

FUNDING AND COST RECOVERY

4.1 CURRENT FUNDING

The following information was taken from the 2006 Comprehensive Annual Financial Report (CAFR) Fiscal Year ending September 30, 2006. This report is the annual financial audit for the City and is recognized as the authoritative referencing budget document.

Revenues from governmental activities increased \$79.4 million or 27.7% over 2005. Most of the major revenue sources showed favorable results, including a 92% increase in investment earnings and an 11.4% increase in property tax collections, including voted debt levies. The latter increase is attributed to a 10.3% increase in property values. Other taxes (utility, franchise, communications services and insurance premium taxes) increased by 7.5% with higher franchise taxes coming from Florida Power and Light rate increases. By far the largest increase (185%) was seen in operating and capital grants and contributions. Revenues recognized from federal and state sources for reimbursement for hurricanes Katrina and Wilma cleanup and repairs totaled \$47.6 million. In addition, land valued at \$11.6 was received from Broward County for parks under their land preservation bond program.

Expenses for governmental activities increased 33.1% overall with general government expenses increasing 119% and transportation 28%. Included in general government was nearly \$47.1 million in debris removal and other costs incurred from hurricanes Katrina and Wilma. Additional costs associated with Hurricane Wilma are included in various other expense categories as well, including \$2.3 million public safety, \$709,000 transportation, \$487,000 physical environment and \$350,000 culture and recreation.

Property Tax

The City's property tax is levied, becomes a lien on real and personal property located in the City, and is recorded as a receivable on November 1 of each year based upon the assessed value listed as of the prior January 1. Assessed values are established by the Broward County Property Appraiser. The assessed value at January 1, 2005, upon which the 2005-06 levy was based, was approximately \$23.7 billion.

The City is permitted by state law to levy taxes up to 10 mills of assessed valuation for General Fund operations exclusive of voted debt levies. Taxes levied for the General Fund for the 2005-06 fiscal year were 5.0924 mills for operations and 0.3389 for debt service.

Culture and Recreation Fund

- Over \$36.2 million annual budget for fiscal year 2005/2006
- Over \$13.4 million in capital grants and contributions
- Over \$6.4 million in charges for service
- Less than \$300,000 in operating grants and contributions
- Includes the Stadiums, Auditorium and Docks as well as the Parks and Recreation Department



Parks and Recreation Budget - FY 2006/2007 Adopted

- Administration and Special Facilities \$5,008,378
- Recreation \$7,972,609
- Parks \$15,547,009
- Capital \$2,600,000 (average per year for previous 5 years)
- Grants - State Department of Education grant for summer food service program, State Community Services grant for Club Carter programs, CDBG grants for traveling swim team, teen aquatics, scuba, art in the parks and 100% of the scholarships for camps in the parks

Revenue Plan 2006/2007

- Parks and Recreation Department is subsidized through the investment of property tax revenues
- According to the plan, "The Recreation Division uses the Cost Recovery Pyramid Method for determining program value and setting fees"
- Cost recovery through fees, charges and alternative funding was 11% in fiscal year 2006/2007
- Resident and Non-resident fees are charged
- The Youth Enrichment Scholarship (Y.E.S) is available for residents who qualify for the free school lunch program enabling them to participate in recreation programs at 75% reduced costs
- Types of use fees include:
 - Admission
 - Facility Rentals – Recreation Center, Pools, Community Gardens
 - Permits – outdoor Events, Dogs, Bark Park, Field Use and Player fees
 - Outdoor Event Application
 - Programs
 - Concessions
 - Licenses/Agreements/Contracts
 - Special Services
- Revenue enhancements include the use of:
 - Grants
 - Impact Fees
 - Partnerships and Sponsorships
 - Gift Catalog

Comparable cost recovery analysis is not possible because typically each community defines it differently. In addition, there isn't a standard or typical cost recovery target or goal. Examples across the country show a wide range of subsidy levels or tax investment, from 5% to 80% and higher, depending upon the mission of the agency, construction or debt service funding payback, operation funding availability, the community's philosophy regarding subsidy levels and user fees, and structure of agency budgets. Dr. John Crompton from Texas A&M, a leading educator and researcher on the benefits and economic impact of leisure services indicates that from his experience the national average for a department's cost recovery is around 34% cost recovery. The Parks and Recreation Department had a cost recovery of approximately 36% until 2005 at which point the Marina and the Aquatics complex were removed from the Park's budget. These types of facilities are typically the higher revenue generating facilities that tend to offset the costs of running more subsidized youth programs. Fort Lauderdale's current percentage at 11% may be appropriate for this type of agency given the nature of the programs that are run by the Department. The Department needs to re-evaluate its fee structure and consider a restructuring of fees based on the pyramid methodology.



