



Chapter Seven - Financial Sustainability Program

The department seeks to create a more stable and sustainable financial framework through short-term and long-term actions. The options that will help fund the action and vision plans are organized in the following categories:

1. Leverage resources.
2. Increase department efficiencies.
3. Evaluate alternative management or disposition of land and facilities.
4. Seek additional revenue streams.

1. Leverage resources.

Cooperating with other agencies to leverage resources is not new to the department, but it has taken on greater importance in the current financial situation. The department intends to leverage resources in the following ways:

Cooperate with the Boulder Valley School District (BVSD). The department and school district have mutual goals related to providing facilities and programs for youth in the community. The department has a joint-use agreement with BVSD that expires at the end of 2006. In preparation for the negotiations, the department has been reviewing the park service area guidelines, community use of facilities covered in the agreement, and operating costs and fees charged for the facilities. The department, City Council, and BVSD are discussing the appropriate use of education excise tax (EET) funds.

Work with other government agencies. The department has collaborated with the University of Colorado

to offer internships and work-study positions and with the Boulder County jail for community service and inmate labor. It intends to create similar alliances with other local and state agencies.

Pursue state and federal grants. The department has obtained restoration grants for the Columbia Cemetery and the historic train in Central Park. As the department identifies park development and refurbishment projects, it will pursue grants from agencies such as Great Outdoors Colorado, the Colorado Historic Society, and parks and recreation advocacy groups. To be more effective, the department should develop grant-writing skills and grant management.

Partner with local businesses and community and volunteer groups. The Boulder-Denver region has many businesses that support the goals and activities of park and recreation programs, such as sports equipment stores, and bike shops. The department will pursue partnerships with local businesses to sponsor and assist with park maintenance, special events, and program scholarships. The department will continue its relationship with local organizations, such as the Parks and Recreation Foundation and the Boulder Community Improvement Association II (see sidebar, page 36). The department is developing a new model for public-private



.25 Cent Sales Tax

In 1995, city of Boulder voters approved a new .25 Cent Sales Tax for Parks and Recreation that will expire after 20 years in 2015. This tax has provided the funding to purchase Valmont City Park, enlarge the North Boulder Recreation Center, build pocket parks and many other projects.

Original revenue projections assumed that the tax would generate a total of \$162 million. Current projections indicate that the tax will generate \$123 million. Although the \$39 million dollar shortfall has impacted park development, the department is committing significant financial resources to build, at a minimum, four pocket parks and one neighborhood park in the fiscally constrained plan.

A review by the City Attorney and the Finance Department concluded that fund expenditures are in compliance with the original ballot language. For more information, refer to the city's internet site: <http://www.bouldercolorado.gov/files/City%20Council/WIPS/2006/09-14-06/2A.pdf>

partnerships that will provide the flexibility to respond to current needs, based in part on data from biennial needs assessments.

Collaborate with other city departments. The department has long-standing collaborations with other city departments and will continue to work with them on issues such as water resources management and implementation of the Urban Wildlife Management Plan. The department also intends to analyze resources spent on maintaining and managing nondepartmental lands for potential cost recovery or cost sharing with other departments.

2. Increase department efficiencies.

Since 2002, the department has implemented numerous efficiencies to fund and preserve as many programs and services as possible. The department is working toward becoming more efficient through creative management and new practices, including:

Use the Core Services Business Model (CSBM). The department has developed a Core Services Business Model that identifies priorities and cost-recovery goals for facilities, programs, and services (see page 28). The model can be applied to all programs and services to help evaluate opportunities for cost recovery, partnerships, and sponsorships. The CSBM will help set goals and track progress for each program and service.

