Funding Methods Report

City of Austin Parks and Recreation Department

PFM Group Consulting LLC
Trust for Public Land

June 2025

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Project Overview

Overview of PFM's Management and Budget Consulting (MBC) Team

- MBC is a team of professionals whose mission is to help local government, state government, and non-profit leaders overcome their toughest financial challenges, improve the efficiency of their day-to-day operations, and align their resources to their community's long-term goals.

- We work with our clients to strengthen their finances, improve operating performance, and increase capacity to deliver services effectively.

- We are unique in our ability to view policy and operational issues in a fiscal context, understanding that efficiency needs to be in the service of achieving larger goals. That's why virtually all of our major local government engagements focus on the point of intersection between operations, policy, and budget.

- In just the last three years, our MBC practice has worked with over 100 local governments on a variety of engagements.

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Overview of Trust for Public Land

Trust for Public Land is a national nonprofit, working to create parks and protect land for people, ensuring healthy, livable communities for generations to come.

We believe in
OUTSIDE FOR ALL.

Since 1972, TPL has protected 4 million acres of public land; created 5,364 parks, trails, schoolyards, and iconic outdoor places; raised $100 billion in public funding for parks and public lands; and connected nearly 9.4 million people to the outdoors.

To learn more, visit **tpl.org**.

TPL led the development of the "Park Investment Compared to Leading Cities" and the "Opportunities for Partnership" sections of this research.

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Project Overview

- In November 2024, the Austin City Council passed Resolution No. 20241121-072 directing the City Manager to assemble a team from key city departments (PARD, Financial Services, Law, and others) with assistance of external consultants to explore additional funding sources for parks management, land acquisition, amenities, facilities, and maintenance.

- The Resolution lists the below example funding structures for consideration:
  - Park Districts
  - Tax Increment Financing (TIF)
  - Public Improvement Districts (PIDs)
  - PARD fee setting and cost recovery policies
  - Public/Private Partnerships (PPPs)
  - Expanding the Community PARKnership Program
  - Park User Fees
  - Resources from other departments
  - Internal cost saving strategies

- In early 2025, PFM and Trust for Public Land were approached to support the Parks and Recreation Department (PARD) to support the work in three phases.
  - **Phase 1:** Benchmarking of comparable Parks and Recreation Departments, both within Texas and nationally, to determine best practices related to department funding and operations.
  - **Phase 2:** Conducting revenue, economic benefit, and landscape analysis to determine the gaps in funding and total budget shortfall, quantify the economic benefits of PARD, and identify funding opportunities.
  - **Phase 3:** Finalize recommendations regarding potential revenue sources for PARD, including a final recommendations memo and presentation to City Council in May 2025.

Approach to Research and Analysis

- The PFM and TPL teams conducted a thoughtful analysis of the Austin park system in order to make appropriate comparisons and contextualize best and promising practices.
- In particular, the benchmarking and research exercise used the following cities as comparators, divided into three categories – national, statewide, and best practice jurisdictions:

  - **National Comparators**
    - ✓ Atlanta, GA
    - ✓ San Deigo, CA
    - ✓ Seattle, WA
  - **Texas Comparators**
    - ✓ Dallas, TX
    - ✓ Fort Worth, TX
    - ✓ San Antonio, TX
  - **Best Practice Jurisdictions**
    - ✓ Boston, MA
    - ✓ Minneapolis, MN
    - ✓ San Francisco, CA

- As noted in the scope of work, our team conducted multiple points of analysis to identify thoughtful recommendations and identify targeted solutions for the PARD and City team.
- The revenue, economic benefit, and landscape analyses considered multiple data sets including TPL's City Park Facts and ParkScore data bases in addition to leaning heavily on the insights from PARD staff.
- The team also considered community and stakeholder feedback. PARD developed and facilitated a multi-question questionnaire and small group sessions where the PFM reviewed results and participated in the feedback sessions.
- Across all aspects of research and analysis, we applied a data informed and stakeholder driven approach. Meaning that each element of analysis and all of the recommendations were driven by thoughtful review and consideration of quantitative and qualitative data.

The Value of Parks and Recreation

PARKS IMPROVE PUBLIC HEALTH

- **Parks promote physical activity**, which reduces risk for chronic diseases like heart disease, diabetes, and osteoporosis. A 2020 literature review found that physical activity reduced mortality rates by 13 percent among 27,000 study participants.
- **Exposure to nature provides mental health benefits.** Researchers have found that exposure to greenspace reduces risk factors for mental illnesses like depression and anxiety. Neuroimaging studies have found that exposure to greenspace reduces risk factors for mental illness.

PARKS PROVIDE CLIMATE RESILIENCE

- **Parks protect against extreme heat.** Extreme heat is one of the most significant climate challenges in the country. It has caused more deaths between 2004-2018 than any other weather-related hazard. Parks can play an important role in mitigating extreme heat – areas within a 10-minute walk of a park are as much as 6 degrees cooler than areas beyond that range.
- **Parks protect against flooding.** Green infrastructure that is built into parks reduces stormwater runoff by 90 percent.
- **Parks can reduce air pollution.** Vegetation – especially trees – can reduce air pollution, especially particulate measure. Lack of greenspace is associated with greater exposure to air pollution which can lead to respiratory hazards.

PARKS BUILD STRONG COMMUNITIES

- **Evidence shows that people who regularly visit neighborhood parks** have more social ties than those who don't, and that neighborhoods with parks have stronger social networks than those that don't.

Austin Parks at a Glance

- Austin parks offer activities for all ages and are a key component to Austin's high qualify of life.
- In addition to the value highlighted on the prior slide, parks in Austin have been an ongoing priority for Council and city administration.
  - City Council has made directives prioritizing resident access to parkland.
- Urban parks are also a vital part of the City's climate resilience strategy.
  - Parks help cool cities by reducing the urban heat island effect, provide shade and green space that offer immediate relief from extreme heat, and absorb stormwater during heavy rains.
  - As our cities grow hotter, these green spaces aren't just amenities—they're essential infrastructure for public health and environmental sustainability.

Park System Overview	
10 minute walk access	69% of Austin residents live within a 10-minute walk of a park.
Parkland as % of city area	11% of Austin's land is used for parks and recreation.
Acres per 1K	19.7
Equity indicators	Residents in neighborhoods of color have access to 11% less park space per person than the city's average neighborhood and 44% less than those in white neighborhoods Residents in low-income neighborhoods have access to 32% less park space per person than those in the average Austin neighborhood and 55% less than those in high-income neighborhoods.

Overview of Austin's Park Amenities	
Basketball Hoops	2.4 per 10K people
Dog Parks	1.3 per 100K people
Playgrounds	2.1 per 10K people
Bathrooms	1.2 per 10K people
Rec and Senior Centers	0.5 per 20K people
Splashpads	1.1 per 100K people

Data source: Trust for Public Land ParkScore Index and City Park Facts Survey, 2024

Needs and Challenges in PARD Funding

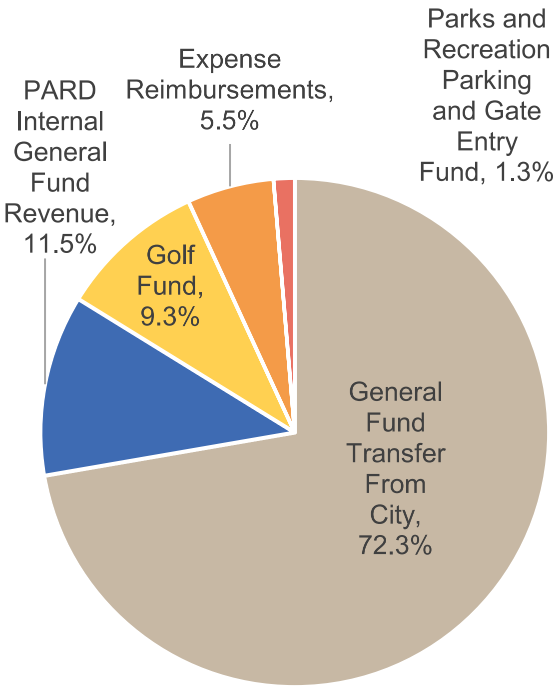
Preliminary Revenue Options

- **To increase its financial sustainability, PARD needs to evaluate how it can generate additional revenue and explore opportunities to expand partnerships to supplement key programs and expenditures.**
- Over the course of our analysis, the PFM team considered the below approaches and revenue options.
  - Park Districts
  - Tax Increment Financing (TIF)
  - Public Improvement Districts (PIDs)
  - PARD fee setting and cost recovery policies
  - Public/Private Partnerships (PPPs)
  - Expanding the Community PARKnership Program
  - Park user fees
  - Resources from other departments
  - Internal cost saving strategies
  - Taxing opportunities
  - Park maintenance fees
  - Sponsorships and pursuit of philanthropy
- The following slides contextualize the above options through benchmarking of peers and the consideration of best and promising practices.
- The Team also explored deeper into the current and long-term revenue needs for PARD. Through a deeper analysis of PARD's finances and consideration of the economic impact of PARD services, the team worked to highlight the need for additional investment and the value of that investment on the Austin economy and region at large.
- In conjunction with PARD staff, PFM also considered resident and stakeholder feedback through a questionnaire and stakeholder small group meetings.

The Need for PARD Revenue Options

- **The need to identify revenue options and additional funding solutions is not unique to PARD.** Park systems across the country are also grappling with reduced funding due to elimination of ARPA funds and broader constraints on general funding sources.
- The City of Austin is currently facing a $33 million budget deficit in FY2026.
- PARD, with an annual budget of $138 million, generates approximately $38 million revenue internally through golf course operations, parking gate entry fees, expense reimbursements* from other city funds and departments (such as the Historic Preservation Fund) and general parks and recreation activities such as registration fees and cemetery operations.
- However, it still relies on $100.5 million in annual allocations from the General Fund.
- Further, overall PARD General Fund expenditures, which grew at a compound annual growth rate (CAGR) of 6.5 percent between FY2019 and FY2024, outpaced PARD General Fund revenues, which grew at a CAGR of 2.1 percent during the same period.
    - **If expenditures continue to grow at a slower pace than revenues, PARD increasingly risks financial instability, which can lead to reduced programming and deferred maintenance.**
- To increase its financial sustainability, PARD seeks to determine how it can generate additional revenue to decrease its reliance on the General Fund.

FY2024 PARD Revenue Sources



Expense Reimbursements are tracked as negative expenditures, but are reflected as revenues on this slide for the purposes of demonstrating PARD's total revenue across all sources.

The Need for PARD Revenue Options

- While the need for additional funding options is clear, **the method of generating new funding sources will not be singular and will require PARD to implement multiple strategies to achieve funding needs.**
- Due in part to statewide restrictions on enacting new taxes and existing limitations on existing tax streams, as well as limitations on fees such as parkland dedication fees, PARD administrators and the City's elected leaders will need to take a no sacred cows approach to considering revenue options and may need to evaluate PARD's services and operating structure as mechanisms for generating savings.
- The forthcoming slides highlight the benefit of PARD's services, the economic impact park systems have on the overall economy and meaningful options for consideration.
- The analysis also notes how PARD compares to peers in structure, funding, and the availability of options.
- One defining characteristic of the analysis to date, is that **most leading park systems and institutions have some form of dedicated revenue,** typically via local tax that primarily funds park services.
    - This finding creates an early limitation for the Austin Parks and Recreation department due to the statewide restrictions and the City's available taxing options already being maxed out. Meaning Austin would likely need to lobby voters and the legislature to align to the dedicated tax revenues leveraged by peers.
- **Most comparators also have a wider variety of funding sources and governmental funds supporting their operations.**

The Need for PARD Revenue Options

- Analysis findings also emphasized the need to consider multiple options for increasing revenue. Some options for PARD to consider, which can be executed over the longer-term, include:
  - Authorizing a new Park Maintenance Fee that would collect revenue for dedicated park uses;
  - Advocating for additional deferred maintenance costs to be included in the City's upcoming bond package;
  - Increasing selected fees and user charges;
  - Advocate for Austin City Limit (ACL) funds to be directly transferred to the PARD or dedicated PARD needs; and
  - Better leveraging sponsorships and donations as a means to offset funding needs.
- In addition to new or increased existing revenue, **the City will also need to better leverage partnerships and explore opportunities to reduce the City's financial burden through partnerships**.
- An immediate recommendation for the PARD team is to reimagine and memorialize its relationships with key partners including the Austin Parks Foundation and long-term PARKnership partners.
  - The ongoing financial commitment of these organizations through programming and support of maintenance of key facilities and park spaces is essential to developing long-term strategies to continue services.
  - The lack of formalized commitments of these partners will continue to pose a challenge for PARD and make it hard to have a multi-year understanding of the Departments funding needs.
  - Moving in this direction will also align PARD to best practices and the practices of peers who overwhelmingly implement memorandums of understanding (MOUs) or other service level agreements with their key partners.

Recommendations for Shorter-Term Potential Revenue

- PARD can aim to increase its near-term departmental revenue to reduce its reliance on transfers from the City's General Fund.
- Of the additional revenue sources considered in this report, the following have a combination of higher revenue potential and lower barriers to achievement:

1. City Council can **authorize a new Parks and Recreation Maintenance Fee** on utility bills to collect revenue for dedicated park uses.
   - Potential FY2026 Revenue: A $1 monthly utility bill fee could yield $5.4 million per fiscal year.
2. **A portion of the City's current Drainage Charge paid by property owners could be allocated to PARD** to support PARD's contributions to the City's green stormwater management infrastructure.
   - Potential FY2026 Revenue: A $1 monthly utility bill fee could yield $5.4 million per fiscal year.
3. As discussed on the prior slide, **enhanced partnerships with nonprofits and other private sponsors could support city-wide service improvements** and financial support, offsetting PARD's internal costs.

The Need to Consider Cost Saving Measures and Expenditure Options

- Due to limitations on revenue options and the timing considerations needed to implement higher value initiatives, PARD will likely also need to explore alternative service levels and different operational models.

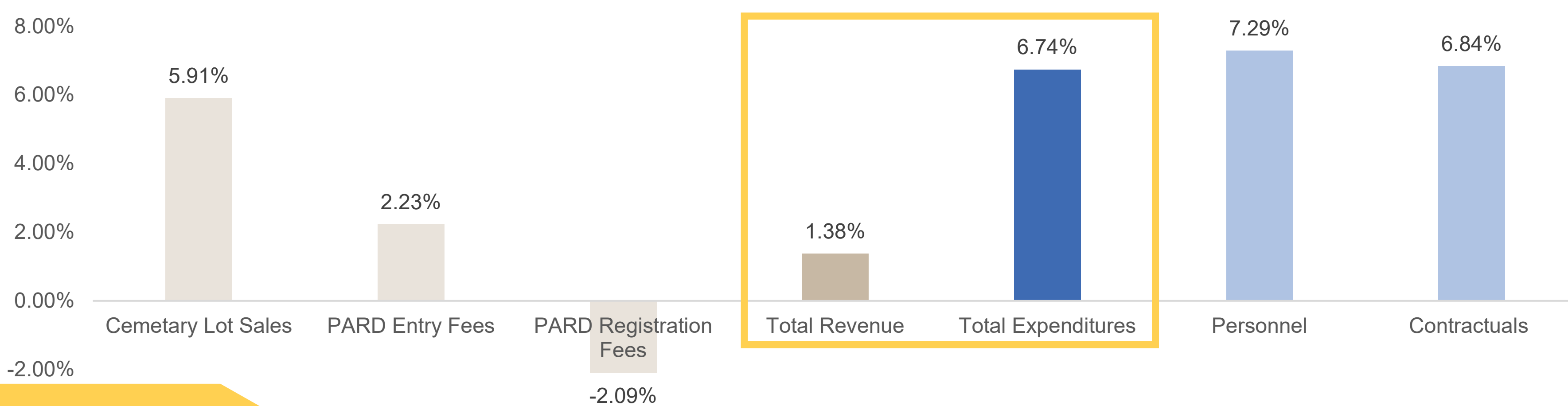
- **PFM's financial analysis found that if current trends persist, PARD expenditures will continue to outpace revenues**.

  - As noted in earlier slides, PARD revenue is projected to grow by a compound annual growth rate (CAGR) of 1.38 percent and reach an estimated $17.3 million by FY2030. While PARD expenditures are projected to grow at more than four times the rate of revenues, with a CAGR of 6.7 percent.

  - As a result, by FY2030 General Fund expenditures are estimated to be $186.0 million and revenues are estimated to be $17.3 million, a budget shortfall of $168.7 million. This is 67.9 percent larger than the FY2024 General Fund allocation of $100.5 million.

- In other words, **PARD will need to explore a combination of revenue and expenditure options of at least $68 million additional dollars in FY2030 in General Fund allocations than it received in FY2024.**

Annual Revenue and Expense Growth, FY2024 to FY2030



Gap Between Current and Ideal Service Levels

- In addition to the revenue gap between what PARD currently generates departmentally and what it spends each fiscal year, **the City should also consider the gap between what is currently funded and PARD's "ideal" service level, which is higher than its current expenditures.**
- Conversations with PARD staff point to an ongoing effort to define "ideal" service levels in line with the Department's strategic plan work and broader consideration of the services, programs, and spaces that the Department aims to be best in class among peers and responsive to the evolving and growing needs and demands of residents and visitors.
  - While all park systems and local government departments strive to be the best in all that they do, limited funding availability and staff capacity requires organizations to prioritize and focus investment in particular areas.
- **These "ideal" service levels and the funding required to meet those standards should also include considerations on capital investments, facilities, and equipment.**
- Based on review of the Department's funding challenges and the PFM's financial analysis to determine a funding gap, in addition to its current expenses, PARD has deferred maintenance costs that are not currently in its budget.
- The most immediate of these deferred maintenance costs total $8 million in one fiscal year. This $8 million is not included in the $100.5 million transfer from the City's General Fund, and does not include funding for projects that will need to be executed in future fiscal years.
  - These unfunded needs undoubtedly compound PARD's funding gap over time, with a current rolling needs list indicating over $570 million in renovation and deferred maintenance needs.
- **In light of the known funding challenges and unmet needs, PARD and City Council may have to consider doing things differently, or doing different things if additional funding options are not identified.**

Key Considerations for Defining PARD Service Levels and Cost Containment Strategies

- In order to identify the extent and nature of expenditure reductions, **PARD will need to evaluate the nature and effectiveness of their current operations and define service levels.**
- Key questions like the below, may ensure the department prioritizes funding for services and programs that are most effective and fundamental to residents, visitors, and other stakeholders.
  - Are there opportunities to contract out key services to willing and able providers in the region?
  - What are the core services the Department should provide?
  - What are the primary services residents and stakeholders want the City to offer?
  - Are there other providers or partners who could provide comparable services if PARD were to discontinue in that area?
- In addition to the above, PARD can consider findings from benchmarking on core services and feedback from stakeholders gathered as a part of this engagement.
- One consideration for PARD based on benchmarking analysis is the extent the Department should provide programming and other non-parks related services like homeless services.
- The City should also consider adjusting policies around internal cost allocation as a way to make available more resources to support PARD.

PARD Analysis Conclusion

- Ultimately, our analysis indicates that **in order to maintain current service levels, the City will have to make available General Fund dollars in the short-term and advocate to residents, non-profit partners and/or the state legislature to implement meaningful new and sustainable revenue streams that will move the needle.**
  - It is important to note that feedback from residents, key stakeholders and the Department emphasize that current service levels are not the appropriate standard and that in order to move towards those ideal service levels, funding levels above and beyond the current gap will need to be identified.
- In the absence of additional General Funds or sufficient new revenues, the City and PARD will need to consider the scope and nature of PARD's services, and the extent of the Department's offerings in the future.
- Residents and stakeholders alike champion PARD's impact in the community and yearn for broader investment.
- It is clear from our economic analysis that the Department's services and offerings provides broader benefits to the City's economy and quality of life that drive resident satisfaction, relocation to the City, and tourism.
- **These benefits and the feedback from constituents should be heavily considered as a part of Council's consideration of aligning additional General Funds and availing the Department to additional revenue options.**

PARD Funding SWOT Analysis

Strengths

- Have large, well-recognized events and public spaces (e.g. Barton Springs Pool, Zilker Park).
- Host flagship annual events like Austin City Limits (ACL) and South by Southwest (SxSW) that provide unique opportunity for exposure, fundraising and revenue generation compared to peers.
- Have highly engaged residents and stakeholders that champion PARD programs, spaces and mission.
- Have a history of investments in and recognition of the importance of parks and recreation amenities.

Weaknesses

- Current funding levels are not fully funding ideal service levels.
- Program lacks authority to increase key fees and implement policy to drive revenue generation.
- Department has a significant reliance on General Fund appropriation.
- Have a lack of funding mechanisms compared to benchmark systems.
- Lack formalized agreements with key non-profit and community partners.

PARD Funding SWOT Analysis

Opportunities

- Investment in key positions for sponsorships, volunteers, and donations may avail the Department to more robust and consistent funding streams.
- Several changes to internal policy and procedure for internal cost allocation and service charges could free up existing resources for PARD services without increasing the current General Fund allocation.
- Alternative service approaches and operational models may support more targeted uses of available funds to high demand and high need services, programs, and facilities.

Threats

- Changing nature of policy at the State level has a direct impact on PARD's access to revenue.
- Citywide budgetary constraints undoubtedly impact PARD funding.
- Lack of action to address funding needs may threaten existing service levels.

PARD Economic Analysis

PARD Economic Analysis Overview

As noted in the project overview, TPL led an economic analysis to define the economic benefits of PARD's spaces, facilities and programs.

TPL collected data on the benefits of Austin's park system and green space and documented some of the significant economic benefits that it provides to local residents, tourists, and businesses. The following slides highlight the key takeaways and conclusions from that examination.

High Level Findings

- The public park and recreation system in Austin, Texas provides substantial economic benefits to the community.
- **Parks, trails, green space, recreational programming, and recreational facilities are key components of healthy, vibrant cities**.
- **PARD green spaces and parks provide hundreds of millions of dollars in savings to the City**, particularly when considering essential climate and resiliency priorities.
- **PARD is also a critical component to the City's revenue generation and financial trajectory.**
  - The parks, trails, and recreational facilities supported by Austin PARD are significant contributors to the City's economy, whether through **economic development** (like boosting tourism and creating jobs), **providing residents and visitors recreation opportunities** (and in turn reducing healthcare costs), or **ecosystem services** (like reducing air pollution, mitigating stormwater, or increasing climate resilience).
  - These amenities **enhance nearby property values, attract residents and visitors to the city, provide recreational opportunities, improve human health, and boost economic development.**
  - They also **support local jobs, increase spending at local businesses, and generate local tax revenue.**

Economic Analysis Finding: Austin Parks Increase Property Values

- Parks, trails, and open spaces increase the value of nearby homes.
  - **People enjoy living close to recreational amenities and are willing to pay for that proximity**. This is known as a "park premium," and it also **leads to an increase in the property tax revenue** generated for the city.
  - TPL conservatively estimates that 5 percent of the value of homes adjacent to parks can be attributed to that proximity, which accounts for variation in park size (e.g., larger parks may have a greater impact on property value than a small playground) and park quality (e.g., parks with more amenities and regular maintenance contribute more to property value).
- However, a recent meta-analysis on parks and property values by Crompton and Nicholls (2020) note the property value increase due to parks may be closer to 8 percent to 10 percent.
- In Austin, the average home value is currently $536,565 (as of May 2025). **If parks contribute 8 percent to 10 percent of the value of a nearby home in Austin, that is an estimated $42,925 to $53,656 per residence.**
  - Additional research is needed to estimate the total economic benefit of parks to property value and property taxes in Austin, including identifying how many homes are located near parks.

Crompton, John L. and Sarah Nicholls. "Impact on property values of distance to parks and open spaces: An update of U.S. studies in the new millennium." Journal of Leisure Research, 51:2, 1270146.
Zillow. "Austin, TX: 2025 Home Trends and Prices." https://www.zillow.com/home-values/10221/austin-tx/

Economic Analysis Finding: Austin Parks Boost Local Tourism

- PARD is critical to the local tourism economy, because it **provides numerous recreation amenities that help attract visitors to the city.**
  - **These visitors then spend money locally on food, lodging, and other activities – an average of $305 per day, per visitor.** And with 12 percent of visitors to Austin citing access to the outdoors as a motivator for their trip, outdoor recreation can generate millions of direct spending and tax revenue for the city.
- In addition to its natural beauty, Austin is recognized for its world-class music scene, hosting major events like Austin City Limits in Zilker Metropolitan Park and South x Southwest Conference and Festivals (taking place both indoors and outdoors).
  - **In 2024, for example, Austin City Limits generated $534.8 million into the City's economy, equivalent to 3,600 full-time jobs.** The Austin Parks Foundation is a partner for the festival, and a portion of ticket sales support local parks, trails, and green spaces.
  - PARD also hosts events in Austin, such as races and festivals that take advantage of park access and attract visitors.
- The City of Austin has a hotel-occupancy tax (HOT), a 2 percent charge on hotel stays that can be used to support local historic preservation work. PARD leverages several million dollars from the HOT each year for operations and capital improvements, boosting tourism in the city at historic parks and facilities like Barton Springs Pool, Mayfield Park, and historic museums.

Personal communication, Visit Austin. May 6, 2025.
Austin City Limits Music Festival. "Community Impact." 2024 data. *https://www.aclfestival.com/community-impact*

Economic Analysis Finding: Austin Parks Provide Recreational Opportunities

- Residents also enjoy Austin's parks, trails, recreation centers, and sports fields.
  - **Austin generates economic benefits to the local communities by providing these amenities and access to recreational activities (like after school programs, exercise classes, and sports leagues) for free or at a lower cost than private venues.**
- The top five most popular outdoor recreation activities for Austin residents are walking for exercise (32.3% of adults), hiking (22.1%), jogging (13.6%), road biking (12.5%), and golf (8%), followed closely by freshwater fishing (7.7%).
- Residents' willingness to pay (WTP) varies by location and activities and represents the value a participant experiences above and beyond what they need to spend to participate in an activity.
  - Based on similar research by TPL in Texas, WTP values for outdoor recreation activities, classes, and special events is expected to range from $2 per visit, such as for general park use, to $108 per visit, for playing a round of golf.

Esri Business Analyst. "Sport and Leisure Market Potential: Austin, TX" 2024 data.

Economic Analysis Finding: Austin Parks Generate Healthcare Cost Savings

- **Access to parks improves both physical and mental health, which results in healthcare cost savings for individuals.**
  - The Centers for Disease Control and Prevention (CDC) set guidelines for physical activity, recommending people engage in 150 minutes of moderate-intensity of 75 minutes of vigorous-intensity activities each week to minimize the risk of chronic illness like cardiovascular disease (in addition to muscle-strengthening activity).
- While all residents who use the park system receive health benefits, some people use parks and trails for physical activity that helps them meet these CDC guidelines. **TPL estimates that the annual healthcare cost savings for these individuals is $1,545 for adults aged 18 to 64, and $3,100 for adults over 65.**

CDC. "Physical Activity Basics: Adult Activity: An Overview." Accessed May 2025. https://www.cdc.gov/physical-activity-basics/guidelines/adults.html

Economic Analysis Findings: Austin Parks Promote Climate Resilience

- **Parks in Austin build the City's climate resilience, which in turn provides economic benefits to residents and businesses.** The City is facing higher than average temperatures and increasingly extreme storm and flooding events, which negatively impact the residents, visitors, and business community of Austin.

- Extreme temperatures contribute to the urban heat island effect in Austin, when the urban environment leads to a concentration of greenhouse gases and increased temperatures. In Austin, 74% of residents live in neighborhoods where temperatures feel at least 8˚F higher than the actual temperature. **The trees, shrubs, and vegetation in parks reduce the urban heat island effect, lowering nearby temperatures and providing shade to residents.**

- **The tree canopy in parks also reduces heat-related illnesses like heat stroke and reduce the number of emergency department visits**, which typically impact the city's most vulnerable residents (older residents, people without access to air conditioning, and chronically ill people).
  - Austin Public Health (APH) conducts seasonal surveillance for heat-related illness (HRI) at hospitals that serve Austin residents. Between 2020 and 2024, APH identified more than 4,174 emergency department visits for HRI. These visits generate out-of-pocket costs for patients, as well as a burden on the healthcare system during extreme heat events (especially as the average hospital stay for HRI is 25 hours).

- **Expanding Austin's tree canopy and parkland is one solution to help reduce urban heat island intensity, provide shade to Austin residents, and mitigate the economic and healthcare impacts of heat-related illnesses, especially for the city's vulnerable populations.**

Climate Central. "Urban Heat Hot Spots in 65 Cities."
Austin Public Health. "Heat-Related Illness Morbidity and Mortality: Surveillance Summary Report." Prepared by Cody Hyde, MPH. 2024.
https://www.austintexas.gov/sites/default/files/files/APH%20Comms/FINAL-2024-HRI-Morbidity-%26-Mortality-Summary-Report.pdf

Economic Analysis Findings: Austin Parks Promote Climate Resilience

- **The trees and vegetation in Austin's parks also absorb and store carbon, reducing greenhouse gas emissions and preventing further damage from elevated temperatures and extreme storms.**
  - Based on a city-wide analysis using i-Tree Landscape, the tree canopy in Austin stores more than 1.5 million tons and sequesters an additional 78,000 tons per year from the atmosphere.
  - Based on the U.S. Environmental Protection Agency's most recent social cost of carbon, estimated at $190 per ton, **the value of carbon storage due to Austin's tree canopy is worth $288.2 million, with an additional $14.8 million in annual value due to ongoing carbon sequestration by the canopy.**
- Austin's parks and open space can also help build climate resilience by reducing wildfire risk.
  - **Parks, trails, and open space can be developed and located with wildfire risk in mind to create fuel breaks and limit development in the highest-risk areas.**
  - The City of Austin developed a Land Management Plan in 2023 to address wildfire risk, based on a recommendation in the 2019 City of Austin Wildfire Preparedness Audit.

The social cost of carbon is defined by Resources for the Future as "an estimate, in dollars, of the economic damages that result from emitting an additional ton of carbon dioxide into the atmosphere." For more information about the value and its calculation, visit https://www.rff.org/publications/explainers/social-cost-carbon-101.

"City of Austin Parks and Recreation Department. "Recommended Land Management Strategies and Climate Vulnerability Analysis." September 25, 2023.

Economic Analysis Findings: Austin Parks Reduce Air Pollution

- **Trees, shrubs, and vegetation absorb air pollution, resulting in health benefits to Austin residents.**
  - The American Lung Association analyzes the "State of the Air" for counties across the U.S., and grades Travis County with an F for number of days of elevated ozone each year and annual particle pollution.
  - Poor air quality due to ozone and small particulate matter exacerbates respiratory illnesses like asthma, COPD, and lung cancer.
- Based on the iTree program produced by the U.S. Forest Service, the green space in Austin reduces ozone by 2.3 million pounds per year; carbon monoxide by 10,521 pounds per year; nitrogen dioxide by 144,710 pounds per year; sulfur dioxide by 92,167 pounds per year; and small particulate matter by 87,692 pounds per year. **This is worth $6.2 million in reduced healthcare impacts each year.**

i-Tree. "OurTrees Benefits: Austin, TX." https://ourtrees.itreetools.org/#/report?longitude=-97.7430608&latitude=30.267153&tab=benefits

Economic Analysis Findings: Austin Parks Increase Stormwater Infiltration

- The pervious surfaces and tree canopy in parks absorb stormwater when it rains. This improves water quality (by infiltrating the water and reducing the litter carried to nearby water bodies), recharges groundwaters, and reduces flooding impacts. **This also reduces the city's spending on stormwater treatment and water quality mitigation.**
- TPL used the iTree Landscape program for a citywide estimate of the benefits of tree canopy to stormwater mitigation and infiltration.
  - The model estimates that there are 56,161 acres of tree canopy across the city, while 21.3 percent of Austin is impervious surface (like sidewalks, roads, and parking lots).
  - Impervious surfaces increase stormwater runoff and prevent the ground from absorbing rainfall and filtering water as it flows to nearby water bodies.
- The tree canopy across Austin reduces stormwater runoff by 628 million gallons per year, and intercepts 3.1 million gallons of rainfall across the city. **According to the iTree model, the value of the avoided runoff to the City of Austin is $5.5 million per year.**
- In addition to improving water quality, parks can also reduce flooding during extreme storm events. Parks and open space can be designed to hold, slow, or absorb runoff to mitigate damage to people and property.
  - **Nearly 30 percent of Austin's parkland is located within the floodplain, providing the City an opportunity to leverage public lands for green stormwater infrastructure and low-impact design.**

i-Tree. "OurTrees Benefits: Austin, TX." https://ourtrees.itreetools.org/#/report?longitude=-97.7430608&latitude=30.267153&tab=benefits
The iTree model estimates the value per gallon of avoided runoff in the U.S. is $0.008936 per gallon (2013$). TPL updated this value to 204$ using the consumer price index. This national average is based on 16 studies of stormwater control. Source: Hirabayashi, Satoshi. "i-Tree Eco Precipitation Interception Model Descriptions." Version 1.3. January 30, 2013. https://www.itreetools.org/documents/61/iTree_Eco_Precipitation_Interception_Model_Descriptions.pdf
TPL used the City of Austin Master Plan 25-Year Floodplain and Austin's ParkServe parks to determine the overlapping areas within city limits.

Economic Analysis Findings: Austin Parks Support Economic Development

- Parks, trails, recreation centers, and sports fields contribute to the high quality of life in Austin, which plays an important role in attracting businesses and employees to the city.
- **The City of Austin has had the most headquarter relocations across the U.S. in the past five years, in part due to access to the outdoors and nearby natural environment.** Nearby parks and trails also increase the pedestrian traffic near businesses, helping to increase the customer base for restaurants and retail.
- Austin residents place significant value in outdoor recreation. Based on recent data from Esri's Business Analyst tool, residents spend $168.1 million each year on sports, recreation and exercise equipment.
  - **This spending, along with tourists' spending in Austin, supports 124 sporting goods stores that generate $199.7 million in annual sales and provide 1,319 jobs.**

Al-Shaikh, Sarah. "Austin tops list for headquarters relocations in US, report says." kxan. January 19, 2024.
https://www.kxan.com/news/local/austin/austin-tops-list-for-headquarters-relocations-in-us-report-says/
Esri Business Analyst. 2024 Data for the City of Austin. https://www.esri.com/en-us/arcgis/products/arcgis-business-analyst/data-infographics

Park Investment Compared to Leading Cities

Overview of TPL Benchmarking and Analysis

- Overall, Austin's total investment, including public and private sources, in parks is near the median of its peers, as identified by PARD staff.
- Austin's network of open space managers are tasked with serving more residents than its leading peers, resulting in lower spending per capita.
- **Private spending on Austin's park system represents a significant and growing funding source**, particularly compared to many of its peers. Continued intentional collaboration with private and nonprofit organizations will allow the City to more effectively manage and leverage these funds.
- **Austin spends more than its peers on recreational facilities and their programming** but less than most on grounds maintenance and administration. Austin is below the median on the presence of recreational and senior centers (.5 centers per 20K residents in Austin and the national median is .8 centers per 20K residents.
- Increased resources and capacity to support improved data collection, integrated asset tracking, and regular updates to maintenance service standards could support improved park conditions and user experiences.

