



Comprehensive Audit Analysis for Parks and Recreation



PREPARED BY:



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Acknowledgements

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CHAPTER ONE - EXECUTIVE SUMMARY

1.1 INTRODUCTION

The City of Grand Rapids Parks and Recreation Department contracted with PROS Consulting to do a preliminary assessment of the Department to help the staff demonstrate to key City leaders and the community how the Department compares with other cities of similar size and best practice agencies in the Midwest area. The first phase of this assessment was to determine what the Department is doing well, where they could operate in a more efficient manner. This also included what operating strategies could be incorporated into daily operations to create more operating revenue to off-set operational costs and to support needed capital improvements for the agency.

Phase two work, if contracted, would include additional work with PROS Consulting that would focus on how the Department can reposition itself with the key elected officials, City management and the community. This work would focus on how the Department can be viewed as an economic tool for the City versus viewed as a “spend” department with very little return on investment back to the community. This work would also include how to implement key recommendations provided in this preliminary assessment into daily practices to move the Department forward in a positive manner to deliver on the outcomes the key leadership of the City desire.

In advance of the first meeting, PROS Consulting provided the Department with a list of data requests to review before the first interviews and meetings occurred in early January. The data requests included the updated Master Plan for the Department, Park Maintenance Division Operations Assessment prepared by staff, three years of past budgets, Urban Metro Parks summary of comparisons, City Commission Policies, Outdoor Pool Report, Recreation Rewards Program, and Organizational Charts.

Individual interviews were held with the Public Services Department Director, Parks Director, Key Supervisor staff and the Friends of Grand Rapids Parks Director to review the data provided to PROS Consulting. Discussion also centered on how and why the Department got themselves in the position they are in beyond the lack of sufficient money to manage the Department forward for the future.

PROS also was provided a tour of the system to review the key parks, pools, sports fields and recreation facilities used for parks and recreation programs and services.

PROS Consulting recognize that the economy has played a considerable role in the decline of the system over the last eight years, but the key to the future centers on the Department achieving the outcomes the key leader’s desire for the Department. This will ensure the Department can function and thrive in a positive sustainable manner for the future and deliver on a high level of economic value and return on investment for the City and the community.

The following information provided in this preliminary report is not intended to make the Department, staff or the City look is if they do not care about parks and recreation facilities and services. It is intended to demonstrate that great cities have great parks and recreation systems and that these cities understand and value what parks and civic space can provide to the community and its future to make the system appealing for residents and businesses

to want to invest in it, locate and stay in the Grand Rapids community. The Public Works Director and Parks and Recreation Director are extremely committed and capable of managing this Department forward for the future.

1.1.1 CORE VALUES OF THE DEPARTMENT

The Department core values are centered on the following:

- Financial Sustainability
- Efficiency
- Customer Service
- Protection of Park Infrastructure
- Green Environmental Stewardship
- Economic Development
- Youth Development
- Outcome Based Programs
- Partnership Development

The Community's core values as stated in the Updated Master Plan include:

- Parks that Improve Neighborhood Quality of Life
- Build Community Organizational Capacity and Pride
- Volunteerism
- Close to Home Recreation to Improve Health of Individuals
- Attractive Residential Environments
- Improvement in Property Values
- Environmental Stewardship

The Department's core values and the Community's core values are closely aligned and in the future the Department should combine these values into measurable outcomes that can be demonstrated in parks, facilities and programs provided by the system.

The City of Grand Rapids has some extraordinary park properties that have served the community well for a long period of years. The Department is at a crossroads and needs to determine how they can manage the system forward and operating in a sustainable manner. There are many opportunities available to them, but it requires a host of changes and repositioning the system in the eyes of the City's key leadership and the community as a resource worth investing in to help the City achieve the outcomes desired by the community.

CHAPTER TWO - STAKEHOLDER INTERVIEWS

PROS completed interviews with key City staff in the Public Works and Parks and Recreation Departments as well as other Division's throughout the City which routinely interface with the Parks and Recreation Department in the provision of managing the municipal parks and recreation services. The focus on these meetings was to gain insight into how staff sees the services being provided. Ways to operate in a more sustainable manner. How much tolerance for operational change exists? What are the key policies that need to be updated or created such as pricing, earned income development, partnership management, reducing entitlement of special interest groups and organizational design changes. The results of these meetings are as follows:

- The Department has experienced drastic cuts in the past eight years. Park maintenance budgets have shrunk by 40% since 2002. Staffing levels are down 68% compared to 2002 levels.
- Since 2002, the tax spending per resident per year fell to \$19.34 from \$38.00. This is far below the National Municipal levels of investment which is normally in the area of \$49 per resident based on NRPA Operational Study completed in 2009.
- FY 11 direct Park maintenance expenses account for \$11.22 per resident. Based on 585 acres maintained of the 1,209 acres in the system accounts for \$3,793 per acre which is approximately \$2,256 an acre below similar Municipal park and recreation agencies in the Midwest
- Agencies revenues currently are 37% of the operating budget from grants and program fees which is approximately 8% below Great Lakes/Midwest agencies.
- The park acres, including the Grand Rapids Public Schools acreage per 1,000 residents is 7.88 acres per 1,000 which is low for typical Great Lakes and Midwest cities which is usually 12-15 acres per 1,000 residents.
- The Recreation budget for the Department including After-School Programs, Pools and Recreation Programs is \$3,083,987 of which is supported by a grant by 21st Century Learning Centers of approximately 1.9 million dollars. The level invested for recreation services is \$15.60 per resident per year which is below the Great Lakes Region and Midwest Cities of \$21 dollars.
- The Department has had no significant levels of capital improvement funding from the General Operating Fund for the last five years and is currently in need of 30 million to repair what they already own which will only get worse unless these assets are managed and taken care of for the future. As parks and recreation facilities lose their value they will draw down neighborhood property values if not maintained properly. The Department does not know the asset value of the park system less the land value. Best practice park and recreation systems invest 3-4% of their asset value protecting what they already own
- The Department manages 51 buildings and lacks written maintenance standards tied to frequency of tasks for buildings and park maintenance. The Department doesn't track cost per square feet to maintain facilities but does track cost per acre to maintain parks

- The golf course operation is breaking even as it applies to revenues and expenses and has been losing rounds of play over the last six years which is following a national trend. Golfers are still playing but not as often as they did in the late 90's. The golf course needs a business plan and program strategy to keep it focused on generating revenue over and above their expenses
- Current Master Plan standards need to be customized to 2011 demographic levels of the city and recreation trends. The areas that need to be adjusted are tennis court standards, soccer field standards, picnic shelters and should include new standards, for gyms, indoor recreation center space, trails, dog parks, playgrounds, fitness center space, skateboard park and spray grounds.
- The Department does not have a business development section that would help the Department to seek grants, develop new and improve existing partnerships, incorporate new revenue sources, incorporate more marketing of programs and services and develop a financial management strategy
- No planning division exists within the Department to support improvements to existing parks and recreation facilities for the existing and future needs of the Department. This is being managed by the Parks and Recreation Director who is a landscape architect but it makes it difficult to manage the system and do planning
- Some policies need to be updated to reflect and support financial sustainability which includes the pricing policy, partnership policy, volunteer policy, earned income policy and acquisition policies
- Design principles to support operational costs are not incorporated into the Department's approach to management
- The Department does not have financial principles to manage the system forward for the future and to guide decision making
- The Department in the past has not tracked the economic value of the system to the city and the return on investment they are making to the city general fund
- Some performance measures are in place that the Department manages by especially downtown parks which is funded by a special improvement district paid for by the businesses downtown which provides a different example of park maintenance than what is occurring in neighborhood parks and community parks. The Department has written maintenance standards for downtown parks as well which are established at a level two based on National Recreation and Parks guidelines
- The Department has Sustainability Plan Targets for park, recreation and programs with established targets to achieve which is good to measure. These measures focus on acquisition of playgrounds, decrease in time needed to repair park repairs, increase in participation levels for after-school and playground participants, increasing the access to gyms, increasing the people who participate in recreation services, adding more connector trails, and increasing low impact design standards. Additional consideration should be given to capacity management of parks, recreation facilities and programs, customer satisfaction levels met, cost recovery

goals met, programs offered versus programs held, volunteer hours invested to support existing operations, and partnership equity

- The Department does not have true cost of service data available to them to determine existing cost recovery levels and unit costs. Having this information would help them to achieve the right price point for services and how to maximize their operating dollars. Currently the Department has a good understanding of direct costs but not in-direct costs and in review of their prices for services appears to be undervalued in several categories. If and when the Department does track cost of services it will help them to achieve the right cost recovery level for each program and facility
- No crime statistics are tracked near parks where they are closed or recreation facilities that are closed to demonstrate the impact on crime
- The Department has a good number of partnerships in place. Equity levels of these partnership investments is not tracked or leveraged for future grants
- The Department has a good adopt a park policy and this should continue. The Friends of Grand Rapids Parks has done an incredible job of helping the Department to support development of new playgrounds, supporting park maintenance and assisting in creating new park related amenities. This is best practices and needs to continue for the future

CHAPTER THREE - REVIEW OF ORGANIZATIONAL STRUCTURE AND ESTABLISHMENT OF CORE ESSENTIAL SERVICES, IMPORTANT AND VALUE ADDED SERVICES

The Department had not established their core essential, important and value added/visitor based services but did work through this after PROS Consulting left the City (**see attached Appendix 1**) in early January. The importance of developing this focus is centered on having a clear understanding of the Department's approach to managing these services for the future and how to price these services to the community and specific users.

The following criterion determines, core essential, important and value added services.

3.1 CORE SERVICES CRITERIA

The following Core Services criterion was presented to staff in the workshop and was agreed to be used to test existing services provided by the Department.

