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# HALDIMAND COUNTY

## Report PED-COM-11-2018 User Fees and Charges Review

For Consideration by Council in Committee on June 19, 2018

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### OBJECTIVE:

To obtain approval of recommended user subsidies and fees for recreation services.

### RECOMMENDATIONS:

1. THAT Report PED-COM-11-2018 User Fees and Charges Review be received;
2. AND THAT the Principles and Proposed User Fees and Service Charges included in Report PED-COM-11-2018 be approved, and that staff be directed to draft the required amendments to Schedules F, G, H, I and J of the User Fees and Services Charges By-law;
3. AND THAT the impacts associated with these changes be approved and incorporated into the 2019 Tax Supported Operating Budget as a Council Approved Initiative.

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**Respectfully submitted:** Craig Manley, MCIP, RPP, General Manager of Planning and Economic Development

**Approved:** Donald G. Boyle, Chief Administrative Officer

### EXECUTIVE SUMMARY:

In 2017 and 2018, a recreation fee analysis was completed, noting the last fee analysis was completed in 2010. Finance and Community Development & Partnerships Staff collected benchmarking information from surrounding municipalities, completed a full analysis of financial and participation data, and established a set of principles. The recommendations are based upon all of this information, taking under consideration the current healthy financial situation of the County, and are structured to promote the use of County recreational facilities. This report contains various scenarios for Council's consideration related to ice rentals primarily, as these fees have the largest revenue generation impact.

To foster active healthy living, increase participation, stay competitive with surrounding communities and ensure fees are consistent across the County, Staff are recommending the following:

1. Reduction in prime time ice fees (resulting in an estimated annual revenue reduction of approximately \$100,000, including surcharge revenue);
2. Removal of ice rental surcharges at Caledonia, Cayuga and Dunnville arenas;
3. Removal of the non-resident ice fee;
4. Moving non-prime time forward to 10pm from 11pm on Friday, Saturday and Sunday—as this time is not well utilized and by moving the non-prime time ahead 1 hour, it will encourage adult usage at the reduced non-prime fee;
5. Maintaining a fee differential between prime and non-prime ice fees for all ice users is designed to encourage the use of non-prime ice;
6. No charge general adult drop in programs such as Shinny and Aquafit; and
7. House keeping clean-up of various fees.

All other fees will remain the same due to minimal revenue impacts and fees are comparable or lower than surrounding municipalities – swim lessons, camps, active and passive parks, Heritage activities, and room bookings. Rationale is contained within the report.

Implementation of arena ice fees will begin in the fall 2018/19 season. No charge Aquafit will take effect in 2018.

Staff have met with user groups and the general public to review the direction of the proposed recommendations with the caveat that Council has the final decision. Those in attendance were supportive of the general direction and appreciative of the information.

## BACKGROUND:

In 2007, a report was presented to Council that reviewed the percentage recoveries for certain recreational services. This was the first time a comprehensive review and structured subsidy approach was introduced. A commitment was also made to continually review the underlying costs and relative recoveries in an effort to reduce subsidies.

Haldimand County once again reviewed the Recreation User Fees and Charges 2010 (CS-FI-06-2010 2010 User Fees and Charges Update). At that time, Council approved proposed increases to Recreation fees and determined that the following subsidy levels be implemented moving forward.

**Table 1 – 2010 Council Approved Subsidy Levels**

Services	2010 Subsidy Level
Arena/Community Halls	40%
Pool Programs	45%
Active Parks	35%
Recreational Programs	35%

Haldimand County has in place CS-FI-27-2013 Finance Administrative Policy – User Fees and Service Charges Administrative Principles that guide administration of fees **Attachment 1**. This administrative policy includes the 2010 Council Approved subsidy levels noted in Table 1 above.

The Facility Booking and Ice Allocation Policy 2007-01 **Attachment 2** was updated in 2013 and specifies the order that ice allocation is provided. County Recreation Programs are offered to ensure that opportunities exist for all residents to utilize these public facilities, and generally the County tries not to duplicate any other available community programs;

Haldimand County programs and rentals will be scheduled in County facilities in the following order:

- Tournaments/Special Events;
- Regular user sport group:
  - Youth groups;
  - Recreational youth groups within the County;
  - Adult regular users and leagues within the County; and
  - Youth Skills Development Programs;
- All other County user groups or residents;
- Non-resident groups and individuals.

This order of priority ensures residents have the first opportunity at ice time prior to non-residents.

## Changes in Recreational Fees Since 2010

As new facilities were brought online, financing the debt was done through additional surcharges, \$10 for youth/minor, and \$20 for adult resident and non-resident for each ice rental contract. Since the introduction of surcharges, a comprehensive long term strategy has been put into place with respect to financing capital projects. As a result, the use of surcharges as a financing methodology is no longer applicable. Hagersville arena did not have a surcharge applied to the ice rentals and as a result, different County arenas had different fee structures.

