



# Cost Recovery Model

January 2008





# Acknowledgements

## **Board of Directors**

Lee Beyer, *Board Member*  
Gregory James, *Board Member*  
Danelle Ralston, *Board Member*  
Gary Ross, *Board Member*  
Helen Wagner, *Board Member*

## **Members of the “Cost Recovery Leadership Team”**

Bob Keefer, *District Superintendent*  
Jason Genck, *Director of Recreation Services*  
Pam Caples, *Administrative Services Division Director*  
Diane Pergamit, *Adult Activity Center Program Manager*  
Rand Gerlach, *Community Athletics and Specialized Recreation Program Manager*  
Jill Cuadros, *Community Recreation Program Manager*  
Lori Quick-Mejia, *Dorris Ranch Program Manager*  
Joel Miller, *Park Services Division Director*  
Mike Mejia, *Park Services Program Manager*  
Dan Tetzler, *Facilities/Equipment Program Manager*  
Damon Crume, *Park Horticulture Program Manager*  
Chris Pryor, *Public Affairs Manager*  
Greg Hyde, *Planning and Development Manager*

**Thank you to the citizen’s who assisted in the creation of this Cost Recovery Model.**

**For more information about this document please contact either:**

## **Willamalane Park and Recreation District**

Jason Genck, CPRP  
Director of Recreation Services  
Willamalane Park and Recreation District  
541-736-4006 Phone  
541-736-4025 Fax  
[www.willamalane.org](http://www.willamalane.org)

## **GreenPlay, LLC**

Karon Badalamenti, Principal  
Karen Grannan, Consultant  
3050 Industrial Lane, Suite 200  
Broomfield, CO 80020  
Telephone: 303/439-8369  
[www.GreenPlayLLC.com](http://www.GreenPlayLLC.com)

# Table of Contents

<b>Executive Summary</b>	<b>1</b>
<i>The Willamalane Park and Recreation District Mission</i>	2
<i>Willamalane Park and Recreation District Categories Of Service</i>	2
<b>I. Introduction</b>	<b>9</b>
<i>Purpose</i>	10
<b>II. Background</b>	<b>10</b>
<b>II. Background</b>	<b>11</b>
<i>District History</i>	12
<i>Willamalane's Vision</i>	12
<i>Core Values</i>	12
<i>Willamalane Value Statements</i>	13
<i>District Operating Principles and Goals</i>	14
<i>District Philosophy</i>	15
<i>Benefits of Fees and Charges</i>	15
<i>Where is Willamalane Park and Recreation District now?</i>	15
<i>Where is Willamalane Park and Recreation District trying to go?</i>	16
<b>III. The Cost Recovery Pyramid Methodology</b>	<b>16</b>
<b>III. The Cost Recovery Pyramid Methodology</b>	<b>17</b>
<b>IV. Project Team Development Process</b>	<b>19</b>
<i>Process</i>	19
<i>Key Issues Emerged</i>	21
<b>V. Steps for Developing the Model</b>	<b>22</b>
<i>Step 1 – Building on Willamalane Park and Recreation District's Mission</i>	22
<i>Step 2 – Understanding the Pyramid - Filters and the Benefits Filter</i>	22
<i>Step 3 – Sorting Willamalane Park and Recreation District's Services</i>	25
<i>Step 4 – Understanding the Other Filters</i>	25
<i>Step 5 – Determining Current Subsidy/Cost Recovery Levels</i>	27
<i>Criteria for Establishing Fees and Charges</i>	27
<i>Step 6 – Assigning Desired Subsidy/Cost Recovery Levels</i>	29
<b>VI. Outcome – District Policy Statement Revision</b>	<b>35</b>

<i>Recommended Policy</i>	35
<i>Current Policy</i>	37
<b>VII. Recommended Steps for Implementation</b>	<b>41</b>
<i>Primary Action Steps</i>	41
<i>Additional Action Steps</i>	42
<i>Evaluation &amp; Review</i>	42
<i>Suggested Implementation Strategies and Performance Measures</i>	43
<b>Appendix A – Willamalane Park and Recreation District’s Cost Recovery</b>	<b>45</b>
<b>Appendix B – Internal and External Service Categories</b>	<b>47</b>
<b>Appendix C – Definitions</b>	<b>50</b>
<b>Appendix D - Cost Recovery Template</b>	<b>65</b>





## *Executive Summary*

The Willamalane Park and Recreation District is an established Agency that as an NRPA gold medal winner is nationally renowned for the high quality of its park and recreation services. The District experienced considerable population growth during the 1990's and early 2000's and has worked diligently to identify acquisition opportunities to support this growing community, as well as provide adequate funding to operate and maintain existing facilities to a high standard. The District's Administration and Board has initiated this project in order to strategically plan for the future by establishing a **Pricing and Cost Recovery Philosophy** that reflects the values of the community and guides the staff as facilities, programs, and services are expanded.

The **Cost Recovery Model** was prepared to develop a methodology for determining the appropriate percent of cost recovery for current and future services. This model provides guidance for determining which facilities and services should be fee based, and provides a method to ensure that current services are priced at a level commensurate with the Board's objective for cost recovery. The adoption of this model will help the Willamalane Park and Recreation District meet established goals for future cost recovery levels and budgeting.

Recognizing limited available resources, desires for service growth, and maintaining the high quality of service for its citizens, Willamalane Park and Recreation District management began the self-examination process. Some identified issues included identification of core services, unified efforts of fulfilling the District's mission, establishing direct and indirect costs, consistent tracking of expenses and revenue, all which relate to cost recovery and subsidy philosophies as they relate to the District.

Cost recovery refers to that amount of revenue that the District takes in from fees, charges, and alternative funding in proportion to operational expenditures allocated from the General Fund. In 2006, Willamalane Park and Recreation District had an overall cost recovery of 32 percent associated with providing high quality Parks and Recreation Services (meaning 68 percent of the operations were subsidized by the General Fund) (**Appendix A**). This is consistent with the national average of 34 percent according to Dr. John Crompton, a leading expert on parks and recreation finance and leisure studies professor at Texas A & M.

A "**Cost Recovery Project Team (Project Team)**" made up of senior level staff representing the various departments within the District was established to review existing practices and available policy, to become familiar with the Pyramid Methodology for Cost Recovery, and to recommend the best cost recovery practices for Willamalane Park and Recreation District. This group identified typical direct and indirect costs associated with providing programs and services, and defined various fees and participant categories. They defined these terms specifically relative to Willamalane Park and Recreation District operations and goals. They ultimately defined categories of programs and services with associated target cost recovery ranges.

## *The Willamalane Park and Recreation District Mission*

**District Purpose** - "To provide exceptional park and recreation services that enhance the livability of our community and the lives of the people we serve."

**Focus Statement** - "We will focus on engaging the Willamalane community through safe parks, well-maintained facilities, and recreational opportunities that support healthy, active lifestyles and life-long learning for youth under the age of 15 years and older adults over the age of 50 years."

Additional information on the District's Vision, Core Values, and Operating Goals and Principals can be found in section **II Background** under the District History.

Based on the mission of the District, all programs, services and facilities were sorted into categories. Once the categories and definitions were established, the Project Team met to sort the categories on the five levels of the Cost Recovery Pyramid based on who they benefited (the benefit filter). Those categories ranged from benefiting the **Community as a Whole**, to programs and services serving only an **Individual** benefit. There was also consideration of additional filters (discussed later in this document) which often hold a secondary significance in determining placement on the Cost Recovery Pyramid. Categories 27 and 28 were added by the team following the final pyramid review as these categories weren't reflected anywhere else. The categories established by the Project Team are outlined and defined as follows.

## *Willamalane Park and Recreation District Categories Of Service*

1. **Youth camps and before and after school programs** (Kids Club Summer Camp, Kids Club School Year, Pre-School Plus, Teen Challenge Camp) – Fee based full day, before and after school programs for grades pre-K through eighth grade that along with the school day, provide a full day (as early as 7am and as late as 6pm) of recreation and academic enrichment for youth at various sites. Participants may register for a full-time or part-time status.
2. **Day Trips** (Local trips for Adults Ages 50+: Willamette Pass, Portland Museum, etc.) – Day trips provide opportunities for patrons (ages 50+) to visit local destinations. What differentiates day trips from over night trips (other than the time frame) is that scholarships are offered for day trips, not for overnight trips and while day trips serve any patron ages 50+, they cater towards patrons that are looking for an affordable getaway.
3. **Overnight & Extended Trips** (Overnight trips for Adults Ages 50+: Trip to Bend, Central Oregon, and extended trips for adults ages 50+: Germany, Hawaii, California, New York, etc.) – Overnight and extended trips provide opportunities for patrons (ages 50+) to visit selected destinations. We do not offer scholarships for these trips.
4. **Recreational Adult Team Sports** (Adult 18+ Softball Leagues, Basketball Leagues, In-House Tournaments, etc.) – Willamalane programs Adult 18+ League/Team sports throughout the



year. Registration for these programs is team based.

5. **Youth Classes** (Youth Swim Lessons, Youth Athletics, After School Enrichment Courses, etc.) – Willamalane trains and hires staff and contracts with local agencies (and volunteers) to implement instructional classes for youth.
6. **Adults Classes** (Adults Ages 18+ Dancing Classes, Adults Ages 18+ Fitness Classes, Adult 18+ Art Classes, Adults Ages 18+ Water Exercise Classes, etc.) - Willamalane trains and hires staff and contracts with local agencies (and volunteers) to implement instructional classes for adults.
7. **Older Adults Classes** (Adults Age 50+ Spanish Classes, Driving Classes, Computer Classes, etc.) Willamalane trains and hires staff and contracts with local agencies (and volunteers) to implement instructional classes for older adults.
8. **Family Classes** (Mommy & Me Swimming Class, Home Safety Class, Boating Safety Class, etc.) - Willamalane trains and hires staff and contracts with local agencies (and volunteers) to implement instructional classes for families.
9. **Private Instruction** (Private/Semi-Private Individual Swim Lessons, Water X Personal Training, etc.). Willamalane trains and hires staff and contracts with local agencies to implement private instruction. Instruction may be one or multiple sessions. Typically those participants that choose private instruction either choose it in-lieu of offered group instruction or to augment group instruction.
10. **Preschool** (Willamalane AM/PM Preschool Program) – Willamalane implements an AM and PM Pre-School program for youth ages 3-5. The program includes academic and recreation enrichment.
11. **Adult Ages 18+ Specialized Recreation Programs** (Community outings for adults with disabilities, specialty classes for adults with disabilities). Programs for adults, ages 18+ with disabilities.
12. **Rentals - Commercial/For Profit** (Park Shelter Rental for Weyerhaeuser, Classroom Rental for IBM, sport field rental that is for a soccer tournament that generates profit/revenue for the renter, table and chair rental for a car show at Lithia, etc.) – Rental opportunities include park shelters, sport fields, pools, classrooms, other equipment and facilities designated as rentable. Rental capability is available year-round when not in use for Willamalane programs.
13. **Rentals - Nonprofit & Other Government Agencies** (Park Shelter Rental for United Way of Lane County, Room Rental for the Red Cross, Classroom rental for a Springfield School District 19, etc.) Rental opportunities include park shelters, sport fields, pools, classrooms, other equipment, and facilities designated as rentable. Rental capability is available year-round when not in use for Willamalane programs.

14. **Rentals - Resident** (Birthday party room rental at Splash!-park-shelter rental for a family reunion, table/chair rental for a resident's party at their house, etc.) Rental opportunities include park shelters, sport fields, pools, classrooms, other equipment, and facilities designated as rentable. Rental capability is available year-round when not in use for Willamalane programs. Resident status rentals apply to tax-payers of Willamalane.
15. **Rentals - Non-residents** (Birthday party room rental at Splash!, soccer field rental, table/chair rental for a garage sale at their house, etc.) Non-Resident status applies to non-payers of Willamalane.
16. **Youth Drop-In, Non-Instructional, Monitored Access** (Middle School Dances, Playswims, etc.). Programs are non-registered and are not instructed, but a Willamalane staff/volunteer monitor is present.
17. **Adult Drop-In, Non-Instructional, Monitored Access** (Lap Swim, Open Gym, etc.). Programs are non-registered and are not instructed, but a Willamalane staff/volunteer monitor is present.
18. **Youth Drop-In, Instructional, Monitored Access** (Saturday Indoor Playground, Teen Center, Youth summer playground program, etc.) Programs are typically registered and include instruction and monitored access.
19. **Adult Drop-in, Instructional, Monitored Access** (Adult 18+ Drop-in Water Fitness class, , etc.) Programs typically do not require registration and include instruction and monitored access.
20. **Older Adult 50+ Drop-in, Non-Instructional, Monitored Access** (Sharps and Flats, Pinochle, Table Tennis, Book Club, etc.). Programs are non-registered and are not instructed, but a Willamalane staff/volunteer monitor is present.
21. **Older Adult 50+ Drop-In, Instructional, Monitored Access** (Yoga, Gentle Exercise, Line Dancing, Wood shop, Pottery, etc.) Programs are typically registered and include instruction and monitored access.
22. **Special Events** (Living History Festival, Children's Celebration, Holiday Faire, Vineyards & Violins, Mini-Special Events, etc.) – Willamalane implements several special events each year.
23. **Concert Series** (Summer Concert Series) – Willamalane implements a summer concert series and uses the stage and local parks to implement the series.
24. **Social Services** (Van program for frail Adults 50+, Foot Care for Adults 50+, Blood Pressure for Adults 50+, Latino Welcome Center, Child Care for Families during the Latino Family Conference, etc.) – Social services provided by Willamalane for the Adult 50+ population most frequently serve a “frail” / at risk population. Other services and support services that typically compliment other programs or events.

