

## *Nothing Changes if Nothing Changes*

*Learning from the recent 2020 social and financial crisis's*



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The events of the past month show us that there needs to be real change in our Country. The system best equipped to be the catalyst for this change is the park and recreation profession. It is the Park and Recreation agencies that need to function as the architect of the jurisdictions of life's enrichment systems – not the sole source provider. It is important that we position ourselves to collaborate with organizations whose visions and mission intersect with ours. We have to understand that the solutions to some of our most complex and costly challenges exist in the spaces between our disciplines, not in the disciplines themselves. We can't do it all, but we certainly need to take our place at the table of change.

Of course, Parks are essential. Parks were at the center of the Corona Virus pandemic, and the majority of gatherings to protest the racial divide in our country were held in Parks. The past few months have allowed us to check every box highlighted by the three pillars of importance to the member agencies of the National Recreation and Parks Association; Health and Wellness, Conservation, and Social Equity. Simply talking about our importance or how to bring our country together will not get us to the finish line, we need step by step actionable items that stand as a VISION to the work we need to do.

It has been inspiring to see agencies and staff members across the country work through obstacles and do everything they can to provide even limited access to their parks and other services. These efforts are well recognized, and we thank you for all you have done to make residents safe while they enjoy your park spaces.

This article was prompted by the three of us who have worked as parks and recreation directors and now are integrally involved with the parks and recreation industry as consultants and teachers. We have seen all of the trends and changes occurring in the Parks and Recreation profession over the last 40 years, and the long-term negative effects that bad business decisions could have on an agency. There is important work for us to do as a profession. We will not be able to do important work if our agencies are decimated by cuts, layoffs, and furloughs. Properly established business policies and procedures will be the foundation of our future.

We cannot fix problems unless we are aware of, ***“what are the problems we are trying to solve?”*** The revenue sources that have funded us have diminished by historic proportions. Even agencies that have had a strong enterprise system have been affected by the need to close their revenue producing facilities, parks and programs. EVERYONE has been affected. Sound business principals will allow us to sustain the mission and vision of being the one department in government that is there for every single constituent. A dynamic, growing, financially secure park and recreation agency can be there for the communities we serve when people need to heal because of horrible social inequities.

To assist with creating an agency that can financially sustain itself into the future, we have combined a 20-step approach toward the adoption of essential business management practices. The list will assist you in managing your agency through this financial crisis in a positive manner. Success will require a change in the way we think about parks and recreation services and the way we manage forward for the future.

It's this simple. Fix the business side of our agencies so we can sustain into the future so we you can do the important work of Parks and Recreation.

### **1. We will need to ensure that our Park and Recreation systems are not overextended.**

Many parks and recreation systems have purchased more park land than is needed and have built more parks and facilities than can be maintained with the resources they have. We should not be maintaining facilities or amenities that people are not using. We find ourselves overextended due to a lack of the appropriate amount of capital and operational money needed to operate and maintain our park systems. A zero-based management approach is what we should use as the decision tool to focus on how and why every dollar spent is to maintain and program parks and recreation services across the country. This process will support our operating budgets for our parks and recreation systems by connecting what citizens have expressed they need and are willing to pay - regardless of the melt-down of our economy. Facilities that no longer serve their intended purpose or have outlived their useful life should be repurposed, leased at market value, or discarded.

#### ***We should ask ourselves these questions:***

- Why is this service being provided before we start a new one? What programs should we keep versus what ones should we cut?
- What would be the effect if our department discontinued a specific program?
- Should we ask the question, "Does this level of service need to be provided?"
- What would be the effect if our department changed (increased or decreased) our level of service?
- What quality and quantity of services are truly needed and how should we provide them?
- Are our services achieving their intended outcomes based on the cost of delivery?
- Is our cost per output reasonable? Is the funding sustainable?

We have to become better at making distinctions between what is an expenditure versus what is an investment.

### **2. We will not be able to continue to have our staffing costs make up over 60% of your total operating budget.**

60% is high, but anything higher than that could be devastating. This leaves minimal operational revenue to take care of what is already owned in terms of operational and maintenance costs and capital maintenance requirements.

