



COST RECOVERY POLICY

City of Angleton Parks & Recreation Department
Revised February 2025

BACKGROUND

In February 2019, The City of Angleton retained the services of GreenPlay LLC, a national parks, recreation, and open space consulting firm, to assist with a Comprehensive Parks and Recreation Master and Strategic Plan Study. The Comprehensive Plan looked at existing parks and open space recreational facilities and amenities to determine the current and future level of service for the community based on public input. The plan prioritized needs and desires for upgrading and improving parks and open space recreational facilities and amenities.

In December 2019, the city council approved the parks and recreation comprehensive and strategic plan, which included short-term, mid-term, and long-term goals over ten years. A short-term goal was to develop a policy that consistently guides pricing for programs, special events, rentals, and public/private partnerships. The policy was adopted in September 2020 with the condition that senior programming have a 0%+ recovery.

At the city council workshop on August 24, 2024, staff were asked to consider updates to the current cost recovery policy to consider both direct and indirect costs for all existing and future programs, events, facilities, and services.

PURPOSE

The purpose of this policy is to serve as a guide and to promote transparency and accountability to the public and policy makers for why and how Angleton Parks and Recreation develops and implements fees for its programming, special events and facility rentals. The development of this policy is based on the following factors:

- Guiding principles
- Pyramid Methodology
- Direct and Indirect costs

GUIDING PRINCIPLES

The following statements were used to guide the development of this policy:

- Fees are based on both direct costs and indirect costs
- Fees will reflect the level of benefit and exclusivity a user receives based on pyramid methodology
- Ensure that, at a minimum, impacts to facilities, programs, events and services are covered through fair and reasonable fees
- Provide equitable access to facilities, programs, and services to all users
- Fees will reflect market value for similar facilities, programs, and services
- Fees will be evaluated every year and policy goals every two years by Angleton Parks and Recreation staff

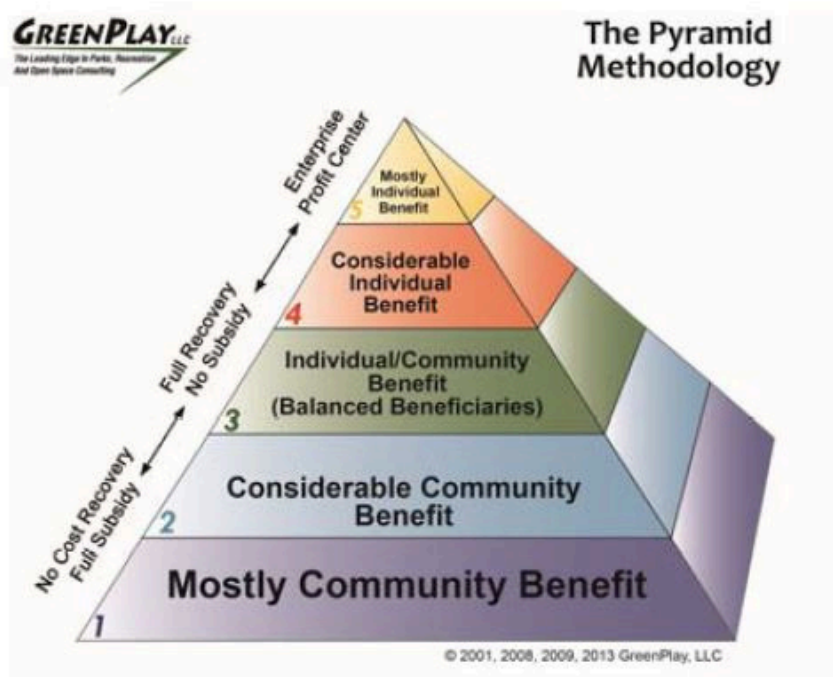
PYRAMID METHODOLOGY

The 'Cost Recovery Pyramid Methodology', developed by GreenPlay, LLC, represents industry standard "best practices" and is used as a guide for developing cost recovery guidelines for facilities, programs, and services provided by Parks and Recreation departments. One of the core values of the City of Angleton is stewardship. This is the responsible management of something entrusted to one's care. In regards to tax payer and city funds, it is the responsibility of parks and recreation staff to make sure such funds are strategically utilized. As a resource allocation model, the Pyramid Methodology ultimately becomes a management tool that can help an agency make decisions about its financial resources and the establishment of fees for the services it provides.

