

Appendix F: Finances

An analysis was accomplished of recent financial trends in Burien and the impact federal and state program mandates, revenue sharing, and the city's urbanization have on the discretionary monies available for park, recreation, and open space. The analysis also reviewed trends in Burien revenues and the affect alternative revenue sources may have on financial prospects.

Revenue and expenditure trends - general government

Burien's annual general governmental expenditures are derived from the combination of general, special revenue, debt service, and enterprise funds.

General Fund - taxes

General funds are used to finance most government operations including staff, equipment, capital facility, and other requirements. Park, recreation, and open space programs and facilities are funded primarily from general fund accounts.

A portion of the General Fund is derived from taxes including property taxes, sales taxes, business and occupation (B&O) taxes, utility taxes, gambling excise taxes, and other taxes including special levies such as the 2015-2016 parks levy. As shown, the total proceeds generated by all taxes are projected to increase from \$17,662,000 in 2017 to an adopted budget of \$20,465,000 in 2018 or by 16% for which the largest increase is coming from the sales taxes.

Taxes (\$000)

	2014	2015	2016*	2017**	2018**
Property	\$5,926	\$6,559	\$6,670	\$6,870	\$6,930
Parks levy	-	\$95	\$94	-	-
Sales tax	\$5,827	\$5,999	\$5,920	\$6,690	\$6,940
Sales - Annex (1)	\$688	\$710	\$705	\$805	\$835
Sales - Criminal (2)	\$1,153	\$1,254	\$1,275	\$1,355	\$1,425
B&O tax	\$581	\$1,084	\$1,010	\$1,215	\$1,245
Utility	\$2,907	\$2,600	\$2,630	\$2,530	\$2,585
Gambling excise tax	\$573	\$507	\$440	\$505	\$505
Other	\$4	\$5	-	-	-
Total	17,662	18,818	18,744	20,000	20,465

Source: 2017-2018 Adopted Budget

* 2016 Revised Budget, ** 2017 and 2018 Adopted Budget

(1) Annexation credit, (2) Local Criminal Justice

- **Property tax** - under Washington State's constitution cities may levy a property tax rate not to exceed \$3.10 per \$1000 of the assessed value of all taxable property within incorporation limits. The total of all property taxes for all taxing authorities, however, cannot exceed 1.0% of assessed valuation,

or \$10.00 per \$1,000 of value. If the taxes of all districts exceed the 1.0% or \$10.00 amount, each is proportionately reduced until the total is at or below the 1.0% limit.

In 2001, Washington State law was amended by Proposition 747, a statutory provision limiting the growth of regular property taxes to 1.0% per year, after adjustments for new construction. Any proposed increases over this amount are subject to a referendum vote.

The statute was intended to control local governmental spending by controlling the annual rate of growth of property taxes. In practice, however, the statute can reduce the effective property tax yield to an annual level far below a city's levy authorization, particularly when property values are increasing rapidly.

In 2017, for example, Burien's effective property tax rate had declined to \$1.36 per \$1,000 of assessed value as a result of the 1% lid limit on annual revenue or about 44% of what the city is authorized to assess.

- **Sales tax** - is the city's largest single revenue source and may be used for any legitimate city purpose. However, the city has no direct control over the taxing policy of this source of revenue. The sales tax is collected and distributed by the state and may fluctuate with general economic and local business conditions. The city received credit for sales taxes collected in the Highlands Annexation area beginning in 2014, and for a regionally passed optional county sales tax for local criminal justice programs and services.
- **Business & Occupation tax** - is collected from all businesses operating within the city. The tax is determined by the city based on the annual sales or manufacturing or fee volumes a business generates within the city.
- **Utility tax** - is collected from the charges assessed on all city utilities including water, sewer, and storm. The utility tax is collected by the city and may fluctuate depending on what infrastructure upgrades each utility is paying to update utility systems and operations.
- **Gambling excise tax** - is collected from the proceeds of slot machines and other electronic gambling devices authorized in private casinos in the city.

General Fund – all revenues

In addition to taxes, the General Fund is also derived from licenses and permits, intergovernmental revenues including state and federal grants, service charges and fees, fines and forfeitures, and other miscellaneous revenues. As shown, the total of all revenues in the General Fund is projected to increase from \$24,203,000 in 2014 to an adopted budget of \$26,275,000

in 2018 or by 9% for which the largest increase is coming from taxes, the sales tax in particular.

