

Report on Community Services Cost of Services (User Fee) Study

SALEM, OREGON

FINAL REPORT

May 2025



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1. Introduction and Executive Summary

The report, which follows, presents the results of the Community Services specific Cost of Services (User Fee) Study conducted by the Matrix Consulting Group for the City of Salem, Oregon.

Project Background and Overview

The City of Salem has not conducted a formal fee study of its Community Services fees. The purpose of this study is to evaluate and determine the full cost (direct and indirect) of providing a variety of parks and recreational services. The Matrix Consulting Group analyzed the cost-of-service relationships that exist between fees for service activities in the following areas: Center 50+; Library; Parks, Rentals, Neighborhood Recreation; and Softball, Kickball, and Tournaments. The results of this study provide a tool for understanding the current cost associated with these services and activities.

General Project Approach and Methodology

The work accomplished by the Matrix Consulting Group in the analysis of the proposed fees for service involved the following steps:

- **Staff Interviews:** The project team interviewed staff regarding their needs for clarification to the structure of existing fee items, or for addition of new fee items.
- **Data Collection:** Data was collected for each fee, including time estimates and any material costs. In addition, all budgeted costs and staffing levels for Fiscal Year 2024 were entered into the Matrix Consulting Group's analytical software model.
- **Cost Analysis:** The full cost of providing each service was calculated based on salaries, benefits, productive work hours, and direct material and facility leasing costs.
- **Review and Approval of Results with City Staff:** City staff has reviewed and approved these documented results.

A more detailed description of user fee methodology, as well as legal and policy considerations, are provided in subsequent chapters of this report.

Within parks and recreation services, the cost of service varies depending upon the number of participants, the desirability of the program, and the amenities offered at the facilities / parks. Therefore, while the project team has calculated City costs based upon certain assumptions, City staff should carefully review that information and set their fees based upon market demand and the options to incentivize services.

Summary of Results

When comparing FY25 fee-related expenditures with fee-related revenue from FY25, Community Services is under-recovering its costs by approximately \$293,000 or recovering 69% of its costs. The following table shows the revenue collected, the total annual cost, the resulting difference, and the resulting cost recovery percentage by major service area.

Table 1: Annual Cost Recovery Analysis

Fee Program	Current Revenue¹	Fee-related Cost²	Difference	Cost Recovery %
Recreation Svcs	\$293,329	\$569,896	(\$276,567)	51%
Parks	\$321,196	\$196,234	\$124,963	164%
Center 50+	\$34,232	\$81,240	(\$47,008)	42%
Library	\$9,287	\$103,557	(\$94,270)	9%
Total	\$658,044	\$950,927	(\$292,882)	69%

Generally, the typical cost recovery for parks and recreation services is between 20-50%. The City, at 69%, is above the typical range of cost recovery.

The Recreation Services' deficit of \$276,000 is the largest dollar value difference, reflecting subsidies in relation to youth sports and programs. The only over-recovery is in relation to Parks at \$125,000, which is primarily due to Pringle Hall and Riverfront Park rentals. It is common to see overages in relation to rental fees, as these types of fees are based on market demand rather than direct cost of service.

The display of the cost recovery figures shown in this report is meant to provide a basis for policy development discussions among Council members and City staff, and it does not represent a recommendation for where or how Council should act. The setting of the "rate" or "price" for services, whether at 100 percent full cost recovery or lower, is a policy decision to be made only by Council, with input from City staff and the community

GFOA best practices for *Establishing Government Charges and Fees*, state that governmental entities should review and update charges and fees periodically based on factors such as the impact of inflation, other cost increases, adequacy of cost recovery, use of services, and the competitiveness of current rates in order to avoid large infrequent fee increases. Additionally, adopting the practice of conducting comprehensive analyses every five to seven years allows for any changes to organizational structures, processes, or any new service areas to be captured.

¹ This revenue is based on taking FY24 workload information and multiplying it against current fees to calculate the projected revenue.

² Fee-related cost represents for that same workload information multiplying it against the full cost calculated in the study. It will not tie to the total departmental expense, as it is meant to tie to the total fee-related cost incurred based upon application and permits processed.

2. Legal Framework

This section of the report is intended to provide an overview regarding overall legal rules and regulations for fees for service. It is generally accepted that a “user fee” is a charge for service provided by a governmental agency to a public citizen or group. In Oregon, if the cost of user fee is not set by statute or law it can then be determined by state commission or city ordinance. Additionally, while there is no specific law outlining criteria for establishing municipal user fees, precedence stipulates that user fees charged meet the following two criteria;

1. Be reasonably related to the administration of the service provided;
2. Provide a benefit to the payer of the fee.

Adherence to these principles helps to guide the results generated through this analysis. As such, any surpluses reflected in the report may not necessarily need to be reduced to the cost of service, rather the fee amount(s) should be proportionate to the service provided. In the case of community service fees it is generally acceptable to allow for fee amount(s) to be based upon the rates that the market can bear. Charges for rental fees, recreation classes, youth sports, and adult sports, etc, are not a charge that is “imposed upon residents.” Rather, residents can rent facilities or participate in the recreational programs offered by local governments or utilize a private (non-governmental) entity for those activities / services. As such, rental rates can depend upon a variety of features of the facility or park being rented, and recreation program rates can be set based on the combination of the cost of administering the program and the demand for the program (estimated participation).

3. User Fee Study Methodology

The Matrix Consulting Group utilizes a cost allocation methodology commonly known and accepted as the “bottom-up” approach to establishing fees. The term means that several cost components are calculated for each fee or service. These components then build upon each other to comprise the total cost for providing the service. The following chart describes the components of a full cost calculation:



The two identified components were used to calculate the full cost to the City of providing various services. The following sections detail each component.

Staff Costs

This cost component reflects the cost associated with staff time and effort associated with administering and providing these services. The cost is based upon two factors:

1. **Time Assumptions:** This reflects the time associated with processing, reviewing, intaking, answering questions, set up / clean up, and other support activities.
2. **Fully Burdened Hourly Rates (FBHR):** This represents the full cost to the City of an employee existing and providing services. It consists of direct cost components such as salaries, benefits, and productive hours³. It also includes costs associated with internal citywide overhead⁴.

The time assumption is multiplied by the FBHR to arrive at the total staff cost associated with providing or administering a particular fee-related activity.

Material Costs

Certain fees include costs associated with materials that might be necessary to provide the service. These material costs generally included items such as the cost of equipment or use of space / impact to the space sustained by the permitted activity.

³ Productive hours refer to 2,080 hours of a full-time position reduced by sick, vacation, and holidays.

⁴ The citywide overhead value used was determined through the City's cost allocation plan.

Participation / Average Utilization

The two prior cost components (staffing and material) generate the total cost of a program or activity. For recreation the majority of activities, or rentals are based on the average participation or utilization of hours / space. Therefore, a key assumption in this analysis has been the use of average participation or rental hours when determining the cost per participant or cost per hour. As such, if a service has more or less participants or is used for more or less hours that can directly impact the per unit result. Some items in this analysis may show an over-recovery or under-recovery, but that can be directly impacted based on the level of utilization of the program or the rental space. If it is used more frequently or has higher participation, the cost will decrease. For participation-based programs (i.e. senior fitness classes, softball & kickball leagues, etc) take into consideration we looked at the max number of participants. For space rental we looked at the total hours the space was available for rent. Therefore, when evaluating the results of this analysis, it is important to remember that the level of utilization (hours and participants) directly influences the per unit results calculated through this analysis.

Summary of Cost Components

Together these two cost components ensure that all costs involved in operating and providing services to the public have been accounted for in the calculation of the full cost of the fees.

4. Results Overview

The motivation behind a cost of services (User Fee) analysis is for Council and City staff to maintain services at a level that is both acceptable and effective for the community and to maintain control over the policy and management of these services.

The results presented in this report should not be interpreted as precise measurements. A cost-of-service analysis generally provides a “snapshot in time,” drawing on a fiscal year’s financial and operational data. Adjustments to fee structures and the use of time estimates allow for only a reasonable approximation of subsidies and revenue. The discussion of results in the following sections serves as a summary of the comprehensive and detailed analysis conducted during the study.

The following sections provides at the programmatic level, a summary of modification and a comparison of the full cost of providing services to the current fee for services. The total cost does not represent what fees will actually be charged, rather the column represent what fees were calculated based on the components outlined in the User Fee Methodology chapter of this report. It is ultimately up to City Council to set the rates that charged.

5. Center 50+

Center 50+ is the City's senior center, which, in addition to offering various in-person and virtual classes and wellness activities, the program also facilitates rentals of the facility and rooms. Through partnerships with local agencies, many services offered at the center are subsidized through agreements and grants; due to this, not all fees were reviewed. In addition to room rental rates, services that were evaluated through this analysis include various fitness classes, personal training sessions, and fitness center membership. The following subsections discuss fee schedule modifications and detailed per unit results for the fee-related services provided by this program.

