

**Committee Members**

Arlene Mitchell  
David Radziej

**Council Liaison**

Steve Scott



**Arden Hills  
Financial Planning and  
Analysis Committee  
Agenda  
February 25, 2020  
6:00 pm**

1245 W. Highway 96  
Arden Hills, MN 55112  
651.792.7800  
[www.ci.arden-hills.mn.us](http://www.ci.arden-hills.mn.us)

***City Vision***

A strong community that values its unique environmental setting, strong residential neighborhoods, vital business community, well-maintained infrastructure, fiscal soundness, and our long-standing tradition as a desirable City in which to live, work, and play.

**CALL TO ORDER**

**1. APPROVAL OF THE AGENDA**

**2. MINUTES**

A. October 29, 2018

**3. NEW BUSINESS**

A. Recreation Programs Review

**4. UNFINISHED BUSINESS**

A.

**5. COMMITTEE COMMENTS**

**6. ADJOURNMENT**

A quorum of the City Council may be present at this meeting.



## FINANCIAL PLANNING &amp; ANALYSIS COMMITTEE

Monday, October 29, 2018

4:00 P.M.

Council Chambers Conference Room, Arden Hills City Hall

## CALL MEETING TO ORDER AND ROLL CALL

The meeting was called to order by David Radziej at 4:01 pm.

MEMBERS PRESENT: David Radziej; Arlene Mitchell; Brenda Holden, Council Liaison

MEMBERS NOT PRESENT: Katy Peters

OTHERS PRESENT: Gayle Bauman, Finance Director

## Call to Order

1. APPROVAL OF THE AGENDA  
Motioned: Arlene Mitchell  
Seconded: David Radziej
2. APPROVAL OF THE MINUTES  
Motioned: David Radziej  
Seconded: Arlene Mitchell
3. NEW BUSINESS
4. UNFINISHED BUSINESS
  - A. Continue Discussion on Health Insurance Renewal Options

Finance Director Bauman distributed information regarding costs of each of the plans the committee was looking at. They were at the point of comparing our current plan to the PEIP plan. Arlene Mitchell was in favor of looking at continuing the current plan in place. David Radziej favored the HSA plan offered by PEIP. The committee discussed the savings to the City by going with the PEIP plan over the current plan and ultimately decided the PEIP plan was what they were going to recommend as long as employees had access to health care they need without it being too cumbersome.

Discussion then turned to employee and employer contributions toward premiums and HSA. Consensus was made for Single - 100% of the premium would be paid and \$125 per month would be contributed to an HSA by the employer; Family - \$900 of the premium would be paid and \$125 per month would be contributed to an HSA by the employer for a total contribution of \$1,025. There was discussion about whether the City should offer an additional amount for new employees to assist with medical costs they may have right when they start work. A thought was to maybe do something once they had passed their six month probationary period. No decision was made on this item.

For Dental they decided to leave the policy as is. For individuals that have the Single health plan, 100% of the employee portion of dental would be paid by the employer. For individuals that have the Family health plan, no amount of dental would be paid by the employer.

5. COMMITTEE COMMENTS
6. ADJOURNMENT



Motioned: Arlene Mitchell at 5:56 p.m.  
Seconded: David Radziej

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David Radziej, Chair

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Gayle Bauman, Finance Director



MEMORANDUM

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**DATE:** February 25, 2020  
**TO:** Financial Planning and Analysis Committee  
**FROM:** Gayle Bauman, Finance Director  
**SUBJECT:** Recreation Programs Review

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**Committee Should Consider**

Discuss Recreation Program revenues and expenditures and review the percentage of costs being covered by revenues. Make a recommendation on the cost coverage ratio for the City Council to consider.

**Discussion**

Information presented to the City Council at the January 21, 2020 Work Session is attached. Council requested that FPAC look at all the factors related to Recreation Programs and develop a recommendation on what percentage of costs should be covered by user fees.

