



Operating and Capital Funding Proposal

Fall 2016 • Albany Parks and Recreation Department

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About SCI

The Sustainable Cities Initiative (SCI) is a cross-disciplinary organization at the University of Oregon that promotes education, service, public outreach, and research on the design and development of sustainable cities. We are redefining higher education for the public good and catalyzing community change toward sustainability. Our work addresses sustainability at multiple scales and emerges from the conviction that creating the sustainable city cannot happen within any single discipline. SCI is grounded in cross-disciplinary engagement as the key strategy for improving community sustainability. Our work connects student energy, faculty experience, and community needs to produce innovative, tangible solutions for the creation of a sustainable society.

About SCYP

The Sustainable City Year Program (SCYP) is a year-long partnership between SCI and one city in Oregon, in which students and faculty in courses from across the university collaborate with the partner city on sustainability and livability projects. SCYP faculty and students work in collaboration with staff from the partner city through a variety of studio projects and service-learning courses to provide students with real-world projects to investigate. Students bring energy, enthusiasm, and innovative approaches to difficult, persistent problems. SCYP's primary value derives from collaborations resulting in on-the-ground impact and expanded conversations for a community ready to transition to a more sustainable and livable future.

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About Albany, Oregon

The city now known as Albany has an established history as a central hub in the Willamette valley. Founded in 1848 and incorporated in 1864 the city has served as the Linn County seat since 1851. Albany's unique place in Oregon's history is exemplified in its dedication to historical preservation. Albany is often noted to have the most varied collection of historic buildings in Oregon. Its "four historic districts are listed in the National Register of Historic Places by the United States Department of the Interior." This downtown core has served as the center of revitalization efforts since 2001.

Located on the Willamette and Calapooia rivers Albany spans both Linn and Benton counties. With a population of 51,720 people, Albany is Oregon's 11th largest city and the second largest city in Benton County. Albany is administered under a home rule charter, adopted in 1957 establishing a Council and City Manager model. The city's vision, to be a "vital and diverse community that promotes a high quality of life, great neighborhoods, balanced economic growth and quality public services," is exemplified by its administration and government. Albany has a very active civic community with nearly 100 citizens serving on advisory commissions and committees dedicated to municipal issues.

Historically, Albany's economy has relied on natural resources. As the self-styled "rare metals capital of the world," Albany produces zirconium, hafnium and titanium. Major employment sectors include "wood products, food processing, and manufactured homes." Because of its short, dry temperate growing season Albany farmers excel in producing specialized crops like grass flower and vegetable seeds, "tree fruits, nursery stock, nuts, berries, mint and grains." Albany and the surrounding (Linn and Benton) counties are so agriculturally productive it is often called "The Grass Seed Capital of the World."

Albany's central location and mild climate has made it a popular destination for a variety of outdoor and leisure activities. Located in the heart of Oregon's most populous region with the Pacific coast to the west and the Cascade range to its east, Albany is connected to the wider state by Interstate 5, Oregon Routes 99E and 34, and US Route 20. The city is also served by Amtrak, a municipal airport, and a local and regional bus network.

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This report represents original student work and recommendations prepared by students in the University of Oregon's Sustainable City Year Program for the City of Albany. Text and images contained in this report may not be used without permission from the University of Oregon.

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Executive Summary

The City of Albany celebrates the beauty of Oregon by maintaining over 800 acres of parkland. Beyond this maintenance, Albany's Parks and Recreation (P&R) Department offers community enrichment programs, coordinates sports programs, and organizes award winning festivals to support the city in providing citizens with a high quality of life. As the community grows, however, so does the cost of providing these amenities. The P&R Department has felt this strain in both its operating and capital budgets. First, in order to continue providing the level of service citizens expect, the P&R Department needs an additional \$450,000 annually in operating revenue. Second, aging infrastructure and growth-driven demands accumulate to \$16.9 million in capital funding needs. Finally, the Department faces \$3.5 million in deferred maintenance costs that rise annually.

Seeking to discover and evaluate all of the possible funding options at the city's disposal, Albany partnered with Dr. Rebecca Lewis' Public Budget Administration class. Graduate students in the Planning, Public Policy, and Management Department collaborated with P&R Director, Ed Hodney, and city staff in researching and evaluating several possible funding strategies.

Putting in over 4,000 hours collectively, students worked both individually and as groups. First, students each researched a comparable P&R Department or District. These case studies provided students an opportunity to review how other cities meet the growing needs of citizens. Then, operating and capital needs were considered separately by student groups. Each group was tasked with creating at least three funding strategy packages, evaluating those packages against industry criteria, and ultimately recommending one funding package to meet the goals of the city. While students were not required to meet the deferred maintenance needs, some student groups ultimately found ways to include these costs in their strategies.

Ultimately, the City of Albany was presented with seven different funding packages, three focused on the operating needs of the P&R Department while four sought to fund the capital needs. This report details each of the groups' final recommendations. While the City of Albany must ultimately weigh the desires and needs of its citizens, the students hope that these recommendations will provide the city a useful starting point.

Introduction

There are a total of 36 city parks in Albany and the city aims to build a community where everyone within the city limits lives within two miles of a park. Albany's Parks and Recreation (P&R) Department is responsible for the maintenance of these parks as well as maintaining a pool, senior center, veteran's memorial, eight trails, and an urban forestry program (Hodney, 2016). The P&R Department further coordinates sports and recreation programs, and promotes several festivals and a concert series drawing significant tourism into the city (City of Albany, 2016). Through these parks, programs, and center, Albany's P&R Department increases the quality of life for its residents, as well as the city's recreational opportunities.

Despite these beneficial programs, the department faces budgetary challenges in maintaining and developing these recreation opportunities. With an annual P&R budget of roughly \$8.8 million, the department finds itself unable to meet the increased demands of a growing population (See Appendix A for complete list of needs). Currently, the department is facing an operating budget shortfall of \$450,000 annually. These funds are necessary to provide for additional parks maintenance, personnel, and material needs. However, it is not only operations that is facing budgetary challenges. The P&R Department is also in need of \$16.9 million in capital funds to improve the parks system; meet the demands of growth; and fulfill public health, safety and accessibility requirements. In addition to the \$16.9 million in capital projects, the P&R Department also faces \$3.5 million in deferred maintenance costs that increase by \$100,000 each year (Hodney, 2016). Presently, the department is only able to allocate about \$30,000 annually toward funding capital projects and any capital spending is done at the expense of operations spending (Hodney, 2016).

In collaboration with Ed Hodney, P&R Director, and P&R staff, graduate students in the Public Budget Administration class were tasked with researching, evaluating, and recommending new funding strategies. Operating and capital budget needs were considered separately by student groups. Three groups focused on operating needs and four focused on capital needs. While addressing the deferred maintenance deficit was not a part of the project, several funding strategies include ways to cover these expenses as well.

As a first step in identifying funding strategies, students individually researched how comparable cities fund their parks and recreation activities. City staff provided students with a list of Oregon cities and parks and recreation districts they felt were good comparators. In order to broaden the research, some students focused on comparable communities outside of Oregon (Full case

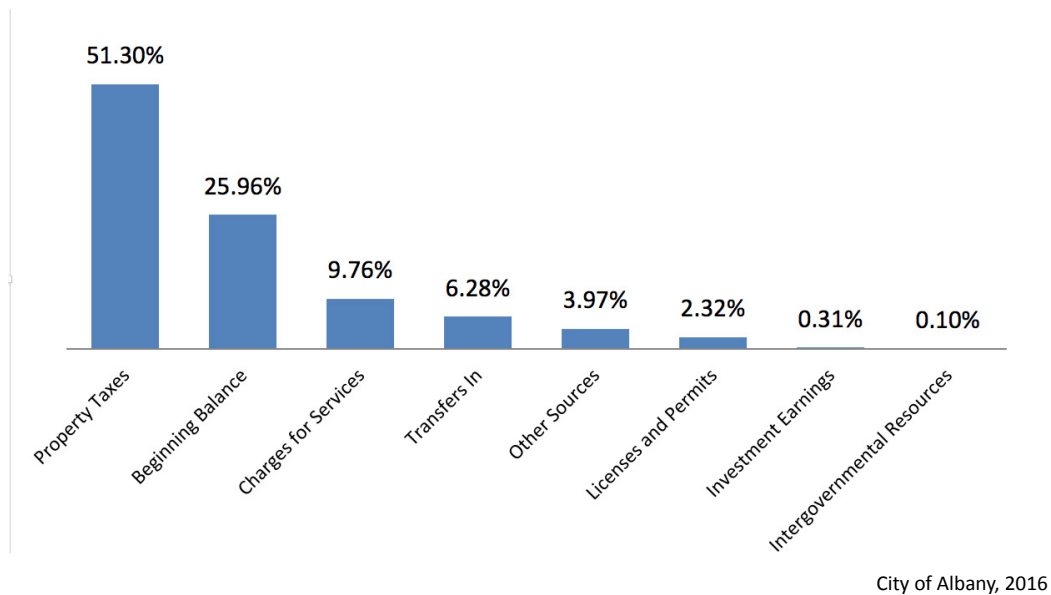
studies are located in Appendix G). Then, within their operating or capital budget groups, students identified at least three funding packages, analyzed them against industry criteria, and ultimately recommended one of those packages (each report is located in Appendix F).¹ In the following report, seven separate funding recommendations are provided; three target the operating funding needs while four seek to provide the necessary capital funding. These recommendations will provide the city with foundation on which to build a P&R budget and funding scheme to meet the needs and desires of Albany's citizens.

Albany Parks and Recreation Department Budget Information and Future Recommendations

Revenue Structure

Currently, the Albany City Council allocates 20% of property tax revenues to the P&R Department (Hodney, 2016). For FY 16-2017 this accounted for roughly 51% of the total \$8.8 million P&R budget. Carryover from the previous budget make up the next largest percentage of the budget at 26% for the same fiscal year. Further, nearly 10% of the budgeted revenues come from charges for services or user fees (City of Albany, 2016). Figure 1 provides an outline of revenue sources for FY 2016-17.

Figure 1: Revenue sources for Albany Parks and Recreation Department, FY 16-2017



Evaluative Criteria

Students evaluated each funding option against widely accepted criteria used to assess financial budgets (Bland, 2013). Each group established different focus criterion and their respective weighting. The criteria used by the groups and

their respective assessments of the following recommendations can be found in Appendix C and they include (Bland, 2013):

- **Equity:** This evaluates who feels the burden of the proposed revenue option and seeks that the distribution of burden be fair among people or businesses in comparable circumstances or that there is a variation in tax burden across the spectrum of income.
- **Efficiency/Administration:** This evaluates whether the revenue option is easy to implement and administer in relation to yield.
- **Productivity:** This criterion evaluates how effective and stable the proposed option is in terms of meeting the overall desired capital funds.
- **Neutrality:** This assesses the impact of each option in terms of community and individual decision making or resource use.
- **Political Feasibility:** This evaluates whether the proposed option is feasible to implement socially and politically and receive approval at both the government and community levels.
- **Certainty:** The rules of the fee or tax should be clear and evenly applied.
- **Convenience:** A fee or tax should be convenient to pay, with billing dates that coincide with income streams.

Operating Budget Recommendations

Three student groups researched various strategies to increase the P&R Department operating budget by \$450,000 annually. Drawing on their case studies and collaboration with the city, they created several funding packages. The three resultant recommendations below not only meet the funding requirements, but received the best evaluations against the set criteria.

Recommendation 1: Increase User Fee Recovery Rate and Introduce Parks Utility Fee

Operating Group A: Kevin Gilbride, Danaan Davidson, Sigride Asseko, Philippe Lazaro

This recommendation combines increasing the user fee recovery rate by 8% and the introduction of a monthly one dollar parks utility fee applied to each household in Albany. Together, these funding strategies are predicted to raise the full amount of \$450,000 annually.

Figure 2: Operating recommendation 1 anticipated funding

Resource Type	Amount Raised
Increase User Fee Recovery Rate	\$225,000
Parks Utility Fee	\$225,000
Total	\$450,000

MaryBeth Deiters

User fees or fees for services are not only common among P&R districts and departments, but city departments nationwide (See Appendix B). While department fees for services like refuse removal are generally set to recover total costs of operations, user fees in P&R departments are often subsidized by the department through other revenue sources such as property taxes. This is due to the overall public service P&R departments provide in their recreational activities that promote healthy living, and support the elderly, children, and low-income citizens. In Albany, recreational activities account for approximately 39% of P&R expenditures but only 10% of revenues (City of Albany, 2016). While we do not expect to see full cost recovery rates for these types of services, a review of past finances reveals that the P&R user fee recovery rate has decreased across the board. As can be seen in the Figure 3, returning recovery rates to their highest levels (an overall increase of 8%) would generate half of the operating revenue needed. This is a moderate increase, roughly \$4.50 per capita, that has the potential to alleviate some of the financial burden on the P&R budget.

Figure 3: User fee recovery rates

	Adult Recreation	Aquatic Center	Children and Family	Sport Services	Performance and Cultural Arts	
Current Rate Recovery Ratio	28%	41%	49%	59%	65%	
Highest Rate Recovery Ratio	29%	46%	51%	61%	72%	
Total Revenue	\$125,000	\$41,500	\$7,200	\$5,200	\$46,000	\$225,000

Operating Group A

While increased user fees will account for half of the projected budget needs, a new parks utility fee applied to each household will make up the rest (See Appendix C for structure and history of parks utility fees). Several cities in Oregon have implemented parks utility fees and several more are considering it. We propose a flat rate parks utility fee of \$1 per month/per household to be applied to monthly water or energy bills. The Census Bureau estimates that there are 19,512 households in Albany (U.S. Census Bureau, 2014). Annually, this fee would generate \$234,144. Considering costs of implementation and administration, we believe that this fee could provide about \$225,000 annually.

Together with increasing user fees, this recommendation achieves the ultimate revenue generation of \$450,000 annually.

Recommendation 2: Increase transfer rates from Transient Lodging and Property Taxes, Increase User Fees, Implement Leasing Fees, and Increase Sponsorships

Operating Group B: Chazya Clements, Emily Fiocco, Tom Fiorelli, Tarik Rawlings

This proposal seeks diversified revenue streams and recommends increasing the property and transient tax transfer rates, sports and pre-kindergarten fees, and the institution of leasing fees for food cart vendors and cellular towers. It also emphasizes additional sponsorships for two of the largest festivals.

Figure 4 : Operating recommendation 2 anticipated funding

Resource Type	Amount Raised
Transient Tax doubled current levels	\$162,989
Property Tax Transfer Rate at 20.5%	\$110,632
Increase Sports Fees by 15%	\$21,150
Increase pre-K Class Fees by 10%	\$8,800
Lease Food Cart Space (12 carts)	\$61,200
Lease Cellular Tower Land (3 parks)	\$54,000
Increase NWAAF Sponsorships	\$20,000
Increase River Rhythms Sponsorships	\$15,000
Total	\$453,772

MaryBeth Deiters

First, by increasing transfer rates for revenue generated by both the transient lodging and property tax, the P&R Department could raise an additional \$273,621 annually. Currently, the P&R Department receives approximately \$171,8000 in revenues from intergovernmental transfers of transient lodging taxes. The recent decision by the city council to transfer some of these revenues acknowledges the role that parks and recreation play in Albany tourism. We propose doubling this transfer rate to bring in roughly \$163,000 additional revenues. Increasing the amount received by the P&R Department from this funding source is justified by the \$4 to \$5 million in economic impact from Albany’s festivals. Additionally, we recommend increasing the property tax transfer rate by 0.5% to generate \$111,000 in additional revenues.

Second, realizing the potential of additional funding from user fees, we focused on raising fees for two P&R Department-supported services. By increasing sports programming fees by 15% and pre-kindergarten class fees by 10%, the

P&R Department can increase funding by almost \$30,000. We focused on raising these specific fees as our research indicates that these increases would not adversely affect neutrality.

Our third revenue stream relies upon leasing fees for food carts and cellular towers. Several U.S. cities permit food cart vendors to operate in parks and these permits have been found to be productive revenue generators for P&R departments (National League of Cities, 2013). Further, Eugene, Oregon will begin permitting food carts in 2017. With an estimated lease rate of \$425, 12 food cart permits for ten parks could bring in increased revenues of \$61,000.²

In addition to leasing out space for food carts, we recommend providing leases for three cellular towers. There is significant market demand for cellular tower space as the need for denser networks of cell towers increases. Predictions indicate that revenue potential will likely continue to increase (American Tower, 2014). Estimating an annual lease rate of \$18,000 this has the potential of bringing in \$54,000 annually to the P&R Department.³

Finally, \$35,000 of funding will come from additional sponsorships for the NWAAF and River Rhythms Festivals. An analysis of Bend, Oregon, parks and recreation's sponsorships found that the city was able to raise more than \$100,000 for its events and services (City of Bend, 2015). While much of this is likely due to Bend's tourism industry, its marketing strategies such as a public website where sponsors apply cannot be discounted. By focusing on a strong marketing scheme upfront, we estimate that the Albany P&R Department could regain NWAAF sponsorships of \$20,000 and add \$15,000 in sponsorships for its Summer Sounds series for a total of \$35,000 in revenue.

Recommendation 3: Implement a Park Utility Fee and Increase User Fees

Operating Group C: Kea Cannon, Brooke Freed, Andrew Martin

This funding strategy combines an increase in user fees with a parks utility fee that is also assessed on businesses. This strategy raises the funding needed without overburdening one segment of Albany's population.

Figure 5: Operating recommendation 3 anticipated funding

Resource Type	Amount Raised
Parks Utility Fee	\$247,000
Increase User Fees	\$216,000
Total	463,000

MaryBeth Deiters

Parks utility fees are gaining in popularity in Oregon since Medford first implemented a \$0.31 fee in 2005 (Garner, D. n.d.). After reviewing parks utility fees in municipalities throughout Oregon, we designed a fee system that provided the funding needed without overburdening citizens. We recommend implementing a parks utility fee of \$0.75 per month for households, \$0.70 per month for low income households, and \$2.00 per month for businesses to generate approximately \$247,000 in new revenues.

We further recommend increasing user fees so that all programs maintain a minimum of 50% non-tax revenues for their programs. Research into comparable jurisdictions, including Tigard and Medford, Oregon, found that many cities and departments use a tiered system that establishes lower program recovery rates for programs with greater community benefit. Our research supports an assumption that the P&R Department could reasonably raise user fees to generate between \$150,000 and \$300,000 in additional revenues. If fees for programs with current recovery rates below 50% were raised to meet that target, Albany could generate \$216,695. Increases in user fees could be targeted and tailored to programs based on the residents' ability to pay and the community benefits of the program.

Capital Budget Recommendations

Four student groups researched, developed, and ultimately recommended funding packages in an attempt to raise \$16.9 million in capital funds for the P&R Department over ten years. Within these funding packages, one funding recommendation remains constant throughout, increasing System Development Charge (SDC) rates (See Appendix D for more information on SDCs). While the amount of the increase and the way in which it is achieved differ among the groups' strategies, the reasoning behind this recommendation is consistent.

At least \$4.2 million of the capital needs are directly related to growth and SDCs are an important aspect of funding growth related capital needs. In comparison with other Oregon cities, Albany's Parks SDC rates remain quite low and have

not been updated since 2008. Figure 6 shows how Albany’s Parks SDC rates compare to some other Oregon cities.

Figure 6: Parks SDC rates for Oregon cities

City	Population	Example Residential SDC Rate
Eugene	158,335	\$3,757
Salem	156,455	\$3,745
Bend	77,455	\$5,050
Corvallis	55,055	\$5,197
Albany	50,710	\$1,745
Grant Pass	34,740	\$512
Redmond	26,345	\$2,672
Philomath	4,620	\$808
Depoe Bay	1,400	\$574

League of Oregon Cities, 2013

The city staff, and ultimately Albany City Council, must choose a rate that would be suitable for Albany but we strongly recommend that they consider assessing these rates regularly to ensure that they reflect growth needs (Capital Group D, 136). The funding packages recommended below will provide further information on rate setting and recommendations, as well as including a variety of other funding strategies necessary to reach the \$16.9 million goal.

Recommendation 1: 10-year Local Option Tax Levy, Increase SDC Rates, Implement Parks Utility Fee

Capital Group A: Kyle Collins, Warren Clauss, MaryBeth Deiters, Sona Hodaie

This funding strategy seeks a ten-year local option tax levy (LOTL) that will raise \$10.6 million or approximately two-thirds of the required funds needed to support P&R capital development. A further \$6.4 million will be generated by increased SDC rates and a parks utility fee for a total yield of \$17 million over ten years. This strategy has the additional benefit of raising \$425,000 annually to cover rising deferred maintenance obligations.

Figure 7: Capital recommendation 1 anticipated funding

Resource Type	Amount Raised (Millions)
SDCs	\$4.0
Parks Utility Fee	\$2.4
Local Option Levy	\$10.6
Total	\$17.0

MaryBeth Deiters

Oregon law allows municipalities to seek voter approval for additional property tax levies for both operating and capital needs. Those taxes that cover capital costs can be levied over ten years (Oregon Department of Revenue). Figure 8 provides a breakdown of a recommended tax rate, and projected yearly and total revenue generation.

Figure 8: Ten-year local option tax levy

Rate Option:	\$0.2866/ \$1000
Annual Revenue	\$1,060,356.75
10-Year Cumulative Revenue	\$10,603,567.53

Warren Claus

Assuming a total assessed value of \$3.7 billion (City of Albany, 2016, p.98), the proposed Ten-Year LOTL would cost property owners \$0.2866 per every \$1000 of assessed value. Thus, a property with an assessed value of \$200,000 would cost the owner \$57.32 per year.

Since much of the capital needs are growth related, we recommend that Albany update its SDC rates to align more closely to the growth driven needs of the city. Estimates based on current rates show that Albany will likely receive \$236,000 annually from SDC charges. We recommend that rates be updated to bring in approximately \$400,000 annually, totaling \$4 million after ten years.

Finally, research into parks utility fees in Oregon revealed that many cities apply these revenues to capital as well as maintenance needs. We recommend that Albany impose a parks utility fee of \$3.19 per month to be added to residential

water bills.⁴ In total, this fee would yield \$6.675 million over the next ten years. Of that, \$2.425 million would cover necessary capital upgrades for either public health and safety or accessibility/ADA compliance requirements. The remaining \$4.25 million would cover rising deferred maintenance obligations.

Recommendation 2: Increase SDC Rates, Establish a Parks and Recreation District

Capital Group B: Brett Scott, Dan Lopic, Jennifer Smith, Sadie DiNatale

This recommendation proposes the establishment of a parks and recreation district that would assume responsibility for all current Albany P&R Department functions. In total, this strategy is designed to not only meet capital expenses but also all operational and deferred maintenance expenses. The parks district would be bounded by the geographic perimeter of the city. This proposal also recommends updating methodology for determining SDC rates.

Figure 9: Capital recommendation 2 anticipated funding

Resource Type	Amount Raised (Millions)
SDCs	\$3.1
New Parks District Tax Levy	\$16.9
Total	\$20.0

MaryBeth Deiters

First, we recommend that Albany introduce a progressive, tiered fee structure to calculate SDC rates to increase its revenue potential. As seen in Figure 10, the tiers are based on square footage of real property. Based on a new average fee of \$2,512.50, we estimate that the P&R Department could generate \$314,100 per year.⁵

Figure 10: SDC methodology adjustment

Tier	Price per Sq. Ft.	Sample Fee
Up to 700 square feet	\$0.50	700 sq.ft. = \$350
701 to 1,400 square feet	\$1.00	1000 sq.ft. = \$1,000
1,401 to 2,100 square feet	\$1.50	1,800 sq.ft. = \$2,700 (average)
More than 2,101 square feet	\$2.00	3,000 sq.ft. = \$6,000

Capital Group B

In addition to raising revenue through increased SDC charges, we recommend the establishment of a parks and recreation district. Since the existing P&R Department services span across two counties, the creation of an independent district with its own taxing authority could provide consistent revenue streams and more efficient service to the parks within its boundaries. If the parks district

were created, three to five citizens would be elected to govern the district (Oregon Revised Statutes, 2015). The district would be responsible for funding all operation’s needs, deferred maintenance, and capital projects. We estimate that \$11 million annually would adequately fund the parks district.⁶

This funding would come from three major sources: Parks fees and charges, SDC revenue, and property tax revenue. Current parks fees and sponsorships would remain at present levels and would be collected by the district. The majority of the parks district funding would come from a property tax which, to meet funding needs, should generate \$6.6 million annually. The levy, based on citywide assessed valuation of \$3.6 million, would be \$1.851 per \$1,000 of assessed valuation (City of Albany, 2016, p.33). A household with an average assessed valuation of \$200,000 would pay \$370 per year for their district’s parks. With the P&R Department removed from the city’s budget, Albany could choose to either redirect the funds it normally transfers to the P&R Department or decrease the city property tax rate to \$5.1187.

Figure 11: Albany Parks District proposed funding structure for FY 2017.

Parks Fees, Charges, Contingency	Property Tax	SDC Fees	Total
\$ 4,048,500	\$6,575,200	\$314,100	\$10,937,800

Capital Group B

Recommendation 3: Increase SDC Rates, Issue \$12.7 million GO Bond

Capital Group C: Ryan Gil, Vé Gulbrandsen, Madi Pluss, Ethan Stuckmayer

To raise the \$16.9 million needed by the P&R Department, we recommend increasing SDC rates to fund growth-driven line-items and seeking voter approval for a \$12.7 million general obligation (GO) bond (See Appendix E).

Figure 12: Capital recommendation 3 anticipated funding

Resource Type	Amount Raised (Millions)
SDCs	\$4.2
GO Bond	\$12.7
Total	\$16.9

MaryBeth Deiters

After reviewing Albany’s Capital Improvement Project, we found that four of the 21 projects were classified as growth-driven in the first phase, totaling \$4.2 million. Figure 12 provides an updated SDC rate structure to fully fund these projects over ten years.⁷

Figure 13: System Development Charge rate scenarios

SDC Scenario	Charge Structure	Charges Collected on Average Home ⁸	Parks SDC Charges Collected
Current	\$293.33/bedroom + \$0.56/sq. ft.	\$1,887.99	\$235,998.75/year
Projected	\$575/bedroom + \$0.90833/sq. ft.	\$3,360	\$420,000/year

Capital Group C

With \$4.2 million of the capital needs covered by SDC revenue, the remaining \$12.7 million would be funded by a general obligation bond repaid over 20 years. We have estimated the total cost to the city to repay the bond to be \$18.3 million assuming a 2% issuance cost and 4% interest rate.⁹ The cost of the bond to property owners would be \$0.2574 per \$1,000 of assessed value or \$53.79 per year for the average household.¹⁰

Recommendation 4: Increase SDC Rates, Issue \$12.9 million GO Bond

Capital Group D: Sam Dales, Christian Gowan, Kate Hammarback, Bentley Regehr

For this recommendation, we combine the issuance of a \$12.9 million GO bond with increased SDC rates to raise \$16.2 million over ten years. This is a conservative estimate that only uses the increase in funding from modified SDC rates instead of the entire amount raised from this source. We do, however, expect that this recommendation would ultimately allow the P&R Department to fund all of its capital needs.

Figure 14: Capital recommendation 4 anticipated funding

Resource Type	Amount Raised (Millions)
Additional SDC Revenue	\$2.8
GO Bond	\$12.9
Total	\$16.2

MaryBeth Deiters

Currently, the SDC rate for parks is estimated at \$1,764 per unit. Assuming that 125 new units are constructed each year, SDC charges bring in approximately \$220,500 to the P&R Department. A review of Oregon cities of comparable size found that the average SDC charge for parks was roughly \$4,000 per unit. Therefore, it is recommended that Albany increase its park’s SDC rates to reflect \$4,000 per new unit. This could raise an additional \$2.8 million over ten years.

In addition to increased SDC rates, we recommend that Albany seek voter approval for a \$12.9 million GO bond. Assuming a 3.29% interest rate, the total cost to the city would be \$17.6 million and property owners would see an increase of \$0.20 per \$1,000 of assessed value. A property valued at \$200,000 would see an additional property tax cost of \$40.

Conclusion

While the seven recommendations presented above vary, similarities can be found. In particular, several groups reviewed user fee structures, recommended a parks utility fee, and notably, all four of the capital student groups recommended increasing park SDC rates. These recommendations are based on strategies used throughout Oregon and municipalities nationally. However, what is right for one community may not be right for the next. Impartial evaluations of these funding packages are provided in the appendix so that the City of Albany can ultimately decide how best to serve its citizens.

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Appendix A: P&R capital and O&M requirements 2016 forward

Department	Category	Project/Program/Service	Capital or Operational	Drivers	Funding Required
P&R	Facilities	Timber Ridge Neighborhood Park Acquisition	Capital	Growth-driven need	\$ 700,000
P&R	Facilities	Renovation of Senior Center	Capital	Growth-driven need	\$ 2,500,000
P&R	Facilities	Replace Park Restroom/Monteith Park	Capital	Aging and difficult to maintain structure; ADA noncompliance	\$ 250,000
P&R	Facilities	Replace Monteith Park Stage	Capital	Aging and difficult to maintain structure; ADA noncompliance	\$ 300,000
P&R	Facilities	East Thornton Lake Natural Area Development	Capital	Growth-driven need	\$ 750,000
P&R	Facilities	Timber Linn Park Improvements Phase 1B	Capital	Identified project in Timber Linn Park master plan	\$ 400,000
P&R	Facilities	Timber Linn Park Improvements Phase 1C	Capital	Identified project in Timber Linn Park master plan	\$ 600,000
P&R	Facilities	Community Park Development Phase 1	Capital	Growth-driven need	\$ 2,000,000
P&R	Facilities	Community Park Development Phase 2	Capital	Growth-driven need	\$ 3,000,000
P&R	Facilities	Neighborhood Park Development Timber Ridge	Capital	Growth-driven need	\$ 750,000
P&R	Facilities	Monteith Park Master Plan	Capital	Growth-driven need	\$ 75,000
P&R	Facilities	Replace ball field lights at Bryant and Timber Linn parks	Capital	New plan needed to improve serviceability of existing park, guide replacement of existing structures and systems.	\$ 750,000
P&R	Facilities	Sunrise Park Renovation	Capital	Present equipment is 40+ years old, outdated, unsafe, and not energy efficient; ADA noncompliance	\$ 750,000
P&R	Facilities	Deerfield Park Renovation	Capital	Address accessibility barriers in 40-year old park	\$ 100,000
P&R	Facilities	Playground Replacement Grand Prairie Park	Capital	Address accessibility barriers in 40-year old park	\$ 400,000
P&R	Facilities	Playground Replacement Draper Park	Capital	Outdated equipment no longer meets federal design/safety and accessibility standards	\$ 150,000
P&R	Facilities	Playground Replacement Lehigh Park	Capital	Outdated equipment no longer meets federal design/safety and accessibility standards	\$ 150,000
P&R	Facilities	Playground Replacement Pineway Park	Capital	Outdated equipment no longer meets federal design/safety and accessibility standards	\$ 100,000
P&R	Facilities	Playground Replacement Henderson Park	Capital	Outdated equipment no longer meets federal design/safety and accessibility standards	\$ 75,000
P&R	Facilities	Playground Replacement Lehigh Park	Capital	Outdated equipment no longer meets federal design/safety and accessibility standards	\$ 150,000
P&R	Facilities	New Hike/Bike Trail Development	Capital	New growth in Oak Creek area, South Albany	\$ 500,000
P&R	Facilities	Bryant & Timber Linn ball field complex renovations	Capital	fencing, artificial turf, parking at Timber Linn; fencing, amenities at Bryant. Excludes lighting per project on line 14	\$ 3,000,000
P&R	Facilities	New pickleball/sports courts	Capital	Location to be determined.	\$ 200,000
TOTAL CAPITAL COSTS					\$ 16,900,000
P&R	Personnel	Park Maintenance--new positions	Operational	Growth in population-related park acreage and use. General park maintenance and ball field maintenance positions needed.	\$ 275,000
P&R	Materials & Services	Park Maintenance budget support	Operational	Annualized budget increase related to new/expanded facilities contemplated in CIP program	\$ 175,000
TOTAL ANNUALIZED O&M COSTS RELATED TO NEW CAPITAL FACILITIES					\$ 450,000
P&R	Facilities	\$3 million backlog of small-scale repair/replacement needs in existing parks	Operational	Undertaken total repair/replacement maintenance backlog, as of 2016. Grows by approx \$100,000 annually.	\$ 3,250,000

Albany Parks and Recreation Department

Appendix B: User Fees

User fees or charges for services are fees paid by citizens to receive or partake in service provided by the city. Some fees are set so as to recover the full cost of providing the service. Others, noting the community benefit of the service, may be set lower so as to increase participation.

Structure and History

Some city services like water services are operated like a business and therefore charge citizens at rates equal to the cost of the supply of their usage. However, some services offer a greater community benefit and thus fees are set differently. Some municipalities set target recovery rates based upon whether the service has a community or individual benefit.

Figure 15a: Target recovery rates in comparable cities

Description of Tier	Target Recovery Rate
<i>Medford</i>	
Mostly community benefit	0%+
Considerable community benefit	75%
Individual/community balanced benefit	100%
Considerable individual benefit	115%+
Mostly individual benefit	150%+ (market rate)
<i>Tualatin Hills Park and Recreation District</i>	
Mostly community benefit	0%+
Considerable community benefit	75%
Individual and community benefit	100%
Considerable individual benefit	150%
Mostly individual benefit	200%

Operating Group C

Administration and Collection

User fees and service charges can be billed after use has been determined, or at time of service.

Potential Implications for Albany

Figure 15b: Revenue implications of changing recovery rates.

Sports Services		Cost:	\$258,900
Current Recovery Rate:		59%	\$152,751
Recovery amount at:			<i>Revenue Change</i>
	50%	\$129,450.0	(\$23,301)
	60%	\$181,230.0	\$28,479
	75%	\$194,175.00	\$41,424
Adult Recreation		Cost:	\$596,800
Current Recovery Rate:		27%	\$161,136
Recovery amount at:			<i>Revenue Change</i>
	50%	\$298,400	\$137,264
	60%	\$358,080	\$196,944
	75%	\$447,600	\$286,464
Aquatic Services		Cost:	\$831,100
Current Recovery Rate:		41%	\$340,751
Recovery amount at:			<i>Revenue Change</i>
	50%	\$415,550	\$74,799
	60%	\$498,660	\$157,909
	75%	\$623,325	\$282,574
Children/Youth Recreation Services		Cost:	\$359,600
Current Recovery Rate:		49%	\$176,204
Recovery amount at:			<i>Revenue Change</i>
	50%	\$179,800	\$3,596
	60%	\$215,760	\$39,556
	75%	\$269,700	\$93,496
Cultural Arts		Cost:	\$655,600
Current Recovery Rate:		65%	\$426,140
Recovery amount at:			<i>Revenue Change</i>
	50%	\$327,800	-\$98,340
	60%	\$393,360	-\$32,780
	75%	\$491,700	\$65,560

Operating Group C

Appendix C: Park Utility Fees

A utility fee added to monthly utility bill like a water or energy bill.

Structure and History

In recent years, cities have established numerous ways of increasing non-tax revenues. One such way is the imposition of fee charges. Many cities have introduced storm and wastewater fees and roughly 20 Oregon cities have implemented transportation fees.¹¹ Using the same logic, several cities in Oregon have implemented parks utility fees. In many of these cities the fees are used for operations, maintenance, and development. For example, West Linn Municipal Code 4.600 establishes the fee for the purposes of:

“...providing a necessary and sustainable source of funding, with such maintenance to include actions necessary to (1) provide safe facilities, (2) properly maintain such facilities and areas to maximize their use, utility, and longevity, (3) modernize existing parks and recreation facilities to ensure that they meet today’s standards for accessibility, comfort, and ease of use, (4) allow for aesthetic enjoyment of city parks and city open space and natural areas, (5) provide proper upkeep of flora within city parks and open space areas, including especially maintenance of a healthy and diverse tree canopy and removal of invasive and destructive vegetation, (6) provide proper maintenance of driveways and walkways providing ingress and egress for city parks, and (7) take any other action necessary to ensure that city parks, recreation facilities, and open space areas are maintained at standards that support the need of city residents.”¹²

Figure 16: Park utility fees in three Oregon cities

	Medford	Tigard	West Linn
Governing Code	4.1001-4.1021	3.75.010-3.75.110	4.600-4.690
Fee per Month	\$2.95	\$3.75 - \$7	\$13.01
Applied to Residential	Yes	Yes	Yes
Applied to Nonresidential	Yes	Yes	No
Used for Operations	Yes	Yes	Yes
Used for Capital	Yes	Yes	Yes

4 Medford Municipal Code § 1001-1021. <http://www.ci.medford.or.us/Code.asp?CodeID=4246>; 3.75 Tigard Municipal Code § 010-110 <http://publicrecords.tigard-or.gov/Public/DocView.aspx?id=701531&searchid=1c0d128c-5dde-48ae-b02a-c14d38a0362a&dbid=0>; Tigard Parks and Recreation Fee. from http://www.tigard-or.gov/community/parks_funding.php; 4 West Linn Municipal Code § 600-690. <http://www.codepublishing.com/OR/WestLinn/>;

Legal Issues

State statute allows municipalities to collect fees for public services. Transportation and Emergency Service Fees serve as precedent in addition to the growing number of cities instituting a parks utility fee.¹³ Establishing a parks utility fee would not require voter approval and could instead be imposed by ordinance.

Administration and Collection

The parks utility fee would be added to monthly residential water bills making the administration and collection of the revenue easy to implement. Low-income individuals could be exempt along the same lines as those that currently receiving water utility credits so as to not complicate administration.

Potential Implications for Albany

Figure 17: Comparison of recommended park utility fees

	Operating Group A	Operating Group C	Capital Group A
Fee per month residential, above poverty line	\$1	\$0.75	\$3.19
Fee per month residential, below poverty line	\$1	\$0.70	\$0
Fee per month non-residential	\$0	\$2.00	\$0
Annual Revenue Generated for Operations	\$234,144	\$247,000	425,000 for deferred maintenance
Annual Revenue Generated for Capital	\$0	\$0	\$242,500

MaryBeth Deiters

Appendix D: System Development Charges

System Development Charges (SDCs) are a financing tool used by many cities to fund the cost of infrastructure needed to serve new development or increases in use of a property. SDCs are a popular tool for funding infrastructure within cities. In 2012, of the 143 cities that responded to a survey by the League of Oregon Cities, 76% charge at least one SDC. Most cities charge four or five.¹⁴

Structure and History

Oregon cities have collected SDCs since the 1970s. Originally, SDCs collected revenue for water and sewer improvements.¹⁵ In 1989, the State of Oregon enacted legal statutes to govern the use of SDCs in an effort to create a statewide system and to ensure equity. Its intended purpose was “to provide equitable funding for orderly growth and development in Oregon’s communities (ORS 223.297). The legislation created supporting SDCs ensure that financial costs of infrastructure related to growth are equitably shared among new developments.¹⁶

Legal Issues

The following state statutes must be adhered to when creating and administering SDCs:

- ORS § 223.297
- ORS § 223.314

Administration and Collection

To consider an SDC, a city must forecast new development that will deplete or increase need for existing facility capacity.¹⁷ The city must have a plan, such as capital improvement plan, public facilities plan, master plan, or comparable plan, as well as a list of SDC eligible projects. The list must include estimated cost, timing, and percentage of cost eligible to be funded with SDC revenues.¹⁸

There are legal notification requirements related to amending and adopting SDCs, which are prescribed in ORS 223.302.¹⁹ Cities can increase SDCs without notice if the change is the periodic application of a specific cost index, such as an inflationary cost adjustment, or a change in the cost of materials, labor, or real property applied to projects in the capital improvement list.²⁰

Cities are required to publish an annual report on SDCs use in the previous year, and must deposit SDCs' revenues in accounts specifically designated for such funds.²¹

Potential Implications for Albany

Several of the planned P&R projects are growth driven needs. Therefore, Albany could consider updating their fees to align with costs of planned projects and fee structures in other cities in Oregon. Increased SDCs could raise concerns with regard to equity. SDCs take the form of a lump fee, which will disproportionately impact smaller development companies and individuals seeking to build new infrastructure.

Albany has the option to offer certain developers reduced SDCs. Some cities choose to offer accommodations to encourage development. For example, 39% (38 out of 98) of cities surveyed offer some form of accommodation. A reduction in the SDC amount is the most common form of accommodation,²² followed by phased or delayed payments.

Appendix E: General Obligation Bonds

General obligation (GO) bonds are municipal loans that can be used for capital improvements and are backed by the taxing power of the jurisdiction. Generally, they are repaid using property taxes over a specified time period. In Oregon, property taxes raised to repay GO bonds are not subject to compression.

Structure and History

While GO bonds are used by municipalities nationwide, they are not always a guarantee as they rely upon political will and bond ratings. According to Albany's most recent budget, they have a GO bond rating of "A+" from Standard and Poor's and "A2" from Moody's Investor Service.²³ Albany recently passed an \$18 million general obligation 20-year bond for police and fire capital needs with interest rates ranging from 3% to 5%.²⁴

Legal Issues

GO bonds are governed by ORS 287A.050 – 287A.145 that set forth the following requirements:

- Voter approval
- Capital construction or improvement with a useful life of more than one year
- Debt limit of 3% of the True Cash Value (TCV) of all taxable properties

Administration and Collection

The issuance of a GO bond is attractive since the P&R Department currently does not have sufficient reserves or revenue streams to finance these needs. It is the only option that will provide the necessary funding upfront and, unlike a Local Option Levy tax, will not be subject to compression. Administration and collection for repayment are straightforward, however cost of the bond increase as the total cost of the capital projects increase.

Potential Implications for Albany

Below is a comparison of the two GO bonds recommended in the report. The comparison is based on a 20-year even annual payment debt schedule. Property owner tax burden was based on \$3.7 billion in assessed value and yearly average was generated by Total Cost for Bond/20 years. There are limitations to creating a yearly average in this way because annual debt service decreases thereby decreasing costs to property owners. However, it does give insight into the tax burden for an average household.

Figure 18: Comparison of recommend General Obligation Bonds

	Capital Group C	Capital Group D
Bonded Principle	\$12.7 Million	\$12.9 Million
Total Interest (4%)	\$5.3 Million	\$5.4 Million
Issuance Cost (2%)	\$254,000	\$258,000
Total Cost for Bond	\$18.3 Million	\$18.6 Million
Cost for \$200,000 assessed value	\$49.42	\$50.19

MaryBeth Deiters

Appendix F: Group Reports

Operating Group A

Kevin Gilbride, Danaan Davidson, Sigride Asseko, Philippe Lazaro

Executive Summary

Per our analysis, the Albany Parks Department (APD) can generate operations revenue through fees, public-private partnerships, sponsorships, nonprofit collaboration, and public levies. Fees and public levies as singular revenue sources both have the capability of producing enough revenue to cover the \$450,000 per-year need of the APD. Public-private partnerships and sponsorships have the capability of producing about \$48,000 per year, and nonprofit collaboration can save the APD up to \$25,000 per year. A ten-year levy for \$10.15 million has the capability to pay for deferred maintenance and guarantee sufficient maintenance revenue for the next decade.

In this summary, we present three options for the APD to cover their yearly projected need of \$450,000. Each option presents a different combination of revenue options to reach the needed \$450,000. We also provide an analysis of each option based on our evaluative criteria: equity, neutrality, efficiency, and productivity.

Option #1

APD could increase their user fee ratio by 10% (\$281,250); introduce a flat rate parks utility fee of \$0.37 per month/per household to provide about \$86,633 annually; and create corporate, individual, and nonprofit sponsorship as well as community partnerships to generate revenue or savings equal to \$83,000. This combination would provide the APD an additional \$450,633 in yearly revenue. Figure 19 outlines this option in detail.

Figure 19: Total revenue generation for Option #1

Source of Added Revenue	Amount
User fee ratio increase of 10%	\$281,000
Parks Utility Fee of \$0.37/month	\$86,500
Corporate Sponsorships	\$25,000
Individual Sponsorships	\$33,000
Money Saved Through Nonprofit Partnerships	\$25,000
TOTAL	\$450,500

Operating Group A

Strengths:

- It is ideal to have revenues from different sources so that there is little dependence on a single source of revenue.
- Heavier reliance on private donations may provide higher appeal in a fiscally conservative climate.
- A small fee increase alleviates the possibility of user loss for recreation activities.
- Sponsorship contributions are voluntary, and appeals are only targeted at those with the ability to make large donations, which maintains the highest level of equity.

Weaknesses:

- Sponsorship is voluntary, which also makes this source of revenue volatile and uncertain. Seeking sponsorships is labor intensive.
- A portion of the revenue included is generated through \$25,000 saved by reducing one of the roles to a part-time position through collaboration with a nonprofit. This removes some of the advantages attached to an extra full-time employee.
- Utility fee may have difficulty acquiring political support.

Option #2

APD could increase their user fee ratio by 8% (\$225,000); and introduce a flat rate parks utility fee of one dollar per month/per household to provide about \$225,000 annually. Figure 20 outlines this option in detail.

Figure 20: Total revenue generation for Option #2

Source of Added Revenue	Amount
User fee ratio increase of 8%	\$225,000
Parks Utility Fee of \$1.00/month	\$225,000
TOTAL	\$450,000

Operating Group A

Strengths:

- Both user fee increases and utility fees are easily implemented because the apparatus for collection already exists.
- Consistent revenue due to a higher proportion of parks utility fee.
- Removes need to target specific donors (compared to Option #1)

Weaknesses:

- Parks utility rates and user fees are regressive, they more heavily impact citizens with lower incomes.
- Revenue streams are limited in diversity.
- The utility fee may not receive sufficient political support.

Option #3

APD could increase their yearly visitor fee revenue ratio by 17% to generate \$450,000, an increase of about 50% to total fees. The administration of this option is the easiest, but would likely have many drawbacks. We advise the city to put in place a fee rate that helps them recover 100% of the expenses incurred with adult activities and 70-100% of the expenses incurred with youth activities. Figure 21 outlines this option in detail.

Figure 21: Total revenue generation for Option #3

Source of Added Revenue	Amount
User fee ratio increase of 17%	\$450,000
TOTAL	\$450,000

Operating Group A

Strength:

- Fee is easy to administer and has high productivity.
- High benefits-accrued equity, as those who use APD services the most will contribute the most to its revenue.
- Connects the revenue gained by APD with the frequency that its facilities and services are used, allowing its ability to meet maintenance needs to fluctuate parallel to the demand for its services.

Weaknesses:

- Will likely prevent those who cannot afford higher fees from participating in activities.
- High dependency on single source of revenue.
- Likely to result in unfavorable reaction from frequent users of APD services.

Public Levy

Albany could attempt to pass a ten-year levy for \$10.15 million to pay for deferred maintenance and ensure adequate maintenance funding for the next decade. It is possible that a further addition to the levy could cover the \$450,000 per year operations needs for the APD, but we recommend that maintenance take precedence.

Strengths:

- Levies are simple and efficient to administer
- It creates a large amount of revenue letting APD catch up on deferred maintenance.

Weaknesses:

- High dependency on single source of revenues. APD may become dependent on this revenue, and then the levy may not pass in the future.
- Levies frequently do not pass the required voting process.

Evaluation of Options

Using the evaluative criteria outlined in the introduction of this report (equity, neutrality, efficiency, and productivity), we assessed each of the options presented in this summary to determine the best and most viable for the APD to administrate. Figure 22 shows our evaluation in detail, where; low represents no correlation with evaluative criteria; moderate represents some correlation; high represents strong correlation; and very high represents very strong correlation.

Figure 22: Criteria evaluation of options

Option	Equity	Neutrality	Efficiency	Productivity
#1	Moderate - High	Moderate - High	Low - Moderate	High
#2	Low - Moderate	Moderate - High	High	Very High
#3	Low - Moderate	Low - Moderate	Very High	High

Operating Group A

Based on this evaluation we recommend Option #2. We recommend this option for two reasons:

- A mixture of two fees, one voluntary (through those citizens using the service directly paying for it), and one involuntary (through a fee added to all households’ utility bill), provides an acceptable level of neutrality. Fewer people will be forced away from an activity due to a price increase.
- The existing apparatus of user fees and utility bills makes this option very efficient and productive to implement, reducing the required expense for implementation.

It is important to note that the inclusion of an increase of user fees in each option creates a significant concern for equity and neutrality. Many of the people that use the recreation facilities and resources provided by the APD are already economically burdened, and therefore would be further degraded by any increase in fees.

Options for Revenue Generation

In this section, we outline the potential areas that Albany can expand their revenue generation. We considered the two forms of revenue generation most commonly used by cities, fees and sponsorships, both of which Albany currently uses. This section outlines justification for increased revenue generation using these categories. We state all assumptions, and if necessary provide more detail in footnotes.

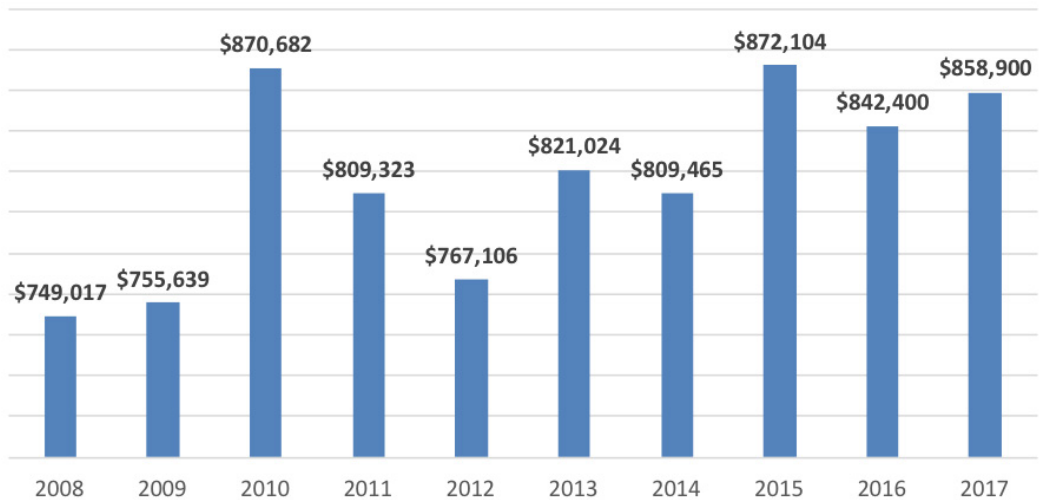
Charges and Fees

Revenue generation for parks and recreation district/department operations through the institution of fees is common among most parks departments. The Albany Parks Department generates 9.76% of their annual revenue from charges for services. To increase revenue generation to meet the forecasted \$450,000 per fiscal year need, charges for services will likely need to increase. Current charges for services include:

- Participation fees (charges for recreational sports, classes, etc.), and
- Usage fees (charges for public pool entrance, events, etc.)

A ten-year review of the APD budget shows that, on average, charges for services generate roughly 10% of APD's total yearly revenue, with an average total revenue sum of about \$815,000, which is about \$16 per capita. The total revenue from charges and fees, shown in Figure 23, akin to the overall parks budget, has fluctuated over the past ten years, reaching an all-time high in 2015, at \$872,104, or \$17.19 per capita. If charges and fees were increased or added to new activities to satisfy future needs, a per capita increase of about nine dollars would be required.²⁵

Figure 23: Total Albany Parks Department revenue from charges and fees



Operating Group A

Existing Potential for Revenue Generation

To increase revenue generation to the required levels, Albany will likely need to increase user fees for services across the board or institute a parks fee per household. Increases of existing fees or institution of new ones could be spread between multiple forms, or instituted in a single form. Our research shows precedence for the options that follow.

Recreational activities require about 39% of the total APD budget for operations. However, charges and fees for recreational activities make up only 10% of the APD budget. This is not sufficient to cover the costs of many of the programs offered. In most cases, the recovery rate ratio of fees to program cost is around 50%, and in some cases the recovery rate is lower than 30% (adult recreation). In the case of adult recreation, recovery rates have dropped from 48% in FY 2013-14 to 27% in FY 2016-17. If the adult recreation recovery rate were to return to the FY 2013-14 level, a 21% increase, the APD would receive about \$125,000 per year in increased revenue (equates to about a three dollar per capita increase per year).

The decrease in recovery rate ratio for adult recreation activities is an example of a decreased ratio of recovery across the board for Albany. The decrease ranges from adult recreation’s low of 27% to the aquatic center’s high of 41% (down from 46% in FY 2013-14). To determine the total amount of lost funding per year by unrecovered user fees we applied the same calculation as used above for adult recreation recovery rates to all rates listed by the City of Albany in their adopted budget. Figure 24 shows that Albany’s overall loss through unrecovered user fees is about \$225,000 per year, equating to about half of the projected future need (an 8% increase in fee recovery rates, about a \$4.50 per capita increase).

Figure 24: Current fiscal year vs. highest fiscal year fee recovery ratio

	Adult Recreation	Aquatic Center	Children and Family	Sport Services	Performance and Cultural Arts	
Current Rate Recovery Ratio	28%	41%	49%	59%	65%	
Highest Rate Recovery Ratio	29%	46%	51%	61%	72%	
Total Revenue	\$125,000	\$41,500	\$7,200	\$5,200	\$46,000	\$225,000

Operating Group A

As stated previously, an overall increase of user fees of about \$9 would be required to generate the required revenue, this is a 17% overall increase from current averages in fee recovery rate ratios. The current rate per capita in Albany is about \$16.62, a \$9 per capita increase is a more than 50% increase in user fees, such a large increase would likely be unpalatable for the City of Albany to institute.

Options for New Revenue Generation

It is unlikely that an increase in overall user fees by nine dollar per capita would be politically or equitably feasible for the APD. This is the case because even though nine dollars seems like a relatively low cost for parks, the increase to

actual fees charged for services such as pool access, or class fees would likely be much higher. In this section, we present a number of options, derived from revenue models from other cities in Oregon, that the City of Albany could institute. The main option presented is a flat utility fee on households that could provide an equitable revenue generation method for APD by providing exemptions for households in need. A list of further revenue generation options presented includes fees for film production and fees for acquisition of parks plans.

Flat Utility Fee on Households

A flat utility fee is an additional flat charge to households that is applied monthly to energy or water bills. Albany would designate the revenues from this fee solely towards funding the APD, and for administration costs of the fee. Medford provides a comparable example of the institution of this fee, where each household is charged a \$0.31 fee monthly, or about \$3.75 per year (added to their water bill).²⁶ Per the 2014 American Communities Survey, Medford contains about 29,695 households (compared to Albany's 19,512), which equates to around \$110,000 in annual revenue.

If Albany instituted a similar fee, at the same rate of \$0.31 per month/per household, it would provide about \$72,500 annually (According the 2014 American Communities Survey, Albany's number of households is 19,512). To cover the entirety of the required \$450,000 increase in revenue for APD, this fee would need to increase to about \$1.92 per month/per household. This equates to a fee of about \$23 per year/per household. The per year total fee would likely go up as factors such as equitable distribution of burden and vacant households are considered. However, we have not taken these factors into account.

Park Plans and Research Permits Fee

Park and recreation departments usually have park plans and research, and some use these tools to generate revenues for the city. For example, Lake Oswego charges \$30 per copy for all parks plans and \$40 per hour as a research fee. Albany could implement similar fees to generate revenue. Because we cannot find information on the average number of people who use these services per year, we do not know how much revenue APD could generate through these resources.

Recommendation

We recommend charging \$30 per copy for park plans and \$40 per hour as a research fee. Because we could not find information on park plan or research permit requests, our estimate on revenue generation is guesswork. If 50 people ask for parks plans and 50 ask for research, these charges would generate \$3,500.

Commercial Filming and Pictures in City Parks Fee

Photography and filmmaking in the parks could also generate revenues to the city. Different fees can be charged for filming and photography, depending on the length of time required for filming and the necessary accommodations.

Lake Oswego charges \$250 per film/video rate per venue, when no park closure is required and \$1000 when park closure is required. At the same time, they also charge \$55 rate per venue for shoots that last one to five hours and \$110 for shoots that last 6-24 hours. We understand that Lake Oswego is well known, and that might be why they charge slightly higher fees than other cities in Oregon. We think Albany could implement the same charges but at half the rates of Lake Oswego. For example, Albany could charge \$125 for filming when no park closure is required and \$500 when it is. At the same time, they could charge \$30 per venue for shoots lasting one to five hours and \$55 for those lasting 6-24 hours. Other fees could be assessed for shoots longer than 24 hours.

Recommendation

For films (\$125 with no park closure and \$500 with park closure). For pictures (1-5h will be \$30 and 6-24h will be \$55). Other fees will be assessed for shoots that last longer than 24 hours. Because we understand that the number of photo shoots and video/film can be hard to account for, we decided to use 15 photo shoots per year and one film, with no park closure per year, which would generate \$575.

Figure 25: Potential yield of revenue sources

	Flat Utility Fee on Household	Parks Plan Fee	Research Permit Fee	Commercial Filming Fee	Picture in city Parks Fee	
Rate	\$0.31/month	\$30	\$40	\$125	\$30	
Number of users	19,512	50	50	1	15	
Total	\$72,500	\$1,500	\$2,000	\$125	\$450	\$76,575

Operating Group A

Evaluation of Fees as a Funding Strategy

Equity - Moderate

By increasing the user fees and charges, those who cannot afford to pay the new fee will no longer be able to participate in these activities. On the other hand, this model is equitable in the sense that people who utilize the services will help pay for them.

Neutrality - Low

Increasing user fees might force those who cannot afford the new fee to turn to other activities. For example, youths might switch from swimming to only playing soccer.

Efficiency - High

Fees are easy to administer because the structure already exists for acquisition and is very sustainable in the long run. Revenue generation will vary based on number of people using these services.

Productivity – Very High

Revenue yield of fees is very high, they are convenient and easy to collect, the apparatus for collection already exists, and they are certain to be collected.

Public/Private Partnerships and Sponsorships

Currently, sponsorships for specific programs bring in close to \$200,000 in revenue. These are generally attached to specific events or offerings of the Parks and Recreation Department including adult recreation and fitness, aquatic, and sports sponsorships. The largest income came from two major events particular to Albany; NWAAF sponsorships and Summer Sounds sponsorships accounted for \$90,000 and \$60,000 respectively.

While this amount is already very robust, it accounts for sponsorship revenue generated in a very different way from other similar cities mentioned in the earlier section. That might also suggest that there is a lot of untapped opportunity if Albany were to pursue more sponsorships in a similar vein to other cities.

A Corporate Sponsorship Program

Cities like Anchorage, Alaska; Dauphin, Pennsylvania; and Rockford, Illinois have looked to corporate sponsorships to maintain funding at a time of shrinking public dollars. This is distinct from a corporate donation in that the corporation receives recognition and nonmonetary compensation in exchange for their funding.

A corporate sponsorship will include display of a specific corporation's logo, naming rights, or other promotion in exchange for financial support. We recommend that a policy for corporate sponsorship be drafted by the Parks and Recreation Department.

Recommendations

Anchorage, Alaska and Rockford, Illinois, take a proactive approach to presenting corporate sponsorship as a publicity opportunity for the sponsor and a mutually beneficial transaction on both ends. Sponsors are attracted to the recognition factor of having their brand attached to a public good and to the community. Local companies could be approached about sponsoring not as a public service, but as a valuable publicity commodity.

Best practices from other communities seeking to incentivize corporate sponsorships include the naming rights to a public park, stadium, or other space; advertising in program brochures; special employee and corporate access to meeting spaces and facilities; and naming rights to community sports teams as well as event sponsorships. These benefits and opportunities could be advertised in local media outlets as well as on the department website.

As an example, from Rocky Hill, Connecticut, sponsorship opportunities are priced differently and are offered in tiers. Ongoing community events like theater rely on patronage; print advertisements in brochures can be purchased a la carte or via subscription; and events provide organizations opportunities to hold booths. These are notably similar to other towns with similar population size and demographics to Albany.

The figures below are based on the above example and may serve as a template for Albany to draw inspiration from:

Figure 26: Patronage of recurring community events (theatre and sports leagues)

Patronage Level	Benefits	Yearly Costs
Patron	Name on all printed materials; full page back cover of program; name on board in lobby	\$1000+
Sponsor	Full page ad in program; name on board in lobby	\$500-\$999
Donor	Full page advertisement	\$250-499
Contributor	Half page advertisement	\$100-249
Supporter	Name in program	<\$100

Operating Group A

Figure 27: Prices to hold booths at concerts, parades, and community events

Organization Type	Cost of Booth at Single Event
For-profit organization	\$75
Nonprofit organization	\$25

Operating Group A

Figure 28: Cost of annual advertising in print brochures of Parks and Recreation Department

Size of Advertisement	Regular Price	With 15% Prepay Discount
2-Jan	\$1,100	\$935
4-Jan	\$720	\$612
8-Jan	\$380	\$323

Operating Group A

The Potential

There are an endless combination of sponsorships and advertising subscriptions that could amount to a fair portion of revenue for APD, whether that be 25 patron sponsors for community events or 300+ booths at a parade. A less speculative way to estimate the potential revenue this could bring in would be to take a few sample communities with similar sponsorship programs to the one described above and consider how much revenue this affords their parks department per capita.

Based on a comparison with other similar cities that have sought out corporate sponsors for Parks and Recreation departments (Reynoldsburg, Ohio; Howard County, Maryland; Liberty, Missouri), a proactive approach to corporate sponsors can earn a department about \$0.50, per capita.

The amount that Albany could raise was reached by taking an average of five similar parks and recreation department (including those listed above) to arrive at a per capita rate, assuming that in a similar city, there would also be a similar number of corporations with the interest in sponsorships relative to overall population size. We then multiplied this amount by Albany's population. In the City of Albany, that amounts to \$25,000.

One consideration when weighing the benefits of pursuing sponsorships is the labor required to identify, cultivate, and solicit sponsorships. While this may or may not necessitate the addition of a new position, it will at the very least be a new responsibility for an existing position that will demand a fair portion of time and attention. If the result of this ultimately leads to the need of a new full- or part-time position, then that could detract from the potential yield of this pursuit. The same person would also be able to pursue individual sponsorships, however, so the trade-off may still be worthwhile.

Pursuing Individual Sponsors

Liberty, Missouri; Rocky Hill, Connecticut; and Chesapeake, Virginia are among the many cities who pursue sponsorships not only from corporations but also from individual sponsors. While individuals are less likely to see this as an advantage in the way businesses would, some would be willing to see it as a financial contribution to the community in exchange for some recognition.

Some sponsors can still be given certain benefits, such as VIP access to events and other naming rights.

Recommendations

An individual sponsorship could be treated as a large donation in exchange for naming rights, plaques, recognition on public amenities including benches and fountains, or sidewalk engravings.

The Potential

Because of the limited number of individuals with the income and capacity to give, we recommend pursuing ten donations of \$1,000, 20 donations of \$500, and three donations of \$5,000. This is based on results found in cities with strong individual sponsorship programs. (Liberty, Missouri; Rocky Hill, Connecticut; and Chesapeake, Virginia) These numbers were arrived at through

a similar process as corporate sponsorships. We took the average of five similar departments across the country again to draw a per-capita rate of \$0.70. We then multiplied by Albany's population under the working assumption that a similar rate of willing individual donors would be present.

This results in a total of \$35,000.

Much like the pursuit of corporate sponsorships, individual sponsorships will also require some time and effort to seek and solicit, as well as to follow up with. The next paragraph will include a suggestion that may help alleviate these demands.

Reducing Costs through Nonprofit Partnerships

As some of the costs needed for Albany's operating revenue include more personnel to maintain the facilities, we recommend exploring nonprofit partnerships to reduce the needed amount. While it is unlikely for the entire \$275,000 needed for new positions to be fulfilled by nonprofit partnerships, it is possible that around \$50,000 might be able to be saved by partnering with nonprofits to help maintain parks and promote events.

If some responsibilities for park maintenance or activities administration are shifted to a nonprofit, some of the new positions could be transformed into part-time roles. While nonprofit volunteers do involve costs, nonprofits may already have the expertise and the networks to quickly recruit and train volunteers with appropriate park maintenance tasks including forestry care and facilities cleaning or repair.

In addition, volunteers and nonprofit partners may be a helpful source of support for sponsorship and donor cultivation. While this would still require some oversight by a recreation manager or other management position, it will still help reduce the costs and efforts of new donor development.

The City of Albany can also try to create incentives for community groups to use public parks with greater frequency to ensure that a substantial amount is raised from user fees and strengthening the user relationship between citizens and the parks department.

These community groups can include major employers, church groups, rotary or volunteer organizations, and sports leagues. Special rates or discounts can be offered to incentivize use.

Recommendations

The following are volunteer duties that may be considered:

- Events/Activities Administration
- Park Upkeep and Waste Services
- Publicity
- Hosting Park Fundraisers/Donor Recruitment
- Tree Preservation Activities

United Way of Linn County and Rotary organizations may be good starting points to connect with a broader volunteer base, as well as local schools.

The Potential

Because a partnership with a nonprofit may alleviate a maintenance worker of some responsibilities that could be more easily delegated, that role could be transformed into a part-time position.

