5.0 OVERVIEW - FUNDING SOURCES

This chapter focuses on identifying existing and potential revenue sources to renovate, expand and maintain Cape Coral's parks and recreation system. Historically, one of the greatest challenges to park and recreation professionals and elected officials is identifying adequate revenue sources to meet current and future park and recreation demands. This chapter will provide an overview of existing revenue sources as well as explore untapped or alternative revenue generators.

5.1 EXISTING REVENUE/FUNDING SOURCES

The City of Cape Coral has utilized numerous different avenues for raising revenue for the parks and recreation system. Regardless of the variety and number of available revenue sources, adequate funding has not been readily available to easily meet the current and future park and recreation needs of the City. Over the years, Cape Coral has utilized the following sources to fund its parks and recreation needs:

- **General Ad Valorem Tax Revenue (Property Taxes)**
  This revenue stream is generated from property taxes collected on parcels with the City of Cape Coral. Each year the City adopts a tax rate (millage rate) that is applied to the taxable assessed value of property within the City. The revenues generated from the property tax are limited and are used for a vast array of governmental functions and administration. The competition for these property tax dollars is fierce and does not provide a revenue stream that can wholly support the operation and needs of the City's parks and recreation system. In Fiscal Year (FY) 2000, the City collected nearly $22.8 million in ad valorem taxes. Of the total $22.8 million, less than $6.4 million was expended for parks and recreation. In FY 2001, the City collected an additional $1.7 million in ad valorem taxes over FY 2000 for a total of $24.5 million. Of the FY 2001 total, $8.7 million was budgeted with $6.4 million expended through the end of August of the fiscal year. Due to increased construction activity and rising property values in the City over the past year, the proposed budget for FY 2002 proposes an increased ad valorem tax of just under $27 million with proposed budgeted expenses for parks and recreation of approximately $7 million.

- **Enterprise Funds**
  Enterprise funds are specific operations that generate revenues and whose revenues are restricted for specific expenditures. Generally, revenues from the enterprise funds are used to support and maintain the operation or function that generated the revenue. There are three enterprise funds for parks and recreation within the City, Sun Splash Family Waterpark, Yacht Basin and Coral Oaks Golf Course.

  **Sun Splash Family Waterpark**
  The Waterpark is a water attraction that draws residents and tourists from throughout the southwest Florida region. Primary sources of revenue for the park are admissions,
concession sales, rentals, parking fees, activity/lesson fees, merchandise sales and sponsorships. In addition, parks and recreation impact fees are used for bond debt retirement. Revenues for Sun Splash exceeded $2.1 million in FY 2000 with expenses of approximately $1.95 million. In FY 2001, revenues through the first half of September were approximately $2.0 million with expenses just under $2.0 million. The proposed FY 2002 budget predicts just under $2.2 million in revenues and expenses.

Yacht Basin
The Yacht Basin provides boat slips for boat storage. The primary source of revenue for the Basin is through the fees collected for the boat docking. Basin revenues in FY 2000 exceeded $174,000 with expenses of approximately $151,000. In FY 2001, revenues again exceeded $174,000 with expenses over $129,000. The proposed FY 2002 budget predicts revenues and expenses in excess of $293,000.

Coral Oaks Golf Course
The Coral Oaks Golf Course is a City owned and operated 18-hole golf course. Primary revenue sources for the golf course are green fees, golf cart rentals, club rentals, driving range, pro shop merchandise sales, tournament and handicapping services, food and beverage sales and a subsidy from the City's General Fund. Revenues for FY 2000 exceeded $2.0 million with expenses in excess of $1.6 million. In FY 2001, revenues through the month first half of September were approximately $1.8 million with expenses just over $1.5 million. The proposed FY 2002 budget predicts revenues and expenses at just under $2.1 million.

- **Parks and Recreation User Fees**
  User fees are collected from those who participate or utilize a specific recreation or social service program. The primary user fees collected in Cape Coral include: pool fees, tennis fees, Yacht Club fees, Art Studio fees, Lake Kennedy and Rotino Senior Center fees, class/program fees, athletic fees and social service fees. In FY 2000 the total amount of revenue generated from user fees was approximately $1.6 million. These revenues increased slightly in FY 2001 to nearly $1.7 million. The proposed FY 2002 budget anticipates user fee revenues to exceed $2.0 million.

