

FAIRBANKS NORTH STAR BOROUGH
COMPREHENSIVE TRAIL PLAN

Financial Constraints
June 1984

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FINANCIAL CONSTRAINTS

I. Introduction

There is a wide variety of funding sources which can potentially be used for recreational trail projects. The Borough's preliminary draft Comprehensive Parks and Recreation Plan includes a description of several federal, state and local funding opportunities. This portion of the preliminary draft Comprehensive Parks and Recreation Plan is included in this report as Appendix A. Several of these sources which are best suited for trail projects are addressed in greater detail in the following report.

II. Existing Funding Sources

A. Borough Funding

The present borough policy on recreation trails established by Resolution 80-9 limits easement acquisition funds to "sources other than property tax and sales tax revenues, unless a service area has been established for this specific purpose." Because no service areas have been established for trails, the policy requires all trail projects which involve right-of-way acquisition to be entirely funded by grant sources. Since the far majority of projects in the recreational trail program require some right-of-way acquisition, funding for trail projects is almost entirely limited to grant funds at this time. Funding for personnel, planning projects or projects not involving easement acquisition could be included as part of the Borough's general operating budget.

1. Trail funding through local service areas

The potential exists for establishing new service areas to provide trail funding or for existing service areas to acquire this authority. Ballaine Lake Service Area is the only service area which currently has parks and recreation powers which can be used

for trail projects. There is presently no mill levy or active use of this authority by the service area. The concept of service area formation has the potential to be combined with volunteer efforts to become an effective tool in reserving and maintaining neighborhood trail systems.

2. Capital Improvement Program

The principal funding mechanism presently available within the Borough for trail projects is the Borough's Capital Improvement Program. In the past, this program has involved the use of both Federal Shared Revenue funds (FSR) and state legislative appropriation funds requested through Programs for Progress. The present funding for the Comprehensive Trail Plan project is derived from FSR funds. In the future, FSR funds will most likely be directed to operation of general government. Several trail projects have been funded through direct legislative appropriations, however, trail projects have not been placed as high priorities in the Borough's Programs for Progress requests. Trail projects which have been funded by the legislature have often been inserted into the state capital projects bills by members of the Fairbanks Legislative Delegation at the request of constituency groups. This process can make it difficult to ensure that the projects funded are in keeping with the highest Borough priorities. In addition, it can be difficult for the Borough to implement projects funded in this manner because of the often vague descriptions of exactly what the projects entail.

A second problem has occurred with regard to project maintenance requirements included in legislative appropriations or agreements for transfer of legislative funds between agencies. The present Borough Trail Policy states that "The Borough shall acquire right-of-way easements only and not develop or maintain recreational trails." The concept of the Borough trail program has been to provide trail maintenance through trail user groups, as has been done on existing trails in the past. In some cases, because of trail funding agreements or potential liability, it may be necessary to establish a more defined trail maintenance program. Establishing agreements between the Borough and trail user groups is one approach which can

be used to formalize provisions for trail maintenance, while minimizing costs to the Borough. At the same time, it can be difficult to establish this type of agreement prior to a project being funded or implemented.

Asphalt surfaced bicycle trails, which require more specialized maintenance equipment, cannot be easily maintained by trail user groups. The Borough lacks the necessary equipment and personnel to provide bike path maintenance; and, the Alaska Department of Transportation and Public Facilities limits its maintenance efforts to bike paths along state maintained roads. The Borough has had to reject some funds designated for bike paths along non-state maintained roads because of this problem.

Despite the above problems, state legislative appropriations have provided the greatest amount of funding available for Borough trail projects up to this time and are likely to remain a main funding source in the near future.

B. State Funding

The principal state funding source which has recently been available for recreational trail projects is the state capital project budget. This source has been described under the Borough Capital Improvement Program. Other state trail funding programs which have been used for borough trail projects include the Alaska Trails and Footpaths Grant Program and Local Service Roads and Trails Funds.

