



Director Approval - Original Approval Date: 6/30/2016
Update Approval Date: 6/30/2024
Signature: 

PARKS & RECREATION

Date: 06/30/2016

Updated: 06/30/2024

Date To Be Reviewed: Annually – 06/30/2025

Title of Document: 5.1.1 LOPR_Comprehensive Revenue Policy

Background:

Lake Oswego Parks & Recreation (LOPR) participates annually in the setting of fee structures for activities and services, use of facilities and parks, and other services provided. The Council-approved fees are published each year by the Finance Department and can be found online in the Master Fees document found at the location <https://www.ci.oswego.or.us/finance/master-fees-and-charges>

For the 2024 Master Fees book, Parks & Recreation fees are in Section 6, pgs. 26-31 and Parks & Recreation System Development Charges for both commercial and residential fees are in Section 12, pgs 52-56.

Tax and other City general fund revenues support basic services such as parks, trails and natural areas and help support a wide variety of recreation opportunities. LOPR Fees and charges are used to offset some or all of the direct costs of individual participation in a program or use of a facility. Fees and charges shift some of the cost of providing activities and services to the individuals who directly benefit. By charging fees, greater tax support is available to spread over a broader range of services allowing for a more diverse and sustainable park and recreation system.

The purpose of the Comprehensive Revenue Policy is to provide direction to staff in establishing fees and charges for programs, facilities, parks usage, and other services.

LOPR relies on a mixture of tax revenue from the City's General Fund, user participation fees, grants, sponsorships and donations to provide excellent quality, accessible and diverse park and recreation services to both residents and non-residents. Non-residents pay up to 150% more than residents and receive lower priority placement during the three initial, seasonal activity registration periods. Refer to 2024 Master Fee Schedule, page 26 and to PP&P, Section 6, 6.6.1.A LOPR_Res Non-Res Policy.

Contracted service provision of activities include fees to cover total expenses plus program administrative percentages (usually 15-25%.) Service providers are paid a negotiated sum per participant.

The LOPR Recreation Division is responsible for utilizing 6.1.1. LOPR_Program & Service Determinants to establish financial feasibility for offering programs and services (among other considerations.) Typically, LOPR's Recreation Division (not including ACC, Golf, Tennis) generates \$1M in revenues annually to offset tax dollar general fund allocation.



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Funding Philosophy:

City Council authorizes LOPR’s funding philosophy through development of the fiscal budget and approval of annual master fee submissions. The funding philosophy is to set fees for recreation activities and services based on community expectations and benefits received along with the developed Cost Recovery Continuum that addresses expected direct costs recovery.

Direct costs include expenses associated with instructor wages and benefits, on-call staff costs who specifically support the activities, rentals for the specific activity, purchased equipment and supplies, advertising and transportation. Indirect costs include management services staff, division supervisors’ expenses, and cost of City/LOPR owned facilities.

LOPR undertook an initiative in 2021 to update the existing Cost Recovery pyramid methodology used to indicate pricing differentials between community benefit and individual benefit. LOPR worked with The SMART Project and Amalia Software to determine service categories, gather data at the individual activity or service level, and gather all expense data to determine funding and cost recovery levels.

LOPR’s approach to funding park and recreation activities and services is represented in the Cost Recovery Continuum model shown on the next page. This model shows the relationship between the degree of community expectation/benefit (high subsidy) versus individual expectation/benefit (low subsidy) and to what extent the activity or service is funded by tax dollars. There may be additional levels of funding and cost recovery of service categories on the continuum based on age groups (youth, adult, senior.) The overall cost recovery target for recreation programs (cultural, sports, events, outdoor, gardening) is 100% or higher.

