

## Seattle Parks and Recreation

Staff: Traci Ratzliff

### Budget Summary (\$ in 000s)

|  | 2020 Adopted         | 2021 Proposed        | % Change        |
|--|----------------------|----------------------|-----------------|
| <b>Appropriations by BSL</b>   |                      |                      |                 |
| <b>Operating</b>   |                      |                      |                 |
| Departmentwide Programs  | \$6,732,000          | \$12,805,000         | 90.21%          |
| Golf Course Programs   | \$12,310,000         | \$12,381,000         | 0.58%           |
| Leadership & Administration  | \$32,223,000         | \$39,255,000         | 21.82%          |
| Parks and Facilities Maintenance and Repairs<br>(formerly Cost Center Maintenance Repairs) | \$43,430,000         | \$69,060,000         | 59.01%          |
| Parks and Open Space Programs <sup>1</sup>   | \$26,178,000         | \$0                  | (100.00%)       |
| Recreation Facility Programs   | \$43,085,000         | \$34,139,000         | (20.76%)        |
| Seattle Conservation Corps Programs <sup>2</sup>   | \$4,140,000          | \$0                  | (100.00%)       |
| Zoo and Aquarium Programs  | \$7,126,000          | \$7,459,000          | 4.67%           |
| <b>Operating Subtotal</b>  | <b>\$175,224,000</b> | <b>\$175,099,000</b> | <b>(0.07%)</b>  |
| <b>Capital</b>   |                      |                      |                 |
| Building for the Future  | \$33,291,000         | \$15,999,000         | (51.94%)        |
| Debt and Special Financing   | \$5,233,000          | \$5,630,000          | 7.59%           |
| Fix it First   | \$47,852,000         | \$30,995,000         | (35.23%)        |
| Maintaining Parks and Facilities   | \$338,000            | \$347,000            | 2.66%           |
| <b>Capital Subtotal</b>  | <b>\$86,714,000</b>  | <b>\$52,971,000</b>  | <b>(38.91%)</b> |
| <b>Total Appropriations<sup>3</sup></b>  | <b>\$261,938,000</b> | <b>\$228,070,000</b> | <b>(12.93%)</b> |
| <b>Total FTEs</b>  | <b>939.68</b>        | <b>938.68</b>        | <b>(0.11%)</b>  |
| General Fund   | \$105,556,000        | \$97,263,000         | (7.86%)         |
| Seattle Park District  | \$54,121,000         | \$56,045,000         | (3.55%)         |
| REET   | \$45,127,000         | \$22,203,000         | (51%)           |
| Other Sources  | \$57,134,000         | \$52,558,000         | (8.01%)         |
| <b>Total Revenues<sup>3</sup></b>  | <b>\$261,938,000</b> | <b>\$228,070,000</b> | <b>(12.93%)</b> |

<sup>1</sup>Parks and Open Space Programs moved to Departmentwide Programs and Recreation Facility Programs

<sup>2</sup>Seattle Conservation Corps moved to Departmentwide Programs

<sup>3</sup>Numbers may not add up due to rounding.

### I. Background and Proposed 2021 Budget

Seattle Parks and Recreation (SPR) manages a 6,400-acre park system with 485 parks and extensive natural areas. SPR also manages facilities including: 26 community centers, 10 swimming pools, four environmental learning education centers, and others.

As seen in the above table, SPR's 2021 Proposed Budget is approximately \$34 million less than the 2020 Adopted Budget, reflecting a 13 percent decrease in appropriations. Most of the proposed decrease is in capital spending while overall operating appropriations would experience only a slight decrease.

The pandemic has caused significant financial challenges for the City and SPR in 2020 that are expected to continue into 2021. Reduced user fees and rental income associated with the closure of many SPR facilities, decreased revenues to the City's General Fund (GF), decreased Real Estate Excise Taxes (REET) revenue to the City, and proposed reductions in appropriations of REET revenue to the department have required substantial changes to SPR's budget in 2020 and will require continued changes in 2021. Some revisions to the 2020 budget were approved this Fall. Further changes to address the reduction in user fee and rental revenues deposited in the Parks and Recreation Fund are included in the 3<sup>rd</sup> Quarter Supplemental Ordinance described below and in the 3<sup>rd</sup> Quarter Supplemental Issue Paper.

The 2021 Proposed Budget addresses:

- A \$10.56 million anticipated revenue loss from user fees and rental income due to the anticipated gradual reopening and resumption of activities at most SPR facilities;
- An \$11.4 million reduction in GF; and
- A \$19 million reduction in REET.