1. Trails and Footpaths Grant Program

This funding source is administered by the Alaska Division of Parks and Outdoor Recreation. The FNSB has received grants through this program for survey and right-of-way acquisition for the Skarland Ski Trail and the Jeff Studdert Sleddog Trail System. In order to receive funding through this program, the local government must have an adopted Five Year Trail Plan. This was the principal reason the Borough's original Five Year Trail Plan was written and adopted.

Although this program is still in existence in the Alaska Statutes, it has been several years since the legislature has appropriated any funding for the program. It is not likely that the Trails and Footpaths Grant Program will receive funding in the near future.

2. Outdoor Recreation and Historic Properties Grant Program

A bill (S.B. 23) has been proposed in the legislature to establish a grant program for outdoor recreation and historic properties projects. Although this legislation did not get passed during the 1983-84 session it may be reintroduced in the future. This program would be administered by the Alaska Division of Parks and would require 25% or more of the project to be funded by the local government sponsor. If this bill is passed, future legislative appropriations for trail projects would more likely be directed to this program rather than the Trails and Footpaths Grant Program. The proposed program is intended to replace the present Outdoor Recreational, Open Space and Historic Properties Development Fund which is designed, in part, to help local agencies provide matching funds for federal Land and Water Conservation Fund grants. (see appendix A).

The new legislation would allow the program to be administered entirely by the Division of Parks independently of the Land and Water Conservation Fund.

3. Local Service Roads and Trails Program

The Local Service Roads and Trails Program (LSR&T) provides for construction of local roads and trails which are not included in the federal-aid primary highway system. The Borough's Chena Hot Springs Road Trail project was funded through this source. The Alaska Department of Transportation and Public Facilities Five Year Local Service Roads and Trails Program 1984-1988 provides funding for Fairbanks North Star Borough roads and trails improvements for the years 1985-1988. There is no breakdown on the portion of the funds to be used for trail projects vs. road projects.

LSR&T funds made available to the Borough through the Alaska Department of Transportation and Public Facilities carry requirements for project maintenance and availability of the trail for general public use. For these reasons, projects selected for funding through LSR&T should normally be projects for which maintenance arrangements can be defined or anticipated in advance. Trails funded through this source should be located within highway rights-of-way or other rights-of-way open to constant public use as a matter of right. This funding source is not well suited to projects such as ski trail networks within a borough park or recreation area which may be closed to public use during certain hours or times of the year.

C. Federal Funding

There are many different federal funding sources which can potentially be used to fund the trail program. Some federal funding programs are geared specifically to recreation projects, while others may be principally designed for other purposes but still allow some portion of funds to be allocated for recreational purposes.

The U.S. Department of Agriculture, Cooperative Extension Service has developed a computerized information retrieval system which is designed to provide simplified access to information on federal loan, grant and technical assistance programs. Through the Federal Assistance Program Retrieval System (FAPRS) local governments can obtain information about each program and a place to contact for information about application procedures and details about the assistance programs. To use this computerized program it is only necessary to define a few basic facts about community size and the specific needs of the project and the program will identify potential funding sources. These sources can then be reviewed to see which would best apply to a specific project or part of a project. To use the FAPRS program or obtain further information interested persons should contact the Local Government Program, Cooperative Extension Service, 2651 Providence Avenue, Anchorage.

Two federal funding sources which are particularly well suited to the recreational trail program are described below.

1. Federal Shared Revenue Funds

Federal Shared Revenue (FSR) funds are the present funding source for the Comprehensive Trail Plan Project. These funds are granted to the Borough on a lump sum basis and can be used at the discretion of the Borough. FSR funds are appropriated by ordinance by the Borough Assembly. As previously indicated, FSR funds are likely to be directed toward general operation of Borough government in the future.

