



# **FINANCIAL SUSTAINABILITY STRATEGY**

## **City of Fort Bragg/CV Starr**

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# Financial Sustainability Strategy

1. **CONTEXT - parks & recreation and quality of life services**
2. **WHEN we began to pay attention**
3. **WHAT & HOW - designing a financial sustainability strategy**
4. **Thoughts, Comments, Questions**
5. **Next Steps**

*agenda*






# Financial Sustainability Strategy

## The Birth of Public Spaces

Boston Common was the first public space or “commons” in the United States allowing for self directed leisure.







Initially, the movement focused on places. As it progressed, the importance of programming was acknowledged. “The playground that has no program achieves little.” (Curtis 1915).

## Structured Activity

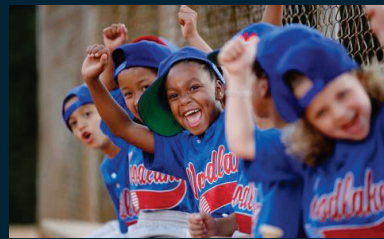
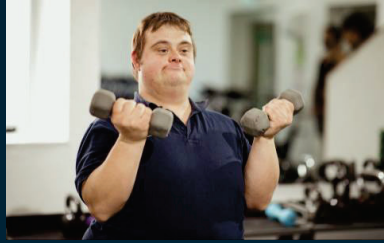


As the profession matured and diversified, the guiding philosophy shifted away from a social welfare model to a demands satisfaction model...



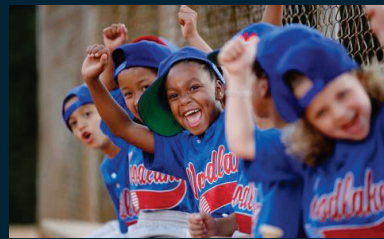
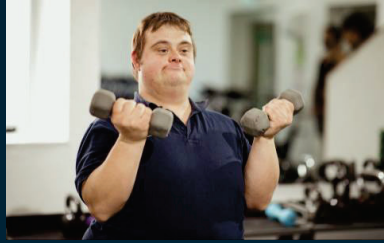
Waterpark: Elsaboath (2021); Playground: Lee (2020); Summer Camp: Kniaz, A. (2020).





# Mission Creep?





# No Limits?

# Conditions in play







## Financial Sustainability Strategy

**WHEN we began to  
pay attention**



## Financial Sustainability Strategy

# The Great Recession's Profound Impact on Parks & Recreation

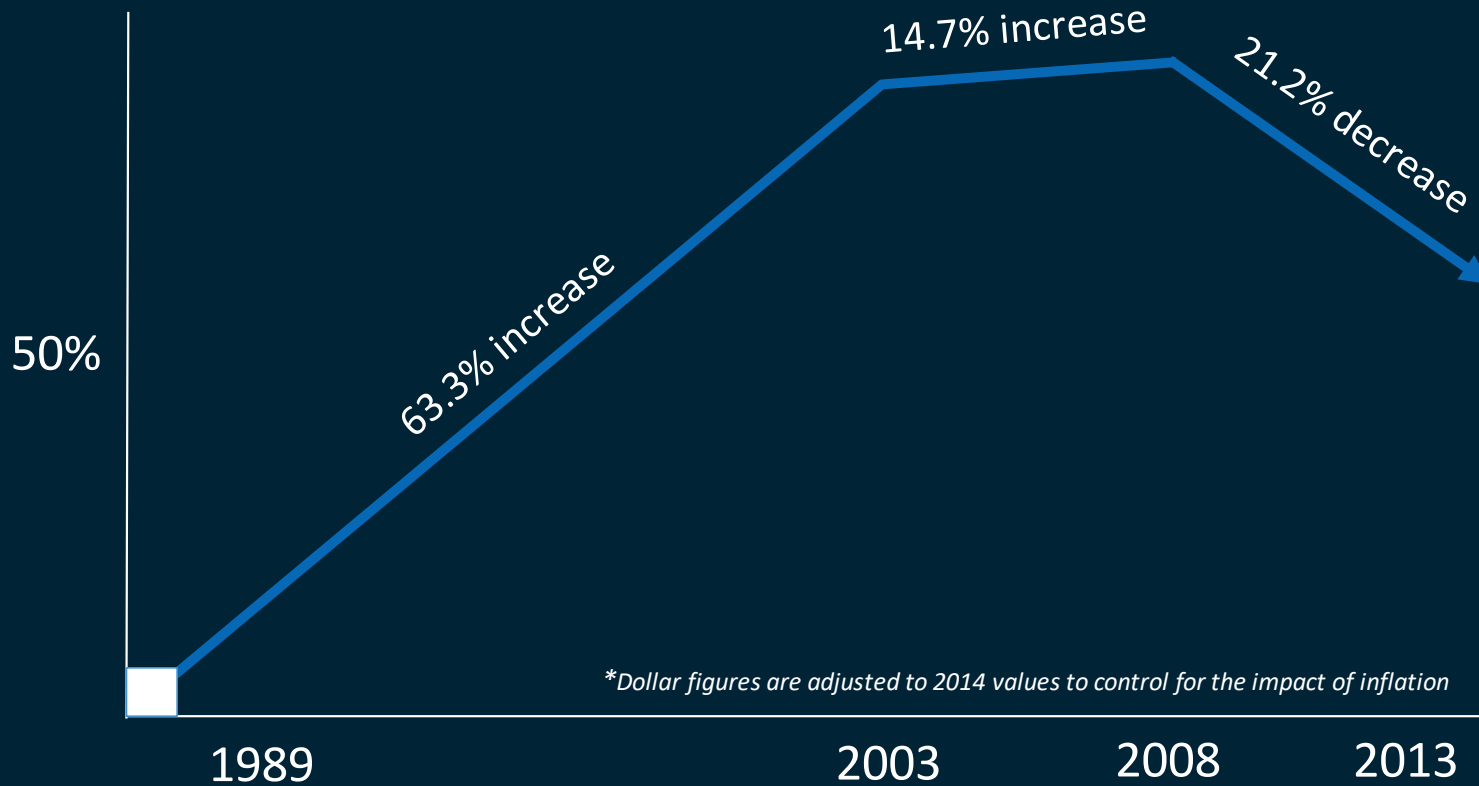
By: Nicholas Pitas, Ph.D., Austin Barrett, Ph.D., Andrew Mowen, Ph.D.







## Financial Sustainability Strategy



*\*Dollar figures are adjusted to 2014 values to control for the impact of inflation*

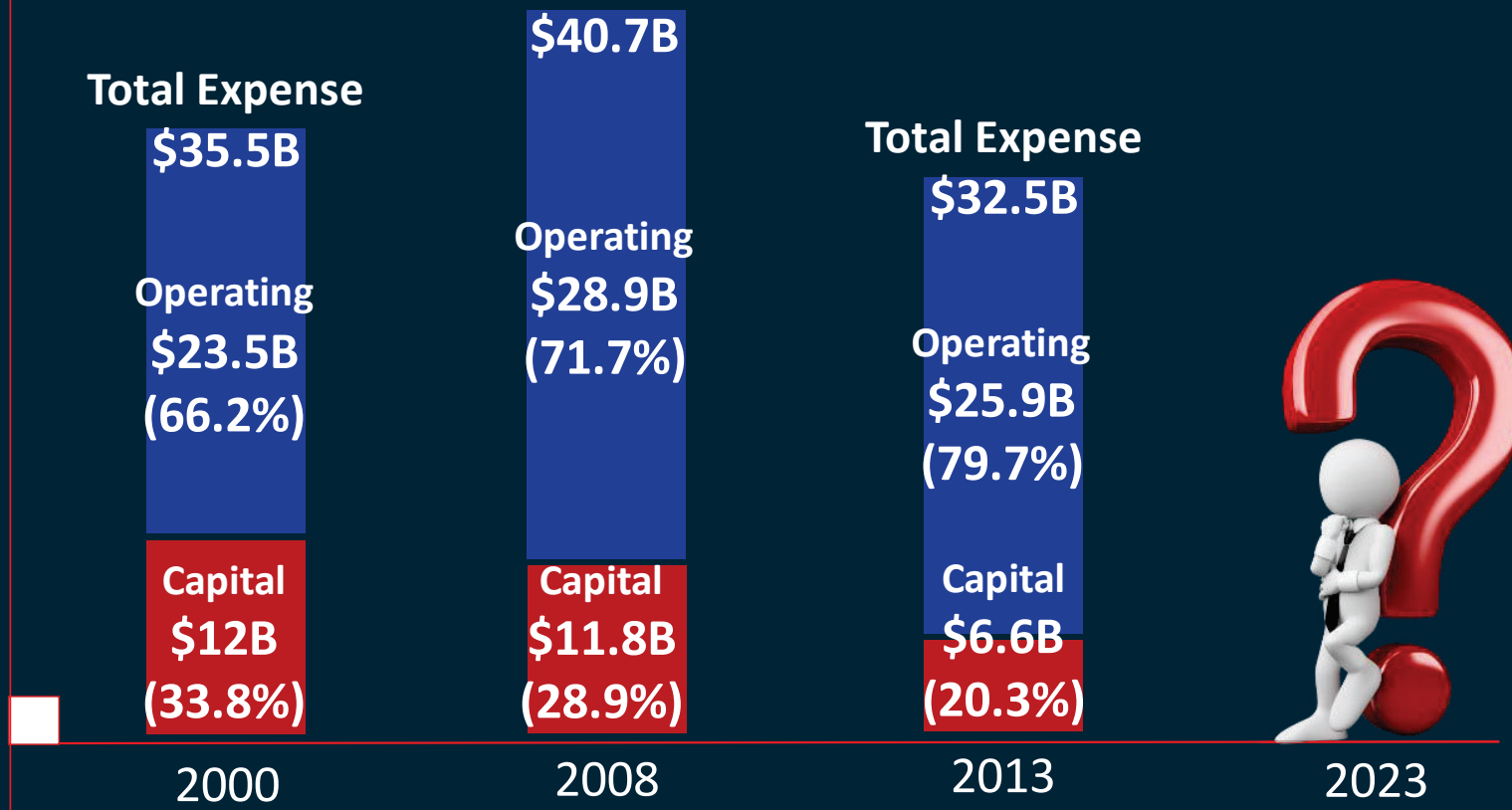
## Parks & Recreation Spending 1989 - 2013

