

January 16, 2019

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Dear Park District Board President Deborah Juarez:

In fulfilling the responsibilities outlined in section 4.4 of the interlocal agreement establishing the Seattle Park District (District), the Park District Oversight Committee (PDOC) has met at least quarterly since 2015 with leadership from Seattle Parks and Recreation (SPR) and community members. In this open public meeting setting, we have substantial dialogue, exchange information, engage in inquiry, provide feedback and make recommendations on District initiatives and investment.

The Interlocal Agreement commits the PDOC to four primary responsibilities, two of which are: *"Provide to the Mayor, City Council, and Superintendent of Parks and Recreation an annual report on the progress of expenditures, a mid-term report half-way through each 6-year period, and a final report in advance of each 6-year update to the spending plan,"* and

*"Reviewing an annual report prepared by Parks for the Seattle Park District and the City, including assessment of performance measures and expenditure of District funds including interest earnings, and reporting to the Superintendent and Park Board on implementation issues, concerns and needed adjustments in services or spending."*

At our December 11, 2018 meeting, the PDOC passed a motion *accepting* the attached District Mid-Cycle Report covering 2015-2017. In consideration of this decision and the ongoing implementation of the current District 6-year cycle (through 2020), we would like to emphasize the following:

### **Highlighted Successes**

First, we would like to formally recognize and salute SPR for their tremendous efforts and significant accomplishments in implementing the first 3 years of the District investment program. Many of the District program elements appear to be on track to accomplish their original six-year period goals. Key successes that should stand out to the public and the Park District Board include:

- **Making scheduled progress on the major maintenance backlog:** 44 projects completed to date, with 40 additional underway, and 120 scheduled for completion by 2021, while initiating a modern, tech-savvy Asset Management Work Order system.
- **The "third shift" approach to preventative maintenance** allowing for consistent and accessible hours of operation while moving forward with maintenance work orders.
- **Incorporating equity considerations into decision making** (e.g. the new and highly attended Recreation For All and Get Moving programs and the evaluation criteria for the Major Projects Challenge Fund).
- **Increased access to community centers and programs** via removal of drop-in fees.
- **Leveraging community partnerships and financial resources** (e.g. the Arts in the Park partnership and Major Projects Challenge Fund).
- **Refining capital asset management into a holistic approach**, both through phased funding allocations and coordinated construction scheduling, saving public dollars and reducing inconveniences to park users over the long term.

## Dollars & Cents

Expenditures for the first three years are summarized in the table below:

Parks District Financial Overview: Funding and Expenditures to date (millions)									
Park District 6-Year Budget*		Park District 2015-2017					2015-17 Other funding	Total funding 2015-17 (PD & Other)	Park District as % of total funding
		\$ budgeted**	\$ expended**	% of 3 yr budget expended	% of 6 yr budget appropriated	% of 6 yr budget expended			
Capital	168	74	29	39%	44%	17%	81	155	48%
Operating	106.4	35	34.3	98%	33%	32%	429	464	8%
Total	274.5	109	63.3	58%	40%	23%	510	619	10%

\*Based on Financial Plan adopted November 2018

\*\*Includes Operating Budget Carryforward Appropriation

## Challenges

As pleased as we are with the District successes, there is always room for improvement, and the PDOC is committed to supporting the District in that effort. As might be expected for a new multi-million dollar effort, SPR experienced significant start up challenges in its first three years of District implementation. With regular and transparent briefings from SPR, the PDOC identified issues to be addressed in the next three years and with the subsequent 6-year budget. These fall into two categories: 1) Internal Challenges: areas for District improvement that are within the control of SPR, and 2) External Challenges: areas that are outside of the control of SPR and deserve Mayoral and Parks Board (City Council) attention.

### Internal Challenges

**Metrics, Standards, and Tracking Systems:** Performance metrics, maintenance standards, and tracking systems are not yet fully in place, making it difficult to assess comprehensive progress. Though the Impacts Dashboard is a solid and commendable start, the Performance Management System must reflect operational and capital outcomes *relative* to targets and expectations. With the Asset Management Work Order System (AMWO), Park Inspection Program, and the BERK Recreation Survey established in these first three years, establishing a foundation of Key Performance Indicators and Maintenance Standards for capital expenditures relative to the District's scope of work should be in place by the end of 2019. In the next spending cycle, they should be comprehensive across all Initiatives, capital and operational, in each Outcome category (Healthy People, Environment, and Community).