Restructure the Recreation Activity Fund (RAF). The RAF needs a new model that is responsive to changing needs, directs General Fund subsidies appropriately, and improves the sustainability of recreation programs and services. The department has requested that the City Council approve restructuring of the RAF by using the CSBM to calculate the necessary subsidy to sustain recreation facilities, programs, and services. Implementing the model will ensure that cost-recovery expectations are determined on an individual program

and facility basis. According to this model, an underserved youth program should generate 10 percent of its budget through user fees, and the remaining 90 percent should be provided by the General Fund. Flatirons Golf Course should generate 100 percent of its direct and indirect costs and not be subsidized by the General Fund. An RAF cost-recovery analysis indicated that an additional \$700,000 annually would be needed to align current cost-recovery levels with the CSBM and to ensure sustainable funding for recreation programs and services.

Research unrestricting funds. The department could provide more balanced programs and services if the restrictions on its six funds were relaxed. Although this would not result in higher funding levels, it would provide the department the greatest amount of flexibility. A thorough financial and legal analysis is needed to determine if this is possible. Allowing more flexibility in funding would not resolve long-term financial issues, but would help the department deal with unanticipated opportunities or budget constraints.

3. Evaluate alternative management or disposition of properties.

The department is evaluating options to manage or dispose of land and facilities that do not fulfill its mission or are too costly to maintain. Decisions would be implemented only after thorough research and analysis, community feedback, and direction from PRAB and City Council.

Consider an alternative to maintaining natural lands. Two parcels of undeveloped lands no longer meet park needs: the Papini property, near 51st Street west of the Boulder Reservoir, and the Kentucky property, south of Baseline and west of South Boulder Creek. The department would prefer they remain as open space, since this is compatible with surrounding

land uses. Selling these parcels would result in both one-time dollars from the sale and on-going savings in land management. OSMP has indicated a willingness to discuss acquiring these parcels. The sale would require approval from PRAB, the Open Space Board of Trustees, and City Council.

When the Valmont City Park site was purchased, six acres of land along Valmont also were purchased with the intention of future sale when the park site was developed. The department will assess the value of these parcels when the Valmont Park Site Plan is revised. The proceeds from the sale could be held in reserve with annual interest earnings being allocated to increase park maintenance service standards. This option might require changing the charter requirements for the Permanent Parks and Recreation Fund since monies from the sale of land currently cannot fund maintenance. The department will develop criteria to clarify the conditions under which the funds could be used.

Most of the natural lands around the Boulder Reservoir are owned by the Public Works-Utilities Department, but historically have been managed by the Parks and Recreation Department. The department is discussing with Public Works-Utilities and OSMP the most effective city-wide management strategy for these lands. One large undeveloped parcel that is being held in reserve for future park development (Area III) is also owned by the department. The department will coordinate with OSMP to determine the most efficient management of this parcel while it is undeveloped.

Evaluate other management options for cultural and historic facilities. The department is evaluating several cultural and historic facilities, including Harbeck House, Columbia Cemetery, and Andrews Arboretum, to determine whether they are core to the department's mission and whether the department should own or continue to manage them. The CSBM and financial analyses are being used to evaluate these facilities and determine

appropriate cost-recovery targets or levels of subsidy. The department will research alternative options for management, which could include lease, joint venture, nonprofit management, and temporary or permanent closure or sale, as well as maintaining the status quo. Cultural and historic facility recommendations will be developed and presented to PRAB and City Council.

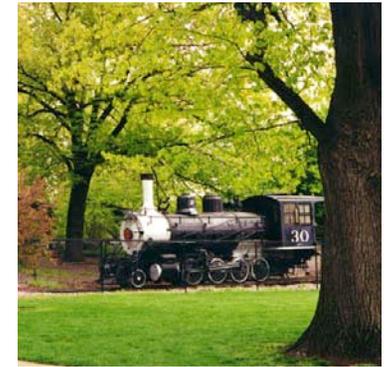
Develop sustainable management options for Tom Watson Park. The department manages Tom Watson Park through a recreation lease from IBM. Management challenges include prairie dogs in the surrounding landscape. The department is researching sustainable management options for the park, which features a playground, shelter, and tennis and volleyball courts. The department will coordinate with IBM to develop management recommendations for PRAB and City Council.