Expenditure savings of \$9.7 million, a reallocation of \$13 million in Metropolitan Park District (MPD) funding, a \$1.2 million shift of debt service from GF to REET, and a \$19 million reduction to REET funded projects are proposed to address these revenue reductions.

As noted above, the largest reductions are seen in the Capital Budget due to the reduction in REET and the reprogramming of MPD capital funds to support operational costs. This reflects an intentional choice made by the Executive to preserve existing services to the community and maintain a trained and diverse staff ready to deliver these services. The demographic profile of SPR staff is as follows: 49% white, 22% Black/African American, 14% Asian, 6.1% Hispanic/Latino, 2% American Indian/Alaska Native, and 3% two or more races. The proposed budget assumes SPR will hold 68 positions vacant for the entirety of 2021 but abrogates only one of these positions. This achieves \$5.5 million in expenditure savings.

The 2021 Proposed Budget assumes the gradual re-opening of 21 community centers and four pools, as permitted by public health guidelines. SPR assumes the openings would happen consistent with Phase III guidelines, which permit fewer than 50 people at a time in a facility. These guidelines are frequently modified by the Governor. Consequently, whether and what type of facilities SPR can open in 2021 is uncertain. This could also impact revenues expected to be generated from the activities at these facilities.

Five community centers (Hiawatha, Jefferson, Magnuson, South Park, and Queen Anne) will be closed during 2021 as they undergo planned renovations. Six pools (Ballard, Queen Anne, Pop Mounger, Colman, Evans, and Madison or Meadowbrook) will be closed during 2021 to achieve cost savings. SPR intends to redeploy staff impacted by these pool and community center closures to support a new outdoor recreation program which is being developed and will be piloted in 2021.

## **Operating Budget:**

The 2021 proposed operating budget is \$175 million, a decrease of \$125,000, .07 percent, over the 2020 Adopted Budget. The table above shows the changes in SPR's operating budget by Budget Summary Level (BSL). Below are some of the most notable changes included in the proposed operating budget for 2021. Except where noted, Central Staff has not identified any issues at this point with these changes but provides this for Council's information.

- 1. Program efficiencies and staff realignment** – The proposed budget would reduce by \$1 million non-labor costs across several programs and realign staff from the operating budget to capital budget.
- 2. Alki Community Center conversion to childcare and early learning site** – The proposed budget would reduce by \$100,000 operational costs resulting from conversion of this full-service center to a child-care and early learning site. Other activities, recreation programming, and special events will move to an adjacent gym. Programming provided at the Alki Bathhouse remains unaffected by this change.
- 3. Volunteer Program Unit modifications** – The proposed budget would reduce appropriations by \$144,035 and abrogate one vacant Coordinator Supervisor position in the Volunteer Programs Unit. Three remaining staff in this unit will be consolidated under an existing supervisor within the department.
- 4. MPD funding reallocation for GF and Parks and Recreation Fund backfill** – The proposed budget would reallocate \$13 million in MPD funding from operating and capital programs to backfill the GF and Parks and Recreation Fund reductions. These changes were discussed during SPR's presentation on October 2nd and will be discussed at the MPD meeting and public hearing on October 19. See the Issue Identification Section below for a discussion of the proposed MPD funding reallocation.
- 5. Program reductions supported by the Parks and Recreation Fund** – The proposed budget would reduce by \$6.4 million several programs directly supported by user fees in order to address the expected shortfall in the Parks and Recreation Fund. Programs that are being reduced include: Event and Athletic Scheduling, Amy Yee Tennis Center, Magnuson Park Partnership Management, Aquatics, Community Centers, Parks and Environment, Planning and Development Division, and Facility Maintenance. The appropriations associated with the expenditure and revenue savings from the BSLs for these programs are transferred to a new program entitled COVID Planning 2021 Impacts established in the Leadership and Administration BSL. SPR will not spend these savings unless Parks and Recreation Fund revenues return in 2021, at which point SPR will return to Council to request authority to move the appropriation authority back to the originating BSLs for spending. This plan helps SPR manage the Park and Recreation Fund as public health restrictions and guidance on reopening are rapidly changing making it difficult to reliably forecast revenue losses in this fund.

## Capital Budget:

The 2021 proposed capital budget is \$53 million, a decrease of \$34 million (38.91 percent) over the 2020 Adopted Budget. The table above shows the changes in SPR's budget by BSL.

