COST RECOVERY, RESOURCE ALLOCATION, AND REVENUE ENHANCEMENT STUDY

April 8, 2015
The Project

- September of 2014 through April of 2015.
- Led by Project Team to:
  - review practices and existing policy
  - become familiar with and incorporate best practice tool
  - work with the public to understand its values
  - recommend and adopt the best strategies for the Lisle Park District
- Resource Allocation and Cost Recovery Philosophy, Model, and Policy
The Pyramid Model

- Incorporates community values
- Continuum of benefit from Mostly Individual to Mostly Community
- Consistent definition of direct costs for calculation of cost recovery
Citizen Engagement

- 4 workshops on November 18th and 19th
- 90 community members voluntarily contributed 225 hours of meaningful deliberation
- Members of the Park Board participated in the process.
- Information available on web site
- Presentation to Park Board in April 8 Study Session
- Park Board Public Hearing and Action April 16
Enterprise Fund
Resource Allocation
and Cost Recovery
Pyramid Model
March 2015

Tier 5
- Merchandise for Resale: 164%
- Concessions & Vending: 237%
- Private Lessons: 111%
- Rentals - Private: 318%
- RiverBend Golf Operations: 90%
- Wheatstack Restaurant: 99%

Tier Aggregate CR: 103%

Tier 4
- Adult Leagues - Golf: 395%

Tier Aggregate CR: 395%

Tier 3
- Adult Classes/Wkshps/Programs - Beg/Multi Level: 778%
- Youth Classes/Wkshps/Programs - Beg/Multi Level: 1961%

Tier Aggregate CR: 1167%

Tier 2
- NA

Tier Aggregate CR: NA%

Tier 1
- NA

Tier Aggregate CR: NA%

Mostly Community Benefit
Tier Target Minimum (NA%)

Considerable Community Benefit
Tier Target Minimum (NA%)

Balanced Community/Individual Benefit
Tier Target Minimum (1167%)

Considerable Individual Benefit
Tier Target Minimum (395%)

Mostly Individual Benefit
Tier Target Minimum (167%)
## Cost Recovery: Current and Target

### Table Y: Current and Recommended Target Cost Recovery

<table>
<thead>
<tr>
<th>Corporate &amp; Recreation Services</th>
<th>Current Cost Recovery %</th>
<th>Target Cost Recovery %</th>
<th>Net Dollar Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 5</td>
<td>114%</td>
<td>120%</td>
<td>$7,055</td>
</tr>
<tr>
<td>Tier 4</td>
<td>101%</td>
<td>112%</td>
<td>$49,059</td>
</tr>
<tr>
<td>Tier 3</td>
<td>113%</td>
<td>115%</td>
<td>$15,605</td>
</tr>
<tr>
<td>Tier 2</td>
<td>59%</td>
<td>62%</td>
<td>$27,370</td>
</tr>
<tr>
<td>Tier 1</td>
<td>3%</td>
<td>3%</td>
<td>$1,324</td>
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<tr>
<td>TOTAL</td>
<td>33%</td>
<td>34%</td>
<td>$100,414</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Enterprise Fund</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 5</td>
<td>103%</td>
<td>107%</td>
<td>$78,559</td>
</tr>
<tr>
<td>Tier 4</td>
<td>395%</td>
<td>395%</td>
<td>$0</td>
</tr>
<tr>
<td>Tier 3</td>
<td>1167%</td>
<td>1167%</td>
<td>$0</td>
</tr>
<tr>
<td>Tier 2</td>
<td>NA</td>
<td>NA</td>
<td>$0</td>
</tr>
<tr>
<td>Tier 1</td>
<td>NA</td>
<td>NA</td>
<td>$0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>106%</td>
<td>110%</td>
<td>$78,559</td>
</tr>
</tbody>
</table>
Key Findings

- Cost accounting to align revenues and expenditures
- Tier target minimums, and evaluation after year one
- Fee setting and adjusting
- Maximizing fees for non-resident use
- Eligibility and funding for need-based discounting
- Accounting for volunteer services as a cost avoidance strategy
- Questioning of the Museum as an appropriate and sustainable operation
- Value of this exercise in supporting Agency Accreditation.
Recommendations

