



The Florida Senate

Interim Project Summary 98-52

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Committee on Ways and Means

Senator Donald C. Sullivan, Chairman

FLORIDA RECREATION DEVELOPMENT ASSISTANCE GRANT PROGRAM

SUMMARY

This project was recommended after the 1998 legislative session because of concerns raised during consideration of funding local outdoor recreational projects within the Department of Environmental Regulation (DEP). These concerns centered on the lack of policy guidelines in evaluating local recreational funding requests which were in addition to and outside the ongoing Florida Recreation and Development Assistance Program (FRDAP).

FRDAP is a statutorily created program within the DEP that serves as the primary source of state financial assistance to local governments for outdoor recreational development projects. The Florida Communities Trust Program within the Department of Community Affairs (DCA) is the other major state program for local outdoor recreational assistance which provides funds for land acquisition. Under FRDAP, local governments submit applications to the DEP who review, evaluate, and prioritize these requests based on competitive selection criteria intended to maximize outdoor recreation benefits to the public. This prioritized list is then submitted to the Legislature where funds are allocated to projects to the extent funds are available. Many local governments have historically, in addition to requesting FRDAP funds, sought local recreational funding directly from the Legislature. There is no policy or process for reviewing these projects or for weighing the benefits, merits, or need of one project over the other. This has resulted in the allocation of state resources for outdoor recreational facilities in a manner that possibly does not maximize statewide public benefit.

This project focused on collecting descriptive information on FRDAP (such as types of projects funded, matching requirements, criteria used in evaluating and ranking projects, historical fund sources and amounts, etc.) as well as developing an

circumvent this competitive process and trends in the amount and funding sources of such projects.

In order to assure state financial resources are allocated in a manner most beneficial to the public, it is recommended that all local recreational development assistance grants be processed through an amended FRDAP, with funding limited to the Land Acquisition Trust Fund and the General Revenue Fund.

As an alternative recommendation, consideration might be given to combining the FRDAP and Florida Communities Trust Program into one local outdoor recreational assistance program which is funded from P-2000 bond proceeds.

BACKGROUND

The statutory provisions authorizing the FRDAP are found in s. 375.075, Florida Statutes, and the program is formalized in administrative rule under Chapter 62D-5, Part V, Florida Administrative Code (F.A.C.). It authorizes the DEP to provide a grant program to local government entities (a county government, municipality, or independent special district of the State Of Florida with legal responsibility for providing outdoor recreation) to acquire and develop land for public outdoor recreation purposes. The DEP is directed to adopt rules providing a competitive selection process which are designed to implement goals, objectives, and priorities of the State Comprehensive Outdoor Recreation Plan.

Briefly, current FRDAP rules (effective August 1, 1998) are summarized as follows:

- Maximum grant award is \$100,000
- Generally limited to one project per application period
- Matching requirements

| Total Project Cost | State Share | Grantee Share |
|--------------------|-------------|---------------|
| \$50,000 or less | 100% | 0% |
| \$50,001-150,000 | 75% | 25% |
| Over \$150,000 | 50% | 50% |

- Eligible match types
 - Cash
 - In-kind
 - Land value (assessed fair market value)
- General evaluation criteria
 - Impact on adopted local comprehensive plan
 - Impact on State Comprehensive Outdoor Recreation Plan
 - Public participation
 - Capacity of applicant
 - Financial support of other entities
 - Priority facility needs addressed (as set forth in the DEP's study entitled *Infrastructure Assessment of Local Government Recreation and Parks Department Facility Needs in the State of Florida*)

Completed grant applications are submitted annually by local governmental entities to DEP where they are reviewed, evaluated, and prioritized. A final list is approved and provided to the Legislature in December of each year. This is after submission of DEP's legislative budget request but prior to the Governor's Recommended Budget or pre-session Subcommittee budget workshops. Historically, the DEP has requested and the Governor has recommended an annual FRDAP funding level of 5% of the receipts into the Land Acquisition Trust Fund (statutes currently require DEP to request at least this minimum funding level). The DEP indicates the \$100,000 current maximum grant award was set not based on estimated project cost but to stretch available funding to as many projects as possible. For fiscal year 1998-99 this minimal level of funding provided \$3.9 mil. for 52 local projects. Over the last four fiscal years the Legislature has funded the entire FRDAP list which during 1998-99 provided \$11.5 mil. for 142 projects.

In addition to funding FRDAP and the Florida Communities Trust Program, the Legislature has historically funded individual local recreation projects as separate line items in the General Appropriations Act that are not included in any ongoing state grant program. These projects are funded at the request of Senate and House members representing various local governmental entities seeking additional state funding outside the ongoing processes. These projects usually surface during the legislative session, are seldom

reviewed by a state agency or the Governor, and there is no legislative policy or guidelines in place for their review, evaluation, or funding. For 1998-99, \$16.8 mil. was appropriated for 65 of these local projects. The Legislature's concerns center not on the projects' merits but that state resources might be allocated in a more beneficial manner.

