

Cost Recovery Model



November 22, 2022



**PARKS & RECREATION
COST RECOVERY STUDY**

DRAFT

2022

Agenda

Project Overview

The Process

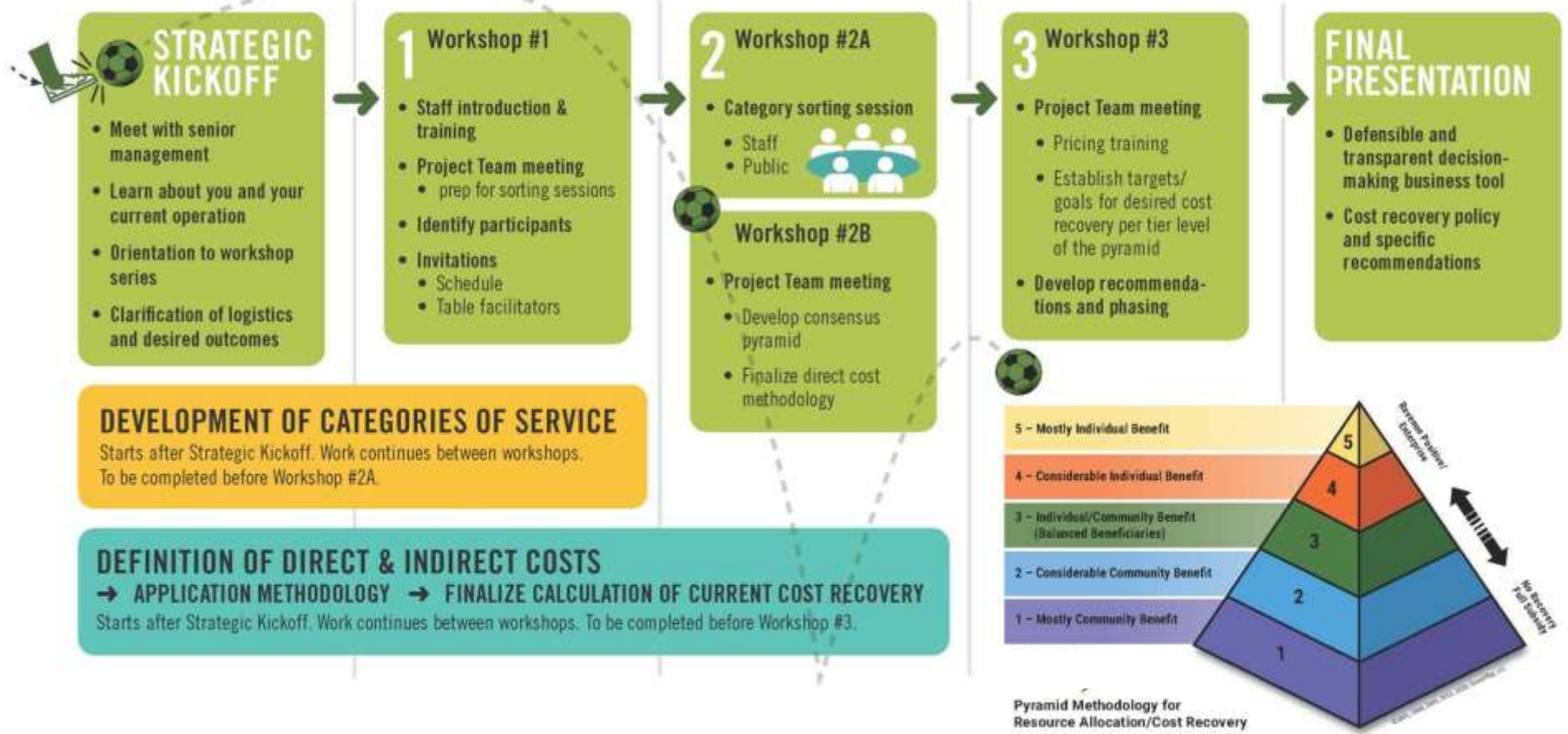
Current Cost of Service

Recommendations

Project Overview

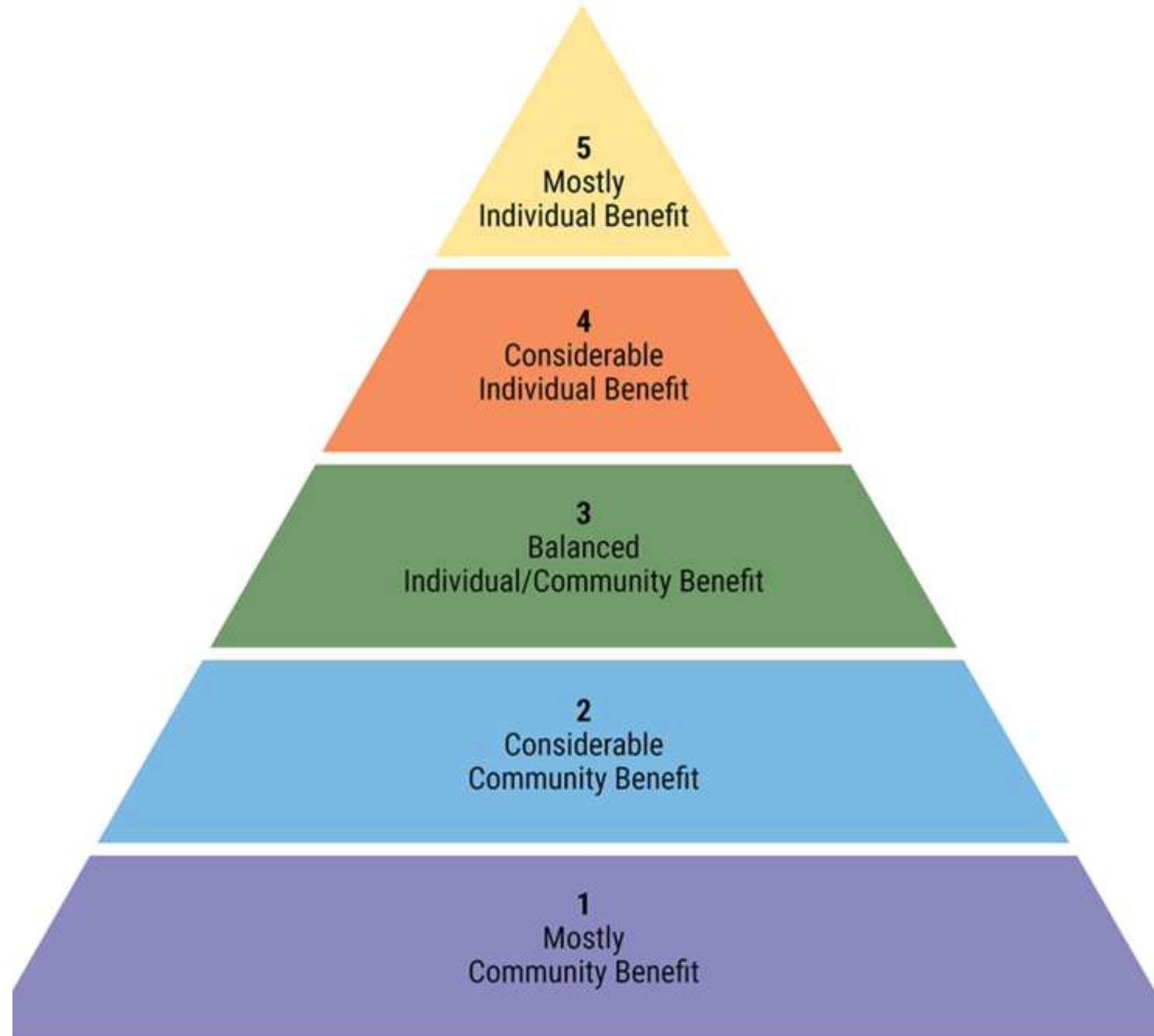


THE PYRAMID METHODOLOGY FOR RESOURCE ALLOCATION AND COST RECOVERY FOR PUBLIC PARKS AND RECREATION OPERATIONS



The Process

- Based on who benefits
- Basic level of service is free (supported by tax revenues)
- Fees are a responsible and necessary supplement
- The greater the individual benefit the higher cost recovery rate



Community Outreach and Involvement



Service Category	Definition	Examples
Park & Pathway Use	Unstructured use of a park space, playground, or pathways.	Playground use, frisbee in the park, biking on pathways
Private or Semi-Private Lessons	An instructional session with one instructor and one student (private), or one instructor and a very small number of other students (semi-private).	Private Swim Lessons, Basketball Lessons, Golf Lessons, or Tennis Lessons
Swim Lessons	Group swim lessons facilitated by one or more instructors with students grouped by skill levels.	Youth Swim Lessons at Meridian Pool
Youth Recreation Classes and Programs	Youth educational classes and programs that teach the fundamentals, skills or techniques of a particular hobby, art form or sport.	Dance, Martial Arts, Art, Life Skills classes



