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FINANCIAL ASSESSMENT

This section of the report presents the financial assessment of the Parks and Recreation Department of the City of Sioux Falls, SD, as a part of the master plan process. As a key element of the Plan, PROS Consulting reviewed available information to assess the financial situation of the Department. The revenues, expenditures and capital funds were analyzed to identify trends and assess the Department's financial integrity. The cost recovery for facilities, programs and services at major functional levels has been analyzed to assess the cost of service recovery.

DATA REVIEWED

The PROS Team reviewed the detailed cost and activity information prepared by the Department staff. Following is a list of the cost and activity data reviewed by PROS:

- Actual Revenue and Expenditure Summary Reports for 2015 through 2018
- Budgeted Revenue and Expenditure Summary Reports for 2019
- Comprehensive Annual Financial Report for 2018
- Mayor's Capital Program 2020-2024

FINANCIAL ANALYSIS

The revenues and expenditures for fiscal years ending 2015 through 2019 are shown in **Figure 1**.

	2015	2016	2017	2018	2019
	Actual	Actual	Actual	Actual	Original Budget
Revenues	\$1,155,230	\$1,567,828	\$2,139,802	\$2,114,806	\$2,289,941
Expenditures	\$15,635,862	\$16,966,026	\$17,969,194	\$17,197,750	\$19,539,085
Revenues Over (Under) Expenditures	(\$14,480,632)	(\$15,398,198)	(\$15,829,392)	(\$15,082,944)	(\$17,249,144)
Cost Recovery	7.39%	9.24%	11.91%	12.30%	11.72%

Figure 1. Revenues, Expenditures and Cost Recovery

The total cost recovery is between 7.39% and 12.30% for the study period. The cost recovery has increased over the analysis period.

Best practice cost recovery for park and recreation programs is between 40% to 60%. The actual recovery for Sioux Falls Parks and Recreation is less than anticipated. Most parks and recreation agencies are mandated to have a certain cost recovery to balance the funding sources to their specific level of financial sustainability. These are based on the needs of a community and the revenue capabilities of designed facilities. The fees are set by the City Council and have been reviewed and updated with minimally price increases for increased costs. SFPR is unique in that it is mostly a facility provider for youth and adult athletics as the Department does not offer youth baseball, youth football, youth basketball, Adults softball etc. This has an effect on the Department's ability to recover costs as the City was not focused on revenue generation in earlier years of developing the park system.

The functional programs are analyzed in the following sections.

CENTRALIZED FACILITIES

The Central Facilities revenues and expenditures for fiscal years ending 2013 through 2019 are shown in **Figure 2**.

Centralized Facilities are not anticipated to recover costs of operations. The expenditures increased significantly in 2018 to accommodate repair and maintenance needs. Increases in repair and maintenance are considered a positive to maintain the quality and useful life of the facilities and equipment.

048 - Centralized Facilities	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Original Budget
Revenues	0	0	0	0	0
32 - Licenses and Permits	0	0	0	0	0
34 - Charges	0	0	0	0	0
35 - Fines	0	0	0	0	0
37 - Contributions	0	0	0	0	0
38 - Miscellaneous	0	0	0	0	0
Expenditures	8,977	31,202	26,500	121,555	207,593
40 - Wages & Benefits	1,052	2,731	-	0	0
43 - Repair & Maintenance	7,665	15,826	17,930	107,633	198,813
44 - Supplies & Materials	0	0	311	0	0
46 - Utilities	260	12,645	8,259	13,922	8,780
Revenues Over (Under) Expenditures	(8,977)	(31,202)	(26,500)	(121,555)	(207,593)
Cost Recovery	0.00%	0.00%	0.00%	0.00%	0.00%

Figure 2. Centralized Facilities Revenues, Expenditures and Cost Recovery

AQUATICS

The Aquatics revenues and expenditures for fiscal years ending 2015 through 2019 are shown in **Figure 3**.

The cost recovery is between 27.16% and 45.98% for the study period. Best practice cost recovery for aquatics activities is approximately 40%. The cost recovery for aquatics is similar to other agencies. Good cost recovery supports facility maintenance and allows for quality programming to be provided. Cost recovery for aquatics programs is generally 40% to 80%, while cost recovery for water parks is usually 100% or more.

The increase in revenue and cost recovery beginning in 2016 is related to the fee ordinance update and opening of the indoor aquatic center. To ensure the aquatics cost recovery remains consistent or improves, the Department should continue to monitor increasing expenditures, continue cost containment measures, and review annually. As industry mandates and expenses increase due to consumables and repair and maintenance, the Department should recommend amending fees to achieve cost recovery goals as needed.

