

Aerial view of Balboa Park



CITY OF SAN DIEGO

Final Report
Cost of Service Study Update

For the
Parks and Recreation Department

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TABLE OF CONTENTS

EXECUTIVE SUMMARY	3
Outcomes.....	3
Report Format.....	5
SECTION 1 – INTRODUCTION AND FUNDAMENTALS.....	6
1.1 Impact of Proposition 26 on Recreation Fees.....	6
1.2 Methods of Analysis.....	7
1.2.1 Cost of Service Analysis.....	7
1.2.2 Cost Recovery Evaluation.....	9
1.2.3 Fee Establishment.....	10
1.3 Data Sources	11
SECTION 2 – ATHLETICS AND AQUATICS.....	13
2.1 Youth and Adult Leagues	13
2.2 Aquatics Programs	15
2.3 Athletic Facilities	17
2.4 Fee Establishment.....	18
SECTION 3 – BALBOA PARK FACILITIES	20
3.1 Cost of Service Analysis.....	20
3.2 Cost of Service Analysis – Facility Rentals.....	22
3.3 Fee Establishment.....	22
SECTION 4 – BUILDING USE FEES FOR RECREATION CENTERS.....	23
SECTION 5 – BEACHES AND BAY.....	24
5.1 Cost of Service Analysis – Beaches & Bay	24
5.2 Cost of Service Analysis – Mooring & Beach Bar	25
5.3 Fee Establishment.....	26
SECTION 6 – CAMPS	27
6.1 Cost of Service Analysis – Campground Rental Fees	27
6.2 Fee Establishment.....	27
SECTION 7 – OTHER MISCELLANEOUS FEES	29

7.1 Cost of Service Analysis.....	30
7.2 Cost of Service Analysis – Facility Use Fees	32
7.3 Fee Establishment.....	32
SECTION 8 – MOUNT HOPE CEMETERY	33
8.1 Cost of Service Analysis – Lots and Burial Materials.....	33
8.2 Cost of Service Analysis – Burial Services	33
8.3 Fee Establishment.....	36
SECTION 9 – CONCLUSION	37

EXECUTIVE SUMMARY

In 2015, NBS completed a Cost of Service Study (Study) for the City of San Diego’s Parks and Recreation Department (Department). The Study estimated the full cost of services eligible for recovery from fees and assisted in translating those costs into individual fee amounts across the Department’s various programs and services. This report provides an update of the assumptions and cost information from the 2015 Study and presents associated findings.

It is generally accepted in California that cities are granted the authority to impose user fees for services and activities they provide through provisions of the State Constitution. First, cities are granted the ability to perform broad activities related to their local policing power and other service authority as defined in Article XI, Sections 7 and 9. Second, cities are granted the ability to establish fees for service through the framework defined in Article XIII C, Section 1. Under this latter framework, a fee may not exceed the estimated reasonable cost of providing the service or performing the activity.

The chief purpose in conducting this Study was to evaluate whether existing fees are calibrated to the current costs of service and to provide an opportunity for the City Council to optimize its revenue sources, provided that any increased cost recovery from user fees would not conflict with broader City goals and values.

Outcomes

The Department provides a myriad of recreational programs and opportunities. The Study examined fees charged for the following types of services:

- ▮ **Athletic Programs:** Including youth and adult league registrations, and aquatics
- ▮ **Balboa Park:** Including permitted uses of the park grounds, as well as facility rentals
- ▮ **Beaches & Bays:** Including long term boat beaching, mooring permits, and volleyball league reservations
- ▮ **Camps:** Including campground rental fees
- ▮ **Other Miscellaneous Fees:** Including dance instruction, use of park grounds for events, etc.
- ▮ **Mount Hope Cemetery:** Including all aspects of fees for service for this City owned site

Dance and Aquatics which were included in the 2015 study are the only recreation class programs included in this evaluation. The 2018 transition of Recreation Council programs to the City resulted in the transfer of 1,600 recreational programs increasing the number of programs offered by the City to 3,100 programs. The scope of this study excluded these fees due to on-going changes in Department programs, policies, and procedures related to the additional programs.

Section 1.1 of this Report discusses specific impacts of Proposition 26; the most recent State legislation on local government fees and charges. Accordingly, this Study segregates the Department’s fees into two broad categories, fees for products and services provided, and fees for entrance to or use of government property. Fees for products and services provided by the Department are limited to the “estimated and

reasonable cost of providing services”; while fees pertaining to entrance to or use of government property (such as facility rentals, field use, pool admission, etc.) have no such limitation.

In NBS’ 2015 Cost of service Study, all Department fees for products and services (with the exception of former recreation council programs) were supported by a cost analysis, while all fees for entrance to or use of government property were supported by a regional survey of similar fees and charges. The focus of this update was on the cost analysis for Department fees that require a cost of service basis. NBS did not update the survey information related to fees for entrance to or use of government property.

For products and services fees, also termed as “user fees” throughout this report, NBS’ cost of service analysis identified approximately \$3.2 million in current fee revenue, and approximately \$5.7 million in unrecovered costs pertaining to user fees examined as part of this Study.

The table below provides a breakdown of the Study’s results by program area studied:

TABLE 1 – SUMMARY OF RESULTS

Fee / Activity Name	Current Cost Recovery %	Annual Revenue at Current Fee Amount	Annual Revenue at 100% Cost Recovery
Athletic	18%	\$ 559,058	\$ 3,125,136
Aquatics	19%	\$ 621,800	\$ 3,299,900
Balboa Park	91%	\$ 2,381	\$ 2,624
Beaches & Bays	90%	\$ 12,683	\$ 14,138
Camps	42%	\$ 84,000	\$ 202,000
Other	81%	\$ 1,484,687	\$ 1,835,613
Mount Hope	100%	\$ 389,616	\$ 389,761
	36%	\$ 3,154,225	\$ 8,869,171

Overall, the City is recovering approximately 36% of the costs of providing the user fee services studied. In NBS’ experience, a less than 100% cost recovery outcome is typical for recreation user fees; especially for programs offered to seniors and youth.

Though fees charged by the Department for entrance to or use of government property are excluded from the summary tables above, a discussion of costs and existing revenues for fees is not completely excluded from the body of this report. Cost recovery evaluation is provided where data was readily available to evaluate whether fees are recovering the City’s costs of providing services,

NBS’ role is to present the results of the analysis, which encompasses current cost recovery performance. The Department’s staff report will provide initial recommendations for any proposed changes to fee amounts for the Council’s consideration.

Report Format

This report documents the analytical methods and data sources used throughout the Study and presents outcomes regarding current levels of cost recovery achieved from user fees.

- ñ **Section 1** of the report outlines the foundation of the Study and general approach.
- ñ **Sections 2 through 8** discuss the results of NBS' analysis segmented by category of fee and/or program and provide implementation options and recommendations
- ñ **Section 9** provides the grand scope conclusions of the analysis provided in the preceding sections.

SECTION 1 – INTRODUCTION AND FUNDAMENTALS

This section of the Report discusses Proposition 26, the most recent State legislation on local government fees and charges, and its impacts on recreation fees and facility rental fees. This section also describes the methods of analysis applied in generating the outcomes presented.

1.1 Impact of Proposition 26 on Recreation Fees

In November 2010, nearly 53% of the electorate affirmed Proposition 26 (P26), which amended the California Constitution to create new law. P26 mandates a 2/3 approval by registered voters before a public agency may impose any revenue measure, with seven stated exceptions. Most fees studied by NBS fall under one or more of P26’s seven stated exceptions or its two implied exceptions — for fees paid voluntarily and not because they are “imposed” and fees which do not fund government. This means existing law and authority of elected officials to approve such fees apply. A local legislative body may approve the fees based on a majority vote of its governing body alone, so long as the fee does not exceed the estimated reasonable cost of providing the service for which the fee is charged and bears a fair or reasonable relationship to a payor’s burdens on or benefits from the regulatory program.

Recreation fees and facility rental fees, however, require further discussion. Under P26, recreation fees typically fall under one of these two P26 exceptions to its definition of “tax”:

- **Exception No. 2: Section 1 (e)(2) Exception for Fees for Services and Products Provided** – this category includes fees imposed for a service, like lessons, transportation, child care, etc. The fee for services exception requires that such fees be limited to “the estimated costs to the local government of providing the service.”
- **Exception No. 4: Section 1 (e)(4) Exception for Fees for Use of Government Property** – this category includes fees imposed for services such as admission to parks, rental of government property (recreational equipment) and for rental of fields and meeting rooms. The language of this exception does not include the “reasonable costs” limitation. However, a general law city is subject to the constraint on the amount of a fee charged under either category imposed by Government Code section 50402¹.

