

Financing the Future

The Critical Role of Parks in Urban
and Metropolitan Infrastructure

By William Fulton



Introduction

For close to a century and a half, public parks have played a vital role in the daily life and public health of urban and metropolitan residents in the United States. In cities and urban areas across the nation large and small, people have looked to public parks to provide a wide variety of benefits that are otherwise difficult to come by in an urban setting.

Parks can provide a restive and reflective place for people to get away from the hustle and bustle – serving, in words often credited to Frederick Law Olmstead, as “the lungs of the city.” Parks can also provide a place for active recreation, allowing city dwellers the chance to place basketball or softball or tennis in neighborhoods where backyards and schoolyards are not readily available. Young parents rely on parks to give their tots a safe place to play, and generations of urban dwellers have looked to public swimming pools – often called “plunges” – to find refreshing escape from summer heat. More recently, city dog owners have found designated dog parks an important place to give their dogs freedom and to create a community of their own. With eight in 10 Americans making their home in metropolitan areas, urban parks are more than ever a critical part of American life and urban infrastructure.

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All these benefits have made public parks a critical – and permanent – part of the urban system of governance for many decades. Traditionally parks have been provided to the public for free— though recreation programs have often charged a nominal fee – on the theory that in crowded cities parks enhance the quality of life, improve public health and even

improve public safety by providing places and activities for at-risk youth who otherwise might be engaged in criminal activity.

In recent years, however, urban parks and recreation programs have faced a funding crisis. With the financial resources available to local governments in decline, there has been significant competition among different public services for tax funds. Parks and recreation programs have often lost this competition, especially to police and fire services, meaning parks have far less tax support than they used to. This funding crisis has led to a widespread debate about the future role of city and county parks and recreation programs. Simply put, in an era of fewer financial resources, what parks and recreation programs should be provided? Who should provide them? And, most important, how should they be funded?

Recently, the Urban Institute and the National Recreation and Park Association in cooperation with the National League of Cities and the National Association of Counties, hosted a roundtable that explored the question of parks financing for urban and metropolitan parks. Experts from around the country – mayors, parks directors and consultants, public health officials, and even a real estate investment expert – gathered to discuss the future of parks financing in the United States. Over the course of the day, some consistent themes emerged about the challenges facing parks today, as did possible solutions. This report summarizes the day’s discussion and lays out challenges, possible solutions and directions for future research.

Challenges Facing Public Parks In a Time of Fiscal Constraint

During the course of the roundtable, the experts identified a wide variety of challenges facing public parks during this time of fiscal restraint, including challenges to the mission and programs to public parks; and challenges to funding. All these challenges are related to each other – and to the current funding constraints in local government.

MISSION AND PROGRAMS

1. Parks and recreation departments manage enormous amounts of land and are expected to provide a large and wide-ranging set of programs.

Over the past century, parks and recreation departments – especially in large urban cities – have taken on an enormous and wide-ranging set of responsibilities. For one thing, city parks represent an enormous amount of land in urban and metropolitan jurisdictions. In many large cities, parks make up between 10% and 15% of the city's entire land area. (In Philadelphia, with its sprawling city limits, the parks department is responsible for close to 20 square miles of land.) In large cities, parks departments are responsible for literally hundreds of different parcels of land.

Few cities think about their parks in terms of the vast land management challenge they represent. But owning so much land means that parks departments must concern themselves not only with programs but also with maintenance, security and public safety, and environmental stewardship. Managing such a large amount of land with so

many different goals in mind would be a challenge in any environment, but it is especially difficult at a time of fiscal constraints.

2. Parks and recreation departments must cater to a variety of constituencies that have different expectations and goals.

Urban parks have always had to provide for a wide variety of constituencies, but the breadth of constituents and their expectations has expanded in recent decades.

Traditionally, a major constituency for parks and recreation activities was the urban family that either had few other open space choices or wanted access to a wide range of recreational activities not available in their backyard.

Over time, however, the constituency for urban parks and recreation programs has changed, broadened, and become far more diverse. For example, urban families have always relied on public parks to provide playgrounds and “tot lots” for young children. However, fewer households have children at home today than in past decades. At the same time, more and more households – whether or not they have children – include dogs that need room to run and exercise. Thus, in some cities the need for playgrounds is on the decline, while the need for dog parks is on the rise.