The amount that could be saved from the need for extra personnel could come to \$20,000.

Evaluation of Public/Private Partnerships

Equity - Low/Moderate

The equity issue involving corporate/private sponsorships and nonprofit involvement can be seen as rather low, since only those with a large amount of financial margin will be able to provide this revenue. At the same time, this cost is almost entirely voluntary, but provides those with more financial resources to contribute to publicly accessible goods.

Neutrality - High

The neutrality of sponsor and nonprofit partnerships is relatively high since this does not significantly impact the activity of park services users. The only slight impacts may be had through citizen involvement via the nonprofit organizations.

Efficiency - Low

Because acquiring donors, sponsors, and volunteers will require substantial involvement out of parks personnel. Finding and establishing partnerships is labor intensive and these relationships often take time to cultivate before they can fulfill their full potential. One upside is that these decisions do not require voter approval due to their voluntary nature and are often palatable in a fiscally conservative area.

Productivity - Moderate

Because most of these donation options are straightforward and invite users to see their participation as advertising or charitable action, a fair amount can be yielded at a relatively low cost.

Public Levy

Right now, APD does not have enough operating revenue to keep up with its duties while maintaining the relevant infrastructure. Although a tax levy would solve this problem in the short term, due to their impermanent nature, we do not recommend using one to fund day-to-day operations.

APD is currently \$3.5 million behind in deferred maintenance, and falls about \$665,000 further behind every year. The neglected projects range from sidewalk repair to pipe replacement. We have not found a way for APD to increase operating revenue by enough to fill in this hole without the use of a tax levy.

We recommend using a levy to catch up on unfunded infrastructure maintenance. A five-year levy for \$6.8 million (in 2016 dollars) would let the department catch up on deferred maintenance over the life of the levy, with the goal of increasing user fees, private/public partnerships, and other sources of operating revenue enough to continue operating in the green after the levy expires. We do not recommend that APD rely on a levy to maintain infrastructure and grounds beyond funding projected deferred maintenance.

Most levies last five years and are used for operations, but municipalities can also seek citizen approval for ten-year levy measures for capital projects. A project that includes “the purchase of furnishings, equipment or other tangible property with an expected useful life of more than one year” can qualify as a capital project (Oregon Department of Revenue, 2012). We believe that maintenance on APD sidewalks, pathways, and other systems may qualify for a ten year levy.

Without a levy, we do not think the APD can increase operating revenue enough to repair backlogged projects. As the APD continues to grow in land and personnel, it will become harder to find revenue to dedicate to deferred maintenance. If APD proposes this levy, they could mention that without it, they will need to end certain park department services.

Summary of Revenue Acquisition

- Five-year levy for maintenance
 - The city passes a five-year levy measure for \$6,825,000 (2016 dollars). Calculation:

- (\$3.5 million in current deferred maintenance) + (\$665,000 yearly backlog) (5 years) = \$6,825,000
- Five-year levy for maintenance and general operation
 - The city passes a five-year levy measure for \$9,075,000 (2016 dollars). Calculation:
 - (\$3.5 million in current deferred maintenance) + (\$665,000 yearly backlog) (5 years) + (\$450,000) (5 years) = \$9,075,000
- Ten-year levy for maintenance
 - The city passes a ten-year levy measure for \$10,150,000 (2016 dollars). Calculation:
 - (\$3.5 million in current deferred maintenance) + (\$665,000 yearly backlog) (ten years) = \$10,150,000

Recommendation

- Five-year levy for maintenance
 - (5 years) (tax rate) (\$3,850,553,389)²⁷ = \$6,825,000²⁸
 - Tax rate = \$0.3545 per \$1,000 APV; \$35.45 per \$100,000. APV²⁹
- Five-year levy for maintenance and general operation
 - (5 years) (tax rate) (\$3,850,553,389) = \$9,075,000
 - Tax rate = \$0.47136 per \$1,000; \$47.14 per \$100,000 APV
- Ten-year levy for maintenance
 - (ten years) (tax rate) (\$3,850,553,389) = \$10,150,000
 - Tax rate = \$0.2636 per \$1,000 APV; \$26.36 per \$100,000 APV

Potential Yield of Revenue Sources

Figure 29: Local option levy potential yields

Levy Option	Number of Years	Rate per \$1,000 APV	per \$100,000 APV	Amount
5-year Maintenance	5	\$0.35	\$35.45	\$6,825,000
5-year Maintenance and Operations	5	\$0.47	\$47.14	\$9,075,000
10-year Maintenance	10	\$0.26	\$26.36	\$10,150,000

Operating Group A

Evaluation of Funding Strategy

Equity - High

Property taxes have good vertical equity, meaning the tax burden falls more heavily on those with higher income.

Neutrality - Very High

An increase of even \$100 per year probably will not affect someone’s decision to live in the city or not.

Efficiency - High

Albany already has the administrative infrastructure for property taxes, and these taxes are hard to evade.

Productivity - Very High

Property taxes produce reliable revenue streams equal to the rate the government determines.

The downside to this strategy is that levies may or may not pass. Ideally the city could partner with other organizations to help promote awareness regarding how critical the passage of this levy would be. Without a large influx of funds for maintenance, the parks department will likely have to curtail services.

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Operating Group B

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Executive Summary

This memo presents potential funding strategies to generate an additional \$450,000 in annual operating revenues for the Albany Parks and Recreation Department for ten years.³⁰ Strategies are evaluated by (1) their potential yield; and (2) their quantitative ranking in a decision matrix of each of the four evaluation criteria: Equity, neutrality, administration, productivity.

Options include a mix of taxes, marketing opportunities, and service fees. We suggest ways to generate new revenue while recognizing the wide variety of services that Albany Parks and Recreation provides to its residents. Many services are currently free or low cost. These options balance the department's ability to provide valuable services at reasonable cost with Albany's political concerns about the viability of passing new taxes or increasing tax income. We also recognize that creating new sources of revenue can be time consuming and have high start-up costs.

Ultimately, Albany's Parks and Recreation Department will be forced to make difficult choices about what free or low cost services it can continue to offer and which tax options it may pursue. This memo presents a diverse mix of strategies with a variety of durable, stable, and politically feasible options. These strategies draw upon research from around the country and case studies of from other Parks and Recreation Departments/Districts in Grants Pass, Corvallis, Woodburn, and Bend.

Memo Structure

This memo includes following components:

- An overview of each of the four funding package options³¹
- Descriptions and evaluation criteria rankings for each revenue stream
- Evaluation criteria rankings for each funding package option
- Comparison of funding packages with recommendations
- Appendices with supplemental information

Funding Options

Option 1: Increase Existing Revenue Sources, Cut Administration Costs

This funding strategy includes a mixture of increased tax revenue, increased service fees, a new NWAAF festival entrance fee, and new marketing revenue.

Revenue includes:

- Transient Lodging tax at a transfer rate of 2.9%
- One-third of city's Marijuana Tax revenue
- 15% increase in sports programming fees
- 10% increase in pre-kindergarten class fees
- \$5.00 charge for all festival-goers 16 years and older
- Rent land for cellular towers
- Leasing fees for food cart vendors for specific city parks
- Additional sponsorships for the NWAAF and River Rhythms Festivals (\$35,000)



Figure 30: Option 1: Taxes, fees, and marketing

Taxes	
Transient Tax - transfer rate at 2.9%	\$66,957.00
Marijuana Tax - 1/3 of marijuana revenues	\$26,000.00
Program Fees	
Increase all sports fees 15%	\$21,150.00
Increase pre-K class fees by 10%	\$8,800.00
Festival Fees	
NWAAF admission (\$5 adult admission, free seniors and children)	\$186,000.00
Marketing and Customer Service	
Food cart space rent (12 carts)	\$61,200.00
Cellular tower land rent (3 parks)	\$54,000.00
Sponsorships	
NWAAF	\$20,000.00
River Rhythms	\$15,000.00
Total	\$459,107.00

Operating Group B

Option 2: Service Fee Increases and Tax Increases

Option 2 includes an increase in service fees for sports programs and festivals, in addition to increased revenue from marijuana and property taxes. In comparison to Option 1, increased service fees and tax revenues provide reliable income sources in place of expecting the Parks and Recreation Department to maintain sponsorships at historic levels even with increased marketing efforts.

Revenues include:

- Transient Lodging tax at a transfer rate of 2.9%
- Property tax at a transfer rate of 21%
- 15% increase in sports programming fees
- 10% increase in pre-kindergarten class fees

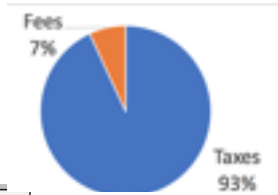


Figure 31: Option 2: Fees and taxes

Taxes	
Transient Tax - transfer rate at 3.35%	\$123,343.59
Property Tax - transfer rate at 21%	\$221,268.00
Marijuana Tax - All Revenue (estimated)	\$78,000.00
Program Fees	
Increase all sports fees 15%	\$21,150.00
Increase pre-K class fees by 10%	\$8,800.00
Total	\$452,561.00

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Option 3: Taxes, Service Fees, and Marketing

Option 3 is a combination of strategies used in Option 1 and Option 2, designed to diversify revenue streams and offer stable revenue choices. This option focuses on keeping the NWAAF festival free, avoids the politics of the marijuana tax, and increases the property and transient tax transfer rates. The transient tax rate in this option is almost double its current rate. Transient rates are increased to this extent to reflect the fact that parks and recreation services directly contribute to city tourism. This option also emphasizes new marketing solutions, to develop new revenue streams.

- Transient Lodging tax at a transfer rate of 3.8%
- Property tax at a transfer rate of 20.5%
- 15% increase in sports programming fees
- 10% increase in pre-kindergarten class fees
- Leasing fees for food cart vendors for specific city parks
- Additional sponsorships for the NWAAF and River Rhythms Festivals (\$35,000)

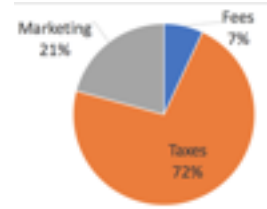


Figure 32: Option 3: Service fees, marketing, and taxes

Taxes	
Transient Tax at 3.8%	\$162,989.74
Property Tax - transfer rate at 20.5%	\$110,632.50
Program Fees	
Increase all sports fees 15%	\$21,150.00
Increase pre-K class fees by 10%	\$8,800.00
Marketing and Customer Service	
Food cart space rent (12 carts)	\$61,200.00
Cellular tower land rent (3 parks)	\$54,000.00
Sponsorships	
NWAAF	\$20,000.00
River Rhythms	\$15,000.00
Total	\$453,772.00

Operating Group B

Option 4: Local Option Levy

Option 4 is a Local Option Levy for the Parks and Recreation Department, which would be proposed as a local ballot measure. This requires voter approval before implementation. Negative perception of increased taxes means the levy may be politically infeasible. However, Albany passed a Police and Fire Levy in 2012 with a rate of



around nine times our proposed levy rate (1.15 per \$1,000 of assessed value).³² Despite political challenges, if passed, this levy would provide a reliable source of revenue for five years. This would give the city time to develop revenue streams that have high start-up costs, such as sponsorships. Local Option Levy at rate of \$0.13 per \$1,000 of assessed value.

Figure 33: Option 4: Public option levy

Local Option Levy	
Annual Levy Revenue	\$461,807
Total	\$461,807

Operating Group B

Evaluative Criteria

We evaluated the four options and their various strategies using the following four evaluation criteria:³³

- Equity refers to the fairness in distribution of both the tax burden and the benefits from public services.
- Neutrality refers to the interference of tax policies in the private marketplace.
- Efficiency refers to optimal allocation of resources to minimize waste.
- Productivity refers to revenue yielded and duration of revenue sources.

Each individual strategy was given a score from one (Poor) to four (Very Good) for the four evaluation criteria of equity, neutrality, efficiency, and productivity. Justifications for the scores assigned to individual strategies can be found in each strategy’s narrative. Individual strategies’ scores were combined to determine each option’s overall score. Scores were then compared to determine the best revenue generation option for operations revenue, according to the evaluation criteria.

Revenue Streams: Descriptions and Evaluations

The following are descriptions and evaluations of distinct revenue streams included in options above. These revenue streams include: Transient Room Tax; Property Tax; Marijuana Tax; Service Fees; Festival Fees; Cell Phone Towers; Food Cart Vendor Leases; and Sponsorships.

Following this section, we provide an analysis of the options and recommendations based compiling evaluative results from each option’s respective revenue streams.

Transient Room Tax (Option 1, 2, 3)

The Parks fund currently receives 1.95% of Albany’s transient room tax through intergovernmental transfer. Currently, it brings in a revenue of \$171,800. Increasing transient tax rate transfers is justified by the \$4 to \$5 million dollar economic impact from Albany’s festivals: these festivals have numerous out-of-town attendees, with an average of 1,687 individual visitors staying overnight annually (an averaged estimate between Benton and Linn Counties). Options 1, 2, and 3 propose increases to the current transfer rate. The rate of transfer differs for each, Option 1 including the smallest proposed increase, and Option 3 including the largest.

This tax rates as “Good” for equity and neutrality, and “Very Good” for efficiency and productivity. It will require some collaboration between government departments to ensure that the Special Services fund revenues, which also receive transient funds, remain at sufficient levels. This strategy requires no new collection processes or voter approval.

Figure 34: Evaluation of transient room tax

Equity	Neutrality	Efficiency	Productivity	Total
Good (3)	Good (3)	Very Good (4)	Very Good (4)	14

Operating Group B

Property Tax (Option 2, 3)

Currently, revenues generated by Albany’s property tax comprise 51.3% of the FY 2016-2017 Parks and Recreation budget, totaling \$4,425,300. The Parks and Recreation allotment of the property tax is equal to 20% of the total property tax revenues projected for the city. Option 2 and Option 3 propose increases to the rate of property taxes transferred into the APD, at 21% and 20.5%, respectively.

Diverting money from Albany’s General Fund is not painless, but is possible. The General Fund is used to support various city services. Personnel make up about 74.91% of the General Fund expenditures, and Materials and Services make up the second largest category, at 18.76%. The City of Albany could generate this revenue through moving some city positions to grant-funded positions, increasing use of volunteers, and raising service fees in other service sectors.

This ranks “Good” for equity and “Very Good” for Efficiency and Productivity. However, it ranks as “Fair” for neutrality as holistic effects of this increase are

uncertain in regards to Materials and Services revenue source solutions. For Parks and Recreation, increasing property tax revenue transfer rates provides Parks and Recreation with solid foundation to perform its services.

Figure 35: Evaluation of property tax

Equity	Neutrality	Efficiency	Productivity	Total
Good (3)	Fair (2)	Very Good (4)	Very Good (4)	13

Operating Group B

Marijuana Tax (Option 1, 2)

City leaders estimate that the newly passed 3% city Marijuana Tax will bring in \$78,000 - \$150,000 in revenue.³⁴ Options 1 and 2 propose different allotments of marijuana tax revenues to the Parks and Recreation Department, based on the most conservative revenue estimate. Options propose using 10% of tax funds and all tax funds, respectively. Colorado cities have put marijuana tax revenue towards their general fund and parks, supporting this strategy.³⁵

Marijuana tax is a sumptuary excise tax. While regressive, it is currently a discretionary recreational good; for now, it ranks “Good” on equitability and neutrality. However, it ranks “Fair” for productivity and efficiency, as revenue is uncertain and political decisions and budget structures must be established.

Figure 36: Evaluation of marijuana tax

Equity	Neutrality	Efficiency	Productivity	Total
Good (3)	Good (3)	Fair (2)	Fair (2)	10

Operating Group B

User Fees (Option 1,2,3)

A variety of fees generated from parks and recreation services as well as festival entrance fees are included in Options 1, 2, and 3.

User fees – program services

User fee increases are concentrated on raising sports and pre-kindergarten class fees. Pre-kindergarten class fees have been increased to align with Willamette YMCA pre-kindergarten costs. Increased sports fees reflect the fact that Corvallis, the nearest city, does not offer equivalent adult league options, offer other services at lower or comparable prices, and that sports fees have not been increase.

User fee increases have been calculated according to market prices of comparator city services and are mindful of regional market options. Fee structures and collection are already in place, so assuming participation does not drop significantly, efficiency and productivity are “Good.” Sports fees have also not been raised in the past two years. In order to reach “Very Good” equity, we recommend creating scholarships for those most adversely affected by price increases.

Figure 37: Evaluation of user fees for program services

Equity	Neutrality	Efficiency	Productivity	Total
Good (3)	Good (3)	Good (3)	Good (3)	12

Operating Group B

User fees—Festivals

Festival fee admission charges are based on market comparisons and analysis. The NWAAF festival is historically a free service provided by the City of Albany. However, it is also a large potential revenue source. City festivals around the state, such as Tigard’s Festival of Balloons and Eugene’s mushroom festival, charge admission fees or have “Suggested Donations” of five to ten dollars per person. Albany’s NWAAF festival has minimal to no surrounding competition. Additionally, it has a high draw for non-residents.

Rates are calculated as five dollars for each adult, with children under 15 free. Equity, efficiency, and productivity are “Good,” as this fee should be easy to collect. However, neutrality is “Fair” as it can be difficult to convert free services to paid services.

Figure 38: Evaluation of user fees for festivals

Equity	Neutrality	Efficiency	Productivity	Total
Good (3)	Fair (2)	Good (3)	Good (3)	11

Operating Group B

Sponsorships (Option 1, 3)

Albany Parks and Recreation has the potential to increase its sponsorship revenue. This revenue stream assumes regaining NWAAF sponsorships at a level of \$20,000 and adding \$15,000 to the Summer Sounds series, \$5,000 more in sponsorships for each concert.

This increase is based on revenues that other parks and recreation departments have been able to generate in Oregon. For instance, Bend has raised over \$100,000 in sponsorships and donations for its events and services using well-honed marketing strategies such as a public website where they advertise their sponsorships and let potential sponsors apply (City of Bend, FY2017-16).

Creating a strong marketing scheme, as well as a public sponsorship page, includes a lot of up-front work. However, it can generate significant non-tax revenue. Albany does not currently have a well-developed sponsorship site. In contrast, Bend does.³⁶ Albany’s events attract many people from out of town. These events would therefore be attractive to sponsors from throughout the state.³⁷

Sponsorships rank as “Good” in terms of equity and neutrality. They are “Poor” for efficiency as they require substantial marketing efforts. They are “Fair” for productivity, as they have the potential to generate revenues but may not be reliable in the short or long term depending on economic conditions.

Figure 39: Evaluation of sponsorships

Equity	Neutrality	Efficiency	Productivity	Total
Good (3)	Good (3)	Poor (1)	Fair (2)	9

Operating Group B

Food Carts (Option 1, 3)

Food carts are considered to be productive revenue generation strategies for local Parks and Recreation departments. (National League of Cities, Portland Planning Commission). Spaces for food vendors are permitted in public parks in several U.S. municipalities.³⁸ The City of Eugene will also be implementing food carts in 2017.

This analysis estimates fair market lease rate in Albany to be approximately \$425, based on average monthly rates across the US.³⁹ By providing 12 spaces in ten public parks (Appendix E), the maximum yield in revenue is estimated at \$61,200 per year.

Food cart spaces are considered “Good” for equity due to the benefits provided to small businesses and additional affordable food options for local residents. Residents largely perceive food carts as positive contributions to public safety.¹² However, it is important to consider concerns regarding competition for space as well as the negative externalities and associated park maintenance costs from over-utilization.¹³

Food carts rank “Good” for neutrality. They are considered popular in cities that have implemented them. However, food cart policy may encounter political issues such as concerns over using public space for private businesses or lobbying efforts by brick-and-mortar businesses. Food carts rank “Fair” for efficiency. Food carts operate on monthly leases and often experience season cycles in colder climates such as Oregon. They will also require drafting regulatory and zoning policies. However, they have high revenue potential; a ten-square-foot space yields up to \$51 per square foot.

Figure 40: Evaluation of food carts

Equity	Neutrality	Efficiency	Productivity	Total
Good (3)	Good (3)	Fair (2)	Fair (2)	10

Operating Group B

Cellular Towers (Options 1, 3)

Cellular towers have the potential to generate between \$12,000 and \$25,000 in annual revenue at current market rate. These rates increase by 3% each year (Steel in the Air, 2015). A rate of \$18,000 was estimated for Albany given the city’s low population density but also its rapid growth and expansion expected in the coming years.

Revenue generation is derived from market reports generated for investors by three leading national industry consultants: American Tower, Steel in The Air Corporation, and Gunnerson Consulting. These sources were used because cellular lease tower rates are not public information. Appendix D outlines these in more detail.

Technology and the need for subsequently denser networks of cellular towers is progressing. Analysts predict cell tower revenue-generating potential will increase as property lease rates increase due to rising demand and low price elasticity for property leases.⁴⁰

Cellular towers rank as “Good” for equity because they benefit a majority of the 92% of adults who own cellular phones⁴¹ both within and outside of Albany. However, residents living closest express dissatisfaction due to perceived impacts on property values and health.⁴² Cell towers rank “Fair” for neutrality due to their potential impact on real estate values. They receive a “Good” for efficiency as once contracts with cellular companies are set, they typically last for years with 5-year extensions. They rank “Very Good” for productivity as they require little city maintenance for long term, high income yield. The revenue generating potential is substantial, there are few externalities,⁴³ and towers will benefit all residents who use Albany’s Parks and Recreation services.

Figure 41: Evaluation of cell towers

Equity	Neutrality	Efficiency	Productivity	Total
Good (3)	Fair (2)	Very Good (4)	Very Good (4)	13

Operating Group B

Local Option Levy (Option 4)

The levy would apply to the total property taxable value of Albany that is assessed in both Linn (\$2,843,619,873) and Benton (\$708,740,905) Counties for a total taxable value of \$3,552,360,778.⁴⁴ A rate of \$0.13 per \$1,000 of assessed value would yield an estimated \$461,807 per year for the Albany Parks and Recreation Department. This recommended levy rate does not account for compression. If the levy is passed, the mean average tax payer in Albany would pay roughly \$8.69 a year. Additionally, this option produces an extra \$11,807 beyond our \$450,000 revenue generation goal that could be applied to deferred maintenance backlog costs or other operation priorities within the Parks and Recreation Department.

The Local Option Levy receives a “Good” rating for equity. The levy is a progressive tax and does not specifically target any singular group or create unique financial challenges for any underrepresented populations. However, the levy still imposes a small cost on city residents despite the long-term benefits they receive from parks department services. Neutrality for the levy is “Very Good” since the average cost to each taxpayer will be roughly \$8.69 per year and it is not expected to heavily alter taxpayers’ decision-making. The levy is efficient, due to the ease of which levy taxes can be collected along with other property taxes. Productivity is rated as “Very Good,” assuming it passes. For five years, it will be a reliable source of revenue with little extra costs incurred to collect. However, it requires voter approval to be passed at all, and then must be reassessed. Therefore, depending on political viability, this option may have poor productivity since it may not yield any revenue.

Figure 42: Evaluation of property tax

Equity	Neutrality	Efficiency	Productivity	Total
Good (3)	Very Good (4)	Good (3)	Very Good (4) /Poor (1)	14/11

Operating Group B

Option Comparison

The figure below shows the evaluation criteria scores of each option. The scores are derived from taking the averages of each revenue stream component.

As this is an average meant for quantitative comparison, scores are shown only in numerical values. These scores form the quantitative basis of our final recommendations. See attached excel document for calculations.

Option 4 and Option 3 score the highest across the board. Due to the risk that Option 4 will not be passed by taxpayers, it was given two scores. Both Option 1 and 2 are limited by their low scores in administration, since many of their strategies require planning, contracts, and other coordination. This raises concerns over administration, and short and long term implications for implementation and revenue collection.

Figure 43: Evaluation criteria scores of each option

Option	Equity	Neutrality	Efficiency	Productivity	Total
Option 1	3	2.71	2.43	2.86	11.29
Option 2	3	2.75	2.75	3	11.25
Option 3	3	2.83	2.33	2.83	13.6
Option 4	3	4	3	1 or 4	11 or 14

Operating Group B

Recommended Operations Strategy

Based on the evaluative criteria, and political feasibility, we recommend that the City of Albany focuses on Option 3. This option (1) provides a diverse revenue base; (2) keeps the NWAAF festival free; (3) avoids the politics of the marijuana tax; (4) focuses on raising the transient lodging tax transfer rate; and (5) develops new revenue streams. The inclusion of the transient room tax and property tax transfer rate increase recognizes and rewards the role that APD plays in bringing tourists, and their corresponding revenue stream, to Albany. The emphasis placed on marketing solutions, such as the cell tower and food cart rentals, develops new and diverse revenue streams for the department that are tax-free.

The options provided in this report are arrangements of various strategies into packages that produce at least \$450,000 in revenue. While these options provide adequate totals, it is worth noting that the individual strategies in each option are modular and can be used in combination with others.

The primary strategies we present in our analysis are rooted within the context of full information, time factors, and feasibility. Feasibility is considered in terms of citizen approval as well as political acceptability. Our revenue streams and options provide evidence-based rationale and our recommendation is

supported with quantitative evaluation. While we found these strategies to fit the criteria of Albany's needs the closest, we provide supplemental recommendations in Appendix A.

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Appendix A: Other Strategies

Parks and Recreation Special District

This funding strategy would allow the Parks and Recreation Department to receive increased revenues from property taxes. This would likely take several years to create, and would increase taxes paid by voters within the district. The Bend Park and Recreation District and Willamalane Parks and Recreation Special District (Springfield, Oregon) are special districts of interest when determining the tax rate to be set in Albany. Bend's special district rate is currently set at \$1.1461 per \$1,000 of assessed value⁴⁵, in comparison to Willamalane rate of \$2.0074 per \$1,000 of assessed value⁴⁶. The average of Bend and Springfield's special district rates comes out to be \$1.57675 per \$1,000 of assessed value. Creation of a parks and recreation special district in Albany with a taxation rate of \$1.57675 per \$1,000 of assessed value would yield an estimated \$5,601,185 in property tax revenues for the APD. However, this is not accounting for compression, and further assessment would be needed to determine the risk, feasibility, and total value of creating a special district for the APD.

City Tax Increases

The City of Albany can benefit significantly by exploring the feasibility of proposing a public option levy on the local property tax. According to state

statute Measure 50 (Oregon Limits on Property Tax Rates Amendment), maximum tax rates on assessed taxable value is \$1.50 per \$1,000 of assessed value.⁴⁷ While the proposed city tax increase in Option 3 constitutes \$0.13 per \$1,000 of assessed value, this maneuver may still prove challenging in providing a definite source of revenue to the Parks department. There are too many assumptions that must be applied when estimating the political context and local feasibility of successfully levying the property tax. Since a public option levy poses such a potential economic value, it would benefit the APD to assess the political context and necessary outreach strategies that are most compatible with Albany. This assessment would be needed to determine the risk, feasibility, and total value of any local tax increases proposed in the future.

Nonprofit

The Albany Parks and Recreation Foundation was incorporated on April 25, 2016. (guidestar.com, 2016) It is currently unclear how the board will operate and whether its existence will affect how community donations are received. A period of time is also required for the Foundation to transition into the community as a new extension of the Parks and Recreation Department before its potential performance can be measured. However, there is potential for the two entities to establish a framework for collaboration in order to maximize resources, expand marketing strategies, and obtain competitive grant funding.

Appendix B: Cellular Towers

Soliciting Contracts

National cellular companies have online applications through their real estate departments for property owners to submit a cellular tower site. For example, the application for T-Mobile can be found at T-Mobile Real Estate, http://t-mobilerealestate.com/submitsite_one.php

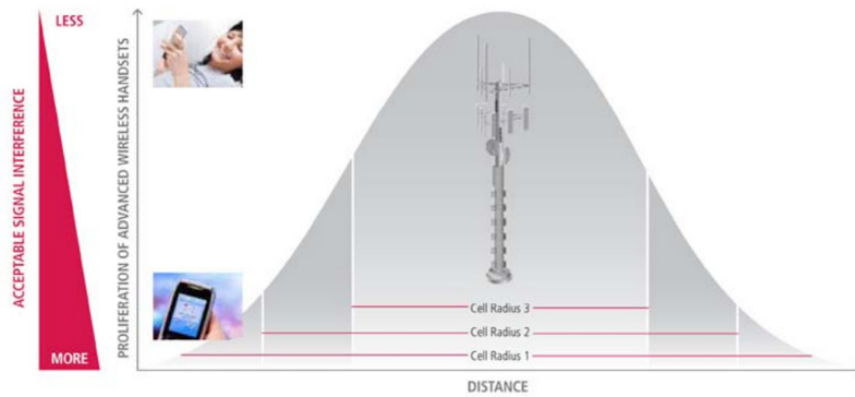
Growing Need for Towers

Advancements in wireless technology are inversely correlated to distances between towers.

Revenue-generating Potential

Rates for cellular tower leases depend on several factors, including population density, average number of call generated per day, zoning, surrounding building heights, and evaluations completed by radiofrequency engineers (Steel in the Air; Verizon Wireless).

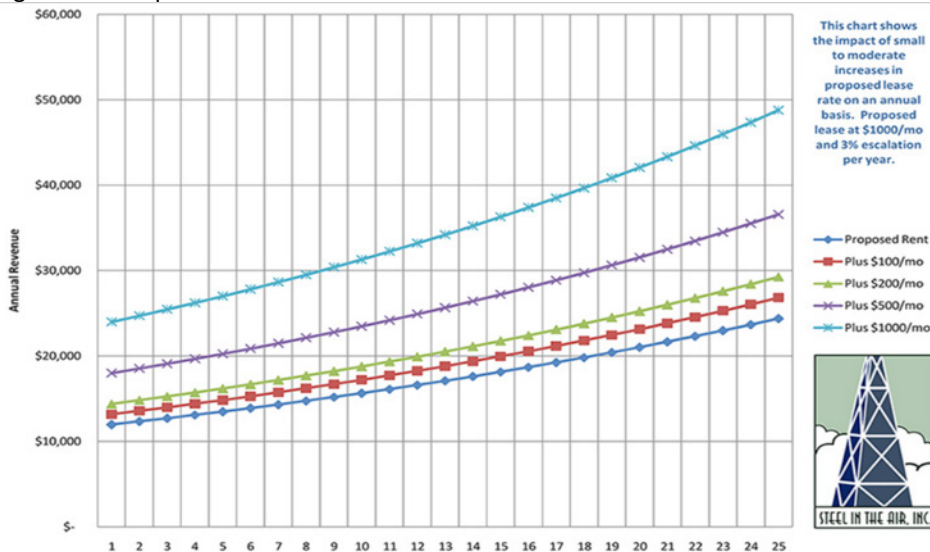
Figure 44: Denser networks needed
Signal Strength Curve



As devices become more advanced, the increasing demand for high-bandwidth applications and higher quality of service result in a narrower range at which signals can be transmitted. As a result, carriers are investing in denser networks.

American Tower

Figure 45: Sample lease rates

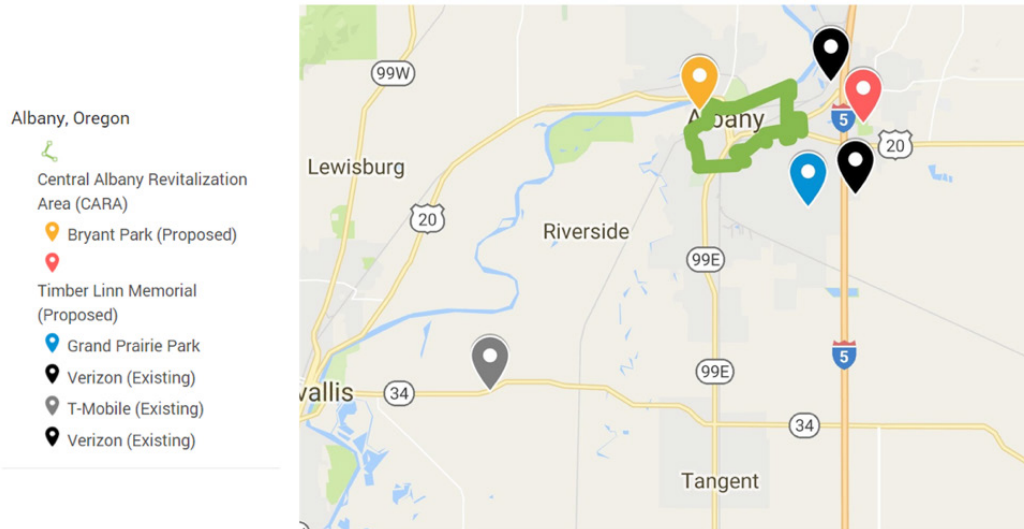


Steel in the Air

Recommended Locations

We chose specific parks for cellular tower locations based on size in acreage and existing towers registered with the Federal Communications Commission: Bryant Park at 72 acres, Grand Prairie at ten acres, and Timber Linn Memorial at 100 acres. In addition to having sufficient acreage to easily facilitate a cellular tower, all are outside of the Central Albany Revitalization Area.

Figure 46: Recommended locations for cell towers



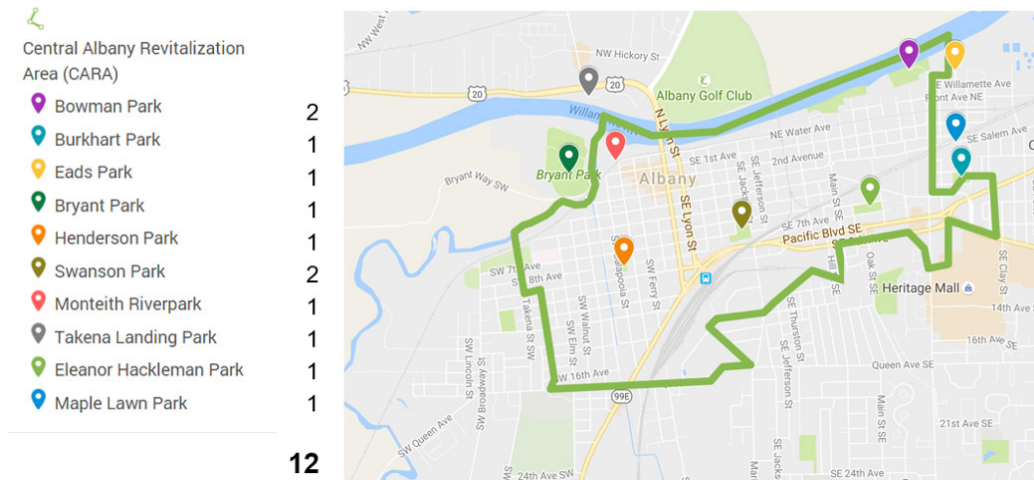
Operating Group B using Google My Maps, 2016; FCC Antenna Structure Registration. wireless2.fcc.gov/UlsApp/AsrSearch/asrResults.jsp?searchType=TRA&fiViewType=BV¤tPage=1&reqPage=N http://

Appendix C: Food Carts

Food Cart Locations

Food cart park locations are chosen primarily on proximity to the Central Albany Revitalization Area. Quantity of food carts in each park is based on both size and proximity to the river or a residential neighborhood.

Figure 47: Possible food cart locations



Operating Group B Google MyMaps, 2016;

Appendix D: Option Comparisons

Figure 48: Comparison of revenue generation options.

Revenue Generation Strategy	Option 1	Option 2	Option 3	Option 4
Public option levy				0.13 x \$1000 \$461,807
Marijuana Tax	33% \$26,000	100% \$78,000		
Transient Lodging Tax	2.9% \$66,957	3.35% \$123,343	3.8% \$162,989	
Property Tax	2.9% \$66,958	1% increase \$221,268	0.5% increase \$110,632	
Sports Fee	15% increase \$21,150	15% increase \$21,150	15% increase \$21,150	
Child Care Class Fees	\$10 / person \$8,800	\$10 / person \$8,800	\$10 / person \$8,800	
NWAAF Fees	\$5 (over 15 yrs.) \$186,000			
NWAAF Sponsorship	\$15,000		\$15,000	
July 4th Sponsorship	\$20,000		\$20,000	
Cellular Towers	3 towers \$54,000		3 towers \$54,000	
Food Carts	12 carts \$61,200		12 carts \$61,200	
Total	\$459,107.00	\$452,561.00	\$453,771.00	\$461,807.00

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Operating Group C

Kea Cannon, Brooke Freed, and Andrew Martin

Introduction

Over the next decade, the City of Albany Parks and Recreation Department will need an estimated \$450,000 in new operating revenues in order to support capital improvements related to growth. This memo is intended to assist the city in considering practical operating financing approaches including determining revenue sources for operations needs, evaluating financial yield, and assessing whether revenue sources are equitable, neutral, efficient, and productive.

In the following sections we will present case study summaries for three comparator parks and recreation departments and districts in Oregon, three potential funding strategies for the City of Albany, and offer our final recommendations based on our evaluation criteria as described above.

Case Studies: Oregon City, Medford, and Tualatin Hills

The City of Albany expressed interest in learning how other Oregon jurisdictions operate their parks and recreation units. Below we provide summaries of three relevant jurisdictions. The full case studies are included in the attached appendices.

Oregon City

Among the cities of interest is Oregon City. As a suburb city to the Portland Metro area, Oregon City hosts 34,895 residents with a median income of \$57,448 and is among Oregon's fastest growing cities with annual growth of 2.1% over the past four years.⁴⁸ Despite being only 9.2 square miles, its Parks and Recreation division maintains 28 recreational facilities, 21 parks, a historic cemetery, six indoor facilities; 47 total properties over 258 acres of which 120 are mowed.^{49 50}

The city organizes its parks and recreation services into subdivisions within its Community Services Department. Despite being organized differently from Albany, Oregon City has similar revenue sources for Community Services operations. Community Services is funded primarily through property taxes from the General Revenue Fund and for the current biennium is set to receive \$7.8 million. For capital projects, Oregon City has designated its right-of-way funds to new development, including \$200,000 for Parks and Recreation development during its 2015-2017 biennium.⁵¹

Aside from revenue, Oregon City has recently conducted a needs assessment as part of its Parks and Recreation Master Plan, a five-year vision implementation plan for the city. This assessment included a citizen survey that illuminated citizens' willingness to pay new fees, higher rates, and/or new local option levies or bonds to fund parks and recreation needs. From this assessment Oregon City is presently considering a variety of funding options, including a park utility fee.

Oregon City is similar to Albany in its needs, but its current funding model does not provide new operational revenue sources (at present) for Albany to emulate. However, conducting a needs assessment of its Park and Recreation Department, including an updated citizen survey to understand its citizens' willingness to support operations for the department, could be useful for Albany. Its last needs assessment was conducted in 2004 according to Albany's Parks and Recreation Master Plan.⁵² Additionally, like Oregon City, Albany could consider alternative and new funding sources including increasing existing fees, new local options, and a park utility fee.

Medford

Medford, Oregon, is the largest city in Southern Oregon, with a population of 80,024 and a median household income of \$44,918.⁵³ Medford's Parks and Recreation Department is the region's largest provider for youth and adult sports programs.⁵⁴ It also offers free arts and culture programs, organizes special city events, maintains over 2,500 acres of parks, paths, trails, and right-of-way, manages the city's tree program, and maintains the city's facilities.⁵⁵ The Medford Parks and Recreation Department has a \$22.6 million budget in

the 2015-17 biennium.⁵⁶ Medford Parks and Recreation has several operational financing models that may be useful for Albany.

One funding source of particular interest is Medford's Parks Utility Fund. In 2005, Medford City Council approved Ordinance 2005-120, which established a per unit monthly fee for unfunded parks operations and maintenance costs due to additional beautification areas and rights-of-way in Medford.⁵⁷ Each occupied residence or business pays \$0.31 per month, collected via the Medford Water bill.⁵⁸ As a result of this fee, the Parks Utility Fund was budgeted approximately \$405,000 in the 2015-17 biennium. In 2007, the city began assessing a \$2.56 monthly fee for the development of the Medford Sports and Community Park.⁵⁹ This amounted to approximately \$2.2 million in the 2015-17 budget. A similar park utility fee could provide Albany's Park and Recreation Department dedicated resources specifically for operations and maintenance, at a modest rate per household.

Additionally, Medford's Park Dedication Fund and Parking Fund provide robust resources for the department. The Park Dedication Fund sources are primarily lodging taxes, franchise fees, and system development charges, with additional revenue from charges for services.⁶⁰ Of note, Medford's Transient Lodging Tax (TLT) and the Rental Car Tax were increased in recent years for the purpose of paying bonds for the parks and recreation sports park.⁶¹ The source of the Parking Fund is primarily rental income and fines and forfeitures from the Downtown Parking District. The support that the department receives from increased TLT, Rental Car taxes, and the Downtown Parking District indicates political will to support parks and recreation through tourism. While taxes were increased, the burden falls primarily on tourists rather than residents, thus similar strategies may be politically feasible in Albany.

Finally, Medford Parks and Recreation Department utilizes several non-tax revenue sources including event sponsorships, advertising and signage, and fees for rental facilities, with added opportunities due to its regional position in sports recreation. A notable source of revenue was \$650,000 for six-year naming rights to Medford's sports complex (in 2005).⁶² Medford's citywide revenue summary shows that the city earned approximately \$83,000 in park service fees, \$225,000 in parks promotion fees, \$100,000 in park reservations, \$129,000 from the sports parks, and \$40,000 from concerts. The city received approximately \$890,000 in swimming and other athletic program fees and \$505,000 from enrichment classes.

Tualatin Hills

Tualatin Hills Park and Recreation District (THPRD) serves the population of the greater Beaverton, Oregon, area. The district covers about 240,000 residents

with over 2,500 acres of parks. While THPRD serves a larger area than the Albany Park and Recreation Department, their financial policies can serve as a resource to consider new revenue sources in Albany.

THPRD collects more in tax revenue per capita, and also has a more aggressive user fee recovery than Albany. THPRD tax revenues are nearly 50% greater compared to Albany. More salient are the clear recovery expectations set forth in their financial policies. THPRD uses a tiered structure to evaluate recovery from user fees based on the types of benefits provided to the community, and seeks a range of 0% to 200% recovery for their programs. Their user fees are considerably higher than Albany.

This financial policy is coupled with the goal of 100% recovery, overall, of costs for programs. The objective is to subsidize programs with community value by also providing services that are at a market-rate and provide mostly individual benefit. User fees in THPRD account for 21% of the General Fund budget compared to approximately 13% in Albany. While THPRD does not actually collect 100% of the costs of their programs, partially for equity and because greatly increasing fees would likely result in lower attendance of programming, they do receive considerably more of their budget from user fees.

Higher fees in THPRD are likely the result of a higher level of expected service. Albany need not match the increased tax revenues and user fees, but it is instructive that greater revenues from these sources are not unrealistic. Albany's income from sponsorships allows their rates to be lower; however, if more revenue is desired, raising user fees will provide reliable income, while still remaining lower than other local jurisdictions.

Potential Funding Strategies for Albany

Jurisdictions across Oregon are seeking new and innovative ways to fund park and recreation departments and general operations. We offer three potential funding strategies appropriate for the City of Albany considering its geography, population, economy, and political climate.

Strategy One: Park Utility Fee

This funding option mirrors two jurisdictions, among others, in Oregon that have passed ordinances or local legislation for a new Park Utility Fee. Additionally, other cities across Oregon, such as Oregon City, are considering a similar fee. Both Tigard and Medford have such fees and apply these in different ways. This variation between the two cities leaves room for Albany to apply this strategy in a way that best fits its needs.

In February 2016, the Tigard City Council voted and approved a Park Utility Fee of \$3.75 per month for residential customers above the poverty line, and \$7.00 per month for businesses, generating an estimated \$1 million annually.⁶³⁶⁴ This action removed Parks and Rec funding from Tigard’s General Fund, moving it into its own fund. This in turn freed up millions of dollars in the General Fund to be applied to other city services needs.⁶⁵

As noted in the case summary above, Medford’s Park Utility Fee was applied to business and residential water bills to support parks operations and maintenance costs and development of a sports park. As of 2016, Medford charges residents and businesses \$2.87 per month, which generated approximately \$2.6 million in the 2015-2017 biennium.

Albany could consider implementing a Park Utility Fee for its department’s operational needs. Based on the two examples and Albany’s equity considerations, several Park Utility Fee funding models are provided in Figure 49 below. This funding strategy provides more than one possible funding structure, while still addressing Albany’s \$450,000 need. For full details of possible funding structures, calculations and justification, see Appendix A.

Figure 49: Park utility fee options

Possible Funding Options for Strategy One: Park Utility Fee				
Funding Structure Option	Description of Option	Total Revenue Projection	95% Capture Total	80% Capture Total
A1	Tigard Households, Poverty Line High, Businesses	\$ 1,006,288.80	\$ 955,974.36	\$ 805,031.04
A2	Medford Households, Poverty Line High, Businesses	\$ 685,823.88	\$ 651,532.69	\$ 548,659.10
A3	High Households, Poverty Line High, Businesses	\$ 1,090,972.80	\$ 1,036,424.16	\$ 872,778.24
A4	Medium Households, Poverty Line High, Businesses	\$ 517,894.80	\$ 492,000.06	\$ 414,315.84
A5	Low Households, Poverty Line High, Businesses	\$ 246,868.80	\$ 234,525.36	\$ 197,495.04
B1	Tigard Households, Poverty Line Low, Businesses	\$ 992,592.00	\$ 942,962.40	\$ 794,073.60
B2	Medford Households, Poverty Line Low, Businesses	\$ 672,127.08	\$ 638,520.73	\$ 537,701.66
B3	High Households, Poverty Line Low, Businesses	\$ 1,077,276.00	\$ 1,023,412.20	\$ 861,820.80
B4	Medium Households, Poverty Line Low, Businesses	\$ 504,198.00	\$ 478,988.10	\$ 403,358.40
B5	Low Households, Poverty Line Low, Businesses	\$ 233,172.00	\$ 221,513.40	\$ 186,537.60

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Based on these calculations, funding structures A1 - A4 and B1 - B4 would fully meet Albany’s \$450,000 need in one year at a 100% capture rate. Structures A5 and B5 would meet half of the target, therefore additional funding sources would be needed. Of these options, A5 is a reasonable structure for Albany to consider as it best fits Albany’s need. The rationale for selecting this option is provided in the evaluation section below.

Strategy Two: Increase User Fees

User fees are a common method of recuperating some of the costs of providing services, particularly in park and recreation departments. Revenues from user fees currently account for approximately 13% of Albany’s operating budget in this fiscal year. For comparison, other jurisdictions have demonstrated user fees comprising in excess of 20% of their budgets. Albany’s strategic plan seeks to fund the Park and Recreation Department by relying on the property tax for no

more than 55% of total funding sources, with the remainder to be paid by user fees, sponsorships, and other revenue sources.

Comparable jurisdictions, including Tualatin Hills Park and Recreation District and the City of Medford have established policies on how much recovery to expect from user fees.⁶⁶ Both cities use a tiered system that establishes a lower recovery target for programs with greater community benefit. Albany has established a target recovery rate of 60% for their Sports Services division, but does not appear to have similar targets for other programs.

Albany could establish a tiered user fee structure with specified recovery rates for their programs. The table in Appendix C shows that increases to recovery rates based on the current expenses for these programs could result in significant new revenues. The analysis is based on the listed recovery rate for each program from non-tax sources. In some cases, particularly cultural events, large portions of the current non-tax revenues are from sponsorships. The analysis below assumes that these sponsorships would remain constant, and increased recovery would come from additional user fees. This analysis is based on the current year. It is possible that in future years, assuming that the budget for the programs increases, that user fees could decrease. Without knowing exactly what programs will have specific costs in the future, looking at recovery rates is the best way to establish targets that will produce additional revenues.

Reviewing the current budget, Albany currently has recovery rates of 27% to 65% for their various programs. By comparison, Tualatin Hills Park and Recreation District seeks between 0% and 200% of the cost of services based on the amount of community benefit. The City of Medford seeks recovery of between 0% and 150% based on community benefit. These districts also take into account equity when evaluating potential policies. For example, Tualatin Hills has a goal of 100% overall recovery, but does not aggressively pursue meeting the target. Appendix B contains a breakdown of comparable recovery rates.

Based on current recovery rates and comparable jurisdictions, it is reasonable to assume that Albany could generate additional revenues between \$150,000 and \$300,000. In order to balance equity concerns—the benefits received principle and the ability to pay principle—user fee increases should be modest, and tailored to programs that target users who can afford to pay. If all other non-tax recovery rates stayed the same, and programs with lower recovery rates were raised to 50%, Albany would generate \$215,695 in additional revenues each year.

It is possible to raise user fees to the point of reaching the \$450,000 necessary for future operations; however, there is a significant risk in attempting to

achieve this. User fees are not a neutral way to raise revenues. This is a benefit when attempting to limit wasteful consumption of public resources, but this could also result in lower class attendance, which may lead to a situation where overall revenues are not increasing despite higher rates. Relying entirely on fee revenues also begins to raise equity concerns, suggesting that user fee increases should be modest.

Strategy Three: Increase Private Support

Our final strategy proposal is to focus on increasing non-tax revenues via public-private partnerships, sponsorships, donations, and food vendor fees. While the revenue for this strategy is the most difficult to estimate, it is attractive because it does not rely solely on residents for funding. However, given the challenge of raising an additional \$450,000 through these sources alone, we would look to pair this strategy with an increase in parks and recreation user fees.

Albany's current per capita revenue from endowments, grants, foundations, solicitations, and donations is \$8.00, down from \$10.42 in 2014-15.⁶⁷ The Parks and Recreation Department has 2.7 FTE that are responsible for identifying and coordinating sponsorships and partnership programs (amongst other duties). Based on Albany's 2016-17 budget, the Department generated \$236,000 in sponsorships and advertisements, \$109,300 in donations, and \$23,700 in vendor fees.

Currently Albany's primary sponsorship revenue is through special events; however, the department could also consider other sponsorship opportunities as well. For example, pursuing private partners interested in limited duration naming rights of new parks in development or existing, generically named, parks could generate new revenue for the city. Existing sites include Albany Dog Park (i.e. Banfield Community Dog Park), Albany Community Pool (i.e. Cambia Health Community Pool), and the amphitheater at Timber Linn Park (i.e. McMenamins Amphitheatre at Timber Linn Park). With a limited duration agreement, the term and rate can be negotiated to market rate. At the end of the term, new rates could be negotiated and if not renewed by the existing sponsor, could be made available to a new sponsor, making it both competitive and an ongoing source of revenue over time. The City of Medford's ability to secure \$650,000 for the six-year naming rights of U.S. Cellular Community Park serves as a model.

In addition to new revenue through naming rights, at current levels, a 10% increase in sponsorships and advertisements would amount to \$23,600 in new revenue. Likewise, a 10% increase in donations would amount to \$10,930 in new revenue. Increases at this level would require additional personnel efforts to secure funding; however, Albany's relationship with Albany Parks and

Recreation Foundation may provide some support. It is likely that Albany would have to look beyond its geographical boundaries to increase revenue in these areas which could be both a benefit and a challenge.

Given the limited private options for funding, next we look to special events food vendor fees. Based on current revenues, a 10% increase in food vendor fees collected could potentially result in an additional \$2,370 in revenue (Figure 50). Of course, a rate increase does have implications, which we evaluate in detail below.

Figure 50: Potential sources of new revenue.

Funding Source	Existing Revenues	New Revenues
Sponsorships and Advertising	\$236,000	\$23,600
Donations	\$109,300	\$10,930
Food Vendor Fees	\$23,700	\$2,370
Park Naming Rights		\$100,000
Total	\$369,000	\$136,900

Operating Group C

It is unlikely that sponsorships and other private funding sources can be leveraged to fill the funding gap. As such, this strategy must be combined with others to develop a feasible funding structure.

Evaluation of Strategies

In order to reach the goal of \$450,000, several funding packages were developed. These were evaluated based on four standard criteria: Equity, efficiency, productivity, and neutrality. Each strategy was scored from one (very poor) to five (excellent) for each of the criteria. A score of three is considered to be average. These individual scores were then averaged to achieve an overall score for the funding packages. Figure 51 summarizes the results of the scoring analysis.

Figure 51: Potential funding packages.

Funding Strategies	Additional Revenue	Equity	Efficiency	Productivity	Neutrality	Total Score
Utility Fee Only	\$517,894					4.5
Utility fee (A4)	\$517,894	3	5	5	5	
Increased User Fees/Utility Fee	\$462,563					4.25
User fees increased so that all programs have at least 50% recovery	\$215,695	4	5	5	2	
Utility fee (A5)	\$246,868	3	5	5	5	
Increased Sponsorships and User Fees	\$459,809					3.5
Sponsorships increased by 10%	\$136,900	5	2	2	3	
User fees increased so that all programs have at least 56% recovery	\$322,909	4	5	5	2	

Operating Group C

Utility Fee Only

This funding strategy addresses equity concerns by offering a range of fees from high to low and accounts for reductions or discounts to households living below the poverty line. Additionally, this strategy shares the burden not just with residents, but businesses as well. This is important as this balances the benefits received principle. Businesses use parks and recreation activities as benefits for new and existing employees, therefore they could share the cost. The tiered structure of option A5 allows the burden to be shared, resulting in a fairly equitable option. This funding structure receives a score of three for equity.

Both efficiency and productivity are high ranking at a score of five. By applying this fee to existing utility bills, Albany can expect higher capture rates while making the fee convenient for residents and businesses to pay. Additionally, the cost to administer is reasonable given existing structures to capture revenue, and each fee structure is designed to meet Albany’s parks and recreation needs while considering residents’ parks and recreation service needs. To further reduce potential administrative costs associated with implementing a park utility fee, and given the minimal differences between the household rate and the below poverty line rate, the city could elect to charge all households the same \$0.75 per month rate.

Lastly, neutrality also scores a five. Applying the funding strategy to businesses may impact how businesses make decisions in Albany. Additionally, residents will be paying additional fees, which may impact local decisions on spending. Any new fee for Albany will impact neutrality to some degree, however this

funding strategy has attempted to mitigate the impact by sharing the burden and offering a range of fee structures for Albany to consider. It is important to point out that all residents and businesses receive a benefit from Parks and Recreation Department services, and to be able to maintain this benefit, additional revenue will be required.

Implementing a park utility fee funding strategy receives an overall score of 4.5.

Increased User Fees and Utility Fee

The above considerations apply to the use of a utility fee in this scenario. However, it is important to note that the utility fee would be at a lower rate due to the inclusion of increased user fees.

User fees are generally considered an equitable way to generate revenues due to the 'benefits received principle' or the idea that the persons who receive the benefits are also the ones who should pay a proportional share. Subsidization of costs for programs with considerable community benefit can help to increase equity by balancing benefits received with the 'ability to pay principle.' Should Albany adopt the tiered model used by other cities, there is great opportunity to address equity concerns. For this reason, this strategy receives a four for equity.

Raising user fees also ranks highly for productivity and efficiency. Fees are already collected for many programs and the infrastructure to collect payments is in place. Fees must be paid prior to receiving the service provided, ensuring that collection rates are high. Therefore, this strategy receives a five for efficiency and productivity.

Neutrality is the largest drawback for this strategy. While one of the benefits of user fees is that they can help mitigate excessive use of resources, raising fees too much will change decisions by park users. If rates are set too high, there will not be greater collection of fees due to lower enrollment in programs. Raising user fees may also impact the willingness of sponsors to continue to provide revenues for special events. These effects are uncertain in nature, which is why this policy rates at a two for neutrality. Overall this strategy averages to a 4.25 in the evaluation matrix.

Increased Sponsorships and User Fees

The considerations for user fees are the same for this strategy, as a similar level of revenue is necessary.

In terms of equity, sponsorships and donations score high given the private entities' willingness and ability to pay, and the reputational and tax benefits

they receive. On the other hand, an increase in food vendor fees may be less equitable depending on vendor revenue. While vendors receive benefits for selling at events both through exposure and revenue, their profit margins can vary. Ultimately, sponsors, donors, and vendors benefit from the Parks and Recreation Department if they are located in the Albany community because they benefit from the beautification and maintenance of public areas. With these considerations, the overall equity score is five.

With respect to efficiency, aggressive sponsorship and fundraising efforts can be very labor intensive. However, Albany's new relationship with Albany Parks and Recreation Foundation may help to mitigate the administrative burden and reduce personnel time required for fundraising activities. Additionally, vendor fees are administratively easy to collect. Therefore, the overall efficiency score is two.

While sponsorship and philanthropy can be perceived as a silver bullet, in terms of productivity, donor revenue can be unreliable given that donors and sponsors are not obligated year after year. Further, donations and sponsorships may be vulnerable to economic downturn. As such, it is problematic to plan operational expenses around uncertain revenue. Another drawback to relying on donations is the potential for donor restrictions, thus limiting the parks and recreation department's ability to spend the funds on general operations. In addition, naming rights and sponsorships also come with risk. If the private entity participates in activities that are either unpopular, unethical, or illegal during the relationship with the city, the city may no longer wish to be associated with the private entity. While the agreement should have a clause to end the arrangement, reputational harm by association is a risk, and a budget shortfall could ensue due to the termination of the sponsorship contract. Additionally, an increase in vendor fees is only moderately productive, as the overall revenue from these fees is quite low. As such, overall productivity scores a two.

With respect to neutrality, sponsorship could potentially interfere with how individuals make spending decisions. Additionally, public perception of the city could be impacted depending on the reputation of the particular sponsor or donor and if the business or individual is perceived as given political favor by the city. Further, a price increase in vendor fees may result in a reduction of vendors. Economic models also suggest that a cost increase to food vendors would be passed to consumers in the form of higher food prices and thus residents and other customers would carry a share of the financial burden. With this in mind, overall neutrality is a three.

In conclusion, a strategy to increase private support through sponsorships, donations, and an increase in food vendor fees receives an overall score of three.

Recommendation

Based on the above criteria, the utility fee only option scores the highest on the evaluation matrix. Despite this, we recommend implementing a park utility fee in conjunction with increasing user fees. Both of these strategies rate highly for productivity and efficiency. They differ, however, in that user fees are more equitable, while a utility fee is more neutral. Combining these two will provide the benefits of both while mitigating against the negative aspects of each.

Implementing this strategy, user fees would increase so that all programs maintain a minimum of 50% non-tax revenues for their programs. This would contribute approximately \$216,000 in additional revenue each year based on current program expenditures.

Implementing a park utility fee of \$0.75 per month for households, \$0.70 per month for low income households, and \$2.00 per month for businesses would generate approximately \$247,000 in new revenues. These rates are reasonably low, but provide the necessary revenues to meet expected budget needs when combined with increased user fees.

These combined strategies appeal to different aspects of the equity discussion. User fees do well in achieving the benefits received principle. A utility fee is a lower, more broadly based fee that satisfies the ability to pay principle. By relying on both of these, rather than one, a better balance of equity is achieved. Fees in both instances will be lower, and users of services will be charged more, but fees will not increase at a rate that will prevent park users from utilizing services. There is also a much lower risk of raising user fees to the point that increased revenues are outweighed by lowered class attendance.

Aggressively courting sponsorships could lower user fees and general tax collection. However, they are less reliable than other funding sources and take considerably more effort to collect. For this reason, we believe that Albany continue to pursue these, but not rely on them as the primary source of new revenues.

In conclusion, a balanced approach of increased user fees and a city-wide park utility fee can provide the City of Albany a stable source of revenue to fund new park services in the coming years.

Appendix A: Utility Fee Structures

The fee structures were created using both Tigard and Medford's Park Utility Fees with Albany's number of households, number of households living in poverty, and businesses as points of reference. Additionally, fee structures that specifically attempt to reach Albany's Park and Recreation Department

needs were created, with a range of high, medium and low fees. Fee charges for households above poverty range from \$4.00 to \$0.75. For households living in poverty the range is \$0.70 to \$0.38 per month. These were then calculated using Albany’s household and businesses data.

Albany has 19,512 households and 3,057 registered businesses according to census data.⁶⁸ Of those households, 3,512 have lived in poverty at some point during the past year (as defined by the Census Bureau), thus households were adjusted to 16,000 above poverty and 3,512 in poverty. This adjustment was done in order to address equity and political feasibility concerns for the city. The reduced rate for households below the poverty may prove to be administratively costly in order to identify who qualifies for the reduced rate and tracking purposes.

Figure 52: Possible fee structures

Rates in Comparable Jurisdictions						
	# of Households	Park Utility Fee Monthly	12 Months	Total Revenue Projection		
Tigard rate	16,000	\$ 3.75	\$ 45.00	\$ 720,000.00		
Medford rate**	16,000	\$ 2.87	\$ 34.44	\$ 551,040.00		
Possible Household Rates for Albany						
High	16,000	\$ 4.00	\$ 48.00	\$ 768,000.00		
Medium	16,000	\$ 1.88	\$ 22.50	\$ 360,000.00		
Low	16,000	\$ 0.75	\$ 9.00	\$ 144,000.00		
Poverty Line (High)	3,512	\$ 0.70	\$ 8.40	\$ 29,500.80		
Poverty Line (Low)	3,512	\$ 0.38	\$ 4.50	\$ 15,804.00		
Businesses Rates for Albany						
	# of Registered Businesses in Albany*	Park Utility Fee Monthly	12 Months	Total Revenue Projection		
Tigard rate	3,057	\$ 7.00	\$ 84.00	\$ 256,788.00		
Medford rate	3,057	\$ 2.87	\$ 34.44	\$ 105,283.08		
High	3,057	\$ 8.00	\$ 96.00	\$ 293,472.00		
Medium	3,057	\$ 3.50	\$ 42.00	\$ 128,394.00		
Low	3,057	\$ 2.00	\$ 24.00	\$ 73,368.00		

Operating Group C

Appendix B: User Fees in Comparable Jurisdictions

Description of Tier	Target Recovery Rate
<i>Medford</i>	
Mostly community benefit	0%+
Considerable community benefit	75%
Individual/community balanced benefit	100%
Considerable individual benefit	115%+
Mostly individual benefit	150%+ (market rate)
<i>Tualatin Hills Park and Recreation District</i>	
Mostly community benefit	0%+
Considerable community benefit	75%
Individual and community benefit	100%
Considerable individual benefit	150%
Mostly individual benefit	200%

Operating Group C

Appendix C: User Fee Recovery Rates

Sports Services		Cost:	\$258,900
Current Recovery Rate:		59%	\$152,751
Recovery amount at:			<i>Revenue Change</i>
	50%	\$129,450.0	(\$23,301)
	60%	\$181,230.0	\$28,479
	75%	\$194,175.00	\$41,424
Adult Recreation		Cost:	\$596,800
Current Recovery Rate:		27%	\$161,136
Recovery amount at:			<i>Revenue Change</i>
	50%	\$298,400	\$137,264
	60%	\$358,080	\$196,944
	75%	\$447,600	\$286,464
Aquatic Services		Cost:	\$831,100
Current Recovery Rate:		41%	\$340,751
Recovery amount at:			<i>Revenue Change</i>
	50%	\$415,550	\$74,799
	60%	\$498,660	\$157,909
	75%	\$623,325	\$282,574
Children/Youth Recreation Services		Cost:	\$359,600
Current Recovery Rate:		49%	\$176,204
Recovery amount at:			<i>Revenue Change</i>
	50%	\$179,800	\$3,596
	60%	\$215,760	\$39,556
	75%	\$269,700	\$93,496
Cultural Arts		Cost:	\$655,600
Current Recovery Rate:		65%	\$426,140
Recovery amount at:			<i>Revenue Change</i>
	50%	\$327,800	-\$98,340
	60%	\$393,360	-\$32,780
	75%	\$491,700	\$65,560

Operating Group C

Capital Group A

Kyle Collins, Warren Clauss, MaryBeth Deiters, Sona Hodaie

Executive Summary

Albany's Park and Recreation Department (P&R) seeks \$16.9 million in funding for capital projects. This report reviews the department's current budget and proposes four funding options aimed at producing efficient and effective revenue streams for capital financing. Each of these four packages include two common recommendations: (1) Increase parks system development charge (SDCs) rates to double the revenue from this source; and (2) Impose a parks utility fee to cover upgrades necessary for public health and safety, and accessibility requirements.

The four proposed packages assess traditional and less traditional funding sources: (1) Earmark 1/3 of Marijuana Sales Tax Revenue; (2) Impose a Food and Beverage Tax; (3) Issue a General Obligation Bond; (4) Impose a ten-year Local Option Tax Levy. These are then evaluated against defined criteria including, equity, efficiency, productivity, neutrality, and political feasibility. Based on these evaluations, we recommend that Albany move forward with the final funding option, the ten-year local option tax levy combined with increased SDC rates, and the parks utility fee.

Evaluative Criteria

In assessing the effectiveness of each revenue option, it is important to evaluate the options according to how effective and efficient the proposal is to implement. Therefore, each option outlined below is evaluated against set criteria. These criteria are widely used to assess financial budgets and function to inform not only whether the option is plausible, but whether it is socially and economically feasible to implement. These criteria are defined below (Bland, 2013):

- **Equity:** Distribution of cost in each option should be fair among persons or businesses in comparable circumstances, or variation in tax burden across spectrum of income. This evaluates who feels the burden of the proposed revenue option.
- **Efficiency:** The administration of each proposal should be feasible and efficient. This evaluates whether the revenue option is easy to implement in Albany and factors the cost of administering this in relation to the yield.
- **Productivity:** The financial yield and revenue source should be

sufficient and stable enough to meet expenditures. This criterion evaluates how effective the proposed option is in terms of meeting the overall desired capital funds.

