



Active Living & Culture Fees & Charges Review

May 2, 2022



Purpose of the Fees and Charges Review

- To ensure a practical, transparent, consistent, and fair approach to setting fees and charges for parks, recreation and cultural facilities, programs and services
- To implement an approach that is based on a defensible philosophy and justified rationale

Purpose of workshop

- Provide background on where we are
- Explain the Benefits-Based Approach to setting fees
- Receive feedback on the Benefits-Based Approach



First Some Background

- Active Living & Culture Fees & Charges governed by:
 - Council Policy #222 – Philosophy/Fees & Charges Policy
 - Fees & Charges Bylaw - #9609
- Conditions of Use & Allocation Guidelines for Recreation & Cultural Facilities



Council Policy #222

- Statement of Philosophy
 - The City provides a variety of recreation and cultural services as a vehicle to achieve benefits for all individuals and the community at large
 - The level of community resources dedicated should be directly related to the extent of benefit and the City's ability to pay
- Policy Statement
 - The policy statement guides the overall system of fees and charges so that there is internal consistency and a fair level of financial contribution by the participant and by the City

Bylaw #9609

- Includes:
 - Facilities owned/operated by City and or specified within a third-party agreement
- Does not include:
 - Facilities owned by City but operated by a third-party
 - General interest program registrations





Facilities included in Bylaw

- Parkinson Recreation Centre & Multi-Use Facilities
 - Admissions & Facility rentals
- Arenas
- Aquatic Facilities
- Sportsfields
- Outdoor Events
- Miscellaneous Facilities/Parks
- Kelowna Community Theatre

Bylaw Updates

- Historical practice
- General guidelines:
 - Multiple category rate structure specific to each facility or program
 - Fees increase annually by 2% or a multi-year rate table
 - Adults pay more than minors
 - Commercial pays more than non-profit
 - Prime time and non-prime time rates apply where appropriate



Reserve Contributions

- Current contributions:
 - Arenas
 - Sportsfields
 - H2O Centre & Equipment
 - Stadiums
 - Theatre
- Other



Benefits-Based Approach

- Policy #222 Principles
- Benefits-Based Approach - how it works and the steps to get there
- Feedback on the Benefits-Based Approach

