

Date: August 21, 2020	Originator's files:
To: Chair and Members of Budget Committee	
From: Shari Lichterman, CPA, CMA, Commissioner of Community Services	Meeting date: October 7, 2020

Subject

2021 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, Paramount Fine Foods Centre Events, Garry W. Morden Training Centre, Pools, Civic Centre, Central Library, sundries and minor centres, effective January 1, 2021 through to December 31, 2021 (as outlined in Appendix 1 attached to the Corporate Report dated August 21, 2020 from the Commissioner of Community Services entitled "2021 Recreation Programs Fees and Rental Rates") be approved.
2. That the Recreation rental rates incorporating new, revised and existing charges for Arenas, Gyms and the Dome and Field House, effective May 1, 2021 through to April 30, 2022 (as outlined in Appendix 3 attached to the Corporate Report dated August 21, 2020 from the Commissioner of Community Services entitled "2021 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 2021 recreation program through to the end date of winter session 2022 (as outlined in Appendix 5 attached to the Corporate Report dated August 21, 2020 from the Commissioner of Community Services entitled "2021 Recreation Programs Fees and Rental Rates") be approved.
4. That Schedule "E-3" of the User Fees and Charges By-law 0156-2019, as amended, be amended to remove effective dates March 31, 2020 to March 12, 2021.
5. That User Fees and Charges By-law 0156-2019, as amended, be repealed effective at the end of December 31, 2020.

6. That a new consolidated user fees and charges by-law, effective January 1, 2021, 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 August 21, 2020 from the Commissioner of Community Services entitled "2021 Recreation Programs Fees and Rental Rates."
7. That the program fees and rental rates currently listed in Schedule "E-2" (Recreation Rental Rates – Arenas, Gyms Domes and Field Houses) and Schedule "E-3" (Recreation Program Fees and Charges) of User Fees and Charges By-law 0156-2020, be added to the new consolidated fees and charges by-law.

Report Highlights

- 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 \$860,800 in 2021.

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 2021. The 2021 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 sensitivity to price. 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 0156-2019, as amended, extend into 2021, 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 2021 program fees and rental rates are in effect.

The effective date noted in Schedule “E-3” of User Fees and Charges By-Law 0156-2019, as amended, is also being further amended to adjust the effective dates of March 31, 2020 to March 12, 2021. The purpose of this by-law amendment to keep effective dates more general from start of Spring 2020 to end date of Winter 2021 is for administrative purposes.

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 2021. A number of Aquatic Leadership programs need to be increased above the average 3% due to either increases in the length of the program, increased operating costs and/or certification fees. The total estimated revenue increase for the Aquatics line of business is \$180,100 for 2021.

Arenas

In order to accommodate rising labour and operating costs for arenas, it is proposed that all ice rates receive an average increase of 3%. The fee changes for the Arena line of business will generate an additional \$258,000 in budgeted revenue for 2021.

Community Programs & Camps

Community Programs 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 \$124,000 in revenue for 2021.

Fitness

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 an average 3% increase. Overall, the increases in the fitness line of business will generate approximately \$95,000 in additional revenue.

Food Services

To recover increased costs, a 3% was applied to the banquet rentals rates to keep pace with inflation and to remain competitive. The increases for the Food Services line of business are anticipated to generate an incremental \$2,700 in 2021.

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 will generate a revenue increase of \$83,000.

Paramount Fine Food Centre (PFFC)

To recover increased costs while remaining competitive, price changes were applied to the majority of the PFFC rental fees with an impact equivalent to a 3% overall rate increase. These increases are expected to drive \$18,000 in additional revenue for 2021.

Room Rentals

The Room Rentals Line of Business has experienced a positive trend in revenue and hours booked. The 3% rate increases in the Room Rentals line of business is expected to generate additional revenue of \$53,000 in 2021.

Sport Leagues

Based on the competitive landscape, the base 3% increase was applied across the leagues, for an expected 2021 revenue impact of \$41,000.

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. As such, private and semi-private personal training fees have been adjusted to align with Fitness rates for consistency and pay as you go visit fees have been reduced to align with benchmarking. Therapeutic offerings are recommended to generate an incremental \$6,000 in 2021.

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 \$860,800.

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: Proposed Rental Fee Schedule - Recreation (Effective January 1, 2021)
- Appendix 2: Proposed Rental Fee Notes - Recreation (Effective January 1, 2021)
- Appendix 3: Proposed Rental Fee Schedule - Recreation (Effective May 1, 2021)
- Appendix 4: Proposed Rental Fee Notes - Recreation (Effective May 1, 2021)
- Appendix 5: Proposed Program Fee Schedule - Recreation (Spring 2021 - Winter 2022)
- Appendix 6: Proposed Program Fee Notes - Recreation (Spring 2021 - Winter 2022)
- Appendix 7: Proposed Program Categories



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