Modifications

In discussions with staff, the following fee name modifications were proposed to the current fee schedule:

- From 'Cleaning Fee – Whole Auditorium' to 'Cleaning Fee – Great Hall'
- From 'Personal Training - 5 Sessions' to 'Personal Training - 5 Sessions Punch Card'
- From 'Personal Training - 10 Sessions' to 'Personal Training - 10 Sessions Punch Card'

All the proposed modifications will help ensure that the fee schedule more accurately reflects the services currently being provided by the Department.

Detailed Results

Center 50+ collects fees for room rental rates, various fitness classes, personal training sessions, and fitness center membership. The following table details the fee name, current fee, total cost⁵, and difference associated with each service offered.

Table 2: Total Cost Per Unit Results – Center 50+

Fee Name	Current Fee	Total Cost Calculated	Difference
Fitness			
<u>Drop In</u>			
Tai Chi	\$6	\$13	(\$7)
Yoga	\$6	\$13	(\$7)
Zumba	\$6	\$13	(\$7)
<u>Personal Training</u>			
Personal Training - 5 Sessions Punch Card	\$200	\$543	(\$343)

⁵ The total cost is calculated is based on two components staff cost and material costs. Both of which are further discussed in the methodology chapter of this report.

Fee Name	Current Fee	Total Cost Calculated	Difference
Personal Training - 10 Sessions Punch Card	\$350	\$1,075	(\$725)
Personal Training Introductory Offer - 1 Session	\$50	\$80	(\$30)
Fitness Center			
Gold Members:			
Annual Membership	\$384	\$1,101	(\$717)
Monthly Membership	\$40	\$92	(\$52)
Quarterly Membership	\$99	\$275	(\$176)
Silver Members:			
Annual Membership	\$180	\$472	(\$292)
Monthly Membership	\$20	\$39	(\$19)
Quarterly Membership	\$50	\$118	(\$68)
Room Rentals			
Application Fee			
Private Rental	\$18	\$130	(\$112)
Alcohol Permit	\$68	\$65	\$3
Lecture Hall			
Weekday During Business Hours	\$54	\$131	(\$77)
Additional Outside of Business Hours Charge	\$15	\$141	(\$126)
Cleaning Fee - Great Hall	\$250	Pass Through	
Equipment Use	\$24	\$27	(\$3)
Fitness Room Rental			
Weekday During Business Hours	\$48	\$89	(\$41)
Additional Outside of Business Hours Charge	\$15	\$99	(\$84)
Kitchen Use Fee	\$180	\$107	\$73
Great Hall			
Half:			
Weekday During Business Hours	\$102	\$345	(\$243)
Additional Outside of Business Hours Charge	\$15	\$355	(\$340)
Full:			
Weekday During Business Hours	\$138	\$345	(\$207)
Additional Outside of Business Hours Charge	\$15	\$355	(\$340)
Room Rental			
Respite Room, Class A, or Class B:			
Weekday During Business Hours	\$48	\$110	(\$62)
Additional Outside of Business Hours Charge	\$15	\$120	(\$105)
Class A & Class B:			
Weekday During Business Hours	\$78	\$137	(\$59)
Additional Outside of Business Hours Charge	\$15	\$147	(\$132)

The large difference between current fees and total costs calculated are common among senior services as these fees tend to be subsidized, allowing increased access to programming. The level of subsidy varies, depending on the service. For example, for a drop-in class, the subsidy is \$7, whereas for the room rental application fee, the subsidy is \$112.

Annual Results

Based on the FY24 permit information in relation to the Fitness Center memberships and room rentals, Center 50+ has an under-recovery of approximately \$47,000. The following

table shows by major fee category: revenue at current fee, total projected annual cost, and the resulting difference.

Table 3: Annual Results – Center 50+

Fee Category	Revenue at Current Fee	Annual Cost	Difference
Drop In Classes	\$4,752	\$10,378	(\$5,626)
Personal Training	\$300	\$479	(\$179)
Fitness Center	\$28,910	\$69,593	(\$40,683)
Room Rentals	\$270	\$790	(\$520)
Total	\$34,232	\$81,240	(\$47,008)

Center 50+ has an annual cost recovery of 42%. A significant portion of the deficit (\$41,000) is in relation to Fitness Center membership.

The largest contributor to the deficit is the ‘Gold Members – Quarterly Membership,’ which accounts for roughly \$14,000 of the \$41,000 difference. Currently, this membership is administered at \$99 per quarter, the full cost calculated is \$275 per quarter, resulting in a per unit deficit of \$176. The large difference between the current and full cost calculated drives the cost recovery gap.

Additionally, the ‘Silver Members – Monthly Membership,’ which is the most common membership purchased, accounts for \$9,000 of the deficit. Currently, this membership is administered at \$20 per quarter, the full cost calculated is \$39 per quarter, resulting in a per unit deficit of \$19. Due to the high volume of this service administered, even a small increase in cost would impact cost recovery.

To address these gaps, staff and stakeholders should review the findings of this analysis and consider necessary adjustments. Any fee modifications should balance financial sustainability with accessibility, ensuring that cost recovery goals are met without discouraging membership participation.

5. Library

The City owns and operates two libraries: Salem Public Library and the West Salem Branch Library. These libraries strive to serve as welcoming and inclusive hubs for the public, fostering learning and providing access to knowledge for both the community and visitors. The libraries are part of a larger cooperative agreement, the Chemeketa Cooperative regional Library System (CCRLS), which provide inner-library loans, services, and funding across 18 libraries, providing shared services to over 500,000 people. The libraries also receiving funding from various local agencies that support the library directly. Fees examined with this study focus on library cards and room rentals. The following subsections discuss fee schedule modifications and detailed per unit results for the fee-related services provided by this program.

Modifications

In discussions with staff, the following name change modifications were proposed to the current fee schedule:

- From 'Limited Use – Adult' to 'Basic Care – Adult'
- From 'Limited Use – Kid' to 'Basic Care – Kid'

All the proposed modifications will help ensure that the fee schedule more accurately reflects the services currently being provided by the Library.

Detailed Results

Library collects fees for library cards and various room rentals. The following table details the fee name, current fee, total cost⁶, and difference associated with each service offered.

Table 4: Total Cost Per Unit Results – Library

Fee Name	Current Fee	Total Cost Calculated	Difference
Overdue Materials			
Processing Fee	\$5	\$13	(\$8)
Interlibrary Loan Program			
Postage, insurance, and lending institution fees		Actual Cost	
Library Cards			
Resident Library Card Fee	\$0	\$9	(\$9)
Basic Care - Adult	\$0	\$9	(\$9)
Basic Care - Kid	\$0	\$9	(\$9)
Non-Resident Library Card Fee	\$60	\$63	(\$3)

⁶ The total cost is calculated is based on two components staff cost and material costs. Both of which are further discussed in the methodology chapter of this report.

Fee Name	Current Fee	Total Cost Calculated	Difference
Out-of-District Library Card Fee	\$85	\$88	(\$3)
Non-Resident Visitor Library Card Fee	\$22	\$25	(\$3)
Library of Things Cleaning Fee	\$25	\$32	(\$7)
Rentals			
West Salem Brach Room Rentals			
Library Conference Room - All Other	\$20	\$12	\$8
Main Library Room Rentals			
Loucks Auditorium - All Other	\$80	\$26	\$54
Plaza Conference Room - All Other	\$20	\$12	\$8
Anderson A Conference Room - All Other	\$30	\$14	\$16
Anderson B Conference Room - All Other	\$30	\$14	\$16
Anderson A and B Conference Room Combined - All Other	\$60	\$17	\$43
Room Rentals			
Cleaning Charge	Actual Cost	\$52	N/A

Overall, there is not much variation between the current fees and the calculated full costs. The City currently waives library card fees for its residents, as they are taxpayers supporting the library through taxes. While the current rental fees for library spaces are higher than the calculated full costs, this is typical due to the market-driven nature of rentals rather than being strictly service-driven.

Annual Results

Based on the FY24 revenue in relation to library cards only, Library has an under-recovery of roughly \$94,000. The following table shows by major fee category: revenue at current fee, total projected annual cost, and the resulting difference.

Table 5: Annual Results – Library

Fee Category	Revenue at Current Fee	Annual Cost	Difference
Resident Library Cards	\$0	\$93,943	(\$93,943)
Non-Resident Library Cards	\$82	\$88	(\$6)
Out-of-District Library Cards	\$9,180	\$9,494	(\$314)
Total	\$9,262	\$103,524	(\$94,262)

Library has an annual cost recovery of 9%. The largest source of this deficit (\$94,000) is in relation to Resident library cards. This deficit is due to a policy decision to not charge residents for use of the Library materials and facility as a portion of property taxes support the Library operations. The cost recovery gap for Non-Resident and Out-of-District library cards is minimal.

6. Parks, Events, & Facility Use

The City of Salem has numerous parks and facilities that can be rented by community members and visitors. These parks and facilities are managed and maintained by Community Service staff. The following subsections discuss fee schedule modifications and detailed per unit results for the fee-related services provided by this program.

