



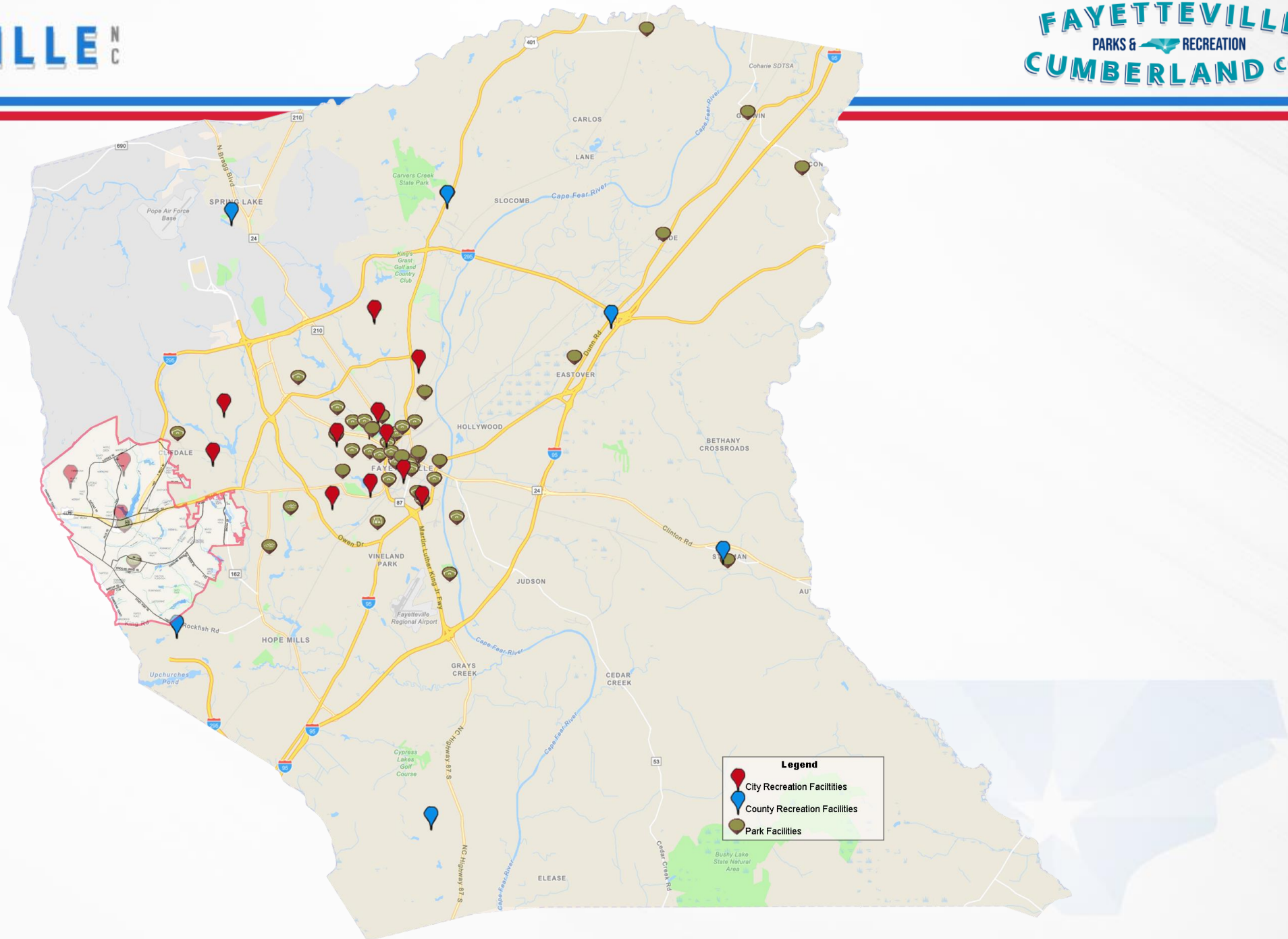
Parks & Recreation Indirect Costs

October 14, 2024



- In 2001 discussion began regarding the need for consolidated recreation services, to better serve the community
- February 18, 2002: City Council accepted the resolution from County Commissioners to review issues and options for delivery of recreation programs; City Council adopted their own resolution to endorse a review of options for parks and recreation services
- October 24, 2002: City-County Liaison Committee met with staff from the Institute of Government to be presented with options for parks and recreation services
- March 10, 2003: City Council adopted a resolution to endorse a Parks and Recreation Authority for Cumberland County
- October 6, 2003: City Council endorsed the proposed model of managing the parks and recreation system of the County, and directed staff to develop an Interlocal Agreement
- January 12, 2004: City Council unanimously approved the agreements with Cumberland County for parks and recreation services
- July 1, 2004: Consolidated operations began under the name Fayetteville-Cumberland Parks & Recreation

