



REC/MICEC RESET WORKSHOP #2

Parks and Recreation Commission

February 25, 2021

AGENDA AND GOALS FOR WORKSHOP

- Progress update
 - Understand where we are and where we are headed
- Discuss pricing strategy and fee study
 - Understand how a pricing strategy fits into cost recovery and resource allocation
- Review Let's Talk survey results
 - Learn more about community members' preferences; apply that information to recommendations
- Discuss ideas for service/program offerings
- Review next steps in Reset Project



SUMMARY OF PROGRESS

- Determined an Immediate Action plan:
 - Offering contractor-led summer camps in 2021
 - Continuing to monitor conditions and plan for possible facility rentals in summer/fall
 - Developing the long-term reset plan
- Categorized services/programs by beneficiary and identified initial cost recovery targets (Cost Recovery Pyramid)
- Gathered community input on priorities
- Collected and analyzed fee data from the market



WHERE WE'RE HEADED

Establishing and recommending the following for City Council's approval:

1. Cost recovery and resource allocation philosophy
2. Pricing strategy
3. Related policies that are necessary to implement #1 and #2
4. Roadmap for the Reset (including phasing plan)

ESTABLISHING A PRICING STRATEGY

Goal of pricing strategy:

Set reasonable fees that are responsive to demand, market realities and minimum cost recovery goals, such that the overall operation is financially sustainable

- Step 1: Conduct fee study
- Step 2: Review and apply other pricing factors (such as cost recovery targets)
- Step 3: Develop list of fees (i.e., fee schedule)
- Step 4: Review and update policies
- Step 5: Recommend to and seek City Council approval of pricing strategy as part of the overall Reset Plan

FEE STUDY

Goal of the fee study:
Understand market and
competitor fees

Types of pricing strategies:

- Arbitrary (need to reach an overall target)
- Market-based (product of demand)
- Competitor based (match, beat or exceed other providers)
- Cost recovery pricing (designed to reach cost recovery goals)

The fee study is only one part of establishing our pricing strategy.

FEE SCHEDULE

- Complete listing of fees, rates, and pricing policies for a department, division, or entire agency
- First-time development of a complete fee schedule for Mercer Island's Recreation Division



2020 Master Fee Schedule
 Resolution No. 2019-17
 Effective Date: January 1, 2020

Rosehill Fitness Room

Drop-In	\$5.00 / visit / day
20 Pass Card	\$70.00 ⁴³
20 Pass Card (Seniors, 60+).....	\$63.00 ⁴⁴

Special Event Permits

Insurance may be required for any special event held in City parks, facilities, or public roads.

Large Special Events

Application Fee	\$100.00 ⁴⁵
Event Fee ⁴⁶	

Anticipated Attendance	No Entry Fee	Entry Fee
100 – 500	\$100.00	\$300.00
501 – 1,000	\$200.00	\$400.00
1,001 +	\$300.00	\$500.00

Small Special Events

Application Fee	\$25.00 ⁴⁵
Event Fee.....	Determined by Event Review ⁴⁶

Emergency Services (Ambulance or Bike Team) Standby Fee.....\$200.00 / Hour

Cleanup / Damage

Cancellation ³⁸

7 Days or More Prior to Reservation Date	100% Refund, Less \$10.00 Fee
6 Days or Less Prior to Reservation Date	No Refund
Same Day Cancellation Due to Exigent Circumstances ⁴⁷	50% Refund

Miscellaneous Recreation Fees and Charges

On-Call Theatre Technical Services.....	\$35.00 / Hour
City Cancellation of Class or Reservation	100% Refund

