



STATE OF WASHINGTON

WASHINGTON STATE PARKS AND RECREATION COMMISSION

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January 26, 2023

Item E-1: Financial Update - Report

EXECUTIVE SUMMARY: This item reports to the Washington State Parks and Recreation Commission on the status of: 1) State Parks' 2021-23 biennium operating and capital budget expenditures, and 2) Parks Renewal and Stewardship Account (PRSA) revenue, 3) the 2023 supplemental operating budget, and 4) the 2023-25 budget requests. 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

2021-23 Biennium Operating Budget and Expenditures: State Parks' 2021-23 biennial operating budget is \$231.8 million. The amount of budget that funds general operations is \$205.1 million with dedicated program funding at \$26.7 million. Of the \$205.1 million, \$62.8 million is supported by tax dollars from the General Fund (GF-S). The remaining \$142.3 million is supported by earned revenue (PRSA).

As of November 30, the agency spent \$148.8 million; of which \$136.6 million was for general operations. Overall, spending for general operations (GF-S / PRSA) is 66.6 percent of the biennial spending plan and is on target.

The November 30, PRSA ending fund balance was \$30.9 million, \$4.6 million lower than the September 2022 ending balance of \$35.5 million. The projected June 2023 fund ending balance is \$5.8 million though given the ongoing positive variance of "actual" versus "projected" revenue Parks may end the biennium in the \$15-20 million range.

2021-23 Biennium Capital Budget and Expenditures: State Parks' 2021-23 capital budget is \$163.5 million. \$109.9 million is from the State Building and Construction Account and is comprised of \$71.8 million for new projects and \$38.1 million for re-appropriated projects. In addition, available grant and other spending authority dollars currently total \$53.6 million.

As of November 30, the agency spent or encumbered a total of \$52.4 million; \$17.9 million on new projects (\$10.8 million spent, \$7.1 million encumbered), \$18.8 million on reappropriated projects (\$12.2 million spent, \$6.6 million encumbered), and \$15.6 million on grant related projects.

2021-23 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 2021-23 earned revenue forecast is currently \$127.7 million. As of November 30, “actual” earned revenue was \$104.7 million, \$9.8 million (10.3 percent) above biennium-to-date estimates.

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

- 1) Discover Pass revenue is 10.0 percent (\$3.3 million) above projection
- 2) Camping revenue is 5.9 percent (\$2.1 million) above projection
- 3) Cabins and other lodging revenue is 35.4 percent (\$1.6 million) above projection
- 4) Donations through the DOL “opt out” program is 3.5 percent (\$0.4 million) above projection
- 5) Other revenue sources are 21.2 percent (\$2.4 million) above projection

2023 SUPPLEMENTAL BUDGET REQUEST

The Governor released his 2023 supplemental operating and capital budgets in December 2022. A supplemental request for operating was submitted though not one for capital. A comparison of the Commission’s supplemental operating request versus the Governor’s proposal is included in Appendix 4.

2021-23 OPERATING AND CAPITAL BUDGET REQUESTS

The Governor released his 2023-25 operating and capital budgets in December 2022. A comparison of the Governor’s proposal versus Commission requests is included in Appendices 5 and 6. The next step is for the Senate and House to propose their versions of the budgets which is expected to occur this March. A final compromise budget will then be adopted and presented to the Governor for signature – hopefully by the end of the regular 2023 legislative session which occurs in April.

SUPPORTING INFORMATION

Appendix 1: 2021-23 Operating and Capital Budget Financial Report

Appendix 2: 2021-23 Parks Renewal and Stewardship Account (PRSA) Revenue Summary

Appendix 3: 2021-23 Parks Renewal and Stewardship Account (PRSA) “Other” Revenue Summary

Appendix 4: 2023 Supplemental Operating Budget – Agency Request versus Governor Proposal

Appendix 5: 2023-25 Capital Budget – Agency Request versus Governor Proposal

Appendix 6: 2023-25 Operating Budget – Agency Request versus Governor Proposal

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Reviewer(s):

Jessica Logan, 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 10/20/2022.