25. **Non-monitored park and recreation facilities** (Island Park, Skate Park, Sports Fields, Tennis Courts, etc.) – Willamalane staff are not present at these facilities to specifically monitor programs, activities, or services.
26. **Merchandise for resale & Concessions** (Swim diapers, swim goggles, Food at Splash!, Teen Dances, and Special Events, WAAC gift shop, pop machines at District facilities, etc.)
27. **WPRD Contract Programs and Services – In-District** – (Late Start Program for SD19, Public Affairs work for other public agencies, Park Services work for the City of Springfield) – WPRD serves as the contractor for programs and services provided to In-District, Non-Profit, and Government Agencies.
28. **WPRD Contract Programs and Services – Out-of-District** – (Contract Swim Lesson Program, Playground Program for the City of Veneta) – WPRD serves as the contractor for programs and services provided to Commercial, For-Profit, and Out-of-District organizations.

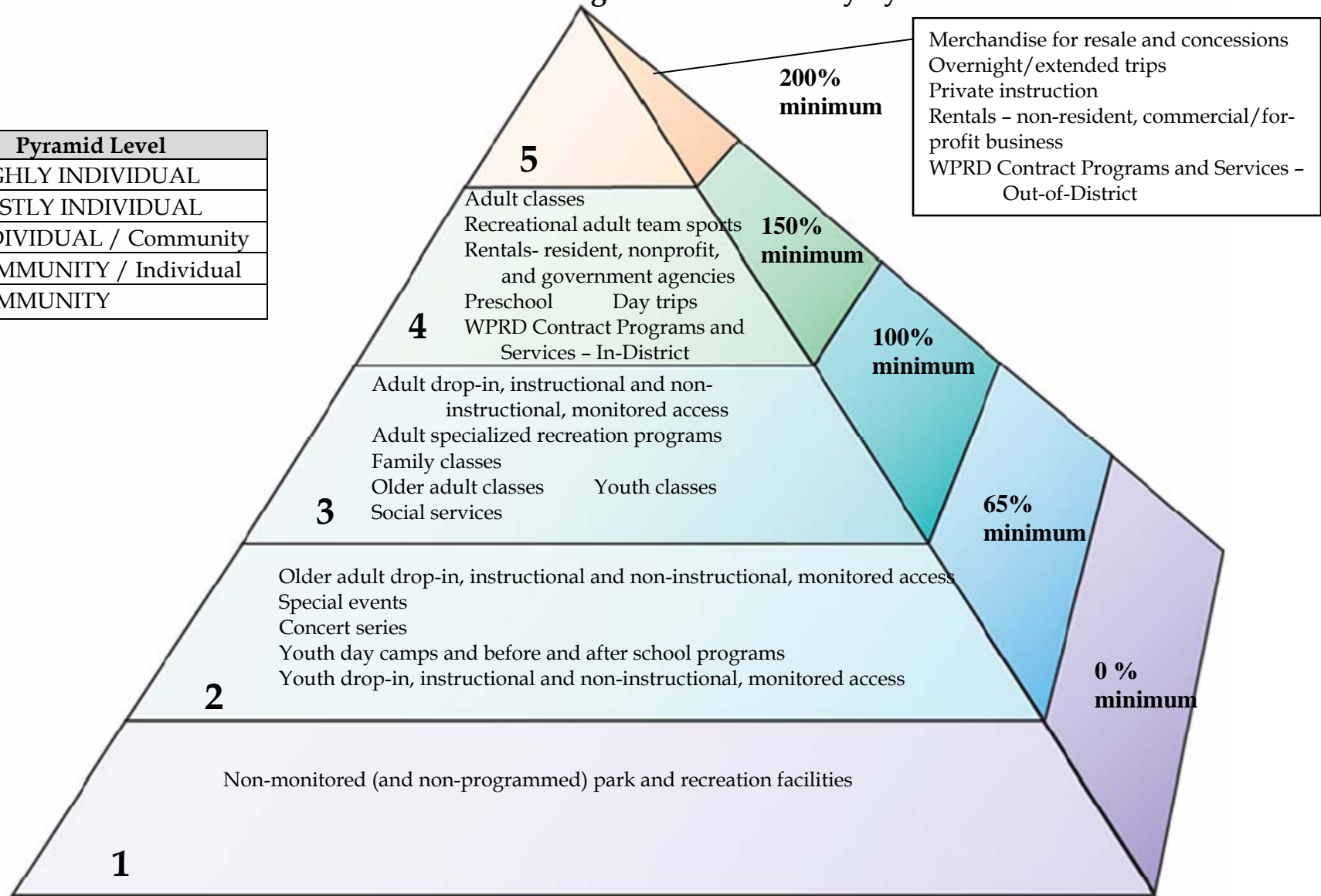
Cost recovery goals were then identified by the Project Team for each level of the Pyramid to assist in future planning and determination of appropriate pricing. These goals are expressed as averages on the Cost Recovery Pyramid. It is not anticipated that each program and service in a designated level will reach this average, some may exceed and some may fall short. The overall cost recovery for all programs and services in a given level should, however, meet or exceed the assigned minimum goal. Minimums range from zero cost recovery (or free) for those programs and services in the foundational Community level such as *Non-monitored and non-programmed park and recreation facility use* to direct cost recovery of 200 percent for the Highly Individual level, such as *Merchandise for Re-sale* and *Private Instruction*.





## Willamalane Park and Recreation District Recommended - Pricing and Cost Recovery Pyramid

Pyramid Level
5 - HIGHLY INDIVIDUAL
4 - MOSTLY INDIVIDUAL
3 - INDIVIDUAL / Community
2 - COMMUNITY / Individual
1 - COMMUNITY





# I. Introduction

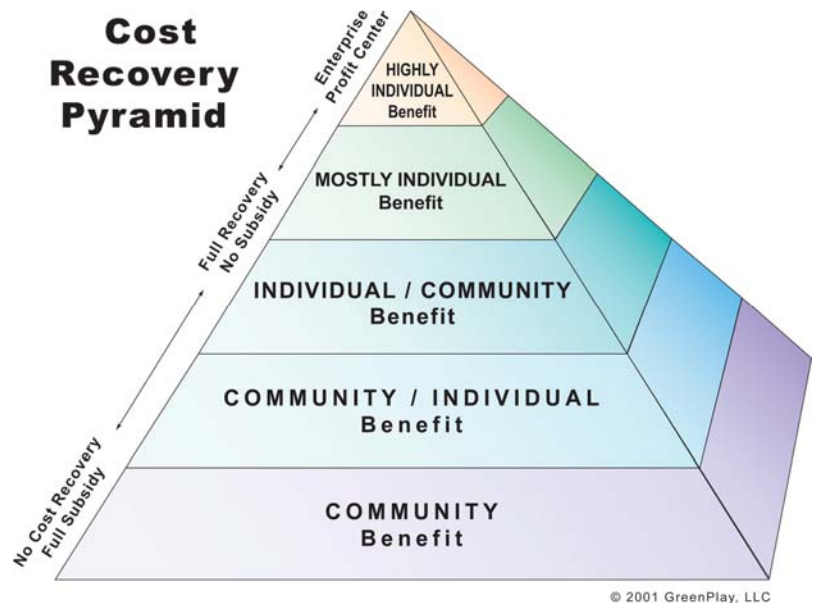
**Cost Recovery** is defined as the amount of revenue an agency brings in from fees, charges, and alternative funding relative to the total operational expenditures budget. As cost recovery is defined differently in nearly every organization, this document discusses **Cost Recovery** as it relates to Willamalane Park and Recreation District.

Having a **Cost Recovery Model** can help agencies answer challenging questions from their stakeholders and governing bodies:

- How will you continue to fund your agency's facilities and services in relationship to budget constraints in the future?
- Are you using your funding in a responsible manner?
- Does the way Willamalane Park and Recreation District charge for facilities, programs, and services support the agency's mission?
- Are programs and activities priced fairly?

Establishing a carefully considered model for cost recovery provides a solid foundation for charging fees for facilities, programs, and services. This process can help an agency determine when it has established enough programs and activities that benefit a large number of constituents, and when it can begin to focus on programs for smaller numbers of individuals. It can allow staff to recognize where subsidy is being applied and determine if it is at an appropriate level, and help new staff and customers understand how and why offerings are priced the way they are. An articulated cost recovery model helps justify the cost and pricing of new programs.

The **Cost Recovery Pyramid Model** is used to develop strategies to help meet cost recovery goals. In addition, this model helps identify a philosophy for determining which facilities and services should be fee based and to what extent. The primary basis for the model is to determine to what extent the programs, facilities and/or services are providing **Community** and/or **Individual** Benefits.





## *Purpose*

The Superintendent, Director of Recreation Services, and Executive Management Team have discussed the District's need for developing a Pricing Policy and Cost Recovery Model to ensure that current services are priced at a level commensurate with the Board's objective for cost recovery. The revised policy and proposed model will identify which services should be fee based, and provide for a fair and equitable cost recovery plan. The Cost Recovery Model will be one factor used in determining the appropriate fees for programs and services related to cost recovery goals.

Critical to this philosophical undertaking for Willamalane Park and Recreation District is the support and buy-in of staff, elected officials, and ultimately of citizens. Whether or not significant changes are called for, the organization wants to be certain that it is philosophically aligned with its residents. Every community is different. The development of the Cost Recovery Model is built on a very logical foundation, using the understanding that who benefits from parks, recreation or related facilities and services should determine how the costs for those services are paid.

Through this effort, the language in the Pricing and Cost Recovery Policy has been revised for consideration by the Board. The revised language supports the values and mission of Willamalane Park and Recreation District. The revised Policy and Cost Recovery Model will be used to determine how well aligned the District's current pricing practices are with cost recovery goals, and establish a methodology for appropriately aligning current and future services.



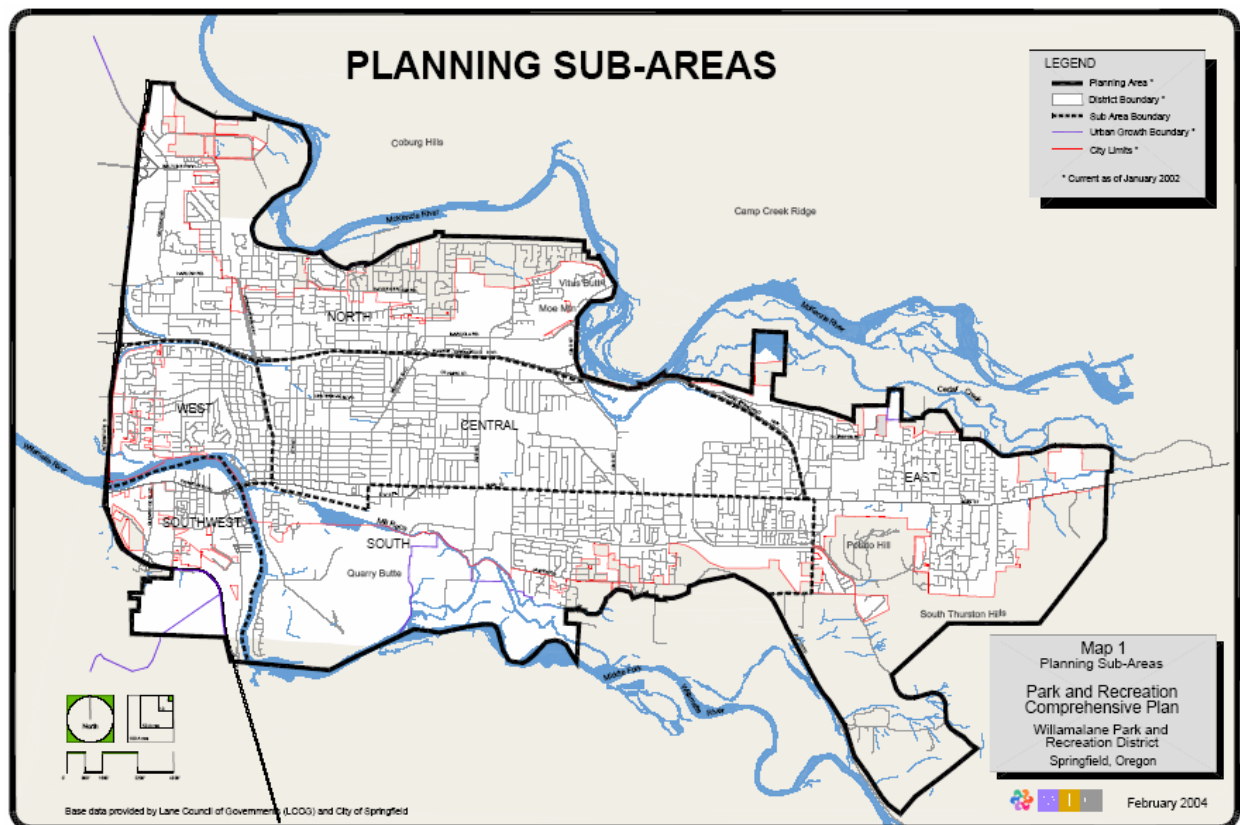


## II. Background

The Willamalane Park and Recreation District is designated in the Eugene-Springfield Metropolitan Area General Plan as the park and recreation service provider for Springfield and its surrounding area, including Glenwood. The current District boundary includes the area within Springfield's city limits, as well as areas outside of the city limits and within the urban growth boundary (UGB). In addition, any newly developed areas annexed by the City of Springfield are automatically annexed to the District. In total, the District includes 5,367 more acres than the City of Springfield's current jurisdiction.

Within its current boundary, the District manages approximately 680 acres of land in 31 parks and open spaces and two undeveloped properties, and provides a wide range of recreational facilities and services. Recreation services include programs for all age groups, including aquatics, community athletics, special events, specialized recreation, and environmental and history education programs.

**Map 1: Willamalane Planning Sub-Areas**



## *District History*

On September 29, 1944, voters in Springfield and Glenwood approved a proposal to organize Oregon's second special-purpose park and recreation district. Much of this was due to the pioneering efforts of then Lane County District Attorney William S. Fort. In the same election, voters selected Dr. Melville S. Jones, E. H. Silke, and Earl James to become the District's first Board of Directors. Its first fiscal year began the following July with Willamalane having neither a budget nor property. First formed to serve a population of only 3,800 people, by the close of the 1940s, Springfield had doubled in size to approximately 3 square miles and a population of nearly 10,000.

