MEMORANDUM

To: Finance Committee Date: February 24, 2015

From: Barbara Whitehorn, CFO, Director of Finance & Management Services

Prepared by: Frank McGowan, Strategic Planning & Performance Manager

Subject: Parks & Recreation Cost of Services (User Fee) Study Update

The purpose of this memorandum is to provide an update on the Parks & Recreation Cost of Services (User Fee) Study conducted by Matrix Consulting Group for the City of Asheville.

Background:
The City of Asheville provides a number of Recreation programs and services to those who live within and around its community. Through a review and evaluation of Parks and Recreation user fees, the City is ensuring that its current fees and charges schedule reflects all services being provided and that rates are reflective of actual costs.

Major Objectives of the Cost of Services Study
The major objectives associated with the Cost of Services Study include:

- Reviewing the current fee schedules of all Recreation programs or sections to ensure current services are reflected
- Documenting current services and cost recovery levels
- Ensuring cost recovery allocations comply with state and local laws
- Providing recommendations for fee changes and subsidies.

A Cost of Services Study allows the City of Asheville to understand the full cost of providing services to the community and is valuable tool for setting cost recovery policies.

Vendor, Report, and Presentation
The City of Asheville's Finance & Management Services Department developed a Request for Proposals to select a consulting company to complete the Cost of Services Study. Matrix Consulting Group (Mountain View, CA) was selected.

The consultants completed their draft report and presented an overview of the draft results to the Recreation Advisory Board on February 9. The consultant is sharing the same information with the Finance Committee today. A copy of the draft report is included as an attachment to this staff report.

These documents are incomplete preliminary documents provided to the City by Matrix Consulting Group. No conclusions can be made until the data is verified and recommendations are aligned with North Carolina Law.

Aston Park Tennis Center Fees
The draft report from Matrix Consulting Group provides insight into the full cost of providing tennis services at Aston Park. Given this context, staff recommends increasing the Aston Park

Tennis Center passholder fees, using either the 4-year or 3-year step up pricing proposals, effective immediately. These proposals were shared during the public process in 2014.

Increasing annual pass fees at this time will allow Aston Park Tennis Center staff to communicate the increases to the public in advance of the tennis season, which begins April 1, 2015.

If the Finance Committee wishes to address Aston Park Tennis Center passholder fees, these proposals are included in the "Proposed Fee Adjustments" agenda item being presented to the Finance Committee today.

Next Steps

The final version of the Cost of Services Study will be delivered in March 2015 and available for the Finance Committee's Board review.

Aside from the consideration of Aston Park Tennis Center fees, no other fee adjustments are currently suggested as a result of this draft report. Any future adjustment of Parks & Recreation fees will follow a community engagement process involving outreach to community stakeholders.

Attachments (1): Cost of Services (User Fee) Study DRAFT Report

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Parks and Recreation
Cost of Services (User Fee) Study

Draft Report

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February 4, 2015

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1. EXECUTIVE SUMMARY

The report, which follows, presents the **draft** results of the Parks and Recreation Cost of Services (User Fee) Study conducted by the Matrix Consulting Group for the City of Asheville.

1. PROJECT BACKGROUND AND SCOPE OF WORK

The Matrix Consulting Group analyzed the cost of service relationships that exist between fees for service activities in the Parks & Recreation department, including the following programs: Adult Athletics, Tennis Center, Skate Park, Facility Rentals, Pools, Nature Center, Youth Athletics, and Youth Programs. The results of this Study provide a tool for understanding current service levels, the cost and demand for those services, and what fees for service can and should be charged.

2. GENERAL PROJECT APPROACH AND METHODOLOGY

The methodology employed by the Matrix Consulting Group is a widely accepted "bottom up" approach to cost analysis, where time spent per unit of fee activity is determined for each position within a division. Once time spent for a fee activity is determined, all applicable City costs are then considered in the calculation of the "full" cost of providing each service. The following table provides an overview of types of costs applied in establishing the "full" cost of services provided by each program included in this Study:

Cost Component	Description
Direct	Fiscal Year 2014/15 Adopted Budgeted salaries, benefits and allowable expenditures.
Citywide / Departmental Overhead	Citywide and Departmental administration / management and clerical support.

Together, the cost components in the table above comprise the calculation of the total "full" cost of providing any particular service, whether a fee for that service is charged or not.

The work accomplished by the Matrix Consulting Group in the analysis of the proposed fees for service involved the following steps:

- **Program Staff Interviews:** The project team interviewed staff in each program regarding their needs for clarification to the structure of existing fee items, or for addition of new fee items.

- **Data Collection:** Data was collected for each item, including time estimates and volume of activity. In addition, all budgeted costs and staffing levels for Fiscal Year 14/15 were entered into the Matrix Consulting Group's analytical software model.

- **Cost Analysis:** The full cost of providing each service included in the analysis was established. Cross-checks including allocation of not more than 100% of program resources to both fee and non-fee related activities assured the validity of the data used in the Study.

- **Review and Approval of Results with Department Staff:** Program and Department management have reviewed and approved these documented results.

A more detailed description of user fee methodology, as well as legal and policy considerations are provided in subsequent chapters of this report.

3. SUMMARY OF RESULTS – DIRECT COST ANALYSIS

Overall, this Cost of Services Study concluded that the City is under-recovering for all of its Parks and Recreation Programs. While the detailed documentation of the Study will show an over-collection in some programs and / or certain fees (on a per unit basis), and an undercharge for others. The table on the following page presents only the FY 14-15 Direct Program expenditures for the Parks and Recreation Programs covered in this study:

Program Title	FY 14-15 Budget	FY 13-14 Revenue	Surplus / (Deficit)	Current Cost Recovery Percentage
Adult Athletics	$243,716	$113,778	$(129,938)	47%
Aston Park Tennis Center	$256,082	$94,182	$(161,900)	37%
Food Lion Skate Park	$107,243	$20,296	$(86,947)	19%
Pools	$235,566	$81,849	$(153,717)	35%
Western North Carolina Nature Center	$946,558	$477,093	$(469,465)	50%
Youth Athletics	$103,534	$16,668	$(86,866)	16%
Summer Playground	$174,730	$36,419	$(138,312)	21%
Vance Afterschool	$153,310	$164,255	$10,945	107%
Outdoor Programs	$118,842	$33,872	$(84,970)	29%
TOTAL	**$2,339,581**	**$1,038,412**	**$(1,301,169)**	**44%**

It is important to note that the cost of Recreation Centers, along with associated rental or class revenues has not been included in the table above, as the purpose of that analysis was to develop fully burdened rental rates rather than asses cost recovery. Based on FY 14-15 direct costs and FY 13-14 revenue the total direct cost recovery for the programs identified in this study is 44%, which is slightly above the cost recovery spectrum for Parks and Recreation (20-40%). However, if all direct expenditures for the Parks and Recreation Department are compared to all revenues, the Department's overall cost recovery is 21%, just barely within the spectrum.

4. SUMMARY OF RESULTS – INDIRECT COST ANALYSIS

The previous section provided the cost recovery analysis for each of the programs based upon only direct expenditures. In addition to direct costs, these programs all receive indirect overhead support in the form of park and recreation center maintenance, departmental overhead, and citywide overhead. Therefore, it is important to evaluate the current subsidies of the programs in the context of the full cost of providing these services. The table on the following page presents a summary of results by program incorporating all direct and indirect costs for the Programs presented in this study:

Program Title	FY 14-15 Full Cost	FY 13-14 Revenue	Surplus / (Deficit)	Current Cost Recovery Percentage
Adult Athletics	$366,330	$113,778	$(252,552)	31%
Aston Park Tennis Center	$372,394	$94,182	$(278,212)	25%
Food Lion Skate Park	$155,952	$20,296	$(135,656)	13%
Pools	$342,560	$81,849	$(260,711)	24%
Western North Carolina Nature Center	$1,376,485	$477,093	$(899,392)	35%
Youth Athletics	$155,622	$16,668	$(138,954)	11%
Summer Playground	$259,771	$36,419	$(223,352)	14%
Vance Afterschool	$181,534	$164,255	$(17,280)	90%
Outdoor Programs	$144,583	$33,872	$(110,712)	23%
TOTAL	**$3,355,232**	**$1,038,411**	**$(2,316,820)**	**31%**

Overall, the programs in this study are recovering 31% of their direct and indirect costs, which is in the middle of the spectrum of the typical cost recovery associated with Parks and Recreation Departments (20-40%). As this table indicates, certain programs are providing significant subsidies ranging from a low of $17,000 to a high $899,000.

The display of the cost recovery figures shown in this report are meant to provide a basis for policy development discussions among Council members and Departmental staff, and do not represent a recommendation for where or how the Council should take action. The setting of the "rate" or "price" for services, whether at 100 percent full cost recovery or lower, is a policy decision to be made only by the Council, often with input from City staff and the community.

5. REVENUE IMPACTS

Revenue calculated for Parks and Recreation programs is dependent upon the number of participants per activity provided. While a fee for a specific activity can be set to recover the full cost associated with providing that activity, if the participation level is lower than that used to develop the cost, the activity will not recover its costs. Therefore the revenue projections and impacts stated in this study are variable and dependent upon future program and activity participation levels.

6. CONSIDERATIONS FOR COST RECOVERY POLICY AND UPDATES

The Matrix Consulting Group recommends that the Department use the information contained in this report to discuss, adopt, and implement a formal Cost Recovery Policy, and also to implement a mechanism for the annual update of fees for service.

(1) Adopt a Formal Cost Recovery Policy

The Matrix Consulting Group strongly recommends that the Department adopt a formalized, individual cost recovery policy for each program included in this Study. Whenever a cost recovery policy is established at less than 100% of the full cost of providing services, a known gap in funding is recognized and may then potentially be recovered through other revenue sources. The Matrix Consulting Group considers a formalized cost recovery policy for various fees for service an industry Best Management Practice.

(2) Adopt an Annual Fee Update / Increase Mechanism

The purpose of a comprehensive update is to completely revisit the analytical structure, service level estimates and assumptions applied in the previous study, and to account for any major shifts in cost components or organizational structures. The Matrix Consulting Group believes it is a best management practice to perform a complete update of a Fee Assessment on a periodic basis.

In between comprehensive updates, the Department could utilize various options to update fees annually. Program Cost Proposal Forms developed through this study would allow the department to precisely project program fees. At a minimum, the Department should utilize published industry economic factors such as CPI or other

regional factors to update the cost calculations established in the Study on an annual basis. Alternatively, the Department could also consider the use of its own anticipated labor cost increases such as step increases, benefit enhancements, or cost of living raises. Utilizing an annual increase mechanism would ensure that the City receives appropriate fee and revenue increases that reflect growth in costs.

