

WHERE'S THE MONEY?

Research on innovation in financing of sport and recreation spaces

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This slide deck identifies:

- Types of recreational spaces, sport facilities
- Primary objectives of these spaces
- Who uses the facilities
- Typical financing mechanisms
- Quantity of these spaces in the U.S.



PUBLIC HEALTH
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ACCESS TO SPORTS AND RECREATION FACILITIES

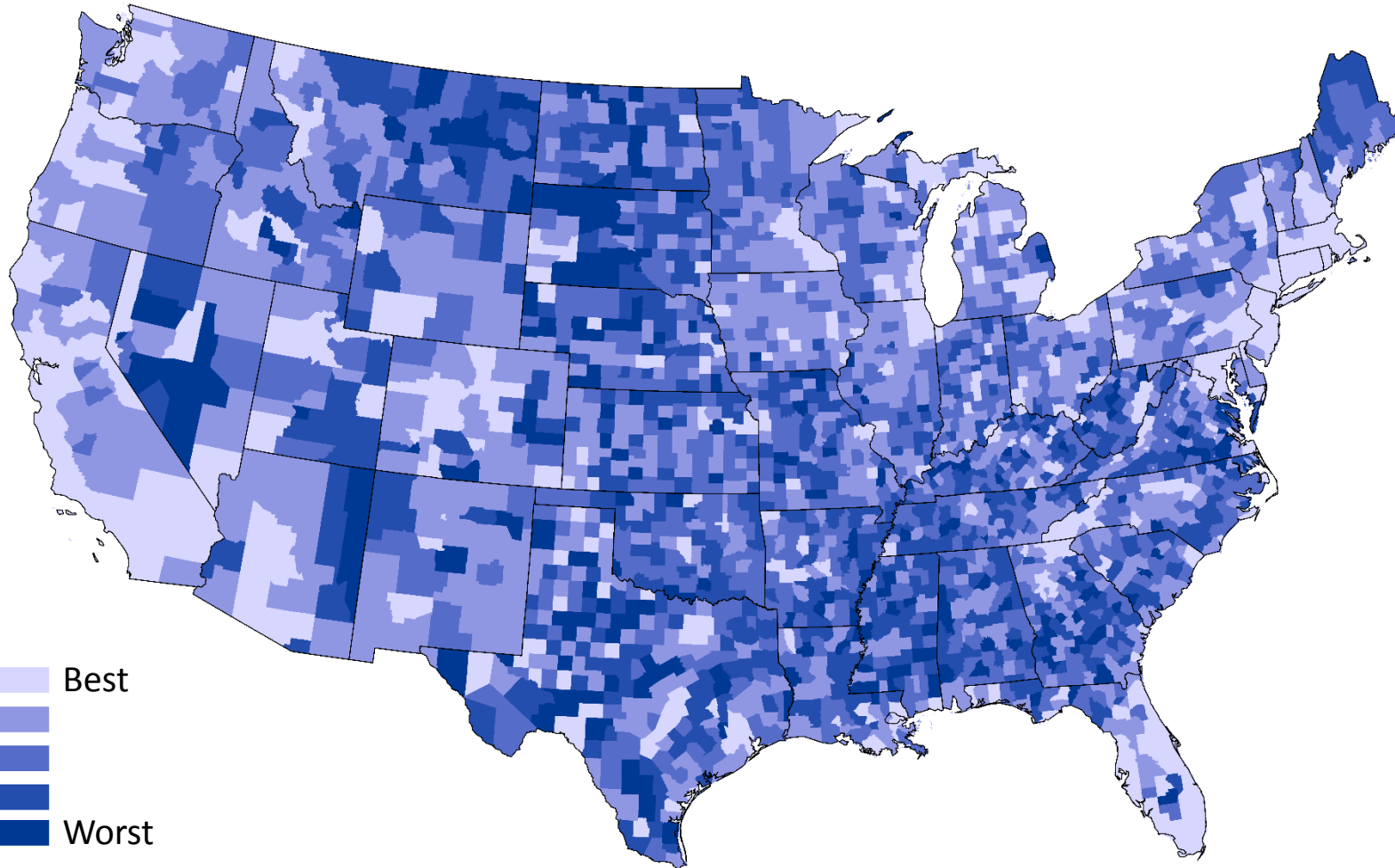


Fig. 1: Access to exercise opportunities – a measure of the population living reasonably close to locations for physical activity.

Source: Robert Wood Johnson Foundation's 2015 County Health Rankings, available at countyhealthrankings.org.