3.1.1 CORE SERVICES – “ESSENTIAL”

- Definition of “Essential Services”
 - Core “Essential” services are those programs, services and facilities the Department must provide and/or are essential in order to capably govern the Agency. The failure to provide a core service at an adequate level would result in a significant negative consequence relative to the City's health & safety and economic & community vitality
- Criteria
 - The Department is mandated by law, by the Charter or is contractually obligated by agreement to provide the service
 - The service is essential to protecting and supporting the public's health and safety
 - The service protects and maintains valuable Department assets and infrastructure
 - The City's residents, businesses customers and partners would generally and reasonably expect and support the Department in providing the service, and that service is one that cannot or should not be provided by the private sector, and provides a sound investment of public funds

3.1.2 CORE SERVICES – “IMPORTANT”

- Definition of “Important” Services
 - Core “Important” services are those programs, services and facilities the Department should provide, and are important to governing the Agency and effectively serving our residents, businesses, customers and partners. Providing “Important” services expands or enhances our ability to provide and sustain the Department's core services, health & safety, and economic & community vitality

- Criteria
 - Service provides, expands, enhances or supports identified core services
 - Services are broadly supported and utilized by the community, and are considered an appropriate, important, and valuable public good. Public support may be conditional upon the manner by which the service is paid for or funded
 - Service generates income or revenue that offsets some or all of its operating cost and/or is deemed to provide an economic, social or environmental outcome or result within the community

3.1.3 CORE SERVICES – “VISITOR SUPPORTED SERVICES”

- Definition of “Visitor Supported” Services
 - Visitor Supported services are programs, services and facilities that the Department may provide when additional funding or revenue exists to offset the cost of providing those services. Visitor Supported services provide added value to our residents, businesses, customers and partners above and beyond what is required or expected of a municipal agency
- Criteria
 - Service expands, enhances or supports Core Services, Important Services, and the quality of life of the community
 - Services are supported and well utilized by the community, and provide an appropriate and valuable public benefit
 - Service generates income or funding from sponsorships, grants, user fees or other sources that offsets some or all of its cost and/or provides a meaningful economic, social or environmental benefit to the community

The Department has worked through these criteria in their work session as outlined in Appendix (1) and will now begin the process to establish a management approach and cost recovery goal for each core service function and revenue producing service. The Department is capable of managing to these management changes given the opportunity to do so based on conversations with staff in work sessions leading up to this report.

3.2 FINANCIAL MANAGEMENT PRINCIPLES

The Financial Management Principles provide the Department with key financial strategies that will guide their thinking in the future. The increasing significance of the Department becoming more self-supporting makes the principles even more relevant for financial planning. The goal is to become 60% self-supporting in the next three years to support operational costs of the Department and to help manage the Department forward including making the necessary capital improvements that have been neglected for some time. The Department will need to incorporate updated pricing, partnership, and earned income policies for the future to achieve this goal.

The staff has a fiduciary responsibility for achieving financial sustainability to move the Department forward in the future and protect the resources in the system. The following Financial Management Principles will form the basis for policy decisions affecting this goal. These principles should be considered.

- The financial planning for facility and program services will be consistent with the goals and objectives of the City Commission and support the initiatives and strategies as reflected in the Department's approved financial plans. Likewise, the Department's goals and objectives which affect the revenue funding sources and will be consistent with revenue availability and financial projections. A specific Revenue Fund will be established to put revenues into to support operational costs and re-appropriated at the end of each year to support the following year's operational budget.
- The Department will use a minimum of a three-year Financial Management Plan for establishing and implementing revenue funding sources with out-year projections up to ten years. The Department's Financial Plan will be updated at least annually and will be used as the basis for the development of budgets and revenue/fee schedules.
- The Department's budget will be developed as a program based budget, ensuring the highest possible accuracy of revenue projections and the review and evaluation of budget expenditure requirements. Annual budget plan submittals will meet all the City of Grand Rapids budget requirements. All efforts will be made to optimize productivity for improved service delivery at the lowest possible cost levels to the budget.
- The annual operating budget will project and produce a positive cash balance for each fiscal year. A cost recovery ratio for the budget-planning year will be developed and integrated into the financial management plan for all programs and revenue producing facilities.
- Management of the revenue funds for budgeting purposes will be at cost/profit center level so that each program and function is reviewed annually both for revenue projections and expenditure needs. Where possible, each cost center will produce net revenue and keep expenditures to the lowest possible levels.
- A Managed Reserve will be maintained at a sufficient level to allow for yearly cash flow requirements and to provide for financing unforeseen needs of an emergency nature. The cash flow portion of the reserve will be a minimum of three percent of the approved annual expenditure budget. The emergency portion of the reserve will be at least two percent of the approved annual expenditure budget of the Revenue Fund. The Managed Reserve shall be adjusted annually at the time the budget is adopted.
- Net revenue generated from the fiscal year, above that needed to sustain the reserves will be committed as approved by City Commission. Funding priority will be given to the repair and renovation requirements of the Revenue Fund's facilities and for support of revenue generating programs. At the City Manager's direction, all, or a portion of the net revenue, will be appropriated annually to the Department's

Park Capital Improvement Fund for future needs associated with the repair and renovation of Revenue Fund facilities and programs. Funding requirements will be reviewed and updated annually.

