

Appendix H: Finances

An analysis was accomplished of recent financial trends in Lakewood and the impact federal and state program mandates, revenue sharing, and the city's urbanization have on the discretionary monies available for park, recreation, and open space.

The analysis also reviewed trends in Lakewood revenues and the affect alternative revenue sources may have on financial prospects.

H.1 Revenue and expenditure trends - general government

Lakewood'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.

Tax	2008	Percent
Property tax	\$5,670,000	17.5%
Sales tax	8,500,000	26.6%
Utility tax, franchises	6,414,000	19.8%
License, fees, fines	7,313,000	22.6%
Other	4,503,000	13.9%
Total	\$32,400,000	100.0%

Source: Long Term Financial Plan 2008-2013

Property tax - under Washington State's constitution cities may levy a property tax rate not to exceed \$3.10 per \$1000 of the assessed value of all taxable property within incorporation limits.

The total of all property taxes for all taxing authorities, however, cannot exceed 1.0% of assessed valuation, or \$10.00 per \$1,000 of value. If the taxes of all districts exceed the 1.0% or \$10.00 amount, each is proportionately reduced until the total is at or below the 1.0% limit.

In 2001, Washington State law was amended by Proposition 747, a statutory provision limiting

the growth of regular property taxes to 1.0% per year, after adjustments for new construction. Any proposed increases over this amount are subject to a referendum vote.

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

In 2012, for example, Lakewood's effective property tax rate had declined to \$____ per \$1,000 of assessed value as a result of the 1% lid limit on annual revenue or about __% of what the city is authorized to assess.

Sales tax - is the city's largest single revenue source and may be used for any legitimate city purpose. However, the city has no direct control over the taxing policy of this source of revenue. The sales tax is collected and distributed by the state and fluctuates with general economic and local business conditions.

Utility tax - is collected from the charges assessed on all city utilities including water, sewer, and storm. The utility tax is collected by the city and may fluctuate depending on what infrastructure upgrades each utility is paying to update utility systems and operations.

Licenses, and permits - includes revenues generated from business and occupational licenses and taxes, operating and building permits. Generally, these fees are used to pay for the inspections, processing, and other charges necessary to perform supporting services.

Intergovernmental revenue - includes state and federal grants or pass-through revenues, usually earmarked for specific programs, as well as funds from Lakewood to finance improvements the city wishes to accomplish.

Intergovernmental revenue can be significant, depending on the program, Lakewood competitiveness, and the extent to which the program is adequately funded at the state and federal levels. To date, however, Lakewood has not received any significant federal or state grant for recreation, park, or open space acquisition or development.

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

Charges for services - includes revenue generated to pay for garbage, landfill, utility, and other operating services provided by the city or a city concession or licensee including the following recreation and swimming pool programs.

Fines and forfeits - includes monies generated from business fines, code violations, traffic fines, property forfeitures, and other penalties.

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

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

City appropriation	
2006	\$35,414,930
2007	35,731,080
2008	38,152,330
2009	35,233,420
2010	37,060,260
2011	38,175,130
2012	38,732,960
2013	34,176,740
2014	34,265,355

Source: 2011-2012 and 2013-2014 Budgets

Debt service funds

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

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

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

Municipal debt capacity

Lakewood debt capacity - 31 December 2013
2013 assessed valuation = \$4,420,933,057

Debt type	limit*	amount
Councilmanic bond	1.5%	\$66,313,995
GO bond	1.0%	44,209,330
Utility bond	2.5%	110,523,326
PROS bond	2.5%	110,523,326
Total allowable	7.5%	\$331,569,977
GO bond debt		

Total available

* Percent of the total estimated assessed valuation.

** Includes installment contracts and debt service funds.

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

Unlimited general obligation (GO) bonds -

must be approved by at least 60% of resident voters during an election 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 golf courses, marinas, and similar self-financing operations.

Capital improvements funding implications

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

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

The 1% statutory limit on the general fund levy in particular, severely curtails the city's ability to operate and maintain park, recreation, and open space facilities and services even if the city only utilized unlimited general obligation bonds as a means of providing capital financing.

H.2 Revenue prospects - general government

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

User fees and charges

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

Special legislation

Local government representatives can seek state enabling legislation authorizing new or special revenue sources. Senate Bill 5972 (RCW 82.46) is an example of one possible legislative solution. The 1982 bill gave city governments the option of adding an additional 0.0025% increment to the real estate excise tax (REET) for the sole purpose of financing local capital improvement projects including parks, utilities and other infrastructure except governmental buildings.

Like bonds, Senate Bill 5972 funds may not be used to finance operation and maintenance requirements.

