



CITY OF CORONADO

CITY COUNCIL STAFF REPORT

September 3, 2024

{{section.number}}b

REVIEW OF THE RECREATION FEE STUDY AND FACILITY USE POLICY

RECOMMENDATION:

Review the draft Recreation Fee Study and Facility Use Policy and provide direction to staff, as appropriate, on refinement of the recommendations for the Recreation cost recovery targets, program classifications, program discounts for residents and seniors (55+), Facility Use Policy updates, Recreation Fee Schedule updates, annual increases to the Recreation Fee Schedule based on Consumer Price Index, and a pilot program to operate the skate park with intermittent supervision; and, direct staff to return the proposed fees and policies to a future City Council meeting for adoption.

BACKGROUND:

The City of Coronado (City) assesses fees for facility rentals, recreation programs, and tennis and pickleball programs to recover costs associated with the operation of the Recreation and Golf Services Department (Recreation or Department). The current format and structure of fees and use policies for Recreation have been in use since Resolution 7551 was established in 1998. Since then, the City Council has approved resolutions to address changes in policy, addition/modification of facility operations, consumer price index changes, incremental fee increases, and usage studies; however, to date a holistic review of fees and use policies for Recreation, Golf, and Tennis and Pickleball operations has not been performed.

The City retained Next Practice Partners, LLC (NPP), a qualified consulting firm with specific experience and expertise in fee analysis and cost recovery model development for parks and recreation agencies, to complete a comprehensive fee study and develop a full cost recovery model and policy plan for Coronado.

The first part of the fee study, updating the Golf Fees, was completed in 2023 and implemented in January 2024. The remainder of the study is specific to Recreation and is the scope of this report.

Recreation Fee Study Project Objectives

The primary objectives of the fee study are as follows:

1. Identify the Department's true cost of operations.
2. Determine the cost recovery percentage goal.
3. Develop program classifications and determine cost recovery targets.
4. Update the Facility Use Policy.
5. Update the Fee Schedule.
6. Evaluate the operational philosophy of the Coronado Skate Park.
7. Consider annual consumer price index (CPI) increases to the Fee Schedule.

Public Outreach and Engagement Process

Robust community input and engagement underscored the entire project. NPP conducted a Community Workshop on August 24, 2023, to engage the community on scope and process. NPP then facilitated a statistically valid community survey via the ETC Institute, a national survey firm specializing in parks, recreation, and community services. The survey process obtained 372 responses, which, given the population of Coronado, translates to a 95% confidence level with a margin of error of +/- 4.9%. The expected response rate for the survey was 300 responses. Additionally, an online, open-access community survey was available which received an additional 102 responses.

The goals of the surveys were two-fold: prioritizing community needs and gauging support for pricing methods. The results showed strong support for investing in fitness/wellness programs, exercise classes, community and cultural special events, pickleball lessons and leagues, and lap swimming. The survey also showed significant support for differential pricing for residents vs. non-residents, as well as seniors vs. adults in most areas. These results informed recommendations for classifications and fees for facilities use and program classifications. On July 8, 2024, NPP and Recreation staff conducted two Community Workshops to provide an overview of the findings from the survey, an overview of the data collection process, and initial recommendations for fee and policy updates. On August 12, 2024, six recommendations were brought to the Parks and Recreation Commission for consideration.

ANALYSIS:

The following discussion outlines the considerations and recommendations for each of the project objectives. Although presented as recommendations, staff seek City Council consideration and feedback at this time. At a future Council meeting, staff will present the fees and policies for final adoption.

Objective #1: Identify the Department's True Cost of Operations

The first objective of the study was to identify the true costs of operation of the Recreation & Golf Services Department. These costs include staff, utilities, repair and maintenance, contracts, contract instructors, janitorial, supplies, and overhead costs including Department administrative support, citywide administrative support, and recent capital expenses.

Costs are classified as 3 types: direct costs, indirect costs, and overhead.

- Direct costs are the variable costs directly associated with the facilitation of the program or service, such as dedicated staff, program supplies, and contracts or contract instructors specific to the use.
- Indirect costs are the less-variable costs associated with operating the Department, but supportive of the program or service itself, which include a percentage of the utilities, janitorial, materials, repair and maintenance, and Division staff support.
- Overhead costs include Department administrative support, Citywide overhead, and recent capital expenses.

