



# PLEASANT VALLEY RECREATION & PARK DISTRICT

## Parks and Recreation Fee-Based Cost Recovery Policy Development

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August 30, 2022 – Public Input Meeting

# PRESENTATION OVERVIEW

- Provide Foundational Overview of Cost Recovery Concepts within California and Parks and Recreation Industry
- Provide District Cost Recovery Overview



# Industry Practices

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# MUNICIPAL FEES IN CALIFORNIA

- The **California State Constitution**, amended by successive ballot measures, establishes requirements for governmental service fees
- Common practices among California agencies provide **widely accepted standards** for meeting Constitutional obligations
- User fees must be linked to and not exceed the **estimated reasonable cost of service**
- The **full cost of service** sets the maximum limit of a cost-based fee
  - Direct program costs for labor, services, and supplies
  - Facilities overhead
  - Departmental administration
  - Districtwide administration and central support services
- Generally, fees from users of one program may not be used to pay for costs incurred to serve discounted users or users of a different program

# MUNICIPAL PARKS & RECREATION FEES IN CALIFORNIA

- Parks and recreation program fees are considered **governmental service fees** (except rents, which can be market-based)
- Most program **fees are managed dynamically by departments** as offerings, demand, and other market conditions change seasonally
- It is impractical for governing bodies to revise and adopt program fees as frequently as **programs change through the year**
- **Cost recovery policy** for the agency's parks and recreation programs is defined by its governing body (Board)
- **Adopted cost recovery policy creates the boundaries** for program fees set and managed by the department on a continual basis

# COST RECOVERY POLICY FRAMEWORK

Cost recovery policy reflects **local values** regarding the presumed beneficiaries for each program area, ranging from **broad community benefit to narrow individual benefit**

