



Greater Vallejo Recreation District

GVRD promotes wellness and healthy lifestyles
by providing safe parks and innovative and fun
recreation programs for all residents.

BOARD OF DIRECTORS

Rizal Aliga
Robert Briseño
Thomas Judt
Tom Starnes
Ward Stewart

GENERAL MANAGER

Gabe Lanusse

Policy and Personnel Committee Agenda

Directors: Briseño and Starnes

Tuesday, March 25, 2025

Administrative Office – Board Room, 401 Amador Street, Vallejo, CA 94590

1:30 p.m.

This committee shall study and recommend compensation and welfare of District staff. This committee shall include a meet and confer with the General Manager regarding the terms and conditions of the General Manager's employment by the district. This committee shall review the functions of District staff and other policies not assigned to other committees.

1. Public Comment:

Members of the public may speak on any item within the jurisdiction of the committee. Each speaker is limited to 3 minutes and a spokesperson for an organization is limited to 5 minutes.

2. Discussion Items:

2.1 Policy 3012 – Cost Recovery Policy/Plan

2.2 Policy and RR Review Process – Should policies and RRs be reviewed by the Policy & Personnel Committee and Department specific committee or only the Department specific committee?

3. Meeting Adjourn:

Greater Vallejo Recreation District

POLICY MANUAL

POLICY NUMBER/TITLE: 3012

Fee, Subsidy, and Pricing

PURPOSE:

Setting a pricing policy serves as a tool for evaluating services and establishing appropriate fees. Standardizing how we set prices ensures that the resulting price meets District goals and provides the framework to ensure consistency for all Vallejo residents for the value received. ***A pricing policy creates transparency and consistency in fees and charges for programs and services.***

Establishing a pricing policy yields lasting benefits including:

- Stretching taxpayer investment to realize the optimal return
- Allowing prices to reflect users' investment in themselves based on individual benefit
- Promoting program respect or ownership
- Developing deeper commitment to the program users help support
- The dollars customers invest in their parks and recreation experiences will come back to them in better quality services and facilities

The District is dedicated to fostering healthy lifestyles and helping the community thrive. Our Mission is building community and enhancing the quality of life through people, parks, and programs.

As the District continues to provide services and facilities age, the District must be prepared to maintain this high level of service and develop a financial system to continue this community investment.

The District offers a variety of programs, which benefit the residents and visitors of the Vallejo area. While the community benefits, different levels of community investment are appropriate based on level of benefit. The goal of this policy is to create a balance between user fees and taxpayer investment for our programs, services, and facilities, ensuring that all citizens have equal access and choice in participation.

POLICY:

The District strives to efficiently offer the most diversified services ensuring that all have equal access and ability to participate in a wide variety of programs and services. The District prices programs, services and facilities in a manner that balances user fees and taxpayer investment. Pricing takes into consideration the public benefit, users' ability to pay, level of benefit and exclusivity the user receives above what a general taxpayer receives. Pricing ensures equity; those who benefit the most should pay the most. Pricing ensures that users pay appropriate fees and available taxpayer funds are used to achieve the optimal return on investment and ensure access to parks and programs.

OBJECTIVES:

This formal pricing policy establishes a comprehensive long-term strategy to address current and future needs of the Vallejo community. The objectives of effective pricing are:

- **Equity**
- **Value**
- **Revenue Production**
- **Efficiency**
- **Revenue Distribution**
- **Assistance**

STRATEGY:

To successfully determine price, the District proposes the following steps:

- Identify/classify programs/services/facilities
- Identify core services
- Identify direct and indirect costs
- Establish cost recovery goals/recovery range
- Identify pricing methods
- Determine price
- Determine market value/benchmarking

CORE SERVICES:

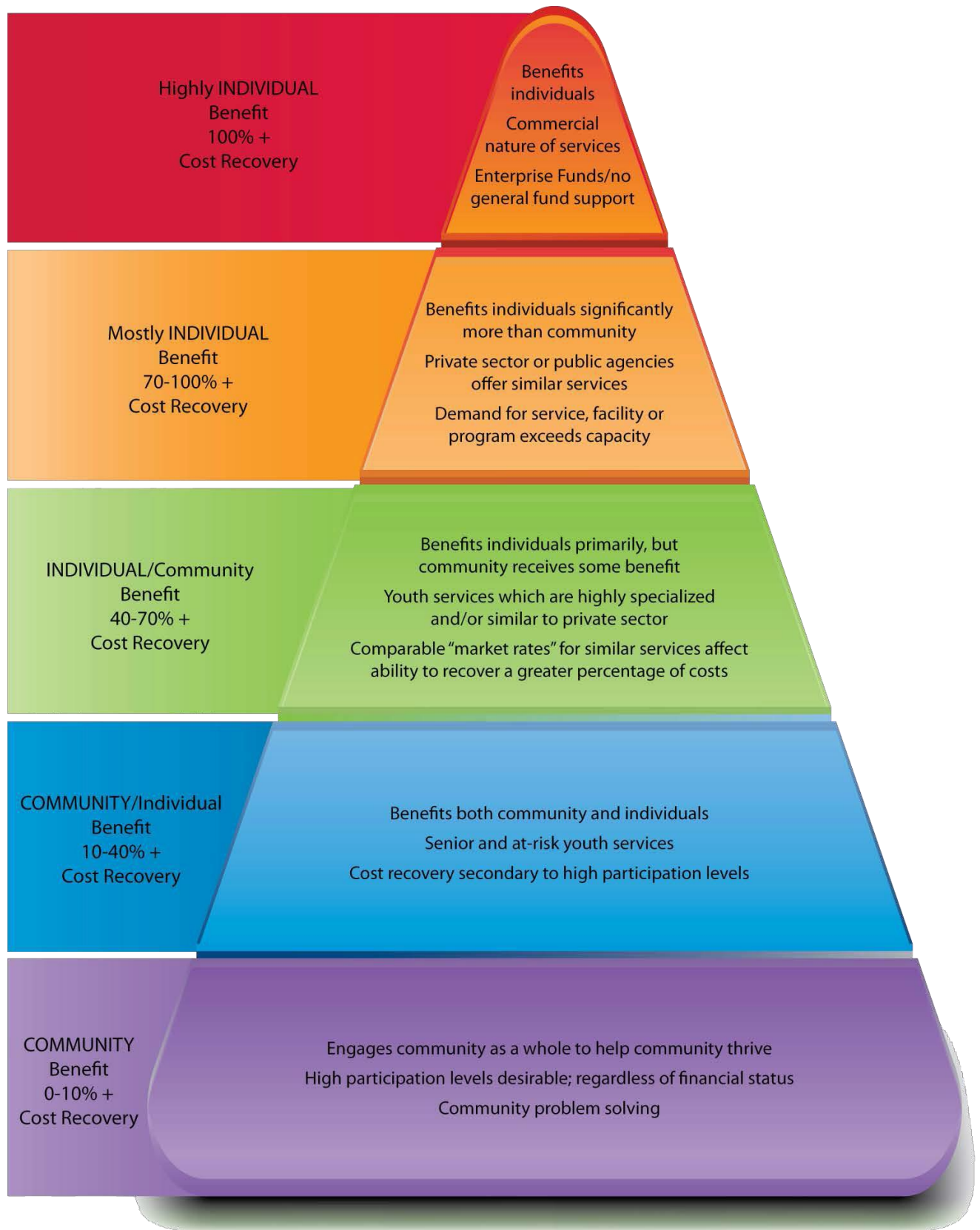
Core services are those which are central and vital to fulfilling our mission. The District has identified the following core services:

- Access to recreation and cultural experiences for all ages, abilities, and demographics
- Existing facilities open, programmed and maintained
- Existing parks maintained and available for community use
- Youth beginning skill development
- Community problem solving
- Community wellness and fitness
- Safe and healthy community
- Parks and facility development
- Preservation of natural resources/open space

The District concentrates on providing and growing core services and continually evaluates the need for non-core services.

TYPE OF USE:

District services are classified into five different categories. The type of service directly determines the cost recovery strategy or pricing methods to be used in the pricing of services and products. The five categories are listed in the pyramid figure that follows.



Conceptually, the base level of the pyramid represents the mainstay of public parks, recreation, and community-based programs. Programs appropriate to higher levels of the pyramid should only be offered when the preceding levels below are full enough to provide a foundation for the next level. This foundation and upward progression is intended to represent the parks and recreation core services, while also reflecting the growth and maturity of an organization as it enhances its program and facility offerings.

The District provides a broad supporting base of core service, enhanced with more specialized services as resources allow.

COMMUNITY Benefit

The foundational level of the pyramid is the largest and includes those programs, facilities and services that benefit the COMMUNITY as a whole. These programs, facilities and services may increase property values, provide safety, address social needs, and enhance quality of life for residents. The community generally expects the District to offer these services and supports paying for these services and facilities through property taxes. These services are offered to residents at a minimal fee or no fee and support the core services of the District. A large percentage of the tax support of the agency would fund this level of the pyramid.

