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Director



STATE OF WASHINGTON

WASHINGTON STATE PARKS AND RECREATION COMMISSION

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March 6, 2024

Item E-2: Financial Update - Report

EXECUTIVE SUMMARY: This item reports to the Washington State Parks and Recreation Commission on 1) 2023-25 biennium operating and capital budget expenditures, 2) Parks Renewal and Stewardship Account (PRSA) revenue, 3) Calendar Year 2024 over 2023 Revenue and Visitation, and 4) the 2025-27 Budget Development. This item advances the Commission's goal: "Obtain and effectively manage resources needed to create and sustain an exceptional park system".

CURRENT BIENNIUM FINANCIAL INFORMATION

2023-25 Biennium Operating Budget and Expenditures: State Parks' 2023-25 biennial operating budget is \$258.0 million. The amount of budget that funds general operations is \$231.0 million with dedicated program funding at \$27.0 million. Of the \$231.0 million, \$79.2 million is supported by tax dollars from the General Fund (GF-S) and \$3.4 million is from the new climate account funds. The remaining \$148.4 million is supported by earned revenue (PRSA).

As of December 31, the agency spent \$59.8 million; of which \$54.7 million was for general operations. Overall, spending for general operations (GF-S / PRSA) is 23.7 percent of the biennial spending plan.

The December 31, PRSA ending fund balance was \$21.4 million, \$1.8 million less than the November 2023 ending balance of \$23.2 million. The projected June 2025 fund ending balance is \$8.2 million, excluding potential 2024 supplemental impacts. Currently, Parks 2-month average working capital "reserve" is \$12.8 million. As long as earned revenue continues to trend as projected and the biennial spending comes in on average roughly \$2 million below authority, Parks will end the biennium \$2.2 million below the calculated average working capital "reserve".

2023-25 Biennium Capital Budget and Expenditures: State Parks' 2023-25 capital budget is \$185.3 million. \$138.5 million is from the State Building and Construction Account and is comprised of \$71.3 million for new projects and \$67.2 million for re-appropriated projects. \$2.4 million is from climate account funds. In addition, available grant and other spending authority dollars currently total \$44.4 million.

As of December 31, the agency spent or encumbered a total of \$32.6 million; \$4.4 million on new projects (\$1.9 million spent, \$2.5 million encumbered), \$18.8 million on reappropriated

projects (\$10.9 million spent, \$8.0 million encumbered), and \$9.5 million on climate and grant related projects.

2023-25 Biennium Revenue (PRSA): PRSA earned revenue includes Discover Pass sales, camping, cabins & other overnight accommodations, “opt-out” donations through the Department of Licensing and other earned revenue.

The 2023-25 earned revenue forecast is currently \$136.4 million. As of December 31, “actual” earned revenue was \$36.6 million, \$461,166 (1.3 percent) below biennium-to-date estimates.

Comparing biennium-to-date revenue collections against estimates by major categories:

- 1) Discover Pass revenue is 3.7 percent (\$427,111) above projection
- 2) Camping revenue is 5.5 percent (\$799,902) below projection
- 3) Cabins and other lodging revenue is 3.6 percent (\$76,155) below projection
- 4) Donations through the DOL “opt out” program is 2.5 percent (\$94,258) below projection
- 5) Other revenue sources are 1.9 percent (\$82,038) above projection

CALANDAR YEAR 2019-2023 EARNED REVENUE AND VISITATION

Earned Revenue (PRSA): Parks earned revenue has seen substantial growth with Discover Pass, Camping and Overnight Accommodations calendar year over year since 2019. The 2020 pandemic had an immediate impact on earned revenue due to the parks being closed to vehicle traffic late March through April. Camping and Overnight Accommodations were slowly opened to the public through June 2020.

Once park locations were reopened and services slowly restored the effect on earned revenue was a significant positive impact on 2021 and 2022 though current trending reflects a decrease in 2023 with Camping and Overnight Accommodations.

Discover Pass sales via Department of License (DOL) online sales while renewing vehicle tabs increased 44.4% from 2019 to 2023. Sales via the DOL channel have continued to hold and trend up since the start of the pandemic.