General Fund - all revenue (\$000)

	2014	2015	2016*	2017**	2018**
Taxes	\$17,662	\$18,818	\$18,744	\$20,000	\$20,465
Licenses/permits	\$1,476	\$1,805	\$1,395	\$1,710	\$1,765
Intergovernmental	\$1,874	\$1,862	\$1,908	\$2,055	\$2,095
Charges	\$1,269	\$1,194	\$1,059	\$1,085	\$1,095
Miscellaneous	\$644	\$525	\$473	\$775	\$775
Total revenue	\$22,928	\$24,207	\$23,579	\$25,625	\$26,195
Transfers in	\$85	\$173	\$173	\$80	\$80
Other sources	\$1,190	-	\$4,275	-	-
Total all sources	\$24,203	\$24,380	\$28,027	\$25,705	\$26,275

Source: 2017-2018 Adopted Budget

* 2016 Revised Budget, ** 2017 and 2018 Adopted Budget

- **Licenses, and permits** - includes revenues generated from business and occupational licenses and taxes, operating and building permits. Generally, these fees are used to pay for the inspections, processing, and other charges necessary to perform supporting services.
- **Intergovernmental revenue** - includes state and federal grants or pass-through revenues, usually earmarked for specific programs, as well as funds from Burien to finance improvements the city wishes to accomplish. The largest sources of intergovernmental revenue are being generated from Seattle City Light from \$896,000 in 2014 to \$970,000 in 2018 and Liquor Tax & Profit from \$509,000 in 2014 to \$655,000 in 2018.

Intergovernmental revenue can be significant, depending on the program, Burien competitiveness, and the extent to which the program is adequately funded at the state and federal levels. To date, however, Burien has not received significant federal or state grant for any capital improvements including recreation, park, or open space acquisition or development with \$110,000 received in 2014 to a projected \$100,000 in 2018.

Given present economic conditions, Burien should not depend on grants as a viable or major source of financing for facility acquisition and development over the short term.

- **Charges for services** - includes revenue generated to pay for garbage, landfill, utility, and other operating services provided by the city or a city concession or licensee including parks and recreation charges for \$535,000 in 2014 to a projected \$560,000 in 2018.
- **Miscellaneous** - includes monies generated from business fines, code violations, traffic fines, property forfeitures, and other penalties.

Special revenues

Special revenues are derived from state and local option taxes dedicated to specific expenditure purposes, such as the motor vehicle tax, motor excise tax, real estate excise tax, motel and hotel tax, public art, criminal justice, paths and trails, convention center, and the like.

Some special revenues may be used to finance limited capital facilities, such as roads or parks, where the local option allows - such as the local real estate excise tax (REET) and/or under special circumstances Motel/Hotel or Tourism Taxes or Stormwater Utility Taxes where a project or program can be expensed as a direct extension or beneficiary of these accounts.

Debt service funds

Debt service funds are derived from a dedicated portion of the property tax or general fund proceeds to repay the sale of general obligation (voted) and Councilmanic (non-voted) bonds. Both types of bonds may be used to finance park facility improvements - but not maintenance or operational costs.

- **Councilmanic (limited or non-voted) bonds** - may be issued without voter approval by the Council for any facility development purpose. The total amount of all outstanding non-voted general obligation debt may not exceed 1.5% of the assessed valuation of all city property.

Limited general obligation bonds must be paid from general governmental revenues. Therefore, debt service on these bonds may reduce the amount of revenue available for current operating expenditures and the financial flexibility the Council may need to fund annual budget priorities. For this reason, Councilmanic bonds are usually only used for the most pressing capital improvement issues.

Municipal debt capacity

Burien debt capacity - 31 December 2015

2015 assessed valuation = \$5,112,996,867

Debt type	Limit*	Amount
Councilmanic bond	1.5%	\$76,694,953
GO bond	1.0%	\$51,129,969
Utility bond	2.5%	\$127,824,922
PROS bond	2.5%	\$127,824,922
Total allowable	7.5%	\$383,474,766
GO bond debt**		\$21,156,800
Total available		\$362,317,966

* Percent of the total estimated assessed valuation.

** Includes installment contracts and debt service funds.

General Obligation (GO), Utility, and Park/Open Space Bonds require 60% voter validation where voter turnout equals at least 40% of the total votes cast in the last general election.

- **Unlimited general obligation (GO) bonds** - must be approved by at least 60% of resident voters during an election that has a turnout of at least 40% of those who voted in the last state general election. The bond may be repaid from a special levy, which is not governed by the 1.0% statutory limitation on the property tax growth rate. Total indebtedness as a percent of the assessed valuation that may be incurred by limited and unlimited general obligation bonds together, however, may not exceed:

- 2.5% - provided that indebtedness in excess of 1.5% is for general purposes,
- 5.0% - provided that indebtedness in excess of 2.5% is for utilities, and
- 7.5% - provided that indebtedness in excess of 5.0% is for parks and open space development.

Monies authorized by limited and unlimited types of bonds must be spent within 3 years of authorization to avoid arbitrage requirements unless invested at less than bond yield. In addition, bonds may be used to construct but not maintain or operate facilities. Facility maintenance and operation costs must be paid from general governmental revenue or by voter authorization of special annual or biannual operating levies or by user fees or charges.

