

FINANCIAL SUSTAINABILITY THROUGH PLANNING AND PARTNERING

Financial Sustainability



CPRS 2012

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Outline

- Current Situation
- 3 P's of Financial Sustainability
 - Planning
 - Partnering
 - Promotions
- Outcomes

Current Situation?

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Current State of Parks and Rec. Agencies

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"77 Parks in Detroit May Close" (*The Detroit News*, June 25).

"DeKalb wants to close two rec centers, pool" (*Atlanta Journal-Constitution*, June 13);

Hernando may close parks, gut programs, trim management to span budget shortfall" (*St. Petersburg Times*, June 24);

"Cathedral City, California, Will Ask Voters To Approve Sales Tax Increase"

Current State

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California Dreamin...or Reality?

- 2001 Operating Budget - \$314 million
- 2010 Operating Budget - \$330 million
- Factored for inflation – 15% drop despite adding 12 parks and 100,000 acres
- 278 parks - \$1.3 billion maintenance backlog
- \$22 million in State Park cuts over 2 years
- First total closures in 150 year history

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California Dreamin...or Reality?

Among the 10 largest state park systems, only _____ and _____ lack a dedicated funding source

- California and Massachusetts

Where was San José?

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The Business of Recreation

- Outdoor Recreation's annual contribution to the U.S. economy - \$730 billion
- Number of jobs created and supported by outdoor recreation – 6.5 million
Outdoor Industry Association (OIA) statistics
- Fitness & Recreation Centers - \$20.7 billion
Plunkett Research Estimate
- Economic Impact – Every \$1 spent for recreation and parks programs or facilities, and activities return \$1.70
Jayhawk Consulting, University of Kansas School of Business.

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Planning



Financial Sustainability Plan

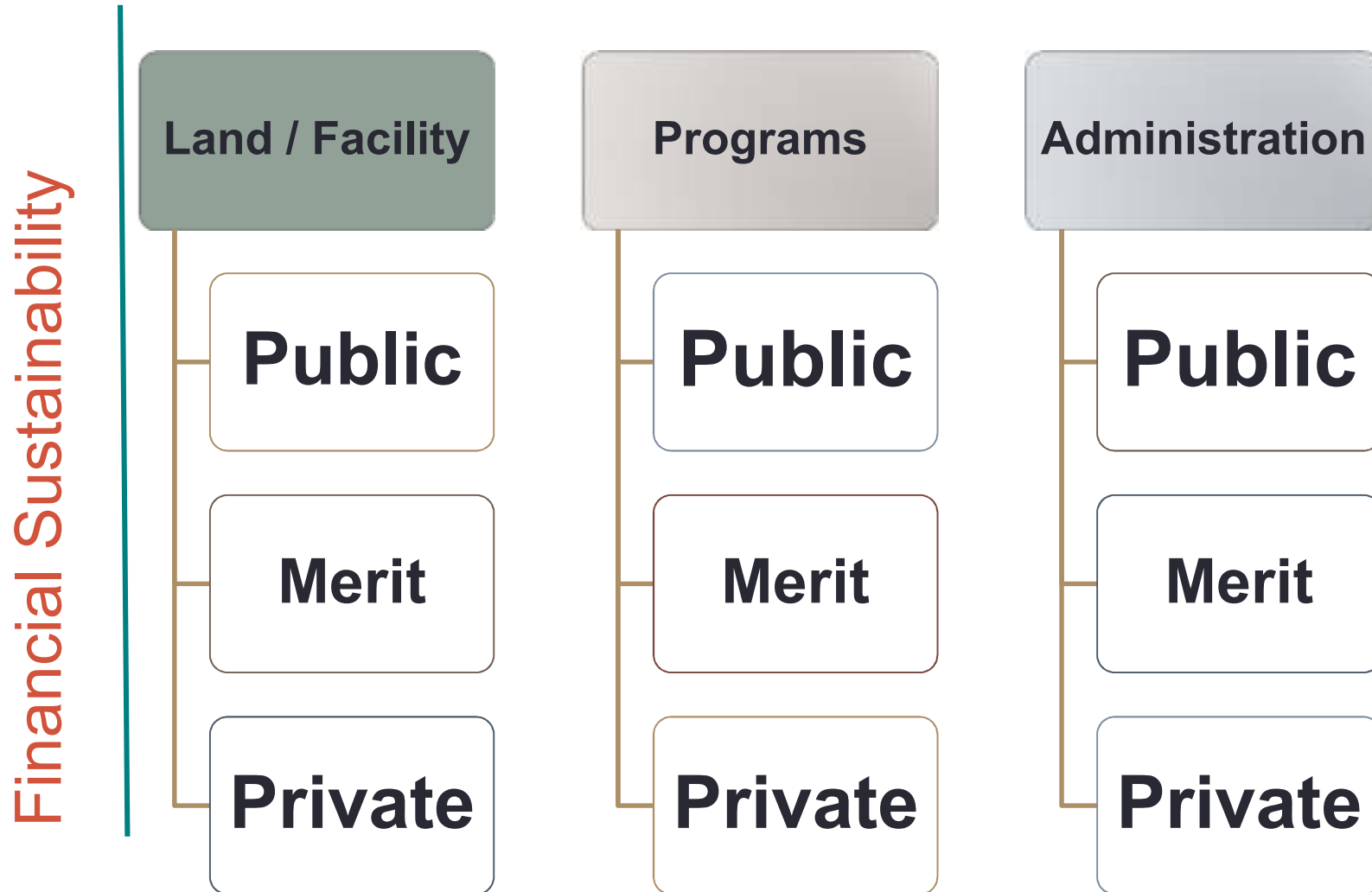
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- It's not about **numbers**.....