**Exclusively individual benefit**

**Considerable individual benefit**

**Balanced individual and community benefit**

**Considerable community benefit**

**Mostly community benefit**

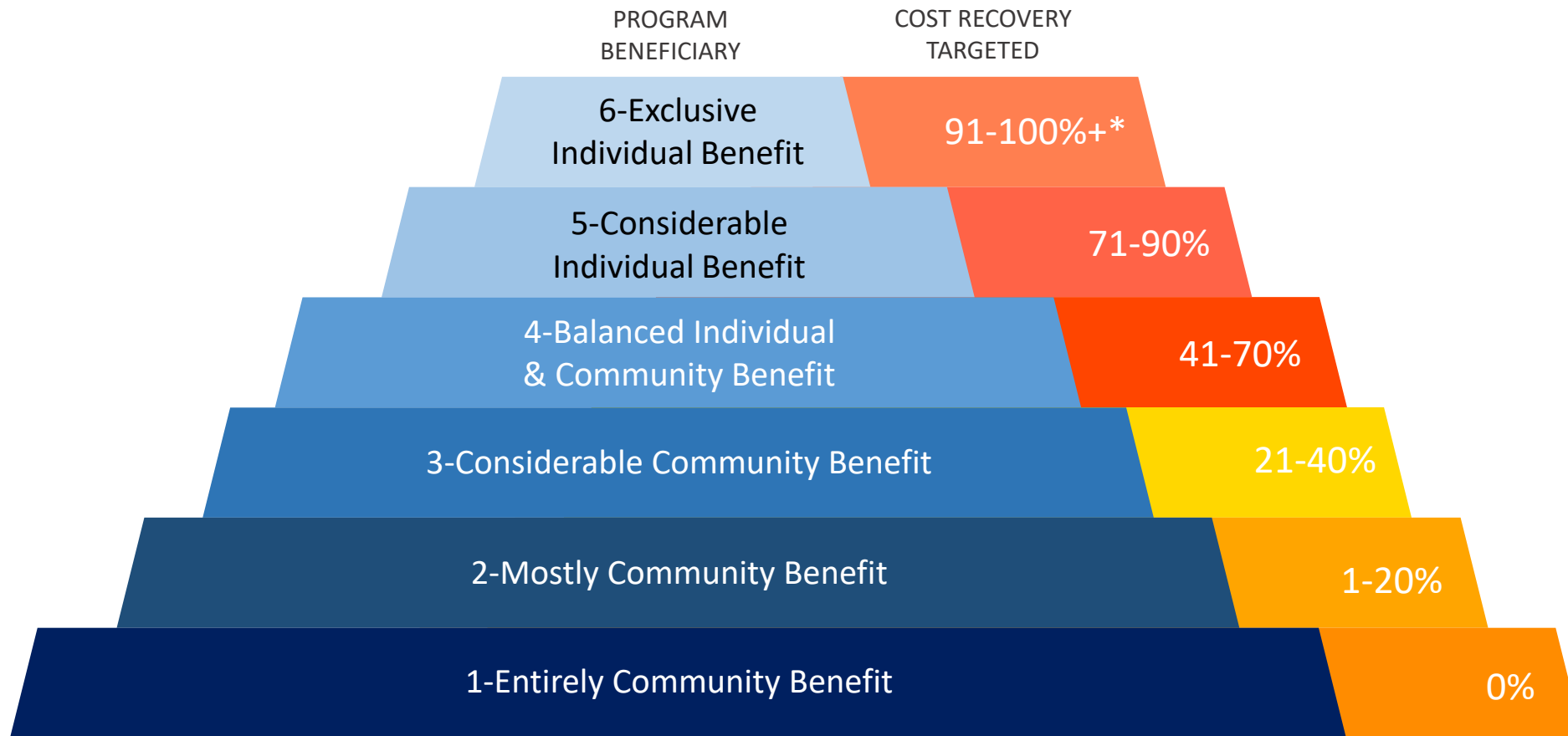
**Entirely community-wide benefit**

100%

Cost Recovery Targeted

0%

# COST RECOVERY BENEFIT TIERS



100%+ indicates minor exceptions where premiums above cost may be justified, such as market-based rents.

# TERMINOLOGY

These terms of art have specific meaning across California municipalities and special districts

## **“Full Cost of Service”**

- The estimated total cost of a program, inclusive of direct labor, services, and supplies expenses, and associated overhead expenses

## **“Cost Recovery”**

- The amount of a program’s full cost of service that is supported by the program’s own fee revenues

## **“Subsidy”**

- The amount of a program’s full cost of service that is supported by other agency revenue sources





# Pleasant Valley Recreation and Park District Cost Recovery Overview

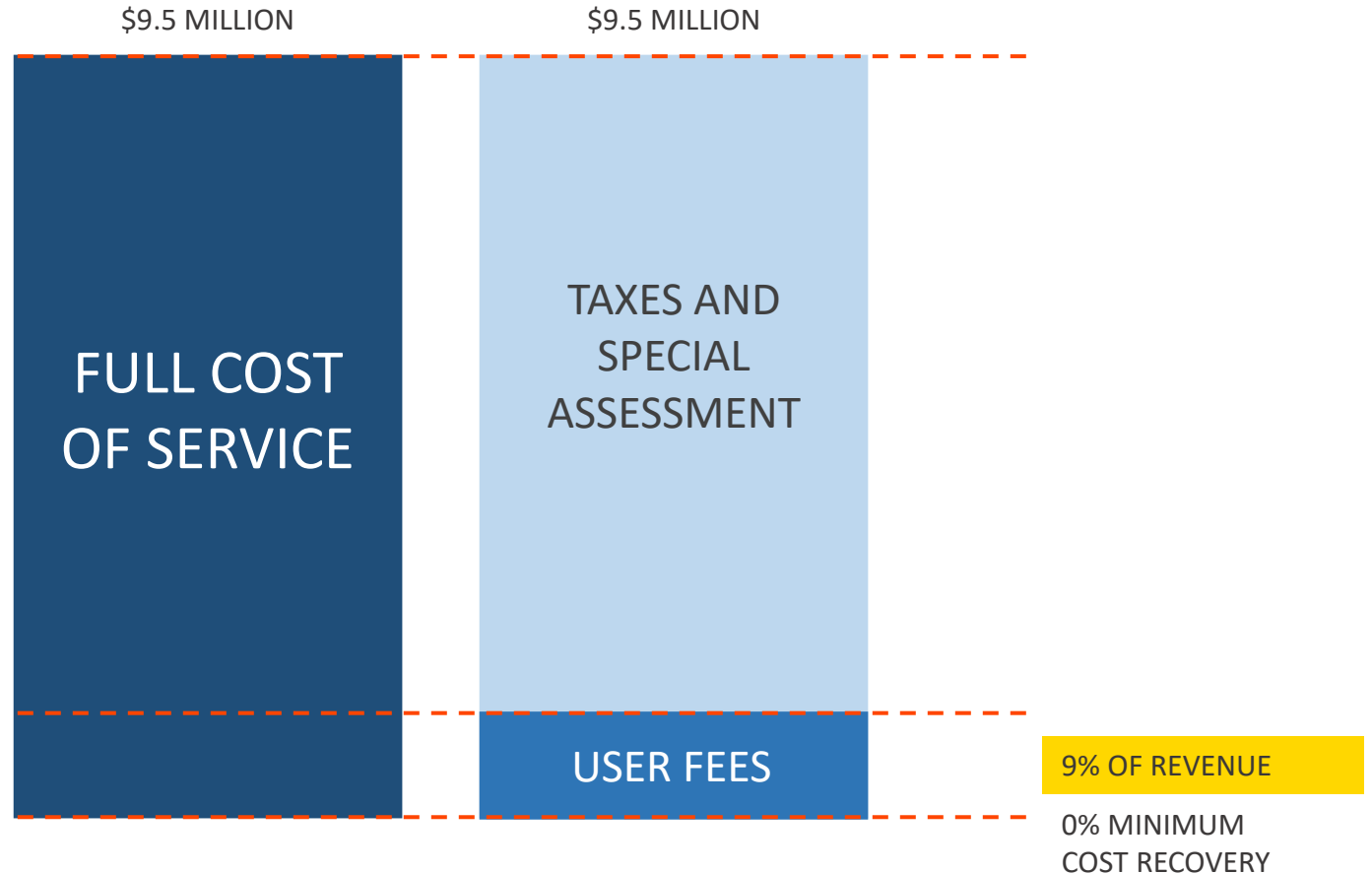
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# FINANCIAL STRUCTURE OF PARKS & RECREATION