Laura Holmes, Administrative Services Director

Approved for Transmittal to Commission

A handwritten signature in black ink, appearing to read "Diana Dupuis". The signature is fluid and cursive, with a horizontal line extending from the end of the name.

Diana Dupuis, Director

APPENDIX 1
OPERATING AND CAPITAL BUDGET FINANCIAL REPORT
2021-23 BIENNIUM
As of November 30, 2022

Operating Budget:

Fund/Account	Biennial Budget ¹	Expenditures To Date	Balance	Percent Spent
General Operating Funds				
General Fund - State	62,810,000	42,485,686	20,324,314	67.6%
Parks Renewal and Stewardship Acct. (PRSA)	142,302,000	94,092,189	48,209,811	66.1%
Salary/Insurance Contrib Increase (Fund 708)	7,000	2,200	4,800	31.4%
Millersylvania Park Trust (Fund 018)	5,000	5,000	0	100.0%
	205,124,000	136,585,075	68,538,925	66.6%
Other Funds				
PRSA/Dedicated Funds ²	26,653,000	12,211,104	14,441,896	45.8%
	231,777,000	148,796,179	82,980,821	64.2%

(1) Includes 2021-23, 2022 Supplemental

(2) Boating and Winter Recreation Programs, NCLI, ORV, Roads, private/local grants, and No Child Left Inside (NCLI)

PRSA Fund Balance:

Date	Balance
July 1, 2021	20,563,395
November 30, 2022	30,844,911
July 31, 2023 (Projected Ending Balance) ¹	5,821,395

(1) Includes 2022 Supplemental \$13.9M spending authority increase

Capital Budget:

Funding Source	Biennial Budget ¹	Expenditures To Date ²	Balance	Percent Spent
Fund 057 - State Building Const. Account				
New Projects	71,237,000	17,369,709	53,867,291	24.4%
Reappropriations	38,085,940	18,763,662	19,322,278	49.3%
Capital Community Assistance Account ⁶	578,000	578,000	-	100.0%
	109,900,940	36,711,371	73,189,569	33.4%
Grants/Donations/Pass Through Funds				
State Grants/Pass Through Funds ³	45,725,625	14,430,030	31,295,595	31.6%
Local Grants/Donations/Parkland Acquisition ⁴	4,500,000	482,519	4,017,481	10.7%
Federal Grants/Pass Through Funds ⁵	3,350,000	721,890	2,628,110	21.5%
	163,476,565	52,345,810	111,130,755	32.0%

