

# Memorandum

To: Brett Henry, Parks Division Manager, Lane County Parks; Rebecca Lewis, Associate Professor, University of Oregon

From: Katie Fields, Emerson Hoagland, Amelia Rhodeland, and Laney Wood

Date: December 11, 2019

Re: Deferred Maintenance Funding Strategies

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## Overview

This memorandum is in response to a request from Lane County Parks for potential revenue sources to address maintenance backlog and to provide suggestions for sustainable long-term maintenance funding for Lane County Parks. The following sections provide context for this memorandum, case studies of comparable Oregon parks departments and districts, three potential funding packages for Lane County Parks, and the recommendations based on our findings. Also provided is a matrix along which we evaluated our funding packages.

## Context

Lane County Parks faces a \$20 million maintenance backlog for its 69 parks and open spaces. The parks division currently relies on revenue from service fees, transient room tax, and car rental tax. The division reports that this is “inadequate for the maintenance, capital, staffing, and resource management needs” of operating the parks (Henry, 2019, p. 6). The parks division needs innovative solutions in order to address the maintenance backlog. The majority of maintenance issues exist at the county’s five campgrounds and three marinas (B. Henry, personal communication, November 5, 2019).

In July 2019, the parks division convened a special task force to identify such funding sources. The county is legally able to explore a variety of taxes and new construction fees as possible sources. The parks division has also explored a number of funding options including donations, bonds, Systems Development Charges, a Local Improvement District, timber revenue, grants, public-private partnerships, trusts, exchanges of property, naming rights, park adoption, and intergovernmental agreements (Henry, pp. 10-15).

The funding task force will sunset after 18 months, while funding strategies identified may be implemented for the full term of the current parks master plan, which is in effect until 2038 (B. Henry, personal communication, November 5, 2019).

## Case Studies

The purpose of this section is to explore parks budgeting through detailed case studies. The case studies explore how Clackamas, Douglas, Linn, and Tillamook Counties have structured and funded their parks divisions so as to provide information on how Lane County can modify how they run their parks department. The case studies examine community characteristics of the jurisdictions, the governmental organization of the parks departments, and state-enabling statutes on parks and park districts. They also discuss the budget process for funding parks. More information on the case studies in this report is provided in the appendix.

	<b>Context</b>	<b>Governance</b>	<b>Revenues</b>	<b>Capital</b>	<b>Expenditures</b>
<b>Clackamas</b>	40 parks, 25 natural areas, 15 miles of trails	North Clackamas Parks & Recreation District	50% of revenue from dedicated tax base levy	\$2 million has been allocated for land acquisition	\$6.6 million for administration
<b>Douglas</b>	9 campgrounds and 40 parks	Parks Department and Parks Advisory Board	\$1,500,000 in camp fees	\$640,000 for restroom restoration	\$1,413,144 for personnel
<b>Linn</b>	30 County and 6 US Forest Service sites	Board of Commissioners sets the policies	Largest source of revenue is online reservations	\$753,886 for capital outlay	Personnel largest expenditure category at 50%
<b>Tillamook</b>	6 campgrounds and parks, 21 boat launch sites	Parks Department and Parks Advisory Committee	Primarily fees from park usage and state grants	Included as a special revenue fund	Over \$2 million, the bulk is land acquisition

## Potential Funding Strategies

Three proposed funding packages incorporate a variety of sources, including traditional, innovative, and recreation-focused funding sources.

### Package 1, Traditional Sources

The first funding package is comprised of traditional revenue sources. The largest source of revenue in the first funding package are the fees and charges from the potential implementation of a special parks and recreation district, which could generate up to \$1.8 million for Lane County Parks (North Clackamas Parks and Recreation District). Fees and charges are only one possible source of revenue from a special district, with others being concessions, donation campaigns, support from local governments, and tax revenue. The model used to generate the revenue estimation for a special district implementation came from the North Clackamas Parks and Recreation District, adjusted for population of Lane County (see Appendix A, Table 1 for all adjustments made in Package 1).

Figure 1. Traditional Source Funding Package

<b>Estimated Financial Yield of Traditional Funding Sources</b>		
<i>Funding Source</i>	<i>Proposed</i>	<i>Potential Yield</i>
Park Usage Fees	10% increase	\$87,400
Camping and Camp Lane Reservations	10% increase	\$83,600
Educational Programs	Expansion	\$1,689,130
Timber Sales	Implementation	\$254,545
Special District Implementation	Fees and Charges	\$1,806,170
Land sales	Implementation	\$200,000
<b>Total</b>		<b>\$4,120,845</b>

Sources: See reference list.

