



**Commerce City Parks, Recreation & Golf Department  
Parks, Recreation & Golf Service Sustainability Model**

**June 10, 2019**



# Purpose

- Overview of Parks, Recreation & Golf philosophy regarding fees and charges for programs and services.
- General feedback and alignment with City Council expectations.

# Service Sustainability History & Process

- Developed in 2008
- Update of Financing Model & Policy - 2012
  - Step 1: Project Initiation Meeting
  - Step 2: All Staff Meetings/Workshops
  - Step 3: Focus Group Meetings/Workshops
  - Step 4: Key Leader Meetings
- 2K Financial Model - 2013
- Staff Review & Revision - 2016
- PRG Advisory Committee Review - 2018

# Parks, Recreation & Golf Service Sustainability Model **Why?**

- Responsible use of resources
- Interest in maintaining high level of service
- Mechanism for making informed decisions concerning future financial resource allocation & revenue generation
- Ensuring all people have access to the benefits of community parks, recreation & golf programs & services

# Subsidy & Cost Recovery

**Subsidy:** The community's investment parks, recreation and golf programs & services.

**Cost Recovery:** The degree to which the cost of services are financially supported by user fees and/or other revenue sources such as grants, partnerships, donations, sponsorships or alternative funding sources.

# Philosophy

A philosophy regarding *subsidy allocation* and *cost recovery* including fees and charges provides a base for differentiating parks, recreation & golf services on the basis of who benefits and who should pay for services.

# Philosophy & Goals

## Public Services

Basic parks, recreation and golf services intended to be accessible and of benefit to all; supported wholly or significantly by tax subsidies.

## Dual Benefit Services

Benefit accrued from the parks, recreation and golf services are to both public and private interests; level of subsidy dependent upon level of public service.

## Private Services

Exclusive benefit and gain received by individual(s) and not by the general public; individual minimally pays the full cost of service provision.

*Current financial goals include working towards recovering all direct costs of service provision for those services that have been defined as “Dual Benefit Services”, and achieving full cost recovery (direct and indirect costs) for all services defined as “Private Services”.*

# Examples

**Public Services:** inclusion\*, non-monitored access

**Dual Benefit Services:** community events, community/education services, skill based activities, etc.

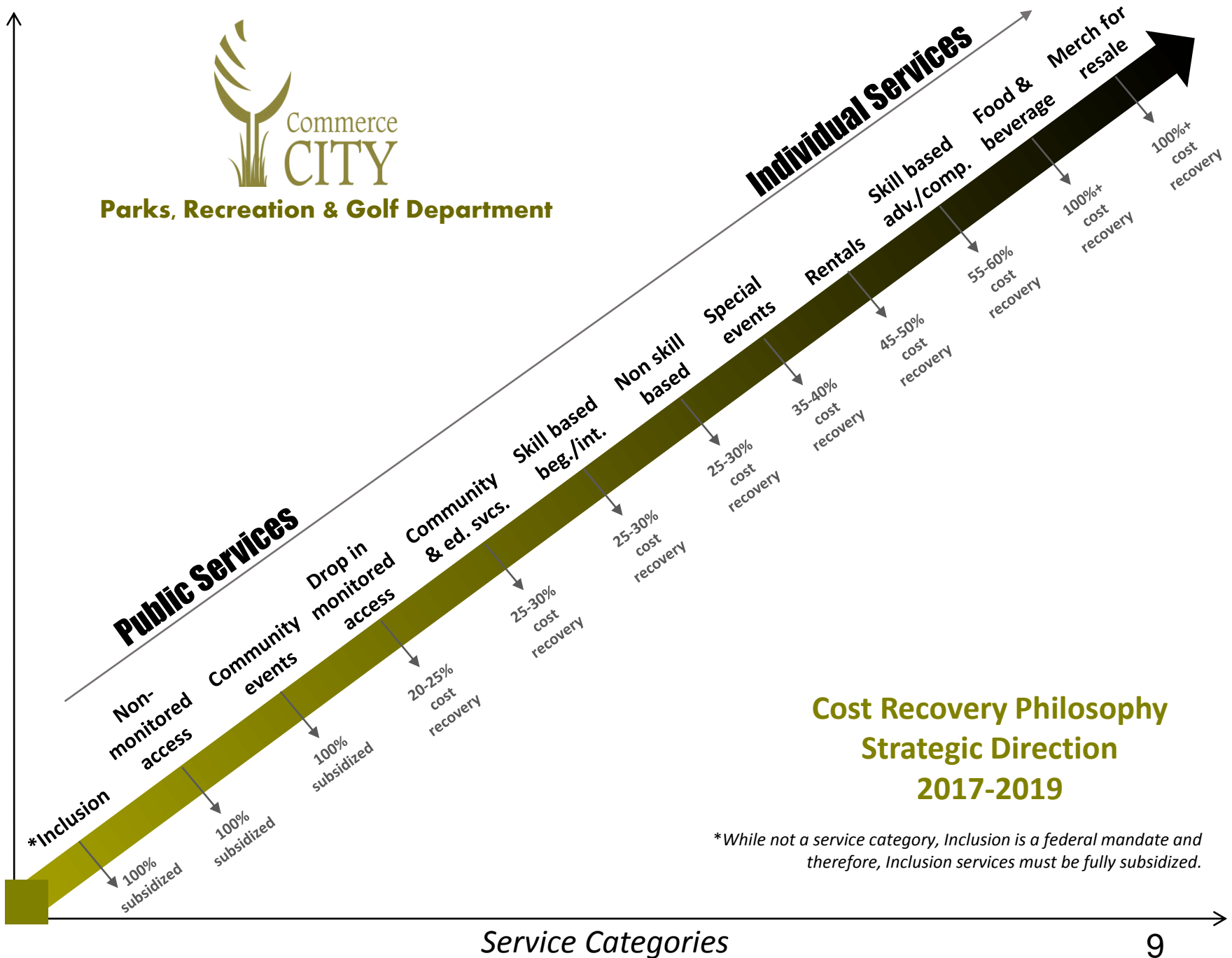
**Private Services:** food & beverage, merchandise for resale, rentals

