Snoqualmie Basin [WW]	26,818	-	26,818
Moss Lake	58,920	-	58,920
Neal Road Site	9,776	-	9,776
Neely Bridge Park	1,189	-	1,189
Nowak Park	1,585	-	1,585
O'Grady Property	26,158	-	26,158
Paradise Lake (Bear Creek WW)	3,963	-	3,963
Patterson Creek Park Natural Area	38,385	-	38,385
Peterson Pond Park Natural Area	13,357	-	13,357
Pinnacle Peak Park	1,585	-	1,585
Porter Levee	15,854	-	15,854
Raging River Site	17,174	-	17,174
Ricardi Reach	1,585	-	1,585
Ring Hill Park	926	-	926

King County Parks Division Business Plan
August 28, 2002

Rock Creek Reach [WW]	11,890	-	11,890
Squak/Tiger Corridor	23,647	-	23,647
Stillwater Park	11,560	-	11,560
Sugarloaf Mountain Site	14,004	-	14,004
Taylor Mountain Forest	64,177	-	64,177
Tollgate Farm	1,585	-	1,585
Upper Bear Creek Conservation Area	11,295	-	11,295
Upper Rock Creek Natural Area	-	-	-
Wetland 79	1,585	-	1,585
<i>Resource/Ecological Subtotal:</i>	<i>676,765</i>	<i>-</i>	<i>676,765</i>

Trails			
	Expenditure	Revenue	Net Amount
Bridle Crest Trail (local)	6,266	-	6,266
Burke Gilman Trail	67,587	-	67,587
Cedar River Park & Trail	126,865	-	126,865
Cedar Rvr- Lk Samm Trail	7,448	-	7,448
East Lake Sammamish Trail ROW	157,887	-	157,887
East Plateau Trail (East Lk Sam/Klahanie Trail)	3,828	-	3,828
Enumclaw Plateau Trail	3,070	-	3,070
Grand Ridge Regional Trail	1,790	-	1,790
Green River to Cedar River Trail	3,660	-	3,660
Green River Trail	56,970	-	56,970
Klahanie Trail	3,736	-	3,736
LakeYoungs Trail System	146,927	-	146,927
Landsburg Trail Head (Cedar River Park/Trail)	12,024	-	12,024
Maple Valley/Lake Wilderness Trail	14,326	-	14,326
Puget Power Trail	610	-	610
Preston/Snoqualmie Falls Trail	33,819	-	33,819
Redmond Watershed Trail	48,240	-	48,240
Sammamish River Trail	92,197	-	92,197
Snoqualmie Valley Trail	42,824	-	42,824
Soos Creek Park/Renton Park/Blvd Lane	131,837	-	131,837
Tolt River Trails (local)	5,241	-	5,241
<i>Trails Subtotal:</i>	<i>967,150</i>	<i>-</i>	<i>967,150</i>

Outreach Strategies

O-1: Cities

Strategy

Initiate new and continue existing outreach activities to ensure the County is working closely with cities on plans and proposals for the park system transition.

Recommendation

Outreach to cities should continue to ensure cities are kept informed of the County's plans and are able to assist the County in problem solving by providing feedback and ideas. The next significant outreach task is to engage the cities on their request for a regional aquatics task force: the County is currently awaiting the cities' official proposal for how this task force should proceed.

The County should work collaboratively with cities to build support for proposed legislation that will amend state law to allow REET (Real Estate Excise Tax) and CFT (Conservation Futures Tax) funds to be expended in part on park maintenance. City support for authorization to use these revenues for maintenance will be important to a successful lobbying effort in Olympia.

Policy Issues

A comprehensive outreach strategy is based on a policy of seeking communication and collaboration with regional partners. The parks transition also revolves largely around issues of determining what is regional and what is local, and how to shape the County's future role in a manner consistent with the Growth Management vision for King County. That vision calls for the County to continue to serve as a regional government, with a shrinking local government role in the unincorporated urban areas as a result of annexations and incorporations and a permanent local-government service role in the rural areas.

Discussion

The cities are key stakeholders in the parks transition as the County is seeking transfer of dozens of local facilities to cities (as well as a few facilities that have been characterized as regional facilities in earlier County park system comprehensive plans). In terms of financial impact, the local pools are the single most critical set of facilities transfers being proposed.

The County has met regularly with the city managers' group in 2002 (to which all cities are invited, and most regularly participate, including Seattle and Bellevue), providing monthly updates of work on parks issues. This outreach should continue. In addition, parks staff has worked to ensure more frequent e-mail communication with cities, and has met periodically with the King County Parks Director's group. This should also continue.

The cities proposed to the Metropolitan Parks Task Force that a regional aquatics task force be formed. In early July, the County asked the cities for a specific proposal; to date, no response has yet been submitted. County staff is now attempting to initiate this discussion with the cities.

Alternatives

- *Do not pursue discussion on regional aquatics issues.* Given the public visibility of this issue, this is not recommended.
- *Focus staff energy on internal transition issues.* Again, given the importance of transferring parks to cities, and the importance of potential changes in state law to stabilizing the parks budget over time, this is not recommended.

Background

The city managers meet monthly to discuss issues of common concern. This has proven to be an excellent forum for the County to communicate and discuss issues with cities. As noted above, staff has attended all of the city manager meetings this year to update cities on parks issues and get feedback. In addition, staff has worked with a subcommittee formed by cities on parks issues, communicating with them frequently (with copies to the Suburban Cities Association, Bellevue, and Seattle).

The Metropolitan Parks Task Force invited City participation at several of its meetings, and incorporated virtually all of the cities' recommendations into its final report.

On a statewide level, discussions are ongoing between the Association of Washington Cities and the Washington State Association of Counties to develop a joint legislative agenda related to finance issues. Opening up authorization to use CFT and REET for maintenance is part of that effort. Work should continue to find a consensus proposal that cities and counties can jointly advocate to the legislature in 2003.

Outreach Strategies

O-2: King County School Districts

Strategy

Work with King County school districts to develop an outreach plan. Contact the school districts in King County to make them aware of the severity of the County's fiscal crisis and its implications for King County's parks and pools. Explore a partial contribution to short- or long-term funding of pool operations by school districts.

Recommendation

The County should continue its outreach to school districts in connection with the challenges to future operation of the pools.

Policy Issues

School districts are one of the County's most important public partners. It is critical that King County continues to build upon an overall positive relationship with the district superintendents and their staff, particularly given the County's and districts' shared missions of public service. However, the budgets of both entities are under increasing pressure. Increased mandates from the state and declining revenues have forced both entities to face the reality that County pools may have to be mothballed.

Discussion

Continued outreach with school districts should begin immediately and any possibilities for funding partnerships should continue to be explored. The districts have been advised that, for planning purposes, they should assume County pools will be mothballed as of December 2002. The districts have also been informed that fall 2002 fees for school swim team use will be increased to the maximum allowed under the County's current rate schedule, from \$32/hour to \$46/hour. Outreach should extend to school district superintendents; district activity and athletic coordinators; water sports coaches; team members; students who take physical education classes in pools; and parents.

The advantages of increased outreach activities include strengthening existing partnerships; providing notice if mothballing does in fact occur; and exploring potential for increased fees. The disadvantages of pursuing funding partnerships with school districts is the potential for disparity if pools in some districts are able to remain open because of increased contributions by those districts while pools in other districts are mothballed.

Alternatives

- *No further outreach with school districts.* (Not recommended.)
- *No further efforts toward securing funding partnerships with school districts.* (Not recommended.)

Background

The County has periodically contacted school district administrators on this issue. Examples of similar partnerships between the County and school districts include

agreements for ballfield developments on or adjacent to school property, increased community access to school facilities, development of a uniform liability contract for reciprocal facility use with ten districts, and grant programs such as Youth Sports Facility Grants and 21st Century Learning Center federal grant partnerships. A number of schools now use County facilities and park programs at school sites.

School district superintendents were briefed last year by County staff about the work of the Active Sports and Youth Recreation Commission, including a reminder of the Forward Thrust contract for pools, our partnership agreement, and their ultimate ownership by contract.

The County has fewer regular intergovernmental interactions with school districts than with other partners, such as cities. A key barrier for regular and potentially more aggressive pursuit of partnerships is County staff time.

Outreach Strategies

O-3: Parks Workforce Outreach Plan

Strategy

Engage in outreach to Parks Division employees regarding the parks transition plan and in particular to provide services to those Division employees who are laid off as a result of the budget cut backs in the Division.

Recommendation

A multi-faceted workforce outreach plan should be implemented to provide services to those losing their jobs as a result of the changes facing the Division. Internal communication to all employees is a critical part of this plan, to help facilitate the tremendous transition the Division is undergoing.

Policy Issues

Treatment of employees facing lay-offs raises a number of important policy issues. One policy change recently approved by the Executive Labor Council that should be well received by parks employees is to extend internal candidate status to those Parks employees who voluntarily leave Parks for work *outside of the County* prior to receiving an official layoff. Current policy requires those who voluntarily leave King County employment to compete as an external candidate for job openings that occur in the County. The policy change being proposed will provide Parks employees who voluntarily separate from County employment prior to receiving a layoff notice with the opportunity to apply for and be treated as internal candidates for vacant career service positions in their former job classifications and programs or functions for a two-year period. The Executive Labor Council has approved this policy change and it is currently in effect. It applies only to Parks Division employees.

Discussion

The purpose of the workforce management plan is to strategically prepare for the impact that budget reduction measures will have on the Parks Division operations and its employees. The goals of this plan are to:

- Mitigate the need for layoffs by transferring as many qualified Parks employees as possible to current vacancies within the Department of Natural Resources and Parks (DNRP).
- Develop and execute a communications strategy to keep key stakeholders informed of developments occurring in the Parks Division.
- Provide Parks employees with access to internal and external transition services, e.g. skills assessment, resume writing, interviewing and job search skills, employee assistance program, Worksource, etc.
- Maximize the use of the County's layoff/recall services.
- Ensure that the Parks workforce management plan is applied in a way that is consistent with the King County workforce management plan, labor contracts and other applicable requirements.

- Maintain, to the extent possible, the continuity of critical Parks operations and services.

Several elements of the workforce plan have already been implemented. There is a 60-day prior notification to Local 925 per the labor agreement. As many services are being offered in advance of the layoff notices to allow employees time to make personal decisions about their futures. The timeline includes:

- April 2002: Parks and DNRP management conducted three orientation meetings with Parks employees. The first was with Parks managers/supervisors and the last two were with all staff. The orientation meetings covered the budget shortfall, the possible impact of layoffs, and the Executive's task force. In addition, the County's Layoff/Recall program provided an orientation to its services. Representatives from Washington State Unemployment Service, Worksource, and the Searching for Training and Employment Program (STEP) training program also presented. A preview of upcoming workshops on transitional services was also presented.
- April – June 2002: The County's Layoff/Recall program staff conducted one-on-one skill assessments for approximately 100 Parks staff. The skill assessment is the first step in the County's process to refer employees to other positions within the County and serves as the foundation to resumes.
- August – September 2002: Transition Skills Workshops will be conducted for all Parks employees that include How the Job Search Really Works (one day), Resume Writing (half day), and Interviewing Skills (half day).
- August 15, 2002: Layoff notices issued to approximately 65 employees and formal referral to other positions begins through the County Layoff/Recall program.
- August 15 – December 31, 2002: Parks employees who have been laid off will be assisted by the County Layoff/Recall program.
- December 31, 2002: Effective layoff date

The advantage of using the Parks workforce management plan is that it prepares for and deals with issues in a proactive manner. This plan also recognizes the importance of providing on-going communication and support for those employees impacted by the budget reductions. The plan also provides for contingencies in this situation where there are still many unknown variables and risks. The effect of not utilizing a workforce management plan will be an increased amount of confusion and disruption for the Parks operations and its employees.

Alternatives

Alternatives to the plan would include scaling back the level of support services being provided to employees who are impacted by layoffs. Training classes on the subject of resume' writing, interviewing skills, and job search strategies could be eliminated. The negative effect of this alternative is that many Parks employees would be ill prepared for entry into the general job market, especially those employees with very specific skills (pool attendants, parks specialists).

Background: The proposed workforce management plan is consistent with and follows the directives found in the King County Personnel Guidelines, King County Workforce Management Plan, Reductions in Force and Reorganization Implementation Policies and Procedures of May 2001, and the appropriate labor agreements.

Outreach Strategies

O-4: State Interagency Committee for Outdoor Recreation (IAC)

Strategy

Coordinate with IAC in the event that parks or facilities funded by IAC funds must be mothballed.

Recommendation

The team recommends working closely with the State Interagency Committee for Outdoor Recreation (IAC) to avoid or mitigate any issues that could arise in the event that parks or facilities funded by IAC funding are mothballed. Specifically, the Parks Division should communicate to the IAC regarding any mothballing of parks or facilities with IAC funding, identifying clearly the impacts of the Division's budget crisis.

In addition, as new revenue ideas are put into place--for example, driving ranges, advertising signage, restaurants--care must be taken to address any concerns of possible "conversion" of IAC-funded parks.

Policy Issues

More than 50 King County parks and facilities have been funded with IAC grants, including Marymoor, Lake Wilderness, Big Finn Hill, Sammamish River Trail, the Burke-Gilman Trail, Luther Burbank, Cottage Lake, and Tolt-MacDonald. In accepting an IAC grant, the County signs a contractual agreement stipulating that the property will be properly maintained, and utilized for recreation purposes in perpetuity. If the County does not meet its obligations under the contract, a "conversion" can be triggered. In a conversion scenario, the County is obligated to replace the converted land with land of equal recreational and monetary value elsewhere. In theory, the IAC could sue to force the County to meet its contractual obligations.

Discussion

The IAC staff has stated that for good cause facilities funded with IAC funds can be temporarily mothballed. For example, if a major capital project is to be developed at a park with IAC money, the park can be closed while the project is completed. IAC staff has stated that a budget crisis of King County's magnitude would be viewed as a good reason for a temporary mothball scenario. To make a decision in the case of King County mothballing, the IAC requires written justification from the County, including periodic updates.

Alternatives

- *Do not mothball any facilities with IAC funding.*
- *Ignore the IAC, move forward to mothball parks, and see what happens.*

Background

The IAC is the state agency that administers a variety of parks and recreation grant programs (state and federal pass-through), develops policies regarding recreation and conservation, researches and documents statewide trends in recreation and conservation,

and provides technical assistance. Over the years, King County has successfully applied for many grants from the IAC, helping to build the parks system King County has today. IAC grants have contributed tens of millions of dollars toward acquisition and development of King County parks.

Outreach Strategies

O-5: State Departments of Parks and Natural Resources

Strategy

Perform outreach activities to State Department of Parks (State Parks) and State Department of Natural Resources (State DNR) to examine the feasibility of combining solutions to shared parks budget problems.

Recommendation

It is important to maintain contact with State Parks and State DNR, both of which are facing severe budget challenges. At this time, it does not appear feasible to seek either funding support from the state or to transfer County park facilities to the state, given their fiscal problems. However, the common mission—and fiscal challenges—shared by these agencies and King County may create some opportunities for new cost-saving initiatives in the future. King County should continue to work with State Parks and State DNR on land management collaboration. The state could also assist with outreach to the State Interagency Committee for Outdoor Recreation (see Appendix O-4).

Policy Issues

Collaboration with the state may provide some cost savings for Division operations.

Discussion

State Parks and local park agencies statewide are facing similar funding problems. King County representatives recently met with State DNR, State Parks, and other agencies to build collaboration for efficiency in land management costs. Two subcommittees were formed to further analyze the topics of trailhead maintenance and regulation enforcement agreements. It is hoped that some cost-savings opportunities for both agencies may be developed from this effort.

Outreach Strategies O-6: County Council

Strategy

Keep County Councilmembers informed of Departmental and Division efforts to preserve and maintain the park system

Recommendation

Staff will continue to ensure County Councilmembers are informed on the County's parks and recreation system plans, primarily using briefings to the Natural Resources, Parks, and Open Space (NRPOS) Committee.

Policy Issues

The County Council is responsible for the adoption of County policy and the County budget. The Executive is responsible for proposing policy, budgets, and for conducting park negotiations with cities and others.

Discussion

The potential mothballing of parks and pools is an unfortunate possible outcome of the current budget crisis. Continuing communication between the Executive and Legislative branches of County government is an important tool for resolving the 2003 Parks Division budget challenge.

Background

Executive and DNRP staff have met regularly all year with the chairs and staff of the NRPOS Committee to keep them informed as to Executive action to address the parks budget crisis. In May, Council adopted Motion 11426, calling for the exploration of all reasonable alternatives to preserve the park system for the public. Staff has regularly briefed the NRPOS Committee since the target budget cut for parks was announced earlier this year. Most recently, in July staff presented the substance of this Phase II report to the NRPOS Committee. All Councilmembers have been contacted regarding potential park transfer discussions within their respective districts, and staff is committed to keeping Councilmembers informed of significant developments in these discussions.

Outreach Strategies

O-7: Solutions Used Elsewhere

Strategy

Investigate solutions to parks funding problems used in other areas of the country.

Recommendations

Nationally, there are many innovative programs aimed at generating revenue for acquisition and development of parks. Solutions to generate money for maintenance and operation of parks are less common. This paper provides a quick survey of ideas and programs across the Country. Many of these ideas are incorporated into this Phase II report.

Survey of Alternate Revenue and Cost Savings Ideas from Around the Country

Special districts

Special districts of many types have been formed to provide parks funding. In some cases, *dedicated revenues are passed through a special district* to a park agency operated by the local jurisdiction. In Allegheny County, Pennsylvania, the Allegheny Regional Asset District funds about 75 percent of the maintenance costs of the Allegheny County Parks Division. The Regional Asset District also finances a number of other regional assets, including cultural groups, libraries, and sports facilities. The district is funded by a one- percent countywide sales tax.

Some park agencies operated by local jurisdictions have *dedicated revenues without the use of a special taxing district*. In Oakland County, Michigan, a quarter of a mill (25 cents per \$1,000 of assessed value) property tax assessment is dedicated to the Oakland County Parks Department. This accounts for about one half of the total maintenance budget.

Some of the better-known local park agencies around the country, including East Bay Regional Park District in California, and the Hennepin Regional Park District in Minnesota. The size of these districts vary from quite large – like the East Bay Regional Park District, to smaller districts operating only a few park facilities – like the Vashon Park and Recreation District. In Illinois, more than 90 percent of local parks and recreation services are provided by park districts: there are more than 300 park districts in Illinois. In Washington State, there are several park districts, the largest and best known being the Metropolitan Park District of Tacoma.

The taxing authority for most park districts is a property tax levy. However, some park districts and systems are supported by sales tax. In 2000, the Washington State Legislature gave Pierce County the option of asking voters to increase the sales tax by .10 percent to fund parks throughout the county, including cities, (50 percent of the revenue) and Point Defiance Zoo and Aquarium (50 percent of the revenue). Voters subsequently

approved the measure. It raises about \$8 million annually. This option is not available currently in King County.

A couple of interesting iterations on the special purpose district idea should also be noted:

- **Maintenance Assessment Districts**, similar to local improvement districts under Washington state law, are utilized by the City of San Diego. Under this scenario, neighborhoods tax themselves extra to pay for maintenance beyond what the city can afford.
- The **Regional Trails District** that benefits East Bay Regional Parks. In this case, a \$5.44 household tax is assessed to pay for East Bay regional trails.

Corporate partnerships—concessions, privatization, advertising, naming rights

Many park agencies are aggressively pursuing significant partnerships with corporations. In Montgomery County, Maryland, naming rights are being sold for a new athletic complex to raise revenue for maintenance and operations. In Montgomery County, naming rights are being sold for the entire facility, or for individual features, such as a soccer field. The City of San Diego has established a program to promote corporate partnerships of this kind.

Corporate partnerships can also take on the form of any number of concessions. At one end of the spectrum, these include partnerships to operate major facilities, such as restaurants and hotels. For example, the Lower Colorado River Authority owns and operates a 940-acre park called Canyon of the Eagles. To pay for maintenance of the site, the Authority allowed a developer to build and operate a 64-unit “Eco Lodge” on the site. In exchange, the developer must maintain and operate the 940-acre park for the public to use.

Other jurisdictions have partnered with the private sector to locate restaurants in parks. A local example is the City of Renton and the restaurants at Gene Coulon Park. The City of Vancouver, British Columbia, also has increased revenue with restaurants in Stanley Park. The City of Sacramento revitalized Plaza Park through a number of concession deals, including one for a café.

Many jurisdictions have partnered with smaller concessions, such as skate rentals along paved trails. Advertising in parks has also been used extensively. Advertising on the outfield fences of baseball fields is a common method of raising revenue to support parks.

In some cases, these corporate partnerships are essentially privatizing formerly public functions, by turning over facilities such as golf courses and marinas to private operators. In other instances, government has contracted out work, such as security services, building maintenance, and garbage collection. Many jurisdictions around the country have outsourced some park-related functions, including Indianapolis and Chicago.

Other Revenue Sources

A few states use a **state lottery** to generate revenue for local park agencies. In Colorado, 40 percent of the revenue generated by state lottery games is distributed to local park agencies based on population. The revenue can be used for a variety of capital purposes and maintenance and operations.