4.2 POTENTIAL RECREATION AND PARK FUNDING SOURCES

Compiled by Florida Department of Environmental Protection, Division of Recreation and Parks, revised 05/07

The following is a list of potential funding sources that may be available to local governments to assist in the development of park facilities, environmental education programs, or natural resource protection and enhancement projects.

DEPARTMENT OF AGRICULTURE/DIVISION OF FORESTRY

Urban and Community Forestry Assistance Program
Development and enhancement of urban forests
Charlie Marcus (850) 921-0300
3125 Conner Boulevard Suite R-3, Tallahassee, Florida 32399-1650
www.fl-dof.com

RURAL DEVELOPMENT PROGRAM

Projects that use natural resources to improve the economy and job opportunities in rural communities
Britt Evans (850) 414-9955
3125 Conner Boulevard Suite R-3, Tallahassee, Florida 32399-1650
www.fl-dof.com

DEPARTMENT OF ENVIRONMENTAL PROTECTION

319 Grant Program
Water quality improvement demonstration projects for nonpoint source pollutants within priority watersheds.
Karl Kurka or Holly Powless (850) 245-7508
2600 Blairstone Road MS 3570, Tallahassee, Florida 32399-3000
<http://www.dep.state.fl.us/water/nonpoint/319h.htm>

FLORIDA RECREATION DEVELOPMENT ASSISTANCE PROGRAM

Limited to local community acquisition of park land and development of park facilities.
Office of Information and Recreation Services (850) 245-2501
3900 Commonwealth Boulevard, MS 585, Tallahassee, Florida 32399-3000
www.dep.state.fl.us/parks/oirs

LAND AND WATER CONSERVATION FUND

A federal program that provides grants to local governments for acquisition of park land and development of park facilities.
Office of Information and Recreation Services (850) 245-2501
3900 Commonwealth Boulevard, MS 585, Tallahassee, Florida 32399-3000
www.dep.state.fl.us/parks/oirs

FLORIDA BEACH EROSION CONTROL ASSISTANCE PROGRAM

Beach restoration and nourishment, dune restoration, dune walkover construction, project design, engineering and environmental studies, and other erosion related activities.
Paden Woodruff (850) 922-7703
3900 Commonwealth Boulevard, MS 300, Tallahassee, Florida 32399-3000
<http://www.dep.state.fl.us/beaches/programs/bcherosn.htm>



CLEAN VESSEL ACT GRANT PROGRAM

A federal program that provides funding to public and private recreational boating facilities to install or renovate pump out or waste dump reception facilities.

Brenda Leonard (850) 245-2847

3900 Commonwealth Boulevard, MS 665 , Tallahassee, Florida 32399-3000

<http://www.dep.state.fl.us/law/Grants/CVA/default.htm>

FLORIDA GREENWAYS AND TRAILS PROGRAM

Formerly known as the Florida Rails-to-Trails Program, provides acquisition funds for the purchase of greenways and trails for recreational and conservation purposes.

Grants Administrator (850) 245-2052

3900 Commonwealth Boulevard, MS 795, Tallahassee, Florida 32399-3000

Development of Recreational Trails (850) 245-2052

3900 Commonwealth Boulevard, MS 795, Tallahassee, Florida 32399-3000

<http://www.dep.state.fl.us/gwt/community>

FLORIDA FOREVER PROGRAM

(formerly Conservation and Recreation Lands Program, CARL)

State acquisition program to preserve significant natural and other resource values.

Mr. Mark Glisson (850) 245-2784

3900 Commonwealth Boulevard, MS 140, Tallahassee, Florida 32399-3000

www.dep.state.fl.us/lands/acquisition/FloridaForever/fag.htm

DEPARTMENT OF COMMUNITY AFFAIRS

Florida Communities Trust

Provides grant and loan assistance to local governments for the acquisition and conservation of outdoor recreation lands that are needed to implement local government comprehensive plans.

Grant Gelhardt (850) 922-1704

2555 Shumard Oak Boulevard, Tallahassee, Florida 32399-2100

<http://www.floridacommunitydevelopment.org/fct/index.cfm>

DEPARTMENT OF TRANSPORTATION

Transportation Enhancement Program

Transportation enhancement projects: Bike and pedestrian trails and facilities, landscaping, and restoration of historic transportation structures.

