

Land Economics Consultants, LLC



**O & M FUNDING TOOLBOX:
An Analysis of Options for Funding
Ongoing Operations and Maintenance**

Prepared for the
San Joaquin River Conservancy
In Support of the
**San Joaquin River Parkway
Master Plan Update**
Being Prepared by
The Planning Center|DC&E

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I. Introduction

The San Joaquin River Conservancy was created by the California Legislature in 1992 to develop and manage the San Joaquin River Parkway, a planned 22-mile natural area and wildlife corridor extending from Friant Dam to State Route 99, with interconnected trails, recreation and outdoor education features. The San Joaquin River Conservancy Act set a target of 5,900 acres of land to be acquired to develop the San Joaquin River Parkway. It was determined at that time that 1,250 acres were already in public ownership and protection when the Conservancy was created. Of the remaining 4,650 acres, the Conservancy has acquired over half of that amount to date, leaving a little over 2,000 acres still to be acquired.

A series of bonds have provided the majority of funding for land acquisition and capital projects for the development of the Parkway. At its discretion, the Conservancy board has allocated 80% of the bond funds to land acquisition and 20% to capital improvement projects that enhance habitat, provide public access, and develop recreational opportunities. Over \$30 million in bond funds remain available for these purposes at this time. Although additional funding may eventually be required to achieve the full acquisition target, the acquisition program is relatively well funded. Near-term capital improvements may be funded as well, however, many millions more will be needed for full build-out of the Parkway as envisioned in the Parkway Master Plan.

The ongoing funding problem, however, is that secure resources for comprehensive and long-term operation and maintenance (O & M) of the Parkway have not been identified. At the time the Conservancy was established one school of thought was that the entire Parkway would eventually be operated and maintained as a single entity, perhaps becoming a unit of the California Department of Parks and Recreation (State Parks). Over the last decade or so, it has become clear that there are a variety of problems with a single operating entity managing a river corridor as diverse as the San Joaquin River Parkway, and a more gradual and practical approach has evolved to handle the operating and maintenance needs of the Parkway, which is still a work in progress.

Among its current projects, the Conservancy is currently conducting an update of the San Joaquin River Parkway Master Plan, with assistance from the consulting team led by The Planning Center|DC&E. A specialty subconsultant on this team, Land Economics Consultants (LEC), has prepared this working paper to address the issue of ongoing operation and maintenance needs for the Parkway. The goal of this effort is to create a tool that will help the Conservancy and its planning team identify appropriate resources and strategies for maintaining and operating projects identified by the Master Plan.

Several research tasks were conducted in preparation of this Funding Toolbox. The input of Conservancy staff and other members of the consulting team was obtained at the outset. Documents

describing the formation and mission of the Conservancy, its current fiscal situation, and previous work addressing the need for O&M funding were all perused. A literature search was conducted including both broad guidelines for funding public environmentally-based programs and specific case studies. Interviews were also conducted with a variety of partner entities with interests in the Parkway, including both other public agencies and private, non-profit organizations. Suggestions and lessons learned were analyzed, organized, and summarized in this report.

Section II of this “white paper” presents an overview summarizing basic categories of funding techniques. These techniques are described in much more detail in Section III, and Section IV presents recommendations that have emerged from the consulting work to date on funding options.

II. Summary and Evaluation of Funding Techniques

The purpose of this section of the Funding Toolbox white paper is to quickly present an overview of the range of “revenue authorities” and/or funding techniques that are available to satisfy one or more of the ongoing needs for operations and maintenance in the Parkway. After a brief evaluation in this overview section, each technique will be evaluated in much more detail in Section III.

Cost Containment through Management of Expectations and Phasing

To provide a context for the following discussion, it is helpful to review at least one estimate on the high side for the magnitude of what it could cost to operate and maintain a San Joaquin River Parkway at full build-out (composed of 22 miles of river and roughly 5,900 acres of adjacent lands, with recreational trails, non-motorized boating facilities, picnicking and fishing features, habitat and cultural resources values to protect and the full range of support features, facilities, and services). A little over a decade ago, State Parks made an estimate of what it would cost to operate the Parkway at their standards starting with fiscal year 2002. Their estimate included staffing of:

21 Rangers
35 Other Permanent/Professional Staff
42 Seasonal Workers
98 Total Positions

Salaries, wages and benefits for the 98 positions totaled approximately \$3.5 million per year. With 27% inflation over last decade, the personnel costs for FY 2012 would be about \$4.5 million, and with the annual replacement of vehicles, equipment, and other materials and costs estimated at 50% of personnel costs, the total O&M costs for the Parkway at a State Parks level of service would be in the range of \$6 to \$7 million annually today. Funding for annual O&M at this magnitude has never been identified for the Parkway. On the other hand, this is only one way to view the long-term O&M issue, and the remainder of this paper investigates other options for achieving similar objectives.

Rather than jumping to the conclusion that \$6 to \$7 million per year needs to be secured, the first step in O&M planning is cost containment through management of expectations. Some amounts of recreation, education, and environmental preservation can all be provided in the Parkway without having a State Parks level of service provided throughout. For example, where a State Park that includes camping is essentially open to the public 24 hours a day, 7 days a week, the access to the Parkway can be much less. Perhaps some specific park areas along the river may be open seven days per week year-round, but within the 22-mile Parkway all areas need not be accessible at all times. In addition, the range of activities and the developed facilities in many locations can be less than what might be found in a State Park. Further, State Parks staff their sites with Rangers—peace officers with a high capacity to provide for public safety, but at a higher cost than the local and

regional parks which do not provide on-site or park-specific enforcement staff. Management of expectations is essentially an initial strategy that must be practiced continually by the Conservancy to keep O&M costs realistically aligned with available resources.

A related management technique is to manage phasing. The Conservancy and its partners do not have enough acquired lands or funds for full build-out of Parkway facilities as envisioned in the Master Plan all at once. By matching access improvements and capital projects to the O&M resources available for those facilities, the Conservancy has been able to keep O&M needs in a manageable balance with available ongoing resources.

In practice, what has evolved for the Parkway is a “mosaic” of different land areas and facilities, managed by different partners and supported by diverse revenue streams, where some provide greater public access and range of recreational activities than others. And a wide variety of techniques have been employed to provide ongoing O&M functions, including cash funding in some cases, but also provision of services in-kind through a rich community of partner agencies and organizations.

Categorization of Techniques

The focus of this Funding Toolbox is on O&M, not on initial land acquisition and capital development (see the Introduction). But some sources of funding can be used for either, and those will be included. The sequence of needs for funding support can be seen as the following:

1. Land acquisition;
2. One time capital costs of environmental restoration, enhancement, and development of facilities;
3. Ongoing costs of Operations and Maintenance (O&M); and
4. Periodic major renovation or replacement of facilities and environments.

While the focus is on Item 3 above, there is also a tradeoff between Items 2 and 3 in that careful design and use of durable materials in construction can reduce the costs of long term O&M, although it may cost more in terms of the initial capital costs of development. Thus, another creative initial strategy employed by the Conservancy is to deploy limited capital development budgets in such a way as to minimize O&M needs in the future.

There is also a tradeoff between items 2 and 3 with respect to item 4 in that quality development combined with adequate maintenance can both reduce the need for periodic replacement and repair of capital facilities.

The Summary Analysis below clusters techniques for providing O&M services by partner entity. In some cases, the analysis is concerned with the revenue authorities that may be available through a partner agency to provide cash resources. In other cases, a partner entity may be able to provide O&M services in-kind, with no cash revenue being explicitly employed.

Summary Analysis

Table 1 presents the basic summary of the range of techniques identified, along with a brief evaluation of their advantages and disadvantages. Individual techniques are described in more detail in Section III below, along with examples of their use. Table 1 notes whether or not there is a precedent for that specific technique being used in the Parkway in the past. Table 1 also categorizes the technique in terms of the order of magnitude of resources which it could produce (e.g., \$10,000 to \$100,000 per year, \$100,000 to \$1,000,000 per year, etc.)

Table 1 – Summary Evaluation of O&M Funding Techniques

Partner Techniques and Revenue Authorities	Used Before in Parkway	Potential / Year	Future Prospects	Advantages	Disadvantages	Authorities
SJR Conservancy Initial Management Strategies						
Management of Expectations	Yes	\$1-5M	Excellent	<ul style="list-style-type: none"> Reduces cash needs for O&M. Allows Parkway to grow incrementally. 	<ul style="list-style-type: none"> Could frustrate some public desires for access or services. 	<ul style="list-style-type: none"> SJR Conservancy board sets Conservancy policies relating to service standards.
Design & Development that Minimizes O&M	Yes	\$10-100K	Excellent	<ul style="list-style-type: none"> Reduces O&M needs over the long run. 	<ul style="list-style-type: none"> Costs more in capital funding at the outset. 	<ul style="list-style-type: none"> SJR Conservancy board sets Conservancy capital improvement policies.
Public Agencies: State Support						
State Annual Appropriations for Conservancy administration	Yes	\$450k-\$650k	Stable	<ul style="list-style-type: none"> Relatively stable source of core staff support from special funds. 	<ul style="list-style-type: none"> No significant expansion potential. No General Fund appropriations. 	<ul style="list-style-type: none"> Governor and Legislature approve annual appropriations.

