 <p style="text-align: center;"><b>CITY COUNCIL POLICY</b></p>	<b>CP 1-11</b>
	<p>Category: General</p> <p>Departments: PARKS AND RECREATION; NEIGHBORHOOD AND HUMAN SERVICES; ARTS, CULTURE AND LIBRARY SERVICES</p>
<p><b>TITLE:</b></p> <p>General Fund Fee-Based Services Pricing and Fees Policy</p>	<p>Approved:</p>

**A. Purpose**

The City of Peoria provides unique and varied General Fund fee-based services to meet the needs of the citizens of Peoria by using creativity, innovative leadership and foresight to maintain fun, safe, cost-effective and diverse offerings and attractive, quality facilities. It is the desire of the City to offer efficient, professional services that improve the quality of life for the residents of Peoria and the community as a whole by:

1. Developing, implementing and maintaining quality services.
2. Providing trained and qualified full-time and part-time personnel for supervision and instruction in services.
3. Maintaining responsiveness to citizen input regarding the planning, execution and evaluation of services.

The City provides General Fund fee-based services that are priced competitively in the market. Cost recovery shall be based upon full costs (direct and indirect). Direct costs include the wages, supplies, equipment, etc., to operate each service within one department. Indirect costs include the accounting, information technology, utilities, etc., to support each service within multiple departments. Fees and cost recovery will be reviewed and adjusted on an annual basis through the budget process utilizing the Principles of Sound Financial Management (POSFM) adopted by City Council and Peoria Administrative Procedure AP x-xx in strict adherence to this policy.

**B. Pyramid Model for Pricing Services**

The pyramid pricing model below illustrates the city's guiding pricing philosophy that is based on establishing fees commensurate with the benefit received. By

deciding who is benefiting from the recreation service, it is then determined how that service should be paid for. The foundation level of the pyramid represents the mainstay of a recreation program. This foundation and the upward progression represent the core mission of recreation to provide services to the community first and then expand into individual benefits and other specialized services as resources allow. The following pyramid has been identified for the City of Peoria's General Fund fee-based services:

1. Community Benefit

The first level of the pyramid represents the fee-based services that benefit the community as a whole. These services increase property values, provide safety and enhance the quality of life for the residents. Generally, these services are paid for through the general fund. These services are offered to residents at a nominal or zero fee.

2. Community/Individual Benefit

The second level represents the fee-based services that promote individual physical and mental well-being while providing introductory skill development. They are generally the more traditionally expected services and beginner instructional levels. These services are assigned fees based on a specified percentage of indirect and direct costs that represent a general fund subsidy to account for the community benefit and a participant fee amount for the individual benefit.

