



USER FEE POLICY

CITY OF NORTHGLENN

DEPARTMENT OF
PARKS, RECREATION AND CULTURE

November 1991
Revised July 1993
Reviewed July 1994
Reviewed July 1995
Reviewed July 1996
Reviewed July 1997
Reviewed July 1998
Reviewed November 2000
Reviewed September 2002
Revised September 2003
Revised September 17, 2008
Revised July 2009
Revised July 2023

USER FEE POLICY

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BACKGROUND

As per Chapter 17-2-7(j) of the Municipal Code Book, the Parks and Recreation Advisory Board has the following responsibility:

“To establish the parks and recreation fee schedule on an annual basis, subject to City Council review, and to submit such fee schedule to the City Council prior to September 30th of each year.”

In an effort to establish an equitable fee schedule, the Director of Parks and Recreation and the Parks and Recreation Advisory Board agreed in September 1990 to enter into a process that would assist in establishing a comprehensive User Fee Policy for the Parks and Recreation Department.

Components of this process included:

1. The establishment of a cost accounting system to identify, as close as possible, the actual costs of recreation services.
2. The classification of recreation services into one of three (3) broad categories to determine the proportion of costs, which should be recovered by revenues.
3. A comparative survey of area public and private providers of similar services to determine the going rate price of similar services.
4. An examination of the appropriateness of differential pricing.
5. The establishment of a five (5) year plan for the recreation division designed to reduce the general fund subsidy level while considering the importance of increased rates/fees, through evaluation of existing services and methods of program administration, trends in recreation service delivery, the need for increased volume of participation to reduce subsidy levels, and other factors.
6. An annual evaluation process with a suggested or preliminary schedule of tasks and activities.

AUTHORITY AND RESPONSIBILITY

As stated in the background section of this document, Chapter 17-2-7(j) of the Municipal Code Book establishes the responsibility of the Parks and Recreation Advisory Board in the fee schedule process.

Under the direction of the Director of Parks, Recreation and Culture, staff will annually perform an evaluation of the various components of the User Fee Policy, report on the findings and conclusions and submit a recommended fee schedule to the Board prior to establishment of the fee schedule. After review and revisions (if necessary) by the Board, the fee schedule will be forwarded to City Council via Staff Report for City Council review.

Consultation and direction from the City Manager will be solicited annually by the Director of Parks, Recreation and Culture at appropriate times throughout the process.

SERVICE CLASSIFICATION AND COST RECOVERY METHODOLOGY

- We have classified each of our services into one of three broad categories of service. Public, Merit and Private Service. The classification system is based on the Crompton model.
- Once a service is classified, the cost recovery methodology that applies to that service must be considered. We have determined a cost recovery method that applies to each of our services and have outlined this on **Exhibit A**.
- To understand more thoroughly the classification system, we have defined each classification on **Exhibit B**.
- **Exhibits C and D** identify the rationale for service classification as discussed in the Crompton model.

EXHIBIT A

**SERVICE CLASSIFICATION/COST RECOVERY
METHOD**

<i>SERVICE CLASSIFICATION</i>	<i>COST RECOVERY METHOD</i>
PUBLIC SERVICE	NO PRICE CHARGED
MERIT SERVICE – VARIABLE COST PRICING	PRICE CHARGED IS EQUAL TO THE VARIABLE COSTS ASSOCIATED WITH DELIVERY OF THE SERVICES
MERIT SERVICE—PARTIAL OVERHEAD PRICING	PRICE CHARGED IS EQUAL TO THE VARIABLE COSTS ASSOCIATED AND PARTIAL OVERHEAD COSTS ASSOCIATED WITH DELIVERY OF THE SERVICE
PRIVATE SERVICE	FULL COST RECOVERY PRICING

EXHIBIT B

SERVICE CLASSIFICATION DEFINITIONS

For purposes of our User Fee Policy, variable costs, partial overhead costs and full cost recovery pricing are defined as follows:

VARIABLE COSTS: Direct Recreation Division operating expenses. Typically, direct expenses include part time or instructor salaries/wages, and those expenses defined as supplies and other expenses in the City's Operating Budget.

