Parks Levy Citizen Oversight Board
King County Parks and Recreation Division

November 15, 2010

TO: The Honorable Dow Constantine, King County Executive
The Honorable Bob Ferguson, Chair, Metropolitan King County Council

VIA: KBB
Kevin Brown, Division Director, Parks and Recreation Division, Department of Natural Resources and Parks

FM: Parks Levy Oversight Board

RE: Review of 2008 and 2009 Expenditures of the 2008-2013 Parks Operating Levy and Parks Expansion Levy

Dear Executive Constantine and Chair Ferguson:

With this letter we submit our report on expenditure of the 2008 and 2009 levy proceeds through December 31, 2009, from the two companion parks levies approved by King County voters in August 2007.

The two ordinances authorizing submittal of the levy propositions to voters each directed the creation of a separate citizen oversight board to review the levy expenditures. The ordinances allowed for these separate oversight boards to be combined by later action of the County council. By Ordinance 16931, the County council combined the two levy oversight boards into a single "County Parks Citizen Oversight Board," whose purpose is to "review the expenditure of levy proceeds and make policy recommendations to the county executive and county council regarding future expenditures." Our membership consists of one representative from each of the nine County council districts, each member confirmed by action of the County council. We met four times in the development of this report, on October 14, 21, 28 and November 4, 2010. We present our conclusions with respect to each levy separately, beginning with the parks operating levy.

Parks Operating Levy

Ordinance 15759 authorized submittal of a 6-year, 5-cent parks operation and maintenance levy (the "**Parks Operating Levy**") to King County voters. Section 5 of that Ordinance provided in pertinent part as follows:

> ...all levy proceeds shall be used for the continued and increased operations and maintenance of King County's regional and rural parks, program improvements to provide increased accessibility for the disabled and to provide up to $300,000 annually for recreation grant programs. Eligible expenditures shall include all costs and charges to the parks and recreation division or the county associated with or attributable to the purposes listed in this section.

The Parks Operating Levy was approved with support of 62% of those voting.

We received presentations from the Parks and Recreation Division ("Division") detailing the Division's budget, funding and operations, including calculations of revenues and expenditures for each park in the County system, and information on the application of levy proceeds to the three categories of use prescribed in Ordinance 15759. We also were provided access to the quarterly reports of the Division transmitted to the Council in accordance with King County Code section 7.08.090.

Based on the information provided to us, we conclude that the Division has complied with the requirements of Ordinance 15759 in its expenditure of Parks Operating Levy proceeds in 2008 and 2009. In reaching this conclusion we note that we were not asked to, nor did we, perform an accounting audit of the Division's financial systems. We were provided the same information as has been provided quarterly to the County Council regarding levy expenditures.

Attachment A to this report, entitled "Levy & Non-Levy Revenues and Expenditures, 2008-2009" summarizes the Division's expenditure of Levy proceeds for the last two years. It shows that *expenditures on levy-eligible items in each year exceeded the levy revenues available for these purposes*. That is, levy-eligible expense items were funded by both levy and non-levy revenues: by deduction, the levy revenues were appropriately applied. This was further verified by the more detailed, per-park calculations of revenues and expenditures provided to us.

Expansion Levy

Ordinance 15760 authorized submittal of a 6-year, 5-cent levy for various purposes including: 3 cents allocated to the County for acquisition of open space, natural lands and development of regional trails, among other uses; 1 cent allocated by formula to cities for acquisition of open space and natural lands, and acquisition and development of trails that are part of or linked to

the regional trail system; and 1 cent to the Woodland Park Zoo to be used for a variety of programmatic and capital purposes. The text of Section 5 of Ordinance 15760 defining the eligible levy expenditures, together with other key definitions in the Ordinance, is attached to our report as **Attachment B**.

The "**Expansion Levy**" was approved with support of 59% of those voting at the August 2007 election.