Figure 3. Aquatics Revenues, Expenditures and Cost Recovery

058 - Aquatics	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Original Budget
Revenues	484,685	928,591	1,485,272	1,472,621	1,645,005
32 - Licenses and Permits	0	0	0	0	100
34 - Charges	480,991	928,591	1,479,545	1,472,621	1,644,905
35 - Fines	0	0	0	0	0
37 - Contributions	0	0	5,727	0	0
38 - Miscellaneous	3,694	0	0	0	0
Expenditures	1,784,405	2,295,335	3,230,323	3,502,368	3,750,000
40 - Wages & Benefits	1,349,573	1,717,146	2,202,747	2,267,275	2,441,630
41 - Professional Services	20,495	57,575	83,344	77,098	146,041
42 - Rentals	18,105	31,798	35,799	36,321	49,864
43 - Repair & Maintenance	200,231	168,036	105,745	322,914	109,179
44 - Supplies & Materials	129,021	210,870	186,235	218,845	260,225
45 - Training	6,855	5,740	3,263	4,605	865
46 - Utilities	60,125	104,170	613,190	575,310	742,196
63 - Miscellaneous	0	0	0	0	0
Revenues Over (Under) Expenditures	(1,299,720)	(1,366,744)	(1,745,051)	(2,029,747)	(2,104,995)
Cost Recovery	27.16%	40.46%	45.98%	42.05%	43.87%

OUTDOOR SPORTS

The Outdoor Sports program revenues and expenditures for fiscal years ending 2015 through 2019 are shown in **Figure 4**.

The cost recovery is between 5.50% and 12.15% for the study period. Best practice cost recovery for outdoor sporting activities is between 60% to 100%. Departments typically build and provide use of the sport facilities to the leagues. The sport leagues that use the facilities help offset the maintenance expenditures by the city through user fees they collect based on a set hourly rate for each field or by a set per player fee for park maintenance. These arrangements typically include the leagues being allowed exclusive use of these facilities. The cost recovery for Outdoor Sports is significantly less than anticipated. The current cost recovery is related to the focus being on providing facilities for local sport leagues as a priority. The revenue comes from user fees and charges.

059 - Outdoor Sports	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Original Budget
Revenues	303,204	229,326	194,197	170,185	262,237
32 - Licenses and Permits	0	0	0	0	2,450
34 - Charges	236,803	215,867	184,379	158,697	249,787
37 - Contributions	10,000	10,196	650	1,121	10,000
38 - Miscellaneous	56,401	3,263	9,168	10,367	0
Expenditures	2,494,717	3,441,555	3,531,123	2,459,699	3,102,312
40 - Wages & Benefits	1,960,349	2,147,133	2,097,561	1,842,100	2,141,629
41 - Professional Services	792	34,397	17,017	5,892	300
42 - Rentals	1,701	2,204	9,396	10,677	2,330
43 - Repair & Maintenance	313,585	253,979	363,462	309,098	326,773
44 - Supplies & Materials	72,891	78,964	137,343	96,065	30,410
45 - Training	0	0	0	0	0
46 - Utilities	145,399	149,878	142,613	140,552	500,870
63 - Miscellaneous	0	775,000	763,731	55,315	100,000
Revenues Over (Under) Expenditures	(2,191,513)	(3,212,229)	(3,336,926)	(2,289,514)	(2,840,075)
Cost Recovery	12.15%	6.66%	5.50%	6.92%	8.45%

Figure 4. Outdoor Sports Revenues, Expenditures and Cost Recovery

COMMUNITY CENTERS

The Community Centers revenues and expenditures for fiscal years ending 2015 through 2019 are shown in Figure 5.

062 - Community Centers	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Original Budget
Revenues	36,376	98,513	99,048	84,077	34,164
32 - Licenses and Permits	0	0	0	0	0
34 - Charges	23,464	97,680	89,842	76,151	19,164
37 - Contributions	4,000	0	8,000	8,500	15,000
38 - Miscellaneous	8,912	833	1,206	(574)	0
Expenditures	1,199,004	1,329,372	1,329,673	1,277,928	1,542,249
40 - Wages & Benefits	652,732	725,050	710,251	734,145	919,789
41 - Professional Services	378,800	19,045	12,209	13,996	35,750
42 - Rentals	64,683	58,906	55,275	53,570	57,291
43 - Repair & Maintenance	9,857	324,694	388,082	326,552	358,938
44 - Supplies & Materials	84,978	131,823	89,727	75,190	91,400
45 - Training	5,033	1,717	1,227	865	865
46 - Utilities	2,921	68,137	72,902	73,610	78,216
Revenues Over (Under) Expenditures	(1,162,628)	(1,230,859)	(1,230,625)	(1,193,851)	(1,508,085)
Cost Recovery	3.03%	7.41%	7.45%	6.58%	2.22%

Figure 5. Community Centers Revenues, Expenditures and Cost Recovery

The cost recovery is between 2.22% and 7.45% for the study period. Best practice cost recovery for community centers is between 40% to 80%. The cost recovery for the Community Centers is less than

similar agencies. Best practice facilities are typical multi-generational spaces that are designed for multi-program use including recent recreational trends. The Department is operating facilities that were appropriately designed to address the needs of the neighborhoods they were developed in. These needs include community group meetings and youth after-school time. These facilities have space limitations to provide the current trends in recreation outside the gymnasium. It should be noted that these facilities are attached to schools and therefore are shared use. This shared use also has limited use due to school safety and needs throughout a calendar year. These facilities are typically open 40 hours a week whereas multigenerational centers are open 100-110 hours a week and support multiple uses in one setting.

