



REPORT

REPORT TO: Mayor Bonnette and Members of Council

REPORT FROM: Warren Harris, Commissioner of Recreation and Parks

DATE: January 24, 2020

REPORT NO.: RP-2020-0004

RE: Recreation Rates and Fees Final Strategy: Final Report

RECOMMENDATION:

THAT Report RP-2020-0004 regarding the final Recreation Rates and Fees Strategy be received;

AND FURTHER THAT the Recreation and Parks user fee policy as outlined in the Recreation Rates and Fees Strategy dated January 2020 prepared by Watson & Associates Economists Ltd and outlined in Report RP-2020-0004 be approved in principle;

AND FURTHER THAT the Recreation and Parks rate schedule as shown in Report CORPSERV-2019-0039 and By-law 2019- 0065 be repealed and be replaced with the rate schedule shown in Appendix B of Report RP-2020-0004;

AND FURTHER THAT the phasing of rates outlined in Report RP-2020-0004 be brought back to Council as part of the annual corporate rate review for 2021;

AND FURTHER THAT the 2020 budget impact of \$250,700 related to the first phase of reduced Recreation and Parks fees as outlined in Report RP-2020-0004 be funded from the Tax Rate Stabilization Reserve;

AND FURTHER THAT the Recreation and Parks rate schedule as shown in Appendix B of Report RP-2020-0004 be used by staff for the 2021 annual rate review and preparation of the proposed 2021 Operating Budget.

BACKGROUND:

In December 2018, Council approved Resolution 2018-0184 regarding the terms of reference for the Recreation and Parks Strategic Action Plan being undertaken in 2019/20. The Rates and Fees Strategy is one of the core components of the supplemental information required to inform the Strategic Action Plan.

In January 2019, staff awarded Proposal P-122-18 to the firm of Watson & Associates Limited to carry out the scope of work related to the rates and fees review. In 2019 staff led a community engagement process to help inform a new rate structure strategy for 2020 onwards.

The Recreation and Parks rate schedule shown in CORPSERV-2019-0039 was approved by Council on November 11, 2019 with the intention of replacing the rates upon completion of the Rates and Fees Strategy in 2020. Cemetery rates were outside of the scope of the Strategy and were approved through By-law 2019-0065.

COMMENTS:

The purpose of this Report is to update Members of Council on the status of the Recreation Rates and Fees Strategy and seek approval of the policy framework and schedule of rates for 2020.

Project Goal

The goal of the Recreation and Parks Rates and Fees Strategy was to review the existing rates and fees structure and provide a new framework to rationalize rates, subsidy/cost recovery levels, and future trends based on projected demographics.



Guiding Principles

The following guiding principles for the review of the Recreation and Parks Department rates and fees are consistent with other municipalities and a policy framework developed by Parks and Recreation Ontario:

- Affordable access is critical to the delivery of Recreation and Parks programs, services and facilities;
- User fee policies must be specific to the needs of the residents of Halton Hills;
- Rates and fees should strike a balance between reliance on tax base funds, other funding sources, and user fees;

- All residents should have affordable access to basic services in order to enjoy a better quality of life.

Project Objectives

Staff identified the following key objectives of a Rates and Fees Strategy:

- To determine how the rates and fees should respond to changing demographics, employment forecasts and income levels;
- To define a fair and transparent recovery rate for the various programs and services provided in Recreation and Parks;
- To ensure that required service delivery is sustainable without significant burden on the tax base;
- To define a rate structure that aligns with those services that most benefit the community and the public's ability to pay (public : private services and benefits);
- To engage the public in key aspects of the rate review per the Town's public engagement process.

Key Tasks

Watson & Associates Limited carried out the following key tasks as part of the project scope:

1. Analyzed **demographic trends** for the next ten years and implications for rates and fees for the delivery of services for children, youth, adults and older adults. Reviewed employment rate trends and incomes levels in Halton Hills and implications for a cost recovery assessment.
2. Reviewed the Recreation and Parks' existing **comparative rate review** (2017) and provide a summary of key pricing policies in Halton Region and other comparably sized municipalities.
3. Assessed the current **level of subsidy** in existing programs and services in Halton Hills for the following business areas such as aquatics, arenas, community programs, active living programs, sports fields, parks, hall and meeting room rentals, advertising.
4. Provided a **policy framework** that outlines the key principles to be addressed in a rate recovery model – how and in what context fees will be established and managed, as well as the guiding principles that would influence a rates and fees policy.

