



**Financial Sustainability Strategy and Operational Analysis  
for Public Parks & Recreation**

# Agenda

- ✓ Project Review
- ✓ Share Findings
- ✓ Considerations

# Key Project Objectives



Remain Financially Stable



Review current practices to ensure “best practices” for the Parks and Recreation Department

# City Council Comprehensive Financial Management Policy

(January 9, 2023)

## *B. User Fees*

For services that **benefit specific users**, the City shall establish and collect fees to recover the costs of those services. Where feasible and desirable, the City shall **seek to recover full direct and indirect costs**; however, ultimately, the City Council shall approve the established fees and appropriate cost recovery level. User fees shall be reviewed annually (at a minimum) to calculate their full cost recovery levels, compare them to the current fee structure, and recommend adjustments where necessary.

## *C. Property Tax Revenues/Tax Burden*

The City shall endeavor to **reduce its reliance on property tax revenues** by revenue diversification and implementation of user fees and other alternative revenue sources. The City shall strive to minimize the property tax burden on West University Place citizens.



# Parks and Recreation Department 2022 Actuals

	Amount	%
PARD expenditures	\$4.15M	
PARD fee revenues	\$2.37M	57%
Property tax allocated	\$1.58M	38%
Sales tax allocated	\$0.20M	5%

# Property Tax Revenue

(example)

**\$1,411,672**

Average Residential Home  
Appraisal

**\$3,732**

Property Tax Payment to City

**\$305**

Allocation to Parks and  
Recreation Department

**.83 cents**

Daily Investment



# <sup>7</sup> What did we analyze?

- ✓ 2022 Cost Recovery
- ✓ Hours of Operation
- ✓ Resident and Non-resident Participation
- ✓ Administration of Private/Semi-Private Lessons

# What did we analyze?

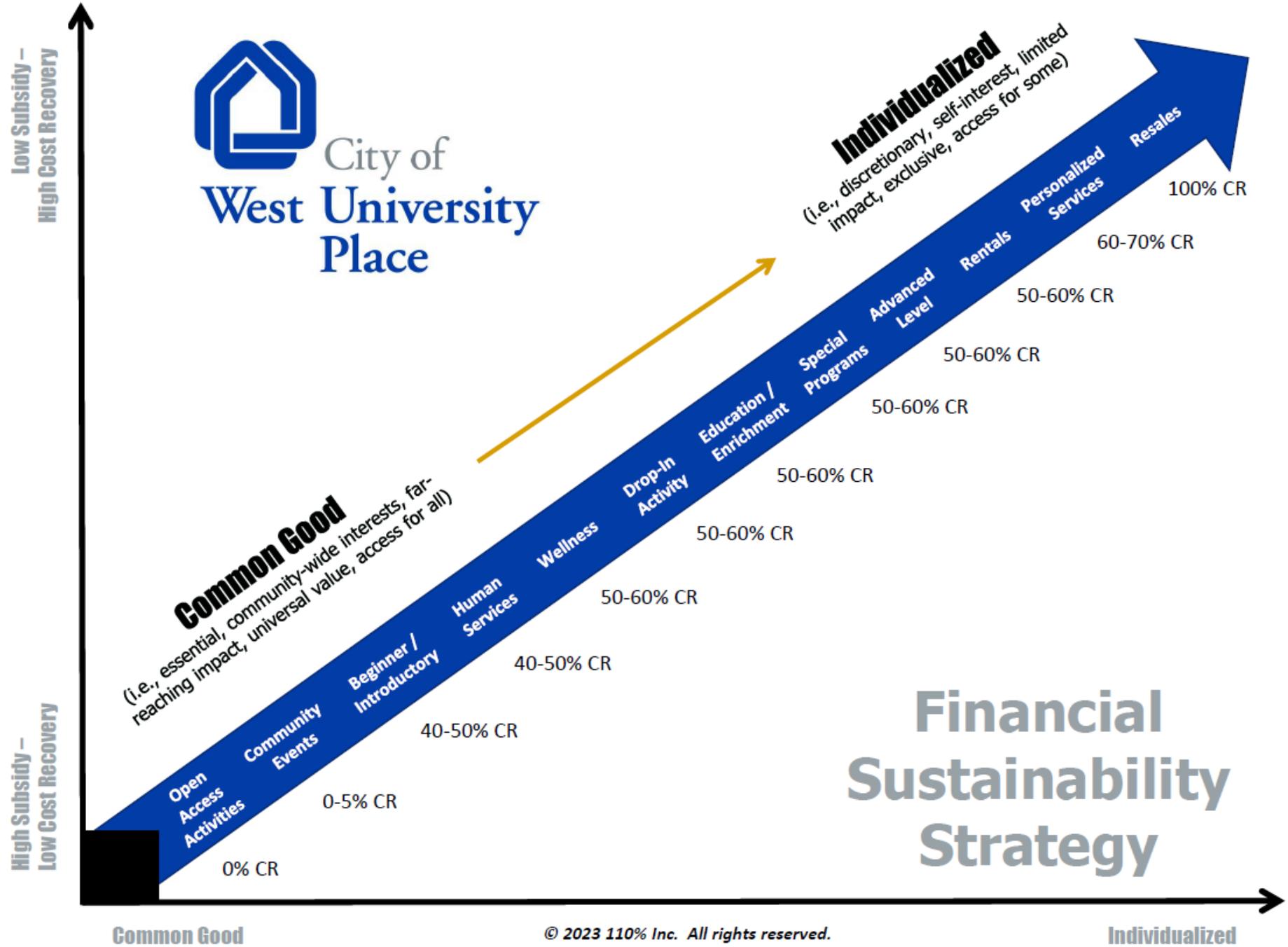
- ✓ 2022 Cost Recovery
- ✓ Hours of Operation
- ✓ Resident and Non-resident Participation
- ✓ Administration of Private/Semi-Private Lessons