The second largest source of revenue in the first funding package comes from educational programs which could be implemented by the County Parks Department. This model comes from Charleston County Parks, where they invest in programs such as camp registrations, accessibility programs and dances as well as custom and public courses. Adjusted for population, this could bring in a potential \$1.6 million for Lane County Parks (Charleston County Parks). Moreover, this would be a sustainable source of revenue to put toward maintenance backlog. Other revenue sources in this package include a conservative 10 percent increase in all park usage fees, such as fees from parking, moorage, and picnic reservations. Alongside this is a 10 percent increase in all camping and Camp Lane reservations, with all increases totalling \$171,000 (Lane County Parks). Further research suggests Lane County Parks could receive revenue from timber sales and management, totalling \$280,000, based on a model from Clackamas County. Lastly, revenue may be generated from land sales, as seen in other Oregon counties such as Douglas County.

Potential revenue from the sale of one park, which is 99 percent undeveloped, may be up to \$200,000 (Lane County Property Portal).

**Package 2, Innovative Sources**

The second funding package focuses on innovative funding sources, including the use of park facility naming rights, a Park & Ride program, a parks foundation, and a greenhouse native plant program. The variety of funding sources in this package provide stability through revenue diversification.

Figure 2. Innovative Funding Package

<b>Estimated Financial Yield of Innovative Funding Sources</b>		
<i>Funding Source</i>	<i>Proposed</i>	<i>Potential Yield</i>
Greenhouse Program	Implementation	\$30,836
Parks Foundation	Implementation	\$34,262
Park & Ride	\$2.50/space, 5 lots with 300 spaces	\$1,500
Sponsorships	Implementation	\$205,573
Boat Rentals	Implementation	\$249,578
Gift Shop	Implementation	\$76,364
Golf Course	Implementation	\$181,742
System Development Charge	Implementation	\$6,223,106
<b>Total available for deferred maintenance</b>		<b>\$779,856</b>

Source: See reference list.

A major source of funding would be the use of a system development charge (SDC), a fee that is charged to new development or expansions to offset the increased burden on local infrastructure. In this situation, the SDC would be charged to help cover costs of increased usage of Lane County parks and recreation services. It could not be applied directly to the existing Lane County Parks maintenance needs, but would assist with the costs of new or expanded projects, allowing revenue allocated for this purpose to instead be used for deferred maintenance.

The SDC estimate for Lane County is derived from the North Clackamas Parks & Recreation District SDCs, which yield about \$17 million. The Clackamas SDC yield was divided by 2.78, a number that was derived through comparison of the number of 2018 new construction permits in Clackamas County (1,794) to that of Lane County (645), resulting in an estimated yield of \$6 million for a Lane County SDC. The permit numbers were obtained by searching the county databases and counting up relevant new construction permits.

The remainder of the funding sources in this package were calculated using population comparisons (see Appendix A, Table 2 for the calculations behind the estimates included in Package 2). King County was a source of many estimations through their King County Parks Business Transition Plan, developed and adopted in 2002 in response to a \$52 million general

fund shortage (King County, 2002). Using population size adjustments, King County’s numbers were used to estimate yields from the Greenhouse Program, Parks Foundation, Park & Ride program, and Sponsorships program.

The estimated yield of the boat rental program was based on the Zilker Park Boat Rental in Austin, Texas, which includes rental of kayaks, stand-up paddle boards, and canoes (Austin Parks and Recreation, 2018). The gift shop yield is based on the 2019 budgeted net revenue for the Nicholas Conservatory gift shop in Rockford, Illinois (Rockford Park District, 2018).

Clackamas County’s Stone Creek Golf Club Program was developed “with the intent to generate a long-term sustainable revenue stream” for Clackamas County Parks and represents an intriguing model for revenue generation (Clackamas County, 2019, p. 168). Over the past three budget cycles, the Stone Creek Golf Club has produced an annual average of 118% cost recovery with revenues consistently exceeding expenditures. From this, about \$200,000 of the golf club’s net proceeds are budgeted to be passed along to the County Parks division for ongoing operations (Clackamas County, 2019). We adjusted this number for population differences.

