

Non-Traditional Funding Alternatives for Public Athletic Facility Projects

Sports Turf

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Funding for public athletic facility projects has changed dramatically in the last decade. The days where a municipality could go to a town meeting and seek an override approval for 100%, or float a bond for 100%, of an athletic facilities project are essentially over. The fiscal reality is that municipalities have been forced to consider steep financial cuts to schools and public safety services (police and fire). The “extras,” such as athletic facility enhancements, have, out of necessity, taken a back seat.

Although traditional funding is not readily available, the demand for public athletic and recreation facility enhancements has actually risen. This is due to continued population growth in urban areas, enhanced diversity of sports, and increased gender equity in sports. Municipalities are now compelled to find “out of the box” ways to meet this growing demand, and the solution begins with creative funding. To be successful in raising the funds for an athletic or recreation project, the municipal or non-profit owner should assemble a fundraising group that considers the following options concurrently:

- Public and private grants
- Private funding
- Sponsorship (naming rights)
- Public and private partnerships
- Donor in-kind goods and services
- Developer off-site mitigation
- Utility Leases
- Professional fundraisers

Public and private grants

The first constituent of a funding group should always be an experienced grant writer. If there is no grant writer on staff, hiring a professional grant writer will greatly increase the odds of receiving public and private grants.

Public Grants. Public grants vary from state to state and from municipality to municipality. There is a federal program called PARC (Parkland Acquisitions and Renovations for Communities) and each state implements block PARC grants. There have been 40,000 PARC grants issued since inception 40 years ago; \$97 million were awarded in 2010 alone. The Department of Urban Development has community block grants that some communities will qualify for based on net income and demographics. The Environmental Protection Agency (EPA) provides brownfield grants for the

redevelopment of impacted parcels of land. There are ReLeaf grants available from federal agencies for the planting of trees and landscaping that can be associated with park projects. For example, there is a federal land and water conservation fund that has resulted in the funding of thousands of outdoor recreation facilities.

These public grants rely heavily on feasibility studies that demonstrate the viability of the project and accurate cost estimates. It is important for the granting authority to be convinced that the project is valid and feasible, and that the funds allocated for the project would result in the successful completion of a fully serviceable facility that meets a previously un-resourced community need.

Private Grants. Private grants, although a bit more constrained lately, are playing an important role in the non-traditional funding of public projects. Municipalities can apply for grants from US Soccer, US Tennis Association (USTA), Nike Endowments and Foundations, the National Hockey League (NHL), etc. These organizations, and others, have been involved in providing funding for public projects. They provide these grants as a way to propagate their particular sport or interest. Therefore, it appears they are more likely to provide grants for building new facilities as opposed to renovating existing facilities. A successful private grant solicitation or submission should demonstrate how the awarded grant will facilitate the propagation of the interested sport. For example: Is there un-resourced soccer demand in your community? If so, and if US Soccer grants \$150,000 for your project; will it result in new field inventory that will service that otherwise un-resourced demand (thereby furthering interest in that sport)?

Like public granting authorities, private granting authorities also look for the applicant that has “real” plans, budget, and milestone schedule. Due diligence and feasibility studies are necessary to help convince granting authorities that the project is worthwhile. If the private grant is awarded, they want to know that the financial resource will result in the successful outcome of a project that furthers their interests.

The Quick Start Grant. One private grant that’s been particularly effective over the last few years is the USTA Quick Start grant. It is a commonly held opinion that a recent decline in tennis interest is because young children become involved in youth sports such as soccer, baseball, and lacrosse, etc. Children appear to play these team sports more successfully at a young age, as opposed to tennis where they are overwhelmed and frustrated by the size of the court, the size of the racquet, and the rigors of the game. To address this, USTA is providing significant grant money to develop half-size (a.k.a. Quick Start) courts. These quick start courts can be placed on conventional tennis courts in the transverse direction or constructed as stand-alone facilities. If an applicant is willing to develop a certain number of quick start courts in conjunction with the development or re-development of their tennis facilities, the USTA has appeared more willing to provide funds.

Private funding

Grassroots fundraising efforts (e.g. selling brick pavers, parking spaces, seats, and candy bars) can sometimes be disappointing as far as how much money they can generate (often less than 10-20 % of the project budget). The biggest advantage these efforts provide is public awareness and involvement. This can be quite helpful when seeking permitting and other municipal public funding since you've enfranchised a number of people into the process as advocates.

The first step in developing significant private funding is to form a private fundraising conduit for the money raised: a booster club, a "Friends of (insert name) Field," and/or a 401(c) 3 that can receive tax exempt moneys. The Booster organization can be the conduit for fund raising, corporate sponsors, youth sport user fees, concessions proceeds, individual donors, etc. The Boosters can gift these revenues to the public Owner. Alternatively, the Boosters often complete the sports facility enhancements themselves under a private procurement, which may have cost and project control benefits.

Sponsorship

One of the more lucrative fundraising opportunities is corporate or individual sponsorship associated with naming rights of the facility. The fundraising committee should determine the municipality or school's policy with regard to naming rights before initiating the fundraising drive, and identify naming opportunities (field, track, scoreboard, press box etc.) It's important that you present a possible donor with a policy that details the recognition they would receive. If they can see that their donation would result in significant name recognition; there is a higher likelihood of success.

Another avenue of sponsorship would be approaching prosperous citizens in the community. Part of the fundraising group's challenge is to first determine who these people are through local community groups (alumni groups, philanthropic groups, the Kiwanis, the Rotary, the Elks, the Chamber of Commerce, etc.). The fundraising chairperson is often approached to make presentations to these various community organizations. Oftentimes, these well-heeled individuals of the community can be identified and approached through this type of networking. This is more effective than knocking on people's doors. It's important that these approaches are made with mature marketing materials (glossy project descriptive information with colored renderings, feasibility studies, and budgets) in hand to facilitate the conversation and encourage the potential donor to become involved in the project.