FEE STUDY –
RECREATION RESET



MARKET COMPARISONS

Meeting Room rentals

General/Resident

After hours

Event Room rentals

Hourly minimums; additional hours

General/Resident rates

Setup/teardown

Discounts

Food and beverage fee, alcohol charges

Cleaning fee

Amenities- stage, BBQ, heat lamps, A/V

Kitchen

Field, Gym & Picnic Shelter Rentals

General/Resident youth & adult

Outdoor weddings/events

Recreation Programs

Youth Camps (daycare) Resident/Non-resident

Youth Camps (premier) Resident/Non-resident

Youth Programs Resident/Non-resident

Senior Trips Resident/Non-resident

Adult fitness classes Resident/Non-resident

Youth Martial Arts programs Resident/Non-resident

Ballet Resident/Non-resident

Adult sports leagues Resident/Non-resident

Drop-in sports (pickleball, badminton), Fitness Center

P-Patch Program

PROGRAM HIGHLIGHTS

Recreation Program	Seattle	Bellevue	Issaquah	Redmond	Bellevue Y	Mercer Island - Previous Rates
Drop-In Sports (pickleball, volleyball, badminton)	No-fee	R\$5/NR\$6	\$6/day	No drop-in programs	Included in membership fee (\$81/monthly Adults)	R\$3.75/NR\$5.25
Fitness Center	No-fee	R\$6/NR:\$8 20-punch pass: R\$85/NR:\$102	Daily: \$6 Monthly: R\$36/NR\$43.20	Daily: R\$7/NR\$8 Monthly: R\$45/NR\$54	Included in membership fee (\$81/monthly Adults)	Daily R\$3.50/NR \$5.75 Monthly R\$34.50/ NR\$40.25
Martial Arts (Youth) Resident	\$67 (\$4.46/class)	\$70 (\$6.36/class)	\$88 (\$11/class)	\$50 (\$10/class)	\$40 members, 6 weeks	\$120 (\$10/class)
Martial Arts (Youth) Non-Resident	N/A	\$84 (\$6.63/class)	\$105 (\$13.12/class)	\$60 (\$12/class)	\$70 non-members, 6 weeks	\$144 (\$12/class)

R = Resident
NR = Non-resident

RENTAL HIGHLIGHTS

Scenario	Scenario Details	Previous Rental Fee	Previous Cost Recovery	Minimum Cost Recovery Target
1	Meeting Room rental: Resident rental; 3 hours	\$50/hour	104%	150%
2	Meeting Room rental: Standard event rental; 3 hours	\$65/hour	135%	150%
3	Mercer Room rental: Resident special event; 7 hours	\$130/hour	214%	150%
4	Mercer Room rental: Standard special event; 7 hours	\$180/hour	385%	150%
5	Gym rental: Standard half-gym rental; 2 hours	\$65/hour	131%	150%

MICEC FACILITY USE

Summary of Past Facility Use

Types of Rental Groups

% of Hours

No Charge Usage

18%

Resident & Non-profit

42%

Non-Resident

39%

Same Day

1%



NOTES ON FEE POLICIES

- Future fees will be based on assessing several factors (e.g., market comparisons, competitiveness, cost recovery targets)
- Keep differential pricing for some programs; verify amounts and update policy, if needed
- Pricing strategy will be part of the Reset Plan sent to City Council
- Fee schedule will be set and maintained by the department director, per municipal code. Reset Plan will include recommendation to update fee schedule on a regular basis.



QUESTIONS



LET'S TALK
SURVEY

LET'S TALK SURVEY

Key Policy

Questions Introduced

- To what extent should recreation programs, services and MICEC costs be taxpayer supported, as opposed to being paid for by participants or users? Does that extent vary depending on if the service is deemed to be a core service rather than a discretionary one, or if the service benefits individuals more than groups or the community as a whole?
- Should specific populations be the target audience or recipient of a larger share of the City's recreational programming or MICEC use? If so, who are those populations?
- Should the way the City charges for programs and services reflect the mission, values and vision for recreation services? If so, how?
- What is the City's role and responsibility for recreation (or as a recreation center or events center) in Mercer Island? How can the new portfolio of programs and services reflect that role and responsibility?

LET'S TALK SURVEY QUESTIONS: Q1

1. In the past, the revenue that supported recreation operations and programs and the Mercer Island Community and Events Center (MICEC) came from these sources:

- 57% of the revenue came from taxes
- 17% of the revenue came from fees paid by participants and users for programs
- 23% of the revenue came from rental fees paid by people or groups to rent rooms in the facility
- 2% of the revenue came from miscellaneous assortment of sources (such as gallery art sales, donations, etc.)

With budget cuts, the tax support in the next few years for the MICEC, recreation and arts may be only 20% of what it was previously. Knowing that, which of the following programs or services should receive the greater share of taxpayer dollar support:

- a. Programs or services where the individual participating benefits the most (examples: a resident taking an art or fitness class)
- b. Programs or services where there is a balance between individual and community benefit (example: providing summer camp opportunities for Mercer Island youth)
- c. Programs or services where the community benefits considerably, in addition to specific individuals (examples: safety programs for youths, or programs that provide fee-waivers or scholarships to increase accessibility to programs)
- d. A few special events during the year, available to all community members

