

## CHAPTER 11 Funding Options

### 11.0 INTRODUCTION

The previous chapters of this plan identify issues with the City's recreational facilities and programs, and provide recommendations to address those issues. This chapter focuses on the financial mechanisms that may be used to finance programs and projects. Recreation improvements and programs can be financed via a wide-range of funding sources, including: federal, state, Gallatin County, City of Bozeman and private alternatives.

### 11.1 FEDERAL AND STATE FUNDING SOURCES

#### 11.1.1 Community Transportation Enhancement Program

The Community Transportation Enhancement Program (CTEP) is a Montana program that makes federal funds available for transportation related projects designed to strengthen the cultural, aesthetic, and environmental aspects of Montana's intermodal transportation system. The CTEP allows for the implementation of a variety of non-traditional projects.

The Montana Department of Transportation has elected to sub-allocate the enhancement funds to local governments for selection and prioritization of local CTEP projects. Funds are distributed to eligible local governments based on population figures provided by the U.S. Bureau of the Census. CTEP activities are a sub-component of the Surface Transportation Program (STP). The funding policy and procedural requirements that apply to the STP also apply to the CTEP. The funds may be used for:

1. Provision of facilities for pedestrians and bicycles, including: new or improved lanes, paths, or shoulders for use by bicyclists, traffic control devices, shelters, and parking facilities for bicycles. Other eligible uses under this category include bicycle racks, benches for pedestrian or bicyclist use, and other bicycle or pedestrian related amenities.
2. Provision of safety and educational activities for pedestrians and bicyclists.
3. Acquisition of scenic easements and scenic or historic sites for the use and enjoyment of the general public.
4. Scenic or historic highways programs.
5. Landscaping and other scenic beautification.
6. Historic preservation.
7. Preservation of abandoned railway corridors (including the conversion and use thereof for pedestrian or bicycle trails).
8. Control and removal of outdoor advertising.
9. Archaeological planning and research.
10. Environmental mitigation to address water pollution due to highway runoff or reduce vehicle-caused wildlife mortality while maintaining habitat connectivity.

CTEP does require a local match of approximately 13 percent. The City of Bozeman has used CTEP funds to finance trail and shared use path improvements.

### 11.1.2 Land and Water Conservation Funds

The Land and Water Conservation Fund Act of 1965 established a federal grants program encouraging a full partnership between national, state, and local governments in planning and funding outdoor recreation projects. The Land and Water Conservation Fund Program (LWCF) is administered by Montana State Parks, a division of Montana Fish, Wildlife & Parks (FWP). Since 1965, Montana has received over \$34 million for outdoor recreation.

LWCF allows states to assist their political subdivisions by providing grants for the acquisition and development of public outdoor recreation areas and outdoor facilities. In order to distribute dollars equitably among local communities, a project rating system, the *Open Project Selection Process*, has been developed to consider a variety of pertinent factors. Each application is rated based on this system and the highest-ranking submissions are awarded LWCF funding.

A 50 percent match is required from the local community. In recent years, LWCF funds have been used to finance projects such as park sprinkler systems, tennis courts, playground equipment and soccer fields in communities throughout Montana. The City of Bozeman used LWCF funds to partially fund the acquisition of Tuckerman Park.

### 11.1.3 Recreational Trails Program

The Recreational Trails Program is currently funded through the federal *Safe, Accountable, Flexible and Efficient Transportation Equity Act: A Legacy for Users* (SAFETEA-LU). Montana Fish, Wildlife & Parks administers the RTP funds at the state level, while the Federal Highway Administration (FHWA) provides program oversight at the federal level. The State Trails Advisory Committee (STAC) is a council that advises FWP on things such as RTP Program expenditures and a variety of recreational trails issues. An advisory committee such as the STAC is a federal requirement in order for Montana to be eligible for RTP funds.

RTP grant applicants (sponsors) can include federal, state, county or municipal agencies, private associations and clubs. RTP grants may not exceed 80 percent of the total of an individual project. This is a reimbursement program. After approval of all required documentation, FWP will reimburse the sponsor for 80 percent of the actual documented costs incurred. Reimbursement of RTP funds will only be approved for project expenditures incurred after the date of the signed project agreement between the project sponsor and FWP.

