



CITY OF HAMILTON
COMMUNITY AND EMERGENCY SERVICES DEPARTMENT
Recreation Division

TO:	Chair and Members Emergency and Community Services Committee
COMMITTEE DATE:	November 9, 2015
SUBJECT/REPORT NO:	Recreation User Fee Harmonization (CES15029(a)) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Romas Keliacius (905) 546-2424 ext. 4722
SUBMITTED BY:	Joe-Anne Priel General Manager Community and Emergency Services Department
SIGNATURE:	

RECOMMENDATION

That the harmonization of the rental fees for parks, pools and registered programs, as attached in Appendix A to Report CES15029(a), be approved and incorporated into the 2016 Tax Supported User Fee Report for consideration during the 2016 budget process.

EXECUTIVE SUMMARY

As part of the 2015 Tax Supported User Fee approval process presented to the General Issues Committee on January 23, 2015, Recreation staff committed to providing recommendations towards the development of a completely harmonized fee structure for 2016. The three fee categories that remain un-harmonized are:

- Park Rentals (3 un-harmonized fees)
- Pool Rentals (16 un-harmonized fees)
- Program Fees (7 fee categories representing 50 un-harmonized fees)

In 2014, the un-harmonized fees represented 4% or \$614,000 of Recreation's total user fee revenue, approximately 10,300 participants in registered programs, and 380 bookings in parks and pools.

Un-harmonized fees are complicated for the customer to understand due to lack of transparency and rationale (e.g. paying different rates for the same services depending on the facility). Additionally, the existing structure impedes the Division's ability to market these services and increases the amount of staff time it takes to manage the fees.

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Using the Guiding Principles for Recreation User Fees (Report CES15029), approved by Council on June 24, 2015, the following recommended strategies have been developed to minimize the impact on participants as well as revenues.

Park Rentals – The three un-harmonized park rental fees for pavilion and premium park spaces will be increased to match existing comparable City wide fees. This will impact approximately 40 bookings and will generate about \$1,500 in additional revenue provided usage is consistent in 2016. Anyone who used these fees over the last year will be contacted to communicate the fee change. The proposed effective date is January 1, 2016.

Pool Rentals – A new structure was developed based on customer categories, pool types and associated lifeguard costs. Based on 2014 data, 212 of the 339 bookings will experience a fee increase. However, 67% of these bookings are private rentals for birthday parties or commercial rentals and according to the guiding principles, these groups should be charged a fee that features a greater degree of cost recovery than those charged for community group users. The swim club community groups were consulted in the second half of 2014 and notified of the need for a new fee structure. In 2016, the new pool structure will generate about \$16,000 in additional revenue assuming the volume remains consistent.

Registered Programs – The seven un-harmonized program fees include; Adult-Dance/Fitness, Adult-Specialty Programs, Child-Art, Child-Dance/Cheer/Gymnastics, Child-Science, Child-Sport and Child-Cooking Programs. These program fees will be harmonized with a priority on minimizing impacts on children and youth. All child programs will be set at \$30 for a 9 week, 60 minute class. This fee was calculated to cover instructor related costs based on a minimum fill rate of 6 participants. This will result in 70% of the un-harmonized program fee users experiencing a decrease compared to what they paid last year. However, to slightly offset these costs, adult programs will be harmonized at the existing City wide rates. The harmonized program fees have a proposed effective date of March 1, 2016 to coincide with the start of the spring session. These changes will result in an estimated decrease in revenue of \$26,500 based on the proposed program offerings for 2016.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial:

In 2014, of the \$15.3M in actual user fee revenue generated by the Recreation Division, \$614,000 (or 4%) was generated by un-harmonized Recreation user fees. Assuming the volume of participants and bookings remains constant, it is projected that there will be a combined negative revenue impact of user fee related revenue in 2016 of approximately \$9,000 when compared to 2014 actual revenues. Based on discussions with Community Groups, the Category B pool rental rate for community groups will be phased in over a three year period. Therefore, there will be additional financial impacts

in 2017 and 2018 that will vary depending on rental volume. Listed below is the projected user fee revenue impact for 2016 broken down by account:

- Park & Pavilion Rental (Account 46084) - Revenue will increase by \$1,500
- Rental – Pool (Account 46079) - Revenue will increase by \$16,000
- Program Registration Fees (Account 45593) - Revenue will decrease by \$26,500

Historically the user fee revenues associated with the above revenue accounts in the Recreation Division have been over budgeted by \$123,000 (0.8%) annually. In order to more accurately reflect actuals, these accounts have been reduced for the 2016 budget process. Once the harmonization pressure of \$9,000 has been applied to the proposed 2016 budget, the combined pressure against the net levy from 2015 to 2016 will be \$132,000. Although Staff has assumed that volumes will remain constant, it is a fair assumption that due to added transparency and marketability, there may be an increase in usage. However, this has not been factored into the financial analysis.

Staffing: There are no staffing implications associated with Report CES15029(a).

Legal: There are no legal implications associated with Report CES15029(a).

HISTORICAL BACKGROUND

Prior to amalgamation, the former municipalities that now comprise the City of Hamilton provided a range of Recreation services at different rates and fee structures. Amalgamation resulted in the combining of these various fee structures which led to inconsistent rates being charged across the City for similar services.

Since amalgamation, the Recreation user fees have been adjusted through Council directed inflationary increases (example 2015 fees increased by 2%) and several fee structures have been harmonized (Admission Fees, Aquatics Programs, Ice Rates, Field and Diamond Rentals, Halls, Meeting Rooms, and Gyms).