COMMUNITY/Individual Benefit

The second and a smaller level of the pyramid represents programs, facilities and services which promote individual physical and mental well-being and provide recreation skill development. They may have a community benefit but to a smaller group of the community. They are generally the more traditional, expected services and beginner instructional levels. These programs, services and facilities are typically assigned fees based on a specific percentage of direct and indirect costs. Costs are partially offset by both a tax subsidy to account for the COMMUNITY benefit and participant fees to account for the INDIVIDUAL benefit.

INDIVIDUAL/Community Benefit

The third and even smaller level of the pyramid represents services with less of a community benefit which promote individual, physical and mental well-being and provide an intermediate level of recreational skill development. This level provides more INDIVIDUAL benefit and less COMMUNITY benefit and is priced to reflect this. The individual fee recovers more costs or has a higher cost recovery goal than programs and services that fall within the lower levels of the pyramid.

Mostly INDIVIDUAL Benefit

The fourth level of the pyramid represents specialized services generally for specific groups and may have a competitive focus. In this level, programs and services may be priced to recover full cost including all direct and indirect costs.

Highly INDIVIDUAL Benefit

The top level of the pyramid represents activities that are highly individualized and may even fall outside our core services. In this level, programs and services should be priced to recover full cost including all direct and District-wide indirect costs.

COST RECOVERY:

The District sets revenue and expenditure goals annually using criteria set forth in this policy through the budget process approved by the Board of Directors. Programs and services are assigned a cost recovery percentage based on the characteristics outlined below. Programs are evaluated to ensure they fall within the appropriate cost recovery goals.

The District has identified five cost recovery ranges – Very Low, Low, Medium, High and High+ and each service provided by the District is assigned to one of these ranges based on type of use. It is important to note the cost recovery percentages assigned to each service represents what the District would expect to recover under optimal conditions. However, the District's ability to realize these cost recovery percentages may be constrained by a variety of internal and external factors.

These include:

- Market rates and/or competition with other similar service providers
- Equity in opportunity and the ability to pay
- Community sentiment and expectations
- Political and social will
- Negotiations with external parties
- Program/service viability with decreased participation
- Time and demand of facilities and programs
- Sponsorships/partnerships

The difference between the cost and the revenue recovered represents the public investment in providing the service. For example, the *District hosts a Holiday special event that costs \$2000 and collects \$1,000 in fees and sponsorships – the remaining balance of \$1,000 is a District subsidy.*

FACILITIES:

The District maintains a significant inventory of buildings, parks, fields and other facilities. **Basic services** such as the maintenance of safe, clean, attractive parks and buildings, the provision of recreation and parks for the general public, and the preservation and promotion of physical and mental well-being will continue to be supported by taxpayer resources. However, the Department shall prepare and maintain a schedule of fees and charges for **special use of facilities**, those where revenues are necessary to support continued use and individuals pay a fee for the privilege of using the facility to the exclusion of others and without interference.

The District has a variety of facilities available for rent including picnic areas, athletic fields, meeting rooms, pools and community centers. Differential pricing is established for these rentals based on the facility and type of use (i.e. resident, non-profit, non-resident, commercial).

CAPITAL EXPENDITURES:

Capital expenditures are those costs incurred in constructing a facility and in its later modification, renovation, or improvement. For example, a swimming pool may be built, resurfaced, or striped to delineate lanes. Investments in this type of capital have historically been recognized as a benefit to the community as a whole and are borne by the general tax base. In some cases, a portion of fees may be reinvested back into facilities.

DIRECT/INDIRECT COSTS:

Direct costs are those costs which are easily and clearly identifiable to the cost objective (program, service or facility). Indirect costs benefit more than one cost objective and must be allocated proportionally. For example, the instructor fee for a class is a direct cost but the electricity for the building benefits all classes and is an indirect cost. (e.g., it must be allocated among the classes proportionately)

Each District division records the total costs of operations including both direct and indirect costs. In general, these costs can be identified as follows:

Direct

Instructor salaries & benefits
 Part-time employees' salaries & benefits
 Service contracts
 Materials/supplies/equipment
 Field lighting

Indirect

Indirect staffing (administration/supervision)
 Maintenance/custodial
 Capital replacement
 Facility use
 Marketing – advertising & promotion Utilities

The specific direct costs and estimates of indirect costs are recorded on evaluation sheets for each program and service.

