



**Legislative Department
Seattle City Council**

March 17, 2014

TO: Select Committee on Parks Funding

FM: Meg Moorehead and Norm Schwab, Council Central Staff

RE: Executive's Parks Funding Proposal

EXECUTIVE PROPOSAL

Ballot Measure. Resolution 31454 initiated a months-long public process with the Parks Legacy Citizens' Advisory Committee (Legacy Committee) that is the foundation for the Mayor's proposal to collect \$54.3 million per year through a newly created Seattle Metropolitan Park District (Park District). The Park District boundaries would be the same as Seattle's boundaries and the Seattle City Council would be the District governing board (District Board). The decision to create the Park District would be placed on the August 2014 ballot. Due to the timing of the ballot, state law prevents collection of Park District revenues until 2016, requiring an interfund loan (to be repaid by the District in later years) to fund \$10 million of ramp-up services in 2015.

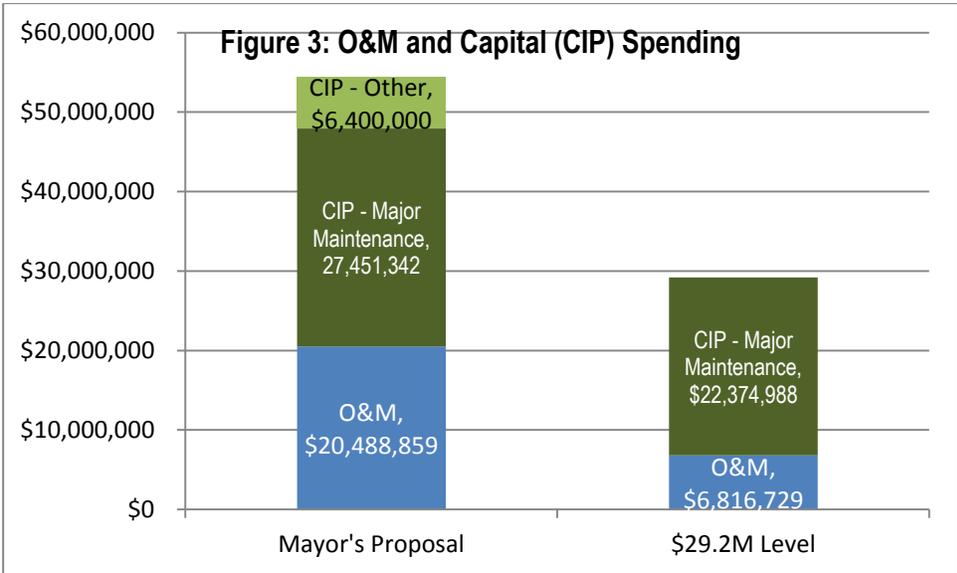
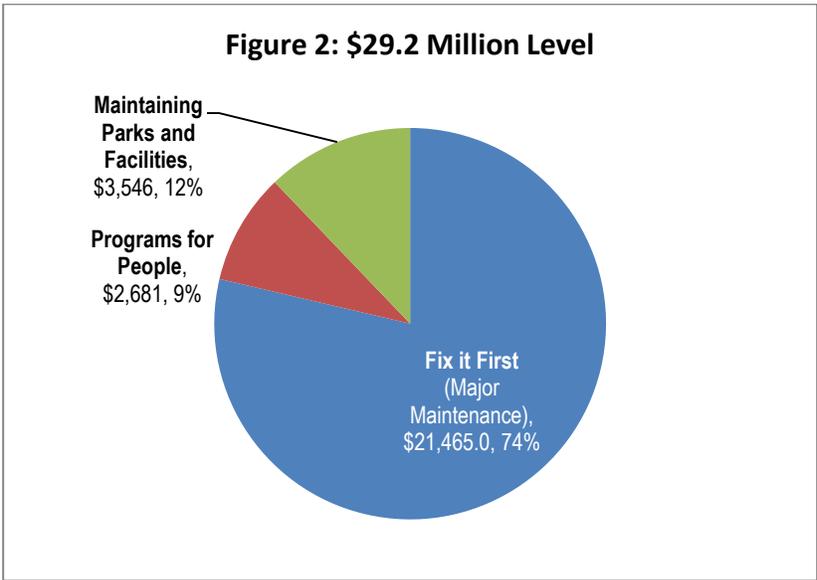
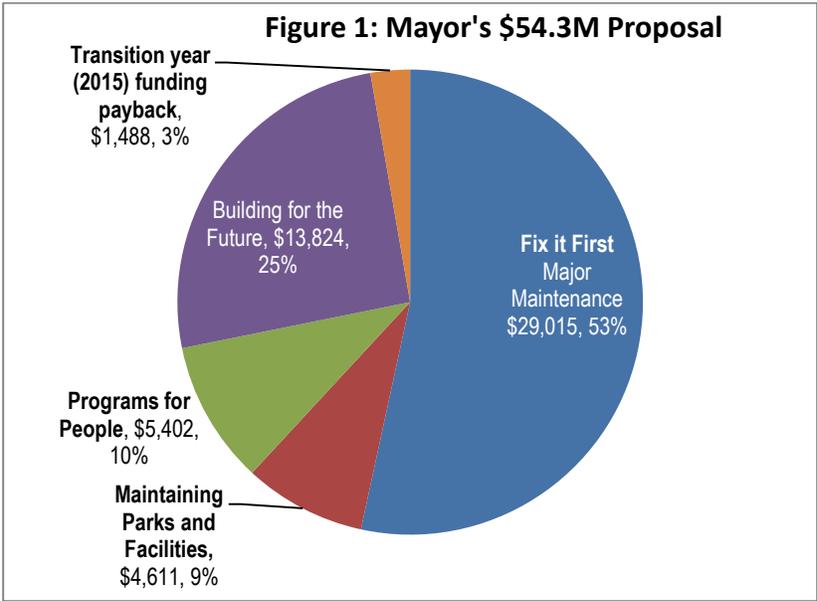
Park District Service Arrangements. Park District revenue would bolster City-funded park and recreation services that were trimmed back during the recession and add new services to address current and emerging needs. The City would commit an ongoing allocation of at least 2014 levels (\$89 million) of General Fund to the Department of Parks and Recreation (DPR), adjusted annually for inflation. The Park District would commit all of its revenue via interlocal agreement to the City to implement DPR major maintenance of parks and facilities, recreation programs, community center hours, park acquisition, new park development and other services. Spending in the first six years would follow a list of Parks Investment Initiatives and related spending plan (see Attachment 1). Processes for appropriating Park District revenues and tracking service delivery would be similar to those used for the Transportation Benefit District. For example, Park District revenues would be one of many revenue sources that are integrated into the Mayor's proposed budget and adopted as part of City Council budget approval each year. The District Board would approve a District budget consistent with the City's budget.

