

Budget Message

Fiscal Year 2024-2025

TO: North Clackamas Parks & Recreation District Board of Directors (BOD),
Budget Committee Members, and
District Residents

The North Clackamas Parks and Recreation District (NCPRD) Proposed Budget for Fiscal Year (FY) 2024-2025 beginning July 1, 2024 is \$48,281,237. This budget represents the District's comprehensive financial plan for aligning with the organization's mission to enrich community vitality and promote healthy living through parks and recreation.

The FY 24-25 NCPRD Budget presents five distinct lines of business:

- NCPRD Administration, which includes all Administration functions and Marketing.
- Programs and Community Centers, which includes the Recreation, Aquatic Park, Milwaukie Community Center, and Sports programs.
- Older Adult Services, which includes Older Adult and Social Services, Nutrition, and Transportation programs.
- Parks, Trails, and Natural Areas, which includes the Park and Facility Maintenance and programs for Trails and Natural Areas.
- Planning and Development, which includes the Planning Projects, System Development Charge program, Capital Improvement Projects, and Capital Repair and Replacement Projects.

DISTRICT PROFILE

Voters approved the formation of the District in 1990, addressing the need for more parks and recreation services in the urbanized northern portion of Clackamas County. Now the second largest parks district in Oregon by population, the District serves more than 106,000 residents in a large area encompassing the City of Milwaukie, as well as the unincorporated areas of Jennings Lodge, Oak Grove, Sunnyside, and more.

NCPRD is a service district of Clackamas County. As of July 1, 2021, NCPRD became a stand-alone County department that is overseen by the District Administrator/County Administrator. As a county service district, the five-member Board of County Commissioners also serves as the NCPRD Board of Directors. As a service district with taxing authority, NCPRD levies a permanent rate of \$0.5382 per \$1,000 of assessed value. This rate is projected to generate approximately \$7.3 million in the coming fiscal year.

All District personnel are contracted through Clackamas County and expenditures to pay personnel costs are budgeted in the Materials and Services category. NCPRD contracts with the County for 41.79 full-time equivalent (FTE) regular status employees and employs hundreds of seasonal and temporary positions

annually. FTE are recognized in the Clackamas County Budget; FTE counts in the NCPRD budget are provided for informational purposes.

NCPRD manages, protects, and maintains 34 developed parks (172 acres), seven natural areas or greenways including the 6-mile Trolley Trail, and 11 undeveloped parks (27 acres). The District also operates and maintains three community/recreation facilities: North Clackamas Aquatic Park, Milwaukie Community Center, and the Community Center at the Concord property, which will re-open to the community in summer 2025 following phase I renovations.

NCPRD provides a wide range of recreational opportunities for residents of all ages. Programs and activities include swimming lessons, sports leagues, enrichment and fitness classes, and educational and cultural offerings. The District serves all populations, including older adults and those with disabilities, offering vital social and health services, such as nutrition support and transportation services to homebound individuals.

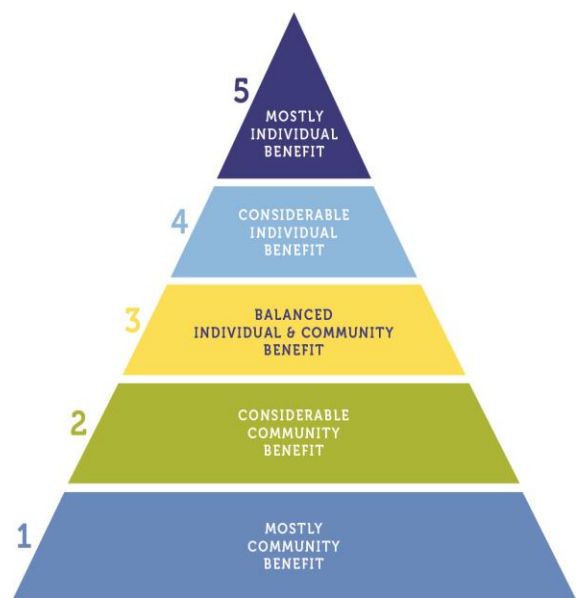
The District offers many community events throughout the year, some at no cost to participants, including Movies in the Park, Concerts in the Park, Fiesta Latina en el Parque, RecMobile, and seasonal celebrations. In addition, NCPRD hosts special events, including park groundbreaking and grand openings, and public open houses for gathering community input on planning and capital projects.