Unlimited general obligation bonds

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

Voter approved capital improvements may be more representative of actual resident priorities than some other methods of validating capital expenditures, and will at the least, ensure referendum submittals provide widespread benefits. However, bond revenue cannot be spent for maintenance and operational issues - and bond referendums must be approved by a margin over 60% of 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 Lakewood's registered voters. Voters can be asked to approve a resetting of the property tax levy rate that would adjust the amount of revenue the city can generate.

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

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

The resetting of the rate can be permanent, subject to the provisions of Proposition 747. Or

temporary, where the rate is adjusted until a specific amount of revenue has been generated to finance a project or program - whereupon the rate reverts to the original or a specified amount defined in the referendum.

H.3 Lakewood PROS Organization

Lakewood Parks and Recreation Department was established in 2003. In 2010, the Human Services Division of the City Clerks Department transitioned into the Department to form the Parks, Recreation and Community Services Department. The new Department operates under the direction of the Assistant City Manager/Development who also oversees the Departments of Community Development, Public Works and Economic Development.

Under the direction of the Parks, Recreation and Community Services Director, the Department is made up of 6 Divisions - Parks, Fort Steilacoom Park, Recreation, Senior Services, Human Services and Administration.

Parks Division - is responsible for routine maintenance of parks, such as turf care, litter control, irrigation repairs, ball field maintenance and preventive maintenance. The Division also supports special events, oversees vandalism repairs and volunteer support projects.

The Division is managed by the Parks Maintenance Manager with a total of 6 Full-Time Equivalents (FTEs) and seasonal staff.

Fort Steilacoom Park - under an inter-local Agreement with Pierce County, the Fort Steilacoom Park Division takes care of the on-going maintenance and operation of Fort Steilacoom Park with the support of an additional 0.5 FTE administrative staff.

Recreation Division - provides a wide range of sports, fitness, outdoor and environmental recreation, arts classes, special events and other offerings to various age groups.

Recreation Division functions are shared between 2 full-time Recreation Coordinators, one 0.75 FTE Office Assistant and seasonal programming support. Operating within the Lakewood Senior Activity Center, the Senior Services Division is managed by 1 full-time Recreation Coordinator and supported by another 0.75 FTE Office Assistant and seasonal staff.

Human Services Division - works to ensure Lakewood's citizens have access to the resources they need in order to improve their quality of life. Lakewood provides funding to local agencies to ensure basic needs are met as well as access to resources that enhance opportunities for success in life.

The Human Services Division is staffed by 1 FTE and additional support staff,

Administration Division - provides leadership, supervision and administrative support to the Department, Parks and Recreation Advisory Board (PRAB), Arts Commission, emergency management, partnership development and customer services. The Administration Division is staffed with 1.5 FTEs.

Prior to the new Parks, Recreation and Community Services Department, there had been a slight increase of FTEs from 10 to 12.95 between 2005 and 2009. While the number of FTEs increased to 13.1 in 2010 with the transitioning of Human Services to the Department; overall, the Department lost 1 FTE and several seasonal positions in the Parks Division and Fort Steilacoom Park Division due to budget shortfalls.

Staffing Levels

Year	Total FTEs
2006	10.50
2007	12.95
2008	12.95
2009	12.95
2010	13.10
2011	12.75
2012	12.75
2013	13.50

Source: 2011-2012 and 2013-2014 Budgets

H.4 Budget Appropriations

Since 2006, the Department's appropriation averaged about 4.9% of the city's total operating General Fund. While the recession has somewhat affected the Department in 2009, there have been some slight increases in the last two General Fund appropriations due to the transfer of a Human Services Division. Overall, this percentage falls in line with those of other cities of similar size. Currently, the City spends approximately \$36 per capita on park and recreation services.

City and Department Appropriations—General Fund

Year	City expenses	PROS	% of city
2006	35,414,930	1,735,500	4.9%
2007	35,731,080	1,522,710	4.3%
2008	38,152,330	1,801,080	4.7%
2009	39,124,991	1,551,584	4.0%
2010	36,738,871	2,093,300	5.7%
2011	38,175,130	2,083,230	5.5%
2012	38,732,960	2,065,420	5.3%
2013	34,176,740	1,942,170	5.7%
2014	34,265,355	1,947,730	5.7%

Source: 2011-2012 and 2013-2014 Budgets

H.5 PROS Revenues and Expenditures

Overall, the Parks Division remains the major cost-center. There has been a gradual rise in recreation expenditures as the Department progressively increased program offerings to the community.