**Attachments**

- A. Agenda item from 01/21/20 Work Session
- B. Discussion on Recreation revenues prepared by Sara Knoll
- C. Discussion on Recreation trends prepared by Sara Knoll



**MEMORANDUM**

**DATE:** January 21, 2020

**TO:** Honorable Mayor and City Councilmembers  
Dave Perrault, City Administrator

**FROM:** Sara Knoll, Parks and Recreation Coordinator  
Todd Blomstrom, Interim Public Works Director / City Engineer  
Gayle Bauman, Finance Director

**SUBJECT:** Recreation Programs Review

Budgeted Amount:	Actual Amount:	Funding Source:
N/A	N/A	N/A

**For Council Consideration**

City staff was requested to provide information on the City’s recreation programs related to the percentage of costs being covered by revenues. This memorandum describes program revenue and expenses over the past 12 years, an initial comparison of recreation programs in other cities, and an analysis of specific recreation programs provided in 2018.

**Background**

**Attachment A** provides a summary of the revenues and expenditures for programs offered at Arden Hills for the years 2007-2018. Program revenue has generally covered a majority of “Direct Costs” for programs, consisting of temporary employees, supplies, materials, services and charges (second row from bottom). However, revenues have not covered total program costs, which consists of direct costs plus administration personnel (bottom row percentage). The highest total cost coverage ratio is 52.7% which occurred in 2011, with the average total cost coverage ratio being 46.3%.

During our examination of historical records, it was noted that up until 2007 the City was able to use a portion of its charitable gambling funds to cover some of the recreation costs. It was also noted in a 2001 memo, that the formula being used to justify programs was that the revenues collected needed to cover direct program costs plus 40% of overhead costs. With the loss of charitable gambling revenue, the current goal is for revenue to cover direct program costs with property taxes covering the overhead costs (administration personnel).

In 2018, the City offered new active adult activities as part of the recreation program offerings. New programs take time to grow and become established within our community and it should be noted that the city fell slightly short of the goal of covering all of its direct programming costs. The city ended up at 93.1% for 2018, or \$8,076 short of its goal. If it is determined that a program is not meeting costs after its first year, staff reevaluates the need for the program and would discuss not offering the class in the future, allowing an additional year for the class to develop, or determining if the community value exceeds the revenue deficit for the class.

New and existing recreation programs are evaluated each year to support the park and recreation mission of serving the people of Arden Hills by providing a comprehensive, well maintained system of parks, trails, facilities and open spaces, and a balanced, well organized program of affordable recreational activities.

City staff also requested information from eight cities regarding their recreation programs, including the cities of Columbia Heights, Forest Lake, Fridley, Lino Lakes, Little Canada, Mendota Heights, Spring Lake Park and Willmar. The method used to account for recreation programs differs from city to city. In order to achieve the accurate comparison to other cities, we reviewed the responses received and the financial information available on their website.

**Attachment B** is a summary of the comparable data with year-end totals for 2018, based on three of the cities that responded to staff's request for information and provided data could be verified with available budget information. Recreational activities that are provided through cities are typically subsidized to some extent, usually by property taxes. Staff can pursue additional comparison data if the City Council wishes to collect more data.

**Attachment C** provides a summary of specific programs offered throughout 2018 by the City of Arden Hills. Participation counts, expenses and revenues are provided on the attachment.

Staff is seeking direction from the council regarding the current goal of revenue covering direct program costs and property taxes covering the overhead costs (administration personnel). If the council is seeking a goal different than this, staff can come back with alternatives to meet that goal.