Department administrative support costs are allocated across each division and program based on the percentage of associated staff time to the overall staff budget. Citywide overhead is the allocation of costs associated with other City Departments' support of Recreation, based on Recreation's 10.15% share of the overall General Fund Budget. Recent capital expenses were also included in the draft cost-of-service model specific to the court resurfacing project and the aquatics center renovation project. Each project was divided by the number of estimated years until a similar project is likely to occur.

The outcome of this analysis is a cost-of-service model developed by NPP. This tool captures costs and revenues associated with each division and program. It is a dynamic tool that can be updated by staff over time as data changes, allowing the City to reliably calculate current costs of service for our programs.

Objective #2: Determine The Cost Recovery Percentage Goal

Many Recreation programs and services, including facility rentals, charge fees for use and participation. The revenue received from these programs and services cover a portion of the Department's operating cost, while the General Fund, primarily funded by taxes, subsidize the remaining costs. During the City's annual budget process, the Recreation and Golf Services Department requests a transfer from the General Fund to balance its budget based on projected expenses and revenues. Currently, the Department lacks a uniform cost recovery target. Based on the current budget, the Department's overall cost recovery, including direct and indirect costs, is 35%, and, if inclusive of all overhead costs, is 20%.

Cost recovery goals can be achieved through two methods, or a combination of both: increasing revenue or decreasing costs. The creation of a cost-of-service model allows the Department to evaluate specific expenses and revenues for divisions and programs to determine whether to implement cost control measures or increase revenues to improve cost recovery.

Staff and NPP presented the cost-of-service model and cost recovery goals at community workshops on July 8 and the Parks and Recreation Commission on August 12. Feedback from these sessions emphasized the need to consistently apply capital expenses across all divisions and programs and to exclude overhead costs from the cost recovery calculations.

With nation-leading community participation in Recreation services and world-class facilities, a modest increase to the Department's cost recovery would still allow high utilization while reducing the General Fund subsidy for the Department's operations.

Recommendation #1 – Consider a cost recovery target of 40% for Recreation, utilizing direct and indirect costs, and excluding overhead costs.

Utilizing the FY 2024-25 budgeted figures, the recommendation to increase cost recovery by 5% from the current 35% would generate approximately \$305,000 annually.

Objective #3: Develop Program Classifications and Determine Cost Recovery Targets

The Recreation and Golf Services Department offers numerous programs and services to the community. Not all programs serve the same purpose or audience; for instance, some programs may have broader community benefits, while others cater more to individual interests. There are a number of other factors that contribute to well-grounded cost recovery targets:

- Community values and priorities as reflected in the surveys.
- Department-informed and Consultant-informed level of community benefit and level of exclusivity.
- Quality of experience.
- Benchmarking against other agencies.
- Consideration of contract providers.
- Alignment with the City and Department mission.

Given the high variability among programs and ongoing development of new programs to meet community needs, customizing a cost recovery goal program-by-program would be inefficient. Grouping programs into similar classifications and assigning cost-recovery ranges allows the Department to efficiently set appropriate program fees.

Recommendation #2 – Consider the establishment of the following classifications for cost recovery targets related to programs:

- TIER 1 (Less than 30% cost recovery)
- TIER 2 (31-60% cost recovery)
- TIER 3 (Higher than 61% cost recovery)

Tier 1 programs provide the most community benefit and receive the highest public subsidies. Examples include swim lessons and senior health/wellness programs.

Tier 2 provides a balance of individual and community benefit. Examples include adult health/wellness programs and youth day camps.

Tier 3 provides the most individualized benefit and receive the least public subsidy. Examples include enrichment camps/classes and staff-facilitated pool birthday parties.

Survey results strongly supported differential pricing for residents vs. non-residents, and seniors vs. adults, including in relation to program fees. The anticipated cost recovery for programs would be based on the highest fee rate, which applies to non-resident adults. Discounts for residents and seniors should still align within the program's cost recovery target. If a program is specifically designed for seniors, a senior discount would not apply.

Recommendation #3 – Consider program fee discounts up to 25% for residents and seniors (age 55+).

Objective #4: Update the Facility Use Policy

The Facility Use Policy provides guidance and policy direction for utilizing Recreation facilities, including the Community Center, Parks and Beaches, Tennis Center, Aquatics Center, Club Room, Boathouse, and John D. Spreckels Center. Currently, this policy is combined with the Recreation Fee Schedule, which has led to challenges in administration due to areas of subjectivity and contradictions.

To ensure equitable access for community users, clear guidelines, and the efficient processing of facility use requests, staff collaborated with NPP to modify the Facility Use Policy.

