

Appendix VII

Alternative Funding Sources

The following funding sources are potential funding opportunities the City of Asheville Parks, Recreation, and Cultural Arts Department should consider for additional funding of capital and operational expenditures.

General Obligation Bonds

Bonded indebtedness issued with the approval of the electorate for capital improvements and general public improvements.

Bond Referendum

A bond referendum requires a vote by the citizens for general obligation bonds initiated through City Council approval prior to the citizen vote.

Hotel, Motel and Restaurant Tax

Tax based on gross receipts from charges and meals services, which may be used to build and operate sports fields, regional parks, golf courses, tennis courts, and other special park and recreation facilities. Currently administered by the Asheville Convention and Visitors Bureau and Asheville Parks, Recreation, and Cultural Arts Department has utilized these funds in the past via a competitive grant process. Many communities pass these funds derived by Parks and Recreation events back to the agency responsible for administering the events.

Utility Roundup Programs

Some park and recreation agencies have worked with their local utilities on a round up program whereby a consumer can voluntarily pay the difference between their bill up to the even dollar amount and they then pay the department the difference. Ideally, these monies are used to support utility improvements such as sports lighting, irrigation cost and HVAC costs.

Booth Lease Space

In some urban cities, they sell booth space to sidewalk type vendors in parks or at special events. For a flat rate based on volume received. The booth space can also apply to farmers markets, festivals, art shows, and antique type fairs, etc.

Permits (Special Use Permits)

These special permits allow individuals to use specific park property for financial gain. The City either receives a set amount of money or a percentage of the gross service that is being provided. Special events and festivals administered by outside vendors typically pay for a special use permit for the event particularly if vendors are receiving revenue from sales.

Catering Permits and Services

This is a license to allow caterers to work in the park system on a permit basis with a set fee or a percentage of food sales returning to the City. Also many cities have their own catering service and receive a percentage of dollars off the sale of their food.

Credit Card Surcharge Fees on Sports and Entertainment Tickets, Classes, Golf, etc.

This fee is a surcharge on top of the regular sports revenue fee or convenience fee for use of MasterCard and Visa. The fee typically is no more than \$5.00 and usually is \$3.00 on all exchanges. The money earned is used to help pay off the costs of improvement or for operational purposes.

Recreation Service Fees

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

Entertainment Tax

This tax is on ticket sales for major entertainment venues such as concert facilities, golf tournaments, car races type of venues to help pay for traffic control and sports stars that come into the City based on the earnings they receive from their winnings. This tax could also apply to art shows.

Private Concessionaires

Contract with a private business to provide and operate desirable recreational activities financed, constructed, and operated by the private sector with additional compensation paid to the City.

Private Developers

These developers lease space from City-owned land through a subordinate lease that pays out a set dollar amount plus a percentage of gross dollars for recreation enhancements. These could include a golf course, cultural arts center, restaurants, driving ranges, sports complexes, equestrian facilities, and recreation centers and ice arenas.

Cell Towers

Cell towers attached to existing light poles in game field complexes is another source of revenue the City could seek in helping support the system.

Maintenance Endowments

Maintenance Endowments are set up for organizations and individuals to invest in ongoing maintenance improvements and infrastructure needs. Endowments retain money from user fees, individual gifts, impact fees, development rights, partnerships, conservation easements, and for wetland mitigations.

Annual Appropriation/Leasehold Financing

This is a more complex financing structure which requires use of a third party to act as issuer of the bonds, construct the facility and retain title until the bonds are retired. The City enters into a lease agreement with the third party, with annual lease payments equal to the debt service requirements. The bonds issued by the third party are considered less secure than general obligation bonds of the City, and therefore more costly. Since a separate corporation issues these bonds, they do not impact the City's debt limitations and do not require a vote. However, they also do not entitle the City to levy property taxes to service the debt. The annual lease payments must be appropriated from existing revenues.

Irrevocable Remainder Trusts

These trusts are set up with individuals who typically have more than a million dollars in wealth. They will leave a portion of their wealth to the City in a trust fund that allows the fund to grow over a period of time and then is available for the City to use a portion of the interest to support specific park and recreation facilities or programs that are designated by the trustee.

