Resources Allocations and Priorities Plan (RAPP)

June 2013

Acknowledgements

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Foreword

Laurie Dannemiller, Parks and Recreation Manager
June 2013

Denver Colorado is known as a “city in a park” and has over 250 urban parks that total over 4,000 acres, more than 500 acres of natural areas, 240 miles of trails, 300 acres of maintained medians and parkways, 300 ball fields and multi-use athletic fields, over 14,000 acres of mountain parks, 16 outdoor pools, 13 indoor pools, 30 recreation centers, over 145 playgrounds, and 2 buffalo herds. The park system also includes Mount Evans, which has the highest paved auto road in North America. The Department of Parks and Recreation manages all of these diverse assets that are located within 4 counties – Denver, Douglas, Jefferson, and Clear Creek. In the annual Citizen Survey, Denver citizens consistently rated Denver Parks and Recreation parks over 85% in satisfaction for parks and over 75% for recreation programs and services, which is above the national average for similar size cities. With over 300 days of sunshine combined with an active and vibrant community, citizens love their parks! Providing a diversity of recreation facilities and programs for youth, adults and active older adults, DPR continually seeks to improve and increase available programs and opportunities to the citizens of Denver.

Recognizing the on-going fiscal challenges of the City and County of Denver, DPR decided to conduct this study to ensure the sustainability and the future of our parks and recreation system. Engagement is one of the department’s values and the Resources, Allocations and Priorities Plan included public involvement through the formation of a citizen based stakeholder group as well as community presentations. Denver Parks and Recreation staff was an integral part of this project and were engaged in all facets of the project, which will allow for continued analysis of our programs and services for years to come.

We are impressed with the work of GreenPlay LLC and are excited to present the department’s comprehensive Resources, Allocations and Priorities Plan to the Parks and Recreation Advisory Board, City Council and the Citizens of Denver.

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Introduction to the Plan

In April 2012, Denver requested a proposal to complete a Resources, Allocations, and Priorities Plan on behalf of the Department of Parks and Recreation to enhance previous planning work, including a 2007 **Cost Benefit Analysis Study** of recreation services – an introduction to GreenPlay's **Pyramid Methodology**. This new study expands and furthers the previous effort addressing Parks, Mountain Parks, Permitting, Events, and Golf, as well as all Recreation services, and it adds implementation of a **Public Sector Service Assessment**, conducting an analysis of market position, pricing, operational strategies, and working methodologies for Denver. Notice of award was given, and work began with a Strategic Kick-off meeting in May 2012.

This **Resources Allocations and Priorities Plan (RAPP)** identifies core services, points out duplication in services, recommends service provision strategies, and recommends resource allocation and pricing strategies. It enhances partnerships and helps meet the future needs of Denver residents, and those who work in and visit the community. The project included conducting an inventory and analysis of all parks and recreation service offerings in relation to the values, vision, and needs of the community, as well as their position in the market, and reaffirms the Department's mission. It also included a review of current authorizing provisions and ordinances to determine opportunity lost or available to improve cost recovery standing.

The Plan focuses on short and long-term implementation strategies that will enhance service delivery, will efficiently and effectively utilize the community's investment for critical parks and recreation needs, and will identify collaborative efforts. This plan aligns available and future resources with core services and commitments to include desired level of service, sustainable fiscal and environmental stewardship, and industry best practices in operating and maintaining the Department's infrastructure. The process produced a systematic implementation plan to ensure that the Department is moving in a sustainable direction to meet the needs of the Denver community.

Strategies were used to engage key stakeholders representing as much of the City's diverse population and service areas as possible. Beginning in the summer of 2012, a series of stakeholder meetings was held to gather input from users, partners, community organizations, and citizens across the breadth of the city in the form of a project *Community Stakeholder Working Group*.

The input was used to garner insight regarding policies and practices that help or hinder forward thinking toward a sustainable vision for the future through improved cost recovery using alternative sources of revenue and a philosophical approach to tax resource allocation. The subsequent feedback helped focus the study on issues Denver could positively impact immediately and over the next five to ten years.

Subsequent sections of this report chronicle the process of how Denver used the tools and methodologies, and stakeholder engagement, to formulate recommended goals, objectives, and action steps to develop the Resources, Allocations, and Priorities Plan.

Plan Framework

What are we trying to accomplish?
This comprehensive effort and approach to providing services was undertaken to introduce and implement strong "best practice" business tools to the department. Parks and recreation services are varied and make up a lot of smaller "businesses" that each have their unique place in the market and appeal to the population in myriad ways. The overall goal of this plan is to initiate and sustain practices and examine policy and rules that affect overall desired outcomes of a healthy and vibrant community.

Although fee adjustments are likely, the goal is not to simply generate new revenues through fees, but to ensure a sustainable system into the future by using tax revenues and fees in the most appropriate ways, supplemented where possible by grants, donations, partnerships, and other sources of alternative revenues. Paying taxes supports "core services," whereas fees and charges account for activities and services that benefit individuals. The new practices will allow the department to allocate its resources wisely and provide valuable information for decision making and setting priorities for improvements and changes to the system.

Figure 1: Concepts of Sustainability

What do we mean by a "sustainable system"?
"Sustainability" is a very popular and perhaps overused word these days. Often, the users have in mind only one of the three basic elements of sustainability (***Figure 1***) making it very challenging to come to any kind of consensus when others may be focusing on one of the other elements. In order to manage the system of parks and recreation, economic or financial, environmental, and social or recreational sustainability must be balanced. The financial resources must be adequate to maintain the system into the future; the environment that we love so dearly cannot be "loved to death." People must be allowed appropriate use of the system to properly connect to and understand the value represented, creating stewardship while promoting the other benefits of physical activity and mental engagement. When all three are attended to, a dynamic yet sustainable system is possible.

What are "core services"?
Core services satisfy Denver's values and vision, typically benefiting all community members, or are seen as essential to the lives of under-served populations. It is not necessary that an individual participate in a specific recreational or cultural activity or even step into a park setting to receive benefit. Having a nice park and trail system with trees, open space, and recreational amenities available in the community adds to home values and a quality living environment and **provides opportunity** for partaking in activity as well as contributes to clean air and provides relief from urban density. To achieve these and other outcomes, Denver invests its tax dollars in these **core services**.

We pay taxes, why do we have to pay fees too?
Parks and recreation services provide value to the community as a whole in terms of economic, environmental, and social benefits. Tax dollars support these "core services." Beyond those benefits realized by all residents, the department is also able to provide specific activities and services that benefit individuals. There are not adequate tax dollars to completely support this level of activity, and it is appropriate and common to charge at least minimally for these services. For example, if an individual takes a swimming lesson or participates in a senior trip, there are certain levels of skill building or entertainment that accrue to that person, while it can still be argued that there is a benefit to the community as a whole by teaching people safety around water, and through the social capital and health gained by keeping seniors active and in touch. This warrants covering at least a portion of the cost of a program or activity through an individual fee. Other opportunities, such as the rental of a space for a private party, would warrant a fee to cover the entire cost of providing that space.

How is the cost of a program or activity determined?
Dollars spent will now be more specifically accounted for by programs and services offered. The "direct" cost includes easily tracked expenses such as the cost of an instructor, supplies needed, equipment rented, etc. Other costs are more "indirect" and are often shared among several programs or services. This could include the cost of a supervisor, utility expenses, security services, etc. Often when calculating cost of an instructor or other type of employee, only the direct wage is considered. However, in addition to the hourly wage of an employee, other costs are incurred including FICA, worker's compensation, unemployment insurance, and training, etc. This plan includes the methodology to account for these expenses and ultimately to make better more sustainable decisions.

Does "Cost recovery" mean that we need to cover all of the cost of a program or activity through fees?
No; in most cases where fees are appropriate, the cost recovery target will be set to recover a portion or all of the "direct" cost. In some case where the individual benefit is very high, the cost recovery target will be set to cover more than 100 percent of the direct cost. This will allow the fee to also recover some or all of the indirect cost of providing the program or services, as these are still very real costs that are caused by the program or activity. Cost recovery can also be accomplished through other forms of revenue such as grants, donations, sponsorships, etc.

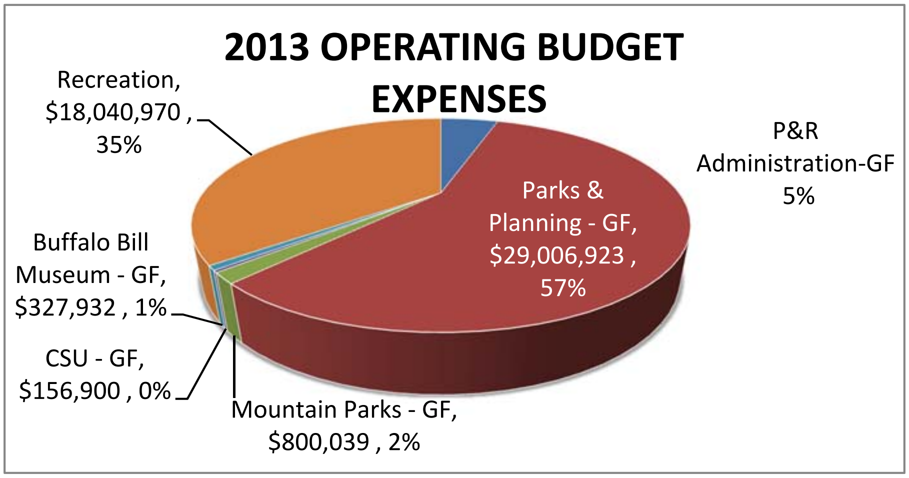
What about those who cannot afford to pay a fee?
Options are always available for those with economic need. Denver makes provision through its scholarship policy and the P.L.A.Y. (Parks and Recreation Looking to Assist You) program. It is not a sustainable practice to keep fees artificially low in order to assure that all can afford to pay. Many residents are very capable of paying fees.

How are parks and recreation revenues spent currently?

Figure 2 illustrates how the $5,666,768 General Fund revenues for parks and recreation are anticipated to be expended in 2013.

Revenue collected outside of taxes is anticipated to be $7,410,800, resulting in cost recovery of 15 percent.

Figure 2: 2013 Operating Budget Expenses



Building the Case for Change through Engagement

A key objective of this study was engaging the community and other stakeholders in the process. Engagement builds understanding of the problems to be solved and ownership of the solutions. Revenue enhancement has both policy (external) and operational (internal) implications, so it has been very important to include both community representatives and staff as key stakeholders.

Through the Working Group, community representatives provided perspective through their knowledge and experience of connecting with the Department in a variety of ways. Their input is reported under Working Group Input (below), and that input was both requested and reported back as an iterative process as staff pursued a very comprehensive, in depth, and intensive exploration of cost recovery analysis and service assessment (that work is documented in separate sections of this report).

Desired outcomes of building the case for change through engagement included gathering important perspectives and information from involved and engaged stakeholders, being able to identify key revenue enhancement or restricting issues, providing information regarding industry best practices and standards, and ultimately building relationship through community problem solving.

The following outline of Study Timeline and Work Tasks illustrates the comprehensiveness of the stakeholder engagement.

Study Timeline and Work Tasks

JUNE AND JULY 2012

Strategic Kick-Off Meeting (Jun 7)

- Confirmed Plan schedule and scope
- Identified Critical Success Factors
- Determined staff and stakeholder participation strategy
- Discussed preliminary budgeting/cost recovery tools

Project Team Meetings (Jun 25 and July 19)

- Determined budgeting/cost recovery tools training and implementation schedule
- Conducted preliminary discussion of direct and indirect costs
- Refined understanding of direct and indirect cost allocations
- Determined strategy for identifying and applying direct and indirect costs
- Established small group to develop financial and registration related glossary of terms
- Established stakeholder participation schedule

AUGUST 2012

Stakeholder Meetings

- Stakeholder Working Group meetings (Aug 2 and 14) – orientation and input on stakeholder perspective regarding what's working, what's not, what has been learned, and what action steps could be taken in the future relative to the project goals
- Parks and Recreation Advisory Board orientation and briefing (Aug 9)

Staff Educational Workshops (Aug 9 and 20)

- Conducted budget/spreadsheet tool trainings

OCTOBER 2012

Stakeholder Meetings (Oct 9)

- Stakeholder Working Group meeting – introduction to cost recovery and service assessment and update on staff progress

Staff Educational and Process Workshop (Oct 5)

- Reviewed Denver's Values, Vision, and Mission Statements
- Introduced staff to the Pyramid Methodology
- Developed Categories of Service
- Reviewed current budgeting procedures and cost allocations
- Discussed direct and indirect costs allocations

NOVEMBER 2012

Staff Process Workshop (Nov 9)

- Reviewed the Pyramid Methodology
- Sorted services according to Beneficiary and the Values, Vision, and Mission

DECEMBER 2012

Staff Educational and Process Workshops (Dec 3)

- Presented consensus pyramid
- Discussed cost center pyramids
- Discussed current cost recovery levels
- Established cost recovery goals
- Discussed pricing theory
- Developed Denver's pricing strategy and methods to include
  - Cost Recovery Strategy
  - Competitive Strategy
  - Market Rate Strategy
  - And established that arbitrary pricing should never be used
- Conducted budgeting exercise – application of cost recovery goals to pricing strategies

Staff Educational Workshops (Dec 4-6)

- Presented the Public Sector Services Assessment Methodology
- Established parameters for identifying Denver services including programs and facilities through a Services Analysis (staff to complete)
- Established parameters for identifying alternative service providers through a Services Analysis (staff to complete)

Stakeholder Meeting (Dec 17)

- Input received on categories of service for cost recovery work

JANUARY – FEBRUARY 2013

Staff Process Workshops (Jan 2-4)

- Processed each of the City's service through each of the Service Matrix filters
- Identified and discussed resulting provision strategies

Consultant Work

- Developed Denver's Service Portfolio
- Completion of matrix summary of Charter/Municipal Code, Parks and Recreation Rules and Regulations, Fees, Studies, Position Papers, Planning Documents, Master Plans, Policies, and Practices related to revenue generation potential and restrictions
- Review of Existing and Potential Revenue Sources
- Drafted RAPP Report

Presentations

- Council LUTI Committee (Feb 12) Briefing
- Parks and Recreation Advisory Board (Feb 14) Briefing
- INC Parks Committee (Feb 19) Briefing

MARCH – JUNE 2013

- Resolve outstanding issues
- Complete analysis
- Draft final report

Stakeholder Meeting (April 9 [postponed due to snowstorms] rescheduled for May 1)

- Presentation of final recommendations to the Working Group

Presentations

- Parks and Recreation Advisory Board (June 13) Presentation of draft recommendations
- Council LUTI Committee (June 18) Presentation of draft recommendations

JULY and beyond

Acceptance of the RAPP Report anticipated with implementation to follow.

Getting Started

Before fully articulating strategies for revenue enhancement, restrictions that are currently in operation needed to be identified and reviewed. Through staff and key stakeholders interviews as well as review of existing practices, the project team sought to identify operational restrictions and considered their function in future operations, including lost return on investment of such restrictions. Such guidelines or restrictions to be analyzed included:

- Implied maintenance standards for parks and facilities
- Allocation of resources in relation to maintenance standards
- Priorities of maintaining existing resources versus development or expansion
- Equity across the system versus the same thing for every neighborhood
- The cost of opportunity lost
- Restrictive ordinances or charters, policies, and/or processes that limit entrepreneurial revenue generation ideas

It was also important to the success of the project to:

- Determine **Critical Success Factors**, final products, and approval process
- Discuss senior staff responsibility and staff participation
- Determine stakeholder workshop participants
- Facilitate a pre-engagement workshop to discuss:
    - Materials to review (Mayoral initiatives, Council goals, Department's Strategic Plan – Game-Plan, City's Capital Improvement Program priority list, etc.)
    - Charters and ordinances to review
    - Policies and processes to review
    - Maintenance levels to review
    - Known conflict areas

These important steps continue to build on and refine previous work by Denver in analyzing cost benefit, as well as identifying lost revenue enhancement opportunities. Involvement from staff, the Working Group, and leaders help vet and refine the cost of current practices and restrictions, and the relevance for today and future operations.

Over the course of the project, GreenPlay provided a number of workshops for identifying and vetting these restrictions and cost of business practices with staff and the Working Group. They also presented information to, and requested feedback from, neighborhood representatives, as well as advisory and policy-making entities of the City.

Working Group Input

Initial input from the Working Group in August was summarized into broad themes identified here:

Use is Exceeding Capacity

There is increased use of facilities and programs, both in terms of types of users and types of uses. This is causing conflict of uses and is exceeding the capacity of aging facilities. At the same, time staffing has been significantly reduced while expectation for service rises.

Denver has Been Reaching Out to Increase Its Efforts
Denver has been increasing its efforts through collaborations; citizen engagement, particularly outreach to neighborhoods; use of performance metrics; more diverse and holistic service offerings; and seeking contributions from businesses.

Denver and the Community Strive to Do More with Less
There has been an increased openness on the part of staff and the community toward collaborations, and recognition by the business community of the benefits of the parks and recreation system. Staff is doing more with less, planning ahead for replacing equipment, and employing sustainable practices. Service offerings are being targeted in collaboration with other departments or agencies toward community needs such as juvenile issues, and extended hours are available at regional recreation centers.

There is a Perceived Inequity of Access to Services, Facilities, and Opportunities
There is concern over an inequity of access for partnering with the City; recreation centers are only serving some of the population due to lack of quality/appeal issues. There is also a concern about equity with the provision of recreation centers throughout the city, with a lack of opportunities on the west side. Many small, outdated facilities are difficult to consider replacing with large, high quality facilities due to lack of sufficient space. While there is conflicting use and overuse in some parks, others are underused. In some park locations there is insufficient large event space.

There is a Lack of Information and Understanding about Current Circumstances
There is a lack of data to tell the story of how things are really going. There is a lack of civic engagement opportunities, along with a feeling that community outreach is not always genuine. With reduced staffing levels, there are missed opportunities to focus on current issues.

Current Funding Sources are Inadequate and there is a Lack of Understanding about Revenue Strategies
Maintenance and repair is being deferred due to insufficient funding. There is a lack of information regarding the true cost of providing services, and missed opportunities for sponsorships. There is concern over the concept of "paying for play." The new permitting system has not resolved issues of inequity, cost structure, conflict resolution, and distribution of use.

Suggestions for improvement were also contributed:
- Review policies; fix permitting system
- Look at equity issue; cannot use a "one size fits all" approach
- Generate useful data and educate community on disparity of costs and revenues
- Reach out to people – community is ready to help, but need a defined process to take advantage of this; utilize partners; cost share; build a mechanism to support
- Identify costs – enlist others to fundraise
- Identify spaces for new fields outside of established parks
- Develop principles and approaches through which user conflicts can be negotiated

In October, the Working Group also provided feedback on the first draft product of the Cost Recovery Pyramid process – identifying the Categories of Service. The following information was sent back to staff for consideration and was used to evolve the model.

- Model needs to address geographic socio-economic differences.
- Age group categories do not account for economic need that needs to be accommodated.
- Use language that speaks to the citizen and policy makers.
- Ensure that parks and natural areas are being addressed (park rangers, parkways; capture the experience of the park user), as well as planning and development services.
- Include services offered at the recreation centers that are operated by partners.
- Parks/ball fields/open space fall into too broad of a category. These are each very important to the P&R system.

Some suggestions made by the Working Group provided an opportunity for clarification.

- A suggestion was made that the Gates Tennis Center agreement needs to allow fees to be flexible depending on the program or service offered. Response: this as an example of the importance and strategy of starting with the different types of services available under the heading of "tennis." There will not be a category called "tennis," as the model will distinguish between group tennis lessons and private lessons, general play, etc. When it is determined where everything fits on the pyramid and cost recovery targets and pricing are applied, it will be discovered if there are rules, regulations, policies, etc., that get in the way of successful implementation of the cost recovery philosophy.
- Another example of the benefit of the process was highlighted through the suggestion of an arbitrary policy – that "Gates Tennis will be an enterprise fund" (which may or may not be true). Response: It is not useful to an overall philosophy to pre-determine an outcome – this can drive bad policy and pricing or ignore the circumstances/challenges altogether – adding to the confusion about how pricing should be applied.
- A suggestion was made to start with philosophy first and then do the sorting exercise. Response: The Pyramid drives the discussions and development of the philosophy. It would be a very challenging and overwhelming task to start with philosophy because people cannot get their arms around it without specific examples that they can use to "illustrate" and "test" along the way. The discussion regarding the current circumstances is used to identify the inconsistencies and varying philosophies and policies that are in place as we seek consensus about an appropriate approach.

In December the Working Group again had an opportunity to provide feedback as the staff work product began to take shape. The following input was returned to the staff for consideration.

- Private and semi-private lessons belong on the same tier (5) regardless of age group (youth was currently on tier 4).
- Citing a significant difference in activities listed on tier 1, *Drop-in Self-Directed Park Access* should be split into two categories:
    1. Trail use, playgrounds, parks, self-guided tours, restrooms, picnic areas, open space, watersheds, rivers and lakes, fountains, mountain parks (less impactful).
    2. Mountain bike park, dog parks, skate parks, rail yard, disc golf, horseshoes, outdoor volleyball /tennis/basketball/fitness circuit (more impactful). **There was a difference of opinion or uncertainty where Spray grounds belonged.*

  All of these are part of the drop-in park experience and does not change the tier; discussion was that they are different things and warranted separate categories.

- Administrative costs should become part of each activity category and should not be listed separately in the bottom tier. There was a strong sentiment that these costs are often not accounted for, and that the city is making an effort to identify a more true cost of providing service and increase transparency. There was an understanding that it would need to be a simplified approach to assign the costs.
- In general, the Working Group felt a sensitivity to calling out the age differences (youth vs. adult/senior) and that there might be a backlash from seniors or those concerned for seniors.
- Programs, especially for adults and seniors, that promote health benefits such as pools, swimming, Master Swim programs, and fitness programs, should be lower on the pyramid, and non-health related programs should be placed higher on the pyramid because of the "Community Benefit." There was discussion regarding the difference of a Master Swim program as organized fitness compared to open swim and lap swim.
- "Equity" is a value of the department, and consideration needs to be given to any decision to "divest" some programs as to how that will impact equity.
- Question raised: Are the Skyline Park ice rink and non-profit agencies that provide activities to the community being evaluated with this project? Response: The RAPP project is focusing on programs provided by the department; however, the Service Assessment will identify other service providers within the catchment area of the recreation centers. Larry Martinez from Denver Inner-City Parish is considering using this model to help them with the sustainability of their facility.

Responsibilities, Values, Mission and Vision

Understanding the system, the responsibilities of the department, and the goals of the community are paramount to the implementation of these "best practices" tools. Values, mission, and vision are fundamental principles that create a logical philosophical framework to guide and direct decision-making efforts. They serve as the foundation for all organizational decisions and processes.

Responsibilities

As reported in the Mayor's Transition Team Report in 2011, the Denver Parks and Recreation (DPR) Department has a direct impact on the quality of life in Denver. The department employs almost 400 full time employee equivalent (FTEs) and 400 seasonal employees to carry out its responsibilities. DPR manages and maintains:

Parks: over 200 city and mountain parks including seven public golf courses, play grounds, and a variety of events, four skate parks and one urban terrain park offering snowboarding and skateboarding. Public programs in the park help to ensure responsible usage and conservation.

Natural Areas: over 1,700 acres of urban native areas including 24 lakes that offer fishing, and some boating areas and 14,000 acres of mountain parks, including Red Rocks Amphitheater, The Buffalo Bill Museum, Genesee Ropes Challenge Course, a Braille trail, as well as elk and bison herds.

Recreation: 27 recreational centers for residents and visitors year-round—including affordable programs in cultural arts, sports and fitness, social enrichment, events for youth and adults of all ages, and after school programs and facilities for school-age kids. The regional recreation sports fields serve over 10,000 youth and adults who play in competitive leagues.

Permitting: over 250 urban park areas and 285 regional sports fields available by permit for exclusive allowed uses, including concessions.

Stakeholders: governmental, non-profit parks partners, and non-profit recreation partners.

The Department previously established this series of guiding statements and principles that were reviewed, analyzed, and considered as the process advanced.

Values

Denver's values are comprised of leadership values, staff values, and community values. They direct the Department's vision and help determine those community conditions that the Department wishes to impact through the organizational mission. Its values include:

- Accountability
- Honesty
- Respect
- Service
- Stewardship
- Teamwork

Mission

Its mission establishes purpose helping to guide management decisions, often substantiating difficult decisions, rendering them justifiable and defensible. Its mission states:

> *"As stewards of Denver's legacy, the Department of Parks and Recreation is dedicated to customer satisfaction and enhancing lives by providing innovative programs and safe, beautiful, sustainable places."*

Vision

Its vision sets forth a lofty, inspirational goal:

> *"To be a nationally recognized leader providing model programs and dynamic public spaces."*

Financial Resource Allocation Philosophy

The use of the **Pyramid Methodology** tool to sort categories of services and determine current and minimum target cost recovery thresholds included a significant number of educational workshops and required extensive time and effort by many Denver staff. Workshops rooted in Denver Parks and Recreation values, vision, and mission, and the degree to which the community as a whole or an individual benefits from a service, provides the foundation for development and use of the pyramid tool. These sessions introduced each component of the process and engaged internal stakeholder groups in interactive dialogue and exercises.

