



Recreation, Parks and Cultural Activities

Financial Policies and Procedures

RESOURCE ALLOCATION AND COST RECOVERY

Approved by City Council xxx

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Director Initials	<i>JBS</i>
Primary Contact	RPCA Director

Summary

As a publicly financed park system, the City of Alexandria Department of Recreation, Parks & Cultural Activities (RPCA) provides basic services funded by tax dollars, but free to use by the public. Cost recovery, including fees, charges and other methods to recover costs, are considered a responsible and necessary means to supplement tax revenue and provide a greater level of services that benefit the community. To that end, the department sets fees and charges in relation to these goals, market conditions, benchmarking, demand, cost recovery targets, and industry trends. A financial assistance policy and process was also developed to allow for maximum resident participation in City Programs and to ensure that no one has a financial barrier to participation.

Resource Allocation & Cost Recovery Policy

RPCA offers services that are funded through a combination of user fees, taxes, grants, and donations. Fees and charges shall be assessed in an equitable manner in accordance with the following fee and charge assessment schedule. Through a special initiative, services that provide recreational opportunities for populations with the fewest recreational alternatives (youth, limited income, senior adults, and families) may be more heavily supported by grants, donations, or property taxes than user fees to ensure that the population is well served by Recreation, Parks and Cultural Activities programs. Percentages shall be considered as guidelines; however, special circumstances, the nature and cost of each program, and persons to be served should be taken into consideration.

Process

- The Recreation, Parks and Cultural Activities shall conduct an annual comprehensive review of cost recovery targets.
- Programs will be sorted and assigned a cost recovery tier using the Pyramid Methodology on a biennial basis.
- A Fee Structure/Rate review will be done annually to determine viability of programs.
- Programs plans are developed and approved with fees set within the tier cost recovery target minimum.
- The Department’s Fiscal Year fee schedule will be included each year as part of the annual budget submittal and will include non-market rate services.

City of Alexandria’s Resource Allocation & Cost Recovery Model

The following model represents all categories of services currently provided or those which may be provided in the future by the Department. The model is based upon: the degree of benefit to the community (Tier 1 services are at the low end of the pyramid and provide Mostly Community Benefit) or (Tier 5 services are at the top of the pyramid and provide Mostly Individual Benefit); the values of the Alexandria community; and the vision and mission of the Department of Recreation, Parks and Cultural Activities. This model and policy form the basis for setting fees and charges for services provided by the Department.

Services can always perform better than the target tier minimum cost recovery goals due to demand and market conditions.

- a. **Tier 1** programs and services are completely community benefit. Full tax investment with little or no fee support (**Tier 1** services are targeted to recover **0%** of direct costs, although some of these services may be appropriate for use of alternative funding sources like grants, donations, and volunteers):
 - Non-Monitored Park/Facility Usage
 - Mobile/Pop-up and Outreach Programs
 - Volunteer/Internship/Community Service Programs
- b. **Tier 2** Services are programs and services with a primary community benefit, and a substantial tax investment with minimal to partial fee support (as an average, **Tier 2** services are targeted to recover a minimum of **20%** of direct costs, and many of these services may be appropriate for use of alternative funding sources like grants, donations, and volunteers):
 - Monitored Park/Facility Usage and Maintenance
 - Community-wide and City-produced Events
 - Preschool*
- c. **Tier 3** Programs and Services provide a balance of community and individual benefit. Primarily fee supported services with little or no tax investment (as an average, **Tier 3** services are targeted to recover a minimum of **50%** of direct costs, and some of these services may be appropriate for use of alternative funding sources like grants, donations, and volunteers):
 - Tenant Licenses/Leases – Partners/Affiliates
 - Rentals/Exclusive Use – Partners/Affiliates/Community Service
 - Facility Pass and Drop-in Use for Monitored Areas
 - Classes, Programs, Workshops, and Camps – Beginner/Multi-level
 - Therapeutic/Adapted/Special Recreation Services and Programs
 - Out of School Time Program/Summer Camp
 - Tournaments and Leagues
 - Permitted Special Events
 - Social Clubs/Affinity Groups
- d. **Tier 5** and **Tier 4** Programs and services that have a high individual benefit and should incur no subsidy. Our Tier 4 and 5 programs are revenue positive over direct costs:
Tier 4 targeted at **125%** of direct costs
 - Classes, Programs, Workshops, and Clinics – Advanced/Competitive/Certification
 - Trips
 - Specialized Activities/Camps
- e. **Tier 5** services are targeted to recover a minimum of **175%** of direct costs:
 - Tenant Licenses/Leases* – Private/For Profit
 - Rentals/Exclusive Use – Private
 - Rentals/Exclusive Use – Private Business
 - Permitted Services
 - Private/Semi-Private Lessons
 - Party Packages
 - Equipment Rentals
 - Concession/Vending*

*Categories of service that are not currently in use, but that may be considered in the future.

