

Great Expectations: Can Revenue Goals and Social Equity Co-Exist?

2023 Ohio Parks and Recreation Association
Annual Conference

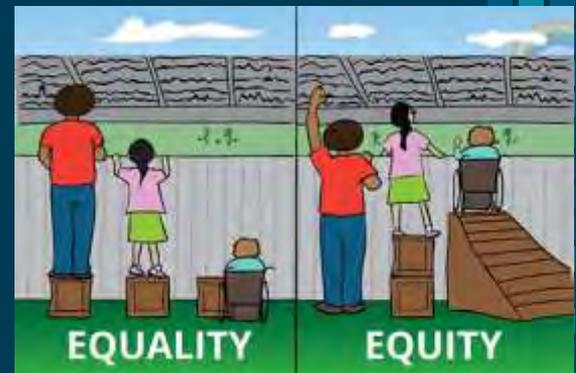
Chris Nunes, CPRE
Chief Operating Officer
The Woodlands Township (Texas)



Before we start?

Where are we today???

- Post- Pandemic
- Social Equity Issues
- Political Polarization
- Economic viability of community/agency
- Market Dynamics
- *Recreation Habits*



Session Objectives

- Develop an approach and plan to *produce services* that *meet cost recovery* goals while *addressing social equity*
- Identify *socio-political-market conditions* impacting the access and consumption of recreation services
- Identify how to manage constraints through developing *relevant recreation programs*



Poll Question #1

Agree or Disagree

1. *Government should be run like a business?*
2. *Let those who play – pay?*
3. *Parks and Recreation provide essential community services?*
4. All of the Above
5. None of the Above

Session Overview

Agree or disagree?

Just as public safety, water, sewer, public works are considered essential public services, parks and recreation are also essential services



Session Overview

If every service is essential....

- How do we pay for it all?
- Who pays for it?
- Are there services that are more essential than others within the department/division?
- Is it fair to pay (taxes) for programs that may not benefit you personally (direct, indirect)?



Session Overview

Why do we view ourselves as an essential service?



Ensure equitable services-History

Our roots are in social reform and welfare

- Settlement/Playground Movements
- Response to industrialization, urbanization, immigration...
- Recreation activities were a serious subject of social reform
- Deterrent to vice
- Recreation life in urban, industrial society could be made tolerable
- Play and playgrounds were formed



Ensure services is provided to all

- The first playground – recreational opportunity coupled with leadership – in the US was a large sandpile placed in the Children’s Mission in Boston in 1885
- Sand Gardens – the first playgrounds



<https://northendwaterfront.com/2014/04/notable-news-north-end-sand-garden-enjoying-the-harborwalk-eliot-preschool-and-more/>

Ensure equitable services

Other challenges we have tackled

- Obesity Epidemic
- Silver Tsunami
- Climate Change
- Environmental Challenges
- Juvenile Delinquency
- Latchkey kids
- Teen pregnancy
- Out of School Time/working parents
- Homelessness
- Diversity
- Nature Deficit Disorder
- Gender Identity
- Title IX
- Americans with Disabilities Act
- Inclusion
- Drug and alcohol abuse
- Military deployments, veterans, families
- Youth Employment
- Screen Time
- Natural/Man Made Disasters

Ensure equitable services

What are we being asked to do today?

- Led/engage social equity movement/discussions
- Service provisions - post pandemic
- Modified roles of service (testing, food insecurity)
- Expand services, no new dollars



Ensure equitable services

If we are being called to address these issues, what is the main challenge we face??



How do we pay for it all??

- Proposition 13 in California and Proposition 2 ½ in Massachusetts
- Similar issues in other states (Texas 2019)
- Tax revolts limit funding for public parks and recreation
- Property Taxes (mill levy)



How do we pay for it all??

- 1980's –
 - Free programs limited due to risk management issues
 - Legislation limited tax increases – Gramm-Rudman
- 1990's
 - Parks and recreation enhanced business-like approaches
 - Recreation *"Industry"*



How do we pay for it all??

