



City of Flagstaff, AZ

Cost Recovery Policy



Agenda



- ▶ Objectives and Goals
- ▶ Timeline
- ▶ Cost Recovery Policy
- ▶ Questions/Comments

Nationally-recognized. Locally-focused

We are nationally respected leaders in public sector management consulting and technology services who help the public professional enhance, transform and sustain a higher quality of life for citizens in our community.

We partner with clients to help them uplift the disenfranchised within their local communities.

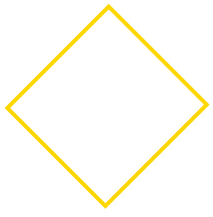


Over 14,000

Thousands of projects with education
and public sector organizations

48+ years

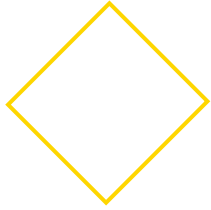
Almost half century providing
consulting services



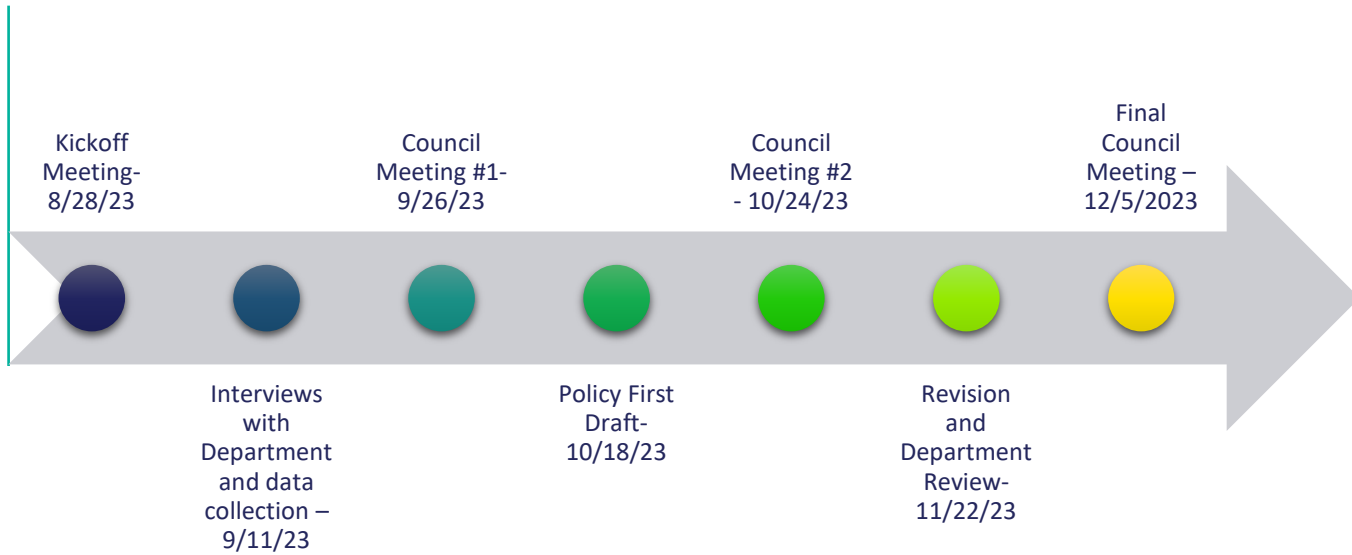
MGT Objectives and Goals

- ▶ Create a city-wide cost recovery policy.
- ▶ Increase cost recovery citywide.
- ▶ Develop a fee review schedule.
- ▶ Cost Recovery Policy adopted by Council.





Timeline



Why a Cost Recovery Policy?

Reasons for a Cost Recovery Policy

- Financial sustainability
- Service quality and expansion
- Equitable funding
- Reduced budget gaps
- Local autonomy
- Encourages efficiency
- Supports growth and development
- Long-term planning
- Flexibility and innovation
- Community engagement

Benefits to a Cost Recovery Policy

- Financial sustainability
- Improved service quality
- Ability to fund new projects
- Reduced reliance on external funding
- Optimizing staff and resources
- Resilience to economic change
- Less reliance on taxes

Why a Cost Recovery Policy?

