



MEMORANDUM

TO: Board of Park Commissioners

THROUGH: Tony Piasecki, Interim Executive Director

FROM: Tania Wink, Chief Financial Administrative Officer

SUBJECT: Amendment No. 2 to the 2025 – 2026 Operating & Capital Budget

DATE: June 4, 2026

EXECUTIVE SUMMARY: Staff is requesting the Board adopt Amendment No. 2 to the 2025-2026 Biennial Operating and Capital Budget for Parks Tacoma.

BACKGROUND: On December 9, 2024, the Board adopted the 2025–2026 Biennial Budget through Resolution No. RR 73-24, reflecting a strong 2023 financial position bolstered by the levy lid lift and operational savings. The adopted budget assumed approximately 15 percent revenue growth and a 19 percent increase in expenditures to support rapid post-pandemic service restoration and expanded community expectations, with planned use of a generous fund balance to help close a projected funding gap.

Actual 2024 results differed meaningfully from those assumptions. The accelerated pace of service restoration required higher-than-anticipated spending, while revenues from earned income, grants, leases, and contracts fell short of projections. The General Fund exceeded its expenditure budget by approximately \$7 million, and revenue underperformance contributed to an overall shortfall of roughly \$8 million.

On November 10, 2025, the Board adopted the first budget amendment through Resolution No. RR55-25 to realign the budget with these financial realities. That amendment reduced General Fund revenue assumptions by approximately \$5.7 million for the biennium (primarily driven by a \$7 million decrease in earned revenues from recreation programs) and eliminated 51 full-time FTEs through a combination of vacancies, voluntary separations, and layoffs. Executive and management roles were also eliminated, and the 2026 cost-of-living adjustment for non-represented staff was removed. District leaders and staff are committed to participating in any partner and community deliberations about how to mitigate the impacts of these reductions.

The first amendment, while an important corrective step, was built on a foundation that required further examination. A review of prior budget projections revealed that revenue assumptions had

been increased within the parks and recreation budget to produce a balanced budget without corresponding reductions on the expenditure side, a structural approach that did not reflect verified or recurring revenue sources. Compounding this, several revenue estimates incorporated ambitiously anticipated partner contributions that ultimately did not materialize, widening the gap between projected and actual revenues.

This second amendment is the result of a deliberate effort to correct that approach. Revenue projections are now grounded strictly in verified actuals and supportable estimates, and expenditures have been aligned to reflect true funding levels. The goal is a 2026 budget that is structurally balanced, transparent, and built on a foundation the District can stand behind.

FISCAL IMPACT:

General Fund

Major Revenue Impacts

The fiscal year 2026 revenue budget is reduced by \$7.6 million in this second amendment. Adjustments include a \$6.8 million reduction resulting from flawed revenue projections and a \$1.6 million reduction due to a property tax forecast correction. These reductions are partially offset by \$750,000 in grant revenue received as pass-through funding from the City of Tacoma and Pierce County to partner agencies administering the Summer Teen Late Night program through August.

The flawed revenue projections consist of \$2.5 million in program fees, \$1.2 million in donations, \$700,000 in services provided, \$600,000 in facilities rentals, and \$500,000 in marketing rights and sponsorships. The corresponding \$750,000 pass-through is reflected as an equal increase in expenditure, resulting in no net fiscal impact from those grants.

It should also be noted that a portion of these revenue reductions are a direct result of the program eliminations and service reductions included in this amendment — as programs are discontinued, the earned revenues they generated are reduced accordingly. However, it is important to recognize that the cost of operating these programs outweighed the revenues they produced, as the District's cost recovery rate fell well below policy thresholds for a majority of the affected programs. The decision to eliminate these programs, while very difficult from a community service perspective, reflects a necessary step toward aligning expenditures with sustainable funding levels.

Major Expenditure Reductions

In the Parks & Recreation department, this budget amendment includes 17 full-time layoffs, 14 vacant positions remaining unfilled, a reduction of 75,000 part-time or seasonal hours, systemwide reductions, and the elimination of multiple programs. The amendment ends Parks Tacoma's contribution to and coordination of Beyond the Bell and Club B for the remainder of the 2026 fiscal year. Licensed childcare services and coordination are also eliminated. The middle school Power Sports League and the Adaptive & Specialized Sports League are discontinued. The Mosaic Festival is cancelled and other event programming is reduced (although Mosaic will not be held this year or next, we are continuing the mission through the MOSAIC Community Connections Program). Sprayground operations are limited to Memorial Day through Labor Day, and water irrigation will be reduced by at least 50%.