Source:  
*The Great Recessions' Profound Impact on Parks & Recreation 2018*



## Financial Sustainability Strategy

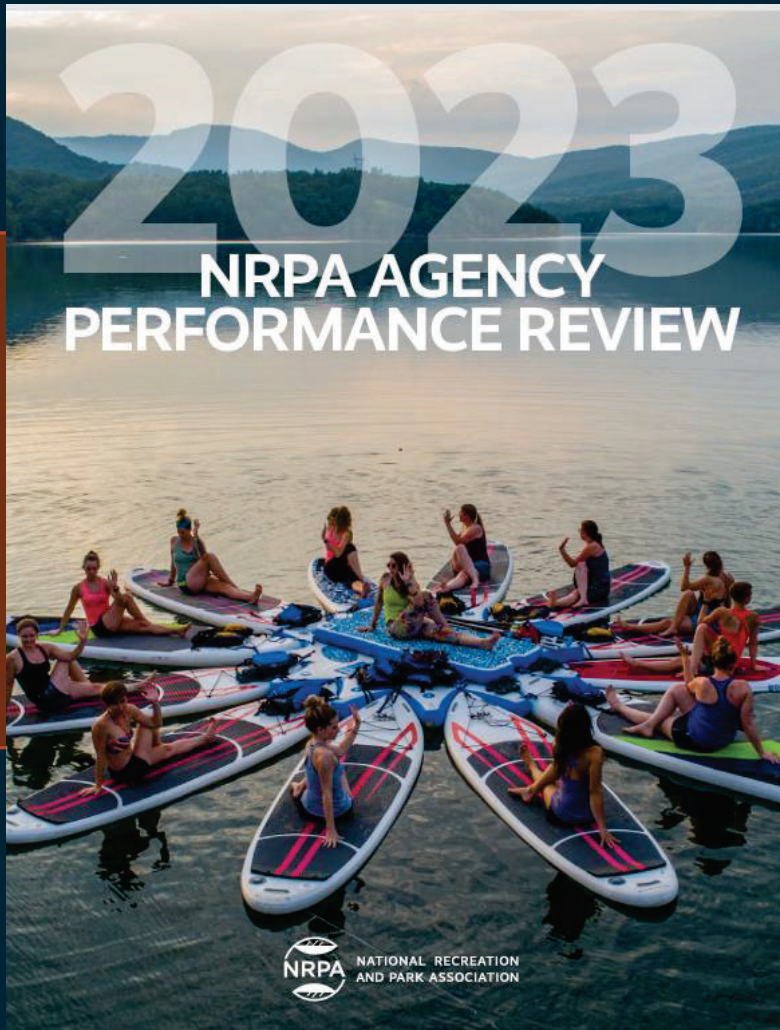
### Total Expense



## Operating & Capital Expenditures 2000 - 2013

Source:  
*The Great Recessions' Profound Impact on Parks & Recreation 2018*





[2023-agency-performance-review.pdf](#)

*Deferred maintenance across various local jurisdictions*

Towns: Average of \$1.4M

Cities: Average of \$19.8M

Counties: Average of \$26.9M

Park Districts & Authorities: Average of \$9M



## The Great Outdoors Act (2020)

“Fully” and permanently fund the Land & Water Conservation Fund (LWCF) with **\$900M per year.**

Provide **\$9.5B over 5 years (\$1.9B/year)** to address the maintenance backlog of the National Park Service.