5. Outlined a **proposed rate recovery model** for each service area based on the direct, indirect, and capital costs required for program and service delivery. The model would be developed in Excel or acceptable alternative for future use by the Town in assessing rate recoveries.
6. Facilitated the **community engagement process** with support from Town staff. Public engagement included media releases, newspaper ads, e-mails to program participants and subscribed members, displays at facilities, Let's Talk on-line survey, social media messaging, focus group session and two public open houses.

Refer also to Section 1 and Appendix A of Watson & Associates Economists Ltd. Report for background and study process and Public Engagement Summary.

Recreation Rates and Fees Strategy Results

The final Recreation Rates and Fees Strategy dated January 2020 prepared by Watson & Associates Economists Ltd. has been provided under separate cover.

The key considerations for each of the primary study area are as follows:

Demographics and Employment Rates

(Section 4 and Appendix C of Watson & Associates Economists Ltd. Report)

The aging of the Town's baby boom generation will continue to drive relatively higher population growth rates in the 65+ age group over the next decade; the 75+ age group represents the fastest growing population age segment over the next decade and beyond.

The average household income within Halton Hills is \$128,500, slightly lower (by approximately 8%) than the \$139,300 Halton Region average, but significantly higher than the provincial average of \$97,900; growth rates in the Town and Region outpace the provincial average. Only eight percent of households earned less than \$30,000 per year, slightly lower than the Region average of nine percent; both are significantly lower than the provincial average of fourteen percent. The employment base has averaged 2.5 % with indications that the local employment base is increasing at a faster rate than the population base.

Comparative Rate Review

(Appendix B of Watson & Associates Economists Ltd. Report)

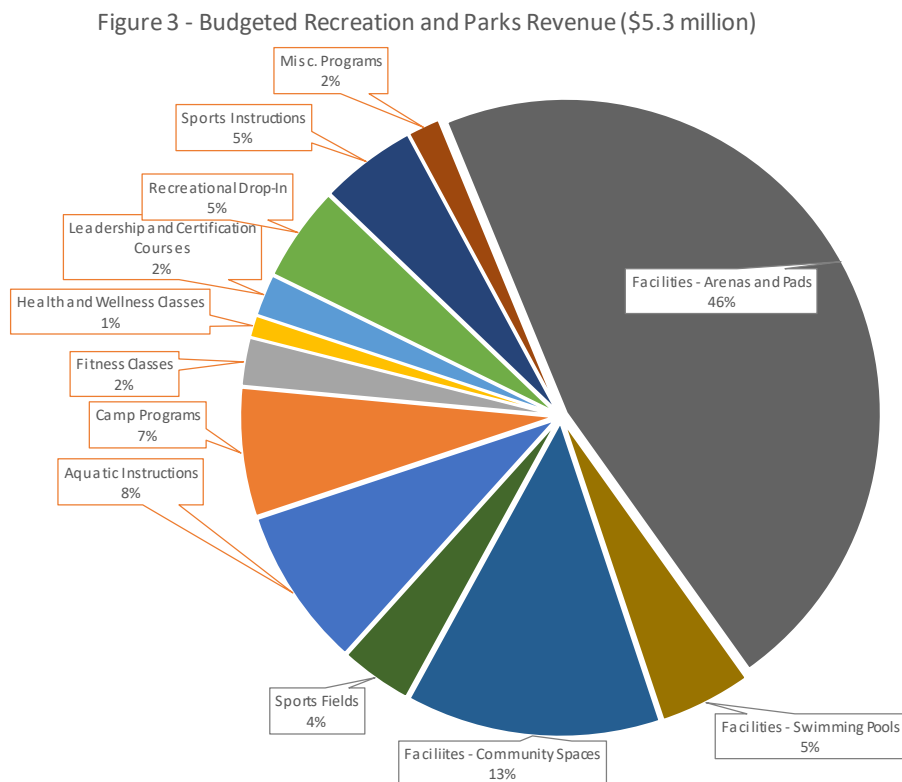
The comparative rate review model has been updated for 2019 and includes Halton Region municipalities, adjacent communities, and some population-size comparators. The intent is to capture programs and services offered by other municipalities that would be an incentive for residents to travel to should local rates be viewed as too much above market. The intent is to update the comparative rate review annually to help inform any rate increases.