In the Business Administration & Planning department, this amendment reduces expenditures by over \$2.8 million, including the elimination of three full-time positions and six vacancies remaining unfilled. Additional cost savings are achieved through a reallocation of 30%–50% of certain staff salaries in the Capital Planning & Asset Management and Marketing and Communications divisions to Bond Funds, reflecting the portion of their work dedicated to capital program delivery. This reallocation partially offsets General Fund costs by aligning these roles with capital activities, though it will require careful workload management and cost coding to ensure compliance with bond expenditure guidelines. Further reductions to operating expenses (including employee travel and training, office supplies, technology equipment, and professional services) will limit the department's capacity to advance key initiatives in Asset Management, Finance, Human Resources, Information Technology, and Marketing/Digital Media.

In the Office of the Executive Director, this amendment reflects \$685,000 in expenditure reductions, primarily through cuts to professional services contracts.

While these reductions are necessary to meet the District's fiscal constraints for 2026, they will reduce capacity across two operational divisions. Operational impacts will continue throughout 2026, and staff will prioritize critical services and compliance-related functions to maintain organizational stability.

If the second budget amendment is adopted as presented, the District will have eliminated a total of 45 full-time positions and held over 46 vacancies in the last year; a significant workforce reduction that reflects the depth of the financial correction underway. Unlike Amendment #1, which was designed to minimize direct community impact, Amendment #2 carries measurable consequences for the programs and services.

The second amendment adopts a total General Fund budget of \$53.3 million in revenues and \$51.6 million in expenditures, which equates to a \$1.7 million surplus and addition to the District's Fund balancing ensuring minimum policy reserves are met at 5 percent.

Indirect Cost Rate Correction

A review of the District's indirect cost methodology identified that the previously established 2 percent indirect rate charged to Enterprise Funds was insufficient to recover the true overhead costs absorbed by the General Fund (specifically within Business Administration and the Planning Department) in support of enterprise operations. These overhead costs are significant and include districtwide expenses such as WCIA insurance coverage of over \$2.2 million, IT network and applications of over \$1.8 million, and financial audit costs of over \$150,000.

Under Governmental Accounting Standards Board (GASB) principles and Washington State Auditor's Office guidance, costs incurred by the General Fund on behalf of Enterprise Fund operations should be identified and allocated using a reasonable and consistently applied cost allocation methodology. The District is committed to developing a comprehensive cost allocation methodology that accurately reflects the true cost of administrative overhead support across all funds. To correct this, the District has taken two targeted actions:

- Meadow Park Golf Course — The amended budget includes a recovery of four years of indirect costs that were never charged to the Golf Course Enterprise Fund at the appropriate

rate. This back-collection ensures the General Fund is made whole for overhead services that were provided but never reimbursed.

- ZEEED Enterprise Fund — An additional 1 percent indirect charge has been applied to offset a portion of the actual overhead costs incurred by the General Fund in support of zoological operations during 2025 and 2026. The District recognizes that ZEEED's program plan was built on balancing revenues to expenditures, and that a full indirect cost charge would represent a significant and unplanned financial burden. As such, the District is not charging ZEEED the full cost of overhead at this time, in order to ensure ZEEED can continue to meet the operational and programmatic expectations required to maintain a balanced budget. The full cost of indirect support for ZEEED will be incorporated into future cost allocation models as part of the District's broader methodology development.

These corrections reflect the District's commitment to accurate cost accounting, appropriate fund integrity, and compliance with cost allocation requirements. Moving forward, indirect rates will be grounded in a defensible, methodology-driven analysis that ensures Enterprise Funds are bearing their fair share of administrative overhead.

Enterprise Funds

ZEEED Budget Amendment Impacts

The second amendment to the Zoological & Environmental Education Department (ZEEED) enterprise fund aligns projected expenditures with corresponding revenue increases. These changes include the spending of previously received grants and donations being held in the reserve. These changes also recognize revenues earned by the new Northwest Trek overnight rentals. Expense reductions related to the NWT Foundation Exhibit A amendment support rehiring a previously frozen NWT zookeeper position and previously unbudgeted telecommunication expenses. The amendment also includes anticipated revenue and associated expenses related to the upcoming Dambo Troll exhibit. Overall, the net increase in expenses is fully offset by a net increase in revenue.

The second amendment adopts a total budget of \$34.2 million in revenues and \$34.5 million in expenditures, with a planned use of \$390,000 in working capital reserves.

Internal Service Funds

Amendments to the District's Internal Service Funds (the Self-Insurance Fund, Property and Liability Claims Fund and the Fleet Equipment Fund) are directly tied to the adjustments in the District's operating budget. As both funds are financed through departmental cost allocations, their revisions primarily reflect corresponding increases and decreases in expenditures within the General Fund and Enterprise Funds. No additional financial impact is anticipated beyond those incorporated in the operating budget amendments.

