



Park Funding

Park Budget and Funding

Golden Gate Park is the centerpiece of the San Francisco park system. It is one of the most prominent and lauded urban parks in the United States, however, it is not immune from the fiscal crises which have befallen San Francisco and other municipal governments in California. The budget allocation from the City's general fund for Golden Gate Park has been declining for several years.

Due to a combination of declining general fund appropriations, rising salaries, and increased needs, funding for the operation and maintenance of Golden Gate Park is decreasing in real terms. Already, many tasks which need to be performed in the park are left undone due to lack of funding. Under the current situation, park conditions will continue to worsen. A consistent and reliable appropriation from the City's general fund should be sought for the maintenance of Golden Gate Park. In June of 1994, Mayor Jordan gave his commitment to preserving the budget for Golden Gate Park at its current level and endorsed the concept of establishing a conservancy organization for the park.

Park Operating Budget

Table 1 outlines the estimated operating need of Golden Gate Park. The total budget for Golden Gate Park is estimated at \$9.85 million. This was determined by estimating the portion of Recreation and Park Department budget that is spent on Golden Gate was made from estimates of total 1993-94 spending by all divisions.

Existing expenditures do not cover all of Golden Gate Park's needs however. Department staff

report that current budget constraints prevent addressing the full maintenance needs in the park, restrooms are boarded up with no funds to fix them and maintenance on less visible portions of the park has been curtailed. In addition, recent bond proceeds provide only for construction or restoration of park facilities, not their ongoing operation or maintenance. Additional maintenance staffing needs have been identified (see Figure 11-3).

Revenue Generation

The Department supplements its allocated budget by generating revenue within its facilities. In Golden Gate Park revenue is generated from concessions, admission fees to the Tea Garden, Conservatory, and the carousel, permit and user fees for special events, athletic fields, picnic areas, and building rentals, and weekend parking fees in the Music Concourse. This revenue was estimated at \$3.2 million for fiscal year 1993-94 as shown in Table 2. About \$1.4 million of this revenue comes from admission fees charged at the Japanese Tea Garden, and to a lesser extent at the Conservatory and the Carousel.

In recent years, the income derived from fees and concessions has played an increasing role in supporting the Department budget, as funds from the City's general fund have declined. Increases in fees and revenue have been used to offset reductions from the general fund. Throughout all levels of government, user fees are becoming more popular to support some services rather than through general taxes. Most permits in Golden Gate Park carry some form of user fee, from small fees for family picnic reservations to large fees for

special events. A balance is needed between raising revenue and keeping the park accessible to users of all income groups. In addition to fees, large events post a bond to cover potential damage to the park. The event fees and bond are usually sufficient to cover the costs of actual damage, but may not be sufficient to cover higher regular maintenance costs and do not pay for overtime for maintenance workers that are pulled off regular duties. Higher event fees could generate additional funds for park maintenance.

Potential Supplemental Funding

As with all major parks in the United States, even though Golden Gate Park has generated significant amounts of its own revenue, it is still primarily dependent on fiscal appropriation from the City. It has become apparent that in order to assure that the park will provide a standard of service commensurate with its public position and historic reputation, additional sources of operational funding must be secured to supplement the department's allocation from the City's general fund. This section focuses on some alternatives and evaluates their revenue potential, thereby indicating future options for operating the park at the highest possible standards.

The two new revenue sources with the highest potential are a nonprofit conservancy organization, and a new dedicated special tax or assessment district. While these ideas have the highest potential, the level of funds they may generate and the likelihood of success are difficult to determine with any certainty. The general fund allocation will remain a vital source of funds for the foreseeable future.