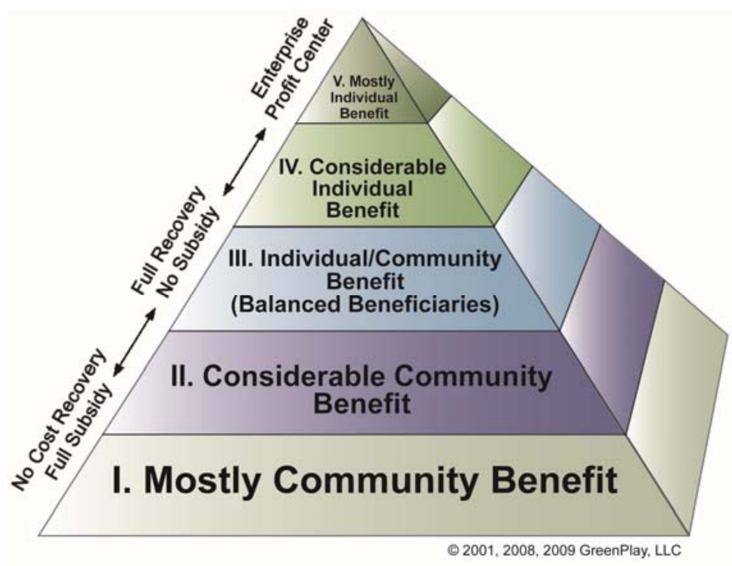
GreenPlay trained a cross section of staff members on how to use the tool, identify broad categories of like or similar service, and understand the benefits filter. The participating team was comprised of staff from various Denver divisions, including Mountain and Urban Park Operations; Recreation Center Operations; Aquatics; Community Recreation, Social Enrichment, Adaptive, and Sports Programs; Golf; Event Venues; Permitting; Administration; and Finance. The team was also assisted by several support staff members. Staff sorted the broad categories of service onto levels of the pyramid using the benefits filter, and other staff and members of the Stakeholder Working Group reviewed and provided feedback.

Engagement was critical to collective "buy-in," consensus, and endorsement of the process. These workshops provided the groundwork for many intensive sessions, which ultimately resulted in the recommended Service Portfolio, a compilation of the Pyramid Methodology tools and the Service Assessment.

The Pyramid Model

It is often easier to integrate the values of an organization with its mission if they can be visualized. An ideal philosophical model for this purpose is the Pyramid. In addition to a physical structure, *pyramid* is defined by Webster's Dictionary as "an immaterial structure built on a broad supporting base and narrowing gradually to an apex." Parks and recreation programs are built with a broad supporting base of core services, enhanced with more specialized services as resources allow. Envision a pyramid sectioned horizontally into five levels.

Figure 3: The Pyramid Model



The Pyramid Model is used to illustrate Denver's financial resource allocation philosophy based on categories of services. The Pyramid details cost recovery and subsidy goals commensurate with the benefit received by a service's user and the community as a whole. Descriptions regarding each level of the Pyramid are provided in a description of the Pyramid Methodology in ***Appendix A***, and they are critically dependent upon Denver's philosophies. These philosophies inevitably determine where Denver's services will fall within the pyramid. Historical, cultural, geographical, and resource impacts play a role in this determination and therefore the resulting completed Pyramid is unique to each agency that applies this method.

The foundational level of the Pyramid, as shown in ***Figure 3***, represents the mainstay of a public parks and recreation system. It is the largest service level and most heavily subsidized by tax dollars. Services appropriate to higher levels of the Pyramid should be offered only when the preceding levels below are significant enough to provide basic parks and recreation services to the community as a whole. Together, this represents the public parks and recreation mission while reflecting the growth and maturity of a department.

Application of the Pyramid Methodology begins with the values, vision, and mission of Denver, but must also address the following questions and issues:

- Who benefits from the service − the community in general, or the individual or the group receiving the service?
- Does the individual or group receiving the service generate the need, and therefore the cost, of providing the service? An example of this type of service is a permitted activity in a park that requires police presence beyond the norm.
- Will imposing the fee pose an economic hardship on specific users?
- If the ability to pay does not align with the benefit and value of a service, consideration of this dynamic should be addressed during the implementation phase of pricing and marketing.
- Do community values support taxpayer subsidy of the cost of service for individuals with special needs (e.g., specialized programs for people with disabilities or services for low-income families)?
- Are services federally mandated like inclusionary services as instituted by the Americans with Disabilities Act (ADA)?
- Will the level of the fee affect the demand for the service?
    - Is it possible and desirable to manage demand for a service by changing the level of the fee?
    - Are there competing providers of the service in the public, nonprofit, or private sector?

The Denver Pyramid

Categories of Service

Prior to creating the Denver pyramid, literally hundreds of services were placed into categories as determined through much discussion of what makes services alike and dissimilar. Every service provided by the department had to be placed in a category. After thoughtful consideration, the following categories of service were determined, and then the categories were placed into the five levels of the pyramid structure based on the level of community and individual benefit experienced when someone partakes of the service.

DENVER'S CATEGORIES OF SERVICE

TIER 5: MOSTLY INDIVIDUAL BENEFIT

Exclusive Use Permits – For-Profit & Private Individuals – rentals for exclusive use of spaces and facilities and boating permits (examples: room rental, camping site, tennis court permit, shelter permit, facility rental, special occasion area, community garden, fields, boat mooring, roads and trails, private golf instruction, etc.) on a one-time or one season basis, or a longer term basis by a private individual, group, or for-profit business (examples: concessionaires, regional special events such as Rock and Roll Marathon, etc.).

Concession and Vending – food and beverage sold for individual use or consumption.

Merchandise for Resale – merchandise sold for individual or team use (examples: goggles, swimsuits, art supplies, Logo clothing, memorial trees/benches, gift shop items, golf pro-shop items, etc.).

Senior/Adult Advanced Competitive Programs & Activities – sports/non-instructional, aquatics, competitive leagues and tournaments for seniors (65 years and older) or adults – scheduled one-time sporting and/or multi-game events for various age groups that are organized and/or managed by Denver, may or may not be officiated and/or judged, and may or may not be scored, providing a team experience for participants with the intent to play a game/match-format or to compete (examples: in-house tournaments for baseball, Wellshire 4-Ball Golf Tournament, Denver Dukes, Ballin with Billups, etc.); and advanced non-sports activities – advanced group recreational and/or instructional non-sports programs and activities for for seniors (65 years and older) or adults; including educational classes operated, taught, or managed by agency through volunteer, contract or staff; with a focus on advanced activities or certification; has a pre-requisite for attendance (examples: pottery, etc.).

Senior/Adult Private/Semi-Private Lessons/Activity – lessons or activities arranged for one to three senior (65 years and older) or adult students with a specific instructor and/or time (examples: personal training, private swimming, tennis, Mary's Foot Care, etc.).

Equipment Rentals – various department-owned equipment available to renters for a fee (examples: banquet chairs/tables, audio/video equipment, performance stage, show wagon, boats, sports equipment, golf clubs, carts, driving range balls, etc.).

Trips/Tours – Senior/Adult – day, overnight, and extended trips that provide opportunities for senior (65 years and older) or adult participants to visit selected destinations (examples: outdoor recreation trips, led trail hike, casino, brunch, dinner and theater, etc.).

Organized Parties – includes an organized and monitored activity by staff as well as a rental of space; may or may not include food, cake, entertainment, and favors (examples: swim birthday parties, etc.).

Professional & Maintenance Services – services provided by Department staff through contract to other departments, outside groups, or other agencies (examples: mitigation to Red Rocks park due to concerts and events run by the Arts and Venues Department, Forestry enforcement actions such as citations and removal of hazardous trees on private and/or public right of way, tree care licensing, consulting services to other agencies, etc.).

Temporary Vending or Commercial Permits – non-rental allowable services that require a permit by the City on a seasonal or one-time allocation of space within a park or facility for a commercial enterprise to conduct private business; may or may not be exclusive use (examples: food carts and trucks from Memorial to Labor Day at selective locations, or non-City operated classes like bootcamp fitness, etc. if done for private or commercial gain.)

TIER 4: CONSIDERABLE INDIVIDUAL BENEFIT

Exclusive Use Permits – Nonprofit – rentals for exclusive use of spaces and facilities (examples: room rental, camping site, tennis court permit, shelter permit, facility rental, special occasion area, community garden, fields, roads and trails, etc.) on a one-time or one season basis by a 501 (c)(3) or (c)(4) nonprofit agency (examples: fee-based service providers in facilities such as AARP Driving Course, and regional special events such as Taste of Colorado, PrideFest, Race for the Cure, Parade of Lights, etc.).

Senior/Adult – Beginning/Intermediate Programs & Activities – entry level group recreational and/or instructional golf, sports and aquatics, or non-sport programs and activities for seniors (65 years and older) or adults; including skill development classes and athletics operated, taught, or managed by Denver through contract or staff with no pre-requisite for attendance (examples: martial arts, learn to swim, boxing, t-ball, baseball, basketball, tennis, flag football, soccer, gymnastics, community forester program, environmental education, cooking, arts and culture, bike safety, Nature Walks, CPR, First Aid, Challenge Course, birding, winter programs, fitness, etc.); and recreational leagues and tournaments – scheduled one-time sporting and/or multi-game events for seniors (65 years and older) or adults that are organized and/or managed by Denver, may or may not be officiated and/or judged, and may or may not be scored, providing a team experience for participants with the intent to play a game/match-format or to compete. (examples: in-house tournaments for tennis, softball, basketball, swimming, baseball, soccer, bocce, ultimate Frisbee, kickball, golf and sport leagues, Men's or Ladies Club, etc.).

Youth – Advanced/Competitive Programs & Activities – sports/non-instructional, aquatics, competitive leagues and tournaments for youth – scheduled one-time sporting and/or multi-game events for various age groups that are organized and/or managed by Denver, may or may not be officiated and/or judged, and may or may not be scored, providing a team experience for participants with the intent to play a game/match-format or to compete (examples: in-house tournaments for baseball, Wellshire 4-Ball Golf Tournament, Denver Dukes, Ballin with Billups, etc.); and advanced non-sports activities – advanced group recreational and/or instructional non-sports programs and activities for youth; for a specific age such as tots or youth including educational classes operated, taught, or managed by agency through volunteer, contract, or staff; with a focus on advanced activities or certification; has a pre-requisite for attendance (examples: WSI, pottery, lifeguard training, junior lifeguard, etc.). *Note: advanced/competitive programs and activities for all ages together, such as family activities, or those activities with no age specifications will be included with youth advanced/competitive programs and activities.*

Youth Private/Semi-Private Lessons – lessons arranged for one to three youth students with a specific instructor and/or time (examples: personal training, private swimming, tennis, etc.).

Trips/Tours – Youth – day, overnight, and extended trips that provide opportunities for youth to visit selected destinations (examples: outdoor recreation trips, led trail hike, etc.).

TIER 3: BALANCED COMMUNITY/INDIVIDUAL BENEFIT

Exclusive Use Permits – Government/Affiliates – rentals for exclusive use of spaces and facilities (examples: room rental, camping site, tennis court permit, shelter permit, facility rental, special occasion area, community garden, fields, roads and trails, etc.) on a one-time or one season basis by other government departments or groups (examples: county or city meetings/trainings, council meetings and events, school districts, etc.) or to groups identified as having an allied interest with Denver, and are of service to the community at large (examples: intern houses and caretakers, federally mandated communication leases and easements, CDOT, Jefferson County road license agreements, US Forest Service, Urban Drainage).

Youth – Beginning/Intermediate Programs & Activities – entry level group recreational and/or instructional golf, sports and aquatics, or non-sport programs and activities for youth; including skill development classes and athletics, operated, taught, or managed by Denver through contract or staff with no pre-requisite for attendance (examples: martial arts, learn to swim, boxing, tennis, gymnastics, First-Tee of Denver, 4-H/CSU extension, environmental education, cooking, arts and culture, bike safety, Red Cross babysitting, First-Tee of Denver-Read and Swing, Fishing is Fun, Nature Walks, CPR, First Aid, Challenge Course, birding, winter programs, fitness etc.); and recreational leagues and tournaments – scheduled one-time sporting and/or multi-game events for youth that are organized and/or managed by Denver, may or may not be officiated and/or judged, and may or may not be scored, providing a team experience for participants with the intent to play a game/match-format or to compete (examples: all city swim meet, in-house tournaments for tennis, softball, basketball, t-ball, baseball, flag football, soccer, bocce, golf and sport leagues, golf Player's Club, etc.). *Note: beginning/intermediate programs and activities for all ages together, such as family activities, or those activities with no age specifications will be included with youth beginning/intermediate programs and activities.*

Drop-In Facility Access – drop-in use of a recreation facility/activity that is non-registered, may or may not be scheduled or instructed, and is monitored by agency staff/volunteer supervision (examples: Buffalo Bill Museum, drop-in gym, drop-in swimming, activity games, arts and crafts, weight room, membership, silver sneaker fitness, luncheons, billiards/cards/games, computer lab, book exchange, racquetball courts, Golf driving range, Golf Course green fees, etc.) and City recognized, self-managed special interest group meetings, clubs, and get-togethers (examples: Book Group, Garden Club, Bingo, Bridge, Pinochle, Quilting, Woodshop, crafts, etc.).

Mountain Parks Drop-in Facility Access – drop-in use of an extra-territorial park that serves as a regional amenity/venue where the entire land mass is outside of the City of Denver limits. Non-residents make up a large percentage of the visitation.

Licensed Camps/After School Care – licensed recreational and child care camps, and after school programs with a social, child care, and/or recreational focus which may include field trips, rather than specific instructional or skills programs (examples: Summer in the Park, SOAR Afterschool Program, Rec Kids Afterschool Program, etc.).

Non-Licensed Camps/Events – non-licensed recreational camps, school breaks, and events (examples: WOW, out of school camps, holiday events, themed camps, traveling youth zone, etc.).

Drop-In Childcare/Babysitting – drop-in on-site child care for participants using Denver's facilities and/or programs.

Therapeutic/Adapted Services – leisure opportunities for people with disabilities designed and managed to be specific to the physical, cognitive, social, and affective needs of these populations.

Work Study/Internship/Community Service Program – managing individuals to provide services that support educational or community service requirements, and workforce development (example: First Tee Mentorship Program, etc.).

TIER 2: CONSIDERABLE COMMUNITY BENEFIT

Community-wide Special Events – community-wide events typically offered on an annual basis that may or may not require registration and are intended for Denver residents (examples: Movies in the Park, Mayor's Gala Ball, concerts, Neighborhood Resource Fair, National Get Outdoors Days, etc.).

Community Services – services that provide a social, wellness, or safety benefit that do not fit into other traditional park and recreation instructional, special event and/or athletics offerings (examples: tax preparation, senior meal programs, visiting nurse services, GED, literacy, Alzheimer's support group, youth snack/meal program, transition centers, Tall Bull Memorial Grounds, etc.). (These services are offered for free, a nominal fee, or for a donation and are provided through the efforts of other outside organizations at no cost to DPR).

Volunteer Program – the cost and time to manage individuals, groups, or an agency (examples: VOC, VOA, Park People, service groups, or volunteers paid by other agencies like a group of employees paid by their employer for a volunteer day of service, SER Jobs for Progress, AARP, etc.) who donate their time and effort to a structured or scheduled experience (examples: adopt-a-park, adopt-a-field, trail maintenance, museum docent, adaptive recreation volunteers, coaches, master gardeners, resource stewardship, etc.).

Code Enforcement & Inspections – inspections of, or compliance with, utility notification process, permitting, temporary construction access permits, etc.

TIER 1: MOSTLY COMMUNITY BENEFIT

Natural Resources Protection/Management – the environmental services (clean air, clean water, storm water, flood plain protection, wildlife protection, wildfire protection) provided by the stewardship practices of the City (examples: MHM, Urban Forestry, Natural Areas (areas of the city in parks and outside of parks i.e. South Platte-Cherry Creek plus citywide weed management), Conservation Area, Wildlife Management and Habitat (includes Bison Herd), Urban Forest protection, hazardous trees, weed management, Rangers-trail enforcement citywide, etc.).

Historic Cultural Amenities – protection and maintenance of the historic features within the department (examples: structures, fountains, statues, monuments, etc.)

Drop-in Self-Directed Park Access – drop-in use of a park/facility/activity that is non-registered and non-instructed, and is not monitored by agency staff/volunteer supervision. (examples: trail use, playgrounds, parks, self-guided tours, mountain bike park, dog parks, restrooms, picnic areas, skate parks, open space, watersheds, rivers and lakes, spray grounds/fountains, rail yard, disc golf, mountain parks, horseshoes, outdoor volleyball/ tennis/basketball/fitness circuit, etc.).

Public Safety, Rule & Regulation Compliance – maintenance of public safety, facility, and resource protection within DPR properties and facilities.

Inclusion Services – provides for reasonable modifications to policies, programs, and procedures to accommodate people with disabilities. Inclusion services are intended to comply with the Americans with Disabilities Act (ADA federal mandate). Also includes plan review for barrier-free access, regulatory compliance, etc.

Capital Equipment Replacement* – Capital expenditures for equipment spread across the City services and facilities, based on highest priority or need, political initiative, prime opportunity, etc.

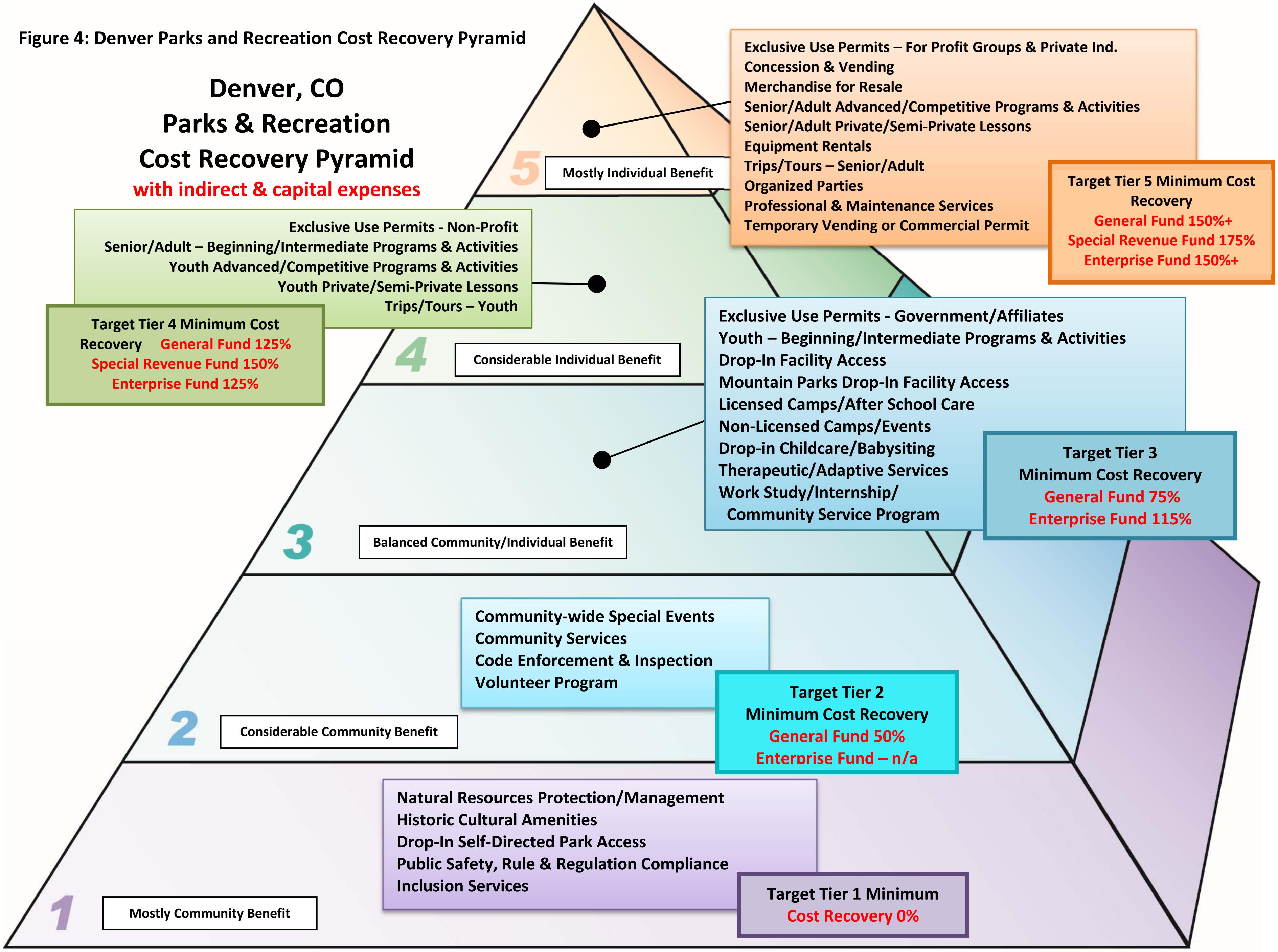
CIP* – Capital Improvement Projects spread across the City services and facilities, based on highest priority or need, political initiative, prime opportunity, etc.

Park & Recreation Administrative Overhead* – administrative offices and services that are provided by staff that support the administration, operations, and/or general department operations that are not allocated as direct expenses (examples: information technology, finance and accounting services, human resources, department-wide marketing, planning and development, internal trainings, advisory boards, risk management services, internal plan and code review, environmental services, director and deputy directors offices, consultants, etc.).

** Note: These services are allocated as direct costs to all the other services previous to them, and aren't shown on the Resource Allocation and Cost Recovery Pyramid Model, as they are considered a directly allocated cost to provide or maintain the category service and will be included in the total cost of service provision.*

From a staff sorting process and stakeholder input, the Denver consensus pyramid was created as represented in ***Figure 4***. Following the cost identification for each program or service, a tier target minimum was established for each level of the pyramid as indicated.

Figure 4: Denver Parks and Recreation Cost Recovery Pyramid



Identifying Costs and Cost Recovery Targets

In 2012, Denver operated at 15 percent cost recovery, which translates to 85 percent of operations being subsidized by the General Fund and other tax subsidies. The next step was to identify the current level of cost recovery for each level of the pyramid. In order to achieve this, definitions of direct and indirect costs needed to be clarified and applied consistently across all service areas. The definitions follow.

Defining Costs

Direct Costs include all of the specific, identifiable expenses (fixed and variable) associated with providing a service, or operating and maintaining a facility, space, or program. These expenses would generally not exist without the program or service and often increase exponentially.

All Programs and Services:

- Full-time staff and their direct reports attached to a program or service.
- Part time/hourly time staff for instructors, leaders, aides, field supervisors, officials, coaches, and their direct reports attached to a program or service.
- Seasonal salaries for instructors, leaders, aides, field supervisors, officials, coaches attached to a program or a service.
- Personnel benefits including FICA and Medicaid, Social Security, Worker's Compensation Insurance, Unemployment Insurance, Retirement, Health, Dental, and other Insurance premiums as applicable; currently estimated at **40%** for full-time benefited employees, **7.65%** for part time employees. (This 7.65% may change in 2014 based on the Affordable Care Act.)
- Contractual services for coaches, officials, instructors, etc.
- Consumable equipment and supplies like ping pong balls, paper, clay and glazes, kiln firing, art supplies provided by instructor or agency, chalk, food, paper, etc.
- Uniforms, tee shirts for participants and staff.
- Non-consumable equipment purchased only for the program that require periodic, continual replacement or are necessary for the start of the program like yoga mats, blocks, stability balls, basketballs, low free weights, racquets, and goggles. (This statement is general in nature - that direct costs will include these types of equipment and supplies. Some of these supplies such as basketballs may be used for open gym once the program ends.)
- Training specifically for the program or service like CPR and First Aid, on-going or reimbursed training and certifications.
- Transportation costs like van driver and mileage, parking, tolls, detailing, or rental of busses, taxis, metro, etc.
- Entry fees, tickets, admissions for participants, and leaders/instructors.
- Rental fees for facilities, spaces, janitors, charge backs, etc.
- Marketing/promotion/printing/distribution/fliers/etc. associated directly for programs.
- Pro-rata share of general marketing expenses for brochure space.
- Repair or maintenance of program or service specific equipment like piano tuning, pottery wheel, kiln, etc.
- Any other costs associated or attributed specifically with the program or service.

Parks, Facilities, and Spaces: Includes applicable direct costs above which should be tied to a park, facility, or space and not a program:

- Full-time staff (level TBD) and their direct reports attached to the park or facility.
- Hourly or part time salaries staff and their direct reports attached to the park or facility.
- Seasonal salaries attached to the park or facility.
- Personnel benefits including FICA and Medicaid, Social Security, Worker's Compensation Insurance, Unemployment Insurance, Retirement, Health, Dental, and other insurance premiums as applicable; currently estimated at **40%** for full-time benefited employees, **7.65%** for part time employees. (This 7.65% may change in 2014 based on the Affordable Care Act.)
- Contractual services directly attached to the facility.
- Contract maintenance for arborists, port-a-potty, mowing, trades, custodial services, etc.
- Consumable equipment and supplies like kickboards, chemicals, fertilizer, light bulbs, blower, paper, office supplies, copier supplies, doggie bags, trash bag, etc.
- Leased equipment (copier, weight room equipment, park/golf equipment leases for maintenance equipment and golf carts, etc.)
- Non-consumable equipment purchased only for the facility or space that requires periodic, continual replacement like lane markers, pool covers, fencing, picnic tables, tables and chairs, AV equipment, irrigation parts, hand tools, pump, office furniture, etc.
- General operational services and supplies like janitorial/custodial staff and cleaning supplies, restroom supplies, maintenance, etc.
- Building monitoring, insurance, utilities, etc. (may be contracted directly or may be allocations from another Department or General Services)
- Licensing Agreements like ASCAP, BMI, Motion Pictures, etc. (if applicable in the future)
- Uniforms, tee shirts, for staff
- Computers, printers
- Training specifically for the facility like CPR and First Aid, AED, maintenance school, lifeguard training, Oregon Safety & Health Administration, on-going or reimbursed training and certifications
- Background checks of employees and volunteers
- Transportation costs like mileage reimbursement, public works vehicle use, etc.
- Custodial expenses and supplies
- Marketing/promotion/printing/distribution/fliers/brochures, etc. associated directly to facilities.
- Repair or maintenance of facility specific equipment like kitchen equipment, computer, pool vacuum, canopies, etc.
- Memberships, periodicals
- Postage
- Utilities
- Other City Department Allocated Charges
- Any other costs associated or attributed specifically with the facility

District Administration or Indirect Costs (Support Services) encompasses remaining overhead (fixed and variable) which are allocated as Direct Costs. These *Indirect Costs* would generally exist without any one specific service and are allocated by a pro-rata share formula.