Capital Improvement Plan Budget

The Capital Improvement Plan (CIP) budget is set as part of the biennial budget process and is fine-tuned at the midway point through the budget amendment process to reflect a more accurate

tabulation of spending and anticipated funding sources. This amendment includes several significant adjustments: the Reimagine Meadow Park Golf Course project is shifting focus to near-term critical infrastructure (specifically safety improvements and irrigation upgrades) as the District reconsiders the issuance of LTGO debt; several neighborhood and community park renovation projects, including Lincoln Heights, North Slope Historic, Cloverdale, Alderwood, Norpoint, Portland Avenue, and Peck Community Sports Park, are receiving additional construction funding; and new projects have been initiated for the headquarters Server Room HVAC, Fort Nisqually Sales Shop & Kitchen, Ruston Way/Foss Waterway, and a portfolio of Zoo projects including pumphouse repairs, administrative office improvements, roof replacements, and flooring replacement at the Asia Exhibit.

The CIP team has also been active in pursuing new external funding. Five grant applications were submitted in May for North Hidden Beach Bridge at Titlow Park, Peck Sports Field Lighting, Wapato Playground, and property acquisition at the former Gault school, and these are now reflected as potential future funding in the CIP budget. Additionally, new funding has been secured through a Washington State Historical Society grant and a donation from the Fort Nisqually Foundation for the Kitchen and Sale Shop project, as well as insurance proceeds related to vandalism at the South Park restroom and sprayground.

Appropriations from the 2026 UTGO Bond approved by voters in April will be reflected in the upcoming 27-28 Budget process as the first appropriation has been adjusted to January 2027.

The capital improvement plan amends the 2025-2026 budget to \$50.3 million.

ADDITIONAL INFORMATION: For additional information please contact Chief Financial and Administrative Officer Tania Wink at tania.wink@parkstacoma.gov.

METROPOLITAN PARK DISTRICT OF TACOMA

**RESOLUTION NO. RR30-26
AMENDMENT NO. 2 TO THE 2025 – 2026 BIENNIAL BUDGET**

WHEREAS, the Board of Park Commissioners approved, appropriated, and adopted the 2025-2026 Biennial Budget in Resolution No. RR 73-24, dated December 9, 2024, to meet public expenses, bond retirement, interest and operational expenses for the biennium ending December 31, 2025; and

WHEREAS, from time to time there exists a need to review and amend the budget in order to reflect changes in the operations of Parks Tacoma and to continue to provide optimum service to our citizens and customers; and

WHEREAS, the Board of Park Commissioners finds it necessary to further amend the 2025–2026 Biennial Budget to reflect updated financial conditions and operational requirements identified since the adoption of the First Amendment to the budget; and

RESOLVED by the Board of Park Commissioners of the Metropolitan Park District of Tacoma the following:

Section 1: Exhibit A is adopted and amends the funds of the District for the 2025-2026 Budgets.

The foregoing resolution was adopted by the Board of Commissioners of the Metropolitan Park District of Tacoma at a meeting held on _____, 2026.

ATTEST:

President

Secretary

Clerk

METROPOLITAN PARK DISTRICT OF TACOMA
RESOLUTION NO. RR30-26
AMENDMENT NO. 2 TO THE 2025 – 2026 BIENNIAL BUDGET
EXHIBIT A

Fund Type	Fund Name	Sources - Revenue	Uses - Expenditures
General Fund			
101	General Fund	\$ 110,335,531	\$ 110,774,818
	Additions to/(Use of) Fund Balance	439,287	
	Total General Fund	\$ 110,774,818	\$ 110,774,818
Enterprise Funds			
401	Point Defiance Marina Boathouse	4,163,400	4,163,400
402	Meadow Park Golf Course	10,001,000	10,001,000
404	Zoological & Environmental Education	67,326,490	67,716,907
	Use of Working Capital / Reserves	390,417	-
	Total Enterprise Funds	\$ 81,881,307	\$ 81,881,307
Total 2025-2026 Operating Budget		\$ 192,656,125	\$ 192,656,125
Total 2025-2026 Capital Budget		\$ 50,288,853	\$ 50,288,853
Debt Service Funds			
263	2012 UTGO	1,030,000	1,030,000
240	2014A UTGO	4,010,650	4,010,650
224	2014B UTGO	3,181,500	3,181,500
264	2015 UTGO	2,478,000	2,478,000
241	2016 UTGO	9,514,500	9,514,500
242	2018 UTGO	7,241,050	7,241,050
265	2019 UTGO	5,289,600	5,289,600
243	2024 UTGO	7,515,500	7,515,500
298	2025 UTO - LOC	5,500,000	5,500,000
	Total Debt Service Funds	\$ 45,760,800	\$ 45,760,800
Internal Service Funds			
510	Fleet & Equipment	436,935	938,456
520	Medical Insurance	12,938,712	13,419,211
530	Property & Liability Insurance	125,500	125,500
	Total Internal Service Funds	\$ 13,501,147	\$ 14,483,167
Total All Funds		\$ 302,206,925	\$ 303,188,945