The model (Figure 1) is a continuum of cost recovery and resource allocation targets with a majority of an agency's services assigned to the appropriate pyramid level. The basic purpose of the methodology is that as programs, events, services, and facility use become more specialized, exclusive, and of individual benefit, fees will increase accordingly. Alternatively, as programs, events, services, and facility use become more general, inclusive, and beneficial to the greater community, fees will decrease or be ultimately subsidized by city funding. The model provides an easy way to understand an agency's cost recovery and resource allocation policy. It is a tool that provides transparency, accountability and guidance.

Utilizing a 'Benefits Filter' is the foundation of the Pyramid Methodology. This methodology is based on answering the question "who benefits from the service?" coupled with the agency's resource allocation philosophy. It attempts to determine if the community in general or the individual or group receiving the service is the beneficiary of the provision. It asks the question who is generating the need for the service and therefore, the cost of providing it? Finally, how the level of the fee will affect the demand and the public's ability to pay for the service is considered.

FIGURE 1



BENEFITS FILTERS

The benefits filters are the five tiers that make up the pyramid methodology . This foundation and upward progression is intended to represent public parks and recreation's core mission, while also reflecting the growth and maturity of an organization as it enhances its service offerings.

- **Tier 1: Mostly Community Benefit** - Programs, facilities and services that benefit the community as a whole. They increase property value, provide safety and enhance quality of life for residents. Generally paid for through taxes and are offered to agency residents at minimal to no fee.
- **Tier 2: Considerable Community Benefit** - Programs, facilities and services that promote individual physical and mental well-being and provide recreational skill development. Traditionally expected services and beginner instructional levels. Assigned fees based on a specified percentage of direct costs to represent a tax subsidy for the community benefit and a participant fee based on individual benefit.
- **Tier 3: Balanced Individual/Community Benefit** - Services that promote individual physical and mental well-being and provide intermediate level of recreation skill development. Fees reflect how the level provides more individual benefit and less community benefit.
- **Tier 4: Considerable Individual Benefit** - Represents specialized services generally for specific groups. Groups tend to have a competitive focus. Programs and services at this level should be priced to recover full costs.
- **Tier 5: Mostly Individual Benefit** - Represents specialized services generally for specific groups. Groups tend to have a competitive focus. Programs and services at this level should be priced to recover full costs.

DIRECT & INDIRECT COSTS

Direct costs are expenses directly related to a program, event or service. These costs typically include all the specific, identifiable expenses (fixed and variable) associated with providing a service. These expenses would not exist without the service and may be variable costs.

Indirect cost are expenses that may not be directly tied to a specific product or service, but are necessary for the overall function of a program, event, or operation. Examples can be facility spaces, administrative salaries, utilities, and advertising methods.

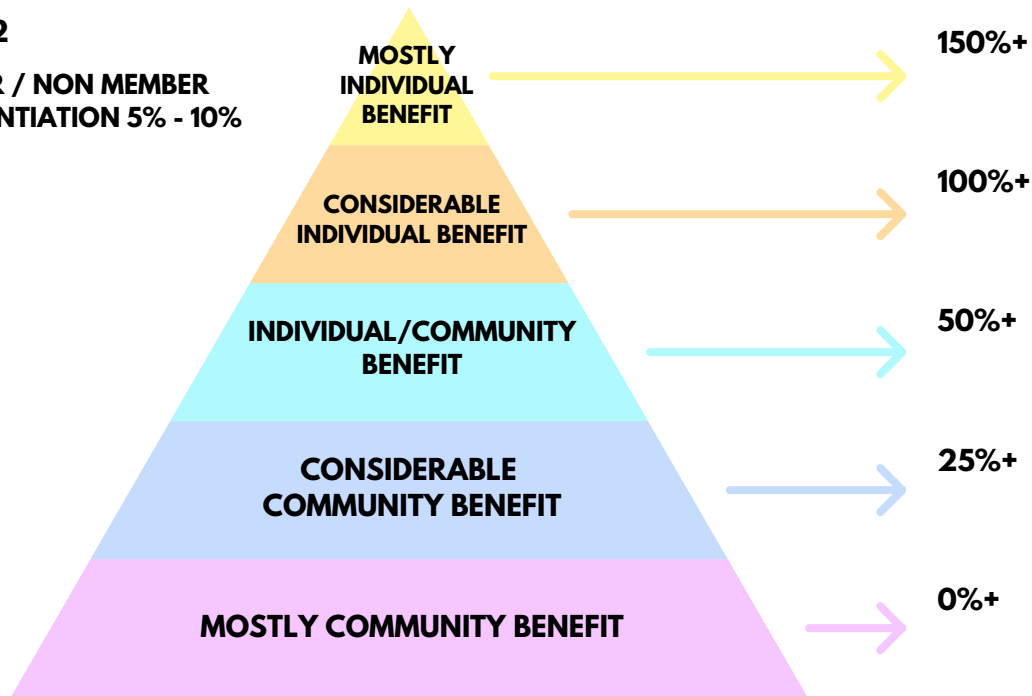
Defining these costs for all of an agencies programs, events and services is important in determining fees once tier placement is determined.

