

TOWN OF SUPERIOR
PARKS, RECREATION AND OPEN SPACE DEPARTMENT

NEEDS ASSESSMENT AND MASTER PLAN

APPENDIX B: FUNDING SOURCES

Corporate Sponsorships

This revenue-funding source allows corporations to invest in the development or enhancement of new or existing facilities in park systems. Sponsorships are also highly used for programs and events.

Partnerships

Partnerships are joint development funding sources or operational funding sources between two separate agencies, such as two government entities, a non-profit and a City department, or a private business and a City agency. Two partners jointly develop revenue producing park and recreation facilities and share risk, operational costs, responsibilities, and asset management based on the strengths and weaknesses of each partner.

Dedication/Development Fees

These fees are assessed for the development of residential and/or commercial properties with the proceeds to be used for parks and recreation purposes, such as open space acquisition, community park site development, neighborhood parks development, regional parks development, etc.

Foundation/Gifts

These dollars are raised from tax-exempt, non-profit organizations established with private donations in promotion of specific causes, activities, or issues. They offer a variety of means to fund capital projects, including capital campaigns, gifts catalogs, fundraisers, endowments, sales of items, etc.

Recreation Service Fees

This is a dedicated user fee, which can be established by a local ordinance or other government procedures for the purpose of constructing and maintaining recreation facilities. The fee can apply to all organized activities, which require a reservation of some type, or other purposes as defined by the local government. Examples of such activities include adult basketball, volleyball, and softball leagues, youth baseball, soccer, and softball leagues, and special interest classes. The fee allows participants an opportunity to contribute toward the upkeep of the facilities being used.

Intermodal Transportation and Efficiency Act

This funding program, commonly called TEA-21 Grants was authorized by the Federal Government in 1991. Funds are distributed through the state. There are several million dollars in enhancement revenues available for transportation related projects, including bicycle and pedestrian trails, rail depot rehabilitation, landscaping, and beautification projects.

Land and Water Conservation Fund

These funds are awarded for acquisition and development of parks, recreation and supporting facilities through the National Park Service and State Park System.

General Obligation Bonds

Bonded indebtedness issued with the approval of the electorate for capital improvements and general public improvements.

Industrial Development Bonds

Specialized revenue bonds issued on behalf of publicly owned, self-supporting facilities.

Hotel, Motel and Restaurant Tax

Tax based on gross receipts from charges and meals services, which may be used to build and operate sports fields, regional parks, golf courses, tennis courts, and other special park and recreation facilities.

Grants

A variety of special grants either currently exist through the Federal and State governmental systems or will be established through the life of current and proposed facilities.

Special Improvement District/Benefit District

Taxing districts established to provide funds for certain types of improvements that benefit a specific group of affected properties. Improvements may include landscaping, the erection of fountains, and acquisition of art, and supplemental services for improvement and promotion, including recreation and cultural enhancements.

Annual Appropriation/Leasehold Financing

This is a more complex financing structure which requires use of a third party to act as issuer of the bonds, construct the facility and retain title until the bonds are retired. The city enters into a lease agreement with the third party, with annual lease payments equal to the debt service requirements. The bonds issued by the third party are considered less secure than general obligation bonds of the City, and therefore more costly. Since a separate corporation issues these bonds, they do not impact the City's debt limitations and do not require a vote. However, they also do not entitle the City to levy property taxes to service the debt. The annual lease payments must be appropriated from existing revenues.

Interlocal Agreements

Contractual relationships entered into between two or more local units of government and/or between a local unit of government and a non-profit organization for the joint usage/development of sports fields, regional parks, or other facilities.

Revenue Bonds

Bonds used for capital projects that will generate revenue for debt service where fees can be set aside to support repayment of the bond.

Private Concessionaires

Contract with a private business to provide and operate desirable recreational activities financed, constructed, and operated by the private sector with additional compensation paid to the City.

Creation of an Authority

The City needs to adopt the creation of a recreation authority or district to create an atmosphere that would allow the Department to initiate long-term successes. Many successful park districts exist throughout the country and facilitate creative business approaches to leisure services that some governmental entities cannot provide. The planning team views this action as key to plan success.

Fees/Charges

An assessment of fees or charges for participation in parks and recreation activities is very common in the industry. Generally a cost recovery expectation is established to offset the cost of the activity.