- All revenue producing facilities will develop an annual business plan and will establish direct and indirect costs associated with the services provided.
- Design financial principles will be include financial costs and operational impacts for any redesign of a park or a new design of a park
- New Recreation Facilities that will be coming on line will include a feasibility study prior to construction beginning to determine the cost to operate and revenues that can be gained from programs provided to determine the cost recovery level needed to support financial sustainability
- These Financial Management Principles will be reviewed by the City Commission annually to help the Department achieve financial sustainability.

CHAPTER FOUR - OPERATIONAL ASSESSMENT

4.1 THE FINANCIAL SITUATION OF THE DEPARTMENT

The financial situation of the Department indicates a department that has been starved for some time. The Department has had eight years of budget decline and has lost 40% of its budget from 2002 levels. Half of the city's tax dollar support for Parks in 2002 is gone. Budget dollars to maintain parks is half what it was in 2002 and yet the Department is still surviving although not very effectively for such a beautiful set of park settings. The real point that needs to be understood is that the Department has been neglecting capital improvements to keep the parks and recreation facilities in a state of condition that supports a desired image of the community. Imagine not investing in a \$200,000 house for ten years and expecting it to function or increase in value let alone what the parks get in use versus a house.

The Parks System needs to be totally repositioned for the future for it to survive and thrive in the next ten years. The Department needs to re-think how to become financial sustainable which requires a different management model. The following recommendations should be considered for the Department to help manage itself forward if politically feasible.

- Consider development of a Park Authority or Park Commission to remove itself from the general fund budget. The Park Authority or Park Commission could be combined with the County Parks and Recreation system and other city or township systems
- Demonstrate the Department's economic value to the city so the Key leaders can see the Department not as a spend department but as an earned department and as an economic tool to attract a knowledgeable workforce or for economic purposes. The Department needs to track the property loss level of parks that have not been maintained well versus the parks that have been maintained well to demonstrate that well maintained parks create higher property values and reduce crime in neighborhoods

- Eliminate, sell, or lease park property to reduce costs, or increase revenue opportunities. The Department has prepared a list of park properties that can be leased for recreation purposes that can return a level of investment to the Department through annual lease payments
- Develop new earned income opportunities that are available but not used by the Department. (see appendix 2) for a list of options
- Seek enhancement to existing policies to support the cost recovery goal of 60%. This would include an updated pricing policy, partnership policy, earned income policy, volunteer policy, and sponsorship policy
- Create or enhance revenue producing facilities to support operational costs and capital costs
- Develop recreation facilities and amenities that attract a knowledgeable work force and develop recreation services centered on supporting a healthy work force and community
- Continue efforts to work with the Friends of Grand Rapids Parks to develop funding options and work programs to help maintain and support the system through adopt a park type of programs and capital improvements in parks
- Eliminate any service, amenity or park that is not achieving the outcomes desired or transfer the park, amenity or service to another agency to manage it for the City
- Develop business plans for each type of core service or major attraction
- Price services based on cost of service assessment, a cost recovery goal and inform users of why the price and cost recovery goal
- Develop as much partnership equity in the each partnership they have established or will establish for the future
- Develop feasibility studies for any new program, park or service to determine the costs and rather the Department can afford it
- Learn to say “no” gracefully to groups looking for something from the Department
- Develop a sponsorship program in parks to sponsor parks, fields, playgrounds, trails, art, recreation facilities and events
- Develop a business development office within the Department to help track grants, develop sponsorships, price services, market the parks and facilities, and manage the partnerships
- Determine the true cost to provide any service through an activity based costing system
- Develop an asset management plan and capital improvement program with capital improvement criteria that determines the cost benefit of any capital improvement to the system
- Develop three new dedicated funding sources annually to support the Department

- Move all visitor supported services to cover their full direct and indirect costs

4.2 INTERNAL OPERATIONAL PROCES REVIEW

The internal Operational Review is being developed from the Data that was sent to PROS prior to the interviews and on-site visits to Grand Rapids. The following are recommendations for staff to consider.

- The organizational design of the Park and Recreation Department should incorporate so that all recreation functions become one division that includes golf. The Department should consider one division for park maintenance versus a North/South division. The Department needs to establish a Business Development division to go after grants, enhance and seek new partnerships, develop new earned income opportunities, improve on marketing and pricing the system, and development of cost of service data
- The Department needs to have access to a planning division to enhance and improve on existing parks for the future
- Maintenance standards need to be developed with unit costs for all parks and recreation facilities including buildings the Department takes care of for the city
- Update the policies for pricing, partnerships, volunteerism, earned income, sponsorship, advertising and working with schools
- Add additional performance measures to the work that is being done currently to include capacity management, programs offered versus programs held, standards met in programs, parks and facilities, volunteer hours worked in parks to be used for grant matches, new participants to the programs, age segments served, cost recovery goals met, customer satisfaction levels met, partnership equity levels met, and capital investments met to enhance value to the neighborhood property values
- The organizational culture needs to adopt a financial sustainability mindset and determine the following for each program or service:
 - For whom is the service being provided for?
 - For what purpose?
 - For what benefit?
 - For what costs and is it worth the return on investment
- Train staff on business modeling, cost of service management, effective pricing of services, marketing, managing to outcomes, and tracking performance measures to determine efficiency and revenue production
- Continue to leverage the Friends of Grand Rapids Parks to help deliver services and capital improvements to the city parks
- Develop work plans for all staff on a weekly and monthly basis with financial outcomes and performance measures tracked