COST RECOVERY PLAN

The District strives to set program and service fees according to a Cost Recovery Plan. This model is based on the degree to which the operational and maintenance costs of service provision are financially supported by user fees and/or other applicable funding mechanisms. (See Figure 1)

Within the plan, programs and services are grouped based on the users who benefit. For instance, a free Movie in the Park event is categorized as a *Mostly Community Benefit*, whereas a private swimming lesson leads to a *Mostly Individual Benefit*. These categorizations help staff set target cost recovery goals for each program.

Costs for programs and services with greater community benefit are not recovered by user fees or alternative funding. They are offered to participants for free or at subsidized rates. In contrast, programs with greater individual benefits have higher cost recovery targets. These programs typically have higher participation fees that help offset the cost of providing free and subsidized services with greater community benefit.



FISCAL PLANNING

The budget for FY 24-25 represents the District’s financial plan to achieve the following goals and priorities:

- Support long-term financial stability of the District.
- Ensure District resources are aligned with current community needs and expectations for parks and recreation programs, services, and facilities.

- Provide quality recreation, fitness, education, and older adult programs to District residents that are competitively priced, consistent with the cost recovery methodology, accessible to the largest number of residents given resources available, and align with the needs and desires of the District’s population.
- Operate and maintain existing District parks and facilities in a cost-effective and efficient manner, focusing on investments that will maintain the safety, security, and longevity of all District assets.

FUNDING

The cost of operations continues to outpace annual tax revenue generation making it difficult to serve the needs of District residents. Established in 1990, NCPRD’s tax base of \$0.5382 per \$1,000 of assessed value continues to be among the lowest rates for comparable districts in the state. For example, Tualatin Hills Parks & Recreation District has a rate of \$1.31 per \$1,000 of assessed value, Bend Parks & Recreation District is at \$1.46, and Willamalane Parks & Recreation in Springfield is at \$2.01. (See Figure 2). This challenge has been compounded by the recent historic inflation.

