



June 20, 2013

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Tony Collins
Director of Parks and Recreation
City of Gahanna Parks and Recreation Department
200 South Hamilton
Gahanna, OH 43230

RE: Proposal for Cost of Service Modeling

Dear Tony:

PROS is delighted to present this scope of services to the City of Gahanna based on my understanding of the work you desire as it applies to a Cost of Services study. The scope of services outlines an approach that PROS recommends that will set up a system to accurately collect the direct and indirect cost associated with facilities and program services as well as parks maintenance. This information will help to make more informed decisions regarding efficiency changes and in creating new revenue opportunities for the City to pursue.

PROS will develop the Cost of Service model with the City of Gahanna staff and train them on the process so they can understand and implement this cost of service process in the future for other elements of the system. The scope outlined will include the detailed Cost of Service data assimilation, actual modeling and the staff-training component.

Depending on the extent and integrity of data available, it is expected that this process will span (2) months. This tentative schedule could shift depending on the availability and validity of the data available for the cost of service modeling. This project will require time from the Recreation Program staff team members to ensure the transition from the methodology and process to the implementation of this Cost of Service Modeling is seamless.

Tony, do not hesitate to call if you have any questions regarding the scope or fees associated with the work recommended. I can assure you the dollars used to develop the cost of service model will be manifested through increased revenue optimization and cost savings due to the work outlined in this study. Thank you for the opportunity to work with you, and the staff on this project.

Personal Regards,
PROS Consulting, LLC

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EXHIBIT A

Scope of Work

Project Understanding

PROS Consulting understands the challenges of a Park and Recreation System that seeks to build long-term internal capacity while supporting daily operations in a systematic manner with limited resources. Our experience has shown that technology and financial reporting systems can be unwieldy in systems at times and that too could pose a barrier to effective data collection.

It is foreseeable that the economic diversity in the community and the City's goal to ensure equity of service puts additional pressure cost recovery goals. We recognize that fiscal management including, cost of service studies are key components that will enable the City of Gahanna to meet its long-term vision and short-term goals. PROS will deliver a living document and decision making tool that will support effective and immediate implementation of recommendations.

The following work plan presents the detailed steps to be proposed to be performed by PROS Consulting.

Work Plan

The City of Gahanna Parks and Recreation Department desires to retain a consultant to assist the Department toward the development of a cost of service model for revenue producing programs and recreation facilities (not including the golf course) as well as the maintenance of city parks.

PROS has developed the following scope of work describing our approach to this project. This scope outlines the task items that PROS will perform for the City of Gahanna Parks and Recreation Department as a part of the cost of service modeling.

Task 1 – Situational Assessment

- A. Kick-off/Coordination** – A kick-off meeting should be attended by the key City Parks and Recreation staff members and PROS Team members to confirm project goals, objectives, and expectations that will help guide actions and decisions of the PROS team. Detailed steps of this task include:
- **Confirmation** – The project goals, objectives, scope, and schedule will be confirmed, including the identification of programs, facilities and parks to be analyzed.
 - **Outcome Expectations** – Discuss expectations of completed project along with presentation of different Cost of Service management models.
 - **Communications** – Confirmation on lines of communication, points of contact, level of involvement by Parks and Recreation staff and key leaders and the Mayor, and other related project management details. In addition, protocols and procedures for scheduling meetings should be agreed to.
 - **Key Model User** – The Parks and Recreation Department should designate one staff member to be the primary user of the cost-of-service model. The designated staff member will be involved throughout the project as the internal project manager.
- B. Review Organization Data** – PROS will review available facility, program and parks maintenance information for costs, staffing levels, equipment, utilities, supplies, user participation, capital and program budgets and other operating statistics to assist with the formulation of the cost of service analysis and discuss outcomes of the Study with staff involved in the project. The scope of work is designed so that the findings and recommendations from the cost of service studies will help inform decision making relative to various divisions staffing, organization, pricing and budget management.

Task 2 – Financial Modeling

The PROS Team will develop a financial model based on available the City of Gahanna information to be used to document and evaluate current cost of services for recreation programs and facilities as well as park maintenance and to determine cost recovery levels. If information is available, PROS will incorporate budgetary information to demonstrate the impacts of pricing scenarios on cost recovery from user fees and charges on programs and recreation facilities.

PROS has several financial and fee model templates that may be used to present financial information based on the goals and objectives of the City. Based on the data available and discussions with staff a template will be selected. A part of the PROS approach to staff training is to include key Department users in the model development processes. This is to assure that the key users are equipped to use the models without assistance from the Consulting Team. This is an important element of the transition plan.

- A. Cost of Service Model** – PROS will assess the cost of service and revenue recovery for recreation facilities, program areas and parks maintenance. PROS will develop the model detail based on available information. Staff input is required to acquire or estimate information that is not currently available (i.e. allocated budgetary costs, amenities, program areas, essential services, etc.).

The model will demonstrate the true cost to operate and cost recovery levels that would apply to the revenue producing recreation facilities and programs and parks. From this information, fees and charges and revenue adjustments can be made to achieve the City's cost recovery and efficiency goals. *Cost recovery policies, pricing strategies and goals are not a function of this work.*

The cost of service model will be developed and turned over to the Department when the project is completed. The model will be available for staff to complete the cost of service analysis for programs and facilities not included in this project for the future. The number of programs analyzed will be dependent on the completeness of the accounting and program/facilities activity information available for the project consultants. Core areas of analysis include:

- City Revenue Producing Programs – cost to provide a unit of service (cost per experience, cost per activity, cost per event, cost per class etc.), current fee charged, and cost recovery per unit; i.e. the cost to plan and administer, including utilities and indirect support services, for a class to a unique/single participant; including all maintenance, utilities, and indirect support services.
- Recreation Revenue Producing Facilities – cost to operate these city assets, current fees charged, and cost recovery per rental; i.e. the cost to operate on a square footage basis for each activity center; the cost to operate and maintain the building and area around the building.
- Parks – cost to provide a unit of service for maintenance of parks based on park classification, including staffing, utilities, equipment, supplies and materials and contracts as well as indirect support services

Fees

PROS Consulting, LLC has prepared a lump sum fee estimate to perform the services identified in the project approach of **\$10,000**, which includes a 2-hour costing workshop with the Parks and Recreation Director and Mayor. The projected costs are based on past experience for project tasks and anticipated expenses. We would appreciate the opportunity to discuss the fees above to make sure they are consistent with the City's goals.