- **Neutrality:** This assesses the impact of each option in terms of community and individual decision making or resource use. This criterion evaluates the impact it has on current practices, both governmental and socially.
- **Political Feasibility:** The proposed option should be feasible to implement socially and politically. This evaluates the certainty of getting the revenue option approved at both the government and community levels.

Common Recommendations

Each of the proposed options considered below incorporate two main recommendations that remain constant.

Increase System Development Charges, \$4 Million Total Yield

System Development Charges (SDCs) are an important aspect of funding growth related capital needs. They align well with the benefits received principal and are generally politically feasible. Since growth related projects account for \$10.2 million of all the capital needs, we recommend that Albany double its SDC rates to accumulate \$4 million of revenue over ten years.

Albany currently charges residential parks SDCs at the rate of (\$0.49 * sq. ft.) + (\$255 * number of bedrooms) for residential units (League of Oregon Cities, 2013). Given the average home size of 1,800 square feet and three bedrooms, the P&R Department receives roughly \$1,647 per new unit. Assuming Albany's growth projection of 125 units per year, SDCs at current levels could raise \$4 million over ten years.

In comparison with other Oregon cities, Albany's total SDC rates for single residential dwellings are in the lower third (City of Albany SDC Questions and Answers). Figure 53 shows how Albany's Parks SDC rates compare to some other Oregon cities.

Figure 53: SDC rates in comparable Oregon cities

City	Population	Example Residential SDC Rate
Eugene	158,335	\$3,757
Salem	156,455	\$3,745
Bend	77,455	\$5,050
Corvallis	55,055	\$5,197
Albany	50,710	\$1,745
Grant Pass	34,740	\$512
Redmond	26,345	\$2,672
Philomath	4,620	\$808
Depoe Bay	1,400	\$574

League of Oregon Cities, 2013

Given this statewide situation, doubling Albany’s current SDC rate would not impose comparably significant burdens on residents. Raising SDC rates is a feasible option because it does not require voter approval and impacts newcomers to Albany, not its current residents. As flat fees, SDCs are regressive. They are imposed on building developers, so they might transfer this expense to residents through increased rent or housing prices. Since Corvallis’ SDCs are three times the rate of Albany’s, Albany would not risk losing neutrality (League of Oregon Cities, 2013). The generated revenue stream is efficient as the administrative infrastructure to collect the fees is already in place and functioning.

Impose a Parks Utility Fee, \$6.7 Million Total Yield

We recommend that Albany impose a parks utility fee of \$3.19 per month to be added to residential water bills. At least three cities in Oregon have implemented parks utility fees (Medford, Tigard, and West Linn) and in all three the fees are used for operations, maintenance, and development (Medford Municipal Code § 1001-1021; Tigard Municipal Code § 010-110; West Linn Municipal Code § 600-690). For purposes of this report, the suggested fee rate only covers capital and deferred maintenance needs.

In total, this fee would yield \$6.675 million over the next ten years (Appendix A). Of that, \$2.425 million would cover necessary capital upgrades for either public health and safety or accessibility/ADA compliance requirements. The remaining \$4.25 million would cover rising deferred maintenance obligations. The revenue stream is constant and encourages pay-as-you-go spending. Further, after ten years a certain amount of the revenue can be placed in capital reserve, creating a sustainable way of maintaining such a reserve.

This option, as a flat fee, does raise equity concerns. In order to increase its equity, households could be exempt from payment due to poverty level. An efficient way to complete this is to exempt those that currently receive

water utility credits. According to the 2014 American Community Service estimates, 17% of families in Albany are in poverty (U.S. Census Bureau, 2014). The projections above were calculated using 83% of households in Albany to conservatively estimate the number of households subject to the fee, approximately 17,420.

Evaluation of Common Recommendations

Both of the common recommendations were evaluated against the criteria defined above. For each of the five criteria, the recommendation was ranked as Poor (red), Good (yellow), or Very Good (red). The recommendations remain constant in all of the revenue options because, as can be seen in Figure 54 below, both recommendations received a favorable overall assessment.

Figure 54: Assessment of common recommendations

Evaluation Criteria	Increase SDC Rates	Parks Utility Fee
Equitability: Distribution of cost in each option should be fair among persons or businesses in comparable circumstances	Good: As flat fees they are regressive, however, they score well in terms of benefits received and the city could offer waivers or reductions.	Good: The fee is regressive, however if exceptions are made for low income the equity potentially could be increased from poor to good.
Efficiency: The administration of each proposal should be feasible and efficient.	Very Good: Administration and collection is based on existing capabilities. Costs of implementation should be very low.	Very Good: Administration, collection and implementation are straight forward, convenient and rely on existing capabilities.
Productivity: The financial yield and revenue source should be sufficient and stable enough to meet expenditures.	Good: Great way of raising revenue needed for growth related needs but does the rate is unable to meet all of those needs over 10 years.	Very Good: Yield is sufficient enough to meet the defined capital and deferred maintenance needs within 10 years.
Neutrality: Assesses the impact of the option on community or individual decision making or resource use.	Very Good: Doubling SDC rates makes Albany more comparable to other cities and they would still be lower than Corvallis.	Very Good: The fee is low and is not expected to change parks usage or related decision making.
Political Feasibility: The proposed option should be feasible to implement socially and politically.	Very Good: Does not require voter approval, many projects growth driven, and fee not updated recently.	Good: Does not require voter approval but historically city council has opposed extra utility fees.
Overall Assessment	Very Good	Very Good

Capital Group A

Option 1: Earmark 1/3 of Marijuana Sales Tax Revenues, \$7.1 Million Total Yield

This option addresses the potential of earmarking 1/3 of revenues generated by the recently approved 3% recreational marijuana tax in the City of Albany for P&R capital costs. Combined with increased SDC rates and the parks utility fee, this option generates approximately \$7.1 million over ten years. Although this option falls significantly short of the desired capital funding, it is strong in its political feasibility and is an option that does not require voter approval. As of November 2016, Albany has not dedicated its projected recreational marijuana sales to any particular fund.

Since the marijuana sales tax only recently passed, revenue generation is difficult to predict. However, Bend, Oregon, completed an annual revenue estimate based on tax receipts sent to the state by the city, and serves as a strong case study (Appendix B).

This option includes the potential of a prepared food and beverage tax in the City of Albany. Combined with increased SDC rates and the parks utility fee, this option covers almost all necessary capital expenditures, amounting to \$15.6 million by imposing a 0.75% sales tax. The design is based on the existing tax model in the City of Ashland, Oregon. Ashland currently has a population of 20,078 while Albany has a current population of 50,158 (American Community Survey, 2014). While Ashland has a more established tourism industry that contributes substantially to sales tax revenues, the much larger population of Albany is expected to compensate for the comparatively lower levels of tourism activity in the area.

The overall revenue estimate was created by applying the Ashland model to the population characteristics of Albany. For further information on revenue estimation methodology (Appendix C).

One barrier to this option is that sales taxes are not very common in Oregon and the past political climate has not seen favorable results in approving local sales tax. To increase the political feasibility of this option, we propose that the tax be as low as possible. In this scenario, Albany would institute a low sales tax of 0.75% on all prepared food. Over ten years, this tax would generate approximately \$9.2 million for capital projects (Appendix C).

A sales tax raises notable concerns regarding neutrality, equity, and efficiency. A local food and beverage tax performs well in terms of neutrality as residents are unlikely to change their consumption patterns in relation to prepared food with such a low tax rate. Evidence from Ashland suggests that local residents are unlikely to drastically shift their behavior even with a significantly higher tax rate. Sales taxes of any kind often perform poorly in terms of equity. However, a tax on prepared food would not place undue burden on already financially stressed populations as those residents may be less likely to consume significant amounts of prepared food. There are caveats to this assessment such as potential fast food purchases. However, while traditionally regressive, a sales tax of this sort still remains more equitable than a general sales tax. Unfortunately, the lack of capacity to collect such a tax means it would be administratively burdensome to implement despite evidence from Ashland that once in place, the overall collection and enforcement costs are quite low.

Option 3: General Obligation Bond, \$16.9 Million Total Yield

Figure 55: Option 3 expected revenue

Resource Type	Amount Raised (Millions)
Parks Utility Fee	\$2.4
General Obligation Bond	\$14.5
Total	\$16.9

Capital Group A

This option combines the increased SDC rates and the parks utility fee with a general obligation bond to raise the full amount of \$16.9 million. It is proposed that the city seek voter approval for a \$14.5 million bond repaid over 20 years. Assuming a 5% interest rate and 5% issuance costs, the ultimate cost of the bond would be \$22.8 million. Using the estimated total assessed value for 2017 of \$3.7 billion (City of Albany, 2016, p.98), the bond would cost property owners approximately \$0.31 per \$1000 of assessed value. Therefore, a property with an assessed value of \$200,000 would pay an average of \$61.60 per year (See Appendix D).

The bond revenue would cover the costs projected for growth-related capital expenditures and planned improvements. The issuance of a GO bond is attractive since the P&R Department currently does not have sufficient reserves or revenue streams to finance these needs. It will provide the funding necessary upfront and unlike a local option tax levy will not be subject to compression. Therefore, it is the only option that can accurately predict its revenue. Further, GO bonds are fairly equitable as they distribute the burden across taxpayers, both current and future. However, while a GO Bond is backed by the taxing power of the municipality, it may be repaid using other dedicated revenue streams (Otak, Inc., DKS Associates, and FCS Group, 2011).

Bond issuance requires a simple majority voter approval (ORS § 287A.050). Since voters are generally reluctant to approve bond measures and because Albany residents recently approved a public safety bond, the political feasibility of a Parks and Recreation GO bond is quite low. In order to make the bond measure more palatable, it is further proposed that the P&R Department use SDCs to cover some of the debt service obligations since \$10.2 million of the bond will cover growth related projects. This will reduce the property tax burden on citizens while making use of SDC funds.

We also considered reducing the bond amount by the projected revenues from increased SDC rates. In the best case scenario, this would reduce the bond to \$9.9 million and reduce the cost to property owners to \$0.21 per \$1000 of assessed value. While this reduces the total amount spent on capital projects and reduces the burden on taxpayers, it is actually slightly more costly for

residents when that same SDC revenue is used to repay some of the debt. Further, it runs the risk of certain projects not being completed if the SDC revenue is less than estimated. For this reason, we do not recommend reducing the bond amount. Figure 56 estimates average costs to property owners over several levels of SDC support as well as using SDCs to reduce the bond amount.

Figure 56: Average annual costs by bond amount and level of SDC debt service contribution

Bond Amount	\$14.5 million	\$14.5 million	\$14.5 million	\$14.5 million	\$9.9 million
Total Bond Cost	\$22.8 million	\$22.8 million	\$22.8 million	\$22.8 million	\$15.6 million
Average Annual Debt Service	\$1.1 million	\$1.1 million	\$1.1 million	\$1.1 million	\$0.8 million
SDC Annual Debt Service	\$0	\$200,000	\$300,000	\$400,000	\$0
Cost for \$200,000 of AV	\$61.60	\$50.79	\$45.39	\$39.99	\$42.13

Capital Group A

Option 4: Ten-year Local Option Tax Levy, \$17 Million Total Yield

Figure 57: Option 4 expected revenue

Resource Type	Amount Raised (Millions)
SDCs	\$4.0
Parks Utility Fee	\$2.4
Local Option Levy	\$10.6
Total	\$17.0

Capital Group A

This final option proposes a ten-year local option tax levy (LOTL) that will raise \$10.6 million or approximately two-thirds of the required funds needed to support P&R capital development. A further \$6.4 million will be generated by increased SDC rates and the parks utility fee for a total yield of \$17 million over ten years.

LOTLS are an important tool and approved taxation practice in Oregon. They are short-term taxes that can be implemented through a ballot measure with a majority support from local residents (ORS §266.420). Based on ORS §266.420, local taxing districts can implement a tax option levy for capital construction purposes for up to ten years.

If Albany takes advantage of this opportunity, they can efficiently and effectively formulate an LOTL. Figure 58 provides a breakdown of yearly revenue streams. Assuming a total assessed value of \$3.7 billion (City of Albany, 2016, p.98), the proposed Ten-Year LOTL would cost property owners \$0.2866 per every \$1000 of assessed value. Thus, a property with an assessed value of \$200,000 would cost the owner \$57.32 per year.

Figure 58: Ten-year local option levy tax

Rate Option:	\$0.2866/ \$1000
Annual Revenue	\$1,060,356.75
10-Year Cumulative Revenue	\$10,603,567.53

Capital Group A

The LOTL is an effective way to raise most of the capital funds necessary while not incurring a larger debt burden. It is important to note however, that LOTLs are subject to compression and that Albany currently has a levy in place for fire and public safety. Not only could the current levy have an effect on revenues but it may also further impede the passage of a parks and recreation levy as residents may be wary about placing further burdens on themselves.

Evaluation

In order to recommend the best funding package each of the above options was evaluated against the five criteria defined above: Equitability, Efficiency, Productivity, Neutrality, and Political Feasibility. Figure 59 ranks each of our four package options according to these criteria with a grade of Poor (red), Good (yellow), or Very Good (green) and ultimately offers an overall assessment. The overall assessment places significant weight on the ability of the option to produce the desired revenue and its political feasibility.

Figure 59: Assessment of revenue package options

Evaluation Criteria	Option 1: Marijuana Sales Tax	Option 2: Sales Tax	Option 3: Bonds	Option 4: Tax Option Levy
Equitability: Distribution of cost in each option should be fair among persons or businesses in comparable circumstances	Poor: Sales taxes are regressive.	Poor: Sales taxes are regressive.	Very Good: Repaid using property taxes which are progressive. Distributes the tax burden across citizens, both current and future.	Good: Property taxes are progressive.
Efficiency: The administration of each proposal should be feasible and efficient.	Good: Administration and collection system already in place.	Poor: Implementation costs of a sales tax of this sort would be quite high.	Good: Raises capital needs efficiently but interests increase the total cost of projects.	Very Good: Administration and collection systems already in place.
Productivity: The financial yield and revenue source should be sufficient and stable enough to meet expenditures.	Poor: The projected yield over 10 years is the lowest of all options.	Good: Conservative yield estimates revenues of \$15.2 million/ \$16.9 million needed.	Very Good: Raises all of the capital funds necessary and allows for projects to begin quickly.	Very Good: Raises slightly more than the capital funds required.
Neutrality: Assesses the impact of each option in terms of community and individual decision making or resource use.	Very Good: State tax already exists and many cities passed the local sales tax option	Good: The low tax rate and available evidence suggests citizen/visitor behavior will not change	Good: While property taxes do play a role in decision making, it is unlikely this would have an effect.	Good: While property taxes do play a role in decision making, it is unlikely this would have an effect.
Political Feasibility: The proposed option should be feasible to implement socially and politically.	Good: This option does not require voter approval but many departments may vie for this revenue	Poor: Requires voter approval and Oregon political climate is generally unresponsive of sales taxes	Poor: Requires voter approval and residents may be unwilling to assume a greater debt burden.	Poor: Must receive voter approval and residents generally unwilling to raise taxes.
Overall Assessment	Poor	Poor	Good	Good

Capital Group A

In assessing these four options, there are different benefits to each. Thus, our final recommendation is based primarily on the potential to implement each option and its overall effectiveness in yielding large revenue for the P&R budget. Based on these bottom-line criteria, Option 1, implementing a marijuana sales tax, is politically feasible but would not yield enough revenue required to fund P&R capital development. Therefore, this is not a desirable option.

Options 2, 3, and 4 are all similar in their ability to produce substantial revenue and according to their reliance on residential voter approval. Yet, they vary slightly in their political feasibility. Option 2, a sales tax, is a culturally and politically foreign concept in Oregon. Individuals emphasize the lack of a sales tax as a benefit to living in Oregon. For this reason, we feel that it is uncertain that this proposal would pass a public vote. Option 3 meets yield requirements, but ultimately costs more due to interest and faces challenges in public approval, especially considering public safety bonds were recently imposed. Although Option 4, the local option tax levy, would also face similar challenges in public approval, it proposes a minimal increase in property tax since a property with an assessed value of \$200,000 would cost the owner \$57.32 per year over ten years instead of over 20 years.

Recommendation

We recommend Option 4, combining a \$10.6 million LOTL, with increased SDC revenues and a parks utility fee.

Figure 60: Recommendation expected revenue

Resource Type	Amount Raised (Millions)
SDCs	\$4.0
Parks Utility Fee	\$2.4
Local Option Levy	\$10.6
Total	\$17.0

Capital Group A

A local option levy is an optimal solution according to multiple evaluation criteria. It ranks well in terms of equitability, productivity, and efficiency. In these terms, a property tax option levy is non-discriminative and fairly distributed across Albany’s residential and business populations. It also yields a large sum of the required capital funding and is easy to implement due to the existing tax collection process that exists in the city. The LOTL is also good in terms of neutrality because it would not drastically distort the way the city uses its tax base. Nor would it distort the manner in which individuals make monetary decision due to the low individual tax fee this would charge (\$0.2866 cents per \$1000 of individual assessed value), particularly because it is applied to a socially desirable aspect of community development. In evaluating this

option according to its political feasibility, a property tax option levy is not certain to get approved as increases to tax base is a controversial topic among residents and businesses. This is a major obstacle that the city would face in trying to implement this option. It would be advisable for the city to use some of the access funds created by this option to free money towards an advertising campaign that emphasizes the importance of additional funding for park facilities and residential recreational options.

Appendix A: Park Utility Fee Assessment

The parks utility fee would be added to monthly residential water bills making the administration and collection of the revenue easy to implement. Low income individuals could be exempt along the same lines as those that currently receiving water utility credits so as to not complicate administration. According to the 2014 American Community Survey estimates, 17% of families in Albany are in poverty (U.S. Census Bureau, 2014). The revenue projections were calculated using 83% of households in Albany to conservatively estimate the number of households subject to the fee to be 17,420.

Figure 61: Projects covered by parks utility fee

Projects Covered by Parks Utility Fee		
Project/Program/Service	Drivers	Funding Required
Replace Park Restroom/Montieth Park	Aging and difficult to maintain structure; ADA noncompliance	\$ 250,000
Replace Monteith Park Stage	Aging and difficult to maintain structure; ADA noncompliance	\$ 300,000
Replace ball field lights at Bryant and Timber Linn parks	Present equipment is 40+ years old, outdated, unsafe, and not energy efficient; ADA noncompliance	\$ 750,000
Sunrise Park Renovation	Address accessibility barriers in 40-year old park	\$ 100,000
Deerfield Park Renovation	Address accessibility barriers in 40-year old park	\$ 400,000
Playground Replacement Grand Prairie Park	Outdated equipment no longer meets federal design/safety and accessibility standards	\$ 150,000
Playground Replacement Draper Park	Outdated equipment no longer meets federal design/safety and accessibility standards	\$ 150,000
Playground Replacement Pineway Park	Outdated equipment no longer meets federal design/safety and accessibility standards	\$ 100,000
Playground Replacement Henderson Park	Outdated equipment no longer meets federal design/safety and accessibility standards	\$ 75,000
Playground Replacement Lehigh Park	Outdated equipment no longer meets federal design/safety and accessibility standards	\$ 150,000
	Sub-Total	\$ 2,425,000
	Deferred Maintenance = 3250000+100,000*10	\$ 4,250,000
	Total	\$ 6,675,000

Capital Group A

Figure 62: Establishing a monthly parks utility fee rate

Establishing a Monthly Parks Utility Fee Rate	
Total Annual Yield Needed	\$ 667,500
Total Number of Households = 20,988	
2014 ACS 17% of families living in poverty	
Estimate of participating households = 20988*83% = 17,420	17420
Cost per year per household, 10 years	\$ 38.32
Cost per month per household	\$ 3.19

Capital Group A

Figure 63: Annual yield projects: Park utility fee

Annual Yield Projections: Parks Utility Fee	
Cost per month per household	\$ 3.19
Cost per month per household for capital upgrades	\$ 1.16
% of fee going to capital upgrades	36%
Annual yield for capital upgrades	\$ 242,500
Cost per month for deferred maintenance	\$ 2.03
% of fee going to deferred maintenance	64%
Annual yield for deferred maintenance	\$ 425,000

Capital Group A

Appendix B: Marijuana Sales Tax Assessment [See Excel Tables in Appendix E, Capital Group A, Marijuana Revenue Model]

Both Bend and Albany’s local marijuana tax passed in November 2016. Each tax was established at the maximum allowable rate of 3% over the state tax rate of 17%. Bend has determined that the revenues from its recreational marijuana tax will be devoted to its general fund including fire, police, and roads.⁶⁹ As of November 2016, Albany has not dedicated its projected recreational marijuana sales to any particular fund. Based on tax receipts sent to the state by the city, Bend estimates that annual revenues from their local tax will be approximately \$345,000.⁷⁰

According to the Oregon Department of Revenue the following rules apply to marijuana taxes in the state of Oregon.⁷¹

- Tax returns are due quarterly.
- Tax payments are due monthly.
- The state will not be involved in the administration or collection of local taxes.

However, due to the passage of Measure 91, all cities that currently allow the sale of recreational marijuana, including Albany, must collect and distribute tax receipts to the state revenue department. Collection and administration of local marijuana taxes will be handled through the existing system.

The following revenue estimate were created by applying the Bend revenue projections to the population characteristics of Albany. The expected annual revenue from Bend tax was distributed across the city’s total population. This per-resident rate was then applied to the existing population in Albany and extrapolated over ten years. This calculation projects that Albany could potentially raise \$203,069 annually. To provide a more accurate appraisal of revenue associated with the Albany local tax, 1% of the full tax was estimated along with the full 3% revenue. This adjustment was done with the following limitations in mind:

- Bend has a 34% larger population than Albany while also hosting 23% more marijuana dispensaries.
- Bend has a much stronger tourism economy and left-leaning political culture, which may contribute to a larger level of marijuana sales within the city compared to Albany.

Figure 64: Possible capital revenues from the local marijuana tax in Albany

	Bend (3%)	Albany (3%)	Albany (1%)
Revenue per Year	\$ 345,000.00	\$ 203,069.32	\$ 67,012.88
Population	87,104	51,270	
Per person	\$ 3.96	\$ 3.96	
10 Year Revenue	\$ 3,450,000.00	\$ 2,030,693.19	\$ 670,128.75

Capital Group A

Due to the political climate of Albany and the precedent of applying local marijuana tax funds to the general fund, the most feasible choice for Albany’s park capital projects would be the 1% option or 1/3 of revenue. Over ten years, this tax source would generate approximately \$670,000.

Appendix C: Food and Beverage Sales Tax Assessment [See Excel Tables Appendix E, Capital Group A Tables, Food and Beverage Tax Model]

This proposal addresses the potential of a prepared food and beverage tax in the City of Albany. The design is based around the existing tax model in the City of Ashland. Ashland currently has a population of 20,078 while Albany has a current population of 50,158 (U.S. Census Bureau, 2014). While Ashland does have a more established tourism industry, which contributes substantially to sales tax revenues, the much larger population of Albany is expected to compensate for the lower levels of tourism activity in the area.

Ashland's food and beverage tax was originally established in March 1993, with the primary goal of funding the construction of a new wastewater treatment facility. A five percent tax is collected on all prepared food in the city, with one percent used to purchase open space for parks. In the 2013-2015 fiscal years, the revenue raised through the tax amounted to \$4,498,300, with \$899,660 being allocated to the parks and recreation district.⁷² For the 2015-2017 fiscal years the tax is estimated to generate approximately \$5,466,460 with \$1,093,292 being allocated to the parks and recreation district.⁷³

The following state statutes must be adhered to when creating and administering any new sales tax in an Oregon city:

ORS § 305.620⁷⁴

Collection and distribution of local taxes on income and sales:

- Costs
- Court review of determinations and orders
- Appeals

Ashland food tax structure was based on the existing transient room tax in the state. Businesses report and pay food and beverage taxes to the city every quarter. They get to keep 5% of the tax collected to cover any related accounting costs. As an example: For every \$100 of food sold, a restaurant collects \$5 in tax. The restaurant gets to keep \$0.25 of that and must pay \$4.75 to the city. Late payments incur interest and penalty fees. In 2008, Ashland's finance director said the city has one employee who manages the food and beverage tax as well as the transient room tax. The duties together make up less than one full-time position.⁷⁵ Occasionally, businesses apply the tax incorrectly and the responsibility of enforcement is given to the city's finance director. Businesses who overtax are given the option of tracking down and repaying each individual who mistakenly paid it or repaying the money to the city, with most businesses choosing the latter due to feasibility.⁷⁶

The following revenue estimates were created by applying the Ashland model to the population characteristics of Albany. The 2013-2015 fiscal year parks capital revenue in Ashland was distributed among the total population. This per-resident rate was then applied to the existing population in Albany and extrapolated over ten years. To provide a more accurate appraisal of revenue associated with decreased tourism industry in Albany compared to Ashland, a range of estimates was calculated, including:

- 100% of revenue potential compared to Ashland
- 75% revenue potential compared to Ashland
- 50% revenue potential compared to Ashland

Figure 65: Possible capital revenues from a food and beverage tax if instituted in Albany

	Ashland 2013-2015	Albany Scenario 1	Albany Scenario 2	Albany Scenario 3
2 Year Revenue	\$ 980,920.00	\$ 2,472,554.99	\$ 1,854,416.24	\$ 1,236,277.49
Population	20,340	51,270	51,270	51,270
Per Person	\$ 48.23	\$ 48.23	\$ 36.17	\$ 24.11
10 Year Revenue		\$ 12,362,774.93	\$ 9,272,081.19	\$ 6,181,387.46

Capital Group A

Scenario 2 is the most feasible and productive option for Albany moving forward. Sales taxes are not very common in Oregon and the past political climate has not seen favorable results in passing local sales tax. In this scenario, Albany would institute a 0.75% sales tax on all prepared food over ten years. During that time frame, this tax would generate approximately \$9.2 million for capital projects.

Appendix D: General Obligation Bond [See Excel Tables Appendix E, Capital Group A Tables, 20 year 14.75 M GO bond worksheet]

According to Albany’s most recent budget, they have a GO bond rating of “A+” from Standard and Poor’s and “A2” from Moody’s Investor Service (City of Albany, 2016, p. 33). Albany recently passed an \$18 million general obligation bond for Police and Fire capital needs and the interest rates over the 20-year life of the bond range from 3% to 5% (City of Albany, 2016, p. 106). To derive at a conservative estimate of interest payments and total cost of the bond, we assumed 5% issuance costs and 5% interest rate.

Albany could seek voter approval for a \$14.5 million bond to be repaid over 20-years. Its revenues would cover the costs projected for growth related capital expenditures and planned improvements.

Figure 66: Costs covered by General Obligation Bonds

Costs covered by General Obligation Bond		
Project/Program/Service	Drivers	Funding Required
Timber Ridge Neighborhood Park Acquisition	Growth-driven need	\$ 700,000
Renovation of Senior Center	Growth-driven need	\$ 2,500,000
East Thornton Lake Natural Area Development	Growth-driven need	\$ 750,000
Community Park Development Phase 1	Growth-driven need	\$ 2,000,000
Community Park Development Phase 2	Growth-driven need	\$ 3,000,000
Neighborhood Park Development Timber Ridge	Growth-driven need	\$ 750,000
New Hike/Bike Trail Development	New growth in Oak Creek area, South Albany	\$ 500,000
	Subtotal Growth Related Needs	\$ 10,200,000
<u>Monteith</u> Park Master Plan	New plan needed to improve serviceability of existing park, guide replacement of existing structures and systems.	\$ 75,000
Timber Linn Park Improvements Phase 1B	Identified project in Timber Linn Park master plan	\$ 400,000
Timber Linn Park Improvements Phase 1C	Identified project in Timber Linn Park master plan	\$ 600,000
Bryant & Timber Linn ball field complex renovations	fencing, artificial turf, parking at Timber Linn; fencing, amenities at Bryant	\$ 3,000,000
New pickleball/sports courts	Location to be determined.	\$ 200,000
	Total GO Bond Need	\$ 14,475,000

Capital Group A

Figure 67: 20-year even annual payment debt schedule for a \$14.5 million GO bond with 5% interest and 5% insurance costs

Year	Annual Principle	Annual Interest 5%	Annual Debt Service	Debt Outstanding at End of Year
1	\$ 723,750	\$ 723,750	\$ 1,447,500	\$ 13,751,250
2	\$ 723,750	\$ 687,563	\$ 1,411,313	\$ 13,027,500
3	\$ 723,750	\$ 651,375	\$ 1,375,125	\$ 12,303,750
4	\$ 723,750	\$ 615,188	\$ 1,338,938	\$ 11,580,000
5	\$ 723,750	\$ 579,000	\$ 1,302,750	\$ 10,856,250
6	\$ 723,750	\$ 542,813	\$ 1,266,563	\$ 10,132,500
7	\$ 723,750	\$ 506,625	\$ 1,230,375	\$ 9,408,750
8	\$ 723,750	\$ 470,438	\$ 1,194,188	\$ 8,685,000
9	\$ 723,750	\$ 434,250	\$ 1,158,000	\$ 7,961,250
10	\$ 723,750	\$ 398,063	\$ 1,121,813	\$ 7,237,500
11	\$ 723,750	\$ 361,875	\$ 1,085,625	\$ 6,513,750
12	\$ 723,750	\$ 325,688	\$ 1,049,438	\$ 5,790,000
13	\$ 723,750	\$ 289,500	\$ 1,013,250	\$ 5,066,250
14	\$ 723,750	\$ 253,313	\$ 977,063	\$ 4,342,500
15	\$ 723,750	\$ 217,125	\$ 940,875	\$ 3,618,750
16	\$ 723,750	\$ 180,938	\$ 904,688	\$ 2,895,000
17	\$ 723,750	\$ 144,750	\$ 868,500	\$ 2,171,250
18	\$ 723,750	\$ 108,563	\$ 832,313	\$ 1,447,500
19	\$ 723,750	\$ 72,375	\$ 796,125	\$ 723,750
20	\$ 723,750	\$ 36,188	\$ 759,938	\$ -
Totals	\$ 14,475,000	\$ 7,599,375	\$ 22,074,375	
	Bonded Principle		\$ 14,475,000	
	Total Interest		\$ 7,599,375	
	Issuance Cost (5%)		\$ 723,750	
	Total Cost for Bond		\$ 22,798,125	

Capital Group A

Property owner tax burden was based on \$3.7 billion in assessed value and yearly average was generated by Total Cost for Bond/20 years. There are limitations to creating a yearly average in this way since annual debt service decreases thereby decreasing costs to property owners. However, it does give decent insight into the tax burden for an average household.

Figure 68: Average annual costs by bond amount and level of SDC debt service contribution

Average Annual Costs by Bond Amount and Level of SDC Debt Service Contribution					
Bond Amount	\$14.5 million	\$14.5 million	\$14.5 million	\$14.5 million	\$9.9 million
Total Bond Cost	\$22.8 million	\$22.8 million	\$22.8 million	\$22.8 million	\$15.6 million
Average Annual Debt Service	\$1.1 million	\$1.1 million	\$1.1 million	\$1.1 million	\$0.8 million
SDC Annual Debt Service	\$0	\$200,000	\$300,000	\$400,000	\$0
Cost for \$200,000 of AV	\$61.60	\$50.79	\$45.39	\$39.99	\$42.13

Capital Group A

Appendix E: Capital Group A Tables

Figure 69: Marijuana revenue model comparison

Bend Marijuana Tax Model			
	Bend (3%)	Albany (3%)	Albany (1%)
Revenue per Year	\$ 345,000.00	\$ 203,069.32	\$ 67,012.88
Population	87,104	51,270	
Per person	\$ 3.96	\$ 3.96	
10 Year Revenue	\$ 3,450,000.00	\$ 2,030,693.19	\$ 670,128.75

Capital Group A

Figure 70: Food and beverage tax model comparison

	Food and Beverage Tax- Ashland Model			
	Ashland 2013-2015	Albany Scenario 1	Albany Scenario 2	Albany Scenario 3
2 Year Revenue	\$ 980,920.00	\$ 2,472,554.99	\$ 1,854,416.24	\$ 1,236,277.49
Population	20,340	51,270	51,270	51,270
Per Person	\$ 48.23	\$ 48.23	\$ 36.17	\$ 24.11
10 Year Revenue		\$ 12,362,774.93	\$ 9,272,081.19	\$ 6,181,387.46

Capital Group A

Figure 71A: 20 year 14.75 million GO bond worksheet: Projects and required funding

Department	Category	Project/Program/Service	Capital or Operational	Drivers	Funding Required
P&R	Facilities	Monteith Park Master Plan	Capital	New plan needed to improve servicability	\$ 75,000
P&R	Facilities	Timber Ridge Neighborhood Park Acquisition	Capital	Growth-driven need	\$ 700,000
P&R	Facilities	Renovation of Senior Center	Capital	Growth-driven need	\$ 2,500,000
P&R	Facilities	East Thornton Lake Natural Area Development	Capital	Growth-driven need	\$ 750,000
P&R	Facilities	Community Park Development Phase 1	Capital	Growth-driven need	\$ 2,000,000
P&R	Facilities	Community Park Development Phase 2	Capital	Growth-driven need	\$ 3,000,000
P&R	Facilities	Neighborhood Park Development Timber Ridge	Capital	Growth-driven need	\$ 750,000
P&R	Facilities	New Hike/Bike Trail Development	Capital	New growth in Oak Creek area, South Albany	\$ 500,000
P&R	Facilities	Timber Linn Park Improvements Phase 1B	Capital	Identified project in Timber Linn Park master plan	\$ 400,000
P&R	Facilities	Timber Linn Park Improvements Phase 1C	Capital	Identified project in Timber Linn Park master plan	\$ 600,000
P&R	Facilities	Bryant & Timber Linn ball field complex renovations	Capital	fencing, artificial turf, parking at Timber Linn; fencing, amenities at Bryant. Excludes lighting per project on line 14	\$ 3,000,000
P&R	Facilities	New pickleball/sports courts	Capital	Location to be determined.	\$ 200,000
Total Funding Required					\$ 14,475,000

Capital Group A

Figure 71B: 20 year 14.75 million GO bond worksheet: 20-year even annual payment debt schedule with 5% interest and 5% issuance costs.

20-year even annual payment debt schedule for a \$14.5 million GO bond with 5% interest and 5% issuance costs.				
Year	Annual Principle	Annual Interest 5%	Annual Debt Service	Debt Outstanding at End of Year
1	\$ 723,750	\$ 723,750	\$ 1,447,500	\$ 13,751,250
2	\$ 723,750	\$ 687,563	\$ 1,411,313	\$ 13,027,500
3	\$ 723,750	\$ 651,375	\$ 1,375,125	\$ 12,303,750
4	\$ 723,750	\$ 615,188	\$ 1,338,938	\$ 11,580,000
5	\$ 723,750	\$ 579,000	\$ 1,302,750	\$ 10,856,250
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9	\$ 723,750	\$ 434,250	\$ 1,158,000	\$ 7,961,250
10	\$ 723,750	\$ 398,063	\$ 1,121,813	\$ 7,237,500
11	\$ 723,750	\$ 361,875	\$ 1,085,625	\$ 6,513,750
12	\$ 723,750	\$ 325,688	\$ 1,049,438	\$ 5,790,000
13	\$ 723,750	\$ 289,500	\$ 1,013,250	\$ 5,066,250
14	\$ 723,750	\$ 253,313	\$ 977,063	\$ 4,342,500
15	\$ 723,750	\$ 217,125	\$ 940,875	\$ 3,618,750
16	\$ 723,750	\$ 180,938	\$ 904,688	\$ 2,895,000
17	\$ 723,750	\$ 144,750	\$ 868,500	\$ 2,171,250
18	\$ 723,750	\$ 108,563	\$ 832,313	\$ 1,447,500
19	\$ 723,750	\$ 72,375	\$ 796,125	\$ 723,750
20	\$ 723,750	\$ 36,188	\$ 759,938	\$ -
Totals	\$ 14,475,000	\$ 7,599,375	\$ 22,074,375	
	Bonded Principle	\$	14,475,000	
	Total Interest	\$	7,599,375	
	Issuance Cost (5%)	\$	723,750	
	Total Cost for Bond	\$	22,798,125	
				SDC Revenues 400000
				Bonded Principle 14,475,000
				Total Interest 7,599,375
				Issuance Cost (5%) 723,750
				Total Cost for Bond 22,798,125
				Debt service per year 1139906.25
				SDC Revenues 200000
				Remaining Debt Service 939906.25
				Rate per \$1000 AV 0.25396976
				Cost for \$200,000 AV 50.7939526

Capital Group A

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Capital Group B

Brett Scott, Dan Lopic, Jennifer Smith, and Sadie DiNatale

Introduction

This memorandum provides the details and analysis for three, unique capital financing strategies for the Albany Parks and Recreation Department. Each financing strategy generates approximately \$17 million over a ten-year period. The first strategy involves the development of a special district and the adjustment of Albany's System Development Fee. The second strategy suggests the development of a local option levy, the development of a utility fee, the development of a marijuana tax, and the development of food and beverage sales tax. The third strategy suggests an adjustment of the existing System Development fee (different adjustment than first strategy poses), the development of a recreation pass, the development of a sales levy, and a general obligation bond. This analysis concludes with a recommendation that Albany create a Park District and amend their methodology for System Development Charges.

Revenue Option 1

This first funding strategy identifies a revised System Development Charge (SDC) methodology along with the development of a parks district, bounded by the geographic perimeter of the City of Albany (subject to expansion only as the city expands), to meet the current and future needs of residents. This strategy has the additional feature of also meeting unfunded maintenance and operational needs.

System Development Charges

The current formulation of parks SDCs is:

$$((\text{sq. ft.} * \$0.56) + (\text{\# of bedrooms} * \$293.33)) * 1 \text{ unit}$$

The average housing unit being built is 1,800 sq. ft. with three bedrooms. This means that approximately \$1,889 is being earned for one (average) housing unit constructed. To accommodate future growth projections, 125 new units need to be constructed each year. This results in an expected parks SDC revenue of approximately \$236,000 per year.⁷⁷ Albany's existing SDC methodology (above) is more sophisticated than many other jurisdictions in that the fee is calculated using square footage and number of bedrooms (rather than just type of dwelling unit). However, by updating the existing fee rate, Albany could both increase its revenue potential as well as incentivize needed housing types or areas of growth.⁷⁸

The revised methodology incorporates a progressive, tiered fee structure to recalculate SDCs. As opposed to the current \$0.56/sq. ft. standard, housing units would qualify under one of four pricing tiers contingent upon their gross square footage of real property.

Figure 72: SDC Methodology Adjustment: Price/square feet (sqft)

Tier	Price per Sq.Ft.	Sample fee
Up to 700 square feet	\$0.50	700 sqft = \$350
701 to 1,400 square feet	\$1.00	1000 sqft = \$1,000
1,401 to 2,100 square feet	\$1.50	1,800 sqft = \$2,700 (average)
More than 2,101 square feet	\$2.00	3,000 sqft = \$6,000

Tiered system based off the system used by the City of Portland

While this tiered system may be slightly more administratively complex, it will increase SDC revenues and it can be manipulated to incentive development needs or meet policy goals (i.e. encourage smaller, and potentially more affordable homes). As the bolded text in the table above displays, the developer of an average unit (1,800 sf. ft.) would be charged \$800 more using the SCYP adjusted methodology (from \$1,889 to \$2,700).

If 25 units of the 125-total constructed per year falls in each tier, and adding the average of each category, new parks SDC revenue would be approximately \$314,000 per year.⁷⁹

Parks District

If a parks district were developed for Albany parks, an elected governmental board of three to five citizens would ensure responsible management and funding of Albany’s parks, recreation, and open space, as well as raise the profile of parks as a city-wide asset. A parks district would not only fund capital projects, but would generate enough to fund operations and on-going maintenance as well.

Oregon’s Revised Statutes enable and guide the formation of parks districts (see Appendix C) subject to election of the electors of the prescribed district (within the unincorporated urban growth boundary of the City of Albany). Benefits of creating a district include:⁸¹

- The ability to provide infrastructure and services without depending on the revenue capacity of city government;
- Allowing services to be targeted for a specific group of consumers who pay for the amount and quality of services they demand; and,
- Separating the delivery of services from local politics

That existing parks are served by the city P&R across two counties makes it an ideal candidate to become an independent district. Albany residents value their parks and want and deserve to see them well stewarded – this involves adequate and consistent financing. A special district with its own taxing authority can provide this consistency in a way that periodic bond levies cannot.

An adequately funded parks system for Albany would mean a total budget of approximately \$11 million per year (\$8.8 million in expected from existing funding, plus the capital and operating gap of \$2.14 million). Much of the existing funding for parks comes in the form of parks administered fees and sponsorships – and those would continue to be collected by the parks district.

Figure 73: Albany Parks Department existing funding structure for FY 2017

Parks fees/ charges/contingency	Property tax	SDC fees	Total received	Backlog of need	Total needed
\$ 4,048,500	\$ 4,513,300	\$ 236,000	\$ 8,797,800	\$ 2,140,000	\$ 10,937,800

City of Albany Budget FY 2016-2017

The parks district would authorize a property tax levy that would cover both the property tax funds for the parks that are currently collected and administered by the city (\$4,513,300),⁸² plus the shortfall in capital improvements and operating expenses (\$2.14 million per year). The levy, based on citywide assessed valuation of \$3,552,360,778, would be \$1.851 per \$1000 of assessed valuation⁸³ ($1.851 * ((\$3,552,360,778/\$1,000))$).⁸⁴

Figure 74: Albany Parks District proposed funding structure for FY 2017

Parks Fees, Charges, Contingency	Property tax	SDC fees	Total
\$ 4,048,500	\$ 6,575,200	\$ 314,100	\$ 10,937,800

City of Albany Budget FY 2016-2017

This levy would collect \$75,377,700 over the course of ten years and represents increased revenue of \$21,521,100 over the existing funding structure.⁸⁵

A household with an average assessed valuation of \$150,000 would pay \$277 per year for their district’s parks ($1.851 * (\$150,000/\$1,000)$). Currently, \$190.50 of that house’s property taxes go toward the parks department. A parks district could generate more money per property than they are currently able to as a city department.

An additional benefit of this strategy is that the City of Albany can choose to either redirect \$1.2796 of its current permanent rate (the amount of the current permanent rate of \$6.3984 that was given to the parks department, 20%), or elect to only charge taxpayers a rate of \$5.1187.

Revenue Option 2

Our second funding strategy has four components which, when applied together, can be used to address the desired \$17 million capital budget target. This option suggests using a five-year local option levy along with the development of a utility fee, a marijuana tax, and a food and beverage sales tax.

Local Option Levy (Five-Year)

A five-year local option levy on property tax could be created for FY2017-21 solely to fund the many renovations needed within the Parks and Recreation Department to correct unsafe, non-compliant, or inaccessible infrastructure and buildings.⁸⁶ It is possible that residents may not be receptive to the idea of an increase in property tax rates, even if only for five years. One way to combat this problem however is to brand the tax as a benefitsreceived levy that stresses its purpose as a necessary opportunity to fund critical projects in order ensure public safety for all residents. A list of projects that this levy could fund can be found in Appendix A.

If Albany were to impose a \$0.17 for every \$1,000 of assessed value, the average household with \$150,000 of assessed value would pay approximately \$25.50 every year for five-years. Given Albany's projection of 125 newly constructed homes annually, by year five, Albany could expect approximately \$3 million in revenue.⁸⁷

Utility Fee

Assessing an additional fee on utilities could also provide a revenue source from residents that are benefiting most from park and recreation facilities. There is a total number of 19,512 households in the City of Albany that would be subject to the new fee (Figure 75).⁸⁸ Listing the fee as an "environmental preservation" or "environmental stewardship" fee may create less backlash from city residents. With an annual fee of \$30 dollars per household, Albany could expect to generate \$585,360 in revenue each year. This translates to approximately \$5.85 million over ten years. A fee of \$30 per household converts to \$2.50 per month per household. This fee could easily be applied to existing itemized utility bill (Figure 76) and the low rate politically palatable. The City of Medford has taken a similar approach in implementing its Parks Utility Fee and

since 2007 the city has applied a charged of \$2.56 per household that is tacked onto resident’s existing utility bill.⁸⁹ The City of Corvallis has also implemented a utility fee.

Figure 75: Utility fee information

Factors influencing Revenue	Assumptions
Number of households	19,512
Annual Utility Fee per household	\$30
Annual Revenue	\$585,400

United States Census American Community Fact Finder, 2016

As the table below illustrates, households charged a utility fee will not be overly burdened with inconvenience as the fee will be applied to an existing bill.

Figure 76: Example utility bill

Billing Details: Meter Reading	Previous Read	Current Read	Units
Water Charges	-	-	
Consumption Charges	-	-	\$ 21.18
Flat Charges	-	-	\$ 15.85
Low Income Assistance Program	-	-	\$ 0.35
Sewer Charges	-	-	
Consumption Charges	-	-	\$ 11.39
Flat Charges	-	-	\$ 20.20
Parks and Recreation Fee	-	-	
Flat Charges	-	-	\$ 2.50
Total Current Charges	-	-	\$ 71.47
Total Amount Due	-	-	\$ 71.47

Sample

Marijuana Tax

Medical and recreational marijuana was recently legalized in the State of Oregon generating the state an estimated \$10.7 million in revenue for the 2015-2017 biennium.⁹⁰ Several cities have begun to capitalize on marijuana sales by implementing their own city specific tax on marijuana sold within their municipality. Albany would benefit by taking advantage of this revenue opportunity.

Currently, taxes imposed on recreational marijuana are split into two separate and distinct marijuana tax rates:

- 25% sales tax on recreational marijuana sold at medical marijuana dispensaries; and
- 17% sales tax on recreational marijuana sold at retailers licensed by the Oregon Liquor Control Commission (OLCC)⁹¹

The State legislature set a 17% base sales tax but has made a provision that allows cities and counties to add an additional sales tax of up to 3%.⁹² Although the tax may be seen by some as rather regressive, this excise tax (or “sin tax”) could help fund large capital improvement projects if the city were to levy the additional 3% sales tax.

Currently, it is estimated that 11% of Oregon adults regularly use marijuana.⁹³ If this percentage holds across all Oregon cities then it can be estimated that Albany has roughly 5,674 consistent marijuana users (Figure 77). It is estimated that the average marijuana user consumes roughly 4 oz. of marijuana annually.⁹⁴ With 5,674 marijuana users in Albany the City can expect its residents to use nearly 22,696 oz. of marijuana each year.⁹⁵ Further, the average price for marijuana sold in Oregon is \$204 per oz. If the city were to impose a sales tax of 20%, rather than the state mandated 17%, the Albany will generate an additional \$40.80 per oz. This equates to an additional \$138,900⁹⁶ in revenue per year (see Table 2-6) and roughly \$1.3 million over the next ten years.

Figure 77: Marijuana tax

Factors influencing Revenue	Assumptions
Oregon Average Population of Marijuana users	11%
Albany Population	51,583
Albany Marijuana Users (based on Oregon Average)	5,674
Total Amount of Marijuana Used (based on Albany Users)	22,696
Oregon Average Price per oz	\$ 204.00
Price per oz with 20% Sales Tax	\$ 244.80
Tax Revenue Per Oz. (Oregon and Albany)	\$ 40.80
Tax Revenue per Oz. (Albany)	\$ 6.12

www.oregon.gov/olcc/marijuana/Pages/FAQs-Taxes.aspx

Food and Beverage Sales Tax

While Oregon does not impose a food and beverage sales tax, municipalities have the right to impose one themselves to raise additional revenue. This tax is a viable strategy to generate funds using Ashland, Oregon’s tax structure as their model.⁹⁷

If a 5% tax was imposed on all prepared foods and beverages, Albany could feasibly generate approximately \$2.7 million every year.⁹⁸ This figure was based off of Ashland’s tax revenue projection, however, Albany has a much larger population than Ashland. Accordingly, Albany could expect higher tax revenues than this projection conveys.⁹⁹ Nevertheless, this annual projection of \$2.7 million remains a conservative estimate. Over ten years, Albany could expect to generate \$27.3 million.

Revenue Option 3

To meet the capital budget goal, Albany must maximize its most efficient revenue sources to close the gap of needed revenue and actual revenue available. Therefore, this strategy suggests updating and simplifying the methodology used for System Development Charges (SDCs). Instead of using a tiered approach found in revenue Option 1, these SDC rates would raise square footage costs, and lower bedroom costs.

In addition, this strategy suggests the development of a recreation pass, the creation of a sales tax on goods and services sold at Albany’s festivals and concert series, and the development of a General Obligation Bond.

System Development Charges

The first and simplest option for raising revenues for capital improvement projects is the restructuring and simplification of the Park SDC rates. With an average household size of three bedrooms and 1,800 sq. ft., current rates yield around \$111,007 annually (per 125 average units annually). Utilizing a simpler approach, charging \$1 per sq. ft. and \$100 per bedroom, Albany would yield approximately \$30,000 more in annual revenue. This increase would bring total Park SDC revenues to above \$260,000 annually. Although this methodology uses square footage and bedrooms to set costs, other entities like the Bend Metro Parks and Recreation District charge fees based on dwelling type alone.¹⁰⁰ Regardless of what strategy is utilized, simplifying SDC rates can help developers and contractors, which ultimately leads to higher levels of development, and thus higher SDC yields.

Figure 78: Preliminary revenue potential of existing and amended SDC methodology

	Average Sq. Ft.	Price/Sq. Ft.	Price/ Room	Average # of Rooms	Average Housing Unit	Total (125 New Units)	Ten-Year Lifespan
Preliminary Revenue Potential							
Amended Methodology	1,800	\$1.00	\$ 100	3	125	\$ 262,500	\$ 2,625,000
Existing Methodology	1,800	\$0.56	\$ 293	3	125	\$ 236,000	\$ 2,360,000
Potential Gain in Revenue						\$ 26,500	\$ 265,000

Albany’s existing SDC methodology and SCYP adjusted methodology. Revenue has been rounded to the nearest hundred to illustrate the preliminary nature of these numbers.

Recreation Pass

Creating an Albany Annual Park Pass with strategic incentives could also yield the city more revenue, while directly targeting park users. This pass would provide incentives and flexibility for purchasers (i.e. five free class sessions, reduced sports program pricing, three pool use passes etc.). Using this model, the parks and recreation department would receive a higher level of exposure, allowing users to try various programs and facilities. This option has the

potential of increasing user fees in the long run, exposing more residents and non-residents to the amenities the Albany Parks & Recreation Department offers. If a conservative amount of 5% of residents were to purchase this annual pass, Albany could expect to see just under 2,600 purchases a year. With an annual rate of \$50, this pass program could create an annual revenue of just under \$130,000. Although similar passes that incentivize classes and programs were not found, the Oregon State Parks Pass has a yearly fee of \$30, which simply allows users to park at day-use areas.¹⁰¹ The National Parks Pass that allows users to enter national parks, retails for \$80 annually.¹⁰² The City of Albany could survey residents to gauge overall interest, ultimately setting an annual price based on perceived public interest.

Figure 79: Annual recreation pass information

Factors influencing Revenue	Assumptions
Albany population	51,583
Percentage that would by Rec Pass	5.0%
Albany Population with Annual pass	2,579
Price per pass	\$ 50.00
Annual Revenue:	\$ 129,000

Portland Population Research Center. Revenue potential has been rounded to the nearest hundred.

Tax Levy on Festivals and Concerts

The City of Albany hosts many festivals and concerts throughout the year, most of which are well attended and depend largely on sponsorships and donations. Given the festival and concert popularity the city could consider using the events as a way of broadening their tax base. This can be done in several ways, the most readily available would be to impose a sales tax on goods and services that exist during the event. Many events garner attendance levels of 40,000 to 60,000 people and given that the city population is just over 50,000 people it stands to reason that many of the event attendees are from outside of the city. Therefore, by imposing a sales tax on goods and services at the events the city can expand its tax base by bringing new revenue from outside the city's jurisdiction.

Some of the festivals and programs that Albany hosts include the River Rhythms Concert Series, the Summer Sounds Concert Series and the Northwest Art & Air Festival. These events attract an estimated 140,000 attendants per year with an estimated revenue of \$297,000 annually (or approximately \$2.12 per attendee).¹⁰³ If we assume attendance will increase by a conservative 1% per year and a sales tax of 6% was imposed on existing goods and services offered at Albany's concert series and festivals, the city could net an additional \$0.21

per attendee (approximately \$2.33 per attendee). Effectively, this would result in an overall revenue of \$326,700 in the first year and approximately \$3,400,000 over the next ten years (Appendix A).

General Obligation Bond (Ten-Year)

With the previous three strategies totaling to approximately \$7.1 million, roughly another \$10 million is needed to fully address the \$17 million capital budget. To address the remaining revenue, Albany could pursue a general obligation bond over a ten-year schedule.

Figure 80: Revenue generated from property tax levy

Property Tax Levy	
Citywide Assessed Value	\$ 3,552,360,778
Tax rate/\$1,000 of Assessed Value	\$ 0.36
10 Year Revenue Projection	\$ 12,800,000

Capital Group B

Based on the interest rate of 2.5%¹⁰⁴ AA-ten-year municipal bonds, and an approximate 1.02% issuance cost,¹⁰⁵ Albany could levy a property tax of \$0.36 per every \$1,000 of assessed value. The average household (with an assessed value of \$150,000) would pay approximately \$54 per year to generate approximately \$1,280,000 each year (or approximately \$12.8 million over ten years).

Figure 81: Repayment over ten years

Repayment Costs	
GO Bond Amount	10,000,000
Issuance Cost	120,000
10 Year Interest Costs (2.5%)	2,500,000
Total Repayment	12,620,000

Capital Group B

Discussion of Preliminary Revenue Potential

Each of the three revenue strategies have the potential to generate the \$17 million funding Albany’s Parks and Recreation capital projects. In fact, revenue projection for each strategy exceeds the target goal—particularly in the case of Strategy 1 and Strategy 2. Revenue Strategy 1 exceeds the ten-year goal of \$17 million by over 300%. However, the nature of using a parks district implies that taxes levied for the district will cover operating and maintenance costs, in which it would. Strategy 2 had exceeded its goal by approximately 120%. Strategy 2 is a special case because feasibly this strategy could exist solely with the food

and beverage tax. Or, as another alternative, the 5% sales tax could be reduced to keep this strategy option as diverse as it is. Strategy 3 had exceeded its goal by 18%. However, revenue projections are approximate and several are subject to change (i.e. due to neutrality, uncertainty, etc.—see evaluation below). Accordingly, and particularly for revenue Strategy 3, excess funds could be considered contingency revenue.

Evaluation of Strategies

While generating sufficient funds was the goal for this project, each component was evaluated against six principles of public budgeting. The principles are: Equity, neutrality, administration, productivity, certainty, and convenience. These terms are defined in Appendix D.

For each principle, strategy components were scored out of a possible two points (broadly, the scale used is 2 = optimal, 1 = somewhat optimal, 0 = not optimal). Metrics of each principle across the scale can be found in Appendix D. After revenue strategy components were scored, they were converted into percentage scores for the strategy as a whole where total points earned were divided by maximum points possible. Given this criterion, Strategy 1 received the highest score suggesting that it encompasses the six budgeting principles more than the other two strategies.

Figure 82: Evaluation of revenue strategies

	Equity	Neutrality	Administration	Productivity (Yield)	Certainty	Convenience	Political Feasibility	
Strategy 1								75%
SDC	2	1	2	1	1	2	2	
Parks District	1	1	1	2	2	2	1	
Strategy 2								66%
Local Option Levy	1	1	1	2	2	2	1	
Utility Fee	1	1	1	2	1	2	1	
Marijuana Tax	1	1	1	1	1	2	2	
Food and Beverage Sales Tax	1	1	0	2	2	2	1	
Strategy 3								61%
SDC	1	1	2	1	1	2	2	
Recreation Pass	1	2	2	1	1	1	2	
Sales Levy	1	1	0	1	1	2	1	
GO Bond	1	1	1	2	2	2	0	

See Appendix D for a description of how each point is earned per each principle

Strategy 1 received the highest score of 75%. This was followed by Strategy 2 scoring a total of 66% and Strategy 3 scoring a total of 61%. In consideration of equity, all individual components scored one point out of a possible two points except for the SDC component in Strategy 1. The SDC component in Strategy 1 scored two points as it represents vertical equity in that developers constructing larger units will pay higher fees than units that are more dense or conservative in size.

Per neutrality, all components scored one point except for the recreation pass. In some way or another, each of the components scoring one point can influence individual's choice (i.e. higher fees in the park district may make individuals desire to live outside of the district's boundaries or a sales levy on event goods may make individuals opt out of attending Albany's concert series and festivals). The recreation pass likely will not negatively impact individual's decisions as the pass is something individuals may opt into—others opting in will not impact another individual's quality of life or financial situation if they choose not to purchase a pass.

Considering administration, the sales levy on goods sold at Albany events (Strategy 3) and the sales levy on food and beverages (Strategy 2) received zero points as the State of Oregon does not already collect sales tax on goods. It will be very difficult to levy this tax in as small a capacity as this levy suggests because the taxing system does not already exist. The general obligation bond received one point because once approved, the tax will be levied from property taxes. Yet, the bond must be addressed annually for debt service adding a layer of complexity. Components also receiving a single point for administration are: The parks district as it calls for the creation of a new entity and the elimination of a city department; the local option levy as it is subject to compression; and the marijuana tax as few Oregon municipalities (and municipalities across the United States) have enacted this tax, which may pose unforeseeable complications. The two SDC components both received two points as the methodology was simply altering the fee rate so that administrators can continue to collect these fees in ultimately the same way. The recreation pass also received two points as it will require a simple monetary exchange between a front desk clerk and a consumer. Managing the perks that the pass receives could be considered a new opportunity to market programs and activities as opposed to an administrative burden.

For productivity, components receiving two points suggest high revenue yields of \$10 million or more over ten years (or close to \$10 million in the case of the marijuana tax). Thus, the sales tax on food and beverages (Strategy 2), the parks district, and the general obligation bond received two points for high yields. The remaining components, while not generating close to \$10 million, did generate more than \$1 million over ten years supplying them with one point each for this category.

Certainty implies the extent to which a component will reach its expected revenue target. Considering, the parks district, the local option levy, and the general obligation bond received two points because they are reliant upon property taxes and less subject to fluctuation from individual choices (i.e. a household cannot opt out of paying their property taxes). The remaining

components (SDCs, marijuana tax, recreation pass, and both sales levies) are subject to market influences or individual choice so these options received one point only.

Per convenience, all components earned two points except for the recreation pass as individuals wishing to purchase this pass must make a stop into the department office to purchase a pass annually (although this could be somewhat mitigated with an online service).

Finally, regarding political feasibility, the general obligation bond per Strategy 3 received zero points as it has been conveyed that the public will likely be unsupportive of such a measure. The sales levies, utility fee, local option levy, and parks district—because of the added tax or fee—will likely receive some public opposition earning these components a single point. The SDC components both received two points as the fees will not explicitly hinder residents outright (the developer of housing units pays this fee). Additionally receiving two points is the marijuana tax (as the 3% increase is so minimal) and the recreation pass (as this is something individuals will opt into if they see the benefit).

Figure 83: Preliminary revenue generation using three distinct financing strategies

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total
Strategy 1											\$ 79,717,994
SDC	\$ 314,100	\$ 314,100	\$ 314,100	\$ 314,100	\$ 314,100	\$ 314,100	\$ 314,100	\$ 314,100	\$ 314,100	\$ 314,100	\$ 3,141,000
Parks District	\$ 6,679,850	\$ 6,880,246	\$ 7,086,653	\$ 7,299,252	\$ 7,518,230	\$ 7,743,777	\$ 7,976,090	\$ 8,215,373	\$ 8,461,834	\$ 8,715,689	\$ 76,576,994
Strategy 2											\$ 37,594,800
Local Option Levy	\$ 603,900	\$ 603,900	\$ 603,900	\$ 603,900	\$ 603,900	-	-	-	-	-	\$ 3,019,500
Utility Fee	\$ 585,400	\$ 585,400	\$ 585,400	\$ 585,400	\$ 585,400	\$ 585,400	\$ 585,400	\$ 585,400	\$ 585,400	\$ 585,400	\$ 5,854,000
Marijuana Tax	\$ 138,900	\$ 138,900	\$ 138,900	\$ 138,900	\$ 138,900	\$ 138,900	\$ 138,900	\$ 138,900	\$ 138,900	\$ 138,900	\$ 1,389,000
Food and Beverage Tax	\$ 2,733,230	\$ 2,733,230	\$ 2,733,230	\$ 2,733,230	\$ 2,733,230	\$ 2,733,230	\$ 2,733,230	\$ 2,733,230	\$ 2,733,230	\$ 2,733,230	\$ 27,332,300
Strategy 3											\$ 19,982,000
SDC	\$ 262,500	\$ 262,500	\$ 262,500	\$ 262,500	\$ 262,500	\$ 262,500	\$ 262,500	\$ 262,500	\$ 262,500	\$ 262,500	\$ 2,625,000
Recreation Pass	\$ 129,000	\$ 129,000	\$ 129,000	\$ 129,000	\$ 129,000	\$ 129,000	\$ 129,000	\$ 129,000	\$ 129,000	\$ 129,000	\$ 1,290,000
Sales Levy	\$ 326,700	\$ 326,700	\$ 326,700	\$ 326,700	\$ 326,700	\$ 326,700	\$ 326,700	\$ 326,700	\$ 326,700	\$ 326,700	\$ 3,267,000
GO Bond	\$ 1,280,000	\$ 1,280,000	\$ 1,280,000	\$ 1,280,000	\$ 1,280,000	\$ 1,280,000	\$ 1,280,000	\$ 1,280,000	\$ 1,280,000	\$ 1,280,000	\$ 12,800,000

Capital Group B: SCYP generated methodologies and revenue structures. *Projected revenue has been rounded to the nearest hundred.

Recommendations

Considering all options, a recommendation to pursue Strategy 1 (adjustment of the System Development Charge tax rate (and system) and creation of parks district is suggested. Revenue Option 1 was selected because:

- The strategy effectively generates sufficient revenue to fund all capital projects.
- The parks district funds operating and maintenance expenses.
- The revenue package reflects Albany’s preference of pay-as-you-go options.
- The city’s General Fund can reallocate the approximate 1.2 millage rate it currently dedicates to the Parks Fund, or it may decline to levy that portion of the permanent rate.

- The new SDC methodology is highly progressive offering Albany an innovative opportunity to incentive needed housing for low-income individuals and households; and finally.
- The strategy scored highest across various public financing evaluation criteria.

Appendix A: Data Tables

The following subsections provide relevant data for added context to the revenue strategies described in Part 2 of this memorandum.

Revenue Option 1

The following table illustrates preliminary revenue projects for the Parks District revenue component.

Figure 84: Schedule of revenues from 1.851 millage rate on \$3,552,360,778 of total assessed valuation, increasing by conservative 3% per year

Revenue	Year
\$ 6,575,200	2017
\$ 6,772,500	2018
\$ 6,975,700	2019
\$ 7,184,900	2020
\$ 7,400,500	2021
\$ 7,622,500	2022
\$ 7,851,200	2023
\$ 8,086,700	2024
\$ 8,329,300	2025
\$ 8,579,200	2026
\$ 75,377,700	Total tax received over 10 years assuming 3% growth per year
\$ 780,600	SDC over 10 years
\$ 76,158,400	Total tax plus SDC after 10 years

Capital Group B

Revenue Option 2

The following table showcases critical projects (renovations needed to meet accessibility or safety standards).

Figure 85: Local option levy 5-Year funds

Critical Capital Projects	Issue	Cost
Replace Park Restroom/Monteith Park	Aging and difficult to maintain structure; ADA noncompliance	\$ 250,000
Replace Monteith Park Stage	Aging and difficult to maintain structure; ADA noncompliance	\$ 300,000
Replace ball field lights at Bryant and Timber Linn parks	Present equipment is 40+ years old, outdated, unsafe, and not energy efficient; ADA noncompliance	\$ 750,000
Sunrise Park Renovation	Address accessibility barriers in 40-year old park	\$ 100,000
Deerfield Park Renovation	Address accessibility barriers in 40-year old park	\$ 400,000
Playground Replacement Grand Prairie Park	Outdated equipment no longer meets federal design/safety and accessibility standards	\$ 150,000
Playground Replacement Draper Park	Outdated equipment no longer meets federal design/safety and accessibility standards	\$ 150,000
Playground Replacement Pineway Park	Outdated equipment no longer meets federal design/safety and accessibility standards	\$ 100,000
Playground Replacement Henderson Park	Outdated equipment no longer meets federal design/safety and accessibility standards	\$ 75,000
Playground Replacement Lehigh Park	Outdated equipment no longer meets federal design/safety and accessibility standards	\$ 150,000
TOTAL OVER 5-YEARS		\$ 2,425,000

Albany Parks and Recreation Capital Project List.

