

# Welcome to the 2023 FRPA Conference!



## August 28 - 31, 2023 | Orlando, FL

The background features a light green grid pattern. Scattered across the grid are several stylized green dollar bills with white outlines and a white dollar sign in the center. The bills are oriented in various directions, some appearing to float or fall.

# **Evaluating & Restructuring Your Fees:**

**Achieving Your Cost  
Recovery Goals**





# SPEAKERS



## MIAMIBEACH

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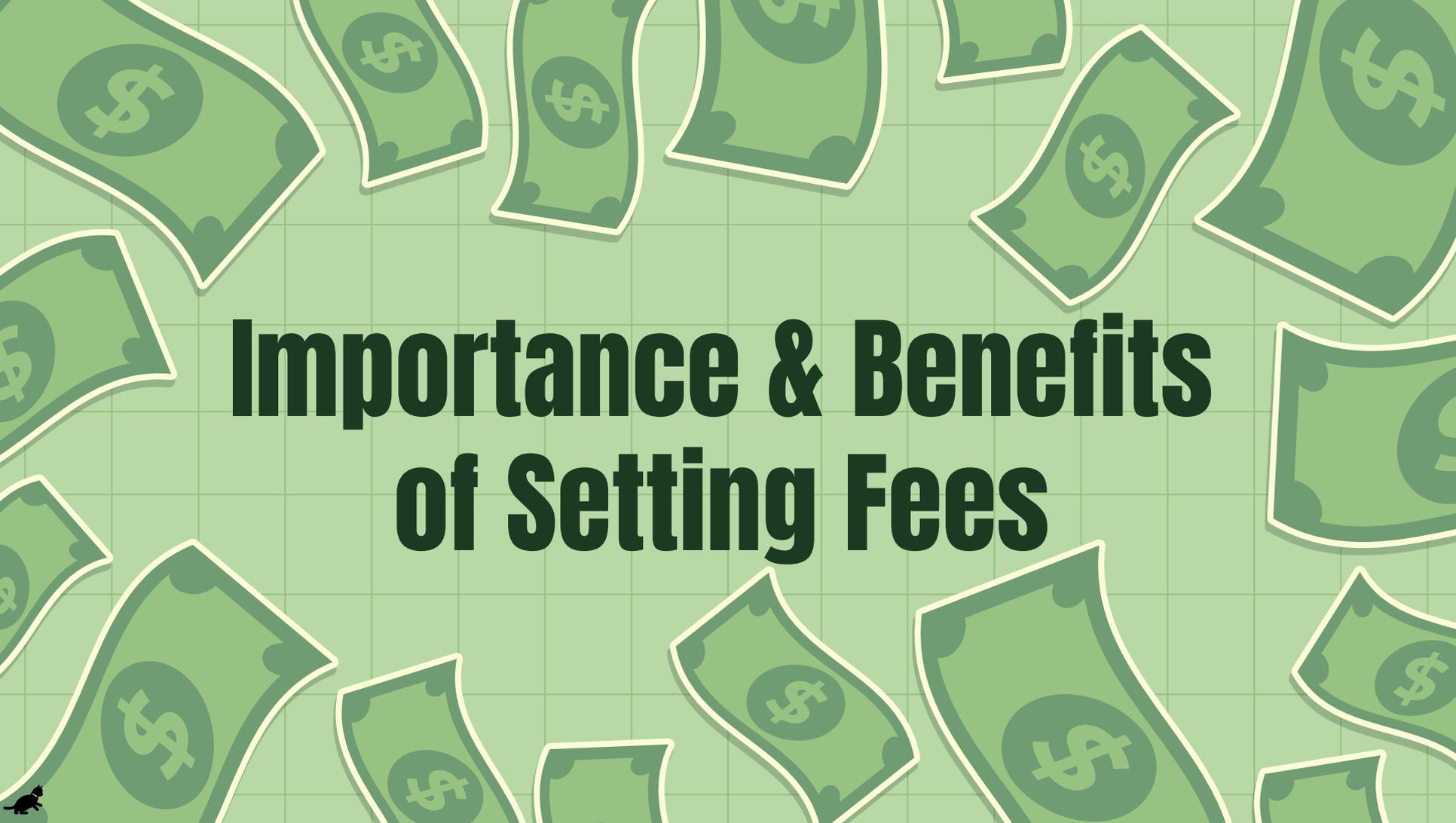




**Does anyone feel their department  
fee structure needs improvement?**

**Who has set cost recovery goals  
and tracks them?**



The background features a light green grid pattern overlaid with numerous stylized green dollar bills. Each bill is outlined in white and has a white dollar sign (\$) in the center. The bills are scattered across the frame, some overlapping, creating a sense of abundance and financial focus.