Several studies have demonstrated a positive association between access to sport/recreation spaces and increased physical activity.^{1,2}

STATE AND LOCAL EXPENDITURE ON PARKS AND RECREATION IN 2012

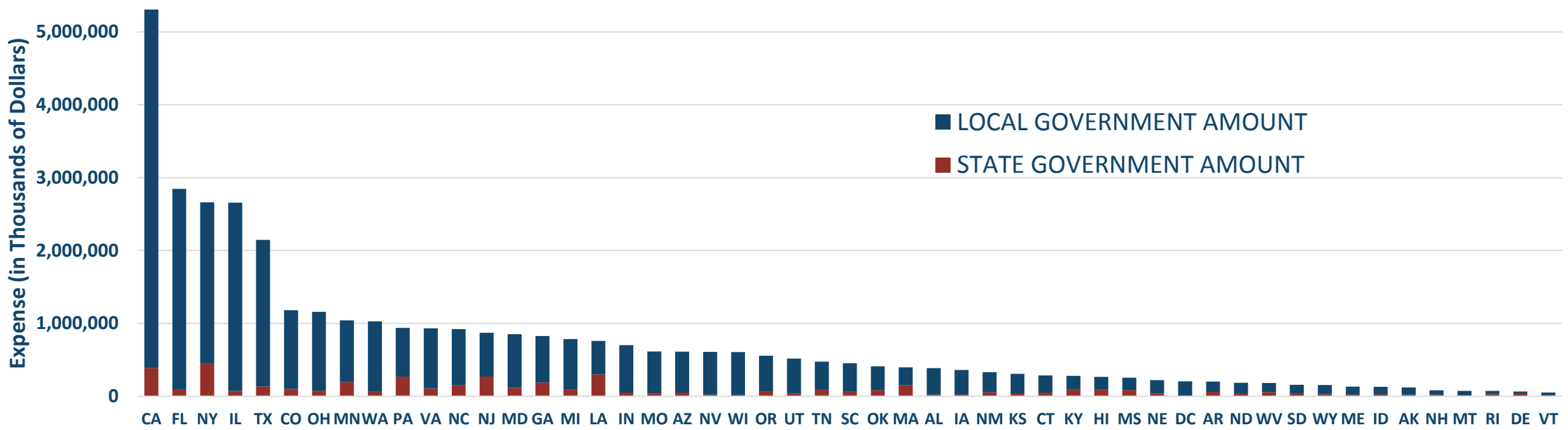


Fig. 2: State and local governments spent \$37.4 billion dollars on parks and recreation, \$8.3 billion of which was dedicated to capital outlay. This represents a 17.9% decrease in capital outlay expenditures from 2007.³

Source: U.S. Census Bureau 2012 Census of Governments: Finance—Surveys of State and Local Government Finances