Below are some of the most notable changes included in the proposed capital budget for 2021. Except where noted, Central Staff has not identified any issues at this point with these changes but provides this for Council's information.

- 1. Feasibility study for outdoor pool at Magnuson Park** – The proposed budget would add \$50,000 in REET funding for a feasibility and needs assessment for a new outdoor pool at Magnuson Park.
- 2. Park Land Acquisition Program funding** – The proposed budget would add \$300,000 in King County Conservation Futures tax revenue to support the acquisition of green space.
- 3. Debt service payment for Rainier Beach Community Center shifted to REET** – The proposed budget would add \$1.2 million in REET funding to replace a reduction in GF of same amount.
- 4. Debt finance Aquarium Expansion Project** – The proposed budget would add \$295,481 in REET funding to support the debt service for the \$9 million bond that will be issued in 2021. Another bond will be issued in 2022 to complete the City's financing commitment to this project. This project was originally intended to be fully funded with REET. However, the significant drop in REET resulted in this proposal to switch project funding to bond financing.
- 5. Magnuson Park Athletic Field 12 Conversion Project** – The proposed budget would reduce by \$6 million REET funding for this project, which is now delayed until 2028. No project activity has begun on this field conversion project. SPR places a lower priority on new field conversions than field replacements and other asset preservation projects.
- 6. Ongoing capital program reductions** – The proposed budget would reduce by \$7 million REET funding for 21 ongoing capital programs. REET funding is eliminated for nine and reduced for 12 of these programs. See Attachment 1 for further details on these proposed cuts. Reductions to these ongoing programs were prioritized consistent with SPR's asset management criteria. These criteria include code requirements, life safety, facility integrity, improved operational efficiencies, leveraged funds, and other unique elements.
- 7. Central Waterfront Piers Rehabilitation project** – The proposed budget would reduce by \$9.1 million Local Improvement District (LID) funding in 2021 and shift the timing of this funding to 2023 to accommodate COVID-related impacts and the Waterfront LID appeals process. This funding shift does not impact the construction schedule for this project which is scheduled to be completed in 2024.

## **II. Issue Identification**

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### **1. Proposed 2021 Metropolitan Park District spending plan and program cuts**

The Executive has made specific choices regarding MPD-funded programs that are proposed to be reduced in order to backfill the GF and Parks and Recreation Fund deficits. The MPD may be used for this purpose because MPD funds are a flexible revenue source that can be used for SPR-related operating or capital costs.

The MPD's first six-year spending plan approved by the Council ended in 2020. SPR was scheduled to submit a new six-year spending plan, for 2021-2027, this Fall. Due to the pandemic, SPR was unable to complete the public engagement process required for development of a new spending plan. As such, SPR developed an interim spending plan for 2021 by using the 2020 annual spending plan as the base budget, increasing it by the annual inflation rate used for the prior six year annual spending plans, and making modifications to address the GF and Parks and Recreation Fund shortfalls.

The Executive proposes to use anticipated interest earnings of \$1.3 million generated from MPD funds to fund the prior year's commitments, including Ballard Commons Park Ambassadors, a portion of the Annual Wage Increase for 2021, and an increment to fund increased utility costs. In addition, repayment of the MPD start-up loan and Smith Cove project loan totaling \$2 million for 2021 is proposed to be deferred in order to utilize MPD funds for the GF and Parks and Recreation Fund reductions. The proposed changes to the MPD spending plan programs that include support of ongoing costs, versus one-time costs, will need to be supported in future years by the new six-year spending plan, GF, or facility user fees. Notwithstanding this, the Council could propose additional and/or different reductions to other MPD-funded programs to support Council priorities. Such changes could have programmatic and/or potential SPR staffing implications.

#### **Options:**

- A. Adopt changes to MDP spending plan as included in 2021 Proposed Budget.
- B. Modify MPD Spending Plan to support Council program or project priorities.

### III. Budget Legislation

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1. **Seattle Parks and Recreation 2021-2022 Fees and Charges** – This proposed legislation would adopt the 2021-2022 SPR Fee Schedule that establishes charges for the use of certain park and recreation facilities and services, such as: pools, athletic facilities, Amy Yee Tennis Center, rental facilities, etc. Parks fees and charges are approved for a two-year period. The proposed fees and charges for 2021 and 2022 are unchanged from the 2020 Fee schedule. Therefore, the only change to the fee schedule is the years that the fees are in place – 2021 and 2022. SPR is not proposing any changes to the Fee Schedule due to the current economic downturn.
2. **2021 General Fund Support Exception Resolution** – This proposed legislation authorizes the City to provide a reduced level of GF support to the MPD in 2021 due to the demanding economic circumstances caused by the COVID-19 pandemic. The Mayor’s proposed reductions in GF support to SPR would result in the City being unable to meet the baseline GF allocation required by the Interlocal Agreement (ILA) between the City and the MPD. The ILA requires a baseline amount of GF support, adjusted annually for inflation, to be provided to SPR. In 2021, this amount would be \$103 million. The Mayor’s 2021 Proposed Budget would provide \$97 million of GF support. The ILA permits the Council to provide less GF support if the Council (1) determines that a natural disaster or exigent economic circumstance prevents the City from maintaining the required level of GF support and (2) adopts a resolution with  $\frac{2}{3}$  approval affirming this circumstance.
3. **2020 Third Quarter Supplemental ORD** – The Executive anticipates that Parks and Recreation Fund revenues in 2020 will have a shortfall of \$19.2 million. This shortfall is due to the closure of parks facilities, such as: pools, community centers, short term rental facilities, athletic fields, etc. These facilities generate revenues to the Parks and Recreation Fund. This legislation addresses \$17.2 million of this anticipated shortfall as follows:
  - It reduces expenditures in the Park and Recreation Fund by \$3.31 million – primarily from position vacancies and reductions in temporary labor. Reductions are proposed in the following BSLs: Recreation Facility Programs - \$1.4 million; Golf Program - \$912,454; Leadership and Administration - \$853,553; Department wide Programs - \$78,625; and Parks and Open Space - \$41,900. (Item 1.7<sup>1</sup>);
  - It appropriates \$7 million in GF Reserves, established during revisions to 2020 budget, to offset losses to the Park and Recreation Fund (Item 5.2);
  - It reduces MPD-funded operating programs by \$1.57 million. The total reduction includes \$869,000 of program cuts and \$700,000 of recaptured underspend in the following programs: Better Programs for Young People -\$253,000, Savings our Forests - \$287,000, Maintain and Activate Waterfront Park - \$310,000, Art in the Park - \$311,000, Urban Park Partnerships -\$133,000, Recreation for All \$220,000, and Get Moving - \$55,000, (Item 5.3); and

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<sup>1</sup> Items refer to the fiscal note attachment to the proposed Third Quarter Supplemental ORD.

- It reduces MPD-funded capital projects by \$5.3 million. Reductions are proposed for the following capital projects: Soundview Play Field project (\$1.4 million); Queen Ann Turf project (\$1 million); and Smith Cove Park project (\$2.8 million) (Items 6.17 and 5.4)

This legislation also includes an appropriation of \$300,000 in Federal Coronavirus Relief Funds to assist SPR in making COVID-related improvements at community centers and SPR office buildings to comply with public health directives that will allow people to safely work in such facilities. Plexiglass installation, personal protective equipment, and other items have been funded with these resources.

Finally, this legislation also includes an appropriation of \$239,393 of Federal Community Services Block Grant. This grant will be used to backfill a portion of a cut that was made to the Parks Upgrade program in the 2020 budget revision ordinance. This program makes improvements at parks in low income neighborhoods. Work is performed by the Seattle Conservation Corp - a job training program for formerly homeless individuals that is run by SPR.

#### **IV. Budget Actions/SLIs Proposed by Councilmembers as of October 8, 2020**

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- 1. Add funding for the Neighborhood Response Program (Councilmember Lewis)** – This proposal would add \$50,000 of funding for this program that was reduced by the same amount in the Mayor’s 2021 Proposed Budget. The program has remaining funding of \$200,000 after the Mayor’s proposed cut. This program provides funding for unplanned projects identified by neighborhood organizations.
- 2. Add funding for Phase I of Smith Cove Park Development (Councilmember Lewis)** – This proposal would add \$2.8 million in funding for this project that was reduced by the same amount in the Mayor’s 2020 Third Quarter Supplemental. \$3.1 million in funding remains for this project after the Mayor’s proposed cut. Smith Cove Park is located just west of Pier 91 at the foot of Magnolia Hill on Elliott Bay. Phase 1 would make improvements to the playfield half of Smith Cove Park (west of 23rd Avenue West) used for youth sports such as soccer. Phase 2 of this project would develop the 4.9-acre easterly waterfront portion of Smith Cove Park.
- 3. Add funding for development of a new dog off-leash area at Mercer & Dexter (Councilmember Lewis)** – This proposal would provide funding (amount to be determined) to develop a new dog off-leash area on property currently owned by the Seattle Department of Transportation. Funding would be used for transfer of property and develop infrastructure needed to service the off-leash area, including water hook-up and a double gated fence.
- 4. Add funding for security at Daybreak Star Cultural Center (Councilmember Lewis)** -This proposal would add \$46,800 in funding to assist the 3<sup>rd</sup> shift security operations at Daybreak Star Cultural Center to address the center’s ongoing security needs.

