

Parks and Recreation Program and Budget Evaluation

Maryville-Alcoa-Blount County Parks and Recreation Commission Programming

The Maryville-Alcoa-Blount County Parks and Recreation Commission offers a variety of programs throughout the year. The comprehensive collection of programs includes senior activities, special events, adult and youth athletics, day camps, and instructional courses and workshops. The Parks and Recreation Commission also provides a variety of non-athletic activities including art workshops, senior game nights and special holiday events.

Public input suggests that Blount County citizens would like to see more diverse programs in the outlying areas of the county. Citizens are also concerned that the programs fill up too quickly and are not evenly spread throughout the seasons leaving some unable to participate. In addition to these concerns, there is a demand for more programs that meet the diverse and changing interests of the community. A common issue that was raised was whether the Commission was reaching all of its potential customers in the county. Currently, the agency only allows registration at its main office in Maryville. While this central control area is favored, more convenient methods of registration should be explored.

The inability to register online and/or use of debit or credit cards may be a limiting factor that is affecting attendance in some programs. Convenience or inconvenience affects whether a person will register for a program. For example, the City of Orinda, California did a survey of its residents that revealed 51% of its customers used a credit card to register. While this does not reveal that persons using a charge card would not have registered, it does show that a majority of participants use the card as a convenient way to register.

Programs offered by the Commission have wide appeal and, for the most part, are well managed and organized. Many residents would like more program offerings, but due to limited facilities, staffing levels and budget limitations, agency officials have not been able to provide increased program opportunities.

Program Analysis

Athletics

The Parks and Recreation Commission offers an assortment of athletics for both youth and adult patrons. Youth sport activities include spring and fall soccer, fall basketball, football, and swim team, while adults can choose from summer and fall softball, fall basketball, volleyball and tennis. Athletic day camps during the summer, including cheer-leading, soccer and basketball, offer a non-competitive alternative to league sports. In addition to leagues and day camps, a number of instructional courses are offered including golf, tennis, rappelling, karate, scuba diving and dance.

Educational and Arts

A well-rounded parks and recreation program includes not only athletics, but also arts and educational activities. The Parks and Recreation Commission provides art workshops for all ages, a senior poetry group, a yearly arts and crafts show, and a youth performing arts day camp. Educational courses include dog obedience classes and an environmental awareness day camp. Camp Chickababa is a special day camp for disabled persons age 6 and older. This camp offers therapeutic activities such as swimming, arts and crafts, music, games and field trips.

Seniors

Programs and activities offered to the senior population include art classes, card games, dance instruction, exercise classes, potluck lunches and dinners, and bingo. Seniors age 50 plus can also compete in the Senior Games Competition. This event includes sports such as archery, team softball, horseshoes and golf. Winners of the event can advance all the way to the National Senior Games.

Special Events

The Parks and Recreation Commission hosts several special events throughout the year. Two of the largest events are the Special Olympics and the Smoky Mountain Classic Softball Invitational. The Special Olympics Program is open to Blount County citizens age eight and older. The Commission conducts six athletic competitions throughout the year with events in bowling, skating, winter games, basketball, track and field, and swimming. Over 300 independent athletes and students in schools and centers across Blount County participate in the event. The Smoky Mountain Classic Softball Invitational, which has been called the World Series of slow pitch softball, attracts over 10,000 people to Blount County every year. For nearly four decades, top ranked teams from all over the country have gathered in Blount County to compete for first place. In addition to these events, numerous holiday-related events, tournaments, competitions, and races occur every year.

Private Recreation Providers

Several privately owned and operated recreation outlets, such as churches, camps, athletic leagues and recreation centers, exist within Blount County. These private operations provide many of the same programs as MAB Parks and Recreation Commission, but they also offer several options not provided by the Commission. Many local churches offer youth basketball, baseball, flag football and softball leagues throughout the year. These programs are open to the public and have participation rates of 100-550 people per program, with basketball and baseball as the most popular leagues. Some of the churches hosting these activities are:

- Beech Grove Baptist Church
- East Maryville Baptist Church
- Fairview United Methodist Church
- First Baptist Church of Maryville
- Mt. Lebanon Baptist Church

Little leagues and soccer are also popular in Blount County. The Eagleton, Alcoa, and Maryville Little Leagues have summer and fall seasons open to boys and girls ages 5 to 18 and a senior league. The programs that have high attendance rates include t-ball, baseball, and softball. The American Youth Soccer Organization's Region 1159 is one of the fastest growing leagues in Blount County. Last year nearly 700 kids participated in the spring season with an additional 600 kids in the fall. The league, which grows by about 10% each year, is open to ages 4 to 19.