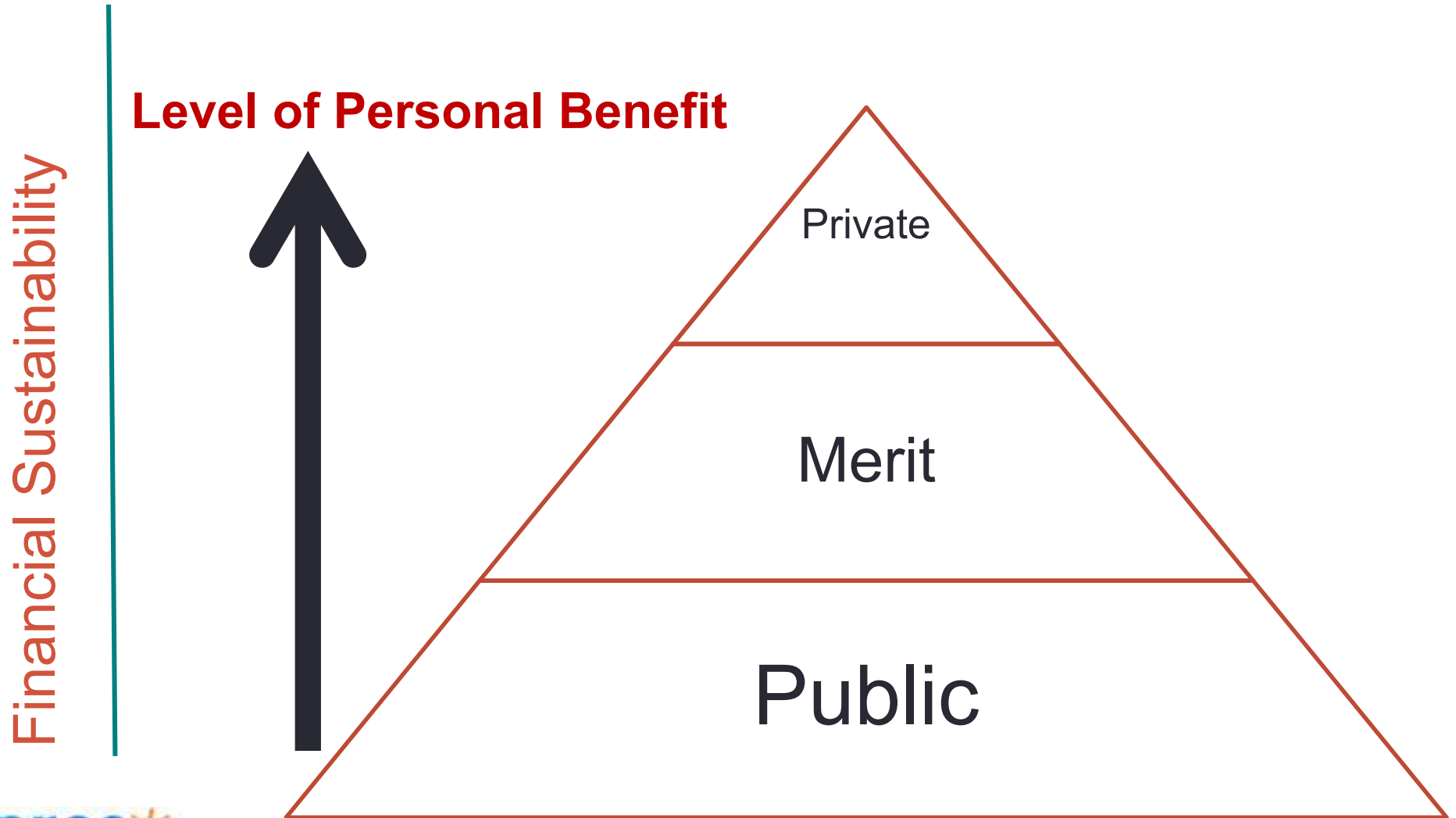
It's about the **Culture!**

- Teach and train staff to think in an outcome-driven, business minded approach
- Three key elements
 - Core service classification
 - Cost of service
 - Revenue Generation creating a vision & roadmap

FSP - Services Classification



FSP - Services Classification



Cost

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- Identify TRUE cost of service
- Outsource where some one else can provide the same level of service in a more cost effective manner
- Stop maintaining things that nobody uses
- Eliminate entitlement
- Manage capacity correctly
- Get out of things that have outlived their time

Set Recovery Goals

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- Cost recovery goal is the percentage of total cost that you intend to recover against the overall program budget
- Cost recovery goals are an integration of cost of service, level of benefit, and available funding.

| | | |
|-----------------------|---------|-------------------------|
| Aquatics | Merit | 39% Direct |
| Family Camp | Private | 90% Direct and Indirect |
| Fee Classes | Private | 100% Direct |
| Trails and Open Space | Public | No Cost/Free |

Sample Cost Recovery Sheet

