

The Smart Approach to Cost Recovery *for the* City of Greeley, Colorado Culture, Parks & Recreation Department

an approach made possible by 110% Inc. an Amilia Company



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December 13, 2019

City of Greeley, Purchasing Department
City Center South
Attention Linda Ingram
1001 11th Avenue, Second Floor
Greeley, CO 80631
Email: linda.ingram@greeleygov.com



RE: COST RECOVERY PLAN - CULTURE, PARKS AND RECREATION DEPARTMENT FL19-11-097

Dear Linda:

We are pleased to submit the following proposal for consideration to the City of Greeley Culture, Parks and Recreation Department. The pages that follow include a recommended scope of work for the development of a *Cost Recovery Plan*. Our interests are to deliver results that will be unmatched by other firms.

Providing project oversight and leadership, 110% Inc. brings an unrivaled approach to planning processes largely due to substantial practical experiences in public sector management and a focus on adaptive leadership in today's dynamic social, economic and environmental times. We bring the following to each project for which we work.

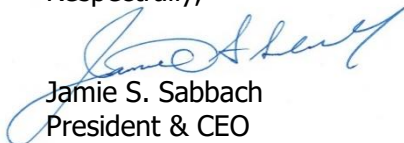
- A history of unparalleled client satisfaction and customer loyalty
- Authenticity in our approach and a commitment to facilitating each project based upon the unique attributes of the organization
- A project management style providing a meaningful, fun, and collaborative working environment
- An extensive understanding of the parks and recreation industry including relevant trends and issues, services and management challenges
- Contemporary strategic approaches based upon practical experiences as senior managers and administrators in award winning public agencies

As a highly skilled consultant, trainer, and facilitator, Jamie Sabbach of 110% Inc. will serve as project manager. Jamie has helped build the capacity of organizations across the country helping them create and lead sustainable systems, measure the impact of their work, assess the needs and interests of those they serve, and engage stakeholders.

We understand that the City of Greeley Culture, Parks and Recreation Department's interests lie in seeking a relevant *Financial Management Philosophy and Cost Recovery Plan* that will serve as a decision-making guide by prioritizing and balancing demands with community need, and responsibly managing financial resources.

In the event you have any questions as you assess the quality and relevance of the submitted proposal, please email jsabbach@110percent.net or call 720.304.2167.

Respectfully,



Jamie S. Sabbach
President & CEO

P.O. Box 538 . Salida, CO 81201 . 720.304.2167 . info@110percent.net . www.110percent.net

The Need for Cost Recovery Discussions and Action in Public Parks and Recreation

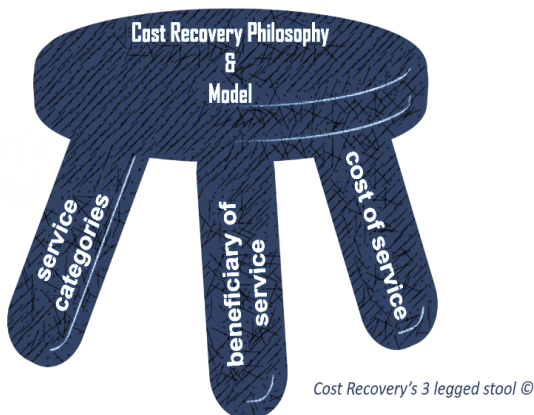
Among the biggest challenge the public-sector faces are managing historic customer and community expectations that tax dollars foot the bill for most or all governmental services including parks and recreation. The uncharted territory in which many professionals now find themselves includes the reality that subsidy dollars can only be directed to those services that provide for the greatest public good, and an expectation of full cost recovery or excess revenue generation for those services that “benefit” the few.

The business of public parks and recreation (and arguably, government in general) is at a critical crossroad and has been profoundly impacted by a number of key issues including: increased interest in governmental accountability; increased competition from all sectors; stable or declining revenues with increasing costs; rampant arbitrary pricing and antiquated financial accounting processes; rapidly changing demographics; and maintenance backlogs and deteriorating infrastructure that seem far beyond recovery.