Camps also offer several youth programs. Local camps provide day, summer, and winter camps to children ages 7 to 15. The programs offered vary and include activities such as archery, horseback riding, hiking, swimming, soccer, softball, arts and crafts, and environmental education. The camps, listed below, have many facilities, including cabins, lodges and recreation areas. Groups often rent the camp facilities for meetings, retreats and a variety of sports camps.

- Camp Montvale YMCA
- Camp Tipton
- Camp Wesley Woods

Several other providers, offering a variety of programs and activities for all ages, are located throughout Blount County, including:

- Maryville College
- Olympia Health and Fitness Club
- Blount Memorial Wellness Center and Springbrook
- YWCA
- River Rapids Go-Karts
- Thunderworld USA
- Gymnastics Counts
- Mountain Challenge
- River John's Outfitters
- River Rage Tube Rentals
- Blount Memorial Wellness Center
- Olympia Health and Fitness Center

Program Benefits, National Trends

Programming Benefits

A well-rounded and diverse parks and recreation department provides many benefits to the community it serves. As discussed in the National Recreation and Park Association publication Park, Recreation, Open Space and Greenway Guidelines, the four categories of benefits are personal, economic, social and environmental. Each benefit is consequential to the community and has specific rewards.

- Personal benefits of a comprehensive delivery system include: a full and meaningful life, health insurance, stress management, self esteem, positive self image, a balanced

life, achieving full potential, gaining life satisfaction, human development, positive life-style choices and improved quality of life.

- Economic benefits include: preventive health care, a productive work force, big economic returns on small investments, business relocation and expansion, reduction in high cost vandalism and criminal activity, tourism growth, and environmental investments that pay for themselves.
- Social benefits comprise: building strong communities, reducing alienation, loneliness, and anti-social behavior, promoting ethic and cultural harmony, building strong families, increasing opportunity for community involvement, shared management and ownership of resources and providing a foundation for community pride.
- Environmental benefits involve: environmental health, environmental protection and rehabilitation, environmental investment increasing property values and insurance for a new environmental future.

National Recreation Program Trends

Across the country parks and recreation departments are offering programs that meet the needs of the diverse populations that they serve. These populations include singles and families, children, teens and adults, those with special interests, needs and abilities. A look at national trends reveals what other departments are doing across the country in order to provide maximum recreation opportunities for their communities.

Special Events

Every community has different reasons to celebrate, but some events are universal and can be shared by all communities. In Fort Collins, Colorado a Youth Fest is held on the last day of school. The parks and recreation department coordinates bands, games, food, and crafts to initiate summer vacation for the youths of the community. In the city of Roswell, Georgia there is a 4th of July Fireworks Extravaganza and an annual Concert by the Lake.

Youth Activities

In the city of Largo, Florida, Dublin, Ohio and Charleston, South Carolina, birthday parties are offered at recreation centers. The service includes food and entertainment for a group of children for a negotiated cost. In Fort Collins, Colorado and Ann Arbor, Michigan, this opportunity is more unique because it is held at a nature/farm facility where the children can explore and learn while enjoying the party.

Roswell, Georgia offers the following sports in a range of age groups: lacrosse, travel baseball, fast pitch softball, slow pitch softball, leadoff baseball-softball, recreation soccer and select soccer. In the Canadian city of Calgary, Alberta many unique sports programs are available including badminton, running, rock climbing, public skating, shinny hockey, family skating, trampoline and tumbling.

Adult Activities

Many departments are offering adults a variety of leisure and fitness programming. Trends include a wide variety of martial arts including Judo, Tae Kwan do, Chi Kung, and Tai Chi. Fitness opportunities include personal fitness training, Pilates mat class and/or

with apparatus, deep-water aerobics, and pre/post natal exercise. Unique recreation opportunities include fencing, weight room orientation, wine tasting, family foreign language classes, sign language classes, international cooking and songwriting.

Special Populations

Inclusion of people with or without disabilities is a priority of the city of Dublin Division of Recreation Services as well. Dublin states that, "Inclusion helps foster acceptance of diverse abilities, builds communication and understanding, and provides fulfilling experiences for all involved." Programs provided in Dublin include preschool open gym, ceramics, teen pool party, teen pizza and a movie, teen bowling and lunch, spring/summer overnights, and a spring break camp.

As mentioned earlier in this section, the Maryville-Alcoa-Blount County Parks and Recreation Department provides programming for those with special needs. The Special Olympics and Camp Chickababa are catered to individuals with special needs and abilities.