Enterprise funds

Enterprise funds are derived from the user fees and charges levied for utility operations including water and sewer, storm drainage, regional water, solid waste, and cemetery. The enterprise revenues are used to pay operating costs, retire capital facility debt, and plan future replacement and expansion projects. Enterprise funds may be created for a park or recreation activity that has a revenue source sufficient to finance all costs. Enterprise funds have been used on a limited basis for golf courses, marinas, and similar self-financing operations.

Capital improvements funding implications

Generally, the city has not appropriated very much of the annual budget for capital improvements. The city has building and infrastructure construction requirements, but given the declining buying power of annual city budgets, not had the capital resources available to initiate major construction projects from the general funds or non-dedicated funds accounts.

The 1% statutory limit on local property tax yields combined with the sporadic and undependable nature of federal and state grants and revenue sharing prevents or discourages the city from making long-term capital investments in infrastructure necessary to support the city's development.

The 1% statutory limit on the general fund levy in particular, severely curtails the city's ability to operate and maintain park, recreation, and open space

facilities and services even if the city only utilized unlimited general obligation bonds as a means of providing capital financing.

Revenue prospects - general government

Burien could use the following options to deal with future capital needs:

User fees and charges

Burien may elect to use an increasing array of special user fees, charges, and special assessments to pay facility operating and maintenance capital requirements. The user fee approach may be difficult to impose on facilities that don't have readily identifiable or chargeable users - like some passive park or trail systems. The approach may be very responsive, however, for facilities and services that have an identifiable user group receiving a direct proportional benefit for the charge - like aquatic facilities.

Special legislation

Local government representatives can seek state enabling legislation authorizing new or special revenue sources. Senate Bill 5972 (RCW 82.46) is an example of one possible legislative solution. The 1982 bill gave city governments the option of adding an additional 0.0025% increment to the real estate excise tax (REET) for the sole purpose of financing local capital improvement projects including parks, utilities and other infrastructure except governmental buildings. Like bonds, Senate Bill 5972 funds may not be used to finance operation and maintenance requirements.

Unlimited general obligation bonds

Burien may come to depend on voter referendums as a means of financing a larger portion of the capital improvement program, since unlimited obligation bonds are not paid from the property tax subject to the 1.0% limitation.

Voter approved capital improvements may be more representative of actual resident priorities than some other methods of validating capital expenditures, and will at the least, ensure referendum submittals provide widespread benefits. However, bond revenue cannot be spent for maintenance and operational issues - and bond referendums must be approved by a margin over 60% of a turnout of 40% of the registered voters who participated in the last election.

General levy rate referendums

Proposition 747, the statutory provision limiting the growth of regular property taxes to 1.0% per year, can be waived by referendum approval of a simple (50%) majority of Burien's registered voters. Voters can be asked to approve a resetting of the property tax levy rate that would adjust the amount of revenue the city can generate.

The new total revenue that can be generated by a resetting of the rate would be subject to the same 1.0% limitation, however, and the total amount of revenue and the resulting property tax rate would start to decline again in accordance with the Proposition.

However, the adjusted rate and revenue could finance specific capital improvement projects - or programs that involve construction, maintenance, and operations aspects that a majority of the voters are willing to pay for under the adjusted rate.

The resetting of the rate can be permanent, subject to the provisions of Proposition 747. Or temporary, where the rate is adjusted until a specific amount of revenue has been generated to finance a project or program - whereupon the rate reverts to the original or a specified amount defined in the referendum.

Expenditures - Parks, Recreation & Cultural Services (PaRCS)

PaRCS General Fund allocations

In total, all General Fund expense allocations for the Parks, Recreation, & Cultural Services Department (PaRCS) increased from \$2,756,000 in 2014 to an adopted \$3,384,000 in 2018 or by 22.8% during this time period compared with all city expenditures that increased from \$21,565,000 in 2014 to \$26,979,000 in 2018 or by 25.1%.

The percent PaRCS represented of all city expenditures varied year to year but remained relatively stable at 12.8% in 2014 to an adopted 12.5% of all city expenditures in 2018.

PaRCS allocations of General Fund - (\$000)

	2014	2015	2016*	2017**	2018**
All expenses	\$21,565	\$21,297	\$28,087	\$27,221	\$26,979
PaRCS	\$2,756	\$2,997	\$3,185	\$3,434	\$3,384
Percent PaRCS	12.8%	14.1%	11.3%	12.6%	12.5%

Source: 2017-2018 Adopted Budget

* 2016 Revised Budget, ** 2017 and 2018 Adopted Budget

The Department is organized into 4 operating divisions focused on:

- **Administration** - including management of the Park Board and citizen committees,
- **Parks & Facilities Maintenance** - of grounds and buildings and of property acquisitions and project improvements,
- **Parks Projects** - including capital improvements programs, and
- **Recreation** - including arts and enrichment, sports, environmental programs, and youth, teen, and senior programs, cultural arts, and arts.

