

**Overview and Initial Issues Identification**  
**DEPARTMENT OF PARKS AND RECREATION**

Staff: Kieu-Anh King, Sara Belz, Michael Jenkins, Norm Schwab  
 Date Prepared: 25 October 2011

*Expenditures/Revenues*

	2011 Adopted	2012 Endorsed	2012 Proposed	% Change Endorsed to Proposed
<b><u>Expenditures by BCL</u></b>				
Environmental Learning and Programs	3,518,000	3,671,000	3,752,000	2.2%
Facility and Structure Maintenance	12,958,000	13,470,000	13,633,000	1.2%
Finance and Administration	8,833,000	8,161,000	7,895,000	-3.3%
Golf	9,017,000	9,677,000	9,421,000	-2.6%
Golf Capital Reserve	435,000	11,000	-	-100.0%
Judgment and Claims	1,143,000	1,143,000	1,143,000	0.0%
Natural Resources Management	6,318,000	6,479,000	6,608,000	2.0%
Park Cleaning, Landscaping, and Restoration	24,666,000	26,140,000	26,384,000	0.9%
Planning, Development, and Acquisition	6,714,000	6,872,000	6,261,000	-8.9%
Policy Direction and Leadership	3,734,000	3,726,000	5,006,000	34.4%
Recreation Facilities and Programs	21,828,000	22,762,000	20,763,000	-8.8%
Seattle Aquarium	4,713,000	4,822,000	3,883,000	-19.5%
Seattle Conservation Corps	4,073,000	4,152,000	3,916,000	-5.7%
Swimming, Boating, and Aquatics	7,289,000	7,496,000	7,528,000	0.4%
Woodland Park Zoo	6,484,000	6,588,000	6,588,000	0.0%
<b>Total Expenditures</b>	<b>121,723,000</b>	<b>125,170,000</b>	<b>122,781,000</b>	<b>-1.9%</b>
Total FTEs	890.89	889.27	863.09	-2.9%
<b><u>Revenues</u></b>				
Charges for Services	28,634,000	29,047,000	24,589,000	-15.3%
General Government Support	80,057,000	84,136,000	81,274,000	-3.4%
Intergovernmental	441,000	441,000	441,000	0.0%
Miscellaneous Revenue	1,279,000	1,299,000	4,424,000	240.6%
Transfers from City Funds	10,075,000	10,287,000	10,402,000	1.1%
Use of Fund Balance	1,238,000	(40,000)	1,650,000	-4225.0%
<b>Total Revenues</b>	<b>121,724,000</b>	<b>125,170,000</b>	<b>122,780,000</b>	<b>-1.9%</b>
<b>Capital Improvement Program</b>	<b>55,289,000</b>	<b>32,059,000</b>	<b>51,702,000</b>	<b>61.3%</b>

**INTRODUCTION:**

**Operating Budget.** The 2012 Proposed Budget includes a \$122.8 million operating budget for the Department of Parks and Recreation (“DPR”), a decrease of \$2.4 million (1.9%) from the 2012

Endorsed Budget. The DPR budget includes General Subfund (“GSF”) support of \$81.3 million, a decrease of \$2.8 million (3.4%) from the Endorsed Budget. The DPR budget includes minor reductions to a number of budget items, most with minimal service impacts, and three budget additions, for (a) Utility Costs, (b) Technical Adjustments and (c) Building 30 debt-service costs, which we will discuss later in this presentation.

**GSF Balancing.** DPR has balanced its GSF by:

- (1) \$1.65 million – Fund Balance. Using \$1.65 million of accumulated Parks and Recreation Fund balance, and,
- (2) \$1.23 million – Community Centers Reorganization. Initiating changes, which save \$1.23 million, to the community center operating model, which we will discuss later in this Issue Paper.

There are no other programmatic or service changes proposed at DPR in the 2012 Proposed Budget.

