

# L *Appendix L*

## **Park System Funding Options**

## Park, Trail and Recreation Funding Options

Method	Description	Positives	Negatives
<b>Park Dedication</b>	% of land or cash payment in lieu of dedication at time of land subdivision.	<ul style="list-style-type: none"> <li>• Most traditional form of park funding.</li> <li>• Expected by developers.</li> <li>• Ability to finance land and improvements.</li> </ul>	<ul style="list-style-type: none"> <li>• More limited opportunities as less land available for subdivision.</li> <li>• Additional statutory requirements adopted in 2006.</li> </ul>
<b>Special Assessments</b>	Assess the costs of acquire, improve and equip parks, open space areas, playgrounds, and recreational facilities to benefited properties (Minnesota Statutes, Chapter 429).	<ul style="list-style-type: none"> <li>• Ability to finance almost any type of park system improvement.</li> <li>• General obligation bonds can be issued if at least 20% of the costs are assessed. Other revenues, including property tax, can be used to pay costs not assessed.</li> </ul>	<ul style="list-style-type: none"> <li>• Assessment cannot exceed benefit received as measured by the increase in property value.</li> </ul>
<b>Housing Improvement Area</b>	Special taxing district to fund improvements in areas of owned housing (Minnesota Statutes, Chapter 428A).	<ul style="list-style-type: none"> <li>• Ability to finance any type of park system improvement.</li> <li>• Great flexibility in designing district boundaries and allocation of costs.</li> <li>• Revenues can be pledged to general obligation bonds used to finance the improvements.</li> </ul>	<ul style="list-style-type: none"> <li>• Untested approach – may be unforeseen legal issues.</li> <li>• Does not work for rental housing.</li> <li>• City must be petitioned by property owners to initiate process.</li> </ul>

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<b>Special Service District</b>	Special taxing district to fund improvements in commercial districts (Minnesota Statutes, Chapter 428A).	<ul style="list-style-type: none"> <li>• Ability to finance any type of park system improvement.</li> <li>• District can also be used to maintain the improvements.</li> <li>• Great flexibility in designing district boundaries and allocation of costs.</li> <li>• Revenues can be pledged to general obligation bonds used to finance the improvements.</li> </ul>	<ul style="list-style-type: none"> <li>• Service charge applies solely to commercial-industrial property (residential property <u>can</u> be in the district).</li> <li>• City must be petitioned by property owners to initiate process.</li> </ul>
<b>Benefit Assessment District</b>	A special charge levied on property to pay for public improvements that benefit property in a predetermined district. The assessment may be a flat amount per parcel or based on a measure such as square footage.	<ul style="list-style-type: none"> <li>• Costs paid by those with direct benefit.</li> <li>• Can fund specific project/ improvements.</li> </ul>	<ul style="list-style-type: none"> <li>• Requires majority approval of affected property owners.</li> <li>• Requires broad base of support and citizen participation for success.</li> <li>• Requires Staff resources to create.</li> </ul>
<b>Tax Abatement</b>	Use the property valuation as the basis for an abatement (property tax) levy (Minnesota Statutes, sections 469.1812 to 469.1815).	<ul style="list-style-type: none"> <li>• Ability to finance any type of park system improvement.</li> <li>• Could be used to reimburse for private park improvements.</li> <li>• Revenues can be pledged to general obligation bonds used to finance the improvements.</li> </ul>	<ul style="list-style-type: none"> <li>• Total abatement capacity of city is limited.</li> <li>• Bond proceeds must be used for “public improvements that benefit the property” used as the basis for the abatement levy.</li> </ul>

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<b>Recreational Facility Bonds</b>	Acquire, lease, equip, or maintain land, buildings, and other rec. facilities, including, but without limitation, outdoor or indoor swimming pools, skating rinks and arenas, athletic fields, golf courses, marinas, concert halls, museums, and facilities for other kinds of athletic or cultural participation, contests, and exhibitions, together with related parking facilities (MN Statutes, section 471.191).	<ul style="list-style-type: none"> <li>• Lease with nonprofit for operations.</li> <li>• Issue revenue bonds for acquisition and construction.</li> <li>• Levy a tax for any anticipated deficiency in the revenues available for such operation and maintenance.</li> </ul>	<ul style="list-style-type: none"> <li>• Bonds may not be general obligations unless approved by voters.</li> </ul>
<b>Voter Approved Bonds</b>	General obligation bonds for any park related capital improvement Acceptance of bond referendum to be determined by voters in an election.	<ul style="list-style-type: none"> <li>• Levy to repay debt not subject to any levy limitations.</li> </ul>	<ul style="list-style-type: none"> <li>• Issuance must be approved by voters.</li> <li>• Amount of debt applies to statutory debt limit.</li> <li>• Tax to debt service based on market value.</li> </ul>
<b>Sales Tax</b>	Special legislation authorizing local sales tax targeted at specific uses.	<ul style="list-style-type: none"> <li>• Potential funding for any park, recreation and open space need.</li> <li>• Potential to pledge to general obligation bonds.</li> </ul>	<ul style="list-style-type: none"> <li>• Must be authorized by State Legislature.</li> <li>• Typically requires voter approval.</li> <li>• Typically time and use limited.</li> </ul>

