



Date: September 26, 2005

TO: Board Members – Parks and Recreation

FROM: General Manager – Parks and Recreation

SUBJECT: 2006 Fees and Charges

RECOMMENDATION:

THAT the Board receive for information the 2006 Fees and Charges and, as recommended by the Finance Committee, approve the adjustments as per Appendix A to reflect inflationary increases and comparable market rates.

POLICY

The Board's policy 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 and maintenance costs and the marketplace.
- A fee structure will generally be maintained that charges adults, youth, children and seniors in a ratio of 1, 3/4, 1/2 and 7/10 for recreation services.
- Reduction in fees may be made for families, groups, people with accessibility issues, strip tickets, low priority times, 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 people 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, with 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 Park Board is preparing the 2006 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, \$31,936,900 of the \$86,637,000 gross operating budget is funded from user fees and charges. The 2006 inflationary increase is estimated at 2.75% or \$878,200.

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 2006 that reflects inflationary increases, market rates and feedback received from residents. Please see Appendix A for the proposed 2006 Fees and Charges schedule.

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

The projected inflation increase for all Park Board expenses is 5.1%. 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. Working in consultation with City of Vancouver Finance staff, the rate of inflation applicable to revenues is projected at 2.75%.

To arrive at the recommended 2006 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 to middle end of the market.

To raise public awareness and solicit further public input, notices have been posted at facilities affected by the changes and copies of the recommended 2006 fees and charges have been made available in these facilities. As well, the 2006 Fees and Charges Schedule has been posted on the

Park Board website, along with notice that the Board will discuss the 2006 Fees and Charges at its October 17, 2005 meeting.

An across the board increase of 2.75% for the 2006 fees and charges is being recommended, although several recommendations include adjustments for other factors, and these are explained below.

Train and Farmyard

No rates are being increased except those for the Bright Night event, which will increase the adult rate from \$7.00 to \$7.50 and the discount rate from \$4.00 to \$4.50. The last change in fees for Bright Nights was in 2004, when they were lowered from \$8.00 for Adults to \$7.00, in an effort to increase the volume of visitors. Given past experience, continued inflationary increases are not sustainable in the market. By keeping rates the same for everything except Bright Nights, volumes are expected to increase, allowing the Train and Farmyard to recover the expected inflation increase in their costs.

VanDusen Botanical Gardens

Festival of Lights admissions have been increased beyond 2.75%, to cover increases in costs resulting from improvements to the event. The overall mix will bring the net contribution to the required 2.75% inflation rate, while preserving attendance rates.

Golf Courses

The green fee structure proposed for 2006 is inflation on an Adult green fee of 3.5%, 2.5% and 1.5% at Fraserview, McCleery and Langara respectively. This three-tiered fee structure is reflective of the relative value of the three golf courses. Past practice has been to increase fees by approximately 5%, as required to meet the inflationary increase and cover the loan payments. In order to maintain market share and maximize revenues, a smaller increase in fees is proposed, as there has been a decline in golf participation in the Pacific Northwest and Canada, as evidenced by a decrease in rounds played. In 2004, fees surpassed \$50 and in the same year the total rounds dropped by 7,000 (or 3.5%), while the projected 2005 rounds are down a further 5,000 rounds from 2004. If green fees were to be increased more than the recommendation, we could expect a further reduction in rounds played and corresponding decrease in revenue.

The driving range fees at McCleery will not be raised in 2006, but will be raised at Fraserview to reflect recent improvements, fair market value and to match those at McCleery. These fee changes are expected to preserve market share, while making reasonable efforts to meet the inflationary increase of 2.75% and the targets in the financial sustainability plan.

In July 2005, an advance booking pilot was initiated, which allowed users to book tee times six to thirty days in advance for an additional fee of \$5 per golfer at Langara and \$10 per golfer at McCleery and Fraserview. Response to the pilot program has been positive and staff are recommending full implementation in 2006 at the same rates. Based on the experience in 2005, the projected increase to revenues in 2006 is estimated to be between \$30,000 and \$40,000.

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.

Golf revenue for 2006 is projected to be below the 2006 budget level by \$240,000 to \$490,000, assuming rounds will be at levels experienced in 2004 and 2005. This shortfall is proposed to be offset by revenue from the premium advance booking fee, and by reducing non-essential expenditures at golf courses (and, if necessary, throughout the Park Board).

