



COST RECOVERY POLICY

City of Angleton Parks & Recreation Department

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 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, city council approved the parks and recreation comprehensive and strategic plan, which included short term, mid term and long term goals over a period of ten years. One short term goal was to develop a policy that consistently guides pricing for program, special events, rentals and public/private partnerships.

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 costs

GUIDING PRINCIPLES

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

- Fees are based on direct costs only and do not include 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, 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.

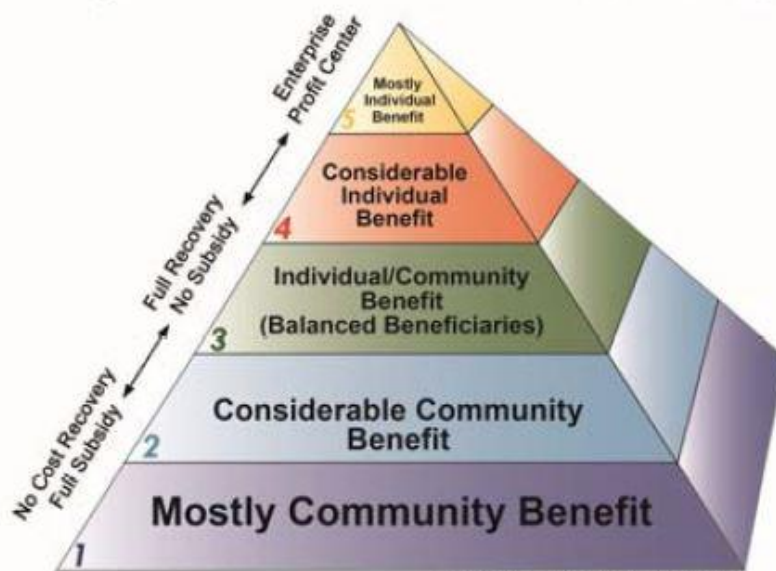
The model (Figure 1) is a continuum of cost recovery and resource allocation targets with a majority of an agency's services assigned to the appropriate pyramid level. The basic purpose of the methodology is that as programs, events, services, and facility use become more specialized, exclusive, and 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



The Pyramid Methodology



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.

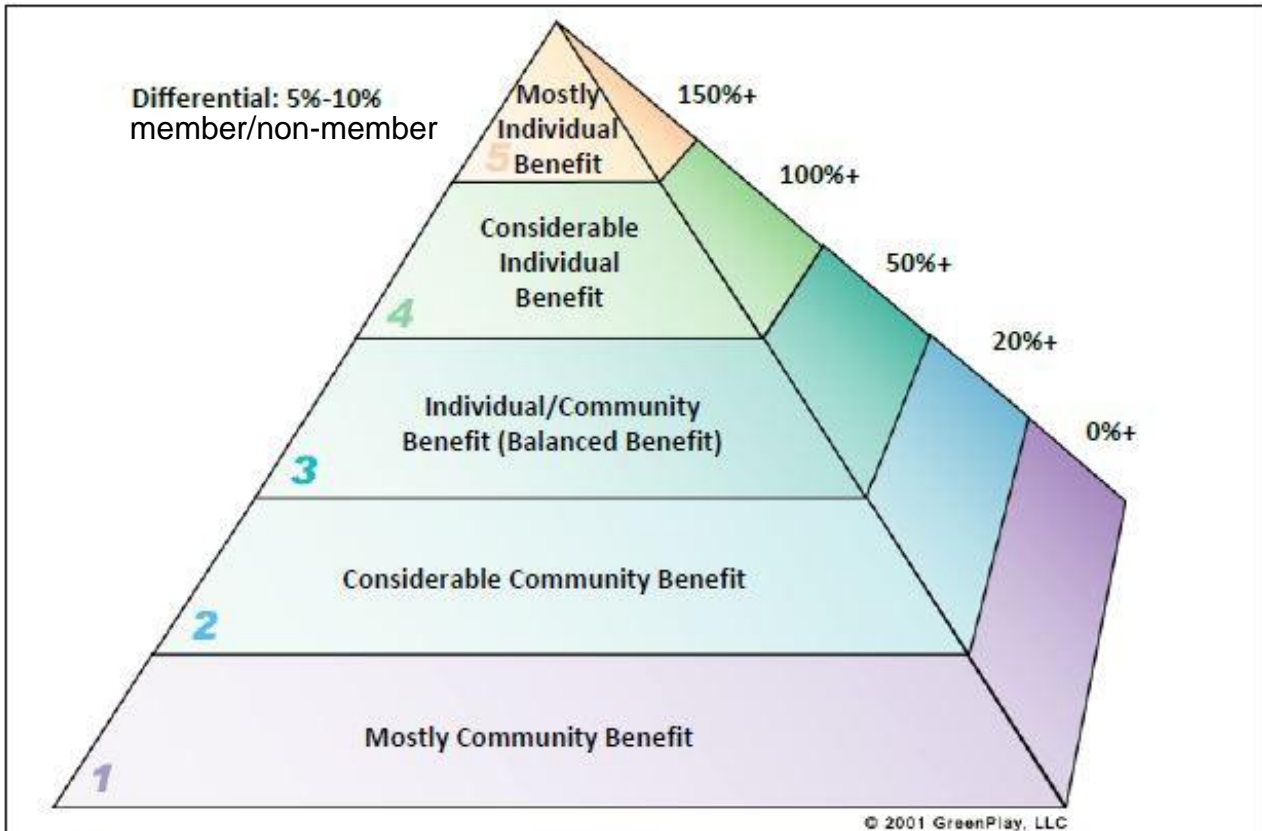
- **Tier 1: Mostly Community Benefit** - Programs, facilities and services that benefit the community as a whole. They increase property value, provide safety and enhance quality of life for residents. Generally paid for through taxes and are offered to agency residents at minimal to no fee.
- **Tier 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 COSTS

These are costs that are directly related to a program, event or service. Direct 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. 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 fee policy with the application of this policy along with examples of currently offered events, programs, services and services.



Level

5 – HIGHLY INDIVIDUAL /Mostly Individual Benefit

Examples: Father daughter dance and private rentals within park and rec facilities.

4 – MOSTLY INDIVIDUAL/Considerable Individual Benefit

Examples: Adult leagues, 5k runs, senior trips and certification courses.

3 – INDIVIDUAL / Community Benefit (Balanced Benefit)

Examples: Youth camps, programs and leagues, start smart sports and swimming lessons.

2 – COMMUNITY / Individual / Considerable Community Benefit

Examples: Senior Movie Day, Tea & Talk, Senior Christmas and Birthday Party.

1 – COMMUNITY / Mostly Community Benefit

Examples: Local Parks, Fall Family Festival and Heart of Christmas.

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 Director of Angleton Parks & Recreation. 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.

- **Tier 1: Mostly Community Benefit** - 0% and up
- **Tier 2: Considerable Community Benefit** - 20% and up
- **Tier 3: Balanced Individual/Community Benefit** - 50% and up
- **Tier 4: Considerable Individual Benefit** - 100% and up
- **Tier 5: Mostly Individual Benefit** - 150% and up

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
- Angleton Parks & Recreation cost recovery meetings public and staff input
- Angleton Parks & Recreation program, event, service and facility revenue and expense data