- Continue to cross train staff in all areas of the system to maximize the value of staff. Develop a plan to incorporate the right person in the right job for the right pay for the right frequency using the right equipment
- Supplement volunteers hours into the budget process to support staff in park maintenance. Train in all areas of the work that needs to be done
- Continue to have managed competition for work that is required to achieve the maintenance standards desired in parks at the least cost to the system
- Determine cost recovery levels for all core programs, recreation facilities, golf, services, reservations, permits, rentals in the park system and Increase program offerings in parks, pools, golf, game fields, special events, youth programs, and young adults to increase their value and support for the park and recreation system while recovering a higher level of cost recovery for the Department as a whole
- Achieve 60% of cost recovery for the Department by the end of 2013
- Develop a junior volunteer program for youth and college students in parks to help support the cities needs
- Continue to provide the Recreation REAPS Rewards program in the city
- Develop or lease more indoor recreation space for wellness and fitness, youth sports, adult sports, and general life skill classes
- Track the economic value of the system and present annually to city council and business leaders of what parks do for the community
- The organizational chart should consider combining divisions of recreation and golf into one division and all park maintenance into one division versus a north and south district

CHAPTER FIVE - BENCHMARK COMPARISONS

The Department benchmark comparisons are based on the National Recreation and Parks Operational Study completed in 2009.

- Acres per 1,000 population including GRPS acreage; Grand Rapids 7.88 acres, Nationally 12-15 acres for Great Lakes and Midwest
- Budget Per Capita; Grand Rapids \$19.34, Nationally \$49.00
- Acre cost per maintained acre; Grand Rapids \$3,792, Nationally \$6,049
- FTE maintenance staff per acre maintained; Grand Rapids 21.92 acres, Nationally 14.1. PROS divided 585 maintained acres by 26.69 FTE's doing park maintenance and came up with 21.92 acres maintained per FTE.
- Capital Improvement invested yearly; Grand Rapids; minor capital and new KaBOOM! playgrounds , Nationally 3% of total fixed asset value less land
- Cost recovery levels for operating budget: Grand Rapids, 37%, Nationally 45%
- Community involvement in programs: Grand Rapids, 35%, Nationally 40%

- Percent of Community that uses parks; Grand Rapids, the Department has not surveyed for this information, Nationally 76%
- Recreation spending per capita; Grand Rapids, \$15.60, Nationally \$21
- Miles of trails; Grand Rapids, 13.85 miles or .07 per 1,000, Nationally .4 miles per 1,000 people. Using the population of Grand Rapids of 197,800 this means approximately 80 miles would be necessary to meet the national standard
- Recreation Center per population; Nationally, 1 to 23,500 people which means approximately 8.4. The city has 3 gyms; one at Garfield Park, Paul I. Phillips Center and Roosevelt Parks. It would be beneficial for the department to have their own recreation centers. This would position them better to meet the needs of the residents and to increase the opportunity to generate revenue.
- Playgrounds per 1,000 population; Grand Rapids 32, Nationally, 1 to 3,500 which means the City should have approximately 57.
- Agency Revenues per capita; Grand Rapids, \$14.11, Nationally, \$24

CHAPTER SIX - APPENDIX

6.1 APPENDIX 1: CORE SERVICE IDENTIFICATION

The following listing is the core essential services (red), important services (blue) and visitor supported (green) services

SERVICE TYPE	
Land Management	
Parks Maintenance	
	Turf Maintenance
	Athletic Field Maintenance
	Water Management
	Playground Safety
Urban Forestry	
	Tree Maintenance
	Risk / Liability
Long Range Open Space Planning	
	Open Space / Preserve Maintenance
	Nature Preserve Enhancement
Park Planning and Design	
Trail Development	
Construction	
City-Wide Planning	

SERVICE TYPE	
Facility Management	
Facility Operations & Rentals	
	Community Centers
	Sport Complexes
	Facility, Park & Field Rental
	Pool Maintenance
	Senior Center
	Tennis Center
Program Management	
Program management	
	Aquatics & Public Swim
	Health & Fitness
	Youth Sports
	Adult sports
	Youth & Teen Development
	Youth Classes
	Adult Classes & Programs
	Senior Programs
	Special Events
	Community Events
	Cultural Programs
	Environmental Education
	Tennis

