

PARKS, RECREATION & NEIGHBORHOOD SERVICES

Impact Analysis Report

OVERVIEW

The Parks, Recreation and Neighborhood Services Department (PRNS) offers a wide variety of facilities, programs, and services including parks, aquatics, sports, therapeutics, youth/senior programs, graffiti abatement, and volunteer services. PRNS, which is primarily supported by the General Fund, offsets its costs with a variety of revenues including fees, reimbursements and grants. In this report, PRNS' \$12.4 million in fees reflect a 97.4% cost-recovery rate for 2010-2011 compared to 90.2% in 2009-2010, due primarily to cost-recovery improvements at Happy Hollow Park and Zoo and the elimination/suspension of lower cost-recovery programs. The overall cost-recovery percentage for the department will be outlined in a separate report scheduled for the Neighborhood Services and Education Committee on June 10, 2010.

The major highlight for 2009-2010 has been the successful re-opening of Happy Hollow Park and Zoo. The revenue target for the period from the re-opening of the park (March 20, 2010) to the end of the fiscal year (June 30, 2010) is \$1.6 million. By mid-May, the facility exceeded this target. All other PRNS revenues are projected to achieve their budgeted estimates.

In 2010-2011, most of PRNS' fee programs are anticipated to be 100% cost-recovery. The primary area in which PRNS' fees are not yet 100% is in the Anti-Graffiti program. The cost-recovery goal for this program is 20%, set in 2009-2010 based on fees to be assigned to utility companies for removing graffiti on utility boxes. Until PRNS develops a methodology for charging the utility companies, revenues and

associated expenditures associated with this program are not reflected.

PRNS continues its full implementation of the Pricing and Revenue Policy approved by the City Council in June 2009. The Council authorized the City Manager or Designee to establish fees and charges within the parameters of Council-approved cost-recovery rates. In 2009-2010, the City Manager's Office and PRNS collaborated on a number of appropriate fee changes to maximize revenue and still ensure wide access to programs and amenities by the community. Examples include Happy Hollow Park and Zoo, fitness centers, special events and aquatics. In 2010-2011, the proposed cost-recovery rates are detailed in the following narrative and the subsequent tables. The notable 2010-2011 cost-recovery rate changes are in the areas of aquatics and Lake Cunningham Skate Park.

In determining the appropriate cost-recovery goal for a program/service, the first step is to identify the level of benefit that the customer and the community at large receive from the program/service. These levels of benefit are defined as public, merit, or private, and an appropriate public subsidy level is associated with each level of benefit. A summary and brief description of the categories and respective benefit levels follow:

- **Public** services have the highest level of community benefit and are highly subsidized. Examples of public services are trails and neighborhood/regional parks.

PARKS, RECREATION & NEIGHBORHOOD SERVICES (CONT'D.)

OVERVIEW (CONT'D.)

- **Merit** services include a community/public benefit and an individual/private benefit. Swimming lessons are an example as they address a health and safety concern and provide a community benefit. There is also an individual benefit to the participant gaining a new skill. Merit programs have a cost-sharing model that combines a subsidy with partial payment costs by the participant.
- **Private** services have an individual/private benefit with minimal to no community/public benefit. An example is adult piano lessons which have minimal benefit to the public. Private services have minimal-to-no subsidy and costs are paid by the participant.

SUMMARY AND IMPACT OF PROPOSED FEE REVISIONS

As part of the 2010-2011 Proposed Operating Budget General Fund balancing actions, PRNS-provided services are proposed to be reduced. As a result, the revenue estimates for 2010-2011 have been revised downwards in several cases from the levels assumed in the 2010-2011 Forecast, released in February 2010.

A brief description of the various strategies employed in each category, for 2009-2010 and 2010-2011, is included below:

After School Recreation Programs

In 2009-2010, PRNS instituted the ROCK (Recreation of City Kids) program for the delivery of "Level 2 after-school programs" at nine elementary school sites. The Level 2

program is a standardized program that includes homework assistance and innovative recreation and play. The 2009-2010 revenue goal was \$567,000 with assumed attendance of 450 children averaging 50 participants per program. In the 2009-2010 Mid-Year Budget Review, the revenue target was reduced to \$300,000 as the targeted attendance was not being met. In an effort to increase revenue, three other sites were added (total of 12) and a marketing effort at elementary schools was made to increase program attendance.

