



Date: October 24, 2003

TO: Board Members - Parks and Recreation
FROM: Finance Committee - Parks and Recreation
SUBJECT: 2004 Fees and Charges

RECOMMENDATION

THAT the Board approve the 2004 Fees and Charges to be adjusted to reflect an inflationary increase of 2.75%.

POLICY

The Board's policy on user fees and charges are summarized as follows (Appendix A):

- User fees and charges will be levied so as to recover all or a portion of overall operating costs.
- All rates and charges will be adjusted to accommodate the changes in operating and maintenance costs and the marketplace.
- A fee structure will generally be maintained that charges adults, youth, children and seniors in an appropriate ration of 1, 3/4, 1/2 and 7/10 for recreation services.
- Reduction in fees may be made for families, groups, strip tickets, low priority times, disabled people, promotions and marketing strategies.
- Each rink and indoor pool will schedule at least four hours of low-cost public sessions each week. A Leisure Access Card will allow free access to public swimming and skating and a 50% reduction in other basic Park Board services to persons meeting the assistance eligibility criteria. Further reductions will be available to Leisure Access Card holders for Flexipass, swim lessons and skate lessons only.
- The General Manager will have the authority to waive or reduce fees and alter fees for services for promotion purposes and to quickly establish fees for experimental services.
- User classifications are as follows:

Pre-school	5 years of age and under
Child	6 to 12 years inclusive
Youth	13 to 18 years inclusive
Adult	19 to 64 years inclusive
Seniors 65+	
Family	1-2 adults of the same household and their children

To encourage more family participation, each person of the family pays the Child rate.

To meet inflationary cost increases, it is the Board's practice to consider staff recommendations to set fees and charges for next year.

PURPOSES

The Park Board offers a variety of recreation and park programs. Some of the programs are subsidized and others are with operating surpluses, contributing to the operating costs of subsidized programs. User fees and charges of subsidized programs reflect only a portion of the operating costs. Examples of the subsidized and operating surplus programs are as follows:

- **Subsidized Programs**
Community centres, indoor and outdoor pools, ice arenas, parks and beaches.
- **Surplus Programs**
Parking, golf operations, fitness centres, concessions, marinas, leases and rentals.

The purpose of the Fees and Charges report is to recommend a new fee schedule for 2004 that reflects inflationary and market increases, and feedback we have received from residents.

DISCUSSION

Working in consultation with City of Vancouver Finance staff, the rate of inflation for 2004 is projected at 2.75%. This rate is a combined rate calculated based on projection of cost increases of various items such as salaries and wages, natural gas, insurance, gasoline, equipment and other supplies.

Staff have reviewed comparative market rates, operating costs and customer feedback and recommend an across the board increase of 2.75%. There are several recommendations which include adjustments for factors other than an across the board 2.75% for inflation and these are described by separate justifications:

Golf Courses (Appendix B, page 3 of 15)

In the Golf Course Financial Sustainability Report, the Board approved an approach to fee increases to cover the repayment of the loan and adjust for inflation. For 2004, the average fee increase would be \$1.00 for the loan repayment portion and \$1.25 for the inflation portion for an average increase of \$2.25 on an adult green fee. In the past, the average increase would be applied across the three courses, with each course going up the same amount.

Experience over the past number of years, demonstrates that there is price sensitivity in golf and that fees can have a direct effect on golf participation. Staff is recommending a three level price structure which more closely matches current demand, operating costs and market conditions with other comparable courses in the lower mainland.

This approach will introduce different rates at the three 18 hole golf courses such that average fees increases at the courses would be:

Fraserview	\$ 3.75
McCleery	\$ 2.25
Langara	\$ 0.75

This change in pricing primarily affects Fraserview and Langara. Langara's rate increase would be kept below inflation, and the Fraserview rate would increase above inflation.

Different prices at different courses is standard and a well accepted practice in golf. There are current examples within the Park Board golf services and in neighbouring municipalities.

