

**RESOLUTION NO. 2577**

**Resolution to Adopt the Resource Allocation and Cost Recovery Policy, and the Financial Assistance Policy Administered by the Department of Recreation, Parks and Cultural Activities.**

**WHEREAS**, the department wishes to implement a methodology and guideline in setting fees for programs and services to meet Cost Recovery targets; and

**WHEREAS**, the department wishes to provide financial assistance to those residents who need financial help to participate in programs and services;

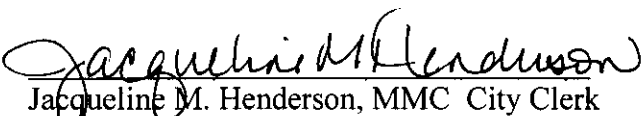
**WHEREAS**, the costs of providing Leisure Services to the general taxpayer continue to increase and the fees do not cover the entire costs of these programs; and

**NOW, THEREFORE, BE IT RESOLVED** by the Council of the City of Alexandria, Virginia, that effective July 1, 2013, adopts the Resource Allocation and Cost Recovery Policy, and the Financial Assistance Policy to be administered by the Recreation, Parks, and Cultural Activities Department.

Adopted: September 24, 2013

  
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**WILLIAM D. EUILLE MAYOR**

ATTEST:

  
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Jacqueline M. Henderson, MMC City Clerk



Recreation, Parks and Cultural Activities

Financial Policies and Procedures

## Resource Allocation Philosophy, Cost Recovery Model and Policy

Recreation, Parks and Cultural Activities Department

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Draft Created: January 1, 2013

Approval Level: City Council

Approval Date:

Scheduled review date (frequency)

Primary Contact: James Spengler

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### Summary

The department is tasked with cost recovery goals in accordance with the City's annual budget allocation and financial constraints. To that end, the department sets fees and charges in relation to these goals, market conditions, benchmarking, demand, cost recovery targets, and industry trends. A financial assistance policy and process was also developed to allow for maximum resident participation in City Programs and to ensure that no one has a barrier to participation.

### Cost Recovery Policy

Recreation, Parks and Cultural Activities Department offers services that are funded through a combination of user fees, taxes, grants, and donations. Fees and charges shall be assessed in an equitable manner in accordance with the following fee and charge assessment schedule. Through a special initiative, services that provide recreational opportunities for populations with the fewest recreational alternatives (youth, limited income, senior adults, and families) may be more heavily supported by grants, donations, or property taxes than user fees to ensure that the population is well served by Recreation, Parks and Cultural Activities programs. Percentages shall be considered as guidelines; however, special circumstances, the nature and cost of each program, and persons to be served should be taken into consideration.

### Process

- The Recreation, Parks and Cultural Activities shall conduct an annual comprehensive review of cost recovery targets.
- Programs will be sorted and assigned a cost recovery tier using the Pyramid Methodology annually.
- A Fee Structure/Rate review will be done annually to determine viability of programs.
- Programs plans are developed and approved with fees set within the tier cost recovery target minimum.
- The Department's Fiscal Year fee schedule will be included each year as part of the annual budget submittal.

### **City of Alexandria's Cost Recovery Model**

The following model represents all categories of services currently provided or those which may be provided in the future by the Department. It is based upon the degree of benefit to the community (Tier 1 (low end of the pyramid – Mostly Community Benefit) or individual (Tier 5 (Top of the pyramid) – Mostly Individual Benefit); the values of the Alexandria community; and the vision and mission of the Recreation, Parks and Cultural Activities Department. This model and policy forms the basis for setting fees and charges (see Final Cost Recovery Model, Resource Allocation Philosophy, and Policy Document dated January 1, 2013).

*Services can always perform better than the target tier minimum cost recovery goals due to demand and market conditions.*