(1) Includes 2021-23, 2022 Supplemental

(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

(6) OFM provided funding for inflationary impact on Schaffer project bids

APPENDIX 2

PARKS RENEWAL AND STEWARDSHIP ACCOUNT (PRSA) REVENUE SUMMARY

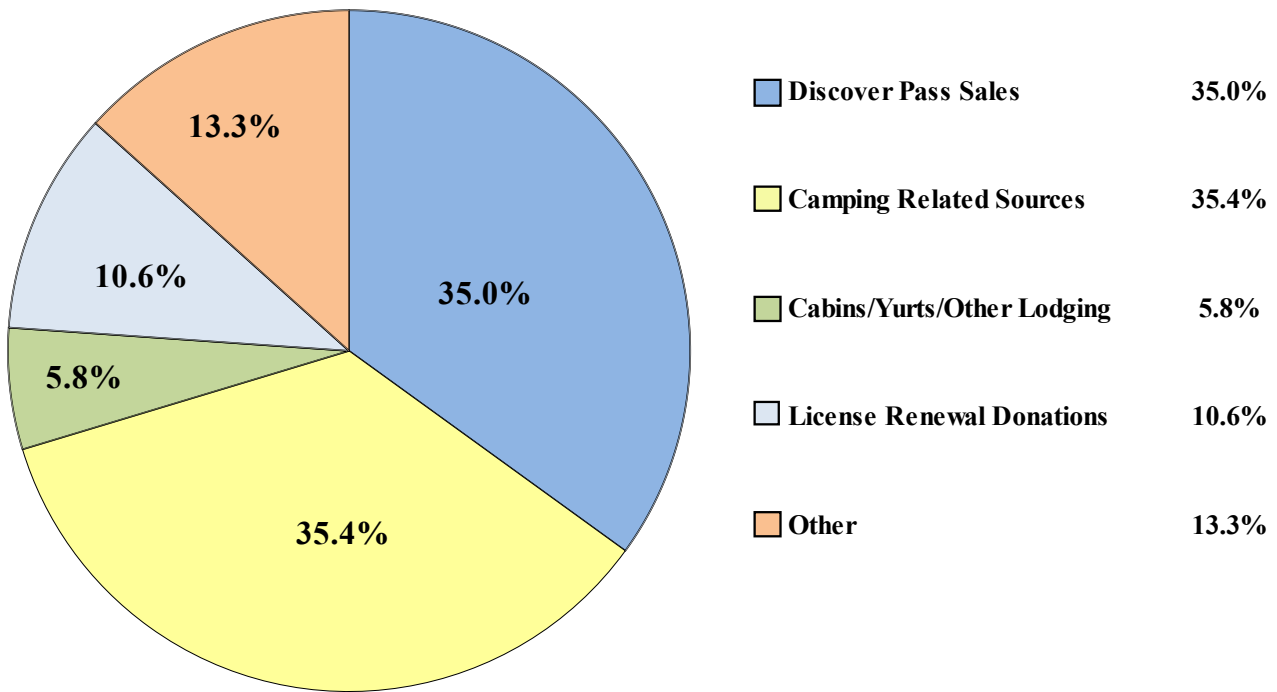
2021-23 Biennium

As of November 30, 2022

Revenue Category	Biennial Estimate	Estimate To Date	Actuals To Date	Variance To Date	Percent Actuals Over/Under To Date
Discover Pass Sales	47,076,000	33,291,100	36,603,821	3,312,721	10.0%
Camping	43,575,000	34,920,800	36,992,973	2,072,173	5.9%
Other Overnight Lodging	5,899,000	4,452,500	6,029,631	1,577,131	35.4%
License Renewal Donations	15,176,000	10,688,900	11,060,638	371,738	3.5%
Other *	16,009,000	11,522,200	13,959,646	2,437,446	21.2%
	127,735,000	94,875,500	104,646,710	9,771,210	10.3%