Table 1

Golden Gate Park Estimated Operating Budget - Fiscal Year 1993-94	
ITEM	AMOUNT
Horticultural maintenance:	
Revenue Fund (fees, charges, and general fund allocation)	\$5,686,866
Open Space Fund	
Furhman Bequest	
Reforestation bond proceeds (1st of ten years)	611,384
Urban Forestry (see note 1)	960,000
Golf Division - golf course maintenance (see note 2)	375,000
Admission collection (Tea Garden and Carousel)	140,000
Structural Maintenance (see note 3)	1,650,000
Administrative Allocation (see note 4)	150,000
Recreation directors (see note 5)	
Playground	\$35,000
Tennis Court	70,000
Big Rec, Polo Field, Beach Chalet Soccer Field	70,000
Kezar	<u>35,000</u>
SUBTOTAL	\$210,000
Permit and Recreation staff	\$70,000
EST. GGP OPERATING BUDGET 1993-94	\$9,853,250

Notes:

1. City's estimate of 50% of Urban Forestry's \$1,920,000 budget.
2. Golden Gate Park portion of the Golf Division.
3. City's estimate of 25% of \$6.6 million.
4. City's estimate.
5. City's estimate on basis of full-time equivalent positions assigned to Golden Gate Park.

Source: Recreation and Park Department

Table 2

Golden Gate Park On-site Annual Revenue Generation - Estimated 1993-94	
ITEM	AMOUNT
Admission Fees (see note 1)	
Conservatory of Flowers	\$180,316
Tea Garden	1,186,655
Carousel	<u>26,000</u>
SUBTOTAL	\$1,392,971
Concessions and Agreements (see note 1)	
Golf - golf course, pro shop and food/beverage	\$385,788
Music Concourse food/beverage	120,000
Stables	34,200
Tea Garden gift shop and tea house	200,000
Stow Lake boat and bicycle rental, food/beverage	117,187
Kezar parking lot	50,000
Recycling Center	4,000
Push Carts	130,000
Ocean Beach skate rental	4,300
Tennis courts	<u>64,000</u>
SUBTOTAL	\$1,109,475
Special Event Fees (see note 1)	\$250,000
Permits/User Fees (see note 1)	
Picnic Fees	40,000
Athletic field rentals and class fees	166,892
Kezar Pavilion and Stadium	30,750
County Fair building	<u>136,800</u>
SUBTOTAL	\$374,442
Concourse Parking (see note 2)	\$60,000
TOTAL ANNUAL GGP REVENUE GENERATED	\$3,186,888

Notes:

1. 1992-93 actual
2. 1993-94 estimated

Source: Recreation and Park Department; Economics Research Associates.

Potential Additional Revenue Sources

As the functions of operations, maintenance, and administration for Golden Gate Park become increasingly endangered due to the City of San Francisco’s fiscal crisis, it has become necessary to present and evaluate sources of revenue which can supplement annually determined appropriations from the City’s general fund. The following potential funding sources were evaluated in terms of both their maximum potential for revenue generation and their feasibility, which is defined as the ease of tapping into the source and the probability of reaching the maximum potential level of revenues. The amount of revenue that may be generated by each alternative is difficult to estimate.

Potential Funding Sources		
<u>Source</u>	<u>Relative Revenue Potential</u>	<u>Feasibility</u>
1. Special Taxes and Assessments	High	Medium
2. Private, Nonprofit Conservancy	High	Medium
3. Parking Charges	Medium	Low
4. Transient Occupancy Tax	Medium	Low
5. Special Events	Low	High
6. Concessions and User Fees	Low	Medium
7. State and Federal Funding	Low	Low

1. Special Taxes and Assessment Districts

A special tax with funds dedicated to Golden Gate Park (or all City parks) has high potential for additional funding. Under current tax laws, such a tax would probably require two-thirds voter approval. The likelihood of approval is unknown, but voters have shown support in the past for special services such as parks and libraries. Certain legislative acts of the State of California, the 1911, 1913 and 1915 Improvement Acts, the Mello-Roos Community Facilities Act, and particularly the Landscaping and Lighting Act of 1972, allow local governments to fund the development, improvement, maintenance, and servicing of park and recreational facilities through the creation of a benefit assessment district. This district, geographically determined through the examination of benefits of a park to surrounding property owners and potential users, contains the parcels on which are levied annual assessments targeted specifically for funding of the park (in the case of Golden Gate Park, the district could include the entire city). A December 1992 California Supreme Court decision, Knox vs. the City of Orland, verified the legality of establishing such a district to fund the maintenance of existing park facilities. However, given the political nature of the formation of these districts, which often includes approval through vote of affected property owners, this method of funding may require a city-wide election in San Francisco.