PaRCS expenditures

PaRCS budgets provide for a variety of operational activities including staff salaries and personnel benefits, professional services including recreational instructors, utilities, repairs and maintenance, equipment, and supplies and other costs including debt service on bonds, capital improvement projects, and physical development grants.

Staff salaries and benefits are the largest single expenditure increasing from \$1,534,000 in 2014 to an adopted budget of \$1,978,000 in 2018 or by 28.9% followed by professional services for recreation instructors and programs of \$796,000 in 2014 to \$987,000 in 2018 or by 24.0%.

PaRCS expenses and revenues - (\$000)

Expenditures	2014	2015	2016*	2017**	2018**
Salaries/benefits	\$1,534	\$1,588	\$1,686	\$1,900	\$1,978
Professional svcs	\$796	\$905	\$942	\$987	\$987
Utilities	\$166	\$166	\$131	\$147	\$147
Repairs/maint	\$48	\$123	\$137	\$35	\$35
Equipment	\$37	\$14	\$40	\$107	\$5
Supplies/other	\$175	\$201	\$249	\$258	\$232
Total	\$2,756	\$2,997	\$3,185	\$3,434	\$3,384
Fees	\$535	\$577	\$574	\$560	\$560
Facility leases	\$200	\$227	\$173	\$235	\$235
Intergovernment	\$40	\$37	\$34	\$36	\$36
General Fund	\$1,979	\$2,156	\$2,403	\$2,603	\$2,553
Total	\$2,756	\$2,997	\$3,185	\$3,434	\$3,384
Percent PaRCS fee and facility lease revenue is of total expenditures					
Percent	26.7%	26.8%	23.5%	23.5%	23.5%

Source: 2017-2018 Adopted Budget

* 2016 Revised Budget, ** 2017 and 2018 Adopted Budget

PaRCS revenues

PaRCS revenues are generated from recreation program fees and charges as well as field and facility rentals that increased from \$735,000 in 2014 to an adopted budget for \$795,000 in 2018 or by 8.2%. PaRCS revenues offset all PaRCS expenditures by 26.7% in 2014 and a projected 23.5% in 2018 - meaning intergovernmental transfers including the King County levy and grants and the General Fund financed the balance.

Program fees and facility rentals revenues can be applied to the costs of conducting recreation programs, but not to the cost of maintaining park and facility properties or of some administrative costs involved with property maintenance.

Ideally, Burien should recover as much of recreation program cost as possible (75-85% overall) possibly including a proportionate share of general administration overhead costs to avoid using the General Fund or other city

discretionary monies or Burien will not have sufficient funds left with which to fund critical cyclical maintenance, repair, and replacement of existing facilities, and acquisition and development of new parks lands and facilities required to offset population growth and raise level of service standards.

PaRCS Capital Improvement Program 2018-2023

PaRCS spent \$375,052 on park capital improvements in years prior to 2017 and programmed \$3,417,600 in funded and \$14,500,000 in unfunded capital projects including colocation in a Public Works Yard in 2018-2023. The proposed 2018-2023 CIP is for \$1,373,016 in funded projects and \$14,500,000 in unfunded projects including the proposed colocation in a Public Works Yard.

PaRCS CIP (0s)

Expenditures	Prior years	Project Total	2018-23 CIP
Downtown Gateway Arch	\$8,077	\$330,000	\$0
Eagle Landing Stairs	-	\$275,000	\$225,000
Lake Burien School Park Plan	-	\$649,016	\$599,016
Lakeview Park Playground/Path	-	\$218,000	\$193,000
Moshier Park Restroom/Field	\$276,791	\$722,000	-
Parks Facilities Restoration	-	\$347,075	\$196,000
PROS Plan Update	-	\$85,000	-
Seahurst Park - North Shoreline	-	\$100,000	\$100,000
Seahurst Park Slide	\$30,997	\$180,000	-
Town Square Spray Park	\$52,678	\$425,000	-
CIP Projects Coordination	\$6,509	\$86,509	\$60,000
Total funded projects	\$375,052	\$3,417,600	\$1,373,016
Lake Burien School Park	-	\$1,000,000	\$1,000,000
Moshier Park Restroom	-	\$2,000,000	\$2,000,000
Public Works Yard	-	\$11,500,000	\$11,500,000
Total unfunded projects	-	\$14,500,000	\$14,500,000
All-Play Playground			(\$2,500,000)
Des Moines Memorial Park			(\$600,000)
Master Planning			(\$350,000)
Mathison Park Expansion - Ph 3			(\$2,300,000)
Moshier Field Lights			\$(120,000)
Moshier Sports Fields 2-4			(\$3,000,000)
Park Acquisition/Development			(\$1,800,000)
Seahurst Park - Upper Parking			(\$4,900,000)
Total unfunded/un-programmed projects	-	-	(\$15,570,000)