\* % and \$ are approximate and based on 2022 data



believe in possibility

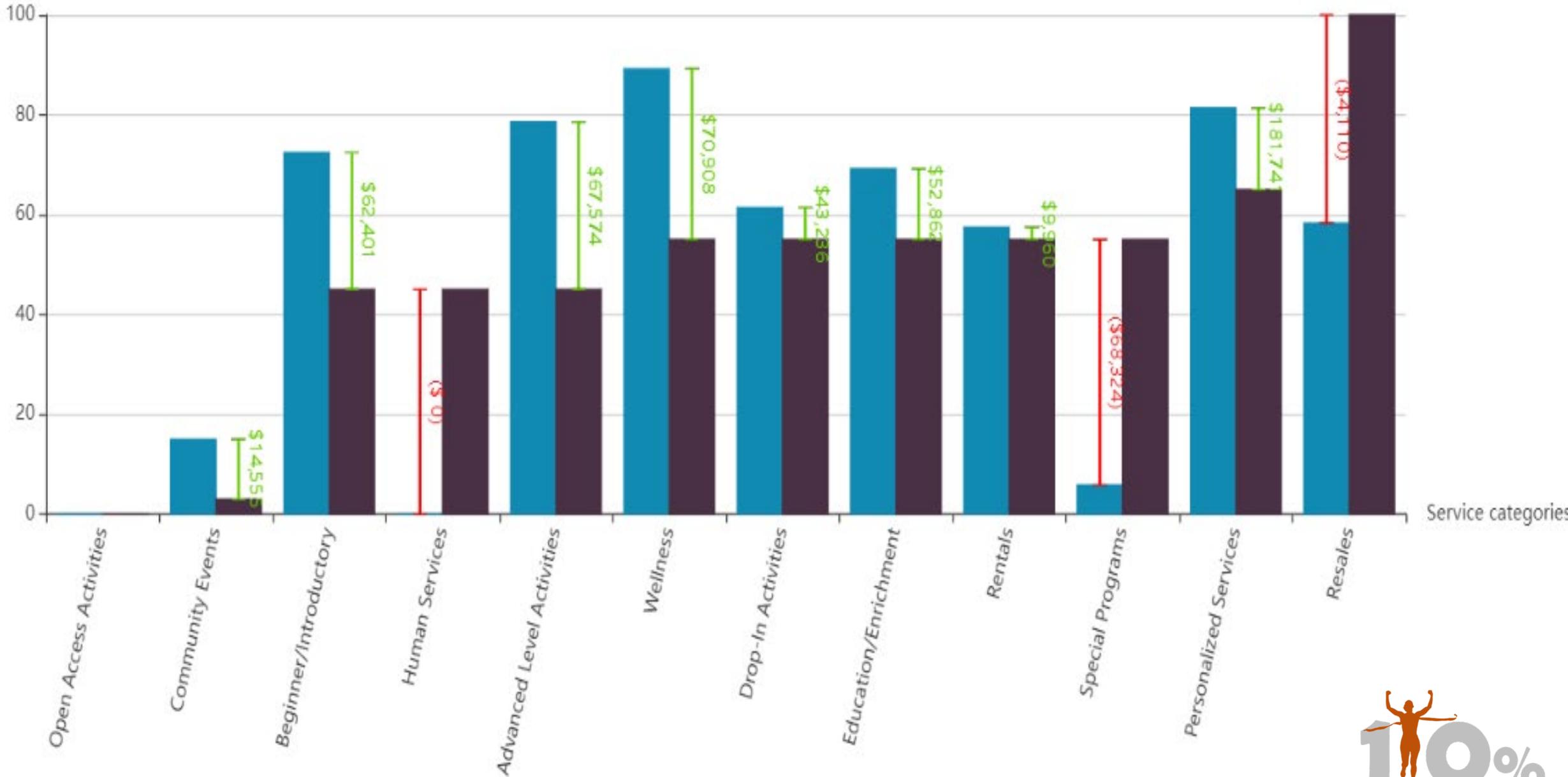
# Financial Sustainability Continuum



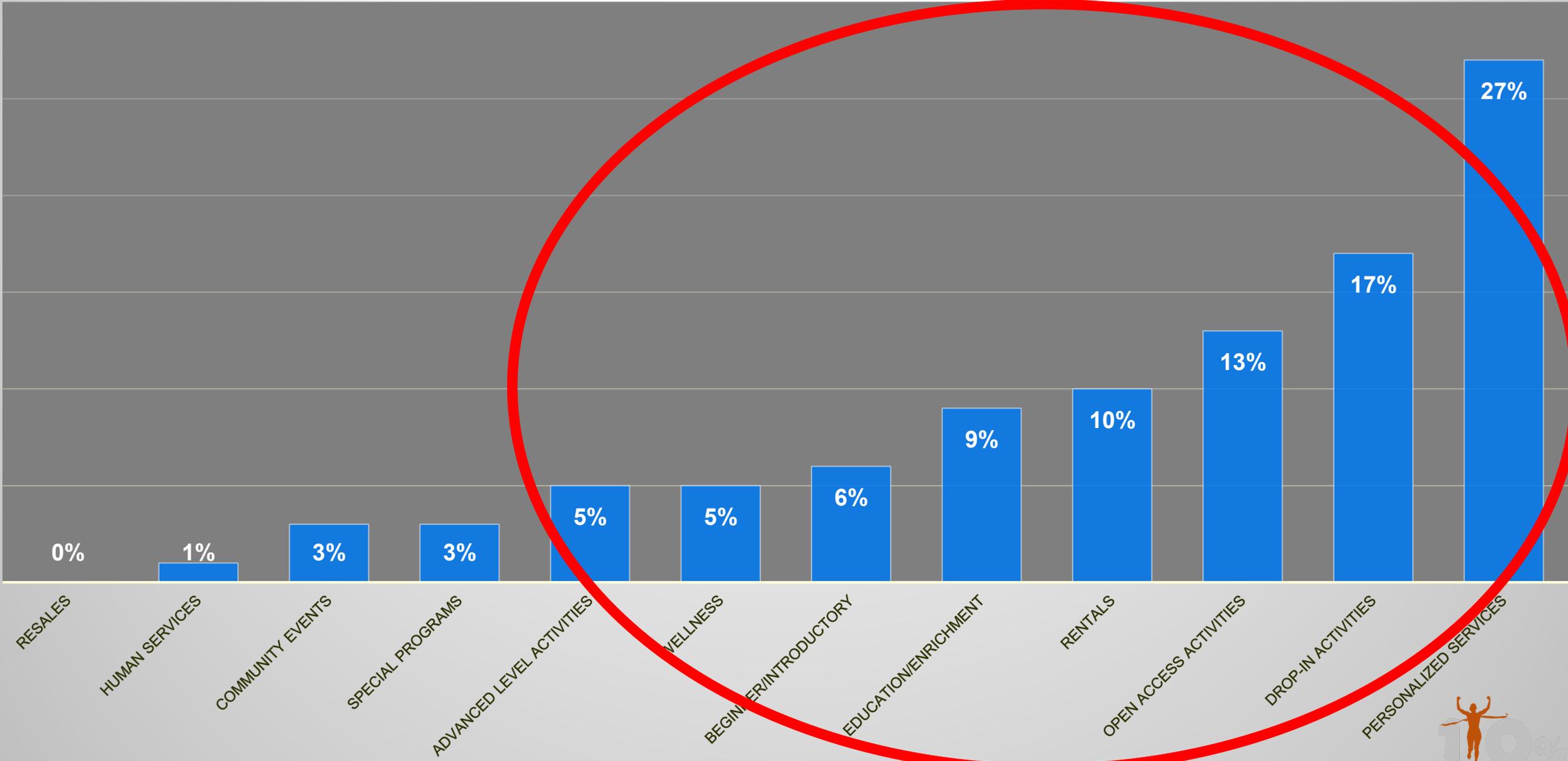
# Service categories

Actual Target

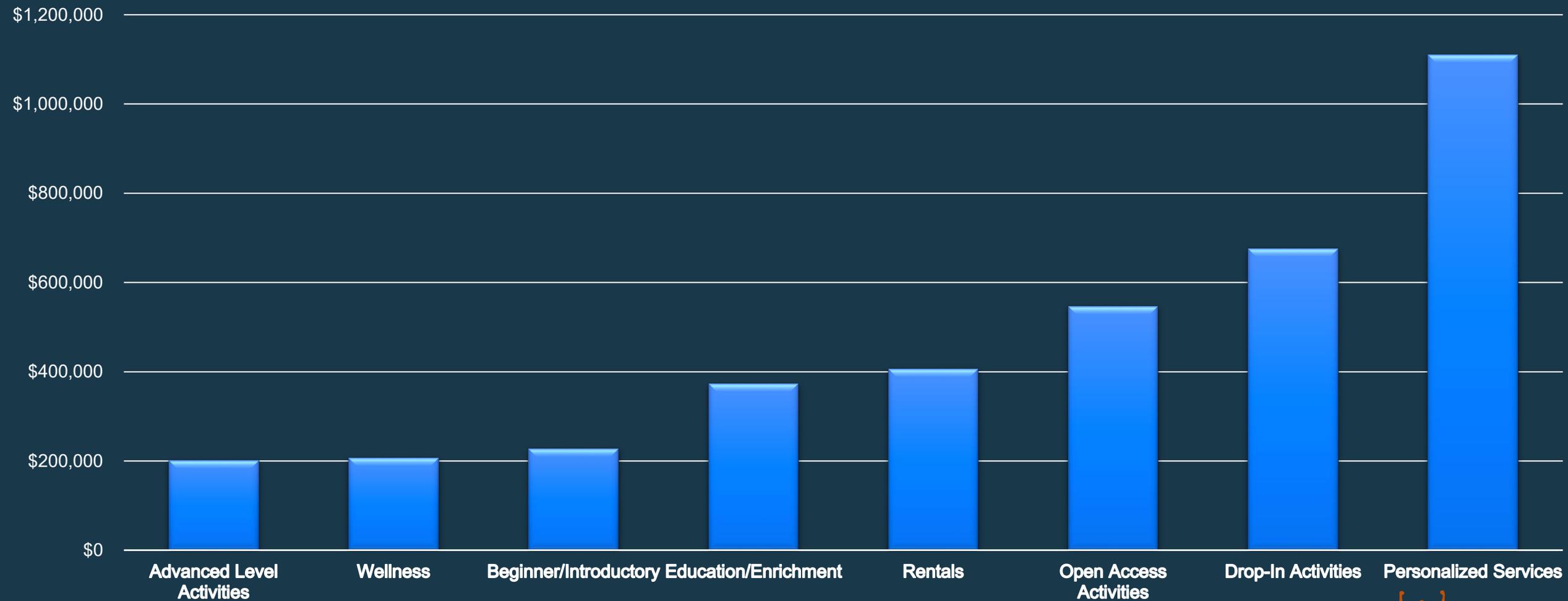
