

EUGENE CITY COUNCIL AGENDA ITEM SUMMARY



Work Session: Funding Gap for Maintaining Current and Future Parks and Recreation Facilities

Meeting Date: October 11, 2010

Agenda Item Number: B

Department: Public Works

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ISSUE STATEMENT

Responding to an information request from the council, this work session is to identify current and future funding issues in regards to Park, Recreation, and Open Space (PROS) services.

In specific, the questions were:

1. What is the current funding for park and recreation maintenance and development?
2. What are the estimated current and future deficits for park maintenance?
3. Provide a list of undeveloped parks and estimated cost for planned development.
4. Provide options for on-going funding of park maintenance.
5. Provide options for funding the development of undeveloped park lands.

BACKGROUND

Eugene's Park, Recreation and Open Space services have historically received considerable public support as evidenced by the passage of a \$25 million PROS General Obligation (GO) Bond in 1998 and again with the passage of a \$27 million PROS GO Bond in 2006. In addition, local option levies were passed in 1999, and 2002, to provide funding for after-school recreation programming.

Subtracting the approximately \$15 million of GO Bond funding still unspent, but adding the \$15 million of Park System Development Funds, Eugene has spent approximately \$53 million, primarily on the acquisition and development of new Park and Recreation facilities since 1998.

In addition to the \$15 million of acquisition or development projects still identified to be accomplished with 2006 Bond funding, the PROS Project and Priority Plan identifies over \$200 million in additional projects to be accomplished over the next 15 years. These projects identify PROS service gaps based on both geographic regions and rising patron needs.

Due to general fund budget constraints, the annual funding for maintenance and operation of the PROS system, after adjustment for inflation, is approximately equal to the pre-1998 funding level, before the addition of the new facilities seen over the past decade.

Adding new facilities to be maintained, as well as absorbing cost increases due to the aging of the existing facilities with a relatively flat level of operations and maintenance funding, has resulted in

annual maintenance needs not being met. While currently the majority of our Park, Recreation and Open Space facilities are still in fair to good condition, the system is not sustainable at the current funding levels and the City is losing ground.

Consistent with the message from Eugene Counts, the City needs to have a sustainable parks, recreation and open space system that meet the needs of the community. To do so will require one or more of the following:

1. Increase operations and maintenance funding, and increase capital funding to address deferred maintenance; or
2. Remove facilities from the City's inventory (divest); or
3. Accept system decline.

Consequences of allowing system decline include:

- Increase in deferred maintenance;
- Decreased customer satisfaction;
- Loss of revenue from program services, contracts, and facility rentals;
- Deferred maintenance over time will result in facilities being closed.

Funding Options:

Questions 4 and 5 above are both in regards to funding options. While the unmet funding need of the Park and Recreation system is significant, it is one of several municipal systems in need of additional funding and for which the City Council will need to establish priorities and strategies. While staff does not have a recommendation at this time identifying one funding strategy over another, Chapter 5 of the PROS Plan (attached) discusses the various funding options open to Parks and Recreation and includes tables noting the advantages and disadvantages of each.

TRIPLE BOTTOM LINE ANALYSIS

Economic Prosperity Summary: If the current PROS facility operation and maintenance gap continues to grow, the quality of service will decline, negatively impacting the ability to produce revenue in some recreation services. The value and functionality of facility assets will decrease and their value as an attractive "second paycheck" for the community will be negatively impacted.

Environmental Health Summary: Concerning Recreation facilities, prioritizing deferred maintenance projects that reduce energy consumption has been, and continues to be, a high priority. Continuing to defer maintenance of Parks and Open Space assets will decrease habitat and storm water quality and increase the risk of wildfire.

Social Equity Summary: Overall, the PROS facility resources and services offered to the Eugene community are very strong, accessible, well-supported and appreciated by patrons. There are some current geographic gaps in services, affecting some neighborhoods. Continuing to defer maintenance of the parks infrastructure will further degrade the service, which will have a disproportionate impact on those in the lower socio-economic group, who have fewer options for access to parks and recreation services.