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| | Aquatics Total | Recreation Swim | Swim Lessons | Camden Aquatics Lap Swim | Camden Aquatics Fee Activity (Classes) | Year Round Special Events | Almaden Lake Park Recreation swim |
|---|----------------|-----------------|--------------|--------------------------|--|---------------------------|-----------------------------------|
| Core / Non-Core Program | | Core | Core | Non-Core | Non-Core | | |
| Program Classification | | Public | Merit | Private | Private | | |
| Existing Admission Fee Range (Lower) | | \$2 | \$ 40.00 | \$ 2.25 | \$170 | | |
| Existing Admission Fee Range (Higher) | | \$2 | \$ 45.00 | \$ 3.50 | \$170 | | |
| Current Cost Recovery (%) | 39% | 13% | 61% | 28% | 116% | 0% | 0% |
| Desired Cost Recovery (%) | 50% | 35% | 75% | 60% | 125% | 100% | 35% |
| Difference between Desired and Current Cost Recovery Rates (%) | 11% | 22% | 14% | 32% | 9% | 100% | 35% |
| Increase in Fee to meet Cost Recovery Goal (Lower Range) | \$ - | \$ 0.45 | \$ 5.43 | \$ 0.72 | \$ 15.01 | \$ - | \$ - |
| Increase in Fee to meet Cost Recovery Goal (Higher Range) | \$ - | \$ 0.45 | \$ 6.10 | \$ 1.12 | \$ 15.01 | \$ - | \$ - |
| Updated Admission Fee Range (Lower) | \$ - | \$ 2.45 | \$ 45.43 | \$ 2.97 | \$ 185.01 | \$ - | \$ - |
| Updated Admission Fee Range (Higher) | \$ - | \$ 2.45 | \$ 51.10 | \$ 4.62 | \$ 185.01 | \$ - | \$ - |