Many park agencies have adjusted **user fees** to better reflect what services are actually worth from a market perspective. One of the best-known examples is in Indianapolis, where fees were increased significantly to match the benefit of the service. In Suffolk County, New York, user fees account for about 60 percent of the maintenance and operations budget. Suffolk County charges day-use fees at swimming beaches, parking fees, and has camping and hunting fees among others to generate revenue.

Volunteers are used by park agencies across the country, to varying degrees.

Collecting **parking fees** in the parking lots associated with popular parks has been used by a number of jurisdictions, including the City of Chelan, City of San Francisco, and Pierce County.

Park Foundations/Non-Profits

Park Foundations are a long-standing method for raising money from individuals and corporations, and are used by many park agencies, including Milwaukee County, Wisconsin, and East Bay Regional Parks. In some cases, a non-profit organization actually takes over operations of a park. Two of the most notable examples are in New York City. The Central Park Conservancy contracts with the City of New York to operate Central Park. Another is the Bryant Park Restoration Corporation, which operates Bryant Park.

Other options that raise money for parks and recreation, but not necessarily just for maintenance and operation funding:

- Special license plates (North Carolina)
- Tax on bingo (South Carolina)
- Motor vehicle registration fee (California, Illinois, Montana, Oklahoma)
- Dedicated portion of state gas tax (Idaho, Wyoming, Washington)
- Tax on tobacco products (Minnesota, Texas, Alabama, California)
- Tax on alcohol (Kansas)
- Dedicate a portion of revenue from speeding tickets (Florida)
- One-year, one-cent sales tax for endowment (New Jersey)

Sources/bibliography

Urban Parks Institute
National Recreation and Park Association
Texas A&M University
The Trust for Public Land

Study on Park and Recreation Funding Strategies for Maintenance and Operations by
Kyungyong Lee, University of Washington

Outreach Strategies O-8: Federal Funds

Strategy

Pursue federal appropriations and grants for maintenance and operation of County parks and facilities.

Recommendation

Staff recommends that the County pursue federal appropriations for County parks and facilities, but cautions that federal appropriations do not hold much promise for either generating revenue or creating significant savings. Specifically, staff recommends initiating a dialogue with the State about the possibility of receiving grant funds under the Stateside Land and Water Conservation Fund.

Discussion

Opportunities to secure federal appropriations appear limited. Staff has identified two federal programs that could be investigated further: the Stateside Land and Water Conservation Fund, and Urban Parks and Recreation Recovery Grants. Dollars from both programs go directly to Washington State for distribution.

Stateside Land and Water Conservation Fund. This program is divided into two accounts. In one account, the federal government buys property for conversion into federal parks (and therefore isn't applicable to the County's needs). The second is a formula grant through which states can fund their own park priorities and initiatives. The formula grant program is administered by Governor Locke's Office, which transfers the funds to the Washington Interagency Commission for Outdoor Recreation for distribution. The grant program distributed \$144 million in 2002, of which about \$3-\$4 million was received by Washington State.

Urban Parks and Recreation Recovery Grants. This is a \$30 million National Park Service federal grant program to which any state, city, county, or other nonprofit agency can apply. Washington State received about \$2 million in 2002 in grant monies for this program. The National Park Service office in Washington, D.C., is the contact.

Cities and counties are eligible to apply if they meet established criteria. Area populations must also meet low-income criteria. This severely limits the number of County facilities that would be eligible. Matching funds are required. The focus of the program is on distressed communities. Extensive planning documents, including demographics and detailed strategic rehabilitation plans, are required. Grant categories include rehabilitation grants, innovation grants and planning grants. Programs and services can be funded in the innovation category, but for this year all projects selected are rehabilitation projects.

Background

King County has investigated the Urban Parks program in the past. It appears to have very limited applicability for the County and requires a rather extensive application process.

Outreach Strategies

O-9: Public Outreach

Strategy

Continue public education and opportunity for public input regarding proposed park system transition.

Recommendation

The County should continue to ensure there are opportunities for public education and input regarding the proposed transition of the park system, through multiple means.

Included in this outreach strategy should be:

- An internet-based tool for public and user group interaction, on which public information can be posted over the coming months leading up to the budget and beyond.
- Email updates to Listserve, representing those individuals and groups that have submitted inquiries and asked to be kept abreast of parks issues.
- Continued communications with the press about progress in implementing the transition, including key transfer accomplishments, etc.
- Public hearings conducted as part of the budget process.
- Opportunities to comment in connection with the proposed new user fees.

Policy Issues

Public input on the proposed park system transition is a basic element of County process. Outreach is most effective when multiple avenues and opportunities are offered. The Metropolitan Parks Task Force conducted extensive outreach at a formative stage of the discussions. Further outreach and education is needed to inform the public about how the transition will affect them, and to solicit input as the parks department seeks to enhance user experience.

Discussion

The Executive's office and the Department of Natural Resources and Parks will continue to conduct outreach along the lines outlined in the recommendations above. The Council's own budget outreach should be coordinated with this Executive and Departmental outreach where feasible.

Outreach Strategies

O-10: State Government Outreach

Strategy

Ensure outreach to Governor Locke and state legislators to identify additional ideas, potential solutions, possible new revenues, comments, and concerns regarding the County parks fiscal crisis and business plan.

Recommendation

Staff recommends that the County contact the Governor and his policy, budget, and agency staff, King County state legislators, legislative leaders, and appropriate committee chairs to make them aware of the severity of the County's fiscal crisis and its implications for King County's parks and pools. Efforts should be taken to explore possibilities of short or long-term funding from the State and potential state legislative proposals for the 2003 session, including particularly legislative proposals for funding parks maintenance and operations from REET and CFT.

If legislation is passed during the 2003 legislative session or if funding is included in the next biennial state budget, this item could generate revenue as soon as July 1, 2003. However, it is quite possible that the Legislature will not act on these proposals again next session.

Annual revenue estimates for these proposed REET and CFT changes are about \$2.5 to \$3 million and \$8+ million, respectively, that would be available for parks maintenance.

Policy Issues

The State of Washington is an important public sector partner of King County. It is critical that the County continues to build upon its overall positive relationship with the Governor, his staff, and key state legislators and keep open lines of communication as severe budget reductions are made to County government. A majority of the services the County delivers are mandated by the State, yet the County does not have adequate revenue options to effectively deliver these services. However, with a deficit projected to be as high as \$2.5 billion, the State is under increasing budget constraints itself and is ill-equipped to offer support from its own funds.

Discussion

Continued outreach to the Governor and key state legislators regarding park closures, the likelihood of the mothballing of pools, and the County's efforts to avoid closure is critical. The County should continue to actively lobby for state legislation (previously SB 6334) to increase the Real Estate Excise Tax (REET) to be used for maintenance and operations of parks. If there is not adequate stakeholder support for an increase in REET, it should seek support for legislation allowing a portion (25 percent) of revenue from REET to be used for maintenance and operations. Additionally, the County should seek support for state legislation (previously 2SSB 5104) to increase Conservation Futures

Tax (CFT) revenue and allow the increased collection to be used for maintenance and operations of lands purchased with CFT revenues.

Increased mandates from the State and declining revenues have put the County in a difficult position of having to face up to the reality that some parks face winter closures and some of the County's pools and parks inside cities may have to be mothballed. The Governor and state legislators need to understand this dilemma and be asked for support for legislation to provide funding for maintenance and operations of parks.

Key stakeholders are the Governor and his budget, policy and agency staff; state legislators and caucus and committee staff; other local governments and their statewide associations; parks directors (Washington Recreation and Parks Association), users, and other supporters; Washington Association of Realtors; environmentalists; open space advocates; business and labor.

Continued outreach should begin immediately and any possibilities for funding partnerships should continue to be explored. The state legislative session commences in January 2003.

Alternatives

No further outreach – not recommended.

No further efforts toward funding partnership – not recommended.

Background

The County has an active state outreach/lobbying team and has a history of reasonably positive relationships with the Governor and the State Legislature.

The Parks Division developed a REET proposal in 1999 and drafted a bill that was introduced in the 2000 legislative session. This bill did not receive a hearing in the policy committee (Senate Local Government). In 2001, the same bill was passed out of the policy committee but died in the Senate Rules Committee. In the 2002 session, the bill did not move out of the policy committee (Senate Parks and Natural Resources). The realtors have successfully killed the bill each year and, unless they are convinced otherwise, would undoubtedly attempt to do so again in 2003.

The Parks Division supported CFT legislation introduced in the 2000 legislative session as well as subsequent CFT bills. In 2002, a CFT bill that would have increased the collection from 6.25 cents to 10 cents and allowed 10 percent of the revenue to be used for maintenance and operations was passed out of the Senate and passed the House policy committee, but died in the House Rules Committee.

The REET bill and CFT bill have been legislative priorities for the Washington Recreation and Parks Association (WRPA) during the last three years. WRPA has lobbied hard for passage of these bills. The Legislative Task Force on Local Parks and Recreation Maintenance and Operations has also recommended the bills as high priorities for the State Legislature.

Revenue Enhancement Strategies

R-1: User Fee Increases

Strategy

Raise user fees in order to generate more revenue to help offset the cost of operating parks and active recreation facilities, while ensuring fees remain reasonable and that users are not turned away based on an inability to pay.

Recommendation

The County Council should delegate to the Executive and Division the authority to establish specific user fees meeting Council approved policy guidelines. Significant user fee increases should be imposed in 2003 so that users specifically benefiting from a facility/service pay fees set in relation to the cost of providing that facility/service. The Division should carefully track the impact of increased fees to identify changes in use patterns and make adjustments as necessary to meet revenue targets. The fee structure should incorporate needs-based waivers or scholarships so that no one is turned away based on an inability to pay.

Policy Issues

- The proposal is to change the fee structure so that it begins to reflect the cost of, and demand for, recreational services and facilities.
- The proposal will require changing the County Code to give the Executive/Division broader fee setting authority to meet overall revenue targets. This implies delegating a task that the County Council has to date retained for itself.
- Significant increases in user fees will impact user groups. There may be a reduction in use as a result of the fee increases, although this is very difficult to estimate in advance of the new schedules being imposed. Such a drop-off in usage may be temporary, and must be carefully monitored.
- The new fees proposed will be at the high end of similar rates now charged by other jurisdictions in the County. Some fees may be higher than any similar fees, others within existing fee ranges. However, public parks programs in this area have not traditionally set fees based on cost of, or demand for service, so the “market” is a market of tradition, as opposed to an economic market. As city parks programs come under fiscal pressures similar to that faced by the County, one may expect to see city parks and recreation user fees increased.
- Differential fees for youth recreation (currently subsidized much more than adult recreation) should be continued, given a policy goal of encouraging youth athletics.
- Fee waivers or scholarship programs will continue to be implemented, based on the policy goal that no one be turned away for lack of service.

Discussion

The 2002 adopted budget for Parks is \$25.57 million, with earned revenues of \$7.01 million, for a net Current Expense (CX) Fund subsidy of \$18.56 million. In the budget

that will be submitted to the County Council the Parks Division will propose an appropriation of \$16.4 Million, with earned revenues of \$7.6 Million. While the requested 2003 appropriation will be nearly \$9.1 million less than the 2002 adopted budget, the earned revenue amount will be increased in 2003. These revenue targets will be increased over time, based on costs of service, and demand for service/user levels.

The Parks Division has reviewed its current fee structure and determined the percentage of CX subsidy by each service category for which fees are assessed. For example, ballfield use is currently subsidized 85% by the CX Fund and pools are subsidized 65% by the CX Fund. It is not proposed to eliminate the CX subsidy immediately for these facilities; indeed, this may not be possible in many cases. However, the Division believes significant fee increases can and should be imposed in order to help provide the needed revenues to keep these facilities open, and that these fee increases can be set in a way that will not unduly restrict or reduce public access and use of these facilities.

Over time, the Division will continue to study the impact of fee increases and operating costs, and make a determination how fees should change in order to meet revenue targets while continuing to provide access to high quality public recreational facilities.

For 2003, it is proposed that ballfield user fees would be increased 100%, across the board. Given the extremely high demand for ballfields, it is assumed that there will be no reduction in the demand for these fields. By way of example, adult field use fees will increase from \$33.00 to \$66.00 per game *per team* and youth field use fees will increase from \$7.00 to \$14.00 per game *per team*.

Pool user fees are proposed to increase 50%, again across the board. A 20% drop-off in use is assumed as a result of this increase, but net revenues would still increase to the Division. Use may rebound over time. Under this proposal, lap swim rates would increase from \$3.00 per hour to \$4.50 per hour. Public swim rates would increase from \$1.85 per hour to \$2.75 per hour. Other swim fees would be similarly increased.

The vast majority of user fee revenue is derived from ballfield and pool use fees. However, the Division charges dozens of other fees as well. These would be increased across the board by not less than 25%, and more in some cases, to meet the total user fee revenue goal identified in the preliminary budget. In addition, the Division is proposing imposition of some new fees, such as parking fees for day use of major facilities: a modest fee (\$0.50) at a park such as Marymoor could recoup much of entire operating subsidy for that facility over the course of a year.

Stated another way, of the \$7.7 million in total earned revenue in the Division's 2003 preliminary proposed budget, \$3.6 million will be derived from user fees. Since the County will be operating far fewer fee generating facilities in 2003 than in 2002, the total amount of user fees drops as compared to 2002, however, when comparing the same set of facilities, fees will be increased \$950,000.

Because the impact of these fees is uncertain, the Division is seeking the flexibility to change the fees from time to time with Executive approval, within policy guidelines set by Council. Policy guidelines proposed include maintaining the current subsidy gap between youth and adult athletics; needs-based fee-waivers/scholarships; and the overall revenue targets for ballfields and pools. These policy targets could be changed from time to time by the County Council. Operationally, however, the Division is seeking the flexibility to develop and implement specific fee proposals, rather than secure approval for each of over a hundred fees from the Council itself. This is part of the entrepreneurial flexibility endorsed by the Metropolitan Parks Task Force.

Implementation of new fees will be preceded by notifications of the proposals to user groups, and postings in advance of the new fees, and providing an opportunity for comment. Ballfield user groups will be mailed notification of the proposals. Pool fee increases will be posted at the pools that will remain open and all user groups will receive notification of the proposed fee increases prior to the end of the year. Additionally, the proposed fee increases will be included in the Parks and Recreation Guide to be printed for the first quarter of 2003. Printing and final notifications will be delayed until the necessary County authorizations for the new structure are in place.

Background: The most recent County parks and recreation fee ordinance was enacted in 1999. That ordinance established a range of fees for each of well over one hundred individual fees. On average, it raised fees by 10%. Fees had not previously been adjusted since 1993, despite requests from the Executive and the Parks Department. The 1999 fee ordinance was the first to adopt a fee range for each category of fee.

Revenue Enhancement Strategies **R-2: State Legislative Priorities**

Strategy

Support state legislation (previously SB 6334) to increase the Real Estate Excise Tax (REET) to be used for maintenance and operations of parks. If there is not adequate stakeholder support for an increase in REET, support legislation allowing a portion (25 percent) of revenue from REET to be used for maintenance and operations of parks. Additionally, support state legislation (previously 2SSB 5104) to increase Conservation Futures Tax (CFT) revenue and allow the increased collection to be used for maintenance and operations of those lands purchased with CFT revenues.

Recommendation

The County's 2003 State Legislative Agenda should include supporting these changes in state legislation:

- Increase the Real Estate Excise Tax (REET) to be used for maintenance and operations of parks.
- If an increase in REET for parks is not possible, enable the use of Real Estate Excise Tax for parks maintenance, either by increasing the rate of these taxes or simply allowing a percentage of existing revenues to be used for these purposes at the discretion of the receiving government.
- Increase the collection rate for CFT revenue from .0625 percent to .10 percent and allowing the increased collection to be used for parks maintenance and operations.

Annual revenue estimates for these proposed REET and CFT changes are about \$2.5 to \$3 million and \$8+ million, respectively, that would be available for parks maintenance.

Policy Issues

Real Estate Excise Tax: Under current state law, REET can only be used for acquisition and capital purposes, and not operations and maintenance of parks. REET funds are used now to pay for the Parks Capital Improvement Program (CIP), so spending 25 percent of REET on maintenance and operations will reduce the Parks CIP by 25 percent. Reducing the CIP could affect capital projects aimed at revenue generation. County REET taxes are imposed in the unincorporated areas of King County only.

Conservation Futures Tax: Per state law, the CFT property tax rate is currently 6.25 cents per \$1,000 of assessed value and the revenue generated can only be used for acquisition of passive lands. This tax is imposed countywide.

CFT funds are currently used to fund the County's open space acquisition program. Increasing the collection rate would increase the property tax countywide. The County's citizens' oversight committee charged with making recommendations on how to spend CFT funds may not support this proposal.

Though the County collects CFT revenue and the County has no legal obligation to distribute it to Seattle, Bellevue, and the suburban cities, the County has, based on its own policy, shared CFT in the past with these other jurisdictions. There is some concern by cities that the allocation to cities should be increased. Increasing the rate to maintain County-owned open space may be controversial with cities.

Discussion

If passed during the 2003 state legislative session, changes in REET and CFT could generate revenue in the second half of 2003. Annual revenue estimates for these proposed REET and CFT changes are about \$2.5 to \$3 million and \$8+ million, respectively.

These taxes generate significant revenue to the County for park purposes now, but use is restricted to capital projects. From a policy perspective, dedicated capital funding programs for parks should have a maintenance and operations component. In other words, if a dedicated revenue source helps grow the park system, a portion of that revenue should be available to maintain it.

Based on experience in recent legislative sessions, realtors are likely to oppose changes in REET and support changes in CFT legislation. Park user groups are likely to support changes in both REET and CFT legislation. The conservation and land acquisition community would likely support changes in CFT provided the existing 6.25 cents is not diverted to maintenance.

Alternatives

- *Alternative proposals could change the proposed percentage (either more or less than 25 percent) of REET diverted to maintenance and operations.*
- *Alternative proposals could change the rate increase proposed for CFT collection. Alternative proposals could also simply divert a portion of the existing CFT collection to maintenance and operations.*
- *Pursue use of "REET 3" funds. RCW 82.46.070 permits the county legislative authority to submit to a countywide election a measure to impose for a specified period an additional excise tax on each sale of real property in the county at a rate not to exceed one percent of the selling price. The proceeds of the tax must be used exclusively for the acquisition and maintenance of "conservation areas." The drawbacks to this option are that it requires a public vote and the use of funds is limited to conservation areas. REET 3 is collected from the purchaser, not the seller, an important distinction to the realtors, so they will strongly oppose this option. However, at one percent, REET 3 would generate about \$20 - \$24 million a year in the unincorporated areas alone.*

Background

The Parks Division developed a REET proposal in 1999 and drafted a bill that was introduced in the 2000 legislative session. This bill did not receive a hearing in the policy committee (Senate Local Government). In 2001, the same bill was passed out of the policy committee but died in the Senate Rules Committee. In the 2002 session, the

bill did not move out of the policy committee (Senate Parks and Natural Resources). The realtors have successfully killed the bill each year and, unless they are convinced otherwise, would undoubtedly attempt to do so again in 2003.

The Parks Division supported CFT legislation introduced in the 2000 legislative session as well as subsequent CFT bills. In 2002, a CFT bill that would have increased the collection from 6.25 cents to 10 cents and allowed 10 percent of the revenue to be used for maintenance and operations was passed out of the Senate and passed the House policy committee, but died in the House Rules Committee.

The REET bill and CFT bill have been legislative priorities for the Washington Recreation and Parks Association (WRPA) during the last three years. WRPA has lobbied hard for passage of these bills. The Legislative Task Force on Local Parks and Recreation Maintenance and Operations has also recommended the bills as high priorities for the State Legislature.

Conservation Futures Tax: Per state law, the CFT property tax rate is currently 6.25 cents per \$1,000 of assessed value and the revenue generated can only be used for acquisition of passive lands.

CFT funds are currently used to fund the County's open space acquisition program. Increasing the collection rate would increase the property tax countywide. The County's citizens' oversight committee charged with making recommendations on how to spend CFT funds may not support this proposal.

Though the County collects CFT revenue and the County has no legal obligation to distribute it to Seattle, Bellevue, and the suburban cities, the County has shared CFT in the past with these other jurisdictions. There is some concern by cities that the allocation to cities should be increased. Increasing the rate to maintain County-owned open space may be controversial with cities.

See Appendix R-12 for additional information about King County's REET and CFT revenue.

Revenue Enhancement Strategies

R-3: Naming Rights and Advertising

Strategy

Seek additional revenue sources by pursuing corporate partnerships, naming rights, and advertising opportunities at King County parks and facilities.

Recommendation

The County should pursue new revenue opportunities by identifying and pricing naming rights opportunities for the King County parks system. The County should also immediately pursue advertising at ballfields, the Velodrome at Marymoor Park, the Weyerhaeuser King County Aquatic Center, and King County swimming pools. These ideas must be carefully screened to ensure compatibility with the use and enjoyment of the public parks.

