

King County Parks Levy Citizen Oversight Board

November 26, 2012

The Honorable Dow Constantine
King County Executive
King County Chinook Building
401 5th Avenue Suite 800
Seattle, WA 98104

The Honorable Larry Gossett
Chair, Metropolitan King County Council
Room 1200
C O U R T H O U S E
Seattle, WA 98104

RE: Review of 2011 Expenditures of the 2008-2013 Parks Operating Levy and Open Space and Trails Levy

Dear Executive Constantine and Chair Gossett:

This letter constitutes our report on 2011 expenditures from the two companion parks levies approved by King County voters in August 2007. The parks levies are now in the fifth year of their six year term. As was true for each levy year since 2008, we again find that the Division is in compliance with the expenditure requirements of the two levy ordinances and we commend the Division for their efforts in this regard. We take our oversight role seriously, and hope that our findings will provide you and the public with continued assurance of the Division's strong record of accountability in this regard.

Our role is defined by County ordinance. The two parks levy ordinances each directed the creation of a citizen oversight board to review levy expenditures. The ordinances allowed for these boards to be combined into a single board by later Council action. In Ordinance 16931, the County Council created the unified "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 October 18, 25 and November 1. We present below our conclusions with respect to each levy separately, beginning with the parks operating levy.

Parks Operating Levy

Ordinance 15759 authorized submittal to King County voters of a 6-year, 5-cent, CPI-indexed property tax levy for County parks operation and maintenance (the “**Parks Operating Levy**”). Voters approved the levy by 62 percent. Section 5 of Ordinance 15759 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 Parks Operating Levy proceeds to the three permissible 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.

Attachment A to this report, entitled “Levy & Non-Levy Revenues and Expenditures, 2011,” summarizes the Division’s expenditure of Parks Operating Levy proceeds in 2011. It shows that *expenditures on levy-eligible items in 2011 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.

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 2011. 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 Parks Operating Levy expenditures.

Open Space and Trails Levy (formerly referred to as the “Expansion Levy”)

Ordinance 15760 authorized submittal of a 6-year, 5-cent, CPI-indexed, property tax levy to the voters, proceeds of which are to be allocated as follows:

- 60 % 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;
- 20% allocated by formula to cities for acquisition of open space and natural lands, and acquisition and development of local trails or trails that are part of or linked to the regional trail system; and
- 20% 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 “**Open Space and Trails 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 Open Space and Trails Levy proceeds in 2011.

We also received a report as to Open Space and Trails Levy proceeds allocated in 2011 to each of the 39 cities in King County and the Woodland Park Zoo (the “Zoo”), and detailing the reported amount and nature of expenditures by all cities and the Zoo in 2011. In addition, we heard presentations by staff from the cities of Bellevue and Maple Valley, as well as the Zoo, describing projects on which their agencies spent Open Space and Trails Levy allocations in 2011. **Attachment C** to this report is a summary restatement of 2011 allocations and expenditures of Open Space and Trails Levy proceeds, prepared by the Division.

We note that the County and many cities have banked portions of their Open Space and Trails Levy proceeds for expenditure in future years, as is permitted by the Ordinance 15760 and city funding agreements. The County noted that it expects to fully expend all its Open Space and Trails levy proceeds by the end of 2013.

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 Open Space and Trails Levy proceeds allocated to the Division in 2011 and expended as of December 31, 2011.**
- B. The Woodland Park Zoo has complied with the requirements of Ordinance 15760 with respect to its expenditure of allocated Open Space and Trails Levy proceeds it received in 2011 and expended as of December 31, 2011.**
- 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 Open Space and Trails Levy proceeds received in 2011 and expended as of December 31, 2011.**

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:

Operating Levy:

As in past years, we received information from the Division showing how they have worked to address the Operating Levy requirement to provide increased accessibility for the disabled. This is a challenging requirement since the Division directly operates only one program (the White Center Teen Program) but it is one to which the Division has responded with determination and creativity. As additional means of meeting this requirement, we encourage the Division to reach out to disability advocacy groups to provide information on accessibility of the County's parks and trails, and to explore partnerships with these groups and with cities.

Open Space and Trails Levy:

We remain focused on the importance of maintaining and improving public access to lands the County has in its existing parks inventory and to lands newly acquired with Open Space and Trails Levy proceeds. While we are mindful of the need to protect salmon and wildlife habitat and protect against inappropriate use of trails, it is also important to preserve public access to natural lands and backcountry trails so that the public can enjoy the park lands in which they have so generously invested. We hope that our strong support for preserving and promoting public access to parks will be conveyed to other partnering County agencies as well as funding entities such as the Conservation Futures Tax Committee.

