

Minutes
Pro Parks Levy Oversight Committee
September 25, 2006

Committee Members Present: Russ Brubaker, Chair; Gwen Colwell, Doug Dunham, Juan Garcia, Don Harper, Terry Holme, Jeff Hou, Cheryl Klinker, Sharon Lee, Joyce Moty, Alec Stephens

Staff: B.J. Brooks, Deputy Superintendent; Carol Everson, Korie Voorheis, Susan Golub, Erin Devoto, Michael Shiosaki, Donald Harris

Committee Business: The meeting agenda was approved, as were the minutes from the July 24, 2006 meeting.

Public Comments:

Woody Wheeler: Mr. Wheeler is the Program Director at the Seattle Parks Foundation. He thanked the Committee for their hard work. Levy park projects the Foundation has supported include Homer Harris, Counterbalance, York, Mt. Baker and Colonnade. Mr. Wheeler asked the Committee to support the staff recommendation to allocate \$300,000 of surplus funds in the Major Parks category to South Lake Union Park, the largest Parks Foundation project.

Betsy Davis: Ms. Davis is the Executive Director for the Center for Wooden Boats. She supports the recommendation to allocate \$300,000 surplus from the Major Parks category to South Lake Union Park.

Acquisition Project Briefing: Donald Harris, Acquisition Program Manager, presented the Committee with an update on Levy acquisitions. In the Neighborhood Parks category, **Morgan Junction** is on track and is expected to close by the end of the year. In addition to the acquisition money for this project, there is development funding.

Ballard Park is the expansion of an Opportunity Fund project. The acquisition is funded through the Neighborhood Parks acquisition subcategory, in lieu of the Monroe substation, as approved by the Oversight Committee in October 2005. There is an absentee owner of a house on the property. Parks is proceeding with condemnation, as authorized by the City Council. A negotiated settlement/purchase is expected in the next few weeks. The cost will be in the range of \$500,000 for approximately 5,000 square feet.

First Hill Park remains a challenge. The Philippine government solicited bids for the property it owns on First Hill. The Cascade Land Conservancy submitted a bid on Parks behalf. The Frye Art Museum was the high bidder at \$1.3 million. Staff is looking for alternative sites, but nothing is viable right now.

Parks initiated condemnation, subsequent to City Council authorization, for a parking lot north of the Starbucks on Olive Way on **West Capitol Hill**. Negotiations with the property owner are underway.

The focus on **East Capitol Hill** started with the Group Health parking lots which were identified in the Levy. However, Group Health is not interested in selling any of their lots. Staff have identified and the community is interested in a nearby church parking lot slated for development. Parks conducted an appraisal of the property, but the developers' expectation of the value of the property was way over the appraisal. Condemnation has been considered; however, acquisition of property through condemnation has financial ramifications. Therefore, Parks needs to be selective about which projects and how many go through condemnation.

Committee member Doug Dunham asked whether appraisals reflect the recent downturn in the real estate market. Mr. Harris replied that the appraisals can be adjusted to reflect market trends and that inflation factors are built in to appraisals.

In the Green Spaces category, Mr. Harris reported that the Seattle Parks Foundation is involved in discussion about a donation of property within the **Arroyos Natural Area** in South Seattle. An acquisition in the **Kubota Garden Natural Area** project has been completed, but the Kubota Gardens Foundation project to purchase a house for its headquarters has met an undecided seller and may not move forward. The **St. Marks Greenbelt** Opportunity Fund project has been completed, and the purchase of two properties adjacent to the stairs along the Greenbelt is underway. A **North Beach** acquisition is at the appraisal stage, and the purchase of two properties in **Thornton Creek** closed this spring. The Mayor approved transfer of **Soundway** property from Fleets and Facilities to Parks and the community received grant funding from the State of Washington for this project. Negotiations are underway for property in the **Westlake Greenbelt**. If all of the projects that are currently underway play out, Green Spaces acquisitions will be almost concluded.

Opportunity Fund acquisition projects include **Pioneer Square/International District**. Staff has been unsuccessful in the pursuit of two sites. The expansion of Hing Hay Park is a priority and we are still evaluating purchase of property at this location. Expansion of Hing Hay fits well with the Mayor's Center City Initiative.

Committee member Sharon Lee asked if there was interest or activity regarding the Goodwill site. Mr. Harris replied that we had looked at property to the north of Goodwill with an interest in providing a pedestrian link to Little Saigon, but not the actual Goodwill site. There is a major development proposed at the Goodwill site.

In the **University District** focus had been on the expansion of Christy Park and at University Heights Elementary. The community is most interested in University Heights; Parks is holding funds that could be used as part of a package with economic development interests focused on the entire site. Responding to questions, Mr. Harris explained that Parks interests would not displace the popular Farmer's Market that occurs at University Heights.

