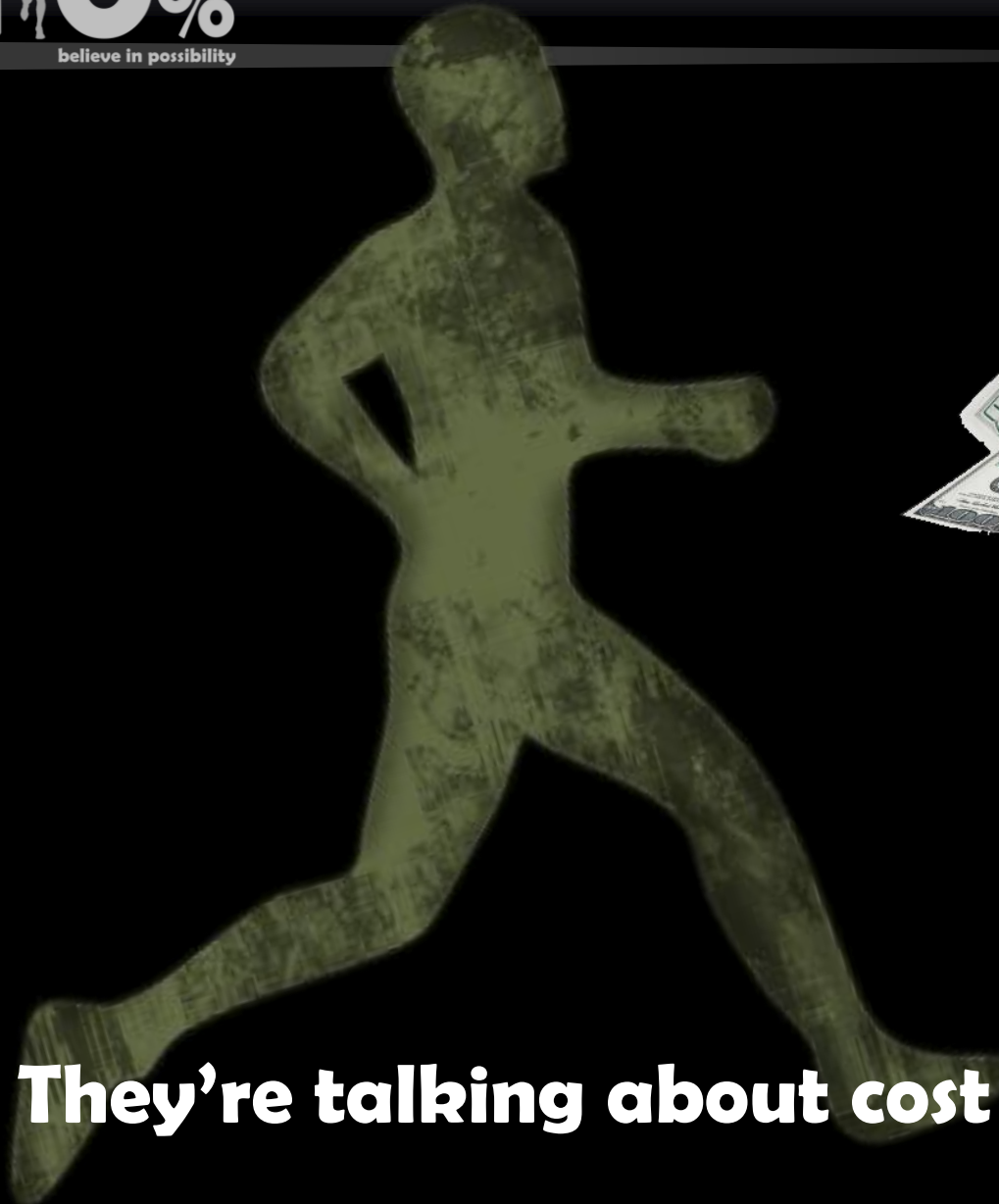


**Helping organizations  
be responsible,  
strategic & bold**





**Run!**

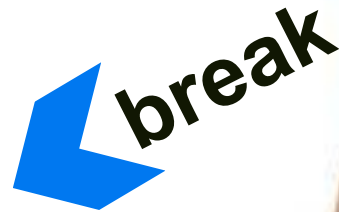


**They're talking about cost recovery again....**



# AGENDA

**-Why it is important**



**-How you can think about it**

**-Why it is important**





*Reliance on taxes =*

**↑** *potential for volatility*

# Major recessions of the last 40 years...



**1981**

**1990**

**2001**

**2007**

**?**

## LOCAL GOVERNMENT OFFICIALS & PARKS AND RECREATION

**95%**

personally use  
their local park areas

**99%**

agree that **their communities**  
benefit from local park areas

### LOCAL GOVERNMENT OFFICIALS SAY PARKS AND RECREATION IS A SOLUTION

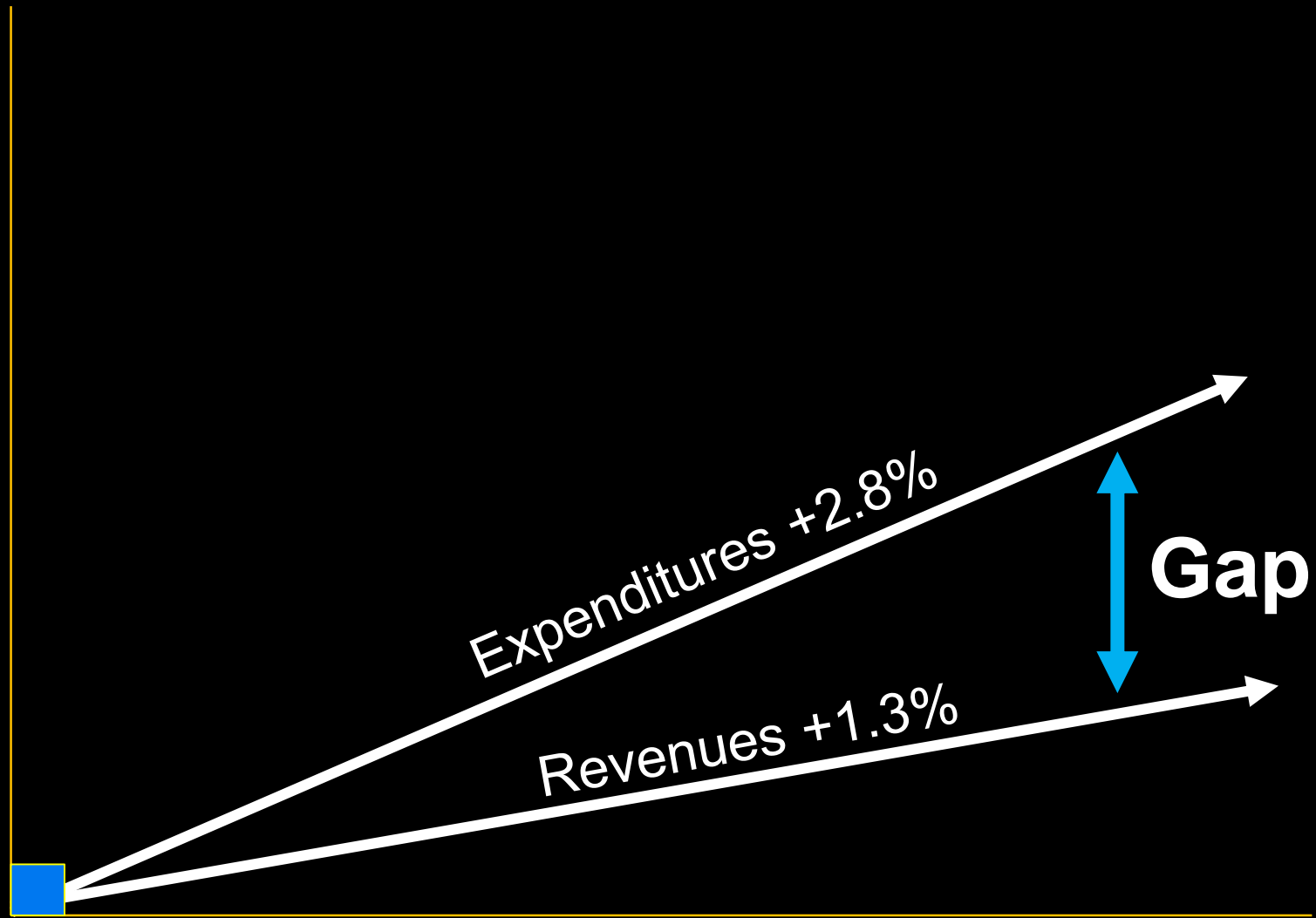
TO SOME OF THE TOP ISSUES FACING THEIR COMMUNITIES  
(INCLUDING PREVENTING YOUTH CRIME AND PROMOTING COMMUNITY QUALITY OF LIFE)