Operating from a foundation built upon sound business principles does indeed challenge conventional wisdom in the public sector. It charges public employees with being more diligent about their management decisions with the expectation that they can justify how resources are used. It requires the establishment of organizational cultures that reflect an interest in defensible management practices and to justify how tax dollars are spent. It encourages productivity and the pursuit of opportunities for efficiency and revenue growth knowing that these efforts can help strengthen systems for the long term. And by applying business principles the long-held notion that certain services can continue to be subsidized because they always have been or because there is a demand that they are is challenged.



THE SMART APPROACH



Designing a Financial Management Philosophy & Cost Recovery Model

It is important to acknowledge that financial management is the foundation from which strategies like “cost recovery” are built. How an organization chooses to invest its money and how they choose to make decisions concerning the recovery of expenses are at the liberty of the philosophy that guides an organization’s decisions about finances. Financial management philosophy

then becomes the critical core for how an organization acts and responds when it comes to money management. Critical issues today that are among those that are impacted by a financial management philosophy (or lack thereof) include balancing need with wants and investing in deteriorating infrastructure and physical assets that require care and attention when there is great demand for growth and development.

During the process a draft financial management philosophy statement will be established based upon current conditions and the organization’s interests. This philosophy will mirror that of a mission or purpose statement in that it will address the “what”, “why” and “how” behind the organization’s intended financial choices and decisions. This baseline philosophy will then be the grounding force in the development of the process and ultimately, a cost recovery model.

A cost recovery model will not only align with the organization’s financial management philosophy, it must be built upon three fundamental “legs” in order to be effective.

LEG #1: Service Categories - History has proven that some of the approaches the public park and recreation field has taken to the development of cost recovery models and policies has positioned many agencies to engage in social values debates. As an example, a model that includes service area like “seniors” or “aquatics” is difficult to defend when an older adult adamantly defends the criticality of senior services in a community while a swim parent will defend swimming as a life-long skill and something that contributes to the emotional and physical growth of children. Pitting service areas like seniors or aquatics, or youth sports and arts against one another tends to be a losing proposition in the public sector. One might consider that the development of service categories that include “like” services is important when it comes to justifiable and equitable allocation of subsidy, cost recovery

Youth baseball = 50%
cost recovery?



Pre-ballet = 75%
cost recovery?



WHY?

levels, and assignment of budget and general ledger lines to account for a category's fiscal performance (e.g., a beginning dance course and youth baseball – both are intended as instructional in nature and therefore, would be in a "skill based activities: beginner" category minimizing social values debates). This approach aligns with the academic literature in the field and further, diminishes cost recovery decisions based upon special interests and individual values.

LEG #2: Beneficiary of Services - A financial resource allocation philosophy provides a foundation for differentiating services based on "who benefits" and "who should pay". Economists have differentiated goods and services in the economy in this manner for decades.

Adopting a philosophy that acknowledges levels of service shifts from a philosophy suggesting that all services are of equal value and should be provided for everyone to a philosophy where financial resource allocation decisions are based upon "beneficiary". In this conceptualization, each service category has a set of specific characteristics that provide a rationale for who should pay (e.g., taxpayers, the individual, or both) and to what degree. Ultimately, this aligns financial resource allocation with beneficiary of service (essentially, those who benefit from a service should pay for that service).

#3: Knowing Cost of Service - Many public-sector agencies only identify direct costs as their primary indicator when setting cost recovery goals. When suggesting that the only costs associated with service delivery are direct costs compromises the fiscal integrity of systems and sets up an unrealistic expectation on behalf of constituents and customers. They are uninformed about the "cost of doing business" and therefore believe that their tax dollars "pay their way". When a system can account for, and articulate and illustrate all costs associated with service delivery, they can then begin to tell a more complete story, have a better understanding of the total costs associated with providing services, and have a better chance of making informed and defensible decisions specific to spend and generate revenues.