3. Individual/Community Benefit

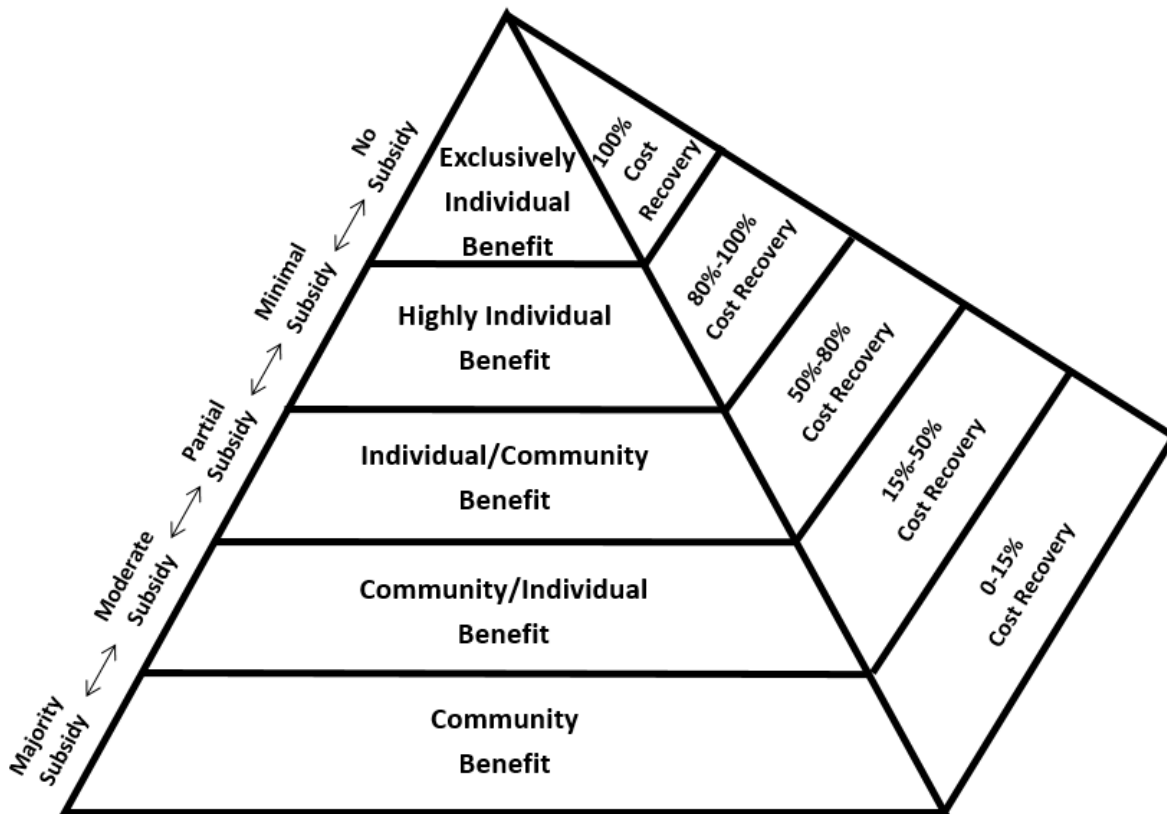
The third level represents fee-based services that promote individual physical and mental well-being while providing intermediate skill development. Since this level provides more individual and less community benefit, the pricing should reflect this.

4. Highly Individual Benefit

The fourth level represents fee-based services generally for specific groups, some with a more competitive focus. In this level, services should usually be designed and priced to recover full costs (direct and indirect).

5. Exclusively Individual Benefit

The fifth level of the pyramid represents fee-based services that have a profit center potential and may fall outside the core mission. In this level, programs and services should be priced to recover full costs.



### C. Recovery Guidelines for Establishing Fees

#### 1. Majority Subsidy (0% to 15% Cost Recovery)

- a. Should apply to **Community Benefit** level of the pyramid.
- b. The following criteria are used to determine if a service should be included in the category, although a service does not have to meet every criteria:
  - 1) The service is equally available to everyone in the community and should benefit everyone.
  - 2) Because the service is basic, it is difficult to determine benefits received by one user.
  - 3) The level of service attributable to a user is not known.

4) Imposing a fee would place the agency at a serious competitive disadvantage.

5) The service is not primarily provided by the private sector.

## **2. Moderate Subsidy (15% to 50% Cost Recovery)**

a. Should apply to **Community/Individual Benefit** level of the pyramid.

b. User fees may recover partial cost for those services for which the City desires to manage demand.

c. User fees may recover partial cost from those individuals who cannot pay full cost due to economic hardship.

d. A user fee may recover partial cost if the competitive market conditions make a full cost fee undesirable.

e. The following criteria are used to determine if a service should be included in this category, keeping in mind that a service does not have to meet every criteria:

1) Services benefit those who participate but the community at large also benefits.

2) The level of service use attributed to a user is known.

3) Imposing a full cost fee would place the City at a competitive disadvantage.

4) The service is usually provided by the public sector, but may also be provided by the private sector.

## **3. Partial Subsidy (50% to 80% Cost Recovery)**

a. Should apply to **Individual/Community Benefit** level of the pyramid.

b. User fees may recover moderate cost for those services for which the City desires to manage demand.

- c. User fees may recover moderate cost from those individuals who cannot pay full cost due to economic hardship.
- d. A user fee may recover moderate cost if the competitive market conditions make a full cost fee undesirable.
- e. The following criteria are used to determine if a service should be included in this category, keeping in mind that a service does not have to meet every criteria:
  - 1) Services benefit those who participate but the community at large also benefits.
  - 2) The level of service use attributed to a user is known.
  - 3) Imposing a full cost fee would place the City at a competitive disadvantage.
  - 4) The service is provided by both the private sector and public sector.