- Fund debt service
- Marketing and research – general support
- General contractual services like janitorial, security, armored car
- Facility operating costs and utilities if not charged back
- Full and Part time employees (level TBD) salaries and benefits; supplies; equipment and contracts for Department Director's Office and staff, Division Chiefs, Managers, Supervisors, Administration, Management Services; and technology costs etc.
- Employment ads
- Office equipment and supplies
- Office furniture (PLCR or CIP)
- Computers, cell phones, smart phones, etc.
- Vehicles used for administration and mileage reimbursement
- Maintenance of grounds, capital equipment, and building structure (PLCR or General Services)
- Various other appropriated costs

Denver identifies multiple sources for indirect costs:

- Recreation Center/Park District Overhead
- Recreation/Parks Administration Division Overhead
- Parks and Recreation Administration Agency Overhead
- City Administration (Allocation for support agencies such as Tech Services, Controller's Office, OHR, Building Allocation, etc.)

Costs Allocation Methodologies

Applying Indirect (Administrative, Support and Management Staffing) Costs:

- ☐ Determine all administrative/support/management staffing (e.g., Director; Superintendent; support service functions) costs including benefits.

- ☐ Determine administrative/support cost allocation per unit's percent of the total department operating actual expenses (e.g., aquatics is 10% of the total department operating budget; therefore, 10% of total administrative costs will be allocated to the aquatics unit).

- ☐ Determine all management costs by service or function area (e.g., program coordinator, maintenance supervisor) including benefits. Calculated on a percent of actual time dedicated toward managing a service or function area.

- ☐ Determine management cost allocation per service or function area's percent of the total unit operating actual expenses (e.g., afterschool program is 10% of the total youth services budget; therefore, 10% of total management costs will be allocated to the youth services unit).

NOTE: the allocation methodology above can apply to many costs of service. In the event the agency wishes to determine costs of service for areas such as facilities or parklands, a more detailed approach can include determining cost per square foot or acre for maintenance, utilities, depreciation, replacement, etc. Denver will not do this in the first round of implementation but may possibly later once better data is collected.

Cost Allocation Methodology for Programs:

- **Direct Program Costs and a percent of Facility Allocation –** The cost of a program is determined by calculating all direct expenditures associated with the program including allocated support services. Expenditures include full-time and part-time staff time (program development and scheduling, registration, maintenance, and instruction/leader), program use hours, services and supplies, some marketing materials, and independent contractor percentage when applicable.
- Denver uses the direct expenditures for the programs, and determines the program use hours at the facility to get the percent of facility allocation to get the costs per program hour. Each center's programming varies so this is deemed to be the most accurate method at this time.

Costs Allocation Methodology for Facility Operations:
Aquatics, Senior, Teen, and Recreation/Community Centers generate revenues through fees and charges on their own through memberships or drop-in admission and passes. Therefore, most of the facility operating cost is allocated directly to **the Drop-In Facility Access** category of service and rentals.

Cost Allocation Methodology for Facility Rentals:

- **Aquatics, Senior, Teen, and Recreation/Community Centers Rentals** – Hourly costs for these types of facilities are based on a formula using expenditures directly related to the cost of operating the facility. Expenditures include utilities, telecommunications, custodial/housekeeping services and supplies, a percentage of FTE staff, and a percentage of hourly staff. Those costs are divided into operating hours in each facility and the square footage of the facility (excludes bathrooms, hallways, office/lobby areas – these areas are excluded during normal hours of operations, because they are generally considered common areas and are often used by more than one groups or other users – these areas are included in after hour rentals of recreation and community centers, and in Special Event Facilities as the entire facility is rented exclusively for the user). This formula establishes per hour/per square foot rates for each facility. The rate is used to determine cost recovery levels for rentals.
- If each program and rental are charged a facility allocation use cost, then the typical and average annual hours of programs or rentals should be subtracted from the annual operating costs of a facility.

Facility and Park Costs Allocation Methodology for Other Space Rentals:

- **Campground Sites** – Camping sites are based on a formula using direct staffing cost at loaded rates, and expenditures directly related to the cost of operating the park, which include utilities, telecommunications, park maintenance, contracted services, minor equipment, small tools, facility costs, and Internal Service Funds. Those costs are then split per facility with 100 percent for camping sites and 30 percent for maintenance of other unrelated camping functions. These numbers are then divided by the number of camping sites and divided by 150 days of the year. This formula establishes per day/per camp site for each park. The rate is used to determine cost recovery levels for camping sites.

Cost Recovery Targets

Target cost recovery percentages were established based on current cost recovery when all direct costs, CIP and a pro-rata share of indirect costs were applied, and with the goal of increasing overall cost recovery for the Department. Minimum target cost recovery percentages were established for each tier of the pyramid.

The target tier minimum cost recovery percentages were established by analyzing which category or categories of service the majority of resources were allocated to by each tier or level, typically coupled with current cost recovery based on the definitions of direct and indirect costs. The Target Tier Minimum Cost Recovery Percentages represent the aggregate minimum cost recovery for categories of service within that tier. The intent is that each category of service on that tier does not fall below that target tier minimum. Some specific services may exceed the minimum due to demand or market conditions, and some may under perform. Denver is basing all cost recovery calculations based upon fully loaded (direct and indirect) costs.

When a category of services in the aggregate fall below the target tier minimum, Denver has a choice whether or not to continue the service. If the category of service is supposed to be revenue positive, Denver should at least move it toward breaking even. If the category of service cannot at least break even, then Denver can choose to underwrite it with other categories of service which may be over-performing and revenue positive due to demand and market conditions.

A secondary, longer term goal would be that each and every service which makes up the category be reaching the target tier minimum cost recovery for that tier.

Enterprise Cost Center Pyramids
In addition to defining costs and target tier minimum cost recovery percentages, a specific Enterprise Cost Center was defined for the golf program to assist in financial management practices.

Developing a Pricing Strategy

Establishing an actual price for a program can be based upon a variety of strategies. Arbitrary pricing is not encouraged as it is impossible to justify; however, these strategies include:

- Arbitrary pricing: a fee based on a general provision such as raising all fees by $2.00 to meet budget goals – ignores market conditions and cost recovery goals.
- Market pricing: a fee based on demand for a service or facility or what the target market is willing to pay for a service. The private and commercial sectors commonly use this strategy. One consideration for establishing a market rate fee is determined by identifying all providers of an identical service (i.e. private sector providers, municipalities, etc.), and setting the highest fee. Another consideration is setting the fee at the highest level the market will bear.
- Competitive pricing: a fee based on what similar service providers or close proximity competitors are charging for services. One consideration for establishing a competitive fee is determined by identifying all providers of an identical service (i.e. private sector providers, municipalities, etc.), and setting the mid-point or lowest fee.
- Cost recovery pricing: a fee based on cost recovery goals within market pricing ranges.

Staff participating in the series of resource allocation workshops engaged in interactive cost identification and pricing exercises that applied the cost recovery goals of their respective service areas. The workshops prompted discussions leading to recommended changes to selected current pricing practices with the intention of attaining recommended cost recovery and subsidy allocation goals and establishing a new method for setting fees and charges. This method is based upon using cost recovery goals as a primary pricing strategy, followed by either market pricing (for services with low alternative coverage – few if any alternative providers) or competitive pricing (for services with high alternative coverage – other alternative providers offer similar or like services).

Applying the Cost Recovery Pricing Methodology:

- ☐ Determine a cost recovery goal per program or activity that is anticipated to be achievable and reasonable (use current cost recovery levels as a baseline to make this decision), and that lies with the cost recovery target tier minimum established for the program's corresponding Category of Service on the Cost Recovery Model.

- ☐ Determine if there are alternative funding sources that may be applied to minimize the cost per participant (e.g., sponsorship, donations, and volunteer contributions).

- ☐ Process the Budgeting/Pricing Methodology to determine the cost of service per participant.

- ☐ Insert the cost recovery goal into the Pricing Methodology formula.

- ☐ Determine service fee per participant.

- ☐ In the event service fee per participant is considered to be beyond what the market can bear, consider other strategies:
  a. Market pricing strategy – what is the market willing to pay for the service based level of service, market demand and pricing tolerance?
  b. Competitive pricing strategy – if the agency values benchmarking, use the current price point in the market as a target
  c. Consider adjusting the minimum number of participants upward to reduce the per participant fee (this is not always possible and sometimes, costs may be incremental and therefore this adjustment is not possible)
  d. Consider reducing expenses or level of service standard
  e. Reducing the cost recovery goal in year one – reduce in slight increments and strategize what time frame may be possible to achieve the cost recovery goal.
  f. Assess additional alternative funding sources to reduce service costs.
  g. Consider whether subsidizing the service to the extent it will need to be is justifiable – who is benefiting from the service and can you justify and defend the use of subsidy for this service?

The following topic areas were also introduced to staff and are crucial as a foundation for further discussion or discussions with policy advisors, policy makers, and the public regarding the topic of pricing.

1. **Financial trends**
   The increasing complexity and resulting shifts of our society's economy have led to what can be deemed as constant fiscal change in government. Public sector administrators and managers must be prepared to respond to the fiscal realities that have resulted from these economic shifts. Trends that impact fiscal and pricing decisions include:
   - Increased governmental accountability
   - Increased demand for people's "leisure dollar"
   - On-going or increased demand for services with no/limited additional funding, or decreased funding
   - Disinterest in service reductions or increased fees and charges
   - Increased operating expenses (e.g., utilities, fuel, personnel, supplies)

2. **The budget process and fiscal year cycle**
   Budgets are viewed as annual financial plans and include planning and forecasting, establishing priorities, and a way to monitor fiscal process. This overview allows for an abbreviated look at the process and how it impacts and is impacted by pricing.

3. **The costs of service provision**
   Prior to making pricing decisions, it is important to understand the different types of service provision costs. Having a grounded knowledge of the various types of costs allows staff to make better informed pricing decisions. The different types of service provision costs are as follows:
   - Direct costs
     - Fixed costs
     - Changing fixed costs
     - Variable costs
   - Indirect Costs

4. **The purpose of pricing**
   There are many reasons to develop service fees and charges. These include, but are not limited to, the following:
   - Recovering costs
   - Creating new resources
   - Establishing value
   - Influencing behavior
   - Promoting efficiency

5. **Pricing strategies – differential pricing**
Differential pricing is grounded in the notion that different fees are charged for the same service when there is no real difference in the cost of providing the service. There may be many reasons why Denver may wish to expand use of this pricing strategy including:
- To stimulate demand for a service during a specified time
- To reach underserved populations
- To shift demand to another place, date, or time

6. **Alternative funding sources**
In general, there has been a decrease in the amount of tax support available to public parks and recreation departments across the nation. Denver has experienced this and is forward thinking in its planning. As such, the need to look at alternative funding sources as a way to financially support services has become commonplace. Alternative funding sources are vast and can include:
- Gifts
- Grants
- Donations
- Sponsorships
- Collaborations
- Volunteer contributions

7. **Examining the psychological dimensions of pricing**
In addition to the social and environmental issues that surround pricing, the human elements of pricing must be considered. Regardless of how logical a price may seem, customer reactions and responses are their own and can be vastly different than what one might expect. The psychological dimensions of pricing include:
- Protection of self-esteem (pricing in such a way as to not offend certain users)
- Price-quality relationship (value received for every dollar spent)
- Establishing a reference point (worth of service in comparison to others)
- Objective price (price has a basis in fact, is real and impartial)
- Subjective price (perception of bias or prejudice)
- Consistency of image (perception of the brand and identification with product or service)
- Odd price (perception of arbitrary or incongruent pricing)

9. **Understanding price revisions**
Once a price is established, there may be the need to periodically review the price and examine the need for revision. In some cases, “revised” may be viewed as “increased”; therefore, a systematic approach to pricing revision is important. Factors to consider in pricing revision include:
- Customer tolerance: the degree to which small increases in price will not encounter client resistance.
- Adjustment period: the period of time where the value of the service is assessed by the customer in relation to the price increase. The value of the service from the customer’s perspective must meet or exceed the impact of the increased cost. Adjustment periods may lead to diminished participation or termination of participation altogether based upon customer loyalty and other factors.

- Customers' perceived value of the service: the degree to which services including programs, facilities, and parks impact the public (individual and community), or in other words, the results or outcomes of services. Value is the judgment or perception of worth or the degree of usefulness or importance placed on a service *by personal opinion*. The intent or intention of a service is the purpose, aim, or end.

10. Comparative Analysis Criteria

As part of a pricing methodology, comparative analysis of differing fees structures can reveal market rates and competitive pricing in the market place. Comparative analysis (benchmarking) is an important tool that allows for comparison of certain attributes of the Denver's management practices and fee structure. This process creates deeper understanding of alternative providers, your place in the market, and varying fee methodologies, which may be used to enhance and improve the service delivery of parks and recreation. The suggested criteria are found in ***Appendix B*.**

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Public Sector Services Assessment

Identifying Core Services and Service Provision Strategies

Like the Cost Recovery Methodology, the use of the Services Assessment tool to identify core services and potential provision strategies included a significant number of educational workshops and required extensive time and effort by many Denver staff. This process is also rooted in values and vision and the sessions introduced each component of the process and engaged internal stakeholder groups in interactive dialogue and exercises.

Denver trained a cross section of staff members to learn how to use the **Public Sector Services Assessment** tool to understand each service's market segment and the strength or weakness of its position within that market, and to identify alternative providers, core services, and optional provision strategies. The participating group was comprised of staff from various Denver functional areas and support staff.

The Services Assessment process contributed to the recommended Service Portfolio. A full description of the Public Sector Service Assessment Tool is found in ***Appendix C***.

The Public Sector Service Assessment Tool

Public agencies have not traditionally been thought of as organizations needing to be competitively oriented. Unlike private and commercial enterprises, which compete for customers (and whose very survival depends on satisfying paying customers), many public and non-profit organizations operate in a non-market, or grants economy – one in which services may not be commercially viable. In other words, the marketplace may not supply sufficient and adequate resources.

In the public sector, customers (taxpayers) do not decide how funding is allocated and which service gets adequate, ongoing funding. In fact, many public agencies and non-profits can be considered "sole-source," the only place to get a service, so there is little to no market saturation. Therefore, the potential exists for apathetic service enhancement and improvement. Consequently, public and non-profit organizations have not necessarily had an incentive to question the status quo, to assess whether customer needs were being met, or to examine the cost-effectiveness or quality of available services. The public sector and market environments have changed, and funders and customers alike are beginning to demand more accountability; both traditional (taxes and mandatory fees) and alternative funding (grants and contributions) are getting harder to come by, even as need and demand increases. This increasing demand for a smaller pool of resources requires today's public and non-profit agencies to rethink how they do business, to provide services where appropriate, to avoid duplicating existing comparable services, and to increase collaboration, when possible. In addition, organizations are leveraging all available resources where possible.

Based on the MacMillan Matrix for Competitive Analysis of Programs[1], the Public Sector Services Assessment Matrix (***Figure 5***) is a valuable tool that is specifically adapted to help public agencies assess their services. The MacMillan Matrix realized significant success in the non-profit environment and has led to application in the public sector. The Matrix is based on the assumption that duplication of existing comparable services (unnecessary competition) among public and non-profit organizations can fragment limited resources available, such that no provider has sufficient resources to increase the quality and cost-effectiveness of customer services.

Figure 5: The Public Sector Services Assessment

Services Assessment Matrix © 2009 GreenPlay LLC and GP RED		**Financial Capacity** Economically Viable		**Financial Capacity** Not Economically Viable	
		Alternative Coverage High	**Alternative Coverage** Low	**Alternative Coverage** High	**Alternative Coverage** Low
Good Fit	**Strong Market Position**	Affirm Market Position 1	Advance Market Position 2	Complementary Development 5	"Core Service" 6
	Weak Market Position	Divest 3	Invest, Collaborate or Divest 4	Collaborate or Divest 7	Collaborate or Divest 8
Poor Fit		Divest 9			

The Matrix assumes that trying to be all things to all people can result in mediocre or low-quality service. Instead, agencies should focus on delivering higher-quality service in a more focused (and perhaps limited) way. The Matrix helps organizations think about some very pragmatic questions.

- **Q: Is the agency the best or most appropriate organization to provide the service?**
- **Q: Is market competition good for the citizenry?**
- **Q: Is the agency spreading its resources too thin without the capacity to sustain core services and the system in general?**
- **Q: Are there opportunities to work with another organization to provide services in a more efficient and responsible manner?**

The **Denver Public Sector Services Assessment** is an intensive review of organizational services including activities, facilities, and parklands that has led to the development of Denver's Service Portfolio.

[1] Alliance for Nonprofit Management

Additional results indicate whether a service is core to Denver's values and vision, and recommends strategies for providing services that can include, but are not limited to, enhancement of service, reduction of service, collaboration, and advancing or affirming market position. This assessment is based on a nexus between services provided and Denver's central purpose. The process includes an analysis of: each service's relevance to Denver's values and vision, each service's position in the community relative to the market, the quantity and quality of other providers in the service area, and the economic viability of the service.

Service Assessment Findings and Recommendations

Denver created a Service Menu that lists each program, activity, and facility provided to the community by Denver. This Service Menu is the preliminary step in the evolution of Denver's comprehensive Service Portfolio, which inevitably includes not only the individual service and recommended provision strategy, but also the category to which each service belongs, cost recovery goal, and pricing strategy as identified using the Pyramid Methodology. This intensive review identifies those services that require taxpayer investment and are "core" to the values, vision, and mission of Denver.

The findings indicate that:

- Denver has done an exemplary job at weeding out duplicative and un-productive services.
- Some programs and services may not have a strong market positions, and further evaluation for alternate provision strategies may be warranted.
- Many social services offered through cooperative partnerships would be difficult to continue to offer through Denver if the partnerships or funding were discontinued.

The resulting provision strategies for Denver identify:

- Services to advance or affirm the Denver market position
- Services to pursue collaboration
- Services for complementary development
- Services to invest in to change the market position
- Services to divest

Service Provision Strategies Defined

Affirm Market Position – a number of (or one significant) *alternative provider*(s) exists, yet the service has *financial capacity (ability to generate revenue outside of tax resources)* and Denver is in a *strong market position* to provide the service to customers or the community. Affirming market position includes efforts to capture more of the market and investigating the merits of competitive pricing strategies. This includes investment of resources to realize a financial return on investment. Typically, these services have the ability to generate excess revenue.

Advance Market Position – a smaller number or no *alternative providers* exist to provide the service, the service has *financial capacity,* and Denver is in a *strong market position* to provide the service. Primarily due to the fact that there are fewer, if any, alternative providers, advancing market position of the service is a logical operational strategy. This includes efforts to capture more of the market, investigating the merits of market pricing and various outreach efforts. Also, this service could generate excess revenue by increasing volume.

Divestment – Denver has determined that the service does not *fit* with the values and vision, and/or it is in a *weak market position* with little or no opportunity to strengthen its position. Further, Denver deems the service to be contrary to its interest in the responsible use of resources; therefore, Denver is positioned to consider divestment of the service.

Investment – investment of resources is Denver's best course of action as the service is a *good fit* with values and vision, and an opportunity exists to strengthen Denver's current *weak position* in the marketplace.

Complementary Development – the service is a *good fit*, a number of, or one significant *alternative provider(s)* exists, Denver is in a *strong market position* to provide the service, yet it does not have *financial capacity*. **"Complementary development"** encourages planning efforts that lead to complementary service development rather than duplication, broadening the reach of all providers. Although there may be perceived market saturation for the service due to the number or like services of alternative providers, demand and need exists justifying the service's continued place in the market.

Collaboration – the service can be enhanced or improved through the development of a collaborative effort as Denver's current *market position is weak*. Collaborations (e.g., partnerships) with other service providers (internal or external) that minimize or eliminate duplication of services while most responsibly using Denver resources are recommended.

Core Service – these services *fit* with Denver's values and vision, there are few, if any *alternative providers*, yet Denver is in a *strong market position* to provide the service. However, Denver does not have the *financial capacity* to sustain the service outside of General Fund support, and the service is not deemed to be economically viable. These services are "core" to satisfying Denver's values and vision typically benefiting all community members, or are seen as essential to the lives of under-served populations.

Key Findings

The primary goal of Denver's **Resources, Allocations, and Priorities Plan** is to establish organizational sustainability through a logical and thoughtful philosophy that supports the core values, project vision, and mission of Denver and its community.

As a result of the comprehensive study process and impending results of the Service Portfolio (electronic spread sheets that identify appropriate service provision strategies), Denver will begin the process of implementing service provision strategies and aligning financial resource allocation with newly developed cost recovery goals.

The goals, objectives, and action steps detailed in the plan reflect the City of Denver's issues, priorities, unmet needs, and creative ideas identified through extensive public engagement and staff involvement. Those ideas that were consistently and frequently expressed were included in the recommendations.

As a result of this process, many key issues were identified which were considered in development of the goals, objectives and action steps:

- **Attendance figures –** Are not always tracked making it difficult to identify under attended programs and services.
- **Free or reduced fees –** Many participants receive fee reductions and as a result, services are impacted in their potential to reach their cost recovery targets.
- **Measure 2A –** Taxpayer funded free access to recreation and community centers is provided for Denver's youth through the "My Denver" program. Should this funding mechanism be discontinued, youth will once again be required to pay the daily admission fees or another funding source will need to be identified.
- **"Senior" eligibility –** Nationally, there is a move toward increasing the age of a "senior." In Denver, the age qualification of 62 to receive "senior" rates is not applied consistently across parks and recreation services.
- **"Social clubs" or affinity groups –** Many are included as part of the recreation center **Drop-In Facility Access** admission experience. These clubs have "reserved" classrooms and spaces, not unlike the scheduled "game" times for non-gambling drop-in activities of Bingo, Poker, Pickleball, Billiards, Rummy, and Bridge. Some clubs have additional costs for instructors or materials.
  - Consideration should be given to creating a set of criteria for establishing and recognizing these clubs, as well as for discontinuance, if warranted.
  - Clubs which have an instructor, like Drama at Highland, should not be clubs but classes.
  - Materials purchased for club use should be accounted for and either paid for by the club members or clearly accounted for as Denver support.
- **Code enforcement** – Fines and fees associated with code enforcement are not accounted for in a way that shows an offset to the cost of the enforcement rangers. Currently, these revenues are credited to the department where only the administrative costs are housed.
- **Community gardens** policies may need to be reviewed as typically agencies recover all costs associated with this service (such as water). Even though agencies may be saving expenditures by converting land use into Community Gardens, they typically deem it to be an Exclusive-Use Permit (rental of a plot).

- **Community Services** are considered “mostly community benefit” and are heavily subsidized (50%). Care should be taken to limit the amount of these services to not impact funding for other more traditional “core” parks and recreation services. Every effort should be made to seek out alternative funding sources and limit Denver’s expenses (especially labor) to operate and manage these services in-house. Could consider out-sourcing these services to non-profit organizations and using more volunteers.
- **Concession and vending –** All revenue goes to city-wide General Fund and the expenses (mainly utilities) are accounted for in the Department’s budget, not allowing for an accurate accounting of cost recovery.
- **Concessionaires** have variable controls over the clubhouse rentals, pro-shop, food and beverage, lessons, etc. Suggest conducting a cost to benefit study on running all food and beverage in-house (explore city’s liability with liquor licenses – although other agencies do this in-house; or a BOB of 3.2 beer and wine in “park”). This would resolve the private for-profit mentality of the concessionaires versus the “public” golf course expectation. The customer experience can vary now in quality across the system. Often, the concessionaire will not do an on course beverage service to save money. This could also open up rentals of the clubhouse and tournaments for which Denver can capitalize.
- **Film permitting –** Denver receives no revenue unless a facility is closed down.
- **Golf concessionaire at Evergreen** was out to bid through the RFP process. Services should be run through the assessment when this process is complete.
- **Masters Swimming** – unclear and inconsistently treated as either part of the daily drop-in (formerly “membership” package), or a registered class.
- **"Membership" –** Concept implies exclusivity. All Denver residents are members.
    - Use resident/non-resident fees if necessary.
    - Revise fee structure to a daily admission fee structure based on neighborhood/regional center criteria and amenities, 3-month (add 6-month if desired) and annual pass structure for discount/bulk purchasing of daily admissions. Patrons can trade up from 3-month (or 6-month) to annual before expiration of 3-month.
    - Allow monthly passes and/or fees with electronic fund transfers.
- **Mountain Parks cost recovery –** It is not possible with current accounting practices to measure the Mountain Parks cost recovery.
    - Mountain Parks should be established as a cost center. The potential may exist to generate revenues through a per-car parking fee and shelter permits to credit toward the75% cost recovery target tier minimum (which is a cumulative goal for all services on tier 3 of the pyramid).
- **Mountain Parks assets –** Several Mountain Parks (Bergen, Daniels, Fillius) function as the local park with mostly local users and few Denver users. This could present future collaborative and financial contribution discussions; or even a discussion regarding divestment to the local entity. In addition, Newton Park needs to charge appropriate exclusive use permit cost recovery fees for both residents and non-residents; as well as improve marketing efforts.
- **Permitting –** Use is not tracked by venue type which would provide more information on the market and users and target marketing.
    - Consider field permitting coordinated with sports and combining all other permitting with events.