Educational Activities

Many departments utilize historical, natural, and agrarian features for educational programming. In Prince George County, Maryland, one is able to experience the past and appreciate the advancements of technology through visiting historical sites and archaeological explorations. In Ann Arbor, Michigan and Fort Collins, Colorado there are working farms that teach children about agriculture, animals and plants. In Boynton Beach, Florida the recreation and parks department offers after-school programming to teach children about the local fragile Florida Scrub environment to promote awareness and preservation through future generations.

Other Trends

In the Canadian city of Calgary, Alberta many sports programs are available on a drop-in basis. The term, 'drop-in sports' means that no registration is required and no additional fees are applied to the participant. This type of programming allows people to participate in recreation activities, without a consistent attendance and monetary commitment.

To provide an environmental education field trip for school groups to a local park facility, the city of Ann Arbor, Michigan has created Adopt-a-Class. The parks and recreation department has coordinated with local businesses, which generously donate funds making the programming possible. This fundraiser can be applied to other recreation programs, just as the Adopt-a-Park and sports associations have come together to sponsor those specific recreation endeavors.

Integrating Trends

Some of these recreation programming trends may be similar to what the MAB Parks and Recreation Commission currently offers, but they may also offer some ideas for the development of new programs. In developing a diverse recreation program, the Commission must be aware of the changing interests, needs and demands of the community. Providing a wide range of recreation opportunities will engage more Blount County citizens in recreation.

It is recommended that the Commission review the community program data generated during the master planning process as a starting point for developing new programs. Using the community survey, targeted programs should be developed and planned to meet specific programs that are currently underdeveloped or absent from the current program roster. It should be noted that a combination of full-time staff, paid instructors, and volunteers will be required for each new program and overall full-time staffing loads may require increases in certain programming positions over the next ten years. Full-time programming or operations staff will be required when a new tennis center complex is constructed, with the development of a new tournament-caliber sports complex or large multi-purpose recreation center.

Maryville-Alcoa-Blount County Parks and Recreation Commission Budget

Budget Analysis

The Maryville-Alcoa-Blount County Parks and Recreation Commission, as described in section four, is funded through an intergovernmental agreement between the cities of Maryville, Alcoa and Blount County. The total operating budget in 2004 was \$2,019,855, which includes the three government allocations and revenue recovered by the commission. The budget breakdown over the last three years including each of the jurisdiction’s contributions and revenue recovered by the commission is shown in Figure 5.1. Yearly appropriations reflect operation expenditures only and do not account for capital expenditures that historically have occurred on an as-needed basis. As shown, the budget for the Commission has risen slightly over the past three years while revenue as a percentage of the overall budget has seen a slight decline. The three-year average for revenue recovered equals 35.96 percent, which is extremely high considering the commission operates very few facilities that would be considered high revenue producers. The high rate of recovery is driven by a successful program base and a few revenue-producing facilities like Springbrook Pool.

Figure 5.1

Maryville-Alcoa-Blount County Recreation and Parks Commission Operating Budget Breakdown, 2002-2004

	2002	2003	2004
Department Budget	\$1,869,210.00	\$1,932,612.00	\$2,019,855.00
Alcoa Contribution	\$412,655.00	\$438,361.00	\$463,211.00
Maryville Contribution	\$317,140.00	\$329,826.00	\$343,621.00
Blount County Contribution	\$452,605.00	\$467,605.00	\$505,033.00
Revenue*	\$686,810.00	\$696,820.00	\$707,990.00
Revenue Recovery	36.70%	36.10%	35.10%

Source: MAB Parks and Recreation Commission

*Revenue is comprised of fees and charges by the department, and does not include dollars earmarked by the three governments.

A look at the parks and recreation commission allocation as a percentage of the total operating budget for Maryville, Alcoa and Blount County finds parks and recreation receives less than 1 percent of the overall operating expenditure in each system. Review of the 2004 expenditures for parks and recreation represented as a percentage of the overall operating budget for each of the three funding jurisdictions reveals that parks receive a low level of funding. The highest contributor is the City of Alcoa with .50 percent of the general fund going to park operations and capital improvements. Alcoa is followed by the City of Maryville with .48 percent allocated and Blount County with .40 percent set aside for parks and recreation. As shown in Figure 5.2, combining the operating budgets of all three jurisdictions reveals that the total allocation to parks and recreation represents just .67 percent of County and municipal spending.