About Trust for Public Land and ParkScore

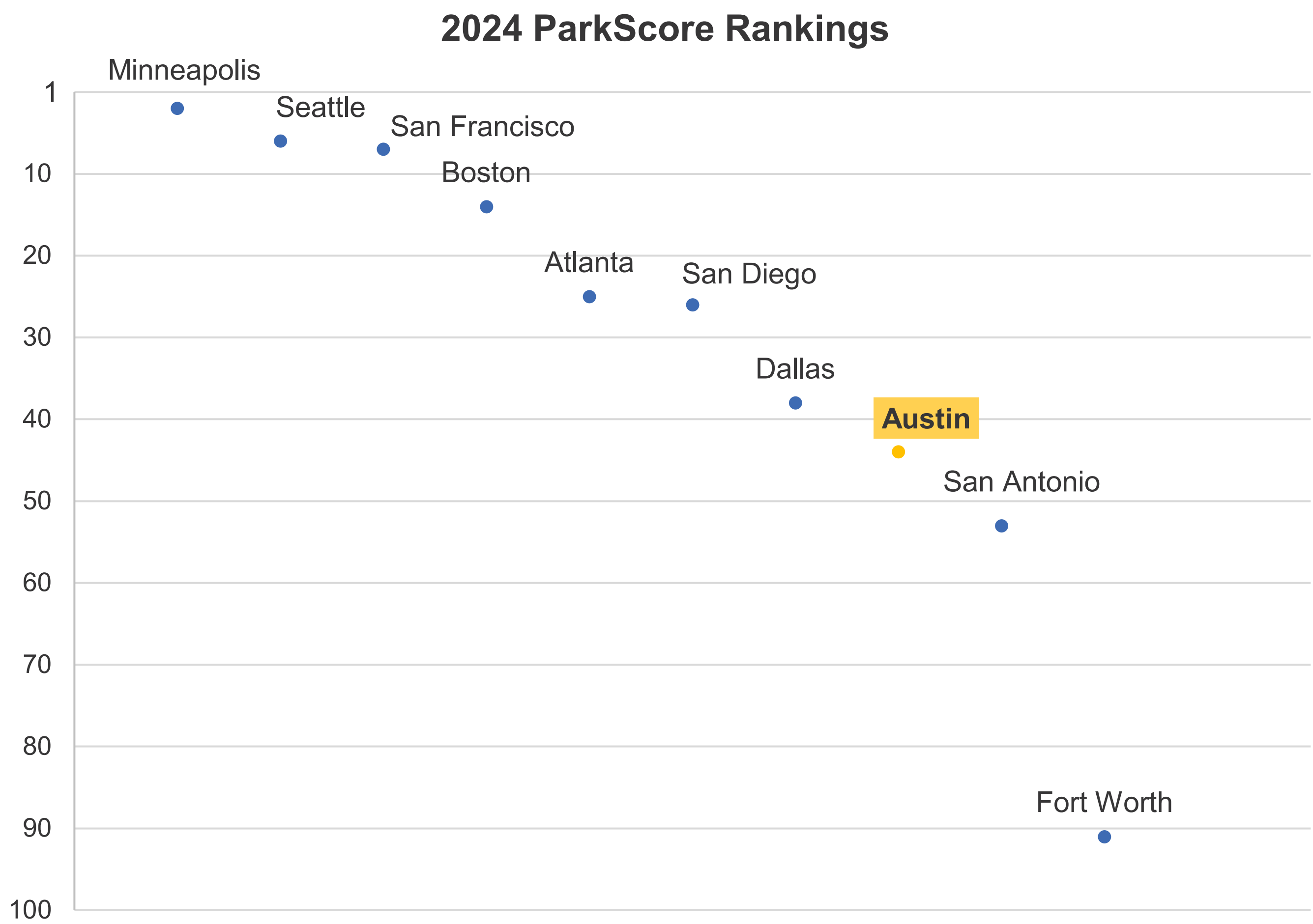
Trust for Public Land (TPL) is a national nonprofit that is focused on connecting everyone to the outdoors. Since 1972, TPL has protected more than 4 million acres of public land, created more than 5,504 parks, trails, schoolyards, and iconic outdoor places, and raised $110 billion in public funding for parks and public lands, and connected nearly 9.7 million people to the outdoors.

TPL's ParkScore Index is the most comprehensive rating system to measure how well the 100 most-populous U.S. cities are meeting the need for parks. For nearly 15 years, TPL has built the ParkScore Index to compare and rank how the U.S.'s most populous cities deliver parks to their residents. ParkScore works directly with the country's 100 largest cities to gather data about each city's park acreage, access, amenities, investment, and equity. Cities are awarded points on a relative basis, based on how a city compares to the 100 largest U.S. cities.

To learn more about ParkScore and review Trust for Public Land's methodology, visit tpl.org/parkscore/rankings.

2024 ParkScore Ranking Comparison

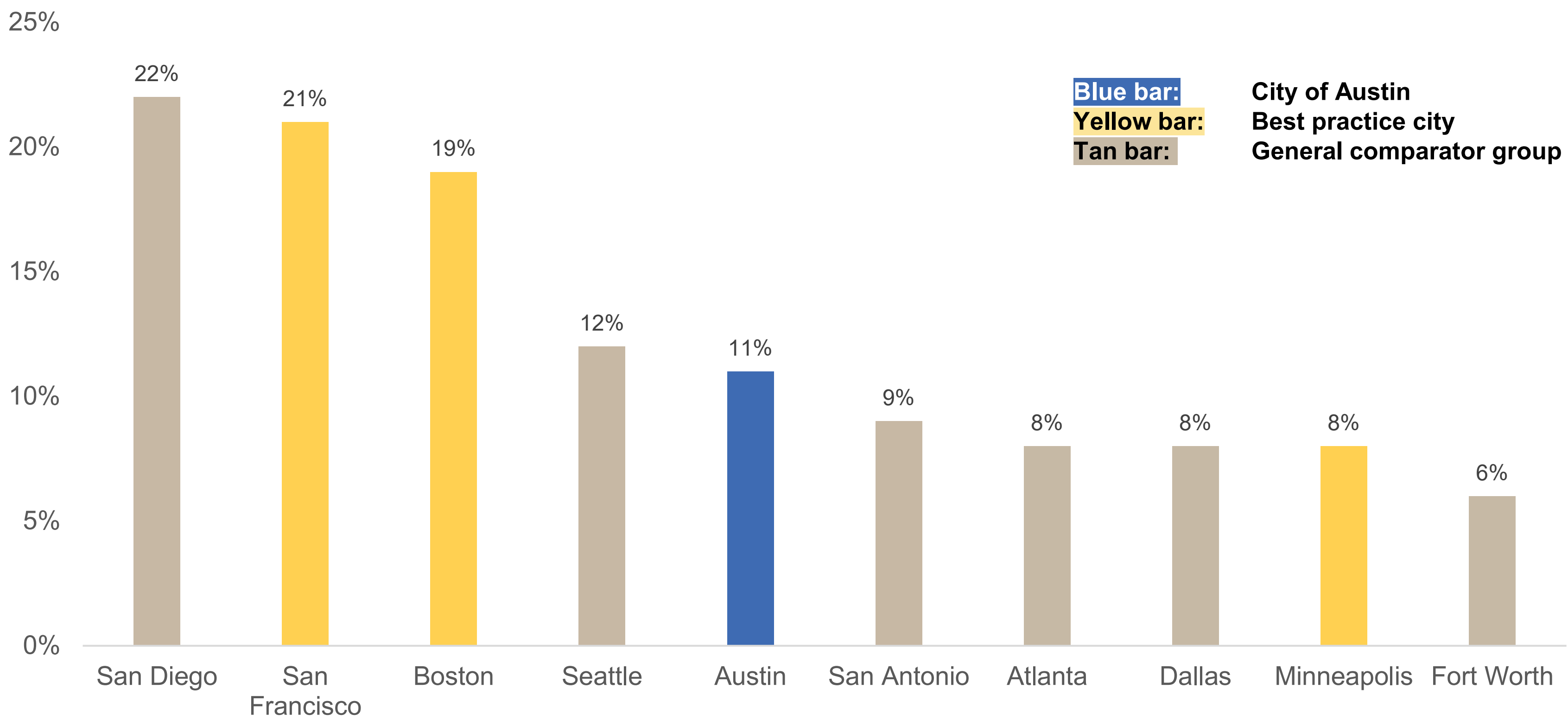
- **Austin's park system is ranked slightly above the median out of the 100 most populous cities in the U.S.***
- Among Texas cities included in the scoring, Austin's park system is ranked third (behind Plano and Dallas).
- ParkScore rankings are inclusive of all public spaces managed and reported on by open space operators across the city, not just the primary city agency.



With the release of the 2025 ParkScore in May of 2025, Austin dropped 10 places to #54 out of 100.

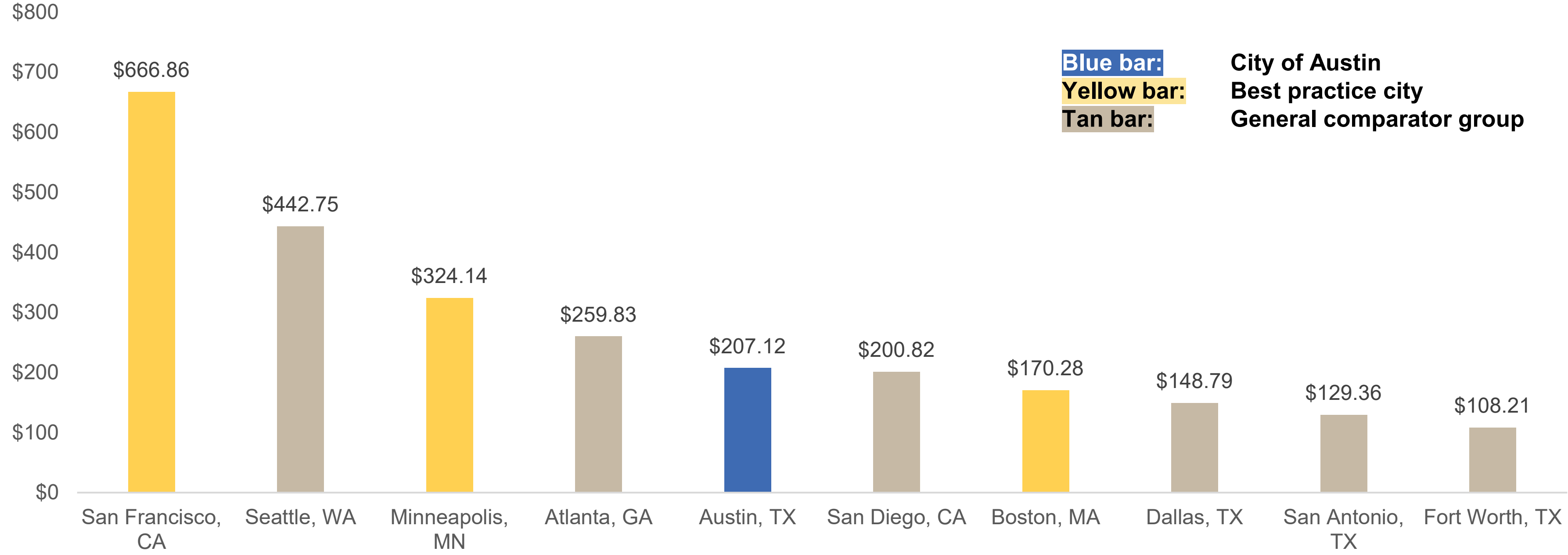
Comparison of Parkland as a Percent of Total City Area

- **The national median percent of total city land used as parkland is 10 percent; the City of Austin uses 11 percent of its land as parkland.**
- Notably, this data predates the passage and implementation of HB 1526.



FY2023 Total Park Expenditures Per Capita

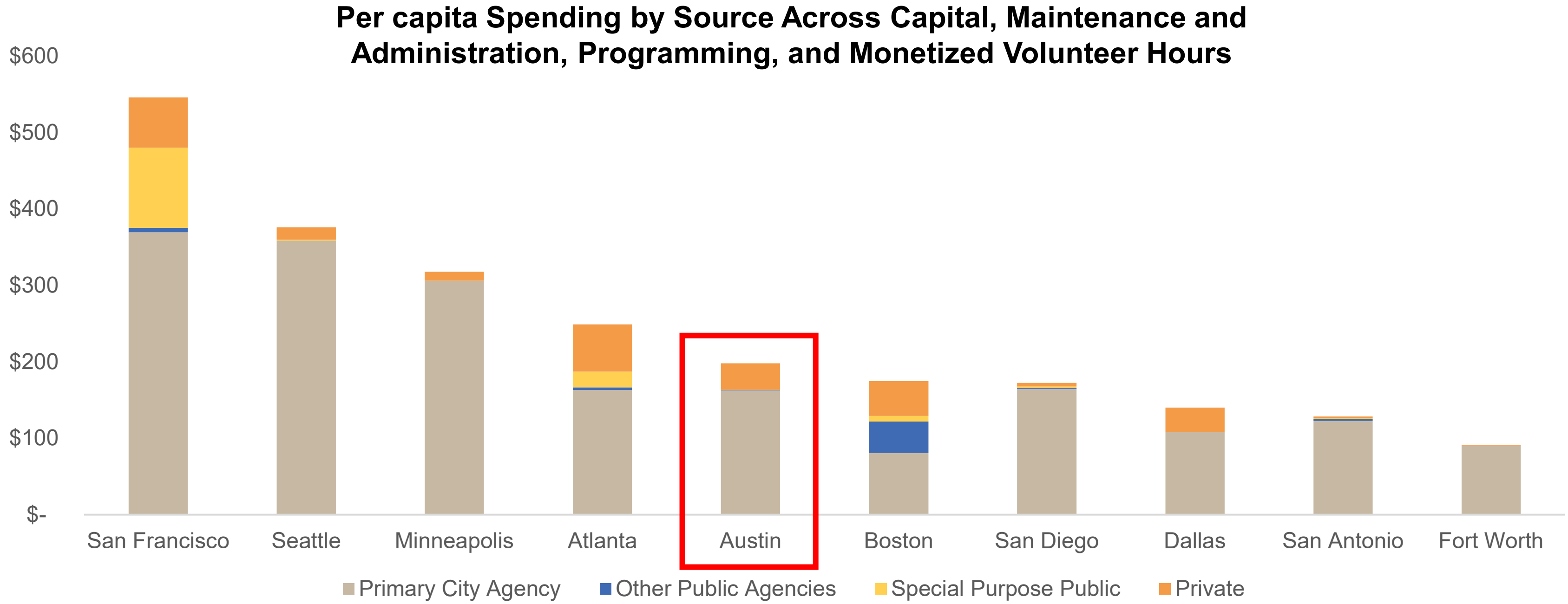
- **The median park expenditures per capita* among Austin and its benchmark jurisdictions in FY2023 is $203.97. Austin's per capita expenditures closely align with this median, at $207.12 per capita.**
- Austin has a larger population than its highest-spending peers, indicating that in addition to the City's lower overall spending on parks, Austin must leverage those funds to serve more residents than its leading peers.
- Austin's per capita expenditures are higher than all three benchmark Texas cities, which have the three lowest expenditures per capita among the comparator group.



**Includes maintenance/administration, programming, and capital and land acquisition.*

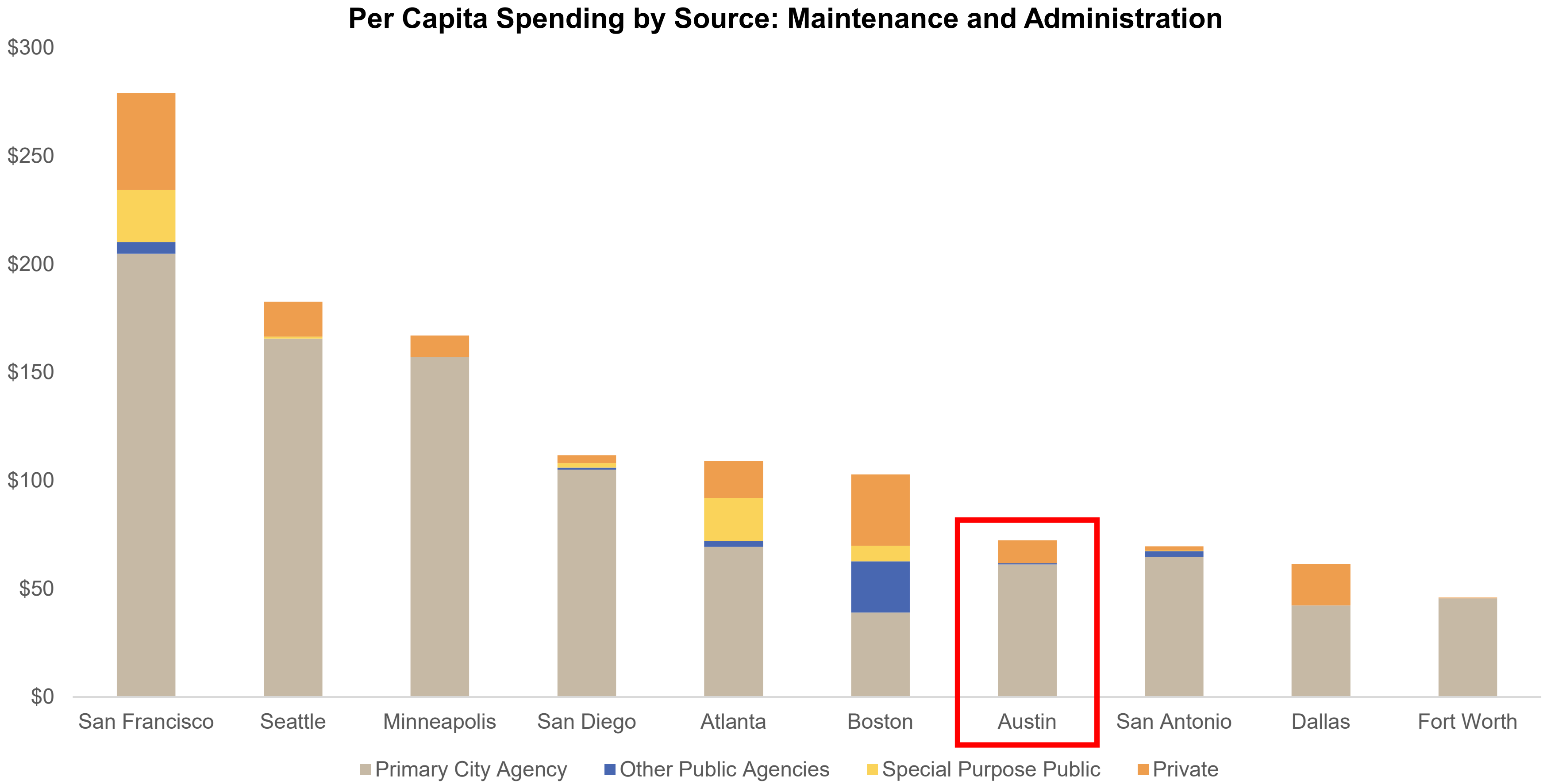
Parks & Recreation Funding Breakdown

- **Overall funding for Austin's parks and recreation system is near the median of its comparator group.** The majority of Austin's parks and recreation funding comes from the primary city agency, PARD, with about 18 percent coming from private fundraising (excluding monetized volunteer hours).
- Exemplar park systems, such as San Francisco, Boston, and Atlanta all receive additional funding from special purpose districts and/or other city agencies.



Source: City Park Facts 2024, Trust for Public Land

Parks & Recreation Funding Breakdown: Details on Maintenance and Administration

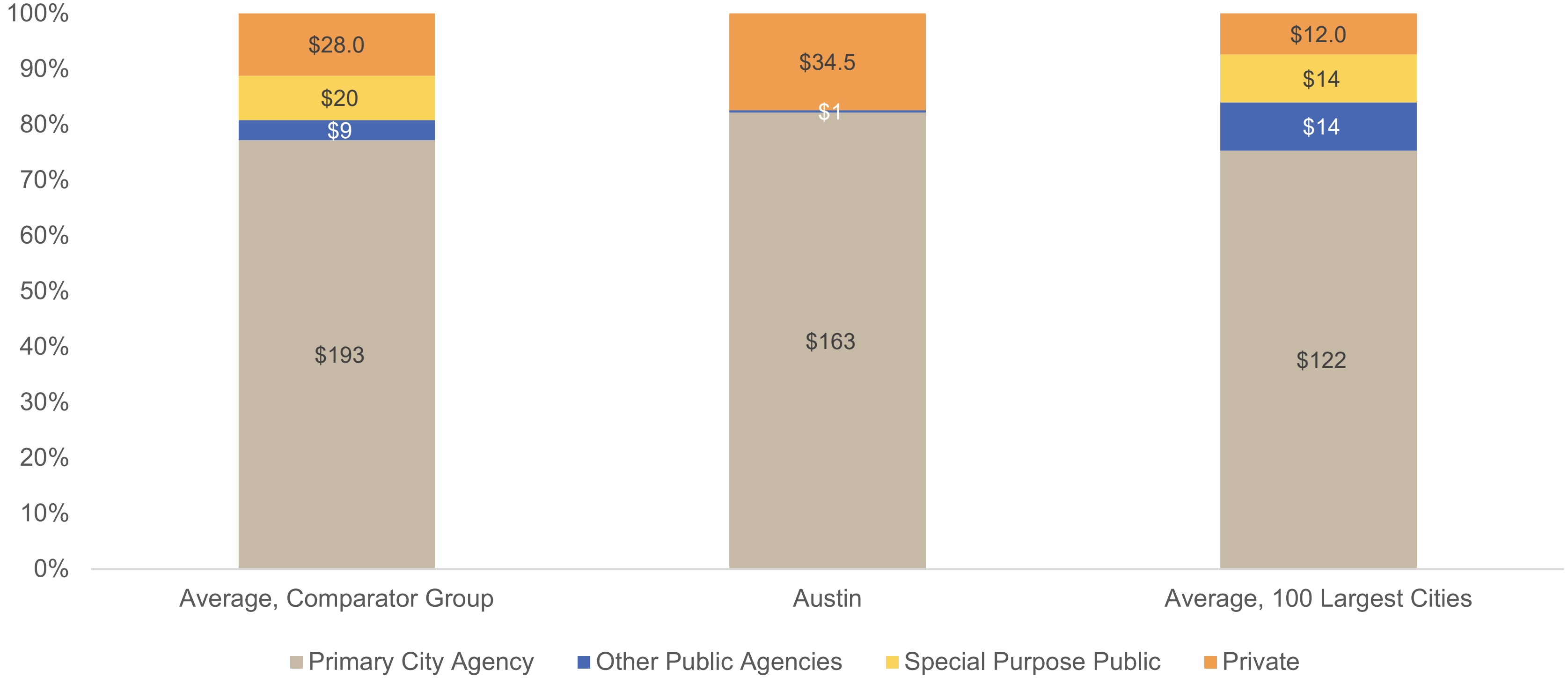


Source: City Park Facts 2024, Trust for Public Land

Austin has opportunities to diversify its parks funding stack, particularly from outside public sources.

- Among both the 100 largest cities and the comparator group, average contributions to parks and greenspace from other public agencies and special purpose public districts are greater than in Austin.

Overall Funding Breakdown (in millions of $)



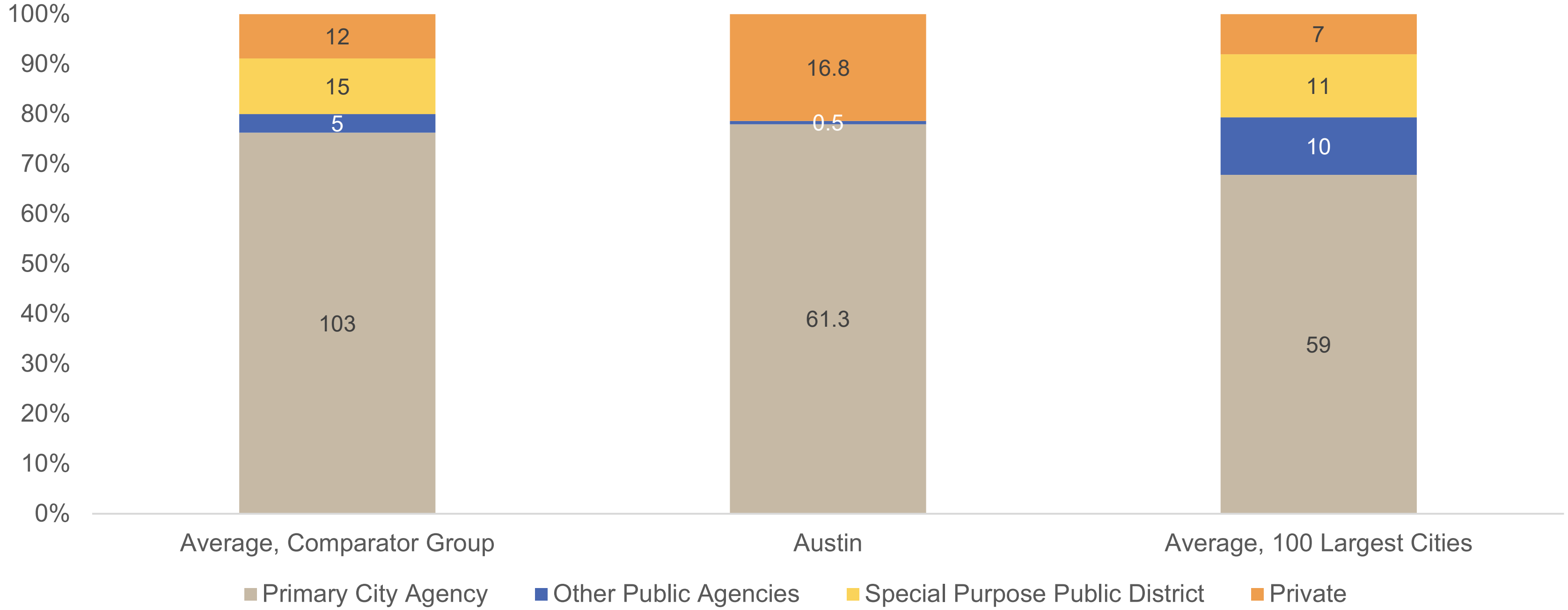
Source: Trust for Public Land City Park Facts, 2024

Zooming in on funding diversification for maintenance and administration

- **PARD spends a higher percentage of Austin's overall maintenance and administration expenditure than peer cities or the 100 largest cities.**

- External spending for maintenance and administration in Austin comes from groups including the Austin Parks Foundation, Hill Country Conservancy, Pease Park Conservancy, The Trail Conservancy, and Waterloo Greenway Conservancy

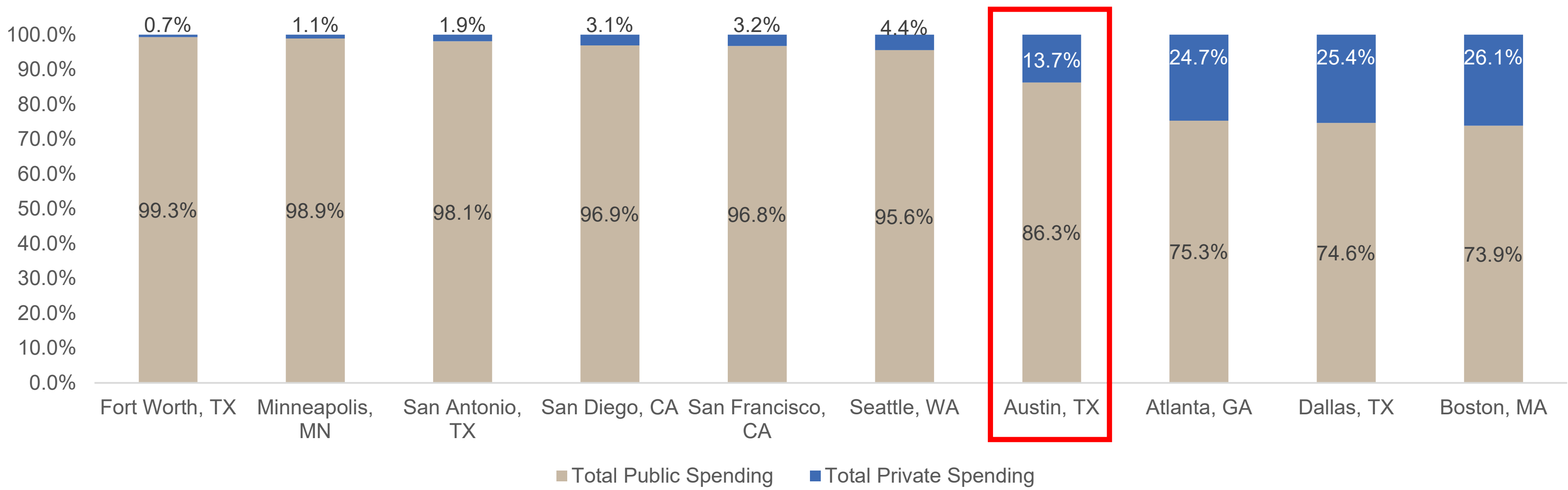
Maintenance and Administration Funding (in millions of $)



Source: Trust for Public Land City Park Facts, 2024

FY2023 Public vs. Externally Raised Spending

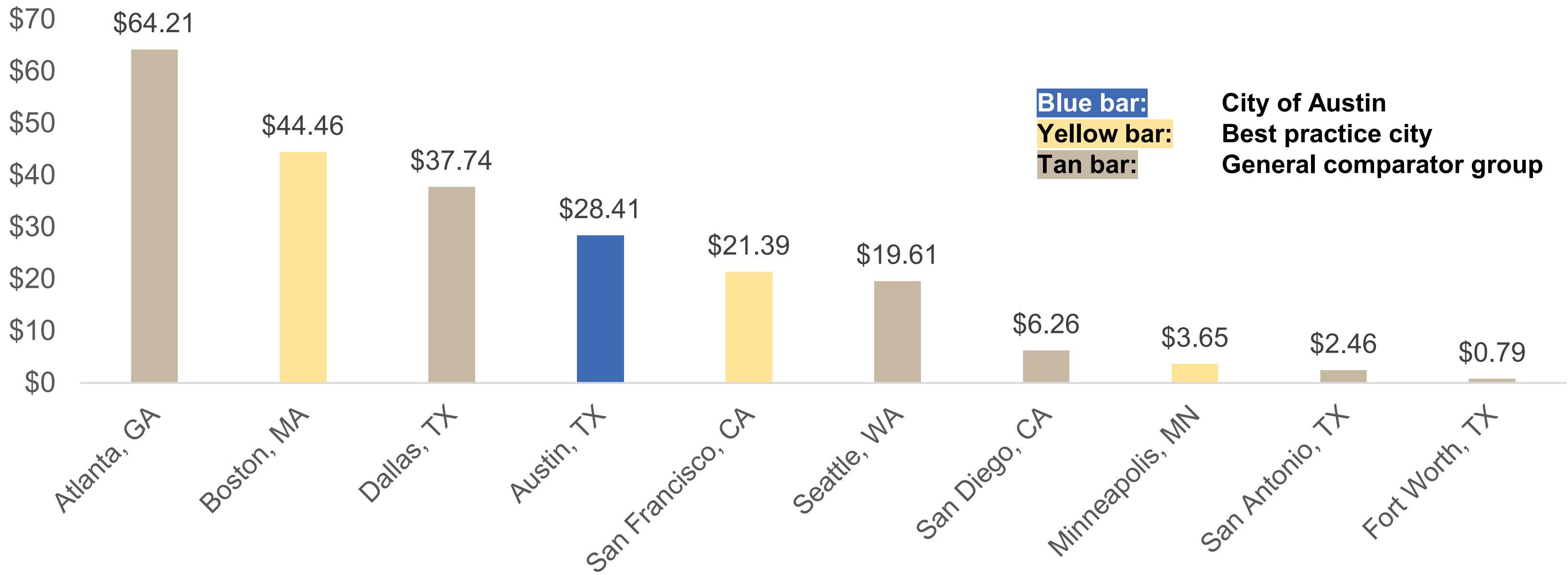
- **A significant and growing percentage of overall spending on Austin's park systems comes from private sources, though many of those funds are spent by organizations other than PARD on behalf of the park system.**
- Private spending in Austin includes private donations made directly to and spent by PARD, as well as spending by Austin Parks Foundation, Hill Country Conservancy, Pease Park Conservancy, the Trail Conservancy, and Waterloo Greenway.
- Improved collaboration, transparency, and coordination with non-profit partners will enable to City to more effectively leverage its existing private support and increase overall private support.



Comparison of External Spending Per Capita

- **Among the comparator group, Austin sees the fourth highest private spending on parks per capita, indicating strong local support and philanthropic interest in parks.**
- Private spending data is self-reported nonprofit and philanthropic agencies and includes grants and unrestricted donations designated for capital projects. This data offers a more comprehensive view of local support for city parks.
- Notably, San Diego, Minneapolis, San Antonio, and Fort Worth did not report any privately-funded capital expenditures.