Active Gen, VOA, YMCA	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Original Budget
Expenditures	306,920	306,920	306,920	306,920	306,920

Figure 6. Active Generations, Volunteers of America and YMCA Agreement Expenditures

In addition, the professional services agreements with similar providers for the amount of \$306,920 annually has been removed from the community centers to make the analysis only on the community centers revenue and expenditure performance.

MUSIC & THEATER VENUES

The Music & Theater Venues revenues and expenditures for fiscal years ending 2015 through 2019 are shown in **Figure 7**.

Music & Theater Venues are anticipated to recover 100% or more of costs of professional presentations. Recreational music and theater programs are anticipated to recover 50% to 100% of costs. The actual Music & Theater Venues cost recovery is 0.91% to 2.71% during the study period. The 2019 budgeted cost recovery is 3.30%. The cost recovery is impacted by the performances being free to attend. Examples of this are Mondays at McKennan, Municipal Band, Theatre in the Park, Storyland Theater, etc.

063 - Music & Theater Venues	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Original Budget
Revenues	9,029	3,866	2,553	2,749	8,555
32 - Licenses and Permits	0	0	0	0	0
34 - Charges	7,811	2,619	1,291	1,449	5,555
37 - Contributions	1,218	1,247	1,262	1,300	3,000
Expenditures	332,641	360,678	280,124	236,158	259,200
40 - Wages & Benefits	221,207	244,660	198,229	165,302	176,416
41 - Professional Services	73,791	91,905	66,792	66,802	66,784
42 - Rentals	5,944	7,524	429	516	0
43 - Repair & Maintenance	352	100	169	76	4,200
44 - Supplies & Materials	30,524	15,763	13,446	2,588	11,525
45 - Training	275	0	275	275	275
46 - Utilities	548	726	784	599	0
Revenues Over (Under) Expenditures	(323,612)	(356,812)	(277,571)	(233,409)	(250,645)
Cost Recovery	2.71%	1.07%	0.91%	1.16%	3.30%

Figure 7. Music & Theater Venues Revenues, Expenditures and Cost Recovery

PARKS AND PLAYGROUNDS

The Parks and Playgrounds revenues and expenditures for fiscal years ending 2015 through 2019 are shown in **Figure 8**.

Parks and Playgrounds operations are anticipated to have low cost recovery. The Repair & Maintenance expenditures increased significantly in the 2019 Budget. Increases in repair and maintenance are considered a positive to maintain the quality and useful life of the facilities and equipment.

Parks and Playgrounds cost recovery is 2.09% to 2.63% during the study period.

069 - Parks & Playgrounds	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Original Budget
Revenues	156,721	120,373	151,316	129,134	149,250
32 - Licenses and Permits	15,518	0	0	0	0
33 - Government Shared	0	0	10,000	0	0
34 - Charges	87,882	99,429	86,137	93,486	94,255
36 - Investment Income	2,177	(141)	7	18	0
37 - Contributions	24,980	10,879	42,046	21,617	45,000
38 - Miscellaneous	26,164	10,206	13,126	14,013	9,995
Expenditures	6,359,686	5,746,240	5,743,935	5,868,511	5,828,968
40 - Wages & Benefits	3,019,495	3,133,134	3,221,183	3,098,784	3,318,923
41 - Professional Services	198,452	156,386	141,691	280,602	158,688
42 - Rentals	129,351	177,846	168,275	158,922	228,614
43 - Repair & Maintenance	844,644	885,256	1,006,215	1,159,005	1,121,096
44 - Supplies & Materials	443,607	348,355	325,207	377,308	444,075
45 - Training	14,028	9,627	10,013	20,899	7,390
46 - Utilities	865,501	936,767	748,302	677,412	450,182
61 - Benefit Payments	61,935	98,869	123,049	95,579	100,000
63 - Miscellaneous	782,672	0	0	0	0
Revenues Over (Under) Expenditures	(6,202,965)	(5,625,867)	(5,592,619)	(5,739,377)	(5,679,718)
Cost Recovery	2.46%	2.09%	2.63%	2.20%	2.56%

Figure 8. Parks and Playgrounds Revenues, Expenditures and Cost Recovery

EXTERNAL PROPERTY MAINTENANCE

The External Property Maintenance revenues and expenditures for fiscal years ending 2015 through 2019 are shown in **Figure 9**.