Revenues	Prior years	Project total	2018-23 CIP
Parks CIP fund balance	\$6,509	\$1,205,509	\$760,000
Capital projects reserve	\$586,000	\$611,000	-
King County Parks Levy	-	\$347,075	\$196,000
SWM Fund	\$30,000	\$30,000	-
Subtotal local funds	\$622,509	\$2,193,584	\$956,000
Grants	\$205,015	\$447,000	-
CDBG	-	\$442,016	\$417,016
Private sources	-	\$310,000	-
Utility sources	-	\$25,000	-
Total*	\$827,524	\$3,417,600	\$1,373,016

* Excludes unfunded

Source: 2017-2018 Mid-Biennium Budget Update

PaRCS's identified CIP revenue sources including Parks CIP fund, Capital projects reserve, King County Parks Levy, SWM Fund, Community Development Block Grants (CDBG), and Utility sources will generate \$1,373,016 to finance the projected \$1,373,016 expenditures from 2018-2023. No funding sources have been identified to finance the \$14,500,000 in unfunded projects for 2018-2023 or the \$15,570,000 in identified but unfunded and un-scheduled projects beyond 2023.

Funding implications

Burien acquired a quality park, recreation, and open space inventory using land donations, grants, project development mitigation, and a healthy allocation of property tax derived general funds.

However, these sources will not continue to yield enough money with which to initiate major facility development and/or with which to accomplish major cyclical maintenance requirements. In addition, in light of the 1.0% statutory limit on local property tax yield's affect on discretionary funding in general, the city can no longer depend entirely on traditional revenue sources as a means of funding capital improvement projects.

Burien must devise new financial strategies for the development and maintenance of facilities if it is to meet the park, recreation, and open space interests of city residents.

Revenue prospects – PROS public sources

The following options could be used to deal with future Burien PROS capital needs:

Washington State grants

Washington State, through the Resource Conservation Office (RCO) funds and administers a number of programs for parks and recreation, and non-

motorized transportation and trails purposes using special state revenue programs. Due to diminished funding, however, some of the following RCO grants have not been a significant source of project monies in recent years.

- **Endangered Species Act (ESA)** - a Department of Ecology administered water quality program provides grants for up to 75% of the cost of water quality/fish enhancement studies. Referendum 39 monies can be applied to park and open space developments that propose to restore, construct or otherwise enhance fish producing streams, ponds or other water bodies.
- **Washington Wildlife Recreation Program (WWRP)** - provides funds for the acquisition and development of conservation and recreation lands. The Habitat Conservation Account of the WWRP program provides funds to acquire critical habitat, natural areas, and urban wildlife categories. The Outdoor Recreation Account of the WWRP program provides funds for local parks, state parks, trails, and water access categories.
- **Capital Projects Fund for Washington Heritage** - initiated on a trial basis in 1999 and administered by the Heritage Resource Center (HRC), and since renewed, provides funds for the restoration and renovation projects for historical sites and buildings by local governments and nonprofit agencies.
- **Boating Facilities Program** - approved in 1964 under the state Marine Recreation Land Act, the program earmarks motor vehicle fuel taxes paid by watercraft for boating-related lands and facilities. Program funds may be used for fresh or saltwater launch ramps, transient moorage, and upland support facilities.
- **Aquatic Lands Enhancement Act (ALEA)** - initiated on a trial basis in 1985, and since renewed and expanded, uses revenues obtained by the Washington Department of Natural Resources from the lease of state owned tidal lands. The ALEA program is administered by the RCO for the development of shoreline related trail improvements and may be applied for up to 50% of the proposal.
- **Washington State Public Works Commission** - initiated a program that may be used for watercraft sanitary pump-out facilities.
- **Youth Athletic Facilities (YAF)** - provides grants to cities, counties, and qualified nonprofit organizations for the improvement and maintenance of existing, and the development of new athletic facilities. The Community Outdoor Athletic Fields Advisory Council (COAFAC) of the RCO administers the program.

Federal grants

Federal monies are available for the construction of outdoor park facilities from the National Park Service (NPS) Land and Water Conservation Fund

(LWCF). The Washington State Resource Conservation Office (RCO) administers the grants.

- **NPS (National Park Service) grants** - usually do not exceed \$150,000 per project and must be matched on an equal basis by the local jurisdiction. The RCO assigns each project application a priority on a competitive statewide basis according to each jurisdiction's need, population benefit, natural resource enhancements and a number of other factors.

In the past few years, project awards have been extremely competitive as the federal government significantly reduced the amount of federal monies available the NPS program. The state increased contributions to the program over the last few years using a variety of special funds, but the overall program could be severely affected by pending federal deficit cutting legislation.

Applicants must submit a detailed comprehensive park, recreation, and open space plan to be eligible for NPS funding. The jurisdiction's plan must demonstrate facility need, and prove that the jurisdiction's project proposal will adequately satisfy local parks, recreation, and open space needs and interests.

