

Revenue Enhancement Strategies

R-1: User Fee Increases

Strategy

Raise user fees in order to generate more revenue to help offset the cost of operating parks and active recreation facilities, while ensuring fees remain reasonable and that users are not turned away based on an inability to pay.

Recommendation

The County Council should delegate to the Executive and Division the authority to establish specific user fees meeting Council approved policy guidelines. Significant user fee increases should be imposed in 2003 so that users specifically benefiting from a facility/service pay fees set in relation to the cost of providing that facility/service. The Division should carefully track the impact of increased fees to identify changes in use patterns and make adjustments as necessary to meet revenue targets. The fee structure should incorporate needs-based waivers or scholarships so that no one is turned away based on an inability to pay.

Policy Issues

- The proposal is to change the fee structure so that it begins to reflect the cost of, and demand for, recreational services and facilities.
- The proposal will require changing the County Code to give the Executive/ Division broader fee setting authority to meet overall revenue targets. This implies delegating a task that the County Council has to date retained for itself.
- Significant increases in user fees will impact user groups. There may be a reduction in use as a result of the fee increases, although this is very difficult to estimate in advance of the new schedules being imposed. Such a drop-off in usage may be temporary, and must be carefully monitored.
- The new fees proposed will be at the high end of similar rates now charged by other jurisdictions in the County. Some fees may be higher than any similar fees, others within existing fee ranges. However, public parks programs in this area have not traditionally set fees based on cost of, or demand for service, so the “market” is a market of tradition, as opposed to an economic market. As city parks programs come under fiscal pressures similar to that faced by the County, one may expect to see city parks and recreation user fees increased.
- Differential fees for youth recreation (currently subsidized much more than adult recreation) should be continued, given a policy goal of encouraging youth athletics.
- Fee waivers or scholarship programs will continue to be implemented, based on the policy goal that no one be turned away for lack of service.

Discussion

The 2002 adopted budget for Parks is \$25.57 million, with earned revenues of \$7.01 million, for a net Current Expense (CX) Fund subsidy of \$18.56 million. In the budget

that will be submitted to the County Council the Parks Division will propose an appropriation of \$16.4 Million, with earned revenues of \$7.6 Million. While the requested 2003 appropriation will be nearly \$9.1 million less than the 2002 adopted budget, the earned revenue amount will be increased in 2003. These revenue targets will be increased over time, based on costs of service, and demand for service/user levels.

The Parks Division has reviewed its current fee structure and determined the percentage of CX subsidy by each service category for which fees are assessed. For example, ballfield use is currently subsidized 85% by the CX Fund and pools are subsidized 65% by the CX Fund. It is not proposed to eliminate the CX subsidy immediately for these facilities; indeed, this may not be possible in many cases. However, the Division believes significant fee increases can and should be imposed in order to help provide the needed revenues to keep these facilities open, and that these fee increases can be set in a way that will not unduly restrict or reduce public access and use of these facilities.

Over time, the Division will continue to study the impact of fee increases and operating costs, and make a determination how fees should change in order to meet revenue targets while continuing to provide access to high quality public recreational facilities.

For 2003, it is proposed that ballfield user fees would be increased 100%, across the board. Given the extremely high demand for ballfields, it is assumed that there will be no reduction in the demand for these fields. By way of example, adult field use fees will increase from \$33.00 to \$66.00 per game *per team* and youth field use fees will increase from \$7.00 to \$14.00 per game *per team*.

Pool user fees are proposed to increase 50%, again across the board. A 20% drop-off in use is assumed as a result of this increase, but net revenues would still increase to the Division. Use may rebound over time. Under this proposal, lap swim rates would increase from \$3.00 per hour to \$4.50 per hour. Public swim rates would increase from \$1.85 per hour to \$2.75 per hour. Other swim fees would be similarly increased.

The vast majority of user fee revenue is derived from ballfield and pool use fees. However, the Division charges dozens of other fees as well. These would be increased across the board by not less than 25%, and more in some cases, to meet the total user fee revenue goal identified in the preliminary budget. In addition, the Division is proposing imposition of some new fees, such as parking fees for day use of major facilities: a modest fee (\$0.50) at a park such as Marymoor could recoup much of entire operating subsidy for that facility over the course of a year.

Stated another way, of the \$7.7 million in total earned revenue in the Division's 2003 preliminary proposed budget, \$3.6 million will be derived from user fees. Since the County will be operating far fewer fee generating facilities in 2003 than in 2002, the total amount of user fees drops as compared to 2002, however, when comparing the same set of facilities, fees will be increased \$950,000.

Because the impact of these fees is uncertain, the Division is seeking the flexibility to change the fees from time to time with Executive approval, within policy guidelines set by Council. Policy guidelines proposed include maintaining the current subsidy gap between youth and adult athletics; needs-based fee-waivers/scholarships; and the overall revenue targets for ballfields and pools. These policy targets could be changed from time to time by the County Council. Operationally, however, the Division is seeking the flexibility to develop and implement specific fee proposals, rather than secure approval for each of over a hundred fees from the Council itself. This is part of the entrepreneurial flexibility endorsed by the Metropolitan Parks Task Force.

Implementation of new fees will be preceded by notifications of the proposals to user groups, and postings in advance of the new fees, and providing an opportunity for comment. Ballfield user groups will be mailed notification of the proposals. Pool fee increases will be posted at the pools that will remain open and all user groups will receive notification of the proposed fee increases prior to the end of the year. Additionally, the proposed fee increases will be included in the Parks and Recreation Guide to be printed for the first quarter of 2003. Printing and final notifications will be delayed until the necessary County authorizations for the new structure are in place.

Background: The most recent County parks and recreation fee ordinance was enacted in 1999. That ordinance established a range of fees for each of well over one hundred individual fees. On average, it raised fees by 10%. Fees had not previously been adjusted since 1993, despite requests from the Executive and the Parks Department. The 1999 fee ordinance was the first to adopt a fee range for each category of fee.

Revenue Enhancement Strategies R-2: State Legislative Priorities

Strategy

Support state legislation (previously SB 6334) to increase the Real Estate Excise Tax (REET) to be used for maintenance and operations of parks. If there is not adequate stakeholder support for an increase in REET, support legislation allowing a portion (25 percent) of revenue from REET to be used for maintenance and operations of parks. Additionally, support state legislation (previously 2SSB 5104) to increase Conservation Futures Tax (CFT) revenue and allow the increased collection to be used for maintenance and operations of those lands purchased with CFT revenues.

Recommendation

The County's 2003 State Legislative Agenda should include supporting these changes in state legislation:

- Increase the Real Estate Excise Tax (REET) to be used for maintenance and operations of parks.
- If an increase in REET for parks is not possible, enable the use of Real Estate Excise Tax for parks maintenance, either by increasing the rate of these taxes or simply allowing a percentage of existing revenues to be used for these purposes at the discretion of the receiving government.
- Increase the collection rate for CFT revenue from .0625 percent to .10 percent and allowing the increased collection to be used for parks maintenance and operations.

Annual revenue estimates for these proposed REET and CFT changes are about \$2.5 to \$3 million and \$8+ million, respectively, that would be available for parks maintenance.

Policy Issues

Real Estate Excise Tax: Under current state law, REET can only be used for acquisition and capital purposes, and not operations and maintenance of parks. REET funds are used now to pay for the Parks Capital Improvement Program (CIP), so spending 25 percent of REET on maintenance and operations will reduce the Parks CIP by 25 percent. Reducing the CIP could affect capital projects aimed at revenue generation. County REET taxes are imposed in the unincorporated areas of King County only.

Conservation Futures Tax: Per state law, the CFT property tax rate is currently 6.25 cents per \$1,000 of assessed value and the revenue generated can only be used for acquisition of passive lands. This tax is imposed countywide.

CFT funds are currently used to fund the County's open space acquisition program. Increasing the collection rate would increase the property tax countywide. The County's citizens' oversight committee charged with making recommendations on how to spend CFT funds may not support this proposal.

