



SECTION 8

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SECTION 8: FUNDING RECOMMENDATIONS

As the City continues its transition over the next ten years, Dunwoody officials will have to provide new facilities, maintain existing facilities and operate a growing Recreation and Parks Division. In this section of the report, we have documented current funding practices and identified opportunities to gain additional funding and tools for continued development of the Division. Funding the improvements outlined in this master plan will be more challenging now than in past years for Dunwoody due to the condition of the national economy. In addition, the inability to charge DeKalb County users a higher fee will impact revenue generation from residents who do not pay City property taxes but use City facilities. However, over the ten-year life of this master plan, economic conditions should improve and enable the City to aggressively fund renovation and new development projects that are needed to catch up with the rapid growth and lack of development by the County that has resulted in a park facilities that are in need of major renovation.

As discussed in Section 5, *Budget Analysis*, the City currently collects funds from a variety of sources. While Section 4 primarily focused on operations funding, this section will focus on recommendations for funding capital improvements to the parks system. Historically, the main sources of capital funding for parks and recreation agencies in the state of Georgia are:

- Special Purpose Local Option Sales Tax (SPLOST)
- General Obligation Bond
- Program User Fees
- Local Option Sales Tax (LOS)
- Impact or Other Development Fees
- General Fund Tax Dollars
- State and Federal Grants

Traditional Primary Funding Methods

Special Purpose Local Option Sales Tax (SPLOST)

The largest and most commonly used funding source for capital projects in Georgia is the Special Purpose Local Option Sales Tax (SPLOST) program. SPLOST referendums are placed on the ballot by county governments and as such the county controls when and if this type of funding will become available. If a SPLOST is passed in DeKalb County, the City of Dunwoody will receive a proportional share of the funds collected based on the City's population. As part of the process, projects which are to be funded by the tax dollars collected must be identified prior to the vote so voters know what is to be constructed. Because so much of this process is controlled by the County, this is not seen as a viable funding source at this time.

General Obligation Bonds

As a new city, Dunwoody does not have any outstanding general obligation bonded debt. Georgia law mandates that general obligation debt issued by cities and counties cannot exceed 10% of the assessed value of all taxable property. For Dunwoody, this equates to a legal debt margin of \$240,000,000.

The use of a bond program would be a viable option to initiate a major capital program for parks and recreation facilities. The City could do a bond letting to fund a portion of the capital projects outlined in this master plan. The bond would be paid back over a 20 or 25 year period and would allow the City to begin to meet the facility needs of the community.

SECTION 8: FUNDING RECOMMENDATIONS

DeKalb County passed a similar bond program for recreation facilities and is in the process of completing the projects funded by the bonds. Like the SPLOST, projects to be funded by the bond program must be identified prior to voters going to the polls to vote. The DeKalb County bond program identified approximately seven million dollars for the development of Brook Run Park. The City is currently in negotiations with the County over the transfer of these funds to the City. If successful, these funds would expedite the redevelopment of Brook Run Park.

A bond program in the 40 million dollar range would allow the City to quickly complete approximately 30 to 40 million dollars in park projects depending upon the interest rate and payback period. Estimates that were developed that project that at a 4.5% interest rate and a payback of \$2,500,000 per year over 20 years, approximately \$35 million in projects and land acquisition could be completed over the next three to five years.

A variety of methods exist for funding the repayment of a bond. It can be a single source, such as using a portion of existing tax revenues; it can come from a special fee added to a utility rate, or other similar fees that residents of a community are charged.

User Fees

User fees assessed by parks and recreation agencies are wide and variable. Fees can be charged for facility maintenance and added to program registrations or for park access that is charged on a daily or annual basis. Other user fees include memberships to special facilities and centers and program fees charged for instructional programs. The combination of these fees can be a major revenue generator for the City.

Program user fees are a collection of entry fees and program registrations. Funds collected are primarily used to offset operating expenses to provide services to Dunwoody citizens. Current program fees and revenue generation have not been a major focus for the Division. As the transition of the Division continues, this should be viewed differently. Two examples of how fees could impact funding for new development are provided below.

