

## Chapter 6: Finances

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An analysis was accomplished of recent financial trends in Jefferson County and the impact federal and state program mandates, revenue sharing, and the county's urbanization have on the discretionary monies available for park, recreation, and open space. The analysis also reviewed trends in county revenues and the affect alternative revenue sources may have on financial prospects. Following is a brief summary of major findings:

### 6.1 Revenues – general government

County revenues are generated from a variety of sources including general funds, special revenues, debt service, capital funds, enterprise funds, internal service funds, and as a state and federal funding pass-through. Following is a brief description of each funding source.

#### Revenues by all governmental fund types (\$000)

	Taxes	Licnse Permits	Intrgvtl Revne	Chges Svs	Fines	Misc	Total (000)
1998	\$ 9,105	\$459	\$6,224	\$1,466	\$367	\$1,810	\$19,433
1999*	10,312	413	6,560	1,526	407	1,625	20,845

Source: Auditors Annual Report 31 December 1999

#### General Fund

General funds are derived from property taxes, licenses and permits, intergovernmental revenues including state and federal grants, service charges and fees, fines and forfeitures, and other miscellaneous revenues including donations. 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. Following is a brief description of each revenue source:

#### General Fund revenues (\$000)

	Taxes	Licnse Permits	Intrgvtl Revne	Chges Svs	Fines	Misc	Total (000)
1999*	\$7,183	\$403	\$1,388	\$909	\$374	\$691	\$10,950

Source: Auditors Annual Report 31 December 1999

- Sales tax - is the county's largest single revenue source and may be used for any legitimate public purpose. The county has no direct control over this source. The taxes are collected and distributed by the state and may fluctuate with general economic and local business conditions.
- Property tax - counties may levy a property tax for general governmental purposes at a rate not to exceed \$1.80 per \$1,000 on the assessed value of all taxable property within a county. An additional \$2.25 per \$1,000 may be levied

for road construction and maintenance needs on the assessed value of taxable property within the unincorporated area of a county.

In 2001, Washington State law was amended by Proposition 747 to limit the growth of the regular property tax levy at 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. In practice, however, the statute reduces the effective property tax yield to an annual level far below a county's levy authorization.

- Licenses and permits – includes revenues generated from business and occupational licenses, 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. Federal governmental grants and funding pass-through funds include the Department of Housing and Urban Development's (HUD) Community Development Block Grants (CDBG) and revenue sharing.
- Charges for services – includes revenue generated to pay for garbage, landfill, utility, and other operating services provided by the county or a county concession or licensee.
- Fines and forfeits – 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, 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), Conservation Futures, Paths and Trails Fund, County Fair, and the like.

**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.

**County debt capacity**

1999 assessed valuation			\$2,335,894,470
Debt type	Limit*	Amount	Debt @ 12/31/99
Councilmanic bond capacity	1.5%	\$17,519,209	\$ 1,252,994
General obligation bond capacity**	2.5%		2,555,000
Total allowable debt	7.5%		\$

Available capacity

\* Percent of the total estimated assessed valuation.

\*\* Require voter validation where cast votes equal at least 40% of the total votes cast in the last state general election.

- Councilmanic (limited or non-voted) bonds - may be issued without voter approval by the Board of Commissioners 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 county 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 Board of Commissioners may need to fund annual budget priorities. For this reason, Councilmanic bonds are usually only used for the most pressing capital improvement issues.

- Unlimited general obligation bonds - must be approved by at least 60% of resident voters during an election which 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 debt that may be incurred by limited and unlimited general obligation bonds together, however, may not exceed 2.5% percent of the assessed valuation of the county.

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. Enterprise revenues are used to pay operating costs, retire capital facility debt, and plan future replacement and expansion projects – usually for sewer and water, storm water drainage, airports, and other basic infrastructure requirements.

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.

#### **Internal service funds**

Internal service funds are fees charged between county departments or agencies for operating support services. Internal service funds are used to pay operating costs, staff, equipment, and other supporting services – such as equipment rental, computers, custodial services, radio communications, vehicle fleet rentals, self insurance, and workers compensation.

#### **Capital improvements funding implications**

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

The 101% statutory limit on local property tax yields combined with the sporadic and un dependable nature of federal and state grants and revenue sharing prevents or discourages the county from making long term capital investments in urban infrastructure necessary to support urban development. The 101% statutory limit on the general fund levy in particular, severely curtails the county's ability to operate and maintain urban facilities and services even if the county only utilized unlimited general obligation bonds as a means of providing capital financing.