## 10 Cost recovery



# 11 Financial Resource Allocation

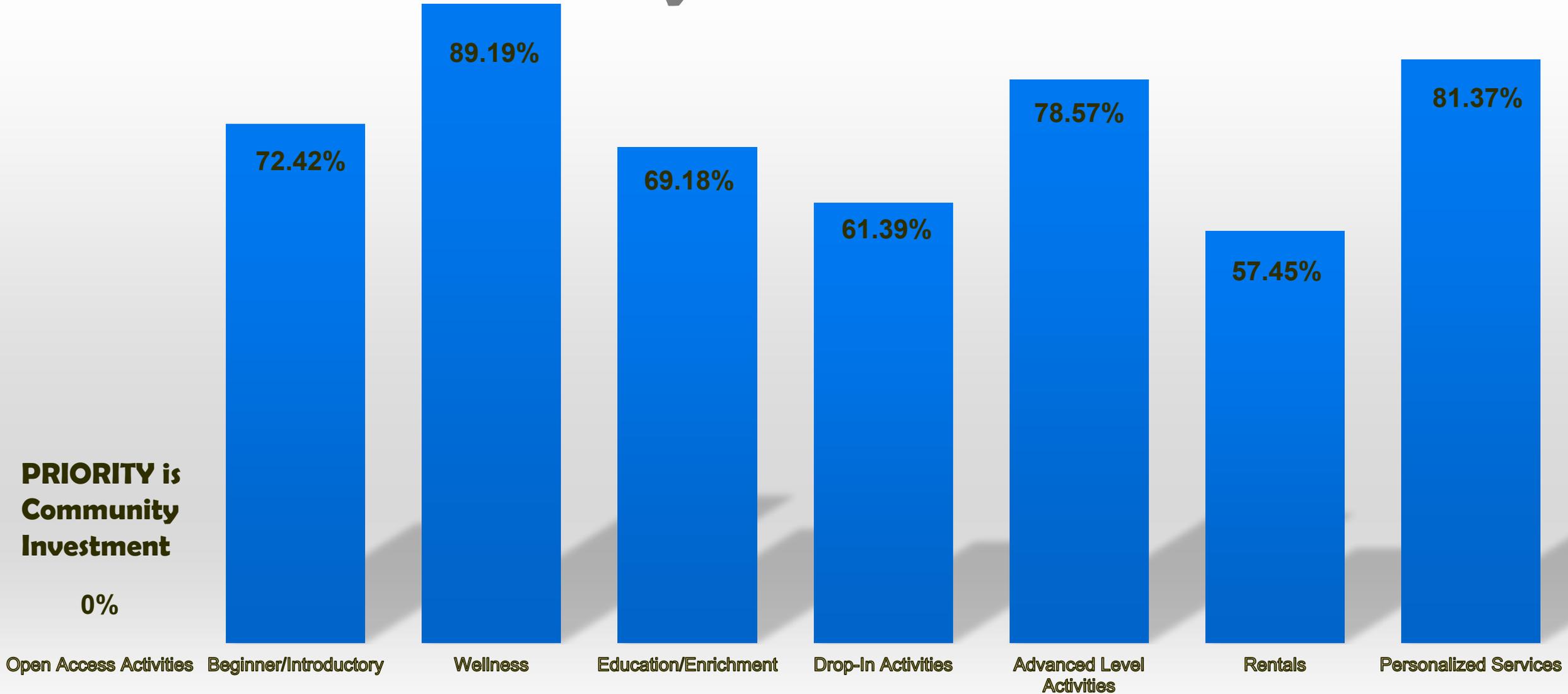


# Financial Resources Allocation and Cost Recovery



# 2022 Cost Recovery – Direct and Indirect Costs

Chart title



**PRIORITY is  
Community  
Investment**

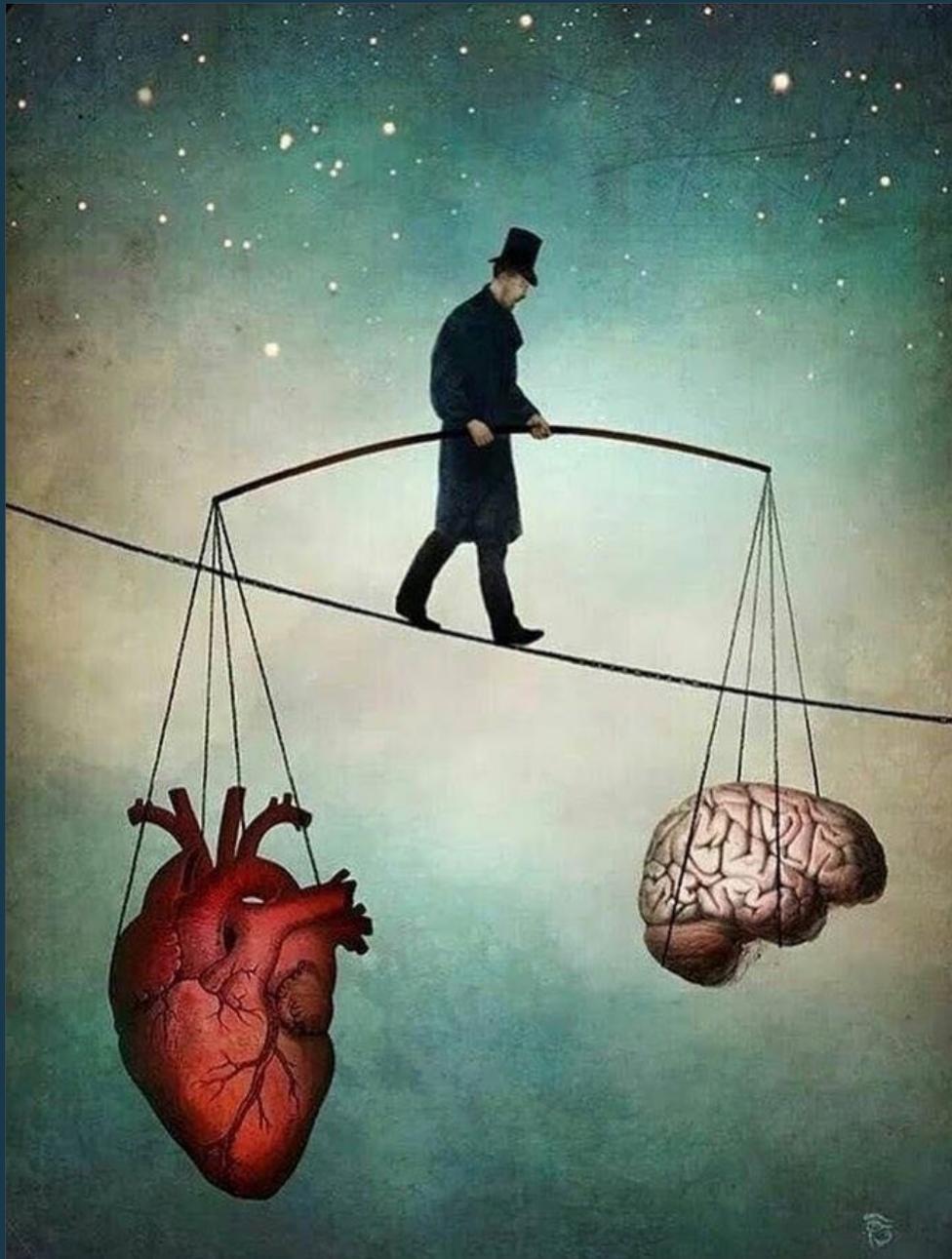
0%

**Community Benefit**

–

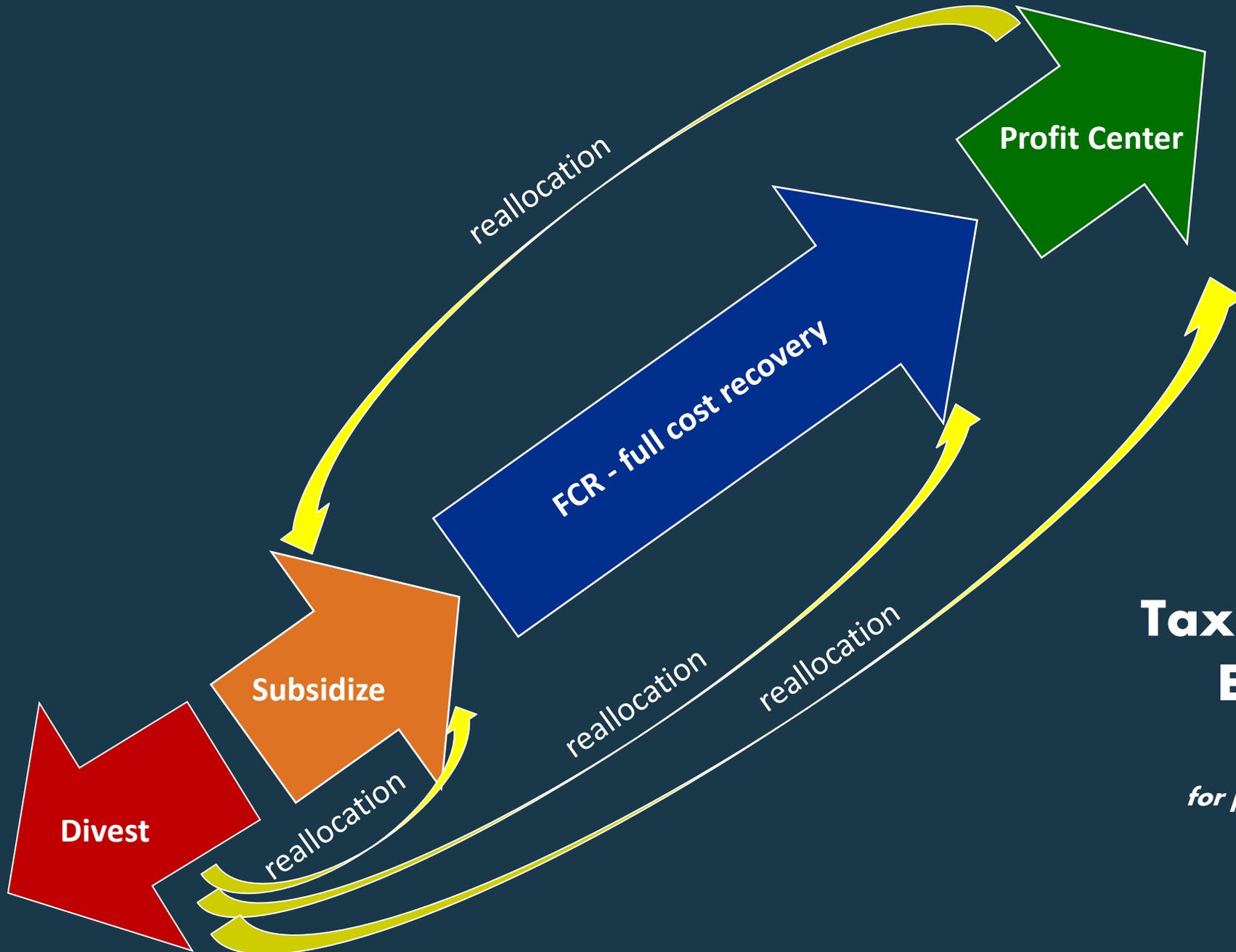
**Individual Benefit**





# A Movement Towards Financial Discipline





# Tax Use & Revenue Enhancement Continuum

*for public & non-profit agencies*





# What did we analyze?

- ✓ 2022 Cost Recovery
- ✓ Hours of Operation
- ✓ Resident and Non-resident Participation
- ✓ Administration of Private/Semi-Private Lessons