- **Pricing** – Denver has had a preference for consistent fees for the same service across the entire system. This is fine for the primary pricing strategy of "cost recovery" pricing. However, it can conflict with the secondary strategy of market specific locational pricing when you are move to "advance" or "affirm" market position as the provision strategy. Pricing strategies:
    - "Market rate" pricing (the most that the market will tolerate)
    - "Competitive" pricing (somewhere in the mix of what the alternative providers of like or similar services in the target market's service area are doing.
    - Always price to the cost recovery strategy first; then, if demand dictates or if the cost recovery pricing is not applicable/available and all minimum participant adjustments have been made, consider the secondary strategy.
    - Resolution regarding consistent pricing lies in careful analysis of the internal services to assure that they are the exact same experience/amenity location to location. If they are not, then differentiate and price according to the secondary strategy as applicable. If they are the same, then consider whether the majority of locations are advance or affirm market position and price accordingly across the system. Often, it is assumed that the experience is the same when in reality it is not. This is true of rental spaces and often classes as the quality of the experience can vary with the available facility amenities, ambiance or value added services/experiences, and instructor qualifications.
- **Summer Scholars** – Currently considered a "partnership" or a licensed camp, Denver is really providing a free professional service for the recreation component for this non-profit run program, and provides funding resources as well.
- **Registration system** – Currently inadequate to allow appropriate management reporting.
- **Silver Sneakers** – Allows qualifying participant into any drop-in program for free, including all fitness, meals, clubs, etc. This should be reviewed to ensure appropriate cost to benefit ratio. Suggest an in-depth analysis of the usage versus the payment from Silver Sneakers to see if Denver's contract should be re-negotiated. Another option is investigate if Denver should limit the number of games and clubs along with all the fitness classes and drop-in swim, gym and weight room use associated with the drop-in experience. Denver wants to be sure that the value of what is being used through Silver Sneakers or the Senior pass ($85/year for a membership) as well as adult and youth passes, (all of which include all drop-in experiences available per week) has not left them with the short end of the deal financially.

The Service Portfolio

The recommended policy regarding core services, service provision strategies, financial resource allocation, cost recovery, and pricing for Denver services is detailed in the electronic Service Portfolio developed through this study. The portfolio summarizes the cumulative results from all of the work and connects recommended provision and pricing strategies to Denver cost recovery goals. This document, which establishes the criteria and policy applied in the development of the services portfolio and the pyramid model, is the culminating policy document for consideration by Denver City Council.

Highlights of the Service Portfolio identifies particular service provision strategies.

- **Services for "complementary development"** as a provision strategy would be considered "core" if there were few or no alternative providers in the target market service area for that service; these services could be divested if tough financial decisions become necessary as long as the alternative providers offer a like or similar public experience. If the alternative provider goes away, then Denver may need to re-offer these services.

- **Services to "divest"**:
  - Oil Painting for Adults/Seniors at Ashland
  - Creative Crafts for Adults/Seniors at La Alma
  - Big Lou's Kitchen for Adults/Seniors at Twentieth Street
  - Out of school day (Non-licensed camps/events) at Aztlan, Central Park, Cook Park, Glenarm, La Alma, St. Charles, Southwest, and Washington Park
- **Fitness classes** – Many are included in the "Membership." Review attendance figures and make sound business decisions to eliminate when few are attending and the group experience is thusly compromised. Several are currently identified for **divestment**:
  - Personal Training for Adults and Youth at Cook Park, Eisenhower, Glenarm, Hiawatha Davis, Montclair, Rude, Scheitler, and Twentieth Street
  - Weight Room Introduction for Youth at Rude, Scheitler, and Stapleton
- **Conducting private recreational businesses in the parks** – Develop a policy and a fee structure and issue business permits to those who conduct their personal recreational business in the parks (must be of a parks and recreation nature – personal trainers, paddleboard instructors, bootcamp instructors, and the like).
- **Golf pro-lesson** – golf pro-lesson (private/semi private lesson) was found to belong on tier 5 – mostly individual benefit); however, is currently managed like a drop-in experience (tier 3 balanced benefit). Revise golf pro-lesson policies so they are better controlled by Denver as a registered and scheduled program, not through the pro on their "own" time; see other sample policies provided to staff from Oakland County Parks and Recreation Commission in MI.
- **Merchandise for resale** – Denver should pursue as an enterprise venture.
- **Senior/adult category** – keep together as one category. Research demographic and income data for seniors. Price slightly differently for seniors and adults as long as it is within the cost recovery targets. Set the senior fee at the cost recovery target and price adults higher; or split the difference so the aggregate meets cost recovery target.
- **Senior/adult beginning art classes** are currently highly subsidized to accommodate those who cannot afford the appropriate cost. In the recommended placement on the pyramid model, they should minimally be priced to recover direct costs. Those who truly cannot afford the fee should receive an appropriate accommodation either through a scholarship or program sponsorship.
- **Trips** (on Tier 5 at 150%+ cost recovery) should at least be cost neutral; raise fees, reduce expenditures, find a benefactor, run only those that break even.

Review of Guiding Documents

GreenPlay reviewed the Charter, Municipal Code, policy, rules, and regulations to determine if there are barriers to generating revenue as a cost recovery strategy and to make suggested changes or additions for consideration.

Denver Charter

The Denver Charter appears to adequately provide flexibility to generate revenues within the park and recreation system. In particular, Charter 2.4, provisions 5, 6, and 7 state that "property in parks may be leased for park purposes to concessionaires, to charitable or nonprofit organizations, or to governmental jurisdictions;" that it may "grant licenses for the operation of concessions or for the sale of goods or services in or near park and recreational facilities and to designate specific areas, structures or parts of structures, or to authorize the construction and maintenance of facilities or structures in which licensees or concessionaires shall operate and function;" and that structures "of historic or architectural importance… may provide for compatible non-park usage of the structure."

Municipal Code
In general, fee policies are flexible and appear to allow reasonable use by permit as authorized by the Manager of Parks and Recreation. Gifted funds are housed in a special fund that also appear to have reasonable flexibility in their use. There are a few ordinances that warrant consideration for change.

- **Sec. 39-15. – ANIMALS.**
  Among other things, this ordinance makes it "…unlawful to… engage in horseback riding or other uses of horses or pack animals." Joint use agreements on lands in Jefferson County allow certain uses, such as equestrian activity on joint trails projects and there is a project in the works for an equine facility in Douglas County. **However, revenue opportunity may exist for other equine opportunities in Denver Mountain Parks and for such things as horse drawn carriage concessions for individual or group events at multiple locations within the urban or mountain park systems.**

- **Sec. 39-121. - ARTICLE IV. – FEES AND CHARGES Schedule for use of facilities.**

- **Sec. 39-123. - ARTICLE IV. – FEES AND CHARGES Special services.**
  In general, these ordinances establish a flat, age-based, hourly fee for classes and programs that shall not exceed the actual cost of labor and supervision performed" and "does not include materials; does not include additional transportation, administration, food, equipment, league, tournament, or event costs which will be charged [calculated and added to the hourly fee] separately." This approach does not allow flexibility needed to deal with market conditions including varying costs for different types and levels of classes and programs. **The newly introduced best practice cost recovery philosophy and policy provides a new approach based on market conditions, allowing for an alignment of fees with the actual cost of providing a service and cost recovery target for types and levels of classes and programs established through the process. These targets are based on distinctions made regarding the balance of overall community benefit and individual benefit. Scholarship opportunity for those with socio-economic need is also a key element of the philosophy.**

  "In July of each year, and after consultation with city council committee, the fees and charges set out in this subsection (11) of section 39-121 of the Denver Revised Municipal Code (as amended from time to time) may be adjusted, in an amount equal to the percentage change from the previous year in the CPI-U (consumer price index) adjustment (rounded to the nearest dollar)." CPI is a factor in price adjustment, however, **with adoption of the new cost recovery philosophy and policy that includes a fee setting policy, there are many other market based factors that change regularly, as well as necessary adjustments in program structure that are equally important and should be part of the fee adjustment practice.**

Rules and Regulations

In general, for many rules, there appears to be a reasonable exception that can be made by the Parks and Recreation Manager through permit or contractual arrangement, or if there is an area specified for a particular type of activity. There are a few ordinances that warrant consideration for change.

- **Penalty Fines**
  Fines are established for administrative citations. It is unclear, and assumedly inconsistent, where the fine revenue is credited. It does not appear to be credited consistently against the direct and indirect expense of enforcement as well as against costs for collecting and accounting for the revenue. This circumstance occurs throughout the City system, and is currently being looked at on a city wide basis. **It is recommended, in alignment with the new cost recovery philosophy and policy, that penalty fine revenues be accounted for as a cost recovery credit against the total expenses for each service and be recognized in the departments(s) incurring the expense.**

- **Permits**
  The *Combined Permit Brochure* outlines permit application procedures for festivals, special occasions, athletic fields, picnics, and temporary vending (non-mobilized, food and non-alcoholic beverages), identifies locations allowed, and application and payment procedures. **Permitting allowances and procedures should be reviewed on an annual basis to determine if locations may be too limited.**

- **Food Truck Guide (Multidepartmental)**
  To operate a Food Truck, a business license is required under the class of "Retail Food Establishments, Restaurant Mobile." The Denver Environmental Health Dept. requires that all Food Trucks, or mobile units, operate in conjunction with a commissary kitchen or other licensed kitchen. Food trucks are not allowed within a park or within 300' of a park or parkway unless associated with a festival or special event. Food trucks are not allowed in the area bounded by 13th Street, Colfax, Lincoln, 20th, and Larimer. The Food Truck concept is gaining momentum and acceptance as a quality convenience and could provide a revenue opportunity for parks with high volumes of regular use. **Denver should explore an expansion of the Food Truck permitting opportunity in appropriate park, pool, and athletic field settings outside of festivals or special events.**

- **Private Outdoor Fee-based Use Policy**
  Use of the Denver parks system for activities that are recreational in nature is currently unregulated in certain circumstances, including use by individual or corporate instructors for a variety of classes and programs. Recreational use through an outdoor fee-based program is currently being explored by staff and a community stakeholder group with goals of protection and use of the parks, park activation, and promoting healthy communities. Topics being addressed include appropriate parks and areas within parks; general rules; restrictions; allowable uses; management, enforcement and revocation of the permit; and application requirements and fees.

- **Sign Ordinance**
  The current sign ordinance is a barrier to revenue generation through sponsorships. This is particularly true for the golf course and "A" level athletic fields. **The sign ordinance should be reviewed for acceptable changes allowing for placement of signage in appropriate settings to generate additional revenue**.

Policy and Operational Issues

- **DPR Alcohol Policy**
  Currently, no alcohol is allowed in recreation centers/senior centers at any time. This is restricting revenue generation potential. **Denver should consider allowing 3.2 beer and wine/champagne at permitted events. This could be limited to times when the facilities are not open to the general public.**

- **DPR Gift Policy**
  This separate policy seems to largely overlap with the Donations Policy. **Gifts should be considered a form of a donation and the policies should be combined.**

- **Denver Mountain Parks**
  The DPR Denver Mountain Parks Master Plan calls out several items that could increase revenue generation potential and should be explored. These include:
  - Obtaining a bigger share of existing City resources (more capital and more funding from Winter Park agreement)
  - Building capacity within the City and the Foundation
  - Building regional partnerships
  - Pursuing new revenue opportunities
  - Build a long-term funding mechanism

  As suggested in the Master Plan, Denver should consider a concessionaire policy that addresses the mountain parks; staffing to pursue innovative funding; user fees appropriate to the mountain parks that take into account a large volume of non-Denver resident visitors; clarifying the role of the Mountain Parks Foundation and of the Mountain Parks in the larger parks system. It should also consider if there are mountain park properties that do not fit original intent and can be divested; strengthening the corporate sponsorship effort with Red Rocks and Winter Park, and a stronger partnership with the Evergreen Park and Recreation District; and funding for Daniels Park determining if the Cableland Trust Funds are being used to their potential.

- **DRP Scholarship Policy**
  Through P.L.A.Y. (Parks and Recreation Looking to Assist You) DPR provides financial assistance to eligible city residents. Documentation is matched to the financial assistance guidelines to determine what percent of fees, ranging from 10 percent to 90 percent will be covered by the scholarship discount. Fees assessed at the recreation facilities are covered, with the exception of drop-in activity fees, special fees associated with some trips or outings, and other fees that are less than $15. There is no designated scholarship fund to offset the loss of revenue to the system. Funding or appropriate credit should be available to recognize the impact this has on ability to reach cost recovery targets. **DPR should revise the policy to ensure that services are accessible for those who are socio-economically disadvantaged by focusing on accessibility for services and programs with the most community benefit on the first three levels of the cost recovery pyramid; explore and pursue potential alternative funding sources to fund the scholarship or fee reduction/waiver program; and expand targeted efforts to reach socio-economically disadvantaged populations through strategic initiatives and available funding sources.**

- **DPR Sponsorship Policy**
  DPR actively pursues sponsorships from for-profit entities for department programs, events, projects, and sites in order to enhance and sustain its system in a manner that respects the noncommercial nature of public spaces. It provides a sample "level of sponsorship benefits." Determining sponsorship costs and values is a mixture of "value-based" system (based on the value of the tangible and intangible marketing and brand benefits to the sponsor) and a "cost-based" system where the goal is to receive at least the costs of an event, program, project, or site operations. **DPR should build on the current policy to develop a comprehensive sponsorship policy for implementation providing a "menu" to potential donors or sponsors offering the sponsorship of the operations of a park/facility, trails, fields, special events, and/or programs provided at Denver sites. This effort can include the "adopting" of a facility or program.**

- **DPR Co-Sponsorship Policy**
  This policy refers to events or programs provided by a registered 501(c)(3) non-profit with no fund raising allowed. It should be renamed the *DPR Co-Sponsorship* ***and Non-profit Fee*** *Policy.* This is a challenging policy to carry out consistently in the department, partially due to DPR having a limited co-sponsorship budget each year. This seems to be a problem area in the department that needs attention. **DPR should focus on finding co-sponsors for its events and consider a significant limitation on co-sponsoring others by developing stricter criteria for eligibility.**

Missing Policies

- **Partnership Policy**

  Although DPR in practice has partnerships in place, it does not have an articulated partnership philosophy or policy. Partnerships are being used across the nation by parks and recreation agencies to bring to the table additional resources for their community's benefit. Examples of partnerships abound, and encompass a broad spectrum of agreements and implementation. The most commonly described Partnerships occur between public and private entities as well as between public entities and non-profit organizations and/or other governmental agencies. Partnerships are a viable strategy for developing a service mix; however, they should be approached purposefully and not be seen as an exit strategy to simply divest of a struggling program or service, or as a misnomer for a simple agreement that is absent other critical characteristics of a true partnership.

  A partnership is a cooperative venture between two or more parties with a common goal, who combine complementary resources to establish a mutual direction or complete a mutually beneficial project. Partnerships can be facility-based or program-specific. Partnerships can accomplish tasks with limited resources, respond to compelling issues, encourage cooperative interaction and conflict resolution, involve outside interests, and serve as an education and outreach tool. Partnerships broaden ownership in various projects and increase public support for community recreation goals. Partners often have flexibility to obtain and invest resources/dollars on products or activities where municipal government may be limited.

  In order for partnerships to be successful, research has shown that the following elements should be in place prior to partnership procurement:

  - There must be support for the concept and process of partnering from the very highest organizational level – i.e.: the City Council, the Parks and Recreation Advisory Board and department head.
  - The most successful agencies have high-ranking officials who believe that they owe it to their citizens to explore partnering opportunities whenever presented. Those communities both solicit partners and consider partnering requests brought to them.
  - It is very important to have a Partnership Policy in place before partner procurement begins allowing an agency to be proactive rather than reactive when presented with a partnership opportunity, and setting a "level playing field" for all potential partners, so that they can know and understand in advance the parameters and selection criteria for a proposed partnership.
  - A partnership policy and process should set development priorities and incorporate multiple points for go/no-go decisions.
  - The partnership creation process should be a public process, with both Partners and the agency well aware in advance of the upcoming steps.

  Partnership Selection Criteria

  In assessing a partnership opportunity to provide facilities and services, the City should consider (as appropriate) the following criteria. City staff and representatives will make an evaluation by attempting to answer each of the following guiding questions. The Sample Partnership Policy provided to DPR as a part of this study includes a proposal outline format for use by others in creating a proposal to solicit this information.

- How does the project align with the City and affected Department's Mission Statement and Goals?
- How does the proposed facility fit into the current City and the affected Department's Master Plan?
- How does the facility/program meet the needs of City residents?
- How will the project generate more revenue and/or less cost per participant than the City can provide with its own staff or facilities?
- What are the alternatives that currently exist, or have been considered, to serve the users identified in this project?
- How much of the existing need is now being met within the City borders and within adjacent cities?
- What is the number and demographic profile of participants who will be served?
- How can the proposing partner assure the City of the long-term stability of the proposed partnership, both for operations and for maintenance standards?
- How will the partnered project meet Americans with Disabilities Act and EEOC requirements?
- How will the organization offer programs at reasonable and competitive costs for participants?
- What are the overall benefits for both the City and the Proposing Partners?

Potential Sources of Revenue

Appendices D and E provide a comprehensive listing of traditional and alternative funding sources used by parks and recreation agencies across the country. In addition, specific revenue sources for the state of Colorado, parks and recreation grants, and "green" funding resources are also provided. These listings were reviewed to determine which sources, and to what extent are already in use by Denver, and to inform funding recommendations. After the initial recommendations made in this study, these are suggested to be reviewed annually to determine future sources that it may be beneficial to explore.

Cost Saving Measures

In addition to aligning cost recovery with goals, charging appropriate fees, and using traditional and alternative funding mechanisms, several cost saving measures could improve Denver's overall cost recovery picture.

Cost Saving Ideas
Explore and implement the following cost savings ideas:

- Purchase in bulk
- Re-negotiate contracts
- Adjust maintenance standards and practices
- Consider greening trends
- Employ green practices

Maintenance Standards/Practices
"Grow Not Mow" - In the April 2010 issue of *Recreation Management* magazine, the Genesee County Parks and Recreation Commission in Flint, Michigan discussed several small cost saving measures which added up to over $167,000 in ten months. One such strategy was "Grow Not Mow" where the natural features of their 11,000 acres of parkland were enhanced. This practice reduced the required mowing where possible and included more wild flowers, native grasses, and increase in wildlife.

- Denver could add one extra day onto the mowing schedule, thus reducing the amount of mowing in a season.

Greening Trends – Rooftop Gardens and Park Structures
Rooftop gardens (both public and private) create respites in a densely built environment and help reduce the urban heat island effects. In addition, the lack of availability and affordability of urban real estate has continued the trend of parks built over structures such as parking garages (e.g., Millennium Park and Soldier Field Stadium/Burnham Park re-design in Chicago) and other structures (such as Freeway Park in Seattle, built in the 1970s).

- Denver could research roof top gardens on facilities.

Green Practices

- Use light, water, and motion sensors
- Conduct energy audits
- Update to energy efficient ballasts, motors, appliances
- Use electric and hybrid vehicles
- Develop a "Pack It Out" trash program
- Use greywater
- Use solar and wind energy
- Implement green operating practices

Denver is committed to leading by example and most of the industry best practices outlined below (***Table 1***) are currently and successfully employed by Denver.

Table 1: Green Practices Focus Area and Action Step

Focus Area	Action Step
Administrative	Recycle Office Trash
	Go Paperless
	Conserve Resources
	Flex Scheduling
	Virtual Meetings
Operating Standards	Preventative Maintenance
	Reduce Driving
	Eliminate Environmentally Negative Chemicals and Materials
	Green Purchasing Policies
	LEED® Design
Sustainable Stewardship	Re-analyze and Revised Practices and Standards
	Monitor and Report Results
	Lead by Example
	Incorporate Principles in all Park and Recreation Services
	Seek Available Grant Funding and Initiative Awards

Green Resources, Practices, and Strategic Initiatives

Many green resources, green practices grants, strategic initiatives, and partnerships may be available. ***Appendix E*** provides further detail.

Implementing the Resource Allocation Priorities (RAPP) Plan

This document and process identifies the cost recovery resource allocation model to be put into place to realize the intended results of this comprehensive study. It is critical that the model be supported for adoption to start the ball rolling. Themes and recommendations are further identified and outlined to allow the core service and resource allocation model and pricing strategies to be put into action. These articulated goals and objectives are to be considered for implementation over the next five to ten years strategically moving Denver forward in a logical and organized way.

This process allows Denver to bring to the table a much greater level of detail, specifically organized in ways to allow informed decision-making. It is anticipated that as recommendations are pursued, the Parks and Recreation Advisory Board and City Council will remain involved in policy approval and adoption as occurs currently. Some recommendations may be pursued early and some much later; some may not be pursued at all. For those items approved, implementation may be immediate, or may be phased in over time. Initial implementation of the model should be evaluated after year one and may require some tweaking.

Context

Goals

Goals are clear general statements about what Denver intends to accomplish and must be connected to the mission, vision, and values of Denver. They are broad statements of intent that typically require several objectives to accomplish.

Objectives

Objectives are specific operational statements that detail desired accomplishments, and provide a basis for evaluation of goal progress. They are "SMART" (specific, measurable, attainable, realistic, and trackable) and address the "ABCDs."

- **Audience** – Who will do the behavior? (be specific)
  Sports staff...

- **Behavior** – What will they be doing? (one action per behavior)
  Recreation staff ***will research trends in youth baseball participation nationwide since 2005…***

- **Condition** – How will the behavior be accomplished? (describe behavior in specific terms)
  Recreation staff will research trends in youth baseball participation nationwide since 2005 ***by contacting the National Baseball Association …***

- **Degree** – How well or by when will the behavior be accomplished? (makes the objective measurable; numbers, date, or percentages)
  Recreation staff will research trends in youth baseball participation nationwide since 2005 by contacting the National Baseball Association, ***by no later than end of December 2013.***

Action Items

Action items/steps connect directly to budget and work plans, and these are the basis for planning, implementation, and decision making.

Timeline
All action steps detailed are intended to be ongoing or short-term, while the goals and objectives will span both mid-term and longer-term timelines with new action steps as these are achieved.

- Immediate and ongoing
- Short-term (1-2 years)
- Longer-term (3-5 years and beyond).

Themes and Recommendations

The Denver Resource Allocation and Priority Plan (RAPP) included extensive stakeholder and staff involvement; research and best practice analysis; and a critical analysis of current cost recovery, services, and provision strategies. The consultant team, working with Denver staff, researched existing policies and practices which impede improved cost recovery and cost savings measures, provided information on traditional and alternative funding resources and opportunities, developed decision making criteria, and generated over 50 recommended objectives for 23 goals within six themes.

Theme 1: Policy Strategies
Managing effectively to capitalize on opportunities and communicate consistency.

Theme 2: Service Provision and Management
Delivering parks and recreation services strategically to meet Denver's vision for the future.

Theme 3: Cost Savings – Cost Avoidance Strategies
Maximizing efficiencies to assure sustainable service delivery.

Theme 4: Cost Recovery Alignment
Increasing direct cost recovery and focusing taxpayer investment on community benefit.

Theme 5: Revenue Enhancement
Producing new revenue streams to increase sustainability.

Theme 6: Future Growth
Planning to proactively respond to the needs of a diverse and growing community.

Theme and Goal Matrix

Theme	Goal
Theme 1: Policy Strategies	**Goal 1 – Explore the possibility of expanding the self-sustaining "special revenue" fund.**
	Goal 2 – Adopt the Target Tier Minimum Cost Recovery Percentage as the fiscal methodology for budget preparation, the basis for establishing fees, and public accountability.
	Goal 3 – Adopt the Pricing Strategies as the methodology for fee setting.
	Goal 4 – Develop and implement a revised Sponsorship Policy.
	Goal 5 – Develop and implement a Partnership Policy.
	Goal 6 – Consider a separate Mountain Parks category for operations and cost recovery purposes.
	Goal 7 – Financially support and enhance the Scholarship/Fee Waiver Policy.
Theme 2: Service Provision and Management	**Goal 8 – Implement provision strategies identified through the Service Assessment.**
	Goal 9 – Explore a systematic approach to, and strategies for, advancing or affirming market position for identified services.
	Goal 10 – Explore targeted menus of services that are specific to the unique needs of individual communities throughout the city (Avoid a "one-size-fits-all" approach).
Theme 3: Cost Savings – Cost Avoidance Strategies	**Goal 11 – Continue development of a consistent methodology and budget planning approach for service management.**
	Goal 12 – Expand use of cost savings practices that align with the City's vision and produce cost effective results.
	Goal 13 – Enhance approach to ongoing and major maintenance of the parks system.
	Goal 14 – Measure the value of volunteers as a cost recovery effort.
Theme 4: Cost Recovery Alignment	**Goal 15 – Ensure long-term sustainability by focusing taxpayer funding on those services that produce the widest community benefit, using the cost recovery pyramid model.**
Theme 5: Revenue Enhancement	**Goal 16 – Explore alternative funding sources that strategically align with targeted services.**
	Goal 17 – Use and mobilize available stakeholder groups for fundraising efforts.
	Goal 18 – Explore the opportunities for and use of Sponsorships through naming rights.
	Goal 19 – Increase marketing and outreach efforts.
	Goal 20 – Explore the options for "add-on" experiences to enhance customer experience for which there is a willingness to pay.
Theme 6: Future Growth	**Goal 21 – Explore new services using the Service Assessment.**
	Goal 22 – Employ a variety of community outreach strategies.
	Goal 23 – Pursue collaborations and partnerships.

