

COMPREHENSIVE REVENUE PLAN

The City of Tulsa Parks and Recreation Department offers diversified leisure services to its citizens. Historically, these services have been financed by appropriation of tax dollars from the City's general fund and from general obligation bonds. Generally speaking, City of Tulsa residents pay for their parks, programs and facilities primarily through taxation. Tulsa's growing population has increased demand for new, expanded and more diversified services. Additionally, the cost of land and capital projects have increased, as have operational expenses, and it has become increasingly important to place a greater emphasis on generating non-tax revenues. Alternative sources of revenue are becoming critical for the operation of parks and facilities. Sources of funds other than local taxes include:

- Contracts and user agreements
- Concessions and leases
- Grants
- Gifts and bequests
- Fees and Charges
- Sponsorships

FEE PHILOSOPHY

Fees shall be charged to the general public, individuals and groups, to the extent reasonable to recover all, or a portion of, direct and/or indirect costs associated with the delivery of programs, services or events. Excluded fees considered by this policy shall be the programs, services or events determined to be basic in nature and thus available to all citizens.

The purposes of generating fees shall be to obtain revenue to supplement or completely replace maintenance and operational costs, reduce the programs' impact on the General Fund, control area visitation, repay capital investments, enable the department to provide facilities or programs for which funds might not otherwise be available, and in some cases, to provide sufficient revenue to cover costs and provide surplus revenue for expansion of programs and services.

THE BENEFITS OF CHARGING FEES

Tulsa residents benefit when participating in leisure activities. The Tulsa Park and Recreation Department provides opportunities for living, learning and leading a full and productive life as well as avenues for purpose, pleasure, health and well-being. Benefits include personal development and growth, improving physical and mental health, developing creativity and adaptability, and an improved quality of life.

The Tulsa community benefits by creating opportunities to live and interact with families, work groups, and neighbors. Illustrations of these benefits include providing youth positive alternatives for their leisure time; promoting ethnic and cultural understanding and harmony; supporting youth, elderly and disabled populations; and developing strong, vital and involved neighborhoods.

The Park and Recreation Department also includes environmental benefits by providing and preserving parks and open spaces, enhancing the desirability of an area as well as contributing to the safety and health of our residents. Benefits include preservation of open space, improved air quality, safeguarding plant and animal life, and providing accessible places to enjoy nature and self-directed activities.

Numerous economic benefits are derived from having adequate parks and recreation programs and facilities. Benefits include increased property values, enhanced community desirability for corporate movement or relocation to the City, attractiveness for special events or other revenue generators, and healthy individuals create a more productive workforce with reduced health care costs.

POLICY

The revenue policy establishes a cost recovery procedure for recreation programs, events and rentals. It is to be used as a guideline for developing recreation program budgets and establishing fees to be charged for recreation activities.

AUTHORITY, RESPONSIBILITY AND POLICY STATEMENT

The 1989 Amended Charter of the City of Tulsa, Article 5, Sec. 3.7c, describes one of the duties of the Park and Recreation Board as follows:

“Fix fees and charges for the use of the park and recreation facilities, subject to the approval of the City Council.” It is the policy of the Park and Recreation Board that the Park and Recreation Department prepares and maintains a schedule of fees and charges for those facilities and programs where revenues are necessary or desirable to support their continuation, or to support the initiation of new programs.

All fee schedules shall be reviewed on an annual basis by appropriate staff and submitted to the Park and Recreation Director. Any fee increase over 10% shall be submitted to the Park Board for review, followed by approval by the Mayor and the City Council prior to implementation. Fees and charges for contractual operations and user agreements with the Park and Recreation Department shall be recommended by the Park Director and subject to approval from the Legal Department, Assets Management Department and the Mayor.

PRICING POLICY GUIDING PRINCIPLES

The Park and Recreation pricing policy is based on fundamental principles that guide development:

- Present day economic reality and limited funding make it necessary to recover at least a portion of the costs incurred in providing park and recreation services.
- Development of a policy is a necessary step in creating a comprehensive fee structure for services provided. The policy must be clear, equitable and understandable so that department staff can explain it and customers may make informed choices about utilizing the department as a service provider.
- While all City of Tulsa residents pay various taxes to support the General Fund, individual taxpayers may benefit in varying degrees from the services provided. Who benefits from a service, the community in general or the individual/group receiving the service, is a key determinant in pricing services. As service benefits become more individualized, it is appropriate to assign higher levels of cost recovery to those who benefit from the service.