RELATED CITY POLICIES

Policy Documents:

Parks, Recreation and Open Space Comprehensive Plan

Parks, Recreation and Open Space Project and Priority Plan

COUNCIL OPTIONS

1. Do nothing at this time; accept that park, recreation and open space facilities will continue to decline.
2. Request the City Manager to develop funding options for City Council FY12 Budget consideration to sustainably maintain current Park, Recreation and Open Space Facilities.
3. Request the City Manager to develop funding options for City Council consideration for the FY11 Budget to sustainably maintain current Park, Recreation and Open Space Facilities and to accomplish priority 1 and 2 new development projects identified in the PROS Project and Priority Plan.
4. Other options as determined by the City Council.

CITY MANAGER'S RECOMMENDATION

The City Manager recommends that the council request the City Manager to develop funding options for City Council FY12 Budget consideration to sustainably maintain current Park, Recreation and Open Space facilities.

SUGGESTED MOTION

Move to request the City Manager to develop funding options for City Council consideration for the FY12 Budget to sustainably maintain current Park, Recreation and Open Space Facilities.

ATTACHMENTS

- A. General Fund Park and Open Space Assets Added Since 1998
- B. List of Undeveloped Parks and Estimated Costs for Development
- C. Recreation Facilities – Summary of Deferred Maintenance & Facility Condition Index
- D. PROS Plan Chapter 5 – Funding Options

FOR MORE INFORMATION

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ATTACHMENT A

General Fund Park Recreation and Open Space assets added since 1998

- 17 new neighborhood parks
- 10 new future neighborhood park sites
- 1 new community park (Bethel Park)
- 1 new future community park site (Santa Clara)
- 1 new regional playground (RiverPlay Discovery Village)
- 180 additional acres to a community park site in Bethel (Golden Gardens)
- 770 acres of new natural areas
- 2 miles of trails
- 1 new grass sports field
- Amazon Pool reconstruction
- Echo Hollow Pool Multi-Purpose Room and Spa

POS Assets Comparison 1998 to 2010

<u>Category</u>	<u>Unit</u>	<u>1998</u>	<u>2010</u>
General Fund Parks and Natural Areas	acres	1,607	2,620
Developed Park Areas	acres	338	393
Natural Areas	acres	1,227	1,997
Land “banked” for future developed parks	acres	42	230
Neighborhood Parks	each	27	44
Community Parks	each	12	13
Grass Sports Fields	each	45	46
Trails	miles	50	52

Attachment B
Costs to Develop Current Land-banked Park Sites

Park Name	Developed Acres	Park Type	Total Estimated	
			Development	Cost
Santa Clara	40	Community		\$20,400,000
Golden Gardens	77.3	Community		\$11,500,000
Striker Field	8.6	Community		\$5,700,000
Chase Commons	4.4	Neighborhood		\$700,000
Ferndale	4.5	Neighborhood		\$700,000
Grasshopper Meadows	2	Neighborhood		\$400,000
Lone Oak	3.9	Neighborhood		\$600,000
Ruby	1.1	Neighborhood		\$250,000
Terra Linda	4.5	Neighborhood		\$700,000
Wendover	2	Neighborhood		\$400,000
Subtotal acres	148.3			\$41,350,000

Attachment C

Recreation Facilities - Summary of Deferred Maintenance & Facility Condition Index

Recreation Facility	Year Built	Annual - Total Facility Maintenance Costs	Current Replacement Value	Condition Deficiencies / Deferred Projects CIP	Facility Condition Index	FCI - Grade
Community Centers						
Amazon CC - (YFRS / Athletics)	1974	\$127,187	\$2,758,556	\$314,130	11.39%	fair
Petersen Barn CC (YFRS / Seniors)	1933	\$85,565	\$8,331,949	\$17,434	0.21%	good
Sheldon CC (YFRS)	1967	\$178,622	\$3,849,549	\$991,664	25.76%	fair
River House CC (YFRS)	1920	\$34,506	\$1,032,675	\$22,219	2.15%	good
Campbell CC (Seniors)	1968	\$115,593	\$3,249,416	\$360,318	11.09%	fair
Hilyard CC (Adaptive)	1990	\$97,382	\$1,864,987	\$50,916	2.73%	good
Aquatic Centers						
Amazon Pool	2001	\$226,585	\$8,331,949	\$0	0.00%	good
Echo Hollow Pool	1968	\$562,938	\$10,233,365	\$1,700,275 *	16.62%	fair
Sheldon Pool	1967	\$503,810	\$9,274,839	\$1,750,846 *	18.88%	fair
Special Use Facilities						
Lamb Cottage	1923		\$288,773	\$59,236	20.51%	fair
Washington Park CC	1946		\$833,889	\$0	0.00%	good
Contracts / Partnerships						
Wayne Morse Ranch	1936	\$29,171	\$2,262,330	\$524,952	23.20%	fair
Shelton-MJ house	1888	\$34,350	\$2,930,489	\$442,723	15.11%	fair
Kaufman CC	1910	\$28,742	\$2,695,178	\$1,572,721	58.35%	poor
Westmoreland CC (BGEV)	1967	\$48,312	\$3,395,538	\$268,830	7.92%	good
Laurelwood Golf Facilities	1920	\$52,517	\$3,199,709	\$381,549 *	11.92%	fair
Total		\$2,125,280.00	\$64,533,191	\$8,457,813	13.11%	fair
Percentage of all City facilities that are Recreation facilities (based on sq ft): 15%						

