

BACKGROUND: In May 2012, the Department of Recreation, Parks & Cultural Activities (RPCA) contracted with GreenPlay LLC (“GreenPlay”) to provide consulting services for the development of a resource allocation policy and cost recovery model for RPCA. The original Resource Allocation and Cost Recovery Policy was adopted by City Council in September 2013 and has been used to determine updates to the recreation fee schedule presented during the annual budget process. These fees, along with market rate program fees, reflect a philosophy of supporting equity among the users of RPCA services. Those services that provide a mostly public benefit receive more tax dollar allocation versus those with a mostly participant only benefit. In all cases, RPCA has continued to provide fee reductions to residents for core services based on the economic needs under its *Financial Assistance Policy*.

In the fall of 2018, after five years of actively implementing the policy and model, RPCA re-engaged GreenPlay (a consulting firm) to work with staff, the Park & Recreation Commission, and the community to conduct community “sorting” of RPCA services and to use current best practices to recommend updates to the adopted policy.

The 2019 Resource Allocation and Cost Recovery update study included a robust staff and public engagement component. The goals for this update were to educate and orient new staff while providing a refresher for staff who were employed during the 2013 study to the cost recovery model and policy that serves as the framework for future planning, budgeting, pricing and resource allocation for the City’s parks, recreation and community services. The consultants working with the City’s project team provided a focused public outreach effort to facilitate an outcome that reflects City Council goals, the mission and vision of the Department, and values of the community.

Specific goals of this update include:

- Broader and more diverse engagement of the public, considering more avenues for participation;
- Expanding the services addressed from *Recreation only* to all divisions of the Department;
- Refining of the tool and its understanding by strengthening the naming, definitions and examples for all categories of service, and defining additional categories as appropriate;
- Orienting and educating new staff while providing a refresher for staff employed during the initial study;
- Providing options and identifying clarifications needed in the existing rental and facility use policy to minimize confusion regarding the basis for appropriate fee reductions;
- Addressing appropriate methodology to account for volunteer efforts and other in-kind contributions; and
- Review current and potential pricing strategies.

The Department hosted six public workshops between October 17 - 19, 2018 with 150 community members participating in the process.

- GreenPlay presented an information PowerPoint introduction/orientation to RPCA staff during a staff town hall, followed by conducting a staff categories of service sorting exercise.
- Five public meetings were held at locations throughout the City, where the information PowerPoint was presented, followed by the sorting of the categories of service exercise by residents. Participants in the public dialogues represented ethnic diversity, age diversity (young families, senior citizens, adults), and gender diversity, and included stakeholders and affiliates along with the general public.
- The final public meeting included members of the Park & Recreation Commission. The goal of these workshops was to build consensus amongst the staff, public and appointed officials through listening to the as well as differences of opinion, and identifying areas of consensus, confusion, misinformation, or missing information.

In a follow up meeting, staff worked with GreenPlay to review all the community and staff results of the sorting exercise, while also considering the community discussions, any confusion regarding the categories of service, missing information, and new opportunities. Preliminary representation of where each category falls on the pyramid model was determined and resulted in an updated Pyramid Model.

Expanding the input sought from a more diverse group of representatives from all geographic areas of the community, while looking at programs and services through the benefit lens, allowed staff to experience a higher comfort level for refining the categories of service, and appropriate placement on an updated model (Attachment 1). Through the complete process, new categories of service were added, and some categories of service moved on the pyramid as follows:

Services that moved from Tier 2 to Tier 3:

- Out of School Time programs
- Therapeutic recreation
- Beginner/multi-level classes and programs (removed intermediate level)
- Rentals/exclusive use for affiliates or grantees

Service that moved from Tier 4 to Tier 5:

- Tenant leases for profit and equipment rentals

Categories added in 2019:

- New mobile/pop-up and outreach
- New facility pass and drop-in use of monitored areas
- New tenant licenses/leases for partner/affiliates

The pyramid is the basis for the Updated Resource Allocation and Cost Recovery Policy (Attachment 2) and the supporting Updated Financial Assistance Policy (Attachment 3). Both were presented to the Park and Recreation Commission in April 2019 and endorsed by the PRC in May 2019.

The shift upward from Tier 2 (Considerable Community Benefit) to Tier 3 (Balanced Community / Individual Benefit) recognizes that programs such as RPCA's Out of School Time programs provide a significant element of both public and private benefit. Resident sorting groups recognized this balance and recommended placement at Tier 3. It should be noted that this reclassification upward from one Tier to another Tier does not mean that the fees for these programs will increase starting with classes and programs this fall. Fees for FY 2020 have already been set. Rather, any changes in fee rates would be considered as part of the FY 2021 budget process and decided by City Council during next year's budget process. There are many factors to consider when determining program fees. Substantial issues to consider are market demand from households for the program, fees for comparable programs in our market area, alternative services, and the equity of program fees for low income households.

