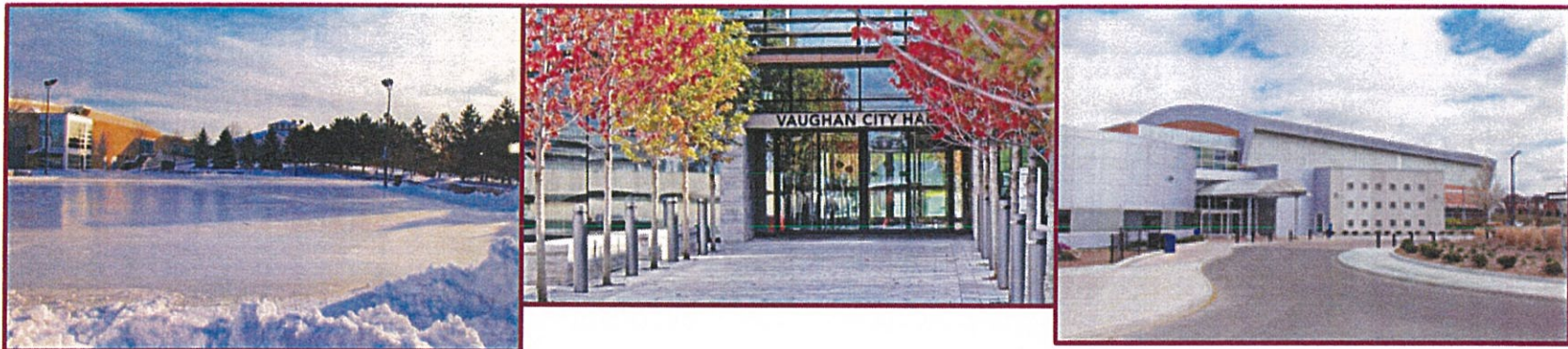


City of Vaughan

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COMMUNICATION	
FAA -	October 11/16
ITEM -	1

Recreation Services User Fee Study



Presentation to Finance, Administration & Audit
Committee

Tuesday, October 11, 2016

HEMSON
Consulting Ltd.


Sierra Planning and Management
advice • strategy • implementation

Objectives

- Purpose of the review
- Study Approach
- Key Findings
- Recommendations



Purpose

- What has changed since the last review?
 - Growth, demographic and socio-economic change
 - Competitive Advantage (versus municipal comparisons)
 - Evolution of legislation and policies
 - Financial sustainability considerations
- Two main study objectives
 - Review current policy
 - Review guiding principals



Current Fee Policy

- Overall, Recreation
 - strives to recover 95% of its direct operating costs
 - structure fees based on three service categories: basic, value-added, and premium
- Inflationary increases are applied annually to all program and rental fees
- There is no specific language in the policy that authorizes a flexible approach when setting fees, particularly with respect to how to adjust prices in response to market conditions

Study Approach

- Review of existing documents and studies
 - ATMP, Vaughan Vision 20/20, budgets, business plans, Older Adult Strategy, current policy, demographics, etc.
- Primary research, including a market analysis and municipal benchmarks
- Consultation with major user groups and individual program users in-person and via surveys made available online and in community centres
- Interviews and meetings were held with staff from various departments and some Members of Council

Key Findings

- The City of Vaughan has achieved one of the highest cost recovery rates compared to neighbouring municipalities
- Some of the City's recreation fees are now higher than the municipal benchmark
- Consultation with user groups and participants reveals that opinions on fees, affordability and the quality of facilities is relatively split

Guiding Principles of Fee Setting

1. Cost recovery, including inflationary pressures
2. Comparable to municipal and private sector benchmarks
3. Participation trends associated to price elasticity
4. Equity (ability to pay & benefits received)

Three Models Considered

	Model 1	Model 2	Model 3
Direct cost recovery	95% (neutral tax impact)	100% (\$1.0m additional tax room)	85% (\$1.6m additional tax burden)
Competitiveness	Move towards benchmarks (no more than +/- 10%)	Move towards benchmarks (no more than +/- 15%)	Fees set within municipal benchmark range
Note: Any fee change over +/- 5% will be phased in over a three year period			
Highest increases	Some aquatic programs, some general programs (such as older adult and summer camps), some rentals (ball diamonds, soccer fields), some fitness memberships (older adult)	All aquatic programs, some general programs (such as older adult and summer camps), all rentals, some fitness memberships (older adult)	Some aquatic programs, some general programs (such as older adult and summer camps), some rentals, some fitness memberships (older adult)
Greatest reductions	Some fitness memberships (adult & youth), general programs for preschoolers, children & youth, some rentals (arena & rooms)	Some fitness memberships (adult & youth), general programs for preschoolers, children & youth, all rentals	Some fitness memberships (adult & youth), general programs for preschoolers, children & youth, some rentals (arena & rooms)
Overall Participation	Minimal impact	Possible decrease (even if fee increases phased in)	Possible increase (provided fee phased in)

Recommendations

- **Model 1:** Maintain the current 95% cost recovery target with the added ability to proactively adjust fees +/-10%, and phasing in any changes that exceed +/-5% over a 3-year period
- Amend current policy to provide flexibility to react to:
 - **market conditions:** monitor public/private sector benchmark fees for key programs and services
 - **changes to participation:** avoid fee increases when participation has declined for two or more years
- Provide incentives and develop marketing initiatives that increase participation in key program areas

What is staying the same?

- **FREE programs & activities** – including complementary swim, skating and fitness passes (available in the Recreation Guide), half priced swims, free fitness guest days, free use of outdoor ice pads, free holiday activities, sponsored swims & skates (Tim Hortons), free city-wide events (Canada Day, Concerts in the Park & Winterfest), and free activities during Youth week, Rec & Parks Month, and National Access Awareness Week
- **Program Subsidy** assistance – over \$470K in subsidies issued last year through RecAssist, Canadian Tire Jumpstart and York Region Subsidy programs
- **Some program areas**, such as swim lessons; community services in-kind; community centre space and associated programming for older adult clubs and youth members

Application & Governance

The Recreation department will:

- continue to seek alternative funding sources through the application of grants (i.e. New Horizons), sponsorships (i.e. Tim Hortons Skates), third party program partnerships and the pursuit of new program areas and demographic segments
- continue to implement cost-savings initiatives and monitor operations to identify efficiencies and best practices and minimize increases to direct costs

Application & Governance

- Using key performance indicators, participation levels will continue to be monitored and analyzed on a regular basis
 - Staff will monitor the impact of adjustments on participation
 - Staff will phase in any adjustment that exceed +/-5% over a 3-year period
- Adjustments will be implemented annually by a working group comprised of staff from Recreation Services and Finance



Questions?