SERVING THE PARK & RECREATION INDUSTRY

Prepared for:

City of Fort Bragg

Parks & Recreation Department

believe in possibility

Financial Sustainability Strategy

Final Report

FY 2025

What's Inside
Your Final Report

We are pleased to submit the following *Financial Sustainability Strategy Final Report* to the City of Fort Bragg. This report provides a comprehensive review of the Financial Sustainability Strategy project.

The pages that follow provide an overview of the project, outlining the methodology and providing a summary of the materials produced:

Our commitment
is to help your organization position itself for long-term financial resilience, strength, and vitality.

Fort Bragg Parks & Recreation Department's Financial Sustainability Strategy

High-performing park and recreation agencies seek out and embrace responsible financial and service management practices. They actively understand the cost of doing business, identify cost savings, seek out partnerships that have reciprocal benefits, divest of services that do not align with mission or waste resources, and generate revenues when and where appropriate to reinvest in important and often underfunded services, maintain infrastructure, and relieve pressure on taxpayer resources. Ultimately, they possess a financial sustainability philosophy that provides a foundation from which all investment and spending decisions, and funding strategies are built.

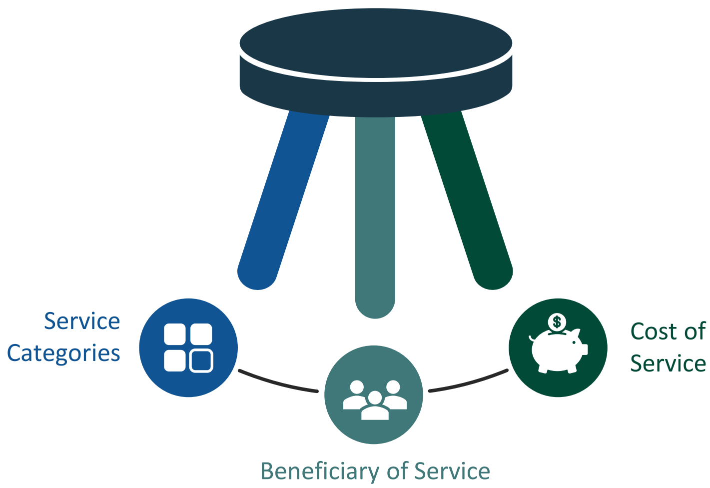
The Fort Bragg Parks and Recreation Department chose to engage in the development of a Financial Sustainability Strategy to prepare and equip their team with solid financial management competencies, compel them to use data to inform decisions and cultivate fiscal responsibility at all levels of the agency.

Parks & Reconomics©

The Financial Sustainability Three-legged Stool illustration builds on the philosophy of Parks and Reconomics© - how parks and recreation organizations manage their finite financial resources.

The Fort Bragg Parks and Recreation Department embraced this charge and the exercise of creating a financial sustainability strategy for its parks and recreation services by following these principal steps.

Tax Use/Revenue Enhancement Philosophy



Beneficiary of Service

The development of categories which include services that are alike in "purpose" is important when it comes to justifiable and equitable allocation of subsidy, cost recovery levels, and assignment of budget and general ledger lines to account for a category's fiscal performance.

The benefits of this type of approach are two-fold:

1. It is inefficient for the department to determine cost recovery expectations by each individual service including facility, activity, or event
2. Categorizing by "type of service" or "likeness of service" discourages attempts to determine fees and charges (and therefore cost recovery decisions) based upon special interests, age-based services, or individual values.

Fort Bragg Parks & Recreation provides many services annually to the community. The Service Categories on the following page represent the department's service menu and include Service Category definitions as well as example services.

Service Categories are listed in order from those perceived to be Common Good Services (#1) to those seen as providing a more Exclusive Benefit (#13) as ranked by Council representatives as well as department staff.

Common Good Services or cause and purpose driven services intend to impact social, economic, and environmental issues and needs and align with the fundamental purpose and mission of the department. Typically, there are no like services provided by the non-profit/Non-Governmental Organizations (NGO) or private sectors.

Exclusive Benefit Services or specialized services, intend to serve personal interests. Typically, there is competition with the non-profit/ Non-Governmental Organizations (NGO) and private sectors which offer like services.

Common Good Services (justification for greater subsidy investment)

- Community building
- Provides accessibility to marginalized/under-represented populations
- Broad appeal to a wide audience
- Services contribute to greater equity, cultural awareness, and make EVERYONE's life better

Exclusive Benefit Services (justification for greater cost recovery expectation)

- Individualized, special interest
- Requires higher competency/ability level to participate
- Specialized activities
- Individualized services are often accessible outside of the parks and recreation system

Education and Training

Fort Bragg Parks & Recreation Department Service Categories

1. Open Access Activities
Self-directed activities in parks and park areas, which do not include supervision or oversight by staff and/or volunteers. *Examples: Parks, Trails, Open Play Fields, Pickleball/Tennis Courts, Skate Park, Dog Park*

2. Community Events
Large-scale events are intended to enhance civic pride and bring the broader community together. These services are designed so that age, ability/skill, and/or family composition do not limit interest or participation. These events are highly intensive and typically occur annually. *Examples: Water Safety Awareness Day, Magic Market*

3. Equity Services
Services that focus on addressing community inequities and providing improved access to leisure opportunities. *Examples: Underserved Wellness Program, Teen Night Out*

4. Entry Level/Novice Activities
Classes, clinics, workshops, and other led and/or instructed activities in which the primary intent is to acquire or learn a skill. *Examples: Try Archery, Preschool Aquatics Level 1/2, Learn to Swim Level1/2, Adult Entry Level, 2nd Grade Swim Program, Intro to Guitar*

5. Educational and Enrichment Activities
Classes, clinics, workshops, and other led and/or instructed activities designed to enhance self-sufficiency and personal development through education. *Examples: CPR classes, Lifeguard Classes, Water Safety Instructor (WSI) Classes, Kids Night Out (KNO), Sharks and Mermaids, Day Camps*

6. Intermediate Level Activities
Classes, clinics, workshops, leagues, and other led and/or instructed activities in which the primary intent is to advance a skill. *Examples: Ready Set Swim and Shoot Archery Camps, LTS 3/4, Preschool Level 3, Lifeguard Prep*