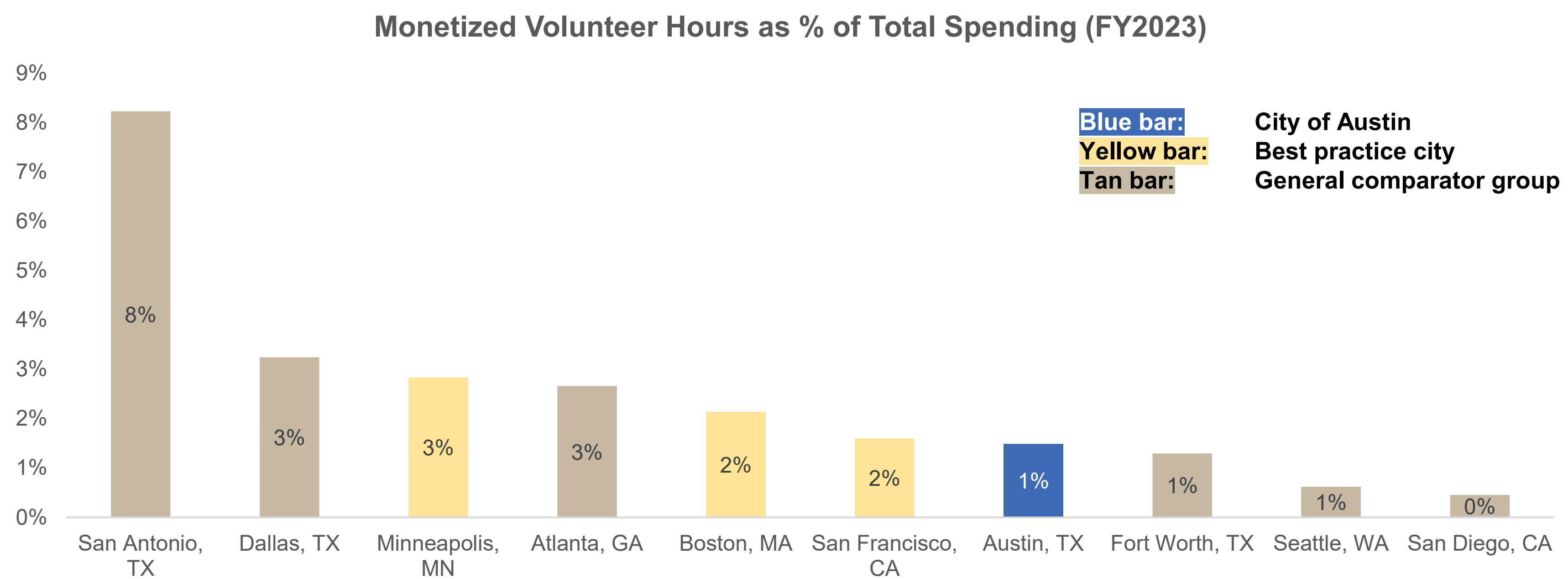
FY2023 Per Capita Private Park Spending Among Benchmarks



Source: Trust for Public Land City Park Facts, 2024

Monetized Volunteer Hours

- **The City of Austin reports lower than average monetized volunteer hours ($3 million) among its comparator group.** Austin's monetized volunteer hours also make up a smaller proportion of its overall spending on parks than many of its peers.
- PARD currently does not rely as heavily on volunteers for care of the overall park system as its peers. At the same time, PARD has potential to increase the added value of volunteers to its parks.

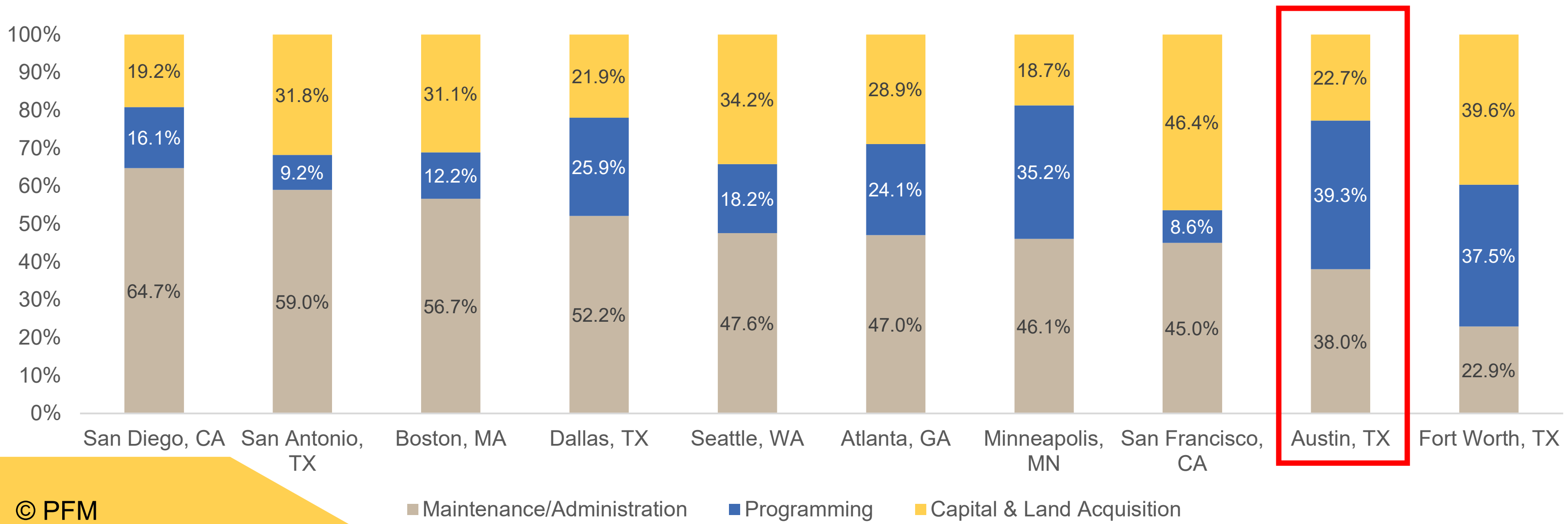


Source: City Park Facts 2024, Trust for Public Land

FY2023 Percent of Total Spending by Use Category

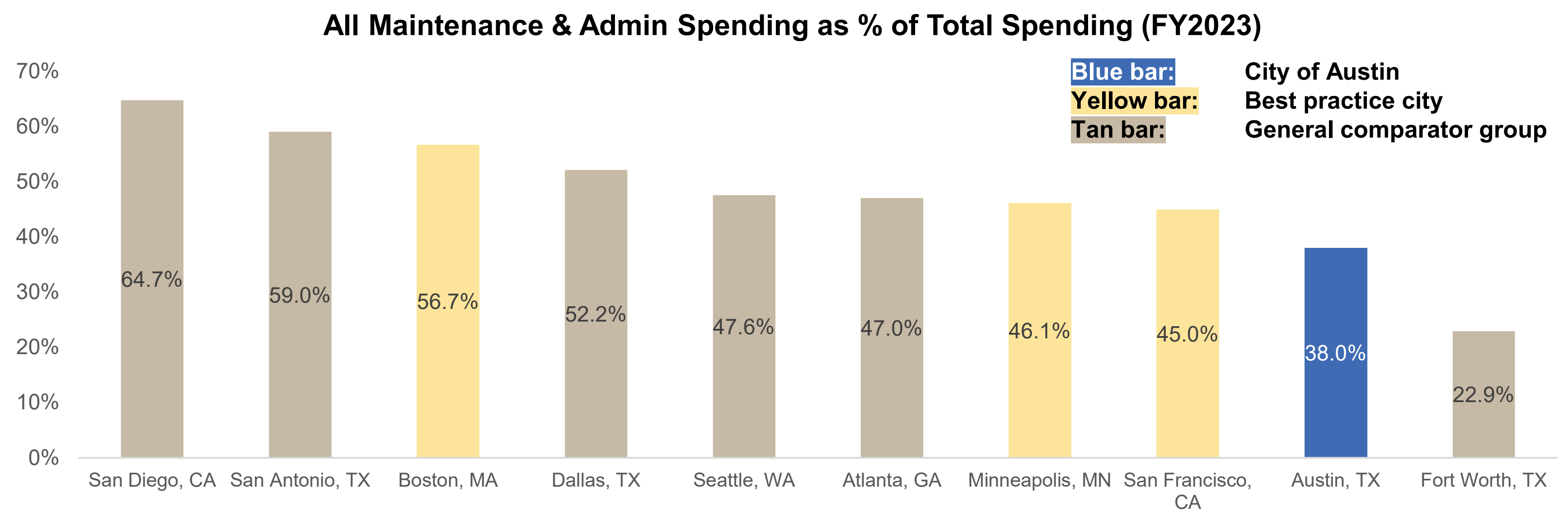
- By portion of total spending, Austin spends the second least of its peers on grounds maintenance and administration.
- **Austin spends a higher portion of its budget than its peers on recreational facilities, staff, and programming.**
- Austin's portion of budget dedicated to capital and land acquisition is the third lowest compared to its peers.

  - **Maintenance/Administration:** Expenditures related to maintenance of park sites, including both staffing and operational expenses, as well as administrative expenses, such as leadership, marketing, IT, planning/GIS, HR functions.
  - **Programming:** Expenditures related to maintenance of recreational buildings and park & recreational programming, including staffing and operational expenses.
  - **Capital & Land Acquisition:** Expenditures from the capital budget on significant improvements, such as capital construction or repair, and any funds spent out of the agency budget to purchase parkland.



Overall Spending on Park Maintenance and Administration

- **Including private sources that fund park maintenance, Austin's relative spending on park maintenance is lower than most of its peers.**
- Park maintenance is a top priority for the City, and one with significant economic and quality of life returns. Consistent, predictable, dedicated funding is required to maintain high quality parks.
- On average, Austin's peers – including city agencies and private sources – spend 13 percent more on park maintenance.



Source: City Park Facts 2024, Trust for Public Land

Park Maintenance Service Levels

- Many parks departments across the country have established "service levels" that help to guide the frequency with which local parks receive maintenance services.
- In order to receive accreditation from the National Recreation and Parks Association (NRPA), local park agencies must demonstrate that they have set in place "maintenance and operations management standards" for local parks. NRPA's requirement is a key driver behind the adoption of service levels among parks departments across the country.
- Austin has created four maintenance levels that can be assigned to a park based on its visitor levels.
- Frequency of service ranges from quarterly for non-developed parks, trails, or natural areas to daily for high traffic areas that have complex amenities.

Activity	Performed Every X Day **Level 1** Level IV Development	**Level 2** Level III Development	**Level 3** Level II Development	**Level 4** Level 1 or Undeveloped
Mowing/Blowing/ Line Trimming	7	14	21	28+

Activity	Performed Every X Day **Level 1** Level IV Development	**Level 2** Level III Development	**Level 3** Level II/I Development	**Level 4** Undeveloped
Litter/Empty Trash	1	1.75	7	90
Restrooms	1	1.75	7	
Playgrounds	7	14	30	90
Trails Maintenance	90	180	365	545
Athletics Maintenance	1	1.75	7	30
Horticulture	7	14	21	90

Activity	Performed Every X Day **Level 1** (100+ Amenities)	**Level 2** (50-100 Amenities)	**Level 3** (1-50 Amenities)	**Level 4** (0 Amenities)
Preventative Maintenance	7	30	90	

Currently Activity	Receives a WO Every X Day on Average **Level 1** (200+ Amenities)	**Level 2** (75-200 Amenities)	**Level 3** (1-75 Amenities)	**Level 4** (0 Amenities)
Work Orders	7	14	45	180
Graffiti	14	30	90	

Activity	Performed Every X Day **Level 1** Level IV Development	**Level 2** Level III Development	**Level 3** Level II Development	**Level 4** Level I
Irrigation	7	30	90	180

Maintenance Benchmarking Findings and Takeaways

The Importance of Park Maintenance

- Park maintenance is critical to user experience and perception of parks. Due to staff capacity, most parks departments operate on a reactive schedule (responding to issues), rather than a proactive schedule (preventative maintenance).
- Additional capacity is critical to ensuring maintenance crews can address deferred maintenance backlogs and begin taking care of parks before they become problems.

Austin's Approach to Park Maintenance

- Austin's maintenance standards largely align with national recommendations, as determined by NRPA's CAPRA Accreditation Handbook.
  - The establishment of different maintenance levels for its parks is a strong starting point for park maintenance.
  - However, Austin currently lacks an explicit mechanism for adjusting service levels based on data and/or for bringing parks back into compliance with service targets.
  - Austin also lacks dedicated maintenance funding. For FY2025, PARD estimated over $2.1 million in ongoing and one-time unmet maintenance needs, including the need for 16 FTEs to keep up with minimum service level needs.

Best Practices from Peer Cities

- Policies and practices that enable cities to excel in O&M include dedicated funding for maintenance, clearly articulated service levels that are regularly updated, regular data collection on park maintenance and conditions, and fully leveraging comprehensive asset management and tracking systems to inform maintenance planning.

Maintenance Benchmarking Findings and Takeaways

- **For Austin's park system to meet service standards and perform comparably to its highest ranked peers, PARD requires a dedicated funding source for park maintenance, separate from the general fund and restricted in its use, which could be used to support increased staffing and regular data collection and asset tracking.**

Dedicated Funding	**Atlanta:** A 2023 charter change requires a one mill levy on each dollar of property value. 40 percent of the funding generated by the levy goes to park maintenance. **Minneapolis:** Minneapolis Parks received \$3.88 million for maintenance in 2023, \$4.03 million in 2024, and \$4.43 million in 2025. Funding comes from an increased property tax levy and is restricted in its use. **Seattle:** Passage of Proposition 1 in 2014 established the Seattle Metropolitan Park District, which levies taxes for park operations – including maintenance.
Service Levels	**Minneapolis:** Established maintenance service level targets to be achieved over a clearly articulated timeline. Maintenance service levels are reviewed and updated annually. **San Francisco:** Set in place clear maintenance standards for 12 different park asset types. City Charter requires maintenance schedules be publicly available with data demonstrating how intended schedules are being met.
Data Collection	**Minneapolis:** Conducts annual conditions assessment of park features and publicly shares the average condition of amenities tracked over time. **San Francisco:** Conducts quarterly evaluation of asset conditions across all parks and publicly shares data online. Data is also used to inform maintenance service.
Asset Management	**Minneapolis:** MPRB tracks its maintenance and operations work through a GIS map, which allows them to adjust staffing and resources on an as-needed basis. **San Francisco:** Data collected on a quarterly basis helps to generate park maintenance scores that are used to adjust staffing and service schedules. **Seattle:** Has established an Integrated Asset Management Work Order system (AMWO).

How Do Other Cities Fund Their Parks?

- **Austin's peer cities are largely funded through dedicated public funding sources, such as property or sales tax revenue or a dedicated percentage of the city's general fund defined by municipal code.**
- Many peer cities also receive a portion of their parks and open space funding from Special Purpose Public Districts.
- Most peer cities leverage bonds to fund major capital improvements. Importantly, bonds cannot be used for O&M.
- Included below are examples of how other cities fund their parks departments. Note that this is not comprehensive, and other funding sources may exist outside what is listed here.

City	Special Purpose Public Districts	Partnerships	Bonds	Dedicated Funding Sources
Atlanta	X – Atlanta Beltline Incorporated; Atlanta Downtown Improvement District	X	X	Sales Tax for Belt Line Dedicated % of Property Tax Tree Fund
Austin	X - Onion Creek Metro Park District	X	X	Waller Creek TIRZ
Boston	X – Massachusetts Port Authority	X	X	1% Property Surcharge Tax (Community Preservation Act)
Dallas	X – Klyde Warren Park Public Improvement District	X	X	
Fort Worth	X – Various Park Improvement Districts	X	X	
Minneapolis		X	X	Council Resolution for Dedicated Minimum Parks Funding via Property Tax and Discretionary Funds
San Antonio	X – Hemisfair Park Area Redevelopment Corporation	X	X	Sales Tax for Linear Creekways Parks Development (2015-2020) Sales Tax for Edwards Aquifer Protection (2015-2020) Monthly waste management fee for parks
San Diego	X - San Diego Unified Port District	X	X	
San Francisco	X – Presidio Trust	X	X	Parks and Open Space Fund Codified in Municipal Code
Seattle	X – Port of Seattle	X	X	Seattle Park District (primary city agency)

Data source: Trust for Public Land City Park Facts Survey, 2024 and LandVote Database

Financial Benchmarking – Other Parks System Revenue Options & Questions

	Track & Monetize Volunteer Hours?	Levy Parks Utility Fee on residents?	Differentiate Resident vs. Non-Resident Fee Levels?	Employ Volunteer Labor Manager?
Austin	✓		✓	Offers volunteer opportunities through nonprofit partnerships, but no manager position listed/provided
Atlanta			✓	Office of Recreation with volunteerism aspect, but no manager position listed/provided
Dallas	✓	Charges Environmental Clean-Up Fee	✓	✓
Fort Worth		Charges Environmental Protection Fee		✓ Manages volunteer efforts across entire city
San Antonio		✓		✓
San Diego	✓		✓ For some fees	✓
Seattle	Tracks volunteer hours but not value		✓ For some facilities	✓ Through partnership with United Way

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Financial Analysis

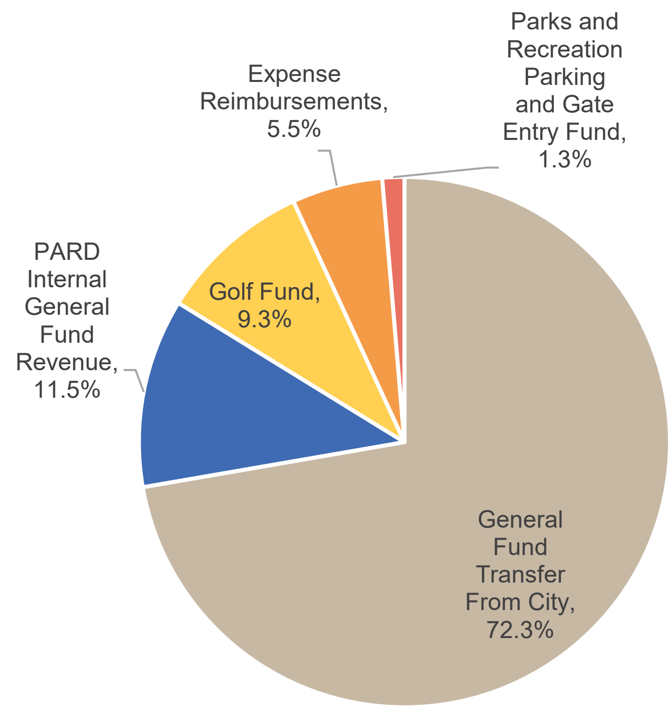
Overview of PARD Financial Analysis & Benchmarking

- In order to better understand the need and urgency of additional revenue options, the PFM team conducted a financial analysis of PARD's actual (obligated) revenues from FY2019 through FY2024 to evaluate pre- and post-COVID trends and fiscal impacts.
- Using historical revenue and expenditure trends, the PFM team also projected future revenues and expenditures from FY2026 through FY2030.
- In addition to the review and analysis of PARD financial information, the PFM team conducted a detailed review of the financial structure of peers.
- For each jurisdiction the team compiled:
  - FY2023 department actuals
  - FY2025 budget figures for the department
  - Capital financing sources and amounts for FY2023 and FY2025 budget
  - Fund structure and use of enterprise and special revenue funds
  - Core services and program spending of the department and park systems
- This financial analysis explores key questions regarding PARD's financial outlook:
  - If current behavior continues, what will be the revenue gap by FY2030?
  - Are there opportunities in PARD's existing revenue that should be considered for expansion?
  - How much revenue should PARD generate on an annual basis?
  - How does PARD's current revenues and revenue structure compare to peers?
- The PFM team also researched the answers to the below question for each of the comparator jurisdictions.
  - Does the City and/or department track monetized volunteer hours?
  - Is there a utility fee for parks levied on residents?
  - Are the department's fees differentiated between city residents and non-residents?
  - Does the city employ volunteer labor manager position?

Overview of PARD Funding Structure

- PARD receives an approximate $100.5 million transfer annually from the City's General Fund to sustain operations.
- PARD's internally-generated revenue is sourced from:
  - The **General Fund**, such as entry and registration fees;
  - The **Golf Fund**, an enterprise fund;
  - The **Historic Preservation Fund**, which represents a portion of the City's Hotel Occupancy Tax revenues and is tracked as expense reimbursements, (beginning in FY2025, when it was transferred from the Economic Development Department); and
  - The **Parks and Recreation Parking and Gate Entry Fund**, a special revenue fund.
- Since PARD's Golf Fund and Parking & Gate Entry Fund are separate funds – which are designed to cover their operating expenditures through revenue-raising activities – PARD's revenue analysis and structural position must be localized to its General Fund operations.
- Additionally, PARD receives revenue from Expense Reimbursements, which are tracked as negative expenditures ($7.7 million in FY2024).
- In FY2025, PARD received ownership of the Historic Preservation Fund* from the Economic Development Department, which until FY2024 had been tracked through expense reimbursements.

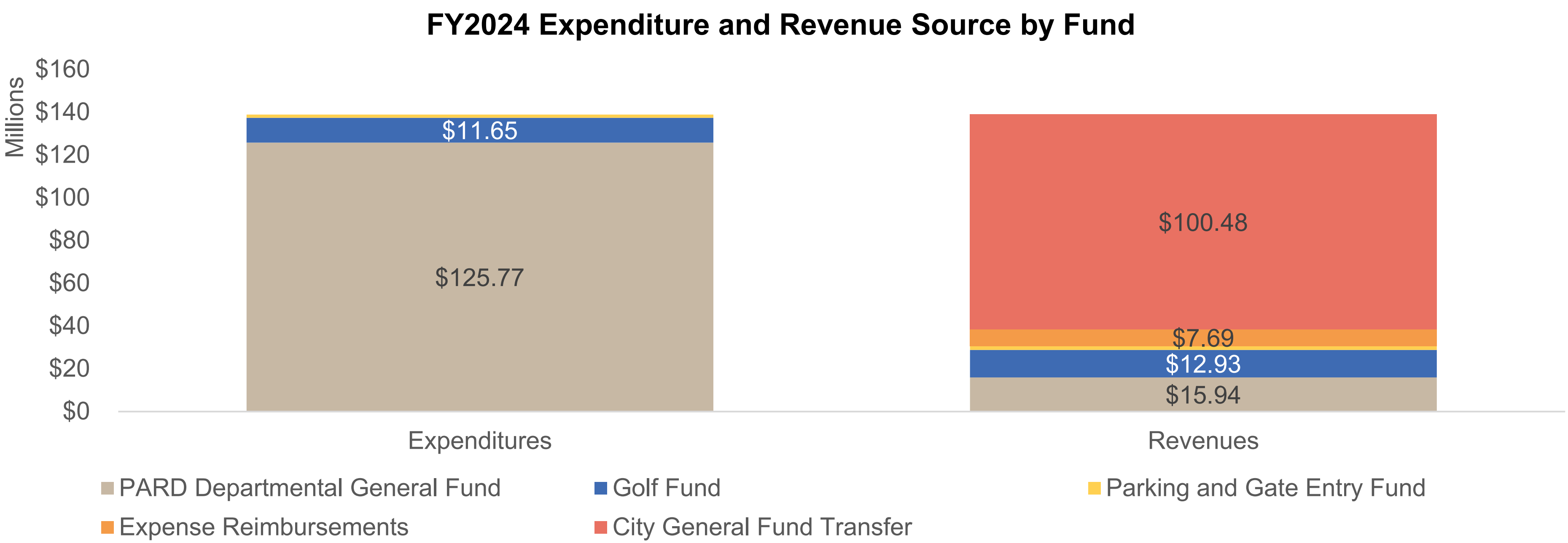
FY2024 PARD Revenue Sources



This will transfer out of PARD in FY2026 to the Office of Arts, Culture, Music, and Entertainment (ACME).

Overview of PARD Funding Structure

- While PARD has departmental revenue-generating activities through its enterprise fund, special revenue fund, and General Fund fees and other charges, similar to other cities across the country, **the majority of the Department's funding comes through General Fund allocations from the City** as these internal revenues do not fully support PARD's expenditure activities.
- In FY2024, PARD had $138.9 million in expenditures and $30.7 million in total revenue, excluding a direct $100.5 million transfer from the City's General Fund and $7.7 million in expense reimbursements from other departments.
- 72.3 percent of PARD revenue was sourced from General Fund transfers from the City.



**These figures do not include Historic Preservation Fund expenditures and revenue, as this was not transferred to PARD until FY2025.*

Comparison of Peer Governmental Funds Supporting Parks and Recreation

- The below outlines the non-General Fund governmental funds that support the operations and development for each PARD benchmark jurisdiction – these are comprised of enterprise funds, multi-year funds, and special revenue funds.
- **A key finding from the benchmarking analysis shows that PARD is well below peers in the number of funding sources for operational and capital programs and services.**

Austin

- Golf Fund, Historic Preservation Fund, Parking & Gate Entry Fund

Atlanta

- Water & Wastewater Revenue Fund, Park Improvement Fund, General Governmental Capital Fund, Capital Finance Fund, Capital Asset – Finance Fund, Special Assessment Fund, CDBG Fund, Intergovernmental Grant Fund, COVID-19 Response Grant Funds, Trust Fund, Perpetual Care Fund, Social Bonds Fund, 2017 Afcra Zoo Parking Project, 2014A Park Improvement Revenue Refunding, 2005A Park Improvement Bond Fund

Dallas

- City Park Maintenance Fund, Fair Park Capital Reserve Fund, Fair Park Debt Service, FY2024-25 Community Development Block Grant, FY2025-26 Community Development Block Grant, Golf Improvement Trust, Park and Rec Beautification, Parkland Dedication Program, PKR Program Fund, Samuell Park Expendable Trust, Southern Skates Roller Rink, White Rock Lake Beautification Fund

Fort Worth

- Community Tree Planting Program Fund, Crime Control and Prevention District Fund, Municipal Golf Fund, PARD Endowment Gas Fund, CCPD – Parks and Recreation, Municipal Golf Gas Lease Capital Project Fund, PARD Gas Lease Capital Project Fund

San Antonio

- Parks Environmental Fund, City Cemeteries Fund, Tree Canopy Preservation & Mitigation, Capital Management Services Fund, Resiliency, Energy Efficiency, & Sustainability Fund, Grants, Capital Projects

San Diego

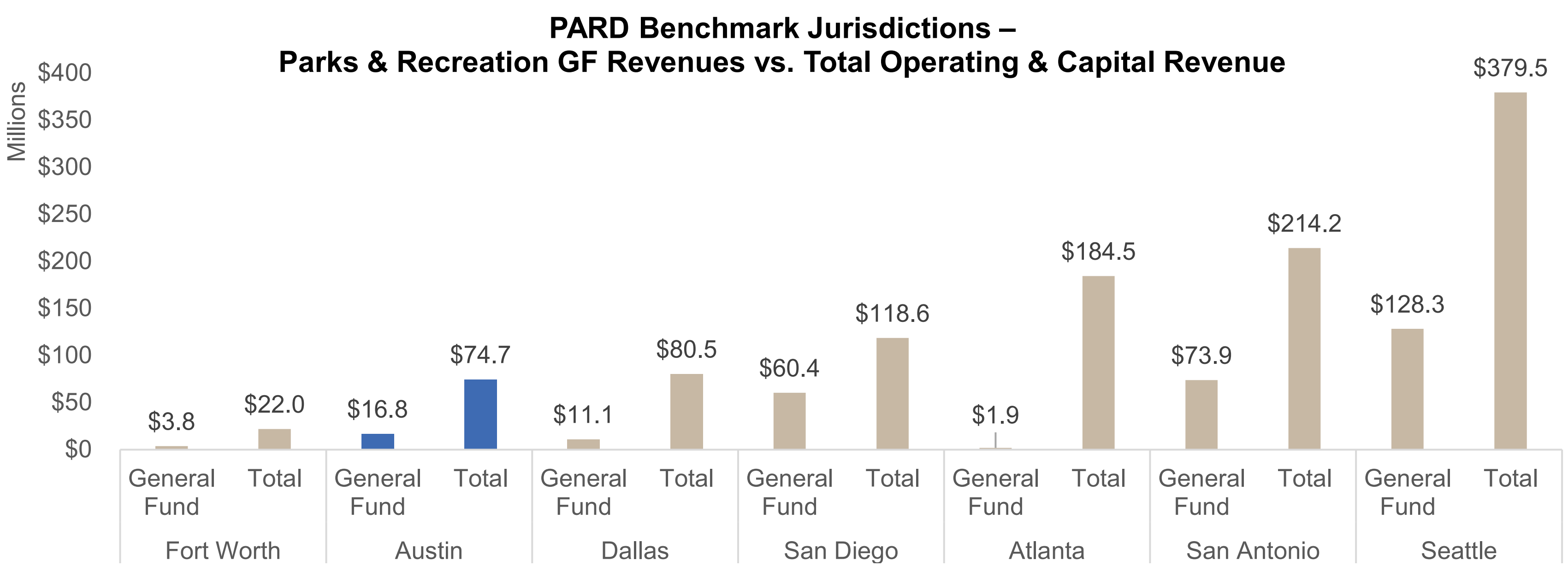
- Environmental Growth 1/3 Fund, Environmental Growth 2/3 Fund, Golf Course Fund, Los Peñasquitos Canyon Preserve Fund, San Diego Regional Parks Improvements Fund

Seattle

- Park & Recreation Fund, Off-Leash Area Donation Fund, Seattle Park District Fund, Park Mitigation & Remediation Fund, King Count Parks Levy Fund, 2023 Multipurpose LTGO Bond Fund

Comparison of Peer General Fund Contributions to Park Funding

- Parks and recreation General Fund revenue, compared to total parks system revenue from operating and capital sources, shows that well-funded parks systems rely mostly on non-General Fund revenue to fund their activities.
- **Generally, parks system departmental revenues and parks system total funding are complementary – the more well-funded parks are, with operating and capital resources, the more departmental revenues that parks systems will be able to raise.**
- The chart below compares revenues raised through general park operations to total revenues raised by each parks system – including capital financing sources, such and public improvement bonds and non-voter approved bonds.



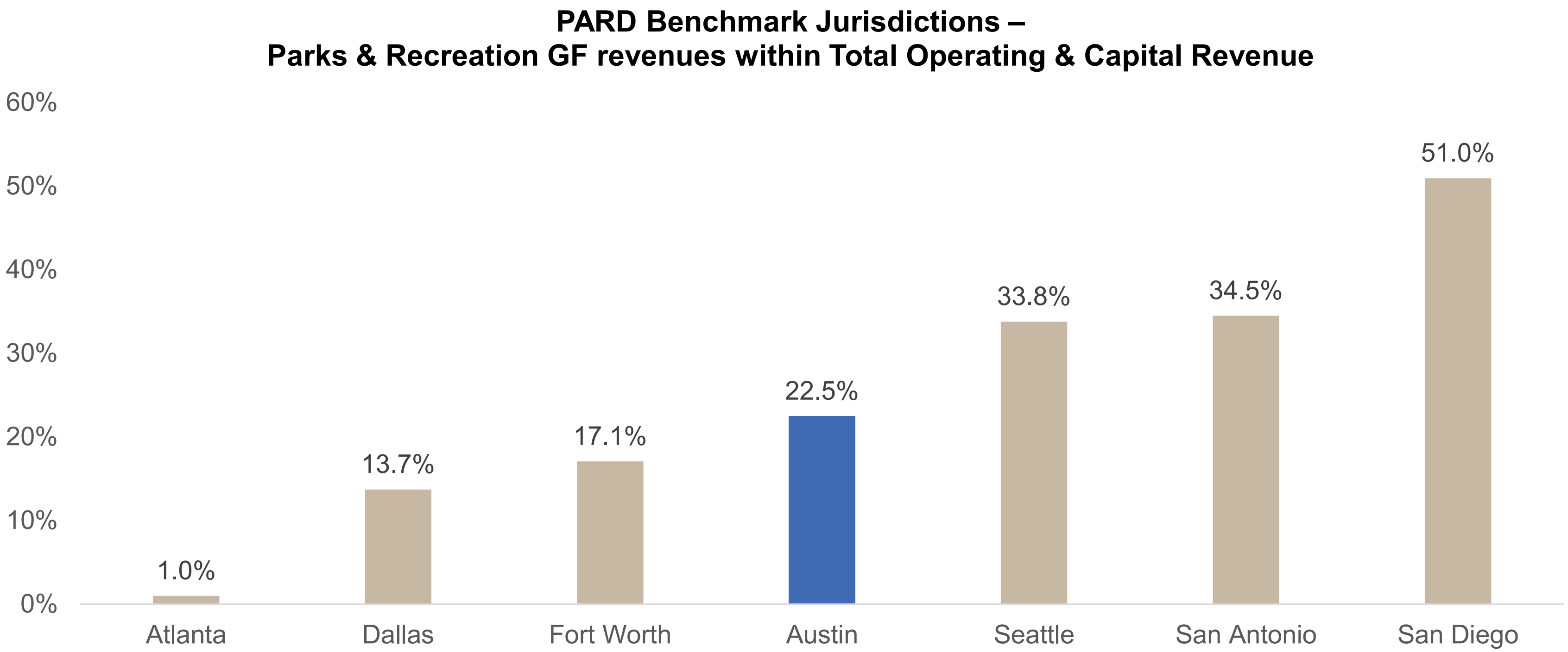
**Excludes San Diego Golf Course Fund.*

**Excludes Austin PARD Golf Fund and Parking & Gate Entry Fund.*

**City of Atlanta FY2025 operating revenue sources do not include figures from two sources (Utilities & Golf Revenue) that had provided revenue in previous years.*

Comparison of Peer General Fund Contributions to Park Funding

- Analyzing benchmarking jurisdictions' General Fund departmental revenues shows that the percentage that parks systems' departmental revenues provide to parks systems' total revenue varies from 1 percent (Atlanta) to 47 percent (San Diego).
- Percentages in this chart represent the proportion of each benchmark jurisdiction's total revenues that are provided by Parks & Recreation departmental revenues.



