

MEMORANDUM

To: City of Boulder Parks and Recreation Department

From: Design Workshop

Date: August 30, 2021

Project Name: Boulder Parks and Recreation Master Plan Update

Project #: 6444

Subject: Financial Overview and Funding Strategies Memorandum

This Memorandum represents subject-specific research findings that will ultimately inform the content of the Parks and Recreation Master Plan Update. This memorandum informs the current financial needs of The Department and is intended to inform the ability to develop implementation strategies to be contained the final version of the Master Plan. During the process of conducting research for this memorandum, a number of other issues and questions were uncovered that merit additional discussion in the Needs Assessment phase of the planning process. The final content of the Master Plan may reflect significant portions of this memorandum but will not consist entirely of it.

Introduction & Memorandum Purpose

This Financial Overview and Funding Strategies Memorandum is part of the 2021 Boulder Parks and Recreation Department Master Plan Update. This memorandum fulfills scope deliverable 4.2, providing a brief outlook of the Department’s existing financial situation, including cost recovery, subsidization, and fund management, its capital budget as it relates to the Department’s portfolio of assets, as well as recommending funding and policy strategies to achieve the identified Master Plan outcomes. The information contained in this memorandum will be used to inform the strategies and recommendations of the Master Plan update. This memorandum provides background and information on the Boulder Parks and Recreation Department’s (*BPR* or *the Department*) current and projected funding sources, Departmental policies and management strategies, and financial outlook. In addition to providing an assessment of the Department’s current and projected operating state, this memorandum evaluates alternative funding and revenue generating strategies that may be employed to support BPR’s overall financial position.

Parks and Recreation Funding

The Boulder Parks and Recreation Department’s (“BPR” or “the Department”) 2021 approved budget was \$29,936,362. Figure 1 illustrates BPR’s 2021 budget by funding source.

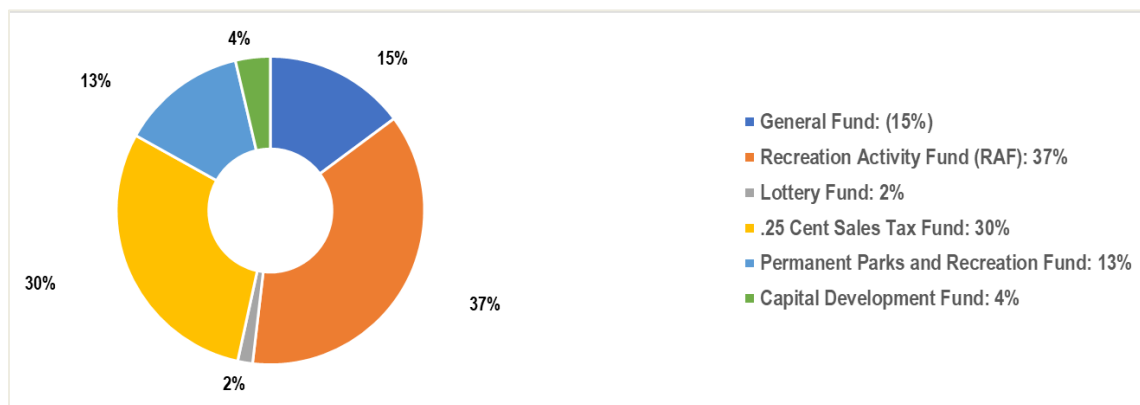


Figure 1. Boulder Parks and Recreation 2021 Budget. Source: City of Boulder 2021 Budget.

BPR is funded through a diverse set of city funds that include capital project funds, special revenue funds, enterprise funds, and government funds. Each fund provides revenues that BPR then utilizes to fund expenditures out of each fund. BPR maintains a balance of monies within each fund, meaning that expenditures from each fund may be higher or lower than the fund’s annual revenues. The following section provides a summary of fund revenue sources, uses,

and fund goals/objectives. Revenues from each fund are contributed on an annual basis to support BPR's operating budget.

General Fund

The general fund is the city's largest fund and serves as the primary funding source for most governmental services. The fund "accounts for the revenues and expenditures necessary to carry out basic governmental activities of the city such as public safety, human services, legal services, administrative services, and others which are not required to be accounted for in another fund."¹ The general fund is mostly supported through a blend of taxes (sales, use, marijuana, property, etc.), permits, fees, and intergovernmental transfers.² The General Fund is a critical source of funding for the Department, accounting for between 14% and 18% of the Department's budget between 2016 and 2021.³ As a result of the fund's heavy reliance on tax revenue and pressures from other city Departments, the fund's revenues, and ability to contribute to the Department's budget can vary widely. In 2021, the General Fund is budgeted to contribute \$4,057,219 in revenues to the Department's approved budget.⁴

Recreational Activity Fund

The Recreational Activity Fund (RAF) is a special revenue/quasi-enterprise fund that is specific to the Parks and Recreation Department.⁵ The fund is the primary funding mechanism used to support recreation centers and facilities and subsidize fees for services related to the provision of recreation, reservoir and golf course services/programs that do not cover all their direct costs.⁶ The fund is supported through user and participation fees, grants and donations, and an annual subsidy transfer from the General Fund and other funds when required. General Fund subsidy contributions accounted for between 13% and 16%, or on average \$1.5 million, of the RAF's total revenues between 2016 and 2021. The RAF is the primary source of funding for the Department, accounting for between 24% and 37% of the Department's budget between 2016 and 2021.⁷ As a result of the RAF being reliant on user and participation fees, the fund has decreased by \$3.8 million, or 32%, in 2020 due to recreational programs and services impacted by the COVID-19 pandemic. In 2021, the RAF is budgeted to contribute \$10,126,789 in revenues to the Department's approved budget.⁸

Lottery Fund

The Lottery Fund is a special revenue fund that accounts for State Conservation Trust Fund proceeds that are distributed to municipalities on a per capita basis. Money from the Lottery Fund must be used only for the acquisition, development, and maintenance of new conservation sites or for capital improvements or maintenance for recreational purposes on any public site.⁹ BPR receives approximately 42% of the City's annual fund allocation, with the remainder of funds going to Open Space and Mountain Parks and the Tributary Greenways Program. The Lottery fund comprises a small portion BPR's annual funding, accounting for between 1% and 2% of the Department's budget between 2016 and 2021.¹⁰ In 2021 the Lottery Fund is budgeted to contribute \$428,000 in revenues to the Department's approved budget.¹¹

0.25 Cent Sales Tax Fund

The 0.25 Cent Sales Tax Fund is a special revenue fund that is specific to the Parks and Recreation Department. The fund is primarily supported through a designated sales tax that was approved by voters in 1995.¹² In 2013 voters renewed the sales tax through 2035, with 85% of votes supporting the tax. The fund supports multiple aspects of the Department, including operations and maintenance, administrative support services, renovation and refurbishment, and capital improvements.¹³ The 0.25 Cent Sale Tax Fund is the second largest source of funding for BPR, accounting

¹ City of Boulder 2021 Budget. Pg. 301.

² [Parks and Recreation Funds – 2021 Approved Fund Chart](#)

³ City of Boulder Budgets, 2016-2021

⁴ Ibid.

⁵ [Parks and Recreation Funds – 2021 Approved Fund Chart](#)

⁶ Ibid.

⁷ City of Boulder Budgets, 2016-2021

⁸ Ibid.

⁹ [Parks and Recreation Funds – 2021 Approved Fund Chart](#)

¹⁰ City of Boulder Budgets, 2016-2021

¹¹ Ibid.

¹² [Parks and Recreation Funds – 2021 Approved Fund Chart](#)

¹³ Ibid.

for between 27% and 32% of the Department's budget between 2016 and 2021.¹⁴ In 2021, the 0.25 Cent Sales Tax Fund is budgeted to contribute \$8,119,584 in revenues to the Department's approved budget.¹⁵

Permanent Parks and Recreation Fund

The Permanent Parks and Recreation Fund is a capital project fund that is specific to the Parks and Recreation Department. The fund is permanent according to the City's charter and is supported through earmarked property tax revenues, with the Parks and Recreation Department receiving \$0.01 for every dollar of property tax collected by Boulder County.¹⁶ The fund is used to support the acquisition and development of park land, renovations, and refurbishment of recreation facilities, and is a source of funds for capital improvements. All appropriations of the fund must be recommended by the Parks and Recreation Advisory Board (PRAB) and appropriated by City Council. The fund is a smaller, but critical component to the Department's funding, as most fund monies are used for capital improvement projects. Between 2016 and 2021 the fund contributed between 10% and 13% of the Department's approved budget.¹⁷ In 2021, the fund is budgeted to contribute \$3,625,061 in revenues to the Department's approved budget.¹⁸

Other Funding Sources

In addition to the funds outlined above, there are three additional funding sources that have contributed to BPR's annual funding: The Capital Development Fund, the Community, Culture, & Safety Tax, and the Boulder Junction Improvement Fund. All three funds have been used for capital improvement projects for BPR facilities as well as land acquisitions for additional parks space throughout the City.

The Capital Development Fund "accounts for development fee proceeds to be utilized for the acquisition, construction, and improvement of facilities necessary to maintain the current level of public amenities such as police, fire, library, human services, municipal offices, streets, and parks and recreation."¹⁹ Between 2016 and 2021 the fund contributed between 0% and 8% of the Department's budget. In 2021, the fund is budgeted to contribute \$1,000,000 in revenues to the Department's capital budget.²⁰

The Community, Culture, and Safety Tax was a ballot initiative approved in 2017 that extended 0.3 percent sales and use tax to raise funds for a specific list of city facility and infrastructure projects including the Scott Carpenter Pool and Visitor Services Center at the Boulder Reservoir. The sales tax measure was approved for four years and in 2018 contributed \$4.2 million in revenues towards BPR's budget. The measure is anticipated to be on the ballot for reapproval by Boulder voters in the fall of 2021, renamed the Capital Renewal Tax. If approved, the measure would provide additional funding for a list of Citywide capital projects through 2036. In 2021 the tax did not contribute any funds to the Department.