**Timing and delays:** The design, transition, and implementation of SPR's shift from demand-based maintenance to a continuous integration process based on asset lifecycles will take time and understanding. This is detailed in the Mid-Term Report "Deep Dive" section and partially explains delays in the implementation of program elements. Also, the real priority to address climate change and equity issues adds complexity to the timing/order of projects and Lifecycle Cost Assessment Protocols. We are appreciative of the cost-saving course corrections and systems approach SPR has adopted to manage capital improvement projects, as this approach minimizes impacts to affected communities. Predictable District cashflow has made this possible. The new Open Budget Reporting tool developed and made available to the public in this first term is an excellent resource for communities to track the spending to date on neighborhood projects such as the 14 Landbanked Sites that are mostly in the "In Progress" phase. However, to keep the District accountable and to explain to communities anticipating improvements, there should be a modification of the feature that tracks the "Phase" of the projects to include (a) the expected time for completion, (b) an explanation for if/why the timing is off course, (c) narrative included with the "On Going" and "In Progress" phases, and (d) an explanation of any cost-saving course corrections that were implemented.

Reporting process: An agreed-upon process and protocol should be identified and put into place for PDOC's coordination with SPR in giving input for and writing the Annual Report, Mid-Term report, and Final Report.<sup>ii</sup>

Intertwining Funds: District funds are only *one component* of SPR funding and lines of business and project budgets intertwine. In 2015-2017, PD's \$35.5M in operating expenses and \$70M in capital improvement projects were 8% and 35% of SPR's annual operating and CIP budget, respectively. How and whether to integrate or delineate SPR's accomplishments and deliverables separate from those of the District's needs evaluation and must avoid unnecessary and inefficient repetition.

### *External Challenges*

Insufficient Investment: The level of investment does not appear sufficient for park acquisitions, community center operations, and the Major Projects Challenge Fund (MPCF). For instance, the MPCF was reduced by Council action to \$2 million per cycle, well below the level recommended by the citizen committee. The MPCF is a community capital investment program that *leverages additional dollars* with a 50/50 match. Four projects have been funded through construction (Kubota Gardens Ornamental Walls and Gates, South Park Community Center Playfield Improvements, Volunteer Park Amphitheater, and Green Lake Small Craft Center Redevelopment) bringing over \$8 million matching dollars to the District's investment in Seattle Parks. An additional 6 projects have received funding for design and planning and are therefore in the pipeline for future capital financing. This opportunity, along with increased park acquisitions and expansion of community center operations, were top priorities for voters when they initially passed the District and it is clear to the PDOC that the current level of funding will fall short of meeting these expectations.

Major Growing Pains: Rapid and unprecedented population growth has resulted in a significant increase in usage of park facilities, while a static 6-year spending plan has resulted in insufficient District funding for necessary services and maintenance to meet the growing needs. The Mayor and City Council can use their leadership to address this. SPR has had to deal with the real and present challenges this causes:

- Over 100,000 new Seattle residents over the past ten years equates to more adults, seniors, teens, kids, and dogs which equates to more wear and tear on in-demand parks and community centers. In other words, more trash for receptacles, more comfort station usage, more cleats on the same fields, more swimmers with the same number of showers, and more kids waiting on the same zipline. More residents loving our parks adds significant pressure to an aging system.
- The 2017 Open Space Plan sets goals of 8 park acres per 1000 residents which corresponds with the new Parks and Open Space Element in the City's 2035 Comprehensive Plan. For the City to meet this new citywide level of service by 2035, SPR needs to acquire at least 40 additional acres of parkland. In the current real estate economy, a \$2.1M allocation (2019-2020) is unrealistic in meeting those goals.
- Development for density puts pressure on parks. The presence of parks, recreation, community centers and open space are even more important when you have an increasing percent of the population living in density-driven development of small apartments with small or no yards. The extensive research on the health and community benefits of recreating outdoors reiterates why *with increased density there must be a matching priority to increase space for parks and recreation*. In other words, parks mustn't be an after-thought in the climb to densify and build an affordable Seattle. It must be a priority.

Timing and Construction Costs: This first cycle of District construction cost estimates were prepared right before this decade's economic boom. Demand was lower then and so were costs. As the economy has sped up, projects that started in design and were scheduled to be "shovel ready" by the middle of the six-year cycle faced much stiffer competition for bidding contractors than anticipated – leading to a major increase in construction costs. This is exacerbated by the fact that facilities were in worse shape than anticipated, which is highlighted in the Mid-Term report section "Deep Dive". This inflation has significantly impacted the ability of District funding to deliver on initial voter expectations. Learning this lesson, having a finalized *financial plan by June 2020* would help with the allocation and planning of CIPs so projects can flow smoothly from this cycle to the next, maximize our capital potential, and avoid administrative delays.