### **3. We will need to learn to say "NO" gracefully.**

We are consistently pushed by our users to add new facilities and new amenities because it is exciting, and it feels very productive. But at times we do not know what it truly costs to operate and maintain these new parks and facilities and to determine where the money to build and operate them will come from. We do not know how to say no gracefully to special interest groups based on what we are capable of and we get very little recognition for properly maintaining our existing facilities well. We must recognize our limitations moving forward.

### **4. It is essential that we know ALL of our costs.**

We must do our homework upfront to establish true costs before you do anything. If you do not do this, you will never know if you can effectively maintain them. Costs need to include direct and indirect costs as well as replacement costs.

## **5. We need to become an expert in ALL alternative funding sources.**

Most agencies understand how taxes and user fees work but they do not know the many other funding resources available to them to support their operational and capital needs. There are well over 130 funding sources that various park systems use to support their operations and maintenance costs, yet most use 10 to 15 funding options at best. New funding sources are available to support capital costs as well if we would pursue them. These funding sources should be put into practice in our agencies to allow us to move forward in a financially positive manner. Some of these funding sources are limited by various states and some are available in all states. There is a real need for us to access diversified funding methods, know how to apply them effectively within our parks systems, then teach and train our staff how to manage these funding sources on a daily basis. Most agencies do not have a business development manager on staff who understands all these sources of funding and knows how to use them correctly to support their system.

## **6. We can't just give it all away to partners.**

Partnerships are often subsidized by parks systems because we do not calculate our cost correctly which then creates entitlement for the partner. This entitlement is so deep-seated that when changes need to be made with the partnership agreement, issues develop and the partner becomes adversarial and political. Most agencies have not created a true cost of service process to measure what the contribution is from the partner and what is provided from the agency on the front end of the partnership agreement. If we do not provide this level of measurement it will result in an imbalance of funding and create a sense of privilege. We have not taught our partners to share spaces with other similar type groups to maximize efficiency or required them to do so. Partnerships that started out positively, turn into a negative relationship because of a lack of funding balance by the partners involved. Partnership agreements should be updated every two years at a minimum.

## **7. We will need to collect, evaluate and retain the necessary data to help make good business decisions.**

Data provides us valuable information regarding efficiency, how effective our programs are and how space is used effectively. Most agencies average between 50-60% of the time available for their own facility use, which leaves 40-50% unused. This unused space could be used by outside vendors who would pay the system for that access - if it is made available to them.

## **8. Practice the theory that "Less is More."**

If our facilities and programs can demonstrate they are at maximum capacity, then our goal is achieved by being as efficient as possible. But unfortunately, we do not achieve maximum capacity in most programs and facilities, and at times we can barely meet the minimums to host the programs. Great programmers drive energy and revenue into the agency when they maximize use.

## **9. Begin treating our parks and recreation agencies as a business inside a government structure.**

The staff will need to be able to be personally vested in their park system by thinking in terms of spending the systems' money the way they would spend it if it were their own money.

**10. Start honestly evaluating which elements of the park system may be better maintained or offered outside your agency.**

Certain tasks can be managed by contractors or outside vendors who can operate more efficiently than we do. This saves money that is available to be used for supporting other needs within the agency. Determining this opportunity requires a true cost of service assessment that relates to a unit cost and determines how efficient we are as an agency.

**11. Future departments will have a Business Manager Position as a part of their recreation staff.**

Trained businesspeople who can track programs, evaluate facility information, understand financial data and business planning to make sound decisions are not usually in present in most park systems. Future decisions will need to be driven by sound data, not by gut thinking.

**12. Programming, priced appropriately, can go far in recuperating operational costs.**

Managing a facility is important, but consistent dedication should go into developing strong programming. Most agencies are good at managing facilities and programming is secondary. We will need to have the knowledge about how we drive energy and new users to into our parks and facilities through effective and efficient programming that creates value and operational revenue to offset operational costs. This is all about creating experiences for people of all ages to energize park and recreation facility spaces.

