



PLEASANT VALLEY RECREATION & PARK DISTRICT

Parks and Recreation Fee-Based Cost Recovery Policy Development and Fee Schedule Update

November 15, 2022 – Board Meeting

PRESENTATION OVERVIEW

- Foundational Overview of Cost Recovery Concepts within California and Parks and Recreation Industry
- Current Cost Recovery Overview
- Community Survey Results
- Targeted Cost Recovery and Fees
- Action Requested



Industry Practices

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
- **Certain rental and reserved use fees** may be maintained and updated via fee schedules and/or agreements
- 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 targets and 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

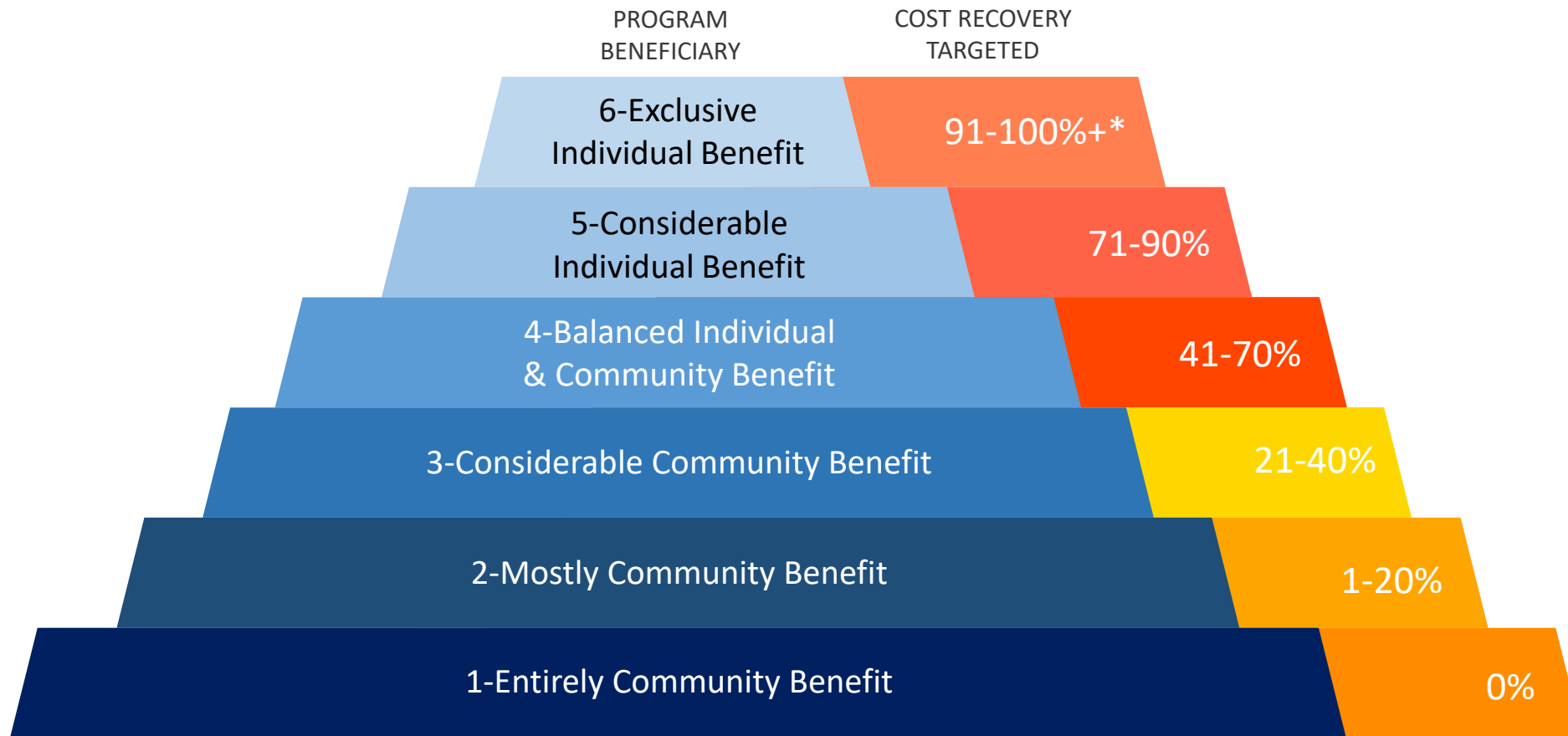
Considerable community benefit

Mostly community benefit

Entirely community-wide benefit



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”