### **Budget Impact**

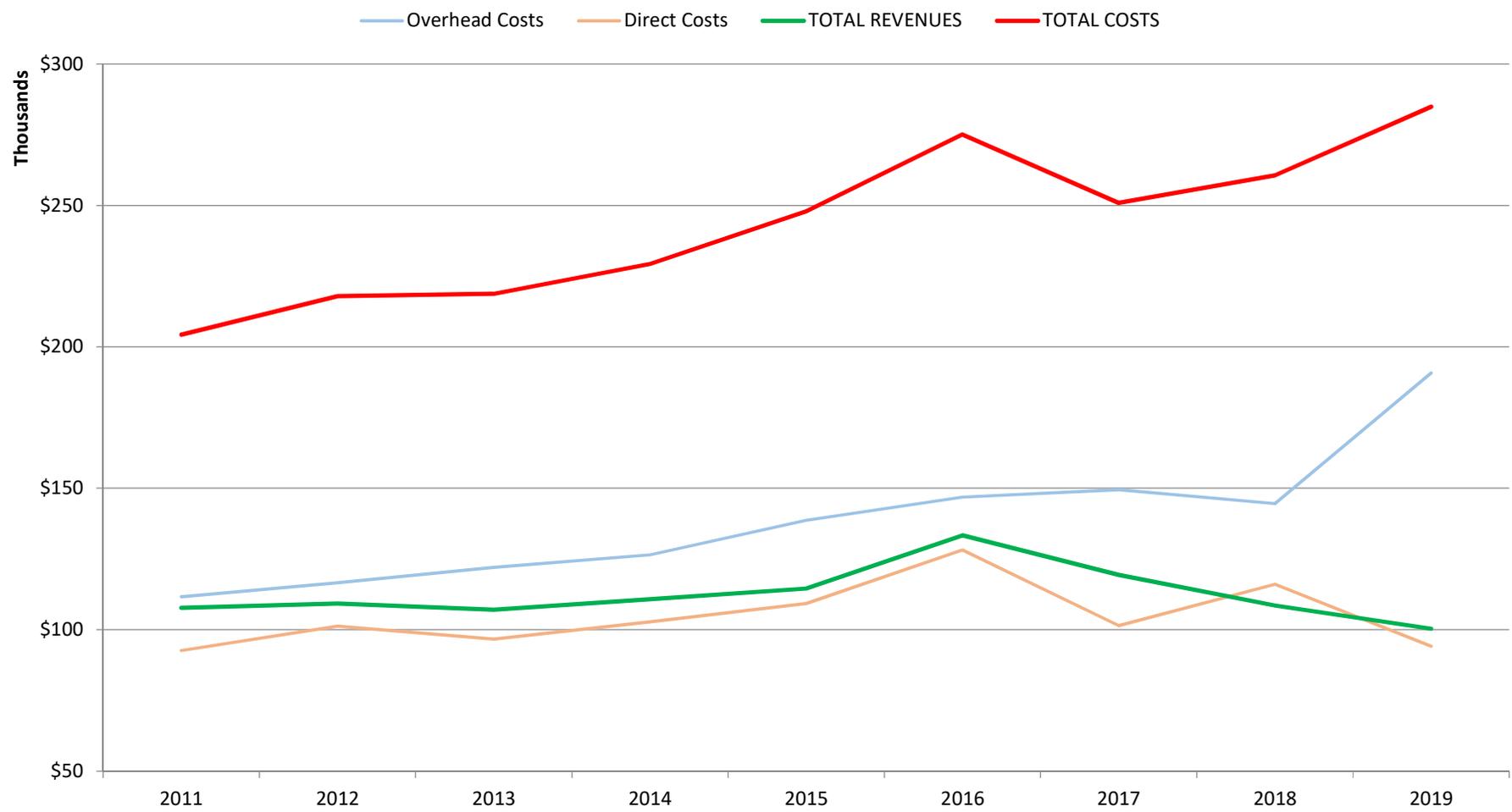
N/A

### **Attachments**

- A. 2007 – 2018 revenues and expenditures for Recreation Programs
- B. Comparison to other cities for 2018
- C. Detailed breakdown of Arden Hills for 2018

