



Resource Allocation and Cost Recovery Philosophy, Policy, and Model

April 2013



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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

II. Abstract

In an effort to continually improve and enhance services and overall organizational effectiveness, the Alexandria Recreation, Parks and Cultural Activities (RPCA) Department began an extensive process to create a ***Resource Allocation and Cost Recovery Philosophy, Model, and Policy***. This process included an analysis of the Department's core values, vision, and mission; how department operations align with the City Council's Strategic plan; and the City's Four Guiding Principles. The process included a review and assessment of services including programs and facilities, categorization of Departmental services based upon the level of community versus individual benefit, identification of direct and indirect costs, and an evaluation of current pricing methods. All of the components of this process directly influence current cost recovery and subsidy allocation levels, the establishment of future cost recovery and subsidy allocation goals, and future pricing strategies and methods. In keeping with Council's FY 2014 Budget Guidance Resolution, this comprehensive review and analysis will assist the Department in refining its service delivery and financial management philosophy as it moves forward in efforts to sustain services over both the short and long-term.

Policy Issue

According to GreenPlay's experience with agencies all over the United States, and Dr. John Crompton, a leading expert on parks and recreation financing, the national average of cost recovery in public parks and recreation is approximately **34 percent**. Although RPCA cost recovery level (12 percent) is considerably lower than the national average, it is important to note that communities across the country vary in terms of how they allocate direct and indirect costs; qualifiers such as availability of resources, size, scope of services, community demand, and ability to pay have an impact. Therefore, different departments must maintain cost recovery/subsidy levels that are appropriate based upon their own community's characteristics, values, and available funding.

The City of Alexandria is very much behind the industry standard in determining pricing for programs and services. The Resource Allocation and Cost Recovery Philosophy, Model, and Policy will provide a rational, thoughtful approach to allocating resources and for setting fees for programs and services that will begin to bring our City closer to what is occurring in the industry. The City is always mindful of those residents who are financially challenged. The City believes that a fee structure should not be a barrier to participation, and to that end, has included in this proposal a Fee Assistance Policy to assist those in financial need.

Recommendations to Council

Included in this document are two policies for approval by City Council.

1. Resource Allocation Philosophy, Model, and Policy
2. Financial Assistance Policy

Proposed Resource Allocation Philosophy, Cost Recovery Model and Policy



Recreation, Parks and Cultural Recreation, Parks and Cultural Activities
and Procedures

Financial Policies

Resource Allocation Philosophy, Cost Recovery Model and Policy

Recreation, Parks and Cultural Activities Department

Draft Created: January 1, 2013

Approval Level: City Council

Approval Date:

Scheduled review date (frequency)

Primary Contact: James Spengler

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

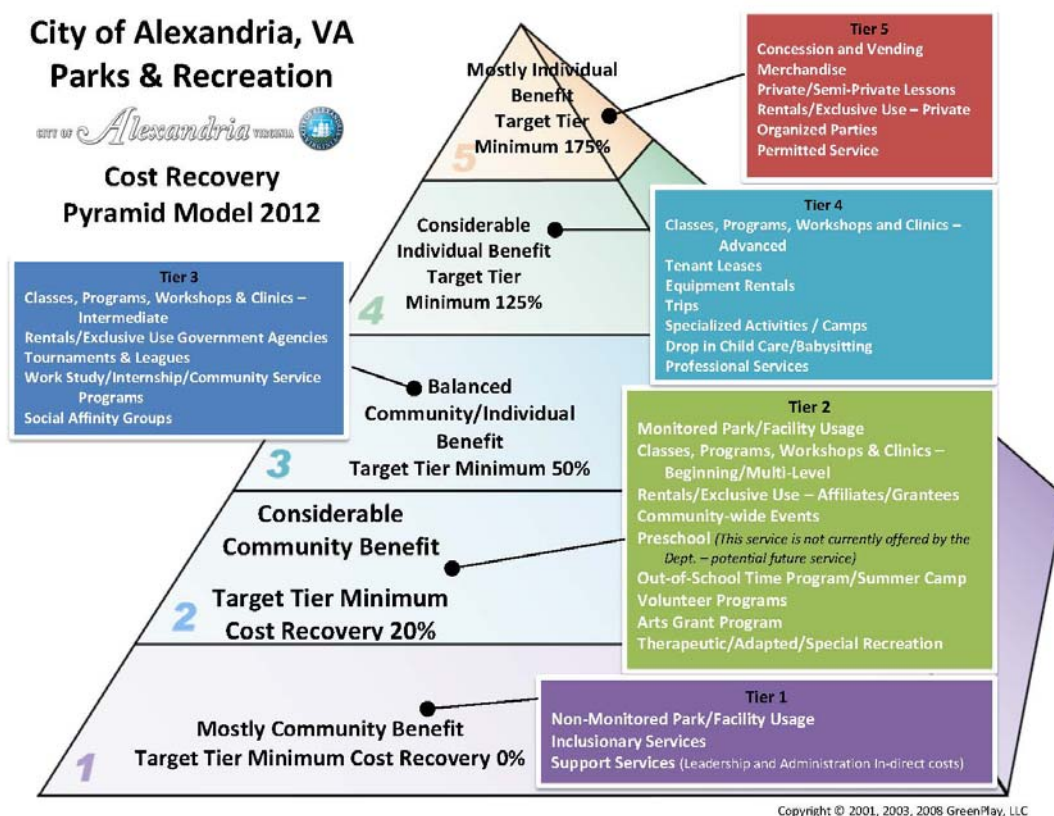
- e. **Tier 1** programs and services are completely community benefit. Full tax investment with little or no fee support (**Tier 1** services are targeted to recover **0%** of direct costs, although some of these services may be appropriate for use of alternative funding sources like grants, donations, 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

Draft Created: July 20, 2012

Approval Level: City Council

Approval Date:

Scheduled review date (frequency)

Primary Contact: William Chesley

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.

Recommendations: Goals and Strategies

GreenPlay has made several recommendations and strategies for consideration that will assist the City's Recreation, Parks and Cultural Activities department in becoming a more sustainable organization. The recommended Resource Allocation and Cost Recovery strategies provide a logical and thoughtful philosophy that supports the City's Guiding Principles and Strategic Plan. The summary of the recommended goals are as follows.

Goal 1: Formally adopt revised Departmental policies to guide pricing decisions.

Goal 2: Fund and leverage the *Financial Assistance Program* (reduced or waived fees) through various funding sources.

Goal 3: Define the role and responsibilities of "Affiliates/Grantees" so that resource allocation can be tied to those with allied interests.

Goal 4: Adjust fees to align with Tier Minimum as recommended. Adjust fees that have the greatest departure from cost recovery targets.

Goal 5: Review, seek, and implement alternative funding sources in lieu or addition to fees.

Goal 6: Seek strategies to Reduce expenditures.

Goal 7: Adjust program management strategies in determining program offerings.

Goal 8: Improve marketing efforts.

Goal 9: Consider additional potential future opportunities.

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III. Policy Development Executive Summary

In an effort to continually improve and enhance services and overall organizational effectiveness, the Alexandria Recreation, Parks and Cultural Activities (RPCA) Department began an extensive process to create a **Resource Allocation and Cost Recovery Philosophy, Model, and Policy**. This process included an analysis of the Department's core values, vision, and mission; a review and assessment of services including programs and facilities; categorization of Departmental services based upon the level of community versus individual benefit; an identification of direct and indirect costs; and an evaluation of current pricing methods. All of the components of this process directly influence current cost recovery and subsidy allocation levels, the establishment of future cost recovery and subsidy allocation goals, and future pricing strategies and methods. This comprehensive review and analysis will assist the Department in refining its service delivery and financial management philosophy as it moves forward in efforts to sustain services over both the short and long-term.

Having a **Resource Allocation and Cost Recovery Philosophy, Model, and Policy** will assist in answering challenging questions from City leadership and from citizens such as:

- Are our programs priced fairly and equitably?
- How will we continue to fund Departmental facilities and services in relationship to future budget constraints?
- Are we using funding in a responsible manner?
- Is there a methodology for the distribution of subsidy (funds used in excess of what is collected by direct fees)? If so, are we transparent?
- Does the way we charge for services (facilities, programs, etc.) support the Departmental values, vision, and mission?

Core Values, Project Vision, and Mission

The initial step in the process included a review of the **City's Strategic Plan and 4 Guiding Principles** and how the Department's **mission** fulfills that plan. The City of Alexandria RPCA Department has a current mission statement.

"The mission of Recreation, Parks & Cultural Activities is to promote a vibrant, safe and attractive city of opportunity through the development of effective and efficient recreation programs, facilities and parks for all citizens and residents to enjoy."

Project Vision

This **Resource Allocation, Cost Recovery Philosophy, Model, and Policy** establishes a rationale for resource allocation and cost recovery, and identifies and recommends areas for fee increases or pursuit of alternative funding.

The project focused on short and long-term implementation strategies that efficiently and effectively utilize the community's investment for critical parks and recreation needs. This study aligns available and future resources with services and commitments to include desired level of service, sustainable fiscal stewardship, and industry best practices in operating and maintaining the Department's infrastructure and providing services. The process produced a systematic implementation plan to ensure that the Department is moving in the right direction to meet the needs of the Alexandria community.

Cost Recovery and Subsidy Allocation

As part of the ***Resource Allocation and Cost Recovery Philosophy, Model, and Policy*** project, and in light of current budgetary conditions, the City of Alexandria Department of Recreation, Parks and Cultural Activities elected to examine their resource allocation practices and develop a consensual philosophy, model, and policy. Every City department was asked to take budget cuts this fiscal year. The Recreation, Parks and Cultural Activities department made its reductions. Some adjustments were made due to the Department's commitment to increase projected revenue from higher program fees. In light of this, the goal is to improve the Department's financial sustainability forecast. Its leadership is forward thinking and desires to have a philosophy, model, and policy in place if and when hard decisions need to be made.

Cost Recovery is the basis for the degree to which operational and maintenance costs of service provision are financially supported by user fees and/or other applicable funding mechanisms such as grants, partnerships, donations, sponsorships, volunteers, or other alternative funding sources. In contrast, **subsidy** includes designated General Fund sources such as property taxes, or other taxing mechanisms that financially support operations and maintenance of services. Subsidy dollars provide for service costs that are not recovered by either user fees or other forms of alternative funding. Essentially, subsidy is the community's investment in parks and recreation.

The City strives to meet the demand for high quality facilities and programs. Efforts to meet this demand could be possible through an increase in cost recovery for appropriate programs and services. This enhances the ability to generate revenue while maintaining or increasing the participation needed to generate new dollars. The ***Resource Allocation and Cost Recovery Philosophy, Model, and Policy*** takes into account the funding philosophies that will guide future pricing and allocation of resources.

One outcome of this project is to lay the foundation for development of a philosophy for how to determine and implement fees. Another outcome is a mechanism and consistent language for communicating how taxpayer funding is used. The ambitious long-term financial goal is to lessen the Department's dependence on tax funds by approaching, or even exceeding cost recovery goals to be determined through this process.

Current Cost Recovery Accounting

The Department also collects specific amounts of revenue through fees and charges for the various services provided. These revenues are primarily collected from participants utilizing somewhat individualized services such as classes, lessons, admissions, rentals, and merchandise purchases.

Current Cost Recovery

Total cost recovery (non-tax revenue sources) for the City of Alexandria Department of Recreation, Parks and Cultural Activities is currently around 12 percent in the General Fund. This means that the Department is recovering 12 percent of the total operating expenses from fees and other forms of alternative funding such as sales, grants, gifts, transfers, and interest income. This may, along with community satisfaction ratings, indicate very high City Council and community support for use of tax dollars to fund the many existing services of the Department.

FY 12 Total Expense Budget (actual)	\$19,817,697
FY 12 Total Revenue (projected)	\$2,362,900
FY 12 Cost Recovery	12%

Cost Recovery by Division or Cost Center:

Recreation Services

FY 12 Total Budget	\$8,878,946
FY 12 Total Revenue	\$2,022,674
FY 12 Cost Recovery	23%

Park Operations

FY 12 Total Budget	\$6,819,854
FY 12 Total Revenue	\$0
FY 12 Cost Recovery	0%

Cultural Activities

FY 12 Total Budget	\$697,157
FY 12 Total Revenue	\$0
FY 12 Cost Recovery	0%

Park Planning

FY 12 Total Budget	\$493,315
FY 12 Total Revenue	\$0
FY 12 Cost Recovery	0%

Leadership and Management

FY 12 Total Budget	\$1,788,624
FY 12 Total Revenue	\$0
FY 12 Cost Recovery	0%

Marinas and Special Events

FY 12 Total Budget	\$1,160,000
FY 12 Total Revenue	\$340,256
FY 12 Cost Recovery	29%

Pyramid Model and Focus Groups

The City held an internal meeting, as well as four public forums in which residents representing the Alexandria community and a variety of interest groups, were engaged in focus groups. This served to introduce them to the **Pyramid Methodology**, a current best practice approach that assists agencies in identifying a financial management philosophy detailing the level to which all Department services should be subsidized, if at all. Residents were asked to rank, in order of the degree of community or individual benefit, services for diverse populations with varying interests. They subsequently guided the development of proposed resource allocation levels for the City of Alexandria and the RPCA Department, categorizing each Department service based upon perceived beneficiaries of services, community values, vision, and mission.

The resulting Pyramid Model target cost recovery levels are intended to account for all direct and indirect costs, while working toward increasing the cost recovery of many services. The intent is to help the City adjust to the current economic climate and budget restraints, while not decreasing services.