Division Expenditures in 2010

	2010	Percent
Parks	\$438,757	19.4%
Fort Steilacoom Park	390,420	17.2%
Recreation	511,404	22.7%
Senior Services	201,263	8.9%
Human Services	512,573	22.7%
Administration	205,359	9.0%
Total	\$2,259,776	100.0%

Source: 2009-2010 Budget

The annual expenditure of the Department decreased from \$1,728,865 during 2006 to around \$1,580,357 during the downturn in 2009 prior to the addition of the Human Services Division.

Department Revenues & Expenditures

	PROS expenses	Revenue	Percent
2006	\$1,728,865	\$554,863	32.1%
2007	1,523,396	685,410	45.0%
2008	1,585,683	645,920	40.7%
2009	1,580,357	609,879	38.6%
2010	2,054,419	583,860	28.4%
2011			
2012			

Source:

For comparison purposes, if the Human Services expenditures were excluded from the Department spreadsheet, the annual expenditures for 2010 would actually be approximately \$1,541,826 for which year 2010 revenues of \$583,860 would equal 37.9% of expenditures.

While there are several sources of revenue, including fees and charges, the significant

portion of PROS revenue still comes from local sales taxes allocated for parks and recreation purposes. A dependency on local sales tax has dropped since 2006 from 87% to about 64% in 2010.

The causes for the decrease are: 1) sales tax revenues have dwindled as consumers reduced spending during the recession years, and 2) there is an increase in earned revenues through improved program offerings and overall participation.

To shift towards more sustainable financing, the Department must find creative means to expand revenues beyond the reliance on the local sales tax. Aside from finding program sponsors and raising funds, there is an opportunity for the Department to reasonably increase the fees and charges over time.

Source of Revenue	2011	2012
sales tax - parks	50%	49%
leasehold excise tax	2%	2%
Fort Steilacoom Park	21%	18%
park/boat launch fees	3%	4%
park fees	1%	1%
Ft Steilacoom Park fees	5%	3%
program fees	4%	3%
program fees taxable	0%	1%
senior center fees	6%	7%
senior center fees tax	1%	1%
special event vendors	0%	1%
senior center vendors	0%	1%
interest sales tax	1%	0%
long term rents/leases	2%	1%
concession proceeds	0%	1%
donations	0%	0%
Summerfest donations	2%	0%
Lakewood Promise	0%	1%
parks donations	0%	0%
private contributions	1%	4%
United Way seniors	1%	2%
Total revenue (\$)	1,008,292	817,502

Lakewood's year 2011 operating budget projects the following revenues and expenditures for the 5 operating divisions:

Program	Expenditure	Revenue	
Parks	454,168	44,262	10%
Ft Steilacoom	410,816	177,500	43%
Recreation	354,450	35,360	10%
Senior Svs	226,482	80,922	36%
Human Svs	510,489	0	0%
Administration	204,223	0	0%
Total	\$2,172,926	\$338,044	16%

Source: 2013-2014 Budget (note - total includes \$7,900 for community center capital outlay) (also note - revenue does not include sales tax and

leasehold excise tax proceeds, donations, or contributions - just fees)

The 2011 budget's combined cost of all Park & Recreation Division operations including all recreation programs and the maintenance of all parks (but not including capital facility improvement funds) was \$2,172,926 with revenues (not including sales tax, leasehold excise tax proceeds, donations, or contributions) from all programs and rentals of \$338,044 or 16%.

Ideally, Lakewood should recover as much of recreation program cost as possible (75-85% overall) possibly including a proportionate share of general administration overhead costs to avoid using general fund property taxes or other city discretionary monies or Lakewood will not have sufficient funds left with which to fund critical annual and cyclical maintenance, repair, and replacement of existing facilities, and acquisition and development of new parks lands and facilities required to offset population growth and raise level of service standards.

Funding implications

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

However, these sources will not continue to yield enough money with which to initiate major facility development and/or with which to accomplish major cyclical maintenance requirements.

In addition, in light of the 1.0% statutory limit on local property tax yield's affect on discretionary funding in general, the city can no longer depend entirely on traditional revenue sources as a means of funding capital improvement projects.

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

H.6 PROS Revenue Prospects - Grants

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

Washington State grants

Washington State, through the Resource Conservation Office (RCO - formerly the Interagency for Outdoor Recreation (IAC)) funds and administers a number of programs for

parks and recreation, and 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 RCO for the development of shoreline related trail improvements and may be applied for up to 50% of the proposal.

Washington State Public Works Commission - initiated a program that may be used for watercraft sanitary pump-out facilities.

Youth Athletic Facilities (YAF) - provides grants to cities, counties, and qualified nonprofit organizations for the improvement and maintenance of existing, and the development of new athletic facilities. The program is administered by the Community

Outdoor Athletic Fields Advisory Council (COAFAC) of the RCO.

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 Resource Conservation Office (RCO) administers the grants.