RECREATION PROGRAMS  
45120

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>REVENUES</b>												
Summer Playground Fees	14,418.50	16,615.00	10,738.00	12,450.00	13,537.00	14,071.00	16,746.00	16,704.00	21,412.25	22,862.00	22,009.00	24,012.00
Adult Programs	14,439.00	17,085.00	16,699.85	31,835.00	35,105.40	34,467.96	31,371.14	31,309.05	25,850.10	25,821.20	24,601.97	19,338.42
Youth Programs	42,345.00	41,236.00	43,048.25	36,883.50	43,106.90	46,149.50	47,124.50	49,974.00	52,699.00	63,441.50	52,944.00	38,763.00
After School Programs	13,247.00	13,717.00	12,799.50	11,855.00	11,997.00	11,597.50	9,941.20	11,507.00	13,148.00	18,210.00	18,054.50	23,880.00
Special Events Program	2,396.53	2,980.82	4,298.00	3,735.19	3,180.68	2,153.00	1,736.00	1,318.00	1,442.00	1,278.29	1,742.00	2,091.00
Contributions & Donations	-	-	500.00	2,350.00	750.00	814.00	150.00	-	-	1,750.00	-	500.00
<b>TOTAL REVENUES</b>	<b>86,846.03</b>	<b>91,633.82</b>	<b>88,083.60</b>	<b>99,108.69</b>	<b>107,676.98</b>	<b>109,252.96</b>	<b>107,068.84</b>	<b>110,812.05</b>	<b>114,551.35</b>	<b>133,362.99</b>	<b>119,351.47</b>	<b>108,584.42</b>
<b>EXPENDITURES</b>												
Overhead - Admin personnel	107,596.96	79,468.86	109,256.70	112,585.12	111,661.86	116,626.51	122,043.00	126,465.59	138,641.30	143,290.55	140,107.76	143,992.87
Direct - Temp employees	53,635.25	58,776.57	32,511.45	34,363.16	13,713.48	21,052.10	18,741.97	24,288.71	32,735.34	32,542.94	23,224.58	38,180.58
Direct - Supplies & materials	13,925.29	15,793.83	14,728.65	19,756.27	18,511.76	20,701.97	21,192.70	20,115.28	19,428.43	21,938.21	19,222.87	31,157.84
Direct - Other services & charges	44,859.99	50,815.55	52,573.12	52,184.46	60,396.77	59,531.54	56,743.01	58,425.57	57,072.58	77,267.31	68,342.98	47,321.71
<b>TOTAL EXPENDITURES</b>	<b>220,017.49</b>	<b>204,854.81</b>	<b>209,069.92</b>	<b>218,889.01</b>	<b>204,283.87</b>	<b>217,912.12</b>	<b>218,720.68</b>	<b>229,295.15</b>	<b>247,877.65</b>	<b>275,039.01</b>	<b>250,898.19</b>	<b>260,653.00</b>
<b>NET COST</b>	<b>133,171.46</b>	<b>113,220.99</b>	<b>120,986.32</b>	<b>119,780.32</b>	<b>96,606.89</b>	<b>108,659.16</b>	<b>111,651.84</b>	<b>118,483.10</b>	<b>133,326.30</b>	<b>141,676.02</b>	<b>131,546.72</b>	<b>152,068.58</b>
% of direct costs covered by revenue	77.3%	73.1%	88.2%	93.2%	116.3%	107.9%	110.7%	107.8%	104.9%	101.2%	107.7%	93.1%
% of costs covered by revenue	39.5%	44.7%	42.1%	45.3%	52.7%	50.1%	49.0%	48.3%	46.2%	48.5%	47.6%	41.7%



2018		Revenue	Expenditure	% of costs covered
Columbia Heights	City Gym (Hylander Center)	9,018	71,178	12.7%
	Hall Rental (Murzyn Hall)	120,618	263,203	45.8%
	Senior Center	7,380	89,451	8.3%
	Trips & Outings	10,825	32,647	33.2%
	Adult	20,172	32,200	62.6%
	Travel Athletics	3,445	36,265	9.5%
	<i>Spec Rev Fund</i> After School Programs	8,980	19,496	46.1%
	Youth Athletics	13,848	29,712	46.6%
	Youth Enrichment	14,007	63,345	22.1%
	Rec Administration	-	214,038	0.0%
TOTAL		208,293	851,535	24.5%
Spring Lake Park	Extended Tours and Outings	257,055		
	Adult Programs	38,951		
	Youth Programs	49,183		
TOTAL		345,188	609,261	56.7%
Lino Lakes	General Fund	20,000	214,486	9.3%
	Special Revenue Fund	69,956	54,379	128.6%
TOTAL		89,956	268,865	33.5%
Arden Hills	Summer Playground	21,065	8,061	261.3%
	Friday Field Trips	2,604	3,401	76.6%
	Special Events Program	2,239	2,861	78.3%
	Before/After School Programs	8,150	1,644	495.8%
	Youth Programs & Leagues	45,056	21,898	205.7%
	Summer Camps	9,266	6,365	145.6%
	Adult Programs	20,340	11,662	174.4%
	Other Direct Costs/plug	(136)	22,588	-0.6%
	Temp employees		38,181	0.0%
	Direct cost totals		108,584	116,660
Rec Administration		-	143,993	0.0%
TOTAL		108,584	260,653	41.7%

