

November 10,
2003



CITY COUNCIL STUDY SESSION REPORT

MEETING DATE: November 10, 2003

ITEM NUMBER: Item Number

SUBJECT: Cost Recovery Guidelines for Recreation Classes, Programs and Activities

DATE: October 31, 2003

FROM: Administrative Services/Recreation

PRESENTATION BY: Steven E. Hayman, Administrative Services Director

FOR FURTHER INFORMATION CONTACT: Jana M. Ransom, Recreation Manager, 754-5654

RECOMMENDATION:

The City Council is requested to receive and file this report or provide staff with feedback related to Cost Recovery Program and Guidelines for Fees for Recreation Classes, Programs and Activities.

BACKGROUND:

Council has requested staff bring to a study session an explanation of the criteria used to establish recreation program fees.

Prior to 1997, fees and charges for Costa Mesa's recreation services were generally established by the market (when compared to what other cities were charging) and/or, for contract instructional classes, based upon a split that was intended to recover direct costs and some of the indirect and city overhead costs.

In 1997, City Council and the Parks and Recreation Commission adopted the "City of Costa Mesa Guidelines for Fees for Recreation Classes/Programs/Activities" (Attachment 1). These guidelines established three levels of cost recovery:

- 1) **Heavily Subsidized Activities**, which allow the City to offer programs to the community for free or with minimal fees;
- 2) **Partially Subsidized Activities**, where direct and indirect costs are recovered; and
- 3) **Self-Supported Activities**, where direct, indirect and city support costs are recovered.

In the intervening years, staff have added programs to categories based upon Council decisions (for instance, funding for the Mobile Skatepark program was approved as "heavily subsidized" since this is a free program and therefore no costs are recovered).

With the establishment of the Cost Recovery Guidelines, there is an acknowledgement that certain public recreation opportunities benefit the community as a whole. Parks and

recreation programs help preserve the environment, provide safe, secure and supervised places for children to go during non-school hours, provide opportunities for people of all ages to enrich their lives, learn new skills, relax and refresh themselves. Taken altogether, recreation programs, activities and classes contribute to the well-being of the community as a whole.

In 1999, Council delegated approval of recreation program and activity fees to the Parks and Recreation Commission, giving a more flexible approach to providing recreation classes and programs as well as in making fee adjustments. However, fees for "Sport and recreation facilities use, preparation and lighting," by Municipal Code (CMMC 2-450, Sec. 40, see Attachment 2), remain the purview of City Council to set. Fees for facilities and fields are based upon direct costs and market rates.

There are also a few activities that fall outside of any classification that have been subject to Council review/approval: Job Center registration fees, Community Garden fees, and contract terms and conditions relating to the Senior Center, Tennis Center and Municipal Golf Courses.

In his opinion (99-2, see Attachment 3), then Assistant City Attorney Tom Wood indicated that Proposition 13 and later, Proposition 218, set general legal limitations on setting fees such that they not exceed the reasonable cost to provide the service.

To summarize the fee review process, Council identifies either directly or through the budget process into which category a recreation program, class or activity should fall. Staff then assess costs, apply the Cost Recovery Guidelines, and send a recommendation for approval to the Parks and Recreation Commission. Upon approval, fees are implemented. Parks and Recreation Commission can recommend to City Council that programs, classes or activities be shifted from one category to another. City Council sets facility use fees, lighting fees, and other non-categorized fees. City Council could also delegate setting of use, lighting and other fees based upon the Cost Recovery Guidelines established by the Council to the Parks and Recreation Commission by directing the City Attorney to make draft a resolution to change the Municipal Code. Recreation Division proposed fee increases for fields and facilities will be submitted with all other City user fees and charges to City Council by the Finance Department next month.

ANALYSIS:

In preparation for developing the budget for the coming year, City Manager Allan Roeder requested all departments to review fees and charges to ensure that they were in line with cost recovery guidelines, the market and still made fiscal sense. In concert with Finance Department staff, Recreation Division staff reviewed program costs to ensure that the multipliers currently used for indirect costs (33%) and city administrative support costs (14%) were still relevant and could be applied in the cost recovery formula as a "rule of thumb" in setting fees.

