

CHAPTER 8

CAPITAL IMPROVEMENT PLAN AND FINANCING

The *Inventory and Assessment Plan* provided extensive financial analysis and strategies for funding operations, programs, and maintenance of existing facilities in Chapter 7 of that document. This Master Plan focuses on funding development of new facilities in future growth areas. Funding for new construction is addressed in Section 7.10 Funding Plan of The *Inventory and Assessment Plan* by listing and describing potential sources of funding for construction projects, both new construction and maintenance and renovation projects.



7.10 FUNDING PLAN

In order to continue to build and maintain a great park system, the District should pursue funding sources presented in this section for operations and Capital Improvement Plan projects.

New, sustainable funding sources are essential to implementing the Master Plan. The District has relied heavily on developer impact fees, Lighting and Landscape assessments, and user fees to support the entire system. The key for the future is to diversify sources of funding to accomplish the initiatives outlined in this Master Plan. These sources need to be committed on a long-term basis to assure a continuing income stream. There is significant potential to increase revenue to operate the parks and recreation services, while still meeting the objectives of providing affordable programs.

The project team conducted a workshop to discuss the major funding options. The staff has been provided a funding model to document the potential funding sources.

The following section lists and describes potential funding options that have been used successfully in other park and recreation systems throughout the United States.

7.10.1 EXTERNAL FUNDING

The following examples provide external funding opportunities for the District to consider for the future. Each of these sources should be evaluated in more detail to determine the level of funding they would yield, if pursued aggressively. Amounts shown are new funds above and beyond any existing amounts collected. Some funding sources were evaluated and determined to not produce significant additional revenue and therefore may not be preferred external funding sources.

7.10.1.1 CORPORATE SPONSORSHIPS

This revenue source allows corporations to invest in the development or enhancement of new or existing facilities in the park system. Most commonly, sponsorships are used for programs and events as an additional source of marketing for the corporate sponsors.

7.10.1.2 PARTNERSHIPS

Partnerships are joint development funding sources, or operational funding sources, between two separate agencies, such as government entities, non-profit and public entities, or private businesses. The concept is that two or more partners jointly develop revenue producing park and recreation facilities and share risk, operational costs, responsibilities, and asset management. Partnership responsibilities are generally based on the strengths and weaknesses of each partner, in order to increase capacities not possible by either entity alone.

7.10.1.3 FOUNDATIONS / GIFTS

These dollars are raised from tax-exempt, non-profit organizations established with private donations in promotion of specific causes, activities, or issues. They offer a variety of means to fund capital projects, including capital campaigns, gift catalogs, fundraisers, endowments, sales of items, etc.

7.10.1.4 DONATIONS

Private Donations may be received in the form of cash funds, land, facilities, equipment, art, or in-kind services. Donations from local and regional businesses, wealthy District residents, and charity organizations should be pursued by the District.

7.10.1.5 FRIENDS ASSOCIATIONS

These are groups that are formed to raise money, typically for a singularly focused purpose and generally with the association's special interest in mind. Groups can fund anything from park facilities to specific programs, and generally better the community as a whole.

7.10.1.6 IRREVOCABLE REMAINDER TRUSTS

These trusts are set up by individuals who typically have more than \$1 million in wealth. Similar to trusts left to heirs, the individual bequeaths a portion of their wealth to the agency, in the form of an irrevocable trust fund, that allows the agency to use a portion of the interest to support specific park and recreation facilities or programs that are designated by the trustee.

7.10.1.7 VOLUNTEERISM

Volunteer time can be utilized as an indirect, in-kind revenue source provided by persons willing to donate time to assist the District. Volunteers can offer assistance on anything ranging from providing specific products for sale to performing services typically done by District staff on an hourly basis. Volunteers reduce the District's costs in providing service while concurrently building advocacy for the park system.

7.10.1.8 SPECIAL FUNDRAISERS

Many park and recreation agencies have special fundraisers on an annual basis to help cover specific programs and capital projects.

7.10.2 CAPITAL FEES

Capital fees are added to the cost of revenue producing facilities such as golf courses, pools, recreation centers, hospitality centers and sports complexes and are removed after the improvement is paid off.

