PARKS AND RECREATION COST RECOVERY POLICY

Purpose

Establishing a cost recovery policy provides the City's Parks and Recreation Department with a tool for evaluating services and establishing appropriate fees for services. Standardizing cost recovery objectives enhances the Department's ability to accomplish broad citywide goals and objectives. Establishing a reasonable, transparent, and consistently applied policy is intended to:

- Stretch taxpayer investment in parks and recreation services to optimize value received
- Promote program respect and ownership
- Allow prices to reflect users' investment in themselves based on individual benefit
- Develop deeper commitment to the programming users help support

Costs Considered When Evaluating Cost Recovery

To evaluate cost recovery, the Department will calculate the "full cost of service," for programming, facility use, and services provided. The full cost of service will include components for:

- The direct costs of service:
  - The labor associated with the performance of service from all personnel involved in the activity
  - The services, supplies, and/or materials required to complete the activity
- A reasonable share of the indirect costs of service:
  - The services, supplies, and materials which support the personnel involved in the activity
  - The maintenance of any facilities required to support the provision of service
  - The indirect management, administration, and support services associated with the City functions involved in the activity
  - The central services, City management and administration, and governmental oversight associated with the functions involved in the activity

Targeted Cost Recovery in Fees

Once the full cost of service is established for each activity, the City will apply a consistent set of guidelines for determining the amount of cost to be recovered in the final fee amount. A cost recovery percentage will be applied to the full cost of service to calculate the fee. **Figure 1** describes the general criteria for assigning Departmental programming, facility use, and services to cost recovery tiers. The cost recovery threshold assigned to each fee-related service and program area will be identified in the periodic analysis and documentation supporting the ongoing and seasonally managed calculation of the City's Parks and Recreation fees.

FIGURE 1 | COST RECOVERY GUIDELINES – PARKS AND RECREATION SERVICES

BENEFIT-BASED RECOVERY TIER	DESCRIPTION	FEE BASED PROGRAM AREA
0% COST RECOVERY Entirely Community Benefit	Programs, facilities, and services that benefit the community as a whole. The community generally expects the City to offer these services and supports paying for these through taxes.	• General, non-exclusive park, playground, open space, trails, restrooms, and facility visitation and use
1-20% COST RECOVERY Mostly Community Benefit	Programs, facilities, and services that provide benefit to the individual user, but have more fundamental goal of: • Seeking to engage community with high participation levels desirable • Community problem solving (e.g., services for vulnerable or underserved populations)	• Non-Profit facility use serving the City of Santa Clara • Special Events • Resident Senior Center Use • Senior Nutrition Program • Afterschool Program
21-40% COST RECOVERY Considerable Community Benefit	Programs, facilities, and services which promote individual physical and mental well-being, and provide recreation skill development. They may have a community benefit but to a smaller group of the community. Generally, costs of service are offset by both a tax subsidy to account for community benefit and participant fees to account for individual benefit.	• Early Learners • Therapeutic Recreation
41-70% COST RECOVERY Balanced Individual and Community Benefit	Programs, facilities, and services which promote individual physical and mental well-being, and provide recreation skill development. Program, facility, and service use that benefits individuals primarily, but the community receives some benefit. • Services which are specialized and/or similar to private sector • Comparable "market rates" for similar services affect ability to recover a greater percentage of costs	• Competition, Meets, and Tournaments that include competitors from other cities • Drop-in Fitness/Recreation/Swimming • Youth Theater Programs • Resident facility use • City provided programs
71-90% COST RECOVERY Considerable Individual Benefit	Benefits individuals significantly more than the community; Private sector or public agencies offer similar services; Demand for service, facility or program exceeds capacity	• Programs providing individual benefit
91-100% COST RECOVERY Exclusively Individual Benefit	Benefit individuals; Commercial nature of services; Enterprise funds expected to operate without General Fund support	• Non-resident & Commercial use of facilities

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The following shall serve as guidelines for categorizing Recreation Programs and services based on types of programs, target populations, and level of community benefit to determine appropriate subsidy Level:

- Programs with the highest level of community benefit will have the lowest level of cost recovery.
- Programs that have the greatest level of individual or group benefit will target the highest level of cost recovery.
- Pricing of programs and services takes into account market rates and the impact on demand which may override cost-recovery target considerations.
- Non-resident fees are priced higher than resident fees.
- Fees will be periodically reviewed to keep pace with changes in the cost of living, market demands, and/or to promote identified Recreation Programs.
- Staff will adjust fees to meet minimum cost-recovery rates and to be consistent with market demand for services.
- The City will continue to offer a grant program to offset the cost of programs for eligible low-income participants identified through its established procedures

Staff will seek to enhance and refine this policy over time.

100%+ indicates minor exceptions where premiums above cost may be justified, such as market-based rents.

Parks and Recreation Fee Management

Most fees for Parks and Recreation services and programs will fluctuate seasonally as the Department manages offerings and provisions of service dynamically in line with capabilities and market conditions at the time schedules are developed. As such, establishing static fees within the *Municipal Fee Schedule* similar to most other City services is burdensome procedurally. The Cost Recovery Policy is intended to establish general targets for the Department within which it can set most fees on that fluctuating basis within its periodic service catalogs.