Fixed Income, Prices Rising: With a fixed income, in the face of tremendous economic growth and rising value of real estate, the purchasing power of the District levy declined. Without adjustments to how the rate is applied during economic growth and CPI increase, the levy will remain constrained into the future. The District would benefit from some thorough cost-benefit analysis conducted by the Budget Office around scenarios to address this limitation that include (1) the issuing of public bonds with District revenue, and (2) rate structure alternatives that are more resilient to economic and population fluctuations.

Lack of Flexibility: Just as SPR has identified that project course corrections are cost effective, the entire District needs the flexibility to make course corrections to a 6-year spending plan. Seattle's Comprehensive Plan is updated on a six-to-eight-year cycle, with the possibility for amendments *on an annual basis*. The District should also be afforded the opportunity for annual amendments.

### Next Six Years – Opportunities

With the next cycle of strategic planning and development of the 2021-2026 District spending plan now underway, the PDOC looks forward to helping SPR develop a sound program to guide District funding. Through February we will be meeting with neighbors in the community to obtain their ideas and input. Our initial list of ideas, suggestions and recommendations, based on three years' worth of public meetings, is provided below:

- We look forward to encouraging more options that create public, private, and non-profit **partnerships** to improve the condition of Seattle's Parks and **smartly leverage District funds**. Partnerships such as Spectrum Dance at Madrona Park, the Tiny Trees Preschool program at five of our parks, Sail Sandpoint in Magnusson Park, and Rainier Beach Urban Farm & Wetlands, are just a *few* partners that make Seattle Parks outstanding because of their participation and investment.
- A goal in the Seattle 2035 Comprehensive Plan is to consider **carbon reduction goals** via increased access to our parks by transit, bicycle, and on foot when **acquiring, siting, and designing** new park facilities, or improving existing ones. SPR is using GIS mapping technology to illustrate this with "story mapping" as this goal aligns with the 2013 Climate Action Plan (i.e. carbon neutrality by 2050). We look forward to opportunities that can leverage District funds for these mutually beneficial purposes of meeting both the Open Space Plan's acres:resident ratio goal and the reduction of carbon based on smart design.
- We will continue to monitor and provide input on the development of the District's comprehensive **performance management system** and expect to see it operational as we move into the next funding cycle, starting with capital expenditures.
- We look forward to seeing measurable improvements that impressive District programs like Recreation for All and Get Moving provide in giving priority to **access and equity for all**.
- Just as SPR has identified that project course corrections are cost effective, the entire District needs the **flexibility** to make course corrections to a 6-year spending plan. Further, we hope to have the opportunity to **evaluate rate policy** cost-benefit scenarios where the District's **purchasing power remains** sufficient to address the impacts of population growth.

We would appreciate the opportunity to discuss these challenges and opportunities with you *before* the June Parks Board meeting. Please contact us through Shanyanika McElroy at Seattle Parks and Recreation 206-733-7904 or [Shanyanika.McElroy@seattle.gov](mailto:Shanyanika.McElroy@seattle.gov).

On behalf of the Park District Oversight Committee,



Kelly McCaffrey, Chair  
Park District Oversight Committee

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<sup>i</sup> Given SPR's extensive expertise, capacity, and access to parks data, the PDOC passed a motion on June 19, 2018 to clarify that "SPR [will] draft [the Mid-Term] report on behalf of the [Park District Oversight] Committee. PDOC shall provide feedback, approve or deny the report, and provide a cover letter as an addendum to the report." Four of the PDOC 2018 meetings focused on the development of the Mid-Cycle Report (2015-2017). Topics included: a briefing on financial data, development of themes and key findings, a review of program level highlights and challenges, and an initiative level review.

<sup>ii</sup> PDOC greatly appreciates the effort and tremendous energy that SPR staff put into the Mid-Term Report incorporating our initial input and feedback. However, before the next annual report, PDOC will work with SPR to establish: 1) a more clearly defined process and protocols for PDOC's assessment role; 2) an agreed upon timeline for feedback and final report drafts; and 3) a process for regularly assessing the status of Park District Initiatives using the approach developed by Parks (ie. Green, Yellow, Red) as a starting point, and 4) integration of the forthcoming Performance Metrics. We believe that by clarifying these protocols and processes in 2019 we will be able to: 1) more prudently and effectively fulfill the PDOC's oversight role; 2) support SPR as it delivers on its commitments for the second half of the Park District Six-Year Spending Plan; and 3) develop with SPR a shared understanding of what "success" looks like for the District.