State Bonds	Yes	\$5-10M	Funds likely available until expended	<ul style="list-style-type: none"> • In use now for land acquisition and development. 	<ul style="list-style-type: none"> • Cannot be used for ongoing O&M. • No new funds until authorized by voters in new bond acts 	<ul style="list-style-type: none"> • Legislative or public initiatives must be approved by voters.
State Parks Budget Option	No	\$5-10M	Unlikely in near-term, Potential in long-term	<ul style="list-style-type: none"> • Would provide a way to seamlessly implement the entire Parkway w/ high level of service. 	<ul style="list-style-type: none"> • Highly unlikely in the fiscally constrained foreseeable era for State Parks. • Cost must be largely offset by user fee revenues. 	<ul style="list-style-type: none"> • Governor must propose budget change, and Legislature must approve.
Local Electorate						
General or Special Tax Measures	No	\$100k-1M	Premature at this time	<ul style="list-style-type: none"> • Can provide long run stable funding. • Depending on tax rate, could provide significant \$. • Would not impinge on General Funds. • History of support for similar taxes; local electorate has approved special taxes for transportation, zoo and libraries. 	<ul style="list-style-type: none"> • Difficult case to make in fiscally constrained era. • Depending on sunset structure, could require periodic renewal by voters. • Competes with all other "tax overrides." 	<ul style="list-style-type: none"> • Special tax measures may be proposed by an agency or through legislative process and require 2/3 majority voter approval.
Assessment Districts	No	\$10-100K	Difficult Nexus	<ul style="list-style-type: none"> • Could potentially support specific areas or projects. 	<ul style="list-style-type: none"> • Rational nexus must be established to payers/beneficiaries. • Start-up costs for surveys, engineering studies (fee determinations), public information campaigns, mail ballots. 	<ul style="list-style-type: none"> • Assessment districts may be proposed by an agency or by land owners. • There are approx. 20 statutes authorizing local agencies to impose assessments. • Subject to majority protest of property owners.



Regional Transportation Measure Funds, Multi-modal Trail Allocations	No	\$10-200K	Possible	<ul style="list-style-type: none"> • Conservancy capital funds could be used for trail construction, freeing some transportation measure funds for trail O&M. • Already authorized and collected. 	<ul style="list-style-type: none"> • In Fresno County, at this time funds are dedicated to the construction of trails by policy of the transportation authority. 	<ul style="list-style-type: none"> • Must be proposed by regional transportation agencies. • Requires approval of voters.
Public Agencies: Local Support						
Local budget (General Fund) appropriations to provide park services	Yes	\$10-100K	Near term increases unlikely, future potential	<ul style="list-style-type: none"> • Efficiencies from including otherwise-isolated Parkway areas in larger service areas for police, parks, etc. • Able to provide service only when needed. 	<ul style="list-style-type: none"> • Lack of consistency in level of service within the Parkway. • Expanded services somewhat unlikely in the foreseeable fiscally constrained era. 	<ul style="list-style-type: none"> • Local governing body approves annual appropriations.
County Service Areas (CSAs)	No	\$100k-1M	Possible in unincorporated areas, especially those not yet developed	<ul style="list-style-type: none"> • Routine and well understood tool. • Can provide long term O&M. 	<ul style="list-style-type: none"> • Needs to be a direct nexus between the cost of services and the taxes and fees levied. 	<ul style="list-style-type: none"> • Revenue authority is derived from County. • May be proposed by affected voters, approved by Co. Board. • May be proposed by County, then approved by area voters.
Community Service Districts (CSDs)	No	\$100k-1M	Less useful than a CSA for open space or recreation services only	<ul style="list-style-type: none"> • Routine and well understood tool. • Can provide long term O&M. 	<ul style="list-style-type: none"> • Needs to be a direct nexus between the cost of services and the taxes and fees levied. 	<ul style="list-style-type: none"> • Formation process is similar to that of a CSA. • Controlled by a separate board elected by area voters.

Developer Impact Fees	No	\$100k-1M	Strong Future	<ul style="list-style-type: none"> • Can build durable facilities that reduce O&M needs. • Can provide private funding along with a community of new users. 	<ul style="list-style-type: none"> • Generally not available for ongoing O&M. • Many areas adjacent to the Parkway have already been developed; probably only applicable on Madera County side of river. • Increases cost of housing. 	<ul style="list-style-type: none"> • Approved and imposed by local land use agency.
Development requirements (CEQA Mitigation for new demands for services / Conditions for Approvals)	Preliminary	\$100k-1M	Good for Parkway facilities serving areas yet to be developed	<ul style="list-style-type: none"> • Has the potential to infuse private investment to meet public goals. 	<ul style="list-style-type: none"> • Nexus must be clear. • Many areas adjacent to the Parkway have already been developed. 	<ul style="list-style-type: none"> • Imposed by local land use authority/lead agency.
Public Agencies: Other Partnerships (e.g., State & Federal)						
Habitat mitigation	Yes	\$10K-\$20K	Growing	<ul style="list-style-type: none"> • Can provide enhancement and long-term management of the specific land on which the mitigation occurs. 	<ul style="list-style-type: none"> • May conflict with development of the area for public recreation. 	<ul style="list-style-type: none"> • SJR Conservancy board may approve use of Conservancy lands for habitat mitigation by other partners.
Grants	Yes, for capital development.	\$100k-1M	Shrinking	<ul style="list-style-type: none"> • When available, grants represent a new source of funding for specific uses. 	<ul style="list-style-type: none"> • Generally not available for O&M. • Requires significant staff time to apply, with no guarantee of success. 	<ul style="list-style-type: none"> • Grants awarded by granting agency or entity in accordance with its authorities and procedures. • Local agencies and nonprofits have authority to accept grants.

Private For-Profit						
Concessionaires	Yes	\$10-100K	Growing	<ul style="list-style-type: none"> • Attracts private business involvement. • Covers the cost of the specific concession operation. 	<ul style="list-style-type: none"> • Requires staff time to administer and assure quality control. • May not generate enough revenue to attract concessions that provide high-quality services. • Does not generate revenue for other programs or services. 	<ul style="list-style-type: none"> • SJR Conservancy board can award subject to a Request for Proposals.
Public-private partnerships and leases	Yes	\$10-100K	Moderate	<ul style="list-style-type: none"> • Attracts private business involvement. • Possible for revenue-generators such as golf courses. 	<ul style="list-style-type: none"> • Requires staff time to administer and assure quality control. 	<ul style="list-style-type: none"> • SJR Conservancy board can approve, subject to state law and procedures.
Grazing Leases	Yes	\$1-20K	Minimal	<ul style="list-style-type: none"> • Preserves historical uses. • Interim property management / conservation land banking. • Grazing leases provide fuel load reduction and invasive species management. 	<ul style="list-style-type: none"> • Reduces / eliminates public access. • May conflict with environmental goals. 	<ul style="list-style-type: none"> • SJR Conservancy Board can approve, subject to state law and procedures .
Development Community Facilities Districts (Mello-Roos)	No	\$100k-1M	Strong Future	<ul style="list-style-type: none"> • Can provide long term O&M. • Those that use and benefit from the specific facilities, pay for their O&M 	<ul style="list-style-type: none"> • Applies only to facilities that serve the specific development. • Increases cost of housing. • Many areas adjacent to the Parkway have already been developed 	<ul style="list-style-type: none"> • Created and approved by local land use agency. • May be proposed by private land owner/developer as an infrastructure financing tool.

Mining Leases	Yes	\$200K	Will be non-existent	<ul style="list-style-type: none"> • A lease on Conservancy property (existing at time of acquisition) generates funds for basic property management. 	<ul style="list-style-type: none"> • Commercial mineral extraction will be exhausted/ permits expire in Parkway area in 2016 to 2023. • Mining in new areas would be very controversial. 	<ul style="list-style-type: none"> • Local agency authority to regulate the Surface Mining Reclamation Act.
Private Non-Profit						
In-Kind Volunteerism	Yes	\$1-10K / project	Growing	<ul style="list-style-type: none"> • Engages users & builds constituencies. • Docents can foster resource protection. • Enhances public education. 	<ul style="list-style-type: none"> • Only appropriate for some O&M functions. • May require extensive staff coordination. 	<ul style="list-style-type: none"> • SJR Conservancy Board sets procedures for volunteerism on SJRC lands; certain types of services are subject to state law.
Specific Project Fundraising / Implementation	Yes	\$10-100K	Variable	<ul style="list-style-type: none"> • Can expand the diversity of programming offered. • Partnering to provide some programs and services can create efficiencies. 	<ul style="list-style-type: none"> • Potential to limit access by the public. • Private group interest may vary from that of public or agency. • Partnership must be negotiated and managed by staff. 	<ul style="list-style-type: none"> • SJR Conservancy may accept charitable contributions. • Such fundraising normally conducted by nonprofit, non-governmental organizations (e.g., foundation).
Endowment Fundraising	No	\$10k - \$1M (for Principal Amounts)	Unknown	<ul style="list-style-type: none"> • Can raise significant capital. • Also creates advocacy for the Parkway. 	<ul style="list-style-type: none"> • Hard to endow what is perceived as a public agency. • O&M funding is much harder to raise than funds for a specific project. • Donors' interests may vary from that of public or agency. • Cause is likely to require much time to champion. 	<ul style="list-style-type: none"> • Endowments are typically administered by private, nonprofit foundations.

