

**CITY OF BOULDER
PARKS AND RECREATION ADVISORY BOARD AGENDA ITEM**

MEETING DATE: December 16, 2013

AGENDA TITLE: Plan and Timeline for Financial Strategy Discussion for 2015
Budget Process

PRESENTERS:

Kirk Kincannon, CPRP, Director, Parks and Recreation
Jeff Dillon, Interim Director
Alice Guthrie, Recreation Superintendent
Abbie Poniatowski, Business Services Manager
Teri Olander, Recreation Administrator
Alison Rhodes, Lead Facility Supervisor

INTRODUCTION

Boulder Parks and Recreation Department (BPRD) operates a portion of its \$26.5 million budget under the Recreation Activity Fund (RAF) as quasi-enterprise fund with the intent to balance expenses for recreation programs and facilities with revenues from customers. This is approximately a \$10 million business function that receives approximately \$1.5 million in tax payer subsidies to provide for essential recreations services for low income and in need populations.

The BPRD master plan was accepted by the PRAB and Planning Board in 2013 and will be presented to City Council for acceptance at the February 4, 2014 meeting through a public hearing. Once accepted by City Council, this plan outlines financial strategies and policies that build upon the 2010 Recreation Programs and Facilities Plan and will guide department decision-making for service offerings over the next five years. The purpose of this memo is to outline the business processes that have been in place and discuss proposed changes in policies and practices that will impact the viability of the RAF.

Since the success of providing community recreation services is linked to the department's financial ability to provide low cost services to youth and families who are not able to afford services it will be critical that PRAB provide guidance and direction on what programs, services and facilities are subsidized and at what rates. The goal is that these discussions will result in establishment of a fee policy that will create long-term stability of the RAF and allow for subsidy of those programs and services determined by the community to be essential for the health and well-being of residents and business partners.

This approach will include three specific PRAB study sessions and meetings starting in January and ending in advice from PRAB as to the financial direction for RAF by April. The proposed key topics over the next four months include:

- January – Overview of current policies, business models and financials of the RAF
- February – Overview of programs and services in relation to financial sustainability of the RAF
- March – Analysis of the impacts and changes of the policies and determination of program subsidy levels
- April – Recommendations by PRAB through public hearing on the business model and fee policies for 2015

ANALYSIS:

Before changes to department fees can be considered, it is important to understand the financial status of the department and the various funding sources. The proposed plan for the financial strategy discussions (Attachment A) starts with reviewing current goals, policies and guiding principles that set the framework. Next, PRAB will discuss the department's portfolio of services in relation to the shift of service priorities outlined in the master plan and the changes needed to implement the identified shifts. This would include reviewing current pricing methodology and cost definition. It is important that the PRAB understand the changes that may result from these types of shifts and provide policy guidance to the department.

Based on the scope of the discussion, the information provided, and any additional work that arises, a decision will need to be made at the February or March meeting regarding whether or not any changes to department fees will be evaluated and recommended for the 2015 budget. Due to impacts from the flood there may be limited staff resources to do the in-depth analysis that is needed to develop sound business practices as outlined in the master plan, but the department will make every effort to provide critical data in a timely way.

Staff recommends using a pilot approach to identify one specific facility or set of services to do a full analysis on for 2014 and use it as the model for future business management practices. One advantage of this approach is that the city is adopting new financial software that will update the current chart of accounts enabling additional tracking of demographics and financial data. The design of this system and related chart of accounts will be critical in the long-term analytical capacity of the department to manage the RAF as a business unit.

At the November 16, 2013 PRAB meeting, members of the PRAB asked that information be provided on several topics. As we move through the series of discussions, the following information will be provided as it aligns with the expected outcomes:

- History of fee increases (February)
- Demographics of recreation center users (February)
 - Reduced rate

- Ages (adult/seniors/youth)
- Resident/Non-resident
- Off-peak pricing (e.g., Twilight pass) (February)
- Market rate comparisons (March)

Additional questions that PRAB members have will also be incorporated into the discussion, but with limited resources it will be important that the overall business model be addressed. The pilot approach is anticipated to achieve the desired long-term goal of a sustainable RAF that is data driven.

Questions for PRAB:

1. What questions does PRAB have on the proposed timeline and plan?
2. What changes does PRAB suggest for the financial strategy discussion?
3. Does PRAB support the pilot approach for the initial study?

NEXT STEPS:

The department will adjust the timeline based on input from the PRAB and schedule study sessions to begin the financial strategy discussion.

ATTACHMENTS:

- A. Draft Financial Strategy Discussion Timeline

Attachment A
Financial Strategy Discussion Timeline

Date	Discussion Topics	Expected Outcome
Dec. 16, 2013 Goal: Understand plan for 2015	PRAB meeting <ul style="list-style-type: none"> • Present plan and timeline for financial strategy discussion 	<ul style="list-style-type: none"> • Agreement on plan and process • Identify issues & concerns • Determine goals for 2015 budget process
January 2014 Goal: Overview of current policies, business models and financials of the RAF	PRAB study session <ul style="list-style-type: none"> • Review previous work (Master Plan, Rec Programs & Facilities Plan) on goals, policies & guiding principles • Discuss city goals, market pricing & relationship • Review department financial status and funding sources 	<ul style="list-style-type: none"> • Understanding of the RAF financials and program viability • Agreement on approach to Total Cost of Facility management (TCOF) • Agreement on business plan definitions of revenues and expenses • Defined set of questions for staff to address from PRAB • Decision on use of a pilot project and identified facility/programs
February 2014 Goal: Overview of programs and services in relation to financial sustainability of the RAF	PRAB study session <ul style="list-style-type: none"> • Overview of portfolio of department services • Discussion on shifting service priorities to accomplish master plan goals • Discussion of current pricing methodology and cost definition • Discuss community & user group outreach plan 	<ul style="list-style-type: none"> • Support and/or recommend changes for pricing policy and methodology • Support initiative to charge actual costs of providing services to implement master plan • Determine fee areas, if any, to be reviewed for changes • Community Outreach Plan
March 2014 Goal: Analysis of the impacts and changes of the policies and determination of program subsidy levels	PRAB Meeting <ul style="list-style-type: none"> • Review data of areas under review (Pilot) • Discuss impacts should revenues from fees and charges decrease • Market rate comparison of areas under review • Discuss proposed fee changes • Discuss community & user group 	<ul style="list-style-type: none"> • Direction on next steps for 2015 budget process • Decision/recommendation on where subsidy should be applied • Recommendation on fee policy

	outreach	
April 2014 Goal: Recommendations by PRAB through public hearing on the business model and fee policies for 2015	PRAB Meeting <ul style="list-style-type: none"> • 2015 fee recommendations and adjustments 	<ul style="list-style-type: none"> • Support recommended fee changes, if any
May 2014	PRAB Meeting <ul style="list-style-type: none"> • Additional discussion if needed 	

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