Real Estate Transfer Fees

As cities and counties expand, the need for infrastructure improvements continues to grow. Since parks add value to neighborhoods and communities, some cities and counties have turned to real estate transfer fees to help pay for needed renovations. Usually transfer fees amount to $\frac{1}{4}$ to $\frac{1}{2}$ % on the total sale of the property.

Land Trust

Many counties have developed land trusts to help secure and fund the cost for acquiring land that needs to be preserved and protected for greenway purposes. This could be a good source to look to for acquisition of future lands.

Establish a Greenway Utility

Greenway utilities are used to finance acquisition of greenways and development of the greenways by selling the development rights underground for the fiber optic types of businesses.

Naming Rights

Many cities and counties have turned to selling the naming rights for new buildings or renovation of existing buildings and parks for the development cost associated with the improvement.

Rental Car Tax

This tax is designated for land acquisition purposes. Some cities and counties have used a percentage of rental car taxes to support land acquisition or improvements in parks.

Establish a Designated License Plate for Parks

This funding mechanism can be used to finance improvements or programs through a designated license plate.

Cell Towers

Cell towers attached to existing light poles in game field complexes is another source of revenue to help support the system.

Private Developers

These developers lease space on Town-owned land through a subordinate lease that pays out a set dollar amount plus a percentage of gross dollars for recreation enhancements. These could include restaurants, sports complexes, equestrian facilities, and recreation centers and ice arenas.

Benefit Assessment Act of 1982 (Government Code section 54703 et seq.)

This statute provides a uniform procedure for the enactment of benefit assessments to finance the maintenance and operation costs of drainage, flood control, and street light services and the cost of installation and improvement of drainage or flood control facilities. Under legislation approved in 1989 (SB 975, Chapter 1449), this authority is expanded to include the maintenance of streets, roads, and highways. As with most other assessment acts, cities, counties, and special districts that are otherwise authorized to provide such services may use it.

Facilities Benefit Assessment

The FBA ordinance establishes areas of benefit to be assessed for needed improvements in newly developing areas. Each parcel within an area of benefit is apportioned its share of the total assessment for all improvements (including those required for later development phases) which is then recorded on the assessment roll. Assessments are liens on private property as with the state assessment acts. Upon application for a building permit the owner of the parcel must pay the entire assessment (the payment is pro rated if only a portion of the parcel is being developed at one time). Payment releases the city's lien on the property. The funds that are collected are placed in separate accounts to be used for the needed improvements and do not exceed the actual cost of the improvements plus incidental administrative costs.

The Mello-Roos Act

The 1982 Mello-Roos Community Facilities Act (Government Code Sections 53311 et seq.) enables cities, counties, special districts, and school districts to establish community facilities districts (CFDs) and to levy special taxes to fund a wide variety of facilities and services. The proceeds of a Mello-Roos tax can be used for direct funding and, in the case of capital facilities, to pay off bonds. Mello-Roos financing has similarities to special taxes and special assessments, and in some situations, it has advantages over both.

Licensing Rights

This revenue source allows the agency to license its name on all resale items that private or public vendors use when they sell clothing or other items with the agency's name on it. The normal licensing fee is 6 to 10% of the cost of the resale item.

Sales Tax

The revenue source is very popular for funding park and recreation agencies either partially or fully.

Food and Beverage Tax

The tax is usually associated with convention and tourism bureaus. However, since parks and recreation agencies manage many of the tourism attractions, they receive a portion of this funding source for operational or capital expenses.

Gaming Grants

Grants are available from the state for historic projects. These dollars come from gaming activity in Colorado. This is a very popular revenue source that is typically shared with schools, libraries and parks.

Capital Improvement Fees

These fees are on top of the set user rate for accessing facilities such as golf, recreation centers and pools to support capital improvements that benefit the user of the facility.

Merchandising Sales

This revenue source comes from the public or private sector on resale items from gift shops and pro shops for either all of the sales or a set gross percentage.

Concession Management

Concession management is from retail sales or rentals of soft goods, hard goods, or consumable items. The city either contracts for the service or receives a set of the gross percentage or the full revenue dollars that incorporates a profit after expenses.

Friends Associations or Foundations

These groups are formed to raise money typically for a single focus purpose that could include a park facility or program that will better the community as a whole and their special interest.

