

Local Parks Maintenance Program

Operating Budget Guidance

The Recreation and Conservation Office (RCO) has received \$5 million from the state operating budget to support deferred maintenance at local parks through the new Local Parks Maintenance (LPM) program. The funding is divided equally between state fiscal years 2024 (July 1, 2023 to June 30, 2024) and 2025 (July 1, 2024 to June 30, 2025).

Funding from the operating budget comes with different rules and limitations than funding from the capital budget, which is what RCO traditionally has received for its programs that support local parks. To support applicant decision-making, RCO is providing information to likely questions about the specific rules associated with operating dollars and what that means for LPM-funded projects.

Key Things to Know about Operating Budget Funding

- **Operating funding cannot be reappropriated.** Unlike capital budget funding, operating budget funding cannot be reappropriated beyond the current biennium. All funding must be expended by June 30, 2025, regardless of the circumstances. Any remaining funding will be sent back to the state Legislature for reallocation.
- **Money can't be obligated until it is received.** Just like with capital budget funding, RCO can't obligate money it has not received in a grant agreement. For projects requesting funding across both fiscal years, this means that RCO only may obligate funding from the first fiscal year and may add additional funding from the second fiscal year starting July 1, 2024. See more below in the section on administration below.
- **Operating funding has limited flexibility across fiscal years.** The operating budget has specific rules about how funding may be spent within and across the two fiscal years in the biennium. For a grant applicant, this has two major implications for the application budget. First, if a grant recipient cannot spend all the money requested in the first fiscal year, the grant recipient likely will not be able to recoup that money by spending more in the second fiscal year. Second, a grant recipient can't request reimbursement for something completed during the first fiscal year with funding received from the second fiscal year. **As such, applicants should plan with the assumption that any amount they underspend or overspend each fiscal year relative to their submitted budgets will not be reimbursed.**

This means that applicants need to be very deliberate and strategic in how they scope activities, manage projects, and spend money (see below for recommendations).

Administration Differences with Operating Budget Funding

- **Tier 2 activities.** Proposed work that involves ground-disturbance or structures older than fifty years must be budgeted for the second fiscal year to ensure that RCO can complete a cultural resources review and the grant recipient can achieve cultural resources compliance before construction.
- **Fiscal year budgets.** Instead of a whole project budget, which is normally what RCO requests for grants funded with capital dollars, LPM applicants must provide a project budget broken out by state fiscal year.
- **Billing intervals and closing.** Grant recipients must bill quarterly and must bill for all activities performed during a fiscal year within forty-five days after the end of a fiscal year. Failure to spend money according to the budget may result in the reallocation of remaining project funding to other projects.
- **Amending agreements.** Grant recipients who requested funding across fiscal years will need to work with their outdoor grants managers to sign amended grant agreements to include funding from the second fiscal year to the extent that it becomes available.
- **Scope and cost changes.** Grant recipients will not be able to request cost increases to complete proposed activities and will have very limited ability to propose a change in project scope.

Scoping Applications to Ensure Project Completion

- **Limit timeline uncertainties.** Where possible, try to avoid activities that rely on external partners and funders, undone due diligence, or other factors outside the applicant's control that could stretch an initial timeline. The timeline and restrictions associated with operating dollars limits the ability to effectively respond to unanticipated changes. For example, if additional state or federal permitting is required, that could increase uncertainty dramatically and may impact project completion. RCO may not award a grant or may pull obligated funding from a project that cannot reasonably be complete in the grant period.
- **Limit cost uncertainty.** To the extent possible, it may be beneficial to use this money to buy things (i.e., equipment, materials, replacement components, site furnishings, etc.) that have a relatively fixed and known cost, as well as a more predictable timeline for replacement or installation. If the activities necessitate a procurement process, for example, this will put a lot of pressure on getting a reasonable bid that fits the budget on the first try because increases are not available.
- **Budget strategically.** Because of the constraints associated with operating funds, applicants need to be strategic in how they budget relative to state fiscal years. One strategy might be to avoid planning for discrete activities or projects in the overall grant

to go across a fiscal year boundary. Better yet, try and strategically propose activities that would allow the money to be spent almost immediately after it is available (i.e., on equipment or replacement components with predictable costs) so all the money can be requested in a single fiscal year. Lastly, it might also help to front-load work that has more uncertainties; that way, if something happens, the grant recipient might be able to “switch” those costs with something that is easier to move around in time.

- **Submit a multisite application.** As stated in the policy guidelines, Tier 1 deferred maintenance activities are those that don’t involve ground-disturbing elements or work on structures at least fifty years old. To the extent feasible and consistent with local priorities, RCO recommends grant applicants limit proposed work to Tier 1 activities that could be packaged into a multisite application. This would allow the applicant to spend money right out of the gate, without waiting on funding until the second state fiscal year for cultural resources review and potential compliance actions to be completed. In addition, the nature of Tier 1 activities tend to be things that reduce the amount of uncertainties (permits, contracting, etc.) involved in implementation.