



Date: November 9, 2004

TO: Board Members – Parks and Recreation

FROM: General Manager – Parks and Recreation

SUBJECT: 2005 Fees and Charges

RECOMMENDATION:

THAT the Board approve the 2005 Fees and Charges be adjusted as per Appendix A to reflect an inflationary increase and comparable market rates.

THAT staff review and report back on options to reduce fees and charges for youth.

POLICY

The Board's policy on user fees and charges is 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 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, 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 costs increases, it is the Board's practice to consider staff recommendations to set fees and charges for next year.

BACKGROUND

The Board, at its meeting of November 1, 2004, discussed the 2005 Fees and Charges and referred this issue to the Finance Committee for further review. This report reflects the review by the Finance committee and includes their recommendations.

PURPOSES

The Park Board is preparing the 2005 Operating Budget using the normal rules under the Global Budget arrangement with City of Vancouver. One of the requirements of the Global Budget is to adjust fees and charges to address cost increases due to inflation. Currently, \$31,230,000 of the \$84,750,000 gross operating budget is funded from user fees and charges. The 2005 inflationary increase is estimated at 2.75% or at \$850,000.

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.

The purpose of the Fees and Charges report is to recommend a new fee schedule for 2005 that reflects inflationary increases, market rates and feedback received from residents.

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

Working in consultation with City of Vancouver Finance staff, the rate of inflation for 2005 is projected at 2.75%. This rate is based on projection of cost increases for various items such as salaries and wages, natural gas, insurance, gasoline, equipment and other supplies.

To arrive at the recommended 2005 Fees and Charges, staff have reviewed comparative market rates, operating costs and issues, and customer feedback. In looking at the market comparison, the Board's overall rates appear to be at the low end of the market, with the exception of youth

rates, which are at the mid to high end of market. In keeping with the Board's initiatives for youth, such as the Youth Legacy and More Sports Programs, and the market review, the Finance Committee has requested that staff examine and report back on the impact of reducing youth fees and charges, with an eye to implementing a policy change in time for the 2006 Fees and Charges.

Pending the review of the impact of lowering youth fees, an across the board increase of 2.75% for the 2005 Fees and Charges is being recommended. Several recommendations include adjustments for other factors, and these are explained below:

Burrard Marina (Appendix A – page 1)

New fees have been introduced for land storage berths that are larger than the standard sizes. Canoe and kayak rates have been increased beyond 2.75% to bring them in line with other marina fees. Overall these fees are expected to meet the required inflationary increase of 2.75%.

VanDusen Botanical Gardens (Appendix A – page 2)

Festival of Lights admissions have been increased beyond 2.75%, in keeping with the principle of accommodating changes in the operating and maintenance costs. Commercial rentals have been increased by more than 2.75% and can remain competitive while movie rental fees have decreased in an effort to attract more business. The overall mix will bring the net contribution to the required 2.75% inflation rate.

Golf Courses (Appendix A - page 3)

The green fees increase for 2005, as approved in the Golf Course Financial Sustainability Report, is \$1.00 plus inflation on an Adult green fee, rounded to the nearest \$0.25. With the 3 level structure based on the perceived value of the courses, the Regular Adult green fee, Monday to Thursday, would adjust a fee increase of \$2.25 applied as follows: Fraserview - \$2.25, McCleery \$2.25 and Langara \$2.25. Also, the driving range fees will not be raised in 2005. These fee changes are expected to increase revenues to meet the inflationary increase of 2.75% and the targets in the financial sustainability plan.

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

Pitch and Putt (Appendix A – page 4)

Stanley and Queen Elizabeth adult fees have increased by \$1.25 and Rupert by \$0.75, respectively. The discounted youth and senior rates will continue to be offered and have been adjusted so that they agree with the Board's user fee policy. Annual pass and 20 round punch card rates have been adjusted for consistency. They are based on the price of 40 rounds and 15 rounds respectively. An annual youth rate has been introduced at \$300 (75% of the adult rate, in keeping with the Board's guidelines for fee ratios).

The Park Board rates are currently at or near the bottom end of the market based on a review of rates at other courses of similar length in urban centres in the Lower Mainland, Victoria and Edmonton. These price increases will bring them in line with the other urban centres and the additional revenue beyond the 2.75% will assist other areas that may not be able to meet their revenue targets.

The continuation of discount rates to youth and seniors, special rates for annual pass and punch card and the introduction of annual youth rate will mitigate the impacts of the market rate adjustment to frequent users.

The estimated above inflationary increase is \$50,000.

Recreation Fitness Centres and Pools (Appendix A – page 5 to 8)

Individual admission prices have increased by 2.75% (rounded to the nearest \$0.25) but the Flexipass rate has not been increased in order to remain competitive with other facilities and protect the centres' market share. Overall these price changes are estimated to meet the 2.75% inflation increase.

Rink Ice Rental (Appendix A – page 9 to 10)

As per the Rink Task Force recommendations, approved by the Board in March 2004, fees and charges will be phased in over several years. In 2005 Minor sport rates will increase by 5% plus inflation (2.75%).

Farmyard and Mini-train (Appendix A – page 12)

No rates are being increased, except those for the Ghost Train, which will increase the adult rate from \$8.00 to \$8.50 and the discount rate from \$4.50 to \$5.00. Given the experience of 2003, continued inflationary increases are not sustainable in the market. By keeping rates the same, volumes are expected to increase, allowing the Train and Farmyard to recover the expected inflation increase in their costs.

Parking (Appendix A - page 13)

The Board's 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. Rates were increased in 2004 in Stanley Park and Jericho, as passed by the Board on April 19, 2004. Current projections indicate that any further increases to parking rates at this time will adversely impact volumes to an extent that revenues will be negatively impacted.

Therefore, no increases in pay parking rates are proposed for 2005, except to:

- Increase the Vanier Boat launch vehicle and trailer fee from \$8 to \$10 and the annual pass, based on market review of similar facilities, and
- Increase Special Events/Film rates from \$8 to \$8.50

Except for the above changes, by keeping rates the same as 2004, the expected inflationary cost increases will be met by higher than inflationary rate increases in other areas and volume increases.

SUMMARY

The proposed 2005 Fees and Charges are consistent with the Board policy to address inflationary increases and market rates in 2005. The recommended increases have been set so that the Board will be able to meet increased revenue expectations by City Council under the Global Budget arrangement.

Staff have been requested to review and report back on the impact of reducing Youth fees and charges for consideration in setting the 2006 Fees and Charges.

Prepared by:

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