



Auditor General – Update & Comprehensive Fee-setting Framework

Committee Meeting
Monday, April 14, 2025



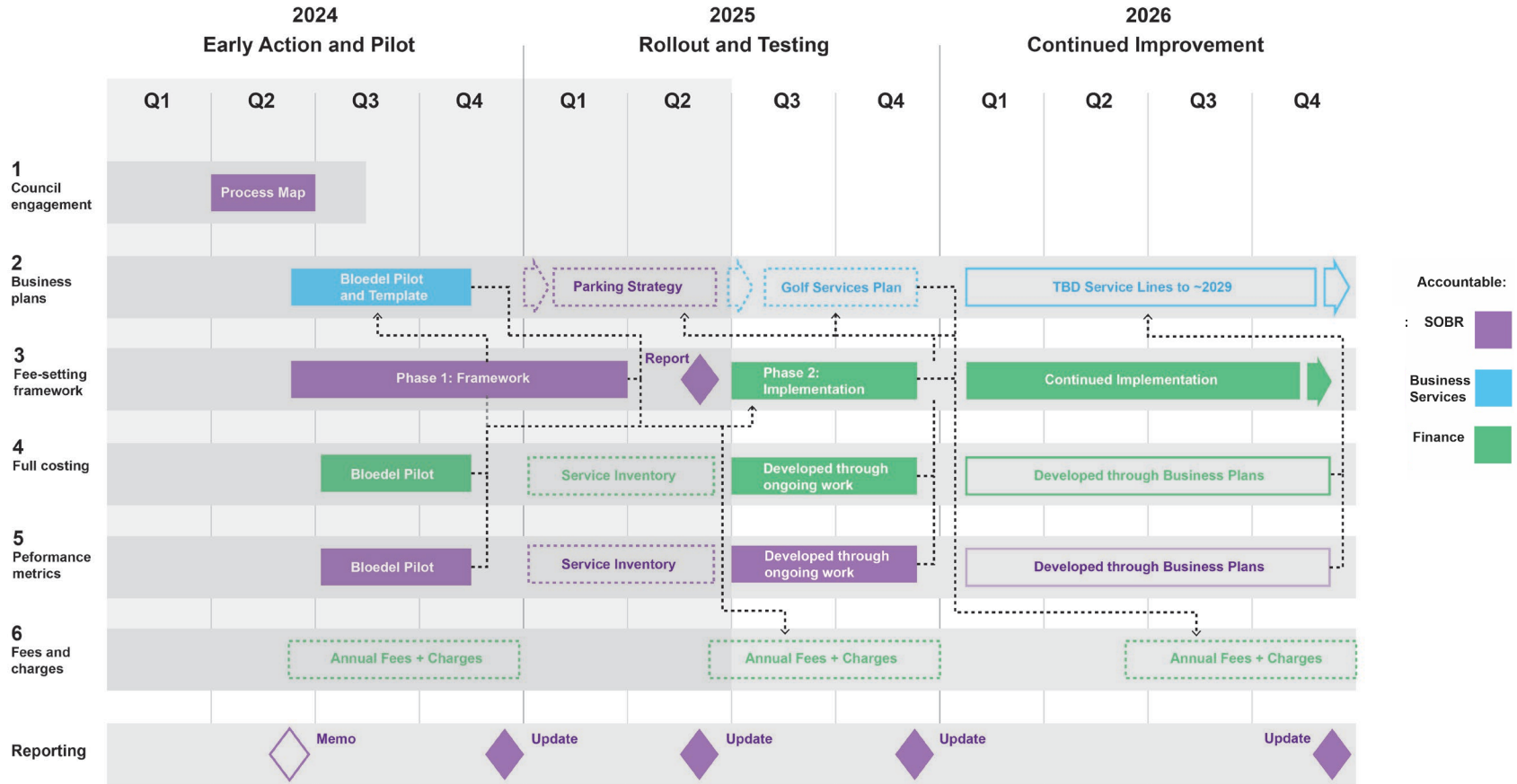
- To provide an update to the Board on actions responding to recommendations of the Office of the Auditor General (OAG).
- To seek the Board's approval of a recently completed action, the Comprehensive Fee-setting Framework.

- A. THAT the Park Board receive for information an update on actions responding recommendations of the Office of the Auditor General provided through its 2023 report, Audit of Park Board Revenue Management.

