PenMet Parks

2024 Proposed Operating and Capital Budget

Public Hearing #1

November 14, 2023

Agenda

- Agency Profile
- Budget Development Process
- Operating and Capital Budget Summary
- Operating Budget
  - General Fund
  - Recreation Revolving Fund
  - Facilities Enterprise Fund
  - Special Funds
- Capital Budget
  - Capital Project Fund
  - 2024 Capital Improvement Plan
- Next Steps

PenMet Parks

Agency Profile

PenMet Parks

District overview

- Metropolitan park district formed in 2004 by a vote of the people.
- Manages approximately 650 acres of parkland.
- Provides hundreds of diverse recreation programs for all ages and abilities every year.
- District spans over 50 square miles in unincorporated Pierce County on the Gig Harbor Peninsula.
- Serves approximately 40,000 people within District boundaries.

PARKS DISTRICT BOUNDARY

1. **Sehmel Homestead Park**
   10123 78th Ave. NW
2. **Sunrise Beach Park**
   10015 Sunrise Beach Dr. NW
3. **McCormick Forest Park**
   10301 Bujacich Rd.
4. **Rotary Bark Park and Trails**
   10100 Bujacich Rd.
5. **Rosedale Park and Hall**
   8205 86th Ave. NW
6. **Hales Pass Park & Arletta Schoolhouse**
   3607 Ray Nash Dr. NW
7. **Harbor Family Park**
   6620 32nd St. NW
8. **Tacoma DeMolay Sandspit Nature Preserve**
   53 Bella Bella Dr. FI
9. **Madrona Links Golf Course**
   3604 22nd Ave. NW
10. **Narrows Park**
    1502 Lucille Pkwy NW
11. **Tubby's Trail Dog Park**
    1701 14th Ave. NW
12. **Fox Island Fishing Pier**
    1453 Ozette Dr. FI
13. **Community Recreation Center / Mini Golf**
    2416 14th Ave. NW
14. **Cushman Trail**
    2416 14th Ave. NW
15. **Kopachuck Heights**
    Kopachuck and 56th St. NW
16. **Wollochet Bay Estuary Park**
    4508 Wollochet Dr.
17. **Cedrona Bay Boat Launch**
    13th Ave and Leschi Dr. FI
18. **Peninsula Gardens**
    5503 Wollochet Dr. NW
19. **Maplewood Park**
    14600 14th Ave NW
20. **McKee Property**
    Olympic View Drive NW
21. **Peter's Pond**
    82nd Ave NW

SYSTEMS AT A GLANCE

ASSETS

644
Acres

22
Parks

9
Buildings

4
Washington Water Trail Association Locations

8
Designated Picnic Areas

Sehmel
Homestead Park

Cushman Trail

Fox Island Fishing Pier

Madrona Links
Golf Course

4
Beaches

6
Multipurpose Fields

21 mi.
Trails

2
Dog Parks

PROGRAMS

Adaptive Recreation

Sports

Events

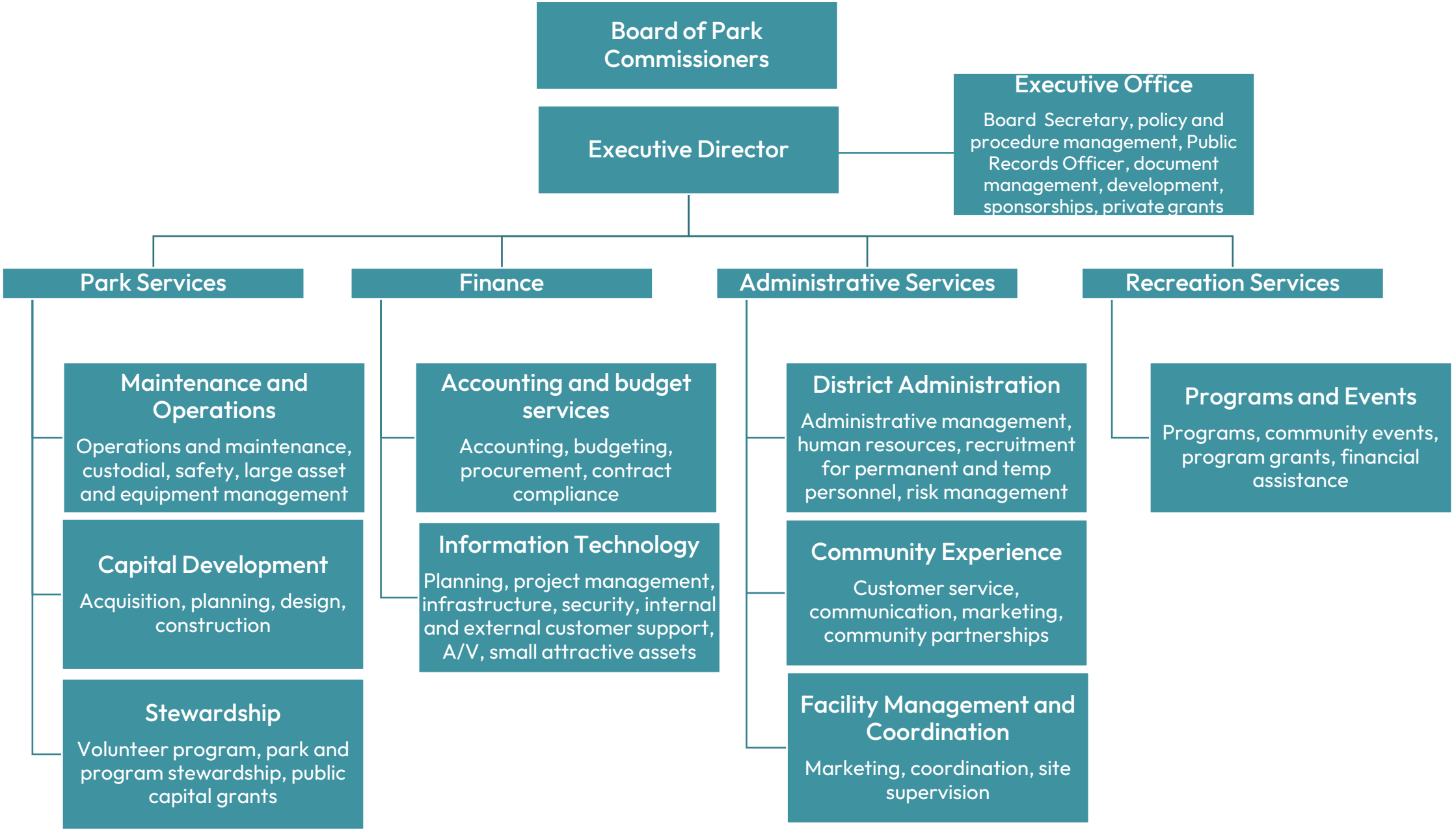
Fitness

Youth Programs

Art Programs

Summer Camps

Volunteers


Board of Park Commissioners
Executive Director
Executive Office
Board Secretary, policy and procedure management, Public Records Officer, document management, development, sponsorships, private grants
Park Services
Finance
Administrative Services
Recreation Services
Maintenance and Operations
Operations and maintenance, custodial, safety, large asset and equipment management
Capital Development
Acquisition, planning, design, construction
Stewardship
Volunteer program, park and program stewardship, public capital grants
Accounting and budget services
Accounting, budgeting, procurement, contract compliance
Information Technology
Planning, project management, infrastructure, security, internal and external customer support, A/V, small attractive assets
District Administration
Administrative management, human resources, recruitment for permanent and temp personnel, risk management
Community Experience
Customer service, communication, marketing, community partnerships
Facility Management and Coordination
Marketing, coordination, site supervision
Programs and Events
Programs, community events, program grants, financial assistance