Some key recommendations in the revised policy include:

1. Streamlining facility user classifications.
 - a. The current policy has seven (7) classifications.
 - b. The update has three (3) classifications: Resident, Non-resident, and Commercial.
 - c. Coronado Unified School District falls under the Resident classification. Non-profits may qualify as Resident, if conditions are met.
2. Removal of the existing \$25 application fee.

- a. The Department's new software program, introduced in 2023, has improved efficiency of facility rental administration, reducing staff time to the point where the \$25 cost recovery is no longer needed.
 - b. With the removal of the \$25 application, fee, other City departments can easily use the software to request Department facilities directly, thereby increasing efficiency across the organization.
3. Inclusion of free room usage for Resident Nonprofit meetings.
 - a. Subject to availability and certain conditions, verified Resident Non-profit organizations can use designated rooms at no charge for public meetings held during operational hours.
 - b. Rooms include the Sand Dollar Room, Abalone Room, Activity Room, Green Room, and Golf Course Boardroom.
4. Removal of age-based limitations on rental options.
5. Inclusion of Outdoor Instruction Permits.
 - a. This permit allows Commercial Instruction for up to 10 participants at specified Park and Beach locations, provided there are no conflicts with other reservable areas.
 - b. Hourly rates and other requirements apply.
6. Inclusion of Volleyball Courts and Athletic Fields as reservable facilities.
 - a. Previously, these outdoor athletic facilities were not included in the list of reservable options.
7. Recurring Use Language updated.
 - a. This update allows for recurring facility use under specified conditions.

Recommendation #4 – Consider the revised Facility Use Policy.

Objective #5: Update the Fee Schedule

The Recreation Fee Schedule, which includes City Council-approved fees for facility use, rentals, and memberships, is outmoded and requires an update. As facility rental is generally exclusive to the renter and precludes other uses, the renter should cover the majority, if not all, of the associated costs without public subsidy. However, increasing fees too high can reduce utilization. After analyzing usage and financial data, staff prepared the recommendations shown in the proposed Recreation Fee Schedule.

Some key recommendations include:

- Maintain many resident reservation rates relatively flat.
- Increase Non-resident and Commercial rates, with consistent price differentials across facilities.
- Require facility users to reserve set-up and tear-down facility time at regular rates, instead of a reduced-fee add-on.
- Include specific park and beach permit locations.
- Introduce an Outdoor Instruction Permit option.
- Increase Tennis and Pickleball Court reservation fees.
- Implement a modest increase to membership fees.
- Slightly decrease Boathouse vessel rentals fees to increase utilization.

Tennis and Pickleball Court Reservation Fees

The City of Coronado has an inventory of 17 tennis courts and 8 pickleball courts. The Coronado Tennis Center hosts 8 tennis courts, along with a well-stocked pro shop and clubhouse. Additional courts are located at the High School (4 tennis courts), Library (2 tennis courts), and Cays Park (3 tennis courts and 8 pickleball courts).

Court usage is categorized into three types:

1. Drop-in use – Free for any user if the court is not reserved.
2. Programs or lessons – Provided by the Department's contracted tennis provider.
3. Reserved times – Exclusive use, with reservation fees applicable only during reserved times. Currently, these fees are \$5 for 2 hours per court for residents and \$15 for 2 hours per court for non-residents. These fees apply to all courts.

The Department contracts with Impact Activities to provide tennis and pickleball programs for the City of Coronado. Impact Activities pays the Department \$50,000 annually and retains all revenue from court usage and programs. The Department covers maintenance, utilities, infrastructure repairs, and administrative staffing support for all courts. The current cost recovery for tennis and pickleball is 20%, inclusive of direct and indirect costs. If overhead and capital costs for the previous court resurfacing project are included, then the cost recovery drops to 15%. Planned capital projects include full court renovations at Cays Park, additional lighting at the Tennis Center, and fence replacement at all courts. The current fixed-revenue contract structure dictates that any additional increases in fees would not result in a change in the City's cost recovery percentage.

The City is negotiating with Impact Activities to amend the contract, proposing a revenue-sharing agreement for court reservations in addition to the fixed annual payment. By the third year of implementing the updates fees, the City expects to recover an additional 98% of revenue over current levels.