- B. THAT the Park Board approve the Comprehensive Fee-setting Framework, following recommendation of the Auditor General, to strengthen fee-setting processes for parks and recreation services and better align public investment to delivery of public good for all individuals and communities in Vancouver.

- On January 16, 2023, a Motion was carried for the Board of Parks and Recreation to invite the Auditor General to commence a performance audit, effective February, 2023.
- On November 23, 2023, the OAG released their Audit of Park Board Revenue Management. The next week, on November 27, 2023, the Report Recommendation was received by the Park Board with the six recommendations endorsed.
- In June 2024, a memo was provided to the Board updating on the status of actions in progress to complement a requested report back to the Auditor General. This memo included material satisfying the completion of Recommendation 1.
- In December 2024, an update was provided for the Auditor General's follow-up report back to Council.

Schedule



Office of the Auditor General Actions - Update



- Actions have been taken to respond to the six recommendations provided by the OAG:
 - (1) Better Engagement with Council (**Complete**)
 - (2) Business Plan pilot and template – including:
 - (4) Full Costing and
 - (5) Performance Metrics (**Phase 1 Complete**)
 - (3) Comprehensive Fee-setting Framework (**Phase 1 Complete**)
 - (6) Fees and Charges reporting (**Ongoing**)

(1) Better Engagement with Council (Complete)

Recommendation 1: To help ensure that funding is made available for implementation of its strategic priorities, the Park Board should proactively engage with City Council as it develops current and future strategies.

- Standard operating procedure and process diagram were developed to improve Council engagement and help ensure funding is available.
- Shared as part of Memo update to the Board in June 2024.
- Park Board plans and strategies are being reported to Council following improved process (e.g. Sport Field Strategy).

(2) Business Plans (Phase 1 Complete)

Recommendation 2: define and document service delivery objectives to guide operational decision-making and future investment.

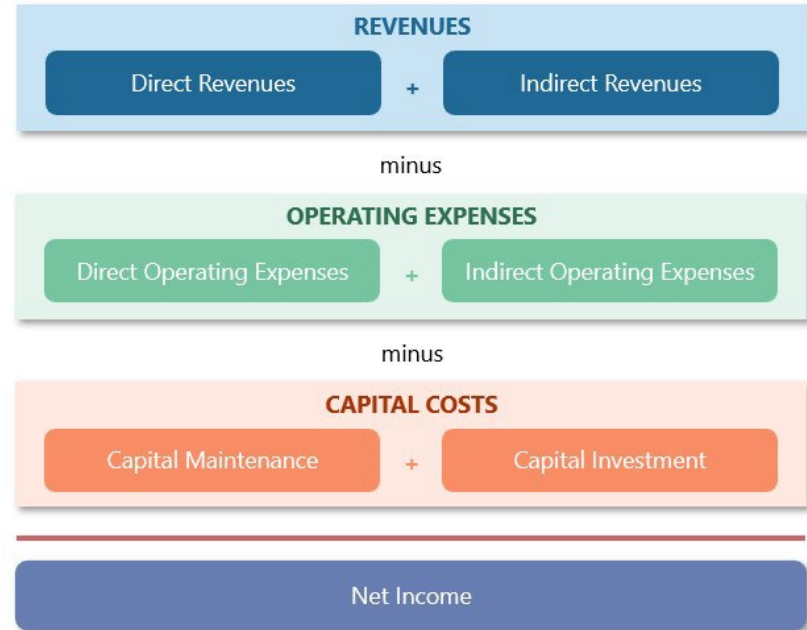
- Bloedel Conservatory completed as a pilot project, with tools and template for application to other service lines. It will be a test case for how we apply this work and its success in returning on initial investment.
- Includes full costing and performance metrics (satisfying actions 4 and 5).
- Key takeaways: Bloedel provides a high-level of service for low-cost. Targeted improvements through Capital and Service Plan process can maintain growth and continued financial sustainability of the facility.



(4) Full Costing - (Phase 1 Complete)

Recommendation 4: evaluate full costs for each service area to strengthen the correlation between fees charged and the underlying costs.

- A full cost model was developed as part of the Bloedel Business Plan to ensure all costs affiliated with service delivery are appropriately allocated.
- Key takeaways: future capital investments to replace aging assets will impact financial performance.



(5) Performance Metrics - (Phase 1 Complete)

Recommendation 5: define performance metrics for all revenue-generating service areas to enable monitoring and tracking of progress toward service delivery, revenue objectives and overall strategies.