Elements of the Greenprint

Vision

National leader of Parks and Recreation in cultivating healthy communities through quality programs and dynamic public spaces

Mission

To build healthy communities through people, parks and programs

Guiding Principles

Accessibility

Inclusivity

Affordability

Equity

Diversity

Sustainability

Flexibility

Goals

Provide environmentally and financially sustainable recreation programs and infrastructure assets

Provide environmentally responsible recreation facilities

Provide accessible recreation opportunities that are responsive to the community's health and wellness

Partner with the community to promote environmental stewardship and volunteerism

Improve community image and livability by providing quality recreation facilities and programs

Provide nationally recognized parks, trails, open space, recreation amenities and programs to meet the community's growing needs

Strategies

Environmental Sustainability

Design, build, maintain and operate recreation facilities that will last for many years, preserve the environment and encourage a healthier community.

Economic Development

Provide attractive recreation facilities and programs to enhance the City of San Jose's economy and its ability to strengthen neighborhoods.

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Fully fund recreation programs and facilities in partnership with community resources.

Quality Services

Enhance recreation opportunities offered by encouraging community participation and healthy living.

Civic Engagement

Increase public awareness, foster community input and enhance participation in parks, recreation facilities, programs and services.

Productive Partnerships

Expand the number of productive partnerships to maintain quality service levels while minimizing fiscal impact to the City of San José's General Fund.

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Partnering



Traditional

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- JUA and MOU
- Other Public Agencies / Non-Profit Organizations
- San José examples
 - Sports fields & other site access with public schools
 - Service Vendors
 - Class Instructors
 - Tree Trimming Contracts

Non-Traditional

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- Lewisville, Texas
- Genessee County
- San José
 - Community Center Reuse
 - Sports field development partnership with private school

Non-Traditional

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- Lewisville, TX
 - Paid CSL Marketing Group - \$230,000
 - Naming Rights - Toyota of Lewisville Railroad Park
 - 10 years - \$1.5 million
 - Naming Rights - Medical Center of Lewisville Arts Center
 - 10 years - \$750,000
- **ROI – Approx. 10x**

Non-Traditional

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- San José Examples
 - Community Center Reuse
 - 43 of 55 community centers
 - 31 different organizations providing service
 - Over 400,000 units of service in 6 months
 - Projected to be over 1 million / year
 - Sports field development partnership with private school
 - Joint development of artificial turf field in public park
 - Private partner to maintain entire park moving forward
 - Annual maintenance cost savings \$100,000 approx.

Discussion

What Other Current or Potential Examples Can you Share on Creating a Financially Sustainable Agency through Non-Traditional Partnerships?

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Promotions



Promotions

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- Plano
 - Sponsorship Packaging
- Genesee County
 - \$10 idea
- San José examples
 - Lake Cunningham Regional Skate Park

Promotions

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- Plano
 - Sponsorship Packaging
- Texas Health Presbyterian Hospital
 - \$1 million for naming rights to 4 recreation centers



- <http://www.wfaa.com/news/local/Hospital-pays-1-million-for-name-on-city-rec-centers-134800868.html>

Promotions

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- Genessee County
 - \$ 10 idea

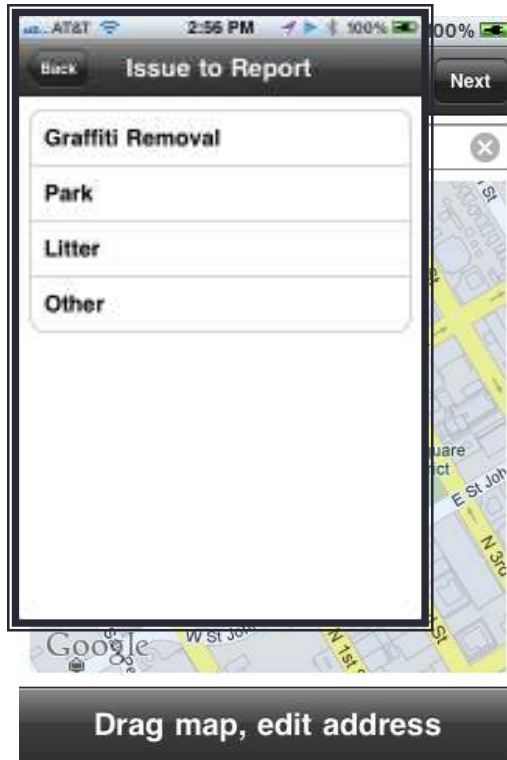
LCRSP - California's Largest Skate Park at 68,000 square feet

