

Date: October 7, 2022	Originator's files:
To: Chair and Members of Budget Committee - Fees and Charges	
From: Jodi Robillos, Commissioner of Community Services	Meeting date: November 30, 2022

## Subject

2023 Recreation Program Fees and Rental Rates

## Recommendation

1. That the Recreation rental rates incorporating new, revised and existing charges for Meeting Rooms, Food Services and Banquets, Garry W. Morden Training Centre, Pools, Civic Centre, Central Library, sundries and minor centres, effective January 1, 2023 through to December 31, 2023 as outlined in Appendix 1 attached to the Corporate Report dated October 7, 2022 from the Commissioner of Community Services entitled "2023 Recreation Programs Fees and Rental Rates" be approved.
2. That the Recreation rental rates incorporating new, revised and existing charges for Arenas, Gyms and Indoor Artificial Turf, effective May 1, 2023 through to April 30, 2024 as outlined in Appendix 3 attached to the Corporate Report dated October 7, 2022 from the Commissioner of Community Services entitled "2023 Recreation Programs Fees and Rental Rates" be approved.
3. That the Recreation program fees incorporating new, revised and existing charges for Recreation programs, effective the start date of spring 2023 recreation program through to the end date of winter session 2024 as outlined in Appendix 5 attached to the Corporate Report dated October 7, 2022 from the Commissioner of Community Services entitled "2023 Recreation Programs Fees and Rental Rates" be approved.
4. That User Fees and Charges By-law 0247-2021, as amended, be repealed effective at the end of December 31, 2022.
5. That a new consolidated user fees and charges by-law, effective January 1, 2023, which will include the approved fees and charges of various City departments, be enacted to incorporate and establish the new, revised, and existing Recreation program fees and rental rates, as outlined in Appendix 1, Appendix 3 and Appendix 5 of the Corporate Report dated, October 7, 2022 from the Commissioner of Community Services entitled "2023 Recreation Programs Fees and Rental Rates."

6. That the program fees and rental rates currently listed in Schedule "E-2" (Recreation Rental Rates – Arenas, Gyms and Indoor Artificial Turf) and Schedule "E-3" (Recreation Program Fees and Charges) of User Fees and Charges By-law 0247-2021 which are applicable to April 30, 2023 or the end date of the Winter 2023 recreation program, be incorporated to the new consolidated fees and charges by-law.

## Executive Summary

- Recreation program fees and rental rate increases are reviewed and analyzed annually in response to increased costs, current demand and market conditions.
- Price increases are recommended for those programs and lines of business that can absorb the increase without negatively affecting participation or revenue.
- Price recommendations are based on the following factors: cost recovery, the availability of affordable offerings, service sustainability, customer feedback, and market conditions. As a result of these recommendations, Recreation is expected to drive incremental revenues of \$800,000 in 2023.

## Background

On an annual basis, the fees charged for Recreation offerings are reviewed and, in accordance with the Municipal Act, 2001, adjustments for program fees, rentals, and memberships are recommended to Council for approval. This report sets out the proposed fees and charges for 2023. The 2023 fees and charges, if approved through this report, will be incorporated into a new consolidated user fees and charges by-law.

User fees are one of two principle sources of funding for Recreation services; property taxes being the other. As a result, any cost not directly recovered through user fees is, by definition, subsidized through property taxes. This is true of all municipal programs and services and must be understood when setting user fees. If individual rates and user fees fail to keep pace with the costs associated with delivering a given program or service, then that cost must be recovered through increases in the property taxes of all residents.

The guiding principles and assumptions for Recreation's pricing was established in accordance with the Pricing Study, a comprehensive document that was approved in principle by the Budget Committee. This document dictates that fees should be established based on a combination of factors including: cost recovery; affordability of programs and services to generate the greatest societal benefit; fees ensure that desired services are sustainable; and that fees for services that are the same as those provided by the community will be guided by the market.

## Comments

Fee and rate changes are recommended after significant analysis is completed to determine demand and market benchmarking. Potential fee increases first focused on a base increase of 3% in order to recover a portion of increased labour and operational costs. Further increases were identified for offerings that are not aligned with external benchmarking and/or offerings where demand analysis demonstrates an opportunity to alter price to drive more utilization. On average, the price increase for all lines of business equates to 3%.

Price increases have been identified for the majority of rentals, memberships and programs for the lines of business. The recommended pricing changes specific to each lines of business are outlined below. Because the existing program fees and rental rates listed in Schedules "E-2" and "E-3" of the User Fees and Charges By-law 0247-2021, as amended, extend into 2023, those program fees and rental rates will also be included in the new consolidated user fees and charges by-law to cover the period until the remaining 2023 program fees and rental rates are in effect.