Local Program Administrator (850) 414-4447

605 Suwannee Street, MS 37, Tallahassee, Florida 32399-0450

<http://www.dot.state.fl.us/emo/enhance/enhance.htm>

DEPARTMENT OF STATE

State Historic Preservation Grants-In-Aid Program

Historical archaeological site identification, preservation education, restoration of historic buildings, and excavation of archaeological sites.

Grants and Education Section (850) 245-6333

500 South Bronough Street, Tallahassee, Florida 32399-0250

<http://www.flheritage.com>



HISTORICAL MUSEUMS GRANTS-IN-AID PROGRAM

Development of exhibits on Florida history.

Grants Manager (850) 245-6333

500 South Bronough Street, Tallahassee, Florida 32399-0250

<http://www.flheritage.com>

FLORIDA INLAND NAVIGATION DISTRICT (EAST COAST)

Waterways Assistance Program

Public navigation, recreation, and environmental education projects along the Intracoastal Waterway.

Mr. Mark Crosley (561) 627-3386

1314 Marcinski Road, Jupiter, Florida 33477

<http://www.aicw.org/wap.htm>

WEST COAST INLAND NAVIGATION DISTRICT (SOUTHWEST COAST)

Waterways Development Program

Public navigation, recreation, and environmental education projects along the Intracoastal Waterway.

Mr. Charles Listowski (941) 485-9402

Post Office Box 1845, Venice, Florida 34284-1845

<http://www.wcind.net>

FLORIDA FISH AND WILDLIFE CONSERVATION COMMISSION

Florida Boating Improvement Program

Provides grants to county governments for boating related activities.

Susanna Stephens (850) 488-5600

620 South Meridian Street, Tallahassee, Florida 32399-1600

<http://www.myfwc.com/boating/grants/fbip.htm>

DERELICT VESSEL GRANT PROGRAM

A grant program designed to serve coastal local governments by assisting with their cost to remove derelict vessels from coastal waters of the state. Vessels are declared derelict by each of the five Florida Marine Patrol district offices.

Tim Woody (850) 488-5600

620 South Meridian Street, Tallahassee, Florida 32399-1600

<http://www.myfwc.com/boating/grants/derelict.htm>

MARINE ARTIFICIAL REEF DEVELOPMENT PROGRAM

Reimbursement of coastal local governments for funds expended to build artificial reefs.