## **6.2 Expenditures – general government**

Jefferson County annual governmental expenditures include each department's current operating expenses and major interdepartmental costs consisting of debt service, capital improvement programs, and general services.

### Park, recreation, and open space expenditures

	County Expenditures	Parks & Recreation		Conservation Futures	
	Total funds	Amount	Percent	Amount	Percent
1997	17,681,196	676,882	3.8%		
1998	19,443,923	446,128	2.3%		
1999	21,729,947	430,991	2.0%		
2000	22,200,402	532,449	2.4%		

*Source: Auditor's Annual Report 31 December 1999, and 2001 Final Budget & Program Narrative, note - Conservation Futures authorized beginning year 2002.*

The county's total expenditures increased from \$17,681,196 in 1997 to \$22,200,402 in 2000 or by 25.6%. By comparison, expenditures for Parks & Recreation decreased from \$676,882 to \$532,449 or by 27.2% declining from 3.8% to 2.4% of all county expenditures. Over this four year period the average Parks and Recreation Budget was \$521,612 or an average of 2.6% of the county's annual budget.

In 1991, however, the Board of Commissioners enacted Ordinance 91-65 to establish the Conservation Futures Property Tax (CF), as authorized by RCW 84.34.230. The property tax levy provides a reliable and predictable source of funds to help acquire interests in open space, habitat areas, wetlands, farm, agricultural, and timberlands in both the unincorporated and incorporated areas of the county – an objective closely associated with park land acquisitions.

## **6.3 Revenue prospects – general government**

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

### General levy rate referendums

The 101% statutory limitation could be waived by referendum approval of a majority of the county's registered voters. The referendum could establish a new levy rate at whatever amount residents prefer below the maximum authorization of \$1.80 per \$1,000 assessed valuation.

The new rates would be subject to the 101% statutory limitation, however, and would ultimately decline in purchasing power requiring referendum adjustments at successive points in time. However, the new rate could establish a continuing levy amount above the existing rate that could be dedicated to the exclusive

development of non-motorized transportation and trail acquisition, development, operation, and maintenance facilities and programs on a continuous basis.

#### **Unlimited general obligation bonds**

Jefferson County has not recently submitted a major bond proposal to resident voters for the funding of a major park and recreation acquisition or development. Consequently, there is no way to know for sure whether county residents will validate an unlimited general obligation bond for the financing of a major countywide park and recreation development effort. Other agencies have offered bond proposals to residents within portions of the county with different success rates.

There may be support for a countywide bond proposal for park and recreation development purposes if the contents of the proposal offers facility benefits of interest to county voters, and the bond effort is properly coordinated to realize a high enough voter turnout to validate the results.

The county may come to depend on voter referendums as a means of financing a larger portion of the county's capital improvement program, since unlimited obligation bonds are not paid from the general fund levy subject to the 101% 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.

#### **User fees**

The county presently charges a fee for most activities including use of baseball fields, campsites, group picnic facilities, and a variety of community and recreation center services such as and meeting room rentals.

The county's gross revenues have steadily increased on an annual basis primarily because of a rise in the volume of annual recreational activity and due to an increase in some rates to cover a larger percent of operating costs.

User fee administration, management, and collection costs have not been analyzed in detail but may be significant consuming from 25 to 75% of the gross proceeds for facilities that have low user volumes, turnover or fee charges - like group picnic facilities. Conversely, user fee charges may be relatively easy and efficient to collect on facilities that have very high user volumes, turnover or fee charges. High volume activities, in fact, may generate revenue sufficient to pay some facility operating and maintenance costs.

### ***6.4 Expenditures – parks, recreation, and open space***

#### **Park expenditures**

Jefferson County Department of Parks, Recreation and Community Services budgets provide for a variety of operational activities including staff costs, supplies, services and capital outlays, and some facility development activities including debt service on bonds, capital improvement projects, and physical development grants.

	Staff	Total budget	Park Improvements	Pcnt
1998	7.08	\$ 446,128	\$123,801	27.7%
1999	7.65	430,991	83,345	19.3%
2000	7.70	532,449	131,336	24.6%
2001	8.30	633,629	190,751	30.1%

Source: 2001 Final Budget & Program Narratives – for Parks and Recreation, HJ Carroll, Parks Improvement.