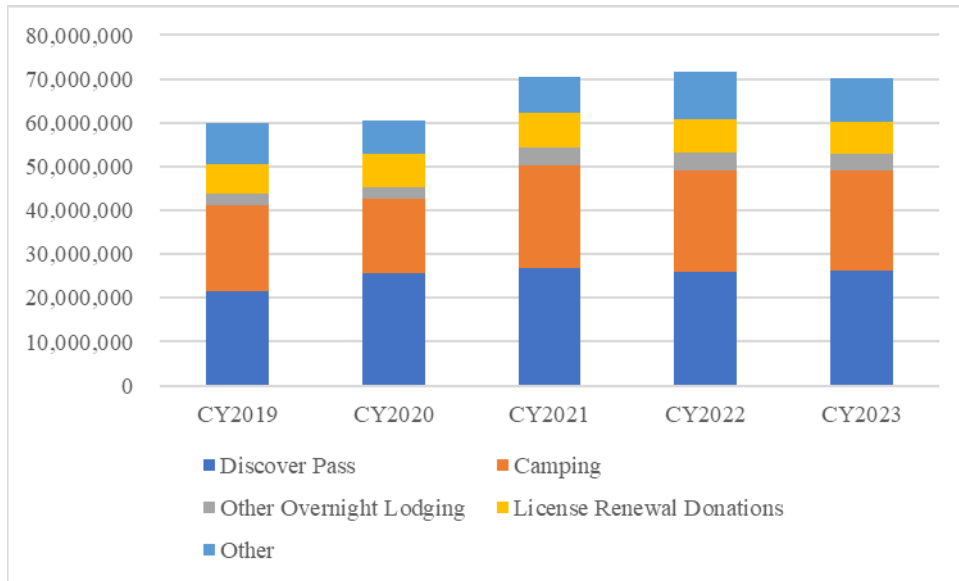
Discover Pass Purchases through DOL

Year of Transaction	Number of Vehicles with Discover Pass	Revenue Collected from Discover Pass
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January through December Year-over-Year Comparisor

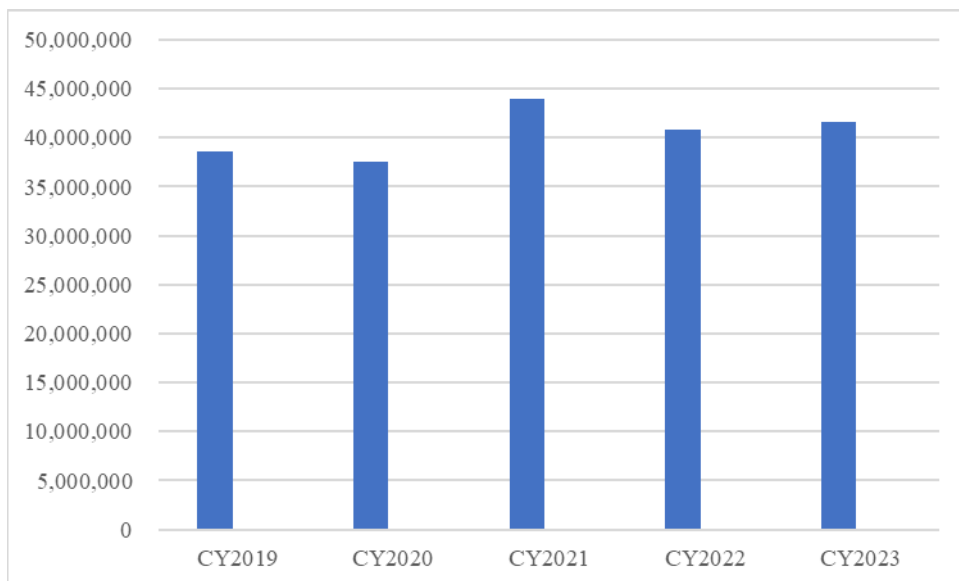
2023	445,035	\$ 13,351,050
2022	444,509	\$ 13,335,270
2021	435,604	\$ 13,068,120
2020	385,517	\$ 11,565,510
2019	308,191	\$ 9,245,730

	CY2019	CY2020	CY2021	CY2022	CY2023
Discover Pass	21,598,892	25,678,247	26,685,435	25,887,216	26,217,327
Camping	19,653,756	17,061,088	23,664,828	23,221,157	22,878,879
Other Overnight Lodging	2,548,401	2,455,777	4,082,311	3,948,751	3,683,298
License Renewal Donations	6,738,152	7,642,912	7,895,241	7,695,005	7,413,524
Other	9,299,752	7,549,914	8,226,716	10,740,791	9,956,162
	59,838,952	60,387,938	70,554,530	71,492,920	70,149,190
		0.9%	16.8%	1.3%	(1.9%)



Visitation: Parks visitation peaked in 2021 at 44.0 million trended down in 2022 and increased in 2023.

