

## Appendix E: Finances

An analysis was accomplished of recent financial trends in Whatcom 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:

### ***E.1 Revenue and expenditures - general government***

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

#### ***General fund***

The General Fund is 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. 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.

- ***Property tax*** - under Washington State's constitution counties may levy a property tax rate not to exceed \$1.80 per \$1000 of the assessed value of all taxable property within the county jurisdictional limits. The total of all property taxes for all taxing authorities, however, can not 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 county's levy authorization, particularly when property values are increasing rapidly.

- ***Sales tax*** - is the second largest General Fund 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.
- ***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.

### **County Roads Fund**

The County Roads Fund is derived from property taxes, gas taxes, license fees, inter-governmental revenues including state and federal grants, service charges and fees, and other miscellaneous revenues. The County Road Fund is used to finance most roadway operations including staff, equipment, capital facility, and other requirements. Non-motorized transportation improvements are funded from the County Roads Fund. Recreational trails projects that provide a connection between destinations are also appropriate to fund from the Roads Fund. Following is a brief description of each revenue source:

- **Property tax** - the County may levy up to \$2.25 per \$1,000 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. Any amount that is not charged up to the maximum at the time of the referendum, however, may be “banked” for future authorization.

- **Motor Vehicle Excise Tax (MVET)** - Washington State (RCW 82.44) collects an annual excise tax paid by motor vehicle owners and administered by the Department of Licensing. Cities and counties receive a percent of the base tax allocation that must be spent on police and fire, or roadway improvements. RCW 47.30.050 require local governments collect and dedicate not less than 0.005% of the total amount of MVET funds received during a fiscal year for the development of paths and trails.

- **Motor Vehicle Fuel Tax - Arterial Streets (MVFT-AS)** - RCW 82.36 collects an annual tax paid by gasoline distributors and administered by the Department of Licensing. Cities and counties receive a percent of the base motor vehicle fuel tax receipts. The revenues must be spent for highway purposes including the construction, maintenance, and operations of streets, roads, and non-motorized systems.

- **Licenses and permits** - includes revenues generated from vehicle and truck license fees. Generally, these fees are used to pay for the inspections, processing, and other charges necessary to perform supporting highway and transportation services.

- **Washington State intergovernmental revenue** - includes state grants or pass-through revenues, usually earmarked for specific programs. State grants are allocated under the Urban Arterial Trust Account (UATA) and Transportation Improvement Account (TIA) with a 20% matching requirement for alleviating roadways with traffic congestion or accident problems, and/or caused by economic development or growth. Both funds may be used for multi-modal improvements including non-motorized transportation systems.

- **Federal intergovernmental revenue** - includes federal grants or pass-through revenues, usually earmarked for specific programs. Federal grants are allocated under the Federal Transportation Equity Act for the 21st Century (TEA-21). Programs under this Act include the Surface Transportation Program (STP), Transportation Enhancement Program (STP-EH) and Safety Program (STPS) Funds may be used for multi-modal improvements including non-motorized transportation systems. The US Department of Transportation and Federal Highway Administration administer federal governmental grants and pass-through funds.

- ***Charges for services*** – includes revenue generated from operating services provided by the county or a county concession or licensee.
- ***Fines and forfeits*** – includes monies generated from traffic fines, vehicle forfeitures, and other penalties.

***Special revenues***

Special revenues are derived from state and local option taxes dedicated to specific expenditure purposes, such as the real estate excise tax, motel and hotel tax, public art, criminal justice, 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).

***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 County 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 County Council 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 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 gun ranges, golf courses, equestrian centers, 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 annual county 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 county from making long term capital investments in infrastructure necessary to support the county's development. The 1% statutory limit on the general fund levy in particular, severely curtails the county's ability to operate and maintain park, recreation, and open space facilities and services even if the county only utilized unlimited general obligation bonds as a means of providing capital financing.

## **E.2 Revenue prospects - general government**

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

### **User fees and charges**

Whatcom County 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.

### **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 county 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**

Whatcom County 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 can not be spent for maintenance and operational issues – and bond referendums must be approved by a margin over 60% 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 Whatcom County’s registered voters. Voters can be asked to approve a resetting of the property tax levy rate or of approving a special purpose property tax levy that would adjust the amount of revenue the county 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 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.

**E.3 Expenditures – parks, recreation, and open space**

**Park expenditures**

In total, all expenditures for Parks & Recreation categories were \$2,460,409 in 2005 or 3.7% of all County expenditures. The amount of funds that have been available to expense for Parks & Recreational purposes has not yet reflected the expected impacts from Proposition 747 on overall county revenues.

	Co Expenditures Operating funds	Parks & Recreation Amount	Percent
2005	\$ 66,517,126	\$ 2,460,409	3.7%

Source: Annual Statement 2005

Whatcom County Department of Park & Recreation 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. The Department is organized into 3 operating divisions focused on:

- **Administration & Accounting** – including management of the Park Board and citizen committees, and of department financial assets and accounts,
- **Park Operations** - of grounds and buildings, and
- **Recreation** – including senior centers, environmental programs, and youth and family activities.

**Park revenues**

Park revenues are generated from a number of sources in addition to the General Fund including:

- **Group revenue** – derived from user fees for boat launches, cabins and night lodges, boat rentals, campsites, stable and horse fees, building rental fees, group picnic shelter fees, snack bars and other concessions, and ferry exchange fees,
- **Other funds** – from capital maintenance fund and park acquisition set-asides, Real Estate Excise Tax (REET), and Hotel/Motel Tax (Tourism Fund), among others

In the 2005 budget for core department functions the General Fund provided \$2,460,409 or 76%, Group Revenue provided \$765,616 or 24% of the \$3,226,025 budget total.

### **Funding implications**

Whatcom 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.

To meet the park, recreation, and open space interests of county residents, Whatcom County must devise new financial strategies.

### **E.4 Prospects – park, recreation, and open space organization**

Given current and projected fiscal conditions affecting general government, and the revenues affecting park, recreation, and open space services in particular, the following options could 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 County Council 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 and recreation 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 multipurpose trail, horse trail, community park, 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. The Parks & Recreation Department 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.

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.

#### **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 or countywide 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.

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

## ***E.5 Public revenue prospects – parks, recreation, and open space***

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

County subdivision policies require developers of subdivisions within the county, or on lands that may eventually annex to adjacent cities, to 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. 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 park or recreation or open space 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***

Whatcom County could adopt a growth impact fee provision in accordance with the 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, cities, school districts, 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***

Whatcom County could work with the cities 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 each 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 the 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 Whatcom County's advantage to assist the cities and school districts with the development and operation of common facilities since these facilities serve residents of the entire county.

In return, however, the county, cities, and school districts must determine some equitable means whereby the cities and school districts 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 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 county boundaries. Possible user fee financed facilities include the gun range, 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 determines which facility's revenues equal costs, and thereby, which programs the county would provide on a direct costs/benefit basis. To date, county 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 the County Council to determine to what extent the public benefits merit the subsidized fee revenues.

### **Special funding sources**

Whatcom County has approved and could submit for approval the following special financing options.

- **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. REET funds may not be used to finance operation and maintenance requirements.