For a number of years, GVLT has received \$30,000 to \$35,000 in RTP grants annually which have been used for a wide variety of Main Street to the Mountains trail system projects. In FY07, the City received \$79,000 in RTP funding for acquisition and development of Ice House Park on the Galligator Trail.

### 11.1.4 Safe Routes to Schools

The Safe Routes to Schools (SRTS) program is funded through an annual Federal-aid Highway apportionment that includes expenditures for non-infrastructure (behavioral) and infrastructure (construction) projects. The SRTS program is administered by the Montana Department of Transportation who has contracted with the *Healthy Mothers, Healthy Babies* program for coordination support. SRTS is not a grant program. It is a 100 percent federally funded reimbursement program and requires no local match.

Non-infrastructure projects include community assessments, development of community action plans, tracking and performance monitoring, public awareness campaigns, bicycle and pedestrian safety, health and environment training, incentive programs, and enforcement efforts.

Infrastructure projects include crosswalks, sidewalks, pathways, bike racks, and speed trailers. All infrastructure projects must be publicly accessible, within two miles of a K-8 school, and maintained by a local government. School districts and local governments are eligible applicants for SRTS infrastructure funding.

### **11.1.5 Congestion Mitigation & Air Quality Improvement Program (CMAQ)**

The federal funds available under this program are used to finance transportation projects and programs to help meet the requirements of the Clean Air Act. Eligible activities include transit improvements; traffic signal synchronization; bike/pedestrian projects; intersection improvements; travel demand management strategies; traffic flow improvements; and public fleet conversions to cleaner fuels. At the project level, the use of CMAQ Funds is not constrained to a particular roadway system (i.e., State Primary, State Urban, and NHS). Of the total received, 86.58 percent is federal and 13.42 percent is non-Federal match. A requirement for the use of these funds is the estimation of the reduction in pollutants resulting from implementing the program or project. These estimates are documented on an annual report submitted to the FHWA.

### **11.1.6 Other Federal Programs and Grants**

There are numerous other federal programs and grant opportunities that could help finance recreational facilities and programs. For example, Community Development Block Grant (CDBG) funds from the Department of Housing and Urban Development may be available for improvements directed towards economic development. Or, National Institute of Health funds might be available for programs developed to promote community health or senior health. The RPAB could work with the City's Grants Coordinator to identify grant or program funds for specific programs or projects.

### **11.1.7 Appropriations**

The City is able from time to time to obtain appropriations for special projects by working with Montana's congressional delegation. However, the City still needs to apply for funds from the relevant agency (e.g., Environmental Protection Agency, Department of Interior, Housing and Urban Development, etc.).

## **11.2 GALLATIN COUNTY FUNDING SOURCES**

### **11.2.1 Gallatin County Open Space Bonds**

Gallatin County Open Space Bond measures were passed by the voters in 2000 and again in 2004. The bond measures, in the amount of \$10 million dollars each, are for the purpose of preserving open space in Gallatin County by purchasing land and conservation easements from willing landowners for the following purposes: managing growth, preserving ranches and farms, protecting wildlife habitat and water quality of streams and rivers, providing parks and recreation areas. The Gallatin County Commission has appointed a 15 member citizens' advisory committee (Gallatin County Open Lands Board) to oversee the grant program. The Open Lands Board reviews all applications and makes project funding recommendations to the County Commissioners who have the authority to spend the bond money. The County Commission recently allocated \$75,000 of open space bond monies to purchase the Bonn Property. Open space bond funds were also used to acquire the Regional Park.

## **11.3 LOCAL FUNDING SOURCES**

### **11.3.1 General Funds**

This fund provides revenue for most major City functions like the administration of local government, and the departments of public welfare, including parks, recreation and forestry. Revenues for the fund are generated through the general fund mill levy on real and personal property and motor vehicles; licenses and permits; state and federal intergovernmental revenues; intergovernmental fund transfers; and charges for services. The Park and Recreation Departments are almost entirely funded through the General Fund. Recreation programs or capital projects may be financed through the General Fund, typically in conjunction with other financing resources.