Theme 1: Policy Strategies

The intent of this theme is to identify policies and procedures to revise or develop which allow staff to achieve Tier Target Minimum (direct) Cost Recovery percentages, maximize revenue generation where appropriate to shift taxpayer investment/subsidy to those areas that are more foundational on the pyramid, and capitalize on effective and efficient functions, all within City Council guidelines and with transparent consistency.

Goal 1 – Explore the possibility of expanding the self-sustaining "special revenue" fund.

Objective:

1.A. Consider opportunities to convert self-sustaining programs and services (those that are revenue neutral or positive over direct costs) to a self-sustaining fund or enterprise fund.

Goal 2 – Adopt the Target Tier Minimum Cost Recovery Percentage as the fiscal methodology for budget preparation, the basis for establishing fees, and public accountability.

Objective:

2.A. Recommend that City Council formally accept this ***Resources, Allocations, and Priorities Plan*** as the foundation for Denver's decision-making regarding cost recovery.

Goal 3 – Adopt the Pricing Strategies as the methodology for fee setting.

Objective:

3.A. Recommend that City Council authorize the Department to set fees using the pricing strategies outlined in the Service Portfolios, allowing staff to respond to market conditions, opportunities, and service demands in a timely manner, versus approval of every fee for the next year.

Goal 4 – Develop and implement a revised Sponsorship Policy.

Objective:

4.A. Build on the current policy to develop a comprehensive sponsorship policy for implementation providing a "menu" to potential donors or sponsors offering the sponsorship of the operations of a park/facility, trails, fields, special events, and/or programs provided at Denver sites. This effort can include the "adopting" of a facility or program.

Actions:

- *Management team to review and customize Sponsorship Policy provided by GreenPlay.*
- *Recommend draft policy to Director for approval process.*
- *Use final policy as basis for negotiated sponsorships of selected projects.*
- *Research, using a consultant if necessary, to identify sponsorship opportunities in the Denver market.*

Goal 5 – Develop and Implement a Partnership Policy.

Objective:

5.A. Formalize a partnership policy for implementation to provide clarity and consistency of policy and procedure.

Actions:

- *Management team to review and customize Partnership Policy provided by GreenPlay.*
- *Recommended draft policy to Director for approval process.*
- *Use final policy as basis for negotiated partnerships for selected projects.*

Goal 6 – Consider a separate Mountain Parks category for operations and cost recovery purposes.

Objectives:

6.A. Consolidate all Mountain Park services and establish cost recovery target for that division.

Actions:

- *Identify affected mountain parks service delivery.*
- *Identify the percent of Denver resident users versus non-Denver resident users.*
- *Develop or revise use and fee policies as necessary to meet cost recovery target.*

6.B. Establish fee program for Mountain Parks based on cost recovery goals (parking and permit fees)

6.C. Market the availability of Mountain Parks amenities and services by location.

Goal 7 – Financially support and enhance the Scholarship/Fee Waiver Policy.

Objectives:

7.A. Review scholarship policy implementation ensuring consistent application.

7.B. Ensure that services are accessible for those who are socio-economically disadvantaged. (Focus on providing financial support for participation in those categories of service on the Mostly or Considerable Community Benefit, and Balanced Community and Individual Benefit levels of the Pyramid [levels 1-3] – thus ensuring access for all to those services providing the greatest community benefit.)

7.C. Explore and pursue potential alternative funding sources to fund the scholarship and fee reduction/waiver program.

Actions:

- *Establish an annual fund/allocation for this project considering a donation and/or an endowment program, and/or a round-up program (e.g., giving program registrants the opportunity to voluntarily round-up their program or service fee to support the scholarship program or a designated program or service).*
- *Consider funding with excess revenues over expenses (revenue positive services) and account for each program or service to accurately measure cost recovery.*
- *Consider creating a "workreation" program (for individuals to use volunteer hours toward payment/credit for future programs for which they would like to participate).*

7.D. Expand targeted efforts to reach socio-economically disadvantaged populations through strategic initiatives and available funding sources. *(For example, outreach efforts could be targeted to socio-economically disadvantaged neighborhoods, lesser achieving school service areas, subsidized housing developments, high-density urban areas, senior housing developments and assisted living facilities, and areas not served by public transportation, etc.).*

Actions:

- *Research grants to reach these populations.*
- *Pursue cooperative efforts with other agencies.*
- *Pursue reimbursement from other agencies where possible.*
- *Conduct pre and post service/initiative assessments to measure outcomes and sustain funding.*

Theme 2: Service Provision and Management

The intent of this theme is to avoid duplicative services in over-saturated markets which exhaust resources; identify and develop niche markets in response to service area needs; and advance Denver's market position where services are financially sustainable.

(Note: The following objectives were identified through a comprehensive staff Services Assessment in Fall of 2012 and Winter of 2013. The Services Assessment tool should be used regularly to align services with evolving community needs, financial and market conditions, etc. The Service Portfolio identifies all the recommended services provision strategies from this initial evaluation.)

Goal 8 – Implement provision strategies identified through the Service Assessment.

Objectives:

8.A. Evaluate alternative provision strategies of complementary development, collaboration, and third party service providers, through market research for identified services.

Several services suggest complementary development, because one, or a number of, significant alternative provider(s) exists which provide the service. Denver may be in a strong market position to provide the service, yet it does not have financially capacity. "Complementary development" encourages planning efforts that lead to complementary service development rather than duplication, broadening the reach of all providers. Although there may be perceived market saturation for the service due to the number of or similar services of alternative providers, demand and need exists, justifying the service's continued place in the market.

Several of the services at selected locations suggest collaboration because the service can be enhanced or improved through the development of a collaborative effort as Denver's current market position is weak. Collaborations (e.g., partnerships) with other service providers (internal or external) that minimize or eliminate duplication of services while most responsibly using Denver's resources are recommended.

8.B. Develop a systematic process for the divestment of identified services to mitigate resource loss. Divestment could mean cessation of a specific service at a specific location and trying something different, closing or re-purposing a facility or facility space, or elimination of a service all together.

Several of the services at selected locations suggest divestment, because Denver has determined that it is in a weak market position with little or no opportunity to strengthen its position. Further, the service is deemed to be contrary to Denver's interest in the responsible use of resources; therefore, Denver is positioned to consider divestment of the service.

Programs for consideration include:

- *Personal Training for Adults and Youth at Cook Park, Eisenhower, Glenarm, Hiawatha Davis, Montclair, Rude, Scheitler, and Twentieth Street.*
- *Weight Room Introduction for Youth at Rude, Scheitler, and Stapleton.*
- *Oil Painting for Adults/Seniors at Ashland.*
- *Creative Crafts for Adults/Seniors at La Alma.*
- *Big Lou's Kitchen for Adults/Seniors at Twentieth Street.*
- *Out of school day (Non-licensed camps/events) at Aztlan, Central Park, Cook Park, Glenarm, La Alma, St. Charles, Southwest, and Washington Park.*

- *Fitness classes included in the admission (formerly "membership") for which attendance figures dictate.*
- *Trips which are not at least cost neutral.*

Goal 9 – Explore a systematic approach to and strategies for advancing or affirming market position for identified services.

Objectives:

9.A. Advance market position of identified services through increased marketing efforts *(event venues-permitted services, field rentals, and facility rentals),* capitalizing on Denver's strong market position for these services by increasing offerings as demand dictates.

9.B. Affirm market position of identified services through program outcome planning and market research. *(At certain locations, specific programs have demand within the target market and service area, and alternative providers are also in the same market space. Strategic positioning and messaging, focusing on the differences or niche will be a key marketing strategy. Some classes and programs are also provided by others in certain locations throughout the city system.)*

Goal 10 – Explore targeted menus of services that are specific to the unique needs of individual communities throughout the City (avoid a "one-size-fits-all" approach).

Objectives:

10.A. Conduct a services assessment and review portfolio of services annually to ensure responsiveness to each unique service area and its socio-economic conditions. (Monitor minimum registration, make programming adjustments as necessary, cancel and/or replace under-performing services.)

10.B. Adopt a systematic approach to new program implementation and management. (For instance, run a program three times, making adjustments as necessary, and discontinue offering it if it is not successful.)

10.C. Manage program lifecycles through monitoring registration, attendance figures, and cost recovery goals on an ongoing and regular basis, adding this function to employee management performance plans.

Actions:

- *Watch for the warning signs of program saturation point, such as declining participation, and pursue revitalization efforts such as new instructor, new outcomes, title and description, and new day or time.*

Theme 3: Cost Savings – Cost Avoidance Strategies

The intent of this theme is to identify practices and analysis methods for service planning and provision to consistently ensure the most cost effective use of resources.

Goal 11 – Continue development of a consistent methodology and budget planning approach for service management.

Objective:

11.A. Ensure that all staff are using zero-based (cost-based or activity-based) budgeting principles to determine the **direct and indirect** cost to provide a service as the basis for the budget development process.

Actions:

- *Expand use of existing budgeting, project, and time management tools to track actual costs over the next year.*
- *Compare tracked actual costs against current direct costs assumptions and make adjustments as necessary.*
- *Use cost-based budgeting tools as the details for the next fiscal year budget preparation.*

11.B. Add a review/design fee when DPR Planning staff review development plans.

***11.*C** Ensure that staff assistance costs are included in permitting fees for special events to cover all costs including consulting time for event logistics, set up and take down, any additional maintenance needs, etc.

Goal 12 – Expand use of cost savings practices that align with the City's vision and produce cost effective results.

Objective:

12.A. Review internal management practices and evaluate cost savings measures.

Actions:

- *Conduct internal process meetings to determine efficiencies, management styles, efficient uses of assets, and create recommendations to reduce costs and simplify processes, sharing approval/decision-making.*
- *Managers to document recommended process changes and management strategies, which reduce costs.*

Goal 13 – Enhance approach to ongoing and major maintenance of the parks system.

Objectives:

13.A. Maintain a current rolling ten-year capital repair and replacement list – Capital Improvement Plan (CIP) of the physical assets of the department, identifying total need.

Actions:

- *Managers will continue to update the CIP list annually.*
- *Discuss a consensus approach to CIP budget requests and identify the escalation costs of not being able to address the repair and replacement plan with Director.*

13.B. Identify parks that have active community support and implement an Adopt-A-Park/Adopt-A-Trail program to assist in ongoing maintenance efforts.

Actions:

- *Research best practices.*
- *Create a policy and procedures.*
- *Develop a list and schedule of tasks to be accomplished and whether or not the tasks are enhancements or are replacing current work being done as a labor cost savings measure.*
- *Account for the direct costs to manage this program.*
- *Market and promote the program.*

Goal 14 – Measure the value of volunteers as a cost recovery effort.

Objective:

14.A. Track the use of volunteers that supplement critical service functions and include the value of this as an alternative funding source.

Actions:

- *Actively engage volunteers where appropriate as an alternative funding resource.*
- *Follow best management practices for volunteer programs.*
- *Value the volunteer labor as outlined by the Independent Sector http://www.independentsector.org/volunteer time. According to the website, the value of Colorado volunteer labor is $22.03 per hour (2010 is the latest year reported)*
- *Account for the value of the volunteers as alternative revenue, recovering the cost to provide the service.*
- *Classify the value of volunteers as supplementing operations or providing an enhancement.*

Theme 4: Cost Recovery Alignment

The intent of this theme is to identify opportunities to increase direct cost recovery where possible and to begin the dialogue with those affected.

Goal 15 – Ensure long-term sustainability by focusing taxpayer funding on those services that produce the widest community benefit, using the cost recovery pyramid model.

Objectives:

15.A. Increase cost recovery to meet target goals through recommended pricing strategies and/or use of alternative funding sources as appropriate to specific service.

"Community Services" have importance to the community and are providing considerable benefit to both the community and the individual. These are generally rentals, and should be provided by Denver as long as funding remains available through partnerships or another department, or should be managed by another department or agency whose mission more closely aligns.

Actions:

- *Staff will evaluate appropriate pricing by conducting a market analysis using suggested comparative analysis of like facilities and services and submit it to Supervisors.*
- *Supervisors will determine if they can make services meet the recommended cost recovery goals by looking at costs, fee adjustments, and alignment with available alternative funding strategies.*
- *Supervisors will articulate a recommendation to divest some or all of the services in the event that cost recovery goals cannot be achieved.*
- *Managers will consider recommendation and forward to Director for approval.*

15.B. Annually review all ongoing rentals, Memorandums of Understanding (MOUs), Partnership Agreements, and long-term lease agreements to ensure compliance with cost recovery goals in relation to the direct cost to provide the service (the value) and the category of service level on the cost recovery pyramid.

Actions:

- *Educate current renters, MOU, partners, and long-term lease holders on the financial and service sustainability plan, the results of the cost recovery goals, the service assessment and provision analysis.*

- *Develop specific and measureable action steps for each rental, MOU, partner, and lease holder, including alternative funding strategies.*

15.C. Annually review all independent contract agreements in relation to Denver costs and adjust to match the category of service level on the pyramid.

Actions:

- *Educate current contract agreement holders on the financial and service sustainability plan, the results of the cost recovery goals, the service assessment, and provision analysis.*
- *Discuss strategies to efficiently and effectively comply with the plan.*
- *Develop specific and measureable action steps for each contract holder, including alternative funding strategies.*

15.D. Use industry best practices to manage programs and services beginning with trips and classes that have been identified for priority review.

Actions for Trips:

- *Evaluate contracting versus offering in-house.*
- *Partner with other agencies.*
- *Adjust the per-person fee or the minimum participant requirement (increase cost recovery).*
- *Marketing strategies:*
  - *Target marketing.*
  - *Mail flyers to past participants.*

Actions for All Classes:

- *Take attendance.*
- *Seek sponsorships and partnerships.*
- *Adjust the per-person fee or the minimum participant requirement (increase cost recovery).*
- *Conduct a fee comparison with neighboring cities.*
- *Continue cost recovery, market rate, or competitive pricing in accordance with the service portfolio.*

15.E. Consider adjusting fees at premier permitting venues, to be more in line with alternative providers which are comparable venues to Denver.

Actions:

- *Benchmark fees for permitted venues.*
- *Adjust the fees to minimally match the lowest similar alternative provider.*
- *Consider adjusting or implementing deposit fees as necessary.*

15.F. Consider implementing peak/off-peak time, and seasonal demand pricing strategies.

Actions:

- *Develop fees based on cost/value of and demand for the experience.*
- *Develop marketing strategy and campaign.*

Theme 5: Revenue Enhancement

The intent of this theme is to identify new sources of revenues, including alternative funding ideas, and explore their future potential to increase or contribute to Denver's overall financial sustainability.

Goal 16 – Explore alternative funding sources that strategically align with targeted services.

Objectives:

16.A. Identify ideas from the Parks and Recreation Operations and Capital Development Funding Sources (***Appendices D and E***) and formulate a work team to explore the pros and cons, and potential outcomes for consideration per budget cycle to implement through Managers. Priority suggestions include:

1.) New policies for sponsorships that allow limited but permanent signage for ongoing fiscal support
2.) Special financing districts
3.) Dedicated revenue source
4.) Expansion of foundation dedicated to DPR
5.) Gift Catalogue

Action:

- *Assign a team of staff annually to select and pursue alternative funding ideas.*

16.B. Pursue alternative funding for efficiency measures to reduce the costs to the taxpayer of operations, maintenance, and safety over the next several years.

Actions:

- *Research efficiency grants to analyze investing in and converting to green practices.*
- *Research return on investment (ROI) amortization schedules for investing in and converting to green practices.*

16.C. Expand alternative funding for strategic initiatives through grants for new and existing capital projects.

Actions:

- *Actively seek new grant opportunities for healthy and active living initiatives.*
- *Pursue grants for trail development such as Safe Routes to Schools.*
- *Continue to pursue grants for cultural and natural resource projects.*

16.D. Seek additional alternative funding sources for programs and operations on an ongoing basis.

16.E. Consider appropriate changes to identified ordinance, rules, regulations, etc., that are barriers to revenue generation.

Actions:

1. *Explore opportunity to revise Sec. 39-15 – ANIMALS to allow equine opportunities for such things as horse drawn carriage concessions.*
2. *Revise Sec. 39–121 and 123 FEES AND CHARGES adopting the new cost recovery philosophy and policy that includes a fee setting policy.*
3. *Account for penalty fine revenues as a cost recovery credit against the total expenses for each service, recognized in the department(s) incurring the expense. (This is currently being addresses City-wide.)*
4. *Review permitting allowances and procedures on an annual basis to determine if locations may be too limited.*
5. *Explore an expansion of the Food Truck permitting opportunity in appropriate park, pool, and athletic field settings outside of festivals or special events.*

6. *Explore outdoor recreational use of the park system by individuals or businesses through a fee-based program. This is currently being undertaken by staff and a community stakeholder group with goals of protection and use of the parks, park activation, and promoting healthy communities*
7. *Review the sign ordinance for acceptable changes allowing for placement of signage in appropriate settings to generate additional revenue.*
8. *Consider allowing 3.2 beer and wine/champagne at permitted events. This could be limited to times when the facilities are not open to the general public.*
9. *Focus on finding co-sponsors for DPR events and consider a significant limitation on co-sponsoring others by developing stricter criteria for eligibility.*

Goal 17 – Use and mobilize available stakeholder groups for fundraising efforts.

Objectives:

17.A. Create a fundraising body (Foundation).

Actions:

- *Establish bylaws as a fundraising board.*
- *Develop roles and responsibilities for members.*
- *Recruit membership.*
- *Develop fund raising goals based on Denver's goals and objectives or specific initiatives and programs.*
- *Research typical cost and funding mechanisms for a grant manager to write and administer grant programs.*
- *Explore ways for the Foundation to raise seed money or annual matching funds to leverage this strategy.*

17.B. Engage "Friends" Groups in fundraising efforts. Staff liaisons will work with "Friends" Groups to revitalize them or work with community members to create new groups to support Denver programs and facilities.

Actions:

- *Assess fundraising levels of current "Friends" Groups.*
- *Encourage community members to become members of existing groups.*
- *Create new groups in areas with interested community members.*
- *Develop fundraising goals based on program and facility objectives or specific initiatives and programs.*

Goal 18 – Explore the opportunities for and use of Sponsorships through naming rights.

Objective:

18.A. Develop an approach and a list of potential park and facility sites and amenities to consider for naming rights and costs.

Actions:

- *Develop the list of opportunities including historic sites.*
- *Develop fees and timeframes for naming rights (annual, in perpetuity, etc.)*
- *Develop sponsorship packages to bundle opportunities and market to major businesses such as hospitals, insurance companies, sports organizations, and related for-profit businesses.*
- *Market this option to corporations (larger facilities and parks), and individuals (benches, rooms, and equipment, etc.).*

Goal 19 – Increase marketing and outreach efforts.

Objectives:

19.A. Increase marketing and promotional opportunities through updating of the marketing plan.

Action:

- *Measure marketing budget to national standards.*

19.B. Increase the number of email addresses receiving Denver email distribution.

Action:

- *Expand the use of email blasts through marketing staff to increase promotion of upcoming opportunities for program registration and special events.*

19.C. Reach new target populations and demographics through use of social media.

Action:

- *Expand the use of social media through marketing staff.*
- *Add "local" facility or program specific pages and links in Facebook, which create community-based target marketing opportunities.*

19.D. Explore the use of new technology that allows a park user to get additional onsite information on a native plant, historic, or cultural amenity, etc.

Action:

- *Research the use of QR codes (matrix bar codes) or augmented reality technology to provide people with a new way to view/experience a park or facility through their mobile devices.*

19.E. Investigate market expansion to increase rentals for affordable wedding and reception venues.

Actions:

- *Participate in tradeshows and advertise with private providers.*
- *Create partnerships with dress shops, caterers, bakeries, rental equipment, music, etc.*
- *Create packages and themes.*

19.F. Investigate areas for market expansion to increase rentals for business retreats and meeting venues.

Actions:

- *Outreach to local Chambers of Commerce.*
- *Create packages and themes.*

19.G. Investigate areas for market expansion to increase tourism.

Actions:

- *Advertise to target demographic group publications (e.g.: AARP)*
- *Create off-peak packages.*
- *Create tourist or visitors or family/friends packages.*
- *Participate in tradeshows for tourism.*
- *Invite the media market to tour attraction.*
- *Explore opportunities and partnerships with the Convention and Visitor's Bureau and the State Tourism Office.*
- *Explore grants, research information and opportunities with international tourism for cultural and historical attractions (a growing interest) by contacting U.S. Department of Commerce, Office of Tourism and Travel http://tinet.ita.doc.gov.*
- *Track economic impacts to make an argument for a dedicated pro-rata tax share.*
- *Develop partnerships and packages for travelers with Army Corps of Engineers, Department of Natural Resources, State Parks, US Fish and Wildlife.*

19.H. Investigate areas for market expansion to increase fitness and health packages for businesses.

Actions:

- *Work with the Chamber of Commerce to identify priority businesses.*
- *Create packages and themes.*

Goal 20 – Explore the options for "Add-On" experiences to enhance customer experience for which there is a willingness to pay.

Objective:

20.A. Develop behind the scenes tours of historic and cultural sites for implementation.

Actions:

- *Develop fee based on cost/value of the behind the scenes experience.*
- *Develop marketing strategy and campaign.*

Theme 6: Future Growth

The intent of this theme is to assist Denver in its planning efforts to proactively respond to the needs of a diverse and growing community.

Goal 21 – Explore new services using the Service Assessment.

Objective:

21.A. Use the Service Assessment to determine Denver's position in the market relative to service fit, economic viability, or dependence on taxpayer investment, strength or weakness in the market, and other similar available providers before implementation.

Action:

- *On an annual basis, staff will review the service portfolio and use the Service Assessment to evaluate market position and provision strategies.*

Goal 22 – Employ a variety of community outreach strategies.

Objectives:

22.A. Continue to provide ongoing opportunities for community input through a variety of outreach efforts.

Actions:

- *Continue to participate in revitalization, meetings with local neighborhood groups, and planning group meetings, etc.*
- *Conduct regional community forums, at least annually.*

22.B. Keep the community input process current and reflective of changing demographics, interests, and economic conditions.

Action:

- *Plan for conducting a city-wide or target planning area statistically-valid community survey every five years.*

Goal 23 – Pursue collaborations and partnerships.

Objectives:

23.A. Expand collaborations and discussions with other jurisdictions and service providers.

Action:

- *Using the results of the Services Assessment for existing services, as well as analyzing market position and city providers for new services, staff will recommend services for collaborative consideration on an annual basis.*

23.B. Expand collaborations and discussions with the school systems.

Action:

- *Using the results of the Service Assessment for existing services, as well as analyzing market position and other public and private providers for new services, staff will recommend services for collaborative consideration on an annual basis.*
- *Discuss use of schools sites for afterschool and weekend programming.*

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Appendix A – The Pyramid Methodology

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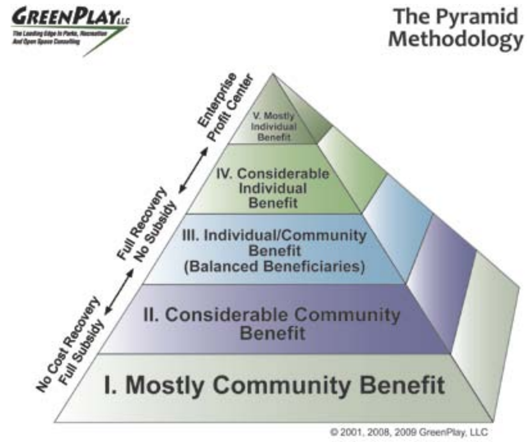
THE PYRAMID METHODOLOGY: COST RECOVERY AND SUBSIDY ALLOCATION PHILOSOPHY

The creation of a cost recovery and subsidy allocation philosophy and policy is a key component to maintaining an agency's financial control, equitably pricing offerings, and helping to identify core services including programs and facilities.

Critical to this philosophical undertaking is the support and buy-in of elected officials and advisory boards, staff, and ultimately, citizens. Whether or not significant changes are called for, the organization should be certain that it philosophically aligns with its constituents. The development of a financial resource allocation philosophy and policy is built upon a very logical foundation, based upon the theory that those who benefit from parks and recreation services ultimately pay for services.



The development of a financial resource allocation philosophy can be separated into the following steps:

Step 1 – Building on Your Organization's Values, Vision, and Mission

The premise of this process is to align agency services with organizational values, vision, and mission. It is important that organizational values are reflected in the vision and mission. Oftentimes, mission statements are a starting point and further work needs to occur to create a more detailed common understanding of the interpretation of the mission and a vision for the future. This is accomplished by engaging staff and community members in a discussion about a variety of Filters.