Non-Resident Fees

Programs offered throughout the park system are conducted by partner groups who control all fee collections. In the case of Stage Door Players, Dunwoody Nature Center and Spruill Center for the Arts, they pay the City a flat rental fee and retain all fees. Based on interviews, all of these groups attract non-DeKalb residents to their facilities. Dunwoody Senior Baseball also attracts non-DeKalb County residents through their programs. As the City moves forward with facility use agreements, it should create a revenue policy that mandates a fee be collected from non-DeKalb County residents. The program provided by affiliated organizations benefit Dunwoody residents and the City recognizes that the administrative costs to provide these programs are borne by the provider, thereby relieving the City of that responsibility. However, since the City is subsidizing the facility use and providing maintenance to the facility at a cost, it is reasonable to consider charging a higher fee to non-County residents that are not paying for the services the City provides. House Bill 428, which allowed for the purchase of the park properties from DeKalb County, stipulates that non –resident rates cannot be applied to any DeKalb County residents for City of Dunwoody programs. Therefore these fees would only be for individuals that do not reside within DeKalb County. In the community survey, collecting a fee from non-DeKalb residents was the number one choice for increasing revenue.

SECTION 8: FUNDING RECOMMENDATIONS

Parks Access Fee

Some communities across the country assess their citizens with an annual park access fee. Butler County Metro Parks System in Ohio charges an annual access fee and uses parking stickers on resident cars to insure the fees have been paid. In the community survey, 34.9 percent of respondents indicated they would use a park fee to improve park maintenance and recreation programs. If the City of Dunwoody were to charge each of the 21,828 households a park access fee of \$120.00 dollars annually, this would generate approximately \$2,600,000 million per year. This figure would continue to grow as the population of the city grows. This would fund a bond program of approximately \$35,000,000 over a 20 year period. In the community survey, 21% of respondents indicated that borrowing funds and repaying them over a 20 to 25 year period was a good option. It was second only to combining borrowed funds with annual millage funds to construct a few large projects quickly and add smaller facilities over time, which received support of 30.5% or respondents.

The implementation of a park access fee would require a few operational changes at parks. Staff would have to be hired to implement the fee program and to monitor the parks to make sure visitors have the parking stickers. A system should also be implemented in which non-DeKalb residents can purchase an access pass for a higher cost. A local ordinance would have to be passed to address fines for those who park in the parks without the parking passes. While these operational changes would require an initial investment, the increased revenue that a park access fee would generate would far exceed the cost.

It is in the Division's best interest to evaluate the existing pricing strategies, develop a cost recovery philosophy and goals for both City-sponsored and association-sponsored programs that truly reflect the community's values placed on recreation and parks services, and to provide for the sustainability of the Division. The Division should examine their current fee structure to identify where increases may be appropriate; factors such as inflation rates, rising energy costs, land values, higher maintenance levels provided by the City and new facility development should all be taken into account.

Dedicated Millage

As stated in the park access fee discussion, the combination of a millage and borrowed funds was the top choice for funding large park improvements quickly. A dedicated millage could be earmarked for repayment of a city bond program that includes park projects. As the City looks at roads and other community needs, it is clear that a bond program backed by dedicated millage is the most feasible alternative. Unlike county governments who have access to the SPLOST, cities have fewer options when it comes to repaying a bond program. By dedicating a millage for recreation, the City would create a dedicated funding source and know from year to year what funds would be available for debt service and operations of the Parks and Recreation Division.

Regulatory Funding, Impact Fees or Development Sources

The employment of regulatory means to aid the development of parks and greenways is used by many city governments across the country. In the case of parks, land set aside or a fee in lieu of land set aside are common and would provide either needed parkland or funds for acquisition of parkland. As discussed in Section 7, a mandatory parkland dedication or fee in lieu of dedication is recommended to be added to the Dunwoody Zoning Code in order to gain more public parkland to offset the impacts of residential development in the City.

Impact fees is another dedicated funding source that responds to impacts on a park system that results from new residents moving into a community. Many communities assess park impact fees when any type new residential unit is built. The City of Dunwoody is currently doing an impact fee analysis to

SECTION 8: FUNDING RECOMMENDATIONS

determine the current level of services provided by the City. This is a state requirement that must be completed before impact fees can be assessed. Our planning team strongly recommends that impact fees for parks be adopted.

Right-of-Way or Greenway Easement Dedication

The City's Greenway Corridors Map envisions a system of multi-use trails that are not roads but do add an important connectivity method for pedestrians and cyclists. However, the City currently does not have any process for dedication of right of way or easements for the development of multi-use greenways as property is developed or redeveloped along proposed greenway corridors.

Establishing a process and policy regarding the dedication of right-of-way or easements should be further explored by the City. Because much of the City is already built-out, the City may want to consider requiring mandatory dedication of right-of-way or easements for property that is developed or redeveloped along proposed greenways.

Lodging, Car Rentals and Liquor Excise Taxes

Many communities nationally are incorporating lodging taxes to pay for many tourism related programs, including parks and recreation improvements. Jurisdictions have implemented or are considering instituting a lodging tax to fund future capital improvements that may lead to increased tourism and overnight stays.

