



Date: October 23, 2006

TO: Board Members – Parks and Recreation

FROM: General Manager – Parks and Recreation

SUBJECT: 2007 Fees and Charges

RECOMMENDATION:

THAT the Board, as recommended by the Finance Committee, approve:

- A. A change in the fee structure for discounts from 30% for seniors and 25% for youth to 25% for seniors and 30% for youth respectively. Discounts for children are to remain at 50%; and*
- B. the 2007 Fees and Charges as per 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 and 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. **This policy is recommended to change as a result of Finance Committee direction to ratios of 1, $\frac{7}{10}$, $\frac{1}{2}$ and $\frac{3}{4}$ for adults, youth, children and seniors respectively.**
- 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 2007 that reflects inflationary increases and market rates.

The Park Board is preparing the 2007 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, \$33,400,900 of the \$89,786,755 gross operating budget is funded from user fees and charges. The 2007 inflationary increase is estimated at 2.75% or \$918,600. To balance the operating budget, staff recommend 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

The projected inflation increase for all Park Board expenses is 3.1%. This rate is based on projection of cost increases for various items such as natural gas, insurance, gasoline, equipment and other supplies. Only a portion of salary and wage increases are included, as collective agreements have not yet been signed for 2007. 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 2007 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 recommended and several recommendations include adjustments for other factors as explained below. Please see Appendix A for market rate comparisons and more detailed explanations. Note that not all fees are listed in Appendix A: where increases are set at the inflationary adjustment of 2.75%, they are not detailed for discussion purposes. The full set of fees and charges will be posted for the public once approved by the Board.

Finance Committee Recommendations

A draft of the Proposed 2007 Fees and Charges was reviewed by the Finance Committee at its meeting of October 23, 2006. Overall the Committee was in agreement with the recommendations that were proposed. However, they requested that staff explore ways to adjust the recreation fee structure to recognize the limited earning power of youth and seniors and provide incentives to increase participation, while not impacting overall recreation revenues.

As requested by the Finance Committee, any recommended changes to come out of the analysis were to maintain the same level of recreation revenue, while adjusting the senior and youth discounts on admission, strip tickets and Flexipasses.

The Board's current fee structure is based on age rather than affordability. It does not recognize the variations in financial resources of various age groups. While acknowledging that both seniors and youth have limited income, the average older adult, when compared to youth, has a higher discretionary income. In order to provide incentives to increase participation, staff recommend that discounts continue to be provided to both groups. At the same time, the Board will continue to provide options for all low income groups through LAC programs, low cost sessions and discounted strip tickets and passes for frequent users.

An analysis of recreation revenues and potential impact to users was conducted. The analysis supports changing the recreation fee structure policy to a 30% discount for youth and a 25% discount for seniors.

This recommendation is further elaborated below under the recreation section.

Marinas (Page 2 of 17 in Appendix A)

Moorage rates are recommended to increase from \$8.90 to \$10.25 per ft/mo (22 ft and over), which will bring them in-line with market rates. This change will meet the required \$58,800 inflation increase and the additional revenue estimated to be generated from increasing fees higher than 2.75% is \$97,100.

The practice of a 10% seniors discount will be eliminated in 2007, in keeping with practices at other local marinas. This will increase revenues by an estimated \$13,400.

Train and Farmyard (Page 3 of 17 in Appendix A)

The regular Train and Farmyard fees are proposed to be increased for the first time since 2004 from \$4.95 to \$5.50 (adult admission).

The Ghost Train will increase the adult fee from \$8.40 to \$9.00 and the discount rate from \$4.95 to \$5.50. The usual practice is for the Ghost Train and Bright Nights increase their fees on alternate years, with the last increase in fees for the Ghost Train in 2005.

The above increases should generate additional revenues of \$56,200.

VanDusen Botanical Gardens (Page 4 of 17 in Appendix A)

The increase in fees from 2006 to 2007 are recommended to be adjusted after taking into consideration comparable facility rates (for instance, the summer adult admission rate has increased from \$7.95 to \$8.25). Staff recommend to increase some senior's rates, bringing the discount rate in-line with youth rates and reflecting changes in VanDusen's market. These changes are expected to meet the inflationary requirement of \$26,800, plus an increase of up to \$11,600 for the market increases.