Related to our concern about access to park lands, we believe it is critical to develop additional trailheads and parking at key access points. As noted below, we strongly support this component of the King County Parks Levy Task Force recommendations.

We heard presentations again this year from cities (Bellevue and Maple Valley) which have completed impressive projects with their Open Space and Trails Levy allocations. We encourage the Division to continue to work with cities to find ways to expand the Regional Trails System, complete missing trail links and develop city trail linkages to the Regional Trail System.

City partnerships can also be helpful in finding ways to address the Open Space and Trails Levy goal of addressing health disparities. We noted in our report last year that we are impressed with the Division's work in this regard, and that remains the case. We continue to track this issue with interest. We further note that expansion of the Regional Trails System in South King County is one way in which these health disparities and other equity and social justice issues can be addressed.

Replacement of the Current Levies:

We understand you will soon be receiving the recommendation of the separate citizen-based King County Parks Levy Task Force as to how to fund parks and trails after the levies expire at the end of next year. We have received a briefing on the recommendations of the Task Force and will watch your deliberations on this with great interest. We enthusiastically support what we heard regarding their recommendations. It is clear to us that County parks, open space and trails are dependent on continued public funding support and that a replacement for the levies is vital to ensure parks and trails remain open and safe.

Thank you for responding to our request for Citizen Oversight Board representation on the Parks Levy Task Force: we are very pleased that Justin Vander Pol was invited to serve as a member of the Task Force.

We are also very pleased to learn that the Task Force is recommending funding for development of additional trailheads and parking areas. As noted, this is a concern we raised in our 2010 report to you and we hope it will be well received by you when you take up the Task Force report.

We are worried about the impact on our communities if a parks levy proposition fails at the ballot. This raises for us a difficult, but important point: we are deeply concerned that the Division's General Fund support has been completely zeroed out—despite the need to continue to support dozens of local parks and facilities in the urban unincorporated area (not a permissible use of funds from the current operating levy). These local urban facilities are now being supported from the Division's entrepreneurial revenues. The elimination of General Fund support also means that more of the Division's levy funds and entrepreneurial revenues are going to support County overhead. While we understand there are intense competing pressures for General Fund dollars, we believe the County's parks, trails and open space functions are a central part of the County's role, and should be supported at least in part by the County's General Fund.

General Comments:

At our request, the Division provided us a presentation about the policies for allocation and oversight of the Community Partnerships Grants (CPG) program. This is a very important program that has leveraged funding for construction of recreational facilities throughout the County. Many of us on the Citizen Oversight Board have been involved with groups benefitting from CPG grants over the years. The program has grown substantially over time: 40 projects are now completed or in process and dozens of additional requests for funding have been received since the program's inception. It is important to us that the CPG program continues, and that it remain a streamlined operation that can respond quickly and creatively to the diversity of community requests received. We believe the application process could benefit from greater clarity and communication with applicants, and possibly from additional staffing (there is only one full-time staff person currently dedicated to this—quite a challenge given the number of projects underway at any time).

As we consider the need for future funding for the County's parks and trails, it is important to get the word out to the public about the tremendous assets in the system. Thanks to the levies, the Division has been able to acquire new open space and develop new trail segments each year. As the system expands, the public should have easily accessible and up-to-date information: the Division's web site and maps are particularly important outreach tools in this regard and we encourage continued efforts to keep these tools current.

In closing, we would again like to extend our thanks and appreciation to the Division staff for their excellent work. They are always prepared, organized and transparent in response to our questions. The Division's field staff is highly dedicated and does a great job with limited resources. As one of the Board members said at our closing meeting: "parks levy revenues are my favorite tax dollars." In our view, the public is very well served by the Division.

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

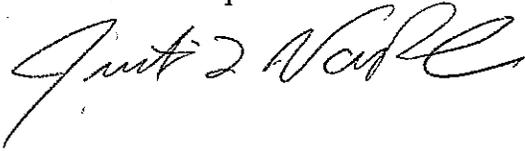
Sincerely,



Bill Fuller Council
District 1 Representative



Jeffrey Pyatt
Council District 6 Representative



Justin Vander Pol
Council District 2 Representative



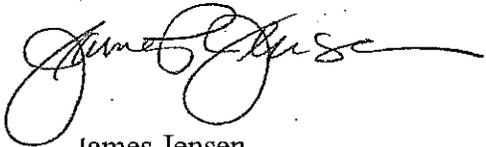
Steve Freeborn
Council District 7 Representative



