

## **Response to Questions on the FY 2005 Advertised Budget Plan**

**Request By:** Supervisor DuBois

**Question:** Has the Fairfax County Park Authority seriously considered amending its senior fee discount policy, a budget impact of approximately \$1.57 million? Is this amendment something that should be suggested? The discount is currently 50 percent.

**Response:** The attached document includes the Park Authority's response to the senior fee discount policy.



# FAIRFAX COUNTY PARK AUTHORITY

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## M E M O R A N D U M



**TO:** Allison Owen  
Department of Management and Budget

**FROM:** Timothy K. White  
Deputy Director

**DATE:** April 5, 2004

**SUBJECT:** Response to Supervisor DuBois' Questions RE: Senior Fee Discount Policy

The following is in response to Supervisor DuBois' questions regarding the senior fee discount.

1. *Definition of the senior fee discount (Who qualifies? Is this an across-the-board discount, or is the discount on a sliding scale? What programs are eligible for the discount?)*

The Park Authority applies the Board of Supervisors senior fee discount policy that was adopted in 1984 and specifies that

“...agencies charge one-half price for all tuition classes and pay-as-you-go events (such as swimming and golf) for senior adults over age 60. This policy does not include out-of-County entertainment tours organized by the Recreation Department and financed completely by participant fees.”

Per policy the discount is applied across-the-board for RECenter admissions and classes and for facility use at golf courses with the purchase of multi-round passes. No sliding scale is used. Note the policy also makes exception for tour programs, now administered by the Park Authority.

2. *How long has the Park Authority had this discount in place?*

The Park Authority has been applying the discount since the BOS adopted its policy in 1984.

3. *Is the Park Authority considering amending the current policy? If so, why and when would the change take effect? Also, please verify the budgetary impact (\$1.57 million?)*

- The Park Authority currently offers a 50% discount to seniors for tuition classes and facility use at RECenters and golf courses based on a Board of Supervisors policy that was enacted in 1984. The Board of Supervisors action recognized two key conditions in the establishment of the 50% senior discount.
  1. It recognized the need to exempt services in which operational funding was derived completely from user fees. One service was specifically exempted from the policy – the Recreation Department's trips and tours program – because it was completely funded by user fees.
  2. It also recognized that there would be a need to revisit the conditions of the policy in the future based on anticipated growth in the senior adult population of Fairfax County.
- Financial and demographic conditions that existed at the time the policy was enacted were favorable to its implementation within the Park Authority.

1. The Park Revenue Fund had no significant long term obligations. (All Park Authority golf courses developed up to that time had been developed using general obligation bonds.)
  2. Annual operations of Park Authority RECenters included partial General Fund support for regular facility maintenance and upkeep.
  3. Demographically, the number of senior residents as a percentage of the population was negligible, making the financial impact of the policy minimal.
- In the intervening two decades since the policy was established, however, conditions have altered in several ways that make implementation of the policy financially onerous and, arguably, no longer applicable to some Park Authority services and operations.
    1. In order to expand service provision and meet community demand, the Park Revenue Fund has assumed significant long-term debt obligations. All of the new golf course facilities established since the senior discount policy went into effect have been financed using revenue bonds. Revenue bond debt service funded through the Revenue Fund is currently slightly more than \$1 million per year and will grow to \$1.9 million annually with the addition of debt service for Laurel Hill golf course.
    2. General Fund support for RECenter annual facility maintenance and upkeep has been eliminated in the years since the senior fee discount policy was established. All annual operating costs are now assumed by the Park Revenue Fund.
    3. Demographically, the size of the senior age population in Fairfax County has grown nearly 300% since 1980, while the total population has grown by a more modest 65%. The same pattern is evident among RECenter users. A 1984 Park Authority study showed that about 15% of adult RECenter users were age 55 or older. By 2003, those aged 60 and older comprised 42% of RECenter users. The time has been reached to, as the original policy states, assess the “ramifications of the increase in the senior adult population.”
  - Although the senior discount policy impacts a number of County service providers, its effect on Park Authority finances is unique in that the full impact of the discount policy on RECenters and golf courses must be borne by the Park Revenue Fund. The impact of the senior discount policy has caused a structural problem within the Park Authority Revenue Fund. To illustrate the problem, consider the following:
    1. In FY2003, the impact of the senior discount policy on the Park Revenue Fund (Fund 170) reached \$1.57 million. Based on actual utilization of Park Authority facilities and services.
    2. The financial burden has become significant in an era when the Park Revenue Fund must also absorb debt service payments for new golf course developments and is having difficulty meeting Park Authority Board targets for set aside reserves that can be used for facility maintenance and renovations.
      - a. To reiterate, annual revenue bond debt service payments are approximately \$1 million annually at present and will climb to \$1.9 million annually by 2012. In addition, the bond indenture covenant requires maintaining a debt service ratio of at least 125%.
      - b. The Board’s annual target for a Park Revenue Fund set aside reserve that can be used for facility maintenance and renovation is \$800,000. In FY2003, no reserve funds were transferred from the Revenue Fund for a set aside, since the year-end net revenue for Fund 170 was only \$13,361. The Park Authority’s Financial Management Plan also projects that the Park Revenue Fund will not be able to meet aside targets in either FY 2004 or FY 2005.
      - c. Aging infrastructure is also taking its toll. The Park Authority’s recently completed needs-based, 10-year CIP identifies \$ 17.3 million worth of renovation needs for routine and capital repairs to existing revenue fund-related facilities through 2013. (This does not include facility enhancements that are either necessary or desirable to meet changing customer expectations or recreation trends.)

The Park Authority has discussed with the Board of Supervisors over the past 3 years the impact of the Senior Fee Policy on the Park Authority's fiscal situation..

If the Park Authority were to consider moving away from the application of the Senior Fee Policy, they could consider that as part of the 2005 Park Authority fee review process. That process would include a public comment meeting in February 2005. Any new or adjusted fees would take effect in April 2005.