

EUGENE CITY COUNCIL

AGENDA ITEM SUMMARY



Work Session: Parks and Open Space Operations and Maintenance Funding Options

Meeting Date: February 11, 2015
Department: Public Works
www.eugene-or.gov/pw

Agenda Item Number: B
Staff Contact: Craig Carnagey
Contact Telephone Number: 541-682-4930

ISSUE STATEMENT

This work session is an opportunity for the council to review options to address the systemic funding gap for operations and maintenance (O&M) of parks. Strategies such as continually looking to find operational efficiencies, using volunteers, and soliciting donations have proven to be insufficient to meet the day-to-day requirements of the park system. The council has the opportunity to discuss various options for addressing both short- and long-term funding needs and to identify one or more short-term strategies to address immediate needs.

BACKGROUND

In 2010, the council reviewed a report which described the funding gap to operate and maintain City parks and recreation facilities. At that time, the council passed a motion requesting the City Manager to develop funding options to sustainably maintain parks and recreation facilities for FY12 budget consideration. Due to increasing budget pressures for that fiscal year, no specific funding options were brought back to the council for consideration.

On January 28, 2013, the council directed the City Manager to revise a proposed stormwater ordinance related to parks services funding so that the ordinance would postpone until fiscal year 2014 any decision by the council to actually establish a monthly fee for FY14. At a February 4, 2013, work session, the council tabled the motion for adopting an ordinance creating a mechanism for a monthly stormwater and parks service fee.

In the fall of 2013, the Budget Committee tasked the Finance Investigative Team to look at a series of proposed budget solutions as they might apply to balancing the City's General Fund budget needs. In early 2014, the Budget Committee tasked the Revenue Team with examining a wide range of potential new revenue sources that could be used as future discussions occurred around funding shortfalls.

On October 29, 2014, the council received an update to the 2010 report, reviewed the current conditions of the state of Eugene's parks and natural areas (see Attachment A), and unanimously requested the City Manager to present funding options for council consideration for the FY16 budget to sustainably operate and maintain the City's park system.

POTENTIAL SHORT- AND LONG-TERM REVENUE OPTIONS

Parks and Open Space staff is analyzing a variety of short- and long-term options to provide stability for O&M funding now and into the future.

Special Service Districts

Recently, there has been some discussion about creating a new parks and recreation service district, similar to Willamalane. This new district's sole purpose would be to provide parks and recreation services to the community. There are many different ways in which a special district could be implemented in order to pay for park and recreations services. Forming a new special district requires a public vote establishing the district and electing a governing board. A separate vote would also be needed to approve a permanent property tax rate to support the district's services. This option would require a long lead time, with an estimated three to five years needed to implement the change.

On the surface, this seems like an attractive option because revenue to fund these services would not have to compete for general funds with other City services such as police and fire. However, local taxpayers likely would see an overall increase in their property tax bills as this is the only way to generate new, ongoing property tax revenue for a service area. Additionally, Measure 5 tax rate compression issues could result depending on the total tax rate amount requested by a new district and the inventory of other general government taxes.

Local Option Property Tax Levy

A local option levy is a temporary property tax paid by all owners of taxable property within the City limits. A local option levy could generate revenue for Parks and Open Space operations and maintenance services for a maximum of five years.

A property tax levy could generate significant revenue if approved by voters. Limited duration may make this option more palatable to voters and would provide the City with the opportunity to establish public trust. However, an operating levy would raise property taxes and would not provide an ongoing, sustainable revenue source because of the possibility of defeat at each election. There may be competing measures on the ballot. It could result in Measure 5 tax rate compression issues depending on the amount, with subsequent loss of some revenue. While a local option levy can be placed on the ballot in a fairly short amount of time, choosing an appropriate election date and conducting a campaign could take months or even a year or two.

