

CIP FINANCING

Potential Funding Sources

Parks and Recreation projects are funded in a variety of manners. Eighteen separate methods of financing projects used in various Missouri communities were identified for consideration in funding Columbia programs and projects. These methods and their definitions follow.



Atkins Park - Development Funded by Park Sales Tax, LWCF Grant, County of Boone Partnership, Recreation User Fees, and Donation

Activity and/or User Fees: This is a dedicated user fee established by ordinance for the purpose of constructing and maintaining recreation facilities and programs. The fee applies to all organized activities that require a paid registration or reservation of some type. Fees are based on activity level. For example, in youth sports leagues each participant may be charged \$2.15 per scheduled game, with \$1.70 going to offset operating and maintenance costs (mowing, utilities, field preparation, etc.) and \$0.45 used for construction, improvements, or renovation of facilities. The appeal is that the fee is paid by the users and the funds are earmarked for the facilities that generate the revenue.

Resident and Non-Resident Fees: Departments also have the opportunity of developing Resident and Non-Resident Fees. Those that reside within the city limits pay a reduced fee compared to those that live outside of the city limits.

Ad Valorem Property Tax: Tax levied on the assessed valuation of all non-exempt real and personal property.

Community Development Block Grants: These are federal entitlement grant programs which are distributed to cities and can be used for a wide variety of municipal projects within areas which meet program guidelines, such as income levels for area residents.

Dedication/Development Fees: Dedication of open space or payment of fees for park development or recreation purposes. As open space is consumed, developers may either dedicate a portion of the property for open space, or in lieu of land, pay an impact development fee so that alternate open space may be purchased.

Foundations/Grants/Gifts: Tax-exempt, non-profit organizations established with private donations in promotion of specific causes, activities, or issues. Offers a variety of means to fund capital projects, including: capital campaigns, gifts catalogs, fundraisers, endowments, and sales of items. Included in this document is a summary of various grants that are available to parks and recreation agencies and co-sponsored organizations.

General Obligation Bonds: Bonded indebtedness issued with the approval of the electorate for capital improvements and general public improvements. Approval requires a super majority (four-sevenths) vote for passage during general municipal elections, primary, or general elections, and a two-thirds majority at all other elections.

Hotel, Motel, and Restaurant Tax: Tax based on gross receipts from charges and meal services which may be used to build and operate golf courses, tennis courts, and other special park and recreation facilities.

Interlocal Agreement: 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 a program or facility.

Land and Water Conservation Fund: Matching funds awarded for acquisition and development of parks, recreation, and supporting facilities through the National Park Service and Missouri Department of Natural Resources.

Lease Purchased Financing: Facilities for public use financed and built through an entity separate from the municipality – either another public entity, a non-profit corporation set up for that purpose, a bank or leasing company, or joint powers authority.

There are several types of lease purchase funding mechanisms, including certificates of participation in which investors can purchase tax free investments in the leased facility, and sales leaseback which is a means for public entities to sell an existing facility to a separate entity such as a non-profit organization, an investor, or a group of investors. Improvements can be made by the separate entity who then leases the facility back to public entity for an agreed to period of time and interest rate. Lease transactions do not require voter approval.

Neighborhood Assistance Program (NAP): In 1978 Missouri became the third state in the nation to adopt legislation creating a NAP. NAP's purpose is to provide assistance to community-based organizations that enables them to implement community or neighborhood projects in the areas of community service, education, crime prevention, job training and physical revitalization. NAP credits may only be used to offset income tax, franchise tax, financial institution tax, gross premium receipts tax, and gross receipts tax. The Department of Economic Development (DED) will issue 50% or 70% tax credits to an eligible taxpayer who makes a qualified contribution to an approved NAP project. Only 501 (c)3 organizations, Missouri businesses, and nonprofit organizations authorized to operate in Missouri are eligible applicants.

Private Concessionaires: Contracts with private business to provide and operate desirable recreational activities financed, constructed and operated by the private sector with additional compensation paid to the City.

Revenue Bonds: Revenue bonds are municipal securities which are secured by the revenues or receipts of a project or special fund rather than the full taxing power of the borrower. Revenue bonds may be issued if approved by a simple majority.

Park Sales Tax Dedicated to Capital Improvements: State enabling legislation recently allowed Missouri cities and counties to pass up to a half-cent sales tax for local parks. The sales tax requires a simple majority for passage. This revenue source can be used to fund park capital improvement projects.

Sales Tax - General - Committed to the City’s Public Improvement Fund: The City of Columbia currently has a 1% general sales tax. In Fiscal Year 2013, 4.1% (\$910,820) of monies generated by this sales tax was budgeted in the Public Improvement Fund to be used for city-wide capital improvements. These funds are identified as “GenFd/PI” in the budget document.

Sales Tax - Capital: The City issued Special Obligation Bonds to finance a portion of the projects authorized by voters with the extension of the one-quarter cent Capital Improvement Sales Tax in November 2005. The tax will expire December 31, 2015. The projects funded with the 2005 bond include a number of road projects, fire station and equipment needs, emergency warning sirens and a police training facility. *(Note: In the 1999 capital sales tax ballot, the Parks and Recreation Department shared this funding source for its capital improvement projects.)*

Special Improvement District/Benefit District: Taxing districts established to provide funds for certain types of improvements, which benefit a specific group of affected properties. Improvements may include landscaping, the erection of fountains, the acquisition of art, and supplemental services for improvement and promotion, including recreation and cultural enhancements.

Tax Increment Financing: The concept behind the tax increment financing is that taxes in a designated area are frozen and the redevelopment that occurs in the blighted, conservation, or economic development area will increase the assessed valuation of the property and generate new property tax revenues. The increase can be used on an annual basis to retire revenue bonds issued to finance redevelopment costs. A great deal of development is required to generate sufficient revenues to make it work.



Cosmo Tennis Courts - Reconstruction Funded by Park Sales Tax and USTA Grant