7.10.2.1 DEDICATION/DEVELOPMENT IMPACT FEES

These fees are assessed for the development of residential properties with the proceeds to be used for parks and recreation purposes, such as open space acquisitions, community park site development, neighborhood park development, regional park acquisition and development, etc.

7.10.2.2 IMPACT FEES

These fees are different than the ones above since these fees are in addition to the set user rate for accessing facilities such as golf courses, recreation centers and pool facilities to support capital improvements that benefit the user of the facility.

7.10.2.3 MELLO ROOS DISTRICT

The District currently uses this funding for operations, maintenance, and capital. These are fees for a specific purpose with an election requiring a 2/3 majority for approval.

7.10.3 USER FEES

These fees are charged primarily to recreation program users and are based on the direct and indirect cost to provide consumptive recreation services. User fees should vary based on the cost recovery goals of the District as well as pricing policies for core programs. The District has been currently employing a majority of these initiatives and should continue the same.

7.10.3.1 RECREATION SERVICE FEES

This is a dedicated user fee, which can be established by a local ordinance or other government procedures, for the purpose of constructing and maintaining recreation facilities. The fee can apply to all organized activities, which require a reservation of some type or other purposes, as defined by the local government. Examples of such activities include adult basketball, volleyball, tennis, and softball leagues, youth baseball, soccer, football and softball leagues, and special interest classes. The fee allows participants an opportunity to contribute toward the upkeep of the facilities being used.

The District must position its fees and charges to be market-driven and based on both public and private facilities. The potential outcome of revenue generation is consistent with national trends relating to public park and recreation agencies, which generate an average 35 percent to 50 percent of operating expenditures.

7.10.3.2 TICKET SALES/ADMISSIONS

These revenues come from users paying for access to facilities for self-directed activities such as pools, ice skating rinks, ballparks and entertainment facilities. The fees are intended to help offset operational costs of the specific facility being directly used.

7.10.3.3 PERMITS (SPECIAL USE PERMITS)

Special permits allow individuals or groups to use specific park facilities for financial gain. The District either receives a set amount of money for use or a percentage of the gross income created from the service provided.

7.10.3.4 EQUIPMENT RENTAL

Rental of equipment owned by the District, such as tables, chairs, tents, stages, bicycles, roller blades, boogie boards, etc., can be used as a revenue source. These revenues could be used for maintenance of equipment or for other recreational or facility purposes.

7.10.4 GRANTS

The Grant market is still an option though the reducing spending at the state and federal level makes this tougher to obtain than in previous years. Grant writers and researchers are required to make this funding source work financially. Matching dollars are required for most grants in order to leverage the investment made by the grantor.

7.10.4.1 PARTNERSHIP ENHANCEMENT MONETARY GRANT PROGRAM

The Partnership Enhancement Monetary Grant Program, administered by the National Tree Trust, provides funding for projects which promote public awareness in support of tree planting, maintenance, management, protection and cultivation. Matching funds are required on a 50/50 cost share basis.

7.10.4.2 CDBG FUNDING

Funding received in accordance with the Community Development Block Grant (CDBG) Program's national objectives as established by the U.S Department of Housing and Urban Development. Funding may be applied to such programs as Infrastructure Improvements, Public Facility and Park Improvements, Human Service Enhancements, Lead-Based Paint Education and Reduction, Housing Education Assistance, and Economic Development and Anti-poverty strategies. CDBG requires a partnership with the City of Rancho Cordova or County of Sacramento.

7.10.5 LAND TRUST

Many systems have developed land trusts to help secure and fund the cost for acquiring land that needs to be preserved and protected for greenway purposes. This could be a good source to look to for acquisition of future lands.

7.10.6 LIGHTING AND LANDSCAPE DISTRICT

This is a special property owner-approved assessment. The District uses this funding source for Proposition 218, which was passed by voters in 1997. The District currently has one Lighting and Landscape District serving the Independence at Mather housing development.

7.10.6.1 SPECIAL TAXES

Based on gross receipts from charges and meal services, special taxes, such as hotel, motel, and restaurant taxes, may be used to build and operate sports fields, regional parks, golf courses, tennis courts, and other special park and recreation facilities. These taxes are governed by the City of Rancho Cordova or County of Sacramento. Although it is a possible source of funding for the District, the City of Rancho Cordova and County of Sacramento are facing their own funding challenges and are using special revenues for their programs.

