

Section Six

FUNDING & IMPLEMENTATION

Section Six provides explanations of funding options available to cities for recreation facilities and programs, in order to give definition to alternative funding programs which the City may elect to employ. Two major cost centers require funding in order to implement the Master Plan: a) Capital costs associated with the acquisition and development of new parks and the renovation of existing park and school land, and b) The maintenance and operation of existing facilities.

At the end of this chapter are tables that describe the Pros & Cons of implementing the various funding mechanisms.

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6.1 Funding Sources

The following listing of funding sources have been categorized according to the appropriate application of the funding they provide – Capital Funding, Operation & Maintenance or a combination of both.

Capital Funding Programs

1. Non-Profit Foundations

The Pasadena Recreation and Parks Foundation is a long standing non-profit organization that is dedicated to improving both parks and recreation programs. This foundation is a vehicle for raising funds for both capital improvements and operations and maintenance activities. The foundation acts as a conduit for receiving private donations from entities that might otherwise be reluctant to donate to a City. In addition, the donor can receive tax benefits. The foundation can solicit private foundations, corporations and other businesses, local organizations and individuals (gifts, bequests, trust funds, etc.). The foundation also provides an organization that can partner with other non-profits (such as churches, service clubs and organizations) as well as private companies to jointly develop park and recreation facilities.

2. Grants from County, State and Federal agencies

The City has been very successful in obtaining grants from a variety of sources, both public and private. Over the last five years the Parks and Natural Resources Division has applied for a total of 44 competitive grants totaling 23 million dollars. Twenty of these applications were successful and 6.6 million dollars of funding has been obtained for park and open space projects in the City. The availability of future grant opportunities is unclear, so future planning based on this type of funding is problematic.

3. Residential Impact Fees

The city has a program to assess fees from new residential development to offset the impact of new residential development on the City's park system. The funds collected can be used to acquire and improve new parkland or to renovate existing parks. This applies only to residential projects. The amount of the fee is based on the number of bedrooms in the housing unit – ranging from \$14,588 for a studio unit to \$27,003 for a 5-bedroom or larger unit. The fee is discounted for affordable housing and student housing.

4. Development Agreements

Development Agreements are another mechanism through which park and recreation improvements can be acquired or provided. As part of an agreement specifying the type and density of development that will be allowed, the City can negotiate conditions and considerations in return for concessions. Such incentive programs can also be used in the provision of parks and other open spaces in commercial areas. One such program would allow extra floor space in exchange for public recreation facilities such as a plaza, a mini-park or an amphitheater.

5. Bonds

Most bond issues require a two-thirds vote of the electorate and are therefore not widely used for this type of funding. Some of the most common forms of these bonds are as follows:

General Obligation Bonds -

These bonds are issued subject to a two-thirds majority vote of the electorate and pledge the full faith and support of the borrower. G.O bonds are paid out of the City's General Fund. Only cities with excess General Fund capacity are able to use G.O. bonds for park facility development today. Another method of implementing park and recreation facility development by use of a type of G.O. bond is by gaining voter approval for an additional property tax assessment to pay for the debt of park bonds. The issuer is authorized by the vote of a two-thirds majority of the electorate to levy an ad valorem tax on all taxable property within its jurisdiction at whatever rate is required to service the debt. Because of the high level of security, these bonds command the lowest interest rate. This type of financing requires strong community support and involves much time and effort to study community attitudes and promote acceptance in order to be successful.

Revenue Bonds -

These bonds are secured by a pledge of revenues from a tax or non-tax source such as assessments or fees. Because the revenue from a particular facility is the only security, these bonds usually carry a higher interest rate than general obligation bonds. The direct issuance of revenue bonds without the formation of a funding district, may not be feasible for park and recreation purposes due to limited income streams from these types of activities. However, revenue bonds have been used to partially fund such development as an aquatic facility where a feasibility study verified the revenue generating capacity of the development.

6. Certificates of Participation

This is a method of funding used by government agencies for construction or improvement of public facilities. By using a mortgage type repayment structure, the monies needed to fund these projects are not, under California State law, a public debt, and therefore do not require voter approval. There is usually a higher interest rate because they are not guaranteed by the government agency.