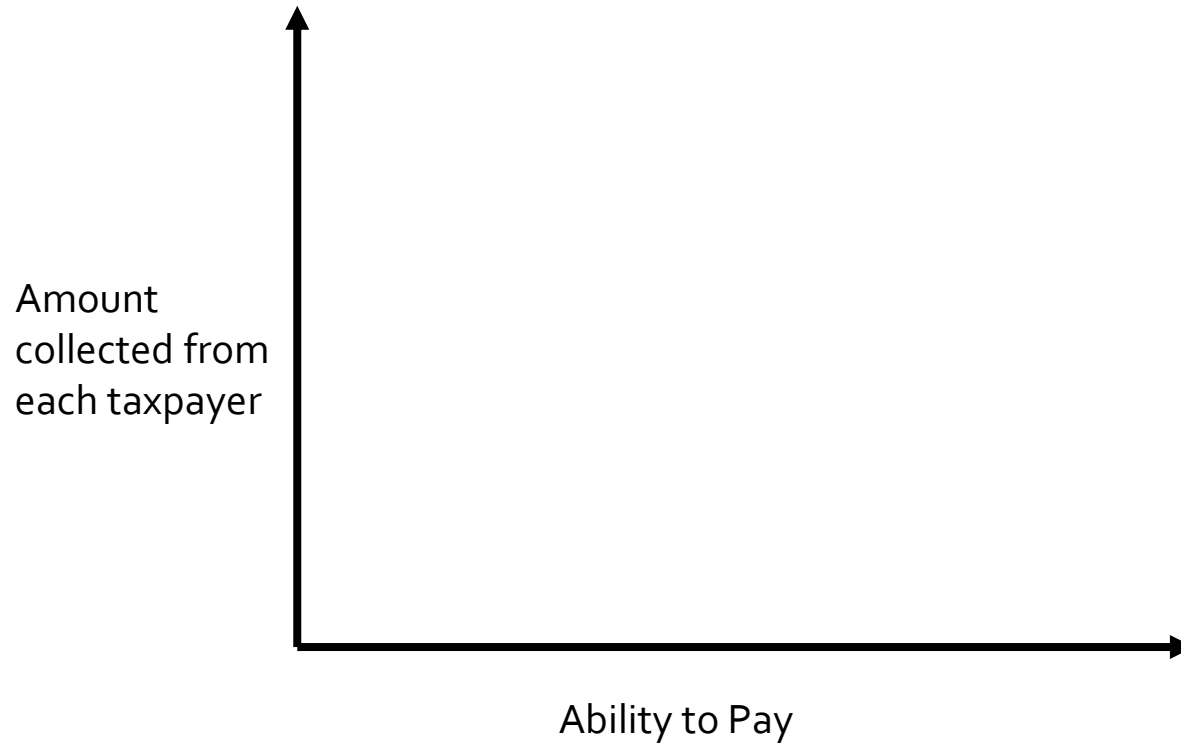




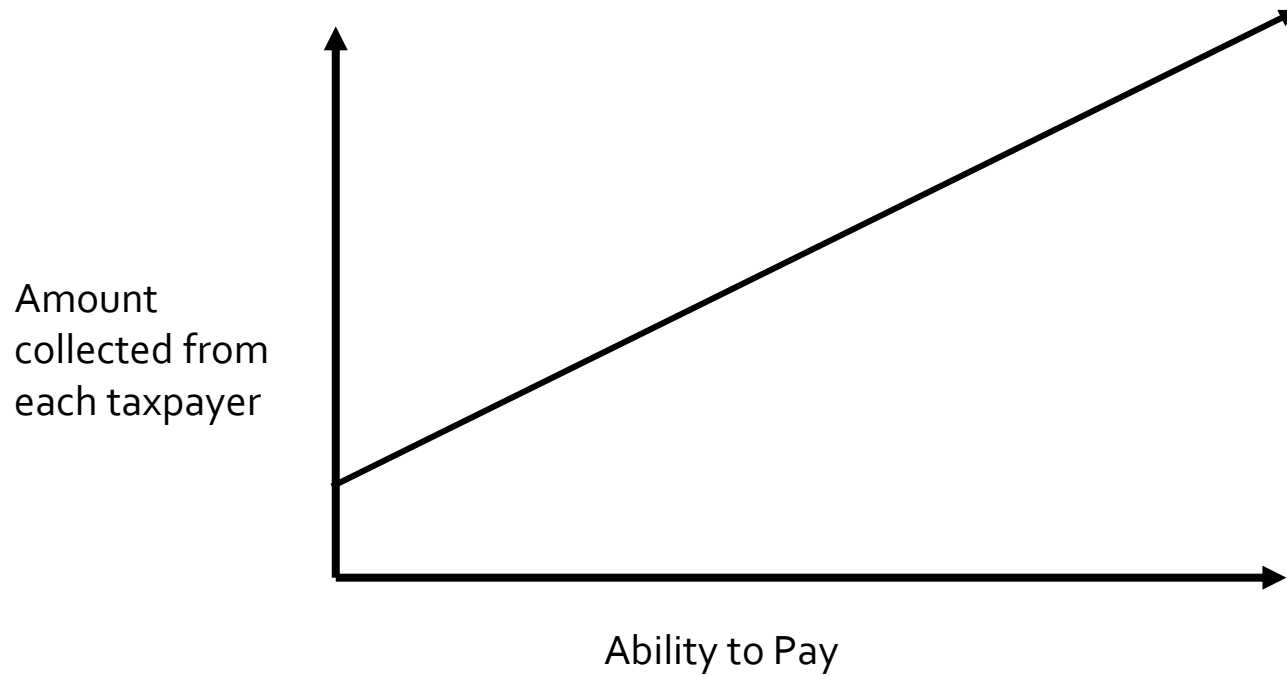
Role of Local Government

- To legislate an appropriate framework within which to live, work and play
- To collect taxes and use the funds to deliver services back to the taxpayers