Revenue Option 3

Figure 86: Sales tax levy on goods and services from Albany concerts and festivals

Year	1% Growth (Attendees)	Attendees per year with 1% growth annually:	Preliminary Revenue Earned (with 10% Sales Tax)
1	-	140,000	\$ 326,700
2	1,400	141,400	\$ 329,967
3	1,414	142,814	\$ 333,267
4	1,428	144,242	\$ 336,599
5	1,442	145,685	\$ 339,965
6	1,457	147,141	\$ 343,365
7	1,471	148,613	\$ 346,799
8	1,486	150,099	\$ 350,267
9	1,501	151,600	\$ 353,769
10	1,516	153,116	\$ 357,307
Total 10 Years			~\$3,400,000

Capital Group B. A 6% sales tax would increase the average spending of approx. \$2.12 per attendee to \$2.33 per attendee.

Capital Group C

Ryan Gil, Vé Gulbrandsen, Madi Pluss, Ethan Stuckmayer

Purpose

The purpose of report is to discuss ways in which the City of Albany’s Parks and Recreation Department can increase revenue sources to fund its Capital Improvement Projects (CIPs). It will begin with a brief overview of the Parks and Recreation Department’s list of projected capital improvements, and the funding required for these projects to come to fruition. Next, it will discuss three possible financing strategies. The memo will conclude with a recommendation for the capital financing strategy we found to be most effective.

Background/Context

According to our research, three viable financing strategies are private-public partnerships, utilization of tax funds, and a combination of bond measures and system development charge increases. We discuss each option, the challenges and limitations associated with them. We then evaluate them using the following criteria:

- Equity: Financial burdens are distributed fairly when considering residents in comparable economic circumstances, and across the spectrum of incomes
- Administration: Administering the strategy is feasible and efficient
- Productivity: The strategy provides sufficient and stable revenue
- Neutrality: The effects of the strategy have a minimal impact on residents’ decision-making and way of life
- Certainty: Rules of the strategy are clearly stated and evenly applied
- Convenience: It is easy for residents to make payments associated with the strategy
- Political feasibility: The strategy will receive minimal resistance from policymakers and residents

This criteria provides a comprehensive evaluation of the strengths and weaknesses of each financing strategy. It is also the basis of our recommended approach, which measures up best against the evaluation criteria.

Strategy 1: Public-Private Partnerships

Utilizing partnerships with local businesses and nonprofits is a key priority in Albany’s budget strategic plan, and the Parks and Recreation Department has partnerships with over 90 local partners. From what we can deduce from the budget documents and available information on parks services, the public-private partnerships currently in existence are largely in the form of sponsorships and vendor concessions.

Public-private partnerships are a tool that is increasingly used by urban parks departments across the country. These partnerships come in many different forms, and with different levels of collaboration and private control, which also means different levels of commitment and risk. These are different levels of public-private partnerships collaboration.¹⁰⁶

- Advisory
- Sponsorships
- Shared responsibilities for service provision
- Independent operation of site
- Independent operation of site + capital investments

Apart from administration costs, Aquatic Services and Parks Maintenance are the two largest expenditure categories of the Parks department’s operating budget—12% and 30% respectively. According to the budget document, the Parks Maintenance program is pursuing a partnership with the American Youth Soccer Association to rebuild a soccer field complex. The Aquatic Services Program, however, does not have any existing or planned partnerships beyond sponsorships. Developing additional, higher level partnerships in these two programs has the potential to directly fund greatly needed capital projects, as well as create a substantial reduction in operating costs, which would free up resources to allocate to them.

Based on our assessment of Albany’s Parks programs and research into successful partnerships in other cities, our first suggested strategy is pursuing higher level partnerships with a nonprofit or private business to: a) operate one or more of Albany’s pools and related recreational services, and b) perform the five playground replacements outlined in the CIP projected needs.

Partnership to Provide Aquatic Services

Contracting out specific services to nonprofits or private businesses through a bidding process can create cost-savings associated with service delivery and site operation. Private organizations can often provide services at a lower cost than public agencies due to having more resources providing economies of scale, capacity to keep labor costs low, and overall incentive to reduce costs. Limiting contract lengths and having recurrent bidding processes could increase competition and incentives for contractors to keep costs down.¹⁰⁷

The expenditures for Aquatic Services in the FY2016-17 budget totals \$831,100. According to the budget, 41% of the program costs are covered by non-tax revenue such as merchandise sales, facility rentals, and donations. Thus, 59%, or \$490,349, is how much the Aquatic Services Program is currently costing Albany's General Fund. There have been a multitude of studies investigating the rate of savings governments can achieve through contracting out, and rates range as wide as 8% to 50%.¹⁰⁸ Using a conservative average, we will assume a private partner could take over independent operation of the Aquatic Services program for 20% cheaper than the current rate. We also assume the private partner would provide all needed staff to operate the program.

A 20% savings rate would result in a contract with a private partner costing the department around \$393,000, assuming that the non-tax revenue mentioned above will be allocated to the private partner. Thus, this strategy would generate approximately \$100,000 per year (Appendix B illustrates calculations). While this is technically savings to operations costs, they would be allocated towards funding capital needs. There are several projects in the CIP projected needs document which require total funds of \$100,000 or less.¹⁰⁹ The savings from contracting out Aquatic Services can be allocated to fund one of these projects each year according to priorities.

Partnership to replace playgrounds

Our research suggests that park infrastructure replacements and investments is a rewarding area for public-private partnerships with nonprofits.¹¹⁰ Playgrounds are vital to community well-being, and community-focused nonprofits are often highly motivated to expand and restore child-friendly public spaces. Furthermore, public spaces owned by the government are attractive resources for nonprofit agencies to utilize for their programs. Considering these two factors, partnerships can be made between parks departments and nonprofits where capital funds for playground replacements are supplied by the nonprofit in return for certain privileges of use of the playground and surrounding park.

A case study of a Cleveland public-private partnership provides an example of this process. A nonprofit providing children’s services and daycare provided funds for three playground replacements, in return for free utilization of the playgrounds and surrounding parks facilities for a monthly outing with the daycare program, and a number of annual community events including sports competitions and benefit events.¹¹¹

There are five playground replacements listed in the CIP projected needs document, totaling \$625,000 (Figure 87). The stated driver for all these replacements is outdated equipment and/or failure to meet accessibility standards, which may contribute further motivation for nonprofits to pursue a partnership. There are a substantial number of nonprofits in Albany that may have a dual interest in investing in parks infrastructure in return for utilization of parks. According to an online register there are more than 40 nonprofits in Albany with a focus on children and youth, education, environment, health, and mental health (Appendix B lists potential nonprofit partners).¹¹² This strategy could also be coupled with naming rights in addition to privileges of use. We suggest reaching out to potential nonprofit partners with a proposal, listing the possible privileges available and the different playground projects that need funding. Assuming five partners can be identified that will fund one playground each; the full \$625,000 will be raised.

Figure 87: Playground replacements and costs¹¹³

Playground	CIP Cost
Grand Prairie Park	\$150,000
Draper Park	\$150,000
Pineway Park	\$100,000
Henderson Park	\$75,000
Lehigh Park	\$150,000
Total	\$625,000

Capital Group C

Strategy 2: Utilization of Tax Funds

Another approach to addressing Albany’s inability to afford capital projects would involve establishing a new revenue source for the Parks and Recreation Department that would be completely supplied by taxes. Though tax reform is less politically feasible in a fiscally conservative climate, this option is a product of the insufficiencies of the current public-private partnership structure, and is more diversified than relying on a single bond measure.

With its notable summer music festival scene that introduces over \$5 million to the local economy, and attracts 140,000 visitors, tourism drives a notable part of Albany’s economy. The revenue that can be captured from visitors is the fundamental inspiration for this tax strategy. We recognize that visitors will be supporting the wide variety of dining options throughout Albany, and staying at the many different motel and hotel options. Albany’s proximity to Interstate 5 also serves as a prime spot to stop and rest during trips along the corridor. Additionally, the summer music nightlife will inevitably increase marijuana consumption and support the local dispensaries.

This strategy is grounded in best practice and hinges on a three-fold approach: 1) an increase in the transient room tax; (2) the creation of a prepared food tax; and (3) utilization of ⅓ of local marijuana tax revenue. The table below depicts the cities and best practices that inspired this approach.

Figure 88: Model tax strategies

City	Population	Best Practice
Ashland, OR	20,713	Prepared Food and Beverage Tax
Springfield, OR	60,177	9.5% Transient Room Tax

Capital Group C

Based on our analysis of the aforementioned best practices, we have compared the conditions in Albany to the results of the aforementioned best practices, and can estimate that this strategy would produce \$9.64 million in revenue each year. Because data is limited, we have made a variety of assumptions that are described in each individual section, however, our estimates provide a general understanding of the financial efficacy of this approach.

Figure 89: Estimated yearly tax revenue

Tax Name	Rate	Estimated Yearly Revenue (Parks and Recreation)
Transient Room Tax	9.5% tax rate	\$200,000/year
Prepared Food Tax	5% tax 1% for Parks and Recreation	\$500,000/year
Marijuana Excise Tax	3% tax 1% for Parks and Recreation	\$20,000/year
Total Tax Revenue After 10 Years		\$720,000/year

Capital Group C

Transient Room Tax

In Albany’s current financial structure, transient room tax (TRT) revenue is used to help recapitalize equipment replacement for both police and fire services. In 2016, the transient room tax introduced \$942,000 into Albany’s budget, of which \$171,000 was appropriated to the Parks and Recreation Department.¹¹⁴

The City of Springfield imposes a transient room tax rate that is 0.5% higher than Albany. The city earns over \$2.5 million in revenue from transient lodging taxes, which is \$1.5 million more than Albany.¹¹⁵ Increasing the current rate from 9% to 9.5% would presumably add significant funds to Albany’s Transient Room Tax revenue stream, with minor implications for the tourist.

Figure 90: Transient room tax rate and revenue comparison

City	Population	TRT Rate	TRT Revenue (FY2015-2016)
Springfield	60,135	9%	\$2.57 million
Albany	51,670	9.5%	\$942,000

Capital Group C

Increasing the tax by 0.5% would not be a significant burden on the individual visitor, as the average single hotel/motel room total room cost only increases by \$0.36. Based on the proportion distributed to the Parks and Recreation Department described in the City of Albany budget (\$171,000 of \$942,000), we assume that 18% of revenue from TRT is distributed to the Parks and Recreation Department. The remaining 72% is included in the General Fund. Our calculations look at the average cost of a hotel/motel in the City of Albany, and the fact that the summer festival scene brings in close to 140,000 visitors.¹¹⁶ The results outlined in Appendix C indicate that an increased TRT rate will introduce \$10,000 more from summer tourists alone. We anticipate that an increase by 0.5% will bring the yearly revenue close to \$200,000/year.

Prepared Food Tax

Another element of this strategy would include instituting a tax on all prepared food. As this strategy emphasizes the role of tourism catalyzed by the summer music scene, we encourage the Parks and Recreation Department to capitalize on visitor’s spending money at the many restaurants throughout the city. Implementation of this tax revenue action requires the approval of the voters, which would necessitate extensive public outreach in Albany’s financially conservative climate.

Comparable to Albany’s summer music festival program, Ashland hosts the Oregon Shakespeare festival, which sells over 350,000 tickets and attracts over 100,000 tourists.¹¹⁷ To take advantage of the money tourists spent on food, the people of Ashland approved a special sales tax on all prepared food. A five percent tax is collected by the city, of which one percent is used to purchase open space for parks. Ashland renewed the tax and extended the by electors in 2009. The tax expires on December 31st, 2030.¹¹⁸

According to city websites, there are 104 places to eat in Ashland, and approximately 80 places to eat in Albany.¹¹⁹ In fact, Albany is has a larger population than Ashland. The summer music festivals in Albany attract a similar number of visitors,¹²⁰ so we assume that a prepared food tax in Albany would generate comparable revenue.

Figure 91: Tourism comparison

City	Population	Summer Festival Visitors	Number of Restaurants
Albany	20,684	140,000	104
Ashland	51,670	100,00 ¹²⁰	80

Capital Group C

The 2013-2015 biennial budget estimates the Food and Beverage fund \$980,920¹²¹ of revenue to the capital improvement projects fund, a portion of the total \$2.4 million in prepared food tax revenue.¹²² Over the past ten years, the fund has contributed \$4.2 million to parks and recreation capital projects.¹²³ Since 2006, the tax has added over \$33 million to the city’s budget (See Appendix).

We recognize that voters may not immediately support prepared food taxes and that it may be challenging attributing food revenue to parks capital projects. This link must reflect the Parks and Recreation Department’s role in conjunction with the summer music festival scene. We have included a list of significant restaurants and bars in the Appendix C. It is important that representatives from the Parks and Recreation Department collaborate with company owners to insure support for this proposition.

This strategy may put a strain on small businesses, through decreased sales from discouraged community members. Additionally, this strategy may disproportionately harm low income community members who already struggle to pay for food.

Marijuana Tax

The third leg of the tax revenue strategy involves the recently approved marijuana tax. In the 2016 November election, voters approved a 3% local tax on the sale of marijuana. We suggest utilizing one-third of the revenue from sales to support parks capital improvement projects.

Figure 92: Marijuana tax revenue.

City of Albany Tax Proceeds (total marijuana sales ¹²⁴ x 0.3% tax)	Albany Parks and Rec Revenue (1% of Gross Recreational Marijuana Sales)
\$60,000	\$20,000

Capital Group C

As outlined in Appendix C, the City of Albany could expect to receive a conservative estimate of \$60,000 from the combined local marijuana excise tax revenue. Utilizing 1/3 of these funds for the parks department will introduce \$20,000 that can be allocated for capital improvement projects. Assuming the rate of sales and prices will remain consistent for the next ten years, this will equate to \$2 million dollars. We recognize that increase in population and growth of the marijuana industry might lead to revenues that are substantially greater than our projections, as evidenced in many communities in Colorado, however, our estimates reflect a conservative approach.

Strategy 3: A Bond and Increase SDCs

The current fiscal situation in Albany has reached a point where existing revenues can only cover operation and emergency maintenance costs, leaving little to no funding to improve or add to the parks system. In an attempt to meet the existing and growing needs for improved park service in Albany, this section explores the possibility of requesting voters approve a CIP general obligation bond measure during an upcoming election cycle.

General Obligation Bond

Bonded indebtedness is a widely used mechanism in Oregon to fund budget line items such as land acquisition, building construction, and most commonly, capital improvements. In general, bonding is the process in which local governments agree to pay back, in full and in good faith, debt incurred to finance projects. The authority to issue bonds was provided to taxing jurisdictions by Measure 5 in 1990. There are several different types of bonds that jurisdictions can utilize but the most applicable to this proposal is general obligation bonded indebtedness, which is restricted to voter-approved capital construction or capital improvements.

Statewide, general obligation bonds for parks have historically been met with mixed citizen support. Since 1988, voters across Oregon have passed 22 of 38 parks and open space bond measures to add over \$3.1 billion to local and state budgets. Support for bonds depends on the jurisdiction and citizen values but, generally, bond measures that are obligated for parkland acquisitions or specific capital improvements have the highest success rate.¹²⁵ Whether or not this is the case in Albany has yet to be seen as they have historically been a fiscally conservative, debt-averse city, and have not seriously considered bond measures as a funding option.

Given the overall success rate of bond measures for park capital projects across the state, there is a significant pool of best practices that can be gleaned from other taxing agencies that have been able to secure bond funding, should the City of Albany consider pursuing this strategy. For instance, in 2011 the City of Boulder passed Measure 2A giving the city the authority to leverage existing revenues to bond for up to \$49 million to pay for necessary capital investments. Additionally, the Willamalane Park and Recreation District in Springfield was able to get voter approval on a \$20 million bond measure in 2012 and the voters of Springfield seemed to be receptive of the concept passing the bond with 54% in favor.

Perhaps partially a reason the most recent Willamalane bond measure was successful was the fact that the district was not asking the voters to pay for the whole of the CIP outright. A mixture of funding sources applied to Phase One of their Capital Improvement Project helped to reduce the amount of the debt, making it more palatable to the voters. The diversification of sources reflects Willamalane's conscientious effort to set forth a plan that would not put the citizens and their organization at risk by taking on too much debt.

A similar approach is utilized in this strategy by supplanting a portion of the bond amount with new SDC revenue. Therefore, after applying \$4,200,000 in SDC revenue towards the CIP, a bond measure to fund the remainder of projects would total \$12,700,000. This bond request is more manageable for both

the citizens who will receive a tax increase as a result and for the city as they prepare to make debt service payments into the future.

According to the City of Albany Annual Budget for FY2016-17, the city’s general obligation bond rating is A2 (Moody’s). This rating has impacts related to the interest rate the city pays on any debt service. In 2015, the City of Albany floated, and secured, a general obligation bond for public safety facilities.¹²⁶ The interest rate for this bond was around 4%,¹²⁷ the calculation of the proposed parks facility bond assumes this interest rate as well. Additionally, the 2015 bond incurred an additional 1.2% in fees associated with underwriting and issuing the bond, however this calculation uses a conservative 2% issuance fee.¹²⁸ By this calculation, a \$12.7 million bond would incur \$254,000 in fees. Assuming the 4% interest rate over the 20-year maturation period, the total cost to the city to repay the bond is \$18,288,000. With the assessed valuation of the city estimated to be \$3,552,360,778,¹²⁹ this bond would reflect a \$0.2574 estimated rate per \$1,000 of assessed value. Considering the average household in Albany is valued at \$209,000, the average household can expect to pay an additional \$53.79 per year in property taxes to be applied to debt service payments over the lifetime of the bond.

Figure 93: General Obligation Bond calculation

	Principle	Total Interest (4%)	Issuance Fees (2%)	Total Cost to Repay	Tax Increase per Average Home*
20 Year Bond	\$12,700,000	\$5,334,000	\$254,000	\$18,288,000	\$53.79/year

Capital Group C

Appendix D provides an in depth look at the projected annual debt service payments that would result should the City of Albany choose to pursue the option.

SDCs

In addition to the bond measure, system development charges (SDCs) are a valuable tool that has potential to increase the Parks and Recreation Department’s capacity for serving its growing community. SDCs are one-time fees charged to new developments to pay the cost of building capital facilities needed to service growing populations. SDCs are authorized for five types of capital facilities including transportation, water, sewer, stormwater, and parks. Albany collects SDCs on all of these types, with the exception of stormwater. For parks, the City of Albany only collects SDCs revenue from residential developments. Albany’s SDCs have not been updated since 2008, and are

among some of the lowest in Oregon.¹³⁰ This potentially indicates that these SDCs being underutilized, and raising the charges could yield a significant increase for funding Albany CIP.

Revenue from Albany's Parks and Recreation SDCs has fluctuated between \$129,673 (2012) and \$448,232 (2014). However, revenues have gradually decreased since 2014, and are projected to be \$204,500 for FY 2017 (Budget, 147). It's important to note that because SDCs for parks are only collected on new residential developments, the city's population and housing growth are good indicators of SDCs. Parks and recreation SDC rates for new residential structures is \$293.33 for each bedroom plus an additional \$0.56 per square foot. Using this fee structure and the assumption that the average household is 1,800 square feet and has 3 bedrooms,¹³¹ the average new residential unit will provide \$1887.99 in fees collected. Further, growth projections in Albany indicate an increase of 125 new units per year.¹³² With current SDC fee levels and expected household growth, the City of Albany sets to collect \$235,998.75 in parks SDCs per year. Over the ten years of the CIP, the city will earn \$2,359,987.50. While this is significant, it is not enough to make progress towards funding the majority of the Parks and Recreation Department's planned projects.

Therefore, it is proposed that the City of Albany move to increase the SDCs imposed on new residential developments for parks specifically. Oregon law has strict provisions that require a city to develop a methodology that takes into account the value of existing or planned capacity in the infrastructure system to serve new development. This follows the benefits received principle, stating that those who benefit from the public good, help pay for the good. Other jurisdictions typically justify SDC increases by stating that they hope to achieve the same level of service or to fund future projects that are demanded by new populations. In Albany, the CIP calls for projects based on need ranging from growth-driven need to non-ADA compliance. Of the 21 projects listed in the CIP, four of them are classified as growth-driven needs in the first phase, totaling \$4,200,000. To fund these projects in full with SDCs, the City of Albany needs to collect an additional \$1,840,012.50 on top of the \$2,359,987.50 it is already projected to collect over the next ten years.

To raise SDCs this amount, the city must collect \$3,360 from each of the assumed 125 new residential units each year. For the Albany average 3 bedroom, 1,800 square foot house this works out to be a per bedroom charge of \$575 and \$0.90833 per square foot. This change will result in a \$1,472.01 increase in total SDC charges for a new residential unit to \$12,363.01. For comparison, cities of comparable size and population like Corvallis and Springfield have total residential SDC rates of \$13,519.84 and \$12,903 respectively.

Figure 94: System Development Charge rate scenarios

SDC scenario	Charge Structure	Charges Collected on Average Home*	Parks SDC Charges Collected
Current	\$293.33/bedroom + \$0.56/sq. ft.	\$1,887.99	\$235,998.75/year
Projected	\$575/bedroom + \$0.90833/sq. ft.	\$3,360	\$420,000/year

Capital Group C

Evaluation Matrix

The table below shows a comparison analysis of the three funding strategies identified in this report based on each of the evaluation measures defined in previous sections. Complete evaluation of each strategy can be found in Appendix A.

Figure 95: Evaluation matrix

Evaluation Measure	Public-Private Partnerships	Strategy 2 Tax Revenue	Bond/SDCs
Equity	Poor/Good	Average/Poor	Good
Administration	Very Good/Average	Poor	Very Good
Productivity	Very Good	Average	Excellent
Neutrality	Good	Good	Good
Certainty	Good	Good	Excellent
Convenience	Good	Good	Excellent
Political Feasibility	Average	Poor	Average

Capital Group C

Challenges and Limitations

There are some challenges and limitations to Strategy 1 that necessitate discussion. The first challenge will be identifying and attracting private organizations willing to enter into a partnership with the department. Due to this challenge, we chose to recommend pursuing partnerships in two areas where partnerships are relatively easy to establish. The Albany pools, in contrast with other public services, have a steady supply of revenue, making it a very low risk undertaking for a private organization. Further, replacing parks infrastructure through partnerships with nonprofits has been done successfully in several other cities, suggesting it to be a popular venture.

Another challenge with public-private partnerships is to maintain the department’s mission and goals and focus on serving citizens. Risks of public-private partnerships may include increasing fees that price visitors out, and loss of public control leading to deteriorating service delivery. To combat this challenge, it is of high importance to develop high quality partnership agreements according to best practices. We have included an example of best practices for parks partnerships in Appendix B.

Introducing three new tax revenue programs (Strategy 2) will only cover 42% of the \$16.9 million needed to complete all 22 capital improvement projects. We do not recommend this option because it is not politically feasible, there are high associated administrative costs, and the projected total sum is not completely sufficient to address all of the financial needs of the department. This strategy is contingent on public support, which would necessitate a very influential public outreach campaign that emphasizes the role of tourism in Albany. Secondly, this reform of taxes would require extensive administrative changes and would be challenging to introduce to the city budgetary system.

Recommendation

When making a recommendation on how the City of Albany can finance the Park and Recreation Department’s CIP, it’s important consider the strengths and weaknesses of a variety of approaches in addition to financial benefits of these strategies. The table below outlines the most salient strengths and weaknesses of each strategy.

Figure 96: Strategy strengths and weaknesses

Strategy	Strength	Weakness
Public-Private Partnerships	<ul style="list-style-type: none"> Politically feasible Eases administrative and fundraising burden Stable and low-risk 	<ul style="list-style-type: none"> Dependent on identifying willing partners Partners may not share department's mission and focus on serving citizens Limited revenue potential
Tax Revenues	<ul style="list-style-type: none"> Diversification of revenue Capitalizing on existing tourism industry Lesser burden on Albany taxpayers 	<ul style="list-style-type: none"> Politically unfeasible May be unpopular with small business owners Difficult to link the commodity to parks' benefit
Bond/SDC	<ul style="list-style-type: none"> Fully funds CIP Transparency of Tax Revenue Revenue is earmarked for CIP SDCs ensure that the people who are going to use the services are the ones paying for it 	<ul style="list-style-type: none"> SDC rates may reduce the ability of some to build in Albany Parks Bonds have never been put to voters Debt is Risky Interest and the time value of money make projects more expensive over time

Capital Group C

Though public-private partnerships require less time and resources from the city, we fear that the private sector will dictate which capital improvement projects are prioritized, resulting in many significant projects being neglected, ultimately increasing costs for the city. Additionally, partners may not share department’s mission and focus on serving citizens. The tax revenue option has potential to slowly fulfill all project needs, however, it may take longer than ten years to fully fund the CIP. Though the diversification of revenues will increase the resilience of the department’s budget, tax revenues are vulnerable to fluctuations in sales and prices. Politically, this option will likely be unpopular in the community and is a highly contentious option. Lastly, administrative implementation of three new tax programs will inherently accrue increase cost and burden as the city would be required to create new revenue administration structures.

An in-depth analysis of the financial benefits of each of these strategies is based on case study research and a range of assumptions. After evaluating these three strategies, we can assume the following results:

Figure 97: Financial impacts

Strategy	Financial Impacts
Public-Private Partnerships	\$500,000 savings + collaboration on \$625,000 of playground updates
Tax Revenue	\$720,000/year
Bond and SDCs	\$12.7 million Bond Measure + \$420,000/year

Capital Group C

Based on our evaluation criteria, strengths and weaknesses, and financial impacts, the most effective strategy to fully fund the \$16,900,000 Capital Improvement Projects would be to pair a \$12.7 million voter-approved general obligation bond with a coinciding increase in the park’s System Development Charges aimed at funding growth driven line items.

We are suggesting this strategy because it has the potential to produce the most significant results. Though a bond is a less secure option because it relies on voter approval, we believe that informative public outreach campaigns that emphasize precedence in similar jurisdictions, the community will recognize the need for the bond measure. We also recognize that Albany is not fully taking advantage of the revenue that could come from system development charges, and the current rates are insufficient.

It is important to note that while we are suggesting this one strategy, we recognize that public-private partnerships and tax revenues are also very viable options worthy of consideration. Recognizing that there may be potential

political discontent for this option, it is important to note that other tools listed in this report can be utilized, either fully or partially, as a means to diversify the stream of revenue for meeting capital improvement project goals.

Appendix A: Evaluation Matrix for Each Strategy

Figure 98: Strategy 1 evaluation

Evaluation Measure	Rating	Justification
Equity	Poor/good	If contracting out a service leads to fee increases this would have negative equity impacts; but on the other hand agreements about fee increases can be made so that this does not occur
Administration	Very good/Average	Has the potential of decreasing on-going administrative burden by having a private entity step in, but may also cause an increase in management needs to manage contracts
Productivity	Very good	Private companies are generally skilled at, and have substantial interest in, keeping revenue at a stable level
Neutrality	Good	Would not interfere with markets and would not cause changed behavior except perhaps if fees increased
Certainty	Good	Can be achieved to a high level if partnership agreements are of high quality and adhere to best practices
Convenience	Good	Partnerships would not necessarily change anything with regards to when/how payments are made

Capital Group C

Figure 99: Strategy 2 evaluation

Evaluation Measure	Rating	Justification
Equity	Average/Poor	Though the burden is intended for tourists, an increase in prepared food prices could have negative implications for low income populations. The distribution of healthy and higher cost dining might be unequal and lower income neighborhoods could experience food desert consequences.
Administration	Poor	Very high administrative costs. This strategy would necessitate many major shifts in the budgetary structure, implementation, and monitoring.
Productivity	Average	If implemented according to the suggested rates, this strategy will achieve 80% of the necessary \$17 million of capital projects funding.
Neutrality	Average	Though the focus is on tourism, increased food prices may dissuade people from moving to Albany.
Certainty	Good	The taxes will be applied to the associated commodities and is calculated on the final sales price. The taxpayer will not have to actively calculate or submit any taxes once the transaction is complete.
Convenience	Average/Poor	The transient room tax and marijuana sales tax already exist, however, increasing the TRT rate by 0.5% will require administration to provide a thorough rationale for the increase, and a vote from the citizens. The prepared food tax will require citizens' approval, which may be difficult; however, emphasizing the success in Ashland might lead to success.
Political Feasibility	Poor	In a financially conservative climate, increased tax rates for three different commodities/services are not feasible. This proposition hinges on extensive public outreach and emphasizing the role of the tourists, while attempting to minimize impact for local community. The transient room tax is the most feasible sub-strategy, while the local alcohol excise tax is the most radical.

Capital Group C

Figure 100: Strategy 3 evaluation

Evaluation Measure	Rating	Justification
Equity	Good	Local option levies affect landowners somewhat equitably because tied to the property's assessed value. However, this can adversely affect those whose property taxes are artificially higher based on initial real market value.
Administration	Very Good	The City of Albany already collects property taxes from its citizens. Proposing, formulating, and instituting the ballot measure would be most resource-intensive aspect.
Productivity	Excellent	The amount requested as part of the bond is only the amount needed to fulfill expenses of the projects explicitly noted in the ballot measure language.
Neutrality	Good	The property tax increase could force some to rethink locating in Albany. The increase is not causing undue burden.
Certainty	Excellent	Bond measures are obligated to fund only what is listed in the ballot measure. Funds cannot easily be shifted.
Convenience	Excellent	Citizens already pay property taxes. This would not require any additional work for citizens.

Capital Group C

Appendix B: Strategy 1 Calculations/Best Practices

Calculations for Contracting Out Aquatic Services

Figure 101: Estimated savings of contracting out aquatic services

Total cost of program	\$831,100
41% of cost of program recovered from non-tax revenue	\$340,751
59% remaining cost to general fund	\$490,349
Estimated cost of contract (20% savings provided through private operation)	\$392,279
Estimated savings/year (current cost to general fund less cost of contract)	\$98,070

Capital Group C

Best Practices for Parks Partnerships

This list of best practices has been adopted from a Portland Parks and Recreation department policy document.¹³³

1. Focus on Important Needs. If it is determined that a partnership is the best way to accomplish an important objective, the department could utilize one of the following strategies for implementation: (a) negotiate an agreement based on a proposal from an existing group; or (b) seek out an existing group and propose an arrangement; or (c) assist in the creation of a new group/partner.
2. Align Shared Vision and Mission. Develop and refine a shared vision of work to be accomplished. The vision should reflect both the broad body of work (mission) and each project or initiative to be undertaken.
3. Practice Fairness and Transparency. Provide a consistent, fair, and open review process to be followed for all initiatives.
4. Negotiate a Formal Agreement. Partnerships need formal written agreements and work plans that clearly state risks, responsibilities, mutual interests, and expectations – and define roles, responsibilities, and accountabilities for each partner.
5. Document Risk Sharing. Determine which partner is best suited to manage and mitigate each risk or responsibility.
6. Ensure Good Communication. The success of every partnership is dependent upon the structure, frequency, and quality of communication between the partners.

7. Maintain an Environment of Trust. Trust is an essential ingredient for successful partnerships and enables collaboration and contribution. Trust must, however, be coupled with accountability.
8. Honor Commitments. Partnerships require a shared commitment to each other's success.
9. Network and Build Relationships. Successful partnership efforts establish formal systems to identify people who can add value and support.
10. Honor Diversity and Inclusivity. Diverse group leadership, membership, and service recipients provide value and continuous improvement to any partnership.
11. Ensure Cultural Sensitivity. Cultural sensitivity and proficiency ensures partners have the skills to provide a park and recreation system that is relevant to people of all ages, genders, ethnicities, and cultures.
12. Provide Sustainability. Partnerships focused on sustainability ensure access to a park and recreation system for generations to come.
13. Offer Competence. Partnerships build capacity so that the private partners can take on increased responsibility over time. This allows the department to strengthen other important areas within the park and recreation system where friends/allied partner groups do not yet exist.

Appendix C: Strategy 2 Calculations

Calculations for Albany Transient Room Tax Revenue

The table below provides information regarding Albany's hotel and motel offerings and prices. The cost per night is based on the average starting room rate, provided by the company's website. We recognize that during summer festival season, these numbers may be inflated.

Figure 102: Comparison of costs by Transient Room Tax rate

Hotels/Motels	Cost per Night*	9% TRT (Current Rate)	Cost with 9% TRT	9.5% TRT (Suggested Rate)	Cost with 9.5% TRT
Valu Inn	\$58.00	\$5.22	\$63.22	\$5.51	\$63.51
Rodeway Inn	\$65.00	\$5.85	\$70.85	\$6.18	\$71.18
Motel 6	\$56.00	\$5.04	\$61.04	\$5.32	\$61.32
Budget Inn	\$54.00	\$4.86	\$58.86	\$5.13	\$59.13
Comfort Suites Linn County	\$76.00	\$6.84	\$82.84	\$7.22	\$83.22
Holiday Inn Express and Suites	\$ 115.00	\$10.35	\$125.35	\$10.93	\$125.93
Phoenix Inn Suites	\$84.00	\$7.56	\$91.56	\$7.98	\$91.98
Best Western Plus	\$94.00	\$8.46	\$102.46	\$8.93	\$102.93
Super 8	\$63.00	\$5.67	\$68.67	\$5.99	\$68.99
Average	\$73.89	\$6.65	\$80.54	\$7.02	\$80.91

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Currently, the average visitor to Albany spends \$6.65/night on the currently imposed 9% transient room tax. If the rate increased to 9.5%, the visitor would spend \$7.02/night.

Increasing the tax by 0.5% would not be a significant burden on the individual visitor, as the average room total room cost only increases by \$0.36.

During the summer music festival season, 140,000 visitors are attracted to Albany. The numbers in the table below are calculated under the following assumptions:

- Each guest pays for a single room, or the price for two guests in one room is exact 2x the cost of a single.
- All guests stay in a hotel/motel or AirBnb with similar rates.
- The cost per room during festival season is not inflated.

Figure 103: Estimated Transient Room Tax revenue

Average TRT Revenue (One Night Stay)	Total TRT Revenue for 140,000 visitors	City Revenue from TRT for 140,000 Visitors	Parks and Rec. Revenue from TRT for 140,000 Visitors	Average TRT Revenue (One Night Stay)	Total TRT Revenue for 140,000 visitors	City Revenue from TRT for 140,000 Visitors	Parks and Rec Revenue from TRT for 140,000 Visitors (9.5% Rate)
\$6.65	\$931,000	\$763,420	\$167,580	\$7.02	\$982,800	\$705,355	\$176,904

Capital Group C

Based on the numbers provided in the City of Albany Budget for FY2015-2016, the Parks and Recreation Department receives 18% of TRT revenue (\$171,000 of \$942,000). Using this rate and the above listed assumptions, the parks and recreation department currently receives \$167,580 in revenue for the 140,000 summer visitors staying only 1 night. If the rate increased to 9.5%, the revenue would increase to \$176,904.

City of Ashland Prepared Food Tax Revenue

Figure 104: City of Ashland Prepared Food Tax Revenue

Fiscal Year Ended June 30,	Capital Improvement (1)	Wastewater (2)	Central Service	Total (3)	Cumulative
2014	\$ 473	\$ 1,892	\$ 48	\$ 2,413	\$ 33,770
2013	460	1,840	47	2,347	31,357
2012	427	1,707	47	2,181	29,010
2011	398	1,593	31	2,022	26,829
2010	396	1,584	-	1,980	24,807
2009	374	1,495	-	1,869	22,827
2008	392	1,567	-	1,959	20,958
2007	395	1,594	-	1,989	18,999
2006	370	1,481	-	1,851	17,010
2005	364	1,454	-	1,818	15,159

Capital Group C

Projected Marijuana Tax Revenues

Based on a study provided by the Portland Bureau of Revenue and Financial Services, the State of Oregon estimates selling 607,000 to 1,429,000 ounces in 2015. Because Albany’s population is close to 1.3% of the state population, Albany’s estimate share of statewide recreational marijuana sales will range from 7,891 to 18,577 ounces of recreational marijuana.¹³⁴ The average cost of an ounce of recreational marijuana is \$177,¹³⁵ and the average state excise tax on recreational marijuana sold by producers is \$28 per ounce,¹³⁶ totaling \$205 per ounce. Using these calculations, the City of Albany is expected to sell \$1.6 million to \$3.8 million of recreational marijuana in FY2017-2018. With the 3% recreational sales tax, the city will accrue between \$48,529 and \$114,249 in tax revenue. Using a conservative estimate, we can assume the revenue will be \$60,000.

Figure 105: Marijuana sales tax revenue calculations

	Low	High
Ounces of Marijuana Sold	7,891 ounces	18,577 ounces
Average Price per Ounce	\$205	
City of Albany total Marijuana Sales	\$1,617,655	\$3,808,285
City of Albany Tax Proceeds (total marijuana sales x 0.3% tax)	\$48,529	\$114,249

Capital Group C

Figure 106: Marijuana sales tax revenue estimates

Total City of Albany Revenue (3% of Gross Recreational Marijuana Sales)	Albany Parks and Rec Revenue (1% of Gross Recreational Marijuana Sales)
\$60,000	\$20,000

Capital Group C

Our strategy suggests allocating one-third of total annual marijuana tax revenue for the parks department, which should equate to roughly \$20,000 per year.

Appendix D: Bonded Indebtedness and SDC Increase Calculations

Figure 107: Projected annual debt service payments for proposed General Obligation Bond

Year	Principal Payments	Interest Payments	Total Debt Service Payment	Outstanding Principle Balance
1	\$635,000	\$508,000	\$1,143,000	\$12,065,000
2	\$635,000	\$482,600	\$1,117,600	\$11,430,000
3	\$635,000	\$457,200	\$1,092,200	\$10,795,000
4	\$635,000	\$431,800	\$1,066,800	\$10,160,000
5	\$635,000	\$406,400	\$1,041,400	\$9,525,000
6	\$635,000	\$381,000	\$1,016,000	\$8,890,000
7	\$635,000	\$355,600	\$990,600	\$8,255,000
8	\$635,000	\$330,200	\$965,200	\$7,620,000
9	\$635,000	\$304,800	\$939,800	\$6,985,000
10	\$635,000	\$279,400	\$914,400	\$6,350,000
11	\$635,000	\$254,000	\$889,000	\$5,715,000
12	\$635,000	\$228,600	\$863,600	\$5,080,000
13	\$635,000	\$203,200	\$838,200	\$4,445,000
14	\$635,000	\$177,800	\$812,800	\$3,810,000
15	\$635,000	\$152,400	\$787,400	\$3,175,000
16	\$635,000	\$127,000	\$762,000	\$2,540,000
17	\$635,000	\$101,600	\$736,600	\$1,905,000
18	\$635,000	\$76,200	\$711,200	\$1,270,000
19	\$635,000	\$50,800	\$685,800	\$635,000
20	\$635,000	\$25,400	\$660,400	\$0
Totals	\$12,700,000	\$5,334,000	\$18,034,000	-

Capital Group C

Capital Group D

Sam Dales, Christian Gowan, Kate Hammarback, Bentley Regehr

Goals

The goal of this memo is to suggest a capital financing strategy to meet the Parks and Recreation Department's \$16.9 million target. The proposed strategy has been built by researching comparable parks departments and districts, examining the Albany Parks and Recreation Department's current and projected financial needs, analyzing the options available to meet these needs, and selecting the best options for Albany's situation. The recommendation of this memo is that Albany undertake a Parks and Recreation bond measure, increase their System Development Charges, and work with the organizers of the new Parks Foundation to dedicate foundation funding to parks capital improvements. We present three options based on variations of these three methods that yield \$11.2 million, \$16.2 million, or the entire \$16.9 million for capital needs. These measures will help create the needed funding to support the ongoing ability of the Parks and Recreation Department to do their job in support of the city.

This memo contains the following parts:

- An overview of revenue options available to Albany for financing capital improvements for parks
- An analysis of the revenue options based on evaluative criteria useful to Albany
- Our recommended capital financing strategy to meet the \$16.9 million target
- Detailed case studies performed on parks and recreation revenue policies in four cities similar to Albany

Funding Options

Bonds

Debt financing is a form of “pay as you use” (PAYU) financing that many cities find useful for longer term capital financing. The benefits of PAYU financing can include: more flexibility to do big projects, better match of payment to benefits received, better intergenerational equity of revenue collection, the protection of reserves, and lower tax rates over time. The yield of PAYU financing can be substantial and the revenue is delivered up front, all at once. Some of the challenges to using PAYU financing can include expensive set up or administration and keeping overall debt levels within prudent thresholds. Types of PAYU debt financing can include General Obligation Bonds, Revenue Bonds, Lease Financing, and Special Obligation Bonds. Albany has not approved a bond for parks funding since the 1990’s. Voters recently approved a general obligation bond for a public safety facility in 2015.

Before taking on a new PAYU project, a city should ask themselves several questions to determine if debt financing is their best option. Questions to determine if debt financing is a good idea:¹³⁷

- Is the project need justified?
- Does the project qualify for public purpose tax-exempt bond issuance?
- Can the city afford to pay back the debt?
- Will the new debt harm their credit rating?
- Will the current political climate support a bond measure?
- Are there market or economic conditions that may affect the city’s use of debt financing?
- Are there alternative forms of financing that would be better for the project?

In Albany’s case, the project need for parks capital financing is justified: There is a \$3.5 million deficit created from deferred maintenance that demonstrates that existing parks resources are getting used (and getting used up!) and the list of parks capital needs are driven by either safety concerns or growth of Albany’s park using population. A general obligation bond for parks qualifies for public purpose tax-exempt bond issuance. The rest of the important questions will need to be discussed by the city council and the Parks and Recreation Department, but from our perspective, the effective answers are yes and debt financing is a good idea for Albany in this case. Albany has a direct debt burden of 0.42% of the true cash value and an overall debt burden of 1.85% of the true cash value.¹³⁸ The true cash value of is \$81,961 per capita.¹³⁹ There is no readily available alternative form of financing that we know of that would be better

for this parks capital financing project. In fact, bond financing is the only readily accessible revenue tool that will allow Albany to reach its \$16.9 million capital target.

If Albany decides to move forward with debt financing after addressing these important questions, they will also need to decide what type of debt to use. There are many factors to consider when choosing the type of debt financing to use.

Questions to Determine the Type of Debt Vehicle to Use:¹⁴⁰

- What is the total cost of the project?
- What revenue streams will finance the debt?
- What are the benefits of the project?
- Where will the benefits of the project be?
- When will the benefits of the projects be available?
- Will the city's citizens support and approve a General Obligation bond?
- What is the city's current debt situation?
- What is the current bond market situation, especially concerning interest rates?

As we answer these questions for Albany, we find that a general obligation bond would be the best type of debt vehicle to use. The total cost of the project can vary between \$7.9 million and \$16.9 million depending on the scope of projects undertaken. The projects themselves do not provide dedicated revenue streams, so will need to be paid back by the general obligation of the city's power to collect property tax. The benefits of the project are updated accessibility and safety in the parks (useful to citizens and mandated by federal law in some cases), recreation opportunities for citizens of all ages including senior citizens, and an ability for the city's services to keep up with the growth of the city itself. The benefits of the project will accrue and be enjoyed within the City of Albany. The benefits of the projects will begin to be available in the year the bond is approved and will continue to be enjoyed for more than 20 years in the future. The state of citizen support, the city's overall debt situation, and the current bond market are questions that will need to be discussed by the city council and parks department near the time of the actual bond launch, but, in our view, should not be material obstacles to the bond undertaking.

Once the city council has decided to go ahead with debt financing and knows what vehicle would be best for their project, they will draft a proposal for the bond and have it reviewed by a bond counsel—a legal person or team that will ensure the bond is correctly constructed and eligible for public purpose. The

city will also hire a legal consultant to help with the drafting of the required paperwork. Once written and reviewed, the bond proposal must be approved by city voters.

System Development Charges

System Development Charges (SDCs) are an alternative to tax increases that imposes charges on new development in order to “offset a proportionate share of public capital facility costs...”¹⁴¹ resulting from the addition of new facilities. The residents who will eventually buy the new properties take on the costs associated with the growth they are creating and therefore existing residents do not have to pay for costs they did not create. This promotes the benefits received principle where those citizens who enjoy the benefits of city capital projects help to shoulder the costs of those projects. The charges cover a variety of new development including wastewater, public safety, and most relevant to this discussion, parks. Successful implementation of SDCs requires a number of certain provisions, including collecting fees at the time of the sale, allowing for exemptions, waivers, or reductions in certain cases (i.e. affordable housing), and tailoring SDCs to the local context.¹⁴² All SDCs must also pass the “Rational Nexus” test which is based on the following criteria:¹⁴³

- Benefits Received Nexus
 - Development must benefit from the facilities it is funding through SDCs.
- Timing Nexus
 - Fees must be expended within a “reasonable” amount of time.
- Location Nexus
 - Fees should be expended where the development is located (zone or district).

Albany’s current SDC rate for Parks is roughly \$1,764 with 125 new housing units per year being constructed. This results in total SDC revenue of \$220,500. The SDC rates were last updated in 2008 and therefore lag behind other comparable communities. The national average rate for Parks SDC rates was \$2,812 in 2015¹⁴⁴ and some Oregon communities, such as Bend and Corvallis, had rates that exceeded \$4,000. It is also important to note that many communities have variable rates for single-family, multi-family, hotel room, or other unit types whereas this was not present in Albany. It may be beneficial to introduce these different rates in the future.

Increasing the SDC rate could raise revenues anywhere from \$1.3 million, if raised to the national average, to \$2.8 million if Albany were to match some comparable Oregon cities. The city staff, and ultimately the Albany City Council, must choose a rate that would be suitable for Albany but the rate cannot

remain fixed. Albany could consider introducing the variable rates and could update the SDC rates frequently, at least every two years to reflect local needs in a timely and appropriate way.

Parks and Recreation Foundation

In discussions with Ed Hodney, Parks and Recreation Director, we have learned that a new Parks and Recreation Foundation is being developed to support the parks department. As local, state, and federal money becomes increasingly competitive, it is smart to build structures to capture private donations and investments into the parks. Albany has a strong track record of generosity by individuals towards the Parks and Recreation Department. Ed shared that 19 FTE is provided by volunteers each year and cash donations work out to \$7.86 per capita.¹⁴⁵ The nature of foundation giving lends itself to supporting capital projects. Private grant money, especially at the start of the foundation's operations, can vary in amount and availability and is often distributed in large lump sums. This makes it difficult to rely on these monies for operations, but useful for creating injections of needed financing for capital projects that also tend to cost large lump sums at variable times. As the foundation is in development, we believe it is important for Ed to work closely with the planners to establish clear guidelines in support of parks capital projects.

At this early stage of the foundation's development, it is difficult to forecast what the possible yields may be. Private foundations tend to have a large endowment that they use to distribute a portion of their interest earnings each year. A community style foundation often solicits community donations and distributes a portion of their donations and earnings each year. We expect the Parks and Recreation Foundation to be of the second type—relying on community donations that will vary and grow over time. Because of this, we have endeavored to create a conservative forecast of the revenues they will be able to contribute. Given the ability of the foundation to fundraise and the already established generosity of private donors to Albany's parks and recreation department, we have used the estimate of \$50,000 annually in our yield projections for this option.

Evaluative Criteria

These funding options cannot be considered in a vacuum. It is important to look at the impacts each type of financing strategy will have on the city itself, the city's citizens today, and the city's citizens tomorrow. It can also be helpful to compare the options to each other in terms of who benefits, and how much, from each scenario. Here, we evaluate our options based on criteria widely used in public budgeting.

- Equity
 - Taxes should reflect the ability to pay of those who bear the burden; the tax burden should match the benefits received.
 - Horizontal equity: “Refers to the distribution of the tax burden among persons or businesses in comparable circumstances.”¹⁴⁶
 - Vertical equity: “How that burden varies across the spectrum of income, comparable to the income statement.”¹⁴⁷
- Administration
 - Refers to the administrative feasibility of implementing the tax; administration should also be efficient, and costs should not be out of proportion to revenue.
- Productivity
 - Otherwise known as yield, a tax should produce sufficient, stable revenue to meet locally desired levels of expenditures.
- Neutrality
 - The tax should not interfere with market growth or distort the way the community would otherwise spend resources or make decisions.
- Certainty
 - The rules of taxation should be clearly stated and evenly applied.
- Convenience
 - A tax should be convenient to pay, with billing dates that coincide with income streams.

We have rated each of the recommended options using these criteria on a scale of Poor, Good, or Excellent. This rating system is highly dependent on local context and is meant only as a general starting point for discussion by the city council and administrators as they explore their revenue options. Situations can, and will, change the favorability or ratings of options, so it is important that decision makers think carefully about how each option fits with the criteria given the current and actual context at the time the decision is made.

This memo is primarily focused on the details of the three options we found to be best suited to Albany’s current situation and their revenue needs. Initially, however, we researched seven potential capital financing options:

- Increase Systems Development Charges
- Bond Measure
- Local Option Levy
- Sales Levy
- Increase Transient Room Tax
- Increase Sponsorships
- Parks and Recreation Foundation

Four of these financing options are sub-optimal for Albany. The local option levy would need considerable political support and voter education to be approved by voters, much like a bond measure, but can be subject to compression, unlike a bond measure. This means that the work put into the levy matches the work needed for a bond, but the projected revenues could be materially reduced by compression. Albany’s Public Safety Local Option Levy was subject to an estimated \$1,112,129 reduction in tax revenues because of compression this budget year.¹⁴⁸ The proportion of transient room tax allocated to parks and recreation was just recently increased.¹⁴⁹ We do not feel that the amount of political work to further increase the allocation would be worth the rather small amount of yield an additional increase could provide.

Because the State of Oregon doesn’t collect sales tax, the administration of a sales levy is likely to be prohibitive to Albany. One of our case studies looks at Ashland’s Prepared Food and Beverage Tax, which goes in part to purchasing open space for parks. Ashland’s high rate of tourism helps justify the difficulty in administration through high volume of revenues and better equity distribution. Many cities in Oregon also passed a sales levy on marijuana this year. While a sales levy may be a tool for Albany in the future, we do not feel it is an optimal solution at this point in time. Sponsorships are also already a part of the department’s revenue repertoire and increasing them could certainly be a useful tool. The Parks and Recreation Department is already doing research on the economic impact of their sponsored events and building the case for valuing sponsorships more highly. Sponsorships may prove to be a very promising options when more data is available. None of these options is inherently bad and all of them may be worth exploring in the future. At the same time, we believe that the three remaining options of increasing SDCs, levying a bond measure, and directing foundation revenue to capital projects are better suited for Albany’s capital financing needs today.

Figure 108: Evaluative criteria for funding options

	SDCs	Bonds	LO Levy	Foundation	Sales tax	Sponsorships
Equity	Good/ Excellent	Excellent	Good	Excellent	Good/ Poor	Excellent
Administration	Good	Good	Excellent	Excellent	Poor	Good
Productivity	Good	Excellent	Good	Good	Excellent	Excellent
Neutrality	Poor	Good	Good	Excellent	Poor	Excellent
Certainty	Excellent	Good	Poor	Poor	Poor	Poor/Good
Convenience	Good	Good	Good	Good	Good	Good

Capital Group D

Overall Financial Strategy

Three financial strategy options are provided, each using a different balance between System Development Charges (SDCs) and a General Obligation Bond.

Figure 109: Summary of bond amounts for each option

	Bond Amount	Interest Rate*	Time	Amount Owed	Average Annual Amount Paid	Cents per \$1000 Assessed Value**
Option 1	\$16.9M	3.29%*	20 years	\$23M	\$1.15M	26
Option 2	\$12.9M	3.29%*	20 years	\$17.6M	\$881,233	20
Option 3	\$7.9M	3.29%*	20 years	\$10.8M	\$539,637	12

Capital Group D. *Interest rates based on a 20 year AA rating and are current as of November 22, 2016. **See Appendix A for property tax and total assessed value 20 year projections.

The average annual amount owed is an average. This means the amount paid annually will be less at the start, and will grow in relation to total assessed value.

Figure 110: Summary of SDC rates for each option

	Basis for Rate/Unit	Rate/Unit	Units/Year	Total Annual Revenue	10 Year Revenue	10 Year Revenue due to Increased Rates
Option 1	Albany - Current	\$1,764	125	\$220,553	\$2,205,525	0
Option 2 and 3	Oregon Comparative Cities (Corvallis, Oregon City)	\$4,000	125	\$500,000	\$5,000,000	\$2,794,475
	National Average (2015)	\$2,812	125	\$351,500	\$3,515,000	\$1,310,475

Capital Group D

The given growth rate in Albany is 125 units per year. Oregon Comparative Cities refers to cities of similar size that are charging a higher amount for SDCs than Albany. \$4,000 is a rough average for these cities. The national average is provided for context.

Figure 111: Summary of financing strategies

	Bond Revenue	SDC Revenue from Increased SDC rates	Foundation Revenue	Total Revenue
Option 1	\$16.9M	0	0*	\$16.9M
Option 2	\$12.9M	\$2,794,475	\$500,000*	\$16.2M
Option 3	\$7.9M	\$2,794,475	\$500,000*	\$11.2M

Capital Group D. *Foundation revenue is conservatively estimated at \$50,000 per year for option 2 and 3.

Discussion

Option 1 meets the goal of providing the entire \$16.9M for capital projects. A significant advantage of this option is that the city will have all \$16.9M in hand immediately and will have flexibility for tackling projects on a timeline that it sees as best. There is also no reliance on foundation revenue, which could be viewed as “bonus” revenue for unforeseen projects. The biggest drawback of Option 1 is that property taxes will be raised \$0.26 per \$1,000 of assessed value.

Option 3 only generates \$11.2M, but it may provide a more realistic alternative for a city with a fiscally conservative environment. The bond measure only raises property taxes \$0.12 per \$1,000 of assessed value. The total of \$11.2M generated is still enough to address many of the more pressing capital projects, particularly those that address safety concerns.

Option 2 provides a middle ground between Options 1 and 3, and is the alternative recommended by this report. The bond measure raises property taxes \$0.20 per \$1,000 of assessed value, which is notably less than the \$0.26 per \$1,000 of assessed value added from Option 1. Option 2 also nearly reaches the entire \$16.2M, which means the city could address nearly all of its capital projects.

The value of Option 2 is summarized in the following points:

1. The \$12.9M General Obligation Bond provides cash in hand for more immediate projects.
2. The raise in property tax is substantially less than Option 1 and would appear more reasonable to voters.
3. System development charges can be used for growth related projects and provides a consistent long term revenue stream for growth related capital projects.
4. It captures revenue that can address nearly the entire capital project list.
5. It uses a conservative estimate for foundation revenue. The foundation will likely raise more revenue and that could be viewed as “bonus” money.

Appendix A: Charts and Figures

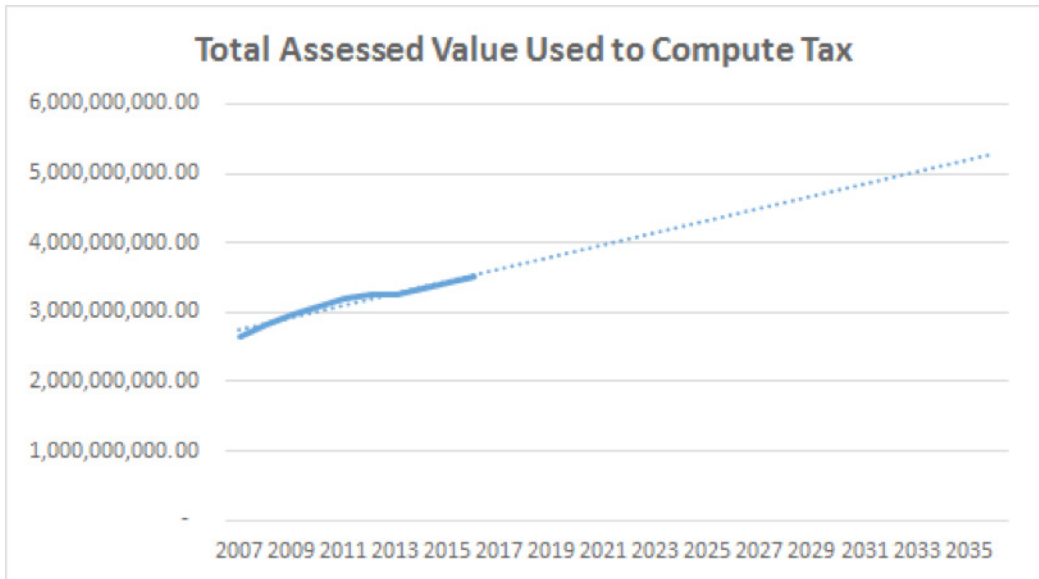
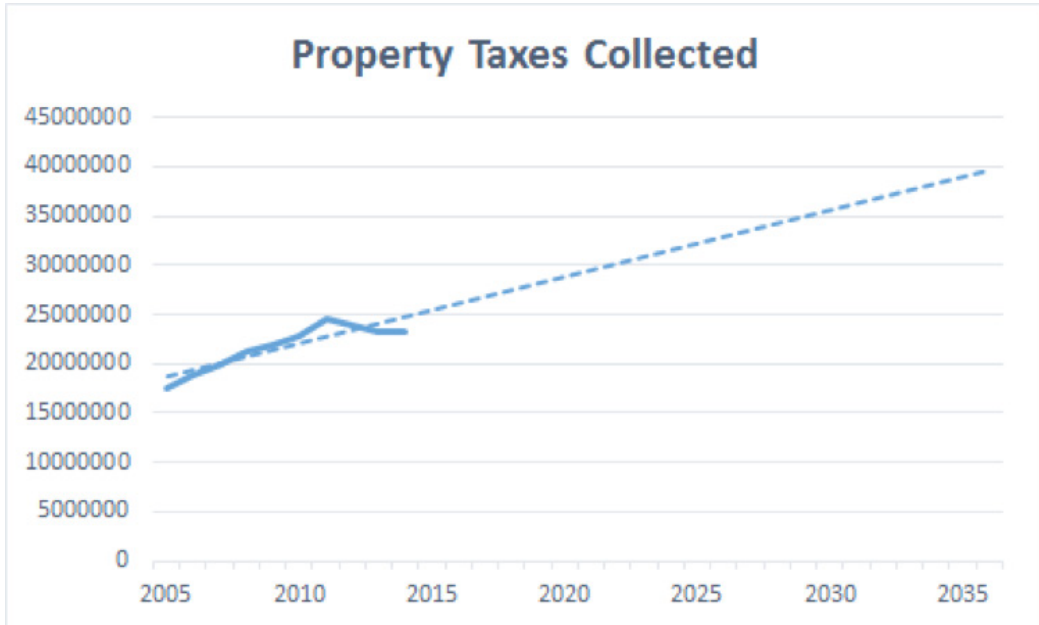


Figure 112: SDC Rates in Albany and comparable cities

City	Parks SDC Rate
National Average (2015)	Single Family \$2,812 Multi-Family \$2,099
Albany, OR	\$1764.42
Ashland, OR	Single Family \$1,041.20 Multi-Family \$ 814.86 Tourist Room \$ 487.76
Bend, OR	Single Family \$4,382 Multi-Family \$4,049 Hotel/Motel Room: \$1,754
Oregon City, OR	Single Family \$4279 Townhome \$4279 Duplex \$4279 Multi-family \$3455 Manufactured Dwelling \$3384
DeLand, FL	Single Family detached \$1,409.77 Single Family attached \$ 850.79 Multi-family \$820.41 Mobile home \$976.92

MaryBeth Deiters

Appendix G: End Notes

1. Groups made assumptions based on their research and may not be comparable across recommended strategies. All assumptions can be found in the full reports located in Appendix C.
2. Average monthly rates for spaces in public parks in the U.S. range from \$300 in rural cities to \$550 in more populous cities (Urban Vitality Group, 2010), and can exceed \$1,000 per month in cities with high population density, such as Washington, DC and Oakland, CA.
3. Cellular towers have the potential to generate between \$12,000 and \$25,000 in annual revenue at current market rate. These rates increase by 3% each year (Steel in the Air, 2015). A rate of \$18,000 was estimated for Albany given the City's low population density but also its rapid growth and expansion expected in the coming years.
4. The suggested fee rate was found by calculating backward from capital and deferred maintenance needs. To alleviate equity concerns with this type of fee, it was further calculated with households living in poverty exempted.
5. $[(\$350+\$1000+\$2700+6000)/4 * 125] = \$2,512.50$, assuming that 25 units of the estimated total unit construction of 125 fall within each tier.
6. This estimation is based off existing funding of \$8.8 million plus the capital and operating gap of \$2.14 million.
7. The updated rate structure is based on Albany average home size and projected growth rate of 125 units per year.
8. Average home size is 1,800 sq. ft. and 3 bedrooms (Hodney)
9. These assumptions are based off the interest rate and issuance costs of the public safety facilities bond which were approximately 4% and 1.2% respectively (City of Albany Official Statement General Obligations Bonds, 2015).
10. Costs estimates based on total assessed value of \$3,552,360,778 and an average household value of \$209,000 (City of Albany, 2016).
11. Garner, D. (n.d.). Medford's Innovative Park Utility Funding Provides Dedicated, Non-Tax Funding for Parks and Recreation. FCS Group. <http://www.fcsgroup.com/news/documents/ParkImpactDG.pdf>
12. 4 West Linn Municipal Code §600-690. <http://www.codepublishing.com/OR/WestLinn/>
13. Parks Maintenance Fee. (n.d.). <http://westlinnoregon.gov/finance/parks-maintenance-fee>
14. League of Oregon Cities. (2013). SDC Survey Report: Summary Data and Tables. http://www.oregocity.org/Portals/17/Premium/SDC_Survey_Report_2013.pdf
15. Ibid.
16. Ibid.
17. Ibid
18. Ibid.
19. Ibid.
20. Ibid.
21. Ibid.
22. Ibid.
23. City of Albany. (2016). City of Albany, Oregon Adopted Budget: FY 2016-2017. Albany, Oregon. p. 33 https://www.cityofalbany.net/images/stories/finance/budget/archive/2016-2017-COA_Adopted.pdf
24. Ibid. p. 106
25. This was calculated by adding \$450,000 to the overall revenue from charges and fees and dividing by the population of Albany. In this case and all subsequent cases of per capita calculation, 51,000 is used as the population of Albany.

