

Leisure & Cultural Services

Table 4 lists the services reviewed under the heading of Leisure and Cultural Services.

**Table 4
Leisure & Cultural Services**

REF #	SERVICE	TOTAL FEE REVENUE	TOTAL SERVICE COST	TOTAL PROFIT/ (SUBSIDY)	PCT. RECOVERY FROM FEES		POSSIBLE NEW REVENUE
					ACTUAL	SUGGEST	
S-110	CITY OPER YOUTH SPORTS PROGRAMS	\$52,999	\$153,293	(\$100,294)	34.6%	50%	See Text
S-111	CITY OPER ADULT SPORTS PROGRAMS	\$50,250	\$144,583	(\$94,333)	34.8%	50%	See Text
S-112	YOUTH & TEEN PROGRAMS	\$61,713	\$110,117	(\$48,404)	56.0%	50%	See Text
S-113	ADULT CONTRACT REC. CLASSES	\$9,751	\$58,428	(\$48,677)	16.7%	50%	See Text
S-114	ADAPTIVE PROGRAMS	\$1,024	\$1,453	(\$429)	70.5%	50%	See Text
S-115	RECREATION SWIM/LAP SWIM	\$184,349	\$426,569	(\$242,220)	43.2%	100%	See Text
S-116	SWIM LESSONS	\$150,578	\$197,698	(\$47,120)	76.2%	100%	See Text
S-117	WATER EXERCISE CLASS	\$35,667	\$67,269	(\$31,602)	53.0%	100%	See Text
S-118	LIFEGUARD/WATER SAFETY CLASSES	\$11,600	\$12,945	(\$1,345)	89.6%	100%	See Text
S-119	POOL SPECIAL EVENTS	\$2,630	\$17,120	(\$14,490)	15.4%	100%	See Text
S-120	POOL RENTAL	\$63,739	\$112,008	(\$48,269)	56.9%	100%	See Text
S-121	SCHOOL DISTRICT POOL USE	\$3,209	\$63,009	(\$59,800)	5.1%	100%	See Text
S-122	PRIVATE SPECIAL EVENT SUPPORT	\$6,000	\$75,496	(\$69,496)	7.9%	100%	See Text
S-123	CITY SPECIAL EVENTS	\$60,000	\$141,325	(\$81,325)	42.5%	50%	See Text
S-124	FACILITY/PARK RENTALS	\$165,589	\$209,337	(\$43,748)	79.1%	100%	See Text
S-125	PASSPORT PROCESSING	\$14,700	\$5,680	\$9,020	258.8%	100%	\$0 *
S-126	BLOCK PARTY PERMIT	\$0	\$412	(\$412)	0.0%	100%	\$400
S-127	RIVER PARK CAMPGROUND	\$203,642	\$306,286	(\$102,644)	66.5%	67%	\$0
S-128	DAMAGED LIBRARY MATERIALS PROC	\$0	\$1,110	(\$1,110)	0.0%	100%	\$0
S-129	LIBRARY CARD REPLACEMENT	\$500	\$1,620	(\$1,120)	30.9%	60%	\$500
S-130	SELF-SERVE LIBRARY COPIER/PRINTER	\$7,250	\$3,625	\$3,625	200.0%	100%	\$0
SUBTOTAL - LEISURE & CULTURAL		\$1,085,190	\$2,109,383	(\$1,024,193)	51.4%		\$900

Key to Symbols:

*- Limited by Law

Leisure and Cultural Services Findings

Recreation Cost Breakdown	Revenue	Cost	(Subsidy)	Cost Recovery
RECREATION DIV. COSTS	859,098	1,319,502	(460,404)	65.1%
FACILITY/FIELD MAINTENANCE		718,185	(1,178,589)	42.2%
CITY INDIRECT COSTS		77,907	(1,256,496)	40.6%
TOTAL COSTS	859,098	2,115,594	(1,256,496)	40.6%

The above breakout of direct and indirect costs can be reviewed in more detail in **Appendix F**.