We received a presentation from the Division detailing the Division's capital improvement program funding, including a list of County projects funded by the Expansion Levy in 2008 and 2009 and the amount of Expansion Levy proceeds allocated to these projects. We also received a report of the amount of Expansion Levy proceeds allocated to each of the 39 cities in King County and the Woodland Park Zoo (the "Zoo") in 2008 and 2009 and reviewed reports detailing the amount and nature of expenditures by all cities and the Zoo in those years. **Attachment C** to this letter is a summary restatement of those allocations and expenditures, prepared by the Division. In addition, we were given presentations by representatives from the cities of Des Moines, Seattle and Newcastle, as well as the Zoo, describing projects on which they expended their respective Expansion Levy proceeds.

As required by Ordinance 15760, no distribution of Expansion Levy proceeds may be made to the Zoo or to any city without that entity first entering into a contract with the County. Beyond detailing the allocation formula and permissible uses of levy proceeds, the terms of these contracts are not specified in the Ordinance. As drafted and executed, the contracts provide that Expansion Levy funds are transferred monthly to each recipient agency (cities and the Zoo). Following transfer, levy funds are within the control of the recipient agencies. The contracts also require annual reporting of expenditures to the County so that the County can confirm that the levy proceeds have been used appropriately. If a city or the Zoo has misapplied proceeds, they must reimburse their respective account from other local agency funds.

Capital projects typically take several years to accomplish. Due to this fact, and the fact that several cities did not sign contracts with the County to receive levy proceeds until 2009, most of the 2008 Expansion Levy proceeds *were not expended in 2008* and were instead carried over to the following budget year. In 2009, a considerable portion of Expansion Levy proceeds were reported expended, but there was still a sizeable carryover to 2010.

Based on the information provided to us, we conclude that:

A. **The Parks and Recreation Division has complied with the requirements of Ordinance 15760 with respect to expenditure of Expansion Levy proceeds allocated to the Division in 2008 and 2009 and expended as of December 31, 2009.**

B. The Woodland Park Zoo has complied with the requirements of Ordinance 15760 with respect to its expenditure of allocated Expansion Levy proceeds it received in years 2008 and 2009 and expended as of December 31, 2009.

C. All 39 cities under contract to receive levy proceeds have complied with the requirements of Ordinance 15760 with respect to the expenditure of their individual allocations of Expansion Levy proceeds received in 2008 and 2009 and expended as of December 31, 2009.

In reaching the above stated conclusions, we note that we were not asked to, nor did we, perform an accounting audit of the Division's financial systems, nor of the financial systems of the cities or the Zoo.

Policy Recommendations

As noted above, the scope of our task includes making "policy recommendations... regarding future expenditures" of Parks Operating Levy and Expansion Levy proceeds. (Ordinance16931). We here offer the following consensus comments:

Parks Operating Levy:

- Given the highly effective leveraging of resources and monies that result from the Community Partnership Grant (CPG) programs, we would like to see the Division expend closer to the maximum allowable amount towards these programs out of the Parks Operating Levy. We are concerned that the ever increasing budget pressure the Division faces will make it very difficult to increase the level of support for CPG programs.

- We are pleased to see that the Parks Operating Levy has enabled the Division to make significant progress on the backcountry trails program.

Expansion Levy:

- We commend the Division for its recent actions to ensure appropriate public access to open space properties acquired with Expansion Levy proceeds. We encourage continued attention to this goal as additional open space properties are acquired.

- The County has funded important regional trail projects with Expansion Levy proceeds. Particularly noteworthy are the Burke Gilman Trail redevelopment project through Lake Forest Park and progress in development of the East Lake Sammamish Trail.

- We are seeing positive results from cities collaborating on trail projects linking multiple jurisdictions. We hope to see more of this in coming years to maximize the benefit of the Parks Expansion Levy.

General Comments:

- The Division benefits from an outstanding volunteer effort: parks volunteers provide critical support for park operations and capital planning as well as support for capital projects through donations. We encourage continued attention to maintaining and expanding volunteer involvement.

- We encourage the Division to increase the marketing of parks and facilities within the County's system. Marketing mechanisms are evolving from traditional communication forums as the population becomes more computer-savvy. The accessibility and utility of the County's and Division's website can be improved to respond to this trend. We also believe there are additional opportunities for earning revenue for the Division through marketing to advertisers, event producers and user groups. The King County Aquatic Center is one area of notable potential. Marketing to a greater variety of user groups, for example to persons with disabilities, should be part of the continued effort to expand the user base and support for the County parks system.

