Planning Division

Technical Assistance

May 2002

What Supplementary Sources of Funding do Local Agencies Use Most?

Natalie Grieve

In December 2001, the Department of Parks and Recreation (DPR), the California Park and Recreation Society (CPRS), and a number of nearby park and recreation professionals met to discuss the types of technical assistance needed by local recreation and park agencies in meeting everyday challenges. One of the areas identified most readily related to available public funding sources. We wanted to know what funding sources were commonly used and which funding sources required further investigation. For example, if the results indicated a need by agencies to refamiliarize themselves with aspects of Mello-Roos funding, then a decision could be made to provide articles and resources for agencies on this funding area.

A short, one-page survey was mailed to administrators of 525 local city, county and district recreation and park agencies requesting information on funding mechanisms they are currently using other than their general fund, competitive and per-capita grant funding sources. The intent of this survey was to focus on secondary funding sources or those mechanisms which agencies frequently use to augment their general fund. Although the initial interest was with regard to current use and interest in the Quimby Act, agencies were asked to indicate if they used Mello-Roos, financial impact fees/developer fees, concession contracts, and Lighting and Landscape Assessment Districts as well. A second question asked whether they would like additional information on any or all of these funding mechanisms.

The Department received 143 surveys back for a 27% return rate. Nearly three-fourths of the responses were from “smaller cities.” For the purposes of this survey, a “Small city” represented a population of fewer than 50,000, “Medium city”, 50,001 to 100,000, and “Large city”, 100,001 and over.

So what did we learn? Survey results indicated that 35.8% of the responding small cities, 57.1% of medium sized cities, and 47.1% of large cities used Quimby parkland dedication ordinances for land acquisition and facility development. Of the possible funding sources, financial impact fees/developer fees were the largest secondary funding source for medium sized cities (64.3%). Half of medium and large city respondents suggested their agencies are considering forming Lighting and Landscape Assessment Districts to augment their declining budgets.

Table 1: Agencies Using Selected Funding Sources

	Quimby Parkland Dedication Ordinance	**Mello-Roos**	**Financial impact fees/ developer fees**	**Concession contracts**	**Lighting and Landscape Assessment Districts**
Small City (Under 50,000)	29 35.8%	7 8.6%	33 40.7%	18 22.2%	30 37.0%
Medium City (50,001 – 100,000)	16 57.1%	3 10.7%	18 64.3%	10 35.7%	14 50.0%
Large City (100,0001+)	16 47.1%	4 11.8%	20 58.8%	24 70.6%	17 50.0%

As noted above, agencies were asked to identify those funding sources for which they would like to receive more information. Somewhat surprisingly, a fairly high percentage of agencies that indicated that they do not currently use such mechanisms as Quimby, Mello-Roos, impact fees, and Lighting and Landscape Assessment Districts, also said they had little need for additional information on these funding sources. Following up with a number of agencies provided a number of plausible reasons for this apparent contraction. For example, a large Southern California city stated *"…we have no ability to grow. New housing is almost strictly in-fill and there are no new large developments that would utilize Mello-Roos."* A misunderstanding of Mello-Roos is another factor in explaining low levels of interest among some agencies. In another Southern California City, the comment was made…*"our understanding is that as a municipal park and recreation department we are not eligible to use Mello-Roos funding."* A common response from other agencies was that the community indicated they would never vote for Mello-Roos, which needs a 2/3 voter approval, therefore the agencies are pursuing other funding options such as sponsorships, concession and instructor contracts.

As an outgrowth of these findings, the Planning Division of California Department of Parks and Recreation will be preparing a brief handbook on Quimby and other funding sources for use by local agencies. Additionally, the Planning Division soon hopes to re-establish a Technical Assistance program that seeks to address needs and topical issues through workshops, articles, and technical guides.

Case Studies – what new and creative funding sources are agencies using?