073 - External Property Maintenance	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Original Budget
Revenues	152,859	152,411	185,497	227,754	159,650
31 - Taxes	3,528	3,338	3,385	3,268	3,650
32 - Licenses and Permits	875	0	0	0	0
34 - Charges	148,456	149,400	182,234	214,665	156,000
38 - Miscellaneous	0	(327)	(122)	9,821	0
Expenditures	592,597	736,456	819,963	848,445	859,354
40 - Wages & Benefits	510,941	647,366	683,503	731,723	712,092
41 - Professional Services	0	0	0	0	-
42 - Rentals	2,790	984	600	659	3,724
43 - Repair & Maintenance	58,516	71,687	121,190	96,133	123,173
44 - Supplies & Materials	18,635	14,837	13,085	18,272	20,365
46 - Utilities	1,715	1,582	1,585	1,658	-
Revenues Over (Under) Expenditures	(439,738)	(584,045)	(634,466)	(620,691)	(699,704)
Cost Recovery	25.79%	20.70%	22.62%	26.84%	18.58%

Figure 9. External Property Maintenance Revenues, Expenditures and Cost Recovery

The cost recovery is between 18.58% and 26.84% for the study period. The cost recovery has significantly decreased over the study period

FORESTRY

The Forestry revenues and expenditures for fiscal years ending 2015 through 2019 are shown in **Figure 10**.

Forestry operations are not anticipated to recover costs of operations. The Forestry cost recovery is 0.11% to 0.52% over the study period.

074 - Forestry	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Original Budget
Revenues	630	1,295	683	3,475	4,830
32 - Licenses and Permits	630	1,295	683	3,475	1,500
33 - Government Shared	0	0	0	0	3,330
34 - Charges	0	0	0	0	0
Expenditures	585,478	613,143	568,465	672,896	1,713,889
40 - Wages & Benefits	404,025	408,043	409,596	506,372	699,356
41 - Professional Services	62,079	89,221	101,296	101,464	920,300
42 - Rentals	3,332	2,296	0	0	798
43 - Repair & Maintenance	68,210	63,246	29,983	18,937	44,400
44 - Supplies & Materials	42,495	44,849	22,256	40,651	45,305
45 - Training	3,873	3,343	2,614	2,436	2,530
46 - Utilities	1,464	2,145	2,720	3,036	1,200
Revenues Over (Under) Expenditures	(584,848)	(611,848)	(567,782)	(669,421)	(1,709,059)
Cost Recovery	0.11%	0.21%	0.12%	0.52%	0.28%

Figure 10. Forestry Revenues, Expenditures and Cost Recovery

ZOO

The Zoo revenues and expenditures for fiscal years ending 2015 through 2019 are shown in **Figure 11**.

Zoo operations has no revenue sources. Zoo cost recovery is anticipated to be 40% to 80%.

075 - Zoo	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Original Budget
Revenues	0	0	0	0	0
32 - Licenses and Permits	0	0	0	0	0
33 - Government Shared	0	0	0	0	0
34 - Charges	0	0	0	0	0
Expenditures	1,754,033	1,800,857	1,808,281	1,571,296	1,625,387
40 - Wages & Benefits	260,937	308,161	305,839	295,413	312,948
41 - Professional Services	1,445,680	1,457,680	1,457,462	1,227,173	1,262,053
42 - Rentals	0	0	981	1,131	0
43 - Repair & Maintenance	31,647	22,420	33,621	37,233	33,111
44 - Supplies & Materials	12,380	9,714	7,481	7,805	14,090
45 - Training	0	0	0	0	0
46 - Utilities	3,389	2,882	2,897	2,541	3,185
Revenues Over (Under) Expenditures	(1,754,033)	(1,800,857)	(1,808,281)	(1,571,296)	(1,625,387)
Cost Recovery	0.00%	0.00%	0.00%	0.00%	0.00%

Figure 11. Zoo Revenues, Expenditures and Cost Recovery

These figures do not include the Zoological Society's revenue and expenses.

EXTERNAL SPECIAL EVENTS

The External Special Events revenues and expenditures for fiscal years ending 2015 through 2019 are shown in **Figure 12**.

External Special Events operations has no revenue sources. External Special Events cost recovery is anticipated to be 40% to 80%.