- Parks and Recreation programs are budgeted in the **General Fund – Fund 10**
- **Tax revenue sources** in the General Fund which are collected from the community at-large pay for program costs that are not recovered from user fees
- The District also collects a special assessment and accounts for these funds in a special revenue fund

# PARKS & RECREATION | TOTAL DEPARTMENT

- **\$9.5 million**  
full cost of service  
*(day-to-day operations – excludes capital)*
- **\$7.5 million**  
revenue – primarily taxes
- **\$1.2 million**  
revenue from special assessment
- **\$850,000**  
revenue from user fees



# OPERATIONS COST RECOVERY OVERVIEW

Revenue Overview	Total	Share
Generated Revenue (e.g., fees)	\$850,000	9%
Special Assessment	\$1,200,000	13%
All Other Revenue (e.g., taxes)	\$7,500,000	78%
Total	\$9,550,000	100%

# FINANCIAL CHALLENGES

- Increases in labor, benefit, utility costs, and services and supplies costs
- Providing access to facilities and programs that are safe to use and align to community standards (health and safety).
- 10-Year California Minimum Wage increase = 88%
- Utility Expenses for Water = \$900K
- Utility Expenses for Gas & Electric = \$200K
- Liability Insurance = \$225K
- Limited General Fund Resources (must prioritize spending)

# MULTI-YEAR CHALLENGES

- **Without adjustment, the forecast increase in revenue will be less than forecast increases in costs**

Forecast <u>Revenue Change</u> without Action Required	Forecast Annual Change *
Property Taxes	2%
Special Assessment	3%
User Fees and Charges	0%

Forecast <u>Expenditure Change</u>	Forecast Annual Change *
Personnel Costs	4%
Services & Supplies Costs	4%

\* Change in revenues and costs are intended to serve as reasonable assumptions, based on current inflation and historical patterns.

# Multi-Year Forecast Assuming General Inflationary Patterns

PVRPD	Base Year FY 21/22	1 Year Forecast FY 22/23	2 Year Forecast FY 23/24	3 Year Forecast FY 24/25	4 Year Forecast FY 25/26	5 Year Forecast FY 26/27
<b>Revenue</b>						
Taxes - Other (at 2% Increase)	\$7,480,000	\$7,620,000	\$7,770,000	\$7,930,000	\$8,080,000	\$8,240,000
Special Assessment (at 3% Increase)	\$1,210,000	\$1,250,000	\$1,280,000	\$1,320,000	\$1,360,000	\$1,400,000
User Fees and Charges (0% w/out action)	\$850,000	\$850,000	\$850,000	\$850,000	\$850,000	\$850,000
<b>Total</b>	<b>\$9,540,000</b>	<b>\$9,720,000</b>	<b>\$9,900,000</b>	<b>\$10,100,000</b>	<b>\$10,290,000</b>	<b>\$10,490,000</b>
<b>Operating Expense</b>						
Personnel (at 4% Increase)	\$4,820,000	\$5,010,000	\$5,210,000	\$5,420,000	\$5,640,000	\$5,860,000
Services & Supplies (at 4% Increase)	\$4,630,000	\$4,810,000	\$4,990,000	\$5,180,000	\$5,380,000	\$5,590,000
<b>Total</b>	<b>\$9,450,000</b>	<b>\$9,820,000</b>	<b>\$10,200,000</b>	<b>\$10,600,000</b>	<b>\$11,020,000</b>	<b>\$11,450,000</b>
<b>Over / (Under) Revenues v. Expenditures</b>	<b>\$90,000</b>	<b>(\$100,000)</b>	<b>(\$300,000)</b>	<b>(\$500,000)</b>	<b>(\$730,000)</b>	<b>(\$960,000)</b>