Levels of Subsidy

(Sections 2 and 5 of Watson & Associates Economists Ltd. Report)

Watson & Associates Economists Ltd. activity based model for costing reflect the organizational direct (E.g. utilities, staffing) at 55%, indirect (E.g. Information Systems support) at 17%, and capital costs contained with the Capital Budget forecast and Long Range Financial Plan at 28%. The full cost of service is \$22.5 million, and the Town's current budgeted revenue, net of grants and recoveries is \$5.3 million.

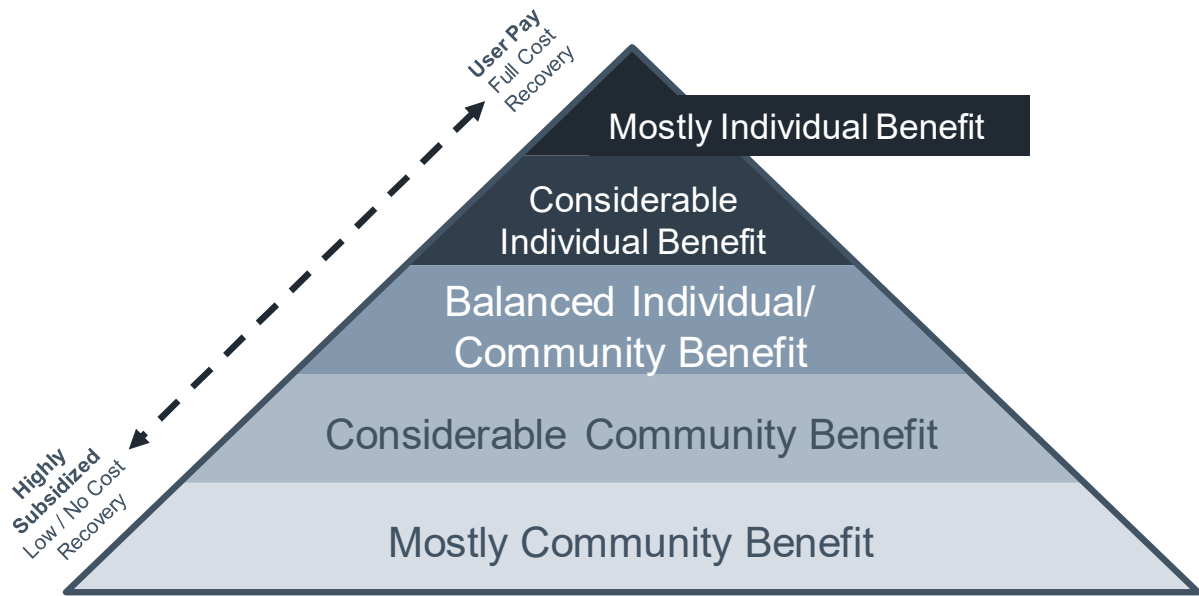
Current fees are recovering 24% of the full cost of service, indicating that 76% or \$17.2 million is being funded from other sources (E.g. property taxes). When considering only budgeted costs of services the calculated cost recovery would be closer to 39%.



Policy Framework

(Sections 3 and 6 of Watson & Associates Economists Ltd. Report)

The development of the policy framework had regard for the demographic and socio-economic trends, market fee comparators, and staff input on potential negative impacts to levels of service. A key factor in the establishment of a policy framework was the degree of community benefit; programs and services that mostly benefit the broader community would be targeted at the lower end of the market rate. Programs and services with a mostly individual benefit (E.g. sports instruction or fitness classes) would have rates targeted at the high end of the market.