# The Great Insufficiency of The Great Outdoors Act



MILWAUKEE COUNTY  
**PARKS**

**\$500M Backlog**



**\$1B Backlog**

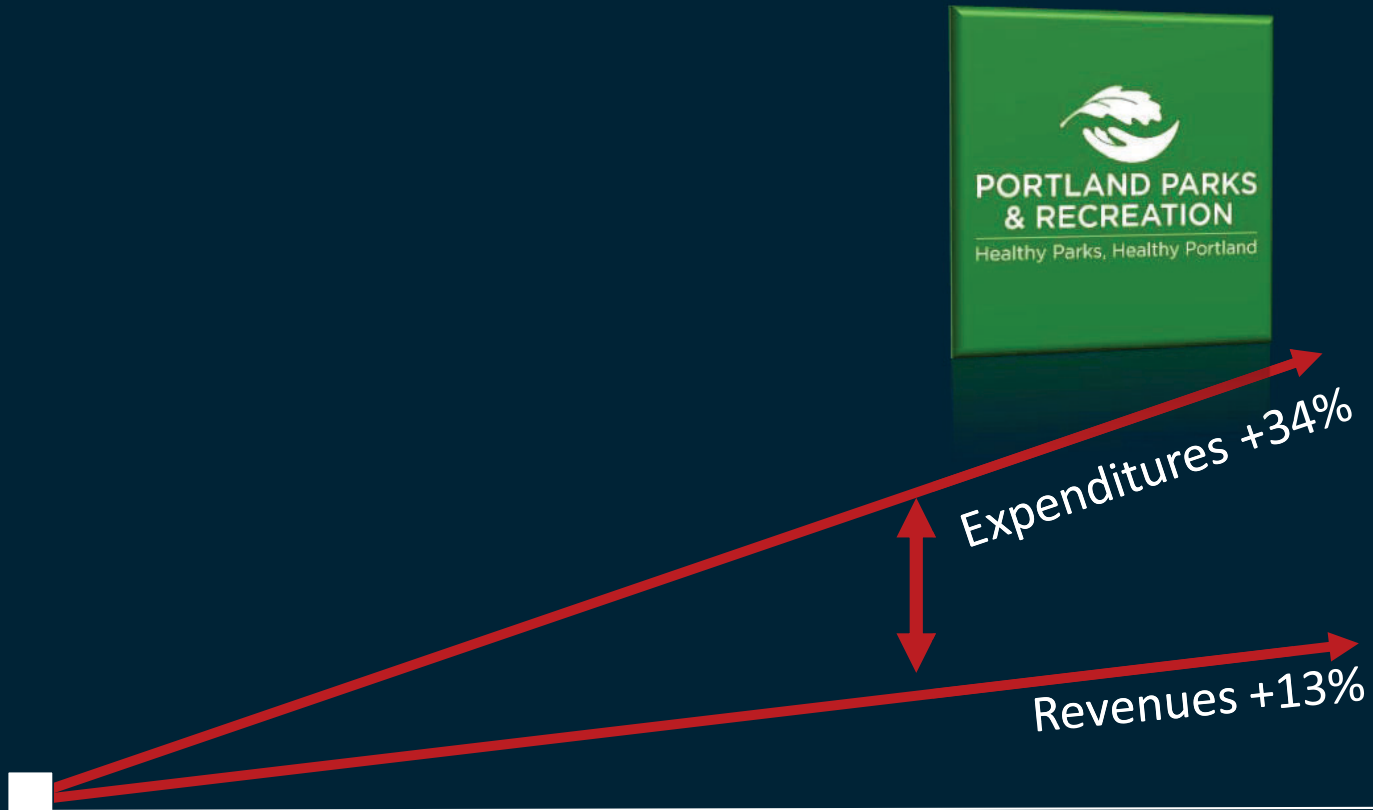


**\$15-24B Backlog**



# Financial Sustainability Strategy

2013 – 2018 Financial performance







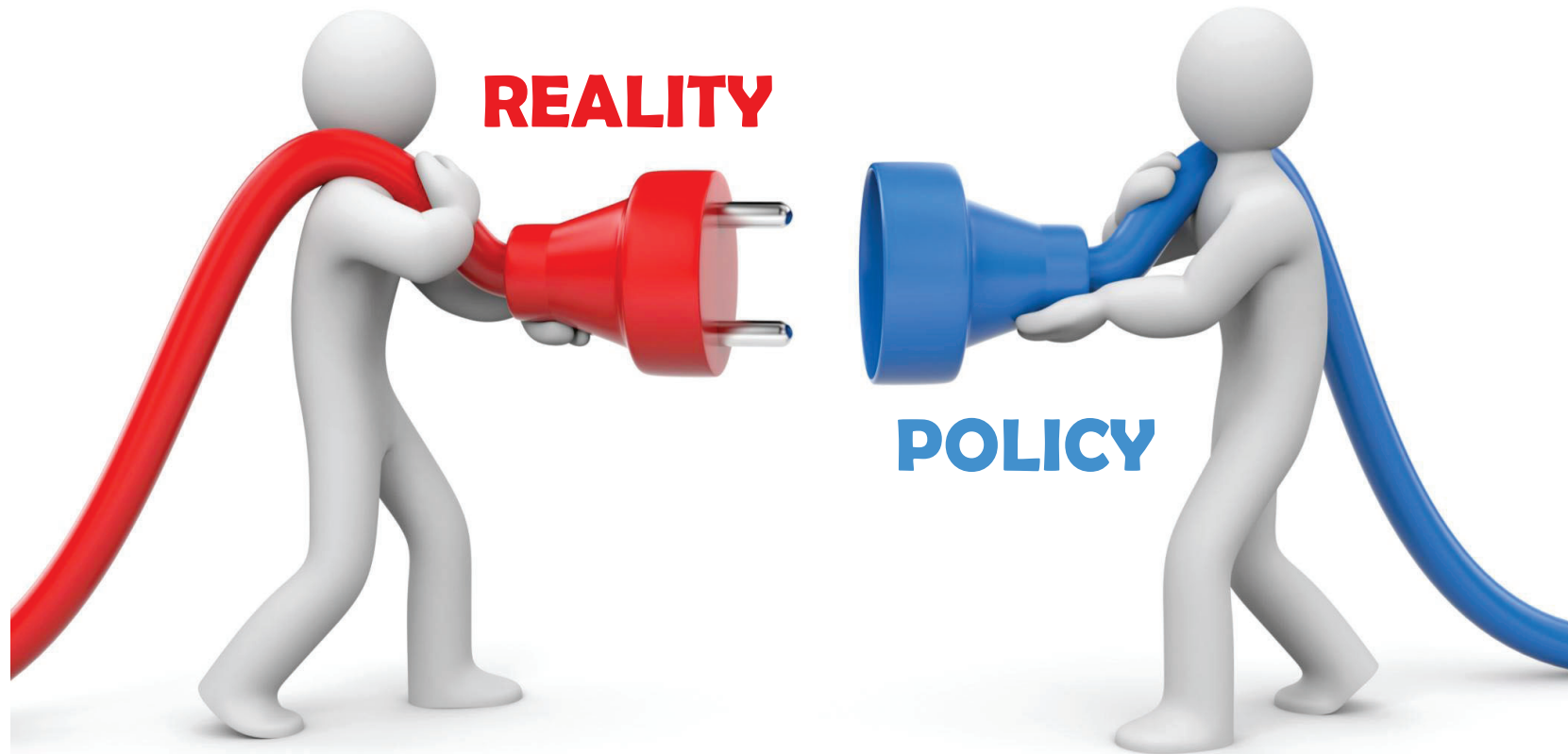
## Financial Sustainability Strategy

*or...*

***We're fiscally well and want to stay that way!***



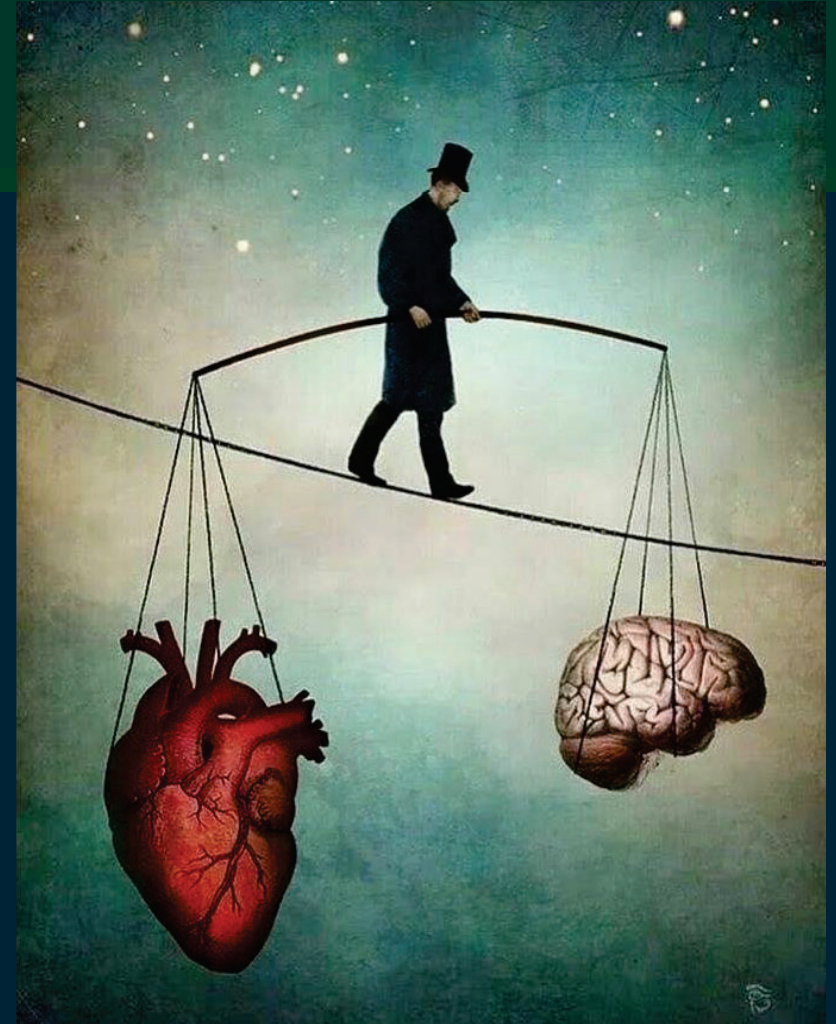
## Financial Sustainability Strategy







# Financial Sustainability Strategy





## Financial Sustainability Strategy



**Thoughts? Questions?**



## Financial Sustainability Strategy



# Parks & Reconomics<sup>©</sup>

How we manage finite resources





## Financial Sustainability Strategy



**Are you smart about  
managing money?**



## Financial Sustainability Strategy

Common language and understanding leads to improved communication, collaboration, and a better prepared community of professionals.





# Financial Sustainability Strategy

Costs







# DIRECT COST

*Direct costs* can be traced directly to the provision of a service.  
This cost would not be incurred if the service ceased.



# INDIRECT COST

*Indirect costs* are incurred with or without the provision of a service. These costs are not traceable to any particular service, benefit the system as a whole and do not benefit any one single service.



# Cost Recovery & Subsidy





## **Cost Recovery...**

recovering or offsetting the costs  
(expense) of delivering services.





## **Subsidy...**

a *benefit* given by the government; typically to remove some type of burden and often considered to be in the overall interest of the public.



## Financial Sustainability Strategy

if

Cost recovery =  
50%

then

Subsidy =  
50%





## Financial Sustainability Strategy

if

Cost recovery =  
72%

then

Subsidy =  
28%



## Financial Sustainability Strategy

Need





## Financial Sustainability Strategy

### Need $\neq$ Want

Park Facilities	#1	#2	#3	#4	#5	TOTAL	RANK
Additional football/soccer/lacrosse fields	30	56	34	31	22	173	14
Additional recreation center	13	22	42	43	34	154	15
Additional senior center	31	20	29	21	32	133	16
Additional basketball courts	8	31	24	20	17	100	17
Additional softball fields	10	27	21	13	14	85	18
New indoor tennis center	15	13	19	11	17	75	19
New disc golf course	7	12	7	13	19	58	20
Additional tennis courts	3	13	9	16	16	57	21
New BMX track	4	5	15	14	10	48	22
New indoor pickleball court	4	7	10	8	7	36	23
Additional skate park	4	4	5	9	11	33	24
Additional outdoor pickleball courts	2	4	12	5	9	32	25



## Financial Sustainability Strategy

# Partnerships







## Financial Sustainability Strategy

### Partnership = Reciprocal Benefit



#### Note

If an organization is giving and not receiving something of equal value in return, they are a granting organization (this is not a partnership).