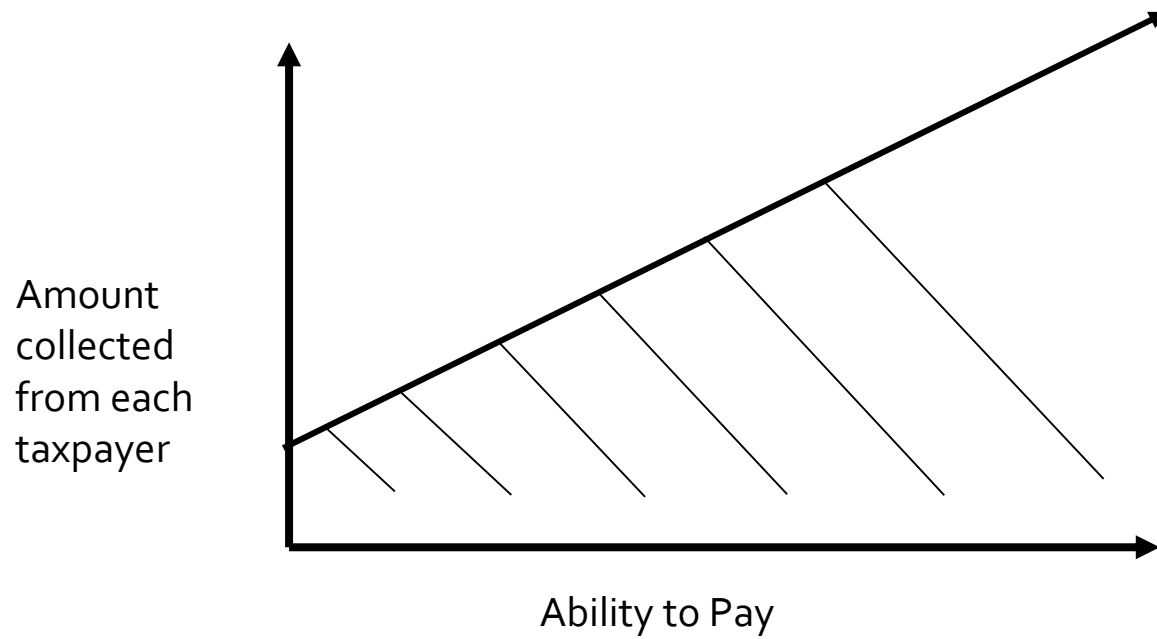
Tax System



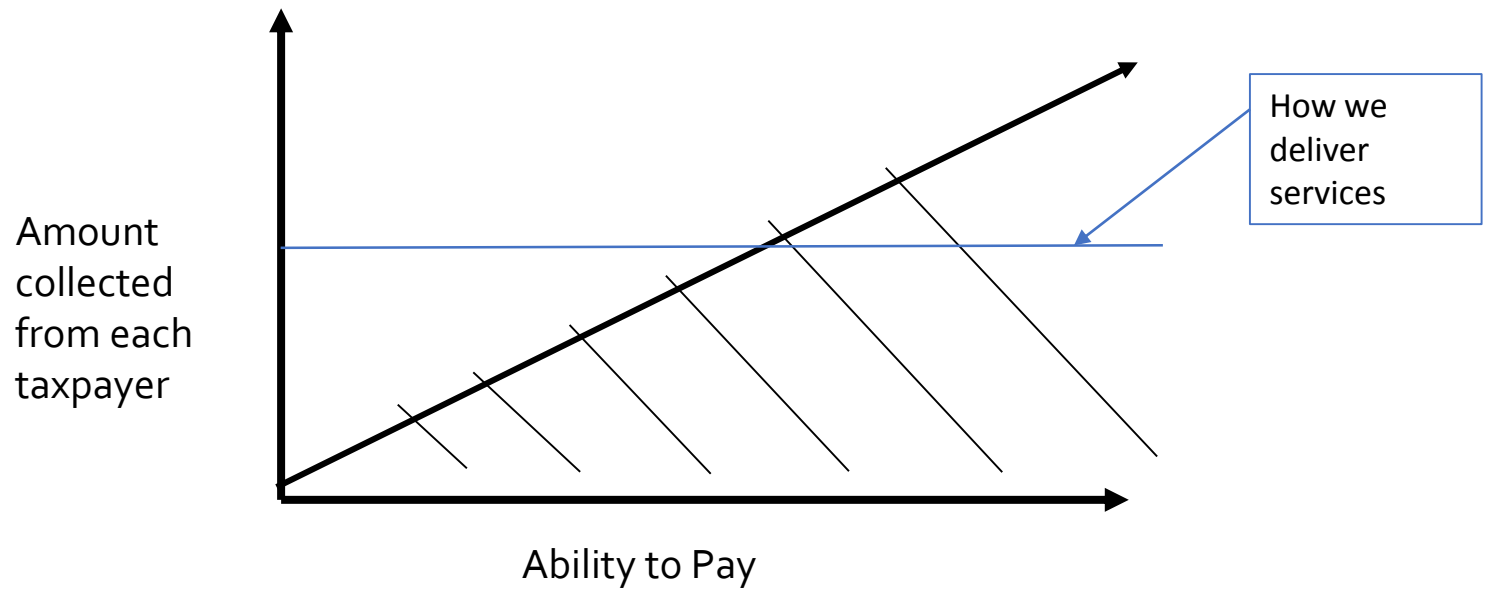
Tax System



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