



## King County

# Metropolitan King County Council Budget and Fiscal Management Committee

### STAFF REPORT

<b>Agenda Item:</b>	12	<b>Name:</b>	Mary Bourguignon
<b>Proposed No.:</b>	2016-0488	<b>Date:</b>	October 25-27, 2016

### SUBJECT

Proposed Ordinance 2016-0488 would make the Code changes necessary to allow King County to use the entire State-authorized car rental tax for youth sports and recreation.

### SUMMARY

Under State law,<sup>1</sup> King County is authorized to impose a one percent rental car tax. The State law requires that at least 75 percent of this tax be used to service the debt on the Kingdome.<sup>2</sup> The remaining 25 percent of the car rental tax has been used for another State-approved use, youth sports and recreation, specifically, the Youth Sports Facilities Grant Program.

Because the Kingdome debt has been retired, State law permits King County to use all the proceeds from the car rental tax on youth sports and recreation programs. Proposed Ordinance 2016-0488 would make the Code changes<sup>3</sup> necessary to allow all proceeds from the car rental tax to be used for youth sports and recreation programs. Per the Executive's proposal (see Attachment 3), the funds would be disbursed as follows:

- **Youth Sports Facilities Grants** (25 percent). Capital matching grants primarily to serve youth in low and moderate income areas.
- **Recreational Access Grants** (25 percent). Non-capital grants to increase access to sports for youth in low and moderate income areas.
- **Park and Recreation Improvement Grants** (25 percent). Capital grants for youth sports and recreation facilities in low and moderate income areas.
- **Recreation Programs in Underserved Areas** (25 percent). Funding for County Parks programs in low and moderate income areas.

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<sup>1</sup> RCW 82.14.049

<sup>2</sup> RCW 82.14.049(2)

<sup>3</sup> K.C.C. 4A.200.810, 4A.500.200

## **BACKGROUND**

Under State law,<sup>4</sup> King County is authorized to impose a one percent rental car tax. The State law requires that at least 75 percent of this tax be used to service the debt on the Kingdome.<sup>5</sup> The remaining 25 percent of the car rental tax has been used for another State-approved use, youth sports and recreation, specifically, the Youth Sports Facilities Grant Program.

- **Youth Sports Facilities Grants (YSFG).** Twenty-five percent of the car rental tax revenue stream<sup>6</sup> has been used to provide matching grant funds to develop or renovate sports fields and facilities serving youth in King County.<sup>7</sup> These grants have been focused on providing athletic opportunities for as many youth as possible, with a particular focus on underserved areas.

Under the YSFG Program, funding is provided to eligible public entities and non-profit organizations.<sup>8</sup> The maximum award is \$75,000. Applicants seeking funding must provide a local match of 1:2,<sup>9</sup> which means they must provide one dollar in cash, volunteer labor, donated supplies, or professional services for every two dollars requested.

The YSFG program was originally designed to “primarily serve persons under twenty-one years of age in low and moderate income communities.”<sup>10</sup> That has been operationalized in the program guidelines to provide additional points during the application phase to projects that are either:

- (a) Located in a Census tract in which 51 percent or more of the population earns 80 percent or less of the median income; or
- (b) Located at an elementary school at which 40 percent or more of the students are enrolled in the National School Lunch Program.

Because the Kingdome debt has been retired, State law permits King County to use all the proceeds from the car rental tax on youth sports and recreation programs. The Executive has proposed to retain the YSFG Program and to fund three new youth sports and recreation programs with the additional funds (Attachment 3). These are:

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<sup>4</sup> RCW 82.14.049

<sup>5</sup> RCW 82.14.049(2)

<sup>6</sup> A total of \$2.3 million is proposed for the 2017-2018 biennium, with \$883,950 proposed in grants for 2017

<sup>7</sup> Ordinance 10454

<sup>8</sup> Eligible entities include such as school districts, park districts, utility districts, local governments, youth sports leagues and community organizations

<sup>9</sup> This local match was lowered from 1:2 to 1:4 in 2012 (Motion 13763) as a way of encouraging more applicants, particularly applicants from underserved areas. In 2014, the Executive responded with a report analyzing grant proposals in 2013 and 2014, and recommended restoring the match to 1:2 (Motion 14254).

<sup>10</sup> KCC 4A.200.810

- **Recreational Access Grants.** Twenty-five percent of the car rental tax would be used for grants of up to \$250,000 for non-capital items to increase access to sports opportunities for low-income youth. Items to be funded could include transportation, equipment, team fees, etc.
- **Park and Recreation Improvement Grants.** Twenty-five percent of the car rental tax would be used for capital grants of up to \$300,000. This program would be similar to the traditional YSFG grants but would allow for larger grants and a lower (or no) local match. Grants would be focused on historically underserved communities.
- **Recreation Programs in Underserved Areas.** The final twenty-five percent of the car rental tax would be used to expand recreation programs in underserved areas. The Executive proposes to begin in urban unincorporated King County, including Skyway and East Federal Way. Uses for this portion of the funds would include staffing, program expenses, and capital improvements to County-owned parks in low and moderate income communities.