<b>Summer Playground Program</b>	<b>Participation</b>	<b>Expense</b>	<b>Revenue</b>	<b>% costs covered</b>
Tyke Time Cummings Park	24		2,505.00	
Tyke Time Hazelnut Park	35		3,680.00	
Mini Kids Club Cummings Park	39		3,995.00	
Mini Kids Club Hazelnut Park	42		4,620.00	
Kids Club Cummings Park	22		1,920.00	
Kids Club Hazelnut Park	27		3,350.00	
Playgrounds Plus	36		995.00	
		<b>\$8,060.75</b>	<b>\$21,065.00</b>	<b>261.3%</b>
<b>Friday Field Trips</b>	<b>Participation</b>	<b>Expense</b>	<b>Revenue</b>	<b>% costs covered</b>
Summer Field Trips	51	<b>\$3,401.19</b>	<b>\$2,604.00</b>	<b>76%</b>
<b>Special Events</b>	<b>Participation</b>	<b>Expense</b>	<b>Revenue</b>	<b>% costs covered</b>
Holiday Classes	20		395.00	
Breakfast with Santa	62		620.00	
Halloween Monster Mash	27		240.00	
Penny Carnival	100		-	
Egg Hunt	113		904.00	
Letter From Santa	16		80.00	
		<b>\$2,860.80</b>	<b>\$2,239.00</b>	<b>78.3%</b>
<b>Before/After School Programs</b>	<b>Participation</b>	<b>Expense</b>	<b>Revenue</b>	<b>% costs covered</b>
Basketball, Ninja Warrior...	192	<b>\$1,643.78</b>	<b>\$8,150.00</b>	<b>495.8%</b>
<b>Youth Programs/Youth Leagues</b>	<b>Participation</b>	<b>Expense</b>	<b>Revenue</b>	<b>% costs covered</b>
Soccer	257		16,248.00	
T-ball / Baseball	64		3,708.00	
Volleyball	29		2,105.00	
Tennis	49		3,535.00	
Flag Football	43		3,355.00	
Dance	53		5,375.00	
Preschool Sports Classes	46		2,205.00	
Track	140		7,575.00	
Art Classes	13		580.00	
Golf Lessons	2		150.00	
Science Camps	9		220.00	
		<b>\$21,898.46</b>	<b>\$45,056.00</b>	<b>205.7%</b>
<b>Summer Camps</b>	<b>Participation</b>	<b>Expense</b>	<b>Revenue</b>	<b>% costs covered</b>
Musical Theater Camps	26		3,330.00	
Sports Unlimited Camps	33		2,886.00	
Computer Explorers	5		740.00	
Bowling Camp	8		320.00	
Basketball Camp	5		230.00	
Mounds View Camps	22		1,760.00	
		<b>\$6,365.00</b>	<b>\$9,266.00</b>	<b>145.6%</b>
<b>Adult Programs</b>	<b>Participation</b>	<b>Expense</b>	<b>Revenue</b>	<b>% costs covered</b>
Yoga	47		3,887.00	
Tai Chi	18		1,200.00	
AARP Driver Safety	86		1,805.00	
Foot Care Clinic	127		4,445.00	
Adult Golf Lessons	5		230.00	
Adult Softball League	165		7,760.00	
Active Adult Activities	25		1,013.00	
		<b>\$11,661.79</b>	<b>\$20,340.00</b>	<b>174.4%</b>
Miscellaneous Expenses		<b>\$22,587.78</b>	<b>(\$135.58)</b>	
Temp Employees		<b>\$38,180.58</b>	<b>\$0.00</b>	
<b>Grand Total</b>		<b>\$116,660.13</b>	<b>\$108,584.42</b>	<b>93.1%</b>