PER CAPITA EXPENDITURE ON PARKS AND RECREATION IN 2012

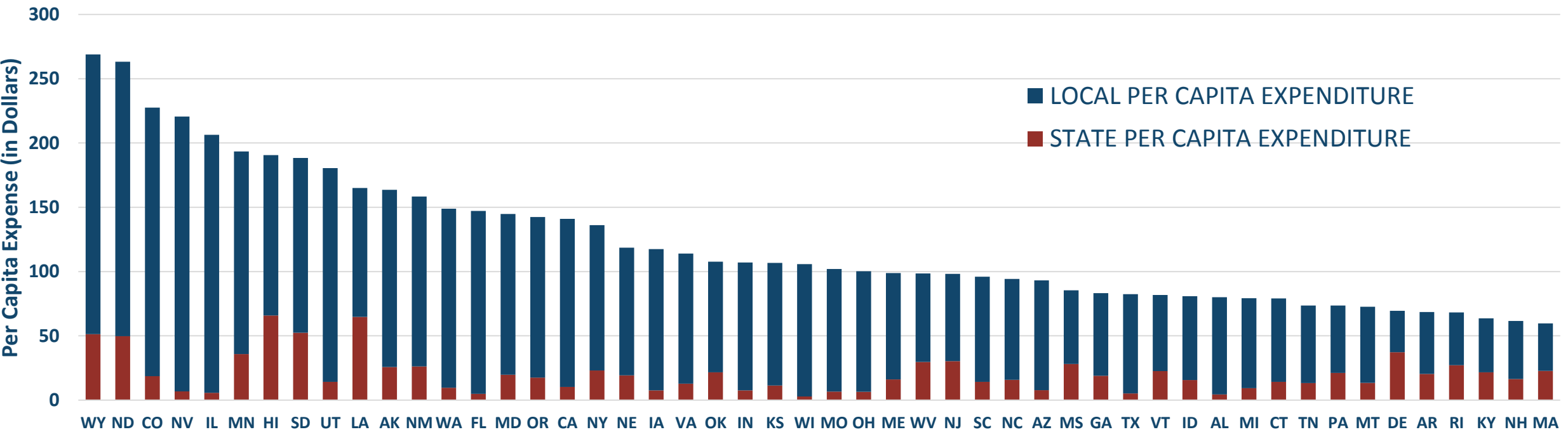


Fig. 3: Per capita state and local government expenditure on parks and recreation in 2012. The average combined state and local government expenditure on parks and recreation in 2012 was approximately \$122 dollars per resident.

Sources: State and Local Government Expenditure: U.S. Census Bureau 2012 Census of Governments: Finance—Surveys of State and Local Government Finances
State Population Estimates: Annual Estimates of the Population for the United States, Regions, States, and Puerto Rico: April 1, 2010 to July 1, 2012 (NST-EST2012-01)

NATURAL SPACES

Facility types	Trails and greenways, backcountry trails, mountain biking trails, rowing lanes, water trails, wildlife management areas, beach volleyball, nature and education centers, state and national parks
Objective	To provide opportunities for nature-based, outdoor recreation and experiential environmental education
Ownership	National Park Service, Bureau of Land Management, U.S. Forest Service, State Parks departments, local government, private
Users	General public, low-to-medium competition sports
Financing	General obligation bonds, park dedication fees, grants, non-profit partnerships, crowd-funding, federal transportation grants, Land and Water Conservation Funds, license plate initiatives, special use permits, specialty taxes, user fees
Quantity	10,234 State Parks (NASPD, 2015), 408 National Parks (NPS, 2015)

U.S. State Parks generate 2.2 billion hours of nature-based recreation per year. The same study demonstrated that improved access to nature spaces, like State Parks, is related to increased popularity in outdoor nature recreation.⁶

However, a decline in nature-based recreation has been observed,^{7,8} prompting concern over health and behavioral issues associated with ‘nature deficit disorder.’

NATURAL SPACES

Example:

Sweetwater Wetlands Park

Gainesville, Florida

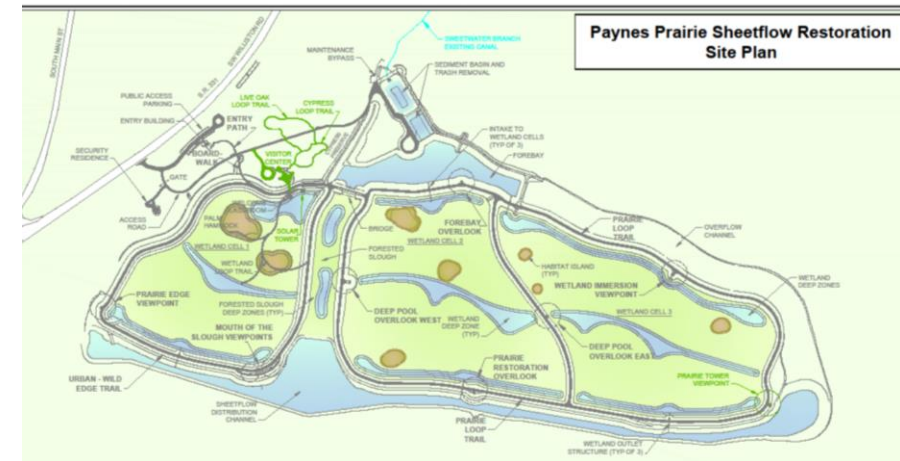
Type: Wetland Preserve, Hiking Trails

Facility Notes:

- 125-acre artificial wetland habitat, 3.5 miles of crushed gravel trails, boardwalks, viewing platforms
- Dual-purpose recreation trails, storm water management
- Opened May 2015

Funding Notes:

- \$26M from capital improvement budgets
- Project partnerships: \$5.7M in grants and cost-sharing
- Multi-agency partnerships
 - Development: Regional Utilities and Public Works Departments
 - Operation and maintenance: Parks and Recreation
- User fees: \$2 per pedestrian/cyclist, \$5 per vehicle



NATURAL SPACES

Example:

Tahoe-Pyramid Bikeway

Nevada

Type: Bikeway

Facility Notes:

- 116-mile long-distance trail along Truckee River from Lake Tahoe to Pyramid Lake
- Awarded “Best Long Distance Trail” from the Coalition of Recreational Trails (2012)
- Awarded Environmental Excellence in Non-Motorized and Multi-Modal Transportation by Federal Highway Administration

Funding Notes:

- Development led by non-profit Tahoe-Pyramid Bikeway
- Funding from federal and state grants, private donations, in-kind service donations
- Federal Highway Administration’s Recreational Trail Programs Funds, awarded \$100,000 in 2004, \$82,000 in 2006, \$59,000 in 2008, \$200,000 in 2010



PUBLIC SPORT AND RECREATION FACILITIES

Facility types	Indoor and outdoor turf, court, aquatics, skate parks, and adventure recreation centers
Objective	To support quality of life, health, and community development; to provide low-cost access to sport and recreation programs
Ownership	Government, managed by parks and recreation departments
Users	General public, youth sports clubs, K-12 schools, low-to-medium competition sports leagues
Financing	General obligation bonds, park dedication fees, real estate transfer tax, user fees, concessionaire licensing, tax increment financing, grants, non-profit partnerships, brownfield redevelopment, crowd-funding, philanthropy, corporate sponsorship
Quantity	In 2011, the National Recreation and Park Association estimated there are 12,000+ state and local park and recreation agencies. In 2015, the Trust for Public Land estimated there are 13,533 playgrounds, 2,470 recreation centers, 310 skate parks, 9,941 tennis courts, and 1,283 swimming pools in the 100 most populous cities in the U.S. ⁵

A study using data from the Youth Risk Behavior Surveillance System found an association between state spending on parks and vigorous activity in high school-age girls, specifically that “an extra \$10 spent per capita on parks and recreation is associated with a third of a day more per week with vigorous exercise.”⁴

PUBLIC SPORT AND RECREATION FACILITIES

Example:

Brooklyn Bridge Park

Brooklyn, New York

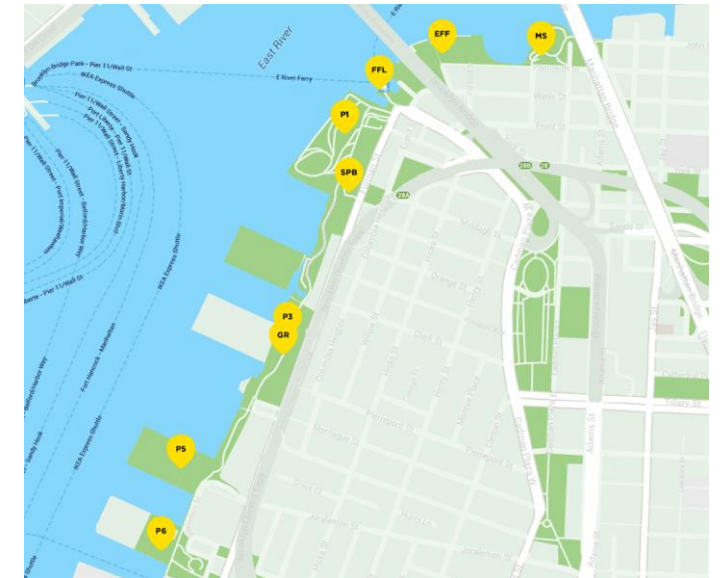
Type: Public-private partnership

Facility Notes:

- 85-acre waterfront park, 1.3 miles along Brooklyn's East River shoreline
- Nine playgrounds, five basketball courts, soccer fields, sand volleyball, boating, handball, dog runs, bike paths, pop-up pool, environmental education center

Funding Notes:

- \$355M for full build-out
- Brooklyn Bridge Park Corporation (non-profit) is responsible for the planning, construction, maintenance and operation of the park
- Mandated to be economically self-sufficient
- Payment in lieu of taxes (PILOT) fees generated from development within project support ongoing maintenance and operation



PRIVATE SPORT AND RECREATION FACILITIES

Facility types	Indoor and outdoor turf, court, aquatics, waterparks, rock climbing, skate parks, mountain biking
Objective	To address the lack of inventory of recreation spaces through entrepreneurial investments
Ownership	Private developers
Users	Local and regional sports teams, clubs, leagues and organizations; medium-to-high competition organizations and leagues
Financing	Private investment

Quantity				
	1997	2002	2007	2012
Number of Facilities	21,283	25,290	31,919	29,682

Numbers based on facilities categorized under NAICS 71394 (Fitness and Recreational Sports Centers), defined as “Establishments primarily engaged in operating fitness and recreational sports facilities featuring exercise and other active physical fitness condition or recreational sports activities.”