2. LEGAL FRAMEWORK AND POLICY CONSIDERATIONS

A "user fee" is a charge for service provided by a governmental agency to a public citizen or group. Currently there are no specific state government codes or statutes that guide the parameters under which local governments can administer user fees. However, there have been several court cases, limiting fees to cost recovery and not revenue generation. Therefore, user fee charges may not exceed the estimated reasonable cost of providing the service for which the fee is charged.

1. GENERAL PRINCIPLES AND PHILOSOPHIES REGARDING USER FEES

Local governments are providers of many types of general services to their communities. While all services provided by local government are beneficial to constituents, some services can be classified as globally beneficial to all citizens, while others provide more of a direct benefit to a specific group or individual. The following table provides examples of services provided by local government within a continuum of the degree of community benefit received:

Services that Provide General "Global" Community Benefit	Services that Provide Both "Global" Benefit and also a Specific Group or Individual Benefit	Services that Provide a Primary Benefit to an Individual or Group, with less "Global" Community Benefit
• Police • Park Maintenance	• Recreation / Community Services • Fire Suppression / Prevention	• Building Permits • Planning and Zoning Approval • Site Plan Review • Engineering Development Review • Facility Rentals

Funding for local government is obtained from a myriad of revenue sources such as taxes, fines, grants, special charges, user fees, etc. In table 4 on the previous page, services in the "global benefit" section tend to be funded primarily through voter

approved tax revenues. In the middle of the table, one typically finds a mixture of taxes, user fee, and other funding sources. Finally, in the "individual / group benefit" section of the table, lie the services provided by local government that are typically funded almost entirely by user fee revenue.

The following are two central concepts regarding the establishment of recreational user fees:

- **Fees should be assessed according to the degree of individual or private benefit gained from services.** For example, attending a basket weaving class enhances individual skills, whereas afterschool programs are examples of services that provide a community wide benefit.

- **Participation levels should be considered in the establishment of user fees.** Programs that have high levels of participation can assess a lower fee for service while still meeting cost recovery goals. However, programs with low levels of participation will need to increase either fees or participation in order to achieve similar cost recovery levels.

Therefore, it is commonly accepted that recreational user fees are established at a levels proportionate to the particular services provided.

2. GENERAL POLICY CONSIDERATIONS REGARDING USER FEES

Undoubtedly, there are programs, circumstances, and services that justify a subsidy from a tax based or alternative revenue source. However, it is essential that jurisdictions prioritize the use of revenue sources for the provision of services based on the continuum of benefit received.

Within the services that are typically funded by user fees, the Matrix Consulting Group recognizes several reasons why Parks and Recreation staff or the Council may not advocate the full cost recovery of services. The following factors are key policy considerations in setting fees at less than 100 percent of cost recovery:

- **Encouragement of desired behaviors.** Keeping fees for certain services below full cost recovery may provide better compliance from the community. For example, keeping fees low for the Skate Park encourages individuals to comply with City ordinances, and skate at the Skate Park.

- **Affect on demand for a particular service.** Sometimes raising the "price" charged for services might reduce the number of participants in a program. This is largely the case in Recreation programs such as camps or enrichment classes, where participants often compare the City's fees to surrounding jurisdictions or other options for leisure activities.

- **Benefit received by user of the service and the community at large is mutual.** Many services that directly benefit a group or individual equally benefit the community as a whole. Examples include Recreation programs and certain types of special events.

The Matrix Consulting Group recognizes the need for policies that intentionally subsidize certain activities. The primary goals of a User Fee Study are to provide a fair and equitable basis for determining the costs of providing services.

Once the full cost of providing services is known, the next step is to determine the "rate" or "price" for, which often becomes a question of balancing service levels and funding sources. The placement of a service or activity within the continuum of benefit received may require extensive discussion and at times fall into a "grey area". However, with the resulting cost of services information from a User Fee Study, the Department can be assured that the adopted fee for service is reasonable and fair.

3. COST RECOVERY POLICY COMPARISON

The City of Asheville currently uses the Pricing Pyramid Methodology as a foundation for its Parks and Recreation cost recovery policy. This methodology is common to most Parks and Recreation Departments across the nation, including many jurisdictions in the Eastern Region. Some jurisdictions specify not only the types of programs that fall within each level of the pyramid, but also a target cost recovery

percentage for each level.

The project team researched cost recovery policies specific to Parks and Recreation Departments in North Carolina and the South East Region. The majority of jurisdictions within North Carolina and the South East Region do not have published cost recovery policies, nor do they identify specific cost recovery goals for individual programs or the department as a whole. Based upon the project team's experience and research of national jurisdictions' cost recovery policies, which identified targeted cost recovery percentages for each program area, a national average was developed. The following table compares the City's current cost recovery by major program category to the national targeted average cost recovery percentage.

Program Category	Current	National Average
Athletics	31%	64%
Afterschool	37%	47%
Outdoor	29%	83%
Aquatics	35%	53%
Premium Services (e.g. Tennis)	37%	116%

As shown in the table above, the City's current cost recovery percentages are well below that of the national targeted cost recovery goals. Interestingly, the national targeted averages are well above the typical cost recovery realized by Parks and Recreation Departments; which could be due to variations in participation levels or applicable discount policies.

The City should continue to use the Pricing Pyramid Method to develop cost recovery policies and percentages. While it is important to identify where programs would typically fall within the pyramid, and establish cost recovery guidelines for each level, the City should treat each program uniquely. This would allow the City flexibility to balance a program's desirability with its impact on the community as a whole.

3. USER FEE STUDY METHODOLOGY

The Matrix Consulting Group utilizes a cost allocation methodology, commonly known and accepted as the "bottom-up" approach to establishing User Fees. The term means that several cost components are calculated for each fee or service. These components then build upon each other to comprise the total cost for providing the service. The components of a full cost calculation are typically as follows:

Cost Component	Description
Direct	Salaries, benefits and allowable departmental expenditures.
Maintenance Overhead	Costs associated with maintaining fields and facilities.
Departmental Overhead	Division or Departmental administration / management and clerical support.
Citywide Overhead	City costs associated with central service costs such as payroll, human resources, budgeting, City management, etc. Based upon the City's established Cost Allocation Plan.

The general steps utilized by the project team to determine allocations of cost components to a particular fee or service are:

- Develop time estimates for each service included in the study;
- Calculate the direct cost attributed to each time estimate;
- Distribute the appropriate amount of indirect cost components to each fee or service.

The result of these allocations provides detailed documentation for the reasonable estimate of the actual cost of providing each service. The following are critical points about the use of time estimates and the validity of cost allocation models.

1. TIME ESTIMATES ARE A MEASURE OF SERVICE LEVELS REQUIRED TO PERFORM A PARTICULAR SERVICE

One of the key study assumptions utilized in the "bottom up" approach is the use of time estimates for the provision of each fee related service. Utilization of time estimates is a reasonable and defensible approach, especially since experienced staff members who understand service levels and processes unique to the City of Asheville, developed these estimates.

The project team worked closely with each Program's staff in developing time estimates with the following criteria:

- Estimates are representative of average times for providing services. As such, the average number of part-time staff for a program was used (not the minimum or maximum staff), along with using the average number of hours per part-time position.
- Estimates provided by staff are reviewed and approved by the department, and often involve multiple iterations before a Study is finalized.
- Estimates are reviewed by the project team for "reasonableness" against their experience with other agencies.

The Matrix Consulting Group agrees that while the use of time estimates is not perfect, it is the best alternative available for setting a standard level of service for which to base a jurisdiction's fees for service.

2. CROSS CHECKS ENSURE THE VALIDITY OF OUR ANALYTICAL MODEL

In addition to the collection of time estimate data for each fee or service included in the User Fee Study, annual volume of activity data assumptions are also a critical component. By collecting data on the estimated volume of activity for each fee or service, a number of analyses are performed which provide valuable cross checks that ensure the validity of each cost allocation model. This includes assurance that 100% of

program resources are accounted for and allocated to a fee for service, or "other non fee" related category. Since there are no objectives to make a profit in establishing user fees, it is very important to ensure that services are not estimated at a level that exceeds budgeted resource capacity.

4. RESULTS OVERVIEW

The motivation behind a Parks and Recreation cost of services (User Fee) analysis is for the Department to identify current service levels and establish acceptable cost recovery policies to guide the funding of these services.

It should be noted that the results presented in this report are not a precise measurement. In general a cost of service analysis takes a "snapshot in time", where a fiscal year of adopted budgeted cost information is compared to the same fiscal year of revenue, and participation data available. Fluctuations in participation can drastically alter revenue projections and thereby cost recovery. Consequently, Departmental staff should rely conservatively upon these estimates to gauge implementation impacts.

Discussion of each program's results in the following chapters is intended as a summary of extensive and voluminous cost allocation documentation produced during the Study. Each chapter will include detailed cost calculation results for each program / activity including the following:

- **"Per Unit" Results:** comparison of the full cost of providing each unit of service to the current fee for each unit of service (where applicable).
- **Annualized Results:** utilizing participation estimates annual subsidies and revenue impacts associated with the implementation of each fee for service at full cost recovery levels is projected.
- **Comparative Results:** comparison of the City's current and full costs to similar jurisdictions / service providers.
- **Program Results:** details cost recovery of direct and indirect costs associated with the program as a whole.

The full analytical results associated with each program are discussed in the following chapters.

5. ADULT ATHLETICS

The Adult Athletics Program provides a variety of athletic programs year round for recreational purposes. The following chapter discusses the cost recovery analysis of adult athletics, including per unit results and annual revenue impacts.

1. DETAILED RESULTS

Adult Athletics collects fees for the following types of activities: volleyball, softball, basketball, and flag football. For each of these sports, the program currently charges on a per team basis rather than a per participant basis. The following table details the current fee, total cost, and the associated surplus / deficit associated with a team for each adult athletic sport.

Program Title	Current Fee	Total Cost	Surplus / (Deficit)
Volleyball	$200	$514	$(314)
Softball	$600	$2,079	$(1,479)
Basketball	$600	$3,357	$(2,757)
Flag Football	$600	$2,002	$(1,402)

As the table above shows, there is significant under-recovery associated with all of the adult athletic activities, with the greatest source of the deficit relating to basketball. The average cost recovery on a per unit basis is 29% for Adult Athletics.

2. ANNUAL REVENUE IMPACTS

Overall, Youth Athletics is under-recovering its fee-related costs by approximately $263,000. The table on the following page shows the volume associated with each fee category, current revenue, projected annual cost, and associated annual deficit.

Program Title	Annual Participants[1]	Current Revenue	Projected Revenue	Surplus / (Deficit)
Volleyball	84	$16,800	$43,203	$(26,403)
Softball	100	$60,000	$207,919	$(147,919)
Basketball	20	$12,000	$67,148	$(55,148)
Flag Football	24	$14,400	$48,060	$(33,660)
	TOTAL	**$103,200**	**$336,330**	**$(263,130)**

Overall, the Adult Athletics program recovers approximately 28% of its fee-related costs. The largest portion of this under-recovery (56%) is related to softball, due to the high number of teams participating in that activity.