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

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

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

Due to diminished funding, however, RCO grants have not been a significant source of project monies for city or other local jurisdictions in recent years.

Urban Park and Recreation Recovery Program (UPARR) - established in November 1978 by Public Law 95-625, it authorizes \$725,000,000 to provide matching grants and technical assistance to economically distressed urban communities. Between 1978 and 2000, over \$230,000,000 were provided to local governments for park rehabilitation and maintenance and recreation programs in the inner cities.

The purpose of the program is to provide direct federal assistance to urban localities for rehabilitation of critically needed recreation facilities. The law also encourages systematic local planning and commitment to continuing operation and maintenance of recreation programs, sites, and facilities. Only cities and urban counties meeting established criteria are eligible for assistance.

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.

HUD Community Development Block (CDBG) Grant - from the Federal Department of Housing and Urban Development, are available for a wide variety of projects. Most are distributed in the lower income areas of the community and can

include infrastructure projects such as parks, trails, and sidewalks. Grants can cover up to 100% of project costs.

H.7 PROS Revenue Prospects – Mitigations and Fees

Environmental impact mitigation – subdivision regulations

Lakewood subdivision policies can require developers of subdivisions on the city 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.

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

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

Lakewood 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. Lakewood may be contracted by any of the other agencies to provide or oversee a maintenance contract on the owner's behalf provided all Lakewood costs are reimbursed by an approved method of local financing.

Growth impact fees

Lakewood could adopt a park growth impact fee in accordance with the Washington State Growth Management Act (GMA). A park impact fee could be applied to all proposed residential developments on the city 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 Lakewood 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 Lakewood 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.

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

- **acquisition of suitable sites** - in conjunction with other public or school facilities including title transfer if other public or school agencies enter into special agreements assuming development, operation, and maintenance responsibilities and costs,
- **development of facilities** - on other public or school sites if other public or school agencies enter into agreements assuming future

operation and maintenance responsibilities and costs, or

- **any other alternative** - including development, operation or maintenance proposals by user groups or private concessionaires or developers that provide a viable facility in accordance with the park, recreation, and open space strategies outlined.

Facility user fees and charges

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

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

User fees have and could be used to provide facilities for park and recreation activities whose profit margins are too low to sustain commercial operations or whose benefiting user group may extend beyond city boundaries. Possible user fee financed facilities could continue to include recreational vehicle parks and tent campgrounds, 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 Lakewood would provide on a direct costs/benefit basis. To date, Lakewood 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 Lakewood to determine to what extent the public benefits merit the subsidized fee revenues.

The user fee approach may also be difficult to impose on facilities that don't have readily identifiable or chargeable users - like some passive park or trail systems. The approach may

be very responsive, however, for facilities and services that have an identifiable user group receiving a direct proportional benefit for the charge.

Lodging and restaurant tax - allows cities to assess up to \$0.04 on hotel, motel and restaurant gross receipts and sales of which parks and recreation agencies can receive \$0.01.

Special Improvement Districts for Park Improvements: A park district is a form of local special-purpose district independent from the general purpose local city governments for providing public parks and recreation in or near its geographic boundaries. The major source of funding comes from a property tax, and sometimes from an excise or sales tax. The authorizing legislation may give a special district the power to issue municipal bonds or set fees.

Water utility or solid waste fee - a special assessment added onto water utility fees paid by homeowners and businesses to cover the costs of water, street trees, landscaping, fountains, and pools can also be earmarked for open space, parks, or trails. The fee is usually 2 or 3% of the bill.

Surface water management fee - allows cities to bill a fee with property taxes to fund capital projects that improve drainage, water quality and stream bed stability that may improve natural habitats and endangered species.

Lakewood has a Surface Water Management Fund dedicated for open space and natural area acquisition.

Conservation Futures Fund - is a state authorized/county property tax. The Pierce County Council enacted the tax and all property taxpayers pay \$0.0625/\$1,000 of assessed value of each Pierce County owned parcel. These monies, identified in the budget as Conservation Futures, are budgeted annually by the Pierce County Council.

Administered by the Pierce County Parks and Recreation Department, Conservation Futures is a land preservation program for protection of threatened areas of open space, timber lands, wetland, habitat areas, agricultural and farm lands within the boundaries of Pierce County. The funds are used to acquire the land or the rights to future development of the land.

Special legislation – Real Estate Excise Tax (REET)

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

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

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

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

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

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

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

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

Unlimited general obligation bonds

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

Voter approved capital improvements may be more representative of actual resident priorities

than some other methods of validating capital expenditures, and will at the least, ensure referendum submittals provide widespread benefits.