4. Seek additional revenue streams.

The city's General Fund supports various new and continuing programs and services, as well as legally mandated programs. Unless substantial new General Fund revenues become available, it is unlikely that the department will gain a significantly larger share of those funds. Therefore, the department aggressively will seek new revenue streams. The following options potentially will increase funding for the department:

Extend, Modify or Increase the .25 Cent Sales Tax.

This tax, which expires in 2015, is dedicated to the department and funds property acquisition, park maintenance, park development, recreation facility improvements, park renovation and refurbishment, cultural and historic assets, and the Municipal Complex. Making this sales tax permanent, extending it at the current amount, or requesting an increase for another 20 years would provide a relatively dependable funding source for programs and services. If the tax is increased, it would allow implementation of portions of the action plan (see page 38).



Historic locomotive #30/74

Did you know..... that Tom Watson was the founder of IBM?

City of Boulder Capital Improvement Program (CIP) and the Boulder Valley Comprehensive Plan (BVCP)

The CIP provides a forecast of funds available for capital projects and identifies all planned capital improvement projects for public assets and their estimated costs over the six-year period. Capital improvement projects are any major projects requiring public funds beyond operating expenditures for purchasing, constructing, or replacing physical assets.

The CIP is an essential tool for the BVCP policies related to providing orderly and efficient urban facilities and services. The BVCP phases growth within the city, with annexation only when the full range of urban services are available. The CIP schedules projects that correct facility deficiencies through expansion and updating to enhance residents' levels of service.

Capital projects typically appear first as priorities in department master plans and then are reflected in the CIP. Department master plans are consistent with the BVCP's policy and implementation framework and its growth projections.

Seek a permanent sales tax. Several city sales taxes will expire between 2011 and 2015. One option is to ask voters to approve a permanent sales tax to fund General Fund programs and services, including park and urban forestry maintenance, and recreation programs and services. This cooperative approach would help increase service-delivery levels across department lines and provide citywide funding for identified deficiencies. Any potential sales-tax extensions likely will be combined into one ballot measure. The City Manager's Office will coordinate these discussions with City Council and the city's Blue Ribbon Commission. Any new sales-tax funding for development should include a component for ongoing operation and maintenance of new facilities.

Evaluate the structure and adequacy of development excise taxes (DET). The Permanent Parks and Recreation Fund is derived primarily from property tax and supplemented by development excise taxes. The DET structure has not been reviewed for several years. During this time the city's pace and type of development have changed, and the cost of park development has increased. In coordination with the City Manager's Office, Planning and Development Services, and the Finance Department, the department will evaluate the structure and adequacy of DET and recommend appropriate adjustments. The department also will research whether the parks DET exclusion for commercial development remains a valid concept with the trend towards mixed-use development.

Renegotiate the Lottery Fund Agreement. The city of Boulder's allotment of Colorado State Lottery Funds is currently shared among three groups--the Tributary Greenways program, OSMP, and the Parks and Recreation Department--according to an agreement reached in 2001. The agreement will be renegotiated in 2009.

Evaluate forming a regional taxing district. A common strategy for funding park and recreation programs is to establish a regional taxing district that would provide a more stable source of funding not subject to the inherent volatility of sales taxes. The department needs to research special taxing districts, which typically provide services to more than one municipality. An analysis would evaluate the pros and cons, the process of forming a taxing district, revenue potential and limitations, and Taxpayer Bill of Rights (TABOR) concerns.

Did you know.....
unless a new sales tax is approved by 2015, the department will need to cut a minimum of \$3.8 million annually?

Promote special events and tourism through parks and recreation programs and events. The department is assessing its contribution to the city's sales-tax revenues through special events and tourism directly related to parks and recreation programs and events. If this assessment shows that special events or athletic activities result in increased sales-tax revenues, a portion of those revenues could be reinvested to decrease deferred capital needs in the department's budget. If the city chose to increase the accommodations tax, a portion of those increased revenues could be apportioned to the department.