In NBS’ opinion, the types of fees included in this Study are not subject to Proposition 26, which means existing law and approval thresholds apply. The City Council may approve the fees based on a majority vote of the body alone. For user fee services covered in the first bullet point above, the fee may not exceed the “cost of providing the service”; fee services covered in the second bullet point are considered market sensitive and for San Diego, as a Charter City, are not necessarily governed by the reasonable cost requirement.

¹ California Code, Government Code - GOV § 50402 (a) - A city, county, or city and county owning property or leasing property which is devoted to park, amusement, or recreational purposes may make a charge for use or services provided therein in the amount as may be provided by resolution by the governing body.

Many legal opinions and interpretive guides have been published to date on Proposition 26 by prominent local government professionals and professional organizations, such as the League of California Cities. NBS relies on the League’s “*Proposition 26 and 218 Implementation Guide*”, April 2011 and May 2019, for further interpretation of current issues and applications of the Proposition. NBS’ professional opinion on Proposition 26 is provided for informational purposes, and as background to support this Study’s results. NBS does not intend this interpretation of the law as a definitive legal opinion, and recommends each agency consult with their legal counsel for additional support in this area.

1.2 Methods of Analysis

The following three phases of analysis are completed for every NBS Fee Study:

- 1) Cost of Service Analysis
- 2) Cost Recovery Evaluation
- 3) Fee Establishment

1.2.1 Cost of Service Analysis

A Cost of Service Analysis is a quantitative effort that compiles the full cost of providing governmental services and activities. In general, NBS’ methodology identifies the full cost of service eligible for recovery from fees and translates those costs into a fee structure for various recreation programs and/or services. Determination of the full cost of service is an analytical exercise combining City expenditure and organizational information with time-tracking data, time estimates, industry standards, and participation or quantity of customer information.

The approach to the Cost of Service Analysis is summarized as follows:

Step 1: Organizational and Annual Service Time Analysis

Because all services under review in the Cost of Service Study require specific actions on the part of City staff to provide the service or conduct the activity, understanding labor efforts attributable to various programs provides the foundation upon which cost calculations are subsequently determined.

To best understand City staff efforts involved in providing various programs and services, NBS first quantified the number of City staff hours available to perform those services. The number of hours was derived from a complete listing of all personnel employed by the Department. Each Department employee was assigned a full-time equivalent factor. For example, an employee working full-time would have a factor of 1.0; an employee working exactly half-time would have a factor of 0.5. A full-time employee is paid for roughly 2,080 hours per year of regular time. Using this as an initial benchmark of labor time, each employee’s full-time equivalent factor was applied to this number of hours to generate the total number of regular paid hours available.

Next, each employee’s annual paid leave hours were approximated. Paid leave included holidays, vacation, sick leave, and any other regular leave indicated in personnel data. Once quantified for the

entire Department, annual paid leave hours were removed from the total number of regular paid hours to generate the total number of available labor hours in each division/program. These available hours represent the amount of productive time during which services and activities can be performed.

NBS required the development of annualized staff time estimates across all programs provided by the Department. In general, the Department does not systematically track activity service time at a level of detail that could be used to provide estimated time required to perform an individual request for service. Consequently, interviews and questionnaires were used to develop the necessary data sets describing estimated labor time at the program level. In most cases, divisions were asked to estimate the average amount of time per year it takes to staff various programs and services. Every attempt was made to ensure that each division having a direct role in the provision of each service or activity provided a time estimate.

It should be noted that the development of these time estimates was not a one-step process: estimates received were carefully reviewed by both consultant and Department management to assess the reasonableness of such estimates. Based on this review, estimates were reconsidered until all parties were comfortable that they reasonably reflected average annual workload for the Department.

Step 2: Time Valuation

Once finalized, the staff time estimates were utilized as an allocation basis for various types of Departmental costs. A Time Valuation exercise identified the total estimated and reasonable costs of providing each program. There were two primary types of costs considered: direct and indirect costs.

- **Direct costs** are those that specifically relate to the activity in question, including the real-time provision of the service.
- **Indirect costs** are those that support the provision of services but cannot be directly or easily assigned to the activity in question.

An example of a direct cost is the salary and benefit expense associated with an individual performing a service. In the same example, an indirect cost would include the expenses incurred to provide an office and equipment for that individual to perform his or her duties, including (but not exclusive to) the provision of the service in question.

Direct and indirect costs are further broken down into components of the full cost of service, described as follows:

- **Labor costs** – These are the salary/wage and benefits expenses for City personnel specifically involved in the provision of services and activities to the public.
- **Indirect labor costs** – These are the salary/wage and benefits expenses for City personnel supporting the provision of services and activities. This can include line supervision and departmental management, administrative support within a department, and staff involved in technical activities related to the direct services provided to the public.

- N **Specific direct non-labor costs** – These are discrete expenses incurred by the City due to a specific service or activity performed, such as contractor costs, third-party charges, and very specific materials used in the service or activity. (In most fee types, this component is not used, as it is very difficult to directly assign most non-labor costs at the activity level.)
- N **Allocated indirect non-labor costs** – These are expenses other than labor for the departments involved in the provision of services. In most cases, these costs are allocated across all services provided by a department, rather than directly assigned to an individual program or fee category.
- N **Allocated indirect organization-wide overhead** – These are expenses, both labor and non-labor, related to the City’s support services. Support services typically include services provided by departments such as the City Manager, City Clerk, City Attorney, Human Resources, Finance, Information Technology departments, as well as cost burdens for building and equipment use and maintenance. These support services departments provide functions to the direct providers of public service, such as the Park and Recreation Department. The amount of costs attributable to each division or function included in this Study were developed through a separate Cost Allocation Plan, which is maintained annually by the City’s Finance Department.

All cost components in this Time Valuation analysis were expressed using annual (or annualized) figures, representing a twelve-month cycle of expenses incurred by the Department in the provision of services and activities.

As described above, the Study performed by NBS first analyzed the annual estimated cost of providing services at each “program” level. Then the results of the Time Valuation analysis throughout this Report are expressed at the “program” level, average “participant” level, and fully burdened cost per hour, where applicable.

1.2.2 Cost Recovery Evaluation

The outcomes of the Cost of Service Analysis establish the estimated and reasonable maximum cost recovery amount at which NBS supports implementing fees for service. Current levels of cost recovery from existing fee revenues were stated by comparing the existing fee revenue for each service or activity to the average full cost of service quantified through this analysis. Cost recovery was expressed as a percentage of the full cost. A cost recovery rate of 0% means no costs are recovered from fee revenues. A rate of 100% means that the full cost of service is recovered by fees for services. A rate between 0% and 100% indicated partial recovery of the full cost of service through fees. A rate greater than 100% means that the fees exceeded the full cost of service. User fees examined in this Cost of Service Study should not exceed the full cost of providing the service. In other words, the cost recovery rate achieved by a fee should not be greater than 100%.

1.2.3 Fee Establishment

Applying the Cost of Service Analysis and Cost Recovery Evaluation outcomes toward individual fee for service amounts can be approached in a variety of ways.

One approach is to consider the cost recovery evaluation results provided for each individual fee item and increase, lower, or leave “as is” each fee amount according to local policy goals and objectives.

As an alternative, the Department and Council may want to consider the overall cost recovery percentage for each program, and adopt a percentage of increase (or decrease, if warranted) to fee amounts “across the board”.

As discussed in Section 1.1, fees for entrance to or use of government property, such as general pool admission, and field, equipment, and building rental, fall under guidelines of the California Constitution that do not require a cost of service basis for setting fee amounts. The City can perform a comparison survey as a general benchmark for the municipal “market” in adjusting these types of fees. Or, a percentage increase as discussed above is also acceptable.

Cost Recovery Policy Considerations

Many recreational programs are considered by both elected officials and residents as a service beneficial to the community that should remain affordable. If services become unaffordable, participants may seek services elsewhere, or discontinue use of services completely. A general means of selecting an appropriate cost recovery target is to consider the public and private benefits of the service or activity in question. To what degree does the public at large benefit from the service? To what degree does the individual or entity requesting, requiring, or causing the service benefit? When a service or activity completely benefits the public at large, it can be argued reasonably that there should be no cost recovery from fees (i.e., 0% cost recovery): that a truly public-benefit service is best funded by the general resources of the City, such as General Fund revenues (e.g., taxes). Conversely, when a service or activity completely benefits an individual or entity, it can be argued reasonably that 100% of the cost should be recovered from fees collected from the individual or entity.

Under this approach, it is often found that many governmental services and activities fall somewhere between these two extremes, which is to say that most activities have a mixed benefit. In the majority of those cases, the initial cost recovery level targeted may attempt to reflect that mixed public and private benefit. For example, an activity that seems to have a 40% private benefit and a 60% public benefit would yield a cost recovery target from fees of 40%.

