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June 25, 2013

The Honorable Mayor and Members of City Council  
Room 2300, City Hall  
301 King Street  
Alexandria, Virginia 22314

Re: Resource Allocation and Cost Recovery Model for the Department of Recreation,  
Parks and Cultural Activities

Dear Honorable Mayor and Members of City Council:

The City's Guiding Principles call for our organization to align its work-plan with our strategic plan, execute against our strategy, promote a culture of leadership and ownership at all levels of the organization, and to promote a culture of service excellence, creativity, and entrepreneurship. To these ends the Department of Recreation, Parks and Cultural Activities (RPCA) is recommending a Resource Allocation and Cost Recovery Model and Policy to help guide in decision-making. The policy will provide the department with a tool to help make strategic recommendations for resource allocation for programs and services. Additionally, the policy outlines a benefits-based methodology (an industry benchmark) for setting program and service fees.

Cost recovery for Recreation and Parks programs and services is a standard practice throughout the country. Determining a cost recovery rate addresses the policy question of how much of the service costs the public should support versus costs assessed to the participants. National benchmarks show that on average, parks and recreation departments recover approximately 34 percent of their total annual operating budget through fees and charges. Currently, the cost recovery rate for Alexandria is 12 percent. In the Northern Virginia area, cost recovery rates vary widely from Alexandria (12%) and Arlington (22.4%) at the lower end; to Loudon County (63%) and Fairfax at (59%), at the higher end.

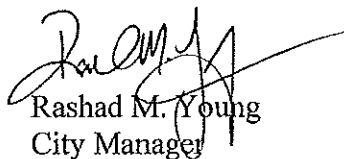
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RPCA used best practice research from GreenPlay LLC to develop a resource allocation and cost recovery model specific to Alexandria. The work draws from the 2011 Recreation Community Needs Assessment and additional citizen focus group sessions held in 2012. A specific model and policy will support equity among all potential users of services provided through RPCA. Services that provide a mostly public benefit would receive more tax dollar allocation versus those with a mostly participant only benefit. In addition, RPCA will continue to provide fee reductions to citizens for core services based on the economic needs under its Fees Assistance Policy.

Our intent is to use this policy, once approved by City Council, to determine updates to the recreation fee schedule presented during the annual budget process. In the future, fees for programs and services will reflect the community/individual benefits methodology. Those programs and services with the highest community benefit will receive the highest subsidy, while those programs and services with an individual benefit will receive little or no subsidy and will pay a user fee. The recommended cost recovery model and the practices contained in the plan are consistent with our City's strategic plan.

The Department of Recreation, Parks and Cultural Activities will continue to engage the community in the implementation of this plan, and staff will provide regular updates to City Council on its progress.

Sincerely,



Rashad M. Young  
City Manager