Method	Description	Positives	Negatives
<b>Lease Purchase Financing</b>	Lease any form of real or personal property.	<ul style="list-style-type: none"> <li>• Use to finance the construction of facilities.</li> <li>• May be used to secure other obligations (i.e. HRA and EDA revenue bonds) that function as a “G.O. bond like” debt.</li> <li>• Levy to pay these bonds traditionally outside of debt limit.</li> </ul>	<ul style="list-style-type: none"> <li>• Applies to statutory debt limit.</li> <li>• Lease subject to annual appropriation of funds.</li> </ul>
<b>State Grants - MNDNR/ LCMRR</b>	State funds for natural resource, historic or recreation projects.	<ul style="list-style-type: none"> <li>• Use for projects of regional or state significance.</li> </ul>	<ul style="list-style-type: none"> <li>• Limited funds and lots of competition for funds.</li> <li>• Need legislative “champion” and sponsor.</li> <li>• Requires local match.</li> </ul>
<b>Federal Grants –T-21, Safe Routes to School, Other</b>	Federal funds for trail projects and enhancement to transportation projects.	<ul style="list-style-type: none"> <li>• Good source for trails, bikeway, pedestrian facilities.</li> </ul>	<ul style="list-style-type: none"> <li>• Must have transportation role.</li> <li>• Requires some local match.</li> <li>• Limited and competitive funds.</li> <li>• Little or no funds for parks or recreation.</li> </ul>
<b>Met Council Funding</b>	Regional funds for regional parks or regional trails.	<ul style="list-style-type: none"> <li>• Potential funds for Hyland Bush Anderson Park (acquisition or improvements).</li> </ul>	<ul style="list-style-type: none"> <li>• Limited to HBA Park only for Bloomington.</li> <li>• Competitive funding situation.</li> </ul>
<b>Foundation Grants</b>	Funding from foundations.	<ul style="list-style-type: none"> <li>• Funding source for certain types of projects.</li> </ul>	<ul style="list-style-type: none"> <li>• Limited and complete fund availability.</li> <li>• Project must match foundation goals/role.</li> </ul>

Method	Description	Positives	Negatives
<b>General Funds – Tax Levy</b>	Local property tax funds. Used to fund most local government operations, services and capital improvements.	<ul style="list-style-type: none"> <li>Steady source of annual funds.</li> </ul>	<ul style="list-style-type: none"> <li>Funds are spread and allocated across the range of city functions and departments.</li> <li>Little opportunity for significant increases in funding.</li> </ul>
<b>Building Permit Surcharge</b>	Fee added to building permit application.	<ul style="list-style-type: none"> <li>Steady revenue fund.</li> </ul>	<ul style="list-style-type: none"> <li>Increase development costs.</li> <li>No clear relationship to all permit activities.</li> <li>Legal challenge potential.</li> </ul>
<b>User Fee Increases</b>	Fees collected from park and recreation users. Existing fees at pool, golf, ice arena, recreation programs, and adult sports. Associations collect youth fees to cover their expenses.	<ul style="list-style-type: none"> <li>Users pay for participation/use.</li> </ul>	<ul style="list-style-type: none"> <li>Can discourage participation in recreation.</li> <li>Limited source of funds i.e. \$ from youth.</li> <li>Difficult to collect fees on some uses – trails, neighborhood parks, conservation areas, etc.</li> </ul>
<b>Franchise Fee</b>	Fee attached typically to a utility bill.	<ul style="list-style-type: none"> <li>Steady, on-going revenue source.</li> </ul>	<ul style="list-style-type: none"> <li>Need to prove the benefit of the fee.</li> </ul>
<b>Hotel-Motel-Liquor Tax</b>	Tax Bloomington collects on hotel, motel, liquor and entertainment spending.	<ul style="list-style-type: none"> <li>Steady on-going revenue stream.</li> <li>Tourism benefit could justify fee.</li> </ul>	<ul style="list-style-type: none"> <li>Existing revenue stream is allocated. Would have to increase fee or shift revenue flow from existing groups.</li> </ul>
<b>Park Utility</b>	An on-going fee placed on all properties for park upkeep and replacement. Similar to a storm water utility fee.	<ul style="list-style-type: none"> <li>Steady, on-going revenue source.</li> </ul>	<ul style="list-style-type: none"> <li>Anti-tax concerns.</li> </ul>