CY2019	CY2020	CY2021	CY2022	CY2023
38,646,946	37,571,879	43,963,698	40,766,235	41,600,319
	(2.8%)	17.0%	(7.3%)	2.0%



2025-27 BUDGET DEVELOPMENT

Development of the next biennial budget began October 2023 to prioritize agency goals and strategies for 2025-27. Starting in December 2023 and over the next few months decision package ideas will be collected and prioritized into a draft list. The Commission reviews the draft budget request in May 2024 and approves the agency's request in July 2024. The budget for the 2025-27 biennium is due to the Office of Financial Management (OFM) mid-September 2024.

SUPPORTING INFORMATION

Appendix 1: 2023-25 Operating and Capital Budget Financial Report

Appendix 2: 2023-25 Parks Renewal and Stewardship Account (PRSA) Revenue Summary

Appendix 3: 2023-25 Parks Renewal and Stewardship Account (PRSA) "Other" Revenue Summary

Appendix 4: 2025-27 Operating and Capital Budget Development Timeline

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Reviewer(s):

Laura Holmes, Administrative Services Director

Kira Swanson, SEPA Review: Pursuant to WAC 197-11-704, staff has determined that this Commission agenda item is a report and therefore is not subject to State Environmental Policy Act (SEPA) review.

Andy Woo, Assistant Attorney General: Reviewed as of 2/22/24, no comments or edits.

Approved for Transmittal to Commission



Diana Dupuis, Director

APPENDIX 1
OPERATING AND CAPITAL BUDGET FINANCIAL REPORT
2023-25 BIENNIUM
As of December 31, 2023

Operating Budget:

Fund/Account	Biennial Budget ¹	Expenditures To Date	Balance	Percent Spent
General Operating Funds				
General Fund - State	79,181,000	19,133,141	60,047,859	24.2%
Parks Renewal and Stewardship Acct. (PRSA)	148,388,000	34,861,552	113,526,448	23.5%
Climate Accounts	3,433,000	665,581	2,767,419	19.4%
	231,002,000	54,660,274	176,341,726	23.7%
Other Funds				
PRSA/Dedicated Funds ²	26,960,082	5,110,124	21,849,958	19.0%
	257,962,082	59,770,398	198,191,684	23.2%

(1) Includes 2023-25

(2) Includes Boating and Winter Recreation Programs, ORV, Roads, Private/Local Grants, and No Child Left Inside (NCLI)

PRSA Fund Balance:

Date	Balance
July 1, 2023	20,159,679
December 31, 2023	21,367,490
June 30, 2025 (Projected Ending Balance ¹)	8,206,679

(1) Includes 2023-25

Capital Budget:

Funding Source	Biennial Budget ¹	Expenditures To Date ²	Balance	Percent Spent
Fund 057 - State Building Const. Account				
New Projects	71,328,000	4,349,431	66,978,569	6.1%
Reappropriations	67,173,294	18,779,533	48,393,761	28.0%
	138,501,294	23,128,964	115,372,330	16.7%
Climate Accounts				
Fort Worden PDA Geothermal Heating (26C)	1,000,000	0	1,000,000	0.0%
Statewide Fish Barrier Removal Project (26D)	1,375,000	3,420	1,371,580	0.2%
Grants/Donations/Pass Through Funds				
State Grants/Pass Through Funds ³	36,583,561	7,635,055	28,948,506	20.9%
Local Grants/Donations/Parkland Acquisition ⁴	4,500,000	1,783,203	2,716,797	39.6%
Federal Grants/Pass Through Funds ⁵	3,350,000	37,771	3,312,229	1.1%
	185,309,855	32,588,413	152,721,442	17.6%