Whatcom County has adopted 2 REET options and could propose to adopt the 3<sup>rd</sup> REET option to be dedicated solely to park, recreation, and open space purposes if approved by county voters.

REET remains a viable financing tool for park, recreation, and open space acquisition and development projects. However, since REET funds are to be used for all county capital requirements, the funds may not be as easy to expense for park, recreation, and open space purposes as in years past.

### **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 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 since renewed, 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 parks, 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 (NRTTP)** - 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-trailer-able 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.

## ***E.6 Private revenue prospects – park, recreation, and open space***

### ***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 a 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 equestrian centers or campgrounds, 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.

The county 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 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 OHV trail systems, 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, swimming pools and water parks, golf courses, gun and archery ranges, and OHV facilities, 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, OHV 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; and specialized facility developments like shooting ranges and OHV trail systems when and where the user organization can provide financial commitments.

### ***E.7 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. General 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 the County Council deems to have special social benefits to the county.

### **Facility operation, maintenance, and minor construction**

General 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. General 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 area users should be reimbursed or provided by the affected city and 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 general funds, the monies collected from excise taxes 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 Whatcom County's programs but satisfy relatively small proportions of the population compared with park and trail facilities. 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 general funds, excise tax revenues, and other more flexible sources of financing.

Whatcom County should investigate the possibility of implementing a wide range of joint recreational facility developments with the cities and school districts. These agencies could finance acquisition and development costs using open space and school facility development bonds, or conservation futures and real estate excise taxes - and Whatcom County could finance annual operating and maintenance needs using service charges and general 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 plan.

When necessary and appropriate, Councilmanic bonds could be used to purchase sites when opportunities require fast action, or to match possible State of Washington Interagency (IAC) 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. Whatcom County 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 annual program requirements and provide county residents services and facilities not available otherwise.

***Growth impact fee mitigation***

Continued residential developments within Whatcom County's unincorporated areas and future urban growth areas will severely stress existing city and county facilities and services. Consequently, Whatcom County and each affected city should institute environmental and growth impact fee mitigation measures in accordance with the Washington State Growth Management Act (GMA) as a means of preserving unique sites and of requiring land developers to help finance facility developments offsetting project impacts.

**E.8 Park facility funding strategies 2006-2012**

A Whatcom County financial strategy for the next 6-year period (2006-2012) must generate sufficient revenue to maintain existing facilities, provide recreational program services, renovate facilities, and implement priority projects chosen from the 20-year (CFP) capital facility program.

Three alternative financial strategies illustrate the choices available Whatcom County under an integrated funding strategy. The strategies combine possible scenarios concerning general funds, growth impact fees, a third REET, a Local Option Vehicle License Fee (LOVLF), and Local Option Fuel Tax (LOFT), and approval of a general obligation bond or property tax levy.

The forecasts are conservative, based on the average trends indicated in capital facility program fund expenditures by the county during the past year. The projected revenues have been adjusted to account for expected increases in the tax and revenue base valuations over the 6-year forecast period.

<b><i>Proposed 6-year expenditures</i></b>	<b><i>Alt 1</i></b>	<b><i>Alt 2</i></b>	<b><i>Alt 3</i></b>
Administration	\$ 1,065,197	\$ 1,065,197	\$ 1,065,197
Park manage and interpretation	2,513,865	2,513,865	2,513,865
Operations and maintenance	11,569,097	11,569,097	11,569,097
Renovations and repairs	6,225,876	6,225,876	6,225,876
POS additions	25,000,000	27,500,000	30,000,000
O/M of PLOS additions	964,091	1,060,501	1,156,910
<b>Total</b>	<b>\$ 47,338,126</b>	<b>\$ 49,934,536</b>	<b>\$ 52,530,945</b>
<b><i>Proposed 6-year revenues</i></b>			
Capital facility program funds	\$ 17,504,008	\$ 17,504,008	\$ 17,504,008
General funds	14,043,722	11,390,155	7,593,437
Growth impact fee	3,712,500	5,197,500	6,682,500
REET 3	0	0	0
Local Option Vehicle License Fee	0	0	0
Local Option Fuel Tax	0	0	0
General obligation bond/levy	12,077,897	15,842,873	20,751,000
<b>Total</b>	<b>\$ 47,338,126</b>	<b>\$ 49,934,536</b>	<b>\$ 52,530,945</b>

***Annual cost for GO bond***

\$222,500 median house value	\$ 30.92	\$ 40.56	\$ 53.13
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***Annual cost for levy***

\$222,500 median house value	\$ 28.97	\$ 38.00	\$ 49.77
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***Alternative 1***

This conservative scenario *would finance \$47,338,126* in combined facility administration, park management and interpretation, operations and maintenance, renovations and repairs, and Whatcom County's share of proposed composite level-of-service (PLOS) facility improvements, and the maintenance of the PLOS improvements over the 6-year period if:

**Proposed expenditures - ELOS/PLOS standards**

					Alternative 1	Alternative 2	Alternative 3
Administration - % parks	(\$684,368)	25%	(\$171,092)	1.5%	(\$1,065,197)	(\$1,065,197)	(\$1,065,197)
Park - mgt/ interpret. programs	(\$684,368)	59%	(\$403,777)	1.5%	(\$2,513,865)	(\$2,513,865)	(\$2,513,865)
O/M - land and park facilities			(\$1,858,228)	1.5%	(\$11,569,097)	(\$11,569,097)	(\$11,569,097)
Repairs - value/rpmt rate	\$100,000,000	1.0%	(\$1,000,000)	1.5%	(\$6,225,876)	(\$6,225,876)	(\$6,225,876)
PLOS land and facility additions			see PLOS addn		(\$25,000,000)	(\$27,500,000)	(\$30,000,000)
O/M - PLOS additions	value/O/M cost/2	0.6%	see PLOS addn	1.5%	(\$964,091)	(\$1,060,501)	(\$1,156,910)
<b>TOTAL EXPENDITURES</b>					<b>(\$47,338,126)</b>	<b>(\$49,934,536)</b>	<b>(\$52,530,945)</b>