Budget Development Process

PenMet Parks

2024 budget calendar

1. Pre-budget (February – May 2023):
    - Board prioritizes 2024 goals, objectives, and capital plan.
    - Board adopts 2024 goals, objectives, and capital priorities.
2. Budget development (May – September 2023):
    - Executive Director issues budget directives.
    - Directors draft preliminary operating and capital budgets.
    - Executive Director finalizes the proposed draft operating and capital budgets.
3. Budget review (September – October 2023):
    - Board reviews draft 2024 budget and 2024 CIP.
4. **Public hearings and adoption (November 2023):**
    - **Public hearings on budget and property tax levy.**
    - Board adopts 2024 regular property tax levy.
    - Board adopts 2024 CIP.
    - Board adopts 2024 annual budget.
5. Communication of final budget (December 2023):
    - 2024 budget book adopted and published.

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2024 budget priorities

Delight and engage the community	1. Strategically engage partners to augment the District's ability to offer services for our community. 2. Utilize and promote PenMet Parks' unique natural resources. 3. Position PenMet Parks to be a leader in building community through parks and recreation. 4. Provide a balanced portfolio of services among parks, facilities, and programs that is responsive to community need. 5. Advance the strategic marketing and community outreach plan to build awareness and trust in the community.

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2024 budget priorities

Balanced financial accountability	6. Define core services and programs in support of the District's mission. 7. Develop a collaborative approach to budget development and financial decision-making. 8. Align program offerings with the inventory of assets and analysis of facility utilization. 9. Advance the development of a charitable foundation to support PenMet Parks.
Operational excellence	10. Advance asset management and maintenance management systems to deliver efficient services.

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2024 budget priorities

Inspired and accountable District	11. Encourage staff development and accountability. 12. Define and advance the ideal organizational culture. 13. Create a roadmap to implement the parks, recreation, and open space plan.

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Operating and Capital Budget Summary

PenMet Parks

Operating and Capital Budget Summary

2024 Proposed Operating Budget	$9,466,261
2024 Proposed Capital Budget	$29,022,614

PenMet Parks

Operating Budget Summary – All Funds

Fund	Beginning Balance	Revenues	Expenditures	Transfers in/out	Ending Cash (Reserve)
General Fund	$2,938,952	$9,609,917	($5,902,125)	($3,707,792)	$2,938,952
Recreation Enterprise Fund	$413,163	$1,049,826	($1,462,008)	$367,521	$368,502
Facilities Enterprise Fund	$0	$442,138	($323,130)	$14,420	$133,428
Debt Service Fund	$0	$0	($1,353,771)	$1,353,771	$0
Debt Service Contingency Fund	$1,000,000	$0	$0	$200,000	$1,200,000
Equipment Replacement Fund	$621,736	$0	($375,212)	$0	$246,524
Unrestricted Maintenance Reserve Fund	$408,760	$0	$0	$160,080	$568,840
Maintenance Endowment Fund	$446,016	$9,000	($15)	$0	$455,001
Scholarship Fund	$38,000	$0	($50,000)	$12,000	$0
Total	**$5,866,627**	**$11,110,881**	**($9,466,261)**	**($1,600,000)**	**$5,911,247**

Capital Budget Summary

Fund Name	Beginning Balance	Revenues	Expenditures	Transfers in/out	Ending Cash (Reserve)
Capital Project Fund	$27,437,196	$2,339,977	($29,022,614)	$1,600,000	$2,354,559

Operating Budget

PenMet Parks

2024 General Fund Highlights

General Fund: Principle Operating Fund of the District

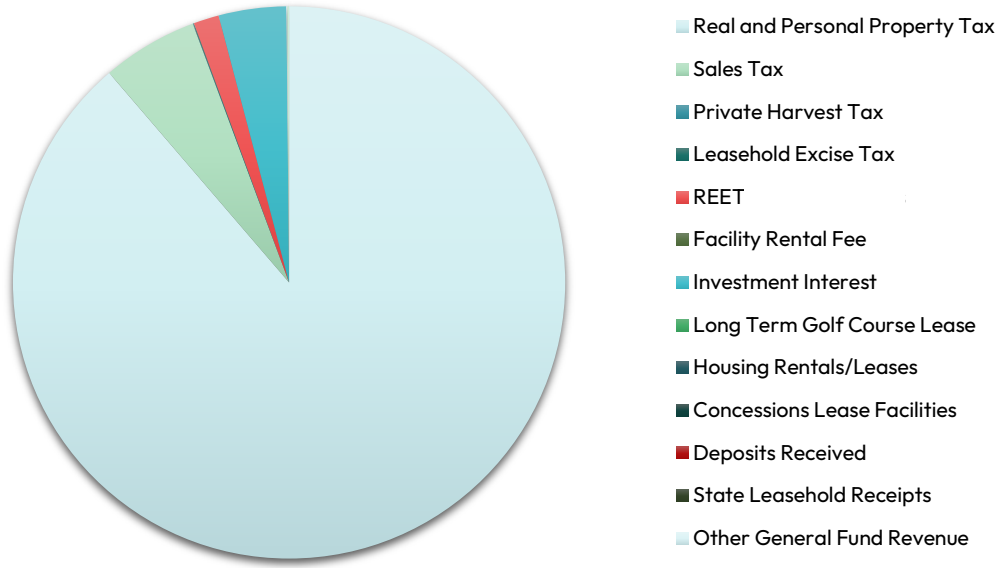
- Advances the priorities identified in the **2023-2027 Strategic Plan.**
- Implements the recommendations contained in **2023 Parks, Recreation, and Open Space Plan** to advance community priorities within budgetary framework.
- Emphasizes **attracting, developing, and retaining staff**.
- Includes overhead operating expenses for the new indoor **Community Recreation Center**, which is anticipated to be complete in 2024. Revenue from the new center is realized in the Recreation Enterprise Fund and Facilities Enterprise Fund.
- Advances the development of a **charitable organization to support PenMet Parks.**
- Completes all three phases of the **Facilities Condition Audit** and advances **asset management goals.**
- **Maintains $2.9 million Unrestricted Reserve Fund balance.**