Bloedel Conservatory (Page 5 of 17 in Appendix A)

The proposed fee increase for an adult admission in 2007 is from \$4.30 to \$4.50, with an average price admission increase of approximately 5%. The estimated additional revenue from increased fees will be more than offset by loss of patronage due the current traffic congestion from the Canada Line construction.

Celebration Pavilion (Page 6 of 17 in Appendix A)

As noted in the report to the Board discussed at the October 18, 2004 meeting, the Celebration Pavilion is a new, unique facility which is intended to be a venue for weddings and other celebrations. The facility function is similar to the Church at Burnaby's Village Museum and the Chapel in Richmond's Minoru Park. The Park Board facility seats 100 guests, compared to the Minoru Chapel, which will seat 120 guests and the Burnaby Village Church, which can accommodate 80 guests.

In determining the proposed rates, staff have examined the closest market competitors and have determined that rental slots of 2 hours are most appropriate, with fees ranging between \$250 and \$700 per 2 hour slot, depending on the time of year and the day of the week.

The Board financed the construction of the Celebration Pavilion from its reserve funds. As approved by the Board at its meeting of October 18, 2004, any funds generated beyond direct costs must go toward repaying the loan from the Board's reserves. The facility is expected to generate sufficient net revenue to repay the loan within 7-10 years.

Golf Courses (Page 7 of 17 in Appendix A)

In 2005 Fraserview and McCleery ranked as the second and third busiest courses in the lower mainland. However, increasing green fees by inflation plus \$1.00 (as approved in the 2001 Financial Sustainability Plan) is not recommended as recent experience has shown that raising green fees has little effect on revenue generated, once a price point has been reached that negatively affects demand. Marketing efforts in 2007 are expected to improve the situation and special rates and incentives will continue to be offered for all ages, in response to market conditions.

For 2007, the adult fee will be increased by \$2.00 at Fraserview, \$1.00 at McCleery and \$0.00 at Langara (the percentage increases are approximately 4%, 2% and 0%, respectively). Weekend adult rates will be set at \$3.00 more than weekday rates. Remaining fees are calculated in relationship to the regular adult fees. The rationale for these increases relates to the relative quality of each course and this pricing strategy will further differentiate the courses. The Driving Range and Advanced Booking rates have been left the same.

The City's requirement for 2.75% inflation increase would require an additional \$263,600 in golf revenues for 2007. The proposed fee increases (equivalent to 2.2%) are expected to fall short of the requirement by \$51,000. This shortfall is proposed to be offset by reducing non-essential expenditures at golf courses, by other fee increases generated through above inflation increases noted in this report and, if necessary, by expense savings throughout the Park Board.

Pitch & Putt (Page 8 of 17 in Appendix A)

The fee increases in 2007 for an adult regular admission is from \$10.40 to \$11.00 and from \$11.40 to \$11.75, at Rupert and Stanley/QE respectively. For 2006, Stanley Park Pitch & Putt will surpass its budgeted revenue target, while QE's revenue is significantly down (in large part due to the Canada Line construction which limits patron's access to QE Park).

The net impact of these changes should allow the pitch and putts to achieve the \$32,900 inflationary budget increase. Also for 2007, the Stanley Park Pitch & Putt will have a revenue budget adjustment of \$25,000, reflecting recent experiences in patron volumes.

Recreation: Pools, Fitness Centres and Rinks (Pages 9 to 14 of 17 in Appendix A)

As previously noted, the Finance Committee requested a change to the fee structure. The recommended change will offer seniors a 25% discount (from 30%) and youth a 30% discount (from 25%). This change will continue to recognize the limited earning power of youth and seniors and continues to provide an incentive to increase participation, while not impacting the overall recreation budget.