### **11.3.2 General Obligation Bonds**

General obligation bonds are primarily used to finance capital facilities such as buildings and public infrastructure, facilities that will provide service over many years. When the local government issues debt to finance capital projects, paying for those projects over the course of twenty to twenty-five years, the citizens who live in the community and benefit from the facilities are the same ones who pay for them. When the local government issues a general obligation bond, it pledges its “full faith and credit” to repaying the bond; the government promises to use its full powers of taxation to raise whatever revenue is necessary to pay the principal and debt service. Bozeman’s ability to borrow is limited by a debt ceiling based on a percentage of the City’s tax base. The use of general obligation bonds would be most fitting for large, expensive facilities that would benefit the entire community such as a new aquatics center. The City could also consider the use of a general obligation bond for the purchase of parkland or open space, similar to the Countywide open space bond.

### **11.3.3 Special Improvement District**

The City could use special improvement districts to make improvements to City parks. For example, an SID could be formed in the northwest quadrant of the City to fund park improvements in that area. The SID bond repayment would be made by the landowners receiving the benefit of the improvements.

A Citywide SID has been discussed for park maintenance, similar to the City’s existing Citywide SIDs for street and street tree maintenance.

### **11.3.4 Development Impact Fees**

Impact fees help to address the substantial fiscal impacts of new development by shifting costs to the new development. The City of Bozeman already collects impact fees for water, sewer, streets and fire improvements. The fees are collected when a building permit is drawn, and are based on the size and number of residential unit, or the size of commercial projects. The City could initiate a system of impact fees for parks. The City of Missoula collects impact fees for parks, and collected \$104,237 in FY2005 and \$146,331 in FY2006. The City of Belgrade also collects impact fees for parks.

### **11.3.5 Tax Increment Financing (TIF)**

TIF is based upon the premise that public improvements – such as street improvements – in declining areas could spur private redevelopment, thereby increasing the property tax base, and the additional tax revenues could be used to offset the costs of the improvements that had spurred redevelopment. The City of Bozeman currently has three urban renewal districts – Downtown Improvement District, the Northeast Urban Renewal District and the North 7<sup>th</sup> Avenue Urban Renewal District. TIF funds could be used within these districts to fund recreation-related projects.

### 11.3.6 Developer Exactions

As allowed by state law, the City requires developers to dedicate parkland to the City, or pay a fee in-lieu of parkland dedication, to meet the recreational needs of the future residents of their development. The City requires that developers improve dedicated parkland by leveling any park area, amending the soil, seeding disturbed areas to allow mowing, and installation of an irrigation system. The City also requires that developers install trails as part of their required transportation improvements.

### 11.3.7 Park Improvement Grants

The City typically allocates approximately \$150,000 for park improvement grants each fiscal year. These funds are typically awarded to community groups, such as a user group or a neighborhood organization, to fund improvements to City parks. This grant program requires that the requesting group provide a match of their own funds, donations or labor in-lieu of to complete a project. The funds are awarded on a competitive basis, with applications submitted in the fall of each year. The RPAB reviews and ranks the applications based on established criteria, and forwards a recommendation to the City Commission for final approval of the grant. Recent examples of park improvement grants include \$30,000 for pavilion at the Sports Complex and \$40,000 for parking lot improvements at Bronken Park. A copy of the City's Guidelines for Parkland Grants is provided in Appendix H.

### 11.3.8 Cash-in-Lieu of Parkland

State law requires that developers provide dedicated parkland, or cash in-lieu of parkland dedication, to provide for the recreational needs of the residents of the development. However, the current cash in-lieu of parkland dedication system is flawed and cash in-lieu of parkland is rarely accepted (see Section 8.4 for a detailed analysis).

If the City's cash in-lieu valuation system is revised, as is recommended in this document, the use of cash in-lieu of parkland dedication could allow the City to collect funds to finance, or partially finance, important parkland purchases. Having some cash on hand would also allow the City to take advantage of critical parkland acquisition opportunities as they arise. The use of cash in-lieu of parkland funds would provide the City with some control over the location, characteristics and timing of parkland acquisition.

