

Report to Council



Date: May 2, 2022
To: Council
From: City Manager
Subject: Active Living & Culture Fees & Charges Review
Department: Active Living & Culture

Recommendation:

That Council receives the report for information, from the Active Living and Culture Division, dated May 2, 2022, regarding an overview of the Fees & Charges Review for programs and facility rentals within the Active Living & Culture Division.

AND THAT Council provides feedback on the benefits-based approach to setting Active Living & Culture Fees and Charges.

AND THAT Staff provide updates as the project progresses.

Purpose:

To provide Council background, current approach and the future work plan related to setting fees and charges for City operated programs and facility rentals and obtain feedback regarding a new benefits-based approach.

Background:

Recreation and cultural programs and facilities are paramount in the development of a healthy and active community. They provide benefits to residents and visitors of all ages by supporting participation and excellence in culture and sport, engaging non-profit and private sectors, inspiring economic development and tourism, providing a place for social connection and much more.

Active Living & Culture (ALC) oversees the community use of recreation and cultural facilities that includes establishing fees structures, programming and public use. ALC generates revenues through a variety of streams as outlined in the Active Living & Culture Fees and Charges Bylaw (No. 9609) and through other revenue streams that fall outside the bylaw (i.e. general interest programs, stadium concessions). These revenues support the division's operations, reducing the need for investment (taxation) and contributing to various reserves that support facility improvements. Fees and charges set by the division generally fall in the areas of program registrations, facility access and facility rentals with annual revenues of \$4.4M (pre-COVID).

With growing financial pressures and challenges to support community-level programs, as well as requirements to maintain and renew facilities, program and facility user fees become a key element in reducing this pressure. That said, it is important to consider barriers to participation and the impact that fees may have. The COVID-19 pandemic has further reinforced that being able to connect with others and be active are key aspects to healthy individuals and communities. Finding an appropriate balance between maximizing fees and encouraging participation will be critical.

ALC fees and charges are generally examined every 3-5 years. They were last reviewed in 2017. The 2021 review was paused due to the impact of the pandemic on the sector, but the review is now proceeding as part of staff's 2022 work plan.

Discussion:

The division's approach to setting fee structures is managed through two key documents: Council Policy 222, Recreation and Cultural Facilities Services – Philosophy/Fees & Charges Policy and Active Living & Culture Fees & Charges Bylaw No. 9609. While not directly connected to setting fees, the Conditions of Use and Allocation Guidelines, provide general and facility specific conditions and allocation policies and processes that guide the use of various City recreation and cultural facilities. This administrative document is reviewed and updated as needed with significant amendments that alter intent are brought to Council for endorsement. As we continue the fees and charges review increased alignment between the document may be necessary.

Council Policy 222 – Recreation and Cultural Services – Philosophy/Fees & Charges Policy

This policy provides the framework that guides the development and amendments to Bylaw No. 9609. It is based on policy statements that ensure services provide benefit to the public, and that fees:

- are not a barrier to participation
- are applied consistently
- reflect costs and fair market value, and
- are raised when not in conflict with the statements above

This policy is consistent with the City's Principles and Strategies for Financial Strength and Stability in that setting fees and charges are balanced so that programs and facilities are affordable and accessible by all citizens, while the policy provides transparency to citizens and allows for flexibility in making changes to fees and charges as needs arise. Link to the [Council Policy 222 – Recreation and Cultural Services – Philosophy /Fees & Charges Policy](#).

Active Living & Culture Fees and Charges Bylaw No. 9609

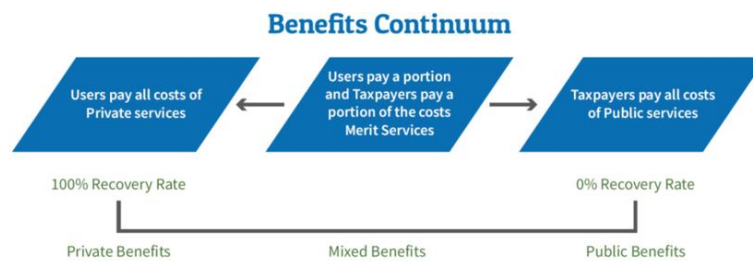
This Bylaw contains fee schedules for the various chargeable recreation and cultural facilities rental rates, Parkinson Recreation Centre (PRC) facility admission and other services through Active Living & Culture. Link to the [Active Living & Culture Fees and Charges Bylaw No.9609](#).