The Boulder Junction Improvement Fund was created in 2012 to fund land acquisition and facility development in the Boulder Junction area. The fund was supported through excise tax and construction-use tax. In 2016 the fund contributed \$750,000 to the Department's capital budget, with an additional \$350,000 in 2017.²¹ In 2021 the fund did not contribute any funds to the Department. This funding will be used to build the Boulder Junction Pocket Park soon.

Trends in Fund Revenues & Expenditures

Boulder Parks and Recreation Fund Revenue Contributions: 2016-2021

¹⁴ City of Boulder Budgets, 2016-2021

¹⁵ Ibid.

¹⁶ [Parks and Recreation Funds – 2021 Approved Fund Chart](#)

¹⁷ City of Boulder Budgets, 2016-2021

¹⁸ Ibid.

¹⁹ Boulder 2021 Budget, pg. 301

²⁰ City of Boulder Budgets, 2016-2021

²¹ City of Boulder Budgets, 2016-2017

Revenue By Fund Source	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Approved	Average Annual Growth Rate: 2016-2021
General Fund	\$ 4,756,495	\$ 4,947,886	\$ 4,941,554	\$ 5,374,180	\$ 5,101,605	\$ 4,057,219	-2.6%
Permanent Parks and Recreation Fund	\$ 2,788,813	\$ 2,885,822	\$ 3,368,238	\$ 3,556,124	\$ 3,676,718	\$ 3,625,061	5.6%
Recreation Activity Fund (RAF)	\$ 10,071,525	\$ 10,051,124	\$ 10,441,586	\$ 10,697,934	\$ 6,716,806	\$ 10,126,789	3.9%
.25 Cent Sales Tax Fund	\$ 9,251,802	\$ 8,872,324	\$ 9,244,567	\$ 9,453,084	\$ 9,300,057	\$ 8,119,584	-2.4%
Lottery Fund	\$ 428,000	\$ 428,000	\$ 428,000	\$ 428,000	\$ 428,000	\$ 428,000	0.0%
Other Sources	\$ 750,000	\$ 350,000	\$ 730,922	\$ 7,897,425	\$ 2,869,767	\$ 1,000,000	
Total Funding	\$ 27,296,635	\$ 27,185,156	\$ 28,423,945	\$ 29,509,322	\$ 25,223,186	\$ 26,356,653	-0.4%

Table 1. BPR Revenue by Source, 2016-2021. Source: City of Boulder Budgets, 2016-2021.

Revenues from BPR's funding sources, illustrated in Table 1 have remained mostly constant between 2016 through 2021. The lack of revenue increases creates a challenging operating environment for BPR as departmental overhead and expenditures rise on a near annual basis due to inflation, while the revenues used to support the department's operations remain mostly flat. As BPR's operating costs, list of backlogged maintenance, and unfunded capital projects continue to grow, BPR's need for additional revenue from funding sources will continue to grow.

Boulder Parks and Recreation Expenditure Trends: 2016-2021

Expenditures by Fund Source	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Approved	Average Annual Growth Rate: 2016-2021
General Fund	\$ 4,578,314	\$ 4,622,802	\$ 4,924,220	\$ 5,274,365	\$ 4,972,526	\$ 4,057,219	-1.9%
Permanent Parks and Recreation Fund	\$ 2,155,153	\$ 1,557,196	\$ 1,301,910	\$ 5,918,450	\$ 2,637,767	\$ 6,401,761	79.5%
Recreation Activity Fund (RAF)	\$ 10,109,628	\$ 10,022,566	\$ 10,875,866	\$ 10,985,374	\$ 6,816,875	\$ 9,625,921	2.4%
.25 Cent Sales Tax Fund	\$ 6,721,028	\$ 8,485,336	\$ 7,541,144	\$ 7,844,869	\$ 12,802,820	\$ 8,423,460	9.6%
Lottery Fund	\$ 229,907	\$ 788,034	\$ 283,932	\$ 798,623	\$ 399,978	\$ 428,000	63.4%
Other Sources	\$ 750,000	\$ 350,000	\$ 30,922	\$ 7,322,425	\$ 2,169,767	\$ 1,000,000	
Total Funding	\$ 24,544,030	\$ 25,825,934	\$ 24,957,994	\$ 38,144,106	\$ 29,799,733	\$ 29,936,361	6.7%

Table 2: BPR Expenditures by Fund Source, 2016-2021. Source: City of Boulder Budgets, 2016-2021.

Expenditure by Category	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Approved	Average Annual Growth Rate: 2016-2021
Personnel	\$13,248,981	\$13,505,323	\$14,393,997	\$14,891,500	\$12,319,471	\$13,275,661	0.5%
Operating	\$7,041,703	\$6,480,862	\$7,204,891	\$6,586,798	\$6,299,473	\$6,967,128	0.2%
Interdepartmental Charges	\$587,529	\$596,281	\$1,073,375	\$1,103,327	\$1,030,431	\$1,153,573	17.9%
Capital	\$2,915,817	\$4,891,467	\$2,285,822	\$15,562,480	\$10,150,358	\$8,540,000	108.9%
Total Expenditures	\$ 23,794,030	\$ 25,825,934	\$ 24,958,086	\$ 38,144,106	\$ 29,799,733	\$ 29,936,361	7.3%

Table 3: BPR Expenditures by Category, 2016-2021. Source: City of Boulder Budgets, 2016-2021.

While BPR's funding from 2016 through 2021 has remained mostly flat, the Department's expenditures, illustrated in Table 2 and Table 3, have risen on an almost annual basis. The Department's revenues have decreased, on average 0.4% since 2016 while the Department's expenditures, including capital, have increased on average, 7.3%. Not including capital, expenditure growth averages approximately 1% a year for a total increase of 2.5% between 2016 and 2021. While most BPR funds carry a balance enabling yearly expenditures to exceed revenue sources, the significant imbalance between the annual growth of revenues and annual growth of expenditures is not sustainable. In addition to expenditure increases due to inflation, BPR is faced with the increasingly difficult challenge of managing rapidly rising personnel, maintenance, energy, materials, and operational costs, aging infrastructure and facilities, and a growing demand for parks and recreational amenities.

Funding Source Outlook: 2022-2026

Revenues from BPR's funding sources are projected to remain mostly flat over the next 5-year period, increasing on average 2.8% annually through 2026.²² Projections of revenues by funding source were sourced from the City of Boulder's 2021 fund projections generated by the City's Central Budget Department. Behavioral changes brought on by the coronavirus pandemic have altered retail spending, work habits, recreational habits, and other fee- and tax-generating activities, negatively affecting funding streams used for BPR's operations, maintenance, and capital improvements. Figure 2 depicts BPR's total projected revenues from 2022 through 2026. Both the City and the Department have taken conservative approaches to budgeting and fund forecasting, prioritizing equitable service delivery of existing programs, maintenance of staffing levels to support needed levels of service and programming, and critical capital infrastructure projects.²³

²² City of Boulder 2021 Budget

²³ PRAB 2022 Budget Strategy Meeting Slides. April 12, 2022.

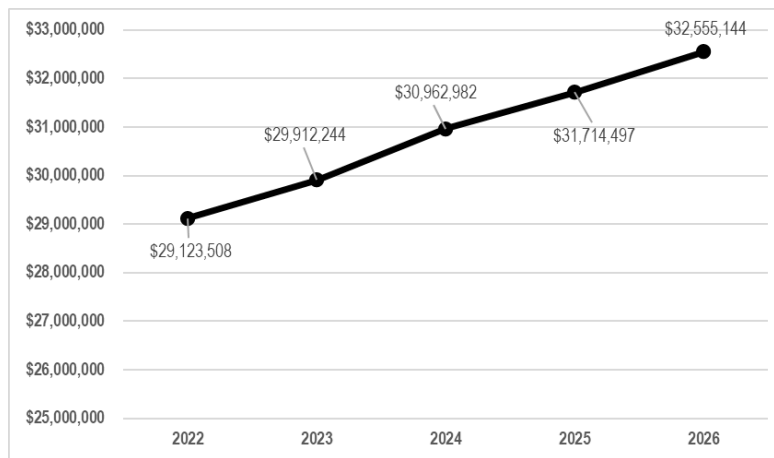


Figure 2. BPR Projected Revenues, 2022-2026. Source: City of Boulder 2021 Budget.

General Fund

BPR's General Fund allocation is projected to increase minimally over the next five-year period, with an annualized growth rate of 1.7% through 2026.²⁴ While funding is anticipated to grow, there exists much uncertainty around the impact of the coronavirus pandemic on the City's economic position and revenue streams. Because the General Fund is the primary funding source for most city services, the fund's ability to support BPR's budget may shift drastically on a year-by-year basis due to change in the city's economic position, pressures from other city Departments, and City Council priorities.

Permanent Parks and Recreation Fund

Funding from the Permanent Parks and Recreation Fund is projected to gradually grow over the next five-year-period, increasing on average 3% annually through 2026. While the fund's reliance on property tax revenues makes it susceptible to regional and national economic shifts, property tax within the City of Boulder is projected to grow at an annual average rate of 3% from 2022-2026. Because the fund is a primary source of revenues for Capital Improvement Projects, any change in revenues may adversely impact the Department's ability to address the needs of the department's assets to remain safe, updated and accessible.

Recreation Activity Fund

Funding from the RAF is predicted to remain mostly flat over the next five-year-period, with an average annual increase of 4% through 2026.²⁵ The COVID-19 pandemic has created uncertainty around the future of recreation programs and services. Because the RAF is funded primarily through fee revenues, the continued reduction of programs and services are likely to have a significant impact on the health of the fund moving forward, while the reintroduction of services will have positive impact of the health of the fund. Additionally, because the fund is supported in part through an annual transfer from the city's General Fund, changes in the city's economic position may result in decreased financial support.

0.25 Sales Tax Fund

Funding from the 0.25 Sales Tax Fund is predicted to grow through 2027 based on sales and use tax projections. With an annualized growth rate of 3.7% based on city projections, the fund is growing at a slightly higher rate than inflation.²⁶ The projections used to calculate growth of the fund account for future population growth within Boulder, however, increases to sales tax revenue associated with population growth are minimal and remain mostly even with increases due to inflation. Because the fund is driven by sales tax revenues, the coronavirus pandemic's impact on consumer spending and the undetermined timeline of when the economy may fully reopen is likely to impact the fund's

²⁴ City of Boulder 2021 Budget.