**Excludes San Diego Golf Course Fund.*

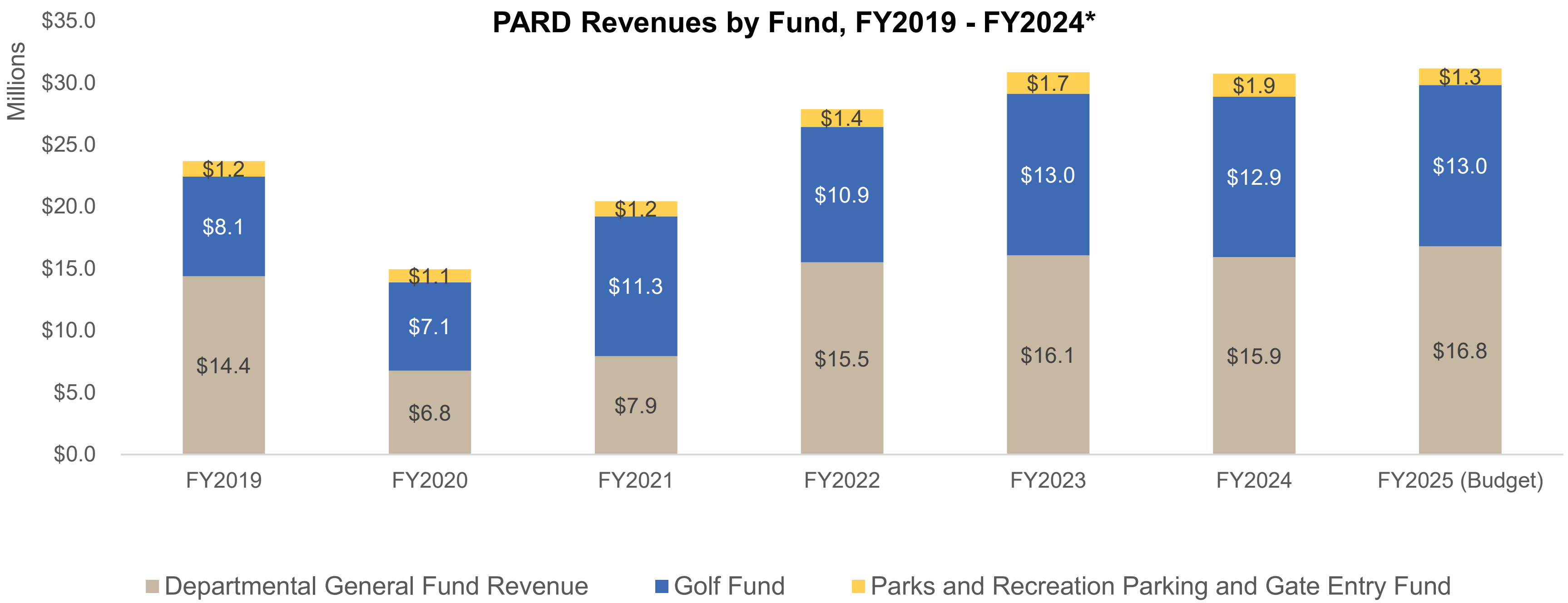
**Excludes Austin PARD Golf Fund and Parking & Gate Entry Fund.*

**City of Atlanta FY2025 operating revenue sources do not include figures from two sources (Utilities & Golf Revenue) that had provided revenue in previous years.*

PARD Revenues

PARD Total Departmental Revenue

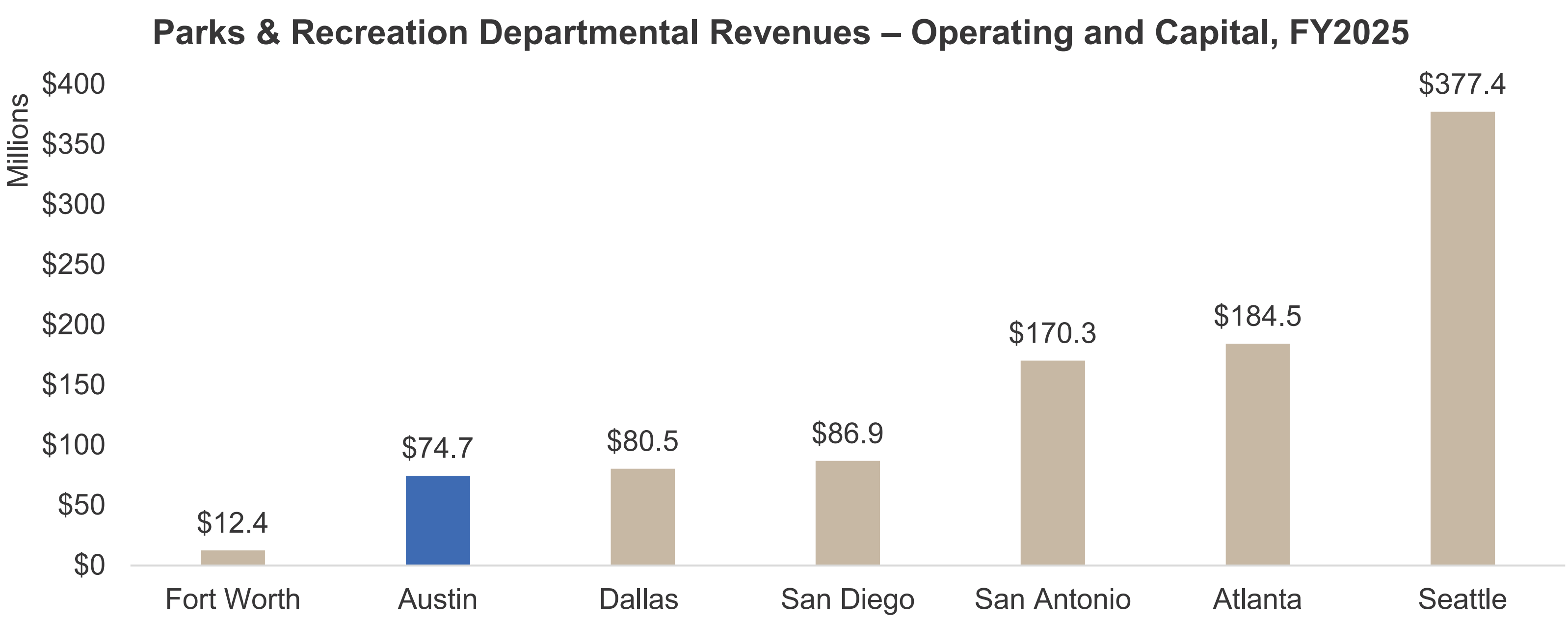
- Not including the $100 million transferred from the General Fund and $7.7 million in expense reimbursements, PARD's FY2025 total budgeted revenue is $31.2 million, a 5.4 percent increase from FY2024 actual revenue.
- Between FY2019 and FY2024, total revenue grew at a CAGR of 5.3 percent.
- During the same period, **Golf Fund and Parking and Gate Entry Fund revenue growth, which grew at CAGRs of 9.9 and 8.3 percent respectively, outpacing General Fund revenue growth, which grew at a CAGR of 2.1 percent.**



Does not include Historic Preservation Fund Revenues and Expense Reimbursements.

Comparison of Peer Operating and Capital Revenue

- **When reviewing total departmental revenue raised by parks & recreation activities in the comparator group, Austin PARD ranks below many comparators.**
  - Operating revenues include charges for services, registration fees, entry fees, etc.
  - Capital revenue sources include bond funding, grants for capital improvements, and CIP funding.

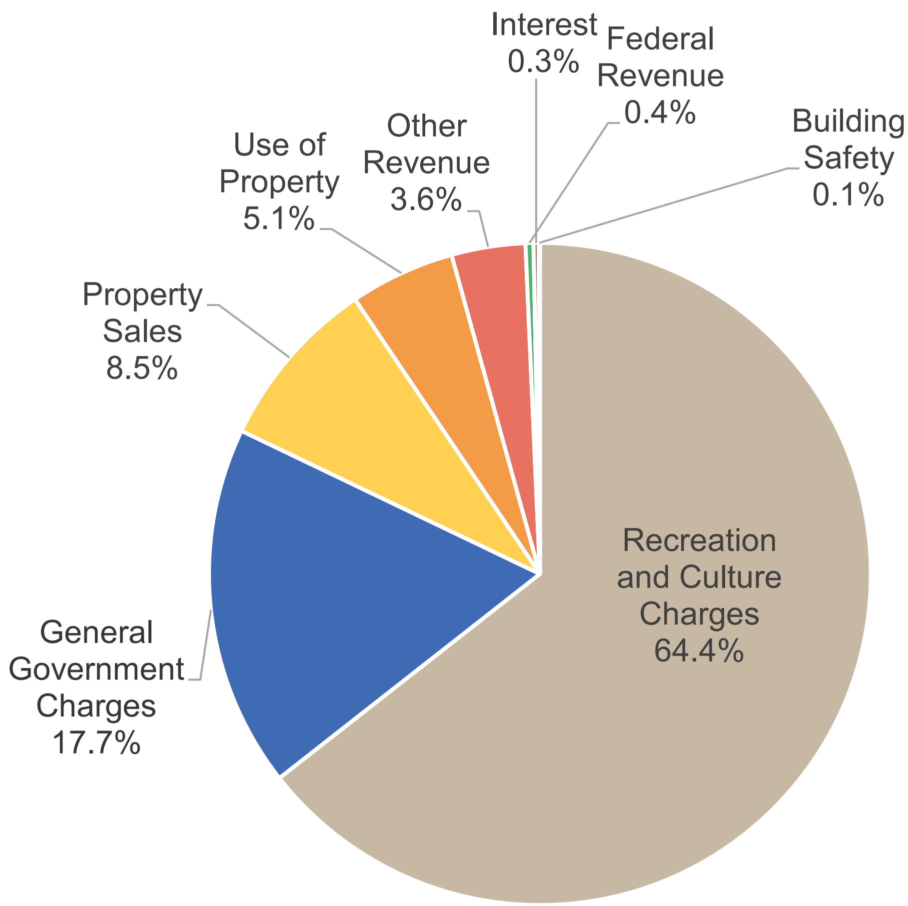


**Not including Austin PARD Golf Fund revenues.*
***City of Atlanta FY2025 operating revenue sources do not include figures from two sources (Utilities & Golf Revenue) that had provided revenue in previous years.*

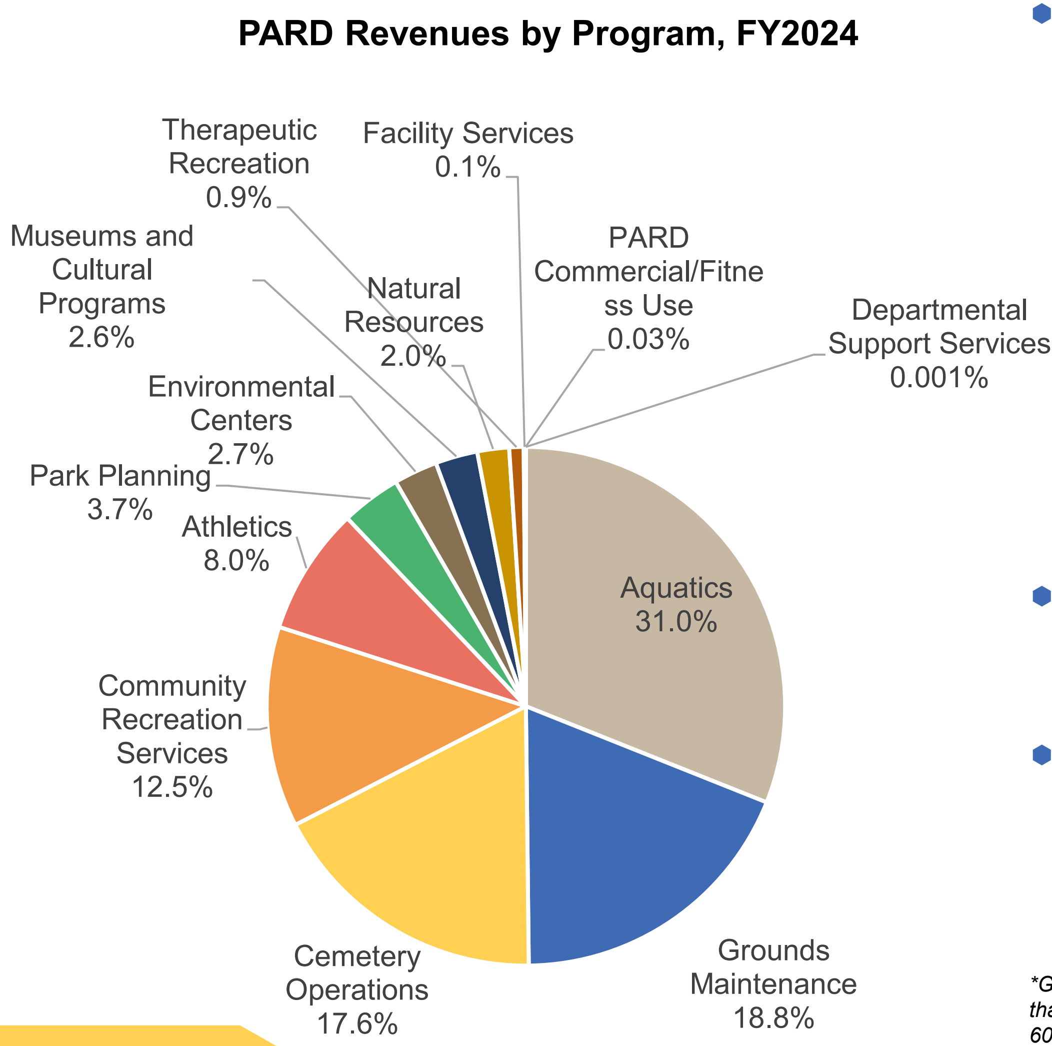
FY2024 General Fund Revenue by Source

- **The majority, 64.4 percent, of PARD's revenue is sourced from Recreation and Culture Charges.** These charges are primarily comprised of three sources:
  - **Entry Fees** (31.2 percent of total General Fund revenue)
  - **Registration Fees** (18.4 percent of total General Fund revenue)
  - **Boating Concession Sales** (6.1 percent of total General Fund revenue)
- Nearly one-fifth (17.7 percent) of PARD's revenue is sourced from General Government Charges, which includes $1.3 million in cemetery operations and $1.6 million in Other Service Fees.
  - These fees are associated with grounds maintenance for Zilker Park, South Park District servicing, and North Park District servicing. A large part of these are Austin City Limits revenue, which will be transferring to ACME in FY2026.

FY2024 Revenue Source



FY2024 General Fund Revenue by Program

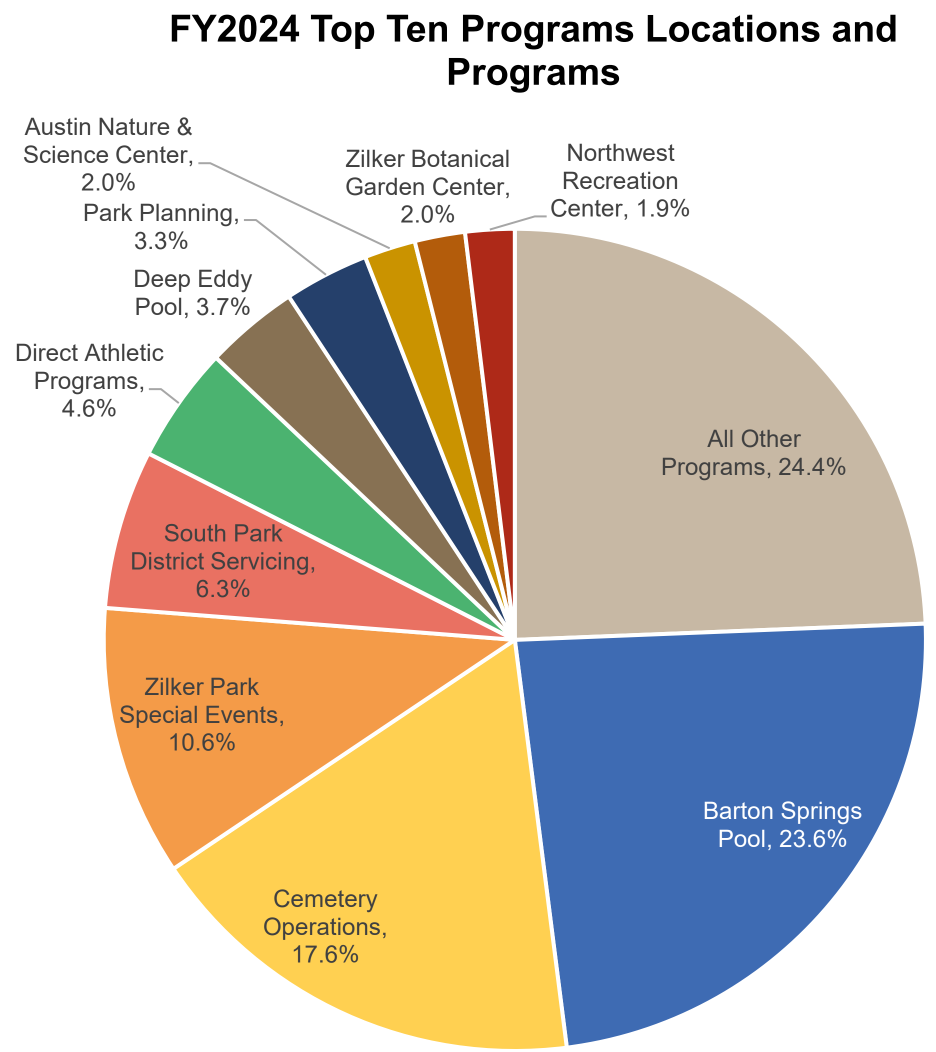


- 79.9 percent of PARD's General Fund revenue is sourced from four programs:
  - **Aquatics** (includes 9 pools and the instructional swim program)
  - **Grounds Maintenance** (includes maintenance and servicing at 6 parks and gardens, plus special event revenue from Austin City Limits*)
  - **Cemetery Operations**
  - **Community Recreation Centers** (includes 17 recreation centers)
- Between FY2019 and FY2024, **Cemetery Operations revenue grew the fastest**, with a CAGR of 6.6 percent across this period.
- While a much smaller portion of revenues, with $142,837 in FY2024, **Natural Resources had the second highest growth rate** with a CAGR of 3.6 percent.

**Grounds Maintenance includes $1.7 million in Zilker Park Maintenance fees that will not be part of PARD"s budget beginning in FY2026. This comprises 60% of the Grounds Maintenance revenue stream and 11% of PARD's overall revenue.*

FY2024 Largest General Fund Revenue-Generating Locations & Programs

- **75.6 percent of PARD's $15.9 million in internal General Fund revenue is sourced from 10 programs**, including cemetery operations.
- **PARD's largest revenue contributor is Barton Springs Pool**, which provides nearly one-quarter of PARD's General Fund revenue.
  - Barton Springs revenue has grown at a CAGR of 4.19 percent between FY2019 and FY2024, providing $3.8 million in revenue in FY2024.
- While Zilker Park is the third-largest revenue provider, its revenues have decreased by a CAGR of -2.92 percent between FY2019 and FY2024.
- The high concentration of revenue sourced from the top revenue generators indicates that **only a few programs (e.g. Barton Springs, Zilker Park, South Park District) have the potential to increase PARD's future revenue in an impactful way.**



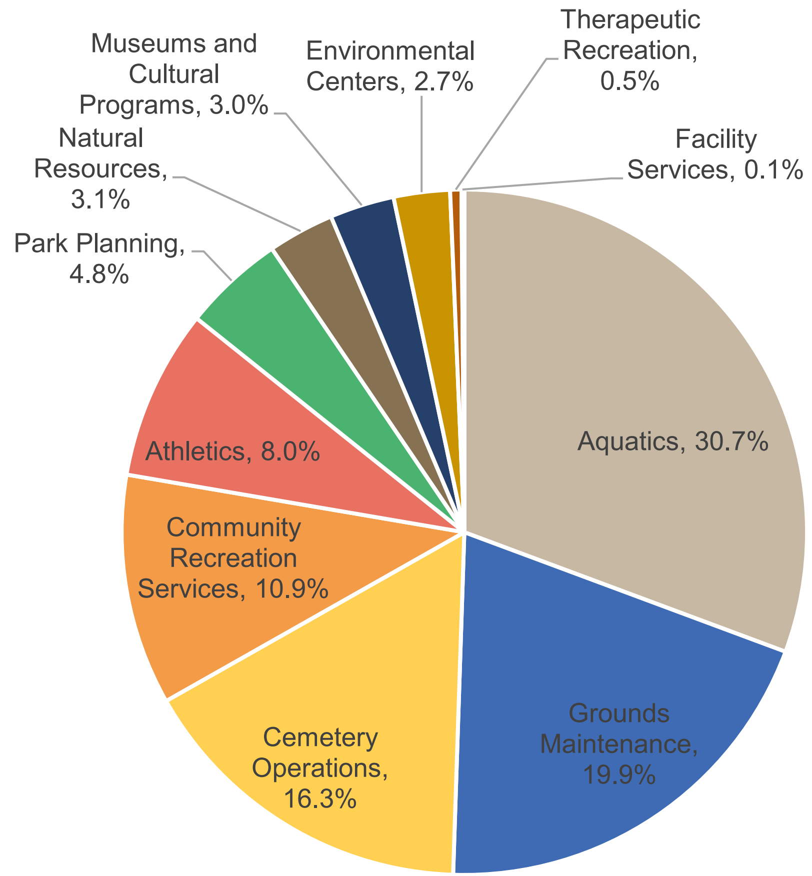
FY2024 Largest General Fund Revenue-Generating Programs

- **Barton Springs Pool and Zilker Park generated the most revenue among all programs**, generating $3.7 million and $1.7 million in FY2024, respectively. In total, the highest revenue-generators are:
  - **Aquatics**
    - **Barton Springs Pool** – $3.7 million in FY2024, or 23.6 percent of FY2024 General Fund revenues.
    - Deep Eddy Pool – $588,183 in FY2024, or 3.7 percent of FY2024 General Fund revenues.
  - **Grounds Maintenance**
    - **Zilker Park Maintenance** – $1.7 million in FY2024, or 10.6 percent of total General Fund revenues. This is mostly Austin City Limits event revenue that will transfer to ACME in FY2026.
    - South District Servicing – $995,518 million in FY2024, or 6.3 percent of total General Fund revenues. This is mostly boating concession revenue.
  - **Community Recreation Services**
    - Northwest Recreation Center – $308,714 in FY2024, or 1.9 percent General Fund revenues.
    - Delores Duffie/Rosewood Recreation Center – $194,605 in FY2024, or 1.2 percent of General Fund revenues.
- **Although Grounds Maintenance is the second-largest Group by FY2024 General Fund revenues, some units within it have not yet rebounded to pre-pandemic (FY2019) levels.**
    - Zilker Park Maintenance – 56.7 percent of Grounds Maintenance, -2.9 percent CAGR from FY2019 to FY2024.
    - North Park District Servicing – 8.9 percent of Grounds Maintenance, -3.4 percent CAGR from FY2019 to FY2024.

Comparison of Peer Parks & Recreation Departmental Revenues

- PFM also reviewed the FY2025 Adopted Budgets for each of the six comparator jurisdictions.
- **Analyzing departmental revenues refers to reviewing the revenues raised through daily operations and service for each parks system.**
- Operating revenue sources include those that are directed toward the General Fund, as well as any enterprise funds, special revenue funds, or non-capital funds that are associated with parks & recreation activities.
- Like PARD, these revenue sources are typically charges for services, registration fees, entry fees for parks facilities, and tax revenue that is earmarked for parks system operations and maintenance.

Austin – FY2025 Departmental Revenues (excl. Golf Fund & Gate Entry Fund)

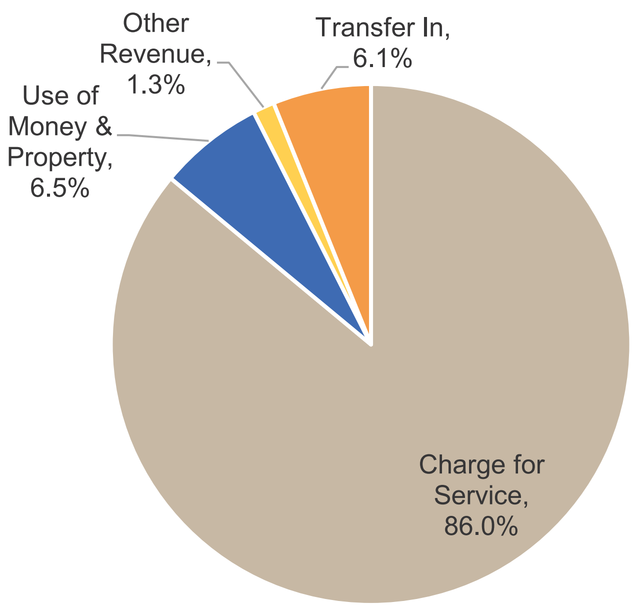


***ACME-related units are represented in “Museums and Cultural Programs”; this will not be a PARD departmental revenue source beginning in FY2026.*

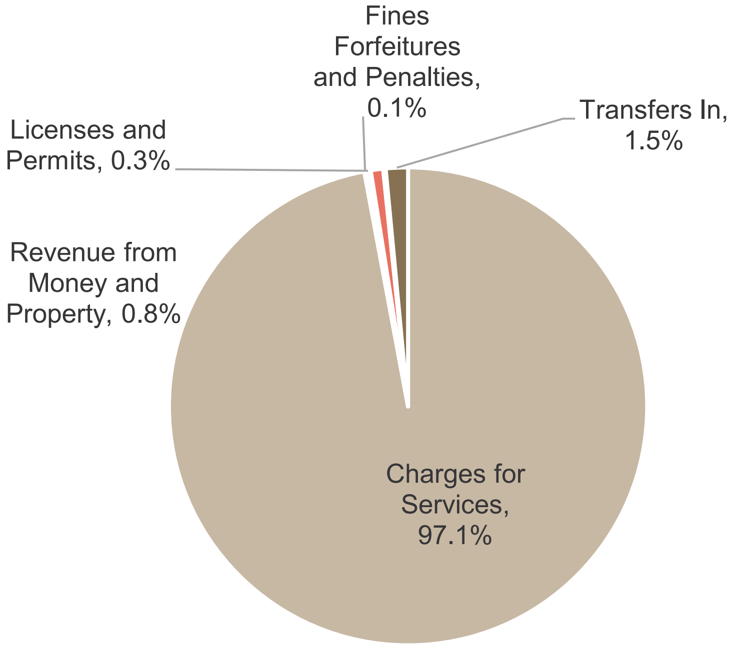
Comparison of Peer Parks & Recreation Departmental Revenues

- Fort Worth and San Diego receive most of their operating revenues from Charges for Services; other revenues are provided from “Use of Property” and “Other Revenue Sources.”
- Atlanta and Dallas do not report operating revenues across various revenue sources within their Parks & Recreation departments – only annual departmental appropriations as a whole.

Fort Worth – FY2025 Operating Revenue Sources



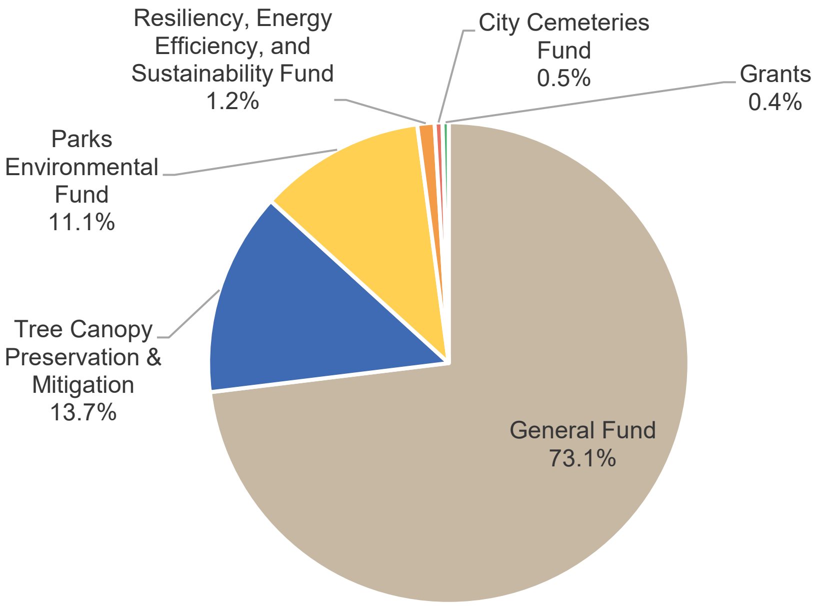
San Diego – FY2025 Operating Revenue Sources



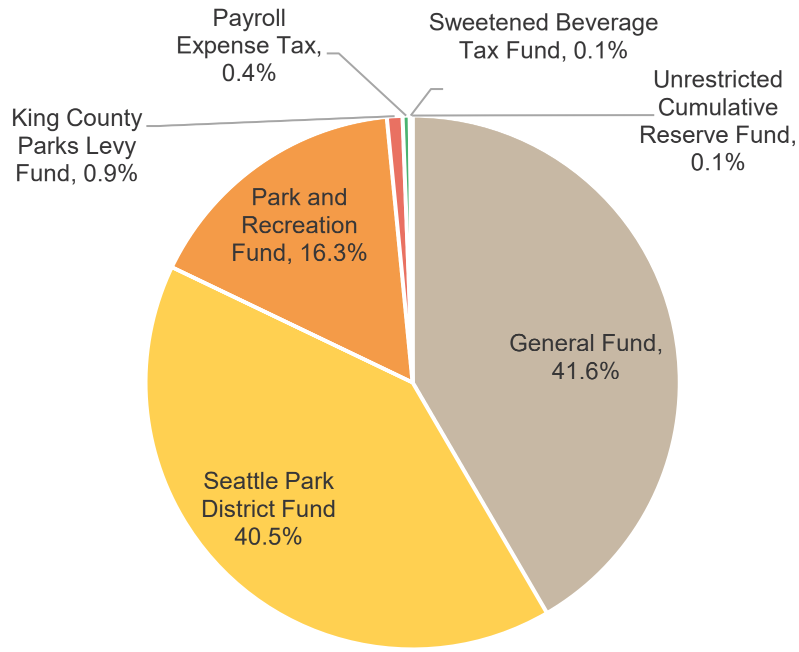
Comparison of Peer Parks & Recreation Departmental Revenues

- San Antonio and Seattle report operating revenues not by revenue source or function, but by governmental fund.
- Outside of money from the General Fund, San Antonio raises most of its revenue from the Tree Canopy Preservation & Mitigation Fund.
- Outside of money from the General Fund, Seattle raises most of its revenue from the Seattle Park District Fund.

San Antonio – FY2025 Operating Revenue Sources

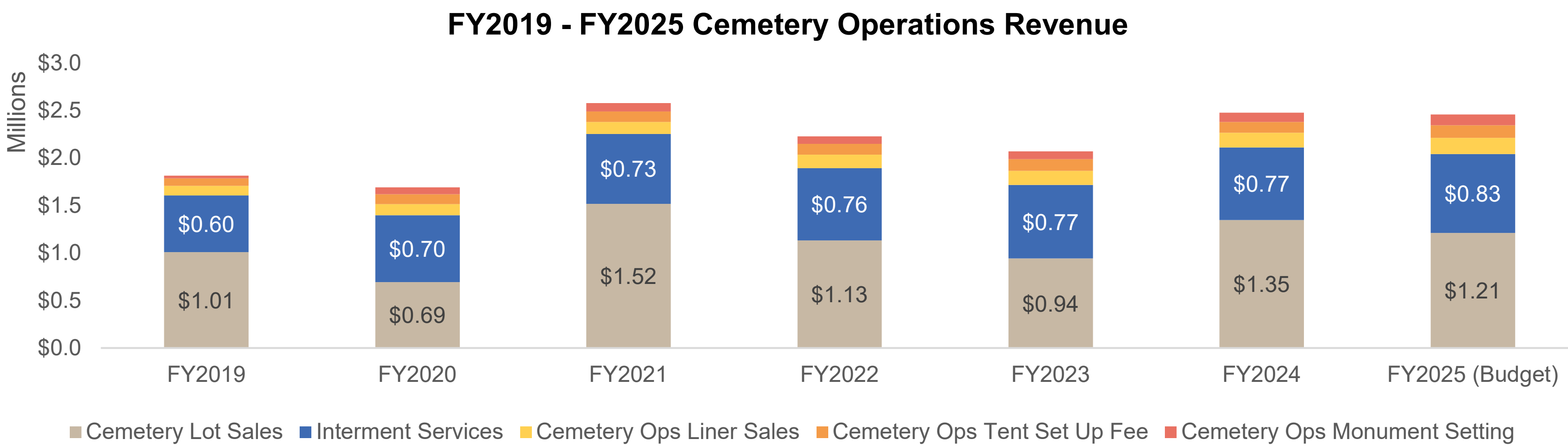


Seattle – FY2025 Operating Revenue Sources



PARD Cemetery Operations – Historical Revenues

- With a FY2019 – FY2024 CAGR of 6.6 percent, **Cemetery Operations revenue was the fastest growing revenue source** within PARD's General Fund revenue.
  - However, this growth rate can be attributed to several synagogues acquiring large plots during the study period so **future revenue growth at a similar pace is neither guaranteed nor likely.**
- Cemetery Operations generates revenues for PARD within the Property Sales ($1.4 million in FY2024) and General Government Charges ($1.1 million in FY2024) revenue categories.
  - Cemetery Operations revenue from General Government Charges mainly consists of Interment Services ($0.8 million in FY2024), but also includes Liner Sales ($0.2 million), Tent Set Up Fees ($0.1 million), and Monument Setting ($0.1 million).
- **While in the past cemetery operations have provided revenue growth for PARD, it is limited in the long run by the availability of land and the timing of large lot purchases.**



Comparison of Peer Cemetery Operations

- **Out of the six PARD benchmark jurisdictions, three (San Antonio, Atlanta, and San Diego) manage some aspect of cemetery operations for their respective cities** – San Antonio manages 9 historic cemeteries, while Atlanta and San Diego only manage one large/historical cemetery each.
- **Of the three, only San Antonio appears to manage cemetery operations in a way that raises revenue for Parks and Recreation**. The City of San Antonio has a separate City Cemeteries Fund, an "Expendable Trust" Fund.
- This fund provided 0.45 percent ($0.5 million) of total revenue to the City’s Parks and Recreation Department ($117.9 million) in FY2025.