2. Land and Water Conservation Fund

The Land and Water Conservation Fund (L&WCF) is a federal grant program which is administered through the Alaska Division of Parks and Outdoor Recreation. The program provides up to 50% matching funds to state and local communities for the acquisition and/or development of outdoor recreation facilities. Project sponsors are required to provide at least 50% of the project cost, however, donated money, labor, land or materials can be used for the match. Funds which can be used for the match include: Community Development Block Grants or State Outdoor Recreation, Open Space and Historic Properties Development Funds. Sponsors are required to maintain the project in useable condition for the life of the project. Recreational trail acquisition and development projects are specifically identified as an appropriate type of project for L&WCF. In addition, projects which incorporate volunteer efforts for development or maintenance receive a higher ranking in the Land and Water Conservation Fund proposal evaluation. This gives trail projects which utilize volunteer efforts a greater chance of obtaining funding.

During the 1984 funding cycle, the Division of Parks and Outdoor Recreation has had approximately \$1.2 million available through this program. Although it was anticipated that the Borough would apply

for trail funding under L&WCF in 1984, it was determined that funding requests should be delayed because of lack of personnel to manage the project.

D. Private sector assistance

As state oil revenues continue to decline, the role of private sector assistance in the trail program will become increasingly important. There are many methods and approaches which can be used to incorporate private sector involvement in recreational programs. The only limit is the ingenuity of planners and volunteer groups as common objectives are identified and programs thought out to meet these objectives.

1. Private Foundation Grants

There are many private foundations which provide grants for a wide variety of projects or programs. These foundations normally operate on a national or regional basis. Several foundations in the pacific northwest include Alaska in their granting region. Researching private grant sources best suited to recreational trail projects and preparing competitive grant proposals, requires a much more intensive effort than funding sources such as state capital projects funding. For this reason, private foundation grants are not the most likely funding source for use on trail projects.

2. Local Service Organization Assistance

Many local governments have cooperated with service organizations within their community to fund, build or maintain recreational facilities. Groups such as the Lions Club, Jaycees and Rotary often have volunteer networks or fundraising events which can be adapted to assisting in recreational trail projects. If trail projects are located in the vicinity served by one of these service organizations and the project will fulfill a community need, it may be in the organization's interest to assist with the project. If a specific

project is developed, organizers can contact service organization board members or directors to arrange a presentation or discussion of the project. The types of assistance requested should be thought out and designed to be consistent with the service organizations own goals or objectives for community service.

3. Volunteer Efforts

Most of the existing trail network within the Borough, which is actively being used at the present time, is kept cleared and maintained by trail users. Volunteer efforts range from periodic track setting and trail grooming of the Skarland Ski Trail to casual brush clearing on an "as needed" basis by dog mushers or other trail users. The concept of the Borough trail program has been to continue this "casual maintenance" program, however, as previously stated, some grant stipulations require a formalization of the project maintenance program. In these situations the Borough can enter into cooperative agreements with trail user groups to provide a more defined maintenance program for a specific trail or portion of a trail. This same mechanism is currently being used by the Borough Parks and Recreation Division to provide maintenance of the Salcha and Two Rivers Ski Trail networks.

Volunteer programs need not be limited in scope to trail maintenance. Another important area where volunteer efforts can be effectively utilized is right-of-way acquisition. This is especially true in neighborhood trail networks. Projects which require extensive right-of-way acquisition from private land owners can demand excessive staff time to individually contact land owners. Persons or organizations using trails are often more familiar with the different properties over which a trail passes and may be better suited than a government agency to deal with landowners. If the landowners are not willing to negotiate easements, trail user groups are more likely to be familiar with the terrain and opinions of adjacent land owners in order to determine a suitable location for trail realignment. At the same time, right-of-way acquisition

demands some expertise for legal documentation requirements, tax benefits and other parameters which may require some thorough assistance.

One method of organizing volunteer efforts which has been successful in other parts of the nation is developing an "Adopt-A-Trail Program". Within this type of framework, trail clubs, user groups, homeowners associations, or local assistance groups can adopt a trail or portion of a trail and thereby assume specified responsibilities for constructing or operating that trail. The club or organization in return receives recognition for the community service which they are providing.