Though the County collects CFT revenue and the County has no legal obligation to distribute it to Seattle, Bellevue, and the suburban cities, the County has, based on its own policy, shared CFT in the past with these other jurisdictions. There is some concern by cities that the allocation to cities should be increased. Increasing the rate to maintain County-owned open space may be controversial with cities.

Discussion

If passed during the 2003 state legislative session, changes in REET and CFT could generate revenue in the second half of 2003. Annual revenue estimates for these proposed REET and CFT changes are about \$2.5 to \$3 million and \$8+ million, respectively.

These taxes generate significant revenue to the County for park purposes now, but use is restricted to capital projects. From a policy perspective, dedicated capital funding programs for parks should have a maintenance and operations component. In other words, if a dedicated revenue source helps grow the park system, a portion of that revenue should be available to maintain it.

Based on experience in recent legislative sessions, realtors are likely to oppose changes in REET and support changes in CFT legislation. Park user groups are likely to support changes in both REET and CFT legislation. The conservation and land acquisition community would likely support changes in CFT provided the existing 6.25 cents is not diverted to maintenance.

Alternatives

- *Alternative proposals could change the proposed percentage (either more or less than 25 percent) of REET diverted to maintenance and operations.*
- *Alternative proposals could change the rate increase proposed for CFT collection. Alternative proposals could also simply divert a portion of the existing CFT collection to maintenance and operations.*
- *Pursue use of "REET 3" funds. RCW 82.46.070 permits the county legislative authority to submit to a countywide election a measure to impose for a specified period an additional excise tax on each sale of real property in the county at a rate not to exceed one percent of the selling price. The proceeds of the tax must be used exclusively for the acquisition and maintenance of "conservation areas." The drawbacks to this option are that it requires a public vote and the use of funds is limited to conservation areas. REET 3 is collected from the purchaser, not the seller, an important distinction to the realtors, so they will strongly oppose this option. However, at one percent, REET 3 would generate about \$20-\$24 million a year in the unincorporated areas alone.*

Background

The Parks Division developed a REET proposal in 1999 and drafted a bill that was introduced in the 2000 legislative session. This bill did not receive a hearing in the policy committee (Senate Local Government). In 2001, the same bill was passed out of the policy committee but died in the Senate Rules Committee. In the 2002 session, the

bill did not move out of the policy committee (Senate Parks and Natural Resources). The realtors have successfully killed the bill each year and, unless they are convinced otherwise, would undoubtedly attempt to do so again in 2003.

The Parks Division supported CFT legislation introduced in the 2000 legislative session as well as subsequent CFT bills. In 2002, a CFT bill that would have increased the collection from 6.25 cents to 10 cents and allowed 10 percent of the revenue to be used for maintenance and operations was passed out of the Senate and passed the House policy committee, but died in the House Rules Committee.

The REET bill and CFT bill have been legislative priorities for the Washington Recreation and Parks Association (WRPA) during the last three years. WRPA has lobbied hard for passage of these bills. The Legislative Task Force on Local Parks and Recreation Maintenance and Operations has also recommended the bills as high priorities for the State Legislature.

Conservation Futures Tax: Per state law, the CFT property tax rate is currently 6.25 cents per \$1,000 of assessed value and the revenue generated can only be used for acquisition of passive lands.

CFT funds are currently used to fund the County's open space acquisition program. Increasing the collection rate would increase the property tax countywide. The County's citizens' oversight committee charged with making recommendations on how to spend CFT funds may not support this proposal.

Though the County collects CFT revenue and the County has no legal obligation to distribute it to Seattle, Bellevue, and the suburban cities, the County has shared CFT in the past with these other jurisdictions. There is some concern by cities that the allocation to cities should be increased. Increasing the rate to maintain County-owned open space may be controversial with cities.

See Appendix R-12 for additional information about King County's REET and CFT revenue.

Revenue Enhancement Strategies

R-3: Naming Rights and Advertising

Strategy

Seek additional revenue sources by pursuing corporate partnerships, naming rights, and advertising opportunities at King County parks and facilities.

Recommendation

The County should pursue new revenue opportunities by identifying and pricing naming rights opportunities for the King County parks system. The County should also immediately pursue advertising at ballfields, the Velodrome at Marymoor Park, the Weyerhaeuser King County Aquatic Center, and King County swimming pools. These ideas must be carefully screened to ensure compatibility with the use and enjoyment of the public parks.

Policy Issues

The public can react negatively to the concept of advertising in, and naming rights to, community facilities such as public parks. In addition, corporate partnerships can cause potential conflicts with sponsorship of prospective special events. Criteria for such activities must be established in advance to avoid inappropriate advertising in parks or similar concerns.

Discussion

Naming Rights. There are several options for identifying and pricing naming rights opportunities within the County parks system. The County could hire a professional marketing firm, which gives higher credibility to prospective corporate partners. Also, a professional consultant has expertise that staff does not. Marketing firms could work under various pricing arrangements, from a percentage to a fixed fee. Revenue could be realized in 2003 if a consultant was hired this year. An alternate approach would be to issue a general Request for Proposals (RFP) for naming rights ideas, and compare proposals—some of which might include specific deals, as opposed to consultants who would in turn seek specific deals. Again, revenue could be recognized in 2003 if an RFP were issued this year.

Advertising. The County should immediately pursue advertising at ballfields, the Velodrome at Marymoor Park, the Weyerhaeuser King County Aquatic Center (WKCAC), and King County swimming pools. Staff is proposing WKCAC be identified as first priority for advertising opportunities because pool liner replacement work is scheduled for September and there appears to be good acceptance by the public for advertising at sports venues. Staff has completed a sales piece outlining specific advertising opportunities at WKCAC. Additional pieces outlining the advertising opportunities for ballfields, the Velodrome, and swimming pools will be added to the WKCAC piece for a complete advertising sales package.

Revenue from advertising at WKCAC can be realized in 2002 (with additional revenue realized in 2003) and used for maintenance and operations. Revenue from the WKCAC

will add a video display board to the existing scoreboard, which will in turn enhance advertising opportunities on the scoreboard. Advertising will also allow for corporate involvement in the activities held at the facilities. Potential problems include lack of public acceptance for advertising at public parks facilities and conflicts with sponsors of prospective events.

Alternatives

- *Do not pursue advertising at facilities and features within the park system.*
- *Direct Parks staff to identify and price naming rights opportunities within the parks system, rather than seek assistance from a consultant or through an open RFP.*
- *Do not pursue corporate partnerships for naming rights at parks facilities, either new or existing.*
- *Limit naming rights opportunities and corporate partnerships to only new facilities.*

Given that the goal is to maximize alternative revenues and thereby minimize the need for ongoing tax support for the park system, none of these alternatives are recommended.

Background

Parks staff contacted experts in the field of selling naming rights to public facilities, including Leon Younger, of Leon Younger and Pros, parks consulting firm; Mick Jackowski, GreenPlay, LLC, consulting firm (Jackowski specializes in naming rights); Jim Allison, Calgary Parks and Recreation; and Bill Walenczak, Director, Westminster, Colorado Parks and Recreation.

Total media exposure seems to be the most significant factor in establishing pricing for naming rights, next to public acceptance. A key selling point for corporations is the total number of impressions that naming rights will yield, and the best way to get a high number is through media exposure.

Staff have also been advised to focus naming rights activity on local corporations with strong community roots (such as headquarters in the community) as they are more likely to be interested in furthering positive community relations. Naming rights are more valuable before a facility is built, as people tend to know a facility by the first name it is given.

Locally, public acceptance of naming rights appears promising. Focus groups have indicated receptivity to the concept. The King County area includes several examples of successful naming rights projects, including public buildings at the University of Washington, stadiums, and arenas. King County has named two facilities after business partners who contributed to capital programs (Weyerhaeuser King County Aquatic Center, Mariners Field in Carnation). The best candidates for King County naming rights include high-use facilities such as Marymoor Park, swimming pools, athletic fields, and regional trails.