Leisure Services Findings

As anticipated, the above findings suggest that a subsidy level exists for leisure activities – an amount that varies depending upon whether one considers direct versus indirect costs.

This report recommends that Leisure cost recovery goals be set as a percentage of Recreation Division costs. This practice is quite common in local government operations, not because indirect costs do not exist and are not important, but rather to insure that the cost recovery goals remain relevant, market competitive, and are easily reproducible.

Recreation belongs in the General Fund. The City’s use of multiple funds in its budget process actually has the effect of making it harder to determine the cost of providing Recreation services to the community. Even though many programs are allocated to the Revolving, Community Center, and Aquatics Funds, much of the work to support those programs comes from personnel budgeted in the General Fund. This ends up giving an incomplete picture of those programs in those separate funds.

By combining all Recreation services into the General Fund there can be a clearer picture of the cost of providing Recreation services to the community. This is also very common in local government operations. The City can still track certain revenues in certain funds if there is a need to preserve the monies from year to year as fund balance. But by putting the expenditures into the General Fund, the City can now focus on identifying budgetary programs that correspond to the services provided.

Recreation services are going to require General Fund support. The City Council just needs to determine how much General Fund support it is willing and able to provide.

Given the above mentioned observations, much remains to consider in evaluating price and costing levels in this sensitive service area – considerations that are further detailed below.

By their nature, leisure services are highly market driven and subject to a variety of external factors including consumer demand, location, facility amenities, demographics, and competing service providers. Adjustments in fees can arguably have a significant impact on consumer demand given a variety of elasticity factors that may be in play. This comment does not imply that additional revenues are unavailable but makes the case that fee levels are best set at the delivery point based on a flexible and market based pricing model. It also suggests that recreation performance levels might be best set at a macro level, rather than at the individual program level, to allow for optimal marketing and program pricing flexibility.

In pondering these cost results, the City should consider the following observations common to Leisure services.

General Methodology Assumptions

The methodology generally used in developing service center revenue/cost computations, as has been done in this study, is founded on key assumptions:

First, service volumes are fairly constant and void of wide fluctuations in consumer patronage from year to year.

Second, consumers have come to accept the economic value of continuing to use the identified service at a value that equates to the cost of providing the service.

It is important to note that these two assumptions are not particularly valid for leisure type activities that are characterized by commonly noted annual changes in program popularity combined with the influence of seasonal conditions. Furthermore, leisure dollars are highly sensitive to overall market and economic conditions as a service that strives to compete for an elusive discretionary income dollar.

Leisure service fees are influenced by two factors generally not a factor in the delivery of other City services - marketing and social policy.

Marketing

Given that these services are highly market sensitive and financed mostly by discretionary income, a special burden is placed on program managers to innovate and promote attendance. Those who run these programs know too well the need to convince customers of the value added features of their services. Their market is unforgiving. If fees are set too high, attendance and consequently revenues will drop. On the other hand, establishing fee levels artificially low will result in a flood of demand beyond resource capabilities.

Pricing

If priced strictly at average cost, fee increases can result in reduced participation leading to additional reactionary price increases and further losses in patronage. As such, prices for leisure services must be set carefully. The potential number of target customers should be estimated as part of an aggressive program marketing those services at determined price levels. Some important considerations in setting pricing follow:

- Has a marketing study been performed?
- Have programs been selected for their popularity?
- Do City programs compete with offerings made by other agencies, organizations, or private businesses who can supply the program at less cost?
- Is there a less costly way for the City to supply the service?
- Has sufficient money been budgeted to advertise the program adequately and how is the number of participants affected by the level of advertising?
- What costs would NOT be incurred or REMAIN were the program not to be offered?