080 - External Special Events	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Original Budget
Revenues	11,740	33,473	21,236	24,811	26,250
32 - Licenses and Permits	3,125	20,350	16,800	16,900	16,250
34 - Charges	8,015	13,123	4,436	7,911	10,000
37 - Contributions	600	0	0	0	0
38 - Miscellaneous	0	0	0	0	0
Expenditures	217,630	304,270	323,887	331,971	343,214
40 - Wages & Benefits	214,617	299,428	318,901	328,301	336,514
41 - Professional Services	0	0	0	0	0
42 - Rentals	27	39	13	515	0
43 - Repair & Maintenance	0	623	0	0	0
44 - Supplies & Materials	1,921	3,147	2,274	2,192	2,500
46 - Utilities	1,065	1,033	2,699	963	4,200
Revenues Over (Under) Expenditures	(205,890)	(270,797)	(302,651)	(307,160)	(316,964)
Cost Recovery	5.39%	11.00%	6.56%	7.47%	7.65%

Figure 12. External Special Events Revenues, Expenditures and Cost Recovery

The City has a special event committee that reviews outside organization events for logistics and safety to minimize the impact to the City during these events. This cost center is the committee's expenses to review and communicate particulars about the events. This proactive approach by the City, along with tracking the expenditures are considered best practices in municipal parks and recreation.

STAFFING

Staffing, shown in **Figure 13**, demonstrates consistent strength to operate and maintain facilities. The staffing has increased 20% over the study period.

Staffing	Actual	Actual	Actual	Actual	Actual	Budget
	2014	2015	2016	2017	2018	2019
Year-end Fulltime Positions	71	72	76	74	75	77
Part-time FTE's	116	109	121	133	132	147
Total FTE's	187	181	197	207	207	224

Figure 13. Staffing

Nationally, municipal park operations have experienced a significant decrease in personnel due to economic conditions. Many departments are finally increasing capacity to properly maintain the system now that economic conditions have improved. The Sioux Falls Parks and Recreation Department has been regaining capacity as well. The Department is heavily reliant upon part-time and seasonal staff.

Additional context can be provided by looking at the benchmark on FTEs per 10,000 residents. In the Benchmark chapter, the Department has 12.28 FTEs per 10,000 which is below the average of 17.17 FTEs per 10,000 from the peer departments. The Department should set a goal to increase FTEs over the next five years to properly maintain the system in a sustainable manner. This is especially important as the Department continues to add trails, programs, and assets to park properties. Properly maintained staffing levels where key functions add sustainability to the system is important to bring all assets to their full lifecycle.

AMENITIES

Amenities, shown in **Figure 14**, demonstrates a growth in facilities and acres maintained.

Amenities	2014	2015	2016	2017	2018
Park Acres Maintained	2,458	2,470	2,470	2,470	2,470
Outdoor Aquatic Facilities	3	3	3	3	3
Indoor Aquatic Facilities	0	0	0	1	1
Community Centers	5	5	5	5	5

Figure 14. Amenities

Nationally, municipal park systems are having difficulty funding the existing amenities. The City and the Department demonstrate a commitment to parks increasing amenities.

CAPITAL IMPROVEMENT PLANNING

The City has demonstrated a commitment to the Department’s facilities and infrastructure through substantial investments in the Parks and Recreation system as shown in **Figure 15**. More recently the City has amended the Capital Improvement Plan to have a greater focus on infrastructure throughout the City.

History Capital Expenditures	2015 Actual	2016 Actual	2017 Actual	2018 Original Budget	2019 Budget
Land	\$296,070	\$314,228	\$203,131	\$355,048	\$200,000
Buildings	8,543,663	13,670,207	1,466,659	147,430	438,000
Improvements Other Than Buildings	4,652,504	4,239,756	4,093,412	6,226,140	4,707,500
Equipment	1,434,430	909,683	632,388	1,547,681	694,300
Total Capital Expenditures	\$14,926,667	\$19,133,874	\$6,395,590	\$8,276,300	\$6,039,800

Figure 15. Parks and Recreation Historical Capital Expenditures

Anticipated capital expenditures are shown in **Figure 16**. The City proposes to fund the capital plan from Sales and Use Taxes.

Capital Program	2019	2020	2021	2022	2023	Total
Capital Improvements Program	\$5,345,500	\$4,053,500	\$4,149,000	\$3,714,000	\$5,920,000	\$23,182,000
Other Capital Equipment Program	694,300	1,025,000	911,700	1,139,000	1,542,836	5,312,836
Total Capital Program	\$6,039,800	\$5,078,500	\$5,060,700	\$4,853,000	\$7,462,836	\$28,494,836

Figure 16. Parks and Recreation Capital Program

FINANCIAL ASSESSMENT SUMMARY

The Department’s cost recovery is significantly less than similar agencies based on the Benchmark of peer departments. In the Benchmark Chapter, it shows the Department at 23% which is below the average of 27% of all benchmarked departments. This is due in part to SFPR managing the services under a philosophy of minimal fees and charges.

PROS recommend the Department consider the establishment of Department financial policies and specific overall cost recovery goals for each facility and core program area.