**Proposed revenues**

Capital facility program	Total tax/cost	% PRO Plan revenu	Inflate				
Out of county fees	\$9,328	100%	\$9,328	1.5%	\$58,075	\$58,075	\$58,075
Boat launch fees	\$2,121	100%	\$2,121	1.5%	\$13,205	\$13,205	\$13,205
Cabins/night lodges fees	\$72,295	100%	\$72,295	1.5%	\$450,100	\$450,100	\$450,100
Boat rental fees	\$24,176	100%	\$24,176	1.5%	\$150,517	\$150,517	\$150,517
Campsites	\$121,028	100%	\$121,028	1.5%	\$753,505	\$753,505	\$753,505
Stables/horse fees	\$1,850	100%	\$1,850	1.5%	\$11,518	\$11,518	\$11,518
Building rental fees	\$41,502	100%	\$41,502	1.5%	\$258,386	\$258,386	\$258,386
Group picnic shelter fees	\$17,663	100%	\$17,663	1.5%	\$109,968	\$109,968	\$109,968
Misc house rentals	\$103,060	100%	\$103,060	1.5%	\$641,639	\$641,639	\$641,639
Snack bar	\$4,129	100%	\$4,129	1.5%	\$25,707	\$25,707	\$25,707
Hardware and wood	\$4,812	100%	\$4,812	1.5%	\$29,959	\$29,959	\$29,959
Miscellaneous	\$11,304	100%	\$11,304	1.5%	\$70,377	\$70,377	\$70,377
Bellingham parking lot	\$6,000	100%	\$6,000	1.5%	\$37,355	\$37,355	\$37,355
Ferry exchange	\$16,897	100%	\$16,897	1.5%	\$105,199	\$105,199	\$105,199
Donations/contributions	\$17,015	100%	\$17,015	1.5%	\$105,933	\$105,933	\$105,933
Conservation Futures	\$862,365	15%	\$129,355	1.5%	\$805,347	\$805,347	\$805,347
Timber Harvest Taxes	\$133,200	15%	\$19,980	1.5%	\$124,393	\$124,393	\$124,393
State Timber Sales	\$548,000	15%	\$82,200	1.5%	\$511,767	\$511,767	\$511,767
REET 1 & 2	\$3,010,344	0%	\$0	1.5%	\$0	\$0	\$0
Retail Sales & Use Tax	\$8,370,549	0%	\$0	1.5%	\$0	\$0	\$0
County Parks Improvement Fund	\$1,000	100%	\$1,000	1.5%	\$6,226	\$6,226	\$6,226
Convention Ctr - Tourism Fund	\$150,000	0%	\$0	1.5%	\$0	\$0	\$0
County Road Fund	\$32,667,348	5%	\$1,633,367	1.5%	\$10,169,143	\$10,169,143	\$10,169,143
Flood Control Zones	\$3,781,065	0%	\$0	1.5%	\$0	\$0	\$0
IAC, ALEA, TEA21 grants	\$500,000	100%	\$500,000	na	\$500,000	\$500,000	\$500,000
SEPA mitigation value in-kind	\$500,000	100%	\$500,000	na	\$500,000	\$500,000	\$500,000
Volunteers - seniors	\$286,400	100%	\$286,400	1.5%	\$1,783,091	\$1,783,091	\$1,783,091
Donations - funds	\$45,391	100%	\$45,391	1.5%	\$282,599	\$282,599	\$282,599
<b>CFP totals</b>	<b>\$51,308,842</b>		<b>\$3,650,873</b>		<b>\$17,504,008</b>	<b>\$17,504,008</b>	<b>\$17,504,008</b>
<b>DIFFERENCE BETWEEN EXPENDITURES AND REVENUES</b>					<b>(\$29,834,119)</b>	<b>(\$32,430,528)</b>	<b>(\$35,026,937)</b>

**6-year strategy options - combine annual revenues**

**Option 1 - General Fund subsidy (GF)**

General Fund	\$66,517,126	4%	\$2,460,409		4%	3%	2%
Subsidy revenue				-2.0%	\$14,043,722	\$11,390,155	\$7,593,437
<b>General Fund revenue</b>					<b>\$14,043,722</b>	<b>\$11,390,155</b>	<b>\$7,593,437</b>

**Option 2 - Growth impact fee (GIF)**

	person	per/du	per sf du				
ELOS local/regional value/person	\$900	2.24	\$2,016		\$900	\$900	\$900
Percent of value assessed for fee				100%	25%	35%	45%
Effective growth impact fee per person				\$900	\$225	\$315	\$405
Population in county	179,500	1.5%	196,000		16,500	16,500	16,500
<b>Growth Impact fee revenue 2006-2012</b>					<b>\$3,712,500</b>	<b>\$5,197,500</b>	<b>\$6,682,500</b>

**Option 3 - Real Estate Excise Tax (REET) 3**

Annual average real estate sales year 2001		\$602,028,600	\$602,028,600	\$602,028,600	\$602,028,600
Assessed rate per \$1.00 sales		\$0.0025	\$0.0025	\$0.0025	\$0.0025
Annual allocation for PRO Plan projects		100%	0%	0%	0%
Annual allocation for PRO Plan projects		\$1,505,072	\$0	\$0	\$0
<b>REET revenue 2006-2012 with annual growth=</b>	<b>2.5%</b>	<b>\$9,608,321</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Option 4 - Local Option Vehicle License Fee (LOVLF)**

Countywide vehicles - all types		201,938	\$201,938	\$201,938	\$201,938
Local option vehicle license fee/vehicle dedicated to NMT purposes		\$15.00	\$15.00	\$15.00	\$15.00
Annual allocation for PRO Plan trail projects		100%	0%	0%	0%
Annual LOVLF allocation for PRO Plan projects		\$3,029,063	\$0	\$0	\$0
<b>LOVLF revenue 2006-2012 with annual growth=</b>	<b>1.5%</b>	<b>\$18,858,568</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Option 5 - Local Option Fuel Tax (LOFT)**

Countywide vehicles x gallons/vehicle	201,938	413	83,400,188	83,400,188	83,400,188	83,400,188
Local option fuel tax/gallon dedicated to NMT purposes		\$0.023	\$0.023	\$0.023	\$0.023	\$0.023
Annual allocation for PRO Plan trail projects		100%	0%	0%	0%	0%
Annual LOVLF allocation for PRO Plan projects		\$1,918,204	\$0	\$0	\$0	
<b>LOVLF revenue 2006-2012 with annual growth=</b>	<b>1.5%</b>	<b>\$11,942,502</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	

**Option 6 - Bond or property tax levy (GO/PTL)**

	growth	cumulative total				
Assessed value 2005	\$14,531,776.57	2.5%	\$92,770,328,901	\$92,770,328,901	\$92,770,328,901	\$92,770,328,901
Assessed rate per \$1.00 valuation over time period in years	6	\$0.00000	\$0.00013	\$0.00017	\$0.00022	\$0.00022
<b>GOBond or PTLLevy totals</b>			<b>\$0</b>	<b>\$12,077,897</b>	<b>\$15,842,873</b>	<b>\$20,751,000</b>
<b>TOTAL CFP+GF+GIF+REET+LOVLF+LOFT+LOST+GOBond or PTLLevy</b>			<b>\$24,458,321</b>	<b>\$47,338,126</b>	<b>\$49,934,536</b>	<b>\$52,530,945</b>
<b>DIFFERENCE BETWEEN EXPENDITURES AND REVENUES</b>				<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Annual cost if average house value**

	\$222,500	6	year term			
General obligation bond (GOBond)	6.75% interest rate			\$30.92	\$40.56	\$53.13
Property tax levy (PTLevy)	0.00% interest rate			\$28.97	\$38.00	\$49.77
<b>Difference between GOBond and PTLevy</b>				<b>\$1.96</b>	<b>\$2.56</b>	<b>\$3.36</b>

**Note:**

(1) GMA does not allow growth requirements to be financed 100% with growth impact fees.

