



Legislation Text

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City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 27, 2018

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: MARK B. JINKS, CITY MANAGER /s/

DOCKET TITLE:

Consideration of a Resolution to Adopt Fee Changes to Increase Cost Recovery for the Department of Recreation, Parks and Cultural Activities (RPCA) Programs for FY 2019. [ROLL-CALL VOTE]

ISSUE: Consideration of a resolution to adopt fee changes to: (1) increase cost recovery for the Department of Recreation, Parks and Cultural Activities (RPCA) programs for FY 2019, and (2) reduce the fee rate for art affiliates use of the Durant Arts Center.

RECOMMENDATION: That Council adopts the proposed resolution (Attachment) for the recommended fee changes outlined below.

BACKGROUND: The Department of Recreation, Parks and Cultural Activities regularly adjusts program and activity fees that include, classes, camps, workshops, admissions and other programs as needed in order to stay in line with market trends and cost recovery efforts. As part of the FY 2008 budget process, Council provided the City Manager the authority to adjust RPCA non-programmatic fees annually, with a maximum increase equal to the annual rate of inflation (CPI-U). Within this authority, the actual fee may be rounded to an administratively convenient amount to assume efficient assessment and collection of fees. Increases in fees exceeding this amount will continue to be considered by Council. On September 24, 2013, Council adopted the Resource Allocation and Cost Recovery Policy that guides the department's resource allocation, and will continue setting fees based on the adopted model. The recommended fee changes included in this resolution begins the process to build the department's fees at the appropriate cost recovery tier level. The department expects to gradually adjust fees over time to be fully in compliance with the cost recovery model.

DISCUSSION: As part of the FY 2019 budget a fee increase in Power On Out-of-School Program activities fee of 3% for both after-school and summer time programs was proposed. This would increase the fees from \$445 to \$459 and from \$325 to \$335, respectively.

In addition, staff proposed a fee discount to art affiliates in Durant Arts Center. Although described in the

proposed budget, this was not highlighted at the budget work sessions where RPCA budget initiatives were discussed. Currently these groups fall under the local/resident non-profit category of the fee schedule. This change in the fee schedule would provide an 80% subsidy for art affiliates renting space in Durant Arts Center.

Over the past 3 to 4 years RPCA has been slowly moving the arts organizations to comply with the Resource Allocation and Cost Recovery Policy. In FY 2016 and FY 2017 the arts groups had been paying 20% of the posted rate for local non-profits. In FY 2018 the arts groups were required to pay 50% of the posted rate for local non-profits. This proved to be too much for the arts organizations to pay for and RPCA lost some rentals by groups using Durant Center (they're now using non-City facilities to rehearse and perform). Other groups such as the Alexandria Harmonizers have scaled back their use. In RPCA's talking with the arts groups, the arts groups indicate they can afford to pay 20% of the rental rate, which is what they were paying in FY 2016 and FY 2017.

RPCA used the hours from RPCA's weekly users in FY 2017 to estimate the amount of use and arrive at the proposed 20% fee/80% subsidy level:

Organization	Hours	100% Cost Recovery	Proposed Affiliate Cost at 20 %	Foregone Fee Revenue
Alexandria Harmonizers	365	\$23,725	\$4,745	\$18,980
Upcycle Creative Reuse Center	300	\$17,700	\$3,540	\$14,160
Royal Scottish Country Dancers	117	\$13,455	\$2,691	\$10,764
First Night	<u>26</u>	<u>\$2,990</u>	<u>\$598</u>	<u>\$2,392</u>
Total	808	\$57,870	\$11,574	\$46,296

The Alexandria Pipes & Drums is also a weekly user (not to be confused with the Alexandria Fife & Drum who perform with the Town Crier). When RPCA started to propose a fee they became an affiliate of Historic Alexandria and are using the Durant Center space at no charge.

If the 20% proposal is approved, RPCA expects groups to go back to their FY 2017 level of use and RPCA expects some of the groups that have left to return, such as:

- Alexandria Choral Society
- Alexandria Film Festival
- The Alexandria Singers
- Arts on the Horizon
- Eclipse Chamber Orchestra
- QuinTango
- Virginia Bronze
- Virginia Opera

The designation of an art affiliate group for rentals at the Durant Arts Center is proposed as a new, specific category due to the high costs of room rentals based on the total number of hours rented compared to more sporadic or one-time rentals that occur.

All FY 2019 RPCA fees will be available on the City's fee compendium for public information. In addition, the RPCA section of the City's website will post information to notify the public of all fee changes.

FISCAL IMPACT: The FY 2019 Proposed Budget includes an estimated net decrease of \$30,548 in budgeted General Fund revenues (\$50,000 decrease in estimated rental fees for discount to art affiliate groups and an increase of approximately \$19,452 revenues for out of school program) in anticipation of the RPCA out of schools changes. Much of that \$50,000 represents a “paper loss” as these arts groups would either not have used the Durant Center (at the 100% fee rate and hence Durant would not have earned rent), or would have used the Durant Center far less.

ATTACHMENT: Resolution

STAFF:

Emily A. Baker, Deputy City Manager

Kendal Taylor, Director of Finance

Morgan Routt, Budget Director

James Spengler, Director, RPCA

Faye Maslaki, Division Chief, Administrative Services, RPCA