

FUNDING YOUR URBAN FORESTRY PROGRAM
USING CREATIVE FINANCING TECHNIQUES

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Abstract -- The future survival of tree care in our cities will depend on managers incorporating creative financing techniques into their urban forestry programs. Many of these innovative techniques have already been tested. Some government programs have even survived the recent cutbacks. The choices depend on the local situation, the needs of the community, and the availability of grant money. Innovative funding techniques along with state and federal programs that still exist are presented.

INTRODUCTION

If you have recently attempted to buy or sell a home, you have first hand knowledge of how tight money is and how "expensive" it is to obtain. It should be obvious to you that urban forestry budgets have not suffered alone in this era of fiscal restraint.

Real estate agents face tremendous challenges today. Only the best have survived this depressed housing market. They have survived because they have been willing to abandon the traditional methods of selling homes and take a chance on something new.

Almost all homes sold today are sold using techniques realtors call "Creative financing." It is a combination of innovative techniques that include interest buy downs, second trust deeds, and first mortgage refinancing. These creative financing techniques have allowed the real estate industry to survive the current economic storm by opening the market to buyers that would otherwise have been excluded.

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As Urban Foresters, there is a message here for all of us.

A TIMELY MESSAGE

We've all experienced budget cuts in one form or another, some heavier than others. It would probably be easy for us to take the attitude that we will just cut services to compensate for reduced budgets; and keep on doing things as we always have. If the real estate industry had exhibited that attitude they would be out of business.

What about our city programs? If we expect to maintain viable tree care programs that meet the needs of our communities, we cannot prescribe to a business as usual approach. It could spell the end of programs, with the responsibility for city tree care reverting entirely to the homeowners.

Instead we must be willing to take a few chances and use new techniques to creatively finance community urban forestry programs. We can't afford not to!

CREATIVE FINANCING TECHNIQUES

You may be wondering what will work best for you. Unfortunately, there doesn't appear to be an easy answer to that question.

A lot of solutions to our fiscal problems exist. Some are simple, and some are more complex. The answer is in finding the right combination.

Many cities have tested new ways of creatively financing urban forestry programs; and they are working. A basic need usually generated the idea, and in most cases the solution was found in the community.

Listed below are some local solutions that have worked in other communities, as well as some state and federal sources you may want to consider. The choice you make will depend on your particular situation, the needs of your community, and the availability of grant money.

LOCAL^{2/}

- o General Fund
Usually includes General Property Tax, City Income Tax, and Sales Tax.
- o Mill Levy
A special assessment specifically for tree care.
- o Capital Improvement Funds
These are outlays for improvements that require the passing and issuance of revenue bonds. They often involve specific needs such as tree planting after widespread disasters such as fire, flooding, or Dutch elm disease. The outlay is needed over normal operations and must be passed by vote.
- o Front Foot Assessment -- In Cincinnati, Ohio.
Here real property is assessed a certain amount for each foot of frontage.

^{2/} Information obtained in telephone interviews with James Kielbaso (co-author of Municipal Tree Management, Urban Data Service Reports, Vol. 14, No. 1, January, 1982); Michael Walterscheidt, Texas Agricultural Extension Service; and representatives of the cities cited as examples.

It could also be done on assessed property value as in Toledo. In Ohio, State law provides for assessment districts. In Cincinnati, a series of ordinances were passed to levy an assessment of 5¢ per foot.

In California, the Landscape and Lighting Act of 1972 allows for assessment districts. A series of resolutions, with public hearing, is usually required to establish the assessment districts. The complexity will vary depending whether or not your city is a general law or charter city.

- o Special Block/Street Assessments
This assessment can be levied when a majority of homeowners vote to subscribe to a tree planting or maintenance program -- similar to sewer or water installation.
- o Assessment Districts -- Menlo Park, California.
Establishment and use of district was discussed under Front Foot Assessments. An example can be found in Menlo Park, California. The use of the districts, however, does not allow for the purchase of capital equipment.
- o Utility Billing Tax -- Fargo, North Dakota.
A tree program was started on 100 percent of utility taxes. As the department expanded, general funds were gradually added. A statement is issued monthly with the water bill at 55¢ per household (higher for commercial bills) and amounts to approximately \$110,000 annually. Complaints from treeless homeowners are handled by planting a tree and assessing them for the wholesale cost plus a planting and maintenance charge.
- o Local Bond Issue
Can be used to finance special projects such as park construction.