Direct costs: These costs vary by program. They include part time salaries of staff who actually administer a program/class/activity, that portion of the Recreation Coordinator's salary who is assigned to the program, direct cost of materials, internal rent, supplies and other items actually used in the operation of the program. These costs would "go away" if the program were terminated. Costs include instructor or recreation leader staff

time including prep time and set-up/tear-down (by the contractor or City staff), entrance fees, transportation, etc.

Recreation Indirect costs: 33% recovery rate. These costs are used to support all recreational activities. These costs are made up of full time recreation staff salaries, benefits, materials and supplies for Recreation Administration, a portion of the Administrative Services Director's time, the cost of the turf and landscape maintenance contract (mow and blow) of all parks, recreational facilities and school sites under the Joint Use Agreement, and other costs associated with the operation/maintenance of parks and recreational facilities (parks vehicles, supplies, equipment, materials). These costs would NOT "go away" if a single recreational program were terminated. For example, if Program X were terminated, these costs would remain. The parks and facilities would remain and require maintenance and support. However, in the long run, if numerous programs were terminated, these costs would decrease because there would be fewer programs and parks to support.

City Administrative overhead costs: was 14%, Finance has revised to 15% recovery rate. These costs are made up of salaries and benefits for "administrative support divisions" such as Purchasing, Finance, Risk Management, City Clerk, etc, that provide various types of support to Recreation, such as buying supplies, payroll services, contract maintenance, accounts payable and other general City support. These costs would NOT "go away" if a program were to be terminated. For example, if Program X were terminated, these Divisions continue to support the rest of the City operations. In the long the run, these costs would remain mostly the same because the support to Recreation is only part of a much larger support system. The City has over 600 full and part time positions and numerous other functions that would continue such as Police, Fire, Streets, Fleet Maintenance, Code Enforcement, and all other City services.

To determine the **Recreation Division indirect cost multiplier**, all program expenditure budgets were summed and found to total of \$3.8M. 100 per cent of Recreation Administration, 30 per cent of Administrative Services Administration, the contract cost for the park maintenance "mow and blow" contract and the cost for maintenance staff to prep fields was totaled and divided by the program cost. Recreation Staff had been using 33 per cent as the Indirect Cost multiplier and found this factor to still be valid (\$1.2M divided by \$3.8M program costs).

The Finance Department conducted a similar audit and found the **Administrative Support overhead cost** factor to be 15 per cent. This is an increase of 1 per cent from what has been used for the past four years. All fees for programs in the Self Supported category will be adjusted by this amount.

The result of these efforts provides for the following formulas:

Heavily Subsidized classes, programs and activities, are defined as those programs that promote a safe, healthy, and secure community, tend to focus on youth and/or seniors, and/or serve underserved populations. These programs provide both direct benefits to the participants in these programs and indirect benefits to everyone in the community. Programs in this category benefit the community as a whole, engage youth in positive rather than negative or destructive activities, create a water-safe population, and bring the entire collective community out to recreate together. For example, the outcomes from participation in these programs provide youth opportunities to learn healthy and necessary life-skills and be mentored by positive role

models (i.e. playground or teen programs); increase community safety (i.e. aquatic learn-to-swim programs, skate programs); provide multi-generational and inclusive entire community recreational opportunities (i.e. special events and concerts); or focus on target markets that are underserved by other organizations (seniors or teens). These programs are offered for free or for a small fee.

Partially Subsidized are those programs that increase the quality of life in our community, enhance recreation opportunities to the community, and are affordable to the entire community and not just to those who can afford to pay. Though fees are charged to the direct user, these fees are set to recover only the direct cost to provide the program, class or activity. Though participants pay fees that cover direct and indirect costs, the entire community benefits from these programs as they add to the community's overall quality of life and desirability to live, work, and play here. As such, some general fund subsidy is used to offset the costs of the total program.

[Example: cost to run youth class is \$70 for instructor, \$30 for materials = \$100. Multiplied by Indirect Cost factor of 33% = \$33. Total class cost is \$100 + \$33 = \$133. Class fees must be set to, at a minimum, recover this amount. If instructor sets class minimum at 6 students, fee would be \$22 per participant.]