Fiscal Year	Service Category	Facility	Area	Actual Revenue	Facility Service Area Unit Total Expense	Subsidy	Actual Fee Per Hour	Cost Recovery Performance	Cost Recovery Goal
2018	464-Rentals	Blair Park Pool	Consessions	\$12,817.07	\$2,864.93	(\$9,952.14)	\$55	209.00%	150%
2018	464-Rentals	Artesian Park	Baseball/Softball	\$12,562.50	\$3,137.13	(\$9,425.37)	\$12.50	155.00%	125%
2018	464-Rentals	Sunrise Beach	Picnic	\$7,280	\$41,705.93	\$34,425.93	\$100	117.00%	150%
2018	464-Rentals	General Parks	Picnic	\$0.00	\$59,981.47	\$59,981.47	\$0.00	0.02%	150%
2018	464-Rentals	Fitness Center	Group X Studio	\$3,435	\$106,065.54	\$102,630.54	\$55	124.45%	150%
2018	464-Rentals	General Parks	Baseball/Softball	\$4,187.50	\$109,341.23	\$105,153.73	\$12.50	61.00%	150%
2018	464-Rentals	Golf Club	Clubhouse	\$0.01	\$117,486.38	\$117,486.37	\$0.00	0.00%	150%
2018	464-Rentals	City Club	Clubhouse	\$0.01	\$117,486.38	\$117,486.37	\$0.00	0.00%	150%
2018	464-Rentals	General Parks	Baseball/Softball	\$4,187.50	\$109,341.23	\$105,153.73	\$12.50	61.00%	150%
2018	464-Rentals	Fitness Center	Group X Studio	\$3,435	\$106,065.54	\$102,630.54	\$55	124.45%	150%
2018	464-Rentals	General Parks	Baseball/Softball	\$4,187.50	\$109,341.23	\$105,153.73	\$12.50	61.00%	150%
2018	464-Rentals	Golf Club	Clubhouse	\$0.01	\$117,486.38	\$117,486.37	\$0.00	0.00%	150%

The Smart Approach to Cost Recovery Proposed Scope of Work



THE PROCESS

Kick-off (on-line meeting)

The process kicks-off by way of an on-line meeting with the organization's identified Project Team. This discussion includes, among other topics, a thorough review of the proposed scope of work, the project's anticipated timeline, staff expectations during the process, and the expected quality and format of all deliverables. In addition, we include a discussion regarding optimizing staff's time and how best to efficiently manage and coordinate all site visits required during the process.

Phase #1 (2-3 day site visit)

Staff/Policy Maker/Advisory Board

Education & Training: Education and training on the front end of the process with staff and policy makers and/or advisory boards provides a comprehensive understanding of the process, why the organization would choose to engage, and how the outcomes are ultimately intended to positively affect operations. Further, it offers and introduction to the topics of financial management and cost recovery in the public sector and enhanced education on the merits of how revenues are and/or may be generated, how to think about spending, and about the importance of a cost recovery philosophy for sustaining parks and recreation systems long term.

During the education and training portions of the process, staff, policy makers, and/or advisory boards will:

- *become familiar with/understand the purpose of the process and its intended outcomes;*
- *engage in identification of key issues as they relate to effective financial management;*
- *craft a draft financial management philosophy statement that aligns with*
- *create definitions for "community" and "individual" benefit specific to the community;*
- *discuss the effectiveness of current budget and financial management practices.*