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

General levy lid lift referendums

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

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

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

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

Metropolitan Park District (MPD) (SB 2557)

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

Metropolitan park districts may provide recreational facilities that are specific to the district's boundaries in return for the district residents' agreement to pay the special

development, operation, and maintenance costs utilizing special financing devices.

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

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

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

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

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

H.8 PROS Revenue prospects - private

Special use agreements

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

Lakewood 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 Lakewood 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 Lakewood may prefer to avoid any implied responsibility or liability for the utility worthiness which Lakewood's maintenance of a trail system could imply.

Public/private service contracts

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

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

Public/private concessions

Lakewood could lease a portion of a site or facility to a private party in exchange for a fixed fee or a percentage of gross receipts. The private operator assumes operation and maintenance responsibilities and costs in exchange for a profit. For certain types of facilities, such as enterprise fund account facilities like a golf course, campground, marina, indoor tennis courts, or community center Lakewood'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.

Lakewood 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 Lakewood 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 boating and bicycle rentals, special group and recreational vehicle campgrounds, athletic field and court facilities, and swimming pools and beaches, among others.

Public/private joint development ventures

Lakewood 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. Lakewood 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 Lakewood could use for other development opportunities. Examples include the possible joint development on Lakewood lands of recreational vehicle campgrounds, seminar retreats, special resorts, swimming pools and water parks, golf courses, and gun and archery ranges, among others.

Self-help land leases

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

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

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

Self-help contract agreements

Lakewood can purchase land, develop, operate, and maintain a specialized facility under a negotiated contract agreement where a special interest group agrees to defray all costs in addition to or in lieu of a user fee as a means of

meeting user benefit/cost objectives. The agreements can be quite flexible and could contract the city, school district, the user group, another public agency or a private operator to be developer/operator.

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

Trust for Public Land (TPL) - TPL and the Cascade Land Conservancy work with agencies and communities to raise funds for conservation and preservation purposes. It often works cooperatively with government agencies by acquiring and holding land for eventual acquisition by a public agency.

Foundations, donations and giving - private grants and foundations provide money for a wide range of projects. Through open competition, they usually fund unique projects or ones of extreme need. The donations of labor, land, or cash by service agencies, private groups or individuals are a popular way to raise small amounts of money for specific projects.

Service agencies, such as Kiwanis, Lions and Rotary Clubs often fund small projects, e.g., playground improvements, as they often have done in Lakewood.

Endowment funds, irrevocable remainder trusts and life estates - are set up with wealthy individuals who are willing to leave a portion of their wealth to the city in a trust fund that the city can use a portion of the interest to support specific park and recreation facilities or programs that are designated by the trustee.

Life estates are agreements with land owners where the city gives owners the right to live on their properties after they are sold.

Advertising - is the sale of tasteful and appropriate advertising on park and recreation related items such as in the city's program guide, on scoreboards, dasher boards, website and other visible products or services that are consumable or permanent that exposes the product or service to many people.

Naming rights - selling the naming rights for new buildings or renovation of existing buildings and

parks for the development cost associated with the improvement. According to Street and Smith (2002), the average annual price of naming rights agreements for major sport venues in 2002 was \$4,280,000.

Sponsorship - is a cash and/or in-kind fee paid to a property in support of an event or a cause in return for access to the exploitable commercial potential associated with that property.

Certificates of Participation (COPs) - is a type of financing, alternative to a government or municipal bond, where an investor purchases a share in the improvements or infrastructure the government entity intends to fund. This is a lease-purchase approach where the city sells COPs to a lending institution. The city then pays the loan off from revenue produced by the facility or from its general operating budget. The lending institution holds title to the property until the COPs are repaid. This procedure does not require a vote of the public.

Private concessionaires and catering permits - includes contracts with food and gift vendors to operate a food concession stand or to cater food in city parks or recreation center at a fee.

Special use permits, rentals and reservations - allow individuals to use specific park property for financial gain. The city either receives a set amount of money or a percentage of the gross service that is being provided. Reservations and rentals allow the public the right to reserve specific public property for a set amount of time. The reservation rates are usually set and apply to group picnic shelters, meeting rooms for weddings, reunions and outings or other type of facilities for a special activity.

Product sales - possible sales include T-shirts, calendars and souvenirs etc.

Ancillary retail development in regional parks - certain related types of retail developments or services, such as café, bakery or restaurant, can both attract more visitors to regional parks and generate another stream of revenue.

Telecommunication site leases - cell towers attached to existing light poles in sports fields and complexes provide another source of revenue.