Community Oversight. An ongoing community voice in District decisions would be provided by a new 11-member Community Oversight Committee (the Oversight Committee) that will supplement the input provided by community members serving on the Park Board created under SMC 3.26.

Legislation. A Park District is new for Seattle and public comments to the Legacy Committee raised concerns about the District and how it will operate. To address the concerns, two ordinances are expected from the Mayor. One ordinance will place on the August 2014 ballot a simple question to form (or not form) a Park District. However, the ordinance will be too brief to answer all voter questions and concerns about this new funding mechanism. To provide more information, a second ordinance will describe service, policy, and funding arrangements between the City and District if the District is approved by voters. That second ordinance authorizes the Mayor to sign an interlocal agreement outlining those arrangements, but until a District is approved by voters, there is no District Board to make similar commitments on the District's behalf.

Spending Categories. A 2012 survey of Seattle residents identified maintenance of park lands and facilities as a top priority. DPR has identified a \$267 million backlog of major maintenance to meet needs such as re-roofing of buildings or boiler replacement. The Mayor's Parks Funding Proposal (the Proposal) addresses those needs by emphasizing maintenance while also expanding recreation programs and acquiring and building new parks. In most cases the Proposal establishes categories of spending rather than funding for specific projects. Priorities within some categories are already established. For example, projects in the Major Maintenance category will follow the priorities in DPR's Asset Management Plan. For other categories, such as with the Major Project Challenge Fund, proposals would be evaluated each year by DPR and the Oversight Committee. Instead of the specific project sites often identified for short-term levies, spending categories may be a better match for a long-term funding source such as a Park District, in which site-specific needs change over time as projects are completed and new ones identified. Although the approach provides a good deal of flexibility for DPR to propose the location and type of future work, it also allows neighborhood-specific needs and priorities to be more thoroughly understood before committing to specific projects. The Council would retain appropriation authority through the budget process to include a specific new park site or individual recreation program in the spending plan.

Figure 1 shows the spending for each category of services in the Proposal. Figure 2 shows how the service mix would change using proposed priorities with \$29.2 million of spending – a level close to the 2008 Park Levy that includes the Legacy Committee's core service priorities. Unlike the capital-only 2008 levy, the Proposal includes funding for operations and maintenance (O&M) as well as capital projects. Figure 3 shows the mix of O&M and capital spending at the \$54.3 million and \$29.2 million levels.



ISSUES

The following issues are laid out for consideration by the Select Committee in its deliberations on the Proposal. Central Staff request feedback from Select Committee members before the March 31 meeting regarding requests for further information, additional Council issues, and any desire to propose amendments on specific topics. Please let Meg or Norm know in today's meeting or by Wednesday, March 26 if you want follow up on these or other items.

1. Park District or Levy

Should the Mayor's proposal be cut back in scope or cost to place a levy lid-lift on the ballot instead of creating a park district?

