

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

MEETING DATE: March 17, 2014

AGENDA TITLE: Financial Strategy Discussion

PRESENTERS:

Jeff Dillon, Director, Parks and Recreation
Abbie Poniatowski, Senior Business Manager
Alison Rhodes, Recreation Facility Manager
Dean Rummel, Recreation Supervisor
Skyler Beck, Recreation Facility Manager
Kady Doelling, Financial Analyst
Matt Hickey, Senior Operations Analyst
Stacy Cole, Recreation Facility Manager

EXECUTIVE SUMMARY:

The Boulder Parks and Recreation Department (BPRD) continues to work collaboratively with the Parks and Recreation Advisory Board (PRAB) to ensure that its resources are focused on community priorities via the implementation of the financial sustainability policies of the Boulder Parks and Recreation Department Master Plan (master plan) in a 3-step approach as follows:

1. BPRD shall determine the actual cost of an activity or service using a standardized method that emphasizes consistency of data inputs and analysis methods.
2. BPRD shall categorize services using a recreation priority index based on the organizational mission, target population served, service outcomes, contributions to the Boulder sustainability framework, partnership value and redundancy with services provided by others in the community in order to guide offerings.
3. BPRD shall establish cost recovery rates and associated pricing. Fees shall be based on the recreation priority index, community versus individual benefit, cost to provide services and the prevailing market rate for comparable services.

This pilot program will focus on services provided at the Boulder Reservoir and athletic fields. PRAB's guidance and support on what services are subsidized and at what rates is critical to ensure implementation reflects community values.

BACKGROUND:

To date, there has been a series of PRAB meetings and study sessions that have built the foundation for understanding our financial sustainability policies approved as part of the master plan and developing implementation strategies. Progress and outcomes of PRAB and BPRDs' collaborative efforts are highlighted below:

In January, the discussion focused on understanding the basis for the BPRD financial strategy, including cost definitions and applications. Understanding and agreement on the cost definitions is a fundamental part of implementing the Total Cost of Facility Ownership (TCFO) approach. PRAB supported the following concepts that will be utilized for the pilot study of the Reservoir and athletic fields (as determined in December 2013):

- The initial cost allocation analysis will include operating expenses only.
- Capital expenses have been defined and can be included in future analysis.
- Indirect expenses will be applied proportionate to facility or program budgets.

In February, staff presented updated cost definitions and introduced draft service categories. PRAB conveyed the need to include capital expenses in the cost allocation analysis, as they are a component of the TCFO. Additionally, the group discussed how to allocate facility expenses and agreed to the concept of using an hourly facility rate. The hourly facility rate is based on the associated cost, facility hours available and hours scheduled. The hourly facility rate will be applied during the modeling that is presented at the March meeting.

The focus then turned to understanding the relationship between community priorities and financial sustainability. In the master planning process, the community recognized the limits to public funding and the need to focus resources on core services. In an effort to differentiate services and apply subsidy, draft service categories were presented. The PRAB agreed with the concept that the highest subsidy is provided to the "community" service category and minimal to no subsidy is provided to the "exclusive" category (previously called "individual").

In addition, staff introduced the concept of a recreation priority index (RPI). BPRD's partner in the master planning process, The Eppley Institute for Parks and Public Lands (Eppley) is assisting in the development of the RPI. Eppley will use their knowledge of the community and BPRD, input from PRAB, and their expertise in recreation planning to develop the RPI. The RPI is the tool that will objectively place BPRD services into the service categories using a balanced scorecard approach.

The group engaged in an interactive exercise of placing a sample of Reservoir and athletic field services into the service categories. PRAB quickly realized the service categories can be subjective without the use of the RPI. PRAB's input is reflected in the revised draft service categories (Attachment A) as well as develop the draft RPI (Attachment B).