- This table includes recurring expenses

- User fees and charges assumed to remain unchanged without Board direction

\* Amounts shown are rounded for illustration purposes

# Multi-Year Forecast Assuming General Inflationary Patterns

PVRPD	Base Year FY 21/22	1 Year Forecast FY 22/23	2 Year Forecast FY 23/24	3 Year Forecast FY 24/25	4 Year Forecast FY 25/26	5 Year Forecast FY 26/27
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User Fees and Charges (0% w/out action)	\$850,000	\$850,000	\$850,000	\$850,000	\$850,000	\$850,000
<b>Total</b>	<b>\$9,540,000</b>	<b>\$9,720,000</b>	<b>\$9,900,000</b>	<b>\$10,100,000</b>	<b>\$10,290,000</b>	<b>\$10,490,000</b>
<b>Operating Expense</b>						
Personnel (at 4% Increase)	\$4,820,000	\$5,010,000	\$5,210,000	\$5,420,000	\$5,640,000	\$5,860,000
Services & Supplies (at 4% Increase)	\$4,630,000	\$4,810,000	\$4,990,000	\$5,180,000	\$5,380,000	\$5,590,000
Capital /Periodic (at 4% Increase)	\$690,000	\$720,000	\$750,000	\$780,000	\$810,000	\$840,000
<b>Total</b>	<b>\$10,140,000</b>	<b>\$10,540,000</b>	<b>\$10,950,000</b>	<b>\$11,380,000</b>	<b>\$11,830,000</b>	<b>\$12,290,000</b>
<b>Over / (Under) Revenues v. Expenditures</b>	<b>(\$600,000)</b>	<b>(\$820,000)</b>	<b>(\$1,050,000)</b>	<b>(\$1,280,000)</b>	<b>(\$1,540,000)</b>	<b>(\$1,800,000)</b>

- This table includes recurring and periodic expenses

- User fees and charges assumed to remain unchanged without Board direction

\* Amounts shown are rounded for illustration purposes



## PVRPD Cost Recovery Comparison to Industry Benchmark

- Pleasant Valley RPD cost recovery from user fees and charges is less than industry average

Generated Revenue as % of Operating Expenditures	
Pleasant Valley RPD	9%
Industrywide Average *	23%

\* Source: 2021 NRPA Agency Performance Review which contains data from 1,000 unique park and recreation agencies across U.S.

\* 2021 NRPA Statistic = 24%



## Recreation Cost Recovery Overview

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# RECREATION COST RECOVERY OVERVIEW (1 of 2)

PVRPD	Aquatics	Sports	Camps, Classes, P'tnrshps	Senior Services	Rec Admin, Mktg, Special Events	Recreation Subtotal
Revenue	\$140,732	\$161,590	\$88,204	\$37,600	\$40,045	\$468,171
Operating Expense						
Personnel	\$312,658	\$140,506	\$42,584	\$129,395	\$262,357	\$887,500
Services & Supplies	\$19,191	\$26,446	\$65,412	\$32,350	\$104,856	\$248,255
Total	\$331,849	\$166,952	\$107,996	\$161,745	\$367,213	\$1,135,755
Over/Under	(\$191,117)	(\$5,362)	(\$19,792)	(\$124,145)	(\$327,168)	(\$667,584)
Direct Cost Recovery Rate	42%	97%	82%	23%	11%	41%

- This is budgetary cost recovery
- **Not the full cost of service**
- **Excludes supporting costs budgeted to other divisions that support recreation**

# WHAT ARE SUPPORTING SERVICES TO RECREATION

- Recreation Department Administration Costs

Allocation of Recreation Department Administration

Description	Total
Rec Admin, Mktg, Special Events	\$367,213

Rec Admin, Mktg, Special Events	Share	Total
<b>Recreation Administration &amp; Marketing</b>	<b>85%</b>	<b>\$312,131</b>
Special Events	15%	\$55,082
<b>Total</b>	<b>100%</b>	<b>\$367,213</b>

Description	Allocation Method
Allocation Methodologies for Recreation Administration & Marketing	Allocate Uniformly Among Divisions

Allocation of Recreation Department Administration

Description	Allocation
Aquatics	\$62,426
Sports	\$62,426
Camps, Classes, Partnerships	\$62,426
Senior Services	\$62,426
Special Events	\$62,426
<b>Total Allocation</b>	<b>\$312,131</b>



# WHAT ARE SUPPORTING SERVICES TO RECREATION

- District Administration Costs

### Allocation of PVRPD Administration

Description	Total
PVRPD Admin	\$3,234,839

Description	Allocation Method
Allocation Methodologies for PVRPD Admin	Allocate Based on Support Provided

### Allocation Metrics

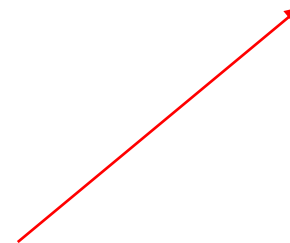
Division	Allocation Share
Recreation	33%
Parks	67%
Total Revenue	100%

### Allocation of Recreation Department Administration

Description	Allocation
Recreation	\$1,078,280
Parks	\$2,156,559
<b>Total Allocation</b>	<b>\$3,234,839</b>

