



DRAFT-SUBJECT TO REVISION

Management Models for Park Facilities and Operations

City Manager's Review Committee
Library and Parks & Community Services Departments
April 13, 2011

I. Work Team Liaison and Team Members

Liaison

Richard Zavala, Parks and Community Services Department

Team Members

Mike Fouraker, Executive Director, FW Zoo Association

Tony Shuman, Executive Director/President, YMCA FW

II. The Charge

- A. Identify program management and operational services that, if outsourced, would result in program enhancements, operational efficiencies and sustainable services
- B. Identify potential capital improvement projects and/or facility use collaborations that, if implemented, would result in more effective and cost efficient development and/or use of facilities

III. Work Team Process

- A. Reviewed current resources and partnerships.
- B. Reviewed inventory of programs/services currently managed or operated by public non profit agencies or private for profit companies (Exhibit A)
- C. Reviewed inventory of facilities which are privately managed, jointly used and/or were jointly developed (Exhibit A)
- D. Reviewed and expanded upon a list of major criteria that should be included in the review process when considering outsourcing the management of programs, facilities and/or facility operation and development. (Exhibit B)

IV. Mission of the Parks and Community Services Department

To enrich the lives of our citizens through the stewardship of our resources and the responsive provision of quality recreational opportunities and community services.

The Parks and Community Services Department (PACS), as depicted in the organization chart attached as Exhibit C is responsible for managing, operating, maintaining and/or developing:

- 255 parks encompassing 11,342 acres
- 20 community centers
- 5 golf courses
- 60 competition athletic fields
- Forestry operations completing an average of 2,200 work orders per year,
- Community tree planting program which distributes and/or plants an average of 1,600 trees annually,
- Graffiti abatement program completing an average 5,000 abatements encompassing 490,000 SF annually
- Approximately 1,579 foreclosed city properties.

Major venues under PACS leadership include the 109 acre Botanic Garden including 23 specialty gardens and a 35,000 square foot garden center and conservatory; a 3,600 acre Nature Center and Refuge and visitor center; and the Log Cabin Village and Van Zandt Cottage including 10 historic structures. The department also oversees City contracts with the Fort Worth Zoological Association for management of the 58 acre Fort Worth Zoo; YMCA of Fort Worth for management of the 23,000 SF Northpark YMCA; The First Tee of Fort Worth for management of the citywide junior golf program for over 12,000 children; and the Comin'Up gang intervention program contract with the Boys & Girls Clubs of Fort Worth serving 800 gang involved youth annually.

The Department also provides oversight of the City's Community Action Partners program providing services to an average 30,000 clients annually; a holiday toy program involving 12,000 children; youth athletics programs involving five sports and over 4,000 participants; and a late night program encompassing 200,000 visits annually at five sites. The Department also provides disaster response including storm damage response & recovery, emergency shelter management, strike team mobilization and activation.

V. Summary of Existing Resources

The Parks and Community Services Department has the following resources for fiscal year 2010-11:

	Funds	Authorized Positions
General Fund	\$38,617,817	329
Federal Funds	\$ 8,568,695	30
Golf Enterprise	\$ 5,687,673	47
Crime Control and Prevention District	\$ 1,411,349	6
State and Private Grants	\$ 1,832,302	18
Total	\$56,117,836	430

Note: the actual head count including full time, part time and temporary positions is 719 which increases to 1,100 with seasonal workers and game officials

In addition, the department oversees an average annual \$6M capital improvement program budget. From FY2001-2010, the department completed or initiated a total of 311 projects valued at \$59.4 million. Since 2005 the Department has received \$35 million in mineral lease revenues including bonuses, royalties and pipeline license agreements dedicated to capital improvements, one-time expenditures, and the establishment of permanent funds for future generations.

The standard for park acreage per 1,000 population in the Park Dedication Policy calls for 2.5 acres neighborhood park land and 3.75 acres community park land. The current inventory generates 2.92 acres/1,000 and 4.34 acres/1,000 for neighborhood and community park land, respectively. Although the inventory exceeds the standard it should be noted that this represents one dimension of measurement and does not take into consideration the property location and disbursement or access and barriers. The Trust for Public Land (TPL) 2010 annual survey of major cities includes four population density levels and places Fort Worth's 15.8 acres/1,000 residents just above the median of 12.9 acres. Fort Worth ranks above such cities as Indianapolis (13.6), Orlando (12.7), Tulsa (15.5), and Corpus Christie (6.3) and below such cities as Kansas City (24.7) and Oklahoma City (39.6). The Intermediate-Low Population Density Level includes Arlington (12.5), San Antonio (13.5), Houston (15.4), Dallas (23.0) and Austin (22.6). With respect to total expenditure per resident Fort Worth's current expense of \$58.39/resident ranks it 59th of the 77 cities which participated in the survey. This compares to Houston at \$36, Indianapolis at \$43, San Antonio at \$52, Oklahoma City at \$58, Austin at \$69, Corpus Christie at \$70, Arlington at \$88, Orlando at \$107, Dallas at \$113 and Kansas City at \$129.