- The following municipalities have been added to the Recreation District:
 - Linden
 - Spring Lake
- The County opened the Eastover-Central Recreation Center in 2007
- The City opened the EE Miller Recreation Center in 2007
- The City annexed the area including Lake Rim Park
 - Lake Rim Park was originally a Cumberland County Recreation location, as land was leased by the State of North Carolina Wildlife Resources Commission to the County of Cumberland
 - The lease was effective June 21, 1995 and is for a term of 40 years
- The City passed a \$35M Bond Referendum (March 2016) that funded the construction of the following new facilities:
 - 2 Senior Centers
 - Skate Park
 - Tennis Center
 - Sports Complex
- The City opened 3 new Aquatic Centers: Westover (2015), Keith A. Bates Sr. (2016), Lake Rim (2021)
- The County removed J.P. Riddle Stadium from the Recreation District



Legend

- City Recreation Facilities
- County Recreation Facilities
- Park Facilities

City of Fayetteville

The City of Fayetteville General Fund provides an annual budget for the following:

- All City Recreation Center Operating Budgets
- All City Splash Pads (8)
- All City parks (neighborhood, community, and specialty)
- 50% of Aquatic Center Operating Budgets
- 50% of Senior Center Operating Budgets
- 50% of Adaptive Recreation Center Operating Budget
- Right-Of-Way Services
- Cemetery Services
- Leaf Season Services
- Facilities Maintenance Service Budgets (to include City Hall, Old City Hall, FPD, FFD, and leased City buildings)
- 130 positions (12 Facilities positions)

Cumberland County (Recreation District)

The Recreation District tax revenues provide an annual budget for the following:

- All District Recreation Center Operating Budgets
- All District Splash Pads (6)
- All District parks (neighborhood, community, and specialty)
- 50% of Aquatic Center Operating Budgets
- 50% of Senior Center Operating Budgets
- 50% of Adaptive Recreation Center Operating Budget
- \$60,000 paid annually to the City for Indirect Costs
- 40 positions (28 located at a District site)

\$850K shared facilities
\$1.2M shared employees



- **Direct Costs** are the cost of personnel, supplies, equipment, and other expenses related to the direct provision of services
- **Indirect Costs** are the shared administrative expenses incurred for the support provided through centralized services (e.g., legal, finance, human resources, facilities, maintenance, technology)
 - The use of indirect costs are applied across the City to receive reimbursements for grants and other programs/agreements
 - Governed by Generally Accepted Accounting Principles, Best Practices, and certified through Title 2 of the Code of Federal Regulations, Part 200
 - Always based on audited actuals, not budget

Existing 2004 Agreement Language:

18. The County shall pay to the City in each fiscal year the sum of \$60,000 for recovery of its indirect administrative costs in operating the consolidated department.

Proposed 2024 Amended Language:

18. The COUNTY shall pay Indirect Costs related to the operation of the parks and recreation district to the CITY as determined in the most recent Cost Allocation Plan for the CITY. The CITY shall provide such Indirect Costs information to the COUNTY by March 1 of each fiscal year.



- 2019-2023: Informal discussions between City and County to adjust the indirect cost charge led to City giving notice to County staff during budget process of City's interest and need to increase the indirect cost
- June 2023: As directed by Council, City staff followed-up with County staff to request an adjustment to the indirect cost payment
- June 2023 thru November 2023: Several requests were made in follow-ups to provide information and clarity that led to County requesting that City and County staff work together to review the entire agreement and the indirect cost provision.
- December 2023: City staff met with County staff to review the entire agreement and City proposed language changes accordingly
- April 2024: City staff followed-up with County staff and met again per their request and provided new language changes per their input and to allow each to share with their respective elected bodies
- May 2024: City staff presented a proposed Amendment to City Council, to include an update to indirect costs
- June 2024: County advised they would not present Amendment to their board until the Cost Allocation Plan was updated.
- September 2024: Maximus prepared updated and comprehensive Cost Allocation Plan, based on FY23. This plan determined the amount applicable for the County Recreation District to be \$580,804. A copy of the report was shared with the County staff.
- September 2024: County staff indicated they reviewed the Cost Allocation Plan and still had questions/concerns and that a County proposal would be forthcoming the week of October 8



 **FAYETTEVILLE** ^{NC}
AMERICA'S CAN DO CITY

FayettevilleNC.gov