Recommendations – Operational and Financial Strategies

Once the analysis and process detailed above was completed, City staff developed **Operational and Financial Strategies** outlining planning and implementation efforts intended to put the **Resource Allocation and Cost Recovery Philosophy, Model, and Policy** into action. This internal working document articulates the broader goals and action steps that must be achieved to realize the intended results of this comprehensive process. These goals and actions will move the organization forward in a logical and organized way while maintaining connectivity to the steps in the financial planning process.

The **Recommendations – Operational and Financial Strategies** address the following priority broad-based thematic goals:

- Formally adopt revised departmental policies
- Fund and leverage the formal Financial Assistance Program
- Clearly define the role and responsibilities of “Affiliates/Grantees”
- Make fee adjustments
- Review, seek, and implement alternative funding sources
- Reduce expenditures
- Adjust program management strategies
- Improve marketing efforts
- Consider additional potential future opportunities

Goals and action steps have been addressed in detail in the **Recommendations: Operational and Financial Strategies** portion of this document.

Cost Recovery Targets, Pricing, and Goals Workshop

As a last step, staff participated in a **Cost Recovery Targets, Pricing, and Goals Workshop** intended to create a consistent, fair, and equitable approach to the development of cost recovery targets and service fees and charges based upon established resource allocation goals.

The outcome of this comprehensive process resulted in the proposed **Resource Allocation and Cost Recovery Philosophy, Model, and Policy** intended to prove the current fee setting practices and annual Council approval process. The purpose is to guide the future development and management of the Department’s operational budget and serve as the foundation for setting fees and charges. It is also a resource for identifying opportunities for using alternative funding sources.

Conclusion

The primary goal of the Alexandria Recreation, Parks and Cultural Activities (RPCA) Department’s **Resource Allocation and Cost Recovery Philosophy, Model, and Policy** is to establish organizational sustainability through a logical and thoughtful philosophy that supports the core values, mission, and future vision of the City of Alexandria and its community.

As a result of this comprehensive process and impending results, the Department will begin implementing strategies that align financial resource allocation with newly developed cost recovery goals. These efforts are intended to create financial and service sustainability for the organization and as a result from the following steps in the process:

- Introduction to the Pyramid Methodology – Resource Allocation Philosophy
- Cost Recovery Targets, Pricing, and Goals Workshop – Development of a Pricing Philosophy
- Recommendations: Operational and Financial Strategies – Internal Goals and Action Plan



Cost Recovery Pyramid – Operating Budget

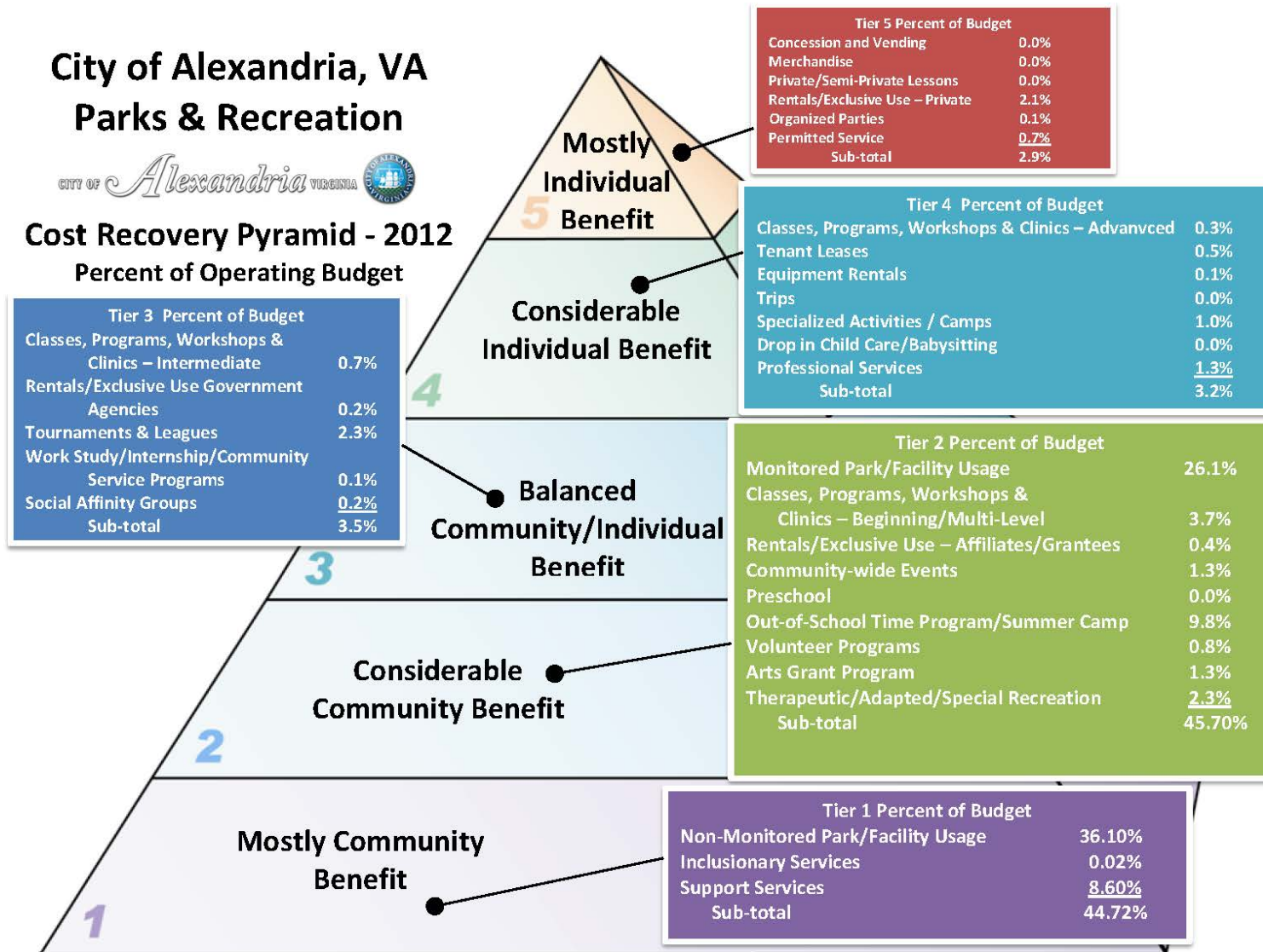
The Pyramid on the following page shows the resulting consensus placement of the categories of service on the five tiers of the Pyramid, and the percent of the current operating budget allocation represented by the foundational two tiers (which represents 90.4% of the total operating budget of Alexandria RPCA Department).

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City of Alexandria, VA Parks & Recreation



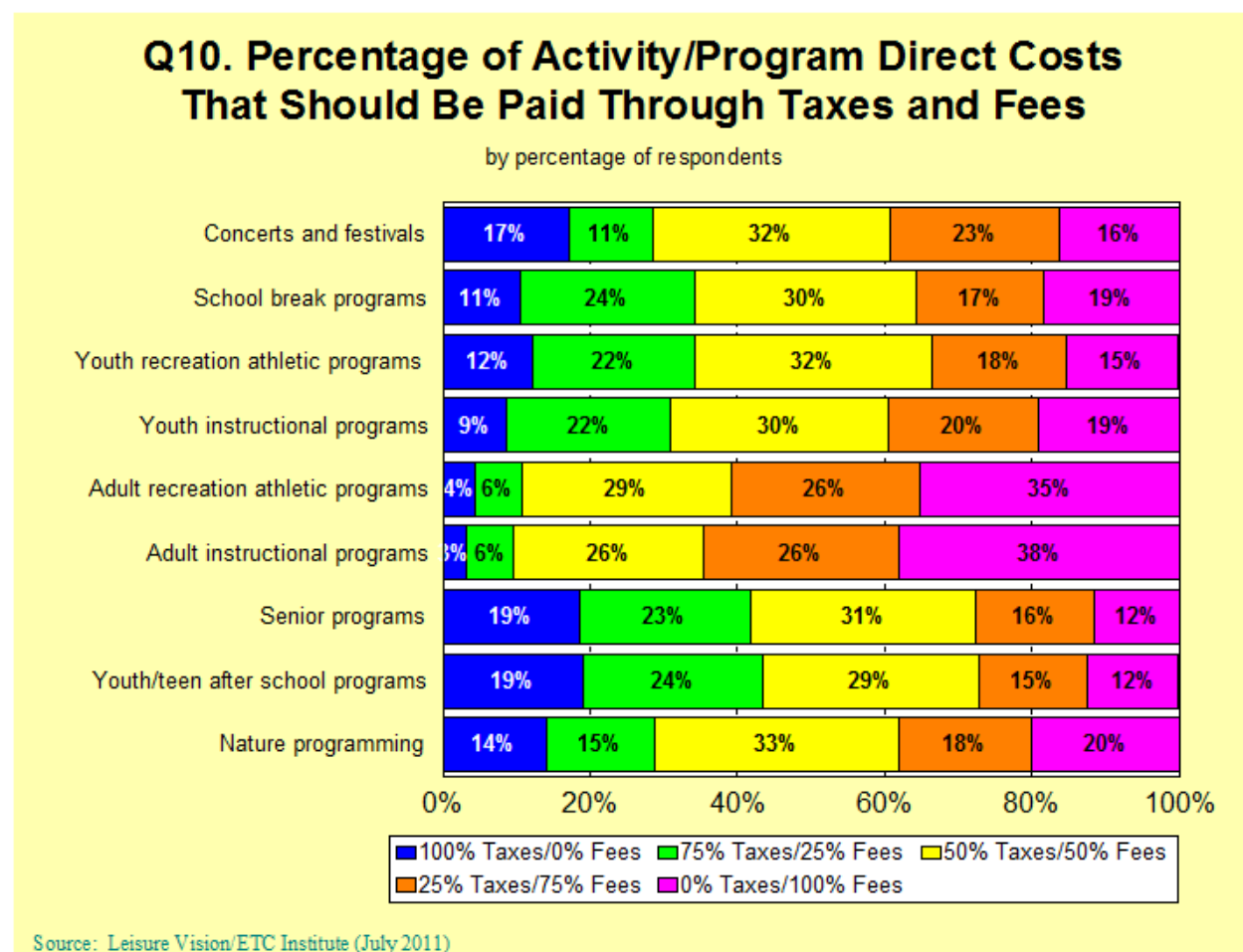
Cost Recovery Pyramid - 2012 Percent of Operating Budget



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IV. The Resource Allocation and Cost Recovery Philosophy, Model and Policy Process

In July 2011, the Department conducted a survey in which the public was asked the percentage of direct costs for a selection of programs or activities that should be paid through taxes, and the percentage that should be covered by fees and charges. It was evident that the majority of the respondents felt that there should be some percentage of direct costs recovered through fees and charges. This led to the administration deciding that they needed to develop a resource allocation and cost recovery philosophy, model, and policy to guide the fair and equitable taxpayer investment choices, and to be the basis for establishing fees and charges.



The Core Team

A core team of staff members was formed to initiate the **Resource Allocation and Cost Recovery Philosophy, Model, and Policy** process. This team was comprised of staff from the RPCA and Finance Departments. The team was also assisted by several support staff during various portions of the project.

David Miller – Team Leader Division Chief Recreation Services
Jack Browand- Division Chief Marinas/Waterfront/Special Events
William Chesley-Deputy Director Recreation Services
Cheryl Anne Colton-Regional Program Director Cultural Activities
Barbara Farrington-Recreation Manager II
Mark Kelly- Naturalist/Recreation Manager
Faye Maslaki-Fiscal Officer
Lyndon Murray-Regional Program Director Recreation Services
Robert Taylor-Division Chief Park Operations
Dana Wedeles-Urban Planner Park Planning
Sheila Whiting- Regional Program Director Recreation Services

Engaging the Community

Stakeholder engagement is critical to collective “buy-in,” consensus, and endorsement of the process. Development of the **Resource Allocation and Cost Recovery Philosophy, Model, and Policy** included a significant number of educational workshops. These workshops introduced each component of the process and engaged stakeholder groups in interactive dialogue and exercises that led to the design and development of each of the major components of the Resource Allocation and Cost Recovery Philosophy, Model, and Policy, and the Operational and Financial Strategies for implementation.

Four specific community engagement workshops and one staff workshop were held, at which **141** participants representing the Alexandria community had an active “place at the table” for their voices to be heard. Subsequently, these individuals helped guide the development of the **Resource Allocation and Cost Recovery Model**. A variety of participants representing diverse interests were invited to take part in the process.

The process also required extensive time and effort by many Department staff members. Educational workshops were the foundation for the development of the Alexandria RPCA Department’s **Resource Allocation and Cost Recovery Model**. These workshops provided the groundwork for many intensive work sessions, and ultimately, for the recommended Model.