The TPL does not survey expenditures per capita as it relates to community center users so no comparison can be made. However the

FY 2010-2011 budget generates a cost per visitor of \$5.73. This unit cost is based on 935,991 visits at a total cost of \$5,362,113.

Results of Recent Resource Adjustments - From Fiscal Year 2009 to 2011 the department eliminated 45.50 authorized positions representing a 13% reduction in staff resources. From a constant dollar perspective the department reduced a total of \$4,070,550 or a 14% reduction in funding overall. Although a number of service reductions were necessary, some of the resources were replaced through partnerships with various support organizations. In addition, some funding was reinstated by the City Council for FY2010-11 due to unacceptable consequences of the change. Examples include:

- A. Botanic Garden Education and Volunteer Program-** To prevent the elimination of three positions, the Botanical Society contributed \$100,000 of the \$175,499 annual operating cost . The funds were raised with new fees and fee increases and for the use of Garden facilities.
- B. Nature Center-** To prevent elimination of two full-time positions, the Friends of the Fort Worth Nature Center and Refuge contributed \$50,000 of the \$117,068 necessary to fund the salaries and benefits. .
- C. Forestry Operations –** The department eliminated one of three hazard abatement crews causing the service request backlog to grow to more than 300 work orders with the following results.

Category	Risk Level	Description	Results
Priority 1	High	Nuisance to traffic or right-of-way with immediate danger risk	Response time fell from 2 days to 5 days
Priority 2	Medium	Nuisance to traffic or right-of-way but no immediate danger	Oldest ticket is more than 6 months old
Cutback Requests	Low	Removal of limbs encroaching on roads	Oldest ticket is more than 2 years old

Note: The response time for Priority 1 calls has increased due to the loss of one-third of the work force (or 8,320 worker hours) combined with the fact that the timing and quantity of work orders is sporadic. Whenever a Priority 1 call exists, the Priority 1 call is addressed before any lower Priority 2 or 3 calls.

- D. Grounds Maintenance Operations –** In FY2010 the department reduced median mowing frequency from 14 days to 21 days (\$122,099 savings) and reduced maintenance of IH 30/IH 35 from

14 days to 4 times a year (\$168,000 savings). No edging and trimming of parks occurred; and, maintenance of tax foreclosed properties was reduced from 28 to 35 day cycles (\$133,961 savings) and maintenance of rights-of-way was eliminated altogether (\$283,000 savings). The elimination of ROW mowing services required public education to notify the community and request the assistance of adjacent property owners to mow these areas, as required by the City Code. Due to non-compliance and continued complaints, \$50,000 was designated within the department's existing appropriation to mow selected rights of way during the last two months of the fiscal year. In FY2011 ROW maintenance was reinstated at a cost of \$573,099. One hundred percent of the 334.98 lane miles (454 sites) are maintained by contract. The City also rebid these contracts this year and achieved extremely competitive pricing, reducing the cost of this service by 37% of budget. The City also carefully monitors mowing cycles based on weather and cancels or delays mowings as appropriate. Because of the negative response to the elimination of trimming and edging the department devised a plan to reinstate this service within existing resources by pattern mowing unimproved open space areas less frequently. This is a good example of the department adjusting resources to address higher priority services as defined by citizen response and reaction.

- E. Youth Athletic Program** – In response to \$100,000 budget reduction, the Athletics Section assumed day to day operations of the Youth Sports Program from the non profit Youth Sports Council, Inc (YSC). Prior to this change the YSC managed the team registrations, volunteer coaches recruitment & certification, officiating, league play scheduling and the procurement and distribution of uniforms and equipment. The City reimbursed the YSC for these services. Due to escalating costs, declining contributions and the need to centralize all program operations the Parks and Community Services Department Athletics Section assumed full responsibility of the program.

The reduction of funds from the general fund budget combined with the institution of a \$10/participant/sport fee enabled the continuation of the program less one sport/league play season. These activities were previously provided at no charge; however it is more common for municipal park and recreation departments, non profit agencies and youth athletic league associations to charge participant registration fees. In FY2010, 4,067 children participated in various sports programs versus 6,293 children in FY2009. The decrease in participation is attributable to the elimination of the one league play season summer basketball and the institution of a fee for a program which heretofore was offered

free of charge. Similar management models experience a temporary decline in participation however a gradual increase can be expected. Therefore there does not appear to be an appreciable long term impact on the accessibility. Lastly the program does offer a sliding fee scale for those individuals who qualify.