The District covers some 18 square miles and serves more than 57,000 patrons. With an annual operating budget of approximately \$7 million, Willamalane maintains approximately 680 acres of land in 31 park sites and a wide range of open spaces and recreational facilities.

## *Willamalane's Vision*

Willamalane will be a **partner** with our community. Through strong partnerships we will achieve exceptional service and foster an atmosphere of cooperation, trust, and innovation to better serve our patrons.

Willamalane will be a **leader** in providing activities and places for people to play and enrich their lives. We will dedicate ourselves to improving the quality of life for our patrons.

Willamalane will be a **steward** of our environment. We will treasure and preserve our natural resources and open spaces.

Willamalane will be a **friend** to the community and become a valued part of each person's life. People are the core of our organization, and people are who we exist to serve. We will work to touch every life in a positive way.

Willamalane will be dedicated to the **dreams** of our patrons. Working together, we will contribute to the livability and culture of our community and strive to create a better future.

*Adopted February 4, 2004*

## *Core Values*

- Affordability
- *Accessibility*
- People
- Play
- Teamwork
- *Community*
- Personal growth
- Partnerships
- Innovation
- Excellence
- Healthy lifestyles
- *Environment*
- Inclusiveness
- *Stewardship*

## *Willamalane Value Statements*

### *We Value People*

Willamalane has excellent resources, both physical and service-oriented. But none are as important or as valuable as our Patrons, our Volunteers, our Board Members, and our Staff. People are our most precious resource.

### *We Value Teamwork*

The whole is greater than the sum of the individual parts. We are much stronger and more effective when working as a team than as individuals. We are committed to building teamwork, respect, and trust among ourselves and with our patrons.

### *We Value Our Community*

We are committed to improving the quality of life in our community by promoting healthy lifestyles, strengthening our families, maintaining community assets, being good stewards of our parks and open spaces, and fostering a sense of community pride and common purpose.

### *We Value Accessibility*

We are committed to offering all segments of the community a high level of physical, social, and economic access to our programs and facilities. (Diversity- this concept needs to be added the next time the Comprehensive Plan is updated.)

### *We Value Personal Growth*

We are committed to enhancing the quality of people's emotional, physical, and social wellbeing, and promote their personal growth through play, discovery, enrichment, and learning.

### *We Value Partnerships*

We are committed to building partnerships with our patrons, coworkers, and other organizations to address common issues, promote mutual interests, benefit our community, and enhance the quality of life in Springfield.

### *We Value Innovation*

Willamalane is committed to a tradition of creative thinking, trend-setting, and calculated risk-taking. We embrace change and encourage flexibility so that patrons can benefit from new and unique opportunities.

### *We Value Excellence*

Excellence is a commitment to provide more than what is expected, be accountable for our actions, and be efficient and effective with what we have. We are committed to providing the resources, the support, and the encouragement to deliver the highest quality service to the community and to each other.

### *We Value the Environment*

Our community looks to us to be the stewards of our present and future natural resources. We are committed to providing leadership in conserving those resources, and looking for new and better ways to be environmentally responsible.

*Adopted February 4, 2004*

## *District Operating Principles and Goals*

**Operating Principle: Maintain the balance between high quality and quantity of services within existing resources.**

1. Create a comprehensive definition of the District's core recreation programs and services. Assess the relationship of our current programs to our core services and evaluate whether they are mission-driven or market-driven. This is a part of the Recreation Services Delivery Plan.
2. Increase efforts to obtain grants, alternative funding, and partnerships.
3. Increase efforts to provide volunteer opportunities within the District and actively recruit volunteers.
4. Establish long-term financial and operational strategies.
5. Seek funding for an integrated and comprehensive out-of-school-time program.
6. Maximize use of the Community Recreation Center.

**Operating Principle: Identify, deliver, and adjust services to reflect changing community expectations, new growth, added resources, and evolving needs.**

1. Increase efforts to identify, market to, and program for, changing needs and interests of users. Identify gaps in services.
2. Provide more inclusive access to Willamalane parks, facilities, and programs.
3. Implement strategies for serving the growing Latino population in Springfield.

**Operating Principle: Pursue and build partnerships within all sectors of the community to help deliver quality recreation and park services.**

1. Maintain our TEAM Springfield partnerships with the City of Springfield, Springfield Public Schools, and SUB.
2. Collaborate with outside organizations, including private businesses and service clubs, who share common issues/needs.
3. Maintain partnerships with other service organizations and senior organizations.

**Operating Principle: Commit to developing a work environment that promotes trust, respect, open communication, and teamwork between all levels of staff.**

1. Improve cooperation and awareness between departments and help build a "same team" culture within Willamalane.
2. Assess District efforts to promote a positive workplace environment.

**Operating Principle: Advocate for and provide open spaces, river access, and pathways, while respecting private property rights. Continue to be environmentally friendly in our practices.**

1. Continue and increase operational practices that have a beneficial impact on the environment and increase recycling and other beneficial practices.
2. Complete the Middle Fork Willamette River Path project.

**Operating Principle: Incorporate new and innovative strategies in the delivery of programs, maintaining operations, and meeting community needs.**

1. Research, identify, and implement strategies to develop non-traditional revenue sources.
2. Encourage innovative and creative thinking from staff.

## *District Philosophy*

The District offers diversified recreational and natural resources and services to its citizens, recognizing governments' responsibility to provide public parks, recreational facilities, and natural and leisure opportunities. It is the desire of the District to improve the quality of life for each individual and the community as a whole and to offer the most efficient and professional services.

In May 2007, Willamalane Park and Recreation District decided to examine the Cost Recovery issues. A consultant was hired to facilitate the process and a "Cost Recovery Project Team (Project Team)" was created to represent senior management and key representatives from each of the Willamalane Park and Recreation District's Departments. The members of the Project Team began to work on addressing issues related to cost recovery. Primary identified issues included fee collection and revenue generation, as well as cost recovery and subsidy philosophies as they relate to Willamalane Park and Recreation District and its residents. Willamalane Park and Recreation District embarked on a journey of philosophical exploration and consensus building.

A review of current practices and available data incorporated the history of the Park District with the vision for sustainable future service delivery.

*Adopted August, 2007*

## *Benefits of Fees and Charges*

It is also important to understand the benefits of charging a fee:

- Creates value for the service or facility
- Allows the ability to ration limited services and facilities among a large number of users
- Reserves funding for other necessary programs and services

## *Where is Willamalane Park and Recreation District now?*

Willamalane Park and Recreation District recovered 32 percent of costs in 2006 (**Appendix A**) which is consistent with the national average of 34 percent cost recovery according to Dr. John Crompton, a leading expert on parks and recreation finance and leisure studies professor at Texas A & M. Based on input from stakeholders, the residents of Willamalane are highly satisfied with the facilities and services of the Willamalane Park and Recreation District. The dilemma is how to continue to provide and sustain quality programs, facilities, and services to a growing community and system, while costs continue to rise. In addition, with aging facilities, preventative maintenance is becoming more of a focus for the Department's resources.

## *Where is Willamalane Park and Recreation District trying to go?*

Willamalane Park and Recreation District desires to develop a long term strategy, structure, and system that provides for the agency's sustainability and the responsiveness of the community. This includes a Cost Recovery Model that is fair and equitable based on the agency's mission. The model will address how the Park District defines "cost recovery", "direct" and "indirect costs."

The following items have been identified as driving this process:

- Identifying and coming to consensus on mission-led core services
- Get staff, board members, partners, and residents all on the same page about what the District's philosophy, policies, and procedures are in regard to pricing and cost recovery
- Address current challenges:
  - Increasing operations and maintenance costs
  - Increasing employee benefits costs
  - Growing park and recreation system (recent acquisition of the theater, parks, and neighboring community's facilities)
  - Changing demographics of the community
  - Aging facilities with increasing maintenance costs
  - "Silo" effect amongst the District's different Divisions
- Need to strategically plan for the future
- Entrepreneurial and partnership spirit
- Need to shift subsidy for operations, maintenance, and new development opportunities





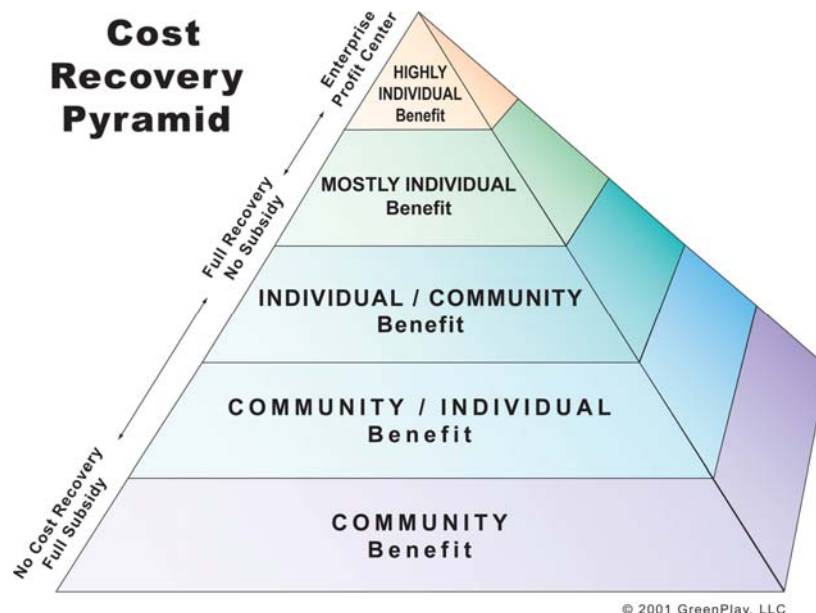
### III. The Cost Recovery Pyramid Methodology

The methodology used in development of the Cost Recovery Model is built on a foundation of understanding who is benefiting from parks, recreation, and natural resources service to determine how the costs for that service should be paid.

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.

The Cost Recovery Pyramid Model illustrates a pricing philosophy based on establishing fees commensurate with the benefit received. Descriptions regarding each level of the pyramid are provided, however, the model is intended as a discussion point and is very dependent on agency philosophies to determine what programs and services belong on each level. Cultural, regional, geographical and resource differences play a large role in this determination. The resulting pyramid will be unique to each agency who applies this methodology.

The pyramid model which follows graphically represents this concept. The foundational level of the pyramid represents the mainstay of a public parks and recreation program. It is the largest service level and most heavily tax supported. Programs appropriate to higher levels of the pyramid should be offered only when the preceding levels below are full enough to provide a foundation for the next level. This is intended to represent the public parks and recreation mission while reflecting the growth and maturity of an organization.



Application of the pyramid methodology begins with the Mission of the organization, but must also address other considerations:

- Who benefits from the service, the community in general or only the individual or group receiving the service?
- Does the individual or group receiving the service generate the need and therefore the cost of providing the service? An example of this type of service is a permitted activity in a park that requires police presence above and beyond the norm.
- Will imposing the full cost fee pose a hardship on specific users?
- The ability to pay is different than the benefit and value of a program, activity, or service and therefore should be dealt with during the implementation phase of pricing and marketing.
- Do community values support taxpayer subsidy of the cost of service for individuals with special needs (e.g. people with disabilities or low-income)?
- Will the level of the fee affect the demand for the service?
  - Is it possible and desirable to manage demand for a service by changing the level of the fee?
  - Are there competing providers of the service in the public or private sector?





## ***IV. Project Team Development Process***

### ***Process***

To facilitate this work, a Project Leadership Team was created for the Willamalane Park and Recreation District. This team represented full time executive and senior level staff from the Park District's Departments of Recreation Services Division, Administrative Services, Park Services Division, Public Affairs, and Planning and Development. The "Cost Recovery Leadership Team" included:

Bob Keefer, *District Superintendent*  
Jason Genck, *Director of Recreation Services*  
Pam Caples, *Administrative Services Division Director*  
Diane Pergamit, *Adult Activity Center Program Manager*  
Rand Gerlach, *Community Athletics and Specialized Recreation Program Manager*  
Jill Cuadros, *Community Recreation Program Manager*  
Lori Quick-Mejia, *Dorris Ranch Program Manager*  
Joel Miller, *Park Services Division Director*  
Mike Mejia, *Park Services Program Manager*  
Dan Tetzler, *Facilities/Equipment Program Manager*  
Damon Crume, *Park Horticulture Program Manager*  
Chris Pryor, *Public Affairs Manager*  
Greg Hyde, *Planning and Development Manager*

To build consensus on the Willamalane Park and Recreation District Cost Recovery philosophy, a series of educational presentations, four staff workshops, and one board presentation were conducted:

#### **Educational Presentations I and II – Leadership Forum and Board Members**

*June 7, 2007*

- Introduction to the Methodology
- Presentation of the Pyramid Model
- Short Practical Exercise
- Determination of who and how to involve staff in the development of the model

#### **Workshop I – Project Team**

*July 16-17, 2007*

- Introduction to the Methodology
- Presentation of the Pyramid Model
- Discussion as to the applicability of the model to Willamalane Park and Recreation District
- Categorization of major external and internal programs and services categories

## **Workshop II – Key Stakeholders, Staff, Project Team, and Board Members**

*August 13-14, 2007*

- Presentation of the Results from Workshop I
- Discussion of reflection regarding the internal and external service categories (**Appendix B**)
- Discussion of current cost recovery
- Discussion of cost recovery and pricing terminology definitions
- Discussion of direct and in-direct costs
- Sorting exercise for current programs, facilities and services based on established categories, and where the external services categories rank on the Pyramid Model
- Development of consensus through discussion
- Discussion of cost recovery goals
- Discussion of other filters relating to Willamalane Park and Recreation District

## **Workshop III**

*September 10, 2007*

- Integration of effort to date
- Review and updated categorization placement, based on public and stakeholders input
- Review finalized definitions
- Establish District definitions for direct and indirect costs
- Development of consensus through discussion

## **Workshop IV**

*October 9 - 10, 2007*

- Determination of appropriate Cost Recovery goals for each level
- Discussion of program disconnects
- Discussion of Implementation Strategies
- Development of consensus through discussion

## **Board Presentation**

*November 7, 2007*

- Present both the consensus model and recommended adjustments to the model
  - align the treatment of older adults and youth as indicated by the department's mission focus statement
  - align the treatment of preschool services with the private sector align the treatment of the concert series with special events

## **Board Presentation**

*January 9, 2008*

- Board adopts the recommended policy and recommended pyramid as the Fees and Charges Policy for the District's Administrative Policies and Procedures Manual.