PARTIAL OVERHEAD COSTS: Direct Recreation Division operating expenses as discussed above in variable costs plus a portion of the Recreation Division administrative expense including Recreation Manager, Recreation Supervisor and/or other administrative salary, supplies and other expenses not attributable to a specific activity but assigned to the Recreation Division as an expense (excluding utilities) as recommended by the Recreation Manager and agreed upon by the Director of Parks, Recreation and Culture. Partial overhead costs are designed to recover a predetermined portion of fixed expense and are determined based upon varied factors included but not limited to anticipated levels of participants in activities, the amount of administrative time required to oversee an activity, etc.

FULL COST RECOVERY: All assigned Recreation Division variable expenses and fixed expenses that are applicable to a service and can be applied as costs associated with the delivery of the service.

EXHIBIT C

**ESTABLISHING PUBLIC, MERIT AND PRIVATE
CHARACTERISTICS**

	<i>PUBLIC SERVICE</i>	<i>MERIT SERVICE</i>	<i>PRIVATE SERVICE</i>
Benefactors	All People In the Community	Individual who participates and all others in the community	Individual who participates
Feasibility of Fee Assessment	Not feasible. Individual cannot be assessed a fee and/or it is undesirable that they should be assessed a fee.	Feasible and desirable for individuals to be assessed a fee.	Feasible and desirable for individuals to be assessed a fee.
Who Pays for Service Provision	The community through the tax system – no use charges	Individual users pay partial costs	Individual users pay full costs

EXHIBIT D

ESSENTIAL DIFFERENCES BETWEEN PRIVATE AND PUBLIC TYPES OF SERVICES

<i>PRIVATE SERVICES</i>	<i>PUBLIC SERVICES</i>
Easy to exclude someone who doesn't pay	Difficult to exclude someone who doesn't pay
Individual generally has a choice of consuming or not	Individual generally has no choice as to consuming or not
Individual generally has a choice as to kind and quality of services	Individual generally has little or no choice as to kind and quality of services
Payment for services is closely related to demand, consumption and competitive pricing	Payment for services is not closely related to demand, consumption and competitive pricing
Allocation decisions are made primarily by market mechanism	Allocation decisions are made primarily by political process

Adapted from Ostrom, Vincent and Ostrom, Elinor. Public Goods and Public Choices in E. S. Savas (editor) Alternatives for Delivering Public Services, Boulder, Colorado, 1977, p. 16.

DIFFERENTIAL PRICING STRATEGY

RESIDENT/NON-RESIDENT FEES

In most cases, differential pricing based on resident/non-resident status will be instituted. In cases where non-resident fees already exist that exceed resident fees, non-resident fees will generally increase 20% over resident fees for programs and 25% for drop-in use or memberships when resident fees are likewise proposed for increase.

Exceptions to the above will be considered in cases where services are not being used to capacity, it is not reasonable to charge a differential fee, or at the discretion of the Director of Parks, Recreation and Culture. When full capacity or the ability to achieve full capacity exists, then non-resident fees that are higher than resident fees will be considered in the annual review process.

See rationale for this strategy on page 9.

Resident (defined) – Residents are those whose primary legal residence is located within the Northglenn city limits. Proof of residency may be required. Individuals who are employed by the city, as well as the employee's immediate family members, may also be considered a resident for fee purposes.

RESIDENT/NON-RESIDENT REGISTRATION PROCEDURES

For most services, residents will be given the opportunity to register for classes prior to non-residents. The Director of Parks, Recreation and Culture will have the discretion to make exceptions to this procedure at the request of the Recreation Manager.

YOUTH AND SENIOR RATES

Where applicable, youth and senior rates for admission and/or class programs will be less than adult rates or fees. Classes and activities offered on a contractual basis are not required to offer youth and senior rates or any other form of discounted fee.

CLASS MINIMUMS AND MAXIMUMS

For budgetary purposes, each class must reach a minimum number of registrants before it will be held. If a class does not meet the minimum registration, it may be canceled and a full refund made or, a credit may be kept on the account at registrant's discretion and used for future registrations or fees. For quality control purposes, some classes may have class maximums.