# **Importance & Benefits of Setting Fees**



# Importance and Benefits of Setting Fees

- Mechanism for allocating the use of public funds, creating a financially sustainable approach for recreational services and facilities, maximizing the use of programs and facilities, and ensuring affordable access to programs and services.
- Well-designed fees not only reduce the need for additional revenue sources but promotes service efficiency.
- Provides guidance when adding new programs/events.
- Provides back-up if questioned.



The background features a light green grid pattern overlaid with several stylized, wavy green dollar bills. Each bill has a white outline and a dark green dollar sign in the center. The bills are scattered across the frame, creating a sense of movement or falling money.

# Challenges

# Challenges of Setting Fees

01

## Economy

Inflation and Recession

02

## Politics

Election Year?  
Perception?

03

## Community

Ages and Income

04

## Past Standards

“But we’ve always done  
it this way!”



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# Types of Fees





# Fee Types

Admission Fees	Membership Fees	Special Revenue Fees
Rental Fees	License and Permit Fees	Miscellaneous
User Fees	Non-Profit Org Fees	
Sales Revenue	Vendor Permit Fees	



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# **What drives of our fees? COST RECOVERY**

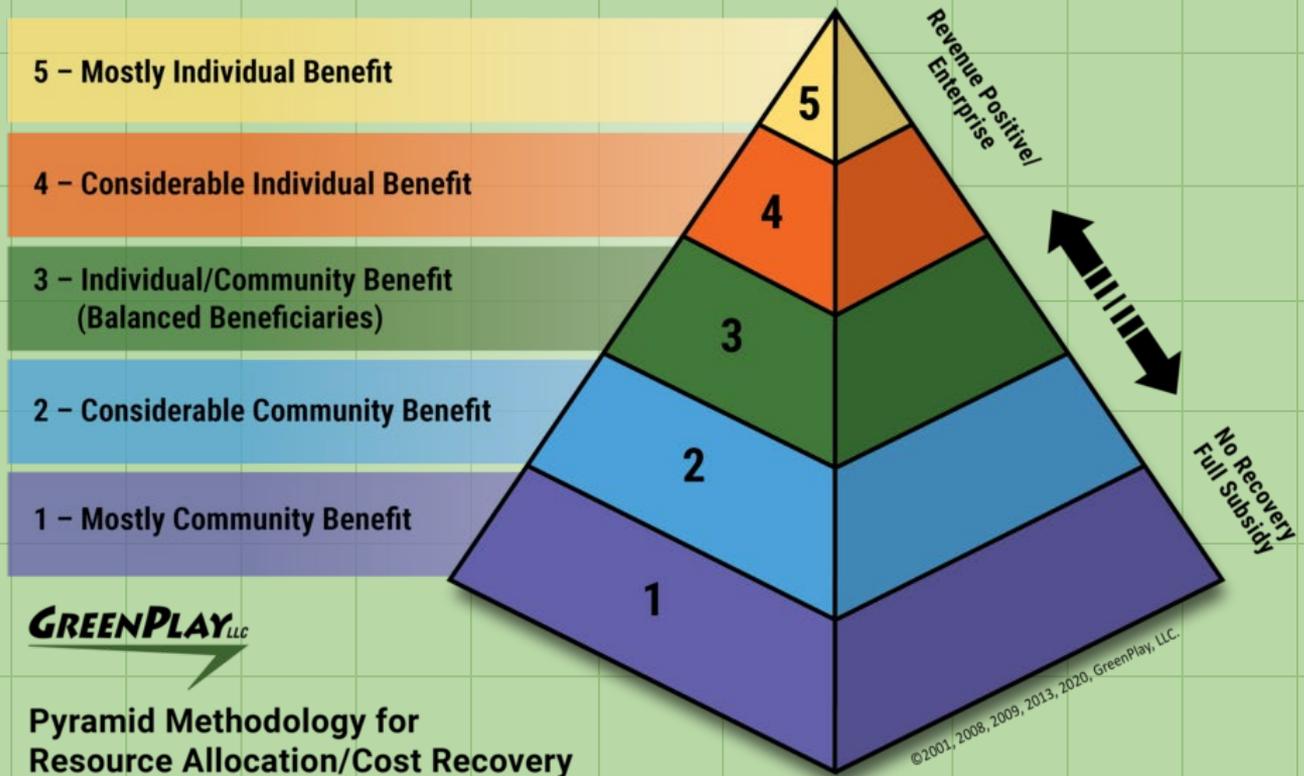


# What is it?

- “Cost recovery is the principle of recovering expenditures, and generally refers to regaining the cost of any business-related expense.”
- The point of adopting a cost recovery philosophy is not to make a profit, rather, to be thoughtful and responsible with financial resources.
- Perhaps even more importantly, it’s about optimizing tax-payer dollars and the benefits a community realizes based upon your spending decisions.