Past success in managing fee structures and changes has been achieved by balancing community needs with fiscal responsibility, using a market driven approach, maintaining awareness of community and sector trends and ongoing collaboration with facility-based user groups and advisory committees. This approach keeps fees in line with other facilities and considers market value and barriers to participation. While other factors are considered (i.e. cost to deliver service and community benefit), they are not typically drivers to setting fees. As mentioned, the comparison approach, while commonly used in the sector, does have limitations, such as:

- differences between the services offered by different operators are hard to quantify

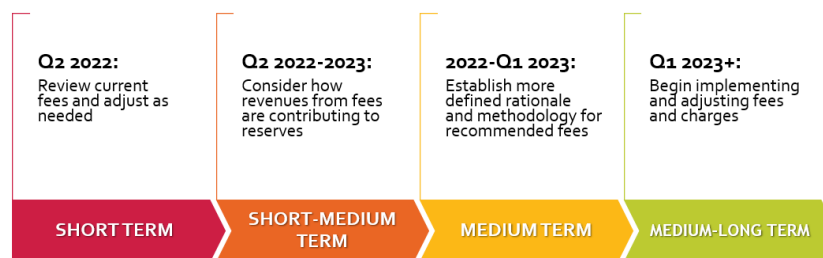
- does not truly evaluate the City's costs to operate facilities and programs nor evaluate the impact and the recovery return the programs provide
- does not evaluate the community benefit each program or facility provides
- offers an indirect connection to facility renewal and equipment replacement
- requires frequent reviews to maintain comparable fee structure

Staff have engaged RC Strategies to assist with an extensive review process. Expanding on our current approach to setting fees, the additional work will examine costs of delivering services, its relationship to public benefit and a corresponding recovery target for each activity. Collectively, these are key components to setting fees through a benefits-based approach that further considers the level of subsidy provided depending on the level of public good generated from the service. Fundamentally, the benefits-based approach ensures those who benefit from a good or service (be they members of the public or users/participants) should pay in proportion to the benefit they receive. For example, use of a park will receive a higher subsidy than a booking of an ice arena for a community program because the park space generates more and broader benefits to the community than the ice arena does (although the ice arena generates much benefit as well). The below illustration highlights this approach



This benefits-based approach will provide guidance to ensuring services are sustainable and further operationalize the existing principles of the Policy, laying the groundwork for a more strategic approach to setting fees for City operated facilities and programs.

Key components of the work plan include:



- **(Short Term)** Review current fees and charges and adjust as needed. Review would include market comparison with regional and other similar communities, trends in sector and recommend any adjustments to the Bylaw. This would address any immediate changes and or areas that have fallen behind. Intent of implementation of any changes would be in 2022 based on program and facility operating cycles.
- **(Short – Medium Term)** Consider how revenues from fees and charges are contributing to reserves and determine short term opportunities and longer-term strategies that support the reserves with intention. An example of a short-term opportunity may be establishing a reserve to support program and equipment replacement and renewal (i.e. fitness equipment) funded

from increased program revenues. Where longer-term strategies may support more significant building systems and renewal needs. This will include a review of best practices from other municipalities.

- **(Medium Term)** Establish a more defined rationale and methodology for recommended fees. Further expand this approach that considers cost of service, community benefit, target recovery levels. Related policies will be reviewed, confirmed and or established as needed.
- **(Medium-Long Term)** Based on the outcomes of the prior work and testing the current fees to the expanded model an implementation plan will be established that considers current baseline and future targets.

Conclusion:

The outcome of the project will ensure fees and charges are set grounded in a benefits-based approach with considerations for operational costs, current and future needs, and market conditions. A key component of the review will also consider commitment to accessibility of programs for residents. Further, there will be a stronger connection and alignment between fees and charges and related facility renewal, equipment replacement and programs need.

Internal Circulation:

Active Living & Culture
Finance
Communications

Considerations applicable to this report:

Existing Policy:

Council Policy 222 - Recreation and Cultural Facilities Services – Philosophy/Fees & Charges Policy and Active Living & Culture Fees & Charges Bylaw No. 9609.

This work aligns with:

- Council Priorities – Infrastructure deficit is reduced
- Corporate Priorities – Non-tax revenues are increasing and Cost to deliver services is quantified

Considerations not applicable to this report:

Legal/Statutory Authority:

Legal/Statutory Procedural Requirements:

Financial/Budgetary Considerations:

External Agency/Public Comments:

Communications Comments:

Submitted by: J. Jean, Administration & Business Services Manager

Approved for inclusion:



J. Gabriel, Director, Active Living & Culture

cc: Divisional Director, Financial Services
Divisional Director, Communications

Attachment:

1. Active Living and Culture Fees and Charges Review Council Presentation