Revenue Enhancement Strategies R-4: Concession Revenue

Strategy

Increase revenue by pursuing concessions at parks facilities. This issue paper focuses on food, retail, and similar concessions, as opposed to ballfield or facility maintenance concessions.

Recommendation

The County should aggressively pursue opportunities for concessions revenues. There are several types of concession arrangements. Non-park related concessions can be of various types: (1) food and beverage concessions delivered through mobile or permanently installed facilities; (2) restaurant facilities; or (3) other retail outlets, such as skate rentals, sporting equipment, or similar facilities. The County should issuing an RFP (Request for Proposal) or RFPs in 2002 to secure a variety of proposals for such concessions that could begin to generate revenue in 2003.

In terms of restaurant concessions, Clise Mansion in Marymoor Park is viewed as the most likely facility for such an enterprise in the near term. Again, an RFP should be issued to solicit bids for such a project.

Food and retail concessions could be secured through various means. One option is to enter into a system-wide contract with a concessionaire to manage activities at all parks. Alternately, the County could directly contract with individual concessionaires—this is the current method by which the County engages a limited number of concessionaires; it is highly staff intensive with little revenue result. A third option would be to issue an RFP that would allow both types of bids (system-wide and park-by-park) to be submitted and compare revenue possibilities from bids submitted.

Discussion

Overall Parks Concessionaire. Currently, the Parks Division issues an RFP each year for concessions at King County parks. Resulting services tend to be provided by small vendors at limited sites. An RFP seeking a system-wide professional concessionaire to provide and manage concessions for the entire Parks system could have a number of advantages. First, it could generate significantly more revenue for the Division. Second, it could reduce staff time involved in managing these concessions. Third, it could provide a consistent level of service at park facilities system-wide. Disadvantages of this approach are that some current vendors would lose revenue, and there may be a low interest from professional concessionaires in this opportunity. A broadly crafted RFP could bring in a variety of large and small proposals for concessions.

Clise Mansion Restaurant. This site presents the fewest obstacles and could be operating in the shortest amount of time with the least amount of capital outlay. Marymoor Park has an existing structure suitable for renovation for a restaurant, making it a better candidate than other sites that pose greater challenges, such as parks funding restrictions,

zoning and permitting issues, sensitive areas, footprint restrictions, aesthetic considerations, adverse public opinion, and incompatible time frames.

Assuming an RFP was issued in fall 2002, a restaurant at Clise Mansion could be operational in late 2003 or early 2004. Revenue to the Division from such an arrangement could range between \$100,000 and \$250,000 in 2004. Additional revenue potential could be realized by renting the facility for banquets. Disadvantages of using Clise Mansion include needing to displace the existing Eastside Museum now housed there (the Museum currently has free use of the space). Clise Mansion is now outsourced to Premier Properties for banquet rentals through October 2002.

Retail/Restaurant Structure. The County should continue to pursue an additional retail/restaurant structure in another area of Marymoor Park, but as a lower priority than Clise Mansion because of the longer time frame needed to realize new revenue. A retail/restaurant could offer concession services to the area of the park used by youth and adult sports teams and spectators, as well as enhance park users' experience by offering items such as skates, knee pads, and helmets for rentals and purchases. On the other hand, the public may react adversely to commercial uses within a public park.

Alternatives

- *Do not provide concessions in parks.*
- *Do not pursue siting a restaurant at the Clise Mansion at Marymoor Park.*
- *Continue current RFP process with private vendors.*
- *Include the Clise Mansion restaurant development option with the Parks concessionaire RFP.*
- *Include the restaurant/retail structure within the Parks concessionaire RFP.*
- *Plan the restaurant/retail structure along with administrative and maintenance office space.*
- *Issue an RFP for a professional concessionaire, but allow for some revenue opportunities for Little League teams (such as allowing Little League teams to staff the concession stand one time during the season and keep the proceeds).*

Background

Staff researched the Ivar's and Kidd Valley restaurants at Gene Coulon Beach Park (City of Renton Parks and Recreation) and Mad Anthony's Restaurant at Point Defiance Park (Tacoma Metropolitan Park District). The City of Renton and Tacoma Metropolitan Park District both provided copies of their RFPs and lease agreements for staff's review.

In 1993, a RFP was issued to Ivar's and Kidd Valley for five years with a five-year extension option. The current agreement provides the Tacoma Metropolitan Park District with \$120,000 per year plus an additional \$20,000 sponsorship fee from summer concerts and holiday lighting events. In addition, the agreement stipulates that the Park District will receive an additional seven percent if the restaurants gross over \$1.2 million annually. (To date, restaurant earnings have equaled about \$900,000 per year.)

Mad Anthony's Restaurant was issued an RFP from Point Defiance Park in 1998 for 15 years, with two additional 10-year renewal options. The minimum rent as determined by market value was then negotiated with Mad Anthony's to recognize their investment of approximately \$1,000,000. The agreement stipulated that rent for the first year (1998) would be set at \$9,484.33 per month, with a 10-percent increase for each five years of the initial term and another 10-percent increase for each five years of the renewed term. Point Defiance Park would receive five percent of the first \$1.5 million in revenue, or six percent of the gross revenue less sales tax for revenue above \$1.5 million. Revenue potential for the first five years was projected at about \$278,800 per year.

Staff has also held initial discussions with professional concessionaire consultants who believe it is feasible to receive quality bids from an RFP for a parkwide concessionaire. However, this option should be explored in more depth to prepare an RFP that will yield maximum results for the County. Staff is in the process of contacting other experts in this field in order to refine the RFP proposal. It is hoped that an RFP or RFPs can be issued this fall.

Revenue Enhancement Strategies
R-5: Potential Revenue from Weyerhaeuser King County Aquatic Center

Strategy

Explore revenue potential from sponsorship and advertising opportunities at the Weyerhaeuser King County Aquatic Center.

Recommendation

The County should immediately and aggressively pursue sponsorship and advertising opportunities at the Weyerhaeuser King County Aquatic Center (WKCAC). The County should also explore further the option of paid parking for public events at WKCAC and work to establish the existing foundation as an effective pass-through to solicit individual donations and corporate or other foundation grants.

Potential revenue estimates may be high given the very tight sponsorship and advertising market that exists today. But even conservative estimates indicate the WKCAC could cut its deficit in half within a year by aggressive advertising and sponsorship sales as it continues to pursue major events. Within several years, the facility could be nearly self-sufficient.

Policy Issues

Code changes will be necessary to facilitate the effort to secure advertising revenues. For example, a policy/code change is necessary to give the Parks Division the authority to enter into lease agreements (for advertising) beyond the length of one year without Council approval.

Discussion

The WKCAC was constructed to be the aquatic venue for the 1990 Goodwill Games at a cost of \$18.8 million, of which \$8.9 million was public funds. The building contains two natatoriums, one for competition and one for recreation. The competition natatorium houses the two main competition pools: a diving tank with two levels of springboards and five levels of platforms, and an eight-lane, 50 meter pool specially designed for competitive swimming, synchronized swimming, and water polo.

One of only three in the country, the WKCAC is recognized as a world-class competition venue and regionally is a training complex worthy of Olympics-bound athletes. With its adjacent conference center, the WKCAC is now the only competition venue in the country that can accommodate all the meetings, dinners, and athlete rest areas for the events. The facility attracts 500,000 people per year, of which one-third come from major swimming and diving events. Currently, the WKCAC operates with an annual deficit of about \$848,000 on a total budget of about \$1.3 million per year.

Sponsorship Opportunities. Staff has prepared a sales piece outlining the specific advertising opportunities at the WKCAC and begun contacting potential corporate

sponsors. Sponsorship and advertising opportunities include securing advertising on the scoreboard, video-screen, pool liner, starting blocks, reader-board, or combinations of these. Additionally, staff is investigating sponsorship, parking, and foundation revenue generating ideas in connection with the WKCAC, discussed further below.