**Park facility financial strategies 2006-2026**

**Proposed expenditures - ELOS/PLOS standards (2004 trends)**

					Alternative 1	Alternative 2	Alternative 3
Administration - % parks	(\$684,368)	25%	(\$171,092)	1.5%	(\$3,941,858)	(\$3,941,858)	(\$3,941,858)
Park - mgt/interpret. programs	(\$684,368)	59%	(\$403,777)	1.5%	(\$9,302,786)	(\$9,302,786)	(\$9,302,786)
O/M - land and park facilities			(\$1,858,228)	1.5%	(\$42,812,495)	(\$42,812,495)	(\$42,812,495)
Repairs - value/rpmt rate	\$100,000,000	1.0%	(\$1,000,000)	1.5%	(\$23,039,420)	(\$23,039,420)	(\$23,039,420)
PLOS land and facility additions			see PLOS addn	lump sum	(\$100,000,000)	(\$107,000,000)	(\$114,000,000)
O/M - PLOS additions value/O/M cost/2		0.2%	see PLOS addn	1.5%	(\$4,281,250)	(\$4,580,937)	(\$4,880,624)
<b>TOTAL EXPENDITURES</b>					<b>(\$183,377,809)</b>	<b>(\$190,677,496)</b>	<b>(\$197,977,184)</b>

**Proposed revenues - year 2004 trends projections**

Capital facility program r	Total tax/cost	% PRO Plan revenue	Inflate				
Out of county fees	\$9,328	100%	\$9,328	1.5%	\$214,912	\$214,912	\$214,912
Boat launch fees	\$2,121	100%	\$2,121	1.5%	\$48,867	\$48,867	\$48,867
Cabins/night lodges fees	\$72,295	100%	\$72,295	1.5%	\$1,665,635	\$1,665,635	\$1,665,635
Boat rental fees	\$24,176	100%	\$24,176	1.5%	\$557,001	\$557,001	\$557,001
Campsites	\$121,028	100%	\$121,028	1.5%	\$2,788,415	\$2,788,415	\$2,788,415
Stables/horse fees	\$1,850	100%	\$1,850	1.5%	\$42,623	\$42,623	\$42,623
Building rental fees	\$41,502	100%	\$41,502	1.5%	\$956,182	\$956,182	\$956,182
Group picnic shelter fees	\$17,663	100%	\$17,663	1.5%	\$406,945	\$406,945	\$406,945
Misc house rentals	\$103,060	100%	\$103,060	1.5%	\$2,374,443	\$2,374,443	\$2,374,443
Snack bar	\$4,129	100%	\$4,129	1.5%	\$95,130	\$95,130	\$95,130
Hardware and wood	\$4,812	100%	\$4,812	1.5%	\$110,866	\$110,866	\$110,866
Miscellaneous	\$11,304	100%	\$11,304	1.5%	\$260,438	\$260,438	\$260,438
Bellingham parking lot	\$6,000	100%	\$6,000	1.5%	\$138,237	\$138,237	\$138,237
Ferry exchange	\$16,897	100%	\$16,897	1.5%	\$389,297	\$389,297	\$389,297
Donations/contributions	\$17,015	100%	\$17,015	1.5%	\$392,016	\$392,016	\$392,016
Conservation Futures	\$862,365	15%	\$129,355	1.5%	\$2,980,258	\$2,980,258	\$2,980,258
Timber Harvest Taxes	\$133,200	15%	\$19,980	1.5%	\$460,328	\$460,328	\$460,328
State Timber Sales	\$548,000	15%	\$82,200	1.5%	\$1,893,840	\$1,893,840	\$1,893,840
REET 1 & 2	\$3,010,344	0%	\$0	1.5%	\$0	\$0	\$0
Retail Sales & Use Tax	\$8,370,549	0%	\$0	1.5%	\$0	\$0	\$0
County Parks Improvement Fund	\$1,000	100%	\$1,000	1.5%	\$23,039	\$23,039	\$23,039
Convention Ctr - Tourism Fund	\$150,000	0%	\$0	1.5%	\$0	\$0	\$0
County Road Fund	\$32,667,348	5%	\$1,633,367	1.5%	\$37,631,838	\$37,631,838	\$37,631,838
Flood Control Zones	\$3,781,065	0%	\$0	1.5%	\$0	\$0	\$0
IAC, ALEA, TEA21 grants	\$1,500,000	100%	\$1,500,000	na	\$1,500,000	\$1,500,000	\$1,500,000
SEPA mitigation value in-kind	\$1,500,000	100%	\$1,500,000	na	\$1,500,000	\$1,500,000	\$1,500,000
Volunteers - seniors	\$859,200	100%	\$859,200	1.5%	\$19,795,470	\$19,795,470	\$19,795,470
Donations - funds	\$136,173	100%	\$136,173	1.5%	\$3,137,347	\$3,137,347	\$3,137,347
<b>CFP totals</b>	<b>\$53,972,424</b>		<b>\$6,314,455</b>		<b>\$79,363,124</b>	<b>\$79,363,124</b>	<b>\$79,363,124</b>
<b>DIFFERENCE BETWEEN EXPENDITURES AND REVENUES</b>					<b>(\$104,014,684)</b>	<b>(\$111,314,372)</b>	<b>(\$118,614,059)</b>

**20-year strategy options - combine annual revenues**

**Option 1 - General Fund subsidy (GF)**

General Fund property tax	\$66,517,126	4%	\$2,460,409		4%	3%	2%
Subsidy revenue				-2.0%	\$40,891,017	\$33,164,644	\$22,109,762
<b>General Fund revenue</b>					<b>\$40,891,017</b>	<b>\$33,164,644</b>	<b>\$22,109,762</b>

**Option 2 - Growth impact fee (GIF)**

	person	per/du	per sf du				
ELOS local/regional value/person	\$900	2.24	\$2,016		\$900	\$900	\$900
Percent of value assessed for fee			100%		25%	35%	45%
Effective growth impact fee per person			\$900		\$225	\$315	\$405
Population in county	179,500	1.5%	240,000		60,500	60,500	60,500
<b>Growth Impact fee revenue 2006-2012</b>					<b>\$54,450,000</b>	<b>\$13,612,500</b>	<b>\$19,057,500</b>

**Option 3 - Real Estate Excise Tax (REET) 3**

Annual average real estate sales year 2001			\$602,028,600		\$602,028,600	\$602,028,600	\$602,028,600
Assessed rate per \$1.00 sales			\$0.0025		\$0.0025	\$0.0025	\$0.0025
Annual allocation for PRO Plan projects			100%		0%	0%	0%
Annual allocation for PRO Plan projects			\$1,505,072		\$0	\$0	\$0
<b>REET revenue 2006-2012 with annual growth=</b>	<b>2.5%</b>		<b>\$38,303,343</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Option 4 - Local Option Vehicle License Fee (LOVLF)**

Countywide vehicles - all types			201,938		\$201,938	\$201,938	\$201,938
Local option vehicle license fee/vehicle dedicated to NMT purposes			\$15.00		\$15.00	\$15.00	\$15.00
Annual allocation for PRO Plan trail projects			100%		0%	0%	0%
Annual LOVLF allocation for PRO Plan projects			\$3,029,063		\$0	\$0	\$0
<b>LOVLF revenue 2006-2012 with annual growth=</b>	<b>1.5%</b>		<b>\$69,787,843</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Option 5 - Local Option Fuel Tax (LOFT)**

