

PARKS & RECREATION COMMISSION AGENDA REPORT

May 19, 2022
Item 4

TITLE: RECOMMEND CITY COUNCIL ADOPT A RESOLUTION UPDATING THE MASTER FEE SCHEDULE AND FEE POLICY FOR RECREATION

SUMMARY

Staff is recommending the City update the Master Fee Schedule and Fee Policy for Recreation programs, services and classes to include a cost recovery model. The current Master Fee Schedule and Fee Policy do not allow for different pricing structures for varying categories of recreational offerings. The proposed cost recovery model measures the revenue a program should earn based on the program's level of community benefit. Programs with more benefit to the overall community yield a lower revenue and programs that primarily benefit the individual yield a higher revenue.

RECOMMENDATION

Recommend City Council adopt a resolution updating the Master Fee Schedule and Fee Policy for Recreation.

FINANCIAL STATEMENT

Based on Fiscal Year 2022/23 budget projections, implementation of the cost recovery model will increase Recreation revenue and decrease costs by a combined amount of \$200,000 - \$750,000 annually once fully implemented. Full implementation will take approximately three years.

BACKGROUND

In 1992, City Council approved Resolution No. 92-99 (Attachment 1) which adopted the City of Pleasanton Fee Policy. In 1997, the City Council approved Resolution No. 97-119 (Attachment 2), amending the 1992 Master Fee Schedule to align with the Fee Policy. The following actions were included in both the 1997 Master Fee Schedule and 1992 Fee Policy to allow City staff to:

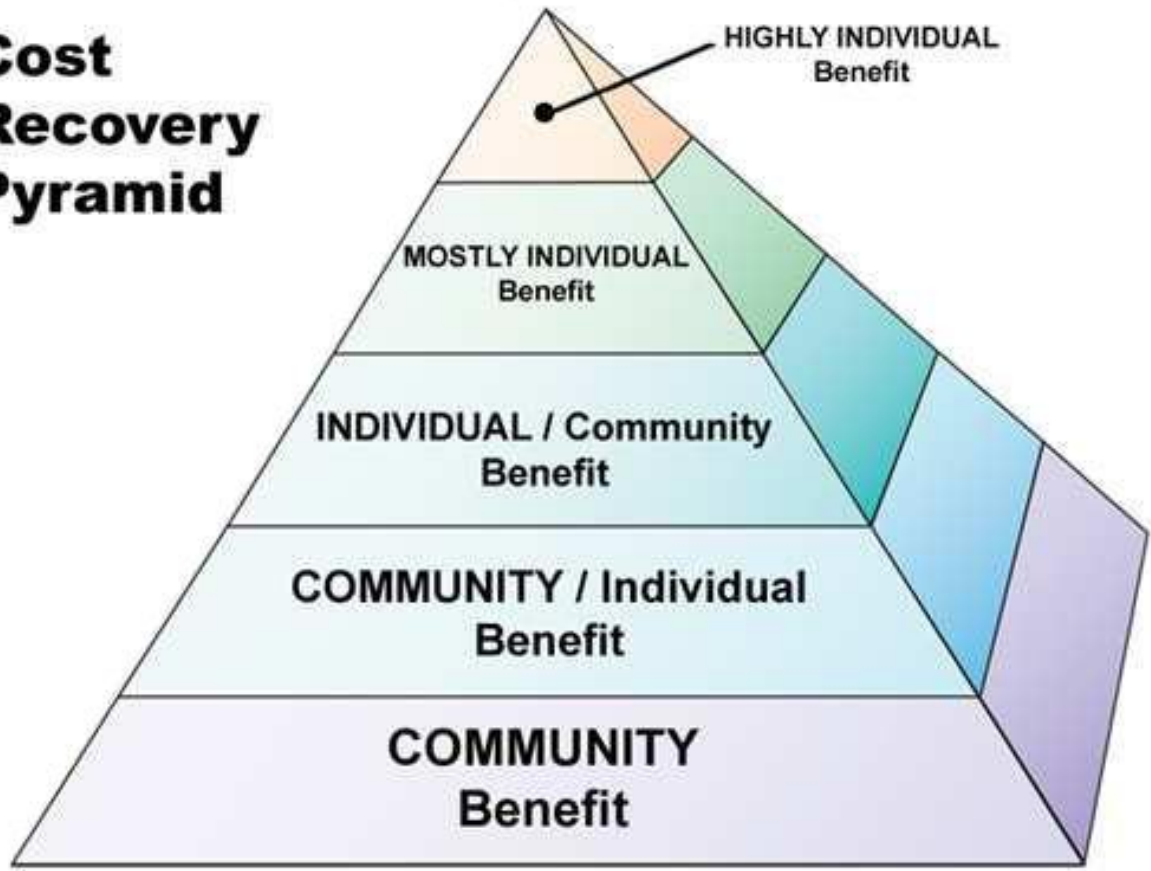
- Adjust fees for programs and facilities up to 20 percent without seeking City Council approval
- Provide new programs/classes at a fee based on the cost of service or established guidelines, and that fees for such programs or classes be submitted to the City Council for approval within a one-year period from initiation of the class or program
- Set the cost of fee classes to attempt to return the full cost of the instructor(s) and materials plus an additional 30 percent for program supervision and office support.

