

PARKS, RECREATION & NEIGHBORHOOD SERVICES DEPARTMENT

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, the estimated PRNS' \$14.5 million in General Fund fees reflect a 90.3% cost-recovery rate for 2012-2013 compared to 82.7% in 2011-2012. This increase is primarily due to relatively stable costs and increased revenues. For 2012-2013, PRNS is making good progress toward achieving the department's cost recovery goals, while balancing the need to ensure access for residents and maintaining competitive pricing.

Beginning in 2009-2010, as part of the Pricing and Revenue Policy (Council Policy 1-21), the City Manager, or his or her designee, has been granted the authority to set PRNS user fees and pricing strategies in accordance with annual City Council-approved cost recovery percentage goals; thereby increasing PRNS' ability to achieve cost recovery

goals, ensure affordable access and preserve existing services by decreasing PRNS' dependence on the General Fund.

To comply with PRNS' own community outreach commitments, all fee changes, once approved, are printed or posted in the Citywide Activity Guide, in brochures, on the internet and at community/neighborhood facilities. PRNS continues its full implementation of the Pricing and Revenue Policy.

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.

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- **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.
- **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 offset of costs by the participant.

SUMMARY AND IMPACT OF PROPOSED FEE REVISIONS

As part of the 2012-2013 Proposed Operating Budget, every revenue category was thoroughly examined and adjusted based on anticipated fee increases or proposed service augmentations, as necessary. As a result, the revenue estimates for 2012-2013 have been adjusted from levels assumed in the 2011-2012 budget. With the exception of Fitness and Drop-In Programs and Lake Cunningham Parking, all PRNS cost recovery goals as outlined in the attachment to this section are recommended at 2011-2012 approved levels. The Fitness and Drop-In Programs cost recovery goal is recommended to be increased from 50% to 65% based on estimated activity levels. The Lake Cunningham Parking cost recovery goal

is recommended to increase from 202% to 375% based on a new parking fee structure.

A brief description of the various strategies employed in each fee category is included below:

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. In 2011-2012, staff resources were focused on implementing the new service delivery model for the Anti-Graffiti Program. The new model provides PRNS with additional technology and data to track graffiti eradication on utility boxes. This will support PRNS's development of a methodology for charging the utility companies if they do not meet their tag removal obligations in a timely manner. This work effort will continue into 2012-2013, therefore no revenue was assumed in the Proposed Operating Budget.

Aquatics

For 2012-2013, revenue for Aquatics increased slightly to reflect the proposed opening of the Fair Swim Center. In 2012-2013, all City-owned pools – Mayfair, Camden, Alviso, Biebrach, Rotary Ryland and Fair Swim – will be operated for the summer 2012 season. Mayfair and Camden pools will continue to be operated by City staff. The vendor who previously operated the Fair Swim Center is no longer able to offer this seasonal aquatics program. Recreational swim programs and activities will be offered

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SUMMARY AND IMPACT OF PROPOSED FEE REVISIONS

up to six days a week beginning June 2012 and ending August 2012. In order to offer the Fair Swim Center Summer Swim Program in June 2012, the Administration will bring forward recommendations to the City Council prior to June 2012. The department plans to seek a vendor to provide swim lessons at the site. Programs offered at Fair Swim Center will ensure that residents have safe and affordable access to drop-in recreational swim activities during the summer months. Alternative service providers will operate swim programs at the remaining sites – Alviso, Biebrach, and Rotary Ryland. For 2012-2013, the projected cost-recovery rate for this category is 36.3%. This is lower than last year's rate of 49.2% primarily because the 2012-2013 costs to operate Fair Swim Center (\$39,000) are greater than the anticipated revenue (\$9,000).

Family Camp at Yosemite

The 2012 season will be the first full season of operation since the 2010-2011 closure for structural repairs at the dining hall. Family Camp has changed its name to Family Camp at Yosemite to attract more visitors and reinforce its very desirable location. This season, a tent surcharge of \$20 per tent per night is being implemented to build a reserve to help address substantial Capital needs at the Camp. These revenues, however, are not considered revenues that offset operating costs. Previously approved fee changes have been implemented in order to increase attendance during midweek days and maximize revenues during the peak weekend period. The projected 2012-2013

cost recovery rate for this category increased slightly to 81.5% in comparison to 2011-2012.

Fee Classes/Activities

The Director of PRNS has been delegated authority to set prices for all fee classes and activities. For 2012-2013, all fee classes and activity rates will be increased by approximately 3% as a cost of living adjustment. Activity levels are expected to increase as a result of the increased marketing efforts and more attractive offerings. The department will continue to review the schedule of prices and where necessary, will adjust those prices to market rates. For 2012-2013, the projected cost recovery rate for this category is 100.0% as compared to 88.3% in 2011-2012.