As a result of proposed expenditure reductions included in the 2010-2011 Proposed Operating Budget, intended to align the program's revenue and expenditure levels, the 2010-2011 cost-recovery target has been increased to 100%, an increase from the 2009-2010 target of 75%.

Anti-Graffiti (Public Property)

The City requires that utility companies remove graffiti on their utility boxes in a timely manner. The utility companies have indicated that they want to remove the graffiti and will meet the City's required timelines. PRNS is developing a methodology for charging the utilities if they do not meet their tag removal obligations in a timely manner. This work effort will continue into 2010-2011, and no revenue was assumed in the Proposed Operating Budget, accordingly.

PARKS, RECREATION & NEIGHBORHOOD SERVICES (CONT'D.)

SUMMARY AND IMPACT OF PROPOSED FEE REVISIONS (CONT'D.)

Aquatics

For 2010-2011, as presented to the City Council on April 6, 2010, and through the Proposed Operating Budget, significant reductions to the Aquatics program are recommended. The net result is a summer aquatics program limited to Camden and Mayfair pools. The department is actively pursuing alternative service providers to operate the remaining city pools this summer and in the future to mitigate the impact. The projected cost-recovery rate for 2010-2011 will increase to 47%, from 38% in 2009-2010, reflecting the elimination of revenue from lower-performing pools.

Summer Camps

Camp San José was established in 2009-2010 and is using a differential pricing model. The model has been adapted to ensure affordable access to a broad range of the community and is supported by Safe Summer Initiative, Youth City and Vendor Scholarship funds to offset the cost of youth summer camps. Fees in this category are proposed to be transitioned into the Fee Classes/Activity category in 2010-2011, and this reporting category is recommended for elimination.

Family Camp

The Family Camp program achieved 100% cost-recovery status in 2009-2010, exceeding the 90% target. This program

will be suspended in 2010-2011 while site restoration work is completed, therefore no revenue is anticipated.

Fee Classes/Activities

The Director of PRNS has been delegated authority to set prices for all fee classes and activities. In 2009-2010 all fee class and activity rates were increased by 5% to ensure the 100% cost-recovery rate. It is anticipated that the cost-recovery rate of 100% will successfully be met, and the 2010-2011 target will remain at 100%.

Surcharges/Admin Fees

The 2009-2010 revenue goal for this category was \$240,000 (100% cost-recovery), and this target is expected to be achieved. The Surcharges/Admin Fees goal will remain at 100% for 2010-2011.

Fitness and Drop-In Programs

As a result of successful promotions, PRNS has already exceeded its 2009-2010 revenue target of \$145,000. Consequently, the revenue target for 2010-2011 has been increased to \$175,000, while maintaining the 50% cost-recovery rate. PRNS will continue to test the market through additional pilot pricing strategies in an effort to increase the cost-recovery percentage in future years.

PARKS, RECREATION & NEIGHBORHOOD SERVICES (CONT'D.)

SUMMARY AND IMPACT OF PROPOSED FEE REVISIONS (CONT'D.)

Happy Hollow Park and Zoo (HHPZ)

Happy Hollow re-opened to the public on March 20, 2010 to overwhelmingly positive reviews and record attendance. The high attendance levels have been sustained in the following weeks, and revenue has performed above expected levels. For 2009-2010, HHPZ was intended to be 80% cost-recovery but revenues have been so strong it is now anticipated that the site will be 100% cost-recovery. This success is anticipated to continue in 2010-2011. The cost-recovery percentage for this category described in the following table (86%) does not include parking, picnic reservations, or food and beverage sales. Once these categories, represented in different sections of this document, are accounted for, the cost-recovery percentage for the facility is expected to be 100% in 2010-2011.

Lake Cunningham Skate Park

Currently the park is operating at a cost-recovery rate of 34%, well below the target of 70%, due primarily to lower than anticipated visitorship. In an effort to improve revenue performance, the annual pass fees are being increased effective May 2010, and the department will provide programs and camps, host skate events, and create party package options. The cost-recovery target for 2010-2011 has been set at 40% in recognition of the increased fees offset by the challenges in increasing visitorship.