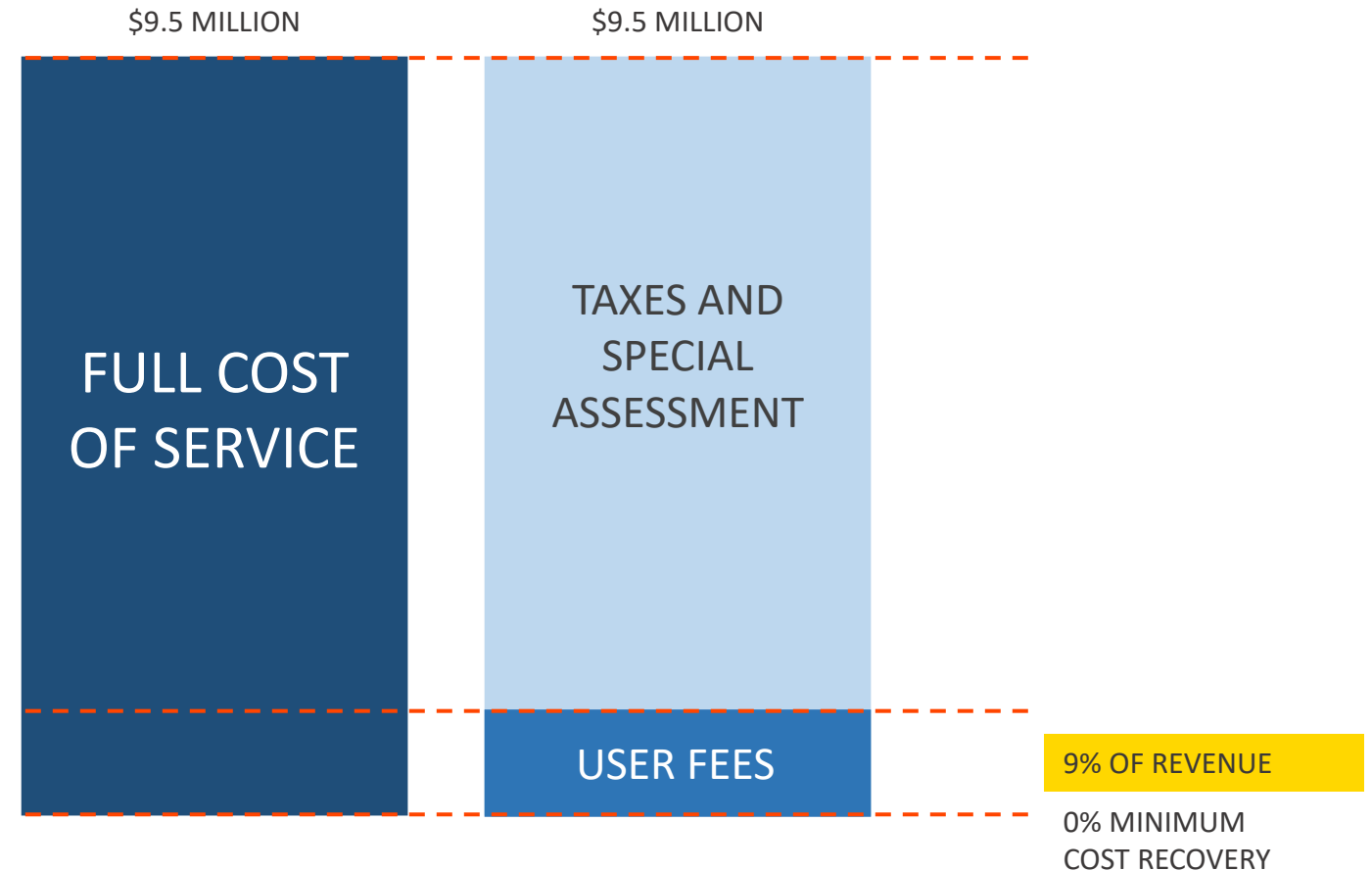
- The amount of a program’s full cost of service that is supported by other agency revenue sources



Current Cost Recovery Overview

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
Revenue						
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
Total	\$9,540,000	\$9,720,000	\$9,900,000	\$10,100,000	\$10,290,000	\$10,490,000
Operating Expense						
Personnel (at 4% Increase)	\$4,820,000	\$4,870,000	\$4,930,000	\$5,120,000	\$5,330,000	\$5,540,000
Services & Supplies (at 4% Increase)	\$4,630,000	\$4,810,000	\$4,990,000	\$5,180,000	\$5,380,000	\$5,590,000
Total	\$9,450,000	\$9,680,000	\$9,920,000	\$10,300,000	\$10,710,000	\$11,130,000
Over / (Under) Revenues v. Expenditures	\$90,000	\$40,000	(\$20,000)	(\$200,000)	(\$420,000)	(\$640,000)