Self-sustaining or self-supported classes, programs and activities are usually, but not always, geared to adults, could be defined as being personal development or self-improvement, may be offered elsewhere in the community by other organizations or businesses, and may be offered as a result of a specific request from the community. Participants are more likely to be able to pay, hence user fees are set to provide for little to no general fund subsidy by covering direct, indirect, and administrative overhead costs.

[Example: cost to run adult class is \$100 for instructor, \$50 for material = \$150. Multiplied by Indirect Cost factor of 33% = \$49.50. Multiplied by Administrative support cost factor of 15% = \$22.50. Total cost for class is \$150 + \$49.50 + \$22.50 = \$222. Instructor sets minimum class size of 4 students, fee would be \$56 per participant.]

Non-resident fees have historically been set at a rate of \$5 per participant per activity higher than resident rates. This year, in keeping with the City Manager's request to review fees, Recreation Division staff will be recommending that where the market rates for non-resident fees are more than \$5 that the market rate be used to set the non-resident rate. Fees still may not exceed the reasonable cost to provide the service.

In October, Recreation staff provided the Parks and Recreation Commission with a review of the Cost Recovery Guidelines and sought their continued endorsement of the programs, activities and classes that were contained within each category. Attachments 4A and 4B show the most recent update of programs, activities and classes in each Cost Recovery Category (4A is current Guidelines, 4B was presented to Parks and Recreation Commission for their recommendation to Council). These changes are:

- Added to Heavily Subsidized category: Mobile Recreation Program, Mobile Skatepark Program and Concerts in the Park;

- Moved from Heavily Subsidized category to Partially Supported category: Teen and Family Nights Out, Teen Camp (Middle School) and Community Garden (see note below);
- Removed from Cost Recovery consideration: Job Center (because the registration fees and subsidy level is set by City Council). Recreation staff were additionally requested to assess whether or not the administration of the Job Center might be better suited to another division or department's oversight. Staff does not recommend any change to this program at this time.

Note: the recommendation to move the Community Garden from the Heavily Subsidized to the Partially Subsidized category was based on staff consideration of raising the fees to offset maintenance costs associated with Community Garden operations. In a subsequent review, staff felt that these fees were more akin to facility fees and, since Council had approved the initial expenditure budget with only the nominal annual fee, additionally felt that this program ought to drop down into the realm of Council Approved Fees and Cost Recovery. This change is noted on Attachment 5, along with the recommendations of the Parks and Recreation Commission, with changes indicated by the shaded areas. This final attachment is the staff recommendation for adoption.

ALTERNATIVES CONSIDERED:

- 1) Direct staff and City Attorney to prepare resolution for City Council consideration to delegate the setting of all recreation-related fees, based upon the Cost Recovery Guidelines established by City Council, to the Parks and Recreation Commission.
- 2) Direct staff to take necessary actions to divest the Parks and Recreation Commission of fee approvals for recreation classes, programs and activities.
- 3) Direct staff to bring the Cost Recovery Guidelines to City Council for annual review at the same time that User Fees and Charges are brought forward by the Finance Department for Council consideration.

FISCAL REVIEW:

Fiscal impact is not currently known at this time, although staff expect a small increase in revenue associated with Self-Supported Classes/Programs/Activities due to increase in Administrative overhead cost multiplier from 14% to 15%. Staff would additionally expect increased revenue from Community Garden fees, Teen Camp and Teen and Family Night Out fees if Council concurs with moving these programs from the Heavily Subsidized category to the Partially Subsidized category. The net effect of these changes is expected to generate less than \$5,000 additional revenue to the City's General Fund. Actual fee increases will be proposed through the Finance Department's Council item, "User Fees and Charges," which will be brought to the Council in the next month.

LEGAL REVIEW:

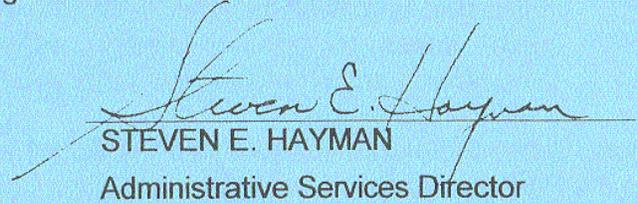
Not needed – see attached opinion, 99-2 (Attachment 4)

CONCLUSION:

Council is asked to receive and file this report or to direct staff actions with respect to the Cost Recovery Guidelines and setting of recreation-related fees.



