

## Recreation Cost Recovery and Pricing Plan

Each recreation activity area is assigned to one of 5 program groups based upon an assessment of its service and cost recovery values, Group 1 being comprised of the activities that tend more strongly toward service values being of primary consideration, and Group 5 being composed of the activities that tend most strongly toward cost recovery values being of primary consideration.

Recreation activities are assessed for placement in these groups using the following criteria:

**Group 1; Community Programs-** Represents those programs, facilities and services that benefit the community as a whole. These programs, facilities and services increase property values, provide safety, and enhance quality of life for the residents. The community generally pays for these basic services and facilities through taxes. These services shall be offered to agency residents at minimal or no fee.

**Group 2: Community/Individual Programs** - Represents those programs, facilities and services that promote individual physical and mental well-being, and provide recreational skill development. They are generally the more traditionally expected services and beginner instructional levels. These programs, services and facilities shall be assigned fees based on a specified percentage of direct and indirect costs that represents a tax subsidy to account for the COMMUNITY Benefit and participant fee to account for the Individual Benefit.

**Group 3: Individual/Community Programs** - Represents services that promote individual physical and mental well-being, and provide an intermediate level of recreational skill development. This level provides more INDIVIDUAL and less Community Benefit and should be priced to reflect this.

**Group 4: Highly Individual Programs** - Represents specialized services generally for specific groups with a competitive focus. In this level, programs and services should be priced to recover full costs.

**Group 5: Mostly Individual Programs** - Represents specialized services generally for specific groups with a competitive focus. In this level, programs and services should be priced to recover full costs.

**Perceived Community Benefit-** Consideration of the community's perception of community benefit, versus individual user benefit, resulting from the provision of each service. Programs seen as having greatest community benefit are rated as higher for service/investment value, while programs seen as benefiting more the user are rated higher for cost recovery expectations.

**Age Served-** Service/investment value is considered in the following order: Preschool, Youth/Teens, seniors, Adults.

**Alternative Providers-** Programs for which there are no alternatives to our service or for which access to alternatives is limited by limited availability or notably higher fees are rated relatively higher for service/investment value. Programs for which comparably priced and adequately available alternatives could be accessed are rated relatively higher for cost recovery expectations.

- Two cost recovery thresholds are identified as general guidelines for each Group- Minimum and Target. Each activity within a group is assessed based upon its unique criteria, and specific Minimum and Target cost recovery thresholds are established for each Activity that may be somewhat different from the general guidelines for that Group. These thresholds are based upon the cost tiers identified below.
- Where applicable, a given Activity may have additional pricing considerations that may supersede the Cost Recovery thresholds as the primary consideration in price setting.
- The revenues and costs for each recreation activity are identified in the following tiers:

**Revenue-**

- **Direct Revenue-** Fees collected for services.
- **Additional Earned-** Value of fees waived for scholarships and employee fitness.
- **Total Revenue-** The sum of these two.

**Expenses-**

- **Direct-** The specific “go-away” costs at the course or activity level. These include leaders, instructors and materials or services (eg. transportation) specific to the course or activity.
- **Program Direct Overhead (DOH):** Direct supervision of the program, and minor miscellaneous items such as supervisor mileage.
- **Facility Overhead (FOH):** The combination of facility direct costs (the day-to-day costs to keep the building open- receptionist, custodial services, custodial products, utilities) and facility direct overhead (primarily facility supervision).
- **Operating Indirect Overhead (Op IOH):** Division level and shared costs, such as departmental management, brochure, printing, photocopying, training, accounting support, technology, credit card discount costs, administrative office clerical support, computer, and recreation equipment sinking fund charges
- **Facility Indirect Overhead (Fac IOH):** Calculated charges for the Parks and Building Maintenance operational budget for routine on-going maintenance and repairs.

## Recreation Programs Cost Recovery Plan- Table of Targets

**Group 1: Community Programs-** Represents those programs, facilities and services that benefit the community as a whole.

Activity	Description	Minimum	Target	Other Fee Considerations
Tot Sports Classes	Introductory classes for 3 to 5 year olds	Direct	Through DOH	Benchmark fees to mid-point of area service providers
Youth Activity Center	After School program for youth	100% Subsidy	100% Subsidy	Sponsorship opportunities
Public Open Swim	Open swim for youth and adults	90% Subsidy	75% Subsidy	
Swimming Lessons	Group swim lessons	Direct	Through DOH	Benchmark fees to mid-point of area service providers
Indoor Playground	Drop-in program for 2 to 5 year olds	50% Direct	Direct	
MAC-PAC	Free summer activities in local parks	100% Subsidy	75% Subsidy	Seek sponsorship opportunities

**Group 2: Community/Individual Programs** - Represents those programs, facilities and services that promote individual physical and mental well-being, and provide recreational skill development.