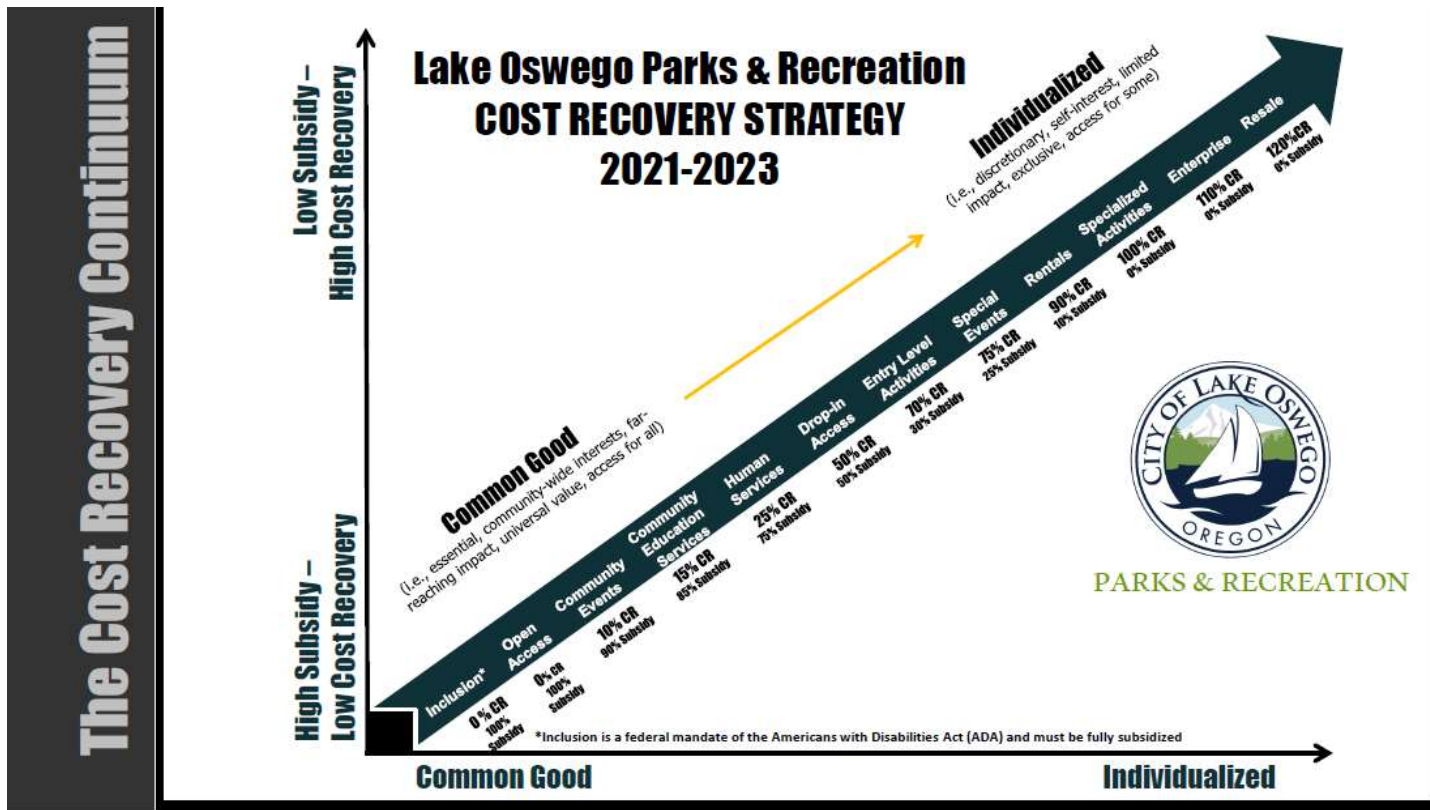
Scholarships are available to assist with outreach and access to activities and services for underserved populations.

The Cost Recovery Continuum model is reviewed annually at the end of each fiscal year, updated as appropriate, and approved by the LOPR Director. The results of the review impact the submission of LOPR’s master fee schedule to the Finance Department each fall in preparation for the upcoming calendar year.