In the **Denny Triangle** Parks is exploring two viable options: co-location with City Light with a new substation, and Cornish School property. Regarding the City Light option, Parks would be a co-developer and get a portion of the, as yet unidentified, substation site.

In the **12th Avenue** neighborhood, Parks is working with other city departments on a site that is already city owned but had been tied up for other purposes.

Committee member Don Harper asked about the City's efforts to relocate the Seattle Center skateboard park. Ms. Devoto responded that this skatepark will be removed with the development of the Gates Foundation headquarters. The City Council is currently considering replacement locations. In addition, Ms. Devoto informed the Committee about an on-going city-wide skatepark planning process which is focusing on finding skatepark sites at existing park locations. Committee member Moty noted that a future co-development project with City Light could provide a site for a skatepark.

Mr. Harris informed the Committee of the projects which are included in the City's request for funding from the King County Conservation Futures Tax. They include:

- Discovery Park for the Capehart housing property;
- Kubota Gardens green space additions;
- Morgan Junction;
- Northeast Queen Anne green space additions;
- St. Mark's green space additions;
- Thornton Creek (2 acquisitions).

Next year a Longfellow Creek green space will be on the list for CFT \$.

Committee member Cheryl Klinker asked if the Thornton Creek projects were completed. Mr. Harris responded that through the Levy we have purchased significantly more than was defined in the Levy. Therefore, the Conservation Futures funding reimbursement will go to other Levy green space projects.

Committee member Hou asked about the acquisition of property in Little Saigon. Mr. Harris responded that staff is currently looking at the heart of the International District, not at Little Saigon, although it remains a potential area of interest if they are unsuccessful.

Fund Balance Briefing: Erin Devoto, Director of the Planning and Development Division, briefed the Committee on the use of fund balances. She noted that at the July 24 meeting staff presented five options for the Committee to consider regarding development project fund balances. Based on direction received at that meeting, staff is recommending **Option 5** which is a combination of two options:

- **Option 1:** Continue to allocate funds from the program balances on an as-needed per project basis; and

- **Option 2:** Determine an amount to allocate for unanticipated inflation to be added to uncompleted projects.

Regarding the allocation of fund balance to cover remaining projects, the idea is not to penalize projects that occur later in the Levy. Therefore, the proposal is to add money to cover inflation on all of the later projects. With this allocation of the fund balance, approximately 12-14% of the balance remains for unforeseen issues that could arise.

One of the projects in the **Neighborhood Parks** category that staff recommends adding funds to (based on Option 1) is Orchard Street Ravine. The project budget provides funding for vegetation management and an internal trail only. However, the community is very interested in a trail connecting to the surrounding neighborhood, and a connecting trail is referenced in the Levy ordinance. An engineering study evaluated the best location of a connecting trail and a recommendation to have the trail connect at 38th Ave. was made by the Park Board. Staff is asking the Committee to approve \$140,000 in fund balance for this project.

In the **Playfields and Facilities** category there is a fund balance of \$883,000. In this category Magnuson Park is the only project left to undertake.

Committee chair Russ Brubaker asked whether other projects in the Playfields and Facilities category were able to complete the planned for scope of work. Ms. Devoto responded yes.

In the **Major Park Development** category the staff recommendation is to allocate \$300,000 to South Lake Union. The project recently went to bid and a phase 1 project has been awarded. However, there is not enough money in the budget to build the bridge that is in the adopted South Lake Union master plan, and have money for project contingencies. The additional \$300,000 will provide for contingencies and allow the bridge to move forward.

Carol Everson, Parks Finance Division Director, and Korie Voorheis, Parks Capital Improvement Program Manager, reviewed the figures associated with the staff recommendation. Ms. Everson noted that actual construction costs increased more than the 3% that was assumed when the Levy was put together. The staff recommendation adds inflation funding to each remaining project.

Committee member Sharon Lee asked what would be built with the \$883,000 allocated for Magnuson Park in the Playfields and Facilities category. Michael Shiosaki, Parks Development Project Manager, responded that the \$883,000 will fund the fifth field in the athletic field project. Phase 1 at Magnuson was the redeveloped Sports Meadow; that project has been completed. Phase 2 includes one soccer field, one rugby field, one Little League baseball diamond, and one full sized baseball diamond. The fifth field that the fund balance will support will be a soccer field.

Ms. Lee asked if restrooms would be built. Mr. Shiosaki responded that restrooms would be part of a later phase in Magnuson redevelopment. There will be porta potties until then. Deputy Superintendent Brooks stated that Parks has heard from sportsfield users who prefer funding the fifth field rather than a restroom. Committee member Doug Dunham remarked that that was his understanding and preference as well.