POLICY & COST RECOVERY GOALS

Angleton Parks & Recreation has analyzed data of expenses and revenues for its programs, events, facilities, and services held over a year's time. This information has aided in Angleton Parks & Recreation creating a Pyramid model for the agency to use to develop transparent and accountable user fees. The chart in Figure 2 represents Angleton Parks & Recreation's updated fee policy with the application of this policy along with examples of currently offered events, programs, services and services.

FIGURE 2

**MEMBER / NON MEMBER
DIFFERENTIATION 5% - 10%**



TIER 5: MOSTLY INDIVIDUAL BENEFIT | 150%+

- Adult Leagues
- Adult Swim Lessons
- Community Garage Sale
- Facility Rentals

TIER 4: CONSIDERABLE INDIVIDUAL BENEFIT | 100%+

- Cake Off Challenge!
- Father Daughter Dance
- Jingle Bell Fun Run & 5K/10K
- Red Cross Skills Classes (CPR, Lifeguard, Babysitting)
- Youth Leagues
- Youth Swim Lessons

TIER 3: INDIVIDUAL/COMMUNITY BENEFIT | 50%+

- Youth Camps (Summer, Spring Break, Youth Track)

TIER 2: CONSIDERABLE COMMUNITY BENEFIT | 25%+

- Mini Athletes
- Silver Heart Day Trips & Overnight Trips

TIER 1: MOSTLY COMMUNITY BENEFIT | 0%+

- Adaptive programs
- Doggy Egg Hunt
- Lakeside Starry Night
- Silver Heart events (Christmas, Summer, Valentines, etc.)
- Silver Hearts Lunch & Learn
- Silver Hearts Lunch Bunch
- Silver Hearts Tuesdays (bingo, bunco, games, etc.)

The cost recovery goals set for each tier express a balance of community and individual benefits. Prices are to be set by recreation staff under the authority of the Parks & Recreation leadership staff. In setting prices, the agency will balance the goals of program availability and affordability within the constraints of budget allocations, market economics, and cost recovery goals outlined herein.

2025 POLICY UPDATES

Since implementation of the policy in 2019, staff have utilized the cost recovery policy for all programs, events, and services considering direct costs. The formula utilized was [Total Revenue / Total Expenses].

In efforts to gather information to update the existing policy and consider indirect costs, staff researched fellow parks and recreation agencies and professionals. A formula was shared that considers direct costs and indirect costs, including 30% overhead for Recreation Programs and 50% for Aquatics Programs. The formula worksheet can be found in Appendix A. The overhead includes utilities, equipment, maintenance, and front desk registration services. The formula also considers 31% of benefits for employee salaries.

Staff have proposed the placement of current recreation programs, events, and services on the pyramid. Senior Commission will review the policy on February 3, 2025, the Parks Board on February 10, 2025, the Angleton Better Living Corporation on February 18, 2025, and city council on March 11. These dates are tentative and subject to change.

UPDATING & FUTURE GOALS

Cost recovery in parks and recreation will be analyzed annually. Staff will utilize future annual data on programs, events, services and facilities to update pricing as needed. Cost recovery goals should be reviewed and updated, if needed, at least every two years after review of past years expense, revenues and market value comparisons.

RESOURCES

- GreenPlay, LLC Pyramid Methodology
- Coconino County, Arizona Parks & Recreation Cost & Fee Recovery Policy
- Town of Brookline Parks & Recreation Cost Recovery Policy for Town Recreation Programs
- The Woodlands Township Parks & Recreation Cost Recovery Worksheet
- Angleton Parks & Recreation cost recovery meetings public and staff input
- Angleton Parks & Recreation program, event, service and facility revenue and expense data