H.9 General funding strategies

Using the strategies described above, funding sources should generally be matched to specific needs to avoid duplication and take advantage

of each fund's specific possibilities. For example:

Program services

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

Facility operation, maintenance, and minor construction

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

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

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

Recreational facility development

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

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

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

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

Parks, natural areas and trail development

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

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

Special developments

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

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

Growth impact fee mitigation

Continued residential developments within Lakewood's service area will severely stress existing Lakewood facilities and services. Consequently, Lakewood should institute growth impact fee mitigation measures in accordance with the Washington Growth Management Act to preserve unique sites and require land developers to help finance facility developments offsetting project impacts.

H.10 Financial strategies 2014-2020

A Lakewood financial strategy for the next 6-year period (2012-2018) must generate sufficient revenue to provide recreational

program services, maintain and renovate facilities, and implement priority projects chosen from the 20-year (CFP) capital facility program.

Three alternative financial strategies illustrate the choices available Lakewood under an integrated funding strategy. The strategies combine possible scenarios concerning general funds from property taxes, recreation program cost recovery, growth impact fees, REET, and approval of a bond or property tax levy lid lift.

The forecasts are conservative, based on the average trends indicated in capital facility program fund expenditures by Lakewood during the 2010 budgeted year but are adjusted to account for expected increases in the tax and revenue base valuations over the 6-year period.

Alternative 1

This scenario **would finance \$21,728,850** in combined park administration, recreation programs, park maintenance, park deferred repairs and replacements, and Lakewood's share of proposed composite level-of-service (PLOS) facility improvements over the 6-year period with:

Proposed 6-yr expenditures

Admin & Human Services	\$ 3,822,146
Recreation & Senior Services	\$ 3,449,845
Parks & Fortt Steilacoom Park	\$ 5,120,131
Deferred renovations/repairs	\$ 1,336,728
PLOS land and facility addns	\$ 8,000,000
Total	\$21,728,850

Proposed 6-yr revenues

General Fund allocation (-2%)	\$ 5,345,881
Recreation cost recovery (70%)	\$ 955,766
Park impact fee (45%)	\$ 2,695,064
REET allocation (20%)	\$ 1,272,307
Property tax levy	\$ 11,459,832
Total	\$21,728,850

Annual cost for tax levy

per \$100,000 house value	\$42.19
per median \$221,989 value	\$93.66

- **General Funds property tax** - assuming that the annual revenue would decline -2% per year as a result of proposition 747 or the 1% tax limitation,
- **Recreation program cost recovery** - would be increased to recover an average 70% over all programs and pool operations,
- **Lakewood park impact fee** - would be used to capture 45% of the \$1,428 cost per person of maintaining Lakewood's existing level-of-service (ELOS) standards through additional population increases equal to \$643 per person or \$1,530

per dwelling unit where the typical unit averages 2.38 residents,

- **Lakewood Real Estate Excise Tax (REET)** - which captures two \$0.0025 per \$1.00 of sales value would be utilized 20% for park and recreation purposes,
- **Supplemental special purpose (limited duration) or property tax levy lid lift** - would be sought to finance remaining costs necessary to realize combined administration, recreation programs, swimming pool operations, park maintenance, deferred repair and replacement costs, and new land acquisitions and facility developments necessary to realize Lakewood's portion of the combined proposed level-of-service (PLOS) standard equal to an annual bond or property tax levy payment of \$42.19 per \$100,000 of house value for 6 years equal to \$93.66 for a median house value of \$221,989 in the year 2010.

Alternative 2

This scenario would finance the same \$21,728,850 over the 6-year period as Alternative 1 except:

Proposed 6-yr revenues		Alt 2
General Fund allocation (-2%)	\$	5,345,881
Recreation cost recovery (75%)	\$	1,128,258
Park impact fee (60%)	\$	3,593,419
REET allocation (30%)	\$	1,908,460
Property tax levy	\$	9,752,831
Total		\$21,728,850
Annual cost for tax levy		
per \$100,000 house value	\$	35.91
per median \$221,989 value	\$	79.71

- **Recreation program cost recovery** - would be increased to recover an average 75% over all programs and pool operations,
- **Lakewood park impact fee** - would be used to capture 60% of the \$1,428 cost per person of maintaining Lakewood's existing level-of-service (ELOS) standards through additional population increases equal to \$857 per person or \$2,039 per dwelling unit where the typical unit averages 2.38 residents,
- **Lakewood Real Estate Excise Tax (REET)** - which captures two \$0.0025 per \$1.00 of sales value would be utilized 30% for park and recreation purposes,
- **Supplemental special purpose (limited duration) or property tax levy lid lift** - would be sought to finance remaining costs necessary to realize combined administration, recreation programs, swimming pool operations, park maintenance, deferred repair and replacement costs, and new land acquisitions and facility developments necessary to realize Lakewood's portion of the combined proposed level-of-

service (PLOS) standard equal to an annual bond or property tax levy payment of \$35.91 per \$100,000 of house value for 6 years equal to \$79.71 for a median house value of \$221,989.