DISCUSSION: The extensive effort undertaken during this update study has brought to light information critical to addressing resource allocation, financial goals, cost recovery targets, fee setting and decision-making. The pyramid model provides the framework for a discussion; the discussion illuminates the following key findings, considering both public input and departmental data:

- The existing policy is successful, and the update is building on a solid foundation;
- The community demonstrated support for fee-based programming and accessibility;
- Staff continues to promote and advocate for social equity, and should continue doing so;
- Appropriate “relationship” eligibility should be further clarified for user groups (e.g. affiliates, sponsors, partners, etc.);
- Use of fees should be more strategic;
- Categories of services must be well defined and understood by the public and staff; and
- Effective efficiency and performance measures will support greater sustainability and equity of service.

Details related to GreenPlay’s complete findings are found in the Resource Allocation Study Report (Attachment 4). Based on these findings and their best practice documentation, GreenPlay developed a series of recommendations related to RPCA’s resource allocation policy and processes. The majority of the recommendations relate to improved processes that the department can undertake while implementing adopted policies. In addition, the following recommendations related to updating currently adopted policies, require City Council approval:

1. Update and adopt the Resource Allocation and Cost Recovery Policy (Attachment 2);
2. Update and adopt the Financial Assistance Policy to address equity and ability to pay, by eliminating the automatic 20% discount for adults 55 years of age and older, and changing the age to 60 years of age and older (Attachment 3);
3. Update and adopt the Financial Assistance Policy to allow for assistance for programs on Tiers 1-4 on the Resource Allocation Pyramid, reflecting the mission-based services provided by the department (Attachment 3); and
4. Update and adopt the Financial Assistance Policy to provide greater levels of financial assistance for specific programs, including those with longer time commitments (e.g., Out of School Time Programs).

The recommendation to update RPCA’s Resource Allocation and Cost Recovery Policy includes adding language that describes the philosophy and purpose to the summary, updating the tiers to reflect the changes determined by the community process, and clarifying the language related to the fee schedule submission to include non-market rate services. Market rate program fees are researched and set by staff seasonally.

The recommendations to update the Financial Assistance Policy are focused on improving the policy alignment with City and RPCA

goals for equity and well managed government. The 2013 policy include an automatic 20% fee reduction for any participant 55 years of age and older. The assistance is based strictly on age, and not ability to pay/need. The recommended change is to eliminate any automatic, age-based assistance. The updated policy includes a provision that any resident *60 years* old and above may *request* a 20% discount on each program. All adults may apply for assistance based on need. The 2013 policy also provides for financial assistance for all RPCA programs. Through the public process, the community agreed that services in Tier 5 should not receive any subsidy, therefore the updated policy includes financial assistance for programs in Tiers 1 to 4 only. The only current programs in Tier 5 are private lessons (e.g., swim, tennis, music, etc.), and they are the only programs impacted by this change. Finally, additional statements are added reflecting that residents may request assistance outside of the parameters provided in the policy and that greater levels of assistance may be available for specific programs. RPCA recommends this addition language to address special circumstances and provided staff the flexibility to meet community needs.

The updated Resource Allocation and Cost Recovery Policy and Financial Assistance Policy are directly interconnected. GreenPlay found that establishing the right price point for fees is often hampered by a desire to assure that no one is excluded due to an economic inability to pay. Their best practice research shows that sound resource allocation and cost recovery fiscal policy shift to pricing programs and services for the majority who can afford to pay and subsidizing the limited number who cannot.

FISCAL IMPACT: The updated Resource Allocation and Cost Recovery Policy supports RPCA's effort to reduce over time the Department's net impact on the City's General Fund, while maximizing benefits to the community. The revised Resource Allocation & Cost Recovery Policy would be effective as of July 1, 2019, with any prospective changes to City Council adopted fees considered and approved through the FY 2021 and future budget processes. The revised Financial Assistance Policy would be effective July 1, 2019.

ATTACHMENTS:

- Attachment 1: Alexandria 2019 Resource Allocation Model
- Attachment 2: Proposed Resource Allocation and Cost Recovery Policy (2019 Update)
- Attachment 3: Proposed Financial Assistance Policy (2019 Update)
- Attachment 4: GreenPlay Resource Allocation Study
- Attachment 5: Presentation

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