- F. Fort Worth Herd** - In accordance with the FY2010 adopted budget, the City transferred the FW Herd program to the Convention and Visitor's Bureau (CVB). This process included the negotiation of management agreement, transition of employees and transfer of assets (livestock, tack and equipment). The transfer resulted in the reduction of 10.4 authorized positions and \$577,352. This has allowed this program to be more fully utilized to complement the convention and tourism mission of the CVB. While the City pays a subsidy to the CVB for this program, the funding source is from Hotel/Motel Occupancy taxes that benefit from this tourist attraction. In addition, it allowed the City to continue shrinking its public payroll. It is anticipated that this change will also enable a greater number of donations through the non profit support group The Outriders.
- G. Summer Day Camp Program** –In response to declining resources and increased participant demands, the department developed and implemented a five-year plan to eliminate the City's subsidy of the summer day camp program. As a result in FY2010 programs were provided at 22 sites for 2,268 youth at a cost of \$478,680, generating \$63,497 in net revenues. Although the current program operates on a break even basis a sliding fee scale is available for those participants who qualify. The program fee takes into account the projected unrealized revenues as the result of sliding fee cost each year. The net revenues are set-aside for subsequent year startup funds and to help control registration costs. This business model is similar to that of a non profit agency wherein all net revenues are reinvested into the program.
- H. Grants** – The department applied for and received a Texas Parks and Wildlife Department Urban Outdoor Recreation grant in the amount of \$1,000,000. This grant will be used for the Marine Creek Park Corridor improvement project. The grant will leverage bond funds (\$553,454), gas lease funds (\$1,528,293), donations (\$28,000) and in-kind services (worth \$20,000) for a total project budget of \$3,129,747.
- J. Volunteers** – In FY2010 the Department managed 30,025 volunteers and community restitution workers involving 276,215 volunteer/restitution hours which equate to approximately 133 authorized positions.

K. Boards and Support Groups

The Parks and Community Services Department works with sixteen appointed boards and non profit support groups including the Parks and Community Services Advisory Board ,Golf Advisory Committee, Community Action Partners Council, Fort Worth Botanical Society, Inc., Fort Worth Garden Club, Texas Council of Garden Clubs, Sports Advisory Council, Friends of the Fort Worth Nature Center and Refuge, Nature Center Conservancy, Cowboy Santa's, Inc., Friends of the Van Zandt Cottage, Log Cabin Village Heritage Foundation, Streams and Valleys, Inc., Mayfest, Inc., Friends of Tandy Hills Nature Area and the Fort Worth Dog Park Association.

L. Park Dedication Policy

Since 1978 the City of Fort Worth Sub-Division Ordinance Park Dedication Policy has required the dedication of park land in conjunction with residential development. The purpose of the Policy is to insure that adequate park and recreational areas in the form of neighborhood and community parks are acquired in newly developing residential areas. The Policy also addresses increases in density caused by redevelopment in existing neighborhoods. In 2000 and 2001 significant revisions were made to the Policy to include land dedication or fees in lieu of land for community parks and first phase development of neighborhood parks. The revisions also addressed increases in population density resulting from redevelopment of the central city.

In June 2009 the Policy was amended to enable the acquisition of large parcels of land to serve as community parks. Major provisions of the current policy include: dedication of 2.50 acres of neighborhood park land and 3.75 acres of community park land or fees in lieu of land per 1000 projected population build out; phase one development of neighborhood park land valued at \$30,000/acre (minimum of five (5) acres) and the provision of road frontage. The Central City portion of the policy requires payment of a \$500 fee per residential unit for any redevelopment which results in an increase in the population density.

M. Gas – Related Revenue

Mineral lease revenues for gas wells and transmission pipelines have resulted in a new source of revenue for the park system. In accordance with the City's Financial Management Policies, lease bonuses are retained for improvements to the "well park" and royalties and pipeline revenues are earmarked for city wide capital improvements and the permanent park legacy endowment fund. If the park land is encumbered in some manner such as a deed restriction or grant requirement, the proceeds are directed to the park system. If there are no park related encumbrances or

restrictions the funds are allocated for citywide capital projects as specified in the City's Financial Management Policies. The Golf Fund minerals remain within the golf division with only the pipeline easement monies remaining at the golf course where generated.

As a result of these additional revenues for the park system, recent bond referendums and sales of certificates of obligation have excluded park projects. In the past, approximately 10% of all bond programs were related to parks improvements. The gas well revenues have not kept pace with park system-wide needs to address existing developed areas nor new developing areas. Although the City has established a Permanent Park endowment fund, it will be ten to twenty years (depending on fund growth and performance) before the endowment can effectively and reliably fund debt service while simultaneously continue to grow the fund to fully capitalize on this legacy.