26. According to the 2014 American Communities Survey, Medford contains about 29,695 households (compared to Albany's 19,512), which equates to around \$110,000 in annual revenue.
27. In 2016, the city of Albany had \$3,096,858,647 of taxable property value in Linn County (<http://www.co.linn.or.us/assessorsHomeP/docs/2016/TaxSum2016.pdf>, p.2) and another \$753,694,742 in Benton County for a total of \$3,850,553,389 in assessed property value.
28. These formulas do not account for monetary inflation, increases in property values, or the expansion of Albany (which currently averages an additional 125 houses per year).
29. The City of Albany has a total direct tax rate of \$9.11 per \$100,000, and ranges from \$16.85 to \$20.34 per \$100,000 in direct and overlapping fees.
30. This work is done as part of the 2016 Sustainable City Year Program (SCYP) through graduate course PPPM 629: Public Budget Administration at the University of Oregon.
31. See Appendix D for condensed option calculations.
32. Albany Democrat-Herald. (2012, May 16). Albany police, fire levy passes. Retrieved from: [Democratherald.com](http://democratherald.com).
33. Criteria definitions sourced from Bland, R.L. (2014). A Budgeting Guide for Local Government. Washington D.C.: International City/County Management Association.
34. Mayor Konopa estimated that marijuana tax revenues could bring in \$78,000. Councilman Ray Kopczynski estimated that marijuana could bring in up to \$150,000. Sources: <http://hh-today.com/for-city-marijuana-tax-is-not-big-money>/http://democratherald.com/albany/who-s-behind-the-pot-money/article_2386f46c-5210-5567-9568-3b49d1d4059b.html
35. i.e. http://www.dailycamera.com/boulder-business/ci_30133648/marijuana-taxes-generate-more-than-8-4m-boulder; <http://www.currypilot.com/news/4648013-151/city-parks-may-benefit-from-proposed-recreational-marijuana>
36. Bend's sponsorship page: http://www.bendparksandrec.org/about_us/sponsorships/
37. Other recommendations and examples on Parks sponsorship opportunities: <http://www.chicagoparkdistrict.com/doing-business/sponsorship-opportunities>/<http://www.parksandrecreation.org/2016/February/12-Steps-to-Sponsorship-Success>/<http://www.athleticbusiness.com/rec-center/putting-together-a-sponsorship-policy-for-parks-and-rec-programs.html>
38. Prime examples Boulder, Colorado; Nashville, TN; Madison, WI; Seattle, WA; Portland, OR; and towns in Fairfax County, VA
39. Average monthly rates for spaces in public parks in the U.S. range from \$300 in rural cities to \$550 in more populous cities (Urban Vitality Group, 2010), and can exceed \$1,000 per month in cities with high population density, such as Washington, DC and Oakland, CA.
40. American Tower. (2014). Introduction to the Tower Industry. Retrieved November 28, 2016, from: http://www.americantower.com/Assets/uploads/files/PDFs/investor-relations/Americantower_investorrelations_towers-101_2Q14.pdf
41. Pew Research Center. (2015). Technology Device Ownership: 2015. Retrieved November 28, 2016, from: <http://www.pewinternet.org/2015/10/29/technology-device-ownership-2015/>
42. No quantitative evidence exists to establish a relationship between cellular towers and real estate property values; however, a 2011 survey found that only residents within a nearby proximity would perceive a negative impact on property or health.
43. The footprint of a cell tower can be as much as 100-feet by 100-feet (American Tower, 2015)
44. City of Albany FY 2016-17 Adopted Budget, p.96
45. Bend Park and Recreation District Budget FY 2016-17
46. Willamalane Parks and Recreation District Budget FY 2016-17.
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56. Ibid.
57. City of Medford, Park Utility Fee. Retrieved from <http://www.ci.medford.or.us/Page.asp?NavID=1065>.
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77. This calculation assumes units will be an average of 1,800 sq. ft. with 3 bedrooms: average parks SDC of \$1888 * 125.
78. Example: incentivizing construction in an urban renewal zone. The City of Portland uses a new SDC fee methodology to incentivize new construction in its urban core: www.portlandoregon.gov/parks/article/494388
79. Based on a new average fee of \$2,512.50 $[(\$350+\$100+\$2700+\$6000)/4 * 125]$
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82. Albany Budget, pg. 140.
83. This is an acceptable rate in a park-loving area. Prior to Measure 50, Ashland taxed themselves a millage of 2.23 (See Appendix B Case Studies: Ashland), and Tualatin Parks District has a current tax of 1.62.
84. Albany Budget, pg. 33.
85. This assumes a $\geq 3\%$ increase in total assessed value each year, depending on new growth. See Appendix A for table.
86. City of Albany 2016-17 Budget, p. 485.
87. Calculation: $\$3,019,506 = (((\$3,552,360,778/\$1,000) * \$0.17) * 5)$
88. http://www.socialexplorer.com/tables/ACS2014_5yr/R11289997
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90. <http://www.oregon.gov/olcc/marijuana/Pages/FAQs-Taxes.aspx>
91. Ibid.
92. Ibid.
93. <http://public.health.oregon.gov/PreventionWellness/marijuana/Documents/oha-8509-marijuana-report.pdf>
94. <http://www.oregon.gov/olcc/marijuana/Pages/FAQs-Taxes.aspx>
95. Calculation: (average # of marijuana users * average # of oz. used per year)
96. Calculation: (average amount of marijuana used in oz. * revenue generate due to 20% tax)
97. <http://www.ashland.or.us/Page.asp?NavID=9180>
98. This figure was generated off of Ashland's projected biennial tax revenue from food and beverage (\$5,466,460 biennially).
99. <http://www.ashland.or.us/SIB/files/BN%202015-17%20Proposed%20Budget.pdf>, page XI.
100. BMPRD RESOLUTION NO. 333
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104. http://finance.yahoo.com/bonds/composite_bond_rates?bypass=true
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See following page for Appendix H: Case Studies

Appendix H: Case Studies

Ashland, Oregon

Kate Hammarback

City of Ashland Overview

Ashland is a city of 20,861 people in southern Oregon¹. The population has grown about 3.9 percent since 2010.² About sixty-six percent of Ashland's population is between 18 and 65 years old and almost sixteen percent of the population is under 18 years of age.³ Ashland is about ninety percent white, five percent Hispanic or Latino, two percent Asian, and one percent African American.⁴ The median household income in 2014 dollars was \$43,500⁵, slightly lower than Oregon's overall median household income of \$50,521.⁶ The city covers 6.59 square miles,⁷ which includes 1.17 square miles of park land.⁸ The city of Ashland's 2015-2017 biennial budget totals \$237.5 million.⁹

Parks and Recreation Department

Ashland Parks and Recreation encompasses 19 parks covering 642 acres of parkland and 29 miles of trails. They also operate 3 community centers, a golf course, a swimming pool, an ice skating rink, a skateboard park, and 12 tennis courts.¹⁰ See the Appendix for an Ashland City Parks Map.

The Ashland Parks and Recreation Department has 44.8 FTE in addition to the five-member Commission.¹¹ The Parks and Recreation Department added a new position for the 2015-2017 budget. The position is Parks and Recreation Project Manager. This position is funded by the Parks Capital Improvement Fund because the employee will oversee the parks capital

¹ As of 2015. <http://www.census.gov/quickfacts/table/PST045215/4103050>

² As of 2015. <http://www.census.gov/quickfacts/table/PST045215/4103050>

³ As of 2010. <http://www.census.gov/quickfacts/table/PST045215/4103050>

⁴ As of 2010. <http://www.census.gov/quickfacts/table/PST045215/4103050>

⁵ As of 2013. <http://www.city-data.com/city/Ashland-Oregon.html>

⁶ <http://www.census.gov/quickfacts/table/PST045215/41>

⁷ <http://www.census.gov/quickfacts/table/PST045215/4103050>

⁸ 748.5 acres. <http://www.census.gov/quickfacts/table/PST045215/4103050>

⁹ City of Ashland 2015-2017 Proposed Budget. Page 1-29. <http://www.ashland.or.us/SIB/files/BN%202015-17%20Proposed%20Budget.pdf>

¹⁰ City of Ashland 2015-2017 Proposed Budget. <http://www.ashland.or.us/SIB/files/BN%202015-17%20Proposed%20Budget.pdf>

¹¹ Parks and Recreation CAFR. <http://www.ashland.or.us/Files/2014-15%20FINAL%20CUFR.pdf>

projects.¹² The department also runs a volunteer program called Volunteers in Parks (VIP). Volunteers provided 12,001 hours in 2014 or 5.77 FTE.¹³

Department Governing Structure and Process

Ashland's parks and recreation are overseen by the Ashland Parks and Recreation Commission--a five-member elected board authorized by Articles XIX and XXII of the city charter.¹⁴ The Commission appoints a Parks Director who oversees the actual implementation of their policies.¹⁵ The current Parks and Recreation Director is Michael Black.

Commission Responsibilities

- Adopting annual parks and recreation budget
- Appointing Parks Director
- Setting park policy
- Reviewing proposed Parks and Recreation budget
- Soliciting public comment on the budget

Director Responsibilities

- Implementing commission policies
- Day-to-day department operation
- Drafting proposed Parks and Recreation budget

The Parks Director is responsible for creating the proposed Parks and Recreation budget each biennium and presenting it to the commission. The commission then reviews the proposal and is responsible for receiving public comment. Once these steps are complete, the Commission submits their proposed parks and recreation budget to the City of Ashland's Budget Committee to be considered as part of the city's overall budget. The Commission and Parks Director also work with the Administrative Services Department throughout this process. Originally, Ashland's City Charter authorized a specific millage levy for the parks system, but the 1997 property tax ballot measure forced all the city's levies to be consolidated into one citywide property tax levy.¹⁶ Since then, the Commission has an MOU with the City Council articulating the responsibilities of each party to the city's parks system.

Ashland established an Open Space Plan and map in 1990 that has guided the work and priorities of both the Commission and the City Council since then.¹⁷ The addition of 400 acres of park and open space land has resulted from the implementation of this plan.¹⁸

¹² City of Ashland 2015-2017 Proposed Budget. <http://www.ashland.or.us/SIB/files/BN%202015-17%20Proposed%20Budget.pdf>

¹³ City of Ashland 2015-2017 Proposed Budget. Volunteer Program. Page 1-150
<http://www.ashland.or.us/SIB/files/BN%202015-17%20Proposed%20Budget.pdf>

¹⁴ Parks and Recreation CAFR. <http://www.ashland.or.us/Files/2014-15%20FINAL%20CUFR.pdf>

¹⁵ Parks and Recreation CAFR. <http://www.ashland.or.us/Files/2014-15%20FINAL%20CUFR.pdf>

¹⁶ Parks and Recreation CAFR. <http://www.ashland.or.us/Files/2014-15%20FINAL%20CUFR.pdf>

¹⁷ Parks and Recreation CAFR. <http://www.ashland.or.us/Files/2014-15%20FINAL%20CUFR.pdf>

¹⁸ Parks and Recreation CAFR. <http://www.ashland.or.us/Files/2014-15%20FINAL%20CUFR.pdf>

The Commission oversees three major funds¹⁹:

H4 Parks and Recreation General Fund

- Funds general department operations and parks and recreation activities.
- Funded by revenue from the City’s general fund and charges for parks and recreation services.

Parks Capital Improvement Fund

- Funds major park purchases, renovations, and improvements.
- Funded by revenue from grants and inter-fund transfers.

Parks and Recreation Equipment Fund (new with 2015-2017 budget)

- Funds replacement of equipment and vehicles.
- Funded by revenue from equipment rental charges.

Ashland Parks and Recreation Budget

The Ashland Parks and Recreation Department Budget is discussed in detail in the Ashland City 2015-2017 Budget beginning on page 3-139.

Figure 1: Ashland Parks and Recreation Budget 2013-2015 and 2015-2017.

	BN 2013-2015	BN 2015-2017	Difference	Percent Difference
P & R General Fund	\$12,718,389	\$12,421,641	(\$296,748)	-2.3%
Parks Capital Improvement Fund	\$5,153,132	\$4,609,077	(\$544,055)	-10.6%
Parks Equipment Fund	NA	\$519,000	\$519,000	New
Total P & R Budget	\$17,871,521	\$17,549,718	(\$321,803)	-1.8%

¹⁹ City of Ashland 2015-2017 Proposed Budget. <http://www.ashland.or.us/SIB/files/BN%202015-17%20Proposed%20Budget.pdf>

Revenues

Property Tax

Property tax is estimated to raise about \$21.8 million in the 2015-2017 biennium.²⁰ Property owners within city limits pay \$4.6080 per \$1,000 of assessed value.²¹ Property tax revenue is collected in the General Fund. Money is appropriated from the General Fund for parks and recreation. Property tax is the largest revenue source for Ashland. See Chart 1: Ashland General Governmental Tax Revenues by Source 2005-2014 in the Appendix.

Starting with the 2013-2015 city budget, all property tax revenue goes into the city's general fund and the Parks and Recreation allocation of the tax is shown as a payment for services from that fund.²² The intention for this is to avoid an unappropriated fund balance in the Parks and Recreation budget.²³

Transient Occupancy Tax:

Transient occupancy tax rate is 9 percent in Ashland, with 5 percent remaining with the hotel or motel to assist with fee collection and 4 percent going to the city.²⁴ The city uses their portion of transient occupancy tax for three specific purposes that do not directly include the Parks and Recreation Department.^{25, 26} A proposal was made at the July 18, 2016 City Council meeting to allocate \$100,000 from Transient Room Tax to Lithia Park for maintenance.²⁷

Prepared Food and Beverage Tax

Ashland is one of two cities in Oregon that charge a sales tax. The sales tax was approved by city voters in 1990 and levies a five percent tax on prepared food.²⁸ The U.S. Census reports 3,993 total businesses in the city with total sales of \$89,807,000 in 2012.²⁹ This sales tax was

²⁰ City of Ashland 2015-2017 Proposed Budget. <http://www.ashland.or.us/SIB/files/BN%202015-17%20Proposed%20Budget.pdf>

²¹ City of Ashland 2015-2017 Proposed Budget. <http://www.ashland.or.us/SIB/files/BN%202015-17%20Proposed%20Budget.pdf>

²² City of Ashland. "Administrative Services." "Public Notice-2013-15 Budget." <http://www.ashland.or.us/Page.asp?NavID=15573>

²³ City of Ashland. "Administrative Services." "Public Notice-2013-15 Budget." <http://www.ashland.or.us/Page.asp?NavID=15573>

²⁴ City of Ashland 2015-2017 Proposed Budget. <http://www.ashland.or.us/SIB/files/BN%202015-17%20Proposed%20Budget.pdf>

²⁵ Ashland designates transient occupancy tax to three purposes: Economic and Cultural Development, tourism development, and the city's General Fund.

²⁶ City of Ashland 2015-2017 Proposed Budget. <http://www.ashland.or.us/SIB/files/BN%202015-17%20Proposed%20Budget.pdf>

²⁷ City of Ashland, "City Council-Minutes." <http://www.ashland.or.us/Agendas.asp?Display=Minutes&AMID=6397>

²⁸ City of Ashland. "Food and Beverage Tax." <http://www.ashland.or.us/Page.asp?NavID=9180>

²⁹ <http://www.census.gov/quickfacts/table/PST045215/4103050>

renewed in 2009 and will be revisited again at the end of 2030.³⁰ The food and beverage tax is expected to raise about \$5.5 million in 2015-2017, with 20 percent of the revenue designated for buying open space for parks.³¹ The other 80 percent of this funding is designated for annual debt service on Ashland's wastewater treatment plant.³² See Chart 2: Ashland Food and Beverage Tax Revenues by Fund 2004-2014 in the Appendix. A proposal was made at the July 18, 2016 City Council meeting to amend the food and beverage tax to increase the minimum allocation for Parks and Recreation to 25 percent.³³

The Parks Commission uses the portion of the food and beverage tax they receive on capital improvements. This tax revenue allows "for major improvements to, or rehabilitation of, existing facilities" that are managed by the Commission.³⁴

Enterprise Fund Taxes and Fees

Ashland collects other taxes and fees used for utility services and city maintenance services. These include the electric utility use tax, charges for service, and utility fees. These categories do not directly affect Ashland's parks and recreation budget.

Other Fees and Charges

Ashland charges a variety of fees and charges for many departments or services provided by the city. The two that most directly affect the parks and recreation department are Parks and Recreation fees charged to parks and recreation users and SDCs.³⁵ Parks and recreation fees are estimated to be about \$15.1 million³⁶ and SDCs are estimated to be \$592,416 for the 2015-2017 budget.³⁷

The Commission periodically experiences a surplus of funds at the end of the budget cycle from either higher revenues than expected or lower costs than expected.³⁸ In the past, this has resulted in a transfer of funds to the city's operations accounts, but the Commission and City

³⁰ <http://www.ashland.or.us/Page.asp?NavID=9180>

³¹ City of Ashland 2015-2017 Proposed Budget. <http://www.ashland.or.us/SIB/files/BN%202015-17%20Proposed%20Budget.pdf>

³² City of Ashland 2015-2017 Proposed Budget. <http://www.ashland.or.us/SIB/files/BN%202015-17%20Proposed%20Budget.pdf>

³³ City of Ashland, "City Council-Minutes." <http://www.ashland.or.us/Agendas.asp?Display=Minutes&AMID=6397>

³⁴ Parks and Recreation CAFR. <http://www.ashland.or.us/Files/2014-15%20FINAL%20CUFR.pdf>

³⁵ City of Ashland 2015-2017 Proposed Budget. <http://www.ashland.or.us/SIB/files/BN%202015-17%20Proposed%20Budget.pdf>

³⁶ This is a huge jump from the last budget estimate of 1.8 million--is this because of the different way of paying the parks from property tax?

³⁷ City of Ashland 2015-2017 Proposed Budget. <http://www.ashland.or.us/SIB/files/BN%202015-17%20Proposed%20Budget.pdf>

³⁸ Parks and Recreation CAFR. <http://www.ashland.or.us/Files/2014-15%20FINAL%20CUFR.pdf>

Council are working on other possibilities that might allow the parks department to benefit from this positive outcome.³⁹

City Budget Add Packages

Ashland allows departments to request additional funding that is not included in the department's base budget. In the 2015-2017 budget, the Parks and Recreation Department requested, and received the recommendation to fund, an additional \$71,000 from the city's general fund to pay two years of operating expenses for The Grove--the department's main recreation and administration building.⁴⁰ The parks department also requested two park tech positions at costs of \$144,900 each for two years in this same process, but these requests were not recommended for funding by the budget committee.⁴¹

Ashland Parks Foundation

The Ashland Parks Foundation is a nonprofit entity established in 1995 to support Ashland's parks system and other recreational groups.⁴² It is run by a five-member board, with the Parks Department Director and another staff person assisting. The foundation's giving priorities include beautification and maintenance of current parks assets, program support for parks activities, and "supporting the efforts and ambitions" of the parks department.⁴³ One of the foundation's most recent fundraising projects is a coffee table book of Ashland's 100-acre Lithia Park.⁴⁴ The foundation sponsored the creation of the book and proceeds benefit the foundation.

H3 - Capital Projects

Ashland's Parks Department Capital Improvement Plan totals \$4,287,889 in proposed projects for the 2015-2017 biennium.⁴⁵ The projects involved include: the second phase of Ashland Creek Park, constructing a dog park, remodeling their main office, sidewalk improvements, work on the Lithia Park Master Plan, and a pool bubble.⁴⁶ See Appendix for the detailed Parks Department 2015-2017 CIP Estimates.

³⁹ Parks and Recreation CAFR. <http://www.ashland.or.us/Files/2014-15%20FINAL%20CUFR.pdf>

⁴⁰ City of Ashland 2015-2017 Proposed Budget. Page 1-9. <http://www.ashland.or.us/SIB/files/BN%202015-17%20Proposed%20Budget.pdf>

⁴¹ City of Ashland 2015-2017 Proposed Budget. Page 1-10. <http://www.ashland.or.us/SIB/files/BN%202015-17%20Proposed%20Budget.pdf>

⁴² Ashland Parks Foundation. <http://www.ashlandparksfoundation.com/index.asp>

⁴³ Ashland Parks Foundation. "Grants." <http://www.ashlandparksfoundation.com/Page.asp?NavID=2>

⁴⁴ Ashland Parks Foundation. <http://www.ashlandparksfoundation.com/News.asp?NewsID=6>

⁴⁵ City of Ashland 2015-2017 Proposed Budget. Page 3. <http://www.ashland.or.us/SIB/files/BN%202015-17%20Proposed%20Budget.pdf>

⁴⁶ City of Ashland 2015-2017 Proposed Budget. Page 3. <http://www.ashland.or.us/SIB/files/BN%202015-17%20Proposed%20Budget.pdf>

Figure 2: Capital Project Budget Comparison

	Parks	City Total	Parks Percent of City Total
2014	\$2,031,000	\$8,462,950	24%
2015	\$1,446,000	\$9,139,000	15.8%
2016	\$3,707,885	\$17,595,210	21%
2017	\$580,004	\$26,760,669	2.2%

City of Ashland 2015-2017 Proposed Budget. "Budgeted Capital Improvements." Page 1-15.⁴⁷

To pay for capital improvements, the Parks Commission uses revenue from five sources: Food and Beverage Tax, SDCs, carryover from 2013-2015 Critical Maintenance Appropriations, an ending fund balance transfer, and Grants/Loans.⁴⁸

Figure 3: Revenue Sources for Parks Capital Improvements

	Ending Fund Balance 2014	Ending Fund Balance 2015	New 2015	New 2016	Total
Food & Beverage Tax	\$341,907		\$496,566	\$521,394	\$1,359,867
SDC	\$508,399		\$48,941	\$50,000	\$607,340
CMA Carryover		\$300,636			\$300,636
EFB Transfer			\$470,000		\$470,000
Grants/Loans			\$1,550,045		\$1,550,045

City of Ashland 2015-2017 Proposed Budget. CIP. Page 62.⁴⁹

⁴⁷ City of Ashland 2015-2017 Proposed Budget. "Budgeted Capital Improvements." Page 1-15.

<http://www.ashland.or.us/SIB/files/BN%202015-17%20Proposed%20Budget.pdf>

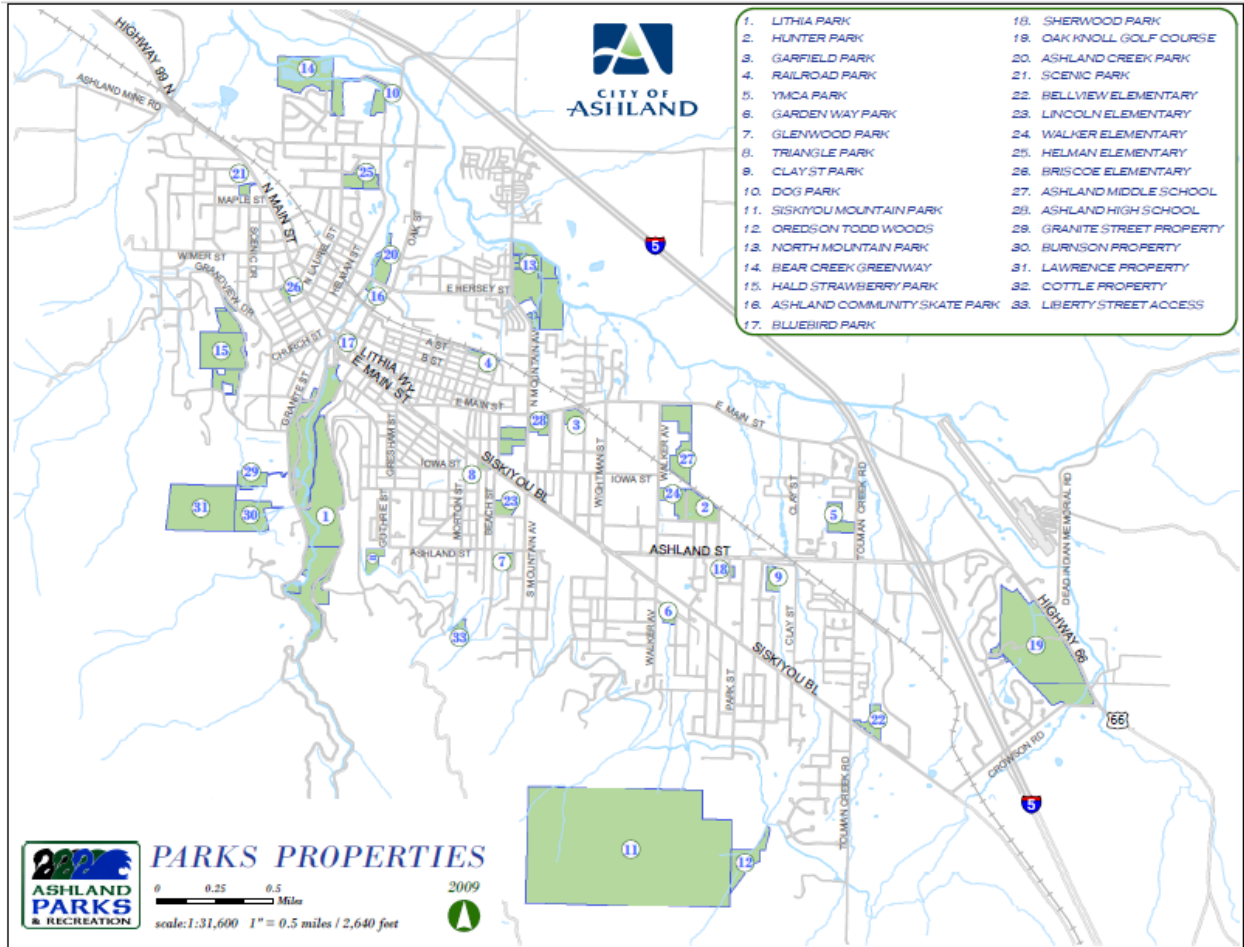
⁴⁸ City of Ashland 2015-2017 Proposed Budget. Page 62. CIP. <http://www.ashland.or.us/SIB/files/BN%202015-17%20Proposed%20Budget.pdf>

⁴⁹ City of Ashland 2015-2017 Proposed Budget. CIP. Page 62. <http://www.ashland.or.us/SIB/files/BN%202015-17%20Proposed%20Budget.pdf>

Conclusion

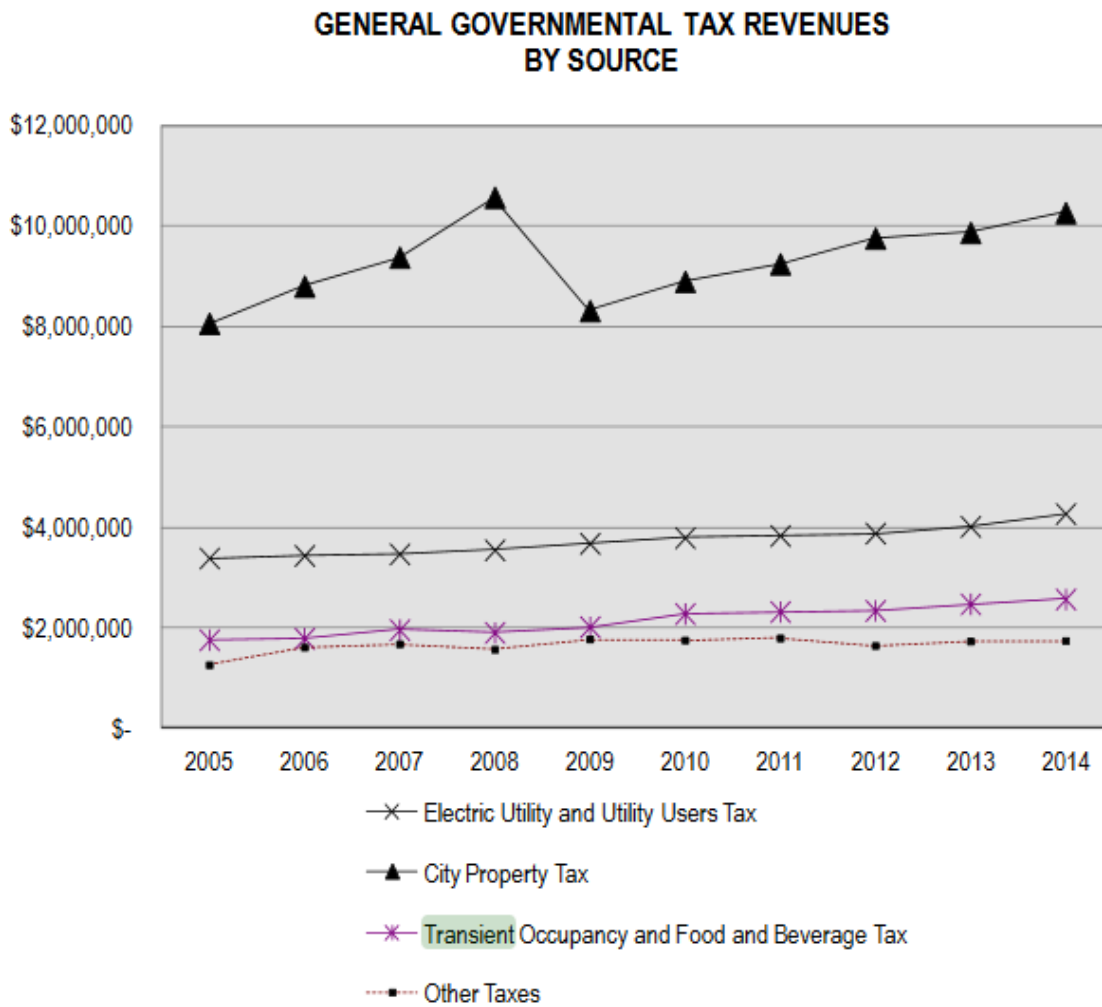
Ashland's Parks and Recreation Department is a robust part of the city's overall functions and budget. Their use of sales tax to create parks revenue makes for a unique case study, but the general operations of the department can also be of use and interest to Albany as they explore new possibilities for creating revenue to support capital expenditures.

Appendix
Ashland City Parks Map



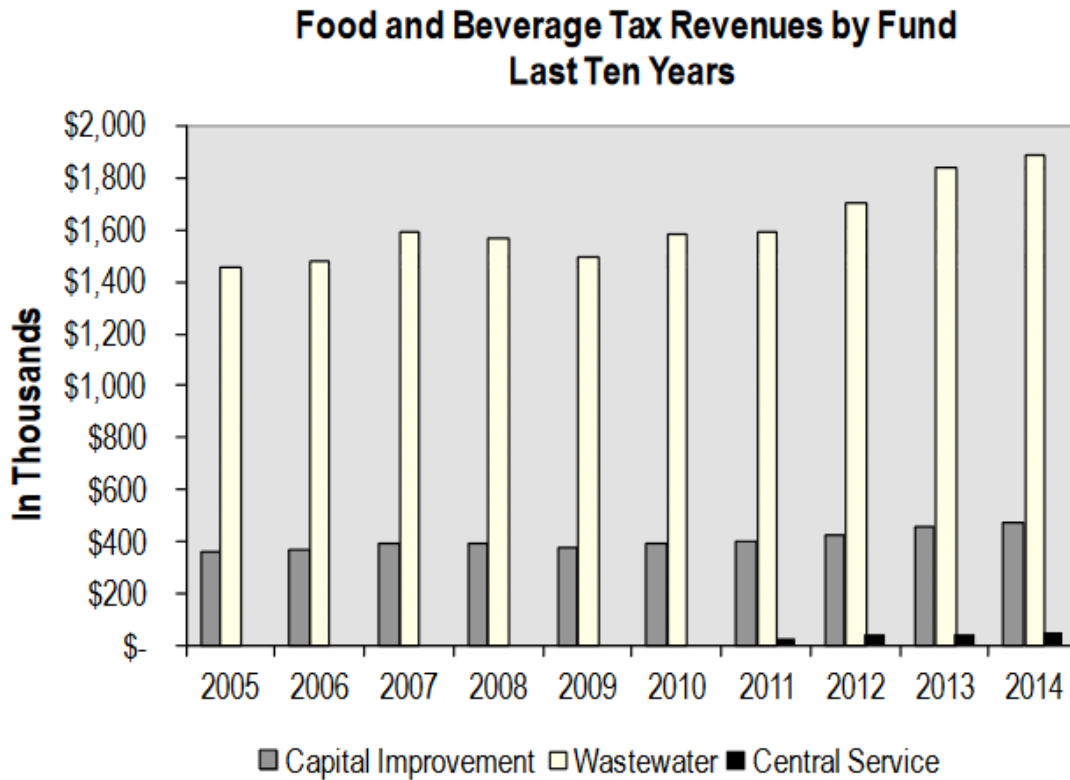
Source: City of Ashland, Oregon - Parks and Recreation - About Parks – Maps.
http://www.ashland.or.us/Files/Parks_Properties.pdf

Figure 4: Ashland general governmental tax revenues by source 2005-2014.



Source: City of Ashland Comprehensive Annual Financial Report
<http://www.ashland.or.us/Files/2013-14%20CAFR%20-%20FINAL1.pdf>

Figure 5: Ashland Food and Beverage Tax revenues by fund 2004-2014.



City of Ashland Comprehensive Annual Financial Report
<http://www.ashland.or.us/Files/2013-14%20CAFR%20-%20FINAL1.pdf>
<http://www.ashland.or.us/Files/2013-14 CAFR - FINAL1.pdf>
<http://www.ashland.or.us/Files/2013-14 CAFR - FINAL1.pdf>

Figure 6: Parks Department 2015-2017 CIP estimates.

2015-17 CIP Estimates							
Description	2015/17 Budget Proposal	F&B	SDC	Parks CIP EFB	2015 EFB	Other (grant/loan)	Totals
<small>CLOSE</small> Repair Concrete Bridge @ Lithia Park	-						-
<small>CLOSE</small> Repair Enders Shelter @ Lithia Park	-						-
Repair Perozzi Fountain @ Lithia Park	75,000	75,000				-	75,000
<small>CLOSE</small> Pave Clay Street Park Parking Lot	-						-
<small>CLOSE</small> Lithia Park Restroom Replacement	-						-
Lithia Park Asphalt	28,000			28,000			28,000
<small>CLOSE</small> Triangle Park Cement	-						-
<small>CLOSE</small> Lithia Park Roofing	-						-
<small>CLOSE</small> Hunter Park Roofing	-						-
<small>CLOSE</small> Senior Center Improvements	-						-
Oak Knoll Driving Range Netting	21,048			21,048			21,048
Daniel Meyer Pool-Solar Panel Replacement	35,000			35,000			35,000
<small>CLOSE</small> Daniel Meyer Pool-Equipment Replacement	-						-
<small>CLOSE</small> Ice Rink Cover	-						-
<small>cart path</small> RENAME - Oak Knoll Cart Path	120,000	120,000					120,000
Park Restroom Auto Lock Doors	22,162			22,162			22,162
Garfield Park Sand Volleyball Relocation	9,239			9,239			9,239
Sherwood Park Playground	19,120						-
Hunter Park Playground	80,000			80,000			80,000
Hunter Park Asphalt Overlay	40,000			40,000			40,000
Calle Guanajuato Improvements (Bond Repayment)	80,000	80,000					80,000
Ashland Creek Park Development	-						-
RENAME - 340 S. Pioneer, Parks Office Upgrades	15,000	15,000					15,000
<small>CLOSE</small> 2014 Golf Course Drainage	-						-
RENAME - Garfield Park Water Play Replacement, Shade and Play In	550,000					550,000	550,000
Sign Replacement Plan	25,000	25,000					25,000
Lower Clay Street Purchase	310,000	310,000					310,000
Lithia Park Master Plan	250,000	250,000					250,000
<small>CLOSE</small> MOVE BALANCE TO 47 Oak Knoll Golf Course Greens Improvement	-						-
Lithia Park Rehabilitation Project (Sand, etc)	55,052	20,000		35,052			55,052
Daniel Meyer Pool Bathhouse	35,000	35,000					35,000
Second Dog Park Construction	295,000	75,000			220,000		295,000
<small>CLOSE</small> Project Manager	-						-
Land Acquisition**	1,562,385	100,000	562,340			1,000,045	1,662,385
Sub-total Carry over Projects	3,627,006	1,105,000	562,340	270,500	220,000	1,550,045	3,707,885

Projected Resources

	EFB2014	EFB15	NEW15	NEW16	
F&B	341,907		496,566	521,394	1,359,867
SDC	508,399		48,941	50,000	607,340
Critical Maintenance		300,636			300,636
EFB Trx			470,000		470,000
Grants/Loans			1,550,045		1,550,045
					4,287,889

New

							-
YMCA Park Improvements	5,000	5,000					5,000
Ashland Creek Park Phase II	35,000	35,000					35,000
Park Building Maintenance and Upgrades (Paint)	25,000	25,000					25,000
The Grove - Recreation Office Remodel	111,017	100,000		11,017			111,017
Winburn Sidewalk	250,000				250,000		250,000
Bicycle Skills Park and Track	22,917	22,917					22,917
Daniel Meyer Pool Bubble	46,950	46,950					46,950
Oak Knoll Playground	45,000		45,000				45,000
Trails and Open Space Comp Plan Update	120,000	20,000		19,120			39,120
	-						-
Sub-total New Projects	660,884	254,867	45,000	30,137	250,000	-	580,004
Total	4,287,890	1,359,867	607,340	300,637	470,000	1,550,045	4,287,889

City of Ashland 2015-2017 Proposed Budget. Page 62. CIP.

<http://www.ashland.or.us/SIB/files/BN%202015-17%20Proposed%20Budget.pdf>

Bend, Oregon

November 11, 2016

To | **ALBANY DIRECTOR**
From | **BENTLEY REGEHR**
SUBJECT | **CASE STUDY: BEND, OREGON**

Overview

This memorandum provides an evaluation of the Bend Park and Recreation District. The following areas are covered:

- A brief overview of Bend, Oregon and the community served by the Bend Park and Recreation District
- The geographic extent of services provided by the Bend Park and Recreation District
- Enabling statutes for parks districts in Oregon
- The governing structure of the Bend Park and Recreation District
- An overview of revenue sources, rates and total budget, including private sources
- The key categories of expenditure for the District
- Current bonds and capital projects for the District

Additionally, an assessment is offered in relation to possible strategies that the City of Albany may glean from practices used in Bend.

Community Overview

Bend is the county seat for Deschutes County, which is located in central Oregon. With a population of just over 80,000 and a metro population of 165,954 (2013 American Community Survey), Bend is the largest city in central Oregon, and is the de facto metropolis of the region.

The Bend Park and Recreation District was established in 1974 to serve the recreational needs of a growing metro area. In 2015, the District had 97.58 full-time positions and over 800 volunteers that served a District population of 82,069. The assessed value of the District for 2014-2015 was \$9,569,438,273.

Enabling Statutes

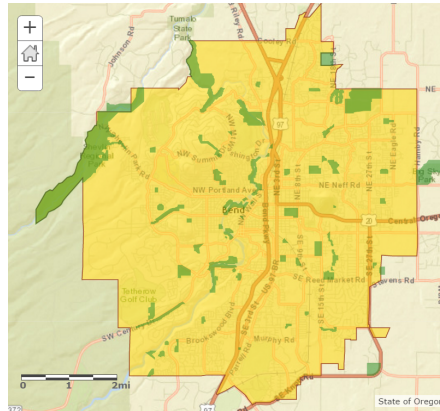
Chapter 266 of the Oregon Revised Statutes provides the enabling powers for park districts in Oregon. There are over thirty statutes within Chapter 266, but several are particularly relevant to the discussion in this memorandum:

- **266.320** *The number of district board members to be elected shall be three or five, according to the number set forth in the petition for formation.*
- **266.385** *The board shall adjust zones established within a district as necessary to make them as nearly equal in population as is feasible according to the latest federal census. The board also shall adjust boundaries of zones as necessary to reflect boundary changes of the district.* This is important in understanding the geographic extent of services.
- **266.420** *Each year the district board shall determine and fix the amount of money to be levied and raised by taxation, for the purposes of the district. The total amount in dollars and cents shall not exceed one-half of one percent (0.0050) of the real market value of all taxable property within the district.* The Bend Park and Recreation District has a rate of 0.001461, or \$1.461 per \$1000.
- **266.512** *The aggregate amount of general obligation bonds issued and outstanding at any one time shall in no case exceed two and one-half percent of the real market value of all taxable property of the district.* The use of general obligation bonds will be highlighted in a later section.

Geographic Extent of Services

Bend Park & Recreation District maintains and operates more than 2,700 acres of developed and undeveloped parkland, including 81 parks/open spaces and 65 miles of trail. The District boundary more or less mirrors the City of Bend's boundary, in accordance with ORS 266.385. It should be noted that even though the District boundary does not cover the entire metro area,

there are over 1,000 acres of regional park land within the District that draw users from the entire metro area.



Bend Park and Recreation District boundary. Source: www.bendparksandrec.org

Governing Structure

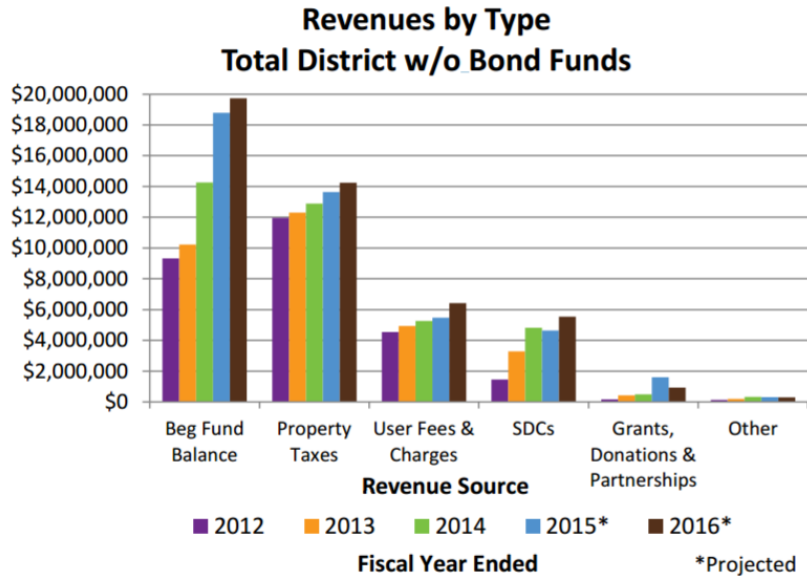
In accordance with previously mentioned ORS 266.320, an elected five-member Board of Directors governs the Bend Park and Recreation District. The District's Board of Directors is responsible for developing district goals and setting policy. The District also has five citizen representatives that are involved in discussions related to goals and policy. An executive director and financial director, along with other district employees, are responsible for the technical aspects of the budget.

The annual budget is looked at as a continuous operation in which the Board and citizen representatives are regularly involved, meeting twice a month. The budgeting process follows the standard three-part structure: preparation, approval, and adoption. After adopting the budget, the governing body made up of the Board of Directors and citizen representatives will make the necessary appropriations and certify the tax levy to the county assessor.

Sources of Revenue

The total budgeted resources for fiscal year 2015-16 are \$29,076,722. At nearly sixteen million dollars, property taxes make up over half of the total budgeted resources. User fees and charges make up the next highest source at just over six million dollars. System development charges (SDCs) are also a large source of revenue at \$5.8 million. ORS 223.297-223.314 authorizes Districts, including special districts, to impose SDCs for parks and recreation. Expanding SDCs could be a great option for Albany to entertain as source of revenue. SDCs made up nearly 20 percent of total revenue for the Bend Park and Recreation District, whereas SDCs in Albany made up less than 2 percent. The Bend Park and Recreation District also

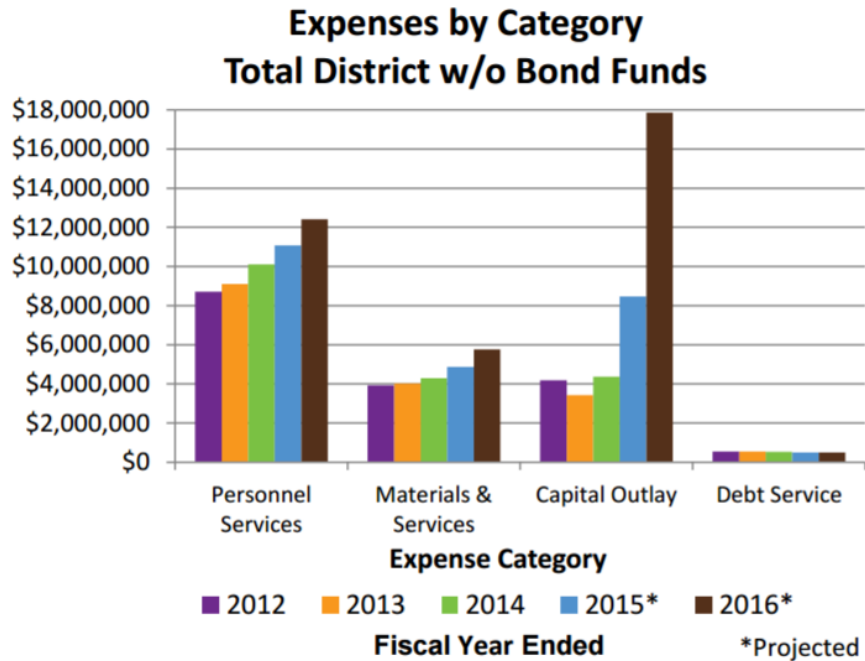
receives private sources of revenue, with an estimated \$1.7 million in 2015 from grants, donations, and partnerships.



Source: www.bendparksandrec.org

Key Expenditures

The total expenditure requirements for the Bend Park and Recreation District adopted for the 2015-2015 fiscal year are \$24,053,111. The key expenditures are personnel (\$12.4M), materials and services (\$5.7M), capital outlay (\$5.4M), and debt service (\$500k). Narrowing in our capital outlay, we see that capital projects are supported largely by SDCs and a general obligation bond. SDCs pay for 49 percent of capital project expenditures, while the general obligation bond is scheduled to pay 30 percent.



Source: www.bendparksandrec.org

Bonds and Capital Projects

As mentioned, bonds have been key in paying capital projects for the Bend Park and Recreation District. In November 2012, voters authorized the District to sell \$29 million in general obligation bonds to assist with funding specific park, trail and recreational facility projects listed on the CIP.

The District annually levies an additional property tax that meets the debt service requirements in order to satisfy the District’s obligation. ORS 266.512 (see section on enabling statutes) limits the aggregate amount of general obligation bonds to a rate of 0.0250, or 250 cents per \$1000. The \$29 million dollar bond measure was expected to cost taxpayers 24 cents per \$1,000 of assessed property value but was levied in 2015 at 19.6 cents per \$1,000. As the only outstanding bond, the aggregate amount is well below the limit of 250 cents per \$1,000. The bond has allowed for the undertaking of capital improvement projects that would not likely have been completed otherwise, specifically the development of new neighborhood parks (Canal Row Park, Stone Creek Park and Eagle Park).

Takeaways for use in Albany

There are several options exemplified by Bend that Albany can entertain to generate revenue for their parks department:

- **Bonds.** Bend took advantage of a voter authorized general obligation bond that went toward funding over 30 percent expenditures related to capital improvement projects since 2012. Albany should strongly consider a bond measure to finance increasing capital needs.
- **System development charges.** The Bend Park and Recreation District generates over 20 percent of their revenue through SDCs. With less than 2 percent of their revenue generated by SDCs, Albany has a chance to expand SDCs to generate more revenue.
- **Use of a special district.** Bend illustrates the benefits of having a special parks district, namely the ability to have guaranteed separate funds for parks and recreation. As it currently stands the Albany parks department is uncertain of the funds they will receive year to year. A special district could help alleviate this problem.

Bend Park and Recreation District has proven track record of success and is therefore a good example to follow. In 2006, Bend Park & Recreation District received the National Gold Medal Award for excellence in Park and Recreation management. This award is given to the best park and recreation agency in the nation for its population category. Bonds, system development charges, and the structure of a special district have certainly fueled Bend's ability to generate revenue and complete a number of important capital projects. Albany should explore some of these same options to address revenue needs.

Boulder, Colorado

Madi Pluss

Purpose

The purpose of this memorandum is to evaluate the functionality of the budgetary decisions made by the City of Boulder Parks and Recreation Department. Analysis will focus on the efficacy of innovative or unique strategies. Ultimately, this memorandum will offer an assessment of the feasibility of implementing a similar budgetary allocation strategy in Albany to address the Parks and Recreation Department Capital Improvement Projects.

Context

Located 40 miles north of Colorado's capital Denver, Boulder is a growing and thriving city, home to over 100,000 people. The city is highly affluent, with 75% of residents earning a Bachelor's degree, and a median household income of \$56,312. Median cost of owner occupied housing units is \$477,200, and median rent is \$1,189. (June 2015, Bureau of Labor Statistics). Boulder is consistently ranked as one of the healthiest and fittest counties; a reflection of the active population and robust culture around outdoor recreation and fitness. 13% of Boulder's adult population is considered obese and only 9% is physically inactive, which is significantly lower than national averages, 25% and 20% respectively (CDC's Behavioral Risk Factor Surveillance System (BRFSS) and data from the U.S. Census Bureau's Population Estimates Program, 2012). With over 300 days of sunshine and an average temperature of 65 degrees, the climate, combined with the natural beauty of the Boulder Valley, makes Boulder County conducive to outdoor physical activity and an important training ground for triathletes, distance runners, and cyclists.

Geographic Extent

Boulder Parks and Recreation maintains, operates, and cares for 80 parks, plazas, and properties, including 41 playgrounds and 4 dog parks, totaling more than 1,700 acres. There are 3 full-service recreation centers, offering more than 125 weekly classes, 100 outdoor ball courts, two outdoor pools, and 44 multi-use sports fields. Major city properties include the Pearl Street Mall, Valmont Bike Park, Columbia Cemetery, Flatirons Golf Course, and the Boulder Reservoir. Location and distribution of the parks and recreational facilities is illustrated in Appendix A.

Governing Structure

The city manager is Jane S. Brautigam. As described in Section 156, Article XI of the municipal code, the director of parks and recreation is appointed by the city manager for an indefinite period, and is removable by the city manager. The direction, supervision, and control of the department is the director of parks and recreation, Yvette Bowden. The director is responsible for carrying out the activities of the department, as well as supervising personnel and maintaining equipment.

The city manager appoints a superintendent of parks, and a superintendent of recreation. Like the direct, these positions are appointed for an indefinite period of time, and removable by the city manager. The superintendents work under the control of the director of parks and recreation. The city manager also has the ability to employ other subordinate personnel.

Additionally, Section 157, Article XI of the municipal code stipulates the creation of a parks and recreation advisory board. The board consists of seven members appointed by the city council. The members cannot hold any other office in the city, and the position is unpaid. The board members serve a term of five years; however, the council may remove any board member who “displays lack of interest or who fails to attend board meetings for three consecutive months without formal leave of absence” (Section 158, Article XI). The members of the board assume specific roles and responsibilities outlined in Section 159, Article XI. There is a chair and a secretary, as well as a four member quorum. The director of parks and recreation may serve as the secretary if designated by the board. The board has regular monthly meetings, with required meeting minutes. The primary function of the boards is to make recommendations to council concerning disposal of park lands, expenditure or appropriation from the Permanent Parks and Recreation fund, park licenses or permits, and comments related to the proposed annual budget (Section 160, Article XI). The hierarchy of the governing structure is illustrated in Appendix B.

Parks Department Divisions

The department is comprised of three main divisions: administration, parks and planning, and recreation. Administration includes the office of the director, and the division is responsible for business and finance, marketing, public outreach, communications, information technology, staff training and development, and liaison work to the Parks and Recreation Advisory Board and City Council. The division has 20.87 FTE employees. The Parks and Planning division manages operations and grounds maintenance, natural resources (such as horticulture, forestry operations, and natural areas), capital project planning, design, construction, and park renovation projects. The division has 58.75 FTE employees. The Recreation division is responsible for managing and operating the three recreation centers, the Boulder Reservoir, two outdoor pools, and the Flatirons Golf Course. Additionally, the division coordinates recreational programs for the public such as aquatics, arts, sports, sports therapy, wellness, and youth outreach services. The division has 56.73 FTE employees.

Enabling Statutes

Article XI of the Charter of the City of Boulder relates to Parks and Recreation. Section 154 mandates a department of parks and recreation, and defines “park land”, “park property”, and “recreation facilities” as *“all lands donated to the city for park or recreation purposes, acquired by the city through purchase, dedication, deed, or condemnation for park or recreation purposes, or purchased or improved in whole or in part with funds from the permanent park and recreation fund.”*

As described previously, the department of parks and recreation is under the control of the city manager, with responsibilities outlined in Section 155 of Article XI: *“maintain all park property and recreation facilities [...] administer, and execute all park and recreation programs, plans, functions, and activities of the city. [...] prepare and submit to the parks and recreation advisory board written recommendations on those matters where this article requires a recommendation from said board prior to council or department action”.* (Section 155, (a-c), Article XI).

Budget

The 2016 total budget for the Parks and Recreation Department is \$25,942,490.

Budget Allocation Strategy

Boulder Parks and Recreation Department utilizes an ‘expenditure first’ strategy when determining the allocation of funds. The department is currently faced with a maintenance backlog estimated at approximately \$27 million, and difficult decisions must be made by the department about how to manage and operate facilities and provide programs. The city’s CIP guidelines prioritize the maintenance of current assets over the development of new facilities. Based on current economic conditions, revenue and expenditure projections, funding is not sufficient to maintain all existing system assets and build new park and recreation facilities unless comparable trade-offs occur. (City of Boulder Parks Master Plan, pg. 6). The department must address high priority park and recreation needs as a result of retiring debt service. Priority Based Budgeting (PBB) was implemented with the 2011 budget process and is a tool to ensure city service priorities are based on community goals and values, and that these priorities should drive budget decisions. Programs and services are ranked and prioritized based on two sets of criteria: (1) their ability to help the community achieve desired results and (2) basic program attributes (City of Boulder Parks Master Plan, pg. 73).

The department categorizes services using a recreation priority index (RPI) based on the mission, population served, service outcomes, contributions to the Boulder sustainability framework, partnership value and redundancy with services provided by others in the community. To be more efficient, Boulder Parks and Recreation Department aims to reduce error by reevaluating the actual cost of an activity or service using a standardized method that emphasizes consistency of data inputs and analysis methods. Fees are based on this recreation priority index, community versus individual benefit, cost to provide services and the prevailing market rate for comparable services. This highly structured and concise system is very comprehensive, and by eliminating small errors, there is a significant total overall saving. The City of Albany should consider adopting a clear priority index to effectively prioritize the extensive list of capital projects, while also managing the growing maintenance debt. With a budget that is significantly smaller and a shorter list of projects and programs, the creation of this index should be simpler than the process in Boulder.

Expenditures

The parks and recreation department budget is divided between the individual divisions: administration (14%), parks and planning (38%), and recreation (48%). The specific monetary allocations are depicted in Table 1 on the following page.

Table 1: 2016 Budget by Division

Division	2016 Budget
Administration	\$2,860,649
Parks and Planning	\$7,780,537
Recreation	\$9,955,775
Total	\$20,596,961

In the Administration division, all of expenditures are grouped into the “Department Administration” category, accounting for the \$2.86million budget. In the Parks and Planning division, the top expenditures are associated with Park Operations and Maintenance (\$4.24million), Forestry Operation (\$1.03million), and Athletic Field Maintenance (\$778,000). For the Recreation division, the highest cost is associated with Recreation Center Operations and Maintenance (\$2.2million), Golf Course Programs (\$1.4million), and Pools Aquatic Programs (\$1.2million). For the Capital Improvement Program, Interdepartmental Charges, and Debt Service category, the largest expenditure is the CIP (\$2.2million) and Debt Service (\$2.2million).

The division budgets collectively represent 79% of the total Parks and Recreation Budget. The remaining 21% of the budget is appropriated for the Capital Improvement Program, Interdepartmental Charges and Debt Service. The annual capital improvement program (CIP) represents \$2.2million of the overall budget. With financial support from FEMA, the most significant capital projects involved the renovation of 12 city parks impacted by the 2013 flood, however, the majority of capital projects are funded by bonds.

Bonds

Ballot Item 2A passed by a 3-to-1 margin, giving the city the authority to leverage existing revenues to bond for up to \$49 million to pay for necessary capital investments. The list of capital funding opportunities had totaled over \$700 million. The bond is paid for with existing revenues and did not raise taxes. The 2011 vote allows the city to implement a list of projects that address significant deficiencies and high-priority infrastructure improvements like roadway reconstruction, park facility upgrades, critical software updates, police equipment needs, and more. A compiled list of the chosen bond projects is included in Appendix C. The projects were chosen by the 16 community members of the Capital Investment Strategy Committee. As outlined on the City of Boulder [website](#), the committee selected projects that:

- address significant deficiencies such as improvements to achieve health and safety standards, maintain industry standards, or meet legal requirements;
- avoid higher-cost investments later;
- reduce rather than increase ongoing operation and maintenance costs;
- provide for ongoing and/or greater efficiency in conducting the city's business; and
- Focus on new, higher-priority investments in areas of opportunity that reflect community values.

This selection strategy could be utilized in the City of Albany, as a way of prioritizing the list of capital improvement projects and allocating limited available funding needed to supply the \$13.5 million requirements.

Revenue

The sources of the revenue include the general fund, \$0.25 sales tax fund, recreation fund, lottery fund, Boulder Junction Improvement Fund, and the Permanent Parks and Recreation Fund. The lead source of revenue comes from the Recreation Activity Fund (40%), the \$0.25 Sales Tax Fund (28%), and the General Fund (18%). The distribution is depicted in Table 2 below:

Table 2: Distribution of Revenue

Fund	Revenue	Percentage of Total Revenue
General Fund	\$4,698,952	18%
Lottery Fund	\$360,630	1%
\$0.25 Sales Tax Fund	\$7,274,025	28%
Recreation Fund	\$10,414,920	40%
Permanent Parks and Recreation Fund	\$2,443,963	9%
Boulder Junction Improvement Fund	\$750,000	3%
Total	\$25,942,490	

Permanent Parks and Recreation Fund

Described in the City Charter, the Permanent Parks and Recreation Fund is comprised of an annual levy of nine-tenths of one mill on each dollar of assessed valuation of taxable property, gifts and donations, proceeds of the sale of park or recreation property or equipment, and appropriations made to the fund by the council (Section 161, Article XI). If there is unused money at the end of the fiscal year, the money is restricted to the parks and recreation fund and cannot be converted into the general fund, however, if there is money appropriated from the general fund for park or recreational purposes, then the designated must be returned to the general fund.

The Permanent Parks and Recreation Fund is funded specifically from property and development excise taxes. The fund is restricted to the purpose of acquiring land and renovating or improving existing parks and recreational facilities. It may not be used to fund daily operations or routine maintenance. Expenditures from the permanent park and recreation fund are made upon the favorable recommendation of the parks and recreation advisory board and appropriation by the council (Section 161, Article XI).

Recreation Fund

The Recreation Action Fund (RAF) is utilized for the operation and maintenance of the department's many recreation, fitness and sports facilities and programs. RAF funds are largely derived from program and facility use fees. Most user fee revenues are generated from recreation centers, golf, aquatics, fitness programs, and the reservoir. There is some supplemental funding from the General Fund, primarily targeting subsidized programs for individuals with disabilities and low income families/youth.

\$0.25 Sales Tax

In 2012, the \$0.25 sales tax was renewed through 2035, with an 85% voter approval. The funds are dedicated to acquiring, developing, operating and maintaining parks and recreation facilities. As with any sales tax, earnings are based on collections, so the source of this fund is volatile and subject to fluctuations in the local economy. The instability of this fund makes revenue predictions more difficult; however, in recent years it has remained fairly consistent. The upcoming retirement of the bond debt associated with the \$0.25 sales tax presents the city with an opportunity to clarify how to address resource needs when additional funds become available in 2016.

Lottery Fund

The city lottery fund is a special revenue fund that accounts for state conservation trust fund monies allocated to local governments based on population. The lottery fund contributes \$800,000 to the city on an annual basis from the state, of which 53% (\$425,000) is allocated to the Parks and Recreation Department.

Private Sources

Though donations and gifts are accepted, they do not comprise a substantial portion of funding for the Boulder Parks and Recreation department.

Recommendations

The following recommendations are gleaned from the analysis of the Boulder Parks and Recreation Department financial strategy. The options are presented on a spectrum of radicalism; the first proposal requiring minimal public approval, while introducing a bond measure would be more controversial and involved.

(1) Design a prioritization index

A critical element of Boulder's Park and Recreation Department budget is the prudent allocation process. Developing a concise index to prioritize need provides an opportunity to annually assess the efficacy of existing programs and weighing the demands of the community. This system also promotes an annual critical evaluation of the actual cost of an activity or service. The standardization of the process encourages consistency and more accurate budgetary allocation. Fees are based on this recreation priority index, community versus individual benefit,

cost to provide services and the prevailing market rate for comparable services. The City of Albany should consider adopting a clear priority index to effectively prioritize the extensive list of capital projects, in addition to a methodology that examines the efficiency of recreation budgets. With a budget that is significantly smaller and a shorter list of projects and programs, the creation of this index should be simpler and less consuming than the process in Boulder.

(2) Consider a \$0.25 transient room tax

In 2012, the Boulder voters renewed the 0.25% (25¢ on \$100) tax in order to secure bonds to buy land and make improvements in parks and recreational facilities. The tax provides about \$6.7 million or 27% of the Parks and Recreation Department's budget with a third of the funds (about \$2.2 million) budgeted for debt service. With Albany's \$3 million maintenance backlog and limited funding for the \$13.5 million of capital projects, this source could substantially help the Parks and Recreation department. Because Oregon does not have sales tax, this method would have to be altered and could apply to other taxed sources. One idea would be to initiate a \$0.25 transient room tax. The summer music festivals in Albany generate close to \$5 million money into the local economy, with a significant proportion coming from the accommodation of 140,000 people. The current budget structure does not receive any money from this revenue source, and a minimal \$0.25 tax could result in a significant amount of money generated each year. Though the current political climate in Albany is not completely supportive of increased taxes, a \$0.25 tax on transient room charges focuses the burden on the tourists visiting, and \$0.25 on \$100 would not significantly drive up hotel prices and dissuade visitors from attending the famous summer music festivals.

(3) Introduce a bond measure

In 2011 the City of Boulder was challenged with funding \$700 million of capital improvement projects. With a maintenance backlog of \$27 million, the list was growing each year and though many of the actions seemed minimal, there were no available resources that could be allocated. The public voted to redistribute funds from the existing budget and \$49 million was made available. These numbers are not comparable to Albany, who faces \$13.5 million in capital projects with a backlog of \$3 million, however, the same strategy would be utilized and there might not be any other alternative that could effectively cover a significant portion of the growing costs. The political feasibility of this measure would hinge on huge public education and outreach projects and highly committed citizen groups.

Conclusion

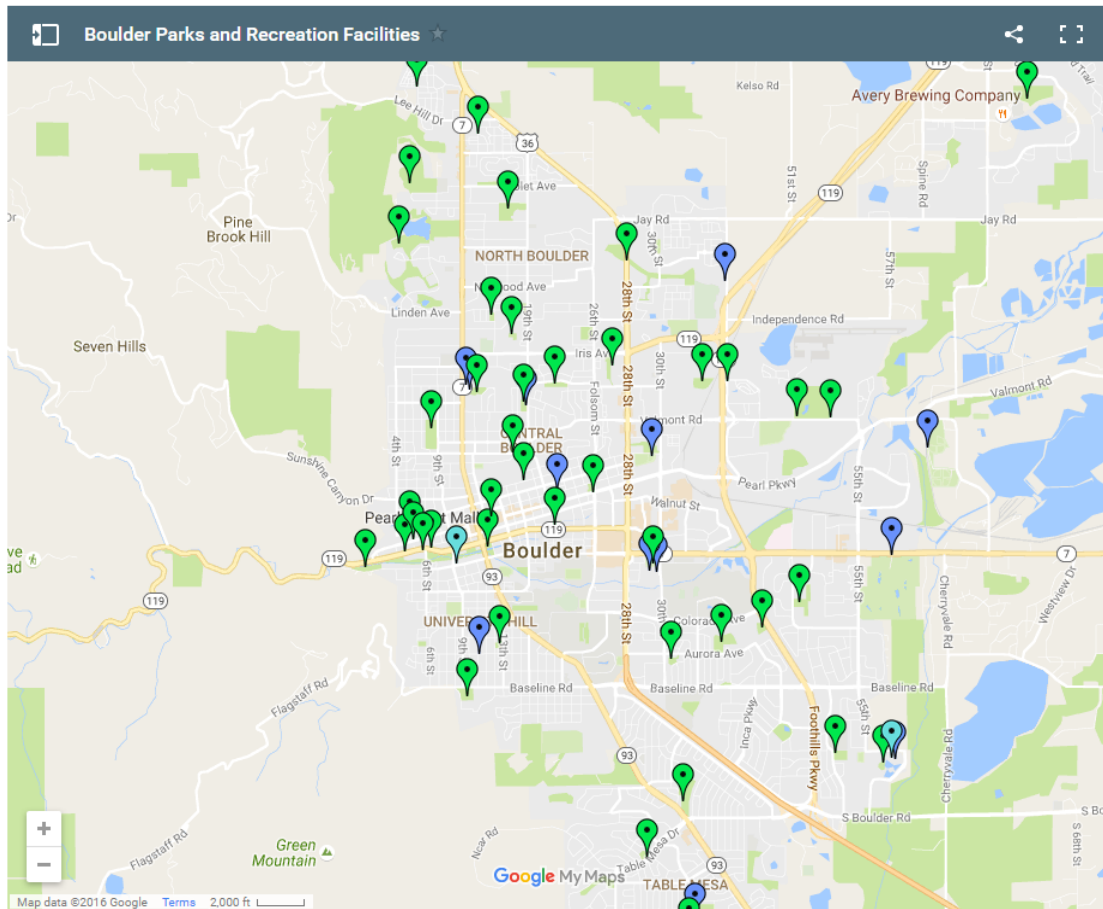
Ultimately, the suggestions represent three distinct approaches for addressing the current condition of Albany's Parks and Recreation Department. The City may choose to adopt a more structure prioritization approach and eliminate error in the allocation process; however, the fiscal returns from this action are minimal. The introduction of a new tax represents a shift in policy and alters the current economic structure, however, the politics of this option are imposing more on visitors than the local community and thus this could be more easily accepted by voters. Finally, the third option represents the most drastic shift since there has never been a parks

bond in Albany, but if utilized; this option will have this most significant impact and greatly reduce the burden the Parks Department is facing.