### Allocation of District Administration

Description	Allocation
Aquatics	\$215,656
Sports	\$215,656
Camps, Classes, Partnerships	\$215,656
Senior Services	\$215,656
Special Events	\$215,656
<b>Total Allocation</b>	<b>\$1,078,280</b>



# RECREATION COST RECOVERY OVERVIEW (2 of 2)

Recreation Cost Recovery Overview - With Allocation of Recreation Administration & Marketing & Allocation of PVRPD Administration

PVRPD	Aquatics	Sports	Camps, Classes, P'tnrshps	Senior Services	Special Events	Recreation Admin & Mktg	Recreation Subtotal
Revenue	\$140,732	\$161,590	\$88,204	\$37,600	\$40,045	\$0	\$468,171
Operating Expense							
Personnel	\$312,658	\$140,506	\$42,584	\$129,395	\$39,354	\$223,003	\$887,500
Services & Supplies	\$19,191	\$26,446	\$65,412	\$32,350	\$15,728	\$89,128	\$248,255
Subtotal	\$331,849	\$166,952	\$107,996	\$161,745	\$55,082	\$312,131	\$1,135,755
<i>Adjustment for Allocation of Rec Admin &amp; Marketing</i>							
<i>Rec Admin &amp; Mktg</i>						(\$312,131)	(\$312,131)
<i>Direct Svcs</i>	\$62,426	\$62,426	\$62,426	\$62,426	\$62,426		\$312,131
<i>Adjustment for Allocation of PVRPD Administration</i>	\$215,656	\$215,656	\$215,656	\$215,656	\$215,656		\$1,078,280
<b>Costs</b>	<b>\$609,931</b>	<b>\$445,034</b>	<b>\$386,078</b>	<b>\$439,827</b>	<b>\$333,164</b>	<b>\$0</b>	<b>\$2,214,035</b>
Over/Under	(\$469,199)	(\$283,444)	(\$297,874)	(\$402,227)	(\$293,119)	\$0	(\$1,745,864)
Cost Recovery Rate with Rec Admin	23%	36%	23%	9%	12%		21%

\* Source: FY 21/22 Adopted Budget.

*Italicized amounts segregated for purposes of this analysis only. For District budgeting purposes amounts are combined.*

- **This represents the full costs of service**
- **Note: day-to-day operating costs only. Excludes capital and debt service**



## Reserved Use of Fields and Facilities Cost Recovery Overview

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# PARKS MAINTENANCE COST RECOVERY OVERVIEW (1 of 3)

Description	Total
Parks	\$3,665,960
Share of PVRPD Admin	\$2,156,559
Total	\$5,822,519

- **Questions:**
- ***How much of these costs should be considered as potentially recoverable from fees and charges?***
- ***Do some facilities cost more than others?***



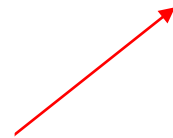
## PARKS MAINTENANCE COST RECOVERY OVERVIEW (2 of 3)

Facility Overview	Intensity	Count
Neighborhood Park / Light Maintenance	Low	12
Neighborhood Park / 2-3 times per week Maintenance	Mid	4
Community Park or NP / Daily Maintenance	High	12
Total		28

- Rentals and requests for reserved use typically happen at these facilities
- **E.g., Freedom Park, Community Center, Bob Kildee, Mission Oaks, Pleasant Valley Fields**

# PARKS MAINTENANCE COST RECOVERY OVERVIEW (3 of 3)

Description	Total
Parks	\$3,665,960
Share of PVRPD Admin	\$2,156,559
Total	\$5,822,519



- This represents full cost of service for Parks Maintenance (day-to-day costs of operations)
- **Excludes costs funded from special assessment**
- **Excludes capital and debt service**

## Cost Allocation Primary Reserved Areas and All Other Areas

Description	Annual Cost	Share of Cost
Primary Reserved Use Locations	\$2,944,604	51%
All Other Areas	\$2,877,915	49%
Total	\$5,822,519	100%

## Share of Primary Rental Areas and Reserved Use Areas Dedicated to Reserved Use

Description	Total
Reserved Use Share of Total Usable Hours	29%

## Cost Allocation for Primary Rental and Reserved Use Areas

Description	Annual Cost	Cost Based on Location Type
Reserved Use	\$860,910	29%
All Other Uses	\$2,083,694	71%
Total	\$2,944,604	100%

## Cost Recovery Overview for Primary Reserved Field Areas

Description	Cost Based on Acreage
Contributions & Rental/Use Fees	\$95,134
Costs	\$860,910
Cost Recovery	11%
Over / (Under)	(\$765,776)