²⁵ Ibid.

²⁶ Ibid.

revenues and ability to support ongoing operations and maintenance, capital improvement projects, and refurbishment projects.

Lottery Fund

Funding from the lottery fund is projected to remain constant through 2026.²⁷ Because funding allowances are calculated on a per capita basis, as the population of Boulder continues to shift, funding allocated through the lottery fund will continue to align with the population of Boulder.

Departmental Policies and Management Strategies

BPR Service Costing Methodology

The 2014 Boulder Parks and Recreation master plan provided policy direction related to the use of community resources. As Boulder Parks and Recreation implemented the master plan, staff identified a standard methodology for calculating the total cost of providing services, including identifying direct and indirect costs. The Parks and Recreation Advisory Board (PRAB) informed the development of this methodology and approved the definitions and assumptions as part of developing BPR's Recreation Priority Index.

Cost Definitions:

BPR uses the following definitions when calculation and analyzing costs. BPR utilizes PRAB-approved assumptions to within their costing methodology. Of particular importance is that indirect expenses are applied proportionate to facility or program budgets.

- *Capital costs* include expenses over \$50,000 for major maintenance and enhancing public infrastructure by correcting current facility deficiencies and constructing new service-delivery infrastructure
- *Direct facility costs* include the personnel and non-personnel expenses including department R&R (restoration and refurbishment) associated with the operation and maintenance of the City's parks and recreation facilities. These costs are incurred daily and include: staff; materials and supplies; financial, utilities and water fees; custodial services
- *Direct program costs* include the personnel and non-personnel expenses specific to a department program. These costs are incurred only when a program is provided and include instructor salaries and program-specific supplies required for participation. These costs adjust according to program participation or demand and are expended as needed.
- *Indirect costs* are those that department incurs regardless of whether or not it provides a specific service to the community. Overhead personnel and non-personnel expenses associated with the day-to-day operation of the department may include:
 - Administration
 - Business Services
 - Internal Support Services (Human Resources, Information Technology, City Attorney, Risk Management, Finance)
 - Service Management/Coordination/Supervision
 - Operating costs include expenses to provide community services. There are indirect and direct operating costs.

Service Delivery²⁸

To create clarity on how and why recreational programs are offered as well as how BPR should prioritize its limited funds available for programming, the Department created the Service Delivery Framework. The framework acts as a methodology to evaluate how and what programs and services BPR should pursue and how to best offer those services. BPR programming is evaluated using the Service Delivery Framework. Components of programming are evaluated both on an ongoing basis and every two to three years to assess if a program should change, continue, or be discontinued. The framework is broken into eight components that aim to answer specific questions

²⁷ Ibid.

²⁸ Parks and Recreation Service Delivery Handbook

about the program being evaluated:

- Organizational Philosophy: How does the program align with BPR's themes, long-range goals, and initiatives?
- Identify Customer Needs and Interests: Why is BPR offering the service? Who is BPR providing the service for? What is BPR's target audience expecting from programming?
- Identify Market Niche/Partner Opportunities: Are there like services in the service area? What is BPR's market position? How much competition exists? Are there opportunities to invest in programs to increase revenue or exit programs to decrease expenses? What opportunities exist to collaborate with outside partners?
- Consider Available Monies, Staff, and Infrastructure: What resources are required for program? How much will the program cost to operate? What are the staffing requirements?
- Design & Plan Service: What is required for the management of the program (i.e., supplies, marketing, registration, contingency plan, service flow, risk management, etc.)?
- Deliver Service: How is the program viewed within the three phases of participation (anticipation, participation, reflection)?
- Evaluate Service: How successful and/or enjoyable did participants feel the program was?
- Implement Changes: What are the opportunities to enhance revenue or expand service?

Program Prioritization, Subsidization, and Cost Recovery

In response to the 2014 Parks and Recreation Department Master Plan, BPR developed the Recreational Priority Index (RPI) as a simplified method to allow recreation program managers and decision makers to compare the relative importance of BPR programs in relation to one another. In addition to prioritizing programs, the RPI methodology enables BPR to set targets around cost recovery and pricing relative to a program's RPI score²⁹

The RPI methodology is based off a 100-point scale developed around the three factors of BPR Themes, Sustainability, and Delivery Method and Reach. Within the three factors are six criteria for rating BPR programs, including: substitutability, community health and wellness, building community and relationships, targeted goal, reach, and delivery method. Scoring is intended to be performed within a program or program group to allow for an even and accurate comparison between and ranking of similar program types. The RPI scoring process examines:

- Delivery Method and Reach Factors: How many registrations does the program receive during its peak season (e.g., whichever season registrations are highest for that program)?
- Delivery: Is the program delivered by the Department or facilitated by a non-BPR entity?
- Substitutability Factor: In Boulder County, is the program executed exclusively by BPR or do other program providers exist?
- Community Health and Wellness: To what degree does the program equitably impact the community's health and wellness?
- Builds Community Relationships: To what degree does the program impact and build relationships within the community?
- Targeted Goals: Does the program accomplish goals established through the 2014 Parks and Recreation Master Plan?

Scoring is completed using an internal scoring matrix. A program's score is used to impartially assign subsidization amounts to individual programs. The RPI utilizes a three-category scoring system illustrated in Figure 3.

²⁹ BPR Recreational Priority Index Internal White Paper



Figure 3. BPR Categories. Source: Boulder Parks and Recreation.

Based on the category and RPI score, each program is assigned cost recovery goal. The cost recovery goal is used to set program fees, ensuring that BPR has justification in assigning subsidy level. However, the RPI methodology does not ensure that total program revenues earned are sufficient to balance the Department's budget.

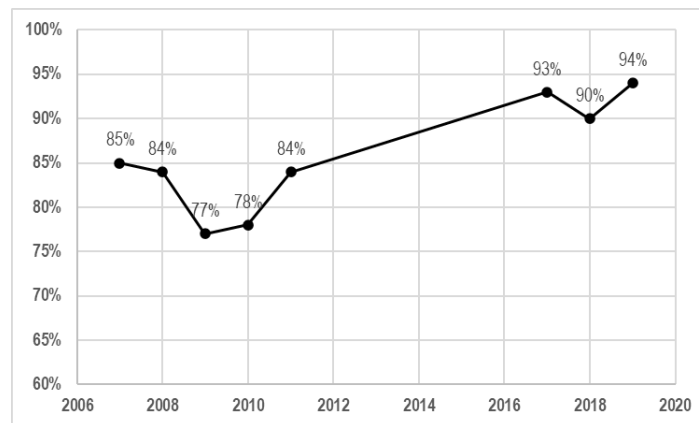


Figure 4: BPR Cost Recovery by Year. Source: Boulder Parks and Recreation

Program Area	2017			2018			2019			3 Yr. Average		
	Revenue	Cost	Actual Cost Recovery	Revenue	Cost	Actual Cost Recovery	Revenue	Cost	Actual Cost Recovery	Revenue	Cost	Actual Cost Recovery
Contracted Programs (Dance/Sports)	\$ 34,155	\$-	N/A	\$ 22,435	\$-	N/A	\$ 38,555	\$-	N/A	\$ 31,715	\$-	N/A
Camps (Includes Contracted Camp Programs)	\$ 368,254	\$ 257,772	143%	\$ 512,339	\$ 264,429	194%	\$ 565,426	\$ 331,269	171%	\$ 198,221	\$ 650,105	30%
EXPAND/Inclusion	\$ 186,168	\$ 627,404	30%	\$ 184,464	\$ 661,446	28%	\$ 224,030	\$ 661,465	34%	\$ 745,274	\$ 644,562	116%
Fitness	\$ 170,363	\$ 433,553	39%	\$ 213,193	\$ 485,568	44%	\$ 231,441	\$ 493,546	47%	\$ 204,999	\$ 470,889	44%
Golf	\$ 1,334,060	\$ 1,233,072	108%	\$ 1,260,757	\$ 1,327,668	95%	\$ 1,323,970	\$ 1,442,275	92%	\$ 1,306,262	\$ 1,334,338	98%
Gymnastics	\$ 742,145	\$ 599,949	124%	\$ 723,160	\$ 667,302	108%	\$ 770,517	\$ 666,436	116%	\$ 745,274	\$ 644,562	116%
Mind & Body Pilates	\$ 65,463	\$ 32,392	202%	\$ 58,140	\$ 29,529	197%	\$ 64,942	\$ 30,897	210%	\$ 62,848	\$ 30,939	203%
Pottery	\$ 250	\$ 250	100%	\$ 1	\$ 991	0%	\$ 1	\$ 3,326	0%	\$ 84	\$ 1,522	6%
Recreation Centers (includes Aquatics / Mind & Body Programs)	\$ 3,449,455	\$ 4,074,308	85%	\$ 3,450,003	\$ 4,252,042	81%	\$ 3,615,673	\$ 4,210,300	86%	\$ 3,505,044	\$ 4,178,883	84%
Reservoir	\$ 996,116	\$ 866,418	115%	\$ 1,065,727	\$ 988,847	108%	\$ 1,114,344	\$ 969,066	115%	\$ 1,058,729	\$ 941,444	112%
Sports	\$ 1,085,392	\$ 658,100	165%	\$ 1,163,309	\$ 677,179	172%	\$ 1,116,222	\$ 595,844	187%	\$ 1,121,641	\$ 643,708	174%
YSI	\$ 54,955	\$ 315,630	17%	\$ 186,044	\$ 468,790	40%	\$ 309,381	\$ 607,400	51%	\$ 183,460	\$ 463,940	40%
Total	\$ 8,486,776	\$ 9,098,849	93%	\$ 8,839,572	\$ 9,823,791	90%	\$ 9,374,502	\$ 10,011,824	94%	\$ 8,418,277	\$ 9,360,331	90%

Table 4: Cost Recovery by Program, 2016-2021. Source: Boulder Parks and Recreation

Since implementing the RPI program, BPR has been able to increase cost recovery significantly, from an average cost recovery of 83% between 2007 and 2011, to an average of 90% between 2017 and 2019. Figure 4 illustrates BPR's total cost recovery between 2007 and 2019. This analysis only considers direct costs and does not consider BPR's allocation of indirect expenses by a percent of total budget. When broken down by program, as shown in Table 6, BPR is achieving revenues in excess of direct costs for both general and adult programming such as Pilates, the Reservoir, and Gymnastics. Revenues from these programs offset revenues lost by community and recreation programs that are not intended to achieve higher levels of cost recovery, such as EXPAND/Inclusion, Fitness, Mind and Body, and YSI. While sports programs appear to achieve a high level of cost recovery, most adult softball and soccer maintenance expenses are allocated to the 0.25 Cent Sales Tax Fund, while revenues are allocated the Recreational Activity Fund. This split in expenses versus revenues for sports programming results in the overall cost recovery of programs appearing higher than they are.

