Section VI.
Potential Funding Sources

These funding sources have the most potential for PLAY to fund the capital and operational costs of the recommended sports venues.

Sales Tax

This revenue source is a very popular method for cities and/or counties to fund these types of projects. The sales tax rate can be customized with or without a sunset date and can be utilized for capital and/or operations and maintenance for facilities. Prior city recreational facilities were funded under this method. The public survey indicated that 17% of the public is very supportive and 36% of the public is somewhat supportive of this funding option.

School District Bond Referendum

The plan recommends new varsity sports facilities to meet the needs and demands of residents of the City of Lawrence and Douglas County. This funding source can be utilized by the school district. These bonds would be general obligation bonds initiated through School District Board approval and citizen vote. The public survey indicated that 10% of the public is very supportive and 25 % of the public is somewhat supportive of this funding option.

Tourism (Guest) Tax

Tax based on gross receipts from tourism related activities such as hotels/motels and rental cars, which may be used to build and operate sports facilities. The public survey indicated that 32% of the public is very supportive and 30 % of the public is somewhat supportive.

Partnerships

Partnerships are joint development funding sources or operational funding sources between separate agencies, such as government entities, school districts, private business, and non-profit organizations. Partners jointly develop revenue producing facilities and share risk, operational costs, responsibilities, and asset management based on the strengths and weaknesses of each partner.

Creation of a PLAY Sports Authority (for fundraising purposes)

The PLAY Committee needs to adopt the creation of a Sports Authority to create an atmosphere that would allow these new sports venues and each sports organization long-term successes. These entities (also known as Sports Corporations or Sports Commissions) are formed to raise money typically for a single focus purpose that could include sports facilities and/or programs that will better the community as a whole and their special interest. This entity would operate the new sports facilities and provide a business approach to these sports venues to ensure the fair and equitable allocation of access, resources and fees among all sports entities. Each sport within the community would organize into one association for their sport and have representation on the Sports Authority board. Typically, the officers for the Sports Authority would be knowledgeable, non-biased at-large members appointed by the PLAY Committee. The Sports Authority creates bylaws to enhance the tournaments, scheduling, pricing, rentals, marketing, operations, maintenance, and capital replacement for the sports venues within the community. The planning team views this action as key to plan success.

Inter-local Agreements
Contractual relationships entered into between two or more local units of government and/or between a local unit of government and a non-profit organization for the joint development, usage and/or operation of sports facilities. This method would included multiple funding sources.

Foundation
These dollars are raised from tax-exempt, non-profit organizations established with private donations in promotion of specific causes, activities, or issues. They offer a variety of means to fund capital projects (including capital campaigns), endowments, sales of items, etc.

Maintenance Endowment
Maintenance Endowments are set up for organizations and individuals to invest in ongoing maintenance improvements and infrastructure needs. Endowments retain money from donations, user fees, individual gifts, partnerships, etc.

Naming Rights
Many entities have turned to selling the naming rights for new buildings, courts, fields, stadiums or renovation of existing buildings for the development cost associated with the improvement.

Fees/Charges
The operating entity of these facilities must position its fees and charges to be market-driven and based on both public and private facilities. The potential outcome of revenue generation should be consistent with regional and national trends relating to public agencies, which generate an average of 50% of operating expenditures. Revenue from this source has been estimated for the new venues

Ticket Sales/Admissions
This revenue source is on accessing facilities for self-directed activities and events such as tournaments, ice-skating rinks, ballparks and entertainment activities. These user fees help offset operational costs. Revenue from this source has been estimated for new venues.

Corporate Sponsorships
This revenue-funding source allows corporations to invest in the development or enhancement of new or existing facilities. Sponsorships are also highly used for programs and events.

Concession Management
Concession management is from retail sales or rentals of soft goods, hard goods, or consumable items. The operating entity either contracts for the service or receives a set of the gross percentage or the full revenue dollars that

incorporates a profit after expenses. Revenue from this source has been estimated for the new venues.

Advertising Sales
This revenue source is for the sale of tasteful and appropriate advertising on scoreboards, ball field fences, dasher boards and other visible products or services that are consumable or permanent that exposes the product or service to many people.

User Fees
This is a dedicated user fee, which can be established by a local ordinance or other government procedures for the purpose of constructing and maintaining facilities. The fee can apply to all organized activities, which require a reservation of some type, or other purposes as defined by the local entities. Examples of such activities include basketball, volleyball, baseball, and softball leagues/tournaments and special interest classes. The fee allows participants an opportunity to contribute toward the upkeep of the facilities being used.

These funding sources are potential funding opportunities for PLAY to consider for additional funding options for capital and operational expenditures.