Sponsor Recognition—this could be private for profit, such as a corporate sponsor	No, but policy has been developed	\$1-10K / use area	Growing	<ul style="list-style-type: none"> Designed to generate the specific amount necessary for O&M of the specific facility. 	<ul style="list-style-type: none"> Perceptions of “commercializing” public areas. 	<ul style="list-style-type: none"> SJRC Board may approve subject to adopted policy.
Indian Gaming Local Community Benefit Funds	Yes	\$10K-50K	Potential.	<ul style="list-style-type: none"> Regional tribal organizations have a direct interest in cultural resources and cultural history along the river. 	<ul style="list-style-type: none"> Funding requests are highly competitive. Funds must be awarded to mitigate impacts of local gaming on the agency applicant. 	<ul style="list-style-type: none"> Awards approved by a Indian Gaming Local Community Benefit Committee.
Parkway Users						
Day Use Fees	Yes	\$1-10K / use area	Growing	<ul style="list-style-type: none"> Recovers some costs directly from users. Applies to all users. 	<ul style="list-style-type: none"> May create barriers or disincentives to use. Admin. burden. All use fees, including those below, are required to be equal to or less than actual costs of providing the service. 	<ul style="list-style-type: none"> Approved by SJR Conservancy board or local agency operator.
Parking Fees and Launching Fees	Yes	\$1-10K / use area	Growing	<ul style="list-style-type: none"> Recovers some costs directly from users. Easier to collect. 	<ul style="list-style-type: none"> May create barriers to use. Potential for inequality. Admin. burden. 	<ul style="list-style-type: none"> Approved by SJR Conservancy board or local agency operator.
User Fees/Reservations	No	\$1-10K / use area	Strong Future	<ul style="list-style-type: none"> Recovers some costs directly from users. Useful for special facilities (e.g., picnic, boating). 	<ul style="list-style-type: none"> May create barriers to use. Admin. burden. 	<ul style="list-style-type: none"> Approved by SJR Conservancy board or local agency operator.
Special Events	Yes	\$5-50K	Parkway facilities have hosted festivals, canoe races, running races, etc.	<ul style="list-style-type: none"> Can generate significant visitation and fee revenue. 	<ul style="list-style-type: none"> Can conflict with independent use of the areas. Admin. burden. 	<ul style="list-style-type: none"> Approved by SJR Conservancy board or local agency operator.

III. Listing and Description of Funding Techniques

The purpose of this section of the Funding Toolbox white paper is to present a categorical listing of potential funding techniques along with a more detailed description of each. Also included are notes on revenue authorities and some guidance on the procedures for implementing specific techniques where applicable. A few selected examples are provided of how this technique has been used, either previously in the Parkway, or if there is no precedent locally, from elsewhere with an emphasis on experience in California.

Following the order of presentation in the summary analysis table above, candidate techniques have been categorized roughly by the type of partner entity that would be involved in each case. These have been defined in the following broad categories:

- San Joaquin River Conservancy management strategies,
- State support for the Conservancy,
- Direct public support from the local electorate,
- Public agencies--local partners,
- Other public agency partners (including State and Federal),
- Private, for-profit entities,
- Private, not-for-profit entities, and
- Parkway users.

San Joaquin River Conservancy’s Initial O&M Management Strategies

Since its formation, the San Joaquin River Conservancy, both its board and staff, have been able to guide the growth and evolution of the San Joaquin River Parkway so that public recreation and resource areas have been opened in concert with the ability to perform ongoing operation and maintenance. The following two specific Conservancy practices that help to contain the costs of O&M were described in Section II but are briefly mentioned here again for comprehensiveness.

Management of Expectations and Phasing

Perhaps the most important strategy for covering O&M costs is to be careful not to create obligations in the first place that cannot be met with available resources. The SJR Conservancy Act requires that the Conservancy must keep closed to the public “any lands or facilities which it is unable to maintain in a clean and safe manner and to adequately protect the wildlife and rights of adjacent property owners...” (PRC 32511).

The Conservancy has a track record of managing the degree of access and the recreational activities that will be supported on each property that has been acquired. In many cases it has been necessary to implement plans in phases, maintaining lands in conservation open space for some period of time until sufficient resources are secured to operate and maintain lands for public access and recreation. License Agreements with volunteer stewardship organizations and local agencies provide for supervised public access, recreation, education, and conservation activities on Conservancy lands in the interim.

Design & Development that Minimizes O&M

Another practice of the Conservancy board has been to allocate approximately 20% of its capital funding to the development of facilities on acquired lands, with the other 80% allocated to land acquisition. One of the routine criteria for design and development is the durability and maintainability of the improvements. In the floodplain, proper siting for improvements, locating them outside flood-prone areas, is especially important. By siting, designing, and constructing good quality infrastructure and recreational amenities in the first place, long run O&M obligations can be minimized.

Public Agencies: State Support for the Conservancy

The Conservancy is an entity of the State of California, and the State has provided the core funding to support the Conservancy's mission. To date the taxpayers of the entire state have been advancing the majority of the funds to build the Parkway through statewide general obligation bond funds, but O&M support may be expected at the regional/local level where the benefits accrue to property owners and users. The regional/local agencies and constituents will need to figure out how to take advantage of and support a well-managed Parkway.

State Annual Appropriations

The Conservancy operates with a small staff of three, with another position supporting the Conservancy at the Wildlife Conservation Board. The State budget appropriation has totaled between \$450,000 and \$650,000 per year in recent fiscal years. The budget is appropriated in three funds:

1. San Joaquin River Conservancy Fund,
2. California Environmental License Plate Fund,
3. Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006

The Conservancy's State budget appropriation is generally sufficient to cover Conservancy work to guide and implement the land acquisition program, develop capital improvements plans and projects, perform fundamental property management, and coordinate other O&M efforts. This budget does not

include sufficient funding for any field staff, meaning there are no rangers, maintenance workers, or other field support staff that are typically needed to perform the O&M functions for parks, open space or passive land management. Fundamental Conservancy property management expenses—such as maintenance and repair of fences, fire prevention, waste disposal for illegal dumping, and limited operations and maintenance contract services—are supported by appropriations in the San Joaquin River Conservancy Fund.

The 2012-2013 Fiscal Year budget is as follows:

Environmental License Plate Fund	Main Support Budget—2 permanent full-time positions, admin., office facilities	\$285,000
SJRC Fund	Fundamental property management, funded by long-term leases	\$122,000
Proposition 84 Bond Funds	Program Delivery for Bond Fund capital outlays—1 SJRC position and 1 Wildlife Conservation Board position	\$237,000

State Bonds

The capital funding for land acquisition and development has been provided over the years from a variety of State bond acts. The Conservancy’s bond funds for capital projects are appropriated in the California Wildlife Conservation Board’s budget. Any acquisitions, improvements, or grants using these funds are at the direction of and require approval by the Conservancy, as well as the WCB. The bond funds are authorized for acquisition, development, rehabilitation, restoration and protection of land and water resources to achieve the mission of the Conservancy. State bond funds cannot be used for ongoing O&M functions.

State Parks Option

During the early years of the Conservancy's existence, it was suggested by many that the Parkway would ultimately become a unit of the California Department of Parks and Recreation (State Parks). As was described above, after the cost of full build out of the Parkway to a State Parks level of amenities (including campgrounds, boat launch facilities, hiking trails, and other recreational

facilities), the annual cost of maintaining and operating a San Joaquin River Parkway State Park would likely be in the range of \$6 to \$7 million today. In recent years it has become apparent that the State Park option for the entire 22-mile length of the Parkway is not feasible in the near term or realistic. On the other hand, the north eastern portion of the Parkway, adjacent to the existing Lake Millerton State Park, could be a candidate over the long run for inclusion within the State Parks system. In the interim, there are precedents for the Conservancy's cooperation with State Parks to operate Parkway facilities. A few of the current precedents for this partnership are as follows:

Precedents in the Parkway

- Friant Cove is operated under an interagency agreement with the Conservancy, where State Parks operates the area at the same level as a standard State Park (e.g., full public access) for \$38,000 per year at Conservancy cost. A detail of interest here is that State Parks is not allowed to charge a user fee at Friant Cove due to restrictions on some of the grant funding that was used for the capital costs of making improvements to the area.
- The River Vista property is not yet developed with Parkway features or open to the public. The river front adjacent to the property is commonly accessed by the public. State Parks monitors the area and provides weed abatement and fire prevention services through an interagency agreement costing the Conservancy \$2,000 per year.
- Basic property stewardship is provided at the Conservancy's Wagner Property through a mutually beneficial relationship where a State Parks employee is a rent-paying residential tenant of the Conservancy, and the Conservancy has an agreement to reimburse State Parks for maintenance of the home. The presence of an occupant reduces the potential for vandalism, illegal dumping, and other problems on the property and on adjacent Conservancy lands. These properties are not open for public access and recreation.