JANA M. RANSOM
Recreation Manager



STEVEN E. HAYMAN
Administrative Services Director

DISTRIBUTION: Parks and Recreation Commission
City Manager
Recreation Supervisors and Analyst
Budget and Research Officer

ATTACHMENTS: 1 Cost Recovery Program for Recreation Activities
2 Costa Mesa Municipal Code
3 City Attorney Opinion 99-2
4 New Cost Recovery Program Guidelines (A –
current) (B – With Parks and Recreation
Commission changes)
5 Proposed Cost Recovery Guidelines

File Name Cost Recovery Council Report

**PROPOSED COST RECOVERY PROGRAM
FOR FEE-BASED ACTIVITIES**

Attachment 1
Original (1997)
Cost Recovery Chart

SUBSTANTIALLY-SUPPORTED ACTIVITIES

To promote a safe, healthy and secure community; emphasis on youth and/or senior activities; target under-served populations *

PARTIALLY-SUPPORTED ACTIVITIES

To promote economic activities; increase quality of life; enhance opportunities available to participants *

SELF-SUPPORTED ACTIVITIES

Developed for and marketed to adults; defined as personal development; and while may be available elsewhere, offering is based on community request *

After School Playgrounds

Day Camp

Contract Classes
-Adults

Youth Sports

Early Childhood

Adult Sports Leagues

Learn to Swim

Contract Classes
for youth

Excursions for
Adults

Jobs Center

Athletic Fields

Adult Recreation

Senior Center

Open Gyms

Special Events

Excursions for Youth
and Families

Community Safety/
Education

Department Target
RECOVERY of
up to 100% of
Direct Cost

Department Target
RECOVERY of 100%
of Direct and Indirect
Cost

Department Target
RECOVERY of
100% of Direct, In-
direct and Depart-
ment overhead cost

* Activities listed meet one or more of these criteria

Note: Overall target recovery for fee-based programs not less than 65% of all fee based activities

Sec. 2-450. Established.

In addition to such other fees as are currently established by statute and by other provisions of this Code, the following additional regulatory fees shall be set by city council resolution in keeping with the city's police power authority:

- (1) Animal control fees;
 - Boarding fees;
 - Impound fees;
 - Vaccination fees;
- (2) Fees for investigating complaints regarding bad checks;
- (3) Fees charged to driver causing DUI accidents including police patrol and response, fire response and control, and support for foregoing;
- (4) Emergency medical aid;
- (5) Jail booking fees;
- (6) Development agreement annual review;
- (7) Continued public hearing;
- (8) Zoning administrator time extension;
- (9) Planning action time extension;
- (10) Conditional use permit, renewal;
- (11) Zoning administrator appeal;
- (12) Rehearing, city council;
- (13) Research fee;
- (14) Street banner permit;
- (15) Street closure permit;
- (16) Video tape copying;
- (17) Certificate of public convenience of necessity, renewal;

- (18) Temporary vendor permit;
- (19) Registrant, drug or sex offender;
- (20) Correction citation;
- (21) Vehicle impound storage, public and private;
- (22) Paramedic, nonresident, basic and advanced;
- (23) Fire clearance inspection;
- (24) Vacation or abandonment of right-of-way;
- (25) Public right-of-way inspection;
- (26) Job center processing fee;
- (27) Certification of documents;
- (28) Path-of-travel disability access;
- (29) Development agreement annual review;
- (30) Continued public hearings;
- (31) Zoning administration time extension;
- (32) Planning action time extension;
- (33) Conditional use permit renewal;
- (34) Zoning administrator appeal;
- (35) Rehearing by city council;
- (36) Flood insurance letter;
- (37) Special event permit;
- (38) Access appeal;
- (39) Building, fire, housing appeal;
- (40) Sport and recreation facilities use, preparation and lighting;
- (41) Videotaping of event;

- (42) Rehearing/appeal--All decisions;
- (43) Rehearing/appeal--Single-family residential;
- (44) Zoning confirmation letter;
- (45) Minor CUP renewal;
- (46) Reciprocity--Certificate of public convenience;
- (47) Reciprocity--Renewal certificate of public convenience;
- (48) Hazardous materials disclosure program;
- (49) Risk management plan review; and
- (50) Late fees for permit processing.