24 community members



36 hours of meaningful volunteer deliberation

Current Cost of Service



Direct Cost

-Specific, identifiable expenses associated with providing a service

-Expense would not exist without the service

- 400 programs
- 4,100 rentals
- \$6.8 million in expenses
- \$2.5 million in revenue

Pyramid Tier	Meridian Cost Recovery Methods	Department FY21 Cost Recovery	Range Minimum	Range Maximum	Recommended Goal (Range of Max)
T5	Full Cost Recovery	84%	100%	100%	100%
T4	Majority Cost Recovery	92%	80%	99%	99%
T3	Partial Cost Recovery	90%	50%	79%	79%
T2	Minimal Cost Recovery	52%	1%	49%	49%
T1	No Cost Recovery	1%	0%	0%	0%

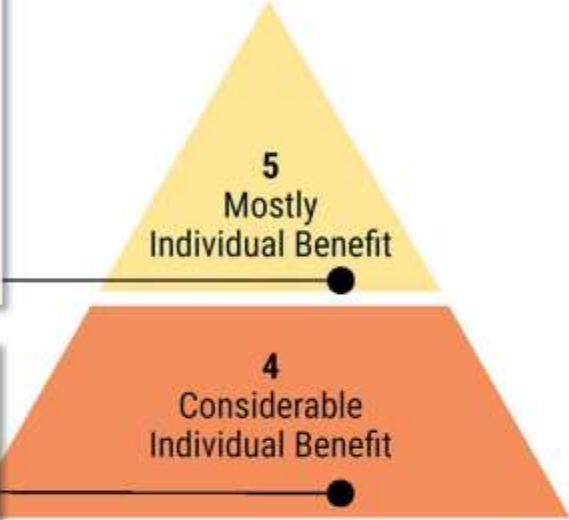
Cost Recovery Tier Targets

City of Meridian, User Fees and Charges Development Policy



- Private or Semi-Private Lessons: N/A
- Admission Based Rentals: N/A
- Merchandise & Vending: N/A
- Lakeview Golf Club: 82%
- Tenant Facility Lease: 100%+

Tier Aggregate: 84%
Tier Target: 100%



- Shelter Rental: 84%
- Concessions Leases: 100%+
- Trips: 73%
- Adult Recreation Classes & Programs: 86%

Tier Aggregate: 92%
Tier Target: 80-99%

- Youth Recreation Classes & Programs: 97%
- Swim Lessons: N/A
- City Sports Leagues & Tournaments: 88%

Tier Aggregate: 90%
Tier Target: 50-79%

- Permitted Special Events: 16%
- Youth Camps : 76%
- Field Rentals: 39%
- Monitored Drop-In Use: 66%

Tier Aggregate: 52%
Tier Target: 1-49%

- Park & Pathway Use: 0%
- Community Special Events: 32%
- Arts & Culture Programs: 10%
- Volunteer Opportunities: 0%

Tier Aggregate: 0%
Tier Target: 0%



Key Findings and Recommendations

The Department wishes to align its Cost Recovery practices with the criteria provided in the City of Meridian, User Fees and Charges Development Policy

- Seek approval of the proposed Meridian Cost Recovery Pyramid by City Council as a fundamental component of the Cost Recovery philosophy.

There is an opportunity to increase awareness of the Department's scholarship program

- Develop a marketing campaign to increase awareness, identifying eligibility requirements, allowable uses, and individual and family limits.



Key Findings and Recommendations

The challenge of cost accounting at the activity level requires refinement and training

- Further refine the expenses and investigate the feasibility of a Recreation Software system with a cost recovery module.
- Use the cost recovery model as a department-wide staff training tool and incorporate specific recommendations into annual staff work plans as appropriate.

Deliberate and timely fee setting and adjusting is necessary for a sustainable system

- Review the performance toward cost recovery goals on an annual basis.
- Manage program lifecycles. Cancel, retool, and/or replace underperforming services.
- Review all fees for annual adjustments at the staff level and provide an update to City Council through the Fee Schedule update.



Key Findings and Recommendations

Best practice management tools will further efforts to evaluate cost recovery and allow systems to support efforts.

- Engage staff in budget development and discussion. Continue to partner with the Finance Department on an annual staff training of the budget process.
- Explore alternative funding sources that strategically align with the Department's mission.
- Continue to provide ongoing opportunities for community input.

Thank you

Any Questions?

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