

Parks Levy Citizen Oversight Board
King County Parks and Recreation Division

November 4, 2011

TO: The Honorable Dow Constantine, King County Executive
The Honorable Larry Gossett, Chair, Metropolitan King County Council

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

FM: Parks Levy Oversight Board

RE: Review of 2010 Expenditures of the 2008-2013 Parks Operating Levy and Parks Expansion Levy

Dear Executive Constantine and Chair Gossett:

This letter constitutes our report on 2010 expenditures from the two companion parks levies approved by King County voters in August 2007. The parks levies are now in the fourth year of their six year term, and we understand work will begin in 2012 to think about options for future funding of the County Parks System. The levy ordinances placed strong emphasis on the importance of public oversight. We have been pleased to provide that oversight in our capacity as members of the County Parks Citizen Oversight Board (Board). We strongly support the Parks system and the work the Parks Division is doing to comply with the levy requirements. We look forward to meeting with you to share our findings and recommendations, and to reinforce the message that public oversight of the levies is occurring, with very positive findings.

Our role is defined by County ordinance. The two parks levy ordinances each directed the creation of a citizen oversight board to review the levy expenditures. The ordinances allowed for these boards to be combined into a single board by later Council action. 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 three times in the development of this report, on September 15, 22 and 29, 2011. 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, who approved the levy by 62 percent of those voting. 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.

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 2010. 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, 2010" summarizes the Division's expenditure of Levy proceeds in 2010. It shows that *expenditures on levy-eligible items in 2010 exceeded the levy revenues available for such 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 is 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 to the voters, proceeds of which are to be allocated as follows:

- 3 cents to the County for acquisition of open space, natural lands and development of regional trails, and up to \$500,000 annually for recreation grant programs;
- 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 is reproduced 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 outlining in general the Division's capital improvement program, and describing in detail the allocation of the County's share of Expansion Levy proceeds in 2010.

We also received a report as to Expansion Levy proceeds allocated in 2010 to each of the 39 cities in King County and the Woodland Park Zoo (the "Zoo"), detailing the reported amount and nature of expenditures by all cities and the Zoo in 2010. Attachment C to this report is a summary restatement of those allocations and expenditures, prepared by the Division. In addition, we heard presentations by staff from the cities of Shoreline and Kent, as well as the Zoo, describing projects on which their agencies spent Expansion Levy allocations in 2010.

As required by Ordinance 15760, before receiving Expansion Levy proceeds, the Zoo and each city must first enter into a contract with the County. The Zoo and each city must file annual reports with the Division by May 31 of each year detailing their use of Expansion Levy funds. The contracts encourage, but do not require, expenditure of funds to be completed by the end of 2014, a year after the levy expires. Cities are allowed to bank unspent allocations for future Levy-eligible projects. Many jurisdictions appear to be saving their Expansion Levy proceeds towards future projects: 20 of 39 cities report no expenditure of Expansion Levy allocations from 2008 through 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 2010 and expended as of December 31, 2010.**
- 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 2010 and expended as of December 31, 2010.**
- 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 2010 and expended as of December 31, 2010.**

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

Ordinance 16391 tasks us with making "policy recommendations... regarding future expenditures" of Parks Operating Levy and Expansion Levy proceeds. We here offer the following consensus comments:

Expansion Levy:

The dramatic reduction in Real Estate Excise Tax dollars in recent years, and the limitations on permissible use of Expansion Levy funds and Conservation Futures Tax dollars, means there is little money available to the Division to fund capital maintenance of existing properties. It also means there is little ability to fund access to properties already in the Parks system or properties being brought into the system with the Expansion Levy. The lack of places to park at open space area access points diminishes the ability of the public to enjoy these areas, even if they are technically open for public access. We hope the upcoming deliberations about future Parks system funding will address this issue.

While we understand the vision that local urban Parks properties should be transferred to local ownership by cities, we are concerned that equestrian and other access is being lost in some cases following transfer. We encourage your support for the Division negotiating terms in property transfer agreements that will preserve historic uses of properties.

The Expansion Levy ordinance includes a requirement that "primary consideration [be] given to projects addressing health disparities/health inequities." We are impressed by the analysis the Division conducted regarding equity of access to the Regional Trails System. We commend the Division for their work to address remaining access disparities by focusing on completing missing links in the Regional Trails System.

In the remaining term of the levy, we encourage the Division to focus on property acquisitions that can support broad public access and use. With a weak real estate market and a dwindling number of undeveloped parcels, we think there is a unique window of opportunity to take action. Of particular interest to the Board, we hope the Division will explore acquisition of property that can support additional back country trail areas. Readily accessible back country trail properties are now clustered in a very few locations in the County.

General Comments:

We are greatly impressed by the professionalism of the Division's staff leadership team, and the work they are doing. Again this year, they have clearly and comprehensively demonstrated compliance with the levies requirements, and have done so in a very concise and organized manner. The Division as a whole provides superb customer service to the broad community of Parks users, and we commend them for this.

If and when a task force is created to deliberate on Parks funding options for the post-levy period, we would respectfully urge that such group include representation from our Board. We would like to be kept informed of the work of the task force, and to have the opportunity to meet with them, as a Board, to share our perspectives on the Division's operations, funding situation, challenges and successes.

