

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

October 30, 2006

TO: Montgomery County Planning Board

FROM: Brian Woodward, Regional Operations Manager

SUBJECT: Proposed FY08 User Fee Schedules – Park Fund

STAFF RECOMMENDATION: Approval of Proposed FY 2008 Park Fund Fees.

The fee recommendations presented today are for FY08 Park Permit fees. These recommendations have been discussed with the Community Use of Public Facilities staff, and the Department of Recreation.

Background

User fees are charged for facilities, services and programs that provide an individual benefit or an exclusive use. User fees may also be charged to balance use with capacity and demand, and to allocate scarce resources. When feasible, the fee charged should cover the direct and indirect costs associated with the benefit of use. In accordance with the Department's Policy on User Fees, these proposed park user fee recommendations will require Planning Board action to become effective.

Fees are normally examined on an annual basis and adjusted based on consumer price index increases or increases in actual costs. Some administrative fees may stay constant from year to year.

In FY06, parks staff performed an in-depth analysis of costs associated with facilities and programs, and as a result, the fees were increased. Staff also recommended changes in specific fees based on Council mandates and extraordinary actual cost increases (e.g. utility and maintenance costs). In addition staff recommended, and the Planning Board approved, a rate for public agencies that is significantly different from past practice. In FY 07 the fees were substantially held to CPI based increases. The revenue derived from fees has increased by almost 30% since FY 05.

Anecdotally, the fee increases from that FY 06 adjustment have caused problems for the Department of Recreation in certain areas, and have created a disparity between our athletic field permit prices and those of the Community Use of Public Facilities.

We have subsequently agreed to freeze our Administrative Fee (which is used to determine the fee for local park athletic field permits) for 3 years, while the CUPF gradually increases their fees to catch up.

Proposed Fee Reduction Policy for Non-Profit Organizations

Background: On many occasions the Director of Parks receives requests from various entities for fee reductions and fee waivers to use park facilities. Many times these requests are coupled with seeking permission to raise funds for a particular cause through sales of goods or charging an admission.

A vast majority of the organizations seeking fee waivers are charitable organizations engaged in important and compelling purposes. Generally they are tax-exempt, and often not well funded.

The policy that guides the establishment of user fees for the Park Fund facilities states that those fees are based on the direct and indirect costs of providing the facilities or services. It follows that any reduction on a cost-based fee results in a subsidy for the user of that facility. Therefore the decision to be made is: On what basis will the Department decide who gets the subsidy and who does not, and how much of a subsidy is warranted.

One appropriate decision factor would be to determine the benefit to the Park system, as in the case of friends groups, foundations, or park-related volunteer organization. Since the activities of the organization have an obvious benefit to our parks, a subsidy for certain activities could be justified.

Currently, Montgomery County government organizations (MCPS, MCRD, etc.) pay 50% of the full rate, a structure that was approved two years ago.

Most of the athletic organizations that receive permits are non-profit, and many have the IRS documentation. However, we do not reduce or waive fees for these groups, as this is the main revenue source from fees.

Proposed Policy: Park Fund User Fee reductions and fee waivers for charitable or service organizations will not be granted unless the Director of Parks determines that one of the following conditions is met:

1. There is a clear and direct benefit to the Department of Parks or the Commission; or,
2. The event furthers or enhances the stated mission and vision of the Department and the Commission.

If a fee reduction is granted, it will be at a 50% level. Full waivers will not be granted except in extraordinary circumstances, and on a case-by-case basis.