10,000 Rounds Priced Anyway the Director of Golf or the Golf Management Desires

This pricing strategy allows the operator to maximize his revenues during peak times and fill in excess capacity in the low use times to maximize play. The City benefits by the increase in play because of the incentives to users and from peak periods.

Filming Rights

Many cities permit out their sites such as old ballparks or unique grounds or sites for film commissions to use. The film commission pays a daily fee for the site plus the loss of revenue the city will incur if the site generates income.

Community Gardens

Many city agencies will permit out food plots for community gardens as a small source of income.

The following funding sources are potential funding opportunities the City of Asheville Parks, Recreation, and Cultural Arts Department could consider for additional funding of capital and operational expenditures. These funding sources may not be available currently in the state or an intergovernmental agreement may be necessary for implementation. These funding sources may meet with some resistance and be more difficult to implement therefore more research is recommended.

Sales Tax

The revenue source is very popular for funding park and recreation agencies either partially or fully as much of this tax is paid by nonresidents. A typical sales tax rate is one cent for operations and one cent for capital. This tax is very popular in high traffic tourism type cities and with counties and state parks. The City of Asheville should consider this funding source with more research based on the high tourism traffic.

Lighting Fees

Some cities charge additional fees (including demand charges) for the lighting charges as it applies to leagues, special use sites, and signature type facilities that require lighting above a recreational level. The City of Asheville could consider this funding source for parks and recreation with more research.

Program Contractor Fees

Cities can receive a percentage of gross contractor fees for contractor programs held on city facilities. The percentages typically range from 25% to 40% depending on space, volume, and the amount of marketing the City does for the contractor. The City of Asheville could consider this funding source for parks and recreation with more research.

Real Estate Transfer Fees

As cities expand, the need for infrastructure improvements continues to grow. Since parks add value to neighborhoods and communities, some cities and counties have turned to real estate transfer fees to help pay for needed renovations. Usually transfer fees amount to ¼ to ½ % on the total sale of the property. The City of Asheville could consider this funding source with more research.

Special Improvement District/Benefit District

Taxing districts established to provide funds for certain types of improvements that benefit a specific group of affected properties. Improvements may include landscaping, the erection of fountains, and acquisition of art, and supplemental services for improvement and promotion, including recreation and cultural enhancements. The City of Asheville could consider this funding source with more research.

Family Tree Program

Many cities have worked with local hospitals to provide cash to the parks system to buy and plant a tree in honor of every new born in the City. The hospitals invest \$250.00 to \$300.00 and receive the credit from the parents of the newborns. The parks system gets new trees of ample size. The City of Asheville could consider this funding source with more research.

Sell Development Rights

Some cities sell their development rights below park ground or along trails to fiber optic companies or utilities. The park agency detains a yearly fee on a linear foot basis. The City of Asheville could consider this funding source for parks and recreation with more research.

Rental Car Tax

This tax is designated for land acquisition purposes. Some cities and counties have used a percentage of rental car taxes to support land acquisition or improvements in parks. The City of Asheville could consider this funding source with more research.

Licensing Rights

This revenue source allows the Department and City to license its name on all resale items that private or public vendors use when they sell clothing or other items with the city's name on it. The normal licensing fee is 6 to 10% of the cost of the resale item. The City of Asheville could consider this funding source with more research.

Food and Beverage Tax

The tax is usually associated with convention and tourism bureaus. However, since parks and recreation agencies manage many of the tourism attractions, they can receive a portion of this funding source for operational or capital expenses. The City of Asheville could consider this funding source with more research.

Subordinate Easements – Recreation / Natural Area Easements

This revenue source is available when the City allows utility companies, businesses or individuals to develop some type of an improvement above ground or below ground on their property for a set period of time and a set dollar amount to be received by the City on an annual basis. The City of Asheville could consider this funding source with more research.

Raffling

Some cities purchase antique cars that can be raffled off against Hole-In-One contests. The city buys the cars, takes Hole-In-One insurance out and sells tickets at golf tournaments on the course for \$1.00 to \$5.00. The City of Asheville could consider this funding source with more research.

Franchise Fee on Cable

This allows cities to add a franchise fee on cable to be designated for parks. The typical fee is \$1.00 a month or \$12.00 a year per household. Fees are usually designated for open space acquisition or capital improvements. The City of Asheville could consider this funding source with more research.