Countywide vehicles x gallons/vehicle	201,938	413	83,400,188		83,400,188	83,400,188	83,400,188
Local option fuel tax/gallon dedicated to NMT purposes			\$0.023		\$0.023	\$0.023	\$0.023
Annual allocation for PRO Plan trail projects			100%		0%	0%	0%
Annual LOVLF allocation for PRO Plan projects			\$1,918,204		\$0	\$0	\$0
<b>LOVLF revenue 2006-2012 with annual growth=</b>	<b>1.5%</b>		<b>\$44,194,315</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Option 6 - Bond or property tax levy**

	growth	cumulative total					
Assessed value 2005	\$14,531,776,570	2.5%	\$369,826,699,318		\$369,826,699,318	\$369,826,699,318	\$369,826,699,318
Assessed rate per \$1.00 valuation over time period in years	20		\$0.00000		\$0.00013	\$0.00016	\$0.00019
<b>GOBond or PTLLevy totals</b>			<b>\$0</b>		<b>\$49,511,167</b>	<b>\$59,092,228</b>	<b>\$72,001,797</b>
<b>TOTAL CFP+GIF+REET+LOVLF+LOFT+GOBond or PTLLevy</b>			<b>\$92,753,343</b>		<b>\$183,377,809</b>	<b>\$190,677,496</b>	<b>\$197,977,184</b>
<b>DIFFERENCE BETWEEN EXPENDITURES AND REVENUES</b>					<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Annual cost if average house value**

		\$222,500	20	year term			
General obligation bond (GOBond)	6.75% interest rate				\$31.80	\$37.95	\$46.24
Property tax levy (PTLevy)	0.00% interest rate				\$29.79	\$35.55	\$43.32
	Difference between GOBond and PTLLevy				\$2.01	\$2.40	\$2.92

**Note:**

(1) GMA does not allow growth requirements to be financed 100% with growth impact fees.

- **Capital facility program revenues** – from facility use and rental fees, state and federal grants, SEPA mitigation values, and volunteers and donations remain in the same proportions as recent years except that up to 15% of annual revenues from Conservation Futures, Timber Harvest Taxes, and State Timber Sales and up to 5% of the County Road Fund would directly support projects identified in this plan (instead of passing through other department capital accounts),
  - **General Funds subsidy for facilities** – would decline to 4% of the total county budget for the 6 year period,
  - **Growth impact fee** – would be *assessed to capture 25%* of the \$900 cost per person of maintaining Whatcom County’s existing level-of-service (ELOS) standards through additional population increases *equal to \$225 per person or \$504 per dwelling unit* where the typical unit averages 2.24 residents,
  - **Real Estate Excise Tax (REET) 2** – which would allow another \$0.0025 per \$1.00 of sales value would not be submitted to the voters for approval under this option,
  - **Local Option Vehicle License Fee (LOVLF)** – which could be dedicated to non-motorized trail development, will not be submitted to the voters for approval under this option,
  - **Local Option Fuel Tax (LOFT)** – would could be dedicated to non-motorized trail development, will not be submitted to the voters for approval under this option,
  - **General obligation bond** – would be sought to finance remaining costs necessary to realize facility development costs necessary to achieve the county’s portion of the proposed level-of-service (PLOS) standard equal to *an annual GO bond payment of \$30.92* for a county median \$222,500 house value for 6 years.
- Or, instead of a general obligation bond a:**
- **Property tax levy** – would be sought to finance remaining costs necessary to realize combined administration and design, operations and maintenance, recreation programs, renovations, necessary to realize the county’s portion of the combined proposed level-of-service (PLOS) standard equal to *an annual property tax levy payment of \$28.97* for a county median \$222,500 house value for 6 years. *(The levy will cost \$1.96 less per year in annual payments to raise the same amount of money as the bond because the levy will not be capitalized as a lump sum at the beginning of the levy period and have to repay an estimated 6.75% annual interest cost over the life of the bond financing period.)*

**Alternative 2**

This moderate scenario *would finance \$49,934,536* in combined expenditures over the 6-year period due primarily to an increase in the amount to be budgeted for additional PLOS facility acquisition and development from \$25,000,000 to \$27,500,000 under this alternative over Alternative 1 if revenue options remained the same as under Alternative 1 except for:

- **General Funds subsidy for facilities** – would decline to 3% of the total county budget for the 6 year period,
  - **Growth impact fee** – would be *assessed to capture 35%* of the \$900 cost per person of maintaining Whatcom County’s existing level-of-service (ELOS) standards through additional population increases *equal to \$315 per person or \$706 per dwelling unit* where the typical unit averages 2.24 residents,
  - **General obligation bond** – would be sought to finance remaining costs necessary equal to *an annual GO bond payment of \$40.56* for a county median \$222,500 house value for 6 years.
- Or, instead of a general obligation bond a:**
- **Property tax levy** – would be sought to finance remaining costs necessary equal to *an annual property tax levy payment of \$38.00* for a county median \$222,500 house value for 6 years.

**Alternative 3**

This aggressive scenario *would finance \$52,530,945* in combined expenditures over the 6-year period due primarily to an increase in the amount to be budgeted

for additional PLOS facility acquisition and development from \$25,000,000 to \$30,000,000 under this alternative over Alternative 1 if revenue options remained the same as under Alternative 1 except for:

- **General Funds subsidy for facilities** - would decline to 2% of the total county budget for the 6 year period,
  - **Growth impact fee** - would be *assessed to capture 45%* of the \$900 cost per person of maintaining Whatcom County's existing level-of-service (ELOS) standards through additional population increases *equal to \$405 per person or \$907 per dwelling unit* where the typical unit averages 2.24 residents,
  - **General obligation bond** - would be sought to finance remaining costs necessary equal to *an annual GO bond payment of \$53.13* for a county median \$222,500 house value for 6 years.
- Or, instead of a general obligation bond a:**
- **Property tax levy** - would be sought to finance remaining costs necessary equal to *an annual property tax levy payment of \$49.77* for a county median \$222,500 house value for 6 years.

### **E.9 Park facility funding strategies 2006-2026**

If the 6-year financial strategies are effective, the scenarios should generate sufficient revenue to provide administration, manage and interpret parks, maintain existing facilities, renovate facilities, implement priority projects, and the associated maintenance involved with new facilities if implemented over the 20-year planning period.

The 3 alternative financial strategies were extended over the entire 20-year planning period to determine the impact of the scenarios.