Q1 RESULTS

GREATEST SHARE OF TAX SUPPORT

- Highest positive scores (chosen by ~4 out of 5 respondents):
 - Programs or services where there is a balance between individual and community benefit (example: providing summer camp opportunities for Mercer Island youth)
 - Programs or services where the community benefits considerably, in addition to specific individuals (examples: safety programs for youths, or programs that provide fee-waivers or scholarships to increase accessibility to programs)
- Lowest positive scores (chosen by approximately half of respondents):
 - Programs or services where the individual participating benefits the most (examples: a resident taking an art or fitness class); had the greatest number of responses for no/low tax support
 - A few special events during the year, available to all community members; had the greatest number of neutral responses

LET'S TALK SURVEY QUESTIONS: Q2

2. How important is it to you personally or to your family that the Mercer Island Community and Events Center (MICEC):
 - a. Offers "something for everyone" in the community (all ages, all interests, all abilities, all income levels)?
 - b. Focuses on delivering programs and services to under-served populations or populations that are not served by the private marketplace?
 - c. Maximize its potential as a weekend and evening venue for private events, to bring in revenue to support the delivery of public programs and services at the facility?
 - d. Host or organize recreation programs or events that support community quality of life partners (example: non-profits that provide basic needs assistance or needed community services)

Q2 RESULTS

WHAT SHOULD BE OFFERED?

Greatest consensus:

- Over 40% of respondents said that maximizing private evening and weekend use to support public programs and services was “really important.” (+ score of 74%)
- Over 40% of respondents said that offering something for everyone was “really important.” (combined positive score of 74%)

Although it had the lowest combined positive score (“somewhat important” + “really important”), over 60% of respondents said that offering services to under-served populations or those not served by the private marketplace was important.

LET'S TALK SURVEY QUESTIONS: Q3

3. How frequently did you or your family use or visit the Mercer Island Community and Events Center (MICEC)?
 - a. Very frequently (often once a week)
 - b. Fairly frequently (at least once a month)
 - c. Somewhat (attended an event, participated in a program, visited the art gallery, or went there for another reason a few times each year)
 - d. Rarely (may have visited once or twice a year or every other year)
 - e. Never

Q3 RESULTS

USE OF MICEC

- Approximately 48% stated they visited frequently
- Approximately 1 in 5 respondents visited rarely or never

LET'S TALK SURVEY QUESTIONS: Q4

4. If the City were to prioritize providing space at the Mercer Island Community and Events Center (MICEC) for some types of public uses more than others, which of the following would you recommend it prioritize for the community:
 - a. Activities for youth
 - b. Activities for seniors
 - c. Activities for adults
 - d. Programs for residents with special or adaptive recreation needs
 - e. After-school and school break programs
 - f. Organized athletics
 - g. Fitness programs
 - h. Art programs
 - i. Other lifestyle, social or personal improvement programs
 - j. Special events open to the public
 - k. Drop-in (no instructor) recreation/fitness opportunities

Q4 RESULTS

PRIORITIZING USE OF SPACE

Top Priority (greatest scores)

1. Seniors
2. Youth
3. Adaptive
4. School break
5. Fitness/Drop-in (~tie)

Lowest Priority (greatest low priority scores)

1. Organized athletics
2. Adults
3. Lifestyle
4. Special events for public
5. Drop-in

Lower Priority (fewest top priority votes)

1. Lifestyle
2. Adults
3. Art
4. Special events for public
5. Organized athletics

PROS survey (have more need for/need not well met): Boating programs • Performing arts • Outdoor classes • Swimming & water safety • Educational classes

PROS survey (priority events): Summer Celebration • Mostly Music in the Park



LET'S TALK SURVEY QUESTIONS: Q5

5. Please share with us any other ideas, considerations or input you may have concerning the future delivery of recreation and Mercer Island Community and Events Center programs and services.

Q5 RESULTS

OPEN-ENDED INPUT

- Great participation on this question – lots of input
- Specific pleas and concerns about potential effects on several programs
- Diverse opinions; thoughts about access, what should and should not be offered or afforded space, who should benefit and who should pay
- Some comments regarding avoiding competing with other Mercer Island entities and complementing what is offered elsewhere
- Pride in the facility and programs; desire to grow awareness and use of these assets and opportunities