* 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

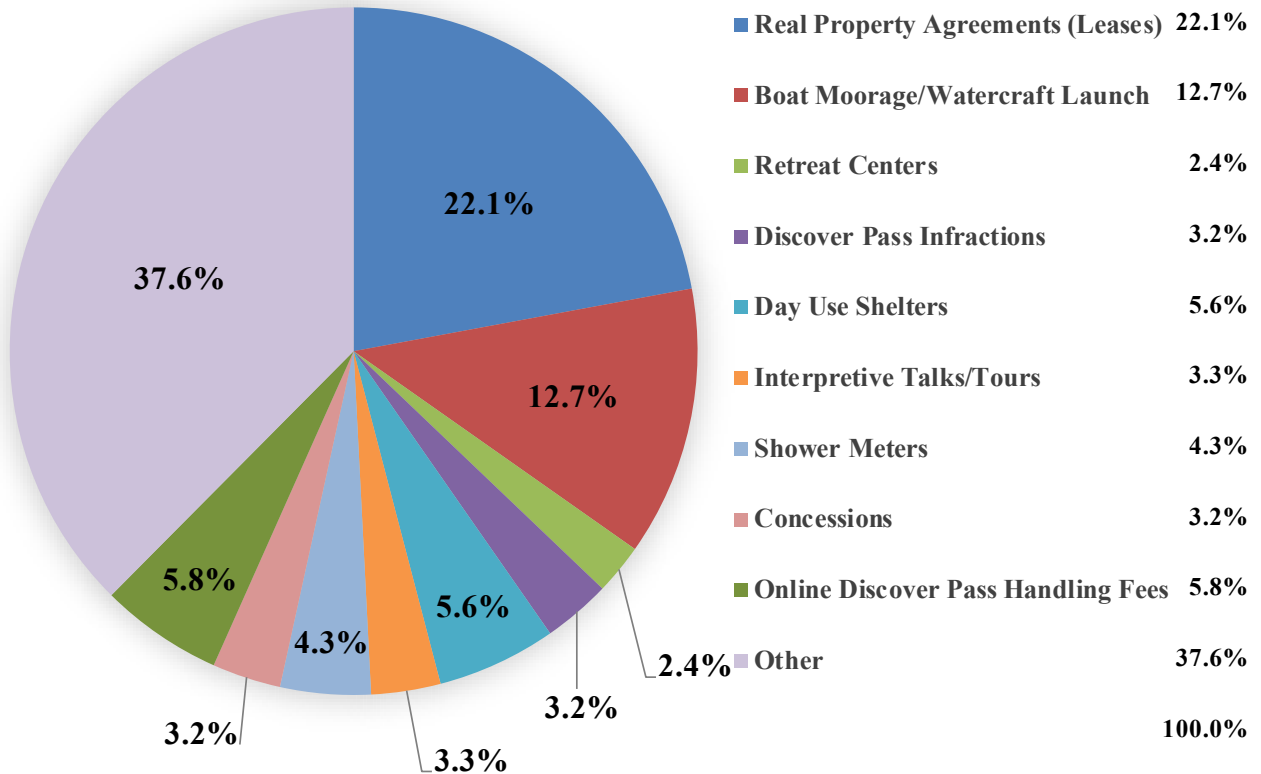


**APPENDIX 3
PARKS RENEWAL AND STEWARDSHIP ACCOUNT (PRSA) "OTHER" REVENUE
SUMMARY**

**2021-23 BIENNIUM
As of November 30, 2022**

Revenue Category	Biennial Estimate	Estimate To Date	Actuals To Date	Variance To Date	Percent Actuals Over/Under To Date
Real Property Agreements (Leases)	4,060,000	3,095,400	3,081,803	(13,597)	(0.4%)
Boat Moorage/Watercraft Launch	2,259,000	1,642,200	1,770,120	127,920	7.8%
Retreat Centers	850,000	559,700	330,505	(229,195)	(40.9%)
Discover Pass Infractions	714,000	581,700	445,712	(135,988)	(23.4%)
Day Use Shelters	450,000	330,000	782,969	452,969	137.3%
Interpretive Talks/Tours	348,000	225,000	454,617	229,617	102.1%
Shower Meters	600,000	501,000	593,682	92,682	18.5%
Concessions	630,000	425,500	451,431	25,931	6.1%
Online Discover Pass Handling Fees	1,300,000	910,000	805,069	(104,931)	(11.5%)
Other	4,798,000	3,251,700	5,243,739	1,992,039	61.3%
Total	16,009,000	11,522,200	13,959,646	2,437,446	21.2%

Percent of Revenue Collected by Source



**APPENDIX 4
2023 SUPPLEMENTAL OPERATING BUDGET
AGENCY REQUEST VERSUS GOVERNOR PROPOSAL**

Title/Description	Agency Request Dollars	Governor's Proposal Dollars	Variance Dollars
Parks Renewal and Stewardship Account	3,892,000	1,408,000	(2,484,000)
General Fund - State	1,362,000	602,000	(760,000)
Dedicated & Other Funds	0	0	0
Total Request	<u>5,254,000</u>	<u>2,010,000</u>	<u>(3,244,000)</u>
Maintenance Level (ML)			
Equipment Replacement Costs (MEP)	760,000	0	(760,000)
Retirement Buyouts	92,000	92,000	0
Vehicle Fuel	795,000	0	(795,000)
Utility Rate Adjustment	1,089,000	0	(1,089,000)
Reservation Fees	718,000	718,000	0
Credit Card Transaction Costs	600,000	0	(600,000)
Maintenance Level Subtotal	<u>4,054,000</u>	<u>810,000</u>	<u>(3,244,000)</u>
Policy/Performance Level (PL)			
Forest Health Treatments	1,200,000	1,200,000	0
Policy/Performance Level Subtotal	<u>1,200,000</u>	<u>1,200,000</u>	<u>0</u>
Total ML and PL	<u>5,254,000</u>	<u>2,010,000</u>	<u>(3,244,000)</u>
Compensation and Benefits Adjustments	0	0	0
Central Services Costs	0	0	0
Total Request	<u>5,254,000</u>	<u>2,010,000</u>	<u>(3,244,000)</u>

