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To: Board of County Commissioners
DEPARTMENT: Public Works
PRESENTED BY: Howard Schussler, Assistant Director
AGENDA ITEM TITLE: Report Back to Board on River Road Parks and Recreation District Funding Options

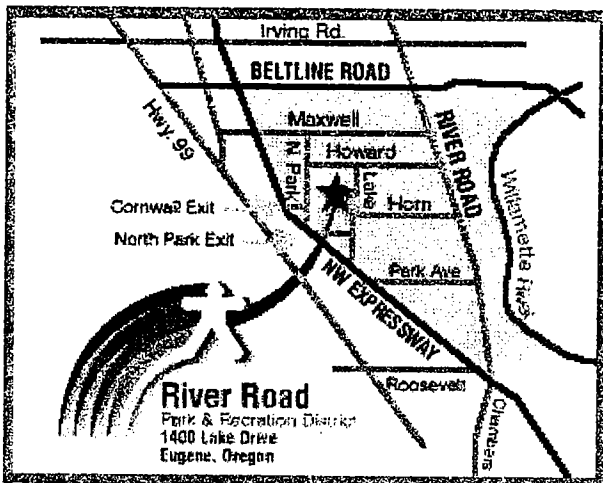
I. AGENDA ITEM SUMMARY

The River Road Park and Recreation District (RRP&RD) has been impacted by annexations by the City of Eugene. As the City annexes properties into the City, those properties are withdrawn from the RRP&RD. Each time a property is annexed and withdrawn from the RRP&RD, the District's tax base decreases and the District has less revenue for operations and capital improvements. As tax revenues decline, the RRP&RD may face fiscal insolvency at some point in the future.

II. BACKGROUND/IMPLICATIONS OF ACTION

A. History & Background

The River Road Park & Recreation District:



The RRP&RD is bordered on three sides by clear physical features; Beltline Highway to the north, NW Expressway to the west, and the Willamette River to the east. Due to annexations, a precise and accurate map would appear more like Swiss cheese than a geometric figure, similar to a map of unincorporated sections of the River Road area and City of Eugene sections for road maintenance.

The RRP&RD offers a pool with aquatic programs, a fitness center, youth, adult, and senior recreation programs, a community center, and Emerald Park. It operates with an annual budget in excess of \$3 million and more than 100 employees.

Dating back at least to September, 1983, the District had an agreement with the City of Eugene whereby the City agreed to make payments in lieu of taxes for properties within the corporate limits of the District and annexed to the City of Eugene. As part of this agreement, the City agreed to pay \$2.50 per \$1,000 of assessed valuation of the properties annexed. This agreement has expired and there is currently no successor agreement. For a period of time after the expiration of the agreement, the City had agreed to pay the District an annual payment of \$100,000; an amount less than the previous in lieu of taxes formula. The City has now ceased making these payments.

As the District's tax base decreases it has become increasingly difficult to maintain the service levels for resident service users. The District instituted in-district and out-of-district user fees, with out-of-district fees being higher. In May 2009, residents passed a 5-year local option levy, providing enhanced funding for the RRP&RD. The rate for the levy is \$.47/\$1,000 or approximately \$120/year for a \$250,000 home.

The Board of County Commissioners has expressed an interest in exploring options to help the impacted residents of the RRP&RD. Currently, with the May 2009 approval of a local option levy, funding for the district exceeds the previous City of Eugene supplemental funding by approximately \$100,000 annually. This is still significantly less than funding under the 1983 City of Eugene/RRP&RD agreement. RRP&RD has stable funding for another 4-1/2 years assuming the City of Eugene continues its current annexation practices.

B. Legal and Policy Issues

ORS 222.520 – 222.528 provide guidance for annexation of less than an entire district and for the assumption of responsibilities by the annexing city. The Eugene-Springfield Metropolitan Area General Plan, Sections F and H also provide guidance for the River Road and Santa Clara areas and for parks and recreation facilities.