Public/private partnership

A public/private partnership strategy can be a bit more complicated but municipalities are becoming increasingly reliant on them. This type of partnership comes in two forms:

Use. This is the partnership frequently seen between a municipality and an institution. The institution is often a small or community college that is landlocked but has growing athletic requirements. By reaching out to a local community with available land, but constrained funding, the two parties enter into an understanding. The private organization builds an improved/expanded facility on public land with additional capacity for the community, and the institution is able to use it (often with use and scheduling preference). These partnerships are becoming increasingly popular and they are a win/win for both entities to meet their need for expanded facilities of higher quality than either could achieve on their own.

Profit. Under this scenario, a for-profit, private organization enters into an agreement with a municipality whereby they would develop an athletic or recreation facility on public land with facilitated permitting, public services, and tax incentives. They may gift a portion of the facility (e.g. a soccer pitch) outright and retain control of a for-profit facility, or they may operate the overall facility for profit but give the municipality use at reduced rates. One complication that can arise with this arrangement is that often a public owner cannot simply enter into this agreement with a private entity without going through an RFP process. The municipality typically has to advertise the opportunity, define the selection criteria, review all the proposals, and come to a decision based on the best value for the community. This requirement will vary from state to state.

Donor in-kind goods and services

The donation of in-kind goods and services is another way to help fund an athletic project. The fundraising group should identify early on the various businesses in the community that could potentially perform in-kind services for the project. For example, these businesses could include companies that provide and/or perform:

Stone, asphalt, and concrete

- Earthwork and landscaping
- Topsoil and seed
- Site and athletic lighting
- Fencing

An effective way to learn about, and approach, these companies is through networking with the Chamber of Commerce and various philanthropic groups within the community. There are challenges associated with in-kind contributions. Since these services and goods are donated, they are often the last priority for otherwise profit-making companies. As a result, donor projects can take longer than expected and may not be built to the same quality as a normally competitive, bid project. They can be disjointed since coordinating the various subcontractors and materials as they arrive on the job site can be challenging for the owner. But, if a municipality is willing to put in the extra time and effort necessary, these projects can result in a cost-effective and

functional facility that may not exist, were it not for these donated goods and services. Typically, a design professional (who may also donate services) is engaged to provide the design and permitting for the full potential build out of the facility so that permits are in place as the materials and services become available, and the facility is developed over time.

Developer Off-Site Impacts

Another potential fundraising opportunity is developer off-site impacts. When a developer comes into your community proposing a multi-family residential or commercial development, they could be exacerbating a traffic problem or putting extra burden on municipal services such as water and wastewater utilities, schools, etc. It is common practice for municipal zoning and planning boards to require the developer to perform off-site impact mitigation by replacing a sewer, widening an intersection, or adding traffic light(s) as part of the acceptance for the developer's project. Some municipalities have told developers that they are beyond their capacity in terms of their ability to support recreational facility use, and as such are requiring developers to develop recreational facilities to mitigate the impact of their proposed project on the community. Town-wide recreation needs assessments documenting recreational facility shortfalls in the town are needed by local planning and zoning boards to set the stage for this discussion.

Utility leases

There are a number of utility companies willing to provide significant funding for athletic facility enhancement in return for the rights to develop private utilities on public land such as cell towers, solar power arrays, and wind power. Such endeavors typically involve long term leases which encumber a significant area of land or roof top; however, they can be very lucrative for both parties. Of these funding opportunities, solar power sites currently appear to be the most heavily sought after. In some instances, the solar power developer will actually procure/build the athletic facility as part of their installation project and then turn the resultant facility over to the public owner.

Vendor financing

Although many recreation product vendors (turf, lighting, surfacing, etc.) offer financing programs; in our opinion, they have not proven to be effective to the municipality. This type of funding may only be effective as a last resort, or to complete the last portion of funding required for a significant project. The typical financial terms vary and may not be more advantageous than conventional financing from a lending institution. Additionally, such vendor financing arrangements can put the municipality in a situation where they are locked into doing business with a particular vendor and the price could reflect the proprietary nature of the procurement. Also, many states have very specific rules prohibiting proprietary specifications for public projects. If vendor financing is

relied upon to complete project financing, it will be advantageous and probably necessary for the Booster group to obtain this type of financing in lieu of the public owner.

Professional fundraising

A professional fundraiser can assist a community with identifying potential corporate and individual sponsors, and developing an approach that is more successful than what the typical layperson could accomplish. A professional can manage “pledged giving” more effectively than most community fundraisers. They are also usually able to organize the grassroots fundraising in a more cost-effective fashion. Keep in mind that their success does depend on having the right materials (feasibility studies, colored renderings, and realistic budgets).

There are two types of professional fundraisers: those that work for a percentage of the funds raised and those that work for a set fee. The Association of Fundraising Professionals (AFP) strongly encourages professional fundraisers be paid set fees for their services instead of a percentage.

Many athletic facilities constructed in the past decade have been funded to some extent by non-conventional means. Multiple funding sources for one project are common. To get the most out of your efforts, it's important that your fundraising group is organized and everyone has a function (e.g. one person is responsible for approaching businesses through the Chamber of Commerce; another person is responsible for researching grants, etc.). It's also imperative that you start off on the right foot with excellent collateral materials. Engaging a design professional to provide realistic budgets, feasibility plans, and color renderings will help to facilitate your community to reach its fundraising goals.