As part of the 2015 Tax Supported User Fee approval process, Recreation staff committed to providing recommendations on harmonizing the remainder of Recreation's user fees for 2016. The Guiding Principles for Recreation User Fees (Report CES15029) outlined a series of principles which provide the basis for Recreation management to develop recommended options for harmonizing these remaining fees.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

There are no policy implications associated with Report CES15029(a).

RELEVANT CONSULTATION

Staff engaged swim club community user groups. These groups represent 74% of our annual pool rental hours and support the recommended pool rental structure, especially with a phased in approach.

ANALYSIS AND RATIONAL FOR RECOMMENDATION

The Guiding Principles for Recreation User Fees (Report CES15029) identified some of the benefits of a completely harmonized fee structure. These include:

- Financial accountability and transparency
- Ability to better leverage general subsidy allocation
- Ability to better leverage Recreation Fee Assistance Program funds
- Enhanced marketing opportunities to attract and retain users
- More manageable fee structure
- User equitability - similar fees for similar service
- Ability to complete valid costing analysis
- More manageable divisional budgeting
- Ability to gather comparable divisional base line statistics

Each of the three un-harmonized fee categories requires a slightly different strategy for harmonization. The details on how each individual fee will change can be found in Appendix A to Report CES15029(a) and a summary for each category is found below.

Park Rental Fees

This fee category has three fees that are not aligned with City wide park rental fees (Mt. Hope and Winona pavilions and the Gage Park and band shell rental). City wide fees are used in multiple locations throughout the City with the exception of the outlying un-harmonized fees. The recommendation is to increase each fee to match City wide rates. These un-harmonized fees represent approximately 40 bookings per year. The new fee structure will be communicated to all groups that have booked these parks in 2015 to inform them of the upcoming fee increase.

Pool Rentals

The existing pool fee structure has a variety of fees that vary depending on the facility, the group renting, time of day and amenities. A new structure is required to achieve harmonization of pool rental fees. A matrix structure similar to facility room rentals was developed catering to different user groups (pool rental community groups (e.g. swim clubs), residents, and commercial/non-residents) and different pool types (small, standard, and premium). To determine the fee amounts, a combination of lifeguarding costs, existing rates, and minimizing impact to users was used.

In 2014, there were about 339 bookings that took place for pool rentals. Of these bookings, approximately 212 will experience fee increases. Many bookings cover several hours or even multiple days of pool rental. A total of 74% of the rented pool hours come from swim club community groups. Consultation with these groups has

taken place to inform them of the need for fee increases. They are supportive of the new fee structure, especially if it can be phased in over three years to allow the club to adapt their operation. Other parties that will be significantly impacted by this structure are commercial groups and resident rentals (often birthday parties that include a pool and slide). According to Recreation's guiding principles, a priority focus is on children and youth programs and those programs that promote greater community participation. Commercial and resident rentals are not the priority focus for pool rentals.

Residential and commercial pool rental fees will come into effect on January 1, 2016 and pool rental rates for community groups will increase on July 1, 2016. The community group rates will be increased by an equal dollar amount (\$3.71) over a three year period (plus inflationary increases) at the request of the swim club pool user groups.

Programs

There are seven fee categories that represent 50 recreation centre specific fees. Since many locations charge different rates, some facilities will see increases as others will decrease within the proposed harmonized structure. Harmonizing these fees will impact about 10,300 participants per year. Since participation in Recreation programs is an important aspect of a healthy community, staff wanted to develop a strategy to harmonize fees that would not adversely impact participation.

Staff are recommending that the child program fees be changed to \$30.00 for a 9 week 60 minute program. This will require lowering two additional child program fees that are already harmonized. These fees are Child - Music Program (1hr class) and Child - Drama Program (1hr class). This new fee was developed to cover instructor costs, ensure affordability, and to align with Recreation's User Fee Guiding Principles. To offset some of this impact the adult program fees will be harmonized to the existing City wide rates. Overall, of the 10,300 impacted participants, 70% will experience a decrease in fees, with the majority of the increases being applied to the adult programs.

When developing the recommendation, user fees of various other municipalities were benchmarked. This was done to ensure our services remain affordable and comparable to other municipalities. Hamilton is generally priced lower when compared to the municipal average.

The Recreation Division still places a high priority on keeping its facilities accessible and affordable. According to the OMBI statistics, the Recreation Division's general subsidy is around 70%, meaning that user fees only offset 30% of operating costs. As a result, a full "cost recovery model" was not considered for any of the structures as it would have likely resulted in fees that out-priced the market. The Recreation Division continues to make its services accessible through its Subsidy Program and by continuing to offer a wide selection of free programs.

ALTERNATIVES FOR CONSIDERATION

Not Applicable.

ALIGNMENT TO THE 2012 – 2015 STRATEGIC PLAN

Strategic Priority #1

A Prosperous & Healthy Community

WE enhance our image, economy and well-being by demonstrating that Hamilton is a great place to live, work, play and learn.

Strategic Objective

- 1.5 Support the development and implementation of neighbourhood and City-Wide strategies that will improve the health and well-being of residents.
- 1.6 Enhance Overall Sustainability (financial, economic, social and environmental).

Strategic Priority #2

Valued & Sustainable Services

WE deliver high quality services that meet citizen needs and expectations, in a cost effective and responsible manner.

Strategic Objective

- 2.1 Implement processes to improve services, leverage technology and validate cost effectiveness and efficiencies across the Corporation.
- 2.3 Enhance customer service satisfaction.

Strategic Priority #3

Leadership & Governance

WE work together to ensure we are a government that is respectful towards each other and that the community has confidence and trust in.

Strategic Objective

- 3.4 Enhance opportunities for administrative and operational efficiencies.

APPENDICES AND SCHEDULES ATTACHED

Appendix A to Report CES15029(a): Recreation User Fee Harmonization Details