Parks Review Fee Revenue – Historical Revenues & Beyond FY2025

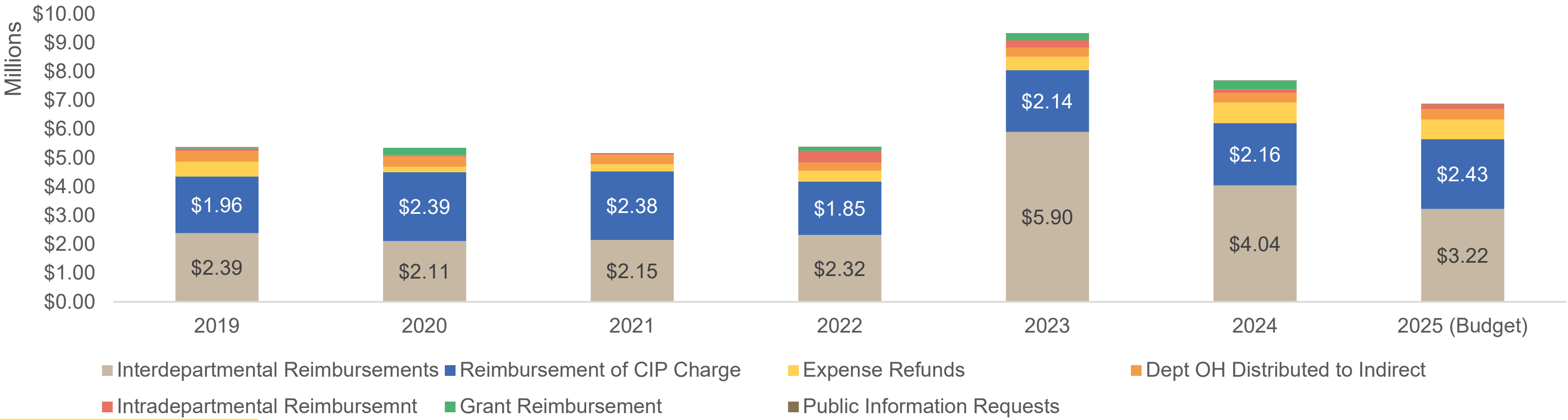
- Parks Review Fee* Revenue covers personnel costs for positions that conduct planning and land use (PLU) reviews and is located in the “Other Revenue” category.
- This revenue stream decreased by a CAGR of -4.2 percent from $603,640 in FY2020 to $530,543 in FY2024. It is budgeted to be $708,95 in FY2025.
  - The amount of parks review fee revenue is correlated with the number of permits issued in a given year.
- **FY2024 Parks Review Fee revenue comprised only 3.3 percent of all PARD General Fund revenue and is affected by external influences such as construction activity that are outside of PARD’s control.**

**This is noted in PARD’s line-item budget as “Parkland Dedication Revenue.”*

PARD Expense Reimbursements

- PARD captures expense reimbursements as negative line items in their expenditures budget. These reimbursements mainly comprise of:
  - **Interdepartmental Reimbursements** from the Historic Preservation Fund ($1.9 million in FY2024) and the American Civilian Conservation Corps ($2.1 million in FY2024), a one-time allocation from City Council funded through ARPA; and
  - **Reimbursements of CIP Charges**, which includes a percentage of personnel time for administrative tasks, such as trainings. These have remained historically consistent.
- **After four years of consistent revenue, Interdepartmental Reimbursements more than doubled between FY2022 and FY2023 but have reduced each year since, likely due to the temporary nature of ARPA funding, the Austin Civilian Conservation Corps' departure from PARD, and the partial departure of the Historic Preservation Fund.**

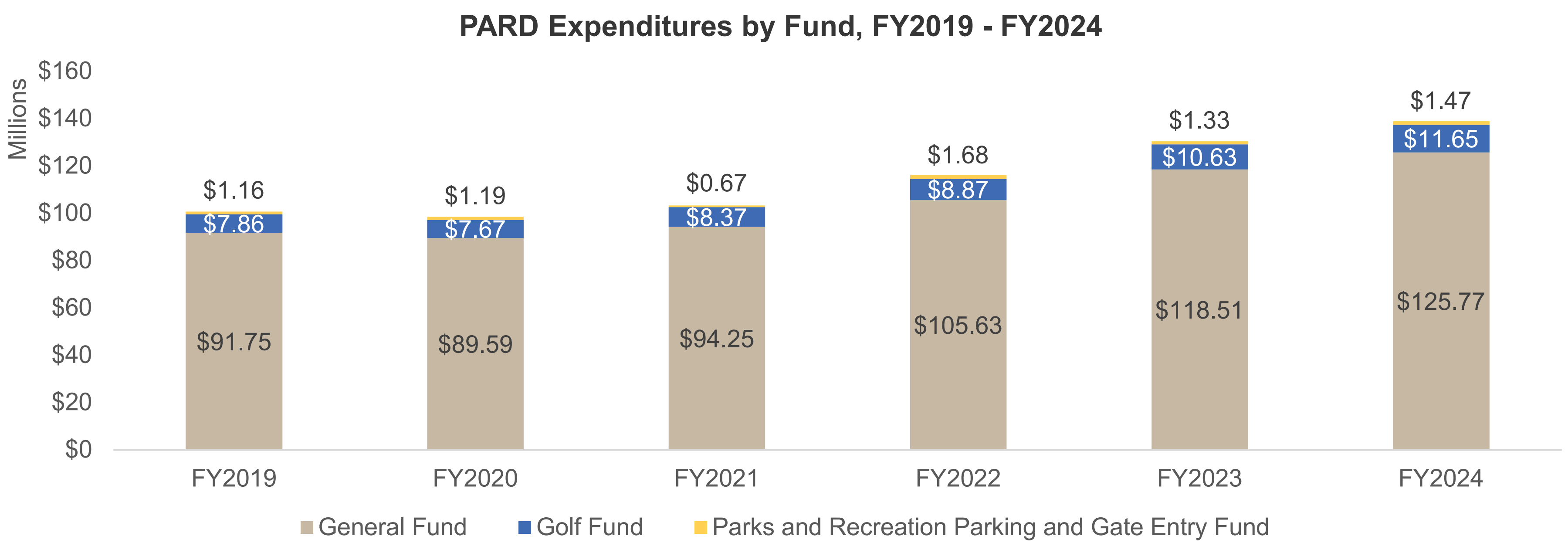
FY2019 - FY2025 Expense Reimbursements



PARD Expenditures

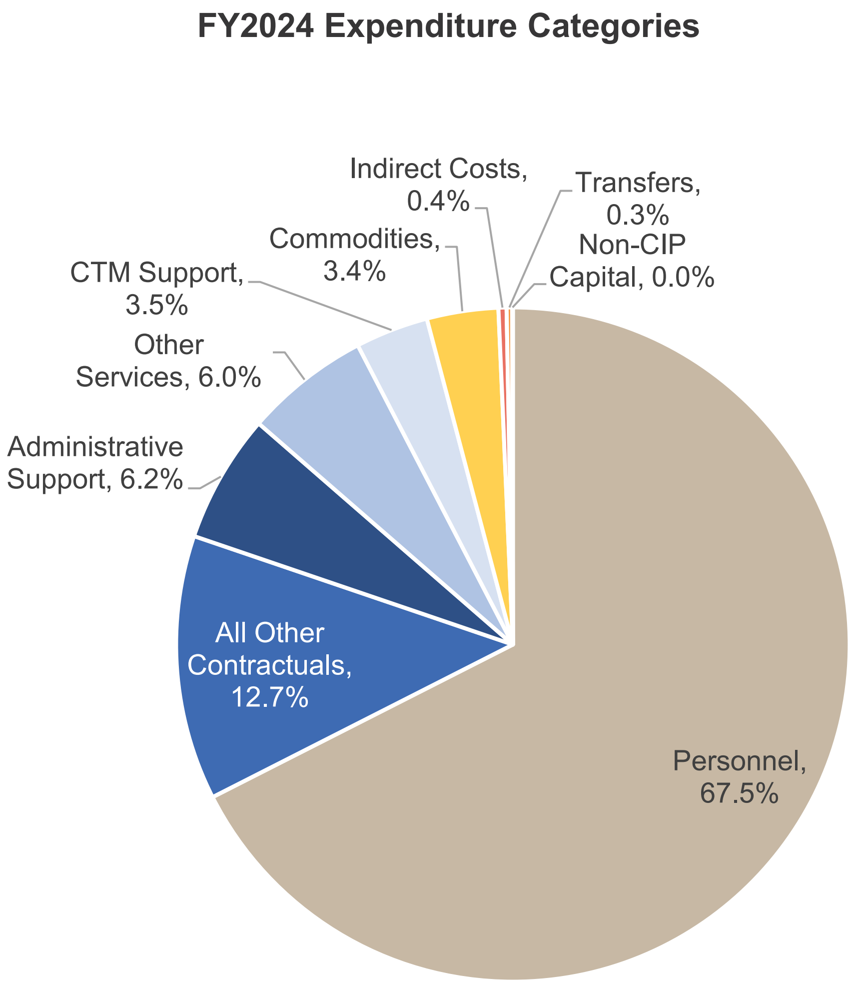
PARD Total Obligated Expenditures

- Similar to revenues, PARD expenditures are divided among three funds: the General Fund (90.6 percent in FY2024), the Golf Fund (8.4 percent), and the Parking and Gate Entry Fund (1.1 percent).
- Total expenditures grew by a CAGR of 6.6 percent between FY2019 and FY2024, outpacing the total revenue CAGR of 5.3 percent.
- As with the revenue analysis, only General Fund expenditures, which grew at a CAGR of 6.5 percent, were incorporated into the following expenditure analysis.



PARD FY2024 Expenditure Categories

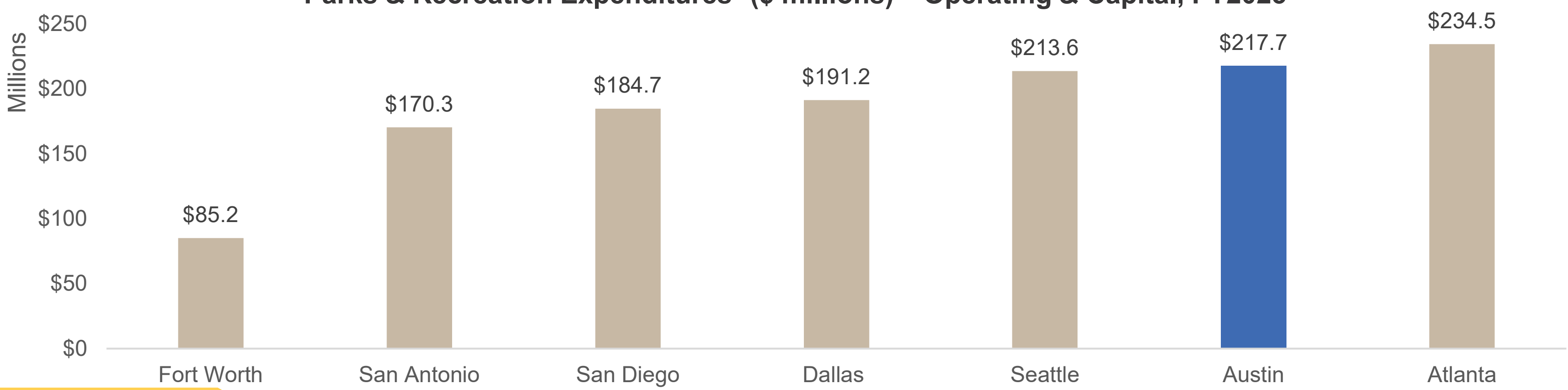
- **PARD spent $90.1 million on personnel costs in FY2024, the largest and fastest growing expenditure category**.
  - PARD was expected to return $5.5 million in personnel/vacancy savings to the City's General Fund in FY2024.
- Personnel expenditures had a CAGR of 7.3 percent between FY2019 and FY2024.
- 28.4 percent of expenditures are for contractuals (shown in blue). For example, these include:
  - Administrative support ($8.2 million in FY2024),
  - CTM support ($4.7 million) for city-wide IT services,
  - Preventative maintenance for fleet equipment ($3.2 million), and
  - Interdepartmental charges ($0.7 million in FY2024) such as payroll and workers' compensation, which are paid by every city department.



Parks & Recreation Expenditures – Operating and Capital

- **When reviewing the level of operating and capital expenditures on parks & recreation activities in the comparator group, Austin PARD ranks the second-highest among comparators with FY2025 budgeted expenditures of $217.7 million.**
  - For FY2025, Austin PARD's General Fund approved operating budget ($180.3 million) without "Heritage Tourism" expenditures ($16.5 million) is $163.8 million. Adding Austin PARD's FY2025 capital budget appropriation of $53.8 million brings the department's total operating and capital expenditures to $217.7 million.
    - PARD's budgeted Heritage Tourism expenditures were excluded because these expenses will be incurred by a different city department (Arts, Culture, Music and Entertainment) after FY2025.
  - Atlanta's Parks & Recreation department – which ranks the highest in terms of planned parks spending for FY2025 – has budgeted $234.5 million in parks expenditures in FY2025, through $51.9 million in operating expenditures and $182.6 million on budgeted capital expenditures.

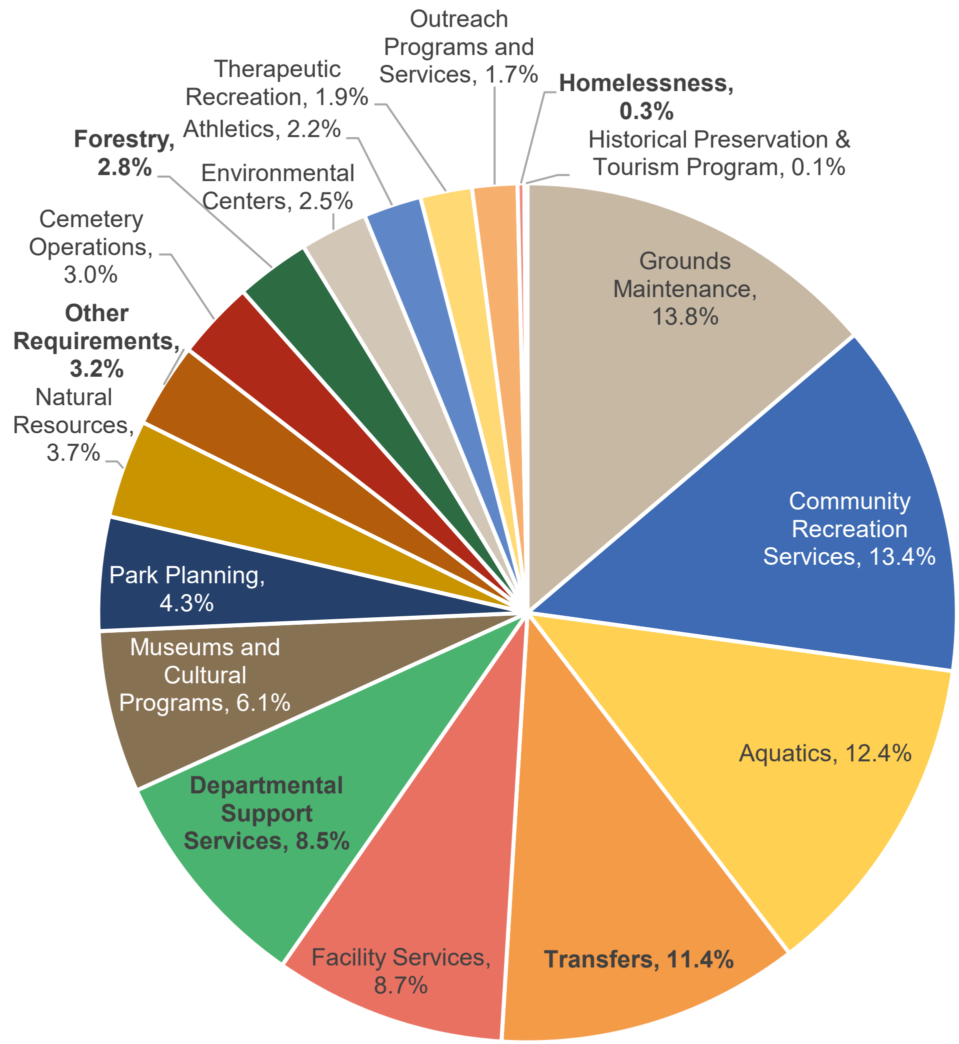
Parks & Recreation Expenditures* ($ millions) – Operating & Capital, FY2025



**Not including Austin PARD Heritage Tourism operating expenditures or Golf Fund expenditures.*

FY2024 Expenditure Sub-Groups

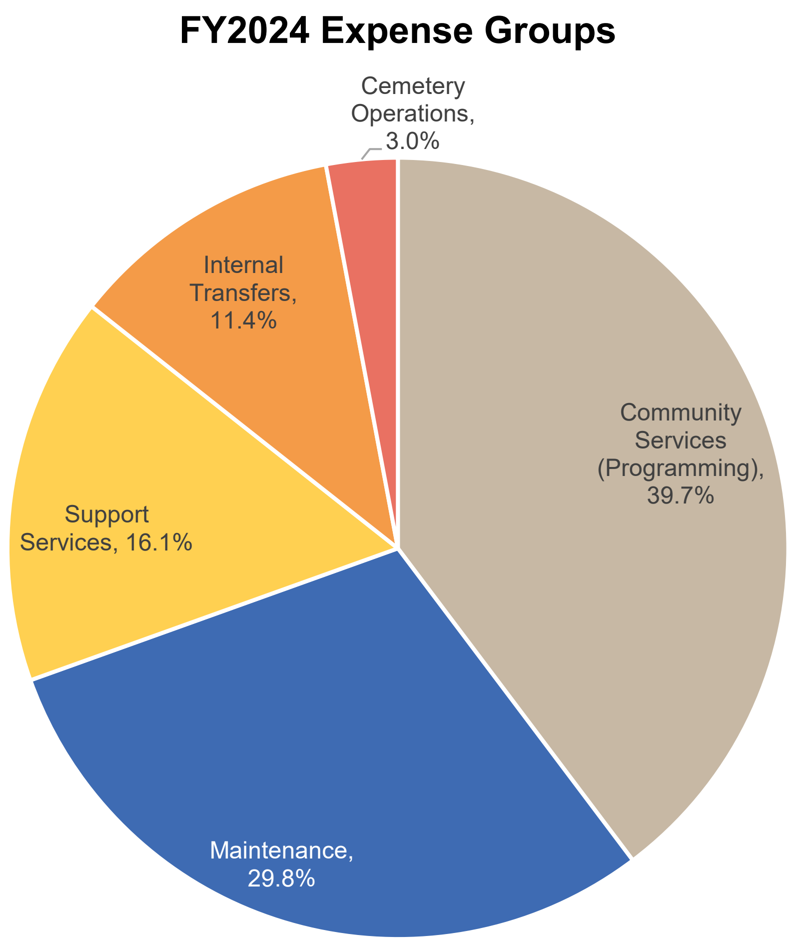
- The four largest expenditure categories in FY2024 were Grounds Maintenance, Community Recreation Services, Aquatics, and Interfund Transfers.
- **PARD has additional expenditure categories that do not exist on revenue side (bolded in pie graph):**
  - For example, in FY2024 PARD spent $0.3 million on "Homeless Response," an expenditure category which began in FY2020.
  - PARD also spent $14.3 million on Interfund Transfers in FY2024. This expenditure group has increased by a CAGR of 7.51 percent between FY2019 and FY2024.
- Most Grounds Maintenance expenditures in FY2024 were for the North Park District ($3.1 million) and the South Park District ($1.6 million).
- Community Recreation Services expenditures ranged across PARD's recreation centers from $150,000 to $500,000 in FY2024.



Note: Historical Preservation and Tourism is not the same thing a Heritage Tourism, which is reflected in PARD's expense reimbursements.

FY2024 Expenditure Groups

- Using broader categories to understand PARD's expenditure trends reveals that PARD spends the majority of its funds on programming and maintenance.
- **PARD spends almost one-third of its expenditures on maintenance ($37.5 million), and 40 percent on programming ($50.0 million).**
- Maintenance expenditures, which consist of Grounds Maintenance ($17.3 million), Facility Services ($10.1 million), Aquatics Maintenance ($4.7 million), Forestry ($3.5 million) and Homelessness ($0.3 million) total $36.8 million.
  - While this is $15 million less than what PARD spends on programming (which do not include operations and maintenance costs), it is almost double what PARD spends on its next highest expenditure group, Support Services.



FY2024 Expenditure Sub-Group Growth Drivers

- PARD's sub-group categories (noted as "Group Categories" in the Department's line-item budget) are designed to reflect the Department's organizational structure. PARD could benefit from creating a separate financial expenditure structure to portray expense categories.
- General Fund expenditures grew at a similar CAGR, 6.5 percent, to total PARD expenditures, which include both enterprise funds and grew at a CAGR of 6.6 percent.
- None of the group categories experienced negative growth between FY2019 and FY2024.
- **The largest four group categories, with over $14 million each in annual expenditures, all grew by a CAGR between 5 and 8 percent.**
- Other Requirements had the second highest growth rate because these mainly consist of contributions to the City's legacy pension fund, which began in 2024.

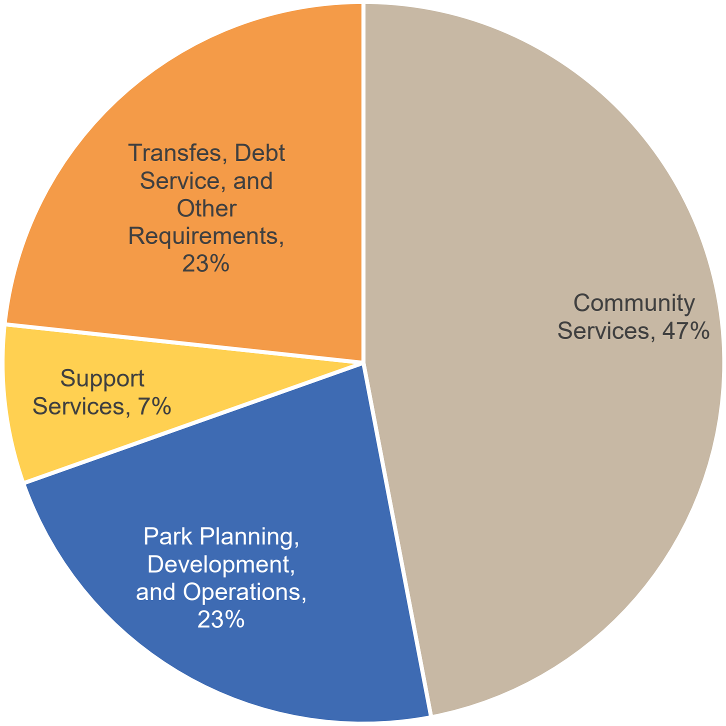
Category*	FY2024 Expenditures	FY2019 - FY2024 CAGR
Grounds Maintenance	$17,342,739	4.6%
Community Recreation Services	$16,830,937	5.6%
Aquatics**	$15,581,477	7.2%
Internal City Transfers	$14,345,728	7.5%
Facility Services	$10,965,859	4.3%
Departmental Support Services	$10,728,412	5.7%
Park Planning	$5,394,249	9.3%
Natural Resources	$4,662,373	8.1%
Other Requirements	$4,002,440	58.3%
Cemetery Operations	$3,719,911	6.0%
Forestry	$3,522,102	6.5%
Environmental Centers	$3,204,167	3.2%
Athletics	$2,739,534	2.0%
Therapeutic Recreation	$2,446,003	7.6%
Outreach Programs and Services	$2,137,682	2.5%
Homelessness	$322,834	19.7%
Historical Preservation & Tourism Program***	$146,179	60.4%
Total	**$118,092,627**	**6.5%**

**Excludes Museum and Cultural Programs since that is moving to ACME and excludes the Group Placeholder as the expenditures in this category were labeled as one-time.*
***Includes maintenance costs.*
****Historical Preservation and Tourism is not the same thing a Heritage Tourism, which is reflected in PARD's expense reimbursements.*

Comparison of Peer Parks & Recreation Core Services & Programs

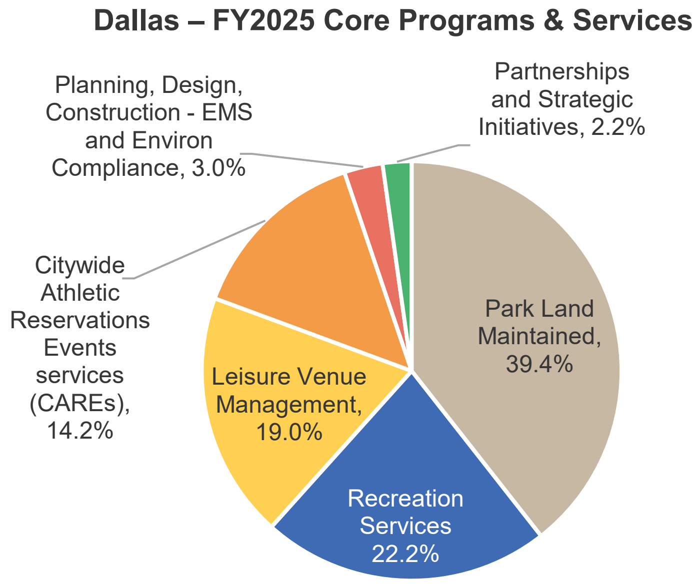
- PFM also conducted a benchmarking exercise to compare the structure and spending on core services & programs offered by each PARD benchmark jurisdiction.
- **Analyzing the core services & programs of other parks systems can inform PARD about what specific services and programs parks systems can be expected to offer, based on the programmatic offerings of PARD benchmark jurisdictions.**

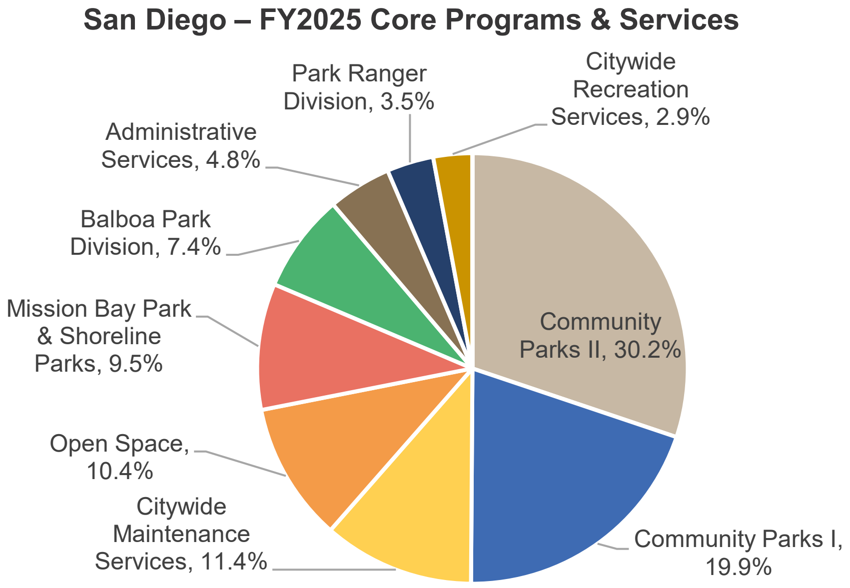
Austin PARD – FY2025 Core Services & Programs (excl. Heritage Tourism)
Organized by "Expenditure by Program" in FY2025 Adopted Budget



Comparison of Peer Parks & Recreation Core Services & Programs

- Not all PARD Benchmarks provided a spending breakdown for the programs or departments within their Parks and Recreation Departments:
  - Atlanta, Fort Worth, and San Antonio do not provide a detailed picture regarding interdepartmental expenditures within Parks & Recreation.
- For Dallas, most parks & recreation spending is done through their parkland maintenance program and on recreation services.
- In San Diego, parks & recreation spends most on “Community Parks I” and Community Parks II”, which are geographic divisions of the City’s Parks system.

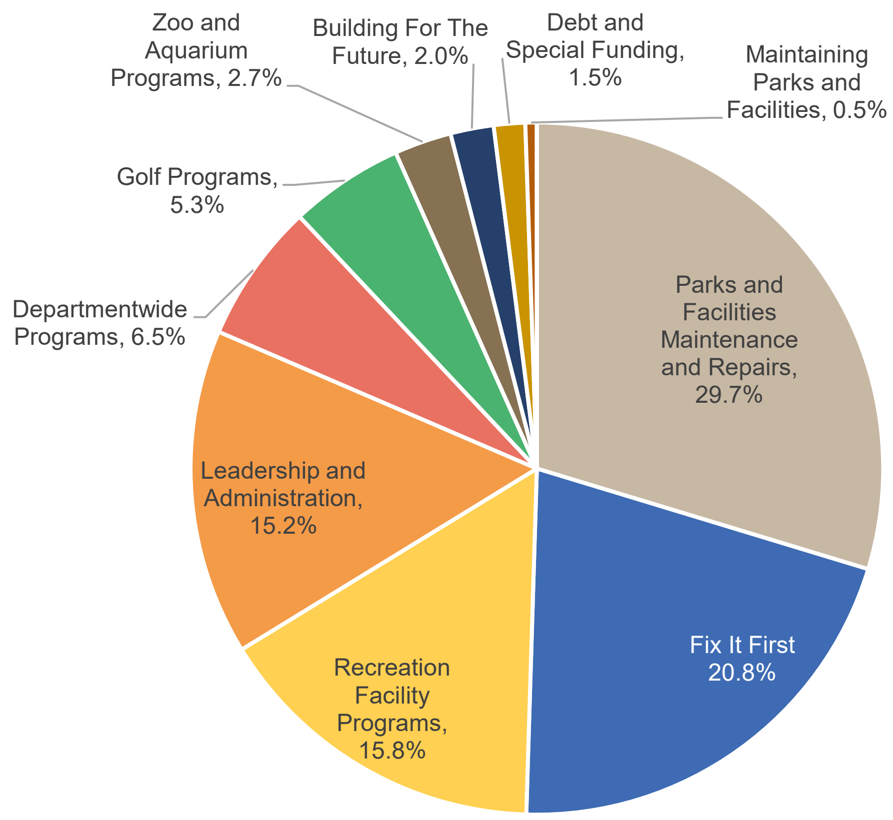




Comparison of Peer Parks & Recreation Core Services & Programs

- In Seattle 30 percent of parks funding goes to Parks and Facilities Maintenance and Repairs; the next 21 percent goes to the "Fix It First" program, a parks focused on rehabilitation and maintenance that is also supported by capital financing.
  - Seattle partners with a nonprofit that provides programming in community centers and collects fees directly.
- In terms of parks system expenditures, generally, **PARD benchmark jurisdictions are spending most of their operating funds on maintenance for park spaces and parks facilities,** and the next highest on services and programs for residents.

Seattle – FY2025 Core Programs & Services



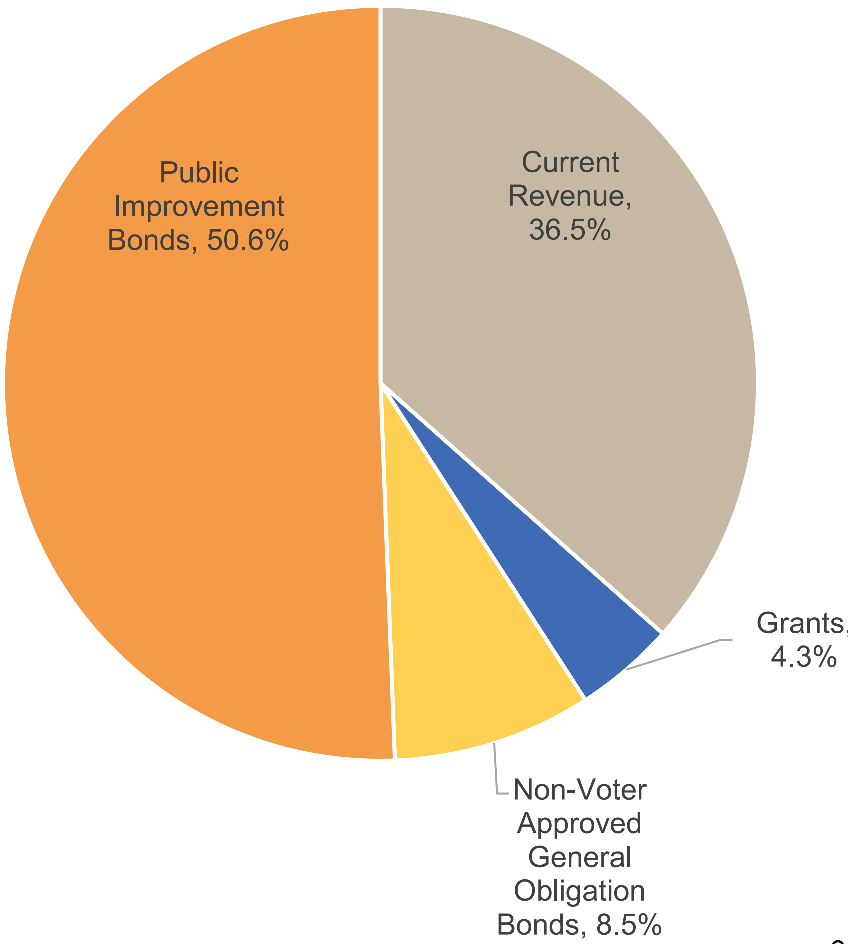
**In Seattle's FY2025 Adopted Budget, called "Appropriations by Budget Summary Level."

Capital Funding Structure

Parks & Recreation Capital Financing Sources

- For FY2025, PARD's capital funding is budgeted to come from four sources: current revenues, grants, non-voter approved G.O. bonds, and public improvement bonds.
- Current Revenue includes parkland dedication funds, CIP appropriations, Chapter 26 mitigation fees, insurance payouts to the City, as well as some state & federal grant funding.
- Public Improvement Bond funding appears to be the most dedicated source of capital financing available to PARD.
  - For the FY2024-2025 capital budget spending plan, public improvement bonds provided $29.3 million.
  - While Austin is preparing for a bond election in 2026, because there is a citywide structural deficit, public improvement bond proceeds as a major source of capital financing for PARD might be endangered if the City's bond rating is affected by the expected FY2026 budget shortfall.