Step 2 – Understanding the Pyramid Methodology, the Benefits Filter, and Secondary Filters

Filters are a series of continuums covering different ways of viewing service provision. **Filters** influence the final positioning of services as they relate to each other and are summarized below. The **Benefits Filter**, however; forms the **foundation** of the **Pyramid Model** and is used in this discussion to illustrate a cost recovery philosophy and policies for parks and recreation organizations.

Filter	Definition
Benefit	Who receives the benefit of the service? (Skill development, education, physical health, mental health, safety)
Access/Type of Service	Is the service available to everyone equally? Is participation or eligibility restricted by diversity factors (i.e., age, ability, skill, financial)?
Organizational Responsibility	Is it the organization's responsibility or obligation to provide the service based upon mission, legal mandate, or other obligation or requirement?
Historical Expectations	What have we always done that we cannot change?
Anticipated Impacts	What is the anticipated impact of the service on existing resources? On other users? On the environment? What is the anticipated impact of not providing the service?
Social Value	What is the perceived social value of the service by constituents, city staff and leadership, and policy makers? Is it a community builder?

THE BENEFITS FILTER

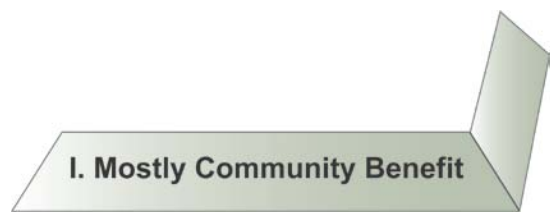
The principal foundation of the Pyramid is the **Benefits Filter.** Conceptually, the base level of the pyramid represents the mainstay of a public parks and recreation system. Services appropriate to higher levels of the pyramid should only be offered when the preceding levels below are comprehensive enough to provide a foundation for the next level. This foundation and upward progression is intended to represent public parks and recreation's core mission, while also reflecting the growth and maturity of an organization as it enhances its service offerings.

It is often easier to integrate the values of the organization with its mission if they can be visualized. An ideal philosophical model for this purpose is the pyramid. In addition to a physical structure, *pyramid* is defined by Webster's Dictionary as "an immaterial structure built on a broad supporting base and narrowing gradually to an apex." Parks and recreation programs are built with a broad supporting base of core services, enhanced with more specialized services as resources allow. Envision a pyramid sectioned horizontally into five levels.

MOSTLY COMMUNITY Benefit

The foundational level of the Pyramid is the largest, and includes those services including programs and facilities which **MOSTLY** benefit the **COMMUNITY** as a whole. These services may increase property values, provide safety, address social needs, and enhance quality of life for residents. The community generally pays for these basic services via tax support. These services are generally offered to residents at a minimal charge or with no fee. A large percentage of the agency's tax support would fund this level of the Pyramid.

Examples of these services could include: the existence of the community parks and recreation system; the ability for youngsters to visit facilities on an informal basis; low-income or scholarship programs; park and facility planning and design; park maintenance; or others.



NOTE: All examples above are generic – individual agencies vary in their determination of which services belong in the foundation level of the Pyramid based upon agency values, vision, mission, demographics, goals, etc.

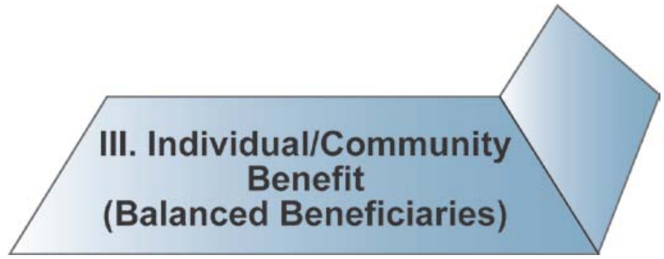
CONSIDERABLE COMMUNITY Benefit

The second and smaller level of the Pyramid represents services which promote individual physical and mental well-being, and may begin to provide skill development. They are generally traditionally expected services and/or beginner instructional levels. These services are typically assigned fees based upon a specified percentage of direct (and may also include indirect) costs. These costs are partially offset by both a tax subsidy to account for **CONSIDERABLE COMMUNITY** benefit and participant fees to account for the **Individual** benefit received from the service.

Examples of these services could include: the capacity for teens and adults to visit facilities on an informal basis;, ranger led interpretive programs;, beginning level instructional programs and classes; etc.

BALANCED INIDIVIDUAL/COMMUNITY Benefit

The third and even smaller level of the Pyramid represents services that promote individual physical and mental well-being, and provide an intermediate level of skill development. This level provides balanced **INDIVIDUAL** and **COMMUNITY** benefit and should be priced accordingly. The individual fee is set to recover a higher percentage of cost than those services that fall within lower Pyramid levels.



Examples of these services could include: summer recreational day camp; summer sports leagues; year-round swim team; etc.

CONSIDERABLE INDIVIDUAL Benefit

The fourth and still smaller Pyramid level represents specialized services generally for specific groups, and those which may have a competitive focus. Services in this level may be priced to recover full cost, including all direct and indirect expenses.

Examples of these services could include: specialty classes; golf; and outdoor adventure programs

MOSTLY INDIVIDUAL Benefit

At the top of the Pyramid, the fifth and smallest level represents services which have profit center potential, may be in an enterprise fund, may be in the same market space as the private sector, or may fall outside the core mission of the agency. In this level, services should be priced to recover full cost in addition to a designated profit percentage

Examples of these activities could include: elite diving teams; golf lessons; foc rentals; and other facility rentals such as for weddings or other services.

Step 3 – Developing the Organization's Categories of Service

In order to avoid trying to determine cost recovery or subsidy allocation levels for each individual agency service including every program, facility or property, it is advantageous to categorize agency services into like categories. This step also includes the development of category definitions that detail and define each category; and service inventory "checks and balance" to insure that all agency services belong within a developed category. Examples of Categories of Service could include: Beginner instructional classes; Special events; and Concessions/Vending.

Step 4 – Sorting the Categories of Service onto the Pyramid

It is critical that this sorting step be done with staff, governing body and citizen representatives involved. This is where ownership is created for the philosophy, while participants discover the current and possibly varied operating histories, cultures, and organizational values, vision and mission. It is the time to develop consensus and get everyone on the same page, the page that is written together. Remember, this effort must reflect the community and must align with the thinking of policy makers.

Sample Policy Development Language:

XXX community brought together staff from across the department, agency leadership, and citizens to sort existing programs into each level of the Pyramid. The process was facilitated by an objective and impartial facilitator in order to hear all viewpoints. It generated discussion and debate as participants discovered what different people had to say about serving culturally and economically varied segments of the community; about historic versus active-use parks; about the importance of adult versus youth versus senior activities; and other philosophical and values-based discussions. This process gets at both the “what” and “why” with the intention of identifying common ground and consensus.

Step 5 – Determining (or Confirming) Current Subsidy/Cost Recovery Levels

This step establishes the expectation that the agency will confirm or determine current cost recovery and subsidy allocation levels by service area. This will include consideration of revenues sources and services costs or expenses. Typically, staff may not be cost accounting consistently, and these inconsistencies will become apparent. Results of this step will identify whether staff members know what it costs to provide services to the community; whether staff have the capacity or resources necessary to account for and track costs; Whether accurate cost recovery levels can be identified; and whether cost centers or general ledger line items align with how the agency may want to track these costs in the future.

Step 6 – Defining Direct and Indirect Costs

The definition of direct and indirect costs can vary from agency to agency. What’s important is that all costs associated with directly running a program or providing a service are identified and consistently applied across the system. Direct costs typically include all the specific, identifiable expenses (fixed and variable) associated with providing a service. These expenses would not exist without the service and may be variable costs. Defining direct costs, along with examples and relative formulas is necessary during this step.

Indirect costs typically encompass overhead (fixed and variable) including the administrative costs of the agency. These costs would exist without any specific service but may also be attributed to a specific agency operation (in which case they are direct expenses of that operation). If desired, all or a portion of indirect costs can be allocated, in which case they become a direct cost allocation.

Step 7 – Establishing Cost Recovery/Subsidy Goals

Subsidy and cost recovery are complementary. If a program is subsidized at 75%, it has a 25% cost recovery, and vice-versa. It is more powerful to work through this exercise thinking about where the tax subsidy is used rather than what is the cost recovery. When it is complete, you can reverse thinking to articulate the cost recovery philosophy, as necessary.

The overall subsidy/cost recovery level is comprised of the average of everything in all of the levels together as a whole. This step identifies what the current subsidy level is for the programs sorted into each level. There may be quite a range within each level, and some programs could overlap with other levels of the pyramid. This will be rectified in the final steps.

This step must reflect your community and must align with the thinking of policy makers regarding the broad picture financial goals and objectives.

Examples

Categories in the bottom level of the Pyramid may be completely or mostly subsidized, with the agency having established limited cost recovery to convey the value of the experience to the user. An established 90-100% subsidy articulates the significant community benefit resulting from these categories.

The top level of the Pyramid may range from 0% subsidy to 50% excess revenues above all costs, or more. Or, the agency may not have any Categories of Service in the top level.

Step 8 – Understanding and Preparing for Influential Factors and Considerations

Inherent to sorting programs onto the Pyramid model using the Benefits and other filters is the realization that other factors come into play. This can result in decisions to place services in other levels than might first be thought. These factors also follow a continuum; however, do not necessarily follow the five levels like the Benefits Filter. In other words, a specific continuum may fall completely within the first two levels of the Pyramid. These factors can aid in determining core versus ancillary services. These factors represent a layering effect and should be used to make adjustments to an initial placement on the Pyramid.

THE COMMITMENT FACTOR: What is the intensity of the program, what is the commitment of the participant?

Drop-In Opportunities	**Instructional – Basic**	**Instructional – Intermediate**	**Competitive – Not Recreational**	**Specialized**

THE TRENDS FACTOR: Is the program or service tried and true, or is it a fad?

Basic	**Traditionally Expected**	**Staying Current with Trends**	**Cool, Cutting Edge**	**Far Out**

THE POLITICAL FILTER: What is out of our control?

This filter does not operate on a continuum, but is a reality, and will dictate from time to time where certain programs fit in the pyramid

THE MARKETING FACTOR: What is the effect of the program in attracting customers?

Loss Leader	**Popular – High Willingness to Pay**

THE RELATIVE COST TO PROVIDE FACTOR: What is the cost per participant?

Low Cost per Participant	**Medium Cost per Participant**	**High Cost per Participant**

THE ECONOMIC CONDITIONS FACTOR: What are the financial realities of the community?

Low Ability to Pay **Pay to Play**

FINANCIAL GOALS FACTOR: Are we targeting a financial goal such as increasing sustainability, decreasing subsidy reliance?

100% Subsidized **Generates Excess Revenue over Direct Expenditures**

Step 9 – Implementation

Across the country, ranges in overall cost recovery levels can vary from less than 10% to over 100%. The agency sets their goals based upon values, vision, mission, stakeholder input, funding, and/or other criteria. This process may have been completed to determine present cost recovery levels, or, the agency may have needed to increase cost recovery levels in order to meet budget targets. Sometimes, simply implementing a policy to develop equity is enough without a concerted effort to increase revenues. Upon completion of steps 1-8, the agency is positioned to illustrate and articulate where it has been and where it is heading from a financial perspective.

Step 10 – Evaluation

The results of this process may be used to:

- articulate and illustrate a comprehensive cost recovery and subsidy allocation philosophy
- train staff at all levels as to why and how things are priced the way they are
- shift subsidy to where is it most appropriately needed
- benchmark future financial performance
- enhance financial sustainability
- recommend service reductions to meet budget subsidy targets, or show how revenues can be increased as an alternative
- justifiably price new services

*This **Cost Recovery/Subsidy Allocation Philosophy: The Pyramid Methodology** Outline is provided by:*

GREENPLAY LLC
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Appendix B – Comparative Analysis Criteria

Limits of Comparative Data and Analysis
Comparative analysis (benchmarking) is an important tool that allows for comparison of certain attributes of Denver's management practices and fee structure. This process creates deeper understanding of alternative providers, Denver's place in the market, and varying fee methodologies, which may be used to enhance and improve the service delivery of parks and recreation.

It is very difficult to find exact comparable communities because each has its own unique identity, ways of conducting business, and differences in service populations. The political, social, economic, and physical characteristics of each community make the policies and practices of each parks and recreation department unique. It is important to keep in mind that while many park and recreation departments primarily serve residents, others serve a large portion of non-residents, while others still cater to the tourism market.

Despite efforts to promote uniformity in comparison, organizations often have slightly different fee structures and associated benefits. For example, some parks and recreation departments may not report all benefits associated with the purchase of a center membership, or may not explain the breadth of indoor recreation spaces in their system in the same way as another. The availability of detailed information may also be limited.

Additionally, organizations do not typically define the expenditures of parks, trails, facilities, and maintenance in the same way. Agencies also vary in terms of how they organize their budget information, and it may be difficult to assess whether or not the past year's expenses are typical for the community. Despite these inherent limitations, the comparative analysis and fee comparisons criteria presented in this document should be used as a catalyst for Denver to continue to research fees, market position, and best practices for more specific areas when they are needed.

Comparative Analysis Data Sought
The communities selected for benchmarking data should be chosen primarily for their proximity and perceived similarities to Denver. Requested comparative data in addition to service specific fee structure may also include:

- Values, vision, and mission of the organization
- Population and demographics
- Median household income and household size
- Prior year budget, actual expenses, and revenues for the entire department
- Prior year budget, actual expenses, and revenues for the parks and recreation divisions
- Number and square footage of Community/Recreation Centers
- Total acres of open space and developed park land
- Number of maintenance acres contracted out and maintenance description
- Total miles of department maintained trails
- Number of splashparks
- Number of lighted and unlighted softball/baseball fields
- Recreation and parks department full-time employees and FTEs

Often, comparative analysis data looks to weigh pertinent data along with comparing against a “per thousand” population calculation for categories including: total department budget, total acres, developed acres, miles of trails, Community/Recreation Center square footage, number of splash parks, number of softball/baseball fields, and recreation FTEs. Parks expenses and FTEs can be calculated per developed acre. Population, demographics, median household income, and household size estimates can be provided by the US Census.

Fee Comparison Considerations

To compare fees, other factors should be considered along with the price or fee charged for a program, rental, admission, pass, or other services. Denver should include comparative data for each fee as applicable:

- Program contact hours
- Program session length
- Student/teacher ratio
- Contractor or in-house instructional staff
- Instructor qualifications
- Program quality
- Materials included or additional fees
- Set up/tear down and preparation time included
- Facility amenities included in admission or pass
- Programs included with admission or pass
- Towel service, locker, equipment usage included or extra
- Hours of operation or availability of service
- Peak or off peak pricing
- Packaging
- Value added amenities or services
- Service area demographics
- Subsidy versus cost recovery goals
- Use of alternative funding

Appendix C – Public Sector Service Assessment

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Public Sector Agency Service Assessment

Based on MacMillan Matrix for Nonprofit agencies from the Alliance For Nonprofit Management. Adapted by GreenPlay, LLC and GP RED for Public Sector Agencies. April 2009.

Public agencies have not traditionally been thought of as organizations needing to be competitively oriented. Unlike private and commercial enterprises which compete for customers and whose very survival depends on satisfying paying customers, many public and non-profit organizations operate in a non-market, or grants economy - one in which services may not be commercially viable. In other words, the marketplace may not supply sufficient and adequate resources.

In the public sector, our customers (taxpayers) do not decide how funding is allocated and which service gets adequate, ongoing funding. (In fact, many public agencies and non-profits can be considered "sole-source," the only place to get a service, so there is little to no market saturation and therefore, potential for apathetic service enhancement and improvement). Consequently, public and non-profit organizations have not necessarily had an incentive to question the status quo, to assess whether customer needs were being met, or to examine the cost-effectiveness or quality of available services.

The public sector and market environments have changed, funders and customers alike are beginning to demand more accountability; and both traditional (taxes and mandatory fees) and alternative funding (grants and contributions) are getting harder to come by, even as need and demand increase. This increasing demand for a smaller pool of resources requires today's public and non-profit agencies to rethink how they do business, to provide services where appropriate, to avoid duplicating existing comparable services, and to increase collaboration, when possible. In addition, organizations are leveraging all available resources where possible.

An assessment of a **Public Sector Agency Services** is an intensive review of organizational services including activities, facilities, and parklands that leads to the development of an agency's **Service Portfolio**. Additional results indicate whether the service is **"core to the organization's values and vision"**, and provides recommended provision strategies that can include, but are not limited to enhancement of service, reduction of service, collaboration, advancing or affirming market position. This assessment begins to provide a nexus relative to which services are central to the organization's purpose. The process includes an analysis of: each service's relevance to the organization's values and vision; the organization's market position in the community relative to market; other service providers in the service area including quantity and quality of provider; and the economic viability of the service.

Based on the **MacMillan Matrix for Competitive Analysis of Programs**[1], the Public Sector Services Assessment Matrix is an extraordinarily valuable tool that is specifically adapted to help public agencies assess their services. The MacMillan Matrix realized significant success in the non-profit environment and has led to application in the public sector. The **Public Sector Agency Services Assessment Matrix** is based on the assumption that duplication of existing comparable services (unnecessary competition) among public and non-profit organizations can fragment limited resources available, leaving all providers too weak to increase the quality and cost-effectiveness of customer services. This is also true for public agencies.

The **Public Sector Agency Service Assessment Matrix** assumes that trying to be all things to all people can result in mediocre or low-quality service. Instead, agencies should focus on delivering higher-

[1] Alliance for Nonprofit Management

quality service in a more focused (and perhaps limited) way. The Matrix helps organizations think about some very pragmatic questions.

> **Q: Is the agency the best or most appropriate organization to provide the service?**
> **Q: Is market competition good for the citizenry?**
> **Q: Is the agency spreading its resources too thin without the capacity to sustain core services and the system in general?**
> **Q: Are there opportunities to work with another organization to provide services in a more efficient and responsible manner?**

Services Assessment Matrix © 2009 GreenPlay LLC and GP RED		**Financial Capacity** Economically Viable		**Financial Capacity** Not Economically Viable	
		Alternative Coverage High	**Alternative Coverage** Low	**Alternative Coverage** High	**Alternative Coverage** Low
Good Fit	**Strong Market Position**	Affirm Market Position 1	Advance Market Position 2	Complementary Development 5	"Core Service" 6
	Weak Market Position	Divest 3	Invest, Collaborate or Divest 4	Collaborate or Divest 7	Collaborate or Divest 8
Poor Fit		Divest 9			

Note: Based on MacMillan Matrix for Nonprofit agencies from the Alliance For Nonprofit Management. Adapted by GreenPlay, LLC and GP RED for Public Sector Agencies. April 2009.

Fit

Fit is the degree to which a service aligns with the agency's values and vision, reflecting the community's interests. If a service aligns with the agency's values and vision, and contributes to the overall enhancement of the community, it is classified as "good fit", if not, the service is considered a "poor fit".

- Does the service align with agency values and vision?
- Does the service provide community-wide return on investment (i.e. community, individual, environmental, or economic benefits and outcomes that align with agency values such as crime prevention, improved health and well-being, enhancement of property values)?

Financial Capacity

Financial Capacity is the degree to which a service (including a program, facility or land asset is currently or potentially attractive as an investment of current and future resources to an agency from an economic perspective.

No program should be classified as 'highly attractive" unless it is ranked as attractive on a substantial majority of the criteria below.

- Does the service have the capacity to sustain itself (break even) independent of General Fund or taxpayer subsidy/support?
- Can the service reasonably generate at least XXXXX% (TBD) from fees and charges?
- Can the service reasonably generate excess revenues over direct expenditures through the assessment of fees and charges?
- Are there consistent and stable alternative funding sources such as donations, sponsorships, grants and/or volunteer contributions for this service?
- Can the service reasonably generate at least XXXXX% (TBD) of the costs of service from alternative funding sources?
- Is there demand for this service from a significant/large portion of the service's target market?
- Can the user self-direct or operate/maintain the service without agency support?

Market Position

Market Position is the degree to which the organization has a stronger capability and potential to deliver the service than other agencies – a combination of the agency's effectiveness, quality, credibility, and market share dominance. No service should be classified as being in a "strong market position" unless it has some clear basis for declaring superiority over all providers in that service category, and is ranked as affirmative on a substantial majority of the criteria below.

- Does the agency have the adequate resources necessary to effectively operate and maintain the service?
- Is the service provided at a convenient or good location in relation to the target market?
- Does the agency have a superior track record of quality service delivery?
- Does the agency currently own a large share of the target market currently served?
- Is the agency currently gaining momentum or growing its customer base in relation to other providers? (e.g., "Is there a consistent waiting list for the service?")
- Can you clearly define the community, individual, environmental and/or economic benefits realized as a result of the service
- Does agency staff have superior technical skills needed for quality service delivery?
- Does the agency have the ability to conduct necessary research, pre and post participation assessments, and/or properly monitor and evaluate service performance therefore justifying the agency's continued provision of the service? (Benchmarking performance or impact to community issues, values, or vision)
- Are marketing efforts and resources effective in reaching and engaging the target market?

Alternative Coverage

Alternative Coverage is the extent to which like or similar services are provided in the service area to meet customer demand and need. If there are no other large (significant), or very few small agencies producing or providing comparable services in the same region or service area, the service should be classified as "low coverage." Otherwise, coverage is "high."

Unfair Competition

It has become somewhat challenging to draw a line of demarcation between those services that are recognized to be the prerogative of the private sector and those thought to be the responsibility of the public sector. Overlap of service production and provision are common. A continuing problem today is the lack of clarification between what sector should be producing or providing which services, therefore, developing boundaries. What is needed is the reshaping of how public and private sector agencies work independent of each other or together in a more effective way, becoming complementary rather than duplicative.

Service lines are blurred due to a variety of factors. Whether it is due to the emergence of new services, not offered before, in response to customer demand, or reduced availability of public funds and therefore greater dependence on revenue generation, these blurred lines sometimes result in charges that the public sector engages in unfair competition practices by offering similar or like services to those of the private sector. These charges result from the resource advantages the public sector has over the private sector including but not limited to immunity from taxation and the ability to charge lower fees for similar or like services due to receipt of subsidy dollars.

Recommended Provision Strategies – Defined (numbers refer to graphic above)

Affirm Market Position (1)– a number (or one significant) *alternative provider*(s) exists yet the service has *financial capacity* and the agency is in a *strong market position* to provide the service to customers or the community. **Affirming market position** includes efforts to capture more of the market and investigating the merits of competitive pricing strategies. This includes investment of resources to realize a financial return on investment. Typically, these services have the ability to generate excess revenue.

Advance Market Position (2) – a smaller number or no *alternative providers* exist to provide the service, the service has *financial capacity* and the agency is in a *strong market position* to provide the service. Due primarily to the fact that there are fewer if any alternative providers, **advancing market position** of the service is a logical operational strategy. This includes efforts to capture more of the market, investigating the merits of market pricing, and various outreach efforts. Also, this service may be an excess revenue generator by increasing volume.

Divestment (3,4,7,8,9) – the agency has determined that the service does not *fit* with the agency's values and vision, and/or the agency has determined it is in a *weak market position* with little or no opportunity to strengthen its position. Further, the agency deems the service to be contrary to the agency's interest in the responsible use of resources, therefore, the agency is positioned to consider **divestment** of the service.

Investment (4) – **investment** of resources is the agency's best course of action as the service is a *good fit* with values and vision, and an opportunity exists to strengthen the agency's current *weak market position* in the marketplace.

Complementary Development (5)– the service is a *good fit*, a number of or one significant *alternative provider(s)* exists which provide the service, the agency is in a *strong market position* to provide the service, yet it does not have *financially capacity* to the agency. "**Complementary development"** encourages planning efforts that lead to complementary service development rather than duplication, broadening the reach of all providers. Although there may be perceived market saturation for the service due to the number or like services of alternative providers, demand and need exists justifying the service's continued place in the market.

Collaboration (4,7,8)– the agency determines that the service can be enhanced or improved through the development of a collaborative effort as the agency's current *market position is weak*. **Collaborations** (e.g., partnerships) with other service providers (internal or external) that minimize or eliminate duplication of services while most responsibly utilizing agency resources are recommended.

Core Service (6)– these services *fit* with the agency's values and vision, there are few if any *alternative providers*, yet the agency is in a *strong market position* to provide the service. However, the agency does not have the *financial capacity* to sustain the service outside of General Fund support and the service is deemed to not be economically viable. These services are **"core" to satisfying the agency's values and vision** typically benefiting all community members, or are seen as essential to the lives of under-served populations.

Glossary

Ability - the quality or state of being able; power to perform; competence in doing

Adequate - sufficient for a specific requirement; reasonably sufficient

Capacity - the potential or suitability for accommodating; the maximum amount or number that can be contained or accommodated; the facility or power to produce, perform, or deploy; capability

Quality - meeting or exceeding expectations; degree of excellence; superiority in kind

Superior - of higher rank, quality, or importance; excellent of its kind

Target market – the specific market of a service (e.g., age, sex, race/ethnicity, education level, ability level, residence)

*This **Services Assessment Methodology** Outline is provided by:*

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Appendix D – Parks and Recreation Operations and Capital Funding Sources

There are a variety of mechanisms that local governments can employ to provide services and to make public improvements. Parks and recreation operating and capital development funding typically comes from conventional sources such as sales, use, and property tax referenda voted upon by the community, along with developer exactions. Operating funds are typically capped by legislation; may fluctuate based on the economy, public spending, or assessed valuation; and may not always keep up with inflationary factors. In the case of capital development, "borrowed funds" sunset with the completion of loan repayment and are not available to carry-over or re-invest without voter approval. Explained below are the salient points of traditional funding sources. Many of these strategies are currently being used to some extent by Denver.