**13. Price services for the 80% of the public that can pay as opposed to the 20% who are unable.**

Most agencies are slow to make pricing adjustments as they fear being criticized by the media or our users. Instead, we should seek support from organizations such as park foundations to cover those costs through private fundraising for the 20% who cannot pay for a service. Differently priced services should be used to move people to non-prime times and fill the unused spaces in our facilities. We need to classify services correctly, so the level of public and private benefit is clear and more subsidizing of services is not needed.

**14. Highlight the social and personal issues within the community that Parks and Recreation are addressing.**

We need to “sell” our greatness. It is one of our profession’s worst faults. Everything we do has a higher outcome than what it is that we are directly doing. Departments should meet annually to have outcome goals that can be measured to make your community and the people that reside within them better. Once this list is made, the programs are offered, and data is measured, it is important to sell this work to your city manager, your elected officials, and especially the public.

**15. Institute a “real” volunteer program.**

You will need to utilize more volunteers in our facilities and to assist with programs and special events. This will help to reduce costs and build advocacy for our agencies. Many agencies do not want the hassles of training volunteers, doing proper placement and evaluating them even though they are a great cost deterrent and can be leveraged for grants such as in-kind money match.

## **16. Pursue grant funding and foundation money aggressively.**

Land and Water Grants, as well as Trails Grants are still used as a primary funding source for capital improvements. However, most agencies are not great at grant writing. With many funding opportunities available, a qualified contract grant writer would provide most agencies with the best opportunity to receive outside funding to offset capital and operational costs. What is interesting is that grants today mostly come from foundations versus federal dollars which require the same process but there are more dollars available for park and recreation systems.

## **17. Do not be afraid to allow vendors, contractors, and partners to provide recreation services, especially for programs, and events.**

There are experts in recreation programming, fitness programming, special events, camp administration, and even adult and youth sports programming. Hospitals have become senior center operators and senior service providers. If you determine the parameters of the agreement, you could have YOUR program offered by contractors. Many departments are currently doing this now with individual “classes,” very successfully. The future parks staff member will transform their skills from being the programmer to managing partner programmers. All partnership program agreements need to have an agreed upon percentage of revenue to come back to the park agency for management. This process will move your department from less reliance on tax subsidies, which has always been the issue.

## **18. Create a separate nonprofit organization to raise funds for the underserved in the community through philanthropic efforts.**

As we move toward a structure that is fee based, we should not only serve those that have the ability to pay. Public Park and Recreation agencies should serve ALL members of the public, especially those without the ability to pay. Some agencies operate a true park foundation, and many have a simple nonprofit organization that accomplishes many of the goals of a foundation. Others simply take tax deductible contributions and donations through their municipality. How you decide to do this is a different decision for all agencies. The key though is to have this as a way to serve the underserved in your community.

## **19. Establish an “Enterprise” culture for the agency.**

There are five different steps to creating an enterprise culture:

- Set up business enterprise systems for revenue producing facilities and programs.
- Design parks and recreation facilities for efficiency, productivity, and to produce revenue that will offset operational costs at a predetermined cost recovery goal.
- Develop a financial policy that allows the agency to keep all earned income revenue in your operating budget without lowering tax dollars received. If you penalize an agency for raising revenue, there will be no incentive to do it.
- Every three years bid out services where your costs are higher than the private sector to keep your costs competitive in the marketplace.
- Develop an annual revenue plan for your agency.

## **20. We are going to need to be more politically astute.**

The elected people that govern us are in charge, and it is the City Manager's job to ensure that the elected people are heard. We in the profession have to accept this and work within that structure. It will take a leader that understands that working within the hierarchy of City Manager, Council, and Mayor, or Park Board, will be the difference between your success or your failure. There are many examples of how great leaders work exceptionally with those that govern them.

### **Conclusion**

We will no longer be able to financially sustain Parks and Recreation systems in the future unless we make changes to our business operations. Applying these 20 business and management principles to our operations, programs, and services will better prepare us to face the challenges our field will be facing in the years ahead. By doing this, we will be able to financially sustain our agency into the future so that we can think creatively to ensure that our programs and parks are equitable to access, diversified in their experiences and Inclusive in our efforts to keep everyone safe and involved regardless of the ability to pay.