(Ord. No. 89-18, § 2, 7-17-89; Ord. No. 94-4, § 14, 3-7-94; Ord. No. 95-16, § 1, 10-2-95; Ord. No. 97-1, § 1, 2-18-97; Ord. No. 98-1, § 1, 1-19-98)



CITY OF COSTA MESA

OFFICE OF THE CITY ATTORNEY

77 FAIR DRIVE P.O. BOX 1200 CALIFORNIA 92628-1200

Attachment 3
City Attorney's Opinion 99-2

CITY ATTORNEY'S
OPINION NO. 99-2
March 18, 1999

OPINION RE:
PROCEDURE FOR ESTABLISHING RECREATION CLASS FEES

Keith Van Holt
Community Services Director
City of Costa Mesa
77 Fair Drive
Costa Mesa, California 91616

Dear Mr. Van Holt:

You have asked for an analysis of the procedures used by the City to establish fees for recreation classes offered to the public. Presently, the fees are set once a year by the City Council after a noticed public hearing at which the Council adopts a resolution containing a schedule of user fees and charges for the next year. This office has completed our analysis and issues this opinion.

Summary Conclusion

There is no legal requirement that the fees for recreation classes offered by your department be set by the City Council after a noticed public hearing. The Council has the discretion to continue setting these fees the way it has been doing, or to require that these fees be set by someone else, e.g., you as Department Director, the Parks, Recreation, Facilities and Parkways Commission, or some other designee. The general legal limitation on such fees is that the amount of the fee not exceed the reasonable costs to provide the services.

DISCUSSION

State Law:

There are State law restrictions governing how certain fees and charges may be adopted by a city. The major restriction arose out of the public's general concern with the amount of taxes and the "high the cost of government." This resulted in the voters' enactment of Proposition 13 in 1978 and more recently Proposition 218. These laws place restrictions on the amount of taxes and require voter approval for new taxes. As part of this effort to control government spending, the state Legislature enacted a law that makes the voter approval requirement apply to any fee or charge adopted by a city IF the fee or charge exceeds the cost of providing the service involved. (Gov. Code §§ 50076 and 66014) This law, in effect, invalidates any fee which exceeds the cost of the service provided (assuming there was no actual voter approval of the fee). This restriction does apply to fees charged for the City's Recreation classes offered to the public.

CITY OF COSTA MESA
CITY ATTORNEY'S
OPINION NO. 99-2
March 18, 1999

In 1996 Proposition 218 was adopted by the voters. It contains an express prohibition that certain "fees and charges" may not exceed the cost of providing the services involved. (Cal. Const. Article XIII D § 6(b)(3).) However, this restriction only applies to fees and charges which are "property related." (*Id.* § 2(e).) Therefore, this prohibition does not apply to the Recreation class fees because such fees are not related to property.

Another group of State law requirements governing fees is found in that part of the Government Code containing the Planning and Zoning Law. (See Gov. Code Title 7, §§ 66000 through 66037.) Some of these provisions require that there be a noticed public hearing before certain fees can be enacted or increased. The noticed public hearing that the City Council holds before adopting each year's new schedule of user fees and charges complies with these requirements. Basically, the kinds of fees covered by these provisions have something to do with the development or use of land. For example, § 66001 deals with development impact fees, and § 66014 deals with processing fees for applications for zoning changes, use permits, variances and similar approvals regarding land use.

Section 66016 requires that before a city can adopt certain specifically identified fees it must hold a noticed public meeting and make available to the public information showing the proposed fees do not exceed costs. The list of fees identified in this section includes such fees as Specific Plan fees, processing fees for use permits, zoning variances, processing fees for subdivision maps, fees for building records, etc. The list does not include any category that would include Recreation class fees.