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<b>Park Endowment</b>	Typically a significant donation from a donor or donors for parks. Interest (and funds) help pay for park improvements and/or programs.	<ul style="list-style-type: none"> <li>• A long-term sustainable strategy for park improvement and /or program funding.</li> </ul>	<ul style="list-style-type: none"> <li>• Requires significant staff resources, outreach and effort to identify potential donors.</li> <li>• Funds may have restrictions attached to them.</li> <li>• Endowment funds need to be managed.</li> </ul>
<b>Park Foundation</b>	Non-profit “friends” group set up to help procure funds and support for the park and recreation system.	<ul style="list-style-type: none"> <li>• A source of non tax income over the long term.</li> </ul>	<ul style="list-style-type: none"> <li>• Use of funds may have some restrictions.</li> <li>• Needs several years to reach viability.</li> <li>• Requires active/interested citizens.</li> </ul>
<b>Sell “Excess” Park Lands</b>	Sale of excess or underutilized park or open space land.	<ul style="list-style-type: none"> <li>• Immediate use of proceeds from the sale.</li> </ul>	<ul style="list-style-type: none"> <li>• Short term benefit, long term loss of land.</li> <li>• Land forever gone from the system – loss of flexibility for the future.</li> <li>• Many park lands have deed restrictions which prevent sale.</li> </ul>
<b>Long-term Lease</b>	Lease of undeveloped park land for development.	<ul style="list-style-type: none"> <li>• Long term or medium term use of unused public lands for income stream.</li> <li>• Over the long term the land remains public for future use.</li> </ul>	<ul style="list-style-type: none"> <li>• Concerns over proper use of public lands.</li> <li>• Some restrictions on how parkland can be used.</li> <li>• Must have the right land for a viable use.</li> </ul>
<b>Special Events (Fund raising)</b>	Events designed to raise money for parks.	<ul style="list-style-type: none"> <li>• One time source of income.</li> </ul>	<ul style="list-style-type: none"> <li>• Requires significant Staff resources and expertise.</li> <li>• More risk/ unreliable income.</li> </ul>

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<b>Charitable Gambling</b>	Proceeds from charitable gambling can flow to non-profit and public uses.	<ul style="list-style-type: none"> <li>Reliable source of income.</li> <li>Precedent for this type of income regionally.</li> </ul>	<ul style="list-style-type: none"> <li>Ethical issues/Social negative.</li> </ul>
<b>Public/Private Partnerships</b>	Concessions, sponsorships, naming rights, outsourcing/ privatization, Gifting, co-development.	<ul style="list-style-type: none"> <li>Sharing of costs and/ or maintenance and responsibility with private sector.</li> <li>Less direct cost to tax payers.</li> </ul>	<ul style="list-style-type: none"> <li>Commercialism of parks/ public space.</li> <li>Requires staffing to develop and manage partnerships.</li> </ul>
<b>Public/Public Partnerships</b>	Shared funding, use, development of facilities among cities, schools and other jurisdictions. Joint powers arrangement.	<ul style="list-style-type: none"> <li>Shared funding for projects.</li> </ul>	<ul style="list-style-type: none"> <li>Only works for certain types of community or sub-regional projects.</li> <li>“Turf” issues can arise over location and use.</li> </ul>
<b>Challenge Grants</b>	Local government funds to match private or non-profit funds in a competitive manner.	<ul style="list-style-type: none"> <li>Leverages public monies.</li> </ul>	<ul style="list-style-type: none"> <li>Relies on initiative and funding from private and non-profit groups.</li> </ul>
<b>Legacy Giving</b>	Donation through wills and estates.	<ul style="list-style-type: none"> <li>Allows supporters of Bloomington Parks to donate upon their death.</li> <li>Tax break for estate of donor.</li> </ul>	<ul style="list-style-type: none"> <li>Must reach supporters to get them to enable legacy donation.</li> </ul>
<b>Wireless Fee</b>	This source of revenue involves revenue from wireless antennae.	<ul style="list-style-type: none"> <li>User fee paid by telecommunication companies, not tax payers.</li> </ul>	<ul style="list-style-type: none"> <li>Legal challenge concerns.</li> </ul>
<b>Enterprise Operation</b>	This source of revenue could, for example, involve revenue from municipal liquor operations.	<ul style="list-style-type: none"> <li>Steady source of funds.</li> </ul>	<ul style="list-style-type: none"> <li>Competition concerns from the private sector.</li> <li>Must have the right use and venue.</li> </ul>