7. Special Events
Events designed for a target market, market niche, and/or specific interest. *Examples: Pumpkin Splash, Easter Splash, Oktoberfest, Log Rolling, Boat Regatta, Trunk-or-Treat*

8. Drop-in Activities
Activities that do not require registration, which can be instructed or non-instructed, and include staff/volunteer supervision or oversight. *Examples: Open Swim, Drop-in Fitness Classes (not including IC classes), Open Gym, Drop-in Cardio*

9. Advanced Level Activities
Classes, clinics, workshops, leagues, and other led and/or instructed activities in which the primary intent is to master a skill and/or participate in a competitive environment. *Examples: Swim Specialty Classes, Adult Advanced Classes, Swim Team Prep*

10. Food/Beverage
Consumable goods for purchase at various parks and/or recreation facilities. *Examples: Vending Items*

11. Merchandise
Non-consumable goods for purchase at various parks and/or recreation facilities. *Examples: Goggles, Towels, Swim Diapers/Liners, Nose Plugs, Ear Plugs*

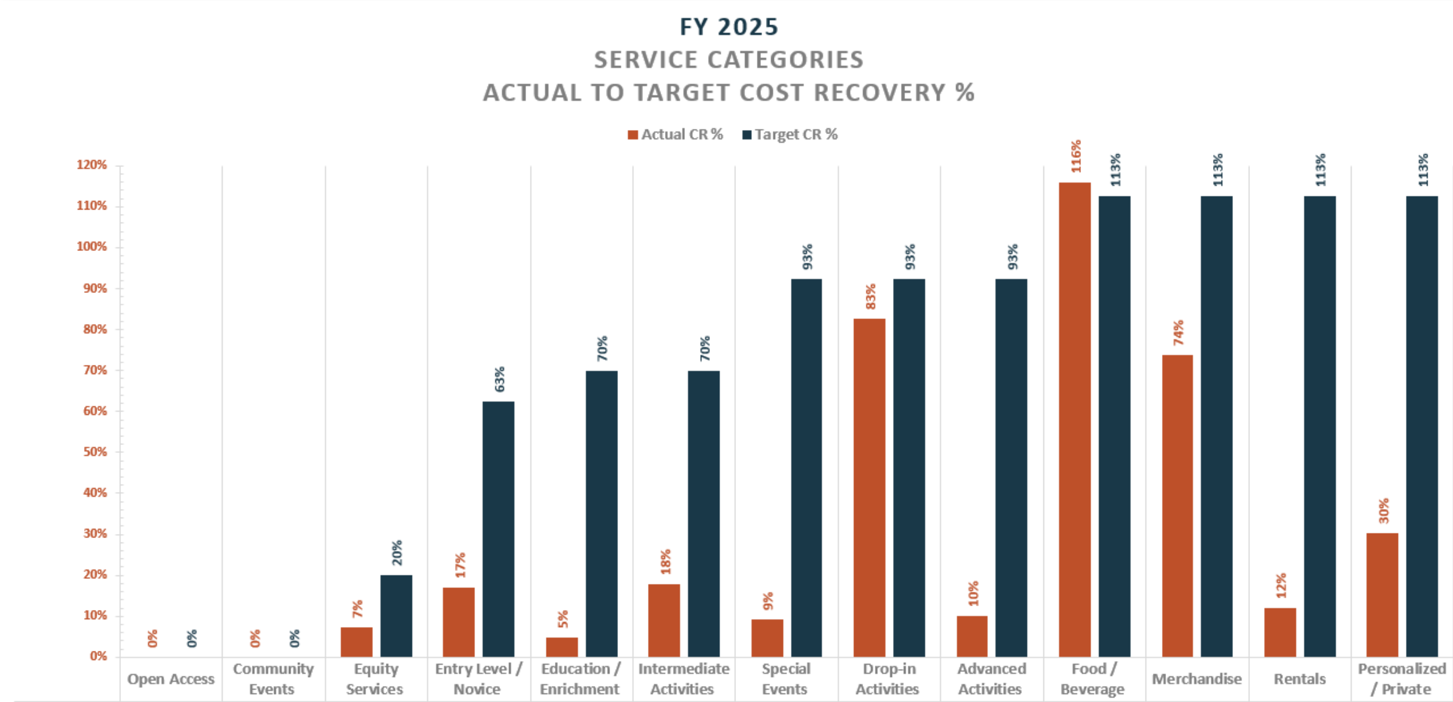
12. Rentals
Space and facility reservations for exclusive use by an individual or group. *Examples: Pool Rentals, Party Room Rentals, North Lawn Rental, Facility Rentals, Field Rentals, Court Rentals*

13. Personalized/Private Activities
Private or semi-private activities and instruction. *Examples: Private Swimming Lessons, Personal Training, Semi-Private Swim Lessons, Gym Orientation*

Cost-of-Service Analysis

Cost-of-Service Analysis

Completion of an operational cost-of-service analysis allowed the department to understand its cost of doing business, ultimately revealing each service's cost recovery and subsidy investment level. Operational revenues (fees and charges, sponsorships, grants, donations), direct costs (expenses associated with the delivery of a service; without the service, the cost would not exist) and indirect costs (expenses that would exist with or without the provision of any one service) that the department provided were captured and attributed to all services as part of this work, providing several insights that would inform the design and development of the department's Financial Sustainability Strategy.



	Open Access	Community Events	Equity Services	Entry Level / Novice	Education / Enrichment	Intermediate Activities	Special Events	Drop-in Activities	Advanced Activities	Food / Beverage	Merchandise	Rentals	Personalized / Private
Actual CR %	0%	0%	7%	17%	5%	18%	9%	83%	10%	116%	74%	12%	30%
Target CR %	0%	0%	20%	63%	70%	70%	93%	93%	93%	113%	113%	113%	113%

Process

The consulting team worked closely with the Fort Bragg Parks and Recreation Department team to ensure all expenses and services were identified, and to develop meaningful divisions, facility, and park areas to facilitate the appropriate attribution of expenses to services. The result is a clear picture of the total cost of service guiding the development of cost recovery/subsidy investment goals.

Cost-of-Service Analysis

Results

Results of the analysis provide a comprehensive review of fiscal year 2025, encompassing July 1, 2024 to June 30, 2025. The full results from the analysis and interactive features are available in the *Cost-of-Service Results* excel file provided separately. Selected results* from the analysis are included below.