**Capital Budget.** The Proposed Budget also includes a Capital Improvement Program (“CIP”) budget for DPR of \$51.7 million, which is \$19.6 million (61.3%) greater than the 2012 Endorsed CIP. CIP changes are somewhat large, due to four major items:

- (3) \$3.8 million – Golf Master Plan. A \$3.8 million increase, over the 2012 Endorsed CIP, for Golf Master Plan implementation,
- (4) \$5.5 million – Magnuson Park. A new \$5.5 million debt-supported appropriation for Phase I redevelopment of Building 30 at Magnuson Park,
- (5) \$6.7 million – Rainier Beach CC. A \$6.7 million re-appropriation for the Rainier Beach Community Center, reflecting new accounting treatment for multi-year CIP projects, and,
- (6) \$9.8 million – 2008 Park Levy. A \$9.8 million appropriation of 2008 Park Levy Inflation funds, to be discussed in the following sections.

**Personnel Changes.** The 2012 Proposed Budget includes a net reduction of 26.18 FTE at DPR. Position reductions are many, and include 35 abrogations (e.g., deletions) and 27 new positions, including five related to the conversion of maintenance staff from temporary to regular status, 21 related to the Community Center Reorganization and one new position for Citywide Special Events. A sizeable portion of DPR’s workforce is part-time. As part of its budget proposal, DPR has also proposed either increasing or decreasing hours worked by 91 employees for a net decrease of 11.10 FTE.

**Summary.** The most significant change included in DPR’s 2012 Proposed Budget is the Community Center Reorganization, which will have noticeable impacts to both personnel and operations. Other changes to the DPR budget, while significant to the DPR employees who are affected, are less significant from a public service perspective. As a result, staff have not identified any major issues that require consideration from the City Council. Staff have, however, identified a number of informational items and smaller issues for the Council to consider. These follow.

## **IDENTIFIED ISSUES.**

### **Item #1. Installation of infrared “people counters” at community centers (Belz)**

Last fall, the Council adopted SLI 101-1-A-1, which asked DPR to convene a working group to develop options for community center operations and sustainability, among other things. That working group produced a number of proposals for consideration by the Council. The Council’s Parks and Seattle Center Committee, led by Councilmember Sally Bagshaw, reviewed each proposal in detail and recommended inclusion, in the Mayor’s 2012 Proposed Budget, of a proposal which will save \$1.23 million of GSF in 2012. This proposal is included in the 2012 Proposed Budget.

In preparing the response to the SLI, staff found that DPR lacked an effective, uniform system for tracking when and how many individuals utilize each community center on a daily or weekly basis. The absence of reliable, easily-obtainable data regarding the use of these facilities limits DPR’s ability to make informed decisions about appropriate staffing levels and operating hours.

Infrared “people counters” can be an effective way of tracking how many people enter a facility and the time of their visits. An infrared counting system is already in place at the Northgate Community Center and installing similar systems at the remaining 25 community centers would cost an estimated \$205,000. This amount includes a 10% contingency for unanticipated costs. Although installing a counting system in every community center in the City would come at a significant one-time cost, it could help DPR to make more efficient and equitable funding decisions over time.

#### ***Options:***

- A. Add \$205,000 in GSF to DPR’s 2012 budget to support the installation of infrared counting systems at 25 community centers.
- B. No action.

### **Item #2. Parks Fund Balance (Belz)**

As an operating fund department, DPR maintains its own fund (the Park and Recreation Fund) that is separate from the City’s GSF. The Park and Recreation Fund has had a positive unrestricted fund balance at the end of every year since 2005. DPR typically uses this fund balance as a revenue source to balance its subsequent-year budget. As weather and other factors can have a significant impact on several of DPR’s revenue and expense streams, maintaining a positive balance in the Park and Recreation Fund can help alleviate financial pressure on the City when unanticipated events occur.