## Key Issues Emerged

Throughout the series of workshops several key issues emerged. A partial list includes:

- Lack of definition for partnerships and associated fee structure.
- Community's value of providing for youth and older adults.
- Identifying costs accurately and defining which costs should be recovered and which should be considered indirect and a basic service.
- Identifying fee strategies and how they may be applied.
- Other issues such as ability to pay and promotional pricing.

The following concepts were discussed and defined over several months. More detailed definitions are found in **Appendix C**.

Costs are defined as:	Fees are defined as:
<p><b>Direct Costs:</b> all the specific, identifiable variable expenses directly associated with providing a service or facility. These expenses include, but are not limited to, wages and benefits, contracted services, rental of facilities and equipment directly related to the service, and purchased equipment and supplies.</p> <p><b>Indirect Costs:</b> District overhead including the administrative costs of the District, most full-time staffing costs, funding debt service (when it is part of the cost of providing a service), and contractual services, as appropriate.</p>	<p><b>Partial Cost Fee:</b> a fee that recovers something less than the full cost. This could be 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.</p> <p><b>Full Cost Fee:</b> A fee based on a traditional price-cost relationship; 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.</p> <p><b>Market Rate Fee:</b> 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.</p>

### *Other key issues:*

**Ability to Pay:** Willamalane Park and Recreation District will continue to deal with this issue as an implementation strategy through an objective scholarship or fee reduction program, grants, volunteerism opportunities or other programs and management practices. Ability to pay has nothing to do with who benefits from the programs and services.

## V. Steps for Developing the Model

Critical to the development of a Cost Recovery Model is common understanding – understanding the mission of the organization as well as having a common language of terms and concepts related to pricing services. The development of the model was broken down into the following steps:

- Step 1 – Building on your agency's mission
- Step 2 – Understanding filters/the Benefits Filter
- Step 3 – Sorting services
- Step 4 – Understanding other filters
- Step 5 – Determining current subsidy/cost recovery levels
- Step 6 – Assigning desired subsidy/cost recovery levels

### *Step 1 – Building on Willamalane Park and Recreation District's Mission*

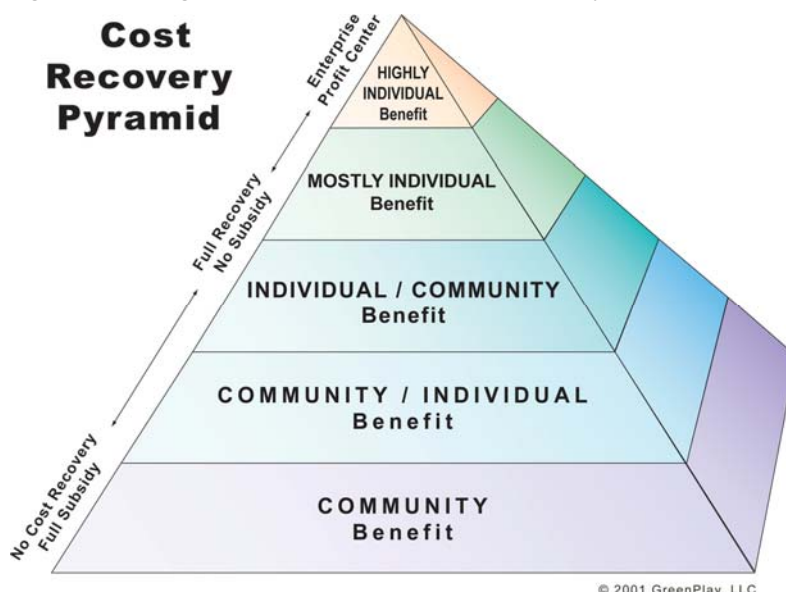
#### ***Focus Statement:***

***We will focus on engaging the Willamalane community through safe parks, well-maintained facilities, and recreational opportunities that support healthy, active lifestyles and life-long learning for youth under the age of 15 years and older adults over the age of 50 years.***

The entire premise for this process is to create focus and measurable goals to help fulfill Willamalane Park and Recreation District's mission. It is important that the organizational values are reflected in the mission. Often mission statements are a starting point and further work needs to occur to create a more detailed common understanding of the interpretation of the mission. This is accomplished through involving staff in a discussion of a variety of filters.

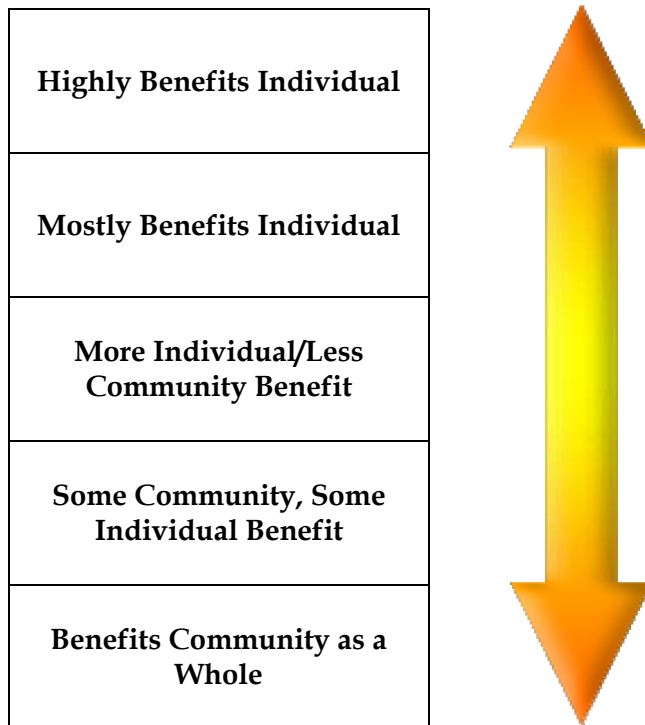
### *Step 2 – Understanding the Pyramid - Filters and the Benefits Filter*

The filters are a series of continuums covering different ways of viewing service provision. Primary filters are described below; however, the benefits filter is the foundation of a pyramid model and is used here to illustrate a cost recovery philosophy for a parks and recreation organization. Other filters will be described in the following sections.



## The Benefits Filter

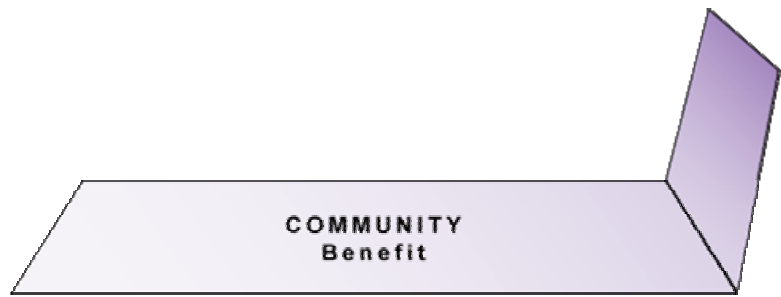
The most foundational of the filters is the benefits filter. It is shown first as a continuum and then in the Cost Recovery Pyramid Model.



Conceptually, the foundational level of the pyramid represents the mainstay of a public parks and recreation program. Programs appropriate to higher levels of the pyramid should only be offered when the preceding levels below are full enough to provide a foundation for the next level. This foundation and upward progression is intended to represent the public parks and recreation core mission, while also reflecting the growth and maturity of an organization as it enhances its program and facility offerings.

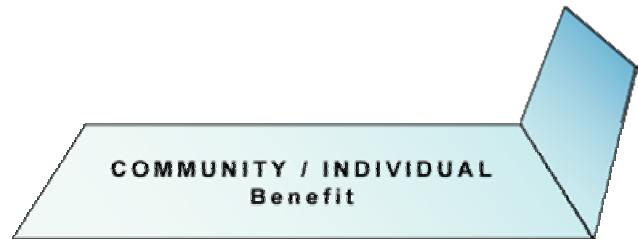
**COMMUNITY Benefit** - The foundational level of the pyramid is the largest, and includes those programs, facilities, and services that benefit the **COMMUNITY** as a whole. These programs, facilities, and services can increase property values, provide safety, address social needs, and enhance quality of life for residents. The community (made up of residents of the Willamalane Park and Recreation District and secondarily the working residents because taxes are also paid by those working in Willamalane Park and Recreation District, specifically the meals tax) generally pays for these basic services and facilities through taxes. These services are offered to residents at minimal or no fee. A large percentage of the tax support of the agency would fund this level of the pyramid.

*Examples of these services include non-monitored access for recreation facilities such as parks, general picnic and play areas, and administrative services.*



**COMMUNITY/Individual Benefit** – The second and a smaller level of the pyramid represents programs, facilities, and services that promote individual physical and mental well-being, and provide recreation skill development. They are generally the more traditionally expected services and beginner instructional levels. These programs, services, and facilities are typically assigned fees based on a specified percentage of direct and indirect costs. These costs are partially offset by both a tax subsidy to account for the **COMMUNITY** Benefit and participant fees to account for the **Individual** Benefit.

*Examples of these services include older adult and youth drop-in instructional and non-instructional monitored access, youth camps and special events.*



**INDIVIDUAL/Community Benefit** – The third and even, yet smaller level of the pyramid represents services that promote individual physical and mental well-being, and provide an intermediate level of recreational skill development. This level provides more **INDIVIDUAL** Benefit and less **Community** Benefit and should be priced to reflect this. The individual fee is higher than for programs and services that fall within the lower levels of the pyramid.

*Examples of these services could include adult drop-in instructional and non-instructional monitored access, adult specialized recreation and social services.*



**MOSTLY INDIVIDUAL Benefit** – The fourth and even smaller level of the pyramid represents specialized services generally for specific groups, and may have a competitive focus. In this level, programs and services may be priced to recover full cost, including all direct and indirect costs.

*Examples of these services could include adult classes, recreational adult team sports and rentals for residents, non-profits and government.*



**Even more highly INDIVIDUAL Benefit** – Stretching to the top, the fifth and smallest level of the pyramid represents activities that have a profit center potential, and may even fall outside of the core mission. In this level, programs and services should be priced to recover full cost plus a designated profit percentage.

*Examples of these activities could include food, beverage and merchandise for resale, overnight trips, private instruction and rentals for non-residents and commercial/for profit businesses.*





### *Step 3 – Sorting Willamalane Park and Recreation District's Services*

It is critical that this sorting step be done with staff, as well as with governing bodies and citizens in mind. This is where ownership is created for the philosophy, while participants discover the current and possibly varied operating histories, cultures, missions, and values of the organization. It is the time to develop consensus and get everyone on the same page, the page you write together. Remember, as well, this effort must reflect the community and must align with the thinking of policy makers.

Willamalane Park and Recreation District brought together staff from across throughout the Department to sort existing programs into each level of the pyramid. This was a challenging step. It was facilitated by an objective and impartial facilitator in order to hear all viewpoints. It generated discussion and debate as participants discovered what different staff members had to say about serving culturally and economically different parts of the community; about operations and maintenance of facilities and parks; about adults versus youth versus seniors; about weddings and interpretive programs; and the list goes on. It was important to push through the *what* as well as the *why* to find common ground. This is what discovering Willamalane Park and Recreation District's philosophy was all about.

### *Step 4 – Understanding the Other Filters*

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

**The Marketing Filter:** what is the effect of the program in attracting customers?



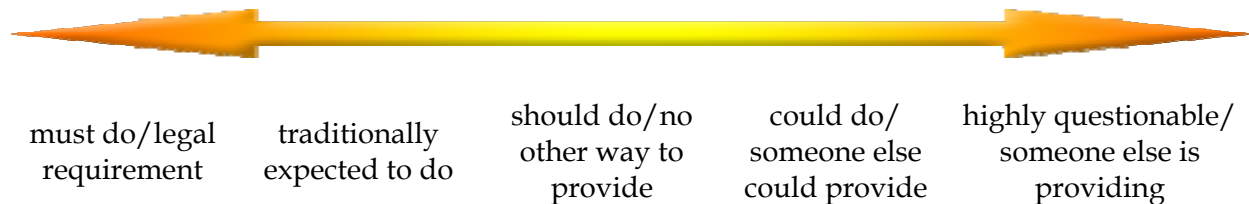
**The Commitment Filter:** what is the intensity of the program, what is the commitment of the participant?



**The Trends Filter:** is the program or service tried and true, or is it a fad?

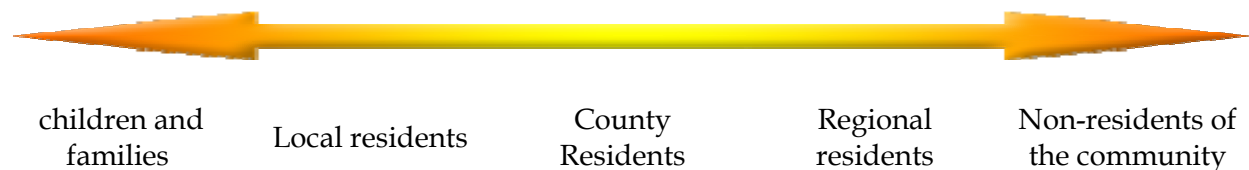


**The Obligation Filter:** is it your role to provide? Is it legally mandated?



**Other Filters May Also Come Into Play**

**Who You Serve:** are you targeting certain populations?



**The Political or Historical Filter:**

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. Current examples of this filter include the Playground Program, Teen Challenge, 4<sup>th</sup> and 6<sup>th</sup> Grade School Lesson Programs, and the Van Program at WAAC.