DISCUSSION:

The goal of the March meeting is to build on past months' discussions and understand how the RPI can be used to objectively categorize services and establish desired subsidy levels. Staff will provide an overview of the draft RPI and demonstrate how it is utilized with a few service examples. These services are defined, , costed per the agreed definitions, scored using the draft RPI and classified using the service categories (Attachment C). This exercise is intended to show the existing subsidy rates compared with the desired subsidy rates, depending on the service categorization (community, recreation, exclusive) and RPI score. Additionally, staff is seeking support on the framework to apply available subsidy and charge the costs of providing services, when appropriate as determined by the tools.

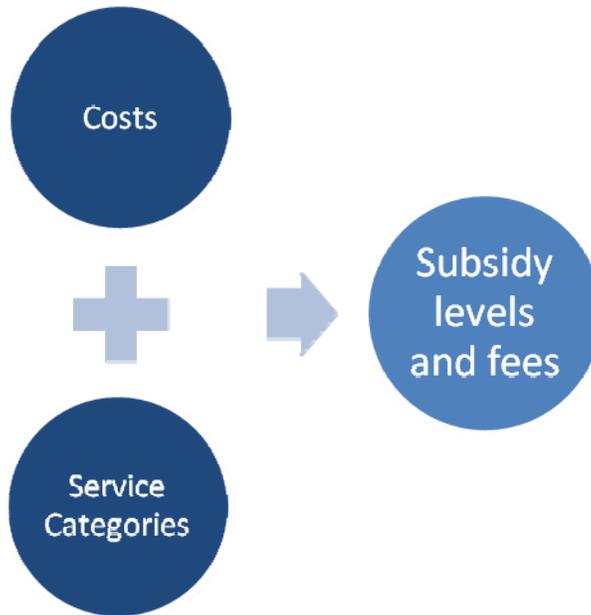
Previewing these three examples will help staff garner feedback and ensure the method reflects the community's values for BPRD services and allocates subsidy accordingly. Continued discussion of the subsidy for all Reservoir and athletic field services will be held in April.

QUESTIONS FOR PRAB:

1. Are the updated service category definitions (per PRAB input received February 24) acceptable?
2. Do the RPI criterion accurately reflect the community's values for BPRD services?

NEXT STEPS:

Eppley and BPRD will update the draft RPI based on the PRAB's input and the evaluation being conducted with subject matter experts. The implementation of service categorization (with the assistance of the RPI) will allow the department to apply available subsidies to the programs that the community would like to support and establish fees that will recover the appropriate amount of costs for the pilot areas. The anticipated outcomes include support for the implementation of fee standardization in pilot areas and to provide input on the community outreach plan.



Discussion and input received on the BPRD Financial Strategy since December will be incorporated into the following month’s meetings.

Month	Topic	Outcome
April	Review data modeling for the Reservoir and athletic fields including current costs, current fees and desired fees (based on application of service categories and RPI outputs)	Policy guidance and support for initiative to charge actual costs of providing services to implement master plan goals
May	Discuss proposed fee changes and associated community and user group outreach.	Recommendation of fee policy changes

