

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 22, 2004

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: PHILIP SUNDERLAND, CITY MANAGER *ps*

SUBJECT: BUDGET MEMO # 89 : CURRENT REVENUE AND REVENUE GENERATION POSSIBILITIES AT DURANT CENTER AND BUDDIE FORD NATURE CENTERS AND GENERAL REVIEW RECREATION DEPARTMENT REVENUE GENERATION

This memo is in response to Councilman Krupicka's questions regarding revenue potential at the renovated and expanded Durant and Buddie Ford Nature Centers, as well as general questions related to revenues from Recreation programs and City general fund support for the Recreation Department budget.

The newly renovated and expanded Durant Center is expected to reopen this Summer. The Recreation Center will be revamped with an arts focus and revenues are expected from usage by community arts groups, as well as private rentals for weddings, parties and concerts. Staff is currently estimating \$10,000 in revenues in the first year of operations until a marketing campaign and client base can be developed. Staff will be reviewing revenue estimates in subsequent years as center usage patterns are identified.

The newly renovated and expanded Buddie Ford Nature Center is scheduled to reopen in October 2004. The Nature Center, which formerly occupied 700 square feet of space in Ramsay Recreation Center, will now consist of 7,000 square feet. The new facility will provide increased space for nature programs, camps, classes, special events and community activities, all of which are potential revenue generating opportunities. Staff is also estimating \$10,000 for the first year at this facility. The facility will not be open in time for any summer camp opportunities; however, in subsequent years summer camp programs will have significant revenue generating potential. Similar to the Durant Center, staff will be reviewing revenue estimates in subsequent years and working to market the facility to maximize its potential as a revenue generating facility.

The Strategic Master Plan for Open Space Parks and Recreation recognized the need for additional funding to support the public recreational demands. Various service fees and charges were cited in the report as methods in which other cities throughout the country are utilizing to fund their recreation systems. The plan has documented that the Department is far undervalued and must position its fees and charges to be market-driven and based on both public and private facilities. The potential outcome of revenue generation is consistent with national trends relating to public park and recreation agencies, which generate an average 35 to 50 percent of operating expenditures. Budget

and Recreation staff have recently begun a comprehensive study of recreation charges and fees and revenue generation opportunities. The FY 2005 proposed budget for Recreation, Parks and Cultural Activities of \$16.8 million is primarily supported by general tax revenues, as well as user fees (\$1,635,000) and a few grants (\$309,775) for specific programs (Litter Control, USDA After School Snack and Summer Lunch Program, and Local Challenge Grants for the Commission for the Arts).

The Chinquapin Recreation Center is the only City Recreation facility that is considered a full-service fitness center, and as such it is the only one with a revenue target of 80 percent. However, recreation fees have not been evaluated or raised since 1999, and as a result the ratio of revenues to expenditures for this facility has declined from the 80 percent target to 72 percent. Currently, the other the more self-supporting areas of the Recreation Department are the Marina and Adult Sports. Due to reorganization of the Department and the manner in which expenditures are charged for the Marina (in both Recreation and General Services), it is difficult to compare revenues and expenditures for any of these entities except Chinquapin.

Many facilities in Alexandria have a strong after school youth component, which is costly to the City, but does not produce revenues. The focus of the Recreation Department for the past several years has been to provide a service and to be available for as many of our youth population as possible. Both Ramsay and Mount Vernon Recreation Centers provide licensed, accountable¹ after school programs for children ages 5 to 12. Activities include homework, sports, reading, arts and crafts, mentoring, dance, music, and 4-H programs. A snack is provided for all students through a USDA grant. The after school programs at these facilities are free of charge. Non-licensed after school programs are also offered free of charge at Maury, Durant, John Adams, MacArthur, Patrick Henry and George Mason Recreation Center. During the summer months the Recreation Department offers summer camp programs, and before and after camp programs in the early morning and late evenings for which a small weekly fee is charged (\$35 per week before camp and \$20 per week after camp).

As noted above, staff will be working throughout the summer to develop a comprehensive schedule of charges and fees for the use of Recreation programs, services and facilities, including fields, that are competitive with neighboring jurisdictions and upholds the City's policy to recover costs, while considering the desire to maintain a Recreation program in the City that is available and accessible to all residents. Staff will return to City Council in the Fall, following input from the Parks and Recreation Commission and the public, with a comprehensive proposal regarding Recreation fees.

The attachment provides a comparison of the revenues and expenditures of comparable agencies in Arlington and Fairfax Counties. It should be noted, however, that due to different organizational and budget treatments, such comparisons are of limited usefulness.

Attachment

¹ "Accountable" means that the Center is responsible for all children that use their services and must deliver the child to a designated person at the end of the day. The children cannot come and go at will.

The following chart compares Alexandria's Recreation Department to comparable agencies in Arlington and Fairfax County.

FY 2003 Actual Revenue and Expenditures			
Jurisdiction	Revenues/1	Expenditures/2	Ratio
Alexandria	\$1,620,253	\$15,134,167	10.7%
Arlington County	\$4,045,388	\$27,847,380	15.8%
Fairfax County - Community and Recreation Services/3	\$580,639	\$12,820,621	4.5%/4

- /1 Revenue from fees, does not include grant funds (\$150,347 in actual grant revenue for Alexandria in FY 2003)
- /2 Arlington and Fairfax expenditures do not include intra-county charges or costs recovered from other County agencies
- /3 The Fairfax County Community and Recreation Services Department is considered a Human Services Agency in Fairfax County, providing community and teen centers and therapeutic recreation services, similar to services provided by the Alexandria Recreation Department, but also provides senior services and transit services that are provided within the City's Department of Human Services and Transit Subsidies.
- /4 The Fairfax County Park Authority is a separate entity supported by the Park Revenue Enterprise Fund. Revenue from user fees is designed to fully recover the annual operating and management costs of the recreation centers and golf courses, and portions of the lakefront and historic property rental services, with minimal support from the County's General Fund.