STRATEGIC KICK-OFF MEETING

Strategic Kick-Off – The Core Team – May 24, 2012

- Introduced team and project organization
- Established project expectations
- Requested start up materials
- Determined Critical Success Factors
- Planned public and stakeholder involvement and outreach efforts
- Began assessment of current cost recovery levels

THE PYRAMID METHODOLOGY – INTRODUCTION, PROCESS, AND SERVICE CATEGORIES

Workshop I (a) – The Core Team, participating staff, City Manager’s Office, Parks and Recreation Commission Members, and City Council Representative – July 3, 2012

- Reviewed current cost recovery picture and why this project is being undertaken at this time
- Introduced the Resource Allocation and Cost Recovery Philosophy, Model, and Policy process
- Reviewed the Department’s Mission statement

Workshop I (b) – The Core Team – July 3, 2012

- Debriefed from Workshop I (a)
- Discussed logistics for and roles of table facilitators for Workshop II Public Forums
- Developed the Alexandria RPCA Department’s categories of service (see **Appendix A**)
- Held a preliminary discussion of direct and indirect costs (see **Appendix B**)
- Held a preliminary discussion of other financial terms and definitions, and assigned small group to develop glossary of terms (see **Appendix C**)

THE PYRAMID METHODOLOGY – SORTING SERVICE CATEGORIES

Workshop II (a) – 4 Citizens Focus Group and Department Staff – Week of September 10, 2012

- Presented the Pyramid Method
- Reviewed the Department’s Mission Statement
- Reviewed Department’s categories of service
- Reviewed primary beneficiary filter and secondary filters
- Sorted categories of service on the pyramid according to beneficiary and RPCA mission

Workshop II (b) – The Core Team – September 14, 2012

- Debriefed from Workshop II (a)
- Developed the Consensus Pyramid – results and disconnects
- Defined direct and indirect costs
- Applied costs to sample services – zero-based budgeting principals
- Discussed process to determine current cost recovery levels
- Discussed policies to address

THE PYRAMID METHODOLOGY –TARGET COST RECOVERY, PRICING, AND IMPLEMENTATION STRATEGIES

Workshop III – The Core Team – November 14-16, 2012

- Presentation to the City Manager’s office
- Presentation to the Parks and Recreation Commission
- Applied direct costs to all services – zero-based budgeting principals
- Determined minimum targets of cost recovery for each tier
- Discussed the disconnects
- Determined relative pricing strategies
- Discussed recommendations and action steps
- Created the Glossary of Terms (see **Appendix C**)
- Provided sample Partnership and Sponsorship policies as staff level documents for Alexandria Parks and Recreation to modify as needed

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V. Review and Analysis of Values, Vision, and Mission

These fundamental principles create a logical, philosophical framework that guides and directs decision-making efforts. They are the foundation for all organizational decisions and processes.

A Department's vision helps determine those community conditions the Department wishes to impact through the organizational mission. The Department's mission helps guide management decisions, often substantiating difficult decisions making them justifiable and defensible.

The City of Alexandria Recreation, Parks and Cultural Activities Department has a current mission statement but not a current vision statement. It is recommended that in the future, the Department creates a **vision statement** to guide future budget and planning decision-making.

Alexandria RPCA Mission Statement

"The mission of Recreation, Parks & Cultural Activities is to promote a vibrant, safe and attractive city of opportunity through the development of effective and efficient recreation programs, facilities and parks for all citizens and residents to enjoy."

The mission statement of the Alexandria Recreation, Parks and Cultural Activities department fully supports the City's Strategic Plan and the City's **Four Guiding Principles**:

1. *Aligning the work we do with our strategic plan*
2. *Executing against our strategy ensuring accountability for our results*
3. *Promoting and encouraging a culture of leadership and ownership at all levels of the organization*
4. *Promoting a culture of service excellence, creativity and entrepreneurship*

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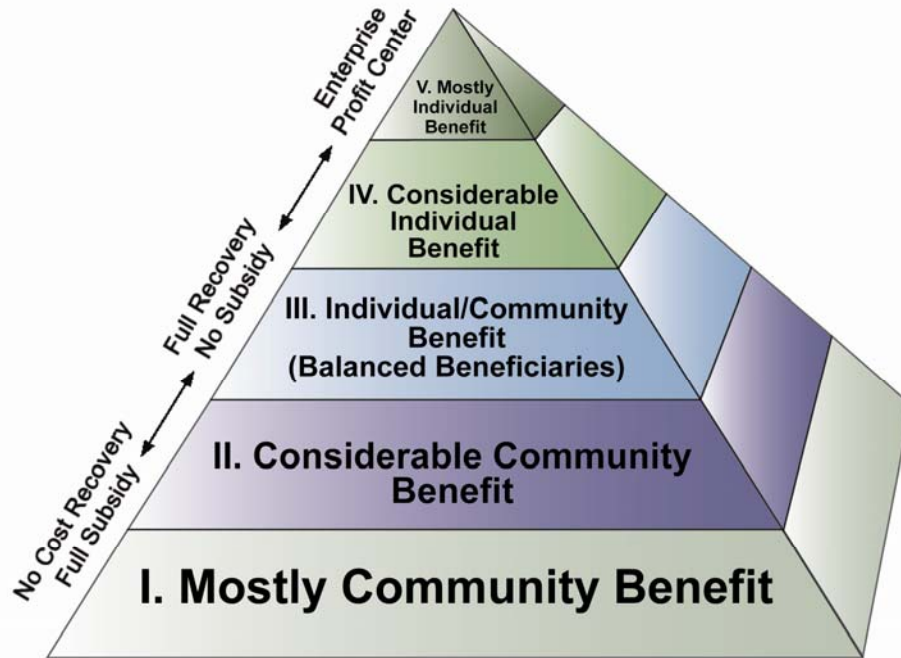
VI. The Pyramid Methodology: Cost Recovery and Subsidy Allocation Philosophy

The creation of a cost recovery and subsidy allocation philosophy and policy is a key component to maintaining an agency's financial control, equitably pricing offerings, and helping to identify core services, including programs and facilities.

Critical to this philosophical undertaking is the support and buy-in of elected officials and advisory boards, staff, and ultimately citizens. Whether or not significant changes are called for, the organization should be certain that it philosophically aligns with its constituents. The development of a financial resource allocation philosophy and policy is built upon a very logical foundation, based upon the theory that those who benefit from parks and recreation services ultimately pay for services.



The Pyramid Methodology



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The development of a financial resource allocation philosophy can be separated into the following steps:

Step 1 – Building on the Organization's Values, Vision, and Mission

The premise of this process is to align agency services with organizational values, vision, and mission. It is important that organizational values are reflected in the vision and mission. Often times, mission statements are a starting point, and further work is needed to create a more detailed common understanding of the interpretation of the mission and a vision for the future. This is accomplished by engaging staff and community members in a discussion about a variety of **Filters**.

Step 2 – Understanding the Pyramid Methodology, the Benefits Filter, and Secondary Filters

Filters are a series of continuums covering different ways of viewing service provision. **Filters** influence the final positioning of services as they relate to each other and are summarized below. The **Benefits Filter**, however, forms the **foundation** of the **Pyramid Model** and is used in this discussion to illustrate a cost recovery philosophy and policies for parks and recreation organizations.

Filter	Definition
Benefit	Who receives the benefit of the service (Skill development, education, physical health, mental health, safety)?
Access/Type of Service	Is the service available to everyone equally? Is participation or eligibility restricted by diversity factors (i.e., age, ability, skill, financial)?
Organizational Responsibility	Is it the organization's responsibility or obligation to provide the service based upon mission, legal mandate, or other obligation or requirement?
Historical Expectations	What have we always done that we cannot change?
Anticipated Impacts	What is the anticipated impact of the service on existing resources? On other users? On the environment? What is the anticipated impact of not providing the service?
Social Value	What is the perceived social value of the service by constituents, city staff and leadership, and policy makers? Is it a community builder?

THE BENEFITS FILTER

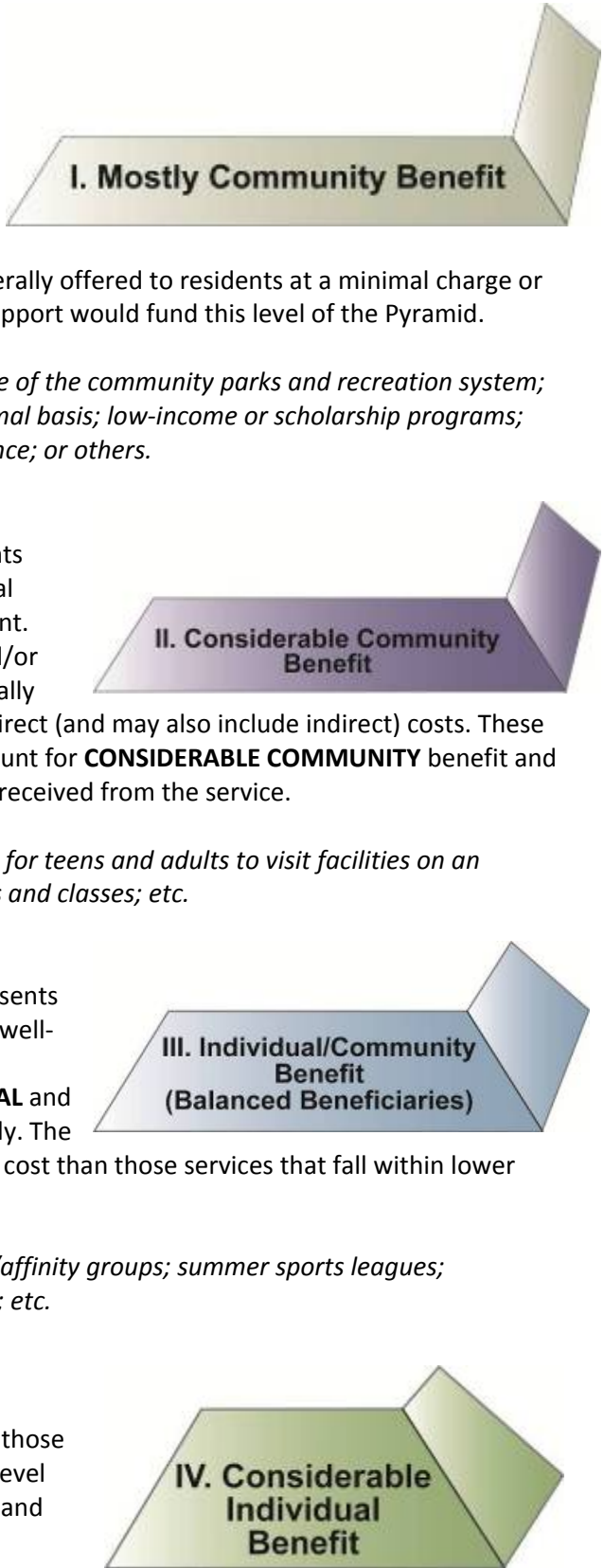
The principal foundation of the Pyramid is the **Benefits Filter**. Conceptually, the base level of the pyramid represents the mainstay of a public parks and recreation system. Services appropriate to higher levels of the pyramid should only be offered when the preceding levels below are comprehensive enough to provide a foundation for the next level. This foundation and upward progression is intended to represent public parks and recreation's core mission, while also reflecting the growth and maturity of an organization as it enhances its service offerings.

It is often easier to integrate the values of the organization with its mission if they can be visualized. An ideal philosophical model for this purpose is the pyramid. In addition to a physical structure, *pyramid* is defined by Webster's Dictionary as, "an immaterial structure built on a broad supporting base and narrowing gradually to an apex." Parks and recreation programs are built with a broad supporting base of core services, enhanced with more specialized services as resources allow. Envision a pyramid sectioned horizontally into five levels.

NOTE: All of the following examples are generic – individual agencies vary in their determination of which services belong in the foundation level of the Pyramid based upon agency values, vision, mission, demographics, goals, etc.

MOSTLY COMMUNITY Benefit

The foundational level of the Pyramid is the largest, and includes those services including programs and facilities which **MOSTLY** benefit the **COMMUNITY** as a whole. These services may increase property values, provide safety, address social needs, and enhance quality of life for residents. The community generally pays for these basic services via tax support. These services are generally offered to residents at a minimal charge or with no fee. A large percentage of the agency's tax support would fund this level of the Pyramid.



I. Mostly Community Benefit

Examples of these services could include: the existence of the community parks and recreation system; the ability for youngsters to visit facilities on an informal basis; low-income or scholarship programs; park and facility planning and design; park maintenance; or others.

CONSIDERABLE COMMUNITY Benefit

The second and smaller level of the Pyramid represents services which promote individual physical and mental well-being, and may begin to provide skill development. They are generally traditionally expected services and/or beginner instructional levels. These services are typically assigned fees based upon a specified percentage of direct (and may also include indirect) costs. These costs are partially offset by both a tax subsidy to account for **CONSIDERABLE COMMUNITY** benefit and participant fees to account for the **Individual** benefit received from the service.

II. Considerable Community Benefit

Examples of these services could include: the capacity for teens and adults to visit facilities on an informal basis; beginning level instructional programs and classes; etc.

BALANCED INDIVIDUAL/COMMUNITY Benefit

The third and even smaller level of the Pyramid represents services that promote individual physical and mental well-being, and provide an intermediate level of skill development. This level provides balanced **INDIVIDUAL** and **COMMUNITY** benefit and should be priced accordingly. The individual fee is set to recover a higher percentage of cost than those services that fall within lower Pyramid levels.

III. Individual/Community Benefit (Balanced Beneficiaries)

Examples of these services could include: social clubs/affinity groups; summer sports leagues; intermediate level instructional programs and classes; etc.

CONSIDERABLE INDIVIDUAL Benefit

The fourth and still smaller Pyramid level represents specialized services generally for specific groups, and those which may have a competitive focus. Services in this level may be priced to recover full cost, including all direct and indirect expenses.

IV. Considerable Individual Benefit

Examples of these services could include: specialty classes and events; advanced/competitive level instructional programs and classes; etc.

MOSTLY INDIVIDUAL Benefit

At the top of the Pyramid, the fifth and smallest level represents services which have positive revenue potential, may be in an enterprise fund, may be in the same market space as the private sector, or may fall outside the core mission of the agency. In this level, services should be priced to recover full cost in addition to a designated revenue positive percentage.



Examples of these activities could include: private lessons; food concessions; company picnic rentals; and other facility rentals such as for weddings or other services, etc.

Examples of the Applied Benefits Filter

The following example illustrates the benefit filter as it might apply to aquatic services.

The Benefits Filter in Action

- MOSTLY INDIVIDUAL - elite swimming or diving team
- CONSIDERABLE INDIVIDUAL - swim team
- INDIVIDUAL/COMMUNITY - swim lessons
- CONSIDERABLE COMMUNITY - pool
- MOSTLY COMMUNITY - spray ground, non-monitored lake

A man lifting a dumbbell.