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Social Media / Mobile Applications

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San José examples

- Mobile Applications
 - San José Clean
 - Transit & Trails
- Facebook
 - 18 Facebook Fan Pages
- Twitter
 - SanJoseTrails

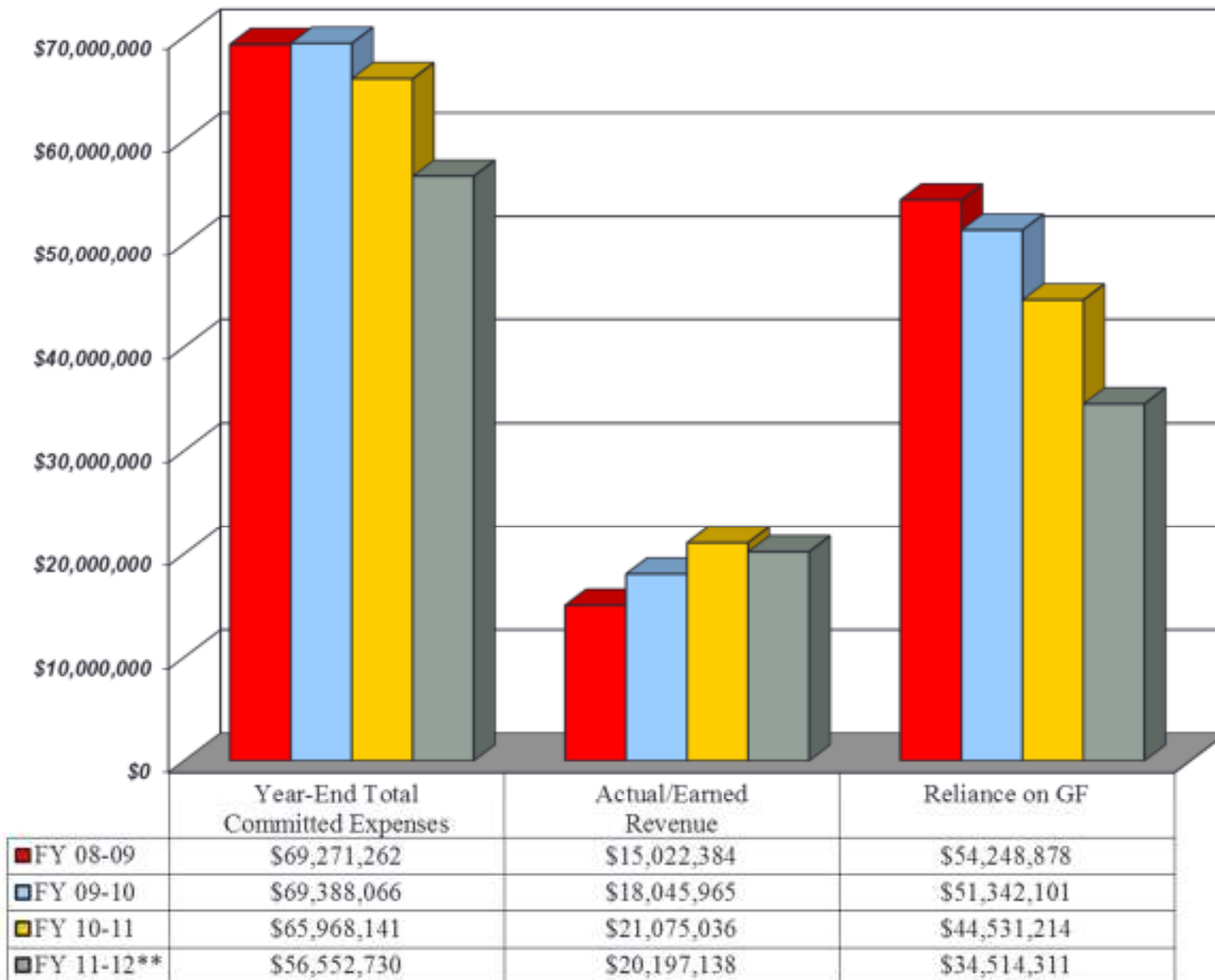
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Outcomes



