

ROSEVILLE
REQUEST FOR COUNCIL ACTION

Date: 11-28-16
Item No.: 15.a

Department Approval



City Manager Approval



Item Description: Park Capital Funding Policy Discussion

1 **BACKGROUND**

2 In the summer of 2015, the City Council suggested that the Finance Commission and the Parks
3 and Recreation Commission review and provide a recommendation on a Park Capital Funding
4 Policy.

5
6 Mayor Roe prepared and suggested a draft policy for the Commissions and staff to consider. The draft
7 policy is included in your packet.

8
9 At their July 2015 meeting, the Finance Commission reviewed and discussed the draft policy that
10 Mayor Roe prepared to consider. Their suggested adjustments to that policy are included in your
11 packet.

12
13 In September of 2015, the Parks and Recreation Commission reviewed and discussed the draft
14 policy that Mayor Roe prepared to consider. Their suggested adjustments are included in your
15 packet.

16
17 In September of 2015, representatives of the Finance Commission and Parks and Recreation
18 Commission met to discuss the draft policy. That meeting resulted in representatives of both
19 commissions generally feeling pretty comfortable with the proposed policy with the understanding
20 that a minimum balance (amount yet to be identified) would always be held for potential
21 acquisition. As outlined in each Commission recommendation, the minimum balances are
22 different.

23
24 In September 2016, the Cedarholm Golf Course Clubhouse Replacement Advisory Team provided
25 their overall recommendations and suggested that the Park Dedication Fund be used as a source of
26 revenue to replace the clubhouse. Included in your packet is the Executive Summary of that report.

27
28 Park Dedication Funds can only be used for parkland acquisition or capital improvements and
29 cannot be used for ongoing maintenance.

30
31 Over time, the City has experienced wide fluctuations in the collections of Park Dedication fees. This
32 is summarized in the chart below.

<u>Year</u>	<u>Collected</u>	<u>Expended</u>
2005	\$ 216,112	\$ -
2006	131,500	-
2007	53,738	-
2008	6,000	-
2009	1,000	43,928
2010	-	56,003
2011	512,000	12,218
2012	3,000	-
2013	634,345	5,175
2014	-	256,281
2015	188,986	52,500
2016 (YTD)	<u>256,300</u>	<u>127,536</u>
	\$ 2,002,981	\$ 553,640

36

37

38 The Park Dedication Fund has a current fund balance of approximately \$1,384,765 million. Just prior to
 39 2004, the Fund had a negative cash balance due to the acquisition of parkland adjacent to Twin Lakes
 40 which was eventually financed by Park Dedication fees.

41

42 **POLICY OBJECTIVE**

43 It is the policy of the City to plan for infrastructure sustainability.

44

45 **FINANCIAL IMPACTS**

46 This discussion does not have any direct financial impacts. Park Dedication Funds can only be used for
 47 capital improvmenet projects and land acquisition.

48

49 **STAFF RECOMMENDATION**

50 City Council Discussion

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52 **REQUESTED COUNCIL ACTION**

53 City Council Discussion

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Prepared by: Lonnie Brokke, Director of Parks and Recreation
 Chris Miller, Finance Director

- Attachments:
- A: Mayor Roe Suggested Park Capital Funding Draft Policy
 - B. Finance Commission Recommended Park Capital Funding Draft Policy
 - C. Parks and Recreation Commission Recommended Park Capital Funding Draft Policy
 - D. Cedarholm Golf Course Resident Advisory Team Final Report Executive Summary

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**Park Capital Funding Policy – DRAFT
Mayor Roe Suggested Draft Policy**

Purpose

To assure adequate funding for long-term Park System capital replacement and rehabilitation funding.

Policy

- The City will use two sources of funds for Park System capital expenditures:
 - o A tax levy supported Park Improvement Fund
 - o A Park Improvement sub-fund of the Park Dedication Fund

For purposes of this policy, in accordance with State Statutes, the City Council finds that a nexus exists between citywide park improvements and land subdivisions because such subdivisions result in increased demand on citywide park system assets, requiring their timely replacement or rehabilitation.

- Total annual expenditures for Park System capital purposes will be funded from both funds in proportion to each fund’s portion of their sum at the end of the previous year
- The annual tax levy for the Park Improvement Fund will be set by the City Council based on projected expenditures in accordance with the Capital Investment Policy, net of projected funding provided by the Park Improvement sub-fund of the Park Dedication Fund.
- Initially, the Park Improvement sub-fund of the Park Dedication Fund shall be established at **[\$400,000]**, with the balance of the Park Dedication Fund at that time established as a Park Acquisition sub-fund.
- The City Council may transfer funds between the sub-funds of the Park Dedication Fund as appropriate for projected capital spending and acquisition needs.
- Once the Park Improvement and Park Acquisition sub-funds of the Park Dedication Fund have been established, all subsequent Park Dedication receipts shall be allocated **[2/3]** to the Park Improvement sub-fund and **[1/3]** to the Park Acquisition sub-fund. The City Council may amend the allocation of receipts between the sub-funds of the Park Dedication fund as appropriate for projected capital spending and acquisition needs, with amended allocations recorded here:

<u>Date Adopted</u>	<u>Portion to Park Improvement</u>	<u>Portion to Park Acquisition</u>
Initial	[2/3]	[1/3]

Park Capital Funding Policy – DRAFT
Parks and Recreation Commission Recommended Draft Policy

Purpose

To assure adequate funding for long-term Park System capital replacement and rehabilitation funding.