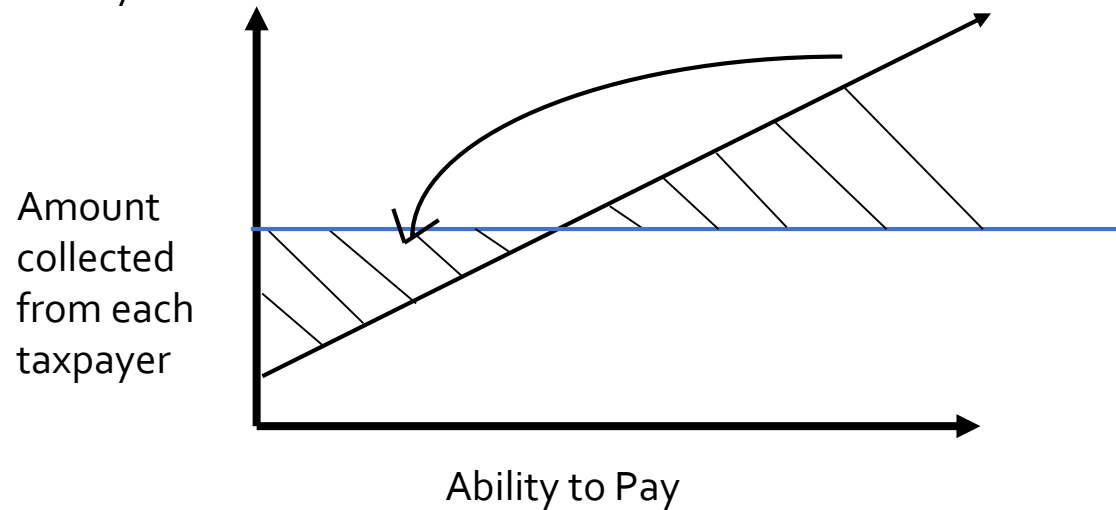
Tax System



Tax System

Taxes are used to redistribute wealth

The question is when and why?

