

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.