

RESOURCE CONSERVATION: FUNDING STRATEGIES FOR ORANGE COUNTY

INTEGRATED FUNDING MEASURES

A major trend in open space funding are integrated funding measures that focus on addressing water quality or transportation issues with a funding category for open space purchases. In the case of transportation measures, the open space funding is to offset or "mitigate" for the impacts of the transportation improvement projects. For water quality, open space acquisition can directly contribute to water quality through protection of aquifers and watersheds, for percolation and water cleansing (e.g., wetland protection).

The following options hold the most promise for generating significant funding for open space acquisition in Orange County:

- A Benefit Assessment focused on resource conservation funding, such as the Santa Monica Mountains measure.
- Reauthorization of the Measure M Sales Tax with a carve out for open space mitigation, modeled after San Diego's TransNet.
- General obligation bond for water quality and open space, such as the Los Angeles Measure O Bond.
- A Capital Campaign based on the Green Vision; and
- State Funding options, including the 2006 Resource Bond and Motor Vehicle Fee.

SUMMARY OF BASIC OPEN SPACE FUNDING OPTIONS

There are six primary funding options capable of generating significant funding for resource conservation, including water quality and open space programs.

GRANTS

There are numerous state, federal and private grant programs available to both non-profit open space organizations and public agencies for open space and recreation. Funding programs include habitat conservation grants for acquisition and assistance (e.g., USFWS Section 6 Grants), Land and Water Conservation Fund, Wildlife Conservation Board, Department of Conservation, Coastal Conservancy, Wetlands Recovery Project and private grants such as the Resources Legacy Fund Foundation Preserving Wild California program.

TAX MEASURES

Tax measures can only be raised by a public agency. All taxes are classified as either a "general tax" or a "special tax," depending on how the funds can be spent. A general tax may be used for any public purpose. However the funds are fully discretionary and may be deposited into the general fund. A special tax is a tax imposed for a specific purpose and the funds must be deposited into a separate fund dedicated to the purpose. A general tax requires a majority vote of the electorate; a special tax requires approval by two-thirds majority. Typical taxes include: Sales Tax, Parcel Tax, Mello Roos Community Services Tax, Real Estate Transfer Tax, etc.



IMPACT FEES & DEDICATIONS

Typically, a land dedication or impact fee is imposed to offset the conversion of open space to urban use. The amount of the dedication or fee is generally determined by some underlying study, report or plan, such as an environmental impact report or habitat conservation plan. Some general plans and specific plans contain policies which set the stage for such fees or dedications as a requirement of development.

BENEFIT ASSESSMENT DISTRICTS

Special benefit assessments are charges that are imposed upon land within a pre-determined area to pay for public improvements based upon how the land benefits from the improvement. An agency seeking to impose an assessment conducts a mailed ballot assessment proceeding. This requires a majority of the ballots returned be in favor of the assessment, weighted according to the amount of the assessment.

GIFTS & DONATIONS (CAPITAL CAMPAIGNS)

Many individuals and some corporate interests are willing to make contributions to park agencies and programs. Donations can be made for capital projects as well as acquisitions. This method of funding is enhanced when a 501(c)(3) organization is in place to support the effort of the public park agency.

To encourage these kinds of transactions, the state has created \$100 million in tax credits for landowners interested in donating

in fee or easement qualified parcels. The state tax credits are available to landowners wishing to donate qualified lands to state resource departments, local government entities and qualified non-profit organizations for conservation purposes. The intent is to protect and conserve open



space, agricultural lands, wildlife habitat, state and local parks.

BONDS

Local agencies may finance acquisition of land through the issuance and sale of financial securities called bonds. Bonds are essentially "IOUs" issued by public entities to finance large public projects or acquisitions. A specific revenue stream, such as a tax or assessment, must back the bond issue. The revenue stream will guarantee the repayment the bond amount over time, typically 20 to 30 years. The bonds are then sold and the proceeds are used for the cost of purchasing land.

OTHER FUNDING TOOLS

LEASE PURCHASE AGREEMENTS

Lease-purchase agreements are another debt financing tool. This arrangement works when local agencies might otherwise be prevented from incurring debt to purchase land. Instead, the agency leases the land for a period of years with the option to purchase at the end of the lease. The amount of the lease is equivalent to the principal and interest that would be paid if the transaction were financed as a loan.

NAMING RIGHTS

Companies and other organizations may be interested in acquiring the naming rights for particular properties or capital improvements. Selling naming rights allow the agency to secure funding for a particular project and, in return, the donating organization gets to have its name associated with its positive contribution. There is also a growing boldness on the part of

park agencies to ask for financial payments in return for these associations. There is a wide range of potential transactions from one-time large group activities (running events or concerts), advertising promotions that use a park as a backdrop, the use of logos or brand names in return of donations of money, goods or services.


OPERATION OR USER FEES

User fees for use of park and recreation facilities are common. Local agencies have implemented several user fees such as vehicle entry fees, camping fees, boating and lake use fees, parking fees, use permit fees, filming fees and others. Fees for events and programs are another possibility. However, the potential for the fee to exclude those most in need of the program should be considered.

RENTS & CONSESSIONS

Local agencies derive revenue from a variety of miscellaneous sources. For instance, an agency may rent, lease or license its real

and personal property, such as selling advertisements in employee newsletters or on the sides of city owned buses. Some cities arrange to receive a percentage of net profits from concessionaires operating on city property. Some have permitted soft drink vending machines in their parks and vendors have shared in the revenues from the sales. Other possibilities include concerts, grazing leases, radio and cell phone tower lease agreements.



This information is provided by the Orange County Green Vision, a project of Friends of Harbors, Beaches and Parks. For more information, visit us at: www.fhbp.org