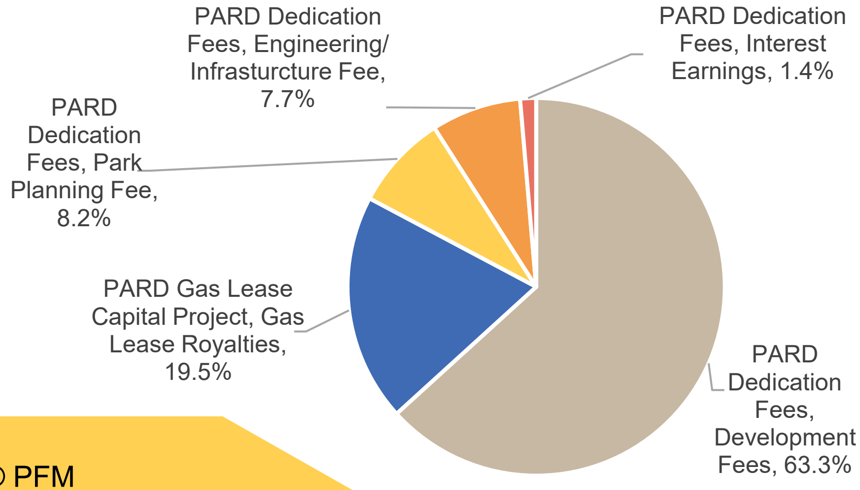
Austin – FY2025 Capital Financing Sources, From "Capital Budget – 2024-25 Spending Plan" in FY2025 Adopted Budget



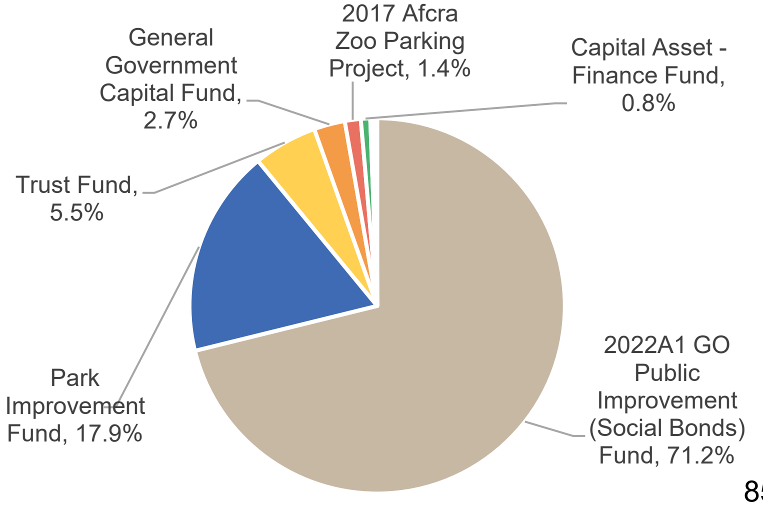
Comparison of Peer Parks & Recreation Capital Financing Sources

- For the six comparator jurisdictions, examples of capital financing sources are generally from specifically designated capital project funds, CIP appropriations, General Obligation bond proceeds, and proceeds from parks-related bond programs.
- For Austin PARD comparators:
  - According to Fort Worth's 5-Year Capital Improvement Program, for FY2025, Fort Worth will receive capital financing sources from PARD Dedication Fees and Gas Lease royalties.
  - In FY2025, Atlanta will receive most of its capital financing – 71 percent – from 2022 Public Improvement Social Bonds. The remaining 29 percent is mainly from the Park Improvement Fund, General Government Capital Fund, and Trust Fund.
  - In FY2025, Dallas will receive 100 percent of its capital funds from the City's 2024 bond program.

Fort Worth – FY2025 Capital Financing Sources



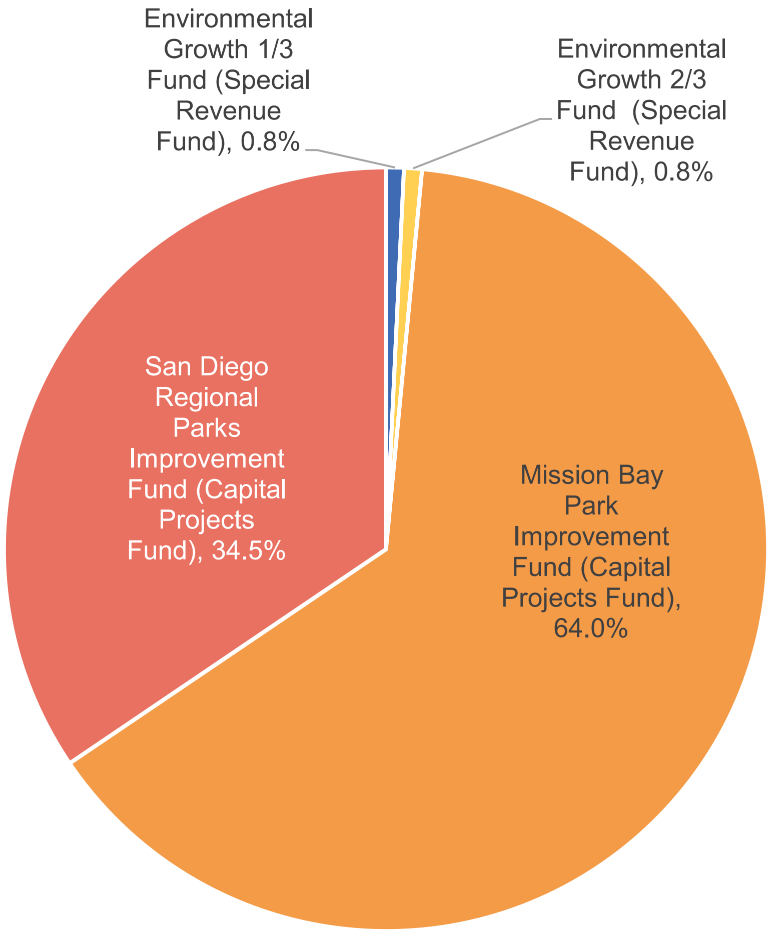
Atlanta – FY2025 Capital Financing Sources



Comparison of Peer Parks & Recreation Capital Financing Sources

- San Diego Parks & Recreation raises revenue for capital projects through two distinct park improvement funds – the San Diego Regional Parks Improvement Fund, Mission Bay Park Improvement Fund.
  - Small amounts of funding from the Environmental Growth 1/3 and 2/3 Funds are also used for capital expenditures, but these funds are used mainly to support parks operations.
  - San Diego also makes CIP appropriations through its Golf Course Fund, but this spending is done mostly on the city's golf courses and golf course facilities.

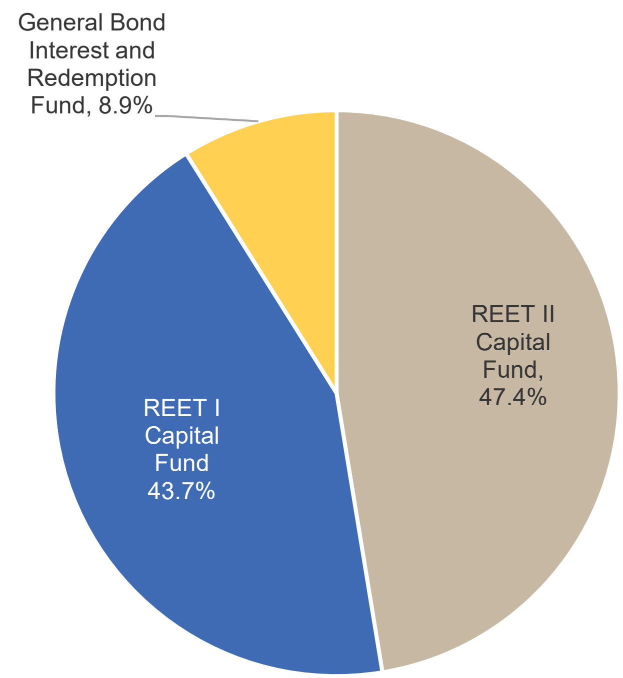
San Diego – FY2025 Capital Financing Sources



Comparison of Peer Parks & Recreation Capital Financing Sources

- Seattle receives most of its capital financing funding from two REET (Real Estate Excise Tax) capital funds – REET I and REET II.
  - REET I allows for a broader range of capital projects, including park land acquisition.
  - REET II is more specifically focused on infrastructure and park development and excludes park land acquisition activities.
  - However, REET capital funds do not directly support the Seattle Park District, which functions as its own separate local taxing authority.
- Real Estate Excise Taxes
  - In Washington State, there is a state-level REET levied on most sales of real property.
  - In addition to the state-level REET, cities and counties may impose two additional real estate excise taxes:
    - REET I, a 0.25 percent tax, must be for capital projects and limited maintenance.
    - REET II, an additional 0.25 percent tax, is for capital projects related to Washington's Growth Management Act.

Seattle – FY2025 Capital Financing Sources



- **If the City of Austin has the authority to implement a real estate excise or transfer tax – and can use the revenue to fund capital projects in a similar way to Seattle – this could be a potential new source of revenue for Austin PARD.**

Future Revenues and Expenditures

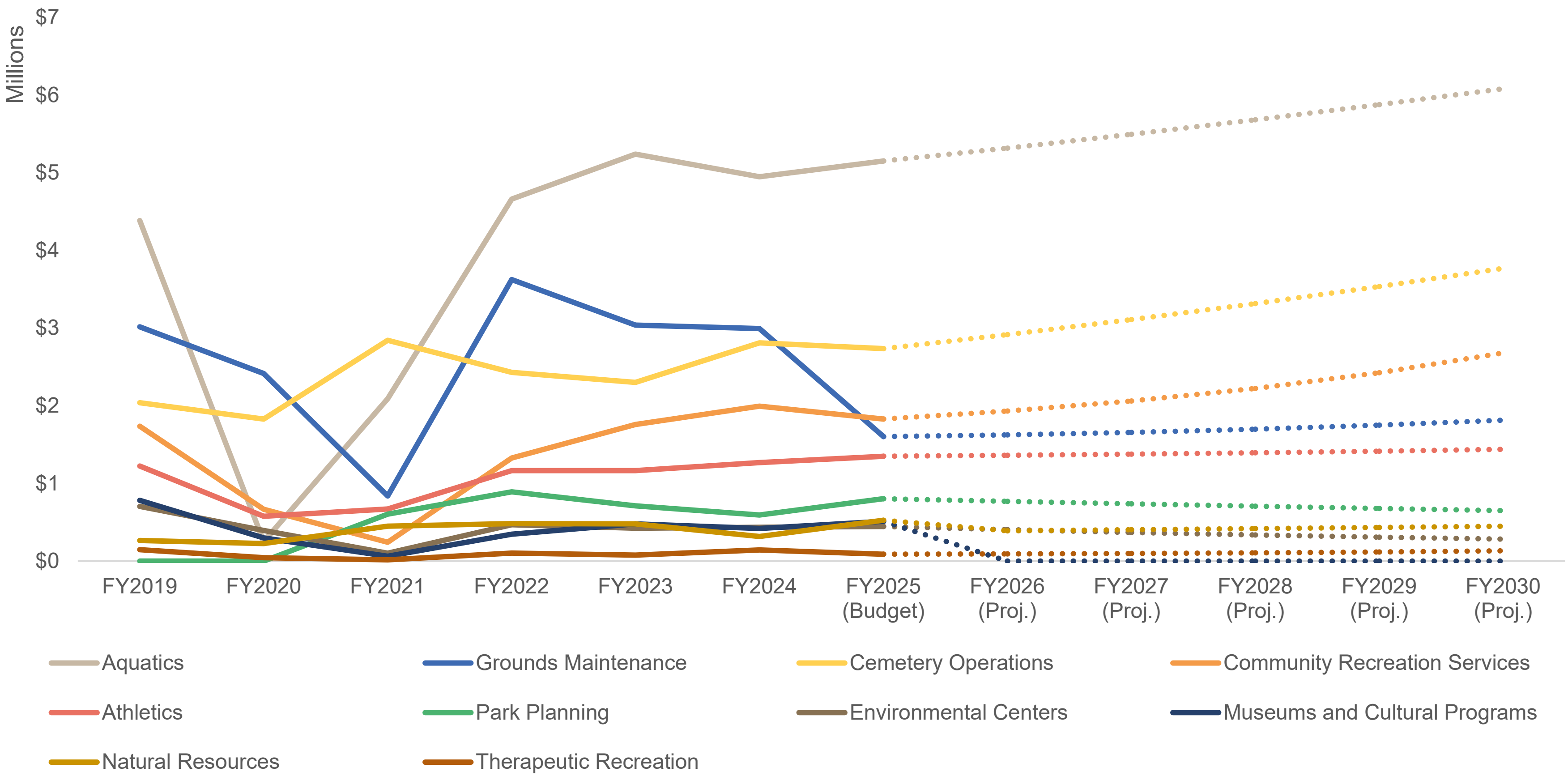
PFM Approach to Developing a Baseline Projection

- A key element of our analysis was to quantify PARD's revenue needs in order to understand the extent of needed revenue alternatives. To do so, PFM developed a high-level baseline projection of PARD's budget over the next five years.
- The baseline forecast is intended to show what PARD's financial results could be with **no corrective action, based on PARD's financial performance in the past five years.**
- The process of creating a five-year budget projection starts with analyzing five years of PARD's historical actuals and budget data.
- Line-item detail is organized into categories representing the PARD's major revenues and expenses in each General Fund operating program.
- The project team calculated the FY2019-2024 CAGR for each program and applied these CAGRs to each program to project future revenues and expenditures.
  - There were significant wage increases between FY2019 and FY2024 which drive up the expenditure growth rates in the FY2026-FY2030 projection.
  - **The intention of this projection is not to predict the future, but rather show what a possible financial outcome for PARD is if the financial performance of the past five years continues without intervention.**
- **The City of Austin calculates its own financial forecast based on other inputs such as anticipated wage increases, which provide an alternative forecast than PFM's approach of strictly using historical trends as an indicator of future results.**
  - The City forecasts PARD's FY2030 expenditures will be $156.2 million.

Revenue Projections by Program (Excluding ACME Units)

- Excluding ACME units from the FY2026 – FY2030 forecast, PARD internal revenue will still grow at a CAGR of 1.4 percent and is projected to reach $17.3 million in FY2030.

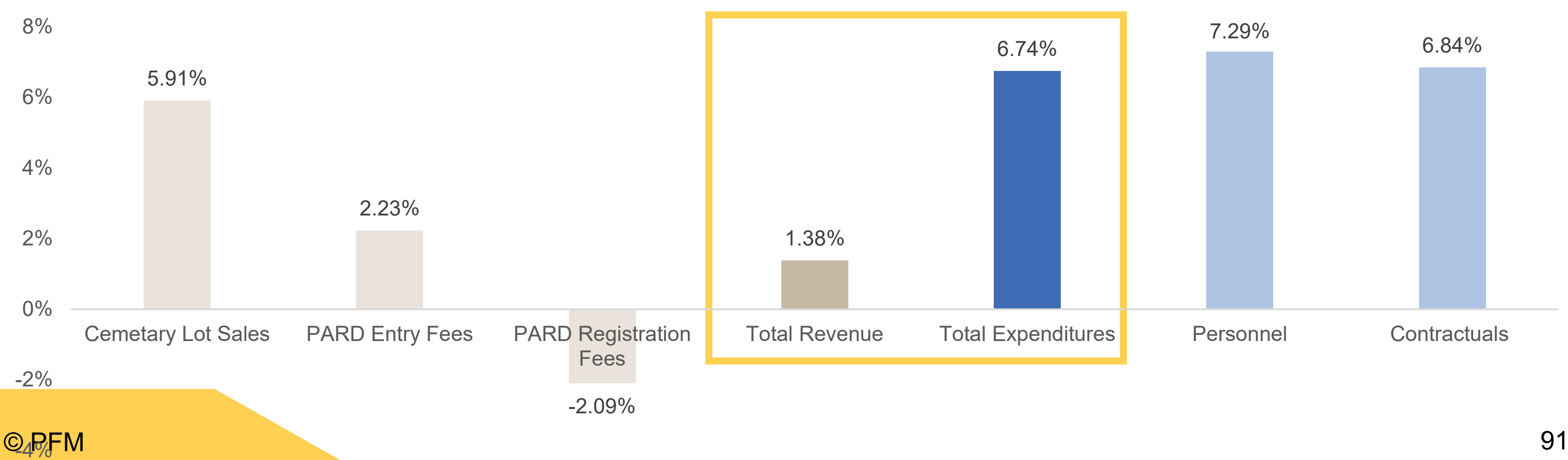
FY2026 – FY2030 Revenue Projections by Program (Excluding ACME Units)



Revenue vs. Expenditure Growth – PFM FY2030 Forecasts Based on FY2019 – FY2024 CAGRs

- **Overall expenditure growth is projected to outpace revenue growth by more than twice the rate.** Expenditures are projected to grow at a CAGR of 6.7 percent between FY2024 and FY2030, whereas revenues, when aligned to historical growth trends, will grow by a CAGR of 1.4 percent during the same period.
  - **None of PARD's program categories have revenue growth that is projected to be greater than expenditure growth.**
- As a result, by **FY2030 General Fund expenditures are estimated to be $186.0 million and revenues are estimated to be $17.3 million, a budget shortfall of $168.7 million.** This is 67.9 percent larger than the FY2024 General Fund allocation of $100.5 million.
- While this accounts for lower expenditures due to the creation of ACME, it does not include potential parkland dedication revenue reductions or future expenditures associated with deferred maintenance. **PARD estimates there are $8 million in deferred maintenance needs for FY2026 alone. In total, there are 211 projects requiring over $550 million in maintenance and renovation costs over the next ten years.**

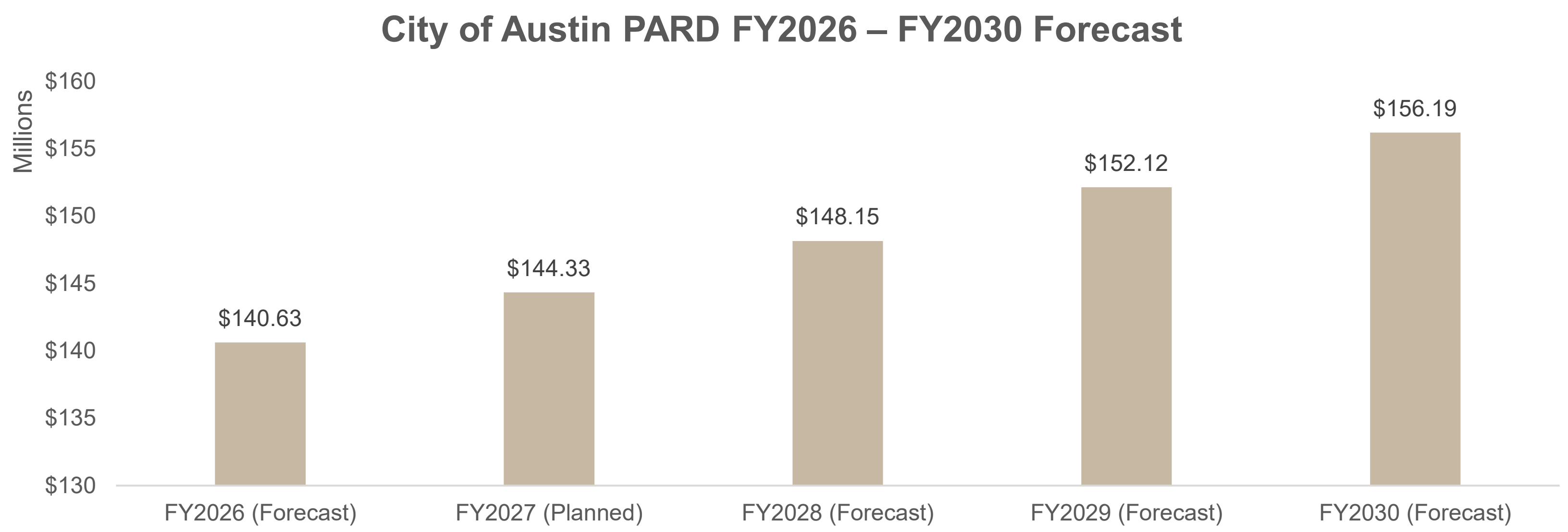
FY2026 – FY2030 Projected Growth Rates



City of Austin FY2030 PARD Expenditure Forecast Based on Anticipated Growth Rates

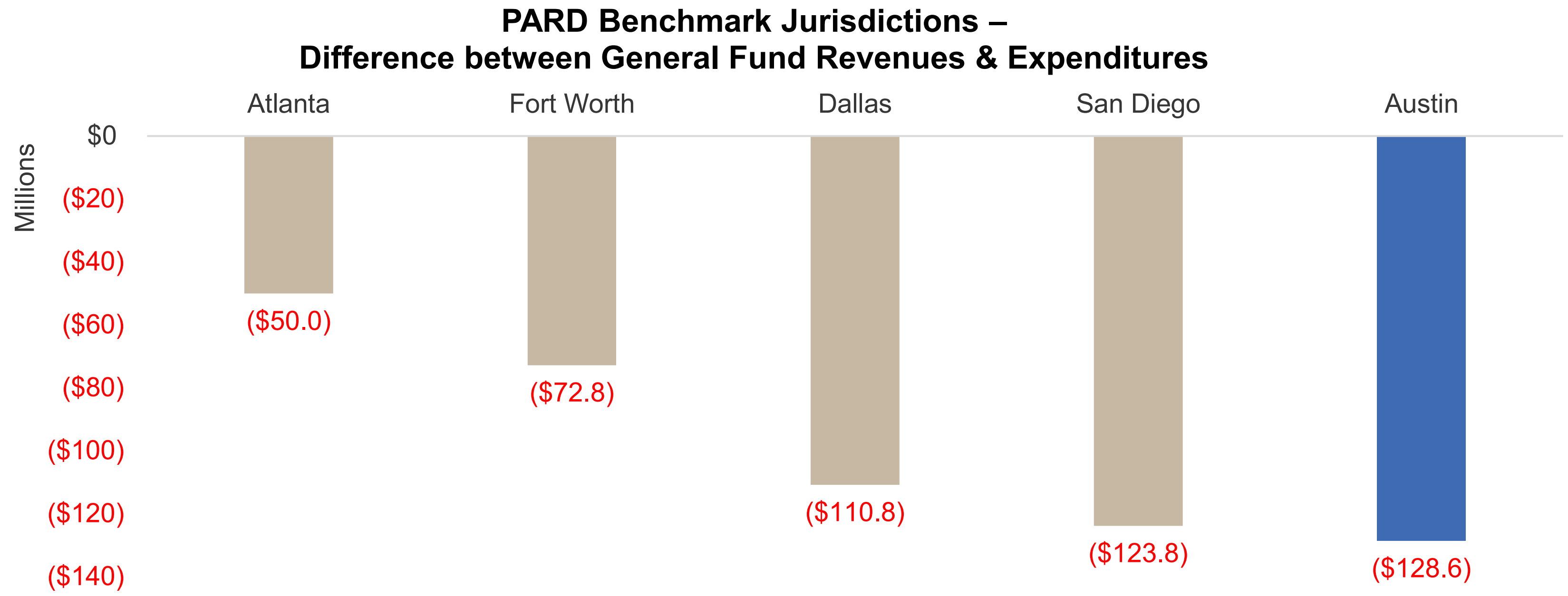
- **The City of Austin projects a lower budget gap for PARD's FY2026 – FY2030 expenditures; it uses an expenditure CAGR of 3.6 percent.** This projection assumes lower salary growth than what occurred between FY2019 and FY2024.

- The City projects that PARD's expenditures will be $156.2 million by FY2030. Even with this lower forecast numbers, **the Department is still facing a gap of $138.9 million if PARD has revenues of $17.3 million in FY2030**.
  - This will require a City General Fund allocation to PARD in FY2030 that is 38.2 percent higher than what PARD received in FY2024, or $38.4 million more than what PARD received in FY2024.



Comparison of Peer Revenues & Expenditures Gap

- Four out of the six PARD benchmark jurisdictions receive General Fund appropriations that are much larger than the departmental revenues that their parks systems' raise during the fiscal year.
- Across PARD comparators, it appears to be normal for parks & recreations departments to cost much more money than they generate, in terms of General Fund resources.
- **Compared to other benchmark jurisdictions for FY2025, Austin PARD shows the largest difference between expected departmental revenues and budgeted expenditures.**



Financial Practices

Limitations of City Financial Practices

- In addition to state-level restrictions on new or increased revenue sources for PARD, **the City of Austin has local financial practices that can further limit PARD's ability to raise revenue. Addressing any of these policies can help reduce the future funding gap.**

- **Limitations on Sponsorships & Donations**: Historically, PARD could use a nonprofit organization to collect donations only if both parties enter into a fund development agreement that involves a revenue-sharing component. In this case the City is required to issue an RFQ to solicit interest and qualifications from bidders.
  - **In FY2025, PARD received approval to move forward with sponsorships for programs,** but additional personnel resources are needed to leverage this revenue option.
  - Donations to PARD generally go into a special revenue account, not the General Fund.
    - However, in the past funds controls around these uses are limited. Meaning funds were not always used for a specific location or program, and have been leveraged to balance the General Fund budget. **PARD cannot use direct donations until City Council allocates it for the following fiscal year.**
  - **PARD has not yet issued naming rights in exchange for donations;** it requires City Council approval but is allowed per city code.

Limitations of City Financial Practices

- **Cost Recovery**: PARD completes a cost-of-service analysis for each fee every five years. It uses the results to determine whether to propose a fee increase to City Council. However, **City Council rarely approves fee increases**, unless they are to offset significant wage increases for personnel.

- **Internal Service Charges**: In FY2024, PARD spent $731,178 in interdepartmental charges and $4.7 million in CTM support expenditures to cover its share of city-wide IT services. **These two charges alone, totaling $5.4 million, equate to 33.9 percent of the departmental revenue PARD generated in that same fiscal year.**
  - While PARD receives approximately $100 million annually from the City's General Fund, **a portion of these funds are returned to the City in the form of internal service charges** and do not directly support PARD programs.

Recommendations for City Financial Practices

- **PARD has the opportunity to leverage systems that are already in place to increase revenue**. These steps can be taken incrementally over time but have the potential to work towards filling any future funding gaps:

  1. Accept donations in exchange for naming rights, as this is already codified.
  2. Solicit sponsorships for specific programs to increase revenue in targeted areas.
  3. Work towards creating specific rules around use of donations deposited in a special revenue fund to ensure these resources are used in a targeted manner to drive specific programmatic outcomes.
  4. Work with City Council to identify specific locations or programs where fee increases are not directly tied to wage increases, allowing for additional potential fee revenue.
  5. Revisit internal service charges to allow more of the annual General Fund allocation to directly support programs.

Opportunities for Partnerships

Partnerships: Maximizing Supplemental Support

- **Partnering with local nonprofits or conservancies can provide additional avenues and resources** for advocacy, volunteer hours, park improvements, maintenance, community programming, and revenue.
- Nonprofits can contribute these resources to City-approved projects and programs with City oversight.
- Ownership of park assets would not be transferred to a nonprofit, nor could a nonprofit profit from these assets.
- There can be a public perception that nonprofits are not representative of the entire city population and do not equitably distribute resources.
  - For example, a nonprofit could concentrate its efforts and attention to certain parks or areas of the city, but not others.
  - However, even if this were to occur, this could allow PARD to reallocate more resources to those areas that are not served by the nonprofit or conservancy.
- The City of Austin already works with a number of nonprofit partners to direct additional resources to the City's parks.
  - A 2020 Council Resolution prompted the creation of PARD's partnership framework. PARD is currently working to bring pre-existing partnerships into compliance with the policy.
  - These **formal agreements between partners and the City are necessary** to ensure mission alignment and mutual accountability.

PARKnerships – Leveraging Community Resources

- PARD's Community PARKnerships Program leverages resources, volunteer time, and talent to enhance Austin's parks while growing a sense of community and stewardship.
- PARKnership Programs include:
  - **Parkland Stewardship**: In FY2024, 24,312 volunteers planted 14,374 trees & saplings and picked up 251,218 pounds of trash. Overall, **volunteers contributed 75,424 hours of work, which was worth more than $2.5 million.**
  - **Adopt-A-Park**: A partnership between PARD and the Austin Parks Foundation, this program has enabled 153 citizen-led groups to adopt and care for their local parks and has identified another 106 eligible parks to be adopted.
  - **Community Activated Park Projects**: The CAPP program allows neighbors, community groups, and partners to propose an improvement project in their local park. If approved, applicants are responsible for securing independent funds for implementation, limiting additional draws on PARD's budget. Submissions received from community and non-profit partners have reached nearly 550 in parks across 31 different Austin zip codes.
  - **PARD Partners**: PARD has over 157 official partners, ranging from small-scale "friends of" groups to nonprofits tasked with park maintenance and management to citywide park advocates. In FY2023, **PARD PARKners across all levels invested over $7 million in park maintenance and improvements in the Austin Parks System** and provided high quality programs.
  - **Cities Connecting Children to Nature**: Cities Connecting Children to Nature is a national initiative that seeks to create more equitable and abundant access to nature for children throughout Austin. In FY2024, **PARD leveraged $403,739 in funding for CCCN efforts that connect children across Austin to nature**.

PARD Park Operations and Maintenance Partners

- PARD's tiered PARKnership configurations allow for nonprofits and community groups of various sizes to provide support to PARD that is appropriate to their scale and capacity.
- The highest level of partner is known as Partnership A, or a Partner Operations and Management Agreement (POMA), referring to the document that outlines the roles, responsibilities, and rights of the owners and managers of a partnership. These partnerships successfully combine the assets of the public and private sectors to create and support parks, greenbelts, trails, and other public assets in the community.
- PARD is currently working to align legacy groups to the partnership policy, however this process requires staff resources and partner buy-in.
- Partnership A/POMA Partners include:
  - Downtown Austin Alliance / Republic Square
  - Pease Park Conservancy
  - The Trail Conservancy
  - UMLAUF Sculpture Garden and Museum
  - Waterloo Greenway (LGC Agreement)
- Other high-value partners without formal partnership agreements include:
  - Austin Parks Foundation
  - Hill Country Conservancy

PARD Partner: Austin Parks Foundation

- The Austin Parks Foundation (APF) has worked in Austin since 1992 to fill funding and resource gaps for the City's parks.
- In 2023 it reported $12.2 million in revenue, $9.0 million of which is derived from program services and $2.7 of which is sourced from grants and contributions.
- In 2023, it completed 10 park improvement projects, provided $600,000 worth of volunteer labor hours, and funded park improvements and amenities through over $500,000 in general grants and $220,000 in Austin City Limits Music Festival Grants.
- **The Austin Parks Foundation does not currently have a Parks Operations and Maintenance Agreement or other formal partnership with PARD.** Any agreement between the City and APF should have specific language about what is funded and how funds are to be shared and spent.

2023 Austin Park Foundation Grants (Excluding Austin City Limits)

Grant Recipient	Grant Function	Amount
Downtown Austin Parks	Republic Square Improvements and Repairs	$238,196
City of Austin PARD	PARD Scholarships	$100,000
Zilker Theater Productions	Theater and Stage Repairs	$75,000
Austin YMBL Sunshine Camps	Partner Sponsorship	$30,000
Austin Community Foundation	Trail of Lights Sponsorship	$25,000
ULAUF Sculpture Garden and Museum	Contribution to Preservation, Expansion, and Unification Plan	$25,000
Waterloo Greenway Conservancy	Partner Sponsorship	$15,357
Capital of Texas Public Telecommunications Council	Partner Sponsorship	$11,000
Friends of Elizabeth Ney Museum	Contribution to Restoration Master Landscape Plan	$10,040
Urban Land Institute	Partner Sponsorship	$10,000
Pease Park Conservancy	Partner Sponsorship	$6,237
Total		**$545,830**

Other Examples of City-Wide Nonprofit Partnerships

City	Citywide Park Nonprofit	Individual Park Nonprofits	Volunteer & Community Stewardship Groups	Other Partnerships
Atlanta	Park Pride (Official City Partner)	10+	120+	Beltline Partnership Downtown Improvement District Trees Atlanta
Austin	Austin Parks Foundation	16	140	-
Boston	-	10+	100+	Boston Park Advocates
Dallas	-	8-10	280	Klyde Warren Park (Woodall Rogers Park Foundation) Texas Trees Foundation
Fort Worth	-	Friends of the Fort Worth Nature Center & Refuge	-	Downtown Fort Worth, Inc. Fort Worth Stock Show & Rodeo
Minneapolis	Minneapolis Parks Foundation (Official City Partner)	-	50+	-
San Antonio	San Antonio Parks Foundation (Official City Partner)	Brackenridge Park Conservancy Hemisfair Conservancy	-	Hemisfair Park Area Redevelopment Corporation
San Diego	San Diego Parks Foundation (Official City Partner)	Forever Balboa Park San Diego River Park Foundation		-
San Francisco	SF Parks Alliance (Official City Partner)	Francisco Park Conservancy Golden Gate National Parks Conservancy	100+	-
Seattle	Seattle Parks Foundation Associated Recreation Council (Official City Partners)	Friends of the Conservatory Friends of the Waterfront	100+	-

Nonprofit Park Partners: Best Practices

- Nonprofit park partners of all sizes provide three primary benefits to their affiliated government agency: **community-building**, **advocacy and awareness-building**, and **fundraising support**. Park partnerships should **supplement** government services, not supplant them.

- Nonprofit park partnerships function most effectively when the partner organization and the affiliated government agency share a vision and goals for the park or park system. This **shared vision should be codified through an official agreement, such as a low-risk volunteer or beautification agreement for volunteer partners or a larger MOU for established conservancies, which can be revisited and revised annually or in multi-year terms**.

- The **scale and capacity** of a nonprofit park partner should guide the scope, and associated requirements for both parties, of the partnership. Volunteer-led groups or smaller "friends of" groups should primarily serve as community-building and advocacy partners, whereas larger conservancies can provide significant fundraising, programming, or even operational support.

- Citywide park organizations can serve as critical partners to parks departments and government agencies by supplementing funds for **system-wide needs**, amplifying system-wide advocacy and policy efforts, and ensuring **equitable support** to volunteer groups or neighborhoods who may lack capacity for significant private philanthropy.

- Citywide park organizations may serve not only as a hub to connect smaller groups and volunteers to resources, but also as a **convener** of nonprofit park partners, connecting organizations with each other and building a coalition of park stewards and advocates.

- **Open, ongoing communication** and collaboration between government and nonprofit partners is critical for success.