**Package 3, Recreation Enhancement Sources**

Package 3, the “Recreation Enhancement” package, incorporates some elements from each of the prior packages (see Appendix A, Table 3 for detailed calculations for these estimates). The majority of this package consists of educational program offerings, which are anticipated to yield \$1.7 million in revenue. In addition, the park usage fees and special use fees that are included in Package 1 have been increased from a 10 percent increase to a 20 percent increase, resulting in a combined yield of over \$340,000. Boat rentals, a gift shop, and a golf course—all from Package 2—comprise the remaining \$670,000 of Package 3. Package 3 yields an estimated total of \$2.7 million in sustainable revenue streams which could all be useful in addressing Lane County Parks’ current needs of maintenance backlog funding, while simultaneously enhancing the amenities offered at Lane County’s parks.

Figure 3. Recreation Enhancement Funding Package

<b>Estimated Financial Yield of Recreation Funding Sources</b>		
<i>Funding Source</i>	<i>Proposed</i>	<i>Potential Yield</i>
Educational Programs	Expansion	\$1,689,130
Park Usage Fees	20% increase	\$174,800
Camping and Camp Lane Reservations	20% increase	\$167,200
Boat Rentals	Implementation	\$249,578
Gift Shop	Implementation	\$237,743
Golf Course	Implementation	\$181,742
<b>Total</b>		<b>\$2,700,193</b>

Source: See reference list.

## Evaluation Criteria

We evaluated our proposed funding packages using six evaluation criteria (Lewis, 2019). The following section defines each criterion and evaluates our packages in regards to these criteria (see Table 1 on page 7 for a visual display of each package's ratings).

### Definitions

First, *equality* addresses the impact of revenue generation strategies at different income levels and within specific income groups. Second, *administration* looks to the ease or difficulty of obtaining revenue from the perspective of Lane County Parks. For example, if a revenue stream requires a policy decision, development of a fee collection system, and additional hiring, it would rank lower in administration than a revenue stream that relied on existing protocols. Next, *neutrality* pertains to behavioral effects for users. For example, if a fee increase would make a visitor more likely to visit a city park or adjacent county park with a lower fee. *Productivity* rates how much revenue the package is likely to generate for the purpose of addressing the maintenance backlog. *Certainty* refers to clear, evenly-applied rules of revenue collection. Finally, *convenience* addresses the ease of payment by end-users.

### Package Evaluation

Packages 1 and 3 are rated as “very good” for equity while Package 2 is rated “excellent” because Package 2 relies exclusively on benefits-received revenues, whereas Packages 1 and 3 include user fee increases that may disproportionately impact lower-income parks users. Package 1 is ranked highest for administration because it does not require development of additional programs or revenue collection mechanisms. In assessing neutrality, we considered the fact that services like educational programs, golf courses, and greenhouses are likely to draw new users to facilities that may not be available elsewhere. However, some users may visit city, state, or adjacent counties' parks instead of Lane County parks where similar amenities exist if fees are lower, therefore all three packages are “fair” for neutrality.

Package 1 generates the largest amount of revenue overall and therefore has the highest productivity ranking. Package 2 generates the lowest amount of revenue without inclusion of the systems development charge. The systems development charge could only be used for new maintenance and capital projects and could not be directly applied to the maintenance backlog (Lewis, personal correspondence, November 2019).

All packages rank highly for certainty because revenue sources can be stated simply and applied evenly. Finally, Packages 2 and 3 rank “excellent” for convenience because associated costs can be paid at the time of use. Package 1 involves more complex land sales and special districts but ranks “very good” because the revenue streams do not cause additional difficulty for users and taxpayers.

Table 1: Evaluation Criteria

	<b>Package 1</b>	<b>Package 2</b>	<b>Package 3</b>
Equity	Very Good (2)	Excellent (3)	Very Good (2)
Administration	Very Good (2)	Fair (0)	Good (1)
Neutrality	Fair (0)	Fair (0)	Fair (0)
Productivity	Excellent (3)	Poor (-1)*	Fair (0)
Certainty	Very Good (2)	Excellent (3)	Excellent (3)
Convenience	Very Good (2)	Excellent (3)	Excellent (3)
<b>SCORE</b>	<b>11</b>	<b>8</b>	<b>9</b>

## Recommendations

Because Package 1 has the highest overall score using our evaluation criteria and is “very good” or “excellent” for all criteria with the exception of neutrality, we recommend this as our selected revenue package for Lane County Parks. This recommendation comes with a caveat: if a systems development charge were implemented, as in Package 2, and freed additional revenue sources to address the maintenance backlog, overall productivity would be higher. Additionally, many elements of the packages could be recombined with elements from other packages.

