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City Council

Approval of Ordinances Creating an Olympia Metropolitan Park District and Authorizing a Metropolitan Park District Interlocal Agreement

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Title

Approval of Ordinances Creating an Olympia Metropolitan Park District and Authorizing a Metropolitan Park District Interlocal Agreement

Recommended Action

Committee Recommendation:

The Finance Committee unanimously agreed to recommend to the full Council approval of the Olympia Metropolitan Park District proposal for consideration at its meeting on July 7, 2015.

City Manager Recommendation:

Move to approve on second reading (1) the ordinance creating an Olympia Metropolitan Park District and (2) the companion ordinance approving an Interlocal Agreement between the City and the Olympia Metropolitan Park District.

Report

Issue:

Should the Council approve the proposed Olympia Metropolitan Park District Ballot Measure Ordinance and the companion Ordinance Approving an Interlocal Agreement between the City and the Olympia Metropolitan Park District.

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Background and Analysis:

Over the past seven months, the Olympia Parks, Arts and Recreation Department (OPARD) has conducted public meetings and a survey to obtain input and participation in the development of future planning for the City's recreational facilities, parks acquisition, improvements and maintenance needs for current parks and facilities, including public presentations and Study Sessions by the Olympia City Council and its committees. Extensive community input was received during this public process, which was facilitated in order to update the Parks, Arts and Recreation Plan.

At the City Council Retreat in January, the Council's Finance Committee was directed to continue

working toward the City Council goal of adopting a sustainable budget by working with the community and staff to identify current and future funding gaps within the City budget and a variety of strategies to address those gaps.

The Finance Committee evaluated a variety of different revenue strategies, including a metropolitan park district authorized by RCW Chapter 35.61, to address funding issues. The Committee held open public meetings to receive information from Olympia Parks Arts, and Recreation Department (OPARD) staff and public testimony from residents. The Committee also inquired and deliberated about the City's current and future recreational needs and the related budget issues. Based on this process, the Finance Committee developed its recommendation that the City Council initiate the formation of a metropolitan park district, by placing before the voters within the boundaries of the City of Olympia, a ballot measure to create the Olympia Metropolitan Park District (the District).

The Finance Committee also agreed that if a metropolitan park district were formed, measures be taken to provide for ongoing citizen oversight of City and District funds.

Following its June 9 Special Study Session, the City Council directed the Finance Committee to work with staff and citizen park advocates to prepare the necessary documents to put an Olympia Metropolitan Parks District proposition on the ballot, and bring the documents back for full City Council consideration on July 7, 2015.

Chapter 35.61 RCW and other State law provides that a metropolitan park district may be created upon voter approval of a ballot proposition submitted to the voters of the proposed District, and that a metropolitan park district has certain statutory powers, including the power to levy and impose various taxes and fees to generate revenues to provide ongoing funding to acquire, maintain, operate, develop, and improve parks, community centers, pools, and other recreation facilities and programs.

Summary of the Ordinances

Ordinances were prepared for Council review and were approved on first reading by Council vote 4-3, on July 7, 2015. On motion, the ordinances were advanced to second reading on the Consent Calendar. The form and content of the ordinances are guided by relevant state law, input from citizens, staff and the City Attorney, working in cooperation with bond counsel, Nancy Neraas of Foster Pepper, PLLC, and underwent bond counsel review.

The ballot title must conform to certain statutory requirements and is subject to a 75-word limit describing the measure.

Second Reading

Since first reading, minor revisions have been made to the Ordinance Relating to an Interlocal Agreement in **Section 1. Statement of Intent** and in **Attachment 1 (INTERLOCAL AGREEMENT BETWEEN THE CITY OF OLYMPIA AND THE OLYMPIA METROPOLITAN PARK DISTRICT)**, specifically in **Section 3.1.1 Finance**, Subsections (iii) and (iv), **Section 5.1** and in **ADDENDUM 1**. The revisions are as follows:

- The wording in the Ordinance Relating to an Interlocal Agreement in **Section 1. Statement of Intent** has been revised to read:

It is the intent of the City of Olympia that, if the voters approve formation of the Olympia Metropolitan Park District ("Olympia Metropolitan Park District" or "District") within the boundaries of the City of Olympia, the City will work in cooperation with the District, the Olympia Parks, Arts and Recreation Committee ("PRAC"), and a new citizens' advisory committee consisting of five (5) persons to advise the City and the District. The new advisory committee shall be referred to as the OMPD Advisory Committee and will provide an annual report to the City and District regarding the City's compliance with the funding levels contained within the interlocal agreement. ~~on park acquisitions, development, maintenance, park standards and review of funding levels provided herein and in the interlocal agreement, together with other community based neighborhood associations to ensure stable, ongoing funding to maintain, operate, acquire and improve parks, community centers, athletic fields and other recreation facilities and programs throughout the City.~~

- Errata corrected in Attachment 1 to the Ordinance Relating to an Interlocal Agreement, Interlocal Agreement, Section 3.1.1: The reference in Section 3.1.1(iii) to ".5%" is changed to "one-half," and the reference in Section 3.1.1 (iv) to "0.5%" is changed to "one-half."