- Patrons who utilize public recreation facilities for commercial gain will incur fees and charges higher than non-commercial users. This pricing practice assigns the cost of services to those who benefit from the use of City facilities and eliminates taxpayer support. These charges may be comparable to the prevailing private/commercial market rate in order to promote private sector facility use.

This policy recognizes there are other intangible benefits from the use of a fair and equitable system of fees and charges. Examples are:

- Paying even a modest fee appears to give the participant a "pride-of-ownership" feeling and a greater sense of appreciation for and commitment to the service or activity.
- Fees and charges tend to reduce the frequency of vandalism and promote a sense of ownership.
- Charging an admission or a service fee may have the effect of controlling use of the park or facility.

DEFINITIONS

The following definitions are provided to clarify the meaning of terms used with the types of fees and charges within this policy document:

Admission Fees: Fees to enter a building or enclosed structure or facility.

Formula-based Fees: Fees established using a predetermined formula approved by the Director. Cost factors used in the formula may include program staffing, administration, registration, supply and facility costs.

License and Permit Fees: Fees to obtain written consent to perform some lawful action, typically after permission has been granted by the Department.

Membership Fees: Charges that entitle individuals to participate in a program for a predetermined duration.

Nominal Fees: A nominal fee is intended to recover a portion of the costs associated with a basic service, as in a material fee for an art class.

Non-Profit Organization Fee: A fee available only to non-profit organizations with Internal Revenue Service 501(C) (3) tax-exempt status.

Pass Fees: Charges that entitle individuals to multiple uses of a facility for a predetermined number or duration.

Rental Fees: Payments made for exclusive use of park property of any kind.

Sales Revenue: Revenue obtained from the operation of concessions, and from the sale of merchandise and other property.

Special Service Fees: Fees for services that may not be considered standard or routine functions of the Department.

Alternative Revenues: Revenue sources other than operating revenues. These revenues may include but are not limited to gifts, sponsorships, donations and grants.

Contractual Revenues: Revenue from vending contracts, leases and management agreements.

Operating Revenues: Revenue derived from Department operations.

Direct Costs: Those costs that can be directly and exclusively attributed or assigned to a specific service.

Full Costs: Both the direct costs and a pro-rata share of the indirect costs that can be attributed to a specific service.

Indirect Costs: Those costs that can be attributed to more than one (1) program or service and are not generally a part of the user's direct experience. These costs may be somewhat constant or "fixed" regardless of the level of program participation or facility usage. Examples would include program administration and supervisory staff salaries, departmental administrative staff salaries and costs for a facility or vehicle used for different programs.

Cost Recovery: To recover the cost of providing a particular service through fees, charges or some other funding source other than the general fund. The level of cost recovery will vary depending upon the program or service.

Department Co-Sponsored: Services that are organized, promoted, and conducted in part by Department staff and in part by an outside agency, organization or individual(s) and are the negotiated responsibility of both parties as defined by a contract or letter of agreement.

Department Sponsored: Services that are organized, promoted, and conducted by the City of Tulsa Parks and Recreation Department.

Department Facilitated: Services that are organized, promoted, and conducted by an outside agency, organization, or individual(s) with limited assistance from Department staff. These services are the responsibility of the outside group. Department involvement includes permission to use a Department facility or promotional assistance. Normally a user agreement defines these levels of service.

Director: The Director of Parks and Recreation or his or her designee.

Service: Any program, class, event, activity or rental opportunity provided by the Department.

Special Facility: Also called a revenue-based facility. These facilities are approved and constructed with the understanding that all or a major portion of the construction and/or operating costs will be recovered through the collection of user fees and charges.

GUIDELINES

Public funds should be used to finance basic Park and Recreation services. Basic services and facilities should be available to the public at no charge and should be supported totally from general fund monies appropriated for that purpose, or from a source independent of these funds, such as corporate sponsorships or donated funds. Where possible or desirable, appropriate fees shall be charged for non-basic services and facilities when one or more of the following factors exist:

Cost per user-hour of the service or the facility is high. This may be so where:

- The service uses consumable materials;
- The service requires a facility with high capital, operating or maintenance costs;
- The service requires special preparation or clean-up;
- The service requires special instruction at extra cost.
- The fee will expand opportunities for a greater number of people, resulting in the least possible individual cost. Use of the service or facility is limited to a relatively few individuals or special interest groups; therefore those who benefit to the exclusion of others should pay something extra for the privileges enjoyed.

- Public property is used for private economic gain; therefore, the fees charged for use of public recreation facilities by private and closed membership groups should be comparable to commercial rates.
- Fees for admission to special events where profits are used to cover the cost of the event.