- What is the cost of adding one more participant; of opening one more section of the activity?
- Are participants polled for their reaction to the offering, the instructor, the facility, and for their ideas for possible programs and the amounts that they are willing to pay?
- Are some facilities more costly to operate than others? What are the costs of electricity, water, gas, janitorial, maintenance, telephone, vandalism, and the like for each facility?
- How do existing facilities compare to those provided by the competition in creating either a price advantage or disadvantage?
- Has the clientele of the activity been defined allowing the City to understand the social purpose in subsidizing the activity?

A number of these issues have already been addressed by City staff and are merely presented to illustrate the issues involved in operating such services.

In determining what should be charged for services it ultimately is the responsibility of recreation professionals to recommend a combination of decreased costs, increased participation and fee adjustments needed to meet the degree of recovery that is ultimately determined by City Council.

What Can Be Charged?

In so far as Leisure services are market driven by definition, they are not subject to the cost limitations of Proposition 4. As such, pricing for class programs and related facility rentals can be set at market rate and consumer valued pricing levels subject to policy defined discount and subsidy levels.

Social Policy

The City Council should develop a conscious policy as to what programs and service centers, and to what extent, should be subsidized with tax monies in promoting social benefit. It may well be that some level of subsidy for many of the services identified in this group is not only

necessary, but also appropriate. If that is deemed to be the case, subsidy levels can be set as part of a budgetary or programmatic policy statement. These policy statements can also explicitly describe the social reasoning involved in the decision making process.

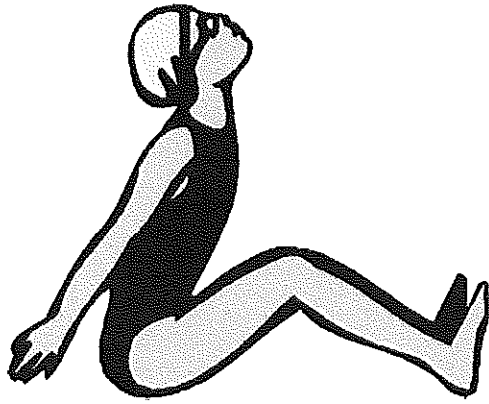
Achieving & Tracking Social Goals

In many of the cities studied by RCS, there is an almost universal lack of meaningful statistics useful in measuring participation in subsidized leisure activities. The City should actively develop a mechanism for obtaining such important data, especially if a program is benefitting from subsidy levels. In this way taxpayers and their elected body can know exactly and completely, who and how many participants have been served with impact of the City's social policy and justify the diversion of tax dollars from other vital services such as safety, maintenance, and infrastructure improvements.

Discounts & Exemptions: The provision of scholarships and exemptions to disadvantaged youths and seniors is a viable and appropriate alternative to reducing fees to the entire community and should be considered in the fee setting process.