(1) Includes 2023-25

(2) Includes expenditures and encumbrances

(3) Includes prior biennium grant carry-forward

(4) Includes private/local spending authority for grants including reappropriations

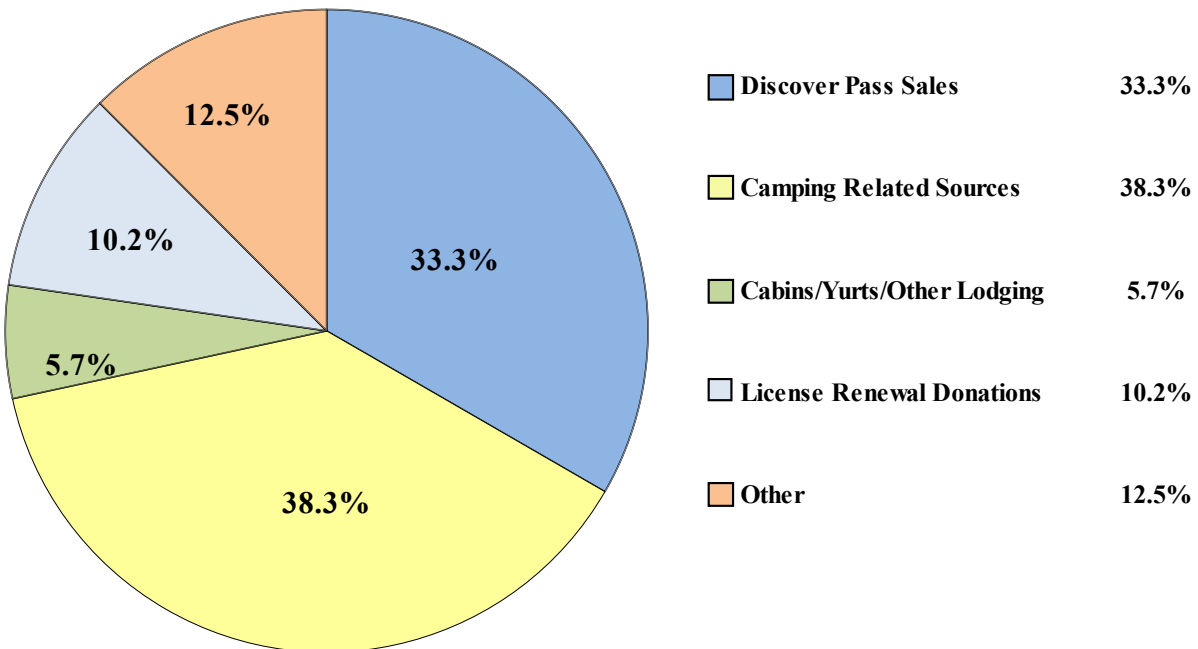
(5) Includes Clean Vessel grants issued to other entities, and spending authority for grants

APPENDIX 2
PARKS RENEWAL AND STEWARDSHIP ACCOUNT (PRSA) REVENUE SUMMARY
2023-25 Biennium
As of December 31, 2023

Revenue Category	Biennial Estimate	Estimate To Date	Actuals To Date	Variance To Date	Percent Actuals Over/Under To Date
Discover Pass Sales	50,476,000	11,609,400	12,036,511	427,111	3.7%
Camping	47,707,000	14,619,800	13,819,898	(799,902)	(5.5%)
Other Overnight Lodging	7,667,000	2,126,800	2,050,645	(76,155)	(3.6%)
License Renewal Donations	15,176,000	3,790,200	3,695,942	(94,258)	(2.5%)
Other *	15,409,000	4,419,900	4,501,938	82,038	1.9%
	136,435,000	36,566,100	36,104,934	(461,166)	(1.3%)

* Other revenue sources include leases, reservation fees, retreat centers, boat moorage and watercraft launch fees, day use fees, etc.