SERVICE TYPE	
Administration	
Policies & Procedures	
	Pricing
	Earned Income
	Sustainability
	Sponsorship
	Partnership
Budget Development (Management)	
	Coordination
Marketing	
	Website
	Social Network
	Program Guide
Business Management	
	Coordination of All Processes
	Performance Management
	Activity Based Costing
	Cost Center Management
Strategic Planning	
Partnerships	
General Plan Compliance	
	Planning Coordination
Volunteer Coordination	
	Adopt -a-Park
	Program Volunteers
	Park Volunteers
Contract Management	
Commission Management	
	Parks and Recreation Board
	Seniors Advisory Committee
	Sports Council
	Youth Task Force
	City Commission
Capital Management	
	Public/Public
	Public/Not-for-Profit
	Public/Private
	Joint Use Agreement
	Pool Compliance
Information Technology	
	Rec Trac
	Asset Management
Human Resource Management	
	Staffing
	Training

6.2 APPENDIX 2: FUNDING STRATEGIES

Park and Recreation systems across the United States today have learned to develop a clear understanding of how to manage revenue options to support parks and recreation services in a municipality based on the limited availability of tax dollars. Park and Recreation systems no longer rely on taxes as their sole revenue option but have developed new sources of revenue options to help support capital and operational needs.

A growing number of municipalities have developed policies on pricing of services, cost recovery rates and partnership agreements for programs and facilities provided to the community. They also have developed strong partnerships that are fair and equitable in the delivery of services based on whom receives the service, for what purpose, for what benefit and for what costs. In addition, agencies have learned to use parks and recreation facilities, amenities, programs and events to create economic development as it applies to keeping property values high around parks and along trails through increased maintenance, adding sports facilities and events to drive tournaments into the region that create hotel room nights and increase expenditures in restaurants and retail areas. They have learned to recognize that people will drive into their community for good recreation facilities such as sports complexes, pools, and for special events if presented correctly and are well managed.

In the Department, these policies and management practices are not all in place and should be considered for the future. PROS is outlining several options for the Department to consider as outlined below. In any event PROS feels that some if not all of these sources should be considered as an option to support the capital and operational needs of the Department as outlined.

6.2.1 FUNDING SOURCES FOR CAPITAL IMPROVEMENT DOLLARS AND OPERATIONS

The following financial options outline opportunities for the Department to consider in supporting capital improvements as well as operational costs associated with managing the system for the future. Many of these funding sources may not be allowed or have never been used and should be pursued through legislative means should the City see the value in pursuing these funding sources.

General Obligation Bond: A general obligation bond is a municipal bond secured by a taxing authority such as the City of Grand Rapids to improve public assets that benefits the municipal agency involved that oversee the parks and recreation facilities. The City of Grand Rapids has not done a General Obligation Bond for parks and recreation facilities for a very long time and based on the values that the community holds for parks and recreation facilities it should be considered to promote economic sustainability and livability in Grand Rapids.

General Obligation Bonds should be considered for general park and recreation facility projects because there is very little operational revenues associated with these parks to draw from and these park improvements are in need of upgrades and renovations limiting the uses of other revenue sources. These parks help frame the City's image and benefit a wide age segment of users and updating these parks will benefit the community as a whole and stabilize these neighborhoods. Over the last 10 years across the United States over 90%

of park and recreation bond issues have passed in cities when offered to the community to vote to support the community needs for parks and recreation. This is according to Trust for Public Land research.

Governmental Funding Programs: A variety of funding sources are available from federal and state government for park-related projects. For example, the Land and Water Conservation Fund funding program has been reinstated for 2011 levels at 150 million and can provide capital funds to state and local governments to acquire, develop, and improve outdoor recreation areas. Federal Community Development Block Grant (CDBG) funds are used to support open space related improvements including redevelopment and new development of parks and recreation facilities. Transportation Enhancement Funds available through SAFETELU, the current federal transportation bill, can be used for trail and related green space development, AmeriCorps Grants can be used to fund support for park maintenance.

SAFETULU funds as well as Safe Routes To School Funds should be pursued for the trail improvements outlined in the plan. SAFETULU monies require a 20% match by the City and Safe Routes to School Funds require no match by the City.

CDBG (Community Development Block Grants) funds are used by many cities to enhance parks. These funds should be used to support the re-development of major facilities based on its location in the City and what it will do to enhance the neighborhood and schools surrounding the park which is the purpose for CDBG monies

AmeriCorps Grants should be pursued by the Parks Division to support park maintenance and cleanup of drainage areas where trails are located and small neighborhood parks in the City.

If applying for these grants is an issue, the Department staff should seek out a grant writer to write application.

Park Impact Fees: The City has not implemented park impact fees. As the current deficiencies in park and trail standards are met, these funds should help support the Department's capital improvements. Impact fee generally provide some capital funds but rarely are they sufficient to provide full funding of large projects.

Internal Park Improvement Fund: This funding source is created from a percentage of the overall park admissions to attractions such as sport complexes or special events in the park and would allow a percentage usually in the 3-5% of gross revenues to be dedicated to the park for existing and future capital improvements. This funding source is used for sports complexes, aquatic parks, campgrounds, and fee based parks. This type of user fee generally does not require voter approval but is set up in a dedicated fund to support the existing attraction for future maintenance and improvements.