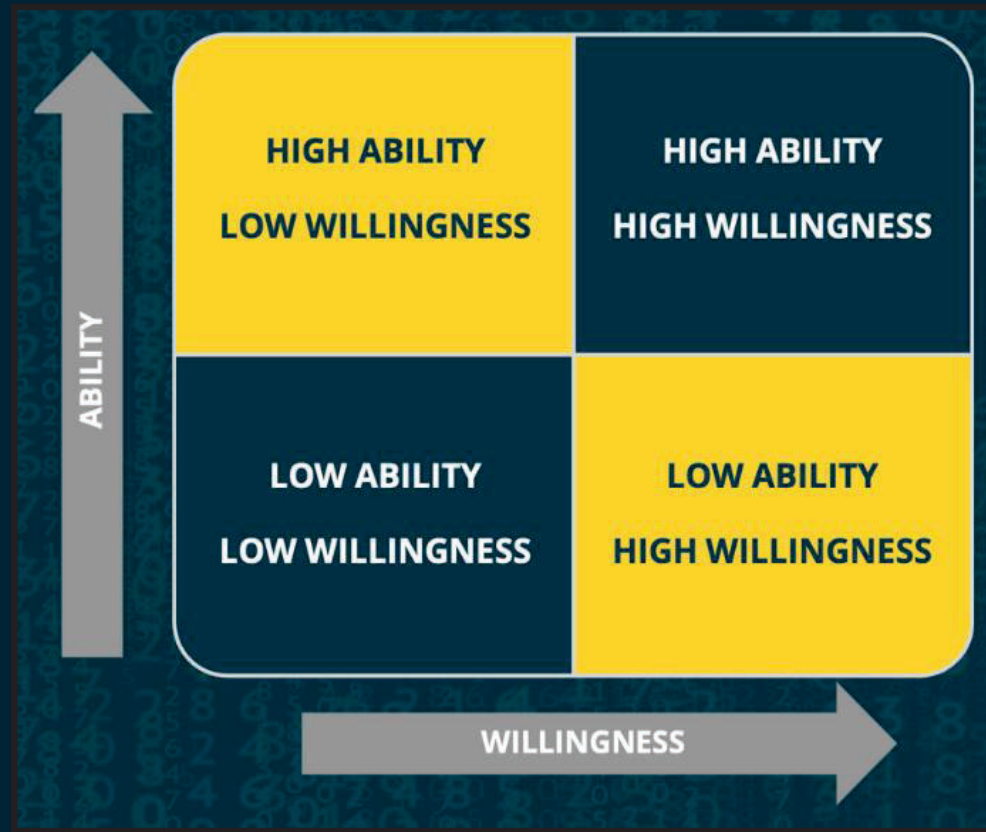


# Ability vs. Willingness to Pay





# Financial Sustainability Strategy





## Financial Sustainability Strategy

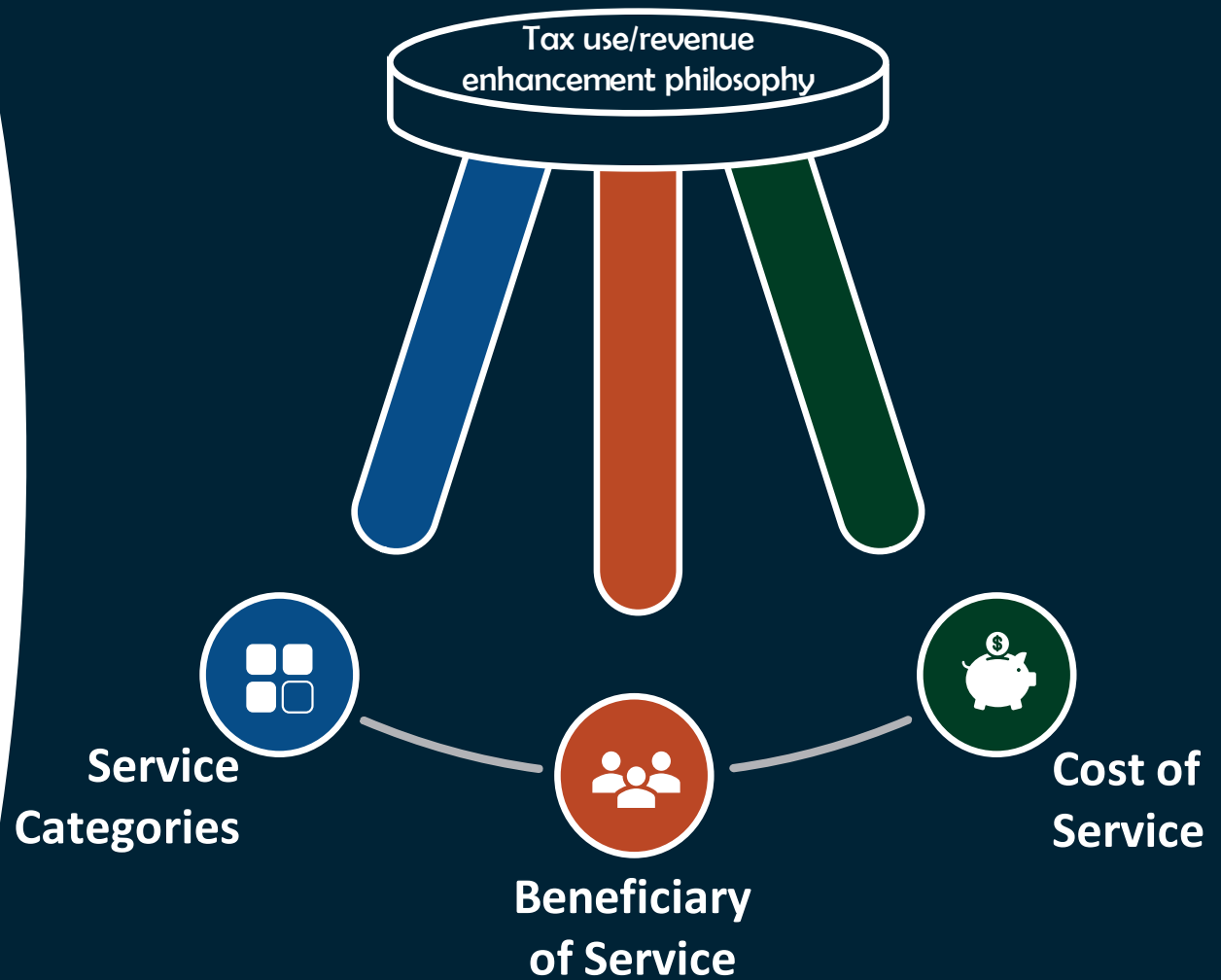


**Thoughts? Questions?**



# Financial Sustainability

## Three-legged Stool



# Service

Activities, courses,  
classes, events, rentals,  
and other types of leisure  
experiences





# Service Area

Where “likeness” of service is the principal consideration in the coordination and/or organization of various services.



# Service Category

Where “like purpose” is the principal consideration in the cataloging of services.





## Financial Sustainability Strategy



# Why Service Categories?



Discourages attempts to make cost recovery decisions based upon special interests or social values.



Eliminates arbitrary goal setting



Aligns with interests in equity-based decision making – age, interest, etc. become irrelevant. It's all about “purpose”.