At this time, the California state budget in general, and for public recreation specifically, is very constrained. Within the five-year time horizon it is highly unlikely that any significant funding or expansion of responsibilities will be available to the Parkway from State Parks. On the other hand, the longer-range future is much less determined. State Parks recognizes the great demand, need, and potential for San Joaquin River-based recreation, as documented in its Central Valley Vision planning report. With population growth in the region and a concomitant increase in demand for recreation and environmental education, there may be more political support at the state level for expanding State Parks' responsibilities into the northeastern portion of the Parkway in a 10-year time frame or beyond.

Direct Public Support: Local Electorate

This section presents revenue authorities that are derived directly from the “will of the people.” This could include the local electorate in a region defined by Fresno and Madera counties, or by people residing or owning property within a specifically defined geographic area in proximity to the Parkway.

The primary focus of these discussions is on the ability to raise revenue for ongoing O&M through one or more of these authorities, but in most cases there will also be a need for a related governing structure to guide the expenditure of funds and to ensure proportionality of benefits received within the constituent geographic areas.

General or Special Tax Measures

One of the most secure sources of long term funding for ongoing O&M needs would be a new tax or tax increase approved by the electorate, most likely along with a new governmental structure to administer the tax. Although a variety of tax structures could be crafted and proposed, most likely a revenue source dedicated to the Parkway would be classified as some form of “special tax.” This is because funds generated through the taxing mechanism would be earmarked for a special purpose, in this case support of the San Joaquin River Parkway. At this time, it takes a two-thirds super majority to pass a special tax measure. A “general tax” increase only requires a simple majority, but would most likely not be applicable in this case, because the funds would be unrestricted and flow to the general fund of one or more existing local governments within the region, and would be subject to discretionary diversion to other uses over time.

Special taxes would normally require the establishment of a new governing board or structure, such as a Joint Powers Authority or Special District, especially if the tax applies across multiple counties or cities, or applies to only a portion of a jurisdiction.

Possible candidates for major types of taxes which could be appropriate for funding Parkway O&M on a long-term basis include the following:

- **Parcel tax added to the property tax bill.** Although it would clearly require a two-thirds approval under current law, one advantage of a parcel tax is that it could be structured geographically to create a nexus between proximity to the Parkway and location of the subject properties. There is substantial academic literature, as well as anecdotal evidence, documenting the beneficial impacts parks and trails have on property values. Parcel taxes can be structured to have different formulas for assessment against residential as opposed to commercial properties. Another advantage is that property taxes can be designed to be progressive.

- **Sales Tax.** The total retail sales tax rate applicable at any given time within a specific jurisdiction is composed of state and local components. It is possible at the local level to increase the tax rate by a specific amount for a special purpose. In Fresno County, an example of this type of sales tax increase was Measure Z which added 0.1% to support the zoo. However, with the recently approved increase in the State portion of the sales tax, the ability to tap further into this source has been diminished. One disadvantage of relying on a sales tax increase is that it tends to be regressive, because lower income families spend a larger portion of their incomes on taxable retail goods.
- **Other tax streams.** Local governments have tapped a variety of other sources for special purposes in California, including **real estate transfer taxes, document transfer taxes, transient occupancy taxes, utility user taxes**, and others. There should be some rational nexus, however, between the tax base and the special-purpose to which revenues will be dedicated. For example, it may be possible to draw a connection between the transient occupancy tax and some specific tourism related services provided by the Parkway. It would be hard to create a logical justification for using most other tax revenue streams for Parkway O&M.

An informal review of the history over the two decades of special tax elections in California suggests that the majority of them failed to pass. A rule of thumb among political consultants is that a tax measure should not be attempted unless the predisposition within the electorate is already more than 50% in support of the cause. It is advisable that an agency considering a ballot measure conduct political polling in advance to gauge support within the electorate.

In terms of process to secure such a revenue authority, it is appropriate for a public agency to research political support, design and propose a taxing system, and even to draft language for such a measure. Once set in motion, however, a public agency may not lobby on behalf of a special tax measure. The implication of these laws is that in order to be implemented, a champion outside the public agency must be identified early in the process to carry a campaign forward.

Before any attempt to design and win approval for a special tax, additional legal and political research will need to be conducted beyond the basic description in this funding toolbox. For example, as of this writing in early 2013, there are discussions in the state legislature of how Proposition 13 (1978) might be modified, including development of different super majority thresholds for passing special tax measures.

Precedents in the Parkway

- There are no precedents of special taxes specifically designed to support the Parkway to date.
- In Fresno County, however, a precedent for a special tax is a Measure Z, which was passed in 2004 to provide an additional 0.1% increase in the sales tax to support the Fresno Chaffee Zoo.
- A real estate transfer tax of 0.1% of the value of each home sold was placed on several new developments in the Clovis area which flows to the nonprofit Clovis Community Foundation where it is used for a variety of local scale beautification projects in parks and other Clovis community facilities.

Precedents Elsewhere

- East Bay Regional Park District, MidPeninsula Regional Open Space District, and a wide variety of other parks, open space, and habitat oriented special purpose agencies have successfully won special tax support within California.

Assessment Districts

The revenue authority for a benefit assessment district may be derived from any one of more than 20 different statutes that authorize the creation of local assessment districts. These revenue authorities include:

- The Municipal Improvement Act of 1913,
- The Improvement Bond Act of 1915,
- The Landscaping and Lighting Act of 1972,
- The Benefit Assessment Act of 1982,
- The Open Space Maintenance Act,
- A Habitat Maintenance Assessment District,
- A Geologic Hazard Abatement District, and
- A variety of other revenue authorities.

Of these, the Landscaping and Lighting District may be most appropriate for ongoing operating and maintenance support for areas of the Parkway that are subject to active public use. An Open Space District or Habitat Maintenance District may be more appropriate in areas with less public access.

Some of the other statutes, for example the 1915 Act, are more oriented towards bond funding of capital infrastructure.

All of these various revenue authorities were affected by Proposition 218, which has established certain principles to be adhered to and procedures for enactment now common to all. A distinguishing characteristic of a benefit assessment district, as opposed to a general tax, is that a specific geographic area must be defined within which the benefits are generated and the value captured. If this geographic area is entirely contained within an existing local government jurisdiction, the relevant governing body can administer the district. If the geographic benefit area crosses jurisdictional boundaries, a Joint Powers Authority or other new governing board or structure will be needed.

One of the salient issues is that the assessments to individual properties or classes of similar properties must be proportional to the special benefits that are received. Benefits that are available to the general population are not considered grounds for imposing a special assessment against specific properties. A related issue is that assessments cannot be justified just on the basis that the services will generate a general increase in property values.

Ways in which a benefit assessment district may be justifiable in the case of the Parkway, based on arguments that have been used in the past elsewhere, include such benefits as:

- Enhanced recreational opportunities in close proximity (especially within a convenient walking and bicycling distance),
- Reduction of fire danger,
- Increased protection from floods,
- View protection,
- Protection of water quality, including groundwater on nearby parcels,
- Increased business opportunities, for example with the attraction of significant tourism and spending to the river corridor.

A key part of the process in creating any type of benefit assessment district is the preparation of a comprehensive "engineer's report." The engineer's report will be a technical document that includes a geographic definition of the assessment district, perhaps laying out multiple sets of boundaries with differing formulae for calculating benefits and associated assessments within each zone. The report must clearly establish the nexus between benefits and assessments that justifies the creation of the district. Other required elements include cost estimates and operating budgets, descriptions of the properties to be assessed, assessment amounts per individual parcel, and other technical

components. Although this is in concept a technical engineering document, it will have to withstand significant scrutiny, and should also have adequate legal review of its contents. Surrounding the engineer's report are all of the other community input and political concerns that are involved with any kind of election.

The approval procedures for all assessment districts were standardized by Proposition 218, a constitutional initiative approved by California voters in November 1996. As described by the Legislative Analyst's Office, local governments must mail information regarding assessments to all property owners. (Prior to Proposition 218, large communities could publish assessment information, rather than mail it to every property owner.) Each assessment notice must contain a mail-in ballot for the property owner to indicate his or her approval or disapproval of the assessment. At least 45 days after mailing the notices, the local government must hold a public hearing. At the conclusion of the hearing, the local government must tabulate the ballots, weighing them in proportion to the amount of the assessment each property owner would pay. (For example, if homeowner Jones would pay twice as much assessment as homeowner Smith, homeowner Jones' vote would "count" twice as much as homeowner Smith's vote.) The assessment may be imposed only if 50 percent or more of the weighted ballots support the assessment.

As with a general election for a special tax, the role of a public agency with the creation of an assessment district can be to design the district and engineer its formation, but once a proposal is put forward the agency must remain a neutral party, providing objective technical information without lobbying one way or the other in the election. Again, the implication is that a champion outside of the public sector must be found to run a campaign for approval of the district.

Precedents in the Parkway

- There have been no special assessment districts created to date within the Parkway, although trails in the adjacent Copper River Ranch master planned community connect to the Lewis S. Eaton Trail and are maintained through a related type of assessment system, a Community Facilities District (see below for discussion).