Works Cited

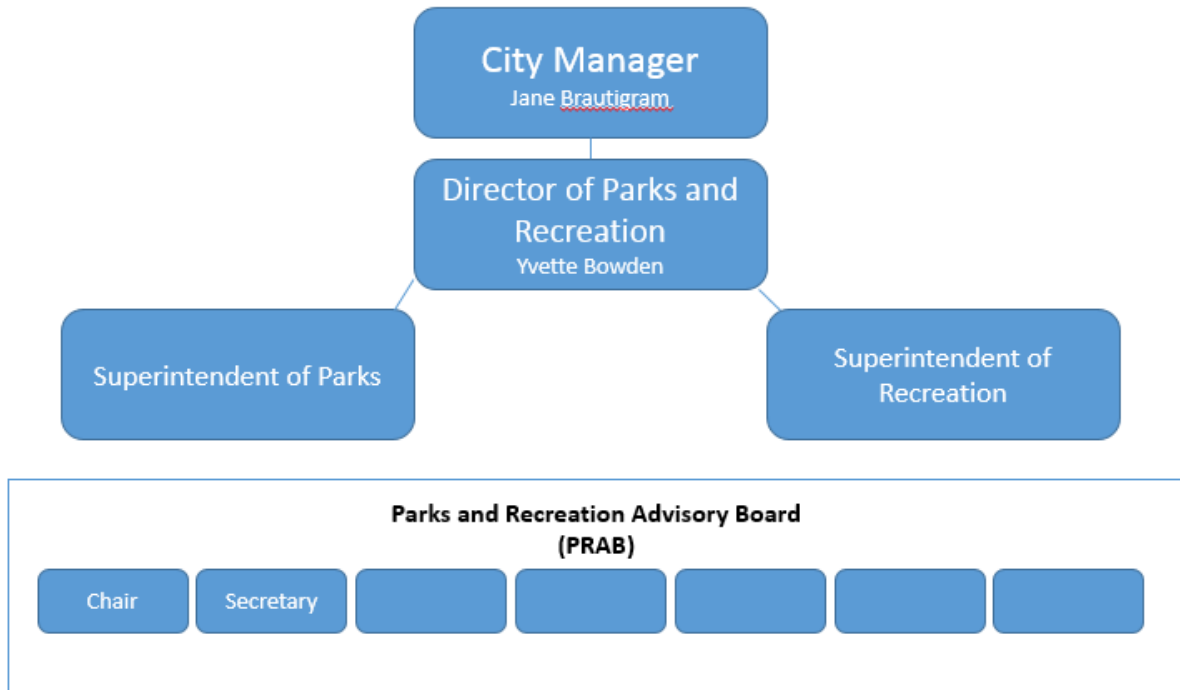
2016 Annual Budget Volume 1. City of Boulder, CO. [https://www-static.bouldercolorado.gov/docs/2016 Annual Budget Vol. I-1-201601201221.pdf](https://www-static.bouldercolorado.gov/docs/2016%20Annual%20Budget%20Vol.%20I-1-201601201221.pdf)
Boulder Parks and Recreation Department Master Plan. Updated 2014. [https://www-static.bouldercolorado.gov/docs/MP Layout V7.8 Final sm-1-201404020833.pdf](https://www-static.bouldercolorado.gov/docs/MP%20Layout%20V7.8%20Final%20sm-1-201404020833.pdf)

Appendix 1: Location and Distribution of Parks and Recreation Facilities



Map provided by Boulder Parks and Recreation. Online, Accessed 10/23/2016 from <https://bouldercolorado.gov/parks-rec/parks-and-facilities-map>

Appendix 2: Department Governing Structure



Corvallis, Oregon

Corvallis, Oregon: Parks and Recreation Department Budget

Sadie DiNatale

“Corvallis Parks and Recreation preserves and creates a community heritage by providing places and programs designed to enhance the quality of life” -Corvallis Parks and Recreation Department Mission

Community Profile: Corvallis, Oregon⁵⁰

Corvallis, Oregon is located about 80 miles from Portland and 50 miles from Eugene in Benton County. The City can be characterized as a college town (home to Oregon State University) and prides itself as being a top ranking livable and environmentally sustainable community.

As of 2014, the city encompassed a population of approximately 55,000 which grew by about 2% since 2010. Corvallis has a median age of 26, a median household income of \$40,425, and a median home value of \$266,400 (2014). Most residents are Caucasian (84%) which is followed by residents who are Latino/Hispanic (8%) and residents who are Asian (7%) (2014). The city has an 8.7% unemployment rate for the population 16 years of age and older and 58.5% of residents have a bachelor’s degree or higher (2014).

Corvallis Parks and Recreation Department⁵¹

The Corvallis Parks and Recreation Department (P&RD) boasts a mission to “preserve and create a community heritage by providing places and programs designed to enhance the quality of life.”⁵² To meet this mission, the department successfully manages and maintains approximately 1,200 acres of natural areas and 600 acres of parks and public, open space. In total, the department operates 56 sports fields and courts, 28 playgrounds, 25 restrooms, 14 shelters, 3 community rooms, several beautification areas, a fenced dog park, a BMX track, and a skate park.⁵³

The department measures its performance against five goals.⁵⁴

1. *Provide opportunities for community involvement and enhance department service levels*—measured by total hours worked by volunteers
2. *Provide recreation programs that are inclusive, creating an opportunity for the diverse community to come together*—measured by total program registrations
3. *Provide opportunities for cultural enrichment*—measured by total volunteer hours and total attendees at Majestic Theatre programs

⁵⁰ United States Census (2014 and 2010) Corvallis, Oregon.

⁵¹ City of Corvallis. (2016). FY 16-17 Adopted Budget.

⁵² “Parks & Recreation,” City of Corvallis. <http://www.corvallisoregon.gov/index.aspx?page=56>

⁵³ City of Corvallis: Parks and Recreation General Fund Document, <http://www.corvallisoregon.gov/modules/showdocument.aspx?documentid=9799>.

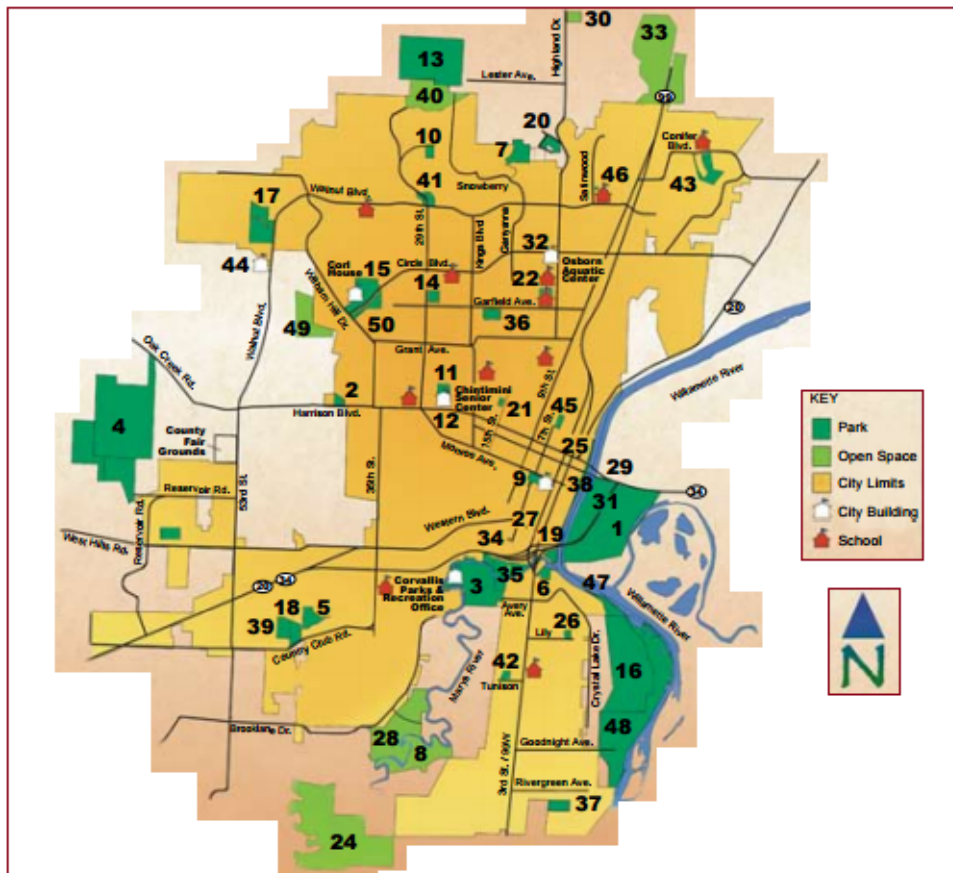
⁵⁴ City of Corvallis (2016). FY 16-17 Adopted budget, pg. 136-7.

4. *Increase environmental awareness with distinctive natural areas, parks, and outdoor recreation*—measured by total participants in environmental education programs
5. *Improve natural environment*—measured by number of trees planted in ROW and in parks.

Geographic Extent of Services

Parks and natural areas, rental facilities, park shelters, and related program/activity locations stretch across the City. Larger parks and natural areas are found along the perimeter of Corvallis and along the Willamette River. The map below showcases these areas. Additionally, several trail networks lie within Corvallis—extending into the greater Benton County area.

Map 1.1: Park Services in Corvallis



Source: City of Corvallis (2016) Parks Location Map.

Governing Structure

Over 30 P&RD staff manages and maintains Corvallis' parks and natural landscape. The Parks, Natural Areas and Recreation Advisory Board (PNARAB) and the Arts and Culture Advisory Board provide assistance to the department. The former advises the department on items such as recreational activities, parks, natural areas, and miscellaneous services; the latter focuses on public art selection and placement and cultural activities. The department operates using a top down hierarchical structure and is one of nine City departments.

Department's Budgetary Process⁵⁵

The budgetary process for the City of Corvallis begins with each department head developing their department budget (based on General Fund operating needs and capital project requirements). Performance measures, described in the second section of this memo, are used during this phase of the budget process to ensure social and environmental equity. Additionally, a core requirement is for all budgetary requests to coincide with the goals set out in the Imagine Corvallis 2040 Vision and Action Plan.

Budget requests for the Capital Improvements Plan (CIP) can come from department staff, from the department's advisory boards, from community members (residents of Corvallis), or from identified projects in the City's Master Plans. Priority levels are considered (level of urgency among other factors) and then all requests are forwarded to the City Manager. The CIP and budget is lastly sent to the Planning and Budget Commission followed by the City Council for approval.

Revenue Structure

The P&RD revenue structure operates as a general recurring fund made up of dedicated revenue and property taxes. The adopted budget for FY 16-17 is made up of seven key categories which are: property taxes and other non-dedicated revenue (\$3,617,900); service charges (\$1,634,090); tax levies (\$861,710); miscellaneous revenues (\$92,500); license, fees, and permits (\$66,710); intergovernmental revenues (\$7,400); and fines and forfeitures (\$300). Broken out as percentages of a whole, property taxes make up the majority of the departments general fund at 58%; service charges are 26%, tax levies are 14%, both miscellaneous fee and permit/license fees make up 1%, and both intergovernmental revenue and fines/forfeitures make up less than 1%.

P&RD fees are reviewed and adopted each year by City Council.⁵⁶ Rentals fees are charged as hourly rates contingent on the number of participants and the type of facility reserved. Classes are generally charged user fees per session however; scholarships are often offered to cover the cost of various programs/classes for children in low-income households.

Expenditures

To keep labor expenditures down, the P&RD is heavily reliant on volunteer labor (6,800 hours in 2015) to build and maintain trails, plant trees, remove invasive species, and spread mulch. However, salaries and benefits for staff (33.790 FTE) still make up the departments largest expenditure (59%) adopted at \$4,131,440 for FY 16-17 (\$2,083,769 for annual salaries alone). Following personnel, the next largest expenditure for the department goes to materials and services (40%) adopted at \$2,386,127 for FY 16-17. The remaining 1% (\$75,571 adopted for FY 16-17) is for small capital expenditures. The following chart represents key categories of operating expenditures with their corresponding funding method(s).

⁵⁵ City of Corvallis. (2016). FY 16-17 Adopted Budget.

⁵⁶ Municode.

https://www.municode.com/library/or/corvallis/codes/code_of_ordinances?nodeId=tit8bu_ch8.03fech#TIT8BU_C H8.03FECH_58.03.300BUCOPEFE

Table 1.2: Funding Sources for Key Operating Expenditures

	Property Taxes	Grants	Donations	Program Fees	Operating Levy	Utility Fee	Performance	Rentals
Administration	X							
Chintimini Senior/Comm. Center	X	X	X	X	X			
Majestic Theatre	X	X	x				X	X
Management of Natural Areas	X	X	X					
Management of Parks	X	X	X					
Osborn Aquatic Center	X	X	X	X	X			
Recreation Program	X	X	X	X				
Urban Forest Program	X					X		

Source: City of Corvallis. (2016). FY 16-17 Adopted Budget.

Departmental expenditures increased by approximately 6% since FY 15-16 and by 21% from FY 14-15.

Capital Projects and Bonds⁵⁷

Capital projects lined up in the CIP fall within three priority levels: 1-2 years (priority 1), 3-5 years (priority 2), and 5+ years (priority 3). If the City were to fund all of the P&RD's projects identified in the Parks Master Plan, more than \$140 million would be needed. Thus, all P&RD capital project wishes that are added to the CIP are vetted by the PNARAB (P&RD advisory board) and approved by City Council. Current P&RD CIP projects are:

Table 1.3: P&RD Capital Projects and Related Costs (5-Year)

Priority	Capital Projects	Total (5-year) Expenditures FY 15-16 to FY 20-21	Useful Life (Estimate)	Funding Strategy
3	Acquisition of Land	\$1,131,720	Indefinite	SDCs, grants, donations
3	Osborn Aquatic Center Upgrade	\$290,000	10-20 Years	Donations, grants
3	New Park Development	\$725,000	20 Years	SDCs, GO bonds
2, 3	Park Facility Renovation	\$589,500	10-20 Years	Grants
3	Park Improvements	\$2,045,000	20 Years	Grants, to be determined
3	Special Use Facilities	\$720,000	20 Years	Grants
3	Trails/Bike Paths	\$533,000	15-20 Years	To be determined

Source: City of Corvallis. (2016) FY 2017-2021 Capital Improvement Program 2017 Update.

The seven projects listed above require allocation of \$6,034,220 in the next five years. Funding strategies for each project are also laid out in the table. The only project being considered for a General Obligation Bond is Corvallis' new park project. The bond has not yet been approved by Council however.

Discussion

Corvallis is similar to Albany in various ways. They share comparable populations (although Albany is growing at a slightly faster rate), similar ethnicity/race characteristics, and they encompass a similarly educated population. Albany only has a slightly higher median age (by about 10 years) and median household income (by about \$10,000)—which can be understood in that Albany does not have a large college student population. Albany does however have a

⁵⁷ City of Corvallis (2015). 2015 Master Plan.

lower median home value (by approximately \$80,000) and a slightly higher unemployment rate (by almost 4%).

Albany may find benefit in emulating certain aspects of Corvallis' P&RD budgetary elements. For instance, Albany could use a bond to fund several of the department's growth-driven capital needs (acquisition and new park, trail, and natural area development)—currently 60% of Albany's total capital project expenditures. To assist in funding this portion of projects, Albany may also consider reworking their methodology which determines their SDCs (a task that Corvallis has recently accomplished). This would involve increasing the improvement fee, thereby increasing the fee's capacity. Corvallis is also heavily reliant upon grants and donations for their capital costs. While Albany should continue to pursue these revenue sources, these streams cannot be guaranteed. Thus, Albany should continue to focus on other methods of revenue generation.

To generate additional operating revenue, Albany may consider increasing user fees for park facilities and shelters as Albany's are noticeably less than Corvallis' for facilities with comparable capacities. Developing a utilities fee (resembled after Corvallis') or other type of benefits received fee would be advantageous as well.

MEMORANDUM

TO: REBECCA LEWIS
FROM: CHRISTIAN GOWAN
SUBJECT: CASE STUDY: CITY OF DELAND, FLORIDA PARKS AND RECREATION DEPARTMENT
DATE: 4/6/17

Purpose

The purpose of this memo is to offer a case study of a Parks and Recreation department in a city similar to Albany, Oregon in order to help with the development of funding strategies.

Background⁵⁸

DeLand, Florida is the county seat of Volusia County, located approximately 40 miles northeast of Orlando and 25 miles southwest of Daytona Beach (**See Appendix A**). The population of DeLand is approximately 30,000. The city operates under a council-manager form of government with a five-member council, a mayor and four councilpersons elected at-large. DeLand is governed by its Charter as well as state and local laws and regulations. The City Manager is selected by the Council and serves at the pleasure of the Council. The City Council establishes city policies and the City Manager oversees the day-to-day operation of the city staff and execution of policies.

Parks and Recreation Department

The City of DeLand has a Parks and Recreation Department⁵⁹ with 37 FTE responsible for ten parks and playgrounds and nine facilities throughout the City⁶⁰. The total department budget for the 2016-2017 Fiscal Year is roughly \$2.7 million or 10% of total general fund expenditures. All parks and facilities are within the city limits (**See Appendix A**) and the largest facilities are located immediately south of Downtown DeLand. Earl Brown Park is the largest park in the city, providing an amphitheater, recreation and fitness trails, and a dog park. The Sanborn and Chisholm Centers are also nearby and are spaces available for rental and a variety of community activities throughout the year.

⁵⁸ City of DeLand, Florida. *Annual Budget FY 16-17*.

http://www.deland.org/Pages/DeLandFL_Finance/budgets/AnnualBudget/Budget16-17.pdf

⁵⁹ See Appendix B for the Organization of the Department.

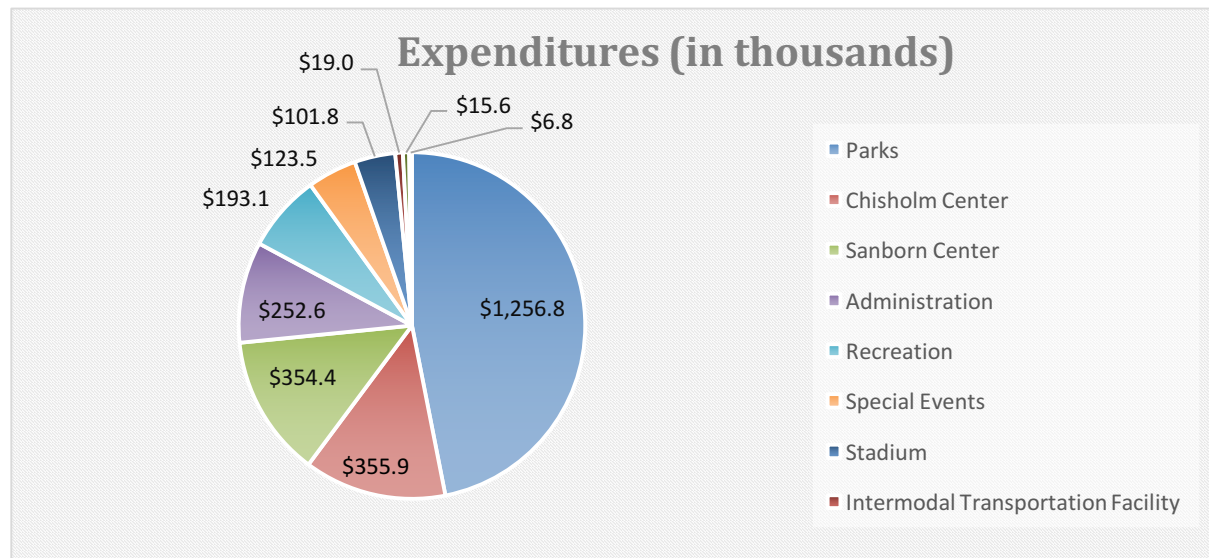
⁶⁰ City of DeLand, Florida. "DeLand Parks and Facilities." http://deland.org/Pages/DeLandFL_Parks/Parks/index

Revenue

The department is funded primarily by the General Fund, although parks also get funds from the capital fund, grants, and other government funds⁶¹. In addition to these funds, the department also has a small number of events which they fund through the use of sponsorships. No specific breakdown of revenues is provided in the budget document other than stating that 70% of the total Charges for Service revenue goes to the Parks and Recreation Department working out to nearly \$406,000/. The remainder of the funds for the department come from a variety of other general fund sources, including property and sales tax.

Expenditures

The annual budget brochure shows that for every dollar spent in the General Fund, 10 cents goes to Parks and Recreation⁶². The Parks and Recreation Department's largest expenditure is on parks themselves, including maintenance (47%), the next largest expenditures are on the Chisholm and Sanborn Activity Centers, each accounting for about 13% of expenditures. Administration costs are 10% of the budget and Recreation services are 6%. The full breakdown of expenditures can be seen in **Figure 1**⁶³. **Figure 1: Parks & Recreation**



Total Expenditures FY 2017

⁶¹ City of DeLand, FL. *Annual Budget FY16-17*. p. 38.

http://www.deland.org/Pages/DeLandFL_Finance/budgets/AnnualBudget/Budget16-17.pdf

⁶² City of DeLand, Florida. *Citizen's Guide to City of DeLand's Budget Fiscal Year 2016*. p.4.

http://www.deland.org/Pages/DeLandFL_Finance/Budgets/Brochure/Brochure1516.pdf

⁶³ City of DeLand, FL. *Annual Budget FY16-17*. p. 114.

http://www.deland.org/Pages/DeLandFL_Finance/budgets/AnnualBudget/Budget16-17.pdf

Capital Projects

The city has taken on one major capital improvement project in the last several years. Earl Brown Park, the largest park in the city, recently underwent a five year improvement project at a cost of over \$4 million. The project for the major improvements began in FY11-12 when \$4,000,000 in debt proceeds was taken out and dedicated to the project. On top of this, over \$290,000 came from the Parks and Recreation Impact Fees Trust Fund. At the time the project was beginning, a moratorium on impact fees was enacted and therefore these funds came only the first year of the improvements⁶⁴. Impact fees have since been phased back in, a process which was completed in FY15-16. The project took roughly five years to complete and resulted in new landscaping, water features, updates to the Wayne G. Sanborn Activities Center, the construction of a new amphitheater, and renovated trails. The city continues to pay on the debt proceeds but provides no schedule detailing when they will be paid off completely. The remaining capital improvement projects related to the Parks and Recreation department are related to maintaining, renovating, and replacing assets as necessary.

Takeaways for Albany

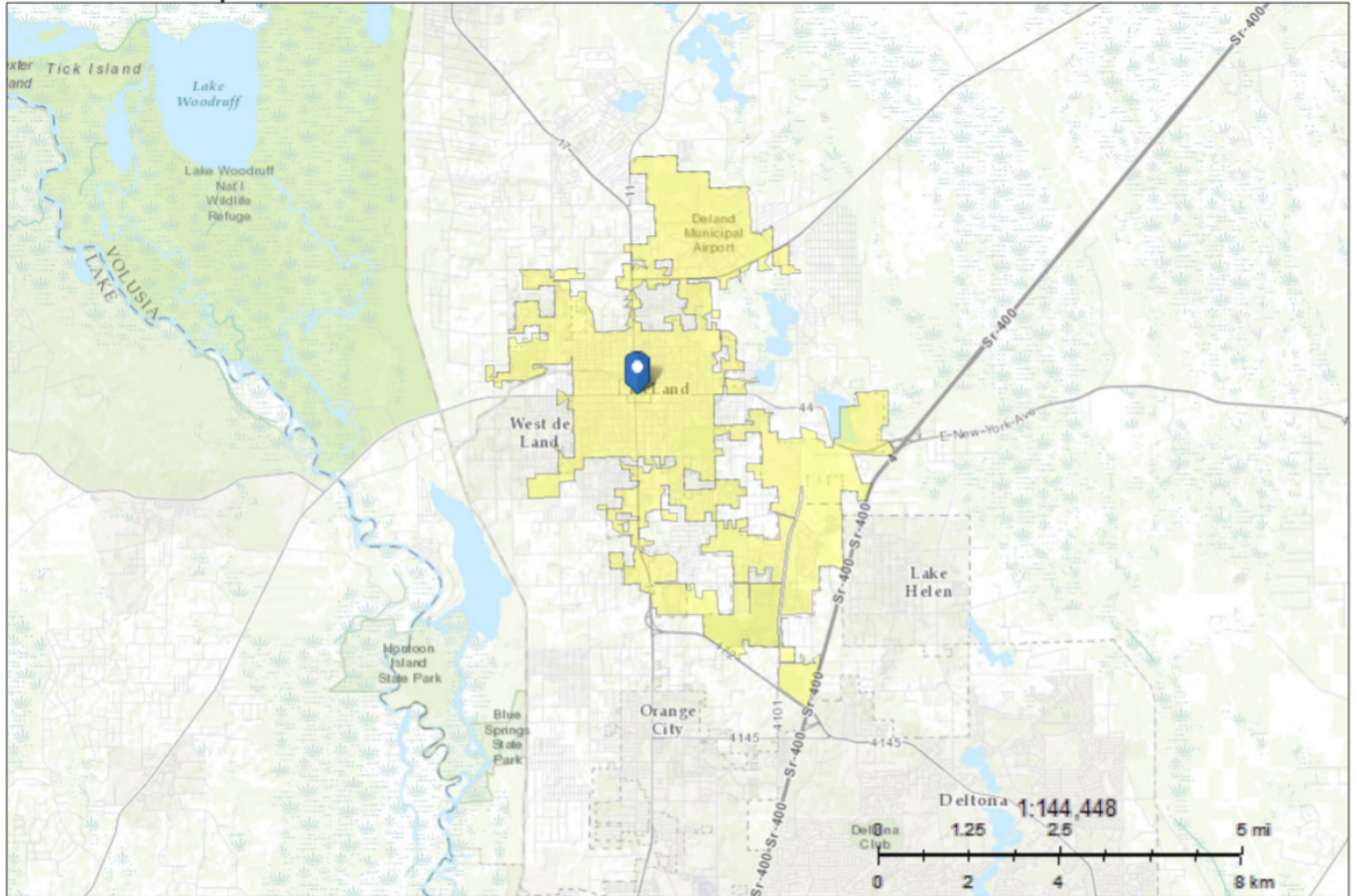
The options available to DeLand are not all feasible for implementation in Albany. For example, it is unlikely that a sales tax will be implemented in Albany as this is not a funding source commonly found in Oregon. DeLand is a slightly smaller city than Albany, yet its impact fee rates (SDC charges in Albany) are similar, and this is with DeLand's moratorium in impact fee collection for several years. Albany should update SDC rates more frequently and this could help increase revenues which could be used for capital improvements.

⁶⁴ City of DeLand, FL. *Annual Budget, FY16-17*. p. 125.

Appendix A: Maps and Graphics of DeLand, FL

DeLand City Boundaries⁶⁵

DeLand Census Map



Legend:

Your Selections

2015 boundaries were used to map 'Your Selections'

Selection Results

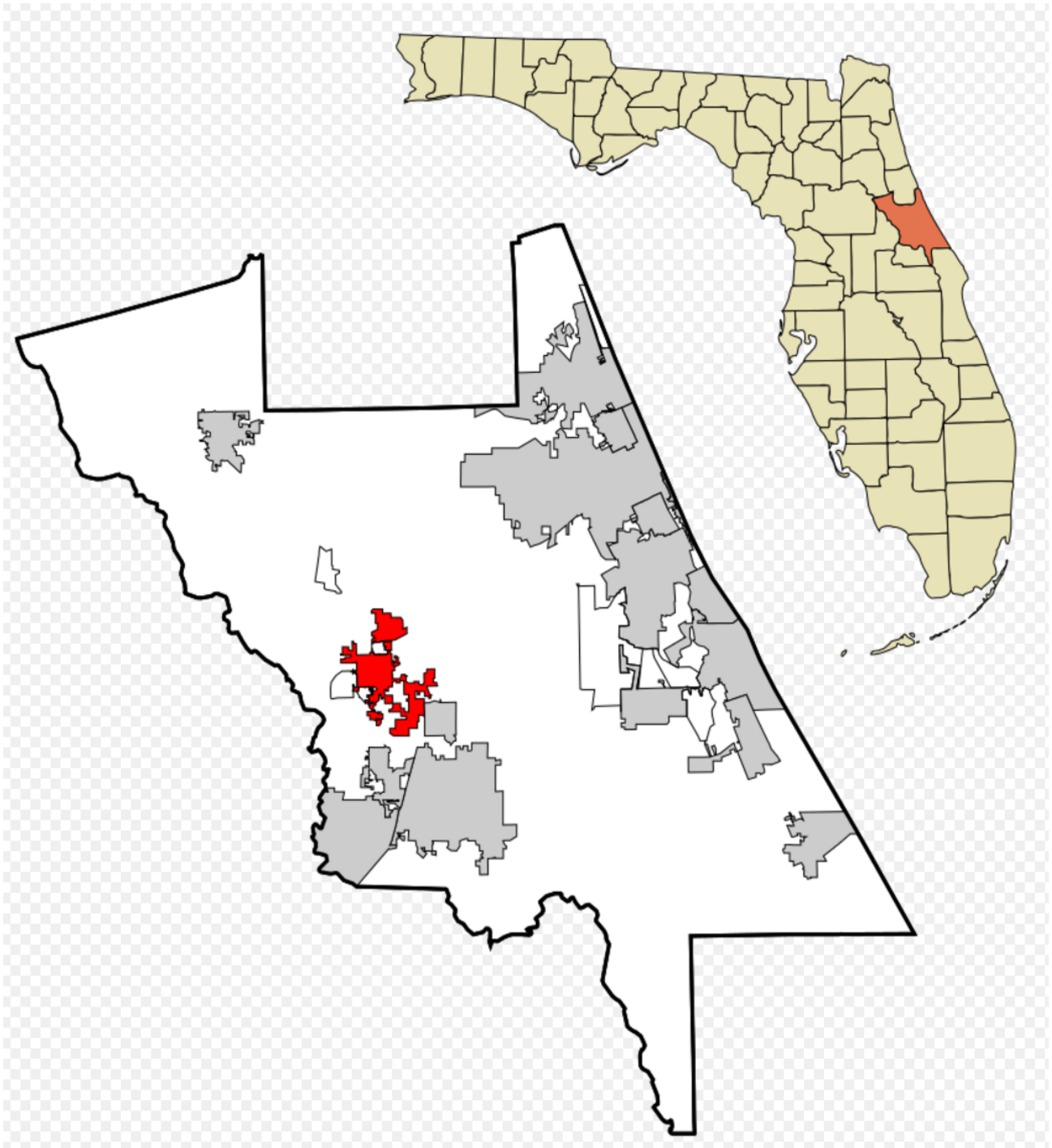
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Boundaries

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⁶⁵ United States Census Bureau. *DeLand Census Map*. 2015.
http://www.deland.org/pages/DeLandFL_Planning/DeLandCensus2010BoundaryMap.pdf

Position of DeLand in Florida & Volusia County⁶⁶



Appendix B: Organization of DeLand Parks and Recreation Department⁶⁷

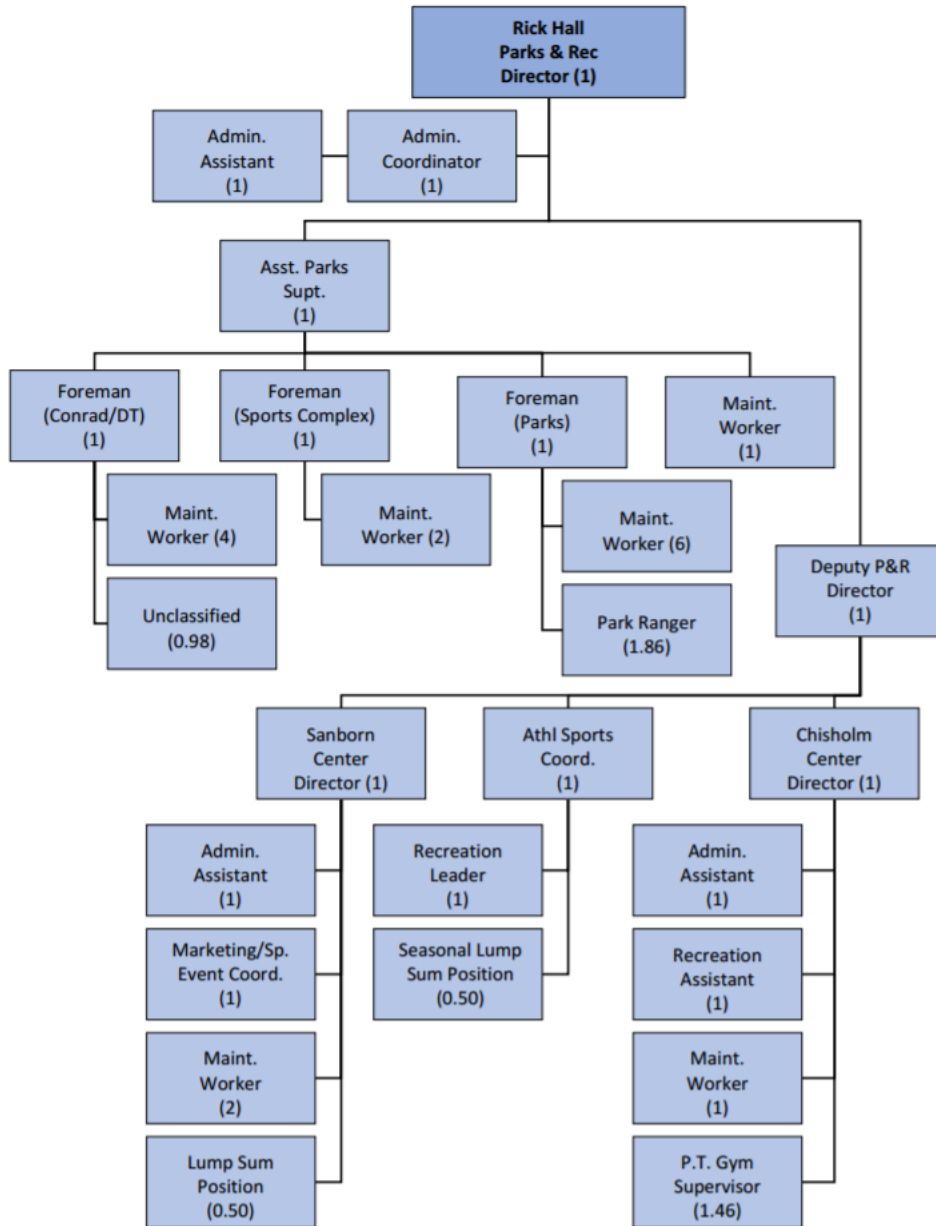
⁶⁶https://en.wikipedia.org/wiki/DeLand,_Florida#/media/File:Volusia_County_Florida_Incorporated_and_Unincorporated_areas_De_Land_Highlighted.svg

⁶⁷ City of DeLand, FL. *Annual Budget FY16-17*. p. 111.



PARKS AND RECREATION

Organizational Structure



Flagstaff, Arizona

Ryan Gil

Recreation Department

Purpose

The purpose of this memo is to provide information on the functioning of the City of Flagstaff, Arizona's Parks Section and Recreation Services to gain insight on strategies that could benefit the City of Albany's Parks and Recreation Department. The first section will provide background on Flagstaff, which will include geography and demographics. Next, it will take a look at Flagstaff's approach to parks and recreation, which will include its governing structure, extent of services, revenue sources and rates, bonds and capital projects, and key categories of expenditures. The report will conclude with strategies utilized by Flagstaff, which could be useful for Albany.

Context

Flagstaff is located at the base of the San Francisco Peaks in northern Arizona, and has a total area of 63.9 square miles. Its primary economic drivers are tourism, education, government, and railroads. It has a population of approximately 70,000; its median age is 26.8 years old; and its racial make-up is approximately 80 percent white, 16 percent Latino, 11 percent Native American, and 2 percent African American. Flagstaff is widely known to attract tourism due to its proximity to Grand Canyon National Park and the San Francisco Peaks, as well as its city parks and urban trails, which attract outdoor recreationalists and athletes. The following section will discuss the organization and financial operations of its Public Works Department, in order to understand how Flagstaff funds its high recreation activity and heavily used parks and trails.



Figure 1: City of Flagstaff

Flagstaff Parks and Recreation

Department Structure

Unlike Albany, the City of Flagstaff organizes its parks department and recreation department separately. The two divisions are known as the Parks Section and Recreation Services, and are both within the Public Works Department (Figure 1).

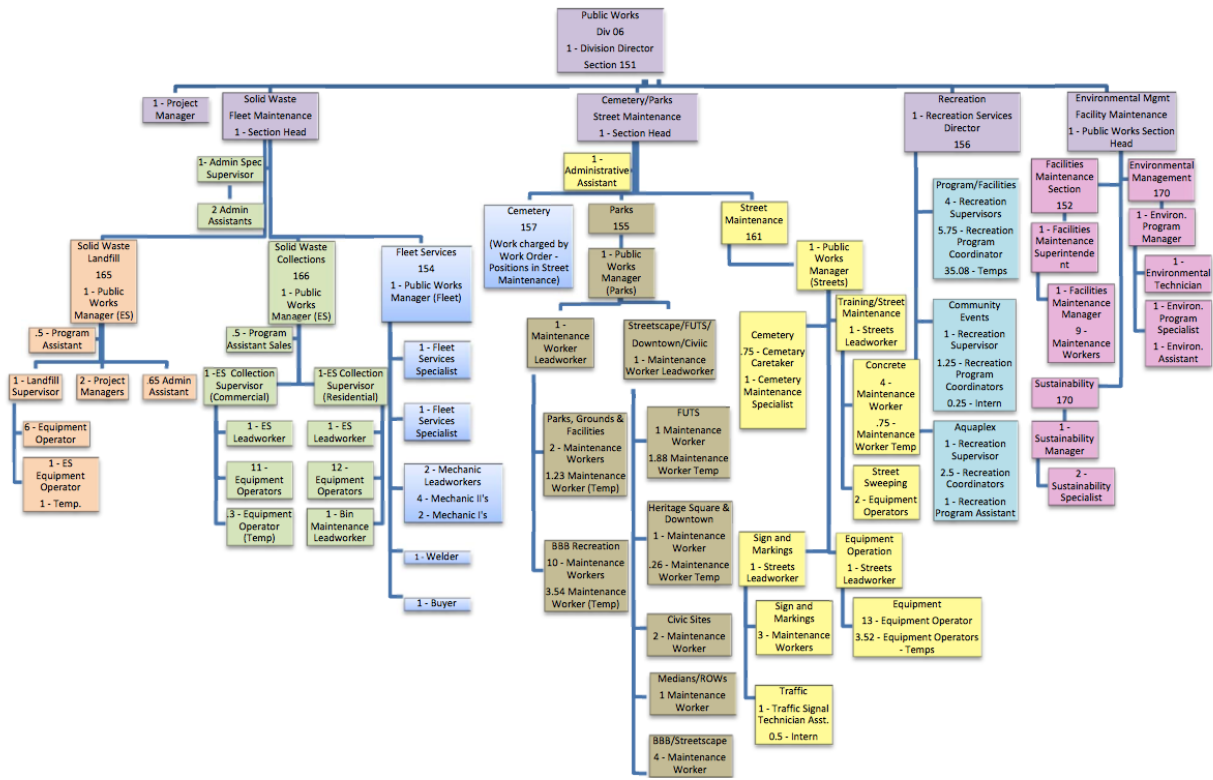


Figure 2: Structure of the Flagstaff Public Works Department. Circled areas are the Parks Section and Recreation Services.

While the Parks Section and Recreation Services departments are organized separately, there is significant overlap in their projects and sources of funding. These divisions manage 678 acres of parks throughout the city, which range in size from .25 acres to 219 acres. They also manage 9 ramadas, or pavilions, where users are charged by the hour. Community facilities Recreation Services is responsible for are the Hal Jensen Recreation Center, the Jay Lively Activity Center (ice arena), Joe C. Montoya Community & Senior Center, and the Slier Homes Activity Center. These divisions also manage the Flagstaff Urban Trail System (FUTS), the map for which is shown in Figure 3. This is a key feature of Flagstaff that enhances recreation, and consists of 56 miles of trails, about half are paved and half are dirt, and are eight to ten feet in width.

Budget and Revenue Sources

For FY 2016, Flagstaff’s Public Works Department received 11.6 percent of the General Fund; however, it is unclear how this is distributed among Public Works divisions. Flagstaff’s parks and recreation activities are also funded by three Special Revenue Funds: The Flagstaff Urban Trail Fund, BBB Fund, and the Sustainability and Environmental Management Fund. First, the FUTS has its own special fund called the Flagstaff Urban Trail Fund. It totals approximately \$4.4 million, and “approximately \$550,000 comes from the Safety Improvement Tax and an additional \$1.0 million from the Road Repair and Street Safety Tax in a transfer from the

Transportation Fund.” Second, Recreation receives 33 percent of the BBB Fund, which is accrued through a 2 percent tax on Bed Board and Booze sales, or sales from hotels, restaurants and bars. In FY 2016, 33 percent of revenues from the BBB tax that went towards recreation totaled \$2.2 million. The third fund that contributes to funding parks and recreation is the Sustainability and Environmental Management Fund, which totals \$1.3 million.

Capital Projects and Bonds

The City of Flagstaff has a long list of Capital Improvement Projects relating to parks and recreation, which total approximately \$126 million (Figure 4). Additionally, nearly 40 percent of financing for capital improvements for FY 2016 is from debt financing. Bonds that contribute to financing parks and recreation are General Obligation Bonds and Municipal Facilities Corporation (MFC) Bonds. The Municipal Facilities Corporation is a non-profit over which the City practices significant oversight. The purpose of the MFC is to assist the City of Flagstaff in purchasing land and funding capital improvements by issuing bonds that do not have to be voted on (unlike G.O. Bonds). The City enters into a rental lease agreement in which the City will service debt on MFC bonds. “The bonds are made marketable by assuring the City will maintain an excise, transaction privilege, and franchise tax base at least three times the maximum annual debt service.”

Expenditures

The proposed budget, or expenditures, of the Parks Section for FY 2016 totaled \$3.7 million, and went towards personnel services, contractuals, commodities and capital. Significant expenditures include Recreation Fields (\$1.3 million) and Park Grounds Maintenance (\$895,000). Its Recreation Services had the same categories of expenditures for FY 2016, and they totaled \$3.3 million. Significant expenditures here were on the Aquaplex (\$1.34 million) and the Jay Lively Activity Center (ice arena, \$500,000).

Recommendations

This case study reveals financial activity and strategies carried out by the City of Flagstaff’s Parks Section and Recreation Services that could be useful for the City of Albany’s Parks and Recreation Department. First, Flagstaff has a highly developed network of bike paths and running/walking trails that make up its Urban Trail System. Albany may consider investing in its trail system to attract visitors and residents, and increase livability. Additionally, the Flagstaff’s BBB tax is an effective way to generate revenue from non-residents; a similar strategy could be adopted by Albany in order to utilize the non-Albany residents that are attracted through events. Furthermore, Albany could benefit from utilizing bonds as a source of funding for Capital Improvement Projects.

Finally, The City of Flagstaff’s Parks and Recreation Organizational Master Plan is a document developed by the city that provides long-term vision and goals for Flagstaff’s parks and recreation activities. The most recent one is from 2013, and one section considers strategies that would reduce operating costs and increase revenue. These are some additional strategies that the City of Albany may also consider:

- Contracting private organizations
- Charging fees for organizations to use city facilities
- Partnering with neighboring governments to develop recreation services and events
- Track and document use of facilities to minimize unnecessary operating hours

Flagstaff's parks and recreation divisions use a variety of financing for maintaining and improving its parks system, trail network and recreational facilities. The City of Albany Parks and Recreation Department may consider emulating some of these practices to improve its financing strategies, and ultimately improve its parks and recreation programs.

Grants Pass, Oregon

Tarik Rawlings

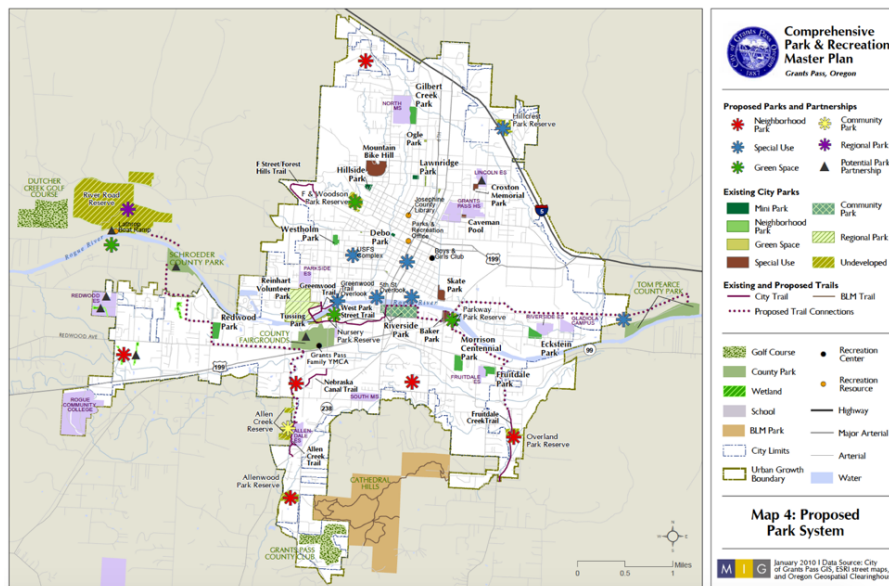
Purpose

This case study serves to illustrate the funding structure of Grants Pass' operating budget as utilized by the Parks and Recreation department. The details of the funding structure include revenue sources, expenditure categories, existing bonds and capital projects, and the local governing structure. These details are synthesized at the end of the case study to offer recommendations for the Parks and Recreation operating budget in Albany, OR in terms of budgetary elements to avoid and elements to consider adopting.

Context [1]

Grants Pass is a city of 35,272 residents (2014) in Josephine County, Oregon, located in the Southwest region of the state along the Oregon-California border, about 55 miles east of the Pacific Ocean. "Grants Pass is located in the scenic Rogue River Valley, surrounded by rolling, forested mountains. The river, the urban forest, and remnant orchards and farmland in the area contribute to the natural beauty of Grants Pass. The City is a recreational and cultural destination in southwest Oregon" (pg.14)[2]. The 2013 median income per household in Grants Pass is \$33,662 compared to \$50,251 for the state. As of September 2015, the city had an unemployment rate of 7.2% compared to 5.6% for the state. The retail trade in Grants Pass constitutes 16% of all local industry (second only to manufacturing), further indicating the city's attraction and intended role as a tourism destination. This focus on the tourism-related industry has shaped the city's pervasive parks and recreation department and, consequently, the structure of the Parks and Recreation operating budget and its relation to the broader city budget. *Figure 1* provides a map depicting the spatial extent of the proposed and existing Parks and Recreation resources within Grants Pass city limits.

Figure 1 - Existing and Proposed Parks and Recreation Services and Resources (2010)



Source: City of Grants Pass: Parks and Recreation Master Plan (2010)

Enabling Statutes

- **ORS 266.514** – Revenue bonds issuance and conditions, enabling the security of revenue to the parks and recreation department to “purchase, acquire, construct, reconstruct or improve a facility, or to perform any of those acts in combination, for any authorized purpose”[3].
- **ORS 266.480** – Power to contract bond indebtedness for certain purposes - A district has the power to contract a bonded indebtedness for the purpose of providing funds for equipment, legal costs, land and property acquisition, grounds improvement, construction and repair of facilities, and debt repayment[4].
- **ORS 294.305** – Sections constituting Local Budget Law – “establishes standard procedures for preparing, presenting, and administering the budget [and] requires citizen involvement in the preparation of the budget and public disclosure of the budget before its formal adoption”[5].

Governing Structure

The governing structure of Grants Pass is similar to the council-manager municipal government form used by Albany. Unless otherwise provided by the local Charter, the powers of the city are vested within the Grants Pass City Council. The Council is made up of 8 elected members that represent four distinct wards throughout the city. Council members serve a 4-year term which coincides with the regular 4-year election of an ultimately council-approved Mayor position. Appointive offices of the city include the City Manager, the Municipal Judge and Municipal Judges Pro Tem, which are filled by appointment of the Council[6]. The City Manager is responsible for the business, financial, and property transactions of the City, as well as preparation of the annual budget, appointment and supervision of personnel, enforcement of City ordinances, and the organization and general management of City departments. As chief

administrator, the City Manager has no vote in the Council, but may take part in discussions of matters coming before the legislative body[7].

Budget Request Submission

Budget requests are presented to the Budget Committee, a group of eight Councilors and eight appointed individuals. The Budget Committee will then convene in a series of meetings in a public forum to review all significant policies, activities, service levels, and planned expenditures of the community. Citizens were encouraged to provide input to the budget process at all stages[8].

Operating Budget Overview

Revenues and Resources

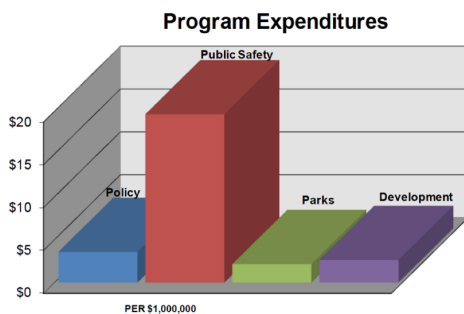
Figure 2 illustrates the total operating budget allotted to the Parks and Recreation department in Grants Pass. Of significant note is the amount of general fund support that is directed toward the total Parks resources - \$1,892,356 of the total \$2,162,781. For the entire operating budget, the two largest revenue sources are the property tax (42% of total revenues) and fees or charges (37% of total revenues). The largest portion of Parks program-generated resources is “Transfers in”, constituting \$244,500 of the total current revenues. “Transfers in” refer to revenues transferred from the Public Safety Local Option Tax (rated at \$1.79/\$1,000 of assessed value), the Permanent Tax Rate (\$4.135/\$1,000 of assessed value), and the Transient Room Tax (9%). Since 2002, the Transient Room Tax totals are divided between the local tourism program (30%) – including public safety programs that support tourism - and park maintenance and development (70%)[9]. Much of the general fund support for Parks is made available due to public safety requirements being covered by the Public Safety Local Option Tax and the existing Public Safety Bond (\$.3866/\$1,000 of assessed value).

Figure 2 - Operating Budget Summary of Resources by Program & Source for Fiscal Year 2017 Adopted

	Policy & Legis.	Public Safety	Parks
Program Generated Resources			
Beginning Balance	0	0	0
Current Revenues			
Property Taxes	0	17,312,215	0
Taxes Other than Property	0	0	0
Licenses & Permits	0	0	0
Fines & Forfeitures	0	131,000	0
Revenue From Other Agencies	0	811,300	3,600
Use of Assets	0	0	0
Fees & Charges	0	41,650	0
Other Revenue	0	153,950	22,325
Direct Charges for Service	0	0	0
Unspent Contingency	0	0	0
Transfers In	0	273,500	244,500
Total Current Revenues	0	18,723,615	270,425
Total Prog. Gen. Res.	0	18,723,615	270,425
General Support Resources	12,545,606	930,275	1,892,356
Total Resources	12,545,606	19,653,890	2,162,781

Source: City of Grants Pass: Adopted Operating & Capital Budget FY'16-17 (pg.27)

Figure 3 General Program Expenditures For the Adopted FY'17 Budget



Source: City of Grants Pass: Adopted Operating & Capital Budget FY '16-17 (pg.19)

Expenditures

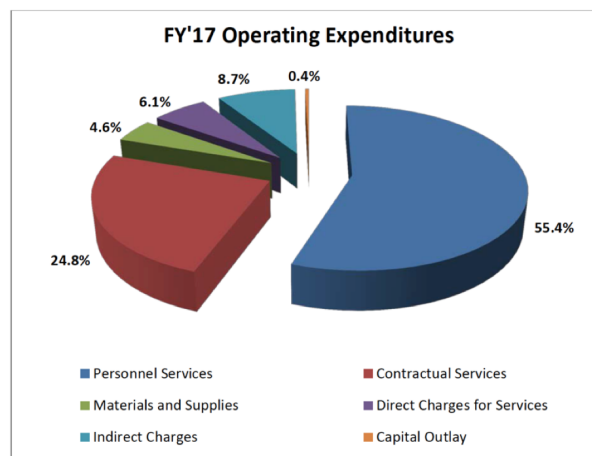
The main expenditures within the Parks and Recreation department of Grants Pass fall within the category of Parks Maintenance Services (87%), while the remaining expenditures are divided between Recreation and Aquatics Services[10]. Figure 3 shows a total breakdown of operating budget expenditures – illustrating the heavy budgetary demand for Public Safety that is addressed by the local public safety tax and public safety bond. Figure 4 shows the various expenditures specific to the Parks program with

Personnel Services and Contractual Services constituting 55.4% and 24.8% respectively of FY'17 total operating expenditures[11].

Bonds and Capital Projects

As mentioned in the previous sections, Grants Pass utilizes a Public Safety Bonded Debt to help support the costs of Public Safety that the majority of the operating budget goes toward. This bond is rated at \$.3866 per \$1,000 of assessed value. Additionally, there is one capital project tied to the Parks program – the enhancement of Riverside Park – requiring a one-time cost of \$785,000 and recurring annual maintenance. This capital parks project is intended to be funded through resources generated through grants received from the Oregon Lottery for the purpose of creating a new facility at Riverside Park[12].

Figure 4 – Parks Program Expenditure Categories



Source: City of Grants Pass: Adopted Operating & Capital Budget FY '16-17 (pg.19)

Recommendations for Albany

- Integration with the General Fund – Grants Pass has utilized a budgetary structure that allows for general fund monies to support the Parks and Recreation Program. The ability for the city to provide such ample support from the general fund is largely attributed to large portions of the Public Safety budgetary requirements being covered by a local Public Safety Tax and Public Safety Bond.
- Local Public Safety Tax Increase – Albany employs a tax structure that generates revenue at a rate of \$6.40 per \$1,000 of assessed value for the general fund (80%) and parks and recreation (20%)[13]. In addition, Albany employs a local Public Safety Levy valued at \$1.15 per \$1,000 of assessed value - \$.64/\$1,000 of assessed value less than the \$1.79/\$1,000 rate used in the Grants Pass operating budget. One recommendation would be to promote Public Safety tax increases to be publicly decided upon.
- Increase Transfers in from Transient Room Tax – Currently, Albany’s “Transfers in” represent 6.72% compared to 11.3% for Grants Pass. The decision to diversify revenue sources for Albany’s Parks department could be supported through the increased percentage of Transient Room Tax funds being brought into the Parks operating budget.

The central lesson to be taken from the Grants Pass FY'16-17 Operating Budget is that the sizeable budgetary requirements of Public Safety Services can be funded and supported through a variety of local tax options and potential public safety bonded debt. Once the financial demands of Public Safety are addressed through a combination of local public safety tax,

permanent tax and transient room tax, more general fund support can be directed toward the maintenance and development of parks resources in Albany.

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- [2] Grants Pass Comprehensive Park & Recreation Master Plan, January 2010
- [3] "Oregon Revised Statutes." ORS 266.514. Accessed November 10, 2016.
<http://www.oregonlaws.org/ors/266.514>.
- [4] "Oregon Revised Statutes." ORS 266.480. Accessed November 11, 2016.
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- [6] "Chapter III - Form of Government | Grants Pass, OR - Official Website." Chapter III - Form of Government | Grants Pass, OR - Official Website. Accessed November 9, 2016.
<https://www.grantspassoregon.gov/609/Chapter-III---Form-of-Government>.
- [7] City of Grants Pass, Oregon Adopted Operating & Capital Budget Fiscal Year 2016 – 17 (pg.72)
- [8] City of Grants Pass, Oregon Adopted Operating & Capital Budget Fiscal Year 2016 – 17 (pg.86)
- [9] City of Grants Pass, Oregon Adopted Operating & Capital Budget Fiscal Year 2016 – 17 (pg.324)
- [10] City of Grants Pass, Oregon Adopted Operating & Capital Budget Fiscal Year 2016 – 17 (pg.141)
- [11] City of Grants Pass, Oregon Adopted Operating & Capital Budget Fiscal Year 2016 – 17 (pg.42)
- [12] City of Grants Pass, Oregon Adopted Operating & Capital Budget Fiscal Year 2016 – 17 (pg.50)
- [13] City of Albany, Oregon Adopted Operating & Capital Budget Fiscal Year 2015 – 16 (pg.92)

Keizer, Oregon

Brett Scott

*“The goal of the Park Department is to provide the community with a diversified program to meet the recreational, educational and leisure needs of the citizens. A blend of pleasing landscapes, open spaces, parks and recreational facilities for both passive and active interests is available.” –
Keizer Parks and Facilities*

Keizer Community

Keizer is a “cozy” city located in the Central part of the Willamette Valley which spans roughly 7.22 sq. miles, was incorporated in 1982 and has a population of 36,985 people.⁶⁸ The self-identified “Iris Capital of the World”, prides itself in its ability to preserve the small town allure while at the same time hosting a number of large community events such as the Keizer Iris Festival, the Festival of Lights Holiday Parade as well as being home to the local Minor League baseball team the Volcanoes. The City operates on a modest total budget of \$38,063,700 for the fiscal year 2016-17 with service charges and property tax being the main sources of revenue for the City.⁶⁹ Overall revenue will likely increase due in large part to higher property tax rates as well as increases in charges for services which include:

- 4% water rate increase
- \$0.50 per ESU Storm Water rate increase and
- Expected 3% sewer rate increase⁷⁰

Over the past few decades Keizer has seen a rapid growth in the size of its population and does not expect it to stop; in fact it is estimated that the population will continue to grow at a rate of approximately 1.5% over the next several years.⁷¹ Although the growth in population size has allowed for greater opportunities in urban development it has also required a more robust Public Works Department in order to ensure that public goods such as water systems, street lights and transportation are provided properly and efficiently.

Public Work Department

With seventeen FTE’s the Public Works Department (PWD) is the second largest department in the Keizer City government and it consists of a Department Manager, a Superintendent, two Supervisors as well as thirteen field staff and permit specialist – one of which is the Parks and

⁶⁸ Keizer City Council. “Adopted Budget, Budget FY 2016-17: City of Keizer Marion County, Oregon”. 2016. Pg. 7

⁶⁹ Keizer City Council pg. 45

⁷⁰ Keizer City Council pg. 8

⁷¹ Keizer City Council pg. 43

Facilities FTE position.⁷² The PWD is responsible for providing safe and efficient infrastructure, facilities, as well as services regarding the city transportation, water systems, facility maintenance and city parks.⁷³ Parks and other recreational areas in particular are overseen by a division of the Keizer PWD called Parks and Facilities. The primary responsible of Parks and Facilities is to oversee the planning, development, management, and maintenance of over 239 acres of parks and other naturally or landscaped areas in and around the city.⁷⁴ In total, Keizer contains fifteen neighborhood parks, two community parks, a regional park, a dog park, a splash fountain as well as a public golf course, an amphitheater, a boating facility and roughly 5.44 miles of running and walking trails.⁷⁵

Budget Requests

As many other municipalities and cities in the State of Oregon, Keizer operates on a fiscal year that begins July 1st and ends the following June 30th.⁷⁶ The Finance Director serves as the Budget Officer and has the responsibility of preparing the budget and maintains budgetary control through the approval process. All budget request must be presented by the Budget office and must go through the Budget Committee which can be accepted in full, accepted in part or rejected. Per city statute, any expenditure can be reduced so long as the budget remains balanced. An expenditure can be increased as well however it cannot exceed \$5,000 or 10% of the fund – whichever is greater. Further, in congruence with Oregon law, Keizer is prohibited from increasing its tax rate above the permanent tax rate of \$2.0838 per \$1,000.⁷⁷

Revenue Sources

The total budget for the Keizer Parks and Facilities is \$1,453,300. Keizer has a city statute which mandates that at least 2.5% of the **General Fund** must go towards the park operations.⁷⁸ FY 2016-17 represents a 3.6% allocation from the General Fund to the Parks and Facilities division which made up roughly 25% (or \$365,800) of the overall Parks and Facilities budget. In addition to property taxes, the General Fund is heavily dependent upon franchise fees, intergovernmental revenue transfers as well as Cigarette and Liquor Taxes as ways to generate revenue. Revenue for the Parks and Facilities division also comes from the use of a **System Development Charge (SDC)** which are one time fees based on the proposed new use or increase in use of a property.⁷⁹ The most efficient SDC that the City of Keizer has is the Park Improvement Fund which collects a fee from new residential development in the city. For the fiscal year 2016-17, the total revenue received from the Park Improvement Fund accounts will account for \$537,500 of the Parks and Facilities total budget. One issue with the Park Improvement Fund is that though population growth has allowed for more residential

⁷² City of Keizer. Public Works Department. 2016. <http://imageserv11.team-logic.com/mediaLibrary/2034/StrategicPlan.pdf>

⁷³ Keizer City Council. "Adopted Budget, Budget FY 2016-17: City of Keizer Marion County, Oregon". 2016. Pg. 92

⁷⁴ Keizer City Council pg. 19

⁷⁵ Keizer City Council pg. 93

⁷⁶ Keizer City Council pg. 11

⁷⁷ Keizer City Council pg. 14

⁷⁸ Keizer City Council. "Adopted Budget, Budget FY 2016-17: City of Keizer Marion County, Oregon". 2016

⁷⁹ Keizer City Council. "Adopted Budget, Budget FY 2016-17: City of Keizer Marion County, Oregon". 2016. Pg. 33

development, the fund is more susceptible to changes in the market and therefore may not be as reliable as other revenue sources.

One source of revenue that is not accounted for in Keizer's budget is the *Keizer Parks Foundation*. The Keizer Parks foundation is a 501(c) (3) nonprofit organization and was created for the sole purpose of providing financial aid to the Parks division by way of grants, fundraising bequest, donations and endowments. I believe that the foundation is not accounted for in the budget because the it is not an entity of the City government and as such it is not subject to government control or regulations. It may behoove the City of Keizer to work more closely with the organization in order to help make potential funds more consistent in the coming years.

The Approved Budget does not suggest that there is a partnership between private and public entities.

Expenditures

The primary expenditures for the Parks and Facilities division of the Keizer Public Works Department include Personnel services, Materials and services as well as Capital Outlay. Numerically annual expenditures for FY 2016-17 consist of:

- Park Operations - \$365,800
- Materials & Services (maintenance of parks and services including the purchase and upkeep of porta potties, fertilizer and weed control, restrooms, and lawn maintenance equipment) - \$188,200
- Personnel Services (costs associated with employees which include salaries, overtime and fringe benefit costs) - \$162,500
- Capital Outlay – \$15,100

Bonds & Capital Improvement Projects (CIPs)

The Parks and Facilities Division currently has only one CIP in progress that has gained funding. This is the construction of the “Big Toy” play structure at the Keizer Rapids Park. The CIP is funded from the Parks Improvement Fund and totals \$506,800. Although there are not any other CIPs in progress currently there is hope that once the play structure at Keizer Rapids Park is finished the city can begin upgrading the other parks around town. Some of the projects that the City hopes to take on in the future include:

- Construction of new drinking fountains
- Repairing or replacing broken/damaged sports facilities such as baseball dugouts and goal posts
- Resurfacing the parking lot at Claggett Creek Park
- Expand the number athletic fields available
- Build a gymnasium or indoor recreation center to provide for indoor and covered recreational activities

Keizer Parks and Facilities neither issue bonds nor use credit as a form of covering operational cost.

Lake Oswego, Oregon

Sigrilde Asseko

Overview

The goal of this memo is to evaluate how the parks and recreation department of Lake Oswego works. The idea is to use that information to help the city of Albany's parks and recreation department to have an idea on how to fund their activities.

Brief Description of Lake Oswego

The city of Lake Oswego is mainly located in the Northwest corner of Clackamas County with small portions into Multnomah and Washington counties. The city is about eight miles to Portland and is on the banks of the Willamette River and embraces the shore of the 405-acre Oswego lake [1]. The town was founded in 1847 and was renamed Oswego in 1910. It has a population of about 37610 people and encompasses many of Oregon's greatest attractions [2]. Even though the city is mainly considered to be one of the finest residential areas in Oregon, it also has a few businesses mostly located downtown near the Willamette river. The city's resources and infrastructures are managed by many departments, including the parks and recreation department.

Geographic extent of the parks and recreation services

The Lake Oswego parks and recreation department manages one of the most active parks and recreation programs in the Portland metropolitan area. The department manages over 600 acres of developed and undeveloped parks lands, natural parks, and open space, including 45 acres of recreation facilities [3]. The parks and recreation facilities are delimited on the West by i5 and on the East by the Willamette river. For a more detailed delimitation of the parks and recreation geographic services, see map below.

Figure 1: Lake Oswego Parks and Open Spaces Map



Source: City of Lake Oswego at:

http://www.ci.oswego.or.us/sites/default/files/lake_oswego_parks_and_open_spaces_map.pdf?t=1480026817729

Governing structure of the parks and recreation department

Like many departments in Lake Oswego, the parks and recreation department is comprised of a governing structure. The city manager designates the director of Parks and recreation. Then the director is in charge of recruiting or helping to recruit other staff members. The team mainly consists of: The director of Parks and Recreation, the Parks Maintenance Superintendent, the Recreation Superintendent, the Golf Course Manager, the Park Ranger, the recreation supervisor in charge of Youth and Adults Sports and the Tennis Center (then he is in charge of finding his/her assistant which will be the recreation Assistant), the Recreation Supervisor in charge of Adult Cultural Fitness & Outdoor Programming, and the special event supervisor.

Then, there is the parks and recreation advisory board, which is a citizen advisory board designated by the city council to provide input from the community in regards the provision of parks and recreation services.

Budget Process and Request

In the Spring of each fiscal year, each department submits their budget request to the city budget office, in Lake Oswego this is the city manager. In April, the city budget office revises the departmental budgets and submits a single proposed budget to the budget committee [4]. The

budget committee meeting is open to the public for input. In April and May, the budget committee deliberates on the proposed budget. In May, the budget committee approves the proposed budget with amendments after including public comment. The approved budget is then recommended to the city council. In June, the city council revises the budget and makes amendments where possible and then deliberates on the adopted budget. In July 1 of each fiscal year, the adopted budget is implemented and the services and projects proposed by the different departments are implemented [5].