[http://brochures.lerntools.com/pdf\\_uploads/Web\\_WinterGuide2014.pdf](http://brochures.lerntools.com/pdf_uploads/Web_WinterGuide2014.pdf)

# Service Areas vs. Service Categories

CR Goal = **25%?**



**Seniors**  
(Intro to Fitness)

CR Goal = **40%?**



**Aquatics**  
(Learn to Swim)

CR Goal = **50%?**



**Youth Sports**  
(T-ball)



# Service Categories > Beginner Level Activities

Similar purpose = Same CR Goal



**Seniors**  
(Intro to Fitness)



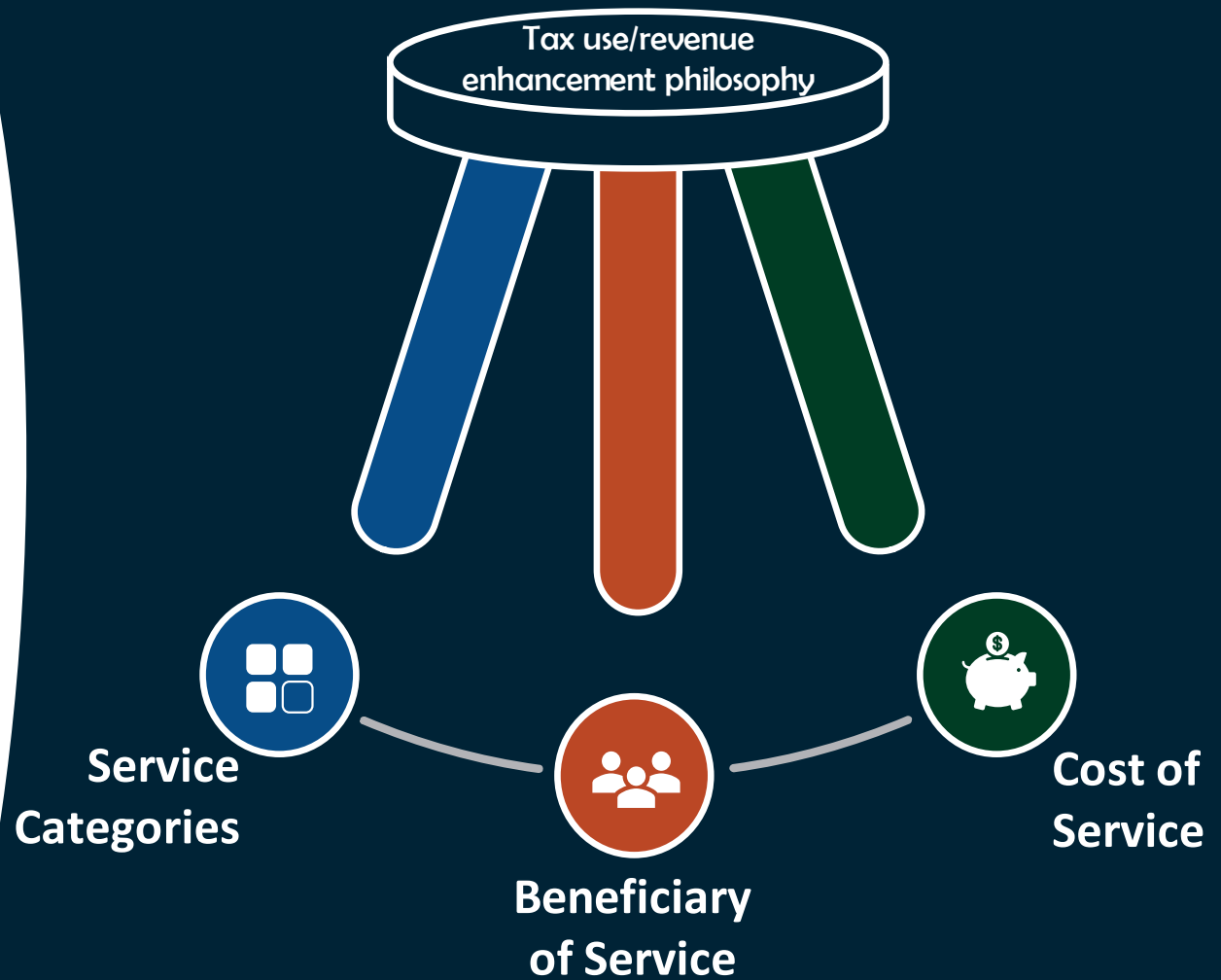
**Aquatics**  
(Learn to Swim)



**Youth Sports**  
(T-ball)

# Financial Sustainability

## Three-legged Stool







## Financial Sustainability Strategy

# What is Beneficiary of Service?

Community/  
Common Good Benefit

Individual/  
Exclusive Benefit

*Identifies and categorizes beneficiaries (those who receive value)*



# Beneficiary of Service

Service Area CR Goal = **75%?**



**Aquatics**  
(Learn to Swim)



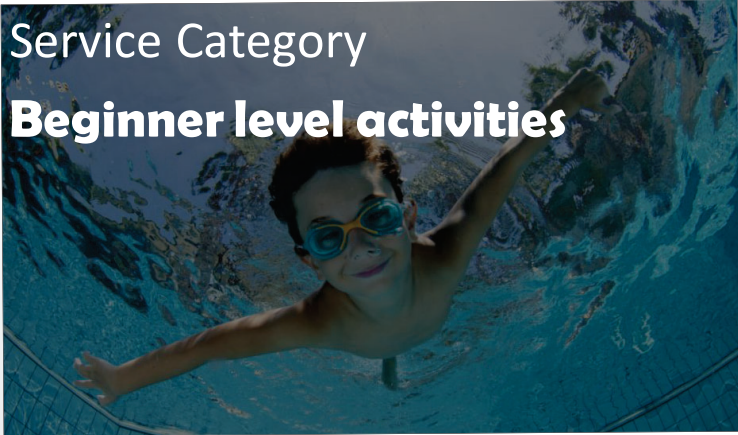
**Aquatics**  
(Masters Swim)

[http://brochures.lerntools.com/pdf\\_uploads/Web\\_WinterGuide2014.pdf](http://brochures.lerntools.com/pdf_uploads/Web_WinterGuide2014.pdf)

# **Beneficiary of Service**

Different purpose = Different service category = Different CR Goal

Service Category  
**Beginner level activities**



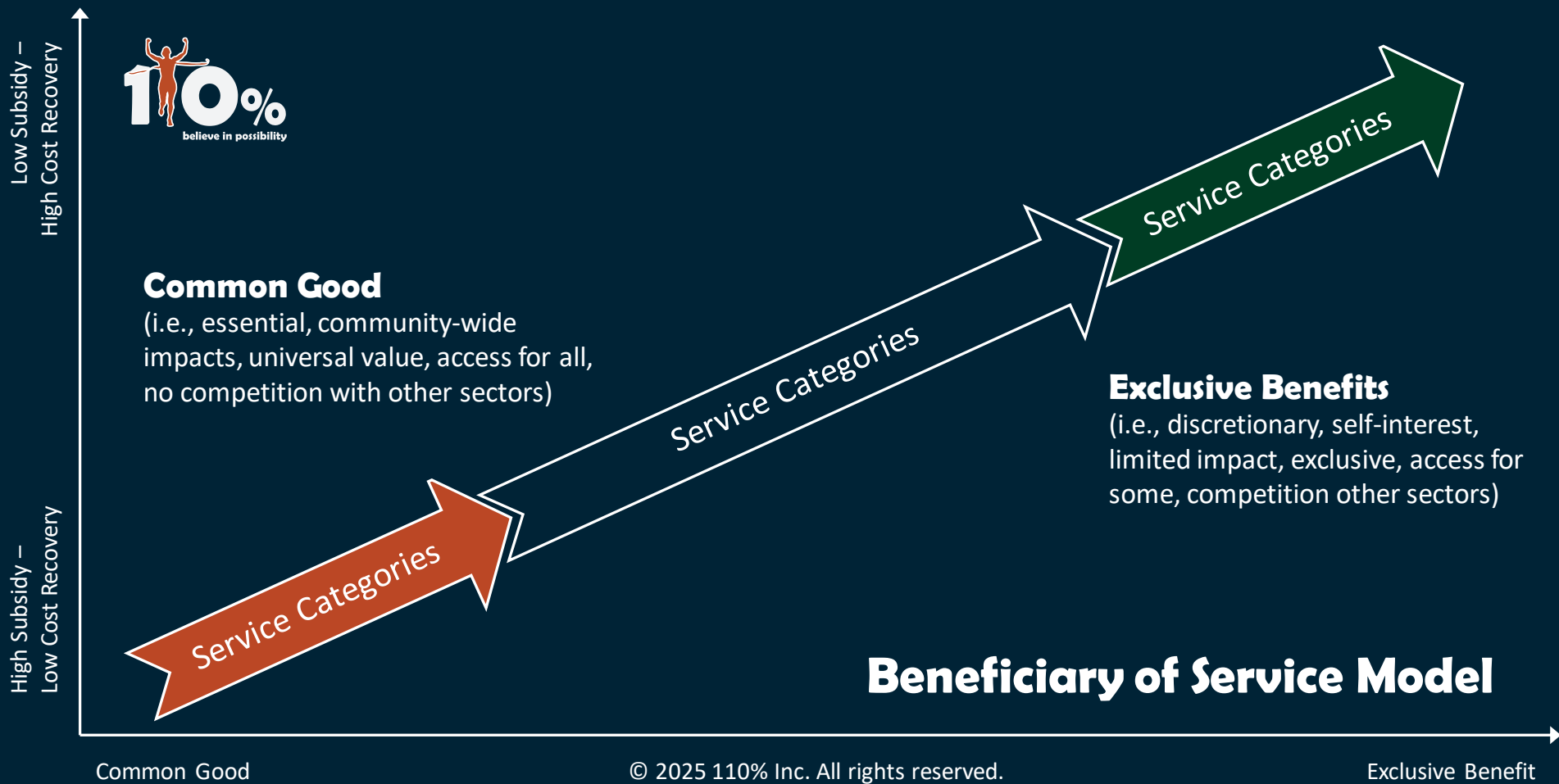
**Aquatics**  
(Learn to Swim)