PenMet Parks

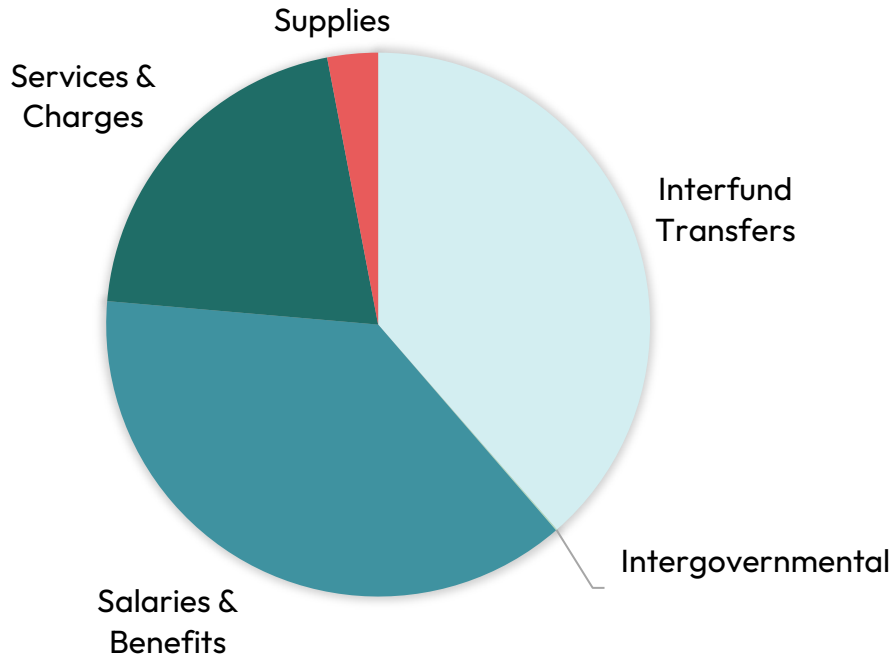
Operating Budget

General Fund: Principle Operating Fund of the District

General Fund Revenues by Source
Total Revenues: $9,609,917

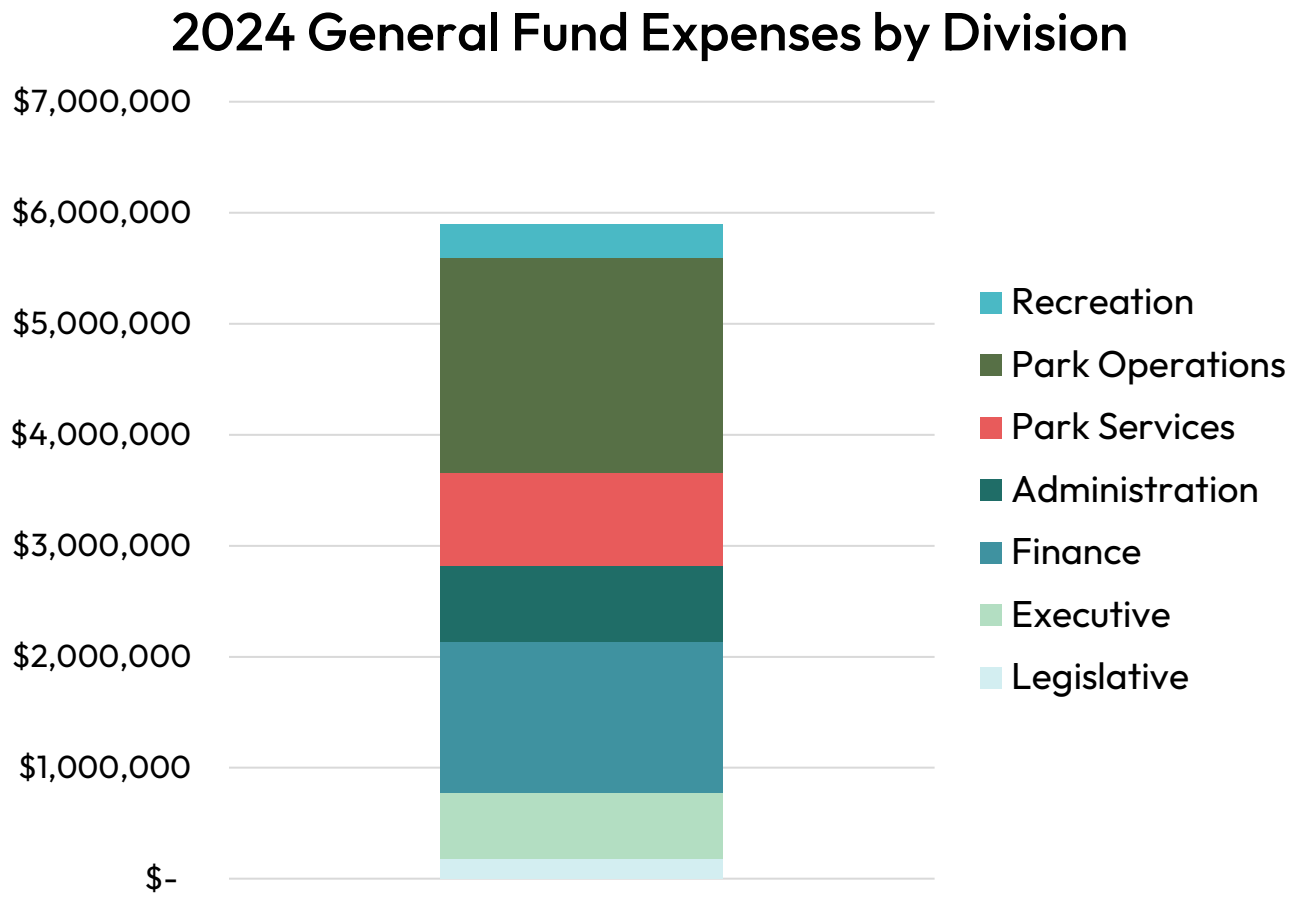


General Fund Expenses by Type
Total Expenditures: $9,609,917



Operating Budget

General Fund: Principle Operating Fund of the District



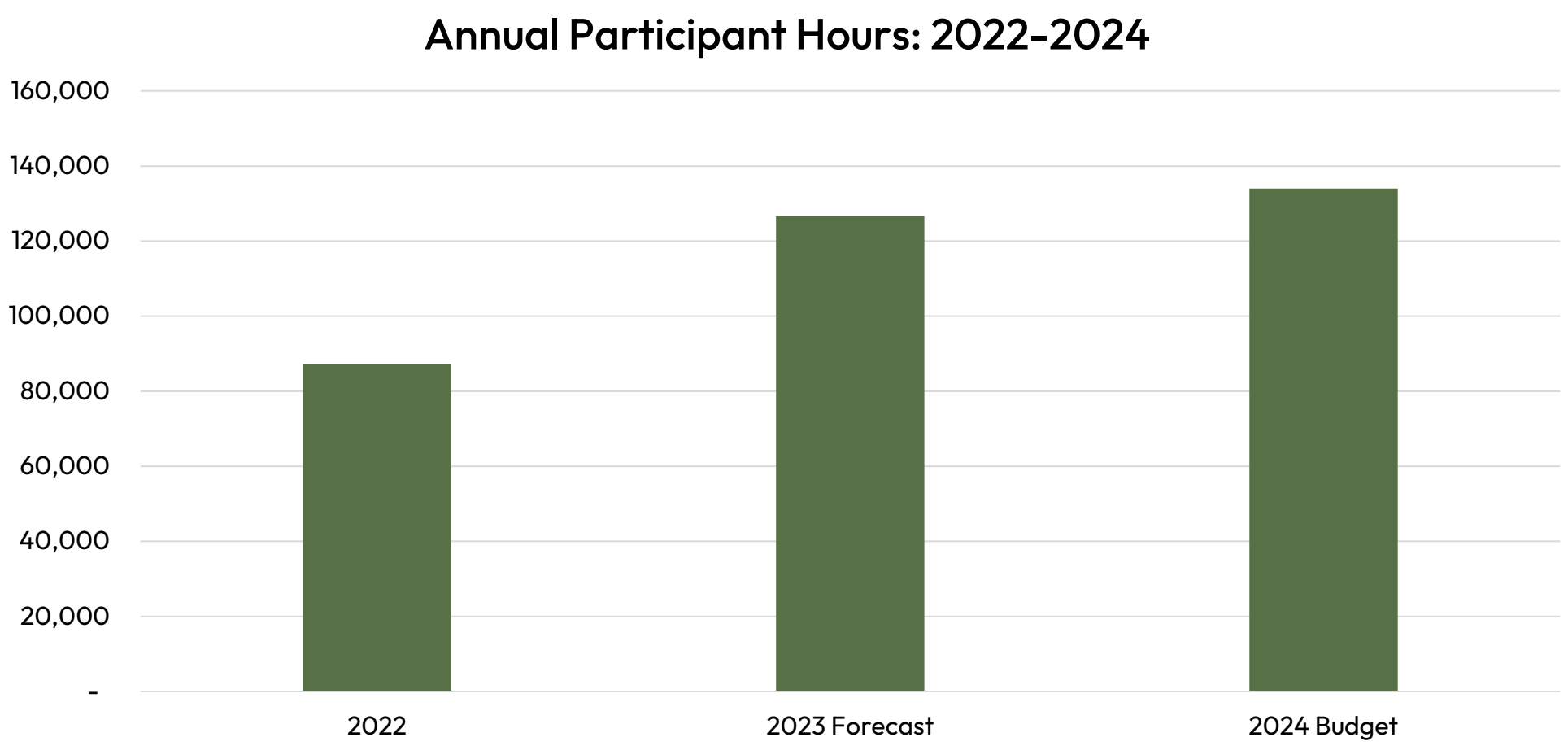
Total: $5,894,225

2024 Rec Enterprise Fund Highlights

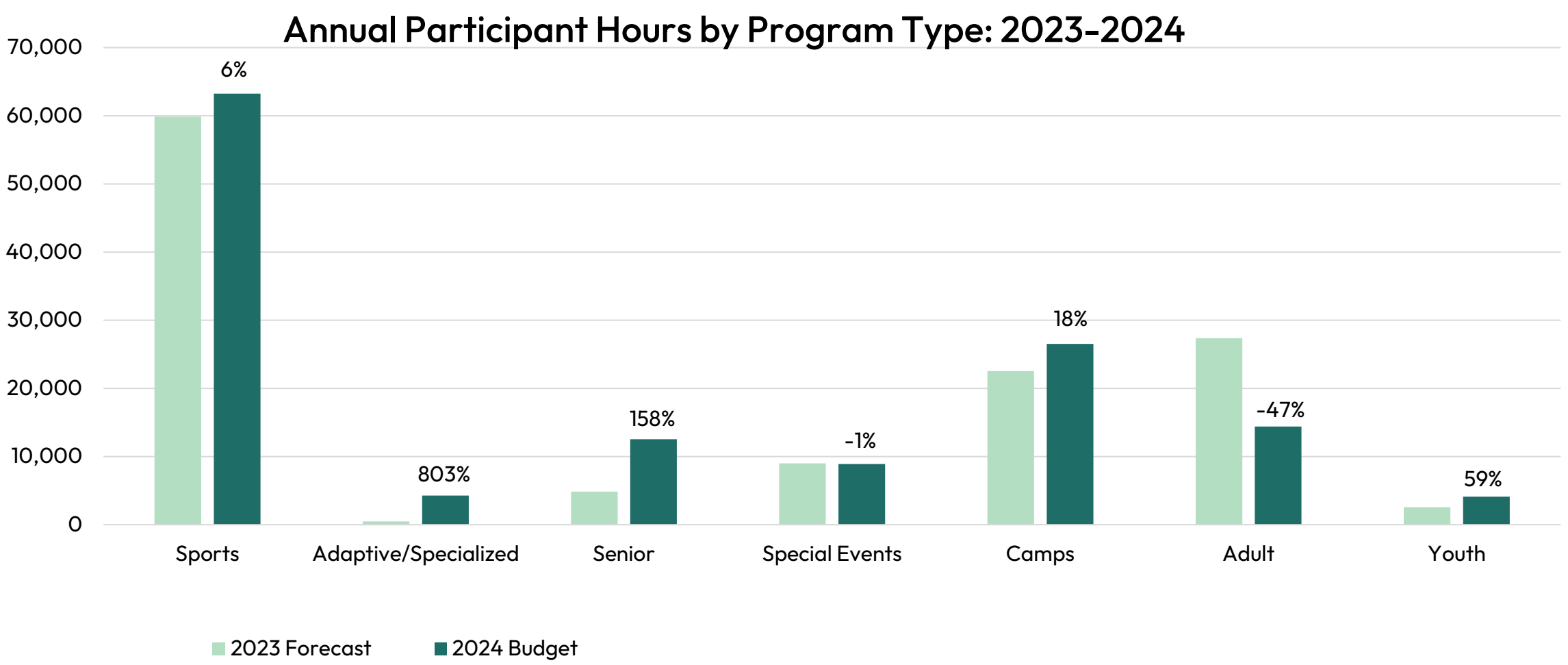
Recreation Enterprise Fund: Revenue and Expenditures Related to Recreation Services

- Implements recommendations from the **Fees and Services Assessment** and **Parks, Recreation, and Open Space Plan.**
- Continues a focus on **high-quality programing** and provides modest growth in participant hours in most program areas to respond to community need.
- Includes new revenues and direct expenditures related to programs in the **Community Recreation Center**.
- Realizes increased **sponsorship revenue** to support programs and the District's **financial assistance program.**
- Establishes an unreserved fund ending balance equivalent to **90 days of operating expenses**.