Most tennis services contractors offer a full suite of programs, leagues, lessons, and court reservations. Impact Activities manages all tennis and pickleball play in addition to programs and lessons and provides on-site staffing at the tennis center, except for offerings from the Coronado Tennis Association (CTA). The CTA plays a role in facilitating various tennis activities exclusively for its members, primarily, USTA and San Diego league matches against offsite clubs and facilities, monthly mixers, a weekly round robin, men's ladder play, and an annual tournament. The CTA reserves court space from Impact Activities for the facilitation of their programs and their use of court reservations equals roughly 12% of total court reservations annually at the Tennis Center. The CTA's self-reported membership for 2024 is composed of 275 members, 68% of which are Coronado residents. The Department currently does not have a use agreement with the CTA and the Department does not receive any payments or revenue from the CTA. The fee schedule shows a CTA court reservation rate of \$10 per hour although \$3 per two hours has been charged.

Currently, 99% of tennis court reservation users averaged less than one court reservation per week.

The proposed revised fees for tennis court reservations, supported by Impact Activities, are listed in the table below:

Reservation Rates	Tennis Center	Cays, Library, HS
Year One		
Resident	\$1.50/hr. per person	\$3/hr. per court
Non-resident	\$10/hr. per person	\$10/hr. per court
Year Two		
Resident	\$2/hr. per person	\$4/hr. per court
Non-resident	\$10/hr. per person	\$10/hr. per court
Year Three		
Resident	\$2.50/hr. per person	\$5/hr. per court
Non-resident	\$10/hr. per person	\$10/hr. per court

These fees remain below the rates at comparable San Diego County facilities. The average per-hour rate at other San Diego County tennis clubs is \$4.48 for members and \$7.78 for non-members. The highest proposed resident rate in the third year at the Tennis Center is \$2.50 per resident. For the Cays Park, High School, and Library courts, the rate is \$1.25 for doubles, and \$2.50 for singles.

Pickleball court reservations have increased significantly, now exceeding tennis reservations. Impact Activities provides significant programming options in addition to the high demand for court reservations.

The proposed fees for Pickleball court reservations, which are supported by Impact Activities, are listed in the table below:

Reservation Rates	Pickleball
Year One	
Resident	\$3/hr. per court
Non-resident	\$10/hr. per court
Year Two	
Resident	\$4/hr. per court
Non-resident	\$10/hr. per court
Year Three	
Resident	\$5/hr. per court
Non-resident	\$10/hr. per court

These proposed fees are lower than those at comparable facilities. The average per-hour rate at other San Diego County pickleball facilities is \$4.45 for doubles and \$8.90 for singles. The highest proposed hourly rate for residents in the third year at Cays Park is \$1.25 for doubles and \$2.50 for singles.

During community workshops on July 8, several questions arose regarding tennis and pickleball court usage data. Below is a summary of the most recent court reservation data, excluding additional programming or lessons provided by Impact Activities.

Pickleball Court Reservations (Cays Park)	
Total number of hours	11,750
Resident Court Usage	66%
Non-resident Court Usage	34%
Resident Court Revenue	37%
Non-resident Court Revenue	63%
Tennis Court Reservations (Tennis Center)	
Total number of hours	5,652
Resident Court Usage	69%
Non-resident Court Usage	31%
Resident Court Revenue	41%
Non-resident Court Revenue	59%

Additionally, at the community workshops, a question was posed about the City's desire to provide tennis programming without Impact Activities. Impact Activities provides high quality tennis programming, facility oversight, and pro shop operations. If Impact Activities chose to terminate the agreement, the Department would be responsible for providing the same services, for which it currently lacks the capacity and expertise to do, especially to the level of quality that is currently being provided by Impact Activities.

Recommendation #5 – Consider the revised updated Recreation Fee Schedule.

Objective #6: Consider Annual Consumer Price Index (CPI) Increases to the Fee Schedule

The Consumer Price Index (CPI) measures the average change in prices paid for consumer goods and services over time. Many organizations use the CPI to adjust dollar values. With continued inflation and the need to maintain the value of service fees, annually adjusting fees for service based on an approved index avoids larger, more abrupt increases in the future.

Recommendation #6 – Consider annually increasing the Recreation Fee Schedule based on CPI, rounded to nearest dollar.

Tennis and Pickleball Court Reservations fees will be exempt from CPI adjustments in the first three (3) years of the updated Recreation Fee Schedule. Starting in Year 4, these fees will be subject to annual CPI adjustments, rounded to the nearest dollar per court charges, or rounded to the nearest \$0.50, for per person charges.

Objective #7: Evaluate the Operational Philosophy of the Coronado Skate Park

The Coronado Skate Park, located in Tidelands Park, opened in 2001. It operates an average, 28 hours per week, with an average of fewer than four participants per day. The park accommodates all non-motorized wheeled devices, including skateboards, scooters, BMX bicycles, and wheelchairs.

