

# City of San Diego Park and Recreation Department User Fees and Charges Study

Fee Study Results Presentation  
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*Presented by:*

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# Presentation Topics

- Present key issues framing the study
- Discuss user fee principles and practices
- Present basic costing methodology and approach
- Discuss a summary of findings

# Scope of Services

- Study the full cost of providing services for the Park and Recreation Department:
  - Athletic Programs
  - Balboa Park Building Use, Recreation Center Rentals
  - Beaches and Bay
  - Camps
  - Miscellaneous Fees
  - Mount Hope Cemetery
  
- Use the resulting information to update the department's fee schedule
  
- Not included: Taxes, Fines, Development Impact Fees, Utility Rates, etc.

# Key Issues Framing a User Fees and Charges Study

- Consideration of a defensible methodology for calculating fees for service.
- The extent to which the City is properly recognizing fee-for-service revenue in accordance with various State laws.
- Discussion and analysis of current service levels, and the resources available to meet workload demands.
- Collection of data to validate a reasonable cost of providing services.
- Recommendation to elected regarding cost recovery policies, fee schedule updates, and implementation.

# Proposition 26 – Fees and Charges Guidance

- 11/2/2010 - Prop 26 was a successful voter initiative:
  - Reclassifies fees which are imposed to raise revenue for a new program and are not part of any licensing or permitting program as taxes
  - Requires fees to prove a service/benefit received to the payor
- Restricts ability of state and local agencies to raise revenue to fund services, facilities and programs
- Amends CA Constitution article 13C by reclassifying certain fees as taxes
- TAX = any levy, charge, or exaction of any kind imposed by local government, except seven noted exemptions.

## P 26 – Exceptions with Cost of Service Limitations



As imposed for a **specific benefit conferred or privilege** granted directly to the payor, that is not provided to those not charged, and which does not exceed the cost to the local government for conferring/granting the privilege




As imposed for a specific government **service or product provided** directly to the payor, that is not provided to those not charged, and which does not exceed the reasonable cost of providing the service/product



As imposed for reasonable regulatory costs: **permits, licenses**, investigations, inspections, audits, administrative enforcement, etc.

*Fee amounts are limited to the estimated costs to the local government for providing the service*

## P 26 – Exception for Use of Government Property

 As imposed for entrance or use of local government property, or the purchase, rental, or lease of local government property.

*Fee amounts do not include the cost limitations of prior exceptions.*

## Fee Study Methodology – Cost of Service Study

- Establish goals and objectives for the study.
- Define current and potential fees for service.
- Gather input from staff at many levels in the organization.
- Approach is structured to determine the “total estimated and reasonable cost of providing services.”
- Analyze the total costs and revenues associated with services.
- Check results and validate data.
- Review and revise results at the Department and City Management levels.
- Present results to elected and community.



## Fee Study Methodology – Comparison Survey

- Provide a sense of where San Diego's fees fall in relation to similar agencies
- Assist in determining appropriate pricing for services.
- Demonstrate participation in San Diego's programs is meaningfully voluntary.
- Support determination that fees studies are not subject to Proposition 26's definition of a tax.
- Comparative fee surveys do not provide information about the cost recovery policies or procedures inherent in each comparison agency.