7.10.6.2 SPECIAL IMPROVEMENT DISTRICT/BENEFIT DISTRICT

Special taxing districts can be established to provide funds for certain types of improvements that benefit a specific group of affected properties. Improvements made with these revenues may include landscaping, the erection of fountains, acquisition of art, and promote improvements to other recreation and cultural enhancements.

7.10.6.3 SALES TAX

Tax revenues levied from the point of sale of goods has been a very successful source of funding for park systems throughout the U.S. Sales tax revenues benefiting parks is most popular in high-traffic tourism areas, where non-property tax payers tend to be the bulk of users of parks facilities. Sales taxes are not likely to be feasible for the District as there are not high levels of tourism facility users, and it would require partnership with the City of Rancho Cordova or County of Sacramento for revenue sharing.

7.10.6.4 FOOD AND BEVERAGE TAX

This tax is usually associated with convention and tourism bureaus. However, since parks and recreation agencies manage many of the tourism attractions, they receive a portion of this funding source for operational or capital expenses. This requires a partnership with the City.

7.10.6.5 PUBLIC IMPROVEMENT DISTRICTS (PID)

New developments can establish a Public Improvement District (PID) when authorized by a city and legally set up according to state law. A PID provides funds especially for the operation and maintenance of public amenities, such as parks and major boulevards, within designated newly developing areas.

7.10.7 FRANCHISES AND LICENSES

7.10.7.1 CATERING PERMITS AND SERVICES

This is a license to allow caterers to work in the park system on a permit basis with a set fee, or to provide a percentage of food sale revenues to the permitting agency. Alternatively, some park and recreation agencies operate their own catering services and utilize revenues from the sale of their food for agency activities and maintenance.

7.10.7.2 POURING RIGHTS

Many private soft drink companies and vendors will execute an agreement with an agency for the exclusive right to pour all drinks within park facilities. Generally, the agreement provides a portion of the gross sales to the agency with other profits going to the soft drink company or vendor.

7.10.7.3 CONCESSION MANAGEMENT

Revenue from the retail sale or rental of soft goods, hard goods, or consumable items through concession management, is a popular form of income for many agencies around the country. Typically the agency either contracts out for the service, receives a set amount of the gross percentage, or manages the service themselves, collecting all profit after expenses.

7.10.7.4 PRIVATE CONCESSIONAIRES

Private concessionaire contracts are a popular form of public-private partnerships that involve an agreement with a private business to provide and operate recreational activities.

This agreement may involve projects/activities that are financed, constructed, and operated by the private business with compensation paid to the agency for use of their land or facilities. Alternatively, private concessionaire contracts may also be used solely for the operation of facilities by the private business, but financed and constructed by the public agency.

7.10.7.5 GREENWAY UTILITY

Greenway utilities are used to finance the acquisition and development of greenways by selling underground development rights. Businesses such as communications companies and other private utilities then utilize the underground space for making capital infrastructure improvements, such as fiber optic networks. The proceeds from the sale of the development rights can then be used by the agency to build greenways.

7.10.7.6 NAMING RIGHTS

Many cities and counties have turned to selling the naming rights for new buildings or renovation of existing buildings and parks for the development costs associated with the improvement. The naming rights are generally purchased by private companies who are interested in naming facilities as a marketing tool.

7.10.7.7 PRIVATE DEVELOPERS

Developers lease space from agency-owned land through a subordinate lease that pays out a set dollar amount plus a percentage of gross dollars for recreation enhancements. These could include a golf course, restaurants, driving ranges, sports complexes, equestrian facilities, recreation centers and ice arenas. Future discussions need to be conducted with the City of Rancho Cordova and County of Sacramento to determine feasibility.

7.10.7.8 EASEMENTS

Similar to greenway utilities, easements can be revenue generating when the District allows utility companies, businesses or individuals to develop some type of an improvement above or below ground on their property, generally for a set period of time. These agreements typically garner a set dollar amount to be received by the District on an annual basis. The District is using this concept with cellular companies in a number of parks and corridors, but should be explored further as a source to increase annual revenues.