The following illustrates the benefits filter as it might apply to park services.

The Benefits Filter in Action

A man kneeling in a park.

- MOSTLY INDIVIDUAL - marina concessions
- CONSIDERABLE INDIVIDUAL - boat launch or reserved camp site
- INDIVIDUAL/COMMUNITY - monitored nature garden or interpretive park
- CONSIDERABLE COMMUNITY - farmer's market
- MOSTLY COMMUNITY - non-monitored open space park or trail

Step 3 – Developing the Organization’s Categories of Service

In order to avoid trying to determine cost recovery or subsidy allocation levels for each individual agency service including every program, facility, or property, it is advantageous to categorize agency services into like categories. This step also includes the development of category definitions that detail and define each category and service inventory “checks and balances” to ensure that all agency services belong within a developed category. Examples of Categories of Service could include: beginner instructional classes, special events, and concessions/vending.

Step 4 – Sorting the Categories of Services onto the Pyramid

It is critical that this sorting step be done with staff, governing body, and citizen representatives involved. This is where ownership is created for the philosophy, while participants discover the current and possibly varied operating histories, cultures, and organizational values, vision, and mission. It is the time to develop consensus and get everyone on the same page – the page that is written together. Remember, this effort must reflect the community and must align with the thinking of policy makers.

Sample Policy Development Language (which follows)

“Sample” community brought together staff from across the Department, agency leadership, and citizens to sort existing programs into each level of the Pyramid. The process was facilitated by an objective and impartial facilitator in order to hear all viewpoints. It generated discussion and debate as participants discovered what different people had to say about serving culturally and economically varied segments of the community; about historic versus active-use parks; about the importance of adult versus youth versus senior activities; and other philosophical and values-based discussions. This process gets at both the “what” and “why” with the intention of identifying common ground and consensus.

Step 5 – Determining (or Confirming) Current Subsidy/Cost Recovery Levels

This step establishes the expectation that the agency will confirm or determine current cost recovery and subsidy allocation levels by service area. This will include consideration of revenue sources and services costs or expenses. Typically, staff may not be cost accounting consistently, and these inconsistencies will become apparent. Results of this step will identify whether staff members know what it costs to provide services to the community; whether staff have the capacity or resources necessary to account for and track costs; whether accurate cost recovery levels can be identified; and whether cost centers or general ledger line items align with how the agency may want to track these costs in the future.

Step 6 – Defining Direct and Indirect Costs

The definition of direct and indirect costs can vary from agency to agency. What is important is that all costs associated with directly running a program or providing a service are identified and consistently applied across the system. Direct costs typically include all of the specific, identifiable expenses (fixed and variable) associated with providing a service. These expenses would not exist without the service and may be variable costs. Defining direct costs, along with examples and relative formulas is necessary during this step.

Indirect costs typically encompass overhead (fixed and variable) including the administrative costs of the agency. These costs would exist without any specific service but may also be attributed to a specific agency operation (in which case they are direct expenses of that operation). If desired, all or a portion of indirect costs can be allocated to a service, in which case they become a direct cost allocation.

Step 7 – Establishing Cost Recovery/Subsidy Goals

Subsidy and cost recovery are complementary. If a program is subsidized at 75 percent, it has a 25 percent cost recovery, and vice-versa. It is more powerful to work through this exercise thinking about where the tax subsidy is used rather than the cost recovery percentage. When it is complete, you can reverse thinking to articulate the cost recovery philosophy, as necessary.

The overall subsidy/cost recovery level is comprised of the average of everything in all of the levels together as a whole. This step identifies the current subsidy level for the programs sorted into each level. There may be quite a range within each level, and some programs could overlap with other levels of the pyramid. This will be rectified in the final steps.

This step must reflect the community and must align with the thinking of policy makers regarding the broad picture financial goals and objectives.

Examples

Categories in the bottom level of the Pyramid may be completely or mostly subsidized, with the agency having established limited cost recovery to convey the value of the experience to the user. An established 90-100 percent subsidy articulates the significant community benefit resulting from these categories.

The top level of the Pyramid may range from 0 percent subsidy to 50 percent excess revenues above all costs, or more. It is possible that the agency may not have any Categories of Service in the top level.

Step 8 – Understanding and Preparing for Influential Factors and Considerations

Inherent to sorting programs onto the Pyramid model using the **Benefits** and other filters is the realization that other factors come into play. This can result in decisions to place services in other levels than might first be thought. These factors also follow a continuum; however, they do not necessarily follow the five levels like the Benefits Filter. In other words, a specific continuum may fall completely within the first two levels of the Pyramid. These factors can aid in determining core versus ancillary services. These factors represent a layering effect and should be used to make adjustments to an initial placement on the Pyramid.

THE COMMITMENT FACTOR: What is the intensity of the program; what is the commitment of the participant?



THE TRENDS FACTOR: Is the program or service tried and true, or is it a fad?



THE POLITICAL FILTER: What is beyond our control?

This filter does not operate on a continuum, but is a reality, and will dictate from time to time where certain programs fit in the pyramid

THE MARKETING FACTOR: What is the effect of the program in attracting customers?



THE RELATIVE COST TO PROVIDE FACTOR: What is the cost per participant?



THE ECONOMIC CONDITIONS FACTOR: What are the financial realities of the community?



FINANCIAL GOALS FACTOR: Are we targeting a financial goal such as increasing sustainability, decreasing subsidy reliance?



Step 9 – Implementation

Across the country, ranges in overall cost recovery levels can vary from less than 10 percent to over 100 percent. Each agency sets its goals based upon values, vision, mission, stakeholder input, funding, and/or other criteria. This process may have been completed to determine present cost recovery levels, or the agency may have needed to increase cost recovery levels in order to meet budget targets. Sometimes, simply implementing a policy to develop equity is enough without a concerted effort to increase revenues. Upon completion of steps 1-8, the agency is positioned to illustrate and articulate where it has been and where it is heading from a financial perspective.

Step 10 – Evaluation

The results of this process may be used to:

- Articulate and illustrate a comprehensive cost recovery and subsidy allocation philosophy
- Train staff at all levels as to why and how things are priced the way they are
- Shift subsidy to where it is most appropriately needed
- Benchmark future financial performance
- Enhance financial sustainability
- Recommend service reductions to meet budget subsidy targets, or show how revenues can be increased as an alternative
- Justifiably price new services

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VII. The Pyramid Methodology: Target Cost Recovery

As the project progressed, a consensus pyramid from the public process was created along with recommendations for minor adjustments (this pyramid follows). The target cost recovery percentages were established based on current cost recovery when all direct and indirect costs were allocated, and with the goal of increasing cost recovery for the Department.

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

Departmental Administration or Indirect (Support Services) encompasses remaining overhead (fixed and variable) not identified as Direct Costs. These *Indirect Costs* would generally exist without any one specific service.

Chinquapin Aquatics Facility and Recreation Center generates revenues through fees and charges on their own through drop-in admission and passes. All of the facility operating cost is allocated directly to the facility.

Costs Allocation Methodology for:

- **Aquatics/Recreation Centers Rentals** – Hourly costs for these types of facilities are based on a formula using expenditures directly related to the cost of operating the facility. Expenditures include utilities, telecommunications, custodial services and supplies, a percentage of FTE staff, and a percentage of hourly staff. Those costs are divided into operating hours in each facility and the square footage of the facility. This formula establishes per hour/per square foot rates for each facility. The rate is used to determine cost recovery levels for rentals.
- **All In-House or Contract Programs** – The cost of a program is determined by calculating all direct expenditures associated with the program. Expenditures include FTE and hourly staff time (program development and scheduling, registration and maintenance, and instruction/leader), services and supplies, and contractor percentage, when applicable.

If each rental is charged a facility allocation use cost, then the typical and average annual hours of programs or rentals should be subtracted from the annual operating costs of a facility.

Target Tier Minimum

The Target Tier Minimum Cost Recovery Percentages were established by analyzing which category or categories of service the majority of resources were allocated to by each tier or level, typically coupled with current cost recovery based on the definitions of direct and indirect costs. The Target Tier Minimum Cost Recovery Percentages represent the minimum cost recovery for categories of service within that tier. The intent is that the average of all categories on that tier does not fall below that Target Tier Minimum. They are only attempting to recover **Direct Cost** of service provision, not all costs, or fully loaded (direct and indirect) costs.

Actual Current Cost Recovery Ranges per Tier

The percentages listed here are based on the actual costs to provide the service. The ranges are due to the many different interest areas or services that fall into each category type. For instance, there is a wide variety of group lessons in that sub-category – some that have a higher percentage of cost recovery because of higher demand or participation. Other types of group lessons may have a lower percentage of cost recovery because of lower demand. Both of these types of group lessons fall within the same category of service (Classes, Programs, Workshops & Clinics – Beginning/Multi-Level), on Tier 2 along with a wide variety of other types of beginning level and multi-ability classes, programs, workshops, and clinics, and the cost recovery will vary greatly. In general, and as a group of services, they should be expected to recover a minimum percentage of the cost to continue to offer the program or be offset by other higher-performing services.

▪ Tier 5 – Mostly Individual Benefit	206-767%
▪ Tier 4 – Considerable Individual Benefit	89-135%
▪ Tier 3 – Balanced Community and Individual Benefit	0-168%
▪ Tier 2 – Considerable Community Benefit	0-70%
▪ Tier 1 – Mostly Community Benefit	0%

It is important to recognize that, because of the community service aspect of offerings, the vast majority of the cost of services and facilities offered by the RPCA Department will be spent on elements that benefit the entire community, and not those elements that have a mostly individual benefit. This is exemplified by the parks, natural areas, trail system, community-wide events, and numerous volunteer opportunities, which have limited or no expectation of cost recovery.

According to GreenPlay’s experience with agencies all over the United States, and Dr. John Crompton, a leading expert on parks and recreation financing, the national average of cost recovery in public parks and recreation is approximately **34 percent**. Although the Alexandria Recreation, Parks and Cultural Activities Department’s cost recovery level (12%) is considerably lower than the national average, it is important to note that communities across the country vary in terms of how they allocate direct and indirect costs qualifiers such as availability of resources, size, scope of services, community demand, and ability to pay. Therefore, different departments must maintain cost recovery/subsidy levels that are appropriate based upon their own community’s characteristics, values, and available funding.

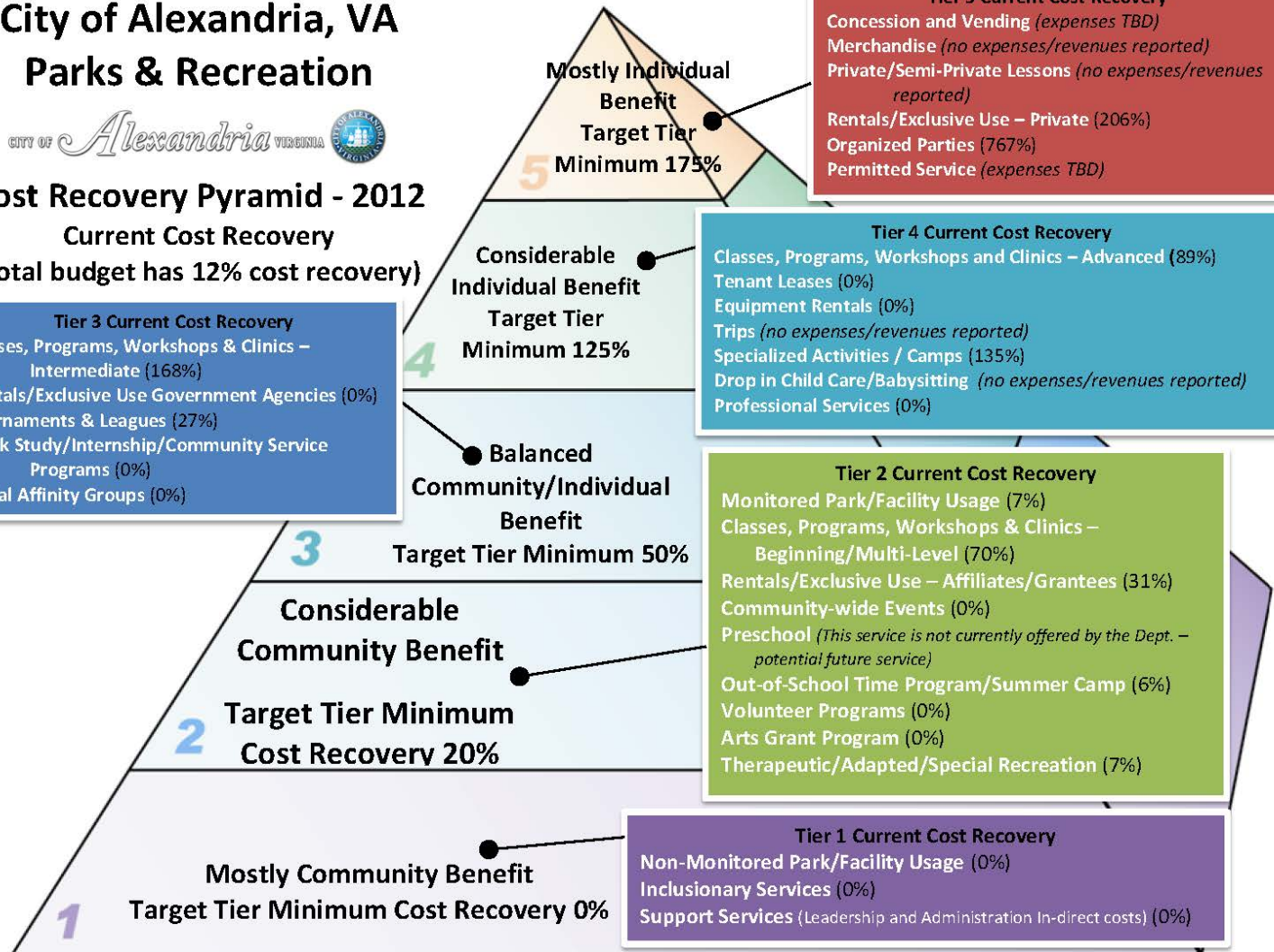
City of Alexandria, VA Parks & Recreation



Cost Recovery Pyramid - 2012

Current Cost Recovery
(total budget has 12% cost recovery)

Tier 3 Current Cost Recovery
Classes, Programs, Workshops & Clinics – Intermediate (168%)
Rentals/Exclusive Use Government Agencies (0%)
Tournaments & Leagues (27%)
Work Study/Internship/Community Service Programs (0%)
Social Affinity Groups (0%)



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VIII. Pricing 101: Developing a Pricing Strategy

As the final step in the development of the ***Resource Allocation and Cost Recovery Philosophy, Model, and Policy***, a high-level pricing discussion was introduced for supervisory staff. This discussion should continue in the future, and the following topic areas should be included and applied:

1. Understanding financial trends

The increasing complexity and resulting shifts of our society's economy have led to what can be deemed as constant fiscal change in government. Public sector administrators and managers must be prepared to respond to the fiscal realities that have resulted from these economic shifts. Trends that impact fiscal and pricing decisions include:

- Increased governmental accountability
- Increased demand for people's "leisure dollar"
- On-going or increased demand for services with no/limited additional funding, or decreased funding
- Disinterest in service reductions or increased fees and charges
- Increased operating expenses (e.g., utilities, fuel, personnel, supplies)

2. Understanding the budget process and fiscal year cycle

Budgets are viewed as annual financial plans and include planning and forecasting, establishing priorities, and a way to monitor fiscal process. This overview allows for an abbreviated look at the process and how it impacts and is impacted by pricing.