## Outcomes and Observations

Based upon the case studies and the information contained in the funding packages, the following suggestions and recommendations can be made to improve the fiscal aspects of Lane County Parks.

The first important case study is Linn County. While Linn County relies on typical sources of revenue such as fees, grants, and intergovernmental transfers for much of its funding, some smaller, more innovative revenue streams may be informative to other parks districts such as Lane County’s. The two primary such strategies utilized by Linn County include boat rental facilities and a donations-based memorial paver program. Lane County could scale and adapt both types of programs for its own geography and user populations.

Tillamook County provides some instructive models for park funding, as well. Because fees play a large role in parks as a revenue source, one of the most useful tools Lane County Parks could implement or potentially improve on is a tiered fee for overnight parks usage, as well as fee add-ons such as pets, number of vehicles or boats, tents used, or buildings rented. Moreover,

Tillamook County has made this a very accessible and transparent service done online in a user-friendly portal. While Tillamook charges \$67 per night for a cabin rental, Lane County charges \$43, which means Lane County could implement a small price increase to generate greater fee revenues as well (Lane County Parks). The sustainable revenue generation of fees would be especially useful for the maintenance backlog that Lane County is currently facing, whereas sources such as grants may better utilized more in capital projects, such as in Tillamook (Tillamook County Parks). There are no other current practices which Lane County should avoid that Tillamook County is engaging in. Overall this case study has provided valuable insight into the budget practices and funding sources of a county parks department and how those could be applied to Lane County Parks in the future.

A review of Clackamas County's funding strategies for parks is valuable, to some extent. Given that about 50% of the North Clackamas Parks & Recreation District (NCPRD) budget comes from property taxes, it is somewhat difficult to compare the District's funding to Lane County's parks program. NCPRD's complaint about the lack of bond funding for their capital projects yielded a helpful suggestion -- a general obligation bond. In addition, NCPRD generates about \$2 million in fees and charges in one year. Compare this to Lane County's fees and charges revenues of just over \$100,000. This discrepancy isn't a result of Lane County having fewer parks or fewer residents, as the County has more of each. A deeper dive into Lane County's fees and charges is in order.

A big takeaway for Lane County is that Douglas County does not fund its park system from its general fund. While this strategy could potentially have drawbacks in practice, such as leaving the Parks Department vulnerable to decreased funding and unpredictability, it also offers a model for how to run an organization without the politically tricky task of directly raising or re-appropriating taxes. Douglas County appears to have successfully created a user-based revenue system that provides substantial income for the department. In addition to this, the Department has leveraged large amounts of funds from the State of Oregon's Parks and Recreation Department.

User based fees and grants provide a better template for Lane County going forward than Douglas County Parks' other main source of revenue: selling off its land. It is possible that this land represented an unneeded excess, and that selling it off was smart resource management. After all, the sale did generate substantial short-term revenues. However, if the goal of Lane County Parks is to maintain or even increase its level of service, it is probably uninterested in auctioning off large swaths of its holdings. Additionally, it is unclear what the long-term revenue potential of the property sold was to Douglas County. It is possible that the land would have been more valuable over time as a continuing source of user fees than it is as a one-time sale. Ultimately, emphasizing consistency and future-oriented thinking will generally provide a better result than otherwise doing so.



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## Appendix A: Package Calculations

Table 1: Package 1, Estimated Financial Yield of Funding Sources and Respective Adjustment Calculations.

Estimated Financial Yield of Traditional Funding Sources			Adjustment Calculations				
<i>Funding Source</i>	<i>Proposed</i>	<i>Potential Yield</i>	<i>Jurisdiction</i>	<i>Current Yield</i>	<i>Population</i>	<i>Adjustment</i>	<i>Initial est. yield.</i>
Park Usage Fees	10% increase	\$87,400	Lane County	\$874,000	375,000	-	\$87,400
Camping and Camp Lane Reservations	10% increase	\$83,600	Lane County	\$836,000	375,000	-	\$83,600
Educational Programs	Expansion	\$1,689,130	Charleston County Parks	\$1,807,370	401,438	1.07	\$1,689,130
Timber Sales	Implementation	\$254,545	Clackamas County	\$280,000	412,672	1.1	\$254,545
Special District Implementation	Fees and Charges	\$1,806,170	Clackamas County Parks	\$1,986,788	122,000	1.1	\$1,806,170
Land sales	Implementation	\$200,000	Lane County	-	375,000	-	\$200,000
<b>Total</b>		<b>\$4,120,845</b>					<b>\$4,120,848</b>

Sources: See Reference List.