Modifications

In discussions with staff, the following modifications were proposed to the current fee schedule:

- The addition of 'Special Events Permit Application / Processing' to capture staff time and effort spent reviewing and processing special event permits.
- Parsing out 'Parks Replacement Key Fee (Physical Key)' into two fees to account for staff time and material costs.
- Condensing 'Riverfront Park Other' into a single per square foot per hour fee as a way to more accurately capture rental of miscellaneous spaces at the Riverfront.

All the proposed modifications will help ensure that the fee schedule more accurately reflects the services currently being provided by the Department.

Detailed Results

The Parks, Events, and Facility Use program offers various reservable locations throughout the city of Salem, along with coordinating special events. The following table details the fee name, current fee, total cost⁷, and difference associated with each service offered.

Table 6: Total Cost Per Unit Results – Parks, Events, & Facility Use

Fee Name	Current Fee	Total Cost Calculated	Difference
Special Events			
Hot Air Balloon Permit	\$30	\$41	(\$11)
Model Rockets Permit Processing / Application Fee	\$30	\$41	(\$11)
Load In / Load Out Rates:			
Prior to Event	\$278	\$136	\$142
After Event			
Days 1 and 2	\$278	\$75	\$203
Each Day After Day 2	\$412	\$38	\$374
Concessions Fee:			
Daily Concessions			

⁷ The total cost is calculated is based on two components staff cost and material costs. Both of which are further discussed in the methodology chapter of this report.

Fee Name	Current Fee	Total Cost Calculated	Difference
Daily Concessions Fee	\$40	\$41	(\$1)
Daily Concessions Fee - Expedited	\$47	\$41	\$6
Multiple Day Concessions			
Multiple Day Concessions Fee	\$40	\$10	\$30
1 to 10 Vendors	\$40	\$15	\$25
11 to 20 Vendors	\$30	\$15	\$15
21 or More Vendors	\$20	\$15	\$5
Vendor in City Parks Fee	\$69	\$44	\$25
Irrigation Locate	\$68	\$61	\$7
Parks Staff Support:			
Overtime	\$52	\$132	(\$80)
Holiday	\$88	\$150	(\$62)
Marine Vessel:			
Out Haul and Relaunch	\$1,844	\$71	\$1,773
Temporary Dry Docking In Wallace Marine Parking Lot			
Apr - Sept	\$122	\$0	\$122
Oct - Mar	\$63	\$0	\$63
Minto Island Conservation Area Use:			
Area Use			
No Impact	\$0	\$17	(\$17)
Low Impact	\$100	\$18	\$82
Medium Impact	\$475	\$20	\$455
High Impact	\$850	\$21	\$829
Stewardship			
Large event not exceeding 1,000 participants	\$400	\$21	\$379
Large event exceeding 1,000 participants	\$1,000	\$23	\$977
Special Events Permit Application / Processing:			
Permit Application / Processing Fee	New	\$515	N/A
Permit Application / Processing Fee (expedited)	New	\$515	N/A
Miscellaneous Permits and Fees			
Court Ordered Community Service Program	\$40	\$94	(\$54)
Retrieval and / or Disposal of Garbage Bag	\$5	\$19	(\$14)
Placement of Additional Garbage Can	\$5	\$9	(\$4)
Use of Trash Compactor:			
Event Attendance 500 people or less	\$150	\$126	\$24
Event Attendance 1000 people or less	\$300	\$195	\$105
Event Attendance over 1000 people	\$500	\$390	\$110
Mobile Stage Rental	\$303	\$923	(\$620)
Memorial Bench	\$3,853	\$3,884	(\$31)
Recycled Wood Waste:			
Walnut	\$13	\$13	\$0
Other Species		Varies	
Recycled Tree Materials - Leaves, Chips		Varies	
Benevolent Food and Sundries Distribution:			
Permit	\$0	\$41	(\$41)
Security Deposit	\$250	\$250	\$0
Commercial Photography Activities:			
Film / Video Photography	\$138	\$49	\$89
Long-Term Shoot	\$180	\$69	\$111
Facility Special Lighting Request	\$50	\$98	(\$48)
Special Use Area Permit:			
Monday through Thursday	\$263	\$37	\$226

Fee Name	Current Fee	Total Cost Calculated	Difference
Friday through Sunday	\$288	\$37	\$251
Minimal Impact			
Monday through Thursday	\$53	\$29	\$24
Friday through Sunday	\$58	\$29	\$29
Permit Application / Processing:			
Permit Application / Processing Fee	\$30	\$61	(\$31)
Permit Application / Processing Fee (expedited)	\$60	\$61	(\$1)
Alcohol Permit	\$68	\$23	\$45
Replacement Key Fee	\$45	\$113	(\$68)
Parks & Facility Use			
Facility Rental Discount Non-Profit	20%	20%	0%
Parks Replacement Key Fee			
Staff Time	\$125	\$113	\$12
Material Cost		Actual Cost	
Ballfield Rental			
Hourly Rate	\$29	\$39	(\$10)
Tournament Rental:			
2 Day Tournament	\$464	\$153	\$311
3 Day Tournament	\$696	\$195	\$501
Non-Profit Tournament Rental:			
2 Day Tournaments	\$372	\$153	\$219
3 Day Tournaments	\$557	\$195	\$362
Ballfield Line Paint:			
Can	\$9	\$9	\$0
Case	\$108	\$105	\$3
Tennis Court Rental			
Hourly Rate	\$18	\$38	(\$20)
Tournament Rental:			
2 Day Tournament	\$288	\$66	\$222
Non-Profit Tournament Rental:			
2 Day Tournament	\$231	\$66	\$165
Pickleball Court Rental			
Hourly Rate	\$9	\$25	(\$16)
Tournament Rental:			
Half Day Tournament	\$36	\$47	(\$11)
1 Day Tournament	\$72	\$62	\$10
Non-Profit Tournament Rental:			
Half Day Tournament	\$29	\$47	(\$18)
1 Day Tournament	\$58	\$62	(\$4)
Disc Golf Course Rental			
Hourly Rate	\$18	\$65	(\$47)
Tournament Rental:			
1 Day Tournament	\$144	\$544	(\$400)
2 Day Tournament	\$288	\$896	(\$608)
Non-Profit Tournament Rental:			
1 Day Tournament	\$116	\$544	(\$428)
2 Day Tournament	\$231	\$896	(\$665)
Bush Park			
Amphitheater:			
Monday through Thursday	\$36	\$12	\$24
Friday through Sunday	\$39	\$12	\$27
Rose Garden:			
Monday through Thursday	\$36	\$12	\$24

Fee Name	Current Fee	Total Cost Calculated	Difference
Friday through Sunday	\$39	\$12	\$27
Lower Leffelle Picnic Site:			
Monday through Thursday	\$36	\$12	\$24
Friday through Sunday	\$39	\$12	\$27
Cascades Gateway			
Beaver Grove:			
Monday through Thursday	\$40	\$12	\$28
Friday through Sunday	\$45	\$12	\$33
Blue Gill A:			
Monday through Thursday	\$36	\$12	\$24
Friday through Sunday	\$39	\$12	\$27
Blue Gill B:			
Monday through Thursday	\$36	\$12	\$24
Friday through Sunday	\$39	\$12	\$27
Minto-Brown Island Park Shelter			
Monday through Thursday	\$36	\$12	\$24
Friday through Sunday	\$39	\$12	\$27
Woodmansee Park Shelter			
Monday through Thursday	\$36	\$12	\$24
Friday through Sunday	\$39	\$12	\$27
River Road Park Shelter			
Monday through Thursday	\$40	\$12	\$28
Friday through Sunday	\$45	\$12	\$33
Pringle Hall Permit			
Permit Application / Processing:			
Permit Application / Processing Fee	\$71	\$82	(\$11)
Permit Application / Processing Fee (expedited)	\$145	\$82	\$63
Large Meeting Room - Monday through Thursday	\$41	\$18	\$23
Small Meeting Room - Monday through Thursday	\$22	\$9	\$13
Entire Facility:			
Monday through Thursday	\$63	\$20	\$43
Friday through Sunday	\$151	\$20	\$131
Pringle Hall Refundable Security Deposit	\$250	\$0	\$250
Riverfront Park			
Permit Application / Processing:			
Permit Application / Processing Fee	\$71	\$79	(\$8)
Permit Application / Processing Fee (expedited)	\$145	\$79	\$66
North Meadow:			
Boat Dock or Dock Overlook	\$35	\$7	\$28
<u>Boat Dock or Dock Overlook - Commercial Sales</u>			
Monday through Thursday	\$689	\$57	\$632
Friday through Sunday	\$755	\$57	\$698
<u>Boat Dock or Dock Overlook - Contests / Walks / Runs:</u>			
Monday through Thursday	\$263	\$30	\$233
Friday through Sunday	\$288	\$30	\$258
South Meadow:			
Monday through Thursday	\$69	\$52	\$17
Friday through Sunday	\$76	\$52	\$24
<u>Commercial Sales</u>			
Monday through Thursday	\$1,374	\$161	\$1,213
Friday through Sunday	\$1,505	\$161	\$1,344
<u>Contests / Walks / Runs</u>			
Monday through Thursday	\$263	\$69	\$194