Section 66018 appears to be a catch-all section. Because it is broadly written, it seems to require a noticed public hearing for any fees for which there are no specifically required notice requirements in the state codes. The question then is whether this section would apply to the Recreation class fees. After researching its history and context, I have concluded that this section was not intended to apply to Recreation class fees. First, the section appears in the Planning and Zoning Law which is evidence that the topics intended to be covered have to do with planning and zoning. Also, this section used to be located in another part of the Government Code. When the Legislature moved it in 1990 to become the present § 66018, the Legislature's attorney stated in his required summary of the purpose of the change:

"Under existing law, there are various limitations and procedural requirements applicable to the imposition by local governmental agencies of fees and exactions on real property and development This bill would consolidate certain of these provisions of existing law without substantial change" (See, Stat. of 1990, chap. 1572)

Based upon this explanation by the Legislative Counsel, it shows that the Legislature was moving (i.e., in effect, renumbering to "§ 66018") a code section dealing with "fees and exactions on real property and development." Therefore, section 66018 should not be interpreted to apply to fees that do not deal with real property and development, like the City's Recreation class fees. These class fees can be adopted without complying with this section.

CITY ATTORNEY'S
OPINION NO. 99-2
March 18, 1999

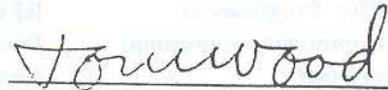
City Law:

Although there is no State law requirement that Recreation class fees can be adopted only after a publicly noticed hearing, the City's own regulations establish some procedural requirements for adopting certain specified fees. Costa Mesa's Municipal Code requires that certain City fees must be set by Council resolution. The list specifies some fees that are administered by the Community Services Department, e.g., fees for "Sport and recreation facilities use, preparation, and lighting." (See CMMC § 2-450(40).) So these latter fees must be adopted by Council resolution. The list *does not include* fees for Recreation classes, so these class fees are not required to be adopted by the Council.

CONCLUSION

Based upon the above analysis, there is no legal requirement that the City Council must hold a noticed public hearing before adopting Recreation class fees. The provision in § 66016(c) which prohibits a Council from delegating the responsibility of setting fees does not apply to Recreation fees because they are not in the list of specified fees covered by that section. Please note that this report supersedes the earlier memorandum dated January 12, 1998, done by this office on this same subject.

Inquiries were made of several other cities to see how their Recreation class fees are set. As you know, Mayor pro tem Cowan has stated that the City Council in Irvine does not set these fees. The City Attorney of Tustin said that its class fees were not set by the Council. Carol Jacobs learned that the Newport Parks Commission sets these fees in Newport, unless there is some controversy in which case the fee goes to the Council; and in Huntington Beach the Council sets all fees.



Tom Wood
Assistant City Attorney

REVIEWED AND CONCUR:


Jerry Scheer, City Attorney

TCW:pb

c: City Council
Allan Roeder
Marc Puckett

**CITY OF COSTA MESA
PROPOSED COST RECOVERY PROGRAM
FOR RECREATION ACTIVITIES**

<u>HEAVILY-SUBSIDIZED ACTIVITIES</u>	<u>PARTIALLY-SUBSIDIZED ACTIVITIES</u>	<u>SELF-SUPPORTED ACTIVITIES</u>	<u>FACILITY ACTIVITIES</u>
<i>To promote a safe, healthy and secure community; emphasis on youth and/or senior activities; target under-served populations *</i>	<i>To promote affordable activities; increase quality of life; enhance opportunities available to participants*</i>	<i>Developed for and marketed to adults; defined as personal development; and while may be available based on community request*</i>	<i>To provide facilities to the community at a reasonable cost compared similar facilities.</i>
Afterschool Playgrounds Youth Sports Aquatics Job Center Senior Citizens Community Garden Early Childhood Program	Instructional Classes for Youth Open Gym Day Camp	Instructional Classes for Adults Adult Sport Leagues Excursions for Adults	Neighborhood Community Center Downtown Community Center Balearic Community Center Athletic Field Rentals Parks
<u>Department Target</u> To offer Programs to the Community at minimal or zero cost	<u>Department Target</u> RECOVERY of Direct and Indirect cost	<u>Department Target</u> RECOVERY of Direct, Indirect and Administrative cost	<u>Department Target</u> RECOVERY of Activity costs based on market rates

Direct cost is staff support directly related to the program plus the appropriate benefit rates.

Indirect costs are added to the direct cost at a 33% rate.

Administrative costs are added at a 14% rate.

Activities listed meet one or more of these criteria.