Business Excise Tax

This tax is for new business that settles into a community on products sold based on the wholesale cost. Many Park Districts in Illinois use this source as one of its revenue sources. The City of Asheville could consider this funding source with more research.

Wheel Tax on Cars/Vehicles

Many cities have a City sticker tax on vehicles based on the type of vehicle. This allows for park agencies to receive a portion of this money to cover the costs of roads, hard surface paths and parking lots associated with parks. The City of Asheville could consider this funding source with more research.

Solid Waste Fee

Cities are able to add cost for landfills and drop stations that are designated to provide space and facilities for both. Once these fees cover the cost of buildings and landfills they can re-dedicate a percentage to other City services and several cities have opted to finance park improvements from solid waste fees. The City of Asheville could consider this funding source for parks and recreation with more research.

Water Utility Fee

Cities have added a special assessment on to water utility fees paid by homeowners and businesses to cover the costs of water street trees, landscaping, fountains, and pools. The fee is usually a percentage of the bill (2 or 3%). The City of Asheville could consider this funding source for parks and recreation with more research.

Leasebacks on Recreational Facilities Can Produce Revenue

Many cities do not have capital dollars to build revenue-producing facilities but they will hire a private investor to build the facility according to the specifications they want and the investment company will finance the project and the City will lease it back from them over 20 years. This can be reversed where by the City builds the facility and leases to private management to operate it for a percentage of gross dollars to pay off the construction loans through a subordinate lease. The City of Asheville could consider this funding source with more research.

Reverse Sponsorships

This revenue source allows agencies to receive indirect revenue from cross promoting their current sponsors with professional sporting events such as in racing with cars and drivers and significant sports heroes. Indirect sponsorships provide up to 15% of the sponsorship value back to the City for linking their parks and recreation sponsors with professional sports. The City of Asheville could consider this funding source with more research.

Hospital – Rehabilitation Contracting

Cities will contract with hospitals for their rehab patient's work that can be provided at local recreation centers with their therapists overseeing the work. This provides a steady level of income for the fitness center and encourages patients after rehab to join. Payments are made by health insurance companies. The City of Asheville could consider this funding source for parks and recreation with more research.

Manufacturing Product Testing and Display

This is where the city works with specific manufacturers to test their products in parks, recreation facilities and in program services. The city tests the product under normal conditions and reports back to the manufacturer how their product is doing. Examples are in lighting, playgrounds, and tires on vehicles, mowers, irrigation systems, seed & fertilizers (etc.). This city gets the product for free but must pay for the costs of installation and for tracking results. The City of Asheville could consider this funding source for parks and recreation with more research.

Benefit Assessment Act of 1982

(Government Code section 54703 et seq.)

This statute provides a uniform procedure for the enactment of benefit assessments to finance the maintenance and operation costs of drainage, flood control, and street light services and the cost of installation and improvement of drainage or flood control facilities. Under legislation approved in 1989 (SB 975, Chapter 1449), this authority is expanded to include the maintenance of streets, roads, and highways. As with most other assessment acts, cities, counties, and special districts that are otherwise authorized to provide such services may use it. The City of Asheville could consider this funding source with more research.

Facilities Benefit Assessment

The FBA ordinance establishes areas of benefit to be assessed for needed improvements in newly developing areas. Each parcel within an area of benefit is apportioned its share of the total assessment for all improvements (including those required for later development phases) which is then recorded on the assessment roll. Assessments are liens on private property as with the state assessment acts. Upon application for a building permit the owner of the parcel must pay the entire assessment (the payment is prorated if only a portion of the parcel is being developed at one time). Payment releases the City's lien on the property. The funds that are collected are placed in separate accounts to be used for the needed improvements and do not exceed the actual cost of the improvements plus incidental administrative costs. The City of Asheville could consider this funding source with more research.

The Mello-Roos Act

The 1982 Mello-Roos Community Facilities Act (Government Code Sections 53311 et seq.) enables cities, counties, special districts, and school districts to establish community facilities districts (CFDs) and to levy special taxes to fund a wide variety of facilities and services. The proceeds of a Mello-Roos tax can be used for direct funding and, in the case of capital facilities, to pay off bonds. Mello-Roos financing has similarities to special taxes and special assessments, and in some situations, it has advantages over both. The City of Asheville could consider this funding source with more research.