*For detailed results categorized by **sub-service areas,** please refer to the appendix section at the end of this report.

Jump to Sub-Service Categories

Summary of Results by Service Category

Service Category	Revenue	Expenses				CR Results
	Total Revenue	Direct - Service	Direct - Facility	Indirect	Total Expense	Cost Recovery %
Community Events	$ -	$ 10,716	$ 12	$ 2,554	$ 13,282	0%
Equity Services	$ 60	$ 231	$ 428	$ 157	$ 815	7%
Entry Level / Novice	$ 34,658	$ 103,686	$ 61,494	$ 39,317	$ 204,498	17%
Education / Enrichment	$ 2,892	$ 42,222	$ 5,957	$ 11,468	$ 59,647	5%
Intermediate Activities	$ 9,057	$ 25,492	$ 15,373	$ 9,727	$ 50,592	18%
Special Events	$ 7,064	$ 60,724	$ 1,243	$ 14,750	$ 76,717	9%
Drop-in Activities	$ 749,310	$ 270,370	$ 462,216	$ 174,375	$ 906,961	83%
Advanced Activities	$ 300	$ 1,485	$ 917	$ 572	$ 2,973	10%
Food / Beverage	$ 3,368	$ 284	$ 2,062	$ 558	$ 2,904	116%
Merchandise	$ 5,100	$ 5,389	$ 191	$ 1,328	$ 6,908	74%
Rentals	$ 68,978	$ 78,574	$ 390,659	$ 111,690	$ 580,924	12%
Personalized / Private	$ 23,660	$ 47,191	$ 16,024	$ 15,047	$ 78,262	30%
TOTAL	**$ 904,446**	**$ 646,364**	**$ 956,576**	**$ 381,543**	**$ 1,984,483**	**46%**

Summary of Results by Service Area

Service Area	Revenue	Expenses				CR Results
	Total Revenue	Direct - Service	Direct - Facility	Indirect	Total Expense	Cost Recovery %
Admissions	$ 749,255	$ 262,779	$ 461,832	$ 172,477	$ 897,089	84%
Aquatics	$ 49,418	$ 174,435	$ 94,007	$ 63,897	$ 332,339	15%
Enrichment	$ 6,359	$ 23,102	$ 5,062	$ 6,704	$ 34,868	18%
Events	$ 7,064	$ 71,440	$ 1,255	$ 17,303	$ 89,998	8%
Fitness	$ 14,905	$ 30,361	$ 1,506	$ 7,585	$ 39,452	38%
Facility Rentals	$ 9,218	$ 12,469	$ 11,119	$ 5,615	$ 29,202	32%
Pool Rentals	$ 55,875	$ 60,133	$ 376,040	$ 103,821	$ 539,994	10%
Old Rec Gym Rentals	$ 3,885	$ 5,972	$ 3,500	$ 2,255	$ 11,727	33%
Resale	$ 8,468	$ 5,672	$ 2,253	$ 1,887	$ 9,812	86%
TOTAL	**$ 904,446**	**$ 646,364**	**$ 956,576**	**$ 381,543**	**$ 1,984,483**	**46%**

Expense Insights

Expense insights provide context and a greater understanding of how the department spends its operational budget. Results below detail the division and category breakdown.

Expense Insights by Division

Division Summary		Amount	% of Total
Administration	$	1,383,957.85	69.74%
Maintenance	$	569,392.92	28.69%
Recreation	$	27,631.80	1.39%
PW - Maintenance	$	3,500.00	0.18%
Total Department	**$**	**1,984,482.57**	**100.00%**

Expense Insights by Category

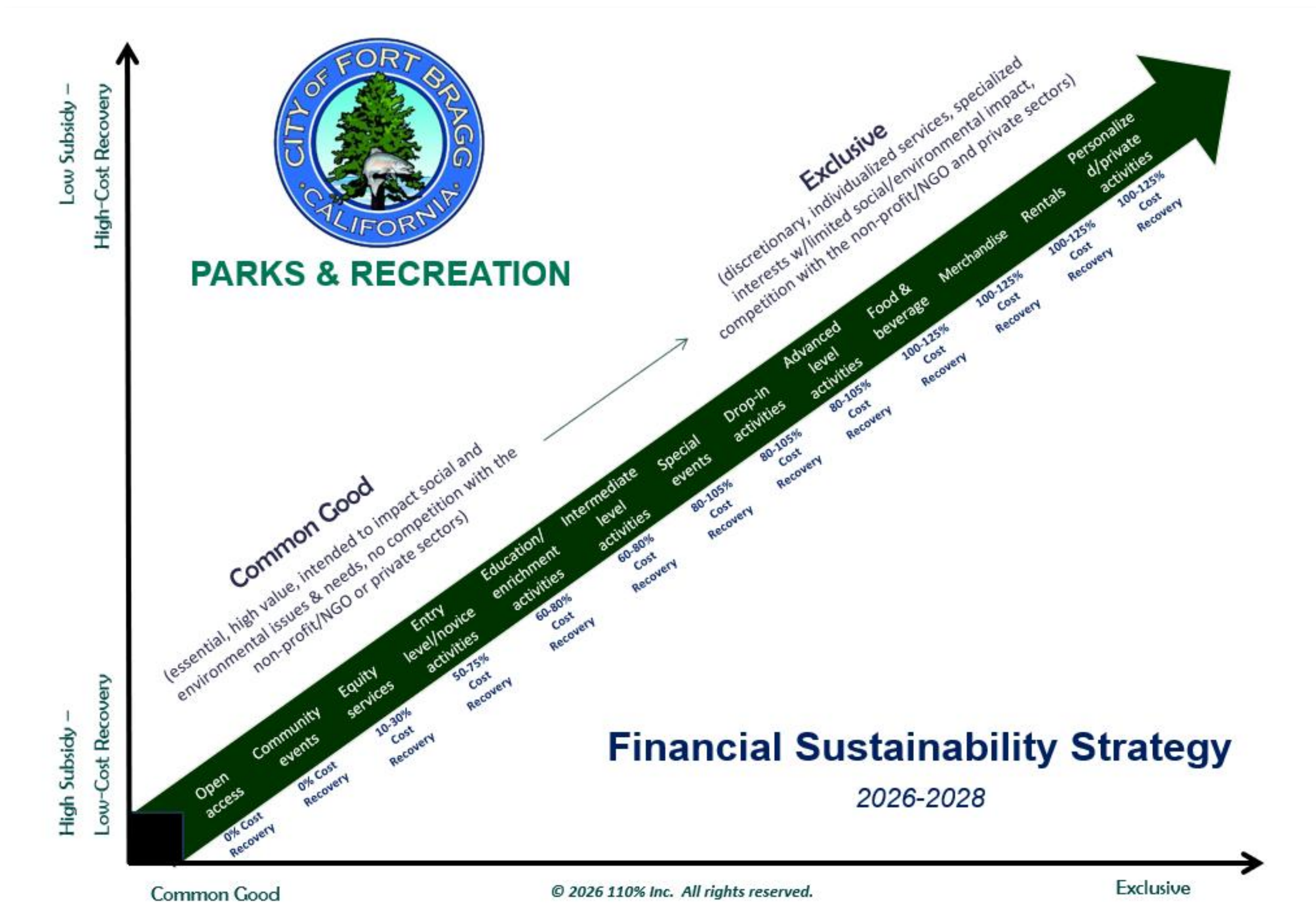
Expense Category Summary		Amount	% of Total
Personnel	$	1,041,451.38	52.48%
Admin	$	339,180.99	17.09%
O&M	$	164,559.89	8.29%
Utilities	$	439,290.31	22.14%
Total Department	**$**	**1,984,482.57**	**100.00%**