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LOPR COST RECOVERY CONTINUUM

Common Good: Public services that are basic expectations or requirements (inclusion), are widely accessible, and provide community-wide benefit are the starting point of the Cost Recovery Continuum. These services are usually supported fully or almost fully through tax revenues. Examples of Common Good activities and services include developing and maintaining parks, trails and natural areas, open access to self-led recreation, and providing community-wide events.

Mixture of Common Good/Individualized: Many services, particularly recreation programs, land in the middle of the Cost Recovery Continuum as they are not usually considered a basic service but offered in response to significant community expectations and provide both community and individualized access and benefit. These activities and services are supported by a mixture of user fees, grants, sponsorships and general fund support with the proportion of user fee to general fund support varying depending on the level of expectation, access, and benefit provided to the user. Examples of services that comprise the middle of the continuum include the provision of human services, drop-in recreation, entry level recreation activities, special events like Daddy Daughter Dinner Dance and Tinseltown Trolley, operation of recreation facilities and most recreation programs.

Individualized: Activities and services that are not generally expected by the community and/or are highly individualized are at the top of the Cost Recovery Continuum. These activities and services are identified as contributors to offset expenditures entirely as well as contributing to the provision



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of community-wide benefit activities and services listed lower on the continuum. Individualized activities and services include enterprise funds (Indoor Tennis Center and tennis activities), personal or small group instruction, private party rentals, and concessions and other resales.

CITY OF LAKE OSWEGO RELATED REVENUE POLICIES

The City of Lake Oswego publishes its Revenue Policies online at [Revenue Policies | City of Lake Oswego](#) and they are stated below:

City of Lake Oswego Revenue Policies:

Design, maintain, and administer a revenue system that will assure a reliable, equitable, diversified, and sufficient revenue stream to support desired City services.

1. The City will try to maintain a diversified and stable revenue system to shelter it from short-run fluctuations in any one source.
2. The City will follow an aggressive policy of collecting revenues.
3. The City will establish all user charges fees at a level related to the full costs (operating, direct, indirect and capital) of providing the service. The City will review fees/charges periodically.
4. The City will consider market rates and charges levied by other municipalities of similar size for like services in establishing rates, fees and charges.
5. Enterprise and Internal Service operations will be self-supporting.

The City of Lake Oswego publishes its Fund Balance/Contingency Policies online at [Fund Balance/Contingencies Policies | City of Lake Oswego](#).

Fund Balance/Contingencies Policies

Maintain the reserves, contingencies, and ending fund balances of the various operating funds at levels sufficient to protect the City's credit as well as its financial position from emergencies.

The following summarizes the City's Finance Policy No.1 in reserve levels and ending fund balances:

General Fund:



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- Contingency, 14% of operations, plus an amount for risk management
- Ending fund balance, 16% of operations

Tennis Fund:

- Contingency, 10% of operations
- Ending fund balance, sufficient for a pay-as-you-go for CIP

Bonded Debt Service Fund:

- Ending fund balance, 100% for dry period

Note: No more than 25% of the general funds' reserves may be held in land at any one-time.

Fund Contingencies

The Tennis, Street, Water, Sewer, and Stormwater funds shall each maintain general contingencies equal to at least 10% of their operational requirements.

The Systems Development Charges Fund shall maintain general contingencies equal to the net balance of the fund.

The Engineering Fund shall maintain general contingencies equal to at least 5% of operations.

The Public Works Support Services Fund shall maintain general contingencies of at least 3% of operations.

Fund Balance

Order of spending fund balance: The City considers when both restricted and unrestricted fund balance is available for use, the City is to use restricted fund balance first, and then unrestricted fund balance as needed. When unrestricted fund balance is spent, the City will consider that committed amounts will be reduced first, followed by assigned amounts, and then unassigned amounts last.

Responsibility/Contacts: Director, Deputy Directors, Managers, Administrative Assistants