Table 2: Package 2, Estimated Financial Yield of Funding Sources and Respective Adjustment Calculations

Estimated Financial Yield of Innovative Funding Sources			Adjustment Calculations					
<i>Funding Source</i>	<i>Proposed</i>	<i>Potential Yield</i>	<i>Jurisdiction</i>	<i>Yield</i>	<i>Population</i>	<i>New permits</i>	<i>Adjustment</i>	<i>Initial est. yield</i>
Greenhouse Program	Implementation	\$30,836	King County	\$180,000	2,189,000		5.84	\$30,836
Parks Foundation	Implementation	\$34,262	King County	\$200,000	2,189,000		5.84	\$34,262
Park & Ride	\$2.50/space, 5 lots	\$1,500	King County	300 per lot, 5 lots				\$1,500
Sponsorships	Implementation	\$205,573	King County	\$1,200,000	2,189,000		5.84	\$205,573
Boat Rentals	Implementation	\$249,578	Austin Parks, Zilker Boat Rental	\$632,740.00	950,715		2.54	\$249,578
Gift Shop	Implementation	\$76,364	Rockford Parks District (IL)	\$30,000.00	147,320		0.39	\$76,364
Golf Course	Implementation	\$181,742	Clackamas County, Stone Creek Golf Club	\$200,000.00	412,672		1.10	\$181,742
System Development Charge	Implementation	\$6,223,106	North Clackamas Parks & Recreation District	\$17,308,919.00		1794	0.36	\$6,223,106
<b>Total available for deferred maintenance</b>		<b>\$779,856</b>	<i>Lane County</i>		375,000		645	<b>\$7,002,963</b>

Sources: See Reference List.

Table 3: Package 3, Estimated Financial Yield of Funding Sources and Respective Adjustment Calculations

Estimated Financial Yield of Recreation Funding Sources			Adjustment Calculations				
<i>Funding Source</i>	<i>Proposed</i>	<i>Potential Yield</i>	<i>Jurisdiction</i>	<i>Yield</i>	<i>Population</i>	<i>Adjustment</i>	<i>Initial est. yield</i>
Educational Programs	Expansion	\$1,689,130	Charleston County Parks	\$1,807,370	401,438	1.07	\$1,689,130
Park Usage Fees	20% increase	\$174,800	Lane County Parks	\$874,000	375,000	20% increase	\$174,800
Camping and Camp Lane Reservations	20% increase	\$167,200	Lane County Parks	\$836,000	375,000	20% increase	\$167,200
Boat Rentals	Implementation	\$249,578	Austin Parks - Zilker Boat Rental	\$632,740	950,715	2.54	\$249,578
Gift Shop	Implementation	\$237,743	Rockford Parks District in Illinois	\$30,000.00	47,320	0.13	\$237,743
Golf Course	Implementation	\$181,742	Clackamas County - Stone Creek Golf Club	\$200,000.00	412,672	1.10	\$181,742
<b>Total</b>		<b>\$2,700,193</b>	<i>Lane County</i>		375,000		<b>\$2,700,193</b>

Sources: See Reference List.

## **Appendix B: Case Studies**

### **Linn County**

#### **Community & Geographic Context**

Linn County operates 30 parks and manages six US Forest Service parks within the county's boundaries as shown in Figure 1. The Linn County Historical Museum also operates as part of parks and recreation. Note that the parks website map displays an error, so information/display may not be precise.

#### **Governance Structure**

An advisory commission and department director provide input on budget and policy considerations for Linn County Parks (Descriptions, p.3). The County's Board of Commissioners sets the policies for the program. Parks and Recreation Commissioners serve for four-year terms and meet once per month during the spring, fall, and winter. The parks commission began in 1961 (Visit). The parks commission operates in accordance with Oregon Revised Statute Chapter 266. The parks commission submits budget requests on an annual basis to the budget committee, and the board of commissioners ultimately decides on budget approval and adoption (CAFR, p. 30).