7.10.7.9 ADVERTISING SALES

This revenue source is for the sale of tasteful and appropriate advertising on park and recreation related items such as in the agency's program guide, on scoreboards, dasher boards and other visible products or services that are consumable or permanent that exposes the product or service to many people.

7.10.7.10 INTERLOCAL AGREEMENTS

Contractual relationships entered into between two or more government agencies and/or between a government agency and a non-profit organization for the joint usage/development of sports fields, regional parks, or other facilities.

7.10.8 FUNDING PLAN SUMMARY

The District should periodically review the funding model to consider new and enhanced funding opportunities. The staff has not quantified the estimated potential additional funding. In PROS experience, similar agencies have identified \$250,000 to \$1,000,000 annually in additional non-tax and non-fee revenues.

The major funding source for new construction will be Dedication/Development Impact Fees as described in Section 7.10.2.1 (also known as Park Impact Fees). The *Inventory and Assessment Plan* did not provide total costs for new construction projects needed to accomplish the recommended level of service in the future development areas. Development of a Capital Improvement Plan for new construction with specific financing strategies occurred concurrently with the *Inventory and Assessment Plan*. The total costs for new construction was summarized in the chart titled “Cordova Recreation and Park District Capital Improvement Plan – New Growth Development – City of Rancho Cordova, June 2012”, Table 6-2-appendix. The *Cordova Recreation and Park District Park Impact Fee Nexus Study* (Nexus Study), prepared by Goodwin Consulting Group, published a C.I.P adjusted to include all the sustainability issues addressed in the final version of the “Inventory and Assessment”.

Development of new facilities to service the estimated increase in population of 100,000 will be largely paid for by Park Impact Fees. The fee per future dwelling unit required to provide the necessary construction cost was mathematically derived from the total construction cost divided by 100,000 persons and multiplied by persons per dwelling unit [the calculations are described in detail in section V of the Nexus Study.

The Dwelling Unit Equivalent (DUE) is critical in determining the projected population for development projects. The projected population determines the amount of acreage required for park land dedication. For developments where park land dedications will be over the required five acres/1,000 population, a proportionate increase in the park impact fee per dwelling unit is required to fund improvements on the additional acreage.

The District’s Nexus Study utilized the most current DUE’s stated by the California Department of Finance of 2.92 persons per single-family household. Single family units are defined as a single family detached unit, duplex and half-plex units. A multi-family unit houses 2.30 persons per household. A multi-family dwelling unit is defined as units within residential buildings with three or more attached units and mobile home units. The City of Rancho Cordova recently approved similar DUE’s in several documents, but the City has not yet adjusted their municipal code to reflect these numbers. The District has anticipated the City’s adjustment of these numbers in the preparation of the District’s Nexus Plan. The District recognizes that population projections must be calculated with the same methodology as the land authority to ensure consistency throughout the planning approval process. It is not practical for the District to use a different definition of multi-family housing or a different method to evaluate the projected population. The District will continue to coordinate with the land authority in the future to ensure the same DUE’s are utilized. If significant changes are made in the persons per household used for the DUE’s, than the park impact fee per unit may need to be adjusted accordingly.

On September 12, 2012 the District Board approved a District-wide Development Impact Fee Program (also known as a Park Fee Program) with a cost per Dwelling Unit Equivalent (DUE) of \$8,420 based on the data provided by CRPD staff.

The District hired Goodwin Consulting Group to confirm the proposed fee calculations and prepare a Nexus Study that complied with State AB 1600 rules. The entire Nexus Fee is not duplicated in this master plan. The most important tables and the fee recommendations are reiterated here so that this Master Plan document will stand as a complete “go to” resource for implementation.

The Capital Improvement Plan published in the Nexus Study is very similar to the September 12, 2012 version. Some minor changes were made. Some elements listed as neighborhood park amenities in the 2012 CIP were shifted to Community Parks. This enhanced consistency with the current definition of park types. Table 2 of the Nexus Study is the most current Capital Improvement Plan.