Surcharges/Admin Fees

The collection of surcharges is closely tied to Fee Activity levels. Some categories of classes (e.g. Seniors, Therapeutics) are exempt from surcharges so the recovery level is slightly lower than the overall Fee Activity rate. For 2012-2013, the projected cost recovery rate for this category is 96.0%.

Fitness and Drop-In Programs

As a result of a successful marketing campaign, PRNS exceeded its 2011-2012 revenue target of \$200,000 in March 2012. The revenue target for 2012-2013 will increase to \$290,000. No fee changes are currently anticipated, however a new fitness center will be added with the scheduled opening of the Bascom Community

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SUMMARY AND IMPACT OF PROPOSED FEE REVISIONS

Center. The increase in 2012-2013 revenue in this category results from the additional revenue generated from the Bascom Community Center and continued growth in participation in Fitness and Drop-In programs through successful marketing of these programs. For 2012-2013, the projected cost recovery rate for this category is 65.1% as compared to 2011-2012 of 40.2%.

Happy Hollow Park and Zoo

Happy Hollow Park and Zoo (HHPZ) continues to realize high levels of attendance and revenue collection. In an effort to further improve cost recovery rates for HHPZ and enable PRNS to better respond to periods of low attendance or poor weather, staffing changes are included in the 2012-2013 Proposed Operating Budget. These changes will allow greater flexibility in the use of part-time hours to control costs. In addition, increased admission prices for HHPZ will generate additional revenue for the site. The admission increase was successfully implemented beginning in spring 2012. The Proposed Budget recognizes the additional revenue of approximately \$160,500 annually. For 2012-2013, the projected cost recovery rate for this category is 87.4%, an 8% increase from 2011-2012.

Lake Cunningham Skate Park

As part of the 2011-2012 Adopted Budget, funding for the operations of the Lake Cunningham Skate Park was eliminated after September 2011. However, because of support from City Council Offices, community donations,

grants, and increased revenue generated by the facility, funding for operations for the remainder of 2011-2012 was secured. The 2012-2013 Proposed Budget restores the services at the skate park on an ongoing basis. The program is expected to be at the 100% cost recovery rate from activity levels and donations received.

Parking

As part of the 2012-2013 Proposed Operating Budget, fee changes for parking at the regional parks are assumed, which are anticipated to generate an additional \$27,000. The increase is primarily driven by the installation of automated parking machines in the regional parks (Kelley, Alum Rock, and Almaden Lake Parks; Lake Cunningham is discussed separately) where parking fees are charged. These parking machines will more efficiently enable the department to adjust rates by extending the period for which the \$6 fee for parking is collected at the regional parks (April through September), and instituting an “off season” rate during the rest of the year (October through March). For 2012-2013, the projected cost recovery rate for the Parking category is 169.8%. At Lake Cunningham, parking revenue cost recovery is 374.6% generating revenue of \$328,000 which benefits the Lake Cunningham Fund.

Park Permits

Park Permits are instituting a number of new fees and fee increases including increases to air-jumper and photo permit fees as well as new fees for special events trail use and multi-use events, which are anticipated to deliver a total of \$47,000 in additional revenue for 2012-2013. For

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SUMMARY AND IMPACT OF PROPOSED FEE REVISIONS

2012-2013, the projected cost recovery rate for this category is 98.1%.

Rentals and Reservations

This fee category includes facility rentals, picnic reservations, and sports field reservations. Additional revenue of \$227,000 is expected in this category to be generated from the following: ten additional reservable picnic sites; new rental revenues from the Bascom Community Center site; revenue from additional sports fields coming online during the year; and continued growth in reservations at existing community center sites. For 2012-2013, the projected cost recovery rate for this category is 100.0%.

NOTIFICATION

The Proposed Fees and Charges Report was released on May 4, 2012, 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 15, 2012, at 7:00 p.m. and Monday, June 11, 2012, at 7:00 p.m. in the Council Chambers.