Despite offset revenues from high cost recovery programs, BPR is still experiencing a negative gap between yearly program revenues and expenses. This shortfall is due in part to targeted low cost recovery, community benefit programming such as EXPAND/Inclusion and YSI programs that are subsidized through the General Fund. These programs are not intended to be profitable and achieve intentionally low levels of cost recovery. BPR's program revenue shortfall of \$846,115 is primary due to program expenses outpacing revenues, requiring BPR to consider one or more of three options: increase program fees, increase program subsidy, or adjust service levels.

In addition to funds received through programs achieving high cost recovery, BPR has successfully leveraged grants and other forms of financial support to deliver certain programs. Table 7 details grants support from 2017 through 2019 for facility access, EXPAND/Inclusion, Sport, and YSI programming. Since 2017, BPR has successfully increased the grant funding, allowing for facility access, EXPAND/Inclusion and YSI programs to achieve year over year increases in grant funding.

Program Area	2017			2018			2019			Average Support
	Program Cost	Grant Support	Percent Grant Support	Program Cost	Grant Support	Percent Grant Support	Program Cost	Grant Support	Percent Grant Support	
Facility Access	\$ 2,529,187	\$ 115,900	4.6%	\$ 2,571,682	\$-	0.0%	\$ 2,561,337	\$150,000.00	5.9%	\$ 132,950
EXPAND/Inclusion	\$ 627,404	\$ 61,658	9.8%	\$ 661,446	\$ 55,292	8.4%	\$ 650,105	\$90,212.00	13.9%	\$ 69,054
Sports	\$ 658,100	\$ -	0.0%	\$ 677,179	\$ 2,375	0.4%	\$ 643,708	\$ -	0.0%	\$ 2,375
YSI	\$ 315,630	\$ 54,955	17.4%	\$ 468,790	\$ 186,044	39.7%	\$ 463,940	\$301,303.00	64.9%	\$ 180,767
Total	\$ 4,130,321	\$ 116,613	3%	\$ 4,379,097	\$ 243,711	6%	\$ 4,319,090	\$391,515	9%	\$188,554

Table 5: Grant Support by Program. Source: Boulder Parks and Recreation

Asset Management

In 2018 BPR implemented its Asset Management Program (AMP) in response to strategies developed in the Department's 2014 Master Plan. The purpose of the AMP is to "promote effective use of financial and physical resources by developing a proactive and systematic approach to managing [BPR's] inventory of assets."³⁰ Assets tracked under the AMP include only assets maintained, and purchased by BPR, such as park-related infrastructure (i.e., courts, playgrounds, and picnic/shade structures), secondary assets (i.e., park furniture, lighting, trails, and trees) and a large inventory of building and facility-related assets for properties like recreation centers and aquatic facilities.³¹ Facilities and Fleet are separately responsible for tracking systems within buildings and vehicle assets. However, the department's AMP allows BPR to coordinate among many city departments on shared assets.

To objectively assess an asset's overall condition, BPR developed a unique condition assessment to be performed every one-to-three year that catalogs the physical condition of an asset to determine its maintenance needs and remaining useful life. The assessment employs a "pre-determined asset scorecard which simplifies asset inspections by providing a user-friendly visual rating scale for each inspection topic."³² The scorecard uses a rating scale with the following categories:

³⁰ Parks and Recreation Department – Asset Management Program, 2018

³¹ Ibid.

³² Ibid. Pg. 17

- Serious: Very poor condition = missing components, immediate safety concern and must be removed from public use until repaired.
- Poor: Fair condition = no safety concerns but condition is below our expectation or is showing rapid deterioration.
- Fair: Decent condition = asset’s condition is what we would expect but requires regular assessments to ensure proper maintenance.
- Good: Good condition = asset’s condition is better than our expectation.
- Excellent: Excellent condition = new asset.

The Asset Management Program is currently in the process of assessing the condition of all BPR assets. While the scoring method for each asset varies, the assessment process enables an even level of comparison of all BPR assets.

To allow for further clarity around how the Department should prioritize investment strategies that “incorporate preventative maintenance, repairs, and replacement of assets within annual and long-term budgets and resource Constraints,” BPR has developed a proposed scoring system named the Asset Criticality Scoring System. While the Asset Criticality Scoring System has not been finalized or implemented, the system is intended to be used in tandem with an asset’s condition assessment and “attempts to establish a numeric score representative of an asset or facility’s criticality, or importance, to the community and to the overall parks and recreation system.”³³ The asset critically score is based off a 0-to-100-point scale calculated by averaging two sub scores:

- Property Score: Intended to determine the importance of the property where the asset is installed. The Property Score is comprised of the following:
 - Master Plan Designation Score: based on the property’s BPR Master Plan category.
 - Property Usage Score: based on observed use as compared to property capacity.
 - Audience Score: based on observed user groups who interact with the property.
- Asset Score: Intended to determine the value of the specific asset to the property’s operations. The Asset Score is comprised of the following:
 - Asset Utility Score: based on the level of impact an asset has on the property’s ability to function.
 - Asset Usage Score: based on observed use of an asset.

Figure 5 illustrates how the sub-scores work together to produce an overall asset criticality score.

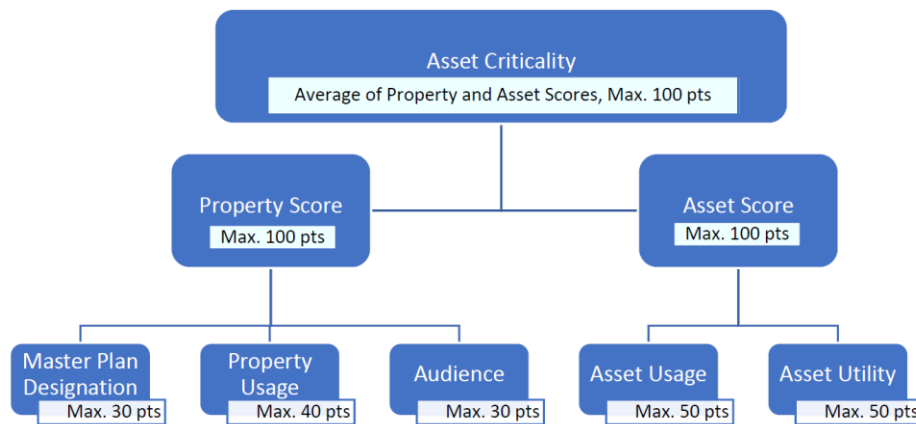


Figure 5. Asset Criticality Scoring Methodology. Source: Parks and Recreation Asset Management Program, 2018.

The combination of the Asset Criticality score and Asset Condition assessment score are used to identify funding priorities that focus on “highly critical assets in less-than-ideal condition to bring the Department’s overall asset inventory to a desired level of service.”³⁴ Scores should be interpreted using the quadrants illustrated in Figure 6, where the “top right quadrant, shown in green, as well as the bottom right column in yellow, illustrate assets of various criticality to the Department that are also in relatively good condition, not likely requiring prioritization for immediate

³³ Ibid. pg. 24

³⁴ Ibid. pg. 30.

resource allocation” while the “the bottom left quadrant of this chart, in red, represents assets in poor condition that are not comparatively critical to the BPR mission.” Funding and resource allocation should be prioritized for assets falling in the top left quadrant of the graph, indicating “assets that are highly critical to the Department, but are also in comparatively lesser condition.”³⁵

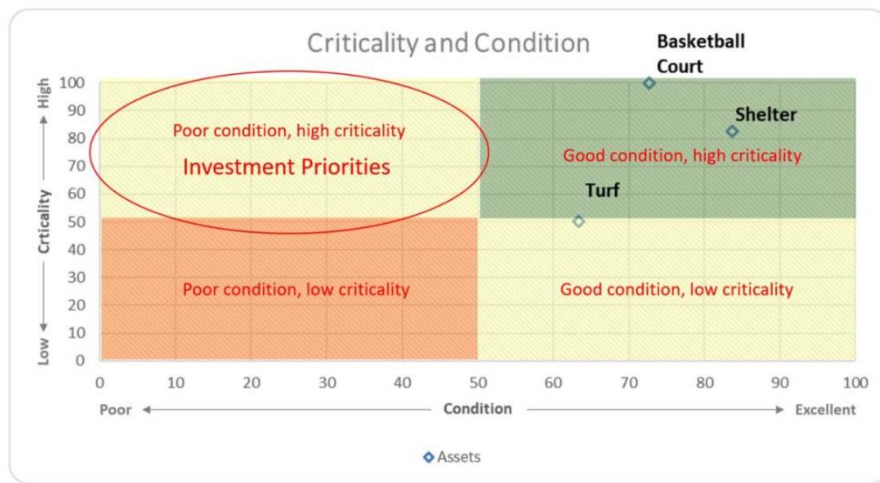


Figure 6. Asset Criticality and Condition Scoring Quadrants. Source: Parks and Recreation Asset Management Program, 2018.

Capital Management & Capital Investment

In 2015 BPR developed the Capital Investment Strategic Plan for 2016-2026 that provided answers to five key questions critical to the financial sustainability of the Department:

1. What assets does BPR own?
2. What are the assets worth?
3. What condition are the assets in?
4. What is the asset’s remaining service life?
5. What is the infrastructure funding gaps?

BPR defines assets “to include all physical built infrastructures necessary to support the social, economic and environmental services provided by the Department to meet the park and recreation needs of the community.”³⁶ As of 2021, BPR manages over 100 facilities on 1,861 acres. As part of the Capital Management process, BPR tracks individual assets’ Current Replacement Value (CRV) to calculate an asset’s total value. In addition to CRV, BPR also tracks each asset’s total backlog of deferred maintenance.