Parking

While the 2009-2010 cost-recovery goal for the parking program is 125%, the year-end projection is 270%. Parking fees for the Kelley Park complex were adjusted with the re-opening of HHPZ, establishing a differential pricing model for its three parking lots. The differential pricing model will be further explored in 2010-2011 at the remaining park facility parking lots to maximize other revenue opportunities. Given sustainable current-year successes, and a recalculation of associated program costs, the goal for 2010-2011 has been increased to 270%.

Park Permits

Park Permits has an established cost-recovery goal for 2009-2010 of 100%. The Park Permit goal will remain at 100% in 2010-2011.

Rentals and Reservations

This fee category includes facility rentals, picnic reservations, and sports field reservations. A number of individual fees in this category were analyzed and updated in 2009-2010 to ensure the 100% cost-recovery rate. Examples include differential pricing at the Japanese Friendship Garden, high/low-use sports fields, high/low-use days at parks and new fees for the rental of snack shacks and chemical toilets located at sports parks. For 2009-2010, the cost-recovery rate is estimated to be 100%, with the goal for 2010-2011 remaining at 100%.

PARKS, RECREATION & NEIGHBORHOOD SERVICES (CONT'D.)

SUMMARY AND IMPACT OF PROPOSED FEE REVISIONS (CONT'D.)

Special Events (PRNS Sponsored)

This category has a 15% cost-recovery goal in 2009-2010, and helps support the Holiday Parade and Christmas in the Park. As a result of the reductions included in the 2010-2011 Proposed Operating Budget that would eliminate the dedicated PRNS Special Events team, activity in this category is expected to end effective January 2011.

Adult Sports

The Adult Sports Leagues had an incremental price increase in 2009-2010 of 3.5% on average for its basketball, softball, soccer and volleyball programs to support its 100% cost-recovery goal. In the first half of 2010-2011, the sports leagues are proposed to be phased out as part of the Proposed Operating Budget, though field rental revenues are expected to continue and will continue to be reflected in the Rentals and Reservations category.

Youth Sports

For Youth Recreation Sports, all revenue and expenses are included in the Fee Classes/Activity category for the cost-recovery calculation. It is recommended that the Youth/Recreational Sports category will be transitioned into the Fee Activity category in 2010-2011 and this reporting category be eliminated.

NOTIFICATION

The Proposed Fees and Charges Report was released on May 7, 2010, allowing for a minimum of 10 days for public review. Public input on fee proposals will be heard by the City Council at public hearings held on Tuesday, May 18, 2010, at 7:00 p.m. and Monday, June 14, 2010, at 7:00 p.m. in the Council Chambers.

PRNS 2010-2011 COST RECOVERY GOALS

Public Services: Provide all users the same level of benefit and can be accessed by the widest cross section of the population.

Merit Services: Provide both a community and individual benefit.

Private Services: Provide an individual benefit with minimal-to-no community benefit.

Program	Level of Benefit	2009-2010	2009-2010	2010-2011
		Cost	Cost	
After School Recreation Programs	Merit - Private	75%	100%	100%
Anti-Graffiti (Public Property)	Public	20%	0%	< 1%
Aquatics	Merit	38%	38%	47%
Family Camp	Private	90%	100%	N/A
Fee Classes/Activities	Merit - Private	100%	100%	100%
Surcharges /Admin Fees	Merit - Private	100%	100%	100%
Fitness and Drop-in Programs	Merit - Private	50%	50%	50%
Happy Hollow Park and Zoo	Merit - Private	100%	100%	100%
Lake Cunningham Skate Park	Private	70%	34%	40%
Park Permits	Merit - Private	100%	100%	100%
Parking	Private	125%	270%	270%
Lake Cunningham Parking	Private	270%	270%	270%
Rentals and Reservations	Private	100%	100%	100%
Concessions	Private	110%	100%	100%
Adult Sports	Private	100%	65%	100%

Note: The Summer Camps and Youth Sports categories that were included in the 2009-2010 Cost Recovery Goals have been incorporated into the Fee Classes/Activity category. The Special Events Category has been eliminated from the 2010-2011 Cost Recovery Goals, reflecting the proposed elimination of the program.