Next Steps  
Aligning Benefit to Cost Recovery

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## POLICY-DRIVEN BENEFIT TIERS AFFECT FEE DECISIONS

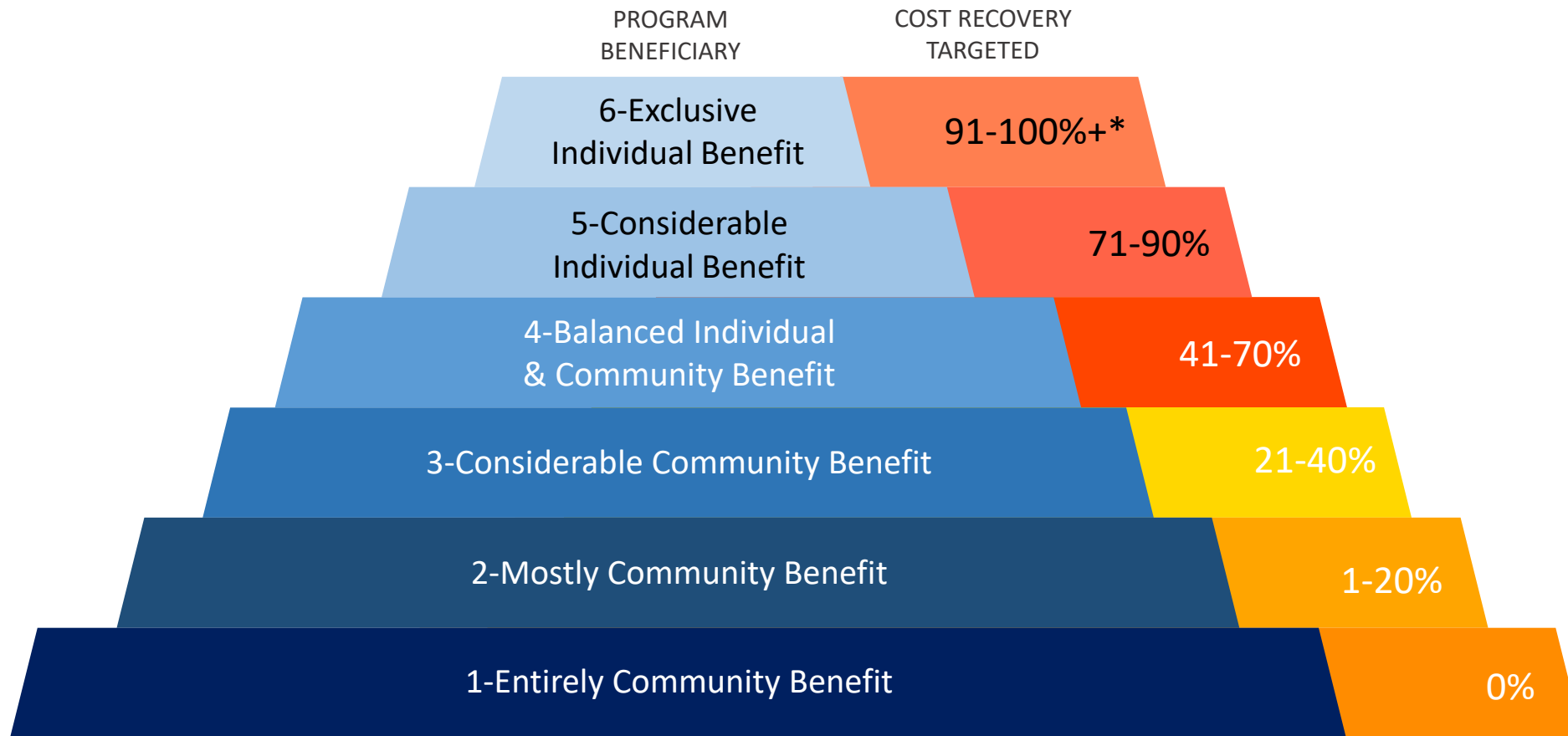
- The District conducts a cost of service analysis
- Programs are targeted for revised cost recovery based on benefit categorization
- Proposed cost recovery policy and estimated revenue changes by program area are submitted to Board for consideration and action
- **Within the boundaries of Board policy, the District sets prices for seasonally managed offerings under each program area, taking into account market conditions at the time of offering**
- District conducts periodic cost recovery analysis, enabling regular comprehensive review of performance and update of driving policies affecting fees based on recent experience and prevailing conditions

## PROVIDING ACCESSIBILITY TO VULNERABLE USERS

**Ensuring access to programs by low-income users** who might otherwise be excluded or negatively impacted by overall cost recovery policies

- Concern for small subsets of vulnerable users should not drive the placement of program cost recovery policy impacting all users of the program
- Board can direct policy on lower cost recovery goals, fee discounts, or fee waivers for defined users, such as low-income populations

# COST RECOVERY BENEFIT TIERS




100%+ indicates minor exceptions where premiums above cost may be justified, such as market-based rents.

