

PARKS AND RECREATION DEPARTMENT REVENUE MANAGEMENT PHILOSOPHY

Charlie Sandberg

Director of Parks and Recreation

- ▶ Cost recovery is the ability to charge fees to cover variable and fixed cost .
- ▶ Revenue Management is the application of analytics that predicts consumer behavior at the micro-market level to optimize product availability and price to maximize revenue growth. The primary aim of a revenue management strategy is selling the right service to the customer at the right time for the right price.
- ▶ Strategic revenue management, as you may have guessed, refers to your overall revenue management strategy. Strategy has a more long-term focus, and it involves a roadmap to reach a cost recovery from the general fund tax base.
- ▶ Fee structure will not include recovery of capital or fixed costs.
- ▶ **(Variable cost/Program Fee) = Cost Recovery**

WHAT IS COST RECOVERY AND REVENUE MANAGEMENT?

- ▶ To establish revenue recovery rates that consider market conditions and the cost of providing programs and services to cover variable cost.
- ▶ To maximize taxpayer investment to realize the optimal return.
- ▶ To ensure citizens receive the benefits of best value fees.
- ▶ Fees defer cost from the general fund base over time.
- ▶ Fees sustain the use of the facilities, programs, and services, maintaining balance of time and location against funding sources.

BENEFITS OF THE STRATEGIC REVENUE MANAGEMENT PLAN?

The DPPARD utilized the following principles to begin establishing a philosophy for the policy.

- ▶ Understand our market (Community and surrounding areas)
- ▶ Segmentation and Price Optimization (Right person, Right price for right service)
- ▶ Forecasting strategies (Pricing for now and the future)

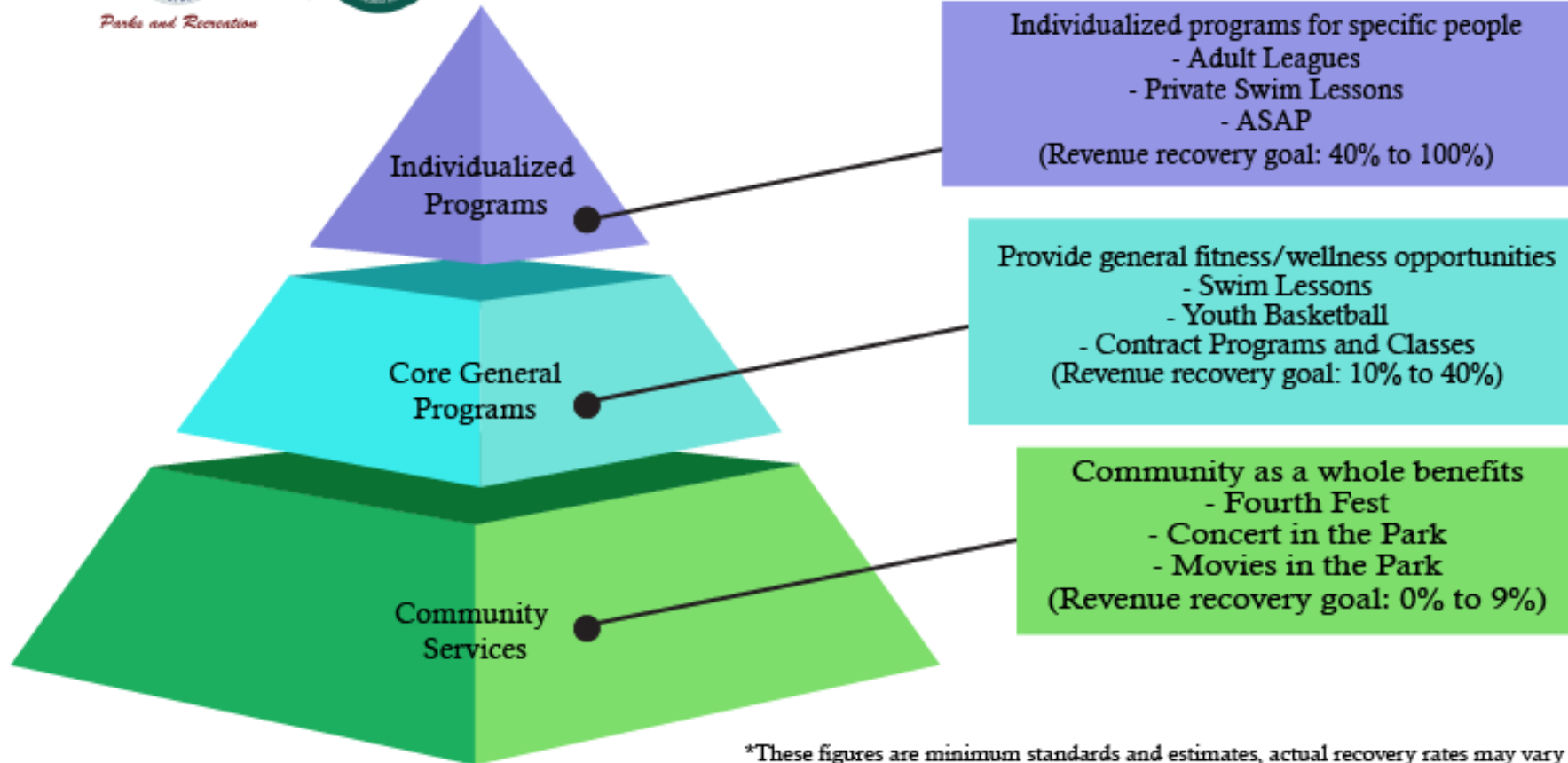
ESTABLISHING A PHILOSOPHY.