C Analysis

In order to develop options for the BCC, several key individuals were interviewed to gain insight and to generate ideas from multiple perspectives. Those interviewed included: Commissioners Fleenor and Handy, Dale Weigandt (RRP&RD Superintendent), Bob Keefer (Willamalane Park & Recreation District Superintendent), Johnny Medlin (City of Eugene Parks Manager), and Todd Winter (Lane County Parks Manager).

This analysis attempts to describe the issues using four filters or perspectives: services provided to the public, fiscal needs and interests, legal, and political.

The services provided by the RRP&RD are urban services in nature. By this, staff can say that the pool, community center, recreation programs and services, and neighborhood park are focused on the residents of a fairly well defined local community and are more like the park and recreation services offered by the City of Eugene and Willamalane Park and Recreation District than they are like County Parks or State Parks. County and State park and recreation facilities are intended to draw people from a wide region or outside the region entirely. County and State systems do not charge different resident and non-resident fees.

Currently, the District appears to have stable funding for approximately 4-1/2 more years or until the current local option levy funding ends. The combined tax rate (standard rate + local option levy) for the District is approximately \$3.52/\$1,000. In comparison, the Willamalane rate is currently about \$2.00/\$1,000. The County property tax rate is approximately \$1.28/\$1,000 for all County General Fund services. As stated previously, the RRP&RD operates with an annual \$3.1 million budget as compared with Willamalane's \$11 million annual operating budget and Lane County Parks \$2.1 million annual budget.

Lane County Parks receives System Development Charge (SDC) revenues from outside of the incorporated cities and urban growth boundaries, Willamalane collects SDCs within its District, and the City of Eugene collects parks SDCs. The RRP&RD does not collect SDCs.

The core problem for the District has been identified as a risk to fiscal solvency caused by the shrinking tax base. The tax base is shrinking due to annexations by the City of Eugene, taking taxable properties out of the District and into the City limits. It appears that the City of Eugene has acted and continues to act within the law, ORS and the Metro Plan. Prior agreements provided for some financial relief with payments in lieu of taxes to the District to soften the impact of lost tax revenues by the District. These agreements have lapsed. The City demonstrated interest in helping by providing an annual payment in lieu of taxes, but this payment has been discontinued. The RRP&RD exercised its legal rights and brought a local option levy to the public and this levy was passed, giving the District five years of funding in addition to its base funding. The District has also raised non-resident fees.

D. Alternatives/Options

During the course of the interviews a wide variety of options were identified. If there appears to be a legal obstacle to an option, then it will be specified along with the option. All other options will be listed with little analysis or judgment.

1. The County could enter into an agreement with the District that would prevent the City of Eugene from annexing any more properties currently in the District.

Legal obstacle: State law does not give the County the legal authority to prevent annexations by the City by entering into an agreement with the RRP&RD.

2. The District could expand to include all properties between the City limit and the urban growth boundary (UGB).

Analysis: This would increase the tax base and expand provision of urban services to non-City residents within the UGB.

Legal obstacle: This would require a public vote.

3. The City of Eugene Parks and the RRP&RD could combine to form a greater Eugene park and recreation district similar to the Willamalane model.

Analysis: This would be a political choice for the District and the City of Eugene and the voters within those two jurisdictions.

4. The RRP&RD operation could be privatized or contracted (e.g. with YMCA) to reduce costs.

5. The City of Eugene could resume payments in lieu of taxes or in lieu of lost tax revenues due to annexations.

Analysis: This would likely require political interest and involvement by the BCC as a facilitator; the City is decision maker.

6. The RRP&RD and the City of Eugene could enter into some other agreement such as a 195 Agreement, based on ORS 195, similar to other districts throughout the state.

Analysis: This would likely require some political interest and involvement by the BCC as a convenor or facilitator the City and the District are the decision makers.

7. The RRP&RD could enter into an agreement with Willamalane or merge with Willamalane.

8. The RRP&RD district could offer in-district rates to City of Eugene residents in exchange for an equivalent amount of revenue from the City of Eugene.

Analysis: This would likely require some political interest and involvement by the BCC as a convenor or facilitator as the City and the District are the decision makers.

III. RECOMMENDATION

Staff has no specific recommendation.