- This table includes recurring expenses

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

* Amounts shown are rounded for illustration purposes

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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
Total	\$10,140,000	\$10,400,000	\$10,670,000	\$11,080,000	\$11,520,000	\$11,970,000
Over / (Under) Revenues v. Expenditures	(\$600,000)	(\$680,000)	(\$770,000)	(\$980,000)	(\$1,230,000)	(\$1,480,000)

- 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%



Survey Results

SURVEY RESULTS

- Community Survey was open for 30 days
- More than 300 responses received
- Survey responses indicated:
 - **High Community Benefit for Camps, Classes, Therapeutic/Adaptive Recreation, Special Events, and Reserved Non-Profit Use of Facilities**
 - **High Individual Benefit for Reserved Private and Commercial Use of Facilities**



Targeted Cost Recovery and Fees

USE OF A COST RECOVERY POLICY

- 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 (Activity Guide) 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

CURRENT COST RECOVERY

Description	Aquatics	Sports	Camps and Classes, P'rtnrshps	Senior Services	Special Events	Reserved CSO Facility Use
Revenue from Fees and Charges	\$140,732	\$161,590	\$88,204	\$37,600	\$40,045	\$95,134
Costs	\$609,931	\$445,034	\$386,078	\$439,827	\$333,164	\$860,910
Cost Recovery Rate	23%	36%	23%	9%	12%	11%

PROPOSED COST RECOVERY TARGETS

Description	Aquatics	Sports	Camps, Classes, P'rtnrshps	Senior Services	Special Events	Reserved CSO Field Use
Current Cost Recovery Rate	23%	36%	23%	9%	12%	11%
Target Cost Recovery Rate	30%	40%	30%	15%	15%	20%

* District-initiated special events will target very low cost recovery. Outside entity special events will target high cost recovery

PROPOSED COST RECOVERY TARGETS

Description	Current Revenue	Costs	Current Cost Recovery	Proposed Revenue	Costs	Targeted Cost Recovery	Revenue Change
Aquatics	\$141,000	\$610,000	23%	\$183,000	\$610,000	30%	\$42,000
Sports	\$162,000	\$445,000	36%	\$178,000	\$445,000	40%	\$16,000
Camps and Classes, Partnerships	\$88,000	\$386,000	23%	\$116,000	\$386,000	30%	\$28,000
Senior Services	\$38,000	\$440,000	9%	\$66,000	\$440,000	15%	\$28,000
Special Events	\$40,000	\$333,000	12%	\$50,000	\$333,000	15%	\$10,000
Reserved CSO Facility Use	\$95,000	\$861,000	11%	\$172,000	\$861,000	20%	\$77,000
Total	\$564,000	\$3,075,000	18%	\$765,000	\$3,075,000	25%	\$201,000

*CSO = Community Service Organization

PROGRAM EXAMPLES OF PROPOSED COST RECOVERY TARGETS

Program Area	Current	Proposed
Aquatics - Private Swim	\$17 per session	\$20 per session
Sports - Adult Softball	\$375 per team	\$400 per team
Camp/Classes – Camp	\$165 per week	\$170 per week
Senior Services	Increase programming offerings & travel	
End of Summer Camp Out	\$10 per spot	\$25 per spot

PROPOSED COST RECOVERY TARGETS (cont.)

- Sponsorships & Partnerships
- Class Minimums
- Return of Fee-Based Programs



PROPOSED STRATEGY FOR RESERVED CSO FACILITY USE

Estimates

Description	Current Revenue	Adjustment	Proposed Revenue
Reserved CSO Facility Use	\$95,000		\$95,000
Additional Revenue from USSSA Agreement		\$50,000	\$50,000
Adjustment to Agreements with CSO		\$27,000	\$27,000
Total	\$95,000	\$77,000	\$172,000

<<< Recently executed agreement. May vary dependent upon hours.

<<< See below.

*CSO = Community Service Organization

Description	Current Revenue
Targeted Revenue from Adjustments to Agreements	\$27,000
Annual Reserved Hours for CSOs	13,500
Per Hour Adjustment	\$2

<<< Historical actual use. Varies by CSO.

<<< Change in charge per CSO reserved hour.

<<< \$2 minimum charge per hour.

PROPOSED STRATEGY FOR RESERVED CSO FACILITY USE

- See provided printed charts.



PROPOSED FEE SCHEDULE

- Certain fees are listed on a published fee schedule (rather than via agreements or seasonal brochure)
- Staff has provided the Board with 3 potential adjustment scenarios:
 - 4% increase
 - 6% increase
 - 8% increase
- The Board may also provide multi-year pre-patterned direction
 - Example: 4% adjustment for the next 3 years or combinations of increases



Action Requested

ACTION REQUESTED

- Board to Determine whether to adopt cost recovery policy
- Board to Determine whether to adopt updated fee schedule



Questions & Feedback