- **TEA21 (Transportation Equity Act for the 21st Century)** - can be used to finance on and off-road non-motorized trail enhancements along major and minor arterial collectors roads or sometimes, within separate trail corridors. The program was adopted in 1993 and is administered by the Regional Transportation Organization on behalf of the US Department of Transportation.

Applicants must demonstrate the proposed trail improvements will increase access to non-motorized recreational and commuter transportation alternatives.

- **National Recreational Trails Program (NRTP)** - is the successor to the National Recreational Trails Act (NRFTA). Funds may be used to rehabilitate and maintain recreational trails that provide a backcountry experience. In some cases, the funds may be used to create new "linking" trails, trail relocations, and educational programs.

Environmental impact mitigation – development regulations

Burien development regulations and policies can require developers provide suitably designed and located open spaces, woodland preserves, trail systems, tot lots, playgrounds, and other park or recreational facilities. Such facilities may include major components of the park or recreational system that may be affected by the project's location or development.

Burien may also consider requiring developers provide acceptable long-term methods of managing and financing maintenance requirements. Attractive management systems could include:

- **Ownership by a private organization** - like a tennis, swimming or golf club, who assumes responsibility for all maintenance responsibilities and costs,
- **Ownership by a homeowners or common property owners association** - who may contract maintenance responsibilities and assess property owner's annual costs, or
- **Dedication of property** - to Burien or the Burien School District who assumes maintenance responsibilities using local city or school funds.

Burien should not accept title and maintenance responsibility unless the land or facility will be a legitimate park or recreation or open space element that may be supported using public financing. Burien may be contracted by any of the other agencies to provide or oversee a maintenance contract on the owner's behalf provided all Burien costs are reimbursed by an approved method of local financing.

Facility user fees and charges

Burien could increase an array of special user fees, charges, and special assessments to pay facility operating and maintenance capital requirements. The proposals to recover more of recreation program costs could be augmented with additional or higher user fees on picnic shelters, athletic courts and fields, meeting rooms, and other facilities.

Burien could also increase the number of activities subject to user fees and charges and use the proceeds to purchase land, develop, operate, and maintain facilities where all costs are reimbursed by the revenue obtained. Essentially, Burien would become a facility developer/operator providing whatever facilities or services the market will support from user revenue.

User fees have and could be used to provide facilities for park and recreation activities whose profit margins are too low to sustain commercial operations or whose benefiting user group may extend beyond city boundaries. Possible user fee financed facilities could continue to include arts and recreation centers, and any other facility where demand is sizable enough to warrant a user fee financing approach.

In essence, the market determines which facility's revenues equal costs, and thereby, which programs Burien would provide on a direct costs/benefit basis. To date, Burien user fee revenues provide a significant source of operating funds for recreational programs. While important, this source of finance will likely never pay full costs for all programs, or any operation, maintenance, or development costs.

Some programs designed for youth and family activities, may never generate fees large enough to finance full costs and will require Burien to determine to what extent the public benefits merit the subsidized fee revenues.

The user fee approach may also be difficult to impose on facilities that don't have readily identifiable or chargeable users - like some passive park or trail systems. The approach may be very responsive, however, for facilities and services that have an identifiable user group receiving a direct proportional benefit for the charge.

Special legislation - Real Estate Excise Tax (REET)

Local government representatives can seek state enabling legislation authorizing new or special revenue sources. Senate Bill 5972 (RCW 82.46) is an example of one possible legislative solution.

RCW 82.46 authorizes local governments to enact up to 0.25% of the annual sales for real estate for capital facilities. The Growth Management Act authorizes another or 2nd 0.25% for capital facilities. Revenues must be used solely for financing new capital facilities, or maintenance and operations at existing facilities, as specified in the capital facilities plan.

An additional option 3rd REET is available under RCW 82.46.070 for the acquisition and maintenance of conservation areas if approved by a majority of the voters of a county.

The first and second REET may be used for the following capital facilities:

- The planning, acquisition, construction, reconstruction, repair, replacement, rehabilitation, or improvement of streets, roads, highways, sidewalks, street and road lighting systems, traffic signals, bridges, domestic water systems, and storm and sanitary sewer systems, or
- The planning, construction, repair, rehabilitation, or improvement of parks and recreational facilities.

In addition, the second REET may be used for the following:

- The acquisition of parks and recreational facilities, or
- The planning, acquisition, construction, repair, replacement, rehabilitation, or improvement of law enforcement facilities, protection of facilities, trails, libraries, administrative and judicial facilities, and river and/or floodway/flood control projects and housing projects subject to certain limitations.

Like bonds, REET funds may not be used to finance operation and maintenance requirements.

Unlimited general obligation bonds

Burien may use voter referendums as a means of financing a larger portion of the capital improvement program, since unlimited obligation bonds are not

paid from the property tax subject to the 1.0% limitation.