FINANCIAL POLICIES

The Department should consider adopting financial policies including:

- Cost Recovery Goals that are attainable including criteria for setting future goals
- Donation Policy: Donations, Promotions, Gifts and Bequests that outline City guidelines and emphasize Department priorities
- Grant Policy with review of requirements
- Establish a Fees and Charges Policy that provides guidelines on pricing philosophy and direction on determining future fees and charges that empower the staff to analyze and recommend fees based on the cost of service for the City Council to approve

COST RECOVERY POLICIES

Cost Recovery Policies will enhance the City Financial Policies for programs and services that are not set at full cost recovery by City Financial Policies. Fees and Charges policies define the process for setting fees and charges based on criteria related to public and private benefits. The policy may also establish non-resident and member pricing structures.

The Cost Recovery guidelines provide priorities for price setting and general categories for cost recovery.

DONATION POLICY

A Donation Policy provides the Department with a framework for making donations from the Department. The policy provides guidelines for the promotion of the facilities. General guidelines include framework for gifts and bequests, passes and certificates, exchange for services or goods to the Department.

GRANT POLICY

A Grant Policy provides the Department with a framework review of requirements, application and implementation of grants.

PARTNERSHIP AND SPONSORSHIP POLICY

A Partnership and Sponsorship Policy establishes criteria for participation and the process for implementing partnerships and sponsorships.

FUNDING STRATEGIES

The following sources are financial options that the City either currently implements or should consider in supporting the recommendations outlined in the Sioux Falls Comprehensive Parks and Recreation System Plan. Some of these funding sources are already in use by the City. This list is intended to serve as a resource to fit a variety of projects, operational needs, or partner-specific initiatives as well as provide inspiration in considering other strategies beyond these suggestions.

EXTERNAL FUNDING SOURCES

CORPORATE SPONSORSHIPS

This revenue-funding source allows corporations to invest in the development or enhancement of new or existing facilities in park systems. Sponsorships are also highly used for programs and events. The City currently implements this funding strategy.

PARTNERSHIPS

Partnerships are joint development funding sources or operational funding sources between two separate agencies, such as two government entities, a non-profit and a governmental entity, or a private business and a governmental entity. Two partners jointly develop revenue producing park and recreation facilities and share risk, operational costs, responsibilities and asset management, based on the strengths and weaknesses of each partner. The City currently implements this funding strategy.

CONSERVANCIES

These are organized fund raising and operational groups who raise money for individual signature parks and or attractions such as zoo's or regional parks. There are over two thousand conservancies in the United States now. The Arboretum is an example since it is somewhat structured like a conservancy within the system currently. This funding strategy is implemented with the Great Plains Zoo and the Arboretum. The City will continue to explore opportunities on an individual basis.

FOUNDATIONS / GIFTS

These dollars are raised from tax-exempt, non-profit organizations established with private donations in promotion of specific causes, activities, or issues. They offer a variety of means to fund capital projects, including capital campaigns, gifts catalogs, fundraisers, endowments, sales of items, etc. The City does not have a park foundation. There is a community foundation and the Department has a fund under that umbrella. The City Zoo has a Foundation (Zoological Society) that is separate from the City. The City currently implements this funding strategy when opportunities are available. Currently the City has a fund with the Sioux Falls Area Community Foundation for collecting donations. These funds are used for initiatives and projects. The City should consider helping develop a Sioux Falls Park Foundation with assistance from the National Park Foundation Association.

FRIENDS GROUPS

These groups are formed to raise money typically for a single focus purpose that could include a park facility or program that will better the community as a whole and their special interest. The City currently implements this funding strategy when opportunities are available.

VOLUNTEERISM

This revenue source is an indirect revenue source in that persons donate time to assist the organization in providing a product or service on an hourly basis. This reduces the organization's cost in providing the service plus it builds advocacy into the system. The City currently implements this funding strategy.

PRIVATE DONATIONS

Private Donations may also be received in the form of funds, land, facilities, recreation equipment, art or in-kind services. Donations from local and regional businesses as sponsors for events or facilities should be pursued. This funding strategy is in place and has been very successful in obtaining donations and the City will continue to be open to these unsolicited opportunities, when available.

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. The City currently implements this funding strategy when opportunities are available.

SPECIAL FUNDRAISERS

Many park and recreation agencies have special fundraisers on an annual basis to help cover specific programs and capital projects. Indianapolis has a Foundation that hosts the Mayor's annual parks and recreation luncheon. The City currently implements this funding strategy and can be enhanced.

CAPITAL FUNDING SOURCES

CAPITAL FEES

Capital fees are added to the cost of revenue producing facilities such as golf courses, pools, recreation centers, hospitality centers and sports complexes and are lifted off after the improvement is paid off. This funding strategy is an opportunity for the City to explore the feasibility of implementation.