An asset’s CRV and backlogged maintenance are used in conjunction to calculate an asset’s Facility Condition Index (FCI) score. The FCI score is used to assess an asset’s overall condition and prioritize limited funds for critical capital repairs and/or replacement. BPR uses the scale shown in Table 8 to measure the condition an asset. The goal of BPR is “reach a desired FCI for built assets between 0.06 and 0.08.”³⁷

Facility Condition Index Score	Asset Condition
0.00 – 0.05	Excellent
0.07 – 0.10	Good
0.15 – 0.18	Fair
0.25 – 0.35	Poor
0.50 – 1.0	Terrible

Table 6. Asset Condition Scorecard. Source: BPR Capital Investment Strategic Plan 2016-2026.

³⁵ Ibid. pg. 30

³⁶ BPR Capital Investment Strategic Plan 2016-2016, Pg. 7.

³⁷ Ibid. Pg. 11

To maintain assets in their current good to excellent condition and align with industry standards on facility maintenance and best practices, BPR established that they must invest approximately 2-3 percent each year of the total CRV. Investments at the lower end of the range allows repairs and replacement critical to health and safety concerns, while the higher end of the range allows for more frequent replacement assets and more modern parks system.³⁸

Summary of Policies Enacted to Support 2014 Master Plan Recommendations

BPR has implemented multiple strategies and policies in response to financial sustainability policy recommendations made by the 2014 Parks and Recreation Master Plan. The following section summaries BPR's actions in response to the 2014 Master Plan's recommendations.

Policy One

BPR shall categorize service using a recreation priority index based on the organizational mission, target population served, service outcomes, contributions to the Boulder sustainability framework, partnership value and redundancy with services provided by others in the community to guide offerings.

Actions in Response to Policy One

- In 2015, with consultant input and PRAB support, BPR adopted the Recreation Priority Index (RPI), enabling a subject methodology to determine community benefit and inform subsidy levels and cost recovery targets.
- BPR implemented a Service Delivery Model whereby programs are evaluated annually to assess minimum enrollment levels, monitor private recreation programs in the community, and consider eliminating programs with poor enrollment and ample competing private options.
- Since 2015, the department has spun off to partners several services including Dance, Pottery Lab, specialized camps and select competitive sports.

Policy Two

BPR shall determine the actual cost of an activity or service using a standardized method that encompasses consistency of data inputs and analysis methods.

Actions in Response to Policy Two

- BPR adopted standard costing definitions to ensure a consistent and standard methodology for calculating the total cost of providing services, including direct and indirect costs.
- BPR used a third-party software to assign all direct and indirect costs to services.

Policy Three

BPR shall establish cost recovery rates and associated pricing. Fees shall be based on the recreational priority index, community versus individual benefit, cost to provide services and the prevailing market for comparable service.

Actions in Response to Policy Three

- In 2020, the RAF Chart of Accounts was updated to identify all direct revenues and expenses associated with programs and facilities.
- Programs for people with disabilities and those with low-income are highly discounted, afforded by subsidies from the General Fund and Health Equity Fund.
- Recreation facility fees increased in 2016, 2018 and 2020 with adults nearing full cost recovery, and discounts on that fee for youth, older adults, multi-visit passes. Financial Aid is available for those who qualify.
- Since the implementation of the RPI and Service Delivery Model, cost recovery for programs has increased from an average of 82% between 2007 and 2011 to an average of 92% between 2017 and 2019.
- PRAB supported fees that market will bear. For services that are categorized recreational or exclusive that charge a fee in excess of the cost, market fees are continued.

³⁸ Ibid. 14

BPR Financial Outlook

The following section provides a forward-looking assessment of the BPR's financial outlook through 2026.

Current Replacement Value, Maintenance Backlog, and Facility Condition Index

As of 2021, BPR manages over 100 facilities and parks on 1,861 acres of land. As part of the 2021 Master Plan update process, BPR assets were re-evaluated to asset their present-day Current Replacement Value. In addition to updating the CRV, each facilities' backlog of maintenance was calculated to determine each facility's Facility Condition Index.

This assessment and analysis was completed with the data and assumptions that are available now, but is not a detailed assessment of every asset. As the department continues to implement the AMP and complete more detailed condition assessments, the CRV and backlog values will be updated.

BPR's CRV has increased from \$226,027,148 in 2016 to its current 2021 value of \$298,476,655. Increases to BPR's CRV are due to the construction of new facilities, the inflation of costs within the construction industry, increases to materials costs, and a better understanding of the Department's assets since the 2016 CRV numbers were developed. As of 2021, BPR has an estimated total maintenance backlog of \$20,579,515. Using the updated 2021 CRV and backlog maintenance numbers, an updated FCI of 0.069 was calculated. The 0.069 FCI places BPR in the *Good to Excellent range* of the industry standard for asset condition values.

Operations & Maintenance (O&M) and Planned Capital Improvement Projects

Between 2022 and 2027 BPR has \$25,708,500 in planned capital improvement projects currently scheduled. Table 9 delineates planned capital projects by year into BPR's four capital categories: Capital Enhancement, Capital Maintenance, Planning Studies, and New Capital.

Project Type	2022 Projected	2023 Projected	2024 Projected	2025 Projected	2026 Projected	2027 Projected
Capital Enhancement	54% \$ 2,238,000	60% \$ 2,510,000	57% \$ 2,945,000	34% \$ 821,500	18% \$ 1,100,000	32% \$ 1,150,000
Capital Maintenance	43% \$ 1,790,000	38% \$ 1,570,000	37% \$ 1,932,000	61% \$ 1,495,000	32% \$ 1,932,000	68% \$ 2,495,000
Planning Studies	4% \$ 150,000	2% \$ 100,000	1% \$ 60,000	5% \$ 120,000	1% \$ 60,000	0% \$ -
New Capital	0% \$ -	0% \$ -	5% \$ 240,000	0% \$ -	49% \$ 3,000,000	0% \$ -
Total Capital Expenditures	100% \$ 4,178,000	100% \$ 4,180,000	100% \$ 5,177,000	100% \$ 2,436,500	100% \$ 6,092,000	100% \$ 3,645,000

Table 7. BPR Planned Capital Projects 2022-2027. Source: BPR CIP Worksheet

BPR is currently not meeting the goal set by the 2016 Capital Investment Strategic Plan of spending between 2-3% of CRV annually on capital repairs and replacement. This shortfall in capital is experienced only when BPR funds are considered, and does not include other one-time infusions of cash, such as the CCS tax, which are unpredictable and vary by year. When updated to account for the Department's total 2021 CRV of \$298,476,655, BPR should be spending between \$6 and \$9 million annually on capital repairs and replacement. Between 2016 and 2020, BPR spent on average \$5.6 million, or 1.9% of CRV, on capital improvements and renovation and refurbishment of facilities. In order to meet the recommended level of spending, BPR would require an additional \$1.9 million to reach its targeted expenditure level of \$7.5 million, or 2.5% of CRV. When one-time infusions of cash are included in analysis, BPR does reach its targeted capital expenditure level of \$7.5 million, however, these one-time infusions support only action level capital improvements and not basic capital repairs and renovations.

BPR has experienced a similar shortfall of funds spent on annual O&M expenditures. Based off the Department's 2021 CRV of \$298,476,655 and the industry standard of allocating approximately 4% of CRV to O&M or ongoing preventative maintenance, the Department should be spending approximately \$11.9 million on O&M. Between 2016 and 2020 BPR spent on average \$8.6 million, or 2.9% of CRV on O&M, resulting in a \$3.3 million gap between current and recommended O&M expenditures.

To meet recommend spending goals for capital projects and O&M, BPR would have required, on average, an additional \$5.2 million annually between 2016 and 2020. Given the greater gap in O&M expenditures versus capital expenditures, BPR must prioritize increasing funds available for O&M expenditures. Figure 7 depicts BPR's current expenditures (BPR funds only) compared to recommended expenditures, illustrating the \$1.9 million gap between current and recommending capital spending and the \$3.3 million gap between current and recommending O&M spending.

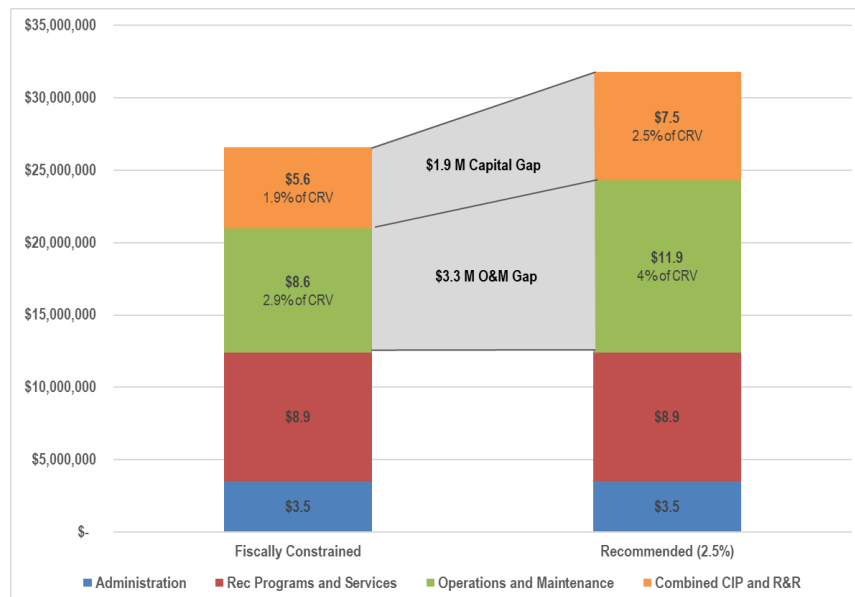


Figure 7. Average BPR Expenditures 2016-2020 compared to recommended expenditure levels for Capital and O&M.