Fee Name	Current Fee	Total Cost Calculated	Difference
Friday through Sunday	\$288	\$69	\$219
Amphitheater:			
Monday through Thursday	\$69	\$10	\$59
Friday through Sunday	\$76	\$10	\$66
<u>Commercial Sales</u>			
Monday through Thursday	\$1,374	\$115	\$1,259
Friday through Sunday	\$1,505	\$115	\$1,390
<u>Contests / Walks / Runs</u>			
Monday through Thursday	\$263	\$38	\$225
Friday through Sunday	\$288	\$38	\$250
Rotary Pavilion:			
Monday through Thursday	\$58	\$12	\$46
Friday through Sunday	\$63	\$12	\$51
<u>Commercial Sales</u>			
Monday through Thursday	\$735	\$93	\$642
Friday through Sunday	\$805	\$93	\$712
<u>Contests / Walks / Runs</u>			
Monday through Thursday	\$263	\$24	\$239
Friday through Sunday	\$288	\$24	\$264
Riverfront Park Other	Modified	\$46	N/A
South Parking Lot:			
Monday through Thursday	\$689	\$62	\$627
Friday through Sunday	\$754	\$62	\$692
Riverfront Park Gerry Frank Rotary Amphitheater			
Upper Lawn, Lower Lawn, or Pringle Creek Esplanade:			
Monday through Thursday	\$36	\$6	\$30
Friday through Sunday	\$39	\$6	\$33
<u>Commercial Sales</u>			
Monday through Thursday	\$689	\$95	\$594
Friday through Sunday	\$754	\$95	\$659
<u>Contests / Walks / Runs</u>			
Monday through Thursday	\$263	\$25	\$238
Friday through Sunday	\$288	\$25	\$263
Covered Stage:			
Monday through Thursday	\$63	\$6	\$57
Friday through Sunday	\$69	\$6	\$63
<u>Commercial Sales</u>			
Monday through Thursday	\$735	\$93	\$642
Friday through Sunday	\$805	\$93	\$712
<u>Contests / Walks / Runs</u>			
Monday through Thursday	\$263	\$24	\$239
Friday through Sunday	\$288	\$24	\$264
Riverfront Park Vendor Plaza			
Entire Plaza (14 Spaces):			
Monday through Thursday	\$263	\$49	\$214
Friday through Sunday	\$288	\$49	\$239

Generally, the full calculated cost is lower than the fees the City is currently charging. Since rental fees are voluntary it is generally acceptable to set these fees based on what the market can bear rather than at the actual cost of providing the service. Taking into consideration that the rental fees are based on the average rental hours and since space

utilization is minimal the total cost calculated show over-recoveries. However, since the rentals are not rented the max number of hours the City does not over-recover.

Annual Results

Based on the FY24 permit information, Parks, Events, and Facility Use has an over-recovery of roughly \$126,000. The following table shows by major fee category: revenue at current fee, total projected annual cost, and the resulting difference.

Table 7: Annual Results – Parks, Events, and Facility Use

Fee Category	Revenue at Current Fee	Annual Cost	Difference
Special Events & Misc. Permits	\$12,938	\$8,682	\$4,256
Load In / Load Out Rates	\$5,012	\$2,269	\$2,743
Concessions Fee	\$15,619	\$15,094	\$525
Minto Island Conservation Area Use	\$100	\$18	\$82
Special Use Area Permit	\$18,219	\$2,519	\$15,700
Permit Application & Processing	\$10,682	\$21,021	(\$10,339)
Field & Court Rentals	\$66,161	\$93,397	(\$27,236)
Bush Park	\$8,942	\$2,834	\$6,108
Park Shelter	\$25,138	\$7,120	\$18,018
Pringle Hall	\$63,822	\$19,989	\$43,833
Riverfront Park	\$94,271	\$22,402	\$71,869
Total	\$320,904	\$195,344	\$125,560

Parks, Events, and Facility Use has an annual cost recovery of 164%. Riverfront Park (\$72,000) and Pringle Hall (\$44,000) make up the majority of the overage as these are both desirable rental locations within the City. Since rental fees are set based on market demand rather than the cost of service, such overages are a common occurrence and do not reflect the need to reduce fees.

7. Neighborhood Recreation & Sports Camps

Neighborhood Recreation and Sports Camps offer a variety of recreational activities designed to engage community members of all ages and promote physical activity. The following subsections discuss fee schedule modifications and detailed per unit results for the fee-related services provided by this program.

Modifications

In discussions with staff, it was proposed that the 'Summer Parks Program' be expanded to include a specialty program offered, 'Summer Parks Program – JR Ranger'. This proposed modification will help ensure that the fee schedule more accurately reflects the services currently being provided by the Department.

Detailed Results

Neighborhood Recreation and Sports Camps administer fees in relation to track and field competitions, various youth sports camps, summer camps, and fun runs. The following table details the fee name, current fee, total cost⁸, and difference associated with each service offered.

Table 8: Total Cost Per Unit Results – Neighborhood Recreation and Sports Camps

Fee Name	Current Fee	Total Cost Calculated	Difference
Sports Programs			
All Comer Track and Field:			
All Comer Track and Field Meets	\$10	\$58	(\$48)
All Comer Track and Field Events	\$5	\$19	(\$14)
Salem Kids Relay	\$100	\$157	(\$57)
Sport League	\$70	\$376	(\$306)
Summer Parks Program	\$45	\$134	(\$89)
Summer Parks Program (JR Ranger)	\$45	\$140	(\$95)
Tennis Tournament	\$25	\$179	(\$154)
Youth Sports Camps			
Ages 4 and under	\$42	\$132	(\$90)
Ages 5 through 7	\$46	\$151	(\$105)
Ages 8 through 17	\$54	\$91	(\$37)
Recreational Distance / Fun Runs			
1 Kilometer Race	\$5	\$16	(\$11)
5 Kilometer Race	\$10	\$13	(\$3)
10 Kilometer Race	\$15	\$48	(\$33)
Half Marathon	\$26	\$74	(\$48)

⁸ The total cost is calculated is based on two components staff cost and material costs. Both of which are further discussed in the methodology chapter of this report.

It is common to see lower cost recovery in relation to recreational activities as subsidies are used to ensure equitable access to sports programming. The level of subsidy also varies, for example, the 5-kilometer race shows a subsidy of \$3 compared to \$306 for the Sport League.

Annual Results

Based on the FY24 permit information, excluding contract classes and camps, Neighborhood Recreation and Sports Camps has an under-recovery of roughly \$604,000. The following table shows by major fee category: revenue at current fee, total projected annual cost, and the resulting difference.

Table 9: Annual Results – Neighborhood Recreation and Sports Camps has

Fee Category	Revenue at Current Fee	Annual Cost	Difference
All Comer Track and Field	\$3,670	\$18,964	(\$15,294)
Salem Kids Relay	\$200	\$315	(\$115)
Sport League	\$4,550	\$24,408	(\$19,858)
Summer Parks Program	\$78,210	\$233,158	(\$154,948)
Youth Sports Camps	\$38,766	\$85,322	(\$46,556)
Recreational Distance / Fun Runs	\$7,910	\$18,702	(\$10,792)
Total	\$133,306	\$380,869	(\$247,563)

Neighborhood Recreation and Sports Camps has an annual cost recovery of 35%. The largest source of this deficit (\$155,000) is in relation to the Summer Parks Program. The City charges \$45 per participant per week, while the full cost per participant is \$134, creating an \$89 per unit deficit. Due to the program's high attendance, this accounts for over half of the total cost recovery gap.

At \$45,000, the Youth Sports Camps account for the next largest deficit. Three camps are offered based on age, ranging from \$42 per participant per week to \$54 per participant per week. The full cost calculated ranges from \$91 to \$132, resulting in a cost per unit deficit of \$37 to \$105. Similar to the Summer Parks Program, high attendance at these camps widens the cost recovery gap.

It is common for neighborhood recreation programs, particularly youth programs, to have a low cost recovery percentage since they are designed to benefit the community. Keeping fees low improves accessibility while encouraging high participation.

8. Softball, Kickball, & Tournaments

The Softball, Kickball, & Tournaments program, hosts three seasons of competitive softball and kickball leagues at the city's Wallace Marine Park Softball Complex annually. Fees evaluated through this analysis include various team and per person game rates, field, complex, and equipment rentals. The following subsections discuss fee schedule modifications and detailed per unit results for the fee-related services provided by this program.

Modifications

In discussion with staff, it was proposed to combine the 'Softball / Kickball Annual Fee' into the base league cost, rather than charge it as a stand-alone fee.