<b>Proposed 20-year expenditures</b>	<b>Alt 1</b>	<b>Alt 2</b>	<b>Alt 3</b>
Administration	\$ 3,941,858	\$ 3,941,858	\$ 3,941,858
Park manage/ interpretation	9,302,786	9,302,786	9,302,786
Operations and maintenance	42,812,495	42,812,495	42,812,495
Renovations and repairs	23,039,420	23,039,420	23,039,420
POS additions	100,000,000	107,000,000	114,000,000
O/M of PLOS additions	4,281,250	4,580,937	4,880,624
<b>Total</b>	<b>\$183,377,809</b>	<b>\$190,677,496</b>	<b>\$197,977,184</b>
<b>Proposed 20-year revenues</b>			
Capital facility program funds	\$ 79,363,124	\$ 79,363,124	\$ 79,363,124
General funds	40,891,017	33,164,644	22,109,762
Growth impact fee	13,612,500	19,057,500	24,502,500
REET 3	0	0	0
Local Option Vehicle License	0	0	0
Local Option Fuel Tax	0	0	0
General obligation bond/levy	49,511,167	59,092,228	72,001,797
<b>Total</b>	<b>\$ 183,377,809</b>	<b>\$190,677,496</b>	<b>\$197,977,184</b>
<b>Annual cost for GO bond</b>			
\$222,500 median house value	\$ 31.80	\$ 37.95	\$ 46.24
<b>Annual cost for levy</b>			
\$222,500 median house value	\$ 29.79	\$ 35.55	\$ 43.32

#### **Alternative 1**

This conservative scenario *would finance \$183,377,809* in combined facility administration, park management and interpretation, operations and maintenance, renovations and repairs, and Whatcom County's share of proposed composite level-of-service (PLOS) facility improvements, and the maintenance of the PLOS improvements over the 20-year period the same as the 6-year forecast except for:

- **General Funds subsidy for facilities** - would decline to 4% of the total county budget for the 6 year period,
- **General obligation bond** - would be sought to finance remaining costs necessary equal to an annual GO bond payment of \$31.80 for a county median \$222,500 house value for 6 years.

**Or, instead of a general obligation bond a:**

- **Property tax levy** - would be sought to finance remaining costs necessary equal to an annual property tax levy payment of \$29.79 for a county median \$222,500 house value for 6 years.

### **Alternative 2**

This moderate scenario would finance \$109,677,496 in combined expenditures over the 6-year period due primarily to an increase in the amount to be budgeted for additional PLOS facility acquisition and development from \$100,000,000 to \$107,000,000 under this alternative over Alternative 1 if revenue options remained the same as under Alternative 1 except for:

- **General Funds subsidy for facilities** - would decline to 3% of the total county budget for the 6 year period,
- **Growth impact fee** - would be assessed to capture 35% of the \$900 cost per person of maintaining Whatcom County's existing level-of-service (ELOS) standards through additional population increases equal to \$315 per person or \$706 per dwelling unit where the typical unit averages 2.24 residents,
- **General obligation bond** - would be sought to finance remaining costs necessary equal to an annual GO bond payment of \$37.95 for a county median \$222,500 house value for 6 years.

**Or, instead of a general obligation bond a:**

- **Property tax levy** - would be sought to finance remaining costs necessary equal to an annual property tax levy payment of \$35.55 for a county median \$222,500 house value for 6 years.

### **Alternative 3**

This aggressive scenario would finance \$197,977,184 in combined expenditures over the 6-year period due primarily to an increase in the amount to be budgeted for additional PLOS facility acquisition and development from \$100,000,000 to \$114,000,000 under this alternative over Alternative 1 if revenue options remained the same as under Alternative 1 except for:

- **General Funds subsidy for facilities** - would decline to 2% of the total county budget for the 6 year period,
- **Growth impact fee** - would be assessed to capture 45% of the \$900 cost per person of maintaining Whatcom County's existing level-of-service (ELOS) standards through additional population increases equal to \$405 per person or \$907 per dwelling unit where the typical unit averages 2.24 residents,
- **General obligation bond** - would be sought to finance remaining costs necessary equal to an annual GO bond payment of \$46.24 for a county median \$222,500 house value for 6 years.

**Or, instead of a general obligation bond a:**

- **Property tax levy** - would be sought to finance remaining costs necessary equal to an annual property tax levy payment of \$43.32 for a county median \$222,500 house value for 6 years.

## **E.10 Recreation program funding strategies 2006-2012**

A Whatcom County financial strategy for the next 6-year period (2006-2012) must generate sufficient revenue to increase recreation program cost recovery and reduce overall subsidy rates necessary to maintain program solvency.

Three alternative financial strategies illustrate the choices available Whatcom County under an integrated funding strategy. The strategies combine possible scenarios concerning recreation program direct and indirect cost recovery

**Recreation program financial strategies 2006-2012**

**Proposed expenditures - ELOS/PLOS standards (2004 trends)**

					Alternative 1	Alternative 2	Alternative 3
Administration - % expens	(\$684,368)	16%	(\$109,499)	1.5%	(\$682,128)	(\$682,128)	(\$682,128)
Cultural Arts	(\$113,137)	100%	(\$113,137)	1.5%	(\$704,793)	(\$704,793)	(\$704,793)
Outdoor Programs	(\$146,703)	100%	(\$146,703)	1.5%	(\$913,894)	(\$913,894)	(\$913,894)
Teen Adventure Program	(\$78,484)	100%	(\$78,484)	1.5%	(\$488,920)	(\$488,920)	(\$488,920)
<b>TOTAL EXPENDITURES</b>			<b>(\$447,823)</b>		<b>(\$2,789,735)</b>	<b>(\$2,789,735)</b>	<b>(\$2,789,735)</b>

**Proposed revenues - year 2004 trends projections**

Recreation revenues	Total tax/cost	% PRO Plan revenue	Inflate				
Cultural Arts	\$47,304	100%	\$47,304	1.5%	\$294,683	\$294,683	\$294,683
Outdoor Programs	\$71,749	100%	\$71,749	1.5%	\$446,964	\$446,964	\$446,964
Teen Adventure	\$64,205	100%	\$64,205	1.5%	\$399,968	\$399,968	\$399,968
Sponsorships	\$0	100%	\$0	1.5%	\$0	\$0	\$0
Donations	\$5,000	100%	\$5,000	1.5%	\$31,148	\$31,148	\$31,148
<b>Program totals</b>	<b>\$188,258</b>		<b>\$188,258</b>		<b>\$1,172,763</b>	<b>\$1,172,763</b>	<b>\$1,172,763</b>
<b>DIFFERENCE BETWEEN EXPENDITURES AND REVENUES</b>					<b>(\$1,616,972)</b>	<b>(\$1,616,972)</b>	<b>(\$1,616,972)</b>

**6-year strategy options - combine annual revenues**

**Option 1 - Increase cost recovery**

	direct	indirect cost	direct/indirect		Additional revenue		
Cultural Arts	42%	(\$36,617)	32%	1.5%	50%	75%	100%
Outdoor Programs	49%	(\$47,481)	37%	1.5%	\$129,768	\$305,966	\$444,378
Teen Adventure	82%	(\$25,401)	62%	1.5%	50%	75%	100%
				1.5%	\$119,272	\$347,745	\$576,219
				1.5%	62%	75%	100%
				1.5%	\$0	\$64,519	\$186,749
<b>Cost recovery 2006-2012</b>		<b>(\$109,499)</b>			<b>\$249,039</b>	<b>\$718,230</b>	<b>\$1,207,346</b>

**Option 2 - General Fund subsidy (GF)**

	current subsidy	all programs	proposed subsidy rate				
General Fund	\$66,517,126	4%	\$2,460,409	0.35%	\$1,328,851	\$759,344	\$0
Subsidy for recreation programs				-2.0%			
<b>General Fund revenue</b>					<b>\$1,328,851</b>	<b>\$759,344</b>	<b>\$0</b>