2024 Rec Enterprise Fund Highlights

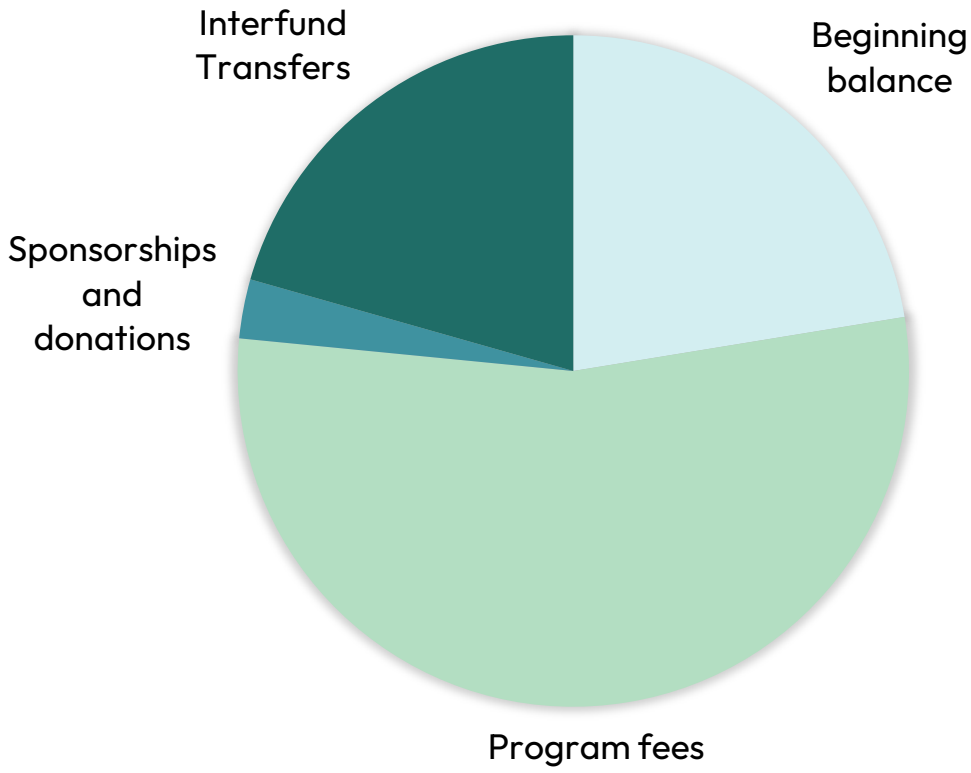


2024 Rec Enterprise Fund Highlights

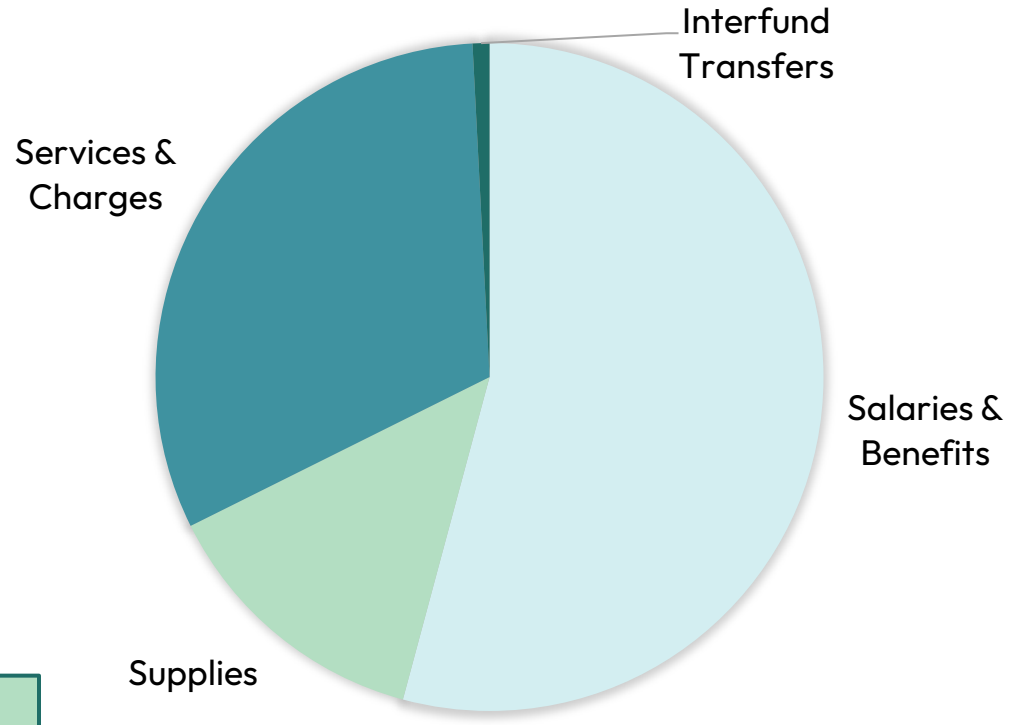


Operating Budget – Rec Enterprise Fund

Rec Ent. Fund Revenues by Source
Total Revenues: $1,842,510



Rec Ent. Fund Expenses by Type
Total Expenditures: $1,474,008



2024 Ending Balance/90-day Reserve: $368,502

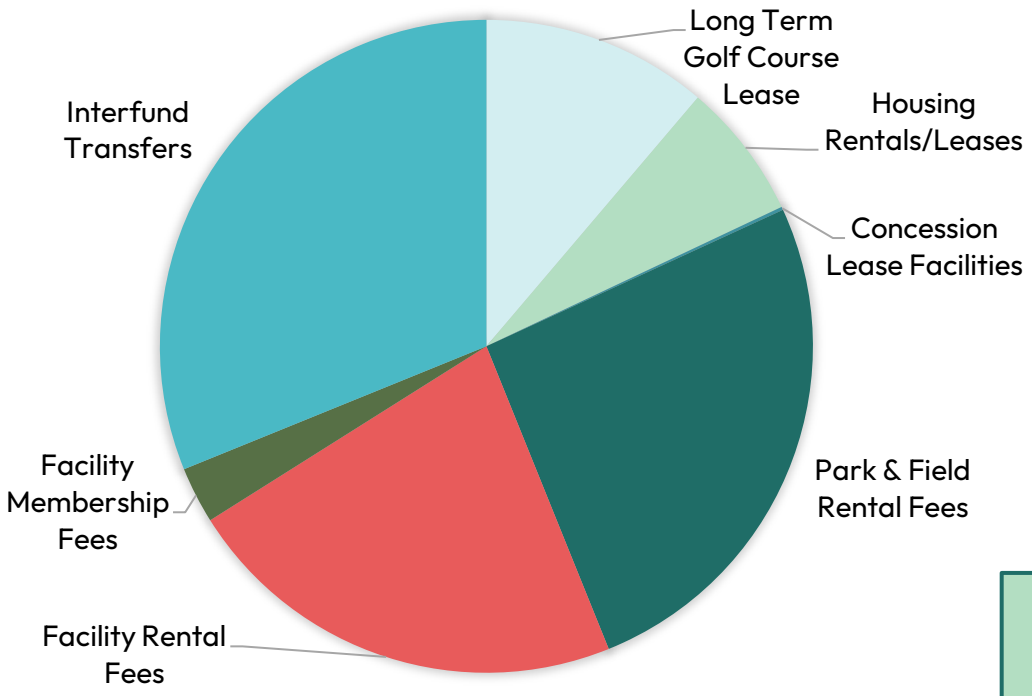
2024 Facilities Enterprise Fund Highlights

Facilities Enterprise Fund: Revenue and Expenditures Related to Community Use of Facilities