3. Understanding the costs of service provision

Prior to making pricing decisions, it is important to understand the different types of service provision costs. Having a grounded knowledge of the various types of costs allows staff to make better informed pricing decisions. The different types of service provision costs are as follows:

- Direct costs
 - Fixed costs
 - Changing fixed costs
 - Variable costs
- Indirect Costs

Refer to **Appendix C** for definitions.

4. Understanding the purpose of pricing

There are many reasons to develop service fees and charges. These include (but are not limited to) the following:

- Recover costs
- Create new resources
- Establish value
- Influence behavior
- Promote efficiency

5. Pricing strategies – differential pricing

Differential pricing is grounded in the notion that different fees are charged for the same service when there is no real difference in the cost of providing the service. There may be many reasons why Alexandria may wish to expand use of this pricing strategy including:

- To stimulate demand for a service during a specified time
- To reach underserved populations
- To shift demand to another place, date, or time

6. Alternative funding sources

In general, there has been a decrease in the amount of tax support available to public parks and recreation departments across the nation. Alexandria has experienced this and is forward thinking in its planning. As such, the need to look at alternative funding sources as a way to financially support services has become commonplace. Alternative funding sources are vast and can include:

- Gifts
- Grants
- Donations
- Sponsorships
- Collaborations
- Volunteer contributions

7. Examining the psychological dimensions of pricing

In addition to the social and environmental issues that surround pricing, the human elements of pricing must be considered. Regardless of how logical a price may seem, customer reactions and responses are their own and can be vastly different than what one might expect. The psychological dimensions of pricing include:

- Protection of self-esteem (pricing in such a way as to not offend certain users)
- Price-quality relationship (value received for every dollar spent)
- Establishing a reference point (worth of service in comparison to others)
- Objective price (price has a basis in fact, is real and impartial)
- Subjective price (perception of bias or prejudice)
- Consistency of image (perception of the brand and identification with product or service)
- Odd price (perception of arbitrary or incongruent pricing)

8. Establishing initial price

Establishing an actual price for a program can be based upon a variety of strategies. Arbitrary pricing is not encouraged as it is impossible to justify; however, these strategies include:

- Arbitrary pricing: a fee based on a general provision such as raising all fees by \$2.00 to meet budget goals – ignores market conditions and cost recovery goals.
- Market pricing: a fee based on demand for a service or facility or what the target market is willing to pay for a service. The private and commercial sectors commonly use this strategy. One consideration for establishing a market rate fee is determined by identifying all providers of an identical service (i.e. private sector providers, municipalities, etc.), and setting the highest fee. Another consideration is setting the fee at the highest level the market will bear.

- Competitive pricing: a fee based on what similar service providers or close proximity competitors are charging for services. One consideration for establishing a competitive fee is determined by identifying all providers of an identical service (i.e. private sector providers, municipalities, etc.), and setting the mid-point or lowest fee.
- Cost recovery pricing: a fee based on cost recovery goals within market pricing ranges.

9. Understanding price revisions

Once a price is established, there may be a need to periodically review the price and examine the potential for revision. In some cases, “revised” may be viewed as “increased”; therefore, a systematic approach to pricing revision is important. Factors to consider in pricing revision include:

- Customer tolerance: the degree to which small increases in price will not encounter client resistance.
- Adjustment period: the period of time where the value of the service is assessed by the customer in relation to the price increase. The value of the service from the customer’s perspective must meet or exceed the impact of the increased cost. Adjustment periods may lead to diminished participation or termination of participation altogether based upon customer loyalty and other factors.
- Customers’ perceived value of the service: the degree to which services including programs, facilities, and parks impact the public (individual and community), or in other words, the results or outcomes of services. Value is the judgment or perception of worth or the degree of usefulness or importance placed on a service *by personal opinion*. The intent or intention of a service is the purpose, aim, or end.

10. The pricing process – developing a method

Staff participating in the series of resource allocation workshops engaged in interactive cost identification and pricing exercises that applied the cost recovery goals of their respective service areas. The workshops prompted discussions leading to recommended changes to selected current pricing practices with the intention of attaining recommended cost recovery and subsidy allocation goals and establishing a new method for setting fees and charges. This method is based upon using cost recovery goals as a primary pricing strategy, followed by either market pricing (for services with low alternative coverage – few if any alternative providers) or competitive pricing (for services with high alternative coverage – other alternative providers offer similar or like services).

Comparative Analysis Criteria

As part of a pricing methodology, comparative analysis of differing fees structures can reveal market rates and competitive pricing in the market place. Comparative analysis (benchmarking) is an important tool that allows for comparison of certain attributes of the Alexandria’s management practices and fee structure. This process creates deeper understanding of alternative providers, your place in the market, and varying fee methodologies, which may be used to enhance and improve the service delivery of parks and recreation. The suggested criteria are located in **Appendix D**.

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IX. Recommendations: Operational and Financial Strategies

Implementing the Resource Allocation and Cost Recovery Philosophy, Model, and Policy

The Department's **Recommendations: Operational and Financial Strategies** will act as an internal work plan spanning a one-year period. The recommended strategies will be the implementation catalyst for the Resource Allocation and Cost Recovery Philosophy, Model, and Policy.

These considerations include the establishment of broad-based emphasis areas and subsequent action strategies. These strategies outline financial service planning and operational efforts intended to move the organization forward in a logical and organized way while maintaining connectivity to the previous steps in the Resource Allocation and Cost Recovery Philosophy, Model, and Policy development process. The following outlines the Action Plan's components.

The primary goal of the Alexandria Parks and Recreation Department's **Resource Allocation and Cost Recovery Philosophy, Model, and Policy** is to establish organizational sustainability through a logical and thoughtful philosophy that supports the core values, vision, and mission of the Alexandria Recreation, Parks and Cultural Activities Department, and its community.

As a result of the comprehensive process and impending results, as illustrated in the Cost Recovery Pyramid Model, the Department will begin the process of implementing strategies and aligning financial resource allocation with newly developed cost recovery goals. These efforts are intended to guide goals and objectives, and the decision-making proven to create service sustainability for the organization.

Operational and Financial Strategies to Meet Cost Recovery Goals

On the following pages, nine strategies or goals, along with corresponding objectives and action steps were developed with the Core Team. These were presented to the Parks and Recreation Commission for input and consideration in November. The Commission gave their support to recommend that City Council adopt the pyramid methodology and the recommendations. Following these goals, objectives, and action items is the recommendation for revisions to the current approach to setting fees by City of Alexandria Parks and Recreation Department.

Goals, Objectives, and Action Items

Goal 1: Formally Adopt Revised Departmental Policies

Objective 1: Replace existing Department Fee Policy with a Cost Recovery Philosophy, Model, and Policy versus fee policy (instead allowing staff to respond to market conditions, etc.)

Objective 2: Indicate that staff will set fees and charges to achieve the approved cost recovery targets by tier using the appropriate pricing strategies as appropriate – cost recovery percentage, competitive, and market rate (see revised Policy recommendations which follow)

Objective 3: Allow staff to respond to changing market conditions and trends

Objective 4: Refine Financial Assistance Program (reduced or waived fees/scholarships)

Action Item 1: Review criteria and qualifications

Action Item 2: Determine maximum amount per year or limits

Action Item 3: Apply to only to the following Department-run programs:

- i. Monitored Park/Facility Usage
- ii. Classes, Programs, Workshops, and Clinics –Beginning/Multi-Level or Intermediate
- iii. Out-of-School Time Program/Summer Camp
- iv. Tournaments & Leagues

Objective 5: Refine definition of Affiliates

Objective 6: Consider differential fees for age groups

- i. Add youth admission fees at a lesser fee
- ii. Limit senior discount to admission fees only

Objective 7: Define resident as those who live or own property inside the City limits

Goal 2: Fund and Leverage the *Financial Assistance Program* (Reduced or Waived Fees)

Objective 1: Fund the program with a general fund allocation

Objective 2: Leverage funding through revenue generated from well-performing services in high demand and place in the Financial Assistance Program

Objective 3: Transfer these funds into the revenue line items of programs

Objective 4: Seek additional or seed funding for the program through an endowment or sponsorship

Goal 3: Define the Role and Responsibilities of “Affiliates/Grantees”

Objective 1: Define affiliates/grantees as groups identified as having allied interests with the agency, fulfills a core service in lieu of the agency, and are of interest to the community at large (examples: sanctioned youth sports associations, annual city grant art organizations, local conservation and environmental organizations, civic organizations, etc.)

Objective 2: *Ensure that all approved agreements are in writing*

Objective 3: *Seek collaboration opportunities for affiliates/grantees*

Goal 4: Adjust Fees to Align With Target Tier Minimum

Objective 1: *Adjust fees for services that have the greatest departure from cost recovery targets*

Action Item 1: Tier 2 – Monitored Park/Facility Usage

- i. *Monitored Park/Facility Usage*
- ii. *Eliminate “memberships” concept because everyone in the City is a “member”*
- iii. *Investigate the concept of a passive, non-programmed use area being free (lobby/community living room with computers/registration kiosks, game room, etc.)*
- iv. *Investigate what areas of the facilities are appropriate for a drop-in admission fee (gym, pool, fitness, etc.)*
- v. *Institute a daily drop-in admission fee structure*
- vi. *Review the daily admission fee structure for alignment with cost recovery goals*
- vii. *Investigate instituting a youth daily drop-in admission fee*
- viii. *Institute a user volume discount package (for admissions)*
- ix. *Promote volume discounted use*

Action Item 2: Tier 2 – Community-wide Events

- i. *Create sponsorship packages*
- ii. *Consider admission fees, vendors, concessions, etc.*

Action Item 3: Tier 2 – Out-of-School Time Program/Summer Camp

- i. *Determine if continuation of the service is necessary and what is the Department’s role or if the Department is the best provider*
- ii. *Look at individual services/offerings within the category to determine performance metrics and design (cost to provide, program component costs, participation statistics, user demographics, market conditions, capacity, student to recreation leader ratio costs and needs, etc.)*
- iii. *Determine the intent of this service, who are we trying to reach and why, etc.*
- iv. *Scale the services to the needs, capacity, available resources, and service intent*
- v. *Targeted outreach to market these services to the intended audience*
- vi. *Explore alternative funding sources*
- vii. *Consider charging market rate pricing*
- viii. *Consider charging additional fees (currently free) for the pre and post extended services*

Action Item 4: Tier 2 - Therapeutic/Adapted/Special Recreation

- i. *Determine if continuation of the service is necessary and what is the Department’s role or if the Department is the best provider*
- ii. *Look at individual services/offerings within the category to determine performance metrics and design (cost to provide, program component costs, participation statistics, user demographics, market conditions, capacity, student to recreation leader ratio costs and needs, etc.)*
- iii. *Communicate the City’s resource allocation goals in relation to this policy with the Schools, Advisory Boards and the public as a whole*
- iv. *Determine which program fees can easily be raised or expenses decreased*
- v. *Tier resident and non-resident fees*
- vi. *Market to non-residents if there is capacity*
- vii. *Seek partnerships (for client identification) and sponsorships for alternative funding*
- viii. *Educate staff on TR support options; including unified services*

Action Item 5: Tier 3 – Tournaments and Leagues

- i. Increase the use of volunteer coaches*
- ii. Consider fee increases based on the results of benchmarking*
- iii. Maximize staffing efficiencies*
- iv. Add sponsorship program (banners, etc.)*
- v. Market to non-city areas (as this provides additional revenue streams)*
- vi. Consistently structure current fees as the “early-bird” discounted fee, and add a regular deadline fee*