Last year, the Council established a \$500,000 minimum annual fund balance expectation for the Park and Recreation Fund. DPR currently estimates the Park and Recreation Fund’s unencumbered, net year-end fund balance for 2011 will be around \$1,000,000. Councilmembers may want to consider reducing this amount by \$300,000 and using the funds to support other priorities. This would leave the Park and Recreation Fund with a net year-end fund balance of about \$700,000, which is still \$200,000 greater than the minimum threshold established by the Council.

***Options:***

- A. Reduce the fund balance in the Park and Recreation Fund by \$300,000.
- B. No action.

**Item #3. GSF Increase to the Municipal Energy Efficiency Program (King)**

The 2012 Proposed CIP includes a \$485,000 GSF-supported increase to the Municipal Energy Efficiency Program, which provides funding for energy efficiency upgrades at DPR facilities. Council staff agrees with the Executive's assertion that energy efficiency enhancement projects are worthwhile investments, in general. Council staff proposes, however, that the City Council reject this proposed increase, in order to preserve scarce GSF resources.

Council staff have worked with DPR to identify \$364,000 in other funds that can be reprogrammed for these projects, resulting in a \$121,000 net reduction, should the City Council agree to the staff recommendation to reject this new GSF expense. These other funds are available from small reductions in two other DPR CIP projects and additional energy efficiency rebates that DPR believes are likely. DPR has one additional Utility Conservation CIP project with a proposed appropriation of \$355,000 in 2012, which would allow DPR to expend a total of \$719,000 in 2012 on energy efficiency and utility conservation projects.

***Options:***

- A. Reduce GSF expense by \$485,000 and reprogram fund sources for energy efficiency programs in the DPR CIP.
- B. No action.

**Item #4. Arts-related Programming – Funding Options (Jenkins)**

DPR currently receives Admission Tax revenues to support three arts-related programs: Downtown Arts in Parks, Outdoor Neighborhood Parks Programming and the Langston Hughes Performing Arts Center (LHPAC). The 2012 Proposed Budget assumes \$1,144,000 in support for these three programs. As required under Ordinance 123460, DPR's use of Admission Tax revenues will end on December 31, 2012.

The Council could consider adopting a SLI to request that the Parks Superintendent outline options on how the Executive proposes to finance these three programs after December of 2012.

***Options:***

- A. Adopt a SLI directing DPR to provide a report on funding options for Arts-related Programming by June 1, 2012. To the extent applicable, the report should also review long-term management and operational models for one or all of the programs. The report should be developed in consultation with the City Council, the Seattle Arts Commission, related organizations and the City Budget Office.
- B. No action.

### **Item #5. Dedicated Operational Funding for DPR (King/Belz)**

Seattle voters last adopted Parks levies in 1998 and 2008. The majority of funding in each Levy was prioritized for Capital expenses, including development of Parks facilities, acquisition of land for new parks and the development and redevelopment of parks and park space. In the meantime, operational funding for parks has been stagnant, while operational costs have risen. Budget pressures, meanwhile, have resulted in regular erosion of DPR's ability to maintain its existing facilities and parks.

Council could draft and adopt a Statement of Legislative Intent requesting that the Parks Superintendent, working in cooperation with the Mayor's Office and the City Council, conduct research and propose dedicated funding options for park operations to reduce the burden on the GSF. One possibility when the current Parks Levy expires in 2014 is to structure a levy renewal to support parks operations rather than as a capital levy. The SLI could also request the Parks Superintendent to explore other funding mechanisms.

#### ***Options:***

A. Adopt a SLI requesting that the Parks Superintendent research and make recommendations for augmenting parks operations funding.

B. No action.

### **INFORMATIONAL ISSUES – NO ADDITIONAL OPTIONS PROPOSED.**

### **Item #6. Community Center Reorganization (King)**

Item #3 above includes some discussion of 2011 SLI 101-1-A-1, concerning community center operations and planning, and the Community Center Reorganization proposal included in the 2012 Proposed Budget. Because the Council and the Parks Committee have already spent considerable time discussing the details of this proposal, staff will not explain it in full detail here. Staff have provided each Council office with a binder containing full details of the proposal, which is available online at: <http://www.seattle.gov/council/issues/ccpartnership/default.htm>.