Currently, the Skate Park is staffed with employees who open the facility, collect registration fees and liability waivers, ensure participants wear protective gear, and rent equipment as needed. The park's current cost recovery is 15%, inclusive of direct and indirect costs.

The Department is evaluating the option to provide intermittent supervision of the Coronado Skate Park without onsite access control and eliminate fees for use.

Many opponents of unsupervised skate parks reference a negative perception of skate park behavior, associated risk of increased vandalism, or increased incidents of injury. A recent survey of many Southern California municipalities who manage skate parks showed most of the skate parks were unsupervised. These cities include Irvine, Long Beach, Costa Mesa, Laguna Hills, Cypress, Anaheim, Carlsbad, San Diego, Poway, Chula Vista, La Mesa, Oceanside, San Marcos, and National City. While each community is different, none expressed the desire to move to a supervised operational model.

Skateboarding is a healthy activity that has inherent risks, as do all recreation activities. A 2002 study published by the National Institutes of Health noted the emergency department-treatment skateboard associated injuries were about half as high (8.9 per 1,000 participants) as basketball (21.2 per 1,000 participants), and most of the hospitalization of skateboard-associated injuries occurred because of a crash with a motor vehicle.

Additionally, skateboarding made its debut as an Olympic Sport in the 2020 games in Tokyo, and continued with the 2024 Olympic games, which may generate additional interest in the activity especially with the upcoming 2028 Olympic Games being held in Los Angeles.

The benefits of continuous supervision of the skate park include oversight if injury, misuse, or conflict occurs, the ability to supply rental equipment and to address immediate maintenance needs of the area.

The benefits of intermittent supervision of the skate park include reduced barriers of access by eliminating the cost and increasing operational hours. It would provide cost savings by reducing staff time to manage the onsite access. It would also encourage self-governance which could provide an opportunity for increased community engagement with the facility.

Staff costs would not be eliminated. Staff would still be required to open the park in the morning, and ensure the facility is safe, clean, and free of debris on the ground. Staff would intermittently stop by to ensure facility cleanliness and safety and will close the park at dusk and during inclement weather.

Recommendation #7 – Consider a pilot program to operate the Coronado Skate Park with intermittent supervision from January – June 2025.

This action could may require an amendment to the Tidelands Use and Occupancy Permit with the Port of San Diego to update the language.

SUMMARY OF RECOMMENDATIONS:

1. Recommendation #1 – Consider Recreation Department cost recovery target of 40% utilizing direct and indirect costs.
2. Recommendation #2 – Consider the following classifications for cost recovery targets related to programs: TIER 1 (Less than 30% cost recovery) / TIER 2 (31-60% cost recovery) / TIER 3 (Higher than 61% cost recovery).
3. Recommendation #3 – Consider Program fee discounts up to 25% for residents and seniors (age 55+).
4. Recommendation #4 – Consider the revised updated Facility Use Policy.
5. Recommendation #5 – Consider the revised updated Recreation Fee Schedule.

6. Recommendation #6 – Consider annually increasing the Recreation Fee Schedule based on CPI, rounded to nearest dollar.
7. Recommendation #7 – Consider a pilot program to operate the Coronado Skate Park with intermittent supervision from January – June 2025.

Parks and Recreation Commission

At the Parks and Recreation Commission meeting on August 12, 2024, the Commission provided input and was fully supportive of Recommendations 1, 2, 3, 4, 6, and 7, and conditionally supportive of Recommendation 5. The Commission stated they would like to see a rate for visitors who do not live in San Diego County added to the fee schedule and were not in favor of the Tennis and Pickleball court reservation fee increases without an executed amendment to the agreement with Impact Activities that would provide additional revenue to the City. The Commission was supportive of the remainder of the updated Recreation Fee Schedule as proposed in Recommendation #5.

FISCAL IMPACT:

Ongoing fiscal impact will vary based upon future program and facility rental activity. Future budgets will be adjusted to reflect actual revenue activity.

ALTERNATIVE:

No City Council action required.

CALIFORNIA ENVIRONMENTAL QUALITY ACT:

This activity is not a project as defined by CEQA and is therefore exempt from environmental review.

PUBLIC NOTICE:

No notice required.

ATTACHMENTS:

1. Proposed Updated Facility Use Policy
2. Proposed Updated Recreation Fee Schedule
3. Current Facility Use Fees and Policies

Submitted By: Recreation and Golf Services Department / Tim Farmer