Historically, the Legislature has used the Land Acquisition Trust Fund (LATF), the Conservation and Recreation Lands Trust Fund (CARL), the State Infrastructure Fund (SIF), bonds proceeds from the Preservation 2000 Program, and the General Revenue Fund to provide state assistance for local outdoor recreational projects.

METHODOLOGY

The first phase of this project was to review and analyze existing statutory and administrative rule authorization for FRDAP; review publications by the DEP relating to the outdoor recreational needs of local governments; and review trends in funding amounts and revenue sources for FRDAP and Non-FRDAP recreational projects.

The DEP was requested to provide information relating to local outdoor recreational funding assistance such as: chronological history of FRDAP, how Florida compares to other states in this area, geographic distribution of funds and projects for all local outdoor recreational assistance, and recommendations relating state financial assistance to local governments for outdoor recreational projects in general.

FINDINGS

An informal telephone survey of all other states was conducted by DEP which indicated Florida compared favorably relative to local outdoor recreational funding. As expected, the programs of responding states varied greatly (from a \$35 mil. per year non-competitive program funded from real estate taxes and allocated to counties by formula to a \$1 m. per year competitive program funded from the General Revenue Fund with a cap of only \$10,000 per project). The primary revenue sources of other states were bonding, lottery funds, real estate taxes, and the General Revenue Fund. Matching requirements vary among states, with most requiring a 50/50 match.

FRDAP

Since the inception of the program in the early 1970's, over \$86 mil. has been allocated to over 1000 local

projects in all 67 counties. A significant amount of these funds was allocated from 1995-96 through 1998-99 (See Table 1) due, in part, for two reasons: the Legislature began receiving the prioritized list of individual projects prior to passage of the General Appropriations Act, and the Legislature began funding the entire list of project applicants. Prior to this time, the Legislature appropriated a lump sum amount to DEP with no prior knowledge of the grant amount or recipient.

Non-FRDAP

Although FRDAP is a successful and popular program, substantial state fiscal resources have historically been directed towards local recreational projects outside this review and prioritization process. The DEP indicates that over \$91 mil. has been allocated to over 400 local projects in a majority of Florida counties. Funding of these types of projects has also steadily increased over the last four years and was especially high in 1998-99 (See Table 1) Current FRDAP rule provisions are apparently one reason many local governmental entities seek funding outside this formalized process. \$100,000 maximum grant award is often insufficient to provide desired levels of assistance for some projects desired by larger counties. The average appropriation for non-FRDAP projects over the last four years is \$242,000. The matching requirements may prohibit many smaller counties from seeking financial assistance through FRDAP.

There is no formalized process or established guidelines for reviewing, prioritizing, or funding these requests. In most cases little, if any, information is available on each project other than its name and location. Even if additional information were made available on each project during the legislative session, time constraints imposed by the appropriation process and lack of expertise in this area would make legislative evaluation and prioritization of these projects difficult. Currently, funding of these projects is usually determined annually by the availability of funds and the sentiment of the Legislature regarding funding projects with no established and formalized review processes in place.

The 1998 Legislature expressed its concern over the lack of any policy guidelines for evaluating these request by including proviso language in the 1998 General Appropriations Act which limited these projects to \$300,000, required each recipient to submit a FRDAP application, and required a 50% match. Discussions with DEP indicate that although these legislative requirements were not anticipated or welcomed by many

local governmental entities, the department is working with all potential grant recipients and is hopeful all funds will be awarded in accordance with legislative intent.

Table 1

| FRDAP | | |
|-----------|------------------------|---------------|
| <u>FY</u> | <u>No. of Projects</u> | <u>Amount</u> |
| 1998-99 | 142 | \$11.5 |
| 1997-98 | 136 | 10.8 |
| 1996-97 | 83 | 6.9 |
| 1995-96 | 80 | 6.3 |
| Non-FRDAP | | |
| <u>FY</u> | <u>No. of Projects</u> | <u>Amount</u> |
| 1998-99 | 65 | \$16.8 |
| 1997-98 | 16 | 4.3 |
| 1996-97 | 11 | 1.2 |
| 1995-96 | 0 | 0 |

Funding Sources

Over the last decade, the Legislature has used the following source of funds for local outdoor recreational projects:

- Land Acquisition Trust Fund (LATF) - The primary uses of this fund are debt service on revenue bonds and partial funding of the operational cost of the state park system with lesser amounts from LATF used for development of state park facilities and FRDAP. The primary source of revenue for this fund is the documentary stamp tax on real estate, which can fluctuate considerably with the ups and downs of the economy. As debt service and park operating costs are held harmless during periods of economic decline, reductions in park development and FRDAP must be made to balance expenditures with trust receipts available. The Legislature has always utilized this fund first for local recreational assistance grants up to the amount of funds available and augmented this amount with other funding sources. For this reason, the LATF may have insufficient funds for a significantly expanded or enhanced program.
- Conservation and Recreation Lands Trust Fund (CARL) - The primary statutorily authorized uses of this fund is the state acquisition of recreational and conservation lands and the development and management of said lands. Although not statutorily

authorized, the Legislature has appropriated over \$24 mil. from this fund during the last four fiscal year to augment the LATF and fully fund the FRDAP list. The Implementing Bill accompanying the General Appropriations Act has included language which notwithstanding the statutory authorizing language of CARL. Although the primary source of revenue for this fund is also the documentary stamp tax on real estate, the CARL land acquisition program has been primarily funded the last nine years from P-2000 bond proceeds so a reduction in the land acquisition appropriation from documentary stamp tax receipts is not as consequential. The major problem with using this fund for local recreational assistance grants is that it reduces funds that could be directed towards the development and management of state owned lands, an area in great need of additional funding.

- State Infrastructure Fund (SIF) - This fund was used in the late 1980's and early 1990's as a mechanism for addressing state-wide nonrecurring needs and was funded from the General Revenue Fund. Prior to its termination, \$8.7 mil. was appropriated from this fund for non-FRDAP projects.
- Florida Preservation 2000 Trust Fund - The Florida Communities Trust Program, established in the Department of Community Affairs, receives \$30 mil. of each \$300 mil. P-2000 bond issue for grants and loans to local governments for recreation and conservation land acquisitions. In 1993-94, due to a shortage of LATF funds, the Legislature reallocated \$3 mil. from this source for FRDAP and again placed language in the Implementing Bill authorizing this one time expenditure. One reason this funding source was used is that, although the program is popular among local governments, the rate of expenditures from the annual allocation of bond proceeds has been and continues to be less than other P2000 programs. As of June 30, 1998, the Florida Communities Trust Program had a balance of over \$73 m. on hand with another \$30 m. authorized for 1998-99.
- General Revenue Fund - This fund has historically been used to fund non-FRDAP projects after maximizing all available trust funds.

RECOMMENDATIONS

The Legislature should consider requiring all local outdoor recreational development grant funding requests be processed through the FRDAP. By strictly adhering to a policy such as this, the following benefits would be achieved:

- Local governments would be required to document and justify their requested projects.
- Limited state resources would be allocated in a manner that would result in the greatest statewide benefit based on competitive needs- based criteria.
- Criticism of the way some of these projects are currently funded would be avoided in that consideration of all local recreational projects would be through the normal appropriation process (agency, Governor, and Legislature).
- The appropriation conference process would be simplified in this area in that the conferees would not have to pick and choose between projects but would instead decide how far down the priority list they have resources to fund.

The historical and cultural grant programs administered by the Department of State operate similar to this, and both appear to be popular and successful. Very few historical or cultural projects are funded that do not go through this review and prioritization process.

Should the Legislature decide to make FRDAP the sole source of local recreational development grant funding and make all state funds flow through this competitive process, current rules should probably be amended to make the program more attractive and feasible for all local governments. The maximum grant award could be increased to \$200,000 or \$250,000 while retaining the 50/50 match requirements. This would maintain an equitable local effort and provide a funding level equal to the historical average of projects funded outside of the FRDAP process. The Legislature could also consider increasing the grant award amount which requires no match, although the current rules provide for a match free grant of \$50,000 which seems reasonable. Local governmental entities should not be limited in the number of projects requested during any one application period. Other rule changes may be warranted and all could be made administratively with no statutory changes required. The LATF should continue to be the primary funding source of these local recreational development grants, with any annual excess needs being addressed with General Revenue Funds rather than the CARL Trust Funds..

One alternative recommendation relates to the Florida Communities Trust Program. The 1999 Legislature will be considering the future of the Preservation 2000 Program. As stated earlier, the Florida Communities Trust Program provides state assistance to local governments for recreation and conservation land acquisition, while the FRDAP provides mainly recreational development assistance to local governments. Should the P-2000 Program be extended in its current or an amended form, the Legislature may want to consider combining these two grant programs under one state governmental entity.

In addition to the advantages of having this activity centralized, using bond proceeds to fund some or the entire local assistance effort would make additional LATF funds available for state park development and management.

COMMITTEE(S) INVOLVED IN REPORT (*Contact first committee for more information.*)

Committee on Ways and Means, Sub A, 404 South Monroe Street, Tallahassee, FL 32399-1100, (850) 487-5140 SunCom 277-5140
Committee on Natural Resources

MEMBER OVERSIGHT

Senator Latvala, Senator Forman