In 2012, Council approved no charge public swims, public skating and youth skating to increase participation. At that time Council also approved no charge Family Day and March Break programming. No charge room rentals were introduced only when ice rentals occurred and for fundraising activities. These strategies have been successful in encouraging greater use of the County recreational facilities.

Since the 2010 increases, recreation user fees and charges have been increased according to an analysis of the underlying increases in associated costs. The annual increases from 2010 to 2017 have ranged between 1.79% and 3.50%. It should be noted that revenue projections during this timeframe were not actually realized as a result of the various issues, including declining ice rentals.

Starting in 2014, those rentals that did not have liability insurance were charged for coverage per hour. The facility booking and registration system was updated in 2017 resulting in a per transaction fee that has been added to the cost of service delivery.

## ANALYSIS:

The overall result of the analysis is that, actual subsidy levels in 2017 are significantly different from current policy as services and changes noted above have been implemented over the years, and are displayed in Table 2 below:

**Table 2 – Comparison of 2017 Actual Subsidy Levels to 2010 Council Approved Subsidies**

	Council Approved Subsidy - 2010	Council Approved Subsidy Adjusted for Free Programs	2017 Actual Subsidy
Arenas*	40%	41%	54%
Pools**	45%	50%	34%
Recreation Programs	35%	35%	41%
Parks	35%	35%	86%

\*2010 subsidy included children's programs that are now offered at no charge.

\*\*2010 subsidy was calculated with public swims charges included and are now offered free of charge.

2017 Actual subsidy is calculated based upon actual lesson hours used.

Given the difference between actual subsidy levels relative to the current policy, a comprehensive update is required. When undertaking the current fee structure update, the following principles were used that essentially are based on the premise of increasing use of recreational facilities rather than maximizing revenue/reducing subsidy levels:

### Basic Principles for Recreation Fees

1. Foster active healthy living through physical activity and increase participation.
2. Increase inclusion and access to recreation for all residents.
3. Providing opportunities for choice of activity and that encourage participation in recreation and build strong, caring communities.

4. Assumption that the investment and ongoing investments in capital facilities generate the expectation of access and use.
5. The charging of fees should be consistent in terms of whether the service is a registered program or open access and supports healthy lifestyles. Following the Facility Booking Allocation Policy, fees should be structured so the County is competitive to those charged in the wider marketplace in nearby rural communities and such that, the use of the service is promoted – i.e. the fees should not be an incentive to look elsewhere.
6. The fees charged for a service should be consistent across the County irrespective of the location in which they are offered.

Applying these principles to the various recreational services results in the following proposed subsidy levels as set out in Table 3:

**Table 3 – Recommended Recreational Subsidy Levels**

	<b>Council Approved Subsidy - Current</b>	<b>2017 Actual Subsidy</b>	<b>Proposed New Subsidy Levels</b>
Arenas	41%	54%	61%
Pools	50%	34%	34%
Recreation Programs	35%	41%	41%
Parks	35%	86%	86%

The details relating to the various program components within these categories is outlined in the following sections.

#### **Arena Ice Details**

Table 6 (below) outlines the proposed rental rates recommended to Council, as well as alternative subsidy analysis and comparator rates that was utilized in determining the recommended rates. In general, the proposed rates align with those charged by nearby rural municipalities and would result in an **overall reduction** in the current rates. The proposal also results in removing the current capital surcharge and a consistent rate across the County.

An overview of ice use related to percentage of fill for prime/non-prime and by adult/youth/non-resident is in **Attachment 4**.

**Table 4 – Comparison of Prime and Youth Hourly Ice Rates**

*(Excludes Insurance and Taxes)*

	2017 Actuals	Scenario #1		Scenario #2		Scenario #3			
	54% Subsidy	57% Subsidy	% Increase	59% Subsidy	% Increase	Recommend ed 61% Subsidy	% Increase	Rural Average (1)	Urban Average (2)
<b>Total Revenues</b>	\$1,022,129	\$959,054	-6%	\$914,447	-11%	\$858,688	-16%		
<b>Caledonia/Cayuga /Dunnville - Hourly Rates</b>									
Adult Prime	\$199.00	\$183.00	-8%	\$175.00	-12%	\$164.00	-18%	\$168.35	\$255.52
Adult Non-Prime	\$108.75	\$90.00	-17%	\$87.00	-20%	\$81.00	-26%	\$142.76	\$175.37
Non-Resident Prime	\$208.25								
Non-Resident Non- Prime	\$155.00								
Youth/Minor Hockey Prime	\$117.75	\$110.00	-7%	\$110.00	-7%	\$110.00	-7%	\$119.07	\$164.48
Youth/Minor Hockey Non-Prime	\$94.75	\$78.00	-18%	\$78.00	-18%	\$78.00	-18%	\$119.07	\$91.15
<b>Hagersville - Hourly Rates</b>									
Adult Prime	\$179.00	\$183.00	2%	\$175.00	-2%	\$164.00	-8%	\$168.35	\$255.52
Adult Non-Prime	\$88.75	\$90.00	1%	\$87.00	-2%	\$81.00	-9%	\$142.76	\$175.37
Non-Resident Prime	\$188.25								
Non-Resident Non- Prime	\$135.00								
Youth/Minor Hockey Prime	\$107.75	\$110.00	2%	\$110.00	2%	\$110.00	2%	\$119.07	\$255.52
Youth/Minor Hockey Non-Prime	\$84.75	\$78.00	-8%	\$78.00	-8%	\$78.00	-8%	\$119.07	\$175.37