Most of the department's annual budget is devoted to staff including salaries, wages, and personnel benefits. However, the amount devoted to staff costs has declined as a relative portion of the department's budget. Likewise, the department's total staffing has remained relatively constant even though the county has increased in overall population, and presumably in park and recreation service requirements.

An increasing portion of the department's annual budget is absorbed by other services and charges, a category that includes fees for officials and umpires, class instructions, temporary help, professional services, telephone and communication costs, vehicular rentals and travel, and equipment replacement and repair.

The portion of the department's overall budget devoted to capital outlay has remained relatively small other than H.J. Carroll Park. Major capital outlay expenditures have been devoted to machinery and equipment purchases rather than land acquisitions, construction or other facility improvements. Generally, the department's operating budget funds minor construction and repair efforts by department staff, rather than construction projects by outside contractors.

Park improvement projects

	Project	Project cost
1999	Parks capital improvement fund	\$ 32,776
	HJ Carroll capital improvement fund	58,171
2000	Irondale & Quilcene field & building improvements	5,000
	Community park grants	10,000
	HJ Carroll Park	112,289
2001	Community park grants	10,000
	Park signage	5,000
	Quilcene campground toilet	18,000
	Courthouse Park court improvements	3,000
	Soul-Salmon environmental project	3,500
	Gibbs Lake Challenge Course development	2,000
	HJ Carroll Park	151,545
	Total	\$411,281

The department has an extensive list of major construction and repair requirements. However, the county has not had the funds available within the general fund with which to finance major park and recreation improvement projects given other more critical county requirements for jail, court, sheriff, health, and mental health facilities.

### **Conservation Futures acquisitions**

Conservation Futures monies are spent in accordance with project objectives developed by the Technical Advisory Committee (TAC) and Citizen Advisory Commission (CAC) on open space. Initially, authorization to collect the funds began in 1991, actual Conservation Futures funding begins in year 2002.

### **Funding implications**

Jefferson County 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 county can no longer depend entirely on traditional revenue sources as a means of funding capital improvement projects.

*Jefferson County must devise new financial strategies with which to develop facilities to meet the park, recreation, and open space interests of county residents.*

## **6.5 Prospects – park, recreation, and open space organization**

*Given the current fiscal conditions affecting general government, and the revenues affecting park, recreation, and open space services in particular, the following options should be used to deal with future capital needs:*

### **Recreation service areas (RCW Chapter 36.68)**

State legislation authorizes the establishment of local recreation service areas that correspond to the logical service boundaries of an area's recreation facilities. The county may provide recreational facilities that are specific to a community in return for the community's agreement to pay the special development, operation, and maintenance costs utilizing special financing devices.

Special recreation service areas may be initiated by a Board of Commissioners resolution or citizen petition following hearings on feasibility and costs studies of the proposed facility development or operation costs. The proposal must ultimately be submitted for voter approval including all provisions relating to any special financing agreements.

The method is tremendously flexible and can be used to provide local recreational facilities in a variety of custom service choices including where the:

- **operating agency** - may consist of a common property owners association, an adjacent city or school district, a private operator or the county parks department as the facility developer, operator or maintenance entity.
- **boundaries** - may consist of the owners of a residential development project, of unincorporated county, of an incorporated city, of a school district or any other physical boundary that corresponds with recreation service benefits.
- **services** - may be multipurpose including all types of recreation facilities and programs or single purpose providing a single type of facility service like a swimming pool, soccer fields, shooting range or other activity.
- **financing** - may be by user fees, levies, bonds, self-help contributions or private concessionaire agreements for facility development, operation and maintenance costs.

There are no limitations on the number of recreation service areas that can be established within a county. Conceivably, recreation services could be fully implemented by a multitude of local, even overlapping, recreation service areas providing a custom mixture of recreation facilities and services according to each community's unique sponsor, boundary, service and financing preferences. Parks & Recreation may or may not be involved in the actual particulars of a local recreation service area depending on area resident preferences.

**Recreation service districts (RCW Chapter 36.69)**

State legislation authorizes the establishment of recreation service districts as special units of government that may be wholly independent of any involvement with a county or any other local public agency or jurisdiction. 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.

Special recreation service districts must be initiated by local jurisdiction 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 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. Separate voter approvals must be sought for 3-year operating levies providing maintenance, repair, operating costs, and facility acquisition and development projects.