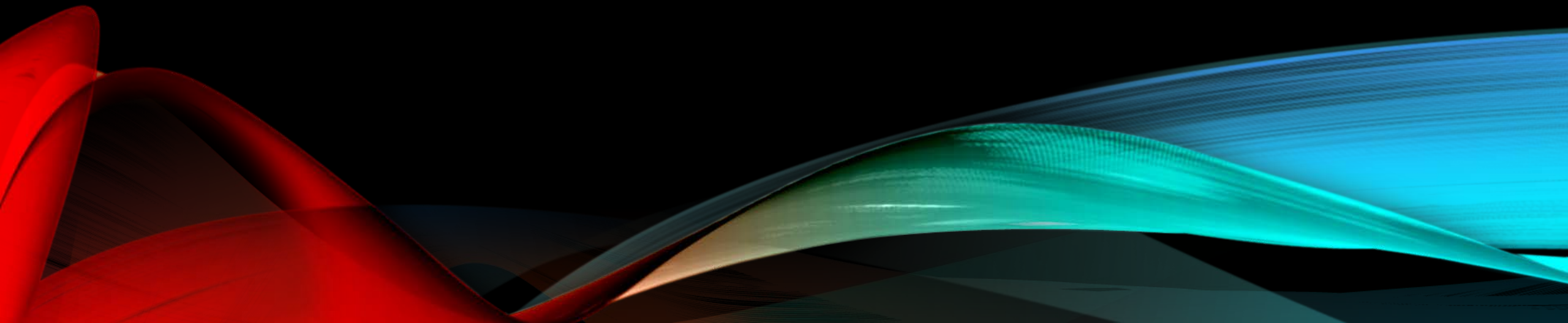
SURVEY TAKE-AWAYS

- Respondents place greatest value in the types of programs and services found in Tier 1, 2 and 3. This is where the community investment should be placed (i.e., tax dollars).
- Respondents value that recreation programs and the MICEC serve a diversity of ages and interests.
- Respondents expressed support for private use of the facility providing the means for public programs and services.
- Half of the respondents were frequent visitors or participants.
- Respondents stated that the MICEC's space should be prioritized for seniors, youth, adaptive recreation, school break/after school, fitness and drop-in use

DISCUSSION



GETTING DOWN TO SPECIFICS



WHAT SHOULD WE OFFER, WHEN AND WHY?

Our future cost recovery and resource allocation philosophy is intended to help us achieve these outcomes:



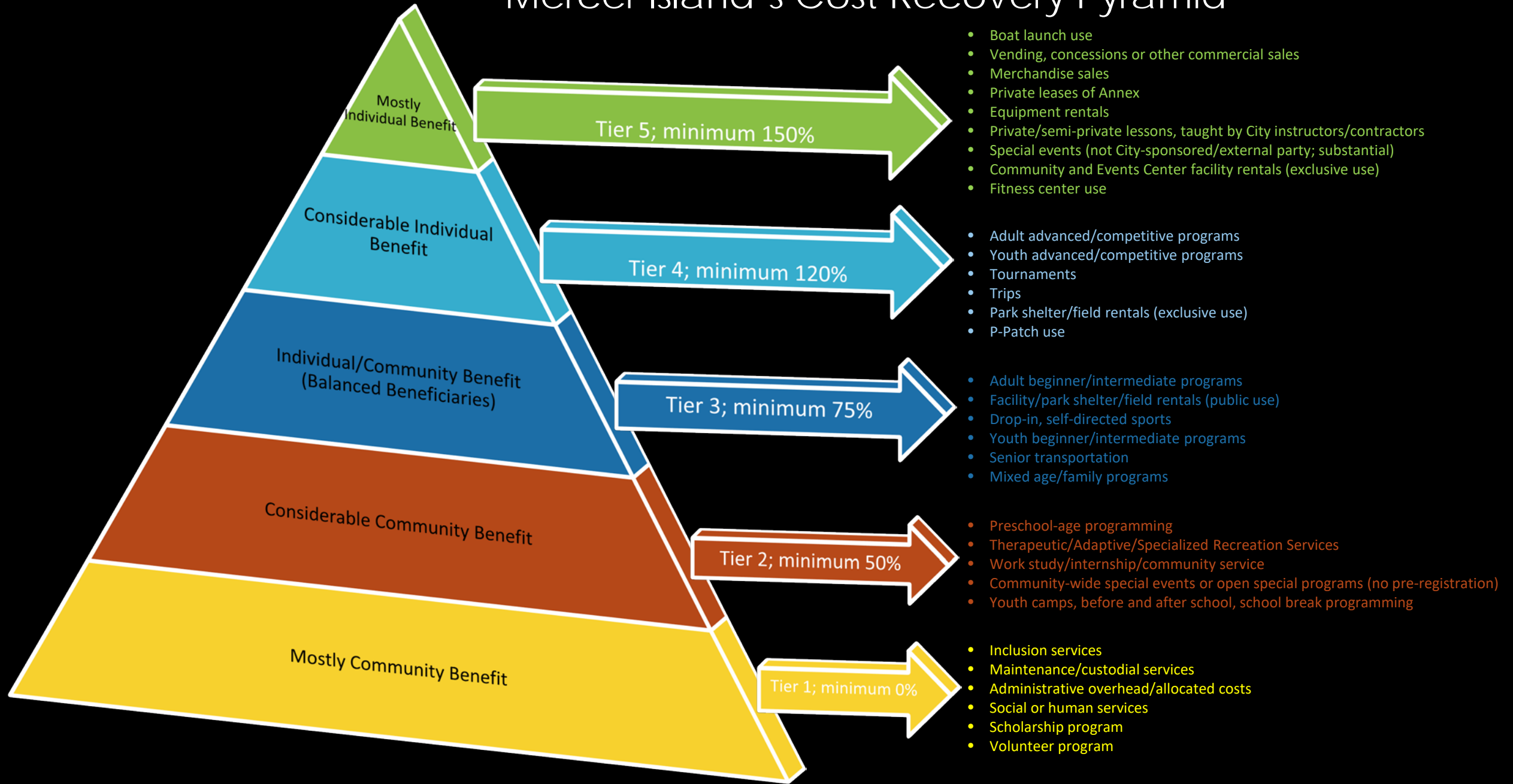
RESOURCE ALLOCATION AND COST RECOVERY

Creating and applying a cost recovery and resource allocation philosophy is a key component to:

- maintaining an agency's financial control,
- equitably pricing offerings, and
- helping to identify core services including programs and facilities.

It also provides the parameters (policy) for saying "yes" and the ability to say "no" to offering too much or acting inconsistently or irresponsibly.

Mercer Island's Cost Recovery Pyramid





WHICH SHOULD WE OFFER, WHEN AND WHY?

We answer that question with this question: “What will help us:

- Uphold the cost recovery philosophy and pricing strategy (including leveraging the MICEC as an asset)?
- Represent community values?
- Attend to community needs?
- Be successful in achieving our performance/quality goals?”

That’s what should receive resources.

RESOURCE ALLOCATION

WHICH PROGRAMS OR SERVICES SHOULD GET RESOURCES FIRST?

- Focus on delivering core and essential (i.e., the **public good/social core** or the **business sustainability core**)
 - Tier 1, possibly some Tier 2 + some Tier 5 or 4
- Focus on doing a few things well before starting more
- Put resources into enhancing our role as stewards (of public funds and facilities) by:
 - Creating program development and evaluation tools
 - Ensuring maintenance of building and equipment
 - Building and tracking program-level budgets
 - Reporting on cost recovery and other goals

RESOURCE ALLOCATION

- Staff discussion tool (matrix) may also help ensure that Recreation can be successful in achieving performance goals and selecting a few programs to offer and run well, first.



POSSIBLE SERVICES/PROGRAMS TO DELIVER FIRST

Offered now:

- Field rentals
- Boat launch permits
- Private lease of Annex
- P-Patch
- Approvals for special use of parks
- Summer camp (Immediate Action Plan)
- Facility rentals (Immediate Action Plan, next step)

Offered next:

- Tier 1, except social/human services and possibly volunteer program (evaluate further)
- Tiers 2 + some Tier 3 and drop-in, slowly and as properly resourced or as can be efficiently delivered
- Additional Tiers 3, 4 and 5 services, as able to be resourced, as can be efficiently delivered, as related fees and policies are established or updated, and as they are needed to subsidize Tiers 1-3

Recommend:

Strong support for marketing, volunteer program, sufficiently supporting operations of facility rentals and daytime uses

DISCUSSION



NEXT STEPS

- Finalize recommendations on pricing strategy and resource allocation philosophy
- Establish fee schedule; update any related and necessary policies
- Outline phased reset of programs and services
- Quantify resource needs for next phase of programs and services (i.e., develop the resource plan)
- List other policies and procedures that need attention
- Weave together pieces into a final set of recommendations and a "Reset Roadmap"

Schedule:

- March 4 Parks and Recreation Commission Regular Meeting
- March 18 Parks and Recreation Commission Special Meeting (draft roadmap and comprehensive strategy presented)
- April 1 Parks and Recreation Commission Regular Meeting (act on strategy)