CLASS WITHDRAWALS OR TRANSFERS

If a registrant withdraws from a class or transfers to another class by their own choosing, a processing fee of \$5 may be charged. Full refunds or credits for withdrawal or transfer within one week prior to a class beginning may not be granted if the City has or will incur an

expense for that participant (ie. A contractor will charge for a minimum number of students, and the withdrawal causes registration to drop below that minimum threshold or if a non-refundable ticket or admission fee has been paid to another agency).

WAIVER OR REDUCTION OF FEES

Rental Fees – Individuals, groups or organizations may request a waiver or reduction of rental fees. Such request must be submitted in writing and a representative of the requesting organization must appear at a Parks and Recreation Advisory Board meeting to personally request the fee waiver or reduction. Any waiver or reduction in fees should be granted only when circumstances are such that the sum of the fee is perceived as a hardship to the requesting party, or the event provides a benefit or public service to Northglenn residents and is open and accessible to the community at large. Requesting parties are suggested but not required to be non-profit organizations that provide a substantial service to the community. Board members have the right and should consider asking questions regarding financial status and ability to pay while assessing a request for fee waiver or reduction.

Class/Program Fees – The Director of Parks, Recreation and Culture, at their discretion, will have the authority to waive or reduce fees for classes, activities, or admissions if sufficient rationale is presented by the Recreation Manager or requesting party.

RATIONALE

DIFFERENTIAL PRICING DEFINED: “The charging of a different price to different groups for the same service, even though there is no directly corresponding difference in the costs of providing the service to each of those groups.” (John L. Crompton).

CONSIDERATIONS WHEN USING DIFFERENTIAL PRICING STRATEGIES

“A fundamental requirement for an agency to be able to offer the same service at two or more prices is that it must not arouse resentment from a majority of clients, or else antipathy will be created and goodwill lost.” (John L. Compton). This applies to YOUTH AND SENIOR RATES, FAMILY DISCOUNTS AND PRICE DIFFERENTIALS BETWEEN RESIDENT AND NON-RESIDENT FEES.

“If a service is being used to capacity, then a high differential price may be an effective method of discouraging non-resident use. However, if a service has spare capacity, then an agency may want to attract as many outside residents as possible who are willing to pay a price which is higher than the variable cost of servicing them. The revenue accruing from this price will make a contribution to fixed costs and the service will require less subsidy from taxpayers.” (John L. Crompton) This applies to RESIDENT/NON-RESIDENT FEES.

EVALUATION AND ANNUAL REVIEW PROCESS

The Use Fee Policy identifies on-going objectives for the Recreation Division's fee system and provides direction for future budgetary objectives. To ensure its relevance for future use, it needs to be updated and/or revised annually. The following tasks and activities will be performed annually by staff as part of this annual evaluation and review process.

1. Review, Update and Analyze actual versus projected cost of services
2. Review, Update and Analyze the Comparative Survey
3. Review and Update the Service Classification and Cost Recovery Methodology
4. Review and Update the Parks and Recreation Master Plan, as it pertains to programming
5. Review and Update the Differential Pricing Strategy
6. Consider Additional or New Components if Applicable or Necessary
7. Submit Recommended Fee Schedule to the Parks and Recreation Advisory Board and Explain Proposed Adjustments
8. Parks and Recreation Advisory Board Review and Establish Fee Schedule
9. City Council Review and Adoption

SPONSORED BY: MAYOR DOWNING

COUNCILMAN'S RESOLUTION

RESOLUTION NO.

No. CR-23
Series of 2016

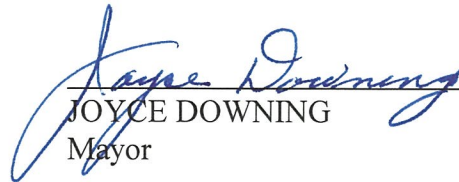
16-23
Series of 2016

A RESOLUTION ADOPTING A PARKS AND RECREATION ADVISORY BOARD FEE WAIVER POLICY FOR THE CITY OF NORTHGLENN, COLORADO

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF NORTHGLENN, COLORADO, THAT:

Section 1. The revised Parks and Recreation Advisory Board Fee Waiver Policy, attached hereto as Exhibit A, is hereby adopted by the City Council of the City of Northglenn, Colorado. All previous fee waiver policies adopted by resolution or otherwise are hereby repealed.