ATTACHMENTS

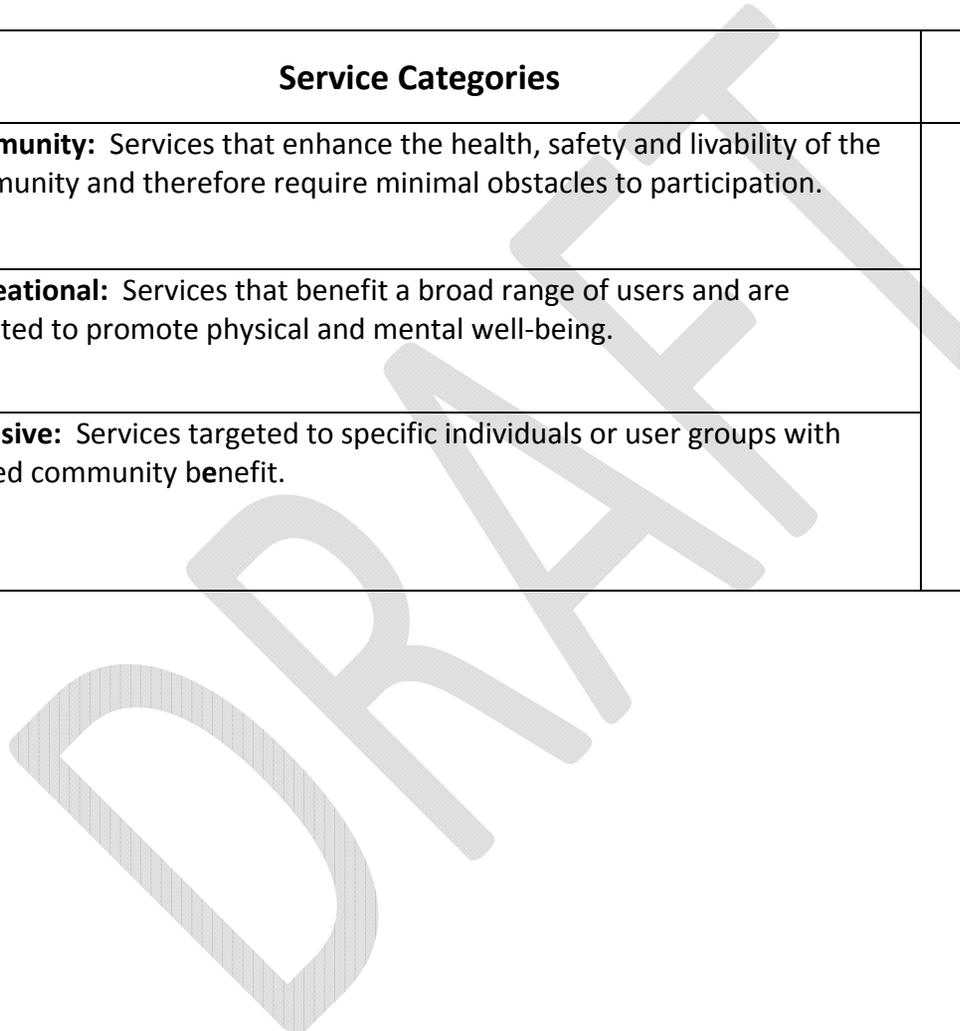
Attachment A: Draft Service Categories

Attachment B: Draft Recreation Priority Index Criteria

Attachment C: North Boulder Park – Hourly Usage Fee Examples

**Boulder Parks and Recreation Department
DRAFT SERVICE CATEGORIES**

Benefit	Service Categories	Subsidy Targets	Possible RPI Score
	<p>Community: Services that enhance the health, safety and livability of the community and therefore require minimal obstacles to participation.</p>		70 +
	<p>Recreational: Services that benefit a broad range of users and are targeted to promote physical and mental well-being.</p>		69-40
	<p>Exclusive: Services targeted to specific individuals or user groups with limited community benefit.</p>		<40



Recreation Priority Index Criteria

The Recreation Priority Index (RPI)

The RPI is a balanced scorecard approach that allows recreation managers and decision-makers to compare the relative importance of services in relation to one another. This metric can be used to create an overall service offering strategy. Additionally, this metric may be used as a compelling, data-driven case for setting fee structures and cost recovery rates for different services. Similarly, it may indicate where services could be targeted for sunset and/or facilitative delivery *during long-range planning*.

