

City of Duluth Policy for Setting Recreation Program Fees

Introduction

The City of Duluth will implement the following policy for setting park program fees and discounting those fees in cases of financial need. The policy is intended to balance the City of Duluth's interest in lowering financial barriers to program participation with its interest in generating revenues to sustain and grow programs. The Parks and Recreation Division will set fees and charges according to this policy. In no case will a program fee exceed the cost the City expects to incur to provide the program.

Why the Policy is Important

- To establish and communicate a defensible explanation and rationale for park program fees.
- To demonstrate consistency and uniformity in the establishment of park program pricing.
- To lower financial barriers to participation in park programs.
- To generate revenues to sustain and grow park programs.

The City of Duluth Model for Setting Park Program Fees to Recover Program Costs

The City of Duluth will seek to set fees to recover a variable portion of park program costs based on the breadth of community benefit associated with different program types and the centrality of those program types to the Parks and Recreation mission. Program types are placed in one of five tiers ranging from tier one programs central to the parks mission that benefit the community as a whole to tier five programs at the periphery of the mission that mostly benefit small groups of individuals with specialized interests. Tier one program fees will be set lower to recover a lower portion of program costs. Tier five fees will be set higher to recovery a higher portion of program costs. Each program will be placed within the five-tier system and a cost recovery range will be assigned to that tier.

- Tier One: Mostly Community Benefit: Programs that benefit the community as a whole, address social needs, and enhance quality of life for residents.
- Tier Two: Considerable Community Benefit: Programs that promote individual physical and mental well-being, and may begin to provide skill development.
- Tier Three: Balanced Benefit to both Community and Individual: Programs that promote individual physical and mental well-being, and provide an intermediate level of skill development.
- Tier Four: Considerable Individual Benefit: Specialized programs generally for specific groups, and those which may have a competitive focus.
- Tier Five: Mostly Individual Benefit: Programs which may be in the same market space as the private sector or may be peripheral to the mission.

Exhibit A

Cost Recovery Guidelines, Descriptions, and Definitions

Direct Cost is defined as any expenditure directly related to the operation of the service or program.

- All associated staffing costs including benefits, all supply costs, and all service costs.

Indirect Cost is defined as any costs other than capital expenses not applied to direct costs.

- Utilities, maintenance, custodial, administration, and fleet costs.

Assigned Cost Recovery Goals for Parks and Recreation Programs

- Tier 1: Mostly Community Benefit. These programs are mostly community benefit. These programs are targeted to recover 0% to 10% of direct costs.
 - Community-wide events and programs offered on an annual basis such as special events, general family adult and youth community based programming.
 - Included but not limited to: Chester Bowl concert series, Parks Day, Wednesday night open skate, etc.
- Tier 2: Considerable Community Benefit. These programs are primarily a community benefit, with minimal to partial fee support. These programs are targeted to recover 10% to 50% of direct costs.
 - Community-wide programs on an informal basis, interpretive programs, beginning level instructional programs and classes.
 - Included but not limited to: Beginning level instructional programs and classes, interpretive and education programs, specialized recreation opportunities.
- Tier 3: Balanced Benefit. These programs provide a balance of community and individual benefit and are primarily fee supported. These programs are targeted to recover a minimum of 50% of direct costs.
 - These could consist of classes, programs, workshops, and clinics –multi-Level group recreational and/or instructional programs and activities.
 - Includes but not limited to: instructed classes, sport leagues, recreational day camps, contracted programs, etc.
- Tier 4: Considerable Individual Benefit. These programs have high individual benefit and should incur minimal subsidy. These programs are targeted to recover minimum of 90% of direct costs.
 - Included but not limited to: Specialty classes, etc.
- Tier 5: Mostly Individual Benefit. These programs are for individual benefit and should incur minimal to no subsidy in the form of tax dollars. These programs are targeted to recover 100% of all direct costs and a minimum of 10% indirect costs.
 - Private/Semi-Private program/lesson.
 - Included but not limited to: Private bike lesson, etc.

Exhibit A

Financial Assistance Policy

The goal of the fee assistance policy is to lower financial barriers to participation in park programs for Duluth residents in financial need. Eligibility for the program is determined by completing an application and verifying City of Duluth residency. Qualified household members will be eligible to receive a discounted price on Parks and Recreation program fees. The discount is valid for the calendar year in which citizens applied and applicants must reapply for fee assistance each year. To qualify for assistance, applicants must affirm, one, that they are Duluth residents, and, two, that they are receiving, or are eligible for, one of the following benefits:

- School Free and reduced lunch program
- Housing Authority (HUD) Section 8 Rent Subsidy
- Medicare or Medicaid
- County financial assistance (SNAP, Emergency or Medical Assistance, Unemployment)
- Social Security Disability

Fee assistance provides a financial benefit for families by reducing recreation program fees 100 percent off on 2 qualifying programs per household member per year. One member of the household must meet one of the above criteria for everyone in the household to be eligible to receive financial assistance. There is a limit of \$300 per person per year. Fee assistance is not eligible for facility rentals.

Conclusion

The primary goal of the policy for setting recreation program fees is to establish and keep organizational sustainability through a pricing philosophy that supports the core values and mission of the Department.

Duluth Parks and Recreation will establish fees based on cost recovery targets and tier placement. However, particular consideration will also be given to demand, market conditions, and industry trends to ensure the continuation of the program or service.