DEPARTMENTAL FEES AND CHARGES

PARKS, RECREATION & NEIGHBORHOOD SERVICES

Service	2009-2010 Adopted Fee	2009-2010 % Cost Recovery	2010-2011 Proposed Fee	2010-2011 Estimated Cost	2010-2011 Estimated Revenue		2010-2011 % Cost Recovery	
					Current Fee	Proposed Fee	Current Fee	Proposed Fee

ADULT SPORTS - CATEGORY I

Note: A detailed listing of the fee for each service will be posted on the PRNS Department website at www.sanjoseca.gov/prns.

1. Adult Sports

1 Basketball	Established by the City Manager or Designee		No Change						
2 Early Bird Discount	Established by the City Manager or Designee		No Change						
3 Forfeit Fee	Established by the City Manager or Designee		No Change						
4 Non-Resident Fees	Established by the City Manager or Designee		No Change						
5 Reinstatement from Suspension Fee	Established by the City Manager or Designee		No Change						
6 Soccer	Established by the City Manager or Designee		No Change						
7 Softball	Established by the City Manager or Designee		No Change						
SUB-TOTAL ADULT SPORTS - CATEGORY I		100.0%		165,520	165,520	165,520	100.0%	100.0%	

AFTER SCHOOL RECREATION PROGRAMS

Note: A detailed listing of the fee for each service will be posted on the PRNS Department website at www.sanjoseca.gov/prns.

**1. After School Recreation
Program**

1 Level 2 After School Program	Established by the City Manager or Designee		No Change						
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DEPARTMENTAL FEES AND CHARGES

PARKS, RECREATION & NEIGHBORHOOD SERVICES

Service	2009-2010 Adopted Fee	2009-2010 % Cost Recovery	2010-2011 Proposed Fee	2010-2011 Estimated Cost	2010-2011 Estimated Revenue		2010-2011 % Cost Recovery		
					Current Fee	Proposed Fee	Current Fee	Proposed Fee	
AFTER SCHOOL RECREATION PROGRAMS									
SUB-TOTAL AFTER SCHOOL RECREATION PROGRAMS		75.0%		300,000	300,000	300,000	100.0%	100.0%	
ANTI-GRAFFITI (PUBLIC PROPERTY)									
Note: A detailed listing of the fee for each service will be posted on the PRNS Department website at www.sanjoseca.gov/prns .									
1. Anti-Graffiti (Public Property)									
1 Anti-Graffiti Program	Established by the City Manager or Designee		No Change						
SUB-TOTAL ANTI-GRAFFITI (PUBLIC PROPERTY)									
AQUATICS - CATEGORY II									
Note: A detailed listing of the fee for each service will be posted on the PRNS Department website at www.sanjoseca.gov/prns .									
1. Aquatics									
1 Summer Swim	Established by the City Manager or Designee		No Change						
2 Summer Swim Program - Recreational Swim	Established by the City Manager or Designee		No Change						
3 Swim Program	Established by the City Manager or Designee		No Change						
4 Year Round Swim Program - Drop In Lap Swim	Established by the City Manager or Designee		No Change						
5 Year Round Swim Program - Group Pool Rentals	Established by the City Manager or Designee		No Change						
6 Year Round Swim Program - Other Charges	Established by the City Manager or Designee		No Change						
SUB-TOTAL AQUATICS - CATEGORY II		38.0%		400,226	187,848	187,848	46.9%	46.9%	

DEPARTMENTAL FEES AND CHARGES

PARKS, RECREATION & NEIGHBORHOOD SERVICES

Service	2009-2010 Adopted Fee	2009-2010 % Cost Recovery	2010-2011 Proposed Fee	2010-2011 Estimated Cost	2010-2011 Estimated Revenue		2010-2011 % Cost Recovery	
					Current Fee	Proposed Fee	Current Fee	Proposed Fee

CONCESSIONS - CATEGORY II

Note: A detailed listing of the fee for each service will be posted on the PRNS Department website at www.sanjoseca.gov/prns.

1. Concessions

1 Concessions	Established by the City Manager or Designee	No Change
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SUB-TOTAL CONCESSIONS - CATEGORY II	100.0%	15,000	15,000	15,000	100.0%	100.0%
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FAMILY CAMP - CATEGORY I

Note: A detailed listing of the fee for each service will be posted on the PRNS Department website at www.sanjoseca.gov/prns.