Activity	Description	Minimum	Target	Other Fee Considerations
Youth Sports Leagues	Leagues that are organized by our department: Tot Soccer, basketball	Direct	Through DOH	Benchmark fees to mid-point of area service providers
Youth Sports Camps	Soccer, Tot Sampler, Basketball	Direct	Through DOH	Benchmark fees to mid-point of area service providers
Youth Day Camps	Holiday Day Camp and Special Release Days	Direct	Through DOH	Benchmark fees to mid-point of area service providers
Athletic Field Rental – Youth Organizations	Field allocation procedure for youth organizations	75% Subsidy	Direct	

**Group 3: Individual/Community Programs** - Represents services that promote individual physical and mental well-being, and provide an intermediate level of recreational skill development.

Activity	Description	Minimum	Target	Other Fee Considerations
Youth Cultural Enrichment Class	Classes offered at Youth Activity Center and Santo Community Center	Direct	Through DOH	Benchmark fees to mid-point of area service providers
Swimming Pool Rental	Groups and individuals renting pool space.	DOH	DOH + 20%	

**Group 4: Highly Individual Programs** - Represents specialized services generally for specific groups with a competitive focus.

<b>Activity</b>	<b>Description</b>	<b>Minimum</b>	<b>Target</b>	<b>Other Fee Considerations</b>
Adult Cultural Enrichment Classes		DOH	Through FOH	Benchmark fees to mid-point of area service providers
Adult Sports Leagues	Softball, football, soccer, basketball	DOH	Through FOH	
Athletic Field Rental – Adults		DOH	Through FOH	
Swim Lessons - Private & Semi-Private		DOH	DOH + 25%	Benchmark fees to mid-point of area service providers

**Group 5: Mostly Individual Programs** - Represents specialized services generally for specific groups with a competitive focus.

<b>Activity</b>	<b>Description</b>	<b>Minimum</b>	<b>Target</b>	<b>Other Fee Considerations</b>
Adult Sports Tournaments	Tournaments offered by our department	Through DOH	Full Cost Recovery	
Athletic Field Rentals – Tournaments	Outside rentals for athletic tournaments	Through DOH	Full Cost Recovery	
Concessions	Offering concessions within our facilities	Through DOH	Full Cost Recovery	

## ***Recreation Cost Recovery and Pricing Policy***

The following shall serve as the policy guidance for establishing a Recreation Activities Cost Recovery Plan, developing annual activity budgets, and establishing fees to be charged for recreation activities. The specific elements of this policy are that:

- The Park and Recreation Cost Recovery and Pricing Model, as show in the diagram, shall be used.
- In recognition of the wide variety of service values and revenue generating potentials of various activities, specific cost recovery thresholds shall be established for each recreation activity area at the most specific programming level that is administratively practical.
- The thresholds shall include both minimum and target levels of cost recovery.
- Activity areas unable to meet their minimum threshold shall be reviewed by Department Staff and the Parks and Recreation Commission for consideration of recommending appropriate action: reduce costs; reduce cost recovery target; eliminate activity.
- Strategies for achieving the target threshold shall be established by staff for each activity area. These strategies may include immediate or gradual action depending upon the best interests of maintaining a strong program, achieving the target within a reasonable time period and current fiscal conditions.
- Activities that have achieved or exceeded their target threshold shall be evaluated to determine if the target can/should be increased.
- The Cost Recovery Plan shall, where appropriate, also include specific other fee considerations (eg. benchmarking to a specific competitor) that may supersede cost recovery target considerations.
- Once a Cost Recovery Plan is established, and within that context, staff shall have the authority to set and adjust fees, except that no fee increase shall exceed 20% within a 1-year period without the review of the Parks and Recreation Commission and approval of the City Council within their annual update of fees for programs and services.
- As part of the budgetary process, Department staff shall review the Cost Recovery Plan and the performance of each activity compared to the plan, and the Variable Pricing Plan. Recommendations for changes to those plans to the Parks and Recreation Commission.

Medford Parks and Recreation  
Cost Recovery and Pricing Model