3. COMPARATIVE ANALYSIS

As the per-unit and annualized results suggest there is significant under-recovery associated with the Adult Athletics Program. The project team compared the current per participant fees to other surrounding jurisdictions. The following table compares Asheville's current and full cost fees to local cities:

	Softball	Basketball	Flag Football
Asheville – Current	$600	$600	$600
Asheville – Full Cost	$2,079	$3,357	$2,002
Greenville, NC	$400	$395	$340
Fayetteville	$500	$600	$30 / participant
Highpoint	$400		

As the table above shows, the current fee for Asheville is either in line with or higher than other neighboring jurisdictions. If the City were to increase the per participant cost by $10 per participant or $100 for each team it would result in an increase of $23,000 of overall revenue. It would also reduce the annual deficit to $240,000. However, this scenario does not take into account any affect on demand for participation as a result of price increases. Based upon the comparative analysis, it is important to evaluate the demand of the Adult Athletic activities to best determine where it is appropriate to raise fees and charges on a per team basis.

[1] Participants refers to the number of teams

4. ADULT ATHLETICS COST RECOVERY ANALYSIS

To determine the full cost recovery of Adult Athletics, indirect costs related to citywide (IT, risk management, etc.) and departmental (administration, payroll, etc.) support was calculated. The following table shows the FY 14/15 budgeted expenditures, projected indirect costs, along with FY 13/14 Revenue for the Adult Athletics program.

Category	FY 14/15 Budget
Direct Expenditures	$243,716
Indirect Expenditures*	
Maintenance	$65,828
Departmental	$36,752
Citywide	$20,003
Total Program Costs	**$366,330**
FY 13-14 Revenue	**$113,778**
Direct Costs Recovery	**47%**
Direct Cost Deficit	$(129,938)
Program Cost Recovery	**31%**
Program Cost Deficit	$(252,552)

The table above shows that if only direct costs are factored into the cost recovery analysis, adult athletics recovered approximately 47% of its cost in FY 14/15. However, if indirect costs such as departmental and citywide overhead are incorporated into the analysis, the Adult Athletics Program is recovering 31% of its total costs or suffering an annual deficit of $253,000. The cost recovery for Adult Athletics lies within the range of typical cost recovery associated with Recreation Programs (40-60%).

6. ASTON PARK TENNIS CENTER

The Aston Park Tennis Center is a public clay court facility offering 12 lighted clay courts designed and constructed of the Har Tru Fast Dry clay court material. The Tennis Center is open from April 1st through November 30th. Along with offering hourly court rentals, the center also hosts league practices and tournaments, USTA tournaments, and summer camps. The following chapter discusses the cost recovery analysis of the Tennis Center, including per unit results and annual revenue impacts.

1. DETAILED RESULTS

The Tennis Center collects fees for a majority of the services it offers including hourly court rentals. Results are presented on a fee-by-fee basis, along with the full cost of activities and programs that take place at the Tennis Center.

(1.1) Fee Analysis

Currently the Tennis Center has fees for court rentals, annual passes, league teams, and summer camps. The following table details the current fee, total cost, and the associated surplus / deficit with each fee.

Program Title	Current Fee	Total Cost	Surplus / (Deficit)
Court Fees			
Resident	$5	$6	$(1)
Non-Resident	$7	$6	$1
Annual Passes			
Individual - Resident	$160	$665	$(505)
Individual - Non-Resident	$200	$665	$(465)
Senior - Resident	$130	$665	$(535)
Senior - Non-Resident	$170	$665	$(495)
Family - Resident	$200	$1,330	$(1,130)
Family - Non-Resident	$240	$1,330	$(1,090)
Senior Family - Resident	$160	$1,330	$(1,170)
Senior Family - Non-Resident	$200	$1,330	$(1,130)
Junior - Resident	$-	$665	$(665)
Junior - Non-Resident	$-	$665	$(665)

Program Title	Current Fee	Total Cost	Surplus / (Deficit)
League Teams			
Resident	$15	$20	$(5)
Non-Resident	$25	$20	$5
Summer Camps			
Resident	$70	$130	$(60)
Non-Resident	$90	$130	$(40)

As the table above and on the previous page shows, that for court fees, league teams, and summer camps, the per unit surplus / deficit is minimal. The average cost recovery associated with those fees on a per unit basis is 86%. However, the largest source of under-recovery for the Tennis Center is its annual passes, as the deficit varies from a low of $505 to a high of $1,130. The average cost recovery for annual passes is only 20%.

(1.2) Program Analysis

In addition to providing open play, the tennis center offers structured programs and activities such as League Play, Tournaments (USTA and other City-based Tournaments), and weekly activities (Senior Co-Ed Group & Ladies Group). The following table shows the annual cost associated with each of these programs.

Program Title	Annual Cost
League Teams	$32,831
Sanctioned Tournaments (USTA, Adult, Junior, etc.)	$36,175
City Tournaments (e.g. Halloween)	$912
Weekly Programs (Senior Co-Ed & Ladies Group)	$138,318
TOTAL	**$208,237**

The table above shows the total cost associated with structured programs and activities cost approximately $208,000 annually. The Tennis Center can recover for some of these activities based on fees or annual passes. The Tennis Center goes through a bid application process with the North Carolina Tennis Association (NCTA) and the Southern Tennis Association (STA) to obtain permission to hold these

tournaments. The Tournaments are run directly by the NCTA or STA staff, and the Tennis Center does not receive entry fee revenue from these events, therefore, the annual cost of $36,000 is non-recoverable.

The largest proportion of annual cost that is recoverable is associated with League Play and weekly activity programs. While there are per participant fees in place for league play (resident & non-resident), these fees are only charged if the individual does not possess an annual pass. Similarly, for the Senior Co-ed and Ladies Group there are court rental fees, but those are only charged if the participants do not have annual passes. The following table compares the current annual pass to the total cost per participant for each of these programs.

Program Title	Annual Pass Fee[2]	Total Cost / Participant
League Teams - per season	$160	$76
League Teams - all seasons	$160	$228
Senior Co-ed Group (Senior Resident Individual Pass)	$130	$443
Ladies Group	$160	$443

While the cost of participation in a single season of league play is more than covered by the annual pass fee, those who choose to participate in all three league seasons end up paying $68 less than the total cost. The City looses approximately $300 for each Annual Pass participant who plays in a senior or ladies groups. This analysis helps demonstrate that for many of these activities the annual pass fee does not recover the per participant cost for those programs, as the cost is significantly higher than the annual pass. Additionally, annual pass holders have access to open play in addition to these activities, reinforcing the significant deficits noted in the fee results analysis section.

[2] Annual Pass assumes Individual Resident Pass unless otherwise stated.

2. ANNUAL REVENUE IMPACTS

Overall, the Tennis Center is under-recovering its fee-related costs by approximately $238,000. The following table shows the volume associated with each fee category, the current revenue, projected annual cost, and associated annual deficit.

Program Title	Annual Participants	Current Revenue	Projected Revenue	Surplus / (Deficit)
Court Fees				
Resident	357	$1,785	$2,261	$(476)
Non-Resident	165	$1,155	$1,045	$110
Annual Passes				
Individual - Resident	45	$7,200	$29,925	$(22,725)
Individual - Non-Resident	15	$3,000	$9,975	$(6,975)
Senior - Resident	137	$17,810	$91,104	$(73,294)
Senior - Non-Resident	71	$12,070	$47,214	$(35,144)
Family - Resident	15	$3,000	$19,950	$(16,950)
Family - Non-Resident	3	$720	$3,990	$(3,270)
Senior Family - Resident	37	$5,920	$49,209	$(43,289)
Senior Family - Non-Resident	24	$4,800	$31,919	$(27,119)
Junior - Resident	-	$-	$-	$-
Junior - Non-Resident	-	$-	$-	$-
League Teams				
Resident	1,550	$23,250	$30,842	$(7,592)
Non-Resident	-	$-	$-	$-
Summer Camps				
Resident	35	$2,450	$4,560	$(2,110)
Non-Resident	-	$-	$-	$-
	TOTAL	**$83,160**	**$321,993**	**$(238,833)**

Overall, the Aston Park Tennis center recovers approximately 26% of its fee-related costs, with the primary source of this deficit relating to annual passes. A breakout of resident versus non-resident league and summer camp participants was not available, and therefore projected annual revenues and costs could not be made. Additionally, no cost assumptions could be made for junior annual pass holders, as the City does not charge a fee.

3. ANNUAL PASSES

The detailed and annualized results suggest that the single source of under-recovery for the Tennis Center is fees associated with annual passes. To put these fees into context, the following table shows the per month cost for each of the annual passes.

Annual Pass	Current / Month Fee	Total Cost / Month
Individual - Resident	$20	$83
Individual - Non-Resident	$25	$83
Senior - Resident	$16	$83
Senior - Non-Resident	$21	$83
Family - Resident	$25	$166
Family - Non-Resident	$30	$166
Senior Family - Resident	$20	$166
Senior Family - Non-Resident	$25	$166
Junior - Resident	$0	$83
Junior - Non-Resident	$0	$83

If juniors are excluded from the analysis, the current per month fee varies from a low of $16 for resident seniors to a high of $30 for non-resident families. The total cost per month varies from between $83 to $166. The per month fee states that for approximately $20 a month, an individual can come and play at the tennis court for an unlimited number of times during that month. The total cost of $83 per month assumes that an individual will play four hours of tennis a week, or approximately 16 hours a month.

To better evaluate the current and total cost associated with annual passes, the project team looked at other tennis only facilities with clay courts to show the current market rate. Facilities such as country clubs (e.g. Biltmore Forest County Club or Country Club of Asheville) or fitness centers (e.g. Asheville Racquet Club) were excluded from the analysis as they provide more than just tennis services and as such their per month rates would not be comparable to the Aston Park Tennis Center per

month rates. The following table shows the monthly fees associated with individual, senior, family, senior family, and junior passes.

	Individual	Senior	Family	Senior Family	Junior
Asheville – Current	$20	$16	$25	$20	-
Asheville – Full Cost	$83	$83	$166	$166	$83
Cheshire Racquet Club	$56	$51	$88	$81	$25
Sapphire Valley Racquet Club	$44	$44	$74	$74	$20
Hendersonville Sports Club	$65	$65	$110	$110	-
Raleigh Racquet Club	$195	$195	$246	$246	$44
Riverside Tennis Club	$58	$58	$78	$78	$50
Brookstone Tennis	$82	$72	$111	$111	$40

As shown in the table above, the City's current fees are significantly lower than those of comparable facilities (i.e. clay courts). This comparison shows that the City has potential to increase its fees without the fear of losing customers to cheaper alternatives. For example the average fee for an individual is $61, which is $41 higher than the current fee, and $22 lower than the City's actual cost.