#### **Revenues**

The numbers included in this and subsequent sections of this memo come from the 2018-2019 final budget and the 2018 Comprehensive Annual Financial Report. Portions of the general, general grants, and forest/parks grants funds comprise the budget for Linn County Parks. Between these sources, total revenue was \$2.3 million in the 2018-2019 budget. Revenue varies by fund as shown in Figures 2, 3, and 4. The largest source of revenue is online reservations, which make up \$865,000 of general fund revenue (Budget, p. 18). Other significant sources of revenue include resort and camping fees, timber sales, and RV license fees.

#### **Expenditures**

Personnel comprises the largest expenditure category at 50% for Linn County Parks including park rangers, fringe benefits, and payroll costs. Materials and services, including supplies, utilities, and "other contracted services" make up a further 28%, with the remaining 22% of expenditures going to the capital costs noted above. Figure 6 below shows the breakdown of expenditures.

#### **Capital Projects**

Between the three funds, the county budgeted \$753,886 for capital outlay. Property improvement comprised the largest portion followed by special equipment. A ranger residence also factored into the budget. The general grants fund lists a \$100,000-line item for "Lodging Tax Capital Projects" under expenditures. It is not clear why this is listed as an expenditure rather than revenue.

### **Tillamook County**

#### **Community & Geographic Context**

The County of Tillamook maintains an active and popular Parks Department headquartered in Garibaldi, Oregon. The County as a whole is comprised of seven towns in total, making up a population of 25,380 as of the 2006 Census (Tillamook County 2019). This memorandum is designed to present a case study on the Tillamook County Parks Department and its supporting budget, structure, and extent of services and

programming to the local population. Throughout this document I will reference the Tillamook County Budget as well as the Comprehensive Annual Financial Report, relevant state statutes, and county ordinances.

### **Governance Structure**

The Parks Department is governed primarily by the Parks Director. There is also a Parks Manager, an office specialist, and several maintenance technicians for the grounds and campsite infrastructure. As an act of public participation, the Tillamook County Board of Commissioners created the Parks Advisory Committee, made up of County citizens who act as stakeholders of the public interest in any matters regarding County parks. There are three members on the committee, with each representative from either North, Central, or South Tillamook County to maintain a diversity of interests and opinions (Tillamook County Parks).

### **Revenues**

Major revenue sources for the Parks Operations Special Revenue Fund include primarily fees from park usage, recreational vehicle license and registration fees, fees from boat ramp usage and parking, and state grants for major projects (Tillamook County Budget Book FY 2018-2019). The bulk of overall revenue for parks operations comes from fees, which can vary in terms of overnight park usage depending on the number of vehicles (\$6 per night per vehicle), pets (\$11 per pet per night), tents (\$8 per tent per night), and if one rents a mobile mini cabin (\$67 per night and \$11 transaction fee). Boat launch fees can be purchased for \$4 per day or \$45 for an annual pass, similarly to the \$45 annual parking pass for all Tillamook County parks (Tillamook County Parks). A small amount of revenue is also brought in from marine fuel tax fees and land sales.

### **Expenditures**

Operational expenses include full-time equivalent salaries, personal services such as workers compensation and health insurance, material and services, and capital outlay (made up entirely from a copier lease), totaling \$1,623,200. This is followed by boat ramp expenditures, which includes full-time equivalent salaries, maintenance, and materials and services, totaling \$334,950. Parks Department projects expenditures total \$2,843,130, the bulk of which is made up of land acquisition (Tillamook County Budget Book FY 2018-2019).

### **Capital Projects**

The most recent project completed by Tillamook County Parks was the Tillamook North Jetty Capping Project, which successfully placed 37,000 tons of stones at the jetty head (Tillamook County Parks). This project has made the Barview Jetty Campground the most successful site in Tillamook County, with future projects being the Barview Jetty Core Area Asphalt Surfacing Phase, the Barview Jetty Core Area Community Playground, and the Barview Jetty Core Area Community Picnic Shelter, which is the only project with secured grant funding (Tillamook County Budget Book FY 2018-2019).