- 2000's- Present
 - Are we in "Commercial Recreation"?
 - Business plans
 - Feasibility studies
 - Cost recovery – bring revenue to cover *some/all* of the cost of providing programs and recreation services



Poll Question 2

What concerns do you have with the current challenges of the pandemic and ensuring social equity: (select all that apply)

1. Funding being shifted to public health
2. No funding for additional responsibilities thrust upon parks and recreation (pandemic/social equity)
3. Inability to provide equitable services to all due to lack funding
4. Prioritization of programs/services to those who can afford to pay

How do we pay for it all??

- Can we balance our “calling” with “expectations” (board/public/financial)
- *Can we still be true to our roots and manage as a “business”?*
- What does it take to manage as a business?



Cost Recovery

Are you familiar with the term cost recovery?

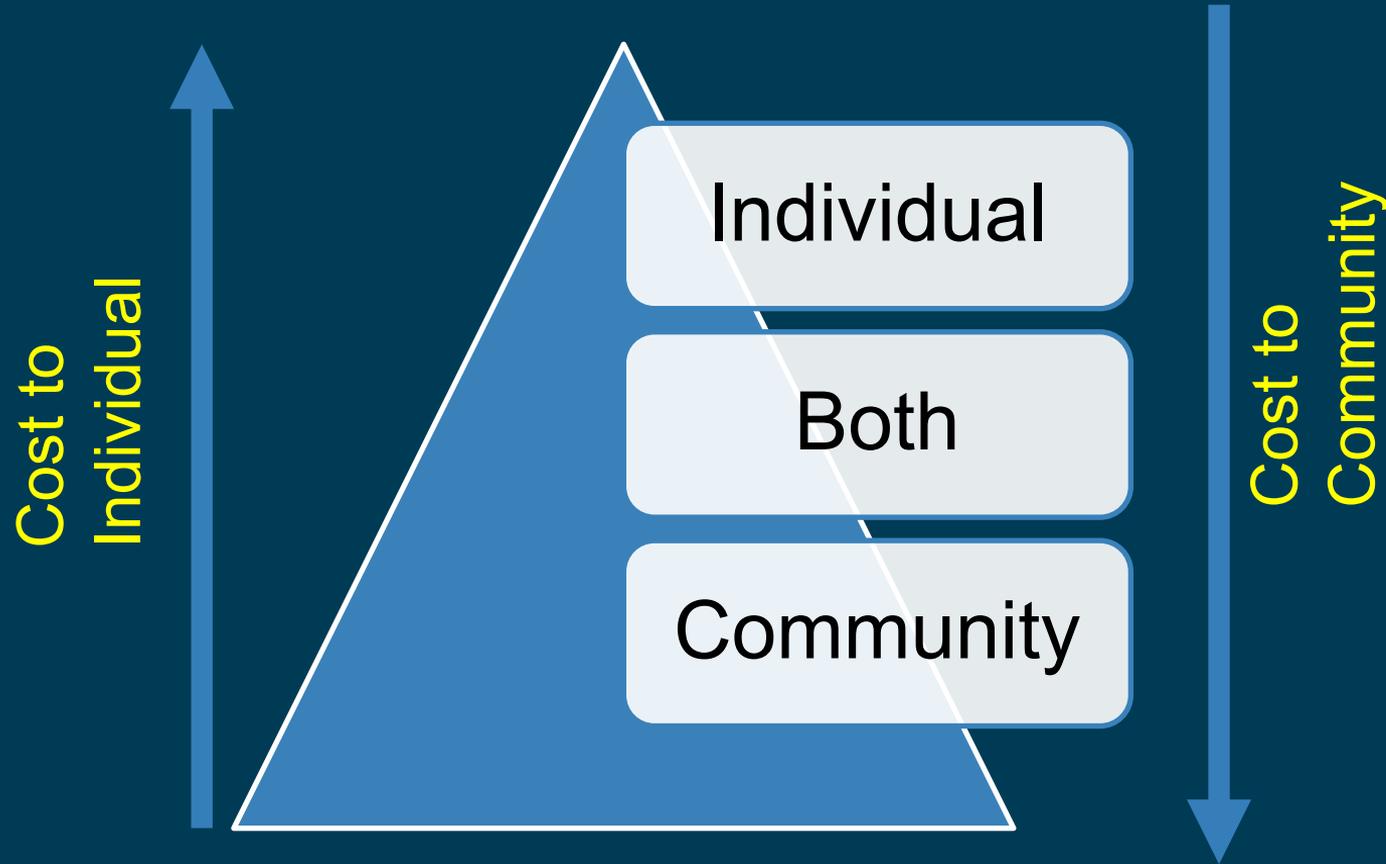
What does cost recovery mean to you/your agency?