Financial Sustainability Strategy

Fort Bragg Parks and Recreation's Financial Sustainability Strategy Continuum presents the degree to which financial resources will be spent, and expenses will be recovered and managed.

The Financial Sustainability Strategy Continuum acknowledges varying levels of service. This strategy shifts from one that suggests that all services should be provided at no or low cost for everyone to an equitable and just philosophy where subsidy allocation decisions are based upon "beneficiary of service". In this conceptualization, each type of service has a set of specific characteristics that provide a rationale for who should pay (e.g., taxpayers, the individual, or both) and to what degree. Ultimately, this aligns subsidy allocation, cost recovery goals, and expectations with the beneficiary of service.

The three-year Financial Sustainability Strategy Continuum includes the department's Service Categories and cost recovery goals and expectations. The continuum is a graphic representation of the department's tax use and revenue enhancement strategy and philosophy.



Financial Sustainability Policy

Purpose

The City of Fort Bragg Parks and Recreation Department's Financial Sustainability Policy aims to build organizational resilience through logical, intentional, and thoughtful guidelines for investment and spending decisions. The strategy encourages tax investment and revenue-generation practices that are fair, equitable, and responsible. This policy is necessary to ensure the department's financial stability in both the near and long term.

The Financial Sustainability Policy will guide investment and spending choices as the department responds to economic realities, growth expectations, competing priorities, demographic shifts, evolving community needs and interests, and climate impacts.

Policy Statement

The City of Fort Bragg Parks and Recreation Department's Financial Sustainability Policy provides a philosophical underpinning for cost-recovery expectations and taxpayer-dollar spending, affirming a commitment to equitable investment, financial discipline, and long-term fiscal health.

The department's annual budget ultimately determines the amount of taxpayer support that can be made available for park and recreation services, which results in understanding the degree to which subsidy investment can be made and to which services, and the degree to which user fees will be assessed and to which services.

Note: The full draft of the Financial Sustainability Policy is included as Appendix B.

Recommended Actions

Pricing Tool

Using the results of the cost-of-service analysis, a customized pricing tool was created with FY 2025 data to further assist the department in making informed pricing decisions. The pricing tool accounts for all expenses of offering any given service, including direct, facility, and indirect expenses. The pricing tool delivers pricing recommendations based on actual expenses, estimated participants, and the cost recovery goals of the service category.

Recommended Actions

Conduct Annual Evaluation of Services

A service analysis includes a thoughtful review and evaluation of the effectiveness and efficiency of services such as activities, courses, classes, events, and rentals. Analysis results ultimately provide recommended service delivery strategies, which can include either continued investment in the service, collaboration, or divestment. A comprehensive analysis considers each service's relevance and alignment with purpose; its market position; consideration of other providers that offer similar and like services; and its financial viability. This extraordinarily valuable method can help City staff analyze their service inventory, best define their service "lane," and reduce duplication of services, which can fragment limited resources.

Discontinue Codification of Fees

The Financial Sustainability Strategy, rooted in cost recovery and subsidy allocation goals, provides a more responsive alternative to codifying static prices. This allows staff the discretion to adjust within established parameters (goals). This approach upholds transparency and accountability while preserving the flexibility needed to manage real-world conditions.

There are significant risks and liabilities associated with continuing the practice of codified fees, which inhibit responsible stewardship given today's realities. Their rigidity often works against the principles of stewardship and adaptability, as codified fees are often slow to respond to economic shifts. When updates require formal council action or a public hearing, the Department can be forced to operate with outdated pricing for months. This delay hampers the ability to respond to inflation, rising operational costs, or changes in service demand, ultimately jeopardizing fiscal health.

Comp Pool Rentals

Overall, the Rentals category is performing at a 12% cost recovery, which is significantly below the goal range of 100-125%. This service category has the 2nd-highest total expense due to the large amount of facility usage by rental groups. Diving deeper into the category reveals that rentals that are more of a general public use, such as leisure/activity rentals, swim parties, and water slide/lazy river rentals, are performing well, at 28%, 75%, and 111% cost recovery, respectively. It is the comp pool rentals making a significant impact at 5% cost recovery and accounting for 83% of the total rental expense, due to the high amount of use.

Comp pool rentals are mostly made up of usage by swim teams. Given the high percentage of total expense, low-cost recovery, and placement of the Rentals category in the 2nd highest position on the continuum, representing more exclusive use/benefit, this is an area that should be reviewed for potential changes.

Insights into Action: *a Quick Guide to Help you Make Decisions*

Cost Recovery Performance

Revenues for Adult Tennis are significantly lower compared to last year.

Is it due to the popularity of pickleball? Is this a longer-term trend beginning to impact programming? Are pickleball programs experiencing higher participation?

