



Agenda Report

22-674

Agenda Date: 5/17/2022

REPORT TO PARKS & RECREATION COMMISSION

SUBJECT

Informational Report on Adoption of the FY2022/23 Municipal Fee Schedule and the Parks & Recreation Cost Recovery Policy

COUNCIL PILLAR

Enhance Community Sports, Recreational and Arts Assets
Enhance Community Engagement and Transparency
Deliver and Enhance High Quality Efficient Services and Infrastructure

BACKGROUND

The City of Santa Clara Municipal Fee Schedule provides a detailed list of fees charged by the City for specific services. The purpose of these fees is to recover costs related to providing the services, with varying levels of cost-recovery. City staff review the fee schedule on an annual basis. Periodically, a cost of service study is performed to assess the City's full costs of providing fee-related services.

As part of the adoption of the FY 2021/22 Biennial Operating Budget on June 21, 2021, the Council directed staff to bring forward a Parks & Recreation Cost Recovery Policy as part of the comprehensive review of fees. The budget was also balanced with the assumption that additional revenues of \$0.7million would be generated by implementation of a cost recovery policy.

The City's consultant, alongside the Parks & Recreation Department, developed a draft Cost Recovery Policy for Parks & Recreation services following public outreach to receive community input on what residents and interested parties felt were reasonable levels of cost recovery for the Parks & Recreation services offered. A community survey was conducted from March 2, 2022 through March 17, 2022. A joint meeting with the Parks & Recreation Commission, Senior Advisory Commission, and Youth Commission was held on March 2, 2022 (RTC#22-344). A study session with the City Council and the public was held on April 5, 2022 to review the Proposed FY 2022/23 Municipal Fee Schedule and the draft Parks & Recreation Cost Recovery Policy. Staff then incorporated feedback received from the study session into the final draft documents.

DISCUSSION

On April 19, 2022, Council held a public hearing and adopted the Municipal Fee Schedule and the Parks & Recreation Cost Recovery Policy (RTC 22-99). The adopted Municipal Fee Schedule is available on the City website and will be effective July 1, 2022.

The Council Resolution No. 22-9082 and cost recovery policy are found in Attachment 1.

Municipal Fee Schedule

The City's Municipal Fee Schedule identifies fees for various City services and activities. These fees

are commonly referred to as “user and regulatory fees.” A few examples listed in the Parks & Recreation Department’s pages include:

- Recreation Fees for participation in programs and use of parks facilities,
- Park Fees due in lieu of parkland dedication for residential development pursuant to Quimby Act and Mitigation Fee Act (SCCC 17.35), and
- Cemetery Fees such as interment rights, components of burial, and endowed care.

Cost Recovery Policy for Parks & Recreation Services

The users of programs and services are placed into three categories: residents, non-profit organizations serving Santa Clara, and everyone else (for profit businesses, non-residents). The appropriate cost recovery target for various program areas and services is based on the level of individual versus community benefit and follows the following general principles (See also Figure 1 below).

- 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.

Examples:

- Competitions, meets, and tournaments that include competitors from other Cities was placed in the mid-range 41-70% cost recovery target to recognize the perceived balance of individual and community benefit from access to high level competitions for both participants and attendees.
- In recognition of non-profit organizations’ and community groups’ service to the City of Santa Clara, such organizations were placed in the lower 1-20% cost recovery for facility use such as meeting rooms or social gatherings, and their events.
- Programs providing considerable individual benefit such as a learn to dance class, pottery, keyboard, etc. are in the 71-90% cost recovery target due to their considerable individual benefit.

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.	<ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> Seeking to engage community with high participation levels desirable Community problem solving (e.g., services for vulnerable or underserved populations) 	<ul style="list-style-type: none"> 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.	<ul style="list-style-type: none"> 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. <ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Non-resident & Commercial use of facilities

The higher levels of cost recovery in program and service areas are desired to help minimize the cuts to existing programs, facilities, and staffing that provide these programs and maintain facilities for public use.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a “project” within the meaning of the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines section 15378(b)(4) in that it is a fiscal activity that does not involve any commitment to any specific project which may result in a potential significant impact on the environment.

FISCAL IMPACT

The changes incorporated into the Proposed FY 2022/23 Municipal Fee Schedule are intended to offset the cost of providing these services.

PUBLIC CONTACT

Public contact was made by posting the Parks & Recreation Commission agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>>.

RECOMMENDATION

Note & file.

Reviewed by: Cheri Fulk, Management Analyst

Approved by: James Teixeira, Director of Parks & Recreation

ATTACHMENTS

1. Resolution No. 22-9082 - Parks & Recreation Cost Recovery Policy