Precedents Elsewhere

- The East Bay Regional Park District has successfully established Landscaping and Lighting Act districts over relatively large geographic areas that are specifically designed to fund O&M costs of parks, open space, trails and trail corridors.
- Santa Monica Mountains Conservancy Joint Powers Authority secured passage of two benefit assessments covering the same land area, one for fire prevention and one for open space protection. Two geographic assessment districts were formed, one inside the

boundaries of the City of Los Angeles, and one outside the city limits in unincorporated Los Angeles County. Initial polling showed that over 70% of property owners were in favor of the assessment district measure, and imposition of the assessments ultimately was supported by 68% of the weighted ballots.

Regional Transportation Measure Funds

The voters in Fresno County have approved additional taxes for transportation funding, most recently passing the Measure “C” Extension in 2006, and giving it a 20-year lifespan. The taxes for transportation include the Measure C half cent sales tax, which was originally passed in 1986 and reapproved 20 years later, plus a schedule of mitigation fees on new development which includes \$1,727 per single-family dwelling unit and \$1,212 per multi-family dwelling unit under the Regional Transportation Mitigation Impact Fee (RTMF).

Approximately 3% of the Measure “C” sales tax is provided to fund significant improvements to the existing and planned pedestrian and trail systems throughout Fresno County. Approximately 1% of Measure “C” is provided to fund significant improvements to the existing and planned bicycle facilities and/or systems.

The original intent of the trails portions of the Regional Transportation Program has been to develop as many miles of trails as possible to enable alternative transportation modes to motorized vehicles. The policy has been to only use Measure C trails funds for the capital costs of bikeway/trail development in the Parkway, and not for O&M.

Precedents in the Parkway

- No Measure C funds been used to date for any trail development in the Parkway.
- In theory, Regional Transportation Program funds could be used for the ongoing maintenance costs of bikeways and pedestrian trails in the Parkway as well as for capital costs, but the Fresno County Transportation Authority (FCTA) would have to change their policy to do so, and there is significant support for the current policy. By allowing a portion of Measure C trail construction funds to be reallocated to trail operations and maintenance, other funds that are strictly for capital development, could be used to build trails, with a net gain to the communities’ trail system.

Public Agencies: Local Partners

The San Joaquin River Conservancy is not the only public agency interested in the use, health, and future of the Parkway and the River. There is a congruence of agency missions with a number of other public entities that make them logical partners for operating and maintaining key areas or features of the Parkway. In addition, there are a number of other revenue authorities which could be

created by forming new public entities, such as County Service Areas or Community Service Districts, which could also assist with long-term O&M needs.

Local Budget (General Fund) Appropriations to Provide Park Services / Congruence of Agency Missions

There are a number of local government agencies which have interests in the Parkway due to overlapping jurisdictions, adjacency, or agency missions. These include: the City of Fresno Parks, After School, Recreation and Community Services (PARCS) Department; counties of Fresno and Madera; various flood control and irrigation districts; the Fresno Police Department, the Sheriff's departments of both adjacent counties, and other public safety agencies in the region; and many other public entities. While pursuing their own agency missions, many of these entities have occasion to provide services within or adjacent to the Parkway, which in essence supports Parkway O&M. These activities are supported by the routine revenue authorities of each agency, and can be seen as providing in-kind services in support of the Parkway.

There can be significant efficiencies in providing government services through this mosaic of multiple agencies. In most cases, the agency in question will already have the "overhead" covered for an ongoing administration, and have a core trained, professional staff already in place. Extending services adjacent to their existing jurisdiction can be at minimal marginal cost to them, and can be provided in the Parkway only when needed. Unfortunately, in this current era of fiscal constraints these agencies are all struggling with limited resources as well, and it is difficult to significantly extend their cooperative participation within the Parkway much further. For example, Fresno PARCS was operating with a budget of approximately \$20 million three years ago, but now is constrained to a budget of about \$9 million.

There are ample precedents for this type of public agency cooperation within the Parkway, a few of which are described as follows.

Precedents in the Parkway

- The portion of the Lewis S. Eaton Trail between Woodward Park and the River Center was implemented through a three-way partnership. Fresno County owned the land, the River Parkway Trust was willing to raise the capital funding through competitive grants and fundraising, and in return, the City of Fresno was willing to commit to long-term O&M responsibility.
- The elementary and middle school science program in the Fresno schools has a focus on the river, including water flow, wildlife, and habitat. In support of this program, Fresno PARCS

runs canoe trips and river excursions in the Parkway, providing both recreation as well as education opportunities.

- Law enforcement agencies and State game wardens perform public safety, law enforcement, and emergency rescue and response within the Parkway within their services areas in their normal course of duties.
- State Parks, which has an existing public safety staff for the Millerton Lake State Recreation Area, extends their response area to cover the Friant Cove and River Vista areas when needed.
- The Lost Lake Recreation Area within the Parkway is partially owned by the State and partially by Fresno County. Lost Lake Park is operated by the County.

County Service Areas (CSAs)

The County Service Area Law was enacted in the 1950s to create a means of providing expanded public services in areas where residents are willing to pay for extra service. Designed for unincorporated areas, CSAs can be used for such services as parks and recreation, extended police protection, fire protection, water, sewer, and other municipal types of services. The revenue authority is derived from the County, and taxes, fees and assessments associated with the CSA will appear on property tax bills.

The process for forming a CSA can be through a petition of registered voters within the service area, or by adoption of a resolution by the County Board of Supervisors. However, if proposed at the County level, the CSA must be approved by a majority of residents within the district. Special taxes must be approved by a two-thirds vote of CSA residents.

CSAs may be used to fund all O&M costs of public services, and are a candidate technique for enhancing service levels in the Parkway. On the other hand, there must be a nexus between the benefits received by residents and the taxes and fees levied against their properties.

Precedents in the Parkway

- CSAs have not been used to provide O&M funding within the Parkway to date.

Precedents Elsewhere

- Dozens of CSAs have been used to provide a wide variety of services within Fresno and Madera Counties on a routine basis.

Community Service Districts (CSDs)

The revenue authority for a Community Services District is similar to that of the CSA. A CSD may be initiated by petition from registered voters within an area, or by a resolution of the County Board of Supervisors. However, a two-thirds vote of residents within the proposed boundaries is still required to establish a CSD.

A salient difference is that a CSD is controlled by a separate board, elected by members of the community. In this way, a CSD is somewhat like a separate municipal government within the unincorporated area of the county. A CSA may be more appropriate for providing one or two specific services to an area, where a CSD is more appropriate in providing a wide variety of municipal level services to an entire community.

Precedents in the Parkway

- CSDs have not been used to provide O&M funding within the Parkway to date.

Precedents Elsewhere

- Approximately nine CSDs have been established in Fresno County to provide public services on a routine basis. Madera County is currently investigating the feasibility of combining several CSAs in the Oakhurst area and forming a more comprehensive CSD.

Developer Impact Fees

When new real estate development creates additional demand for parks, open space, and recreational facilities, in California it is possible to impose impact fees upon the developer. In general, however, such fee systems are typically designed to acquire land for these purposes or to pay the capital costs of developing the infrastructure necessary to support recreation and open space uses. Developer fees that are able to fund high quality and durable facilities may reduce O&M costs over the long run, but that does not solve the problem of identifying ongoing O&M funding per se.

The relevant revenue authorities that enable imposition of developer fees require a process that is relatively complex and time-consuming. For one thing, the legal standard for imposing fees on a single development is more stringent than the standard for imposing fees generally, for example throughout an entire county. If a single development is at issue, it is more cost-effective to work through a Development Agreement than to try to justify an individual impact fee system. To establish a broad fee system, a “rational nexus” study is required which demonstrates that the proposed development impact fees are both “rationally related” and “proportional” to the impact being created.

Precedents in the Parkway

- There is no developer impact fee program in place within the Parkway at this time.

Precedents Elsewhere

- The City of Fresno imposes urban growth management and development impact fees to generate funds for associated public works infrastructure, fire and police facilities, parks and trails, and transportation infrastructure.
- The City of Redding has imposed a developer impact fee to support a River-to-Rail Trail system.

Development Requirements (CEQA Mitigation for New Demands for Services) and Other Conditions of Approvals

Real estate development projects of significant size are generally implemented under today's common practices with a Development Agreement. In addition to the mandated requirements for preparation of a Specific Plan and a CEQA Environmental Impact Report, a Development Agreement presents an opportunity to propose mechanisms for sharing costs of both the construction and ongoing operation and maintenance of public infrastructure between the private and public partners involved. Contributions to Parkway facilities and their maintenance are likely to be appropriate for major developments that are occurring along the Parkway. Unfortunately, many of the areas of Fresno adjacent to the Parkway have already been relatively built up, and the major opportunities for utilizing this revenue authority will likely be only in undeveloped areas of Fresno County and on the Madera County side of the river.

Precedents in the Parkway

- The Development Agreement adopted in 2009 between Madera County and Tesoro Viejo, Inc. for the development of a 1,579-acre development into over 5,000 housing units within the Rio Mesa planning area, includes plans for part of the regional trail system envisioned within the San Joaquin River Parkway. Other public parks, open spaces and trails serving the proposed master planned community are also addressed by the agreement. The agreement specifically notes that the developer intends to donate appropriate portions of the project to the San Joaquin River Conservancy. Although the technical details of the financing mechanism for long-term O&M funding of the park and recreation facilities and habitat areas are yet to be determined, the agreement notes that it could be “a Special District, a Project Financing Mechanism, and / or a Regional Financing Mechanism with equitable apportionment of costs in accordance with the benefits obtained.”