*\*Inclusion is a federal mandate, therefore, it is recommended to be fully subsidized*



**Parks, Recreation & Golf Department**

Cost recovery/Subsidy Allocation expectation



**Cost Recovery Philosophy  
Strategic Direction  
2017-2019**

*\*While not a service category, Inclusion is a federal mandate and therefore, Inclusion services must be fully subsidized.*

Service Categories

# Direct Costs vs Indirect Costs

**Direct Costs:** Includes fixed and variable expenses associated with providing a service. These costs would not exist without the service and can increase based on the number of users.

*[Examples include: hourly, PT or seasonal salaries, contractual services, uniforms, entry fees, etc.]*

**Indirect Costs:** Includes “overhead” expenses including the administrative costs of the agency. These costs would exist without any specific service.

*[Examples include: FT employee salaries, various allocations, etc.]*

# Program/Service Evaluation

- Utilize model & the order in which services are listed to make organizational decisions concerning subsidy/cost recovery expectations.
- Strive to minimally recover direct costs associated with “Dual Benefit Services” and minimally recover all costs associated with “Private Services”.
- Review subsidy/cost recovery levels during the first quarter of each year, in preparation for the subsequent year’s budget process.

# Program/Service Evaluation

- Evaluate services consistently achieving or exceeding cost recovery thresholds to determine if cost recovery targets can/should be increased.
- Public/private benefit services that do not realize movement towards direct cost recovery should be reviewed for appropriate actions (i.e., reduction of costs to maintain/operate service; increased fees; alternative funding sources; elimination of service).

# Recreation Center Fees

- Fees comparable to neighboring communities with similar facilities/amenities
- Annual membership provides for access to both Bison Ridge and Eagle Pointe centers
- Differentiate between resident and non-resident
- Fees affordable and representative of the value of the service

# Recreation Center Resident Revenue Projection

- Eagle Pointe \$325,000 (full year revenue estimate based on 2017 information as the center was not open for a full year in 2018)
- Bison Ridge \$750,000 (full year estimate based on May 25 - Dec 31, 2018 & Jan/Feb, 2019 actuals & conservative estimate for March, April & May 2019)
- Military Discount (Active & Disabled Veteran)  
165 passes (Sept 1, 2018 - January 31, 2019)  
estimated value - \$48,265

# Discussion



“Quality Community for a Lifetime”