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Thank you for the opportunity to serve on the County Parks Citizen Oversight Board. We look forward to speaking with you about this report.

Sincerely,

Bill Fuller
Council District 1 Representative

Justin Vander Pol
Council District 2 Representative

Dariel Norris
Council District 3 Representative

Jeffrey Pyatt
Council District 6 Representative

James Jensen
Council District 4 Representative

Steve Freeborn
Council District 7 Representative

Wayne Jensen
Council District 5 Representative

Ann Martin
Council District 8 Representative

joan burlingame
Council District 9 Representative

Attachments:

A. Section 5, Ordinance 15760 and related definitions
B. "Parks Operating Levy & Non-Levy Revenues and Expenditures, 2008-2009"
C. "Summary of Expansion Levy Allocations and Expenditures, 2008-2009"

Attachment A:

"Parks Operating Levy & Non-Levy Revenues and Expenditures, 2008-2009"

Attachment A

KING COUNTY PARKS AND RECREATION DIVISION
LEVY & NON-LEVY REVENUES AND EXPENDITURES1 2008-2013

		2008	2009	2010 Planned	2011 Planned	2012 Planned	2013 Planned
LEVY	Levy Revenues	16,911,591	18,205,271	18,409,438	19,067,400	19,542,482	20,118,113
	Regional-Rural General Fund Revenues	3,381	0	125,000	0	0	0
	Expansion Levy Administration Fee	129,391	185,741	150,890	150,169	152,173	156,168
	Interest on fund balance	140,458	135,098	63,517	35,148	78,542	70,050
	Regional-Rural Business Revenues	4,795,189	4,387,632	4,300,154	3,891,143	4,129,600	4,336,080
	Operating reserve	0	0	1,189,558	2,512,386	3,009,467	3,768,908
	Total Revenues associated with regional-rural facilities	**21,980,011**	**22,913,742**	**24,238,557**	**25,656,245**	**26,912,263**	**28,449,319**
	Operating expenditures on regional/rural facilities/programs, CPG	(18,852,382)	(20,696,063)	(24,238,557)	(25,656,245)	(26,912,263)	(28,449,319)
	Contribution to operating reserve	(3,127,629)	(2,217,678)	0	0	0	0
	Total Regional-Rural Expenditures including contribution to/from operating reserve	**(21,980,011)**	**(22,913,742)**	**(24,238,557)**	**(25,656,245)**	**(26,912,263)**	**(28,449,319)**
NON-LEVY	General Fund contribution	3,125,201	2,275,587	769,311	50,000	0	0
	UGA Parks business revenues	477,457	407,458	183,830	174,849	174,491	183,216
	System-wide business revenues				625,593	612,973	643,622
	Total UGA revenues	**3,602,658**	**2,683,045**	**953,141**	**850,442**	**787,464**	**826,838**
	UGA Expenditures[2]	**(3,602,658)**	**(2,683,045)**	**(953,141)**	**(850,442)**	**(787,464)**	**(826,838)**
	Capital and business planning revenue	**1,691,327**	**1,924,667**	**2,556,971**	**2,653,608**	**2,786,289**	**2,925,603**
	Capital-backed business planning expenditures	**(1,691,327)**	**(1,924,667)**	**(2,556,971)**	**(2,653,608)**	**(2,786,289)**	**(2,925,603)**
	Homeland Security Grant revenues[3]	**12,199**					
	Homeland Security Grant expenditures[3]	**(12,199)**					
	Reimbursements for external capital work	**428,007**	**267,628**				
	Expenditures on reimbursable work	**(428,007)**	**(267,628)**				
TOTAL	**Total Revenues**	**27,714,202**	**27,789,082**	**27,748,669**	**29,160,296**	**30,486,017**	**32,201,760**
	Total Expenditures	(24,586,573)	(25,571,404)	(27,748,669)	(29,160,296)	(30,486,017)	(32,201,760)
	Contribution to operating reserve	(3,127,629)	(2,217,678)	0	0	0	0
	Total Expenditures including contribution to fund balance	**(27,714,202)**	**(27,789,082)**	**(27,748,669)**	**(29,160,296)**	**(30,486,017)**	**(32,201,760)**

Notes, assumptions:

[1] Expenditure figures by category are based on combination of financial plan and estimates based on review of actual expenditures.