Key Considerations and Takeaways – Opportunities for Partnerships

- Austin's Parks and Recreation Department boasts a diverse array of nonprofit and volunteer park partners working across the city. **While opportunities exist to continue growing this network in the long-term, in the immediate term, PARD should seek to maximize its existing partnerships with formal agreements that improve transparency and community trust.**
    - **Codify and monitor existing partnerships.** As many of Austin's park partnerships have evolved organically over time, some partnerships may lack formal agreements, or agreements may be out of date. Documenting, codifying, and monitoring existing partnerships according to their agreements is critical for promoting transparency, creating infrastructure for collaboration, and ensuring maximum benefit to communities.
    - **Align expectations.** Park partnership agreements, and the roles and responsibilities they define, should be scaled to each organization's scope and capacity. These agreements can also support PARD's ability to leverage funding opportunities that the City can't access while ensuring funds are allocated in ways that align with PARD goals and deliver clear community benefits.
    - **Increase transparency.** Establishing park partnership agreements will support PARD's goals to increase transparency and consistency around roles and responsibilities, funding streams, and models for collaboration with private and nonprofit organizations.
    - **Staffing is critical.** PARD's capacity to coordinate effectively with park partners relies heavily on staff resources. To truly meet groups where they are while ensuring equity and transparency in operations, PARD needs dedicated staff resources. Investing in PARD's ability to meaningfully leverage its partnerships is necessary for realizing their many community benefits.

Revenue Options

Overview of Revenue Options Review

- As outlined in the council resolution, PFM reviewed several options to increase PARD's existing revenues and explore new revenue options for consideration. The following section:
  - Provides an overview of potential options;
  - Notes examples of the option in other places; and
  - Highlights pros, cons, and key considerations for decision making.
- In addition to the options outlined in the resolution the PFM team explored revenue options and suggestions from staff and stakeholders.
- While all options were explored, many suggestions and ideas are infeasible either due to statutory limitations or other factors. This section opens with an overview of those infeasible or longer-term options before diving into the shorter-term options that PARD and Council should consider.

Limited, Longer-Term Revenue Options

HB 1526 Impacts on Parkland Dedication

- New parks are primarily funded through bonds and parkland dedication fees paid as part of new development projects. These fees ensured that park infrastructure is able to withstand the effects of city growth.
- Prior to January 2024, new developments either had to pay the fee or dedicate land to the park system.
- House Bill 1526 was signed into law on June 10, 2023 and went into effect on January 1, 2024 and reduces the land requirements for parkland dedication. As a result, parkland dedication fees per dwelling unit are 40 to 70 percent lower than those in effective prior to the bill.
- Before HB 1526, the City of Austin required that for every 1,000 residents in a new development, 9.4 acres of parkland must be dedicated to the City. Under HB 1526 this requirement is reduced to 0.73 acres per 1,000 residents in high-density urban core.
- HB1526 prevents the City from placing any parkland requirements on commercial development.
- Parkland Dedication Fees now support parkland at:
  - 0.075 acres per 1,000 residents in the Central Business District
  - 0.75 acres per 1,000 residents in an urban area
  - 3 acres per 1,000 residents in a suburban area
- As a result, PARD faces reduced revenue from parkland development fees and will acquire less parkland for additional residents as new developments are built.

Immediate Feasibility of Increased Tax Revenue

- One way for local governments to increase revenue is to increase taxes. **Generally, increasing taxes by PARD or the City of Austin at large is outside of an immediate sphere of control and would need to be pursued as a longer-term strategy by the City of Austin itself, or through changes at the state level.**
  - For many tax increases, such as property taxes, the City would need to agree to a voter referendum, and if approved the City would need to dedicate a portion of this increased revenue to PARD.
  - It is possible that even with tax increases, the new tax revenue will be transferred to the General Fund for distribution across many departments; there is no guarantee that PARD will receive a substantial amount.
- Further, there are restrictions on the City's ability to increase existing taxes or levy additional taxes.
- **Therefore, while raising certain types of taxes may be palatable to the general public or have the potential to reduce funding gaps, if these are implemented they are more long-term solutions, as legislative changes would need to occur at the state level.**
- In the slides that follow, the PFM team detail taxing options for consideration if the City and PARD decided to pursue broader advocacy for taxing authority.

Increasing Sales Taxes

- Sales tax is a common revenue source for local governments that dedicates a percentage of revenue on the sale of goods in the jurisdiction.
- The State of Texas imposes a 6.25 percent sales and use tax.
- Local taxing jurisdictions can impose up to a 2.0 percent sales and use tax, for a combined maximum rate of 8.25 percent.
- The City of Austin currently has a combined rate of 8.25 percent and is therefore at its max rate:
  - 6.25% State sales and use tax
  - 1.0% Austin Capital Metropolitan Transportation Authority sales tax
  - 1.0% City of Austin sales tax
- **It is not possible for entities within the City of Austin to add additional sales and use taxes, since the City is already at its legal limit.**
  - However, if the City of Austin decreased the 1 percent Austin CapMetro sales tax, the City would have additional “room” to levy taxes within the City’s allotted 8.25 percent maximum local tax rate.

Increasing Ad Valorem (Property) Taxes

- The City of Austin imposes an ad valorem (property) tax of $0.4776 per $100 of taxable value.
- Senate Bill (SB) 2, signed into law in 2019, requires taxing bodies to win voter approval if they want to raise property tax revenues over 3.5 percent.
  - Unless voters determine otherwise, if appraised property values rise, the property tax rate must be lowered so that overall revenue does not exceed 3.5 percent.
- While other jurisdictions allocate specific portions of property taxes to park programs (examples listed below), **SB2 caps on revenue growth hinders the City's ability to dedicate property taxes to specific uses.**
  - San Francisco directs a percentage of its property taxes towards the City's Open Space Fund to acquire new parks and open space.
  - Boston passed a Community Preservation Act that imposed a 1 percent surcharge on property taxes, which funds parks, housing, and preservation initiatives. It generates approximately $20 million per year.

Hotel Occupancy Tax (HOT) Revenue

- Hotel Occupancy Taxes are local taxes collected from every person owning, operating, managing, or controlling any hotel or collecting payment for occupancy in any hotel via guest payments.
- The City of Austin's Hotel Occupancy Tax rate is currently 11 percent:
  - 9 percent occupancy tax
  - 2 percent venue project tax
- HOT revenue can only be used to promote tourism and the convention and hotel industry.
- **Unfortunately, park maintenance is not an eligible use of HOT revenues.**
  - Chapter 351 of the Texas Tax Code addresses municipal hotel occupancy taxes. Under this chapter, revenue may be used only to promote tourism and the convention and hotel industry. **Municipal HOT revenue may not be used for the general revenue purposes or general governmental operations of a municipality. Furthermore, the use of HOT revenue is limited to specific categories, none of which include parks.**
- HOT can however, be used for park-related expenses if there is a historical site located in a park and these expenses directly relate to enhancing and promoting tourism and the convention and hotel industry. For these types of expenses:
  - The site must be visited by tourists, and
  - There must be wayfinding signage directing tourists to the site.
- Other states, such as Florida and Utah, fund environmental protection efforts or trails and recreational amenities through tourist impact taxes or the transient room tax.

Hotel Occupancy Tax (HOT) Revenue for Historical Site Maintenance

- While general park maintenance is not an eligible use of hotel occupancy tax (HOT) revenues, there are limited circumstances in which HOT funding can be used for certain park-related expenses.
  - These circumstances include historical sites located on parks visited by tourists and wayfinding signage directing tourists to sights and attractions that are visited frequently by hotel guests in the municipality (including signage related to historical sites).
- PARD currently receives grant funding from the HOT to fund specific investments in parks and public spaces associated with tourist destinations.
- In these circumstances, HOT revenues must still meet the requirement of directly enhancing and promoting tourism and the convention and hotel industry.
- **For leveraging HOT revenues, PARD will need to continue to collaborate with the Historic Preservation Fund, Law Department, and Financial Services Department** to ensure that such expenditures will not create issues with any existing obligations and commitments.

Other Tax Limitations in the State of Texas

- The below represent other types of taxes commonly leveraged in peer jurisdictions outside of the State that are frequently dedicated or leveraged for specific parks and youth programing.
  - **Marijuana**: Marijuana is not legal in the State of Texas
  - **Plastic Bags**: Per Texas Health and Safety Code 361.0961(a)(3), "A local government…may not adopt an ordinance, rule, or regulation to assess a fee or deposit on the sale or use of a container or package."
  - **Gas tax** – State-level tax. The Texas State Gas Tax is $.20 per gallon, but this tax is allocated to public education funding and the State Highways Fund.
  - **Lottery Fund**: Under the State Lottery Act, a political subdivision cannot tax the sale of a ticket, the payment of a prize, or impose an ad valorem tax on tickets. The receipts from the sale, use, or consumption of tickets are exempt from taxation under Chapter 151 of the Tax Code.
  - **Real Estate Transfer Tax**: Per Article 8, Sec. 29 of the Texas Constitution, "…no law may be enacted that imposes a transfer tax on a transaction that conveys fee simple title to real property."
  - **Income Tax**: Per Article 8, Sec. 24.a. of the Texas Constitution, Texas cannot impose a tax on the net income of individuals or an individual's share of a partnership.
  - **Wealth Tax**: Per Article 8, Sec. 25 of the Texas Constitution, Texas cannot impose a tax based on the wealth or net worth of an individual or family.
  - **Sweetened Beverage Tax**: There is no sweetened beverage tax, but in Texas soft drinks are considered taxable (as opposed to groceries) under sales and use taxes.
- **Due to taxing restrictions noted in earlier slides, these options would be longer-term options the City could pursue advocating for that may be poised for dedicated PARD uses.**

Gas Tax

State, County, or Local?	Mechanism	What it Funds	Considerations	Examples
State	Tax on purchase of gasoline. The Texas state gas tax is $.20 per gallon.	$.05 per gallon goes to funding for public education. The remainder of the tax revenue goes to the State Highways Fund.	Reallocation of a portion of the gas tax would require state-level lobbying.	Of the 25 states that employ gas taxes, most divert a portion of their revenue to other uses. 25 percent divert at least a portion of their revenues to environmental agencies, trail or public space projects, or other environmental grants.

Tobacco Tax

State, County, or Local?	Mechanism	What it Funds	Considerations	Examples
State	The state has multiple taxes on cigarettes and other tobacco products. A fee is established on cigarettes and cigarette products sold by manufacturers that did not sign on to Texas' tobacco settlement agreement of 55 cents per pack of 20 during calendar year 2013. The fee is indexed to inflation and will increase annually each year in January as specified taking effect February 1st of that year.	Cigarette tax revenue can be appropriated to the State Comptroller for the administration and enforcement of cigarette tax laws. After that transfer, varying amounts of the remaining revenue is distributed to the Foundation School Fund, Property Tax Relief Fund and state general fund. The proceeds from taxes on cigars and tobacco products other than cigars is distributed to the state general revenue fund, Property Tax Relief Fund or the physician education loan repayment account.	While a portion of cigarette tax revenues go towards the state general fund, PARD would need to lobby at a state level for specific allocations from the general fund. Similarly, state-level lobbying would be required to alter current funding streams for tax revenues.	**Arkansas Shared Use Program**: The passage of the Tobacco Excise Tax in 2009 brought the state's cigarette tax to a total of $1.15 per pack. The tobacco tax is deposited as general revenue and used to fund nearly two dozen health priorities, including $500,000 annually to the DOE to administer grants to schools and school districts to implement shared use agreements. The money can be used to improve facility conditions for community use for health purposes, with the objective to increase access to physical activity opportunities for community members.

Alcohol Tax

State, County, or Local?	Mechanism	What it Funds	Considerations	Examples
State / Local	Cities receive a share of one of the state's taxes on alcohol, namely the mixed beverage gross receipts tax and the mixed beverage sales tax. Legislation passed in 2013 lowered the total mixed beverage gross receipts tax rate to 6.7 percent. The same legislation established a mixed beverage sales tax at a rate of 8.25 percent, of which cities get the same percentage as the gross receipts tax on mixed beverages.	Revenues allocated to each city from these state taxes get deposited into the general fund.	Though revenues are collected at the state level, they are disbursed locally through the general fund, meaning advocacy for an alcohol tax revenue allocations would be parallel to advocacy for increased general fund allocations.	N/A

Sweetened Beverage Tax

State, County, or Local?	Mechanism	What it Funds	Considerations	Examples
State or Local	Tax on sugary drinks, which could be administered at the state level – as in the case of most Texas “sin” taxes – or at the local level.	Revenue from sugary drinks taxes typically fund public health program and initiatives. Given the role parks and recreation facilities and program play in improving public health and mitigating childhood obesity, there could be opportunity to allocate a portion of these public health funds to parks.	Multiple attempts to pass a sugary drinks tax at the state level have failed in recent years.	**Seattle, WA**: Since January 2018, the City of Seattle has imposed a sweetened beverage tax. It raises revenue for programs that increase access to healthy food and supports children's health and learning, with a small portion allocated to Seattle Parks & Rec for recreation programming. **Philadelphia, PA**: The Philadelphia Beverage Tax, passed by City Council and signed into law by Mayor Kenney on June 20, 2016, provides revenue the City is using to fund three critical anti-poverty programs: PHLpreK, Community Schools, and Rebuilding Community Infrastructure (Rebuild), which has invested millions in physical improvements to parks, recreation centers, and libraries.

Lottery Fund

State, County, or Local?	Mechanism	What it Funds	Considerations	Examples
State	A portion of the revenue from state lottery purchases are allocated towards supporting public goods.	The Texas Lottery primarily supports public education in Texas (via the Foundation School Fund) and Texas Veterans through dedicated scratch ticket games benefitting the Texas Veterans Commission Fund for Veterans' Assistance. As authorized by the Texas Legislature, other Texas Lottery funds, such as unclaimed prizes, contribute to other causes and programs.	Similarly to other state mechanisms, state-level lobbying would be required to alter current funding streams for lottery revenues.	**Arizona Heritage Fund**: Voters dedicated a portion of lottery funds (up to $10 million) to conservation, access, environmental education, and recreation. **Great Outdoors Colorado**: Constitutional amendment dedicates a portion of lottery proceeds to state parks, trails, and conservation. **Oregon**: A portion of lottery proceeds support grants to local governments for parks and outdoor recreation projects.

Real Estate Transfer Tax

State, County, or Local?	Mechanism	What it Funds	Considerations	Examples
Local	Tax on purchase or transfer of real estate holdings.	In other cities, can be used to fund public services, such as park operations and maintenance.	The prohibition on a transfer tax has been enshrined in Texas's state constitution since 2016.	**At least 10 states**, including Arkansas, Florida, Maryland, Massachusetts, New York, North Carolina, Pennsylvania, Tennessee, Vermont, and West Virginia dedicate real estate transfer taxes or deed recording fees to fund parks and conservation projects.

Payroll Expense Tax

State, County, or Local?	Mechanism	What it Funds	Considerations	Examples
Local	A Payroll Expense Tax is a tax on the total compensation paid, including salaries, wages, net distributions, commissions, bonuses, stock options and other compensation to all individuals who during any tax year, perform work or render services in a given city. The tax is levied on Employers and under no circumstances may the payroll tax be deducted from the Employee's wages.	Generally funds economic revitalization, affordability initiatives, and essential city services, as defined by the city.	A Payroll Expense Tax that targets high earners and larger corporations may, as in the case of Seattle's Payroll Expense Taxes (including the 2025 'excess compensation' Social Housing Tax) may provide a more viable pathway to revenue generation than a traditional, broadly-applicable tax.	**Seattle, WA**: Passed in 2020 and expanded in 2023, businesses with total payroll expenses of $8,837,302 or more in 2024 and at least one employee with annual compensation of $189,371 or more in 2025 are subject to the tax. Seattle Parks & Rec receives a portion of revenues collected from this tax.

The Need to Advocate for Changes at the State Level

- As previously noted, there are statewide limitations on what local revenue can be collected and how much can be allocated.
- As a long-term approach, park users can advocate or lobby for changes within the **Texas state legislature**:
  - Changes to HB 1526 to raise the parkland dedication fee or the amount of parkland provided by developers with new projects.
  - Changes to statewide tax limitations, such as marijuana legalization, sales tax limitations
- PARD can also pursue local changes that are up to **Austin voters**:
  - Raise the cap on property tax revenues (requires 51 percent vote) or provide an additional tax levy specifically for parks.
  - Pursue the option of a sweetened beverage tax or other local taxes outside of the capped local sales tax.

Shorter-term Revenue Options

Creating a New Recreation and Parks (RAP) Fee

- Some cities use a parks maintenance fees to generate additional revenue for maintenance and other related costs, often through residents' utility bills:

City	Population[1] (2023)	Fee Amount
San Antonio, TX	1,495,295	$1.50 via residents' CPS Energy bill
Medford, OR	85,098	$5.35 per residential unit per month on residents' utility bill
Tigard, OR	55,590	$9.00 per single family residential customer on monthly utility bill

- Austin Energy charges a Clean Community Service Charge, a Solid Waste Charge, and a Street Service Charge for residential customers.
  - The Clean Community Service Charge supports services such as street cleaning, dead animal collection, litter abatement, as well as code enforcement and graffiti abatement – the City should consider increasing these fees to include a Parks Maintenance Charge or assessing a separate charge for utility customers.
  - The clean community fee is paid by utility account holders for services provided by Austin Resource Recovery ("ARR") and Code Compliance. Although ARR uses funds generated by the clean community fee to provide supplemental cleanup in parks, that service is directly related to the abatement of encampments by individuals experiencing homelessness.
- **While use of the City's current Clean Community Service Charge cannot be expanded to include other park-related expenses, City Council could authorize a new RAP Fee that would collect revenue for dedicated park uses.**

1. Source: U.S. Census Bureau, 2023 Population Estimates

Sample Parks and Recreation Fee Revenue

- Assuming a 90 percent collection rate, adding a $1 parks and recreation maintenance fee to each utility bill customer could yield an estimated $5.4 million annually, for a cumulative $27.1 million in revenue by FY2030.
- This increases the amount of PARD's FY2024 internally generated departmental revenue by 34.0 percent.

Sample Parks and Recreation Maintenance Fees – Potential Annual Revenue

	Option 1	Option 2	Option 3
Fee Amount Per Utility Bill	$1	$2	$9
Potential FY2026 Revenue	$5.4 million	$10.9 million	$48.8 million
Cumulative Revenue Through FY2030	$27.1 million	$54.3 million	$244.1 million

A $1 parks and recreation maintenance fee on every utility bill, assuming a 90 percent collection rate, can yield $5.4 million in FY2026 and a cumulative $27.1 million through FY2030.

Expand the Use of the City's Drainage Charge

- A **local drainage fee** is paid by property owners based on:
  - the amount of impervious cover on the benefitted property, and
  - the percentage of impervious cover on the benefitted property.
- Within Austin, a drainage charge could fund:
  - Maintaining Austin's storm drain system
  - Clearing debris from culverts, bridges and Lady Bird Lake
  - Monitoring and closing flooded roads
  - Monitoring water quality in Austin's creeks
  - Cleaning up pollution spills
  - Completing projects to help with flooding, erosion and water pollution
  - Regulating development to reduce any impact on the drainage system

- **Within Austin, however, a Drainage Charge is currently administered by the Watershed Protection Department, and fee revenues pay for a number of programs that help to prevent flooding, erosion, and water pollution across Austin.**
  - Currently, Drainage Charge revenues are collected and administered via Austin's Drainage Utility Fund, separate from the General Fund.
- However, parks and greenspaces across the city greatly contribute to stormwater management and significantly reduce the burden on public draining infrastructure.
- **Given the associated cost savings to the drainage system that well-maintained parks provide, PARD should advocate that a portion of the Drainage Utility Fund be allocated to maintaining parks.**
  - **Additionally, PARD could be excluded from paying the Drainage Charge itself, which could save $300,000 each year.**

A $1 drainage charge on every utility bill, assuming a 90 percent collection rate, can yield $5.4 million in FY2026 and a cumulative $27.1 million through FY2030.

Leverage Public Improvement Districts Where Possible

- A Public Improvement Districts (PID) is a special purpose district designed to drive economic development by providing a way to finance the costs of infrastructure that benefits a definable part of a city.
- PID costs are covered by property owners within the PID boundaries; in return these owners receive special benefits from the public improvements.
- The City of Austin created a PID policy in 2008. PIDs fall into two categories:
  - **Existing Development PID**: Must be financially self-sustaining and not require the City to incur any costs, including costs of formation and administration. The PID must help achieve goals identified in the City's Comprehensive Plan.
  - **Maintenance and Operations PID**: Use special revenue to stabilize commercial business districts and promote business growth along commercial corridors and areas of commercial concentration.
- It is not as common for PIDs to focus exclusively on funding parks.
- PID creation requires:
  - Signatures from property owners representing at least 50 percent of the appraised value of taxable real property liable for assessment; AND
  - Signatures from at least 50 percent of all property owners in the boundary; OR
  - Signatures from owners of at least 50 percent of the land area within the boundary.

Maintenance and Operations PID

- Maintenance and Operations (M&O) PIDs use special revenue to stabilize commercial business districts and promote business growth along commercial corridors and areas of commercial concentration.
- **Common services funded through M&O PIDs include security, capital improvements, beautification efforts, and promotional efforts (including events and specific marketing)**.
- Any public improvements must be fully funded within 5 years. These improvements must be above and beyond City services.
  - Extensions beyond 5 years are subject to City Council approval.
- There are currently three M&O PIDs in the City of Austin, which each have been reauthorized on a five-year cycle:
  - The Downtown Austin PID: Managed by the Downtown Austin Alliance (now reauthorized on a ten-year cycle until 2032)
  - The East Sixth Street PID: Managed by Sixth Street Austin
  - The South Congress PID: Managed by the South Congress Improvement Association
- In FY2025-2026, the Downtown Austin PID is budgeted to bring in $13.8 million in PID Assessment revenue.

A PID that encompasses most of Travis County, assessed at a rate of $0.05, can yield $241 million in FY2026. The City of Austin takes up 30 percent of Travis County's land area – assuming that it takes a third of Travis County's assessed value an Austin-specific PID could yield $72.5 million.

PID Usage in Other Texas Cities

- **While PIDs are typically used to spur broader development, they can be a resource to invest in park maintenance and green space.**
  - **Dallas** created the Klyde Warren Park and Dallas Arts District Public Improvement District in 2014 to support a 5.4-acre green space and the largest contiguous urban arts district in the United States.
    - At $0.025 per $100 in valuation, this PID has the lowest assessment rate of all Dallas PIDs.
  - **San Antonio** has a public improvement district managed by Centro San Antonio. This PID is focused on downtown revitalization, not a specific park.
- Generally, PIDs require buy-in from property owners; can be blocked if does not have the support of at least 50% of owners.
  - If the PID boundary in question has one developer initially, a PID could be established if the single owner is in favor; however continuity issues can arise if the PID sunsets and new owners, particularly if the area is broken into multiple parcels, block a subsequent PID.
- PIDs may also presents equity issues as property owners in more affluent areas can afford to assess themselves for additional services.
- **While likely not a primary revenue option, the City should continue to explore PIDS as one of many vehicles to invest in parks, green spaces, and maintenance in selected areas.**

Evaluate Opportunities to Establish a Parks District

- A park district is a type of local special-purpose district which has local property taxing authority to provide a dedicated revenue stream to parks maintenance, improvements, and other costs.
- Parks districts are typically governed by a parks board, the composition of which varies by municipality.
  - The Chicago Parks District is governed by a Board of Commissioners, with seven members appointed by the Mayor and confirmed by City Council.
  - The Minneapolis Parks and Recreation Board is a governing body with nine independently elected members, one from each of the six geographic park districts, and three serving at-large.
    - The Minneapolis Parks and Recreation Board received just under $90 million in property tax revenue in the FY2025 budget, or 17% of the total City of Minneapolis property tax allocation. The Board also budgeted for $9.6 million in local government aid payments for FY2025. With roughly $10 million of revenue from fees and fines, the Board budgeted a general fund of $108,706,976 for FY2025.
- While a potential organizational and funding mechanism for parks and park programing, park districts are likely not a viable option for the City of Austin to pursue.
- **In Texas, county governments are authorized to establish park districts after holding a public hearing and putting the question of district creation to a public vote. Cities are not explicitly authorized to do the same procedures.**
- If the City did want to replicate the structure of a Park District, the City would likely need to create one using a different enabling structure or operating vehicle.

Source: https://www.minneapolisparks.org/wp-content/uploads/2025/02/2025-26-Adopted-Budget-for-website.pdf

Partner with Travis County on a City/County Park District

- While the City of Austin is not authorized to create a park district, they could collaborate or join a county lead district.
- If Travis County was open to establishing a park district, the City of Austin should coordinate with the County and develop a shared services approach to park facilities, greenspaces, and programing that fall in the overlapping geographies.
- Other counties in the state have already developed park districts:
  - Water-Oriented Recreation District of Comal County (WORD)
    - WORD issues permits to water-related businesses, which collect user fees from customers who visit the district.
    - These fees are used to fund clean-ups on the roads, rivers, and lakes in the district; community education; dumpsters and portable toilets; and law enforcement and emergency medical services.
    - WORD is partially under the purview of Comal County Commissioners Court and helps to maintain and increase the services and quality of parks and recreation in Comal County, offsetting some of the County’s operational costs.

Leverage a Local Government Corporation (LGC) to Establish a Parks District

- The City of Houston leverages a Local Government Corporation as a mechanism to coordinate the Houston Parks Board (HPB) a quasi-parks district structure.
  - HPB is a 501(c)(3) organization that works in tandem with the Houston Parks Board LGC, a LGC created by the City of Houston in 1976.
- Sec. 431.101 of the Texas Transportation Code gives cities the power to create local government corporations:
  - *"A local government corporation may be created to aid and act on behalf of one or more local governments to accomplish any governmental purpose of those local governments. To be effective, the articles of incorporation and the bylaws of a local government corporation must be approved by ordinance, resolution, or order adopted by the governing body of each local government that the corporation is created to aid and act on behalf of."*
- **LGCs are meant to aid and act on behalf of one or more local governments to accomplish any governmental purpose of those local governments.**
- **LGCs have bonding authority but no independent taxing authority and no eminent domain authority**
- LGCs do not have competitive bidding requirements like other local governments when the expenditure is used for an improvement that is constructed in a reinvestment zone and the construction is managed by a private venture, or the project is more than 50% funded by a private entity.
- LGCs are governed by board members who are appointed either by the Mayor and confirmed by City Council (as in Houston), or as in Austin, governed by board members who are City Council members themselves (including the Mayor).

Source: Texas Transportation Code, Chapter 431. Texas Transportation Corporation Act
Source: https://www.houstontx.gov/council/committees/bfacommittee/20140429/localgovt.pdf

Local Government Corporations (LGCs): Houston Parks Board

- **HPB works with the City of Houston Parks and Recreation Department and other municipal and county public organizations to achieve organization goals and has invested over $258 million for parks and trails since inception.**
- **The LGC, Houston Parks Board LGC, Inc. was created by the City of Houston to manage conveyances and acquisitions for public parks, among other related purposes. The LGC may also solicit funds, gifts, and bequests for park acquisitions, additions, and improvements in the city, as well.**
- The LGC is composed of up to 20 members who are appointed by the Mayor of Houston and confirmed by Houston City Council.
- In 2024, HPB received $52.3 million in operating revenue, most of which came from program contributions/donors, and Bayou Greenway maintenance fees.
- Recent HPB activities include the voter approved $166 million parks bond in 2012, of which $100 million was designated to support the Bayou Greenways 2020 plan. HPB, acting as management for the LGC, entered an interlocal agreement with the City in which HPB agreed to fund a matching commitment of $105 million in private and other sources, including federal, state and other government funding to complete Bayou Greenways 2020.
- In 2014, HPB entered into a 30-year agreement with the City of Houston to provide maintenance and capital replacement services for the Bayou Greenways system. In 2024, the agreement was extended for an additional 30 years with additional greenspace included.
  - Under the agreement, the City of Houston provides an annual maintenance fee to HPD with increasing amounts each year. In FY2024, HPD received $12,036,800. The agreement states that unspent funds at the end of each year will be used for future capital replacement projects.

Source: https://houstonparksboard.org/wp-content/uploads/2024/10/Houston-Parks-Board-2024-FS.pdf

Implement Tax Increment Financing (TIF) Where Possible

- Tax Increment Financing (TIF) is a method local governments use to capture new property tax revenue in a specific geographic area and redirect those funds to pay for improvements in the specified area, called the reinvestment zone.
- In Texas, TIFs are governed by Chapter 311 of the Texas Tax Code.
- Chapter 311 outlines the procedures and requirements for cities to create “Reinvestment Zones”
  - A city may designate an area as a reinvestment zone by ordinance if they determine that “development or redevelopment would not occur solely through private development.”
  - Cities must hold public hearings on a proposed reinvestment zone and describe the boundaries of the zone with sufficient definiteness
  - To be designated as a reinvestment zone, the city must show that the area meets one of several requirements, including a substantial number of deteriorated structures, defective sidewalks or other infrastructure, unsanitary or unsafe conditions, be predominantly open or undeveloped, constitute an economic and social liability, and substantially impair the sound growth of the municipality, among others.
  - Sec. 311.008 of the Tax Code gives cities the power to “acquire, construct, reconstruct, or install public works, facilities, or sites or other public improvements, including utilities, streets, street lights, water and sewer facilities, pedestrian malls and walkways, **parks**, flood and drainage facilities, or parking facilities, but not including educational facilities” as part of a TIF project plan.

Implement Tax Increment Financing (TIF) Where Possible

- The City of Dallas established the Oak Cliff Gateway TIF in 1992, with several amendments in subsequent years expanding the boundaries and creating new sub-districts.
  - In 2023, the Clarendon/Beckley/Kiest Sub-district was amended to include the future Southern Gateway Deck Park (now known as Halperin Park), directing future TIF revenues to parks and open space improvements.
  - The project has received a mix of private and public investments and is happening in tandem with a $666 million reconstruction project of I35 (over which Halperin Park will sit).
- While most TIF funds are used to build or rehabilitate tangible property such as residential complexes or other structures, many cities utilize tax increment reinvestment zones to update and rehabilitate essential infrastructure at or near park space, such as sidewalks in residential areas and drainage improvement projects near open park space.
- Mueller, Seaholm and Waller Creek are each an example of a recent successful reinvestment zone deployed in Austin, with project plans containing open space and parkland improvements.
- **TIFs contrast to Public Improvement Districts (PIDs) in a few ways**: PIDs are created at the request of a private developer seeking to fund improvements in an area by assessing a specific fee on property owners in that area, rather than the city redirecting future additional tax revenue as is done with TIFs.

Source: https://www.dallasecodev.org/461/Oak-Cliff-Gateway-TIF-District

Understanding that Bond Capacity is Limited, Leverage Debt for New Capital Costs and Known Deferred Maintenance Needs

- **PFM has previously communicated to City Council that debt levels are high and credit ratings are under pressure.**
- In light of this, and **with the explicit acknowledgement that additional bonding capacity is limited** given other city priorities, **PARD could seek additional GO bond authority for capital purposes, including capital maintenance costs, to be funded over time.**
- **Additional bond funding for parks is a policy decision for the City given limited bond capacity and other priorities, such as Cap and Stitch, and general infrastructure needs.**
- If awarded, these future bond-funded projects could include maintenance costs as part of their budgets, removing these expenses from PARD's annual budget and therefore reducing the revenue gap.
- However, while in theory this option can be achieved in the shorter term compared to other revenue options, its immediate feasibility given the City's overall bonding capacity and general infrastructure needs city-wide is potentially limited.

Explore Sponsorships as a PARD Revenue Source

- PARD recently developed new policy and procedures to allow for private and non-profit partners to sponsor events, signage, and equipment.
- With this new policy, PARD now does not have to partner with an external organization in order to receive sponsored items or equipment.
- **Now, PARD can explore creating opportunities for private organizations to sponsor the provision of certain PARD programs and offerings.**
- These sponsorships could be used to supplement PARD departmental offerings and services – such as for youth sports – and could operate according to prevalent models for public-private partnerships.
- To fully implement a PARD sponsorship program that can raise additional revenue for the department:
  - PARD would need a full or part-time position to steward and manage the program.
  - PARD can explore expanding partnership configuration D – "National and Local partnerships" – as a means to encourage additional sponsorship agreements that can provide resources to PARD.

Consider Donations as a PARD Revenue Source

- Austin residents and parks visitors can currently donate to PARD through on-site donation boxes and other mechanisms. These donations can be used specifically the facilities where the donation was collected for a specific program the donor wishes to support.
  - However, PARD does not have an internal procedure for managing PARD revenues are received as a donation.
- **To more effectively leverage donations as a revenue source and expand the Departments potential donation generation, PARD would need to create a donations policy that allows flexibility for the use of funds while also implementing controls to ensure that funds are used for advertised purposes.**
- Currently, PARD donations leverages trusted agency funds or special revenue funds to manage PARD revenues that were generated through donations.
  - In the past, funds were used to supplement PARD's budget and were not earmarked for use at the facility where they were received.
- To leverage donations as a revenue source, PARD would need to explore the following actions:
  - Creating budget management & fiscal policy controls about how donation-based revenues can be used based on where they are received.
  - Review and update the current code related to naming rights to allow the City to actively pursue interested parties for donations in exchange for naming rights.