- **Parks and Recreation Grants and Acquisition Programs**
  Cape Coral has applied for and/or obtained numerous grants as well as utilizing parkland acquisition programs. Some of these grants and programs include the Florida Recreational Development Assistance Program (FRDAP), Florida Boating Improvement Program (FBIP), Community Development Block Grant (CDBG), the Conservation and Recreational Lands Program (CARL), Transportation Efficiency Act for the 21st Century (TEA-21), the Lee County Tourist Development Council, the Florida Legislature and the Gannett Foundation. In addition, the City employs a full-time grant writer to assist with the research and pursuit of grant opportunities.
Funding Sources

- Impact Fees
  Impact fees are fees imposed on new residential development to offset its impact on the City's parks and recreation system. The City currently collects two types of park impact fees. The first fee is the Major Park Impact Fee. The Major Park Impact Fee is intended to finance the development of large parks (minimum size of 200 acres) whose primary uses are passive recreational opportunities and serve the entire City. The Major Park Impact Fee is currently $82.09 per single-family dwelling unit. The second impact fee is the Municipal Park Impact Fee. The Municipal Park Impact Fee is intended to finance the construction of active and highly developed parks at least 20 acres in size, minimum size is waived if the park currently exists, that serve the entire City. The amount of the Municipal Park Impact Fee is $371.49 per single-family dwelling unit. The total park impact fee collected per new single-family dwelling unit (Major Park + Municipal Park) is $453.58.

  In FY 2000, the City collected nearly $214,000 in Major Park Impact Fees. Major Park Impact Fee collections increased to just less than $221,000 in FY 2001. The proposed FY 2002 budget estimated Major Park Impact Fee collections at $200,000. There were no expenditures of Major Park Impact Fee revenues in FY 2000 or FY 2001. The proposed FY 2002 budget identifies an expenditure of $200,000 for the Major Park.

  Municipal Park Impact Fee collections in FY 2000 amounted to over $862,000. FY 2001 revenues are over $791,000, $71,000 less than FY 2000. The proposed FY 2002 budget estimates revenues over $878,000. Municipal Park Impact fees expenditures were nearly $471,000 in FY 2000, over $424,000 in FY 2001 and proposed for $878,000 in FY 2002.

- Bonding
  In 1989, the City voters approved a general obligation bond for the construction of several projects throughout the City. Included with these improvements were parks and recreation projects.

- Cooperation with Non-profits, Community Organizations and Businesses
  The City has had success in working with community organizations and groups for assistance in meeting the parks and recreation needs of the City. Examples of this success include the Starland Playground at Skyline Elementary School, constructed by community volunteers, and more recently the development of Rotary Park with the assistance of Cape Coral's Rotary Clubs. Additionally, the planning and development of a Youth Center is currently underway in cooperation with a Youth Center Board.
5.2 POTENTIAL REVENUE/FUNDING OPPORTUNITIES

In addition to Cape Coral's relatively diverse revenue base for its parks and recreation system there are alternative sources that may be tapped for funding or existing funding mechanisms may be reevaluated for appropriateness and effectiveness.

- **Impact Fees**

As stated previously, Cape Coral currently collects two park impact fees, Major Park and Municipal Park. However, the requirements of the City's impact fee ordinance (Code of Ordinances Section 2-24.15 and Section 2-24.18) strictly limit the potential applicability of the collected fees. Based on the current impact fee ordinance, impact fees are only collected for and can only be used for the development of the Major Park and Municipal Parks. Municipal Parks as defined in the ordinance are similar to the Community and District Parks defined by this Master Plan. Neighborhood Parks and Special Purpose Parks are left out of the impact fee consideration. With Neighborhood Parks being one of the greatest needs of the City's parks and recreation system, the City should revise the impact fee ordinance to include an impact fee for the development of neighborhood parks.

It is also critical that the City continues to reevaluate the impact fee rate charged for parks and recreation and adjust the rate as required. The City raised the park impact fee rate in 2000. However, in 2001 the City declined to increase the impact fee. With the significant development pressures currently in place within the City, the need to thoroughly review and reevaluate the impact fee is clear.

Section 2-24.16 of the Code of Ordinances provides for the exchange of land in lieu of parks and recreation impact fee payment. The current language limits the exchange for only those parks that are contemplated by the Ordinance (Municipal and Major Parks) or for platted lots within the urban services reserve area that were zoned commercial or professional prior to the adoption of the City's Comprehensive Plan in 1989 and are now designated as residential, do not meet the minimum lot area for development and abut existing City owned property. The City should consider expanding the opportunities for the exchange of land in lieu of payment of the parks and recreation impact fee to include park types such as neighborhood and special purpose parks. In addition, the ability to use platted lots for exchange should be revised to allow any platted lot(s) to be considered for impact fee credit contingent upon its size and location in terms of future park development opportunities.