Policy Issues

The public can react negatively to the concept of advertising in, and naming rights to, community facilities such as public parks. In addition, corporate partnerships can cause potential conflicts with sponsorship of prospective special events. Criteria for such activities must be established in advance to avoid inappropriate advertising in parks or similar concerns.

Discussion

Naming Rights. There are several options for identifying and pricing naming rights opportunities within the County parks system. The County could hire a professional marketing firm, which gives higher credibility to prospective corporate partners. Also, a professional consultant has expertise that staff does not. Marketing firms could work under various pricing arrangements, from a percentage to a fixed fee. Revenue could be realized in 2003 if a consultant was hired this year. An alternate approach would be to issue a general Request for Proposals (RFP) for naming rights ideas, and compare proposals—some of which might include specific deals, as opposed to consultants who would in turn seek specific deals. Again, revenue could be recognized in 2003 if an RFP were issued this year.

Advertising. The County should immediately pursue advertising at ballfields, the Velodrome at Marymoor Park, the Weyerhaeuser King County Aquatic Center (WKCAC), and King County swimming pools. Staff is proposing WKCAC be identified as first priority for advertising opportunities because pool liner replacement work is scheduled for September and there appears to be good acceptance by the public for advertising at sports venues. Staff has completed a sales piece outlining specific advertising opportunities at WKCAC. Additional pieces outlining the advertising opportunities for ballfields, the Velodrome, and swimming pools will be added to the WKCAC piece for a complete advertising sales package.

Revenue from advertising at WKCAC can be realized in 2002 (with additional revenue realized in 2003) and used for maintenance and operations. Revenue from the WKCAC

will add a video display board to the existing scoreboard, which will in turn enhance advertising opportunities on the scoreboard. Advertising will also allow for corporate involvement in the activities held at the facilities. Potential problems include lack of public acceptance for advertising at public parks facilities and conflicts with sponsors of prospective events.

Alternatives

- *Do not pursue advertising at facilities and features within the park system.*
- *Direct Parks staff to identify and price naming rights opportunities within the parks system, rather than seek assistance from a consultant or through an open RFP.*
- *Do not pursue corporate partnerships for naming rights at parks facilities, either new or existing.*
- *Limit naming rights opportunities and corporate partnerships to only new facilities.*

Given that the goal is to maximize alternative revenues and thereby minimize the need for ongoing tax support for the park system, none of these alternatives are recommended.

Background

Parks staff contacted experts in the field of selling naming rights to public facilities, including Leon Younger, of Leon Younger and Pros, parks consulting firm; Mick Jackowski, GreenPlay, LLC, consulting firm (Jackowski specializes in naming rights); Jim Allison, Calgary Parks and Recreation; and Bill Walenczak, Director, Westminster, Colorado Parks and Recreation.

Total media exposure seems to be the most significant factor in establishing pricing for naming rights, next to public acceptance. A key selling point for corporations is the total number of impressions that naming rights will yield, and the best way to get a high number is through media exposure.

Staff have also been advised to focus naming rights activity on local corporations with strong community roots (such as headquarters in the community) as they are more likely to be interested in furthering positive community relations. Naming rights are more valuable before a facility is built, as people tend to know a facility by the first name it is given.

Locally, public acceptance of naming rights appears promising. Focus groups have indicated receptivity to the concept. The King County area includes several examples of successful naming rights projects, including public buildings at the University of Washington, stadiums, and arenas. King County has named two facilities after business partners who contributed to capital programs (Weyerhaeuser King County Aquatic Center, Mariners Field in Carnation). The best candidates for King County naming rights include high-use facilities such as Marymoor Park, swimming pools, athletic fields, and regional trails.

Revenue Enhancement Strategies

R-4: Concession Revenue

Strategy

Increase revenue by pursuing concessions at parks facilities. This issue paper focuses on food, retail, and similar concessions, as opposed to ballfield or facility maintenance concessions.

Recommendation

The County should aggressively pursue opportunities for concessions revenues. There are several types of concession arrangements. Non-park related concessions can be of various types: (1) food and beverage concessions delivered through mobile or permanently installed facilities; (2) restaurant facilities; or (3) other retail outlets, such as skate rentals, sporting equipment, or similar facilities. The County should issuing an RFP (Request for Proposal) or RFPs in 2002 to secure a variety of proposals for such concessions that could begin to generate revenue in 2003.

In terms of restaurant concessions, Clise Mansion in Marymoor Park is viewed as the most likely facility for such an enterprise in the near term. Again, an RFP should be issued to solicit bids for such a project.

Food and retail concessions could be secured through various means. One option is to enter into a system-wide contract with a concessionaire to manage activities at all parks. Alternately, the County could directly contract with individual concessionaires—this is the current method by which the County engages a limited number of concessionaires; it is highly staff intensive with little revenue result. A third option would be to issue an RFP that would allow both types of bids (system-wide and park-by-park) to be submitted and compare revenue possibilities from bids submitted.

Discussion

Overall Parks Concessionaire. Currently, the Parks Division issues an RFP each year for concessions at King County parks. Resulting services tend to be provided by small vendors at limited sites. An RFP seeking a system-wide professional concessionaire to provide and manage concessions for the entire Parks system could have a number of advantages. First, it could generate significantly more revenue for the Division. Second, it could reduce staff time involved in managing these concessions. Third, it could provide a consistent level of service at park facilities system-wide. Disadvantages of this approach are that some current vendors would lose revenue, and there may be a low interest from professional concessionaires in this opportunity. A broadly crafted RFP could bring in a variety of large and small proposals for concessions.

Clise Mansion Restaurant. This site presents the fewest obstacles and could be operating in the shortest amount of time with the least amount of capital outlay. Marymoor Park has an existing structure suitable for renovation for a restaurant, making it a better candidate than other sites that pose greater challenges, such as parks funding restrictions,

zoning and permitting issues, sensitive areas, footprint restrictions, aesthetic considerations, adverse public opinion, and incompatible time frames.

Assuming an RFP was issued in fall 2002, a restaurant at Clise Mansion could be operational in late 2003 or early 2004. Revenue to the Division from such an arrangement could range between \$100,000 and \$250,000 in 2004. Additional revenue potential could be realized by renting the facility for banquets. Disadvantages of using Clise Mansion include needing to displace the existing Eastside Museum now housed there (the Museum currently has free use of the space). Clise Mansion is now outsourced to Premier Properties for banquet rentals through October 2002.

Retail/Restaurant Structure. The County should continue to pursue an additional retail/restaurant structure in another area of Marymoor Park, but as a lower priority than Clise Mansion because of the longer time frame needed to realize new revenue. A retail/restaurant could offer concession services to the area of the park used by youth and adult sports teams and spectators, as well as enhance park users' experience by offering items such as skates, knee pads, and helmets for rentals and purchases. On the other hand, the public may react adversely to commercial uses within a public park.

Alternatives

- *Do not provide concessions in parks.*
- *Do not pursue siting a restaurant at the Clise Mansion at Marymoor Park.*
- *Continue current RFP process with private vendors.*
- *Include the Clise Mansion restaurant development option with the Parks concessionaire RFP.*
- *Include the restaurant/retail structure within the Parks concessionaire RFP.*
- *Plan the restaurant/retail structure along with administrative and maintenance office space.*
- *Issue an RFP for a professional concessionaire, but allow for some revenue opportunities for Little League teams (such as allowing Little League teams to staff the concession stand one time during the season and keep the proceeds).*

Background

Staff researched the Ivar's and Kidd Valley restaurants at Gene Coulon Beach Park (City of Renton Parks and Recreation) and Mad Anthony's Restaurant at Point Defiance Park (Tacoma Metropolitan Park District). The City of Renton and Tacoma Metropolitan Park District both provided copies of their RFPs and lease agreements for staff's review.

In 1993, a RFP was issued to Ivar's and Kidd Valley for five years with a five-year extension option. The current agreement provides the Tacoma Metropolitan Park District with \$120,000 per year plus an additional \$20,000 sponsorship fee from summer concerts and holiday lighting events. In addition, the agreement stipulates that the Park District will receive an additional seven percent if the restaurants gross over \$1.2 million annually. (To date, restaurant earnings have equaled about \$900,000 per year.)

Mad Anthony's Restaurant was issued an RFP from Point Defiance Park in 1998 for 15 years, with two additional 10-year renewal options. The minimum rent as determined by market value was then negotiated with Mad Anthony's to recognize their investment of approximately \$1,000,000. The agreement stipulated that rent for the first year (1998) would be set at \$9,484.33 per month, with a 10-percent increase for each five years of the initial term and another 10-percent increase for each five years of the renewed term. Point Defiance Park would receive five percent of the first \$1.5 million in revenue, or six percent of the gross revenue less sales tax for revenue above \$1.5 million. Revenue potential for the first five years was projected at about \$278,800 per year.

Staff has also held initial discussions with professional concessionaire consultants who believe it is feasible to receive quality bids from an RFP for a parkwide concessionaire. However, this option should be explored in more depth to prepare an RFP that will yield maximum results for the County. Staff is in the process of contacting other experts in this field in order to refine the RFP proposal. It is hoped that an RFP or RFPs can be issued this fall.

Revenue Enhancement Strategies
R-5: Potential Revenue from Weyerhaeuser King County Aquatic Center

Strategy

Explore revenue potential from sponsorship and advertising opportunities at the Weyerhaeuser King County Aquatic Center.

Recommendation

The County should immediately and aggressively pursue sponsorship and advertising opportunities at the Weyerhaeuser King County Aquatic Center (WKCAC). The County should also explore further the option of paid parking for public events at WKCAC and work to establish the existing foundation as an effective pass-through to solicit individual donations and corporate or other foundation grants.

Potential revenue estimates may be high given the very tight sponsorship and advertising market that exists today. But even conservative estimates indicate the WKCAC could cut its deficit in half within a year by aggressive advertising and sponsorship sales as it continues to pursue major events. Within several years, the facility could be nearly self-sufficient.

Policy Issues

Code changes will be necessary to facilitate the effort to secure advertising revenues. For example, a policy/code change is necessary to give the Parks Division the authority to enter into lease agreements (for advertising) beyond the length of one year without Council approval.

Discussion

The WKCAC was constructed to be the aquatic venue for the 1990 Goodwill Games at a cost of \$18.8 million, of which \$8.9 million was public funds. The building contains two natatoriums, one for competition and one for recreation. The competition natatorium houses the two main competition pools: a diving tank with two levels of springboards and five levels of platforms, and an eight-lane, 50 meter pool specially designed for competitive swimming, synchronized swimming, and water polo.

One of only three in the country, the WKCAC is recognized as a world-class competition venue and regionally is a training complex worthy of Olympics-bound athletes. With its adjacent conference center, the WKCAC is now the only competition venue in the country that can accommodate all the meetings, dinners, and athlete rest areas for the events. The facility attracts 500,000 people per year, of which one-third come from major swimming and diving events. Currently, the WKCAC operates with an annual deficit of about \$848,000 on a total budget of about \$1.3 million per year.

Sponsorship Opportunities. Staff has prepared a sales piece outlining the specific advertising opportunities at the WKCAC and begun contacting potential corporate

sponsors. Sponsorship and advertising opportunities include securing advertising on the scoreboard, video-screen, pool liner, starting blocks, reader-board, or combinations of these. Additionally, staff is investigating sponsorship, parking, and foundation revenue generating ideas in connection with the WKCAC, discussed further below.

Sponsorship. One approach is to allow advertising year-round during events, training, and recreation programs. There is potential exposure to 500,000 worldwide visitors annually who are upwardly mobile and in an adult-family age group. Sponsorship could offer category exclusivity, excepting selected events. The County could retain first right of refusal for multi-year agreements. Agreements could include placing the sponsor's logo on logo on the WKCAC Web site with a link to the company's Web site.

Pros:

- Opportunity to start receiving revenue in 2002.
- Potentially reduce the operating deficit by as much as \$300,000 the first year.
- Community involvement with the facility.
- Updated scoreboard system to include a video display screen to keep the facility competitive in the market.

Cons:

- Potential public opposition to commercial signage at the WKCAC.
- Potential conflict with sponsor of prospective special events.

Alternatives:

- Stop pursuing sponsorship/advertising opportunities with corporations.
- Issue an RFP to outsource the selling of sponsorship/advertising opportunities at the WKCAC.

Paid Parking. The 368-space parking lot at the WKCAC currently charges no parking fees. Its entrance is off a main arterial in Federal Way and is not feasible to back up traffic in order to collect parking fees. However, it does appear feasible to install a "self-pay" lot with numbered stalls and collection boxes. Offsetting costs would be encountered for maintaining and operating such a system. Total estimated parking fee potential is \$30,000 per year, excluding operating costs, based on a very conservative \$3 fee per vehicle on 100 event days with an average of 100 spaces per day. It is not proposed to charge for parking for non-event use of the facility.

Pros:

- Program can be instituted to coincide with reopening of facility after closing for the pool liner replacement.
- Revenue would begin in 2002.

Cons:

- Public may not be supportive of new parking fees.
- Facility event organizers may not be supportive of new parking fees.

- Cost and time to implement program.

Alternatives:

- Issue an RFP to outsource the parking program for a portion of the revenue.
- Do not pursue paid parking at the WKCAC

Foundation. The World Class Aquatic Foundation was founded in 1995 by local civic and business leaders. Its annual fundraiser, the Beach Bash, raises about \$4,000-\$5,000 per year. Two-thirds of this goes toward scholarships, the rest toward improvements at King County Pools. This organization possesses 501(c)(3) status and could be used as a "pass-through" for grants in support of the WKCAC.

Pros:

- Provides an effective "pass-through" to solicit individual donations, corporate or other foundation grants.
- Provides a tax-exempt option for philanthropic corporate donations.
- Allows interested individuals to make tax-exempt donations.
- Allows greater involvement with the facility by the community.

Cons:

- The foundation is in support of the WKCAC and other King County pools, but the County has no control over the decisions of the foundation.
- This foundation could conflict with other County parks foundation proposals.

Alternatives:

- Ask other interested community leaders to form another foundation with 501(c)(3) status in support of the WKCAC only.
- Ask other interested community leaders to sit on the board representing Aquatics and the WKCAC on an overall County parks foundation.

Revenue Enhancement Strategies

R-6: Creation of a Parks Foundation

Strategy

Create a not-for-profit Parks Foundation to secure donations in support of County park system operations.

Recommendation

The County should encourage interested individuals or third parties to create a not-for-profit Parks Foundation to establish a new source of private funding for County parks facilities and programs.

Policy Issues

The County may assist in the formation of a privately funded foundation. County Code requires the Council to approve all donations, gifts and bequests.

Discussion

Currently, the Parks Division has no mechanism to receive unrestricted or restricted donations from individuals, company-associated foundations, or other grant making bodies. Creation of a Parks Foundation would provide a new source of non-tax revenue to fund Parks facilities and programs from individuals and entities that might not otherwise fund projects of a government agency. With 501(c)3 tax status, a Parks Foundation would serve as the recipient of tax-deductible contributions or as a conduit ("pass-through") for payment of expenses for a parks project.

There are a couple of small nonprofit groups affiliated with the park system now, such as Friends of Marymoor Park. These groups are an important sounding board and source of community support for the park system—financial and otherwise.

A Parks Foundation provides a formal, proactive approach to directly tap into the passion of individuals who use and care about parks, as well as corporations, other foundations, and grant agencies dedicated to quality of life enhancement.

Foundations are a valuable tool for preserving and restoring open space and habitat, renovating facilities, funding capital projects, generating revenue for operations and maintenance, maintaining recreation programs, and supporting special events. Foundations can operate with more flexibility than a government agency. Foundation trustees and staff can help build community support for projects and programs.

Background

Parks staff investigated the creation of a foundation for the system in 1997 (some of the findings are contained in this report). More recently, staff researched foundations, "friends of," and other support organizations that have been formed throughout the U.S. in recent years at the federal, state, county, and city level. Among those organizations are:

- Seattle Parks Foundation
- Spokane Park and Recreation Foundation
- San Mateo County (Calif.) Parks and Recreation Foundation
- San Diego Friends of Parks and Recreation Foundation
- Everett Community Foundation (formerly Everett Parks Foundation)
- Regional Parks Foundation (supports East Bay Regional Park District, Oakland)
- Montgomery (County) Parks Foundation, Maryland
- Fairfax County (Virginia) Park Foundation

Foundation staff and trustees were asked about the origins of the organization, circumstances at the time of its founding, funding sources, Board and staff development, government regulations, etc.

Revenue Enhancement Strategies R-7: The Greenhouse Program

Strategy

Implement a joint project to create revenue for the Greenhouse Program and the Native Plant Salvage Program to recover operating costs.

Recommendation

The Parks Division and the Water and Land Resources Division (WLRD) should collaborate on a joint marketing effort between the supported employment Greenhouse Program (operated by Parks) and the Native Plant Salvage Program (operated by WLRD). The objective would be to generate additional earned revenues for each Division/program, ultimately making both programs self-sufficient (that is, with earned revenues at least equal to the costs of operating the two programs). The Department of Natural Resources and Parks (DNRP) Director's Office should coordinate this effort.

Policy Issues

- Expanding the Greenhouse Program to include cultivation of native plants for public agency customers may be considered by some to be inappropriate competition with private sector nurseries.
- The Greenhouse Program provides employment opportunities for disabled individuals.
- It appears the Greenhouse Program could be expanded and administered in a manner that is "CX-neutral," while still providing plants to County programs at very competitive prices.

Discussion

Initial responses from non-CX funded agencies suggest a significant and growing interest over the next few years in a supply of native plants for a variety of needs, including:

- The Road Services Division's mitigation requirements under programmatic grading permits
- The Road Services Division's performance standards under the ESA 4(d) Best Management Practices
- The Wastewater Treatment Division's ongoing West Point treatment plant mitigation effort, with potential for removing non-native plants and replacing them with native plants in Discovery Park
- The Wastewater Treatment Division's longer term need for large amounts of mature non-native plants for CIP projects

In addition, the Port of Seattle has expressed an interest in using the Greenhouse Program for a supply of native plant stock. Due to this level of interest in purchasing native plant stock, the team recommends that Parks **not** attempt to divest itself of this program in 2003. Instead, Parks should continue to explore the possibility of expansion and more aggressive pricing to determine if this program can ultimately be a "profit center" in the new Parks "enterprise fund" being contemplated as a result of the Metropolitan Parks Task Force report.

To attract non-CX Fund revenue to support the Greenhouse Program at Cedar Hills, DNRP is soliciting customers for the plant products produced by the program. The Greenhouse Program is currently budgeted with direct costs of about \$361,000, including two administrative FTEs and seven supported-employment FTEs (two positions are currently vacant). The site at Cedar Hills offers significant room for expansion of native plant cultivation and production; however, more work is required to determine what additional resources might be needed to manage such an expanded operation.

WLRD operates a Native Plant Salvage Program at Duthie Hill Park, which utilizes volunteers to salvage mature native plants from privately owned development sites. The plants are then used for WLRD CIP projects, and some are sold to other county agencies for their needs (such as Roads maintenance). This program currently relies on an annual operating subsidy of about \$30,000 from the Surface Water Management (SWM) Fund, which WLRD would like to eliminate by 2004. The program seems to be constrained to the current level of operations by a few limiting factors. The team believes it is possible to develop a collaborative marketing approach that allows for an expanded native plant sales effort by Parks without jeopardizing the objectives of WLRD's salvage program.

The Parks program has relied in the past on donated native plant trees and shrubs. Some of the donors have stipulated that the plant products may not be sold and must be used by public agencies. Prices for donated products will need to be set so that they allow for "profit" to help eliminate the Greenhouse Program's CX Fund subsidy without jeopardizing the supply of the donated products. Further analysis is needed to determine what level of pricing for public agency customers is possible within this stipulation (that is, whether prices should cover more than the "value-added" costs provided by Parks, such as soil, labor, etc).

Currently, prices are significantly below wholesale prices charged by nurseries. If it proves possible to use the site for a significant native plant propagation and cultivation effort without incurring significant new expenses, this pricing restriction would not apply; however, some private nurseries might object to such competition from a public agency.

Another obstacle to determining the ultimate earned revenue potential might be for this program is the reluctance (or inability) of the Roads Division, the Wastewater Treatment Division, the Parks CIP, and the Port of Seattle to commit to specific quantities, sizes, and species needed for specific projects and time frames. The team recommends that the DNRP Director's Office staff continue to work with these agencies to identify their needs and explore the possibility of firm "purchase orders" from non-CX Fund sources of about \$180,000 for 2003.

Background

Limited efforts have been made in the past to sell the products from the Parks Greenhouse to other County agencies. Most of the products have been used on Parks properties only.

Revenue Enhancement Strategies R-8: Grants

Strategy

Pursue state and non-profit grant opportunities for maintenance and operations of County parks.

Recommendation

The team recommends pursuing private and nonprofit grant opportunities and similar donations within available staff resources as a supplemental strategy to increase revenue for stewardship, maintenance, and operation of the parks system.

Policy Issues

Grants typically include restrictions on future use of properties acquired or improved. Grants for maintenance support are relatively few, as compared to capital grants. They are typically awarded on a year-to-year basis, making it unadvisable to assume their availability over time.