The 2012 Community Center Reorganization includes two major programmatic shifts at DPR:

- (1) Geographic Management of Community Centers. This model creates five geographic teams of community centers in Seattle and includes coordinated management, staffing and program planning for the four to five community centers in each geographic team. One geographic team manager is responsible for general oversight and direction of all community centers in her/his geographic team, and community centers will be encouraged to offer complementary program scheduling and planning, to best meet the needs of their communities.

(2) Community Center Service Level Designation. This model allocates service hours to community centers based on their performance on nine program criteria, including size, demographics and historical use, and establishes three distinct service levels for community centers:

- a. Service Level 1 – 70 public hours per week.
- b. Service Level 2a – 45 public hours per week.
- c. Service Level 2b – 25 public hours per week.

Public hours may change, somewhat, as DPR implements this new operating model and identifies community centers with more or less need for public hours. Many public programs currently take place outside of public hours, including athletic and fitness courses and childcare, and will continue to do so in 2012. Almost all fee-supported recreation programs will be unaffected by this reorganization. Likewise, Lifelong Recreation, Specialized Programs, childcare and Late Night Recreation will not be impacted. DPR expects to revisit the Geographic Team and Service Level assignments at some regular interval in the future, perhaps biennially, to review available community center usage data and to revise service allocation, as warranted.

Staff have not identified any issues with the Community Center Reorganization proposal.

***Option:***

- A. Accept the Community Center Reorganization proposal, as included in the Mayor's Proposed Budget. No action necessary.

**Item #7. Magnuson Park Building 30 Development Proposal (King)**

The 2012 Proposed CIP for DPR includes \$5.5 million of new debt to finance Phase I of the rehabilitation of Building 30 in Magnuson Park. Building 30, a former airplane hangar and office building, has been in deteriorating condition for some time. The hangar portion of Building 30 is the traditional location of a number of large Seattle events, including the Friends of the Public Library Book Sale and the Northwest Arts and Crafts Fair. The West Wing has been closed and unusable for an extended period of time and the East Wing is used as office space, part of which is leased to small non-profit organizations.

In 2011, based on the building's decrepit condition and the City's lack of a plan to bring it up to Code, the Fire Marshal significantly limited the number of events allowed to take place in the Hangar. Phase I will provide needed structural, seismic and life-safety upgrades and will allow the majority of Building 30 to return to full-occupancy status.

Assuming that DPR's lease-up projections are correct, new revenues should cover approximately two-thirds of Building 30's \$640,787 annual debt-service expense. The remainder, approximately \$220,000 per year, will be subsidized by the GSF. The debt will be fully paid off in twelve years.

Phase II of the project is expected to cost an additional \$3.2 million and includes the rehabilitation of the third floor of the West Wing, plus additional Americans with Disabilities Act-related improvements. This final phase may be funded as early as 2014 and will require either cash financing or the issuance of additional GSF-supported debt.

**Option:**

- A. Accept the Magnuson Park Building 30 Phase I Redevelopment Proposal, as included in the Mayor’s Proposed Budget.

**Item #8. 2008 Parks Levy Inflation Reallocation (Schwab)**

Legislation behind Gray Notebook Tab #14 would reallocate \$9,758,000 in the 2008 Parks Levy to fund priority major maintenance projects from the inflation adjustment reserve in the Development Category, which due to the favorable bidding climate has not been needed. The projects were reviewed and recommended for funding by the citizens Parks Levy Oversight Committee (Oversight Committee) created by Ordinance 122749.

