Section Seven

7.0 FUNDING AND IMPLEMENTATION

7.1 Current Funding Strategies

Currently, funding for capital improvements/additions to park and recreation facilities in the City of Santa Clarita comes from several sources. Fees on new development (Quimby in-lieu fees, developer fees) are a major source of funding to provide parks and recreation facilities for the residents of newly developing areas of the City. Other recent sources of funding include grant funds and contributions from the City's general fund.

Funding for maintenance and operation of Santa Clarita park and recreation facilities and programs are currently provided by user fees for recreation programs and facility use, and the City's general fund.

7.2 Funding Sources

Two major cost centers require funding in order to implement the Master Plan. One is capital costs which include: a) acquisition and development of new required park lands and facilities, and b) renovation of existing park and school land. The second is the ongoing cost of maintaining and operating these facilities.

The following listing of funding sources have been categorized according to the appropriate application of the funding they provide - capital funding, operation and maintenance, or a combination of both. These explanations of funding options are provided to give definition to **alternative funding programs** which the City may elect to employ. These sources will be evaluated and applicable sources will be matched to the specific projects which are recommended in this Master Plan.

Sources of Capital Funding Programs

Non-Profit Foundation - such as a 501(c)(3). This would provide a vehicle for a capital fund drive and a means to build community support. There should be well-defined facilities and specific costs to be funded. The foundation acts as a conduit for receiving private donations from entities who might otherwise be reluctant to donate to a City. In addition, the donor can receive tax benefits. The foundation can solicit private foundations, corporations and other businesses, local organizations, and individuals (gifts, bequests, trust funds, etc.). The foundation also provides an organization that can partner with other non-profits (such as churches, service clubs and organizations) as well as private companies to jointly develop park and recreation facilities.

Grants - (from county, state and federal agencies). While these sources have been declining in recent years, they do provide funding to many projects. Many require matching funds from the City which is an obstacle. Such funds, however, could come from sources such as non-profit foundations. There is usually strong competition for such grants and the City needs to compete aggressively. Some examples of such funding are:

- The California Department of Parks and Recreation administers grants which have been established by Statewide propositions or are provided for by other State programs such as the Habitat Conservation Fund Grant Program under the California Wildlife Protection Act of 1990 and the Recreational Trails Program.
- CalTrans provides for on- or off-street bike trails and some foot trails through such funding mechanisms as *ISTEA Transportation Enhancement Activities* and *Bicycle Lane Account Funds.*
- Community Development Block Grant (CDBG) funding is available for upgrading parks for ADA requirements and other improvements. These funds are also used for some limited program funding.
- The California Department of Resources manages many grant programs, through several departments such as the Department of Conservation, Wildlife Conservation Board, State Coastal Conservancy and others, that can be used for open space acquisition, habitat restoration, trails, etc. Much of the funding comes from State Bond Acts Prop 50 and Prop 84.

Foundation Grants – There are some private foundations and non-profits that support park and recreation developments and programs. These entities can be solicited for donations to the City's Non Profit 501 (c) (3) Foundation to support specific projects which meet their criteria.

Quimby Act - The Quimby Act is a widely used source of funding which enables local government to exact dedication of land or in-lieu fees from new residential development to maintain a minimum ratio of park land to population. This applies only to residential subdivisions and does not address additional park demands created through the construction of new units on existing lots or to condominium conversions.

Development Agreements (DA's) are another mechanism through which park and recreation improvements can be acquired or provided. As part of an agreement specifying the type and density of development that will be allowed, the City can negotiate conditions and considerations in return for concessions. Such incentive programs can also be used in the provision of parks and other open spaces in commercial areas. One such program would allow extra floor space in exchange for public recreation facilities such as a plaza, a mini-park, or an amphitheater. Another example of such public space in commercial development would be a new senior center.

Bonds - Most bond issues require a two-thirds vote of the electorate and are therefore not widely used for this type of funding. Some of the most common forms of these bonds are as follows:

General Obligation Bonds - These bonds are issued subject to a two-thirds majority vote of the electorate and pledge the full faith and support of the borrower. General obligation bonds are paid out of the City's General Fund. Only cities with excess General Fund capacity are able to use general obligation bonds for park facility development today.

Another method of implementing park and recreation facility development by use of a type of general obligation bond is by gaining voter approval for an additional property tax assessment to pay for the debt of park bonds. The issuer is authorized by the vote of a two-thirds majority of the electorate to levy an ad valorem tax on all taxable property within its jurisdiction at whatever rate is required to service the debt. Because of the high level of security, these bonds command the lowest interest rate. This type of financing requires strong community support and involves much time and effort to study community attitudes and promote acceptance in order to be successful.