## ***Step 5 – Determining Current Subsidy/Cost Recovery Levels***

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 what is the cost recovery. When it is complete, you can reverse your 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. Willamalane Park and Recreation District determined what the budgeted subsidy level is for the programs sorted into each level. There may be quite a range in each level, and some programs could overlap with other levels of the pyramid. This will be rectified in the final steps.

### **Criteria for Establishing Fees and Charges**

#### *Low or No Cost Recovery/High or Full Subsidy:*

This category should apply to most of the COMMUNITY Benefit level of the pyramid. The following criteria are used to determine if a service should be included in the category, keeping in mind that a service does not have to meet every criterion:

- The service is equally available to everyone in the community and should benefit everyone.
- Because the service is basic, it is difficult to determine benefits received by one user.
- The level of service attributable to a user is not known.
- Administrative costs of imposing and collecting a fee exceed revenue expected from the fee.
- Imposing the fee would place the agency at a serious competitive disadvantage.
- The service is primarily provided by the public sector.

#### *Partial Cost Recovery/Partial Subsidy:*

These categories should apply to the COMMUNITY/Individual Benefits and INDIVIDUAL/Community Benefits levels of the pyramid. Users fees may recover only partial cost for those services for which the agency desires to manage demand.

- User fees may recover only partial cost from those individuals who cannot pay full cost due to economic hardship.
- A user fee may recover only partial cost if competitive market conditions make a full cost fee undesirable.
- The following criteria are used to determine if a service should be included in this category, keeping in mind that a service does not have to meet every criterion:
  - Services benefit those who participate but the community at large also benefits.
  - The level of service use attributed to a user is known.
  - Administrative costs of imposing and collecting the fee are not excessive.
  - Imposing a full cost fee would place the agency at a competitive disadvantage.
  - The service may be provided by the public sector, but may also be provided by the private sector.

*Full Cost Recovery/No Subsidy:*

This category should apply to the MOSTLY INDIVIDUAL Benefit level of the pyramid.

- User fees should recover the full cost of services that benefit specific groups or individuals.
- User fees should recover the full cost for those services provided to persons who generate the need for those services.
- The following criteria are used to determine if a service should be included in this category, keeping in mind that a service does not have to meet every criterion:
  - The individual or group using the service is the primary beneficiary.
  - The level of service use attributed to a user is known.
  - Administrative costs of imposing and collecting the fee are not excessive.
  - Imposing a full cost fee would not place the agency at a competitive disadvantage.
  - The service is usually provided by the private sector, but may also be provided by the public sector.

*“Profit” Center:*

This category should apply to HIGHLY INDIVIDUAL Benefit level of pyramid.

- User fees could recover more than the full cost for a service in order to subsidize other services provided to the community.
- The following criteria are used to determine if a service should be included in this category, keeping in mind that a service does not have to meet every criterion:
  - Individuals or groups benefit from the service and there is little community benefit.
  - The level of service use attributable to a user is known.
  - There is excess demand for the service; therefore, allocation of limited services is required.
  - Administrative costs of imposing and collecting the fee are not excessive.
  - The service is provided at market price by the private sector.



## *Step 6 – Assigning Desired Subsidy/Cost Recovery Levels*

Willamalane Park and Recreation District asked these questions: Who benefits? Who pays? Now they had the answer; Who benefits – pays! The tax subsidy is used in greater amounts at the bottom levels of the pyramid, reflecting the benefit to the **Community** as a whole. As the pyramid is climbed, the percentage of tax subsidy decreases, and at the top levels it may not be used at all, reflecting the **Individual** benefit. So, what is the right percentage of tax subsidy for each level?

Again, this effort must reflect the community and must align with the thinking of the policy makers. In addition, pricing must also reflect what the community thinks is reasonable, as well as the value of the offering.

### *Examples*

*Most of the bottom level will probably be somewhat subsidized, but you may have up to 100 percent direct cost recovery for certain activities to convey value for the experience. The range for subsidy may be 0 percent of direct costs to 100 percent of direct costs.*

*The top level typically has no subsidy and may range from 100 percent excess revenues above all costs, or more.*

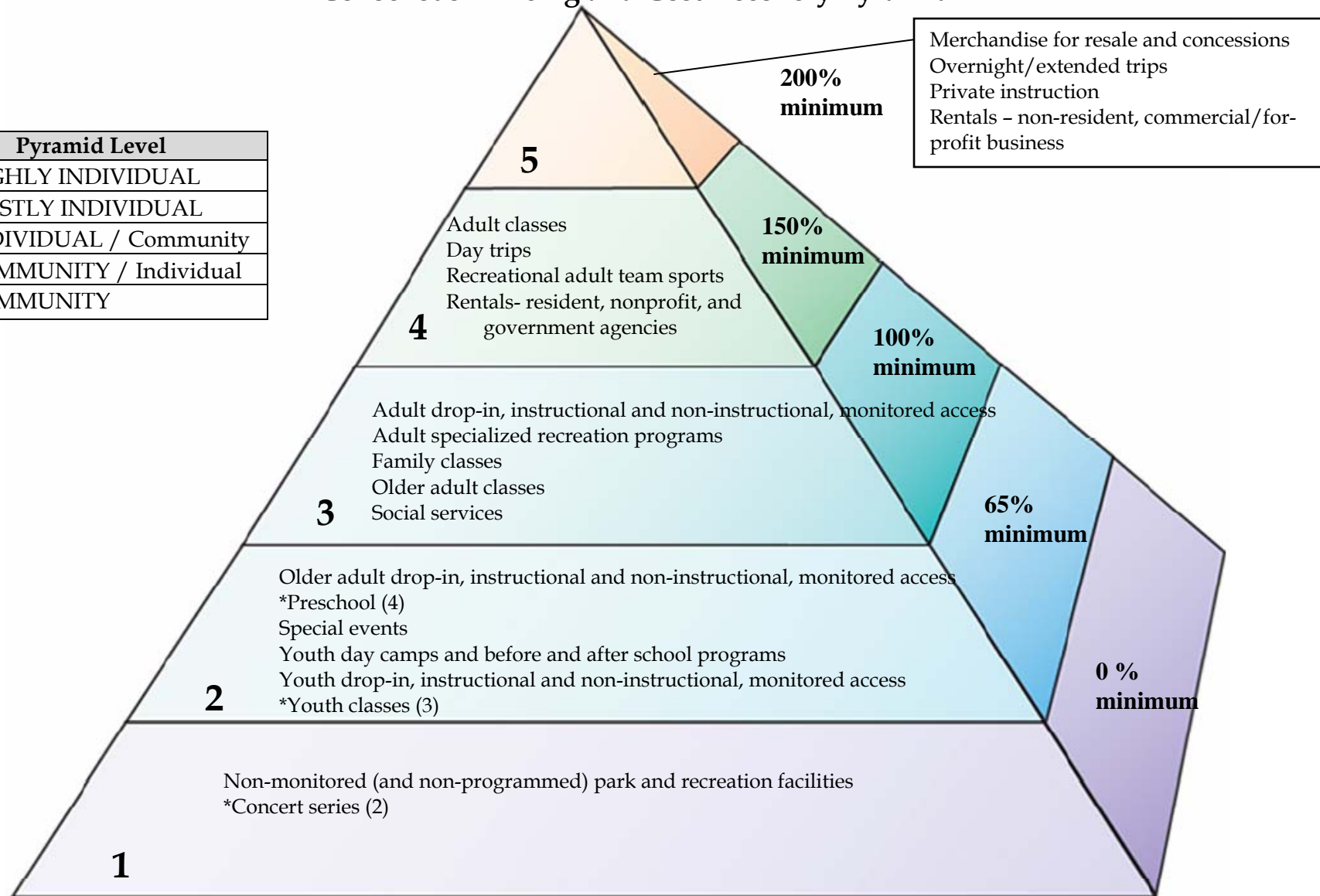
**The following page shows the consensus Cost Recovery expectations for each level of the Pyramid, as determined by the Project Team along with the recommended consideration to level adjustments in parenthesis. It does not reflect the two additional categories of WPRD Contract Programs and Services – In-District and Out-of-District which were added in the final recommended pyramid.**





## Willamalane Park and Recreation District Consensus - Pricing and Cost Recovery Pyramid

Pyramid Level
5 - HIGHLY INDIVIDUAL
4 - MOSTLY INDIVIDUAL
3 - INDIVIDUAL / Community
2 - COMMUNITY / Individual
1 - COMMUNITY





### Level 1: COMMUNITY Benefit

This level includes support services, promotional programs and facilities commonly found in the public sector that provide benefits to all constituents such as parks, trails, rivers and lakes; non-guarded beaches, fishing piers, general picnic areas, nature centers and visitor centers, play areas, boat access areas and gardens. They are facilities that visitors may use without purposefully interacting with staff. The minimum cost recovery goal is set at 0 percent of direct costs. The operation of these areas is at full subsidy. The categories for these types of services include:

- \*Non-monitored (and non-programmed) park and recreation facilities
- \*Concert series(recommend adjusting this to level 2 to align with the treatment of special events)



### Level 2: COMMUNITY/Individual Benefit

The operation of Recreation Facilities as a whole is considered part of the second level of the pyramid where a partial subsidy is anticipated. This enhances and expands upon the base level where the existence of the facility resides. This includes facilities commonly found in the public sector that provide value-added services with extraordinary costs, as well as programs that provide education or experiences to groups and individuals.

Fees and charges recommendations for various programs and services independent of, or within the operation of the facilities may fall in different levels of the pyramid depending on the nature of the service. The minimum cost recovery goal is set at 65 percent of direct costs. The categories for these types of services include fees for:



- Non-monitored (and non-programmed) park and recreation facilities
- Concert Series
- Older adult drop-in, instructional and non-instructional, monitored access
- \*Preschool (recommend adjusting this to level 4 to align with the private sector)
- Special events
- Youth day camps and before and after school programs
- Youth drop-in, instructional and non-instructional, monitored access
- \*Youth classes (recommend adjusting this to level 3 to align with the treatment of older adults and youth as indicated by the department's mission focus statement)



### **Level 3: INDIVIDUAL/Community Benefit**

This level includes recreation lessons equipment rentals at non-special revenue facilities. The minimum cost recovery goal is set at 100 percent of direct costs. The categories for these types of services include fees for:

- Adult drop-in, instructional and non-instructional, monitored access
- Adult specialized recreation programs
- Family classes
- Older adult classes
- Social services



### **Level 4: MOSTLY INDIVIDUAL Benefit**

This level includes facilities that are also commonly found in the private sector that typically generate revenues in excess of direct costs such as golf courses and ski and snowboard areas, and facility rentals. It also includes lessons at special revenue facilities and leagues/competitions. The minimum cost recovery goal is set at 150 percent of direct costs. The categories for these types of services include fees for:

- Adult classes
- Day trips
- Recreational adult team sports
- Rentals- resident, nonprofit, and govt. agencies
- WPRD Contract Programs and Services – In-District (added)

### **Level 5: HIGHLY INDIVIDUAL Benefit**

This level includes products that may be purchased and special use of facilities for commercial purposes. The minimum cost recovery goal is set at 200 percent of direct costs. The categories for these types of services include fees for:

- Merchandise for resale and concessions
- Overnight/extended trips
- Private instruction
- Rentals – non-resident, commercial/for-profit business
- WPRD Contract Programs and Services –Out-of-District (added)



## *VI. Outcome – District Policy Statement Revision*

### *Recommended Policy*

As a publicly financed park and recreation system, the Willamalane Park and Recreation District shall provide a basic level of service at no additional cost to the public. However, fees and charges and other methods to recover costs are considered a responsible and necessary means to supplement tax revenue where appropriate.

In establishing fees and charges, the District will determine the direct costs of providing services and establish goals to recover those costs. The appropriate level of cost recovery will be based on an assessment of who is benefiting from the service provided. If the benefit is accruing to the community as a whole, it is appropriate to use taxpayer dollars to wholly or primarily fund the service. Examples of services that primarily provide community benefits may include Non-monitored (and non-programmed) park and recreation facilities like Island Park, Skate Park, Sports Fields, Tennis Courts, etc. – Willamalane staff are not present at these facilities to specifically monitor programs, activities, or services.

As the benefit is increasingly specialized to an individual or select group of individuals, it is appropriate to charge fees for the service at an increasing rate of cost recovery. Professionally directed programs, facilities and equipment that visitors can exclusively use, and products and services that may be purchased, provide examples where user fees are appropriate.

The District may also consider available resources, public need, public acceptance, historical practices, and the community economic climate, or other means when establishing fees and charges. The District reserves the right to adjust fees and charges for these and other reasons upon the approval of the Division Director or Superintendent. In cases where certain programs and facilities are highly specialized by activity and design and appeal to a select user group, the District may additionally consider fees charged by competitive services. Fees and charges may be set to recover costs in excess of direct and indirect costs, where appropriate, as a method of funding other service subsidies.

The District may subsidize the level of cost recovery for services for persons with economic need or for other targeted populations, as determined by the Board, through tax-supported fee reductions, scholarships, grants or other methods. The Board may also approve exceptional fees or fee waivers upon determinations that such fee arrangements will benefit the public interest. This philosophy is applied to the 4<sup>th</sup> and 6<sup>th</sup> Grade School Swim Lesson Programs, Summer Playground Program, Teen Center, and Van Program (at WAAC) and these programs are not subject to the cost recovery pyramid per Board direction.

The District will develop and implement a system of Out-of-District fees and charges to be charged to non-tax paying patrons. Some level of additional fee will be determined (by the appropriate Division Director) and will be charged for District programs, facilities, and services with few exceptions (e.g. Special Events, cooperative programs, etc.). Non-District residents owning real property in the District are except from the Out-of-District fee policy.