# Establishing Cost Recovery



**GREENPLAY** LLC

Pyramid Methodology for  
Resource Allocation/Cost Recovery

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# Examples



## Annual Egg Hunt Event

Considerable  
Community Benefit



## Private Guitar Lessons

Most Individual Benefit



## Spring Break Camp

Considerable Individual  
Benefit



## Round of Golf

Most Individual Benefit



## Senior Citizen Bingo Night

Individual/Community  
Benefit\*



## Infant Swim Lessons

Considerable  
Community Benefit\*



# The Cost Recovery Continuum

Low Subsidy -  
High Cost Recovery

High Subsidy -  
Low Cost Recovery



### Parks, Recreation, Open Space & Trails Department

**Common Good**  
(i.e., essential, community-wide interests, far-reaching impact, universal value, access for all)

**Non-monitored Open Access**  
Target = 0-10% CR

**Community Health & Ed**  
Target = 5-20% CR

**Community Events**  
Target = 10-20% CR

**Rec/Intro Skills**  
Target = 30-50% CR

**Monitored Open Access**  
Target = 50-70% CR

**Special Events**  
Target = 70-90% CR

**Facility Rentals**  
Target = 90-100% CR

**Equipment/Vehicle Rentals**  
Target = 90-100% CR

**Private/Semi-private Lessons**  
Target = 100-120% CR

**Resale**  
Target = 100-120% CR

**Individualized**  
(i.e., discretionary, self-interest, limited impact, exclusive, access for some)

Common Good

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Individualized

## 2020-2021 Cost Recovery Strategy & Model

September 2020



# Cost Recovery Challenges

High Expenses

Sustainability

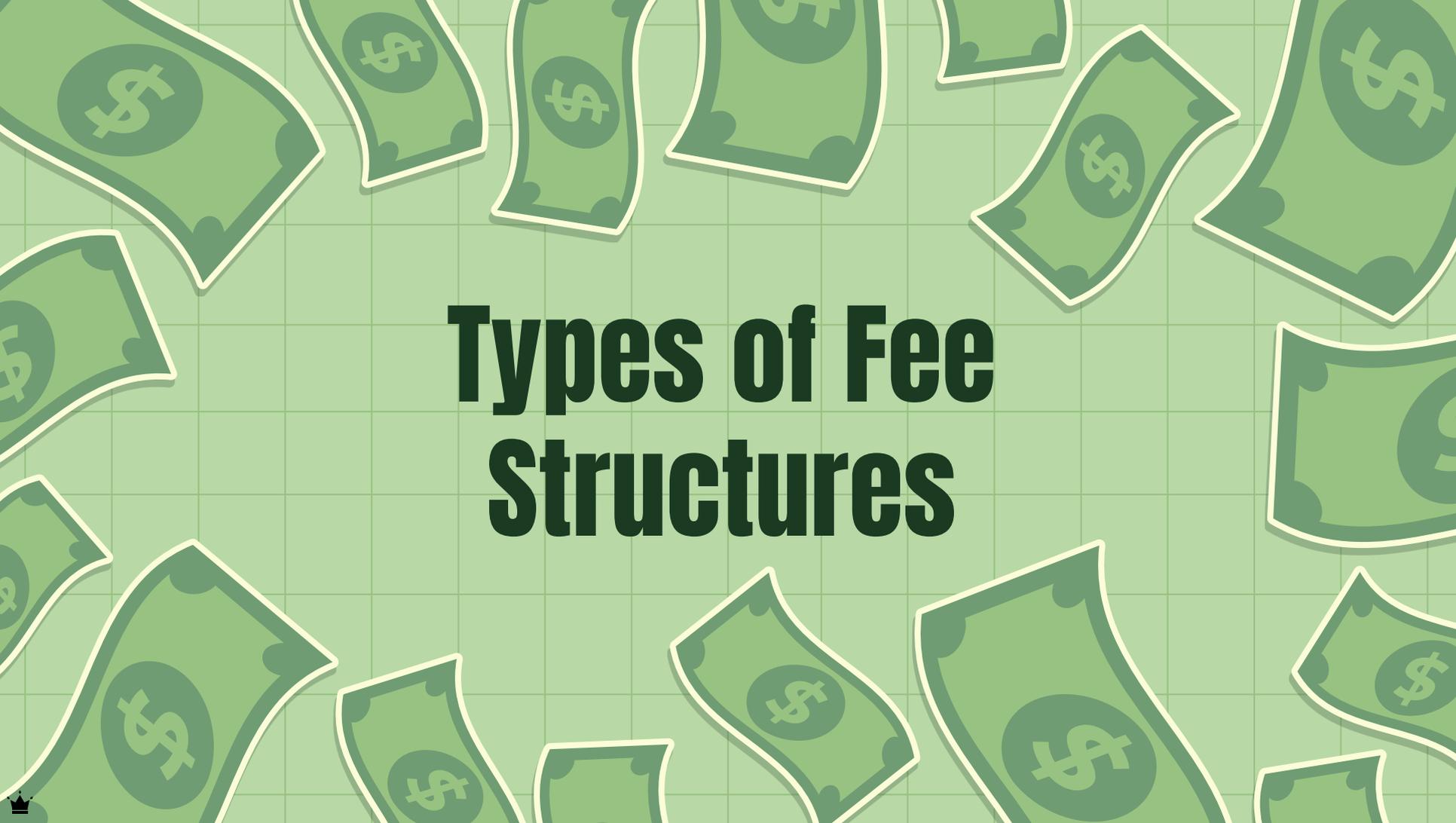
Unrealistic Goals

Tracking

Staffing Costs

Program Interest



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# **Types of Fee Structures**

# Program Types

You can divide your fees by Program Types such as:

- Toddlers, Youth, Teens, Adults, Seniors, Special Needs, and Community
- Fitness, Arts, Educational, Athletics, Technology, Rentals, and Events
- City Operated vs Contracted



# Ranges



You can set ranges for fees to allow for flexibility and growth:

- Pool Entrance: \$0-\$15 per person
- Pavilion Rental: \$100-\$150 per rental
- Art Classes: \$50-\$150 per session
- Soccer League: \$700-\$1,000 annually

\* Ranges can be divided by Residents and Non-Residents



# Subsidized vs Unsubsidized

Divide your fees into what your agency approves subsidies for :

- Set cost recovery percentage goals for both types
- Calculate program fees based on goals
- Examples:
  - Senior Citizen Programs and Special Populations Programs may be subsidized 100% by your agency. You'll have zero cost recovery goals.
  - Coding Classes for Adults is a program that your agency won't subsidize; therefore, you must make 100% cost recovery or more.



# Little Bit of Everything!

One structure might not work for your agency;  
therefore, you might combine a few to achieve the best  
structure to meet your needs!



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**How do you come up  
with your fees?**



# Strategies

01

## Comparison Studies

Research the Market &  
Similar/Neighboring  
Communities

02

## CPI Increase to Current Rates

Post Comparison Study

03

## Community Expectations

You know your  
community!



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# Fee Setting Process



# What is the best way?

Consider selecting the best way which enables the municipality to quickly respond to market trends and community needs by implementing pricing methods as appropriate to meet financial sustainability.

- › At discretion of the Department Director/City Manager - Pros and Cons?
- › Annually approved by through the budget cycle - Pros and Cons?
- › Establishing a Resolution or Ordinance - Pros and Cons ?



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# Tracking Cost Recovery









\$0000....

**What do we do?**





# City of Doral

- Fee Structure: Program Types & Ranges
- Strategy: Annual Fee Study
  - Provides justification for proposed increases and new fees
- Adoption: Passed via Resolution Annually
  - Pros and Cons?



# City of Miami Beach

ORDINANCE NO. 2019-4299

AN ORDINANCE OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, BY AMENDING CHAPTER 1 OF THE CODE OF THE CITY OF MIAMI BEACH, ENTITLED "FEE PROVISIONS," BY CREATING SECTION 1-15, ENTITLED "FEE SCHEDULE;" TO PROVIDE THAT ALL FEES AND CHARGES ESTABLISHED BY THE CITY COMMISSION SHALL BE SET FORTH IN APPENDIX A TO THE CITY CODE, ENTITLED "FEE SCHEDULE;" PROVIDE FOR AN ANNUAL ADJUSTMENT FOR CERTAIN SPECIFIC FEES AND CHARGES TO REFLECT INCREASES IN THE CONSUMER PRICE INDEX; AND PROVIDE THAT CERTAIN OTHER FEES AND CHARGES SHALL BE SUBJECT TO ADJUSTMENT AS OTHERWISE PROVIDED IN THE CITY CODE; AND BY AMENDING APPENDIX A TO THE CITY CODE, ENTITLED "FEE SCHEDULE," TO CONSOLIDATE FEES AND CHARGES ESTABLISHED BY THE CITY COMMISSION, AND TO IDENTIFY WHICH FEES AND CHARGES SHALL BE SUBJECT TO ANNUAL ADJUSTMENT; AND PROVIDING FOR REPEALER, SEVERABILITY, CODIFICATION, AND AN EFFECTIVE DATE.