**Option 3 - Property tax levy (PTL)**

		growth	cumulative total				
Assessed value 2005	\$14,531,776,570	2.5%	\$92,825,162,927		\$92,825,162,927	\$92,825,162,927	\$92,825,162,927
Assessed rate per \$1.00 valuation over time period in years		6	\$0.00000		\$0.00000	\$0.00000	\$0.00000
<b>PTLevy totals</b>			<b>\$0</b>		<b>\$39,082</b>	<b>\$139,398</b>	<b>\$409,626</b>
<b>TOTAL CostRecovery+GF+ PTLevy</b>			<b>\$0</b>		<b>\$2,789,735</b>	<b>\$2,789,735</b>	<b>\$2,789,735</b>
<b>DIFFERENCE BETWEEN EXPENDITURES AND REVENUES</b>					<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Annual cost if average house value**

Property tax levy (PTLevy)	0.00% interest rate	\$222,500	6 year term			
				\$0.09	\$0.33	\$0.98

**Recreation program financial strategies 2006-2026**

**Proposed expenditures - ELOS/PLOS standards (2004 trends)**

					Alternative 1	Alternative 2	Alternative 3
Administration - % expens	(\$684,368)	16%	(\$109,499)	1.5%	(\$2,532,014)	(\$2,532,014)	(\$2,532,014)
Cultural Arts	(\$113,137)	100%	(\$113,137)	1.5%	(\$2,616,142)	(\$2,616,142)	(\$2,616,142)
Outdoor Programs	(\$146,703)	100%	(\$146,703)	1.5%	(\$3,392,311)	(\$3,392,311)	(\$3,392,311)
Teen Adventure Program	(\$78,484)	100%	(\$78,484)	1.5%	(\$1,814,838)	(\$1,814,838)	(\$1,814,838)
<b>TOTAL EXPENDITURES</b>					<b>(\$10,355,306)</b>	<b>(\$10,355,306)</b>	<b>(\$10,355,306)</b>

**Proposed revenues - year 2004 trends projections**

Recreation revenues	Total tax/cost	% PRO Plan revenue	Inflate				
Cultural Arts	\$47,304	100%	\$47,304	1.5%	\$1,093,842	\$1,093,842	\$1,093,842
Outdoor Programs	\$71,749	100%	\$71,749	1.5%	\$1,659,100	\$1,659,100	\$1,659,100
Teen Adventure	\$64,205	100%	\$64,205	1.5%	\$1,484,655	\$1,484,655	\$1,484,655
Sponsorships	\$0	100%	\$0	1.5%	\$0	\$0	\$0
Donations	\$5,000	100%	\$5,000	1.5%	\$115,618	\$115,618	\$115,618
<b>Program totals</b>	<b>\$188,258</b>		<b>\$188,258</b>		<b>\$4,353,215</b>	<b>\$4,353,215</b>	<b>\$4,353,215</b>
<b>DIFFERENCE BETWEEN EXPENDITURES AND REVENUES</b>					<b>(\$6,002,090)</b>	<b>(\$6,002,090)</b>	<b>(\$6,002,090)</b>

**20-year strategy options - combine annual revenues**

**Option 1 - Increase cost recovery**

	Current recover rate				Additional revenue		
Cultural Arts	42%	(\$36,617)	32%	1.5%	50%	75%	100%
Outdoor Programs	49%	(\$47,481)	37%	1.5%	\$481,689	\$1,135,724	\$1,649,502
Teen Adventure	82%	(\$25,401)	62%	1.5%	50%	75%	100%
				1.5%	\$442,728	\$1,290,806	\$2,138,884
				1.5%	62%	75%	100%
				1.5%	\$0	\$239,492	\$693,201
<b>Cost recovery 2006-2012</b>					<b>\$924,417</b>	<b>\$2,666,022</b>	<b>\$4,481,588</b>

**Option 2 - General Fund subsidy (GF)**

	current subsidy	all programs	proposed subsidy rate				
General Fund property tax	\$66,517,126	4%	\$2,460,409	0.35%	\$3,869,208	\$2,210,976	\$0
Subsidy for recreation programs				-2.0%			
<b>General Fund revenue</b>					<b>\$3,869,208</b>	<b>\$2,210,976</b>	<b>\$0</b>

**Option 3 - Property tax levy (PTL)**

		growth	cumulative total				
Assessed value 2005	\$14,531,776,570	2.5%	\$371,209,256,965		\$371,209,256,965	\$371,209,256,965	\$371,209,256,965
Assessed rate per \$1.00 valuation over time period in years		20	\$0.00000		\$0.00000	\$0.00000	\$0.00000
<b>PTLevy totals</b>			<b>\$0</b>		<b>\$1,208,465</b>	<b>\$1,125,092</b>	<b>\$1,520,503</b>
<b>TOTAL CostRecovery+GF+ PTLevy</b>			<b>\$0</b>		<b>\$10,355,306</b>	<b>\$10,355,306</b>	<b>\$10,355,306</b>
<b>DIFFERENCE BETWEEN EXPENDITURES AND REVENUES</b>					<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Annual cost if average house value**

Property tax levy (PTLevy)	0.00% interest rate	\$222,500	20 year term			
				\$0.72	\$0.67	\$0.91

objectives (and program contents) and assumptions concerning general funds and approval of a property tax levy.

The forecasts are conservative, based on the average trends indicated in recreation program fund expenditures by the county during the past year. The projected revenues have been adjusted to account for expected increases in program user fees over the 6-year forecast period.

<b>Proposed 6-year expenditures</b>	<b>Alt 1</b>	<b>Alt 2</b>	<b>Alt 3</b>
Administration	\$ 682,128	\$ 682,128	\$ 682,128
Cultural Arts	704,793	704,793	704,793
Outdoor Programs	913,894	913,894	913,894
Teen Adventure Programs	488,920	488,920	488,920
Total	\$ 2,789,735	\$ 2,789,735	\$ 2,789,735

<b>Proposed 6-year revenues</b>			
Program revenues - current rate	\$ 1,172,763	\$1,172,763	\$1,172,763
Increase fee recovery rates	249,039	718,230	1,207,346
General Fund subsidy	1,328,851	759,344	0
Property tax levy	39,082	139,398	409,626
Total	\$ 2,789,735	\$ 2,789,735	\$ 2,789,735

<b>Annual cost for levy</b>			
\$222,500 median house value	\$ 0.09	\$ 0.33	\$ 0.98

#### **Alternative 1**

This conservative scenario would finance \$2,789,735 in combined administration, Cultural Arts, Outdoor Programs, and Teen Adventure Program costs over the 6-year period if:

- **Recreation program revenues** - from program user fees and charges increased for direct and indirect costs from 32% for Cultural Arts to 50%, from 37% for Outdoor Programs to 50%, and from 62% of Teen Adventure to 62%,
- **General Funds subsidy for facilities** - would decline to .0035% of the total county budget for the 6 year period,
- **Property tax levy** - would be sought to finance remaining costs necessary to realize remaining direct and indirect program costs necessary to finance the recreation programs equal to an annual property tax levy payment of \$0.09 for a county median \$222,500 house value for 6 years.