4. Income Tax Effects of Land or Easement Donation for Recreation Purposes

Although income tax laws do not provide a specific trail funding mechanism, they can reduce the cost of trail rights-of-way acquisition and are included in this report for that reason. Federal income tax laws encourage the making of charitable contributions by allowing a deduction against ordinary income equal (with certain exceptions) to the value of the donation. This fact allows both individuals and corporations to maximize donations at a minimal cost to themselves. To achieve the greatest tax advantage from charitable contributions, it is extremely important to be aware of the donor's tax bracket. If the donation and contemplated public use tend to adversely affect the donor's remaining parcel of land, the amount deductible as a contribution may include "severance damage" or the value of the donated land plus the lost value of the remaining land. Conversely, if the donated land increases the value of the donor's remaining land, the amount of the allowed deduction will be reduced accordingly.

The charitable contribution deduction is expressly allowed for a gift of an open space easement (which could be a trail easement) where the easement is granted in perpetuity. Such a contribution is considered a charitable gift of an undivided interest in property.

For information on the amount of tax deduction allowable for a specific easement or land donation, an income tax consultant should be contacted. Exact amounts of allowed deductions will depend on several factors including: the donor's tax bracket, the value of the land and the portion of the land value which would be conveyed through the easement.

III. Conclusions

Up to the present time, most of the funding received for borough trail projects has come from state grants. These grants have involved minimal work on the funding application and have not required matching funds. While these relatively easily acquired funds have been very helpful in getting some trail projects initiated, they have allowed the Borough to initiate the trail program with little commitment toward personnel or funding of its own. With declining state revenues, these grants, which require no matching funds, are likely to become more difficult to obtain.

The proposed state Outdoor Recreation and Historic Properties Grant Program, as well as most federal funding sources, require matching funds of varying amounts. In the future, the Borough will most likely be required to provide some matching funds for grants as well as devote more substantial effort toward grant preparation and management. These efforts to define trail projects more carefully in the grant preparation process should facilitate a better understanding of the costs, work, and maintenance involved in the projects. If projects are more carefully thought out and designed, the physical implementation will be much easier to carry out.

APPENDIX

Financial Assistance Section from the preliminary draft FNSB
Comprehensive Parks and Recreation Plan

2. FINANCIAL ASSISTANCE

At first glance the financial impact of this plan might seem well beyond the means of the Borough's present population. This is often the case, and this fact has prompted both the State of Alaska and the Federal Government to develop assistance programs to aid local governments in financing their capital improvement programs. While at the present time many of the federal programs are not funded, the Borough should continue to monitor them as Administrations and policies change. As an example, the Federal Land and Water Conservation Fund has not been available to local communities for several years but was recently enacted again.

FEDERAL FUNDING PROGRAMS

1. Federal Land and Water Conservation Fund (LWCF), P.L. 88-578.

Objectives. The Land and Water Conservation Fund Act of 1965 was authorized by Public Law 88-578. The fund is administered by the National Park Service and assists states and their political subdivisions in acquiring and developing outdoor recreation lands and in assuring citizens of this and future generations accessibility to outdoor recreation resources. The fund is financed by revenues from offshore oil royalties, federal recreation fees, sales of surplus federal real property and the federal motor boat fuel tax.

Uses and Restrictions. Grants may be used for acquisition and development of almost any type of public outdoor recreation area for which other Federal financing is not available. Projects vary from bicycle paths to hiking trails to roadside picnic stops, and from inner-city mini-parks to marinas to snow ski areas. Facilities must be open to the general public and not generally limited to special groups. Development of basic rather than elaborate facilities is favored. Priority consideration generally is given to projects serving urban populations.

Assistance Considerations. The assistance considerations for LWCF funding are shown in the list below:

- a. Type of Grant. project.
- b. Matching Requirements. The Land and Water Conservation Fund Act specified that not more than 50% of the project costs may be Federally financed. However, when Congress appropriates money from the fund, it has always required a full 50% match.