APPENDIX 5
2023-25 CAPITAL BUDGET
AGENCY REQUEST VERSUS GOVERNOR PROPOSAL

Project Title	Agency Request	Governor	Difference
State Construction Account			
Total Preservation - New Projects	\$75,827,000	\$57,968,000	(\$17,859,000)
Total Programmatic - New Projects	\$64,283,000	\$40,207,000	(\$24,076,000)
Total - New Projects	\$140,110,000	\$98,175,000	(\$41,935,000)
Total Preservation - Reappropriations	\$44,210,000	\$47,190,000	\$2,980,000
Total Programmatic - Reappropriations	\$23,122,000	\$24,407,000	\$1,285,000
Total - Reappropriations	\$67,332,000	\$71,597,000	\$4,265,000
Total - All Projects - State Construction Account	\$207,442,000	\$169,772,000	(\$37,670,000)
New Grants and Spending Authority	10,351,000	8,350,000	(2,001,000)
Total - All Projects, Grants and Spending Authority	\$217,793,000	\$178,122,000	(\$39,671,000)

APPENDIX 6
2023-25 OPERATING BUDGET
AGENCY REQUEST VERSUS GOVERNOR PROPOSAL

Title/Description	Agency Request Dollars	Governor's Proposal Dollars	Variance Dollars
Parks Renewal and Stewardship Account	142,666,000	150,589,000	7,923,000
General Fund - State	92,381,000	74,730,000	(17,651,000)
Climate Accounts	0	3,304,000	3,304,000
Dedicated & Other Funds	26,693,000	25,675,000	(1,018,000)
Motor Vehicle Account	1,186,000	1,186,000	0
Total Request	262,926,000	255,484,000	(7,442,000)
2023-25 Expenditure Authority	222,222,000	222,636,000	414,000
Maintenance Level (ML)			
Equipment Replacement	4,500,000	3,000,000	(1,500,000)
Capital Project Operating Costs	402,000	152,000	(250,000)
Reservation Fees	718,000	431,000	(287,000)
Credit Card Transaction Costs	600,000	600,000	0
Lease Rate Adjustments	20,000	20,000	0
Recreation Lands Maintenance	7,500,000	2,500,000	(5,000,000)
Maintenance Level Subtotal	13,740,000	6,703,000	(7,037,000)
Policy/Performance Level (PL)			
Cultural Resource Management	1,015,000	1,005,000	(10,000)
Support DEI at Parks	3,027,000	1,125,000	(1,902,000)
Capital Program Operational Support	4,793,000	3,080,000	(1,713,000)
Increase Customer Service	10,332,000	792,000	(9,540,000)
Inclusive Trail System	1,314,000	1,314,000	0
Climate Resilient Parks	1,433,000	1,304,000	(129,000)
Employee Engagement and Retention	928,000	0	(928,000)
Virtual Private Network Costs	48,000	48,000	0
Records Management	469,000	201,000	(268,000)
Internal Comms and Public Outreach	563,000	0	(563,000)
Forest Health Treatments	1,000,000	1,000,000	0
Manage State Land Recreation Impact	1,442,000	1,592,000	150,000
Miller Peninsula Park Plan	600,000	600,000	0
Policy/Performance Level Subtotal	26,964,000	12,061,000	(14,903,000)
Total ML and PL	40,704,000	18,764,000	(21,940,000)
Compensation and Benefits Adjustments	0	11,404,000	11,404,000
Central Services Costs	0	2,680,000	2,680,000
Total Request	262,926,000	255,484,000	(7,442,000)