- Cost Recovery Policy Statement
- A: Policy Strategies
- B: Administrative Strategies
- C: Revenue Enhancement
- D: Cost Avoidance Strategies
- E: Tier Specific Cost Recovery Strategies
- F: Evaluation and Performance Measures
- G: Planning for the Future
Cost Recovery Policy Statement

- Basic level of service free
- Fees are a responsible and necessary supplement
- Community benefit = tax dollars
- Individual benefit = fees
- Balanced \( \Rightarrow \) higher individual = higher cost recovery rate
- Also considers economic climate, alternative providers and market rate
- Fee reductions available for economic need
Focus Area A: Policy Strategies

1. Seek acceptance of policy statement and recommendations
2. Develop a written fee reduction policy; seek funding
3. Consider “Resident Discount” and more flexible approach
4. Shift adult age based discounting to “off peak” pricing
5. Establish a gifts and donations acceptance policy
Focus Area B: Administrative Strategies

1. Use Model and Policy as staff training tool
2. Use zero-based budgeting principles
3. Set and adjust fees using pricing strategies
4. Manage program lifecycles
5. Review all agreements for equity compliance with cost recovery goals
6. Use this best practice tool to support CAPRA Accreditation
Focus Area E: Tier Specific Cost Recovery Strategies

1. **Enterprise Fund**
   - 4.5% increase in cost recovery = 4% increase in revenues
   - Timeframe: end of year three or sooner
   - Enterprise Fund carries higher load of direct costs than C&R Fund

2. **Corporate and Recreation Services**
   - 1.5% increase in cost recovery = 5% increase in revenues
   - Timeframe: end of year three or sooner
Focus Area E: Tier Specific Cost Recovery Strategies

**Tier 5**
- Continue efforts to increase traffic at restaurant and golf club venues
- Separate private rentals from general operations at Wheatstack for cost tracking
- Evaluate merchandise at River Bend for higher cost recovery; seek 100% CR of golf fees
- For Corporate & Recreation Services increase overall tier CR from 114% to 120% (Sea Lion Concessions, garden plots, personal training)

**Tier 4**
- Increase tier CR from 101% to 112% (focus on areas under 100% :adult and youth sports leagues, swim team, and senior trips)
Focus Area E: Tier Specific Cost Recovery Strategies

- **Tier 3**
  - Increase tier CR from 113% to 115% - Large tier with variety of programs and services and capacity for large volumes of participation

- **Tier 2**
  - Increase tier CR from 59% to 62% - Wide range of current CR. Particularly low are Special Events (26%), Museum (3%), and Senior Programs/Drop in Programs (0%). Consider fees and charges, sponsorship and/or partnerships.
Focus Area C: Revenue Enhancement

1. Explore alternative funding sources
2. Pursue alternative funding for environmental sustainable measures
3. Expand use of alternative funding for strategic initiatives
4. Maximize relationship with Lisle Partners for Parks Foundation for fundraising
5. Continue to pursue sponsorships; update valuations and opportunities
6. Increase marketing and outreach efforts through stronger branding
Focus Area D: Cost Savings/Cost Avoidance Strategies

1. Review internal management practices to simplify; place approval/decision making authority at appropriate levels

2. Maintain current operating capital and maintenance plans and budget practices

3. Identify specific parks and trails for “Friends Group” support

4. Value volunteer hours as a form of cost savings and report as part of financial performance
Focus Area F: Evaluation & Performance Measures

1. One year pilot implementation; annual review

2. Use internal and external data to
   - Conduct cost benefit analysis
   - Conduct pre and post assessments
   - Benchmark against your own standard

3. Base division and individual work plans on performance measures

4. Formalize a District-wide program and service evaluation tool
Focus Area G: Planning for the Future

1. Continue to provide opportunities for community input
2. Staff/Board participation in planning meetings
3. Continue collaborations and discussions with other agencies
4. Community-wide opinion and interest survey every 5-7 years with questions about value of services in light of changing demographics
Thanks for taking the journey!

Questions?

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www.GreenPlayLLC.com