Alternative 3

This scenario would finance the same \$21,728,850 over the 6-year period as Alternative 2 except:

Proposed 6-yr revenues		Alt 3
General Fund allocation (-2%)	\$	5,345,881
Recreation cost recovery (80%)	\$	1,300,750
Park impact fee (75%)	\$	4,491,773
REET allocation (40%)	\$	2,544,614
Property tax levy	\$	8,045,831
Total		\$21,728,850
Annual cost for tax levy		
per \$100,000 house value	\$	29.62
per median \$221,989 value	\$	65.76

- **Recreation program cost recovery** - would be increased to recover an average 80% over all programs and pool operations,
- **Lakewood park impact fee** - would be used to capture 75% of the \$1,428 cost per person of maintaining Lakewood's existing level-of-service (ELOS) standards through additional population increases equal to \$1,071 per person or \$2,548 per dwelling unit where the typical unit averages 2.38 residents,
- **Lakewood Real Estate Excise Tax (REET)** - which captures two \$0.0025 per \$1.00 of sales value would be utilized 40% for park and recreation purposes,
- **Supplemental special purpose (limited duration) or property tax levy lid lift** - would be sought to finance remaining costs necessary to realize combined administration, recreation programs, swimming pool operations, park maintenance, deferred repair and replacement costs, and new land acquisitions and facility developments necessary to realize Lakewood's portion of the combined proposed level-of-service (PLOS) standard equal to an annual bond or property tax levy payment of \$29.62 per \$100,000 of house value for 6 years equal to \$65.76 for a median house value of \$221,989.

H.11 Financial strategies 2014-2034

A Lakewood financial strategy for the next 20-year period (2012-2032) must generate sufficient revenue to provide administration, recreation programs, park maintenance, renovate facilities, and implement priority projects chosen from the 20-year (CFP) capital facility program.

The same 3 alternative financial strategies defined under the 6 year or 2012-2018 strategy illustrate the choices available Lakewood under an integrated funding strategy. The 20 year strategies combine the same possible scenarios concerning recreation program cost recovery, growth impact fees, REET, and approval of a property tax levy lid lift.

Total expenditures for the 20 year or 2014-2034 time periods would be \$80,184,490. Revenue totals under the 3 alternatives would also be \$80,184,490 assuming:

Alternative 1

This scenario would finance \$80,184,490 in combined park administration, recreation programs, park maintenance, park deferred repairs and replacements, and Lakewood’s share of proposed composite level-of-service (PLOS) facility improvements over the 20-year period with:

Proposed 20-yr expenditures

Admin & Human Services	\$ 15,169,911
Recreation & Senior Services	\$ 13,692,269
Parks & Fortt Steilacoom Park	\$ 20,321,550
Deferred renovations/repairs	\$ 4,455,760
PLOS land and facility addns	\$ 26,545,000
Total	\$80,184,490
Proposed 20-yr revenues Alt 1	
General Fund allocation (-2%)	\$ 21,217,542
Recreation cost recovery (70%)	\$ 3,793,388
Park impact fee (45%)	\$ 12,001,195
REET allocation (20%)	\$ 5,049,725
Property tax levy	\$ 38,122,640
Total	\$80,184,490
Annual cost for tax levy	
per \$100,000 house value	\$ 42.11
per median \$221,989 value	\$ 93.47

- **General Funds property tax** - assuming that the annual revenue would decline -2% per year as a result of proposition 747 or the 1% tax limitation,
- **Recreation program cost recovery** - would be increased to recover an average 70% over all programs and pool operations,
- **Lakewood park impact fee** - would be used to capture 45% of the \$1,428 cost per person of maintaining Lakewood’s existing level-of-service (ELOS) standards through additional population increases equal to \$643 per person or \$1,530 per dwelling unit where the typical unit averages 2.38 residents,
- **Lakewood Real Estate Excise Tax (REET)** - which captures two \$0.0025 per \$1.00 of sales value would be utilized 20% for park and recreation purposes,

- **Supplemental special purpose (limited duration) or property tax levy lid lift** - would be sought to finance remaining costs necessary to realize combined administration, recreation programs, park maintenance, deferred repair and replacement costs, and new land acquisitions and facility developments necessary to realize Lakewood’s portion of the combined proposed level-of-service (PLOS) standard equal to an annual bond or property tax levy payment of \$42.11 per \$100,000 of house value for 20 years equal to an annual assessment of \$93.47 for a median house value of \$221,989.