Government Finance Officers Association (GFOA)
– Best practice to adopt a formal policy regarding charges and fees.

Identifying who is paying for the services being provided.

- General Tax Payor
- Customer/Private Entity

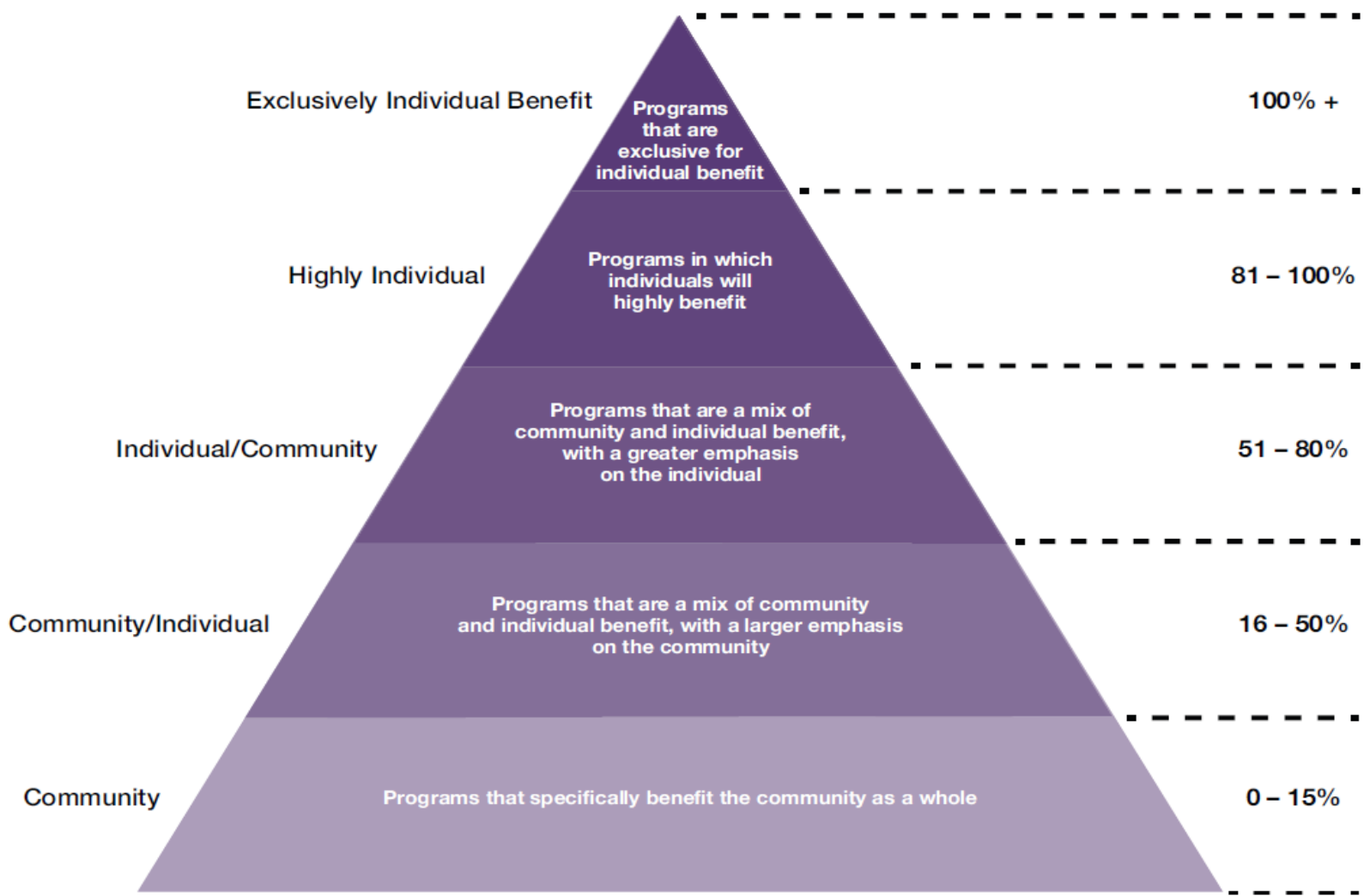


Elements of a Cost Recovery Policy

- ▶ Whether the city intends to fully recover the cost of providing goods and services, including under what circumstances the city might set a fee at less than 100 percent of full cost. If full cost is not recovered, the rationale for not fully recovering costs.
- ▶ Factors, such as affordability, pricing history, service delivery alternatives, to be taken into account when establishing fees.
- ▶ Considerations that might influence pricing decisions. Such considerations may include the need to regulate demand, the desire to subsidize a certain product or service, economic development, and visibility of the service to the community.
- ▶ Specifics of how the fees and charges will be levied and collected.
- ▶ Schedule of when fees should be reviewed.