Revenue Bonds - These bonds are secured by a pledge of revenues from a tax or non-tax source such as assessments or fees. Because the revenue from a particular facility is the only security, these bonds usually carry a higher interest rate than general obligation bonds. The direct issuance of revenue bonds without the formation of a funding district, as described in more detail below, may not be feasible for park and recreation purposes due to limited income streams from these types of activities. However, revenue bonds have been used to partially fund such development as an aquatic facility where a feasibility study verified the revenue generating capacity of the development.

Redevelopment Agency Funding - Redevelopment agency tax increment revenues are in some cases used to finance development of park and recreation facilities. These revenues are derived from new development which creates tax increment that can be pledged to support bond financing.

Certificates of Participation - This is a form of lease purchase agreement that does not constitute indebtedness under the state constitutional debt limit and does not require voter approval. In a typical case, a local

government entity decides to acquire a new or renovated public facility. This facility is purchased or constructed by a vendor corporation and the local government signs a lease agreement with the corporation to use the facility. An underwriting firm then buys the lease obligation from the vendor corporation and breaks it into small units called "C.O.P.'s". Each C.O.P. represents a share of the lease payment revenue stream. The underwriter then places the C.O.P. issue with a bank which, in turn, sells the certificates to individual investors. The local government makes the lease payments to the bank which makes payments to the certificate holders. At the end of the lease period, title to the facility passes to the local government entity at nominal cost. Interest paid the certificate holders is tax exempt.

Fund-Raising Events - (concerts, raffles, etc.) While these are not a major source of funds, such events could contribute to an overall effort toward capital funding for a specific facility. Funds raised from such events could be channeled through the non-profit foundation described above.

Sources of Operation and Maintenance Funds

User Fees - Such fees provide some contribution toward maintenance, but are not sufficient to provide any capital funds. Some of the sources of such fees include:

- Charges for classes and special programs
- Charges to sports leagues for maintenance and lighting costs
- Space rental for meetings, parties, and special events
- Charges for play, such as for tennis and golf
- Group picnic shelter use charges
- Charges for use of sites in the park system for such activities as swap meets, bazaars, antique shows, auto shows, weddings, concerts, carnivals, Christmas tree sales, etc.
- Joint use with non-profit organizations is also included in this category, where sports teams would renovate fields and/or provide field maintenance (labor or costs) if guaranteed use during the season.

It is strongly recommended that the City examine the current fee structure and make adjustments so that the fees collected are in line with the costs of maintenance and operation of the facilities or programs for which the fees are levied

Corporate Sponsorship of Events - This is most popular for major art or sports events, team sports and various senior or youth activities and should be actively pursued.

Adopt-a-Park Programs - This type of program could generate funds or volunteers to provide maintenance for City parks or facilities.

Volunteer Labor - Useful for certain programming and/or maintenance tasks. Would probably not constitute a large portion of funding needs.

Sources for Both Capital and O & M Funding

Concessions - By contracting with a concessionaire to build and/or operate a facility, the City can generate income which could cover the capital costs and maintenance of the facility. Examples of such concession-operated facilities include: baseball or softball diamonds, equestrian facilities, handball courts, tennis courts, miniature golf, roller hockey facilities, and food and beverage concessions. In most cases, the City provides a site for the facility and either the City or the concessionaire builds the facility. The lease terms are determined accordingly.

Special District Assessments - These include Benefit Assessment Districts (under state law AB1600), Landscape and Lighting Act Districts, and Mello-Roos Districts. A special assessment or levy is placed on a property to finance improvements and/or maintenance that specifically benefit that property. The legislation requires a vote of the residents in order to form such districts or in order to change the level of assessment.

Taxes - Some examples of taxes used by other cities to pay for park and recreation include Transient Occupancy Tax, Real Estate Transfer Tax and Admissions Tax. A portion of such tax revenue could be dedicated for specific park and recreation uses, either to provide funding for a bond issue or to cover defined maintenance and operating costs.

User Group Contributions – Sports groups sometimes have an interest in constructing and maintaining fields for their use if the City would provide a nominal lease of land for a reasonable time span so that they can capture the value of the improvements. This relieves the City of the costs involved, however, it precludes the use of the fields by other user groups unless that is made a condition of the lease.

Joint Use Agreements with School Districts – Joint Use agreements with local School Districts provide for reciprocal use of facilities in some cases and City use of school facilities in others. They define responsibilities for capital improvements and maintenance of the facilities. Problems sometimes arise when expanding school sports programs create inequalities in the amount of time the City has access to the joint use facilities. Agreements need to be definitive and specific as to allowed usage.

Sale or Lease of Surplus Lands - The sale or lease of land or other capital facilities for which the City has no further use can sometimes be a major source of revenue. One-time receipts from the sale of land can be used for the acquisition of new park lands, recreation facilities, or the development of new community service facilities. Revenues from long-term leases can be used to provide maintenance or underwrite programs. Surplus parcels also may provide opportunities for trading land elsewhere in the City with other agencies that own land more suitable for park purposes.