Tax Allocation or Tax Increment District: Commonly used for financing redevelopment projects. A Tax Allocation District (TAD) involves the issuance of tax-exempt bonds to pay front-end infrastructure and eligible development costs in partnership with private developers. As redevelopment occurs in the City, the "tax increment" resulting from redevelopment projects is used to retire the debt issued to fund the eligible redevelopment costs. The public portion of the redevelopment project funds itself using the additional taxes generated by the project. TADs can be used to fund park improvements and development as

an essential infrastructure cost. These funds would work well in the downtown redevelopment and in trail development the City has proposed. The city of Valparaiso Indiana has used this funding source extensively for their redevelopment of the downtown area and has made a huge impact on the image and impact to parks and business in the downtown area.

Cash-in-Lieu of Open Space Requirement: Ordinances requiring the dedication of open space within developments to meet the park and recreation needs of the new residents often have provisions allowing cash contribution to substitute for the land requirement.

Facility Authority: A Facility Authority is sometimes used by park and recreation agencies to improve a specific park or develop a specific improvement such as a stadium, large recreation center, large aquatic center, or sports venue for competitive events. Repayment of bonds to fund the project usually comes from a sales tax in the form of food and beverage. A facility Authority could oversee improvements for the large facilities; such as, aquatic center and sports fields as appropriate. The City could seek out a private developer to design build the facility for the City with the City paying back these costs over a 20 year period. The Facility Authority would include representation from the schools, the City and private developers.

Utility Lease Fee: Utility lease fees have been used to support parks in the form of utility companies supporting a park from utility easements, storm water runoff and paying for development rights below the ground. This funding source is derived from fees on property owners based on measures such as the amount of impervious surfacing as well as fees from utility companies having access through the park. It is used by many cities to acquire and develop greenways and other open space resources that provide improvements in the park or development of trails. Improvements can include trails, drainage areas, and retention ponds that serve multiple purposes such as recreation, environmental protection, and storm water management. This could be a source for the utilities to make a contribution to support the parks and trails in the future.

Transient Occupancy Tax: This funding source is used by many cities to fund improvements to parks from hotels that benefit from the parks and Transient Occupancy Taxes are typically set at 3-5% on the value of a hotel room and a 1% sales tax that can be dedicated for park and recreation improvement purposes. Because of the value that parks could provide in the way of events, sports, entertainment and cultural events hotels in the area that benefit could be set up with a portion of their occupancy funds going to support park and recreation related improvements. This funding source should be implemented progressively as the City increases the number of events it sponsors. Tracking the economic value back to the hotels is important to build trust with the Hotel business community. This funding source is used very well in Genesee County Parks.

Food and Beverage Tax: This tax is currently used by many cities. In many cities they seek a ¼ or 1/8 cent sales tax on retail food and beverages to support parks and recreation needs in their community and can raise a substantial amount of revenue that can be used to pay for a bond for needed improvements. These dollars can come from the local community as well as visitors to the City to help pay for a bond to finance future park and recreation related improvements. Food and Beverage Taxes are very well accepted in most Midwest communities.

Capital Improvement Fee: A capital improvement fee can be added to an admission fee to a recreation facility or park attraction to help pay back the cost of developing the facility or attraction. This fee is usually applied to golf courses, aquatic facilities, recreation centers, stadiums, amphitheaters, and special use facilities such as sports complexes. The funds generated can be used either to pay back the cost of the capital improvement on a revenue bond that was used to develop the facility. Capital improvement fees normally are \$5 per person for playing on the improved site or can be collected as a parking fee.

Lease Back: Lease backs are a source of capital funding in which a private sector entity such as a development company buys the land or leases the park land and develops a facility such as a park, recreation attraction, recreation center, pool, or sports complex; and leases the facility back to the municipality to pay off the capital costs over a 30 to 40 year period. This approach takes advantage of the efficiencies of private sector development while relieving the burden on the municipality to raise upfront capital funds. This funding source is typically used for recreation and aquatic type facilities, stadiums, civic buildings, and fire stations.

Real Estate Transfer Tax: Real Estate Transfer Tax provides a 1% tax on the buyer of real estate property that exchanges hands and is used primarily in built-out communities to support maintaining parks and civic space so the neighborhoods are kept at a higher level.

6.2.2 FUNDING SOURCES FOR OPERATIONAL DOLLARS

Land Leases/Concessions: Land leases and concessions are public/private partnerships in which the municipality provides land or space for private commercial operations that enhance the park and recreational experience in exchange for payments to help reduce operating costs. They can range from vending machines to food service operations to full management of recreation attractions.

Admission to the Park: Many park and recreation systems in the United States have admission fees on a per car, per bike and per person basis to access a park that can be used to help support operational costs. Car costs range from \$3 to \$5 a car and \$2 dollars a bicycle or \$2 dollars a person. As a community this may not be appropriate for Grand Rapids at the present time but may be considered in the future. This fee may be useful for large events and festivals that have the capability to be set up as a fee based park at least on weekends.