Other Public Agency Partners (Including State and Federal)

Habitat Mitigation

New development and public works projects often require mitigation for impacts to habitat. Mitigation—including habitat acquisition, habitat restoration, and endangered species enhancements or set-asides, and long term stewardship of mitigation lands—could be accomplished on Parkway lands at the project developer’s cost. Endowments can be established to assure long term maintenance funding.

Precedents in the Parkway

- The Conservancy has entered into mitigation partnerships with Caltrans and the County of Fresno. These very small projects provided for habitat restoration at the outside agencies’ costs, and provided funding or maintenance to ensure the success of the restoration project.
- No mitigation projects or policies have been developed by the Conservancy to facilitate private development mitigation on Conservancy owned lands. Such projects would require careful consideration to be sure the public does not subsidize private development requirements.

Grants from Public Agencies: Federal, State, or Local

Grants are almost always bond funds or other capital funds designated to pay for the one-time costs of acquisition and capital improvement. Grants are occasionally available for programs; however, they are rarely available for ongoing O&M funding. Historically a wide variety of grants have been available from all levels of government (and many private foundations) for a range of worthy public purposes, including environmental restoration, habitat, education and recreation. In the world of grantsmanship, however, the pool of resources never seems to match potential demand, and the procurement of grant money is a highly competitive process. It takes significant staff time to apply for grants, they are often not won, and when they are won they often have complex rules and strings attached to their use, including ongoing reporting requirements that further consume staff time.

Precedents in the Parkway

- To date, approximately 45% of the cost of Parkway capital improvements and 44% of the cost of Parkway land acquisitions have been covered by grants and fund sources other than Conservancy bond funds.
- As a small example related to O&M, the Fresno Regional Foundation has recently granted twenty-five thousand dollars to the San Joaquin River Stewardship Program to fund river

trips, clean-ups and restoration efforts along the river targeting 360 underserved Hmong and Latino youth.

Public-Private Partnerships with For-Profit Partners

The long-term vision is that the river and land areas within the Parkway will be owned by the public in perpetuity. There are a variety of partnerships with private entities, however, which are appropriate for public lands. Those involving private entities operating in a for-profit mode are described in this section, with a separate discussion of not-for-profit entities following.

Concessions and Leases

For areas that are actively used for recreation, it may be economically feasible to develop and operate specialized facilities profitably via user fees and charges. There are ample precedents with the National Parks system, State Parks, and other county-level facilities throughout California for using concession agreements, leases, and other legal contracts to allow for-profit businesses to provide recreational services on public properties. Campgrounds, marinas, boating facilities, golf courses, equestrian centers, river excursions, and other active recreational uses may be candidates for development and operation in this mode.

Although they share many similarities, there is a distinction between concessions and leases. Leases on public lands are appropriate for businesses that do not conflict with the uses, mission, and services on public lands, and support the proper management of those lands, whereas concessions are private profit or nonprofit businesses on public lands that are directly providing services in support of the primary mission of the agency. Leases and concessions also have to be structured to generate sufficient revenues and other benefits to the public entity to ensure there is no gift of public resources occurring.

There are a number of common issues associated with concessions and leases to private for-profit entities. Typically it is difficult enough to generate sufficient revenue to sustain operations (e.g., throughout a range of seasons), that these types of concessions and leases typically generate only enough revenue to cover the business operation and the direct public costs associated with it, and generally do not generate surplus revenues that can be used to subsidize other larger public objectives. Also, when providing recreation services, there is a tendency to diminish the quality of services or to defer maintenance on capital facilities if revenues begin to fall short of expectations. For these and similar reasons, there is a significant burden on the part of the public staff to solicit private participation, negotiate appropriate terms, and to monitor quality and performance over the long run.

Precedents in the Parkway

- Sycamore Island, a river access and fishing operation owned by the Conservancy has been operated as a concession (five-year concession agreements) since 2006. The site is open weekend and State holidays from February through November. The site generates enough day use fees and snack/bait shop retail funds to support itself, with approximately 2% of the gross revenue remitted to the Conservancy (approximately \$500 in 2012).
- The Conservancy has recently entered into limited-season operating agreements with the San Joaquin River Parkway and Conservation Trust for Camp Pashayan and Ball Ranch. Outside supplemental funding has been made available from the U.S. Bureau of Reclamation to support the pilot program at Ball Ranch. Day use and rental fees are intended to cover the costs of the operations.
- There is a small golf course within the Parkway that has been operated on a lease arrangement with a private operator. This long term lease was assumed by the Conservancy at the time the land was acquired.

Leasing Public Land for Grazing

Another form of contracting with a private for-profit partner is the leasing of public property for agricultural purposes. Again, there are ample precedents throughout California for use of leases of various lengths on public lands to meet a number of objectives including: land banking of property for planned later use, weed abatement and reduction of fire danger through grazing, invasive species management, restriction of public access where it is not currently desired, and generation of ancillary revenues. Where public land acquisition programs have taken place throughout California, it is not uncommon for the prior agricultural owner to leaseback his former property on an interim basis. Although there is little opportunity for row crops and other intensive farming within the Parkway, there are opportunities for grazing leases.

Precedents in the Parkway

- The Conservancy has one grazing lease in place within the Parkway. There may only be another four or five candidate sites that could be similarly used. The existing grazing leases tend to be small, in the range of a few thousand dollars per year per property.

Precedents Elsewhere

- The East Bay Regional Parks District has grazing leases for rangelands, and allows public access for hiking on those lands. They have developed policies that allow for managed grazing, derive grazing lease revenue, and concurrently allow for safe public use.

Mining Leases

Related to land leases for agricultural purposes are leases for extraction of natural resources. Much of the San Joaquin River in the Parkway reach was historically used for aggregate mining. Existing mining permits will expire between 2016 and 2023, and it is anticipated the mineral resources will be fully exhausted at that time. In the interim, for existing mines on lands purchased by the Conservancy, some revenue may still be generated until the final closure of the mining operations. In most cases mining operations have closed and the lands have been reclaimed before the land is offered for sale to the public.

Precedents in the Parkway

- In 2008 the Conservancy acquired one gravel plant site that will be active until 2016 (or until December 31, 2013, depending on a pending extension of the lease). This lease generates significant revenues.

Development Community Facilities Districts, CFDs (Mello-Roos)

Recognizing the difficulty in securing tax revenue resources for public infrastructure and amenities in a post-Proposition 13 environment, the State Legislature passed the Mello-Roos Community Facilities Act which creates the ability to form Community Facilities Districts (CFDs). Especially useful in rapidly urbanizing greenfield areas, a unique aspect of the CFD is that if there are fewer than 12 registered voters within the proposed boundaries of a new district, which is typical of a new master planned community owned by a single developer or a limited number of partners, the district may be formed by a two-thirds majority vote of the owners weighted by their land holdings. This allows the owners of a proposed major new development to create a new revenue authority, which then flows to subsequent buyers (e.g., new homeowners) in the future. There is also provision in the act that a CFD may be formed in a previously developed area, although when there are 12 or more voters in that area a two-thirds majority must approve the formation of the district and the imposition of new taxes, which has proven to be a difficult hurdle to overcome in most established communities. There is also some controversy over CFD use in new developments as well, because new homeowners in the CFD area pay taxes at a higher rate than residents of surrounding existing areas, and it effectively increases the costs of housing.

Among the purposes for which a CFD may be used, are parks, recreation, and open space facilities. Once formed, CFDs function similarly to benefit assessment districts and may be used to fund ongoing O&M costs. CFDs are essentially separate public entities, although they can be within a city or a county and the legislative body for the larger entity can also serve as the governing board for the CFD.

In the future, CFDs have strong potential as a financial tool for some areas of the Parkway, and very little potential in others. First, the revenues generated within the district are intended to be used for providing benefits to property owners within that district, which limits the ability to fund services in a large, linear, multi-county geographic area such as the Parkway. However, within large master-planned developments along the north side of the river, CFDs may be quite useful in funding O&M for trails, recreational facilities, and access points to the river which serve CFD residents but yet are open to the general public as well. In areas to the south of the river in Fresno County which are already largely developed, CFDs are likely to be of limited or no use for Parkway O&M purposes.

Precedents in the Parkway

- There are no CFDs to date providing funding for Parkway purposes, although the financial implementation of one or more of the large-scale master-planned developments proposed in Madera County may include the formation of CFDs in the near future.
- Adjacent to the Parkway, the developers of the master planned community Copper River Ranch requested the formation of Community Facilities District #12 within the City of Fresno. Under a maintenance agreement with the City, the owners of Copper River Ranch perform O&M functions using CFD revenues and maintain large areas of trails, open spaces, scenic street medians and buffers along with street lighting, stamped concrete paving, curbs, gutters, sidewalks, street signs, street trees and other features related to the project. Trails within the community connect to the Parkway via the Lewis S. Eaton Trail.

Public-Private Partnerships with Non-Profit Partners

Private entities set up as not-for-profit organizations can also serve as useful partners with the public sector. A variety of non-profit organizations are already heavily involved within the Parkway as described in this section. The San Joaquin River Parkway and Conservation Trust (River Parkway Trust) is a non-profit land trust, and is arguably the most significant partner, but others contribute value to the Parkway as well.