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Leisure & Cultural Services

REF #	SERVICE	CURRENT FEE	PROPOSED FEE	ANNUAL UNITS	DIRECT/ CURRENT RECOV %	SUGGEST RECOV %	City Council Recommendation
S-110	CITY OPERATED YOUTH SPORTS PROGRAMS	Basketball: Res - \$90/\$100-Late Non-Res - \$108/\$120-Late Tennis: Res - \$50 Non-Res - \$60 Sports Camp: In City Limits: Res - \$40 Non-Res - \$48 Outside City Limits - \$40 Tournament - \$10 per team Soccer: Res - \$45 per team Non-Res - \$470 per team Softball: Men: Res - \$450 per team Non-Res - \$475 per team Coed: Res - \$467 per team Non-Res - \$492 per team Basketball: Res - \$425 per team Non-Res - \$450 per team Volleyball: Res - \$425 per team Non-Res - \$450 per team	The City should have a goal of recovering 50% of the direct Recreation division program costs for Community Programs. See Appendix F of this Report and Chapter IV of the Report Text for more information.	325	38.80% 34.57%	50% N/A	N/A Proposed Fee _____ Keep Current Fee _____ Cost Recovery Level _____
S-111	CITY OPERATED ADULT SPORTS PROGRAMS	Youth Theater - \$325 for Early Bird Contract Classes/Camps - various fees in which the the instructor receives 60% of the fee and the City receives 40% of the fee Summer Drop-in - \$25 per week Winter Camp: Res - \$30 per week Non-Res - \$36 per week Spring Camp: Res - \$30 per week Non-Res - \$36 per week Other Camps - Res - \$45 per week Non-Res - \$54 per week Career Camp (13-19 year olds) - \$10 per week	The current direct Recreation division program cost recovery percentage is 62.4%. The City should have a goal of recovering 50% of the direct Recreation division program costs for Community Programs. See Appendix F of this Report and Chapter IV of the Report Text for more information.	110	47.5% 34.76%	50% N/A	N/A Proposed Fee _____ Keep Current Fee _____ Cost Recovery Level _____
S-112	YOUTH & TEEN PROGRAMS			1372	62.40% 56.04%	50% N/A	N/A Proposed Fee _____ Keep Current Fee _____ Cost Recovery Level _____
S-113	ADULT CONTRACT RECREATION CLASSES	For most classes, the instructor receives 60% of the fee and the City receives 40% of the fee	The City should have a goal of recovering 50% of the direct Recreation division program costs for Community Programs. See Appendix F of this Report and Chapter IV of the Report Text for more information.	726	23.60% 16.69%	50% N/A	N/A Proposed Fee _____ Keep Current Fee _____ Cost Recovery Level _____
S-114	ADAPTIVE PROGRAMS	Dances - \$3 per participant	See Appendix F of this Report and Chapter IV of the Report Text for more information.	420	76.00% 70.47%	50% N/A	N/A Proposed Fee _____ Keep Current Fee _____ Cost Recovery Level _____

Reset

COMMUNITY PROGRAMS TOTAL COST RECOVERY = 45.8%

50%

Leisure & Cultural Services

REF #	SERVICE	CURRENT FEE	PROPOSED FEE	ANNUAL UNITS	DIRECT/CURRENT RECOV %	SUGGEST RECOV %	City Council Recommendation
S-115	RECREATION SWIM/LAP SWIM	Daily: Adult - \$4 Senior - \$3 Teen Lap Swim - \$2 Teen Rec Swim - \$3.50 Youth Rec Swim - \$3 Tots (<2 yr) - \$1 Lap Swim Pass: Adult - \$35/mo or \$85/3 months Senior - \$30/mo or \$75/3 mos Teens - \$20/mo Splash Pass: 1 person - \$35/mo 2 people - \$45/mo 3-5 people - \$55/mo	The City should have a goal of recovering 100% of the direct Recreation division program costs for Aquatics Programs. See Appendix F of this Report and Chapter IV of the Report Text for more information.	52404	91.60% 43.22%	100% N/A	N/A Proposed Fee _____ Keep Current Fee _____ Cost Recovery Level _____
S-116	SWIM LESSONS	\$40 per participant per session Splash Pass: 1 person - \$35/mo 2 people - \$45/mo 3-5 people - \$55/mo	The City should have a goal of recovering 100% of the direct Recreation division program costs for Aquatics Programs. See Appendix F of this Report and Chapter IV of the Report Text for more information.	4773	138.2% 76.17%	100% N/A	N/A Proposed Fee _____ Keep Current Fee _____ Cost Recovery Level _____
S-117	WATER EXERCISE CLASS	Drop-in - \$5 per participant Monthly - \$30 per participant Splash Pass: 1 person - \$35/mo 2 people - \$45/mo 3-5 people - \$55/mo	The City should have a goal of recovering 100% of the direct Recreation division program costs for Aquatics Programs. See Appendix F of this Report and Chapter IV of the Report Text for more information.	1077	75.1% 53.02%	100% N/A	N/A Proposed Fee _____ Keep Current Fee _____ Cost Recovery Level _____
S-118	LIFEGUARD/WATER SAFETY CLASSES	\$200 per participant plus \$35 if book is included	The City should have a goal of recovering 100% of the direct Recreation division program costs for Aquatics Programs. See Appendix F of this Report and Chapter IV of the Report Text for more information.	58	95.6% 89.61%	100% N/A	N/A Proposed Fee _____ Keep Current Fee _____ Cost Recovery Level _____
S-119	POOL SPECIAL EVENTS	Various fees depending on the event	The City should have a goal of recovering 100% of the direct Recreation division program costs for Aquatics Programs. See Appendix F of this Report and Chapter IV of the Report Text for more information.	183	17.4% 15.36%	100% N/A	N/A Proposed Fee _____ Keep Current Fee _____ Cost Recovery Level _____
S-120	POOL RENTAL	Various fees	The City should have a goal of recovering 100% of the direct Recreation division program costs for Aquatics Programs. See Appendix F of this Report and Chapter IV of the Report Text for more information.	24	179.6% 56.91%	100% N/A	N/A Proposed Fee _____ Keep Current Fee _____ Cost Recovery Level _____
S-121	SCHOOL/DISTRICT POOL USE	The City receives 50% of admission revenues for School District events.	The City should have a goal of recovering 100% of the direct Recreation division program costs for Aquatics Programs. See Appendix F of this Report and Chapter IV of the Report Text for more information.	1	17.5% 5.09%	100% N/A	N/A Proposed Fee _____ Keep Current Fee _____ Cost Recovery Level _____
AQUATICS TOTAL COST RECOVERY = 103.0%						100%	
Reset							