**4. Minimal Subsidy (80% to 100% Cost Recovery)**

- a. Should apply to **Highly Individual Benefit** level of the pyramid.
- b. User fees should recover the full cost of services that benefit specific groups or individuals.
- c. User fees should recover the full cost for these services provided to persons who generate the need for those services.
- d. The following criteria are used to determine if a service should be included in this category, keeping in mind that a service does not have to meet every criteria:
  - 1) The individual or group using the service is the primary beneficiary.
  - 2) The level of service use attributed to a user is known.
  - 3) Imposing a full cost fee would not place the agency at a competitive disadvantage.

- 4) The service is usually provided by the private sector, but may also be provided by the public sector.

**5. No Subsidy (100% Cost Recovery)**

- a. Should apply to **Exclusively Individual Benefit** level of the pyramid.
- b. User fees could recover more than the full cost for a service in order to subsidize other services provided by the community.
- c. The following criteria are used to determine if a service should be included in this category, keeping in mind that a service does not have to meet every criteria:
  - 1) Individuals or groups benefit from the service and there is little community benefit.
  - 2) The level of service use attributable to a user is known.
  - 3) There is excess demand for the service; therefore, allocation of limited services is required.
  - 4) The service is provided at market price by the private sector.

**D. Other Considerations**

1. **Special Events:** City-sponsored special events are handled on an event-by-event basis. However, sponsorships are often sold for each event and there are activity fees, thus revenue is attached to most special events. Cost recovery is dependent on the type of event as participation and interest vary widely from event to event.
2. **Recreation Center:** It is realized that unforeseen events, such as market conditions, economic times, etc., could affect the meeting of the cost recovery goal set for the Recreation Center. The cost recovery goal is set as a way to make business decisions for the Recreation Center; however, it may need to be adjusted as uncontrollable events may have an impact on revenue or the cost of goods. Included in final cost recovery calculations for the Recreation Center will be in-kind contribution information (e.g. employee pass holder fees, City-sponsored rentals, etc.).

3. Administrative costs of collecting fees should be minimized relative to the revenue generated by the fee.
4. Residents pay City of Peoria taxes. Therefore, residents should pay a lesser fee than non-residents for the service. Non-residents should pay higher fees for the service.
5. Pricing and fees shall support other resources available to the City of Peoria and are not intended to replace them or reduce the agency's responsibility to provide fee-based services. They provide a means to continue, and expand as necessary, the ability to offer services to residents.
6. Refund and Transfer Policy: The City of Peoria guarantees 100% satisfaction for all fee-based services. If not completely satisfied, participants can transfer, receive a credit on their account, or a refund.
7. Youth Scholarship Fund – Scholarships are available to assist low-income families with the registration fees for recreational programs. The Youth Scholarship fund is totally supported by businesses, corporations and individuals through PLAY Peoria, Inc. Peoria Youth Scholarships are available for eligible City of Peoria residents age 18 and under for multiple fee-based services.
8. Other federal/state/county funding may provide funding for low-income families who meet eligibility requirements and participate in licensed programs.

<b>Budget Division</b>	<b>Service Category</b>	<b>Pyramid Range</b>
Aquatics	Community/Individual	15%-50%
Sports – Youth	Community/Individual	15%-50%
Sports – Adult	Highly Individual	80%-100%
Enrichment – Youth	Individual/Community	50%-80%
Enrichment – Adult	Highly Individual	80%-100%
Rio Vista Recreation Center	Individual/Community	50%-80%
Parks	Community	0%-15%
Senior Programs	Community/Individual	15%-50%
Adaptive Recreation	Community/Individual	15%-50%
Teens	Community/Individual	15%-50%
Community Center	Community	0%-15%
Adult Day Program	Highly Individual	80%-100%
AM/PM	Highly Individual	80%-100%
Little Learners	Highly Individual	80%-100%
Summer Recreation	Community/Individual	15%-50%
Summer Camp	Highly Individual	80%-100%
Outdoor Adventure Rec	Community/Individual	15%-50%
Special Events	Community	0%-15%

APPROVED:

Jason Beck, Mayor

APPROVED AS TO FORM:

Emily Jurmu, City Attorney

Adopted: \_\_/\_\_/23, CC# \_\_\_\_\_ [Completed by CMO]