Pitch and Putt

Fees at all three courses have been increased by inflation, while annual pass and punch card rates have been adjusted for consistency. The punch card rates have been adjusted from 15 rounds in 2005, to 16 rounds to align with the 20% discount practice for strip tickets. These price increases will bring them in line with the other urban centres, while allowing them to meet the required 2006 revenue target.

Recreation Fitness Centres and Pools

Individual drop-in admission rates have been increased by 5.5% (rounded to the nearest \$0.25), and strip tickets prices have also changed to reflect the Park Boards traditional 20% discount (10 tickets for the price of 8). Our current rates compare favourably to other local jurisdictions and should remain competitive after the inflationary adjustment. We are recommending that the Flexipass rate not be increased for the second year in a row, in order to remain competitive with other facilities, protect the centres' market share, and increase value to frequent users. Both the Flexipass and strip tickets retain their excellent value and promote increased activity by providing a further price advantage to regular users. The public continues to take advantage of these discounts, as reflected in the high use of strip tickets and Flexipasses.

For the opening of Killarney Pool, with its leisure focus, a new pricing structure is being proposed for 2006. While pass and strip ticket prices would remain consistent across all facilities, it is proposed that general drop-in admission rates be increased to a further \$0.50 on the adult rate (10.5%). This new pricing structure is in keeping with industry practice and the higher fee is reflective of the increased value that the new leisure pool experience will provide to users. Lap swimmers will continue to have the same options for strip tickets and Flexipasses.

Overall these price changes are estimated to meet the 2.75% inflation increase.

Outdoor Pools

The changes that apply to indoor pools will also be reflected in outdoor facilities; namely, an increase in individual admissions, continued availability of strip tickets at a 20% discount and no increase in the price of Flexipasses.

At Mount Pleasant, New Brighton and Sunset, strip tickets will now be sold in groups of ten, rather than groups of five, which will align with our current marketing incentive to discount for large groups and frequent participation. There is no cost implication to this, as the discount for drop-in fees remains at 20%.

The overall effect of the pricing strategy is expected to allow the outdoor pools to meet their 2006 revenue target.

Racquet Courts

For 2006, no increases are proposed to racquet court fees, which will keep them competitive with other venues. This change is expected to be revenue neutral, as increased volume is predicted to make up the required inflationary increase.

Rink Admissions and Ice Rentals

In order to maintain a consistent pricing strategy, the admission prices for rinks have been aligned with those proposed at the pools and fitness centres. Also, in accordance with the Rink Strategy Plan, minor sports entitlement has increased by 30 minutes.

As with the changes at Pools and Fitness Centres, these changes are expected to allow the rinks to meet the 2.75% inflationary budget increase.

Parking

Parking rates have been increased above inflation levels in both 2004 and 2005, and actual revenues for 2005 are projected to fall short of the budgeted revenues. The potential impact of increasing fuel prices on driving habits and future revenues also needs to be considered. In order to preserve market share, no increases are recommended for 2006. The only exception is to the annual rates at Vanier Park, which have been increased by inflation and will now align with fees in surrounding neighbourhoods.

By keeping rates the same as 2005, except for the above noted change, volumes are expected to increase, which should allow revenues to increase, although they will still fall approximately \$70,000 short of the 2006 revenue budget. This shortfall is expected to be offset by additional revenues from restaurant leases.

With the exception of the changes detailed above, all other Fees and Charges are recommended to reflect the inflationary increase of 2.75%.

To solicit input from public and user, the 2006 proposed fees and charges have been posted at the Park Board facilities since the beginning of October. At the Board meeting of October 17, 2005, staff will report on the feedback received.

The Finance Committee has reviewed the proposed 2006 Fees and Charges and has recommended that they be tabled to the Board for consideration and approval.

SUMMARY

The proposed 2006 Fees and Charges are consistent with the Board policy to address inflationary increases and market rates in 2006. Where necessary, adjustments have been made to cover increased costs or preserve market share. The recommended increases are expected to cause the Board to fall short of the increased revenue expectations of City Council by between \$200,000 and \$450,000. However, under the Global Budget arrangement, the Board has the option to adjust services or recommend actions to reduce expenditures, which will allow it to balance the budget. As part of the 2006 operating budget development process, staff will work with the Board to develop options to address the expected shortfall.

Prepared by:

Corporate Services
Board of Parks & Recreation
Vancouver, B.C.
AH/me