### Aquatics

Analysis of pricing in the Aquatics Line of Business determined that increases in Aquatics programs, memberships, rentals and pay as you go fees can be sustained in 2023. A number of Aquatic Leadership programs are proposed below 3% to remain competitive with benchmarked leadership programming provided by other municipalities. The total estimated revenue increase for the Aquatics line of business is \$170,000 for 2023.

### Arenas

In order to accommodate rising labour and operating costs for arenas, it is proposed that ice rental rates increase by 3%. The fee changes for the Arena line of business is expected to generate an additional \$180,000 in budgeted revenue for 2023.

### Community Programs & Camps

Community Programs, including Learn to Skate and Camps, generate a significant volume of participation and support our mandate of delivering community-based affordable recreation opportunities for residents. Benchmarking and local market analysis has confirmed that the City's Community Programs and Camps can sustain a 3% increase. The recommended increases are projected to drive an additional \$160,000 in revenue for 2023.

### Fitness and Seniors' Centre

Fitness customers are extremely price sensitive due to the availability of a number of private fitness centres in the community. After analysis and benchmarking, staff is recommending a 1.75% increase for memberships to remain competitive. Overall, the fitness line of business revenue increase is estimated at \$60,000 and the Seniors' Centre's estimated increase is \$3,600 for 2023.

**Food Services**

To recover increased costs, a 3% increase was applied to banquet rentals rates to remain competitive. In 2021, the LOB introduced new block rates (5, 8 and 12 hour rates). Based on this recent change, the Food Services line of business is anticipated to generate incremental revenue of \$300 in 2023.

**Golf**

The golf industry has trended toward standardizing promotional pricing and discount packages in an attempt to gain market advantage. To compete with industry trends, BraeBen and Lakeview staff has conducted market research to recommend price points that align to benchmarking and position the courses to remain competitive. These price changes are expected to generate a revenue increase of \$125,000 in 2023.

**Room Rentals**

The Room Rentals line of business can withstand a 3% rate increase based on historical trending and benchmarking. This increase is projected to generate additional revenue of \$36,000 in 2023.

**Sports**

This is a newly created line of business that incorporates Indoor Artificial Turf, Gyms and Sport Leagues. To recover increased costs while remaining competitive, an average 3% rate increase was applied to the majority of indoor turf and gym rental fees. With a highly competitive landscape for Sport Leagues, an average rate increase of 1.8% was applied. All Sport line of business increases are expected to drive \$60,000 in additional revenue for 2023.

**Therapeutic**

Therapeutic is still a developing line of business and it is important to continue to offer programs at price points which encourage increased participation in order to help grow the Therapeutic market. Therapeutic offerings are recommended to generate an incremental \$5,100 in 2023.

**Financial Impact**

As a result of Recreation's comprehensive annual user fee review including inflation, market price comparisons, benchmarking and an examination of the impact of historic price changes on volume, the fee recommendations in this report are expected to drive incremental annualized revenues totalling approximately \$800,000. As a result of the projected increase, \$800,000 revenue budget increase is proposed in the 2023-2026 budget and business plan.

**Conclusion**

Recreation programs and activities help to build strong communities and assist residents in living healthy and active lives. The 2019 Citizens Satisfaction Survey indicates that 85% of residents express high or very high satisfaction with recreation services.

Recreation program fees must be balanced to ensure affordability, particularly for core services and at risk populations, while limiting reliance on the general tax base. The recommended rates and fees respond to market demand and attempt to drive increased participation while generating incremental revenue.

## Attachments

- Appendix 1: E1 - Proposed Rental Fee Schedule - Recreation (Effective January 1, 2023)
- Appendix 2: E1 - Proposed Rental Fee Notes - Recreation (Effective January 1, 2023)
- Appendix 3: E2 - Proposed Rental Fee Schedule - Recreation (Effective May 1, 2023)
- Appendix 4: E2 - Proposed Rental Fee Notes - Recreation (Effective May 1, 2023)
- Appendix 5: E3 - Proposed Program Fee Schedule - Recreation (Spring 2023 - Winter 2024)
- Appendix 6: E3 - Proposed Program Fee Notes - Recreation (Spring 2023 - Winter 2024)
- Appendix 7: E3 - Proposed Program Categories



Jodi Robillos, Commissioner of Community Services

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