Leisure & Cultural Services

REF #	SERVICE	CURRENT FEE	PROPOSED FEE	ANNUAL UNITS	DIRECT/ CURRENT RECOV %	SUGGEST RECOV %	City Council Recommendation
S-122	PRIVATE SPECIAL EVENT SUPPORT	Event Rate - \$250 per day City Sponsored Events - no cost recovery Non-Sponsored Events: Parks - Recover costs for extra services or damages Other departments - Recover actual costs	Event Rate - \$250 per day	8	15.4% 7.95%	50% N/A	N/A Proposed Fee _____ Keep Current Fee _____ Cost Recovery Level _____
S-123	CITY SPECIAL EVENTS	various admission fees	The current direct Recreation division program cost recovery percentage is 66.3%. The City should have a goal of recovering 50% of the direct Recreation division program and other department costs for this program. See Appendix F of this Report and Chapter IV of the Report Text for more information.	22	66.3% 42.46%	50% N/A	N/A Proposed Fee _____ Keep Current Fee _____ Cost Recovery Level _____

Reset

SPECIAL EVENTS TOTAL COST RECOVERY = 50.9%

50%

REF #	SERVICE	CURRENT FEE	PROPOSED FEE	ANNUAL UNITS	DIRECT/ CURRENT RECOV %	SUGGEST RECOV %	City Council Recommendation
S-124	FACILITY/PARK RENTALS	Park Rental: 1-75 people - \$75 75-150 people - \$100 Alcohol Permit - \$30 per day Deposit - \$50 Ballfield Rental: River Bend - \$30/hr - 2 fields \$20/hr - each add'l 2 fields \$90/hr - all fields Other Parks - \$10/hr per field \$20/hr with lights \$30/ field - Prep Youth Group Usage - \$10/hr for lights plus direct costs	Park Rental: El Consilio and Odd Fellows Picnic Structures - \$50 All Other Picnic Structures - \$100 Alcohol Permit - \$30 per day Deposit - \$50 Ballfield Rental: River Bend - \$30/hr - 2 fields \$20/hr - each add'l 2 fields \$90/hr - all fields Other Parks - \$10/hr per field \$20/hr with lights Youth Group Usage - \$10/hr for lights plus direct costs	1	176.1% 79.1%	100% N/A	100% Proposed Fee _____ Keep Current Fee _____ Cost Recovery Level _____

FACILITIES AND PARK RENTALS TOTAL COST RECOVERY = 176.1%