Similar to capital improvement and must be passed by vote.

- o Tree Damage Settlements -- Lansing, Michigan.
Revenue from city insurance claims resulting from damaged tree (car accidents, vandalism, etc.) is placed in the general fund.
- o Building Permits -- Colorado Springs, Colorado.
City ordinance sets aside \$25.00 from each building permit issued for new residences to be used to plant a tree in front of the new building. If the owner doesn't want it, it is planted in a park.
- o Tree or Wood Sales -- Cincinnati, Ohio.
City ordinance states that revenue from sale of all wood products (wood chips, firewood, etc.) is placed in the tree fund.
- o Vehicle Tax and Gas Tax
City ordinance initiated because of increased tree maintenance requirements resulting from physical damage to trees by vehicles and air pollution damage by vehicle exhaust.
- o Dog License Tax -- New York, New York
City ordinance initiated because of increased tree maintenance requirements resulting from damage caused by dogs. Revenue is earmarked for tree care.
- o Endowments
Sums of money left to cities are designated specifically for tree care. Note that endowments are usually made to well managed, highly publicized programs.
- o Subdivision Developer Fees -- Gilroy, California
City ordinance has established a fee of \$75 per tree that is assessed developers. Usual assessment is one tree per single family residence,
- three trees if it is a corner lot, and one tree for every 30 feet if it is commercial property.
- o Ordinance Violations
Any fine that is levied for violations of the city tree ordinance is returned to department responsible for tree care.
- o Compensatory Tree Replacement -- Cincinnati, Ohio
City ordinance requires a homeowner who wants to put in a driveway or a park manager who wants to put in a parking lot to compensate the city for the loss of the trees. The trees are valued by ISA standards and an equal value in landscaping must be put back or excess money is returned to tree department.
- o Road Use Tax
Similar to Vehicle and Gas Tax. Could apply more to trucks.
- o Tree Funds -- San Francisco and Sacramento, California
Special non-profit organizations established specifically for raising funds for city tree care. High visibility with support of the mayor and city council has been critically important to the success of these funds. The organizations solicit funds by encouraging individuals to donate the cost of purchasing and maintaining a tree in honor of special occasions, such as birthdays, anniversaries, memorials and holidays. Donations are also sought from corporations and local businesses.
- o Parking Meter Revenue
City ordinance initiated because of increased tree maintenance requirements resulting from passengers entering and exiting vehicles parked too close to trees.
- o New Tree Planting Fee
This could be a total purchase or a joint purchase plan initiated by the

city. By paying part or all of the cost of the tree the homeowner has a vested interest in the tree and will be more likely to care for it during the early years.

o Service Clubs

The clubs are an indirect source of funds, and a tremendous asset to any tree program. The clubs can often supply an abundant source of volunteer labor for planting and simple maintenance projects. This will free up city crews for more technical tasks.

o Memorial Trees

In honor of deceased loved ones or community leaders, a memorial can be used to plant and maintain a single tree, an entire block or park. In some cases a memorial fund is established to maintain a grove of trees in perpetuity.

o Donations

They range from individual to corporate, and come in the form of cash, trusts, and wills. Note, that like endowments, donations are usually made to well managed, highly publicized programs.

o Neighborhood Volunteer Projects

Like service clubs, neighborhood volunteer projects can be a tremendous indirect source of funds. Volunteers can be organized on one block or in an entire neighborhood by the city forester or arborist, or by a local non-profit organization or service club working with the professional staff of the city department responsible for tree care. Neighborhood volunteers can be organized for planting projects and simple tree maintenance, freeing up city crews for more technical tasks.

o Adopt-a-Block, or Park Projects --

Oakland, California

Cities can generate an additional

source of revenue for planting and maintenance by conducting adopt-a-block or park projects. Corporations and local businesses are encouraged to contribute money for a planting project involving neighborhood volunteers. Trees are purchased by city officials and a party with refreshments is usually held afterward. An alternative could be the purchase of maintenance for one or more years. In return, free advertizing is offered by embedding a plaque in the sidewalk or erecting a sign.

o Tree-a-Thon projects -- Alpena, Michigan

A fund raising event was conducted by getting two radio stations to donate an hour and set up a series of numbers to be called to order trees. The event focused community attention on the need for trees and also ensured homeowners and the city of a good price for trees by ordering in bulk.