In addition to the District indirect costs listed above, Districtwide indirect costs (such as human resources, finance and IT) are recovered from general fund operations.

PRICING METHODS:

The District recognizes that not all cases are “one price fits all” and the pricing policy must be built to recognize the District’s priorities and provide the highest amount of flexibility. Use of comparative pricing accomplishes these goals by permitting the price to fluctuate based on predetermined factors such as optimal conditions or target user group. By incorporating differential pricing methods when appropriate, the policy also allows users to choose what level of service quality or quantity they want and pay accordingly. The District will implement differential pricing by utilizing the following pricing methods:

Primetime & Non-Primetime, Season & Off-Season, Location, Age Segment, Economic Gain, Exclusive Use, Incentives, Move Demand, Resident Status-Resident Discount and Non-Resident Rate

TYPES OF FEES:

Admission Fees, User Fees, Security Deposit, Rental Fees (facility, picnic or field rental, etc.), Permit Fees, Additional Service Fees, Advertising Fees & Sponsorships, Administration Fees, Registration Fees

Setting the Price

While not quite as simple as determining the costs and applying the recovery goal, this is the basic concept behind determining the price. The pricing pyramid assists us in establishing the base level of cost recovery and where the program fits. We then look at our revenue goals and other pricing factors to establish the price for the program. This can be done with the use of a multiplier for each program or through individual analysis. Just as the expenditures and recovery goals vary for each program/service/facility, so does the pricing methods and actual determination of the price. A pricing model is developed for each program/service/facility and assists staff in determining the price.

Pricing model development:

- Step 1: Identify the program, service, or facility. Is this a core service? Do any special circumstances exist?
- Step 2: Determine the actual cost and include direct and indirect costs.
- Step 3: Review the cost recovery range and cost recovery goals to identify the percentage recovery.
- Step 4: Multiply the recover percentage by the total cost to arrive at the recovery amount.
- Step 5: Divide the recovery amount by the minimum number of people required to hold the class or activity.
- Step 6: Adjust the price in accordance with the appropriate pricing methods to establish differential pricing.
- Step 7: Review the price against industry standards, customer expectations and previous experiences.
- Step 8: Set final price.

The pricing of services is a very conscious procedure that requires continual investigation and review by staff. Fees may be adjusted for market conditions and targeted customers as described in the policy. An annual review of fees, per policy is to be reviewed by the Finance Committee. An escalator is recommended to keep fees in line with inflation and rising costs that the district incurs. This should be proposed by the committee and adopted by the Board on a yearly or multiyear length of time. For example, the board could adopt a 2% increase every year for four years, or a 2% increase for one year to be reviewed the next year.

Scholarships

The District wants every resident youth to have an opportunity to participate in parks and recreation programs. The District recognizes that not all customers possess the same ability to pay for our programs, services and facilities. The community benefits from the active participation of targeted demographic groups (youth & seniors) as we foster healthy lifestyles. The District offers a variety of fee and free programs and services to help meet this need through our scholarship assistance program.

Discounts

The District recognizes discounts encourage participation in fee-based programs and are a valuable marketing tool.

New discounts must be approved by the Board when developing the Fee Schedule.

Waiving of fees must be approved by the Board.

Partnerships

Partnerships bring together at least two entities to jointly develop, operate or maintain park and recreation programs, events and facilities and share risk, operational costs, responsibilities, and asset management based on the strengths and weaknesses of each partner. The District may partner with an organization, individual or business to provide a community benefit, create social interaction, raise awareness or raise money to support a core service. The Department evaluates each partnership opportunity in terms of potential benefits, challenges, and drawbacks. When new partnerships are developed, the functions and services of the partnering organizations are recognized and the Department's and the partner's vision, mission and activities are communicated. Additionally, the level of equity commitment required by each partner is identified and agreed to and measurable outcomes for both partners reduction of fees for partnerships is on a case-by-case basis and determined by the General Manager. In regards to Waiving of Fees please refer to Policy 1050-Financial Assistance, Policy 3070- Use of Parks and Facilities, and 3075-Use of Community Centers.

Summary

The District is dedicated to fostering healthy lifestyles and helping the community thrive. The District strives to maintain its reputation for providing safe and well-maintained parks, places, programs and services at a good value to our taxpayers and customers and for preserving and protecting our City's natural resources. The formalization of our pricing policy provides us with a comprehensive long-term strategy to address current and future needs of the Vallejo community and demands upon the District.