

FISCAL NOTE FOR NON-CAPITAL PROJECTS

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Legislation Title:

AN ORDINANCE relating to an interlocal agreement with the Seattle Metropolitan Park District, if formation of the district is approved by the voters within the City; approving the form of an interlocal agreement and authorizing the Mayor to execute such agreement on behalf of the City.

Summary of the Legislation:

The proposed ordinance is companion legislation to the proposed ordinance that places on the August 2014 primary ballot a measure which would create the Seattle Metropolitan Park District (Seattle Park District). Upon voter approval of the ballot measure, the Seattle Park District would be formed with the same boundaries as the City of Seattle and the City Council members, acting *ex officio* and independently, would comprise the governing board (the District Board).

This proposed ordinance approves the form and authorizes the Mayor to execute, on behalf of the City, an interlocal agreement between the Seattle Park District and the City, if the voters approve creation of the Seattle Park District.

Background:

Parks Legacy Citizens' Advisory Committee

In May 2013, the Seattle City Council adopted Resolution 31454, creating the Parks Legacy Citizens' Advisory Committee (Legacy Committee) to develop a potential package of parks and recreation projects to submit to the voters. The resolution directed the Legacy Committee to:

- a. Review data and information about existing and potential park and recreation projects, maintenance and operations, and programs.
- b. Review the draft Parks Legacy Plan and its findings and provide input and comment.
- c. Review and comment on criteria for assessing Parks investment initiatives and options for the Mayor and Council's consideration.
- d. Apply criteria and review investment initiatives prepared by City staff and provide comments and/or recommendations for Mayor and Council consideration.
- e. Review pros and cons for potential funding mechanisms for implementing the investment initiatives, including consideration of the dollar amount needed to fund them

and whether permanent or short-term funding is needed or appropriate, and make recommendations.

f. If a short-term funding solution is considered, then the Committee will address the pros and cons of various term lengths and make recommendations.

g. If a permanent funding solution is considered, then the Committee will address the pros and cons of appropriate funding mechanisms, including a permanent levy and a Metropolitan Parks District, and make recommendations.

h. Conduct outreach to the broader public to gather recommendations and comments.

i. Advise the Mayor and City Council on the pros and cons for moving forward with a possible ballot measure in 2014 to replace the current parks levy, which expires at the end of 2014.

j. Submit a final report with findings to the Mayor and City Council by March 14, 2014.

Legacy Committee Recommendations and Development of a List of Parks Legacy Investments

After initial meetings learning about the parks and recreation system, Legacy Committee members adopted assessment criteria for use in evaluating proposed projects to be funded over the next six years through either a renewed levy ballot measure or another mechanism, such as the formation of a metropolitan park district. The criteria looked at how the initiatives would further Parks outcomes of healthy people, healthy environment, sustainability and strong communities, and how they measure up to providing equitable, innovative and state of the art services.

An initial list of priorities were reviewed by subcommittees of the Legacy Committee, and then prioritized by the full Committee. The projects to be funded in the first six years of the Seattle Park District fall into 4 categories:

- **Fix it First** for major maintenance projects;
- **Programs for People** for programming for seniors, people with disabilities and teens, increased community center hours and staffing, and for programs which bring people to parks such as arts programs;
- **Maintaining Parks and Facilities** for day-to-day maintenance and preventive maintenance such as painting, electrical and plumbing work and also improving and maintaining dog off-leash areas and p-patch gardens; and
- **Building for the Future** for projects which anticipate future needs, such as the acquisition of park land and a challenge fund for projects which would renovate park facilities using community matching funds.

Provisions of the Interlocal Agreement

During the 10 months the Legacy Committee studied, listened to the public, and discussed potential funding mechanisms, issues of community oversight and department accountability

came to the forefront. To ensure these issues would be addressed should the voters approve creation of a Seattle Park District, the Legacy Committee recommended an interlocal agreement be authorized at the same time the ballot measure ordinance is approved.

The proposed interlocal agreement attached to this Council Bill addresses:

- Community input into the development of six-year spending plans;
- A budget process to ensure the limitation of property tax levies by the Seattle Park District;
- A clear statement that the City would own and control all park properties and facilities;
- Minimum levels of funding by the City from the General Subfund;
- Avoidance of duplication by requiring the Seattle Park District to contract solely with the City and DPR for staffing for all projects, programs and services;
- Providing for a Community Oversight Committee; and
- Other contractual restrictions and requirements.

Spending Plan

Spending in each of the four program categories will follow the six-year plan shown in Exhibit A to the interlocal agreement for the first six-year period (2015 through and including 2020). As described in the plan, 2015 will be a transition year. State law requires that the boundaries of all taxing districts be established as of August 1 in order to levy funds the following year. Because formation of the Seattle Park District will not be effective until sometime after the August 5 election date, the Seattle Park District will be unable to levy and collect property taxes in 2015. Therefore, it is expected that the City will loan DPR \$10 million, to be repaid over 8 years beginning in 2016, to fund the start-up costs of many projects in the six-year plan and other transition costs.