- Four types of service metrics were created for Bloedel to help manage performance and risk
- Metrics are being integrated into ongoing internal process improvements for performance tracking and setting revenue objectives.

Type	Metric	Reporting Level
Service Level Metrics	Total Number of Annual Admissions	Org-wide
	Number of programmatic opportunities for visitor education and engagement	Service Line
	Percent adherence to planned maintenance cycle	Operational
Service Demand Metrics	Number of peak admissions periods annually (calculated as percentage of 30-minute blocks with > 100 admissions)	Service Line
	Rental hour utilization (calculated as number of annual rental hours / available annual rental hours)	Service Line
Service Efficiency Metrics	Overall Capacity Utilization (calculated as Total Annual Admissions / Total Annual Admissions Capacity)	Service Line
	Annual net operating income (profitability of business)	Org-wide
	Revenue per Customer Visit (\$/admission)	Operational
Service Quality Metrics	Customer Rating (google review rating)	Org-wide
	Number of Repeat Visits by VGBA Members (alternatively, the median number of visits per member)	Service Line
	Average Length of Experience	Operational

(6) Fees and Charges (Ongoing)

Recommendation: report on actual revenues versus expenditures including all relevant costs to track the achievement of revenue objectives by service areas.

- As part of the quarterly financial review process, Park Board staff review actual results against budget targets, including revenues by service line.
- This action will be fully implemented following completion of fee-setting framework and full costing.

- Staff will continue to implement the completed action for Recommendation 1 to better engage Council on plans and strategies to ensure funding is available.
- Progress on remaining actions will advance at a pace supported by available resourcing, with some actions addressed through other in-progress projects and initiatives for capacity efficiencies.
- Completion of Recommendation 3: Comprehensive Fee-setting Framework supports the progress and continued implementation of other recommendations, including to develop costing, targets, and reporting on fees and actual revenues.

Comprehensive Fee-setting Framework

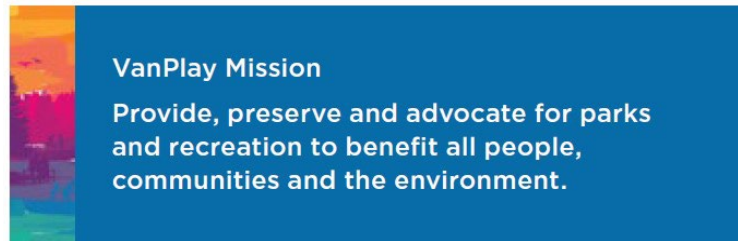


Recommendation 3: strengthen fee-setting processes by implementing a comprehensive fee-setting framework.

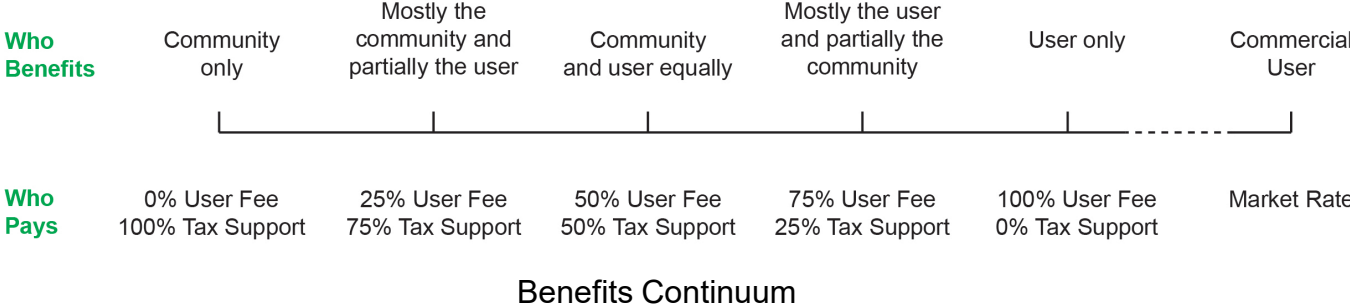
- The Comprehensive Fee-setting Framework was developed, based on recommendation of the Auditor General, to include:
 - principles for fee categories;
 - criteria for service lines;
 - methods for cost-recovery ratios;
 - rationale for reductions or waivers; and,
 - a process for reassessing service categories and revenue objectives.