Sponsorship. One approach is to allow advertising year-round during events, training, and recreation programs. There is potential exposure to 500,000 worldwide visitors annually who are upwardly mobile and in an adult-family age group. Sponsorship could offer category exclusivity, excepting selected events. The County could retain first right of refusal for multi-year agreements. Agreements could include placing the sponsor's logo on logo on the WKCAC Web site with a link to the company's Web site.

Pros:

- Opportunity to start receiving revenue in 2002.
- Potentially reduce the operating deficit by as much as \$300,000 the first year.
- Community involvement with the facility.
- Updated scoreboard system to include a video display screen to keep the facility competitive in the market.

Cons:

- Potential public opposition to commercial signage at the WKCAC.
- Potential conflict with sponsor of prospective special events.

Alternatives:

- Stop pursuing sponsorship/advertising opportunities with corporations.
- Issue an RFP to outsource the selling of sponsorship/advertising opportunities at the WKCAC.

Paid Parking. The 368-space parking lot at the WKCAC currently charges no parking fees. Its entrance is off a main arterial in Federal Way and is not feasible to back up traffic in order to collect parking fees. However, it does appear feasible to install a "self-pay" lot with numbered stalls and collection boxes. Offsetting costs would be encountered for maintaining and operating such a system. Total estimated parking fee potential is \$30,000 per year, excluding operating costs, based on a very conservative \$3 fee per vehicle on 100 event days with an average of 100 spaces per day. It is not proposed to charge for parking for non-event use of the facility.

Pros:

- Program can be instituted to coincide with reopening of facility after closing for the pool liner replacement.
- Revenue would begin in 2002.

Cons:

- Public may not be supportive of new parking fees.
- Facility event organizers may not be supportive of new parking fees.

- Cost and time to implement program.

Alternatives:

- Issue an RFP to outsource the parking program for a portion of the revenue.
- Do not pursue paid parking at the WKCAC

Foundation. The World Class Aquatic Foundation was founded in 1995 by local civic and business leaders. Its annual fundraiser, the Beach Bash, raises about \$4,000-\$5,000 per year. Two-thirds of this goes toward scholarships, the rest toward improvements at King County Pools. This organization possesses 501(c)(3) status and could be used as a "pass-through" for grants in support of the WKCAC.

Pros:

- Provides an effective "pass-through" to solicit individual donations, corporate or other foundation grants.
- Provides a tax-exempt option for philanthropic corporate donations.
- Allows interested individuals to make tax-exempt donations.
- Allows greater involvement with the facility by the community.

Cons:

- The foundation is in support of the WKCAC and other King County pools, but the County has no control over the decisions of the foundation.
- This foundation could conflict with other County parks foundation proposals.

Alternatives:

- Ask other interested community leaders to form another foundation with 501(c)(3) status in support of the WKCAC only.
- Ask other interested community leaders to sit on the board representing Aquatics and the WKCAC on an overall County parks foundation.

Revenue Enhancement Strategies

R-6: Creation of a Parks Foundation

Strategy

Create a not-for-profit Parks Foundation to secure donations in support of County park system operations.

Recommendation

The County should encourage interested individuals or third parties to create a not-for-profit Parks Foundation to establish a new source of private funding for County parks facilities and programs.

Policy Issues

The County may assist in the formation of a privately funded foundation. County Code requires the Council to approve all donations, gifts and bequests.

Discussion

Currently, the Parks Division has no mechanism to receive unrestricted or restricted donations from individuals, company-associated foundations, or other grant making bodies. Creation of a Parks Foundation would provide a new source of non-tax revenue to fund Parks facilities and programs from individuals and entities that might not otherwise fund projects of a government agency. With 501(c)3 tax status, a Parks Foundation would serve as the recipient of tax-deductible contributions or as a conduit ("pass-through") for payment of expenses for a parks project.

There are a couple of small nonprofit groups affiliated with the park system now, such as Friends of Marymoor Park. These groups are an important sounding board and source of community support for the park system—financial and otherwise.

A Parks Foundation provides a formal, proactive approach to directly tap into the passion of individuals who use and care about parks, as well as corporations, other foundations, and grant agencies dedicated to quality of life enhancement.

Foundations are a valuable tool for preserving and restoring open space and habitat, renovating facilities, funding capital projects, generating revenue for operations and maintenance, maintaining recreation programs, and supporting special events. Foundations can operate with more flexibility than a government agency. Foundation trustees and staff can help build community support for projects and programs.

Background

Parks staff investigated the creation of a foundation for the system in 1997 (some of the findings are contained in this report). More recently, staff researched foundations, "friends of," and other support organizations that have been formed throughout the U.S. in recent years at the federal, state, county, and city level. Among those organizations are:

- Seattle Parks Foundation
- Spokane Park and Recreation Foundation
- San Mateo County (Calif.) Parks and Recreation Foundation
- San Diego Friends of Parks and Recreation Foundation
- Everett Community Foundation (formerly Everett Parks Foundation)
- Regional Parks Foundation (supports East Bay Regional Park District, Oakland)
- Montgomery (County) Parks Foundation, Maryland
- Fairfax County (Virginia) Park Foundation

Foundation staff and trustees were asked about the origins of the organization, circumstances at the time of its founding, funding sources, Board and staff development, government regulations, etc.

Revenue Enhancement Strategies **R-7: The Greenhouse Program**

Strategy

Implement a joint project to create revenue for the Greenhouse Program and the Native Plant Salvage Program to recover operating costs.

Recommendation

The Parks Division and the Water and Land Resources Division (WLRD) should collaborate on a joint marketing effort between the supported employment Greenhouse Program (operated by Parks) and the Native Plant Salvage Program (operated by WLRD). The objective would be to generate additional earned revenues for each Division/program, ultimately making both programs self-sufficient (that is, with earned revenues at least equal to the costs of operating the two programs). The Department of Natural Resources and Parks (DNRP) Director's Office should coordinate this effort.

Policy Issues

- Expanding the Greenhouse Program to include cultivation of native plants for public agency customers may be considered by some to be inappropriate competition with private sector nurseries.
- The Greenhouse Program provides employment opportunities for disabled individuals.
- It appears the Greenhouse Program could be expanded and administered in a manner that is "CX-neutral," while still providing plants to County programs at very competitive prices.

Discussion

Initial responses from non-CX funded agencies suggest a significant and growing interest over the next few years in a supply of native plants for a variety of needs, including:

- The Road Services Division's mitigation requirements under programmatic grading permits
- The Road Services Division's performance standards under the ESA 4(d) Best Management Practices
- The Wastewater Treatment Division's ongoing West Point treatment plant mitigation effort, with potential for removing non-native plants and replacing them with native plants in Discovery Park
- The Wastewater Treatment Division's longer term need for large amounts of mature non-native plants for CIP projects

In addition, the Port of Seattle has expressed an interest in using the Greenhouse Program for a supply of native plant stock. Due to this level of interest in purchasing native plant stock, the team recommends that Parks **not** attempt to divest itself of this program in 2003. Instead, Parks should continue to explore the possibility of expansion and more aggressive pricing to determine if this program can ultimately be a "profit center" in the new Parks "enterprise fund" being contemplated as a result of the Metropolitan Parks Task Force report.

To attract non-CX Fund revenue to support the Greenhouse Program at Cedar Hills, DNRP is soliciting customers for the plant products produced by the program. The Greenhouse Program is currently budgeted with direct costs of about \$361,000, including two administrative FTEs and seven supported-employment FTEs (two positions are currently vacant). The site at Cedar Hills offers significant room for expansion of native plant cultivation and production; however, more work is required to determine what additional resources might be needed to manage such an expanded operation.

WLRD operates a Native Plant Salvage Program at Duthie Hill Park, which utilizes volunteers to salvage mature native plants from privately owned development sites. The plants are then used for WLRD CIP projects, and some are sold to other county agencies for their needs (such as Roads maintenance). This program currently relies on an annual operating subsidy of about \$30,000 from the Surface Water Management (SWM) Fund, which WLRD would like to eliminate by 2004. The program seems to be constrained to the current level of operations by a few limiting factors. The team believes it is possible to develop a collaborative marketing approach that allows for an expanded native plant sales effort by Parks without jeopardizing the objectives of WLRD's salvage program.