If the City were to raise its fees by $1.25 per month across all annual pass categories, or $10 for the entire season, it would generate approximately $58,000 in additional revenue. If the City were to raise its fees by $40 a month ($320 a season) to be more in line with the average, it would generate an additional $166,000 in revenue, and reduce the Center's deficit to $128,000. These scenarios do not take into account revenue that could be generated by developing a fee for juniors. As shown in the table on the previous page, Asheville is one of two facilities that do not charge for juniors. Developing even a nominal fee for juniors would offset the need for such an exponential increase to other annual pass holders.

4. TENNIS CENTER COST RECOVERY ANALYSIS

To determine the full cost recovery of the Tennis Center, indirect costs related to citywide (IT, risk management, etc.) and departmental (administration, payroll, etc.)

support was calculated. The following table shows the Center's FY 14/15 budgeted expenditures, projected indirect costs, along with FY 13/14 Revenue.

Category	FY 14/15 Budget
Direct Expenditures	$256,082
Indirect Expenditures*	
Maintenance	$69,168
Departmental	$26,095
Citywide	$21,050
Total Program Costs	**$372,394**
FY 13-14 Revenue	**$94,182**
Direct Costs Recovery	**37%**
Direct Cost Deficit	$ (161,900)
Program Cost Recovery	**25%**
Program Cost Deficit	$(278,212)

The table above shows that if only direct costs are factored into the cost recovery analysis, the Tennis Center recovered approximately 37% of its cost in FY 14/15. However, if indirect costs such as departmental and citywide overhead are incorporated into the analysis, the Tennis Center is recovering 31% of its total costs or suffering an annual deficit of $278,000.

However, as discussed in the Program Results Section of this chapter, the Tennis Center cannot recover for the costs associated with some of the sanctioned Tournaments hosted by the Tennis Center. Due to the inability to specifically identify participation in the recoverable tournaments, the project team utilized the full annual cost associated with all tournaments as unrecoverable costs. These unrecoverable costs should not be incorporated into determining the overall cost recovery of Aston Park Tennis Center. The table on the following page reduces program costs by tennis tournament costs and analyzes the program recovery based on recoverable costs.

Category	FY 14/15 Budget
Total Aston Park Cost (Direct & Indirect Expenditures)	$303,226
Tennis Tournaments Costs	$36,175
Total Recoverable Program Costs	**$336,219**
FY 13-14 Revenue	**$94,182**
Recoverable Cost Recovery %	**28%**
Recoverable Cost Deficit	$ (242,036)

The table above shows that by excluding the tennis tournament costs, the cost recovery percentage increases from 25% to 28%. It decreases the deficit to $242,000 annually. As the tennis tournaments are such a minimal cost compared to the total cost of running Aston Park Tennis Center (10%), elimination of these tournaments would have an insignificant impact on cost recovery.

In order for the City to significantly increase the Tennis Center's overall cost recovery, fees associated with annual passes will need to be increased. As discussed in the Annual Passes section of this chapter, marginal increases to these passes would have a substantial impact on reducing the Tennis Center's annual deficit.

7. FACILITIES & FIELD RENTALS

The City of Asheville Parks and Recreation Department operates and manages several different recreation centers. All of the Recreation centers include different types of space ranging from classrooms, multipurpose rooms, to gymnasium, and auditoriums. In addition to offering recreation centers for rental, the Parks and Recreation Department also rents out picnic shelters and athletic fields. The following chapter discusses the current structure of facility and field rentals, the full cost associated with Recreation Center Rentals, and a comparison of rental rates to other local jurisdictions.

1. CURRENT RENTAL RATE STRUCTURE

The majority of the Recreation Centers are used for providing classroom based activities and practice space for adult and youth athletics. While some recreation centers are specific to certain types of activities such as the Senior Opportunity Center and Harvest House are focused on the Senior population, other recreation centers are turn-key facilities, which are only accessible during specific times of the day, week, month, or year.

Currently, the Department allows for individuals / groups to rent either a whole center, a portion of the center, picnic shelters, and athletic fields. The table on the following page details the current rental rate structure for each of these facilities:

Fee Title	Fee Amount
Facility Rentals	
Refundable Security Deposit	$200.00
Small Neighborhood Centers (1st hour)	$50.00
Each Addl. 30 min (.5 hours)	$25.00
Non-Operating Hours (per hour)	$75.00
Kitchen Use (per hour)	$20.00
Club rooms - Large Centers (1st hour)	$50.00
Each Addl. 30 min (.5 hours)	$25.00
Non-Operating hours (per hour)	$75.00
Gyms (per hour)	$75.00
Non-operating hours	$100.00
Multipurpose Room (1st hour)	$50.00
Each Addl. 30 min (.5 hours)	$25.00
Non-Operating Hours	$75.00
Auditorium (1st hour)	$50.00
Each Addl. 30 min (.5 hours)	$25.00
Non-Operating Hours	$75.00
Picnic Shelters (All Parks) - per day	$40.00
Corporate Shelter	$150.00
Athletic Facilities (1st 4 Hours - per hour)	$100.00
Each Addl. Hour	$25.00
Soccer Field (3 hours)	$100.00
Memorial Stadium (4 hours)	
Without Lights	$650.00
With Lights	$850.00
Beer Sales / Use	$100.00
Athletic Fields	
Weekdays (4 Hours)	
Without Lights	$200.00
With Lights	$300.00
Weekends (all day)	
Without Lights	$800.00
With Lights	$1,200.00
Additional Fields	$300.00

The table above demonstrates that while there are numerous fee categories for rental rates, regardless of the type of center or room, the rental rates and structure are the same. Most commonly, the first hour of any facility rental is $50 per hour during

operating hours and is $25 for each additional half hour, and it is $75 per hour during non-operating hours for that facility. The primary source of variation in the rental rate structure is related to the Picnic Shelters, Athletic Facilities, Memorial Stadium, and Field Rentals.

2. DETAILED RESULTS

As the rental rate structure revealed, for the majority of the facility rentals regardless of the space or the center size the rental rates were the same. The project team determined all the facilities that provide rental space (East, North, West, Murphy-Oakley, Harvest House, Burton St., Sr. Opportunity, Reid, Montford, Shiloh, Stephens-Lee, and Wesley Grant Southside Center) and calculated an hourly rate for these facilities.

For each of the facilities, the project team utilized a Program Cost Proposal Form to determine the normal hours of operation for the facility. Then the total expenditures / budget for the specific recreation center including staffing and utility costs was used to calculate the direct cost of the facility. Similar to other Recreation programs, maintenance, departmental, and citywide overhead costs were also applied to each of the individual centers. The overhead support estimated the total indirect cost for each of the Recreation Centers, which was then combined with the direct cost to arrive at the total cost for operating each of the Recreation Centers. Based upon the hours of operation and the total cost an hourly rate was calculated. For some of the facilities, that had no set hours, there was no per hour rate calculated (i.e. East, North, West, Reid, and Murphy-Oakley). The table on the following page shows the fully burdened hourly rate for each of these facilities, along with the overall average hourly rate for all facilities.

Center Title	Fully Burdened Hourly Rate
Burton Street	$95
Harvest House	$103
Montford	$104
Sr. Opp. Center	$109
Shiloh Center	$120
Stephens-Lee	$92
Wesley Grant	$100
AVERAGE	**$103**

As the table above shows, the average hourly rate for each of the facilities is $103, which is more than double the current hourly rate of $50 per hour for the recreation centers and the various rooms. Currently, the Department divides these centers between small neighborhood centers (Burton St., Harvest House, and Sr. Opportunity Center) and large centers (Montford, Shiloh, and Stephens-Lee). On average the fully burdened hourly rate for small neighborhood centers is $102 compared to $105 for the large recreation centers. Due to the small difference in the hourly rates and the fact that despite this distinction, there is no difference in fees charged, it makes sense to utilize the overall average hourly rate for all facilities. The average hourly rate suggests that on average the per hour cost recovery associated with Recreation Centers is 49%.

3. COMPARATIVE ANALYSIS

Similar to many of the other programs and activities offered through the Parks and Recreation Department, facility and field rental rates are market driven. While most of the residents of the City would remain within City limits for renting facilities and fields for any purposes, a fee survey of neighboring jurisdictions was conducted to explore how the current rental rates compare to these other cities. However, it is important to note that where fees vary greatly for the same type of space depending upon location,

the project team has chosen to provide the range of rental rates. The following table presents by basic fees by rental type.

City / Rental Space	Facility Rentals	Picnic Shelters	Field Rentals
Asheville - Current	$50/hr - $75/hr	$40 - $110	$200/day - $1,200/day
Gastonia	$10/hr - $60/hr for room rentals. $60/hr -$250/hr	$8/hr - $50/hr	$5/hr - $25/hr or $125-$175 for daily rentals. $100-$175 for field rentals for tournaments.
Fayetteville	Rates available on request	$40 (1st 4 hours) - $110 for the whole day	Rates available on request
Greensboro	$35/hr - $100/hr	$35-$195	Rates available on request
Greenville, NC	$25 to $150 / hr	$20 for half a day to $90/day for a full day	$40/hr - $75/hr (in addition to $30 marking fee)
Greenville, SC	N / A	$40-$375	N / A
Highpoint	$50/hr to $400 for 12 hr facility rentals	$45-$115	$60/hr for daytime rentals and $75/hr for night-time rentals

As the table above shows there is great variety in the amount of fees charged among the jurisdictions. For the majority of the fees the City is comparable to its neighboring jurisdiction. It is important to note that almost all other jurisdictions surveyed had separate fee categories based on different criteria such as, resident, non-resident, profit, non-profit, government-based programming, private party, etc. For example the City of Greenville has developed different user classes, depending upon if there is an admission fee or if the organization hosting the event is a non-profit. The rental rates vary for each user class and within each user class also differ for residents and non-residents.

Currently, the city of Asheville is one of few jurisdictions, which does not have a formalized policy or fee structure in place specifying different rates for different types of users. The Department should consider instituting a policy identifying the most common users of their services and restructure their current rental rates to be consistent throughout the department and charge differently for residents and non-residents.

8. FOOD LION SKATE PARK

The Food Lion Skate Park is open all year round and is a unique concrete park offering three distinctive areas and levels for skating: beginner bowl, intermediate street course, and an advanced vertical bowl. Along with offering daily and annual skate passes the skate park offers summer camps. The following chapter discusses the cost recovery analysis of the Skate Park, including per unit results and annual revenue impacts.

1. DETAILED RESULTS

Currently the Skate Park has daily entry fees for weekdays and weekends, as well as annual passes. The following table details the current fee, total cost, and the associated surplus / deficit with each fee.