Detailed Results

Softball, Kickball, & Tournaments collects fees in relation to league fees and field, complex, and equipment rentals. The following table details the fee name, current fee, total cost⁹, and difference associated with each service offered.

Table 10: Total Cost Per Unit Results – Softball, Kickball, & Tournaments

Fee Name	Current Fee	Total Cost Calculated	Difference
Softball			
Leagues (Spring, Summer, Fall)			
20 Week / 40 Game:			
Paid in Full	\$2,520	\$3,111	(\$591)
Free Agent	\$210	\$130	\$80
18 Week / 36 Game:			
Paid in Full	\$2,268	\$2,812	(\$544)
Free Agent	\$189	\$117	\$72
16 Week / 32 Game:			
Paid in Full	\$2,016	\$2,514	(\$498)
Free Agent	\$168	\$105	\$63
14 Week / 28 Game:			
Paid in Full	\$1,764	\$2,216	(\$452)
Free Agent	\$147	\$92	\$55
12 Week / 24 Game:			
Paid in Full	\$1,680	\$1,917	(\$237)
Free Agent	\$140	\$80	\$60
10 Week / 20 Game:			
Paid in Full	\$1,400	\$1,619	(\$219)
Free Agent	\$117	\$67	\$50

⁹ The total cost is calculated is based on two components staff cost and material costs. Both of which are further discussed in the methodology chapter of this report.

Fee Name	Current Fee	Total Cost Calculated	Difference
8 Week / 16 Game:			
Paid in Full	\$1,120	\$1,321	(\$201)
Free Agent	\$94	\$55	\$39
7 Week / 14 Game:			
Paid in Full	\$980	\$1,171	(\$191)
Free Agent	\$90	\$49	\$41
6 Week / 12 Game:			
Paid in Full	\$840	\$1,022	(\$182)
Free Agent	\$70	\$43	\$27
5 Week / 10 Game:			
Paid in Full	\$700	\$873	(\$173)
Free Agent	\$59	\$36	\$23
4 Week / 8 Game:			
Paid in Full	\$560	\$724	(\$164)
Free Agent	\$52	\$30	\$22
18 Week / 18 Game:			
Paid in Full	\$1,152	\$1,470	(\$318)
Free Agent	\$96	\$61	\$35
12 Week / 12 Game:			
Paid in Full	\$768	\$1,022	(\$254)
Free Agent	\$64	\$43	\$21
10 Week / 10 Game:			
Paid in Full	\$673	\$873	(\$200)
Free Agent	\$57	\$36	\$21
8 Week / 8 Game:			
Paid in Full	\$539	\$724	(\$185)
Free Agent	\$46	\$30	\$16
6 Week / 6 Game:			
Paid in Full	\$404	\$575	(\$171)
Free Agent	\$34	\$24	\$10
5 Week / 5 Game:			
Paid in Full	\$337	\$500	(\$163)
Free Agent	\$29	\$21	\$8
4 Week / 4 Game:			
Paid in Full	\$286	\$426	(\$140)
Free Agent	\$24	\$18	\$6
6V6V6 Leagues			
Per Game Per Team	\$68	\$50	\$18
6 Week / 6 Game	\$408	\$298	\$110
8 Week / 8 Game	\$544	\$398	\$146
10 Week / 10 Game	\$680	\$497	\$183
12 Week / 12 Game	\$816	\$597	\$219
Softball - Miscellaneous			
Adult League - Drop In (1 night)	\$10	\$6	\$4
Quick Dry Field Product:			
Standard Amount - 4 Bags per Field	\$0	\$72	(\$72)
Over Standard Amount	\$30	\$18	\$12
Wallace Softball Field Facility Rental: Add-On to Existing Rental			
League Practice	\$30	\$17	\$13
Non-League Practice	\$45	\$17	\$28
Games	\$45	\$17	\$28
Colleges and High Schools	\$175	\$43	\$132
Kickball Leagues			

Fee Name	Current Fee	Total Cost Calculated	Difference
Leagues			
4 Week / 4 Game			
Paid in Full	\$240	\$298	(\$58)
Free Agent	\$31	\$19	\$12
6 Week / 6 Game:			
Paid in Full	\$404	\$447	(\$43)
Free Agent	\$45	\$28	\$17
8 Week / 8 Game:			
Paid in Full	\$539	\$597	(\$58)
Free Agent	\$60	\$37	\$23
10 Week / 10 Game:			
Paid in Full	\$670	\$746	(\$76)
Free Agent	\$75	\$47	\$28
12 Week / 12 Game:			
Paid in Full	\$768	\$895	(\$127)
Free Agent	\$85	\$56	\$29
18 Week / 18 Game:			
Paid in Full	\$1,152	\$1,342	(\$190)
Free Agent	\$128	\$84	\$44
Youth Kickball Leagues			
6 weeks	\$36	\$56	(\$20)
Drop In (1 night)	\$10	\$9	\$1
Tournaments			
Wallace Softball Field Permit Application / Processing Fee	\$30	\$62	(\$32)
Softball / Kickball Tournament Fees:			
2 to 10 Teams	\$77	\$92	(\$15)
11 to 16 Teams	\$60	\$76	(\$16)
17 to 20 Teams	\$56	\$67	(\$11)
21 to 24 Teams	\$53	\$66	(\$13)
25 or More Teams	\$50	\$63	(\$13)
National Tournament:			
Practice Games			
Per Hour	\$30	\$60	(\$30)
Tournament Canopy Fee Optional	\$50	\$54	(\$4)
Temporary Fence Installation	\$55	\$24	\$31
Baseball Tournaments			
2 to 10 Teams	\$238	\$172	\$66
11 to 16 Teams	\$138	\$128	\$10
17 to 20 Teams	\$134	\$108	\$26
21 to 24 Teams	\$131	\$102	\$29
25 or More Teams	\$126	\$98	\$28
Softball Complex Rental			
Level 1: 500 people or less	\$210	\$220	(\$10)
Level 2: 500 -1,000 people	\$310	\$330	(\$20)
Level 3: 1,001- 1,500 people	\$415	\$440	(\$25)

Generally, the full calculated cost for leagues is higher than the fees the City is currently charging. This difference is consistent across various league durations and payment structures, with paid-in-full options often showing a larger gap. This is common, as recreation programs typically balance affordability with cost recovery to encourage participation while maintaining financial sustainability.

Annual Results

Based on the FY24 permit information, Softball, Kickball, and Tournaments have an under-recovery of roughly \$29,000. The following table shows by major fee category: revenue at current fee, total projected annual cost, and the resulting difference.

Table 11: Annual Results – Softball, Kickball, and Tournaments

Fee Category	Revenue at Current Fee	Annual Cost	Difference
Softball Leagues	\$117,532	\$140,369	(\$22,837)
Softball Miscellaneous	\$200	\$115	\$85
Kickball Leagues	\$27,900	\$31,324	(\$3,424)
Tournaments	\$14,391	\$17,219	(\$2,828)
Total	\$160,023	\$189,027	(\$29,004)

Softball, Kickball, and Tournaments has an annual cost recovery of 84%. The largest source of this deficit (\$23,000) is in relation to Softball Leagues. The primary driver of the deficit is '12 Week / 24 Game' and the '6 Week / 12 Game' leagues which accounts for roughly \$13,000 of the deficit. Using the '12 Week / 24 Game' as an example, the City currently charges \$1,680 per team, the total cost was calculated to be \$1,917, resulting in a \$237 per unit difference. This difference, although small, when coupled with the large amount of times this fee is administered results in a cost recovery gap. Based on revenue, these league structures are the most common league administered; as such, even a small increase in the fee would result in bridging the cost recovery gap. Staff and stakeholders should review the findings of this analysis and consider adjustments where necessary.

9. Cost Recovery

The typical cost recovery for parks and recreation services is between 20% and 50%. This range reflects the belief that these services primarily benefit the community at large and therefore should be subsidized through taxpayers. The chapters have shown the cost recovery based on actual utilization and participation. In addition to that level of cost recovery, the project team also calculated the cost recovery for the Community Services department based on budgeted revenue (utilization, as well as grants and transfers). The following subsections provide the detailed programmatic cost recovery based on direct and total cost calculations.

Direct Program Cost Recovery

Direct cost recovery compares budgeted programmatic costs against generated revenues associated with that specific program. To determine direct programmatic cost recovery, the project team compared budgeted revenues to budgeted costs associated with all Parks and Community Services programs. The following table shows by program: FY25 Revenue, FY25 Budget¹⁰, the associated difference, and cost recovery percentage.