Silverthorne, Colorado, for example, passed a 2% lodging tax in 1999. Total collections have been divided: 85% going towards capital projects relating to parks, trails, open space and recreation and 15% to market the Town of Silverthorne and its amenities. Other communities from Washington to Texas have adopted similar funding measures that have gone to develop large-scale recreation facilities that would generate out-of-town visits.

Dunwoody currently collects a hotel/motel tax at 5%. By comparison, Johns Creek charges a rate of 7%. Consideration should be given to increasing the tax and dedicating this increase to funding capital development of park facilities. The funds collected could be used as one of the sources to retire a bond program.

On rental vehicles, the City of Dunwoody collects a tax of 3%. This is the same rate charged by Sandy Springs and Johns Creek. Dunwoody should consider an increase in this fee and use the additional funds collect to help retire a bond program.

Dunwoody currently collects liquor tax at 3% per drink and additional wholesale taxes on beer and wine based on size of item sold. Consideration should be given to increasing the tax and dedicating the increase to funding capital development of park facilities. The funds collected could be used as one of the sources to retire a bond program.

A common element of all these fees is that they are paid by residents and non-residents alike. Perimeter Mall is a major attraction and brings to the city many non-residents who purchase alcoholic beverages at restraints and stay in hotels. In addition many business travelers stay in Dunwoody hotels and rent vehicles. These non-residents would be aiding in the development of park facilities if these taxes were increased.

Local Income Tax

Georgia also authorizes counties and localities to levy a 1% local option income tax, with voter approval. Because the City has a limit on property taxes, this may be another tool for funding capital development for parks. The income tax levee could be set for a predetermined time frame in order to allow the City to purchase land and develop parks and then sunset the income tax when the funding needs have been met.

Alternative Funding Sources

Grants

Transportation Grants/SAFETEA-LU

The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) provides funds for various transportation projects, including greenways. Built upon the foundations of the Transportation Equity Act for the 21st Century (TEA-21), SAFETEA-LU was signed into law in August 2005.

Transportation Enhancements (TE)

The Transportation Enhancements (TE) program funds a wide variety of transportation-related community projects. This program is the largest source of funding for trails and related facilities. Transportation Enhancement projects must relate to surface transportation and compete among numerous projects. Greenways and other recreational trails are eligible for TE funding as long as the project has a transportation element being funded.

There are 12 eligible Transportation Enhancement categories. The three that most relate to greenways and recreational trails are pedestrian and bicycle facilities, pedestrian and bicycle safety and educational activities, and conversion of abandoned railway corridors to trails. The Georgia Department of Transportation (GDOT) is the agency responsible for administering Transportation Enhancement funds in Georgia. Dunwoody could possibly fund portions of the recommended greenway system through annual applications to GDOT. These grants are 80 percent federal and 20 percent local funding. Therefore, for every \$1.00 invested by the City, The City receives \$4.00 in grant funds. Individual projects can receive a maximum of \$1 million.

Safe Routes to School (SRTS)

The Safe Routes to School (SRTS) program, which is also administered by GDOT, funds walking and bicycle facilities that connect residents to schools. The goals of the program are to enable and encourage children to walk and bike to school safely, make walking and biking a safer and more appealing transportation choice, facilitate the planning and development of projects and activities that will improve safety, and to reduce traffic, fuel consumption and air pollution in the vicinity of elementary and middle schools. This grant does not require a match, but grant funds are limited to \$500,000 per application per funding cycle. Applications received from a project sponsor may include multiple elements, such as sidewalks, bike lanes and speed humps, but cannot exceed \$500,000.

Recreational Trails Program (RTP)

This program was initiated through the TEA-21 legislation. Funds are awarded for the construction of trails and support facilities. Emphasis is on the construction of multi-use trails such as biking, hiking, equestrian, motorized, etc. In Georgia, administration of this program is handled by staff of the Department of Natural Resources, Division of Parks, Recreation and Historic Sites.

SECTION 8: FUNDING RECOMMENDATIONS

Community Development Block Grants

Although this program funds housing, public facilities, economic development and community projects, recreation could be a minor component of the project. For example, a mini park could be constructed on land purchased through the housing project that services primarily low- to moderate-income individuals. The program is administered through the Georgia Department of Community Affairs.

Environmental Education Grants

This program is sponsored by the EPA's Environmental Education Division (EED), Office of Children's Health Protection and Environmental Education. It supports environmental education projects that enhance the public's awareness, knowledge, and skills to help people make informed decisions that affect environmental quality. The EPA awards grants each year based on funding appropriated by Congress. Annual funding for the program ranges between \$2 and \$3 million. Most grants will be in the \$15,000 to \$25,000 range.