The Parks program has relied in the past on donated native plant trees and shrubs. Some of the donors have stipulated that the plant products may not be sold and must be used by public agencies. Prices for donated products will need to be set so that they allow for "profit" to help eliminate the Greenhouse Program's CX Fund subsidy without jeopardizing the supply of the donated products. Further analysis is needed to determine what level of pricing for public agency customers is possible within this stipulation (that is, whether prices should cover more than the "value-added" costs provided by Parks, such as soil, labor, etc).

Currently, prices are significantly below wholesale prices charged by nurseries. If it proves possible to use the site for a significant native plant propagation and cultivation effort without incurring significant new expenses, this pricing restriction would not apply; however, some private nurseries might object to such competition from a public agency.

Another obstacle to determining the ultimate earned revenue potential might be for this program is the reluctance (or inability) of the Roads Division, the Wastewater Treatment Division, the Parks CIP, and the Port of Seattle to commit to specific quantities, sizes, and species needed for specific projects and time frames. The team recommends that the DNRP Director's Office staff continue to work with these agencies to identify their needs and explore the possibility of firm "purchase orders" from non-CX Fund sources of about \$180,000 for 2003.

Background

Limited efforts have been made in the past to sell the products from the Parks Greenhouse to other County agencies. Most of the products have been used on Parks properties only.

Revenue Enhancement Strategies R-8: Grants

Strategy

Pursue state and non-profit grant opportunities for maintenance and operations of County parks.

Recommendation

The team recommends pursuing private and nonprofit grant opportunities and similar donations within available staff resources as a supplemental strategy to increase revenue for stewardship, maintenance, and operation of the parks system.

Policy Issues

Grants typically include restrictions on future use of properties acquired or improved. Grants for maintenance support are relatively few, as compared to capital grants. They are typically awarded on a year-to-year basis, making it unadvisable to assume their availability over time.

Discussion

Operating grants are generally offered on a yearly basis and success will vary from year to year. Individual grants for maintenance and operations are generally not large. Federal grant opportunities are addressed in the Outreach portion of this report. All Parks Division grants in 2002 were for rehabilitation (see Background below).

Alternatives

- *Focus staff resources on developing other sources of revenue that are more within the County's control.*
- *Place a high priority on grants, and providing staffing to facilitate grant applications and compliance work.*

Background

Recently received grants and potential grant opportunities include:

Washington State Parks and Recreation Commission Grant Funds. Received by King County for the pump-out station at Dockton Park.

King County Solid Waste CLCP. Received \$20,000 in 2003 for litter cleanup.

Elliott Bay Panel for North Wind Weir. Received \$80,000 over 10 years for native plant care.

King Conservation District Restoration Grants. Received \$50,000 at South Park for stream restoration.

Starflower Foundation. Provides grants for natural area care and restoration.

NAPCOR. Awarded King County a \$5,000 grant to match a Pepsi and Friends of Marymoor Park donation for a total of \$10,000 to begin a recycling program. More funds may be available, if successful.

National Association of Counties. Gives 5-star grants for restoration and maintenance (Marymoor Park received \$10,000 last year).

YWCA. Provides paid interns for nine months to provide labor and learn job skills (two interns hired in 2002, nine projected to be hired in 2003).

State Department of Natural Resources. Provides forestry grants to build community participation.

King County Water and Land Resources Division. Small habitat grants are awarded for restoration purposes; Parks has received some of these grants in the past.

Friends of Marymoor Park. Provides funds for operations and maintenance at Marymoor Park (\$30,000 to date).

Revenue Enhancement Strategies

R-9: Employee Revenue/Efficiency Committee

Strategy

Establish a committee composed of employees and private sector volunteers to generate, evaluate, and select new ideas for generating revenue and identifying cost efficiencies at parks facilities.

Recommendation

A committee of Parks employees and private sector volunteers should be established to identify and evaluate the potential of new ideas, drawing from committee members' expertise and hands-on experience with Parks operations.

Policy Issues

What will be the criteria for project evaluation? Ideas include: How soon can this idea be reasonably expected to generate cost savings/revenue? What is the savings/revenue estimate in the first year of implementation, second year, and beyond? What are the risks to the Division associated with the project, and how can those be mitigated? What is the track record of the party making the proposal?

How will private sector participants be selected?

Discussion

The Metropolitan Parks Task Force recommended creation of an employee/private sector committee to solicit and evaluate ideas from Parks staff for generating revenue and identifying new efficiencies. Parks field staff are the most familiar group with on-the-ground, day-to-day Parks operations as well as the uses and users of the facilities they serve. Private sector participants may bring important experience in evaluating proposals submitted by outside groups. The committee will serve as a forum to share ideas and select proposals that are the most promising.

Background

Soliciting and generating cost saving and revenue producing ideas has been an ongoing activity during annual Parks budget preparation activities for some time. This effort will expand upon past efforts and approach the task with a new focus on doing business in the future. The committee will explore each idea individually and identify key parameters for its implementation.

Revenue Enhancement Strategies R-10: Forest Management

Strategy

Pursue revenue potential from forest management activities (harvesting) on working forestland resources managed by the Water and Land Resources Division (WLRD).

Recommendation

In the near term, it does not appear that there is revenue potential available to the Parks Division from forest management activities (harvesting) on working Division forestland resources. The potential for long-term revenue has yet to be determined, but any revenue generated in the long-term would likely only cover costs of maintenance and management of the working forestlands, and not be sufficient to provide revenue for other County-owned and managed lands. However, providing an ability for these forestlands to be self-sustaining would be helpful to meeting the longer-term budget challenges for the Division.

Policy Issues

Managing for multiple uses. King County is attempting to achieve multiple goals on its forestland sites, namely to allow public recreational use; protect habitat; retain forest cover for surface water management, flood control, and water quality; demonstrate environmentally sensitive forestry; and so on (Executive Order, PUT 8-18). These multiple goals conflict with the County's ability to generate the highest possible revenue from these sites.

Revenue limitations. The Executive Order directs the County to dedicate any revenue generated from forestry on these sites to the costs of managing the sites themselves; i.e., funds generated by timber sales must be returned to the Forestry Program within WLRD. Currently any revenue produced by harvesting activities would be placed in the CX Fund. It would be necessary to ensure these revenues were applied to support the Division's budget/forestlands.

Environmental constraints. Many of these sites also have environmental constraints (such as significant streams, wetlands, and, most commonly, steep slopes) that limit harvesting activities. A determination would need to be made whether the harvest program would comply with the Washington State Forest Practice Act standards or the stricter County clearing and grading code standards.

Procedural restrictions. King County Code currently requires that the Department of Natural Resources and Parks use County surplus property procedures when the County wants to sell timber from a site, which would add to the process and expense of timber sales.

Lack of expertise. The Forestry Program does not have the staff expertise to perform the harvesting in-house and would have to use the County's contracting process to hire contractors or be allocated funding to hire additional forestry staff.

Public Concerns. The public has traditionally used these parks for active and passive recreation experiences. There may be resistance to managing these lands for timber revenue.

Discussion

The reclassification of a number of parks-managed forestlands sites into “working resource lands” occurred during the 2001-02 reorganization of the Department of Natural Resources and Parks. The Water and Land Resources Division currently manages these working resource lands, as well as other natural resource properties.

The Forestry Group has been helping manage the WLRD working forest properties since January 2002 and has not yet completed a valuation for all the properties. Timber valuations were done as part of the acquisition appraisal process. However, these valuations are outdated and only account for the market value of the timber, not the expense of harvesting. The Forestry Group needs to determine where the County could harvest to get the maximum revenue while balancing this "use" with other goals (such as habitat preservation, public use, etc.) for each site.