Cost of Services

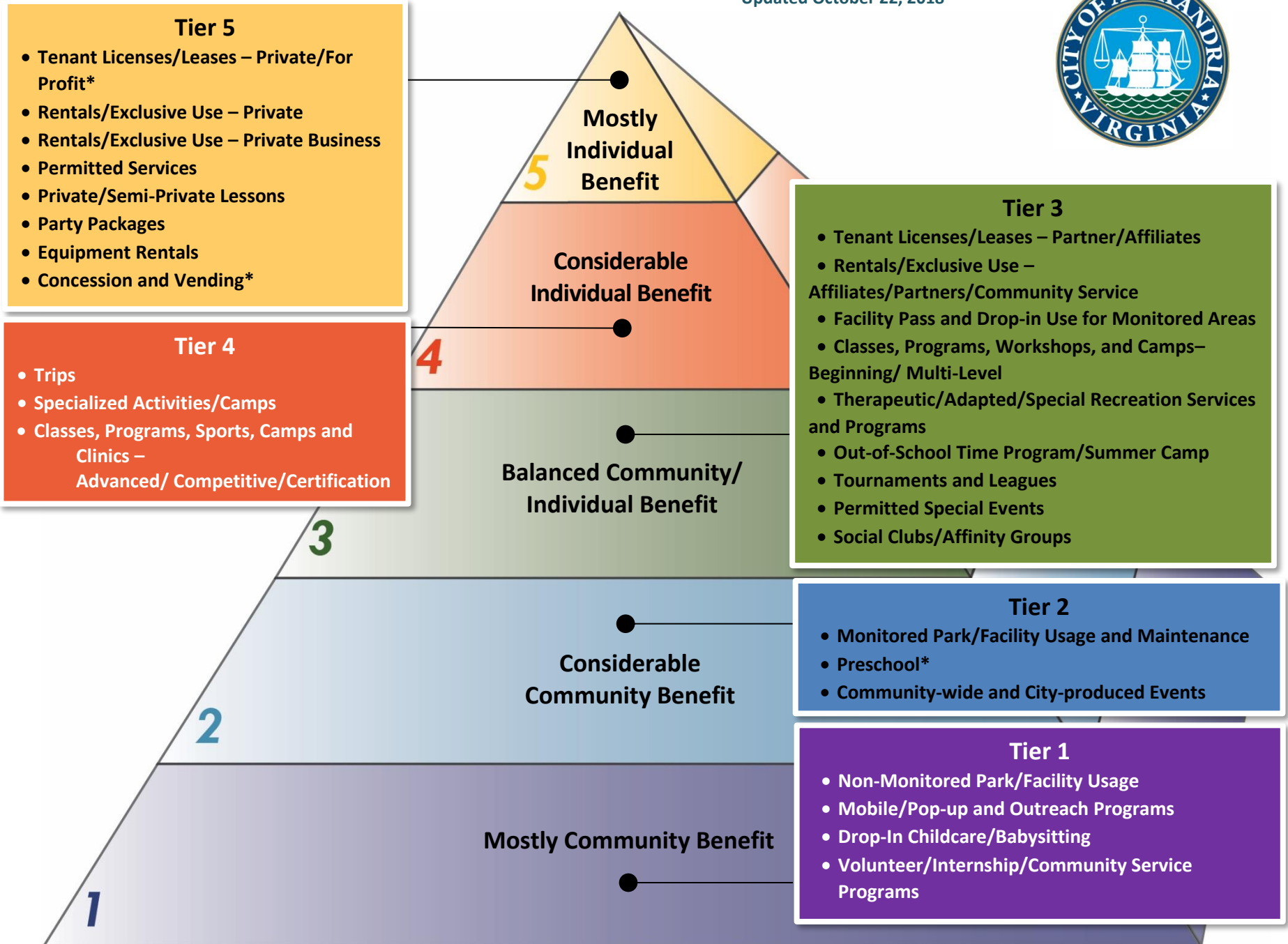
The following general definitions will be used to determine the cost of providing all services.

Direct Cost: Includes all of the specific, identifiable expenses (fixed and variable) associated with providing a service, program, or facility. These expenses would not exist without the program or service and often increase exponentially.

Indirect Cost: Encompasses overhead (fixed and variable) including the administrative costs of the agency. These costs would exist without any of the specific programs or facilities.

Pyramid Model – Resource Allocation Methodology

Updated October 22, 2018



*Categories not currently in use, but may be considered in the future