

Date: November 12, 2008



TO: Board Members – Vancouver Park Board
FROM: General Manager – Parks and Recreation
SUBJECT: 2009 Fees & Charges

RECOMMENDATION

THAT the Board receive for information the 2009 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 the marketplace and in operating and maintenance costs.
- 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, frequent users, 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.

BACKGROUND

The purpose of the Fees and Charges report is to recommend a new fee schedule for 2009 which complies to the Board's policy and reflects inflationary increases and market rates.

Required Inflation Adjustments

The Park Board is in the process of preparing the 2009 Operating Budget using the normal rules under the Global Budget arrangement with City of Vancouver. Currently, 40% of the gross operating budget is funded from user fees and charges

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. Working in consultation with City of Vancouver Finance staff and allowing for wage increases from collective agreements (3.5%), fuel and utility cost increases (ranging from 13% to 40%) and supplies and services (2%), the City's inflationary cost increase for 2009 is estimated to be 4%.

Increasing the Board's budgeted revenue to cover the expected 4% in inflation will require the Board to generate \$1.5 million more than the 2008 budget level in 2009.

Policy Review

At the Board's meeting on December 10, 2007, the 2008 Fees and Charges were approved. During this meeting members of the Board brought up a number of discussion points related to the policy used by the Board to structure its fees and charges. The Board requested staff to review the fee structure and the ratios for different age levels including the discount rates in other municipalities within Metro Vancouver.

Base Revenue Budget Challenge

For 2008, the Board's actual revenue is projected to fall short of budgeted levels by approximately \$1.5 million. A number of efforts are being made to address the shortfall, including increasing the volume of customers, increased marketing efforts for golf and recreation programs, and exploring opportunities to increase revenue through partnership agreements.

For the Board to balance its budget, it must address the projected \$1.5 million revenue shortfall for 2008 revenues and the expected inflationary increase in costs of \$1.5 million. This brings the total revenue increase needed in for 2009 to approximately \$3.0 million.

DISCUSSION

Policy Review

As requested by the Board, staff conducted a review of the age and discount structures used for fees and charges at municipalities throughout the lower mainland. As a result of this review, the following policy changes were proposed to bring the Board's Fees & Charges policy into alignment with those of other municipalities:

- the discount for Seniors be reduced by 5% to 25%
- the discount for Youth be increased by 5% to 30%
- that the definition of "child" be expanded from children aged 6 to 12 years old to children aged 3 to 12 years old

The estimated impact to the budget from the above changes was not expected to be significant and would not address the required revenue increase of \$3.0 million. A report outlining the proposed changes and their estimated impact to budget and services was provided to the Board at its Committee meeting of October 20, 2008. The Board endorsed the proposed policy changes so that staff could proceed to consult with the public on the changes.

Public Consultation

Following the Committee meeting on October 20, 2008 staff took a number of steps to consult with the public. Since the proposed changes for 2009 were more complex than the usual changes to Fees and Charges, additional effort was made to ensure the public was informed of the proposed changes and to provide options for collecting feedback. Informational material was prepared, including reference copies of the proposed fees and charges, background information on the proposed changes, a letter soliciting input and providing contacts for comments and further information, and a survey.

These materials were delivered to all the Park Board's community centres, stand alone rinks and pools, golf courses, and Burrard Marina. Posters were also delivered to Park Board facilities. Frontline staff were given specific instructions to post the material on bulletin boards, make it available at the cash desks and provide reference copies to interested members of the public. In addition, during the second week of public consultation follow-up emails were sent to facility staff to ensure the material was still available to the public.

The material was also posted on the Board's website including in a "feature box" on the Park Board's homepage, on the "Fees and Charges" page and the on the "Public Consultation" page.

The public was asked to submit surveys and comments by November 7th so that their feedback could be incorporated into this report. The deadline for submissions was later extended to the end of the 2009 budget process, so that additional feedback could be

collected with the intention of incorporating any additional feedback into the Board's budget approval process.

Feedback from the public

Results up to November 12 have been summarized and included in this report. Any additional submissions from the public will be consolidated into the current material and the amalgamated results made available to the Board for consideration in the 2009 budget approval process. This survey is self-selecting and therefore not scientifically reliable, but does provide the Board with a snapshot of opinions on the proposed changes.

228 surveys were returned by November 12th – 71 paper submissions and 157 electronic ones. A number of written comments were also received.

Overall the feedback was not supportive of the change in discounts for youth and seniors (increasing youth discount by 5% to 30% and decreasing the senior discount by 5% to 25%). 55% of those responding to the question did not support the changes, while 19% were neutral and 26% did support the proposed changes.

Results for the change in age definitions (extending the definition of "child" to include 3 to 12 year olds from 6 to 12 year olds) were mixed. 45% of those responding to the question did not support the change, while 26% were neutral and 29% did support the proposed change.

The feedback related to increasing fees for inflation was also mixed. (43% did not support the change, 14% felt neutral and the remaining 43% did support the change). However, the majority of respondents (74%) preferred increasing fees rather than reducing service levels (15%) and people were more supportive of an across the board increase (54%) than of increasing fees for specific programs (20%).