7. Fund-Raising Events (concerts, raffles, etc.)

While these are not a major source of funds, such events could contribute to an overall effort toward capital funding for a specific facility. Funds raised from such events could be channeled through the non-profit foundation described above.

Operation & Maintenance Funding

1. User Fees

User fees would provide some contribution toward maintenance, but would not be sufficient to provide any capital funds. Some of the sources of such fees include:

- Charges for classes and special programs.
- Charges to sports leagues for maintenance and lighting costs.
- Space rental for meetings, parties and special events.
- Charges for play, such as for tennis and golf.
- Group picnic shelter use charges.
- Charges for use of sites in the park system for such activities as swap meets, bazaars, antique shows, auto shows, weddings, concerts, carnivals, Christmas tree sales, etc.
- Joint use with non-profit organizations is also included in this category, where sports teams would renovate fields and/or provide field maintenance (labor or costs) if guaranteed use during the season.

The City should periodically examine the fee structure and make adjustments so that the fees collected are in line with the costs of maintenance and operation of the facilities or programs for which the fees are levied.

2. Corporate Sponsorship of Events

This is most popular for team sports and various senior or youth activities and should be actively pursued.

3. Adopt-a-Park Programs

This type of program could generate funds or volunteers to provide maintenance, beautification, gardening, and enhancement for City parks or facilities. The Friends of Washington Park and Friends of La Casita are excellent examples of this type of program.

4. Volunteer Labor

The use of volunteers is useful for certain programming and/or maintenance tasks. It does not usually constitute a large portion of funding needs. Several City facilities have robust volunteer maintenance programs. Some examples of this type of volunteerism are Washington Park, La Casita de Arroyo and the Arlington Garden.

Sources for Both Capital and Operation & Maintenance Funding

1. Concessions

By contracting with a concessionaire to build and/or operate a facility, the City can generate income which could cover the capital costs and maintenance of the facility. In most cases, the city provides a site for the facility and either the city or the concessionaire builds the facility. The lease terms are determined accordingly. Some existing examples of this type of arrangement are the Rose Bowl, the Rose Bowl Aquatic Center, the Kidspace Museum, the Levitt Pavilion, the Pasadena Casting Club, the Pasadena Roving Archers, and the Pasadena Lawn Bowlers.

2. Special District Assessments

These include Benefit Assessment Districts (under state law AB1600), Landscape and Lighting Act Districts, and Mello-Roos Districts. A special assessment or levy is placed on a property to finance improvements and/or maintenance that specifically benefit that property. The legislation requires a vote of the property owners in order to form such districts or in order to change the level of assessment. Pasadena has used this tool to provide funding for the library system.

3. Taxes

Some examples of taxes used by other cities to pay for park and recreation include Transient Occupancy Tax, Real Estate Transfer Tax and Admissions Tax. A portion of such tax revenue could be dedicated for specific park and recreation uses, either to provide funding for a bond issue or to cover defined maintenance and operating costs. It has not been determined whether the passage of Proposition 218 will impact the use of these funding sources.

4. User Group Contributions

Sports groups sometimes have an interest in constructing and maintaining fields for their use if the City would provide a nominal lease of land for a reasonable time span so that they can capture the value of the improvements. This relieves the City of the costs involved; however, it precludes the use of the fields by other user groups unless that is made a condition of the lease.

5. Joint Use Agreements with School Districts

Joint Use agreements with local School Districts provide for reciprocal use of facilities in some cases and City use of school facilities in others. They define responsibilities for capital improvements and maintenance of the facilities. Agreements need to be definitive and specific as to allowed usage. The City has entered into joint use agreements with the Pasadena Unified School District.

6. Sale or Lease of Surplus Lands

The sale or lease of land or other capital facilities for which the City has no further use can sometimes be a major source of revenue. One-time receipts from the sale of land can be used for the acquisition of new park lands, recreation facilities, or the development of new community service facilities. Revenues from long-term leases can be used to provide maintenance or underwrite programs. Surplus parcels also may provide opportunities for trading land elsewhere in the City with other agencies that own land more suitable for park purposes.

