

City of Mississauga

# Corporate Report



<p>Date: December 2, 2022</p> <p>To: Chair and Members of Budget Committee</p> <p>From: Jodi Robillos, Commissioner of Community Services</p>	<p>Originator's files:</p> <hr/> <p>Meeting date: January 23, 2023</p>
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## Subject

**2023 Recreation Program Fees and Rental Rates – Golf**

## Recommendation

1. That the Recreation Golf program fees and charges incorporating a 4.4% increase to Lakeview Older Adult green fees as outlined in Appendix 1 attached to the Corporate Report dated December 2, 2022 from the Commissioner of Community Services entitled "2023 Recreation Programs Fees and Rental Rates - Golf" be approved.
2. That should Budget Committee instead wish to increase the Lakeview Older Adult green fee by 3.5% the Recreation Golf program fees and charges (as outlined in Appendix 2 attached to the Corporate Report dated December 2, 2022 from the Commissioner of Community Services entitled "2023 Recreation Programs Fees and Rental Rates - Golf") be approved.
3. That the Recreation Golf program fees, as outlined in Recommendation 1 and set out in Appendix 1 be incorporated into the new 2023 consolidated user fees and charges by-law, effective January 1, 2023.
4. That should Budget Committee instead approve Recommendation 2, the Recreation Golf program fees set out in Appendix 2 be incorporated into the new 2023 consolidated user fees and charges by-law, effective January 1, 2023.

## Executive Summary

- In response to market conditions, competitive benchmarking and the established pricing strategy, various price point recommendation were presented to Budget Committee on November 30, 2022, including increasing older adult green fees above 3%.
- Lines of business within Recreation generally provide older adult with a 20% discount on the adult fee. Historically, older adult green fees were not in alignment, with older adults receiving a discount of 24% at Lakeview and 16% at Braeburn.

- Staff recommend increasing the Lakeview Older Adult green fee by 4.4%, whereby they will move from a 24% discount to a 23% discount. This increase will be an initial first step in ensuring equity among older adult discounted rates across the golf course fees and recreation programs in general.
- Alternatively, should Budget Committee wish to keep the rate increase consistent across all golf fees, where the Older Adult fee would continue to be discounted at 24%, the adult rates would be further increased to offset the projected revenue gap of \$6,400.
- With the recommended rate increase for Lakeview at a 23% discount for Older Adults, golfers would pay an additional \$2.21 per round at Lakeview. With the optional model maintaining at 24% discount, golfers would pay an additional \$1.77 per round (a difference of \$0.44 per round).

## 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 addresses questions from the November 30, 2022 Budget Committee meeting and provides additional context related to the proposed Golf green fees for 2023.

Over the past few years, City golf courses have seen overwhelming demand that has outpaced the available supply of tee times available to customers. In 2021, green fee revenues totaled \$3.45M, an increase of 9% year-over-year. As such, during the 2023 rates and fees planning process, the Golf line of business evaluated the rationale for increasing green fees based on increased costs, current demand and market conditions.

In response to market conditions, competitive benchmarking and the established pricing strategy, various price point recommendations were presented to Budget Committee, including increasing older adult green fees above 3%.

## Comments

The Golf line of business uses an established pricing strategy that rounds fees to the nearest 25 cents (after tax) to align with industry standards. With this, often the fee increase percentages fall outside the target 3% after rounding.

It is also important to note that in 2022, the Recreation division implemented the recommendations from the Older Adult Master Plan, including the alignment of the older adult age to 55. Previously, City golf courses had a senior's fee for individuals 60 plus.

This policy change had a noteworthy impact on golf revenue streams as a much larger portion of the golf customer base now qualified for discounted green fees. As such, the estimated revenue loss (~\$50K) was also taken into consideration when recommending the 2023 older adult green fees.

### Recommendation

Lines of business within Recreation generally provide older adults with a 20% discount off the Adult fee. Historically, Lakeview older adult green fees were not in alignment with older adults receiving a discount of 24%. To address this, the golf line of business recommended a 4.4% increase in 2023 as an initial step to address this variance (as outlined in Appendix 1).

The recommended fee increase reduces the discount to 23% with the intent of gradually reducing the discount annually, ultimately aligning with a 20% discount while mitigating the impact to users.

The proposed fees for 2023 are as follows:

Fee Name	2022 Fee (Pre-HST)	2023 Proposed Fee (Pre-HST)	Fee Increase	
			\$	%
Lakeview				
Weekday (Adult)	\$65.71	\$67.70	\$1.99	3.0%
Older Adult	\$50.00	\$52.21	\$2.21	4.4%
Older Adult Discount Rate	24%	23%		
BraeBen				
Weekday (Adult)	\$46.90	\$48.23	\$1.33	2.8%
Older Adult	\$38.27	\$38.72	\$0.45	1.2%
Older Adult Discount Rate	16%	20%		

With the recommended increase, the customer impact to an older adult golfing at Lakeview is an additional \$2.21 per golf game and \$0.45 at BraeBen.

### Option

Alternatively, if Council would like to maintain the Lakeview Older Adult green fee discount at 24%, the projected revenue deficit is approximately \$6,400.

To offset this revenue loss, the following fee changes to Adult green fees would be recommended to absorb the revenue deficit:

Fee Name	2022 Fee (Pre-HST)	2023 Proposed Fee (Pre-HST)	Fee Increase	
			\$	%
Lakeview				
Weekday (Adult)	\$65.71	\$67.92	\$2.21	3.4%
Weekend AM	\$75.66	\$78.32	\$2.66	3.5%
Weekend PM	\$66.15	\$68.36	\$2.21	3.3%
Twilight	\$56.19	\$58.19	\$2.00	3.6%
Older Adult	\$50.00	\$51.77	\$1.77	3.5%
Older Adult Discount Rate	24%	24%		

On average, adult green fees will increase by \$2.27 per golf game and older adult green fees will increase by \$1.77 per game. Comparing the recommended rate increase for Older Adults at Lakeview to the optional model above, they would pay an additional \$0.44 per round in the recommended model.

## Financial Impact

On the optional model, the overall financial impact of maintaining the Older Adult green fee at a discount of 24% is a decline in projected revenue of \$6,400. To offset this revenue loss, Adult green fees at Lakeview golf course will need to be increased.

## Conclusion

The Recreation team recommends Budget Committee approve the Golf rates and fees as outlined in Appendix 1, which supports the pricing strategy of older adult's receiving a 20% discount on adult fees.

The 2023 Golf fees and charges, if approved through this report, will be incorporated into a new consolidated user fees and charges by-law.

## Attachments

- Appendix 1: Proposed Program Fee Schedule - Golf Recommendation (Spring 2023 – Winter 2024)
- Appendix 2: Proposed Program Fee Schedule – Golf Alternative (Spring 2023 – Winter 2024)
- Appendix 3: Proposed Program Fee Notes – Golf (2023 – 2024)



Jodi Robillos, Commissioner of Community Services

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