Source: US Census Bureau 2012 Economic Census Industry Snapshot, available at www.census.gov/econ/

PRIVATE SPORT AND RECREATION FACILITIES

Example:

Bo Jackson's Elite Sports

Lockport, Illinois



Type: Public-private partnership

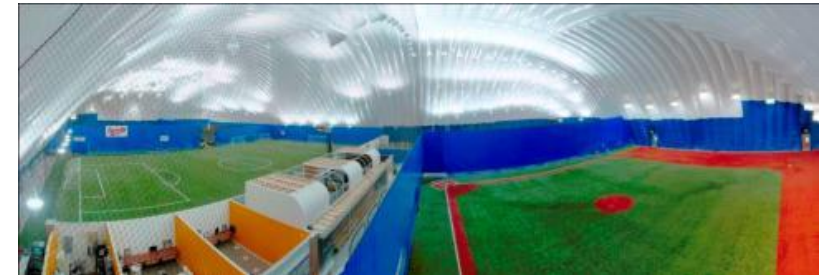
Facility Notes:

- 100,000 square feet multi-sport facility under dome
- Providing fitness, training, and events
- Academy-style facility

Funding Notes:

- Public-private partnership
- \$7.5M
- Joint venture provides public entity with no-cost access during designated hours of operation
- Private developer invested \$6M of \$7.5M total start up costs

bjeslockport.com



Example provided by SFA | SFM

PRIVATE SPORT AND RECREATION FACILITIES

Example:

Aviator Sports and Events Center

Brooklyn, New York

Type: For-profit community sport and events facility

Facility Notes: 150,000 square feet, with space for multi-sport, fitness and events

Funding Notes:

- Public-private partnership
- \$75M+
- Transitioned to new ownership
- Outsourced feasibility study, economic impact analysis
- Outsourced management advisors

aviatorsports.com



PRIVATE SPORT AND RECREATION FACILITIES

Example:

Spooky Nook Sports

Manheim, Pennsylvania



Type: Tournament-style and community sport

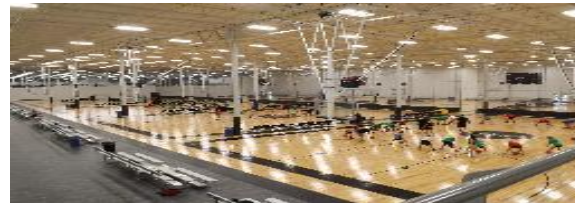
Facility Notes:

- 700,000 square feet under roof
- Multi-sport, tournament and events
- Home to USA Field Hockey
- The largest indoor sports complex in the U.S.

Funding Notes:

- \$45M+
- Outsourced feasibility study
- Owner-operated
- No public funding

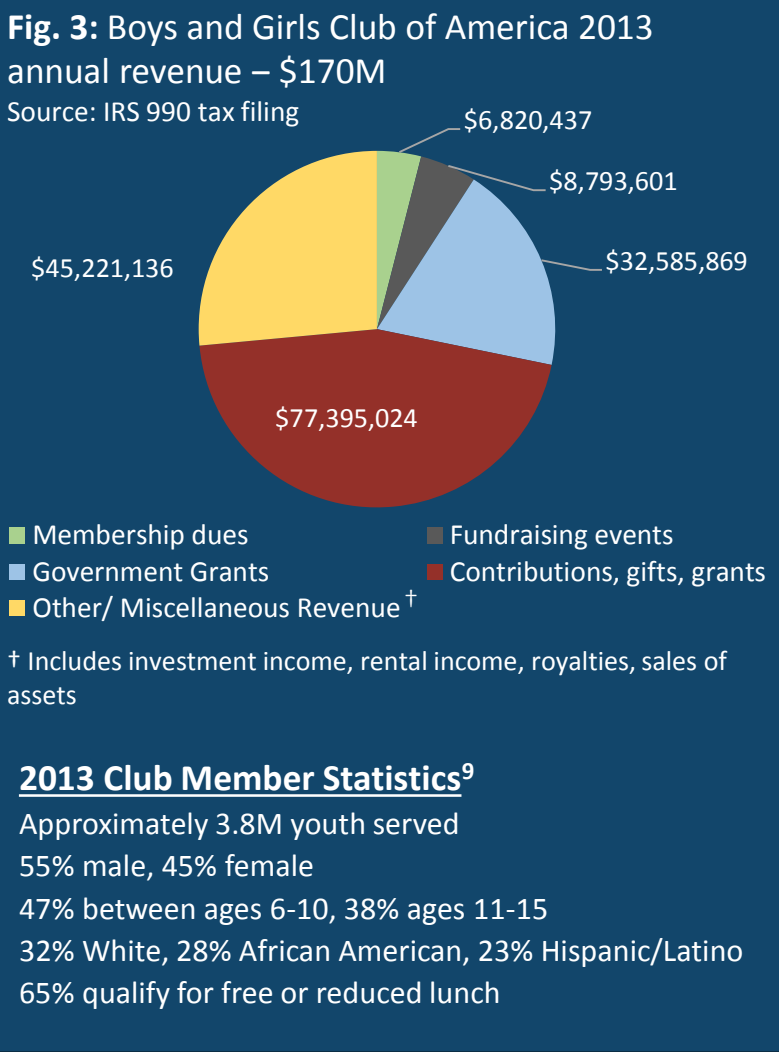
spookynooksports.com



Example provided by SFA|SFM

NON-PROFIT RECREATION SPACES

Facility types	YMCAs, Boys & Girls Clubs, faith-based groups, Jewish Community Centers, Salvation Army Kroc Centers
Objective	To increase community-wide access to sport and recreation facilities and programming
Ownership	501(c)(3) non-profit organizations
Users	General public; non-profit organizations often offer opportunities to families or individuals unable to afford membership fees; low-to-medium competition organizations and leagues
Financing	Contributions, membership dues, fundraising events, government grants, facility leasing, certification revenues, sponsorships/ partnerships
Quantity	4,146 Boys and Girls Club facilities; 2,700 YMCAs; 350 Jewish Community Centers



NON-PROFIT RECREATION SPACES

Example:

Upward Star Center

Spartanburg, South Carolina



Type: Faith-based sports and events

Facility Notes:

- 100,000 square-feet
- Tournament-focused
- Multi-sport, fitness, training, and events

Funding Notes:

- Non-profit
- Owner-operated
- Outsourced feasibility study
- Outsourced management advisors

upwardstarcenter.com



SPORT TOURISM FACILITIES

Facility types	Indoor and outdoor turf, court, aquatics, skate parks and adrenaline sports arenas
Objective	To attract visiting teams and events to produce overnight stays in local hotels. These venues are economic impact initiatives designed to take advantage of the growth in travel sports, and are often used by the local community in non-tournament times.
Ownership	Private developers
Users	Local, regional, and international sports teams, clubs, leagues and organizations; destination for tournaments and competitions; high competition
Financing	General obligation bonds

SPORT TOURISM FACILITIES

Example:

Rocky Top Sports World

Gatlinburg, Tennessee



Type: Tournament-style sports tourism and community sport

Facility Notes:

- 80 acres
- Sharing property with the high school
- Six outdoor turf fields
- 90,000 square-feet of indoor courts

Funding Notes:

- \$25M
- 70/30 joint venture between the city and county
- General Obligation debt used for bond financing
- Outsourced feasibility study & economic impact analysis
- Outsourced management

rockytopsportsworld.com



Example provided by SFA | SFM

SPORT TOURISM FACILITIES

Example:

Myrtle Beach Sports Center

Myrtle Beach, South Carolina



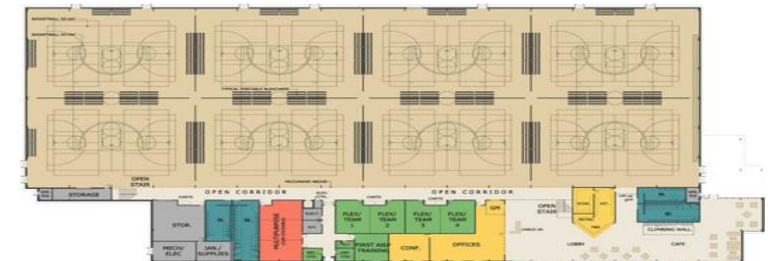
Type: Tournament-style sports tourism and community sport

Facility Notes: 90,000 square-feet of 8 indoor courts

Funding Notes:

- \$12.5M
- General Obligation bonds
- Outsourced feasibility study & economic impact analysis
- Outsourced management
- CVB budgeted marketing support

myrtlebeachsportscenter.com



SPORT TOURISM FACILITIES

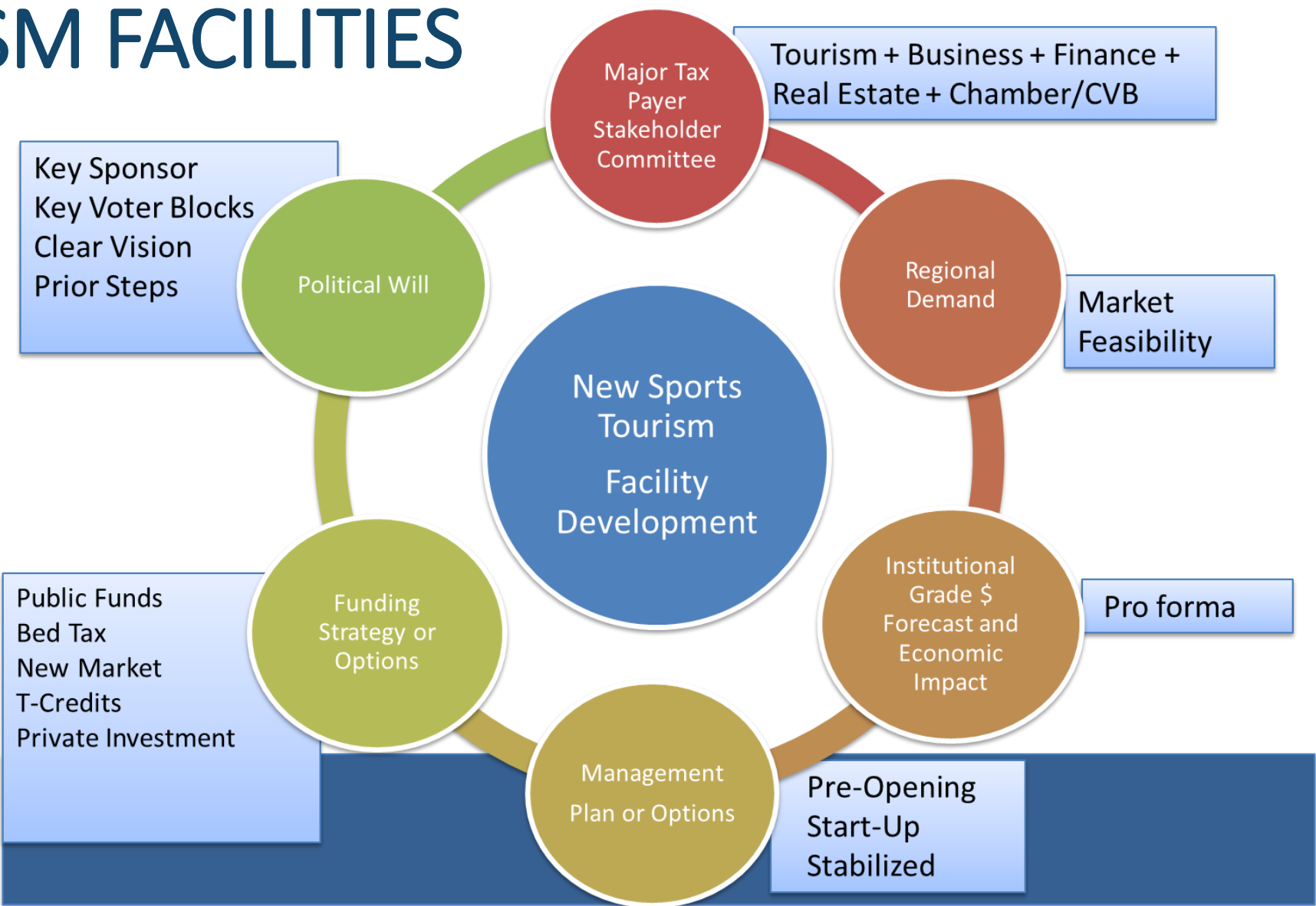


Figure 4: Sport tourism funding model developed by The Sports Facilities Advisory | The Sports Facilities Management

COMMERCIAL FITNESS FACILITIES

Facility types	Workout and multi-sport spaces (LA Fitness, Gold’s Gym, etc.)
Objective	To provide facilities and programming to support fitness, athletics, and exercise
Ownership	Private, corporate
Users	Those seeking opportunities for active physical fitness conditioning, aerobics, and exercise programming
Financing	Private/public investment, membership fees

Table 1: Examples and number of commercial fitness facilities

Gym	# of Facilities
Anytime Fitness	2,193
Snap Fitness	1,400
Planet Fitness	800+
LA Fitness	600+
24 Hour Fitness	400+
Gold’s Gym	273
LifeTime Fitness	117
Equinox	99
David Barton Gym	12

FUNDING SOURCES FOR SPORT AND RECREATION FACILITIES

Borrowing

General Obligation Bond, Capital Investment

Loan taken out by a government agency with the taxing authority. Property taxes are levied to pay back bondholders, therefore considered to be back by the “full faith and credit” of the issuing agency.¹⁰

General Obligation Bond, Voter Referendum

Loan taken out by government agency with taxing authority. Requires voter approval.