N. School Districts Collaborations

The Parks and Community Services Department has a tradition of working with various school districts in the City of Fort Worth. Joint development of facilities such as tennis courts, athletic fields, school-park playgrounds, has occurred as well as joint programs such as after school, summer day camp, youth track and high school golf team programs. There have been some signature projects including the joint development and use of the Fort Worth Independent School District's premier soccer venue in the Wilkerson-Greines/Clark Stadium complex, the co-location of the Seminary Hills Park Elementary School adjacent to Seminary Hills Park and more recently the Hazel Harvey Peace Elementary School adjacent to Kingswood Park. An Interlocal Agreement has been executed with the Crowley ISD for the future co-location of the Far Southwest Community Center and the Crowley ISD natatorium. Interlocal agreements expressing the commitment to review and identify future joint capital improvement projects have been entered into with the Eagle Mountain Saginaw ISD and the Northwest ISD. Not all development projects have culminated in a joint use facility. In response to neighborhood opposition to the proposed placement of the Rosemont Park Community Center and Elementary School in Rosemont Park the project had to be abandoned. Notwithstanding the termination of this proposed joint development and use facility, the Parks and Community Services Department will continue to explore opportunities for the co-development and/or joint use of similar facilities in the future.

O. Aquatics

In August 2010 the Parks and Community Services Department was forced to close the last remaining open swimming pool operated by the City of Fort Worth. The current seven swimming

pool inventory is severely outdated and has deteriorated to a state of costly operation and maintenance and unreliable conditions. The pools range in age of fifty to ninety years including some of which opened in the 1920's and 1930's. A 2007 pool infrastructure assessment determined that each of the pools contained deteriorated filtration systems, plumbing and electrical systems and each pool design was significantly outdated. The 2008 Aquatics Master Plan established a twenty year plan of development intended to significantly change the size, type and distribution of aquatic facilities in Fort Worth. Implementation of the \$65 million plan will require major capital investment.

For strategic reasons the initiation of the improvements outlined in the Master Plan will be included in the City's overall list of capital needs for consideration with all other identified capital projects. In the meantime the Parks and Community Services Department has entered into a Memorandum of Understanding with the YMCA which enables the general public access to these aquatic facilities under special conditions. The program will be in its second year during the 2011 swim season.

I Current Outsourcing Examples

Forty-seven percent of the Department's budget is allocated to personnel expenses. This compares favorably to industry standards which allocate approximately 70% of an operating budget to personnel according to the City of Fort Worth Budget and Management Office. The Department's contractual services portion of the budget amounts to 43% with the remainder assigned to supplies, materials and capital outlay. The emphasis on outsourcing programs and services has resulted in non profit management of the Fort Worth Zoo at a cost of \$5.9M per year and the Comin' Up Gang Intervention Program at a cost of \$1.9M per year, maintenance of parks, street medians and rights-of-way, interstate rights-of-way, creek cleaning, hazardous tree removal, etc. at a budgeted cost of \$2.1million per year.

The Department also outsources most all the design and engineering required for capital improvement projects. This approach enables Project Managers to serve as capital improvement project coordinators and facilitators as opposed to project designers. This results in the expedited delivery of projects. Regardless of whether or not a project is contracted out, the cost to the general fund is lessened by allocating approximately 71.5% of the Project Manager's salaries are allocated to project budgets. An average of 79% of projects are outsourced to design consultants on an annual basis. The most significant categories include the Fort Worth Zoo, mowing of properties and rights-of-way, design and construction of park facilities. The City has had a variety of

experiences utilizing outside agencies to oversee major operations for the City.

Fort Worth Zoo

The City has outsourced the management, operation and development of the Fort Worth Zoo to the Fort Worth Zoological Association since 1991. When the City entered into the contract agreement with the Zoo Association, the annual attendance at the Zoo was 515,000, the infrastructure was in a state of decline and private sector investment was limited. Since the partnership with the Zoological Association, the attendance has increased to an average 1,000,000 visitors per year, over \$100 million in new exhibits and infrastructure improvements have been made and the Zoo has been consistently recognized as one of the top five zoos in the nation. It is estimated by PACS that the City has saved approximately \$23.5 million in personnel costs over the first term of the management agreement. Titles to new exhibits have vested to the City and each new exhibit has been gifted with a 5% maintenance endowment. In accordance with the accreditation standards of the American Zoological and Aquarium Association the zoo is reaccredited every five years, the most recent of which occurred in 2008.

The contract was renewed in May 2010 with base level increases to the subsidy over the first 5 years in addition to increases based on the Consumer Price Index (CPI). Below is a chart that depicts the operating budgets and current public subsidy of other significant zoos:

Zoo	Admission	Attendance	Budget	Annual Subsidy
Fort Worth Zoo	\$12.00	1,000,000	\$21,143,258	\$5,416,139
Dallas Zoo	\$15.00	680,000	\$16,500,000	\$10,800,000
El Paso Zoo	\$10.00	333,318	\$6,252,022	\$3,513,012
Houston Zoo	\$12.00	1,700,000	\$24,079,153	\$8,151,396

Despite the success of the zoo operations, some citizens have expressed concerns about the level of the subsidy and increased traffic and parking demands. The City and Zoological Association have worked hand in hand to educate area neighborhood residents about upcoming special events, traffic control efforts and parking management operations. Moreover the City, through its Police

Department, Transportation and Public Works Department and Parks and Community Services Department, have worked with the Zoological Association to alleviate traffic congestion and parking issues surrounding the Zoo during peak periods especially during the spring.