1) Includes Norfolk, Wainfleet and West Lincoln (Range: adult \$170 to \$212, youth \$110 to \$170).

2) Includes Hamilton and Grimsby.

3) Currently, there is a surcharge applied at the Caledonia, Cayuga and Dunnville Arenas for Ice Rentals - Adult \$20/per hour; Youth \$10/per hour reflected in 2017. There is no surcharge at Hagersville.

4) Scenario #3 reflects the approved increase for 2018-2019 with no surcharge.

5) Non-prime differential remains the same to encourage increased bookings.

In addition to the above noted changes, there are a number of other measures proposed to standardize the approach to providing recreational services and to encourage use of the facilities as set out below:

1. Removal of capital surcharges – this cost saving will allow for user groups to use more ice and/or pass on the savings through lower participant fees allowing potential opportunities for new participants;
2. Removal of the non-resident ice fee – by utilizing the facility allocation priority list, non-residents would be the last to book available ice in any event. By reducing the fee to existing resident fees, there is an opportunity to increase usage and generate more revenue;
3. Moving non-prime time ice forward to 10pm from 11pm on Friday, Saturday and Sunday – This time has been difficult to rent at prime rates and by including it in the non-prime category at a lower rental rate, it is felt there will be more uptake – particularly by adult users;
4. Maintaining a rental rate differential between prime and non-prime ice fees for all ice users provides an economic incentive for all users to use more non-prime time ice. The proposed fees discount non-prime fees by 30% (youth non-prime), 35% (recreational youth) and 50% (adult) to align with those of comparator municipalities; and
5. No charge general adult drop in programs such as shinny.

Reduction in prime time ice fees and removal of surcharges will be partially offset by an anticipated increase in non-prime time ice and non-residents filling scheduling gaps. Estimated loss of revenue is approximately \$100,000. Offering no charge general adult drop in programs (i.e. shinny) are anticipated to result in a revenue reduction of approximately \$7,000. If the proposed fees are approved they would be initiated in the 2018/19 season. Reduction in prime time ice fees and removal of surcharges will be partially offset by an anticipated increase in non-prime time ice and non-residents filling scheduling gaps. If the proposed fees are approved they would be initiated in the 2018/19 season.

### Pool Details

Based on the review of current subsidy levels for paid aquatics programs and current fee rates staff is recommending that the existing subsidy levels be the basis for the fee structure with the resultant fees as set out below.

**Table 5 – Analysis of Subsidization Levels for Registered Pool Programs**

	Registered Programs	Benchmarks	
	2017 Subsidy - 34%	Rural Average	Urban Average
<b>Total Revenue</b>	\$106,457		
Swimmer (levels 1-6) - 10 lessons	\$52.25	\$55.00	\$46.39
Teen Lessons - 10 lessons	\$52.25	\$59.00	\$57.80
Parent & Tot (levels 1-3)	\$52.25	\$50.00	\$55.18
Swimming Lessons - Private (per hr)	\$36.75	\$38.00	\$46.70
Swimming Lessons - Semi-private (per hr)	\$31.00	\$48.00	\$32.69

In line with the staff proposal for no charge general adult drop-in programs, staff propose providing Aquafit at no charge. This is consistent with the proposal to offer adult shinny at no charge at County arenas. Anticipated budget implications related to offering Aquafit at no charge are approximately \$1,900.

### Summer Camps

Based on the review of current subsidy levels for camp programs and current fee rates staff is recommending that the existing subsidy levels be the basis for the fee structure with the resultant fees as set out below.

**Table 6 – Analysis of Subsidization Levels for Summer Camps**

	2017 Actuals	Benchmarks	
	41% Subsidy	Rural Average	Urban Average
<b>Total Revenue</b>	\$119,854		
Day Camps (per week)	\$106.25	\$132.00	\$134.73
Specialty Camps (per week)	\$145.50	\$142.00	\$174.68

In order to meet the previous approved subsidy of 35%, fees would need to be increased by 10% which is a significant increase. Staff are proposing no change in these rates to keep them competitive with surrounding municipalities.