**BUT ARE LESS LIKELY TO VIEW PARKS AND RECREATION AS A CONTRIBUTION TO THEIR #1 CONCERN: ATTRACTING & RETAINING BUSINESS**



**While 6 in 7 agree that parks and recreation**  
**IS WELL WORTH THE TAX DOLLARS SPENT ON IT,**  
they indicate that parks and recreation is likely to be hit with the  
**largest cut in funding** when the city/town/county suffers budgetary pressure







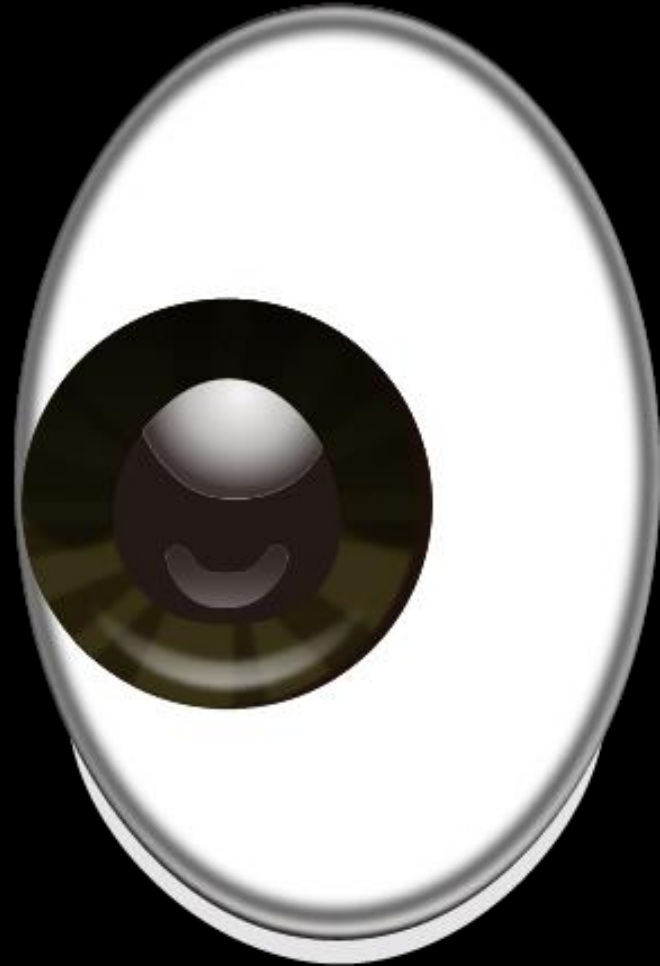
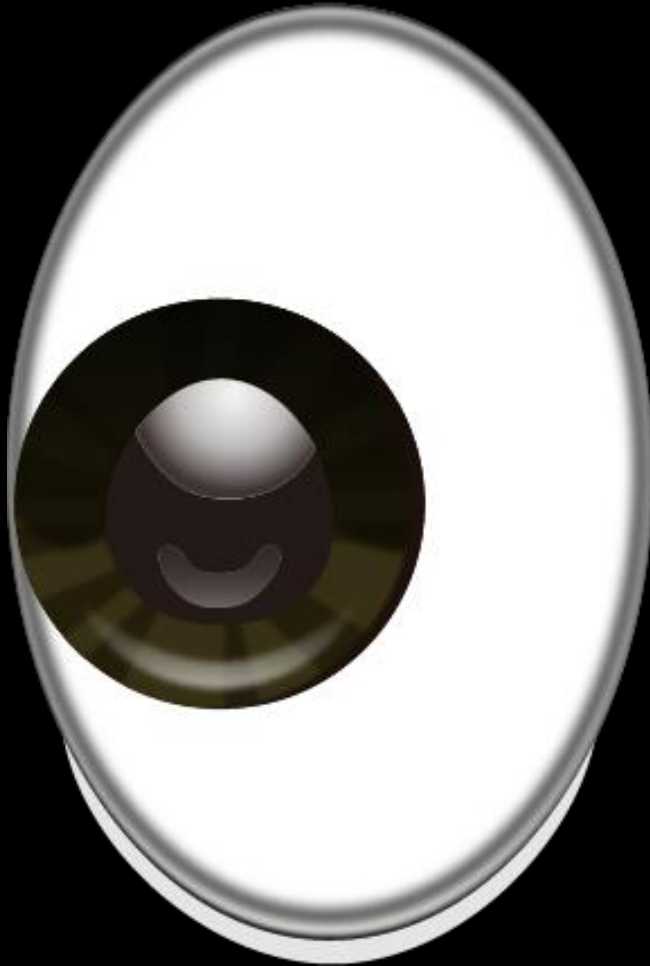
“Leadership requires a willingness to take unpopular stands when they are necessary ... and when it is necessary, there is an obligation to explain it to the people, solicit their support, and win their approval.”