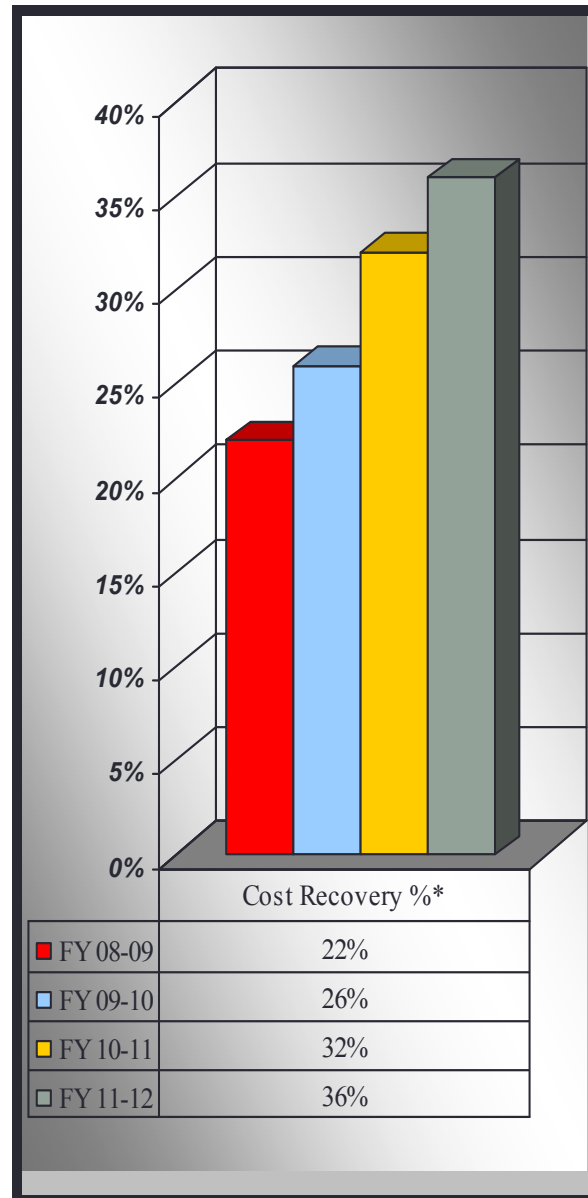
Outcomes - Quiz

- San José's reliance on GF in FY 08-09 was **\$54 million**
- *San José's projected reliance on GF in FY 11-12 is **\$34 million***
- San José's FY 08-09 cost recovery was **22%**
- *San José's projected FY 11-12 cost recovery is **36%***



3-Year History of Cost Recovery Performance

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Summary

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- **Plan** – it helps to have one
 - Focus on Service Classification, Cost of Service and Revenue Generation
 - It's not just about numbers.....
- **Partner** – mix and match partnerships
 - Co-op advertising
 - Naming right sales
- **Promote** your plans, partnerships, offerings
 - Sponsorship packaging
 - Apps

Summary

1. Today's Presentation

- <http://www.prosconsulting.com/presentations.php>

2. San Jose Councils

http://www.sanjoseca.gov/clerk/cp_manual/CPM.asp

Policy 1-21 Pricing Policy

Policy 1-17 Donation, Sponsorship and Fundraising

Policy 7-8 Long term use of City Parklands for

Private Enterprise Purposes

Policy 7-12 Community Center Reuse Sites