## Parks

Pavilion and Gazebo rentals are close to full capacity and given there is a concurrent field management review underway, staff are recommending leaving these fees as they are. In 2017, the current approximate subsidy is 86% with an annual revenue of \$15,000.

## Heritage Programs

Current fees for heritage and culture programs have been at threshold levels for two years. Any further increase would result in a decrease in participation, and therefore, no change to the fee structure is recommended at this time.

## Clean-up of Various Other Fees

There are a number of minor changes to the current fee structure required to update as well to make the related schedules easier to use. A summary of these changes is outlined below:

- **Schedule F – Parks**
  - Enhancing descriptions of various fees for more clarity (i.e. adding more description as to what the fee entails – hourly charge, daily charge, etc.)
  - Re-arranging fees to group into similar categories
  - Adjust ball diamond lights fee to be per evening per two hour period to better reflect rentals usage
- **Schedule H – Arenas**
  - Enhancing descriptions for more clarity (i.e. adding more description as to what the fee entails – hourly charge, daily charge, etc.)
  - Re-arranging fees to group into similar categories
  - Adjust set up/take down floor rental rate to hourly to ensure cost recovery for staff time spent
- **Schedule I – Aquatics**
  - Enhancing descriptions for more clarity (i.e. adding more description as to what the fee entails – number of lessons, hourly charge, daily charge, etc.)
  - Removal of Triathlon Youth/Child fees as no longer offered
  - Removal of wading pool rentals as no longer offered
  - Removal of National Lifeguard Certification as no longer offered
  - Re-arranging fees to group into similar categories
- **Schedule J – Programs/Heritage and Culture**
  - Addition of two fees for daily morning or afternoon extended care

All proposed changes have been shaded in blue in the draft User Fees and Service Charges by-law amendment included as **Attachment 3** to this report.

## FINANCIAL/LEGAL IMPLICATIONS:

The analysis discussed above results in the following adjusted subsidy levels:

**Table 7 – Summary of Proposed New Subsidy Levels**

	Proposed New Subsidy Level
Arenas	61%
Registered Pool Programs	34%
Recreation Programs	41%
Parks	86%

It should be noted that the proposed subsidy levels above are based on the underlying basic principles as noted previously. As these principles and subsidy levels are not currently part of the Finance administrative policy related to user fees and service charges administrative principles, they will require updating with the next annual standard user fee update report which is typically presented to Council in the fall of each year for the upcoming year. During the annual analysis, the above noted subsidy levels will need to be reviewed in conjunction with the underlying basic principles specific to these programs.

As a result of the proposed changes, there will be impacts on the Tax Supported Operating Budget. The majority of the impact will be realized in arenas – approximately \$100,000 with minor impacts as a result of eliminating the fees for Aquafit and Adult Shinny programs (estimated impacts to be approximately \$1,880 and \$6,950, respectively). This projected impact may vary depending on the impact the reduced rate will have on participation rates. It is expected that these fee changes will result in an increase in participation, thus reducing the over impact on the levy. As the proposed arena fees changes will not be implemented until the fall of 2018, the full amount of lost revenue will not be materialized in 2018. The 2019 Tax Supported Operating Budget will need to include adjustments to the related revenue sources as a Council Approved Initiative. Though the anticipated budget impacts are as outlined below, it is important to note that in the majority of instances many of the County's recreational fees have been experiencing budget shortfalls for a number of years.

**Table 8 – Revenue Reductions Associated with Proposed Fee Structure**

	<b>Current Budgeted Revenue</b>	<b>5 Year Average Actual Revenue</b>	<b>Estimated Revenue Budget Impact</b>
Arena Ice Rentals	\$1,050,910	\$1,010,173	(\$100,000)
Adult Shinny	\$6,950	\$4,622	(\$6,950)
Aquafit Programs	\$1,880	\$662	(\$1,880)
<b>Total</b>	<b>\$1,059,740</b>	<b>\$1,015,457</b>	<b>(\$108,830)</b>

Any necessary changes to the applicable user fees and service charges schedules (schedules F-J, as required) will need to be updated through an amendment to the User Fees and Service Charges By-law. All proposed changes have been shaded in blue in the draft User Fees and Service Charges By-law amendment included as **Attachment 3** to this report.

## **STAKEHOLDER IMPACTS:**

Community users were consulted regarding the general direction of changes and were supportive of the changes and appreciative of the information being shared.

## **REPORT IMPACTS:**

Agreement: No

By-law: Yes

Budget Amendment: No

Policy: Yes



**ATTACHMENTS:**

1. CS-FI-27-2013 Finance Administrative Policy – User Fees and Service Charges Administrative Principles.
2. Facility Booking and Ice Allocation Policy 2007-01.
3. Draft User Fees and Service Charges By-law and related Schedules.
4. Overview of Ice Time Usage.