The Oversight Committee focused funding priority projects in the 2011-2016 Asset Management Plan (AMP) developed by DPR. Such projects have previously been funded with Real Estate Excise Tax revenue, a funding source that has seriously declined. The Oversight Committee discussed using geographic equity to guide allocations, but chose instead to address the most immediate asset management needs regardless of location. More than 40 percent of the reallocated funds are directed toward major maintenance projects in Southeast Seattle, which includes neighborhoods with the City’s greatest racial diversity. The funds will be distributed among 17 projects including neighborhood parks, cultural facilities, playfields, and a major neighborhood park.

The list of projects, and recommended funding amounts, is as follows:

Ballard Community Center Roof Replacement	\$635,000
Beacon Hill Playground Comfort Station Renovation	\$200,000
Comfort Stations Renovations (TBD)	\$300,000
Evers Pool Roof Repairs	\$1,600,000
Fairmount Playfield Comfort Station Renovation	\$200,000
Fairmount Playfield Fence Replacement	\$25,000
Garfield Community Center Roof Replacement	\$465,000
Green Lake Bathhouse Roof Replacement	\$456,000
Lower Woodland Playfield Tennis Court Lights Replacement	\$310,000
Loyal Heights Boiler and Electrical System Replacement	\$852,000
Madrona Playground Shelter Restrooms Renovation	\$200,000
Matthews Beach Park Bathhouse Renovation	\$350,000
Queen Anne Pool Plaster Liner Replacement	\$140,000
Rainier Beach Playfield Play Area Renovation	\$300,000
Rainier Beach Playfield Tennis Courts and Lights Replacement	\$1,300,000
Seward Park Water System Replacement	\$2,200,000
Van Asselt Community Center Gym Roof Replacement	\$225,000
<b>Total Funding Recommendation:</b>	<b>\$9,758,000</b>

Over a six month deliberative process to determine which projects to recommend for funding, the Oversight Committee relied upon the AMP, other DPR architectural and engineering studies identifying urgent needs, and input from a public hearing. Ordinance 122749 provides that the City Council may create new Levy projects in the Opportunity Fund Category and, with a three-fourths vote, transfer Parks Levy allocations across categories after considering recommendations from the Oversight Committee. \$2.9 million would remain in the Development Category for potential future inflationary cost increases.

***Option:***

A. Pass the Ordinance to reallocate \$9.758 million in 2008 Parks Levy funding.

**Item #9. 2012 Park Fee Ordinance (King)**

Legislation behind Gray Notebook Tab #15 would implement DPR's 2012 Fees and Charges Proposal, which amends related portions of the Seattle Municipal Code and supersedes the current set of fees and charges. Changes included in this legislation are minimal and will increase overall Parks Fees and Charges revenue by \$55,000, or 0.48%, to \$10,856,500.

In the 2010 Adopted Budget, the City Council adopted a Statement of Legislative Intent (SLI), which requested that DPR submit a new fees and charges proposal, with clearly outlined rate-setting methodology, in March of 2010. DPR did so, and the City Council reviewed and adopted a 2011-2012 Parks Fees and Charges proposal during last year's budget review process. The majority of these fees are anticipated to remain the same throughout the 2011-2012 biennium.

Changes included in this new proposal are primarily technical in nature. For example, a series of changes would lower the price of certain swimming passes by \$0.05, to allow the automated registration system to calculate the prices correctly.

The 2012 Proposal includes two fee changes related to policy proposals included in the Community Center Reorganization. One change would implement a pilot project at Amy Yee Tennis Center, which will increase fees charged to non-Seattle residents by 10%. The other change will increase the PAR (Participation) Fee from 3.25% to 4%, for most of the DPR programs offered through the Associated Recreational Council. The PAR Fee is the share of total recreation program fees paid by program participants to ARC, which ARC then pays to DPR as an "overhead" fee. Both of these policy changes are expected to have minimal effect on public services and revenue generation.

Staff have not identified any issues with the 2012 DPR Fees and Charges Proposal.

***Option:***

A. Pass the Ordinance to implement the 2012 DPR Fees and Charges Proposal.