Alternative 2

This scenario would finance the same \$80,184,490 over the 20-year period as Alternative 1 except:

Proposed 20-yr revenues

	Alt 2
General Fund allocation (-2%)	\$ 21,217,542
Recreation cost recovery (75%)	\$ 4,478,002
Park impact fee (60%)	\$ 16,001,593
REET allocation (30%)	\$ 7,574,587
Property tax levy	\$ 30,912,766
Total	\$80,184,490
Annual cost for tax levy	
per \$100,000 house value	\$34.14
per median \$221,989 value	\$75.79

- **Recreation program cost recovery** - would be increased to recover an average 75% over all programs and pool operations,
- **Lakewood park impact fee** - would be used to capture 60% of the \$1,428 cost per person of maintaining Lakewood’s existing level-of-service (ELOS) standards through additional population increases equal to \$857 per person or \$2,039 per dwelling unit where the typical unit averages 2.38 residents,
- **Lakewood Real Estate Excise Tax (REET)** - which captures two \$0.0025 per \$1.00 of sales value would be utilized 30% for park and recreation purposes,
- **Supplemental special purpose (limited duration) or property tax levy lid lift** - would be sought to finance remaining costs necessary to realize combined administration, recreation programs, park maintenance, deferred repair and replacement costs, and new land acquisitions and facility developments necessary to realize Lakewood’s portion of the combined proposed level-of-service (PLOS) standard equal to an annual bond or property tax levy payment of \$34.14 per \$100,000 of house value for 20 years equal to an annual assessment of \$75.79 for a median house value of \$221,989.

Alternative 3

This scenario would finance the same \$80,184,490 over the 20-year period as Alternative 2 except:

Proposed 20-yr revenues	Alt 3
General Fund allocation (-2%)	\$ 21,217,542
Recreation cost recovery (80%)	\$ 5,162,615
Park impact fee (75%)	\$ 20,001,992
REET allocation (40%)	\$ 10,099,449
Property tax levy	\$ 23,702,892
Total	\$80,184,490
Annual cost for tax levy	
per \$100,000 house value	\$26.18
per median \$221,989 value	\$58.12

- **Recreation program cost recovery** - would be increased to recover an average 80% over all programs and pool operations,
- **Lakewood park impact fee** - would be used to capture 75% of the \$1,487 cost per person of maintaining Lakewood's existing level-of-service (ELOS) standards through additional population increases equal to \$1,071 per person or \$2,548 per dwelling unit where the typical unit averages 2.38 residents,
- **Lakewood Real Estate Excise Tax (REET)** - which captures two \$0.0025 per \$1.00 of sales value would be utilized 40% for park and recreation purposes,
- **Supplemental special purpose (limited duration) or property tax levy lid lift** - would be sought to finance remaining costs necessary to realize combined administration, recreation programs, park maintenance, deferred repair and replacement costs, and new land acquisitions and facility developments necessary to realize Lakewood's portion of the combined proposed level-of-service (PLOS) standard equal to an annual bond or property tax levy payment of \$26.18 per \$100,000 of house value for 20 years equal to an annual assessment of \$58.12 for a median house value of \$325,200.

H.12 Implications

A feasible 6 and 20-year Lakewood financial strategy lies between alternative 2 and 3 where:

- **General Fund and other revenue contributions** - from the property tax contribution would decline an average -2.0% per year as a result of proposition 747 or the 1% tax limitation,
- **Growth impact fee** - would be adopted to capture between 60%-75% of the \$1,487 cost per person of maintaining Lakewood's existing level-of-service (ELOS) standards through additional population increases equal to \$857-

10712 per person or \$2,039-2,548 per dwelling unit where the typical unit averages 2.38 residents,

- **Real Estate Excise Tax (REET) 1 & 2** - which would allow two \$0.0025 increments per \$1.00 of sales value would provide between 30-40% of the annual proceeds be devoted to park capital development,
- **Property tax levy lid lift** - would be sought to finance remaining costs necessary to realize combined administration, recreation programs, swimming pool operations, park maintenance, deferred renovations, and the city's portion of the combined proposed level-of-service (PLOS) standard equal to an annual property tax levy payment of between \$34.14-26.18 per \$100,000 house value for 20 years equal to \$75.79-58.12 per a median house value of \$221,989.

If the amount of monies provided from the General Fund are increased (through a levy lid lift), then the amounts that must be generated from recreation program cost recovery, growth impact fee assessments, REET allocations, and a special duration property tax levy may be lower.

Conversely, if the amount of monies provided from the General Fund is lower than the reducing -2% allocation and the amounts to be generated from recreation program cost recovery, growth impact fee assessments, REET allocations, and a special duration property tax levy is also lower;

- **then some or most of the proposed level-of-service (PLOS) enhancements will have to be reduced - or extended beyond the next 6 and 20-year programming time period.**