IMPACT FEES / RETAIL IMPACT FEES

These fees are on top of the set user rate for accessing facilities such as golf courses, recreation centers and pool facilities to support capital improvements that benefit the user of the facility. Retail Impact fees are based on retail development like hotels on parks system land. This funding strategy is an opportunity for the City to explore the feasibility of implementation. Fayetteville, North Carolina developed an impact fee from the state legislatures enabling act to help maintain the level of service for parks and recreation as the community was growing. The City now has a population of over 200,000 and has used the funds for acquisition of land to preserve for environmental and public use purposes. South Dakota has enabling legislation that allows municipalities to use impact fees for parks and recreation facilities.

DEVELOPMENT AND REDEVELOPMENT FEES

These fees are assessed for the development of residential properties with the proceeds to be used for parks and recreation purposes, such as open space acquisitions, community park site development, neighborhood park development, regional park acquisition and development, etc. Additionally, redevelopment fees are attained from the property tax increase that comes from the development of trails, signature parks and destination facilities. (E.g. Atlanta / Charlotte). The City could explore the feasibility of this funding strategy.

USER FEES

FEES AND CHARGES

The Department must position its fees and charges to be market-driven and based on both public and private facilities. The potential outcome of revenue generation is consistent with national trends relating to public park and recreation agencies, which generate an average 35% to 50% of operating expenditures. This could include daily fees for access to public owned facilities and parks. The City

currently implements this funding strategy. After analysis of cost recovery and current fees, this is a funding strategy that should be reviewed annually to appropriately set fees and charges that offset the expenses from operations.

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. The City currently implements this funding strategy. The City should enhance this as needed to recover a desired percentage of expenses incurred by review and granting the permit. Best practices in permits and the associated fees identify organizations and fees based on public and community benefit of the service being provided on City property. These tiers are often governmental organizations, non-profit organizations, and private organizations and individuals.

RESERVATIONS

This revenue source comes from the right to reserve specific public property for a set amount of time. The reservation rates are usually set and apply to group picnic shelters, meeting rooms for weddings, reunions and outings or other types of facilities for special activities. The City currently implements this funding strategy. Reservation fees should be approached the same as fees and charges with annual reviews to appropriately set fees and charges that offset the expenses from operations.

EQUIPMENT RENTAL

The revenue source is available on the rental of equipment such as mobile stage, bleachers, tables, chairs, tents, stages, bicycles, roller blades, kayaks, boats etc. that are used for recreation purposes. The City currently implements this funding strategy. Equipment rentals should be reviewed annually to appropriately set fees and charges that offset the expenses from operations.

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, tennis, and softball leagues, youth baseball, soccer, football and softball leagues, and special interest classes. The fee allows participants an opportunity to contribute toward the upkeep of the facilities being used. The City should explore to determine if additional application is appropriate.

TICKET SALES / ADMISSIONS

This revenue source is on accessing facilities for self-directed activities such as pools, ice skating rinks, ballparks and entertainment facilities. These user fees help off-set operational costs. The City currently implements this funding strategy minimally. Currently many of the facilities, programs, and performances are low to no cost. The ticket sales and admission prices can vary depending upon the demand of a facility or the popularity of the activity or performance. Dynamic pricing in best practice for ticket sales and admissions.

GRANTS

LAND & WATER CONSERVATION FUND (LWCF)

LWCF is a grant administered by the State. The funds come from the Federal Government that is received for drilling rights off the cost of the United States. Up to 50 percent reimbursement for outdoor recreation projects. South Dakota reviews LWCF grant applications and submits recommended projects to the National Park Service for final approval. All recommended projects must be in accord with South Dakota's SCORP priorities. Currently the process is competitive given the need in more rural communities. The City has applied for this grant in the past and intends to apply again. This grant is available in amounts of \$50,000 up to a maximum of \$250,000. The property can only be used for outdoor recreation once a grant is used to develop a property. The City will regularly review the cost associated with requirements in determining whether or not to apply.

RECREATIONAL TRAILS PROGRAM

For development of urban trail linkages, trail head and trailside facilities; maintenance of existing trails; restoration of trail areas damaged by usage; improving access for people with disabilities; acquisition of easements and property; development and construction of new trails; purchase and lease of recreational trail construction and maintenance equipment; environment and safety education programs related to trails. The City has applied for this grant in the past and intends to apply again.

NRPA GRANT & FUNDING RESOURCES

The National Recreation and Park Association (NRPA) periodically posts information about grant and fundraising opportunities that are available for park and recreation agencies. Grant opportunities are posted in areas of conservation, environmental/habitat, programming, social issue initiatives, Art and facility/amenity development. The City is already regularly reviewing these opportunities.

DEADWOOD FUNDING GRANT

Funded by a portion of the gambling revenue generated in Deadwood, South Dakota. Grants ranging from \$1,000 to \$25,000 given to projects that retain, restore, or rehabilitate historic buildings, structures, and archaeology sites in South Dakota for commercial, residential, or public purposes. This funding strategy is an opportunity for the City to explore the feasibility of implementation.