- o Royalty from Scenic Attractions Concessions could be established at local tourist attractions (champion trees, views, etc.) or admission could be charged that would be a source of revenue to defray some of the costs of maintaining the site. The important point is to ensure that the funds are returned to the department responsible for site maintenance.

STATE

o Urban Forestry Program

Authorized by AB 3304 and is administered by the California Department of Forestry. Provides financial and technical assistance.

o Roberti-Z' Berg Urban Open-Space and Recreational Program

Authorized by SB 174 and is administered by the California Department of Parks and Recreation. Provides

for acquisition and development of park and recreation facilities.

- o 1980 Bond Act
Authorized by the California Parklands Act of 1980 and is administered by the California Department of Parks and Recreation. Provides development, acquisition, or restoration of real property for park, beach, recreational, and historical resource preservation purposes.
- o Environmental License Plate Fund
Administered by the California Resources Agency. Provides acquisition and preservation of natural areas and parklands, access to coastal areas, environmental education.
- o Transportation Development Act
Administered by the California Department of Transportation. Provides two percent of the money for facilities for pedestrians and bicycles.

These state agencies are all sources of grants and technical assistance. However, if it's a grant you are looking for, do not be too optimistic for at least the next year. But, if you decide you'll give it a try anyway, keep a few points in mind: 1) to obtain a grant will require the preparation of a proposal; 2) the better proposals are written by people who act as facilitators and bring together the needs of the people who will benefit, the needs of the applicant organization, and the needs of the funding agency in a coherent and logical plan; and 3) the grant process normally takes a considerable amount of time, so plan accordingly.

As a first step, though, be sure to contact the funding agency. Someone from the agency can usually put you "on track" and provide you with helpful hints, tips, and examples that often lead to successful proposals.

Additional information on these and related programs can be found in: A Summary of State Funding Sources Related to Parks and Recreation. It is available from the California Department of Parks and Recreation.

FEDERAL

- o U.S. Department of Agriculture
The Forest Service, State and Private Forestry, provides technical assistance for urban forestry. The Soil Conservation Service provides assistance for watershed protection and flood prevention as well as resource conservation and development.
- o U.S. Department of the Army
The Army Reserve and the National Guard are often available for community volunteer projects.
- o U.S. Department of Housing and Urban Development
Provides community development block grants.
- o U.S. Department of Transportation
Assistance is available through the Federal Highway administration and the Urban Mass Transit administration.
- o U.S. Bureau of Land Management
Assistance is authorized by the Recreation and Public Purposes Act.

These are the few federal agencies that still provide grants or technical assistance for urban forestry. The grant process is difficult but if worked right it can be successful.

In applying for federal grants it is important to remember that urban forestry related activities are often subordinate. Therefore, it is important to establish rapport with the city engineer, since most federal programs are oriented to construction and development. The key might be to let the engineering

department apply for the grants and for you to insure that trees are included in the plans.

An excellent source of current information on federal grants is available through FAPRS, a Federal Assistance Program Retrieval System. It is a computerized retrieval system that quickly provides information on federal loans, grants and technical assistance for local government. The output provided consists of a list of the titles and the identifying numbers of the applicable federal programs from the Catalog of Federal Domestic Assistance. With the list as a guide, you can then refer to the catalog for specific program information. The catalog is available in one of your local city, state, federal, college or university libraries that is a depository for federal documents. For information on how to use the FAPRS program contact:

L. Clair Christensen
Program Coordinator
Applied Behavioral Science Extension
University of California
Davis, CA 95616
(916) 752-3006

OTHER

- o Private Foundations
These include independent foundations, company-sponsored foundations and operating foundations.
- o Community Foundations
These might be similar to Tree Foundations, and are usually established for a specific purpose.
- o Corporations
These include large and small corporations with well-established "Community giving" policies. For many it has become a regular budget item.

Foundations and corporations -- the names are synonymous with "money;" or

are they? Let me site a few statistics that will put this in perspective.