DATED, at Northglenn, Colorado, this 22nd day of February 2016.


JOYCE DOWNING
Mayor

ATTEST:


JOHANNA SMALL, CMC
City Clerk

APPROVED AS TO FORM:


COREY Y. HOFFMANN
City Attorney

Northglenn Parks and Recreation Advisory Board
Proposed Fee Waiver Policy

PROPOSED FEE POLICY:

Fees charged for the use of City facilities or individual programs may be reduced or waived if the applicant meets the appropriate criteria set forth in this policy.

PURPOSE:

The purpose of this policy is to provide an equitable method to identify eligible organizations and people for fee discounts and fee waivers. Public interest is well served by making facilities and programs available to community groups and individual members for special events, meetings, and entertainment. The costs of making such facilities and programs available are generally recovered through fees collected for the specific event or program. However, the public interest is also served by reducing or waiving such fees for limited events that have direct community benefit, or for residents who show financial hardship. Furthermore, to maintain public trust, procedures shall be established for the consistent, fair, and prompt evaluation of such requests. Therefore, this policy is intended to maximize recreational and organizational use of facilities and individual programs, while recovering a portion of the costs associated with the operation of the facility or program and maintaining fiscal responsibility.

QUALIFYING CRITERIA:

The applicant must meet the following qualifications to be eligible for a fee reduction or waiver:

1. A community-based organization having non-profit status and engaged in charitable, educational or civic pursuits.

Facility use must be for an activity that is of direct benefit to the City of Northglenn community.

Community-based organizations include groups associated with, or directly provide services for, residents of the City of Northglenn. Groups that qualify under U.S. Tax Code 501(c) (3) would be considered eligible organization for waiver of rental fees. Upon request by Northglenn Parks and Recreation, user groups may have to provide proof of non-profit status.

2. An individual resident of the City of Northglenn showing financial hardship.

Financial hardship is determined by the applicant's ability to show a household need, defined by eligibility for free or reduced lunch, based on income guidelines published by Adams 12 schools annually.

DISQUALIFYING CRITERIA:

1. Organizations which transfer any portion of their net earnings to the benefit of any private shareholder or individual, or otherwise engage in a business or commercial activity for the purpose of making a profit are ineligible for discounts or waivers.
2. Activities and events for the purpose of influencing legislation, elections or supporting campaigns for candidates for political office are ineligible for discounts or waivers of fees for facility rentals.
3. Activities and events for the primary purpose of promoting or manifesting a particular religious belief or practice, or for the primary purpose of promoting a faith-based organization or religious congregation, are ineligible for discounts or waivers of fees for facility rentals. Faith-based organizations

and congregations include churches, mosques, synagogues, temples, and any organization based on a particular religious ideology, consists of religiously-motivated members, and the organization is identified, whether by its name, incorporation, or mission statement, as a religiously-motivated institution.

4. Individuals who are not current residents of the City of Northglenn are ineligible for discounts or waivers of fees for individual programs.

DISCOUNT POLICY:

A. Staff may grant a 20% fee discount to a qualifying community-based organization for the rental of a facility.

B. The Parks and Recreation Board must authorize a discount greater than 20% to a qualifying community-based organization for the rental of a facility.

C. Staff may grant a discount not exceeding 50% of the program cost to a qualifying individual resident of the City of Northglenn. Each individual resident is entitled to no more than \$250.00 in program discounts annually. The annual discount is calculated per individual program participant, and not by household.

WAIVER POLICY:

A. If a qualifying non-profit organization believes that it cannot pay the reduced fee amount, the organization may request a complete waiver of the fee from the Parks and Recreation Board.

ADDITIONAL TERMS:

A. Any request denied by staff may be appealed to the Parks and Recreation Advisory Board if a written request for appeal is received by the Board within 30 days of the denial.

B. Fee discounts or waivers for facility rentals will be granted only for use of the facility during its normal business hours. Overtime costs will be borne by the renting organization.