Figure 5.2
Total Expenditures, FY2004

Department Budget	Total Spending	County/Municipality Budget	% of Total Budget
Maryville-Alcoa-Blount County	\$2,184,980.00*	\$323,948,662.00	0.67%
Alcoa	\$456,858.00	\$90,653,016.00	0.50%
Maryville	\$515,099.00	\$107,678,376.00	0.48%
Blount County (unincorporated)	\$505,033.00	\$125,617,270.00	0.40%

*This amount includes revenue, contributions from the three governments, and each jurisdiction's capital expenditure.

Funding from all three governments has risen slightly since 2002 in response to growing needs of the department and a fairly level income stream being generated by the Parks and Recreation Commission. The income that is self-generated by the Commission through fees and charges and from grant sources and donations accounts for approximately 36% of the budget and makes up the balance of funding needed to deliver programs. The budget has seen a 32.18% increase since 2002 or an additional \$129,465. This increase was dispersed among Maryville, Alcoa and Blount County with Maryville seeing the highest increase by percentage at 12.25%. Figure 5.3 provides a look at the increased government allocations from 2002 through 2004.

Figure 5.3
Budget Breakdown by Jurisdiction for Operation Expenses

Jurisdiction	2002 Actual	2003 Actual	2004 Adopted	2002 to 2004 increase (\$)	2002 to 2004 increase (%)
Maryville	\$412,655.00	\$438,361.00	\$463,211.00	\$50,556.00	12.25%
Alcoa	\$317,140.00	\$329,826.00	\$343,621.00	\$26,481.00	8.35%
Blount County	\$452,605.00	\$467,605.00	\$505,033.00	\$52,428.00	11.58%
Total	\$1,182,400.00	\$1,235,792.00	\$1,311,865.00	\$129,465.00	32.18%

Source: MAB Parks and Recreation Commission

As shown, fees and charges and government allocations are the primary funding sources for recreation and park services. Government allocations are appropriated from each government’s general funds. The primary funding source of each government body is through property tax collections.

Most communities throughout the country collect property taxes to pay for services. The taxes paid are based upon an assessed value of a property, whether residential or business. Each property has a value and the governing body uses the value to pay for yearly services. In most communities, this value is called a mill. The millage rate is the property tax rate stated in terms of tenths of cents in tax per dollar of property value. Some communities set a minimum or fixed millage rate that is dedicated to recreation services and others apportion funds based on need during the annual budget process. The latter method is currently used by the participating governments who fund the Parks and Recreation Commission.

Budget Comparisons

In order to assess the level of funding for Maryville-Alcoa-Blount County Parks and Recreation Commission, the annual budget was compared to other departments in both Tennessee and North Carolina. For comparison with Blount County, the planning team chose departments that serve similar populations with comparable household incomes. Tennessee does not have a source for statewide information, so departments were chosen based on the planning team’s familiarity with them. For North Carolina, which was chosen for its geographic similarity to Tennessee, the best source of statewide information is the *North Carolina Municipal and County Parks and Recreation Services Study, Fiscal Year 2003-2004* published by North Carolina State University’s Recreation Resources Service.

To provide a fair comparison, departments were chosen not only for the number of people they serve, but also for their population’s average household income. By comparing the average household incomes it ensures that the populations have similar economic conditions. The estimated 2003 U.S. Census average household income for Blount County is \$50,798. Figure 5.4 shows that the average household incomes for the communities chosen for this comparison range from \$48,390 in Clarksville, Tennessee to \$67,105 in Orange County, North Carolina.

Figure 5.4

Average Household Income

Agency	2003 Estimate Average Household Income
City of Clarksville	\$48,390.00
City of Murfreesboro	\$54,483.00
Concord-Cabarrus County, NC (combined)	\$59,188.00
City of Fayetteville, NC	\$50,188.00
Orange County, NC	\$67,105.00
Average	\$55,871.00
Maryville-Alcoa-Blount County	\$50,798.00

Source: Demographics Now

None of the departments chosen for this comparison are joint government ventures like Maryville-Alcoa-Blount County Parks and Recreation Commission; however, they are similar because they act as the main parks and recreation providers for their populations. The City of Concord and Cabarrus County were combined to give a more accurate picture of their level of spending. The Concord Parks and Recreation Department is the chief provider for Cabarrus County’s population, while the County is primarily responsible for the maintenance of three parks, all of which are in Concord. Cabarrus County Parks and Recreation Department is also involved with 35 school parks located throughout the Cabarrus County and City of Kannapolis School Systems. Fayetteville is also the main provider within its county. Located near Fort Bragg, Fayetteville Parks and Recreation offers over 20 parks. Orange County is the primary provider for its population, but the towns of Chapel Hill, which is home to the University of North Carolina, and Carrboro also have parks and recreation departments. The populations within these two towns, which are largely university related, are mainly served by the Chapel Hill and Carrboro Parks and Recreation Departments. Like Fayetteville, the Tennessee parks and recreation departments chosen for this comparison are the principal suppliers for the populations within their county. Clarksville offers its community over 20 parks within Montgomery County. Rutherford County has no parks and recreation department, so the city of Murfreesboro acts as the primary supplier within the County.