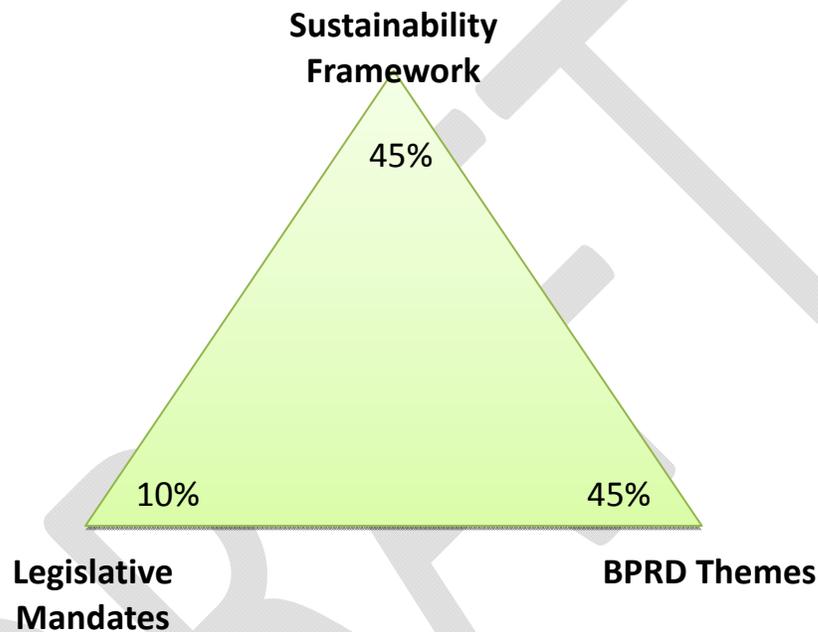


Figure 1: RPI Criteria Relative to Each Other

The RPI uses a 100-point scale and is based upon six criteria: substitutability, community health and wellness, building community and relationships, targeted goal, reach, and delivery method. The following pages contain the specific criteria used.

Each criterion should be evaluated against an individual service by carefully reading the definition and corresponding examples in order to determine the score that most accurately defines that service.

Special instances are considered during the scoring process. Legislative mandates may elevate the service's relative RPI score into a higher classification. Also, it should be noted that there are Core services that will be offered by the department regardless of the score. The RPI is intended to help set cost recovery rates, not to directly sunset services. The following definitions and examples are to be used during the RPI scoring process.

Question 1 – Delivery

Direct (Leader-Directed)	<i>Definition</i>	Service is organized, funded, overseen, and instructed by department.
	<i>Examples</i>	<ul style="list-style-type: none"> • A swim lesson service that is operated at a department facility with no outside service provider assistance.
Facilitated	<i>Definition</i>	Service may be overseen by department; however, instruction, organization, and/or funding are provided by external entity.
	<i>Examples</i>	<ul style="list-style-type: none"> • A stand-up paddle board service that is instructed and organized by a private entity but is overseen by the department.
Rental	<i>Definition</i>	<ul style="list-style-type: none"> • The department receives payment in exchange for facility use for a given program or service.
	<i>Examples</i>	<ul style="list-style-type: none"> • A soccer club pays for field use from the department.
Mandated	<input type="checkbox"/>	Move to “Community” service category.

Question 2 – Substitutability

None	<i>Definition</i>	<p>Service is truly unique and is only offered by your department within the community and surrounding neighborhoods.</p> <p style="text-align: center;">-OR-</p> <p>No suitable "substitutes" exist for the functional requirement or purpose of this service within the community and surrounding neighborhoods.</p>
	<i>Examples</i>	<ul style="list-style-type: none"> • A youth in nature service that takes at-risk kids into the woods to learn about nature. • A therapeutic recreation service that focuses on individuals with a particular disability (e.g., mental health, lower-leg, etc.)
Some	<i>Definition</i>	There is one or two services available in the community that serve the same purpose of your service in question and have similar participant access.
	<i>Examples</i>	<ul style="list-style-type: none"> • There is a community pool that offers regular lap swimming and swim lessons. • There is a non-profit that offers weight training and cardio classes. • There is a private entity that offers yoga, Pilates, and weight training opportunities. • There is a private entity that offers traveling sport teams.
High	<i>Definition</i>	There are three or more services available in the community that serve the same purpose of your service in question and have similar participant access.
	<i>Examples</i>	<ul style="list-style-type: none"> • There is a community pool that offers regular lap swimming and swim lessons. • There is a non-profit that offers weight training and cardio classes. • There is a private entity that offers yoga, Pilates, and weight training opportunities. • There is a private entity that offers traveling sport teams.