In some cases, a strict public-versus-private benefit judgment may not be sufficient to finalize a cost recovery target. Any of the following other factors and considerations may influence exclusively or supplement the public/private benefit of a service or activity:

- If optimizing revenue potential is an overriding goal, is it feasible to recover the full cost of service?

- Will increasing fees result in non-compliance or public safety problems?
- Are there desired behaviors or modifications to behaviors of the service population that could be helped or hindered through the degree of pricing for the activities?
- Could fee increases adversely affect City goals, priorities, or values?

For specific subsets of fees, even more specific questions may influence ultimate cost recovery targets:

- Does current demand for services support a fee increase without adverse impact to the citizenry served or current revenue levels? (In other words, would fee increases have the unintended consequence of driving away the population served?)
- Is there a good policy basis for differentiating between type of users (e.g., residents and non-residents, non-profit entities and business entities)?²
- Are there broader City objectives that inform a less than full cost recovery target from fees, such as economic development goals and local social values?

NBS provided the full cost of service information and the framework for considering fees, while those closest to the fee-paying population – the Park and Recreation Department – have considered appropriate cost recovery levels at or below that full cost. At the time actual fee amounts are proposed for adoption, the Department’s staff report will include a Master Fee Schedule document, which incorporates recommendations contained within this report as well as the review and input provided by Department staff.

1.3 Data Sources

The following data sources were used to support this Study:

- The City of San Diego’s Adopted Budget for Fiscal Year 2018-19.
- A complete listing of Department personnel, salary/wage rates, benefits and leave amounts.
- Correspondence with Department staff supporting adopted budgets and current fees.
- Prevailing Master Fee Schedule for the Department.
- Annual workload / participant data from the prior fiscal year provided by the Department.

The City’s adopted budget is the most significant source of information affecting cost of service results. It should be noted that consultants did not conduct separate efforts to audit or validate the City’s financial management and budget practices, nor was cost information adjusted to reflect different levels of service or any specific, targeted performance benchmarks. This Study has accepted the City’s budget as a legislatively adopted directive describing the most appropriate and reasonable level of City spending.

² NBS agrees with the current League of California Cities opinion that it is not the intent of the Proposition to limit an agency from charging discounted fees or no fees at all to a specific user group. Rather, if a subsidy is provided to a specific user group, the cost of the subsidy provided should come from an alternate revenue source from the body of fee payers that are charged a higher fee amount.

Beyond data published by the City, original data sets were also developed to support the work of this Study: primarily, estimated staff time at various levels of detail. To develop these data sets, consultants prepared questionnaires and conducted meetings and interviews with individual divisions. Staff provided estimates of average time spent providing a service or activity corresponding with an existing or new program. Consultants and departmental management reviewed and questioned responses to ensure the best possible set of estimates.

SECTION 2 – ATHLETICS AND AQUATICS

The Department offers a wide variety of athletic programs serving the San Diego area’s youth and adults. This Study evaluated the cost of providing the following services:

- **Youth and Adult Leagues:** The Department facilitates various types of seasonal outdoor and indoor sports league play. Each team undergoes a seasonal application process whereby Department staff interact with various team representatives to coordinate the athletic season and schedule the use of fields for practice and games held during the various seasons.
- **Aquatics Programs:** The Department operates multiple pool facilities for the public’s use. The Department also offers swimming lessons, specialized swim instruction, water fitness classes, youth water polo activities, and American Red Cross courses.
- **Athletic Facilities:** Sports leagues utilize City-owned facilities and joint use agreement sites for seasonal play. The City currently charges a field and/or court use fee to assist in recovery of costs associated with operating and maintaining these facilities. Additionally, the City charges admission fees to various pools for recreational swim, as well as fees for rental of pool facilities and skate parks.

The expenses of operating the City’s athletic programs and facilities are primarily funded by resources from the City’s General Fund. However, fees collected for the various programs and specific uses of public spaces represent an additional source of funding to help cover costs and sustain – if not improve – the level of service provided by the City.

2.1 Youth and Adult Leagues

League season reservation fees are charged per youth or adult athletic team, for both indoor and outdoor sports. Reservation services are primarily provided by staff assigned to the Community Parks I and II Divisions. NBS gathered data regarding the amount of staff time per year spent on adult and youth league reservation activities and used that information as a primary driver in determining the total City-wide costs of providing these services.

NBS then evaluated the annual cost recovery level for these fees by matching the estimated current annual revenues collected, to the total annual program costs established through this Study. Derivation of annual current fee revenues relied first upon the City’s financial reports from the most recent year. Where the level of detail by program or activity was not available in these reports, NBS projected revenue by multiplying the City’s current fee amount by the estimated number of individual fees charged.

The table below summarizes results of the cost recovery analysis for youth and adult league reservation services:

TABLE 2 – COST OF SERVICE ANALYSIS FOR ATHLETIC PROGRAMS

Program / Service	Total Annual Cost of Providing Services	Annual Staff Hours	Blended Total Activity Cost per Hour	Current Fees - Annual Revenue	Existing Cost Recovery %
Youth Leagues	\$ 2,069,563	28,954	\$ 71	\$ 243,452	12%
Adult Leagues	\$ 1,057,456	15,329	\$ 69	\$ 315,606	30%
Total League Reservation Services	\$ 3,127,019	44,283		\$ 559,058	18%

As shown, the City currently recovers approximately 18% of the total cost of providing seasonal league reservation services. Youth league reservation fees recover 12% of their total cost, on average; adult league reservations, 30%. It should be noted that costs associated with field, court, and facility maintenance were specifically excluded from these results, to ensure no double counting of costs between the establishment of a season reservation fee, versus a field or court facility use fee.

Next, NBS determined the estimated cost of providing services on a “per unit of service” basis. The following table displays the results of that analysis for youth league services:

TABLE 3 – YOUTH LEAGUE FEES ANALYSIS

Fee / Activity Name	Unit of Charge	Estimated Teams/Volume of Activity	Estimated Time Per Activity (hours)	Estimated Cost per Activity	Average Current Fee Amount	Cost Recovery %
1 Youth - League Season Reservation Fee	Per Team, per Season	11,066	1.4	\$ 100	\$ 22	22%
2 Youth - Tournaments or Special Use Reservation Fee	Per Request	13,511	1.0	\$ 71	no current fee	0%
Total		24,577				12%

The City currently charges \$22 per team, per season, for non-profit youth league season reservations. The purpose of this fee is to recover for the cost of coordinating and facilitating league play in the 26-week season. The same fee applies per team, regardless of whether the sports season occurs on an athletic field, outdoor court, or indoor gymnasium or auditorium facility. The City also waives this fee for preferential users with special agreements (joint use sites), as well as Department-run programs. As shown, the total cost of providing this service to each team, on average, is \$100. The City’s current fee for this service recovers approximately 22% of its total cost.

The second fee item in the table above reflects the effort required to respond to specific athletic facility reservation requests for games, practices, clinics, sports classes and camps, commercial activities, for-profit leagues, and tournaments. The Department receives more than 13,500 requests for this service, on average, per year. While Department staff spend an estimated one-hour per request, the City does not

currently charge a fee for processing these requests, and thus does not recover the costs of providing these services in the form of a user fee.

The following table displays the cost of providing services on a “per unit of service” basis for adult league services:

TABLE 4 – ADULT LEAGUE FEES ANALYSIS

Fee / Activity Name	Unit of Charge	Estimated Teams/Volume of Activity	Estimated Time Per Activity (hours)	Estimated Cost per Activity	Average Current Fee Amount	Cost Recovery %
1 Adult - League Season Team Reservation Fee	Per Team, per Season	3,254	3.9	\$ 270	\$ 97	36%
2 Adult Play - Tournaments or Special Use Reservation Fee	Per Request	2,604	1.0	\$ 69	no current fee	0%
Total		5,858				30%

As shown, the total cost of providing league coordination services to each team, on average, is \$270. The City’s current fee for this service recovers approximately 36% of its costs.

The second fee item in the table reflects the effort required to respond to specific athletic facility reservation requests for games, practices, and tournaments. The Department receives more than 2,600 requests for this service, on average, per year. While Department staff spend an estimated one-hour per request, the City does not currently charge a fee for processing these requests. The City does, however, charge a fee for athletic facility use, discussed further in subsequent sections below.

2.2 Aquatics Programs

The City’s aquatics program charges various user fees for swimming lessons, specialized swim instruction, water fitness classes, youth water polo activities, and American Red Cross courses. Aquatics programs are primarily provided by staff assigned to the Community Parks II Division, with pool maintenance activities provided by the Developed Regional Parks Division. NBS gathered data regarding the amount of staff time per year spent on aquatics related activities and used that information as a primary driver in determining the total City-wide costs of providing these services.