Obligation of a fee would serve an independent function such as:

- Rationing limited facilities among a large number of users;
- Aiding in discipline and control;
- Promoting respect for activity and/or service.
- Demand for the service is not a budgeted program or a core service.
- When a service is enjoyed by a considerable number of non-residents who have not supported the service through taxation.
- Lack of funding prevents program expansion or diversification.
- Provides an opportunity to offer programs or services that would otherwise not be available through public funds.

DIRECT COSTS/INDIRECT COSTS

The Tulsa Park and Recreation Department's philosophy is to recover a percentage of direct costs and/or indirect costs related to a particular programs, activities or events. The percentage of recovery for these direct costs may vary from program to program. In addition, some programs require a recovery of indirect costs associated with offering the program or service. There are unique variables and situations that have an impact on determining the appropriate amount of cost recovered. Examples of some of the variables that influence the level of cost recovery are: demographics, ability to pay, purpose of the activity or service, impact on the community and history of previous fees charged. Whenever possible or feasible the Parks and Recreation Department will attempt to secure a partnership with an alternative community resource that will assist in recouping expenses associated with the activity or service.

Community-oriented Programs: No cost recovery- 100% subsidy. These Department activities are offered as a free service to the public with no admission or registration fee. Such services are considered to be an essential Park & Recreation opportunity. Public funds will be used for basic

services and to acquire, improve and manage basic park land and recreation facilities. No efforts at cost recovery will be made for the use of basic facilities and services, with the exception of reserved or scheduled use. A reservation fee will be collected for reserved or scheduled use of the park area or facility in question.

Reservation fees:

- The process requires the expenditure of administrative resources to create the benefit.
- The patron(s) enjoys the added value of exclusive, reserved use of the park area or facility

Fees will not be charged for the following basic programs or services included, but not limited to:

- Department-sponsored city-wide special events
- General park maintenance
- Special features, gardens, dog parks
- Trails, skate parks
- Unreserved use of tennis courts, sports courts, shelters, unlighted athletic fields or park areas, self-directed activities.
- Neighborhood meetings
- Educational and community service programs

Recreation Programs: Department activities provided as a service to the public and participants must register. These programs provide affordable registration fees and promote participation for all ages. Staff strives to recover 50%-75% of the direct program costs. Some program examples include:

- Athletics
- Community center programs/activities
- Day camps
- Senior activities

Special interest programs are those programs that are highly specialized in nature requiring an agreement or special payment to highly specialized expert/provider or are designed to meet the needs of a special interest group. All fees in this category must recover 100% of direct program operational and administrative costs based on a minimum enrollment. Examples include:

- Tournaments
- Guest lectures speakers
- Special events
- Adult recreational programs
- Rental fees
- Permit fees

Non-Departmental Activities are programs, festivals, concerts and activities that are self-organized.

Nonprofit organizational and fundraising activities will be charged for operational expenses and all fees normally levied for associated with services provided by the Park and Recreation Department.

Examples include:

- Non-profit and profit organizations and businesses
- Activities offered by Profit-oriented organizations will recover 100% of operational (direct) and administrative (indirect) costs.

TYPES OF FEES

The Park and Recreation Dept. shall charge the following types of fees:

Entrance fees - are charges to enter a large park, facilities, or other developed recreational area. These areas are usually well defined but are not necessarily enclosed. The entrance is the patron's first contact with the park; however, it may contain additional facilities or activities for which fees are charged. Basic objectives of imposing entrance fees are:

- To obtain revenue to supplement maintenance and operation costs of the area.
- To control area visitation. The control may be with the intent to limit the visitor load on the area, or to discourage entrance by those not visiting for recreation purposes, or to assess a portion of the cost of the area to users who are not tax supporters of the area.

Admission fees are described as charges made to enter a building, structure, or natural chamber. These facilities usually offer an exhibit, show, ceremony, performance, demonstration, or special equipment. Entry and exit are normally controlled and attendance is regulated. Some objectives of admission fees are:

- To augment funds for operation and maintenance of the structures.
- To amortize the capital cost of the structure, in particular where the

structure is financed through revenue bonds.

- To obtain income for the cost of programs which often take place in such structures

Rental fees are payments made for the privilege of exclusive use of tangible property of any kind. This fee gives the patron the right of enjoying all the advantages derivable from the use of the property without consuming, destroying, or injuring it in any way. Applicant is required to complete a permit form and depending on the nature of the request may be required to sign an event agreement. Objectives of charging rental fees are:

- To provide equipment for the enjoyment of a recreation area, which the visitor may not have provided for himself.
- To provide equipment to enable visitors to learn new recreational pursuits, which they might not otherwise enjoy, faced with initial purchase of their own equipment.
- Rental fees should be sufficient to pay for the entire cost and replacement of the equipment and for cost of operating the rental service.
- Short-term rental of space such as a classroom or a parking space may be charged where this space is special or exclusive additional privilege to the user.