Figure 5.5

Breakdown of Total Expenditures for Comparison Departments, FY2004

Agency	Capital Expenditures	Operating Expenditures
City of Clarksville	\$87,500.00	\$3,347,310.00
City of Murfreesboro	N/A	\$4,783,435.14
Concord-Cabarrus County, NC (combined)	\$735,250.00	\$5,383,188.00
City of Fayetteville, NC	\$271,000.00	\$5,774,025.00
Orange County, NC	\$3,702,000.00	\$1,126,991.00
Average	\$1,198,937.50	\$4,082,989.83
Maryville-Alcoa-Blount County		\$2,019,855.00*
Alcoa	\$113,237.00	\$343,621.00
Maryville	\$51,888.00	\$463,211.00
Blount County	--	\$505,033.00

*This amount includes revenue and contributions from the three governments.

As illustrated in Figure 5.5, above, Maryville-Alcoa-Blount County Parks and Recreation Commission appears to have a considerably lower level of funding compared to these departments. The Fiscal Year (FY) 2003-2004 average operating expenditure for a population comparable to Blount County is \$4,082,989.83 in contrast to MAB Parks and Recreation Commission operating expenditure of \$2,019.855.00. The average capital expenditure for departments serving populations like Blount County is \$1,198,937.50.

Maryville-Alcoa-Blount County Parks and Recreation Commission does not have an annual capital improvement plan, which does not suggest that such expenditures do not exist. General appropriations are made within each of the Commission’s jurisdictions

on an as-needed basis, so such expenses are difficult to track. Figure 5.6 shows the total capital expenditure made by each jurisdiction since 2002. The FY 2003 includes the amount each jurisdiction contributed to the cost of the new senior center. Alcoa's expenditures include improvements made to parks, the greenway, and the Alcoa Little League Park, which receives \$1,000 to \$3,500 a year from the city.

Figure 5.6

MAB Capital Expenditure by Government, 2002-2004

	2002	2003	2004
Jurisdiction			
Alcoa	\$993,960.00	\$318,416.00	\$113,237.00
Maryville	\$88,845.00	\$521,623.00	\$51,888.00
Blount County	--	\$780,000.00	--

Figure 5.7, below, illustrates the amount of funding the comparison departments receive as a percentage of the county or municipality's overall budget. The comparison departments receive an average of 5.50% of the overall budget in contrast to the substantially lower 0.67% the Parks and Recreation Commission receives. By comparison, The Williamson County Parks and Recreation Department which is considered one of the leaders of parks and recreation in Tennessee received a budget of \$5,448,787.00 for the FY 2004. This figure represents only 2.26% of the county's \$241,535,567.00 budget.

Figure 5.7

Total Expenditures for Comparison Departments, FY2004

Agency	Total Spending	County/Municipality Budget	% of Total Budget	Population
City of Clarksville	\$3,434,810.00	\$51,371,990.00	6.69%	108,886
City of Murfreesboro	\$4,783,435.14	\$62,983,683.98	7.59%	79,697
Concord-Cabarrus County, NC (combined)	\$6,105,913.00	\$266,055,706.00	2.29%	148,627
City of Fayetteville, NC	\$6,045,025.00	\$84,263,096.00	7.17%	123,844
Orange County, NC	\$4,828,991.00	\$128,872,522.00	3.75%	119,746
Average	\$5,039,634.83	\$118,709,399.60	5.50%	116,160
Maryville-Alcoa-Blount County	\$2,184,980.00*	\$323,948,662.00	0.67%	113,578
Alcoa	\$456,858.00	\$90,653,016.00	0.50%	8,162
Maryville	\$515,099.00	\$107,678,376.00	0.48%	24,540
Blount County (unincorporated)	\$505,033.00	\$125,617,270.00	0.40%	80,876

*This amount includes revenue, contributions from the three governments, and each jurisdiction's capital expenditure.