NBS evaluated the annual cost recovery level for these fees by matching current annual revenues collected, to the total annual program costs established through this Study. Derivation of annual current fee revenues relied first upon the City’s financial reports from the most recent year; where the level of detail by program or activity was not available in these reports, NBS projected revenue with the City’s current fee amount multiplied by the number of individual fees charged.

The table below summarizes results of the cost recovery analysis for aquatics programs:

TABLE 5 – COST OF SERVICE ANALYSIS FOR AQUATICS PROGRAMS

Program / Service	Total Annual Cost of Providing Services	Annual Staff Hours	Blended Total Activity Cost per Hour	Current Fees - Annual Revenue	Existing Cost Recovery %
Swim Lessons - Large Groups	\$ 1,171,425	14,253	\$ 82	\$ 155,770	13%
Swim Lessons - Small Groups	\$ 183,544	2,284	\$ 80	\$ 53,744	29%
Swim Lessons - Semi Private	\$ 50,807	774	\$ 66	\$ 1,268	2%
Swim Lessons - Private	\$ 177,080	2,612	\$ 68	\$ 158,375	89%
Water Fitness	\$ 622,821	7,034	\$ 89	\$ 68,516	11%
Youth Swim and Water Polo	\$ 1,051,602	12,565	\$ 84	\$ 167,963	16%
American Red Cross	\$ 47,611	504	\$ 94	\$ 16,165	34%
Total Aquatics Programs	\$ 3,304,888	40,027		\$ 621,800	19%

The City currently recovers approximately 19% of the total cost of providing aquatics programs for which a user fee is charged.

The following table displays the results of the Cost of Service Analysis for aquatics programs on a “per unit of service” basis for swimming lessons, specialized swim instruction, water fitness classes, youth water polo activities, and American Red Cross courses.

TABLE 6 – AQUATICS FEES ANALYSIS

Fee / Activity Name		Unit of Charge	Estimated Participants / Volume of Activity	Estimated Time Per Activity (hours)	Estimated Cost per Activity	Average Current Fee Amount	Cost Recovery %
1 Swimming Lessons							
	Large Group (6+ participants)	Per session / Per participant	4,312	3.3	\$ 272	\$ 54	20%
	Small Group (3-5 participants)	Per session / Per participant	708	3.2	\$ 259	\$ 81	31%
	Semi-Private (2 participants)	Per session / Per participant	8	92.1	\$ 6,048	\$ 151	2%
	Private (1 participant)	Per session / Per participant	875	3.0	\$ 202	\$ 181	89%
2	Water Fitness Classes	Per 1 hour class / per participant	19,576	0.36	\$ 32	\$ 3.50	11%
3	Youth Swim and Youth Water Polo Teams	Per hour / Per participant	37,325	0.34	\$ 28	\$ 4.50	16%
4	American Red Cross Courses						
	Lifeguard Training	Per class / Per participant	64	5.7	\$ 303	\$ 190	63%
	Water Safety Instructor		7	5.7	\$ 2,767	\$ 155	6%
	Emergency Medical Response		13	5.7	\$ 341	\$ 200	59%
	First Aid for Public Safety Personnel (Title 22)		4	5.7	\$ 555	\$ 80	14%
	CPR for the Professional		0	n/a	n/a	\$ 40	n/a
5	Other Specialized Instruction	Per event / Per participant	n/a	varies	n/a	Actual Cost	n/a
		Total	62,892				19%

Most aquatics programs fees for service recover between approximately 11% and 89% of the total costs of providing services; all program fees as a whole recover approximately 19%. This is a typical outcome for aquatics programs in recreation departments across the State.

2.3 Athletic Facilities

Field and court use fees are currently charged separately from the league season reservation fee for youth leagues, as are lighting charges for both youth and adult leagues. Additionally, general admission fees to the pool are charged for participation in open or recreational swim times. The City also charges fees for private pool rentals and skate park rentals. These fees are for entrance to or use of government property and are therefore not subject to the same reasonable cost of providing services limitation

required for user fees. However, NBS was able to determine the estimated total annual costs of operating and maintaining several athletic facilities:

TABLE 7 – COST OF SERVICE ANALYSIS FOR ATHLETIC AND AQUATIC FACILITIES

Facility Type	Total Annual Cost of Providing Services	Current Fees - Annual Revenue	Existing Cost Recovery %
Athletic Fields Maintenance	\$ 8,243,906	\$ 580,767	7%
Outdoor Courts Maintenance	\$ 2,252,212	\$ 31,900	1%
Athletic Gym Maintenance	\$ 2,286,807	\$ 364,693	16%
Skate Park Operations	\$ 412,447	\$ 1,150	0.3%
Pool Facilities - General Admission	\$ 2,005,242	\$ 125,104	6%
Pool Rental Services	\$ 686,798	\$ 314,675	46%
Total Athletic Facilities	\$ 15,887,412	\$ 1,418,289	9%

The estimated total cost to the City of maintaining athletic and aquatic facilities is approximately \$16 million per year. The City currently recovers approximately 9% of the total cost of athletic and aquatic facilities through field use, court use, admission, or other rental fees.

NBS was also able to estimate the total cost “per swim” for swimming facility admission:

TABLE 8 – SWIM FACILITY ADMISSION FEE ANALYSIS

Fee / Activity Name	Unit of Charge	Estimated Participants / Volume of Activity	Estimated Time Per Activity (hours)	Estimated Cost per Activity	Average Current Fee Amount	Cost Recovery %
1 Swimming Facility Admission (swim pass)	Per Swim	42,781	0.6	\$ 48	\$ 2.92	6%
Total		42,781				6%

The City’s current fee structure for swimming facility admission includes a multi-tiered pricing structure that charges lower fees per swim for children and seniors than adults, as well as discounted swim passes for 10 and 30 swim packages. The Average Current Fee Amount per swim shown in the table above is indicative of the average amount collected across all categories of pool customers, and the Estimated Cost per Activity is indicative of the average amount of City cost incurred to provide pool services to each customer. On average, the City recovers 6% of the cost of a single swim for each pool customer.

2.4 Fee Establishment

There are several unique attributes regarding recreation services fees that influence how best to use the results of this analysis toward updating individual fee amounts for league team, aquatics program, and facility use fees. As discussed in section 1.2.3 of this report, the Department may wish to recommend

updated individual fee amounts for each program area, not to exceed 100% of the cost of each service. As an alternative, an overall percentage increase to all fees or fees for individual programs may be deemed as a more appropriate approach. Setting individual fee amounts for use of athletic facilities can rely primarily on a comparative survey of available options for similar facilities or services.

It is uncommon for recreation programs, especially those for youth, to recover 100% of the costs of providing services. Youth and senior programs are generally seen by both elected and residents as a service beneficial to the community that should remain affordable. Adult program fees would typically recover closer to 100% of costs.

NBS provides the full cost of service information and the framework for considering fees, while those closest to the fee-paying population, Department staff and City Council, can utilize this information to recommend and adopt fees at appropriate cost recovery levels equal to or below the full cost calculation. The Department's staff report should provide any initially recommended changes to fees for Athletic and Aquatic programs for the Council's consideration.

SECTION 3 – BALBOA PARK FACILITIES

The City’s Balboa Park site offers a variety of facilities available for rental by the public:

- Balboa Park Activity Center
- Balboa Park Club
- Casa Del Prado
- Municipal Gymnasium
- Recital Hall
- Spreckles Organ Pavilion
- War Memorial Building

Fees charged for rental of these facilities can be classified as entrance to or use of government property and are therefore not subject to the same reasonable cost of providing services limitation required for user fees³.

In addition to facility rentals, there are a handful of routine permitting and regulation fees charged for permitting of Pedi-cab operators, unattended exhibit displays, and Art Mart exhibitors.

3.1 Cost of Service Analysis

The Department charges several user fees including Pedi-cab, Unattended Exhibit Display, and Art Mart exhibitor permitting services. These permitting processes and fees apply to Balboa Park only and are performed by Developed Regional Parks Division staff. The following bullet points define the purpose of each of these fees:

- **Pedi-Cab Permit:** recover the City’s costs of permitting each of up to five (5) Pedi-cab operators on a monthly basis.
- **Unattended Exhibit Display:** recover the City’s costs of permitting temporary exhibits and displays on park property outside of existing leasehold spaces.
- **Art Mart Exhibitor:** recover the City’s costs of permitting exhibitors to display and sell art twice per month. Permits are reviewed and issued once per year in January.

NBS gathered data regarding the amount of staff time spent per permit for these services and applied the appropriate fully burdened rates toward establishing the cost of providing each service. The table on the following page displays the results of this cost analysis for each permit type.

- **Pedi-Cab Permit:** the City currently charges \$43 per monthly Pedi-Cab permit, per permitted operator; and \$43 per day for a one-time special event permit. The total cost of providing this service, on average, is \$46 for each service. The City’s current fees for a monthly permit and a special event permit recovers approximately 93% of its total cost.