FUNDING OPTIONS

This chapter describes potential financing sources for Plan improvements.

This implementation plan allows for flexibility in funding Plan improvements. In the past, the City of Eugene has demonstrated fiscal responsibility. The City has taken advantage of opportunities to acquire additional parks, build high-quality facilities, and improve recreation services. The City has also been effective at identifying and successfully pursuing a variety of financial resources to assist in funding projects. For example, two local option levies funded recreation activities and programs for youth, and a 1998 Parks and Open Space bond provided funding for a number of park projects, including the renovation of Amazon Pool, upgrades at 19 athletic fields, the development of three sports parks, and the acquisition of twelve neighborhood park sites. In many cases, bond dollars were used to leverage additional resources from granting agencies. Other projects that utilized a variety of other funding sources include the West Eugene Wetlands and maintenance of landscaped medians.



It is recommended the City continue to pursue diverse funding sources to implement identified priority improvements. This means investigating all available funding options, maintaining and expanding general fund support, aggressively seeking grants, partnerships and donations, and being prepared to act on opportunities when they arise. The Comprehensive Plan is an important step in this effort.

A. Financing Sources

There are a number of possible financing sources for programs; non-capital projects; and parks and facilities acquisition, development, and maintenance. Most sources are limited in scope and can only be used to fund specific types of projects or improvements. Advantages and limitations for the financing sources listed below are summarized in Table 1 on page 66.

Capital Projects and Operations

The following financing sources may be used for capital improvement projects as well as for ongoing operations and maintenance costs.

- *General Fund:* Park and recreation services are funded within the City's General Fund, which receives its revenue primarily from property taxes, but also includes grants, fees and charges. The General Fund is the primary source of funding for ongoing parks maintenance.

CHAPTER V



- *Road Fund:* Revenue from the state gasoline tax and contributions from Lane County, based on the County/City Road Partnership Agreement, have supported a City Road Fund. Part of this fund is used to maintain, upgrade, or build bike lanes, bike paths, and beautification areas (such as medians, street islands, entryways, etc.). The Street Tree and Street Median Maintenance Program within the POS Division has been funded by the Road Fund.
- *Stormwater/Wastewater Fees:* These user fees and impact fees for new development provide some support for projects that have goals compatible with these dedicated funds. For example, the City uses the Storm Water Utility Fund for operations and capital projects related to the management and maintenance of the West Eugene Wetlands.
- *Wetlands Mitigation Bank Funds:* Established in FY 1998, the Wetlands Mitigation Bank is a financially self-supporting program to restore, construct, and maintain wetlands to replace those wetlands permitted to be impacted by development. The City of Eugene, under an interagency agreement with the Bureau of Land Management, the Army Corps of Engineers, and the Oregon Division of State Lands, manages the program. As part of the development process, private developers have the option to purchase replacement wetlands through the bank. Revenue comes from the sale of “mitigation credits” to developers.
- *Local Option Levy:* This is a property tax assessment that can be used for the construction, operation, and/or maintenance of parks and facilities, and for recreation programming. This type of levy is established for a given rate or amount for up to five years, or, in the case of capital only, up to ten years. Passage requires a double majority (a majority of registered voters must vote and a majority of those voting must approve the measure), unless during a general election in even-numbered years, in which case a simple majority is required. Local option levies have become more difficult to pass in Oregon because of the double-majority requirement. In the future, the use of a local option levy may be difficult due to a \$10/\$1,000 of real market value tax rate limitation for all taxing agencies in the area except schools.

