

CHAPTER 7

Funding Strategies





CHAPTER 7 - FUNDING STRATEGIES

In order to continue to building and maintaining the parks system, funding should be pursued for operations and capital improvement projects, such as those presented in this plan.

New, sustainable funding sources are essential to implementing a capital improvement plan. There is substantial potential for increasing revenues for the parks and recreation system, while still providing affordable recreation opportunities. The following are high-level funding options that should be vetted as the Department updates its Master Plan and implements the capital improvement program beginning in 2021.

PRIMARY FUNDING SOURCES

GRANTS

The grant market continues to grow annually. Grant writers and researchers are essential if the Department is to pursue grants. Matching dollars are required for most federal grants and many state grants.

PARK DEVELOPMENT FEES

Many municipalities seek developer contributions for parklands and for the development of trails that run through the property being developed. The developer perceives the enhanced value in terms of what the improvements mean for their development. Park or trail dedication as a requirement of subdivision development is a reliable means for maintaining equity of access to parks and trails.

PARK AND RECREATION BOND ISSUES

Agencies typically seek park bonds to meet park-related needs. The key is to use debt financing through bonds to address needs that are both unmet and clearly a community priority. It is best to propose a capital-bond project that serves a variety of users and needs. Even in the worst economic downturn, most bond issues have been passing because communities are the direct recipient of the money, and the funding directly benefits residents.

PARTNERSHIPS

Partnerships are joint-development funding sources or operational funding sources formed between separate agencies, such as two government

entities, a non-profit, and a public agency, or a private business and a public agency. Partners jointly develop revenue-producing park and recreation facilities and share risk, operational costs, responsibilities, and asset management based on the strengths of each partner.

OTHER FUNDING OPTIONS

COMMUNITY PARKS FOUNDATION

The development of a Chandler Parks Foundation would be a joint-development funding source with Chandler. The foundation would operate as a non-profit organization, working on behalf of the public agency to raise needed dollars to support its vision and operational needs.

The dollars that would be raised by the foundation are tax-exempt. Foundations promote specific causes, activities, or issues that Chandler's Community Services Department needs to address. They offer a variety of means to fund capital projects, including capital campaigns, gifts catalogs, fundraisers, endowments, sales of park-related memorabilia, etc.

Private donations may be received in the form of cash, securities, land, facilities, recreation equipment, art, or in-kind services.

CAPITAL IMPROVEMENT FEES

Many park and recreation systems add a capital-improvement fee onto an existing user fee when they develop or enhance major recreation facilities. This is usually applied to golf courses, aquatic facilities, recreation centers, ice rinks, amphitheaters, and special-use facilities like sports complexes. The dollars gained either offset the cost of the capital improvement or the revenue bond that was used to develop or enhance the special-use facility. Once the capital improvement is paid off, the fee typically expires and is discontinued.

FRIENDS' ASSOCIATION

Friends' associations are typically formed to raise money for a single purpose, such as a specific park facility or program that will better the community.

CORPORATE AND PERSONAL LEAD GIVING

Corporate and personal giving involves the Department seeking corporate funds or personal gifts via a foundation partner or through personal contacts that are used to catalyze wider giving in support of a specific project or operation. The lead donations set the precedent for additional giving over a period of one year up to five years.

DONATIONS

Private donations are a popular form of fundraising by public





agencies, particularly for facilities and services that are highly visible and valued by the public. Donations can be channeled through a foundation or friends group aligned with the parks and recreation system’s priorities. Donations can be made through one or more of the following methods:

- ▲ Donations of cash to a specific park or trail segment by community members and businesses
- ▲ Donations of services by large corporations to reduce the cost of park or trail implementation, including equipment and labor to construct and install elements of a specific park or trail
- ▲ Reductions in the cost of materials purchased from local businesses that support parks and trails implementation, and can supply essential products for facilities

USER FEES

User fees are fees paid by a user of park facilities or services to offset the costs of services in operating a park, or in delivering programs. A perception of “value” needs to be instilled in the community for the benefits the agency is providing to the user for exclusive use. Future fees could be charged by the agency based on cost-recovery goals for the parks core services, based on the level of exclusivity the user receives compared to the general taxpayer.

PARK REVOLVING FUND

This is a dedicated fund replenished on an ongoing basis from various funding sources, such as grants, sponsorships, advertising, program-user fees, and rental fees within one or more parks. The agency could establish a revolving fund to support maintenance at multiple parks.

ADVERTISING SALES

Advertising can occur with trash cans, playgrounds, dog parks, trails, flower pots, and as part of special events to pay for operational costs.

MAINTENANCE ENDOWMENT FUND

This is a fund dedicated exclusively for a park’s maintenance and is funded by a percentage of user fees from programs, events, and rentals. The fee is paid by users and is added to a dedicated fund for facility and equipment replacement, such as fitness equipment, water slides, lights, artificial turf, and park-maintenance equipment.

LEASEBACKS

This is another source of capital funding wherein banks or private placement-fund companies develop a park or recreation attraction or complex by purchasing the land, developing a recreational attraction, and then leasing it back to the agency to pay off the land or capital costs over a 30- to 40-year period. Agencies may find this source attractive because typically they can increase operational budgets more easily than finding capital dollars to pay off the lease over a set period of time.

FRANCHISE FEE FOR UTILITY RIGHT-OF-WAY

Many agencies have sold the development rights below the ground to utility companies for fiber optic lines, water, sewer, electricity lines, and cable conduits on a linear foot basis.

PRIVATE CONCESSIONAIRES OPERATING WITHIN A LAND LEASE

Contracts with private businesses to provide and operate desirable recreational activities provide compensation to the agency through a land lease. Contractors may include coffee shops, grill and food concessions, small restaurants, ice cream shops, bicycle shops, farmers markets, and small businesses. Land leases are usually based on 15% of the value of the land plus a percentage of gross revenues from the contractor on an annual basis.

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.