A full summary of programs and services and recommended fee strategy is outlined in Section 6.2 of the final Recreation Rates and Fees Strategy dated January 2020 prepared by Watson & Associates Economists Ltd.

Description	Policy Framework Established Targets
MOSTLY INDIVIDUAL BENEFIT	
Fitness Classes	High end of market (or current fees if above market)
Sports Instruction	
CONSIDERABLE INDIVIDUAL BENEFIT	
Health and Wellness	
BALANCED INDIVIDUAL/COMMUNITY BENEFIT	
Leadership and Certification Programs	Average market fees (or current fees if above marketaverage)
Facility Rentals (Including Sportsfields)	
CONSIDERABLE COMMUNITY BENEFIT	
Camp Programs	
Aquatic Instructions	
MOSTLY COMMUNITY BENEFIT	
Drop-In Programs	Low end of market (or current fees if above market)

Other Policy Considerations

The following issues resulted from the community engagement sessions, survey or staff review of best practices:

- **Seniors fees:** Recreation and Parks currently offers decreased rates for programs and services based on a person's ability to pay, regardless of age. For example, a senior (age 65+) receiving Guaranteed Income Supplement are entitled to a 50% discount off program or pass rates. Seventy-seven percent of survey respondents supported the current approach, although staff continues to receive requests for reduced seniors rates that can be found in some of the market comparators.

Two revisions to the proposed rate schedule have been implemented to assist in supporting seniors and families who may not be eligible for subsidy based on income levels. Membership rates have been included to show the benefits of membership to the Hillsvue Active Living Centres; this will help to promote Hillsvue memberships and capacity building for the programs and services offered through the Town and partnerships with other agencies. . As per the current MOU with the Town, Hillsvue members receive a 25% discount on all Active Living programs within each Centre. It is recommended that members will now have access to one dedicated 50+ swim and skate per week at each location therefore expanding programming opportunities outside of Hillsvue locations.

Secondly, the new rate structure for passes offer discounted rates for a broader range of services than offered previously. This will allow high use program users to benefit from lower per class program costs while enjoying greater flexibility to use passes for a broader range of services than have been offered in the past

- **Non-Resident Fees:** public engagement indicated a strong preference for non-resident fees (88%). Staff is recommending the introduction of a 20% surcharge on registered programs (there is currently a similar surcharge on facility rentals). Review of registration rates for Acton Arena and Community Centre and Acton Indoor Pool did not indicate a significant risk to lost revenue, as only approximately 15% of current users are non-residents.
- **Registered groups:** in support of local volunteers, the study recommends maintaining the 20% discount for registered groups, and also applying to third-party providers who are providing Town programming through service contracts
- **Family/Group Rates:** public engagement indicated support for discounted rates for families or groups, as it aligns with the policy framework, incentivizes use and would result in increased usage by children/youth. The existing Affordability Policy Framework (2010) provides subsidies between 50-100 % for individuals and families to access programs, passes or day camps; no changes are recommended to the policy.

- Bulk purchase fees (passes and memberships):** staff has developed a fulsome review of the recreation pass structure to build on the principles of economies of scale for frequent users, reduced per visit rates, and provide a level of revenue certainty for the Town. Based on the market review of comparable fees structures, and considering the community benefit aspects of the proposed policy from Watson and Associates Economists Ltd., a range of passes and memberships is now included in the proposed rate schedule for 2020. Group rates are available for admissions and passes, and family rates for memberships.

Details on the proposed Membership/Pass models are shown in Appendix A.

Proposed Rate Schedule

The proposed rate schedule for 2020 is shown in Appendix B. Where recommended rate increases are in excess of 10% staff has indicated a phasing program to mitigate impacts (E.g. ball diamonds and sportsfields). Effective dates of rates have been set to align with user group programs so that there is adequate time to budget and align with program registrations (E.g. ice rates May 2020 for 2020-2021 season; ball diamonds March 2021; aquatics pools and programs September 2020).