Table 12: Direct Program Cost Recovery

Fee Program	FY25 Revenue	FY25 Budget	Difference	Direct Cost Recovery %
2110 Recreation Svcs	\$1,197,260	\$1,551,100	(\$353,840)	77%
2150 Parks	\$4,104,820	\$9,250,860	(\$5,146,040)	44%
2190 Center 50+	\$624,260	\$1,753,380	(\$1,129,120)	36%
3310 Library & 3380 Library Branches	\$16,080	\$5,738,030	(\$5,721,950)	0.28%
Total	\$5,942,420	\$18,293,370	(\$12,350,950)	32%

The Department is at a 32% cost recovery level on a direct cost basis. This direct cost recovery is within the typical cost recovery (20-50%). The large range in cost recovery levels is typical for parks and recreation fees. For example, the optional nature of fees related to recreation services usually equates to those fees being set closer to cost recovery. On the other hand, services provided within senior centers tend to be subsidized to account for the community benefit of those services.

Total Program Cost Recovery

Total cost recovery looks at direct program costs, departmental administration, and citywide overhead and compares those costs against generated revenues. For programmatic services to be provided, recreation management and administration staff support is needed. Furthermore, support services are also needed from other City

¹⁰ The FY25 Budget does not include Comm Svcs Admin costs, as those are considered part of the overhead.

departments, including Finance, Human Resources, City Attorney, Facility, Maintenance, and so forth. The following table shows by category the total indirect overhead costs:

Table 13: Indirect Overhead Costs by Program

Fee Program	Comm Svcs Admin OH ¹¹	Citywide OH ¹²	Total OH
2110 Recreation Svcs	\$432,504	\$86,620	\$519,124
2150 Parks	\$1,482,846	\$759,240	\$2,242,086
2190 Center 50+	\$225,511	\$388,000	\$613,511
3310 Library & 3380 Library Branches	\$5,809	\$1,260,890	\$1,266,699
Total	\$2,146,670	\$2,494,750	\$4,641,420

The project team accounted for roughly \$4.6 million in indirect overhead costs. The table below compares FY25 Revenue to FY25 Total Direct and Indirect Costs (Full Cost), highlighting the difference and associated cost recovery percentage.

Table 14: Full Cost Recovery

Fee Program	FY25 Revenue	Total Direct and Indirect Costs	Difference	Cost Recovery %
2110 Recreation Svcs	\$1,197,260	\$2,070,224	(\$872,964)	58%
2150 Parks	\$4,104,820	\$11,492,946	(\$7,388,126)	36%
2190 Center 50+	\$624,260	\$2,366,891	(\$1,742,631)	26%
3310 Library & 3380 Library Branches	\$16,080	\$7,004,729	(\$6,988,649)	0.23%
Total	\$5,942,420	\$22,934,790	(\$16,992,370)	26%

Based on our analysis, the Department has a Full Cost recovery level of 26%, which is on the lower end of the typical range of 20-50% for parks and recreation services. Of the total direct and indirect expenditures, approximately 80% are direct expenditures, 11% is Citywide overhead, and 9% is Comm Svcs Admin costs.

In addition to the overall cost recovery range typically seen in relation to parks and recreation fees, there are typical cost recovery target ranges based upon the Matrix Consulting Group's experience conducting recreation fee studies. The following table highlights these ranges.

Table 15: Typical Cost Recovery Ranges

Fee Program	Cost Recovery Range
2110 Recreation Svcs	50% - 80%
2150 Parks	30% - 70%
2190 Center 50+	20% - 40%
3310 Library & 3380 Library Branches	20% - 50%

¹¹ This represents the FY25 budgeted expenditures for the Comm Svcs Admin program code, which was distributed to all programs based upon proportional expenditures.

¹² This represents the citywide overhead assigned to each program based on the City's FY25 cost allocation plan.

Generally, programs that have a larger community impact (i.e., senior activities and library) tend to have a lower cost recovery, while programs with a larger individual benefit (i.e., rentals and recreation) tend to have a higher cost recovery. The following table takes these cost recovery ranges and compares them to programs that are specific to the City of Salem.

Table 16: Typical Cost Recovery Ranges by Program

Fee Program	Typical Cost Recovery Range	Cost Recovery % - Budgeted Revenue	Cost Recovery % - Annual Workload
Recreation Svcs	50% - 80%	58%	51% ¹³
Parks	30% - 70%	36%	164%
Center 50+	20% - 40%	26%	42%
Library	20% - 50%	0.23%	9%

When looking at budgeted revenue, with the exception of the Library, all of the City's programs are within the typical cost recovery ranges. However, when looking at annual workload, Library is below the typical cost recovery range and Parks and Center 50+ are above the cost recovery ranges.

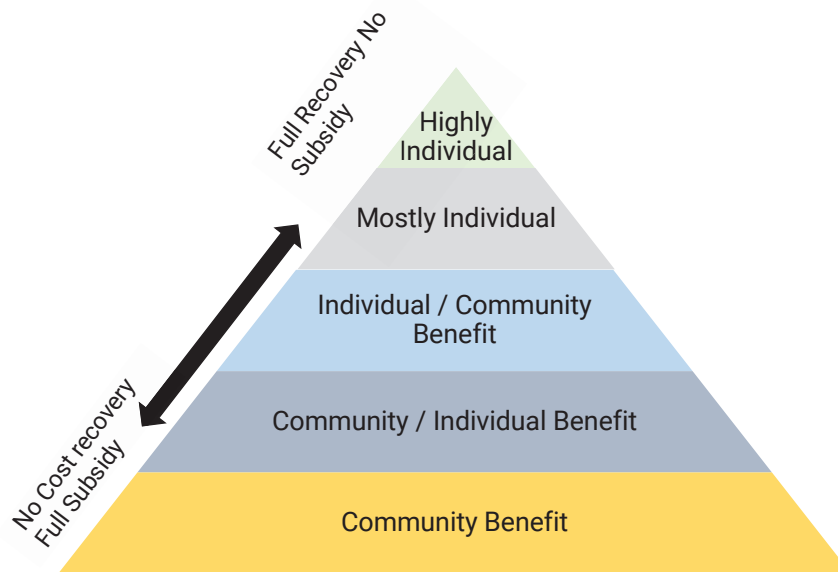
The department should utilize the target cost recovery ranges to set rates. Within these larger program categories, there can be different cost recovery targets for sub-programs or subsections. For example, within Recreation, there would be different cost recovery goals for adult athletics vs. youth athletics. Similarly, within Parks, there would be different cost recovery goals for park and facility rentals compared to special event permits.

¹³ This percentage takes into consideration Neighborhood Recreation and Softball, Kickball, & Tournaments.

Appendix A – Cost Recovery Guidelines

This study has identified areas where the City is under-collecting the cost associated with providing parks and recreation services. This known funding gap is, therefore, being subsidized by other City revenue sources. However, Community Services is unique and unlike other city services in which there is a strong community benefit along with individualized benefits.

For Parks and Recreation, we typically see the cost recovery policy developed at the service type and community benefit factor. The following graphic shows the cost recovery pyramid:



The Department should determine based upon the fee / service area the level of benefit and utilize that to determine the level of subsidy. For example, Special Event Permits are more of an individual benefit, so it should be less subsidized, whereas for something such as Library services, the City may consider subsidizing that more heavily. Therefore, when setting fees, the City must consider the following key components:

1. **Level of Benefit:** Who is the beneficiary of the service, and does it only impact the individual, or does it have a larger community benefit? This allows the City and the department to set fees based on a conscientious decision and determine level of subsidy.
2. **Alternate Funding Sources:** If other funding sources are available to offset programs (either annually or one-time), make use of those to be able to provide more services at a more cost-effective approach.

3. **Equity and Inclusion:** Ensuring that services and programs are accessible to all community members. If fee waivers, discounts, or scholarships are needed, those are also available to make activities and programs accessible. There should be clear policies and procedures to ensure consistent application of the waivers, discounts, and scholarships.
4. **Cost Recovery:** For programs that are unique or have significant individualized benefits, it is important to aim for cost recovery or even an over-collection to continue to provide other services at a subsidized rate. Different cost recovery goals should be set for each division and within each division for the different fee-related programs and services.
5. **Market Rate:** Annual market surveys should be done to ensure that prices are competitive for programs and services. High demand activities should be set at higher than market rate, while low demand, should be set at a lower rate to encourage participation.

The department should utilize these guidelines to develop a cost recovery policy. The Government Finance Officers Association's (GFOA) best practices for *Establishing Government Charges and fees* state that governmental entities should adopt formal policies regarding charges and fees which include the jurisdiction's intention to recover the full cost or partial costs of providing services, set forth circumstances under which the jurisdiction might set a charge or fee at less than or more than 100% of full cost and outlines the considerations that might influence the jurisdiction's pricing decision.

The development of cost recovery policies and procedures will serve to ensure that current and future decision makers understand how and why fees were determined and set, as well as provide a road map for ensuring consistency when moving forward.

Appendix B – Comparative Survey

As part of the Cost of Services (User Fee) study, Matrix Consulting Group conducted a comparative fee survey. The City identified nine jurisdictions to be included in the comparative survey: the cities of Beaverton, Corvallis, Eugene, Hillsboro, and Medford, along Bend Parks & Recreation District, North Clackamas Parks & Recreation District, Tualatin Hills Parks & Recreation District, and Willamalane Parks & Recreation District. The following subsections provide a high-level comparative look at several fee-related services provided by the City of Salem.