Advertising Sales

This revenue source is for the sale of tasteful and appropriate advertising on park and recreation related items such as in the agency's program guide, on scoreboards, dasher boards and other visible products or services that are consumable or permanent that exposes the product or service to many people.

Easements

This revenue source is available when the city allows utility companies, businesses or individuals to develop some type of an improvement above ground or below ground on their property for a set period of time and a set dollar amount to be received by the city on an annual basis.

Irrevocable Remainder Trusts

These trusts are set up with individuals who typically have more than a million dollars in wealth. They will leave a portion of their wealth to the city in a trust fund that allows the fund to grow over a period of time and then is available for the city to use a portion of the interest to support specific park and recreation facilities or programs that are designated by the trustee.

Life Estates

This source of money is available when someone wants to leave their property to the city in exchange for them to live on their property until their death. The city usually can use a portion of the property for park purposes and then all of it after the person's death. This revenue source is very popular for individuals who have a lot of wealth and their estate will be highly taxed at their death and their children have to sell of their property because of probate costs. This allows the person to receive a good tax deduction yearly on their property while leaving a life estate. It is good for the city because they do not have to pay for the land.

Permits (Special Use Permits)

These special permits allow individuals to use specific park property for financial gain. The city either receives a set amount of money or a percentage of the gross service that is being provided.

Reservations

This revenue source comes from the right to reserve specific public property for a set amount of time. The reservation rates are usually set and apply to group picnic shelters, meeting rooms for weddings, reunions and outings or other type of facilities for a special activity.

Catering Permits and Services

This is a license to allow caterers to work in the park system on a permit basis with a set fee or a percentage of food sales returning to the city. Also many cities have their own catering service and receive a percentage of dollars off the sale of their food.

Volunteerism

The revenue source is an indirect revenue source in that persons donate time to assist the department in providing a product or service on an hourly basis. This reduces the city's cost in providing the service plus it builds advocacy into the system.

Sale of Mineral Rights

Many cities sell their mineral rights under parks for revenue purposes to include water, oil, natural gas and other by products for revenue purposes.

Integrated Financing Act

This legislation creates an alternate method for collecting assessments levied under the Landscaping and Lighting Act, the Vehicle Parking District Law and the Park and Playground Act. This act applies to all local agencies. This act can be used to pay the cost of planning, designing, and constructing capital facilities authorized by the applicable financing act, pay for all or part of the principle and interest on debt incurred pursuant to the applicable financing act and to reimburse a private investor in the project. It serves two unique properties: (1) it can levy an assessment which is contingent upon future land development and payable upon approval of a subdivision map or zone change or the receipt of building permits; (2) it allows the local agency to enter into an agreement with a private investor whereby the investor will be reimbursed for funds advance to the agency for the project being financed.

Business Excise Tax

This tax is for new business that settles into a community on products sold based on the wholesale cost. Park Districts in Illinois use this as one of its revenue sources.

Wheel Tax on Cars/Vehicles

Many cities have a sticker tax on vehicles based on the type of vehicle. This allows for park agencies to receive a portion of this money to cover the costs of roads, hard surface paths and parking lots associated with parks.

Equipment Rental

The revenue source is available on the rental of equipment such as tables, chairs, tents, stages, bicycles, roller blades, boogie boards, etc. that are used for recreation purposes.

Entertainment Tax

This tax is on ticket sales for major entertainment venues such as concert facilities, golf tournaments, car races type of venues to help pay for traffic control and sports stars who come into the city based on the earnings they receive from their winnings. This tax also applies to video game machines.

Boulevard Tax

Homeowners who live along scenic boulevards based on a lineal foot pay this tax. The City of Kansas City has this tax in place and covers the cost of improvements, fountains and turf and landscape care.

Ticket Sales/Admissions

This revenue source is on accessing facilities for self-directed activities such as pools, ice skating rinks, ballparks and entertainment activities. These user fees help offset operational costs.

Special Fundraisers

Many park and recreation agencies have special fundraisers on an annual basis to help cover specific programs and capital projects.

Utility Roundup Programs

Some park and recreation agencies have worked with their local utilities on a round up program whereby a consumer can pay the difference between their bill and an even dollar amount, designating that the difference goes to the agency. Ideally, these monies are used to support utility improvements such as sports lighting, irrigation cost and HVAC costs.