The 2007 admission fees to use indoor and outdoor pools, fitness centres and rinks will continue to be set at the same rate to allow flexibility in use of recreation facilities. The daily admission fees have increased slightly more than inflation (e.g. adult increase is 3.39%) in order to bring the fees in line with market rates. The 2006 adult admission fees for pools, fitness centres and rinks are at the middle of the range of fees to encourage residents to engage in recreational activities at an affordable price.

Strip tickets are set at a 20% discount from regular admission which encourages regular use at the facilities. It is proposed to continue to differentiate the regular pools from the Killarney Leisure Pool with the introduction of Killarney strip tickets, which will be set at a 20% discount from the Killarney Leisure Pool admission rate. This practice is in keeping with the practices of other communities and leisure pool pricing.

The Flexipasses allow unlimited entrance to the pools and fitness centres and are mainly used by frequent fitness users. This year the 1 month passes will be increased for the first time in 3 years at a rate slightly more than inflation (e.g. adult 1 month Flexipass has increased from \$37.65 to \$39.00). This rate puts the monthly passes in the middle of the comparative rates, and will allow the centres to protect their market share. It also promotes increased activity by providing a further price advantage to frequent users.

The 3, 6 and 12 month Flexipasses have had their prices increased by marginally less than inflation (rounding down to the nearest dollar). A lower than inflation adjustment is recommended for passes, to encourage longer term purchases, preserve our client base and mitigate impacts due to the changes in admission fees.

Minimum notice for patrons to cancel swimming and skating lesson classes will be increased from 24 hours to 72 hours. A \$10 administration fee will be introduced for class changes or cancellations. These actions will assist programmers to maximize class sizes by providing enough time to fill vacant spaces.

New Brighton Pool is a destination outdoor pool and its fees will be increased to be the same as the two other outdoor destination pools. Adult admission in 2006 was \$2.50 and is proposed to be \$4.85 in 2007. With these changes indoor pools, fitness centres and outdoor destination pools will all have the same admission rates. Sunset and Mount Pleasant Pools will continue to have rates based on the neighbourhood location and available amenities.

The Rinks are introducing a new daytime weekday non-primetime ice fee (\$90.50 per hour at full-sized rinks), which is priced midway between the early morning fee and the late evening fee. This new fee is recommended to stimulate adult bookings during the school day and would be applied to any adult rental group booking rinks on weekdays.

The effect of these changes for all recreation programs is to meet the 2.75% recreation increase of \$224,100. An additional \$77,000 will also be generated including \$16,000 from the introduction of Killarney Pool strip tickets, \$30,000 from the change in fee for New Brighton Pool, with the remainder coming from expected participation increases and the introduction of a \$10 administration fee for class changes or cancellations.

Parking (Page 15 of 17 in Appendix A)

Kitsilano Beach summer parking fees are recommended to be raised by \$1 for the hourly and daily fee, which brings the hourly fee in-line with parking for Stanley Park. In Stanley Park, the summer and winter daily fees are recommended to increase by \$1.

The net effect of these fees is to meet the requirement to raise \$109,800 to cover inflationary increases, while generating an additional \$105,000 to offset other revenue shortfalls.

Leases (No reference as individually negotiated)

The budgeted revenue for leases will be increased by \$100,000, reflecting changes in the Board's restaurant business as the rentals are based on 6% of restaurant sales.

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%.

The Finance Committee reviewed the proposed 2007 Fees and Charges at its meeting of October 23, 2006 and recommend that the Board approve the Fees and Charges as noted in this report.

SUMMARY

This report recommends changing the fee structure discounts for seniors and youth. The proposed 2007 Fees and Charges are consistent with the Board policy to address inflationary increases and market rates in 2007. Where necessary, adjustments have been made to cover increased costs and minimize impacts to users. While a number of increases are above inflation, the recommended increases are estimated to generate the additional revenue required to meet the estimated golf revenue shortfall of \$500,000. 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 2007 Operating Budget development process, staff will work with the Board to develop options to address any shortfalls.

Prepared by:

Corporate Services
Vancouver Board of Parks & Recreation
Vancouver, BC
AH:jb/me