## **Clackamas County**

### **Community & Geographic Context**

Clackamas County in northern Oregon is one of several counties which comprise the Portland metropolitan area, along with Multnomah, Washington, and other nearby counties. In addition to Clackamas County's parks district, the North Clackamas Parks & Recreation District (NCPRD) serves the northern, more urban portions of the county. NCPRD is a special district that was created in 1990 when

voters approved its formation. This district encompasses 36 square miles, including the cities of Happy Valley and Milwaukie, serves over 122,000 residents, and includes over 40 parks, 25 natural areas, 15 miles of trails, and more. This memo will focus on the funding and finances of the NCPRD.

## **Governance Structure**

The North Clackamas Parks & Recreation District was created under the provisions of ORS 451, which covers county service facilities, including service districts. The NCPRD Board of Directors is the Clackamas County Board of County Commissioners, which consists of five members. Under the County's Director of Business and Community Services, the NCPRD Director leads the District's operations and its staff of over 30 full-time employees. The District is also served by a nine-member volunteer District Advisory Board of citizens (NCPRD, 2019b). As a special service district, the NCPRD has taxing authority and an independent budget.

## **Revenues**

About 50% of NCPRD's revenue comes from the dedicated tax base levied on residents of the special district jurisdiction. The tax rate is \$0.5382 for every \$1,000 of assessed value. This amounts to about \$7.7 million of the 2019-2020 NCPRD operating budget, which totaled about \$15.5 million. The next largest revenue source is fees and charges, which is anticipated to generate \$2.1 million, or 13.6% of the year's budget. A significant portion of the fees and charges revenues are generated by the NCPRD Aquatic Park, which is anticipated to bring in \$1.2 million in the 2019-2020 fiscal year (NCPRD, 2019a). The total revenue for NCPRD's 2019-2020 fiscal year amounts to \$56.9 million, which includes \$15.5 million in the general fund, \$17.3 million in system development charges, \$20.3 million in capital projects and capital asset repair and replacement, just under \$900,000 in a nutrition and transportation program for older adults and people with disabilities, and \$2.9 million in a debt service fund (NCPRD, 2019a).

## **Expenditures**

Although the Aquatic Park brings in a fair amount of revenue, at \$1.2 million in fees and charges, it in fact accounts for a larger expense, at \$2.3 million (NCPRD, 2019a). This is the second largest category of expense, after administration, which accounts for \$6.6 million in expenditures. After the Aquatic Park, parks maintenance is expected to cost almost \$2 million for the fiscal year, followed by \$1.4 million for NCPRD's sports program.

## **Capital Projects**

The most expensive project in the 2019-20 budget is the development of a new neighborhood park in the Happy Valley area, for which \$2 million has been allocated for land acquisition (NCPRD, 2019a). This amount has been funded through the accumulation of system development charges in the identified zones. As noted in the 2019-20 budget, the NCPRD Master Plan calls for \$50 million in bonds to fund capital expenditures, and yet "the District has never presented a ballot measure for any such bonds to District voters" (NCPRD, 2019a).

# **Douglas County**

## **Community & Geographic Context**

Douglas County is a large, primarily rural, county located south of the Willamette Valley in Western Oregon. The county itself spans over 5,071 sq. miles and stretches from the Cascade Mountains in the East all the way to the Pacific Coast of Oregon in the West (Guevarra & Mapes, 2018). Douglas County

Parks operates a variety of different types of facilities across the geographic expanse of the county. According to their website, the park system has “69 properties, including 23 boat ramps, 9 campgrounds and 40-day use parks from the Pacific Ocean to the Cascades and throughout the 100 Valleys of the Umpqua” (Douglas County Parks, 2017).

### **Governance Structure**

Moving from the state to the county context for Douglas County Parks provides additional context for its governmental organization. Parks is a Department of the county, with its top officials appointed by the Board of Commissioners (Douglas County, 2008). While ultimate county policy comes from the commissioners, the Douglas County Park Advisory Board plays a supplemental role in policy coordination and implementation. In the case of the Park Advisory Board, action must be guided and consistent with the park Policy Manual, a detailed guide for how to conduct the business of the board. Broad categories of administration include planning coordination, protection of sensitive natural and cultural sites, preservation of park lands, park facility management, and park administration (Douglas County Park Department, 2007).

### **Revenues**

Douglas County Parks promotes itself as ‘self-sufficient’ which “means that we do not receive any county tax revenue to operate our parks. We are reliant on visitors like you to help us manage and maintain the parks” (Douglas County Parks, 2017). Out of total adopted revenues of \$4,981,211, the county collects approximately \$1,500,000 in camp revenues, fees and admissions, as well as rents, leases and royalties (Douglas County, 2019). Despite the user fees mentioned above, the single largest sources of revenues for county parks, at least in 2019-2020, have been from Oregon Parks & Recreation transfers (\$1,361,475) and the sale of surplus property (\$1,212,000).