Bond Measure

Bond measures are typically used by governments to pay for large capital projects such as street repairs, parks and open space acquisition, and recreational facilities construction. Voter-approved bonds are repaid from a dedicated property tax levy.

If approved by voters, the bond funding would raise property taxes and could address the \$24 million capital repair backlog for parks. Bond funds may only be used for capital purposes in accordance with state law, and would not be available for Parks and Open Space operations and maintenance purposes. There may be competing measures on the ballot. It may take months or even a year or two to place a bond measure on the ballot and conduct a campaign.

User Fees

A user fee or service charge is paid by those who use and benefit from a specific public good, service or facility, as a condition for receiving or using it. A fee or charge is usually based on a share of the cost of the good, service or facility that is used. A user fee can be considered “pay to play” for various park services, such as parking at parks.

User fees are only paid by users, and non-users do not have to pay the fee. User fees could have a negative impact on the council goal of encouraging accessible, thriving recreation and culture, where arts and outdoors are integral to our social and economic well-being and are available to all. Unless there are a few income exceptions, this may have a disproportionately negative impact on lower-income park users. User fees may require additional staff to collect and enforce the fees. Developing user fees, including supporting ordinances and administrative rulemaking, could take several months or longer to implement.

Philanthropy

Parks and Open Space could seek donations of money or endowments. The Eugene Parks Foundation is interested in supporting this effort. This may require additional POS staff to coordinate or support donation efforts. Philanthropy is an ongoing and long-term strategy to addressing POS funding.

Earned Revenue

Earned revenue could include funds earned from vendors, event fees, sponsorships and branding rights. Earned revenue can be a diverse and significant source of revenue that can enhance parks and recreation user experiences. However, it is not always a sustainable source of revenue. If activities aren't closely aligned with the mission of parks and recreation, they can negatively impact user experiences. Earned revenue may also require additional staff to coordinate ongoing efforts. Collecting earned revenue could be a fairly short-term strategy, especially if ordinances and administrative rules are not required.

Amended Stormwater Fee

One option for addressing both short-term and sustainable funding needs could be accomplished through an amendment to the current stormwater ordinance. A previous proposal from 2013 included numerous changes to the stormwater ordinance. However, a narrow change to the definition of “stormwater service” to include the operation and maintenance of park services could allow this revenue collection mechanism to fund parks in a streamlined manner. If this narrow change to the definition of stormwater service is approved, the council could choose to hold a public hearing on the revised ordinance.

A proposed change to the ordinance provides the policy framework of funding for parks. The specific amount of the fee would be set, as it currently is for the stormwater fee, through the administrative ratemaking process specified in the Eugene Code and based on costs included in the budget. Funds could be used to pay for current services or the council could reinstate funding for parks services that have been cut in recent years. The incremental cost of administration would be insignificant since the collection mechanism already exists.

RELATED CITY POLICIES

Council goal for Accessible and Thriving Culture and Recreation - a community where arts and outdoors are integral to our social and economic well-being and are available to all.

Council goal for Fair, Stable and Adequate Financial Resources - a government whose ongoing financial resources are based on a fair and equitable system of revenues and are adequate to maintain and deliver municipal services.

COUNCIL OPTIONS

1. Direct the City Manager to bring back one or more specific strategies to meet the immediate need to fund the operations and maintenance of parks.
2. Direct the City Manager to further study various long-term options for funding the operations and maintenance of parks.
3. Take no action.

CITY MANAGER'S RECOMMENDATION

The City Manager recommends that the council identify strategies for the immediate funding needs in the operations and maintenance of parks.

SUGGESTED MOTION

Move to direct the City Manager to bring back a proposal with a short-term funding strategy for the operations and maintenance of parks.

ATTACHMENTS

- A. 2014 State of Eugene's Parks and Natural Areas

FOR MORE INFORMATION

Staff Contact: Craig Carnagey
Telephone: 541-682-4930
Staff E-Mail: Craig.T.Carnagey@ci.eugene.or.us