To quantify gaps in funding for targeted capital repair and replacement, an analysis was performed that looked at current projected capital expenditures from 2022 through 2027. These expenditures were compared with updated targets for repair and replacement based off updated 2021 CRV estimates. The results of the analysis, illustrated in Table 10, show that for nearly every year through 2027, BPR requires additional funds to meet its capital repair and replacement goals. Due to the method by which BPR tracks CRV, appreciation is based on the current replacement value for the same asset in present day costs, and as a result BPR's assets appreciate over time. As BPR's asset portfolio continues to appreciate, and as assets continue to age, increasingly more funds will be required to maintain its assets.

Recommended Expenditures	Projected Capital Expenditures						
	2022 Projected	2023 Projected	2024 Projected	2025 Projected	2026 Projected	2027 Projected	
Total	\$ 4,178,000	\$ 4,180,000	\$ 5,177,000	\$ 2,436,500	\$ 6,092,000	\$ 3,645,000	
2% of CRV \$ 5,969,533	Additional Funds Required to Meet 2% Goal \$ 1,791,533	\$ 1,789,533	\$ 792,533	\$ 3,533,033	\$ -	\$ 2,324,533	
3% of CRV \$ 8,954,300	Additional Funds Required to Meet 3% Goal \$ 4,776,300	\$ 4,774,300	\$ 3,777,300	\$ 6,517,800	\$ 2,862,300	\$ 5,309,300	

Table 8. Additional Funds Required to Meeting Capital Repair and Replacement Targets. Source: BPR CIP Worksheet.

BPR Financial Projection: 2022-2026

Table 7 illustrates BPR's projected funding and expenses through 2026. Data on funding sources was collected from the City of Boulder's fund balance and allocation projections within the City's 2021 Approved Budget document. Assumptions used to calculate BPR's projected uses of funds were developed through a review of past year over year shifts in expenditures, living wage increases for both employees and contractors, competition with other front range communities for residents and employees, data available from the Department's 2022 CIP Plan, and feedback received from BPR finance staff.

Based on these projections and as illustrated in Table 11, BPR is anticipated to have a minor budget surplus through 2025 and a minor budget shortfall in 2026. It is important to note that while BPR is anticipated to have a minor surplus, the projected expenditures within Table 11 do not account for unforeseen capital or operating cost expenditures, or the additional funds required to meet 2021 CRV repair and replacement goals or to achieve goals established with this master plan.

As indicated by the imbalance of BPR's projected average annual expense growth rate (5.8%) and projected funding growth rate (2.8%), funds required to meet 2021 CRV repair and replacement goals and annual O&M spend goals, \$20,579,515 in backlogged maintenance, and approximately \$177,935,000 million in unfunded capital projects, BPR is faced with the challenging task of continuing to serve the community and operate its facilities with an increasingly strained budget. BPR must be prepared to identify and implement other revenue generating activities and/or strategies in the coming years to supplement its current funding sources.

Projected Source of Funds	2022	2023	2024	2025	2026	Average Annual Growth Rate: 2022-2026
General Fund	\$ 6,022,134	\$ 6,160,678	\$ 6,302,410	\$ 6,447,403	\$ 6,447,403	1.7%
Permanent Parks and Recreation Fund	\$ 3,768,701	\$ 3,814,229	\$ 3,999,724	\$ 4,037,548	\$ 4,246,162	3.0%
Recreation Activity Fund (RAF)	\$ 10,363,792	\$ 10,592,911	\$ 10,917,767	\$ 11,163,416	\$ 11,539,680	2.7%
.25 Cent Sales Tax Fund	\$ 8,540,881	\$ 8,916,426	\$ 9,315,081	\$ 9,638,130	\$ 9,893,899	3.7%
Lottery Fund	\$ 428,000	\$ 428,000	\$ 428,000	\$ 428,000	\$ 428,000	0.0%
Total	\$ 29,123,508	\$ 29,912,244	\$ 30,962,982	\$ 31,714,497	\$ 32,555,144	2.8%
		2.71%	3.51%	2.43%	2.65%	
Projected Use of Funds	2022	2023	2024	2025	2026	Average Annual Growth Rate: 2022-2026
Personnel	\$ 13,939,444	\$ 14,636,416	\$ 15,368,237	\$ 16,136,649	\$ 16,943,481	5%
Operating	\$ 7,245,813	\$ 7,535,646	\$ 7,837,071	\$ 8,150,554	\$ 8,476,577	4%
Interdepartmental Charges	\$ 865,000	\$ 890,950	\$ 917,679	\$ 945,209	\$ 973,565	3%
Capital	\$ 4,178,000	\$ 4,180,000	\$ 5,177,000	\$ 2,436,000	\$ 6,092,000	N/A*
Total	\$ 26,228,257	\$ 27,243,012	\$ 29,299,987	\$ 27,668,412	\$ 32,485,623	5.8%
Projected Available Funding	\$ 2,895,251	\$ 2,669,232	\$ 1,662,995	\$ 4,046,085	\$69,521	

Table 9. BPR Projected Funding & Expenditures, 2022-2026. Source: 2021 Boulder City Budget

BPR Unfunded Capital Projects

As part of its capital planning strategy, BPR tracks all unfunded capital projects. Unfunded capital projects are sorted into three alternative plans based on the City's financial planning approach:

- **Fiscally Constrained:** plans that prioritize spending within current budget targets.
- **Action:** plans that include extra services and/or capital improvements that should be pursued when additional funding becomes available.
- **Vision:** plans that include the complete set of services and facilities desired by the community.

Table 12 illustrates BPR's total unfunded capital projects and annual operation and maintenance (O&M) costs associated with each plan's projects. Based on a review of BPR strategic plans created since 2014 and completed and funded capital projects, as of 2021 BPR has approximately \$177,935,000 in unfunded capital projects. As BPR's facilities continue to age and demand for parks and recreation resources continues to rise, BPR's ability to allocate funding for unfunded projects is likely to become increasingly challenging. While these projects vary regarding critical need and purpose, there is a clear need for additional funding to accomplish the replacement, repairs, and new development necessary for BPR to meet the full expectations and needs of the community.

Plan Type	Capital Cost	Annual O&M
Fiscally Constrained Plan	\$ 11,935,000	\$ 232,000
Action Plan	\$ 43,000,000	\$ 945,000
Vision Plan	\$ 123,000,000	\$ 3,600,000
Total	\$ 177,935,000	\$ 4,777,000

Table 10. BPR Unfunded Capital Projects by Plan Type. Source: BPR 2021-2026 Ongoing Unfunded Project List.

Funding Gaps Based on Unfunded Capital Needs

To demonstrate the amount of funds required for BPR to accomplish its unfunded projects outlined by the Fiscally Constrained, Action, and Vision Plans, a *What if* analysis was performed based on the Department's current funding and expenditure projections. The analysis examined what types of funding would be required if BPR desired to implement all unfunded Fiscally Constrained, Action, and Vision projects, along with their respective increases in annual operating and maintenance, over the next five-year period.

The analysis, illustrated in Table 13, produced the order of magnitude of additional funding by year, that would be required to accomplish each plan as well as fund each plan's reoccurring annual maintenance. The analysis demonstrated that, based off current funding and expenditures projections, BPR would require an additional \$1.7 million to accomplish all Fiscally Constrained projects, \$36.3 million to accomplish all Action projects, and \$130 million to accomplish all Vision projects.

	2022	2023	2024	2025	2026
Projected Funding	\$ 29,123,508	\$ 29,912,244	\$ 30,962,982	\$ 31,714,497	\$ 32,555,144
Projected Expenditures	\$ 26,228,257	\$ 27,243,012	\$ 29,299,987	\$ 27,668,412	\$ 32,485,623
Balance	\$ 2,895,251	\$ 2,669,232	\$ 1,662,995	\$ 4,046,085	\$ 69,521
Unfunded Capital Projects					
Fiscally Constrained Plan	\$ 2,619,000	\$ 2,619,000	\$ 2,619,000	\$ 2,619,000	\$ 2,619,000
Action Plan	\$ 9,545,000	\$ 9,545,000	\$ 9,545,000	\$ 9,545,000	\$ 9,545,000
Vision Plan	\$ 28,200,000	\$ 28,200,000	\$ 28,200,000	\$ 28,200,000	\$ 28,200,000
Funding Gaps by Plan Type					
Fiscally Constrained Balance	\$276,251	\$50,232	\$956,005	\$1,427,085	\$2,549,479
Action Balance	\$6,649,749	\$6,875,768	\$7,882,005	\$5,498,915	\$9,475,479
Vision Balance	\$25,304,749	\$25,530,768	\$26,537,005	\$24,153,915	\$28,130,479
Total Funding Gap	\$31,678,248	\$32,356,303	\$35,375,015	\$28,225,745	\$40,155,437

Table 11. Funding Gaps Required to Meet Unfunded Project Needs. Source: 2021 Boulder City Budget, 2021-2026 BPR Ongoing Unfunded Project List.

Comparative North American Parks and Recreation Summary

As part of the Master Plan update process, three comparable North American Parks and Recreation Departments were interviewed to better understand how other Departments are maintaining consistent levels of service for their communities, despite budgetary constraints, capital needs, and cost increases.

Fort Collins Recreation Department - Fort Collins, CO

The Fort Collins Recreation Department operates 971 acres of parkland and serves a population of 165,000 people. Over the past several years, the Fort Collins Recreation Department has been developing funding increases through revenue generation. The goal of the Department is to be mostly self-sufficient, generating enough revenue to cover operating costs. Prior to 2020, the Department was averaging between 70% and 74% cost recovery through program fees alone. The remaining 25% to 30% of staff and daily operating costs are funded through the City's General Fund. To meet their self-sustaining financial goals, the Department has worked diligently to increase participation in their facilities and membership passes.

The Department does not have a formal approach to cost recovery; however, they plan on establishing a formal cost recovery strategy for each program to help programmers better understand the overhead costs associated with their individual programs. Some programs, like their adaptive recreation programs, are subsidized by higher revenue programs like recreational sports programs. Membership and pass sales constitute a key part of the Department's funding strategy. Passes are sold in one month, six month, or annual increments and allow the passholder to use any facility. Passholders also receive discounts on fitness classes which drives fitness participation. There are daily fees for facility use by non-pass members, however, pass fees do not differ between residents and non-residents.