Senior Citizen Services

Across the surveyed jurisdictions, senior services are offered in a variety of ways. The following points provide a detailed overview in relation to these fees:

- **Classes:** Bend Parks & Recreation District offers an annual all-inclusive fitness and swim membership for \$336, or \$7 for daily drop in of a single class or program. The Tualatin Hills Parks & Recreation District offers a variety of instructor-based classes and programs ranging from arts, dance, fitness, etc at \$16 per class for residents and \$23 per class for those out of district. The per class costs are higher than Salem's current fee of \$6 and slightly higher than the full cost calculated of \$13. While the membership is comparable to Salem's current gold membership cost of \$384. The city of Medford offers weekly and monthly free scheduled activities (dancing, Spanish classes, bunco, etc) and meals at their senior center. Eugene offers adult and senior activities and programming jointly, ranging from \$0 to \$130 per class.
- **Rentals:** Currently, Salem offers rentals of their senior center by the hour and type of rental, ranging from \$48 to \$78 per hour for smaller spaces to \$138 per hour for rental of their largest space, the Great Hall. Similarly, the city of Hillsboro offers a tiered rental structure based on the applicant's status (standard, resident, or non-profit). For a smaller 50 person space their hourly rate ranges from \$50 to \$85, while a larger 200-person space ranges from \$145 to \$200 per hour. Tualatin Hills Parks & Recreation District bases their rental rates on the number of guests; 20 guests the rate is \$180 to \$220, 40 guests the rate is \$220 to \$260, and 60 guests the rate is \$299 to \$390 per hour.

Overall, senior services fees vary across jurisdictions, with classes ranging in cost based on the location and activity type. Rentals follow tiered pricing based on space size, guest count, or applicant status. Salem's fees are generally comparable, with class costs lower than many and rental rates comparable to similar facilities.

Library Services

Of the surveyed jurisdictions offering Library services, similar to Salem all provide free library access to residents. Three key areas of comparison for Library were non-resident fees, rentals, and cooperative library services:

- **Non-residents:** Corvallis annual library card rates ranged from \$120 to \$195 per household which is higher than Salem's current rate of \$60 to \$85. Bend Parks & Recreation District charges \$20 a month for their non-resident library card, with a discounted annual rate of \$195. The city of Eugene charges a monthly non-resident fee of \$11, which is the average monthly tax paid for library services by a resident household in Eugene.
- **Facility Rentals:** The City of Beaverton offers rentals of library meeting rooms, conference rooms, and their auditorium for free to residents or non-residents with a library card. Patrons are allowed to rent spaces once per week for up to four hours at a time at no additional charge. Salem provides rentals of various spaces in their facility for \$20 to \$80 per hour.
- **Cooperative Library Services:** The Salem libraries are part of a cooperative, Chemeketa Cooperative Regional Library System (CCRLS). Beaverton and Hillsboro participate in the Washington County Cooperative Library Services (WCCLS), allowing shared resources and programs with other libraries. This collaboration subsidizes services for residents and library cardholders.

Overall, non-resident fees, facility rental costs, and cooperative services vary across jurisdictions, with Salem generally offering lower non-resident fees but charging for facility rentals, unlike some other jurisdictions that provide free rentals to residents and library cardholders.

Recreational Programs

All surveyed jurisdictions offered various youth and adult recreational programs. Common sports offered were basketball, volleyball, and lacrosse. Similar to Salem, the other jurisdictions generally charged a single per participant / per team flat fee for the duration of the program. The following points provide a detailed overview in relation to these fees:

- **Track & Field:** The City of Hillsboro offers track club two-days a week for 5- to 14-year-olds at \$70 for residents and \$105 for non-residents. They also host a free track meet every Wednesday in July for all-ages. Willamalane Parks & Recreation District charges \$90 for a 12-session track and field after-school program. Similarly, Salem currently offers a track and field meet ranging from \$5 to \$10 per participant and a kids relay for \$100 per school.

- **Camps:** Comparable to Salem which currently offers summer camps and sports camps that range from \$25 to \$54 per participant the City of Hillsboro offers a variety of weekly sports camps (mixed sports, volleyball, basketball, pickleball, etc) for ages 5 to 12 for \$40 to \$80 to residents and \$50 to \$120 to non-residents. They also offer a week-long summer camp for \$250 to residents and \$350 to non-residents. Willamalane Parks & Recreation District charges \$190 to residents for a weeklong multi-sport camp, and \$228 for non-residents. Additionally, they do offer a 20% discount to families with 2 or more participants.
- **Softball & Kickball:** Willamalane Parks & Recreation District charges \$47 to \$83 per person for softball leagues. Tualatin Hills Parks & Recreation District charges \$650 per team for a 12 or 18 game softball league, they offer men's, women's, and co-ed leagues in Spring, Summer, and Fall. Additionally, for kickball they charge \$375 for a 20-player in-district team, and \$735 for a 20-player out-of-district team. Currently Salem offers softball and kickball leagues priced based on the number of weeks and games and while they offer a per person cost generally the per team fee is used. The softball fees range from a high of \$2,520 for a team price of 40 games to a low of \$286 for four games. Kickball leagues range from \$1,152 for 18 games to \$240 for four games.

Overall, recreational programs across surveyed jurisdictions are structured similarly to Salem, with flat fees per participant or team for activities like track & field, camps, and leagues. Generally, Salem's recreational program fees are lower than other jurisdictions.

Rentals

Of the surveyed jurisdictions, all offer various field and facility rentals. The following points provide a detailed overview in relation to these fees:

- **Field Rentals:** The City of Corvallis rents fields on weekdays for \$35 per hour or \$75 per day, and on weekends and holidays for \$55 per hour or \$100 per day. In Medford, the city charges an hourly fee of \$20 for the rental of grass field costs. Bend Parks & Recreation District bases its charges on the type of field use: practices, camps, and clinics are \$14 to \$31 per hour, while games and tournaments are \$19 to \$37 per hour. Non-residents are charged an additional 20% for field rentals. North Clackamas Parks & Recreation District rents its Youth Complex—which includes four natural grass softball/baseball fields—for \$500 per day for in-district youth sports affiliates and \$800 per day for non-district youth sports affiliates. Most comparable to Salem, which charges \$29 per hour per field, Willamalane Parks & Recreation District field rentals range from \$25 to \$30 per hour, with higher costs applied to out-of-district rentals.

- **Court Rentals:** Currently, Salem charges \$18 per hour per tennis court rental and \$9 per hour per pickleball court rental. This is most comparable to Medford, which charges an hourly fee of \$10 per court. The City of Corvallis rents tennis and pickleball courts for free on a first-come, first-serve basis but can also be reserved for \$35 to \$55 for 2-hour blocks. Willamalane Parks & Recreation District rents basketball, pickleball, tennis, and volleyball courts at \$27 to \$33 per hour for a half-court rental and \$54 to \$66 per hour for a full-court rental.
- **Park Shelter:** Salem currently charges park shelter rentals by the hour, ranging from \$36 to \$45 per hour. Costs range based on the shelter being rented and if the rental is on a weekday or weekend. The City of Corvallis rents picnic shelters on weekdays for \$15 to \$20 per hour and on weekends or holidays for \$19 to \$35 per hour, with amenities including barbeques and access to electricity. The City of Hillsboro charges residents \$50 to \$55 per rental, while non-residents pay \$75 to \$100. In Medford, rentals cost \$55 per hour with a minimum three-hour requirement or \$215 for a full-day rental. Bend Parks & Recreation District offers private and commercial rates ranging from \$50 to \$96 per hour for groups of up to 30 people, and \$160 to \$330 for groups of up to 100. An additional impact fee of \$35 is charged if inflatables or large play equipment are included. North Clackamas Parks & Recreation District charges \$275 for residents and \$350 for non-residents to rent shelters. Willamalane Parks & Recreation District charges \$61 to \$90 per hour for pavilion rentals. The City of Eugene does not charge for reserving picnic shelters at its parks.
- **Park / Open Space:** The City of Eugene charges a park rental permit application fee of \$15 to \$30, along with a refundable security deposit of \$100 to \$200 per event. The City of Medford charges \$85 per hour for park open space rentals, with a three-hour minimum, or \$324 for a full-day rental. Willamalane Parks & Recreation District charges \$25 per hour for in-district green space rentals and \$30 per hour for out-of-district applicants. Tualatin Hills Parks & Recreation District bases park rental rates on peak and non-peak seasons. Peak season includes weekends and holidays from May 1 to September 30. Rental costs range from \$36 to \$130 per hour during non-peak times and \$72 to \$256 per hour during peak times, with prices varying based on residency (in-district or out-of-district) and park amenities such as shelters, barbeque pits, and electricity. Similarly, Salem offers various hourly and per day / event park and open space rentals, ranging from \$58 to \$805.