Program Title	Current Fee	Total Cost	Surplus / (Deficit)
Weekdays			
Resident	$2	$10	$(8)
Non-Resident	$4	$10	$(6)
Weekend			
Resident	$3	$18	$(15)
Non-Resident	$5	$18	$(13)
Individual Annual Pass			
Resident	$60	$2,850	$(2,790)
Non-Resident	$120	$2,850	$(2,730)
Family Annual Pass			
Resident	$90	$5,699	$(5,609)
Non-Resident	$80	$5,699	$(5,519)

As the table above shows, that for weekday and weekend daily passes the per unit deficit seems minimal; however represents between 17-41% cost recovery. The largest source of under-recovery for the Skate Park is its annual passes, as the deficit varies from a low of $2,730 to a high of $5,609. The average cost recovery on a per unit basis for the Skate Park is 15%.

2. ANNUAL REVENUE IMPACTS

Overall, the Skate Park is under-recovering its fee-related costs by approximately $132,000. The following table shows the volume associated with each fee category, the current revenue, projected annual cost, and associated annual deficit.

Program Title	Annual Participants[3]	Current Revenue	Projected Revenue	Surplus / (Deficit)
Weekdays				
Resident	857	$1,714	$8,295	$(6,581)
Non-Resident	808	$3,232	$7,821	$(4,589)
Weekends				
Resident	412	$1,236	$7,301	$(6,065)
Non-Resident	265	$1,325	$4,696	$(3,371)
Individual Annual Pass				
Resident	40	$2,400	$113,984	$(111,584)
Non-Resident	-	$-	$-	$-
Family Annual Pass				
Resident	-	$-	$-	$-
Non-Resident	-	$-	$-	$-
	TOTAL	**$9,907**	**$142,097**	**$(132,190)**

The Skate Park recovers approximately 7% of its fee-related costs, with the primary source of this deficit relating to annual passes. It is important to note that the table above does not reflect all revenue associated with the Skate Park as the annual participants data was estimated by Skate Park staff. As the Skate Park does not currently track the number of annual passes and the number of daily visits either by weekdays or weekends it is difficult to accurately estimate current revenue or project revenue based on the full cost of those services.

The major source (84%) of the Skate Park annual deficit is associated with annual passes. The sheer magnitude of the deficit on a per unit basis, rather than the number of passes issued, drives this under-recovery. The majority of participants utilize daily weekday and weekend passes at the Skate Park.

[3] Annual Participant data was estimated, as currently the Skate Park does not track the number of daily visits and annual passes sold by resident vs. non-resident or individual vs. family pass.

3. ANNUAL PASSES

The detailed results suggest that the single source of under-recovery for the Skate Park relates to its annual passes. To put these fees into context, the following table shows the monthly cost for each of the annual passes.

Annual Pass	Current / Month Fee	Total Cost / Month
Individual - Resident	$5	$237
Individual - Non-Resident	$10	$237
Family - Resident	$7.50	$475
Family - Non-Resident	$15	$475

The current fee per month varies from $5 per month (the same as the weekend fee for non-residents) to $15 for non-resident families per month. The total cost per month varies from between $237 to $475. The per month fee states that for approximately $5 a month, an individual can come and skate at the park for an unlimited number of times during that month. The total cost of $237 per month assumes that an individual resident will skate for four days a week, or approximately 16 days a month. If an individual were to buy daily passes for each of those sixteen days, it would cost a resident $40 a month and a non-resident $72 a month, which is significantly higher than the current per month fees based on the annual passes.

However, as the annualized results suggest, there is significantly greater volume in the daily passes and the current deficit is minimal. If the City were to raise the current daily passes fee by a $1 across the board it would generate an additional $2,300 in revenue. If the City were to raise its annual passes to $40 per month for resident ($480 a year) it would generate an additional $16,800 in revenue, decreasing its annual deficit to $115,000 instead of $132,000.

4. SKATE PARK COST RECOVERY ANALYSIS

To determine the full cost recovery of the Skate Park, indirect costs associated with citywide (IT, risk management, and purchasing) and departmental (administration, payroll, etc.) support were calculated. The following table shows the Skate Parks FY 14/15 budgeted expenditures and projected indirect costs, along with FY 13/14 Revenue.

Category	FY 14/15 Budget
Direct Expenditures	$107,243
Indirect Expenditures	
Maintenance	$28,966
Departmental	$10,928
Citywide	$8,815
Total Program Costs	**$155,952**
FY 13-14 Revenue	**$20,296**
Direct Costs Recovery	**19%**
Direct Cost Deficit	$ (86,947)
Program Cost Recovery	**13%**
Program Cost Deficit	$(135,657)

The table above shows that if only direct costs are factored into the cost recovery analysis, the Skate Park recovered approximately 19% of its cost in FY 14/15. However, if indirect costs such as park maintenance, departmental, and citywide overhead are incorporated into the analysis, the Skate Park is recovering 13% of its total costs or suffering an annual deficit of $136,000.

There are several reasons for which the City may want to maintain a significant subsidy for the Skate Park. The Skate Park provides resident and non-resident youth a place to safely and legally skate. Additionally, providing this space reduces the number of skaters in the downtown area and eliminates other issues associated with skateboarding, including damage to City property.

9. POOLS

The Asheville Parks and Recreation Department operates three outdoor pools located at Recreation Park, Malvern Hills, and Walton Street. These pools are open from Memorial Day to Labor Day and offer a wide variety of activities such as open / lap swim, swim team practices, special events, and swim lessons. The following chapter discusses the cost recovery analysis of the three pools, including per unit results and annual revenue impacts.

1. DETAILED RESULTS

All three pools collect fees based on the same structure for the majority of services provided. However, there are currently no fees in place for swim lessons or Adaptive Swim Club. The following subsections present results on a fee-by-fee basis, along with the full cost of activities and programs that take place at the City's Pools.

(1.1) Fee Analysis

Currently all three pools charge the same fees for open swim / lap swim, swim team, and swim club. The following table details the current fee, total cost, and the associated surplus / deficit associated with each fee.

Program Title	Current Fee	Total Cost	Surplus / (Deficit)
Open Swim / Lap Swim			
General Admission	$3	$6	$(3)
15-visit Pass	$40	$152	$(112)
Individual Annual Pass	$100	$304	$(204)
Family (4 persons) Annual Pass	$150	$812	$(662)
Swim Team			
Swim Team (Per Hour)	$25	$145	$(120)
Swim Club			
Resident	$25	$83	$(58)
Non-Resident	$50	$83	$(33)

As the table on the previous page shows, for general admission the per unit deficit seems minimal in terms of dollar value. However, currently, pools are only recovering 48% of their cost associated with general admission. The average cost recovery on a per unit basis is 26% for the pools; with the largest source of under-recovery stemming from the annual passes, as the deficit varies from a low of $112 to a high of $622.

(2.2) Program Analysis

In addition to providing open swim, City pools offer structured programs and activities such as swim lessons and adaptive swim clubs for which it does not charge any fees. The following table shows the annual cost associated with each of these programs.

Program Title	Annual Cost
Swim Lessons	$60,467
Adaptive Swim Club	$725
TOTAL	**$61,192**

The table above highlights the total cost associated with structured programs and activities, which cost approximately $61,000 annually. Currently, the City chooses to subsidize these programs as a benefit to the community. However, if the Program chose to charge participant based fees for these activities, the following table shows the per participant cost for each of these programs:

Program Title	Per Participant Cost
Swim Lessons	$23
Adaptive Swim Club	$91

As the table above shows, swim lessons would only cost approximately $23 per student, which suggests that even if the program were interested in charging a nominal fee, based on participants it would be able to recover a significant portion of its costs.

However, due to the lack of participants in the Adaptive Swim Club, and the low cost of the program, it would seem its better to continue to subsidize that program completely.

2. ANNUAL REVENUE IMPACTS

Overall, all three pools are under-recovering their fee-related costs by approximately $108,000. The following table shows the volume associated with each fee category, the current revenue, projected annual cost, and associated annual deficit.

Program Title	Annual Participants	Current Revenue	Projected Revenue	Surplus / (Deficit)
Open Swim / Lap Swim				
General Admission	34,082	$102,246	$214,403	$(112,157)
15-visit Pass	67	$2,680	$10,200	$(7,520)
Individual Annual Pass	1	$100	$304	$(204)
Family (4 persons) Annual Pass	57	$8,550	$46,281	$(37,731)
Swim Team				
Swim Team (per hour)	-	$-	$-	$-
Swim Club				
Resident	12	$300	$994	$(694)
Non-Resident	2	$100	$166	$(66)
	TOTAL	**$113,976**	**$272,348**	**$(158,372)**

Overall, the Pools program recovers approximately 42% of its fee-related costs, with the primary source of this deficit relating to general admission. It is interesting to note that while the per unit deficit is significant for individual and family annual passes, in terms of volume and attendance it is the general admission pass fees that are impacting the cost recovery of pools most. This suggests that raising general admission pass fees by a nominal amount can result in significant cost recovery increases.

3. COMPARATIVE ANALYSIS

While the detailed results suggest that the single source of under-recovery for Pools is annual pass fees, the annualized results indicate that the high volume of general admission accounts for the majority (71%) of the under-recovery. The project team compared Asheville's current and projected cost for open swim / lap swim to other

comparable jurisdictions. Many other jurisdictions charge different admission fees for different pools, or different admission fees depending upon whether a child (under 13), adult, college student, or senior is attending the pool. For ease of comparison, the following table shows the current and full cost for Asheville along with the *average* fee for General Admission for other jurisdictions:

	General Admission
Asheville – Current	$3
Asheville – Full Cost	$6
High Point	$4
Greensboro	$3
Fayetteville	$2
Gastonia	$2

As the table above shows, Asheville's current fee is in line with the other jurisdictions; however, upon further analysis, the City of High Point has a pool for which it charges an admission fee of $6 and Greensboro charges $5 as the admission rate for adults and $4 for students and children above the age of 13. This suggests that there is room for Asheville to increase its charges for general admission.

If the City were to raise its fees by $1 for General Admission, it would generate approximately $34,000 in additional operational revenue. If the City were to raise its fee by $2 a pass, it would generate an additional $68,000 in revenue or reduce the annual deficit associated with pools to $90,000. These scenarios do not take into account revenue that could be generated by increasing the fees for 15-visit passes or the family annual pass, the other areas with high volume for the pools. Asheville is unique among the jurisdictions surveyed that it offers a family annual pass and therefore it should consider increasing the fees for providing such a premium service. Even a minimal increase in rates can significantly impact the cost recovery associated with pools.

4. POOLS COST RECOVERY ANALYSIS

To determine the full cost recovery of Pools, indirect costs related to citywide (IT, risk management, etc.) and departmental (administration, payroll, etc.) support were calculated. The following table shows the FY 14/15 budgeted expenditures, projected indirect costs, along with FY 13/14 Revenue for each of the individual pools and the pools program overall.