Revised on 12/30/97

EXHIBIT "B"
(continued)

**CITY OF COSTA MESA
GUIDELINES FOR FEES FOR COMMUNITY SERVICES
PROGRAMS/ACTIVITIES**

To provide the flexibility necessary to operate fee-based programs in an entrepreneurial manner, allowing for the elimination and replacement of programs that are not performing well or to take advantage of rapidly changing and/or emerging markets, the following guidelines will be used in developing Community Services fees.

I. RESIDENT FEES

Fees for resident users of the City of Costa Mesa Community Services fee-based activities and services such as those itemized on the approved list of Community Services Fees and Charges shall be set to meet the following goals:

Heavily-Subsidized Activities

To offer programs to the community at a minimal or zero cost
After School Playgrounds, Youth Sports, Aquatics, Jobs Center, Senior Citizens, Community Garden, and Early Childhood Program

Partially-Subsidized Activities

To recover direct and indirect costs
Neighborhood Community Center, Downtown Community Center, Balearic Center, Instructional Classes for Youth, Open Gym, Day Camp

Self-Supported Activities

To recover direct, indirect, and administrative costs
Contract Classes for Adults, Adult Sports Leagues, and Excursions for Adults

Facility Activities

To recover activity costs based on market rates
Neighborhood Community Center, Downtown Community Center, Balearic Community Center
Athletic Field rentals, and Park Fees.

II. FEES TO NON-RESIDENTS

Fees for non-resident users of the City of Costa Mesa Community Services fee-based activities and services such as those itemized on the approved list of Community Services Fees and Charges shall recover an administrative cost of \$5 per participant per activity in addition to the Resident Fees. The total fee paid shall not result in cost recovery exceeding the Self-Supported Cost Level.

Agenda Item IX-3

CITY OF COSTA MESA
CITY ATTORNEY'S OFFICE
INTEROFFICE MEMORANDUM

To: City Council
From:  Jerry Scheer, City Attorney
Date: April 5, 1999
Subject: Recreation Fees

Should the City Council approve the action recommended by the Community Services Department, this office requests that the Community Services Department, with the assistance of this office, be directed to prepare and return to Council a proposed amendment to the Costa Mesa Municipal Code § 12-56 which is consistent with said Council direction.

JAS:pb

c: Allan Roeder
Keith Van Holt

**City of Costa Mesa
COST RECOVERY PROGRAM FOR RECREATION ACTIVITIES**

**HEAVILY
SUBSIDIZED
ACTIVITIES**

*To promote a safe, healthy and secure community; emphasis on youth and/or senior activities; target under-served populations **

**PARTIALLY
SUNSIDIZED
ACTIVITIES**

*To promote affordable activities; increase quality of life; enhance opportunities available to participants **

**SELF-
SUPPORTED
ACTIVITIES**

*Developed for and/or marketed to adults; are sometimes defined as personal development; may be available elsewhere; offering may be based on community request **

* Activities listed meet one or more of these criteria

-
- | | | |
|---|--|---|
| <ul style="list-style-type: none"> - Playground Program - Youth Sports - Aquatics - Job Center - Senior Citizens - Community Garden - Teen Camp (Middle School youth) - Teen Drop-In Programs - Teen Day/Night Out programs - Family Night Out programs | <ul style="list-style-type: none"> - Neighborhood Community Center - Downtown Recreation Center - Balearic Community Center - Instructional Classes for youth - Athletic Field Rentals - Open Gyms - Day Camp (school-age youth) - Cheer Camp (school-age youth) - Early Childhood Program -Tennis - Kid's Night Out programs | <ul style="list-style-type: none"> - Instructional Classes for Adults - Adult Sports - Excursions for Adults - Birthday Party Packages (for children) |
|---|--|---|
-

**Department Target
To offer programs to the community at minimal or zero cost**

**Department Target
RECOVERY of Direct and Indirect cost**

**Department Target
RECOVERY of Direct, Indirect and Administrative cost**

- Direct cost is staff support & costs directly related to the program, plus the appropriate benefit rates.
- Indirect costs are added to the Direct Cost at an additional 33% rate.
- Administrative costs are added to the Direct and indirect costs at an additional 14% rate.