Golf System

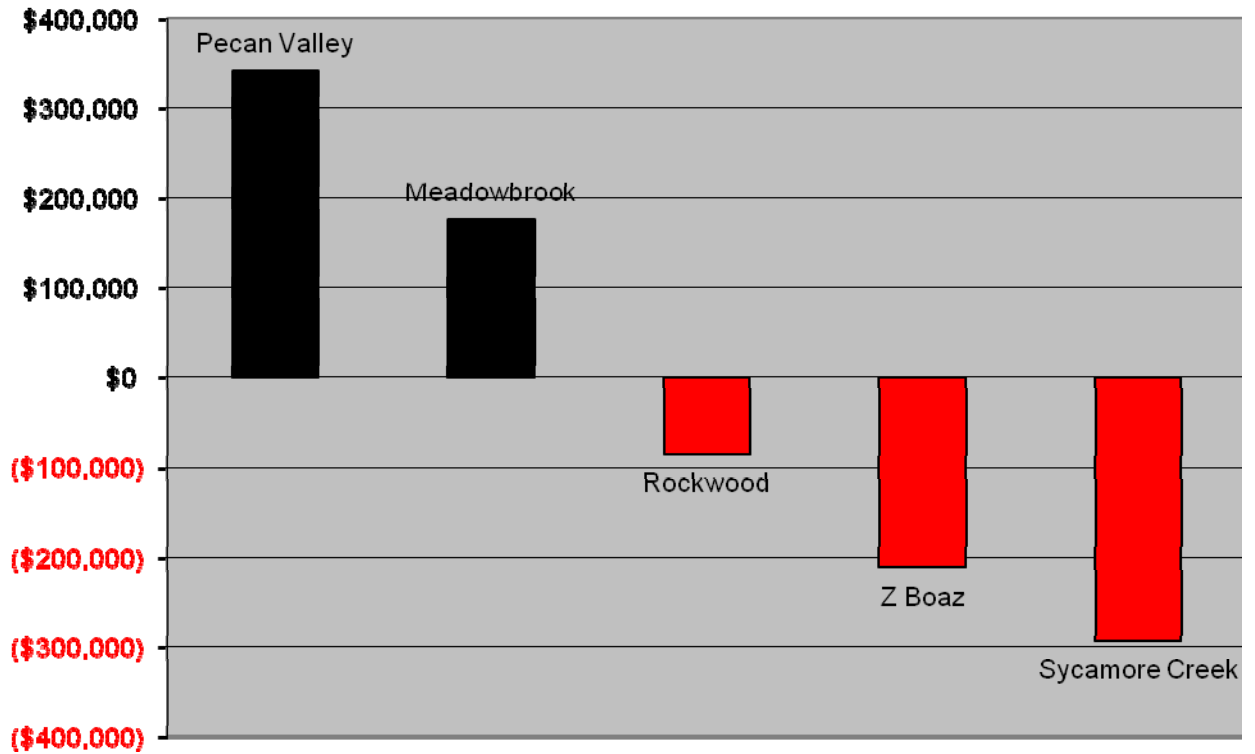
The City manages and operates five golf courses including Meadowbrook (18 holes), Pecan Valley (36 holes), Rockwood (18 holes), Sycamore Creek (9 holes) and Z Boaz (18 holes) within the Municipal Golf Enterprise Fund. With a projected rounds total of 188,226 the FY2011 enterprise fund budget is \$5,687,673 including 47 authorized positions. The fund balance reserve, at the end of FY 2010, was a negative \$5,266.745.

From 1991 to 1999 two courses, Rockwood and Z Boaz were operated under contract management. In 1999, this arrangement ended due to contract performance. The for-profit companies that had been managing the courses had no incentive to invest properly in the course infrastructure since they did not own them. In reassuming the courses the golf enterprise fund was forced to expend \$1.37M making repairs to irrigations systems, replacing equipment and making general improvements to the course club houses and related facilities. Although contract management provided guaranteed monthly lease payments the long term effects on the golf course and facilities infrastructure resulted in an overall negative effect on the program.

In an effort to revamp the enterprise fund program in 2005 the City Council adopted a financial pro-forma targeted at bringing the program to a break-even status by 2010. The 2005 initiative came on the heels of a significant cost control cutback of 33% of the staffing levels which resulted in the reduction of authorized positions from 60 to 40 between FY2001 and FY2004. Because only two of the courses net a profit on an annual basis the financial solvency of the fund continues to deteriorate. For the most part, the Professional Golfers Association of America, the US Golf Association and the National Golf Foundation conclude that industry-wide, losses have occurred as the result of an overbuilt market. For Fort Worth, this includes the influx of newer upscale public daily fee courses in Tarrant County and the surrounding area. The local market condition is consistent with the conclusions of the Professional Golfers Association of America, United States Golf Association and National Golf Foundation. The Foundation's 2010 report "The Future of Public Golf in America" is the most recent major industry assessment.