PRNS 2012-2013 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	PRNS Cost-Recovery Goal	2012-2013 Cost Recovery Estimates
Anti-Graffiti (Public Property)	Public	0%	0%
Aquatics	Merit	49%	36%
Family Camp	Private	100%	82%
Fee Classes/Activities	Merit - Private	100%	100%
Surcharges/Admin Fees	Merit - Private	100%	96%
Fitness and Drop-in Programs	Merit - Private	65%	65%
Happy Hollow Park and Zoo	Merit - Private	100%	87%
Lake Cunningham Skate Park	Private	100%	100%
Park Permits	Merit - Private	100%	98%
Parking	Private	195%	170%
Lake Cunningham Parking	Private	375%	375%
Rentals and Reservations	Private	100%	100%
Concessions	Private	100%	68%

DEPARTMENTAL FEES AND CHARGES

PARKS, RECREATION & NEIGHBORHOOD SERVICES

Service	2011-2012 Adopted Fee	2011-2012 % Cost Recovery	2012-2013 Proposed Fee	2012-2013 Estimated Cost	2012-2013 Estimated Revenue		2012-2013 % Cost Recovery	
					Current Fee	Proposed Fee	Current Fee	Proposed Fee
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		49.2%		562,449	195,000	204,000	34.7%	36.3%

CONCESSIONS - CATEGORY II

Note: A detailed listing of the fee for

DEPARTMENTAL FEES AND CHARGES

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Service	2011-2012 Adopted Fee	2011-2012 % Cost Recovery	2012-2013 Proposed Fee	2012-2013 Estimated Cost	2012-2013 Estimated Revenue		2012-2013 % Cost Recovery	
					Current Fee	Proposed Fee	Current Fee	Proposed Fee

HAPPY HOLLOW PARK & ZOO - CATEGORY I

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 Fee Activity	Established by the City Manager or Designee		No Change						
4 Group Picnics/Special Facility Rentals	Established by the City Manager or Designee		No Change						
5 Parking	Established by the City Manager or Designee		No Change						
6 Special Use	Established by the City Manager or Designee		No Change						
7 Vending Machines	Established by the City Manager or Designee		No Change						

SUB-TOTAL HAPPY HOLLOW PARK & ZOO - CATEGORY I 79.4% 7,997,231 6,831,249 6,991,749 85.4% 87.4%

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 202.1% 87,554 328,000 328,000 374.6% 374.6%

DEPARTMENTAL FEES AND CHARGES

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Service	2011-2012 Adopted Fee	2011-2012 % Cost Recovery	2012-2013 Proposed Fee	2012-2013 Estimated Cost	2012-2013 Estimated Revenue		2012-2013 % 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		87.3%		193,675	143,500	190,010	74.1%	98.1%	
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 .									
Parking fees associated with Happy Hollow Park and Zoo, previously reflected in this category, have been moved to the Happy Hollow Park and Zoo category to more accurately reflect revenue levels from that facility.									
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		194.8%		271,828	435,000	461,648	160.0%	169.8%	

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.

Rental and reservation fees associated with Happy Hollow Park and Zoo, previously reflected in this category, have been moved to the

DEPARTMENTAL FEES AND CHARGES

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Service	2011-2012 Adopted Fee	2011-2012 % Cost Recovery	2012-2013 Proposed Fee	2012-2013 Estimated Cost	2012-2013 Estimated Revenue		2012-2013 % Cost Recovery	
					Current Fee	Proposed Fee	Current Fee	Proposed Fee

RENTALS AND RESERVATIONS - CATEGORY I

Happy Hollow Park and Zoo category to more accurately reflect revenue levels from that facility.

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
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

DEPARTMENTAL FEES AND CHARGES

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Service	2011-2012 Adopted Fee	2011-2012 % Cost Recovery	2012-2013 Proposed Fee	2012-2013 Estimated Cost	2012-2013 Estimated Revenue		2012-2013 % Cost Recovery		
					Current Fee	Proposed Fee	Current Fee	Proposed Fee	
RENTALS AND RESERVATIONS - CATEGORY I									
SUB-TOTAL RENTALS AND RESERVATIONS - CATEGORY I		95.4%		1,157,964	931,000	1,157,670	80.4%	100.0%	
SURCHARGES - ADMIN FEES - 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. 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 I		88.3%		221,847	213,000	213,000	96.0%	96.0%	
TOTAL DEPARTMENT - GENERAL FUND				16,022,678	13,087,197	14,460,525	81.7%	90.3%	
TOTAL DEPARTMENT - NON-GENERAL FUND				87,554	328,000	328,000	374.6%	374.6%	
TOTAL DEPARTMENT - Category I				14,719,264	12,241,197	13,488,877	83.2%	91.6%	
TOTAL DEPARTMENT - Category II				1,390,968	1,174,000	1,299,648	84.4%	93.4%	
TOTAL DEPARTMENT				16,110,232	13,415,197	14,788,525	83.3%	91.8%	