Based on answers to these questions you may decide to **capitalize** on pickleball's popularity and apply market pricing to generate additional **revenue**.

Revenue to Expense Comparison

Through the Cost of Service work it is revealed that your local youth sports group currently pays $2500/season for field use, while these fields cost in excess of $100k/year to maintain.

Can this position the organization to spend taxpayer resources on services that can have a more far-reaching impact on community "need" and "common good"?

These results give you the necessary **data** to share the math (youth sports organization receives $97,500+/year in subsidy dollars) that can **justify and defend** a necessary **fee increase**.

Activity to Service Category Comparison

Private swim lessons are recovering 30% of their costs, however, they are an activity in the Private/Specialized Activities Service Category which has a 125% Cost Recovery target.

Do the costs attributed to this activity seem correct? If yes, you will need to consider increasing the fee, so it more accurately reflects fair and just pricing or reduce the cost to provide the service.

Consider any programmatic changes (day/time/location) or other considerations to generate more interest in the activity to boost revenues? Are there other providers in the area that offer a similar type of activity to consider a partnership?

Key Prompts *for Taking Action*

Begin with these four questions:

1. What is your reaction to this data?
2. Is it what you expected?
3. What's the story you can tell as a result of seeing this data?
4. What actions will you take in response?

Review the top performers and bottom performers of the organization in the Cost-of-Service Results file.
What opportunities exist?

Look for anomalies. Is anything way off?
Was data missing or a lack of confidence in the data collected? Are there opportunities to further refine the expense assignment?

Identify services that incur an excessive amount of cost.
Do these services "deserve" to incur a high level of expense given their placement in the continuum? What type of expense is it incurring (direct service or facility, or indirect)?

What changes can you consider to better position services not meeting cost recovery goals?

- Increase fees?
- Pursue partnership opportunities to work collaboratively with other providers and reduce costs?
- Consider other cost reduction opportunities – are there operational efficiencies that can be made?
- Maximize participation to generate additional revenue?

When considering fee increases, which pricing strategies make the most sense to employ (cost recovery, market, competitive, differential, bundling, premium, etc.)?

Are there opportunities for divestment so that you can re-direct savings towards increased investment in services that meet community "needs" or other areas that require attention?

Imagining the future on behalf of others is a *privilege.*

The Financial Sustainability Strategy project completed by the City of Fort Bragg Parks and Recreation Department represents a significant commitment to ensuring the long-term financial health and sustainability of the department. Through careful analysis and thoughtful planning, the department has developed a comprehensive strategy that aligns with goals and advances financial sustainability.

Thank you!

We would like to extend our thanks to the Fort Bragg Parks and Recreation Department for partnering with 110%, Inc. on this important project. Your commitment to offering outstanding recreational opportunities for your community is commendable, and we feel honored to have played a role in supporting your mission. We look forward to continuing our partnership and assisting you in the future.

Sincerely,

The 110% Team

believe in possibility

If you have any questions or need further assistance, please feel free to reach out. We look forward to continuing our great relationship in the future.

Education, Presentations, & Trainings

Financial Sustainability

Planning Initiatives

Cost-of-Service Analysis

Results by Sub Service Area

ADMISSIONS: 84% Overall Cost Recovery

Service Category	Service Area	Sub Service Area	Total Revenue	Total Expense	Cost Recovery %
Drop-in Activities	Admissions	Annual Memberships	$ 163,358	$ 351,921	46%
Drop-in Activities	Admissions	Daily Drop-ins	$ 133,565	$ 112,608	119%
Drop-in Activities	Admissions	Monthly Memberships	$ 245,350	$ 217,016	113%
Drop-in Activities	Admissions	Recurring Memberships	$ 206,982	$ 215,544	96%

AQUATICS: 15% Overall Cost Recovery

Service Category	Service Area	Sub Service Area	Total Revenue	Total Expense	Cost Recovery %
Entry Level / Novice	Aquatics	2nd Grade Swim	$ 12,292	$ 93,880	13%
Advanced Activities	Aquatics	Group Swim Lessons	$ 300	$ 2,973	10%
Entry Level / Novice	Aquatics	Group Swim Lessons	$ 21,280	$ 104,072	20%
Intermediate Activities	Aquatics	Group Swim Lessons	$ 6,736	$ 36,178	19%
Education / Enrichment	Aquatics	Lifeguard Classes	$ -	$ 43,163	0%
Intermediate Activities	Aquatics	Lifeguard Classes	$ -	$ 3,391	0%
Personalized / Private	Aquatics	Private Swim Lessons	$ 8,810	$ 48,682	18%

ENRICHMENT: 18% Overall Cost Recovery

Service Category	Service Area	Sub Service Area	Total Revenue	Total Expense	Cost Recovery %
Entry Level / Novice	Enrichment	Archery Classes	$ 320	$ 2,860	11%
Education / Enrichment	Enrichment	First Aid Classes	$ 2,700	$ 13,242	20%
Entry Level / Novice	Enrichment	Guitar Classes	$ 766	$ 3,686	21%
Education / Enrichment	Enrichment	Other/Misc Classes	$ 192	$ 3,241	6%
Intermediate Activities	Enrichment	Other/Misc Classes	$ 2,321	$ 11,024	21%
Equity Services	Enrichment	Teen Night Out	$ 60	$ 815	7%

EVENTS: 8% Overall Cost Recovery

Service Category	Service Area	Sub Service Area	Total Revenue	Total Expense	Cost Recovery %
Special Events	Events	Boat Regatta	$ 65	$ 4,573	1%
Special Events	Events	Easter & Pumpkin Splash Events	$ 704	$ 27,669	3%
Special Events	Events	Oktoberfest	$ 6,295	$ 31,124	20%
Special Events	Events	Trunk-or-Treat	$ -	$ 13,351	0%
Community Events	Events	Water Safety Awareness Day	$ -	$ 13,282	0%

FITNESS: 38% Overall Cost Recovery

Service Category	Service Area	Sub Service Area	Total Revenue	Total Expense	Cost Recovery %
Drop-in Activities	Fitness	Orientations	$ 55	$ 9,872	1%
Personalized / Private	Fitness	Personal Training	$ 14,850	$ 29,580	50%

FACILITY RENTALS: 32% Overall Cost Recovery

Service Category	Service Area	Sub Service Area	Total Revenue	Total Expense	Cost Recovery %
Rentals	Facility Rentals	Independent Contractors	$ 5,880	$ 25,260	23%
Rentals	Facility Rentals	North Lawn Rentals	$ 134	$ 376	36%
Rentals	Facility Rentals	Room Rentals	$ 3,204	$ 3,566	90%

Cost-of-Service Analysis

Results by Sub Service Area, cont.