Discussion

Operating grants are generally offered on a yearly basis and success will vary from year to year. Individual grants for maintenance and operations are generally not large. Federal grant opportunities are addressed in the Outreach portion of this report. All Parks Division grants in 2002 were for rehabilitation (see Background below).

Alternatives

- *Focus staff resources on developing other sources of revenue that are more within the County's control.*
- *Place a high priority on grants, and providing staffing to facilitate grant applications and compliance work.*

Background

Recently received grants and potential grant opportunities include:

Washington State Parks and Recreation Commission Grant Funds. Received by King County for the pump-out station at Dockton Park.

King County Solid Waste CLCP. Received \$20,000 in 2003 for litter cleanup.

Elliott Bay Panel for North Wind Weir. Received \$80,000 over 10 years for native plant care.

King Conservation District Restoration Grants. Received \$50,000 at South Park for stream restoration.

Starflower Foundation. Provides grants for natural area care and restoration.

NAPCOR. Awarded King County a \$5,000 grant to match a Pepsi and Friends of Marymoor Park donation for a total of \$10,000 to begin a recycling program. More funds may be available, if successful.

National Association of Counties. Gives 5-star grants for restoration and maintenance (Marymoor Park received \$10,000 last year).

YWCA. Provides paid interns for nine months to provide labor and learn job skills (two interns hired in 2002, nine projected to be hired in 2003).

State Department of Natural Resources. Provides forestry grants to build community participation.

King County Water and Land Resources Division. Small habitat grants are awarded for restoration purposes; Parks has received some of these grants in the past.

Friends of Marymoor Park. Provides funds for operations and maintenance at Marymoor Park (\$30,000 to date).

Revenue Enhancement Strategies

R-9: Employee Revenue/Efficiency Committee

Strategy

Establish a committee composed of employees and private sector volunteers to generate, evaluate, and select new ideas for generating revenue and identifying cost efficiencies at parks facilities.

Recommendation

A committee of Parks employees and private sector volunteers should be established to identify and evaluate the potential of new ideas, drawing from committee members' expertise and hands-on experience with Parks operations.

Policy Issues

What will be the criteria for project evaluation? Ideas include: How soon can this idea be reasonably expected to generate cost savings/revenue? What is the savings/revenue estimate in the first year of implementation, second year, and beyond? What are the risks to the Division associated with the project, and how can those be mitigated? What is the track record of the party making the proposal?

How will private sector participants be selected?

Discussion

The Metropolitan Parks Task Force recommended creation of an employee/private sector committee to solicit and evaluate ideas from Parks staff for generating revenue and identifying new efficiencies. Parks field staff are the most familiar group with on-the-ground, day-to-day Parks operations as well as the uses and users of the facilities they serve. Private sector participants may bring important experience in evaluating proposals submitted by outside groups. The committee will serve as a forum to share ideas and select proposals that are the most promising.

Background

Soliciting and generating cost saving and revenue producing ideas has been an ongoing activity during annual Parks budget preparation activities for some time. This effort will expand upon past efforts and approach the task with a new focus on doing business in the future. The committee will explore each idea individually and identify key parameters for its implementation.

Revenue Enhancement Strategies R-10: Forest Management

Strategy

Pursue revenue potential from forest management activities (harvesting) on working forestland resources managed by the Water and Land Resources Division (WLRD).

Recommendation

In the near term, it does not appear that there is revenue potential available to the Parks Division from forest management activities (harvesting) on working Division forestland resources. The potential for long-term revenue has yet to be determined, but any revenue generated in the long-term would likely only cover costs of maintenance and management of the working forestlands, and not be sufficient to provide revenue for other County-owned and managed lands. However, providing an ability for these forestlands to be self-sustaining would be helpful to meeting the longer-term budget challenges for the Division.

Policy Issues

Managing for multiple uses. King County is attempting to achieve multiple goals on its forestland sites, namely to allow public recreational use; protect habitat; retain forest cover for surface water management, flood control, and water quality; demonstrate environmentally sensitive forestry; and so on (Executive Order, PUT 8-18). These multiple goals conflict with the County's ability to generate the highest possible revenue from these sites.

Revenue limitations. The Executive Order directs the County to dedicate any revenue generated from forestry on these sites to the costs of managing the sites themselves; i.e., funds generated by timber sales must be returned to the Forestry Program within WLRD. Currently any revenue produced by harvesting activities would be placed in the CX Fund. It would be necessary to ensure these revenues were applied to support the Division's budget/forestlands.

Environmental constraints. Many of these sites also have environmental constraints (such as significant streams, wetlands, and, most commonly, steep slopes) that limit harvesting activities. A determination would need to be made whether the harvest program would comply with the Washington State Forest Practice Act standards or the stricter County clearing and grading code standards.

Procedural restrictions. King County Code currently requires that the Department of Natural Resources and Parks use County surplus property procedures when the County wants to sell timber from a site, which would add to the process and expense of timber sales.

Lack of expertise. The Forestry Program does not have the staff expertise to perform the harvesting in-house and would have to use the County's contracting process to hire contractors or be allocated funding to hire additional forestry staff.

Public Concerns. The public has traditionally used these parks for active and passive recreation experiences. There may be resistance to managing these lands for timber revenue.

Discussion

The reclassification of a number of parks-managed forestlands sites into “working resource lands” occurred during the 2001-02 reorganization of the Department of Natural Resources and Parks. The Water and Land Resources Division currently manages these working resource lands, as well as other natural resource properties.

The Forestry Group has been helping manage the WLRD working forest properties since January 2002 and has not yet completed a valuation for all the properties. Timber valuations were done as part of the acquisition appraisal process. However, these valuations are outdated and only account for the market value of the timber, not the expense of harvesting. The Forestry Group needs to determine where the County could harvest to get the maximum revenue while balancing this "use" with other goals (such as habitat preservation, public use, etc.) for each site.

The Forestry program and Natural Resource Lands Management team have started a specific stand inventory analysis for the forest sites using the software application LMS. Currently, this work has only been carried out on a portion of one site (Sugarloaf). This software has the ability to determine the result of several different management options from both a resource and a revenue perspective. The inventory process and software analysis have proved to be very time consuming, and may not be worth doing on all the forest sites. The Forestry program and Natural Resource Lands Management team are making progress on addressing policy constraints, completing site inventories, and planning steps to determine when and where to harvest and at what levels.

By some estimates, harvesting for revenue on the current WLRD-managed properties is at least 20 years in the future, given the size and health of these forestlands.

Stakeholders for this recommendation include neighbors adjacent to the harvested lands and users of the forestlands where the harvesting would occur as well as park lands where the revenues would be directed.

To achieve the highest revenue possible from these forestlands, forest management actions (such as pre-commercial thinning) need to be taken to help facilitate the tree growth that will bring in the most revenue. In addition, the County needs to complete a Road Maintenance and Abandonment Plan for each working forest property, bring all forest roads up to current state Forest and Fish regulation standards, and decommission properties the County will not be using. Some working forest resource sites do not have legal access or roads to utilize for future harvest activity. Building and/or maintaining existing infrastructure for forest activities can be very expensive. All of these activities require an investment up-front—in some cases for many years—before a harvest could actually take place.

Global timber markets have dropped significantly over the last ten years or so, decreasing the net revenue to be gained.

Harvesting timber may conflict with other public uses by limiting access or closing portions of park sites during timber harvests and rerouting or closing trails, trailheads, parking lots, restrooms, etc. Changing the aesthetic nature of the park will alter the users' experience and perhaps their perception of County parks. Many of these properties are adjacent to urban areas, which present additional challenges to timber harvesting.

References: King County Executive Order: Implementation of Forestry Policies (PUT 8-18)

<http://www.metrokc.gov/recelec/archives/policies/put818aeo.htm>

Revenue Enhancement Strategies

R-11: Park-and-Ride Lots

Strategy

Allow operation of park-and-ride lots in King County parks to generate new revenue for Parks.

Recommendation

The Parks Division should accommodate the operation of park-and-ride lots in King County Parks on a case-by-case basis as a source of new revenue. The Parks Division would need to evaluate the underlying funding issues associated with each facility to make sure that a park-and-ride lot would not be deemed a “conversion” of all or a portion of a facility, since a conversion could trigger a requirement for the Division to provide an equivalent replacement facility (a common funding requirement). The Division would also need to evaluate each site to ensure that the park could accommodate additional mid-day parking requirements and not conflict with user groups.

Park-and-ride lots would generate an estimated \$2.50 per space per month. Agreements could be implemented with King County Transit in 2002 that could generate funds in 2002 and beyond. At this time, Transit only needs 10 to 20 spaces per park and has identified five potential locations. The maximum amount to be generated from one park-and-ride lot is \$600 per year assuming 20 spaces were used in any one park.

Policy Issues

The funding source for each facility should be identified to ensure that placing a park-and-ride lot within a park does not trigger conversion of the site in contravention of bond or grant covenants. For example, facilities funded by Interagency Committee For Outdoor Recreation (IAC) funds, which are state and/or federal funds, would require evaluation on a case-by-case basis. If the park-and-ride lot interfered with the recreational use on the site, it would not be allowed.

The hours of use for park-and-ride facilities must not prohibit recreation users from parking and having access in parks.

Discussion

The Transit Division has reviewed existing park sites to identify those that could potentially be used for park-and-ride commuter parking. The Division has identified five potential locations that would meet its current needs:

- White Center Park, 1321 SW 102nd, Seattle
- North Meridian Park, SE 231st and 120th SE, Kent
- Fall City Park, 4101 Fall City-Carnation Rd. SE, Fall City
- 132nd Square Park, 13159 132nd NE, Redmond
- Cottage Lake Park, NE Woodinville-Duvall Road and 188th NE, Woodinville

Of these five, two of the above locations (Fall City Park and possibly 132nd Square Park) appear most promising. The other sites do not appear to work because of the heavy daytime park usage and the limited availability of parking onsite. As time and staffing allows, work will continue between Parks and Transit to develop a more specific proposal for these two most promising park and ride sites. In addition, the Divisions will periodically review other sites for feasibility.

Revenue Enhancement Strategies
R-12: Real Estate Excise Tax (REET) and Conservation Futures Tax (CFT) Revenues

Strategy

Explore changes in future application of Real Estate Excise Tax (REET) and Conservation Futures Tax (CFT) revenues to County parks.

Recommendation

King County should continue to work with other interested local governments in seeking state legislative changes for both REET and CFT to allow a portion of these revenues to be used for parks maintenance and operations costs (See Appendix R-2 for legislative proposal).

Pledged debt service repayment must continue to be the first priority for REET and CFT revenues, since CX funds would have to make up any difference in the event of a shortfall.

In order to support the remaining County park system, and the new revenue generating initiatives proposed in the preliminary 2003 parks budget, the County should continue to apply REET 1 and REET 2 revenues to support parks capital programming.

Although current county policy (the process and criteria stipulated in Ordinance 13717 (KCC 26.12, approved in 2000) provides for allocation of the vast majority of CFT revenues to other jurisdictions in King County, because these revenues are so limited in their use, no change to this policy is recommended at this time (except as may be facilitated by a change in state law that would allow some amount of CFT revenue to be applied for maintenance purposes).

Policy Issues

Many other County programs are eligible under state law for REET funding. A policy decision has been made historically to focus REET dollars on parks capital.

Similarly, a policy decision has been made to share CFT revenues with other jurisdictions— important to securing regional support for this funding source.

Discussion

REET and CFT are critical to funding the parks capital improvement program and paying debt service on a variety of park and other County debt. It is recommended that REET revenues available for programming in 2003 should be prioritized consistent with the Parks Division 2003 Capital Improvement Program priorities.

CFT revenues available for programming in 2003 should be programmed pursuant to Ordinance 13717 on the recommendations of the CFT Citizens Advisory Committee, which reviews proposals from the cities and the County. No County policy changes are

recommended with respect to CFT, unless necessary to incorporate a change in state law that enabled CFT revenue to be spent on Parks maintenance and operations.

Background

The REET local options are collected as a tax on the sale of real estate and are paid by the seller. There are two 0.25 percent options available, so-called REET 1 and REET 2. The County collects these taxes from the unincorporated areas of the County only. Pursuant to the enabling legislation (RCW 82.46.010 and 82.46.035), these tax revenues must be used for local capital improvements. The County has chosen to restrict the use of REET 2 for parks capital improvements.

Each REET local option is expected to generate about \$4.7 million in 2003, dropping to \$4.6 million in 2004, and then increasing back to historical level of about \$5 million by 2005 (assuming no new annexations take place).

A significant portion of REET 1 has been pledged as debt service, reducing new revenues available for programming in 2003 to about \$2.5 million.

For REET 2, the amount pledged to debt service is much smaller, leaving about \$4 million in new revenues available for programming in 2003.

In addition, there are quite sizable carryovers of unexpended prior-year appropriations for Parks CIP projects that need to be reviewed in light of the current Parks funding crisis and the revised business plan for moving forward. It is possible that some significant portion of these may be cancelled, freeing up additional REET revenues for re-programming in 2003.

The CFT is a local option *countywide* property tax assessment of 6.25 cents per \$1,000 of assessed valuation that is restricted by enabling statute (RCW 84.34.230) to be used for acquisition of ownership interests in properties for conservation purposes. King County has established a complex process for programming these revenues (Ordinance 13717) involving consideration of proposals submitted by a citizens committee, with final recommendations submitted to the Executive and Council.

Attachment: Summary of REET and CFT revenues, carryovers and debt service.

Attachment
Summary of REET 1, REET 2, and CFT Revenues

REET 1: Per RCW82.46.010 - capital uses can include acquisition, development and renovation*

REET 1	2002	2003	2004
Beginning Fund Balance	\$ 367,202	\$ 497,899	\$ 550,071
REET Tax plus Interest	\$ 4,991,214	\$ 4,860,598	\$ 4,763,386
Debt Service Payments	\$ (2,181,132)	\$ (2,383,900)	\$ (2,384,399)
Sub-total	\$ 3,177,284	\$ 2,974,597	\$ 2,929,058
Parks Expenditures	\$ (2,663,027)	\$ (2,407,676)	\$ (2,361,631)
Overhead	\$ (16,358)	\$ (16,850)	\$ (17,355)
Ending Fund Balance	\$ 497,899	\$ 550,071	\$ 550,072

*Primarily used by King County for parks acquisition

REET 2: Per KC Ordinance 10455 - capital uses limited to planning, development and renovation of parks

REET 2	2002	2003	2004
Beginning Fund Balance	\$ 2,828,538	\$ 282,962	\$ 451,928
REET Tax plus Interest	\$ 5,013,214	\$ 4,930,290	\$ 4,850,264
Debt Service Payments	\$ (642,269)	\$ (642,269)	\$ (642,269)
Sub-total	\$ 7,199,483	\$ 4,570,983	\$ 4,659,923
Parks Expenditures	\$ (6,904,716)	\$ (4,107,055)	\$ (4,195,634)
Overhead	\$ (11,805)	\$ (12,000)	\$ (12,360)
Ending Fund Balance	\$ 282,962	\$ 451,928	\$ 451,929

CFT: Per RCW 84.34.020 - Strictly limited to open space acquisition

CFT	2002	2003	2004
Beginning Fund Balance	\$ 186,186	\$ -	\$ -
Conservation Futures Tax	\$ 12,994,416	\$ 14,232,562	\$ 15,032,792
Debt Service Payments	\$ (5,128,572)	\$ (5,134,764)	\$ (5,144,642)
Sub-total	\$ 8,052,030	\$ 9,097,798	\$ 9,888,150
King County Council Allocation	\$ (2,405,000)	\$ (954,890)	\$ (994,408)
Citizen Committee Allocation	\$ (5,525,557)	\$ (8,021,435)	\$ (8,567,788)
Overhead/TDR Loan Repay	\$ (121,473)	\$ (121,473)	\$ (325,955)
Ending Fund Balance	\$ -	\$ -	\$ -

Revenue Enhancement Strategies R-13: Driving Range Feasibility

Strategy

Investigate the health of the golf and driving range industry locally and whether opportunities exist for similar activities to take place within County Parks.

Recommendation

The County should seek concession agreements with private driving range operators as a way of generating new revenue to support parks, as well as provide additional recreational opportunities within County parks. Two parks are identified as most promising for installation of a driving range: Marymoor Park and Sixty Acres South.

Policy Issues

- Driving ranges on County parks would compete with private driving ranges.
- There may be public opposition to altering parks in this manner.
- Development of a portion of a park as a driving range would preclude its development for additional ballfields or other amenities.

Discussion

King County parks assets include significant acreage that may lend itself to the development of golf-related facilities such as driving ranges. Currently there are roughly 10 driving ranges in the metropolitan area surrounding Seattle and most of these exist as part of larger operations normally including a golf course and pro-shop. Freestanding facilities do exist and can be successful if marketed correctly, however. Basic requirements are land that is flat, infrastructure, a facility that supports at least 25 stations, and a pro shop for lessons. Success of the freestanding facility is dependent on the following factors:

Visibility: Location along a major transportation corridor that allows for easy entry and exit. Most driving range visits are less than 1 hour in length with quick turnover. Many driving range visits are impromptu, spur of the moment decisions often triggered by sight of the range itself or signage.

Ease of Use: Facility should allow for quick turn around. Users want to enter, pay quickly, hit balls and leave on their schedule.

Lessons: Lessons can potentially make up a large portion of revenues from a riving range therefore it is important to have good instructors and equipment to provide this service. This is important especially as the demographics of golf have changed to include basically all populations. Historically, golf had been viewed upon as a sport dominated by men ages 25 and up. Ranges provide for one on one teaching and swing analysis via video that is not practical for golf courses.

Promotions: Driving ranges can offer promotions and specials to attract specific populations. Examples from other ranges in the area include Ladies Night, Boeing Employee Specials, Longest Drive Contests.

Proximity: Range should be close to urban/suburban populations. Driving ranges, unlike golf courses, are not destination facilities and therefore should be within a 10-15 minute drive of target population.

Based upon balance sheets and numbers provided by the several agencies and groups contacted, a driving range may generate *net* revenues from \$100,000 to about \$700,000 depending on efficiency of system in place, proximity to areas of significant population and whether the range is located adjacent to a golf course. The City of Seattle last year netted \$400,000 from the concession of the Interbay golf course and driving range—a facility uniquely placed within a densely populated urban area. Seattle staff emphasized the importance of selecting a skilled private operator to ensure smooth operation and maximum revenue opportunity at public golf facilities—the City has had a number of issues with its non-profit operator.

Should the County decide to pursue this option it would be important to identify a site based on proximity to major arterials or highways, with a demographic that could support the use of the facility. Hours of operation would need to be set to maximize draw—likely requiring a site that can accommodate lighting. Extremely tall poles and netting are also required. Based on these parameters the following locations as possible sites for a driving range to be located:

1. Marymoor Park
2. Sixty Acres South (several competing proposals for development of this site are also under consideration).
3. East Auburn Athletic Fields (based on the terms under which this facility was acquired by the County, it is under discussion for transfer to the City of Auburn and subsequent joint development by the City of Auburn and the Auburn School District).

The Parks Division is currently in discussions with Conley's Golf for the opportunity to provide an automated driving range at Marymoor Park. The range itself would have roughly 40 stations and employ the Northstar Range Automated System that allows users to purchase pre-paid cards and use them when they want. Marymoor, with its central eastside location should be an ideal site for a driving range. Freeway access is good, there are few ranges in the area, yet a significant population resides within 10-15 miles of the park.

Alternatives

- *Do not install driving range and find other revenue opportunities.*
- *Install driving range under County operation, rather than with a private concessionaire.*

Background

To prepare this report, staff contacted representatives of the Riverbend Golf Course in Kent, Interbay Golf Center in Seattle, Family Golf Center in Renton, the University of Washington and Seattle Golf (Jefferson/Jackson courses).

Revenue Enhancement Strategies R-14: General Revenue Options

Strategy

Identify as many revenue options as possible to address the operations and maintenance needs of King County parks.

Recommendation

The County should investigate all reasonable revenue options for preserving and enhancing the County Parks System, under its new redefined and re-focused mission, as incorporated in the Executive's preliminary budget proposal. Many of these new revenue opportunities are explored in separate summary reports in this appendix. This report highlights the range of *new tax and donation revenue options* explored by the Metropolitan Parks Task Force.

An additional revenue source, Real Estate Excise Tax (REET) 3, was not reviewed by the Task Force and is not recommended: its use is limited to acquisition and maintenance of conservation areas and it requires voter approval. REET 3 is currently not imposed in King County. Instead, Conservation Future Tax revenues currently provide funding for acquisition of conservation areas, and the Executive concurs with the Metropolitan Task Force recommendation to seek a change in state law to allow some CFT revenues (preferably from an incremental increase in the CFT rate) to be used for maintenance.