2. Nonprofit Conservancy

The San Francisco Zoological Society, Strybing Arboretum Society, and the Golden Gate National Park Association provide local ex-

amples of nonprofit cooperative organizations which provide significant and in some cases essential funding and services to their associated public recreational facilities. Nationally, the most prominent example of such an organization is the Central Park Conservancy in New York City. This organization, which obtains most of its revenues from its own fund-raising efforts in the private sector, shares the responsibility of the planning, administration, maintenance, and operation of Central Park with the City of New York. A similar type of conservancy arrangement would likely have a high potential for providing the funding and vision necessary for maintaining Golden Gate Park's historical prominence and recreational resource value.

3. Parking Charges

Currently, the Department is experimenting with charging for parking in the Music Concourse through the use of ticket vending machines. While individual parking meters have been deemed inappropriate, there may be other ways to levy fees for parking. Because there is no practical way to control overall access and charge admission to the park, a parking fee could serve as a different form of user fee for the park. Parking fees could also serve to reduce the amount of commuter parking occurring now in the park.

4. Transient Occupancy Tax

Because of the size of the tourism industry and consequential large number of hotel rooms in San Francisco, the transient occupancy tax (TOT) on hotel occupancy brings in significant revenue (\$77 million in fiscal year 1993) to the

City. Its proceeds are distributed to the general fund and among a variety of other uses, including cultural and recreational facilities such as the deYoung Museum and Candlestick Park. It is possible to redistribute appropriation of these revenues to include Golden Gate Park specifically, however, this redistribution will be difficult for two reasons. First, competition for distribution is fierce. Second, future distribution may be focused on funding for expansion of convention facilities. Any change in distribution must be legislated by the Board of Supervisors.

5. Special Events

Special events held in the park such as concerts and festivals are presently paying fees to the City when they receive event permits. The Recreation and Park Department's permit policy is reviewed on an ongoing basis, and an attempt is made to set fees high enough to cover all City costs incurred due to the event (e.g., fees cover the costs of reseeding areas of turf damaged by event traffic). The City has not yet attempted to "make a profit" from events, but current policy tends to discourage larger or more events. There is probably limited potential to produce significant additional revenue from this source, however. Fees for some large events in New York's Central Park reach \$250,000.

6. Concessions and User Fees

In fiscal year 1993-94, about \$1.8 million in estimated revenues was derived from concessions and user fees charged within Golden Gate Park. This represents a meaningful portion of the park's total operational needs. It may be possible to generate some additional revenues

from concession activity, but it will require the development of new concession business opportunities or the expansion of existing concessions. Additional opportunities for increasing revenue from concessions should continue to be explored, however the additional revenue generation, while important, would not be significant when compared to overall needs. New or expanded concessions should be recreational, or recreation serving, contribute to park revenues, be consistent with the Objectives and Policies for Golden Gate Park, and be appropriate to the landscape character of the park.

7. State and Federal Funding

There are a number of state and federal programs which have provided grant funds to local parks in the past. Searching out grant funds is a routine function of current park operations. There are fewer programs today and competition is strong. Sources other than recreation programs should be investigated such as the federal Intermodal Surface Transportation Efficiency Act (ISTEA) which contains several programs that may be applicable to parks, historic structures, pedestrian and bicycle projects. The Department won an ISTEA Transportation Enhancement grant for improvements to the Beach Chalet. Very few of these programs will provide funds that can be used for park maintenance, however.

(A more detailed analysis of the potential funding source is included in a separate report entitled "Economic Issues Working Paper #2.")