Permit Fees. A permit shall mean any written license issued by or under the authority of any Board. A license ordinarily involves permission to perform an action, but it seldom grants authority to occupy space or use property. Objectives of License and Permit Fees may be are:

- To produce revenue sufficient to control the conduct of the activity
- Permit fees grant special privilege to the permittee and may be sufficient to cover costs of not only control and operation but may produce surplus revenues.

Special Service Fees are charges made for supplying extraordinary articles, commodities, activities, or services as an accommodation to the public. These accommodations must be unusual in character and not normally considered a required governmental service. Objectives for charging such fees may be are:

- To enable the user to pay the program costs of the special service from which he or she benefits.

- To enable special services to be rendered by the Park and Recreation department without unduly impacting the general fund budget adding to the overall public tax load.
- To develop income revenue for improving the quality of the recreation program by adding value, service, or variety, and competent administration, supervision and program people.

WAIVERS

The Director of Parks and Recreation, is authorized to waive or discount fees and charges when such action is determined to be in the best interests of the Department or City.

DETERMINING FEES AND CHARGES

During the annual budget process, any increase in fees and charges will be recommended by department staff, reviewed by the Park Board for approval and then submitted to Mayor and City Council for review and approval.

The fee determinant process will consider staffing, cost of material and supplies, facility expenses, anticipated participation and market or demographic variables.

Fees and charges will be determined through the following process:

1. Determine the direct and indirect costs of providing the service.
2. Determine the appropriate Service Level and calculate the fees or charges using the appropriate cost recovery guideline.
3. Identify the market rate or current fee being charged for similar services. This evaluation is conducted to ensure the recommended fees do not significantly vary from the rates being charged by other entities for similar services.
4. Consider inflationary factors for services.
5. Consider any budgetary mandates that may affect the fee/charge setting process.
6. Develop a proposed schedule of fees and charges for review and approval. For ease of handling money, rates will be rounded to the nearest half-dollar for amounts under \$10, and to the nearest dollar for amounts in excess of \$10.

OTHER REVENUE SOURCES CONTRACTUAL OR VENDOR PERMIT REVENUES

The department is authorized to issue permits to qualified individuals, groups and businesses. The purpose of these permits is to enhance park visitor enjoyment when using department facilities and to generate revenue for the department. Permits may be issued for the following goods and services:

- Food and beverages
- Certain amusement equipment and inflatable apparatus
- Other goods and services as approved by the Director of Parks and Recreation.

GIFTS AND DONATIONS

A gift or donation to department may be either cash for a specific item, or the item itself. The department will make every effort to honor the wishes of the contributor; however, there may be instances where receipt of the intended donation is not in the best interests of the department. In such cases, the department may decline acceptance. If the contribution does not cover the entire cost, the money will be accumulated toward the purchase of that item. If additional contributions are not made to purchase the item, the donor may either select an alternate gift or have the Parks and Recreation Department determine where the donation may be best used.

GRANTS

Professional staff of the department may investigate the possibilities of securing a grant or outside funding sources for department facilities and programs. All department grant applications must be reviewed and approved by the Director of Parks and Recreation and, in some cases, other City departments. Depending upon the grant amount, formal acceptance by the Mayor and City Council may be required as defined by City policy.

LEASES

The department may, with the approval of the Mayor and City Council, lease property to the private sector or non-profit organizations for the

development and provision of parks and recreation facilities. Facilities developed on property leased from the department will be open and available to the public, and may not be exclusive in any manner that discriminates on the basis of race, sex, national origin or physical ability.

OPERATING AGREEMENTS

Operating Agreements are negotiated and awarded for the complete operation of a facility. This type of agreement is instituted when departmental operation(s) of the facility is either cost prohibitive or is not cost-effective; or when the operation(s) require a level of expertise beyond the capabilities of departmental staff. The length of terms and conditions of renewal may vary.

NON-PROFIT SUPPORT ORGANIZATIONS

The park and recreation department has been successful in establishing partnerships with non-profit support organizations. The sole purpose of these entities is to provide direct support to the Parks and Recreation Department. These organizations provide individuals and groups desiring to support the Parks and Recreation Department an entity through which tax-deductible contributions can be made. Examples of these partnerships include:

- Garden Center
- Oxley Friends Organization

Park Friends THE BENEFITS OF CHARGING FEES

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