As these demographic and population shifts have changed the make-up of urban and metropolitan areas, changes in parks infrastructure and funding have not kept pace. With the increase and diversity of expectations has come an increase both capital maintenance requirements and operating costs. As a result, some urban and metropolitan parks have decayed and others no longer serve the needs of their residents. Parks agencies must be responsive to community needs, and many urban systems have not been able to do that because of diminishing funding and resources.

3. There is a longstanding expectation that access to urban parks and recreation programs should be free, but there are new fears that finding alternative funding methods will undermine this basic ethic.

Dating back to the 19th Century, the idea of free access has been at the root of much public policy regarding public parks and recreation programs. From Central Park forward, the idea that even poor families in crowded cities should have access to the healthful benefits of parks and green space has been central to the parks ethic. And throughout the 20th Century, access to public swimming pools and swimming lessons has been fundamental to the mission of parks in providing urban families with relief from unbearable summer heat. As parks and recreation professionals contemplate how to fund their operations in a time of extreme fiscal constraint, many are fearful that charging fees, soliciting corporate donations, and other alternative methods of funding will undermine this ethic – and, in particular, create equity issues between urban families who can afford to pay and those who cannot.

COSTS

1. Parks and recreation departments are losing the competition for general fund dollars.

Since the financial collapse in 2008, general fund revenue has been in decline. Competition for those dollars has increased dramatically, and parks and recreation departments are losing the competition – mostly to police and fire departments. In Philadelphia, for example, the parks and recreation department has seen its workforce cut by 30% since 2009. In Los Angeles, the parks department is entitled to a portion of the property tax, but the department's treasury has been eroded as the general City government has charged the department for more and more internal goods and services provided.

2. Deferred maintenance totals over \$1 billion in many large cities.

In any economic downturn, a typical cost-saving strategy is to defer maintenance on existing facilities. Deferred maintenance can be an effective cost-cutting strategy in the short run, but in the long run it can undermine a department's ability to deliver services and actually compound problems by making them more expensive to fix. Many physical facilities in our nation's urban parks are aging – several experts said their swimming pools, for example, are 40 to 70 years old – and deferred maintenance was a common strategy even before the current fiscal crisis. Since the fiscal crisis began in 2008, many parks departments have reduced their budgets for maintenance, repairs, and major capital investments for rehabilitation to virtually zero. As a result, the deferred maintenance bill is huge – more than \$1 billion in many large cities, and proportionately large sums in other communities as well.

3. As public pensions become a major issue, the cost of public employees is increasing rapidly, making it more difficult to maintain the staff required to operate and maintain parks and recreational programs.

The challenge of meeting government agencies' retirement benefits obligation has been widely documented and will only grow over time. These retirement obligations will require local governments, including those that operate parks and recreation departments, to devote significantly increased financial resources to retirement benefits rather than payment of current employees.

In many cases, this increased retirement cost, along with health benefits and other expenses associated with employees, has led to a dramatic increase in the cost of employees. In San Francisco, for example, the cost of parks and recreation employee to the City has increased from \$55,000 per year to \$85,000 per year in the last six years. All of the increase has gone toward retirement and health benefits.

POSSIBLE SOLUTIONS: PROS AND CONS

During the course of the roundtable, a wide variety of approaches and solutions to the funding crisis were proposed. All of these approaches and solutions have merit; yet most of them also require care and caution as urban parks and recreation consider using them.

1. Free v. fee

The most obvious solution to the urban parks funding crisis is for parks departments to charge fees to their patrons for access to certain parks and recreation activities. Indeed, many departments are being pushed in this direction by a variety of factors, including the loss of general fund revenues and the creation of “cost recovery goals” for government agencies.

The idea of charging patrons for some programs and services has a great deal of merit. Obviously, it can raise much-needed revenue for operations and maintenance. Beyond that, as several experts at the roundtable pointed out, such a market-based approach can help keep parks and recreation departments in touch with the preferences and desires of their constituencies. If programs are provided for free, it is easy to fall into the trap of simply providing the same products and services, without change, year after year even as constituencies and their preferences change.

At the same time, an aggressive fee and cost-recovery approach can both distort a parks and recreation department’s mission and exacerbate social inequity. As several roundtable participants pointed out, placing too high a priority on revenue generation can lead parks to focus only on revenue-generating activities, such as golf courses, whether or not those activities are required by the community. Focusing on revenue generation can affect equity in two ways – first, by placing people of modest means at a disadvantage if they cannot afford the fees; and second by skewing the types of activities offered toward those that generate the most revenue.