Overall, surveyed jurisdictions offer similar field, court, and facility rentals as the City and at costs comparable to current fees. Salem is most comparable to Willamalane Parks &

Recreation District for field rentals, and to Medford for court rentals. Park shelter rentals in Salem, ranging from \$36 to \$45 per hour, are within the pricing structures of other jurisdictions, which range from \$15 to \$100 per hour based on amenities and residency status. Park and open space rentals follow a similar pricing structure, with Salem's fees.

Discounts and Scholarships

Salem offers fee waivers for recreational programs to residents of their city. Similarly, all surveyed jurisdictions provide discounts or scholarships to residents within their boundaries. For instance, Corvallis and Tualatin Hills Parks & Recreation District offer up to \$150 off programming for qualified low-income residents. Eugene provides up to \$200 in discounts for eligible lessons and activities and up to \$350 off camps and childcare programs. The cities of Hillsboro and Medford offer percentage-based discounts ranging from 25% to 50% on youth sports and aquatics programming. These scholarships are typically available annually, scaled based on income, and require proof of residency to qualify.

Various jurisdictions also tier their fees based on the applicant (i.e. resident vs non-resident, commercial vs private, etc). This is a common practice in parks and recreation fees and a practice that the City of Salem has adopted to ensure equitable access to its facilities and services. By structuring fees based on residency status and usage type, the City aims to balance affordability for local residents while maintaining fair cost recovery for non-residents and commercial entities.

Summary

Most surveyed jurisdictions offer services similar to Salem, with fees varying by residency, program duration, and facility type. Field rentals align closely with Willamalane, while court rentals are most comparable to Medford. Salem's senior services offer lower per-class fees but competitive rental rates. Library services follow similar structures as surveyed jurisdictions, though Salem's non-resident fees are lower than Corvallis and Bend. Recreational programs use flat per-team or per-participant fees, similar to other cities.

It's crucial to recognize that this survey reflects only the current fees charged, not the cost recovery policy decisions of the jurisdictions. Additionally, the setting of fees may depend on various factors, such as user volume, service desirability, and unique amenities. City staff should use the survey results as needed to determine fee changes as needed.

Appendix C – Cost Recovery Goals & Proposed Fee Revenue

The project team collaborated with City and Parks staff to establish cost recovery goals for each program within Community Services, based on industry standards, community impacts, comparative results, and cost recovery objectives. The City's proposed cost recovery goals for Community Services are:

Table 17: Cost Recovery Goals

Program Area	Cost Recovery Goal
Library	50%
Center 50+	50%
Recreation	
Youth	35%
Adult	100%
Parks	50%

The following sections outline the City's approach to achieving these cost recovery goals, and the potential revenue projections associated with these approaches.

Cost Recovery Goals By Program

Fees for community programs and services are not static; they evolve in response to economic conditions and public demand. The goal is to balance accessibility with financial sustainability, ensuring that services remain affordable while generating sufficient revenue to support ongoing operations and improvements. Setting these fees requires a careful approach, aligning cost recovery with community needs and program benefits.

In general, programs that provide broad community benefits—such as senior activities and youth sports—tend to have lower cost recovery rates, as they serve a larger public good. Conversely, programs that primarily benefit individuals—such as facility and park rentals—typically have higher cost recovery rates to reflect their more exclusive use.

The following subsections look at the cost recovery goals developed for each program area.

Library

Library services generally recovery between 20% and 50% of their costs. Based on discussions with staff, a goal of 50% cost recovery was identified, with an exception for residential library cards, which will remain free of charge in alignment with prior City

Council directives. The below table summarizes the approach to increasing fees to achieve the City's cost recovery goals for Library:

Table 18: Cost Recovery Approach - Library

Library	Less than 35% - increase by	Between 35% - 50% - increase to	Greater than 50% - increase by
Library Cards	10%	50%	3%
Rentals	10%	50%	3%

Rather than increasing all fees immediately to meet the recovery goal, the City is proposing to take a modified approach, which includes:

- ❖ Increasing fees with less than 35% cost recovery by 10%
- ❖ Increasing fees which have a cost recovery level between 35% and 50% to 50%
- ❖ Increasing fees which already have a cost recovery level greater than 50% by 3%

The proposed fee increases aim to move the Library towards the overall cost recovery goal, while limiting impacts to the community. In future years, the City can continue this increase practice until all fees have achieved the minimal 50% cost recovery level.

Center 50+

Typical cost recoveries for senior services fall between 20% and 50%. Based on discussions with City and Parks staff, a goal of 50% was proposed. The below table summarizes the approach to increasing fees to achieve the City's cost recovery goals for Center 50+:

Table 19: Cost Recovery Approach – Center 50+

Center 50+	Less than 35% - increase by	Between 35% - 50% - increase to	Greater than 50% - increase by
Fitness	10%	50%	3%
Rentals	10%	50%	3%

Rather than increasing all fees immediately to meet the recovery goal, the City is proposing to take a modified approach, which includes:

- ❖ Increasing fees with less than 35% cost recovery by 10%
- ❖ Increasing fees which have a cost recovery level between 35% and 50% to 50%
- ❖ Increasing fees which already have a cost recovery level greater than 50% by 3%

The proposed fee increases aim to move Center 50+ towards the overall cost recovery goal, while limiting impacts to the community. In future years, the City can continue this increase practice until all fees have achieved the minimal 50% cost recovery level.

Recreation

Cost recovery for recreational services can vary depending on if the services are utilized by youths or adults. For youth services, a lower recovery level between 20% and 50% is seen, while for Adult services, the range is between 50% to 100%. Based on discussions with City and Parks staff a 35% goal for Youth and 100% goal for Adults was developed. The below table summarizes the approach to increasing fees to achieve the City's cost recovery goals for Youth and Adult Recreation:

Table 20: Cost Recovery Approach – Recreation

Recreation	Less than 35% - increase to	Greater than 35% increase by
Youth	35%	3%
	Less than 100% - increase to	Greater than 100% increase by
Adult	100%	3%

The City is looking to meet its youth and adult goals immediately, using the following approach to increase fees:

- ❖ Increasing fees associated with Youth services with less than 35% cost recovery to 35% cost recovery.
- ❖ Increasing fees associated with Adult services with less than 100% cost recovery to 100% cost recovery.
- ❖ Increasing fees which already meet cost recovery goals by 3%.

The proposed fee increases will move recreation services immediately to their goals and maintain this goal through the minimal annual increases.

Parks

Park services typically see cost recovery levels between 30% and 70%. Based on discussions with City and Parks staff, a goal of 50% was proposed. The below table summarizes the approach to increasing fees to achieve the City's cost recovery goals for Parks:

Table 21: Cost Recovery Approach – Parks

Parks	Less than 50% - increase to	Greater than 50% - increase by
Parks	50%	3%

The City is looking to meet its 50% cost recovery goal immediately, using the following approach to increase fees:

- ❖ Increasing fees with less than 50% cost recovery to 50% cost recovery.

- ❖ Increasing fees which already meet cost recovery goals by 3%.

The only exception to this calculation, is Non-Profit Tournament Rentals, which are 20% lower than Tournament Rentals by all other applicants.

The proposed fee increases will move park services immediately to their goals and maintain this goal through minimal annual increases.

Cost Recovery Goals By Program

The City's current projected annual subsidy for community services is approximately \$658,000, representing 69% cost recovery. Should the City implement the approaches outlined above, it would have the potential to generate roughly \$59,000 in additional revenue and bring its cost recovery level to 75%. The table below provides a summarized comparison of current revenue and projected revenue based on proposed fees, which were set in alignment with cost recovery goals.

Table 22: Revenue by Program – Current Fee Revenue Compared to Proposed Fee Revenue

Fee Program	Current Fee Revenue	Proposed Fee Revenue	Projected Revenue Increase	Projected Cost Recovery
2110 Recreation Svcs				
Youth ¹⁴	\$133,306	\$146,895	\$13,589	39%
Adult ¹⁵	\$160,023	\$189,685	\$29,662	100%
2150 Parks	\$321,196	\$331,165	\$9,969	169%
2190 Center 50+	\$34,232	\$40,162	\$5,930	49%
3310 Library & 3380 Library Branches	\$9,287	\$9,566	\$279	9%
Total	\$658,044	\$717,473	\$59,429	75%

The typical cost recovery for parks and recreation services is between 20% and 50%. Based on FY24 workload, if the Community Services Department implemented the approaches outlined above, the Department's cost recovery would increase to 75%.

Summary

While City staff has worked to develop goals for each program, it is important to note that some classes, rentals, or other offerings should be exempted from these goals. These goals should be reviewed and updated periodically to ensure continued alignment with community objectives and fiscal policies.

¹⁴ This includes all fees within the Neighborhood Recreation and Sports Camps category and Softball, Kickball, & Tournaments fees related to Youth.

¹⁵ This includes all Softball, Kickball, & Tournaments fees with the exception of those in relation to Youth.