The Forestry program and Natural Resource Lands Management team have started a specific stand inventory analysis for the forest sites using the software application LMS. Currently, this work has only been carried out on a portion of one site (Sugarloaf). This software has the ability to determine the result of several different management options from both a resource and a revenue perspective. The inventory process and software analysis have proved to be very time consuming, and may not be worth doing on all the forest sites. The Forestry program and Natural Resource Lands Management team are making progress on addressing policy constraints, completing site inventories, and planning steps to determine when and where to harvest and at what levels.

By some estimates, harvesting for revenue on the current WLRD-managed properties is at least 20 years in the future, given the size and health of these forestlands.

Stakeholders for this recommendation include neighbors adjacent to the harvested lands and users of the forestlands where the harvesting would occur as well as park lands where the revenues would be directed.

To achieve the highest revenue possible from these forestlands, forest management actions (such as pre-commercial thinning) need to be taken to help facilitate the tree growth that will bring in the most revenue. In addition, the County needs to complete a Road Maintenance and Abandonment Plan for each working forest property, bring all forest roads up to current state Forest and Fish regulation standards, and decommission properties the County will not be using. Some working forest resource sites do not have legal access or roads to utilize for future harvest activity. Building and/or maintaining existing infrastructure for forest activities can be very expensive. All of these activities require an investment up-front—in some cases for many years—before a harvest could actually take place.

Global timber markets have dropped significantly over the last ten years or so, decreasing the net revenue to be gained.

Harvesting timber may conflict with other public uses by limiting access or closing portions of park sites during timber harvests and rerouting or closing trails, trailheads, parking lots, restrooms, etc. Changing the aesthetic nature of the park will alter the users' experience and perhaps their perception of County parks. Many of these properties are adjacent to urban areas, which present additional challenges to timber harvesting.

References: King County Executive Order: Implementation of Forestry Policies (PUT 8-18)

<http://www.metrokc.gov/recelec/archives/policies/put818aeo.htm>

Revenue Enhancement Strategies

R-11: Park-and-Ride Lots

Strategy

Allow operation of park-and-ride lots in King County parks to generate new revenue for Parks.

Recommendation

The Parks Division should accommodate the operation of park-and-ride lots in King County Parks on a case-by-case basis as a source of new revenue. The Parks Division would need to evaluate the underlying funding issues associated with each facility to make sure that a park-and-ride lot would not be deemed a “conversion” of all or a portion of a facility, since a conversion could trigger a requirement for the Division to provide an equivalent replacement facility (a common funding requirement). The Division would also need to evaluate each site to ensure that the park could accommodate additional mid-day parking requirements and not conflict with user groups.

Park-and-ride lots would generate an estimated \$2.50 per space per month. Agreements could be implemented with King County Transit in 2002 that could generate funds in 2002 and beyond. At this time, Transit only needs 10 to 20 spaces per park and has identified five potential locations. The maximum amount to be generated from one park-and-ride lot is \$600 per year assuming 20 spaces were used in any one park.

Policy Issues

The funding source for each facility should be identified to ensure that placing a park-and-ride lot within a park does not trigger conversion of the site in contravention of bond or grant covenants. For example, facilities funded by Interagency Committee For Outdoor Recreation (IAC) funds, which are state and/or federal funds, would require evaluation on a case-by-case basis. If the park-and-ride lot interfered with the recreational use on the site, it would not be allowed.

The hours of use for park-and-ride facilities must not prohibit recreation users from parking and having access in parks.

Discussion

The Transit Division has reviewed existing park sites to identify those that could potentially be used for park-and-ride commuter parking. The Division has identified five potential locations that would meet its current needs:

- White Center Park, 1321 SW 102nd, Seattle
- North Meridian Park, SE 231st and 120th SE, Kent
- Fall City Park, 4101 Fall City-Carnation Rd. SE, Fall City
- 132nd Square Park, 13159 132nd NE, Redmond
- Cottage Lake Park, NE Woodinville-Duvall Road and 188th NE, Woodinville

Of these five, two of the above locations (Fall City Park and possibly 132nd Square Park) appear most promising. The other sites do not appear to work because of the heavy daytime park usage and the limited availability of parking onsite. As time and staffing allows, work will continue between Parks and Transit to develop a more specific proposal for these two most promising park and ride sites. In addition, the Divisions will periodically review other sites for feasibility.

Revenue Enhancement Strategies
R-12: Real Estate Excise Tax (REET) and Conservation Futures Tax (CFT) Revenues

Strategy

Explore changes in future application of Real Estate Excise Tax (REET) and Conservation Futures Tax (CFT) revenues to County parks.

Recommendation

King County should continue to work with other interested local governments in seeking state legislative changes for both REET and CFT to allow a portion of these revenues to be used for parks maintenance and operations costs (See Appendix R-2 for legislative proposal).

Pledged debt service repayment must continue to be the first priority for REET and CFT revenues, since CX funds would have to make up any difference in the event of a shortfall.

In order to support the remaining County park system, and the new revenue generating initiatives proposed in the preliminary 2003 parks budget, the County should continue to apply REET 1 and REET 2 revenues to support parks capital programming.

Although current county policy (the process and criteria stipulated in Ordinance 13717 (KCC 26.12, approved in 2000) provides for allocation of the vast majority of CFT revenues to other jurisdictions in King County, because these revenues are so limited in their use, no change to this policy is recommended at this time (except as may be facilitated by a change in state law that would allow some amount of CFT revenue to be applied for maintenance purposes).

Policy Issues

Many other County programs are eligible under state law for REET funding. A policy decision has been made historically to focus REET dollars on parks capital.

Similarly, a policy decision has been made to share CFT revenues with other jurisdictions— important to securing regional support for this funding source.

Discussion

REET and CFT are critical to funding the parks capital improvement program and paying debt service on a variety of park and other County debt. It is recommended that REET revenues available for programming in 2003 should be prioritized consistent with the Parks Division 2003 Capital Improvement Program priorities.

CFT revenues available for programming in 2003 should be programmed pursuant to Ordinance 13717 on the recommendations of the CFT Citizens Advisory Committee, which reviews proposals from the cities and the County. No County policy changes are

recommended with respect to CFT, unless necessary to incorporate a change in state law that enabled CFT revenue to be spent on Parks maintenance and operations.

Background

The REET local options are collected as a tax on the sale of real estate and are paid by the seller. There are two 0.25 percent options available, so-called REET 1 and REET 2. The County collects these taxes from the unincorporated areas of the County only. Pursuant to the enabling legislation (RCW 82.46.010 and 82.46.035), these tax revenues must be used for local capital improvements. The County has chosen to restrict the use of REET 2 for parks capital improvements.

Each REET local option is expected to generate about \$4.7 million in 2003, dropping to \$4.6 million in 2004, and then increasing back to historical level of about \$5 million by 2005 (assuming no new annexations take place).

A significant portion of REET 1 has been pledged as debt service, reducing new revenues available for programming in 2003 to about \$2.5 million.

For REET 2, the amount pledged to debt service is much smaller, leaving about \$4 million in new revenues available for programming in 2003.

In addition, there are quite sizable carryovers of unexpended prior-year appropriations for Parks CIP projects that need to be reviewed in light of the current Parks funding crisis and the revised business plan for moving forward. It is possible that some significant portion of these may be cancelled, freeing up additional REET revenues for re-programming in 2003.

The CFT is a local option *countywide* property tax assessment of 6.25 cents per \$1,000 of assessed valuation that is restricted by enabling statute (RCW 84.34.230) to be used for acquisition of ownership interests in properties for conservation purposes. King County has established a complex process for programming these revenues (Ordinance 13717) involving consideration of proposals submitted by a citizens committee, with final recommendations submitted to the Executive and Council.

Attachment: Summary of REET and CFT revenues, carryovers and debt service.