Several roundtable participants said that it is possible to differentiate between “core” services, which should be provided for free, and additional services for which a fee is justified. One common dividing line was between basic access to parks and access to recreation programs, especially programs involving facilities that are expensive to maintain, such as swimming pools. Such a dividing line does raise equity issues, of course. Another “dividing line” concern raised by the experts was between what might be considered traditional services and what might be considered new services. For example, dog parks often require additional personnel and maintenance, so some parks departments have considered charging for access. But dog owners have complained in response this is unfair. Playgrounds designed for children have traditionally not included an additional fee, so why should playgrounds for dogs?

2. Partnerships with Other Government Agencies and Nonprofits

Many participants highlighted the opportunities that exist through partnering with other government agencies that have similar missions and nonprofit organizations that often have overlapping missions. Indeed, one participant joked that although she is the city’s parks and recreation director, she is the “deputy director” of all other departments – because she is always looking to partner with other agencies in order to accomplish common goals.

For example, several participants spoke of the opportunities that lie in pursuing goals jointly with organizations and agencies that focus on environmental conservation and restoration. As stated above, parks departments manage large amounts of land – often the biggest chunks of open space available in an intensely urban setting. By pursuing conservation goals as well as recreation goals – for example, using “low impact development” techniques that deal with stormwater runoff in a green way – parks departments can tap into new sources of capital and maintenance funds.

Similarly, nonprofit organizations often have overlapping or similar missions when it comes to recreation programs. One roundtable participant pointed to the YMCA, noting that the Y’s mission on

recreational programs is virtually identical to that of many parks and recreation departments. In some cities, the parks department has actually contracted with the YMCA or a similar organization to provide recreation programming. This is a win-win. Rather than duplicating everything, the city provides the facilities and the Y provides the programming.

Many roundtable participants argued that partnerships can be created if parks professionals make the argument that parks and recreation activities are “front-end investments” in public health and public safety. For example, obesity, asthma, and diabetes have reached epidemic proportions in children, especially in inner-city areas. Access to parks and recreation programs can serve as a preventive step in combating these conditions, and public health departments are increasingly partnering with parks departments to promote an active lifestyle.

Similarly, recreation programs can serve as a vehicle to combat crime and gang activity among young people in inner-city areas. In Los Angeles, for example, summer recreation programs in some communities extend until midnight – which has led to a significant reduction in gang-related crime. Police departments that are focused on community policing often see the value of such programs. Therefore, police can assist in pursuing grant funding and other revenue opportunities to support such programs, but it can be difficult to obtain funding from police departments directly when all departments are strapped.

As with other funding ideas, partnerships should be approached with some caution, especially on two points. The first is to make sure that the mission of the partner conforms to the mission of the parks and recreation department. For example, a conservation organization or funder may have a similar mission – but is likely to favor environmental management over recreation or other human activities. So parks departments should focus on partnerships where environmental and human activities complement one another, rather than compete. Secondly, partnering with nonprofits on programming can be a win-win, but only if the nonprofit organization has long-term stability in its own funding and organizational capacity. Parks departments can help by assisting nonprofits with stability; this may actually save the parks department money.

3. Donations from private individuals and corporations.

One of the most common methods of raising funds for parks and recreation facilities is to accept donations from private individuals and corporations. In particular, offering “naming rights” on new facilities can lead to major contributions, as can community-wide fundraising campaigns for specific new facilities – soccer fields, swimming pools, and so on. This too can be a valuable source of revenue, but parks departments must be careful not to allow the effort to skew their own priorities. Private donors tend to favor construction of new facilities over maintenance of old ones, which can make a parks department’s deferred maintenance problem worse rather than better. Also, the desire of donors to promote particular facilities important to them may not always conform to the department’s own priorities – or the needs of the departments’ constituencies.

4. Focusing on new construction v. maintenance

In a time of limited resources, many parks departments have to choose between construction of new facilities and ongoing maintenance of old facilities. As stated above, the availability of private donations may sometimes skew priorities toward construction of new facilities even when there is not enough money to maintain what already exists. In the current fiscal situation, it is probably advisable to focus on a “fix it first” policy – making sure that existing facilities are in good repair. However, “fix it first” does have the potential to lock in existing inequities – if, for example, affluent neighborhoods have more existing facilities than poor neighborhoods. It can be difficult to focus on correcting these inequities in a time of limited fiscal resources.