## Analysis: Recreation center hours of operation

### Process

1. Collect and review total visits to recreation center.
2. Calculate average cost per hour to operate recreation center.
3. Focus time 5:00 am - 6:00 am.
4. Identify unique visitors.
5. Compare unique visitors each day of the week. (M/W – open 5:00 am, T/TH/F – open 5:30 am)
6. Compare unique visitors 5:00 – 5:29 am and 5:30 – 6:00 am.

### Data captured

1. 12 months (2022) visits for each day and each hour.
2. \$390 to operate recreation center for an hour.
3. 156 unique visitors during hour evaluated.
4. 65 unique visitors during 5:00 – 5:29 am.
5. 146 unique visitors during 5:30 – 6:00 am.



# Analysis: Recreation center hours of operation

## Data captured

1. 12 months (2022) visits for each day and each hour.
2. \$390 to operate recreation center for ½ hour.
3. 156 unique visitors during hour evaluated.
4. 65 unique visitors during 5:00 – 5:29 am.
5. 146 unique visitors during 5:30 – 6:00 am.

## Consideration

5:30am opening each weekday.

### Justification:

- 85% users attend at 5:30 am.
- \$20,000 annual savings (reinvestment opportunity).
- FTE, significant investment working front desk shifts.



# What did we analyze?

- ✓ 2022 Cost Recovery
- ✓ Hours of Operation
- ✓ Resident and Non-resident Participation
- ✓ Administration of Private/Semi-Private Lessons

## Analysis: Resident vs. non-residents participation

### Process

1. Evaluate participation in these 6 areas: adult, aquatics, private swim lessons, youth & teens, facility passes, seniors).
2. Identified current financial impact.
3. Review resident priority practices.
4. Capture programs that were implemented.
5. Compared programs offered and participation levels regarding these 2 user groups.

### Data captured

1. 46,034 participation of which 53% R/ 47% NR
2. Total revenue from program areas \$1,844,550.
3. Residents equate for 51% program revenue.
4. 705 programs operated.
5. 345 or 49% met minimum participation levels with “residents only”.



# Analysis: Resident vs. non-residents (R/NR) participation

## Data captured

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2. Total revenue from program areas \$1,844,550.
3. Residents equate for 51% program revenue.
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## Consideration

Evaluate impact of 2023 practices in 2024

Justification:

- 2023 implemented resident priority practices (early registration, increased fee, resident discount, resident only membership)
- 51% more program offered to residents when non-residents participate
- Non-residents contribute to 45% program revenue



# What did we analyze?

- ✓ 2022 Cost Recovery
- ✓ Hours of Operation
- ✓ Resident and Non-resident Participation
- ✓ Administration of Private/Semi-Private Lessons

# Analysis: Administration of private/semi-private lessons

## Process

1. Interview key staff
2. Review current processes
3. Identify pain points
4. Review financial impact, consideration, opportunities
5. Establish success metrics

## Data captured

1. Key staff spends approximately 50% of time administering private/semi-private lessons.
2. External groups split profit 70%/30%.
3. Unknown % of users have difficulty completing steps of current process.
4. More than 5 external businesses benefit from agreement.
5. Service category is over \$1,000,000 investment and nearly \$1,000,000 in revenue.



# Analysis: Administration of private/semi-private lessons

## Data captured

1. Key staff spends approximately 50% of time administering private/semi-private lessons.
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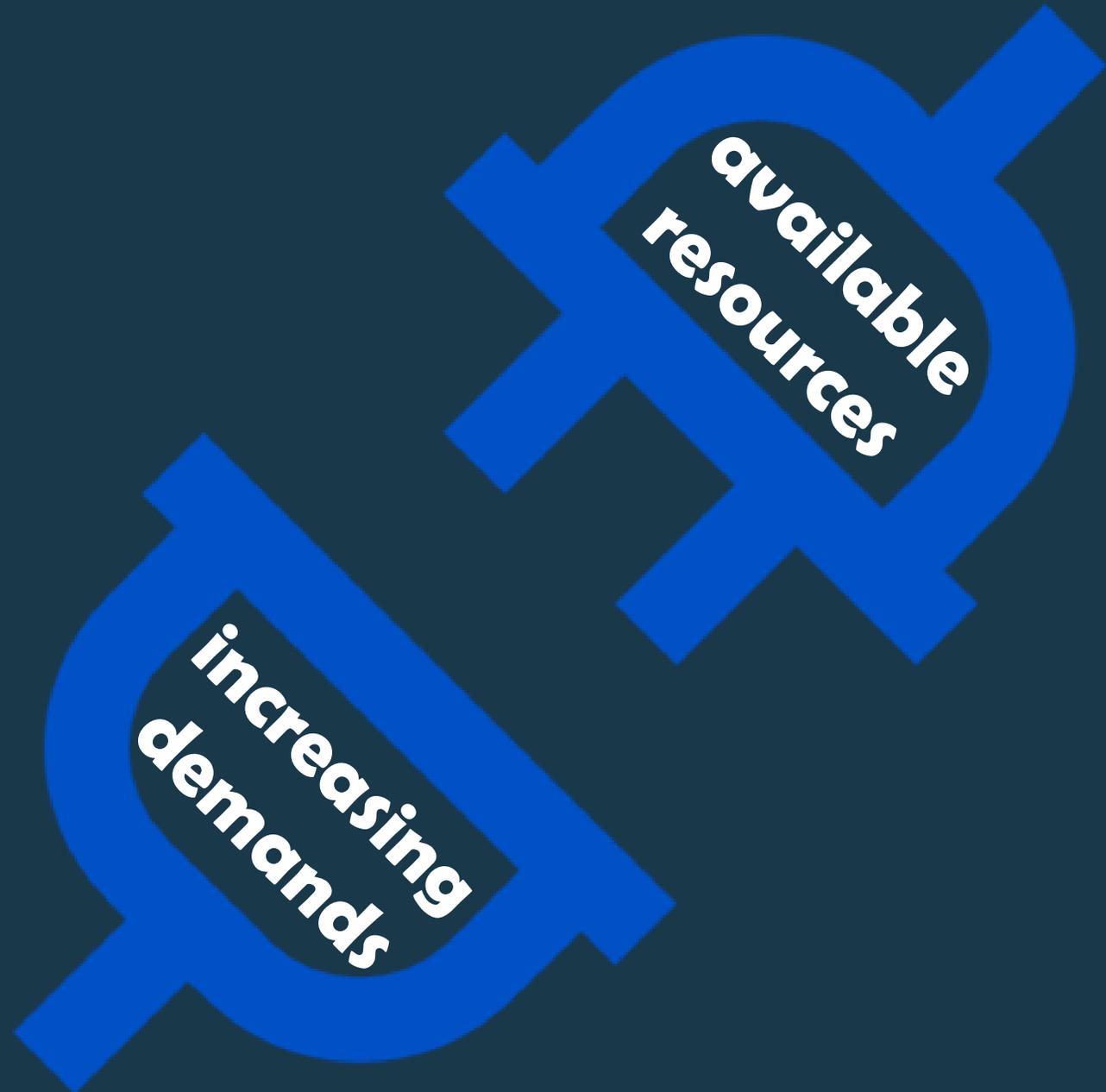
## Consideration