Percent of Revenue Collected by Source

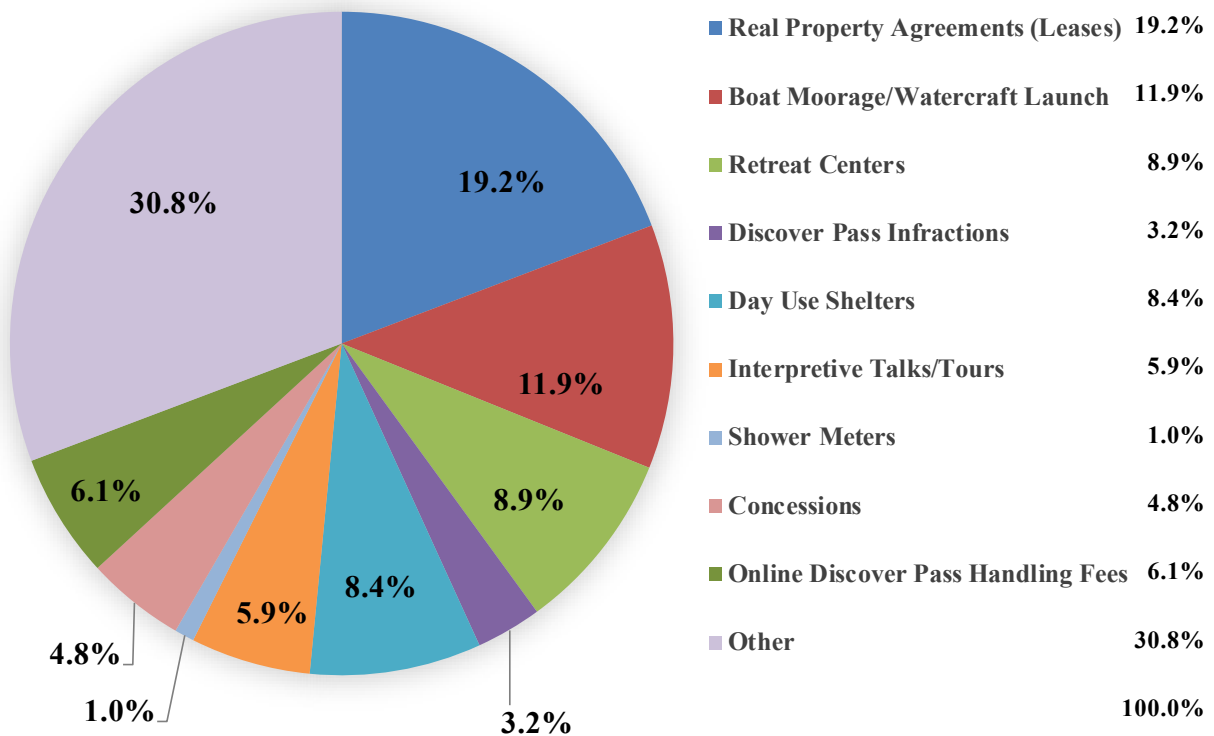


APPENDIX 3
PARKS RENEWAL AND STEWARDSHIP ACCOUNT (PRSA) “OTHER” REVENUE
SUMMARY

2023-25 BIENNIUM
As of December 31, 2023

Revenue Category	Biennial Estimate	Estimate To Date	Actuals To Date	Variance To Date	Percent Actuals Over/Under To Date
Real Property Agreements (Leases)	2,400,000	768,000	864,849	96,849	12.6%
Boat Moorage/Watercraft Launch	2,150,000	502,200	535,520	33,320	6.6%
Retreat Centers	620,000	189,100	399,265	210,165	111.1%
Discover Pass Infractions	504,000	178,900	144,165	(34,735)	(19.4%)
Day Use Shelters	900,000	274,500	376,460	101,960	37.1%
Interpretive Talks/Tours	500,000	152,500	263,195	110,695	72.6%
Shower Meters	600,000	204,000	43,335	(160,665)	(78.8%)
Concessions	520,000	98,800	217,044	118,244	119.7%
Online Discover Pass Handling Fees	1,020,000	224,400	273,782	49,382	22.0%
Other	6,195,000	1,827,500	1,384,323	(443,177)	(24.3%)
Total	15,409,000	4,419,900	4,501,938	82,038	1.9%

Percent of Revenue Collected by Source



APPENDIX 4
2025-27 OPERATING AND CAPITAL BUDGET DEVELOPMENT TIMELINE