Mr. John Dodrill (850) 922-4340 Ext 209

620 S. Meridian Street, Box MS-4B2, Tallahassee, Florida 32301

<http://www.myfwc.com/marine/ar/index.asp>



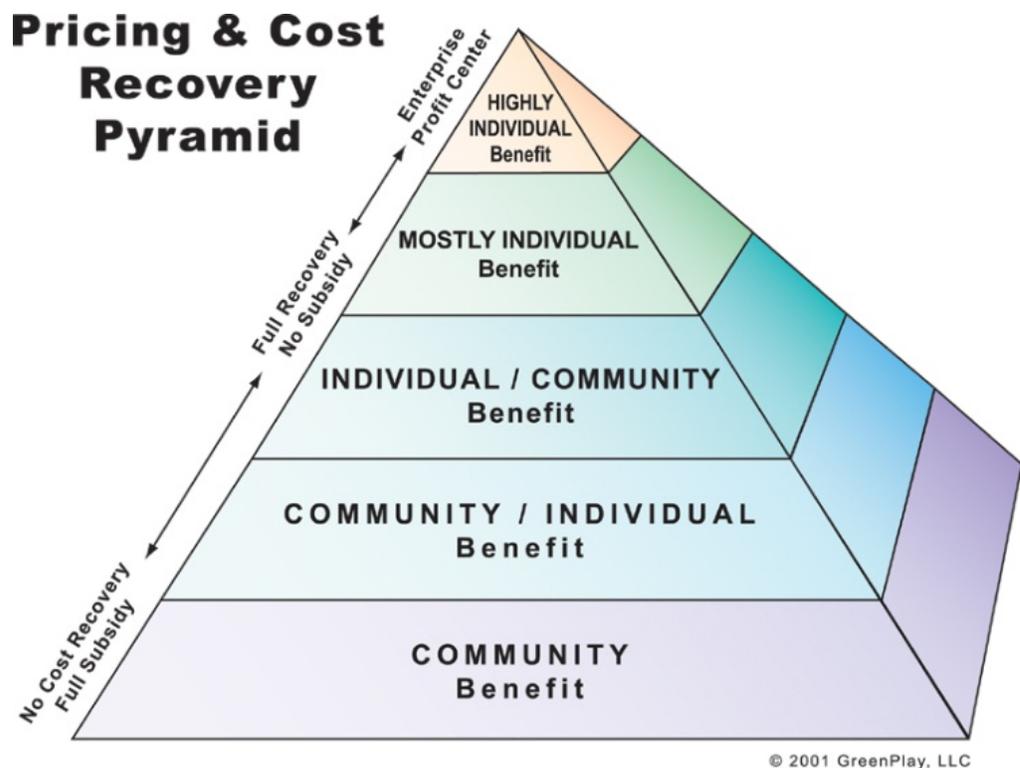
4.3 COST RECOVERY ANALYSIS

Cost recovery represents an agency's decision to generate revenues by charging fees for some, or all, of its programs and services, in order to offset the expenses of providing those services. Fees charged can represent a reflection in supply and demand of services available to the consumer. Fees can also help determine what the target market niche and share is, and is a reflection of the desired cost recovery goals. Cost recovery does not imply that the target is total-cost recovery; an agency establishes the target according to a variety of considerations, from 0% percent to more than 100% of direct costs.

Having a cost recovery philosophy and policy in place can help agencies answer challenging questions from their stakeholders and governing bodies, such as:

- Are your programs and activities priced fairly?
- How will we continue to fund our agency's facilities and services in relationship to future budget constraints?
- Are those who can pay, paying?
- And, are those who cannot afford to pay getting assistance/subsidies?
- Are you using your funding in a responsible manner?
- Does the way you charge for facilities, programs, and services support the Agency's Mission?

Establishing a carefully considered philosophy for cost recovery is a good foundation for charging fees for facilities, programs, and services. This process can help an agency determine when they have established a sufficient number and variety of programs and activities that benefit a large number of constituents, and when they can begin to focus on programs for smaller numbers of individuals. It can allow staff to recognize where subsidy is being applied, determine if it is at an appropriate level, and help new staff understand how and why offerings are priced as they are. Another result of an articulated cost recovery philosophy is to help justify the cost and pricing of new programs.



The way that revenue can be generated through fees and charges can be addressed in the context of future pricing and cost recovery decisions. The City of Fort Lauderdale indicates that they use the Pricing and Cost Recovery Pyramid Model, as diagramed on the previous page, to help identify a philosophy for which facilities and recreation services should be fee-based and to what extent, to develop a fair, equitable and simple fee structure, and to develop strategies to help meet cost recovery goals.

Generally those categories of facilities, programs and services which are core or foundational to the agency, say the parkland itself, are those that benefit the entire community and fulfill the fundamental mission of the agency. As the various categories of facilities, programs, and services move up the Pyramid, they highly benefit only the individual. Having balanced facilities, programming, and services, and a financially viable budget is dependent upon having things in all levels of the Pyramid.

Developing a formal Cost Recovery Philosophy and Policy help to determine how well aligned an agency's current pricing practices are with the philosophy and policies, and establishes a methodology for appropriately aligning current and future services. The Philosophy will support the values and mission of the agency. In addition, the process will help the agency meet desired goals for future cost recovery levels and budgeting. The process should be designed to involve a number of staff from different parts of the Agency. As "buy-in" from all levels is desired, employee and management participation is critical for successful development and implementation. The Pyramid Cost Recovery Model assists management and staff in classifying the various facilities, programs, and services offered to citizens into an approved philosophy for subsidy or cost-recovery goals, as well as provide recommendations for implementation on an agency-wide basis.

Comparable cost recovery analysis is not possible because typically each community defines it differently. In addition, there isn't a standard or typical cost recovery target or goal. Examples across the country show a wide range of subsidy levels or tax investment, from 15% to 80% and higher, depending upon the mission of the agency, construction or debt service funding payback, operation funding availability, the community's philosophy regarding subsidy levels and user fees, and structure of agency budgets. Dr. John Crompton from Texas A&M, a leading educator and researcher on the benefits and economic impact of leisure services indicates that from his experience the national average for a department's cost recovery is around 34% cost recovery, conversely indicating an average of around 66% subsidy. The City's 2006/2007 Revenue Plan indicates the department's cost recovery was 11%. This figure indicates a high level of subsidy overall, however is not broken down by program area. A further investigation of individual programs would need to be conducted in order to ascertain the appropriateness of the subsidy level to each individual program.