Recently, the City has used two local option levies to help fund recreation services. Measure 20-37 was a two-year levy providing the City with approximately \$714,000 per year for neighborhood-based youth activities during non-school hours. The levy expired at the end of December 2003.



Measure 20-67 is a four-year local option levy passed in November 2002. The City receives about \$500,000 per year to fund youth services such as Summer Fun for All activities. An additional portion of this levy is divided between the Bethel and 4J School Districts to use for recreation activities as well as other student and school activities.



Potential revenue from a local option levy may be reduced due to the \$10/\$1,000 of real market value property tax rate limitations for general government taxes. If the \$10 limitation is exceeded for any individual property, all general government taxing authorities receive only a prorated share of their tax levy, so that the total general government taxes remain within the cap. This situation is called compression. Compression occurs in two stages, with local option levies compressed first and then permanent tax rates. Taxing districts in Eugene are currently experiencing some revenue loss from compression.

- *Public/Government Grant Programs:* Grant programs exist for various capitol and operational related projects, including:
 - *Recreation Trails Program:* This is a grant program funded through the Oregon Parks and Recreation Department. Projects eligible under this program include: 1) maintenance and restoration of existing trails, 2) development and rehabilitation of trailhead facilities, 3) construction of new recreation trails, and 4) acquisition of easements and fee simple title to property. Grants are distributed on an annual basis and require a 20% match.
 - *Oregon State Marine Board Grants:* The Oregon State Marine Board manages Oregon’s waterways. The agency also provides construction grants for waterfront improvements, such as boat ramps, restrooms, parking, and other related projects, as well as operations funds for maintenance and patrol. It receives its revenue for grants from the licensing of pleasure boats and a portion of the automobile gas tax.
- *Private Grants and Foundations:* Private grants and foundations provide money for a wide range of projects. They are sometimes difficult to find and equally difficult to secure because of the open competition. They often fund unique projects or projects that demonstrate extreme need. In Eugene, some improvements to Trainsong Park were funded by a Nike Corporation grant.
- *Public/Private Partnerships:* This concept is relatively new to park and recreation agencies. The basic approach is for a public agency to enter into a working agreement with a private business to help fund, build, and/or operate a public facility. Generally, the



three primary incentives that a public agency can offer are free land to place a facility (usually a park or other piece of public land), certain tax advantages, and access to the facility. While the public agency may have to give up certain responsibilities or control, it is one way of obtaining public facilities at a lower cost.

- *Fees and Charges:* User fees and facility charges generate revenue for parks and programs by charging users some or all of the costs of providing services. The City of Eugene has set revenue goals for recreation programs and has developed fees and charges accordingly. The City should continue to refine these goals, while maintaining program affordability and accessibility. Some program areas are more suitable for higher fees and charges. However, youth development is typically not one of these areas. The City could balance its low revenue but highly valued youth development offerings with more program offerings that are revenue generators, such as adult sports programs. Park services revenues can be increased by expanding rental facilities (picnic shelters, meeting rooms, swimming pools, gardens, gazebos, etc.) or by increasing rental fees and other facility-use charges.

Capital Projects

The following funding sources may be used for capital expenses only:

- *System Development Charges:* Since 1991, the City of Eugene has charged new residential development a systems development charge (SDC). SDCs are an important source of funding for the acquisition and development of new parks and open space areas. Since SDCs are paid for by new residential development, the fees are meant to fund capacity enhancement projects that are needed as a result of the development. SDCs cannot be used for the preservation and maintenance of existing parks and facilities. The City has recently reviewed its SDC methodology and increased the SDC rate to \$1,344.65 per housing unit. Prior to October 1, 2003, the SDC rate was \$981.89 per dwelling unit.
- *Donations:* Donations of labor, land, materials, or cash by service agencies, private groups, or individuals is a popular way to raise small amounts of money for specific projects. Service agencies often fund small projects such as picnic shelters or playground improvements, or they may be involved in larger aspects of park development. For example, members of the Rotary Club are soliciting donations to build the two new RiverPlay regional playgrounds in Skinner Butte Park and Alton Baker Park. In the past, donations and volunteer efforts have funded significant improvements at Owen Rose Garden, Hendricks Park, and the Hays Memorial Tree Garden at Alton Baker Park. Donations have also helped to fund open space acquisition.