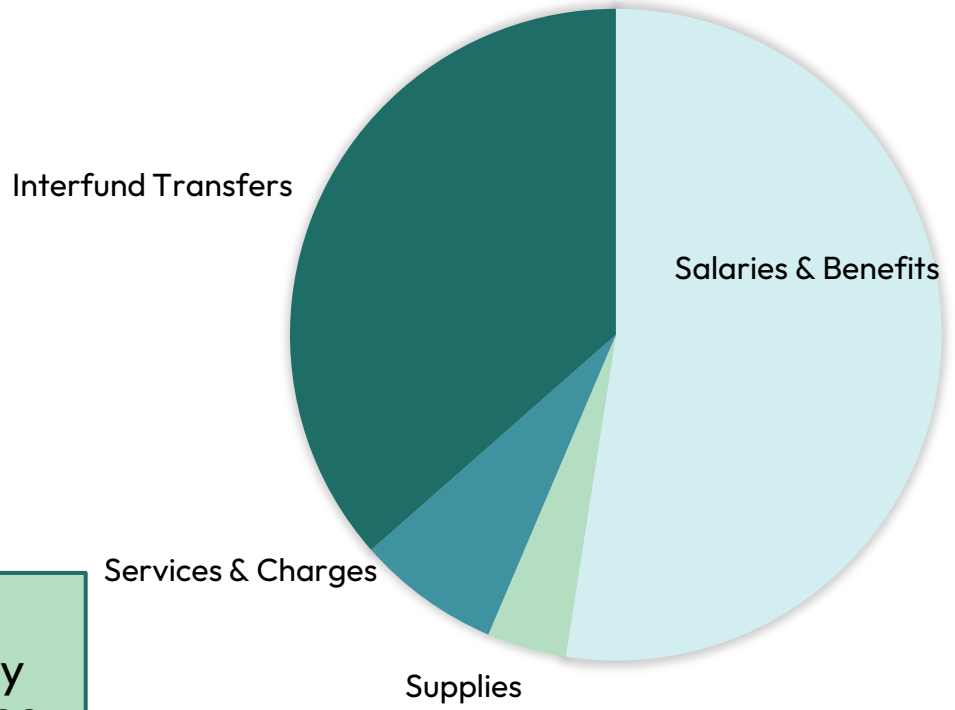
- The new proposed Facilities Enterprise Fund includes revenues and expenditures related to **facility rentals and use.** These revenues and expenditures were accounted for in the General Fund in 2023.
- Budgeted facility rental revenues and expenses reflect an increase in **community use of facilities** and an enhanced **level of service.**
- Includes new revenues and expenditures related to the **Community Recreation Center rental fees and membership fees.**
- Transfers 100% of net rental fees to the **Unrestricted Maintenance Reserve Fund.**
- Establishes an unreserved fund ending balance equivalent to **90 days of operating expenses.**

Operating Budget – Facilities Enterprise Fund

Facilities Ent. Fund Revenues by Source
Total Revenues: $642,138



Facilities Ent. Fund Expenses by Type
Total Expenditures: $508,710

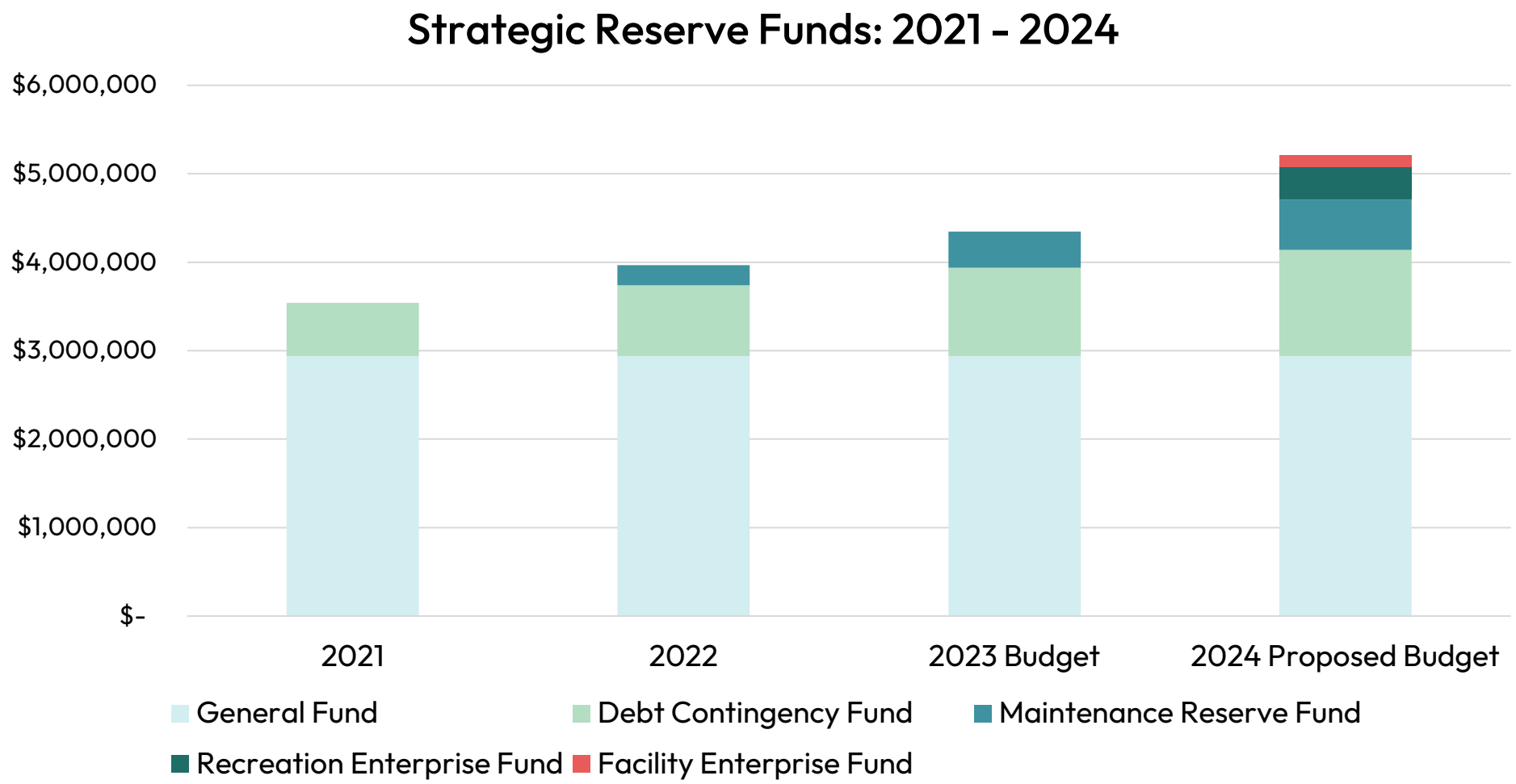


2024 Ending Balance/90-day Reserve: $133,428

2024 Special Funds Highlights

- Provides sufficient funding to meet **long-term debt obligations** in 2024.
- Increases balances in the voluntary Debt Service Contingency Fund by 20% and Unrestricted Maintenance Reserve Fund by 39% to provide **financial stability in the case of economic downturn or emergency**.
- Including all funds, the 2024 budget **increases strategic reserve funding by 20%** from $4.35 million to $5.21 million.
- Allocates budget to replace **capital equipment** that is at or beyond the end of its useful life.

