

VIII. Funding Mechanisms

There are several common mechanisms that communities can use to help acquire, develop, operate, and maintain park systems. Each mechanism has its relative strengths, while several have specific regulatory requirements that restrict their use. The amount of park system funding is a function of the recreation need and supply within the community. Recreation need and supply are typically identified through a planning process, which also proposes an action plan, capital improvement program, and a budget to help support the development and operation of the park system. The proposed action plan and budget, in turn, helps the community identify the appropriate funding mechanism to develop and manage park land.

General Funding

Communities can levy local taxes to acquire, develop, operate, and maintain parks and other public spaces. This is one of the most common and widely accepted methods of funding the development and operation of a park system. While there are no specific restrictions on levying local taxes to support park systems, actual allocations within communities vary widely due to a variety of reasons, including; value of the local tax base, political commitment to park development, and constituent support for parks and recreation. Local tax levies are typically used to fund all types of park development and management.

Parkland Dedication or Payment in Lieu of Dedication

Under Chapter 236 of the Wisconsin State Statutes, communities can accept dedications of land, or payments in lieu of dedication, for the purpose of developing parklands. Communities typically have subdivision platting ordinances that require developers to dedicate land or make payment in lieu of dedication as a condition for receiving subdivision plat approval. Most communities require these developers to comply with adopted comprehensive plans, and only dedicate lands that are suitable and needed for park system development. Furthermore, if suitable and needed land is not available, most communities require that the developer make a payment, based on the size of the proposed development, into a designated park development fund. These payments in lieu of dedication vary, but typically are based on the fair market value of development land in the area. Payments in lieu of dedication in commercial and industrial developments are typically higher.

Currently, the Village of Weston requires that developers dedicate land or make a payment in lieu of dedication at the rate of \$244 per single-family lot, \$446 per duplex lot, and from \$138 to \$244 per unit for multi-family developments.

The Village of Weston's subdivision ordinance requires suitable parkland dedication or payment in lieu of dedication. The Village has the option of accepting only land that is suitable for needed park development and land that is within an area that is designated for park acquisition and development. The Village should continue to decline land

dedications that do not meet current or future park needs. Furthermore, the Village should investigate options for increasing its payment in lieu of dedication to at least \$400 per lot or residential unit. These figures more accurately reflect the actual costs of acquiring and developing parklands.

Park Impact Fees

Chapter 305 permits Villages, municipalities, and counties in Wisconsin to impose impact fees on developers. This legislation specifies standards that an impact fee ordinance must meet, as well as establishing procedural requirements that must be satisfied before a governmental entity may enact such an ordinance, including the completion of a needs assessment study and the holding of a public hearing. Such an ordinance could apply to rezoning, condominium developments, or any land development that would affect public facilities, regardless of whether land division is involved. The impact fees collected could be used by local governments to defray the cost of the public facilities necessary to accommodate development projects, and are subject to any fees already imposed under existing land division ordinances (i.e. parkland dedication and/or payment in lieu of dedication). In general, communities of a similar size to the Village of Weston have adopted park impact fees ranging from \$150 to \$400 per residential development unit.

The Village of Weston should review their land subdivision ordinance to determine if adopting an impact fee ordinance would ensure that they are able to continue to collect these fees. Chapter 305 expressly states that its creation does not limit the authority of governmental entities to finance public facilities by any other means authorized by law, including land subdivision laws. However, there has been some concern that a narrow interpretation of this law has limited the ability of local governments to legally impose fees under land division ordinance, thus raising some question as to the viability of that fee collection mechanism in the wake of the new impact fee legislation.

If the Village plans to adopt a park impact fee, it should adopt a fee that will be sufficient to fund the development of facilities that are required due to new development while meeting the financial limits and requirements of Chapter 305. Specifically, the Village of Weston should develop a formula to calculate the impact of each new residential unit on future park development and assess a fee that will be sufficient to construct facilities to meet (or at least not exceed) the need generated by that unit:

FORMULA:

Unit Cost of Park Development = (park development cost per acre) / (#of residential units per acre of park).

$$\$357 = \$10,000/28$$

ASSUMPTIONS:

of residential units per acre of park land = 28 (83 residents per acre park land/3.0 residents per residential unit)

12 acres park land per 1000 residents
3.0 residents per residential unit

Development Cost of Park Land = \$10,000/acre

If the Village elects to adopt a park impact fee, it should consider adopting a fee that is lower than the maximum unit cost of park development (\$357/residential unit). Specifically, the Village should adopt a park impact fee in the range of \$150 - \$250.

The average cost of a new single-family residence in the Village of Weston ranges from approximately \$100,000 to \$300,000. A \$150 per residential unit impact fee represents 0.05% to 0.15% of the purchase price. Thus, the estimated impact on the availability of affordable housing in the Village is negligible.

Grant-in-Aid Programs

There are numerous publicly administered grant-in-aid programs available to assist Villages, municipalities, and counties in acquiring and developing park lands and recreation facilities. Most of these programs are administered through the Wisconsin Department of Natural Resources, even though the funding may originate in one of several state or federal agencies. All of the grant-in-aid programs have eligibility requirements and restrictions on their use, and most of them require some sort of a local match (cash, in-kind contribution, or both). These grant programs are excellent mechanisms for communities to generate funds to acquire land and develop needed facilities that they might not otherwise be able to afford.

Also, there are numerous publicly administered grant-in-aid programs available to assist villages, municipalities, and counties to conduct other projects that support park development through resource and habitat improvement, and environmental protection. These programs, which are administered through the Wisconsin Department of Natural Resources, also have eligibility requirements and restrictions on their use. Some of the programs include; urban forestry planning, lake protection, lake planning, and water quality management planning.

All of the grant-in-aid programs administered through the Wisconsin Department of Natural Resources can be found at the WDNR website. A detailed description of the grant-in-aid programs offered by the WDNR can be found at:
<http://dnr.wi.gov/org/caer/cfa/BUREAU/grantlist.html>

Volunteer Participation

Volunteer participation by individuals and organizations can be an effective mechanism for funding the development and management of park and recreation facilities. Volunteer participation can include: 1) cash donations for acquisition and development, 2) in-kind material donations for development, 3) donated labor for development, and 4) donated labor for management.

However, if volunteer participation is utilized for park development and management, it must be properly administered to be effective. Volunteers must be properly trained, equipped, and supervised to work in an appropriate, safe, and legal manner. Furthermore, the Park Board for their contributions to the community should recognize volunteers. Also, volunteer participation in park development must be accurately documented, since some grant-in-aid programs do not recognize donated labor as a local match.

Summary

Most communities that have successful park and recreation systems utilize a balanced combination of general funds, land dedication, payment in lieu of dedication, impact fees, and grant-in-aid programs. Many communities with successful park systems have adopted a general system for funding park acquisition, development and operations:

1. General Funds (local taxes) – used for park system administration, park operations and maintenance, and some park acquisition and development.
2. Land Dedication (or payment of Lieu of dedication) – used for general parkland acquisition and development.
3. Impact Fees – used for parkland acquisition and development within a specified district and designated to meet recreation needs created by the new development.
4. Grant-in-Aid Programs – used for park acquisition and development.
5. Volunteer participation – used for park development, operations, and management.

The Village of Weston should adopt this general approach and develop a balanced funding mechanism for acquiring, developing, and managing the Village park system.