Revenue Bond

Loan taken out by government agency based on anticipated revenue generated from the project for which the bond is issued (e.g. parking garage).

Special Districts

Tax Increment Financing (TIF)

The development of a district specifically for the purpose of renewal and revitalization, requires demonstrated indicators of blight. Upon establishment, the tax base of the district is frozen and any increase to the tax base as a results of redevelopment projects are used to repay the TIF bonds.^{11,12}

Taxes on Business Improvement Districts (BIDs)

Groups of private property owners that pay an additional tax to support economic and community development within the district, including additional security, capital improvements, landscaping, litter clean-up, etc. Also known as improvement zones, special assessments, or business assistance districts.

Taxes/Fees Associated with Development

Park Dedication Fees

Parkland dedication is “a local government requirement imposed on subdivision developers or builders, mandating that they dedicate land for a park and/or pay a fee to be used by the government entity to acquire and develop park facilities.”¹³ Also known as Developer Impact Fees or Developer Exactions.¹⁴

Real Estate Transfer Tax (RETT)

A tax on the sale or transfer of property, paid by either the seller or buyer. Also known as real property transfer tax, reality transfer tax, excise stamp tax, deed recording fee, conveyance tax, and documentary stamp tax.¹⁵

Purchase of Development Rights

Private landowners relinquish their right to build on their land, but retain the title to the property. Most commonly applied to agricultural and farm land, but recreation and open space are eligible land uses in some states.¹⁶

Traditional Tax Generated Revenue

Property Tax

Tax paid by commercial and residential property owners. Can be appropriated through the general fund to support park and recreation operations, maintenance, and construction.

Sales Tax/Use Tax

Tax on the sale of goods or services. Examples of specialty excise tax includes the tax collected on non-highway fuel use to fund the Federal Highway Trust Fund, a portion of which supports the Recreation Trails Program. Hotel occupancy tax is another consideration for sport tourism facility development.

Other Sources of Revenue

Federal Grant Funds

Land and Water Conservation Fund (LWCF)

The LWCF provides matching grants to state and tribal governments to support the development of public parks and outdoor recreational opportunities. Since 1965, LWCF has funded approximately 42,000 projects and has provided nearly \$3.9 billion in funds.

Transportation Enhancement Grants (Department of Transportation)

The Recreation Trails Program, for example, was reauthorized by the Moving Ahead for Progress in the 21st Century Act (MAP-21). Excise tax collected on non-highway recreational fuel use is deposited into the Federal Highway Trust Fund. Grants are awarded to recreational trails projects in each state. Since 1993, over \$1 billion in funds have been distributed, with an additional \$710 million in matching funds, to support 19,400 projects.¹⁷

Community Development Block Grants (Department of Housing and Urban Development)

Flexible funding to allow communities to invest in development that strategically benefits low- to-moderate income persons.¹⁸

Brownfield Redevelopment (Environmental Protection Agency)

Brownfield-to-green space redevelopment is the process by which abandoned, underused, or environmentally contaminated urban land is remediated and ultimately redeveloped as a park, trail, or other public open space.^{19,20} Federal funds are made available to redevelopment projects through the EPA according to the Small Business Liability Relief and Brownfields Revitalization Act of 2002.²¹

Other Sources of Revenue (Cont.)

Grants from Professional Sports Entities

U.S. Soccer Foundation, Baseball Tomorrow Fund, NFL Foundation, United States Tennis Association

General Grants

Examples include: Lowe’s Charitable and Educational Foundation, Miracle’s Grants for America’s Children, KaBOOM!, Shade Structure Grant Program, Lego Children’s Fund, Let’s Play Initiative, Tony Hawk Foundation Skate Park Grants

Non-profit Partnerships

“Friends of Park,” Conservancies, Foundations

Crowdfunding

Collecting monetary contributions from a large number of donors, generally via an online fundraising platform. Examples include the National Recreation and Parks Association’s Fund Your Park, Citizinvestor, Indiegogo, Kickstarter, GoFundMe, Neighborly, and Fundly.

Corporate Sponsorships

Advertising, contributions, partnerships

User Fees, Leasing, Contracts

User fees, concessionaire licensing, building leases

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