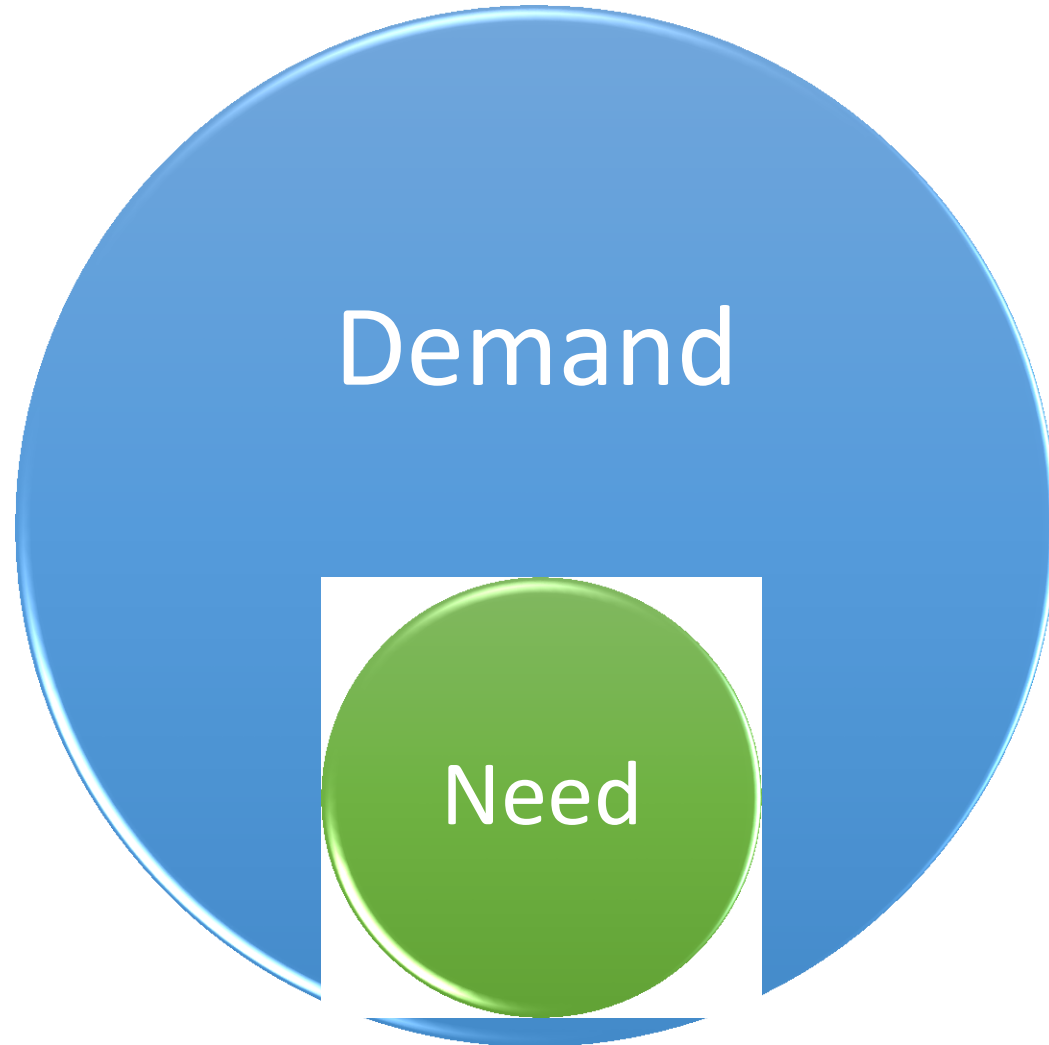


Subsidizing Recreation Services

- How can we justify subsidizing public recreation services?
- On what basis can we justify this subsidy?
- Who benefits from the delivery of public recreation services?
- Why don't we leave it to the private sector?
- Are we fair and equitable across different activities?