Program fee increases are staggered incrementally every two to three years between programs. Fee increases for certain sets of programs with more cost-sensitive participants, such as seniors, are staggered over longer periods of time to avoid significantly impacting a participant's ability to pay. The Department takes a market approach to fee structuring, regularly comparing internal fees within the area to private operators offering similar services. Fees for certain programs for key user groups, such as seniors and low-income residents, are subsidized directly from the City's General Fund.

During the past five-years, program capacity has been mostly flat. Due to budget constraints, the Department has been prioritizing programs that generate more revenue, with programs that do not qualify for a General Fund subsidy and do not recoup their costs being phased out. The Department's highest revenue-generating activities are from their indoor ice rink. Because the ice rink is only one of a few in the northern Colorado area, it attracts competitive skating, coaching, the Colorado State University hockey team, and adult and youth hockey teams from throughout the region. Fee based rink access amongst these groups provides the Department with significant excess revenue. Other revenue drivers for the Department come from their seasonal outdoor water parks and from third-party sports leagues that operate in their facilities.

Capital funding for the Department is generated through voter-approved tax measures while program expansions have typically been funded through sales tax initiatives. While all major maintenance projects for their facilities are funded through a dedicated operations and services fund, smaller everyday repairs and lifecycle replacement of equipment

and amenities are funded through a recreation reserve account that the Department has built up over time. The City of Fort Collins has a policy in place preventing the Recreation Department from allowing advertising in all facilities except for the Ice Rink. The Department's marketing and communications team reaches out to potential sponsors each time they host special events and large community events in the facility.

South Suburban Parks and Recreation District – Littleton, CO

The South Suburban Parks and Recreation District serves approximately 157,000 residents in the Town of Bow Mar, Town of Columbine Valley, City of Littleton, City of Sheridan, City of Centennial west of 1-25, City of Lone Tree, and unincorporated portions of Douglas County, Jefferson County and Arapahoe County. The Department manages 125 parks and multiple facilities on 3,800 acres of land.

Over the past 15 years, the South Suburban Parks and Recreation District (SSPRD) has increased their allocated funds for capital projects from \$2 million to \$10 million. While the Department previously operated with substantial deferred maintenance, a voter-approved 2 mil tax levy increase approved in 2014 within their service area in combination with a rapid rise in property taxes has enabled SSPRD to allocate significant funds towards reduction of deferred maintenance and implementation of capital projects.

The 2-mil tax levy generates between \$6 million and \$7 million per year, all of which is dedicated to the Department's operations and maintenance. To manage deferred maintenance and capital replacement each year, SSPRD allocates \$8-10 million for capital expenditures annually. In addition to generating \$40 million in revenue, bond proceeds have been used to fund the construction of a new \$63 million recreation facility. This facility has the capacity to hold more year-round programs, and in turn generate more revenues for the Department.

Each year SSPRD performs an evaluation of trending recreational programs to capitalize on new revenue generating projects. Individual programmers have the authority to make decisions on fee increases for individual programs as well as program prioritization. For programs that are typically found in the private sector, there are generally less fee increases due to increased competition. However, fee increases are more common amongst programs where SSPRD has limited area competition. The only programs within SSPRD that are subsidized are senior programs and a portion of the youth programs. The Department uses a market approach to determine which programs to subsidize, and to what extent, through surveying program participants' willingness to pay at other providers. In total the department generates roughly \$28 million in revenues from fees annually.

In addition to traditional revenue sources, each year SSPRD also applies for public and private grant programs, including scientific and cultural arts grants to fund some specific programs and offset costs for redevelopment. The Department has an employee whose primary job function is to apply for grant programs each year. Most recently, three ice rinks in their new recreation facility were funded through a grant matching program. In addition to grants, SSPRD also pursues naming rights and sponsorship opportunities from area businesses.

Ann Arbor Parks and Recreation Department - Ann Arbor, MI

The City of Ann Arbor's Parks and Recreation Department operates 163 parks and 15 park facilities. Currently, the Department is receiving funds from a six-year millage approved by voters in 2016. The millage provides funding for large scale capital projects and operating costs to maintain a consistent levels and quality of service for the community. Language within the millage states that 60% to 80% of revenue will be budgeted toward maintenance, and the other 12% to 40% of revenue shall be allocated toward capital projects, including rebuilds of existing facilities.

To preserve millage revenues, the Department strategically targets local non-profit partners to raise funds for capital projects and maintenance. Recently, the Department partnered with a local non-profit to fund the development of a skatepark, with 10% of each dollar raised being allocated to an endowment used for annual maintenance costs. As the endowment has received additional fund contributions and gained earning from interest, it has grown to be capable of covering most maintenance costs.

The Ann Arbor Parks and Recreation department also works with local developers to solicit cash contributions for parks related projects. Non-mandatory contributions are stated in the development agreement prior to the developer receiving a certificate of occupancy. The cash contribution is determined by the costs associated with maintenance

from increased use and demand for facilities. The funds from these contributions are allocated towards parks nearby the development, or larger parks used by most Ann Arbor residents. Despite the fact that the cash contribution is voluntary, many developers still choose to participate.

The Department's program revenues have grown over the last ten years. Resulting revenue from programs is used to offset the program costs, however, oftentimes the Department is unable to achieve full cost recovery. None of the Department's programs are entirely funded through their General Fund as program revenues are sufficient to cover many program costs. Added amenities offset expense increases and help subsidize losses associated with the subsidized communities and facilities, such as the City's senior centers. One of these amenities includes Michigan's largest livery operation which has grown from bringing in \$10,000 per year to over \$1 million.

The Department's Capital Improvement Plan (CIP) includes a scoring matrix where projects are scored against each other to identify improvements for discussion. Additional criteria they consider are use levels and popularity. The department references a model of their assets where they can see what assets are beyond their useful life. Because of the high number of facilities and capital needs, the Department follows a strategic plan for all capital improvements and unexpected projects. Capital projects are funded through the city's capital improvements budget. The department allocates funds into certain categories of capital improvements instead of specific projects, and acts in accordance with that plan. This provides flexibility for fund allocation and approval from the city.

The Department has considered the idea of partnering with sponsors; however, they do not have the staff to support soliciting corporate sponsors. Additionally, facility sponsorships are not abundant in Ann Arbor and can be seen as outside of the communities' values with regards to community parks and recreation.

Funding and Revenue Generating Strategies

Additional Funding Opportunities: Grant Programs

Multiple public and private grant programs exist that can be used to fund park programs, operations, and capital development. While the Department has been successful in raising grant funds over the past several years, additional public and private grant opportunities are available.

2016		2017		2018		2019		2020	
Grant / Donation Source	Grant / Donation Amount	Grant / Donation Source	Grant / Donation Amount	Grant / Donation Source	Grant / Donation Amount	Grant / Donation Source	Grant / Donation Amount	Grant / Donation Source	Grant / Donation Amount
Forestry (Community)	\$ 1,330	Forestry (Community)	\$ 2,575	Forestry (Community)	\$ 9,800	Forestry (Community)	\$ 8,330	Forestry (Community)	\$ 2,513
EXPAND/Inclusion	\$ 5,776	EXPAND/Inclusion	\$ 61,658	EXPAND/Inclusion	\$ 55,292	EXPAND/Inclusion	\$ 94,129	EXPAND/Inclusion	\$ 63,450
YSI	\$ 36,639	YSI	\$ 54,955	YSI	\$ 186,044	YSI	\$ 311,353	YSI	\$ 147,211
Memorial Bench	\$ 15,000	Civic Area	\$ 97,075	Sports (PLAY Donation)	\$ 2,375	Golf- Clock Donation	\$ 11,000	Boulder Reservoir (PLAY)	\$ 147,036
Knight Foundation	\$ 201,400	Natural Lands Lois Webster Grant	\$ 1,308	Volunteer Services	\$ 1,500	EV Station Reservoir	\$ 18,000	History Colorado	\$ 101,196
Special Events Winter Skate	\$ 2,500	Memorial Bench	\$ 18,000	Donations for North Boulder Park	\$ 34,319	EV Station Scott Carpenter Pool	\$ 18,000	Memorial Benches	\$ 6,000
Columbia Cemetery Donation	\$ 317	Special Events Lights	\$ 9,940	Health Equity Fund- Facility Access	\$ 650,105	Rotary Club Peace Garden	\$ 42,750	Health Equity Fund- Facility A	\$ 75,000
		State Grant Columbia Cem	\$ 24,300	Community Outreach (PLAY)	\$ 999	Health Equity Fund- Facility Access	\$ 150,000	Special Events	\$ 500
				Memorial Bench	\$ 6,000	Memorial Bench	\$ 9,000	Natural Lands	\$ 500
				NBRC Platform Tennis (PLAY)	\$ 6,800	Special Events	\$ 2,500		
				Special Events	\$ 750	State Grant Columbia Cem	\$ 16,200		
Total	\$ 262,962	Total	\$ 269,911	Total	\$ 953,984	Total	\$ 681,262	Total	\$ 543,406

Table 12: Grant and Fundraising Contributions, 2016-2020. Source: Boulder Parks and Recreation.

The following section provides a summary of grant programs that are applicable to BPR and could provide additional funding opportunities for both programming and capital projects.

Transportation Alternatives Fund:

Any local or regional governmental agency engaging in transportation or recreational trails are eligible to apply to this program. The program is administered through the Colorado Department of Transportation and provides funding for programs and projects defined as transportation alternatives, including on- and off-road pedestrian and bicycle facilities, infrastructure projects for improving non-driver access to public transportation and enhanced mobility, community improvement activities, and environmental mitigation, recreational trail program projects. There is a required minimum match of 20% of funds. Applicants must meet the requirements for both general eligibility and demonstrate benefits to the community through enhanced safety, improvements to transportation investment, improvements to state and regional economy, expansion of recreational opportunities, improvements to transportation equity. The project must hold a low risk and be at the regional or local level. The minimum request is \$50,000 and the maximum is \$1,851,289 for CDOT Region 4 (Boulder) in 2021.