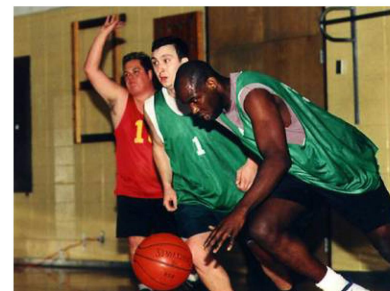


A Eugene Parks Foundation has been established as a non-profit organization dedicated to improving and enhancing public parks, open spaces and recreational facilities and services for the benefit of Eugene area residents. This organization may play a significant role in the solicitation and acquisition of future donations.

- *Local Improvement District:* Under Oregon law, a city may use a Local Improvement District (LID) to subsidize specific capital improvement projects. Through the formation of a LID, a city may impose special assessments on all properties benefiting from a local improvement project. LIDs are often used to subsidize transportation and infrastructure systems but may also be extended to parks and recreation areas. Because the properties within the district must receive a special benefit from the project, it is most likely to be useful for neighborhood parks and recreation areas.
- *General Obligation Bond:* This voter-approved bond comes with authority to levy an assessment on real and personal property. Funding can be used for capital improvements, but not furnishings, fixtures, equipment, or on-going maintenance. This property tax is levied for up to 20 years under the City's debt policies. As with local option levies, passage requires a double majority, unless during a general election in even-numbered years. This type of property tax does not affect the overall tax rate limitation as described previously in *Local Option Levy*.

In 1998, voters approved a \$25.3 million park and open space bond to fund major park improvements and acquisitions.

- *Public/Government Grant Programs:* Grant programs exist for various capitol and operational related projects, including:
 - *Community Development Block Grants (CDBG):* These grants from the Federal Department of Housing and Urban Development are available for a wide variety of projects. CDBG funds have limitations and are generally required to benefit low and moderate income residents. Grants can cover up to 100% of project costs.
 - *Land and Water Conservation Fund:* This is a federal grant program that receives its money from offshore oil leases. The money is distributed through the National Park Service and is administered locally by the Oregon Parks and Recreation Department. In the past, this was one of the major sources of grant money for local agencies. In the 1990s, funding at the federal level was severely cut, but in recent times more money has become available. For the year 2003, the total amount available statewide for local agency projects was \$825,722. The funds can be used for acquisition and development of outdoor facilities and require a 50% match.





- *Intermodal Surface Transportation Efficiency Act (ISTEA):* Over the years, Oregon has received considerable revenue for trail-related projects from this federal program. Originally called The Intermodal Surface Transportation Efficiency Act (ISTEA), it funded a wide variety of transportation-related projects. In 1998, this program was modified and is now referred to as TEA-21. The legislation came up for reauthorization in 2003, but the process was extended because the U.S. House and Senate could not agree on terms of reauthorization. The extension ends October 1, 2004, and a second extension is anticipated. In 2002, Oregon's apportionment was \$856,248.
- *Local Government Grants:* This Oregon program uses Lottery dollars to fund land acquisition and development and rehabilitation of park areas and facilities. A 50% match is required for larger agencies and a 40% match for small agencies. The Oregon Parks and Recreation Department staff reviews and approves small projects of \$50,000 or less. Large projects exceeding this amount, but less than \$250,000, are reviewed and approved by the Local Government Advisory Committee. The funds for this program are available on a biannual basis. The latest funding round was in early 2003. The total amount of grant money available statewide in the 2003-2004 period was \$5 million.
- *Urban Forestry Grants:* There are several grant programs that provide money for urban forestry projects. While some programs fund public tree planting projects, most federal money must be spent on projects other than planting trees. United States Forest Service grants are small (usually less than \$10,000).
- *Oregon Watershed Enhancement Board:* The Oregon Watershed Enhancement Board (OWEB) is a State agency led by a policy oversight board. Together, they promote and fund voluntary actions that strive to enhance Oregon's watersheds. The Board fosters the collaboration of citizens, agencies, and local interests. OWEB's programs support Oregon's efforts to restore salmon runs, improve water quality, and strengthen ecosystems that are critical to healthy watersheds and sustainable communities. OWEB administers a grant program that awards more than \$20 million annually to support voluntary efforts by Oregonians seeking to create and maintain healthy watersheds.