Attachment
Summary of REET 1, REET 2, and CFT Revenues

REET 1: Per RCW82.46.010 - capital uses can include acquisition, development and renovation*

REET 1	2002	2003	2004
Beginning Fund Balance	\$ 367,202	\$ 497,899	\$ 550,071
REET Tax plus Interest	\$ 4,991,214	\$ 4,860,598	\$ 4,763,386
Debt Service Payments	\$ (2,181,132)	\$ (2,383,900)	\$ (2,384,399)
Sub-total	\$ 3,177,284	\$ 2,974,597	\$ 2,929,058
Parks Expenditures	\$ (2,663,027)	\$ (2,407,676)	\$ (2,361,631)
Overhead	\$ (16,358)	\$ (16,850)	\$ (17,355)
Ending Fund Balance	\$ 497,899	\$ 550,071	\$ 550,072

*Primarily used by King County for parks acquisition

REET 2: Per KC Ordinance 10455 - capital uses limited to planning, development and renovation of parks

REET 2	2002	2003	2004
Beginning Fund Balance	\$ 2,828,538	\$ 282,962	\$ 451,928
REET Tax plus Interest	\$ 5,013,214	\$ 4,930,290	\$ 4,850,264
Debt Service Payments	\$ (642,269)	\$ (642,269)	\$ (642,269)
Sub-total	\$ 7,199,483	\$ 4,570,983	\$ 4,659,923
Parks Expenditures	\$ (6,904,716)	\$ (4,107,055)	\$ (4,195,634)
Overhead	\$ (11,805)	\$ (12,000)	\$ (12,360)
Ending Fund Balance	\$ 282,962	\$ 451,928	\$ 451,929

CFT: Per RCW 84.34.020 - Strictly limited to open space acquisition

CFT	2002	2003	2004
Beginning Fund Balance	\$ 186,186	\$ -	\$ -
Conservation Futures Tax	\$ 12,994,416	\$ 14,232,562	\$ 15,032,792
Debt Service Payments	\$ (5,128,572)	\$ (5,134,764)	\$ (5,144,642)
Sub-total	\$ 8,052,030	\$ 9,097,798	\$ 9,888,150
King County Council Allocation	\$ (2,405,000)	\$ (954,890)	\$ (994,408)
Citizen Committee Allocation	\$ (5,525,557)	\$ (8,021,435)	\$ (8,567,788)
Overhead/TDR Loan Repay	\$ (121,473)	\$ (121,473)	\$ (325,955)
Ending Fund Balance	\$ -	\$ -	\$ -

Revenue Enhancement Strategies R-13: Driving Range Feasibility

Strategy

Investigate the health of the golf and driving range industry locally and whether opportunities exist for similar activities to take place within County Parks.

Recommendation

The County should seek concession agreements with private driving range operators as a way of generating new revenue to support parks, as well as provide additional recreational opportunities within County parks. Two parks are identified as most promising for installation of a driving range: Marymoor Park and Sixty Acres South.

Policy Issues

- Driving ranges on County parks would compete with private driving ranges.
- There may be public opposition to altering parks in this manner.
- Development of a portion of a park as a driving range would preclude its development for additional ballfields or other amenities.

Discussion

King County parks assets include significant acreage that may lend itself to the development of golf-related facilities such as driving ranges. Currently there are roughly 10 driving ranges in the metropolitan area surrounding Seattle and most of these exist as part of larger operations normally including a golf course and pro-shop. Freestanding facilities do exist and can be successful if marketed correctly, however. Basic requirements are land that is flat, infrastructure, a facility that supports at least 25 stations, and a pro shop for lessons. Success of the freestanding facility is dependent on the following factors:

Visibility: Location along a major transportation corridor that allows for easy entry and exit. Most driving range visits are less than 1 hour in length with quick turnover. Many driving range visits are impromptu, spur of the moment decisions often triggered by sight of the range itself or signage.

Ease of Use: Facility should allow for quick turn around. Users want to enter, pay quickly, hit balls and leave on their schedule.

Lessons: Lessons can potentially make up a large portion of revenues from a riving range therefore it is important to have good instructors and equipment to provide this service. This is important especially as the demographics of golf have changed to include basically all populations. Historically, golf had been viewed upon as a sport dominated by men ages 25 and up. Ranges provide for one on one teaching and swing analysis via video that is not practical for golf courses.

Promotions: Driving ranges can offer promotions and specials to attract specific populations. Examples from other ranges in the area include Ladies Night, Boeing Employee Specials, Longest Drive Contests.

Proximity: Range should be close to urban/suburban populations. Driving ranges, unlike golf courses, are not destination facilities and therefore should be within a 10-15 minute drive of target population.

Based upon balance sheets and numbers provided by the several agencies and groups contacted, a driving range may generate *net* revenues from \$100,000 to about \$700,000 depending on efficiency of system in place, proximity to areas of significant population and whether the range is located adjacent to a golf course. The City of Seattle last year netted \$400,000 from the concession of the Interbay golf course and driving range—a facility uniquely placed within a densely populated urban area. Seattle staff emphasized the importance of selecting a skilled private operator to ensure smooth operation and maximum revenue opportunity at public golf facilities—the City has had a number of issues with its non-profit operator.

Should the County decide to pursue this option it would be important to identify a site based on proximity to major arterials or highways, with a demographic that could support the use of the facility. Hours of operation would need to be set to maximize draw—likely requiring a site that can accommodate lighting. Extremely tall poles and netting are also required. Based on these parameters the following locations as possible sites for a driving range to be located:

1. Marymoor Park
2. Sixty Acres South (several competing proposals for development of this site are also under consideration).
3. East Auburn Athletic Fields (based on the terms under which this facility was acquired by the County, it is under discussion for transfer to the City of Auburn and subsequent joint development by the City of Auburn and the Auburn School District).

The Parks Division is currently in discussions with Conley's Golf for the opportunity to provide an automated driving range at Marymoor Park. The range itself would have roughly 40 stations and employ the Northstar Range Automated System that allows users to purchase pre-paid cards and use them when they want. Marymoor, with its central eastside location should be an ideal site for a driving range. Freeway access is good, there are few ranges in the area, yet a significant population resides within 10-15 miles of the park.

Alternatives

- *Do not install driving range and find other revenue opportunities.*
- *Install driving range under County operation, rather than with a private concessionaire.*

Background

To prepare this report, staff contacted representatives of the Riverbend Golf Course in Kent, Interbay Golf Center in Seattle, Family Golf Center in Renton, the University of Washington and Seattle Golf (Jefferson/Jackson courses).

Revenue Enhancement Strategies R-14: General Revenue Options

Strategy

Identify as many revenue options as possible to address the operations and maintenance needs of King County parks.

Recommendation

The County should investigate all reasonable revenue options for preserving and enhancing the County Parks System, under its new redefined and re-focused mission, as incorporated in the Executive's preliminary budget proposal. Many of these new revenue opportunities are explored in separate summary reports in this appendix. This report highlights the range of *new tax and donation revenue options* explored by the Metropolitan Parks Task Force.

An additional revenue source, Real Estate Excise Tax (REET) 3, was not reviewed by the Task Force and is not recommended: its use is limited to acquisition and maintenance of conservation areas and it requires voter approval. REET 3 is currently not imposed in King County. Instead, Conservation Future Tax revenues currently provide funding for acquisition of conservation areas, and the Executive concurs with the Metropolitan Task Force recommendation to seek a change in state law to allow some CFT revenues (preferably from an incremental increase in the CFT rate) to be used for maintenance.

Discussion

The Metropolitan Parks Task Force explored a number of new revenue options (included in the Task Force Report as Appendix G, excerpts of which are included as an attachment to this appendix), including the following:

- Redirect a portion of the rental car tax
- Seek changes in state law to expand ability to use existing parks capital project revenues (REET 1 and REET 2) for park maintenance
- Create a Parks Foundation
- Implement an Admission Tax
- Raise unincorporated area property tax rates to the extent allowed by law without a vote
- Ask voters in unincorporated areas to raise property taxes to pay for parks and pools in unincorporated areas
- Ask voters countywide to raise property taxes to pay for countywide park facilities
- Sell some park properties to developers and apply proceeds to maintain other parks
- Seek state law change to allow new sales tax to pay for parks and recreation with voter approval
- Form a Metropolitan Park District
- Form a Park and Recreation Service Area
- Form a Park and Recreation Service District

- Divert existing unincorporated property tax levy to pay for parks in unincorporated areas

As identified in the main text to this Phase II Report, the Task Force selected a very few of these options, and the Executive has further screened the Task Force proposal in submitting his recommendations in this Phase II Report.