Table 2
Capital Improvement Plan

Facility	per 100K	Service Level	Unit Cost	Total Cost
<u>Basic Park Improvements</u>				
Neighborhood Parks - Basic Improvements	240	1 per 417	\$257,908	\$61,897,954
Community Parks - Basic Improvements	260	1 per 385	\$257,908	\$67,056,116
<u>Playgrounds</u>				
Play Area - Neighborhood	45	1 per 2,222	\$295,544	\$13,299,480
Play Area - Community	6	1 per 16,667	\$301,572	\$1,809,432
Play Area - Universal	1	1 per 100,000	\$999,852	\$999,852
<u>Shade Structures</u>				
Group Shade/Picnic Area - Small Neighborhood	54	1 per 1,852	\$66,348	\$3,582,792
Group Shade/Picnic Area - Small Community	10	1 per 10,000	\$66,348	\$663,480
Group Shade/Picnic Area - Large Neighborhood	15	1 per 6,667	\$117,020	\$1,755,300
Group Shade/Picnic Area - Large Community	10	1 per 10,000	\$117,020	\$1,170,200
Group Shade/Picnic Area - Destination	2	1 per 50,000	\$349,395	\$698,790
<u>Sports Fields</u>				
Baseball Field - Little League - Lighted - Game	4	1 per 25,000	\$348,125	\$1,392,500
Baseball Field - Little League - Unlighted - Game	6	1 per 16,667	\$155,625	\$933,750
Softball Field - Adult lighted - Synthetic	3	1 per 33,333	\$1,043,403	\$3,130,209
Softball Field - Girl's Unlighted - Game	6	1 per 16,667	\$189,141	\$1,134,846
Softball Field - Girl's Lighted - Game	4	1 per 25,000	\$383,428	\$1,533,712
Soccer Field - bantam - Small - Community	5	1 per 20,000	\$10,242	\$51,210
Soccer Field - bantam - Large - Community	5	1 per 20,000	\$10,698	\$53,490
Soccer Field - bantam - Regulation Grass - Comm	17	1 per 5,882	\$116,562	\$1,981,554
Soccer Field - Regulation Synthetic turf - Lighted	2	1 per 50,000	\$911,474	\$1,822,948
Multi-use Turf Area - Small Neighborhood	18	1 per 5,556	\$9,900	\$178,200
Multi-use Turf Area - Small Community	2	1 per 50,000	\$9,900	\$19,800
Multi-use Turf Area - Large Neighborhood	7	1 per 14,286	\$31,900	\$223,300
Multi-use Turf Area - Large Community	3	1 per 33,333	\$31,900	\$95,700
<u>Sports Courts</u>				
Basketball Outdoor Neighborhood Park (1/2 court)	16	1 per 6,250	\$25,989	\$415,816
Basketball Outdoor Community Park (full court)	8	1 per 12,500	\$51,977	\$415,816
Bocce Ball/Petanque - competition (4 court)	3	1 per 33,333	\$442,948	\$1,328,844
Tennis Courts - Lighted (2 courts ea.)	10	1 per 10,000	\$249,489	\$2,494,890
Volleyball (sand) tournament (6-court complex)	2	1 per 50,000	\$228,600	\$457,200
Horseshoes - Neighborhood	10	1 per 10,000	\$6,442	\$64,420
Horseshoes - Community (2 court)	8	1 per 12,500	\$14,423	\$115,384
<u>Skate Parks</u>				
Skate Park - Community Park	2	1 per 50,000	\$1,193,720	\$2,387,440
<u>Aquatics and Spray Parks</u>				
Aquatic Center ¹	0.71	1 per 140,000	\$13,682,676	\$9,714,700
Spray Area - Community Park	5	1 per 20,000	\$1,135,816	\$5,679,080
<u>Gathering Places</u>				
Amphitheater for 500	2	1 per 50,000	\$892,901	\$1,785,802
Community Market Place	1	1 per 100,000	\$544,558	\$544,558
Neighborhood Gather Place	5	1 per 20,000	\$126,258	\$631,290
Community Gathering Place	4	1 per 25,000	\$510,180	\$2,040,720

¹ 71% of the total costs are being allocated to new development.