- c. Length of Assistance Period. Funds apportioned to a state remain available for obligation during the fiscal year in which appropriated and for 2 fiscal years afterward.
- d. Time Phasing of Assistance. Once a project has been approved and money obligated, the amount committed remains available until expended.

2. Housing and Community Development Act of 1974. (S.3066, Title 1)

Objectives. This Act replaces the old HUD categorical grant programs such as open space, urban beautification and historic preservation, public facility loans, water and sewer, and neighborhood facility grants, urban renewal and NDP grants, model cities supplemental grants, and rehabilitation loans, and it makes funds for community development available to local governments in the form of block grants. Recreation facilities are eligible for funding under the Act, but applicants must submit a 3-year plan summary and a 1-year detailed application. Development of plan must include considerable community involvement.

Funding Availability. The Act requires that 80% of the funds appropriated be used for urban areas and 20% for rural communities. Metropolitan cities (population 50,000) and urban counties (population 200,000) which meet certain requirements will receive automatic grants based on an objective needs formula. To assure that these cities and counties continue to receive funds at level of the recent past, a "hold harmless" treatment will be applied. Smaller communities in both urban and rural areas which have no formula entitlement but which have participated in certain HUD categorical programs will also be eligible for hold harmless funding. All others will apply for assistance from funds not committed to entitlement payments.

3. Public Land for Recreation, Public Purposes and Historic Monuments (Bureau of Land Management) Recreation and Purposes Act of 1926, as amended.

Objectives. To permit qualified applicants to lease or acquire available public land for historical monuments, recreation and public purposes.

Uses and Use Restrictions. Available public lands may be used for health, education, public recreation, historical monument, and other recreational and public purposes.

Applicant cannot secure lands under this act for any use authorized under any other public land law except the act of June 1, 1938. Acreage applied for in any one application cannot exceed 640 acres except applications for State Park purposes may contain as much as 6,400 acres, or, where provide by law, 12,800 acres. If applicant attempts to change use of land to other than that for which land conveyed or transfer title without consent of the Secretary of the Interior, title of land will revert to the United States.

Assistance Considerations. Matching Requirements: Special pricing programs exist for health, historic, and recreation.

4. Watershed Protection and Flood Prevention (Soil Conservation Service)

Objectives. To provide financial and technical assistance in planning and carrying out works of improvements to protect, develop and utilize the land water resources in small watersheds.

Uses. Can be used to plan, design, and install watershed improvement works. Types of projects include fish and wildlife developments and public recreation.

Assistance Considerations. Individual grants with the costs for each public recreation project shared on a 50-50 basis. Flood prevention projects are funded at 100% of construction costs.

5. Disposal of Federal Surplus Real Property (General Services Administration)

Objectives. Disposal of surplus real property for public purposes.

Uses and Use Restrictions. Surplus real property may be assigned to the National Park Service for conveyance to local agencies for uses including public park or recreation uses, at a 100 percent discount if the property is deemed surplus by the Federal Government.

Local Agency Action. Local agencies can acquire such property by applying to the National Park Service, who in turn makes the request to the Federal General Services Administration (G.S.A.).

6. Federal Aid Highway Act of 1973 (P.L. 93-87)

Objectives. One of the most important provisions of the Federal Aid Highway Act of 1973 with respect to outdoor recreation, is that it provides from the Highway Trust Fund "development and improvement" of bicycle transportation facilities (paths, lanes, traffic control devices, shelters, and parking facilities), and pedestrian walkways. Funding is 70 percent federal and 30 percent state funds. Recently, however, the funds have been made available for the construction of bikeways and pedestrian walkways outside normal highway rights-of-way.

Uses and Restrictions. While Federal-aid highway funds have previously been used for construction of facilities along highways, this is the first use of funds for separate facilities. The money may also be used to acquire rights-of-way where the facility would serve traffic normally using the Federal-aid highway route. Projects included within normal highway rights-of-way as an incidental feature of larger construction may continue, and will not be charged against the funding limitations of the new program.