Private Sector and Community Involvement

Each year's shifting priorities make it difficult for the City to allocate sufficient budget to discretionary departments such as the Recreation and Park Department. As a result, the ability to maintain and preserve Golden Gate Park deteriorates. Private sector and community involvement may offer opportunities to supplement public funding. Private involvement may take several forms:

- **Private fund-raising** offers potential for continuous revenue but it requires significant staff and resources to bring in large amounts. It is easier to raise funds for specific projects rather than funds for ongoing maintenance. Fund-raising for projects should always include a contribution to a park maintenance endowment fund which will grow over time.
- **Corporate fund-raising** offers potential for funding specific projects and usually would involve some form of recognition. There is little potential for addressing ongoing maintenance needs through corporate fund-raising.
- **Grassroots fund-raising**, through large memberships, direct mail solicitation, or voluntary visitor donations, would be constructive in constituency building, but would probably not offer potential for the large sums of money needed to maintain the park. It would also require significant resources to support this kind of fund-raising.
- **Volunteer activities** offer potential for filling some of the voids that are not now possible. Activities may include basic landscape maintenance (raking, litter pickup, invasive plant removal, etc.), trail maintenance, interpretive programs and tours, staffing of information centers or kiosks, and other tasks.

Volunteers need good supervision, and this is currently a problem on weekends when most volunteers are available, due to a lack of funds for overtime pay and inflexible work hours. Agreements with unions will also be needed to increase the use of volunteers in the park.

A Conservancy for Golden Gate Park

A conservancy organization would be a non-profit, private sector partner of the Recreation and Park Department for the maintenance, preservation and restoration of Golden Gate Park. The organization would assume financial responsibility for mutually agreed projects, personnel, and capital improvements.

The primary purpose of the conservancy is to augment the City funds for projects that would not otherwise occur. The conservancy's activities could include the following:

- large-scale fund-raising for capital projects; some ongoing park operations such as tree planting, park guides, etc.; and for park maintenance
- staff such as planners, landscape architects, and managers to plan and implement projects
- supporting an internship program
- coordination of volunteers
- improving park security
- management of park concessions, with the goal of seeing all profits go back into the park
- marketing of the park through products and public relations

- managing operations of the park visitor centers, providing visitor services and fund-raising opportunities.

In return for the conservancy's fund-raising efforts, the City would preserve funding for the park at the current level. This guarantee of City funding is crucial to prevent substituting public funds with private money. The City should not view the conservancy as an opportunity to save money, rather it should be seen as an answer to saving Golden Gate Park. The private funds raised by the conservancy provide the critical difference between simply maintaining the park and managing it as a first-class institution.

The conservancy organization would be led by a board of directors, an executive director, and a president. The board could be composed of community leaders, as well as representatives from the City (General Manager and Commission). The conservancy would work in a close relationship with Recreation and Park Department staff and with the Recreation and Park Commission. Department and community participation will be important components of the conservancy activities. The conservancy projects must be in conformance with the Golden Gate Park Master Plan and its Objectives and Policies, and be subject to approval by the Recreation and Park Commission.

There are several models for this type of organization and public/private partnership. Each has similarities and contrasts with the situation facing Golden Gate Park. In New York, the Central

Park Conservancy has dramatically reversed conditions in that park. With a capital improvement campaign of \$50 million, this organization has rebuilt entire portions of Central Park. There are also model organizations locally, including the Strybing Arboretum Society, the San Francisco Zoological Society, and the Golden Gate National Park Association.

The role of the conservancy should be appropriate to the unique situation in San Francisco. The initial role should be based on realistic goals for the first five years. This proposal is one that cannot be defined completely at this time. Rather, an organization of this type, which is experimental in nature, must grow slowly, responding to opportunities and transforming to meet changing needs. The Central Park Conservancy has grown not from a detailed plan, but from a need to respond to problems. It has evolved over the years, with many changes along the way.

This proposal is made in conjunction with the Friends of Recreation and Parks, which would accept the responsibility to create the conservancy. The Friends would continue to operate as they do now, assisting with projects throughout the city's recreation and park system.

Issues and Questions Regarding a Conservancy for Golden Gate Park

There are a number of issues and questions regarding a conservancy that need to be answered. Some of these questions will be answered as agreements are made, others can only be answered over time. What will the relationship between the conservancy and the Department be, and how will the conservancy projects be managed and controlled? What will be the make-up of the conservancy board members? How will public involvement be included in conservancy project planning? There are a number of civil service and union issues to be resolved.