Revenue Sources

As it is the case in many cities, property tax revenues are the largest source of general resources for the city. The general fund makes up about 36% of the total revenues of the city. Of that number, about 18% goes to the Parks and Recreation department. This represents about 71% of the department total revenues for the year 2016-2017[6]. However, the percentage of the general fund allocated to the parks and recreation department varies per year, depending on the needs of the department. The department can also get allocation of the general fund reserves, depending on the needs. This money is to cover half the cost of the light poles at one of the parks.

In addition, the department also get money from internal charges for services provided to the Golf Course and Tennis Facility. Finally, the department gets money, called department revenues, from program fees and user fees. Adding all these numbers to the beginning balance of \$422,134 brings the total revenue of the Parks and recreation department for the upcoming fiscal year to \$8,587,134.

Table A:

Revenue Sources	Percentage	Amount
General Fund	71%	\$6,067,000
General fund reserve	3%	\$250,000
Internal charges for services	1%	\$84,000
Department revenues	20%	\$1,764,000
Beginning balance	5%	\$422,134
Total	100%	\$8,587,134

Capital Projects in the Department

In the next fiscal year, the department wants to spend money to replace vehicles, and pay half the cost of the Iron Mountain Park Development project (the remaining being funded by the parks SDCs). This year, they will be spending about \$1,401,000, which represents about 16% of the total expenditures

Major Expenditures for the Department

The largest expenditure of the department is related to the its personnel, representing about 43% of the department total budget. The second largest is on materials and services, which include continuation of the invasive species removal program (\$70,000); the habitat enhancement program (\$250,000); classes and maintenance supplies; and cost of the concert series. Other services include parks and open space maintenance, swim park, teen center, and other recreation programs. This makes up about 27% of the total budget.

The department also spends money on internal fees for services. This is the department cost share for administrative support services. This makes up 11% of the total budget. Finally, the department contingency accounts for 0.6% while transfers account for 0.4% of the total budget [7]. The full description of expenditures can be found in the table below.

Table B:

Expenditures	Percentage	Total
Personnel	43%	\$3,655,000
Materials and services	29%	\$2,456,000
Internal fees for services	11%	\$982,000
Department contingency	0.06%	\$55, 134
Transfers	0.04%	\$38,000
Capital Outlay	16%	\$1, 401,000
Total	100	\$8,587,134

Recommendations for the city of Albany

I have learned a lot about funding sources by just browsing through the parks and recreation department of Lake Oswego. Some of these funding mechanisms could be helpful for the city of Albany. For example, the city could increase some of their program fees and user fees. These charges alone bring the department more than one million dollars per year and make up a big part of their total revenue. For example, I saw that the city gets a lot of money for charging people for the golf course. Unfortunately, I did not see how much the city of Albany charges people for using Golf facilities. I also saw that in Lake Oswego, fees are designed to cover 100% of the expenses associated with adult activities and about 70-100% of the expenses associated with youths' programs. If the city of Albany could also design their fees so that they can cover the majority, if not all of their expenses, then their budget will be more stable. they could also request funds from the general fund reserve to fund some of their activities. This might not be yearly but if one year, they are incurring really high expenditures, they could ask for that favor to ease their burden a little bit. However, they could reduce the cost of internal fees for services because it is taking almost one million dollars per year.

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Medford, Oregon

Brooke Freed

Overview

This memo describes the City of Medford, Oregon's parks and recreation department including its governing structure, services, revenues, and expenditures. It concludes with recommendations for the City of Albany. The City of Medford was selected as a reasonable comparator to the City of Albany.

Municipal Context: Medford, Oregon

Medford, Oregon is the largest city in Southern Oregon, with a population of 80,024 across 25.7 square miles.⁸⁰ The property tax rate is \$5.29 per \$1,000 of assessed value, and the median home value is \$219,200.⁸¹ ⁸² Medford's median household income is \$44,918.⁸³ See Table 1.

Table 1. Physical Characteristics of Medford and Albany, Oregon

Characteristic	Medford	Albany
Size (square miles)	25.7	21.7
Population	80,024	51,175
Median household income	\$44,918	\$45,478
Median home value	\$219,200	\$188,489
Property tax rate	\$5.29	\$6.39
General Fund Budget (2016)	\$62.8M*	\$36.6M

Data source: City of Medford website, City of Albany website, US Census Bureau *Annualized.

Like Albany, Medford has a council-manager form of government.⁸⁴ In accordance with Medford's Charter, the elected city council is composed of eight councilmembers; two from each of the city's four wards, each serving four-year terms. The mayor, also elected to a four-year term, is the presiding officer of the city council but only votes during a tie. The city council appoints the city manager, and pursuant the Charter, Medford's city manager has oversight of all city property and public utilities owned and operated by the city.

⁸⁰ City of Medford website. [Demographics](#). Accessed November 2016.

⁸¹ City of Medford 2015-17 Budget, page 469.

⁸² City of Medford website. [Demographics](#). Accessed November 2016.

⁸³ *ibid*

⁸⁴ City of Medford. [Charter](#) of 1998 and City of Albany website. [About Albany](#).

Medford Parks and Recreation Department

The Medford Parks and Recreation Department has 71 FTE and operates under the leadership of a Department Director.⁸⁵ The department administers 43 properties (see map, Appendix A), and also manages some capital projects outside of its own budget. Additionally, it provides liaisons for the Medford Arts Commission, Medford Cemetery Commission, Medford Parks and Recreation Commission (described below), Mayor’s Youth Advisory Commission, and Medford Tree Committee.⁸⁶

The Medford Parks and Recreation commission advises city council on “the acquisition and development of public parks, green ways, spaces, and recreation facilities” for the city of Medford.⁸⁷ The commission is made up of eight appointed volunteer citizen commissioners, plus one city council liaison, one parks department liaison, and one youth member.⁸⁸

The parks and recreation department’s General Recreation Division coordinates classes, programs, events and services.⁸⁹ It is the region’s largest provider for youth and adult sports, and has established a particular niche in adult softball in Oregon.⁹⁰ The Arts & Culture Division provides free programs to “enhance understanding and appreciation of arts, music and culture.”⁹¹ The Park Maintenance Division maintains over 2,470 acres of parks, paths, trails, and right of ways.⁹² The parks and recreation department also manages the city’s tree program, facilities, parking, special events, and street banner program.

Parks and Recreation Budget

The parks and recreation department submits budget requests as part of the city’s biennial budget process. Like Albany, Medford’s largest general fund revenue sources are property taxes, franchise fees, and TLT (see Appendix B). The Medford Parks and Recreation Department budget represented 13% (or \$16.6M) of Medford’s general fund expenditures, and the department received an additional \$6M from six special revenue funds and one enterprise fund (see Table 2). A description of each of these funds, and the respective revenue sources, is provided in Appendix C.

⁸⁵ City of Medford 2015-17 Budget, page 1-16.

⁸⁶ City of Medford website. [Commissions and Committees](#). Accessed November 2016.

⁸⁷ City of Medford website. [Parks and Recreation Commission](#). Accessed November 2016.

⁸⁸ *ibid.*

⁸⁹ City of Medford 2015-17 Budget, page 5-6 and 5-7.

⁹⁰ *ibid.*

⁹¹ City of Medford 2015-17 Budget, page 5-10.

⁹² City of Medford 2015-17 Budget, page 5-12 and 5-13.

Table 2: Medford Parks and Recreation Department Budget Sources

Fund	Total Fund Resources	P&R Expenditures
General Fund, 001	\$125,570,270	\$16, 560,040
Park Dedication Fund, 015	\$5,393,800	\$5,204,720
Cemetery Fund, 016	38,800	\$41,800
Parking Fund, 018	\$1,066,200	\$396,890
Veterans Park Fund, 091	0	\$1,000
Community Park Reserve Fund, 092	\$31,200	\$50,000
Bear Creek Maintenance Fund, 095	\$400	\$2,000
Parks Utility Fund, 098	\$2,611,600	\$393,420
TOTAL		\$22,649,870

Data source: City of Medford 2015-2017 budget

One fund of particular interest is the Parks Utility Fund. The fund was created in 2005 when Medford City Council approved Ordinance 2005-120, which established a per unit monthly fee for unfunded parks operations and maintenance costs due to acquiring additional beautification areas and right-of-ways in Medford.⁹³ Each occupied residence or business pays \$0.31 per month, collected via the Medford Water bill.⁹⁴ As a result of this fee, the fund was budgeted \$405K in the 2015-17 biennium. Additionally, in 2007, the city began assessing a \$2.56 monthly fee to go toward the development of the Medford Sports and Community Park. This amounted to \$2.2M in the 2015-17 budget.

Additionally, the Park Dedication Fund and the Parking Fund provide robust resources. The Park Dedication Fund sources are primarily lodging taxes, franchise fees, and system development charges, with additional revenue from charges for services. The TLT and the Rental Car Tax were increased in recent years for the purpose of paying bonds for Parks and Recreation sports park.⁹⁵ The Parking Fund source is primarily rental income and fines and forfeitures from the Downtown Parking District.

The expenditure categories for the parks and recreation department were personnel (\$8.9M), materials and services (\$6.2M), capital outlay (\$275K), and CIP projects (\$7.2M) across its divisions (see Appendix D and Table 3). In the FY15-17 biennium budget process, the department requested and received approval for two additional staff positions within the

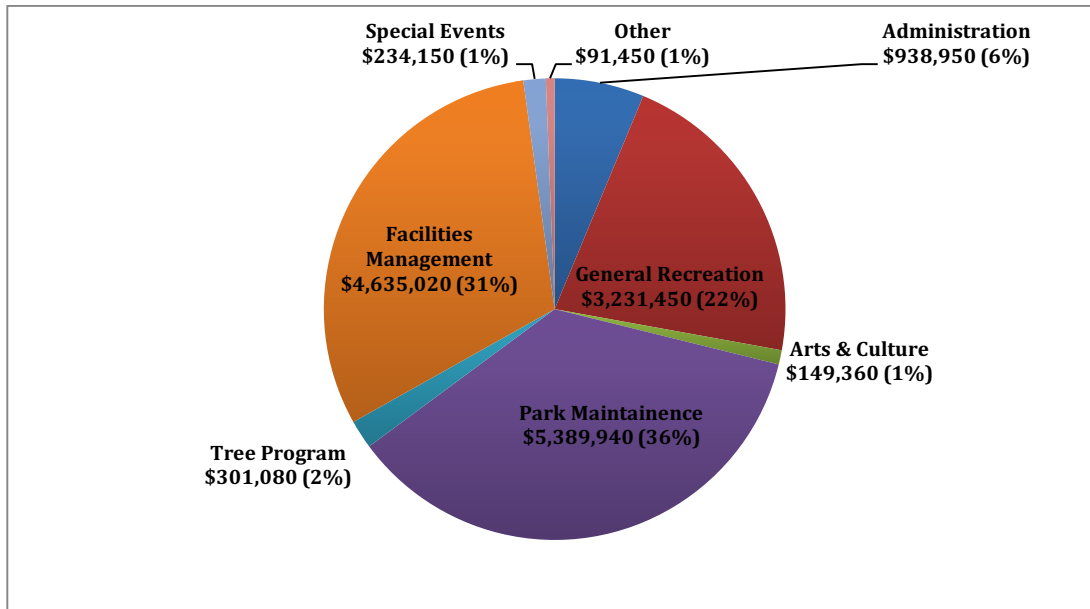
⁹³ City of Medford website. [Park Utility Fee](#). Accessed November 2016.

⁹⁴ Note: The fee does not show individually on water statements. It is included within the Street Utility Fee line item.

⁹⁵ Memo from Brian Sjothun, September 2014. Accessed [online](#) November 2016.

Facilities Management Division, one additional staff position within the Parks Maintenance Division, and one additional staff position within the Parks Recreation Division.

Table 3. Medford Parks and Recreation Expenditures by Division



Data source: City of Medford 2015-2017 budget

In addition to the expenditures in Table 3, the Parks and Recreation Department had numerous capital projects, funded from general fund (\$2M) and non-general fund sources (\$4.9M).⁹⁶ The general fund projects were primarily capital replacements, repairs, and renovations. The non-general fund projects were primarily related to park development and planning. See Appendix E.

Private Funding Sources

The Medford Parks and Recreation department has several opportunities for revenue beyond taxes and participant fees, including event sponsorships, print advertising, signage, and fees for rental facilities. These rates vary across a number of commitment levels. See Table 4.

⁹⁶ Note: The difference between the \$7.2M and \$6.9M figure may be attributed to non-parks projects that the parks department administration manages.

Table 4: Private Revenue Opportunities for Medford Parks and Recreation

Source	Rates
Park naming rights*	\$650,000
Summer concert series sponsor	\$900 – \$10,000
US Cellular Park signage	\$175 – \$4,000
Softball tournament ads	\$175 – \$1,100
Medford Parks & Recreation Program Guide ads	\$105 – \$4,050
Street banner advertisement (weekly)	\$200
Facility rentals (hourly)	\$42– \$90+

Data source: City of Medford website, [Partnership Opportunities](http://www.ci.medford.or.us/page.asp?navid=1082)
<http://www.ci.medford.or.us/page.asp?navid=1082>
<http://www.ci.medford.or.us/page.asp?navid=1082>

*Note: In 2005, U.S. Cellular paid \$650,000 for six years.

While somewhat difficult to ascertain the specific details in Medford’s budget document, the citywide revenue summary shows that the city earned \$83K in park service fees, \$225K in parks promotion fees, \$100K in park reservations, \$129K from the sports parks, and \$40K from concerts. The city received \$890K in swimming and other athletic program fees and \$505K from enrichment classes.⁹⁷

In addition to the sources above, the Medford Parks and Recreation Department is also supported by the Medford Parks Foundation, which was established in 2005.⁹⁸ The foundation is funded through individuals, groups, and businesses. In the 2015-17 biennium, they provided over \$46K for parks and recreation scholarships and an additional \$29K in donations.⁹⁹

Recommendations

Over the past decade the City of Medford Parks and Recreation Department appears to have had robust political support in implementing taxes, fees, and projects in support of its mission. The department provides several models that may be useful for Albany.

⁹⁷ City of Medford 2015-17 Budget, page 12-1 and 12-2.

⁹⁸ Medford Parks Foundation [website](#), accessed November 2016

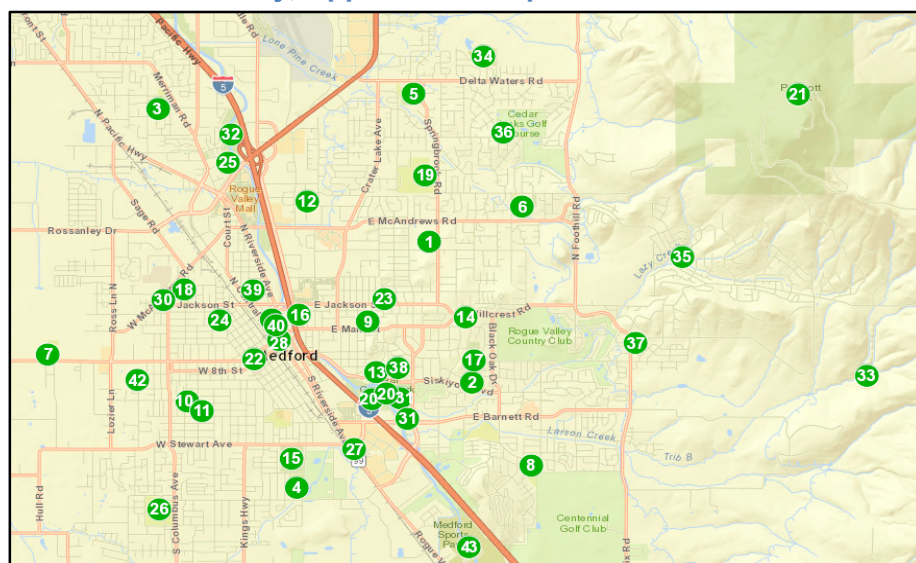
⁹⁹ City of Medford 2015-17 Budget, page 5-3.

First, the Park Utility Fee provides dedicated resources to the Parks and Recreation Department specifically for operations and maintenance, at a modest rate per household. The charge is administratively easy to collect, given that it is included in a utility bill. If Albany were to collect a fee at Medford's rate of \$0.31 per household, this could create \$75K in new revenue annually.¹⁰⁰ Given that Medford added an additional Park Utility Fee for capital projects, it is likely that the political climate was supportive and that the rate could be set higher to support parks operations (rather than implementing a separate fee for capital projects, which have other possible funding methods). A Park Utility Fee can be approved via City Council as a city ordinance.

Additionally, the support that the department receives from TLT, Rental Car taxes, and the Downtown Parking District indicate political will to support parks and recreation with tourism. It is worth examining whether Albany could implement similar increases to support parks and recreation operations.

Finally, Medford has created a niche for itself by way of its athletic complexes and programming. This provides the department with non-tax funding through program fees, sponsorships, advertising, and facility rentals. Given the appetite for these athletic activities and the primary role the parks and recreation department plays in offering these in the region, they are in a position to charge competitive rates. While Albany may not wish to become a sports hub, one takeaway is to identify Albany's niche in order to further develop its reputation across the state and region, implement projects in support of that identity, and find corporate sponsors who align with that activity or area. Medford has developed its reputation in sports, Ashland has developed its reputation with the Shakespeare Festival, and Albany too can continue to hone its reputation to become a destination across the state and region.

Medford Case Study, Appendix A. Map of Medford Parks



Source: City of Medford website.

¹⁰⁰ Note: Based on a general estimate of 20,000 households and businesses combined.

Medford Case Study, Appendix B. Medford's General Fund Resources

RESOURCES & REQUIREMENTS	09-11 ACTUAL	11-13 ACTUAL	13-15 ADJUSTED BUDGET	15-17 CTY MGR PROPOSED	15-17 BGT COMM APPROVED	15-17 COUNCIL ADOPTED
RESOURCES						
PROPERTY TAXES	\$ 57,877,819	\$ 59,175,039	\$ 62,807,000	\$ 70,576,000	\$ 70,576,000	\$ 70,576,000
OTHER TAXES	2,323,239	2,573,770	2,900,000	3,390,000	3,390,000	3,390,000
FRANCHISE FEES	15,085,239	16,235,111	17,232,000	17,909,340	17,909,340	17,909,340
LICENSES & PERMITS	1,304,582	1,281,157	1,350,000	1,340,000	1,340,000	1,340,000
STATE SHARED REVENUE	3,852,922	3,909,563	3,886,000	4,244,000	4,244,000	4,244,000
GRANTS	4,616,403	2,340,988	682,350	149,460	149,460	149,460
CHARGES FOR SERVICES	2,339,386	2,618,462	2,824,740	2,961,100	2,961,100	2,961,100
GENERAL GOVERNMENT	263,365	219,490	172,630	19,600	19,600	19,600
INTERGOVERNMENTAL REVENUE	4,579,014	4,057,931	6,237,150	3,156,850	3,156,850	3,156,850
SPECIAL ASSESSMENTS	10,054	41,754	-	-	-	-
FINES & FORFEITURES	2,728,750	2,644,849	3,098,000	2,778,000	2,778,000	2,778,000
CONTRIBUTIONS & DONATIONS	41,520	46,223	84,000	55,000	55,000	55,000
BOND PROCEEDS	-	21,966,094	-	-	-	-
INTEREST INCOME	370,679	334,536	300,000	364,200	364,200	364,200
RENT	51,066	43,555	50,000	56,000	56,000	56,000
SALES	101,450	832,067	1,640,180	70,800	70,800	70,800
TRANSFERS	4,346,907	4,527,567	4,948,800	5,090,560	5,090,560	5,090,560
DEPOSITS & OTHER	1,070,000	2,084,465	4,063,310	3,938,560	13,409,360	13,409,360
SUB-TOTAL	100,962,394	124,932,620	112,276,160	116,099,470	125,570,270	125,570,270
BEGINNING FUND BALANCE	16,393,458	17,675,781	19,203,000	16,615,670	16,615,670	16,615,670
Total Resources	\$ 117,355,853	\$ 142,608,401	\$ 131,479,160	\$ 132,715,140	\$ 142,185,940	\$ 142,185,940

Source: City of Medford 2015-17 Budget, page 11-3.

Medford Case Study, Appendix C. Medford Parks and Recreation Department Fund Descriptions and Revenue Sources

Fund Name	Fund Descriptions
General Fund	Accounts for primary government operations and activities not budgeted elsewhere. Fund type: General
Park Dedication Fund	Accounts for specified resources to be expended on park and recreation improvements & new construction. Sources are primarily taxes and franchise fees and system development charges, with additional revenue from charges for services, sale of property, grants, interest income, and charitable donations. Fund type: Special Revenue
Cemetery Fund	Accounts for the principal balance of the cemetery trust and for special projects at the cemetery. Sources are primarily transfers with additional revenue from lot sales with a small amount of contributions and donations and interest income. Fund type: Special Revenue
Parking Facilities Fund	Accounts for maintenance and operation of the City's parking facilities in the Downtown Parking District. Source is primarily rental income, and fines and forfeitures, with additional revenue from interest income and miscellaneous. Fund Type: Enterprise
Veterans Park Fund	Accounts for the betterment of Veterans Memorial in Medford's Veteran's Park. No current funding source. Carry forward only. Fund type: Special Revenue
Community Park Reserve Fund	Accounts for the replacement and maintenance of capital items at the community park. Primary funding source is charges for service, with additional revenue from interest income. Fund type: Special Revenue
Bear Creek Maintenance Fund	Accounts for funds dedicated to repair and maintain playground facilities in Bear Creek Park. Funding source is donations and interest income. Fund type: Special Revenue
Park Utility Fund	Accounts for the operation, maintenance and construction of parks, facilities, beautification & right of way areas. Funding source is charges for services with additional revenue from interest income. The monthly fee (\$0.31 cent per unit) is paid upon connection to the water and sewer system and is assessed to all businesses and households. A unit is defined as a residential dwelling unit, business unit or tenant space. An additional fee of \$2.56 is exclusively for development of the Medford Sports and Community Park. Fund type: Special Revenue

Source: Adapted from City of Medford 2015-17 Budget document.

PARK DEDICATION FUND (015) This fund accounts for park development fees to be expended on park and recreation improvement and new construction.

	09-11	11-13	13-15	15-17	15-17	15-17
RESOURCES & REQUIREMENTS	ACTUAL	ACTUAL	ADJUSTED BUDGET	CTY MGR PROPOSED	BGT COMM APPROVED	COUNCIL ADOPTED
RESOURCES						
TAXES & FRANCHISE FEES	\$ 1,771,147	\$ 2,033,818	\$ 2,528,060	\$ 3,495,000	\$ 3,495,000	\$ 3,495,000
GRANTS	9,440	401,618	10,000	75,000	75,000	75,000
CHARGES FOR SERVICES	205,000	205,000	209,420	100,000	100,000	100,000
GENERAL GOVERNMENT	706	2,438	-	-	-	-
SYSTEM DEVELOPMENT CHARGES	1,106,131	1,615,115	1,100,000	1,550,000	1,550,000	1,550,000
CONTRIBUTIONS & DONATIONS	78,900	150,000	20,000	20,000	20,000	20,000
BOND SALE	-	3,673,000	6,384,950	-	-	-
INTEREST INCOME	32,901	22,876	17,800	53,800	53,800	53,800
SALE OF PROPERTY	663	-	100,000	100,000	100,000	100,000
SUB-TOTAL	3,204,887	8,103,865	10,370,230	5,393,800	5,393,800	5,393,800
BEGINNING FUND BALANCE	1,934,605	1,482,633	2,022,330	4,079,260	4,079,260	4,079,260
Total Resources	\$ 5,139,492	\$ 9,586,498	\$ 12,392,560	\$ 9,473,060	\$ 9,473,060	\$ 9,473,060

Source: City of Medford 2015-17 Budget, page 11-9. See also: page 12-13 (373)

Medford Parks and Recreation Department Fund Descriptions and Revenue Sources (cont'd)

CEMETERY FUND (016) This Fund accounts for the principal balance of the cemetery trust and for special projects at the cemetery.

	09-11	11-13	13-15	15-17	15-17	15-17
RESOURCES & REQUIREMENTS	ACTUAL	ACTUAL	ADJUSTED BUDGET	CTY MGR PROPOSED	BGT COMM APPROVED	COUNCIL ADOPTED
RESOURCES						
GRANTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CONTRIBUTIONS & DONATIONS	1,630	962	400	400	400	400
INTEREST INCOME	1,153	819	800	400	400	400
CEMETERY LOT SALES	9,075	15,975	8,000	8,000	8,000	8,000
TRANSFERS	-	-	-	30,000	30,000	30,000
SUB-TOTAL	11,874	17,799	9,200	38,800	38,800	38,800
BEGINNING FUND BALANCE	65,342	58,280	34,520	8,810	8,810	8,810
Total Resources	\$ 77,216	\$ 76,079	\$ 43,720	\$ 47,610	\$ 47,610	\$ 47,610

Source: City of Medford 2015-17 Budget, page 11-10.

PARKING FACILITIES FUND (018) This fund accounts for the operation and maintenance of the City's parking facilities.

RESOURCES & REQUIREMENTS	09-11	11-13	13-15	15-17	15-17	15-17
	ACTUAL	ACTUAL	ADJUSTED BUDGET	CTY MGR PROPOSED	BGT COMM APPROVED	COUNCIL ADOPTED
RESOURCES						
MISCELLANEOUS	\$ 110	\$ 2,895	\$ -	\$ 600	\$ 600	\$ 600
FINES AND FORFEITURES	201,420	257,707	310,000	310,000	310,000	310,000
INTEREST INCOME	3,528	3,296	2,600	5,600	5,600	5,600
RENTAL INCOME	559,082	610,377	720,000	750,000	750,000	750,000
TRANSFERS	26,000	7,250	-	-	-	-
SUB-TOTAL	790,139	881,525	1,032,600	1,066,200	1,066,200	1,066,200
BEGINNING FUND BALANCE	219,107	243,602	255,560	486,560	486,560	486,560
Total Resources	\$ 1,009,246	\$ 1,125,127	\$ 1,288,160	\$ 1,552,760	\$ 1,552,760	\$ 1,552,760

Source: City of Medford 2015-17 Budget, page 11-11.

VETERANS PARK FUND (091) Accounts for the betterment of Veterans Memorial In Medford's Veteran's Park.

RESOURCES & REQUIREMENTS	09-11	11-13	13-15	15-17	15-17	15-17
	ACTUAL	ACTUAL	ADJUSTED BUDGET	CTY MGR PROPOSED	BGT COMM APPROVED	COUNCIL ADOPTED
RESOURCES						
CONTRIBUTIONS & DONATIONS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
INTEREST INCOME	140	124	-	-	-	-
SUB-TOTAL	140	124	-	-	-	-
BEGINNING FUND BALANCE	8,111	8,251	7,920	7,630	7,630	7,630
Total Resources	\$ 8,251	\$ 8,376	\$ 7,920	\$ 7,630	\$ 7,630	\$ 7,630

Source: City of Medford 2015-17 Budget, page 11-32.

Medford Parks and Recreation Department Fund Descriptions and Revenue Sources (cont'd)

COMMUNITY PARK RESERVE FUND (092) Accounts for the replacement and maintenance of capital items at the community park.

RESOURCES & REQUIREMENTS	09-11	11-13	13-15	15-17	15-17	15-17
	ACTUAL	ACTUAL	ADJUSTED BUDGET	CTY MGR PROPOSED	BGT COMM APPROVED	COUNCIL ADOPTED
RESOURCES						
GRANTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CHARGES FOR SERVICE	43,196	28,512	30,000	30,000	30,000	30,000
GENERAL GOVERNMENT	-	-	-	-	-	-
CONTRIBUTIONS & DONATIONS	-	-	-	-	-	-
INTEREST INCOME	457	1,040	800	1,200	1,200	1,200
TRANSFERS & OTHER	-	-	-	-	-	-
SUB-TOTAL	43,652	29,552	30,800	31,200	31,200	31,200
BEGINNING FUND BALANCE	11,084	54,736	86,210	117,930	117,930	117,930
Total Resources	\$ 54,736	\$ 84,289	\$ 117,010	\$ 149,130	\$ 149,130	\$ 149,130

Source: City of Medford 2015-17 Budget, 11-33.

BEAR CREEK MAINTNANCE FUND (095) This fund accounts for funds dedicated to repair and maintain playground facilities in Bear Creek Park.

RESOURCES & REQUIREMENTS	09-11	11-13	13-15	15-17	15-17	15-17
	ACTUAL	ACTUAL	ADJUSTED BUDGET	CTY MGR PROPOSED	BGT COMM APPROVED	COUNCIL ADOPTED
RESOURCES						
GENERAL GOVERNMENT	\$ 3	\$ 3	\$ -	\$ -	\$ -	\$ -
DONATIONS	-	-	310	-	-	-
INTEREST INCOME	635	555	800	400	400	400
SUB-TOTAL	638	558	1,110	400	400	400
BEGINNING FUND BALANCE	36,826	36,957	35,560	36,890	36,890	36,890
Total Resources	\$ 37,463	\$ 37,515	\$ 36,670	\$ 37,290	\$ 37,290	\$ 37,290

Source: City of Medford 2015-17 Budget, 11-35.

PARK UTILITY FUND (098) Accounts for the operation & maintenance of parks, facilities, beautification & right of way areas.

RESOURCES & REQUIREMENTS	09-11	11-13	13-15	15-17	15-17	15-17
	ACTUAL	ACTUAL	ADJUSTED BUDGET	CTY MGR PROPOSED	BGT COMM APPROVED	COUNCIL ADOPTED
RESOURCES						
GENERAL GOVERNMENT	\$ 16	\$ 13	\$ -	\$ -	\$ -	\$ -
CHARGES FOR SERVICES	2,504,729	2,531,784	2,523,300	2,605,000	2,605,000	2,605,000
CONTRIBUTIONS & DONATIONS	-	-	-	-	-	-
INTEREST INCOME	8,715	7,421	6,000	6,600	6,600	6,600
TRANSFERS	-	-	-	-	-	-
SUB-TOTAL	2,513,461	2,539,218	2,529,300	2,611,600	2,611,600	2,611,600
BEGINNING FUND BALANCE	104,433	194,313	336,630	339,510	339,510	339,510
Total Resources	\$ 2,617,894	\$ 2,733,530	\$ 2,865,930	\$ 2,951,110	\$ 2,951,110	\$ 2,951,110

Source: City of Medford 2015-17 Budget, 11-36.

Medford Case Study, Appendix D. Medford Parks and Recreation Expenditure Summaries
(continues on next page)

	PERSONNEL SERVICES	MATERIALS & SERVICES	CAPITAL OUTLAY	SUB-TOTAL OPERATIONS	DEBT SERVICE	C.I.P. PROJECTS	TOTAL DEPARTMENT
PARKS AND RECREATION							
001 GENERAL FUND	8,252,310	5,639,080	274,900	14,166,290	-	2,393,750	16,560,040
015 PARK DEDICATION FUND	369,570	61,500	-	431,070	-	4,773,650	5,204,720
016 CEMETERY FUND	-	11,800	-	11,800	-	30,000	41,800
018 PARKING FUND	130,590	266,300	-	396,890	-	-	396,890
091 VETERANS PARK FUND	-	1,000	-	1,000	-	-	1,000
092 COMMUNITY PARK RESERVE FUND	-	-	-	-	-	50,000	50,000
095 BEAR CREEK MAINTENANCE FUND	-	2,000	-	2,000	-	-	2,000
098 PARKS UTILITY FUND	129,600	263,820	-	393,420	-	-	393,420
Total Parks & Recreation	8,882,070	6,245,500	274,900	15,402,470	-	7,247,400	22,649,870

Source: Adapted from City of Medford 2015-17 Budget, page 1-10.

STAFFING

Classification	09/11 Actual	11/13 Actual	13/15 Adjusted	15/17 City Mgr Proposed	15/17 Council Adopted
105 Deputy City Manager	-	-	0.05	0.05	0.05
118 Parks and Recreation Director	1.00	1.00	1.00	1.00	1.00
131 Parks Superintendent	1.00	1.00	-	-	-
141 Recreation Superintendent	1.00	1.00	-	-	-
160 Recreation Supervisor	2.64	2.64	3.00	3.00	3.00
168 Parks Bldg Maint. Supervisor	1.00	1.00	1.00	1.00	1.00
178 Park Technician	7.00	7.00	5.00	5.00	6.00
202 Parks Supervisor	1.00	1.00	1.00	1.00	1.00
209 Custodian	4.00	4.00	4.00	4.00	5.00
250 Office Administrator	1.00	1.00	1.16	1.00	1.00
251 Parks Customer Service Specialist	1.00	1.00	1.00	1.00	1.00
264 Administrative Support Technician	1.50	0.40	1.00	1.00	1.00
265 Design & Construction Manager	1.00	-	-	-	-
271 Parks Arborist	1.00	1.00	1.00	1.00	1.00
272 Parks Building/Utility Tech.	2.00	3.00	-	-	-
272 Parks Building/Utility Technician II	2.00	1.00	1.00	1.00	1.00
293 Parks Planner III	1.00	1.00	1.00	1.00	1.00
295 Parks Recreation Coordinator	-	-	-	-	1.00
294 Parks Worker I	4.00	6.00	7.00	7.00	7.00
309 Clerical Support Technician	0.62	-	-	-	-
328 Resource Development Coordinator	1.00	1.00	1.00	1.00	1.00
329 Parks Building/Utility Technician I	-	-	-	-	1.00
330 Parks Building/Utility Technician III	2.00	3.00	4.00	4.00	4.00
338 Parks Irrigation Technician	-	-	3.00	3.00	3.00
340 Grants Support Technician	-	-	0.10	-	-
342 Assistant Parks & Recreation Director	-	-	2.00	2.00	2.00
TOTAL FULL-TIME POSITIONS	36.76	37.04	38.31	38.05	42.05
FTE EQUIVALENCY - TEMPORARY LABOR	18.99	21.54	27.94	30.92	30.92
TOTAL POSITIONS	55.75	58.58	66.25	68.97	72.97

Source: City of Medford 2015-17 Budget, page 5-1.

Medford Parks and Recreation Expenditure Summaries (cont'd)

TOTAL PARKS & RECREATION DEPARTMENT (52)						
CLASSIFICATION	09-11 ACTUAL	11-13 ACTUAL	13-15 ADJUSTED BUDGET	15-17 CITY MGR PROPOSED	15-17 BUD COMM APPROVED	15-17 COUNCIL ADOPTED
PERSONNEL SERVICES						
REGULAR SALARIES & WAGES	3,348,495	3,560,169	3,888,760	4,256,540	4,403,870	4,403,870
TEMPORARY STAFF	1,034,127	1,148,871	1,322,440	1,493,090	1,493,090	1,493,090
FRINGE BENEFITS	1,866,422	2,311,539	2,767,240	2,866,440	2,985,110	2,985,110
TOTAL PERSONNEL SERVICES	6,249,044	7,020,579	7,978,440	8,616,070	8,882,070	8,882,070
MATERIALS & SERVICES						
21-01 TELEPHONE	37,050	44,504	61,580	62,820	62,820	62,820
21-03 REFUSE COLLECTION	76,581	138,805	143,400	147,700	147,700	147,700
21-04 GARAGE PAYMENT	-	-	-	-	-	-
21-05 PRINTING & BINDING	10,557	9,191	22,980	17,100	17,100	17,100
21-06 PHOTOCOPY CHARGES	51,033	42,697	45,400	49,140	49,140	49,140
21-07 ADVERTISING & PUBLISHING	72,912	63,801	90,600	107,500	107,500	107,500
21-08 EQUIPMENT RENTAL	13,635	20,427	34,800	46,800	46,800	46,800
21-09 COMPUTER UPGRADES	61	3,450	2,000	2,000	2,000	2,000
21-10 LAUNDRY & CLEANING	9,014	9,270	12,600	14,650	14,650	14,650
21-11 MEMBERSHIP DUES & SUBSCR.	8,447	19,435	35,160	40,500	40,500	40,500
21-13 INSURANCE PREMIUMS	54,650	55,290	104,460	155,380	155,380	155,380
21-14 DAMAGE CLAIMS	7,401	3,800	-	-	-	-
21-17 STATE PERMITS	5,134	5,307	7,760	7,760	7,760	7,760
21-26 BANK CHARGES & FEES	-	21,955	36,000	44,000	44,000	44,000
21-28 GARAGE VEHICLE MAINTENANCE	225,041	226,877	211,100	259,700	259,700	259,700
21-29 GARAGE FLUIDS	104,887	143,224	157,260	151,280	151,280	151,280
21-32 BAD DEBT FEES	-	-	-	66,000	66,000	66,000
21-50 IN KIND ADVERTISING	-	177,628	206,420	177,300	177,300	177,300
22-10 SERVICE FROM OTHER GOVTS.	178,544	120,542	193,200	142,120	142,120	142,120
22-11 OTHER PROFESSIONAL SERVICES	600,239	853,222	731,310	753,100	753,100	753,100
22-12 OTHER CONTRACTUAL SERVICE	106,161	90,699	139,870	172,590	172,590	172,590
23-02 TRAINING & CONFERENCES	41,889	71,733	78,940	86,100	86,100	86,100
23-03 MILEAGE & TRANSPORTATION	6	1,791	200	-	-	-
23-04 EXPENSE ALLOWANCE	14	35	400	400	400	400
23-10 STAFF RECRUITING	-	869	-	-	-	-
24-02 CONCESSION SUPPLIES	525	8,097	13,000	6,000	6,000	6,000
24-03 OFFICE SUPPLIES	8,833	13,429	16,900	17,450	17,450	17,450
24-04 JANITORIAL SUPPLIES	86,393	92,836	102,400	120,750	120,750	120,750
24-05 COMPUTER SUPPLIES	3,239	3,400	5,000	6,320	6,320	6,320
24-06 PHOTOGRAPHIC SUPPLIES	3	36	400	-	-	-
24-07 BOOKS MAPS & PERIODICALS	1,156	927	1,600	1,600	1,600	1,600
24-08 CLOTHING	23,699	18,191	33,760	32,800	32,800	32,800
24-09 FOOD	10,707	16,362	40,480	42,900	42,900	42,900
24-10 NATURAL GAS/OTHER PETROLEUM	215,256	182,684	245,000	260,000	260,000	260,000
24-11 CHEMICALS	68,545	72,579	135,000	146,800	146,800	146,800
24-12 ELECTRICITY	523,799	729,417	775,910	944,220	944,220	944,220
24-13 WATER	492,085	639,611	616,460	402,500	402,500	402,500
24-14 POSTAGE, SHIPPING, FREIGHT	44,348	45,947	55,600	50,600	50,600	50,600
24-15 TECHNICAL SUPPLIES	147,332	118,915	199,660	210,960	210,960	210,960
24-17 AGRICULTURE/HORTICULTURE	15,267	23,127	48,400	42,400	42,400	42,400
24-18 IRRIGATION/PLUMBING	43,778	36,961	72,500	47,000	47,000	47,000
24-19 SAFETY SUPPLIES	13,087	11,843	15,700	15,700	15,700	15,700
24-20 AWARDS	799	46,197	70,500	122,300	122,300	122,300
24-21 OTHER OPERATING MATERIAL	60,660	61,812	102,750	84,750	84,750	84,750
24-22 EQUIP REPAIR PARTS/SUPPLIES	8,426	10,337	23,000	26,000	26,000	26,000
24-28 UTILITY CHARGES	-	-	-	505,550	505,550	505,550
24-50 SMALL EQUIPMENT ITEMS	59,689	89,344	52,400	102,500	114,500	114,500
25-01 GROUND & FIELDS	25,277	72,397	36,000	36,000	36,000	36,000
25-02 BUILDINGS & STRUCTURES	168,235	241,252	309,310	390,930	390,930	390,930
25-04 STREET MAINTENANCE	10,227	20,005	20,000	20,000	20,000	20,000
25-09 MISCELLANEOUS EQUIP MAINT	4,745	3,129	15,000	15,000	15,000	15,000
25-12 IOOF CEMETERY MAINTENANCE	3,187	10,281	6,450	10,650	10,650	10,650
25-13 SOFTWARE MAINTENANCE	40,736	43,606	50,420	29,820	29,820	29,820
25-14 ELEVATOR MAINTENANCE	7,315	33,955	38,080	38,080	38,080	38,080
TOTAL MATERIALS & SERVICES	3,690,885	4,771,229	5,417,120	6,233,500	6,245,500	6,245,500
CAPITAL OUTLAY						
40-02 BUILDINGS & FIXTURES	-	9,867	-	-	-	-
40-04 MOTIVE EQUIPMENT	132,030	222,782	95,000	80,000	105,000	105,000
40-06 GENERAL EQUIPMENT	85,043	54,652	92,500	108,900	128,900	128,900
40-10 IMPROVEMENTS	1,559	-	-	-	-	-
40-11 ARTS COMMISSION	10,146	19,386	40,500	41,000	41,000	41,000
TOTAL CAPITAL OUTLAY	228,777	306,687	228,000	229,900	274,900	274,900
CAPITAL IMPROVEMENT PROJECTS						
51-00 CAPITAL IMPROVEMENT PROJECTS	4,268,869	3,122,241	17,146,700	7,247,400	7,247,400	7,247,400
TOTAL CAPITAL IMPROVEMENTS	4,268,869	3,122,241	17,146,700	7,247,400	7,247,400	7,247,400
TOTAL PARKS & REC DEPARTMENT	14,437,574	15,220,735	30,770,260	22,326,870	22,649,870	22,649,870
FUNDING						
GENERAL FUND	12,360,816	12,510,656	20,638,680	16,437,040	16,560,040	16,560,040
PARK DEDICATION FUND	1,794,768	2,233,645	9,191,910	5,004,720	5,204,720	5,204,720
CEMETERY FUND	18,936	38,745	21,000	41,800	41,800	41,800
PARKING FUND	-	215,410	296,310	396,890	396,890	396,890
POLICE FORFEITURE AND GRANT FUND	-	-	230,000	-	-	-
VETERANS PARK FUND	-	825	1,000	1,000	1,000	1,000
BEAR CREEK MAINTENANCE FUND	506	1,339	4,310	2,000	2,000	2,000
PARKS UTILITY FUND	262,547	220,115	387,050	393,420	393,420	393,420
TOTAL FUNDING	14,437,574	15,220,735	30,770,260	22,326,870	22,649,870	22,649,870

Source: City of Medford 2015-17 Budget, page 13-54.

Medford Case Study, Appendix E. Medford Parks and Recreation General Fund and Non General Fund CIP Summaries

PARKS AND RECREATION

**PARKS CAPITAL IMPROVEMENT PROJECT SUMMARY
(5208) GENERAL FUND PROJECTS**

		Carry Forward *	15-16	16-17	Total
BR0064	Lausmann Annex Server Room HVAC Replacement		16,000		16,000
BR0068	City Hall Electrical Modifications	5,000	5,000		10,000
BR0074	Fire Station #5 Renovations	25,000			25,000
BR0075	Fire Station #6 Renovations	390,000			390,000
BR0086	Fire Temp Apparatus Bay	37,500			37,500
BR0088	City Hall Skylight Replacement		25,000		25,000
BR0089	Citywide Flag Pole Lighting		36,000		36,000
BR0090	Electrical Service Installation for Modular Building		18,000		18,000
BR0091	Lausmann Annex Actuator Replacement		5,000		5,000
BR0092	Jackson Aquatic Center Vacuum Tank & Roof Replace		36,000		36,000
BR0093	Citywide Panic Button Installation		15,000	15,000	30,000
BR0094	Service Center Building "B" Roof Replacement		75,000		75,000
BR0095	Record Retention Storage Racks		18,000	18,000	36,000
BR0096	Citywide Pigeon Pest Abatement		25,000	25,000	50,000
BR0097	City Hall Sump Pump Upgrade			6,500	6,500
BR0098	Police Service Center Building "A" HVAC Replacement			20,000	20,000
BR0099	Service Center Building "B" HVAC Upgrade			14,000	14,000
BR0101	Santo Community Center Paint & Landscape			99,000	99,000
BR0102	Service Center Isolation Valve Replacement			5,000	5,000
BR0103	Service Center Uninterrupted Power Supply		25,000		25,000
BR0104	Service Center Building "B" Exterior Paint			36,000	36,000
BR0105	Eyewash Equipment Upgrade		10,000		10,000
BR0106	Hanley Voter Building Foundation Repair		25,000		25,000
BR0107	Property Impound Lot Resurface and Flooring			75,000	75,000
BR0108	Citywide Space Needs Assessment and Design		60,000	100,000	160,000
BR0109	City Hall Remodel Design		100,000		100,000
PR0061	Pedestrian/Bicycle Path Renovation	9,700	50,300		60,000
PR0093	Neighborhood Street Tree Program		10,000	10,000	20,000
PR0094	Hiker Wall Repair	10,000			10,000
PR0105	Hawthorne Park Rehabilitation	200,000			200,000
PR0107	Grade & Rock Upper Road to Prescott Park Towers		35,000		35,000
PR0108	Bear Creek Little League Dump Area Cleanup		50,000		50,000
PR0109	Holmes Park Tennis Court Renovation		260,000		260,000
PR0110	Toro Sentinel Central Irrigation Control			50,000	50,000
	TOTAL	677,200	899,300	473,500	2,050,000
	Funding Source				
001	General Fund	677,200	899,300	473,500	2,050,000

*These projects were approved as part of a previous budget cycle and have not been completed or fully implemented.

Source: City of Medford 2015-17 Budget, page 5-33.

Medford Parks and Recreation General Fund and Non General Fund CIP Summaries
(cont'd)

PARKS AND RECREATION

PARKS CAPITAL IMPROVEMENT PROJECT SUMMARY (5208)

NON-GENERAL FUND PROJECTS

		Carry Forward *	15-16	16-17	Total
PR0000	Neighborhood Park Acquisition & Development	500,000	721,000	723,350	1,944,350
PR0004	Howard Park		30,000		30,000
PR0007	Kennedy Park	15,000	500,000		515,000
PR0012	Donahue-Frohnmayr Park		30,000		30,000
PR0022	Leisure Services Plan & SDC Methodology Update	12,350	87,650		100,000
PR0056	U.S. Cellular Community Park	400,000			400,000
PR0069	Prescott Park	70,000			70,000
PR0073	Playground Replacement		80,000		80,000
PR0076	Chrissy Park	290,000			290,000
PR0079	Trail Development	187,500	-	-	187,500
PR0080	Oregon Hills Park	305,000	5,000	305,000	615,000
PR0085	IOOF - Eastwood Cemetery Road Upgrade			30,000	30,000
PR0092	Aquatic Facilities	6,800	50,000	50,000	106,800
PR0095	South East Area Plan		200,000	200,000	400,000
PR0096	Cedar Links Park	5,000			5,000
PR0111	U.S. Cellular Community Park Turf Replacement		25,000	25,000	50,000
	TOTAL	1,791,650	1,728,650	1,333,350	4,853,650
	Funding Source				
015	Park Dedication Fund	1,791,650	1,703,650	1,278,350	4,773,650
016	Cemetery Fund			30,000	30,000
092	Community Park Reserve Fund		25,000	25,000	50,000
	TOTAL FUNDING	1,791,650	1,728,650	1,333,350	4,853,650

*These projects were approved as part of a previous budget cycle and have not been completed or fully implemented.

Oregon City, Oregon

Kea Cannon

This memo summarizes Oregon City, Oregon's structure and governance for its Parks and Recreation Department. The purpose of this summary is to offer an overview of the department and its budgeting structure specifically reviewing how Oregon City funds its Parks and Recreation Department for both operations and capital projects. The City of Albany, Oregon may be able to emulate some of these strategies within its jurisdiction.

Oregon City is nestled 13 miles south east of Portland, Oregon (*see Map A in Appendix*) and is approximately 9.2 square miles in size.¹⁰¹ The City is located within Clackamas County, making its economy linked to the Portland Metro area, in addition to state trends. Oregon City is ranked ninth among Oregon's fastest growing cities with annual growth of 2.1% during the past four years.¹⁰² The City hosts approximately 34,895 residents with a median income of \$57,448 and a median property value of \$279,000.¹⁰³

Oregon City is a comparable city to Albany despite some differences in demographics and size:¹⁰⁴

- Oregon City is smaller is geographic size (9.2 vs. 17.7 sq. mi.) with a smaller population (34,895 vs. 52,175)
- Albany has a lower median household income (\$45,777 vs. \$57,448)
- Average age of residents is the same between the two cities at 36

These demographic differences make a good comparison between how Oregon City and Albany fund and structure their parks and recreation departments.

¹⁰¹ Oregon City, Oregon *Adopted 2015 – 2017 Biennial Budget*. pg. 4

¹⁰² Ibid.

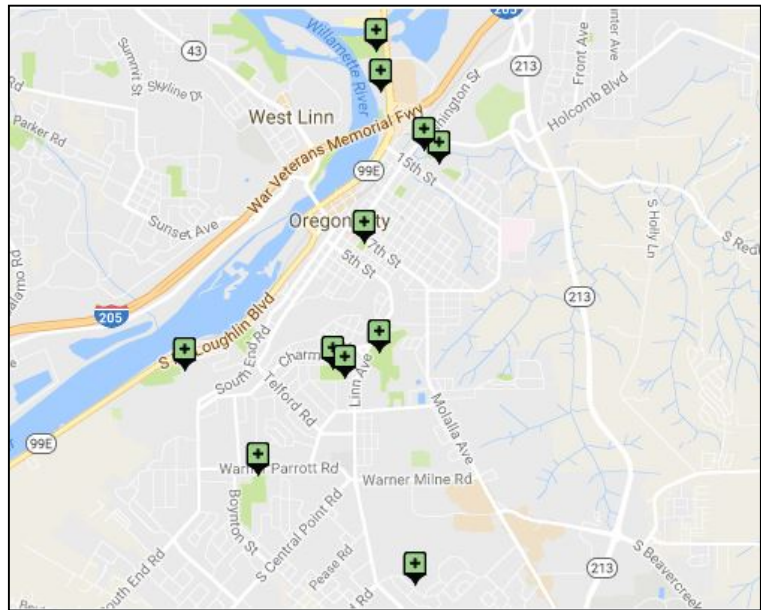
¹⁰³ Oregon City, Oregon *Adopted 2015 – 2017 Biennial Budget*. pg. 3

¹⁰⁴ City Data. Retrieved online from: <http://www.city-data.com/city/Albany-Oregon.html> on October 14, 2016.

Map A: Service Area for Parks & Rec in Oregon City¹⁰⁵

Oregon City's Parks & Recreation Department

The Parks and Rec department for Oregon City serves 28 recreational facilities, 21 parks, a historic cemetery, six indoor facilities, 47 total properties, 258 acres and mows 120 acres.^{106, 107} Its service area encompasses the entire 9.2 square miles of the city (see Map A). In order to better understand how the department maintains its services, knowing the history of the department and its current structure is key. See Map B in Appendix.



History of Department

Oregon City operates under its own City Charter and is structured as a Council-Manager form of government. It has a Mayor with four Commissioners, who serve “staggered four year terms,” and are subject to term limits of no more than two terms of four years in any ten year period.¹⁰⁸ The Commission appoints a City Manager who in turn hires the various department directors for its city’s services.

Before 1999 the Parks and Rec department was titled *Community Activities Department* and was considered fragmented. It supported a city pool, pioneer center, Carnegie center, and recreation programs. Parks and the historic cemetery were managed under the Public Works department. In 2000, based on an external recommendation included in the 1999 Parks and Recreation Master Plan by, the City consolidated services under a Parks and Recreation Department.¹⁰⁹ Then, in 2002 the long-time City Library Director retired which led to the library operations folding into the Parks and Rec department and the change of the department name to *Community Services*.¹¹⁰ For additional City Departments, see *Chart A* in Appendix.

Community Services Department – Structure & Governance

The structure of the Community Services (CS) department is very segregated, consisting of “divisions,” including: Parks Maintenance, Cemetery, Parks Planning & Development

¹⁰⁵ Oregon City, Oregon website. *Parks*. Retrieved online from: <http://www.orcity.org/parksites> on November 5, 2016.

¹⁰⁶ Oregon City, Oregon *Adopted 2015 – 2017 Biennial Budget*. pg. 3

¹⁰⁷ City of Oregon City, Oregon. May 2008. *Parks and Recreation Master Plan Update Five-Year Vision Implementation Plan*. pg. 3

¹⁰⁸ Oregon City, Oregon *Adopted 2015 – 2017 Biennial Budget*. pg. 4

¹⁰⁹ City of Oregon City, Oregon. May 2008. *Parks and Recreation Master Plan Update Five-Year Vision Implementation Plan*. pg. 2

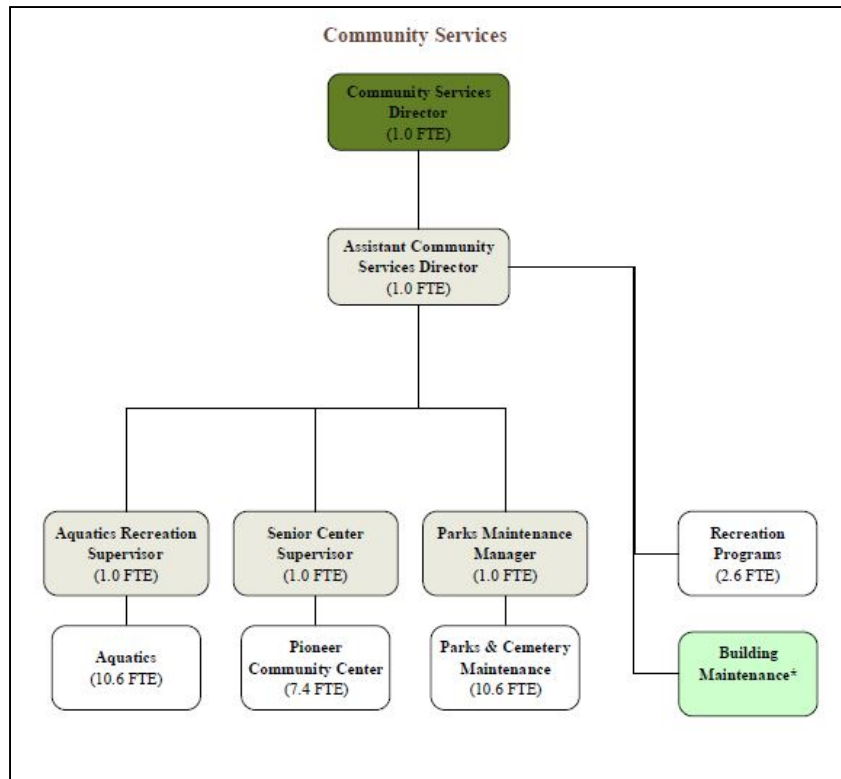
¹¹⁰ Ibid

*Chart A: Community Services Organizational Map*¹¹¹

Recreation, Aquatics and Senior Services.¹¹² Each division has its own budget, but not necessarily its own manager. The Department management structure is equally limited in resources, either sharing a manager or does not have a separate manager aside from the Assistant Community Services Director (see *Chart A right*). This is primarily due to limitation in funding sources.

As an additional organizational layer, there are additional “programs”

that the department oversees: Parks Operations Maintenance, Aquatics, Recreation, Pioneer Adult Community Center, Mountain View Cemetery, and Building Maintenance. Additional descriptions of each division and the program can be found in the City’s Adopted Budget document.¹¹³ As previously stated, each division has its own budget as an additional budgetary level within the CS department’s budget.



The Budget & Budgeting Process

The Community Services departmental budget is managed by its Director and the budget process begins in January. Oregon City department directors meet with the Mayor and City Commission in January to set goals and priorities for the coming year. Immediately following this work session, the CS director works on preparing the CS department’s budget. This process lasts through February and works to meet City goals. Once the drafted budget is prepared, the CS Director meets with City Finance staff to review the request and make adjustments as advised. This draft becomes the department’s Proposed Budget and is taken by City Finance staff to the City Manager in March for review and merging into the City’s Proposed Budget document. A back and forth process of negotiation and refinement of the proposed departmental budget continues until its acceptance. From there the budget goes to the City Commission for completion of the process and is finalized in accordance to Oregon’s Public Budget

¹¹¹ Oregon City, Oregon *Adopted 2015 – 2017 Biennial Budget*. pg. 85.

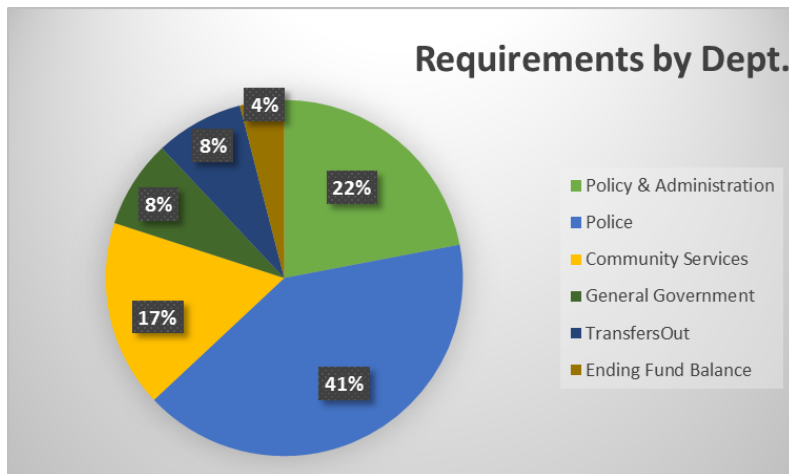
¹¹² Oregon City, Oregon *Adopted 2015 – 2017 Biennial Budget*. pgs. 61-72.

¹¹³ Ibid.

Law. During a brief phone interview, Oregon City’s Deputy Finance Director, Mireya Mcilveen described the process as limited and following the State laws.¹¹⁴

The Community Services department’s operations are funded entirely from the City’s General Fund. For deferred maintenance and capital projects the department receives funding from the System Development Fund (new), the Community Facilities Fund, and the equipment Replacement and Fleet Funds.

Graph A: Oregon City’s General Fund Requirement by Department¹¹⁵



The General Fund consists of resources similar to other Cities across Oregon, with a majority of the resources (51%) from property taxes of Oregon City residents. The General Fund finances only four departments: Policy & Administration, Police, Community Services, and General Government. This reflects the City’s consolidation efforts during 2015 where it merged

multiple departments and fund accounts in order to operate more efficiently. As can be seen by *Graph A* above, the CS department is the third funded department receiving 17% of the General Fund, fully funding its departmental budget request of \$7.8 million for the biennium.¹¹⁶ This total budgeted amount is further broken down by each division’s budget request/program area. For details see *Table A* below.¹¹⁷

Community Services Department: \$7,966,358							
	Total Requested & Approved Budget	Personnel	Maintenance Costs	Materials	Office Costs	Operations Costs	Special Programs & Services
Parks & Cemetery Maintenance	\$3,538,321	\$2,152,048	\$244,171	\$253,949	\$39,149	\$90,825	\$171,570
Recreation Aquatics	\$1,770,591	\$1,176,477	\$278,146	\$26,932	\$46,100	\$9,388	\$20,850
Pioneer Community Center	\$1,931,137	\$1,495,922	\$193,110	-	\$34,993	\$54,554	\$97,028
Recreation Programs	\$624,309	\$398,801	\$631	-	\$18,727	-	\$167,734

¹¹⁴ Phone Interview with Mireya Mcilveen, Deputy Finance Director for Oregon City, Oregon. October 26, 2016.

¹¹⁵ Recreated Pie Graph based off data from Oregon City, Oregon *Adopted 2015 – 2017 Biennial Budget*. pg. 28.

¹¹⁶ Oregon City, Oregon *Adopted 2015 – 2017 Biennial Budget*. pg. vi.

¹¹⁷ Recreated table based off data from Oregon City, Oregon *Adopted 2015 – 2017 Biennial Budget*. pgs. 61-72.

As depicted above, the budget breakdown does not directly match to six divisions nor does it match the additional six programs. Instead budgets become a combination of divisions and program service areas, further complicating the budget process, priorities and how revenue and expenditures are broken down.

Key Revenue & Expenditures

As previously mentioned, the operations for the Community Services department is funded from the General Fund, thus there are no surprising revenue sources. The General Fund receives a majority of its funding from property taxes which is projected to increase 4% during this biennium.¹¹⁸ Additionally, franchise fees comprise 15% of the fund. Of the various revenue sources for the CS department for operations, these are the two primary sources. Additional revenue sources can be seen in *Chart C* in the Appendix. What is interesting is how the department separates and funds the different four subgroups. The funding and expenditures for the department are restricted to deferred maintenance costs this biennium and considered as capital projects.

Capital Projects & Bonds

In 2013 the City passed Ordinance 13-1014, which increased the right-of-way fee to meet “market level consistent with other Oregon cities”.¹¹⁹ This dedicated new revenue of \$1 million to economic development and parks deferred maintenance projects. This resulted in \$200,000 for the biennium for parks deferred maintenance including: play structures, irrigation systems, trails, sidewalks, facilities and more.¹²⁰ This is limited duration funding and the department is looking for additional revenue to fund operations and maintenance. Additional funding for capital projects comes from ORS 223.297-314 and Oregon City Municipal Code restricting revenue from the newly created System Development Charges (SDCs) fund. This account is funded from new development fees and permits and is restricted to funding new capacity projects (*see Chart B in Appendix*). This is an additional \$17.7 million for the City. The fund is restricted to funding: Transportation, Water, Wastewater, Stormwater, and Parks. For the 2015-2017 biennium, the Parks System Development received \$3,774,894 towards capacity building of parks and open space facilities as part of the department’s Park and Recreation Master Plan.¹²¹

Recommendations for Albany

The challenges that Oregon City faces are similar to other cities in Oregon, capital projects and growth are funded through dedicated funds – leaving operations without secured funding. In order to address operational funding issues, Oregon City conducted a Needs Assessment as part of its Park and Recreation Master Plan. Based on data collected through a citizen survey, the assessment concluded, that residents would be willing to pay for a parks & open spaces utility fee, bonds for parks, more in property taxes, and an additional utility fee.¹²² This assessment also identified 50 possible revenue streams for the department to consider, including revenue listed above and

¹¹⁸ Oregon City, Oregon *Adopted 2015 – 2017 Biennial Budget*. pg. 28.

¹¹⁹ Oregon City, Oregon *Adopted 2015 – 2017 Biennial Budget*. pg. v.

¹²⁰ Oregon City, Oregon *Adopted 2015 – 2017 Biennial Budget*. pg. 61.

¹²¹ Oregon City, Oregon *Adopted 2015 – 2017 Biennial Budget*. pg. 118

¹²² City of Oregon City, Oregon. May 2008. *Parks and Recreation Master Plan Update Five-Year Vision Implementation Plan*. pg. 3

(but not limited to): recreation service fees, increasing fees/charges rates to market value, reservation fees, increase in ticket/admission prices, booth lease fees, surplus sale of equipment, etc. The main recommendations to consider are: a parks & open spaces utility fee and increasing existing charges/fees to market value.

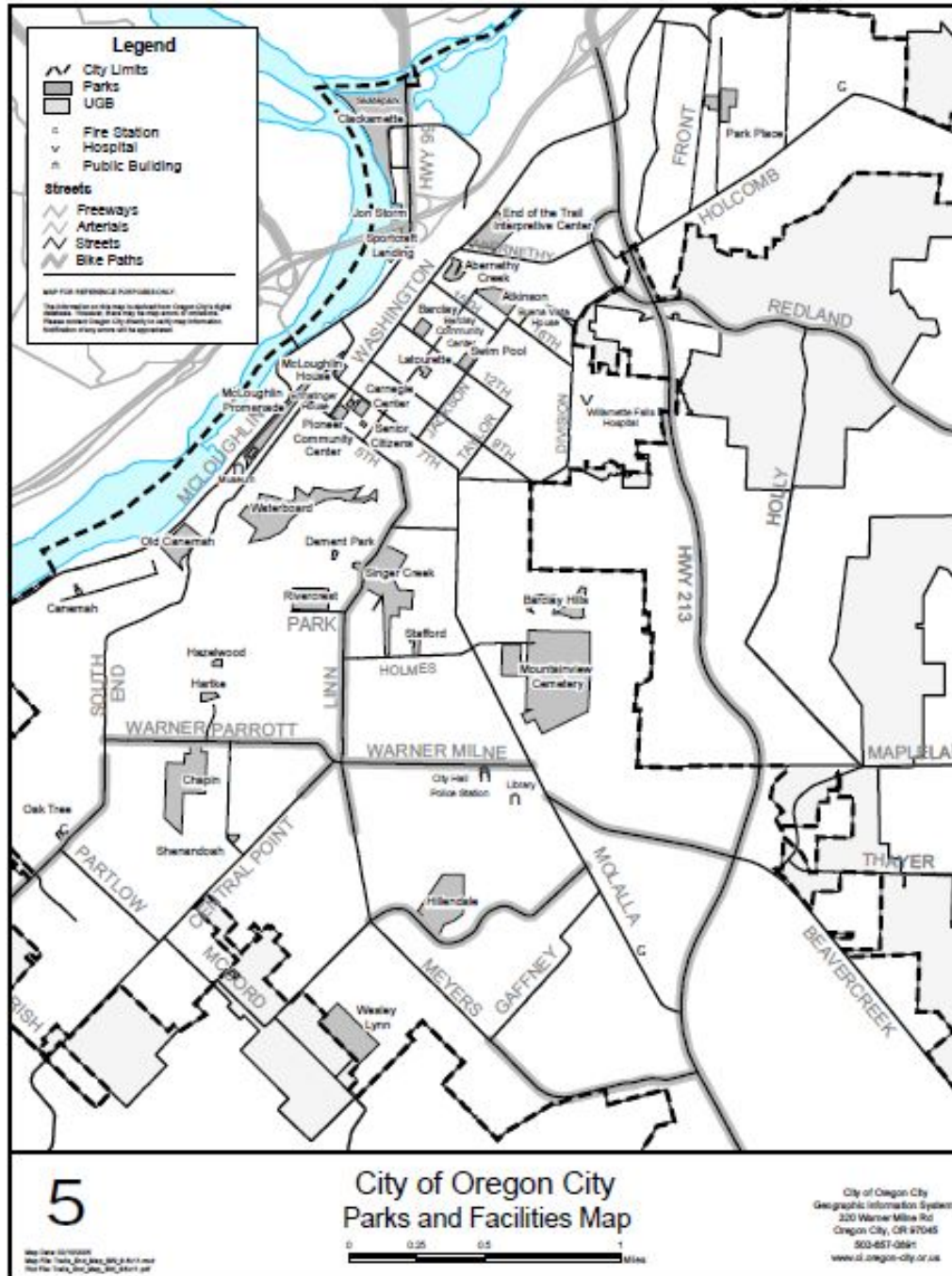
APPENDIX – Oregon City Case Study

Map A: Oregon City, Oregon¹²³



Map B: Parks Service Area¹²⁴

¹²³ Google maps. Retrieved online on November 5, 2016.