Service Category  
**Competitive level activities**



**Aquatics**  
(Masters Swim)

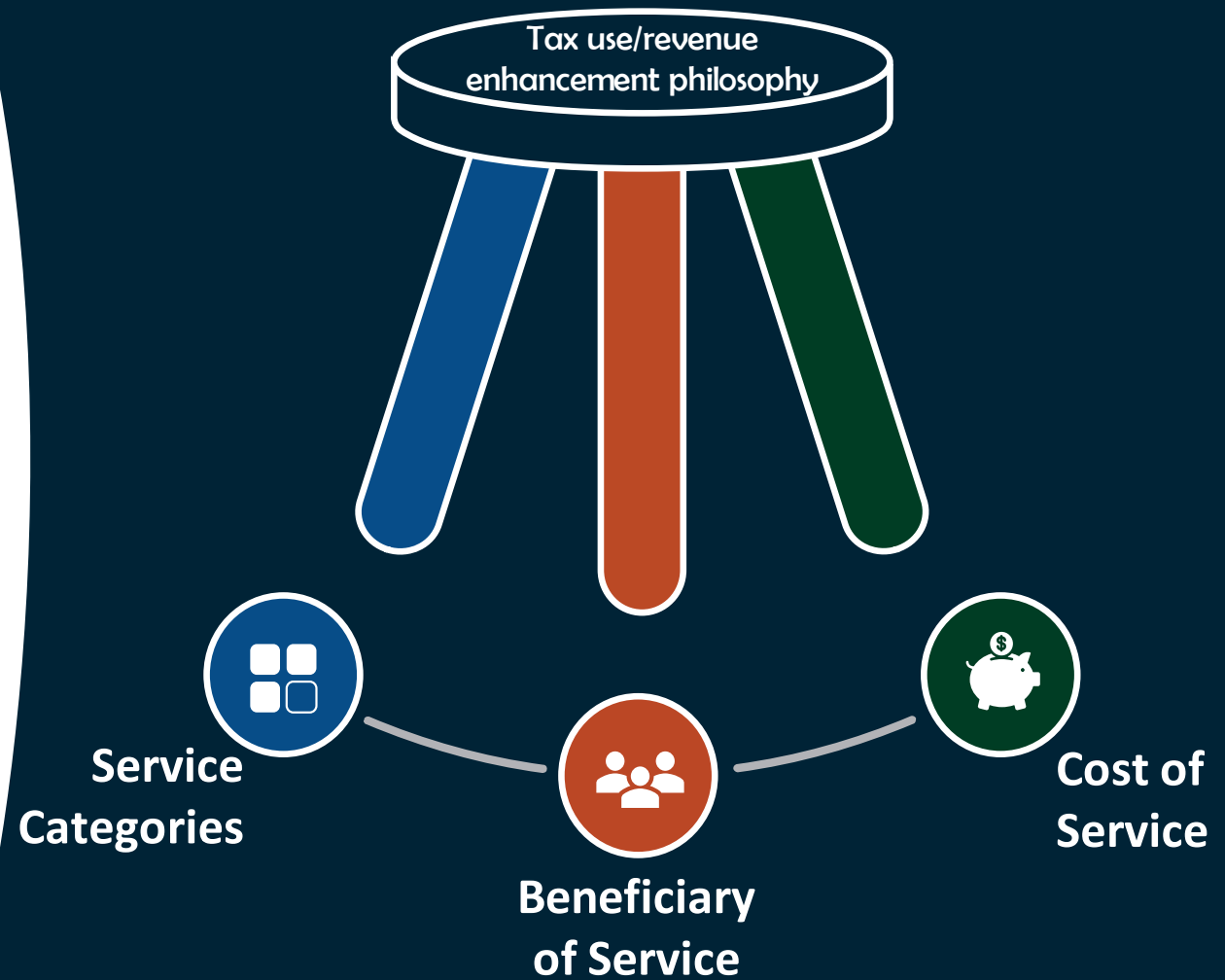
[http://brochures.lerntools.com/pdf\\_uploads/Web\\_WinterGuide2014.pdf](http://brochures.lerntools.com/pdf_uploads/Web_WinterGuide2014.pdf)





# Financial Sustainability

## Three-legged Stool





# Understanding Cost of Service

# Direct Costs

---

Can be traced directly to the provision of a service. Would not be incurred if the service ceased.

vs.

# Indirect Costs

---

Incurred with or without the provision of a service. Not traceable to any particular service, benefit the system as a whole and do not benefit any one single service.



## Financial Sustainability Strategy

### Ice Cream Cone Sales

50,000 cones/year

#### Direct Costs

Ice cream, cones, napkins

#### Other Costs

Utilities, management, landscaping, equipment



<https://unsplash.com/photos/man-sitting-on-bench-while-leaning-on-wall-sWXn6KkLxtM>





## Financial Sustainability Strategy

### Direct Costs

50k cones/yr  
**x \$1/cone**

Ice cream, cones, napkins

**\$50k/yr**

### Other Costs

**\$100k/yr**

Utilities, management,  
landscaping, equipment



<https://unsplash.com/photos/man-sitting-on-bench-while-leaning-on-wall-sWXn6KkLxtM>