- ▶ DPPARD understands that providing services to our residents in our community are our top priority. Additionally, further research showed that a significant amount of patrons who participate in our programs and utilize City of Deer Park facilities are also from surrounding communities such as La Porte, Pasadena, League City, etc.
- ▶ The revenue management plan recognizes the above market analysis and has established “Resident and Non-resident” rates for fees.
- ▶ City of Deer Park citizens owning property within the city limits are classified as residents. Non-residents shall pay an additional fee for participating in most programs and for reserving facilities. A citizen residing outside of the city will pay more than the resident rate for programs, memberships, and services. Proof of residency will be required upon time of registration. This may include any of the following:
 - ▶ Valid Texas Identification Card or Driver's License.
 - ▶ Government – issued picture identification with current address.
 - ▶ Formal document recognizing proof of residency.

RESIDENT VS NON-RESIDENT



REVENUE MANAGEMENT PHILOSOPHY



*These figures are minimum standards and estimates, actual recovery rates may vary

* Rates may exceed 100% in certain circumstances

Community Services

- ▶ This criterion applies to the Community Services Tier of the policy. The following criteria will be used to determine if a service should be included in the tier, keeping in mind that a service does not have to meet every criterion:
- ▶ The service is equally available to everyone in the community.
- ▶ The service is provided by the local government.
- ▶ The service enhances the quality of life for the residents.
- ▶ Community Services Example:
 - ▶ Fourth Fest
 - ▶ Concert in the Park
 - ▶ Movies in the Park
 - ▶ Senior Congregate and Homebound meals program

TARGET TIER RANGE

Core General Programs

- ▶ This criterion applies to the Core General Programs tier. User's fees may recover only partial cost for those services for which the agency desires to manage demand.
- ▶ The services benefit those who participate but the community at large also benefits.
- ▶ The service is the more traditionally expected services and beginner instructional levels.
- ▶ The service promotes individual, physical, and mental well-being.
- ▶ Core General Programs examples:
 - ▶ Youth Basketball
 - ▶ Swim Lessons
 - ▶ Beginner Dance Lessons

TARGET TIER RANGE

Individualized Programs

- ▶ This criterion applies to the Individualized Programs tier. The service fees should recover a higher cost of services benefiting specific individuals or groups.
- ▶ The individual or group using the service is the primary beneficiary.
- ▶ The service provides an intermediate level of recreational skill development.
- ▶ There is excess demand for the service.
- ▶ The service is at fair price.
- ▶ Individualized Programs examples:
 - ▶ Private Swim Lessons
 - ▶ Adult Leagues
 - ▶ ASAP
 - ▶ Theater Memberships

TARGET TIER RANGE

The DPPARD currently allows a number of 3rd party groups and organizations to utilize City facilities at no cost. These include but not limited too:

- ▶ Civic organizations
- ▶ Private Groups
- ▶ Sports Organizations
 - ▶ Recognized sports organizations (DPSFC, DP Girls Softball, DP Pony Baseball)
 - ▶ Non-recognized sports organizations (Competitive 3rd party teams, private companies, etc.)

The DPPARD is requesting the opportunity to discuss this option and gain direction on these types of rentals.

FACILITY USAGE AND RENTALS

- ▶ With the City of Deer Park Passing the Type B election. There will be new amenities with the Recreation Center and future fees will be discussed.
- ▶ Fees will be established in order to help offset some of the operational and variable costs associated with running the new facilities.

FUTURE MEMBERSHIP FEES



QUESTIONS?