³ See section 1.1 for more detail on this topic.

- N **Unattended Exhibit Display:** the City currently charges \$22 per permit. The total cost of providing this service, on average, is \$24. The City’s Current fee for this service recovers approximately 90% of its total cost.
- N **Art Mart Exhibitor:** the City currently charges \$15 per exhibitor, per year. The total cost of providing this service, on average, is \$16. The City’s Current fee for this service recovers approximately 92% of its total cost.

TABLE 9 – BALBOA PARK FEES ANALYSIS

Fee / Activity Name	Unit of Charge	Estimated Participants / Volume of Activity	Estimated Time Per Activity (hours)	Estimated Cost per Activity	Average Current Fee Amount	Cost Recovery %	
1	Pedi-Cab permit						
	Monthly Operation	per month	1	0.50	\$ 46	\$ 43	93%
	Special Event Permit	per day	-	0.50	\$ 46	\$ 43	93%
2	Unattended Exhibit Displays	Per Permit	79	0.25	\$ 24	\$ 22	90%
3	Art Mart	Annual per Exhibitor	40	0.17	\$ 16	\$ 15	92%
	Total		120				91%

NBS then evaluated the annual cost recovery level for these fees by matching current annual revenues collected, to the total annual program costs established through this Study. Derivation of annual current fee revenues relied first upon the City’s financial reports from the most recent year; where the level of detail by program or activity was not available in these reports, NBS projected revenue with the City’s current fee amount multiplied by the number of individual fees charged.

TABLE 10 – BALBOA PARK SERVICES COST RECOVERY

Program / Service	Total Annual Cost of Providing Services	Annual Staff Hours	Blended Total Activity Cost per Hour	Current Fees - Annual Revenue	Existing Cost Recovery %
Pedi-cab Permit	\$ 46	1	\$ 92	\$ 43	93%
Unattended Exhibit Display Permit	\$ 1,926	20	\$ 98	\$ 1,738	90%
Art Mart Exhibitor Permit	\$ 651	7	\$ 98	\$ 600	92%
Total Balboa Park Permitting Services	\$ 2,624	27	\$ 97	\$ 2,381	91%

The City currently recovers approximately 91% of the total cost of providing these Balboa Park permitting services. In general, it is a typical outcome for a User Fee Study to show some fees as recovering more than their cost of providing services, and some as recovering less than their cost. In this case, these three user fees would need to be reduced to reflect a fee level at, or below, the estimated cost per activity.

3.2 Cost of Service Analysis – Facility Rentals

Facility rental fees are classified as charges for entrance to or use of government property and are therefore not subject to the same reasonable cost of providing services limitation required for user fees. However, NBS was able to determine the estimated total annual costs of operating and maintaining Balboa Park’s rentable sites (listed above) as approximately \$3.7 million per year.

TABLE 11 – COST RECOVERY EVALUATION FOR BALBOA PARK

Facility Type	Total Annual Cost of Providing Services	Current Fees - Annual Revenue	Existing Cost Recovery %
Facility Rental Administration	\$ 117,231	n/a	n/a
Recreational Facility Operations and Maintenance	\$ 946,454	n/a	n/a
Building Facility Operations and Maintenance	\$ 2,598,020	n/a	n/a
Total Balboa Park Rentable Facilities	\$ 3,661,706	\$ 116,495	3%

Current average annual facilities rental revenue per year is approximately \$116,500. The City recovers approximately 3% of the on-going administration, operations and maintenance costs of these facilities through rental fees.

It should be noted that grounds use permitting, and outdoor athletic facility use costs are not reflected in the table above, and are discussed in the Other Miscellaneous Fees, and Athletic Programs and Facilities sections of this Report, respectively. Additionally, the facilities shown in the table above are not solely provided for rental to the public. A variety of City programming and services are offered in these facilities as well. These programs may collect their own fees for services, but as recreational program fees in general, are unlikely to recover for more than the costs of providing the program / service itself. Setting individual fee amounts for Balboa Park facility rentals will rely primarily on a Comparative Fee Survey.

3.3 Fee Establishment

There are several unique attributes regarding recreation services fees that influence how best to use the results of this analysis toward updating individual fee amounts for Balboa Park. For Pedi-Cab Permits, Unattended Exhibit Displays, and Art Mart Exhibitor Permit, NBS recommends the Department update individual fee amounts, not to exceed 100% of the Estimated Cost per Activity shown in Table 9. Setting individual fee amounts for use of Balboa Park facilities can rely primarily on a comparative survey of available options for similar facilities or services. The Department’s staff report should provide any initially recommended changes to fees for Balboa Park services for the Council’s consideration.

SECTION 4 – BUILDING USE FEES FOR RECREATION CENTERS

The City’s recreation centers and Visitor/Nature Center provide a variety of rooms and facilities that may be rented by the public for various meetings, programs and activities. Rental fees charged for use of these facilities are classified as for entrance to or use of government property and are therefore not subject to the same reasonable cost of providing services limitation required for user fees⁴.

Administration of facility rentals, and operations and maintenance of the various rentable sites studied in this section are primarily provided by staff in the Community Parks I and Community Parks II Divisions of the Park and Recreation Department. Through the cost of service analysis conducted for the Department of Park and Recreation, NBS determined the total annual costs to the City for maintenance and operation of the City’s recreation center areas utilized for other than athletic purposes as approximately \$6.1 million per year.

Current average annual facilities rental revenue per year is approximately \$245,000. The City recovers approximately 4% of the on-going administration, operations and maintenance costs of these facilities through building use/rental fees.

It should be noted that these facilities are not solely provided for rental to the public. A variety of City programming and services are offered in these facilities as well. While these programs may collect their user fees for services, these fees are unlikely to recover for more than the costs of providing the program / service itself. Setting individual fee amounts for recreation center facility rentals can rely primarily on a comparative survey of available options for similar facilities or services. The Department’s staff report should provide any initially recommended changes to fees for rental of recreation center facilities for the Council’s consideration.

⁴ See section 1.1 for more detail on this topic.

SECTION 5 – BEACHES AND BAY

The Beaches and Bay section of the Park and Recreation Department’s fee schedule includes the following services and activities:

- ℵ **Instructional Camps on Park Land in Beaches and Bay Areas:** Quarterly permitting and monitoring of the use of City park land for the purpose of instructional camps, such as surfing camps and other types of sports and personal training instruction.
- ℵ **Volleyball Leagues, Outdoor Season Reservations:** Permitted seasonal outdoor volleyball league play in the City’s beach areas. Each team undergoes a seasonal application process whereby Department staff interact with various team representatives to coordinate the athletic season and schedule the use of courts for practice and games held during the seasons.
- ℵ **Mooring Installation or Relocation Fee:** Installation or relocation of mooring facilities provided by Department staff as needed or requested.
- ℵ **Mooring Permits:** Rental of mooring space for up to 25-foot long vessels at the City’s mooring facilities.
- ℵ **Beach Bars (Long-Term Boat Beaching):** Rental of space for up to 14-17-foot-long vessels at the City’s beach bar facilities.
- ℵ **Parking Lot Use for Event Venues:** Rental of parking space in support of special events in the beaches and bay areas.

The expenses of operating the City’s beaches and areas are primarily funded by resources from the City’s General Fund. However, fees collected from the various programs and specific uses of public spaces represent an additional source of funding to help cover costs and sustain – if not improve – the level of service provided by the City.

5.1 Cost of Service Analysis – Beaches & Bay

The Department charges several user fees specific to the City’s beaches and bays area, including permitting the use of beaches and bay areas for instructional camps, coordinating and permitting volleyball league play, as well as installing or relocating mooring facilities as needed or requested. These services are primarily provided by staff assigned to the Developed Regional Parks Division. NBS gathered data regarding the amount of staff time per permit and/or per year spent for these services and used that information as a primary driver in determining the total City-wide costs of providing these services.

The table on the next page displays the results of this cost analysis for each permit type.

TABLE 12 – BEACHES AND BAY FEES ANALYSIS

	Fee / Activity Name	Unit of Charge	Estimated Participants / Volume of Activity	Estimated Time Per Activity (hours)	Estimated Cost per Activity	Average Current Fee Amount	Cost Recovery %
1	Instructional Camps on Park Land in Beaches and Bay Areas	per permit, per quarter	11	0.42	\$ 36	\$ 33	91%
2	Volleyball Leagues, Outdoor - Season Reservations	Per team, per season	280	0.25	\$ 24	\$ 22	90%
3	Installation or Relocation - Mooring Facilities	Per request / instance	14	5.50	\$ 494	\$ 440	89%
		Total	305				90%

- N **Instructional Camps on Park Land in Beaches and Bay Areas:** the City currently charges \$33 per quarterly permit. The total cost of providing this service, on average, is \$36 for each service. The City’s current fee for a monthly permit recovers approximately 91% of its total cost.
- N **Volleyball Leagues, Outdoor Season Reservations:** the City currently charges \$22 per team, per season. The total cost of providing this service, on average, is \$24. The City’s Current fee for this service recovers approximately 90% of its total cost.
- N **Installation or Relocation Fee:** the City currently charges \$440 per installation or relocation of mooring facilities. The total cost of providing this service, on average, is \$494. The City’s Current fee for this service recovers approximately 89% of its total cost.