Even with the new three level fees, Vancouver golf courses will continue to offer excellent value by being priced in the lower half of the golf course market in the Lower Mainland. While some golfers will experience pressure from higher than inflation increases at Fraserview, other choices will be available where fee increases will be less than inflation.

Fraserview is currently undervalued and demand exceeds available tee times during peak periods. Golfers frequently refer to the course as the premier public course and it was the only public course in British Columbia to be rated in the "Best Public Course" category in Score Magazine's 2001 rating, and won the Bronze Medal. Fraserview's wide fairways, longer holes and towering trees create an ambiance and golf experience that is unique and makes it regularly one of the most popular courses in the Lower Mainland. Golfers compare the course to others in the Lower Mainland that are priced well above \$60.00. As a larger course, it also requires higher operating costs that have to be offset with fees.

Langara, in comparison, is a shorter course on a compact property and is centrally located within the city. It is easily accessible by public transit, has a premier clubhouse and offers a more level layout which many players prefer as they can walk the course. Drainage on the course can be slow which affects playing conditions during wet weather.

Recent trials on a variety of special promotions demonstrate that Langara is a very popular course for price conscious golfers looking for the benefits that Langara provides. Keeping rates low at Langara will provide an important choice for golfers and ensure that participation rates remain at a high level at this course while contributing to the revenue targets required to sustain the three golf courses. If Langara fees are increased too high, there is a risk that rounds would decrease.

McCleery offers another unique golf experience. Applying the average inflation rate plus the loan repayment increase is in keeping with its position relative to other courses in the Lower Mainland, including Fraserview and Langara.

Specials and incentives will continue to be offered for all ages at all courses, in response to market conditions. Examples of these specials are 50% discounts to seniors in low demand times, early morning Back 9 specials and food coupons in the winter.

The increase in revenue from the three level price structure will meet the inflationary increase of 2.75% and the targets in the financial sustainability plan. The higher increase at Fraserview will offset the lower increase at Langara.

	2003 Rate	2004 Fraserview	2004 McCleery	2004 Langara
Adult (Mon-Thurs) Increase	\$ 45.25	\$ 49.00 \$ 3.75	\$ 47.50 \$ 2.25	\$ 46.00 \$ 0.75
Adult (Fri-Sun, Holidays)	\$ 48.25	\$ 52.00	\$ 50.50	\$ 49.00
Senior (Mon-Thurs)	\$ 31.75	\$ 34.25	\$ 33.25	\$ 32.25
Senior (Fri)	\$ 33.75	\$ 36.50	\$ 35.25	\$ 34.50
Youth (Mon- Thurs)	\$ 22.75	\$ 24.50	\$ 23.75	\$ 23.00
Youth (Fri)	\$ 24.25	\$ 26.00	\$ 25.25	\$ 24.75

Parking (Appendix B, page 13 of 15)

Instead of across the board increase of 2.75%, no increases in pay parking rates are proposed for 2004 except to increase the maximum summer rate in Stanley Park from \$4 to \$5. Our usual practice is to increase rates in a limited number of locations each year, then to leave rates unchanged at that location for several years. The last parking rate increase in Stanley Park was approved in 2001. The increase in a summer rate in Stanley Park from \$4 to \$5 will meet the inflationary increase of 2.75% in Parking.

Rink Ice Rental

The Rink Task Force is currently reviewing the ice arena operations. A report will be presented to the Board in Spring of 2004 that will include proposed rates for September 2004.

In keeping with past practices and to ensure an easier application of fees at facilities, some admission rates have been rounded to the nearest \$0.10 and rental charges to the nearest \$1.00 after taking into account the increase and the appropriate taxes.

CONCLUSION

The proposed 2004 Fees and Charges are consistent with the Board policy and represent an average 2.75% increase based on the estimated rate of inflation in 2004. The Finance Committee at its meeting of October 24, 2004 has reviewed and recommended the 2004 fees and charges for the Board's approval.

Prepared by:

Corporate Services
Vancouver Board of Parks and Recreation