Category	Rec Park Pool	Malvern Hills Pool	Walton Street Pool	All Pools FY 14/15 Budget
Direct Expenditures	$106,352	$72,490	$56,724	$235,566
Indirect Expenditures*				
Maintenance	$28,726	$19,580	$15,321	$63,626
Departmental	$10,837	$7,387	$5,780	$24,004
Citywide	$8,742	$5,959	$4,663	$19,364
Total Program Costs	**$154,657**	**$105,415**	**$82,488**	**$342,560**
FY 13-14 Revenue	**$54,551**	**$23,108**	**$4,190**	**$81,849**
Direct Costs Recovery	**51%**	**32%**	**7%**	**35%**
Direct Cost Deficit	$(51,801)	$(49,832)	$(52,534)	$ (161,900)
Program Cost Recovery	**35%**	**22%**	**5%**	**24%**
Program Cost Deficit	$(100,106)	$(82,308)	$(78,298)	$(260,711)

The table above shows that if only direct costs are factored into the cost recovery analysis, pools recovered approximately 35% of its cost in FY 14/15. However, if indirect costs such as departmental and citywide overhead are incorporated into the analysis, the Pools Program is recovering 24% of its total costs or suffering an annual deficit of $260,000.

10. WESTERN NORTH CAROLINA NATURE CENTER

The Western North Carolina Nature Center is a unique public facility that allows guests to experience animals and plants native to the Southern Appalachian Region. The facility is open seven days a week and features over sixty species of animals including river otters, black bears, red wolves, and cougars. The following points highlight the major sources of revenue generation for the Nature Center:

- **General Admission Fees:** The fees associated with general admission to the Nature Center. These fees vary depending upon age and whether a visitor is a resident or non-resident of the City.
- **Educational Program Fees:** Fees assessed based on a variety of educational activities provided through the Nature Center such as summer camps, school groups, wolf howl trails, etc.
- **Friends of the Nature Center Membership:** Membership fees assessed to individuals who join the Friends of the Nature Center, which allows for specialized access to the Nature Center and many of its programs and activities.

The points above detail the variety of sources of revenue generation currently available at the Nature Center, of which general admission costs and fees have the greatest impact on revenue generation. Therefore, the following chapter discusses the cost recovery analysis of the Nature Center's general admissions, including per unit results and annual revenue impacts.

1. DETAILED RESULTS

As discussed above, there are a variety of types of services and fees assessed at the Nature Center, varying from general admission fees to summer camps and wolf howl trips. While fees are collected for the majority of these programs, for some of these programs, the purpose is to provide educational enrichment and as such can vary

greatly from season to season. Results are presented at a program level along with a fee-by-fee analysis for general admission costs.

(1.1) Program results

The Nature Center provides structured programs and activities such as educational programs in addition to open admission to the Center and all of its exhibits. The following table shows the total proportion of the Nature Center's cost associated with each of these type of programs and by extension the annual cost associated with each of these programs.

Program Title	Proportion of Cost	Annual Cost
General Admission	80%	$1,101,188
Education Programs	20%	$275,297
TOTAL	**100%**	**$1,376,485**

As shown in the table above, the total cost associated with General Admission is $1.1 million and $275,000 for Education Programs. The Nature center can recover for both of these programs, but due to the high volume of attendance associated with General Admission, the focus of this chapter is analyzing the General Admission fees.

(1.2) Fee Analysis

Currently there are several different levels of General Admission fees: Adult, Children, Senior, Member, Half-price, group, and free. As some of these categories suggest there is not always an admission charge depending upon the category. The table on the following page details the current fee, total cost, and associated surplus / deficit with each general admission fee for which there is currently a charge.

Program Title	Current Fee	Total Cost	Surplus / (Deficit)
Adult			
Resident	$6	$10	$(4)
Non-Resident	$8	$10	$(2)
Adult ½ Price			
Resident	$4	$10	$(6)
Non-Resident	$4	$10	$(6)
Child			
Resident	$4	$10	$(6)
Non-Resident	$4	$10	$(6)
Child ½ Price			
Resident	$2	$10	$(8)
Non-Resident	$2	$10	$(8)
Senior			
Resident	$5	$10	$(5)
Non-Resident	$7	$10	$(3)
Senior ½ Price			
Resident	$3	$10	$(7)
Non-Resident	$4	$10	$(6)
Special Needs	$2	$10	$(8)

As the table above shows, all general admission fees currently have a minimal deficit on a per unit basis, especially for non-resident adult and senior general admission fees. The average cost recovery associated with these fees on a per unit basis is 41%.

2. ANNUAL REVENUE IMPACTS

Overall, in terms of general admission fees, the Nature center is under-recovering its fee-related costs by approximately $729,000. The following table shows the attendance associated with each fee category (even the ones with no current fees), the current revenue, projected annual cost, and associated annual deficit.

Program Title	Annual Participants	Current Revenue	Projected Revenue	Surplus / (Deficit)
Adult				
Resident	6,880	$41,280	$69,974	$(27,594)
Non-Resident	28,191	$225,528	$282,214	$(56,686)
Adult (Free)				
Resident	1,134	$-	$11,352	$(11,352)
Non-Resident	4,912	$-	$49,173	$(49,173)
Adult ½ Price				
Resident	294	$1,176	$2,943	$(1,767)
Non-Resident	464	$1,856	$4,645	$(2,789)

Program Title	Annual Participants	Current Revenue	Projected Revenue	Surplus / (Deficit)
Child				
Resident	3,213	$12,852	$32,165	$(19,313)
Non-Resident	15,001	$60,004	$150,172	$(90,168)
Child Free				
Resident	918	$-	$9,190	$(9,190)
Non-Resident	4,333	$-	$43,377	$(43,377)
Child Free (under 3)				
Resident	898	$-	$8,990	$(8,990)
Non-Resident	3,135	$-	$31,384	$(31,384)
Child ½ Price				
Resident	192	$384	$1,922	$(1,538)
Non-Resident	377	$754	$3,774	$(3,020)
Group[4]	15,997	$-	$160,143	$(160,143)
Member				
Adult	9,454	$-	$94,642	$(94,642)
Child	9,970	$-	$99,808	$(99,808)
Wildlife Guardian	125	$-	$1,251	$(1,251)
Senior				
Resident	738	$3,690	$7,388	$(3,698)
Non-Resident	3,446	$24,122	$34,497	$(10,375)
Senior Free				
Resident	33	$-	$330	$(330)
Non-Resident	33	$-	$330	$(330)
Senior ½ Price				
Resident	12	$30	$120	$(90)
Non-Resident	26	$91	$260	$(169)
Special Needs	224	$448	$2,242	$(1,794)
TOTAL	**110,000**	**$372,215**	**$1,101,188**	**$(728,973)**

The Nature center recovers approximately 34% of its general admission fee-related costs, with the primary source of this deficit relating to general admission fees for which there are currently no charges. The Nature Center does not charge 36% of its current attendees an admission price. This is a significant number and can help explain the under-recovery associated with the Center. However, it is important to note that the information in the table does not accurately reflect the revenue associated with group admissions, as groups receive discounts dependent upon the composition of the group. This suggests there is actually greater cost recovery for general admission fees than indicated in the table above.

[4] Group discounts are $0.50 depending upon the category, hence the current fee and revenue associated with groups is shown as $0, as no way to breakout the different fee categories for groups.

3. ADDITIONAL REVENUE OPPORTUNITIES

As discussed at the beginning of the chapter, in addition to general admission revenue, there are several other sources of revenue for the Nature Center: Education Programs and the Friends of the Nature Center Membership. In 2013, the Nature Center conducted a Revenue Generation / Expense Management study to help identify and quantify new and alternative sources of revenue for the Center. The report focused on two separate areas: current sources of revenue and new sources of revenue.

In terms of current sources of revenue, the report suggested that the greatest impact on revenue generation is through general admission fees (the focus of this chapter). The report indicated that by raising General Admission fees either $1 or $2 across all categories would increase revenue by $75,000 - $150,000. According to the study the average admission price for zoos is $12.72 for adults and $8.93 for children, while the average admission price for adults is $7 and $4 for children at the Nature Center. These prices have not been increased since 2007.

The report then went on to identify additional opportunities for revenue generation such as fee-based attractions (e.g. animal rides and encounters, wheeled train, carousels), parking revenue, facility rentals, speaking engagements, corporate sponsorships, naming of exhibits, etc. According to the study, while some of these opportunities would require initial capital investment (fee-based attractions especially) these could generate significant revenue for the Nature Center.

Since the Nature Center provides such a unique and premium service to not only residents but out of town visitors, it should be able to charge for its services at a level to reflect that to visitors. Currently, the general admission price of a child is $4, which is

only $1 more than the daily price for pool admission. This suggests that the Nature Center and the Pools program are providing similar levels of service (due to similar costs). However, this is not the case, and as such the fees at the nature center should do a better job of reflecting the premium services being offered at the Center.

If the City were to raise the Nature Center general admission fees to $10 for adults and seniors (the current full cost) and $8 for children (the national average for zoo admission prices for children) it would generate an additional $173,000 in revenue and reduce the deficit associated with general admission fees to $556,000. This scenario is only discussing revenue generated as a result of general admission fees and does not take into account any additional revenue arising from other opportunities such as parking or fee-based attractions.

4. COST RECOVERY ANALYSIS

To determine the full cost recovery of the Nature Center, indirect costs related to citywide (IT, risk management, etc.) and departmental (administration, payroll, etc.) support were calculated. The following table shows the Center's FY 14/15 budgeted expenditures, projected indirect costs, along with FY 13/14 Revenue.

Category	FY 14/15 Budget
Direct Expenditures	$946,558
Indirect Expenditures	
Maintenance	$255,665
Departmental	$96,454
Citywide	$77,807
Total Program Costs	**$1,376,485**
FY 13-14 Revenue	**$477,093**
Direct Costs Recovery	**50%**
Direct Cost Deficit	$ (469,465)
Program Cost Recovery	**35%**
Program Cost Deficit	$(899,392)

The table on the previous page shows that if only direct costs are factored into the cost recovery analysis, the Nature Center recovered approximately 50% of its cost in FY 14/15. However, if indirect costs such as departmental and citywide overhead are incorporated into the analysis, the Nature Center is recovering 35% of its total costs or suffering an annual deficit of nearly $899,000.

11. YOUTH ATHLETICS

The Youth Athletics Program provides a variety of athletic programs such as basketball, soccer, flag football, and little league year-round. The following chapter discusses the cost recovery analysis of Youth Athletics, including per unit results and annual revenue impacts.

1. DETAILED RESULTS

While Youth Athletics collects fees for many of the programs run by the Asheville Parks and Recreation Department it does not collect fees for athletic leagues for which it only provides fields such as Little League and Football. The following subsections present results on a fee-by-fee basis, along with the full cost of activities and programs overseen by Youth Athletics.