Traditional Tax and Exactions-Based Funding Resources

General Fund

Parks and recreation services are typically funded by an agency's General Fund, which can be comprised of property tax, sales tax, and other compulsory charges levied by a government for the purpose of financing services performed for the common benefit of a community. These funds may also come from resources such as inter-government agreements, reimbursements, and interest and may include such revenue sources as franchise taxes, licenses and permits, fees, transfers in, reserves, interest income, and miscellaneous other incomes.

Sales Tax

This revenue source often funds municipal park and recreation agencies either partially or fully. Sales tax revenue is very popular in high traffic tourism agencies and with cities, counties, and state parks. Special Districts cannot exact sales taxes, which often calls into question the issue of charging resident and non-resident fee differentials.

Property Tax

Property tax revenue often funds park and recreation special districts and/or may be used as a dedicated source for capital development. When used for operation funding, it often makes the argument for charging resident and non-resident fee differentials.

Development Impact Fees and Land Dedication

Development impact fees are one-time charges imposed on development projects at the time of permit issue to recover capital costs for public facilities, including parks, needed to serve new developments and the additional residents, employees, and visitors they bring to the community. State laws, with a few minor exceptions, prohibit the use of impact fees for ongoing maintenance or operations costs. *Denver currently uses this strategy.*

Park land dedication requirements are set forth in requirements typically state that all residential subdivisions of land, with some exemptions, are to provide for parks by either paying impact fees, dedicating land, paying a fee in-lieu of land dedication (the amounts may be adjusted annually), or a combination. In Denver, property owners pay and impact fee or qualify for credit for dedication of land for the capital improvements (Municipal Code Chapter 50 Article III).

Local Improvement Districts
Different from cities that are direct beneficiaries of these funds, special districts, (or local improvement districts) are the beneficiaries of pass-through funding from cities or counties, which have responsibility for their interests. Special districts cannot exact or collect the land dedication or the fee-in-lieu on their own.

Traditional Parks and Recreation Earned Revenue Resources

Fees and Charges

Membership and Season Pass Sales
Denver sells memberships (e.g. annual passes) for specific types of amenities to offset operational costs. These fees can apply to recreational and fitness centers, regional park passes, tennis centers, splash parks, etc. There is movement away from the "membership" concept (because it implies exclusivity and every resident and business is a "member" qualifying for city services) in favor of bulk discount buying of daily admission fees marketed as "monthly, seasonal, 3-month, 6-month, and/or annual passes."

Program Registration Fees
This revenue source comes from fees intended to offset some or all of the cost of providing programs and activities that are scheduled in advance and generally provide instructional or leadership services.

Program Independent Contractor Fees
Denver receives a percentage of gross contractor fees for contractor programs held in Denver facilities. The percentages range from 20% to 40% depending on space, volume, and the amount of marketing Denver does for the contractor.

Ticket Sales/Admissions
This revenue source is for accessing facilities for self-directed or spectator activities such as recreation centers, splash parks, ballparks, and entertainment activities. Fees may also be assessed for tours, entrance or gate admission, and other activities, which may or may not be self-directed. These user fees help offset operational costs or apply to new projects.

Alternative Parks and Recreation Operations and Capital Funding Sources

Alternative funding sources include a variety of different or non-conventional public sector strategies for diversifying the funding base beyond traditional tax-based support. The following is a list of known industry funding practices, potential sources, and strategies, as compiled by GreenPlay. Some of the strategies are currently used by Denver, but may not be used to maximum effectiveness or capacity. Those that may not currently be used by Denver should be considered for a project's or the operation's specific relevance.

NOTE: *Not every funding mechanism on this list may be allowable by law, as the laws, regulations, statutes, ordinances, and systems of governance vary from city to city, county to county, and state to state. The authority to put forth referenda or institute exactions must be researched for validity within the City of Denver and the State of Colorado, as this list is comprised of the financial practices from across the nation. Some referenda are passed by simple majority of those who vote, while others require a larger percentage to pass. In certain circumstances, referenda are passed by the majority of eligible voters versus just those who vote.*

Loan Mechanisms

Bond Referendum

Bond Referenda are used to fund capital needs, renovations, and new facilities to meet the needs and demands of residents. A bond is a written promise to pay a specified sum of money at a specified future date, at a specified interest rate. These bonds are traditionally general obligation bonds, revenue bonds, or special assessment bonds initiated through agency approval and citizen vote.

General Obligation Bonds

Bond used for indebtedness issued with the approval of the electorate for capital improvements and general public improvements.

Industrial Development Bonds

Specialized revenue bonds issued on behalf of publicly owned, self-supporting facilities.

Revenue Bonds

Bonds used for capital projects that will generate revenue for debt service where fees can be set aside to support repayment of the bond. These are typically issued for water, sewer or drainage charges, and other enterprise type activities.

Special Assessment Bonds

Bonds payable from the proceeds of special assessments such as local improvement districts.

Alternative Service Delivery and Funding Structures

Annual Appropriation/Leasehold Financing

This is a more complex financing structure that requires use of a third party to act as an issuer of the bonds who would construct the facility and retain title until the bonds are retired. Agency enters into a lease agreement with the third party with annual lease payments equal to the debt service requirements. The bonds issued by the third party are considered less secure than general obligation bonds of Denver are therefore more costly. Since a separate corporation issues these bonds, they do not impact Denver's debt limitations and do not require a vote. However, they also do not entitle Denver to levy property taxes to service the debt. The annual lease payments must be appropriated from existing revenues.

Commercial Property Endowment Model – Operating Foundation

John L. Crompton[2] discusses government using the Commercial Property Endowment Model citing two case studies in the United Kingdom and Mission Bay Park in San Diego, California as an alternative structure to deliver park and recreation services. A non-profit organization may be established and given park infrastructure and/or land assets to manage as public park and recreation services along with commercial properties as income-earning assets or commercial lease fees to provide for a sustainable funding source. This kind of social enterprise is charged with operating, maintaining, renovating, and enhancing the public park system and is not unlike a model to subsidize low-income housing with mixed-use developments.

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[2] Spring 2010 *Journal of Park and Recreation Administration*, Volume 28, Number 1, pp 103-111

Enterprise Funds
Some agencies establish business units that are self-sustaining through fees and charges. Debt service and all indirect costs should be allocated or attributed to enterprise funds. Any excess revenue generated is maintained by the fund for future needs and cannot be used by another fund or department. Examples include premier sports tournament complexes.

Inter-local Agreements
Contractual relationships established between two or more local units of government and/or between a local unit of government and a non-profit organization for the joint usage/development of sports fields, regional parks, or other facilities.

Parks and Recreation Independent Taxing District
Independent park and recreation district or a city-wide assessment district that could serve just the residents of the independent taxing district or may encompass a larger service area. This option provides a stable source of funds, a separate administration, and an elected body that is accountable to the voters residing in the district. This type of special district is often funded through property taxes but could also receive pass-through funding from the City.

Privatization – Outsourcing Management
Typically used for food and beverage management, golf course operations, ballfield, or sports complex operations by negotiated or bid contract.

Community Service Fees and Assessments

Camping Fees & Hook-Up Fees
These are permits for RV, tent, and primitive camping. Fees may range per site for primitive spaces, full hook-ups, and premium view or location sites. Additional fees may be added for water, electricity, sewer, and cable T.V. access, dump stations, showers, etc.

Capital Improvement Fees
These fees are on top of the set user rate for accessing Denver facilities such as sport and tournament venues and are used to support capital improvements that benefit the user of the facility.

Development Surcharge/Fee
Some agencies have added a surcharge on every transaction, admission, or registration to generate an improvement or development fund.

Dog Park Fees
These fees are attached to kennel clubs who pay for the rights to have dog park facilities for their own exclusive use. Fees are on the dogs themselves and/or on the people who take care of other people's dogs.

Equipment Rental
This revenue source is generated from the rental of Denver equipment such as tables and chairs (*Denver currently uses this strategy)* tents, stages, bicycles, roller blades, boogie boards, etc. that are used for recreation purposes.

Flexible Fee Strategies
This pricing strategy would allow Denver to maximize revenues during peak times and premium sites/areas with higher fees and fill in excess capacity during low use times with lower fees to maximize play.

Franchise Fee on Cable
This would allow Denver to add a franchise fee on cable to be designated for parks and recreation. The normal fee is $1.00 a month or $12.00 a year per household. Fees usually go towards land acquisition or capital improvements.

Lighting Fees
Some agencies charge additional fees for lighting as it applies to leagues, special use sites, and special facilities that allow play after daylight hours. This fee may include utility demand charges. *Denver currently uses this strategy.*

Parking Fee
This fee applies to parking at selected destination facilities such as sports complexes, stadiums, and other attractions to help offset capital and operational cost. *Denver should explore this strategy in the Mountain Parks.*

Processing/Convenience Fees
This is a surcharge or premium placed on phone-in registration, electronic transfers of funds, automatic payments, or other conveniences.

Real Estate Transfer – Tax/Assessment/Fee
As agencies expand, the need for infrastructure improvements continues to grow. Since parks and recreation facilities add value to neighborhoods and communities, some agencies have turned to real estate transfer tax/assessment/fee to help pay for acquisition and needed renovations. Usually transfer tax/assessment/fee amount is a percentage on the total sale of the property and is assessed each time the property transfers to a new owner. Some states have laws prohibiting or restricting the institution, increase, or application of this tax/assessment/fee.

Recreation Service Fee
The Recreation Service Fee is a dedicated user fee that can be established by a local ordinance or other government procedure for the purpose of constructing and maintaining recreation facilities. The fee can apply to all organized activities that require a reservation of some type, or other purposes as defined by Denver. Examples of such generally accepted activities that are assigned a service fee include adult basketball, volleyball, and softball leagues, youth baseball, soccer, and softball leagues, and special interest classes. The fee, above and beyond the user fee, allows participants to contribute toward the construction and/or maintenance of the facilities being used.

Recreation Surcharge Fees on Sports and Entertainment Tickets, Classes (MasterCard, Visa)
This fee is a surcharge on top of the regular sports revenue fee or convenience fee for use of MasterCard and Visa. The fee usually is no more than $5.00 and usually is $3.00 on all exchanges. The money earned would be used to help pay off the costs of improvements or for Denver operational purposes.

Residency Cards
Non-city residents may purchase "residency" on an annual basis for the privilege of receiving the resident discounts on fees, charges, tours, shows, reservations, and other benefits typically afforded to residents only. The resident cards can range in price, but are often at least equivalent to what a resident pays in taxes annually to support the operations, maintenance, and debt service of Denver.

Room Overrides on Hotels for Sports Tournaments and Special Events
Agencies have begun to keep a percentage of hotel rooms reservation fees that are booked when the agency hosts a major sports tournament or special event. The overrides are usually $5.00 to $10.00 depending on the type of room. Monies collected would help offset operational costs for Denver in hosting the events.

Security and Clean-Up Fees
Charge to groups and individuals for security and clean-up fees for special events other type of events held at facilities. *Denver currently uses a version this strategy through security and damage deposits.*

Self-Insurance Surcharge
Some agencies have added a surcharge or every transaction, admission, or registration to generate a self-insured liability fund.

Signage Fees
Individuals and businesses pay for signage fees at key locations with high visibility for short-term events. Signage fees may range in price from $25-$100 per sign based on the size of the sign and location.

Trail Fee
These fees are used for access to closed bike trails to support operational costs. Fees for bike trails are typically $35 to $50 a year. This arrangement works for bike trails if the conditions of dedicated use, fencing for control, and continuous patrolling/monitoring are in place. Multi-purpose trails that are totally open for public use without these conditions in place make it difficult to charge fees and are nearly impossible to monitor.

Utility Roundup Programs
Some park and recreation agencies have worked with local utilities on a round up program whereby a consumer can pay the difference between their bill and the next highest even dollar amount as a donation to the agency. Ideally, these monies would be used to support Denver utility improvements such as sports lighting, irrigation cost, and HVAC costs.

Contractual Services

Cell Towers and Wi-Fi
Payment for cell towers attached to existing or new light poles in game field complexes. *Denver currently uses this strategy.* Another type of revenue for a facility or complex can come from providing sites for supporting Wi-Fi technology. In California, the State Park System is providing wireless internet access and is charging $7.95 for 24 hours of connectivity (approximately $.33 per hour) within its service area. They have connected 85 state parks with SBC Communications. For more information, contact California State Parks at www.parks.ca.gov.

Concession Management
Concession management is the retail sale or rental of soft goods, hard goods, or consumable items. An agency can contract for the service and either receive a percentage of the gross sales or the net revenue dollars from the profits after expenses are paid. Net proceeds are generally more difficult to monitor.

Merchandising Sales or Services
This revenue source comes from the public or private sector on resale items from gift shops, pro-shops, restaurants, concessions, and coffee shops for either all of the sales or a defined percentage of the gross sales.

Private Concessionaires
Contracts with private sector concessionaires provide resources to operate desirable recreational activities. These services are typically financed, constructed, and operated by the private business or a non-profit organization with additional compensation paid to the entity. *Denver currently uses this strategy.*

Permits, Licensing Rights and Use of Collateral Assets

Agricultural Leases
In some agency parks, low land property along rivers, or excess land may be leased to farmers for crops. Denver uses this strategy and payment is based on a market lease value.

Booth Lease Space
Some agencies sell booth space to sidewalk vendors in parks or at special events for a flat rate or based on volume of product sold. The booth space can also be used for sporting events and tournaments.

Catering Permits and Services
This is a license to allow caterers to work in the park system on a permit basis with a set fee or percentage of food sales returning to the agency. Also, many agencies have their own catering service or authorized provider list and receive a percentage of dollars from the sale of food.

Filming Rights
Many agencies issue permits so that sites such as old ballparks or unique grounds may be used by film commissions. The film commission pays a daily fee for the site plus the loss of revenue Denver would incur during use of the community space. *Denver currently uses this strategy but as a matter of policy does not charge for this.*

Land Swaps
Denver may trade property to improve access or protection of resources. This could include a property gain by Denver for non-payment of taxes or a situation where a developer needs a larger or smaller space to improve their profitability. Denver would typically gain more property for more recreation opportunities in exchange for the land swap.

Leasebacks on Recreational Facilities
Many agencies do not have adequate capital dollars to build desired revenue-producing facilities. One option is to hire a private investor to build the facility according to the specifications requested with the investment company financing the project. Denver would then lease the property back from the investor over 20+ years. This can be reversed where by Denver builds the facility and leases to a private management company who then operates the property for a percentage of gross dollars to pay off the construction loans through a subordinate lease.

Licensing Rights
This revenue source allows an entity to license its name on all resale items that private or public vendors sell clothing or other items with the entity's name on it. The normal licensing fee is 6 to 10% of the cost of the resale item.

Manufacturing Product Testing and Display
An agency works with specific manufacturers to test their products in parks, recreation facility, or in a program or service. The agency tests the product under normal conditions and reports the results back to the manufacturer. Examples include lighting, playground equipment, tires on vehicles, mowers, irrigation systems, seed & fertilizers, etc. The agency may receive the product for free but must pay for the costs of installation and for tracking results.

Private Developers
Developers may lease space on agency owned land through a subordinate lease that pays out a set dollar amount plus a percentage of gross dollars for recreation enhancements. These could include sports complexes and recreation centers.

Recycling Centers
Some agencies and counties operate recycling centers for wood, mulch, and glass as revenue generators for their systems.

Rentals of Houses and Buildings by Private Citizens
Many agencies will rent out facilities such as homes to individual citizens for revenue purposes.

Sale of Development Rights
Some agencies sell their development rights below park ground or along trails to utility companies. The entity receives a yearly fee on a linear foot basis.

Special Use Permits
Special permits allow individuals to use specific park property for financial gain. The entity receives either a set amount of money or a percentage of the gross service provided. *Denver currently uses this strategy.*

Surplus Sale of Equipment by Auction
Agencies often have annual surplus auctions to get rid of old and used equipment, generating additional income on a yearly basis.

Subordinate Easements – Recreation/Natural Area Easements
This revenue source is available when an entity allows utility companies, businesses, or individuals to develop some type of an improvement above ground or below ground on its property. Subordinate easements are typically arranged over a set period of time, with a set dollar amount that is paid to the entity on an annual basis.

Sale of Mineral Rights
Many agencies sell mineral rights under parks, including water, oil, natural gas, and other by products, for revenue purposes.

Partnerships
Partnerships are joint development funding sources or operational funding sources between two separate agencies, such as two government entities, a non-profit and a government entity, or a private business and a government entity. Two partners jointly develop park and recreation facilities and share risk, operational costs, responsibilities, and asset management based on the strengths and weaknesses of each partner.

Partnerships are extremely important to Denver as evidenced by its financial support to agreements made with youth sports associations, the Boys and Girls Club, and others. Denver also has cooperative working relationships with many Neighborhood Associations (NAs) improvement districts.

Creating synergy based on expanded program offerings and collaborative efforts can be beneficial to all providers as interest grows and people gravitate to the type of facility and programs that best suit their recreational needs and schedules. Potential strategic alliance partnerships where missions run parallel, and mutually beneficial relationships can be fostered and may include the following:

- YMCA – *Denver currently uses this strategy.*
- School District – *Denver currently uses this strategy.*
- Medical Center or Hospital.
- Boys and Girls Club – *Denver currently uses this strategy.*
- Kiwanis, Soroptimists, VFWs, Elks, Rotary, and other service and civic organizations - *Denver currently uses this strategy.*
- Chamber of Commerce.
- Convention and Visitor's Bureau.
- Homeowner or Neighborhood Associations – *Denver currently uses this strategy.*
- Youth Sports Associations – *Denver currently uses this strategy.*
- Other counties, neighboring cities, and communities – *Denver currently uses this strategy.*
- Private alternative providers.
- Churches.

A Sample Partnership Policy has been provided to Denver.

Corporate Sponsorships
Denver can solicit this revenue-funding source themselves or work with organizations that pursue and use this type of funding. Sponsorships are often used for programs and events. *Denver currently uses this strategy. A Sample Sponsorship Policy has been provided to Denver.*

Advertising Sales
Advertising sales are a viable opportunity for revenue through the sale of tasteful and appropriate advertising on Denver related items such as program guides, scoreboards, dasher boards, and other visible products or services. Current sign codes should be reviewed for conflicts or appropriate revisions.

Naming Rights
Many agencies throughout the country have successfully sold the naming rights for newly constructed facilities or when renovating existing buildings. Additionally, newly developed and renovated parks have been successfully funded through the sale of naming rights. Generally, the cost for naming rights offsets the development costs associated with the improvement. People incorrectly assume that selling the naming rights for facilities is reserved for professional stadiums and other high profile team sport venues. This trend has expanded in recent years to include public recreation centers and facilities as viable naming rights sales opportunities.

Naming rights can be a one-time payment or amortized with a fixed payment schedule over a defined period of time. During this time, the sponsor retains the "rights" to have the park, facility, or amenity named for them. Also during this time, all publications, advertisements, events, and activities could have the sponsoring group's name as the venue. Naming rights negotiations need to be developed by legal professionals to ensure that the contractual obligation is equitable to all agents and provides remedies to change or cancel the arrangements at any time during the agreement period.

Other Options

Cost Avoidance
Denver must maintain a position of not being everything for everyone. It must be driven by the market and stay with its core businesses. By shifting roles away from being a direct provider of facilities, programs, or services, Denver may experience additional savings. This process is referred to as *cost avoidance*. The estimated savings could be realized through partnering, outsourcing, or deferring to another provider in the provision of a service and/or facility.

Fundraising
Many park and recreation agencies have special fundraisers on an annual basis to help cover specific programs and capital projects. Denver could sell pavers, bricks, tiles, etc., or consider staging a telethon.

Land Trusts
Many agencies have developed land trusts to help secure and fund the cost of acquiring land that needs to be preserved and protected for greenway purposes. This may also be a good source for the acquisition of future Denver lands.

Positive Cash Flow
Depending on how aggressively Denver incorporates marketing and management strategies, there may be a positive fund balance at the end of each year, especially if a new premier splash park or sports complex is built. While current facilities, projections, and fee policies do not anticipate a positive cash flow, the climate can change. The ending positive balance could be used, for example, to establish a maintenance endowment for Denver recreation facilities, to set aside funds for capital replacement and/or repair, or to generate a fund balance for contingency or new programming opportunities. It is suggested that Denver be challenged to generate a fund balance as a result of this study and it not be returned to Denver's general fund.

Raffling
Some agencies offer annual community raffles, such as purchasing an antique car that can be raffled off in contests.

Grants
Grants often supplement or match funds that have already been received. For example, grants can be used for programs, planning, design, seed money, and construction. Due to their infrequent nature, grants are often used to fund a specific venture and should not be viewed as a continuous source of funding. Many federal and state taxation resources, programs, and grants are used by Denver or may be available. See **Appendix E** for details. Denver has previously received American Recovery and Reinvestment Act Grants, Energy Efficiency and Conservation Block Grants, and Community Development Block Grants.

General Purpose or Operating Grants
When a grant maker gives Denver an operating grant, it can be used to support the general expenses of operations. An operating grant means the fund provider supports Denver's overall mission and trusts that the money will be put to good use.

Program or Support Grants
A program or support grant is given to support a specific or connected set of activities that typically have a beginning and an end, specific objectives, and predetermined costs. Listed below are some of the most common types of program or support grants:

Facilities and Equipment Grants
These grants help Denver buy long-lasting physical assets, such as a building. The applicant organization must make the case that the new acquisition will help better serve its clients. Fund providers considering these requests will not only be interested in the applicant's current activities and financial health, but they will also inquire as to the financial and program plans for the next several years. Fund providers do not want allocate resources to an organization or program only to see it shut down in a few years because of poor management.

Management or Technical Assistance Grants
Unlike most project grants, a technical assistance grant does not directly support the mission-related activities of Denver. Instead, they support Denver's management or administration and the associated fundraising, marketing, and financial management needs of Denver.

Matching Grants
Many grant makers will provide funding only on the condition that Denver can raise an amount equal to the size of the grant from other sources. This type of grant is another means by which foundations can determine the viability of an organization or program.

Planning Grants
When planning a major new program, Denver may need to spend a good deal of time and money conducting research. A planning grant supports this initial project development work, which may include investigating the needs of constituents, consulting with experts in the field, or conducting research and planning activities.

Seed Money or Start-up Grants
These grants help a new organization or program in its first few years. The idea is to give the new effort a strong push forward, so it can devote its energy early on to setting up programs without worrying constantly about raising money. Such grants are often for more than one year, and frequently decrease in amount each year.

Private Grant and Philanthropic Agencies
Many resources are available which provide information on private grant and philanthropic agency opportunities. A thorough investigation and research on available grants is necessary to ensure mutually compatible interests and to confirm the current status of available funding. Examples of publicly accessible resources are summarized below.

- Information on current and archived Federal Register Grant Announcements can be accessed from The Grantsmanship Center (TGCI) on the Internet at: http://www.tgci.com.
- For information on government product news and procurement visit GovPro at www.govpro.com.
- Another resource is the Foundation Center's RFP Bulletin Grants Page on Health at: www.fdncenter.org.
- Research www.eCivis.com for a contract provider of a web-based Grants Locator system for government and foundation grants specifically designed for local government.

Program-Related Investments (PRIs)
In addition to grants, the Internal Revenue Service allows foundations to make loans—called Program-Related Investments (PRIs)—to nonprofits. PRIs must be for projects that would be eligible for grant support. They are usually made at low or zero interest. PRIs must be paid back to the grant maker. PRIs are often made to organizations involved in building projects. This may be an opportunity for the Parks Society, once re-structured.

Community Resources
The following subsections summarize research findings on potential funding sources that could enhance capital expenditures for capital repair, renovation, and new construction and operating budgets for Denver. These findings do not recommend any particular funding strategy over another. The economic conditions within the city may vary with time and Denver should explore the best means of achieving its goals towards its operations, the programs, and the facilities on an ongoing basis.

Philanthropic
Philanthropy can be defined as the concept of voluntary giving by an individual or group to promote the common good and to improve the quality of life. Philanthropy generally takes the form of donor programs, capital campaigns, and volunteers/in-kind services. The time commitment to initiate a philanthropic campaign can be significant. Current Denver resources that could be dedicated to such a venture are limited. If this option is deemed possible by Denver decision-makers, it is recommended that Denver outsource most of this task to a non-profit or private agency experienced in managing community-based capital fundraising campaigns.

Foundation Donations
These dollars are received from tax-exempt, non-profit organization. The funds are private donations in promotion of specific causes, activities, or issues. They offer a variety of means to fund capital projects, including capital campaigns, gifts catalogs, fundraisers, endowments, sales of items, etc. *Denver currently uses this strategy.*

Gift Catalogs
Gift catalogs provide organizations the opportunity to let the community know of their needs on a yearly basis. The community purchases items from the gift catalog and donates them to the agency.
Gifts in Perpetuity

- **Maintenance Endowments**
  Maintenance Endowments are set up for organizations and individuals to invest in ongoing maintenance improvements and infrastructure needs. Endowments retain money from user fees, individual gifts, impact fees, development rights, partnerships, conservation easements, and for wetland mitigations.
- **Irrevocable Remainder Trusts**
  These trusts are set up with individuals who typically have more than a million dollars in wealth. They will leave a portion of their wealth to Denver in a trust fund that allows the fund to grow over a period of time and then is available for Denver to use a portion of the interest to support specific park and recreation facilities or programs that are designated by the trustee.
- **Life Estates**
  This revenue source is available when someone wants to leave their property in exchange for their continued residence on the property until their death. The agency can usually use a portion of the property for park and recreational purposes, and then use all of it after the person's death. This revenue source is very popular for individuals who have a lot of wealth and their estate will be highly taxed at their death. Their benefactors will have to sell their property because of probate costs. Life Estates allow individuals to receive a good yearly tax deduction on their property while leaving property for the community. Agencies benefit because they do not have to pay for the land.