¹²⁴ Oregon City, Oregon website. *Parks*. Retrieved online from: <http://www.oregon-city.org/parksites> on November 5, 2016.

Chart A: Oregon City, Oregon Organizational Chart¹²⁵

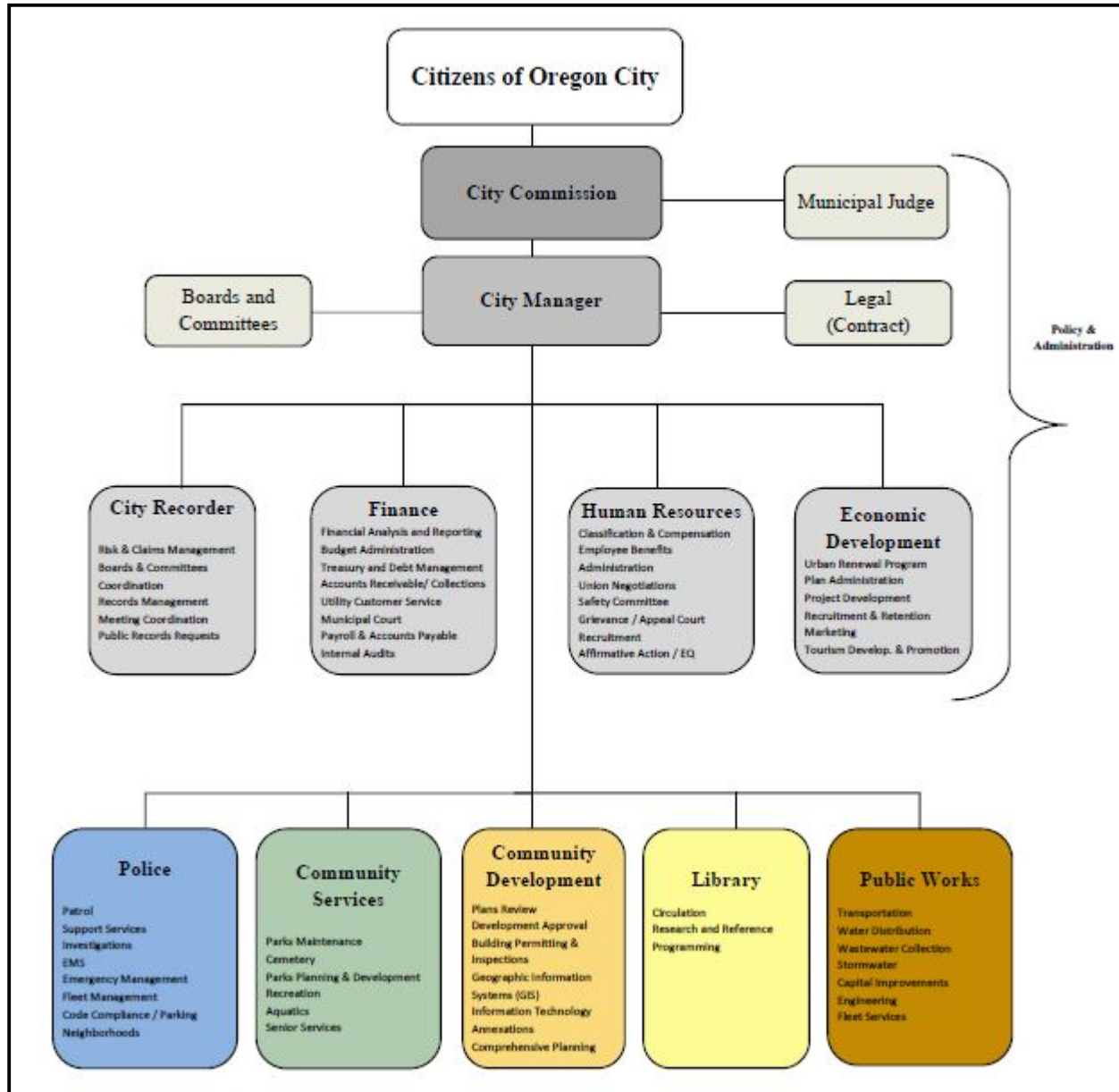


Chart B: SDC Fund, Portion to Parks Development Fund¹²⁶

¹²⁵ Oregon City, Oregon Adopted 2015 – 2017 Biennial Budget. pg. 14.

¹²⁶ Oregon City, Oregon Adopted 2015 – 2017 Biennial Budget. pg. 118.

Parks Development	2011-2012 Actual	2012-2013 Actual	2013-2015 Amended Budget	2015-2017 Proposed Biennium	2015-2017 Approved Biennium	2015-2017 Adopted Biennium
Resources						
Beginning Fund Balance	\$ -	\$ -	\$ -	\$ 2,845,672	\$ 2,845,672	\$ 2,845,672
Intergovernmental	-	-	-	-	-	-
Charges for Services	-	-	-	843,292	843,292	843,292
Interest Income	-	-	-	29,766	29,766	29,766
Miscellaneous Income	-	-	-	56,164	56,164	56,164
Total Resources	\$ -	\$ -	\$ -	\$ 3,774,894	\$ 3,774,894	\$ 3,774,894
Requirements by Category						
Materials & Services	-	-	-	163,000	163,000	163,000
Capital Outlay	-	-	-	1,990,000	1,990,000	1,990,000
Transfers	-	-	-	76,980	76,980	76,980
Contingency	-	-	-	1,544,914	1,544,914	1,544,914
Unappropriated Fund Balance	-	-	-	-	-	-
Total Requirements	\$ -	\$ -	\$ -	\$ 3,774,894	\$ 3,774,894	\$ 3,774,894

Note: Historical information provided for comparative purposes only

Chart C: Revenue Sources by Category for 2015-1027 Biennial¹²⁷

GENERAL FUND COMMUNITY SERVICES REVENUE BUDGET				
FUNCTION	ACCOUNT	2015-16	2016-17	BIENNIAL BUDGET
PARKS AND CEMETERY	RIGHT OF WAY FEES - PARKS	200,000	200,000	400,000
PARKS AND CEMETERY	BOAT RAMP MAINT	10,100	10,100	20,200
PARKS AND CEMETERY	CEMETERY-SALE OF NICHES	20,000	20,000	40,000
PARKS AND CEMETERY	CEMETERY-SALE OF LOTS	85,000	85,000	170,000
PARKS AND CEMETERY	CEMETERY-LABOR SALES	20,000	20,000	40,000
PARKS AND CEMETERY	CEMETERY-INTERMENT CHGS	10,000	10,000	20,000
PARKS AND CEMETERY	PARKS RENTAL & SERVICE	25,000	25,000	50,000
PARKS AND CEMETERY	CEMETERY-MATERIAL SALES	3,000	3,000	6,000
PARKS AND CEMETERY	CEMETERY-NAME PLATES	40,000	40,000	80,000
PARKS AND CEMETERY	CEMETERY-LINER SALES	12,000	12,000	24,000
PARKS AND CEMETERY	CEMETERY-HEADSTONE SALES	40,000	40,000	80,000
PARKS AND CEMETERY	RECORDING & FILING FEES	25,000	25,000	50,000
PARKS AND CEMETERY	ENGRAVING	5,000	5,000	10,000
PARKS AND CEMETERY	VASES	1,000	1,000	2,000
PARKS AND CEMETERY	MISC INCOME	500	500	1,000
PARKS AND CEMETERY	SPORTCRAFT WATERWAY	8,500	8,500	17,000
PARKS AND CEMETERY	CAMPING FEES	80,000	80,000	160,000
RECREATION AQUATICS	OREGON CITY SCHOOL	40,000	41,200	81,200
RECREATION AQUATICS	MEMBERSHIP	28,000	28,840	56,840
RECREATION AQUATICS	ADMISSIONS	28,000	28,840	56,840
RECREATION AQUATICS	LESSONS	110,000	113,300	223,300
RECREATION AQUATICS	SENIOR CITIZEN EXERCISE	4,000	4,120	8,120
RECREATION AQUATICS	PROGRAMS	25,000	25,750	50,750
RECREATION AQUATICS	ROOM RENTALS	21,000	21,630	42,630
RECREATION AQUATICS	LOCKER RENTALS	700	721	1,421
RECREATION AQUATICS	WEIGHT ROOM	2,400	2,472	4,872
RECREATION AQUATICS	VENDING MACHINES	1,200	1,236	2,436
RECREATION AQUATICS	RESALE ITEMS	2,400	2,472	4,872
RECREATION AQUATICS	MISCELLANEOUS	1,400	1,442	2,842
RECREATION AQUATICS	PUNCH CARDS	10,000	10,300	20,300
RECREATION AQUATICS	SWIM TEAM	18,000	18,540	36,540
PIONEER CENTER	MEDICAID GRANT	101,000	102,000	203,000
PIONEER CENTER	WEST LINN TRANSPORTATION	38,896	38,896	77,792
PIONEER CENTER	PIONEER CARDS	1,438	1,481	2,919
PIONEER CENTER	PARTICIPANT CONTRIBUTIONS	28,000	28,500	56,500
PIONEER CENTER	SR CENTER-ROOM RENTALS	25,000	26,000	51,000
PIONEER CENTER	COFFEE SALES	1,070	1,102	2,172
PIONEER CENTER	VAN SERVICE	3,733	3,800	7,533
PIONEER CENTER	NSF CHECKS/CHARGED BACK	100	100	200
PIONEER CENTER	TRIPS	5,000	5,000	10,000
PIONEER CENTER	ACTIVITIES & SERVICES	24,000	24,500	48,500
RECREATION PROGRAMS	PROGRAM/CLASS FEES	29,092	29,965	59,057
RECREATION PROGRAMS	SUMMER CONCERTS	15,600	15,600	31,200
TOTAL COMMUNITY SERVICES		1,150,129	1,162,907	2,313,036

¹²⁷ Mcilveen, Mireya. 2015-2017. *General Fund Community Services Revenue Budget*. Received via email correspondence on October 26, 2016 as an attachment.

Redmond, Oregon

MEMORANDUM

TO: REBECCA LEWIS

FROM: MARYBETH DEITERS

SUBJECT: REVIEW OF REDMOND, OREGON DIVISION OF PARKS, FACILITIES AND CEMETERY

DATE: 11/13/2016

Overview

The city of Albany seeks new funding strategies for its Parks and Recreation Department. As a first step in this endeavor, the city has asked for a review of parks department funding strategies in comparable cities. This memo summarizes the funding of the Redmond, Oregon Division of Parks, Facilities and Cemetery by describing the Division's services, outlining its budget and fund structure, and describing its revenue sources and key expenditures for both operational and capital needs. Finally, this memo assesses which practices in Redmond may be helpful in advising new funding strategies for Albany.

Context

Redmond, Oregon is located in Deschutes County. The City is known as "The Hub" of Central Oregon due to its centralized location and is home to the fourth largest air carrier airport in the state.¹²⁸ With an estimated population of 28,654, Redmond, like many Oregon cities, is experiencing rapid population growth. In fact, the population increased by 112% from 2000 to 2015.^{129, 130} This population growth has increased the demand on the City's parks. In response, the 2030 Parks Master Plan set ambitious goals for the city which include providing Neighborhood Parks within a half mile of every resident, and four acres of Community Parks per 1000 residents. These goals require sustainable operating and capital funding strategies making Redmond a great comparator for Albany.

Redmond Division of Parks, Facilities and Cemetery

The city of Redmond operates under a council-manager style government where the City Manager oversees several departments. The Division of Parks, Facilities and Cemetery (Parks Division) is housed within the Public Works Department.¹³¹ A six member Parks Committee

¹²⁸ "City of Redmond, Oregon Adopted Budget: FY 2016 - 2017" (Redmond, Oregon: Budget Committee), accessed November 5, 2016, <http://www.ci.redmond.or.us/home/showdocument?id=8093>

¹²⁹ U.S. Census Bureau; 2000 Census Summary File 1; Table SF 1; generated by MaryBeth Deiters; using American FactFinder; <http://factfinder2.census.gov>; (5 November 2016)

¹³⁰ U.S. Census Bureau; Annual Estimates of the Resident Population: April 1, 2010 to July 1, 2015; 2015 Population Estimates; generated by MaryBeth Deiters; using American FactFinder; <http://factfinder2.census.gov>; (5 November 2016)

¹³¹ "Parks Division," *Redmond Oregon*, accessed November 5, 2016, <http://www.ci.redmond.or.us/government/departments/public-works/parks-division>

participates in the creation of the parks master plan and the prioritization of parks projects.¹³² As in many cities, the main task of the Redmond Parks Division is the maintenance of public parks and their facilities. This maintenance includes mowing, pesticide/herbicide application, playground equipment inspection, restroom maintenance and cleaning, and trash pick-up. Further, the Redmond Parks Division provides facilities maintenance for City-owned buildings. Unlike many municipal parks departments however, Redmond's Parks Division is not responsible for recreational services although it may help coordinate special events within the community.¹³³

There are 26 developed parks owned and maintained by the City of Redmond totaling more than 417 acres with an additional 250 acres of undeveloped open space.¹³⁴ In addition, the Parks Division maintains 3.8 miles of the Dry Canyon Trail, the 20 acre Redmond Memorial Cemetery and about 150,000 square feet of 10 public facilities.¹³⁵

Budget Structure and Submission Process

The Parks Division operates out of a special revenue fund called the Parks and Facilities Fund. This fund is further divided into five sub-funds that are either related to operation or capital funding.¹³⁶

Operations related sub-funds

1. Parks and Facilities Operations is used for general operations, park, and cemetery maintenance.
2. Facilities Maintenance is used for the maintenance of the 10 public facilities.

Capital related sub-funds

3. Capital Vehicle and Equipment is used to enhance or replace division vehicles and equipment.
4. Capital Projects is used to allocate funds for major upgrades and new development and construction.
5. System Development Charges allocates money needed to expand the parks system as a result of new growth.

The budgeting process begins with the Budget Director distributing instructions and the budget calendar to Department Directors. The budget instructions set out how each department should estimate revenues and financial needs in their proposed budgets. The City Council meets with

¹³² "Redmond, OR : Parks Committee," accessed November 30, 2016, <http://www.ci.redmond.or.us/government/commissions-committees/parks-commission>.

¹³³ City of Redmond, Oregon Adopted Budget: FY 2016 - 2017" pp. 105

¹³⁴ "Redmond: 2030 Parks Master Plan Update" (David Evans and Associates, 2008), accessed November 5, 2016, <https://scholarsbank.uoregon.edu/xmlui/handle/1794/5830>.

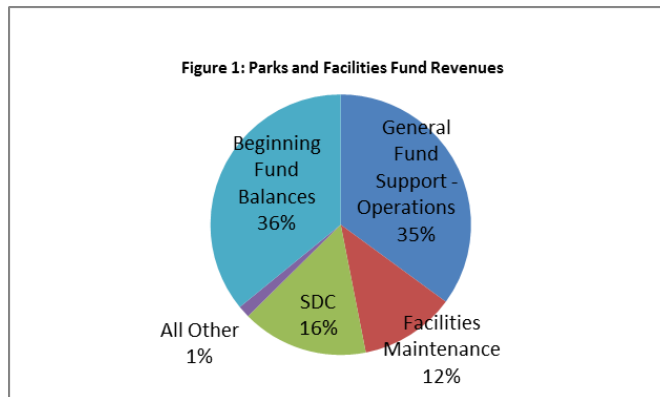
¹³⁵ "City of Redmond, Oregon Adopted Budget: FY 2016 - 2017" pp. 105

¹³⁶ Ibid.

staff to ensure that division and department priorities are in line with city goals.¹³⁷ Once departments complete initial budget estimates, the Budget Director reviews them line by line with department staff. Finally, the balanced budget is presented to the Budget Committee for review and approval.¹³⁸

Revenues and Expenditures

For fiscal year 2015/2016, resources for the entire Parks and Facilities Fund totaled \$4.6 million.¹³⁹ As can be seen in Figure 1, beginning fund balances and General Fund support each make up roughly one-third of total revenues.¹⁴⁰ However, the fund

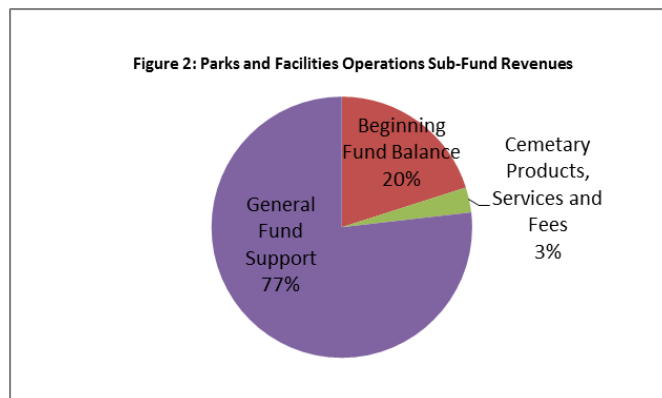


structure and reserve policies cause this cursory analysis to be misleading. For example, the SDC Sub-Fund must maintain at least two years of debt service. Consequently, it accounts for 67% or \$1.1 million of the beginning fund balances.¹⁴¹ Therefore, it is important to review revenues and expenditures related to operations and those related to capital funds separately.

Operating Revenues

There are two operations related sub-funds, the Parks and Facilities Operations and the Facilities Maintenance sub-funds. Together, they total \$2.6 million in revenues and comprise 54% of the total Parks and Facilities Fund. The larger of the two funds, the Parks and Facilities Operations Sub-Fund (Operations), accounts for \$2.1 million in revenues.

The greatest share of Operations revenues are transfers from the General Fund. In fact, city policy requires that 13% of General Fund available resources go to the Parks and Facilities Fund and this is allocated into the Operations sub-fund.¹⁴² For the current fiscal year, this amounts to \$1.6 million, comprising 77% of all



¹³⁷ Ibid. pp. 22

¹³⁸ Ibid.

¹³⁹ To account for transfers of \$260,000 from the Parks and Facilities Operations Sub-Fund to other sub-funds, percentages are derived from a total of \$4.8 million.

¹⁴⁰ "City of Redmond, Oregon Adopted Budget: FY 2016 - 2017" pp. 108

¹⁴¹ Ibid. pp. 108-109

¹⁴² Ibid. pp. 105

Operations revenues. Figure 2 shows that the remaining revenues are comprised of beginning fund balances at 20% and then Cemetery Products, Services and Fees at 3%.¹⁴³

Finally, the Facilities Maintenance Sub-Fund accounts for \$549,333 or 21% of operations related revenues. It acts as an enterprise fund and its revenues are derived from inter-service fund transfers from other departments.¹⁴⁴

Operating Expenditures

Since the Facilities Maintenance Sub-Fund acts as an enterprise fund, its expenditures are directly related to the cost of providing the services. As with most funds of its type, the largest expenditure, roughly 65%, is on personnel.¹⁴⁵

The Operations sub-fund accounts for most of the operating related expenditures and it is further broken down into two programs, General Operations and Cemetery. General Operations accounts for 88% of expenditures, while Cemetery accounts for the remaining 12%.

Interestingly, personnel related expenses do not account for the largest share of expenditures for either of these programs. Instead, materials and services is the largest expenditure type.¹⁴⁶

Capital Revenues

The Parks and Facilities Fund has three sub-funds related to capital revenues. Combined, these account for roughly half of total Parks and Facilities revenues. The smallest of these sub-funds, comprising 1% the Parks and Facilities Fund, is the Capital Vehicle and Equipment Sub-Fund. It receives revenues via transfer from the Operations sub-fund.

The Capital Projects Sub-Fund is also supported by transfers from the Operations sub-fund. For the current fiscal year, intra-fund transfers account for two-thirds of its revenues. The remaining one-third comes from the beginning fund balance. However, this fund also receives revenues through grants and private sources. While the current budget does not include private sources of revenue, \$363,223 of private money was received over the prior three years.¹⁴⁷

The largest of capital related sub-funds is the SDC Sub-Fund which accounts for 53% of capital related revenues.¹⁴⁸ The Parks Division SDC fee is \$2,672 per residential dwelling unit.¹⁴⁹ Again, this fund must maintain at least two years of debt service so the beginning balance is quite sizable. Still, interest revenue and SDC fees accounted for 45% of SDC Sub-Fund Revenues.

¹⁴³ Ibid. pp. 110-111

¹⁴⁴ Ibid. pp. 111-113

¹⁴⁵ Ibid.

¹⁴⁶ Ibid.

¹⁴⁷ "City of Redmond, Oregon Adopted Budget: FY 2016 - 2017" pp. 114

¹⁴⁸ Ibid. pp. 113

¹⁴⁹ "City of Redmond Fee Schedule" (Redmond, Oregon), accessed November 5 2016, <http://www.ci.redmond.or.us/home/showdocument?id=34>.

Capital Expenditures

Expenditures related to the three capital sub-funds make-up \$2.2 million of the Parks and Facilities Fund budgeted expenditures. For these three funds, there are no associated personnel expenditures. As shown in Figure 3, when analyzing these three funds as a whole, reserves account for the largest share of expenditures at 63%.¹⁵⁰ While city policy dictates the amount that must be maintained in reserve for the SDC Sub-Fund, it does not require the same for either of the other two funds. For the current fiscal year, reserves account for 19% of Capital Vehicle and Equipment Sub-Fund expenditures with the purchase of machinery, equipment and vehicles accounting for the remaining 81% of its expenditures. The Capital Projects Sub-Fund is not putting any money into reserves this year and 100% of expenditures are going toward infrastructure improvements.

Redmond has several capital improvements planned for the year and Table 1 provides a summary of the estimated expenditures. Combined, the improvements comprise 27% of total capital sub-funds expenditures. The Capital Projects Sub-Fund is financing 53% of the improvements projects proposed this year, while the SDC Sub-Fund makes up the rest.

Table 1: Expenditure Estimates for major capital improvements and maintenance FY2016/17

Project	Capital Projects Expenditures	SDC Expenditures	Total Project Expenditures
Homestead Canal Trail (pending grant)	\$ -	\$ 150,000	\$ 150,000
Hathaway Overlook Park Development	\$ 50,000	\$ -	\$ 50,000
Quince Park Improvements	\$ 150,000	\$ 50,000	\$ 200,000
Future Projects	\$ 110,000	\$ 75,000	\$ 185,000
Total	\$ 310,000	\$ 275,000	\$ 585,000

Source: "City of Redmond, Oregon Adopted Budget: FY 2016 - 2017" pp. 109

Debt Service Obligations

As seen in Figure 3, 8% of capital expenditures are on debt service. There is one outstanding debt obligation related to parks capital improvements.¹⁵¹ Redmond received a Full Faith and Credit (FF&C) loan in 2012 for \$1.17 million in order to acquire the Dunn and Fields property. Table 2 shows that the SDC Sub-Fund covers 84% of the debt service obligations and the remaining 16% is covered by the Operations Sub-Fund. The loan is set to mature in FY 2022/23.¹⁵²

Table 2: Parks Acquisition Debt Obligation Summary

Description	Date of Issue	Average Interest Rate	Remaining Term (Years)	Principal Outstanding (Beg. Of FY 16/17)	Debt Service Payment	% of Total Debt Service
Dunn/Fields Property Acquisition (Non-SDC)	6/5/2012	4.18%	7	\$ 187,200	\$ 31,492	16%
Dunn/Fields Property Acquisition (SDC)	6/5/2012	4.18%	7	\$ 982,800	\$ 165,333	84%
Total				\$ 1,170,000	\$ 196,825	100%

Source: "City of Redmond, Oregon Adopted Budget: FY 2016 - 2017" pp. 47

¹⁵⁰ "City of Redmond, Oregon Adopted Budget: FY 2016 - 2017" pp. 113-114

¹⁵¹ *Ibid.*

¹⁵² *Ibid.* pp. 47

Conclusions

This review of Redmond's Division of Parks, Facilities and Cemetery budget illuminated an alternative way of accounting for all the funds allocated to the division via the Parks and Facilities Special Revenue Fund. The sub-funds used by Redmond allow the Parks Division to accumulate and save funds for capital expenditures, including debt servicing. These practices highlight the need for a capital budget in addition to the Albany Parks and Recreation operating budget. By setting aside capital money in a separate fund, Albany can better meet its capital improvement goals. However, the division of Redmond's Parks and Facilities Fund into five sub-funds may cause confusion for members of the public accessing the budget. Thus, it is not recommended that Albany account for capital revenues and expenditures using three sub-funds.

Salem, Oregon

Danaan Davidson

This memo will give a brief overview of Salem, OR and its Parks Section, a part of the city's Parks and Transportation Services Division. It begins with a description of the city and its parkland, followed by the Parks Section administrative structure. The second half of the memo addresses the Parks Section budget, including revenue, expenses, and capital projects. I end by identifying a few practices of Salem's Park Section that Albany Parks Department may want to consider adopting.

Description of the City and its Parkland

Salem, while larger than Albany, faces the same problems with regards to funding their parks as we do. They have a similar demographic makeup, and a large Spanish speaking population. Salem had a population of 154,637 people, with a median age of 34.5, based on the 2010 census, and a 2014 estimate put the population at 161,637. Over 97% of Salem is white, 20.3% identify as Hispanic or Latino, and 20.1% speak a language other than English at home (Spanish being the most common). Salem residents had a median income of \$43,534 in 2010.

Topographically, Salem has farmland and orchards; hills; creeks; wetlands; and the Willamette River. The city is about 46 square miles, but the "CPSMP [Comprehensive Park System Master Plan Update] planning area includes land within the Salem-Keizer Urban Growth Boundary (UGB), including portions of unincorporated Marion and Polk counties and excluding the City of Keizer, creating a planning area of approximately 61 square miles."

The City of Salem has 1,928 acres of park land; 1,328 acres are developed and 600 acres are undeveloped. Parks in Salem range from the smallest neighborhood park, Gracemont Park at 0.34 acres, to Minto-Brown Island Park, at 899 acres (almost half of the city's total park acreage). You can find a map at:

<http://www.cityofsalem.net/Residents/Parks/Documents/111412Mapcolor.pdf>

In 1999, the CPSMP planning process found that residents were satisfied with the variety of parks, but were dissatisfied with the age and condition of parks and facilities. For a description of the types of parkland, see Appendix 1.

Parks Section Structure

In Salem, the Parks and Transportation Services Division exists within the Public Works Department. It is divided into two maintenance districts, each of which have a manager. Additionally, the Urban Forester position oversees the Urban Forestry program, street and park tree care, and irrigation systems.

The CPSMP Update from 2013 is meant to direct Salem's park system through 2035. It builds on and advances the 1999 CPSMP.

Budget Process

Salem prepares budgets at a fund and department level for all governmental and proprietary funds. Salem prepares five-year forecasting of the General Fund annually which it uses in tandem with the annual budget as the foundation for the City's financial planning and control.

Partially in order to strengthen bond market confidence, the City of Salem has a policy of maintaining approximately 15% of budgeted General fund revenues in contingencies and unappropriated General fund balance.

“Through April and May, 2016, an 18-member Budget Committee, consisting of the entire City Council (including the Mayor) and nine community members appointed by Council, considered input from City staff on the City’s projected revenue as well as the cost of City services and prioritized capital projects. The Budget Committee recommended the City’s half billion dollar budget to City Council, which held a public hearing on June 6, 2016. Based on staff and public input, the annual budget was approved by resolution at the June 27 City Council meeting. The FY 2016-17 Fiscal Year Budget will end on June 30, 2017.”

Revenue and Budget

Seven percent of general fund expenditures went towards parks and recreation in FY 2016, resulting in a 400% increase from the previous fiscal year. Most Parks Division operation and maintenance revenue comes from the General Fund, with a portion of the Transient Occupancy Tax (TOT) and Gas Tax dedicated to parks. The recession obviously decreased these amounts. The total parks operations budget for FY 2016 was \$6,212,910, with 58.2% (\$3,616,970) going towards personnel services and the other 41.8% (\$2,595,940) for materials and services.

Salem Parks spent:

- \$692,550 on ‘other professional services’,
- \$265,550 on intragovernmental transfers for administration and support services,
- \$106,320 on their volunteer services, which employs a staff of one,
- \$60,000 on park repair,
- \$13,940 on towards training, and,
- \$7,000 on controlled equipment.

“The budget includes \$15.1 million for parks projects, including funding to construct Eola Ridge Park (Phase 1 Improvements), continue work on the Battle Creek Park Master Plan, update the Riverfront Park Master Plan and design improvements for the recently acquired 3.8 acres, provide renovations to the Wallace Marine Park softball complex, and over \$230,000 for Salem Park Improvement (SPIF) Projects focused on neighborhood park projects.”

Some General Fund dollars (\$60,000 for FY 2016) go to the Salem Park Improvement Fund, which will match funds with neighborhood associations who submit a park improvement proposal. This amount varies every budget cycle, and might get cut in the future.

Salem Parks Division receives revenue from a systems development charge on new residential properties, and is considering imposing one on commercial development as well. Right now they charge: \$3,745 for single family developments, \$2,449 for multifamily, and \$2,737 for manufactured homes. For FY 2015-16 these charges came out to \$410,000.

Occasionally, private sources will provide funding for the Parks Division. In 2013, the Willamette Wildlife Mitigation Program purchased 307 acres for Salem, which the Parks section now manages.

The CPSMP recommends an additional \$6,245,690 annually for park operations, half of which would fund an increase in FTE by 32. Salem Parks currently allocate \$60,000 per year to deferred maintenance, but fall another \$140,000 behind annually.

In their search for additional revenue, Salem identified park service charges, a bond, or a levy as the most feasible options. Salem has not passed a park levy since 1990, and the most recent parks bond measure failed in 2002.

Salem Parks Division also identified trading land with the school district as a potential way to acquire land better suited to their needs. The parks division may also sell land with limited development potential to raise funds for other land purchases.

In addition, the City Council of Salem has the authority to impose a monthly park service fee without the approval of the electorate. This would likely have political consequences. Does Albany's City Council have this authority?

Bonds and Capital Projects

The Parks master plan recommends \$76,400,380 in capital improvements. In FY 2016, Salem spent a total of \$15,058,990 on building and renovating park community facilities. SDC's payed for \$6,209,230, but the majority (\$8,078,840) came from other agencies.

Capital projects can range from sidewalk maintenance to the construction of a new bridge. Salem Parks has many capital projects underway, most of them small scale improvements. For example, they are working on one project to "construct, widen, and repave trails in Minto-Brown Island Park in order to support distance running, walking, and bicycling events."

They are also working on "a bicycle and pedestrian bridge and trail connection between Minto-Brown Island Park and Riverfront Park. Work will continue through next year with construction scheduled to be complete by November 2016."

Salem currently pays debt on bonds for streets and bridges; fire; and urban renewal. Citizens have not passed measures for park bonds.

Lessons for Albany

Albany already funds their parks in more ways than Salem, but Salem has found some creative options that I believe Albany has yet to consider.

First, Salem partners with its local school district. The parks division coordinates with the district to care for school parks, and is considering swapping tracts of land.

Second, the city uses court-ordered community service; state and county inmate work crews; and workers from various job training programs as supplemental labor. The Parks Division has three Oregon Department of Corrections labor crews year-round, and another for six months. Besides this, the Division has enough volunteer hours to account for 28 full-time positions, and has reached its capacity for volunteers and supplemental labor.

Third, Salem is considering introducing a monthly parks utility fee on every household in the city to help pay for park operations.

Albany should consider building a stronger relationship with its school district and hiring corrections labor crews. The city should also find out if the City Council can impose a monthly park service fee without the approval of the electorate.

References/Notes

Master Plan:

http://www.cityofsalem.net/Residents/Parks/Documents/park_system_master_plan_adopded_2013-05-13_web.pdf

Salem Adopted Budget:<http://www.cityofsalem.net/Departments/Budget/Pages/FY2015-16.aspx>

CAFR:<http://www.cityofsalem.net/Departments/AdministrativeServices/Finance/Documents/CAFR2015.pdf>

Trust for Public Land Funding Sources:

<http://www.cityofsalem.net/Residents/Parks/Documents/1SalemORFundingStudyFINAL.pdf>

Tualatin Hills Park and Recreation District, Oregon

Andrew Martin

Tualatin Hills Park and Recreation District (THPRD) is a special district providing recreational facilities for the greater Beaverton, Oregon area. This includes the city of Beaverton, as well as some of the unincorporated area in Washington County, Oregon. The district abuts Tigard and Portland, but does not provide services to these cities. The district is authorized under Oregon Regulatory Statutes (ORS) 266.410 (3) “to construct, reconstruct, alter, enlarge, operate and maintain such lakes, parks, recreation grounds and buildings...” THPRD uses this power to operate a large inventory of assets spanning more than 2,500 acres. The district itself is about 50 square miles, covering almost 240,000 residents.¹⁵³ Appendix A displays the area served by the district.

The district is governed by a board of directors comprised of five members. They are elected by citizens of the district in accordance with ORS Chapter 255. This chapter of the ORS deals exclusively with the election laws for special district board members and ballot initiatives for districts. The board of directors appoints a general manager who handles the day to day management of the district. Department heads oversee their respective units and report to the general manager. Most of the operations fall under the direction of the Director of Park and Recreation Services or the Director of Business and Facilities.

The budget process is directed by the budget committee, which is composed of all five board members and five citizens appointed by the board. A budget is developed and passed by the budget committee each year. In accordance with state law, public input is encouraged at several points in the process.

Revenues

As a special district, THPRD is authorized to collect up to .5% of the real market value of a house, per ORS 266.420. The district's tax levy is set at \$1.3073 per \$1000 of assessed value. In 2008, voters approved a bond measure for \$100 million to be paid back over 20 years. For the 2016-2017 fiscal year, this added an additional \$.3128 per \$1000 assessed value to the tax levy. This brings the total tax levy in for the fiscal year to \$1.6211 per \$1000 assessed value. The debt levy is restricted to the Bonded Debt Fund, which repays bonds taken out as a result of the bond measure. Revenues generated from the permanent rate levy are all directed into the general fund.

The total budget for 2016-2017 is \$114,202,763. Figure 1 shows the breakdown of total revenues by fund. About half of this is in the Capital Projects Fund, with nearly all of the remainder accruing to the General Fund. THPRD expects to collect \$35,898,933 in taxes after subtracting for delinquency and adding in payments in lieu of taxes. Nearly \$7 million of the collected taxes will go to the Debt Service Fund. The remainder goes to the General Fund.

¹⁵³ Tualatin Hills Park and Recreation District (2016). Fact Sheet 2016. Retrieved from <http://cdn1.thprd.org/pdfs2/document3101.pdf>.

Figure 1: Revenues by Fund

Fund Name	Total Revenues
General Fund	\$51,696,104
Special Revenue Fund	\$160,600
System Development Charge Fund	\$25,858,023
Bond Capital Project Fund	\$29,155,955
Debt Service Fund	\$7,332,081
Total	\$114,202,763

Several funds provide funding for capital improvements. These are the System Development Charge Fund and the Bond Capital Projects Fund. The System Development Charge Fund collects and holds money from system development charges assessed to new developments or significant expansions of current developments. The Bond Capital Projects Fund holds funds generated from the sale of bonds. These funds have large amounts of cash on hand to start the year for this budget cycle. These funds are all restricted for use on capital projects. In the case of the Bond Capital Projects Fund, the funds are restricted to a specific set of projects that were listed in the 2008 bond measure approving the issuance of bonds.

The only special revenue fund currently in use is the Mitigation Maintenance Fund, which holds funds reserved for maintenance on projects that are related to natural area restoration and mitigation sites.

The Debt Services Fund is responsible for paying general obligation bonds taken out by the district. THPRD began issuing bonds totaling \$100 million in 2009 after receiving voter approval the previous year. The district has an outstanding balance on that debt of \$77,350,000. The local option determines the tax levy based on the required payment divided by the total value of the assets within the district. For 2016-2017, required payments are \$7,332,081. This requires a tax levy of \$.3128 per \$1000 assessed value. All of the money raised from this levy is put into the Debt Services Fund and used to pay for debt service.

The General Fund receives \$28,926,852 in tax revenue out of a total budget of \$51,696,104. Other major sources of revenue include cash on hand, grants and intergovernmental transfers, and user fees. Sponsorships account for only \$5,000 of revenues. User fees account for \$11,080,840 of the General Fund resources. These are generated by sports programs, recreation classes, a tennis center, a swim center, and natural areas. The city has an explicit policy for cost recovery targets for various types of programs based on how they benefit the community.

Figure 2: Sources of revenue for all funds

Source	Amount
Beginning balance/carry over/previously levied taxes	\$49,624,104
Swim center revenue	\$3,038,333
Tennis revenue	\$1,090,883
Recreation program revenue	\$4,975,712
Sports program/Athletic center revenue	\$1,583,634
Natural resource revenue	\$392,278
Miscellaneous/interest	\$528,850
Telecommunication site lease revenue	\$193,500
Facility rental revenue	\$381,150
Grants and intergovernmental revenue	\$1,615,844
Sponsorships	\$5,000
System development charges	\$14,522,059
Transfers in	\$352,483
Property tax levy	\$35,898,933

Tualatin Hills Park and Recreation District also receives funds from private sources. As previously stated, a small amount is generated through sponsorships, but the district receives \$193,500 in leases to telecommunications companies. Grants and intergovernmental revenue account for about \$1.6 million in revenues. Interest generated over \$100,000 and the rental of property and sale of concessions at facilities provided \$381,150. Transfers from other funds provided \$352,483. Part of the transfer between funds comes from a fiscal policy in place at THPRD that requires capital projects to pay the General Fund for staff time dedicated to any of those projects. This ensures that capital projects are funded solely through restricted funds and frees up the General Fund to fully fund operational expenses. In total, taxes account for approximately 56% of the General Fund. User fees account for about 21% of General Fund resources.

Expenditures

Capital projects are the largest expenditure for the 2016-2017 budget cycle. In total, capital projects require \$63,012,094. This will be paid for from three funds: \$7,998,116 from the General Fund, \$25,858,023 from the System Development Charge Fund, and \$29,155,955 from

the Bond Capital Projects Fund. Capital improvements are planned for in the capital improvement plan, which is included with the budget. Projects and funding are outlined for the following five years. Major capital projects include turf field replacements and upgrades to the aquatic and fitness centers. More than \$14 million is dedicated to purchasing new land in areas that are experiencing residential growth so that park space can be provided there in the future.

Figure 3: Expenditure categories by fund

Expense type	General Fund	Special Revenue Funds	Debt Service Fund	System Development Charges Fund	Bond Capital Projects Fund
Personnel	\$29,807,536	-	-	-	-
Materials and services	\$8,817,259	\$160,600	-	-	-
Capital outlay	\$7,998,116	-	-	\$25,858,023	\$29,155,955
Debt service	\$973,193	-	\$7,332,081	-	-
Contingency	\$2,400,000	-	-	-	-
Unappropriated funds	\$1,700,000	-	-	-	-
Total	\$51,696,104	\$160,600	\$7,332,081	\$25,858,023	\$29,155,955

The next largest source of expenditure is on personnel. As shown in Figure 3, all personnel expenses are taken from the general fund. In addition to paying some debt service and capital costs, the general fund is used to pay for nearly all operational expenses for all of the departments. For this budget cycle, THPRD will have 473.62 full-time equivalent employees. These are largely divided between two divisions. One is the Business and Facilities Division, which houses many of the departments that are administrative in nature. These include planning, design and development, human resources, finance, and more. The other being the Parks and Recreation Services Division. This division includes departments for sports, aquatics, recreation, trail management, and special activities and programs. The two division essentially perform the administrative functions and the programming functions, respectively. The there is an administrative division, composed of the general manager’s office, however, this is a very small portion of the overall budget and number of positions.

In addition to personnel, these divisions require about \$9 million in materials and services to operate. The Mitigation Maintenance Fund, the only current special fund, provides \$160,600 for

maintenance mitigation work in natural areas. The funding stream is separate because some of the funding comes from grants, and the other money was set aside specifically for the purpose of having a reserve for future mitigation work.

The General Fund also contains a contingency and unappropriated funds. Unappropriated funds can be used later if a budget amendment is necessary, or rolled over to the next year as part of the balance forward and cash on hand.

Lessons for Albany

As a special district, THPRD has a separate tax levy and can roll over funds from year to year. This is not dissimilar to the approach in Albany, however, the Park and Recreation Department in Albany receives a dedicated portion of tax revenues as opposed to its own tax levy. In the THPRD service area, there are approximately 240,000 residents and taxes collected of \$28,926,852.¹⁵⁴ This means the tax burden per capita is approximately \$120.53. For comparison, Albany's Park and Recreation Fund received \$4,425,300 in tax revenues for the 2016-2017 fiscal year. With an estimated 52,175 residents, the tax burden per capita is approximately \$84.82. The Park and Recreation Department in Albany receives a dedicated 20% of the overall property tax, and fiscal policies in the Albany budget hope to reduce the subsidization of the Park and Recreation Department with property tax funds to 55%, however the comparison shows that the relative tax burden per capita is considerably lower in Albany. Albany residents may demand lower service levels than residents of the Tualatin Hills Park and Recreation District, however, it is important to note the difference in per capita tax burdens. If higher service levels are desired, raising the percentage of property tax revenues, a local option levy, or creation of a special district that can levy its own tax are possibilities.

Albany has a target recovery rate of 60% cost recovery for sports programs. Other programs do not list specific targets, but achieve recovery rates between 27% and 65%. These user fees are comparatively low when evaluated against THPRD. THPRD has a fiscal policy outlining the target recovery rates for programs. The tiered system is as follows:

- *Tier 5, mostly individual benefit, will have desired cost recovery of 200%*
- *Tier 4, considerable individual benefit, will have desired cost recovery of 150%*
- *Tier 3, individual and community benefit, will have desired cost recovery of 100%*
- *Tier 2, considerable community benefit, will have desired cost recovery of 75%*
- *Tier 1, mostly community benefit, will have little to no cost recovery from fees.*¹⁵⁵

While many programs have a target of 100% cost recovery, the rate is lower because of the recognition of equity issues and that if rates are too high, participation will be lower. Overall user fees account for 21% of the General Fund in THPRD. In Albany they account for 12.8%. The comparison suggests room to increase the amount of user fees collected in Albany.

Rather than relying on taxes and user fees, Albany collects a significant portion of its budget

¹⁵⁴ Ibid.

¹⁵⁵ Tualatin Hills Park and Recreation District (2016). Adopted Budget Fiscal Year 2016/17. Pg. SD-11. Retrieved from <http://www.thprd.org/document/3425/adopted-budget-fy-201617>.

through sponsorships. While this raises the level of service for residents without increasing their burden, it also increases uncertainty in the budget. Aggressively maintaining the sponsorships and modestly increasing revenues collected from residents could provide additional resources for the Park and Recreation Department with more stable streams.

Willamalane Park and Recreation District, Springfield, Oregon

Ethan Stuckmayer

Purpose

The purpose of this case study is to provide the City of Albany with information on how other cities and special districts fund their parks system. There are a variety of ways jurisdictions go about funding their parks and the City of Albany requests information on how these strategies can be applied to their department including process steps, best practices, and implications of implementation. This case study will provide information specifically on how the Willamalane Park and Recreation District in Springfield, Oregon, a special taxing district, uses a mixture of property taxes, program revenue, and bonded indebtedness to fund its operations and capital expenditures.

Context

In 1944, the citizens of Springfield voted to create Oregon’s second park and recreation special district. The Willamalane Park and Recreation District (Willamalane) is the designated parks service provider for the City of Springfield and its urbanizable area, which includes Glenwood on the eastern edge of Springfield. The special district is separate from the City of Springfield and has its own boundaries, shown in **Figure 1** as 6 sub-areas which, in total, encompass over 60,000 residents. The Park District owns and operates 45 parks and 5 recreation facilities totaling over 1,500 acres. In addition to offering parks, natural, and recreation space, Willamalane also has a heavy focus on providing community programs and classes. The collection of over 500 programs and classes includes summer camps for youth, beginner and intermediate sport and skill training, senior living programs, and many more. Willamalane also hosts festivals and other community events that help to bring the community together throughout the year.

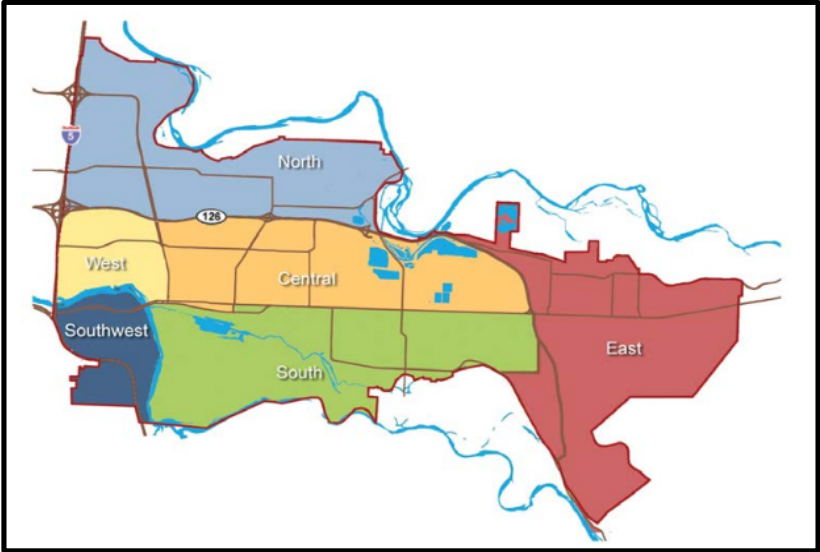


Figure 1. Willamalane Park and Recreation District Sub-Area Boundaries.

In Oregon, special districts are allowed to be created under rules in Chapter 198 of the Oregon Revised Statute (ORS). Chapter 266 of the ORS outlines the exact specifications and

regulations of a parks and recreation special district. In conformance with the ORS, Willamalane is governed by a five-member elected Board of Directors who serves to represent the community within the district boundaries and make decisions to move the park district towards its mission of “delivering exceptional parks and recreation to enrich the lives of everyone they serve.” ORS Chapter 266 also outlines the process for funding special districts such as Willamalane. Parks and Recreation districts have the authority to impose property tax on citizens within its boundaries, secure bonds with voter approval, charge fees for services, and collect revenue in the form of intergovernmental transfers. Willamalane utilizes all of these revenue sources in order to be able to provide its diverse programming to its constituents.

Budget Process

General Fund

The early years of Willamalane were largely funded by donations by local businesses and philanthropists. However, more recent budgets are fueled by property tax revenue, System Development Charges, and specifically, bond measures. Because Willamalane is a special district organized under ORS regulations, their budget process is well defined in Oregon Budget Law. The district must follow the 9 budgeting steps outlined in the Oregon Department of Revenue’s *Local Budgeting Manual* and must include a description of the general fund and its revenues and expenditures.

Being that Willamalane is a special district approved by voters, it has the authority to impose an additional local tax on property in order to fund its operations and capital improvements. Also, because Willamalane is a separate entity from the City of Springfield, residents pay both City of Springfield property taxes and Willamalane property taxes. Willamalane’s approved property tax rate is \$2.0074 per \$1,000 of assessed value¹⁵⁶. As with many jurisdictions in the State of Oregon, these approved property taxes are the single greatest source of revenue in the general fund. In the fiscal year 2016 budget¹⁵⁷, Willamalane projects that it will earn \$8,713,059 from property taxes; this comprises 57% of \$15,203,583 in total General Fund revenue. Other significant revenue sources in the General Fund include: \$2,993,307 in Recreation Fees (19%) and \$2,245,000 in carryover from the previous budget (15%). The remainder of the General Fund revenues are made up of diverse revenues sources as a result of charging users a fee to use the park system, closely following the benefits received principle.

Also of note is the amount of revenue Willamalane receives as part of in-kind donations, private payments, and sponsorships. Willamalane’s General Fund outlines four separate line-items for these types of revenues: Gifts/Grants-restricted, \$78,695; Gifts/Grants-Unrestricted, \$0; Sponsorships/Donations, \$95,100; and revenue from private advertisements in their newsletter, \$1,800. In total, these four line-items account for \$175,595 in revenue, or 1.1% of the General Fund.

Willamalane’s expenditure structure is also typical of a governmental organization. Their most significant expense is on employee wages and benefits, totaling \$8,820,654 or 58% of all

¹⁵⁶ *Fiscal Year 2015-16 Budget Message*. Keefer, Bob, May 13, 2015.

¹⁵⁷ *Willamalane Park and Recreation District FY 16 Proposed Budget Summary General Fund*, May 2015.

expenditures. Materials and Services are Willamalane’s second highest expenditure at \$3,459,435 (23%). Willamalane has routinely asked voters to pay for increased services and facilities by allowing them to take out bonds paid for by property tax hikes or rising user fees. As such, Willamalane carries a heavy debt load that needs to be paid back over time. These debt service payments account for \$2,821,494 (19%) of \$15,203,583 in total expenditures.

Capital Investments

Willamalane’s 2012 Comprehensive Plan¹⁵⁸ update included its Capital Improvement Program strategy that actually provided a two phased funding plan for the next 20 years until 2032. The first phase of the CIP (2012-2021) was projected to cost the district \$39 million. **Figure 2** shows the projected funding options for the first phase of the CIP. Willamalane projected that they would be able to secure over \$10 million in Grants and Donations, \$5.7 million in System Development Charge revenues, and receive an allocation of \$3.2 million from the Building and Construction fund. However, the district was \$20 million short on being able to fund the program in its entirety.

Figure 2. Estimated Funding Source for 2012 Capital Improvement Program Phase 1.

<i>Funding Source</i>	<i>Amount</i>
Building and Construction Fund	\$3,200,000
System Development Charges	\$5,727,416
Grants and Donations	\$10,304,773
General Obligation Bond	\$20,000,000
TOTAL	\$39,232,189

As is evident by the breadth and extent of the services provided by Willamalane, the community views the Park District as a valuable cultural asset that is worth being supported financially. Shortly thereafter, voters within the Willamalane district approved a \$20 million general obligation bond measure that would help to fund phase one of the CIP which included land acquisition, park development, energy improvements, and natural resource development within existing park lands. The bond measure was estimated to increase the average household an additional \$48 per year in property taxes¹⁵⁹. This was a significant step towards Willamalane being able to fund a majority of its 2012 Capital Improvement Plan and allowed them to add a significant amount of park land to their system. Figure 3 shows the location and equal dispersal

¹⁵⁸ *Willamalane Park and Recreation Comprehensive Plan*, Willamalane Park and Recreation District, October 2012

¹⁵⁹ *Willamalane Park and Recreation District Draft Conservation Finance Feasibility Study*, the Trust for Public Land, June 2011.

of investments made as a result of the bond measure.

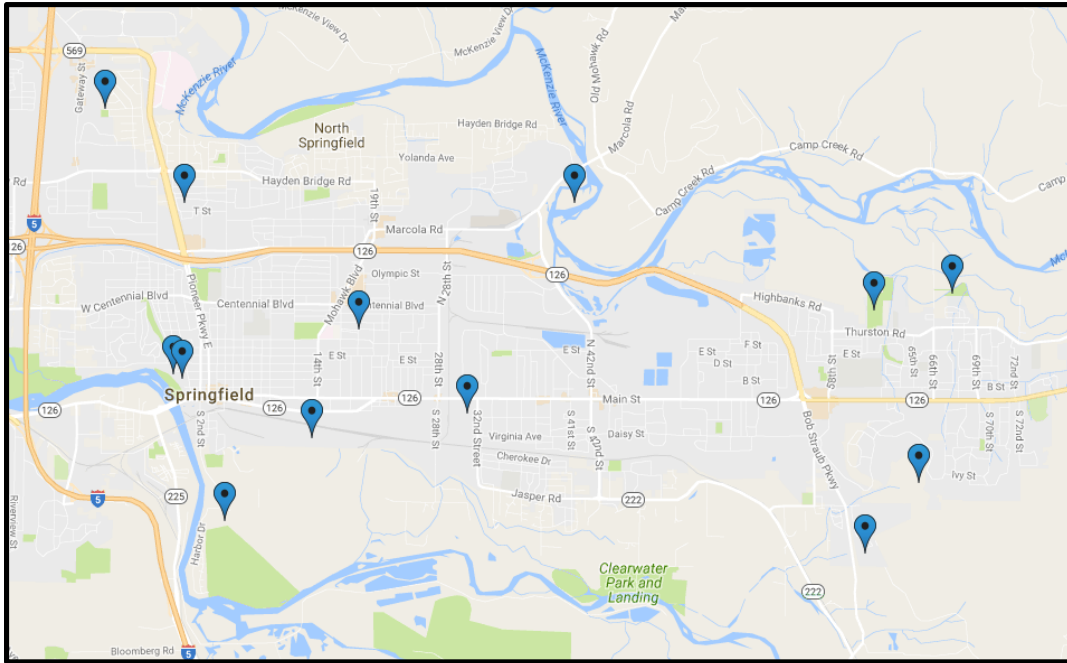


Figure 3. Map of Capital Improvement Projects Funded by the 2012 Bond Measure.

Phase two of the 2012 CIP is likely to cost the Willamalane Park and Recreation District less than phase one at \$28,857,672. Like phase one, this is not fully funded and will require another bond in the year 2022 of \$10 million.

Implications for Albany

There are many best practices that can be gleaned from Willamalane that could assist Albany in its attempt to fund its CIP. First, the use of bond measures ensures that projects are funded in full. Bonds can be used to fill gaps where traditional funding sources fall short. Secondly, the use of SDCs by the Willamalane Park and Recreation District can be applied to Albany easily because the administration and collection of the charges operates in a manner that is similar in both jurisdictions.

Bond

Willamalane Park and Recreation District has historically been very successful at securing bond funding and the voters of Springfield seem to be receptive of the concept. Whether or not this is the case in Albany has yet to be seen as the city has never attempted to pass a bond measure to fund a park system update. This is a fairly common practice in the State of Oregon in fact, since 1988, voters across Oregon have passed 22 of 38 parks and open space bond measures to add over \$3.1 billion to local and state budgets. Support for bonds depends on the jurisdiction and its citizen values but generally, bond measures that are obligated for parkland acquisitions or park-specific capital improvements have one of the highest success rates of any bond¹⁶⁰.

¹⁶⁰ Landvote.org

Perhaps partially a reason the most recent Willamalane bond measure was successful was the fact that the district wasn't asking the voters to pay for the whole of the CIP outright. The mixture of funding sources applied to phase one of the CIP helped to reduce the amount of the debt and potentially made it more palatable to the voters. Willamalane made conscientious effort to set forth a plan that would not put the citizens and their organization at risk by taking on too much debt. Should the City of Albany consider using a bond measure to fund its capital improvements, this best practice should be considered.

System Development Charges

Albany has used System Development Charges to fund portions of its budgets in the past and will likely continue to be utilized. However, the amount collected in SDCs is not keeping pace with the money that is needed to fund is needed capital improvements and should be increased in order to do so. Even though the process for conducting a SDC rate study is outlined in Oregon Statute, Willamalane provides a local case study into the topic. In 2015, Willamalane concluded a survey and methodology study to provide a rationale for its 2016 increase in SDC rates. This study is provided on the Willamalane website and should act a guiding document in any attempt Albany makes to go forward with increasing their parks and recreation system development charge.

Woodburn, Oregon

Tom Fiorelli

Introduction

The purpose of this memorandum is to outline how Woodburn, Oregon funds parks and recreation activities. This assessment is intended to identify key strategies that can be utilized for parks and recreation activities in Albany, Oregon.

Oregon Enabling Legislation

Chapter 266 of the Oregon Revised Statutes outlines the enabling legislation for Parks and Recreation Departments in Oregon.[1] ORS 266.310 states that officers will constitute a board of three or five members.' ORS 266.320 provides for between three to five members to be nominated or elected to the board. ORS 266.420 enables cities to levy taxes for parks and recreation purposes.

Woodburn does not currently have any bonds for parks and recreation improvements. ORS 266.512 states that a city may issue general obligation bonds, but those bonds must not exceed the principal amount stated in the notice of election and for the specific purpose outlined. Further, the aggregate amount of all general obligation bonds issued for all purposes in the City cannot exceed two and one-half percent of the real market value of all taxable property.

Parks Location and Service Availability

The Woodburn Parks & Recreation Department oversees 44.11 FTE employees to manage 110 open space acres, 8 sports fields, and 9 playgrounds.[2] Parks and Recreation also plans and manages the annual Fiesta Mexicana, which had previously been the responsibility of the Chamber of Commerce. This change in structure was made in FY 2015-16. Woodburn Parks and Recreation Department coordinates with local schools to provide space for basketball, outdoor activities, and other community events particularly for youth. Woodburn makes a strong effort to identify underserved portions of the city with regards to access to parks services.[3] These areas include new housing areas in the southeast, areas surrounding lower income families and seniors, as well as portions of the Latino and Russian communities.

On its website the City of Woodburn states that it recognizes that some residents require financial assistance in order to participate in certain recreational activities. Therefore, the City provides a limited number of scholarships specifically for youth to use facilities requiring a fee[4]. The Woodburn Parks Department website states that program limits include one scholarship per participant per term, and that a maximum of three scholarships can be awarded to the same individual within a single calendar year.

Governing Structure

The governing structure of Woodburn Parks and Recreation district are outlined in the City of Woodburn organizational chart shown in Figure 2.[5] The Assistant City Administrator oversees Community Services, under which the recreation, aquatics, and volunteer and special projects directors are organized.

The Woodburn Parks and Recreation Board holds public meetings once per month and broadcasts on a local channel. Board members serve four year terms.[6] The board includes a Student Board Position that allows a young person to participate in board meetings and share their opinions and perspectives on the City's Recreation & Parks programs.[7]

Budget Requests

The Parks and Recreation board prepares and recommends an annual budget for all expenditures involving the promotion and management of parks, recreation facilities, and leisure services in the City. The City's 2016-17 Approved Budget notes that because capital improvements are based on available resources, a long-term forecast is not used for budgeting purposes; instead there is a Parks and Recreation master plans that determines long-term investments and informs the Capital Improvement Plan (CIP).[2]

Revenue, Rates & Total Budget

The Parks Service Development Charge (SDC) funds accounts for payments received from new construction and development in order to fund improvements that increase capacity of the City's parks system. According to the 2015-16 CAFR[8], total revenues were \$113,776 with \$428,821 in beginning of year fund balance from FY 2014-15. \$111,000 of that total was in revenue from Licenses and Permits from commercial and residential construction projects, and an additional \$2,700 was from miscellaneous revenue. While it is not clear where these funds are derived, it is possible that they represent the total amount earned in user fees.

The City notes in the 2016-17 approved budget that the recent minimum wage law will likely increase current fee schedules for parks and recreation services. The current fee schedule for those services are as follows[9]:

Reservable Recreation Locations

- Burlingham Park Shelter - \$20/hr
- Centennial Park Shelter - \$25/hr
- Legion Park Shelter - \$30/hr
- Plaza Gazebo - \$25/hr
- Settlemier Park Shelters - \$25/hr

Woodburn Aquatic Center

- Youth - \$4.00
- Adult - \$5.00
- Honored Citizen - \$4.00
- Family - \$17.00 (up to 5 swimmers)
- Swim lessons - \$5 for five 30-minute swim lessons
- Party Room Rental \$15.00/half hour
- Lane Rental \$7.50/half hour
- Private Pool Rental \$70.00

Group Reservation

- \$2.75 per swimmer with party room rental
- \$3.25 per swimmer with reservation
- \$3.50 per swimmer without reservation

Youth Summer Camps

- Tennis Camp - \$28 per person
- Basketball Camp July - \$30 per person
- Volleyball Camp - \$30 per person
- Flag Football - \$75 per person

Adult Sports

- Co-ed Adult Softball League - \$300 per team
- Open Tennis Tournament - \$25 per team
- Adult Tennis Lesson - \$30 per person

It is worthy to note that the department has not received any private donations from the community in the past two years. Parks, like many other services, are funded largely through discretionary funds from the General Fund based on property taxes. However, the city notes that in the past several years property taxes have become a volatile funding source.

In assessing other ways to support programming expenses, the Department has identified a number of funding sources that should be developed, including grants, a Parks foundation, corporate sponsorships, reassessment of user fees, and tourism taxes. Focusing specifically on corporate sponsorships, the Parks and Recreation Department has identified Nike, Adidas and Walmart as key corporations with whom the City should work to develop relationships.

Bonds and Capital Projects

Long term expenditure that exceed \$5,000 and with a useful life of more than one year are designated in capital outlay accounts. These projects are outlined and updated annually in the City's Capital Improvement Plan. Woodburn's CIP identifies projects anticipated within a six-year planning period.

Parks SDC are the primary and only source for financing capital improvements in the Parks and Recreation District. Currently, there are no bonds that fund any parks and recreation projects. There are three capital projects planned in Woodburn, two of which are at or near completion: The recently completed Aquatic Center DX Heat Recovery Repair project, and the Centennial Park Playground Project that is expected to be completed by June 30, 2017. The third capital project is Phase 2 of the Legion Park improvement, at a total of \$1,500,000.

Expenditures

Total SDC fund expenditures of \$307,000 in FY 2016-17 are transfers out that go to the general fund. Maintenance costs are on average \$850,000 per year; \$898,000 is the total for the current fiscal year. Typically, this amount is a combination of \$448,000 in personnel services and \$450,000 in materials and services. The maintenance costs line item in the budget is new and the result of combining the facilities maintenance fund with the parks maintenance fund in FY 2016-17. The annual Fiesta event is \$75,000 per year.[2] Agricultural Supplies is an account used exclusively by Parks and Recreation, and a Materials & Services expense of \$10,000 is designated for possible remaining costs associated with the Parks Master Plan update performed in FY 2015-16. Noted in the 2016-17 budget is the City's goal "to visually foster cohesiveness" throughout Woodburn's parks and open spaces with new standardized signage, although no funds have yet been allocated for this purpose.

Cost recovery in the Parks Department is of particular concern. The following objective is stated in the budget2: "Analyze fee structure in each program area to ensure cost recovery goals are being met based on the Parks & Recreation master plan's cost recovery methodology."

Parks & Facilities Maintenance costs are expected to increase as demand continues to grow for public use of City parks. This means that additional burdens will be placed on the City's General Fund to provide enhanced services. Additional staff hours are required for cleanup and maintenance of these parks, however, these potential cost increases are not included in current budget forecasts. Facilities maintenance continues to be a challenge with aging buildings requiring increasingly expensive repairs and maintenance. Additionally, as noted above, minimum wage laws are expected to increase labor costs.

Assessment

Many of the strategies implemented in Woodburn are already in place to an equal or greater extent in Albany, however, there are some recommendations that are worth noting.

Scholarship Program

While Albany offers a Family Scholarship Program, it would be highly valuable for Albany to also emulate the scholarship program that Woodburn provides specifically to youth. In Albany scholarship programs are designed to assist families, and while family income is the key factor when awarding scholarships, there should be considerations made for applications by youth whose parents are unable or unwilling to participate in activities.

School Partnerships

Utilizing partnerships with local schools is strongly recommended as a key strategy. School partnerships would be an excellent way for Albany to provide services specifically to youth and sports teams without expanding or building new facilities. Further, emulating the Student Board Position would provide an opportunity for students in Albany to meaningfully contribute to the development of parks and recreation services in Albany.

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