The FY2011 budget projects a profit/(loss) of revenues as follows:

FY11 Profit/Loss



If Course Subsidies

<u>Program</u>	<u>Avg. Admission Fee</u>	<u>True User Cost</u>	<u>Dollar Subsidy per User</u>	<u>Subsidy %</u>
Rockwood	\$29.45	\$31.68	\$2.23	7%

<u>Program</u>	<u>Avg. Admission Fee</u>	<u>True User Cost</u>	<u>Dollar Subsidy per User</u>	<u>Subsidy %</u>
Sycamore Creek	\$22.84	\$44.00	\$21.16	48%

<u>Program</u>	<u>Avg. Admission Fee</u>	<u>True User Cost</u>	<u>Dollar Subsidy per User</u>	<u>Subsidy %</u>
ZBoaz	\$27.92	\$36.01	\$8.09	22%

Due to the current condition of the fund, the saturated market and the ongoing losses projected for more than half of the courses, the City Council should evaluate the underlying principles of providing a golf program. Three choices, or some combination, are outlined below. Within each the question of equitable geographic distribution must also be considered.

- Require **each course** to be self-supporting, investing profits in capital improvements of that course to increase revenue-generation.
- Require **the system** to be self-supporting, with profitable courses supplementing unprofitable courses, reducing available funds for capital investment.
- Provide a **subsidy** from the general fund to defray the losses at unprofitable courses in order to ensure equitable delivery of services. The program premise must be reviewed to either re-affirm that Fort Worth golf is a business enterprise or a government service.

Z Boaz Golf Course, located on the Westside of the City south of Interstate 30, east of SH 183 and north of Camp Bowie West Boulevard, is a legitimate candidate for repurposing into a community park. The course encompasses 132 acres of rolling terrain, includes a drainage way and three small ponds and combines open space and heavily treed areas throughout the property. It is situated adjacent to R.D. Evans Community Center and a privately operated Putt-Putt miniature golf facility that includes a video games arcade and batting cages. This commercial recreation facility is located on parkland and has operated under a lease with the City for over twenty years.

Staff has conducted a market analysis which projects that the closure of the golf course will result in redistributing some of the rounds currently being played there to other City operated courses. By closing the course the City would be lessening the excess supply of golf courses resulting in additional play at the remaining four City operated courses. Based on current conditions, staff estimates that 50% of Z Boaz rounds in FY12 would be retained resulting in a break-even status for the Golf Division.

A community park would include a number of park amenities including walking trails, picnic areas, pavilions, playgrounds, practice and/or competition athletic fields, etc. Most likely an off-leash dog park would be developed enabling the Parks and Community Services Department to expand this unique social and recreational activity to the City's Westside.

Nature Center

The Fort Worth Nature Center and Refuge receives support from two 501 (c) (3) non profit organizations including the Friends of the Fort Worth Nature Center and the Nature Center Conservancy. The Friends group supports the center by conducting fundraisers such as the Annual Buffalo Boogie Fun Run, proceeds from gift shop sales and educational classes and membership fees and contributions. The Friends “own” the bison, which provides flexibility in trading animals with other institutions (similar to the zoo industry) and fund the animal care cost of the herd. The Conservancy is under contract with the City for collection and management of the revenues and expenses associated with the admission gate. The City operates and staffs the gate, all revenues are directed to the Conservancy who in turn reimburses the City for operating expenses. The net proceeds from the gate fees are reinvested into the Nature Center programs, operations and facilities management.

Currently admission fees are \$5 for adults, \$3 for seniors and \$2 for children. In addition to generating revenue for the Nature Center, the entry gate enables a point of visitor contact which previously did not exist. Park information can be provided, including such items as trail maps, location of the Hardwicke Interpretive Center, bison herd, etc. Controlling the park entrance also adds a layer of safety and security which did not previously exist with uncontrolled access. Again the net proceeds from the admission fees are re-invested into the park’s programs and facilities’ and in support of operations as determined by the Nature Center management staff in consultation with the Conservancy. Incremental fee adjustments are contemplated and will be enacted based on the annual review of all fees and charges.

Botanic Garden

The Fort Worth Botanic Garden receives support from two primary 501 (c) (3) non profit groups including the Fort Worth Botanical Society, Inc and the Fort Worth Garden Club. The Botanical Society supports the Garden by conducting fundraisers such as plant sales, the annual Squirrel Fun Run, proceeds from concession sales during the annual Concerts in the Garden performance series, educational classes and membership fees and donations. The Society also manages the Japanese Garden including the collection of admissions, gift shop sales and rentals. In turn the Society underwrites positions for the maintenance of the Japanese Garden, management of the Garden’s educational and volunteer coordination program and various improvements within the Garden. The Fort Worth Garden Club supports the Garden with its member volunteers and member contributions. The Garden Club receives revenues from Garden Center rentals and proceeds from gift shop sales. In turn the Garden

Club underwrites employee positions for the operation of the Garden Center and funds maintenance and improvements to the Center and for facilities within the Botanic Garden.