Voter approved capital improvements may be more representative of actual resident priorities than some other methods of validating capital expenditures, and will at the least, ensure referendum submittals provide widespread benefits.

However, bond revenue cannot be spent for maintenance and operational issues - and bond referendums must be approved by a margin over 60% of at least a turnout of 40% of the registered voters who participated in the last election.

General levy lid lift referendums

Proposition 747, the statutory provision limiting the growth of regular property taxes to 1.0% per year, can be waived by referendum approval of a simple (50%) majority of Burien's registered voters. Voters can be asked to approve a resetting of the property tax levy rate or of approving a special purpose limited duration (typically 6-9 years) dedicated property tax levy that would adjust the amount of revenue Burien can generate.

The new total revenue that can be generated by a resetting of the rate or of approving a special dedicated and limited duration levy would be subject to the same 1.0% limitation, however, and the total amount of revenue and the resulting property tax rate would start to decline again in accordance with the Proposition.

However, the adjusted rate and revenue could finance specific capital improvement projects - or programs that involve construction, maintenance, and operations aspects that a majority of the voters are willing to pay for under the adjusted rate or a specially approved levy.

The resetting of the rate can be permanent, subject to the provisions of Proposition 747, or temporary, where the rate is adjusted until a specific amount of revenue has been generated to finance a project or program - whereupon the rate reverts to the original or a specified amount defined in the referendum.

Metropolitan Park District (MPD) (SB 2557)

In 2002, the state legislature authorized the establishment of metropolitan park districts (MPD) as special units of government that may be wholly independent of any involvement with a city, county, or any other local public agency or jurisdiction.

Metropolitan park districts may provide recreational facilities that are specific to the district's boundaries in return for the district residents' agreement to pay the special development, operation, and maintenance costs utilizing special financing devices.

Metropolitan park districts must be initiated by local government resolution or citizen petition following hearings on feasibility and costs studies of the proposed district's facility development or operation costs.

The proposal must ultimately be submitted for voter approval (50%) including all provisions relating to any special financing agreements. The voters must initially approve the formation of the district, and may designate existing elected officials, or a body appointed by existing elected officials or elect district commissioners or officers solely responsible for park and recreation policy.

Voters must also approve the establishment of **a continuous levy as a junior taxing district – compared with 3 year levies under a recreation service district** to provide maintenance, repair, operating costs, and facility acquisition and development projects.

Metropolitan park districts can be flexible and used to provide local or citywide recreational facilities in the same variety of custom service choices with the exception that the financing levy may be as a junior taxing district with a continuous levy.

The Tacoma Metropolitan Park District was established in 1909 and is the largest and oldest recreation park district in the State of Washington.

Revenue prospects – PROS private

Special use agreements

Special property agreements can often be used instead of property purchases to secure public use rights for land or property at no cost or a nominal fee, particularly where the possible public use is of benefit to the private landowner. Some forms of special use agreements can provide favorable tax benefits if the use agreement can be shown to have an assigned value.

Burien could expand the use agreement concept to include complete development, operation or maintenance responsibilities. Package lease agreements will usually provide more effectively maintained facilities than possible where Burien must staff specialized, small work crews.

Sometimes package lease agreements covering use and maintenance aspects may be the only way of resolving an equitable agreement with the private ownership. This may include trails on utility corridors where the ownership may prefer to control development and maintenance activities, and Burien may prefer to avoid any implied responsibility or liability for the utility worthiness that Burien's maintenance of a trail system could imply.

Public/private service contracts

Private market skills and capital may be employed in a variety of ways including the use of public/private services contracts where a private party can be contracted to operate and maintain a facility for a fixed fee cost. Service contracts can be very efficient where the activities are small, scattered in location, seasonal, expert or experimental. Service contracts are also relatively easy to initiate or terminate if area demand fails to provide sufficient use or revenue to justify continued operation.

Service contracts may be very flexible and can include agreements with the county, school district or local user groups who can or would be interested in sustaining the activity on a subsidized or sweat-equity basis in exchange for the facility.

Public/private concessions

Burien could lease a portion of a site or facility to a private party in exchange for a fixed fee or a percentage of gross receipts. The private operator assumes operation and maintenance responsibilities and costs in exchange for a profit. For certain types of facilities, such as enterprise fund account facilities like a golf course, campground, marina, indoor tennis courts, or community center Burien's portion of the profits may be used to pay facility development and/or operation and maintenance costs at the same or for similar facility developments.

Burien may save considerable monies on concessions where the activities are specialized, seasonal, experimental or unproven. Concessions can be easily initiated, provide direct user benefit/cost reimbursements and relieve Burien of a capital risk should market or user interest fail to materialize to at least break-even levels.

Concessionaires could operate a wide variety of park and recreational facilities including boating and bicycle rentals, special group and recreational vehicle campgrounds, athletic field and court facilities, and swimming pools and beaches, among others.