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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



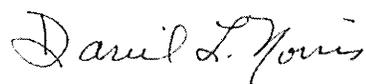
Jeffrey Pyatt
Council District 6 Representative



Justin Vander Pol
Council District 2 Representative



Steve Freeborn
Council District 7 Representative



Dariel Norris
Council District 3 Representative



Ann Martin
Council District 8 Representative



James Jensen
Council District 4 Representative



joan burlingame
Council District 9 Representative



Wayne Jensen
Council District 5 Representative

Attachments:

- A. King County Parks and Recreation Division Levy & Non-Levy Revenues and Expenditures 2008-2013
- B. Section 5, Ordinance 15760 (Authorizing submittal of the Expansion Levy to voters) and related definitions
- C. Summary of Expansion Levy Allocations and Expenditures, 2010

Attachment A

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

	2008	2009	2010	2011 Planned	2012 Planned	2013 Planned
Revenues						
Levy Revenues	16,911,591	18,205,271	18,508,382	19,067,400	19,484,174	19,955,620
Regional-Rural General Fund Revenues	3,381	0	75,000	0	0	0
Expansion Levy Administration Fee	129,391	185,741	131,313	150,169	157,852	163,418
Interest on fund balance	140,458	135,098	98,304	35,148	32,394	60,086
Regional-Rural Business Revenues ²	4,795,189	4,387,632	4,437,286	4,516,736	4,680,920	4,914,966
Operating reserve	0	0	0	1,896,793	2,764,911	3,382,174
Total Revenues associated with regional-rural facilities	21,980,011	22,913,742	23,250,285	25,656,246	27,120,251	28,476,284
Expenditures						
Operating expenditures on regional/rural facilities/programs, CPG	(18,852,382)	(20,696,063)	(22,900,797)	(25,656,246)	(27,120,251)	(28,476,264)
Contribution to operating reserve	(3,127,629)	(2,217,678)	(349,488)	0	0	0
Total Regional-Rural Expenditures including contribution to/from operating reserve	(21,980,011)	(22,913,742)	(23,250,285)	(25,656,246)	(27,120,251)	(28,476,264)
Revenues						
General Fund contribution	3,125,201	2,275,587	769,311	0	0	0
General Park Business Revenues Contribution to UGA Parks	477,457	407,458	273,826	600,236	595,331	625,097
UGA Parks business revenues ²	3,602,658	2,683,045	1,043,137	114,849	120,591	126,621
Total UGA revenues	(3,602,658)	(2,683,045)	(1,043,137)	715,085	715,922	751,718
UGA Expenditures	(3,602,658)	(2,683,045)	(1,043,137)	(715,085)	(715,922)	(751,718)
Capital and business planning revenue	1,691,327	1,924,667	1,713,444	2,653,608	2,343,041	2,460,193
Capital-backed business planning expenditures	(1,691,327)	(1,924,667)	(1,713,444)	(2,653,608)	(2,343,041)	(2,460,193)
Homeland Security Grant revenues³	12,199					
Homeland Security Grant expenditures³	(12,199)					
Reimbursements for external capital work	428,007	267,628	407,451			
Expenditures on reimbursable work	(428,007)	(267,628)	(407,451)			
Total Revenues	27,714,202	27,789,082	26,414,317	29,024,939	30,179,214	31,688,175
Total Expenditures	(24,586,573)	(25,571,404)	(26,064,830)	(29,024,939)	(30,179,214)	(31,688,175)
Contribution to operating reserve	(3,127,629)	(2,217,678)	(349,488)	0	(0)	(0)
Total Expenditures including contribution to fund balance	(27,714,202)	(27,789,082)	(26,414,318)	(29,024,939)	(30,179,214)	(31,688,175)

Notes, assumptions:

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

² Executive policy change in 2011 adopted budget allows all business revenues to support all parks. Business revenues earned in Unincorporated Growth Area (UGA) parks are estimated.

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 B:**

Attachment C

Summary of Expansion Levy Allocations and Expenditures, 2010

Columns Identified	A	B	C	D
				A+B-C
Cities	2009	2010	2010	Balance /
Trails	Carryover	Distribution	Expenditure	Carryover
Open Space			995,212	
Combination Trails & Open Space			230,562	
Cities Total	6,222,027	3,657,111	2,403,271	7,475,867
Woodland Park Zoo	2009	2010	2010	Balance /
Environmental Education	Carryover	Distribution	Expenditure	Carryover
Conservation Programs			1,865,588	
Capital Improvement Projects			1,564,312	
Woodland Park Zoo Total	208,909	3,663,478	3,691,367	181,020
King County	2009	2010	2010	Balance /
Trails	Carryover	Adopted Budget	Expenditure	Carryover
Open Space	12,677,229	6,865,220	1,356,243	18,186,206
Community Partnerships & Grants Program (CPG)	2,616,755	3,352,520	2,628,027	3,341,248
Administration	349,526	500,000	267,861	581,665
King County Total	15,643,510	11,115,050	4,647,336	22,111,224