Discussion

The Metropolitan Parks Task Force explored a number of new revenue options (included in the Task Force Report as Appendix G, excerpts of which are included as an attachment to this appendix), including the following:

- Redirect a portion of the rental car tax
- Seek changes in state law to expand ability to use existing parks capital project revenues (REET 1 and REET 2) for park maintenance
- Create a Parks Foundation
- Implement an Admission Tax
- Raise unincorporated area property tax rates to the extent allowed by law without a vote
- Ask voters in unincorporated areas to raise property taxes to pay for parks and pools in unincorporated areas
- Ask voters countywide to raise property taxes to pay for countywide park facilities
- Sell some park properties to developers and apply proceeds to maintain other parks
- Seek state law change to allow new sales tax to pay for parks and recreation with voter approval
- Form a Metropolitan Park District
- Form a Park and Recreation Service Area
- Form a Park and Recreation Service District

- Divert existing unincorporated property tax levy to pay for parks in unincorporated areas

As identified in the main text to this Phase II Report, the Task Force selected a very few of these options, and the Executive has further screened the Task Force proposal in submitting his recommendations in this Phase II Report.

After the Task Force concluded its work, staff identified an additional potential new source of revenue: REET 3. REET 3 would provide up to 1 percent of the selling prices on real estate transactions. Per RCW 82.46, revenues from a REET 3 tax would be available for acquisition and maintenance of conservation areas. Imposing a REET 3 tax would *require voter approval* (simple majority). It could generate up to about \$20 to 24 million per year for King County from unincorporated areas. Given that the tax: (1) has limited applicability duplicating CFT; and (2) requires voter approval, this option is not recommended.

Attachments

Excerpts from Metropolitan Parks Task Force Report, Appendix G

Attachment: Metropolitan Parks Task Force Report, Appendix G, pages 27-30

<i>Idea</i>	<i>Short/Mid/Long Term Opportunity</i> <i>All amounts are per year unless otherwise specified</i>
REVENUE	
<p>Re-direct portion of rental car tax</p> <p>This is currently used to pay for the Youth Sports Grant Program</p>	<p>Short, Mid and Long term: \$750,000</p>
<p>Seek changes in law to expand ability to use existing parks capital project revenues for park maintenance</p> <p>County currently receives over \$15 million a year in revenue that by law can only be applied to buy new park lands, not to operate or maintain parks</p>	<p>Potential is for up to \$15 million, but more realistic estimate would be up to 25% of this source of funds applicable to O&M. Several bills sought to do this in 2001. Some kept the overall amount available the same, while other bills increased the overall amount, and then dedicating a portion to O&M.</p> <p>Short, Mid and Long term: \$0 - \$3.5 million (or more if the overall amount of money available is increased)</p>
<p>Create Parks Foundation</p> <p>Private donations used as endowment for parks maintenance</p>	<p>Short:\$200,000 Mid:\$1,000,000 Long:\$2,000,000</p>
<p>Admissions Tax</p> <p>County has authority to impose 5% admissions tax on movie, theatre tickets, etc. in places where cities do not currently impose such a tax</p>	<p>\$500,000 - \$1,000,000</p>
<p>Raise unincorporated area property tax rates to limited extent allowed by law <i>without a vote</i></p> <p>Limited, short term (4 years) capacity to raise money without a vote in unincorporated areas to pay for any county purpose.</p>	<p>2003: \$10 million 2004: \$7.4 million 2005: \$4.4 million 2006: \$1.1 million</p>
<p>Ask voters in unincorporated area to raise property taxes to pay for parks and pools in</p>	<p>\$20 per year (8 cents/\$1000) for the average household generates \$2.6 million \$40 per year (17 cents/\$1000) for the average household generates \$5.3 million \$60 per year (25 cents/\$1000) for the average household generates \$7.9 million \$80 per year (33 cents/\$1000) for the average household generates \$10.6 million</p>

King County Parks Division Business Plan
August 28, 2002

<p>unincorporated areas</p> <p>A 20 cent increase in the unincorporated area property tax rate would raise nearly \$7 million a year, and would cost the average unincorporated area household \$54 dollars per year</p>	<p>\$100 per year (42 cents/\$1000) for the average household generates \$13.2 million</p>
<p>Ask voters <i>countywide</i> to raise property taxes to pay for countywide park facilities</p> <p>A 5 cent increase in the Countywide Property Tax rate would raise over \$11 million a year, and would cost the average household \$13 per year</p>	<p>\$20 per year (8 cents/\$1000) for the average household generates \$16.2 million \$40 per year (15 cents/\$1000) for the average household generates \$32.4 million \$60 per year (23 cents/\$1000) for the average household generates \$48.6 million \$80 per year (31 cents/\$1000) for the average household generates \$64.8 million \$100 per year (39 cents/\$1000) for the average household generates \$81 million</p>
<p>Sell some park properties to developers and apply proceeds to maintain other parks</p> <p>This would require a change in state law. Currently, sale proceeds must be applied to buy new parks.</p>	<p>\$490 million</p> <p>Current assessed value of entire system estimated at \$490 million</p>
<p>Seek state law change to allow new Sales Tax to pay for parks and recreation, with voter approval.</p>	<p>Unincorporated Area Only \$20 per year for the average household generates \$2.7 million \$40 per year for the average household generates \$5.4 million \$60 per year for the average household generates \$8.1 million \$80 per year for the average household generates \$10.8 million \$100 per year for the average household generates \$13.5 million</p> <p>Countywide \$20 per year for the average household generates \$16.4 million \$40 per year for the average household generates \$32.8 million \$60 per year for the average household generates \$49.1 million \$80 per year for the average household generates \$65.5 million \$100 per year for the average household generates \$81.9 million</p>
<p>Metropolitan Park District</p> <p>Maximum levy allowed by state law is 75 cents per \$1,000/assessed value</p>	<p>Unincorporated Area Only \$0.25/\$1000 (about \$60/year for average household) generates \$7.9 million \$0.50/\$1000 (about \$120/year for average household) generates \$15.8 million \$0.75/\$1000 (about \$180/year for average household) generates \$23.7 million</p> <p>Countywide \$0.25/\$1000 (about \$65/year for average household) generates \$52.8 million \$0.50/\$1000 (about \$130/year for average household) generates \$105.6 million \$0.75/\$1000 (about \$195/year for average household) generates \$158.4 million</p>

King County Parks Division Business Plan
 August 28, 2002

<p>Park and Recreation Service Area</p> <p>Maximum levy allowed by state law is 60 cents per \$1,000/assessed value</p>	<p>Unincorporated Area Only \$0.25/\$1000 (about \$60/year for average household) generates \$7.9 million \$0.50/\$1000 (about \$120/year for average household) generates \$15.8 million \$0.60/\$1000 (about \$144/year for average household) generates \$18.9 million</p> <p>Countywide \$0.25/\$1000 (about \$65/year for average household) generates \$52.8 million \$0.50/\$1000 (about \$130/year for average household) generates \$105.6 million \$0.60/\$1000 (about \$156/year for average household) generates \$126.7 million</p>
<p>Park and Recreation Service District</p> <p>Maximum levy allowed by state law is 60 cents per \$1,000/assessed value</p>	<p>Unincorporated Area Only \$0.25/\$1000 (about \$60/year for average household) generates \$7.9 million \$0.50/\$1000 (about \$120/year for average household) generates \$15.8 million \$0.60/\$1000 (about \$144/year for average household) generates \$18.9 million</p> <p>Countywide \$0.25/\$1000 (about \$65/year for average household) generates \$52.8 million \$0.50/\$1000 (about \$130/year for average household) generates \$105.6 million \$0.60/\$1000 (about \$156/year for average household) generates \$126.7 million</p>
<p>Divert Existing Unincorporated Property Tax Levy to Pay for Parks in Unincorporated Areas</p>	<p>Currently, over 95% of the unincorporated levy (about \$54 million in 2002) is deposited directly into the County Roads Fund to fund the Roads Division – responsible for all roads in the unincorporated area (and proposed to be responsible for the Regional Trail system, per other recommendations of the Task Force). The Division also receives about \$30 million a year from service revenues and gas tax.</p> <p>Legally, the unincorporated property tax levy can be used for any county purpose in the unincorporated area.</p> <p>A significant portion of this money is capital: of the approximately \$84 million budgeted for the Roads Division in 2002, \$25 million is dedicated to capital and about \$60 million is dedicated to operations.</p> <p>It is possible that, to avoid a tax increase, the County could divert money from the Unincorporated Levy to pay for parks in unincorporated areas. This would necessitate offsetting cuts in capital and operations in the Road Division.</p>

Cost Savings Strategies

C-1: Transfer Costs of Resource and Ecological Lands

Strategy

Examine feasibility of transferring the costs of Resource and Ecological Lands to another, non-CX division of King County.

Recommendation

Surface Water Management (SWM) funds should be used to pay for the entire costs of maintaining the resource and ecological lands in 2003. This would expand the SWM Fund transfer to the Parks CX Fund from \$236,000 in the 2002 budget to an estimated \$638,000 in the 2003 budget. Depending on decisions made in 2003 on seeking dedicated funding for parks in a ballot measure, this strategy will be revisited in developing the 2004 budget.

Management and oversight duties for the resource and ecological lands were transferred to the Water and Land Resources Division as part of the 2002 merger between the Department of Natural Resources and the Department of Parks and Recreation. Per the reorganization ordinance, the Water and Land Resources Division is to perform all management, planning, and custodial duties associated with resource and ecological lands, and the Parks Division would continue to perform all maintenance activities associated with resource and ecological lands. This is occurring in 2002 and should continue in 2003.

Policy Issues

The use of SWM Funds to pay for the maintenance of Ecological and Resource Lands is a legally permissible use of the SWM Funds. However, any diversion of SWM Funds to pay for land maintenance will have an impact on the SWM Fund's ability to pay for other activities in the Water and Land Resources Division (WLRD).

The specific impact to WLRD of the 2003 transfer to Parks is a reduction in basin stewards, community outreach staff, and scientific support for developing the shoreline master program regulations. Extending support in future years will result in further reductions in these areas and reduced stormwater facility maintenance, reduced engineering capacity to support building capital projects, and eliminating environmental education.

Alternatives

- *Not fund the maintenance of ecological and resource lands at all in 2003.*
- *Fully fund the maintenance of Ecological and Resource Lands with CX Funds, which would divert scarce CX Fund dollars away from other portions of the parks system for which there is no other legal or viable alternative.*

Background and Discussion

Ecological and Resource Lands provide benefits for water quality, drainage, flooding, fish, and other habitat, and it is therefore legal and appropriate to use the SWM Fund to pay for the maintenance of these lands. This recommendation can be implemented as part of the 2003 budget. Use of the SWM Fund will ensure that Ecological and Resource Lands are adequately maintained in 2003, but will impact other WLRD activities as described above.

Cost Reduction Strategies

C-2: Divesting Parks Facilities to Other Governments

Strategy

Transfer current parks facilities to other governmental entities to operate them at their own expense as public facilities.

Recommendation

The best opportunity for immediate CX Fund savings, as well as ensuring that the public continues to have access to parks owned by the County, is to transfer parks facilities to other governments who will operate them at their expense as public parks.

Staff is approaching cities, school districts, special purpose districts and the Port of Seattle about possibilities for either transfer or operating support for parks and recreation facilities. It is anticipated that as many as 30-35 parks facilities will be transferred to cities in 2002, generating substantial cost savings for the 2003 budget year. Most of these facilities are located within cities, but several transfers of facilities in Potential Annexation Areas (PAAs) are also under discussion (facilitated by Council action in July to exempt PAA parks from surplus requirements). In addition, it is possible that funding and/or operating agreements in support of specific local pools and parks will also be successfully concluded. The preliminary budget assumes savings of \$6.2 million from transfer or mothballing of in-city parks facilities.

While the strong preference is to permanently transfer ownership of facilities to other governments, if the alternative is mothballing then the County is willing to consider other options to keep parks and recreation facilities open. As a result, discussions are under way with cities and school districts to see if these agencies are willing to pay King County to offset operating costs of the pools in 2003 if a transfer agreement cannot be reached.

Policy Issues

The key policy issues associated with parks transfers are identifying **which facilities should be transferred**, and determining the **terms and conditions under which those transfers occur**. Those facilities considered for transfer are all in-city facilities, based on the recommendations of the Metropolitan Parks Task Force, and the general principles of growth management. Parks in city annexation areas are also up for transfer, again based on growth management principles: several cities believe that assumption of parks in annexation areas will help promote their annexation goals. Transfer requires agreement between the parties: the County cannot force a city or other government to take title to a park.

The fundamental conditions on which transfers are being made are: (1) cities are not required to pay for parks; and (2) cities are required to continue to use the parks for park purposes, make them available to all residents of the County and comply with all the terms and conditions that apply to the County in its operation of the park. This first policy decision is based on the fact that cities are unwilling to pay for facilities, and

taxpayers have already paid for them once. The second is based on the goal of generally ensuring that parks continue to be operated as public parks.

Existing Council policy prohibiting cities charging **differential fees** to non-city residents is proving a significant barrier to transfers. Cities believe that once their taxpayers assume operating cost responsibility, cities should have the option of imposing fee structures to reflect this fact. Interlocal agreements for park transfers will no longer include this prohibition on differential fees, based on discussions between the County Executive and city leaders. However, the proposal is that fee differentials must reasonably reflect local taxpayer subsidy, and cities must continue to guarantee access to facilities to all County residents. Cities are also being asked to extend needs-based rate policies to all park users regardless of residency.

Another key policy issue relates to the **swimming pools**. The County for two decades has asserted that these are local facilities that should be transferred to cities. In the ill-fated Regional Finance and Governance discussions in the late 1990's, cities agreed with this proposition and offered to take on the remaining pools; unfortunately, those discussions ultimately broke off without resolution. Now, some cities are asserting pools are regional and that a new regional aquatics vision must be developed and implemented. The Executive believes that **swimming pools remain local facilities**, and that the **County is not in a position to remain in the local pool operation business inside cities. The County will continue to own and operate the one truly regional aquatics facility, the Weyerhaeuser King County Aquatic Center.** However, the Executive has offered to participate in a regional aquatics task force with cities and others to examine the future of aquatics in King County. Consistent with the position that swimming pools are local facilities, the Executive's preliminary budget incorporates funding for the 5 County swimming pools located in unincorporated areas of King County—where King County is the local government service provider.

Discussion

A staff team has been engaged since March 2002 in an all-out effort to transfer as many County parks facilities as possible to cities and other governments. As of July 30, 2002, discussions are under way with nearly two-dozen jurisdictions. Those facilities under discussion for transfer have been selected for consistency with the long-term vision of the County parks system as proposed by the Metropolitan Parks Task Force and endorsed by the County Executive. Staff has also talked to the Port of Seattle about taking on some maintenance costs at smaller parks along the Duwamish River, and providing operating support to the Greenhouse Program. Staff has also approached the Vashon Park and Recreation District about the possibility of assuming ownership of some County parks facilities, specifically the Vashon Pool and Dockton Park. At this time (August), the District is still considering whether to assume ownership of Dockton, but has expressed no interest in the pool. The Northshore Park and Recreation Service Area has also been contacted about its possible interest in taking on the Northshore pool located in the City of Bothell; at this time, the Service Area is not interested in the Northshore pool.

Given the exigency of the state parks budget problem, there are no discussions under way to divest County parks to the State. However, discussions with the State are ongoing regarding possible new revenue sources for parks or joint programs that could save operating costs.

For the local pools owned by the County, staff has initiated three-way discussions on each pool within the urban growth area (13 of the 15 pools) by bringing together the school district and city or cities that most use each pool. The cities and school districts have been informed that the in-city pools will be mothballed unless operating dollars are found or the pools transfer. The County has offered to contribute the mothball cost (approximately \$75,000 per pool) towards operation of these pools in 2003, as well as 5-years capital expenditure in case of transfer.

Because the Executive has proposed funding the five unincorporated area pools, discussions are now focused on the 10 in-city pools. Work is continuing in an effort to ensure all these pools either transfer or are otherwise open to the public in 2003. This includes approaching alternate pool operators such as the YMCA.

With the exception of the Redmond Pool, all of the County's pools are built on land *owned by school districts and leased to the County*. The Redmond Pool is built on city property. Records indicate that public use of the pools is highly localized, that is, the vast majority of users are from the city in which the pool is located or from adjacent areas. In addition, the school districts are major users of each pool for various aquatic recreation programs (boys and girls swim teams and water polo teams being the major users). Attachment B describes the general parameters of the discussions with the cities and school districts relative to the pools.

The staff team is working to bring all arrangements for park or pool transfers to Council before the 2003 budget is adopted. The advantages of transferring facilities are clear: the County's CX Fund burden is reduced, and the public still benefits from being able to use the parks. Currently, there is extremely little public recognition as to which public entity owns which parks.

The disadvantages relate to the nature of the remaining park system: far flung, and largely in the rural areas. The County will need to restructure its parks maintenance operations to account for reduced facilities, and this will include some layoffs. The remaining system will include less highly visible facilities.

Alternatives

The alternative to transferring parks and pools is for the County to retain them and secure other means to support their operation. This may be an option for some of the in-city pools. If the County elects to retain a facility but cannot provide operating funds, the facility must be mothballed. Given the seriousness of the fiscal crisis, staff has placed its priority on securing transfers that will keep facilities open, rather than having to be in the position of mothballing facilities.

Background

The County has dedicated a team of four negotiators, with one lead coordinator, to head up all transfer discussions. The team is assisted by an attorney from the Prosecutor's Office. In addition, Parks Division staff provides research support for each property under discussion, identifying relevant funding sources and other agreements with respect to the properties (such as landmark designations, public art, archaeological sites, etc.). Negotiations are under way now with nearly two dozen local governments and each is fairly time intensive.

Attachments

- *Attachment A:* Policy guidelines for transfer discussions with cities
- *Attachment B:* General information regarding County pools, shared with cities and school districts

Attachment A

Guidelines for Transfer of Parks to Cities

This document summarizes the general parameters and guidelines of the discussions with cities regarding parks transfers.

Priority: The first priority is to transfer all facilities located within cities, with the exception of portions of the regional trail system or its planned expansion,²⁹ to cities. This includes the few isolated parcels of resource and ecological lands, multi-use lands, regional parks, and local parks. Reception by most cities has been positive, and discussions are under way regarding the transfer of virtually all in-city parks.

A second priority is to transfer all facilities located within a city's potential annexation area to that city. Some cities are actively pursuing such transfers, believing it will support their longer-term annexation goals. Other cities are concerned that assuming control of parks within annexation areas will have a deterrent effect on possible annexation.

With the exception of the Enumclaw Golf Course and Community Center (essentially urban facilities), no facilities in the rural area are being proposed for transfer to cities. This means that some parks are being split into pieces, with the portions in cities going to cities and the County retaining responsibility for the portions outside of cities.

Terms of Transfer: The transfers are "as is," without money going in either direction.³⁰ The city must agree to maintain the park use, abide by all terms, covenant, laws, and conditions to which the County is subject in its use of the property, and assume liability for occurrences arising after the date of transfer.

Where parks are within a potential annexation area, staff is working to engage cities in a larger discussion about annexation issues. For example, a memorandum of understanding may accompany the transfer proposing a series of joint meetings with unincorporated area residents to promote annexation.

Where multiple facilities exist, the County is encouraging but not requiring "bundling;" that is, asking a city to take all parks facilities. Where a city offers to take some but not all facilities, the bottom line conclusion (although not ideal) is that it is better for some facilities to remain open as a result of transfer, rather than have the County forced to mothball multiple facilities because they were not transferred.

Cities are strongly encouraged to hire County parks employees who may lose their jobs as a result of transfer.

²⁹ The County is either retaining the regional trail system parcels, or if these run through a park that is proposed for transfer, retaining at least an easement for the trail system.

³⁰ The single exception to this is the proposed transfer of some planning money that the County had previously budgeted for Juanita Beach Park; this planning money will be given to the City as part of the transfer agreement.

The following table sets forth all County parks facilities within City boundaries and within the Potential Annexation Area of cities (exclusive of regional trails). Beginning in April 2002, King County staff approached each of the cities listed and inquired as to their interest in taking on ownership and/or operation of these facilities. Discussions are currently under way or pending with all these cities. However, not all facilities are under active discussion for transfer: many cities have expressed a willingness to discuss potential transfer or operation arrangements for only some of the facilities identified. In particular, most cities are reluctant to assume ownership of the pools, and few are prepared to take on parks in their annexation areas. To date, only the Juanita Beach Park and South Central Pool discussions have been concluded.