*Like the recreation service area, a recreation service district can be flexible and used to provide local recreational facilities in the same variety of custom service choices with the exception that the governing board may be separately elected.*

There are no limitations on the number of separate recreation service districts that can be established within a county, provided no district overlaps another. The Tacoma Metropolitan Park District was established in 1909 and is the largest and oldest recreation park district in the State of Washington.

**Metropolitan park districts (SB 2557)**

In 2002, the state legislature authorized the establishment of metropolitan park districts 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. Like recreation service districts, 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.

Unlike recreation service districts, 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.

*Like the recreation service district, a metropolitan park district can be flexible and used to provide local 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.*

There are no limitations on the number of separate recreation service districts that can be established within a city, county, or as a combination of multiple cities and counties provided no district overlaps another.

### **6.6 Public revenue prospects – parks, recreation, and open space**

*All three organizational options above can use the following financial devices to create park, recreation, and open space systems and services:*

#### **Environmental impact mitigation – subdivision regulations**

County subdivision policies could require developers of subdivisions to provide suitably designed and located open spaces, woodland preserves, trail systems, tot lots, playgrounds, and other park or recreational facilities including major components of the park or recreational system that may be affected by the project's location or development. The county 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,
- dedication of property - to an adjacent city or school district who assumes maintenance responsibilities using local city or school funds, or
- creation of a special recreation service district - where locally elected district representatives manage maintenance requirements and select a local method of financing.

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

#### **Growth impact fees**

Jefferson County could adopt a growth impact fee provision in accordance with the recently enacted Washington State Growth Management Act (GMA). A park impact fee could be applied to all proposed residential developments within the unincorporated county as a means of maintaining existing park, recreation, and open space levels-of-service (ELOS). The ordinance could estimate the impact each development project has on park, recreation, and open space facilities within the project's local service zone and make provisions for setting aside the

resources, including lands or monies, necessary to offset the project's local or neighborhood and community or regional facility impacts.

The dollar value of the project's park, recreation, and open space impact can be offset by the project developer of an amount equal to the combined facility acquisition and development costs that the county and/or another providing agency would incur to maintain the same existing level-of-service (ELOS).

A developer may be allowed to choose any combination of land or cash mitigation measures including credit for any park or recreation facilities to be included within the project development. The ordinance should consider the following when determining the types of mitigation measures or development credits to be made available to the developer:

- will the facility - be available to the public,
- have a designated owner - responsible for continuing operation and maintenance (the owner may be a common property owner's association, school district or other agency), and
- correspond to and not exceed or vary from - the types of park, recreation, and open space facilities that are being impacted (a developer could provide but should not be able to take full credit value for facilities for which there is no shortage, impact or local interest).

Land contributions can be accepted in lieu of monies if the lands will be suitable sites for future facilities. Land and monies accumulated under the proposed ordinance must be invested within a reasonable time of impact assessment or be returned to the contributing developer.

The county could conduct periodic program reviews with residents, user groups, the school district, and other agencies to decide the most efficient and representative way of delivering the facilities mitigated by the ordinance. Alternative delivery methods could include:

- acquisition of suitable sites - in conjunction with other public or school facilities including title transfer if other public or school agencies enter into special agreements assuming development, operation, and maintenance responsibilities and costs,
- development of facilities - on other public or school sites if other public or school agencies enter into agreements assuming future operation and maintenance responsibilities and costs, or
- any other alternative - including development, operation or maintenance proposals by user groups or private concessionaires or developers that provide a viable facility in accordance with the park, recreation, and open space strategies outlined.

#### **Inter-local agreements**

Jefferson County should work with Port Townsend to determine an equitable means whereby growth mitigation park impact fees can be collected for residential developments occurring within the urban growth area outside of existing city limits, but within the area the city eventually expects to annex.

A joint growth impact fee should be collected where the county and city maintain the same local and regional or citywide level-of-service (LOS) presently existing within the incorporated (city) and unincorporated (county) sections, and for the

urban growth area in total. A common fee could be collected by each agency, then shared on a project by project basis for improvements benefiting local neighborhoods (and potential residents of proposed subdivisions) or residents of the community and urban growth area-at-large.

The county should also work with local school districts to determine to what extent the county could cooperatively finance shared or common facility improvements. Such improvements could use co-located school and park sites, commonly improved and scheduled fields and facilities, and the sharing of park and school growth impact fees - among other options.

It is to Jefferson County's advantage to assist local cities and school districts with the development and operation of common facilities since these facilities serve residents of the entire county.