In-Kind / Volunteerism

One of the most observable forms of in-kind contributions to the O&M needs of the Parkway is the volunteerism from citizens within the region, often organized by the not-for-profit partners. Services rendered by volunteers routinely include education by docents, clean-ups, trail development and maintenance, resource protection and habitat restoration, and invasive species eradication.

Precedents in the Parkway

- The River Parkway Trust provides volunteers through organized work parties and programs that conduct habitat restoration and facility maintenance, as well as training and organizing a variety of docents and river stewards who perform education and outreach programs with schools, summer camps, and other members of the regional community.
- The Conservancy's Jensen River Ranch is a good example of an area where the River Parkway Trust organizes routine work parties of volunteers led by their own paid staff to perform habitat restoration and invasive plant removal.
- Tree Fresno has a much broader, four-county area of service. The organization has conducted extensive tree planting along the Lewis S. Eaton Trail and has created and maintained a native oak reforestation pilot project at Ball Ranch.
- RiverTree Volunteers has planted trees and demolished old structures on Sycamore Island and conducted similar projects at Camp Pashayan, Proctor Broadwell Cobb, River Vista, Sycamore Island and other areas. They also maintain a fleet of canoes and provide educational river experiences for school groups in the Parkway.
- The San Joaquin River Stewardship Program, Fresno State, Many Lightnings American Indian Legacy Center, Friends of Lost Lake Park, and other volunteer stewardship groups have performed important land management, educational and recreational services in the Parkway.

Specific Project Fundraising / Implementation

Most of the private non-profit partners active in the Parkway are organized as a 501(c)(3) entities, which enables them to accept charitable donations, other revenue streams and certain one-time grants that may not be available to a governmental entity. These private non-profit partners have the ability to organize fundraising campaigns and raise resources for specific projects. There are precedents for these types of projects in the past, and this could be an important source for the long term implementation of the Parkway. Many donors tend to be interested in investing their donations

in constructing or creating a specific new project, facility, or park, thus this type of fund-raising is less applicable to the ongoing needs for O&M funding.

Precedents in the Parkway

- Portions of the Lewis S. Eaton Trail have been developed in part through fundraising specifically for that purpose.

Fundraising for an Endowment

In terms of raising charitable resources that can be used for ongoing O&M, raising money for endowments is more appropriate. Endowments may be tied to a specific project or feature of the Parkway, but may also be tied to an organization and their good works in general. The goal in either case is to seek a sufficiently large pool of financial resources so that the investment income generates a small but relatively stable revenue stream for ongoing use, e.g., for O&M purposes.

Precedents in the Parkway

- Although the Parkway River Trust has had only minor involvement with endowment fundraising to date, they are currently considering the creation of an endowment vehicle through the Fresno Regional Foundation in the near future that may allow for the stewardship of more significant amounts.

Precedents Elsewhere

- McConnell Foundation endowments and the Sundial Bridge Legacy Project have been fundamental in supporting the Turtle Bay Exploration Park and Sundial Bridge on a parkway in Redding, California.'
- The Kings River Conservancy has received and invested a relatively small endowment to support operations costs for a public river access, the Thorburn Access Park, on the Kings River near Sanger.

Sponsor Recognition

Over the last decade or so, as the audiences for advertising in traditional mass media have become more fractured and disparate, companies have increased their sponsorship of sports events, facilities, and venues in order to get their names in front of likely consumers of their products and services. This trend has been beneficial to recreation and sports providers; with some creative marketing local level public providers have been able to secure revenue streams from private corporations by giving them appropriate recognition associated with their facilities and venues. Although naming rights for specific use areas or facilities in the Parkway may be perceived as too commercial, there may be

more subtle means of providing exposure for sponsors within the Parkway in exchange for revenues that could be applied to the ongoing O&M for those use areas and facilities.

Sponsorships have been observed to fluctuate along with the general health of the economy to some extent, and are likely to gain even more potential as the California economy improves.

The Conservancy board has adopted a policy for name recognition and sponsorship for Conservancy projects. The adopted guidelines generally accomplish the following:

- Emphasize appropriate on-site and off-site recognition for sponsors and donors, and de-emphasize permanently naming lands or facilities for monetary contributors;
- Reserve to the Board the privilege and authority of naming or dedicating a site or facility on Conservancy lands or funded by the Conservancy;
- Encourage names for Parkway areas and features based on history, tradition, environmental setting, or other unique characteristics; and
- Provide that facilities, trail segments, restored woodland groves, or other improvements may be dedicated to a donor or sponsor.

Precedents in the Parkway

- Tree Fresno has been working on an “adopt-a-trail” program and has identified several sponsors so far. It plans to find sponsors for services on the Eaton Trail in the Parkway, as well as for other non-Parkway projects.

Precedents Elsewhere

- The ARC Fresno, a job development and independent living program for clients with special needs, has developed a sponsorship partnership with local corporations and public agencies. Local businesses provide the funding and receive name recognition for sponsoring ARC’s client work crews to maintain public parks. Sponsorships dropped significantly as a result of the recession.
- Caltrans has enjoyed success with their adopt-a-highway program, which can serve as a model for adopting multi-use trails.

Indian Gaming Local Community Benefit Funds

Tribal entities have a formal program of providing cash donations to support programs within their area of community service. Funds must be awarded by an Indian Gaming Local Community Benefit Committee to mitigate impacts of local gaming on the agency applicant. Founded in 1916, the Table

Mountain Rancheria is a long-standing member of the community around Friant. The Rancheria administration has shown specific interest in the past in the Lost Lake Recreation Area, in part due to the long Native American history of occupation and use of that reach of river. It should be noted, however, that in some California locations Indian Gaming community benefit funds have been used for projects that have little nexus to the impacts of Indian Gaming on communities. It is likely the criteria for use of these funds will be tightened, and O&M of Parkway lands may not be eligible.

Precedents in the Parkway

- For a brief period of time, the Table Mountain Rancheria contributed several hundred thousand dollars per year towards the O&M needs for Lost Lake Park. Due to concerns over perceived connections to casino interests, Fresno County stopped requesting the financial support from the Indian tribe.

Parkway Users

For the more immediate and active recreational experiences that are, or could be, offered within the river corridor and Parkway, it is legitimate to impose direct charges on users.

Admission and Parking Fees

Day use fees are common for regional parks, and may take the form of an entrance fee per person, a parking fee per vehicle, or other forms. For a more specialized recreational opportunity, such as fishing, there is often a specific fee per fisherman or per pole. Generally, the more recreation there is to do in an area, and the longer the typical stay is for the recreationists, the more can be charged for admission. Fees may be charged to recover the costs of providing services to keep the area well-maintained, well-managed, and safe for users.

Precedents in the Parkway

- The Sycamore Island area has been subject to a day use, per vehicle entry fee collected by a private operator/concessionaire. Starting in early 2013, the Parkway River Trust was awarded the contract to take over this operation, and will continue to charge a day use fee of \$9 per vehicle which will be used to recover O&M costs for the area.
- Seasonal operation at Camp Pashayan and Ball Ranch by the River Parkway Trust will involve day use fees of \$6 per vehicle.
- There is an entrance fee at Lost Lake Park (County of Fresno), and Woodward Park (City of Fresno). Currently both are set at \$5 per vehicle.

Boat Launching Fees

In addition to the admission fees to a recreation area, it is also common to impose a fee for specialized facilities. For example, boating access often requires a boat ramp or docks to be built and maintained, and it is common to offset these costs through imposition of launching fees for watercraft. Even for easily launched human powered craft, it may be appropriate to charge fees to maintain put-in and take-out access areas at strategic locations along the River.

Precedents in the Parkway

- Sycamore Island, Camp Pashayan and Ball Ranch all require day use fees per trailered boat.

Other User Fees / Reservation Systems

Other specialized facilities, such as campgrounds, group camping sites, company picnic areas, sports facilities and the like, may also have a schedule of specific fees charged for their use, and to some extent in proportion to the costs of operating and maintaining the specialized facilities. Because it is often important to be able to reserve these specialized use areas well in advance, some recreation providers also charge specific fees for making reservations. All of these user fees can help defray O&M costs.

Precedents in the Parkway

- Fresno County charges a variety of other fees within the Lost Lake Recreation Area including fees for overnight camping, use of volleyball courts, and group picnic sites.

Special Events

A variety of the properties within the Parkway may be suitable for hosting special events. Unique events are emerging all the time, some of which become successful and become annual events, and have a wide variety of needs for land and terrain. Within the Parkway, water-based sporting events are an obvious classification, although a variety of picnics, fairs, festivals, concerts, and other activities could conceivably be accommodated. Some events generate substantial revenues, including significant corporate sponsorship in some instances. It is common practice to charge event promoters for use of public lands, often structured as a minimum payment plus a percentage of revenue beyond the minimum threshold. Thus, revenue flowing to the public landlord might not only cover the costs of hosting and cleaning up after such events, but also generate surplus revenues to be used for other programs as well.