PROS & CONS OF CAPITAL FUNDING PROGRAMS

	Pros	Cons	Comments
Non-Profit Foundations	<ul style="list-style-type: none"> Facilitates partnerships Tax deductible Build community support 	<ul style="list-style-type: none"> Limited amount of funding potential Dependent on motivated volunteers Many existing foundations compete for limited pool of resources 	<p>Existing examples of existing local foundations:</p> <ul style="list-style-type: none"> Recreation and Parks Foundation Pasadena Beautiful Friends of the Levitt Pavilion.
Federal and State Grants	<ul style="list-style-type: none"> Potential for large scale funding Wide array of potential grants 	<ul style="list-style-type: none"> Intermittent availability Matching local funds usually are required Can be very competitive 	<p>City has successfully obtained millions of dollars in these types of grants</p>
Residential Impact Fees	<ul style="list-style-type: none"> Large scale funding Limited restrictions on use for Capital Improvements 	<ul style="list-style-type: none"> Amount of funding is dependent on residential construction activity 	<p>Current fee structure has generated millions of dollars</p>
Development Agreements	<ul style="list-style-type: none"> Flexible- allows for creativity Improvements can directly benefit the project that created the demand for new facilities 	<ul style="list-style-type: none"> Dependent upon willing partner Negotiation process based so outcomes can vary 	
Bonds	<ul style="list-style-type: none"> Large scale funding Limited restrictions on use for Capital Improvements 	<ul style="list-style-type: none"> Some require voter approval – this can be difficult Revenue stream needed for repayment 	
Certificates of Participation	<ul style="list-style-type: none"> No voter approval required 	<ul style="list-style-type: none"> Facility must be leased to a vendor 	
Fund Raising	<ul style="list-style-type: none"> Fairly simple 	<ul style="list-style-type: none"> Limited amount of funding Dependent on motivated volunteers 	<p>Too limited to have any significant use in funding significant capital improvements</p>

PROS & CONS OF OPERATION & MAINTENANCE FUNDING SOURCES			
	Pros	Cons	Comments
User Fees	<ul style="list-style-type: none"> • Stable • Fair – payment based on use 	<ul style="list-style-type: none"> • Excessive fees can deter use 	Fee structure must be reviewed on a regular basis
Corporate Sponsorship	<ul style="list-style-type: none"> • Many potential sources 	<ul style="list-style-type: none"> • Time intensive to pursue • Limited amount of funding 	Many companies budget for this type of activity
Adopt-a-Park Programs	<ul style="list-style-type: none"> • Empowers and engages community members • Establishes resident “ownership” of facilities 	<ul style="list-style-type: none"> • Can be time intensive for staff • Requires very motivated volunteers who will “hang in for the long haul” 	Friends of Washington Park and the Arlington Garden Group are examples of this type of group
Volunteer Labor	<ul style="list-style-type: none"> • Establishes resident “ownership” of facilities • Empowers and engages community members 	<ul style="list-style-type: none"> • Can be time intensive for staff • Difficult to find willing volunteers 	

PROS & CONS OF BOTH CAPITAL AND OPERATION & MAINTENANCE FUNDING SOURCES

	Pros	Cons	Comments
Concessions	<ul style="list-style-type: none"> • Low city administrative costs • Private investment in public facilities – conserves public funds 	<ul style="list-style-type: none"> • Loss of control of public facilities • Concessionaire quality can vary 	Several concessions are already in place in the City
Special District Assessments	<ul style="list-style-type: none"> • Stable source of ongoing funding • Potential revenue can be very large 	<ul style="list-style-type: none"> • Requires wide public support • Restrictions on increases can make use for ongoing maintenance difficult 	
Taxes	<ul style="list-style-type: none"> • Stable • Flexible 	<ul style="list-style-type: none"> • Requires wide public support • Legal restrictions 	
User Groups	<ul style="list-style-type: none"> • Fair – based on actual use • Establishes resident “ownership” of facilities • Empowers and engages community members 	<ul style="list-style-type: none"> • Limited amounts of funding • Can be unpopular with user groups 	
Joint Use Agreements	<ul style="list-style-type: none"> • Potential “win-win” for city and schools 	<ul style="list-style-type: none"> • Capital expenditures based on long term agreements that may be difficult to sustain 	
Sale or Lease of Surplus Land	<ul style="list-style-type: none"> • Potential revenue can be very large 	<ul style="list-style-type: none"> • Limited pool of potential opportunities 	