Committee chair Russ Brubaker asked what the scope was for this project in the Levy language. Mr. Shiosaki responded that the Playfields and Facilities category lists the Magnuson project as the development of 5 athletic fields. Lighting the fields is per the adopted Master Plan for the park.

Committee member Don Harper asked how the plans for the fields fit in with community concerns. Mr. Shiosaki remarked that the fields, paid for by the Playfields and Facilities fund, are linked to the wetlands development at the park because the water runoff from the fields will be used to create the wetland area. However, the wetlands funding is in a separate Levy category. Money from one category cannot be spent in another.

Ms. Devoto commented that the fifth field is the next piece in the Magnuson Master Plan development. She stated that the question before the Committee is how to allocate the fund balances. What model does the Committee prefer for fund balance use, or should the fund balances not be spent at this time? The money could be held until the end of the Levy and reprogrammed at that time.

Committee member Terry Holme stated that the Magnuson Park Master Plan has been approved by the City Council through a public process that has been completed. Mr. Shiosaki noted that, regarding Magnuson, there were no other projects available in the Playfields and Facilities category. West Seattle Stadium improvements and the Loyal Heights project are underway and have funding to complete the scope of work anticipated in the Levy. Mr. Brubaker noted that we need to see that what is in the Levy moves forward; therefore, it is important to complete the Magnuson Park scope.

Don Harper stated that he wanted to postpone the decision until the next Oversight Committee meeting so that he could have more time to consider the options. He made a motion in this regard. Ms. Lee seconded the motion.

Russ Brubaker asked staff to comment on what the impact would be from a delay. Ms. Devoto responded that projects are becoming more expensive the longer we wait, noting this is an issue particularly with the California Substation project, Orchard Street Ravine and South Lake Union Park. For Magnuson, the project is at 95% construction documents; the fifth field could be added to the current project and bid together as a complete Phase 2 to the project.

Responding to a question from Mr. Brubaker, Mr. Harper stated he wanted the delay to learn more about the athletic field funding, particularly why it was a priority and why other projects were not getting additional funding. He noted projects in Queen Anne and Magnolia are under funded.

Ms. Devoto commented that a remaining project on Queen Anne is the Queen Anne Boulevard project which is in the Trails and Boulevards category. Playfields and Facilities funding cannot be used for trails, and Magnuson is the only remaining project in that category. She noted an option could be to hold the money until the end of the Levy for a third round of the Opportunity Fund. However, the Committee did not favor this option when it was presented to them at the July meeting.

Sharon Lee asked for more information about Option #3 that was presented in July: “Add some amount of funding to named development projects that have been recently acquired for new park development.” Ms. Devoto explained that with this option, the fund balance in the Neighborhood Park category could be allocated to recent acquisitions, rather than across all remaining projects, as staff is proposing. There would be approximately \$500,000 for this purpose, while holding some money for contingencies.

Ms. Lee asked if the \$880,000 fund balance in the Playfields and Facilities category was allocated to Magnuson, how much of the total project remained to be funded. Ms. Devoto responded that the total project cost for the Master Plan at Magnuson is \$10 million.

Committee member Terry Holme asked about the \$225,000 that staff is recommending be allocated to Jimi Hendrix Park. What percentage is this of the total project budget? Mr. Shiosaki stated that the \$225,000 is for irrigation of a large, over two acre area. The original Levy budget was \$309,000 but the project also received donated dirt and a Seattle Public Utilities grant.

Regarding the funding proposed to be allocated to the Orchard Street Ravine project, Mr. Holme commented that this project was reviewed by the Board of Park Commissioners and there is a great interest in the community for a through trail. He thought the additional funding was a modest amount that would achieve a significant gain.

Committee member Alec Stephens expressed a concern about how the staff recommendation was presented. Did staff specifically demonstrate how the options would work for specific projects? Ms. Devoto responded that at the July Oversight Committee meeting there was discussion about the different options; and Mr. Brubaker stated that the discussion in July led to the staff recommendation, as the other options seemed impractical. He stated that designating funds to already completed projects was problematic – like opening a Pandora’s Box. Option 4, saving the funding for a third round of the Opportunity Fund at the end of the Levy was not favored by the Committee during the July discussion because there is not enough money for a separate Opportunity Fund round.

Mr. Dunham remarked that the proposal recommended by staff addresses a fairness issue, as earlier projects in the Levy did not face the high inflation that later projects are facing.

Ms. Colwell stated she does not support waiting and felt that the July meeting offered a broad scope of options and the Committee has had two months to think about the issue and ask questions of staff.

The Committee voted on the Harper motion to table the fund balance issue until the October 23 Committee meeting. The motion failed by a vote of 2 in favor, 8 against and 1 abstention.

Committee member Holme made a motion, seconded by Doug Dunham, to approve the staff recommendation regarding the allocation of fund balances. The motion passed with 8 in favor, 2 opposed and 1 abstention.