- *Land Trusts:* Private land trusts such as the Trust for Public Land, the Nature Conservancy, and the McKenzie River Trust employ various methods, including conservation easements, to work with willing owners to conserve important resource land. Land trusts assist public agencies in various ways. For example, land trusts may acquire and hold land for eventual acquisition by the public agency.
- *National Tree Trust:* National Tree Trust provides trees through two programs: America’s Treeways and Community Tree Planting. These programs require that trees be planted on public lands by volunteers. In addition, America’s Treeways requires that a minimum of 100 seedlings be planted along public highways.
- *Lifetime Estates:* This is an agreement between a landowner and the City that gives the owner the right to live on the site after it is sold to the City.
- *Exchange of Property:* An exchange of property between a private landowner and the City can occur. For example, the City could exchange a less useful site it owns for a potential park site currently under private ownership.

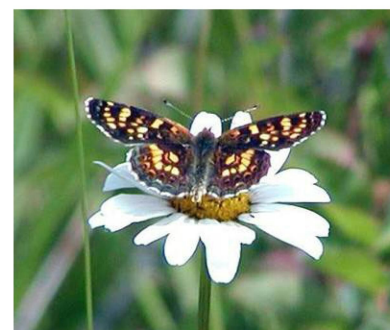


Table 1: Financing Options Evaluation

Source	Advantages & Limitations
CAPITAL PROJECTS AND OPERATIONS	
General Fund	<ul style="list-style-type: none"> ▪ Wide flexibility. ▪ Funds are constrained due to property tax limitations. ▪ All City departments compete for these funds.
Road Fund	<ul style="list-style-type: none"> ▪ Dependent on taxes collected ▪ Limitation on the types of projects that may be funded – principally projects within the road right-of-way ▪ Declining funding
Stormwater/ Wastewater Fees	<ul style="list-style-type: none"> ▪ Projects must meet the goals of the stormwater and wastewater utilities. ▪ A limited range of recreation projects that can qualify for use of these funds. ▪ Cannot be used for general park improvements or operations.
Wetlands Mitigation Bank	<ul style="list-style-type: none"> ▪ Limited to wetlands projects ▪ Dependent on sale of credits to developers
Local Option Levy	<ul style="list-style-type: none"> ▪ Wide flexibility. ▪ Short duration – up to 10 years. ▪ Must receive voter approval. Except during general elections in even-numbered years, a double majority is needed. A majority of voters must turn out, and a majority must vote in favor. Must be frequently re-approved or funding is eliminated. ▪ Subject to the \$10/\$1,000 cap on general government property taxes.
Public/Government Grant Programs	<ul style="list-style-type: none"> ▪ Voter approval is not required. ▪ Wide range of grant programs provides funding for a broad range of projects and activities. ▪ Each source has specific eligibility requirements and approval criteria. Matching projects to appropriate grant sources is not always easy. ▪ Application, project reporting, and grant management requirements can be extensive for some programs. ▪ Usually there are matching requirements.



Table 1: Financing Options Evaluation (continued)

Source	Advantages & Limitations
Private Grants and Foundations	<ul style="list-style-type: none"> ▪ Wide range of foundations provides funding for a broad range of projects and activities. ▪ Requires continued monitoring to keep current with opportunities. ▪ Each source has specific eligibility requirements and approval criteria, and matching projects to appropriate funding sources is not always easy. ▪ Some sources do not provide grants to government agencies. ▪ Highly competitive. ▪ Funds may come with conditions (such as naming a facility).
Public/Private Partnerships	<ul style="list-style-type: none"> ▪ Can be used to build, fund, or operate a facility. ▪ May permit City to obtain a facility that would otherwise not be possible. ▪ City may have to trade off some control of the project or facility.
Program Fees/Facility Charges	<ul style="list-style-type: none"> ▪ Unlimited use, although funds are typically reinvested into the program/facility to cover program costs or facility maintenance. ▪ Some programs or facilities can be designed to recover costs, or even to generate a profit. However, these programs are limited. The market should be considered in setting fees, as well as program affordability and accessibility. ▪ Few programs and fee-based facilities (e.g., aquatic centers) generate significant amounts of revenue, and affordability affects the ability to increase fees.
CAPITAL PROJECTS ONLY	
System Development Charges	<ul style="list-style-type: none"> ▪ Good source of capital improvement funding. ▪ Must be used to fund capacity improvements or new parks, with a nexus to providing service to accommodate new development. ▪ Cannot be used for operations or maintenance funding.
Donations	<ul style="list-style-type: none"> ▪ Wide flexibility. ▪ Usually must be solicited. ▪ May come with strings or requirements.