Need vs Demand



Foundations of Public Services

One definition of public good

- Indirect benefit to all citizens from which no one can escape

How it applies to public parks, recreation and cultural services

- Use public recreation services as a vehicle for achieving certain socially worthwhile goals and objectives; the achievement of which clearly demonstrates indirect benefit to all citizens

Examples of Indirect Benefits

Growth of Individual	Growth of Community
Fitness and Well Being	Special Events
Preschool Recreation Opportunities	Support for Local Community Groups
Basic Skills for School Aged Children	Spectator Sport
Advanced Skills for School Aged Children	Exposure to the Arts
Social Opportunities for Teens	Social Functions
Basic Skills for Adults	Protecting Natural Resources
Advanced Skills for Adults	Beautify the Community
Recreation Opportunities for Seniors	Opportunities for Family Units
Interpreting the Environment	Mixing Generations and Subgroups
Reflection/Escape	Support for Volunteerism
Leisure Education	Community Economic Benefit
Communication System	

Fees and Charges Policy Refinement

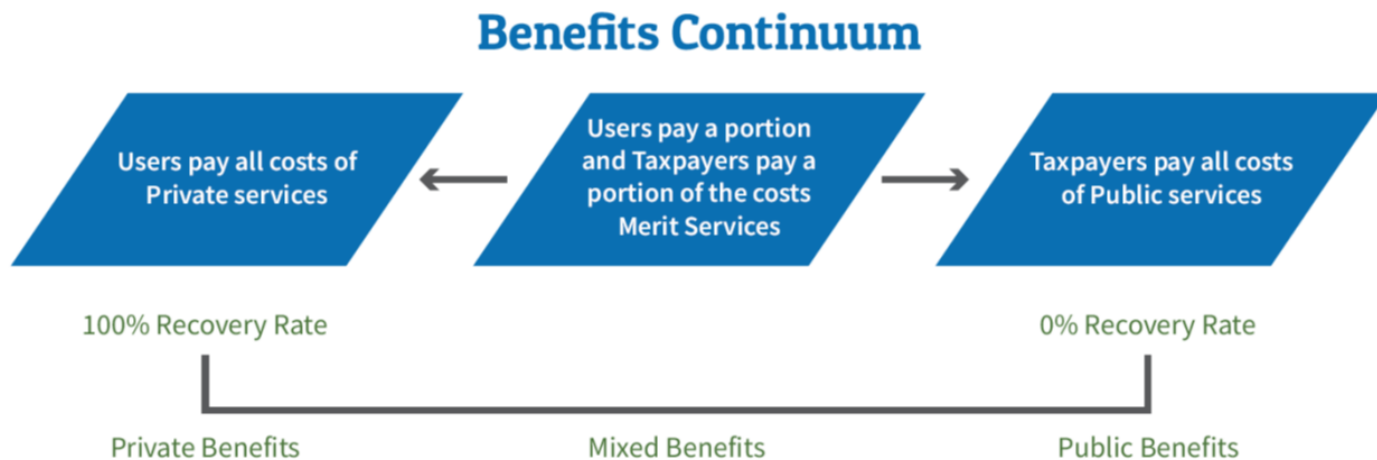
Those who benefit from a good or service should pay in proportion to the benefit they receive

- If all or substantially all benefits are direct benefits that accrue only to users, those users should pay all of the costs
- If all or substantially all of the benefits accrue to all citizens independently of whether or not they use the service, then all citizens should pay (through their taxes)
- If some benefits accrue directly to users and some benefits accrue to the community at large, then both should pay in proportion to the benefits they receive

Benefits-Based Continuum

A Policy Based on the Benefits/Public Goods Approach

- Those who benefit from a public service should pay in proportion to the benefit they receive



Public Good

Separation of Public and Private

Public Good

- Needs driven
- Focuses on indirect benefit to all
- Measures benefits in units of social value
- Decisions protect interests of citizens

Private Service

- Demand driven
- Focuses on direct benefits to users
- Measures benefits in dollars
- Decisions protect interests of investors