- The wording in Attachment 1 to the Ordinance Relating to an Interlocal Agreement, Interlocal Agreement, Section 5.1, is revised to add the following sentence:

5.1. Ownership of Property. All park and recreation land, facilities and equipment that are maintained, acquired, improved or otherwise used in connection with this Agreement are and shall remain the property of the City. No joint property ownership is contemplated under the terms of this Agreement. In accordance with state law and City policy, the City retains the right to acquire or to sell or divest itself of city owned park land or facilities. Any proceeds from a sale or divestment of park land or facilities shall be dedicated to park purposes, including repaying bonds issued for park purposes.

- In the Notes section to ADDENDUM 1 to Attachment 1, Interlocal Agreement, to the Ordinance Relating to an Interlocal Agreement, revised to read: "excluding es currently dedicated portions to, e.g., criminal justice and safety," and adding note to all taxes.

The proposed revisions on second reading have been reviewed and approved by bond counsel.

Creation of Olympia Metropolitan Park District. The proposed ordinance would place a measure on the November 3, 2015, ballot to create a metropolitan park district. As currently drafted, upon voter approval of the measure, the District would be formed with the same boundaries as the City of Olympia, and the Olympia City Councilmembers, acting *ex officio* and independently, would comprise the governing board (the District Board).

If approved by a majority of the voters within its proposed boundaries, the District would be formed as a separate municipal corporation. It would have all the powers given to metropolitan park districts under State law, including the power to levy a property tax and ability to act in conjunction with the City to acquire, develop, maintain, operate, and improve parks, community centers, and other recreation facilities and programs.

Interlocal Agreement. As a companion to the proposed ordinance to create a metropolitan park district, there is an ordinance which provides for an Interlocal agreement between the City and the District if voters approve creation of a Metropolitan Park District. The companion ordinance specifies how the City and the District would cooperate and authorizes the Mayor to execute such an

agreement on behalf of the City and expresses the City's intent to work with a citizens' advisory committee on park acquisitions, development, maintenance, park standards, and review of funding levels as specifically provided in the Interlocal Agreement to ensure stable, ongoing funding to maintain, acquire, operate, and improve parks, community centers, athletic fields and other recreation facilities and programs. Further, the City expresses its intent to commit revenues for park land acquisition.

Neighborhood/Community Interests (if known):

Establishment of a city-wide metropolitan park district will provide stable, ongoing funding to maintain, acquire, operate and improve parks, community centers, athletic fields, and other recreation facilities and programs throughout the City.

Options:

1. Approve on second reading the proposed Olympia Metropolitan Park District Ballot Measure Ordinance and the companion Ordinance Approving an Interlocal Agreement between the City and the District.
2. Provide direction to delay action to 2016 or beyond.
3. Do nothing at this time.

Financial Impact:

Approved metropolitan park districts, created pursuant to RCW Chapter 35.61, have the authority to levy property taxes up to \$0.75/\$1,000 (75 cents per \$1,000) of Assessed Value (AV). The Finance Committee discussed levying the full amount and then "banking" some capacity. Previous discussions about the Olympia Metropolitan Park District have preliminarily discussed an increase of property taxes by \$0.54/\$1,000 (54 cents per \$1,000) of AV, which would generate an estimated \$3,000,000 per year in additional funding for Parks, Arts and Recreation purposes. The estimated cost to the owner of a \$250,000 home is approximately \$135/year or \$11.25 per month. The decision on the actual amount of property tax levied is set by the Park District Board, following a public hearing, if voters approve creation of a Metropolitan Park District in the November general election. No new taxes will be assessed or collected until 2017. During the June 30 Finance Committee meeting, it was recommended an additional 10 cents would be added allowing the Non Voted Utility (NVU) tax to be used for acquisition as well. The additional funds would ensure no current City funding would be negatively impacted (Building Repair and Maintenance currently receives ½ of the NVU tax). The Board, not the City Council, sets the tax rate. If some amount is "banked," then the Board in future years may levy some or all of the remaining rate. If the levy is not banked, then the levy may only increase by 1% or the Implicit Price Deflator, whichever is less (the same as the City's ad valorem tax rate). It should be noted that a metropolitan park district is a junior taxing district. The aggregate regular levy rates of senior taxing districts (counties and cities) and junior taxing districts (fire districts, metropolitan park districts, cemetery districts, library districts and parks and recreation districts) may not exceed \$5.90 per thousand dollars of AV. If this limit is exceeded, the levy of some or all of the junior taxing districts must be pro-rationed.