DISCUSSION

The current Master Fee Schedule and Fee Policy set a goal of 100 percent revenue return on all costs plus an additional 30 percent overhead. This structure could price City programs out of the market in the Tri-Valley, and does not allow for varying fee structures for programs based upon their level of benefit to the community.

Beginning in 2020, Library and Recreation staff researched cost recovery models for recreational offerings. Staff studied costs over a two-year period and analyzed best practices in the profession and recommends using the nationally recognized cost recovery model for Parks and Recreation to set fees. Costs include program-related expenses such as supplies and staffing, but are not inclusive of overhead costs such as facility maintenance, utilities, IT, Human Resources, etc. The proposed model is based on a sliding scale ranging from community to individual benefit, as shown in the graph below:

Cost Recovery Pyramid



The proposed cost recovery model has been tailored to include 13 Pleasanton-specific recreation categories. Each recreation category falls into a cost recovery tier and indicates its cost recovery goal. Programs and services deemed mostly community benefit (e.g., special events such as Hometown Holiday) have a low recovery goal whereas more individualized recreational offerings (e.g., tennis lessons) have a high recovery goal.

Based on the level of community benefit, the below chart contains each Pleasanton-specific recreation category corresponding with its proposed cost recovery tier:

A. MOSTLY COMMUNITY BENEFIT 0 - 25% Cost Recovery	B. CONSIDERABLE COMMUNITY BENEFIT 26 - 50% Cost Recovery	C. BALANCED INDIVIDUAL & COMMUNITY BENEFIT 51 - 75% Cost Recovery	D. CONSIDERABLE INDIVIDUAL BENEFIT 76 - 100% Cost Recovery	E. MOSTLY INDIVIDUAL BENEFIT 101%+ Cost Recovery
Community / Special Events	Senior Programs	City Staff-Led Programs	Contract Instructor-Led Programs	Facility & Field Rentals - Non-Residents & Businesses
Volunteer Program	Gallery Exhibits		Facility & Field Rentals - Pleasanton Residents	
Facility & Field Rentals - PUUSD / City Co-Sponsored Groups	Facility & Field Rentals Pleasanton-Based Non-Profit Groups		Gingerbread Preschool	
Public Art			Theater Shows	

Proposed Modifications to Fee Policy

The current language in the current Fee Policy reads:

“E: PARK AND COMMUNITY SERVICES

The City Council authorizes staff to adjust fees and charges for services and facilities for up to twenty percent of the approved fees and charges without submitting the adjustment to the City Council.

The City Council authorizes staff to adjust to provide new programs/classes at a fee based on the cost of service or established guidelines, and that fees for such programs or classes be submitted to the Council for approval within a one-year period from initiation of the class or program.

The City Council authorizes Recreation Supervisors or Director of Parks and Community Services to continue to enter into contractual agreements for program services, in forms as approved by the City Attorney.

The cost of fee classes is set to attempt to return the full cost of the instructor(s) and materials plus an additional thirty percent for program supervision and office support.”

Staff is recommending changing this language to read:

“E. RECREATION

The City Council authorizes staff to adjust current and create new programs/classes/services/facilities at a fee based on the cost recovery guidelines established below:

A. Programs/Classes/Services which provide mostly community benefit will recover 0 – 25% of all related costs.

Examples include, but are not limited to:

- Community / Special Events
- Volunteer Program
- Facility & Field Rentals: PUSD / Cosponsor Groups
- Public Art

B. Programs/Classes/Services which provide considerable community benefit will recover 26 – 50% of all related costs.

Examples include, but are not limited to:

- Facility & Field Rentals: Pleasanton Based Non-Profits (>75% residents)
- Gallery Exhibits
- Senior Programs

C. Programs/Classes/Services which provide balanced individual and community benefit will recover 51 – 75% of all related costs.