Analysis of the general data indicates that Maryville-Alcoa-Blount County Parks and Recreation Commission is funded at a significantly lower rate than departments that serve communities with similar population characteristics. In addition to total expenditures, the departments' per capita spending levels, shown in Figure 5.8, provide another method of comparison.

Figure 5.8

Per Capita Expenditures for Comparison Departments

Agency	Per Capita Spending	Population Served
City of Clarksville	\$31.55	108,886
City of Murfreesboro	\$60.02	79,697
Concord-Cabarrus County, NC (combined)	\$90.85	148,627
City of Fayetteville, NC	\$49.95	123,844
Orange County, NC	\$40.84	119,746
Average	\$54.64	116,160
Maryville-Alcoa-Blount County	\$19.24	113,578

Current Funding Analysis

The existing funding climate in the County is restricted in scope and projections, and based on staff and government official interviews, does not show an aggressive stream of new income forthcoming. Limited commercial expansion, in many sections of the County, and competition with retail establishments in the Knoxville area are impacting local business growth and corresponding tax revenues. The predominant growth in the County is residential, which does not produce excess tax collections over the cost of services provided.

Many communities face funding constraints and budget limitations from time to time. The Maryville-Alcoa-Blount County area is no different. The Commission is facing budget limitations that has and will continue to affect growth within the system. The current budget limitations will be further impacted by continued growth in Blount County. If the budget does not keep pace with growth, existing facility use will increase, resulting in higher maintenance costs, scheduling conflicts, and reduction in the number of new programs that can be provided.

To counter these barriers, the planning team suggests that existing funding mechanisms be reviewed and, where possible, altered to provide the funding needed to offer high quality recreation facilities and programs on par with the high quality school systems found in the County.

Program User Fees and Revenue Collection

Research has revealed that revenue generation has not been a primary goal of agency operations although the rate of return is commendable. According to officials, the Commission recovers about 36% of its direct costs. The Commission should establish a *Pyramid Pricing* scheme to help direct cost recovery decisions in the future. The Pyramid pricing scheme as discussed later in this section will help to determine which programs should be subsidized greater than others and which ones should have full cost recovery.

Program fees and charges were reviewed and analyzed against possible costs-per-program. As a general statement, fees appear to be under-priced and not covering costs of

programming. Furthermore, facility rental fees are quite low or non-existent and appear to not cover operational or prep/clean-up costs.

Program user fees are a collection of entry fees or program registrations. The Parks and Recreation Commission's records show that the Commission does not charge for field or facility use by outside groups. Funds collected are primarily used to offset operating expenses to provide services to city and county residents.

In 2003, approximately \$697,000 was collected in program fees. This figure represented approximately 36% of the operating budget. The planning team reviewed revenue generation dating back to 2002 and determined the following:

- Revenue recovery needs to account for most expenses, both direct and indirect expenses. The Commission needs to use the Pricing Pyramid Model to determine subsidy levels.
- The Commission may wish to decide to subsidize certain programs for the civic good but an overall analysis of all program types needs to occur to determine what those programs are.
- All rental rates need to be evaluated and reviewed to meet the expense of facility maintenance and event operating cost.
- The marketing budget for the agency is very low in comparison to programs offered.
- The Commission staff understands that without the income collected through fees and charges, services to the community would have to be cut severely.

Program Pricing and Cost Recovery

Develop a Subsidy/Cost Recovery Philosophy

Subsidy/Cost Recovery Philosophy relates to the degree to which services are supported from tax funding compared to user fees. Typically, park development, maintenance and operations are heavily subsidized through tax dollars. Recreation programs are supported with a mix of revenue from taxes and user fees. For example, if the direct and indirect costs for offering a particular program total \$10, and participants are charged a \$7 registration fee, the additional cost must be offset through a subsidy. In this example, we would indicate that the program is at a 30% subsidy and 70% cost recovery.

The Commission needs to shift its focus to address the "cost of doing business" and providing the best programs possible. It may also need to determine its core programs. A fee policy that addresses all costs needs to be implemented. Further, if civic groups currently use facilities for free, the policy should allow for free use for a limited amount of hours per year. Once this threshold has been reached, the group must then pay the same rental rate as the public. This will allow for some recovery of costs of prep, setup, takedown and associated utility costs.

Many departments are seeking to reduce their dependence on tax dollars and use fees to offset indirect and direct costs. The subsidy level of departments varies from a minimal dependence on fees to a complete fee-based program, covering all costs. In some respects, departments fund their entire operations independently from the gov-

ernment budget. These funds, called enterprise funds, should sustain the agency and provide enough dollars for personnel, operations and maintenance. The Commission currently recovers about 36% of its expenses through user fees. In comparison to agencies we have worked with across the southeast this is average to slightly above average. However, due to the growing competition for general funds, efforts need to occur to enhance the ability to generate additional revenue while maintaining the attendance needed to generate new dollars.