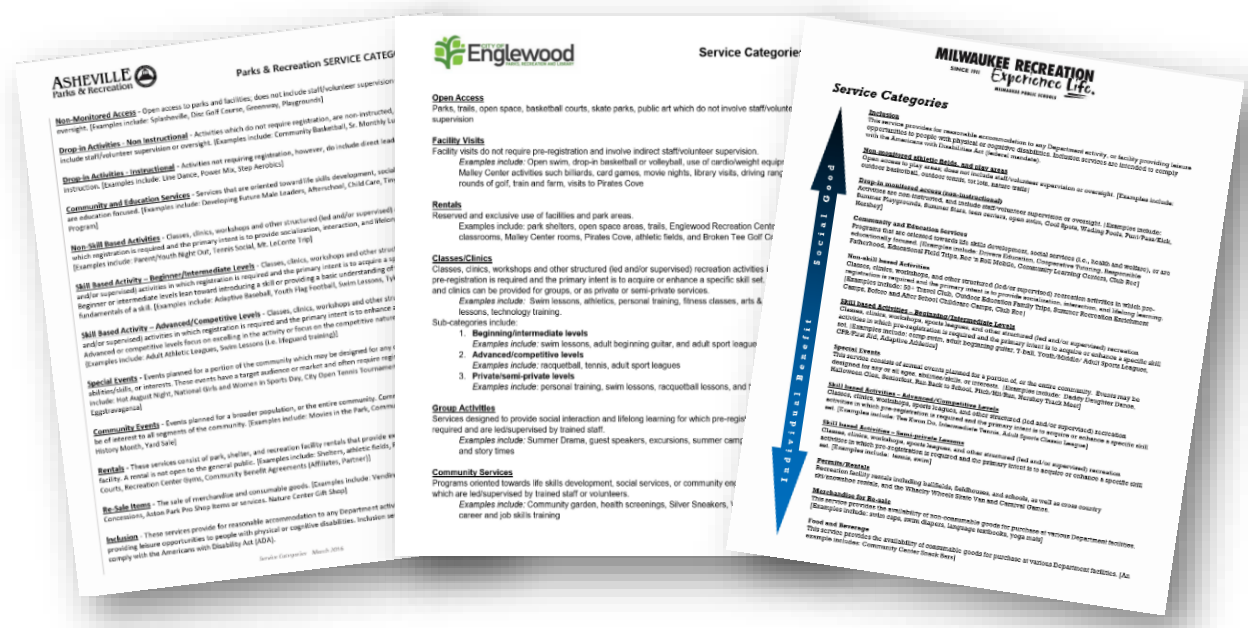


Discuss Current Conditions & Realities: To get at the core of what it is that drives financial management decisions, the consultant will meet with representative members of the Department to address a series of questions in pursuit of a path towards relevance and effectiveness in financial management, cost recovery philosophy, strategy and policy. A sampling of the types of questions that will be asked includes but is not limited to the following.

- Q:** If a current cost recovery philosophy or model exists, what was the basis for its development?
- Q:** What is the current methodology used to account for costs and how are costs defined?
- Q:** What are the organization's current funding sources?
- Q:** What are current markets? The current competitive landscape?
- Q:** How does the organization establish fees and charges?
- Q:** Are discounting practices in place? If so, what are they based upon (age, skill/ability levels, etc.)?
- Q:** Does the organization benchmark against others or is it focused on its fiscal and community realities, therefore, benchmarking against its own performance?
- Q:** Does the organization direct energies towards looking for new resources or on how to best/effectively use what is available?
- Q:** How does the organization balance attempt to business principles with social good?

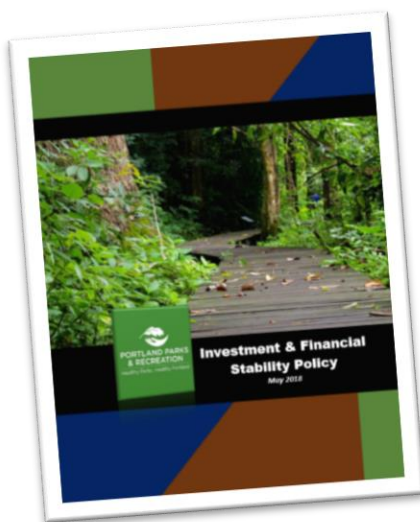
Begin Service Category Development: A team of staff members (# of staff is dependent on size and scope of the system) representing all areas of the organization will be identified, selected and tasked with the development of the organization's Service Categories.

Training and education on the critical importance of Service Categories will be provided setting the stage for the staff team to begin their work. Service Category development is an iterative process that includes the staff team working with the support and guidance of the consultant.



Begin Cost of Service Analysis: The Cost of Service Analysis is the “heavy lifting” phase of the process. Staff who are needed to assist with this phase of the process include but are not limited to those at an administrator level along with those who are “gatekeepers” for the organization’s financial data.