Fully Leverage Cost Recovery for High Demand PARD Facilities

- Across PARD's network of buildings, facilities, and spaces that can be rented by the public, certain facilities are shown to be in high demand and at times oversubscribed – requiring the use of lotteries and other systems to determine use and award reservations given limited availability.
- For PARD facilities such as **Zilker Clubhouse and Mayfield Park Cottage**, the fee amounts and resulting revenues raised are low compared to how in demand these facilities are by the community at large.
- This current system results in PARD facilities receiving costly improvement and upgrades that the public enjoys, without the appropriate cost recovery mechanism and fee levels aligned to the demand and maintenance needs.
    - Evaluating and setting a new fee structure or operational model for these sites can raise revenue and better supplement the cost to maintain these spaces that are attractive and enjoyable to the public.
- **Given this system, PARD has the opportunity to explore raising additional revenue at high demand facilities by implementing an additional fee – or other cost recovery mechanism – that will then fund operations, maintenance, or further improvements at the high demand facility.**
    - According to conversations with PARD staff, a similar revenue-raising system was created and implemented for the Zilker Botanical Garden Conservancy, which now receives approximately $150,000 every year for on-site improvements at the Zilker Botanical Garden.[1]

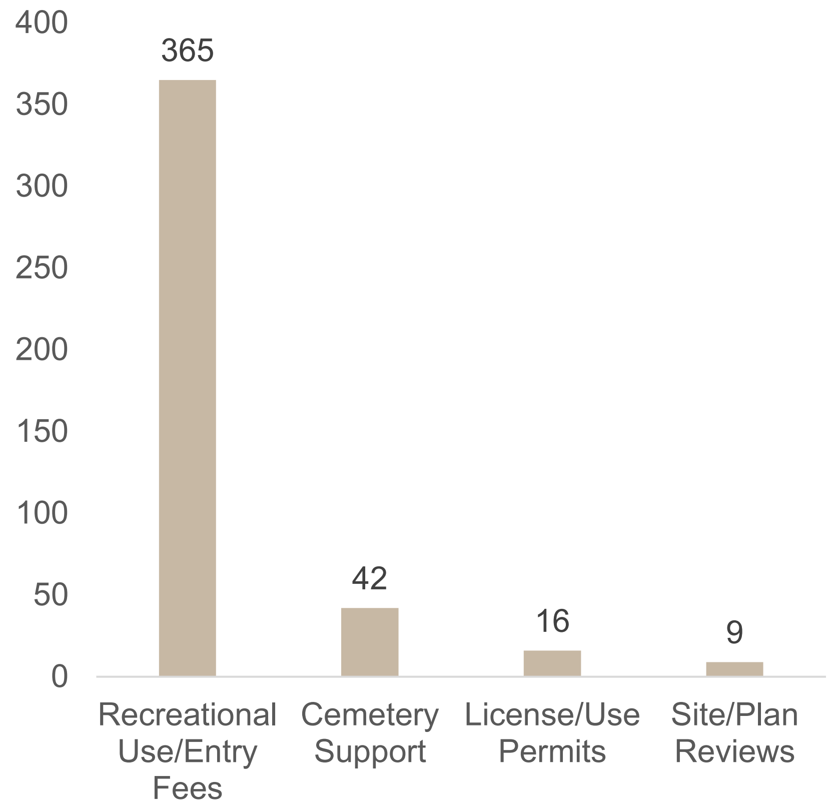
1. Source: Council to reconsider changes to Zilker Botanical Garden agreement - Austin Monitor

Park User Fees & Cost Recovery Options

Park Fees

- Like many park systems, PARD levies fees and fines for usage of programs, activities, and facilities.
- Excluding the Golf Fund, in FY2025 PARD had 432 fees.
- PARD fees are designated into five fee categories (described on the next slide):
  - Cemetery Support
  - License Use/Permits
  - Recreational Use/Entry Fees
  - Site/Plan Reviews
  - Recreational Use/Entry Fees – Golf Fund
- Residents currently pay a subsidized rate for PARD programs and services, as PARD is funded through the City's General Fund.
- Non-residents typically pay a higher fee if fees are administered.
- Revenue from fees goes into the General Fund, the Golf Fund, and the Parks & Recreation Parking and Gate Entry Fund.

Number of FY2025 Fees by Category (Excluding Golf Fund)



Source: City of Austin Fee Schedule
NOTE: Excludes Fees that do not have an amount listed or are zero.

Parks & Recreation General Fund FY2024-2025 Fee Examples

- **Cemetery Support:**
  - **Range from $15 (late payment fee) to $3,800 (adult disinterment and reinterment)**
  - Disinterments/Reinterments
  - Monument work
  - Funerals and Burials
- **Recreational Use/Entry Fees:**
  - **Range from $0.10 per person (maintenance fee) to $45,000 (sponsorship/advertisement fee)**
  - Aquatech Certification Course, Lifeguarding Course, Instructional Swim Course
  - Summer Swim Season Pass
  - Neighborhood Pool Fee (resident/nonprofit and non-resident/commercial rates)
  - Association Fees (ASA, USSSA), Swim Team (resident and nonresident), field usage fees
- **Licenses/Use Permits:**
  - **Range from $598 per unit to $6,261 per unit**
  - Office Space License Fee
  - Residential Parkland Dedication Fees
  - Hotel/Motel Parkland Dedication Fees
- **Site Plan Reviews**
  - **Range from $189 (Site Plan/Subdivision Site Visit) to $25,667 (MUD/PUD/PID/PDA Review)**
  - Development Assessments
    - No Site Visit
    - Site Visit
    - MUD/PUD/PID/PDA Review
  - Zoning & Rezoning Reviews
  - Site Plan/Subdivision Review Fee
  - PUD Amendment Review Fee
    - Administrative/Non-Residential
    - Substantial/Residential

FY2024 PARD Fee Revenue

- **While PARD's fee revenue comprises more than half of its departmental revenue, the annual revenue amounts are not high enough for fee increases to significantly reduce PARD's reliance on the City's annual General Fund Allocation.**
- PARD Entry ($5.0 million) and Registration ($2.9 million) Fees* are PARD's largest fee revenue categories and together totaled $7.9 million in FY2024, or almost half (49.7 percent) of PARD's FY2024 internal departmental revenue.
  - Entry fees are charged at the entrance for usage of a pool or park. Registration fees are charged for participation in programs at the recreation and cultural centers, such as summer camps and after school programs.
- None of the other major fee revenue categories came close to the entry and registration fee amounts:
  - "Other Service Fees" provided PARD $1.6 million in FY2024.
  - Basketball, Flag Football, and Tennis Fees generated $0.4 million in FY2024.
  - Facility Rentals brought in $0.3 million in FY2024.
  - Cemetery Monument Setting and Tent Set Up Fees brought in $0.2 million in FY2024.
  - Softball Field Rentals generated $0.1 million in FY2024.

**PARD's budget data does not break out fee revenue as per the fee categories listed in prior slides.*

PARD Fees Determination Criteria

- Each programs’ fees are reviewed every five years and approved by City Council each year.
  - **Fee increases for existing programs are rare; PARD generally relies on new fees for increased fee revenue** and if fees are raised it is typically a result of increased wages.
- In addition to a cost-of-service analysis, **PARD uses the following general guidelines to determine appropriate fee levels:**
  - Does the program or service align with the Department’s purpose?
  - Is the program or service financially viable at its current cost?
  - Does the program or service still meet the needs of the community it serves?
  - What other providers in the community offer the same or similar service?
  - Who will benefit most from the program or service (the community in general, or specific individuals or groups)?
  - Will imposing a full-cost fee generate financial hardship for certain user groups?
  - Do the City’s core values support a subsidy to the cost of service for specific user groups, such as those with special needs or those who are low-income?
  - Will the cost create unintentional consequences or barriers to participation?
- **These guidelines do not serve as a rubric but rather are guideposts to provide qualitative data alongside the quantitative cost-of-service calculation**.

City of Austin Cost-of-Service Analysis

- The City of Austin increases fees upon completion of a cost-of-service analysis. These analyses are staggered on five-year cycles so that PARD does not have the potential to raise all of its fees in one fiscal year.
- Although fee increases can be proposed to City Council each year, In general, PARD does not increase its fees. If approved by City Council, fee increases are modest and typically support living wage increases or new programs and facilities.
- The cost-of-service analysis calculates the personnel costs and materials (overhead rate) of the activity. The analysis formula is:

$$\frac{\text{Total FTEs x Annual Salary per Position} + \text{Monthly cost of equipment maintenance x 12}}{\text{2080 (Number of Work Hours in a Fiscal Year)}}$$

- This hourly rate is multiplied by the number of hours each crew member will need in a fiscal year to complete the task.
- **Notably, the cost-of-service analysis does not include maintenance or administrative costs. As a result, PARD is only able to recover costs through fees for staff time and equipment, but not for the overhead costs associated with these activities.**

PARD Cost Recovery

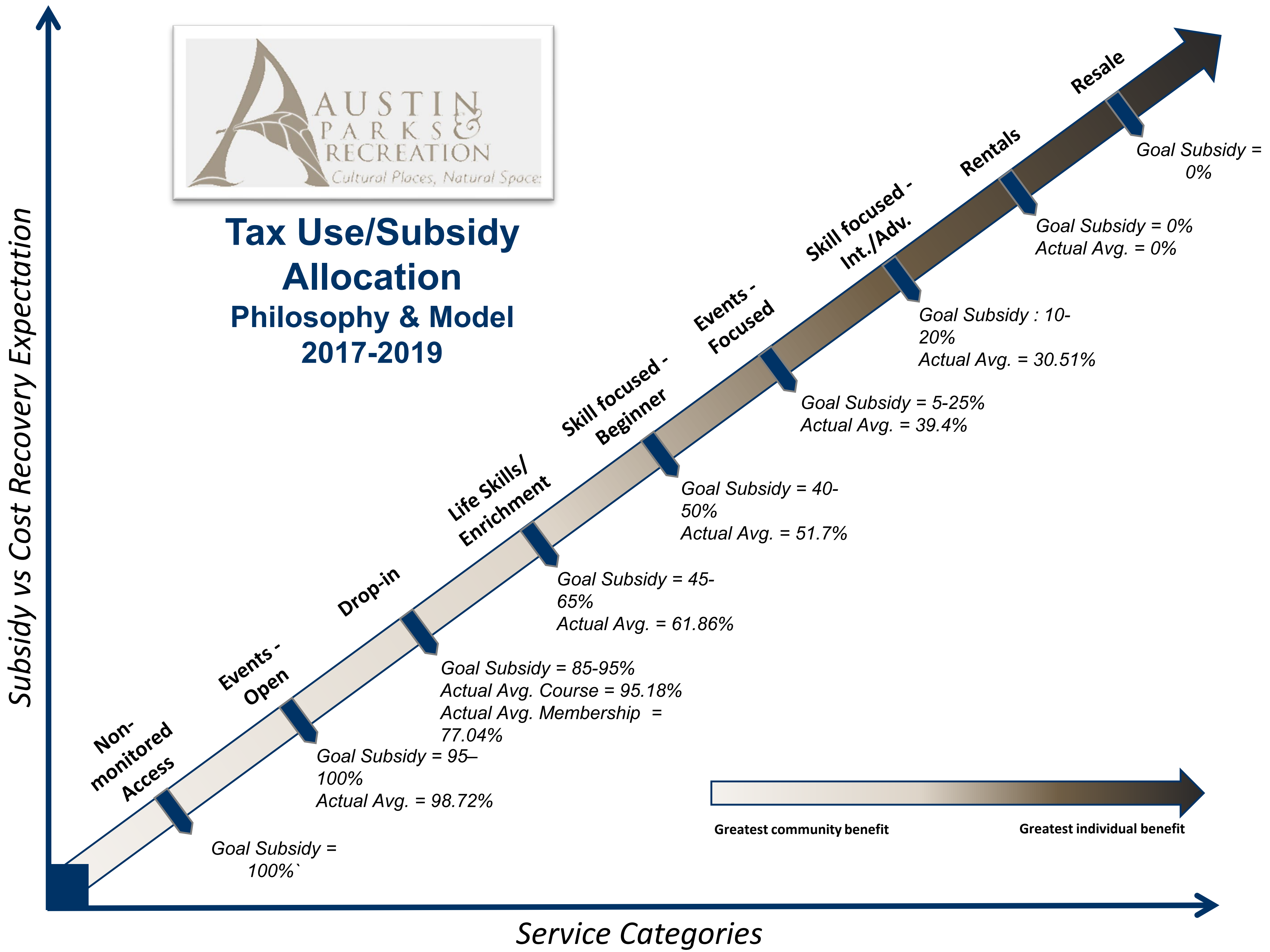
- In FY2025, PARD has calculated the cost-of-service for 149 fees in the General Fund.
- **78 activities (52.3 percent) charge fees that are equal to the cost-of-service, as defined strictly as direct program staff and associated equipment.**
- Despite PARD's ability to raise fees to accommodate wage increases, in FY2025 **62 fees (41.6 percent) are not high enough to cover their associated cost-of-service:**
  - 31 Recreational Use/Entry Fees
  - 14 License/Use Reviews
  - 8 Cemetery Support Fees
  - 9 Site/Plan Reviews
- 9 fees have a fee higher than the cost-of-service. While 8 of these fees are all recreational use/entry fees in which the fee is $1 - $2 higher than the calculated cost-of-service, they will leave PARD's portfolio in 2026.
  - Further, these fees are set by an outside vendor and their cost-of-service calculation uses a different formula – it takes the original fee amount from the contract as the cost of service and **does not account for cost changes over time.**

Sample Fees In Each Cost-of-Service Category

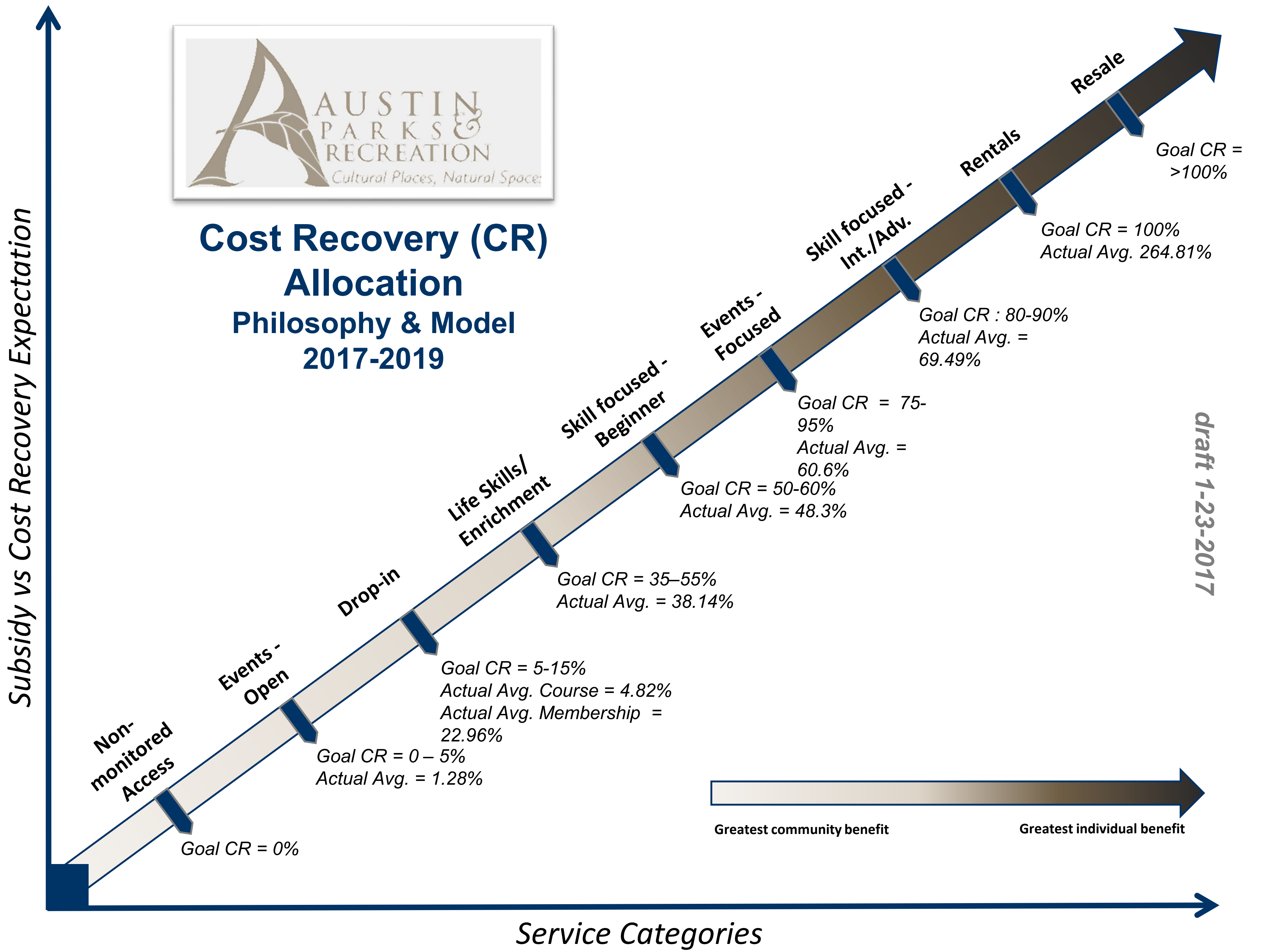
Break Even	Fee Amount Lower Than Cost-of-Service
Republic Square 4-Hour Use Fee	Pool Use Fee - Resident
Adult Court Fees - Resident	Adult Full Burial
Theater Daily Feature Admission	Day Care Processing Fee

Role of Council on Fee Setting and Fee Revenue Generation

- City Council must approve fee increases and generally only does so when there are significant wage increases. Otherwise, the City relies on new PARD fees for increased fee revenue.
- As described in the Financial Analysis section, PARD receives approximately $100 million from the City's General Fund each year. **This transfer is used to offset the costs of PARD fees that are lower than the cost-of-service each fee's associated activity, effectively subsidizing the users' costs of participating in the activity.**
  - PARD's approach to cost subsidization from the City's General Fund is shown on the following two slides:
  - **PARD uses the General Fund to subsidize activities that have the greatest community benefit**, such as open events and events that develop life skills.
  - PARD allows a **lower subsidy for activities that provide more of an individual benefit**, such as event space rentals.
- While keeping fees as low as possible aligns with PARD's goal of serving the greater Austin community, **there are opportunities to raise fees to align with demand levels for certain event spaces that currently operate on lottery system for reservations**, such as Zilker Clubhouse, which is in high demand due to its scenic location, and the Mayfield Park Cottage, a wedding venue.
  - Raising fees to fully recover costs for private, higher investment facilities can allow PARD to retain low fees for other programs, such as those that serve youth, families, and provide general recreation.
  - This strategy requires buy-in from City Council -- PARD has previously proposed fee increases for Barton Springs, for example, and City Council denied this request.



AUSTIN PARKS & RECREATION
Cultural Places, Natural Spaces
Tax Use/Subsidy Allocation
Philosophy & Model
2017-2019
Subsidy vs Cost Recovery Expectation
Service Categories
Non-monitored Access
Goal Subsidy = 100%`
Events - Open
Goal Subsidy = 95–100%
Actual Avg. = 98.72%
Drop-in
Goal Subsidy = 85-95%
Actual Avg. Course = 95.18%
Actual Avg. Membership = 77.04%
Life Skills/ Enrichment
Goal Subsidy = 45-65%
Actual Avg. = 61.86%
Skill focused - Beginner
Goal Subsidy = 40-50%
Actual Avg. = 51.7%
Events - Focused
Goal Subsidy = 5-25%
Actual Avg. = 39.4%
Skill focused - Int./Adv.
Goal Subsidy : 10-20%
Actual Avg. = 30.51%
Rentals
Goal Subsidy = 0%
Actual Avg. = 0%
Resale
Goal Subsidy = 0%
Greatest community benefit
Greatest individual benefit


AUSTIN PARKS & RECREATION
Cultural Places, Natural Spaces
Cost Recovery (CR) Allocation
Philosophy & Model
2017-2019
Subsidy vs Cost Recovery Expectation
Service Categories
Non-monitored Access
Goal CR = 0%
Events - Open
Goal CR = 0 – 5%
Actual Avg. = 1.28%
Drop-in
Goal CR = 5-15%
Actual Avg. Course = 4.82%
Actual Avg. Membership = 22.96%
Life Skills/ Enrichment
Goal CR = 35–55%
Actual Avg. = 38.14%
Skill focused - Beginner
Goal CR = 50-60%
Actual Avg. = 48.3%
Events - Focused
Goal CR = 75-95%
Actual Avg. = 60.6%
Skill focused - Int./Adv.
Goal CR : 80-90%
Actual Avg. = 69.49%
Rentals
Goal CR = 100%
Actual Avg. 264.81%
Resale
Goal CR = >100%
draft 1-23-2017
Greatest community benefit
Greatest individual benefit

Review and Restructure Large Special Event Fees (From Recreational Use/Entry Fees)

- PARD administers a number of fees and permits for special events and large gatherings in PARD facilities and on PARD grounds. These fees include:
  - Facilities, Parks, and Scheduled Special Event Fees*
  - Tiered Special Event Park Maintenance Fee Structure
  - Arcade*
  - Bowling*
  - Grounds Rental (e.g. weddings)
  - Commercial Photography
  - Roller Skating*
  - Moonwalk/Inflatable Rock Wall Concession Permit
  - Sound Permit
  - Alcohol Permit
  - Boat Landing
  - Ballroom/Auditorium
  - Theater*
- While most of these fees offer minimal revenue generating potential, **PARD should consider reviewing fees and permits related to large special events**. PARD could consider the below as factors for increasing or implementing a new structure for revenue generation.
  - Special events that remove public spaces from public use;
  - Ticketed events that charge users for a fee for admission; and/or
  - Events that require additional maintenance, set up, clean up, or require a higher investment in staff time.

**Will be moving to ACME in FY2026.*

Austin Special Event Fees Compared to Peers

- The City of Austin uses a combination of expected crowd size and specific park reserved in assigning event use fees for events larger than 1,000 attendees.
  - Some parks, like Auditorium Shores and Walter E. Long Park are assigned specific per day use fees.
  - Other larger parks, such as Zilker Park, use fees based on expected attendees.
  - Austin also charges an additional fee, in the range of $1-$3 per ticket, per event day when events charge admission. This fee does not increase proportionately to ticket prices.
- **Other comparable jurisdictions use alternative fee structures based on several different factors such as park size, expected attendance, or predetermined fees for specific parks.**
  - Chicago and Atlanta use a per sq/ft fee for special events in other parks.
  - Philadelphia and New York City have negotiated fees based on crowd size.
- Some cities also charge applications fees for special event applications. These range from $25 (New York, Philadelphia, New Orleans) to $200 (Dallas).
  - Austin does not include a specific application fee for special event permit applications.
  - Chicago incorporates an application fee into the overall permit fee, charging 50 percent of the total permit 90 days before the event

Austin Special Event Fees Compared to Peers

- Austin is a destination city receiving thousands of visitors annually for major events like Austin City Limits and SXSW.
- Other cities across the nation are determining how to appropriately price and set fees for private events that happen in public spaces and make the space inaccessible to the public during the event.
- PFM has previously conducted an analysis of special event fees at major cities across the country. Part of this analysis included the permit costs of a hypothetical 3-day event (with 8 set-up/take-down days) with 50,000 daily attendees and $10 million in revenue.
- In this scenario, Austin, with a total permit cost of $189,030, is slightly above the median cost of $144,653.
- However, five of the comparable jurisdictions have higher permit costs.
- **This analysis demonstrates Austin's opportunity to generate additional revenue through its special event fee and permit structure.**

City	Total Event Permit Cost
Atlanta	$265,892
Austin	$189,030
Chicago	$536,113
Denver	$29,561
Houston	$1,003,241
Milwaukee County	$1,184,000
New York	$88,500 (up to 8,000 people)
Dallas	$34,150
New Orleans (City Park)	$1,000,275
Philadelphia	$70,025 (up to 5,000)
Median Total Permit Cost	**$144,653**

Consider a Park Impact Fee

- PARD does not directly receive special event fee revenues from marque events like ACL and SxSW.
  - These events have negotiated agreements with the City and other partners that dictate comparable fee revenue go toward the Austin Parks Foundation.
- In theory, PARD could impose an impact fee for Austin City Limits (ACL) and/or SXSW.
  - SXSW is co-sponsored; as a result, its fees may have previously been waived.
  - ACL is not co-sponsored, but its fees may have been waived in the past.
- **In order to impose an impact fee, PARD would need to complete a two-part analysis to justify the fee as part of cost-of-service study. This study would need to:**
  - Demonstrate there is a relationship between the fee and a legitimate government interest; and
  - Demonstrate that the fee is roughly proportional to the impact of these events on the park.

Maintain Concession Policy with Key Partners

- Within the General Fund, PARD's concessions-related revenue items have generated between $612,700 (FY2019) and $1.4 million (FY2022) in the years from FY2019 to FY2024.
- From FY2019 to FY2024, concessions-related revenue items have provided between 4.3 percent and 9.0 percent of PARD General Fund revenues.
- In FY2024, revenue from "Boating concession sales" within the "South Park District Servicing" unit was the highest concession-related revenue item for PARD, providing $869,600 in revenue.
- From FY2019 to FY2024, within the General Fund, five concessions-related revenue items within PARD showed a positive compound annual growth rate (CAGR) over this time period. By "Unit Name" and "Revenue Source" they are:
  - South Park District Servicing, Boating concession sales
  - Zilker Park Maintenance, Boating concession sales
  - North Park District Servicing, Other concession sales
  - Zilker Park Maintenance, Other concession sales
  - North Park District Servicing, Boating concession sales
- In FY2026, the majority of concession revenue at Lady Bird Lake will be given to partners and may not be an opportunity for PARD unless a restructuring of concession revenue sharing or maintenance and programming agreements are developed.

Maintain Concession Policy with Key Partners

- **While PARD's concessions-related revenue items generate about 5 to 9 percent of General Fund revenues from year to year, ultimately, these are fairly small amounts of revenue are remitted back to the City's General Fund every year.**
- **To date, PARD has determined that it is a best practice for external partner organizations to manage concessions operations so that funding and support can be directed to certain PARD facilities and areas.**
- Concessions operating models, and the contracts that underpin them, vary from place to place across PARD facilities. Other PARD concessions operating models include:
  - Temporary concessions providers that operate during special events – such as food trucks – pay a fee to PARD; historically this has not generated a lot of revenue.
  - Brick-and-mortar stores that offer concessions – such as at Lady Bird Lake – is the most consistent model.
  - Revenue from alcohol sales has been a challenge – whether alcohol sales are allowed in certain parks is determined by local zoning regulations.
    - In addition, some local residents vocally oppose expanding the sale of alcohol in parks.

Summary of Findings & Recommendations

Summary of Findings & Recommendations

- The following slides summarize the high-level findings and recommendations for consideration by PARD and City Council.
- These slides offer a menu of options that the City should consider pursuing in combination in order to maintain current service levels and make targeted investments in ideal service levels and deferred maintenance needs.
- After reviewing the various options and recommendations, the Department and Council will need to articulate a strategic path forward.
- This path should first ensure that low barrier options are being fully explored and implemented and that existing revenue is being spent well and wisely.
- The path forward also needs to consider opportunities for increased revenue or streamlining of services to ensure that the Department has adequate resources to make necessary investments in infrastructure and continue to support the priorities outlined by the City Council and residents.

Findings and Key Takeaways – Financial Analysis of Revenues

- While PARD manages departmental revenue-generating activities through its enterprise fund, special revenue fund, and through General Fund fees and other charges – **the majority of the Department's funding comes through General Fund allocations from the City**, as these internal revenues do not fully support PARD's expenditure activities.

- **The majority, 64.4 percent, of PARD's internally generated revenue is sourced from Recreation and Culture Charges, such as entry and registration fees.**

- **75.6 percent of PARD's $15.9 million in internal General Fund revenue is sourced from 10 programs.**
  - PARD's largest revenue contributor is Barton Springs Pool, which provides nearly one-quarter of PARD's General Fund revenue.
  - The high concentration of revenue sourced from the top revenue generators indicates that only a few programs (e.g. Barton Springs, Zilker Park, South Park District) have the potential to increase PARD's future revenue in an impactful way.

- **While in the past cemetery operations have provided revenue growth for PARD, it is likely restricted in the long run due to the limitations in available land.**

- While park review fee revenue grew quickly relative to PARD's other revenue streams, in FY2024, it comprised only 3.3 percent of all PARD General Fund revenue and is affected by external influences such as construction activity that are outside of PARD's control.

- In addition, key findings from the benchmarking analysis show that:
  - PARD is well below peers in the number of funding sources for operational and capital programs and services.
  - When reviewing total departmental revenue raised by parks & recreation activities in the comparator group, Austin PARD ranks below many comparators.
  - Generally departmental revenues and parks system total funding are complementary – the more well-funded parks are with operating and capital resources, the more departmental revenues that these park systems will be able to raise.
  - When reviewing total departmental revenue raised by parks & recreation activities in the comparator group, Austin PARD ranks below many comparators.

Findings and Key Takeaways – Financial Analysis of Expenditures

- PARD spends almost one-third of its expenditures on maintenance ($37.5 million), and 40 percent on programming ($50.0 million).
- While PARD receives approximately $100 million annually from the City's General Fund, **a portion of these funds are returned to the City in the form of internal service charges** and do not directly support PARD programs or maintenance.
- Key findings from the benchmarking analysis show :
  - PARD peers are spending most of their operating funds on maintenance for park spaces and parks facilities, and the next most on services and programs for residents.
  - PARD shows the largest difference between expected departmental revenues and budgeted expenditures in FY2025.
    - However, when removing the $16.5 million of PARD's Historic Preservation expenses in FY2025, PARD shows the second-largest difference between these figures, behind only San Diego.
  - Austin PARD ranks the second-highest among comparators in operating and capital expenditures, driven mostly by the City's large General Fund transfer to PARD every fiscal year.
- **Expenditure Forecasts**
  - **The City forecasts PARD's FY2030 expenditures will be $156.2 million.**
    - The City's financial forecast based on other inputs such as anticipated wage increases, which will provide a different forecast than PFM's methodology of strictly using past performance as an indicator of future results.
  - **The City projects a lower budget gap for PARD's FY2026 – FY2030 expenditures; it uses an expenditure CAGR of 3.6%.** This projection assumes lower salary growth than what occurred between FY2019 and FY2024.
  - **Under the City's forecast scenario, PARD is projected to have a gap of $138.9 million if PARD has revenues of $17.3 million in FY2030**.
    - This will require a City General Fund allocation to PARD in FY2030 that is 38.2 percent higher than what PARD received in FY2024, or $38.4 million more than what PARD received in FY2024.

Findings and Key Takeaways – Potential for Further Partnerships

- Austin PARD manages several partnerships with external groups – these partnerships benefit PARD by **providing access to community resources**, creating opportunities for partner organizations **to help with park operations and maintenance**, and including PARD in **local advocacy efforts**.

- PARD partnerships also allow the department to offer programming, serve the community, and administer local amenities with more **efficient and sustainable** methods.

  - Currently, some PARD partnerships are offered only through site-specific agreements – however, working with local non-profit organizations and community groups to administer **system-wide PARD programs** can enhance **efficiency and equity** across PARD's local amenities and programmatic offerings.

- PARD currently performs the activities listed below. **Further investing in these partnership models** will likely allow PARD to continue providing programs and amenities to the Austin community in the most efficient ways possible:

  - **Maximize supplemental support by partnering with local nonprofits or conservancies**, which can provide additional avenues and resources for advocacy, volunteer hours, and revenue.

  - **Leverage community resources**, which include parkland stewardship, the Adopt-A-Park partnership, the Community Activated Park Projects (CAPP) Program, PARD Partners, and the Cities Connecting Children to Nature initiative.

  - **Work alongside PARD Park Operations and Maintenance Partners** – within PARD's Partnership A agreement structure, this can include working with the Downtown Austin Alliance, Pease Park Conservancy, Trail Conservancy, and many other organizations.

  - **Partner with the Austin Parks Foundation**. The Austin Parks Foundation does not currently have a Parks Operations and Maintenance Agreement or other formal partnership with PARD – any future agreement between the City and APF should have specific language about what is funded and how funds are to be shared and spent.

  - **Follow best practices when working with non-profit park partners**, which includes taking advantage of the larger scale and capacity of some park partners, ensuring equitable support to volunteer groups or underserved neighborhoods, and promoting open and ongoing communication.

Findings and Key Takeaways – Shorter-term Revenue Options

Recreation and Parks Fee for Park Maintenance & Preservation

- While use of the City's current Clean Community Service Charge cannot be expanded to include other park-related expenses, City Council could authorize a new Recreation and Parks (RAP) Fee that would collect revenue for dedicated park uses.

Drainage Charge

- While Austin already has Drainage Charge currently administered by the Watershed Protection Department, PARD should advocate that a portion of the Drainage Utility Fund be allocated to maintaining parks or pay for a number of programs that help to prevent flooding, erosion, and water pollution across Austin.

A Recreation and Parks Fee and a Drainage Charge, if approved, can hypothetically generate a combined $10 million each fiscal year. These two options can together increase PARD's annual internal departmental revenue by two-thirds.

Public Improvement Districts (PIDs)

- Leverage Existing Development and Maintenance and Operations PIDs for targeted park development and investment.

Parks Districts

- Consider leveraging a LGC to establish a park district or coordinate with Travis County to establish a City/County park district.

City Debt and Bond Program

- PARD and City leadership should explore additional methods of leveraging bond funding for expanded capital and deferred maintenance.

Findings and Key Takeaways – Shorter-term Revenue Options

TIF – Tax Increment Financing

- Explore opportunities to leverage TIFs to fund park spaces and infrastructure.

Partnerships

- **Sponsorships**: Explore creating opportunities for private organizations to sponsor the provision of certain PARD programs and offerings.
- **Donations**: More effectively leverage donations as a revenue source and expand the Departments potential donation generation, by creating a donations policy that allows flexibility for the use of funds while also implementing controls to ensure that funds are used for advertised purposes.
- **Additional Charges at High-Demand Facilities**: Explore raising additional revenue at high demand facilities by implementing an additional fee – or other cost recovery mechanisms – that will then fund operations, maintenance, or further improvements at the high demand facility.

Other Fees & Cost Recovery Options

- **Park User Fees**: Focus on increasing fees, particularly for entry and registration, although any fee increases will have limited effects on PARD's overall budget gap.
- **Large Special Event & Impact Fees**: Consider reviewing fees and permits related to large special events.
- **Concessions Revenue**: Continue to leverage and expand concessions at targeted park spaces through park partners and operating agreements.

Organizational Review or Expenditure Analysis

- Conduct a comprehensive operational review to determine which of its functions it should prioritize and how PARD can achieve greater efficiency with its current level of funding.
- This review can include an in-depth analysis of PARD's expenditures to determine the level of funds required to execute PARD's core services.

Findings and Key Takeaways – Longer-term Revenue Options

- **Sales Taxes**
  - It is not possible for entities within the City of Austin to add additional sales and use taxes, since the City is already at its legal limit. However, if the City of Austin decreased the 1% Austin CapMetro sales tax, the City would have additional “room” to levy taxes within the City’s allotted 8.25% maximum local tax rate.
- **Property Taxes**
  - Consider going to voters to authorize an increase in property taxes dedicated to park programs, infrastructure and maintenance.
- **HOT (Hotel Occupancy Tax)**
  - Continue to leverage HOT funds for targeted park expenditures.
- **State & Local Advocacy**
  - As a long-term approach, the City and park stakeholders can advocate or lobby for changes within the Texas state legislature to provide greater flexibility in revenue options, such as by increasing the City’s taxing authority.

Thank You

pfm