Eligible costs include:

- a. grading, drainage, paving, barriers, landscaping and structures necessary to accommodate the number and type of users
- b. supplementary facilities such as shelters, parking facilities, bicycle storage facilities and comfort stations
- c. traffic control devices including signs, signals and permanent markings
- d. fixed source lighting
- e. curb-cut ramps on new and existing facilities, including those for the physically handicapped
- f. right-of-way (land acquisition and relocation assistance) on independent bikeway construction projects
- g. walks, barriers and additional widths and lengths on bridges
- h. grade separations under certain circumstances

STATE PROGRAMS

1. Trails and Footpaths Grant Program (AS 41.20.355)

Objectives. Administered by the Division of Parks, Alaska State Department of Natural Resources, this program is intended to enable cities and boroughs to acquire land or rights-of-way and to establish and maintain trails and footpaths on such rights-of-way. The program permits funding only when there is an adopted five-year trails plan providing for ski trails, dog sled trails, motorized vehicle trails, bicycle paths, bridle paths, foot paths and other trails and paths. Such trails may also be included as part of a state highway project, but in this case, the program is administered by the Commissioner of highways.

Uses. Grants may be used for acquisition, development and maintenance of virtually all types of trails provided they are part of an integrated plan and are derived from a process of citizen participation.

Assistance Considerations. Grants available to municipalities and boroughs on a 100% basis.

2. Revenue Sharing Program (AS 43.18.010(a))

Objective. Provides general state aid to incorporated cities and organized boroughs.

OBsolete
Uses. State revenue sharing funds are provided for land use planning and parks and recreation purposes provided the local government is legally authorized to provide such services.

Assistance Considerations. A portion of the total revenue sharing entitlement to a local government in the amount of \$5.00 per capita, is to be used for parks and recreation.

3. Historic Preservation Program. (P.L. 89-655, 16 U.S.C. 470)

Objective. Although it is administered by the State Department of Natural Resources, this is a Federal program aimed at providing the means to survey historically important sites, structures, and objects. In addition, it is intended to further the preservation of such items, by granting funds to government bodies, private groups or individuals.

Uses. Funds may be used to survey and/or acquire and/or develop historic sites, structures or objects.

4. Local Service Roads and Trails Program (AS 19.30.111-251)

Objective. This program provides state assistance in the development of roads and trails on routes that are not eligible for federal aid matching funds.

Assistance Considerations. Project design and construction is funded entirely by the Department of Highways and is subject to annual budget limitations.

5. Tourist Attraction Grants (AS 44.33.140-180)

Objective. Assists in making communities more attractive for tourists and in general. Further the growth of local tourist industries.

Uses. Provides matching grants to construct, improve or operate tourist information centers and cultural resources.

6. Community Planning Services (AS 44.47)

Objective. Provides general state aid to support a broad range of planning and management activities for development, planning, land use management, public services and natural resource development.

Uses. Grants may be used to conduct feasibility studies for major facilities, management studies, capital improvement programs, etc.

Assistance Considerations. Planning grants are for 90% of the cost of the project.

7. Rural Development Program (AS 44.47.130-140; 19AAC 60.010-160)

Objective. The Department of Community and Regional Affairs offers a program to provide assistance to rural communities to develop community facilities necessary to establish a sound economic base.

Uses. May be used to assist in the construction of community facilities such as community centers and fire stations. Application must demonstrate an economic benefit from the construction of the project.

8. Outdoor Recreation Open Space and Historic Grants

Objective. To supplement the Federal Land and Water Conservation Funds. The grant was set up so that 50% of the local share would be paid by State funds. This would mean that a local agency would only be required to pay 25% of the total project costs. Legislation is presently being drafted to amend this program so that it is independent of the Land and Water Conservation Funds. Local agencies could then apply directly to the State Division of Parks for 50% grants.