**Implement revised strategy 2024**

**Justification:**

- Staff time (expertise) critical to services benefitting resident population and programming
- Strong ability to capture market and reinvest
- Current process is difficult





# Remain Financially Stable



# Considerations for Staff:

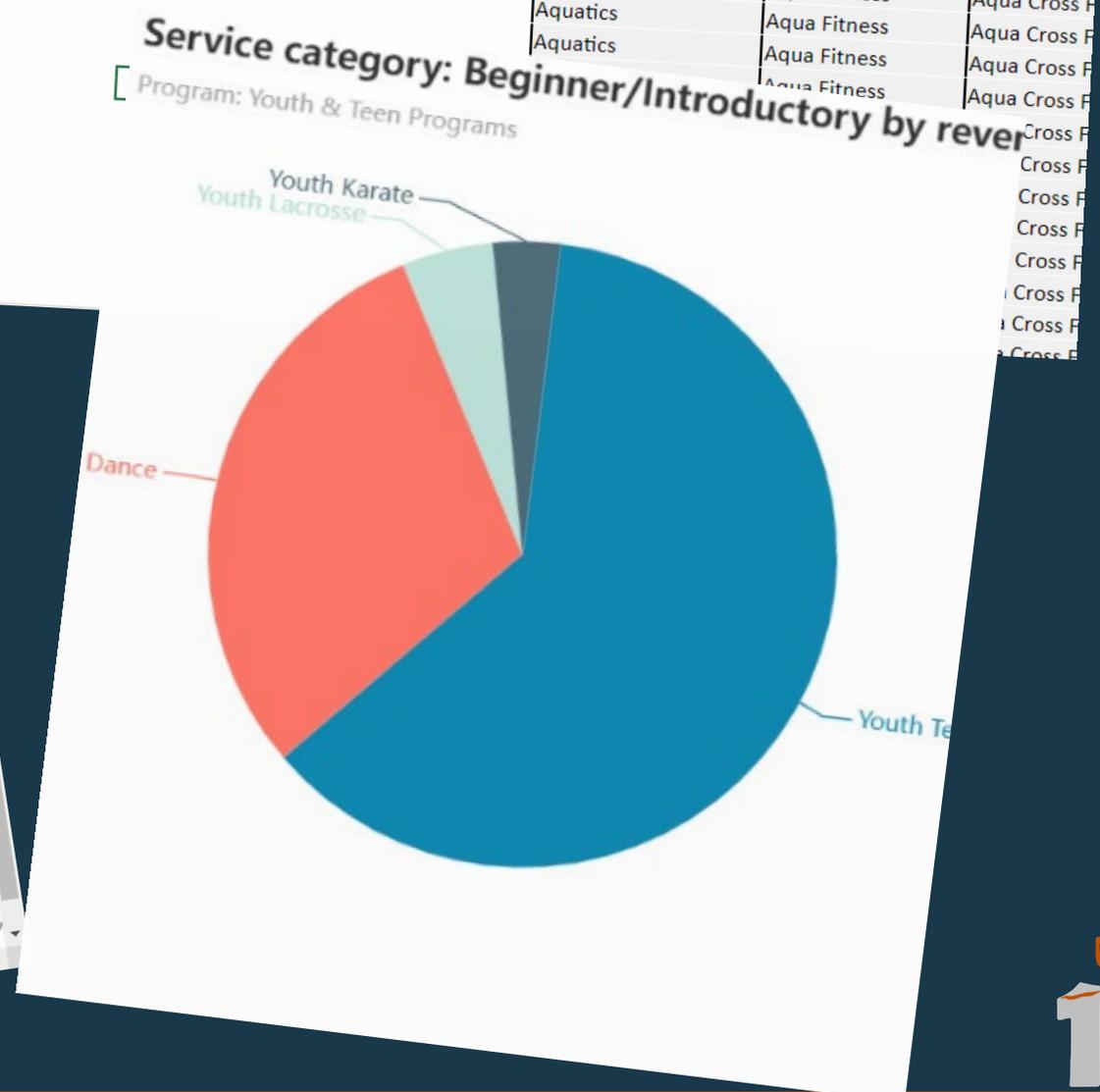
- ✓ 2022 Cost Recovery
- ✓ Hours of Operation
- ✓ R/NR Participation
- ✓ Administration of Private/Semiprivate Lessons