Action Item 6: Tier 3 – Rentals/Exclusive Use Government Agencies

- i. Determine if continuation of the service is necessary and what is the Department’s role or if the Department is the best provider*
- ii. Look at individual services/offers within the category to determine performance metrics and design (cost to provide, participation statistics, user demographics, market conditions, capacity, etc.)*
- iii. Formalize all agreements with a written MOU, review them annually, and apply agreements consistently*
- iv. Communicate the City’s resource allocation goals in relation to this policy with the Government Agencies*
- v. Explore trade for services options to reach cost recovery targets*
- vi. Evaluate current fees (especially any free rental agreements)*
- vii. Research value to market ROI (a benchmark of fees or rates charged to value received of like or similar providers, of like or similar spaces, with like or similar services/amenities, etc....)*
- viii. Amend agreement to include value of alternative funding (in kind service) and/or fee increases to reach cost recovery goals*
- ix. Bring forward those agreements deemed appropriate by Director for Council action*

Action Item 7: Tier 4 – Professional Services

- i. Capture the value of alternative funding (in kind service) and/or fee increases to reach cost recovery goals*

Action Item 8: Tier 4 – Equipment Rentals

- i. Evaluate current fees in relation to wear and tear replacement costs*

Action Item 9: Tier 4 – Tenant Leases

- i. Review all long-term leases for disconnects from the target cost recovery minimums*
- ii. Evaluate current fees and agreements (especially any free or \$1 per year rental agreements)*
- iii. Research value to market ROI (a benchmark of fees or rates charged to value received of like or similar providers, of like or similar spaces, with like or similar services/amenities, etc.)*
- iv. Amend agreement to include value of alternative funding (in kind service) and/or fee increases to reach cost recovery goals*
- v. Bring forward those agreements deemed appropriate by Director for Council action*

Action Item 10: Tier 4 – Trips

- i. Eliminate selective trips which are not able to meet their cost recovery goals with minimal participation*
- ii. Evaluate the minimum required participants and the cost/value of each trip*
- iii. Offer higher demand trips selectively*

Objective 2: Consider fee adjustments (and alternative funding) for selected services to reach cost recovery goals

Action Item 1: Tier 2 – Classes, Programs, Workshops, and Clinics – Beginning/Multi-level

- i. Review contracts with instructors to be sure all costs are included based on cost recovery goals
- ii. Consider raising fees on higher demand programs
- iii. Eliminate selective programs which are not able to meet their cost recovery goals with minimal participation

Action Item 2: Tier 2 – Rentals/Exclusive Use Affiliates/Grantees

- i. Determine if continuation of the service is necessary and the Department's role or if the Department is the best provider
- ii. Look at individual services/offerings within the category to determine performance metrics and design (cost to provide, participation statistics, user demographics, market conditions, capacity, etc.)
- iii. Determine and formalize criteria for becoming an Affiliate (examples: percent of residents being served, aligned mission, who authorizes and how, create a written MOU and review annually, etc.) and apply consistently
- iv. Communicate the City's resource allocation goals in relation to this policy with the Affiliates/Grantees
- v. Explore trade for services options to reach cost recovery targets (Arts Grantees to teach art classes, maintenance responsibilities like trash or weeding, gym monitors, etc.)
- vi. Evaluate current fees (especially any \$1 per year rental agreements)
- vii. Research value to market ROI (a benchmark of fees or rates charged to value received of like or similar providers, of like or similar spaces, with like or similar services/amenities, etc.)
- viii. Amend agreement to include value of alternative funding (in kind service) and/or fee increases to reach cost recovery goals
- ix. Bring forward for Council action those agreements deemed appropriate by Director

Action Item 3: Tier 3 – Tournaments and Leagues

- i. Ensure that City-run adult sports is sustainable (100% cost recovery) to off-set City-run youth sports which is subsidized (50% cost recovery)

Action Item 4: Tier 3 – Classes, Programs, Workshops, and Clinics – Intermediate

- i. Review contracts with instructors to be sure all costs are included based on cost recovery goals
- ii. Consider raising fees on higher demand programs
- iii. Eliminate selective programs which are not able to meet their cost recovery goals with minimal participation

Action Item 5: Tier 4 – Classes, Programs, Workshops, and Clinics –Advanced

- i. Review contracts with instructors to be sure all costs are included based on cost recovery goals
- ii. Adjust fees to meet cost recovery goals
- iii. Consider raising fees on higher demand programs
- iv. Eliminate selective programs which are not able to meet their cost recovery goals with minimal participation

Objective 3: Compare selected fees to alternative providers in the service’s target market and service area – benchmark fees

Action Item 1: Admission fees

Action Item 2: Classes

Action Item 3: Out-of-School-Time Programs/Summer Camps

Action Item 4: Adult Sports

Objective 4: Improve rental cost recovery by evaluating “peak” and “off-peak” pricing

Objective 5: Use competitive or market-rate pricing methodologies dependent on the service’s market position

Objective 6: Consider creating other packages for programs and admission options

Objective 7: Adjust all tier 4 and 5 services so that they at least break even

Objective 8: Address suggestions regarding Permitting and Rentals/Exclusive Use (all types)

Action Item 1: Review and revise the special-event permitting policy and procedures

Action Item 2: Define “co-sponsoring” of special events by others and what this means

Action Item 3: Coordinate the Special Events Policy with the Resource Allocation

Philosophy, Cost Recovery Model, and Policy – comments have been provided to staff regarding the Special Event Policy language and coordination with definition of costs and either the Permitting category of services on Tier 5 or the Rentals/Exclusive Use categories for Affiliates/Grantees on Tier 2, Government Agencies on Tier 3, or Private individuals or businesses on Tier 5

Action Item 4: Determine if the pricing structure needs adjustment

Action Item 5: Explore trade for services options to reach cost recovery targets (Arts Grantees to teach art classes, maintenance responsibilities like trash or weeding, gym monitors, etc.)

Action Item 6: Ensure that the after-hours rental policies are meeting the requirement to cover 100% of those direct costs.

Objective 9: Adjust all non-resident rates so they are higher than the cost recovery rate, which reflects the resident discount

Goal 5: Review, Seek, and Implement Alternative Funding Sources

Objective 1: Revise and use the “Partnership/Affiliate/Grantee” and “Sponsorship” Sample Policies provided to Alexandria

Objective 2: Consolidate and coordinate a sponsorship and partnership policy (across the City) and empower departments to implement

Objective 3: Develop program/event sponsorship packages

Objective 4: Create a 501(c)(3) “Friends Group”

Action Item 1: Create a fundraising protocol to include the goal, match efforts with goals

Action Item 2: Connect funds to projects or outcomes through an endowment

Action Item 3: Create a designated carry-over fund for these funds

Objective 5: *Establish designated carry-over funds for a planned life-cycle replacement program*

Objective 6: *Track the value of volunteerism at the Independent Sector's State of Virginia rate*

Goal 6: Reduce Expenditures

Objective 1: *Develop cooperative agreements with non -profits, neighborhood associations, and school district PTA and PTOs to support youth programs*

Objective 2: *Utilize volunteer staff where it makes sense, instead of part time permanent, seasonal, or hourly paid staff*

Objective 3: *Employ donations from retailers to enhance volunteer recognition and stipends*

Goal 7: Adjust Program Management Strategies

Objective 1: *Modify or cancel programs and services that do not consistently meet their minimum cost recovery goals, and eliminate programs with minimal participation*

Objective 2: *Re-evaluate program registration deadlines and consider post-deadlines up charges*

Objective 3: *Create new sustainable (100% cost recovery of direct costs) programs – ensure that they align with the new cost recovery model*

Objective 4: *Create new subsidized or grant supported programs – evaluate the ROI and cost recovery implications prior to adding or replacing other services*

Goal 8: Improve Marketing Efforts

Objective 1: *Increase target marketing efforts for under-utilized programs and facilities*

Objective 2: *Increase target marketing efforts for non-peak hours*

Goal 9: Consider Additional Potential Future Opportunities

Objective 1: *Align parks and recreation programs to the overarching initiatives of the City*

Suggested Resource Allocation Philosophy, Cost Recovery Model and Policy



Recreation, Parks and Cultural Activities

Financial Policies and Procedures

Resource Allocation Philosophy, Cost Recovery Model and Policy

Recreation, Parks and Cultural Activities Department

Draft Created: January 1, 2013

Approval Level: City Council

Approval Date:

Scheduled review date (frequency)

Primary Contact: James Spengler

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.

Contacts

William Chesley, Deputy Director, Recreation Services

David A. Miller, Division Chief, Recreation Services

Appendix A – Service Categories

Prior to sorting each service onto the Pyramid, the Project Team was responsible for creating the Department’s Categories of Services, including definitions. These 30 categories of services and their definitions are summarized below.

ALEXANDRIA’S CATEGORIES OF SERVICE

Concession and Vending – food and beverage sold for individual use or consumption.

Merchandise – items sold for individual or team use or consumption (examples: gasoline, pro-shop items, tennis balls, socks at soft play room, athletic wear, etc.).

Classes, Programs, Workshops, and Clinics – Beginning/Multi-Level – entry level group recreational and/or instructional programs and activities; no pre-requisite for attendance.

Classes, Programs, Workshops, and Clinics – Intermediate – focus on intermediate activities; has a pre-requisite for attendance.

Classes, Programs, Workshops, and Clinics – Advanced/Competitive – focus on advanced activities, certification, or competitive activities; has a pre-requisite for attendance.

Private/Semi-Private Lessons – lessons arranged for one to three students with a specific instructor and/or time.

Rentals/Exclusive Use – Private – temporary and exclusive use of spaces and facilities including parks, on a *one-time or one season* basis by a private individual, group, organization, or business, etc.

Rentals/Exclusive Use – Inter-Government Agency – temporary and exclusive use of spaces and facilities including parks, on a *one-time or one season* basis to other government departments or groups (examples: city meetings/trainings, council meetings, school districts, etc.).

Rentals/Exclusive Use – Affiliates/Grantees – temporary and exclusive use of spaces and facilities including parks, on a *one-time or one season* basis through a formal agreement to groups identified as having allied interests with the agency, fulfills a core service in lieu of the agency, and are of interest to the community at large (examples: sanctioned youth sports associations, annual city grant art organizations, local conservation and environmental organizations, civic organizations, etc.).

Tenant Leases – long-term exclusive use of spaces and facilities for *ongoing or multiple time-periods* by a private individual, group, non-profit, or for-profit business (examples: Child and Family Network Preschool, Boxing Club, federally mandated communication leases, and easements).

Equipment Rentals – various department-owned equipment available to renters for exclusive use (examples: banquet chairs/tables, audio/video equipment, stage, etc.).

Non-Monitored Park/Facility Usage and Maintenance – stewardship of public spaces, rights-of-way, and facilities, and drop-in use of a park/facility/activity that is non-registered and non-instructed, and is not monitored by agency staff/volunteer supervision (examples: trail use, playgrounds, passive park areas, dog exercise areas, skate park, self-guided tours, public art, etc.).

Monitored Park/Facility Usage and Maintenance – drop-in use of a park/facility/activity that is non-registered and non-instructed, but is monitored by agency staff/volunteer supervision (examples: drop-in gym, drop-in swimming, weight room/fitness room, billiards/cards, computer lab, guided tours, nature and art exhibits, open field use days etc.).

Trips – day, overnight, and extended trips that provide opportunities for participants to visit selected destinations (examples: college tours, boat tours, dinner and theater, etc.).

Organized Parties – includes an organized activity provided by staff as well as use of space; could include food, cake, entertainment, and favors (examples: birthday party packages, etc.).

Tournaments and Leagues – scheduled one-time sporting and/or multi-game events for various age groups that are organized and/or managed by staff (examples: tennis, softball, basketball, swimming, baseball, cheerleading, soccer, Swim Meets, etc.).

Community-wide Events – community-wide events typically organized by the Department and offered on an annual basis (examples: Earth Day, USA/Alexandria Birthday, Parades, Ethnic Festival, Concerts, Races, etc.).

Specialized Activities/Camps – targeted annual, individualized activities, events and non-traditional camps requiring registration that are typically offered on a one-time or limited basis (examples: Junior Prom, Doggy Swim, Technology or Sports Camp, Spring/Summer Nature Camp, Afterschool Buddies Nature Program, etc.).

Out-of-School Time Program/Summer Camp – generalized after school program during school year with a supervised social, nature-based, recreational or enrichment focus (examples: Power On Afterschool, Power Up Afterschool, Summer Power On Camp, Summer Power Up Camp etc.).

Preschool – structured curriculum-based licensed or license exempt education and enrichment programs provided by the Department for children 2.5-5 years old that prepare them for kindergarten. Programs may or may not include full day childcare. *(This service is not currently offered by the Department).*

Drop-In Childcare / Babysitting – drop-in on-site child care for participants using agency facilities and/or programs.

Professional Services – services provided by Department staff through contract to outside groups or other agencies.

Permitted Services – non-rental allowable services that require a permit by the City (examples: filming/photography rights, parking, concession/vending cart operations, alcohol consumption, temporary public art, etc.).

Volunteer Program – managing individuals or groups to donate their time and effort to a structured or scheduled experience (examples: adopt-a-park, adopt-a-field, trail maintenance, museum docent, naturalists, Boards and Commissions, etc.).

Work Study/Internship/Community Service Program – managing individuals to provide services that support educational or community service requirements.

Inclusion Services – providing reasonable accommodation and programs to any Department activity, park, and/or facility providing leisure opportunities to people with disabilities. Inclusion services are intended to comply with the Americans with Disabilities Act (ADA federal mandate).

Therapeutic/Adapted/Special Recreation Services – specialized recreation opportunities for people with disabilities designed and managed to be specific to the physical, cognitive, social, and affective needs of these populations.

***Arts Grant Program** – Department administered operating, project, and special opportunity grants awarded to individuals and arts organizations to provide low cost art events and programs, and services to the community.

Social Clubs/Affinity Groups – City recognized, self-managed special interest group meetings and get-togethers (examples: coin, bingo, card clubs, car club, playgroups, etc.).