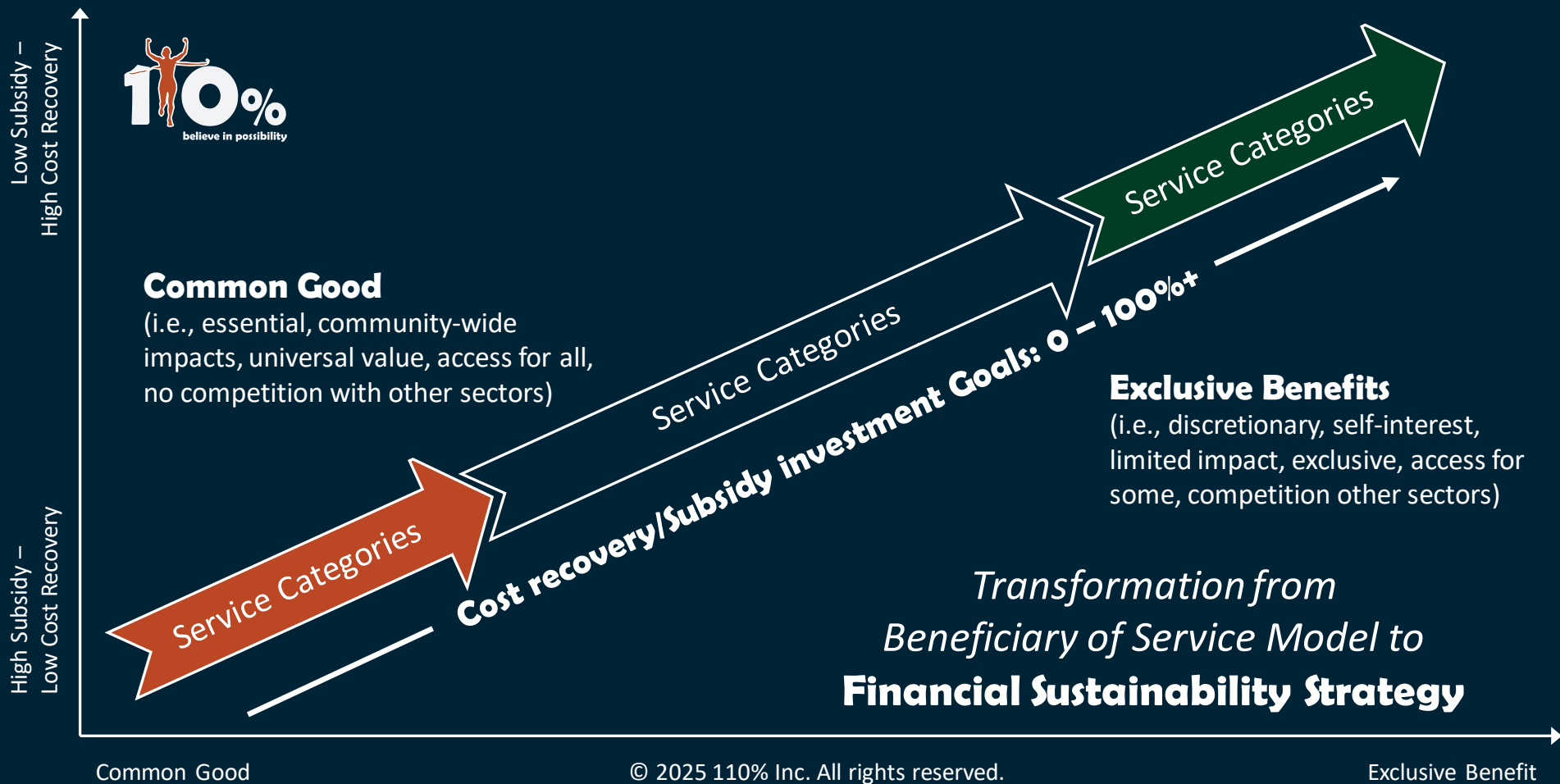
## Financial Sustainability Strategy

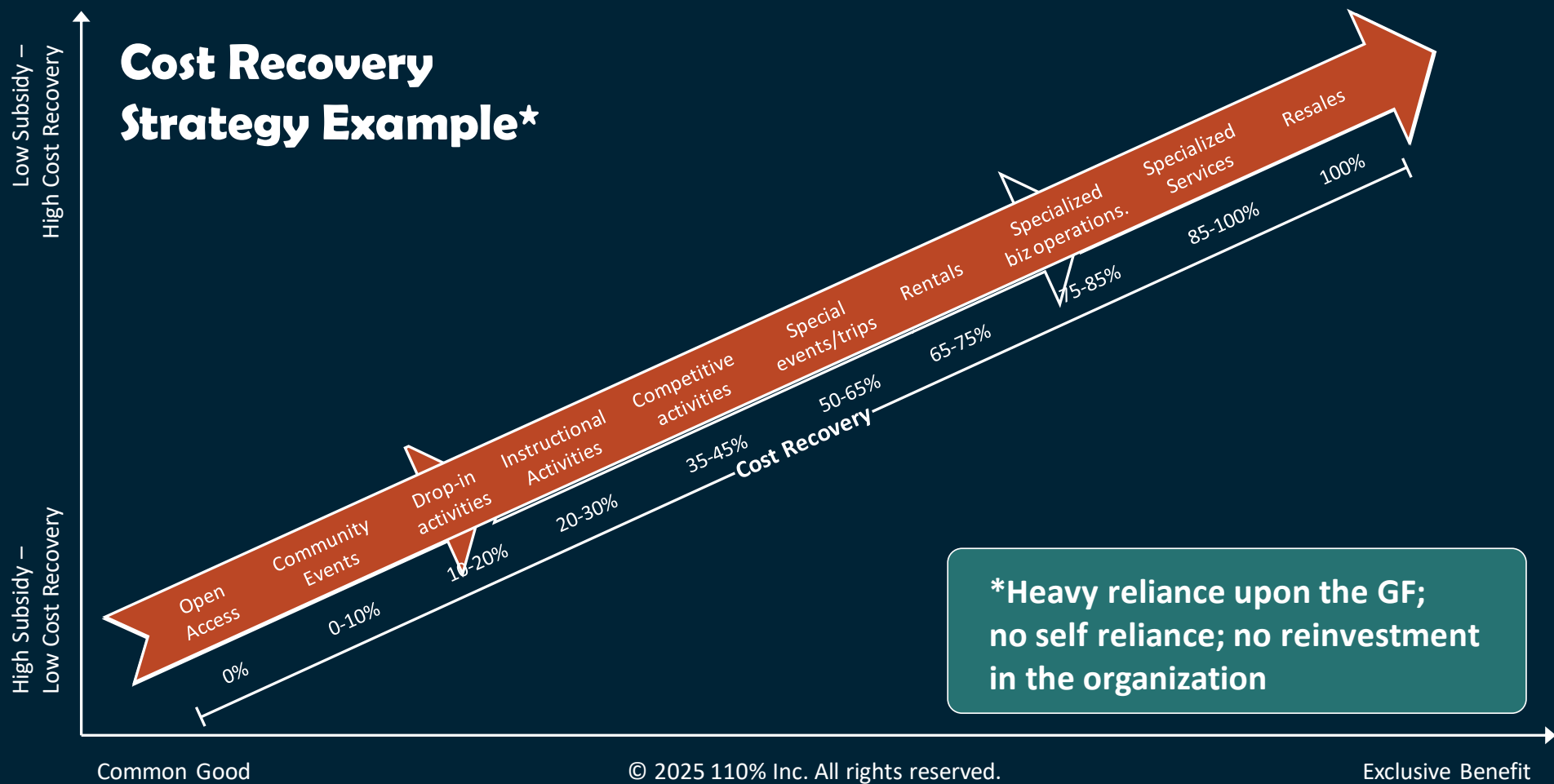
**Cost of Service  
\$150k/yr**

**100% Cost Recovery?**  
**\$3k/cone**

<https://unsplash.com/photos/man-sitting-on-bench-while-leaning-on-wall-sWXn6KkLxtM>