5.2 Cost of Service Analysis – Mooring & Beach Bar

Annual mooring permits and beach bar fees are for the rental of City property as a boat parking and storage space. These two fees are classified as charges for entrance to or use of government property and are therefore not subject to the same reasonable cost of providing services limitation required for user fees. However, NBS was able to determine the estimated total annual costs of operating and maintaining these facilities:

TABLE 13 – BEACH BAR AND MOORING FACILITY USE FEE ANALYSIS

Facility	Unit of Charge	Estimated Time Per Activity (hours)	Estimated Cost per Activity	Estimated Current Revenue	Estimated Participants / Volume of Activity	Estimated Time Per Activity (hours)	Estimated Cost per Activity	Average Current Fee Amount	Cost Recovery %
1 Beach Bars (Long-Term Boat Beaching)	Annual Permit								
	P/R Costs	184	\$ 17,944			1.0	\$ 98		
	Lifeguard Costs	280	\$ 19,637			1.5	\$ 107		
	Subtotal	464	\$ 37,581	\$ 28,336	184	2.5	\$ 204	\$ 154	75%
2 Mooring Permits - Annual	Annual Permit								
	P/R Costs	857	\$ 75,762			7.9	\$ 701		
	Lifeguard Costs	678	\$ 58,626			6.3	\$ 543		
	Subtotal	1,535	\$ 134,388	\$ 78,732	108	14.2	\$ 1,244	\$ 729	59%
Total		1,999	\$ 171,968	\$ 107,068	292				62%

- N **Beach Bars (Long-Term Boat Beaching):** the City currently charges \$154 per vessel, per year. The total cost of providing this service, on average, is \$204. The City’s current fee for a monthly permit recovers approximately 75% of its total cost.
- N **Mooring Permits:** the City currently charges \$729 per vessel, per year. The total cost of providing this service, on average, is \$1,244 for each service. The City’s current fee for an annual mooring permit recovers approximately 59% of its total cost.

The estimated total cost to the City of operating beach bars and mooring facilities is approximately \$172,000 per year. Overall, the beach bar and mooring facility charges recover 62% of the annual costs of operating and maintaining these facilities.

No cost of service information was obtainable for parking lot rental; the City will need to rely primarily on a Comparative Fee Survey for establishing any proposed changes to this fee.

5.3 Fee Establishment

There are several unique attributes regarding recreation services fees that influence how best to use the results of this analysis toward updating individual fee amounts for beaches and bay fees. For use of beaches and bay areas for instructional camps, coordinating and permitting volleyball league play, as well as installing or relocating mooring facilities, NBS recommends the Department update individual fee amounts, not to exceed 100% of the Estimated Cost per Activity shown in Table 12. Setting individual fee amounts for use of beach bar and mooring facilities can rely primarily on a comparative survey of available options for similar facilities or services. The Department’s staff report should provide any initially recommended changes to fees for beaches and bay services for the Council’s consideration.

SECTION 6 – CAMPS

The Camps section of the Park and Recreation Department’s current fee schedule includes the following services and activities:

- ▮ **Indoor and Outdoor Day Camps:** for the City’s staffing and/or facilitation of City staff or City contractor run non-athletic day camps.
- ▮ **Campground Rentals:** for the City’s Chollas Lake and Fiesta Island youth camp sites, as well as the Kumeyaay Campground

The expenses of operating the City’s day camps and facilities are primarily funded by resources from the City’s Rec Council Fund. As discussed in the Executive Summary, the scope of this study excluded these fees due to on-going changes in Department programs, policies, and procedures related to the Rec Council Fund programs.

6.1 Cost of Service Analysis – Campground Rental Fees

Rental fees charged for use of City campgrounds are classified as for entrance to or use of government property and are therefore not subject to the same reasonable cost of providing services limitation required for user fees.⁵

Administration, operations and maintenance of the various rentable campground sites studied in this section are primarily provided by staff in the Open Space Division of the Park and Recreation Department. Through the cost of service analysis conducted for the Department of Park and Recreation, NBS determined the total annual costs of campgrounds is \$202,000 per year.

Current average annual campground rental revenue per year is approximately \$84,000. The City recovers approximately 42% of the costs of providing campgrounds for the public’s recreational use.

6.2 Fee Establishment

There are several unique attributes regarding recreation services fees that influence how best to use the Cost Recovery Evaluation results toward updating the Department’s individual fee amounts. It is uncommon for recreation programs, especially those for youth, to recover 100% of the costs of providing services. Camp programs are generally seen by both elected and residents as a service beneficial to the community that should remain affordable. The Department and Council may want to consider an overall percentage increase to existing fee amounts “across the board” in order to come closer to, but not completely achieve, 100% cost recovery for any given program. For more discussion on factors influencing policy decisions to recover 100%, or less, of any given service through fees for service, see Section 1.2.3, Fee Establishment, of this Report. Setting individual fee amounts for use of campgrounds can rely primarily on a comparative survey of available options for similar facilities or services. The

⁵ See section 1.1 for more detail on this topic.

Department's staff report should provide any initially recommended changes to fees for Camp programs for the Council's consideration.

SECTION 7 – OTHER MISCELLANEOUS FEES

A number of fees on the Park and Recreation Department’s current fee schedule cannot be classified under any of the previous sections, but are nonetheless relevant to recreational services and facilities provided by the City:

- ℵ **Picnic Shelter Rentals:** For reservation and use of the City’s picnic area facilities.
- ℵ **Parking Lot Use for Event Venues:** Rental of parking space for purposes of events in the City’s Balboa Park and/or Recreation Center facilities.
- ℵ **Adult Outdoor Fitness Classes, Personal Trainers on Park Land:** Quarterly permitting and monitoring of the use of City park land for the purpose of instructional camps, such as fitness classes and personal trainers that charge participants for their services.
- ℵ **Dance Instruction:** The City offers an extensive dance program. Participation fees recover the City’s costs of providing these services.
- ℵ **Ground Use Permitting:** The Department permits and monitors any group of 50 or more persons, as well as surf contests and weddings of any size. City staff processes a permit and monitors activities of this type and size.
- ℵ **Park Use Permit for Off Leash Dog Events:** On a per event basis, the City permits and monitors the use of City park land for the purpose of 50-people or less group dog agility training, fly ball training, and frisbee practice sessions, as well as other training classes and shows.
- ℵ **Preferential, Non-Exclusive Use Permit, Special Use Permit Holders:** Park and Recreation Department staff processes and renews various special agreements with various private and non-profit user groups for use of City facilities. Agreements last for a three (3) year term.
- ℵ **Film Permits:** Per request permitting and monitoring of the use of City park land for the purpose of film and / or still photography shoots.
- ℵ **Special Equipment Set Up:** Permit issued to parkland users wishing to set up special equipment for a gathering or event. Examples include pony and llama rides, blow up party jump houses, etc.
- ℵ **Miscellaneous Staffing for Event Support:** Hourly rates for staff apply as required to support of events in the City’s parks or facilities.
- ℵ **Non-Hours of Operation:** Special over-time hourly rate for staff support to athletic programs and other events in the City’s parks or facilities which occur outside of regular business hours.
- ℵ **Additional Operating Hours for Recreation Centers:** Hourly rate for purposes of opening recreation centers to the public, above and beyond normal operating hours.

The expenses of operating the City’s picnic shelter and parking lot facilities, as well as providing the miscellaneous services listed, are primarily funded by resources from the City’s General Fund. However, fees collected from the various programs specific uses of public spaces represent an additional source of funding to help cover costs and sustain – if not improve – the level of service provided by the City.

7.1 Cost of Service Analysis

All services listed are provided by staff assigned to both the Community Parks I and II Divisions and Developed Regional Parks Divisions. NBS gathered data regarding the amount of staff time per permit and/or per year spent for these services and used that information as a primary driver in determining the total City-wide costs of providing these services.

NBS then evaluated the annual cost recovery level for these fees by matching current annual revenues collected, to the total annual program costs established through this Study. Derivation of annual current fee revenues relied first upon the City’s financial reports from the most recent year; where the level of detail by program or activity was not available in these reports, NBS projected revenue with the City’s current fee amount multiplied by the number of individual fees charged.

