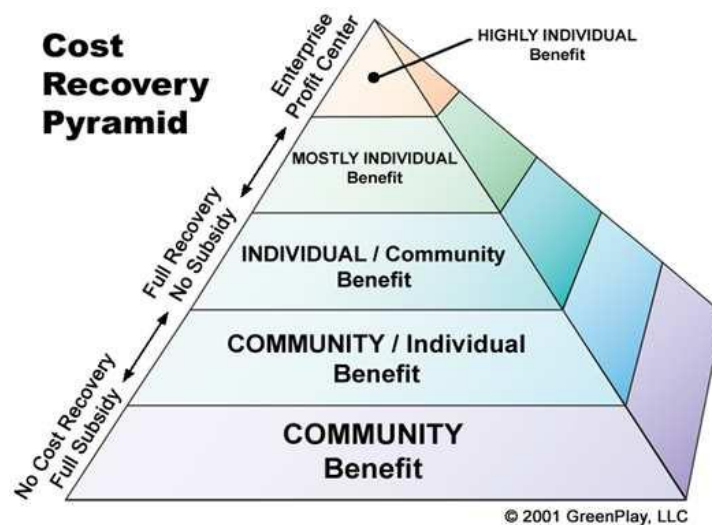


# Cost Recovery Pyramid Methodology

GreenPlay LLC is a leading parks and recreation consulting agency that has developed what they call a “Cost Recovery Pyramid Methodology” to assist organizations with defining appropriate cost recovery levels. The “Pyramid Methodology has been successfully applied to Arlington, Texas; Bend, Oregon; Bismark, North Dakota; Ft. Lauderdale, Florida; and San Diego County, California; among multiple others. The cost recovery pyramid defines programs and services by five (5) different levels based on whom the service or program benefits:

1. Community
2. Community/individual
3. Individual/community
4. Mostly individual
5. Highly individual

Programs that make up the base of the pyramid do not recover any costs and are fully subsidized by taxes. Programs in the middle cost-recover at rates increasing the more the service is more for individual gain, requiring less subsidy of the general fund. Programs at the top make profit for the agency.



1. At the base of the pyramid are programs that benefit only the entire community, not individuals. Examples of programs and services within this level are “Night With Santa”, Play Days. This level serves as the foundation of the organization.
2. The second level of the pyramid contains programs and services that benefit mainly the community, but also individuals. Examples of programs within this level include beginning programming for at-risk youth.
3. In the middle of the pyramid are programs and services that benefit mainly individuals, but also the community to some extent. These programs and services should also promote individual physical and mental well-being, but provide an intermediate level of

recreational skill development, such as individual youth programs.

4. The fourth level of the pyramid contains programs and services that benefit specific groups. Examples of programs within this level include specialty classes for adults.
5. The highest level of the pyramid contains programs and services that either have a high profit potential, or fall outside of the department's core mission. Examples of these programs and services include adult classes and specialty classes.
6. For non-profit groups, the Department will partner on a case by case need to determine a beneficial cooperation. This will be accomplished via a Memorandum of Understanding to establish fees instead of offering a blanket discount.

### **Application of the Methodology**

The Wichita Park and Recreation Division has determined it will cost recover total expenditures and programming an additional 15% by 2015 (5% per year). In addition, staff recommends the following targets for cost-recovery by service categories:

- Achieve 125% cost recovery for individual benefit activities
- Achieve 100% cost recovery for adult group programs
- Achieve 50% cost recovery for youth programs
- Achieve 15% cost recovery for at-risk programs

To apply the GreenPlay methodology to this goal, the following formula has been developed to determine how much per participant per year that cost might be. Programming is folded into the total increase.