A Data Import Tool (DIT) and supplemental instructional guide along with support from an implementation specialist will be provided to assist the organization and ensure there is clarity and understanding regarding data identification and collection. Additionally, an early look at and demo of the on-line Cost Recovery Tool (CRT) will be provided so that staff can get a feel for what the potential outputs of their work. The Cost of Service Analysis is the platform which accounts for all costs (direct and indirect) associated with each park and recreation service.



Identify Policy Needs: Financial management strategies and policies that position the organization to address short term financial challenges as well as long term financial interests such as investing in infrastructure (e.g., retained earnings policy) will be designed and created for the organization. Policies that can be designed and/or influenced to become more relevant include the following.

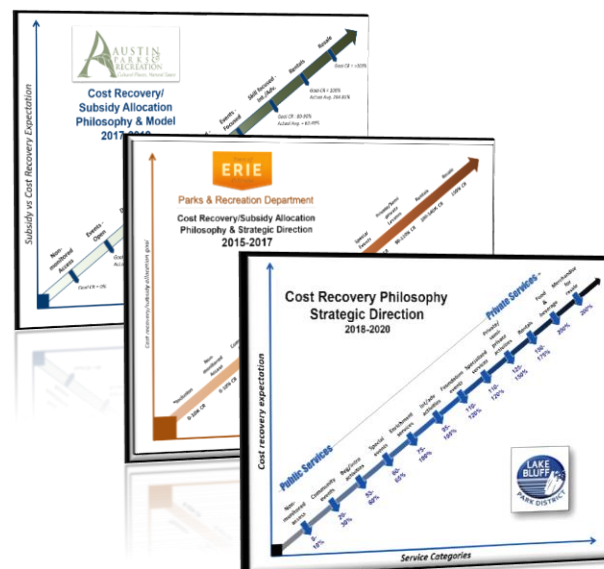
1. Cost Recovery/Fees and Charges Policy
2. Social Equity Policy
3. Capital Investment Policy
4. Property Acquisition, Development and/or Divestment Policy
5. Asset Prioritization Policy

Phase #2 (2-day visit)

Facilitate Beneficiary of Service

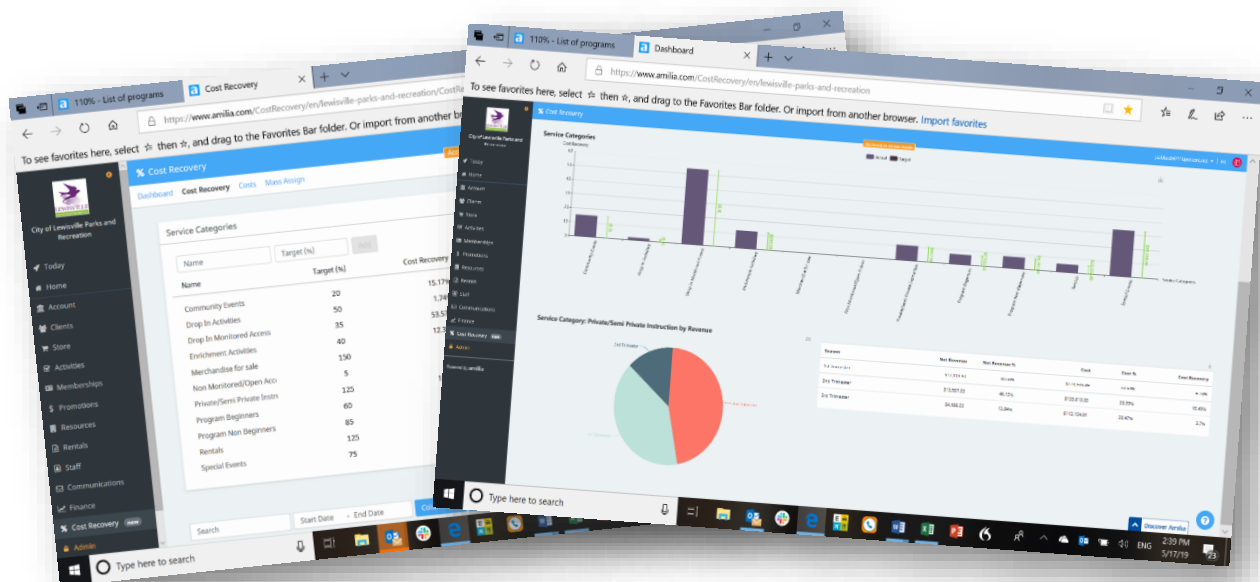
Workshops: Now that the organization’s Service Categories have been developed and agreed upon, staff, policy makers and/or advisory boards and stakeholder groups will be active participants in determining each Service Category’s “beneficiary of service”.

