

# Report to Council



**Date:** July 21, 2025  
**To:** Council  
**From:** City Manager  
**Subject:** Active Living & Culture Fees and Charges Bylaw Update  
**Department:** Active Living & Culture

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## **Recommendation:**

THAT Council receives, for information, the report from the Active Living & Culture Division dated July 21, 2025, with respect to the Active Living & Culture Fees and Charges Update;

AND THAT Bylaw No. 12810, being Active Living & Culture Fees and Charges, be forwarded for reading consideration.

## **Purpose:**

To endorse the Active Living & Culture Fees and Charges Bylaw No. 12810.

## **Background:**

Sport, recreation, arts, and cultural programs, including associated facilities, play a key role in fostering a healthy and active community. These services offer significant benefits to residents and visitors of all ages by promoting participation and excellence in sport, recreation, and the arts; engaging both non-profit and private sectors; encouraging economic development and tourism; and providing spaces for social interaction, community building and wellbeing.

Staff have been working through a Benefits Based Investment Framework as a comprehensive guide for the multiple stages of fee development. This method of setting user fees considers the cost to deliver the service and that those who benefit from a good or service pay in proportion to the benefit they receive. Utilizing this framework is aligned with Council Policy No. 395 Fees and Charges and ensures the process of establishing fees facilitates practicality, transparency, consistency, and fairness. Council adopted the following resolutions with respect to the application of the Benefits Based Investment approach to setting fees and charges.

### *Previous Council Resolution*

<b>Resolution</b>	<b>Date</b>
THAT Council directs staff to update the Fees & Charges Bylaw No. 9609 applying both the Benefits Based Investment Framework and traditional approach as the basis for the development of fees and charges applied to services offered by the Active Living & Culture division, as outlined in the report, for Council consideration.	<u>April 7, 2025</u>
AND THAT Council direct staff to include a Resident Registration Priority Program as part of the planning for the Building a Stronger Kelowna related facilities and services, as outlined in the report.	<u>April 7, 2025</u>
AND THAT Council direct staff to prepare a business case to assess the implementation of a Resident Discount Program and related administration, as outlined in the report.	<u>April 7, 2025</u>

### **Discussion:**

One of the fundamental gains of the Benefits Based Investment Framework process is the opportunity to identify the relationship between the cost to deliver the service and the user fees charged. The process to develop the final recommended user fee is complex and requires a balanced approach to ensure the user fee does not adversely impact demand while aligning strategically to policy. The methodology to build out Bylaw No. 12810 includes both the investment framework approach as well as a market comparator with an annual inflationary increase of three per cent.

Key features introduced in the Active Living & Culture Fees and Charges Bylaw No. 12810 include enhanced definitions, streamlined administration processes, and revised refund policies. The new Bylaw No. 12810 builds upon existing Bylaw No. 9609 by introducing clearer categorizations for services offered by the Active Living & Culture division. These categories are organized into five main schedules which include Admissions, Programs, Exclusive Use Rentals, Community Ticketing, and Community Theatre and are designed to improve clarity and efficiency in the management and application of fees and charges. By organizing services in this manner, the bylaw ensures a more structured approach to its administration, helping both staff and users navigate its provisions with greater ease and precision. The adoption of this bylaw represents an important step in ensuring services remain accessible, fairly funded, and responsive to community needs well into the future.

The fees and charges in Bylaw No. 12810 will come into effect September 1, 2025.

### Calculation of User fees:

Setting user fees requires careful consideration and appropriate balance to ensure services are accessible, while contributing to operating costs, future capital renewal, and reducing reliance on taxation. Every user fee specified in Bylaw No. 12810 has been subjected to a thorough review using this lens. To ensure alignment with Council Policy No. 395, where the framework has been applied, staff have established updated rates through the following steps:

- Calculate the cost per unit for a service through identifying the direct costs, indirect costs, capital renewal amounts, and determining the service quantity;
- Apply the per-use cost to the investment framework (subsidy level for categories of uses and users) thereby determining the 'extended rate', which is the cost that users should pay based on the investment framework; and
- Review, and if needed, adjust the extended rate for practical reasons to ensure the recommended rates do not become a barrier or unduly impact users. This step recognizes that a phased in approach may be needed to reach an extended rate.

Where the framework has been applied, rate adjustments to approach or meet the extended rate are achieved through the recommended rate with the following parameters:

- Gradual rate increases, ranging from five per cent to 10 per cent, may be implemented over multiple years to approach the extended rate, while being accompanied by measures to encourage facility utilization. Where multiple years are required to achieve an extended rate for a community-based user group, additional consultation and strategy development will occur to help ensure successful long-term planning.
- Some service areas may reach the extended rate with an initial five per cent increase with ongoing future year inflationary increases.
- Should the Investment Framework's assessment of user fees indicate the current rates are appropriately aligned, future annual adjustments will reflect inflationary changes. A consistent flat rate of three per cent is applied to facilitate efficient administration by the city and participating user groups.

Certain service areas, such as the Kelowna Community Theatre, have not been included in the application of the Framework due to complex operational nature; however, annual costing for these areas will occur to ensure fee structures align with the Corporate Fees and Charges policy. Fee schedules that have not been applied through the framework are reflective of a market comparison with an annual inflationary increase. Consistent discussions and performance monitoring are necessary throughout the year to maintain cost accuracy and effectively manage the impact on future user fees.