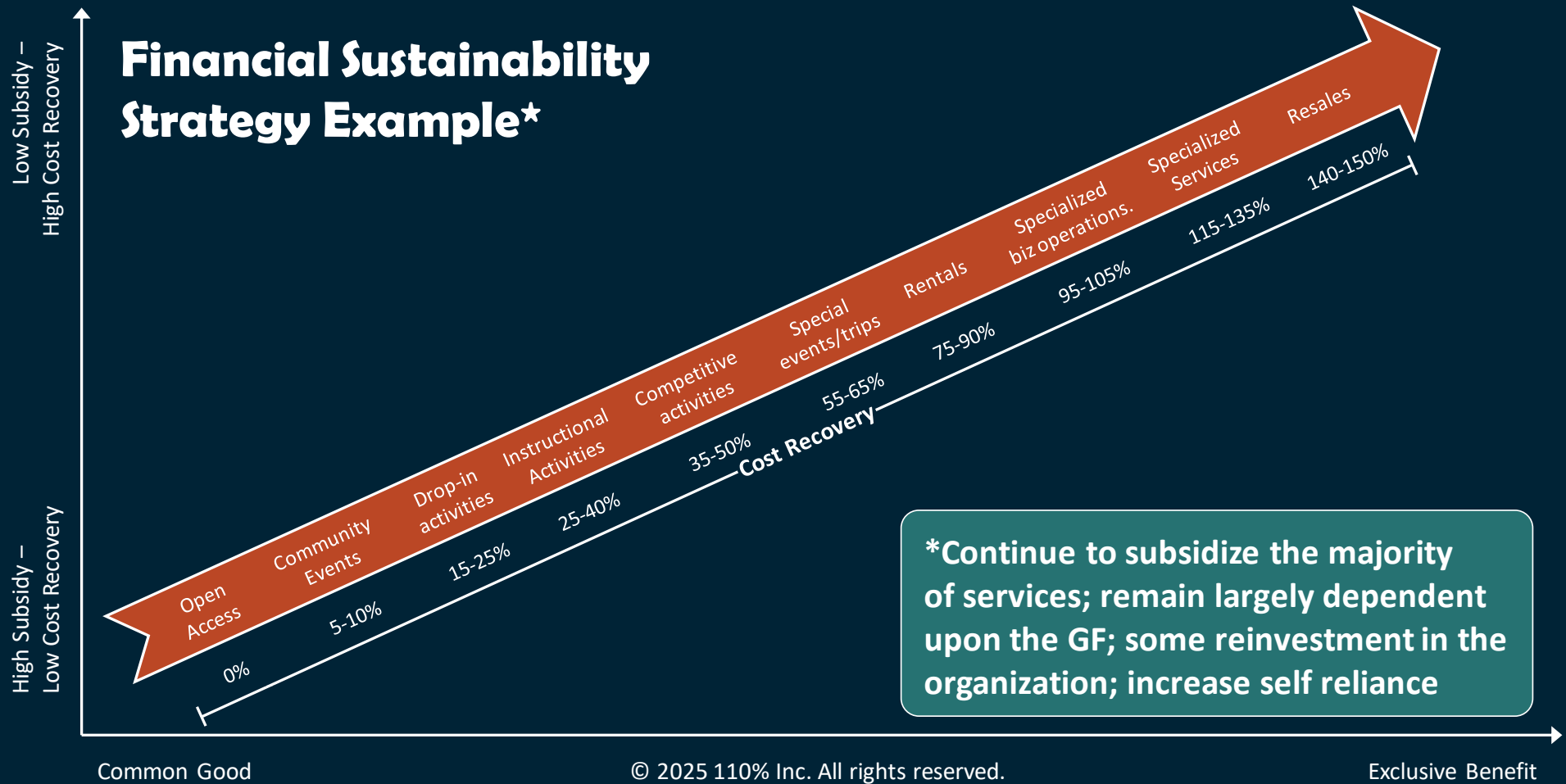






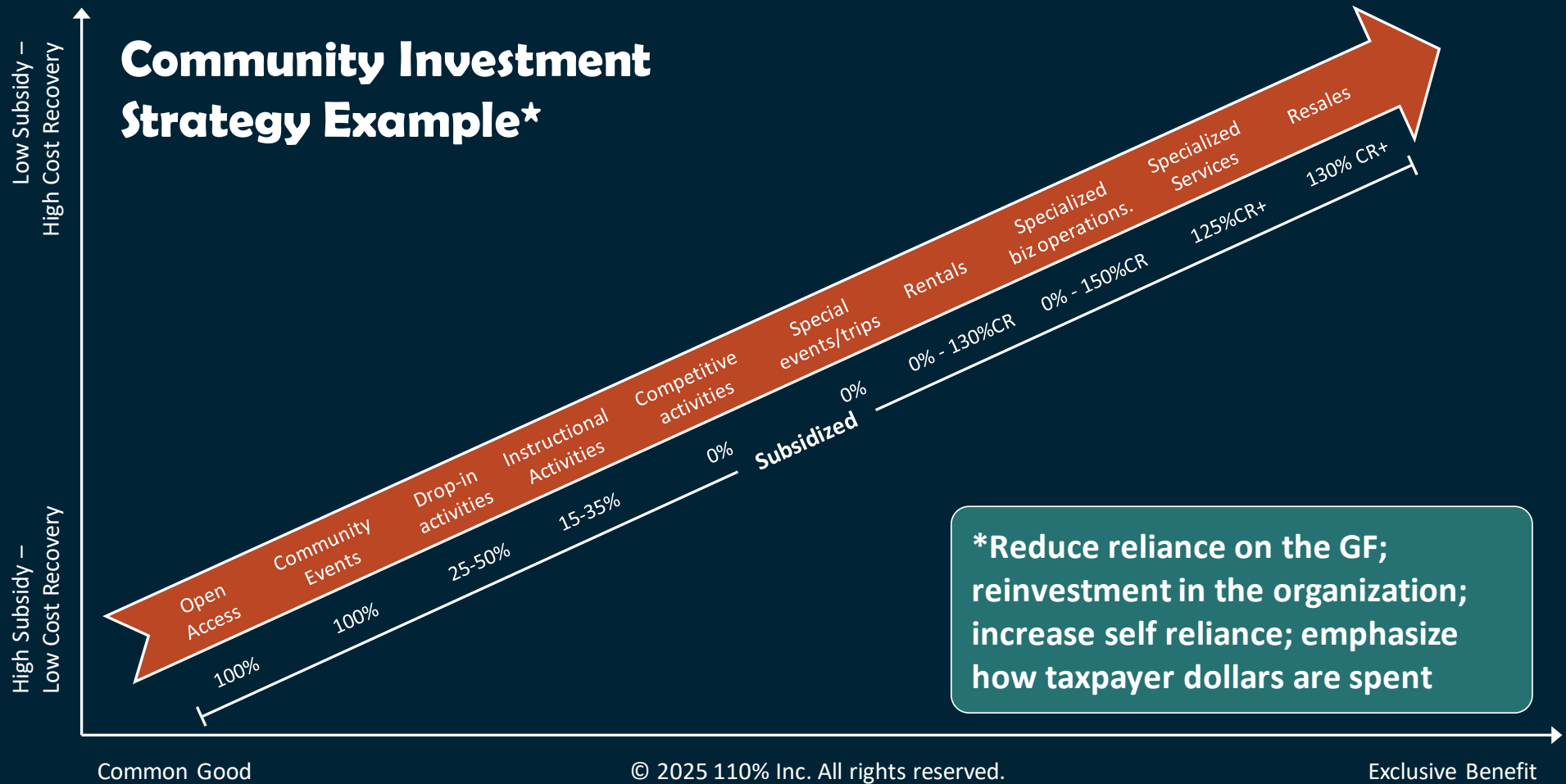


# Financial Sustainability Strategy Example\*



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# Community Investment Strategy Example\*

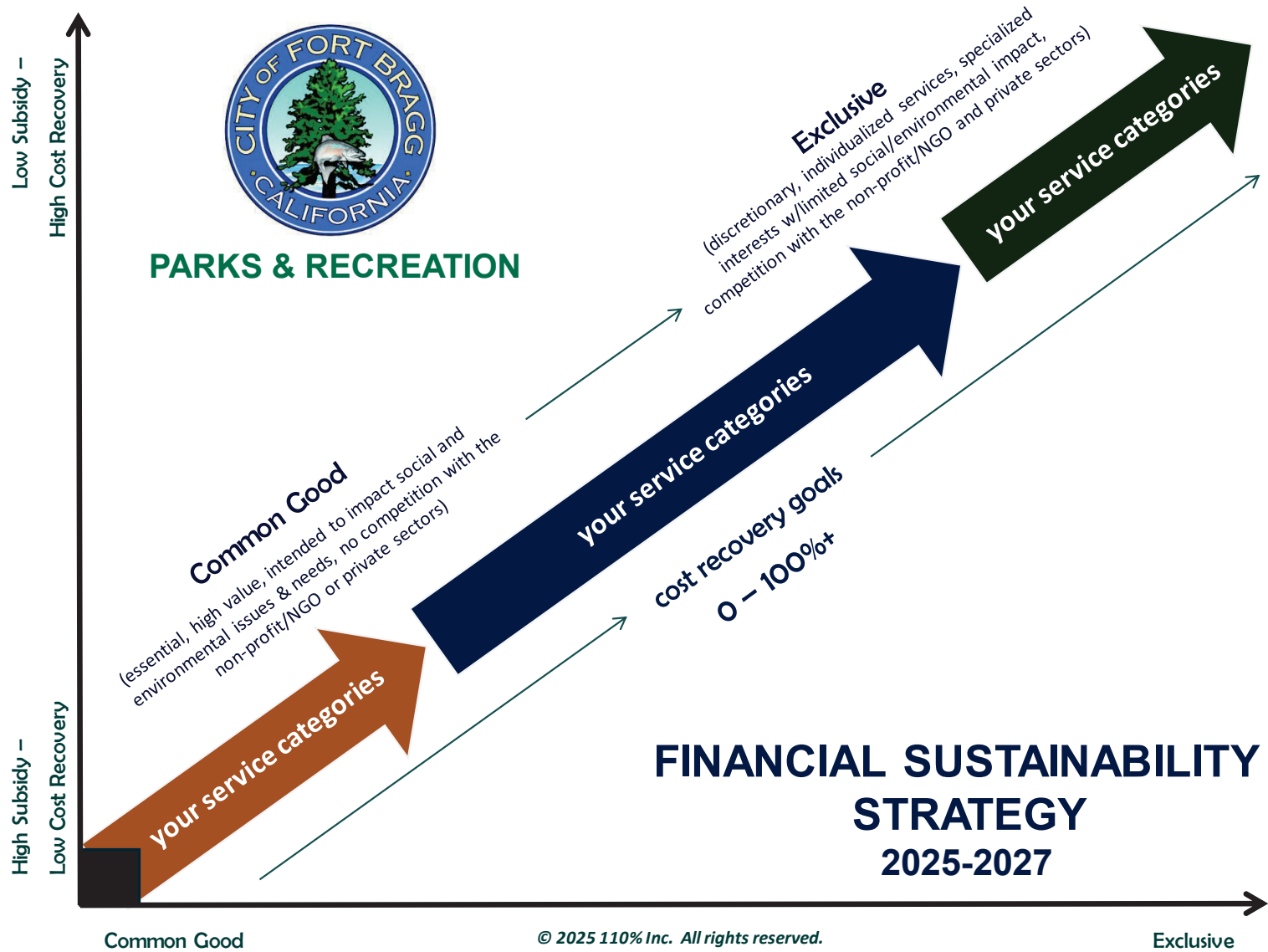


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Exclusive Benefit



# Financial Sustainability Continuum





## Financial Sustainability Strategy



**Thoughts? Questions?**



## Financial Sustainability Strategy

- ☐ Service Category Development
- ☐ Cost of Service Analysis Work Continues
- ☐ Beneficiary of Service Work Session - TBD

***Next steps***