Based on the need for a thorough evaluation of the City's park impact fees, it may be appropriate for the City to engage in discussion with Lee County to assess the feasibility of coordinating park impact fees to achieve an economy of scale. A trend in the provision of parks is for the county to provide the large scale resource based parks, such as a Major Park or Regional Park that serves the entire county population, while the city concentrates its resources on the development of smaller scale parks such as neighborhood and athletic facilities.
Lee County currently collects park impact fees for Regional and Community Parks. The County defines a Regional Park as a large park that may contain either passive or active recreational facilities and is intended to serve the entire county. This definition of Regional Park is consistent with the intent of the development of Regional Parks within this Master Plan. The Regional Park Impact Fee is $253 for a single-family dwelling unit. If the City were to enter into an interlocal agreement for the collection and expenditure of the County's Regional Park Impact Fee within the City of Cape Coral, the City could then revise its impact fee to address the need for neighborhood parks without sacrificing the Major Park impact fee. This concept is one that requires a significant amount of study and deliberation to assure that Cape Coral receives its fair share in return for the impact fees collected by the County.

In summary the Cape Coral Park Impact Fee should:

- Expand to include other park types (i.e. Neighborhood Parks).
- Assure that the fee charged accounts for the impact of new development.
- Expand opportunities for land exchange in lieu of impact fee payment.
- Consider participation in the Lee County Impact Fee program for Regional Parks.

User Fees
The user fees charged by the City for its parks and recreation and social service programs should be reviewed to assure that they are at a sufficient level to provide the associated program or service.

Public Service Tax / Communications Service Tax
The Public Service Tax is a tax on services such as electricity or natural gas. The tax is collected by the local government and can be used to fund all types of government purposes including parks and recreation. The City does not currently collect a Public Service Tax.

A similar tax is the Communications Service Tax. This tax is a tax on communication services such as telephone and cable television. The Florida Legislature recently authorized this tax to replace the Public Service Tax on communication services. The City of Cape Coral has adopted a Communications Service Tax of 4.48% that takes effect on October 1, 2001. As with the Public Service Tax, the Communications Service Tax proceeds can be used for all types of government purposes including parks and recreation. In addition, due to the relatively stable nature of a tax on communication services, revenues from the Communications Service Tax may provide a strong base for the issuance of bonds.

Sales Surtax
The Florida Legislature has given counties the ability to charge a local discretionary sales surtax on all transactions subject to the state sale tax. The County may set the surtax at either 0.5% or 1%. An example of the successful use of the sales surtax is in Pinellas County with the "Penny for Pinellas" program. The 1% sales surtax in Pinellas County generated enough revenue to significantly improve the County's parks and recreation system.
In 2000, a 1% sales surtax was voted on by the citizens of Lee County. The proposal called for the collection of the surtax to provide for improving roads, youth recreation, juvenile justice, libraries, public safety and hurricane evacuation and preparedness facilities. The referendum was defeated. However, the concept of a sales surtax to help address the growing needs of the City and the County is still one that should be considered.

- **Florida Coastal Management Program**
  Florida Department of Community Affairs administers this grant program to assist with the enhancement and protection of a community's coastal resources.

- **Florida Beach Erosion Control Program**
  Program administered by the Florida Department of Environmental Protection designed to assist governmental entities in the protection, preservation and restoration of coastal beach resources.

- **Recreational Trails Program**
  Administered by the Florida Department of Environmental Protection, this program is designed to fund projects that develop, renovate or maintain recreational trails.

- **Cultural Facility Grants**
  The Florida Department of State administers the Challenge Grant and Cultural Facilities Program that are designed to support and provide for capital project funding for cultural facilities.

- **Historical Museum Grants-in-Aid Program**
  This program is administered by the Florida Department of State to provide support for the development of exhibits on Florida's history and/or operating costs of Florida history museums.

- **Florida Communities Trust (FCT)**
  FCT is administered by the Florida Department of Community Affairs and is intended to provide grants and loan assistance for the acquisition of conservation and recreational lands. The Trust is funded through the Florida Preservation 2000 and its successor program, Florida Forever.

- **Florida Greenways and Trails Program**
  The Greenways and Trails program is administered by the Florida Department of Environmental Protection and is intended to assist in the acquisition of lands to establish a statewide system of greenways and trails.

- **The Trust for Public Land Conservation Services Program**
  This program is through the Trust for Public Land and is designed to help governments find creative solutions to buy land when there is no immediate funding.
Funding Sources

- **Lending Institutions**
  Banks and other lending institutions may be amenable to providing lending incentives or donations for park projects. These actions may be seen as a community service contribution by the bank.

- **Lee County School Board**
  As was stated previously, the City has an old interlocal agreement with the School Board for the joint use of school facilities for parks and recreation. This interlocal agreement should be reviewed and revised to provide for more coordination and cooperation between the City and the School Board in the location and development of schools to achieve a mutually benefiting relationship.