# EXAMPLES OF BOARD DIRECTION AND INPUT

Description	Aquatics	Sports	Camps, Classes, P'rtnrshps	Senior Services	Special Events	Reserved Field Use
<b>Current Cost Recovery Rate</b>	<b>23%</b>	<b>36%</b>	<b>23%</b>	<b>9%</b>	<b>12%</b>	<b>11%</b>
<b>Target Cost Recovery Rate</b>	<b>Receive Input from Board</b>					

**AND / OR**

Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
<b>Expected Change w/out Board Direction</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
<b>General Direction from Board</b> <i>(Example Only - Illustration)</i>	<b>5% ↑</b>	<b>5% ↑</b>	<b>5% ↑</b>	<b>5% ↑</b>	<b>5% ↑</b>	<b>5% ↑</b>



## Examples of Parks and Recreation Program Areas Included in Survey

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Not inclusive of all services



## CAMPS

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### **Camp Funtastic Summer Camp**

## **Types of Services**

- Structured daily programming
  - Group games
  - Crafts
  - Field Trips
  - Sports
  - Camp Store, etc.

## **Types of Users**

- Youth



## SPECIAL EVENTS

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**Events for the  
community to  
enjoy**

### **Types of Activities**

- Summer Concert Series
- Movies in the Park
- Holiday / Seasonal Events
- 50+ Expo, etc.

### • **Types of Users**

- Youth
- Adult
- Senior



## FACILITY RENTALS

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### **Reserved and/or exclusive permitted use of District facilities**

## **Types of Facilities or Uses**

- Aquatics Facilities and Athletic Fields
- Meeting Rooms, Party, and Picnic Spaces

## **Types of Users**

- Non-Profit Youth Organizations Using Everyone Plays Philosophy
- Non-Profit Youth Organizations Using a “Travel Team” Competition Style
- Private / Individual Use
- Commercial Use
- Use Involving Out of District Team Participation



## SKILL BASED PROGRAMS AND CLASSES

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**Group  
participation,  
classes and  
lessons**

### **Types of Services**

- Classes
- Sports
- Health and Wellness
- Swim Lessons
- Group Lessons, etc.

### **Types of Users**

- Youth Users
- Adult Users
- Senior Users



## PRIVATE / SPECIALIZED LESSONS AND TRAINING

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### **Individualized Lessons and Training**

### **Types of Services**

- Special Interest Classes
- Sports
- Health and Wellness
- Private Swim Lessons, etc.

### **Types of Users**

- Youth Users
- Adult Users
- Senior Users



## THERAPEUTIC / ADAPTIVE RECREATION

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### **Services to help people with intellectual and physical disabilities**

## **Types of Services**

- Activities to help people with intellectual and physical disabilities improve their:
  - Skills
  - Abilities
  - Overall Health
  - Quality of Life

## **Types of Users**

- Youth Users
- Adult Users
- Senior Users



## DROP-IN PARTICIPATION

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### **Non-registered / non-member participation**

## **Types of Services**

- Non-registered participation in classes
- Non-registered participation in programs

## **Types of Users**

- Youth Users
- Adult Users
- Senior Users





Survey:  
Benefit / Cost Recovery Tiers

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## USE OF SURVEY OUTCOMES

- Responders are asked to **assign each program area to a benefit tier** corresponding to cost recovery policy
- Program areas may ask about **specific user types** and whether benefit tier placement would vary
- Achievement of **cost recovery can be targeted over time**; immediate feasibility should not drive benefit tier assignment
- Survey results will be **summarized and reported in total**, not listed by individual respondent
- Survey results will be provided to Board and may **inform Board consideration for a proposed Cost Recovery Policy** framework

# ORIENTATION TO SURVEY (1/2)

**Most questions  
require a single  
checkbox  
response for  
programs and  
user types**

## Skill-Based Programs / Classes

Classes, sports, health & wellness, swim lessons, group lessons, etc. -- Put a check in the box to match how the public benefits from this program.

	Entirely Community Benefit	Mostly Community Benefit	Considerable Community Benefit	Balanced Individual and Community Benefit	Considerable Individual Benefit	Exclusive Individual Benefit
Youth Users	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Adult Users	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senior Users	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## ORIENTATION TO SURVEY (2/2)

**Before closing  
your browser,  
you  
must click the  
SUBMIT BUTTON  
at the bottom for  
your answers to  
be received**

Submit Completed Questionnaire \*

Do not close your browser before clicking the "Submit" button at the end of this form. Your response will not be saved and received if you do not click the "Submit" button.

In order for my response to be received, I must click the "Submit" button at the end of this form.

**Submit** Clear form

Never submit passwords through Google Forms.