Support Services – “Leadership and Administration” services and facilities that are provided by the staff and volunteers that support the Department (examples: information technology, financial, human resources, department-wide marketing, internal trainings, risk management services, Director’s office, etc.). These are considered in-direct costs.

** This service was added after the public sorting process and was placed on the Considerable Community Benefit level by the consultant.*

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Appendix B – Direct and Indirect Costs

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

All Programs and Services:

- Full-time staff salary directly attached to the program
- Part time permanent staff directly attached to the program
- Seasonal or hourly salaries for instructors, leaders, aides, field supervisors, officials, coaches, etc.
- All relative personnel benefits including FICA and Medicaid, Social Security, Worker's Compensation Insurance, Unemployment Insurance, Retirement, Health, Dental, and other Insurance premiums, as applicable; for full-time benefited employees, and for part time/permanent and seasonal employees
- Contractual services for coaches, officials, instructors, etc.
- Consumable equipment and supplies like ping pong balls, paper, clay and glazes, kiln firing, art supplies provided by instructor or agency, chalk, food, paper
- Uniforms, tee shirts for participants and staff
- Temporary help for vacancies and absences
- Employment ads
- Non-consumable equipment purchased only for the programs that require periodic, continual replacement or are necessary for the start of the program like yoga mats, blocks, stability balls, basketballs, low free weights, racquets, and goggles
- Training specifically for the program or service like CPR and First Aid, on-going or reimbursed training, and certifications
- Transportation costs like van driver and mileage, parking, tolls, detailing, or rental of busses, taxis, metro, etc.
- Entry fees, tickets, admissions for participants and leaders/instructors
- Rental fees for facilities, spaces, janitors, charge backs, etc.
- Marketing/promotion/printing/distribution/fliers/etc. associated directly for programs
- Pro-rata share of general marketing expenses for brochure space
- Repair or maintenance of program or service specific equipment like piano tuning, pottery wheel, kiln, etc.
- Any other costs associated or attributed specifically with the program or service

Parks, Facilities, and Spaces: Includes applicable direct costs above which should be tied to a facility or space and not a program, and:

- Full-time staff salary directly attached to the facility to include Deputy Director through Coordinator levels
- Part-time permanent staff directly attached to the facility
- Seasonal or hourly salaries for directly attached to the facility
- All relative personnel benefits including FICA and Medicaid, Social Security, Worker's Compensation Insurance, Unemployment Insurance, Retirement, Health, Dental, and other Insurance premiums, as applicable; for full-time benefited employees, and for part time/permanent and seasonal employees
- Contractual services directly attached to the facility
- Temporary help for vacancies and absences
- Employment ads
- General operational services and supplies like janitorial/custodial staff and cleaning supplies, restroom supplies, maintenance, etc.
- Maintenance of grounds, capital equipment, and building structure (PLCR or General Services)
- Building monitoring, insurance, utilities, etc. (may be contracted directly or may be allocations from another Department or General Services)

- Licensing Agreements like ASCAP, BMI, Motion Pictures, etc.
- Marketing and research – general support
- General contractual services like janitorial, security, armored car
- Technology support, computers, cell phones, smart phones, etc.
- Facility operating costs and utilities
- Office equipment and supplies
- Office furniture
- Vehicles used for park operations and recreation, and relative mileage reimbursement

Indirect Cost: Encompasses all remaining overhead (fixed and variable) not identified as Direct Costs including the administrative costs of the agency. These costs would generally exist without any one specific service. These costs will be carried in the category of service called “Support Services” which will live on the foundational level of the pyramid. These are identified as Leadership and Administration costs in the Department’s Budget.

- Fund debt service
- Full employees and contractors of Director’s office, Park and Planning unit, Human Resources unit, Finance unit, and relative administrative staff
- All relative personnel benefits including FICA and Medicaid, Social Security, Worker’s Compensation Insurance, Unemployment Insurance, Retirement, Health, Dental, and other Insurance premiums as applicable; for full-time benefited employees, and for part time/permanent and seasonal employees.
- Temporary help for vacancies and absences
- Employment ads
- Office equipment and supplies for Director’s office
- Office furniture for Director’s office
- Technology support, computers, cell phones, smart phones, etc.
- Vehicles used for administration and mileage reimbursement
- Various other appropriated costs

Capital Costs are not included in either Direct or Indirect operating costs (CFMP and CIP).

Chinquapin Aquatics Facility and Recreation Centers generates revenues through fees and charges on their own through drop-in admission and passes. All of the facility operating cost is allocated directly to the facility.

Costs Allocation Methodology for:

- **Aquatics/Recreation Centers Rentals** – Hourly costs for these types of facilities are based on a formula using expenditures directly related to the cost of operating the facility. Expenditures include utilities, telecommunications, custodial services and supplies, a percentage of FTE staff, and a percentage of hourly staff. Those costs are divided into operating hours in each facility and the square footage of the facility. This formula establishes per hour/per square foot rates for each facility. The rate is used to determine cost recovery levels for rentals.
- **All In-House or Contract Programs** – The cost of a program is determined by calculating all direct expenditures associated with the program. Expenditures include FTE and hourly staff time (program development and scheduling, registration and maintenance, and instruction/leader), services and supplies, and contractor percentage, when applicable.

If each rental is charged a facility allocation use cost, then the typical and average annual hours of programs or rentals should be subtracted from the annual operating costs of a facility.

Appendix C – Glossary of Terms and Definitions

Ability to Pay:

Ability to pay is based on an individual's financial circumstances and is not related to who benefits from the programs and services. Implementation strategies for addressing inability to pay include scholarship or fee assistance programs, grants, volunteerism opportunities, or other programs and management practices.

Activity Based Costing (ABC):

Defines all costs associated with providing a service or product. It is a tool to determine what a specific service or product costs, and also what the costs are to service a given customer, including those services that are non-revenue generating.

Administrative and Support Services:

These are internal support services that have indirect costs to provide and are not attributable to any particular external public service. They include Leadership and Management, information support services, finance, human resources (training, safety services, insurance, and benefits), Park Planning, research and evaluation, and intergovernmental services.

Advisory Groups:

These groups (Boards or Commissions) are created by the City Council or through agreements with other agencies to provide recommendations to the City Council pertaining to specified operational and/or planning functions. Membership may include City Council/Commission, or Board members, staff members, and/or citizens. These groups can be long-standing or temporary project specific advisory groups.

Affiliate Groups:

Civic and advisory councils; committees, boards or commissions; associations like Alexandria Soccer Association, or others that provide programs or give back to the community.

Age Categories:

Categories based on age (i.e. child, youth, adult, etc.), for the purposes of assigning user fees, into which participants and users can be classified. Categories may also include groupings, such as "family."

Alternative Funding:

Other ways to improve cost recovery in addition to fees and charges. May include grants, sponsorships, volunteer programs, etc.

Attendance:

Attendance is measuring the total number of times per week per session that a participant attends the class. It is the total number of spectators and participants in a tournament, festival, or event. It is the total number of visitors or attendees at a rental function or meeting. It measures the users and non-users all in attendance.

Benefit:

The degree to which programs and services positively impact the public (individual and community), or in other words, the results of programs and services. Are the individual and/or the community better off, worse off, or unchanged as a result of programs and services?

The National Recreation and Park Association defines the benefits of Park and Recreation as:

- Socialization
- Healthy Lifestyle – lifelong wellness
- Economic Development and Vitality
- Environmental Stewardship

Benefit versus Value or Intent:

Benefit is defined as the advantage, use, or outcome to a group or individual. Value is the judgment of worth or the degree of usefulness or importance placed on a service or activity by personal opinion. The intent or intention of a program is the purpose, aim, or end.

Capacity – Occupancy or Participation Rates:

The number of available spaces. Occupancy or Participation rates are the ratio of filled spaces to available spaces. Over and under-capacity issues can be addressed by giving residents pre-registration priority, adjustments to the price based on peak or off-peak time, or a market price differential.

Consensus:

Consent or harmony reached among all differing opinions after discussion or deliberation and compromise, sometimes referred to as “informed consent.” It does not necessarily mean 100 percent agreement with everything.

Cost Accounting:

The process of allocating all costs associated with generating a sale or performing a service – both direct and indirect. Routinely a percentage of the business’ overhead costs are allocated to each service offered. In other words, all fixed overhead and general expenses are allocated on a basis that ignores how much effort or time is spent, or how much of the resources are associated with the product or service being provided.

Cost of Goods Sold:

The cost of goods sold is traditionally the cost (dollars spent) of materials and production of the goods a business sells. For a manufacturing company this is materials, labor, and factory overhead. For a retail shop, it would be the amount paid to buy the goods that it sells to its customers. For service businesses that do not sell goods, the same concept is normally called “cost of sales,” which should not be confused with “sales and marketing expenses.” The cost of sales in this case is directly analogous to cost of goods sold. For example, a consulting company’s cost of sales would be the compensation paid to its consultants plus the costs of research, photocopying, and production of reports and presentations.

In standard accounting, costs of sales or costs of goods sold are subtracted from sales to calculate gross margin. These costs are distinguished from operating expenses, because gross profit is gross margin less operating expenses. Costs are not expenses.

Golf = Cost/Round <less all other attributable costs like restaurant, pro-shop, driving range>

Cost Recovery:

The degree to which the cost (direct and/or indirect) of facilities, services, and programs is supported by user fees and/or other designated funding mechanism such as grants, partnerships, etc. versus tax subsidies.

Cost versus Price or Fee:

Cost is defined as all costs associated with an activity or service. Price or fee is the amount charged to the customer for the activity or service.

Customer Satisfaction:

Meeting and exceeding the wants and preferences of customers. This is measured by asking the customer, not by the number of visitors, users, or participants.

Enterprise/Quasi-enterprise:

A governmental accounting tool established to record transactions similar to those utilized in the private sector, allowing for tracking of services through a separate fund that records all transactions. All revenues and expenses, as well as assets and current liabilities are included. This type of fund is generally required to break even, or generate excess revenues over expenditures. Any revenues earned in excess of expenses are carried over, used for capital improvements or transferred to the General Fund. Collected gross revenues are not deposited in the General Fund, but rather are intended to be used to expand or improve services. These funds typically include services such as Utilities or Golf.

Exclusive Use:

Scheduled, planned, or programmed use of a facility or space that is limited or restricted to a reserved or rented party. They have the right to the space for the specified period of time.

For-Profit/Private Group:

A group that does not have an IRS status that exempts it from paying taxes.

Full Cost Recovery Fee:

The fee recovers the total cost of a service or program including all direct and all indirect costs, enabling the breakeven point to be reached. Full-cost recovery is often used as a strategy for services perceived as "private," benefiting only users while offering no external benefits to the general community.

Regular Full-Time Employee:

An employee who is regularly scheduled to work 40 hours per week. Regular full time employees are eligible for full fringe benefits package, are eligible for transfer or promotion to other regular positions within the City, and are eligible for other rights applicable to regular employment.

Governmental Group:

Any inter-agency, county, or other federal, state, or local governmental group.

Inventory Turn (applies to merchandise for resale):

What the inventory is really worth. It is based on how fast the inventory is "turned" (or sold). Two agencies may each have \$20 million sitting in inventory, but if one can sell it all every 30 days, and the other takes 41 days, there is less of a risk of inventory loss with the 30 day company.

Finding out how fast an agency turns its inventory is simple. The formula is as follows:

Current Year's Cost of Goods Sold or Cost of Revenues (for enterprise and for-profit businesses, it is found on the *income statement - not the balance sheet*)

----- (Divided By) -----

The average inventory for the period

Inventory in Relation to Current Assets (applies to merchandise for resale):

When analyzing a balance sheet, it is also necessary to evaluate the percentage of current assets inventory represents. If 70 percent of an agency's current assets are tied up in inventory and the business does not have a relatively low turn rate (less than 30 days), it may be a signal that something is seriously wrong and an inventory write-down is unavoidable.

Market Rate Fee:

Fee based on demand for a service or facility. The market rate is determined by identifying all providers of an identical service (i.e. private sector providers, other municipalities, etc.), and setting the fee at the highest level the market will bear.

Membership:

This is a count of how many belong to a club or group. Membership is the number of people who have purchased a membership to a facility or program (also often used for annual, semi-annual, or monthly pass holders). Membership can be paid or unpaid.

Minimum Service Level:

The "acceptable" service level at facilities, a function of maintenance levels, staffing levels, types and numbers of amenities available (picnic sites, nature trails, restrooms, recreation centers, etc.), types and numbers of additional program offerings, quality of customer service, etc.

Net Profit Margin (applies to merchandise for resale):

The remainder after cost of goods sold, other variable costs revenue, or simply, total revenue minus total cost. Net profit margin can be expressed in actual monetary values or percentage terms.

Non-Profit Group:

Agencies outside of the organization's system with IRS non-profit status.

Non-Resident:

A person whose primary residence is outside of the organization's service area and does not meet the residency test in any way.

Non-User:

Those who have never stepped into the parks and facilities, taken the programs, or used the organization's facilities or services.

Optimum Service Level:

The "best" program and facility service; a function of maintenance levels, staffing levels, types and numbers of amenities available (picnic sites, nature trails, restrooms, recreation centers, etc.), types and numbers of additional program offerings, quality of customer service, etc.

Off-Peak:

Period of least demand for services and programs.

Regular Part-time Benefited Employee:

Regular part time employee who is regularly scheduled to work 10-30 hours per week on a year-round basis, at least 25 percent full-time equivalent, but less than 1.0 full-time equivalent. Part-time Benefited employees are eligible for prorated annual leave accrual, and a reduced medical/hospital insurance package, for transfer or promotion to other regular positions and are eligible for other rights applicable to regular employment.

Part Time Temporary:

Employees who work no more than 180 consecutive calendar days in any 12 month period.

