

INFORMATIONAL HEARING OF THE
ASSEMBLY WATER, PARKS & WILDLIFE COMMITTEE

The Proposed Park Bond

Investing in California's Future: Facilitating Parks and Outdoor Access for All

Albert J. Boro Community Center
Pickleweed Park
Room 6 – Multi-Purpose Room
50 Canal Street, San Rafael, CA

August 5, 2016 - 10a.m. to 12p.m.

BACKGROUND

The State Legislature is currently considering legislation that would place a \$3.1 billion general obligation park bond on the November 2016 statewide ballot to fund parks, other outdoor open spaces, waterways, wildlife corridors, climate change adaptation, and other natural resource priorities. AB 2444 (E. Garcia) was approved by the Assembly on June 23, 2016, on a bipartisan vote of 56-18. The measure is currently pending in the Senate Appropriations Committee. The main categories of funding proposed in the bond are: 1) safe neighborhood parks in park-poor communities; 2) local and regional parks, with funds to be distributed both on a per capita basis (statewide, based on population ratios) and competitively; 3) state parks, with a focus on deferred maintenance in existing parks; 4) trails and waterfront access; 5) rural community recreational needs; 6) river parkways; 7) state conservancies and regions not covered by conservancies; and 8) habitat needs, including but not limited to, wildlife corridors, climate change adaptation, and healthy soils and forests.

Supporters of the proposed bond have emphasized that providing a high quality of life for California's growing population requires a continuing investment in parks, recreation facilities, and protection of the state's natural and historical resources. By many accounts, it has been over 14 years since California last approved a true park bond. There is a significant unmet demand for park investment, as evidenced by the 8-1 ratio of grant applications vs. available grant dollars for park grants awarded under the AB 31 (De León) Statewide Parks Program, which was funded by Proposition 84 of 2007.

The Parks Forward Commission has also highlighted the need to prioritize protection of natural and cultural resources for future generations, expand access to parks for underserved communities and younger generations, and to address state park deferred maintenance needs.

Park and water bonds have been a primary source of state funding for the acquisition and improvement of parks, open space, and wildlife areas in California; and for many water conservation, water recycling, flood management, and water supply needs. Past bond acts have funded a variety of parks, recreation, conservation, and water-related projects. Bond acts have included funding for support of California's 280 unit state park system, for local and regional parks, for projects to provide public access to the coast and other public lands, and to fund

wildlife habitat conservation needs. Bonds have also provided funding for state conservancies and for river restoration projects.

Since 2000, California voters have approved six park and/or water bonds. The last legislatively crafted park bond was Proposition 40, the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act, which was approved by the voters fourteen years ago in 2002. Proposition 40 provided a total of \$2.6 billion, including \$964 million for local and regional parks through both block grants and competitive grant awards, and \$250 million for state park deferred maintenance and acquisition.

Proposition 84, the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act, was a voter approved initiative in 2007 that provided a total of \$5.4 billion, including \$457 million for safe neighborhood parks in park-poor and disadvantaged communities and nature centers, and \$400 million for state park deferred maintenance and acquisition. Proposition 84 was primarily a water and flood control bond, but also included funding for watershed and ecosystem restoration, and for habitat conservation. DPR awarded \$360 million in competitive grants for safe neighborhood parks in park-poor communities through Proposition 84 and the AB 31 (De León) Statewide Park Program. DPR reported that they received applications for over \$3 billion in funds for the program.

Most recently the Legislature passed and the voters approved Proposition 1, the Water Quality, Supply, and Infrastructure Improvement Act of 2014. Proposition 1 authorized a total of \$7.12 billion but was primarily a water bond and did not include funding for parks, though it did include some funding for watersheds and ecosystem restoration.

The total estimate of unfunded park and natural resource needs in California is significant and in the billions of dollars. Recent estimates of the unmet need for parks alone, not including other natural resource conservation needs, is over \$5 billion.

In addition to AB 2444, there have been other recent legislative proposals on park bonds. SB 317 (De León) of 2015 proposed to authorize \$2.45 billion in bond expenditures, including \$1.45 billion for parks. SB 317 failed passage on the Senate floor.

Bond measures, while they provide funding for infrastructure investments, also come at a cost to the state. The Assembly Appropriations Committee analysis on AB 2444 estimates that the measure would cost the state annual general fund principal and interest payments of approximately \$194 million. The state pays principal and interest during the repayment period. The total cost will depend on factors such as the actual interest rate paid, the timing of the bond sales (bonds are often sold over a number of years), and the time period over which the bonds are repaid. Assuming a 5% flat interest rate with a 30-year repayment period, the state would pay about \$65 million annually in principal and interest costs for each \$1 billion borrowed.

Groups who registered support for AB 2444 when it was heard in the Assembly emphasized that a new park bond will provide an opportunity for California to invest in critically needed park and open space programs while providing climate and habitat resiliency for natural systems. Some supporters emphasized support for funding of local parks and recreation, including funding for

both park-poor communities and per capita funding. Several supporters also expressed support for funding of wildlife corridors, coastal and sierra resources, and for state park deferred maintenance. Others noted the benefits that parks and recreational facilities provide to state and local economies by encouraging tourism and by helping to generate tax revenues through the expenditures that visitors make in local communities when visiting parks.