This Policy is intended to provide an overarching philosophy on cost recovery, a methodology to utilize the District's subsidy generated by the community's tax investment and a structure for implementing fees and charges which is fairly and consistently applied. Staff will use the Willamalane Cost Recovery Model (adopted January 2008) and the *Pricing and Cost Recovery Pyramid* as guidance for this policy. The appropriate Division Director will oversee the development and implementation of fees and charges based upon the Willamalane Cost Recovery Model and Pricing and Cost Recovery Pyramid.

Beginning with fiscal year 2011, the Board will review this policy on a bi-annual basis.

## ***Current Policy***

Willamalane Park & Recreation District  
Administrative Policy/Procedure Manual

### **FEES AND CHARGES POLICY [REVISED 05/07/03]**

#### **PROGRAM FEES AND CHARGES**

The following guidelines will be used by staff to establish fees and charges within the District.

The fees and charges assessed to participants will reflect the total costs (administrative, direct, and indirect) of providing the program or service minus the applied taxpayer support (General Fund subsidy), sponsorships, fund-raising support, and grant monies.

The appropriate Division director will oversee the development and implementation of a system of fees and charges based on the following criteria. The system will be reviewed as deemed necessary.

There are several factors in considering and establishing prices (fees) for programs. The method that Willamalane staff will be using is a Pricing Triangle method, with District Priorities, Program Costs, and Public Demands being at each axis of the triangle.

#### **DEFINITION OF DISTRICT EXPENSES**

The total costs of operating the District incorporate three, basic, expense categories. All programs and services offered by the District expend money from one or more of these categories. The appropriate Division director will consider these three expense categories when determining the amount of cost recovery desired.

Administrative costs: Expenses which occur regardless of what programs are offered or whether services are delivered. These expenses are associated with operating the District in general.

Examples include:

- Building/facility routine repair and maintenance costs
- Facility utility costs (lights, heat, water)
- Facility clerical support wages and benefits
- Park Services Division grounds maintenance wages, materials, and supplies
- Human Resources, Public Affairs, and Finance department salaries, materials, and supplies
- Planning and Development department salaries, materials, and supplies
- Administrative Services Division and Office of the Superintendent salaries, materials, and supplies
- Recreation Services Division administrative salaries and benefits

Indirect costs: Expenses that can be related to a specific program or department, but are not influenced by changes in day-to-day operations, participation levels, or market conditions.

Examples include:

- Duplicating

- Marketing
- Mileage/Travel
- Rental of equipment
- Training for staff
- Programmer support
- Department Supervisors/Program Managers (wages and benefits)

Direct costs: Expenses which are directly related to a program or department and are subject to change depending on the program's day-to-day operation, participation levels, or market conditions.

Examples include:

- Program Leaders/Instructors (wages and benefits)
- Program Transportation (fuel and service costs)
- Program materials and supplies
- Admissions and fees for program participants (Ice skating, Portland Zoo)
- Program-specific mileage
- Maintenance Aides/Park Hosts

## CONTINUUM OF PROGRAMS AND SERVICES

Services and programs should be considered as if placed on a continuum, extending from 'public' programs, through 'merit' programs, to 'private' programs.



Public Service Programs: Public service programs are not expected to recover any of their costs. Their value to the community, and direct reflection of the District's goals, make them mandatory. The administrative, direct, and indirect costs for public service programs are fully subsidized. A public service program, in its pure form, is equally accessible to all citizens in the community (e.g., parks, playground programs, fourth grade learn-to-swim programs).

Merit Service Programs: Merit service programs are:

- expected to recover some level of direct costs through fees and charges.
- may be expected to recover some level of indirect costs through fees and charges.
- not usually expected to recover any administrative costs.

Merit service programs occupy the largest area of the continuum and maintain the greatest flexibility in setting price. A merit service displays characteristics of both private and public service programs, and both the individual consumers and the general community can receive benefits from the program (ranging from Specialized Recreation at the Public Service end to Adult Sports near the Private Service end).

Private Service Programs: Private service programs are expected to collect fees and charges which:

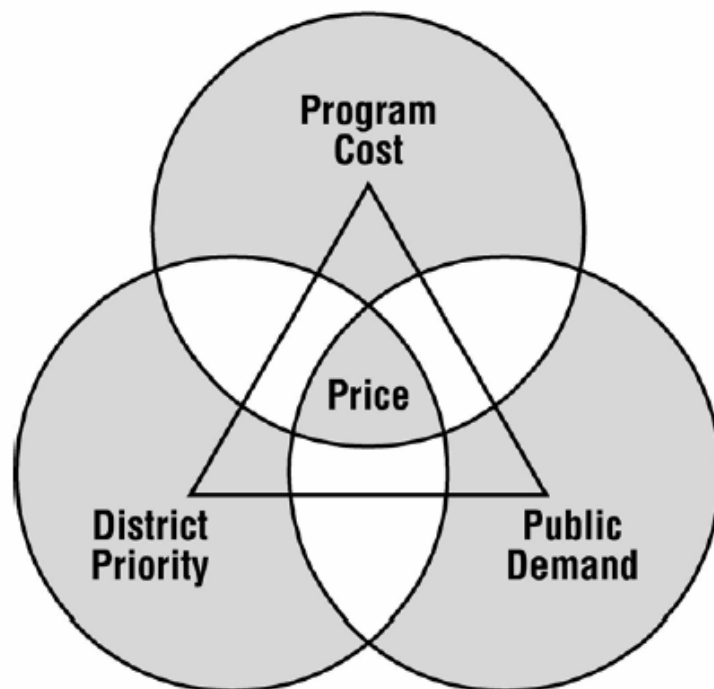
- recover all direct and indirect costs.
- recover all or a majority of administrative costs.

The specific individuals participating in the program receive the primary benefits from the program. The general community receives little or no direct or indirect benefit from the program. Private Service programs assume the exclusion of persons who are not willing to pay for the service. The District currently offers no programs that fit into this category.

#### FACTORS WHICH INFLUENCE PRICING

Once a program's priority has been established on the Continuum of Programs and Services, the actual fee charged by the District for that program is determined through a combination of three interconnected factors.

## Pricing Factors



#### District Priority

Priorities are reflected in the Board's goals, department pricing objectives, and District history. Board goals are an outgrowth of our mission and our mandate to serve the community. Board goals tend to go beyond typical private sector goals of building market share and achieving profit. Willamalane's goals reflect the need to serve specific user needs and address issues of equity, accessibility, and service to the community.

Programs closer to the Public Side of the Continuum are assumed to have a higher District Priority than programs closer to the Private Side of the Continuum. High Priority programs have a lower cost-recovery expectation.

### Program Cost

Another key factor in establishing price is the cost to operate the program. Basic cost recovery is fundamental to many District activities and forms the baseline for establishing the price of many of our programs. Willamalane measures program cost using levels of expense: Administrative Costs, Indirect Costs, and Direct Costs (as defined earlier in this policy).

Some program characteristics also help establish price levels and fee strategies. Fees can also vary depending on who benefits from the program.

### Public Demand

This factor incorporates the public's interest and perceived value when setting fees and charges. It requires a knowledge of external market conditions such as demographics, competition, and what is being charged within the market for similar activities. It establishes the upper threshold our patrons are willing to pay for programs offered by Willamalane Park and Recreation District.

### ADULT RESIDENTS

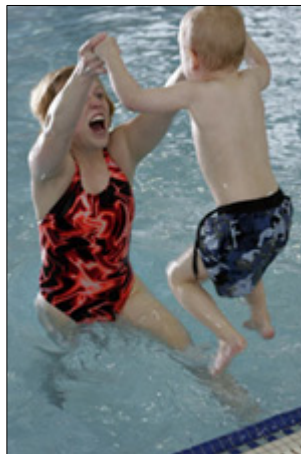
Fees assessed Willamalane residents ages 50+ for use of Willamalane Aquatics facilities and programs will not exceed fees assessed youth.

### PARK RESERVATIONS

Annually, the Park Services Division director will oversee the development and implementation of a system of fees and charges for park reservations.

### OUT-OF-DISTRICT FEES AND CHARGES

Annually, the Recreation Services Division and Park Services Division directors will oversee the development and implementation of a system of out-of-District fees and charges (for their respective divisions) to be charged to all non-taxpaying patrons. Some level of additional fee (to be determined by the department supervisor/manager and Division director) will be charged for all Willamalane Park and Recreation District programs with few exceptions (e.g., Special Events, Willamalane-at-School programs, cooperative programs, etc.). Non-District residents owning real property in the District are exempt from the out-of-District fee policy.





## *VII. Recommended Steps for Implementation*

The main purpose of the endeavor has been to develop a fair, equitable, and defensible cost recovery system and to develop credibility with stakeholders including the District Board, and the various user groups. In order to further this effort, the following steps will be completed.

### *Primary Action Steps*

1. Present the Cost Recovery Model, and recommended Policy revision to the District Board.
2. Revise the Cost Recovery Model, and Policy revision based on input from the District Board.
3. Seek approval of the Cost Recovery Model, and revised Policy by District Board.
4. Communicate the Cost Recovery Model, revised Policy, and implementation plan to staff through departmental divisions or units.
5. Adjust fees to reflect the Park District's cost recovery philosophy.

Fees for services shall be reviewed annually, and adjusted as necessary, to meet the cost recovery objectives and Board Policy. It is **not expected** that all fees will be immediately adjusted, but that fees will be examined with each budget and marketing cycle for appropriate categorization, with a goal of implementing the Pyramid Levels, as possible. It is recognized that market, historical and political factors play a major role in any fee change, and the sensitivity to these issues is paramount while the adjustments take place to meet the goals over time.

It is recommended that any surplus revenue from one program may be utilized to offset cost for other related programs, or that identification of those programs with lower or higher cost recovery be recognized as an integral part of meeting the overall District goals.

Fees and charges for programs and facilities will be recommended at the appropriate time as part of the budgeting process.

6. Review budgeting procedures to determine if modifications are needed to efficiently monitor the revenue and expenses for all service categories on the Cost Recovery Model.
7. Implement a one-year pilot Cost Recovery Model and assess results.

This will allow communication of the philosophy and policy, and adjustment of fees as indicated by the Cost Recovery Model. It will also allow for staff and Board to see the implications on overall cost recovery, identify any currently unknown market, historical and political filters, and allow staff to experience using the accepted methodology.



## *Additional Action Steps*

1. Review and modify, as necessary, the guidelines to reduce fees.

Analyze the existing acceptable standards and processes to assure they are addressing the need and are non-discriminatory. Participants should be able to participate without obstacles. Willamalane Park and Recreation District has a scholarship program, and this program should be continued, marketed, and made easier for objective identification and participation for those who have lower incomes. No community benefit programs should be denied simply due to inability to pay.

2. Identify those programs that should be primarily based on the market rate.

There will be programs and/or facilities where the cost recovery is different from that suggested by the pyramid model exercise, simply based on the market rate, meaning that the District simply can't charge what is expected or no one will participate, or can charge more, because that is the going rate and there is demand. There can be valid reasons for charging "Market Rate." These programs should be identified and acknowledged for the role they play.

3. Further refine all the expenses that will be considered "direct costs" vs. "indirect costs" for Willamalane Park and Recreation District programs and services.
4. Use the adopted Pricing and Cost Recovery Model for the following purposes.
  - Articulate the comprehensive pricing 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.
  - Justify the pricing of new programs.

## *Evaluation & Review*

1. Review the impact of the Cost Recovery Model on an annual basis.
2. Identify specific services or programs that could have higher or lower cost recovery percentage and why. Develop strategies to implement the changes.

## *Suggested Implementation Strategies and Performance Measures*

### **Communication and Public Involvement**

Communicate the Philosophy and Policy with various groups, users, community leaders and stakeholders. Engage those impacted by the philosophy and policy changes to help identify creative problem solving ideas. Groups to include:

- Dorris Ranch Advisory Committee
- Parents of ..... groups
- Chamber of Commerce
- CVALCO
- Hospital
- Donors and sponsors
- Friends of Willamalane
- Businesses
- Team Springfield
- School District
- Long term annual facility users
- Swim club
- Key public communicators
- Staff
- Budget Committee
- WAAC
- Athletic Advisory Committee

### **Administrative**

- Make District vision, mission, goals, and operating principles more concise and consistent among all planning documents
- Leverage negotiations and agreements based on actual costs and benefits
- Capitalize on opportunities for out of district contractual services and programs
- Phase changes
- Re-visit non-district policy and recommended differentials
- Establish a formalized, District-wide program and service evaluation
- Base divisional workplans and individual goals on performance measures
- Conduct community-wide opinion and interest surveys every five years (at a minimum) to determine community needs in light of changing demographics
- Ongoing reassessment of internal and external benchmarking and surveys
- Ongoing reassessment of effectiveness and adjust or update the policy
- Achieve of District workplan goals
- Achieve of individual goals and objectives
- Realize financial and cost recovery targets

### **Accounting and Financial Tasks**

- Define general ledger definitions (i.e. – technical, office supplies, printing, and duplication)
- Define lump sum allocations with typical details and formulas (technology/cell phones, promotional costs, park services, visa discounts, utilities, duplicating, etc.)