City of Costa Mesa COST RECOVERY PROGRAM FOR RECREATION ACTIVITIES

**HEAVILY
SUBSIDIZED
ACTIVITIES**

*To promote a safe, healthy and secure community; emphasis on youth and/or senior activities; target under-served populations **

**PARTIALLY
SUBSIDIZED
ACTIVITIES**

*To promote affordable activities; increase quality of life; enhance opportunities available to participants **

**SELF-
SUPPORTED
ACTIVITIES**

*Developed for and/or marketed to adults; are sometimes defined as personal development; may be available elsewhere; offering may be based on community request **

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-
- | | | |
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| <ul style="list-style-type: none"> - Playground Program - Youth Sports - Aquatics - Job Center - Senior Citizens - Community Garden - Teen Camp (Middle School youth) - Teen Drop-In Programs - Teen Day/Night Out programs - Family Night Out programs | <ul style="list-style-type: none"> - Neighborhood Community Center - Downtown Recreation Center - Balearic Community Center - Instructional Classes for youth - Athletic Field Rentals - Open Gyms - Day Camp (school-age youth) - Cheer Camp (school-age youth) - Early Childhood Program -Tennis - Kid's Night Out programs | <ul style="list-style-type: none"> - Instructional Classes for Adults - Adult Sports - Excursions for Adults - Birthday Packages (for children) |
|---|--|---|

New Additions:

- Mobile Recreation
- Concerts in the Park
- Mobile Skate Park

**Department Target
To offer programs to the community at minimal or zero cost**

**Department Target
RECOVERY of Direct and Indirect cost**

**Department Target
RECOVERY of Direct, Indirect and Administrative cost**

- Direct cost is staff support & costs directly related to the program, plus the appropriate benefit rates.
- Indirect costs are added to the Direct Cost at an additional 33% rate.
- Administrative costs are added to the Direct and indirect costs at an additional 14% rate.

City of Costa Mesa
**PROPOSED COST RECOVERY GUIDELINES
FOR RECREATION CLASSES, PROGRAMS AND ACTIVITY FEES**

To provide the flexibility necessary to operate fee-based programs in an entrepreneurial manner and in emerging markets, the following guidelines will be used in developing Recreation Division program fees.

RESIDENT FEES

Fees for resident users of the City of Costa Mesa Recreation Division fee-based activities and services, such as those itemized on the approved list of Recreation Division Fees and Charges, shall be set to meet the following goals:

Heavily Subsidized Activities: To offer programs to the community at minimal or no participation fee.

Partially Subsidized Activities: Recover direct and indirect costs.

Self-Supported Activities: Recover direct, indirect, and administrative costs.

- Direct costs include staff support & costs directly related to the program, including appropriate benefit rates.
- Indirect costs include Department costs at an additional 33% rate.
- Administrative costs include City costs at an additional 15% rate.

HEAVILY SUBSIDIZED ACTIVITIES	PARTIALLY SUBSIDIZED ACTIVITIES	SELF-SUPPORTED ACTIVITIES
<i>Programs offered at minimal or no participation fee</i>	<i>Recovery of Direct and Indirect Costs</i>	<i>Recovery of Direct, Indirect and Administrative Costs</i>
Playground Program Youth Sports Aquatics Teen Drop-In Programs Mobile Recreation Concerts In The Parks Mobile Skate Park Special Events	Youth Instructional Classes Adult Open Gym Day Camp for School-Aged Children Cheer Camp for School-Aged Children Early Childhood Program Kid's Night/Day Out Programs Teen Camp for Middle School Aged Youth Teen Day/Night Out Programs Family Night Out Programs	Adult Instructional Classes Adult Sports Adult Excursions Youth Birthday Party Packages
Promote a safe, healthy and secure community with emphasis on youth and/or senior activities. Target underserved populations.*	Promote affordable activities. Increase the quality of life. Enhance opportunities available to participants.*	Developed for adults. Can be defined as personal development. May be available elsewhere. Offering based on community request or hot topic.*

*Activities meet one or more of these criteria

COUNCIL APPROVED FEES & COST RECOVERY – the below programs/facilities fall outside consideration of Cost Recovery Guidelines:

- | | | |
|-------------------------------|--|-------------------|
| Balearic Community Center | Commissions and Council-Appointed Committees | Senior Center |
| Downtown Recreation Center | City Celebration | Job Center |
| Neighborhood Community Center | Special Event Support | Community Gardens |
| Athletic Sports Field Rentals | Tennis Center/Programs | |