Also, people were generally supportive of continuing to subsidize fees by age (83%), ability to pay (76%) and to encourage specific users (68%).

Recommendation

In setting the 2009 Fees and Charges, the Board must address three issues: the requirement to increase the revenue budget by 4% for 2009, the impact of changes to the Fees and Charges policy and the base revenue budget challenge.

Given the feedback collected to date, it is recommended that the 2009 Fees and Charges be increased to cover the expected inflationary increase in cost by adjusting all fees equally and that the Fees and Charges policy not be changed at this time. This will allow the Board to adjust fees so that it may work toward meeting its 2009 budget target and staff to continue to consult with the public on changes to the Board's Fees and Charges policy. It will also provide sufficient notice to the public about the required inflationary increase in fees for 2009.

It is anticipated that achieving the base revenue budget will continue to be a challenge in 2009. Currently it is being addressed by increased attempts to increase the volume of customers through marketing efforts and business development activities, all of which will continue in 2009.

In preparing the recommended 2009 Fees and Charges (attached in Appendix A), staff have reviewed comparative market rates, operating costs and impacts to customers. Within the Fees and Charges, fees have been rounded after taking into account the increase, in keeping with past practices and to ensure an easier application of fees at facilities.

An across the board increase of 4% for the 2009 fees and charges is being recommended, although several recommendations include adjustments for other factors, and these are explained below.

Marinas (Page 1 of 15 in Appendix A)

The Electricity Connection and Usage Fee has been increased by 34.4% based on the actual increase in cost in 2007, plus the expected rate increase for 2009. This fee has been set so as to cover the costs of providing this service to users at the Marina. It is not meant to generate revenue beyond the cost of providing the service. As well, staff have proposed the introduction of a 30% premium on sublets for side moorage and land storage, which would cover the cost of the extra work associated with facilitating this service for customers and address the long waiting list for moorage.

Train and Farmyard (Page 2 of 15 in Appendix A)

The practice has been to increase the Ghost Train and Bright Nights fees in alternate years. In 2008 the Bright Nights fees were increased. The Ghost Train rate is proposed to change with a \$1.00 increase for adult fees and \$0.50 for the discount fee.

In 2008 the normal fee for the Children's Farmyard and Miniature Railway did not increase. The proposed 2009 increase is 9% or \$0.50 for an adult fee. This is higher than the inflationary requirement and will generate additional revenue to contribute toward decreasing the net budget shortfall of these operations. As the age definition changes to the Board's policy are not being recommended at this time, the definition of "child" will continue to be for 2 to 12 year olds at this location, reflecting the attraction's market and market practice for similar facilities.

Golf Courses (Page 5 of 15 in Appendix A)

The proposed increases continue to differentiate the Golf courses by increasing Fraserview slightly more than McCleery and Langara, and increasing fees for weekend and holiday play to more closely reflect the practice throughout the lower mainland. The resulting increases range from 0% to 12%. This pricing strategy reflects the recommendations of the Golf Consultant.

Parking (Page 12 of 15 in Appendix A)

It is operationally difficult to increase pay parking by inflationary factors due to limitations of the equipment used to collect the fees. The practice for Pay Parking is to alternate rate increases at the different Parking locations in order to achieve the required inflationary increase in revenue. To meet the revenue budget increase of 4% the proposed rate increases are at the following locations: Stanley Park, the Vancouver Aquatic Centre, Coal Harbour, Roundhouse Community Centre, QE Park, Kitsilano Beach, Vanier Park, Jericho Beach and Special Event parking.

All Other Fees

With the exception of the changes detailed above, all other Fees and Charges are recommended to reflect the inflationary increase of 4%. This includes the fees for Special Event permits and Playing Fields, which are currently being reviewed with user groups. It is anticipated that in January 2009 there will be a report back to the Board recommending changes to these fees.

SUMMARY

To maintain a balanced budget and set fees and charges for 2009, the Board must address three issues: the impact of changes to the Fees and Charges policy, the requirement to increase the revenue budget by 4% for 2009 and the base revenue budget challenge.

Feedback received from the public to date indicates mixed support for some of the policy changes. To provide the public with more opportunities to give feedback, staff recommend continued consultation with the public on potential changes to the Board's Fees and Charges policy.

The proposed 2009 Fees and Charges are consistent with the Board's policy to address inflationary increases and market rates in 2009. By approving the proposed rates, the Board can adjust fees, work toward meeting its 2009 budget target and provide sufficient notice to the public about the required inflationary increase in fees for 2009.

It is anticipated that achieving the base revenue budget will continue to be a challenge in 2009. Currently it is being addressed by increased attempts to increase the volume of customers through marketing efforts and business development activities, all of which will continue in 2009. As part of the 2009 Operating Budget development process, staff will work with the Board to develop options to address any shortfalls.

Once the 2009 Fees and Charges are approved by the Board, a complete schedule will be posted for the public.

Prepared by:

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