Stakeholder groups including staff, council, boards, and representative community members (note: staff, policy makers



advisory boards may participate in the Beneficiary of Service exercise as part of the Education and Training Session mentioned above) will be invited to participate in 90-minute workshops where they will rank the organization's Service Categories starting from services generating the greatest "community benefit" to those services generating the greatest "individual benefit".

Unveiling the Cost Recovery Tool and Results of Cost of Service Analysis: After the data collection and importing processes conclude, staff will be able to view the organization's Cost Recovery Tool and review the results of the Cost of Service Analysis. These data and supplemental reports include the cost to provide (both direct and indirect) each individual service in the system, current cost recovery performance levels and a series of other important information. Current cost recovery performance results can be used as the baseline from which the organization can justifiably and rationally set cost recovery/subsidy allocation goals and targets, establish fees and charges, and make other informed financial decisions moving forward.



Performance Outcomes & Measures: Performance measures lead to quantitative assessment of gains or improvements in organizational performance. Essentially, they become the "point" of the organization's efforts. Performance measures will be constructed to encourage performance improvement, effectiveness, efficiency, and appropriate levels of internal control tying back to the Cost of Service Analysis and policies developed. Performance measures will articulate "best practices" specific to the organization's intended performance levels and relying less on what other agencies are doing or how they are performing. Examples include but are not limited to the following.

- ☐ Increases in cost recovery performance and to what degree
- ☐ Reduction in the number of services duplicated and provided by other service providers (when demand does not justify supply)
- ☐ Amount of financial resources directed to provide gap services or invest in infrastructure
- ☐ The level to which constituencies are more informed because of the process
- ☐ Policies which better align with today's conditions and realities
- ☐ Levels of discounting practices

Phase #3 (1-day visit)

Presentation of Results: A formal presentation, if requested, will be provided to staff, policy makers, and/or advisory board members which will include the organization's new Cost Recovery Model and Financial Management Philosophy, and an overview of resulting policies and implementation strategies.

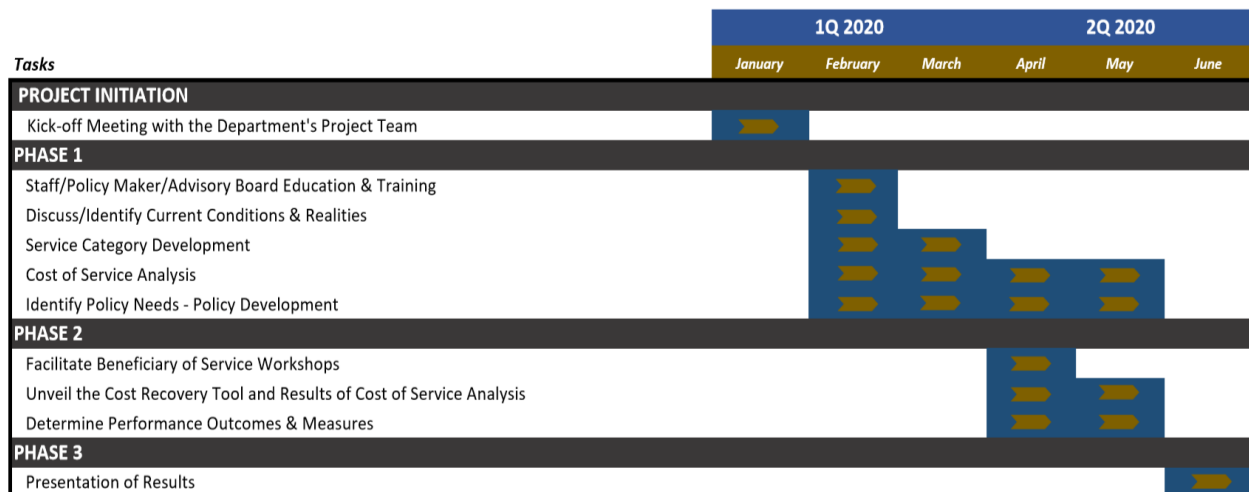
PROPOSED PRICE:

\$49,975

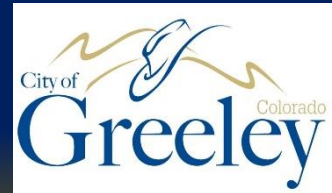
Note: The Cost Recovery On-line Tool is included in the project price and available for 6 months after the project concludes. [Renewals: \$9995 annually]

PROPOSED TIMELINE:

January – June 2020 (anticipated)



The Smart Approach to Cost Recovery
CONSULTING FIRM
QUALIFICATIONS



Believe in the power of possibility



Be responsible
Be strategic
Be smart
Be bold

We believe in the power of possibility. We want your park and recreation agency to **reach its full potential** through strategic thinking, sound management and bold execution. You will be working with a team that offers **solutions tailored to your community**. At the end of the day our end game is to help your organization become the best version of itself. Our favorite clients are those who want to think and strategize and intentionally work towards **continuous improvement**.

Always pushing the envelope, we help organizations **ask and answer the hard questions**, create a course of action that is all about improvement, and **find ways to ensure the long-term health and vitality of their systems**.

Bottom line, 110% is different. And better.

We don't believe in generic, one-size-fits-all solutions. Every project we take on is completed with an emphasis on each organization's unique characteristics and traits and the complex challenges they face every day. When you choose 110%, you are working with a team that isn't about what can't be done – **we instill the belief that you can accomplish great things**. We pride ourselves on being an ally you can count on throughout each part of the consulting process.

We are anything but ordinary and do not believe in cookie cutter approaches.



Our belief in the power of possibility

Breaking the four-minute mile barrier was one of many signs that **the impossible is possible**. Widely held four-minute mile equivalents suggesting "it can't be done" inhibit people from believing that they are able to "do the impossible". Whether it be trying something unconventional, putting yourself on the line or advocating for an unpopular yet necessary change, isn't it worth the effort to see if the impossible is indeed a possibility?

We have worked in the US, Canada and Europe and **believe to our core in possibility**.



Imaginative, bold, & courageous are the traits that describe the agencies that choose to work with us.

Some of the agencies we've worked with include...

- Asheville (NC) Parks & Recreation
- Austin (TX) Parks & Recreation
- Belmont (MA) Recreation
- Bend (OR) Park & Recreation District
- Boulder (CO) Parks & Recreation
- Brookline (MA) Recreation
- Carol Stream (IL) Park District
- Clark County (NV) Parks & Recreation
- ERBM (CO) Recreation & Park District
- East Baton Rouge (LA) Parks & Rec
- Elmhurst (IL) Park District
- Englewood (CO) Parks & Recreation
- Erie (CO) Parks & Recreation
- Fort Collins (CO) Parks & Recreation
- Gallaudet University
- Grapevine (TX) Parks & Recreation
- Greater Arkansas River Nature Association
- Lakewood (CO) Community Services
- Lewisville (TX) Parks & Recreation
- Lynnwood (WA) Parks & Recreation
- Mesa (AZ) Parks, Rec & Community Facilities
- Miami-Dade County (FL) Parks & Recreation
- Milwaukee (WI) Rec & Community Services
- Napa (CA) Parks & Recreation
- National Recreation & Park Association
- Ocala (FL) Recreation & Parks
- Pearland (TX) Parks & Recreation
- Pekin (IL) Park District
- Peoria (IL) Park District
- Portland (OR) Parks & Recreation
- Richmond (BC) Parks & Recreation
- South Suburban (CO) Park & Rec District
- Spokane (WA) Parks & Recreation



Believe in the power of possibility

Jamie Sabbach
President & CEO

Jamie founded 110% Inc. in 2010 with the intention of helping organizations be more responsible, strategic and bold amid dynamic social, environmental and economic change.