Proposed Ordinance 2016-0488 would make the Code changes<sup>11</sup> necessary to allow all proceeds from the car rental tax to be used for youth sports and recreation programs as described above and as permitted by State law.

## **ANALYSIS**

The proposed ordinance is consistent with State law. The proposed Code changes, as transmitted, would allow the entirety of the proceeds from the car rental tax to be used for youth sports and recreation programs.

The proposed ordinance does not provide specific guidance for the new 75 percent of funds, except for the requirement that these funds, “shall be used to provide grants and programs that provide recreation for youth *from low and moderate income communities* in King County.”<sup>12</sup> (Emphasis added)

In consultation with legal counsel, it would be appropriate for the Code change to include greater specificity on the types of programming and the income level restrictions or requirements. As the Council reviews the proposed legislation, Councilmembers may wish to consider the following policy choices and determine whether to incorporate these policy choices into the Code via an amendment to the proposed ordinance:

- **Choice of programs.** As proposed by the Executive (see Attachment 3), the car rental tax would be divided into four equal programs for youth sports and recreation programs, three to be disbursed as grants and the fourth to be used for Parks Division staff or capital improvements. Councilmembers may wish to review that choice of programming and determine how specific the Code should be with respect to programming requirements.

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<sup>11</sup> K.C.C. 4A.200.810, 4A.500.200

<sup>12</sup> Proposed Ordinance 2016-0488 Lines 33-35

- **Low and moderate income requirements.** As proposed by the Executive, one-quarter of the funds (the traditional YSFG program) would be disbursed “primarily” in low and moderate income communities. This requirement has been operationalized (but not codified) by the Parks Division by providing bonus points to applicants in low and moderate income communities (defined as Census tracts in which 51 percent or more earn 80 percent or less of median income; or elementary schools in which 40 percent or more students are enrolled in the free/reduced lunch program). The other 75 percent of funds, as proposed, would be required to be used for low and moderate income communities. Councilmembers may wish to review these requirements and determine how specific the Code should be with respect to income level requirements.
- **Geographic distribution.** The Executive has proposed that at least some portion of the new programming be reserved for unincorporated areas, in recognition of the fact that the County is the local government in these areas. Councilmembers will need to determine how to allocate the funds geographically, and how specific the Code should be with respect to geographic requirements.
- **Matching fund requirements.** The proposed ordinance does not specify local matching fund requirements for the three grant programs that would be funded by the car rental tax proceeds. Currently, the YSFG Program has been implemented (but not codified) to require a 1:2 local match (\$1 of match for every \$2 in County funds). The other two grant programs have not yet been developed to that level of specificity. Councilmembers may wish to review (or set) matching fund requirements and determine how specific the Code should be with respect to matching fund requirements.
- **Grants versus County programming.** As currently proposed, 75 percent of the car rental tax proceeds would be used for grants to non-County organizations, and 25 percent would be used for Parks Division recreation staff or capital improvements. Councilmembers may wish to review this mix of grant funding versus County Parks programming and determine how specific the Code should be about this mix of uses.
- **Allocation process.** The current allocation process for the YSFG Program is through a grant review panel comprised of Parks Division staff. Allocation processes for the two new proposed grant programs have not yet been determined. Councilmembers may wish to determine how grant funds should be allocated and to what extent allocation processes should be codified.

## **AMENDMENT**

As noted above, legal counsel has noted that greater specificity in the Code would be appropriate with respect to the types of programs to be funded and the income levels to be served. If Councilmembers wish, staff will prepare an amendment that would codify either the proposal as proposed by the Executive or the Council’s proposal for how the funds should be allocated. Such an amendment would include Code language on:

- Types of programs to be funded;
- Geographic distribution for each program to be funded;
- Income requirements for each program to be funded;
- Local match requirements, if any, for each grant program to be funded;
- Allocation process for each grant program to be funded;
- Guidance for any County-staffed programming or capital improvements to County facilities.

### **ATTACHMENTS**

1. Proposed Ordinance 2016-0488
2. Executive proposal for use of funds for Youth Sports and Recreation Fund
3. Fiscal Note

### **INVITED**

1. Dwight Dively, Director, Office of Performance, Strategy and Budget
2. Kevin Brown, Director, Parks and Recreation Division