*-Richard Nixon  
Silent Majority Speech (1969)*

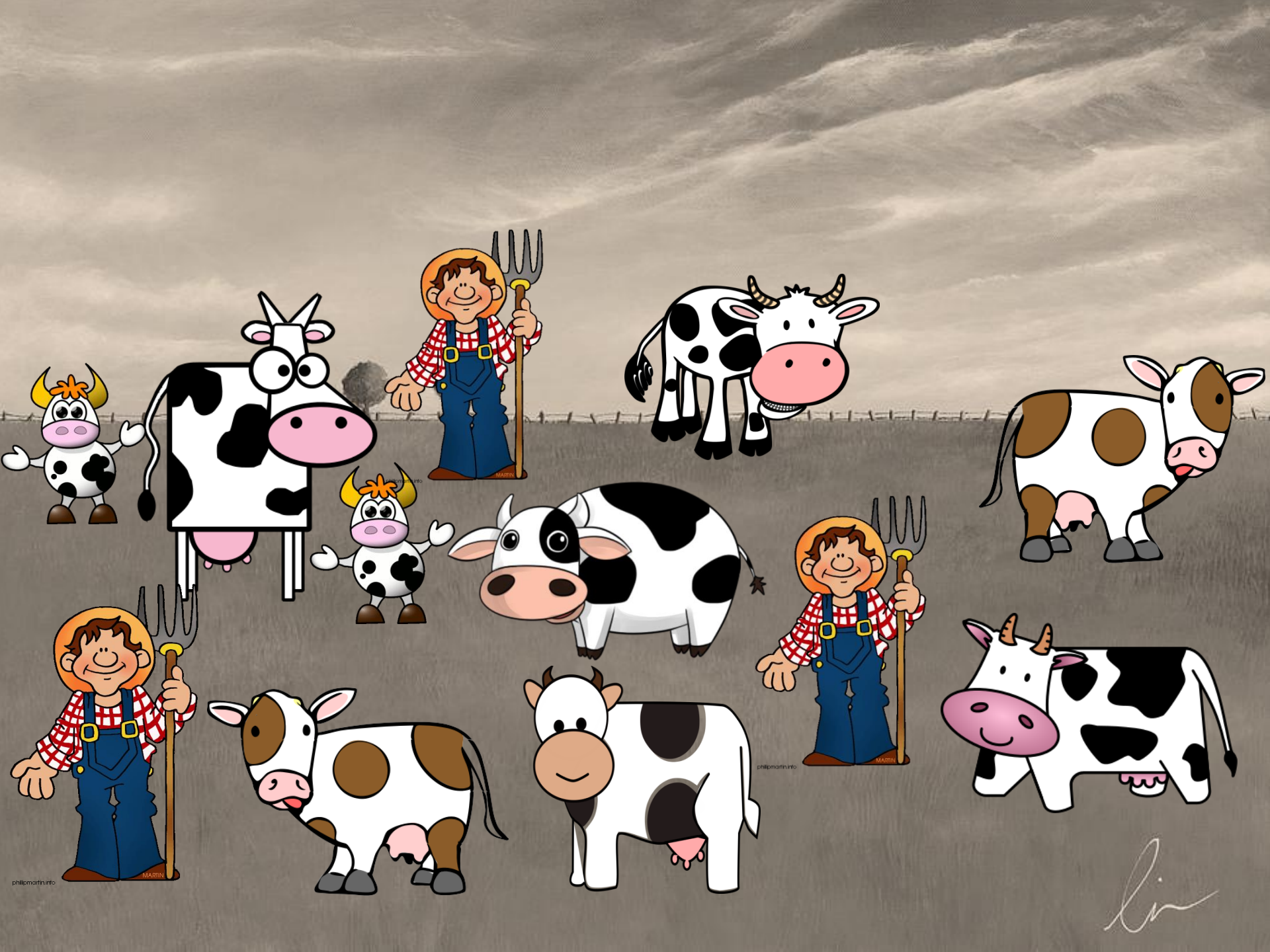


"I don't think the flinging is the problem, it's just a symptom that something else is wrong."

# Problem or symptom?







philipmartin.info

MAGNET

philipmartin.info

MAGNET

*lin*







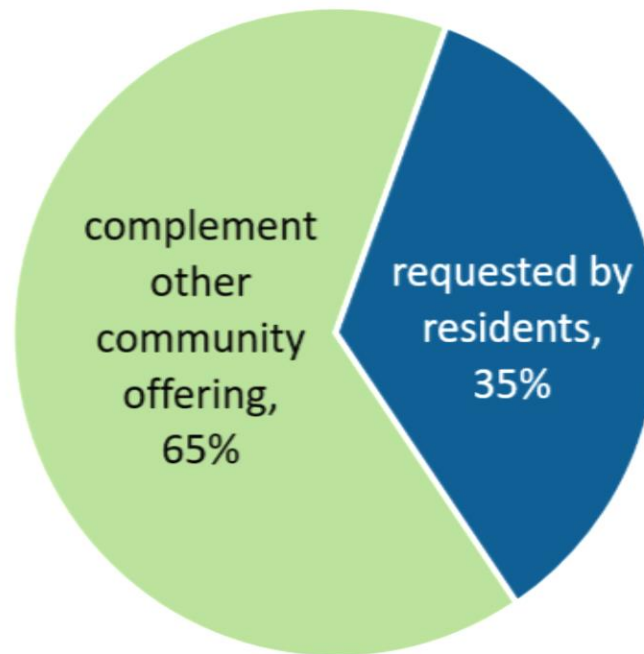
I feel like I  
must answer  
your question,  
even though I  
have no idea  
what I'm  
talking about.

**“I want  
what I  
want...”**



**Figure 12: Should the Department offer what is requested by residents, or what is complementary to what is already provided in community?**

The Department should provide facilities and programs that...  
complement other community offerings but not duplicate them (even if the duplicated city programs are less expensive).  
OR  
are requested by residents, regardless of whether they are provided by other agencies in our community.



### Figure 9: Focus on taking care of what we have versus invest in response to increasing demand

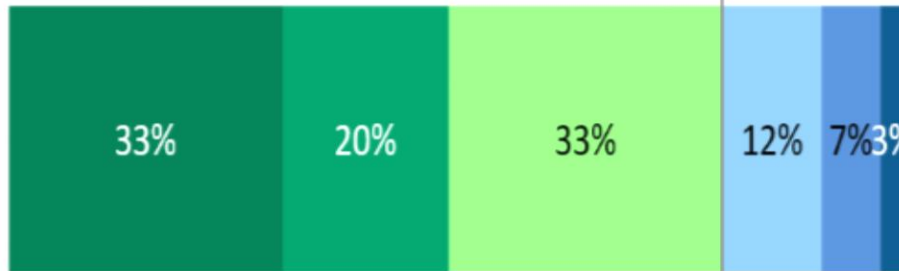
Please indicate how strongly you lean one way or the other for the pair of statements about the City of Mesa’s Department of Parks, Recreation and Community Facilities funding priorities below. For example, if you feel strongly about the statement to the right, check the box closest to that statement, if you lean slightly toward the statement on the left, check a box closer to the middle.

What do you think should be the funding priority in the next few years?

Focus on taking better care of what we have and improve the condition and appeal of recreation facilities and parks. This means new facilities or parks would not be built, expanded or acquired.