The table below summarizes results of the cost recovery analysis for miscellaneous services:

TABLE 16 – COST OF SERVICE ANALYSIS FOR MISCELLANEOUS

Program / Service	Total Annual Cost of Providing Services	Annual Staff Hours	Blended Total Activity Cost per Hour	Current Fees - Annual Revenue	Existing Cost Recovery %
Instructional Permits on Parkland	\$ 10,850	113	\$ 96	\$ 9,944	92%
Citywide Dance Program	\$ 267,744	9,827	\$ 27	\$ 228,188	85%
Ground Use Permits	\$ 1,393,454	18,234	\$ 76	\$ 1,162,347	83%
Park Use Permit - Off Leash Dog Events	\$ 1,592	19	\$ 84	\$ 1,444	91%
Film Permits	\$ 70,509	723	\$ 98	\$ -	0%
Special Equipment Set Up	\$ 91,720	941	\$ 98	\$ 82,764	90%
Total Miscellaneous Services	\$ 1,835,869	29,857		\$ 1,484,687	81%

The “Total Annual Cost of Providing Services” includes all direct and indirect costs that could be reasonably identified to these services. It should be noted, however, that costs associated with facility and/or park grounds use maintenance were not included in these cost calculations. As shown, the City currently recovers approximately 81% of the total cost these services. At the individual program or service category level, some categories recover more than their cost, while others recover less.

The following table displays the results of the Cost of Service Analysis for miscellaneous fees on a “per unit” basis:

TABLE 17 – COST OF SERVICE PER UNIT ANALYSIS FOR MISCELLANEOUS FEES

Fee / Activity Name		Unit of Charge	Estimated Participants / Volume of Activity	Estimated Time Per Activity (hours)	Estimated Cost per Activity	Average Current Fee Amount	Cost Recovery %	
1	Adult Outdoor Fitness Classes, Personal Trainers on Park Land							
	Balboa Park	Per Permit, Per Quarter	125	0.50	\$ 47	\$ 44	93%	
	Other Park Areas	Per Permit, Per Quarter	202	0.25	\$ 24	\$ 22	90%	
2	Dance Instruction	Per Session / Per Participant	7,277	1.35	\$ 37	\$ 41	111%	
3	Ground Use Permitting Fee (Groups of 50 or more)							
	a Non-Profit Youth	per event / per day	514	2.00	\$ 146	\$ 58	40%	
	b Non-Profit Adult	50-150 Persons	per event / per day	1,106	2.00	\$ 146	\$ 120	82%
		151-300 Persons		405	2.00	\$ 146	\$ 120	82%
		301-1,000 Persons		190	8.00	\$ 584	\$ 345	59%
		Over 1,000 Persons		237	20.00	\$ 1,459	\$ 861	59%
	c Non-Commercial/Commercial	50-150 Persons	per event / per day	3,048	2.00	\$ 146	\$ 172	118%
		151-300 Persons		244	2.00	\$ 146	\$ 172	118%
		301-1,000 Persons		50	8.00	\$ 584	\$ 689	118%
		Over 1,000 Persons		47	20.00	\$ 1,459	\$ 1,722	118%
	4	Park Use Permit for Dog Classes, Practices, and Shows (50 persons or Smaller)	per event	76	0.25	\$ 21	\$ 19	91%
5	Film Permits		241	3.00	\$ 293	\$ -	0%	
6	Special Equipment Set Up	per item / per day	3,762	0.25	\$ 24	\$ 22	90%	
		Total	17,524				81%	

ⓘ **Adult Outdoor Fitness Classes, Personal Trainers on Park Land:** the City currently charges \$44 per permit, per quarter in Balboa Park and \$22 per permit, per quarter in Other Park Areas. The total cost of providing this service, on average, is \$24 per activity for Other Park Areas and \$47 per activity for Balboa Park. The City’s current fee for this service recovers approximately 93% of its total cost for Balboa Park and 90% of its total cost for Other Park Areas.

ⓘ **Dance Instruction:** the City currently charges \$41 per session, per participant. The total cost of providing this service, on average, is \$37 per activity. The City’s current fee for this service recovers approximately 111% of its total cost.

- N **Ground Use Permitting:** the City currently charges \$58 per event, per day for Non-Profit Youth Events, \$120-\$861 per event, per day for Non-Profit Adult Events, and \$172-\$1,722 per event, per day for Non-Commercial/Commercial Events. The total cost of providing this service, on average, is \$146-\$1,459 per activity depending on number of participants. The City's current fee for this service recovers anywhere from 40%-118% of its total cost.
- N **Park Use Permit for Dog Classes, Practices and Shows:** the City currently charges \$19 per permit, per event. The total cost of providing this service, on average, is \$21 per activity. The City's current fee for this service recovers approximately 91% of its total cost.
- N **Preferential, Non-Exclusive Use Permit, Special Use Permit Holders:** This fee was removed from the Study per the City's direction.
- N **Film Permits:** the City does not list a current fee. The total cost of providing this service, on average, is \$293 per activity. The City's current fee for this service recovers approximately 0% of its total cost.
- N **Special Equipment Set Up:** the City currently charges \$22 per item, per day. The total cost of providing this service, on average, is \$24 per activity. The City's current fee for this service recovers approximately 90% of its total cost.
- N **Miscellaneous Staffing for Event Support, Non-Hours of Operation, and Additional Operating Hours for Recreation Centers:** These cost of service amounts have been calculated by the Department's finance staff; consult the Department's staff report for details.

7.2 Cost of Service Analysis – Facility Use Fees

Rental fees for picnic shelters and parking lots are classified as charges for entrance to or use of government property and are therefore not subject to the same reasonable cost of providing services limitation required for user fees. Sufficient data was not available at a granular enough level to perform a cost of service analysis per noted facility.

7.3 Fee Establishment

There are several unique attributes regarding recreation services fees that influence how best to use the Cost Recovery Evaluation results toward updating the Department's individual fee amounts. NBS recommends the Department update individual fee amounts, not to exceed 100% of the Estimated Cost per Activity shown in Table 17. Setting individual fee amounts for use of facilities can rely primarily on a comparative survey of available options for similar facilities or services. The Department's staff report should provide any initially recommended changes to fees for miscellaneous services for the Council's consideration.

SECTION 8 – MOUNT HOPE CEMETERY

Mount Hope Cemetery is a City of San Diego owned and operated facility. The Cemetery charges a variety of fees for burial services, which were separated into two main categories for purposes of analysis:

- ▮ Cemetery Lots and Burial Materials: Purchase of cemetery lot, as well as items from the City’s inventory of burial boxes, vases, etc.
- ▮ Burial Services: City staff provides handling, grave open and closing, monument setting, and other services as needed for each burial.

On-going maintenance at Mt. Hope Cemetery is funded from a cemetery perpetuity fund. The expenses of operating the Cemetery, as well as providing the burial services listed, are primarily funded by resources from the City’s General Fund.

8.1 Cost of Service Analysis – Lots and Burial Materials

Cemetery Lot sales and fees for various burial materials were not studied as part of this Study’s scope of services. The fee amounts charged by the City for burial containers, urn vaults, and flower vases, and markers are passed through to Cemetery customers at the cost of purchase to the City.

8.2 Cost of Service Analysis – Burial Services

All Cemetery fees listed as “Burial Services” above can be classified as user fees and require a cost of service analysis; these fees may not exceed the estimated and reasonable cost of providing the service.

Services are provided primarily by staff assigned to the Community Parks II Division. NBS gathered data regarding the amount of staff time per permit and/or per year spent for these services and used that information as a primary driver in determining the total City-wide costs of providing these services.

NBS then evaluated the annual cost recovery level for these fees by matching current annual revenues collected, to the total annual program costs established through this Study. Derivation of annual current fee revenues relied first upon the City’s financial reports from the most recent year. Where the level of detail by program or activity was not available in these reports, NBS projected revenue with the City’s current fee amount multiplied by the number of individual fees charged.

The table on the following page summarizes results of the cost recovery analysis for each main category of Burial Services fees.

TABLE 18 – COST OF SERVICE ANALYSIS FOR MOUNT HOPE

Program / Service	Total Annual Cost of Providing Services	Annual Staff Hours	Blended Total Activity Cost per Hour	Current Fees - Annual Revenue	Existing Cost Recovery %
Handling Fees	\$ 95,018	831	\$ 114	\$ 86,629	91%
Open and Closing	\$ 168,435	1,474	\$ 114	\$ 177,380	105%
Flower Vase Installation	\$ 14,657	128	\$ 130	\$ 11,115	76%
Markers	\$ 75,658	662	\$ 130	\$ 77,538	102%
Monument Handling	\$ 571	5	\$ 130	\$ 586	103%
Overtime Services	\$ 17,525	137	\$ 128	\$ 18,330	105%
Miscellaneous Fee Services	\$ 17,897	139	\$ 129	\$ 18,038	101%
Total Cemetery Services	\$ 389,761	3,377		\$ 389,616	100%

The “Total Annual Cost of Providing Services” includes all direct and indirect costs that could be reasonably identified to these services. The City currently recovers approximately 100% of the total cost of these services, based on the known amount of workload completed in each category over the past fiscal year.

Table 19 on the following page displays the results of the Cost Recovery Analysis for each Burial Services fee on a “per unit” basis. At the individual fee level, some fees recover more than their cost of providing service, while others recover less:

TABLE 19 – COST OF SERVICE PER UNIT ANALYSIS FOR MOUNT HOPE FEES

Fee No. / Activity Name	Unit of Charge	Estimated Participants / Annual Volume of Activity	Estimated Time Per Activity (hours)	Estimated Cost per Activity	Average Current Fee Amount	Cost Recovery %
HANDLING FEES						
23 Adult Liners	Per Request	47	2.4	\$ 274	\$ 233	85%
24 Oversize Adult Liner(#6)	Per Request	1	4.5	\$ 514	\$ 522	101%
25 Adult Top-Seal Vault	Per Request	86	2.4	\$ 274	\$ 261	95%
26 Oversize Top-Seal Vault	Per Request	-	4.8	\$ 549	\$ 522	95%
27 Double Depth Crypt	Per Request	91	4.8	\$ 549	\$ 522	95%
28 Muslim Adult Slab	Per Request	-	1.0	\$ 114	\$ 130	114%
29 Ash Vault	Per Request	120	0.5	\$ 57	\$ 33	58%
30 Infant #1 Box	Per Request	3	1.2	\$ 137	\$ 130	95%
31 Child #2 Box	Per Request	2	2.4	\$ 274	\$ 261	95%
32 Child #3 Box	Per Request	-	2.4	\$ 274	\$ 71	26%
33 Infant Muslim Slab	Per Request	-	0.5	\$ 57	\$ 65	114%
34 Temporary Marker	Per Request	5	0.5	\$ 57	\$ 65	114%
OPEN AND CLOSING						
35 Adult	Per Request	200	4.3	\$ 486	\$ 509	105%
36 Adult Double Depth	Per Request	70	5.3	\$ 600	\$ 629	105%
37 Child	Per Request	2	3.2	\$ 366	\$ 391	107%
38 Infant	Per Request	3	2.1	\$ 240	\$ 261	109%
39 Cremation	Per Request	116	2.1	\$ 240	\$ 259	108%
FLOWER VASES						
40 Vase Installation	each	171	0.8	\$ 86	\$ 65	76%
MARKERS						
41 Granite Installation	Per Request	257	2.5	\$ 286	\$ 293	103%
42 Bronze	Per Request	-	2.5	\$ 286	\$ 293	103%
43 Child/infant	Per Request	-	2.5	\$ 286	\$ 293	103%
44 Re-Set (like size)	Per Request	3	0.5	\$ 57	\$ 59	103%
45 Re-Set (unlike size)	Per Request	20	0.9	\$ 103	\$ 103	100%
MONUMENTS						
46 Monument Base Handling Fee	Per Request	2	2.5	\$ 286	\$ 293	103%
47 Monument Border Handling Fee	Per Request	-	1.8	\$ 200	\$ 196	98%
OVERTIME						
48 Late Fee (Penalty)	Per event	n/a	n/a		\$ 213	
49 Weekend Fee (adult/child burial)	Per Request	26	4.3	\$ 550	\$ 573	104%
50 Weekend Fee (ash burial)	Per Request	12	2.1	\$ 269	\$ 286	106%
51 Weekend Fee (Infant burial)	Per Request	-	2.1	\$ 269	\$ 286	106%
MISCELLANEOUS FEES						
52 Disinterment (body)	Per Request	16	6.5	\$ 868	\$ 908	105%
53 Disinterment (body) - Double Depth in "A" placement	Per Request	-	10.8	\$ 1,354	\$ 1,429	106%
54 Disinterment (child)	Per Request	-	4.9	\$ 685	\$ 712	104%
55 Disinterment (infant)	Per Request	-	3.3	\$ 502	\$ 516	103%
56 Disinterment (remains)	Per Request	-	3.3	\$ 502	\$ 516	103%
57 Recording Fee	each	n/a	n/a			
58 Canopy	Per Request	27	1.3	\$ 149	\$ 130	87%
59 Quitclaim deed	each	42	n/a			
Total		1,322				100%

- N **Handling Fees:** (Fees 23-34) the City currently charges a range of \$33 - \$522 per request. The total cost of providing each service, on average, is \$57 - \$549. The City's current fees for these services recover 26%-114% of their total cost.
- N **Open and Closing:** (Fees 35-39) the City currently charges a range of \$259 - \$629 per request. The total cost of providing these services, on average, is \$240 - \$600. The City's current fees for these services recover 105%-109% of their total cost.
- N **Flower Vases:** (Fee 40) the City currently charges \$65 per request. The total cost of providing these services, on average, is \$86. The City's current fees for these services recover 76% of their total cost.
- N **Markers:** (Fees 41-45) the City currently charges \$293 per installation, and \$59 - \$103 for a re-set. The total cost of providing these services, on average, is \$286 per installation request and \$57-\$103 for re-set fee. The City's current fees for these services recover 103% of the cost for an installation fee, and 100%-103% for the re-set fee.
- N **Monuments:** (Fees 46-47) the City currently charges \$293 per monument base handling fee, and \$196 per monument border handling fee. The total cost of providing these services, on average, for the base handling fee is \$286 per request and \$200 for the border handling. The City's current fee for this service recovers 103% of its total cost for base handling, and 98% of its total cost for border handling.
- N **Overtime:** (Fees 48-51) the City currently charges a range of \$213 - \$573 per request. The total cost of providing these services, on average, is \$269-\$550. The City's current fees for these services recover 104%-106% of their total cost.
- N **Miscellaneous Fees:** (Fees 52-59) the City currently charges a range of \$130 - \$1,429, depending on the item type. The total cost of providing these services, on average, is anywhere from \$149-\$1,354. The City's current fees for these services recover 87%-106% of their total cost.

8.3 Fee Establishment

There are several unique attributes regarding recreation services fees that influence how best to use the Cost Recovery Evaluation results toward updating the Department's individual fee amounts. NBS recommends the Department update individual fee amounts, not to exceed 100% of the Estimated Cost per Activity shown in Table 19. The Department's staff report should provide any initially recommended changes to fees for miscellaneous services for the Council's consideration.

SECTION 9 – CONCLUSION

In NBS' experience, recreational programs are one of the more subsidized areas of fee programs available for recovery of costs to local governments. Much of the decision to subsidize one fee program versus another depends on each community's local demand for services, ability to afford a subsidy, and acknowledgement of the general public benefit provided to residents through recreational opportunities. However, user fees collected from various recreation programs can represent a significant source of funding to help cover costs and sustain – if not improve – the level of service provided by the City. Based on the cost of service analysis, cost recovery evaluation, and fee establishment phases of analysis in this Study, the proposed updated schedule of fees formatted for implementation has been prepared and included in the Department's accompanying staff report.

As discussed throughout this report, the proposed fee schedule includes fee increases intended to improve the Department's recovery of costs incurred to provide individual services, as well as to adjust fees downward where fees charge exceed the average costs incurred. Predicting the amount to which any adopted fee increases will affect Department revenues is difficult to quantify. For the near-term, the Department should not count on increased revenues to meet any specific expenditure plan. Experience with these fee increases should be gained first before revenue projections are revised. However, unless there is some significant, long-term change in activity levels for various programs and services, proposed fee amendments should, over time, enhance the Department's revenue capabilities, providing it the ability to stretch other resources further for the benefit of the public at large.

As a final note, it is also worth acknowledging the path that fees in general have taken in California. The public demands ever more precise and equitable accounting of the basis for governmental fees and a greater say in when and how they are imposed. It is inevitable in the not too distant future, that user fees and regulatory fees will demand an even greater level of analysis and supporting data to meet the public's evolving expectations. Technology systems will play an increased and significant role in an agency's ability to accomplish this. Continuous improvement and refinement of time tracking and revenue tracking abilities at the program-level will greatly enhance the Department's ability to set fees for services and identify unfunded activities in the years to come.

In preparing this Report and the opinions and recommendations included herein, NBS has relied on various data and assumptions provided by the City with regard to financial matters, existing and/or future conditions and events. We believe these data and assumptions are reliable for the purpose of this evaluation. However, some assumptions will invariably not materialize as assumed and may vary significantly due to unanticipated events and circumstances; actual results can be expected to vary from those projected to the extent that actual future conditions differ from those assumed herein. The City of Modesto's Parks and Recreation Department furnished NBS with all pertinent information that was available and applicable to this Study. NBS relied on all information, data and documents supplied by the City, as well as other government sources or proxies as being accurate and correct.