Friends Associations
These groups are typically formed to raise money for a single purpose that could include a park facility or program that will benefit a particular special interest population or the community as a whole. *Denver currently uses this strategy.*

Volunteers/In-Kind Services
This is an indirect revenue source in that persons donate time to assist Denver in providing a product or service on an hourly basis. This reduces Denver cost in providing the service, plus it builds advocacy for the system. To manage a volunteer program, an agency typically dedicates a staff member to oversee the program for the entire agency. This staff member could then work closely with Human Resources as volunteers are another source of staffing a program, facility, or event. *Denver currently uses this strategy.*

Volunteer Programs

- **Adopt-a-Park/Adopt-a-Trail**
  Programs such as adopt-a-park may be created with and supported by the residents, businesses, and/or organizations located in the park's vicinity. These programs allow volunteers to actively assist in improving and maintaining parks, related facilities, and the community in which they live.
- **Neighborhood Park Watch**
  As a way to reduce costs associated with vandalism and other crimes against property, Denver may develop a neighborhood park watch program. This program would develop community ownership of Denver's facilities.

Appendix E – Federal, State and Green Funding Resources

The following is a list of federal and state taxation resources, programs, and grants. Some may be used by Denver or may be available to them in the future.

- Safe Routes to Schools Initiatives at: www.saferoutesinfo.org. "This national movement creates safe, convenient, and fun opportunities for children to bicycle and walk to school." According to the June 2006 issue of *Parks and Recreation,* the official magazine of the National Recreation and Park Association, "Local park and recreation agencies often own or manage much of the land surrounding local schools and connecting local neighborhoods."
- Next Generation of Service Grants.
- Cooperative Agreements for the Comprehensive Community.
- Mental Health Services Program for Children and their Families.
- Adolescent Family Life Grants.
- AmeriCorps* National Service Resources.
- Governors' Grants for Drug and Violence Prevention.
- Community Services Block Grant Program
- Urban and Community Forestry for and with Minority and Underserved Populations.
- 21st Century Community Learning Centers

National Association of Counties (NACo)

www.naco.org

Five Star Restoration Grants

Five Star provides $10,000 to $40,000 grants on a competitive basis to support community-based wetland, riparian, and coastal habitat restoration projects that build diverse partnerships and foster local natural resource stewardship through education, outreach, and training activities.

Project sites may be public land (parks, streams, school campuses) or private land such as corporate facilities. Because public participation is paramount in community-based restoration, these sites should be accessible to the community.

The Five Star Restoration Program is a partnership among the National Association of Counties (NACo), the National Fish and Wildlife Foundation (NFWF), the Environmental Protection Agency (EPA), the Wildlife Habitat Council (WHC), and corporate sponsors Southern Company and Pacific Gas and Electric (PG&E).

Energy Efficiency and Conservation Block Grants (EECBG)

NACo knows what great opportunities the Energy Efficiency and Conservation Block Grant has provided for counties. At the same time, it is well aware of the time and effort it takes to manage these significant grants. As a result, it is working to ensure that counties have the knowledge and tools necessary to navigate EECBG grant opportunities. It understands that challenges can arise, and is available to help.

NACo is able to:

- o Help Denver better understand the guidance and requirements coming from the U.S. Department of Energy
- o Connect Denver with experts to help ensure the best use of resources
- o Connect Denver with peer counties tackling similar projects
- o Help Denver develop programs to leverage funding beyond the grant period

NACo Members can access the Federal Grants Database that lists all federal program grants for which county governments are eligible. *The City and County of Denver may be eligible.*

Section 6 of the Endangered Species Act
Cooperative Endangered Species Conservation Fund

http://www.fws.gov/midwest/endangered/grants/S6_grants.html

The Cooperative Endangered Species Conservation Fund (Section 6 of the Endangered Species Act) provides funding to States and Territories for species and habitat conservation actions on non-Federal lands. States and Territories must contribute a minimum non-Federal match of 25 percent for the estimated program costs of approved projects, or 10 percent when two or more States or Territories implement a joint project. A State or Territory must currently have, or enter into a cooperative agreement with the U.S. Fish and Wildlife Service (Service) to receive grant funds.

Four grant programs are available through the Cooperative Endangered Species Conservation Fund. They include the "Traditional" Conservation Grants and the "Nontraditional" Grants: Habitat Conservation Plan Land Acquisition, Habitat Conservation Planning Assistance, and Recovery Land Acquisition Grants.

Land and Water Conservation Funds (LWCF)

www.nps.gov/lwcf

The Land and Water Conservation Fund grant program provides up to 50 percent reimbursement assistance for state and local government subdivisions (towns, villages, cities, counties, park districts, joint recreation districts, and conservancy districts) for the acquisition, development, and rehabilitation of recreational areas. Funding is issued at the state’s discretion − determining how much of that funding will be made available for local government.

Congress determines proposed funding for LWCF. The federal government provides up to 50 percent reimbursement for a public outdoor recreation project through each LWCF grant, while the local agency is responsible for the remainder. Federal funds supporting the LWCF program come from offshore oil lease revenues and other non-tax sources.

LWCF allocations for each State or Territory are determined by a formula based on law and subsequent approval of a "certificate of apportionment" by the Secretary of the Interior. As of this writing, the fate of LWCF is unsure.

How States Plan and Select Projects
To be eligible for grants, every State must prepare and regularly update a statewide recreation plan (sometimes called a SCORP). Most SCORPs address the demand for and supply of recreation resources (local, state, and federal) within a state, identify needs and new opportunities for recreation improvements, and set forth an implementation program to meet the goals identified by its citizens and elected leaders.

When a State's current plan has been approved by the appropriate field office of the National Park Service, all grant applications submitted must be in accord with the priorities listed in its action plan. To make the connection between the SCORP and concrete project proposals, each State also develops an Open Project Selection Process that contains:

- A set of project-ranking selection criteria that allows scoring of each project proposal according to how well it meets the needs and priorities published in the State recreation plan.
- A process (usually scheduled annually) to ensure that all eligible applicants are notified of funding availability, application deadlines, and selection criteria when a new project selection cycle starts.

In most years, all States receive individual allocations (apportionments) of LWCF grant funds based on a national formula (with state population being the most influential factor). States then initiate a statewide competition for the amount available (including the new year's allocation, any previous year allocations, and any amounts "recovered" due to cost under runs on previously funded projects). Applications are received by the State and are scored and ranked according to the project selection criteria. Only the top-ranked projects (up to the total amount available that year) are chosen for funding. "Winning" applications are then forwarded to the National Park Service for formal approval and allocation of federal grant monies. Each State has its own priorities and selection criteria (tailored to its own particular needs and unique opportunities). Because individual States make the decision as to which projects will receive LWCF grants, the first step for Denver is to contact the cooperating State office to find out about local application deadlines, state priorities and selection criteria, and to determine what documentation is required to justify a grant award. Interested applicants should call or write the appropriate state agency to request application information. *Denver currently uses this strategy.*

Great Outdoors Colorado (GOCO) (updated 3/2013)

Contact: 303 E. 17th Avenue, Suite 1060
Denver, CO 80203
Phone: (303) 226-4500
www.goco.org

Local Government Grants
Competitive grants are awarded to counties, municipalities, and special districts to acquire, establish, expand, and enhance park, outdoor recreation, and environmental education facilities. Projects include ballfields, sports complexes, skate parks, playgrounds, and swimming pools.

- School Play Yard Initiative - Starting in the spring of 2013, GOCO is offering a competitive grant initiative for funding the construction of new, and improvements to existing, school play yards. Applications must be a partnership between a local government and a school or school district. Design process must be student-led. The goal is to provide kids with places for unstructured play and outdoor learning (natural playscapes).

Open Space Grants
Competitive grants are awarded to non-profit land conservation organizations, local governments, and the Colorado Division of Parks and Wildlife for projects that protect land and natural areas such as urban open space, riparian corridors, wildlife habitat, and agricultural land and community separators.

Wildlife Grants
GOCO funds efforts to preserve and protect Colorado's wildlife through the Colorado Division of Wildlife. Projects include keeping species off the federal threatened and endangered species list through recovery efforts and the protection of critical wildlife habitats, wildlife education programs, and wildlife viewing programs.

Trails Grants
Projects that build, enhance, maintain, or expand trails around the state receive GOCO funding through the Colorado State Trails Program, a partnership between GOCO and Colorado State Parks.

Planning & Capacity Building
These competitive grants help develop plans to preserve or enhance open space, parks and outdoor recreation or to help build the capacity of organizations to do so. Entities eligible to receive planning & capacity building grants are local governments, non-profit land conservation organizations, special land conservation districts, and the Colorado Division of Parks and Wildlife.

Conservation Excellence Grant Program
These competitive grants are designed to assist organizations in achieving high-caliber land conservation. They fund conservation planning, staff training open space assessment, planning for public access and other activities that improve an organizations capacity to achieve quality land conservation. Entities eligible to receive planning & capacity building grants are local governments, non-profit land conservation organizations, the Colorado Division of Parks and Wildlife.

Colorado Department of Local Affairs
Contact: Community Development Office
1313 Sherman St., Room 521
Denver, CO 80203
303.866.2156
www.dola.state.co.us

Conservation Trust Fund for Local Governments
The department distributes Conservation Trust Fund (CTF) monies from net Lottery proceeds to over 400 eligible local governments: counties, cities, towns, and eligible special districts that provide park and recreation services in their service plans. Funding can be used for interests in land and water, park or recreation purposes, for all types of open space, including but not limited to flood plains, green belts, agricultural lands or scenic areas, for any scientific, historic, scenic, recreation, aesthetic or similar purpose.

Heritage Planning Grant Program (not funded since 2009 due to budget cuts)
The Colorado Heritage Planning Grant Program is designed to recognize and reward those communities cooperatively planning to manage growth. Grants are awarded annually to multi-jurisdictional projects around the state. Eligible recipients include local governments: towns, cities, cities and counties, counties, and Title 32, Article 1 special districts. Approximately $1.6 million has been awarded to projects involving over 100 local governments in high growth areas of the state since the program's inception in 2000. The projects funded address many of the impacts of growth, including traffic congestion, loss of agriculture, loss of open space, fiscal impacts to local governments, and lack of affordable housing. Partial funding has been restored for the 2006-07 fiscal year for the first time since fiscal year 2002-03.

Community Development Block Grant
CDBG funds received by the department from the U.S. Department of Housing and Urban Development are divided approximately into thirds for housing, economic development and public facilities projects. Applications are taken throughout the year with an ongoing decision making process. The Division of Local Government is responsible for community development, public facilities, and economic development activities; housing projects are considered by the Division of Housing.

State Historical Fund

*Contac*t: History Colorado Center
1200 Broadway, Denver, CO 80203
303-866-2042
http://www.historycolorado.org/oahp/state-historical-fund
Competitive grants, from a few hundred dollars to over $200,000 to governmental entities and non-profits that demonstrate a strong public benefit and community support These grants support a wide variety of preservation projects including restoration and rehabilitation of historic buildings, architectural assessments, archeological excavations, designation and interpretation of historic places, preservation planning studies, and education and training programs.

Other State Funding Resource Opportunities

Special Sales Tax
Some cities, counties, and states have passed a ½ cent or percentage of a cent sales tax to be used for a specific purpose such as cultural arts, parks and recreation, open space, etc.

Admission Tax - Attraction/Entertainment Tax
Some cities and counties have a tax on all attraction/entertainment fees. Every business receiving payment for admission is required to collect the amount of the admissions tax from the person making the admission payment at the time the admission charge is paid.

Wheel Tax on Cars/Vehicles
Some cities and counties have a sticker tax on vehicles based on the type of vehicle. This allows for park agencies to receive a portion of this money to cover the costs of roads, hard surface paths, and parking lots associated with parks.

Transient Occupancy Tax
Transient Occupancy Tax (TOT) is levied for the privilege of occupying a room or rooms or other living space in a hotel, inn, tourist home or house, motel, or other lodging (Hotel, Motel, Camping, Temporary Lodging) for a period of 30 days or less.

Hotel, Motel, Camping, Temporary Lodging, and Restaurant Tax
Tax based on gross receipts from charges and meals services may be used to build and operate sports fields, tennis courts, and other special park and recreation facilities.

Sin Tax or Sumptuary Tax
Sin tax is a euphemism for a tax specifically levied on such goods as alcohol and tobacco. Sin taxes are often enacted for special projects (American cities and counties have used them to pay for stadiums) when increasing income or property taxes would be politically unviable. The proper name for such taxes is sumptuary tax.

Cigarette Tax (sumptuary tax)
In some states, the sales tax gain by the state for cigarettes is redistributed to cities and counties for programs to teach and curb youth smoking through effective prevention recreation programs.

Green Resources
The following excerpts were taken directly from respective websites.

U.S. Department of Energy
http://www1.eere.energy.gov/calculators/index.html
The Office of Energy Efficiency and Renewable Energy (EERE) has energy calculators and tools to help you evaluate your energy use and whether energy efficient products or renewable energy are right for you. Commercial focus areas include Buildings, Vehicles, and Industry.

Explore NACo's Green Government
www.naco.org
The NACo Electronic Green Government Network is a source for the latest news and information on county sustainability efforts. NACo uses the network to keep county officials, staff, and public and private sector leaders up to date on:

- Grant Opportunities
- Upcoming Events (trainings, workshops, and webinars)
- New Publications and Tools
- Sustainability Best Practices

The Green Government Initiative Advisory Board advises NACo on the development and implementation of the organization's sustainability programs. The Advisory Board is made up of leaders from both county government and private organizations, and provides input to ensure that NACo sustainability initiatives are timely, innovative, and meet the greatest needs of America's 3,068 counties.

The Green Government Database is a searchable directory of county green strategies, tools, policies, staff descriptions, and more. The database includes the following topics:

- County Sustainability Overview
- Air Quality and Climate Protection
- Energy Efficiency and Alternative Energy Generation
- Green Building
- Green Jobs and Economic Development
- Green Fleets and Alternative Fuels
- Green Purchasing and Information Technology
- Local Food Systems
- Smart Land Use
- Water Conservation and Quality
- Waste Management

The NACo Green Government Initiative and its private sector partners established the Green Government Initiative Awards Program to both fuel healthy competition among counties and provide them with the tools to accomplish their sustainability goals. Since "sustainability" can be so broad, unique sustainability areas of focus are selected each year—depending on member interest.

NACo also provides technical information, training, and request for proposal assistance for energy efficiency and conservation block grants.

LEED® Certification

www.usgbc.org

The LEED for Existing Buildings Rating System helps building owners and operators measure operations, improvements and maintenance on a consistent scale, with the goal of maximizing operational efficiency while minimizing environmental impacts. LEED for Existing Buildings addresses whole-building cleaning and maintenance issues (including chemical use), recycling programs, exterior maintenance programs, and systems upgrades.

According to the Green Building Finance Consortium, the lowest level of LEED certification has an estimated 0.8 percent higher initial cost, LEED silver costs 3.5 percent more, LEED Gold 4.5 percent and LEED Platinum 11.5 percent. But LEED certified buildings are able to recoup the costs in the first couple of years and after that it's pure cost and energy savings.

Sustainable Sites Initiative (2009 Benchmarks)

http://www.sustainablesites.org/report

The Sustainable Sites Initiative is a partnership of the American Society of Landscape Architects, the Lady Bird Johnson Wildflower Center at The University of Texas at Austin and the United States Botanic Garden in conjunction with a diverse group of stakeholder organizations to transform land development and management practices with the first national rating system for sustainable landscapes. These guidelines apply to any type of designed landscape, with or without buildings, ranging from shopping malls, streetscapes, subdivisions, corporate and academic campuses, transportation corridors, parks, and recreation areas, all the way to single family homes.

What is a sustainable site?
A "site" is a built landscape that encompasses all land in a designated space. Like green buildings, sustainable sites use less energy, water, and natural resources; generate less waste; and minimize the impact on the land compared to traditional design, construction, and maintenance techniques. Unlike buildings, sustainable sites can even give back by cleaning the air and water, reversing climate change, restoring habitat and biodiversity – all while providing significant social and economic benefits as well to the immediate site and surrounding region.

Why do we need a site-specific rating system?
Green building rating systems developed by the U.S. Green Building Council (USGBC) and other organizations offer excellent tools for new and existing buildings but relatively little beyond a building's skin. Correctly built landscapes that mimic the natural world will help fill this critical gap.

What is the USGBC's position on the Sustainable Sites Initiative?
USGBC recognizes that there is a need within LEED to improve the site components and supports the Sustainable Sites Initiative. The USGBC is participating in the Initiative and anticipates incorporating the Sustainable Sites Initiative Guidelines and Performance Benchmarks into future iterations of LEED.

The Sustainable Sites Initiative: Guidelines and Performance Benchmarks 2009 is the product of more than four years of work by a diverse group of experts in soils, hydrology, vegetation, materials and human health and well-being. It is expanded and updated from the Guidelines and Performance Benchmarks –Draft 2008, which was released in November 2008. The Initiative developed criteria for sustainable land practices that will enable built landscapes to support natural ecological functions by protecting existing ecosystems and regenerating ecological capacity where it has been lost. This report focuses on measuring and rewarding a project that protects, restores, and regenerates ecosystem services – benefits provided by natural ecosystems such as cleaning air and water, climate regulation and human health benefits.

The Guidelines and Performance Benchmarks 2009 includes a rating system for the credits which the pilot process will test for refinement before a formal release to the market place. The rating system contains 15 prerequisites and 51 credits that cover all stages of the site development process from site selection to landscape maintenance. Feedback from the pilot projects will be used to create a reference guide which will provide suggestions on how projects achieved the sustainability goals of specific credits.

Pilot Program
Over 150 Pilot Projects are participating in the SITES two-year Pilot Program (June 2010-June 2012). These projects represent a diverse cross-section of project types, sizes, and geographic locations in various stages of development from design to construction and maintenance. SITES Pilot Projects will be the first projects in the United States and abroad to demonstrate the application of The Sustainable Sites Initiative: Guidelines and Performance Benchmarks 2009, released on November 5, 2009. The Guidelines and Performance Benchmarks 2009 includes a four-star rating system which works on a 250-point scale. Based on achieving all 15 of the prerequisites and at least 100 credit points, a pilot project will become Pilot Certified.

The companion document titled The Case for Sustainable Landscapes provides a set of arguments—economic, environmental, and social—for the adoption of sustainable land practices, additional background on the science behind the performance criteria in the guidelines and performance benchmarks, the purpose and principles of the Sustainable Sites Initiative, and a sampling of some of the case studies the Initiative has followed.

GreenBiz.com
www.greenbiz.com
Greener buildings, design, computing resources and information.

Green Practices Grants
The following excerpts were taken directly from their respective websites.

U.S. Department of Energy
http://www.eere.energy.gov/
The Office of Energy Efficiency and Renewable Energy (EERE) invests in clean energy technologies that strengthen the economy, protect the environment, and reduce dependence on foreign oil.

Federal Energy Management Program works to support sound, cost-effective energy management and investment practices within federal government facilities.
Clean Cities supports local decisions to adopt practices that contribute to the reduction of petroleum consumption.

Energy Efficiency and Conservation Block Grant Program assists state, local, and tribal governments in implementing strategies to reduce fossil fuel emissions, reduce total energy use, and improve energy efficiency in the transportation, building, and other appropriate sectors.

Weatherization and Intergovernmental Program provides funding and technical assistance to partners in state and local governments, Indian tribes, and international agencies to adopt renewable energy and energy efficiency technologies.

Kodak American Greenways Award Program
http://grants.conservationfund.org
Improvements to a greenway, trail or waterway may be eligible for up to a fifty percent grant match maxing at $2,500 from the Kodak American Greenways Award grant. Offered in partnership with Eastman Kodak Company, The Conservation Fund, and the National Geographic Society. One major element is “seed” funds to grow the nation’s trail/waterways network. Past focus areas included projects with a natural, cultural, and/or socio-political historical theme.

National Park Service Grants

www.nps.gov/history/grants.htm

National Park Service grants help protect our nation's significant historic and cultural sites and preserve our diverse cultural heritage. More than $1 billion has been awarded to Federal, State, and local governments, Native American Tribes, nonprofit organizations and educational institutions for preservation projects in all 50 states and the U.S. Territories. Competitive grant programs include:

- American Battlefield
- Historic Black Colleges & Universities
- Japanese American Confinement Sites
- Native American Graves Protection & Repatriation Act
- National Center for Preservation Technology
- Preserve America
- Save America's Treasures
- Tribal Heritage

Strategic Initiatives and Partnerships

The following excerpts were taken directly from respective websites.

Support America's Backyard

www.americasbackyard.org

This NRPA program showcases the value of parks and recreation in the community. America's Backyard was launched in 2010 by the National Recreation and Park Association (NRPA) to draw major public attention to the powerful and essential role of parks and recreation in America impacting the lives of 300 million people. The initiative seeks to educate citizens on the American park and recreation landscape, support and encourage national advocacy for the field, and leverage funding and resources for national programs that benefit local communities.

Become a Let's Move City or Town

http://www.letsmove.gov

The First Lady is calling on mayors and elected officials across the country to join her Let's Move! campaign. Let's Move Cities and Towns engages mayors and other municipal leaders in the campaign to solve the problem of childhood obesity within a generation. Let's Move Cities and Towns emphasizes the unique ability of communities to solve the challenge locally, and the critical leadership mayors and elected officials can provide to bring communities together and spur action.

Let's Move Cities and Towns is designed to encourage mayors and elected officials to adopt a long-term, sustainable, and holistic approach to fight childhood obesity. This initiative recognizes that every city is different, and every town will require a distinct approach to the issue. Once an elected official signs up as a prospective Let's Move City or a Let's Move Town, he or she will choose at least one significant action to take over the following twelve months in each of the four pillar areas:

1. Help Parents Make Healthy Family Choices
2. Create Healthy Schools
3. Provide Access to Healthy and Affordable Food
4. Promote Physical Activity

Requirements:
Let’s Move Cities and Towns must submit a first quarter and end-of-year update, describing the city’s or town’s plan, timeline, and actions. These reports will be posted online. Then, a city or town may become a Let’s Move City or Let’s Move Town.

Let’s Move Cities and Towns for a given year may be recognized in the following ways:

- Let’s Move! Intergovernmental Affairs representatives will seek out cities and towns to highlight and celebrate initiative.
- Accomplishments and ideas for future action may be highlighted on the Let’s Move! website.
- Mayors from Let’s Move Cities and Towns will be invited to participate in conference calls with White House and federal agency staff to share ideas, discuss barriers, celebrate progress.
- Let’s Move Cities and Towns will receive a certificate of acknowledgement confirming qualification as a Let’s Move City or Let’s Move Town.
- Mayors from Let’s Move Cities and Towns may be invited to attend events to celebrate collective success in combating childhood obesity.

Support More Kids in the Woods

www.fs.fed.us/recreation/programs/woods/
“The Forest Service has been a leader in conservation education and recreational opportunities for more than a century. In addition, national forests provide opportunities to urban and rural kids; therefore, they are an ideal location for most of the projects funded by this program. Beyond that, government, with its influence over parks, open spaces, education and health care, has a crucial role to play in helping our nation realize the physical, emotional, and cognitive benefits of the great outdoors. The rise in childhood diseases like obesity, diabetes, heart disease is a growing national crisis. All of us have a role to play to ensure the health and well-being of our nation's children. Outdoor experiences in early childhood can help get our children on the pathway to a healthy and active lifestyle.”

WASHINGTON, April 27, 2010 - Agriculture Secretary Tom Vilsack today announced that USDA's Forest Service will contribute $500,000 in 2010 to the "More Kids in the Woods" program for projects that promote active lifestyles and connect kids to nature.

"More Kids in the Woods" challenge not only promotes physical activity, it fosters environmental awareness and stewardship among young people as we face critical environmental challenges, such as the effects of climate change. "More Kids in the Woods" helps kids make the connection between healthy forests, healthy communities, and their own healthy lifestyles."

The contribution will be leveraged with $1.5 million in donations and in-kind services from partners. The "More Kids in the Woods" challenge is a cost-share program in the Forest Service's long-standing Kids in the Woods program that involves thousands of partners who contribute their time, energy, and resources to help us connect kids and families with our natural world.

In 2010, the Forest Service selected 21 projects for funding from more than 130 high-quality agency proposals created to promote environmental stewardship through innovative, hands-on activities. All "More Kids in the Woods" projects are designed to spark curiosity about nature and promote understanding of the role of the nation's forests and grasslands in providing clean, abundant water, clean air, wildlife habitat, and recreation. Project partners are committed to helping children develop a love for the land that will enable them to meet the conservation challenges of the 21st century through healthy lifestyles choices and natural resource careers.

This is the fourth year the Forest Service has matched funds and in-kind contributions from partners for "More Kids in the Woods." Partners include local, state, and federal agencies and American Indian tribes. Project activities include summer camps, after-school programs, and wilderness expeditions. The challenge-cost share will serve more than 15,000 children throughout the nation, including under-served and urban youth.