The City has established the following procedure for the expenditure of cash in-lieu of parkland dedication funds:

1. A minimum of 50 percent of cash payments received from cash in-lieu of park dedication shall be earmarked specifically for the development of park facilities outlined in this document.
2. Prior to the expenditure of cash in-lieu funds, projects within the City shall be jointly reviewed by the Recreation and Parks Advisory Board and the Superintendent of Recreation and Parks. The Recreation and Parks Advisory Board in cooperation with the Parks and Recreation Director shall establish ranking and review criteria to ensure that the requirements of Section 78-3-621(5), MCA and its successors are met. The joint recommendation of the Recreation and Parks Advisory Board and the Superintendent of Recreation and Parks shall be forwarded to the City Commission who shall make the final decision on cash in-lieu fund use.
3. In order to qualify for the expenditure of City cash in-lieu funds, an individual park master plan must exist or be prepared for the park in question.
4. If the City Commission consents to the expenditure of cash in-lieu funds, they may cause the work to be completed by City personnel or may enter into an agreement with another party to

complete the work subject to City standards and procedures. All terms of an agreement shall be in compliance with applicable City financial and legal procedures and state law.

## **11.4 PRIVATE FUNDING SOURCES**

### **11.4.1 User Groups**

User groups frequently raise funds to make improvements to parks through fees and/or fundraising by members. In the past, funds raised by user groups have been provided as a match for City park improvement grant funds.

### **11.4.2 Fundraising**

Bozeman residents often contribute to private fundraising efforts to purchase parks or open space, or fund improvements to City parks. For example, some of the funding raised to purchase the Bonn Property was raised privately by residents of the neighborhood.

### **11.4.3 Private Donation**

Individuals or families often make private donations of land for use as City parks or open space. For example, Hauser Park was donated to the City. Often some of the value of the property is donated and some of the value is paid for, as was the case when Burke Park was acquired. Private donation could also consist of extinguishing development rights, especially when providing open space. Finally, the provision of a trail easement across private property can be a form of private donation.

### **11.4.4 Foundations**

There are hundreds of private foundations, many of which make grants for recreational facilities and activities. For example, the American Hiking Society's National Trails Fund provides grant funding to grassroots organizations for establishing, protecting and maintaining foot trails in America. The Robert K. Woods Foundation often funds community health initiatives. Some manufacturers of sports drinks or foods fund recreation events such as a race. The RPAB could work with the City's Grants Coordinator to identify grant programs for specific activities or projects.

### **11.4.5 Naming Rights**

The City currently has a policy regarding the naming of Bozeman parks, trails, or other recreation areas or facilities. The proposed name must be appropriate to the area or facility being named; be easy and concise to pronounce; have some historic significance, be a memorial, etc.; and not be similar to an existing name. In terms of process, the proposed name is submitted to the RPAB for a recommendation to the City Commission. If the name is approved by the City Commission, it is announced to the media and the public, with the area/facility and usage described. Finally, a press release is issued and a dedication ceremony is held. This existing policy does not include the collection of fees for naming rights. The City could revise this policy to include a fee for naming rights.

## **11.5 INNOVATION**

The use of parkland dedication or cash in-lieu thereof through the development review process, combined with the parkland acquisition and development tools that have been traditionally used in Bozeman, such as fundraising and private donation, are not going to sufficiently provide for recreational facilities over time. If the City is going to maintain a level of service of approximately 18.0 acres of

parkland per 1,000 people, additional means of acquiring parkland and recreational facilities must be devised.

One example that has been discussed is the creation of a community foundation where citizens can make charitable contributions to support, enhance and increase the City's recreational opportunities. Donors could contribute to support the general activities of the foundation, or could donate funds for a specific project. The City of Whitefish has had great success with a similar foundation.

There are many potential alternative methods of acquiring and developing parkland, open space and trail corridors that should be explored by the RPAB, and any methods deemed appropriate should be pursued.

## 11.6 INTERJURISDICTIONAL EQUITY

The City of Bozeman is surrounded by a significant amount of suburban and rural residential development that is in the County. In many instances the parks provided in these County developments are undeveloped or underdeveloped. As a result there is a large population of non-City residents that use City parks on a regular basis but do not pay to acquire, develop and maintain City of Bozeman parks. When evaluating parkland and recreation facility financing options, some consideration should be given to opportunities that include residents living outside of – but in close proximity to – the City. For example, a special improvement district created for park development could include City and County properties.

City parks are also used by visitors, especially during the summer. In fact providing excellent parks and recreation facilities is, and should continue to be, an important component of the City's economic development strategy. These visitors do contribute to the impacts on City parks without paying directly to support the parks. Therefore, funding options, such as a local option sales tax (which would require changes in state law), should be explored that would better capture tourists dollars to fund parks.