Invest in building or expanding recreation facilities in response to increasing demand. This means existing facilities would continue to be maintained at current levels with “deferred maintenance” continuing to grow over time. (Deferring repair work may evolve into more serious conditions or shortening the life cycle of systems and facilities.)





# THE PARADOX OF CHOICE

WHY MORE IS LESS **BARRY SCHWARTZ**

HOW THE CULTURE OF ABUNDANCE ROBS US OF SATISFACTION



"A revolutionary and beautifully reasoned book about the promiscuous amount of choice that renders the consumer helpless. A must read."  
— Martin Seligman, author of *Authentic Happiness*

P.S.  
INSIGHTS,  
INTERVIEWS,  
& MORE...

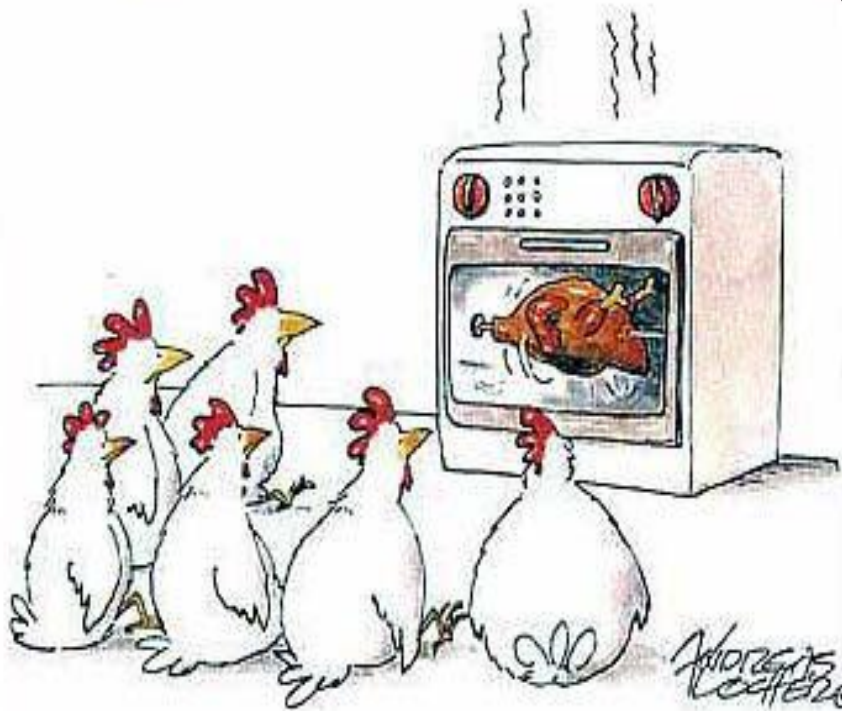


## *Other “problems”...*

**Tired service portfolios  
with heavy or exclusive  
dependency on taxes**

**Competitive spirits  
rather than collaborative  
hearts**

**Acceptance of  
operating budgets in the  
“red”**



REALITY TV

REALITY TV



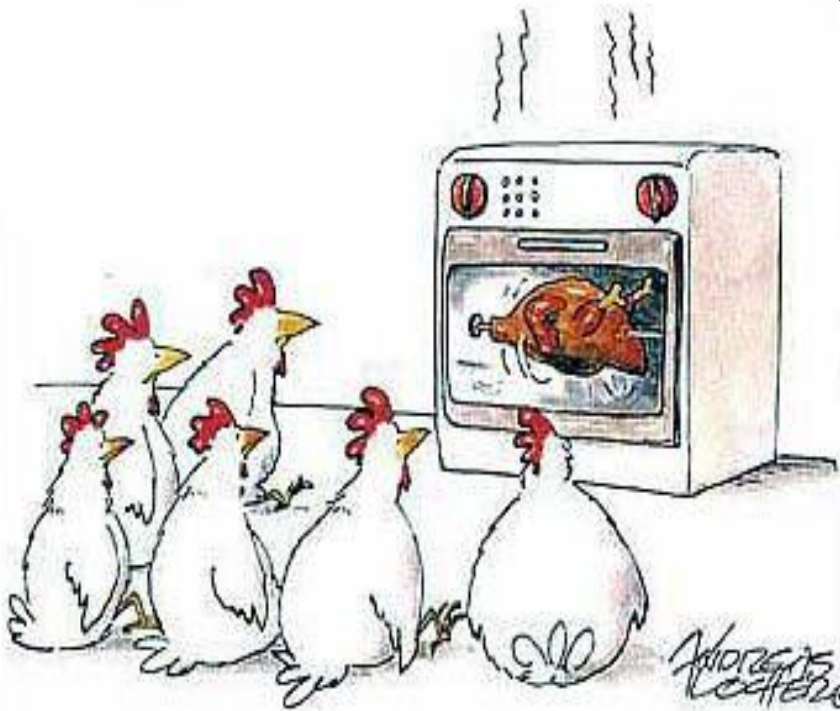
*Other “problems”...*

**Dinosaurs in our midst**

**Antiquated policies & procedures**

**False sense of self -  
“glory muscles”**

**and the list goes on...**



REALITY TV

VT YTIJASB

**business  
principles**



**social  
purpose**

**Pay  
attention**

**Ask &  
answer  
the hard  
questions**

**Make  
courageous  
decisions**

**Current reality**

**a better reality**





**Gettin' &  
spendin'  
da' money**

# Cost recovery philosophy of yesterday

**Parks**

**0 -10% cost recovery**

**Youth Sports**

**50% cost recovery**

**Adult Sports**

**75% cost recovery**

**Aquatics**

**50% cost recovery**

**Seniors**

**25% cost recovery**

***and so on...***

**Philosophy & Model**

**Cost recovery's  
3-legged stool**

**service  
categories**

Cost recovery goal =  
50%?



Cost recovery goal =  
75%?



Vs.