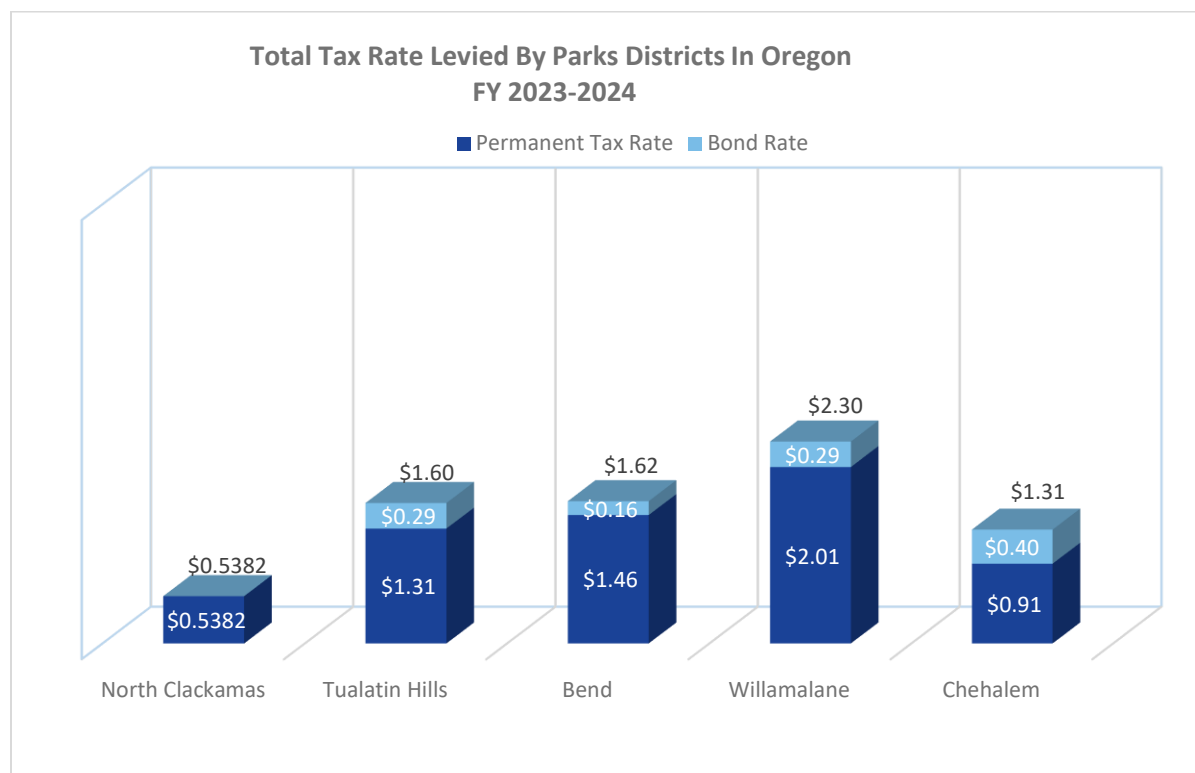


Figure 2. Total Tax Rate Levied by Parks Districts in Oregon FY 23-24

The original District Master Plan calls for two \$25 million general obligation bonds, or a total of \$50 million to fund capital expenditures, however, the District has never presented a ballot measure to District voters. System Development Charge (SDC) funds are collected from new development to fund park expansion and serve new growth, however, current SDC rates are some of the lowest in the region. Further, the lack of a dedicated source of funding for capital repair and replacement projects has required NCPRD to fund these projects and ongoing operations from the permanent tax base revenue, which is typically reserved for operational purposes. For these reasons, the delivery of new capital assets and capital repair and replacement investments has been limited.

DISTRICT CHALLENGES

Financial Forecast

The most significant issue facing the District is that the cost of operations is outpacing the generation of revenues. Although this problem has been growing over time, the recent inflationary period has accelerated the problem. Conservative budget forecasts indicate that in approximately five years the NCPRD General Fund will not be sufficient to cover the cost of District operations without an increase in revenue or program reductions. If, however, additional System Development Charge revenues are allocated to capital projects in FY 24-25 the NCPRD General Fund is forecasted to sustain District operations for up to seven years. Also, with the unprecedented rise in materials and labor, the cost of delivering capital projects has also increased thereby putting more strain on existing System Development Charge fund resources.

Milwaukie Bay Park

In FY 22-23, this project was temporarily put on hold due to ongoing discussions with the City of Milwaukie and NCPRD about the future of the District. NCPRD has preserved dedicated project funds should the project move forward in FY 24-25. However, the funding allocated may not be sufficient to complete design drawings (currently at 50% complete) and construct the project given recent inflation.

Wichita Center

NCPRD came into ownership of the Wichita property in March 2018 as part of a partnership agreement with the North Clackamas School District (NCSO). NCSO established the Wichita Center for Family and Community (Wichita Center) as a social services location prior to NCPRD becoming the property owner. As per the partnership agreement, social services activities would temporarily continue and NCPRD would continue to use Wichita for parks and recreation activities. In October 2023, NCSO expressed interest in re-purchasing the property and the NCPRD Board directed staff to work with the school district to respond to that interest. At the time of this writing, no final decisions have been made although productive conversations are ongoing between NCSO and NCPRD about the future ownership of the Wichita Center.

CURRENT YEAR HIGHLIGHTS

- Welcomed a new NCPRD Director, Kia Selley.
- Celebrated the 30-year anniversary of the Aquatic Park.
- Sensory Swims, which feature reduced noise and lighting, limited crowds, and an additional quiet space, provided swimming opportunities for the inclusive and adaptive community.
- Shooting Stars, a basketball program for players with additional needs and cognitive disabilities, experienced its highest enrollment in the history of the program.
- “A Place at the Center” (APAC), an activities program that is specifically designed for people experiencing memory loss due to Alzheimer’s, stroke, or other neurological conditions, reached its maximum number of participants.
- Partnered with the Friends of the Milwaukie Community Center Foundation on the Thanksgiving Dinner, Donate a Dinner, and March for Meals bringing in over \$20,000 in contributions and donations.
- Replaced the soft surface walking path at Altamont Park with concrete.
- Commenced construction on the park, playground, and phase I improvements to the community center at the Concord property.
- Launched the System Plan project, a 20-year roadmap for District investments.

- Completed schematic design for the park at the Jennings Lodge campus.

Thank you to NCPRD staff and the District Advisory Committee for their contributions to the FY 24-25 Budget. And thank you to the elected NCPRD Board of Directors and appointed NCPRD Budget Committee for their continued stewardship and oversight of the North Clackamas Parks and Recreation District.

Respectfully submitted,



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District Administrator, North Clackamas Parks and Recreation District
County Administrator, Clackamas County

Kia Selley, *RLA*
Director, North Clackamas Parks and Recreation District