City	Facilities in City	Adjacent Facilities in PAA	Non-Adjacent Facilities in PAA
Auburn	Auburn Pool ; North Green River Park (part)		Lea Hill Park; Auburndale 2 Park; East Auburn Athletic Fields; North Green River Park (part) ²
Bellevue	Traffic Circle, Lake Heights Park	Eastgate Park	
Black Diamond	Lake Sawyer Park ¹		
Bothell	Costie Ruiz Pool (Northshore)	West Hill Park	East Norway Hill Park (<i>partially in Kirkland's PAA</i>)
Burien	Salmon Creek Waterway, Lake Burien School Park		
Covington	Soos Creek Park (portion)	Tahoma Pool ; Jenkins Creek Park	
Des Moines	Mt. Rainier Pool		
Enumclaw	Enumclaw Pool		Rural area facilities: golf course, community center and adjacent park
Federal Way	Kenneth Jones Pool (Federal Way)		Five-Mile Lake Park; Lake Geneva Park; South County Athletic Complex; Camelot Park; Bingaman Pond
Issaquah	Sammamish Cove Park		Klahanie Park ³ ; Timberlake Park; Meerwood Park;
Kent	Kent Pool	North Green River Park (part)	Park Orchard Park; North Meridian Park; Green Tree

King County Parks Division Business Plan
August 28, 2002

			Park; North Green River Park (part) ²
Kirkland	Juanita Beach Park		132nd Square Park; Big Finn Hill Park; Kingsgate Park; Windsor Vista Park; East Norway Hill Park (part); Edith Moulon Park; O.O. Denny Park (Seattle); Juanita Triangle Park; Juanita Heights Park
Maple Valley	Lake Wilderness Park ¹ , Spur trails		
Mercer Island	Luther Burbank Park; Mary Wayte Pool		
North Bend	Si View Pool and Community Center, Si View Park, Tollgate Farm		
Redmond	Bridle Crest Trail; Redmond Pool		
Renton	May Creek Park	Maplewood Park;	Cascade Park; Renton Park; Renton Pool ; Maplewood Heights Park; Sierra Heights Park; Honeydew Park
Sammamish	Beaver Lake Park ¹		Klahanie Park ³
SeaTac	Des Moines Creek Park, Sunset Playfield, Grandview Park, Sunset Shops		
Seattle	South Park Farm, Fibers International, Duwamish Park		
Snoqualmie	Three Forks Natural Area (portion w/in city limits)		
Tukwila	Fort Dent Park; South Central Pool , Cecil Moses Park, Site 1 Duwamish		

Notes from Table: 1. Regional Park in City. 2. Park in Disputed PAA. 3. Currently in Issaquah's PAA..

Process: Parks transfers are accomplished via an interlocal agreement approved by both the City Council and the County Council.

Attachment B

King County Pools -- Outline of Options and Information Presented to Impacted Cities and School Districts

King County has met with each city and school district in which a King County pool is located, and has also met with the cities and districts whose residents heavily use the three urban unincorporated area pools. The purpose of these meetings is to seek new ownership, operating and/or funding arrangements that will enable the pools to remain open in 2003 and beyond.

The County pools (excluding the King County Aquatic Center) will cost King County an estimated \$8.02 million in 2002 to operate. Only an estimated \$2.6 million (about 35 percent) of this cost is covered by fees charged at the pools, for a net pool operating cost of \$5.42 million.

Of the 15 County pools, ten are located in cities. Three pools are within the urban growth area but outside City boundaries. Two summer-use only pools are located in the rural area.

The County has proposed the following options for the future of each pool:

Option 1. City and/or school district assumes title, ownership, and operation of the pool. The County contributes a fixed level of capital over a term of years (five years) to contribute towards each pool, together with the amount that the County would be spending in 2003 for mothballing the pool. The amount of capital is based on the County's anticipated capital needs for that pool over those years, and considering the County's ability to support other park system assets for which it remains responsible. (See attached Tables B and C for capital improvement schedule for recent years and anticipated future capital improvement needs associated with County pools.)

Option 2. The County retains ownership of pool, but city/school district assumes maintenance and operation obligations (other than capital), setting fees, seeking sponsorships, etc. in collaboration with the County to offset costs.

Option 3. The County continues to own and operate the pool, doing as much as possible to reduce operating deficit (through advertising, scheduling changes, sponsorships, etc.), and city and/or school district share in covering remaining operating deficit. The County contributes the amount of money it would be spending in 2003 on mothballing towards operation of the pool. Tables D and E below show the net cost that would need to be recovered by King County under this option, for each pool (assuming that pool is the only pool for which such agreement is reached—multiple pools would impact the overhead calculation).

Option 4. To the extent revenues and savings are not sufficient to operate pools, the County mothballs pools and continues to look for new operators/owners that will enable pools to reopen as soon as possible.

Option 5. (Longer term option.) New taxing district assumes ownership/operation of pools. A city in which a pool is located must agree to be included in the district in order for the pool to be owned/operated by the district.

Option 6. Other? The County remains open to other suggestions and ideas for operating the pools in 2003 and beyond.

A variety of cost information regarding the pools has been shared with cities and school districts to help them evaluate these different options. Information generated includes: 2003 budgeted costs; sample current swim fees; identification of major user groups for each pool; user residence data; existing agreements related to pool use; “inside the box” operating costs for 2003 excluding all County overhead; two possible “fully-loaded” (including all overhead) operating scenarios and related costs for 2003; mothball costs for each pool for 2003; and recent years operating costs and revenues (where requested.)

Currently, most of the 10 cities with in-city pools are reviewing this data. Negotiations for transfer of the South Central Pool in Tukwila have been concluded. Negotiations for transfer of the Enumclaw Pool are proceeding on a different basis than the other pools, since the city has proposed that the pool transfer be predicated on the accompanying transfer of the Enumclaw Golf Course (which generates money over and above its operating cost to offset the pool operating cost) and Community Center.

The key data shared with the Cities and School Districts is reproduced in the attached tables.

**Table A
 2001 King County Pools Budget: Costs, Revenues, Staffing, Utilities**

Pools	Expenditure	Revenue	Net Amount	Incorporated/ Unincorporated	# FTE's	Approx. Temp Hours	Utilities
Auburn Pool	\$650,854.00	\$174,451.00	\$476,403.00	Incorporated	3.5	11,251	\$ 36,106.00
Cottage Lake Pool	\$166,897.00	\$75,413.00	\$91,484.00	Unincorporated	0	3,790	\$ 16,555.00
Enumclaw Pool	\$537,493.00	\$191,115.00	\$346,378.00	Incorporated	2.5	11,073	\$ 80,227.00
Evergreen Pool	\$485,022.00	\$141,566.00	\$343,456.00	Unincorporated	3.5	6,853	\$ 89,016.00
Federal Way Pool	\$674,477.00	\$231,750.00	\$442,727.00	Incorporated	2.5	9,369	\$ 80,862.00
Kent Pool	\$616,681.00	\$234,891.00	\$381,790.00	Incorporated	3.5	11,441	\$ 86,691.00
Mercer Island Pool	\$578,190.00	\$182,379.00	\$395,811.00	Incorporated	2.5	7,488	\$ 96,367.00
Mt. Rainier Pool	\$545,455.00	\$171,626.00	\$373,829.00	Incorporated	3.5	9,584	\$ 97,031.00
Northshore Pool	\$647,974.00	\$210,881.00	\$437,093.00	Incorporated	3.5	9,385	\$101,669.00
Redmond Pool	\$609,326.00	\$205,075.00	\$404,251.00	Incorporated	2.5	9,090	\$ 91,163.00
Renton Pool	\$758,047.00	\$238,384.00	\$519,663.00	Unincorporated	3.5	13,683	\$ 71,926.00
Si View Pool	\$382,578.00	\$91,776.00	\$290,802.00	Incorporated	1.5	8,660	\$ 13,305.00
So. Central Pool	\$610,296.00	\$123,393.00	\$486,903.00	Incorporated	2.5	9,831	\$101,738.00
Tahoma Pool	\$543,353.00	\$285,848.00	\$257,505.00	Unincorporated	3.5	13,738	\$ 71,944.00
Vashon Pool	\$215,219.00	\$49,972.00	\$165,247.00	Unincorporated	0	4,396	\$ 21,530.00

Sample of Current Aquatic Fees (2002)	
Adult Lap Swim	\$3.00
Youth Public Swim	\$1.85
10 swim lessons/6 person class	\$41.50
Private party pool rental for 26 – 60 people	\$80.00
3 month family pass	\$160.00

Temporary Staff are used for: * Swim Instructors * Cashiers * Pool Attendance * Lifeguards
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Table B -- King County Capital Pool Improvements 1995 - 2002

Project Number	Project Name	Year	Amount
349502	Aquatic Center Improvements	2002	\$537,188
349014*	Fuel Tank Removal	2002	\$271,370
349402*	Pool Painting Improvements	2002	\$398,262
349501*	Pool Liner Repairs	2002	\$438,106
349142*	Pool HVAC Replacement	2002	\$440,623
349411	Federal Way Pool Rehab	2001	\$75,000
349403*	Pool Counter Renovations	2001	\$216,707
349408	Enumclaw Pool Improvements	2001	\$63,000
349402*	Pool Painting Improvements	2001	\$240,000
349201*	Pool Liquid Chlorine Replacement	2000	\$81,445
349202	Renton Pool Rehab	2000	\$310,098
349971	Federal Way Pool Rehab	2000	\$153,007
316061	Warm Water Pool (Bellevue Transfer)	1999	\$300,000
349932	Northshore Pool Rehab	1999	\$59,123
349951	South Central Pool Rehab	1999	\$226,225
349971	Federal Way Pool Rehab	1999	\$341,420
349982	Vashon Pool Rehab	1999	\$79,305
349992	Enumclaw Pool Rehab	1999	\$38,376
316061	Warm Water Pool	1998	\$300,000
349011	Tahoma Pool Liner Rehab	1998	\$67,774
349141*	Pool Water System Rehab	1998	\$272,237
349142*	Pool HVAC Rehab	1998	\$110,581
349346	Redmond Pool	1998	\$224,000
349718	Aquatic Center Rehab	1998	\$155,366
349923	Kent Pool Rehab	1998	\$85,000
349996	Tahoma Pool	1998	\$113,302
316061	Regional Warm Water Pool	1997	\$300,000
349011*	Pool Liner Repairs	1997	\$153,022
349975	Pete's Pool (Enumclaw Community Center)	1997	\$10,000
349717	Aquatics Center Rehab	1997	\$649,696
349996	Tahoma Pool Rehab	1997	\$124,344
316061	Regional Warm Water Pool	1996	\$300,000
316062	Tahoma Pool Business Plan	1996	\$55,000
Xxxxxx	Aquatic Center Soils/Furniture	1996	\$295,000
349346	Redmond Pool HVAC	1996	\$193,174
349600	Renton Pool Rehab	1996	\$98,512
349765	Mt. Rainier HVAC/Roof	1996	\$775,779
349940	Enumclaw Pool Rehab	1996	\$255,464
349346	Redmond Pool HVAC	1995	\$78,651
349586	South Central Pool Rehab	1995	\$227,401
349765	Mt. Rainier Pool HVAC	1995	\$63,124
349940	Enumclaw Pool HVAC	1995	\$644,923
	TOTAL		\$9,821,605

*Denotes projects which funded improvements at several pool facilities

Table C -- Anticipated Pool System Capital Improvements 2002 – 2007

Auburn Pool		\$65,000
HVAC System	\$25,000	
Exterior Cleaning/Painting	\$40,000	
Cottage Lake Pool	Good Condition	
Enumclaw Pool	Good Condition	
Evergreen Pool		\$290,000
Painting	\$40,000	
HVAC Replacement	\$250,000	
Federal Way Pool		\$75,000
Boiler Replacement	\$75,000	
Kent Pool	Good Condition	
Mercer Island Pool		\$150,000
Roofing/Siding	\$150,000	
Mt. Rainier Pool		\$50,000
Lockers/Exit Doors	\$50,000	
Northshore Pool		\$175,000
HVAC Update	\$40,000	
Filter Tank Liner	\$15,000	
Roof Improvements	\$75,000	
Interior Painting	\$10,000	
Exterior Cleaning/Painting	\$35,000	
Redmond Pool		\$75,000
HVAC Upgrade	\$25,000	
Decking Improvements	\$50,000	
Renton Pool	Good Condition	
Si View Pool	Good Condition	
South Central Pool		\$50,000
Natatorium Painting	\$50,000	
Tahoma Pool		\$325,000
HVAC Replacement	\$200,000	
Boiler Stack Work	\$25,000	
Painting	\$60,000	
Locker Replacement	\$40,000	
Vashon Pool		\$25,000
Bleachers/Spectator Seating	\$25,000	

Tables D and E
**Direct Operating Costs without Overhead, Fully Loaded Costs, Mothball Costs, and
Resulting 2003 Subsidy Amount for Two Operating Scenarios: Normal and
Reduced Hours**

The following tables show estimated direct operating costs, overhead costs, mothball costs and resulting 2003 subsidy amount for each of the eight pools if operated by King County in 2003. Numbers are presented for each of the eight in-city pools being negotiated on a stand-alone basis. As previously noted, the South Central pool transfer has been negotiated, and the Enumclaw Pool negotiation is linked to a transfer of the Enumclaw Golf Course and Community Center.

Table D shows costs for a scenario entitled “2003 Operating Normally;” Table E shows costs for the “2003 Reduced Operating” scenario. These scenarios are described below. Also set forth below is a description of the overhead calculation assumptions used in both scenarios.

2003 Operating Normally.

This calculation uses 2003 estimated costs, based on known best estimates to operate.³¹ The number includes only activities and staffing that is located *within that pool facility*. Thus, the number *includes*:

- staffing for that pool alone
- utilities costs (estimated assuming a 10-percent increase over 2001 costs)
- routine repairs and maintenance (assumed to continue at historical levels) chemicals and other supplies used within the building.

The number *excludes*:

- all capital costs
- all administrative staffing and costs including but not limited to billing, aquatics administration, recreation program administration, and park administration
- all County overhead costs, including but not limited to risk management, insurance, motor pool, etc.
- all major maintenance costs
- all grounds maintenance occurring outside the pool.

The number assumes that the pool remains open for the same hours and with the same scheduling as is in place in 2002. However, the number *assumes a 50-percent increase in swim fee charges across the board and a 20-percent reduction in use* resulting from this fee increase.

2003 Reduced Schedule.

Again, this calculation uses 2003 estimated costs, based on the proposed Division budget. It includes only activities and staffing located within the pool facility and thus *includes and excludes the same items as described above for Item #1*. This calculation

³¹ By comparison, the costs shown at Table A are based on 2001 budgeted costs.

assumes several changes in the way pools are operated, which account for the reduced subsidy number as compared to Item #1. Specifically, this item assumes:

- Across the board fee increases of 50 percent, combined with a 20-percent drop off in use
- Reduction in operating hours. Winter operations would be limited to 9 hours per day (down from 12 to 15 hours). Summer operations would be limited to 12 hours a day (down from 15).
- Scheduling is revised to increase the amount of pool time dedicated to swimming lessons and pool rentals, and accordingly a reduction in public swim and lap swim time.
- One fewer full-time employee (FTE) at some pools and fewer temporary staff hours as a result of the reduction in hours and change in scheduling.

Calculation of the Per-Pool Overhead Number and Non-Routine Maintenance Costs

Overhead for each pool has been *derived assuming it is the **only one** of the eight in-city pools operated in 2003*. The overhead rate will change if multiple pools are operated under an Option 3 arrangement, as staff will need to be increased to handle the additional activity. Initially, that will increase overhead costs, but at some point economies of scale should allow the per-pool overhead to be reduced. Without knowing how many pools are operated, it is not possible to know the precise overhead number.

The overhead consists of three components: Enterprise Overhead, Department of Natural Resources and Parks Administration Overhead, and Central Government Charges Overhead.

- **Enterprise Overhead** is the direct central administrative piece within the Parks Division unit that supports the pools. It equates to a 9-percent overhead rate.
- **Department of Natural Resource and Parks Administration Overhead** is the overall administration structure to support the pools, parks, and related services (Department budget and administrative staff, human resources, office space, etc.). This is estimated at a rate of 13.5 percent.
- **Central Government Charges Overhead** accounts for all internal supplied services including but not limited to accounts payable, budget office, financial reporting, information systems, County Council, Executives office, etc. The calculated rate for central government charges is 10 percent.

The overhead calculations here are unique to 2003, and are applicable *only to pools*. Parks overhead is estimated to be higher (given the higher ratio of indirect/direct costs). And, in light of the budget crisis for parks, the Executive is proposing a one-year, significantly reduced central overhead rate for the Parks Division.

In addition to the overhead estimate, an amount for non-routine maintenance needs to be added to determine the fully loaded costs. The non-routine maintenance cost is based on

the 2001 actual maintenance costs incurred at these eight pools, averaged, with the appropriate overhead increment added in.³² These expenditures include non-capital work required at pool sites that occurs annually and vary in severity from year to year. This cost includes general plumbing repairs for the building not associated with the pool operation itself, such as the showers, restrooms and drinking fountains, carpentry and door lock repairs, and electrical repairs for outlets and lighting within and without the building. Small maintenance can also include drywall repair and structural renovations.

³² Excluding Enterprise overhead but including Department of Natural Resource and Parks Overhead and the Central Government Overhead, since maintenance is not part of the enterprise function

**TABLE D: King County Incorporated Area Local Pools
 Total 2003 Cost Estimates, With Overhead**

**2003 "Operating Normally"
 Estimates**

Note: Overhead calculated assuming each pool is the only incorporated area pool operating in 2003; if additional pools are operated by County, overhead will change.

	Auburn	Federal Way	Kent	Mercer Island	Mt Rainer	Northshore	Redmond	Si View	
Pool Manager share benefits	65,667	65,667	65,667	65,667	65,667	65,667	65,667	65,667	
Sr Swim Lifeguard	54,368	54,368	54,368	54,368	54,368	54,368	54,368		
1/2 Pool Op	47,258	47,258	47,258	47,258	47,258	47,258	47,258		
Temporary Staff	33,255	33,255	33,255	33,255	33,255	33,255	33,255	33,255	
Temp. Benefits	112,509	93,691	114,414	74,884	95,843	93,848	90,901	86,601	
Electricity	19,689	16,396	20,022	13,105	16,773	16,423	15,907	15,155	
Water	22,885	22,548	23,232	26,094	35,844	29,602	18,279		
Fuel	9,424	2,454	12,177	12,810	10,539	14,535	11,732		
Chemicals	20,765	55,950	59,951	57,463	50,648	57,532	61,152	13,305	
Office Supplies	3,500	5,000	5,000	2,500	2,500	8,000	5,000	600	
Permits	1,600	500	620	250	620	1,800	1,000	500	
Telecom	365	512	565	300	300	316	350	1,626	
Other	1,038	1,872	674	737	987	1,303	1,620	2,069	
Total before overhead	417,386	362,213	447,203	351,433	424,602	433,907	369,231	228,778	
Overhead Rates:									
- Enterprise Admin	9.0%	37,565	32,599	40,248	31,629	38,214	39,052	33,231	20,590
- DNR/Parks Admin	13.5%	56,347	48,899	60,372	47,443	57,321	58,577	49,846	30,885
- Central Rates	10.0%	41,739	36,221	44,720	35,143	42,460	43,391	36,923	22,878
Total Overhead		135,650	117,719	145,341	114,216	137,996	141,020	120,000	74,353
Add Maintenance Estimate (based on 2001 avg.):		15,745	15,745	15,745	15,745	15,745	15,745	15,745	15,745
Maintenance Overhead	23.5%	3,700	3,700	3,700	3,700	3,700	3,700	3,700	3,700
Total Estimated Cost per Pool, incl. Overhead:		572,482	499,377	611,989	485,094	582,043	594,372	508,676	322,576
Estimated Revenues		209,341	278,100	281,868	218,855	205,951	253,057	246,090	110,131
Mothball Costs Contributed		74,934	76,008	77,130	79,744	78,400	80,904	79,386	53,659
Total Estimated Subsidy Amount		288,207	145,269	252,991	186,495	297,692	260,411	183,200	158,786

**TABLE E: King County Incorporated Area Local Pools
 2003 Cost Estimates, With Overhead**

**2003 "Reduced Schedule"
 Estimates**

Note: Overhead calculated assuming each pool is the only incorporated area pool operating in 2003; if additional pools are operated by County, overhead will change.

	Auburn	Federal Way	Kent	Mercer Island	Mt Rainer	Northshore	Redmond	Si View	
Pool Manager share benefits	65,667	65,667	65,667	65,667	65,667	65,667	65,667	65,667	
Sr Swim Lifeguard	54,368	54,368	54,368	54,368	54,368	54,368	54,368	-	
1/2 Pool Op	33,255	33,255	33,255	33,255	33,255	33,255	33,255	33,255	
Temporary Staff	78,757	65,584	80,090	52,419	67,090	65,693	63,630	60,620	
Temp. Benefits	13,782	11,477	14,016	9,173	11,740	11,496	11,135	10,608	
Electricity	22,885	22,548	23,232	26,094	35,844	29,602	18,279	-	
Water	9,424	2,454	12,177	12,810	10,539	14,535	11,732	-	
Fuel	20,765	55,950	59,951	57,463	50,648	57,532	61,152	13,305	
Chemicals	3,500	5,000	5,000	2,500	2,500	8,000	5,000	600	
Office Supplies	1,200	375	465	250	465	1,350	750	375	
Permits	365	512	565	300	565	316	350	1,626	
Telecom	1,038	1,872	674	737	674	1,303	1,620	2,069	
Other	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	
Total before Overhead	312,506	326,562	356,960	322,536	340,855	350,617	334,438	195,625	
Overhead Rates:									
- Enterprise Admin	9.0%	28,126	29,391	32,126	29,028	30,677	31,556	30,099	17,606
- DNR/Parks Admin	13.5%	42,188	44,086	48,190	43,542	46,015	47,333	45,149	26,409
- Central Rates	10.0%	31,251	32,656	35,696	32,254	34,086	35,062	33,444	19,563
Total OH		101,564	106,133	116,012	104,824	110,778	113,951	108,692	63,578
Add Maintenance Estimate (based on 2001 avg.):		15,745	15,745	15,745	15,745	15,745	15,745	15,745	15,745
Maintenance Overhead	23.5%	3,700	3,700	3,700	3,700	3,700	3,700	3,700	3,700
Total Estimated Cost per Pool, incl. Overhead:		433,516	452,140	492,417	446,805	471,078	484,013	462,575	278,648
Estimated Revenues		177,940	236,385	239,589	186,026	175,058	215,098	209,176	93,611
Mothball Costs Contributed		74,934	76,008	77,130	79,744	78,400	80,904	79,386	53,659
Total Estimated Subsidy Amount		180,642	139,747	175,698	181,035	217,620	188,011	174,013	131,378

Cost Reduction Strategies C-3: Property Reclassification

Strategy

Examine current land and facility classifications to see if properties should or could be reclassified, and propose criteria for classification.