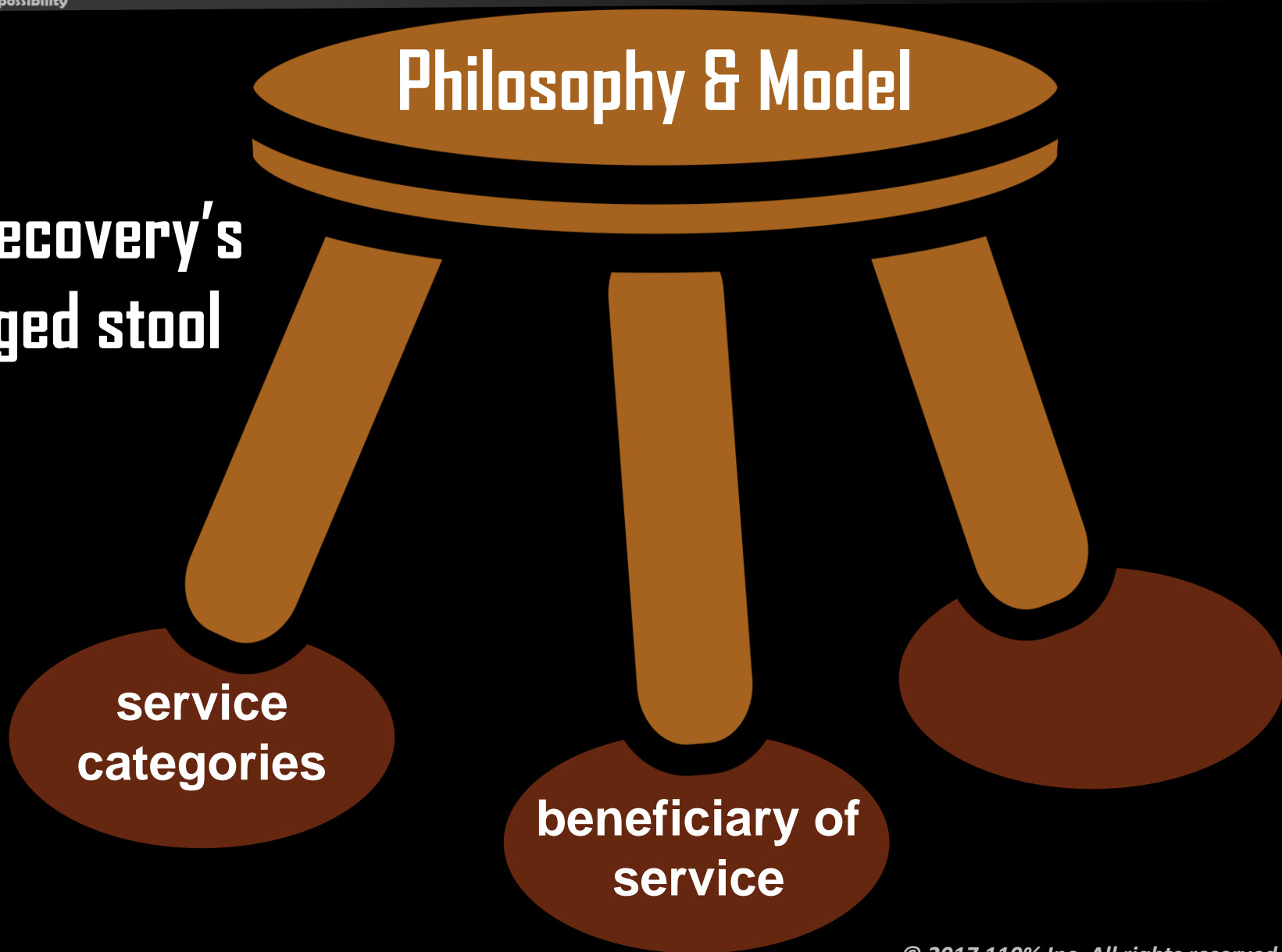




Cost recovery goal = 25%? **Vs.** Cost recovery goal = 80%?