Public/private joint development ventures

Burien can enter into an agreement with a private or public developer to jointly own or lease land for an extended period of time. The purpose of the venture would be to allow the development, operation, and maintenance of a major recreational facility or activity in exchange for a fixed lease cost or a percentage of gross receipts.

The developer assumes development, operation, and maintenance responsibilities, costs, and all market risks in exchange for a market opportunity providing a profitable return not otherwise available. Burien realizes the development of a facility not realized otherwise in exchange for a low minimum capital return and no or very little capital risk.

Joint development agreements represent an ultimate benefit/cost resolution that may also provide public revenue that Burien could use for other development opportunities. Examples include the possible joint development on Burien lands of recreational vehicle campgrounds, seminar retreats, special resorts, swimming pools and water parks, golf courses, and gun and archery ranges, among others.

Self-help land leases

There are instances where an activity is so specialized in appeal or of a service area so broad in scope that it cannot be equitably financed using general public funds. Specialized user groups should be provided options for developing or maintaining facilities in ways that account for equitable public cost reimbursements.

Examples include the use of land leases where Burien may lease land at low or no cost where a user group or club assumes responsibility for the development, operation, and maintenance of the facility. The club could provide volunteer help or use club finances to develop, operate and maintain the facility as a means of meeting user benefit/cost objectives.

Land lease agreements could accommodate organized athletics like soccer, baseball, football, softball and rugby; or very specialized facilities like shooting ranges, archery fields, OHV trails, and ultra-light aircraft parks, among others.

Self-help contract agreements

Burien can purchase land, develop, operate, and maintain a specialized facility under a negotiated contract agreement where a special interest group agrees to defray all costs in addition to or in lieu of a user fee as a means of meeting user benefit/cost objectives. The agreements can be quite flexible and could contract the city, school district, the user group, another public agency or a private operator to be developer/operator.

Contract agreements could accommodate a range of more expensive special purpose facility developments including high quality athletic competition facilities for league organizations; and specialized facility developments like historical or children's museums, when and where the user organization can provide financial commitments.

General funding strategies

Using the strategies described above, funding sources should generally be matched to specific needs to avoid duplication and take advantage of each fund's specific possibilities. For example:

Program services

Fees and charges should be used to finance program services to the maximum extent possible and practical to provide cost/benefit equities and efficiencies. Property tax levy funds should be used to cover shortages where fees cannot be readily collected, as in most special events, or where fees may not be easily raised to cover all operating costs for programs Burien deems to have special social benefits to the district.

Facility operation, maintenance, and minor construction

Property tax levy funds should be used to pay operation and maintenance costs for facilities and activities that cannot be financed with fees and charges or financed with other funding methods. Property tax levy funds are flexible and can be adjusted to meet annual programming variations or priorities.

Where appropriate, maintenance and operation funds for facilities that are impacted by urban growth should be reimbursed or provided by Burien and the Highline School District subject to the pending resolution of an inter-local agreement on planning and services.

The funds collected from the excise tax on real estate sales (REET) should be used to finance minor construction improvements to existing properties. The money should also be used to help purchase sites when opportunities arise that cannot await other, less flexible funding methods. Like property tax levy funds, the monies collected from REET are flexible and can be adjusted to meet annual programming needs or sudden changes in priorities or opportunities.

Recreational facility development

Recreational facilities, athletic fields in particular, are important to Burien's programs but satisfy relatively small proportions of the population compared with parks and trails.

Bonds, levies, and other fixed forms of financing should be used to pay for the development of parks, trails, and other facilities that residents assign high priorities. Recreational facilities with low to moderate priorities should be financed with property tax levy funds, REET, and other more flexible sources of financing.

Burien should investigate the possibility of implementing a wide range of joint recreational facility developments with the Highline School District. Such ventures could finance acquisition and development costs using open space and school facility development bonds, or conservation futures and REET - and Burien could finance operating and maintenance using service charges and property tax levy funds.

Joint venture agreements could better match costs/benefits with users, avoid duplication, save cost, increase service, and allow each agency to make the best use of funds.

Parks, natural areas and trail development

Parks and trails benefit the largest percentage of the population and will probably be easier to obtain voted bond or property tax levy issues for than other more specialized uses. General obligation bond or special property tax levy packages could finance the high priority conservancies and trail acquisition and development proposals contained within the development plan chapter of this document.

When necessary and appropriate, Councilmanic bonds could be used to purchase sites when opportunities require fast action, or to match possible Washington State RCO state or federal grants for park and trail developments.

Special developments

Some proposed projects represent unique facilities that may not be easily financed with conventional funding methods. Burien should explore the opportunities that may be available for the development and funding of joint public/private facilities with private property owners or developers.

Joint ventures could save costs, reduce program requirements and provide city residents services and facilities not available otherwise.