Examples include, but are not limited to:

- City Staff Facilitated Classes, Programs, Clinics, Camps, Leagues, and Workshops

D. Programs/Classes/Services which provide considerable individual benefit will recover 76 – 100% of all related costs.

Examples include, but are not limited to:

- Facility & Field Rentals: Pleasanton Residents (Private Use) and All Other Non-Profits (<75% residents)
- Theater Shows
- Contract Instructor Facilitated: Classes, Programs, Clinics, Camps, Leagues, and Workshops
- Preschool

E. Programs/Classes/Services which provide mostly individual benefit will recover at least 100% of related costs.

Examples include, but are not limited to:

- Facility & Field Rentals: Non-Residents (Private Use) and Businesses

The City Council authorizes Recreation Supervisors, Managers, Assistant Directors, or the Director of Library and Recreation to continue to enter into contractual agreements for programs, services, and classes in forms as approved by the City Attorney.”

Proposed Modifications to the Master Fee Schedule

The Master Fee Schedule currently states:

“VIII – Recreation

B. Other Fees

A separate fee schedule for Recreation programs is adopted annually by the City Council. City Council authorizes staff to adjust fees and charges for services and facilities up to 20% of the approved fees and charges without resubmitting the adjustment to the City Council. The City Council authorizes staff to adjust to provide new programs/classes at a fee based on the cost of service or established guidelines, and that fees for such programs or classes be submitted to the Council for approval within a one-year period from initiation of the class or program. The cost of fee classes should be set to attempt to return the full cost of instructor(s) and materials plus an additional 30% for program supervision and office support. Three times a year an Activities Guide is published which sets forth the available programs and the current fee schedule. Please contact the Library and Recreation Department for information regarding current fees.”

Staff propose the following modification to include the cost recovery model for setting fees:

“VIII – Recreation

B. Other Fees

A separate fee schedule for Recreation programs is adopted annually by the City Council. The City Council authorizes staff to adjust and provide current and new programs at a fee based on the established cost recovery guidelines depicted in Section VIII C. Please contact the Library and Recreation Department for information regarding current fees.

C. Cost Recovery Guidelines

A. Mostly Community Benefit (0 – 25% cost recovery)

- Community / Special Events
- Volunteer Program
- Facility & Field Rentals: PUSD / Cosponsor Groups
- Public Art

B. Considerable Community Benefit (26 – 50% cost recovery)

- Facility & Field Rentals: Pleasanton Based Non-Profits (>75% residents)
- Gallery Exhibits
- Senior Programs

C. *Balanced Individual and Community Benefit (51 – 75% cost recovery)*

- City Staff Facilitated Classes, Programs, Clinics, Camps, Leagues, and Workshops

D. *Considerable Individual Benefit (76 – 100% cost recovery)*

- Facility & Field Rentals: Pleasanton Residents (Private Use) and All Other Non-Profits (<75% residents)
- Theater Shows
- Contract Instructor Facilitated: Classes, Programs, Clinics, Camps, Leagues, and Workshops
- Preschool

E. *Mostly Individual Benefit (>100% cost recovery)*

- Facility & Field Rentals: Non-Residents (Private Use) and Businesses

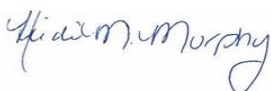
Implementation of New Fee Structure

Based on Fiscal Year 2022/23 budget projections, Recreation programming will achieve its cost recovery goals in all areas except for the *Balanced Individual and Community Benefit* category. Staff projects that the cost recovery level will be 43 percent. In order to reach the 51 percent to 75 percent threshold, the cost recovery level needs to increase by \$200,000 - \$750,000.

In areas where program/service/class/facility fees fall short of the cost recovery metrics in the new fee policy and schedule, staff will analyze these offerings to find ways to reduce costs through efficiencies and increase revenues as determined by market trends in the Tri-Valley. Staff will take a measured approach to modify fees over the next three years.

Adopting a resolution to update the Master Fee Schedule and Fee Policy for Recreation to include the cost recovery model will provide staff with clear direction on the ratio of revenue to expenses that their specific programs are expected to reach. Ultimately the revised Master Fee Schedule and Fee Policy would lead to greater fiscal responsibility and equity, and act as a cogent policy set by City Council for staff's use when revising or developing programs and budgets.

Submitted by:



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Director of Library and Recreation

Attachment:

1. Fee Policy – Resolution No. 92-99
2. Master Fee Schedule – Resolution No. 97-119
3. Proposed Resolution