During FY2010 the Future of the Garden Master Plan was adopted to serve as a guide for the expansion and development of the Garden during the next 10-20 years. This spring the Botanical Research Institute of Texas, Inc. will open a new herbarium and research facility in the northeast corner of the Garden expanding the educational offerings and enabling and enhancing partnership and collaboration among BRIT, the Botanical Society and the Garden Club.

Similar to facilities such as zoos, museums, historical landmarks, and aquariums, the non profit management of civic gardens enables the re-investment of proceeds derived from such sources as parking revenues, admission fees, concessions, special events, educational programs and membership fees back into the facility. Proceeds help underwrite operational costs, program expenses and capital investments. In addition to such facilities as the Fort Worth and Dallas zoos, Fort Worth Museum of Science and History, the Dallas Aquarium, River Legacy Park in Arlington, and many others, the Dallas Arboretum is an excellent example of a botanical garden being better preserved, protected, programmed and developed under non profit management. The management and operation under a non profit business model consistently results in increased private foundation grants, corporate donations and donor contributions. As noted below, accessibility can be specified in the contract agreement and maintained based on a sliding fee scale, ticket discounts, scholarships, etc.

VII. Policy Considerations in the Selection of Management Structure

A. Accessibility: In general, the Parks and Community Services Department strives to provide access to all citizens to open space and parkland. However, over time, fees have been established for certain facilities and activities. Since fees have the effect of limiting accessibility, a clear understanding of the number of people served and the subsidy per user should be established to allow comparison of program options. This analysis will serve to establish the cost of service for various programs and activities provided by the Parks and Community Services Department. Moreover identifying the true cost of service, including the level of subsidy being underwritten by the City, will facilitate deliberation of financial policy dictating the desired recapture rate for the provision of services. The establishment of a policy for subsidy will incorporate considerations of accessibility and costs

directly associated with services for those persons utilizing the services.

B. Control and Risk: Private management of facilities, programs or tasks reduces direct control. As a result, all contracts should contain clear outcome measures to ensure that performance can be measured and vendors or agencies can be held accountable. Outsourcing should only be undertaken with a clear set of objectives regarding effectiveness, efficiency or cost savings; a carefully drafted contract with specific performance measures; a realistic assessment of the risks; and a periodic review of the results. Since outsourcing can be perceived as a way to off-load heavily subsidized programs or facilities including those in a state of decline (i.e. swimming pools), this thoughtful analysis is critical to ensure that realistic expectations including the potential for success are made when considering the outsourced management of a program of facility.

For the most part a management contract helps to establish fixed or known costs based on contract stipulated compensation. However during austere times when budget reductions are being implemented throughout the enterprise, management contracts will generally lack any flexibility for reduction in compensation or avoidance of contract specified increases.

- C. Cost:** Program costs are obviously a consideration when evaluating outsourcing or alternative management options. In fact, a prevailing goal in recent years has been to reduce the number of government employees because they are perceived as expensive in the long-term. Each service or activity should be evaluated individually and considered within the context of other risks and opportunities.
- D. Private Fundraising Opportunities** One of the more prominent advantages of outsourced management to a non profit organization is the non profits' ability to more efficiently and effectively solicit and secure private grants and donations to the benefit of the program or facility. Individual donations, multiyear commitments by private foundations, corporate capital investments, individual trusts and other vehicles of financial contribution are fundraising tools available to a non profit agency. The ability to employ similar fundraising strategies for a government run operation is limited at best. Case in point is the agreement with the Fort Worth Zoological Association which has resulted in privately funded improvements to the Fort Worth Zoo in excess of \$100M. This is a prime example of the benefits derived from non profit management.

E. Incentives for Infrastructure Investment:

An additional consideration is that in some cases when a private management firm is engaged, in order to generate profits, they can fail to invest adequately in maintenance and capital investment, resulting in a decline in the condition of the facility. This is most likely the case when dealing with a private business venture or for profit company. In the case of non profit organizations the required reinvestment of net proceeds into the program or facility assures that the net profits will be directed to the program or facility.

F. Equity: Many government services are provided to ensure open access to all citizens, particularly including citizens who may not be able to purchase the amenities from other sources. Management contracts must reflect accessibility objectives to ensure that services do not become so costly that they are no longer widely available to all citizens.

G. Public Input: One benefit of government provided services is the extensive opportunity for citizen input through open meetings and open records. Management contracts with other agencies can limit this transparency if steps are not taken to ensure availability of records and adherence with public adopted master plans for the managed facilities.