In Georgia these grants are administered by the Department of Natural Resources. This grant program could be a potential source for funding or programming of nature programs at Dunwoody Nature Center. Grant deadlines for this grant program are normally in December of each year.

Land and Water Conservation Fund

For many years since the mid 1960s, the Land and Water Conservation Fund (LWCF) program provided funds for outdoor recreation acquisition and development. However, over the last few years the funding has been extremely limited. In Georgia, administration of LWCF is handled by staff of the Department of Natural Resources (DNR), Division of Parks, Recreation and Historic Sites. In 2008, the DNR awarded \$1,200,000 in grants for land acquisition, development of new facilities and the rehabilitation of existing facilities. This is a grant program that the Division should apply to each year to aid in the development of projects.

Private Grants

Local governments throughout the country are seeking out funding for outdoor recreation projects from private philanthropic organizations, foundations and corporations, such as the American Greenways Kodak Awards Program. The program, administered by The Conservation Fund, provides grants of \$500 to \$2500 to local greenways projects. The purpose of the grants is to stimulate the planning, design and development of greenways. Information can be found at www.conservationfund.org.

Rehabilitation Service Programs

This program is available through the US Department of Education, Office of Special Education and Rehabilitative Services. The intent of the program is to provide individuals with disabilities recreational activities and related experiences that can be expected to aid in their employment, mobility, socialization, independence and community integration. Specific project activities may include swimming, wheelchair basketball, camping, hiking, water skiing, camping, horseback riding, arts and sports. Historically, applications are due in September of each year.

In 2008, the DNR awarded \$1,300,000 in trail grants. These grants were awarded for a variety of trail projects throughout the state. This is a potential source of funding to jump start the City's greenway program. Annual grant applications should be submitted for the highest priority greenway projects. The next application cycle begins in the fall of 2011 and the City should apply for development of portions of the Power Line Greenway.

SECTION 8: FUNDING RECOMMENDATIONS

Like the Transportation Enhancements program, the RTP is a matching grant with 80 percent federal funding and 20 percent local funding. Funds may be used for:

- Maintenance and restoration of existing trails
- Development and rehabilitation of trailside and trailhead facilities and trail linkages
- Purchase and lease of trail construction and maintenance equipment
- Construction of new trails (with restrictions for new trails on Federal lands)
- Acquisition of easements or property for trails
- Assessment of trail conditions for accessibility and maintenance
- Development and dissemination of publications and operation of educational programs to promote safety and environmental protection, (as those objectives relate to one or more of the use of recreational trails, supporting non-law enforcement trail safety and trail use monitoring patrol programs, and providing trail-related training), (limited to 5 percent of a State's funds)
- State administrative costs for the RTP (limited to 7 percent of a State's funds)

Other Transportation Grant Opportunities

Because the Atlanta Regional Commission is under federal mandate to improve air quality, there are several other specific grants available through GDOT to fund alternative transportation. The Recreation and Parks Division should work closely with the City's Division of Transportation to pursue funds for sidewalks, trails and bike lanes to connect to the community's parks, many of which are adjacent to schools.

See the Appendix for additional trail funding resources.

Alternative Funding Methods

Partnerships

There has been a movement away from public parks and recreation departments being the exclusive provider of facilities and services, toward departments forming partnerships with other entities to produce these amenities. Partnerships can also be an excellent option when the Division is approached by community members to add facilities or amenities to parks that are not part of the master plan priorities. When unique, unforeseen opportunities arise relative to development opportunities and community interest, Dunwoody can consider partnerships rather than rejecting the project. However, when developing partnerships, there must be reciprocal benefits to all parties in the arrangement.

The existing arrangements with Stage Door Players, North DeKalb Cultural Arts Center, Dunwoody Nature Center and Dunwoody Senior Baseball, and other groups using the City parks and facilities are great examples of partnerships that are working. In each of these cases, the City is a facility provider but does not lead in program execution. This model should be continued into the future with annual reviews of all agreements to insure that the public needs are being met in a cost effective and safe manner.

"Buy-A-Foot" Programs

"Buy-a-Foot" programs have been successful in raising funds and awareness for trail and greenway projects across the country. Under local initiatives, citizens are encouraged to purchase one linear foot of the greenway by donating the cost of construction. An excellent example of a successful endeavor is the High Point (North Carolina) Greenway "Buy-a-Foot" campaign, in which linear greenway "feet" were sold at a cost of \$25 per foot. Those who donated were given a greenway T-shirt and a certificate. This project provided an estimated \$5,000 in funds.

