

Willard Parks and Recreation Department

Cost Recovery Metrics Plan

National standard used for this plan

This plan follows nationally recognized practices for parks and recreation fee setting and cost recovery based on:

- National Recreation and Park Association (NRPA) cost recovery tier methodology that classifies services by community vs. individual benefit
- Government Finance Officers Association (GFOA) best practices for establishing fees and charges using full cost accounting and policy-driven recovery goals

Both sources recommend that agencies:

Classify services by who benefits → assign a recovery range → calculate full cost → set fees intentionally above or below 100% based on policy.

Cost recovery formula (applies to every service area)

$$\text{Cost Recovery \%} = (\text{Program Revenue} \div \text{Full Cost}) \times 100$$

Program revenue includes only:

- Registrations, admissions, passes, rentals, program fees
- Sponsorships tied directly to the program

Program revenue does not include:

- Concessions
- Donations not tied to a program
- Tax support

Full cost includes:

- Direct labor and benefits
- Seasonal staffing
- Supplies
- Utilities where measurable
- Administrative time allocation
- Overhead allocation (payroll, finance, HR, supervision)

This approach aligns with GFOA best practice for establishing government fees and charges.

Adopted cost recovery targets by service area (NRPA tier model applied)

Service Area	NRPA Benefit Tier	National Recovery Range	Willard Target
Youth Sports	Mixed individual/community	60–90%	85%
Youth Camps	Mixed individual/community	60–90%	85%
Aquatics Operations	Mixed benefit facility	60–80%	75%
Adult Programs	Primarily individual	100–125%	125%
Fitness Center	Enterprise / individual	120–200%	150%
Special Events	Community benefit	0–25%	15%
Maintenance & Groundskeeping	Public good	0%	0%
Concessions (stand-alone)	Enterprise retail	130–200%	160%

Why concessions are separated from programs

National practice treats concessions as a retail enterprise rather than a recreation program.

Concessions are optional purchases with independent pricing, inventory management, staffing, and margin controls. Including them inside program revenue artificially inflates program cost recovery and hides true program performance.

Concessions will be tracked with a separate cost recovery calculation and reported independently.

Concessions cost recovery model

Concessions Cost Recovery % = (Gross Sales ÷ Full Concessions Cost) × 100

Full concessions cost includes:

- Inventory (Cost of Goods Sold)
- Staffing
- Equipment
- Utility allocation
- Payment processing fees

Target: 160%

Industry benchmark for concessions:

- Cost of Goods Sold (COGS) should be **35–45%** of sale price
- If COGS exceeds this range, pricing or purchasing requires adjustment

Operational scorecard (monthly internal tracking)

Area	Primary Metric	Secondary Metric
Youth Sports & Camps	Cost Recovery %	Cost per participant
Aquatics	Revenue per open hour	Cost per open hour
Adult Programs	Net margin dollars	Repeat participation
Fitness Center	Net margin dollars	Membership retention
Special Events	Sponsor dollars per attendee	Volunteer hours value
Groundskeeping	Cost per acre	Work order completion time
Concessions	COGS %	Revenue per labor hour

Policy statement for board adoption

Willard Parks and Recreation will set fees and evaluate services using a cost recovery model based on nationally recognized NRPA and GFOA practices. Services are classified by community versus individual benefit, and cost recovery targets are assigned accordingly. Concessions are treated as a stand-alone retail enterprise and excluded from program revenue calculations. Fees will be reviewed annually using full cost calculations to ensure alignment with adopted recovery targets.

Citations

National Recreation and Park Association. Agency Performance Review and cost recovery benchmarking guidance for parks and recreation agencies.

Government Finance Officers Association. Best Practice: Establishing Government Charges and Fees.