5. Use of volunteers

As financial resources have become more constrained, parks and recreation departments – like many other government agencies – have increased the use of volunteers to complete tasks formerly done by employees. Most often these are low-level tasks, often routine maintenance in neighborhood parks and locations of importance to the volunteers. Public employee unions have sometimes resisted the use of volunteers because they fear Cities will reduce

the paid workforce as a result. However, roundtable participants emphasized that when volunteers are supplementing the workforce rather than replacing workers, unions can see that their employees are actually being protected by the use of volunteers. Another concern, however, is proper management of volunteers. Although volunteers can serve as an enormous source of manpower, paid staff must train, deploy, and manage volunteers in order to be effective.

RESEARCH QUESTIONS

Although the roundtable generated many excellent ideas for funding parks and recreation efforts – and there was broad consensus among participants on many of those ideas – the discussion also posed many questions that are difficult to answer. As parks and recreation departments move forward in an environment where fiscal constraint is likely to be long-lasting, the answers to these questions will become more important. Research questions emerged from the roundtable on three main themes.

Equity

1. What parks and recreation services should be offered for free?

The consensus at the roundtable was that some basic services should be offered for free, while others can justifiably be subject to financial charges. What programs should be considered core services that are offered for free? When communities are determining which programs and services to charge for, what criteria should be used and why?

2. How can equitable access to parks and recreation programs be maintained in difficult fiscal times?

Alternative funding strategies provide many opportunities, but can also threaten equitable access to facilities. A fee-based system can “price out” many residents who desperately need parks and recreation services. A “fix it first” philosophy can reinforce existing inequities. How can parks and recreation departments pursue alternative funding strategies that maintain or strengthen equitable access, rather than undermining it?

Fiscal Viability

3. How can parks and recreation departments ensure short payback periods for “greening” of facilities?

“Greening” of parks and recreation facilities is politically attractive and can often open up new funding sources. As with other capital investments, however, “greening” can either increase or decrease operational costs, depending on the nature of the project. How can parks and recreation departments focus on capital projects that provide maximum “bang for the buck” in terms of environmental benefit and in terms of short payback periods and lower operational costs?

4. How can outside funds be raised to support capital retrofits as well as on-going maintenance and management?

There is little doubt that it is easier to raise private funds for capital improvements than for ongoing operations. These added capital improvements could, of course, increase the overall cost of operations and maintenance, especially if private donations fund entirely new facilities. At the same time, capital improvements can also retrofit existing facilities so that operational costs are lower. But private donors may not always want to focus on retrofits. How can parks professionals focus private fundraising on capital retrofits rather than new capital facilities; and what types of retrofits are best suited for both private fundraising and significantly lower operational costs?

Impacts and Outcomes

5. What metrics should be used to measure success?

Like many government agencies, parks and recreation departments tend to use traditional metrics that focus on numbers. These numbers usually represent inputs (for example, acres of parkland per 100,000 residents) or outputs (number of residents who used parks facilities). Most of these metrics are, at their core, either measurements of capital investment (which will produce more parks) or the operating budget (which will produce more parks users if, for example, parks are open longer hours). How can

parks and recreation professionals shift – as medical professionals have – to metrics focused on outcomes (healthier children, lower crime rates)? Could such metrics help in the effort to find new funding sources?

6. Can the value of parks and recreation as a “front-end investment” in public health and safety be better quantified?

The value of parks and recreation programs as a front-end investment in public health and safety was a frequent theme of the roundtable. It is not clear, however, how well this value can be demonstrated or quantified in a compelling way. Research efforts here might focus not only on the long-term but also the short-term (for example, connection to reduced gang crime, lowered policing costs, and reduced medical care for teenagers).

Partnerships

7. What is the appropriate role of corporate donations and/or corporate involvement?

Corporations can be an important source of donations, but their agenda is not always the same as the parks and recreation department. What level and type of corporate involvement is appropriate?

To what extent is it permissible for corporate donations to “drive” the products and services delivered by parks and recreation departments? Where does the public interest end and the private interest of corporations begin?

8. Should parks and recreation departments play a role in building the stability of nonprofit organizations that are entrusted with programs?

Contracting with nonprofit organizations to run programs is a major opportunity, as nonprofits are often in the business of running parks and recreation programs anyway. But there is no guarantee that these nonprofit organizations have the organizational capacity or the staying power to run these programs in the long run. It may well be worth it for parks professionals and their departments to play a role in helping these organizations maintain long-term stability. But what role should parks and recreation play in this effort? Where will parks professionals be most effective?

A portion of the roundtable event was recorded and is available at www.nrpa.org/urbanroundtable



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