*Please note: competitor fee structures may be considered a barrier to participation. Please consider competitor price structures when scoring substitutability. It may be necessary to develop a competitor price structure as an added variable to the definitions outlined above.

Question 3 – Community Health & Wellness

Broad Access	<i>Definition</i>	Promotes the registration, entering, and/or using of a service or service by offering a subsidized rate, inclusion services, and/or removing barriers to participate.
	<i>Examples</i>	<ul style="list-style-type: none"> • A soccer league that has discounted rates, a centralized location based on transportation needs, and provides inclusivity for all participants.
Lifelong Movement	<i>Definition</i>	Service promotes prolonged behavioral patterns that include physical activity and motion.
	<i>Examples</i>	<ul style="list-style-type: none"> • A personal training class that teaches body mechanics and how to perform technical exercises. • A sports service that teaches kinetics and proper body mechanics in lifelong activities such as jogging, running, and sprinting. • A golf service that teaches the proper techniques so that participants can participate in the activity on their own.
Health Education Component	<i>Definition</i>	Individuals and groups of people participating in the service learn to behave in a manner conducive to the promotion, maintenance, or restoration of health including physical, social, emotional, intellectual, and spiritual health.
	<i>Examples</i>	<ul style="list-style-type: none"> • A personal training service that teaches the health benefits of anaerobic and aerobic exercises. • A softball league that teaches the importance of group dynamics and social interaction to promote health. • A competitive league that teaches how eustress is different from stress. • A yoga class that teaches how meditation and relaxation is important to emotional and spiritual well-being.
Specific Health Benefit	<i>Definition</i>	A service with a specific goal of addressing a known public health epidemic such as obesity, screen time, unhealthy eating, etc.
	<i>Examples</i>	<ul style="list-style-type: none"> • A basketball league that specifically targets childhood obesity by focusing on kinetic movement and condition training. • A pottery service that targets individuals subject to increased screen time and provides an outlet to be “unplugged.”

Question 4 – Builds Community & Relationships

“Network” Relationships	<i>Definition</i>	Promotes working relationships with community partners including friends groups, foundations, non-profits, public organizations, and private entities.
	<i>Examples</i>	<ul style="list-style-type: none"> • A concert in the park series that is sponsored by the foundation. • A baseball service in which concessions are operated by an organization other than the department. • A personal fitness service that is a joint-venture by the YMCA and the department. • An after school service that utilizes the school’s facilities.
Family Participation	<i>Definition</i>	Participant families are encouraged at all times to participate in service offering through volunteering, positive spectatorship, and special events. Additionally, a code of conduct guideline is established and families and spectators are proactively informed and reminded.
	<i>Examples</i>	<ul style="list-style-type: none"> • A gymnastics service in which families take turns driving participants to events. • A little league service in which parents sign up for and take turns providing nutritious snacks for participants. • An off-site location service in which parents take turns chaperoning field experiences.
Neighborhood-Based	<i>Definition</i>	Service is offered in a location that promotes face-to-face social interactions through settings and situations where residents gather.
	<i>Examples</i>	<ul style="list-style-type: none"> • An after school service that takes place in a neighborhood park and is designed for local residents. • A service in which participants are picked up at their homes so they can fully participate. • A service offered in a centralized location designed to attract the surrounding residents.
Encourages Diversity	<i>Definition</i>	Service attracts participants of different cultures and ethnic backgrounds and promotes respect among participants.
	<i>Examples</i>	<ul style="list-style-type: none"> • A soccer service that targets underrepresented populations by advertising in diverse neighborhoods and through appropriate social media avenues. • An arts and crafts service that is instructed by a diverse staff that reflects the city’s demographics. • A Yoga class that involves a community outreach component such as Yoga in the park or other events to attempt to attract diverse groups. • A pottery class that is instructed in dual languages and its program materials are offered in more than one language.