Cost Recovery Goal

It is recommended that the Parks and Recreation Commission seek to recover approximately 50% of expenses by 2007 through revenue recovery from increasing user fees, updating contracting agreements, naming rights, sponsorships, and corporate underwriting. Some programs, such as the Smoky Mountain Classic, generate substantial revenue for the Commission. It also generates business traffic from out-of-town guests, enhancing room stays and food/entertainment purchases. Businesses should be educated that the economic benefits of recreation are a positive impact in the community and the businesses should invest in this asset.

It should be a goal of the department to at least cover costs of programming where possible. These include expenses for materials, supplies, instructors, utilities and any cost-avoidance expense. Cost-avoidance expense would be assessed based on a value if the department did not do the program in question and replaced it with another program or no program.

The department may also want to do a cost-benefit analysis on each program offered. The approach would use the Pyramid Pricing model, a form of an activity-based costing model (ABC), to "value" each program based upon cost and its benefit. The Commission is unique and needs to determine the recreation value of its programming. These may include social benefits, economic, health and relaxation, just to name a few (see pyramid pricing later in this section).

This goal is tied to the planning and development of revenue-producing facilities, such as a recreation center. If these types of facilities are not built, revenue projections will need to be reduced.

Adopt a Pricing Policy and Strategies

Fees and charges information gained through community input should be combined with staff discussions and integrated with the pricing pyramid model to help guide pricing and cost recovery decisions in the future. These policy guidelines will help identify which leisure services should be fee-based, and provide for a fair, equitable, and simple fee structure. These guidelines will also help determine the appropriate fee necessary in order for each fee to meet goals by generating revenue to offset costs.

The pricing policy guidelines address pricing needs for programs, facilities and services available through the Maryville-Alcoa-Blount County Parks and Recreation Commission. It also allows for a comprehensive operation that is financially feasible, sustainable, and affordable while providing outstanding service to residents.

Based on this pricing pyramid model (as seen below right), the Commission should address the following issues relative to each program/activity as well as facility rental:

- *Determine who benefits from the service*

Is it the community in general or only the individual or group receiving the service? The Pyramid Model provides insight regarding the individual versus group benefit levels.

- *Determine whether the individual/group receiving the service generates the need and should bear the cost of providing the service*

For example, the nature of a particular facility rental requires police presence above and beyond the norm. To what degree should the rental fee incorporate the cost of the extra service required?

- *Determine whether the full cost fee will pose a hardship for specific users*

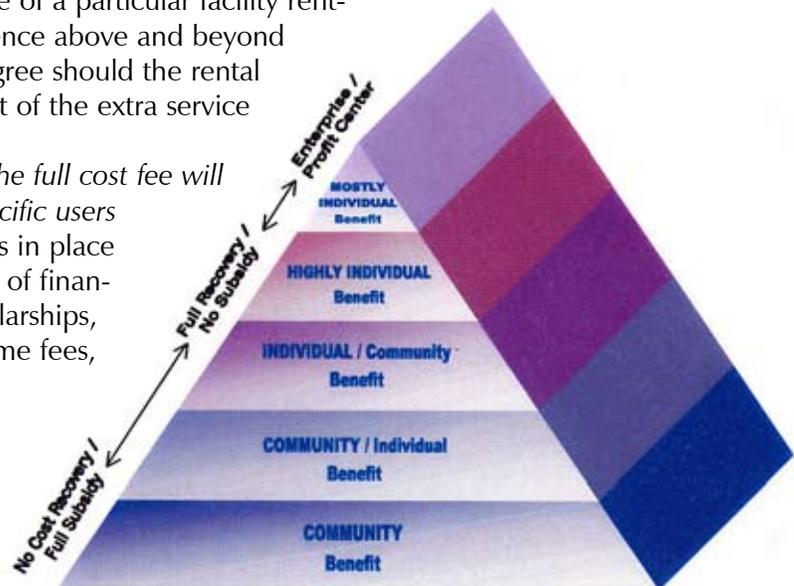
If so, are there methods in place to ease these situations of financial hardship (i.e., scholarships, sponsorships, low income fees, etc.).

- *Determine to what degree community values support taxpayer subsidy of the cost of service for certain special needs individuals*

For example, is

the community supportive of subsidizing services for disabled or low-income residents?