7.3 Funding Sources by Project Type

A summary of the various funding sources for the most appropriate project type is presented in Exhibit 7.3-1. The City should look at developing new sources beyond those currently in use. It should be kept in mind that Quimby fees or other developer fees can only be used to provide facilities for new residents. Deficits identified in Exhibit 7.4-1 should be funded by one of the various funding sources. The specific funding source to be considered will depend partly on the timing of the development and the funding sources which may be available or which are more easily pursued at that time.

Exhibit 7.3-1: Funding Sources by Project Type

	PROJECT TYPE			
Funding Source	**Acquisition**	**Improvement**	**Operations**	**Programs**
Non-Profit Foundation – i.e. 501 (c)(3)	x	x		
State and Federal Grants [1]	x	x		
Foundation Grants [1]	x	x		
Quimby Dedication/In-lieu Fee	x	x		
Development Agreements/Impact Fees	x	x		
General Obligation Bonds	x	x		
Revenue Bonds	x	x		
Certificates of Participation	x	x		
Redevelopment Agency Funding	x	x		
Fund Raising Events	x	x		
Sponsorship (Naming Rights)	x	x	x	x
User Fees			x	x
Corporate Sponsorship of Events			x	x
Adopt-a-Park Program			x	x
Volunteer Labor			x	x
Public/Private Partnerships (Concessions)	x	x	x	x
Benefit Assessment District	x	x	x	x
Mello Roos District	x	x	x	
Transient Occupancy Tax	x	x	x	x
Real Estate Transfer Tax	x	x		
Admissions Tax	x	x	x	x
User Group Contributions	x	x	x	x
Joint Use with School District/Public Agency	x	x	x	x
Sale/Lease of Surplus Lands	x	x	x	x
General Fund	x	x	x	x

[1] *The grant requirements will specify what functions are eligible for funding.*

For major improvements which include such facilities as community centers, tennis complexes, gymnasiums, senior centers, teen centers, ballfield complexes, etc., the use of a fund raising effort to be conducted on behalf of the City's non-profit foundation could be beneficial. Sponsorships/naming rights for major corporate or other private donors can be offered. In some cases, the use of a professional fund raising firm should be considered once a facility or project for which the funding will be used is identified. Other sources of funding for such projects could include public/private partnerships, partnerships with private sector through website advertising, user group contributions, joint use with the school district and public or private grants.

Use of bonds or special districts require a vote by the residents and have been used successfully in some communities. The specific facilities and improvements to be paid for need to be identified and a public relations effort is required to enlist the support of the electorate. The greater the demand and recognition of the need by the public, the greater will be the chance of success.

7.4 Opinion of Probable Construction Costs for Identified Facility Needs

Exhibit 7.4-1: Opinion Probable of Construction Costs (current)

Identified Facility Needs (from Exhibit 3.3-1 and 3.3-2)	Improvement Cost per Facility Unit*	Current Facility Deficit		Improvement Costs Sub-Total (current needs)
Softball Field (youth - not lighted**)	$ 540,000	-		$ -
Baseball Field (little league - not lighted**)	$ 470,000	1.5		$ 705,000
Soccer Field (225' x 360' - not lighted**)	$ 630,000	6.3		$ 3,969,000
Football Field (youth - not lighted**)	$ 380,000	-		-
Indoor Basketball Court (11,000 SF Gymnasium)	$ 3,700,000	-		-
Tot Lot / Playground	$ 500,000	6.5		$ 3,250,000
Picnic Tables	$ 4,000	1		$ 4,000
Tennis Courts (lighted)	$ 275,000	52		$ 14,300,000
Skate Boarding Facility (12,000 SF @ $40/SF)	$ 480,000	2		$ 960,000
Walking/Jogging Paths (per mile)				
8' Decomposed Granite Path	$ 170,000	-	miles	$ -
6' Concrete Path	$ 250,000	-	miles	$ -
Bicycling Paths (per mile)				
12' Asphalt Path	$ 320,000	23	miles	$ 7,360,000
Open Grass in Parks ($200/acre)	$ 200,000	33	acres	$ 6,600,000
Community Center (20,000 SF @ $400/SF)	$ 8,000,000	1		$ 8,000,000
ESTIMATED TOTAL COST FOR IMPROVEMENTS:				**$ 45,148,000**

*Anticipated Construction Costs in 2008 Dollars. Actual costs will depend on final design, size of facility, additional support facilities, utilities, and infrastructure, as well as site specific conditions. Does not include site specific requirements, infrastructure, grading, professional fees for design services or acquisition costs. RJM has prepared these estimates of probable construction costs on the basis of its best professional judgement and experience with the construction industry. The estimate, however, represents assumptions and opinions of the construction market and contractors' methods of determining actual construcion costs over which RJM has no control. If the owner wishes greater assurance as to the construction cost, he shall employ an independent cost estimator.