VIII. Findings and Recommendations

A. Findings – Potential programs, services or facility operations should be reviewed to determine the feasibility of outsourcing through competitive bidding, solicitation of proposals and/or negotiations for an agreement [which ever means is applicable to the program, service or facility operation].

Recommendation:

1. Nature Center: Negotiations for the non profit management of the Fort Worth Nature Center will be re-initiated in October 2011 with a FY2013 target date for the transition of management of the day-to-day operations; during the remainder of FY 2011 additional research will be conducted regarding major elements of alternative models. Tactically the objective is to establish a management contract with a non profit organization to enable the accrued benefits which are consistently derived from similar business management models. The strategic goal is to preserve and protect the Fort Worth Nature Center and Refuge through an effective and

focused level of stewardship ensuring the reinvestment of all proceeds derived by, through and for this native prairie and natural ecosystem. The 2003 Nature Center Master Plan shall serve as a guide for the present and future operation and development of this natural resource.

2. Altamesa Youth Sports Complex: Complete the negotiations and execute a contract with the YMCA of Fort Worth for the management, operation and development of the Altamesa Youth Sports Complex by September 30, 2011; during FY2012 implement contract management procedures including the oversight of capital improvements and major refurbishment of the Complex. Allowing the Y to assume management of this facility insulates the operation and development of this Water Department property as a youth athletic complex from the competition and demand for limited City resources. It allows the City to leverage private non profit resources to improve the City's asset and providing youth athletics for the benefit of the community. Adding land and facilities' to the City's inventory (historically this complex was developed by a non profit youth athletic organization which managed the facility for over fifty years) when operating funds to maintain existing parks and facilities are being reduced or eliminated is considered unwise if unnecessary.

3. Botanic Garden: During FY2012, in consultation with the Fort Worth Botanical Society and the Fort Worth Garden Club, conduct a feasibility study which would determine the financial benefits of the expanded contract non profit management of the Botanic Garden including the potential for increased revenues through fundraising from private foundations, corporations, trusts and memberships and fees for programs, special events, rentals, admissions and parking. A market study should also be conducted to ensure we understand from where guests originate, how they are using the facility, and how that will grow with the implementation of the Master Plan. Analyze the impacts on accessibility, management control, operating budget, and public concern and perception. Research state and local codes and non profit operating requirements and legal stipulations. Assess the long term implications of a non profit management structure in consideration of the Future of the Garden 2010 Master Plan including the potentiality of a consortium of major support groups and tenant institutions.

Log Cabin Village During FY 2012 establish a plan to conduct a feasibility assessment to determine the benefits of outsourcing

management and operations of the museum to a non profit organization.

Cowboy Santas Holiday Toy Program: During FY 2012 establish a plan to conduct a feasibility assessment to determine the benefits of outsourcing the management and operations of the toys for tots program to the currently existing non profit Cowboy Santas, Inc. organization to more appropriately align this program with an organization whose basic mission incorporates the program within its core service menu. Moreover, placing the program into a community based organization will achieve consistency with similar charity business models.

B. Findings

Conduct a review of the municipal golf enterprise fund program to determine the continuation under an enterprise fund model and establish policy with respect to the equal or equitable distribution of golf course facilities.

Recommendation-

1. **Golf Program:** Complete the construction of the Ben Hogan Junior Golf Learning Center at Rockwood Golf Course in partnership with the First Tee of Fort Worth. Conduct a feasibility study of the municipal enterprise fund to determine the sustainability of the program in consideration of the area market, profit/loss centers and user fee subsidy; determine the effect on the remaining courses if one course were closed and the potential for alternative uses. Review the issue of equitable distribution of courses within the City and the financial implications thereof. Evaluation repurposing of Z Boaz Golf Course as described above.
2. During the third quarter of FY2011 conduct a survey to benchmark the types of programs, services and facilities other large cities currently outsource to confirm industry trends and what might be the budgetary implications if similar models were to be implemented in Fort Worth.
3. During FY 2011 complete a managerial review of the department to consider a reorganization with the goal of improving services and reducing costs. .
4. In FY2012 as the housing market recovers, the City should evaluate the current rate of developer participation fees. They should be consistent with other communities and they should be at

a level that ensures the construction of high-quality neighborhoods. This could occur in conjunction with the FY2012 review of transportation impact fees.

5. During FY 2012 establish a plan to conduct a feasibility study in FY 2014 for the establishment of a 501 (c) (3) non profit umbrella support organization for the Parks and Community Services Department.

Note: Youth programming and community center classes are being evaluated by the Youth and Teen Work Team.

IX. Exhibits

Exhibit A - Listing of Current Outsourced Programs, Operations and Facilities Management and Development

Exhibit B – Elements of Consideration for Private management of Programs, Operations and Facilities'

Exhibit C - Organization Chart