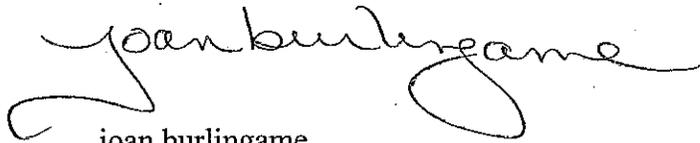
Dariel Norris
Council District 3 Representative



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. "Parks Operating Levy & Non-Levy Revenues and Expenditures, 2011"
- B. Section 5, Ordinance 15760 and related definitions
- C. "Summary of Open Space & Trails Levy Allocations and Expenditures, 2011"

Attachment A: "Parks Operating Levy & Non-Levy Revenues and Expenditures, 2011"
Attachment A

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

	2008	2009	2010	2011	2012 Planned	2013 Planned
Levy Revenues	16,911,591	18,205,271	18,508,382	19,135,405	19,484,174	20,329,560
Regional-Rural General Fund Revenues	3,381	0	75,000	0	0	0
Expansion Levy Administration Fee	129,391	185,741	131,313	170,530	157,852	167,213
Interest on fund balance	140,488	135,098	98,304	59,883	32,384	10,556
Regional-Rural Business Revenues	4,795,189	4,387,632	4,437,286	3,020,976	4,025,589	4,229,869
Contribution from operating reserve	0	0	0	1,263,759	3,720,242	3,650,069
Total Revenues associated with regional-rural facilities	(21,980,011)	(22,913,742)	(23,250,285)	(23,650,553)	(27,420,251)	(28,387,367)
Operating expenditures on regional/rural facilities/programs, CPG	(18,862,382)	(20,696,063)	(22,900,797)	(23,650,553)	(27,420,251)	(28,387,367)
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)	(23,650,553)	(27,420,251)	(28,387,367)
General Fund contribution	3,125,201	2,275,587	769,311	0	0	0
UGA Parks business revenues	477,457	407,458	273,826	137,262	0	0
System-wide business revenues	3,602,658	2,683,045	1,043,137	1,054,398	775,922	811,718
Total UGA revenues	(3,602,658)	(2,683,045)	(1,043,137)	(1,054,398)	(775,922)	(811,718)
UGA Expenditures²	(3,602,658)	(2,683,045)	(1,043,137)	(1,054,398)	(775,922)	(811,718)
Capital and business planning revenue	1,691,327	1,924,667	1,713,444	1,956,800	2,343,041	3,355,595
Capital-backed business planning expenditures	(1,691,327)	(1,924,667)	(1,713,444)	(1,956,800)	(2,343,041)	(3,355,595)
Homeland Security Grant revenues	12,199					
Homeland Security Grant expenditures	(12,199)					
Reimbursements for external capital work	428,007	267,628	407,451	358,151		
Expenditures on reimbursable work	(428,007)	(267,628)	(407,451)	(358,151)		
Total Revenues	27,714,202	27,789,082	26,414,318	27,019,902	30,539,214	32,554,680
Total Expenditures	(24,586,573)	(25,571,404)	(26,064,829)	(27,019,902)	(30,539,214)	(32,554,680)
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)	(27,019,902)	(30,539,214)	(32,554,680)

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. These expenditures and revenues were monitored closely and reported as part of 2011 year-end procedures.

Attachment B:

Section 5 of Ordinance 15760 (Authorizing submittal of the Open Space and Trails 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 Open Space and Trails Levy Allocations and Expenditures, 2011”

Summary of Open Space & Trails Levy Allocations and Expenditures, 2011

Columns Identified	A	B	C	D A+B-C
Cities	2010 Carryover	2011 Distribution	2011 Expenditure	Balance / Carryover
Trails			1,811,562	
Open Space			882,992	
Combination Trails & Open Space			-	
Cities Total	7,475,867	3,757,166	2,694,554	8,538,479
Woodland Park Zoo	2010 Carryover	2011 Distribution	2011 Expenditure	Balance / Carryover
Environmental Education			1,994,720	
Conservation Programs			1,519,353	
Capital Improvement Projects			413,424	
Woodland Park Zoo Total	181,020	3,794,413	3,927,497	47,936
King County	2010 Carryover (1)	2011 Adopted Budget (2)	2011 Expenditure	Balance / Carryover
Trails		8,004,222	9,110,703	
Open Space		4,623,134	4,982,728	
Community Partnerships & Grants Program (CPG)		500,000	651,079	
Administration		414,346	356,654	
King County Total	22,983,588	13,541,702	15,101,164	21,424,126

(1) 2010 carryover adjusted due to 2009 CIP Revenue Verification process

(2) Includes adopted budget and supplemental corrections ordinances