2024 Special Funds Highlights



Operating Budget

Special Funds: Debt Service Fund

Debt Service Fund	2024 Budget
Beginning Balance	$0
Revenues	$0
Expenditures	($1,353,771)
Transfers in/(out)	$1,353,771
Debt Service Fund Ending Balance	$0

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Operating Budget

Special Funds: Debt Service Contingency Fund

Debt Service Contingency Fund	2024 Budget
Beginning Balance	$1,000,000
Revenues	$0
Expenditures	$0
Transfers in/(out)	$200,000
Debt Service Contingency Fund Ending Balance	$1,200,000

Operating Budget

Special Funds: Equipment Replacement Fund

Equipment Replacement Fund	2023 Budget
Beginning Balance	$621,736
Revenues	$0
Expenditures	($375,212)
Transfers in/(out)	$0
Equipment Replacement Fund Ending Balance	$246,524

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Operating Budget

Special Funds: Unrestricted Maintenance Reserve Fund

Unrestricted Maintenance Reserve Fund	2024 Budget
Beginning Balance	$408,760
Revenues	$0
Expenditures	$0
Transfers in/(out)	$160,080
Unrestricted Maintenance Reserve Fund Ending Balance	$568,840

PenMet Parks

Operating Budget

Special Funds: Endowment Funds

Maintenance Endowment Fund	2024 Budget
Beginning Balance	$446,016
Revenues	$9,000
Expenditures	($15)
Transfers in/(out)	$0
Maintenance Endowment Fund Ending Balance	$455,001

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Operating Budget

Special Funds: Scholarship Fund

Scholarship Fund	2023 Budget
Beginning Balance	$38,000
Revenues	$0
Expenditures	($50,000)
Transfers in/(out)	$12,000
Scholarship Fund Ending Balance	$0

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Capital Budget

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2024 Capital Budget Highlights

- **Rolls forward funds** that were budgeted but unspent in 2023.
- Prioritizes addressing **deferred maintenance, planned major maintenance, and strategic priorities**.
- Creates new strategic reserve for heavy equipment for more efficient maintenance and operations.

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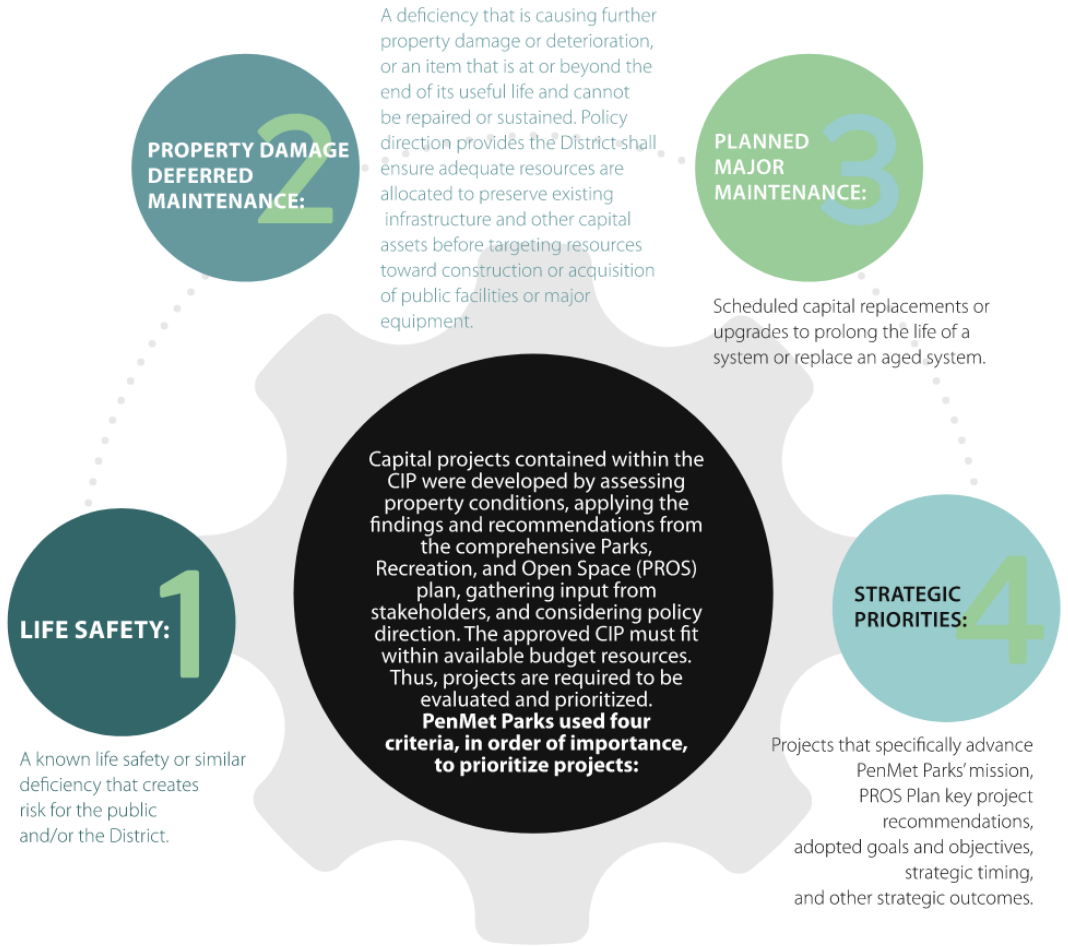
Capital project prioritization framework



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2024 Capital Budget Expenditures

Year	Priority	Property	Project	Budget
2024	1	CRC-I	Replace HVAC system	$414,000
2024	2	District	Parking lot pavement upgrades	$182,000
2024	3	District	Heavy equipment acquisition fund	$50,000
2024	4	District	Implement signage master plan	$282,000
2024	5	Madrona Links	Strategic priority– scope TBD	$500,000
2024	6	Peninsula Gardens	Master plan	$150,000
2024	7	DeMolay Sandspit	Island Blvd acquisition match	$303,000
2024	8	Fox Island Fishing Pier	Improve beach access for hand launches	$145,000
2024	9	Fox Island Fishing Pier	New picnic shelter	$94,000
2024	10	District	Capital campaign initiative	$279,564
			Total 2024 CIP Expenses	**$2,399,564**
			2023 Carryforward Adopted Capital Expenses	$26,623,050
			Total 2024 Capital Budget	**$29,022,614**

2024 6-Year Capital Improvement Plan Summary

	2024	2025	2026	2027	2028	2029	Future (funding not identified)
Total budgeted capital expenses	$2,399,564	$3,907,750	$2,353,750	$1,915,506	$1,915,506	$2,657,211	$199,410,347
Projected capital funding	$1,600,000	$1,969,379	$1,264,591	$1,730,594	$1,367,699	$1,598,640	
Roll-forward capital funding	$2,121,500	$1,821,936	$883,565	$294,406	$1,109,494	$1,061,687	
Projected grant funding	$500,000	$1,000,000	$500,000	$1,000,000	$500,000	$1,000,000	
Ending balance	$1,821,936	$883,565	$294,406	$1,109,494	$1,061,687	$1,003,115	