WHEREAS, during the Fiscal Year 2018-19 budget process, the City Commission directed the City Administration to review the City of Miami Beach's (the "City") current approaches for annually indexing the City's rates, fees, and charges (collectively, the "City Fees"), and identify which City Fees should be subject to annual adjustment to reflect changes in the Consumer Price Index ("CPI"); and

WHEREAS, the purpose of the review was to ensure that the City Fees keep up with inflation, and are sufficient to recover the costs of providing services to the City's residents and customers; and

WHEREAS, annual rate indexing is viewed favorably by credit rating agencies, and can better position the City for higher credit ratings, and lower interest rates associated with debt financing for high-priority capital improvements; and

WHEREAS, various City departments collaborated to develop recommendations and identify which City Fees should be subject to annual adjustment; and

WHEREAS, the Office of Management and Budget subsequently retained a consultant (GovRates, Inc.) to assist with developing recommendations for annual indexing; and

WHEREAS, the Mayor and the City Commission hereby determine that this Ordinance will promote transparency, eliminate inconsistencies, and streamline the procedure for adjustments to City Fees.

Description	Amount (Sales tax or other taxes may apply)	Annual Adjustment (References shown are defined at the end of Appendix A)
Win Pass:		
Non-Resident	\$40.00	[A]
Non-Resident	\$75.00	[A]
Beach Golf Club:		
1 - 10(31):		
Site	125.00	[A]
Resident	80.00	[A]
Resident	95.00	[A]
Resident	55.00	[A]
Resident	70.00	[A]
15):		
	130.00	[A]
	100.00	[A]
	70.00	[A]
	225.00	[A]
	120.00	[A]
	90.00	[A]
	25.00	[A]
	15.00	[A]
	3,800.00	[A]
	4,900.00	[A]
Under 18 Years of Age	500.00	[A]
Non-Resident:		
Single	6,000.00	[A]
Husband and Wife	7,500.00	[A]
Each Dependent Under 18 Years of Age	750.00	[A]

- Fee Structure: Program Types & Ranges
- Strategy: Annual Fee Study & CPI Increase
- Adoption: Ordinance No. 2019-4299

## Pros and Cons?

SPECIALITY CAMP - weekly fees	Resident		Non-Resident	
	Minimum	Maximum	Minimum	Maximum
Educational Specialty Camps	\$ 160.00	\$ 400.00	\$ 650.00	\$ 750.00
Sports Specialty Camps	\$ 160.00	\$ 400.00	\$ 300.00	\$ 750.00
Arts Specialty Camps	\$ 180.00	\$ 400.00	\$ 300.00	\$ 750.00
Wellness Specialty Camps	\$ 150.00	\$ 400.00	\$ 300.00	\$ 750.00
General Specialty Camps	\$ 150.00	\$ 400.00	\$ 300.00	\$ 750.00

YOUTH CLASSES	Resident		Non-Resident	
	Minimum	Maximum	Minimum	Maximum
Youth Programs (Monthly - Contractors)	\$ 50.00	\$ 400.00	\$ 250.00	\$ 550.00
Youth Programs (Monthly - In-House)	\$ 50.00	\$ 250.00	\$ 250.00	\$ 400.00
Clubs (Monthly - Contractors)	\$ 25.00	\$ 400.00	\$ 90.00	\$ 550.00
Clubs (Monthly - In-House)	\$ 25.00	\$ 250.00	\$ 90.00	\$ 400.00
Youth Programs (Drop In- Contractors)	\$ 10.00	\$ 40.00	\$ 15.00	\$ 80.00
Youth Programs (Drop In - In-House)	\$ 5.00	\$ 40.00	\$ 15.00	\$ 80.00



# Future considerations





# Don't Forget About ...

**01**

**Discounts & Scholarships**

**02**

**Establish a Department Policy**

**03**

**Consider the Best Fee Structure**

**04**

**Don't be Afraid of Change .. Baby Steps!**

**05**

**Be Prepared to Sell the Benefits of Adjusting Fees**





Questions?





# THANK YOU!



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