Rate changes of 3% or more (higher or lower) are summarized as follows:

Program or Rental Fee	2020	2021	2022
Aquatics at AIP	Learn to Swim +10%, Semi-private +14%, Aquafit +13%		
Ice Rental	Prime (-7.6%), Minor (-13.4%), Non-Prime (-39.5%)		
Floor Rental	Minor (-6.1%)		
Gellert CC Hall	(-16.4%)	(-10%)	(-5%)
Park Rentals	+3%		
Sportsfields		+10%	5%
Theatre Camp	+4%	+5%	
Fitness (Dryland and Aqua)	+5%		
Specialty Fitness (Health and Wellness)	+5%		
Drop In Programming (recreational swim and skates) at AIP, ACC, MMSP	Child +25%, Adult +35%, Group +19%		
Recreational Sports	+9%		
Dance	+36%		

All other rates have been held at 0% increase, or have an increase of 2-2.5% where existing rates were below market comparators.

Details on the changes to all rates are outlined in Section 6 of Watson & Associates Economists Ltd. Report.

Primary Revisions to Current Rate Schedule

The key considerations in developing the 2020 rate schedule included:

- Simplification and consolidation of similar rate types (E.g. meeting room rate by seating capacity not location) and deletion of unused rates (E.g. studies)
- Inclusion of all program, service and facility rates in compliance with the Municipal Act (E.g. camps and recreation programs now included)
- Alignment with community benefit type as identified by Watson & Associates Economists Ltd. strategy
- Parity of programs and services offered in facilities in Georgetown and Acton (E.g. aquatic programs at Acton Indoor Pool adjusted ten percent higher, Gellert Community Centre hall lowered by just over sixteen percent)
- Addition of a range of passes and memberships (monthly/annual) to provide better value and flexibility for individuals and groups; inclusion of Hillview Active Living Centre membership program rates (See Appendix A for details)
- Consolidation of administrative fees into one area; no substantive changes to administration or advertising rates
- Elimination of individual staff worksheets in favour of one master database
- Discontinuation of inclusion of school board rates as they are prescribed by the Reciprocal Agreement and not approved by Council; shift of long term rentals (E.g. Maple Nursery School) to permits and/or lease agreements
- Deletion of the area surcharge per Council direction BU-2019-0007, 2020 budget directions report

Staff feels that the proposed rates address the key directions as identified by Watson & Associates Economists Ltd., and is achieves the goal and objectives of the recreation fee review.

RELATIONSHIP TO STRATEGIC PLAN:

The Rates and Fees Strategy aligns with the following top eight corporate priorities: Municipal Service Delivery, Financial Sustainability, Planning for Growth and Communications

FINANCIAL IMPACT:

Staff estimate the revenue impact associated with the proposed rate schedule to be \$250,700 for 2020, due primary to the reduction in ice rates to align with the high end of the municipal comparators. Detailed revenue adjustments are listed in Table 6-1 of the Watson & Associates Economists Ltd. Report.

Staff is recommending that the projected revenue shortfall resulting from the proposed 2020 rate schedule be derived from the Tax Rate Stabilization Reserve. If additional financing is available as part of the final 2019 budget surplus review, staff will report back to Council on a further re-allocation of funds as needed. Revenue adjustments to the Recreation and Parks Department operating budget will be reflected in the 2021 and future operating budgets for approval by Budget Committee.

CONSULTATION:

Staff has consulted with key groups who would be impacted by the proposed 2020 rate schedule, and provided a summary document to all those that have participated in the study process to date. Staff have conducted a focus group (April 23, 2019), open houses (April 30 and September 24, 2019), Let's Talk and in-facility survey (April 25-May 16, 2019) and posted website updates.

PUBLIC ENGAGEMENT:**SUSTAINABILITY IMPLICATIONS:**

NA

COMMUNICATIONS:

The proposed rate schedule will be posted on the Town's website and shared with the registered user groups.

CONCLUSION:

Staff has retained the firm of Watson & Associates Economists Ltd. to complete a Recreation Rates and Fees Strategy as a component of the overall Strategic Action Plan. The recommended policy framework and rate schedule will be a guiding document for Recreation and Parks programs, services and facility rentals.

Reviewed and Approved by,

A handwritten signature in black ink, reading "Brent Marshall". The signature is written in a cursive, flowing style with a large initial "B".

Brent Marshall, Chief Administrative Officer