Parking Fee: Many parks that do not charge an admission fee will charge a parking fee. Parking rates range from \$3 to \$4 dollars a day. This funding source could work for helping to support special events, festivals and tournaments.

User Fees: User fees are fees paid by a user of recreational facilities or programs to offset the costs of services provided by the Department in operating a park, a recreation facility or in delivering programs. In Grand Rapids recreation programs are highly undervalued. A perception of “value” needs to be instilled in the community for what benefits the City is providing to the user. Future fees could be charged by the Department based on cost recovery goals for the parks and or core recreation services based on the level of exclusivity the user receives compared to the general taxpayer. PROS would highly recommend that user fees for programs be charged to create value and operational revenue for the Parks and Recreation Department. If the Department feels that they cannot move forward on user fees to help offset operational costs then they might consider contracting with an area non-

profit; such as a YMCA, to manage future recreation facilities and programs. The Department then could take the dollars they have invested in staff and in subsidized recreation facilities and use those dollars to support an improvement bond to make improvements to existing parks and or build new parks and recreation facilities with the existing dollars in their operational budgets. This would change the role of the Department to a facility provider versus a program operator. The cost savings from not having recreation staff and not subsidizing pools and other recreation facilities could be \$300,000 a year that then could be used for park and recreation related improvements.

Corporate Naming Rights: In this arrangement, corporations invest in the right to name an event, facility, or product within a park in exchange for an annual fee, typically over a ten-year period. The cost of the naming right is based on the impression points the facility or event will receive from the newspapers, TV, websites, and visitors or users to the park. Naming rights for park and recreation facilities are typically attached to sports complexes, amphitheaters, recreation centers, aquatic facilities, stadiums, and events. Naming rights are a good use of outside revenue for parks, recreation facilities or special attractions in the City.

Corporate Sponsorships: Corporations can also underwrite a portion or all of the cost of an event, program, or activity based on their name being associated with the service. Sponsorships typically are title sponsors, presenting sponsors, associate sponsors, product sponsors, or in-kind sponsors. Many agencies seek corporate support for these types of activities.

Advertising sales on sports complexes, scoreboards, gym floors, trash cans, playgrounds, in locker rooms, at dog parks, along trails, flower pots, and as part of special events held in the City to help support operational costs have been an acceptable practice in parks and recreation systems for a long time and should be considered for the Department to support operational costs.

Maintenance Endowment Fund: This is a fund dedicated exclusively for a park's maintenance, funded by a percentage of user fees from programs, events, and rentals.

Park Revolving Fund: This is a dedicated fund to be used for park purposes only that is replenished on an ongoing basis from various funding sources such as grants, sponsorships, advertising, program user fees and rental fees within the park. The Department could establish a revolving fund supported by one or more funding sources identified in this section.

Permit Fees: This fee could be incorporated for exclusive reservation for picnic shelters, sports fields, special events provided by the Department, and competition tournaments held in the city by other organizations. Permit fees include a base fee for all direct and indirect costs for the city to provide the space on an exclusive basis plus a percentage of the gross for major special events and tournaments held on City owned permitted facilities. These dollars could be applied to the Park Revolving Fund to help support park improvements.

6.2.3 PRIVATE FUNDING SOURCES

Business/Citizen Donations: Individual donations from corporations and citizens can be sought to support specific improvements and amenities. The Department might consider

trying to raise the money privately for the development of major facilities with the Friends of Grand Rapid Parks.

Private Foundation Funds: Nonprofit community foundations can be strong sources of support for the Department and should be pursued for specific park and recreation amenities. The Department has a Friend of Grand Rapid Parks and this should be continued.

Nonprofit Organizations: Nonprofit organizations can provide support for green space and parks in various ways. Examples include:

- **Conservancy or Friends Organization:** This type of nonprofit is devoted to supporting a specific park. These Park Conservancy's or Friends Groups are a major funding source for parks in the United States and should be considered for Grand Rapid Parks and Recreation facilities.
- **Greenway Foundations:** Greenway foundations focus on developing and maintaining trails and green corridors on a city-wide basis. The City could seek land leases along their trails as a funding source, in addition to selling miles of trails to community corporations and nonprofits in city. The development rights along the trails can also be sold to local utilities for water, sewer, fiber optic, and cable lines on a per mile basis to support development and management of these corridors.

6.2.4 VOLUNTEER SOURCES

Adopt-a- Area of a Park: In this approach local neighborhood groups or businesses make a volunteer commitment to maintaining a specific area of a park. Adopt-a- area of a Park arrangements are particularly well-suited for the Department.

Adopt-a-Trail: This is similar to Adopt-a-Park but involves sponsorship of a segment of a trail (e.g., one mile) for maintenance purposes.

Community Service Workers: Community service workers are assigned by the court to pay off some of their sentence through maintenance activities in parks, such as picking up litter, removing graffiti, and assisting in painting or fix up activities. Most workers are assigned 30 to 60 hours of work. This would seem to be a good opportunity for the parks to work with the sheriff's department on using community service workers.