[2] Expenditure and revenue figures are normalized in this table to allow for a consistent comparison across years.

[3] Homeland Security Grant expenditures and revenues reflect accounting procedures directed by Office of Emergency management, the entity that oversees the grant. These expenditures and revenues were monitored closely and reported as part of 2008 year-end procedures.

Attachment B.

Section 5 of Ordinance 15760 (Authorizing submittal of the Expansion Levy to voters) and related definitions.

SECTION 5. **Eligible expenditures.** If approved by the qualified electors of the county, all levy proceeds shall be used as follows: sixty percent for King County's acquisition of open space and natural lands critical to the preservation of regional watersheds and streams, for acquisition and development of rights of way for regional trails, with primary consideration given to those projects that address health disparities/health inequities as recognized in the Health of King County 2006 report and are consistent with the Regional Trails Plan including acquisition of missing critical links and/or maximization of regional trail use, and for repayment of costs, including principal and interest, associated with interim financing following approval of the levy, and to provide up to $500,000 annually for capital funding of recreation grant programs; twenty percent for distribution to cities in King County of which fifty percent shall be distributed based on city population, and of which fifty percent shall be distributed based on the assessed value of parcels within a city for city projects; and twenty percent for Woodland Park Zoo projects. Of the proceeds designated for distribution to King County cities and the Zoo, a reasonable portion shall be retained by the county to be used for expenditures related to administration of the distribution of levy proceeds. The levy proceeds shall be used solely for the designated purposes and shall not supplant existing funds used for such purposes.

SECTION 2.D. "City projects" means the acquisition of open space and natural lands and the acquisition and development of county regional trails or city trails that are regional in nature, and may specifically include local trails in underserved areas linking to city or county trails that connect to regional trails.

SECTION 2.E. "Woodland Park Zoo projects" means environmental education, conservation programs, green space acquisitions and capital improvement projects, excluding parking facilities, at the Woodland Park Zoo.

Attachment C:

"Summary of Expansion Levy Allocations and Expenditures, 2008-2009"

Attachment C

Summary of Expansion Levy Allocations and Expenditures, 2008-2009

Columns Identified	A	B	C C = A - B	D	E	F F = C + D - E
Cities	**2008 Distribution**	**2008 Expenditure**	**2008 Carryover**	**2009 Distribution**	**2009 Expenditure**	**Balance / Carryover**
Trails		34,732			283,289	
Open Space		140,477			-	
Combination Trails & Open Space		61,238			174,683	
Cities Total	1,610,499	236,447	1,374,052	5,305,946	457,972	6,222,026

Woodland Park Zoo	**2008 Distribution**	**2008 Expenditure**	**2008 Carryover**	**2009 Distribution**	**2009 Expenditure**	**Balance / Carryover**
Environmental Education		359,959			2,235,525	
Conservation Programs		169,115			1,229,787	
Capital Improvement Projects		2,427,459			312,453	
Woodland Park Zoo Total	3,342,309	2,956,533	385,776	3,600,898	3,777,765	208,909

King County	**2008 Adopted Budget**	**2008 Expenditure**	**2008 Carryover**	**2009 Adopted Budget**	**2009 Expenditure**	**Balance / Carryover**
Trails	8,557,404	1,534,480	7,022,924	7,233,915	1,579,610	12,677,229
Open Space	541,480	227,779	313,701	3,370,870	1,087,684	2,596,887
Community Partnerships & Grants Program (CPG)	500,000	450,000	50,000	500,000	210,474	339,526
King County Total	9,598,884	2,212,259	7,386,625	11,104,785	2,877,769	15,613,641