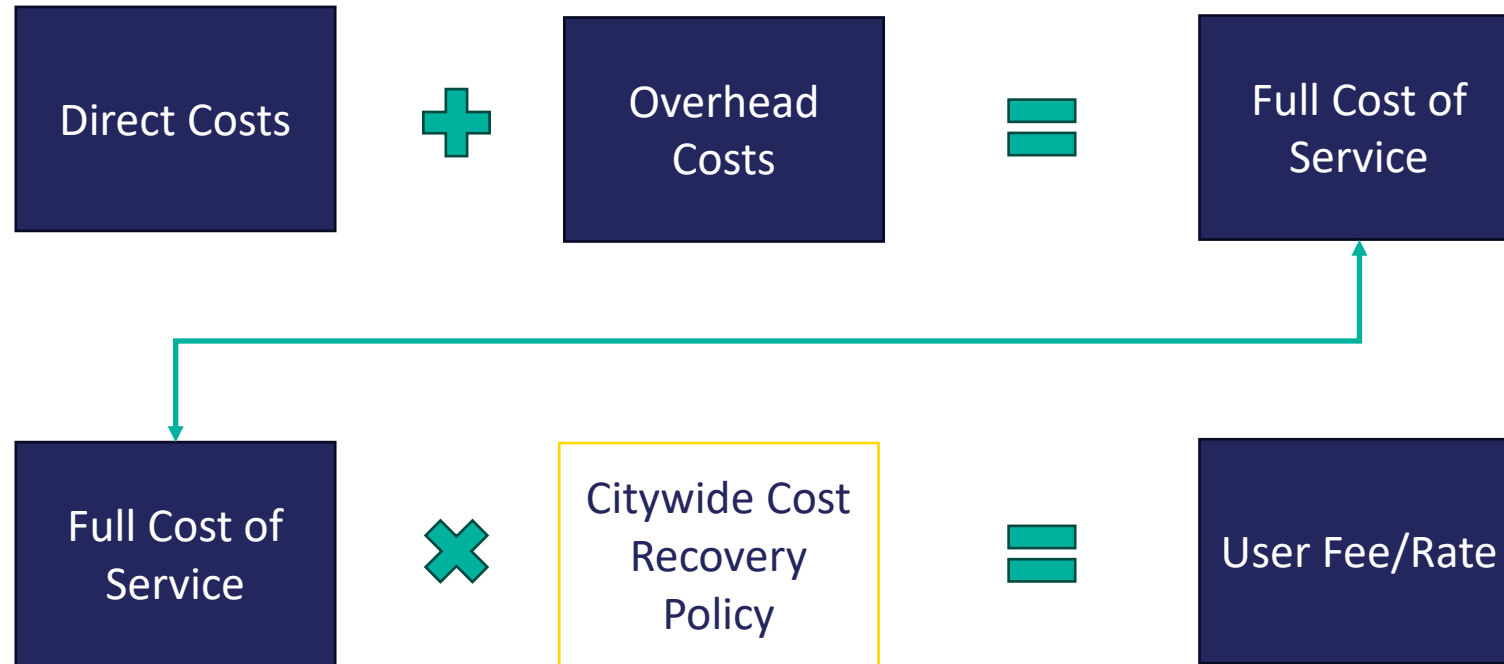
Establishing Cost Recovery Rate



Activities accounted for in Enterprise Funds should recover 100% of direct and indirect costs.

Application of the Cost Recovery Policy

After approval, the cost recovery policy will be applied to ensure that user fees are reasonable and consistent with the cost of service delivery





Questions?



Thank You

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