LOCAL NONPROFIT FOUNDATION GRANTS

These nonprofit foundations raise money through community foundations for parks and help support local park foundations on a local and regional level. The City currently implements this funding strategy.

LAND TRUST

Many systems have developed land trusts to help secure and fund the cost for acquiring land that needs to be preserved and protected for greenway purposes. This could be a good source to look to for acquisition of future lands. The City currently implements this funding strategy when opportunities are available.

PARTNERSHIP ENHANCEMENT MONETARY GRANT PROGRAM

Partnership Enhancement Monetary Grant Program, administered by the National Tree Trust. Matching grants are available on a 50/50 cost share basis. Funds are available for projects which promote public awareness in support of tree planting, maintenance, management, protection and cultivation of trees in rural, community and urban settings. These are small grants ranging from \$500 to \$20,000. The City should consider applying for these funds.

TAX FUNDING SOURCES

PROPERTY TAX

Ad valorem taxes on real property. Property tax is paid to the State and the redistributed to the City. These fees are based on the assessed value of the property and assets developed on the property. The City currently implements this funding strategy.

HOTEL/MOTEL TAX

Tax based on gross receipts from charges and meal services, which may be used to build and operate sports fields, regional parks, golf courses, tennis courts, and other special park and recreation facilities. This funding strategy is already utilized for the community through the Convention & Visitor's Bureau. Best practice for municipalities is to collect a portion of these fees to cover the expenditures incurred by the City to prepare and host the event.

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, and acquisition of art, and supplemental services for improvement and promotion, including recreation and cultural enhancements. This funding strategy has been used limitedly by the City in the past. As an example, the McKennan Median/Parkway along 21st Street Blvd is assessed locally for maintenance.

SALES TAX

This existing revenue source has been very successful in funding the park system in Frisco, TX. This tax is very popular in high traffic tourism type cities and with county and state parks. The City currently implements this funding strategy.

FOOD & BEVERAGE TAX (ENTERTAINMENT)

The tax is usually associated with convention and tourism bureaus. However, since parks and recreation agencies manage many of the tourism attractions, they receive a portion of this funding source for operational or capital expenses. The City currently implements this funding strategy for entertainment type venues.

PUBLIC IMPROVEMENT DISTRICT

New developments can establish a Public Improvement District (PID) when authorized by the Town Council and legally set up according to state law. This taxing district provides funds especially for the operation and maintenance of public amenities such as parks and major boulevards. This funding strategy has been used by the City in the past.

FRANCHISES AND LICENSES

CATERING PERMITS & 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. This funding strategy is an opportunity for the City to explore the feasibility of implementation.

POURING RIGHTS

Private soft drink companies that execute agreements with organizations for exclusive pouring rights within facilities. A portion of the gross sales goes back to the organization. The City of Westfield, IN just signed a 10 year, \$2 million pouring rights deal at their sports complex with Pepsi. This funding strategy is an opportunity for the City of Sioux Falls to explore the feasibility of implementation. The City currently implements this funding strategy.

CONCESSION MANAGEMENT

Concession management is from retail sales or rentals of soft goods, hard goods, or consumable items. The City either contracts for the service or receives a set amount of the gross percentage or the full revenue dollars that incorporates a profit after expenses. The City currently implements this funding strategy.

PRIVATE CONCESSIONAIRES

This funding source is a 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 organization. The City currently implements this funding strategy.

GREENWAY UTILITY

Greenway utilities are used to finance acquisition of greenways and development of the greenways by selling the development rights underground for the fiber optic types of businesses. This funding strategy has been implemented by the City in the past.

NAMING RIGHTS

Many cities and counties have turned to selling the naming rights for new buildings or renovation of existing buildings and parks for the development cost associated with the improvement. The City currently implements this funding strategy.

LEASEBACKS

Leasebacks are instances whereby a private individual or company builds a community center or sports complex and the revenue earned comes back to pay the development costs. This funding strategy is an opportunity for the City to explore the feasibility of implementation.

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 had implemented this funding strategy in the past. Regular reviews of best practice in easements by peer communities will help to determine the terms of easements for future opportunities.

LAND LEASES

This includes options where developers / agencies 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, marina, restaurants, driving ranges, sports complexes, equestrian facilities, recreation centers and ice arenas. The City currently implements this funding strategy.

ADVERTISING SALES

This revenue source is for the sale of tasteful and appropriate advertising on park and recreation related items such as in an organization's print materials, on scoreboards, dasher boards and other visible products or services that are consumable or permanent and exposes the product or service to many people. The City currently implements this funding strategy.

INTER-LOCAL AGREEMENTS

Contractual relationships entered into between two or more local units of government and/or between a local unit of government and a non-profit organization for the joint usage/development of sports fields, regional parks, or other facilities. The City currently implements this funding strategy.