Steps to Implement the Approach

1. Calculate unit costs
2. Categorize uses and users on the basis of public benefit
3. Assign recovery rates to each category of uses and users based on degree of public benefit
4. Calculate initial fees based on justification for subsidy
5. Adjust for practical reasons (e.g. prime vs non prime)
6. Adjust further as per implementation strategies (e.g. phase-in significant changes)
7. Ensure a robust safety net for those who cannot afford fees

Recovery Rate Matrix

and Recovery Rates for Calculating Fees and Charges

	USES					
	Drop In Admission	Programs	RENTALS			Camping
			Regular Activity	Special Event	Commercial Use	
Individual Users						
Preschool (<5yrs)	0%	25%				
Youth/Student (5-19)	25%	25%				
Adult (20-75yrs)	50%	50%				
Golden Age (76+)	0%	25%				
Family	100%*					
Group Users						
Youth Non-Profit Rec			50%	50%		
Adult Non-Profit Rec			75%	100%		
Private Group or Individual or Fund Raising Motive			100%	100%		50%
Commercial			125%	125%	125%	

* Family equals twice the adult rate



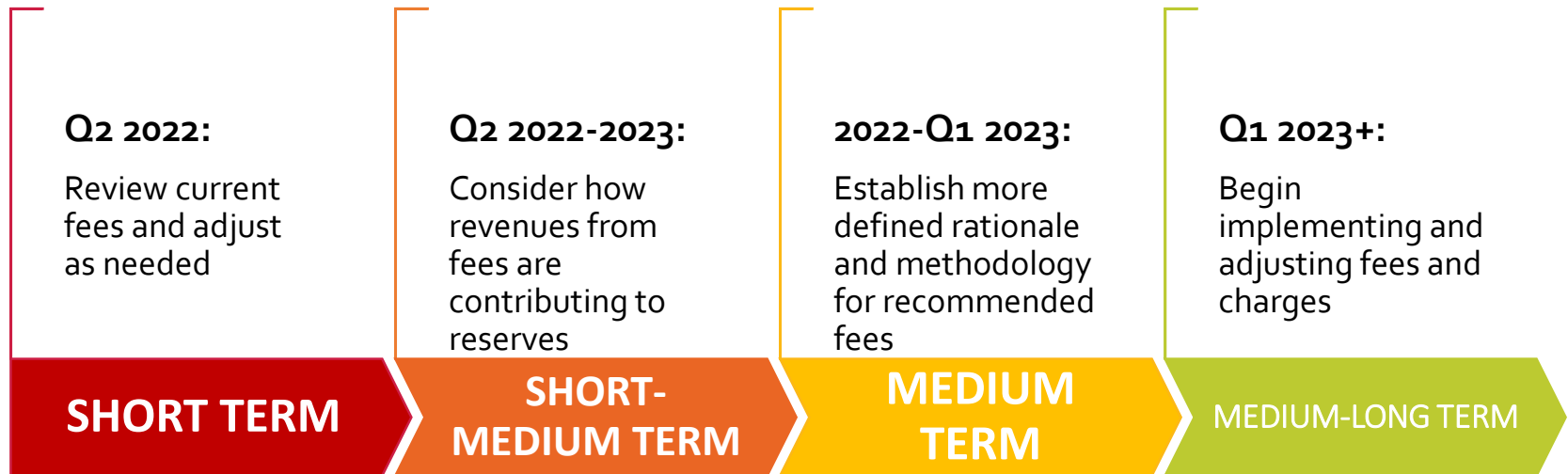
In Summary

The Benefits-Based Approach suggests that a municipality will subsidize recreation services only if and to the extent that public good (indirect benefit) can be justified, and also if needed to ensure the public good is realized.

Project Overview

1. Review of background material
2. Implement some short-term reset of fees
3. Calculate unit costs
4. Implement Benefits Approach in draft form
5. Council workshop to review
6. Stakeholder and public feedback
7. Adjust draft report accordingly
8. Finalize and submit for approval
9. Adjust and implement fees

Timeline





Questions?
For more information, visit kelowna.ca.