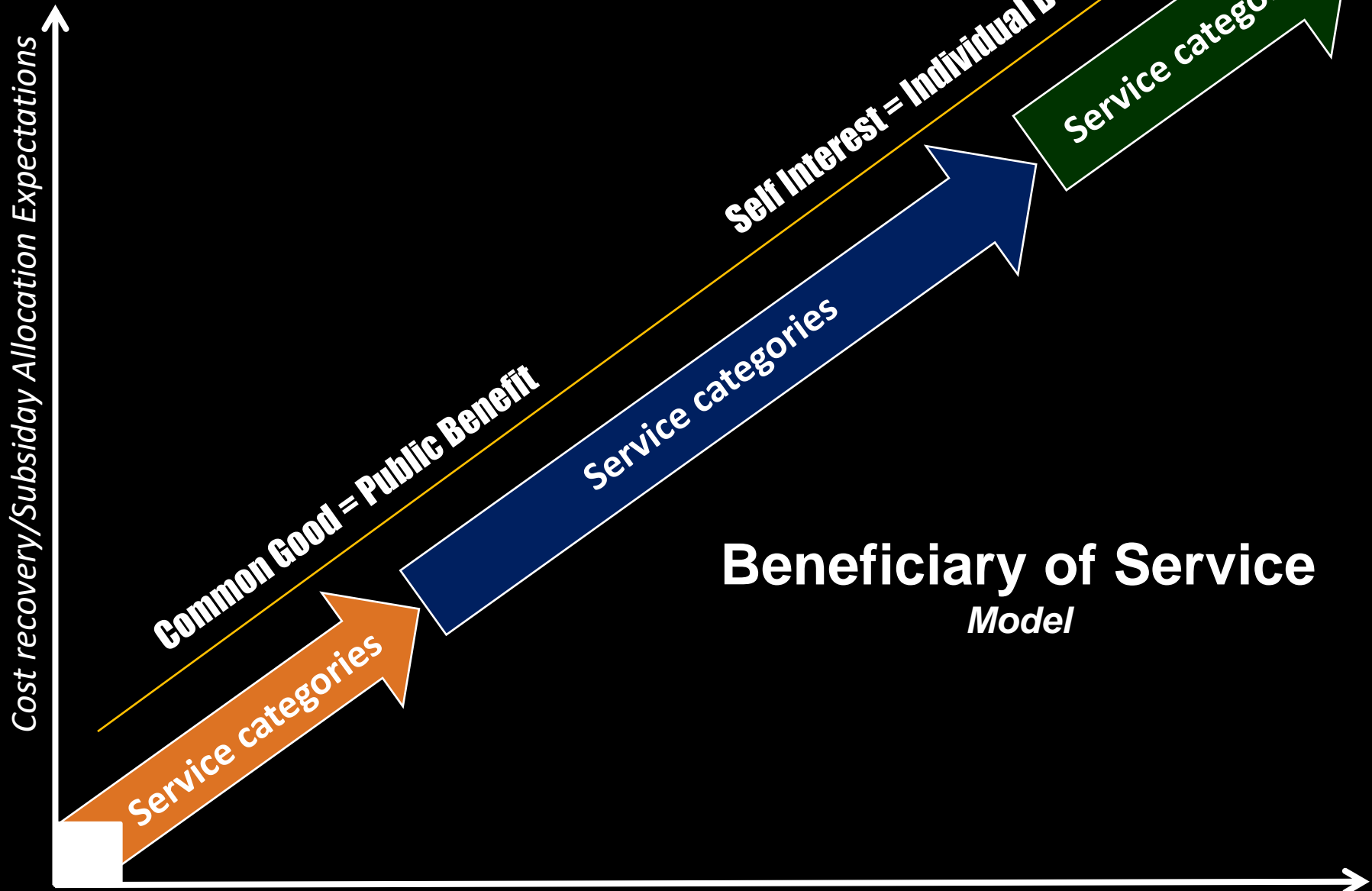


# Cost recovery's 3-legged stool

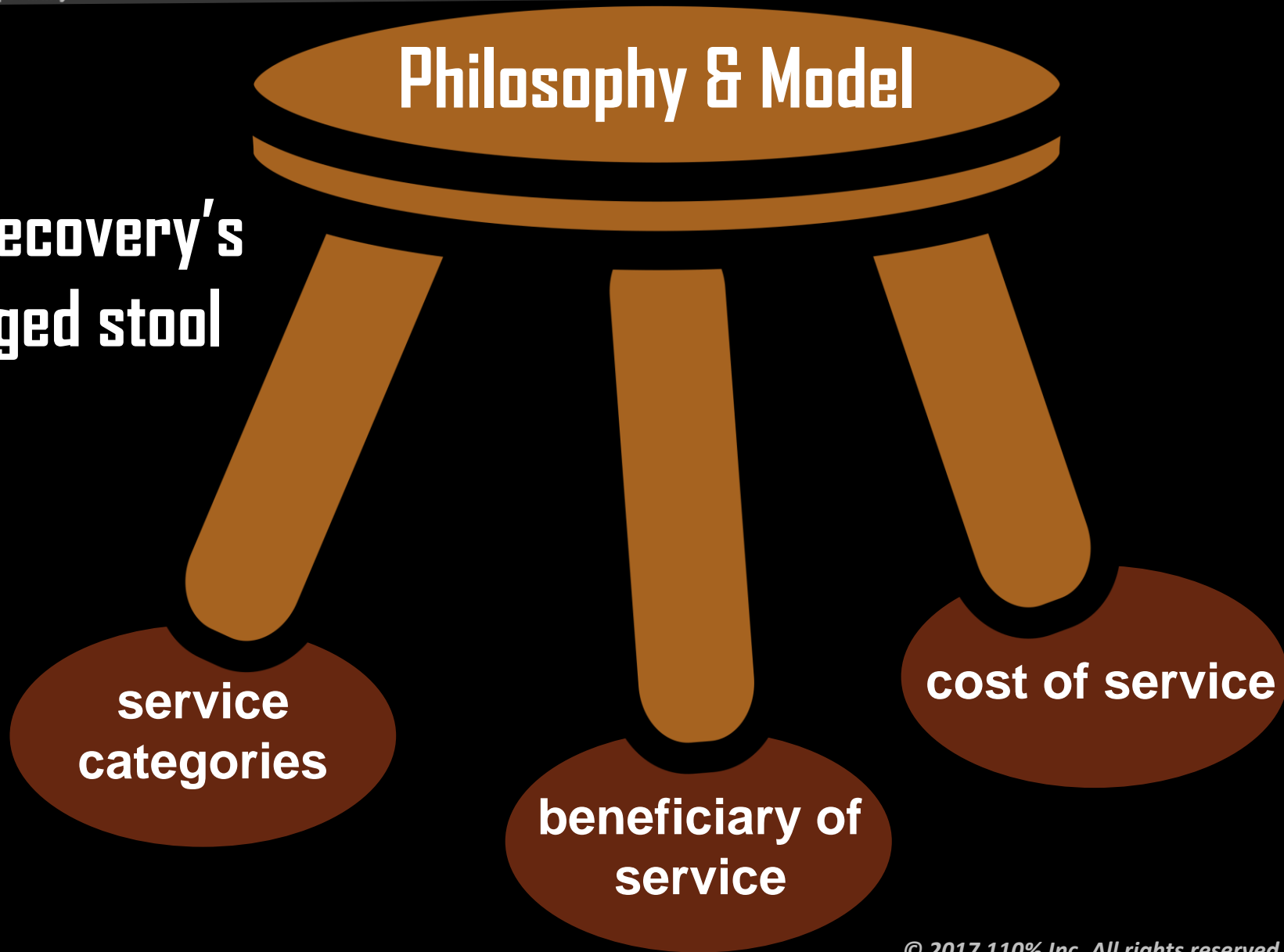


Cost recovery goal = **VS.** Cost recovery goal =  
50%? 50%?