- The Fee-setting Framework provides consistent, rational and defensible policy for the setting of all Park Board fees and charges for revenue generating service areas.
- It follows a benefits-based approach, aligned with the OAG's recommendation, which provides a new foundation to the setting of fees while retaining many elements of the existing system.

- Fundamental to the approach is the concept of **public good**:
 - *A service that results in indirect benefit to all members of a community, and from which they cannot escape.*
- Publicly funded parks and recreation services provide indirect benefits to all residents that are independent of whether they use the services and receive direct benefit from them, in line with the VanPlay mission statement and Park Board's mandate.



- The amount of public good that a service provides is connected to the degree of tax supported public investment the Park Board provides to offset the fee for that service.



- This approach can be summarized as: **those who benefit from a public service should pay in proportion to the benefit received.** To the extent that there is direct benefit to the user, that user or user group should pay for that portion of the costs. To the extent that there is indirect benefit to all in the community, taxpayers should pay that portion of the costs.

- Categories were developed to better align with the proportionate benefits associated with use of services provided by the Park Board.
- The categories of users and uses are applied to the benefits continuum and summarized as relative investment levels.

		Uses							
		Drop-In Admission ²	Program			Rental			Commercial Activity
Users	Fundamental		Advanced	Specialty	Regular Activity	Special Event Public	Special Event Private		
Individuals									
Pre-school (<5 years)	0%	0%						Market	
Youth (5-25 years)	25%	25%	50%	75%				Market	
Adult (26-64 years)	50%	50%	75%	100%				Market	
Senior (65+ years)	25%	25%	50%	75%				Market	
Family	See note ³							Market	
Groups									
Affiliated Minor Rec					25%	25%		Market	
Affiliated Adult Rec					50%	50%		Market	
Non-Profit Minor					75%	75%	100%	Market	
Commercial Recreation					100%	100%	125%	Market	
Commercial	Market	Market	Market	Market	Market	Market	Market	Market	

Recovery Rates for Each Category of Use and User

- The Framework provides three recommendations for the Board to effectively deliver its policy goals:
 1. Use the Benefits Based Approach and follow the revised Fees and Charges Policy for setting fees and charges and to guide all revenue generating activities.
 2. Follow the revised categories of users and uses to simplify and administer the setting of and articulation of Park Board fees and charges on a more consistent basis.
 3. Pending further work in subsequent phases of this project, incorporate the recovery rate matrix proposed as a basis for calculating the fee levels that can be justified (note: not the final fees, as potentially adjusted), as relative expressions of levels of public subsidy and investment.

- Preliminary analysis suggests that fees for our service lines appear in good shape and are not expected to change significantly through implementation.
- Certain fees may be expected to increase, and others decrease slightly, with the Framework strengthening overall processes for generating revenue and distributing public investment.
- The Framework should be understood as guiding policy for implementation and does not provide detail on specific fee increases or decreases for service lines.

- With approval of the Framework, staff will develop an implementation plan, and following steps provided within the Framework:
 - Finalize the placement of user and use categories along the benefits continuum;
 - Calculate unit costs and initial justified fees; and adjust based on need for subsidy and practical reasons;
 - Phase approach annually with updates during fees and charges process.
- Example walkthrough:
 - Child's swimming lesson -

Confirm fit into use category of Fundamental Program within Youth user category (25% recovery rate) with support of subject matter experts.

Determine operating (front desk, instructor, maintenance, etc.) and capital costs (pool), and apply recovery rate percentages to calculate initial justified fees.

Adjust fee for affordability and other practical reasons if necessary (understanding the value of public good for this service line).

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Presentation Concurrences



Division/Department	Name & Title	Concurrence Date
[submitting division]	Manager (if not author)	
[impacted depts/division]	GM (or designate)	
Decolonization, Arts & Culture	Rena Soutar, Manager	
Urban Relationships	Betty Lepps, Director	
Strategic Operations & Board Relations	Sarah Iacoe, Director	
Planning & Park Development	Tiina Mack, Director	
Recreation Services	Steve Kellock, Director	
Park Operations	Amit Gandha, Director	
Financial Planning & Analysis	Natalie Froehlich, Director	
Business Services	John Brodie, Director (Acting)	
GM's Office	Steve Jackson	GMO to obtain

- Should generally align with concurrences required for report; adjust as needed.
- ALL concurrences up to Park Board GM level to be obtained prior to submitting to PBGMO for final review & GM concurrence. 25