# Additional Considerations...



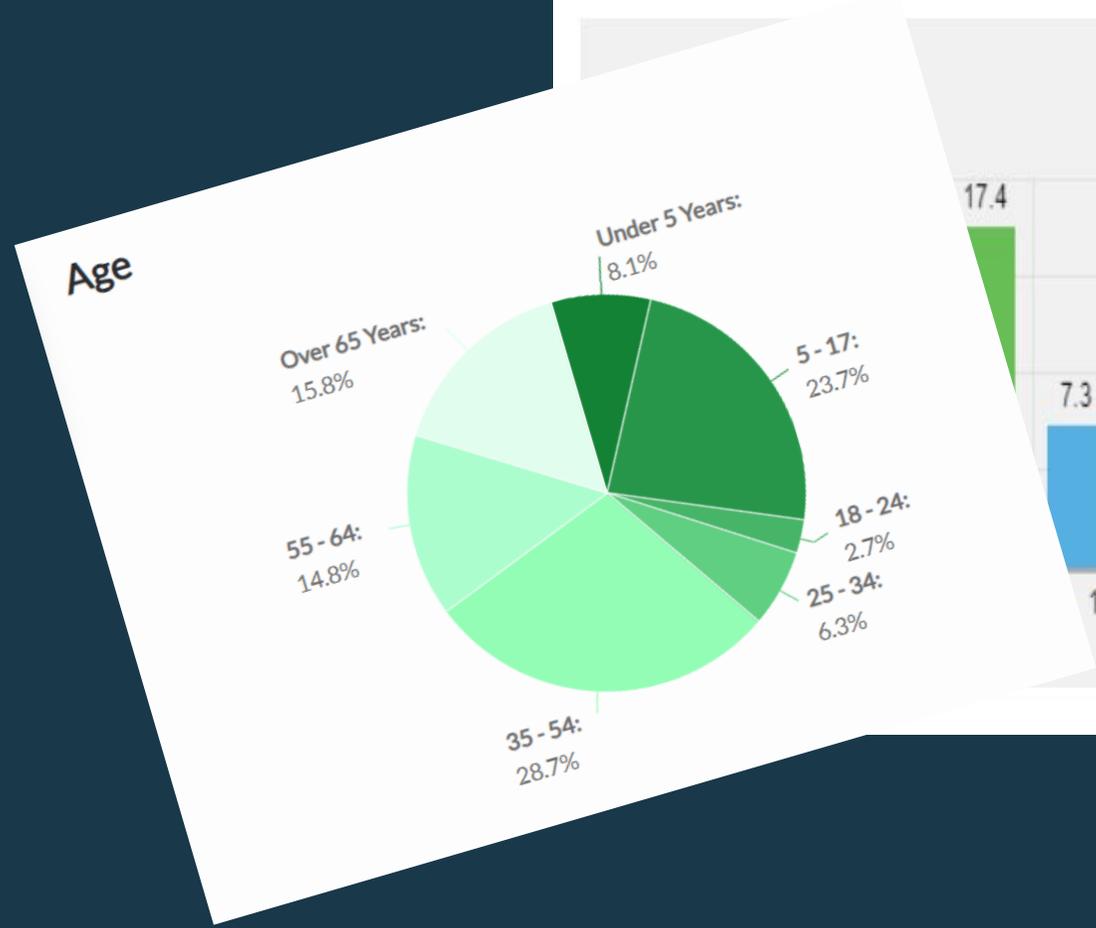
A	B	C	D	E	F	G	H	I	J	K	L	M
<b>Instructions</b>	<b>Service Category</b>	<b>Goal</b>	<b>Service Category CR</b>		<b>Min</b>	<b>Max</b>	<b>Median</b>	<b>Count</b>		<b>Division</b>	<b>Service Area</b>	<b>Activity</b>
Select layers in yellow cells using the drop-down menu or remove them using the delete key	Wellness	55%	89%		0%	264%	77%	216		Aquatics	Aqua Fitness	Aqua Cross F
	<b>Division</b>									Aquatics	Aqua Fitness	Aqua Cross F
	<b>Service Area</b>									Aquatics	Aqua Fitness	Aqua Cross F

Subcategory	Revenue	Net revenue %	Expense	Expense %	Cost recovery
Chevron Marathon	\$ 0	0.00%	\$2,156	2.70%	0%
Comedy Improv Night (x2)	\$ 0	0.00%	\$7,554	9.46%	0%
Family Pizza Night	\$ 0	0.00%	\$3,241	4.06%	0%
Father's Day Concert	\$ 0	0.00%	\$4,316	5.41%	0%
Halloween Fun Run & 5k	\$ 0	0.00%	\$2,156	2.70%	0%
Members Only Pool Party	\$ 0	0.00%	\$12,990	16.27%	0%
Music in Park with Prelude (x2)	\$ 0	0.00%	\$7,855	9.94%	0%
Outdoor Event Series 1 Houston Brass	\$ 0	0.00%	\$6,546	8.20%	15.28%
Outdoor Event Series 2 Crescent Circus	\$1,000	43.48%	\$6,546	8.20%	15.28%
Outdoor Event Series 3 Tricentennial	\$1,000	43.48%	\$6,546	8.20%	15.28%
Polar Bear Pool party	\$300	13.04%	\$17,320	21.59%	1.73%
VIP Santa Visit	\$ 0	0.00%	\$2,618	3.28%	0%



# Focus Area

## West University Place Age Breakdown



**Resident  
Discount**

**Resident  
Focused  
Programming**

**Resident  
Engagement**





**...Our  
next  
Move**



# Guide to Help You Make D

## Activity's Cost Recovery Performance

Costs for Chess Camp significantly higher compared to other Camps.



- Is it due to the recent popularity of the Queen's Gambit?
- Is it a longer-term trend started prior to the hit series?
- How does participation compare to previous years?
- Was there a waitlist implying excess demand?

Based on the answers to these questions you may decide to **capitalize** on this trend and apply market pricing to generate additional **revenue**.

## Revenue to Expenditure Comparison

Through the Cost of Service work it is revealed that your local youth sports group currently pays \$2500 per season for field use, while these fields cost in excess of \$100,000/year to maintain.



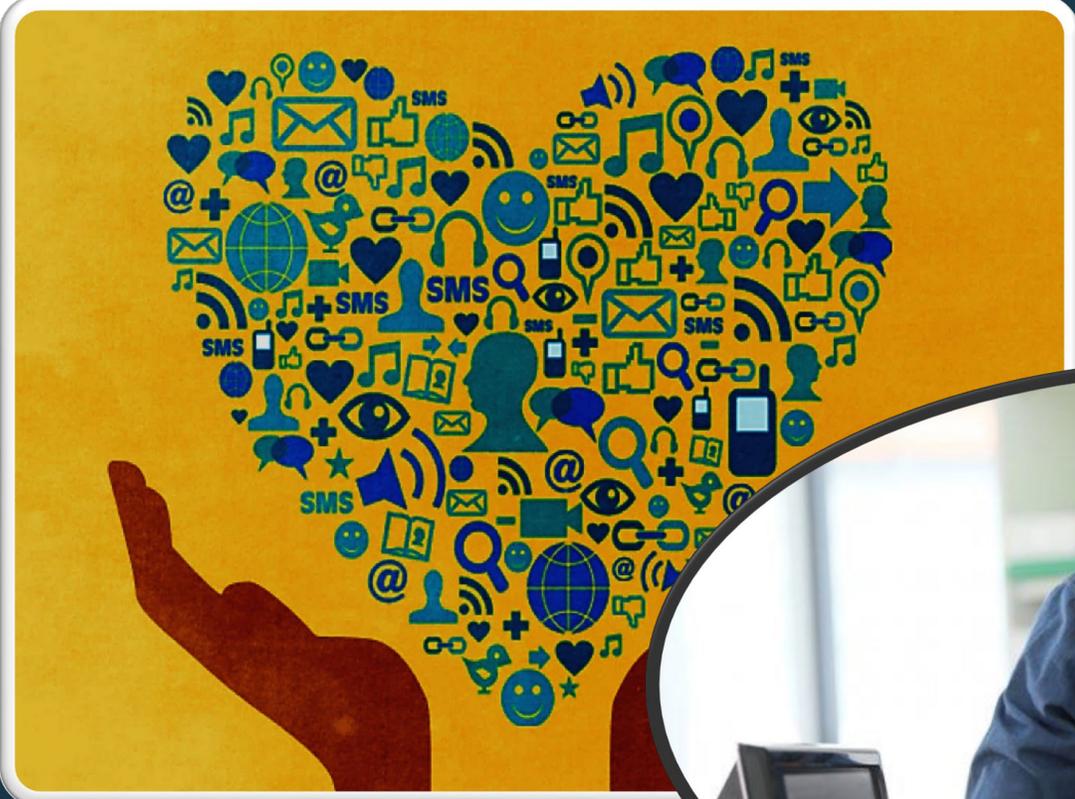
Can this position the group to spend taxpayer resources that can have a more positive impact on community "common good"?