#### Overview of the Bylaw schedules:

Schedule 'A' Admissions – Outlines the admission fees including drop-in rates, membership passes, and public skating admissions, with specific rates for different age groups and types of users.

- User fees in this schedule are calculated through the Benefits Based Investment Framework. The fees have received a market adjustment increase of five per cent commencing September 1, 2025, with annual increases of five per cent 2026, 2027, and three per cent ongoing (public skating).

Schedule 'B' Programs – Outlines the calculation of program fees as well as the refund structure.

- Fees in this area are calculated through capturing the direct costs of each program and a minimum indirect overhead cost recovery by per cent. The individual fees are then reviewed through a market comparator lens to ensure appropriate and competitive fee placement.

Schedule 'C' Exclusive Use Rentals – Outlines fees for multiple facilities and spaces for the delivery of community-based programs and services.

- The multi-purpose room rentals relate to the City's inventory of meeting or banquet rooms.
  - Fees in this area are calculated through a market comparator adjustment with an initial increase of five and seven per cent (based on user type), commencing September 1, 2025, with annual increases of three per cent ongoing.
- The stadium, sportsfield, and sport court rentals include facilities like the Apple Bowl and various sportsfields.
  - Fees in this area are calculated using the Benefits Based Investment Framework. User fees have gradual rate increases (based on user type), ranging from five to seven per cent to 2027. Additional modeling is required to reach the extended rate after 2027.
- The arena rentals cover both ice and dry sheet rentals at city owned and operated locations.
  - Fees in this area are calculated using the Benefits Based Investment Framework. User fees have gradual rate increases (based on user type), ranging from five to ten per cent to 2027. Additional modeling is required to reach the extended rate after 2027.
- The aquatic club lane rentals are available at facilities like Parkinson Recreation Centre and H2O Adventure & Fitness Centre.
  - Fees in this area are calculated using the Benefits Based Investment Framework as well as a market comparator. User fees will increase by five per cent.
- The outdoor events fee category includes tiered rates based on size and scope of the event and various services provided.
  - Fees in this area are calculated through a market comparator. User fees will increase by five per cent annually.

Schedule 'D' Community Ticketing – Outlines ticketing services provided through the community ticketing program (theboxoffice.ca), including event listings, gift cards, refunds, complimentary ticket fees, and conditions for platform use.

- The user fees in this schedule include service, setup, marketing, and cancellation fees.
- Fees are based on a percentage of the base ticket price and are adjusted when ticket prices increase.

Schedule 'E' Community Theatre – Outlines the rental rates for the Kelowna Community Theatre, including fees for Main Stage and Black Box performances, lobby receptions, additional technical support, and ancillary services.

- Fees in this schedule are calculated through a market comparator with an annual inflationary increase of three per cent.

### Building a Stronger Kelowna Facilities:

As preparations advance for the opening of facilities within the Building a Stronger Kelowna portfolio, the Fees and Charges Bylaw No. 12810 will be amended to incorporate these new facilities. This amendment will update the user fees aligned with the corresponding new services mid-2027.

### Resident and Non-Resident:

Per the recommendations from the April 2025 Council report, staff are developing the Resident Registration Priority Program as part of the planning for facilities and services under the Building a Stronger Kelowna initiative. Additionally, staff are working through the business case development about the Resident Discount Program, including the administrative impact, with plans to report back to Council Q4 of 2025.

### **Conclusion:**

The calculation of the fees included in the Active Living & Culture Fees and Charges Bylaw provides a balanced approach to maintain accessibility to services while also contributing to operating costs, future capital renewal, and minimizing reliance on taxation. Continuous performance monitoring of user fees will occur throughout the year to ensure fees remain consistent in the market, address operational changes, and align with the Benefits Based approach. Future work includes reviewing the cost to deliver services across the division with the benefits-based approach lens. The adoption of this bylaw ensures that our services remain accessible, are equitably funded, and effectively address the needs of the community.

### ***Internal Circulation:***

Communications  
Financial Planning  
Financial Services  
Office of the City Clerk

### ***Considerations applicable to this report:***

#### ***Existing Policy:***

[Council Policy No.395 Fees and Charges](#)

### ***Financial/Budgetary Considerations:***

It has been a common practice where a portion of fees generated through ALC programs and services contribute to unrestricted reserves for future maintenance or to support capital improvements as required. This practice helps to ensure funding sources are available when major repairs or upgrades are necessary. Future funding opportunities from user fees will be managed in collaboration with the annual Financial Plan to ensure effective utilization of resources.

Revenue changes as result of the bylaw update will be monitored and reflected in future budget volumes.

***Considerations not applicable to this report:***

***Legal/Statutory Authority:***

***Legal/Statutory Procedural Requirements:***

***External Agency/Public Comments:***

***Communications Comments:***

***Consultation and Engagement:***

**Submitted by:** L. Regnier, Finance & Business Services Manager, Active Living & Culture

**Approved for inclusion:** J. Gabriel, Divisional Director, Active Living & Culture

cc:

General Manager, Corporate Services

Deputy Chief Financial Officer, Financial Services