POOL RENTALS: 10% Overall Cost Recovery

Service Category	Service Area	Sub Service Area	Total Revenue	Total Expense	Cost Recovery %
Rentals	Pool Rentals	Comp Pool Rentals	$ 23,739	$ 482,942	5%
Rentals	Pool Rentals	Leisure/Activity Pool Rentals	$ 8,216	$ 29,800	28%
Rentals	Pool Rentals	Swim Parties	$ 13,200	$ 17,630	75%
Rentals	Pool Rentals	Water Slide & Lazy River Rentals	$ 10,720	$ 9,622	111%

OLD REC GYM RENTALS: 33% Overall Cost Recovery

Service Category	Service Area	Sub Service Area	Total Revenue	Total Expense	Cost Recovery %
Rentals	Old Rec Gym Rentals	Gym Rentals	$ 3,885	$ 11,727	33%

RESALE: 86% Overall Cost Recovery

Service Category	Service Area	Sub Service Area	Total Revenue	Total Expense	Cost Recovery %
Merchandise	Resale	Merchandise	$ 5,100	$ 6,908	74%
Food / Beverage	Resale	Vending	$ 3,368	$ 2,904	116%

Expense Insights – Division Detail

Administration - Division Detail		Amount	% of Total
Administration - Personnel	$	1,041,451.38	75.25%
Administration - Admin	$	329,456.04	23.81%
Administration - O&M	$	13,050.43	0.94%
Administration - Utilities	$	-	0.00%
Total Administration	**$**	**1,383,957.85**	**100.00%**

Maintenance - Division Detail		Amount	% of Total
Maintenance - Personnel	$	-	0.00%
Maintenance - Admin	$	2,520.27	0.44%
Maintenance - O&M	$	127,582.34	22.41%
Maintenance - Utilities	$	439,290.31	77.15%
Total Maintenance	**$**	**569,392.92**	**100.00%**

Recreation - Division Detail		Amount	% of Total
Recreation - Personnel	$	-	0.00%
Recreation - Admin	$	7,204.68	26.07%
Recreation - O&M	$	20,427.12	73.93%
Recreation - Utilities	$	-	0.00%
Total Recreation	**$**	**27,631.80**	**100.00%**

PW - Maintenance - Division Detail		Amount	% of Total
PW - Maintenance - Personnel	$	-	0.00%
PW - Maintenance - Admin	$	-	0.00%
PW - Maintenance - O&M	$	3,500.00	100.00%
PW - Maintenance - Utilities	$	-	0.00%
Total PW - Maintenance	**$**	**3,500.00**	**100.00%**

Parks and Recreation Financial Sustainability Policy

Purpose

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The Financial Sustainability Policy will guide investment and spending choices as the department responds to economic realities, growth expectations, competing priorities, demographic shifts, evolving community needs and interests, and climate impacts.

Policy Statement

The City of Fort Bragg Parks and Recreation Department's Financial Sustainability Policy provides a philosophical underpinning for cost-recovery expectations and taxpayer-dollar spending, affirming a commitment to equitable investment, financial discipline, and long-term fiscal health.

The department's annual budget ultimately determines the amount of taxpayer support that can be made available for park and recreation services, which results in understanding the degree to which subsidy investment can be made and to which services, and the degree to which user fees will be assessed and to which services.

Cost Recovery/Subsidy

Cost recovery refers to offsetting the costs (expenses) of delivering services by way of revenues generated from fees and charges, sponsorships, donations, grants, and other alternative revenue streams. Alternatively, subsidies represent a tax source. It is granted by a governmental entity, typically to remove some type of burden, and is often considered to be in the overall interest of the public. It is also given to promote a social good or an economic policy.

For example, a cost recovery level of 75% simply means that for each dollar spent on a service, 75 cents are generated from a revenue source (i.e., fees) with the remaining 25 cents covered by subsidies (i.e., taxes).

Funding/Revenue Sources

The City of Fort Bragg Parks and Recreation Department is supported by various revenue sources, which all contribute varying levels of funding to support the breadth of park and recreation services provided to residents and visitors. The degree to which each of these sources is relied upon can shift based on the economy, market behaviors, and city-wide policy; however, sales taxes, property taxes, and fees and charges for services are the primary sources of funding for the department, with less reliable alternative sources of revenue including sponsorships, grants, and donations.

Service Categories

The development of categories that include *similar services is* important when it comes to justifiable and equitable allocation of subsidy, cost recovery levels, and assignment of budget and general ledger lines to account for a category's fiscal performance.

The benefits of this type of approach are two-fold. First, it is inefficient for the department to determine cost recovery expectations for each individual service, including facility, activity, or event. Secondly, categorizing by "type of service" or "likeness of service" discourages attempts to determine fees and charges (and therefore cost recovery decisions) based upon special interests, age-based services, or individual values.

The City of Fort Bragg Parks and Recreation Department provides many services annually to the community. The following Service Categories represent the department's service menu and include Service Category definitions as well as example services.