(1.1) Fee Analysis

Currently, Youth Athletics offers the following types of activities: flag football, indoor basketball, indoor soccer, track and field, and volleyball. The following table details the current fee, total cost, and the associated surplus / deficit with each fee.

Program Title	Current Fee	Total Cost	Surplus / (Deficit)
Flag Football			
Resident	$10	$396	$(386)
Non-Resident	$15	$396	$(381)
Indoor Basketball			
Resident	$10	$781	$(771)
Non-Resident	$15	$781	$(766)
Indoor Soccer			
Resident	$10	$324	$(314)
Non-Resident	$15	$324	$(309)
Track & Field			
Resident	$35	$27	$8
Non-Resident	$40	$27	$13
Volleyball			
Resident	$10	$324	$(314)
Non-Resident	$15	$324	$(309)

As the table on the previous page shows, all programs are currently under-recovering, with the exception of track and field where the surplus is minimal and varies from $8 - $13. All other types of athletic activities show a significant under-recovery, with the greatest source of under-recovery associated with indoor basketball. The average cost recovery on a per unit basis is 31% for Youth Athletics, however if track and field is excluded, this drops to only 3%.

(2.2) Program Analysis

In addition to providing recreational sports activities, youth athletics offers its fields and facilities to be used by local recreational leagues for little league and football. The following table shows the annual cost associated with each of these programs.

Program Title	Annual Cost
Little League	$2,053
Youth Football	$402
TOTAL	**$2,455**

The table above shows the total cost associated with these programs, which is approximately $2,500 annually. This cost only represents the administrative support associated with facilitating rental agreements with recreation leagues and managing field schedules.

2. ANNUAL REVENUE IMPACTS

Overall, Youth Athletics is under-recovering its fee-related costs by approximately $148,000. The table on the following page shows the volume associated with each fee category, the current revenue, projected annual cost, and associated annual deficit.

Program Title	Annual Participants[5]	Current Revenue	Projected Revenue	Surplus / (Deficit)
Flag Football				
Resident	120	$1,200	$47,575	$(46,375)
Non-Resident	-	$-	$-	$-
Indoor Basketball				
Resident	100	$1,000	$78,101	$(77,101)
Non-Resident		$-	$-	$-
Indoor Soccer				
Resident	40	$400	$12,942	$(12,542)
Non-Resident		$-	$-	$-
Track & Field				
Resident	60	$2,100	$1,607	$493
Non-Resident		$-	$-	$-
Volleyball				
Resident	40	$400	$12,942	$(12,542)
Non-Resident		$-	$-	$-
	TOTAL	**$5,100**	**$153,167**	**$(148,067)**

Overall, the Youth Athletics program recovers approximately 3% of its fee-related costs. While Youth Athletics shows a per unit cost recovery of 31%, due to the levels of participation in these programs the total cost recovery decreases to 3%. It should be noted that the above revenue only accounts for youth athletic programs provided by the City, and does not account for revenue associated with youth league field rentals.

3. COMPARATIVE ANALYSIS

As the per-unit and annualized results suggest there is significant under-recovery associated with the Youth Athletics Program. The project team compared the current per participant fees to other surrounding jurisdictions. The following table compares Asheville's current and full cost fees to local cities. For simplicity purposes the table only includes the resident fees:

	Flag Football	Basketball	Soccer
Asheville – Current	$10	$10	$10
Asheville – Full Cost	$396	$781	$324
Greenville, NC	$25	$25	$40
Fayetteville		$25	$25
Gastonia			$15-$20
Highpoint	$25	$35	

[5] Due to lack of breakout of annual participation data by resident vs. non-resident, all participants were assumed to be residents.

As the table on the previous page shows, the current fee for Asheville is significantly lower than the fees being charged by other jurisdictions. While none of the other jurisdictions are charging a fee close to the full cost of providing the service, the comparative analysis illustrates that there is potential for Asheville to increase the per participant costs for its Youth Athletics programs.

If the City were to increase the per participant cost by $10 per participant for each of the programs identified it would result in an increase of $3,000 of overall revenue. This scenario only takes into account those participants being residents. If there are non-resident participants that revenue impact could be much greater.

4. YOUTH ATHLETICS COST RECOVERY ANALYSIS

To determine the full cost recovery of Youth Athletics, indirect costs related to citywide (IT, risk management, etc.) and departmental (administration, payroll, etc.) support was calculated. The following table shows the FY 14/15 budgeted expenditures, projected indirect costs, along with FY 13/14 Revenue for Youth Athletics.

Category	FY 14/15 Budget
Direct Expenditures	$106,352
Indirect Expenditures*	
Maintenance	$27,965
Departmental	$10,837
Citywide	$8,742
Total Program Costs	**$155,622**
FY 13-14 Revenue	**$16,668**
Direct Costs Recovery	**16%**
Direct Cost Deficit	$(86,866)
Program Cost Recovery	**11%**
Program Cost Deficit	$(138,954)

The table on the previous page shows that if only direct costs are factored into the cost recovery analysis, overall youth athletics recovered approximately 16% of its cost in FY 14/15. However, if indirect costs such as departmental and citywide overhead are incorporated into the analysis, the Youth Athletics Program is recovering 11% of its total costs or suffering an annual deficit of $139,000.

12. YOUTH PROGRAMS

A variety of activities and programs are offered under the umbrella of Youth Programs such as summer camps, outdoor camps, and afterschool programs, and are offered year-round. The following chapter discusses the cost recovery analysis of youth programs, including per unit results for some of the programs and annual revenue impacts.

1. DETAILED RESULTS

Youth Programs collects fees for all of its activities. It is important to note that unlike many of the other programs and activities analyzed as part of this study, fees are charged per participant. Therefore, the cost calculated for these programs are directly based on participation and can vary from year to year. Results are presented on a fee-by-fee basis, only for annual programs that have fairly consistent participation.

(1.1) Summer Playground Fee Analysis

Currently, Summer Playground offers the following types of activities: Playground Program, Teen Leadership Program, Specialty Camps (LEAF, Champion Football, Intramural Sports, Comic Camp), and Therapeutic summer camps for youth and teens. The project team calculated the total cost by utilizing the total expenditures associated with Summer Playground and any applicable overhead costs. However, these cost calculations do not factor into the overhead associated with the recreation centers or the parks where these summer camps and associated activities are held. As such, the total cost for these activities is higher than what is indicated in the table. The following table details the current fee, total cost, and the associated surplus / deficit with each fee.

Program Title	Current Fee	Total Cost	Surplus / (Deficit)
Playground Program			
Resident	$40	$60	$(20)
Non-Resident	$50	$60	$(10)
Teen Leadership Summer Program			
Resident	$40	$50	$(10)
Non-Resident	$50	$50	$-
Specialty Camp - LEAF			
Resident	$40	$42	$(2)
Non-Resident	$50	$42	$8
Specialty Camp – Champions Football Camp			
Resident	$80	$47	$33
Non-Resident	$90	$47	$43
Specialty Camp – Intramural Fun			
Resident	$80	$40	$40
Non-Resident	$90	$40	$50
Specialty Camp – Comic Book Camp			
Resident	$20	$15	$5
Non-Resident	$20	$15	$5
Therapeutic Camp – Youth			
Resident	$40	$131	$(91)
Non-Resident	$50	$131	$(81)
Therapeutic Camp – Teen			
Resident	$40	$131	$(91)
Non-Resident	$50	$131	$(81)

The table above indicates that for the majority of the fees the surplus / deficit is fairly minimal. There are some exceptions such as the surplus associated with specialty camps for Champions Football and Intramural Fun. However, it is important to remember that not all of the cost associated with these camps may have been coded to the Summer Playground cost center and as such, the total cost per participant could be significantly higher and closer to the current fee. The most significant deficit is associated with Therapeutic Recreation activities. Overall, the average cost recovery on a per unit basis is 109% for Summer Playground activities.

(1.2) Vance Afterschool Programs Fee Analysis

The Vance Afterschool Program is the only North Carolina licensed afterschool and summer day care program offered by the Asheville Parks and Recreation Department. This afterschool program is held at Vance Elementary School and not one

of the Recreation Centers managed by Parks and Recreation. Lunch and afternoon snacks are provided for participants during the summer. The following table details the current fee, total cost, and the associated surplus / deficit with each fee.

Program Title	Current Fee	Total Cost	Surplus / (Deficit)
AFTERSCHOOL PROGRAMS			
Registration			
Single Child	$25	$25	$-
Family	$40	$43	$(3)
Weekly – Single Child			
Resident	$55	$58	$(3)
Non-Resident	$60	$58	$2
Weekly – Family			
Resident	$50	$58	$(8)
Non-Resident	$55	$58	$(3)
SUMMER DAY CAMP			
Registration			
Single Child	$25	$25	$-
Family	$40	$43	$(3)
Weekly – Single Child			
Resident	$105	$175	$(70)
Non-Resident	$115	$175	$(60)

As the table above shows there is minimum deficit associated with registration fees, and the afterschool weekly fees. However, there is significant under-recovery associated with the summer day camp weekly fees. On average the per unit cost recovery for Vance Afterschool Programs is 87%.

(1.2) Childcare Afterschool Fee Analysis

In addition to the licensed afterschool childcare provided at Vance Elementary School, the Parks and Recreation Department also offers afterschool care for children and teens at several of its recreation centers. Additionally, these recreation centers also provide special childcare for teacher workdays, spring break, and holiday camps. Due to these activities existing at individual recreation centers, the project team utilized an Activity Cost Proposal form to calculate the per participant cost for each of these activities. Currently, this cost calculation only includes expenditures associated with

staffing and applicable overhead costs. It does not include any supplies or materials costs pertinent to the activities or the overhead associated with the individual recreation centers. The following table details the current fee, total cost, and the associated surplus / deficit with each fee.

Program Title	Current Fee	Total Cost	Surplus / (Deficit)
Afternoon Adventures	$40	$37	$3
Teen Leadership	$10	$27	$(17)
Spring Break Camp	$40	$84	$(44)
Holiday Camp	$40	$126	$(84)

As the table above shows, there is a minimum surplus associated with afternoon adventures, but deficits associated with the remainder of childcare fees. Additionally, it is important to note the significant deficit without even including any of the supplies / material costs for these activities. On average the per unit cost recovery for these activities is 56% utilizing just the most basic of expenditures.

2. ANNUAL REVENUE IMPACTS

The pricing structure of the activities included in Youth Programs is unique in that there are not just discounts provided for City Residents, but also discounts for siblings and for children receiving free / reduced lunch at school.

The project team utilized the total estimated participation for each activity as the basis for calculating the full cost per participant for each activity. Typically, annual revenue impacts would be generated by multiplying current and total cost by the estimated number of participants; however, since the department does not track participation at each of the fee / discount levels, it becomes difficult to accurately project annual revenue for Youth Programs. Any revenue projections would inaccurately reflect the current and potential revenue that could be garnered for each of the programs. As

such, no annual revenue impacts are discussed for the activities included as part of Youth Programs.