Policy

- The City will use two sources of funds for Park System capital expenditures:
 - o A tax levy supported Park Improvement Fund
 - o A Park Improvement sub-fund of the Park Dedication Fund
 For purposes of this policy, in accordance with State Statutes, the City Council finds that a nexus exists between citywide park improvements and land subdivisions because such subdivisions result in increased demand on citywide park system assets, requiring their timely replacement or rehabilitation.
- Total annual expenditures for Park System capital purposes will be funded from both funds in proportion to each fund’s portion of their sum at the end of the previous year
- The annual tax levy for the Park Improvement Fund will be set by the City Council based on projected expenditures in accordance with the Capital Investment Policy, net of projected funding provided by the Park Improvement sub-fund of the Park Dedication Fund.
- ~~Initially, the Park Improvement sub-fund of the Park Dedication Fund shall be established at \$400,000, with the balance of the Park Dedication Fund at that time established as a Park Acquisition sub-fund.~~
- The City Council may transfer funds between the sub-funds of the Park Dedication Fund as appropriate for projected capital spending and acquisition needs **after a minimum balance of \$1,000,000 is met for acquisition.**
- Once the Park Improvement and Park Acquisition sub-funds of the Park Dedication Fund have been established **and after the \$1,000,000 minimum acquisition balance has been met**, all subsequent Park Dedication receipts shall be allocated **[2/3]** to the Park Improvement sub-fund and **[1/3]** to the Park Acquisition sub-fund. The City Council may amend the allocation of receipts between the sub-funds of the Park Dedication fund as appropriate for projected capital spending and acquisition needs, with amended allocations recorded here:

<u>Date Adopted</u>	<u>Portion to Park Improvement</u>	<u>Portion to Park Acquisition</u>
Initial	[2/3]	[1/3]

Park Capital Funding Policy – DRAFT

Purpose

To assure adequate funding for long term Park System capital replacement and rehabilitation funding.

Policy

- ☐ The City will use two sources of funds for Park System capital expenditures:
 - A tax levy supported Park Improvement Fund
 - A Park Improvement sub fund of the Park Dedication Fund
 For purposes of this policy, in accordance with State Statutes, the City Council finds that a nexus exists between citywide park improvements and land subdivisions because such subdivisions result in increased demand on citywide park system assets, requiring their timely replacement or rehabilitation.
- ☐ Total annual expenditures for Park System capital purposes will be funded from both funds in proportion to each fund’s portion of their sum at the end of the previous year
- ☐ The annual tax levy for the Park Improvement Fund will be set by the City Council based on projected expenditures in accordance with the Capital Investment Policy, net of projected funding provided by the Park Improvement sub fund of the Park Dedication Fund.
- ☐ Initially, the Park Improvement sub fund of the Park Dedication Fund shall be established at [\$400,000], with the balance of the Park Dedication Fund at that time established as a Park Acquisition sub fund.
- ☐ The City Council may transfer funds between the sub funds of the Park Dedication Fund as appropriate for projected capital spending and acquisition needs.
- ☐ Once the Park Improvement and Park Acquisition sub funds of the Park Dedication Fund have been established, all subsequent Park Dedication receipts shall be allocated {2/3} to the Park Improvement sub fund and {1/3} to the Park Acquisition sub fund. The City Council may amend the allocation of receipts between the sub funds of the Park Dedication as appropriate for projected capital spending and acquisition needs, with amended allocations recorded here:

<u>Date Adopted</u> Initial	<u>Portion to Park Improvement</u> {2/3}	<u>Portion to Park Acquisition</u> {1/3}

Park Capital Funding Policy – DRAFT
Finance Commission Recommended Draft Policy

Purpose

To assure adequate funding for long-term Park System capital replacement and rehabilitation funding.

Policy

- The City will use two sources of funds for Park System capital expenditures:

- A tax levy supported Park Improvement Fund
- A Park Improvement sub-fund of the Park Dedication Fund

For purposes of this policy, in accordance with State Statutes, the City Council finds that a nexus exists between citywide park improvements and land subdivisions because such subdivisions result in increased demand on citywide park system assets, requiring their timely replacement or rehabilitation.

- Eligible improvements for park system capital improvements will be funded first from the Park Improvement sub-fund of the Park Dedication Fund as long as there is an available balance.

- ~~Total annual expenditures for Park System capital purposes will be funded from both funds in proportion to each fund's portion of their sum at the end of the previous year~~

- The annual tax levy for the Park Improvement Fund will be set by the City Council based on projected expenditures in accordance with the Capital Investment Policy, net of projected funding provided by the Park Improvement sub-fund of the Park Dedication Fund.

- Initially, the Park Improvement sub-fund of the Park Dedication Fund shall be established at {\$400,000}, with the remaining balance of the Park Dedication Fund at that time established as a Park Acquisition sub-fund.

- ~~The City Council may transfer funds between the sub-funds of the Park Dedication Fund as appropriate for projected capital spending and acquisition needs.~~

- Once the Park Improvement and Park Acquisition sub-funds of the Park Dedication Fund have been established, all subsequent Park Dedication receipts shall be allocated [2/3] to the Park Improvement sub-fund and [1/3] to the Park Acquisition sub-fund.

- The City Council may transfer funds or amend the allocation of receipts between the sub-funds of the Park Dedication Fund as appropriate for projected capital spending and acquisition needs.

- ~~The City Council may amend the allocation of receipts between the sub-funds of the Park Dedication as appropriate for projected capital spending and acquisition needs, with amended allocations recorded here:~~

<Chart removed>