The Proposal would collect up to \$54.3 million per year from property taxes. That is more than twice the level of the 2008 Park Levy, which collected about \$24 million a year for 6 years. If the proposed tax were collected in 2014, \$54.3 million translates into about 42 cents per \$1,000 assessed value (\$168 per year for a \$400,000 house), which is well within a Park District's taxing authority of up to 75 cents per \$1,000. However, some residents have expressed concern that the combination of \$3.05 per \$1,000 of currently used regular City property tax authority plus 42 cents of Park District taxes makes taxes too high and housing less affordable.

If a levy were pursued instead of a Park District, proposed spending levels would consume much of the City's unused property tax capacity. The City Budget Office (CBO) recommends that to account for future recessions, the City maintain a \$50 million "cushion" of unused levy capacity. In 2014, previously approved levies plus a \$50 million cushion would leave about \$71.4 million of unused levy capacity after expiration of the 2008 Park Levy and Pike Place Market Levy. Although capacity is enough for proposed parks spending, committing so much of it to parks would severely limit future use of levies for other priorities such as education, transportation, and housing.

2. Spending Level

What are options to lower spending for either a levy-lid lift or a reduced 6-year spending plan for the proposed Park District?

The proposed new tax revenues for DPR are a significant increase from recent years and it could be argued that DPR will need ramp-up time of more than a year to expand its capabilities and show that it can deliver an expanded level of service. There are at least a few ways to choose a lower spending level if the Select Committee is interested in lower initial spending:

- A) **Eliminate lower priority initiatives.** The Select Committee could accept the proposed prioritization of services but limit spending by drawing a line short of the \$54.3 million spending level. The new lower spending level could be based on a percent increase from the 2008 Park Levy or reaching far enough down the list to fund key Council priorities. With proposed priorities, this approach would shift the overall package toward actions that maintain current services, with less program expansion and new park development.

B) **Fully fund highest priorities and partially fund lower priorities.** Lower overall spending also could be achieved by fully funding a shorter list of higher priority initiatives and partially funding lower priorities. Similar to the previous option, this approach likely would shift the overall package toward actions that maintain current services, with less program expansion and new park development.

C) **Change spending levels by initiative.** The Select Committee could decide to continue funding some proposed services at current levels with City revenues and not add funding from new tax revenues. The Select Committee also could change service-specific spending levels or change priorities among services on the Investment Initiatives list. Any or all of these changes could allow for a different mix of services (including adding different services) within a lower overall spending amount.

3. **Service Priorities**

Does the Select Committee agree with the scope and content of the proposed service initiatives? Some services for which different priorities might be considered include:

A. **Community Centers.** The Proposal includes \$2.6 million per year to restore community center operations funding to levels that predated the current system of tiered operating hours reflecting actual use. Although the added operational funds are proposed to be deployed somewhat differently than before the recession, the question of whether actual use justifies immediate restoration of hours at all facilities remains. The Select Committee could choose to fund Community Center operations at a lower level, even if only initially. Funding could be increased as demand increases. The Council could use its legislative and budget control authority to more closely plan for and manage community center operations funding. For example, to increase use of community centers, the Council could ask DPR and the Associated Recreation Council to offer more and different programs that better meet current and emerging needs. And, the City Council could manage the level of community center operations funding as part of the City budget adoption process. The Council could express some policy intent on the matter in the second ordinance covering the interlocal agreement, at the same time it approves the ballot ordinance.

B. **Other.** Other changes could be considered in the services supported by new revenues. For example, the Select Committee could decide to restore Legacy Committee-recommended services that were cut by the Mayor. Or, the Select Committee could remove or reduce services that serve relatively small groups or that could be supplied by others to ensure that new park funding is focused on DPR's core mission and best serves the most people.

4. Interlocal Agreement between the District and City.

Does the Select Committee agree with the proposed structure of the Park District to be included in an interlocal agreement?

The Seattle Park District would be formed with a unique set of service, policy, and funding arrangements between the City and District. Many policy choices are embedded in those arrangements, which are summarized in Attachment 1.

5. Ballot Measure Timing.

Does the Council agree with the Mayor's recommendation to put forward a ballot measure for the August 5, 2014 primary election?

The earliest possible election date for a park funding ballot measure would be August 5, 2014. An August park funding vote requires the Full Council to pass an ordinance no later than May 5, 2014. Given the tight deadlines and possibility that a Park District will require a more extensive public information effort, a park funding vote could be delayed to November 2014 or 2015. However there likely will be other funding measures planned for those elections. And collection of taxes from the 2008 Park Levy ends in 2014, resulting in up to \$24 million/year less for DPR in 2015 and beyond unless a new funding source is established.

NEXT STEPS

Feedback from today's meeting will be incorporated into materials for discussion at the next meeting, scheduled for Monday, March 31 after Full Council. In addition to an April 7, 2014, 6:00 pm public meeting, Select Committee meetings are scheduled for April 14 and 21. The Full Council must act no later than May 5 to place a park funding measure on the August 2014 ballot.

Attachments:

Attachment 1:

Mayor's Parks Investment Initiatives Listed in Legacy Committee Priority Order

Attachment 2:

City/Park District Interlocal Agreement -- Policies to be Considered by Mayor and Council