**Estimated Cost to light a field is $200,000

Exhibit 7.4-2: Opinion Probable of Construction Costs (build-out)

Identified Facility Needs (from Exhibit 3.3-1 and 3.3-2)	Improvement Cost per Facility Unit*	Build-Out Facility Deficit		Improvement Costs Sub-Total (build-out)
Softball Field (youth - not lighted**)	$ 540,000	3		$ 1,620,000
Baseball Field (little league - not lighted**)	$ 470,000	3		$ 1,410,000
Soccer Field (225' x 360' - not lighted**)	$ 630,000	9.7		$ 6,111,000
Football Field (youth - not lighted**)	$ 380,000	1.7		$ 646,000
Indoor Basketball Court (11,000 SF Gymnasium)	$ 3,700,000	3.1		$ 11,470,000
Tot Lot / Playground	$ 500,000	15.3		$ 7,650,000
Picnic Tables	$ 4,000	58		$ 232,000
Tennis Courts (lighted)	$ 275,000	28		$ 7,700,000
Skate Boarding Facility (12,000 SF @ $40/SF)	$ 480,000	1		$ 480,000
Walking/Jogging Paths (per mile)				
8' Decomposed Granite Path	$ 170,000	15	miles	$ 2,550,000
6' Concrete Path	$ 250,000	15	miles	$ 3,750,000
Bicycling Paths (per mile)				
12' Asphalt Path	$ 320,000	21	miles	$ 6,720,000
Open Grass in Parks ($200,000/acre)	$ 200,000	27	acres	$ 5,400,000
Community Center (20,000 SF @ $400/SF)	$ 8,000,000	1		$ 8,000,000
ESTIMATED TOTAL COST FOR IMPROVEMENTS:				**$ 63,739,000**

*Anticipated Construction Costs in 2008 Dollars. Actual costs will depend on final design, size of facility, additional support facilities, utilities, and infrastructure, as well as site specific conditions. Does not include site specific requirements, infrastructure, grading, professional fees for design services or acquisition costs. RJM has prepared these estimates of probable construction costs on the basis of its best professional judgement and experience with the construction industry. The estimate, however, represents assumptions and opinions of the construction market and contractors' methods of determining actual construcion costs over which RJM has no control. If the owner wishes greater assurance as to the construction cost, he shall employ an independent cost estimator.

**Estimated Cost to light a field is $200,000

Exhibit 7.4-3: Opinion Probable of Construction Costs (cumulative)

Identified Facility Needs (from Exhibit 3.3-1 and 3.3-2)	Improvement Cost per Facility Unit*	Cumulative Facility Deficit		Cumulative Total Improvement Cost
Softball Field (youth - not lighted**)	$ 540,000	3		$ 1,620,000
Baseball Field (little league - not lighted**)	$ 470,000	4.5		$ 2,115,000
Soccer Field (225' x 360' - not lighted**)	$ 630,000	16		$ 10,080,000
Football Field (youth - not lighted**)	$ 380,000	2		$ 760,000
Indoor Basketball Court (11,000 SF Gymnasium)	$ 3,700,000	3		$ 11,100,000
Tot Lot / Playground	$ 500,000	22		$ 11,000,000
Picnic Tables	$ 4,000	59		$ 236,000
Tennis Courts (lighted)	$ 275,000	80		$ 22,000,000
Skate Boarding Facility (12,000 SF @ $40/SF)	$ 480,000	3		$ 1,440,000
Walking/Jogging Paths (per mile)				
8' Decomposed Granite Path	$ 170,000	15	miles	$ 2,550,000
6' Concrete Path	$ 250,000	15	miles	$ 3,750,000
Bicycling Paths (per mile)				
12' Asphalt Path	$ 320,000	44	miles	$ 14,080,000
Open Grass in Parks ($200/acre)	$ 200,000	60	acres	$ 12,000,000
Community Center (20,000 SF @ $400/SF)	$ 8,000,000	2		$ 16,000,000
ESTIMATED TOTAL COST FOR IMPROVEMENTS:				**$ 108,731,000**

*Anticipated Construction Costs in 2008 Dollars. Actual costs will depend on final design, size of facility, additional support facilities, utilities, and infrastructure, as well as site specific conditions. Does not include site specific requirements, infrastructure, grading, professional fees for design services or acquisition costs. RJM has prepared these estimates of probable construction costs on the basis of its best professional judgement and experience with the construction industry. The estimate, however, represents assumptions and opinions of the construction market and contractors' methods of determining actual construcion costs over which RJM has no control. If the owner wishes greater assurance as to the construction cost, he shall employ an independent cost estimator.

**Estimated Cost to light a field is $200,000

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