Outdoor Recreation Legacy Partnership Program:

This program, administered by the U.S. Department of the Interior, is open to state and local government agencies who represent a jurisdiction of at least 50,000 and are listed as one of the 497 urbanized areas set by the U.S. Census Bureau. This grant funds acquisition and/or development of public parks and recreational areas in underserved neighborhoods. The award amount ranges from \$250,000 to \$750,000. There must be partners involved and funds are expected to be matched at a 1:1 ratio or more.

Kubota Hometown Proud Grant Program

This program is open to any city, town, municipality, or nonprofit for the purpose of renovating public space for a community project. The grant provides \$100,000 and use of Kubota equipment.

Non-Motorized Trails Grant Application:

This program, administered by Colorado Park & Wildlife, supports the construction, maintenance, or planning and support for non-motorized trails in Colorado. Applicants must be local, county or state governments, recreation and metro districts, and non-profit organizations. Projects are awarded up to \$250,000 in construction, \$250,000 in maintenance, and \$45,000 in planning and support. All projects are expected to match funding at a minimum ratio of 1:3 with 30% of matched funding in cash.

Colorado Great Outdoors Program:

The Colorado Great Outdoors Program offers grants for outdoor recreation and land conservation in Colorado. Some of these grants include:

- Community impact grants – Funding the development and revitalize parks, trails and other outdoor projects connecting the community to the outdoors.
- Stewardship Impact Grants – Funding land and recreation projects that improve ecological and recreational spaces.
- Local Park and Outdoor Recreation Grants – Funding up to \$60,000 for park development, land acquisition and park maintenance.
- Land Conservation Grants – Funding for improvements to landscapes, waterways, habitat on publicly accessible land.
- RESTORE Colorado Grant – Awarded to programs that restore natural habitat including river corridors, wetlands, grasslands, sagebrush, big game migration routes, and forests.
- Conservation Service Corps - \$1,000,000 is annually awarded to hire conservation service corps for trail maintenance and natural land improvements. Cities, counties, and parks and recreation districts are eligible to apply.

Land and Water Conservation Fund State Grants:

This program provides matching grants for state, county, and local governments who develop public outdoor recreation areas and facilities. This includes land acquisition, facility development, facility reclamation, and analytical studies on opportunities. The maximum request is \$750,000 and requires a matching ratio of 1:1.

National Endowment for the Arts:

The National Endowment for the Arts offers grant opportunities for projects that provide artistic and cultural opportunities to the community. These grants include:

- Grants for Arts Projects – Funding is provided for projects including events and activities. Funds range from \$10,000 to \$100,000 and require cost share/matching.
- Our Town – Funding is provided for integrating arts, culture, and design into projects to strengthen communities. Funds range from \$25,000 to \$150,000 and require cost share/matching.
- Challenge America – Funding is provided for projects that provide arts opportunities to underserved populations. Funds are set at \$10,000 and require cost share/matching.

Gates Family Foundation Parks and Recreation Grants

This program funds projects that build parks, trails, and open space for public recreation. Funds are also allocated to environmental education programs and conservation of water resources and habitat. Previous awards have ranged from \$10,000 to \$150,000. The Gates Family Foundation also offers strategic grants and impact investments.

Colorado Watershed Restoration Grants:

Funds are allocated to projects restoring watersheds and streams along with flood mitigation and stream management.

Department of Interior – Bureau of Land Management, Colorado State Office, Fisheries and Aquatic Resource Management:

Funding ranges from \$5,000 to \$50,000 for this program aimed at land and aquatic resource conservation and protection of biodiversity.

Revenue Generating Development Opportunities

As parks and recreation Departments throughout the country continue to balance increasing costs with decreasing funding, many have pursued new development opportunities to create additional streams of revenue for their Department. The following section summarizes emerging revenue generating opportunities within parks and recreation.

Ropes Courses / Adventure Parks

Ropes courses & adventure parks have grown in popularity throughout the past decade due to their high profit margin and ability to attract visitors.³⁹ Ropes courses can attract a variety of user groups depending on the height of the course. “Low” ropes courses are generally 1 to 10 feet in height and meant for younger, less experienced, participants. “High” ropes courses are generally 15 to 60 feet in height and are designed to provide more mentally and physically challenging environments for older, more experienced participants.⁴⁰ High ropes courses are divided into two categories: belayed and non-belayed. Belayed high ropes courses allows visitors to move around the course while wearing a harness that attaches to a belay system while non-belayed rope courses do not require the use of a harness.

Depending on design and level of difficulty, ropes courses can appeal to a wide variety of user groups including individual adults, families, and corporate users leveraging the course for teambuilding activities. This wide range of user groups can enable continuous facility usage both during the week and on the weekend, with high/low ropes course providers reporting an average of 216.5 operating days in 2019. Ropes course programming can also be supplemented by a variety of additional programming options including, but not limited to, ground-based team building activities, zip lines, climbing walls, nature walks, retail, concessions, and picnic/pavilion space.⁴¹ Space requirements for ropes course will vary depending on the design and additional amenities chosen for the course.

Performance Amphitheater / Event Lawn

An amphitheater and event lawn can be an excellent way to further activate park space while also generating additional revenue and entertainment opportunities for the community. While the Boulder Bandshell and Sunrise Amphitheatre (operated by Open Space and Mountain Parks) provide opportunities to host smaller outdoor events, Boulder currently lacks a larger pavilion / event lawn that could be used to attract regional concerts and performances. Additionally, the Boulder Bandshell is limited in what activities are permitted due it being a historic resource.

Amphitheaters can vary regarding design and complexity, ranging from minimalist shells or pavilions to technology infused sound and lighting stages. Seating is normally limited to a surrounding event lawn which can range in size between one and forty acres, though some amphitheaters have an enclosed pavilion with fixed seating. Outdoor amphitheaters can be located on either flat or sloped land, with the opportunity to leverage changes in grade to create tiered seating and improved sightlines for guests located further away from the pavilion.

³⁹ [State of the Industry Preliminary Report - Adventure Park Insider](#)

⁴⁰ [Tips for Starting a Ropes Course Business, Softplay LLC](#)

⁴¹ [State of the Industry Preliminary Report - Adventure Park Insider](#)

Pavilions have become a popular programming element of parks spaces. Red Butte Gardens in Salt Lake City, Utah holds more than 30 events per year, ranging from symphony performances and community theater to national touring performers and musicians.⁴²

eSports Facility/Space

eSports is a type of competitive sporting event using video games. Over the past decade, eSports has become a \$1.1 billion dollar industry, with teams and individuals competing globally in web-based and in-person competitions. As the popularity of eSports has grown, so have the spaces used to facilitate competition. Recently, dedicated eSports facilities have begun to be developed throughout the U.S., with municipalities and colleges and universities developing their own dedicated competition spaces. Currently, Northern Colorado and the Denver Metro area is lacking a defined eSports competition space. With a captive market in the CU Boulder eSports Team and other area amateur teams, BPR may have an opportunity to dedicate and rent out space within one of its facilities for eSports competitions.

Fundraising Resources

Parks and recreation Departments throughout the country often rely on community fundraising and support to supplement funding and drive community backed initiatives. While the PLAY Boulder Foundation has become increasingly sophisticated as it relates to community fundraising, additional opportunities exist to further raise financial support from within the community. The following resources provide best practices and strategies around fundraising for parks and recreation Departments.

- *The National Recreation and Park Association: Park and Recreation Professionals' Guide to Fundraising*⁴³
- *Parks Pride: A Manual for Community Based Fundraising*⁴⁴

Findings & Recommendations

BPR has made significant strides since the 2014 Master plan in improving the Department's approach to cost recovery, capital planning, program prioritization, and asset management. While the Department's planning methodologies have become more sophisticated, they have also become more cumbersome and time consuming to understand, update, and use. In addition, while BPR has consistently met the public expectations around programs and facilities, increased financial pressure from aging assets, deferred capital projects, increasing personnel and operating costs, and unfunded capital projects will require the Department to increase cost recovery and revenue generation wherever possible. BPR must continue to pursue cost recovery within its programs and creative means of revenue generation to reduce reliance on tax funded support.

The following are findings and recommendations related to Department's financial position and operating strategies:

- Reduce reliance on the city's General Fund and other tax supported funding streams. Three of BPR's five funding sources are supported primarily through tax revenues. Because tax revenue sources are susceptible to shifts in the economy, as exhibited by the impact of the coronavirus pandemic, BPR should continuously evaluate alternative revenue sources and opportunities to recuperate costs through user fees and other avenues.
- While BPR has developed a clear methodology to plan, prioritize, and evaluate programming, the current Service Delivery Framework is cumbersome to use and difficult to understand. A simplified version of the framework should be developed to enable program managers to plan, evaluate, and modify their programs on an annual basis.
- BPR should track facility cost recovery to determine to what degree membership rates cover overhead operating costs.
- Simplify the RPI scoring system and number of tiers of cost recovery. Currently, the number of tiers tied to cost recovery is both confusing and difficult to keep track of if a program manager is managing multiple programs.

⁴² [Concerts, Red Butte Garden](#)

⁴³ [National Recreation and Park Association: Professional's Guide to Fundraising](#)

⁴⁴ [Park Pride: A Manual for Community Based Fundraising](#)

Additionally, while the RPI suggests a cost recovery rate, that does not necessarily correlate to the amount of subsidy available and BPR should ensure available subsidy dollars matches target cost recovery rates.

- Annually update the Department's CRV numbers to ensure the appropriate funds are being spent on capital repair and replacement activities.
- Track O&M related expenses as additional budget category to the Department's existing categories (i.e., personnel, operating, interdepartmental charges, and capital) to ensure that sufficient funds are being spend on O&M annually as determined by the Department's CRV.
- Track annual cost recovery targets by program against actuals to ensure cost recovery targets are being met.
- Continue to develop a strong relationship with the PLAY Boulder Foundation. The PLAY Boulder Foundation has made significant strides in fundraising over the past several years. BPR should continue to grow its relationship with PLAY to ensure alignment between the two organizations to best facilitate community fundraising.
- Evaluate innovative revenue generating programming and facility development on an annual basis. Cost/benefit analysis and financial assessments should be used to evaluate new programming and development.
- Investigate alternatives to the PASS recreational that enables a simplified costing process.
- Pursue both private and public grant funding on an annual basis to supplement Departmental revenues and identify funding opportunities for currently unfunded projects.