# Fee Study Methodology – Key Data Components

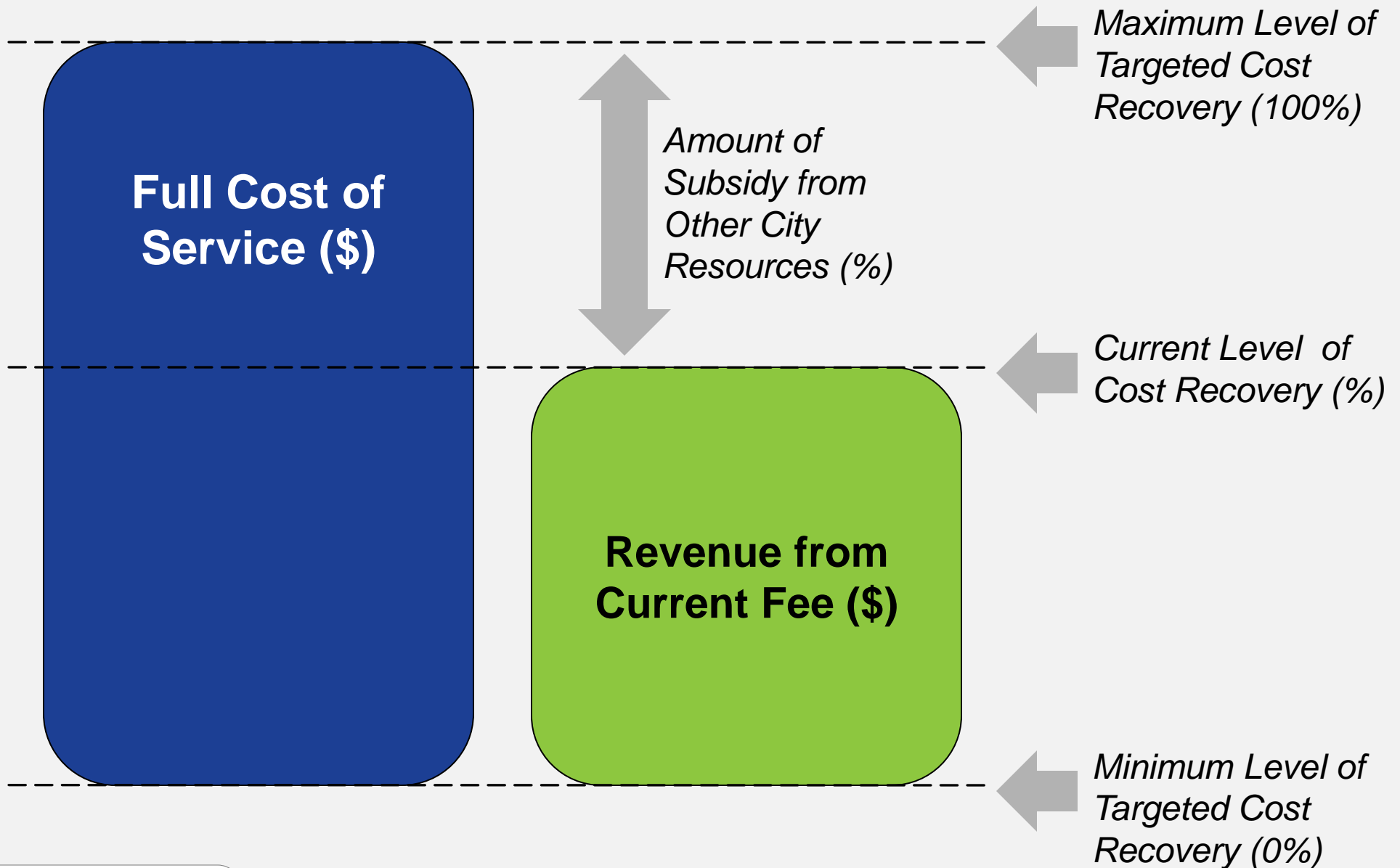
- Fiscal Year 2013-14 adopted budget
- Complete listing of Department personnel and associated costs
- Correspondence with Department staff
- Prevailing Master Fee Schedule document
- Workload and current service level information, either estimated or tracked

# Summary Results for Cost of Service Study

		Option 1	Option 2	Option 3	Option 4	Option 5	Option 6
Fee / Activity Name	Current Cost Recovery %	Annual Revenue at Current Fee Amount	Annual Revenue at 100% Cost Recovery	Annual Revenue at CPI Increase	Annual Revenue at 25% Cost Recovery	Annual Revenue at 50% Cost Recovery	Annual Revenue at 75% Cost Recovery
Athletic	43%	\$ 498,862	\$ 1,162,316	\$ 926,045	\$ 530,607	\$ 741,177	\$ 951,746
Aquatics	26%	\$ 858,593	\$ 3,339,661	\$ 1,059,511	\$ 1,070,456	\$ 1,672,000	\$ 2,504,746
Balboa Park	168%	\$ 3,908	\$ 2,323	\$ 2,323	\$ 2,323	\$ 2,323	\$ 2,323
Beaches & Bays	75%	\$ 8,793	\$ 11,700	\$ 7,413	\$ 6,975	\$ 6,975	\$ 9,061
Camps	14%	\$ 56,332	\$ 416,940	\$ 60,557	\$ 107,005	\$ 208,470	\$ 312,705
Other	35%	\$ 938,626	\$ 2,682,635	\$ 904,037	\$ 996,118	\$ 1,518,295	\$ 2,098,419
Mount Hope	104%	\$ 178,877	\$ 172,495	\$ 164,772	\$ 161,352	\$ 161,654	\$ 163,669
	66%	\$ 2,543,991	\$ 7,788,070	\$ 3,124,657	\$ 2,874,836	\$ 4,310,894	\$ 6,042,669

- Approximately \$2.5 million in current fee revenue
- Up to \$5.25 million in unrecovered costs
- Table above does not include facility use or rental fees
- The Cost of Service Study provides information for the City to “re-align” fees to collect up to the “maximum” full cost, based on the City’s policy recovery goals.

# Cost Recovery Considerations in Fee-Setting



# Setting Fees Consistent with Cost Recovery Policy

Local policy determines how individual services are funded

- City has a diverse approach to fee setting for Park and Recreation fees for service
- Current policies are in place for specific programs and/or user groups
- Specific industry standard for cost recovery policy does not exist
- Common to see fees set at less than 100% cost recovery for many recreation programs
- Cost recovery policy typically varies by program; often varies by user group

# User Fee Best Practices

The industry best practice for review of fees for service:

- Comprehensive study every 3 to 5 years
- Annual increase mechanism such as CPI or labor costs

# Questions and Comments

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