Cost Recovery (very simplistic)

- Who benefits from the service?
- Who generated the need, therefore, the cost?
- What is the commitment or intensity of the program?
- Do community values support subsidy?
- Are we obligated to provide this service?
- Will the level of the fee affect the demand for the service?
- Cost Recovery / Goals Recovery Policies

Cost Recovery (very simplistic)



Cost Recovery

Community based programs

- Tax payer funded
- Community benefit of program (swim lessons, camp programs, etc)
- All community members have *access to programs(equity)*



Cost Recovery

“Both”

- Funding shared by taxpayer and program user
- Some level of community and individual program benefit
- What cost % is covered by taxpayer *(direct and/or indirect and/or overhead)*



Cost Recovery

Individual based programs

- User funded
- Individual benefit of program
- *Excess revenue* generated to community programs



Cost Recovery

Taxes

Fees

Community
Programs

Individual
Programs

Budget

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Cost Recovery-Balancing Act

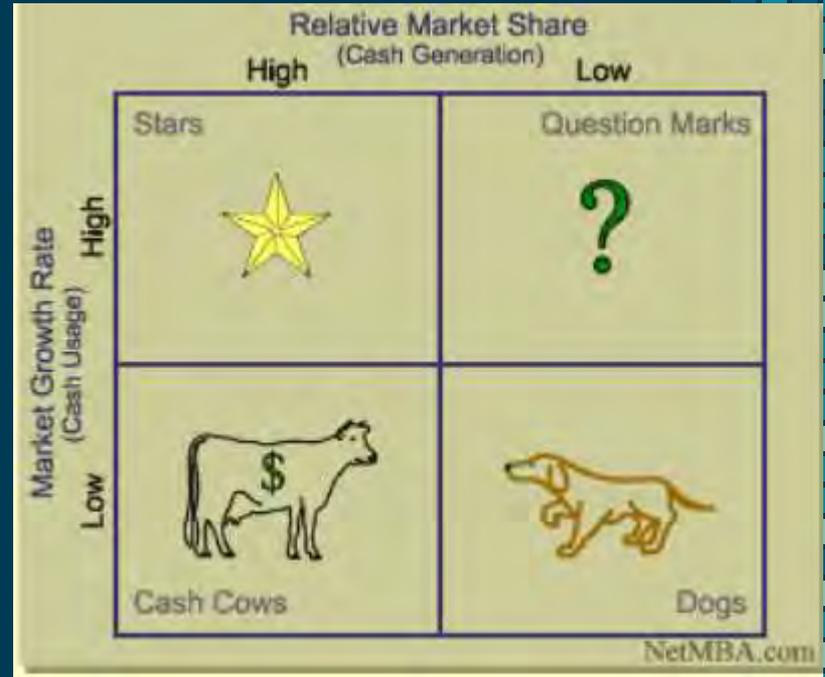
- Revenue positive programs
- “Cash Cows”
- May fund overhead, indirect costs, etc
- Manages overall tax commitment



Cost Recovery

Need to understand revenue generation, market and cost

- Dogs- low growth rate, neither generate or consume large dollars
- Question Marks-rapid growth, low market share do not generate much cash
- Stars-generate large use(cost) and cash
- *Cash Cows-generate more cash than they consume*



<http://www.netmba.com/strategy/matrix/bcg/>

What are some of your cash cows?