Recommendation

Classifications which were developed during the merger of the Department of Natural Resources (DNR, now DNRP) and the then Parks Department in 2001 should continue to be used to categorize park properties. These categorizations have been reviewed again in 2002.

Policy Issues

The primary policy issue is whether additional lands could or should be classified as natural resource lands, thereby allowing the use of revenue from Surface Water Management (SWM) fees to cover the maintenance costs of those lands. The SWM fee is appropriately used to benefit and protect natural drainage systems, drainage basins, flood control systems, ecosystems, water quality, ground water, fisheries and wildlife habitat, and for other natural resource purposes.

Discussion

The team recommends that the existing classification developed in 2001 as part of the DNRP and Parks merger is appropriate. After reviewing the initial classifications the team concluded that no lands were classified inappropriately. This recommendation can be implemented immediately given that no change is involved.

Background

The reorganization ordinance adopted in 2001 directed DNR to identify which lands in the Parks land inventory served important natural resource functions and designate them as natural lands. It stated that DNRP shall “*designate as natural resource lands those County owned lands that serve important natural resource functions, including but not limited to benefiting and protecting natural drainage systems, drainage basins, flood control systems, ecosystems, water quality, ground water, fisheries and wildlife habitat, and other natural resource purposes.*” The ordinance also added a new duty for the Water and Land Resources Division (WLRD) to “*administer, operate and maintain those lands designated as natural resource lands.*”

As stated in the ordinance, management and staff from the Parks Division and WLRD worked together to identify which lands in the Parks land inventory were natural resource lands. To do so, they identified four categories of land that encompass the full range of land types managed by Parks:

- The **recreation** category includes lands that are dominated by recreation facilities (ballfields, pools, tennis courts, community centers, etc.).

- The **multi-use** category includes lands that have significant environmental value, but also accommodate extensive public access and passive recreational use.
- The **working resource** category includes working forest and agricultural lands that currently receive some degree of oversight or management by DNRP.
- The **ecological** category includes lands that must be protected or enhanced for their environmental value (wetlands, key riparian corridors, and critical plant and wildlife habitat).

Staff from both divisions collaboratively assessed each site in the inventory and determined to which of the four categories each site should be allocated. Staff assessed the full range of activities and functions for each site, including ecological attributes and resource functions, recreation value, and public access, as well as the original funding sources for acquiring the site and the purpose for which it was purchased.

It is important to note that just because a site was allocated to a particular category does not mean it is without other benefit or function. For example, a site may have been allocated to the recreation category because its primary purpose and function is providing recreation, but the site could also have an ecological feature that will be protected. Conversely, there may also be public access, passive recreation, or an interpretive value associated with sites allocated to the ecological and working resource categories.

Lands allocated to the working resource and ecological categories are designated as natural resource lands per the reorganization ordinance. These natural resource lands will be managed by WLRD and SWM Fees used to cover certain maintenance costs on these lands. A total of 7,380.11 acres were identified as natural lands. WLRD will pay the Parks Division to perform the maintenance work for these sites; WLRD will retain planning responsibility for these lands.

Cost Reduction Strategies **C-4: Trail System Transfer**

Strategy

Examine the feasibility of transferring the trail system to a non-CX Fund division within King County.

Recommendation

The Unincorporated Area Levy Fund (also called the “Road Fund,” given the current policy designation for use of unincorporated area levy monies) should be used to pay 2003 maintenance costs on those segments of the County's trail system determined to be “transportation corridors” *within the unincorporated area*.

Those portions of the Trail System within the incorporated area will be maintained with other available CX Fund dollars.

The 2003 parks ballot to be submitted to the voters should be sized to replace this transfer of funding from the Roads Division.

Policy Issues

- Should the Road Fund be used to pay for only unincorporated regional trails or both unincorporated and incorporated area regional trails? To avoid setting a precedent of using unincorporated area Road Fund revenues for city transportation facilities, it is proposed that only unincorporated area trails be funded from the Road Fund.
- Should this funding be replaced by levy funding from the proposed 2003 parks ballot measure? The decision here will affect the size of the six-year Roads CIP.
- If a parks ballot does not pass in 2003, transfer of the trail system, and associated staff, to the Road Services Division should be considered if permanent funding from the Road Fund is proposed.

Discussion

Segments of the trail system within "transportation corridors" include paved and unpaved trails in both unincorporated King County and within cities. It does not include trail segments and spurs within large passive parks (such as Cougar Mountain Park) that do not function as part of a transportation corridor.

It is proposed that in 2003, staff providing trail maintenance remain in the Parks Division, with revenue transferred from the Road Services Division to the Parks-CX Fund. This would reduce the Road Fund revenue transfer to the Parks-CX Fund from \$327,000 (2002 budget) to an estimated \$300,000 (excluding indirect overhead). Depending upon the size and outcome of the 2003 parks ballot discussions, this strategy should be revisited in developing the 2004 budget.

Key stakeholders are users of the County trails and roads systems, Parks Division management, Road Services Division management, and Parks employees (Local 925). The team's recommendation may be criticized by some road system users as an

inappropriate use of limited Road Fund resources, given pressing transportation improvement needs. This concern could be mitigated by limiting the Road Fund responsibility to direct costs only.

Alternatives

- *Do not transfer trails maintenance costs from the Parks Division to a non-CX Fund division.*
- *Elect to backfill the Road Fund dollars diverted to trail maintenance with REET revenue support for the Road CIP. This approach could be characterized as a one-year reprogramming pending a dedicated vote on parks funding (including trails).*

Background

Road Fund support for trail maintenance was first suggested in the 2002 budget. The Executive and Council agreed that the Road Fund should transfer \$327,000 to the Parks-CX Fund in 2002 for partial support of the trail maintenance effort (as well as purchase of a new \$60,000 sweeper by Roads, which would be used on both paved trails and roads).

The estimate for the total trail maintenance effort in Parks associated with trail segments that are paved, part of a transportation corridor, and in the unincorporated area of the County was \$327,000 for 2002. The cost estimate for the 2002 budget included direct costs only. In developing this recommendation, staff from Roads and Parks reviewed the inventory of trail segments and cost estimates for three different service levels and has agreed on this recommendation as a way of accommodating the different points of view of the various stakeholders. The service level incorporated for the regional trail system in the 2003 preliminary parks budget proposal is slightly reduced from that in the 2002 budget.

Cost Reduction Strategies C-5: Volunteer Program

Strategy

Expand use of volunteers in the Parks Division, specifically in the Division Manager's Office and the Recreation and Aquatics and Fair Section.

Recommendation

Use of volunteers in the Parks Division should be expanded to include the Division Manager's Office (including the CIP program) and the Recreation and Aquatics and Fair Section (Enterprise Section).

Currently, nineteen (19) percent of the work performed in parks maintenance is done with volunteers. The Division Manager's Office and the newly formed Enterprise Section are recommended as the focus for expanded use of volunteers. This effort should be coordinated by the Division Manager's Office, with the assistance of the Enterprise Section manager.

The goal is to assign 20 percent of the needed tasks within the parks system to volunteers. A volunteer coordination program should be initiated, funded with either one or two existing parks system FTEs (full-time equivalents), depending on staffing availability (to be determined). This will require conversion of either one or two FTEs to volunteer coordinator positions.

Policy Issues

Using volunteers in lieu of additional County FTEs raises issues of labor policy, counter-balanced by the fiscal crisis the County faces and a desire to continue to provide service to the public despite such crisis.

Discussion

Many operational issues need to be explored before expanding the volunteer program, including:

- The viability of significantly expanding the volunteer program throughout the parks system without incurring additional expenditures for coordination, training, and administrative tracking of volunteers.
- Assigning tasks to volunteers that may involve the transfer of sensitive information, such as credit card numbers and cash transactions during front desk coverage at pools, community centers, and the administration desk.
- The appropriate role for volunteers in the parks and how best to safely incorporate administrative tasks into a volunteer's responsibilities if an individual excels in office skills.
- Whether background checks can be performed to assure that a volunteer's history does not include felony or misdemeanor convictions of theft or risk to children.
- Whether volunteers can be trained to reliably enter scheduled reservations and payment transactions and perform safety inspections.

- Whether the use of paid instructors and lifeguards can be supplemented with certified, credentialed volunteers.
- Whether an expanded volunteer program is appropriate for the daily business and administrative functions of the Division Director's Office.
- Whether new volunteer program coordinator positions should be union positions within Local 925.

As a result of the parks funding crisis, the Department of Natural Resources and Parks (DNRP) is examining the potential to convert one or two FTEs (one from the Enterprise Section and one from the Resource Section) to volunteer coordinators. They would focus on recruiting and administering volunteers throughout the system without overlapping efforts with the Water and Land Resources Division (WLRD) volunteer coordinator who assigns volunteers to ecological and working lands.

No volunteer program is currently funded within the Parks Division. The previous coordinator was transferred to SWM funding within the Open Space and Land Management Office in WLRD. It is hoped that two additional volunteer coordinators will allow the use of volunteers throughout the parks system to be significantly expanded. The two coordinators will also need the assistance of interns. By working with the YWCA, King County can hire interns whose salaries are paid for up to nine months by the Puget Sound Educational Service District. (The volunteer coordinator in WLRD uses such paid interns to assist with projects and data collection.)

Background checks may be performed using a signed agreement now used in the WLRD volunteer program. The volunteer would need to allow the parks system to review their criminal history to assure there are no convictions of crimes against persons or theft (if working with reservations).

Background

Other parks systems have used volunteers who hold current certifications to perform various duties ranging from holding recreation classes to providing lifeguard assistance at pools and beaches. The volunteer coordinators will research these parks system successes and model the guidelines with assistance from the Risk Management Office and the Prosecuting Attorney's Office.

Individuals who volunteer for basic maintenance-type work in the parks system can be expected to contribute 50 hours per year on average. It would require 98 such volunteers at 50 hours per year to pay for one volunteer coordinator (FTE) salary and benefits (about \$74,000). Other volunteer positions, such as those assigned to desk duty and specific programs, are more long-term volunteer positions requiring significant commitment of individual time. Individuals in those positions could be expected to contribute 8 hours a week, or 416 hours per year. It would require 11 of those kinds of volunteers to pay for one volunteer coordinator salary and benefits.

The applicant pool for parks volunteers is not expected to “compete” with the applicant pool for WLRD volunteers. Work in WLRD’s volunteer programs tends to draw more

physically active volunteers who are concerned about the environment; volunteers in the parks system tend to be more senior citizens, parents, and recreation-oriented individuals.

Cost Reduction Strategies **C-6: Jail Work Crew Program**

Strategy

Collaborate with Service Employees International Union (SEIU) Local 925 and the King County District Court probation program to increase the number of Community Service referrals assigned to work crews in the park system.

Recommendation

The Parks Division should collaborate with SEIU Local 925 and the District Court to triple the use of existing community service work crews within the Parks Resources section of the Parks Division. This effort should be coordinated by the DNRP Director's Office and the Parks Resources Section manager with the assistance of the District Court probation program.

The County should also double its current use of District Court work crews to two crews that work on basic tasks for the parks system capital improvement program (CIP). This effort should be coordinated by the DNRP Director's Office with assistance from the Parks CIP Coordinator.

Policy Issues

Savings to the Parks Division as a result of Community Service referrals and work crews must be weighed against public safety costs and related concerns. If savings are not realized for the Division by using Community Service referrals and work crews, should these crews be used? Currently, the crews operate at a net cost to the Division.

Discussion

Operational concerns include:

- Assuring participants referred from the courts are safe to work in park environments with children, requiring measures such as background checks for felony convictions of crimes against persons.
- Communication and scheduling to triple the Community Service participants.
- Exploring whether it is possible to double the number of Court work crews assigned to Parks CIP projects given the reduced funding for the Parks CIP Program. The current cost of one work crew is about \$700 per day.
- Avoiding conflict with local unions that represent employees within the parks system.
- Assuring these programs will provide quality assistance to the parks systems workload.

The Division's increased use of the Court's work crews and Community Service referrals within will reduce Criminal Justice's CX expenditure as well as the DNRP CX expenditure. The Division currently uses Court-referred community service referrals per work team. SEIU Local 925 proposes tripling the participant number, up to six referrals per work team. The maximum capacity is 102 referrals in the system at one time.

The Parks CIP currently pays for one Court work crew to perform basic capital improvement installations. This recommendation would double that number to two Court work crews.

The Division has relied in the past on communication from the probation program as well as the referred individuals to perform community service hours within the park system. The team proposes that a Park Specialist II, performing tasks assigned by a Park Specialist II, use electronic communication methods to assign Community Service referrals to parks projects. The Executive and the Parks management team have collaborated with SEIU, and all parties have agreed to expand the existing program with the goal to increase it by three times the participants currently enrolled.

Probation officers must assure the referred individuals are safe to work in a park environment with access to children, and will perform a review of the individual's conviction history. Those with felony convictions of violent crimes against other persons will not be referred to the Parks Community Service Program. Individuals convicted of repeated drivers' license suspension violations will be given the choice to work in the community service program instead of paying a fine and spending time in jail.

The Parks CIP now has one active Court work crew. To expand to two such crews and add value to the parks system workload, simple projects that can be relatively easily accomplished must be identified for the crew to perform. Funding within the CIP budget must also be identified.

Monitoring will be done for both programs to assure they are cost effective and ultimately assist in reducing CX expenditures for the parks system and the criminal justice system. The exchange program will document the numbers of participants referred to the Community Service program. The time the citizen works within the system will be documented, as well as the accomplishments. Safety orientations and injury documentation will also be performed.

The Court work crews will document projects with "before" and "after" photos, tracking participants' time on the park crews and safety orientations and injury documentation. The success of the projects may involve further monitoring to determine whether projects need follow-up replacement or repairs.

Background

Current participation within the parks system exists for both the Court's work crew program and the Community Service program. Existing language in the collective bargaining agreement with SEIU Local 925 and King County states in Article 3, section 8: *The County agrees not to contract out or assign to another agency or individual the work normally performed by members of the bargaining unit if the contracting out or assignment of such work eliminates, jeopardizes, or reduces the normal workload of the bargaining unit. The County agrees to inform the Union of any contracting out under this section.*

SEIU met with County staff to discuss the proposal to expand the Court work crew to perform work now performed by Parks SEIU employees. SEIU officials counter-proposed expanding the existing Community Service program by three times as an alternative to the expansion of the Court work crew. This counter-proposal has been verbally accepted by both parties and a Memorandum of Understanding is being prepared.

This proposal differs from the proposal to expand the use of volunteers in the parks system in several important ways. The proposal to use more volunteers is largely focused on work now performed by *non-represented employees*. Supervisors in the unions involved in the volunteer proposal are accustomed to incorporating and supervising volunteers as part of their normal workload.

In addition, Court work crews working in the parks system are supervised by individuals who belong to a different union than the crew members. This is a point of controversy and has caused SEIU to offer expanding the existing Community Service program but not allow work crews to perform maintenance work.

Work performed on CIP projects by referrals and work crews is currently subject to public work laws that limit the value of such work on any one project to \$75,000.

Cost Reduction Strategies
**C-7: Recreation and Open Space Dedications from Urban Planned
Developments and Subdivisions**

Strategy

Investigate ways in which dedications from Urban Planned Developments (UPDs) and subdivisions for recreation and open space can minimize future tax burden to the County while still providing needed recreational opportunities.

Recommendation

County code provides that King County need not accept ownership and maintenance responsibilities for parks and open space required as mitigation in the development process. This policy should continue.

Policy Issues

The current code provides for the responsibility for additional parks built to accommodate new residents to be placed with the developers and homeowners associations, essentially, a “growth pays for growth” policy.

Discussion

There are limited examples of past instances in which the County accepted on-site recreation space in these large developments communities: Klahanie Park, Redmond Ridge Park and the Blakely Ridge Parks (now known as Trilogy). These parks were associated with extremely large developments with thousands of housing units. In each case, the need for public facilities such as parks and ballfields was identified as part of the project EIS. Park development and dedication to the County was considered in order to mitigate the later need for the County to acquire and develop neighborhood or community parks to serve the future residents of these UPDs. Due to the County's funding limitations, in the future UPDs can and should be required to ensure required park facilities are owned and maintained or funded by the homeowners' association.

The land use code provisions for on-site recreation in subdivisions identifies the homeowners association or other separate entity to be responsible for maintenance and operations. There is a section that allows dedication to King County of sites that meet rigid criteria. Historically, sites meeting these criteria have never been proposed and acceptance of these sites, if proposed, would be at the County's discretion. The code could be changed to delete all reference to dedication to the County, if this was determined to be a potential problem.

Meerwood Park in the Issaquah annexation area is a unique example of undeveloped property dedicated to the County many years ago as "open space" and held as an "orphan land" in the Property Services inventory. The Meerwood homeowners' association wanted to develop it as a park and applied to the County for, and received, a Youth Sports Facility Grant supplemented by matching funds from the association's treasury and a loan. In order to meet the County's insurance requirements and perhaps other

criteria, the site was transferred from Property Services custodianship to Parks. At the time, maintenance was considered to be a minimal cost as the Homeowners maintain the site landscaping and Parks picks up trash and inspects the play equipment. This type of project does not fit into the future role of County parks and should not be replicated.

The current subdivision code language is as follows:

- KCC 21A.14.200. Onsite recreation-maintenance of recreation space or dedication.*
- A. Recreation space as defined in 21A.14.180.B may be dedicated as a public park in lieu of providing the on-site recreation required when the following criteria are met:
- 1.) The dedication area is at least 20 acres in size, except when adjacent to an existing or planned county park; and
 - 2.) The dedicated land provides one or more of the following:
 - a.) Shoreline access,
 - b.) Regional trail linkages,
 - c.) Habitat linkages,
 - d.) Recreation facilities, or
 - e.) Heritage sites, and
 - 3.) The dedicated area is located within 1 mile of the project site.
- B. Unless the recreation space is dedicated to King County pursuant to subsection A., maintenance of any recreation space retained in private ownership shall be the responsibility of the owner or other separate entity capable of long term maintenance and operation in a manner acceptable to the Parks Division.

Consistent with this code provision, King County could eliminate any future costs associated with subdivision or UPD park mitigation by requiring the ownership and management responsibility to be retained by the developer or Homeowners Association. The stakeholders in this issue would be future residents and property owners in these developments and other area park users along with the organized sports leagues that would inherit the increased population and participants. Developers would also be affected in terms of their responsibilities during project review and implementation and until such time as a full transition to a Homeowners' Association was completed. This action would be implemented through the land use review and approval process.

Consideration should be given to require covenants that would enable King County to charge properties directly for park maintenance should these parks become the County's property as a result of tax defaults.

Cost Reduction Strategies **C-8: Nonprofit Organizations**

Strategy

Explore the feasibility and conditions under which some facilities could be transferred to or operated by nonprofit organizations, including maintenance and operations.

Recommendation

The County should actively pursue partnership opportunities with nonprofit organizations to provide recreational services to King County residents. Implementation of partnerships with nonprofit agencies to operate and/or maintain County facilities would immediately relieve the County of the CX Fund subsidy for each facility. In addition to eliminating the CX Fund subsidy, concession agreements could generate 10 to 20 percent of the fees collected from nonprofit agencies.

Policy Issues

One issue to be addressed regarding agreements with nonprofit organizations is determining whether union contract issues are raised by any particular proposal.

Depending on whether such agreements are structured as a lease or a concession, the County Code imposes a variety of terms and conditions.

Discussion

This cost reduction strategy paper examines the feasibility of entering into a concession agreement or community service contract with nonprofit organizations to operate and maintain parks, ballfields, and/or community centers. By entering into these agreements, the County eliminates its CX subsidy and the public continues to receive the recreational opportunities and services. The County is currently engaged in discussion with two nonprofit organizations and could realistically enter into agreements with agencies to be effective starting in January 2003.

Background

The legal mechanisms for entering into agreements with nonprofits are as follows:

Concession Agreements per Ch. 4.57 KCC

Scope: Enter into agreements with nonprofit organizations to provide recreation opportunities to the public at park facilities. As part of providing that service, the concessionaire operates and maintains the park facility. In exchange, the concessionaire is authorized to charge an approved fee for the service. The County receives a percentage of the revenue less: 1) expenditures for County-authorized improvements; 2) value of scholarships to qualified participants; and 3) value of programs provided for disabled athletes.