1. Family Camp

1 Camp Season	Established by the City Manager or Designee	No Change
2 Camper Program Discount	Established by the City Manager or Designee	No Change
3 Pre and Post Season	Established by the City Manager or Designee	No Change

SUB-TOTAL FAMILY CAMP - CATEGORY I	90.0%
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FEE CLASSES/ACTIVITIES - CATEGORY I

Note: A detailed listing of the fee for each service will be posted on the PRNS Department website at www.sanjoseca.gov/prns.

DEPARTMENTAL FEES AND CHARGES

PARKS, RECREATION & NEIGHBORHOOD SERVICES

Service	2009-2010 Adopted Fee	2009-2010 % Cost Recovery	2010-2011 Proposed Fee	2010-2011 Estimated Cost	2010-2011 Estimated Revenue		2010-2011 % Cost Recovery	
					Current Fee	Proposed Fee	Current Fee	Proposed Fee

HAPPY HOLLOW PARK & ZOO - CATEGORY I

Zoo is anticipated to achieve 100% cost recovery status in 2010-2011 and beyond.

1. Happy Hollow Park & Zoo

1 Admissions	Established by the City Manager or Designee		No Change						
2 Amusement Rides	Established by the City Manager or Designee		No Change						
3 Group Picnics/Special Facility Rentals	Established by the City Manager or Designee		No Change						
4 Special Use	Established by the City Manager or Designee		No Change						
5 Vending Machines	Established by the City Manager or Designee		No Change						
SUB-TOTAL HAPPY HOLLOW PARK & ZOO - CATEGORY I		80.0%		4,961,775	4,280,431	4,280,431	86.3%	86.3%	

LAKE CUNNINGHAM PARKING (LAKE CUNNINGHAM FUND) - CATEGORY II

Note: A detailed listing of the fee for each service will be posted on the PRNS Department website at www.sanjoseca.gov/prns.

1. Lake Cunningham - Parking

1 Annual Pass	Established by the City Manager or Designee		No Change						
2 Daily Pass	Established by the City Manager or Designee		No Change						
SUB-TOTAL LAKE CUNNINGHAM PARKING (LAKE CUNNINGHAM FUND) - CATEGORY II		270.0%		144,444	390,000	390,000	270.0%	270.0%	

DEPARTMENTAL FEES AND CHARGES

PARKS, RECREATION & NEIGHBORHOOD SERVICES

Service	2009-2010 Adopted Fee	2009-2010 % Cost Recovery	2010-2011 Proposed Fee	2010-2011 Estimated Cost	2010-2011 Estimated Revenue		2010-2011 % Cost Recovery	
					Current Fee	Proposed Fee	Current Fee	Proposed Fee

LAKE CUNNINGHAM SKATE PARK - CATEGORY I

Note: A detailed listing of the fee for each service will be posted on the PRNS Department website at www.sanjoseca.gov/prns.

1. Lake Cunningham Skate Park

1 Entrance Fees	Established by the City Manager or Designee		No Change					
2 Equipment Rental	Established by the City Manager or Designee		No Change					
3 Promotion Days	Established by the City Manager or Designee		No Change					
SUB-TOTAL LAKE CUNNINGHAM SKATE PARK - CATEGORY I		70.0%		253,296	100,000	100,000	39.5%	39.5%

PARK PERMITS - CATEGORY I

Note: A detailed listing of the fee for each service will be posted on the PRNS Department website at www.sanjoseca.gov/prns.

1. Park Permits

1 Boat Launching	Established by the City Manager or Designee		No Change					
2 Boat Rentals	Established by the City Manager or Designee		No Change					
3 Camping	Established by the City Manager or Designee		No Change					
4 Filming on City Premises	Established by the City Manager or Designee		No Change					
5 Gated Events	Established by the City Manager or Designee		No Change					