Utility Roundup Programs
Some city agencies have worked with their local utilities on a round up program whereby a consumer can volunteer to pay the difference between their bill up to the even dollar amount and the utility companies pay the department (or endowment) the difference. Ideally, these monies are used to support utility improvements such as sports lighting, irrigation cost, HVAC costs, and/or facility maintenance.

Entertainment (Ticket) Tax
This tax is on ticket sales for major entertainment venues such as college games, concerts, sport tournaments, movies, etc. within the community. This tax can also apply to video game machines.

Special Fundraisers
Many entities have special fundraisers on an annual basis to help cover specific programs and capital projects.

Room Over Rides on Hotels for Sports Tournaments and Special Events
Cities have begun to keep a percentage of hotel rooms that are booked when the City hosts a major sports tournament or special event. The overrides are usually $5.00 to $10.00 depending on what type of room. Monies collected help offset operational costs for the facilities where the events are hosted.

Parking Fee
This fee applies to parking at selected destination facilities such as sports complexes, stadiums, and other attractions to help offset capital and

operational cost. This could apply to tournaments only or league play could be included.

Capital Improvement Fees
These fees are on top of the set user rate for accessing facilities such as sports complexes, field houses, stadiums, etc. to support capital improvements that benefit the user of the facility.

Private Concessionaires
Contract with a private business to provide and operate desirable sports activities financed, constructed, and operated by the private sector with additional compensation paid to the Sports Authority.

Food and Beverage Tax
The tax is usually associated with convention and tourism bureaus. However, since other entities manage many of the tourism attractions, these entities receive a portion of this funding source for operational or capital expenses.

Cell Towers
Cell towers attached to light poles in game field complexes is another source of revenue the city could seek in helping support the system.

Merchandising Sales
This revenue source comes from the public or private sector on resale items from gift shops and pro shops for either all of the sales or a set gross percentage.

Licensing Rights
This revenue source allows the entity to license it name on all resale items that private or public vendors use when they sale clothing or other items with the entity's name on it. The normal licensing fee is 6 to 10% of the cost of the resale item.

Establish a Designated License Plate for Parks
This funding mechanism can be used to finance improvements or operations in the County or City through a designated license plate.

Real Estate Transfer Fees
As cities and counties have the need for new and/or improved facilities, some cities and counties have turned to real estate transfer fees to help pay for needed capital and/or operational costs. Usually transfer fees amount to ¼ to ½ % on the total sale of the property.

Franchise Fee on Cable
This allows cities to add a franchise fee on cable to be designated for public facilities. The normal fee is $1.00 a month or $12.00 a year per household. Fees are usually designated for capital improvements or specific operational costs.

Irrevocable Remainder Trusts
These trusts are set up with individuals who typically have more than a million dollars in wealth. They will leave a portion of their wealth to the entity in a trust fund that allows the fund to grow over a period of time and then is available for the entity to use a portion of the interest to support specific facilities or programs that are designated by the trustee.

Private Developers
These developers lease space from government owned land through a subordinate lease that pays out a set dollar amount plus a percentage of gross dollars for facility enhancements.

Land Swaps
This where the city or county trades property to improve their access for needed resources. This could include property gain by the city or county for non-payment of taxes or where a developer needs a larger or smaller space to improve their profitability. The city or county typically gains more property for more recreation opportunities in exchange for the land swap.

Leasebacks on Recreational Facilities Can Produce Revenue
Many cities do not have capital dollars to build revenue-producing facilities but they will hire a private investor to build the facility according to the specifications they want and the investment company will finance the project and the City will lease it back from them over 20 years. This can be reversed where by the City builds the facility and leases to private management to operate it for a percentage of gross dollars to pay off the construction loans through a subordinate lease.

The Mello-Roos Act
The 1982 Mello-Roos Community Facilities Act (Government Code Sections 53311 et seq.) enables cities, counties, special districts, and school districts to establish community facilities districts (CFDs) and to levy special taxes to fund a wide variety of facilities and services. The proceeds of a Mello-Roos tax can be used for direct funding and, in the case of capital facilities, to pay off bonds. Mello-Roos financing has similarities to special taxes and special assessments, and in some situations, it has advantages over both.

Annual Appropriation/Leasehold Financing
This is a more complex financing structure which requires use of a third party to act as issuer of the bonds, construct the facility and retain title until the bonds are retired. The City enters into a lease agreement with the third party, with annual lease payments equal to the debt service requirements. The bonds issued by the third party are considered less secure than general obligation bonds of the City, and therefore more costly. Since a separate corporation issues these bonds, they do not impact the City's debt limitations and do not require a vote. However, they also do not entitle the City to levy property taxes to service the debt. The annual lease payments must be appropriated from existing revenues.