- Use detailed line item accounting to track direct and indirect costs and revenues and to facilitate budget planning
- Use and refine the cost recovery template (**Appendix D**)
- Address inconsistency with rentals – confirm custodial fees based on use numbers
- Define normal operating hours in comparison to office hours
- Establish lifecycle costs for equipment replacement
- Establish and allocated annual funding for an equipment replacement sinking fund
- Define recreation coordinator programmers by positions associated with programs vs. administrative support
- Assign vehicle costs for replacement, fuel, cleaning, and repair to establish a per mile cost that can be broken down per mile and assigned to a program
- Account for all costs associated with joint use agreements (identify equity of agreement)
- Consistently track employee discounts – POS keys/CLASS system
- Consistently track scholarships - POS keys/CLASS system
- Address and define the difference between program and facility budgets (i.e.- 32<sup>nd</sup> Street Athletic Complex)
- Define FICA and other part-time benefits
- Identify the difference between hours associated with the provision of programs and services and the supplies associated with the provision of programs and services
- Realize financial and cost recovery targets

#### **Program Performance Measures**

- Conduct cost benefit analysis of programs by users and numbers of users
- Conduct pre and post assessments of impact to participants and community wellness
- Conduct pre and post assessment of camp and before and after school programs' impact to scholastic performance
- Use the 40 Developmental Assets from the Search Institute (<http://www.search-institute.org/assets/>) as a benchmark for improving children's quality of life
- Use the CAPRA Accreditation standards (NRPA) as a benchmark
- Use the NRPA National Gold Medal Award winning cities or agencies in the similar population category as a benchmark
- Ongoing reassessment of effectiveness, self-benchmarking, and surveys
- Continue to provide high level of service (measure against level of service in Comprehensive Plan)
- Base the creation of new programs on community needs and survey results
- Conduct periodic market studies
- Evaluate operating structures
- Research alternative funding options
- Track participation and cancellation rates
- Track program mileage
- Conduct cost-benefit analysis of the value of volunteers by tracking hours of usage
- Note differences or discrepancies with cost recovery philosophy and policy, and why it's occurring
- Use detailed line item accounting to track direct and indirect costs and revenues and to facilitate budget planning
- Realize financial and cost recovery targets

## ***Appendix A – Willamalane Park and Recreation District's Cost Recovery***

### **Park District's Cost Recovery – Based on 2006 Budget**

#### **Cost Recovery**

For the purposes of developing a Pricing Philosophy and Cost Recovery Policy, cost recovery is defined as the amount of funding for non-capital items that comes into the Willamalane Park and Recreation District that is not General Fund tax subsidy or other tax subsidy. Total cost recovery for the District is budgeted at 32% for 2005/06. This means that the District is recovering 32% 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 and importance ratings for providing a healthy environment (*Springfield Community Survey- 2005*), indicate very high community support for use of tax dollars to support the many existing services of the District.

**Breakdown for Cost Recovery for the District as a whole: 32%**  
(Based on 2005/06 budget information)

## **Funding Sources**

The District receive funding from a variety of sources including the General Fund, development impact fees, facility and programs fees and charges and some grants and donations.

### **Subsidizations (current accounting):**

- General Fund
  - According to fiscal year 2006 figures, the District General Fund revenues that provide subsidy to the provision of programs and services come from the following sources:
    - Property tax (69.7%)
    - Miscellaneous revenue (0.6%)

### **Cost Recovery (current accounting):**

- Interest Income (1.3%)
- Fees and Charges (25%)
  - Splash! Lively Park Swim Center - primary revenues include memberships, program (swim lessons, water fitness, and general admission) fees, and facility rentals
  - Willamalane Park Swim Center - primary revenues include vending sales, and program (swim lessons, water fitness, and general admission) fees
  - Community Recreation Center – primary revenues include vending sales and recreation program fees
  - Adult Activity Center – primary revenues include vending sales and recreation program fees
  - Athletics and Adult Recreation- athletic and recreation program fees and field rentals
  - Community Recreation – primary revenues include vending sales and recreation program fees
  - Park Services- primary revenues include vending sales, merchandise sales, marine board, sports tournaments, and facility/equipment rental
- Alternative funding (3.4%)
  - Donations and Sponsorships
    - Grants, fundraising, and volunteer efforts have helped support the Adult Activity Center and Community Recreation

## Appendix B – Internal and External Service Categories

The members of the Cost Recovery Project Team met to define and sort the services. Twenty-six sub-categories of service were established to accommodate every program or service provided by the Park District. The goal was to sort sub-categories of service based on the Willamalane Park and Recreation District Mission and who is benefiting from the service to place the sub-categories on the Cost Recovery Pyramid Model.

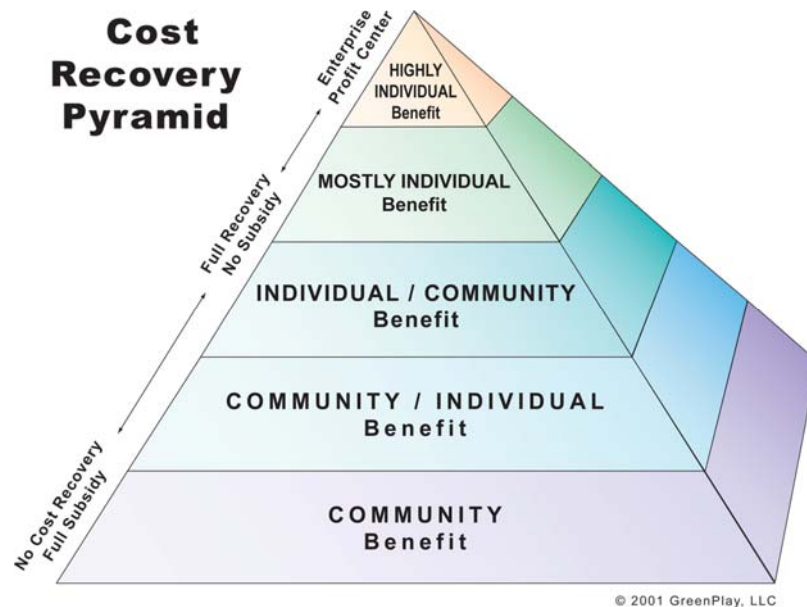
After placing the sub-categories on the pyramid, cost recovery ranges were proposed.

### The Willamalane Park and Recreation District Mission

**District Purpose** - “To provide exceptional park and recreation services that enhance the livability of our community and the lives of the people we serve.”

**Focus Statement** - “We will focus on engaging the Willamalane community through safe parks, well-maintained facilities, and recreational opportunities that support healthy, active lifestyles and life-long learning for youth under the age of 15 years and older adults over the age of 50 years.”

5
4
3
2
1



# SORTED CATEGORIES OF SERVICE

## Resulting Pyramid Levels and Recommended Adjustments



### Level 5

- Rentals - commercial/ for-profit business
- Private instruction
- Rentals- non-resident
- Merchandise for resale and concessions
- Overnight/extended trips

### Level 4

- Adult instructional programs
- Recreational adult team sports
- Adult workshops
- Rentals- resident
- Rentals- nonprofit and government agencies
- Competitive adult tournaments
- Day trips



### Level 3

- \*Older adult instructional programs (should it be treated the same as Youth Instructional Programs?)
- Older adult workshops
- Family workshops
- Adult specialized recreation programs
- \*Adult drop-in, instructional, monitored access (should potentially be moved to a 4)
- \*Adult drop-in, non-instructional, monitored access (should potentially be moved to a 4)
- Social services

### Level 2

- Youth day camps and before and after school programs
- \*Youth instructional programs (should it be treated the same as Older Adult Instructional Programs?)
- Youth workshops
- \*Preschool (currently a profit center and there is concern that there are private alternative providers, could be considered unfair competition)
- \*Special events (should be treated like Concerts)
- Youth drop-in, non-instructional, monitored access
- Youth drop-in, instructional, monitored access
- Older adult drop-in, monitored access







### **Level 1**

- Non-monitored park and recreation facilities
- \*Concert series (Leadership recommends moving to a 2, should be treated like Special Events)

### **FURTHER DISCUSSION**

- Add the following categories:
  - Older adult drop-in, monitored access (score as a 2)
  - Obligation vs. opportunity to provide a service

### **Decisions**

- Older adult drop-in, monitored access (score as a 2)
- Workshops + instructional programs = classes

## *Appendix C – Definitions*

### **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 reduction programs, grants, volunteerism opportunities or "Workreation" Dollars, 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 legal services, information support services, finance, human resources (training, safety services, insurance, and benefits), development, risk management, research, and evaluation, and intergovernmental services.

#### **Advisory Groups:**

These groups (Boards or Committees) may or may not be created by the Board or through agreements with other agencies to provide recommendations to the Board or staff pertaining to specified operational and/or planning functions. Membership may include Board members, staff members, and/or citizens. These groups can be long-standing or temporary project specific advisory groups. Examples include Friends of Willamalane, Citizen's Planning Committees, WAAC Advisory Council, or Grant Advisory Committee, etc.

#### **Affiliate Groups:**

Civic, advisory councils, committees, boards or commissions, associations like (Rotary Club, Lions Club, Senior Forum, Team Springfield, etc.) or others that provide programs or give back to the community.

#### **Age Categories:**

Categories based on age (i.e. child, youth, adult, older adults, intergenerational, 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, donations and in-kind services and contributions, etc.

#### **Attendance:**

Attendance is measuring the total number of times per week per session that a participant attends the class. It's the total number of spectators and participants in a tournament, festival,

or event. It's the total number of visitors or attendees at a rental function or meeting. It measures the users and non-users all in attendance.

### **Balance Sheet:**

Get a snapshot of your business's financial health with a balance sheet.

The balance sheet provides a snapshot of the business's assets, liabilities and owner's equity for a given time. Using an apparel manufacturer as an example, here are the key components of the balance sheet:

**Current assets:** These are the assets in a business that can be converted to cash in one year or less. They include cash, stocks, and other liquid investments; accounts receivable; inventory; and prepaid expenses. For a clothing manufacturer, inventory would include raw materials (yarn, thread, etc.), work-in-progress (started but not finished), and finished goods (shirts and pants ready to sell to customers). Accounts receivable represent the amount of money owed to the business by customers who have purchased on account.

**Fixed assets:** These are the tangible assets of a business that will not be converted to cash within a year during the normal course of operation. Fixed assets are for long-term use and include land, buildings, leasehold improvements, equipment, machinery, and vehicles.

**Intangible assets:** These are assets that you can't touch or see but that have value. Intangible assets include franchise rights, goodwill, non-compete agreements, patents and many other items.

**Other assets:** There are many assets that can be classified as other assets, and most business balance sheets have an "other assets" category as a "catch-all." Some of the most common other assets include cash value of life insurance, long-term investment property, and compensation due from employees.

**Current liabilities:** These are the obligations of the business that are due within one year. Current liabilities include notes payable on lines of credit or other short-term loans, current maturities of long-term debt, accounts payable to trade creditors, accrued expenses and taxes (an accrual is an expense such as the payroll that is due to employees for hours worked but has not been paid), and amounts due to stockholders.

**Long-term debt:** These are the obligations of the business that are not due for at least one year. Long-term liabilities typically consist of all bank debt or stockholder loans payable outside of the following 12-month period.

### **Balance Sheet Terms:**

**Accounts Receivable:** A short-term asset, usually representing a credit for a completed sale.

**Cash:** Money on hand in checking, savings, or redeemable certificate accounts.

**Current Assets:** The sum of a firm's cash, accounts receivable, inventory, prepaid expenses, and marketable securities which can be converted to cash within a single operating cycle.

**Current Liabilities:** Measurable debt owed within one year, including accounts payable, accrued liabilities, taxes due and short-term notes due.

**Inventory:** The stockpile of unsold products.

**Long Term Debt:** Liabilities due in more than one year.

**Labor Costs:** While labor expenses are most explicitly reflected in the Payroll expense line item, additional costs may be included in Cost of Sales or Net profit categories. These may include overhead, supervisory, administrative and contract wages and salary, as well as owner profit taken as salary or wages. The spread of these costs varies from industry to industry.

**Income Statement Items:**

**Net Sales:** Annual volume of sales.

**Net Working Capital:** Current assets minus current liabilities.

**Net Worth:** Current assets plus fixed assets minus current and long-term liabilities.

**Total Assets:** The sum of current assets and fixed assets such as plant and equipment.

**Total Liabilities:** Current liabilities plus long term liabilities such as notes and mortgages due over more than one year.

**Benefit:**

The degree to which programs and services positively impact the public (individual and community), or in other words, the results of the programs and services. Are the individual and community better off, worse off, or unchanged as a result of programs and services? As an example: the National Recreation and Park Association define the benefits of Park and Recreation as:

- Socialization
- Healthy Lifestyle – life long 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 doesn’t necessarily mean 100% 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 Recovery:**

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

**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. “Experience minus expectations.”

**Direct Cost:**

Includes all 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.

- Full-time (directly associated with a specific program(s)), hourly, or part time salaries for instructors, leaders, aides, field supervisors, officials, coaches, seasonal employees, lifeguards, concessions workers, building attendants, hosts, recreation coordinators (directly associated with a specific program(s));
- Personnel benefits including FICA, Worker’s Compensation Insurance, Retirement, Long-term Disability, Life Insurance, Unemployment Claims, Health and Dental Insurance premiums as applicable;
- Temporary help for vacancies and absences;
- Contractual services for coaches, officials, instructors, entertainment, catering, services, etc...;
- Consumable equipment and supplies like balls, food, paper, clay and glazes, kiln firing, art supplies provided by instructor or agency, chalk;
- Uniforms, tee shirts, for participants and staff;

- Non-consumable equipment purchased only for the program that require periodic, continual replacement or are necessary for the start of the program like bases, water fitness equipment, yoga mats, blocks, bouncy balls, games, free weights;
- Training specifically for the program or service, like CPR and First Aid, ongoing or reimbursed training and certifications;
- Pre-employment screenings;
- Transportation costs like van drivers and mileage, parking, detailing, or rental of buses, public transportation, etc...;
- Entry fees, tickets, admissions for participants and leaders/instructors;
- Rental fees for facilities, spaces, janitors, charge backs, etc...;
- Marketing and promotions associated with a specific program(s) or facility;
- Utilities associated with a specific program(s) or facility;
- Bank charges (Visa discounts);
- Job postings for a specific facility or department;
- Scholarships;
- Employee discounts;
- Unpaid accounts receivable;
- Complimentary passes;
- Technology and communication;
- Postage;
- Printing, binding, duplicating, and technical supplies;
- Athletic field replacement costs;
- Any other costs associated or attributed specifically with the program or service.

**Exclusive Use:**

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

**Financial Ratio Glossary:**

**Ending Fund Balance:** Current assets minus current liabilities. Target: 12% of tax revenues.

**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 any allocated 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.