DEPARTMENTAL FEES AND CHARGES

PARKS, RECREATION & NEIGHBORHOOD SERVICES

Service	2009-2010 Adopted Fee	2009-2010 % Cost Recovery	2010-2011 Proposed Fee	2010-2011 Estimated Cost	2010-2011 Estimated Revenue		2010-2011 % Cost Recovery		
					Current Fee	Proposed Fee	Current Fee	Proposed Fee	
PARK PERMITS - CATEGORY I									
1. Park Permits									
6 General Reservations and Permits	Established by the City Manager or Designee		No Change						
SUB-TOTAL PARK PERMITS - CATEGORY I		100.0%		125,000	125,000	125,000	100.0%	100.0%	
PARKING - CATEGORY II									
Note: A detailed listing of the fee for each service will be posted on the PRNS Department website at www.sanjoseca.gov/prns .									
The cost recovery rate has increased as a result of recalculating program costs.									
1. Parking									
1 Annual Pass	Established by the City Manager or Designee		No Change						
2 Daily Pass	Established by the City Manager or Designee		No Change						
SUB-TOTAL PARKING - CATEGORY II		125.0%		378,519	1,022,000	1,022,000	270.0%	270.0%	
RENTALS AND RESERVATIONS - CATEGORY I									
Note: A detailed listing of the fee for each service will be posted on the PRNS Department website at www.sanjoseca.gov/prns .									
1. Rentals and Reservations									
1 Cleaning/Damage Deposit	Established by the City Manager or Designee		No Change						
2 Emma Prusch Park	Established by the City Manager or Designee		No Change						

DEPARTMENTAL FEES AND CHARGES

PARKS, RECREATION & NEIGHBORHOOD SERVICES

Service	2009-2010 Adopted Fee	2009-2010 % Cost Recovery	2010-2011 Proposed Fee	2010-2011 Estimated Cost	2010-2011 Estimated Revenue		2010-2011 % Cost Recovery	
					Current Fee	Proposed Fee	Current Fee	Proposed Fee
RENTALS AND RESERVATIONS - CATEGORY I								
1. Rentals and Reservations								
3 Equipment Use Fees	Established by the City Manager or Designee		No Change					
4 Facility Use Fees	Established by the City Manager or Designee		No Change					
5 Field Preparation (Optional Service)	Established by the City Manager or Designee		No Change					
6 Field Reservations	Established by the City Manager or Designee		No Change					
7 Field/Sports Facility Use Fees	Established by the City Manager or Designee		No Change					
8 Leininger Center	Established by the City Manager or Designee		No Change					
9 Maintenance of Tully Community Ball Fields	Established by the City Manager or Designee		No Change					
10 Other Facility Rentals	Established by the City Manager or Designee		No Change					
11 Picnic Reservations	Established by the City Manager or Designee		No Change					
12 Tournament Uses	Established by the City Manager or Designee		No Change					
SUB-TOTAL RENTALS AND RESERVATIONS - CATEGORY I		100.0%		675,000	675,000	675,000	100.0%	100.0%

SURCHARGES - ADMIN FEES - CATEGORY II

Note: A detailed listing of the fee for each service will be posted on the PRNS Department website at www.sanjoseca.gov/pms.

DEPARTMENTAL FEES AND CHARGES

PARKS, RECREATION & NEIGHBORHOOD SERVICES

Service	2009-2010 Adopted Fee	2009-2010 % Cost Recovery	2010-2011 Proposed Fee	2010-2011 Estimated Cost	2010-2011 Estimated Revenue		2010-2011 % Cost Recovery		
					Current Fee	Proposed Fee	Current Fee	Proposed Fee	
SURCHARGES - ADMIN FEES - CATEGORY II									
1. Surcharges- Admin Fees									
1 Fee Classes	Established by the City Manager or Designee		No Change						
2 Summer Drop In Program (6 Week Session)	Established by the City Manager or Designee		No Change						
SUB-TOTAL SURCHARGES - ADMIN FEES - CATEGORY II		100.0%		240,000	240,000	240,000	100.0%	100.0%	
TOTAL DEPARTMENT - GENERAL FUND				12,612,082	12,033,545	12,033,545	95.4%	95.4%	
TOTAL DEPARTMENT - NON-GENERAL FUND				144,444	390,000	390,000	270.0%	270.0%	
TOTAL DEPARTMENT - Category I				11,168,337	10,333,697	10,333,697	92.5%	92.5%	
TOTAL DEPARTMENT - Category II				1,588,189	2,089,848	2,089,848	131.6%	131.6%	
TOTAL DEPARTMENT				12,756,526	12,423,545	12,423,545	97.4%	97.4%	