Question 5 – Targeted Goal

Youth	<i>Definition</i>	Service specifically targets teenage and younger girls and boys.
	<i>Examples</i>	<ul style="list-style-type: none"> Youth swim lessons. Youth after school service.
Outdoor/Nature	<i>Definition</i>	Service is located in an outdoor setting and/or in nature.
	<i>Examples</i>	<ul style="list-style-type: none"> Golf lessons on location at the golf course. Kayak class that meets at an outdoor reservoir, beach front, or lake. A hiking class that takes participants into woods, forests, or other natural resource areas.
Low-Income	<i>Definition</i>	Service specifically targets low-income individuals and provides services that allow full participation.
	<i>Examples</i>	<ul style="list-style-type: none"> A pottery class that provides scholarships for full participation. A free after school service that caters to at-risk youth.
People with Disabilities	<i>Definition</i>	Service specifically targets people with disabilities and provides services that allow full participation.
	<i>Examples</i>	<ul style="list-style-type: none"> An adaptive aquatics service. A therapeutic horse riding service.

Question 6 – Service Reach

Minimal	<i>Definition</i>	Program participation includes approximately less than 10% of its intended audience
	<i>Examples</i>	<ul style="list-style-type: none"> • A competitive, traveling baseball service that attracts approximately 20 participants out of the 300 participants in the local little league service. • A yoga service that attracts approximately 60 participants out of the estimated 700 yoga participants through local service providers.
Low	<i>Definition</i>	Program participation includes approximately 11% to 30% of its intended audience
	<i>Examples</i>	<ul style="list-style-type: none"> • An arts and crafts service that attracts approximately 30 participants out of the 200 participants in similar services in the community.
High	<i>Definition</i>	Program participation includes approximately 31% or higher of its intended audience
	<i>Examples</i>	<ul style="list-style-type: none"> • An after school service that serves approximately 50 at-risk youth out of the identified 130 at-risk youth within the community. • An archery service that serves approximately 70 participants and no other service exists within the community.

*Reach is calculated using a simple formula. The numerator (top number) represents the actual number served by the service. The denominator (bottom number) represents the potential number served, which may be determined by your sphere of influence. For example, your service has served 100 people with disabilities this year. The actual estimated number of people with disabilities within your community is 500. The reach is 20% of the potential population.

Attachment C: Parks & Recreation Advisory Board - Hourly Usage Fee Examples

Location...		North Boulder Park								
Duration...		1 hour of use								
Service 1	Pick-up T-Ball (Family outing)	2012 Fee	With Capital			Without Capital			Recreation Priority Index Score	Service Category
A group of neighborhood kids and parents gather together to play a game of t-ball at the field in North Boulder Park. They show up at the field with their equipment and divide into two teams on a Saturday afternoon to play t-ball.		Res Rate	Expense Resident	\$ Diff More	Subsidy Rate	Expense Resident	\$ Diff More	Subsidy Rate		
per hour		\$0.00	\$43.00	\$43.00	100%	\$32.00	\$32.00	100%	100	Community
Service 2	Instructional t-ball program	2012 Fee	With Capital			Without Capital			Recreation Priority Index Score	Service Category
The instructional program consist of staff who help build participants skills by administrating a full range of drills and games. While learning the sport, staff will stress the fun of playing.		Res Rate	Expense Resident	\$ Diff More	Subsidy Rate	Expense Resident	\$ Diff More	Subsidy Rate		
per hour per person (minimum of 8 registrants)		\$8.75	\$20.88	\$12.13	58%	\$15.70	\$6.95	44%	41	Recreational
per six week course per person (total fee)		\$52.50	\$125.28	\$72.78	58%	\$94.17	\$41.67	44%	41	Recreational
Service 3	Exclusive Rental (company picnic)	2012 Fee	With Capital			Without Capital			Recreation Priority Index Score	Service Category
Private parties (invite only) such as company picnics, family reunions, weddings, picnics and birthday parties		Res Rate	Expense Resident	\$ Diff More	Subsidy Rate	Expense Resident	\$ Diff More	Subsidy Rate		
per hour		\$23.00	\$43.00	\$20.00	47%	\$32.00	\$9.00	28%	10	Exclusive