The staff recommendation, as approved, follows.

Staff Recommendation: Implement Option 5 which would be a combination of Options 1 and 2. "Continue to allocate funds from the program balances on an as-needed per project basis" (Option 1) and "Determine an amount to allocate for unanticipated inflation to be added to uncompleted projects" (Option 2).

Rationale: Parks staff recommends Option 5 to address both the need to adequately complete projects underway, and to help compensate for the rapid escalation in construction costs for projects currently in planning and design. We believe that, at this point in the levy, there is enough of a fund balance to make these allocations while still keeping enough fund balance to cover unanticipated issues in the remaining projects to be completed. Due to the high escalation costs in the construction market over the past three years, the original annual inflation adjustment of 3.2% is less than the actual inflation. In the specific projects listed below, there are project issues where additional funding would complete the intended levy project scope.

Add funding to the following projects:

Neighborhood Park Development

- California Substation (Dakota Place) - Add up to \$300K from neighborhood park development subcategory fund balance. Bids have come in significantly over the project budget and added funding is needed to complete the project per the levy language. This project scope has been difficult to complete because historic landmark requirements added costs for the window system and there has been difficulty in getting contractors interested in bidding small building renovation projects.
- Colman School Parking Lot (Jimi Hendrix Park) - Add \$250K from neighborhood park development subcategory fund balance. Basic improvements were constructed with the levy funding, but an irrigation system is needed to complete the project. Irrigation is included in the as-yet-unfunded Phase II. With the recent development of the culturally and

historically significant Urban League project adjacent to the park, allowing the grass to become dormant in the summer months is no longer an appropriate option.

Playfields & Facilities

- Sandpoint/Magnuson Athletic Fields – Add \$883K. Add all remaining fund balance in playfields & facilities subcategory. The Magnuson Athletic Fields project is the only remaining project not completed or under construction in the subcategory. Additional funding will allow more of the improvements in the park's master plan to be implemented.

Major Park Development

- South Lake Union Park - Add \$300K from major park development subcategory fund balance. Parks is contractually bound to complete the park as designed. Recent bids were over the engineer's estimate and additional funds will be needed to complete the project.

Allocate a set amount as determined by projected future inflation factors for uncompleted Capital projects, as provided by the Seattle Department of Finance, to address unanticipated inflation as shown on the accompanying spreadsheet. We believe the proposed inflation percentages are a more accurate reflection of the cost escalation experienced during 2004-06 and projected to occur

Audit Compliance: Susan Golub, Strategic Advisor, briefed the Committee regarding compliance with the audit review of the Oversight Committee. Ms. Golub stated that the direction provided by the audit review has been followed. She reviewed the 10 areas included in the audit review.

- 1. Committee Scope and Structure:** The auditor remarked on the broad, not well-defined description of the Committee role in the Levy ordinance. While no action was directed to Parks, Ms. Golub noted that the scope of the Committee's review has remained consistent, with all revenue expenditures reviewed, and all reallocations brought to the Committee for action.
- 2. Committee Role and Responsibility:** The auditor suggested adopting a formal calendar for Committee briefings and noting on the agenda which items are briefing only and which will be voted upon. Ms. Golub stated that a reporting calendar was created and has been adhered to, and that agendas describe the type of item (briefing or vote).
- 3. Information Meetings:** The Auditor noted that a majority of the Committee meetings were for information only. No change was suggested.
- 4. Committee Survey:** The Auditor suggested occasionally surveying the Committee regarding how well members understand their role. Ms. Golub stated that this was a formal agenda item in January 2005, and has been informally

discussed several times. It will be included as a formal agenda item in January 2007 and 2008.

- 5. Project Variance Notification:** The Auditor recommended adopting a benchmark for notifying the Committee about budget variances. Ms. Golub stated that Parks continues to notify the Committee of **all** variances.
- 6. Committee Financial Actions:** The Auditor suggested clarifying what items the Committee takes a formal vote on. Parks developed a formal vote list and has brought all issues on this list to the Committee for a vote.
- 7. Monthly Financial Reports:** The Auditor suggested Parks provide monthly financial reports. At its January 2005 meeting, the Committee concluded that quarterly reports, as scheduled on the approved calendar, were sufficient.
- 8. Committee Request Follow-up:** The Auditor wanted Parks to document when items were due to the Committee. Ms. Golub noted that agendas refer to "Follow-up Items for Future Meetings" when there are outstanding issues.
- 9. Overhead Calculations:** The Auditor suggested providing a written description of how project costs are calculated. The Cost Primer was completed in December 2005.
- 10. Same as #9.**

At the request of Committee members, Ms. Golub will provide each member with the complete audit review and department response.

The meeting was adjourned at 9:00.