Last year \$40 billion in philanthropic donations were made. Of that, 5% was donated by foundations, 5% by corporations, and 90% by private individuals. That is a combined donation of only \$4 billion for foundations and corporations. Now that may still seem like a lot of money, but will any of it be available to you? Consider: 1) individuals give when inspired; foundations and corporations give when it suits their purpose; 2) corporations and foundations are experiencing the same fiscal crisis that we are, and we can expect "giving" to be restricted for the near future; 3) it takes more money to give money under the new tax laws; and 4) foundations and corporations are flooded with requests for donations.

It would be wise to approach foundations and corporations with a little skepticism. However, if the foundation or corporation is a member of the community, and has a vested interest in community improvement, your chances of success are much greater.

For additional information refer to The Foundation Directory, or A National Directory of Corporate Charity -- California Edition.

RESOURCES

What to write for:

<u>A National Directory of Corporate Charity</u>	
-- California Edition	\$23.00
Regional Young Adult Project	
944 Market Street #705	
San Francisco, CA 94102	
(415) 543-0890	
<u>The Foundation Directory Ed. 8</u>	\$45.00
<u>The Foundation Grants Index</u>	\$30.00
<u>Foundation Fundamentals</u>	\$ 6.50
<u>The Foundation Center -- Publication and Services Catalog Fall 1981</u>	FREE

The Foundation Center
888 Seventh Avenue
New York, NY 10106
(212) 975-1120

1120 "G" Street N.W.
Washington, DC 20005
(202) 626-4600

A Summary of State Funding Sources

Related to Parks and Recreation FREE

California Dept. of Parks & Recreation
Recreation Technical Services Section
P.O. Box 2390
Sacramento, CA 95811
(916) 445-5551

Catalogue of Federal Domestic Assistance \$30.00

(updates provided free)
Superintendent of Documents
Government Printing Office
Washington, DC 20402
(202) 783-3238

Playing the Funding Game \$24.95

Human Services Development Center
P.O. Box 161809
Sacramento, CA 95816
(no phone)

Guide to California Foundations \$9.00

Northern California Grantmakers
210 Post Street, #814
San Francisco, CA 94108
(415) 986-0333

Program Planning and Proposal Writing (reprint) \$2.75

The Grantsmanship Center News \$20.00/yr

The Grantsmanship Center
1031 South Grand Avenue
Los Angeles, CA 90015
(213) 749-4721

The Bread Game (The Realities of Foundation Fund-Raising Ed. 4) \$9.95

Volcano Press
330 Ellis Street
San Francisco, CA 94102
(415) 775-0918

Municipal Tree Management Urban Data Report Vol. 14 No. 1 Unknown

International City Management Association

Where to go for help:

LOCAL

City and County Forester
City Arborist
City Engineer
City Planner
Public Works Department
Building Inspector
Service Clubs
Non-profit Organizations

STATEWIDE

Grantsmanship Center
1031 S. Grand Avenue
Los Angeles, CA 90015
(213) 749-4721

Funding Sources Information Center
California State Library
914 Capitol Mall
Sacramento, CA 95814
(916) 445-4248

The Foundation Center
312 Sutter Street
San Francisco, CA 94108
(415) 397-0902

Urban Forestry Program Manager
California Department of Forestry
1416 Ninth Street
Sacramento, CA 95814
(916) 322-0109

California Department of Parks and Recreation
Recreation Technical Services Section
830 "S" Street
P.O. Box 2390
Sacramento, CA 95811
(916) 445-5551

Environmental License Plate Fund
Resources Agency
1416 Ninth Street
Sacramento, CA 95814

(916) 445-5656

Urban Forestry Specialist
Cooperative Extension
163 Mulford Hall
University of California
Berkeley, CA 94720
(415) 642-2360

California Urban Forests Council
3317 Bellevue Avenue
Los Angeles, CA 90026
(213) 625-6583

Environmental/Energy Education
Program Director
California Department of Education
721 Capitol Mall
Sacramento, CA 95814
(916) 323-2602

The California Conservation Corp.
1530 Capitol Avenue
Sacramento, CA 95814
(916) 445-0307

USDA - Forest Service
State and Private Forestry
630 Sansome Street
San Francisco, CA 94111
(415) 556-8875