Uses. To assist in the acquisition and development of recreation facilities or to acquire, protect or preserve historical sites, buildings or monuments.

LOCAL FUNDING

There are a number of ways projects can be funded at the local level, ranging from corporate gifts to cash outlay by the borough. Some of these techniques are discussed below.

1. Tax Bond Measure. Raising funds through a tax bond measure is a method where a large sum of money is borrowed with the loan paid off through increased property taxes. This approach requires 50% approval of the voters.
2. Tax Serial Levees. This approach is used where a smaller amount of money is needed. The money comes directly from increased property taxes instead of issuing bonds. In Alaska an on-going serial levee can occur for any number of years. Although not too common in Alaska, the approach is valid where an agency wishes to tax beyond the legal limits. This method is sometimes used to finance the construction and/or maintenance of a series of projects over a set period of years. A tax serial levee requires 50% voter approval.
3. Local Service Districts. A special taxing district can be established for a specific geographical boundary to pay for the construction and/or maintenance of specified facilities.
4. Tax Increment Financing. This approach is common in areas designed for redevelopment such as a downtown segment. The capital raised can be used to acquire and develop facilities. The approach first requires establishing a district boundary in which the tax base is established. From that point on, any increase in tax revenues within the boundary goes into the project. This method is particularly effective in areas where new development is occurring. Approval is only required by the legislature of the local community.

5. Adopt-a-Park Program. This approach is becoming quite common in California and other states where revenues are short. The concept is to ask large corporations to agree to finance the construction and/or maintenance of a specific park of their choice for a year or longer period.
6. Gifts. There are many organized groups and individuals who wish to donate money, labor or materials to park development. This is one method that is very effective and should be encouraged. Some cities such as Bountiful, Utah have prepared a gift catalog that lists their needs and the cost for specific facilities.
7. Municipal Leasing Financing. Similar to a lease purchase agreement. This concept has become very popular in California where property limitations have severely restricted the development of large public projects. The concept calls for the formation of a non-profit corporation who in turn hires an underwriter to sell Certificates of Participation Bonds (similar to municipal bonds) to private investors. A bank or similar institution acts as the escrow agent and actually holds the deed to the facility. The municipality pays off the loan by revenue created from the operation of the facility and/or money from the general fund. After a given number of payments the municipality receives ownership of the building. The investor benefits from this approach because of the special tax breaks. This approach does not require voter approval because the bonds are not backed by property taxes.

Assistance Considerations. Grants up to \$100,000. Primarily for communities of less than 2,000 in population.

3. LAND ACQUISITION TECHNIQUES

There are many techniques for acquiring land for public use. They range from outright purchase to dedication. Some of the techniques are discussed on the following pages.

1. Inventory Public Owned Lands. Because of the vast amount of public owned land in the Borough, they should first be considered when sites are sought for park and recreation purposes. The study completed as part of the Comprehensive Parks and Recreation plan inventoried the large existing public lands. This should be the start when searching for sites because of the continuous change in ownership.
2. Fee Purchase. In some cases it is best to acquire title to recreation property by fee purchase in order to permanently obtain all rights pertaining to that parcel of land. By using this approach the local government would be free to develop the land to the extent allowed by any local zoning ordinances or other health safety regulations. But consistent use of this approach will reduce the total number of acres of parks that can be acquired, and if the Borough did not wish to develop all of the land acquired in this way it would be less costly to use another approach. Furthermore, fee purchase by the government will effectively remove the land from the tax rolls although in some cases the recreational development of the land will increase property values, and ultimately property taxes in the area.
3. Tax Lien Foreclosure. Another practical and commonly applied method of acquiring land for parks and trails is by tax lien foreclosure, where the government is able to acquire title to property that has defaulted in payment of the property taxes. Under this approach the Parks and Recreation Department must determine which parcels of land have reverted to the Borough due to tax foreclosure. Then it can obtain those parcels that would help to accomplish an objective of the parks plan dedicated for that purpose. Several park sites have been acquired in this manner.
4. Gifts. Gifts are donations of land by private citizens, and they generally account for over 50% of new park lands. This is indeed surprising when one considers that open space land is rapidly disappearing. There are significant benefits to be derived by an individual donating his land to a public agency. Sizeable tax deductions can be allowed through the federal income tax laws. Up to 20% of the donors adjusted gross income may be deducted for donations of land to approved organizations in general while up to 30% may be deducted for donations to government agencies and charitable organizations. Deductions amounts to the fair market value of the property at the time of the donation. If the donation is greater than 30% of the owner's adjusted gross income, the excess over the amount to be