- a. **Tier 5 and Tier 4 Programs and services that have a high individual benefit and should incur no subsidy. Our Tier 4 and 5 programs are revenue positive over direct costs**  
**Tier 5 services are targeted to recover a minimum of 175% of direct costs,**  
**Tier 4 targeted at 125% of direct costs**
  - Concession/Vending
  - Merchandise
  - Private/Semi-Private Lessons
  - Rentals/Exclusive Use – Private
  - Organized Parties
  - Permitted Services
  - Classes, Programs, Workshops, and Clinics – Advanced
  - Tenant Leases
  - Equipment Rentals
  - Trips
  - Specialized Activities/Camps
  - Drop-in Childcare/Babysitting
  - Professional Services
- b. **Tier 3 Programs and Services provide a balance of community and individual benefit. Primarily fee supported services with little or no tax investment (as an average, Tier 3 services are targeted to recover a minimum of 50% of direct costs, and some of these services may be appropriate for use of alternative funding sources like grants, donations, and volunteers)**
  - Classes and Programs – Intermediate
  - Tournaments and Leagues – Adult (100% cost recovery to support youth)
  - Rentals/Exclusive Use – Government
  - Tournaments and Leagues – Youth (50% cost recovery)
  - Work Study/Internship/Community Service Program
  - Social Affinity Groups
- c. **Tier 2 Services are programs and services with a primary community benefit, and a substantial tax investment with minimal to partial fee support (as an average, Tier 2 services are targeted to recover a minimum of 20% of direct costs, and many of these services may be appropriate for use of alternative funding sources like grants, donations, and volunteers)**
  - Monitored Park/Facility Usage
  - Classes and Programs – Beginning/Multi-Ability

- Rentals/Exclusive Use – Affiliates/Grantees
  - Community-wide Events
  - Preschool
  - Out-of-School-Time Program/Summer Camps
  - Volunteer Program
  - Arts Grant Program
  - Therapeutic/Adaptive/Special Recreation
- e. **Tier 1** programs and services are completely community benefit. Full tax investment with little or no fee support (**Tier 1** services are targeted to recover **0%** of direct costs, although some of these services may be appropriate for use of alternative funding sources like grants, donations, and volunteers)
- Non-Monitored Park/Facility Usage
  - Inclusionary Services
  - Support Services

### **Cost of Services**

The following general definitions will be used to determine the cost of providing all services.

**Direct Cost:** Includes all of the specific, identifiable expenses (fixed and variable) associated with providing a service, program, or facility. These expenses would not exist without the program or service and often increase exponentially.

**Indirect Cost:** Encompasses overhead (fixed and variable) including the administrative costs of the agency. These costs would exist without any of the specific programs or facilities.

## Current Financial Assistance Policy



Recreation, Parks and Cultural Activities

Financial Policies and Procedures

### Financial Assistance Policy-Recreation Services

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Draft Created: July 20, 2012

Approval Level: City Council

Approval Date:

Scheduled review date (frequency)

Primary Contact: William Chesley

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#### Summary

The Department encourages resident participation in City programs. A financial assistance policy and process is developed to allow for maximum resident participation in City programs.

#### Eligibility

All City residents who meet qualifications are eligible. All City programs are eligible for financial assistance. Some classes in the Market Rate portfolio may have limited availability to ensure cost recovery goals.

**Policy:** Fee assistance may be granted according to the following schedule:

- 40% reduction for households where a child receives free or reduced lunch at an Alexandria City School.
- 50% reduction for households where a child receives free or reduced lunch and the family receives nutrition assistance (SNAP).
- 70% reduction for households where a child receives free or reduced lunch, and also receives TANF (Temporary Assistance for Needy Families), or where they reside in a City of Alexandria temporary shelter.
- Resident Seniors (55 years old and above) receive a 20% discount on each program
- Adults without children who have proof of receiving SNAP, or Medicaid, may be granted a 30% fee reduction.

#### Procedures:

1. Resident completes the application and submits accompanying documentation to the Recreation Program Manager/Center Director. Applications must be accompanied by written documentation.
2. Recreation Program Manager/Center Director are to review documentation and verify.
3. Recreation Program Managers/Center Directors may approve and sign the application as the Department Director Designee.
4. The applications must be stored with the registrations and made available upon request.

5. Any fee assistance requested that differs from the stated policy, or without documentation, must be approved by the Division Chief or Deputy Director of Recreation Services.

**Roles and Responsibilities**

All Regional Program Directors, Recreation Managers, and Managers on Duty, along with Front Desk Personnel are to ensure that this policy is adhered to.

**Contacts**

William Chesley Deputy Director, Recreation Services

David A. Miller, Division Chief, Recreation Services

Joseph Petrella, Division Chief, Recreation Services

**A Sample application can be found in Appendix C.**



OFFICE OF THE CITY MANAGER

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RASHAD M. YOUNG  
City Manager

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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.

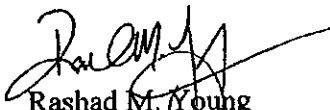
The Honorable Mayor and Members of City Council  
June 25, 2013  
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RPCA used best practice research from GreenPlay LLC to develop a resource allocation and cost recovery model specific to Alexandria. The work draws from the 2011 Recreation Community 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