3. COMPARATIVE ANALYSIS

As the per-unit results suggest there is varying under and over-recovery for the activities considered as part of the Youth Program. Due to the majority of these activities being location-based afterschool care and summer camps, a comparative analysis would not be feasible, as families and individuals would not choose to venture to neighboring towns and cities in order to join a summer camp or drop their child after school. Therefore, a market comparison other than providing an indication of the trend of current fees being charged by various other jurisdictions for this program does not provide any specific insight for these specific activities. The project team believes that it is in the best interest of the activities to be viewed in context of the City's costs and develop cost recovery policies based upon the Department's philosophy regarding these activities.

For the majority of these activities, it is not the per unit surplus or deficit that affects the cost recovery, but rather the participation levels of these programs. As such the Department should focus on developing programs that attract greater attendance such as licensed after school care services or premium types of specialty summer camps to attempt to achieve greater cost recovery.

4. YOUTH PROGRAMS COST RECOVERY ANALYSIS

To determine the full cost recovery of the various activities and programs included in Youth Programs, indirect costs related to citywide (IT, risk management, etc.) and departmental (administration, payroll, etc.) support were calculated. These

costs were applied to each of the programs to arrive at the full cost of providing these services. The following sections discuss program cost recovery analysis for each of the program areas discussed in the previous section, along with Outdoor programs.

(4.1) Summer Playground Program Cost Recovery Analysis

As the detailed results section indicated, there is currently a per unit surplus associated with Summer Playground activities. However, due to the inability of the project team to accurately project revenue, it is important to evaluate the program's expenditures in the context of actual revenue collected in the previous fiscal year. The following table shows the FY 14/15 budgeted expenditures, projected indirect costs, along with FY 13/14 Revenue for the Summer Playground program.

Category	FY 14/15 Budget
Direct Expenditures	$174,730
Indirect Expenditures*	
Maintenance	$47,195
Departmental	$23,484
Citywide	$14,363
Total Program Costs	**$259,771**
FY 13-14 Revenue	**$36,419**
Direct Costs Recovery	**21%**
Direct Cost Deficit	$(138,312)
Program Cost Recovery	**14%**
Program Cost Deficit	$(223,353)

The table above shows that if only direct costs are factored into the cost recovery analysis, summer playground recovered approximately 21% of its cost in FY 14/15. However, if indirect costs such as maintenance, departmental, and citywide overhead are incorporated into the analysis, the Summer Playground Program is recovering 14% of its total costs or suffering an annual deficit of $223,000. Utilizing this cost recovery information along with the per unit results suggest that while the program may be

charging appropriate fees for its residents and non-residents, due to the application of discounts for siblings and free / reduced lunch participants, there is significant under-recovery associated with the Summer Playground Program.

(4.2) Vance Afterschool Program Cost Recovery Analysis

There is currently a per unit deficit associated with Vance Afterschool activities. However, due to this program being the only licensed afterschool childcare offered by the City, there is great demand for this program. As such, this program cost recovery analysis illustrates the impact of participation upon cost recovery for Parks and Recreation programs / activities. The table following table shows the FY 14/15 budgeted expenditures, projected indirect costs, along with FY 13/14 Revenue for the Vance Afterschool program.

Category	FY 14/15 Budget
Direct Expenditures	$153,310
Indirect Expenditures*	
Departmental	$15,622
Citywide	$12,602
Total Program Costs	**$181,534**
FY 13-14 Revenue	**$164,255**
Direct Costs Recovery	**107%**
Direct Cost Surplus	$10,945
Program Cost Recovery	**90%**
Program Cost Deficit	$(17,280)

The table above shows that if only direct costs are factored into the cost recovery analysis, Vance Afterschool program recovered approximately 107% of its cost in FY 14/15. However, if indirect costs such as departmental and citywide overhead are incorporated into the analysis, the Vance Afterschool Program is recovering 90% of its total costs or suffering an annual deficit of $17,000. As discussed above, due to the

unique nature of this program, there is great demand and waiting lists for this activity. As such, even if there are per-unit deficits associated with the program, the large volume of participants ensures high cost recovery for this program.

(4.3) Outdoor Programs – Cost Recovery Analysis

The detailed and annual revenue results did not discuss any of the activities that are currently part of Outdoor Programs, as there is great variation on an annual basis for these programs. While certain activities might repeat, other new activities could be added. Additionally, due to the nature of these activities (i.e. camping, canoeing) there are extra supply and material costs that are sometimes provided by the Department or could be a requirement for the participant to purchase prior to the activity. Such variability in the activities, suggests that for these activities it might be beneficial to utilize an Activity Cost Proposal Form to generate the cost per participant. However, to provide an overall analysis for the program, the project team analyzed the current expenditures with the revenue collected in FY 13/14 for this program. The following table shows the FY 14/15 budgeted expenditures, projected indirect costs, along with FY 13/14 Revenue for Outdoor Programs.

Category	FY 14/15 Budget
Direct Expenditures	$118,842
Indirect Expenditures*	
Departmental	$15,972
Citywide	$9,769
Total Program Costs	**$144,583**
FY 13-14 Revenue	**$33,872**
Direct Costs Recovery	**29%**
Direct Cost Deficit	$(84,970)
Program Cost Recovery	**23%**
Program Cost Deficit	$(110,712)

The table on the previous page shows that if only direct costs are factored into the cost recovery analysis, Outdoor Programs recovered approximately 29% of its cost in FY 14/15. However, if indirect costs such as maintenance for outdoor parks, departmental, and citywide overhead are incorporated into the analysis, the Outdoors Program is recovering 23% of its total costs or suffering an annual deficit of $111,000. This suggests that either the Department needs to try and increase the number of participants for this program, or it needs to increase its current fees for these programs to achieve greater cost recovery.

13. COST PROPOSAL FORM

As part of this Cost of Services (User Fee) Study, the Matrix Consulting Group developed Cost Proposal Forms in order to help the Parks and Recreation Department calculate future program and activity costs. The primary purpose of these forms is to utilize total costs and projected revenue to develop a per participant cost. Based on this cost per participant, an appropriate program or activity fee can be determined based on a desired level of cost recovery. The following sections detail the use and major components of each of these forms.

1. PROGRAM COST PROPOSAL FORM

The Program Cost Proposal Form is ideal for calculating costs associated with various activities that are part of the same program. This form takes into account the total number of hours associated with all activities within a program and calculates a blended hourly rate. The following points discuss the key components of this form:

- **PROGRAM HOURS:** This section of the form outlines the total hours associated with the annual life of a program. For example, the Skate Park is open all year round, with varying hours depending upon time of year. Therefore its annual program hours are 2,076.

- **DIRECT COSTS:** This section of the form outlines all of the direct staffing, services, and supply costs associated with a program including utilities.

- **OVERHEAD:** This section of the form calculates indirect overhead costs associated with maintenance, departmental, and citywide overheads. Indirect cost rates associated with overhead are developed individually, and applied to direct program costs.

- **REVENUE OFFSETS:** This section of the form accounts for any revenue offsets associated with a program or activity (e.g. grants or donations).

  Taking the total direct and indirect costs, less any revenue offsets, and dividing it

by the overall annual program hours calculates a program hourly rate. Once an hourly rate has been determined, it can be applied to the anticipated hours associated with an activity, with participation levels then being used to project individual costs. After individual participant costs have been calculated, the Department will then need to determine what, if any, level of subsidy they want to provide for that service.

2. ACTIVITY COST PROPOSAL FORM

The Activity Cost Proposal Form is ideal for calculating costs associated with individual activities or events. This form calculates the total cost of an activity by identifying direct staff time and material costs. The following points discuss the key components of this form:

- **STAFF HOURS:** This section of the form outlines the total staff hours needed for a particular activity, including position type, number of staff, estimated staff hours, and hourly rates.
- **DIRECT COSTS:** This section of the form outlines the materials and supplies needed for a particular activity, such as art supplies, uniforms, trophies, etc.
- **CONTRACTED SERVICES:** This section of the form details costs associated with contracted instructors.
- **OVERHEAD:** This section of the form calculates indirect overhead costs associated with maintenance, departmental, and citywide overheads. Indirect cost rates associated with overhead are developed individually, and applied to direct activity costs.
- **REVENUE OFFSETS:** This section of the form accounts for any revenue offsets associated with a program or activity (e.g. grants or donations).

The combination of the above components results in the total cost of an activity. Once the total cost has been identified, projected participation levels can be used to develop a per participant cost. The Department will then need to determine what, if any, level of subsidy they want to provide for that service.

3. COST PROPOSAL FORM UTILIZATION

The Department can utilize the Cost Proposal Forms to determine the true cost of current and potential program and activity costs for service. Utilizing the Program Cost Proposal forms annual would allow the Department to see how increased costs, or changes in participation should / could affect fees and cost recovery. Likewise, using the Activity Cost Proposal forms provide the Department with a mechanism for calculating the potential costs associated with new activities or services.

The development of Cost Proposal Forms will allow the Department to better identify the total cost associated with programs and activities. This information, coupled with cost recovery policies, will provide the Department with the ability to project annual revenues, and highlight subsidies that need to be offset by other funding sources.

14. CONCLUSION

The City of Asheville engaged the Matrix Consulting Group to analyze the costs associated with providing Parks and Recreation services to those who live within and around its community. To calculate the total cost of each program's services, the Matrix Consulting Group employed both a widely accepted and defensible methodology, as well as the experience and input of City staff to complete the necessary data collection and discussion to complete the analysis. Departmental and City leaders can now use this information to make informed decisions and set its fees to meet the fiscal and policy goal objectives of both the Department and the City.

On average, the City is recovering roughly 30% of its *fee-related* program costs. While the Study will show an over-collection in some programs or certain fees (on a per unit basis), and an undercharge for others, overall, the City is providing an annual subsidy to fee payers for all services included in the analysis. However, much of this subsidy is due to intentional discounts provided by the Parks and Recreation Department to encourage participation in programs and activities.

The City should utilize the information in this study to inform and develop cost recovery policies not only for the Department as a whole, but also for individual programs. The benefit received by an individual as well as the community as a whole should factor into the level of subsidy provided. For example, setting cost recovery levels for the Tennis Center should be higher than those associated with the Skate Park, as the Tennis Center offers premium services not accessible elsewhere, and the Skate Park provides a safe place for the City's youth to skate.

The project team recommends that the City utilize the Program Proposal Forms developed during this study to help understand and project current and future program costs. Understanding the costs associated with providing programs and services will allow the Department to identify revenue gaps. Once revenue gaps have been identified, cost recovery policies and decisions can then be made in the context of impacts to the Department and City as a whole.