- *Determine how the fee level will impact demand for the service.*



Track Costs

Identify and track direct and indirect costs, associating expenses with provision of specific services and facilities. Currently the Commission tracks direct costs relative to programming. To determine true costs, the need to assess indirect expenses associated with programs is necessary to set activity fees. In conjunction with tracking costs, it will also be critical to track numbers and types of participants within each program (including fee and non-fee as well as internal and contracted services) along with facility rentals or leases.

- *Direct costs:* includes all the specific, identifiable expenses associated with providing a service.

A few examples of direct costs include wages and benefits, contracted services, rental of facility and equipment directly related to the service, and purchased equipment and supplies.

- *Indirect costs:* encompasses Department overhead including the administrative costs of the Department, fund debt service, contractual services and various other appropriate costs.

Identify Commission-wide Participant Categories

The next step is to identify the various participant categories that should be used for all agency services and facilities.

Residency Example:

Resident: a person living within Blount County or its zip code limits.

Non-Resident: a person living outside of Blount County or its zip code limits.

Age Category Example:

Child: under the age of 4 years

Youth: 4 years through 12 years old

Teen: 13 years through 17 years old

Adult: 18 years and older

Senior: 55 years and older

Special Fees Category* Example:

Inter-government agreement (IGA)

Non-Profit

Private Sector

*NOTE: This special fees category is often used in parks and recreation agencies to reflect special agreements or arrangements with specific groups, and generally relates to the department's mission, philosophy and overall pricing structure. For example, intergovernmental agreements (IGAs) may spell out in-kind trade-offs between the schools and the recreation department; in exchange for use of school fields and gymnasiums, the agency waives room rental fees at the center. Groups with non-profit status including parent-run youth sports associations may receive a reduced rate for use of parks and recreation facilities such as baseball and soccer fields, utility fees, etc. In unique situations, special fees may also be applicable to the private sector. For example, in exchange for a company "purchasing" naming rights for the new community recreation center, it receives one free all-facility rental each year.

Determine Fee Schedule and Subsidy Levels

Based on the Pyramid Pricing Model, for each program/activity and facility, determine subsidy level incorporating participant categories.

- Partial Cost Fee: recovers something less than full cost. This partial cost fee could be set at a percentage of direct costs, all direct costs, all direct costs plus a percentage of indirect costs, or some combination.
- Full Cost Fee: recovers the total cost of a service including all direct and all indirect costs.
- Market Rate Fee: based on demand for a service or facility. Determine the market rate by identifying all providers of an identical service (i.e., private sector providers, other municipalities etc.), and setting the fee at the highest level the market will bear.

Enhance Financial Tracking and Analysis

Establish activity categories to match registration system categories. Baseline data is needed to establish fees and determine subsidy levels. Within these categories, track revenue and expenditures including direct and indirect expenses.

- Facility rentals and programs can be separated in various ways, none being “correct,” but rather more appropriate for the particular division, agency, etc.
- As the Commission’s staffing needs increase, program responsibilities can be divided along related lines.

Budget Conclusions

The provision of parks and recreation services as a joint venture between Maryville, Alcoa and Blount County has allowed for a higher quality of service than would be possible if done as separate endeavors. The Parks and Recreation Commission has done a commendable job at providing quality programs and highly maintained facilities. The struggle has been to expand on what is currently offered. The demands brought by a growing population are becoming increasingly difficult to accommodate. The lack of dedicated capital appropriations to allow for facility renovations and new facility development has resulted in an inability to keep pace with growth. The ability to increase revenues above current levels has been stalled by a lack of new staff and facilities necessary to move ahead. Scheduling conflicts with existing facilities have limited the ability to bring in new programs and teams. A capital spending plan and increased operation dollars will both be necessary in the near future to allow for sustained quality programming. New facility development will allow for increased revenues to help offset operation costs. In assessing MAB’s current budget, this study recommends the following:

1. A capital improvement plan should be developed to coincide with desired citizen improvements.
2. A sales tax increase of $\frac{1}{4}$ or $\frac{1}{2}$ cent should be evaluated as a possible funding solution for needed capital improvements.
3. Operation funding as a percentage of the overall government spending should be increased to be more in line with the average spending of comparable parks and recreation departments.
4. Internal revenues should increase as new facilities are developed to help offset operation costs.
5. The MAB Parks and Recreation Commission should have a long-term goal of producing 50% of the total budget through fees and charges including new facilities recommended in this report.
6. The MAB Commission should seek opportunities to partner with the school system for the development and operations of new facilities.