

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

			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	65,667	65,667	65,667	65,667	65,667	65,667	65,667	65,667	
share benefits	-	-	-	-	-	-	-	-	
Sr Swim	54,368	54,368	54,368	54,368	54,368	54,368	54,368	-	
Lifeguard	-	-	-	-	-	-	-	-	
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