SECTION 8: FUNDING RECOMMENDATIONS

Fundraising

Local fundraising is a mechanism that has worked effectively in communities across the country. Although a strong local effort is involved, this mechanism typically generates a vast amount of support and publicity. Local businesses, organizations and private individuals can pledge funding over a specific period of time.

In most communities, a recreation and parks advisory board plays an active role in fundraising for their department. Dunwoody has a parks board and its members should play a vital role in providing guidance, expertise, advocacy, political support, fundraising efforts and representation of the agency's constituents. One of the primary responsibilities of a board is to assist in the development, acquisition and management of Division resources.

Board members can be more proactive by initiating a variety of fundraising tasks, such as collaborating with the "Friends of Parks" groups to send direct mail letters, promoting sponsorship of programs and naming rights, seeking in-kind donations, hosting special events (e.g., golf tournaments, fundraiser dinners, events to honor volunteers, silent auctions and themed socials) and soliciting charitable donations of money and lands.

Currently, the funds that are collected are transferred to agencies that promote tourism within the city. While it is not the main focus of the Recreation and Parks Division, promoting tourism that results in overnight stays in local hotels/motels (e.g., tournaments, special events) is one of its functions and the Division should receive a portion of these funds.

Naming Rights

Naming rights became prominent in the 1990s, when larger sports venues and cultural spaces were named after a company or individual. Many examples of successful ventures are known today, like Dick's Sporting Goods Park in Denver (home of the Colorado Rapids soccer team), the American Airlines Arena in Miami (home of the Miami Heat NBA team), and the multi-purpose American Airlines Center in Dallas.

Public naming rights have been growing due to tighter agency budgets. The attraction of public venues is the varied tiers of naming rights that can be allowed. In a large sports complex for example, agencies can solicit naming rights for the entire facility for a prescribed amount of money or tailor it towards naming a locker room within the facility for a lesser fee.

Agencies are creative in selling not only spaces but placing products within the Division to generate new revenues. In 2002, Los Angeles City lifeguards sported Izod swimsuits as the "official swimwear of the Los Angeles City Beach Lifeguards" and the Skokie (IL) Park District collected \$150,000 annually from Pepsi for it being its "exclusive soft drink provider."

Funding Recommendations Summary

Survey responses indicated that there is support to borrow money to develop parks and pay it back over a long period of time. Fifty-one percent of the survey respondents indicated their support for funding projects with funds that would be paid back over an extended period of time. This would require the City to approve a general obligation bond for parks. The most likely funding source for bond repayment will be a combination of fees, increases in excise taxes and a millage increase that are imposed by the City in order to pay off the bond over a 20 to 25 year period. City staff should explore

SECTION 8: FUNDING RECOMMENDATIONS

the funding options presented and then work with the City Council to implement the necessary steps to fund the bond program.

Other steps that will increase the rate of park and greenway development but on a much smaller scale include the following:

Implement regulatory tools for mandatory parkland and greenway rights-of-way or easements in the zoning code. This is one of the few no cost options for the City and is a standard requirement in many communities across the country.

Develop a fees and charges policy. The Division should develop a fees and charges policy, as discussed in Section 5, which can be applied to all programs they offer. The fees and charges policy shall clearly define the various levels of general funds that will be used to fund each type of program so that revenue generating goals for the Division can be set for individual programs, as well as the Division as a whole. This should be a high priority for the Division and should be completed in the first six months of fiscal year 2011-12. Increasing self-generated revenues will be a vital part of the increased funding for the Division, but is dependent on providing adequate park facilities, as discussed in Section 6.

Build on existing partnerships. Building stronger relationships with current, non-profit groups and others could allow the Division to provide services through allied providers and save operational costs in the future. The City could continue to make park land available for local groups who raise money to fund improvement such as a new nature center building for Dunwoody Park. This is a common practice across the country. A good example is the Friends of Warner Parks in Nashville, Tennessee; they just raised over 3 million dollars to buy additional land for Nashville's largest park.

Any agreements with these partners should be in writing in the form of intergovernmental agreements (IGA), memorandums of understanding (MOU), memorandums of agreement (MOA) or other similar written agreement formats to ensure that all parties understand their roles and responsibilities.

Seek grants and leverage existing funds as potential matches. Expand the level of grant writing that is done by the Division. Grants have been and will continue to be a credible funding source for special projects and plans. Grants should not be sought as a primary revenue source, but as a supplement to the Division and capital funding. The Recreation and Parks Division should work closely with the City's Transportation Division to pursue CDOT grant funds for sidewalks, trails and bike lanes.

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