deducted can be carried over the following five years, or if the donor wishes, he can spread it over a longer period of years by deeding an undivided fractional interest in any year. The amount of land donated is not limited by tax law, so, the most advantageous arrangement for the donor should be explored before execution. When land is donated to approved agencies or charities, the value of the land is exempt from the capital gains tax.

The tax benefits to be derived for donating land is not widely known; therefore, efforts should be taken to make this information available to all individuals.

5. Dedications are essentially donations of the use of land for specified purposes that do not involve the legal transfer of title or development rights. They are commonly used by service organizations to satisfy recreation needs in areas where governmental agencies are unable to do so. Many fine parks are provided through dedications, and they should be encouraged in areas of need where it would be impractical for the government to provide a park. Another form of dedication is "mandatory dedication" which will be discussed later under Zoning and Subdivision Regulations.
6. Reserved Life Estate. Another form of donation is by reserved life estate. This procedure simply means that the land owner donates his land to the Community and may continue to live on the property for the remainder of his life, after which the government would obtain title to the property for recreation use. Another alternative would be for the land owner to donate the land to the government, and the government, in turn, hire the land owner to act as caretaker on the land for the remainder of his life. Under the reserve life estate option, charitable tax deductions can be applied to the individual's adjusted gross income as stated above.
7. Wills. Wills offer another means by which land can be obtained for recreation use, but they do not have the decided tax advantages for the property owner as do donations by gift or reserved life estate. This procedure requires additional probate costs and, in addition, the donor does not maintain control over the donation to the degree that he could if he were alive and donated the land under a reserved life estate.

8. Lease Arrangements. Frequently local governments can obtain or transfer use of land for parks through a variety of lease arrangements with other governmental agencies or individuals. In some cases land can be leased on a long-term basis from such agencies as the Department of Natural Resources. This approach would allow the Borough to acquire the use of land for parks at less cost than by fee purchase.
9. Easements. Easements are property rights that can be acquired to obtain limited use of an owner's real property, and they are commonly acquired to obtain rights-of-way for roads, trails, or utilities, but they can apply to an entire parcel of land as well as a portion of the land. In any case it is generally cheaper and easier to acquire an easement on a portion of an owner's property than to buy that property; and furthermore, the land under easement remains on the tax rolls. It is also possible for the Borough to acquire what are known as conservation easements. Such easements can prevent the cutting of trees, the filling of farm land, and the placement of signs, or they can protect water resources, wetland areas, and wildlife habitats. In general they can serve the public purpose and impose land use controls above and beyond the constitutional limits of the existing zoning regulations and comprehensive plan. Furthermore, because conservation easements serve the public purpose, they can be utilized in a cooperative manner or through condemnation procedures.
10. Zoning and Subdivision Regulations. A variety of zoning and subdivision regulations have been instituted in various parts of the country and could be used in the Borough to help implement the plan. It is important, for instance, to allow recreation uses, especially trails in most zones, and both planned unit development regulations and subdivision regulations should require the dedication of any trail rights-of-way that will complete linkages of an adopted Trails Plan. They may also require that land be set aside for recreation purposes, but such regulations should be carefully worded to insure that the land dedicated for this purpose will be appropriately located and large enough to be intensively used and easily maintained.