PenMet Parks

2024 Capital Improvement Plan Detail

YEAR	PRIORITY	PROPERTY	PROJECT	TOTAL PROJECT BUDGET	CIP ALLOCATION (2024-2029)	PRIMARY FUNDING SOURCE	NEW M&O EXPENSES
2024	1	CRC-I	Replace HVAC system	$414,000	$414,000		
2024	2	District	Parking lot pavement upgrades	$182,000	$182,000	Transfer from GF	
2024	3	Strategic priority	Heavy equipment acquisition fund	$500,000	$50,000	Transfer from GF	
2024	4	District	Implement signage master plan	$282,000	$282,000	Transfer from GF	
2024	5	Madrona Links	Strategic priority- scope TBD	$1,000,000	$500,000	Capital reserves	
2024	6	Peninsula Gardens	Master plan	$150,000	$150,000	Transfer from GF	
2024	7	DeMolay Sandspit	Island Blvd acquisition match	$303,000	$303,000	Transfer from GF	$15,300
2024	8	Fox Island Fishing Pier	Improve beach access for hand launches	$145,000	$145,000	Transfer from GF	
2024	9	Fox Island Fishing Pier	New picnic shelter	$94,000	$94,000	Transfer from GF	$2,820
2024	10	District	Capital campaign initiative	$279,564	$279,564	Transfer from GF	
2025	11	Strategic priority	Planned major maintenance	$500,000	$500,000	Transfer from GF	
2025	12	Strategic priority	Strategic property acquisition fund	$150,000	$150,000	Transfer from GF	
2025	13	Strategic priority	Heavy equipment acquisition fund	$500,000	$50,000	Transfer from GF	
2025	14	Peninsula Gardens	Phase I development - park amenities	$3,753,750	$2,100,000	Capital reserves	
2025	15	Narrows Beach	Accessibility improvements and restroom	$582,750	$582,750	Transfer from GF, pot. grant funding	$16,425
2025	16	McCormick Forest	Construct multi-use trails	$525,000	$525,000	Transfer from GF	$20,000
2026	17	Strategic priority	Planned major maintenance	$500,000	$500,000	Transfer from GF	
2026	18	Strategic priority	Strategic property acquisition fund	$150,000	$150,000	Transfer from GF	
2026	19	Strategic priority	Heavy equipment acquisition fund	$500,000	$50,000	Transfer from GF	
2026	20	Peninsula Gardens	Phase I development - park amenities	$3,753,750	$1,653,750	Capital reserves	$35,063
2027	21	Strategic priority	Planned major maintenance	$500,000	$500,000	Transfer from GF	
2027	22	Strategic priority	Strategic property acquisition fund	$150,000	$150,000	Transfer from GF	
2027	23	Strategic priority	Heavy equipment acquisition fund	$500,000	$50,000	Transfer from GF	
2027	24	Sehmel Homestead Park	Replace synthetic turf at Field #1 (infield only)	$868,219	$868,219	Transfer from GF, pot. grant funding	
2027	25	Cedrona Bay	Hand launch improvements	$173,644	$173,644	Transfer from GF	
2027	26	Wollochet Estuary	Master plan	$173,644	$173,644	Transfer from GF	
2028	27	Strategic priority	Planned major maintenance	$500,000	$500,000	Transfer from GF	
2028	28	Strategic priority	Strategic property acquisition fund	$150,000	$150,000	Transfer from GF	
2028	29	Strategic priority	Heavy equipment acquisition fund	$500,000	$50,000	Transfer from GF	
2028	30	Sehmel Homestead Park	Replace synthetic turf at Field #2 (infield only)	$911,630	$911,630	Transfer from GF, pot. grant funding	
2028	31	Strategic priority	Develop strategic acquisition site for public use	$303,877	$303,877	Transfer from GF	$42,500
2029	32	Strategic priority	Planned major maintenance	$500,000	$500,000	Transfer from GF	
2029	33	Strategic priority	Strategic property acquisition fund	$150,000	$150,000	Transfer from GF	
2029	34	Strategic priority	Heavy equipment acquisition fund	$500,000	$50,000	Transfer from GF	
2029	35	Sehmel Homestead Park	Replace synthetic turf at Field #3 (infield only)	$957,211	$957,211	Transfer from GF, pot. grant funding	
2029	36	Wollochet Estuary	Implement master plan	$7,142,710	$1,000,000	Capital reserves	
			Total CIP Expenses 2024-2029		**$15,149,288**		
			2023 Carryforward Adopted Capital Expenses		**$26,623,050**		
			Total Budgeted 2024-2029 CIP Expenses, including Carryforward Expenses		**$41,772,338**		

Next Steps

PenMet Parks

Next Steps

- November 14, 2023: First reading of Resolution RR2023-014 regarding the 2024 operating budget.
- November 14, 2023: First reading of Resolution RR2022-015 regarding the 2024 capital budget and capital improvement plan.
- November 21, 2023: Second public hearing regarding the final 2024 budget.
- November 21, 2023: Second reading and adoption of Resolution RR2023-014 regarding the 2024 operating budget.
- November 21, 2023: Second reading and adoption of Resolution RR2022-015 regarding the 2024 capital budget and capital improvement plan.

PenMet Parks

2024 Proposed Operating and Capital Budget

Public Hearing #1
November 14, 2023

PenMet Parks

2023 Levy of Regular Property Tax for Collection in 2024

Public Hearing
November 14, 2023

Agenda

- 2023 Levy of Regular Property Tax for Collection in 2024
- Next Steps

PenMet Parks

2023 Levy of Regular Property Tax for Collection in 2024

- Pursuant to RCW 35.61.210, the Board of Park Commissioners may levy or cause to be levied a general tax on all the property located in the District at a combined rate of $.75 per thousand dollars of assessed value.
- The 2023 levy of regular property tax for collection in 2024 is collected at maximum rate allowable by law.
- On September 8, 2023 the Office of the Pierce County Assessor-Treasurer provided official notification of the Preliminary Highest Lawful Levy Limit in 2023 for collection in 2024 in the amount of $8,457,493.82. This amount represents a .9471% increase, or $79,347.60, over the 2022 levy.
- This amount represents a rate of $.579 per one thousand dollars of assessed value.
- The District is also entitled to property tax levies in addition to the regular property tax levy, including the assessed value of new construction, refunds, and state assessed property.

2023 Levy of Regular Property Tax for Collection in 2024

Estimated 2024 Regular Levy	**$8,524,917.30**
Less 2023 Levy from previous year:	$8,378,146.22
Less New Construction	$51,930.07
Less Refunds	$13,208.03
Less Revenue from increase in state-assessed property	$2,285.38
Total Estimated Increase	**$79,347.60**
Estimated Percent Increase	**0.9471%**

PenMet Parks

2023 Levy of Regular Property Tax for Collection in 2024

General Fund Revenue: Property Tax Levy:	$8,524,917
General Fund Revenue: Other Sources:	$1,085,000
General Fund Total Revenues:	**$9,609,917**

General Fund Operating Expenditures:	$5,902,125
Interfund Transfers:	$3,707,792
General Fund Total Expenditures:	**$9,609,917**

PenMet Parks

2023 Levy of Regular Property Tax for Collection in 2024

- Resolution R2023-013:
  - Adopts the 2023 levy to be collected in 2024 at the highest allowable rate.
  - Directs staff to certify this resolution to Pierce County as required by law.
  - Authorizes the Executive Director, with the approval of the District attorney, to make necessary corrections to this resolution including clerical, scrivener, numbering, references to other state, federal, or local laws, and similar corrections.
  - Specifically provides that, should any section, paragraph, sentence, clause or phrase of this resolution be declared unconstitutional or otherwise invalid, or should any portion of this resolution be preempted by State or federal law or regulation, such decision or preemption shall not affect the validity of the remaining portions of this resolution.

Next Steps

PenMet Parks

Next Steps

- November 14, 2023: Adoption of Resolution R2023-013 regarding the 2023 levy of regular property tax for collection in 2024.

PenMet Parks

PenMet Parks

2023 Levy of Regular Property Tax for Collection in 2024

Public Hearing
November 14, 2023