Cost Recovery-Tips and Tools

- Business Plans
- Cost Recovery
- Cost Neutrality
- Margins
- ROI
- Profit
- Expenditure v Revenue
- Enterprise Funds
- *Revolving Funds*
- Scholarship
- Grants
- Rec-Dollars
- Foundations
- Other??



What are some other methods in which we have diversified our revenue streams?

Cost Recovery-Balancing Act

To understand cost recovery, need to understand full cost of a program, service, facility and

- Direct cost
- Indirect cost
- Overhead
- Debt service
- Opportunity cost



Contain costs = less revenue generated (users/tax payer)

Cost Recovery

How much does it cost for McDonalds/Burger King to make a hamburger?



Cost Recovery

- Lettuce
- Pickle
- Onions
- Condiments
- Burger
- Bun
- Other????



Cost Recovery

If we can identify the cost of a hamburger can we not identify the cost of.....



Cost Recovery-Balancing Act

Always need to contain cost

- In House
- Contract out
- Supply Costs
- Shipping Costs
- Cost to produce a service
- Utilities
- Repair and Maintenance
- Efficiency of Staff
- Need for Staff
- Technology
- Other?



*Get rid of your dead dog programs
(high cost/low use)*

Cost Recovery

Goal should be to:

- Meet needs of customers
- Drive out cost
- Produce an exceptional product
- Produce a relevant product
- Ensure accessibility/equity
- Other?

*NO MATTER IF A COMMUNITY OR
INDIVIDUAL PROGRAM/SERVICE*



Cost Recovery/Social Equity

What is social equity?

*Public parks and recreation services should be **equally accessible and available** to all people regardless of **income level**, ethnicity, gender, ability, or age*



<https://www.nrpa.org/our-work/Three-Pillars/social-equity-and-parks-and-recreation/>

Cost Recovery/Social Equity

- Sometimes the community programs become the “step child”
- Programs are not held to the same standard as “revenue” programs
- Programs are not “cutting edge”
- Has the pandemic impacted certain segments of programming (individual/elite)



Cost Recovery/Social Equity

Element of social equity

- Maintenance/accessibility should be equitable
- Responsibility (**cost**) borne by public agencies
- Right for residents to have access to parks/programs
- Connects people to the community.
- Makes communities livable and desirable.



Cost Recovery/Social Equity

Social equity does not mean

- Everything for free
- One funder/payee
- Lack of tiered programs/offerings
- Lack of relevant services
- Lack of innovation



Develop a relevant and brilliant service

Challenge is that community or free programs are negatively viewed by agency/public

Yes/No/Why?

If yes, what can we do?

If no, how can we continually improve?



Develop a relevant and brilliant service

- How can I make this a brilliant service?
- How can I innovate with this facility?



Develop a relevant and brilliant service

- How can I make this a brilliant service?
- How can I innovate with this program?



Develop a relevant and brilliant service

Current Opportunity *(post-pandemic)*

- Don't think outside of the box
- **Destroy the box**
- If we do not create brilliant programs/services, someone else will
- If this happens where does it leave our “essential” services

Develop a relevant and brilliant service

Have our users changed due to pandemic/post pandemic?

Are we more aware of equity issues?

- Demographics
- Psychographics
- Needs/Wants
- Time constraints
- Program Interest
- Other?



Develop a relevant and brilliant service

Products (Programs/Services)

- Unique
- New/Novel
- Provide value
- Save time
- Met needs
- Timely



Final Thoughts

- To succeed/ensure access
- Keep programs relevant
 - Stay on top of trends
 - Understand the needs of your community
 - Don't get “married” to programs
 - Change and rotate programs – trends repeat....



Thank you!!!!

Chris Nunes, Ph.D., CPRE
Chief Operating Officer
The Woodlands Township
2801 Technology Forest Blvd
The Woodlands, Texas 77381
281-210-3906
cnunes@thewoodlandstowship-tx.gov