Advanced Level Activities

Classes, clinics, workshops, leagues, and other led and/or instructed activities in which the primary intent is to master a skill and/or participate in a competitive environment. *Examples: Swim Specialty Classes, Adult Advanced Classes, Swim Team Prep*

Community Events

Large-scale events are intended to enhance civic pride and bring the broader community together. These services are designed so that age, ability/skill, and/or family composition do not limit interest or participation. These events are highly intensive and typically occur annually. *Examples: Water Safety Awareness Day, Magic Market*

Drop-in Activities

Activities that do not require registration, which may be instructed or non-instructed, and include staff/volunteer supervision or oversight. *Examples: Open Swim, Drop-in Fitness Classes (not including IC classes), Open Gym, Drop-in Cardio*

Education/Enrichment Activities

Classes, clinics, workshops, and other led and/or instructed activities designed to enhance self-sufficiency and personal development through education. *Examples: CPR classes, Lifeguard Classes, Water Safety Instructor (WSI) Classes, Kids Night Out (KNO), Sharks and Mermaids, Day Camps*

Entry Level/Novice Activities
Classes, clinics, workshops, and other led and/or instructed activities in which the primary intent is to acquire or learn a skill. *Examples: Try Archery, Preschool Aquatics Level 1/2, Learn to Swim Level1/2, Adult Entry Level, 2nd Grade Swim Program, Intro to Guitar*

Equity Services
Services that focus on addressing community inequities and providing improved access to leisure opportunities. *Examples: Underserved Wellness Program, Teen Night Out*

Food/Beverage
Consumable goods for purchase at various parks and/or recreation facilities. *Example: Vending Items*

Intermediate Level Activities
Classes, clinics, workshops, leagues, and other led and/or instructed activities in which the primary intent is to advance a skill. *Examples: Ready Set Swim and Shoot Archery Camps, LTS 3/4, Preschool Level 3, Lifeguard Prep*

Merchandise
Non-consumable goods for purchase at various parks and/or recreation facilities.
Examples: Goggles, Towels, Swim Diapers/Liners, Nose Plugs, Ear Plugs

Open Access
Self-directed activity in parks and park areas, which do not include supervision or oversight by staff and/or volunteers. *Examples: Parks, Trails, Open Play Fields, Pickleball/Tennis Courts, Skate Park, Dog Park*

Personalized/Private Activities
Private or semi-private activities and instruction. *Examples: Private Swimming Lessons, Personal Training, Semi-Private Swim Lessons, Gym Orientation*

Rentals
Space and facility reservations for exclusive use by an individual or group. *Examples: Pool Rentals, Party Room Rentals, North Lawn Rental, Facility Rentals, Field Rentals, Court Rentals*

Special Events
Events designed for a target market, market niche, and/or specific interest. *Examples: Pumpkin Splash, Easter Splash, Oktoberfest, Log Rolling, Boat Regatta, Trunk-or-Treat*

Common Good Services or cause and purpose-driven services intend to impact social, economic, and environmental issues and needs; align with the fundamental purpose and mission of the department. Typically, there are no similar services provided by the non-profit/Non-Governmental Organizations (NGO) or the private sector.

Exclusive Benefit Services or specialized services intend to serve personal interests with competition from the non-profit/Non-Governmental Organizations (NGO) and private sectors, which offer similar services being common practice.

Common Good (justification for greater subsidy investment)

- Community building
- Provides accessibility to marginalized/under-represented populations
- Broad appeal to a wide audience
- Services contribute to greater equity, cultural awareness, and make EVERYONE who resides in the City of Fort Bragg's life better.

Exclusive Benefit (justification for greater cost recovery expectation)

- Individualized, special interest
- Requires higher competency/ability level to participate
- Specialized activities
- Individualized services are accessible outside of the City of Fort Bragg system.

Financial Sustainability Strategy

The City of Fort Bragg Parks and Recreation Department's Financial Sustainability Strategy Continuum outlines the extent to which financial resources will be spent, and expenses will be recovered and managed. They are grounded in the differentiation of department services on the basis of who benefits and should pay. Economists have differentiated goods and services in the economy in this manner for decades and have designated three types of goods and services: community benefit, dual benefit, and individual benefit.

The Financial Sustainability Strategy Continuum acknowledges varying levels of service. This strategy shifts from one which suggests that all services should be provided at no or low cost for everyone to an equitable and just philosophy where subsidy allocation decisions are based upon "beneficiary of service". In this conceptualization, each type of service has a set of specific characteristics that provide a rationale for who should pay (e.g., taxpayers, the individual, or both) and to what degree. Ultimately, this aligns subsidy allocation, cost recovery goals, and expectations with the beneficiaries of the service. Essentially, those who benefit from a service should pay for that service.

The three-year Financial Sustainability Strategy Continuum includes the department's Service Categories and short-term cost recovery/subsidy goals and expectations. The continuums serve as a graphic representation of the department's tax use and revenue enhancement strategies.

Fort Bragg Parks and Recreation Department's 2026-2028 Financial Sustainability Strategy Continuums are included in Appendix A of this policy.

Updating Investment Expectations

Service category cost recovery performance should be reviewed annually, and subsidy (tax dollar) investment goals should be analyzed and updated at least every four years or more frequently as necessary.

Pricing – Fees & Charges

Several pricing methods are utilized by the department in order to establish fees and charges. The principal method for establishing service fees will be cost recovery pricing, which is defined as determining a fee based on established cost recovery goals.

Other pricing methods may be utilized by the department, however, any strategy or method used will ultimately require that cost recovery goals or subsidy allocation expectations be met. Common alternative pricing methods include the following options which can be used based upon market behaviors, the competition, and other relevant considerations.

- *Market (demand-based) pricing* results in pricing based on demand for a service or what the target market is willing to pay for a service. The private and commercial sectors commonly utilize this strategy. One consideration for establishing a market rate fee is determined by identifying all providers of an identical service (i.e., private sector providers, other municipalities, etc.), and setting the highest fee. Another consideration is setting the fee at the highest level the market will bear.
- *Competitive pricing* establishes prices based on what similar service providers or close proximity competitors are charging for services. One consideration for establishing a competitive fee is determined by identifying all providers of an identical or similar service (i.e., private sector providers, other municipalities, etc.), and setting the mid-point or lowest fee.
- *Value-based pricing* is a pricing strategy in which the price of a product or a service is decided on the basis of the perceived value or benefit it can provide to a customer. Value-based pricing is more evident in places or markets where exclusive products are offered, which offer more value than the generic or standard products.
- *Penetration pricing* has the aim of attracting customers by offering lower prices on services. While many may use this technique to draw attention away from the competition, penetration pricing often results in lost revenue and higher subsidy requirements. Over time, however, an increased awareness of the service may drive revenues and help organizations differentiate themselves from others. After sufficiently penetrating a market, organizations should consider raising prices to better reflect the state of their position within the market.
- *Premium pricing* establishes prices higher than those of the competition. Premium pricing is often most effective in the early days of a service's life cycle, and ideal for organizations that offer unique services. Because customers need to perceive products and services as being worth a higher price tag, an organization must work hard to create a value perception.
- *Bundle pricing* allows for the sale of multiple services for a lower rate than customers would pay if they purchased each service individually. Bundling can be an effective way of selling services that are poor performers and can also increase the value perception in the eyes of customers - essentially giving them something for a reduced rate.
- *Differential/Dynamic pricing* follows the "law of demand" by supporting a key pricing principle: some customers are willing to pay more than others. Differential pricing is the strategy of selling the *same*

service to *different* customers at *different* prices. Differential pricing enables organizations to "profit" from their customers' unique valuations (ex. Prime time or surge pricing).