Source: Cordova Recreation and Park District; Goodwin Consulting Group, Inc.

**Table 2 – Continued
Capital Improvement Plan**

Facility	per 100K	Service Level	Unit Cost	Total Cost
<u>Offsite Structures</u>				
Teen Before/After School/day Camp Activity Center	2	1 per 50,000	\$913,800	\$1,827,600
Community Center (24,000 sq. ft.)	2	1 per 50,000	\$10,965,600	\$21,931,200
Wellness/Senior Center (12,000 sq. ft.)	1	1 per 100,000	\$5,482,800	\$5,482,800
Site Storage Facilities	3	1 per 33,333	\$653,453	\$1,960,359
Corporation Yard ²	0.4	1 per 250,000	\$10,000,000	\$3,800,000
District Offices ²	0.4	1 per 250,000	\$1,401,420	\$1,401,420
Restrooms Small - Community Park	5	1 per 20,000	\$152,808	\$764,040
Restrooms Medium - Community Park	9	1 per 11,111	\$277,693	\$2,499,237
Restroom/concession/storage (1,700 sq. ft.)	1	1 per 100,000	\$711,682	\$711,682
Sport Park Concession	2	1 per 50,000	\$1,099,714	\$2,199,428
<u>Miscellaneous Features</u>				
Batting Cages	2	1 per 50,000	\$156,288	\$312,576
Batting Cages - Small	1	1 per 100,000	\$55,000	\$55,000
Dog Park - Community Park	3	1 per 33,333	\$547,071	\$1,641,213
Water Feature - Community Park	2	1 per 50,000	\$245,454	\$490,908
Disc Golf Course	1	1 per 100,000	\$510,180	\$510,180
<u>Parking</u>				
Off-street parking	1,475	1 per 68	\$1,450	\$2,138,750
SUB TOTAL				\$241,286,968
Design/Engineering		10.0%		\$24,128,697
Construction Management		4.0%		\$9,651,479
Admin Costs		3.5%		\$8,445,044
Art in the Park		2.0%		\$4,825,739
TOTAL				\$288,337,927

² 38% of the total costs are being allocated to new development.

Source: Cordova Recreation and Park District; Goodwin Consulting Group, Inc.

The Nexus Study itemizes costs in the Capital Improvement Plan by park category in Tables 3 – 5 of the Nexus Study. The three park categories are neighborhood parks, community parks, and district-wide parks. The fee per park category in each DUE fee is identified including a fourth category for Administration. Table 7 of the Nexus Study breaks down the Park Fee by category.

Table 7
Park Fee by Park Category

Park Category	Single Family Unit	Multifamily Unit
Neighborhood Park Fee Component	\$2,900	\$2,284
Community Park Fee Component	\$4,666	\$3,675
District-Wide Park Fee Component	\$961	\$757
Administration Fee	\$257	\$203
Total Park Fee	\$8,784	\$6,919

The *Cordova Recreation and Park District Park Impact Fee Nexus Study* prepared by Goodwin Consulting Group found that “the Park Fee Program is compliant with the requirements set forth in the Mitigation Fee Act, also known as AB 1600, and ensures that a nexus exists between future residential development in the District and (i) the use of the fee, (ii) the need for the park facilities, and (iii) the amount of the fee assigned to future development.” The Nexus Study will be presented at a public hearing on March 19, 2014. Final adoption by a District ordinance is expected on April 16, 2014.

A portion of District-wide Community Facilities will need to be funded by means other than Park Impact Fees. New District-wide facilities and major renovations and upgrades require significant funding not usually available from the sources listed in section 7.10 of the *Inventory and Assessment Plan* document. Two potential funding sources not identified in section 7.10 are a park renovation fee and a local bond measure. The City of Rancho Cordova has implemented a park renovation fee per household of \$1,000. The District may apply to the City to access these funds. The District has requested a joint work session between the City Council and the District Board for clarification from the City on the application process. A local bond measure is another potential funding source that, if approved by the voters, can provide adequate funding for major projects. The public may be willing to fund new facilities if they can be assured the funds will go to a specific use and there is no other means to fund the project. A bond feasibility survey can determine the level of voter support for specific projects.