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Google Forms

# SURVEY PROCEDURE

Questionnaire for completion during live event window:

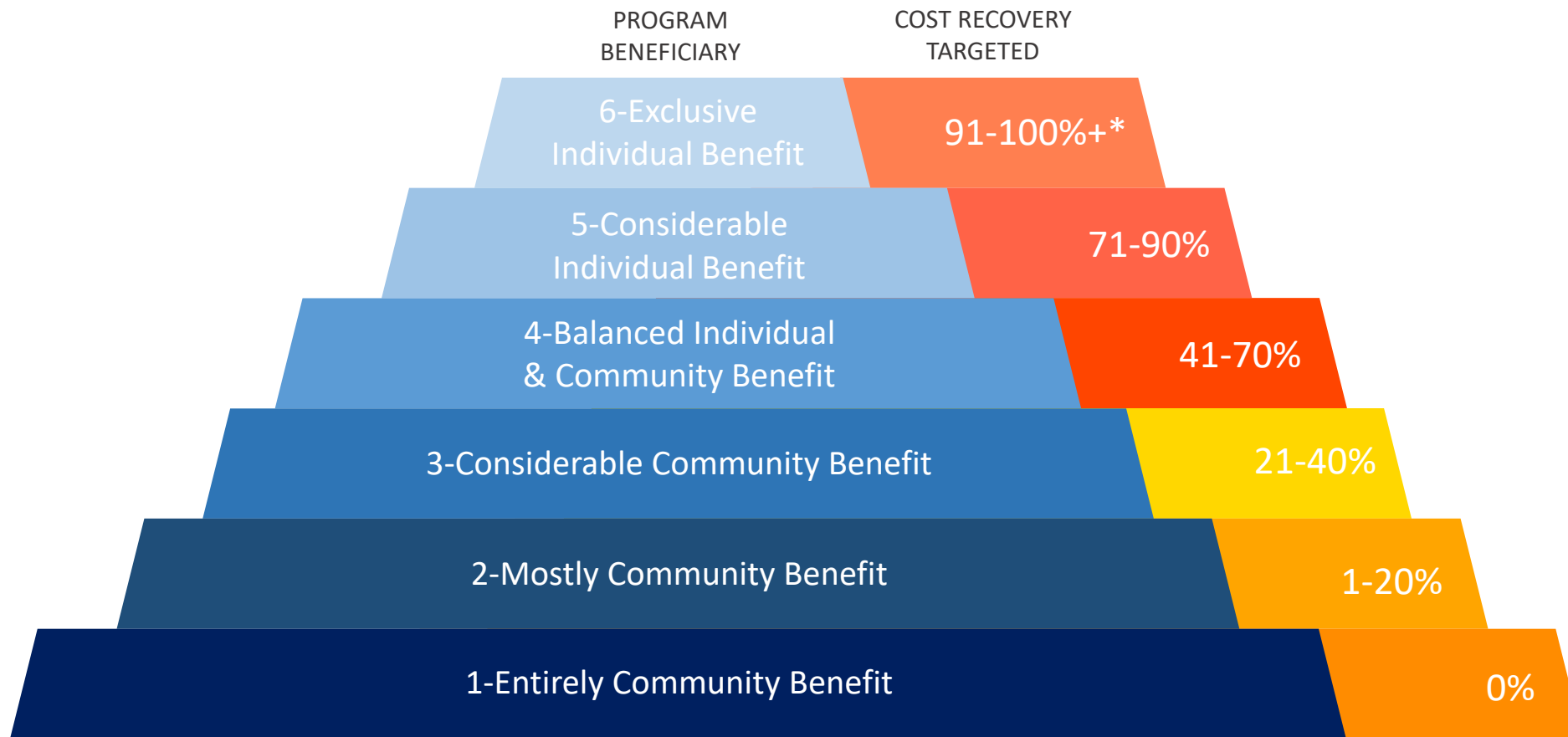
<https://forms.gle/2zJXp9Bd8rUXAnPa7>

Open internet browser and type link into the address bar, or

Hyperlink is also available in Zoom Chat

- Moderator will mute the Zoom Gallery
- For technical issues in the survey, use the Zoom Chat to ask for help
- Responders may work on and complete the questionnaire during the live survey event window
- Moderator will unmute at 3- to 5-minute intervals to ask for questions
- Answers will be provided for all survey participants to hear during the live event window
- **Complete surveys within 20 minutes of start.**
- Moderator will announce time remaining or end survey window early if all submissions are received before time ends

# ASSIGN BENEFIT TIER TO EACH PROGRAM QUESTION



100%+ indicates minor exceptions where premiums above cost may be justified, such as market-based rents.



Live Survey Complete  
THANK YOU!

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## NEXT STEPS

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**An update of  
District Fees and  
Cost Recovery  
Policy is in  
progress**

- Review and summarize survey responses
- Provide summary of survey results to Board at future meetings
- Use survey results to help frame a proposed Cost Recovery Policy for Board consideration



Questions & Feedback  
Public Input on this Topic

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Discuss Next Steps