# Cost recovery's 3-legged stool





# Tax Use & Revenue Enhancement Strategy Model

Cost recovery/Subsidy Allocation Expectations

Common Good = Public Benefit

Self Interest = Individual Benefit

Service categories

Service categories

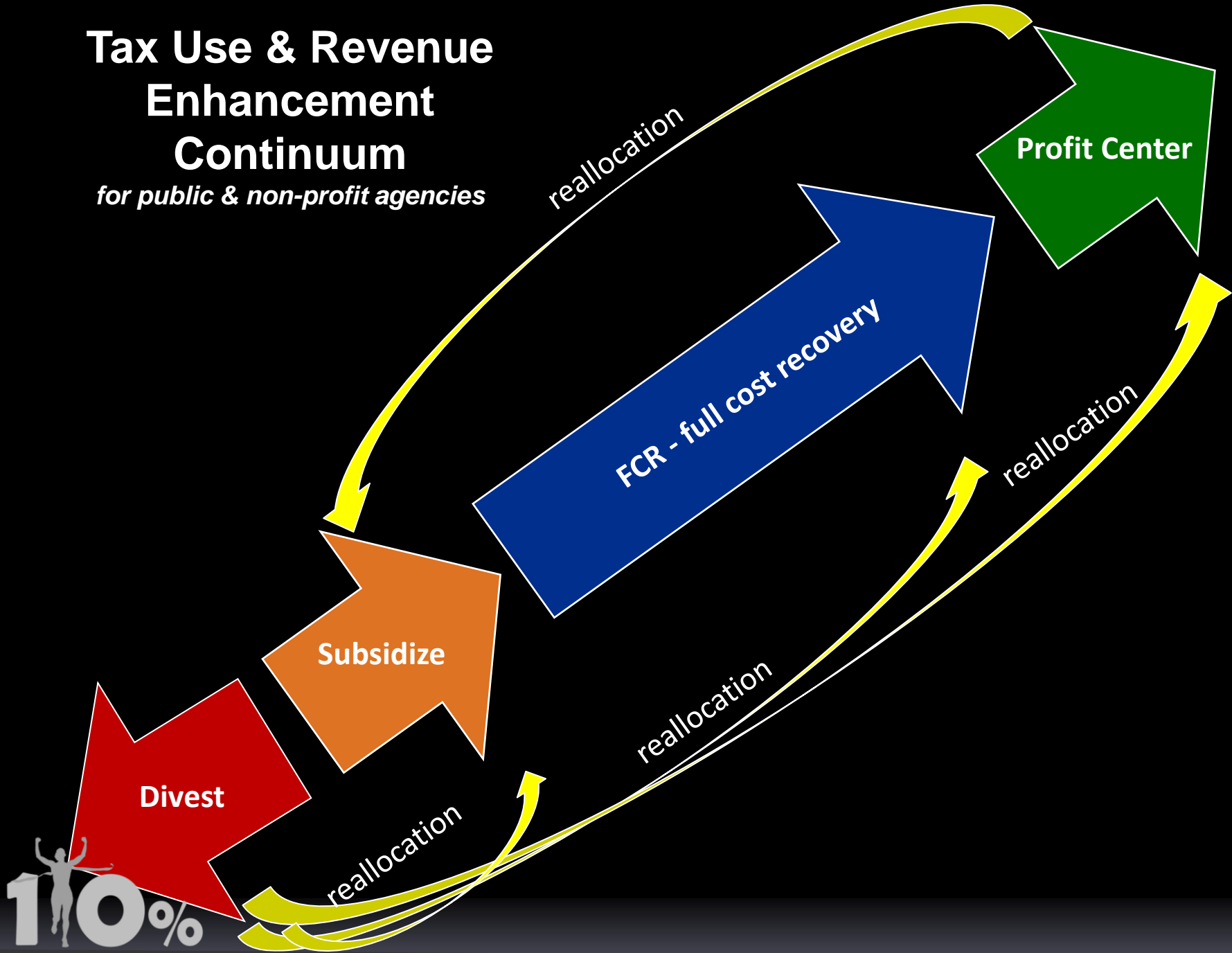
Service categories

**your cost recovery goals go here**

Service Categories

# Tax Use & Revenue Enhancement Continuum

for public & non-profit agencies



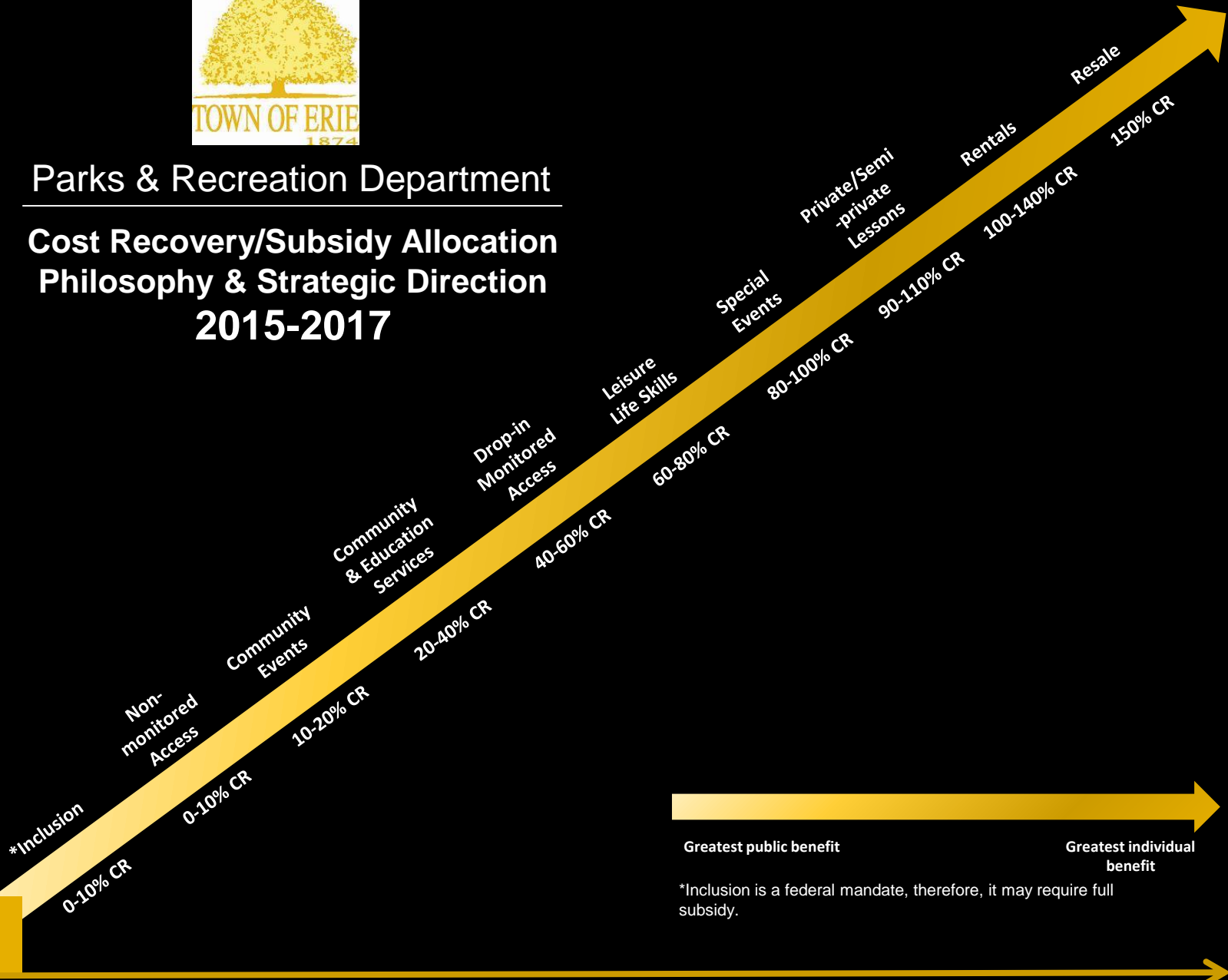




# Parks & Recreation Department

## Cost Recovery/Subsidy Allocation Philosophy & Strategic Direction 2015-2017

Cost recovery/subsidy allocation goal



Greatest public benefit

Greatest individual benefit

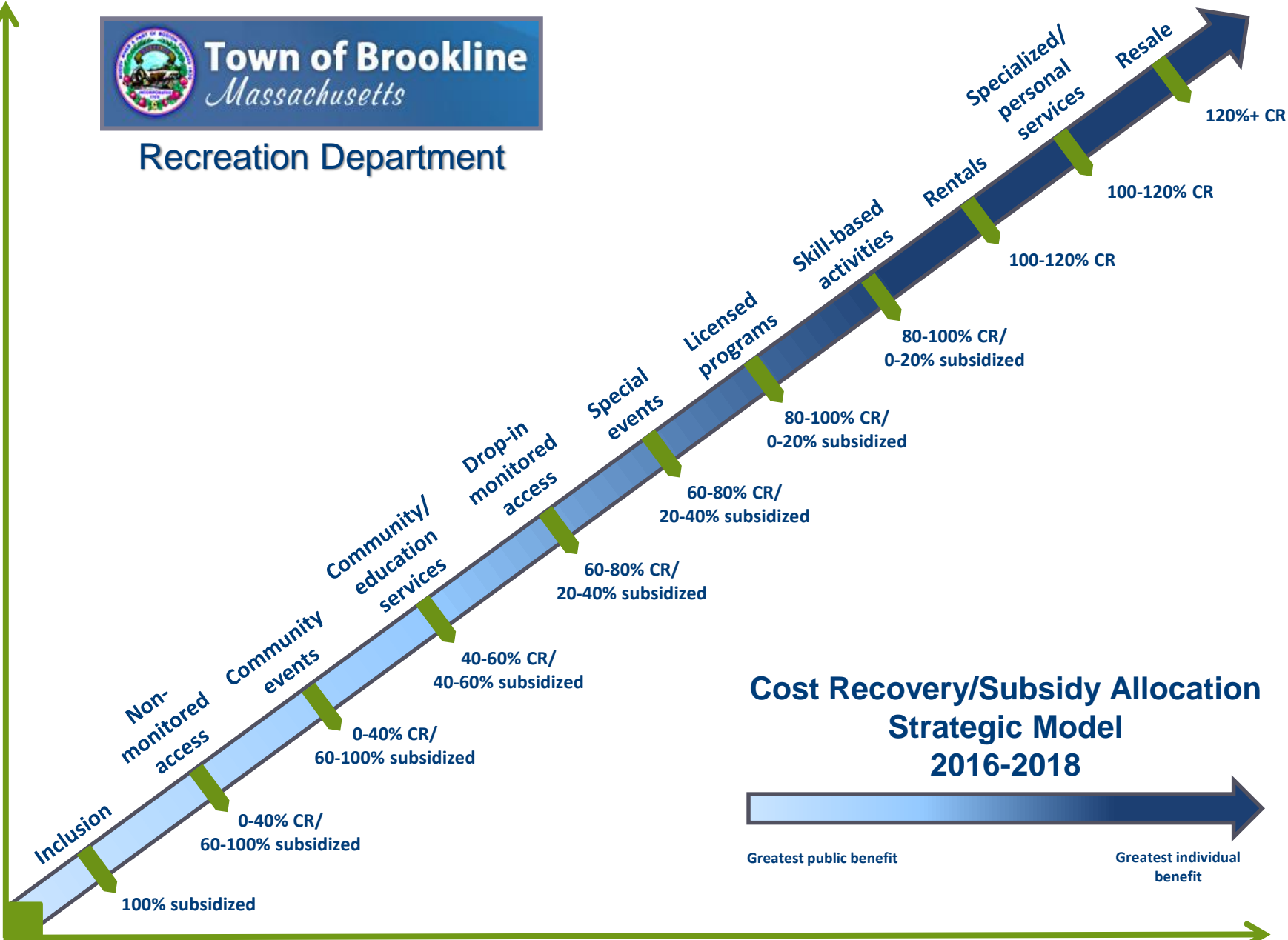
\*Inclusion is a federal mandate, therefore, it may require full subsidy.

Services



# Recreation Department

Cost recovery/Subsidy Allocation Goals