Partial Overhead Cost Recovery Fee/Cost:

Fee recovers something less than full cost. This partial cost fee could be set at a percentage of direct costs, all direct costs, all direct costs plus a percentage of indirect costs, or some combination. The remaining portion of the costs will be subsidized.

Participant/Guest/User/Visitor:

Persons who use facilities and services, visit parks, and participate in programs and activities.

Participation:

Participation refers to the number of those who are enrolled in a program, workshop, activity, or event. They are the doers or users, the enrollees, or class attendees.

Peak:

Period of highest demand for services and programs. Peak and off-peak categorizations may vary for services and programs within a facility or park. For example, in a park, day use may be highest during the same time period in which demand for interpretive programs is low.

Performance Measures:

Performance measures are quantifiable evaluations of the organization's performance on a pre-determined set of criteria measured over time. The agreement upon standard performance measures allows the organization to judge its progress over time (internal benchmarking) and identify areas of strength and weakness.

Price Differentials:

Offering variations of the price to a particular group, which may achieve more equitable and efficient service delivery. Different groups are charged different prices for the same service, even though there is no direct corresponding difference in the costs of providing the service to each of these groups. Price differentials can be based on resident (tax payer)/non-resident, age categories, location of facility, time or season, quantity of use, incentives, etc.

Product Lifecycle:

The expected usable life of a particular piece of equipment or product before replacement.

“Profit”:

The additional **revenue** generated by the particular program or service when comparing the user or participant fees to the direct and/or indirect costs. In government, or in parks and recreation, one defines profit as excess revenue, and it is not distributed or carried over, but offsets other subsidies. This is not the traditional definition of private sector profit where distribution of excess “profit” goes to the stakeholders or shareholders as profit sharing or a distribution on their investment.

Program:

The activities and special events offered by the agency at various locations with specific participant purposes such as education, skill development, socialization, or health.

Refund Policy:

Refunds will only be processed for classes and programs cancelled by the department. Full credit or refund will be applied if the department cancels the class or program.

- A full credit may be requested in writing no later than five (5) days prior to the class or program start date.
- Registrants dissatisfied with a class or program may request a credit before the date of the second class. Processing fee applies.
- Registrants unable to attend a class/program due to illness or injury may request a credit/refund within five (5) days of the last class attended and must include a doctor's note. Credits will be applied to remaining unattended dates, less a processing fee.
- Registrants unable to attend a class/program due to relocation of more than 20 miles from the City of Alexandria may request a credit/refund within five (5) days of the last class attended and must include proof of address change. Refunds will be applied to all remaining unattended dates, less a processing fee.
- Credits are not issued for personal convenience or schedule conflicts.

Allow 30 days for refund processing. Credit card charge refunds will be made directly to the charge card account.

Rentals:

This includes external customer service for Facility Rentals for camping, parking for boat trailers, room rentals, picnic sites, pavilions, cabins, and trails, boat slips, as well as Equipment Rental for skis, snowshoes and snowboards, canoes and kayaks, bikes, picnic games, climbing wall, show mobile, grills, maintenance equipment, and cooling tanks.

Re-sales and Special Use Permitting:

This is a category of service including external customer service for revenues for food and beverage, merchandise for resale and special use permitting (for push cart vendors, photography or filming, etc.).

Resident:

Currently defined as those who live within the legal boundary of Alexandria City.

Returned Check Policy:

Alexandria, Virginia, Code of Ordinances >> PART II - THE CODE OF GENERAL ORDINANCES >> TITLE 3 - Finance, Taxation and Procurement >> CHAPTER 2 - Taxation >> ARTICLE Q - Fee for Passing Bad Checks to City >>

ARTICLE Q - Fee for Passing Bad Checks to City

[Sec. 3-2-301 - Generally.](#)

[Secs. 3-2-302 through 3-2-320 - reserved.](#)

Sec. 3-2-301 - Generally.

A fee of \$35 shall be charged for the uttering, publishing or passing of any check or draft for payment of taxes or any other sums due to the city, which is subsequently returned for insufficient funds or because there is no account or the account has been closed. (Code 1963, Sec. 36-130, as enacted by Ord. No. 2457, 4/12/80; Ord. No. 4005, 6/13/98, Sec. 2; Ord. No. 4540, 5/20/08, Sec. 1)

Financial Assistance Policy:



Recreation, Parks and Recreation, Parks and Cultural Activities
Procedures

Financial Policies and

Financial Assistance Policy-Recreation Services

Draft Created: July 20, 2012

Approval Level: City Council

Approval Date:

Scheduled review date (frequency)

Primary Contact: William Chesley

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:

6. Resident completes the application and submits accompanying documentation to the Recreation Program Manager/Center Director. Applications must be accompanied by written documentation.
7. Recreation Program Manager/Center Director are to review documentation and verify.
8. Recreation Program Managers/Center Directors may approve and sign the application as the Department Director Designee.
9. The applications must be stored with the registrations and made available upon request.
10. 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

Financial Assistance Application:



DEPARTMENT OF RECREATION, PARKS & CULTURAL ACTIVITIES
1108 Jefferson Street, Alexandria, Virginia 22314



Financial Assistance Application

To be considered for assistance, you must complete the entire application form and return it, with supporting documentation, to the Department of Recreation, Parks and Cultural Activities. If the request is for a class or camp, return with completed Registration Form to the Lee Center, 1108 Jefferson St, Alexandria, VA 22314 or fax to 703.746.5585. Applicants must demonstrate need in order to receive assistance. If you have questions about this form, please call 703.746.4343 or visit our office.

FORMS MUST BE RECEIVED AT LEAST 2 WEEKS PRIOR TO THE START OF THE PROGRAM. INCOMPLETE FORMS WILL BE RETURNED.

Participant's Name _____

Parent/Guardian's Name _____ email _____

Address _____ Zip Code _____

Phone (H) _____ (W) _____

Explain the reason for your request (attach additional sheet if necessary) _____

Program Cost: \$ _____ Program Name: _____

Amount you could contribute \$ _____ Amount of assistance requested \$ _____

In return for assistance offered to you through our agency, please check the box to indicate if you are able to volunteer in some capacity. ☐ I can volunteer ☐ I cannot volunteer. If you check that you can, please indicate how: _____

Do you qualify for free/reduced school meals? ☐ Yes ☐ No If yes, please attach documentation.

Do you receive SNAP ? ☐ Yes ☐ No If yes, case number: _____ attach documentation

Do you receive TANF? ☐ Yes ☐ No If yes, case number: _____ attach documentation

(See fee chart on reverse side)

Signature _____ Date _____

For Office Use Only

☐ Approved ☐ Denied Amount of assistance: % _____ \$ _____ Amount required to pay \$ _____

Comments:

Signature of Supervisor _____ Date _____

Signature of Director/Designee _____ Date _____

Seasonal Employees:

Non-regular employees hired to supplement the work force, or to assist in the completion of a specific project; employment is of limited duration, no more than 180 calendar days in any 12-month period. Employment beyond any initially stated period does not in any way imply a change in employment status. Seasonal employees retain their status unless notified of a change. Seasonal employees receive all legally mandated benefits (such as workers' compensation and Social Security), but are ineligible for all other benefits programs.

Subsidy:

Funding through taxes or other mechanisms that are used to financially support programs or services provided to users and participants. Subsidy dollars provide for the program or service costs (direct and/or indirect) that are not covered by user or participant fees, or other forms of alternative funding. This is the community's investment.

Taxing Jurisdiction/Authority:

The City of Alexandria receives 57.6 percent of their General Fund subsidy from real estate, (32.7 from residential) and 28 percent from other local taxes. The residents' investment provides for discounted resident fees.

Value (perceived and real):

Participant/user expectations of the worth and quality of a program or service based on the benefits received.

Visits (Daily):

The count of the number of people who use the Organization's facilities each day throughout the year. This number will include multiple counts of a person who has repeat uses.

Registration System Terms:**Household Credit:**

Registrants can be given a credit or debit for a specific amount for a certain course. This can be done for one, selected registrants, or all registrants.

Installment Billing Report:

The Installment Billing Report lets you show all payments due now or about to be due in the specified number of days.

Transaction Listing Report:

The Transaction Listing Report shows registration "events" (course registrations and transfers, withdrawals, and cancellations) for an account within a specified date range.

Global Household Rec Connect:

The Rec Connect Report can be a valuable marketing tool to identify clients with the highest usage in terms of their program registrations, memberships, league registrations, and/or facility rentals.

Household/Activity Invoices:

Account statements for individual households or for specific activity, or for specific rentals can be printed or reprinted. Specific parameters such as only statements for accounts with rental, registration, or membership pass transactions, or with debit, credit, non-zero, or all balances can be set.

Deposit:

The deposit process allows money received through any module to be deposited at the treasury or in the bank.

Bottom Line Report:

The Bottom Line Report lists revenue generated by the selected courses, including course fees, fee adjustments, extra fees, extra adjustments, busing fees, busing adjustments, and any instructor expenses incurred.

Cash Journal:

The Cash Journal Report details how much cash should be in a till at the end of a day or the end of a shift. If the amounts indicated in the report do not match the actual amounts, check that there is proof of all non-cash payments listed in the report.

Household Accounts:

For a household account, enter information for the account's main contact first, and then add other family members to the account.

Transaction History Details:

The Transaction History Details window displays transactions that have happened for a selected entity.

GL Chart of Accounts:

A GL Chart of Accounts contains all account names and numbers listed according to account category. It also indicates whether accounts are system supplied, active, and whether they have a function extension.

Overdue Accounts Receivable Report:

The Overdue Accounts Receivable Report shows account balances that are older than a specified time, such as one year. This details which accounts have old credit or debit balances that could now be written off in the books.

Payment Entry – Batch:

The Payment Entry – Batch process provides ability to enter offsite payments into Class or activity. These payments will have been taken at the bank, bank machine or through Internet banking, or received at the administration office for manual entry.

Refund Processing:

Refund requests made by front desk operators are later processed singly or as a batch when refund checks are written and the credits removed from client accounts. This is usually done by a different department such as finance.

Requesting Refunds:

Payments made by credit card are normally refunded to the same card. Cash or check payments are refunded by check.

Organization Accounts:

For an organization account, enter information for the account's main contact first, and then add other organization members to the account.

Withdrawal Surcharge:

If an agency's site charges a special fee when clients withdraw from courses, withdrawal fees must be created and applied at the time of course withdrawal by choosing "Surcharge."

Sources:

City of Alexandria, VA

Department of Recreation, Parks and Cultural Activities

GreenPlay LLC (www.GreenPlayllc.com)

The leading edge in management consulting for Parks, Recreation, Open Space, and related industries

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Appendix D - Comparative Analysis Criteria

Limits of Comparative Data and Analysis

Comparative analysis (benchmarking) is an important tool that allows for comparison of certain attributes of the City's management practices and fee structure. This process creates deeper understanding of alternative providers, an agency's place in the market, and varying fee methodologies, which may be used to enhance and improve the service delivery of parks and recreation.

It is very difficult to find exact comparable communities, because each has its own unique identity, ways of conducting business, and differences in the serviced populations. The political, social, economic, and physical characteristics of each community make the policies and practices of each parks and recreation department unique. It is important to keep in mind that while many park and recreation departments primarily serve residents, others serve a large portion of non-residents, while others still cater to the tourism market.

Despite efforts to promote uniformity in comparison, organizations often have slightly different fee structures and associated benefits. For example, some parks and recreation departments may not report all benefits associated with the purchase of a center membership, or may not explain the breadth of indoor recreation spaces they have in the same way as another. The availability of detailed information may also be limited.

Additionally, organizations do not typically define the expenditures of parks, trails, facilities, and maintenance the same way. Agencies also vary in terms of how they organize their budget information, and it may be difficult to assess whether or not the past year's expenses are typical for the community. Despite these inherent limitations, the comparative analysis and fee comparisons criteria presented in this document should be used as a catalyst for the City of Alexandria to continue to research fees, market position, and best practices for more specific areas when they are needed.

Comparative Analysis Data Sought

The communities selected for benchmarking data should be chosen primarily for their proximity and perceived similarities to the City of Alexandria. Requested comparative data in addition to service specific fee structure may include:

- Values, vision, and mission of the organization
- Population and demographics
- Median household income and household size
- Prior year budget, actual expenses, and revenues for the entire department
- Prior year budget, actual expenses, and revenues for the parks and recreation divisions
- Number and square footage of Community/Recreation Centers
- Total acres of open space and developed park land
- Number of maintenance acres contracted out and maintenance description
- Total miles of department maintained trails
- Number of indoor and outdoor pools
- Number of lighted and unlighted softball/baseball fields
- Recreation and parks department full-time employees and casual employees

Often, comparative analysis data looks to weigh pertinent data along with comparing against a “per thousand” population calculation for categories including: total department budget, total acres, developed acres, miles of trails, Community/Recreation Center square footage, number of pools, number of softball/baseball fields, and recreation FTEs. Parks expenses and FTEs can be calculated per developed acre. Population, demographics, median household income, and household size estimates can be provided by the US Census.

Fee Comparison Considerations

To compare fees, other factors should be considered along with the price or fee charged for a program, rental, admission, pass, or other services. Be sure to include comparative data for each fee as applicable:

- Program contact hours
- Program session length
- Student/teacher ratio
- Contractor or in-house instructional staff
- Instructor qualifications
- Program quality
- Materials included or additional fees
- Set up/tear down and preparation time included
- Facility amenities included in admission or pass
- Programs included with admission or pass
- Towel service, locker, equipment usage included or extra
- Hours of operation or availability of service
- Peak or off peak pricing
- Packaging
- Value added amenities or services
- Service area demographics
- Subsidy versus cost recovery goals
- Use of alternative funding