### **Expenditures**

Expenditures for the Parks Department can be divided into three broad categories; personnel services, materials and services, and capital outlay. Out of total expenditures of \$4,756,501, personnel services accounted for \$1,413,144, materials and services \$1,369,467, and capital outlay was allocated \$1,973,890 (Douglas County, 2019). This money was spent on a variety of items including tools, fuel and oil, rent payments, utility bills, insurance, travel expenses, and furniture.

### **Capital Projects**

In addition to the services just detailed, the capital outlay section of the Parks Budget can further be broken down in general operating expenses and specific parks project costs. General operational expenses include \$10,000 for miscellaneous park maintenance, \$17,500 for trucks, \$30,000 for UTVs, and \$43,000 for tractors (Douglas County, 2019).

However, the bulk of capital outlay expenditures are for the park projects. These include \$640,000 for restroom restoration at River Forks, \$790,000 for rehabilitation of the Umpqua Dunes, and \$303,000 for facility expansion at Half Moon Bay (Douglas County, 2019).

### **Recommendations**

Based upon the case studies and the information contained in the funding packages, the following suggestions and recommendations can be made to improve the fiscal aspects of Lane County Parks. The first important case study is Linn County. While Linn County relies on typical sources of revenue such as fees, grants, and intergovernmental transfers for much of its funding, some smaller, more



innovative revenue streams may be informative to other parks districts such as Lane County's. The two primary such strategies utilized by Linn County include watercraft facilities and a donations-based memorial paver program. Lane County could scale and adapt both types of programs for its own geography and user populations.

Because fees play a large role in parks as a revenue source, one of the most useful tools Lane County Parks could implement or potentially improve on is a tiered fee for overnight parks usage, as well as fee add-ons such as pets, number of vehicles or boats, tents used, or buildings rented. Moreover, Tillamook County has made this a very accessible and transparent service done online in a user-friendly portal. While Tillamook charges \$67 per night for a cabin rental, Lane County charges \$43, which means Lane County could implement a small price increase to generate greater fee revenues as well (Lane County Parks). The sustainable revenue generation of fees would be especially useful for the maintenance backlog that Lane County is currently facing, whereas sources such as grants may better utilized more in capital projects, such as in Tillamook (Tillamook County Parks). There are no other current practices which Lane County should avoid that Tillamook County is engaging in. Overall this case study has provided valuable insight into the budget practices and funding sources of a county parks department and how those could be applied to Lane County Parks in the future.

Given that about 50% of the NCPRD budget comes from property taxes, it is difficult to compare the District's funding to Lane County's parks program. NCPRD's complaint about the lack of bond funding for their capital projects yielded a helpful suggestion -- a general obligation bond. In addition, NCPRD generates about \$2 million in fees and charges in one year. Compare this to Lane County's fees and charges revenues of just over \$100,000. This discrepancy isn't a result of Lane County having fewer parks or fewer residents, as the County has more of each. A deeper dive into Lane County's fees and charges is in order.

A big takeaway for Lane County is that Douglas County does not fund its park system from its general fund. While this strategy could potentially have drawbacks in practice, such as leaving the Parks Department vulnerable to decreased funding and unpredictability, it also offers a model for how to run an organization without the politically tricky task of directly raising or re-appropriating taxes. Douglas County appears to have successfully created a user-based revenue system that provides substantial income for the department. In addition to this, the Department has leveraged large amounts of funds from the State of Oregon's Parks and Recreation Department.

User based fees and grants provide a better template for Lane County going forward than Douglas County Parks' other main source of revenue, selling off its land. It is possible that this land represented an unneeded excess, and that selling it off was smart resource management. After all, the sale did generate substantial short-term revenues. However, if the goal of Lane County parks is to maintain or even increase its level of service, it is probably uninterested in auctioning off large swaths of its holdings. Additionally, it is unclear what the long-term revenue potential of the property sold was to Douglas County. It is possible that the land would have been more valuable over time as a continuing source of user fees than it is as a one-time sale. Ultimately, emphasizing consistency and future oriented thinking will generally provide a better result than otherwise doing so.