Table 1: Financing Options Evaluation (continued)

Source	Advantages & Limitations
Local Improvement Districts	<ul style="list-style-type: none"> ▪ Flexible in use for capital projects. ▪ Can only be used where there are projects that provide a special benefit to surrounding properties. ▪ Sometimes difficult to foster public support.
General Obligation Bond	<ul style="list-style-type: none"> ▪ Flexible in use for capital projects. ▪ Not subject to the \$10/\$1,000 cap on general government property taxes. ▪ Voter approval is required, as for local option levies. ▪ Longer duration (usually up to 20 years). ▪ Cannot be used for furnishings, fixtures, equipment, or ongoing maintenance. ▪ Limited capacity under the City's debt policy.
Public/Government Grant Programs	<ul style="list-style-type: none"> ▪ Voter approval is not required. ▪ Wide range of grant programs provides funding for a broad range of projects and activities. ▪ Each source has specific eligibility requirements and approval criteria. Matching projects to appropriate grant sources is not always easy. ▪ Application, project reporting, and grant management requirements can be extensive for some programs. ▪ Usually there are matching requirements.
Land Trusts	<ul style="list-style-type: none"> ▪ Limited to property protection or acquisition in specific circumstances, usually for environmental reasons. ▪ Some trusts own property, others only hold it short-term. ▪ The City may have to eventually purchase the property from the trust.
National Tree Trust	<ul style="list-style-type: none"> ▪ Only funds tree planting.
Lifetime Estates	<ul style="list-style-type: none"> ▪ Can make sales agreement more attractive to the property owner. ▪ Limited application. ▪ May come with strings or requirements.
Exchange of Property	<ul style="list-style-type: none"> ▪ Limited application, since City must have property to exchange. ▪ Only for property acquisition.



Innovative Funding Measures

Due to the increasing limitations on property taxes, some public agencies are looking toward alternative methods of funding the park and open space systems that citizens find essential to quality of life. These alternative mechanisms are generally taxes, and some are more viable than others as funding sources. Eugene should also explore the potential of other alternative mechanisms as part of the City's overall revenue strategy. The City should investigate the use of the following taxes to fund park and recreation development:

- Entertainment taxes
- Utility taxes
- Corporate Income Tax
- Income Tax Surcharge
- Personal Income Tax
- Gross Receipts Tax
- Payroll Tax
- General Sales Tax
- Restaurant Tax
- Business License Tax
- New Construction Fees

B. Special District Formation

Another funding strategy that the City may consider is the development of a special district for parks and recreation. The advantage of a special district is that it has its own dedicated tax base to fund projects. There are two types of Special Districts that may provide park and recreation services: independent districts and county service districts. Both types of districts have taxing authority, and their tax rates are subject to the 10/\$1,000 general government property tax limitations.

A county service district, formed under Oregon Revised Statutes (ORS) 451, is governed by the County Board. This type of special district is not recommended because the directors are not independently elected. The only special district in Oregon formed under ORS 451 is the North Clackamas Park & Recreation District.

The other type of district, a special parks district formed under ORS 266, is governed by an independently elected Board of Directors. Examples of this type of district include Tualatin Hills Park & Recreation



CHAPTER V

District, Willamalane Park & Recreation District, and Bend Metro Park & Recreation District.

The advantage of a special district is that it has its own tax rate and revenue stream, whereas City park and recreation services must now share the jurisdiction's general property tax revenues.

However, there are a number of drawbacks to forming a special district in Eugene. Specific procedural steps for the formation of a special district—including a petition process, County involvement, and a public vote—could be difficult to achieve. These steps also require citizen support to occur. In addition, the formation of a special district would require an amendment to the Metro Plan. Finally, additional property tax levies by a special district will result in increased tax revenue compression affecting all general government taxing districts.