After the Task Force concluded its work, staff identified an additional potential new source of revenue: REET 3. REET 3 would provide up to 1 percent of the selling prices on real estate transactions. Per RCW 82.46, revenues from a REET 3 tax would be available for acquisition and maintenance of conservation areas. Imposing a REET 3 tax would *require voter approval* (simple majority). It could generate up to about \$20 to 24 million per year for King County from unincorporated areas. Given that the tax: (1) has limited applicability duplicating CFT; and (2) requires voter approval, this option is not recommended.

Attachments

Excerpts from Metropolitan Parks Task Force Report, Appendix G

Attachment: Metropolitan Parks Task Force Report, Appendix G, pages 27-30

<i>Idea</i>	<i>Short/Mid/Long Term Opportunity</i> <i>All amounts are per year unless otherwise specified</i>
REVENUE	
<p>Re-direct portion of rental car tax</p> <p>This is currently used to pay for the Youth Sports Grant Program</p>	<p>Short, Mid and Long term: \$750,000</p>
<p>Seek changes in law to expand ability to use existing parks capital project revenues for park maintenance</p> <p>County currently receives over \$15 million a year in revenue that by law can only be applied to buy new park lands, not to operate or maintain parks</p>	<p>Potential is for up to \$15 million, but more realistic estimate would be up to 25% of this source of funds applicable to O&M. Several bills sought to do this in 2001. Some kept the overall amount available the same, while other bills increased the overall amount, and then dedicating a portion to O&M.</p> <p>Short, Mid and Long term: \$0 - \$3.5 million (or more if the overall amount of money available is increased)</p>
<p>Create Parks Foundation</p> <p>Private donations used as endowment for parks maintenance</p>	<p>Short:\$200,000 Mid:\$1,000,000 Long:\$2,000,000</p>
<p>Admissions Tax</p> <p>County has authority to impose 5% admissions tax on movie, theatre tickets, etc. in places where cities do not currently impose such a tax</p>	<p>\$500,000 - \$1,000,000</p>
<p>Raise unincorporated area property tax rates to limited extent allowed by law <i>without a vote</i></p> <p>Limited, short term (4 years) capacity to raise money without a vote in unincorporated areas to pay for any county purpose.</p>	<p>2003: \$10 million 2004: \$7.4 million 2005: \$4.4 million 2006: \$1.1 million</p>
<p>Ask voters in unincorporated area to raise property taxes to pay for parks and pools in</p>	<p>\$20 per year (8 cents/\$1000) for the average household generates \$2.6 million \$40 per year (17 cents/\$1000) for the average household generates \$5.3 million \$60 per year (25 cents/\$1000) for the average household generates \$7.9 million \$80 per year (33 cents/\$1000) for the average household generates \$10.6 million</p>

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<p>unincorporated areas</p> <p>A 20 cent increase in the unincorporated area property tax rate would raise nearly \$7 million a year, and would cost the average unincorporated area household \$54 dollars per year</p>	<p>\$100 per year (42 cents/\$1000) for the average household generates \$13.2 million</p>
<p>Ask voters <i>countywide</i> to raise property taxes to pay for countywide park facilities</p> <p>A 5 cent increase in the Countywide Property Tax rate would raise over \$11 million a year, and would cost the average household \$13 per year</p>	<p>\$20 per year (8 cents/\$1000) for the average household generates \$16.2 million \$40 per year (15 cents/\$1000) for the average household generates \$32.4 million \$60 per year (23 cents/\$1000) for the average household generates \$48.6 million \$80 per year (31 cents/\$1000) for the average household generates \$64.8 million \$100 per year (39 cents/\$1000) for the average household generates \$81 million</p>
<p>Sell some park properties to developers and apply proceeds to maintain other parks</p> <p>This would require a change in state law. Currently, sale proceeds must be applied to buy new parks.</p>	<p>\$490 million</p> <p>Current assessed value of entire system estimated at \$490 million</p>
<p>Seek state law change to allow new Sales Tax to pay for parks and recreation, with voter approval.</p>	<p>Unincorporated Area Only \$20 per year for the average household generates \$2.7 million \$40 per year for the average household generates \$5.4 million \$60 per year for the average household generates \$8.1 million \$80 per year for the average household generates \$10.8 million \$100 per year for the average household generates \$13.5 million</p> <p>Countywide \$20 per year for the average household generates \$16.4 million \$40 per year for the average household generates \$32.8 million \$60 per year for the average household generates \$49.1 million \$80 per year for the average household generates \$65.5 million \$100 per year for the average household generates \$81.9 million</p>
<p>Metropolitan Park District</p> <p>Maximum levy allowed by state law is 75 cents per \$1,000/assessed value</p>	<p>Unincorporated Area Only \$0.25/\$1000 (about \$60/year for average household) generates \$7.9 million \$0.50/\$1000 (about \$120/year for average household) generates \$15.8 million \$0.75/\$1000 (about \$180/year for average household) generates \$23.7 million</p> <p>Countywide \$0.25/\$1000 (about \$65/year for average household) generates \$52.8 million \$0.50/\$1000 (about \$130/year for average household) generates \$105.6 million \$0.75/\$1000 (about \$195/year for average household) generates \$158.4 million</p>

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<p>Park and Recreation Service Area</p> <p>Maximum levy allowed by state law is 60 cents per \$1,000/assessed value</p>	<p>Unincorporated Area Only \$0.25/\$1000 (about \$60/year for average household) generates \$7.9 million \$0.50/\$1000 (about \$120/year for average household) generates \$15.8 million \$0.60/\$1000 (about \$144/year for average household) generates \$18.9 million</p> <p>Countywide \$0.25/\$1000 (about \$65/year for average household) generates \$52.8 million \$0.50/\$1000 (about \$130/year for average household) generates \$105.6 million \$0.60/\$1000 (about \$156/year for average household) generates \$126.7 million</p>
<p>Park and Recreation Service District</p> <p>Maximum levy allowed by state law is 60 cents per \$1,000/assessed value</p>	<p>Unincorporated Area Only \$0.25/\$1000 (about \$60/year for average household) generates \$7.9 million \$0.50/\$1000 (about \$120/year for average household) generates \$15.8 million \$0.60/\$1000 (about \$144/year for average household) generates \$18.9 million</p> <p>Countywide \$0.25/\$1000 (about \$65/year for average household) generates \$52.8 million \$0.50/\$1000 (about \$130/year for average household) generates \$105.6 million \$0.60/\$1000 (about \$156/year for average household) generates \$126.7 million</p>
<p>Divert Existing Unincorporated Property Tax Levy to Pay for Parks in Unincorporated Areas</p>	<p>Currently, over 95% of the unincorporated levy (about \$54 million in 2002) is deposited directly into the County Roads Fund to fund the Roads Division – responsible for all roads in the unincorporated area (and proposed to be responsible for the Regional Trail system, per other recommendations of the Task Force). The Division also receives about \$30 million a year from service revenues and gas tax.</p> <p>Legally, the unincorporated property tax levy can be used for any county purpose in the unincorporated area.</p> <p>A significant portion of this money is capital: of the approximately \$84 million budgeted for the Roads Division in 2002, \$25 million is dedicated to capital and about \$60 million is dedicated to operations.</p> <p>It is possible that, to avoid a tax increase, the County could divert money from the Unincorporated Levy to pay for parks in unincorporated areas. This would necessitate offsetting cuts in capital and operations in the Road Division.</p>