#### **Alternative 2**

This moderate scenario would finance the same \$2,789,735 as Alternative 1 in combined administration, Cultural Arts, Outdoor Programs, and Teen Adventure Program costs over the 6-year period if:

- **Recreation program revenues** - from program user fees and charges increased for direct and indirect costs from 32% for Cultural Arts to 75%, from 37% for Outdoor Programs to 75%, and from 62% of Teen Adventure to 75%,
- **General Funds subsidy for facilities** - would decline to .0020% of the total county budget for the 6 year period,
- **Property tax levy** - would be sought to finance remaining costs necessary to realize remaining direct and indirect program costs necessary to finance the recreation programs equal to an annual property tax levy payment of \$0.33 for a county median \$222,500 house value for 6 years.

#### **Alternative 3**

This aggressive scenario would finance the same \$2,789,735 as Alternative 1 in combined administration, Cultural Arts, Outdoor Programs, and Teen Adventure Program costs over the 6-year period if:

- **Recreation program revenues** – from program user fees and charges increased for direct and indirect costs from 32% for Cultural Arts to 100%, from 37% for Outdoor Programs to 100%, and from 62% of Teen Adventure to 100%,
- **General Funds subsidy for facilities** – would decline to .0% of the total county budget for the 6 year period,
- **Property tax levy** – would be sought to finance remaining costs necessary to realize remaining direct and indirect program costs necessary to finance the recreation programs equal to an annual property tax levy payment of \$0.98 for a county median \$222,500 house value for 6 years.

### **E.11 Recreation program funding strategies 2006-2026**

If the 6-year financial strategies are effective, the scenarios should generate sufficient revenue to reduce overall subsidy rates necessary to maintain program solvency over the 20-year planning period.

The 3 alternative financial strategies were extended over the entire 20-year planning period to determine the impact of the scenarios.

<b>Proposed 20-year expenditures</b>	<b>Alt 1</b>	<b>Alt 2</b>	<b>Alt 3</b>
Administration	\$ 2,532,014	\$ 2,532,014	\$ 2,532,014
Cultural Arts	2,616,142	2,616,142	2,616,142
Outdoor Programs	3,392,311	3,392,311	3,392,311
Teen Adventure Programs	1,814,838	1,814,838	1,814,838
<b>Total</b>	<b>\$ 10,355,306</b>	<b>\$ 10,355,306</b>	<b>\$ 10,355,306</b>

<b>Proposed 20-year revenues</b>			
Program revenues – current rate	\$ 4,353,215	\$ 4,353,215	\$ 4,353,215
Increase fee recovery rates	924,417	2,666,022	4,481,588
General Fund subsidy	3,869,208	2,210,976	0
Property tax levy	1,208,465	1,125,092	1,520,503
<b>Total</b>	<b>\$ 10,355,306</b>	<b>\$ 10,355,306</b>	<b>\$ 10,355,306</b>

<b>Annual cost for levy</b>			
\$222,500 median house value	\$ 0.72	\$ 0.67	\$ 0.91

#### **Alternative 1**

This conservative scenario would finance \$10,355,306 in combined administration, Cultural Arts, Outdoor Programs, and Teen Adventure Program costs over the 20-year period if:

- **Recreation program revenues** – from program user fees and charges increased for direct and indirect costs from 32% for Cultural Arts to 50%, from 37% for Outdoor Programs to 50%, and from 62% of Teen Adventure to 62%,
- **General Funds subsidy for facilities** – would decline to .0035% of the total county budget for the 20 year period,
- **Property tax levy** – would be sought to finance remaining costs necessary to realize remaining direct and indirect program costs necessary to finance the recreation programs equal to an annual property tax levy payment of \$0.72 for a county median \$222,500 house value for 6 years.

#### **Alternative 2**

This moderate scenario would finance the same \$10,355,306 as Alternative 1 in combined administration, Cultural Arts, Outdoor Programs, and Teen Adventure Program costs over the 20-year period if:

- **Recreation program revenues** – from program user fees and charges increased for direct and indirect costs from 32% for Cultural Arts to 75%, from 37% for Outdoor Programs to 75%, and from 62% of Teen Adventure to 75%,
- **General Funds subsidy for facilities** – would decline to .0020% of the total county budget for the 20 year period,

- **Property tax levy** – would be sought to finance remaining costs necessary to realize remaining direct and indirect program costs necessary to finance the recreation programs equal to an annual property tax levy payment of \$0.67 for a county median \$222,500 house value for 6 years.

### **Alternative 3**

This aggressive scenario *would finance the same \$10,355,306 as Alternative 1* in combined administration, Cultural Arts, Outdoor Programs, and Teen Adventure Program costs over the 6-year period if:

- **Recreation program revenues** – from program user fees and charges increased for direct and indirect costs from 32% for Cultural Arts to 100%, from 37% for Outdoor Programs to 100%, and from 62% of Teen Adventure to 100%,
- **General Funds subsidy for facilities** – would decline to .0% of the total county budget for the 6 year period,
- **Property tax levy** – would be sought to finance remaining costs necessary to realize remaining direct and indirect program costs necessary to finance the recreation programs equal to an annual property tax levy payment of \$0.91 for a county median \$222,500 house value for 20 years.

## **E.12 Recommendations**

A feasible 6 and 20-year Whatcom County financial strategy for park facilities and recreation programs lies within alternative 2 where:

### **Park facilities**

- **Capital facility program revenues** – from facility use and rental fees, state and federal grants, SEPA mitigation values, and volunteers and donations remain in the same proportions as recent years except that up to 15% of annual revenues from Conservation Futures, Timber Harvest Taxes, and State Timber Sales and up to 5% of the County Road Fund would directly support projects identified in this plan (instead of passing through other department capital accounts),
- **General Funds subsidy for facilities** – would decline to 3% of the total county budget for the 6 and 20-year periods,
- **Growth impact fee** – would be *assessed to capture 35%* of the \$900 cost per person of maintaining Whatcom County’s existing level-of-service (ELOS) standards through additional population increases equal to \$315 per person or \$706 per dwelling unit where the typical unit averages 2.24 residents,
- **Property tax levy** – would be sought to finance remaining costs necessary to realize combined administration and design, operations and maintenance, recreation programs, renovations, necessary to realize the county’s portion of the combined proposed level-of-service (PLOS) standard equal to an annual property tax levy payment of between \$38.00 and 35.55 for a county median \$222,500 house value for the 6 to 20-year time periods.

### **Recreation programs**

- **Recreation program revenues** – from program user fees and charges increased for direct and indirect costs from 32% for Cultural Arts to 75%, from 37% for Outdoor Programs to 75%, and from 62% of Teen Adventure to 75%,
- **General Funds subsidy for facilities** – would decline to .0% of the total county budget for the 6 and 20 year period,
- **Property tax levy** – would be sought to finance remaining costs necessary to realize remaining direct and indirect program costs necessary to finance the recreation programs equal to an annual property tax levy payment of between \$0.67 and \$0.33 for a county median \$222,500 house value for 6 to 20-year time periods.