**Full-Time Benefited Employee:**

A regular employee who works at least 40 hours per week on a regularly scheduled basis. Full-Time Benefited Employees are eligible for the full-time benefits package, and are eligible for other rights applicable to regular employment.

**Governmental Group:**

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

**Indirect Cost:**

Encompasses overhead (fixed and variable) including the administrative costs of the agency:

- ADA compliance;
- Fund debt service;
- General contractual services like trash, janitorial, building and park security, courier, etc...
- District-wide marketing and research;
- Facility operating costs and utilities, if not charged back;
- Full-time and part-time employee (supervisory and above, administrative positions, planning, or coordinators, except where it is associated with a specific program(s)) salaries and benefits
- Non-program specific trainings like NRPA, leadership trainings, management trainings;
- Seasonal labor;
- Temporary help for vacancies and absences;
- Job postings;
- Office equipment and supplies;
- Office furniture;
- Repair and maintenance of grounds, equipment, non-program associated vehicles, and buildings;
- Various other appropriated costs;
- Administrative, District-wide, personal vehicle mileage reimbursement;
- Administrative staff uniforms;
- Risk management services;
- Board expenses;

These costs would exist without any of the specific programs and might also be attributed to facility operations (in which case they are direct expenses to the facility or park operations).

**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. It doesn't necessarily require paying a fee, but usually requires application. Membership could also be the number of people who have purchased a membership to a facility or program (the term is also often used for annual, semi-annual, or monthly pass holders.) Membership can be paid or unpaid.



**Minimum Service Level:**

The “acceptable” service level is 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.

**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 doesn’t meet the residency test in any way.

**Non-User:**

Those who have never stepped into the parks, 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:**

Periods other than those that have the highest demand for services and programs. Less desirable time, off-season, or shoulder season.

**Part-time Benefited Employee:**

Regular employee who is scheduled to work on a year-round basis, at least 20 hours/week in a single job classification, but less than 40 hours/week. Part-time Benefited employees are eligible for the part-time benefits package.

**Part-time Non-Benefited Employee:**

Regular employee who is scheduled to work on a year-round basis less than 20 hours/week in a single job classification. These employees receive all legally mandated benefits (such as workers’ compensation and Social Security), but are ineligible for all other benefits programs.

**Part Time Temporary:**

Employees who work no more than 120 hours in a single job classification.

**Partial 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 any allocated indirect costs, or some combination. The remaining portion of the costs will be subsidized.

**Participant/Guest/User/Visitor/Patron:**

Persons who use facilities and services, visit parks, and participate in programs and activities. A customer, a donor, a taxpayer, a resident, a business owner, a property owner within the District or involved with the District. A patron assumes a vested interest in what the organization does.

**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, off-peak, off-season, less desirable and shoulder season 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.

**Policies Services:**

These are internal support services that have indirect costs to provide and are not attributable to any particular external public service. This includes the Board of Directors.

**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. The trend is to give residents a discount off the fee versus charging non-residents more.

**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 share holders as profit sharing or a distribution on their investment.

**Program:**

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

**Refund Policy:**

All programs take place rain or shine. Full refunds or credits for classes will be made automatically when:

- classes have reached their maximum enrollments;
- classes are canceled by the organization due to insufficient enrollment or other unforeseen reasons;

For any reason other than those noted above, pre-paid registrations:

- canceled at least 3 days in advance are 100% refundable;
- If the three-day criteria is not met, the refund amount will reflect an assessment equal to the cost of one class. The amount of the refund will be prorated based on the number of classes held by the District at the time of application, and must be requested before the end of the class session.
- The District reserves the right to deny refund requests for classes/activities specifically stated in the quarterly Program Guide and/or on the registration form.
- Allow 10 business days for refund processing. Credit card charge refunds will be made directly to the charge card account.

**Regular Employee:**

A person employed year-round in a Full-time Benefited, Part-time Benefited, or Part-time Non-Benefited employment category.

**Rentals:**

This includes rentals for facilities, vehicles or equipment etc.

**Re-sales and Special Use Permitting:**

This is a category of service includes revenues for food and beverage, merchandise for resale and special use permitting.

**Resident:**

Currently defined as those who live within or own property within the District boundaries. Requires proof.

**Returned Check Policy:**

An assessment fee of \$25 will be charged for a returned check.

**Scholarship/Fee Reduction Policy:**

The scholarship or fee reduction policy is intended to provide recreation and leisure opportunities at a reduced rate to citizens of the agency with economic need.

Ability to pay should not be a factor for participation. A dollar amount will be appropriated for the scholarship fund during each annual budget planning process. Willamalane will adhere to the existing federal government's poverty-level guidelines when determining an applicant's eligibility.

The total of fee waivers granted to one individual is limited to \$100 per fiscal year. Family members are not allowed to use other family members' allotted \$100. All applicants need to reapply at the end of the fiscal year. Fee waiver recipients are not eligible for refunds above the dollar amount they paid. The District reserves the right to exempt an activity or program from the Fee Waiver Policy upon approval of a Division director or the superintendent.

Fee waivers are not applicable to: nonrefundable registration fees, program supplies fees, single daily admissions, including special events, team fees, facility rental fees, park reservation fees, program packages (birthday parties at LPSC, etc.), special group tours, concession/store items, third-party billings (e.g., insurance companies, Adult and Family Services Division (AFS\*), vocational rehabilitation). Fee waiver can be used only after third-party payment has been made and the total cost is not covered.

*\*AFS pays for child-care programs for some children. As requested by the AFS, these patrons can only use the fee waiver to pay for any over-limit amount they incur. They cannot use the fee waiver for their co-pay amount.*

#### **FEE WAIVER Procedure:**

The facility office staff member who receives the completed application form will approve or deny the application based on whether the applicant meets the established criteria. For approval, the patron needs to present a food-stamp card, Women/Infant/Children card, medical card, or their past year's tax return. If they do not have any of the above, they will be asked to produce a paycheck stub which will be checked against the federal poverty-level guidelines (updated yearly). Upon approval of a fee-waiver request, the applicant is informed by the appropriate facility office staff member. Upon denial of a fee-waiver request, the applicant is informed in writing by the appropriate facility office staff member.

#### **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 120 days in any 12-month period, unless otherwise specified in the labor contract. 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.

#### **Social Services:**

Those services that are generally not fee-based or the fees for service are passed on without any mark up or additional fees assessed for ancillary costs for direct or any allocated indirect costs. Services in this category might include flu shots, foot care clinic, health screening or van program.

#### **Special Events:**

This includes all single events that are infrequent promotional, participant, spectator or public activities.

#### **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:**

The Willamalane Park & Recreation District, Lane County, Oregon encompasses approximately 12 square miles with a population of 58,000 people. A five-member board of directors elected to serve four-year terms governs the District.

**Value:** (perceived and real)

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

**Visitor Occasion:**

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

**Other Registration and Recreation Computer Terms:**

**Account Adjustments for Registrants**

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

**Account / Client Subsidy Status Report**

The Account / Client Subsidy Status Report shows the usage of the subsidy program by all clients in an account, or by a single client, for a single qualification period.

**Linking and Unlinking Account Credits**

The Link and Unlink Account Credits window gives you the ability to link debits to credits after a payment has been taken, and to unlink a payment from a debit and then re-link the payment to a debit of your choice.

**Account Payments Due Report**

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

**Account Payments Scheduled Report**

The Account Payments Scheduled Report lets you show all payments scheduled for courses whose start and end dates are in a specified period.

**Account Registration Activity Report**

The Account Registration Activity Report shows registration 'events' (course registrations and transfers, withdrawals and cancellations) for an account within a specified date range.

**Account Revenue Report**

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

**Account Statements**

You can print and reprint account statements for individual accounts or for specific rentals. You can also specify that you want only statements for accounts with rental, registration or membership pass transactions, or with debit, credit, non-zero or all balances.

**Accounting GL Postings Listing**

This report lists all GL postings for a selected client account, with their effective date, transaction type, GL accounts debited and credited, and gives reference information, including user and location.

**Show Accounting Transactions**

The Show Accounting Transactions window lets you track the when (date), what (event/transaction), why (reference) and amount (amount/balance) of accounting events and transactions.

**Accounts Receivable Report**

An Accounts Receivable Report contains balances for family and /or organization accounts for the date specified. The report will only show aging amounts over 30, 60, 90 days, etc.

**Bank Deposit**

The bank deposit process allows you to take money received through the Point of Sale module and deposit the money in the bank.

**Course Revenue Report**

The Course Revenue 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.

**Credit Card Payment Authorizations**

If credit card payments have been taken but not authorized, they can be authorized later in batches using the Manual Payment Authorization window.

**Daily Cash Balance Report**

The Daily Cash Balance Report tells you how much cash you should have in your till at the end of a day or the end of a shift. If the amounts indicated in the report don't match the actual amounts, check that you have proof of all non-cash payments listed in the report.

**Daily GL Report**

The Daily GL Report contains the GL account names and numbers, reference information, and debit, credit, net, subtotal, and grand total figures. It organizes transactions by date.

**Deferred Revenue Report**

Deferred revenue is money collected for a service which won't be provided until the next fiscal period.

**Drawer Balance Report**

The Drawer Balance Report lists all the media in your cash drawer, the payment count, and amount for each media. It provides you with the total amount of media, the total number of voids performed, and the total number of refunds made.

**Enter Payment Amount**

If the payment type being used as tender has the Prompt for amount check box selected under the POS tab of the Maintain Payment Types window, then the Enter Payment Amount window will pop up when the key mapped to that payment type is pressed.

**Family Accounts**

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

**Financial Activity Details**

The Financial Activity 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 allows you to see which accounts have old credit or debit balances, which could now be written off in the books.

**Payment Entry - Batch**

The Payment Entry – Batch process gives you the ability to enter offsite payments into Class. These payments will have been taken at the bank, bank machine or through Internet banking, or received at City Hall 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/cheque payments are normally refunded by check/cheque, but can be refunded by cash.

**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 Fees**

If your site charges a special fee when clients withdraw from courses, you must create withdrawal fees and then apply them at the time of course withdrawal by choosing Fees in the Program Registration window.

**Sources:**

Willamalane Park and Recreation District

GreenPlay, LLC ([www.GreenPlayllc.com](http://www.GreenPlayllc.com))

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

About.com (<http://retail.about.com/od/glossary/g/cogs.htm>)

About.Com was founded in 1996 (as The Mining Company) by Scott Kurnit and a dedicated group of entrepreneurs. It was re-named About.Com in 1999 to reflect its growing breadth of content, services, and ease of use. In 2001, About, Inc. was acquired by PRIMEDIA Inc. In 2005 About, Inc. was acquired by The New York Times Company (NYSE: NYT).

BPlans.com ([www.bplans.com](http://www.bplans.com))

Bplans.com contains the largest single collection of free sample business plans online. In addition to that, it has helpful tools and know-how for managing your business. Bplans.com includes practical advice on planning, interactive tools, and a panel of experts who have answered more than 1,400 questions from people like you. Bplans.com has also won several awards as a valuable "plain talk" resource.

Bplans.com is owned and operated by Palo Alto Software, Inc. as a free resource to help entrepreneurs plan better businesses. Palo Alto Software-The Planning People-develops, publishes, and markets software products for use with personal computers. Its products offer task-oriented, "know how" solutions for small-business and home-office entrepreneurs, professionals, and middle managers. The company is a privately-owned corporation in Eugene, Oregon.

BizMiner ([www.bizminer.com](http://www.bizminer.com))

BizMiner (the Brandow Company, Inc.) has been based in Camp Hill, PA since its establishment in 1990. BizMiner has built its reputation on quality industry research and data development. The company pioneers online delivery of detailed industry analysis to small and large businesses and entrepreneurs through its local and national Marketing Plan Research Profiles, Financial Analysis Profiles, Local Business Summaries, State Market Index Profiles, Franchise Profiles, and Business Risk Index series. BizMiner's proprietary research methodology tracks and analyzes the experience of over 18 million US business facilities, condensing millions of data points into the unique measures found in our profile series. Consultants and larger firms also benefit from our Research License options.

Entrepreneur ([www.entrepreneur.com](http://www.entrepreneur.com))

Washington Small Business Development Center (<http://www.wsbdc.org/index.htm>)

Recreation Computer Software programs for point of sale (POS), memberships and pass management, registration, scheduling, etc.... transactional definitions.

# Appendix D - Cost Recovery Template

## Willamalane Cost Recovery Template

<u>Direct Costs</u>	Hourly					
<u>Personal Services</u>	Rate	Hours/Day	# of Staff	Times/wk	Weeks/yr	Total
FT Wages	15	4.8	1	5	12	6,004.80
PT Wages (BU)	15	6	3	5	12	18,630.00
PT Wages (BU)	10	6	3	5	12	12,420.00
PT Wages (BU)	8	6	3	5	12	9,936.00
PT Wages (NBU)	10	3	3	5	12	5,994.00
PT Wages (NBU)	8	3	3	5	12	4,795.20
Training (BU)	11	8	9	1	1	910.80
Training (NBU)	9	8	6	1	1	479.52
Total Personal Services						59,170.32

<u>Materials/Services</u>	Cost	# of Staff/Participant/ Miles	Times/wk	Weeks/yr	Total
Consumables	5		1	1	5.00
Consumables					-
Consumables					-
Consumables				25	-
Consumables					-
Consumables	2				-
Consumables					-
Preemployment Screening	70				-
Contractual Services					-
Contractual Services					-
Contractual Services					-
Contractual Services					-
Admissions					-
Uniforms					-
Non-consumables					-
Transportation					
14-passenger mini bus	0.820	150	5	12	7,380.00
15-passenger van	0.480	200	5	12	5,760.00
xx-passenger bus	0.600	50	5	12	1,800.00
35-passenger travel bus	1.700				-
Marketing					-
Job Postings					-
Technology Communication					
Postage	0.41				-
Printing/Duplicating					-
Field Replacement					-
Utilities					-
Other					
Total Materials/Services					14,945.00
Total Cost					74,115.32