These results give you the necessary **data** to share the math (youth sports org. pays \$97,500+ per year in subsidy dollars) that can **justify** and **defend** a necessary funding request.

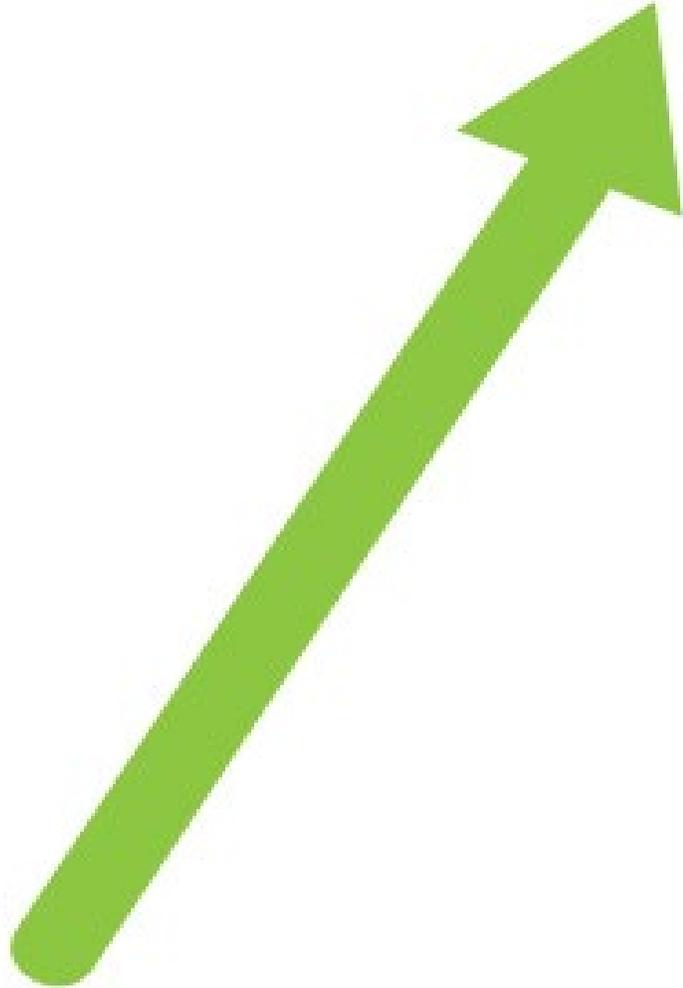
## Activity to Service Category Comparison

Private swim lessons are recovering 30% of their costs, however, they are in the Private/Specialized Activities Service Category which has a 125% Cost Recovery Rate.

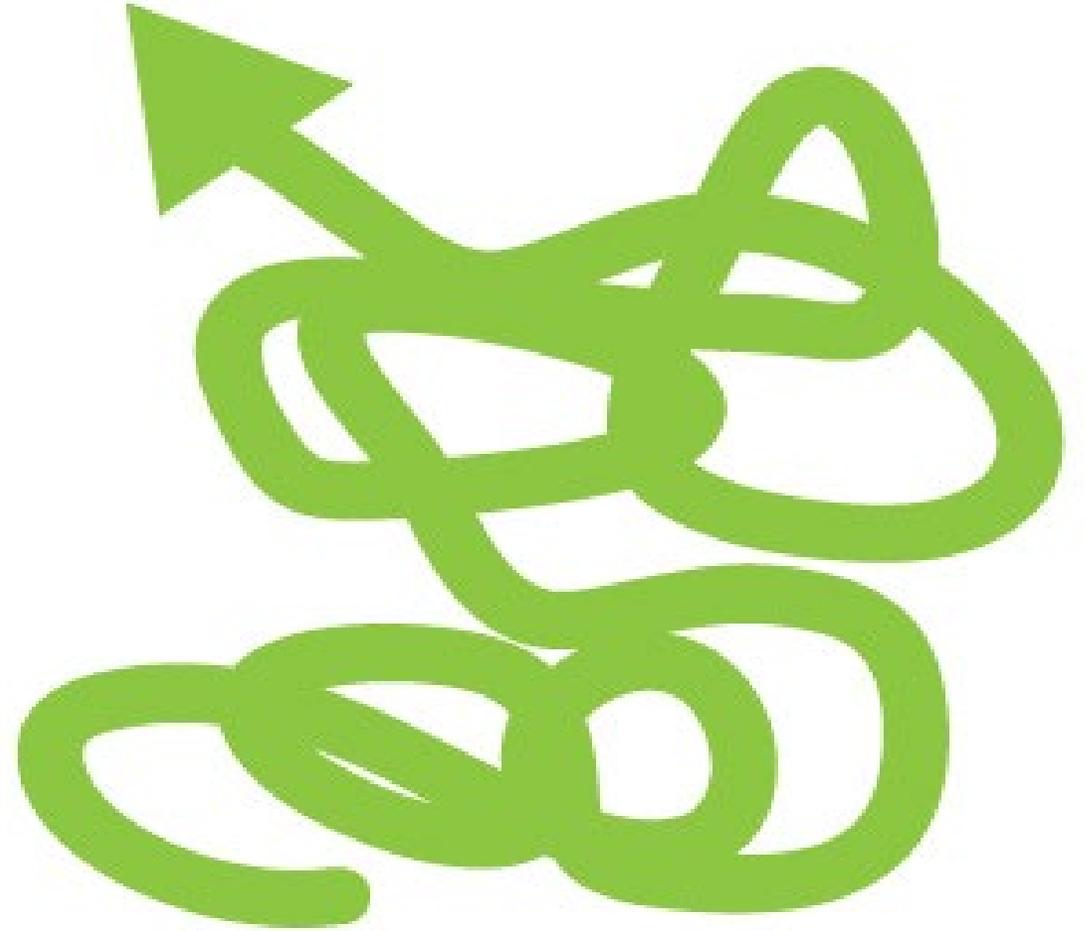
Are the costs attributed to this activity seem correct? If yes, you will need to confirm that the current pricing accurately reflects fair and just pricing or reduce the cost to provide the service. Consider programmatic changes (day/time/location) or other considerations to increase participant enthusiasm and interest in the activity in order to boost revenue. Are there other activities in the area that offer a similar type of activity? If yes, consider consolidating service and re-distributing resources elsewhere.



# Success



What people think it looks like



What it really looks like

# Thank you!



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**Ethics \* Leadership \* Financial Sustainability**



**or 110percent.net**



**Thoughts?  
Comments?  
Questions?**