In the event a Service Category's subsidy/cost recovery goal is higher than current cost recovery performance and fee increases are required, prices may need to be raised incrementally in accordance with market acceptance to optimize revenue generation. However, if the market does not respond favorably to the increase, the service may require divestment if the subsidy investment required cannot be justified based on the beneficiary of the service.

In the event a tax dollar investment/cost recovery goal is less than the current level of recovery the established fee will remain the same to ensure that there is no loss of revenue or negative impact on the department's financial condition.

Partnerships

Partnerships are advantageous collaborations that position both the department and participating partner organization(s) to efficiently utilize resources, leading to cost-effective and efficient service delivery, bridging of markets, reductions in duplication of services and fragmentation of resources, and cooperative capital development and/or improvements.

A condition that must be met in order for the department to enter into a partnership agreement includes that of reciprocal benefit. To prevent the department from simply becoming a granting body to any organization, the department and its partner will identify the value of the mutual contributions brought forth to the agreement and arrangement. There will be equal value and benefit to each organization resulting from any partnership, ensuring that the department is receiving fair and just value on behalf of taxpayers in return for any resource investment and commitment.

Equity & Financial Assistance

The department ensures that services are accessible to residents who may require financial assistance to participate in parks and recreation services through a Scholarship Program. Funding is intended to be made available in a manner that provides reduced rates or financial assistance to those in need and who do not have the ability to pay the full price of a service.

As part of the annual budget process, the department will appropriate funds to its scholarship fund. The amount of the appropriation will be calculated based on annual projected financial aid needs, award thresholds, and anticipated total population needing to be served based upon the previous year's requests and results of a needs quantification system. United States Department of Agriculture (USDA) Child Nutrition Programs: Income Eligibility Guidelines

Needs-based assistance awards will vary based on the financial support requested on behalf of each individual and/or family who applies for assistance.

Facility Use

The City of Fort Bragg Parks and Recreation Department intends to ensure equitable, transparent, and financially responsible use of all parks and recreation facilities owned and/or managed by the City. Because facilities represent high-value public infrastructure with recurring lifecycle costs (utilities, staffing, maintenance, repairs, and capital replacement), facility use decisions must support both the department's public purpose and its long-term financial health. Facility use and scheduling practices must therefore balance public access and community-wide benefit; operational feasibility and maintenance protection; and cost recovery expectations.

"Priority use" refers to the order in which scheduling access is granted when facilities have competing requests or limited availability. Facility use will be prioritized in the following order:

1. City of Fort Bragg Parks and Recreation Department Programs
   City-operated services are the department's direct means of fulfilling its mission, implementing adopted plans, and delivering services aligned with taxpayer and general community expectations. These services are also structured to meet the department's cost recovery targets, operational standards, and equity commitments.
2. Fort Bragg Unified School District Programs
   The School District is a primary public-serving partner whose activities support youth development, public health, and shared community outcomes. Coordinated facility use reduces duplication and strengthens public value through aligned investments.
3. City of Fort Bragg-based Non-Profit Youth Groups / Organizations
   Non-profit youth organizations provide high community benefit and align with the City's commitment to youth access, development, and family well-being. Prioritizing youth-serving groups reflects the department's equity and community benefit purpose.
4. City of Fort Bragg-based Non-Profit Adult Groups / Organizations
   Adult-serving non-profits can provide meaningful community benefit, but generally deliver fewer community-wide access and equity outcomes than youth-serving programs. These uses remain supported when capacity allows and when terms protect City cost and asset obligations.
5. All Other Groups & Entities
   All other groups and entities are eligible for facility access under established rental terms but do not receive priority, as these reservations may displace mission-critical programming or community-based nonprofit use and can create disproportionate operational and lifecycle cost impacts if not priced appropriately.

Success Metrics

Success metrics will be used to evaluate whether each service is in compliance with established goals (as indicated on the Financial Sustainability Strategy Continuum), as well as other efficiency and intended outcome measures. In the event that success metrics are not met, items 1-6 below the Success Metrics list outline actions to address gaps between current performance and success metrics.

Success Metric 1: Financial Viability: a service must meet its minimum tax dollar investment/cost recovery goal as noted on the Financial Sustainability Strategy Continuum.

Success Metric 2: Operational Efficiency: services should meet 75% or more of capacity (maximum) or realize a minimum increase of 10% usage during each service cycle to ensure efficiency of resource investment *(excl: events where capacity is difficult to establish).*

Success Metric 3: Participant/Customer Satisfaction: overall participant (customer) satisfaction must meet a minimum of 85% satisfaction or higher *(per user surveys and evaluations).*

Success Metric 4: Participant/Customer Impact: alignment with service goals – impact on social connections, increases in activity levels, impacts on quality of life, school performance, etc. *(per user surveys and evaluations).*

Addressing gaps between existing cost recovery performance and goals

1. Analyze success metrics for services not meeting their cost recovery goal.
2. Analyze direct and indirect costs of providing service.
    a. Measure the ratio of direct and indirect costs.
    b. Identify cost reduction opportunities and implement.
3. Suggest a market increase commensurate with the cost recovery goal.
    a. Conduct market analysis of the service.
    b. Identify opportunities for capturing larger markets.
4. Identify potential sponsorship, donation, or pay-it-forward opportunities.
5. Identify potential partnership opportunities to continue to provide a service; however, in collaboration with another provider, reducing impacts on and dilution of department resources, avoiding unnecessary duplication of service, and responsibly utilizing finite taxpayer resources.
6. If services do not satisfy success metrics, consider divestment of the service at the end of a four-year strategy term or sooner.

Financial Sustainability Strategy Continuum – Appendix A