



Date: November 17, 2007

**TO: Board Members – Parks and Recreation**

**FROM: General Manager – Parks and Recreation**

**SUBJECT: 2008 Fees and Charges**

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**RECOMMENDATION:**

*THAT the Board receive for information the 2008 Fees and Charges and, approve the adjustments as detailed in Appendix A.*

**POLICY**

The Board's policies on user fees and charges are summarized as follows:

- User fees and charges will be levied to recover all or a portion of overall operating costs.
- All rates and charges will be adjusted to accommodate the changes in operating, maintenance costs and the marketplace.
- The General Manager will have the authority to waive or reduce fees and alter fees for services, promotion purposes and to quickly establish fees for experimental services.
- Reduction in fees may be made for families, groups, people with accessibility issues, strip tickets, low priority times, promotions and marketing strategies.
- A fee structure will generally be maintained that charges adults, youth, children and seniors in a ratio of 1,  $\frac{3}{4}$ ,  $\frac{1}{2}$  and  $\frac{7}{10}$  for recreation services.
- Each rink and indoor pool will schedule at least four hours of low-cost public sessions each week. A Leisure Access Card (LAC) will allow free access to public swimming and skating and a 50% reduction in other basic Park Board services to people meeting the assistance eligibility criteria. Further reductions will be available to LAC holders for Flexipasses, swim lessons and skate lessons only.
- Unless otherwise specified, 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, subject to a two person minimum.

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

## **PURPOSES**

The purpose of the Fees and Charges report is to recommend a new fee schedule for 2008 that reflects inflationary increases and market rates. Working in consultation with City of Vancouver Finance staff, the rate of inflation applicable to revenues is projected at 2.75%.

The Park Board is preparing the 2008 Operating Budget using the normal rules under the Global Budget arrangement with City of Vancouver. Under the Global Budget arrangement, the Board is expected to balance the budget and adjust fees and charges to address cost increases due to inflation. Currently, 40% of the gross operating budget is funded from user fees and charges. The 2008 inflationary increase is estimated at 2.75% or \$1,014,300. To balance the operating budget, staff recommends to adjust fees and charges as outlined in Appendix A.

The Park Board offers a variety of recreation and park programs. Some of the programs are subsidized and others have operating surpluses which contribute to offsetting the operating costs of subsidized programs. The user fees and charges of subsidized programs cover only a portion of the program operating costs. Below are examples of subsidized programs and programs with operating surpluses:

- **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.

Within the Fees and Charges, admission rates have been rounded after taking into account the increase and the appropriate taxes, in keeping with past practices and to ensure an easier application of fees at facilities.

## **DISCUSSION**

To arrive at the recommended 2008 Fees and Charges, staff have reviewed comparative market rates, operating costs and issues, and impacts to customers. Fee increases to meet the required budget increase of 2.75% are being proposed and several recommendations include adjustments for other factors as explained below. The full set of fees and charges will be posted for the public once approved by the Board.

### **GST Change from 6% to 5%**

Effective January 1, 2008 the GST will be reduced by 1%, from 6% to 5%. The fees and charges, as listed in Appendix A, reflect the 1% GST reduction. Note that not all fees are listed in Appendix A: where increases are set at the net inflationary adjustment of 1.75%, they are not detailed for discussion purposes.

A draft of the Proposed 2008 Fees and Charges was given to the Finance Committee at its meeting of November 5, 2007 for review. It is subsequently directed by the Finance Committee chair to proceed with the proposed increases.

An across the board increase of 1.75% for the 2008 fees and charges is being recommended, although several recommendations include adjustments for other factors, and these are explained below.

### **Marinas (Page 2 of 7 in Appendix A)**

Land Storage, Canoe & Kayak Rack and the Work Area fees are proposed to be increased by 15%. All-considered, Burrard Marina rates lag market rates for these items. The Work Area revenues rate categories are proposed to change to '31-to-60 days' from 'over 30 days', in order to stop people from monopolizing the work area. The additional revenues generated from the above inflation rate changes will be used to partially offset the increase in water lot rental fee from less than \$100 to \$17,000 annually.

### **Train and Farmyard (Page 3 of 7 in Appendix A)**

The practice has been to increase the Ghost Train and Bright Nights fees in alternate years. In 2007 The Ghost Train fees increased. Bright Nights rate is proposed to change with a \$0.50 increase to both the adult and discount rates. Overall these rate changes should enable the Train and Farmyard to meet their budgeted revenue increase of 2.75%.

### **VanDusen Botanical Gardens (Page 4 of 7 in Appendix A)**

The proposed fee increases take into account market conditions and range from 2% to 14%. Individual admission increases have been raised by \$0.25, Festival of Light by up to \$0.75 per person and rental fees have gone up by \$5-\$50. The overall mix will bring the net contribution to the required 2.75% inflation rate, while preserving attendance rates.

### **Golf Courses (Page 5 of 7 in Appendix A)**

The proposed rate increases continue to differentiate the Golf courses by increasing Fraserview slightly more than McCleery and proposing no increases at Langara. This pricing strategy reflects the recommendations in the Golf Marketing Plan. It is expected that the Golf Courses will fall short of their target revenue by \$120,000 but this will be made up from volume increases in Outdoor Pools (\$34,000), Rinks (\$22,000), Fields & Special Events (\$34,000) and Restaurant Leases (\$30,000). Given that the Golf courses are expected to fall short of their target revenues, the 1% GST savings are not reflected in the proposed rates.

### **Parking (Page 6 of 7 in Appendix A)**

The practice for Pay Parking is to alternate rate increases at the different Parking locations. In order to meet the revenue budget increase of 2.75% the proposed rate increases are at the following locations; Coal Harbour, QE Park, Kitsilano Beach, Vanier Park, Roundhouse and Special Event parking.

### **Celebration Pavilion (Page 7 of 7 in Appendix A)**

The proposed fee increases take into account market conditions and range from 5% to 14%. The proposed fee increases have been adjusted to market levels in an effort to meet the budget target.

## **All Other Fees**

With the exception of the changes detailed above, all other Fees and Charges are recommended to reflect the inflationary increase of 2.75%, less the 1% reduction in GST, for a net increase of 1.75%.

## **SUMMARY**

The proposed 2008 Fees and Charges are consistent with the Board policy to address inflationary increases and market rates in 2008. Where necessary, adjustments have been made to cover increased costs and minimize impacts to users. If expectations change the Board has the option under the Global Budget arrangement to adjust services or recommend actions to reduce expenditures, which will allow it to balance the budget. As part of the 2008 Operating Budget development process, staff will work with the Board to develop options to address any shortfalls. Once the 2008 Fees and Charges are approved by the Board, a complete schedule will be posted to the public.

Prepared by:

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