COUNCIL BILL NO. 23-59 **ORDINANCE NO. 23-65**

An Ordinance repealing and replacing the cost recovery fees for the Parks Department, in the City of Carthage Missouri.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF CARTHAGE, JASPER COUNTY, MISSOURI as follows:

SECTION I: Section 16-25 Parks and recreation pricing and cost recovery policy of the Carthage Code is hereby repealed and replaced with the following attached Section 16-25.

SECTION II: This ordinance shall take effect and be in force from and after its passage and approval.

PASSED AND APPROVED THIS 14th DAY OF September, 2023.

Dan Rife, Mayor

ATTEST:

Miranda Deal, City Clerk

Sponsored by: Public Services Committee

City of Carthage

Parks and Recreation Pricing and Cost Recovery Policy

a) INTRODUCTION/PURPOSE

Carthage Parks and Recreation offers a wide range of facilities and partners with others to ensure that recreation programs and special events are available for all age groups.

The Pricing and Cost Recovery Policy is a mechanism for allocating the use of public funds, creating a financially sustainable approach for recreational services and facilities, maximizing the use of programs and facilities, and ensuring affordable access to programs and services. The policy allow city administration, partners, and citizens to better understand the philosophy behind the pricing of programs and services. The Pricing and Cost Recovery Policy presents a cost-of-service template to be, used to determine the level of cost recovery for direct and indirect costs for each core program category.

b) Policy

(1) RECOMMENDATIONS: The following recommendations were, developed to address key issues to support and act on implementing the pricing policy and creating a more sustainable and efficient Department:

- Establish a cost recovery range for each program area and allow the Director of Parks and Recreation to set prices with input from others, as needed, while keeping within the cost recovery goals approved by the City Council.
- Review prices annually as operational costs increase. Adjust prices to stay within established cost recovery goals
- Develop a permit rate with a percentage of gross revenue for private operators who generate private gain with no capital or operational cost investment
- Determine not-for-profit 501 (C) (3) status for all outside users seeking special permits thatallow them to gain revenue off city-owned facilities prior to permitting

The City of Carthage is committed to providing outstanding public parks, recreation facilities and recreation programs. The increasing demands for additional park usage, recreation programs/facilities and services, coupled with rising operating and capital costs, make it challenging to maintain existing levels of service. The establishment of a Pricing and Cost Recovery Policy is designed to provide the Parks and Recreation Department with consistent guidelines in pricing facilities, programs and services.

The Pricing and Cost Recovery Policy allows elected officials, users, staff, partners, and citizens-at-large to understand the philosophy behind pricing of products and services offered. The Pricing and Cost Recovery Policy is based on the true costs to provide programs and services. Staff will be developing the true cost to provide the services, programs and facilities through a

cost of service model.

2. Types of fees and charges: The following definitions are provided to clarify the meaning of terms used within this policy document:

a. Admission Fees: Fees to enter a building or enclosed structure or facility, as in a fee to enter an aquatic facility.
b. Rental Fees: Payments made for the privilege of exclusive use of park property or facilities of any kind.
c. User Fees: Fees for use of a facility amenity or participation in a program or activity.
d. Sales Revenue: Revenue obtained from the operation of concessions, sale of merchandise and other property.
e. Membership Fees: Charges that entitle individuals to multiple uses of a facility for a predetermined number or duration. Examples include Annual Passes, Individual Passes, etc..
f. License and Permit Fees: Fees to obtain written consent to perform some lawful action, typically after permission has been, granted by the Department.
g. Fon-Profit Organization Fees: Fees available only to non-profit organizations with Internal Revenue Service 501(c) (3) tax-exempt status.
h. Vendor Permit Fees: Fees for the privilege of selling goods and services on city property.

3. OTHER REVENUE SOURCES

a. CONTRACTUAL OR VENDOR PERMIT REVENUES

The department, is authorized to issue concessionaire or vendor permits to qualified individuals, groups and businesses. The purpose of these permits is to enhance

Visitor enjoyment when using department facilities and to generate revenue for the department. Permits may be issued for the following goods and services:

1. Food and beverages
2. Certain amusement equipment and inflatable apparatus as approved by the Director
3. Other goods and services as approved by the Director

b. COMMUNITY Benefit (0-25% Cost Recovery)

The foundational level of the pyramid is the largest and represents those programs, core services, facilities and services that benefit the community as a whole. The community generally pays for these basic services and facilities through taxes. These services shall be offered to residents at minimal or no fee. Most of the tax support of the Department supports this level of the pyramid.

c. COMMUNITY/Individual Benefit (26-50% Cost Recovery)

The second level of the pyramid represents programs, facilities and services that promote individual physical and mental well-being and provides recreational skill development. They are generally the more traditionally expected services and beginner instructional levels. These programs, services and facilities shall be assigned fees based on a specified percentage of direct and indirect costs.

d. INDIVDUAL/Community Benefit (51-75% Cost Recovery)

The third level of the pyramid represents services that promote individual, physical and mental well-being and provide an intermediate level of recreational skill development. This level provides more INDIVIDUAL and less Community Benefit and should be priced to reflect this.

e. MOSTLY INDIVIDUAL Benefit (76-100% Cost Recovery)

The fourth level of the pyramid represents specialized services generally for specific groups with a competitive focus. In this level programs and services should be priced to recover full cost.

f. INDIVIDUAL Benefit (100% + Cost Recovery)

The fifth level of the pyramid represents activities that have a profit centerpotential and may fall outside of the core mission. In this level, programs and services should be priced to recover full cost plus.

c) PRICING ADJUSTMENTS The following adjustments may be considered when determining fees and charges for services.

1. **SPECIAL GROUPS:**

a. Non-Profit Organizations: These organizations often utilize Department facilities to conduct activities, including fundraising, which supports the non-profit organization's mission. As a way for the Department to support these efforts, reduced fees may be established for organizations possessing Internal Revenue Service 501(C) (3) tax-exempt status.

b. Senior Citizens: Due to the fixed income of many residents sixty-two (62) years and over, the Department may establish senior adult fees.

Youth: Reduced fees may be established for youth sixteen (16) years of age or younger.

2. PRIME TIME RATES

Fees and charges may be increased during prime times of the day, week, month, or year. Prime time pricing is used to control or limit use during periods of high demand or potential over use, and encourage use during periods of low demand or under use.

3. DETERMING FEES AND CHARGES

Fees and charges will be determined through the following process:

a. Determine the direct costs of providing the service/program (includes materials,hourly staff time, transportation, equipment, any special fees such as admission tickets, etc.)

b. Determine the appropriate Service Level classification and calculate the fees or charges using the appropriate cost recovery guideline.

- If warranted, adjust the fee, or charge as outlined. No fee increase shall be more than 10% in one year.
- Identify the market rate or current fee being charged for similar services. This evaluation is conducted to ensure the recommended fees do not significantly vary from the rates being charged by other entities for similar services.
- Consider inflationary factors for services.
- Consider any budgetary mandates that may affect the fee/charge setting process.

d) CARTHAGE PARKS & RECREATION COST RECOVERY PROGRAM LIST

1. Community Benefit (0 -25%)

- Community Wide Public Special Events
- Parks and Trails
- Free Play

2. Community /Individual Benefit (26 -50% Cost Recovery)

- Shelter Reservations

3. Individual /Community Benefit (51 -75% Cost Recovery)

- Recreation Youth Athletic Leagues
- Youth Instructional Classes
- Educational Classes or Trips
- Youth Camps /Clinics
- Therapeutic Recreation Trips
- Fitness Classes
- Center Reservations

4. Mostly Individual Benefit (76 -100% Cost Recovery)

- Special Interest Classes or Programs
- Recreational Trips
- Adult Athletic Leagues /Tournaments
- Center Reservations

5. Highly Individual Benefit (100%+ Cost Recovery)

- Competitive Tournaments
- Competitive Team / League Activities