A corollary benefit of the survey revealed a number of creative ways in which local agencies are addressing their funding needs. Following are some of the alternative funding mechanisms that are being used by several inventive agencies:

Cell Tower Agreements (City of San Luis Obispo)
Recently, several wireless communications companies approached the City requesting permission to place facilities at Santa Rosa Park. Santa Rosa Park is an attractive location for cell towers because of the potential to reduce the visual impact of the cellular equipment, for instance, the antenna could be disguised as a light pole.

Santa Rosa Park improvements included enlarging the softball field by removing a parking lot in the center of the park. The project included the replacement of one light pole on the field by two poles, to provide better field coverage while minimizing lighting spillover.

The City of San Luis Obispo wanted to authorize park improvements in-lieu of rental fees as payment to the City for allowing wireless communication facilities in City parks.
Cellular providers expressed an interest in completing this project for the City, provided they could locate antennas on the light poles and receive a credit for the site rent in an amount equal to the value of the improvements. In the end, there is no difference fiscally whether improvements or rental fees are received for allowing a cellular site. The savings are in staff time and the speed in which park improvements can be completed.
Contact Paul Le Sage, Director at (805) 781-7294, or plesage@slocity.org

Sponsorships – Mutt-Mitt Program (County of Santa Barbara)
The Mutt-Mitt Program provides dog owners and dog walkers a convenient method for picking up after their dogs. Corporate sponsors (primarily veterinarians, animal hospitals, and pet stores) make cash donations to sponsor a small sign that is placed on the Mutt-Mitt dispensers. This essentially is a "break even" program, where the revenue generated offsets the cost of supplying the dispensers with baggies.
Contact Mike Gibson, Business Manager, at (805) 568-2477, or mgibson@co.santa-barbara.ca.us

Transient Occupancy Tax (TOT) (County of Lake)
These funds are generated from Lake County's hotel, motels and campgrounds taxes. These revenues are generally allocated to a countywide marketing and promotions program. However, a portion of the TOT revenue is allocated to the Lake County Parks Division for improvements and maintenance to park facilities thus enhancing the attraction for Lake County visitors.
Contact Kim Clymire, Director, at (707) 262-1618

1905 Geothermal Revenue (County of Lake)
The privately operated geothermal plant in Lake County generates revenue that is allocated to the County park department for planning, park land acquisition and development, roads, and other community services.
Contact Kim Clymire, Director, at (707) 262-1618

Joint Use Agreements (JUA) (Mariposa County)
Mariposa County has an agreement with their local school for joint use of park facilities. The agreement authorizes the county and school district to cooperate with one another for the purpose of "authorizing, promoting, and conducting programs for community recreation." The County and the District share the costs for maintenance and repair of the facility, each paying 50% of the total cost. The agreement is in effect for five years.
Contact Richard Begley, Deputy Director, at (209) 966-2498

Vending Machine Agreement (City of Culver City)
The City of Culver City has 37 Coca-Cola owned vending machines. Coca-Cola pays the city a forty-five percent (45%) commission on all sales, which includes five percent (5%) for utility costs for machine operation. Culver City hopes to raise $50,000/year on vending machine product sales this year.
Contact Shelly Chagnon, Sr. Mgmt. Analyst, at (310) 253-6668, or shelly.chagnon@culvercity.org

Recreation Instructor Contracts (City of Truckee)
The instructors earn 70% of the class fees received, plus 100% of any verifiable materials charges. Most contracts are two years in duration. Since contractors are not employees, they must provide their own liability insurance. The plus with contracting on a percentage basis is the win/win payment situation: when enrollment is low, Truckee shares the lower income with the instructor, and when class is booming, they share the windfall.
Contact Sue Duffey Smith at (530) 582-7720

For questions regarding the survey findings, please contact Laura Westrup at (916) 651-8691 or at lwestr@parks.ca.gov

Natalie Grieve works as a student assistant with the Planning Division of California Department of Parks and Recreation.