In Jamie's glory days, she played college softball and later coached at the University of Illinois. After her stint in college athletics, she worked for notable public agencies including the Champaign Park District (IL), the Bloomington Parks and Recreation Department (IN), and the Boulder Parks and Recreation Department (CO).

She has been an adjunct faculty member at many universities, an Instructional Assistant Professor at Illinois State University, and continues to contribute to higher education as an affiliate faculty member at Metro State University in Denver, Colorado.

Past experiences in athletics, as a public parks and recreation professional and as a college instructor have fed Jamie's passion to help others enhance their own talents and improve performance. Her current work as a consultant, organizational coach and trainer focuses on enhancing adaptive leadership capabilities and organizational effectiveness.

Jamie has taught and facilitated hundreds of professional development and training programs in the US, Canada and Europe. She has testified in front of the US Congress on the importance of public parks and recreation and believes those in the service industries should be fueled by "anger and love" in order to do the necessary work. She is an active member of the National Recreation and Park Association having served in a variety of leadership capacities over the years. She is a past President of the American Park and Recreation Society and in 2008 was inducted as a Fellow into the American Academy for Park and Recreation Administration.



Awards & Recognitions

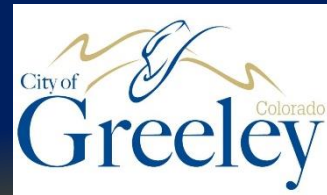
- World Urban Parks - North America Regional Council Member, 2018 – present
- World Leisure Conference - Selected Presenter, Rimini, Italy, 2012; Chun Cheon, South Korea, 2010; Quebec, City, Canada, 2008
- International Federation of Park and Recreation Administration - Selected Presenter, Basle, Switzerland, 2012; Dublin, Ireland, 2007
- American Academy for Park and Recreation Administration, Inducted 2008; President's Award, 2011
- NRPA/APRS President's Recognition, 2002-2003; President's Award, 1999; Young Professional of the Year – Meritorious Service Award, 1998
- City of Bloomington Community Council on Accessibility – Human Services Award, 2000
- National Recreation and Park Association's Professional Fellowship Recipient, 1995
- Illinois Park and Recreation Association's Al Hattendorf Professional of the Year, 1994

Education

- Harvard University, Cambridge, Massachusetts - Kennedy School of Government, TAPLD, 2014
- Indiana University, Bloomington, Indiana - Post-Graduate coursework, 1998-2000
- Eastern Illinois University, Charleston, Illinois - Master of Science Degree in Public Administration/Parks and Recreation Administration, August 1988
- Eastern Illinois University, Charleston, Illinois - Bachelor of Science Degree in Physical Education/Coaching/Business Administration, May 1986

On a personal level, Jamie is a native of Illinois who lives in the mountains of Colorado, is nicknamed "Pumpkin" in honor of her Halloween birthday, is a former college jock, enjoys hiking, biking, and golf, volunteers for community organizations, and has a love affair with the Chicago Cubs!

The Smart Approach to Cost Recovery REFERENCES





A few project references...

City of Asheville (NC) Parks & Recreation

Contact: Christie Bass

Programs & Operations Manager

ph: 828.259.5801

email: cbass@ashevillenc.gov

City of Lewisville (TX) Parks & Recreation

Contact: Stacie Anaya

Executive Director

ph: 972.219.3550

email: sanaya@cityoflewisville.com

City of Portland (OR) Parks & Recreation

Contact: Jason Smith

Performance Management Analyst

ph: 503.823.5448

Email: Jason.Smith@portlandoregon.gov

Town of Erie (CO) Parks & Recreation

Contact: Farrell Buller

Deputy Town Administrator

ph: 303.926.2792

Email: fbuller@erieco.gov

Proposal submitted by:

