

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' \$15.6 million in Proposed General Fund fees reflect an 88.8% cost recovery rate for 2013-2014 compared to 90.3% in 2012-2013. This decrease is the result of increased personal services costs partially offset by an overall increase in revenues. For 2013-2014, PRNS continues to balance the department's cost recovery goals, the need to ensure access for residents, and maintain 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' 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.
- **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.

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SUMMARY AND IMPACT OF PROPOSED FEE REVISIONS

As part of the 2013-2014 budget process, 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 2013-2014 have been adjusted from levels assumed in the 2012-2013 Adopted Budget. All PRNS cost recovery goals as outlined in the attachment to this section are recommended to continue at 2012-2013 approved levels.

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. Beginning in 2011-2012, graffiti abatement services were transitioned to a 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. PRNS considered developing a methodology for charging the utility companies in the event they do not meet their tag removal obligations in a timely manner; however, at this time, the department continues to review how to best address graffiti abatement on utility boxes. No revenue is assumed in the Proposed Operating Budget.

Aquatics

For 2013-2014, revenue for Aquatics decreased slightly, from an estimate of \$204,000 in 2012-2013 to \$191,000. In 2013-2014, the Fair Swim Center will be fully operated by a vendor, including offering recreational swim. In 2013-2014, all City-owned pools – Mayfair, Camden, Alviso, Biebrach, Rotary, Ryland and Fair – will be open for the summer 2013 season. Mayfair and Camden pools will continue to be run by City staff, while alternative service providers will operate swim programs at the remaining sites. In 2013-2014, the projected cost recovery rate for this category is 38.8% without any increase in swim fees. This rate is higher than last year's rate of 36.3% as the result of lower costs in this category since the recreational swim program at Fair Swim Center will be operated by an alternative provider in the summer 2013 season.

Family Camp at Yosemite

The 2013 season will be the second full season since Family Camp was closed in 2010-2011. This season the program is undertaking a county-wide marketing initiative. It is expected that this effort will increase attendance. The projected cost recovery rate for this category is 78.9%, slightly below last year's rate of 81.5% due to lower estimated revenues partially offset by lower estimated program expenditures in 2013-2014.

Fee Classes/Activities

The Director of PRNS has been delegated authority to set prices for all fee classes and activities. For 2013-2014, all fee classes and activity rates will be increased by

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SUMMARY AND IMPACT OF PROPOSED FEE REVISIONS

Fee Classes/Activities (Cont'd.)

approximately 3% as a cost of living adjustment. Activity levels are expected to continue 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 adjust to market rates where necessary. In 2013-2014, Fee Classes/Activities will generate estimated revenue of \$4.9 million. The projected cost recovery rate for this category is 99.8%, slightly lower than the 2012-2013 rate of 100.0%.

Surcharges/Admin Fees

The collection of surcharges is closely tied to Fee Classes/Activity levels. Some categories of classes (e.g. Seniors and Therapeutics) are exempt from surcharges. For 2013-2014, the projected cost recovery rate for this category is 98.6% as compared to the cost recovery rate for Fee Classes/Activities of 99.8% as discussed above.

Fitness and Drop-In Programs

Fitness and drop-in program activity is estimated to meet its projected revenue target of \$290,000 in 2012-2013. While the revenue target remains flat in 2013-2014, personal services costs to support these programs have increased. For 2013-2014, the projected cost recovery rate is 54.4% as compared to the 2012-2013 rate of 65.1%.

Happy Hollow Park and Zoo

Happy Hollow Park and Zoo (HHPZ) continues to realize high levels of attendance and revenue collection, and reflects the majority of PRNS' General Fund revenue collections (44.3%). The 2013-2014 Proposed revenue estimate of \$6.9 million includes additional revenue of \$100,000 annually through the expansion of catering services offered by the HHPZ Picnic Basket restaurant. Box lunches will be offered to summer nutrition sites, camps, other recreation participants, and City office events generating estimated revenues of \$100,000. For 2013-2014, the projected cost recovery rate for HHPZ is 82.0% compared to the 2012-2013 rate of 87.4%. Higher total personal services costs is the primary driver of the lower cost recovery rate expected in 2013-2014.

Lake Cunningham Skate Park

The Lake Cunningham Skate Park has had a very good year. Costs are tracking within anticipated levels and revenues are expected to end the year above the 2012-2013 budgeted revenue estimate bringing the program to 100% cost recovery. For 2012-2013, Skate Park revenues are expected at \$180,000, again fully recovering program costs. For 2013-2014, it is assumed that the increased activity levels will continue generating \$180,000 in estimated revenue.

Parking

A change to year round parking fee collections at regional parks increased the revenue estimate for 2013-2014 from a budgeted estimate in 2012-2013 of \$462,000 to \$540,000 in

PARKS, RECREATION & NEIGHBORHOOD SERVICES DEPARTMENT

SUMMARY AND IMPACT OF PROPOSED FEE REVISIONS

Parking (Cont'd.)

2013-2014. Automated parking machines are being installed in the regional parks – including Kelley, Alum Rock, and Almaden Lake Parks – where parking fees are already charged. These parking machines more efficiently enable the department to adjust rates by extending the period for which the \$6 fee for parking is collected (April through September), and instituting an “off season” rate during the rest of the year (October through March). For 2013-2014, the projected cost recovery rate for Parking is 209.3%, not including parking at Lake Cunningham Park. At Lake Cunningham, parking revenue cost recovery is 548.3%, generating \$458,000 in estimated revenue, which benefits the Lake Cunningham Fund.

Park Permits

Park Permits revenue is projected to decrease in 2013-2014, from \$190,000 in 2012-2013 to \$150,000 in 2013-2014 based on 2012-2013 activity levels, offset with lower costs. The projected cost recovery rate for this category is 96.0%, compared with last year’s rate of 98.1%.

Rentals and Reservations

This fee category includes facility rentals, picnic reservations, and sports field reservations. Additional revenue of \$154,000 as assumed in the 2013-2014 Proposed Operating Budget is expected to be generated in this category from the following: 12 additional reservable

picnic sites at several neighborhood and regional parks (\$34,000); revenue from Allen at Steinbeck Sports Field; an additional sports field coming online in 2013-2014 (\$28,000); and increased revenue resulting from new pricing and rental policies at community centers (\$92,000). For 2013-2014, the projected cost recovery rate for this category is 100.0%.

NOTIFICATION

This Proposed Fees and Charges Report was released on May 3, 2013, 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 14, 2013, at 1:30 p.m. and Monday, June 10, 2013, at 7:00 p.m. in the Council Chambers.

PRNS 2013-2014 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	2013-2014 Cost Recovery Estimates
Anti-Graffiti (Public Property)	Public	N/A	N/A
Aquatics	Merit	50%	39%
Concessions	Private	100%	64%
Family Camp	Private	100%	79%
Fee Classes/Activities	Merit - Private	100%	100%
Fitness and Drop-in Programs	Merit - Private	65%	54%
Happy Hollow Park and Zoo	Merit - Private	100%	82%
Lake Cunningham Skate Park	Private	100%	100%
Park Permits	Merit - Private	100%	96%
Parking	Private	195%	209%
Lake Cunningham Parking	Private	375%	548%
Rentals and Reservations	Private	100%	100%
Surcharges/Admin Fees	Merit - Private	100%	99%

DEPARTMENTAL FEES AND CHARGES

PARKS, RECREATION & NEIGHBORHOOD SERVICES

Service	2012-2013 Adopted Fee	2012-2013 % Cost Recovery	2013-2014 Proposed Fee	2013-2014 Estimated Cost	2013-2014 Estimated Revenue		2013-2014 % 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		36.3%		491,835	191,000	191,000	38.8%	38.8%

DEPARTMENTAL FEES AND CHARGES

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Service	2012-2013 Adopted Fee	2012-2013 % Cost Recovery	2013-2014 Proposed Fee	2013-2014 Estimated Cost	2013-2014 Estimated Revenue		2013-2014 % Cost Recovery		
					Current Fee	Proposed Fee	Current Fee	Proposed Fee	
CONCESSIONS - CATEGORY II									
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						
SUB-TOTAL CONCESSIONS - CATEGORY II		67.6%		25,132	16,000	16,000	63.7%	63.7%	
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		81.5%		696,666	550,000	550,000	78.9%	78.9%	
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 .									
1. Fee Classes/Activities									
1 Activities Offered at or through Various Venues	Established by the City Manager or Designee		No Change						

DEPARTMENTAL FEES AND CHARGES

PARKS, RECREATION & NEIGHBORHOOD SERVICES

Service	2012-2013 Adopted Fee	2012-2013 % Cost Recovery	2013-2014 Proposed Fee	2013-2014 Estimated Cost	2013-2014 Estimated Revenue		2013-2014 % Cost Recovery		
					Current Fee	Proposed Fee	Current Fee	Proposed Fee	
FEE CLASSES/ACTIVITIES - CATEGORY I									
1. Fee Classes/Activities									
2 Summer Camps	Established by the City Manager or Designee		No Change						
3 Youth Recreational Sports	Established by the City Manager or Designee		No Change						
SUB-TOTAL FEE CLASSES/ACTIVITIES - CATEGORY I		100.0%		4,861,183	4,850,000	4,850,000	99.8%	99.8%	
FITNESS AND DROP-IN PROGRAMS - 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. Fitness and Drop-In Programs									
1 Fitness and Drop-In Programs	Established by the City Manager or Designee		No Change						
SUB-TOTAL FITNESS AND DROP-IN PROGRAMS - CATEGORY II		65.1%		533,134	290,000	290,000	54.4%	54.4%	
HAPPY HOLLOW PARK & ZOO - 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. 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						

DEPARTMENTAL FEES AND CHARGES

PARKS, RECREATION & NEIGHBORHOOD SERVICES

Service	2012-2013 Adopted Fee	2012-2013 % Cost Recovery	2013-2014 Proposed Fee	2013-2014 Estimated Cost	2013-2014 Estimated Revenue		2013-2014 % Cost Recovery	
					Current Fee	Proposed Fee	Current Fee	Proposed Fee
HAPPY HOLLOW PARK & ZOO - CATEGORY I								
1. Happy Hollow Park & Zoo								
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		87.4%		8,456,502	6,831,500	6,931,500	80.8%	82.0%
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		374.6%		83,528	458,000	458,000	548.3%	548.3%
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/pms .								

DEPARTMENTAL FEES AND CHARGES

PARKS, RECREATION & NEIGHBORHOOD SERVICES

Service	2012-2013 Adopted Fee	2012-2013 % Cost Recovery	2013-2014 Proposed Fee	2013-2014 Estimated Cost	2013-2014 Estimated Revenue		2013-2014 % Cost Recovery	
					Current Fee	Proposed Fee	Current Fee	Proposed Fee
LAKE CUNNINGHAM SKATE PARK - CATEGORY I								
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		71.9%		180,005	180,000	180,000	100.0%	100.0%
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					
6 General Reservations and Permits	Established by the City Manager or Designee		No Change					
SUB-TOTAL PARK PERMITS - CATEGORY I		98.1%		156,326	150,000	150,000	96.0%	96.0%

DEPARTMENTAL FEES AND CHARGES

PARKS, RECREATION & NEIGHBORHOOD SERVICES

Service	2012-2013 Adopted Fee	2012-2013 % Cost Recovery	2013-2014 Proposed Fee	2013-2014 Estimated Cost	2013-2014 Estimated Revenue		2013-2014 % Cost Recovery	
					Current Fee	Proposed Fee	Current Fee	Proposed Fee
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		169.8%		258,035	540,000	540,000	209.3%	209.3%

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 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					
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DEPARTMENTAL FEES AND CHARGES

PARKS, RECREATION & NEIGHBORHOOD SERVICES

Service	2012-2013 Adopted Fee	2012-2013 % Cost Recovery	2013-2014 Proposed Fee	2013-2014 Estimated Cost	2013-2014 Estimated Revenue		2013-2014 % Cost Recovery	
					Current Fee	Proposed Fee	Current Fee	Proposed Fee
RENTALS AND RESERVATIONS - CATEGORY I								
1. Rentals and Reservations								
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					
SUB-TOTAL RENTALS AND RESERVATIONS - CATEGORY I		100.0%		1,755,285	1,602,000	1,755,531	91.3%	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

DEPARTMENTAL FEES AND CHARGES

PARKS, RECREATION & NEIGHBORHOOD SERVICES

Service	2012-2013 Adopted Fee	2012-2013 % Cost Recovery	2013-2014 Proposed Fee	2013-2014 Estimated Cost	2013-2014 Estimated Revenue		2013-2014 % Cost Recovery	
					Current Fee	Proposed Fee	Current Fee	Proposed Fee
SURCHARGES - ADMIN FEES - CATEGORY I								
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		96.0%		182,526	180,000	180,000	98.6%	98.6%
TOTAL DEPARTMENT - GENERAL FUND				17,596,629	15,380,500	15,634,031	87.4%	88.8%
TOTAL DEPARTMENT - NON-GENERAL FUND				83,528	458,000	458,000	548.3%	548.3%
TOTAL DEPARTMENT - Category I				16,288,493	14,343,500	14,597,031	88.1%	89.6%
TOTAL DEPARTMENT - Category II				1,391,664	1,495,000	1,495,000	107.4%	107.4%
TOTAL DEPARTMENT				17,680,157	15,838,500	16,092,031	89.6%	91.0%