Requirements: Concessionaire must be a nonprofit organization and provide a recreation service.

Percentage of fees to the County must be between 10 and 20 percent.
Council must approve any agreement longer than one year in duration.
Maintenance and improvement schedule must be included in the agreement if term is longer than one year.
Capital improvement schedule included if longer than two years.
Public access must be maintained.
Fees charged are subject to County approval and can be no greater than the amount charged for similar services within the County.

Limitations: Negotiating agreements.
Monitoring and auditing performance.
Duration of agreement not to exceed 35 years.

Benefits: Concessionaire is completely responsible for operation of facility.
Can turn cost center into a revenue generator while ensuring public receives benefit of programming and/or services.
Does not require competitive solicitation.

Primary Use: To operate a facility that provides a specific recreation service, e.g., golf course, ballfields, archery range, driving range.

Community Service Contract per RCW 35.21.278

Scope: Agreement with community service organization to plan and install improvements or provide maintenance of a park.

Requirements: Contractor must be a community group (assume that means nonprofit) providing services in the immediate neighborhood.
Any reimbursement from the County to the contractor must be less than one-third of the value of the benefit received by the County from the work.

Limitations: The County can only expend \$2 per County resident per year on reimbursements per these agreements.
Can be difficult to negotiate indemnity and insurance provisions with neighborhood groups.
Does not authorize collection of fees by contractor.

Benefits: No public bidding or prevailing wage requirements.
Eliminates certain costs to the County.
Can reduce operating costs.

Primary Use: Discrete capital projects or custodial care of certain facilities.

In addition, and more simply, with council approval the County can enter into a *long-term facility lease* with a non-profit entity.

The County has previously entered into a concession agreement with Lake Washington Soccer Association (LWSA) to operate and maintain the Sixty Acres Soccer Park. This concession agreement is a 30-year agreement and therefore required Council approval. The agreement requires that the LWSA pay the County 20 percent of the revenue generated at this site. Additionally this agreement allows LWSA to make capital improvements to this site and deduct their capital investment cost against the revenue payment owed to the County. No revenue to the County has been realized by this agreement, given the offset terms, but no operating expenditures to the County have been incurred. The public has received a tremendous recreational benefit from this partnership.

The County has another similar agreement with the Flint Tip Archery Association. Flint Tip maintains and operates Sportsman Park. This concession agreement is a one-year agreement. Flint Tip has expressed interest in a long-term agreement so they may apply for grant funding through other outside agencies. (Any agreement for more than a one-year period will under current County Code require Council authorization.) This current agreement requires that Flint Tip pay the County 10 percent of the revenues generated onsite plus \$417.80 per month for rent and leasehold tax. Additionally, the agreement allows Flint Tip to make capital improvements to the site and deduct their capital investment cost against the revenue payment owed to the County.

Cost Reduction Strategies

C-9: Transfer Parks Facilities to Special Purpose Districts

Strategy

Transfer of parks facilities to metropolitan parks districts, parks and recreation districts, or parks and recreation service areas.

Recommendation

A countywide Metropolitan Parks District is unlikely to be created in the near term, based on the report of the Metropolitan Parks Task Force and the strongly negative reaction of cities. This paper addresses the possibility that the County and cities, or a subset of those jurisdictions, may decide at a later date to create a new parks special purpose government of some sort to assume ownership and operation of some County parks.

Policy Issues

Is creating a new special purpose district or districts preferable to reallocating responsibility for County park assets between the County and cities? A new special purpose government to support parks would be able to assume operating responsibility for parks, providing relief to the County's CX Fund, a major policy driver for King County. However, the Task Force found little support for the creation of a new special purpose government for parks, particularly from cities. Because the laws governing all types of parks special purpose districts require city consent in order for cities to be included within district boundaries, city opposition makes any of these ideas impracticable in the current political and legal environment.

The concept of a "new layer of government" was not well received by the public either. Polling of King County residents conducted in March 2002 found that by a three-to-one margin, residents would rather "keep the parks under the ownership and operation of the county" (67 percent) than "create a new special purpose taxing district for parks" (23 percent).

Consistent with the Task Force recommendations, the County should retain its role as a regional park operator, but with a more narrow focus, and defer consideration of creating a new special purpose district to assume park operations.

Background and Discussion

State law provides several options for creating special purpose districts that can own and operate public parks and recreation facilities, specifically Metropolitan Parks Districts (MPDs), Park and Recreation Service Areas (PRSAs), and Park and Recreation Service Districts (PRSDs). These districts are compared in Attachment A.

In addition to these districts, metropolitan municipal corporations have powers to operate regional parks systems; thus, this is a latent power of King County that could be activated by a vote of the people. However, there is no tax revenue source (voter-approved or otherwise) associated with this latent power, unlike the special purpose districts, so it is not as useful an approach. Similarly, the existing authority of counties to create Public

Development Authorities (PDAs) under RCW 35.21.730 et seq. (as is being proposed for the future of the County public arts program) does not provide any source of tax revenue for parks. A PDA is allowed to charge fees and issue revenue bonds supported by those fees, but it has no taxing authority. Transferring parks to a PDA would get them off the County's books, and PDAs have somewhat more flexibility in their appropriations processes, but otherwise this alternative does not have the benefits of an MPD, PRSA, or PRSD.

Under any scenario (PRSA, PRSD, MPD), cities must assent to be included within such a district. As noted, to date the reaction from cities to the concept of a new special purpose district for parks has been very negative. However, this may change in the upcoming discussion of regional aquatics. In addition to city assent, voter approval is required to form any of these three types of districts.

PRSAs and PRSDs are easier to establish than MPDs because, under current law, only the latter requires approval of the boundary review board, a process that can take well over a year if objections or lawsuits are filed opposing district formation. On the other hand, MPDs have more taxing authority, and that taxing authority is not subject to voter renewal every six years, as is the case for PRSAs and PRSDs.

Another drawback of an MPD is the requirement that it assume debt associated with any facilities to which it takes ownership. Because there is significant bonded indebtedness outstanding with respect to County parks and recreation facilities, an allocation of debt to individual facilities would need to be made (see Appendix B-1 on Bonded Indebtedness). Facilities with debt could only be *leased* to an MPD until the associated debt was retired. This would require different contractual arrangements between the County and an MPD, but does not pose a barrier to the goal of shifting operating costs and responsibilities to the MPD with respect to any facilities. Park and Recreation Service Areas (PRSAs) and Park and Recreation Service Districts (PRSDs) are not under this same restriction regarding assumption of debt: they can take title to facilities on which the County retains associated debt service obligations.

From the perspective of the parks system, there is arguably an advantage to being able to operate regional systems via a single regional operator. A single, countywide special purpose district could provide this regional focus. Subregional entities could provide similar benefit, to the extent of their geographic authority. Special purpose districts have the ability to focus solely on their programs, rather than be consumed by the broad array of governmental issues that occupy King County.

Because the new taxing district would have property taxing authority, this may be viewed as negative since it increases the potential tax burden on property owners.

In terms of parks system expansions, creation of a special purpose district may create duplication and conflict. The County will continue to have authority to collect real estate excise taxes and conservation futures taxes, which are the main sources of parks capital funding. MPDs, PRSAs, and PRSDs would also be able to use their property tax

collections to fund new park acquisitions. This places two governments in the capital planning and investment role for parks. However, issues could be worked out by interlocal agreement.

The primary alternatives to creating a new special purpose district for parks are those that County staff is currently working on: divest as many local facilities as possible to cities, and continue to operate the remaining regional and local park facilities as efficiently as possible.

Attachments

Attachment A: Chart comparing MPDs, PRSAs, PRSDs

Attachment A: Comparison of Special Purpose Taxing Districts that Can Operate Park and Recreation Facilities

Option	Powers, Taxing Authority	Implementation, Formation, Governance	<i>Pros/Cons</i>
<p>Park and Recreation Service Area</p> <p>RCW 36.68.400 et seq.</p> <p>Examples: Northshore Park & Recreation Service Area, Enumclaw Park & Recreation Service Area, Issaquah Park & Recreation Service Area (only Northshore currently owns property and levies taxes)</p>	<p>Provide/acquire/operate/fund/maintain/lease/contract for operation of parks and recreation facilities. Can charge usage fees.</p> <p>Quasi-municipal corporation</p> <p>Independent taxing authority</p> <p>Maximum 6-year, 60-cent levy, with 60% voter approval.</p> <p>Can issue bonds, voted and non-voted combined limit of 2.5% A.V.</p>	<p>Initiated by petition of voters in area, or by resolution of County Council.</p> <p>Formation requires simple majority voter approval.</p> <p>County Council is governing board, unless Cities are included, in which case governance determined by interlocal agreement.</p> <p>Can include any part of unincorporated County, and any city if that city agrees.</p>	<p>New layer of government.</p> <p>All taxes must be voted</p> <p>Levies only last 6 years, must be renewed</p> <p>Formation not subject to approval of Boundary Review Board (BRB).</p> <p>PRSAs and PRSDs are among first districts to have taxes “rolled back” in event aggregate levies exceed limits.</p>
<p>Park and Recreation Service District</p> <p>Ch. 36.69 RCW</p> <p>Examples: Shoreline Park & Recreation District, Vashon Maury Park & Recreation District (only Vashon currently owns property and levies taxes)</p>	<p>Same authorities with respect to parks and recreational facilities as a PRSA.</p> <p>Maximum 6-year, 60-cent levy, with 60% voter approval.</p> <p>Can issue bonds. Indebtedness limit of 1.25% A.V.</p> <p>Can create Local Improvement Districts. Can issue revenue bonds.</p>	<p>Can only be initiated by petition of voters.</p> <p>Formation requires majority vote.</p> <p>Governance by 5-member, independently elected board.</p> <p>Can include any part of unincorporated County, and any city if that city agrees.</p>	<p>New layer of government</p> <p>All taxes must be voted.</p> <p>Levies only last 6 years, must be renewed</p> <p>Formation not subject to BRB.</p> <p>PRSAs and PRSDs are among first districts to have taxes “rolled back” in event aggregate levies exceed limits.</p>

<p>Metropolitan Park District</p> <p>Ch. 35.61 RCW</p> <p>Examples: Tacoma Metropolitan Park District (encompassing City of Tacoma)</p>	<p>Same authorities with respect to parks and recreation facilities as a PRSA.</p> <p>Has non-voted, permanent property tax levy authority up to 75 cents (but is subject to I-747, which requires voter approval of collections of over 101% of previous year tax collections)</p> <p>Can issue non-voted and voted debt with combined limit up to 2.5% A.V.</p>	<p>Initiated by citizen petition or city resolution or county resolution.</p> <p>Formation requires simple majority voter approval.</p> <p>Can cover a city, or cities, portions of a county or counties or any combination thereof that agree to be included.</p> <p>Governance by 5-member directly elected board, <i>or</i>, if district only includes a city or unincorporated county, then the governing board of that city or county is the governing board. If district includes a mix of city(s), county(s), then governance is by 5-member directly elected board <i>or</i> each city/county council may be designated to collectively serve <i>ex officio</i> as the governing board through selection of one or more members from each, to be decided by interlocal agreement w/in 6 months of creation of the district.</p>	<p>New layer of government</p> <p>Large non-voted taxing authority.</p> <p>Levies do not need renewal, but I-747 implies need for periodic voter approved increases to account for inflation, etc. over time.</p> <p>Formation subject to BRB approval.</p> <p>Is more protected from tax rollbacks than PRSAs or PRSDs, but lower than fire districts.</p>
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Budget Strategies

B-1: Bonded Indebtedness

Strategy

Ensure transfer and/or operating agreements meet bonding and other funding obligations.

Recommendation

Transfer and/or operating agreements must ensure continued compliance with the County's legal obligations with respect to outstanding bonded indebtedness, statutory limitations on the use of revenues, and granting agreements. This paper identifies some key actions with respect to bonded indebtedness.

Policy Issues

Historically, when County parks facilities have been transferred to cities, the County has retained any and all debt payment obligations associated with the transferred facilities. As a result, the County has a legal obligation to ensure continued compliance with bond covenants and/or other limitations associated with initial funding of those facilities. It is proposed that this policy continue. To the extent that the County will continue to pay debt service on these facilities, the County arguably has a public policy interest with respect to the future operation of these facilities.

Discussion

A matrix identifying the various outstanding King County bond issues related to parks and recreation is attached as Attachment A. It shows the original issue amount and the amount outstanding. King County has a substantial amount of outstanding debt related to parks facility acquisition and development. Currently, about \$200 million in principal remains outstanding on ten different bond issues (treating the series of Forward Thrust bonds issued from 1968-1979 as a single bond issue) in support of parks and open space acquisitions and development.

Generally speaking, the bonds require that the facilities acquired remain public park facilities, and, if they are converted to non-park uses, an equivalent replacement facility must be provided. In some cases, such as those facilities acquired through debt secured by conservation futures revenues, facilities may not be developed as active recreation facilities but must instead remain passive parks. In other instances, development and use of a site or facility may be contingent upon the specific project description in a bond or grant document.

Any given park may have multiple funding sources, and thus, multiple sets of requirements applicable to future use or transfer of that park. County staff and the Prosecuting Attorney's Office carefully review these conditions and make sure the legally necessary terms are in place in connection with any transfer so that the County, or its successor owner, will continue to comply with applicable laws and covenants.

If the region were to pursue creation of a Metropolitan Parks District (MPD) or districts, state law requires that when parks facilities are transferred to an MPD, the MPD “shall assume all existing indebtedness, bonded or otherwise, against such park property” (RCW 35.61.300). This is apparently a unique statutory limitation, and does not apply in the case of transfers to parks and recreation service areas or parks and recreation service districts, or in the case of transfers to cities. If the region chose to pursue an MPD, it would be necessary to construct an allocation methodology to enable the County to identify debt associated with specific facilities. If a facility was determined under this methodology to have no associated debt, title to such facility could be transferred to an MPD. Where debt remained on a facility but a transfer to an MPD was still desired, the MPD could operate the facility under a long-term lease or similar arrangement under which the County retained title to, and debt obligation with respect to, that facility but the MPD assumed operation responsibilities.

Background

County staff has collected information regarding outstanding debt applicable to parks and recreation and open space. Although it is easy to identify the various sources that were used to acquire any specific facility, records are not maintained that allocate specific amounts of debt with respect to each of the nearly 200 parks facilities in the current system. At present, there is no need for such an allocation, as noted previously.

Attachments

Attachment A: King County Parks and Open Space Bonds Currently Outstanding

Attachment: Outstanding Parks Bonded Indebtedness
 (amounts shown in \$1,000)

Issue Date(s)	Purpose	Amount	Original Debt Allocated to City Projects	Net Debt – County Parks	Estimated Principal Outstanding 1/1/04	Original Debt Paid Down by 1/1/04
1968-1979	Forward Thrust	\$118,000	\$68,817	\$49,183	\$52,524	\$65,476
1982& 1985	Farms & Open Space	15,000	0	15,000	2,215	12,785
1990	Open Space	117,640	76,805	40,835	57,420	60,220
1990 & 1996	Aquatic Center	11,290	0	11,290	5,445	5,845
1993	Open Space Acquisition	60,105	0	60,105	52,010	8,095
1993	Parks Land	13,023	0	13,023	7,852	5,171
1993	Cedar River	1,005	0	1,005	640	365
1996	Farmland & Working For. Pres.	6,000	0	6,000	4,265	1,735
1997	Parks Land Acquisition	12,500	0	12,500	9,890	2,610
2001	Ballfields Initiative	6,383	0	6,383	5,670	713
Totals		\$360,946	\$145,622	\$215,324	\$197,931	\$163,015

Budget Strategies

B-2: Mothballing Parks Facilities

Strategy

Define the actions necessary to preserve facilities in condition that will preserve the asset and minimize the cost of re-opening it in event operating dollars are not available for continued full public operation.

Recommendation

The strongest priority should be placed on finding means to fund operation of facilities, either by transfer or other arrangements. If, after considering all reasonable options, full funding for operation cannot be found, then steps should be taken to preserve assets to the extent possible for later public enjoyment, avoiding any possibility that the assets are converted, and work should continue to find other means to re-open the facilities.

Policy Issues

A mothballing strategy is intended to preserve assets within the County's limited budget capacity in hopes that these facilities can be fully utilized for public use and enjoyment when funding and/or new operators can be found. If facilities are closed without taking steps to minimize later operating cost—e.g., if they are *not* mothballed-- it may be much more difficult to secure such future operating agreements due to their increased expense.

Discussion

“Mothballing” means different things for different facilities. **Parks** will be posted as closed, although access by users will not be curtailed. Mothballed parks will be routinely inspected for hazardous conditions, which may require the removal of illegally dumped materials and fallen tree limbs. Mowing schedules will be reduced and conducted primarily during the growing season to avoid overgrowth. Restrooms will be closed. Parking lots will be closed. Children's play equipment will be removed or fenced off. **Pools** will be maintained by retaining the water in the liner to preserve its functionality should the pool be reopened. The mechanical systems will be maintained, filters routinely inspected and cleaned, pumping systems and gaskets will be inspected for functionality, and the pool building boarded and maintained to avoid vandalism. (See attachment for further details of pool mothballing proposal). **All other facilities** (community centers) will be boarded and maintained, including routine inspections and preservation of electrical, HVAC, and plumbing systems.

Mothballing buildings that currently house community center programs can be accomplished with few resources. However, mothballing a pool requires considerable planning and resources to preserve the asset in a manner that will enable the facility to be re-opened for public use at a later date without incurring considerable capital expenditures.

It is anticipated the mothballing of most in-city parks, facilities, and pools will require an expenditure of approximately \$804,000 in 2003, including four FTEs (3 Pool Operators

and one Park Specialist II) at a cost of \$250,000. The balance of the expenditure required is for materials, supplies, and utilities to maintain the grounds, buildings, and mechanical systems at the pool sites. This is a relatively small investment in order to preserve County assets worth millions of dollars. It is hoped that successful agreements to transfer or otherwise provide for operation of in-city facilities will be reached that will enable the public to enjoy these facilities, and allow this mothball cost to be commensurately reduced or these dollars applied to support normal operation of the facility.

Attachments

Attachment A: Swimming Pool Mothball Proposal

**Attachment A:
Swimming Pool Mothball Proposal**

The mothballing of pools will result in substantial savings in energy and operational costs as compared to normal public operation. Prevention of serious deterioration or damage to the buildings, pools, and mechanical equipment such as boilers, heating and ventilation systems, and filtration systems is a primary concern in undertaking a mothballing process for pools.

A plan to mothball the aquatic facilities has two key elements. The first consideration is to protect pools from the damage that could be caused by weather, earthquakes, and other natural events. The second element is to conduct preventive maintenance and minimum operation of mechanical systems to ensure continued structural and cosmetic integrity of the facilities.

Draining pools, mothballing buildings, turning off all systems, and simply locking the doors is not practical if the facilities are to be reopened at some point in the future with reasonable startup costs. Without mothballing, some facilities could deteriorate beyond the point of renovation being practical.

The pool tanks are not designed to be drained for extended periods of time. Severe damage to pool liners and shells, piping, tile, and decking may be caused or aggravated in empty or partially filled pools due to high water tables, shifting ground, or minor earthquakes.

Mechanical systems that are not operated for prolonged periods of time are prone to increased risk of seal and bearing damage. During very cold weather, components of heating and ventilation systems may suffer extensive damage in unheated buildings. King County parks staff has had experience with a facility being damaged because a contractor improperly mothballed it during cold weather. There has also been severe damage to facilities during power outages in below-freezing temperatures. In order to ensure the future of these facilities, it is imperative that no shortcuts be taken in the mothballing process, as repair and replacement costs would be prohibitive.

Staff recommends that the pool water be maintained at the minimal level necessary for proper circulation and for protection of the pool shell. The most efficient water circulation will require filtration and minimum chemical treatment. Slightly heating the pool water will keep the boilers operating and functional. This will also provide a safety margin against pipes freezing should there be an electrical or mechanical failure in cold weather. The building temperature should be maintained at a minimum level for the same reasons. Electricity use will be curtailed under this scenario. Pumps and motors will be operated only as needed. Only a few safety lights and nighttime outdoor security lighting will be required. Pool operators (the number of which would be dependent on how many pools are ultimately mothballed) would be retained to monitor facilities, perform regular preventive maintenance, and make any repairs needed.

Costs to complete the initial mothballing would be low. King County parks staff could install timers for pumps and motors and cover windows, skylights, and doorways.

Vandalism and graffiti would need to be repaired or removed immediately to discourage their reoccurrence and to reduce the costs of repair or cleaning.

Savings in the primary costs of swimming pool operation would be substantial, even allowing for minimum operation of facility systems. The proposed building heat setting is 55 degrees. Proposed water temperature is 50 degrees. Outdoor pools would not be heated except during extreme cold and then only enough to prevent freeze damage. Generally, heat would not be necessary during mid- to late spring through the summer and early fall at all facilities.