Seattle Park District Budgets and Property Tax Levy Setting

The interlocal agreement provides that the Seattle Park District will set its annual property tax at an amount sufficient to fund a budget that implements the six-year spending plan. Fully funding the projects, programs and services shown in Exhibit A to the interlocal agreement has a \$47.9 million spending plan that requires \$47.8 million in the first year of full funding (2016), with annual inflation adjustments thereafter. If a levy to produce that budget amount had been in effect in 2014, it would translate into an estimated tax rate of \$0.37 per \$1,000 of the assessed value of property within the City. This would amount to \$148 in additional property taxes for the owner of a house valued at \$400,000 – an increase of \$72 over the \$76 that homeowner is paying for the current Parks levy.

City Obligations and Funding

The City will provide all staffing for all projects, programs and services, and for related support services. The City will also continue to include in its annual budget, including the revenues dedicated by the City Charter, General Subfund resources that meet or exceed the 2014 level of funding, adjusted annually for inflation (calculated as the Consumer Price Index for Seattle). The City will continue to own and control all parks and park facilities.

Community Oversight Committee

The interlocal agreement provides for the appointment of a Community Oversight Committee (Oversight Committee).

The Oversight Committee shall have 15 members: 4 Park Board members; 7 members, one from each Council district; and 4 additional members to be considered for appointment based on recommendations from City commissions, including the Immigrant and Refugee Commission, the Commission for People with Disabilities, the Human Rights Commission, the Seattle Lesbian Gay Bisexual Transgender Commission, and the Women’s Commission. All member appointments are to be confirmed by the City Council. The Mayor shall appoint the Chair of the Oversight Committee.

The Committee will advise on the projects, programs and services to be provided, including:

- a. Establishing a Major Projects Challenge Funds application process and evaluation criteria, and making recommendations to the Superintendent of Parks and Recreation (“Superintendent”) on the annual allocation of the Major Projects Challenge Fund.
- b. Reviewing an annual report prepared by DPR for the Seattle Park District and the City, including assessment of performance measures and expenditure of District funds including interest earnings, and reporting to the Superintendent and Park Board on implementation issues, concerns and needed adjustments in services or spending.
- c. Holding public meetings and making recommendations to the Superintendent in connection with each 6-year update to the spending plan.
- d. Providing to the Mayor, City Council, and Superintendent of Parks and Recreation an annual report on the progress of expenditures, a mid-term report half-way through each 6-year period, and a final report in advance of each 6-year update to the spending plan. Progress on construction of park development on the 14 land-banked sites in Initiative 4.4 will be among the issues addressed in the first mid-term report.

This legislation does not have any financial implications.

This legislation has financial implications.

Appropriations: N/A

Appropriations Notes: This ordinance provides no appropriation authority. The budget authority needed to implement Seattle Park District projects, programs and services would be considered as part of the annual budget process or through other ordinances.

Anticipated Revenue/Reimbursement Resulting from this Legislation: N/A

Revenue/Reimbursement Notes: This ordinance creates no revenue; however the interlocal agreement it approves requires the Seattle Park District to provide funding to DPR in accordance with its annual budget.

Total Regular Positions Created, Modified, or Abrogated through this Legislation, Including FTE Impact: N/A

Position Notes: This ordinance creates no new positions. However, implementation of the Seattle Park District projects, programs and services will require a number of new positions. Positions will be added to DPR as part of the annual budget process or through other ordinances. Seattle Park District revenues will provide the funding for these positions.

Spending/Cash Flow: N/A

Spending/Cash Flow Notes: The annual budget process and the six-year spending plans developed through a community based planning process and reviewed by the Oversight Committee will determine Seattle Park District spending.

Other Implications:

- a) **Does the legislation have indirect financial implications, or long-term implications?**
Yes, approval of the ordinance and the proposed interlocal agreement establishes the parameters for a Seattle Park District, should the voters approve its creation.
- b) **What is the financial cost of not implementing the legislation?**
Without an interlocal agreement, the Seattle Park District will be unable to carry out the projects, programs and services described in the spending plan.
- c) **Does this legislation affect any departments besides the originating department?**
Yes, the interlocal agreement requires the City's Director of Finance to act as treasurer and to keep financial records on behalf of the Seattle Park District.
- d) **What are the possible alternatives to the legislation that could achieve the same or similar objectives?**
There are none.

e) Is a public hearing required for this legislation?

No, but the City Council has scheduled a public hearing, and the Legacy Committee held a public hearing and three public meetings regarding future funding for Seattle Parks and Recreation.

f) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

No

g) Does this legislation affect a piece of property?

No

h) Other Issues:

List attachments to the fiscal note below: