



# Parks, Recreation and Open Space Plan Implementation Funding Strategy

## Contents

Introduction .....	2
Background .....	2
Public Art Program .....	2
Funding options .....	3
Park Impact Fees .....	3
Real Estate Excise Tax .....	4
Conservation Futures Tax (CFT) .....	4
General Obligation Bonds .....	5
Grants .....	5
Recreation & Conservation Office (RCO) .....	6
King County Parks Levy .....	7
Funding Scenario .....	9
PROS Plan Implementation Funding Needs .....	9
Proposed Community and Aquatics Center .....	9
Property Acquisition .....	9
Park Development Projects .....	9
Total .....	9
Potential Revenues .....	9
Unfunded Need .....	9

## Introduction

The Parks, Recreation and Open Space (PROS) Plan 2017-2023 was adopted by the City Council in July 7, 2017. It is a blueprint for Shoreline's parks, recreation, and cultural services and it lays the groundwork for many years to come. Investments made by previous generations created a great system of parks, open spaces, and programs that offer a highly valued mix of opportunities for people to play and enjoy their community. We know that change is coming to Shoreline. Parks, open spaces, and recreation opportunities play a critical role in who the City is becoming. If we neglect places and opportunities for people to gather, to play, and to build community, we neglect the soul of the community. Two key themes have given us the inspiration for this parks, recreation and open space plan: Securing our Foundation and Shaping our Future.

The full PROS is available at <http://www.shorelinewa.gov/government/departments/parks-recreation-cultural-services/projects-and-plans/parks-recreation-and-open-space-pros-plan>. One of the key implementation steps described in the PROS Plan is Strategic Action Initiative #10: Secure Sustainable Funding. This PROS Plan Implementation Funding Strategy is intended to describe potential funding sources and provide background information for acquiring funding.

## Background

The City of Shoreline general fund provides the basic funding for operations and maintenance of the PRCS system. The general fund fluctuates from year to year but is generally a reliable and predictable fund source. The Public Art Fund has provided funding for the public art program and installations.

Past capital improvements made to the parks and recreation facilities in Shoreline have been funded by grants, the 2006 Parks Levy, and the general fund. The 2006 Parks Levy has been the primary source of funds for expansion and improvements to the PRCS system.

The 2006 Park Levy was approved by the voters on May 16, 2005. The levy paid for \$18.5 million in open space acquisition, park improvement projects and trails and pathways recommended by the Bond Advisory Committee. This funding also helped to leverage funding from grants that require a match such as Conservation Futures Tax.

To implement the Initiatives outlined in the PRCS Parks, Recreation and Open Space (PROS) Plan a variety of fund sources will be necessary. Some projects are wholly dependent on new funding sources, some can move forward with existing fund sources.

To be successful in securing the funding needed a complete plan is necessary. Some Initiatives may compete for available resources from the same source and a plan will help prioritize and phase funding requests to granting agencies, philanthropists, and the voters.

## Public Art Program

Funding for the Public Art Program is provided partially from the General Fund and partially from the Municipal Art Fund. The Municipal Art Fund was established by Ordinance 312 to fund key elements of the Public Art Program and implementation of the Public Art Plan. The Municipal Art Fund receives its revenue from a 1% allocation of funds from select capital improvement projects. The capital projects are not reliable enough to provide a predictable flow of funds into the Municipal Art Fund. They also have not provided a high enough level of funding to fully implement the Public Art Plan. Goal 3 of the

Public Art Plan is to “achieve greater financial sustainability for the public art program.” The Plan recognizes that “CIP revenues alone are not enough to build and sustain the robust public art program the city has begun. The success of the program will depend upon the implementation of other funding sources with sustainable strategies.”

In 2019 the City is undertaking a review of funding options for the Public Art Program. The results of that study will be included in this Funding Strategy when they are available.

## Funding options

1. Park Impact fees (PIF)
2. Real estate excise tax (REET)
3. Conservation futures tax (CFT)
4. General obligation bond
5. Grants (RCO)
6. King County Parks Levy

## Park Impact Fees

Park Impact fees are charges assessed against newly-developing residential property that attempt to recover the cost incurred by a local government in providing the public facilities required to serve the new development.

The City of Shoreline adopted Park Impact Fees (PIF) by Ordinance No. 786 effective January 1, 2018. This ordinance is found in Shoreline Municipal Code (SMC) Chapter 3.70. The Growth Management Act, 36.70c RCW, requires cities to plan and provide parks and recreation facilities that are adequate to accommodate growth.

A park impact fee is a one-time payment by new development to pay for capital costs of facilities needed to support the new development. Park impact fees are charged during the building permitting process and used to fund projects to maintain levels of service of Shoreline's park system. The intent is to share the financial responsibility of providing for recreation facilities, such as new parks, open space and recreation facilities that support future growth with the development that grows our population and economy.

Fees collected will be applied toward recreation facilities, such as new parks, open space and recreation facilities that support future growth with the development that grows our population and economy. Park impact fees can only be used for “system improvements” included in an adopted six-year Capital Improvement Plan (CIP), and that are improvements reasonably related to and benefit the new development.

The fee is proportionate to the size of the development or change in use. Fees are adjusted biennially during the budget process by the same percentage changes as in the most recent annual change of the Construction Cost Index published in the Engineering News-Record (ENR) for the Seattle area. The following table shows the actual 2018 fees and proposed fees for the upcoming 2019-2020 biennial budget.

		2018	2019	2020
Use Category	Unit	Impact Fee	Impact Fee	Impact Fee
Single Family Residential	per dwelling	3,979	4,090	4,205
Multi-Family Residential	per dwelling	2,610	2,683	2,758

## Real Estate Excise Tax

A real estate excise tax (REET) is levied on all real estate sales measured by the full selling price, including the amount of any liens, mortgages, and other debts given to secure the purchase. (See Ch. 82.46 RCW.)

All real estate property sales in the county are taxed at a rate of 1.28%. A portion of these revenues, equal to a 0.5% tax rate, is distributed by King County to the cities monthly. The use of REET funds is restricted by State law. The first 0.25% of the REET tax rate must be spent on capital projects listed in the City's Comprehensive Plan. These projects could include local capital improvements, including streets, parks, pools, municipal buildings, etc. The second 0.25% of the REET tax rate must be spent on public works projects for planning, acquisition, construction, reconstruction, repair, replacement, or improvement of streets roads, highways, sidewalks, street lighting, etc.

REET is the primary revenue source in the City's General Capital Fund. Since 2005 the City has seen a dramatic decrease in the amount of tax collected. Historically, staff estimated that the annual REET baseline collection was \$1.3 to \$1.5 million per year. For example, when real estate activity increased in 2005, the highest year of collections, the City received more than \$2.6 million in REET and it was split 50/50 between the General Capital and Roads Capital Funds. In 2009, the City Council authorized the use of up to \$750,000 of General Capital Fund REET annually towards the debt service costs of City Hall.

The City Council allocates REET funding to specific projects with the adoption of the City's budget based its priorities for investment in city infrastructure.

## Conservation Futures Tax (CFT)

For more than 30 years government and nonprofit groups across King County have used the CFT to protect from development 111,000 acres of land, forests, shorelines, greenways and trails. Funding has supported such diverse projects as Seattle's Duwamish Head Greenbelt, development rights on the Snoqualmie Forest and Puget Sound shoreline in Burien. Parks have been built, salmon habitat restored, and our quality of life improved. See RCW 84.34.200 - 84.34.250

CFT awards can fund the conservation of open space lands used for low-impact passive recreational activities, including natural areas, urban green spaces, passive parks, regional trails, farms, and forests. CFT awards require a dollar-for-dollar local match.

Applications are due in early March each year. Proposals are reviewed by the King County Conservation Futures Citizen Oversight Committee, including field trips to each of the applicant project sites in late March and April. The Committee makes its recommendations in a report to the King County Council and Executive in late June. Final funding awards are made in November as part of King County’s budget process.

Sample of prior CFT awards to the City of Shoreline

Year	Amount Awarded	Project
2014	34,997	Paramount Open Sapace Acquisitoin
2007/2008	457,000	Kruckeberg Property Acquisition
2007	550,000	North Hamlin Park Addition
2006/2007	450,000	South Woods Addition
2002/2006	71,500	Paramount Park Addition

## General Obligation Bonds

These would be general obligation bonds, either limited tax general obligation - also called councilmanic bonds - which may be issued by a vote of the city council or unlimited general obligation bonds, which must be approved by 60 percent of the voters, with a voter turnout that is at least 40 percent of those voting in the most recent general election.

General Obligation Bonds provide funds for capital projects that can be either for repair of existing city facility or construction of a new facility. The Bonds must be repaid with interest like a mortgage on someone’s home. The city must have a revenue stream to pay back the bonds such as property tax revenue.

## Grants

The City intends to aggressively seek outside funding to maximize the impact of the City’s programs and policies. The submission of a grant application is the first step towards the City’s commitment for a program being supported by grant funding.

In seeking grants and other outside funding the City will balance the value of additional resources with the City’s ability to effectively manage the funds and sustain any activities begun with outside funding. Specifically, the City will analyze grant opportunities considering:

1. Match
2. Cost/Benefit
3. Consistency with Work Plan

4. Sustainability of Activity
5. Consistency with Council Goals
6. Consistency with City Roles and Responsibilities

The City Manager is charged with the responsibility of determining which grants to seek provided that these grants will support programs and policies that are consistent with the City’s overall policy and budget direction.

The City of Shoreline has grant development program. As part of that, there is a grants administrator that coordinates city-wide grant funding opportunities, determines grant needs, develops strategies and coordinates efforts with the appropriate City staff and elected officials.

### Recreation & Conservation Office (RCO)

RCO is a small state agency that manages grant programs to create outdoor recreation opportunities, protect the best of the state's wildlife habitat and farmland, and help return salmon from near extinction. The office staff, under the guidance of a director appointed by the Governor and the boards, administers grants for recreation, habitat conservation, farmland preservation, and salmon recovery.

RCO administers a dozen state and federal grant programs for a range of activities from developing parks to providing boating facilities to creating trails to saving salmon. Most of these grant programs require applicants to complete a comprehensive plan and then apply in the spring of even-numbered years. The grants are reviewed by panels of experts and ranked. The ranked projects are submitted to the board for funding approval.

There are several grant programs for building and renovating outdoor parks or for buying land for future parks. These grants provide funding for buying land, building or renovating local and state parks, developing and renovating public waterfront areas, creating access to the water, building athletic fields. Applications for these grants are accepted on even years, require a 50% match from the City and they range from \$25,000 to \$1,000,000.

Grant Program	Description	Eligible Applicants	Applications Accepted	Match
LWCF- Land and Water Conservation Fund	Funding to preserve and develop outdoor recreation resources, including parks, trails, and wildlife lands.	Local agencies* State agencies	Mid-February to May 1  In even-numbered years only	50%
WWRP - Washington Wildlife and Recreation Program	Funding for local and state parks, trails, water access, state land conservation and restoration, farmland and forestland preservation, and habitat conservation	Local agencies* State agencies ** Tribes Nonprofits*** Salmon recovery lead entities	Mid-February to May 1  In even-numbered years only	50%

YAF - Youth Athletic Facilities	Funding to buy land and develop or renovate outdoor athletic facilities	Local agencies	Mid-February to May 1	50%
NCLI - No Child Left Inside	Funding for outdoor environmental, ecological, agricultural, or other natural resource-based education and recreation programs serving youth	Public agencies, (cities, counties, special purpose districts) Native American tribes Non-profit organizations Formal school programs, Informal after school programs Community-based programs	November To mid-January	None
ALEA - Aquatic Lands Enhancement Account	Funding to buy, protect, and restore aquatic lands habitat and to provide public access to the waterfront	Local agencies* State agencies Tribes	Mid-February to May 1 In even-numbered years only	50%

### King County Parks Levy

On August 21, 2007, the voters of King County approved Proposition 2, the Open Space and Trails Levy, a new \$0.05, six-year, inflation adjusted property tax lid lift to expand park and recreation opportunities. One cent of the five-cent levy proceeds is to be distributed to cities in King County for specific purposes. The terms and conditions for receiving and expending levy funds are governed by a contract between each city and King County. Ordinance 15760 defines the projects eligible for Prop 2 funds as follows: "'City projects' means the acquisition of open space and natural lands, and the acquisition and development of county regional trails or city trails that are regional in nature and may specifically include local trails in underserved areas linking to city or county trails that connect to regional trails."

On August 6, 2013, King County voters approved Proposition No. 1 Parks Levy that authorized an additional six-year property tax levy with 7% of proceeds, net an administrative fee, to be used for repairing, replacing, and improving local parks and trails in King County's cities. The City shall only use the transferred City Proceeds for its City Projects.

The table below shows the funding received and projects that benefited from the funding.

<b>2008-2013 &amp; 2014-2019 KC Parks Levy</b>	<b>Amount Received by Shoreline</b>	<b>Projects</b>
2008	100,983	Park at Town Center Echo Lake Park Improvement Regional Trail Signage Saltwater Park Pedestrian Bridge Major Repair Park Ecological Restoration Program
2009	105,719	
2010	104,908	
2011	108,766	
2012	108,542	
2013	107,410	
2014	114,100	
2015	116,807	
2016	120,428	
2017	124,162	
2018	120,000	

DRAFT



## Funding Scenario

### PROS Plan Implementation Funding Needs

Chapter 6 of the PROS Plan identifies the need for a new Community and Aquatics Center and provides a list of property acquisition and development projects. Updated estimates for implementing those projects is presented in the tables below. As cost estimates are refined and the Park Funding Advisory Committee prioritizes projects the funding needs list can be updated with different possible phasing options.

#### Proposed Community and Aquatics Center

	<b>Full Implementation</b>	<b>Six Year Need</b>
Site Acquisition	\$19,000,000	\$19,000,000
Development	\$61,000,000	\$61,000,000
<b>Total</b>	<b>\$80,000,000</b>	<b>\$80,000,000</b>

#### Property Acquisition

Park and Open Space Acquisition	\$45,000,000	TBD
---------------------------------	--------------	-----

#### Park Development Projects

Park Development	\$131,647,000	TBD
------------------	---------------	-----

#### Total

<b>Total</b>	<b>256,647,000</b>	<b>TBD</b>
--------------	--------------------	------------

#### Potential Revenues

	<b>30-year Estimate (6-year est. times 5)</b>	<b>Six-year Estimate</b>
Park Impact Fees (PIF)	\$15,660,000	\$3,132,000
Conservation Futures Tax (CFT)	\$5,000,000	\$1,000,000
Recreation & Conservation Office (RCO)	\$15,000,000	\$3,000,000
TBD		
<b>TOTAL</b>	<b>\$35,660,000</b>	<b>\$7,132,000</b>

#### Unfunded Need

<b>TOTAL</b>	<b>\$220,987,000</b>	<b>TBD</b>
--------------	----------------------	------------