## Cost Recovery/Subsidy Allocation Strategic Model 2016-2018



Department Service Categories

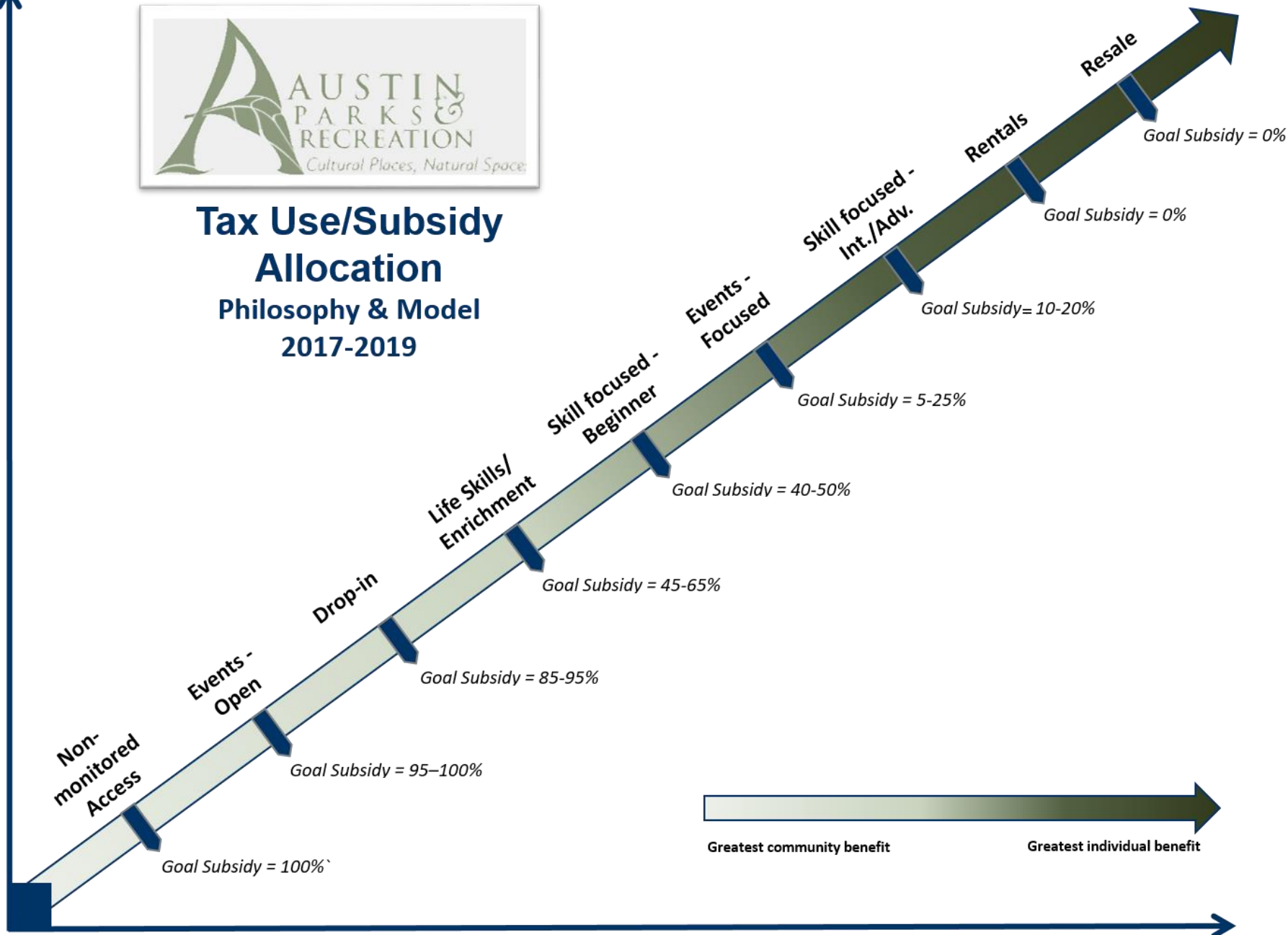


# Tax Use/Subsidy Allocation

## Philosophy & Model

### 2017-2019

Subsidy vs Cost Recovery Expectation



Service Categories



# At what price?

*Cases for CR Strategy*

# Our responsibility

Upsides

Revenues

**Innovation**

**Relevance**

**Market**

**High**

Intangibles

**Impacts**

**Differentiation**

**Loyalty**

**1. License to Operate**

**2. Approval & Advocacy**

**3. ↑ Value**

Downsides

**Volat**

**Assets**

**Eco-efficiencies**

**Containment**

**.../complacency**

**False sense of reality**

**A FOCUS ON SUSTAINABILITY**





**“Public sector employees  
who think like owners  
make better decisions.”**

# Thank you



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[www.110percent.net](http://www.110percent.net)