5. **Adopt a Statement of Legislative Intent to determine activation strategies for the East Queen Anne Green Belt (Councilmember Lewis)** – This proposal would request SPR and the Department of Neighborhoods to conduct a feasibility study to identify strategies for activating the East Queen Anne Green Belt.
6. **Add funding for a feasibility study for a Georgetown Community Center (Councilmember Morales)**– This proposal would add \$200,000 in funding for a feasibility study to assess the recreation and community gathering space needs for the Georgetown Community. As the population of Georgetown grows considerably, the area remains a resource and recreation sparse area. Besides the Georgetown Playfield, the community lacks a large community gathering space.
7. **Adopt a Statement of Legislative Intent regarding signage at Licton Springs (Councilmember Sawant)** – The proposal would request SPR to work with the Muckleshoot Tribe to design and place signage at Licton Springs discussing the cultural and historical significance of the springs.
8. **Add funding to backfill loss of General Fund (Councilmember Sawant)** – This proposal would add funding of \$48 million to backfill for the reduction in GF support to SPR in the 2021 Proposed Budget. This funding proposal would be supported by an increase in the recently adopted payroll tax.

**Attachments:**

1. Proposed REET Reductions to Ongoing Capital Improvement Programs



### Attachment 1 - Proposed REET Reductions to Ongoing Capital Improvement Programs

| CIP Program   | 2021 Proposed       | Proposed REET Reduction | Notes                                 |
|---|---------------------|-------------------------|---------------------------------------|
| Boiler and Mechanical System Replacement Program          | -                   | \$175,000               | Funding eliminated in 6-year CIP      |
| Electrical System Replacement Program                     | -                   | \$150,000               | Funding eliminated in 6-year CIP      |
| Ballfield Lighting Replacement Program                    | -                   | \$500,000               | Funding eliminated in 6-year CIP      |
| Environmental Remediation Program                         | -                   | \$100,000               | Funding eliminated in 6-year CIP      |
| Play Area Safety Program                                  | -                   | \$150,000               | Funding eliminated in 6-year CIP      |
| Sport Court Restoration Program                           | -                   | \$100,000               | Funding eliminated in 6-year CIP      |
| Ballfields - Minor Capital Improvements                   | -                   | \$50,000                | Funding eliminated in 6-year CIP      |
| Roof & Building Envelope Program                          | -                   | \$350,000               | Funding eliminated in 6-year CIP      |
| Comfort Station Renovations                               | -                   | \$660,000               | Funding eliminated in 6-year CIP      |
| Irrigation Replacement and Outdoor Infrastructure Program | \$200,000           | \$350,000               | Funding fully restored in 2024        |
| Neighborhood Response Program                             | \$200,000           | \$50,000                | Funding fully restored in 2024        |
| Pavement Restoration Program                              | \$200,000           | \$200,000               | Funding fully restored in 2024        |
| Utility Conservation Program                              | \$230,000           | \$125,000               | Funding fully restored in 2024        |
| Trails Renovation Program                                 | \$300,000           | \$50,000                | Funding fully restored in 2022        |
| Landscape Restoration Program                             | \$305,000           | \$125,000               | Funding fully restored in 2023        |
| Play Area Renovations                                     | \$575,000           | \$425,000               | Funding fully restored in 2024        |
| Urban Forestry - Green Seattle Partnership*               | \$2,257,000         | \$500,000               | Funding fully restored in 2024        |
| ADA Compliance - Parks                                    | \$1,500,000         | \$500,000               | Funding fully restored in 2024        |
| Community Center Rehabilitation*                          | \$2,672,000         | \$1,222,000             | Reductions increase beginning in 2023 |
| Athletic Field Replacements                               | \$3,327,000         | \$264,000               | Funding fully restored in 2023        |
| Major Maintenance and Asset Management*                   | \$14,782,000        | \$1,011,000             | Some funding restored 2024            |
| <b>Total Proposed 2021 Reductions</b>                     | <b>\$26,548,000</b> | <b>\$7,057,000</b>      |                                       |

\*programs also receive MPD funding