In return, however, Port Townsend and the school districts must determine some equitable means whereby the city, county, and school district perform or reimburse each other for some of the added facility maintenance and operational impacts that users create on each agency's facilities.

#### **User fees and charges**

The county may 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, the county becomes a facility developer/operator providing whatever facilities or services the market will support from user revenue.

User fees 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 county boundaries. Possible facilities include indoor tennis and racquetball facilities, golf courses, horse stables and equestrian centers, boating resorts, recreational vehicle parks, and any other facility where demand is sizable enough to warrant a user fee financing approach.

In essence, the market would determine which facility's revenues equal costs, and thereby, which programs the county would provide on a direct costs/benefit basis.

#### **Special funding sources**

Jefferson County could approve or submit for voter approval the following special financing options.

- **Conservation Futures** – RCW 84.34.230 authorizes a property tax levy to provide a reliable and predictable source of funds to help acquire interests in open space, habitat areas, wetlands, farm, agricultural, and timberlands in both the unincorporated and incorporated areas of the county. In 2001, the Board of Commissioners enacted Ordinance 91-65 to implement the levy provision.
- **REET (Real Estate Excise Tax)** – RCW 82.46 gives county governments the option of adding up to three 0.0025% increments to the real estate excise tax (REET) for the sole purpose of financing local capital improvement projects. The Board of Commissioners have adopted the first two REET options, the third could

be submitted for voter approval. REET funds may not be used to finance operation and maintenance requirements.

### **State grants**

Washington State funds and administers a number of programs for non-motorized transportation and trails purposes using special state revenue programs.

- 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 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 trail basis in 1999, and since renewed for the 2001-2003 biennium, provides funds for the restoration and renovation projects for historical sites and buildings by local governments and nonprofit agencies. The program is administered by the Heritage Resource Center (HRC).
- 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 IAC 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 program is administered by the Community Outdoor Athletic Fields Advisory Council (COAFAC) of the IAC.
- Non-Highway & Off-Road Vehicle Activities Program (NOVA) – provides funding to develop and manage recreation opportunities for users of off-road vehicles and non-highway roads. An allocation (1%) from the state Motor Vehicle Fuel Tax (MVFT) and off-road vehicle (ORV) permit fees fund the program. NOVA funds may be used for the planning, acquisition, development, maintenance, and operation of off-road vehicle and non-highway road recreation opportunities.

- *Firearms and Archery Range Recreation Program (FARR)* – provides funds to acquire, develop, and renovate public and private nonprofit firearm and archery training, practice, and recreation facilities. The program is funded from a portion of the fees charged for concealed weapons permits.

### **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 Interagency Committee for Outdoor Recreation (IAC) 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 IAC 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 park, recreation, and open space needs and interests. Due to diminished funding, however, IAC grants have not been a significant source of project monies for city or other local jurisdictions in recent years.

- *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 (N RTP)* – 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.

- *Boating Infrastructure Grant Program (BIG)* – supports development and renovation of areas for non-trailerable recreational boats over 26 feet, and related support elements on US navigable waters. Funds may be used to produce and distribute information and educational materials. The federal program compliments the state-funded Boating Facilities Program (BFP) administered for smaller vessels.

## **6.7 Private revenue prospects – park, recreation, and open space**

*All three organizational approaches could use the following private options to deal with future program and project needs:*

### **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.

The county 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 the county 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 the county may prefer to avoid any implied responsibility or liability for the utility worthiness which the county'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 city, 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**

The county 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 golf courses, the county'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.

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

Concessionaire's could operate a wide variety of park and recreational facilities including horse stables and equestrian centers, boating and bicycle rentals,

special group and recreational vehicle campgrounds, athletic field and court facilities, swimming pools and beaches, shooting ranges, and ORV tracks, among others.

#### **Public/private joint development ventures**

The county 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. The county 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 the county could use for other development opportunities. Examples include the possible joint development on county lands of equestrian centers, marinas, hostels, recreational vehicle campgrounds, seminar retreats, special resorts, indoor racquetball courts and athletic clubs, swimming pools and water parks, golf courses, gun and archery ranges, and ORV competition tracts, 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 the county may lease land at low or not 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, ORV trails, and ultra-light aircraft parks, among others.

#### **Self-help contract agreements**

The county 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 county, 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, cities or schools; and specialized facility developments like shooting ranges and ORV tracks when and where the user organization can provide financial commitments.