## Recreation Revenues

Increased revenue is certainly a goal each year, but the department will need to balance the ability to increase revenue while maintaining the public's trust and commitment to the services we provide. Determining cost recovery goals, ensuring affordable access, utilizing existing inventory, creating partnerships with other communities are all ways we can monitor the revenues/expenditures in the years to come.

### **Why the revenue changes from year to year:**

- Demographics in the City and surrounding area. We have noticed an increase in the cities preschool programs and classes offered.
- Offering different class options each season. Enrollment will vary from class to class.
- Inadequate space/location
- Having maximums on programs for safety
- Schools will no longer allow us to advertise using flyers in the schools
- New partnerships/contracts
- Cost increases – space rentals, staff costs

### **Ways to Increase Revenue:**

- Increase class fees
  - Increasing fees in the top five revenue producing programs
  - Cut expenditures
  - Staff/participant ratios
  - Parent and Me classes – Keeping the staff numbers down
  - Promoting classes – getting the word out (Newsletter, Parks and Recreation Guide, Facebook)
  - Late fee added to youth leagues and summer playground program (currently using)
  - Voucher system instead of refunds (currently using)
  - Volunteers – having volunteers help at some of the events
  - Sponsorships and donations
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- The City of Arden Hills offers a coaches discount for all of the youth leagues. This year we limited the number of coaches allowed per team.
  - The City needs to remain competitive with the fees that are set. Surrounding communities offer the same programs/leagues.
  - Scholarships for programs. The City of Arden Hills receives scholarship requests for programs. The Arden Hills Foundation has been providing scholarship money for families in need the last few years (\$500).

The Parks and Recreation Department has a very good reputation in our city. The programs that we offer are high quality and affordable. The City of Arden Hills offers a wide variety of programs that appeal to all ages in the community. I believe in our programs and the impact that they make on residents in Arden Hills and surrounding communities.

Increasing registration fees for programs to boost revenue could negatively impact enrollment in the future.

# Attachment C

## Parks and Recreation Programming Trends

The decline in outdoor recreation participation is an alarming trend. Declines in participation reduce the number of Minnesotans who receive the benefits of outdoor recreation that can be attained from parks, trails and programming.

Currently the state of Minnesota is seeing a decline in participation within the adult softball program. This is something staff has been monitoring for the last few years. The City of Arden Hills has partnered with surrounding cities to still offer the opportunity for adults to play softball in Arden Hills. Some cities have decided to cut the adult softball programs altogether or offer an alternative activity. Staff has noticed that if we cancel a league for a season, it is very challenging to get the league up and running again. Last year the City of Arden Hills had 6 adult softball teams registered.

Different audiences seek different experiences when they sign up for recreation programs. In order to meet the needs of the community, the Parks and Recreation Department must seek new ways to reach those not currently using/taking programs, while at the same time ensuring that we are still meeting the needs of our current users.

The Arden Hills Parks and Recreation Department has seen an increase in the preschool programs that are currently being offered. Families with young children look for ways to introduce their children to the outdoors and different programs in the community. The preschool programs that are offered through Parks and Recreation require more staff, capping the number of participants that are allowed in each program. The department follows the current trends, offering new and exciting classes to the youth in Arden Hills. Staff evaluates each class that is offered each season.

As adults age their recreation needs and interests change. We have started offering more active adult activities to attract the 55+ community to participate in programs in Arden Hills. We have created a partnership with the City of Shoreview to offer day trips, history seminars and educational classes for the aging adult population.

Providing high-quality programs and experiences to residents in Arden Hills and surrounding communities is the number one priority for the department.

Sara Knoll  
Recreation Coordinator