Precedents in the Parkway

- There is a series of annual canoe and kayak races in the vicinity of the Lost Lake Recreation Area promoted by the San Joaquin River Stewardship Program. The Stewardship Program pays the County of Fresno some portion of the proceeds.
- In 2008 the Sycamore Island area hosted a Renaissance Faire that attracted reportedly 1,700 people over a 2-day event. The concessionaire paid the Conservancy the standard percentage of the revenue.

Precedents Elsewhere

- In recent years, Golden Gate Park in San Francisco has become the host of an annual summer music festival, the Outside Lands Festival, which pays the City's Recreation and Parks Department over \$1 million per year for the privilege.

IV. Recommendations

Although the primary purpose of developing the Funding Toolbox was to present the menu of possible revenue authorities and techniques for accomplishing O&M objectives, as was presented in Sections II and III above, the research and analysis has also suggested several recommendations worth articulating in this concluding section. The three sources for these recommendations are: the results of the literature search and lessons learned elsewhere, ideas suggested by people interviewed, and observations from the independent analyst preparing this Funding Toolbox. The order of presentation is not intended to imply importance; it begins with more global strategies and then to proceeds to specific techniques.

Continue to use the mosaic model for providing services for the near to mid-term. The mosaic model implies the involvement of multiple public agencies, tapping into multiple revenue sources, and also involving private, non-profit, and volunteer efforts. Although the implementation of the larger Parkway vision may appear slow to some under this model, and there is a burden on staff to provide proper and detailed accounting from multiple sources, there are numerous benefits including:

- Resiliency to economic upheavals due to the diversity of support systems,
- Harnessing of volunteer efforts,
- Cultivation of awareness of positive Parkway features within the region, and
- Building constituencies for future support.

Look first to established entities with previous partner experience. For each new property or facility to be put to public use within the Parkway following the priorities of the Updated Master Plan, look first to the pattern of services being provided by other public agencies in the vicinity. Where possible, efficiencies may be gained by small incremental expansions of their service to cover the needs within the Parkway. For example, the Fresno Metro Flood Control District already monitors 157 drainage basin sites within their jurisdiction, over 20 of which have been developed into park settings. The Flood Control District maintains these through a system of private contractors, and with their administrative capacity already in place may be a good candidate to provide additional maintenance services for selected sites within the Parkway. Another example is the existing interagency agreement between the Conservancy and State Parks for the operation of Friant Cove using the staff that is already in place at the adjacent Millerton State Recreation Area.

This recommended strategy may ensure efficiencies and cost containment in providing services, but it does not necessarily expand revenues and available resources. The goal is to avoid duplicating service capacities, take advantage of economies of scale, and allow for small incremental additions to

the lands opened up to public use. But even small and efficient increases in total services will require identification of commensurate financial resources from the Conservancy or from their public or private partners. Over time, with the general revenue growth that accompanies population growth and the demand for more open space and recreation resources, partner agencies may find activities within the Parkway are appropriate for their increasing support.

Because most of the areas in the Parkway are open space and of a nature-based character, they are less expensive to operate and maintain per acre than the urban parks in nearby jurisdictions, and serve as a good complement to the more intensive use areas currently being funded by other entities to serve urban populations.

Expand the support from user fees where possible. While user fees do generate new revenue and expand available resources, they are at best a cost recovery strategy for providing specific recreational support facilities and are not intended to generate any “profits.” By law, user fees cannot generate more revenue than the services/facilities cost, and in practice generally only recoup a portion of total costs.

Another nuance is that user fees cannot be charged for access to the river, because river access is a right. On the other hand, if an agency develops a parking lot, restroom facilities, picnic areas, a boat ramp or other amenities at an access point, user fees can be charged to offset some of the costs of these facilities. Although the high cost of new facilities could justify proportionately high user fees, in practice user fees must still be competitive within their market area in order to attract people. If the customary charges are in the range of \$5 to \$6 per vehicle for a day use area, people are likely to turn away from an area asking say \$10.

In the future, for areas of the Parkway that are appropriate for more developed recreational facilities, it could be possible to build user fees into the financial planning. Under such a strategy it may be possible to use a portion of the State bond funds to make the capital improvements necessary to create very attractive recreational facilities sufficient to warrant imposition of user fees, perhaps both overnight camping fees as well as such day use fees as parking, boat launch, and picnicking.

- For example, Lost Lake may be a candidate for transfer from County operation to State Parks. The Conservancy, perhaps with help from other entities, may have to build up the infrastructure to a State Parks standard first using non-State Parks capital resources in order to transfer the ongoing O&M responsibility to State Parks, which would then collect the onsite user fees.

Expand the support from concession and lease agreements where possible. In addition to paying fees for the use of facilities, some users will also be willing to pay for such additional amenities

and services as food and beverage, bait and tackle sales, camping supplies, use of watercraft, guided river experiences, and other enhancements to their visit to the Parkway. Where there is sufficiently strong demand for such commercial services, or where it would be appropriate to develop such a commercial capacity within the Parkway, there could be potential for additional use of concession agreements with private parties, either for-profit or not-for-profit, to provide these services. Like user fees, the majority of the revenue thus generated will be needed to cover the costs of providing commercial services and reasonable operator profit, but in a good agreement there will still be some additional revenue generated for the public landlord to help them defray their associated costs of long term O&M.

Capture the value added to private real estate. In areas where it is obvious that the Parkway adds value to nearby real estate, and to regional real estate when regional benefits can be demonstrated, investigate the various mechanisms available to tap into a portion of that increased value through benefit assessments, CFD's, or other techniques. Features that could act add value to properties include:

- enhanced access to river based recreation,
- view protection,
- increased property security and public safety,
- reduced fire danger,
- reduced flood risk, and
- other benefits to be identified.

Some benefits will be more localized than others, and mechanisms to capture value can be designed with zones of different assessment levels to recognize proximity and other factors.

The most likely application of this class of techniques will be with new real estate development where new communities can be designed to take maximum advantage of the river. The value capture mechanisms can be put in place before development is complete and new residents move into the community. Where new development is likely to occur, such as on the Madera County side of the river and in the vicinity of Friant Ranch, it is worth investigating these value capture techniques further in advance of development agreements being finalized.

Cultivate relationships with one or more foundations and seek endowments. Endowments have the potential to infuse private funds into long term O&M for specific areas or specific programs that support elements of the Parkway. A foundation could serve as a custodian and administrator for

such an endowment. Endowments created and supported by nonprofit organizations may be the most underutilized resource with real potential to support O&M.

Monitor growing public support for a general regional tax support measure. As educational programs, volunteer work, and growth in recreational opportunities expand the awareness of the beneficial features of the Parkway throughout Fresno and Madera counties, continue to monitor and poll the political support for new taxes. While a successful tax measure could easily be a decade or more in the future, public opinion appears to be trending that way now, and with stewardship should continue to grow. Polls need not be conducted every year, but could be done on two or three year cycles. It may also be possible to collaborate with other partners with interests in public opinion, and piggy back on other polls conducted for similar purposes at periodic intervals. For example, in 2004 the County of Fresno completed a county-wide survey to determine whether the public would support formation of an assessment district for parks, including the Parkway. It was determined that generally, a county-wide measure would not be approved at that time; however, there was stronger support in some geographic areas for specific projects such as the Parkway.

In addition to monitoring support from the general public, the Conservancy can continue to build interagency relations for future Parkway funding authority and governance that will likely accompany any publically supported tax measure.

Strategically foster general public support. In addition to monitoring public opinion, the Conservancy should continue to collaborate with its non-profit partners and other agencies to provide high quality experiences to youth and the general public with a long term goal of building a constituency for enhancing and maintaining a high quality environment in the Parkway. For example, there is a key 1,500-acre reach, central to a large urban population in the vicinity of Woodward Park, and with active non-profit partners already in place. More program opportunities and more outreach will continue to build environmental awareness and good memories of the Parkway. Maintaining public safety and the perception of security within the Parkway will also be a key to securing public and political support. Over the long run, people support the areas they have grown to love.

Tactically consider specific opportunities as they arise. At any point in time, there are multiple possible opportunities that may provide some incremental funding or in-kind support services targeted for specific areas or purposes. Some that have been discussed during the course of this research and may be worth pursuing include the following:

- Measure C funds to date have been restricted for use only on the capital costs of new trail development. If the Measure C constituents and the FCTA are amenable, it may be possible to use State funds instead for new trail development in the Parkway with the agreement that

a commensurate amount of Measure C funds could be pledged to O&M for those trail segments.

- Open specific areas to partner entities for special events, nature programs and the like. While this does not constitute 24/7 access for the public, it will allow members of the public to experience new areas under controlled circumstances, with costs of the programs borne by others.
- Consider requesting Indian Gaming community benefit funds from various regional tribal interests particularly to support cultural resources-related services, operations, maintenance and management. Solicit financial sponsorships for projects and facilities in the Lost Lake Park, River Vista, Ledger Island, and other areas.
- Look for opportunities to develop programs serving specific needs that may be better funded at this time. An example might be the Department of Boating and Waterways aquatic centers (non-motorized boating centers).
- Minimize O&M costs through relationships with other governmental agencies' programs. For example, it may be possible to negotiate with the relevant law enforcement agencies to again be able to use the labor from the "Adult Offenders" or the "Inmate" programs for maintenance in the Parkway. We understand the local sheriffs and Cal Fire are still able to operate such programs.

